

Fallbrook Regional HEALTH DISTRICT

138 S. Brandon St. • Fallbrook CA 92028 • 760-731-9187

BOARD OF DIRECTORS REGULAR BOARD MEETING

WEDNESDAY
FEBRUARY 14, 2018

6:00 PM

AT

**FPUD
FALLBROOK PUBLIC UTILITY DISTRICT
990 EAST MISSION ROAD
FALLBROOK, CA 92028**

Fallbrook Regional HEALTH DISTRICT

**AGENDA
REGULAR BOARD MEETING
Wednesday, February 14, 2018, 6:00 p.m.
Fallbrook Public Utilities District, 990 E. Mission Rd., Fallbrook**

A. CALL MEETING TO ORDER – PLEDGE OF ALLEGIANCE

B. ADDITIONS TO AGENDA

Pursuant to the Brown Act, additions to the Agenda as posted are exceptional, and expressly limited to three specific situations, as set forth in Government Code 54954.2(b): (1) an “emergency” as determined by majority vote of the board; (2) a 2/3 vote of the board finding that an item requires immediate action – and the need for this action arose in time after the agenda was posted or (3) the item was continued from an earlier meeting (no more than 5 days earlier), at which time the item was validly posted on the agenda of the earlier meeting.

C. BOARD MEMBER AND PUBLIC COMMENTS

Opportunity for board members and citizens to speak on items of interest within subject matter jurisdiction of the District. For the record, please state your name. “Request to speak” cards should be filled out in advance and presented to the Board President or the recording secretary. The Board has a policy limiting any speaker to not more than five minutes.

D. CONSENT ITEMS

- D1. Approval of December 2017 Financial Statements
- D2. Minutes of December 1, 2017 Special Board Meeting
- D2. Minutes of January 3, 2018 Finance Committee Meeting
- D3. Minutes of January 10, 2018 Regular Board Meeting
- D4. Minutes of January 27, 2018 Board Workshop

E. REPORTS

- E1. Finance Committee – Committee of the Whole, Chair: Director Mroz
- E2. Gov’t/Public Relation/Community Relations Committee – Directors Salmon and Tinker
- E3. Facilities/Strategic Planning Committee – Directors Abbott and Salmon
- E4. Executive Director – Bobbi Palmer
- E5. General Counsel – Blaise Jackson

F. DISCUSSION/ACTION ITEMS

- F1. Urgent Care Services Proposals Received
- F2. Review Vision Statement
- F3. Consideration and Adoption of Resolution No. 420 – Ratification/Approval to Initiate Creation of a District-Wide Blue Zone by 2022

G. ITEMS FOR SUBSEQUENT MEETINGS

- G1. Other Director/Staff discussion items
- G1a. Item(s) for future board agendas
- G1b. Announcements of upcoming events:
- Community Planning Meeting for a Fallbrook Regional Wellness Center – February 14th 5:00-6:00pm, Fallbrook Public Utility District's Board Room
 - Tour and Lunch – Tri-City Wellness Center, February 20, 11:00 am – 1:00pm, 6250 El Camino Real, Carlsbad, CA 92009
 - Woman of Wellness – Thursday, March 1st 6pm, Fallbrook Library
 - NCCCHI meeting – 1st Wednesday, March 7th 2:00-3:30pm, Fallbrook Regional Health District Board Room, 138 S. Brandon Rd.
 - Finance Committee meeting – 1st Wednesday, March 7th 5:00pm, Fallbrook Regional Health District Board Room, 138 S. Brandon Rd.
 - 2018 SDRMA Spring Education Day – Tuesday, March 20th Sacramento. Register with CSDA.
 - SDLA Governance Foundations – Tuesday, March 20th Sacramento. Register with CSDA.
 - ACHD Legislative Day – April 16-17, Sacramento
 - Special Districts Legislative Days – Tuesday, May 22nd-23rd Sacramento. Register with CSDA.
 - Prop. 26, Prop. 218 and Rate Setting – May 30th Las Flores. Register with CSDA.
 - ACHD 2018 Wellness Summit – July 26, Sacramento
 - SDLA Governance Foundations – Tuesday, September 24th 9:00am-3:30pm Indian Wells. Register with CSDA.
 - 2018 CSDA Annual Conference & Exhibitor Showcase – Monday, September 24th-27th Indian Wells
- G2. Next Regular Board meeting – Wednesday, March 14th 6:00pm Fallbrook Public Utility District's Board Room

H. CLOSED SESSION

- H1. Conference with Real Estate Negotiator Concerning Real Property Sale Negotiations per Govt. Code 54956.8
617 E. Alvarado St.
District Negotiator: Roy Moosa of Sun Realty
- H2. Conference with Real Estate Negotiator Concerning Appraisal of Real Property per Govt. Code 54956.8
1636 E. Mission Rd.
District Negotiator: Roy Moosa of Sun Realty
- H3. Report Involving District Trade Secret per Health & Safety Code Section 32106- concerning potential new service or program (anticipated disclosure date July, 2018)

I. RETURN TO OPEN SESSION

J. ADJOURNMENT

NOTE: This agenda posted at the Fallbrook Regional Health District Administration Office on Friday, February 9, 2018. The American with Disabilities Act provides that no qualified individual with a disability shall be excluded from participation in, or denied the benefits of District business. If you need assistance to participate in this meeting, please contact the District office 24 hours prior to the meeting at 760-731-9187.



Board Secretary/Clerk

CONSENT ITEMS

**FALLBROOK REGIONAL HEALTH DISTRICT
BALANCE SHEET COMPARISON
Comparison of December 2017 to November 2017**

	Dec 31, 17	Nov 30, 17	\$ Change
ASSETS			
Current Assets			
Checking/Savings			
102.9 · Cal Trust Investment Account	8,519,961.90	8,517,636.05	2,325.85
102.2 · Cash in Bank - Operating	943,644.56	407,763.13	535,881.43
102.6 · Cash in Bank -LAI	1,455,752.59	1,455,752.59	0.00
Total Checking/Savings	10,919,359.05	10,381,151.77	538,207.28
Other Current Assets			
104 · Prepaid Insurance	7,543.65	8,792.24	(1,248.59)
107 · Tax apportion receivable	402,852.64	605,700.68	(202,848.04)
Total Other Current Assets	410,396.29	614,492.92	(204,096.63)
Total Current Assets	11,329,755.34	10,995,644.69	334,110.65
Fixed Assets			
120.01 · ALVARADO BLDG	291,240.00	291,240.00	0.00
121 · Equipment	28,254.76	21,394.96	6,859.80
121.2 · Equipment Depreciation	(20,037.53)	(19,985.49)	(52.04)
122.0 · ASSETS HELD FOR RESALE			
122.01 · FALLBROOK HOSPITAL	(7,492.00)	0.00	(7,492.00)
122.02 · WELLNESS CENTER	291,240.00	291,240.00	0.00
Total 122.0 · ASSETS HELD FOR RESALE	283,748.00	291,240.00	(7,492.00)
Total Fixed Assets	583,205.23	583,889.47	(684.24)
TOTAL ASSETS	11,912,960.57	11,579,534.16	333,426.41
LIABILITIES & EQUITY			
Liabilities			
Current Liabilities			
Accounts Payable			
140 · Accounts Payable	14,491.86	16,423.14	(1,931.28)
Total Accounts Payable	14,491.86	16,423.14	(1,931.28)
Credit Cards			
150. · American Express			
150.2 - American Express 42005	1,402.35	20.18	1,382.17
150.1 · American Express 41007	1,375.25	1,215.68	159.57
Total 150. · American Express	2,777.60	1,235.86	1,541.74
Total Credit Cards	2,777.60	1,235.86	1,541.74
Other Current Liabilities			
204 · Accrued Vacation & Sick Leave	18,293.57	18,293.57	0.00
215 · Comm Healthcare Programs Pybl			
215.24 · District Sponsored Programs	24,001.81	24,020.81	(19.00)
Total 215 · Comm Healthcare Programs ...	24,001.81	24,020.81	(19.00)
Total Other Current Liabilities	42,295.38	42,314.38	(19.00)
Total Current Liabilities	59,564.84	59,973.38	(408.54)
Total Liabilities	59,564.84	59,973.38	(408.54)

**FALLBROOK REGIONAL HEALTH DISTRICT
BALANCE SHEET COMPARISON
Comparison of December 2017 to November 2017**

	Dec 31, 17	Nov 30, 17	\$ Change
Equity			
300 · Unrestricted Operations Fund	1,904,473.14	1,904,473.14	0.00
302.2 · Community Investment Fund	9,823,462.82	9,843,462.82	(20,000.00)
Net Income	125,459.77	(228,375.18)	353,834.95
Total Equity	11,853,395.73	11,519,560.78	333,834.95
TOTAL LIABILITIES & EQUITY	11,912,960.57	11,579,534.16	333,426.41

FALLBROOK REGIONAL HEALTH DISTRICT
Income Statement
For the Month Ended December 31, 2017 & Fiscal Year to Date

	Dec 17	Jul - Dec 17
Ordinary Income/Expense		
Income		
400. · District		
402 · Property tax revenue	402,853	1,165,032
403 · Interest / Dividends	10,852	45,427
406 · Unearned Inc(Loss) - Cal Trust	(8,526)	(38,315)
Total 400. · District	405,178	1,172,144
450. · Properties		
460 · Lease Income		
460.01 · A+ Urgent Care	4,800	28,800
Total 460 · Lease Income	4,800	28,800
450.001 · Hospital Building Sale		4,500,000
450.02 · Costs of Hospital Property Sale		(240,334)
450.01 · Hospital Property Cost Basis		(4,427,825)
Total 450. · Properties	4,800	(139,359)
Total Income	409,978	1,032,786
Gross Profit	409,978	1,032,786
Expense		
500 · Administrative Expenses		
500.36 · Accrued Vacation & Sick Leave		(2,393)
500.10 · Salaries	17,870	107,220
500.12 · Payroll Taxes	1,041	8,511
500.14 · W/C Insurance	152	912
500.15 · Employee Health & Welfare	1,459	6,124
500.16 · Board Stipends	1,900	10,200
500.17 · Education & Conferences		5,397
500.18 · Dues & Subscriptions	(557)	13,222
500.19 · Insurance - General	1,071	17,125
500.20 · Independent Accounting Services	850	5,100
500.21 · Annual Independent Audit		8,834
500.23 · General Counsel	5,898	62,830
500.25 · Office Expense		
01 · Communications	130	1,564
02 · I.T. and Website services	616	2,690
03 · Refreshments		1,380
04 · Office Expenses	1,968	4,002
05 · Admin fees		1,009
06 · Independent Contract Services	2,698	19,839
Total 500.25 · Office Expense	5,412	30,483
500.27 · Depreciation	52	312
500.29 · Dist Promotions & Publications	493	24,292
500.32 · Consultant Fees	4,938	39,065
500.33 · Copier Lease	873	5,167
Total 500 · Administrative Expenses	41,450	342,402

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FALLBROOK REGIONAL HEALTH DISTRICT
Income Statement
For the Month Ended December 31, 2017 & Fiscal Year to Date

	<u>Dec 17</u>	<u>Jul - Dec 17</u>
590 · Management & Maintenance		
590.02 · Gas & Electric	(10,261)	15,284
590.03 · Water	186	7,195
590.04 · Waste Management	74	495
590.05 · Security		9,570
590.06 · Landscape - Grounds Environment	650	7,650
590.07 · Custodial Services	360	1,890
590.08 · Elevator	1,032	1,933
590.09 · Vehicle Expenses	44	44
590.10 · Maintenance Services & Repairs	250	2,385
590.11 · Medical Records Store & Service	2,359	14,077
590.12 · Fire Alarm System		495
Total 590 · Management & Maintenance	(5,307)	61,017
600 · Community Health Contracts		
600.02 · Fbk Citizens Crime Prevention		5,000
600.59 · Palomar Health Foundation		(5,000)
600.58 · Michelle's Place		12,000
600.54 · Healthy Adventures Foundation		4,500
600.53 · Jeremiah's Ranch		7,375
600.04 · Boys & Girls Club		30,000
600.07 · Fbk Senior Citizens Srvc Club		50,100
600.08 · Fallbrook Smiles Project		35,750
600.11 · Palomar Family Counseling Srvc		39,500
600.14 · Fbk Family Health Center		50,000
600.17 · Foundation for Senior Care		104,557
600.18 · Fallbrook Food Pantry		36,000
600.19 · Live Oak Park Coalition		20,000
600.33 · REINS Therapeutic Prgm		32,500
600.37 · Trauma Intervention Prgm of SD		4,500
600.46 · Mental Health Systems, Inc.		4,625
600.48 · UCSD Eye Mobile for Children		2,500
Total 600 · Community Health Contracts		433,907
800 · District Direct Care Services		
800.02 · A+ Urgent Care	20,000	70,000
Total 800 · District Direct Care Services	20,000	70,000
Total Expense	56,144	907,326
Net Ordinary Income	353,835	125,460
Net Income	353,835	125,460

FALLBROOK REGIONAL HEALTH DISTRICT
Profit & Loss Actual vs Budget

July through December 2017

	Jul - Dec ...	Budget	\$ Over B...
Ordinary Income/Expense			
Income			
400. · District			
402 · Property tax revenue	1,165,032	730,352	434,679
403 · Interest / Dividends	45,427	30,000	15,427
406 · Unearned Inc(Loss) - Cal Trust	(38,315)	0	(38,315)
Total 400. · District	1,172,144	760,352	411,792
450. · Properties			
460 · Lease Income			
460.01 · A+ Urgent Care	28,800	28,800	0
Total 460 · Lease Income	28,800	28,800	0
450.001 · Hospital Building Sale	4,500,000		
450.02 · Costs of Hospital Property Sale	(240,334)		
450.01 · Hospital Property Cost Basis	(4,427,825)		
Total 450. · Properties	(139,359)	28,800	(168,159)
Total Income	1,032,786	789,152	243,633
Gross Profit	1,032,786	789,152	243,633
Expense			
500 · Administrative Expenses			
500.36 · Accrued Vacation & Sick Leave	(2,393)	0	(2,393)
500.10 · Salaries	107,220	126,668	(19,448)
500.12 · Payroll Taxes	8,511	9,442	(931)
500.14 · W/C Insurance	912	913	(1)
500.15 · Employee Health & Welfare	6,124	6,250	(126)
500.16 · Board Stipends	10,200	9,000	1,200
500.17 · Education & Conferences	5,397	8,750	(3,353)
500.18 · Dues & Subscriptions	13,222	14,520	(1,298)
500.19 · Insurance - General	17,125	17,125	0
500.20 · Independent Accounting Servi...	5,100	5,100	0
500.21 · Annual Independent Audit	8,834	8,600	234
500.23 · General Counsel	62,830	45,000	17,830
500.25 · Office Expense			
01 · Communications	1,564	2,000	(436)
02 · I.T. and Website services	2,690	3,000	(310)
03 · Refreshments	1,380	3,250	(1,870)
04 · Office Expenses	4,002	6,500	(2,498)
05 · Admin fees	1,009	0	1,009
06 · Independent Contract Services	19,839	30,000	(10,161)
Total 500.25 · Office Expense	30,483	44,750	(14,267)
500.27 · Depreciation	312	600	(288)
500.29 · Dist Promotions & Publications	24,292	11,000	13,292
500.32 · Consultant Fees	39,065	66,375	(27,310)
500.33 · Copier Lease	5,167	5,000	167
500.45 · Community Garden	0	4,000	(4,000)
Total 500 · Administrative Expenses	342,402	383,093	(40,691)
590 · Management & Maintenance			
590.02 · Gas & Electric	15,284	3,750	11,534
590.03 · Water	7,195	3,000	4,195
590.04 · Waste Management	495	213	282

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FALLBROOK REGIONAL HEALTH DISTRICT
Profit & Loss Actual vs Budget

July through December 2017

	Jul - Dec ...	Budget	\$ Over B...
590.05 · Security	9,570	8,504	1,066
590.06 · Landscape - Grounds Environ...	7,650	6,000	1,650
590.07 · Custodial Services	1,890	3,502	(1,612)
590.08 · Elevator	1,933	1,004	929
590.09 · Vehicle Expenses	44	150	(106)
590.10 · Maintenance Services & Repairs	2,385	1,800	585
590.11 · Medical Records Store & Servi...	14,077	20,500	(6,423)
590.12 · Fire Alarm System	495	1,100	(605)
590.13 · Renovations / Improvements	0	37,500	(37,500)
Total 590 · Management & Maintenance	61,017	87,023	(26,006)
600 · Community Health Contracts			
600.02 · Fbk Citizens Crime Prevention	5,000	5,000	0
600.59 · Palomar Health Foundation	(5,000)	0	(5,000)
600.58 · Michelle's Place	12,000	12,000	0
600.54 · Healthy Adventures Foundation	4,500	4,500	0
600.53 · Jeremiah's Ranch	7,375	7,375	0
600.04 · Boys & Girls Club	30,000	30,000	0
600.07 · Fbk Senior Citizens Srvc Club	50,100	50,100	0
600.08 · Fallbrook Smiles Project	35,750	35,750	0
600.11 · Palomar Family Counseling Srvc	39,500	39,500	0
600.14 · Fbk Family Health Center	50,000	50,000	0
600.17 · Foundation for Senior Care	104,557	104,557	0
600.18 · Fallbrook Food Pantry	36,000	36,000	0
600.19 · Live Oak Park Coalition	20,000	20,000	0
600.33 · REINS Therapeutic Prgm	32,500	32,500	0
600.37 · Trauma Intervention Prgm of SD	4,500	4,500	0
600.46 · Mental Health Systems, Inc.	4,625	4,625	0
600.48 · UCSD Eye Mobile for Children	2,500	2,500	0
Total 600 · Community Health Contracts	433,907	438,907	(5,000)
800 · District Direct Care Services			
800.02 · A+ Urgent Care	70,000	0	70,000
Total 800 · District Direct Care Services	70,000	0	70,000
Total Expense	907,326	909,023	(1,697)
Net Ordinary Income	125,460	(119,871)	245,331
Net Income	125,460	(119,871)	245,331

FALLBROOK REGIONAL HEALTH DISTRICT
Profit & Loss Budget Overview 2017 - 2018
 July 2017 through June 2018

	Jul 17	Aug 17	Sep 17	Oct 17	Nov 17	Dec 17	Jan 18	Feb 18	Mar 18	Apr 18	May 18	Jun 18	TOTAL Jul '17 - Jun 18
Ordinary Income/Expense													
Income													
400 · District													
402 · Property tax revenue	15,065	29,617	9,576	25,343	50,132	600,620	297,496	63,789	458,124	214,331	14,470	21,437	1,800,000
403 · Interest / Dividends	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	60,000
Total 400 · District	20,065	34,617	14,576	30,343	55,132	605,620	302,496	68,789	463,124	219,331	19,470	26,437	1,860,000
450 · Properties													
460 · Lease Income													
460.01 · A+ Urgent Care	4,800	4,800	4,800	4,800	4,800	4,800	4,800	4,800	4,800	4,800	4,800	4,800	57,600
Total 460 · Lease Income	4,800	4,800	4,800	4,800	4,800	4,800	4,800	4,800	4,800	4,800	4,800	4,800	57,600
Total 450 · Properties	4,800	4,800	4,800	4,800	4,800	4,800	4,800	4,800	4,800	4,800	4,800	4,800	57,600
Total Income	24,865	39,417	19,376	35,143	59,932	610,420	307,296	73,589	467,924	224,131	24,270	31,237	1,917,600
Gross Profit	24,865	39,417	19,376	35,143	59,932	610,420	307,296	73,589	467,924	224,131	24,270	31,237	1,917,600
Expense													
500 · Administrative Expenses													
500.36 · Accrued Vacation & Sick Leave	0	0	0	0	0	0	0	0	0	0	0	20,700	20,700
500.10 · Salaries	19,408	20,665	19,928	22,222	22,222	22,222	22,222	22,222	22,222	22,222	22,222	22,222	260,000
500.12 · Payroll Taxes	1,327	1,455	1,381	1,760	1,760	1,760	1,760	1,760	1,760	1,760	1,760	1,760	20,000
500.14 · W/C Insurance	152	152	152	152	152	152	152	152	152	152	152	152	1,825
500.15 · Employee Health & Welfare	1,042	1,042	1,042	1,042	1,042	1,042	1,042	1,042	1,042	1,042	1,042	1,042	12,500
500.16 · Board Stipends	1,300	1,700	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	18,000
500.17 · Education & Conferences	1,458	1,458	1,458	1,458	1,458	1,458	1,458	1,458	1,458	1,458	1,458	1,458	17,500
500.18 · Dues & Subscriptions	8,471	667	0	0	5,272	110	880	0	0	100	0	0	15,500
500.19 · Insurance - General	3,746	3,746	3,746	3,746	1,071	1,071	1,071	1,071	1,071	1,071	1,071	1,071	23,550
500.20 · Independent Accounting Services	850	850	850	850	850	850	850	850	850	850	850	850	10,200
500.21 · Annual Independent Audit	0	8,600	0	0	0	0	0	0	0	0	0	0	8,600
500.23 · General Counsel	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	90,000
500.25 · Office Expense													
01 · Communications	333	333	333	333	333	333	333	333	333	333	333	333	4,000
02 · I.T. and Website services	500	500	500	500	500	500	500	500	500	500	500	500	6,000
03 · Refreshments	542	542	542	542	542	542	542	542	542	542	542	542	6,500
04 · Office Expenses	1,083	1,083	1,083	1,083	1,083	1,083	1,083	1,083	1,083	1,083	1,083	1,083	13,000
06 · Independent Contract Services	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	60,000
Total 500.25 · Office Expense	7,458	7,458	7,458	7,458	7,458	7,458	7,458	7,458	7,458	7,458	7,458	7,458	89,500
500.27 · Depreciation	100	100	100	100	100	100	100	100	100	100	100	100	1,200
500.29 · Dist Promotions & Publications	1,833	1,833	1,833	1,833	1,833	1,833	1,833	1,833	1,833	1,833	1,833	1,833	22,000
500.32 · Consultant Fees	11,063	11,063	11,063	11,063	11,063	11,063	11,063	11,063	11,063	11,063	11,063	11,063	132,750
500.33 · Copier Lease	833	833	833	833	833	833	833	833	833	833	833	833	10,000
500.45 · Community Garden	0	0	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	10,000
Total 500 · Administrative Expenses	66,542	69,123	59,845	62,517	65,114	59,952	60,722	59,842	59,842	59,942	59,842	80,542	763,825
590 · Management & Maintenance													
590.02 · Gas & Electric	625	625	625	625	625	625	625	625	625	625	625	625	7,500
590.03 · Water	500	500	500	500	500	500	500	500	500	500	500	500	6,000
590.04 · Waste Management	71	0	71	0	71	0	71	0	72	0	70	0	425
590.05 · Security	1,424	1,416	1,416	1,416	1,416	1,416	1,416	1,416	1,416	1,416	1,416	1,416	17,000
590.06 · Landscape - Grounds Environment	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
590.07 · Custodial Services	587	583	583	583	583	583	583	583	583	583	583	583	7,000
590.08 · Elevator	174	166	166	166	166	166	166	166	166	166	166	166	2,000
590.09 · Vehicle Expenses	25	25	25	25	25	25	25	25	25	25	25	25	300
590.10 · Maintenance Services & Repairs	300	300	300	300	300	300	300	300	300	300	300	300	3,600
590.11 · Medical Records Store & Service	3,417	3,417	3,417	3,417	3,417	3,417	3,417	3,417	3,417	3,417	3,417	3,417	41,000
590.12 · Fire Alarm System	183	183	183	183	183	183	183	183	183	183	183	183	2,200
590.13 · Renovations / Improvements	0	0	0	12,500	12,500	12,500	12,500	0	0	0	0	0	50,000
Total 590 · Management & Maintenance	8,306	8,215	8,286	20,715	20,786	20,715	20,786	8,215	8,286	8,215	8,284	8,215	149,025

FALLBROOK REGIONAL HEALTH DISTRICT
Profit & Loss Budget Overview 2017 - 2018
 July 2017 through June 2018

	Jul 17	Aug 17	Sep 17	Oct 17	Nov 17	Dec 17	Jan 18	Feb 18	Mar 18	Apr 18	May 18	Jun 18	TOTAL Jul '17 - Jun 18
600 - Community Health Contracts													
600.02 · Fbk Citizens Crime Prevention	2,500	0	0	0	2,500	0	0	2,500	0	0	2,500	0	10,000
600.58 · Michelle's Place	6,000	0	0	0	6,000	0	0	6,000	0	0	6,000	0	24,000
600.54 · Healthy Adventures Foundation	2,250	0	0	0	2,250	0	0	2,250	0	0	2,250	0	9,000
600.53 · Jeremiah's Ranch	3,688	0	0	0	3,688	0	0	3,688	0	0	3,688	0	14,750
600.04 · Boys & Girls Club	20,000	0	0	0	10,000	0	0	10,000	0	0	10,000	0	50,000
600.07 · Fbk Senior Citizens Srvc Club	31,350	0	0	0	18,750	0	0	18,750	0	0	18,750	0	87,600
600.08 · Fallbrook Smiles Project	17,875	0	0	0	17,875	0	0	17,875	0	0	17,875	0	71,500
600.11 · Palomar Family Counseling Srvc	19,750	0	0	0	19,750	0	0	19,750	0	0	19,750	0	79,000
600.14 · Fbk Family Health Center	25,000	0	0	0	25,000	0	0	25,000	0	0	25,000	0	100,000
600.17 · Foundation for Senior Care	52,279	0	0	0	52,278	0	0	52,278	0	0	52,278	0	209,113
600.18 · Fallbrook Food Pantry	18,000	0	0	0	18,000	0	0	18,000	0	0	18,000	0	72,000
600.19 · Live Oak Park Coalition	10,000	0	0	0	10,000	0	0	10,000	0	0	10,000	0	40,000
600.33 · REINS Therapeutic Prgm	16,250	0	0	0	16,250	0	0	16,250	0	0	16,250	0	65,000
600.37 · Trauma Intervention Prgm of SD	2,250	0	0	0	2,250	0	0	2,250	0	0	2,250	0	9,000
600.46 · Mental Health Systems, Inc.	2,312	0	0	0	2,312	0	0	2,312	0	0	2,312	0	9,249
600.48 · UCSD Eye Mobile for Children	0	0	0	0	2,500	0	0	3,000	0	0	3,000	0	8,500
Total 600 - Community Health Contracts	229,504	0	0	0	209,403	0	0	209,903	0	0	209,903	0	858,712
Total Expense	304,352	77,338	68,131	83,232	295,303	80,667	81,508	277,960	68,128	68,157	278,029	88,757	1,771,562
Net Ordinary Income	(279,488)	(37,921)	(48,755)	(48,089)	(235,370)	529,753	225,788	(204,371)	399,796	155,974	(253,759)	(57,520)	146,038
Net Income	(279,488)	(37,921)	(48,755)	(48,089)	(235,370)	529,753	225,788	(204,371)	399,796	155,974	(253,759)	(57,520)	146,038

Local Agency Investment Fund
P.O. Box 942809
Sacramento, CA 94209-0001
(916) 653-3001

www.treasurer.ca.gov/pmia-laif/laif.asp
January 08, 2018

FALLBROOK HEALTHCARE DISTRICT

ADMINISTRATOR
P.O. BOX 2587
FALLBROOK, CA 92088

PMIA Average Monthly Yields

Account Number:

// Tran Type Definitions

December 2017 Statement

Account Summary

Total Deposit:	0.00	Beginning Balance:	1,455,752.59
Total Withdrawal:	0.00	Ending Balance:	1,455,752.59



CalTRUST
 c/o Gemini Fund Services LLC
 PO Box 541150
 Omaha, NE 68154-9150
 www.caltrust.org
 Email: CalTRUSTSupport@thegeminicompanies.com
 Fax: 402-963-9094
 Phone: 833-CALTRUST (225-8787)

Investment Account Summary

12/01/2017 through 12/31/2017

SUMMARY OF INVESTMENTS

Fund	Account Number	Total Shares Owned	Net Asset Value per Share on Dec 31 (\$)	Value on Dec 31 (\$)	Average Cost Amount (\$)	Cumulative Unrealized Gain/(Loss) (\$)
FALLBROOK REGIONAL HEALTH DISTRICT						
CalTRUST Medium Term Fund		853,703.597	9.98	8,519,961.90	8,563,337.15	(43,375.25)
Portfolios Total value as of 12/31/2017				8,519,961.90		

DETAIL OF TRANSACTION ACTIVITY

Activity Description	Activity Date	Amount (\$)	Amount in Shares	Balance in Shares	Price per Share (\$)	Balance (\$)	Average Cost Amt (\$)	Realized Gain/(Loss) (\$)
FALLBROOK REGIONAL HEALTH DISTRICT								
Beginning Balance	12/01/2017			852,616.221	9.99	8,517,636.05		
Accrual Income Div Reinvestment	12/29/2017	10,852.01	1,087.376	853,703.597	9.98	8,519,961.90	0.00	0.00
Closing Balance as of	Dec 31			853,703.597	9.98	8,519,961.90		

Please note that this information should not be construed as tax advice and it is recommended that you consult with a tax professional regarding your account.

FALLBROOK REGIONAL HEALTH DISTRICT
Property Tax Revenue - Fiscal Year to Date
 July 2017 through June 2018

Type	Date	Name	Amount	Balance
400. · District				
402 · Property tax revenue				
General Jou...	07/31/17	County of SD-pro...	29,432.21	29,432.21
General Jou...	08/31/17	County of SD-pro...	14,327.35	43,759.56
General Jou...	09/30/17	County of SD-pro...	22,989.72	66,749.28
General Jou...	10/31/17	County of SD-pro...	89,729.00	156,478.28
General Jou...	11/30/17	County of SD-pro...	605,700.68	762,178.96
General Jou...	12/29/17	County of SD-pro...	402,852.64	1,165,031.60
Total 402 · Property tax revenue			<u>1,165,031.60</u>	<u>1,165,031.60</u>
Total 400. · District			<u>1,165,031.60</u>	<u>1,165,031.60</u>
TOTAL			<u>1,165,031.60</u>	<u>1,165,031.60</u>

FALLBROOK REGIONAL HEALTH DISTRICT
Check Detail Report - December 2017

Type	Date	Num	Name	Memo	Amount
102.2 · Cash in Bank - Operating					
Check	12/01/17	9459	A+ Urgent Care, Inc.	December 2017 subsidy payment	-10,000.00
Check	12/01/17	9460	Pamela Knox	Reimburse - Medicare Sept. & Oct...	-220.00
Bill P...	12/01/17	9461	Apple One Staffing	00102494-0000	-348.48
Bill P...	12/01/17	9462	Galvanized strategies form...	Retainer - Community engagement...	-4,000.00
Bill P...	12/01/17	9463	Holloway Computers	IT Services - Outlook Express issues	-100.00
Bill P...	12/01/17	9464	L & M Enterprises, Inc.	November bookkeeping	-2,700.00
Bill P...	12/06/17	9465	Ascent Elevator Services, I...	Elevator Service - Inv. 29631	-182.00
Bill P...	12/06/17	9466	Bonsall Chamber of Com...	Membership renewal through 1/2019	-50.00
Bill P...	12/06/17	9467	Fallbrook Waste - FHD 44...	20-T1 441078	-73.50
Bill P...	12/06/17	9468	Fallbrook Wellness Directory	Annual membership	-110.00
Bill P...	12/06/17	9469	Firehawk	FIRE EXT ANNUAL INSPECTION....	-68.95
Bill P...	12/06/17	9470	Glennie's Office Products, ...	6493	-393.93
Bill P...	12/06/17	9471	Jim's Sign Shop	6' x 3' banners (3) for "Prevent the ...	-352.30
Check	12/06/17	9472		VOID:	0.00
Bill P...	12/11/17	9473	Mike Ready	Handyman services 12/11/17	-60.00
Bill P...	12/11/17	9474	Ascent Elevator Services, I...	Elevator Phone Repl. - Inv. 29727	-850.00
Bill P...	12/11/17	9475	AT&T U-Verse - computer	146524365	-70.00
Bill P...	12/11/17	9476	Iron Mountain-153	CHSRM	-1,100.00
Bill P...	12/11/17	9477	Iron Mountain SX-302	SX302/Fallbrook Hosp.	-1,027.68
Bill P...	12/11/17	9478	Laboratory Corp of Americ...	Annual Prostate Screening; Acct. 0...	-19.00
Bill P...	12/11/17	9479	Palomar Mountain Premiu...	45919	-719.03
Bill P...	12/11/17	9480	Purchase Power (Pitney B...	8000909009769550	-96.50
Bill P...	12/11/17	9481	Streamline	Website monthly fee December 20...	-200.00
Bill P...	12/11/17	9482	Sun Realty	Property strategies meetings 11/9-...	-937.50
Bill P...	12/11/17	9483	T.R.Y. Enterprises, Inc.	Patrol service 10/1-10/31/17	-1,100.00
Bill P...	12/11/17	9484	Termin-8 Pest Control		-250.00
Bill P...	12/13/17	9485	Aztec Cleaning & Maintena...	Office cleaning - Inv. 033716	-180.00
Bill P...	12/13/17	9486	Scott & Jackson Esq.	Professional services 2017 Novem...	-4,480.00
Bill P...	12/13/17	9487	Scott Harvey	Sidewalk project done re: Elder Str...	-3,382.50
Check	12/18/17	9489	Pamela Knox	Reimburse - Dental & Medicare	-325.22
Check	12/18/17	9490	Linda Bannerman	Reimbursement for Dental Plan pr...	-215.22
Bill P...	12/18/17	9491	First Impulse	Deposit invoice for phone system e...	-6,859.80
Bill P...	12/18/17	9492	Holloway Computers	IT Services - Installation/Configurat...	-210.00
Bill P...	12/18/17	9493	Kathleen Bogle	November accounting services	-850.00
Bill P...	12/20/17	9494	First American Title Insura...	Escrow deposit for 1636 East Missi...	-20,000.00
Bill P...	12/20/17	9495	Citrus Plaza Self Storage	Storage Unit #322 rental fee 12/1-1...	-203.00
Bill P...	12/20/17	9496	Ramirez Landscaping & Tr...	Landscape maintenance Novembe...	-600.00
Check	12/29/17	9488	A+ Urgent Care, Inc.	Final 2017 subsidy payment	-10,000.00
Total 102.2 · Cash in Bank - Operating					-72,334.61
TOTAL					-72,334.61

Fallbrook Regional HEALTH DISTRICT

SPECIAL BOARD MEETING
Friday, December 1, 2017, 3:00 p.m.
Board Room, 138 S. Brandon Rd., Fallbrook

MINUTES

A. CALL MEETING TO ORDER / ROLL CALL

President Gordon Tinker called the meeting to order at 3:10 p.m.

Present: Directors Gordon Tinker, Barbara Mroz and Bill Leach.

Also present: Executive Director Bobbi Palmer; Legal Counsel Blaise Jackson and Real Estate Negotiator Roy Moosa.

B. BOARD MEMBER AND PUBLIC COMMENTS

None

C. CLOSED SESSION

C1. Conference with Real Estate Negotiator Concerning Real Property Purchase Negotiations per Govt. Code 54956.8

District Negotiator: Roy Moosa of Sun Realty
APN # 105-092-22-01, 1636 E. Mission Rd.

D. RETURN TO OPEN SESSION

The meeting was reconvened in Open Session and the Board unanimously directed the negotiator to take appropriate action regarding the real property.

E. ADJOURNMENT

There being no further business, the meeting was adjourned at 4:06 p.m.

Gordon Tinker, President

Barbara Mroz, Treasurer

Fallbrook Regional HEALTH DISTRICT

FINANCE COMMITTEE
Wednesday, January 3, 2018 at 5:00 P.M.
Board Conference Room, 138 S. Brandon Rd., Fallbrook CA 92028

MINUTES

1. Call to Order/Roll Call

Committee Chair Barbara Mroz called the meeting to order at 5:05 p.m.

Present: Directors Barbara Mroz, William Leach, Stephen Abbott and Howard Salmon.
Also present: Executive Director Bobbi Palmer, Accountant Kathy Bogle and Bookkeeper Wendy Lyon.

2. Public Comments

None

3. Review of Financial Statements for November 2017

1) Balance Sheet Comparison of November – October

2) Income Statement for November 2017 and fiscal year to date

3) Profit & Loss Actual vs Budget – November

4) Profit & Loss Budget Overview July 2016 – June 2017

The above listed financial statements were reviewed and discussed. Cost containment efforts were recognized. There were no variations without valid explanation.

5) LAIF Report

The balance in the LAIF account was \$1,455,753.

6) Cal-Trust

The balance in the Cal-Trust account was \$8,517,636 due to proceeds from the sale of the old hospital building being transferred into this account.

7) Property Tax Revenue – fiscal year to date

Fiscal year-to-date the District has received \$762,178.96. It was noted that a large deposit was received in December as anticipated.

8) Check Detail as of November 2017

This report is provided each month for review.

4. Adjournment

There being no further business, the meeting was adjourned at 5:35 p.m.

Barbara Mroz, Chairperson

Fallbrook Regional HEALTH DISTRICT

REGULAR BOARD MEETING
Wednesday, January 10, 2018, 6:00 p.m.
Fallbrook Public Utilities District, 990 E. Mission Rd., Fallbrook

MINUTES

A. CALL MEETING TO ORDER – PLEDGE OF ALLEGIANCE

President Tinker called the meeting to order at 6:00 p.m. and led the Pledge of Allegiance.

Present: Directors Barbara Mroz, William Leach, Howard Salmon, Stephen Abbott and Gordon Tinker.

Also present: Legal Counsel Blaise Jackson and Executive Director Bobbi Palmer.

B. ADDITIONS TO AGENDA

None

C. BOARD MEMBER AND PUBLIC COMMENTS

None

D. CONSENT ITEMS

D1. Approval of November 2017 Financial Statements

D2. Minutes of December 6, 2017 Finance Committee Meeting

D3. Minutes of December 13, 2017 Regular Board Meeting

D4. Minutes of December 19, 2017 Special Board Meeting

There was no request by any director to pull minutes for further discussion.

Action: It was moved by Director Abbott, seconded by Director Salmon to approve the Consent Items as presented.

Motion carried. 5-0

E. REPORTS

E1. Finance Committee – Committee of the Whole, Chair: Director Mroz

Chair Barbara Mroz said she wanted to clarify for the record that in the month of December, the financial reports reviewed were for October, not November. November's financials are included in the reports for this meeting.

The Finance Committee met on January 3, 2018 with all directors present except Gordon Tinker. Executive Director Bobbi Palmer and members of the staff were also

present. Cal-Trust now includes the proceeds from the sale of the former hospital building with a balance of \$8,517,636 and the balance in the LAIF account is \$1,455,753. All financial statements were reviewed by the committee with no areas of concern discussed. Property Tax revenue fiscal year-to-date totaled \$762,178.96.

E2. Gov't/Public Relations/Community Relations Committee – Directors Salmon and Tinker
None

E3. Facilities/Strategic Planning Committee – Directors Abbott and Salmon
Chair Stephen Abbott said he would have a report following the Board Workshop on January 27th.

E4. Executive Director – Bobbi Palmer

Sandra Buckingham provided the presentation at the January Woman of Wellness event. “Meditation Techniques for Relaxation and Rejuvenation” was the topic and it was well received by the audience of 40 attendees. The topic is relevant to the development of our future wellness center.

San Diego has declared a flu epidemic in the County. There have been nearly 100 deaths attributed to the flu. Handwashing is one of the most effective defenses against contracting the flu, along with having a flu shot.

Prevent the Preventable: Exercise is Medicine – Food is Medicine is our mantra moving forward and information was included in the board packet.

Bobbi Palmer said Assemblywoman Waldron has a column in the Village News and serves on a sexual abuse committee. She discussed the necessity of providing Sexual Harassment Prevention Training for public officials. A CSDA training webinar has been scheduled at the FRHD office for board members.

CSDA distributed information regarding the Local Agency Formation Commission (LAFCO) and noted the advisability of special districts having representation on LAFCO. LAFCOs were designed to provide assistance to local agencies in overseeing jurisdictional boundary changes.

E5. General Counsel – Blaise Jackson

Attorney Jackson discussed AB 496, effective January 1, 2018. This bill modified the indemnification relationship between public entities and design professionals in the context of professional services agreements and circumstances under which a design professional can be required to defend and indemnify a public entity against third party claims. It modified Civil Code Section 2782.8. The design professionals are limited to only those instances that involve the design professionals negligence, reckless conduct or willful misconduct. It also provides that the design professional’s cost to defend an agency shall not exceed its proportionate percentage of cost. He said he brought this up due to anticipated acquisitions and capital projects. He said the remainder of his comments would be reserved to Closed Session.

F. ITEMS FOR SUBSEQUENT MEETINGS

F1. Other Director/Staff discussion items

F1a. Item(s) for future board agendas

F1b. Announcements of upcoming events

- Board of Directors Workshop, January 27, 8:00 am, Fallbrook Regional Health District Board Room, 138 S. Brandon Rd.
- Woman of Wellness – Thursday, February 1, 6:00pm – Fallbrook Library
- NCCCHI meeting – 1st Wednesday, February 7, 2:00-3:00pm
- Finance Committee meeting – 1st Wednesday, February 7, 5:00pm, Fallbrook Regional Health District Board Room, 138 S. Brandon Rd.
- Tour, Lunch and Presentation – Tri-City Wellness Center, February 20, 9am – 2:30pm, 6250 El Camino Real, Carlsbad, CA 92009,
 - Tour of facility from 9 am- noon
 - Lunch
 - Presentation to San Diego County Aging & Independence Services and Fall Prevention Task Force, North County Chapter by Rachel Mason, Kevin Mahr and Bobbi Palmer, 1-2:30pm

F2. Next Regular Board meeting – Wednesday, February 14, 6:00pm, Fallbrook Public Utility District Board Room

G. CLOSED SESSION

G1. Conference with Real Estate Negotiator Concerning Real Property Purchase Negotiations per Govt. Code 54956.8

District Negotiator: Roy Moosa of Sun Realty
APN # 105-092-22-01, 1636 E. Mission Rd.

G2. Conference with Legal Counsel Concerning Potential Litigation Pursuant to Gov't Code 54956.9(d)(2) – one case.

G3. Conference with Real Estate Negotiator Concerning Real Property Sale Negotiations per Govt. Code 54956.8

167 E. Alvarado St.

District Negotiator: Roy Moosa of Sun Realty

G4. Personnel Matters Pursuant to Government Code Section 54957 – Evaluation of Executive Director

The meeting was adjourned to Closed Session at 6:20 p.m.

H. RETURN TO OPEN SESSION

The Board returned to Open Session at 7:05 p.m. No action was taken on Items G1 or G2. Regarding Agenda Item G3, appropriate action will be taken by the Board President and consultant. The Board reviewed and approved performance criteria for the upcoming year for its Chief Executive.

H1. Consideration of Employment Agreement for Chief Executive Officer

ACTION: It was moved by Director Salmon, seconded by Director William Leach to approve the Employment Agreement with Bobbi Palmer as Chief Executive Officer.

Motion carried. 5-0

I. ADJOURNMENT

There being no further business, the meeting was adjourned at 7:10 p.m.

Gordon Tinker, President

Stephen Abbott, Secretary

DRAFT

**DRAFT MINUTES OF 1//27/2018 WORKSHOP
TO BE DISTRIBUTED PRIOR TO MEETING**

REPORTS

REPORTS

Chief Executive Officer – Bobbi Palmer

CEO REPORT FORTHCOMING

REPORTS
Legislative Communication



California Special
Districts Association
Districts Stronger Together

e-News



Numbers Assigned to June Statewide Propositions

Last week, California Secretary of State Alex Padilla assigned proposition numbers to the measures set to appear on the [June 5, 2018 Statewide Direct Primary Election](#) ballot and invited interested Californians to submit arguments to be considered for inclusion in the statewide Voter Information Guide.

The propositions are listed below, along with the State Legislative Counsel's digests and links to their full text.

Proposition 68

[SB 5](#) (Chapter 852, Statutes of 2017), De León. California Drought, Water, Parks, Climate, Coastal Protection, and Outdoor Access For All Act of 2018.

Under existing law, programs have been established pursuant to bond acts for, among other things, the development and enhancement of state and local parks and recreational facilities. Existing law, the Water Quality, Supply, and Infrastructure Improvement Act of 2014, approved by the voters as Proposition 1 at the November 4, 2014, statewide general election, authorizes the issuance of general obligation bonds in the amount of \$7,545,000,000 to finance a water quality, supply, and infrastructure improvement program. Existing law, the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Act of 2006, an initiative measure approved by the voters as Proposition 84 at the November 7, 2006, statewide general election, authorizes the issuance of bonds in the amount of \$5,388,000,000 for the purposes of financing safe drinking water, water quality and supply, flood control, natural resource protection, and park improvements. Existing law, the California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Act of 2002, approved by the voters as Proposition 40 at the March 5, 2002, statewide primary election, authorizes the issuance of bonds in the amount of \$2,600,000,000, for the purpose of financing a program for the acquisition, development, restoration, protection, rehabilitation, stabilization, reconstruction, preservation, and interpretation of park, coastal, agricultural land, air, and historical resources.

This bill would enact the California Drought, Water, Parks, Climate, Coastal Protection, and Outdoor Access For All Act of 2018, which, if approved by the voters, would authorize the issuance of bonds in an amount of \$4,000,000,000 pursuant to the State General Obligation Bond Law to finance a drought, water, parks, climate, coastal protection, and outdoor access for all program. The bill, upon voter approval, would reallocate \$100,000,000 of the unissued bonds authorized for the purposes of Propositions 1, 40, and 84 to finance the purposes of a drought, water, parks, climate, coastal protection, and outdoor access for all program.

The bill would provide for the submission of these provisions to the voters at the June 5, 2018, statewide primary direct election.

This bill would declare that it is to take effect immediately as an urgency statute.

Proposition 69

[ACA 5](#) (Resolution Chapter 30, statutes of 2017), Frazier. Motor vehicle fees and taxes: restriction on expenditures: appropriations limit.

(1) Article XIX of the California Constitution restricts the expenditure of revenues from taxes imposed by the state on fuels used in motor vehicles upon public streets and highways to street and highway and certain

mass transit purposes, and restricts the expenditure of revenues from fees and taxes imposed by the state upon vehicles or their use or operation to state administration and enforcement of laws regulating the use, operation, or registration of vehicles used upon the public streets and highways, as well as to street and highway and certain mass transit purposes. These restrictions do not apply to revenues from taxes or fees imposed under the Sales and Use Tax Law or the Vehicle License Fee Law.

This measure would add Article XIX D to the California Constitution to require revenues derived from vehicle fees imposed under a specified chapter of the Vehicle License Fee Law to be used solely for transportation purposes, as defined. The measure would prohibit these revenues from being used for the payment of principal and interest on state transportation general obligation bonds that were authorized by the voters on or before November 8, 2016. The measure would prohibit the revenues from being used for the payment of principal and interest on state transportation general obligation bonds issued after that date unless the bond act submitted to the voters expressly authorizes that use. The measure would also prohibit the Legislature from borrowing these revenues, except as specified, or using them for purposes other than transportation purposes.

(2) Article XIII B of the California Constitution prohibits the total annual appropriations subject to limitation of the state and each local government from exceeding the appropriations limit of the entity of the government for the prior year, as adjusted. This measure would exclude appropriations of certain revenues associated with the Road Repair and Accountability Act of 2017 from the appropriations subject to constitutional limitation.

(3) Article XIX A of the California Constitution requires the deposit of a specified portion of the sales and use tax on diesel fuel in the Public Transportation Account in the State Transportation Fund, and restricts the expenditure of those revenues to certain transportation planning and mass transportation purposes. Article XIX A prohibits the Legislature from borrowing these revenues and from using these revenues other than as specifically permitted by Article XIX A. This measure would restrict additional portions of the sales and use tax on diesel fuel to expenditure on certain transportation planning and mass transportation purposes and require those revenues to be deposited in the Public Transportation Account. The measure would prohibit the Legislature from temporarily or permanently diverting or appropriating these additional revenues for other than certain transportation planning and mass transportation purposes, or from borrowing, except as specified, these additional revenues.

Proposition 70

[ACA 1](#) (Resolution Chapter 105, statutes of 2017), Mayes. Greenhouse Gas Reduction Reserve Fund.

The California Global Warming Solutions Act of 2006 designates the State Air Resources Board as the state agency charged with monitoring and regulating sources of emissions of greenhouse gases. The act authorizes the state board to include the use of market-based compliance mechanisms. Existing law requires all moneys, except for fines and penalties, collected by the state board as part of a market-based compliance mechanism to be deposited in the Greenhouse Gas Reduction Fund and to be available upon appropriation.

The California Constitution requires appropriations from the General Fund of the state to be passed by a 2/3 vote of the membership of each house of the Legislature and requires a majority vote to pass appropriations for the public schools and appropriations in the Budget Bill and in other bills providing for appropriations related to the Budget Bill.

This measure would create the Greenhouse Gas Reduction Reserve Fund, in which all moneys collected by the state board as part of a market-based compliance mechanism beginning January 1, 2024, and until the effective date of specified legislation would be deposited. The measure would require all moneys in the fund to be available upon appropriation for specified purposes and would require a bill making those appropriations to be passed by a 2/3 vote of the membership of each house of the Legislature. The measure would require all new moneys collected as part of a market-based compliance mechanism after the effective date of that specified legislation to be deposited in the Greenhouse Gas Reduction Fund. The measure would prohibit a specified sales tax exemption from being applied until the effective date of that specified legislation.

Proposition 71

[ACA 17](#) (Resolution Chapter 190, Statutes of 2017), Mullin. Ballot measures: effective date

The California Constitution provides that an initiative statute, referendum, or constitutional amendment or revision approved by a majority of votes thereon takes effect the day after the election unless the measure provides otherwise. Existing law requires the Secretary of State to compile the results of all statewide measures, and to prepare, certify, and file a statement of the vote from the compiled results no later than the 38th day after the election.

This measure would instead provide that an initiative statute, a referendum, or a constitutional amendment or revision approved by a majority of votes thereon takes effect 5 days after the Secretary of State files the statement of the vote for the election at which the measure is voted on, and the measure clarifies that an initiative statute, referendum, or constitutional amendment or revision may provide that it becomes operative after its effective date. The measure would also make nonsubstantive changes to these provisions.

Ballot Arguments

Arguments may be submitted for or against the measures. Arguments selected for the statewide Voter Information Guide will be on public display between February 20 and March 12. If multiple arguments are submitted for the proposition, state law gives first priority to arguments written by legislators in the case of legislative measures; subsequent priority goes to bona fide citizen associations and then to individuals. No more than three signers are allowed to appear on an argument or rebuttal to an argument.

Ballot arguments cannot exceed 500 words and rebuttals to ballot arguments cannot exceed 250 words. All submissions should be typed and double-spaced. Arguments may be hand-delivered to the Secretary of State's Elections Division at 1500 11th Street, 5th Floor, Sacramento, California 95814; faxed to (916) 653-3214; or emailed to VIGarguments@sos.ca.gov. If faxed or emailed, the original documents must be received within 72 hours. The deadline to submit ballot arguments is February 6 by 5:00 p.m. The deadline to submit rebuttals to the ballot arguments is February 15 by 5:00 p.m.

Candidate Statements

Secretary Padilla also invites candidate statements for inclusion in the statewide Voter Information Guide. Candidates for statewide constitutional office or United States Senate may buy space for a 250-word candidate statement in the voter guide. Candidates for statewide constitutional office must accept voluntary campaign expenditure limits in order to purchase space for a candidate statement in the statewide Voter Information Guide.

Candidates for state legislative office or the United States House of Representatives may purchase space for a candidate statement in a county voter information guide. State legislative candidates must accept voluntary campaign expenditure limits in order to purchase space for a candidate statement in a county voter information guide.

The deadline to submit candidate statements to the Secretary of State's office is February 14 by 5:00 p.m. Candidates for the United States House of Representatives, California State Senate, and California State Assembly have until March 9 to submit candidate statements to the county elections official for the local voter information guide in the county or counties in which the district lies.

For more information on ballot measures, candidate filing requirements, and election deadlines, please visit the Secretary of State's [website](#).

[California Special Districts Association](#) | 1112 I Street | Suite 200 | Sacramento, CA 95814 | 877.924.CSDA (2732)

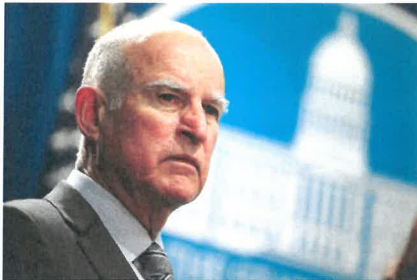


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e-News



Governor Brown Praises Firefighters and Water Districts in Final State of the State

In his 16th and final State of the State Address last week, Governor Jerry Brown called for bolder steps forward, particularly concerning climate change and infrastructure investment. Governor Brown also recognized the efforts of firefighters, first responders, and volunteers who “answered the call to help their fellow neighbors” this year and the “profound and growing challenge” of extreme weather and fires in California.

At the top of his speech, Governor Brown extolled major bi-partisan legislative efforts over the last eight years, all of which are important issues CSDA has been actively engaged on, including:

- Pension reform;
- Workers’ compensation reform;
- Water bond;
- Rainy day fund; and
- Cap-and-trade program

After highlighting accomplishments, the Governor turned to remaining challenges, including recent natural disasters, stating:

“Eight of the state’s most destructive fires have occurred in the last five years. Last year’s Thomas fire in Ventura and Santa Barbara counties was the largest in recorded history. The mudslides that followed were among the most lethal the state has ever encountered. In 2017, we had the highest average summer temperatures in recorded history. Over the last 40 years, California’s fire season has increased 78 days -- and in some places it is nearly year-round.”

In an effort to address California’s forest management needs, Governor Brown announced he would convene a task force of scientists and forest practitioners. He then turned to water, noting that local governments are now implementing recently passed groundwater management legislation.

Governor Brown announced that California, “...will soon begin expending funds on some of the storage we’ve needed for decades.” Speaking to the California Waterfix, the Governor noted, “Local water districts -- in both the North and South -- are providing the leadership and the financing because they know it is vital for their communities, and for the whole state. That is true, and that is the reason why I have persisted.”

In closing, Governor Brown exclaimed, “And, yes, we too will persist against storms and turmoil, obstacles great and small. The spirit of democracy never dies. It’s alive in this chamber, in the hearts of Californians and in people throughout the land.”

On November 6, voters will choose Governor Brown's successor. The outcome will undoubtedly affect major public policy decisions into the next decade, from how California allocates property taxes to how we deliver healthcare services. Stay tuned to CSDA's eNews to keep informed on this pivotal time in the State Capitol.

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HURST+BROOKS+ESPINOSA

This Week in Sacramento

INFORMATION & INSIGHTS FROM HURST BROOKS ESPINOSA ■ WEEK OF JANUARY 8, 2018

2018-19 Budget News: Reactions and Next Steps

In the hours following the Governor's release of his 16th and final state budget proposal, legislative members, interest groups, and some of his potential successors offered responses to his \$131.7 billion spending plan.

On the Democratic side, the Governor was applauded for his financially responsible approach that commits significant resources to building the state's budget reserve to its constitutional target, accelerates implementation of the K-12 school funding formula, and pledges \$4.6 billion in SB 1 transportation funding, among other notable actions. On the Republican side, members questioned whether the state's healthy financial condition meant that it was time to consider ways to reduce individuals' overall tax burden. And, not surprisingly, advocates for any number of causes called for investment of some of the state's surplus in programs and services that help those who are less fortunate.

We will get insights into the tone and tenor of budget conversations ahead when the houses begin budget overview hearings later this month. The full Senate budget committee convenes its first meeting on January 18, while the Assembly committee is set to meet on January 23. We will keep you up to date as budget discussions and deliberations develop.

A Tax Solution for Californians?

This week, the Senate Governance and Finance Committee heard [SB 227](#), Senate President pro Tem Kevin de León's measure to allow Californians pay their state taxes to a charitable account to avoid hitting the \$10,000 cap on the state and local taxes deduction approved in the recent federal tax reform bill. Discussions on the measure tended to focus on the unknown magnitude of the impact of taxpayer behavioral changes and how the Internal Revenue Service will respond to such changes. Further, the bill [analysis](#) points out that SB 227 would provide California taxpayers with the most generous tax credits in the state's history. An interesting [article](#) in the *Los Angeles Times* this week outlines some of the practical challenges of the measure.

Worth Noting: Special Election Dates Announced

The Governor this week formally declared the dates for special elections to fill vacancies in the 45th and 54th Assembly Districts – districts in which members resigned as of January 1, 2018 – and in the recall election for the 29th Senate District currently occupied by Senator Josh Newman. The primary for the two Assembly seats will be held April 3, 2018; the special general elections and the Senate recall election will be consolidated with the statewide primary election scheduled for June 8, 2018.

The Senate Governance and Finance Committee approved SB 227 on a 3-1-1 vote (with Senator Janet Nguyen abstaining), and it now moves to the Senate Appropriations Committee. Governor Brown has expressed an openness to a conversation about addressing the challenges of new federal tax policies, but is understandably cautious.

Rent Control Measure Fails

The big legislative debate of the week was in the Assembly Housing and Community Development Committee where dozens of activists rallied in support of [AB 1506](#), by Assembly Member Richard Bloom, which would have repealed the Costa-Hawkins Rental Housing Act. The Act, approved in 1995, limits local governments' ability to approve rent control measures. Key provisions of the Act include the following:

- Provides that rental property owners may establish a new rental rate where the former tenant has voluntarily vacated or is lawfully evicted for cause. This provision is known as vacancy decontrol;
- Exempts from rent control housing constructed after February 1, 1995;
- Requires that housing already exempt from a local rent control law in place on or before February 1, 1995, pursuant to an exemption for new construction, remain exempt. This provision prohibited cities with existing rent control policies at the time of the Act's passage from expanding their policies, usually meaning that units built after the late 1970s can't be covered by rent control.
- Exempts from rent control single family homes and other units, such as condominiums, that are separate from the title to any other dwelling units, where the tenancy began on or after January 1, 1996.

Assembly Member Bloom proposed AB 1506 in an effort to address rising rental costs around the state. While it did not mandate that local governments enact rent control ordinances, AB 1506 would have given local governments greater flexibility to shape local rent control policies.

While proponents were quite vocal during the hearing (check out the article and photos from the *Los Angeles Times* [here](#)), AB 1506 failed passage with three aye votes (Bonta, Chiu, Mark Stone), two no votes (Choi, Steinorth), and two abstentions (Chau, Wood). However, proponents have made clear that they do not intend to give up the effort to repeal Costa-Hawkins; given the Legislature's continued interest in housing issues, we don't anticipate this issue going away any time soon.

New CHIP Reauthorization Budget Estimates

The Congressional Budget Office (CBO) revised its estimate of the federal budget impact of reauthorizing the Children's Health Insurance Program (CHIP) due to the enactment of federal tax reform. The original estimate had pegged the five-year cost of reauthorization at \$8 billion. However, CBO now estimates a five-year reauthorization would cost \$800 million and a 10-year reauthorization would save the federal government \$6 billion. The reason for the lower cost is that after the repeal of the Affordable Care Act (ACA) individual mandate, premiums are projected to rise for ACA plans. If CHIP were not continued, some children would enroll in ACA plans – which is now a more expensive option – making CHIP cheaper by comparison.

There is a possibility that a CHIP extension will be included in an expected legislative package that needs Congressional approval next week. The existing continuing resolution for federal spending

expires on January 19; another continuing resolution is expected, which could include a 5-, 6-, or 10-year CHIP extension.

HHS Officials Release Medicaid Work Requirements as State Option

The Centers for Medicare and Medicaid Services (CMS) released a new [policy](#) on Thursday to allow states to impose work requirements for the Medicaid program. States would have to apply to CMS under a Section 1115 waiver, and the federal government would have to approve such a proposal. Ten states have expressed interest in imposing work requirements.

The document states “productive work and community engagement may improve health outcomes” and confers broad authority to states to design such programs. The document suggests that states align their welfare (Temporary Assistance for Needy Families) and food stamp (Supplemental Nutritional Assistance Program) work requirements under a Medicaid proposal and suggests consideration of the following:

- Exemptions for pregnant women, primary caregivers of dependents, individuals with disabilities or health-related barriers to employment, individuals participating in tribal work programs, victims of domestic violence, other populations with extenuating circumstances, and full-time students;
- Protections and support for individuals with disabilities and others who may be unable to meet the requirements;
- Activities (e.g., subsidized and unsubsidized employment, education and vocational programs, job search and job readiness, job training, community services, caregiving, etc.) and required hours of participation;
- Changes to requirements due to economic or environmental factors;
- Enrollee reporting requirements; and
- Availability of work support (e.g., transportation, child care)

Additionally, states will be required to take steps to ensure individuals with opioid addiction and other substance use disorders have appropriate Medicaid coverage and treatment services and make reasonable modifications. Modifications could include counting participation in inpatient or outpatient treatment in lieu of work requirements.

New Study Links Medicaid Expansion and Hospital Closures

Health Affairs released a study this week on the effect of the Medicaid expansion and hospital closures. The researchers from the University of Colorado found that hospitals closed at higher rates in states that did not adopt the Medicaid expansion in 2014; additionally, the researchers found that hospital closure rates began to fall in states that opted to expand Medicaid in 2014. Hospitals in states that expanded Medicaid were about six times less likely to close than hospitals in non-expansion states. The report highlights the benefits of the Medicaid expansion to rural hospitals, which are typically in more financially tenuous positions than their counterparts.

“We found that the ACA’s Medicaid expansion was associated with improved hospital financial performance and substantially lower likelihood of closure, especially in rural markets and counties with large numbers of uninsured adults before Medicaid expansion,” the authors wrote.

Upcoming Legislative Hearings

Today is the last day for two-year bills to secure policy committee approval in the first house. Bills now being introduced as the Legislature's second year of the two-year season gets underway must be in print for 30 days before they are eligible for hearing. In the meantime, the Legislature will begin budget hearings and has a number of informational hearings scheduled over the coming weeks. Highlights of committee activities of interest are provided below:

Date / Time	Committee	Topic
Tuesday, January 16 @ 10 a.m.	Senate Appropriations Committee	SB 38 (Roth) - Judgeships
Wednesday, January 17 @ 9:30 a.m.	Joint Hearing of the Senate Environmental Quality and the Budget and Fiscal Review Subcommittee No. 2 on Resources, Environmental Protection, Energy and Transportation	<i>Oversight Hearing</i> - California's Cap-and-Trade Program: The Air Resources Board's 2017 Scoping Plan
Wednesday, January 17 @ 1:30 p.m.	Assembly Select Committee on Health Care Delivery Systems and Universal Coverage	<i>Informational Hearing</i> - Achieving Better Access and Greater Value in California's Health Care System
Thursday, January 18 (upon adjournment of session)	Senate Budget and Fiscal Review Committee	Overview of the Governor's 2018-19 Budget Proposal
Tuesday, January 23 @ 9:30 a.m.	Assembly Select Committee on End of Life Health Care	<i>Informational Hearing</i> - The Implementation of the End of Life Option Act
Tuesday, January 23 @ 10 a.m.	Assembly Budget Committee	Overview of the Governor's 2018-19 Budget Proposal
February, January 26 @ 10 a.m. - Martinez	Assembly Select Committee for Victims of Interpersonal Violence	Assessing Available Services for Human Trafficking Victims in California
Friday, January 26 @ 10 a.m. - Santa Rosa	Senate Energy, Utilities and Communication Subcommittee on Gas, Electricity and Transportation Safety	California Burning: Utility Wildfire Prevention and Response Follow-up to November 2015 Wildfire Safety Subcommittee Hearing
Tuesday, January 30 @ 10 a.m.	Joint Legislative Audit Committee	Hearing to consider new audit requests (details on agenda items not yet published)
Tuesday, February 6 @ 9 a.m.	Assembly Business and Professions Committee	CURES 2.0 and Beyond: Advancing Technology to Combat the Opioid Crisis
Tuesday, February 20 @ 9:30 a.m.	Joint Hearing of Assembly Business and Professions, Health, and Agriculture Committees	<i>Informational Hearing</i> - Cannabis regulations: An update on statewide implementation
Friday, March 2 @ 10 a.m. - Anaheim	Senate Transportation and Housing Committee	<i>Informational Hearing</i> - Impacts of SB 1 (2017 re: transportation funding)

Please feel free to contact any one of us at Hurst Brooks Espinosa with questions ...

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HURST+BROOKS+ESPINOSA

A note to our readers...
Your HBE team will be out of the office on a county visit the latter half of this week, so we are publishing a brief weekly summary a few days early. We will be back with our regular update on Friday, February 16.

This Week in Sacramento

INFORMATION & INSIGHTS FROM HURST BROOKS ESPINOSA ■ WEEK OF FEBRUARY 5, 2018

Governor Signs Whistleblower Protection Bill for Legislative Employees

Over the span of two legislative business days, the Senate and Assembly approved and the Governor subsequently signed [AB 403](#) by Assembly Member Melissa Melendez. This measure establishes whistleblower protections for employees of the Legislature who disclose specified misconduct about elected members and legislative co-workers; it also prohibits interference with an employee making a “protected disclosure” and prohibits retaliation in response to such disclosures. AB 403 extends to legislative employees protections similar to those that previously existed for judicial and executive branch employees.

Assembly Member Melendez had introduced a legislative whistleblower protection bill every year since 2014. Her three previous attempts had stalled in the Senate Appropriations Committee. Although AB 403 – introduced in 2017 – had been caught in the same “suspense file” snare last summer, the intense focus on sexual misconduct in the Capitol generated the necessary momentum and political will to secure the bill’s passage this year.

The Governor signed the Legislative Employee Whistleblower Protection Act Monday evening, just hours after the Assembly had approved it on a 75-0 vote (two members were absent). Among the Senate amendments to SB 403 was to add an urgency clause, meaning the measure’s provisions are effective immediately.

Assembly Select Committee Meets Twice to Discuss Universal Coverage

The Assembly Select Committee on Health Care Delivery Systems and Universal Coverage met twice this week to discuss implementation considerations for universal coverage on Monday and options for Universal Coverage on Wednesday. The considerations discussion on Monday highlighted several

Worth Noting: Assembly Select Committees Formed to Focus on 2020 Census and Natural Disaster Recovery

Assembly Speaker Anthony Rendon has announced the creation of select committees with jurisdiction over two topics of interest. The newly established Assembly Select on Natural Disaster Response, Recovery, and Rebuilding will be co-chaired by Assembly Members Monique Limón and Marc Levine; both members – from Santa Barbara and Marin Counties, respectively – represent districts significantly affected by 2017 wildfires. No other committee members have yet to be named.

The second recently announced select committee will focus on the upcoming decennial census; it will be chaired by Assembly Member Marc Berman. Committee members include Assembly Members Cecilia Aguiar-Curry, Dr. Joaquin Arambula, Sabrina Cervantes, Ed Chau, Phillip Chen, Jordan Cunningham, Jacqui Irwin, Reginald Byron Jones-Sawyer, Sr., Marie Waldron, and Dr. Shirley N. Weber.

We will keep you posted on hearings and other activities of both bodies.

challenges, including Medicaid waivers, Medicare waivers and federal law, the federal Employee Retirement Income Security Act of 1974 (ERISA), as well as state constitutional issues (Gann Limit and Proposition 98). The Wednesday hearing included a 3-hour panel discussion of single payer. Additionally, the afternoon panel included speakers offering additional perspectives and proposals, including Health Access, the California Immigrant Policy Center, the California Labor Federation and Small Business Majority. Materials from both hearings can be accessed [here](#).

Additional Details on June 2018 Ballot Initiatives

As reported last week, six measures have qualified for the June 2018 ballot. In the table below, we provide additional details on each, including a few corrections to our brief summary in last week’s publication.

Measure	Details
Proposition 68	Parks, Environment, and Water Bond <ul style="list-style-type: none"> Issues \$4 billion in bonds for parks, environmental protection, and water infrastructure Placed on the ballot by Legislature – SB 5 (de León); Chapter 852, Statutes of 2017
Proposition 69	Transportation Taxes and Fees Lockbox and Appropriations Limit Exemption Amendment <ul style="list-style-type: none"> Requires certain tax and fee revenue related to transportation be used for transportation purposes Placed on the ballot by the Legislature as part of transportation funding package – ACA 5 (Frazier); Chapter 30, Statutes of 2017
Proposition 70	Vote Requirement to Use Cap-and-Trade Revenue Amendment <ul style="list-style-type: none"> Requires a one-time two-thirds vote to use revenue from the cap-and-trade program Placed on the ballot by the Legislature as part of cap-and-trade deal – ACA 1 (Mayes); Chapter 105, Statutes of 2017
Proposition 71	Effective Date of Ballot Measures Amendment <ul style="list-style-type: none"> Changes the date for when voter-approved ballot measures take effect Placed on the ballot by the Legislature – ACA 17 (Mullin); Chapter 190, Statutes of 2017
Proposition 72	Rainwater Capture Systems Excluded from Property Tax Assessments Amendment <ul style="list-style-type: none"> Excludes rainwater capture systems from property tax assessments Placed on the ballot by the Legislature – SCA 9 (Glazer); Chapter 1, Statutes of 2018

In other ballot news, the measure that would have increased the number of Assemblymembers and Senators by dividing current Assembly and Senate districts into a newly formulated “Neighborhood Legislature” – with each Assemblymember representing 5,000 people and each Senator representing 10,000 people – has failed to qualify. Secretary of State officials announced this week that signatures fell short by approximately 25,000. If implemented, this initiative would have created a 12,000-member Legislature. Republican gubernatorial candidate John Cox was the sponsor of this measure and put his own financial resources toward its qualification. Had the measure qualified, it would have gone before voters in November 2018.

Covered California Final Enrollment Numbers

Covered California released its final enrollment numbers for 2018 today. California enrolled 1.52 million people for 2018 coverage, down about 2 percent from the prior year. Of those enrollees, 388,000 are new enrollees, a slight uptick from last year, but fewer people renewed their plans, causing the overall decline. Covered California executive director Peter Lee says part of the decline is because some people who make too much to qualify for subsidies could get a better deal elsewhere. For additional details, see the [press release](#).

Data Shows CalWORKs Grants Too Low

The California Budget and Policy Center released a [fact sheet](#) this week highlighting the decreased purchasing power of CalWORKs grants and demonstrating that grants are below the deep-poverty line for the 11th year in a row.

Upcoming Legislative Hearings

We identify below a variety of hearings of interest to be held in the coming weeks. More details on budget subcommittee hearings will follow next week.

Date / Time	Committee	Topic
Thursday, February 8 @ 10 a.m.	Senate Budget and Fiscal Review Committee	<i>Informational Hearing</i> – Overview of Governor’s Proposal to Create an Online Community College
Friday, February 9 @ 2 p.m. – Norco	Assembly Select Committee on Career Technical Education and Building a 21 st Century Workforce	<i>Informational Hearing</i> – The Importance of Workforce Development
Tuesday, February 13 @ 1:30 p.m.	Joint Hearing of the Senate Judiciary Committee and the Senate Select Committee on Women, Work, and Families	<i>Informational Hearing</i> – Justice for Victims: Developing a Harassment-Free Culture in California
Tuesday, February 13 @ 1:30 p.m.	Assembly Environmental Safety and Toxic Materials	<i>Oversight Hearing</i> – Childhood Lead Poisoning Prevention Program: Status of Testing Low-Income Children for Lead Exposure
Wednesday, February 14 @ 9:30 a.m.	Joint Hearing of the Senate Environmental Quality Committee and the Assembly Environmental Safety and Toxic Materials Committee	<i>Oversight Hearing</i> – Overview and Final Recommendations of the Department of Toxic Substance Control’s Independent Review Panel
Wednesday, February 14 @ 1 p.m.	Senate Budget and Fiscal Review Committee	<i>Informational Hearing</i> – Human Services: Social Safety Net Programs
Thursday, February 15 @ 1 p.m.	Joint Legislative Committee on Climate Change Policies	<i>Informational Hearing</i> – Urban Forestry and Urban Greening Programs
Tuesday, February 20 @ 9:30 a.m.	Joint Hearing of Assembly Business and Professions, Health, and Agriculture Committees	<i>Informational Hearing</i> – Cannabis regulation: An update on statewide implementation
Wednesday, February 21 @ 9:30 a.m.	Assembly Budget Subcommittee No. 3 on Resources and Transportation	<i>Informational Hearing</i> – 2017 Wildfires
Wednesday, February 21 @ 2 p.m.	Assembly Budget Subcommittee No. 6 on Budget Process, Oversight and Program Evaluation	<i>Oversight Hearing</i> – Homelessness, California’s Climate Change Adaption

Date / Time	Committee	Topic
		Strategy, Mission-Based Budgeting
Wednesday, February 21 @ 2:30 p.m.	Joint Hearing of the Assembly Housing and Community Development Committee and the Senate Transportation and Housing Committee	<i>Oversight Hearing</i> – Implementation of 2017 Housing Package
Friday, March 2 @ 10 a.m. - Anaheim	Senate Transportation and Housing Committee	Informational Hearing – Impacts of SB 1 (2017 re: transportation funding)

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HURST+BROOKS+ESPINOSA

January 10, 2018

To: HBE Clients

From: Hurst Brooks Espinosa, LLC

Re: Governor's Proposed 2018-19 State Budget

Governor Jerry Brown released his final proposed state budget on a cloudy day in Sacramento. With a healthy budget surplus to work with, the Governor focused on what has been a consistent mantra during his governorship: maintaining fiscal balance. (In his written message to the Legislature, he reminds us of the state's 10 recessions since World War II and cautions the Legislature: "Let's not blow it now.") To that end, the Governor proposes to utilize the state's budget surplus by bringing the Rainy Day Fund to 100 percent of its constitutional target, fully funding the Local Control Funding Formula (LCFF) for K-12 schools two years early, and investing in state infrastructure.

While recent federal actions will most definitely impact the state's budget, many of them occurred too late in the year to be incorporated into the budget estimates. The May Revision will include preliminary analyses of any changes to the state's economy and revenues on federal tax changes, the potential failure to reauthorize the Children's Health Insurance Program (CHIP), and other federal cost shifting, particularly in the area of health care or other entitlements that Congress considers.

State Economy and Fiscal Forecast

As the economy nears full employment, economic growth has begun to slow in both the nation and California. While California's unemployment rate fell to 4.7 percent in May and June of 2017, matching the all-time low unemployment rate in November 2000, the rate picked up to 5 percent and is expected to remain near that rate throughout the forecast period. Job growth is slowing and is expected to slow through 2021. Inflation began to pick up in 2016 due to increasing housing costs, medical costs, and energy prices and is expected to remain higher in California than the nation.

The main risks to the state's economic outlook are a stock market correction, an eventual recession in the U.S., or geopolitical risks that affect U.S. growth. The forecast notes that the S&P 500 had already begun to rise on the expectation of lower corporate taxes, which has continued since the passage of the federal tax bill. However, the DOF cautions that continued stock growth would need to be supported by underlying growth in the economy; valuations of companies are relatively high compared with historical evidence. Any adjustment in investor expectations could be sudden and dramatic, even in the absence of a recession. The risk of recession also remains, as both the U.S. and California are at unemployment levels only seen near the end of an economic expansion. To keep growth on its current path, businesses would have to slow their hiring and wage increases in tandem with slowing consumer demand. Finally, geopolitical events such as wars in the Middle East, conflicts in Asia, or other incidents could also reduce U.S. growth or cause a recession. Disruptions to trade would also hit California particularly hard.

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The state's "big three" revenue sources are expected to continue to grow somewhat faster over the budget window than had been forecast last year. The General Fund revenue forecast has improved, reflecting a large share of wages going to high-income taxpayers and stronger consumption and investment over the medium term. Of course, the improved revenue forecast for personal income tax is driven by strong wage withholding and capital gains. The sales tax forecast has improved due to strong sales tax receipts as well as a more favorable forecast for consumer spending and capital equipment spending. Also, cannabis excise taxes are estimated to generate \$175 million in 2017-18 and \$643 million in 2018-19.

Rainy Day Fund

The Governor's budget proposes a \$3.5 billion supplemental transfer from the General Fund to the Budget Stabilization Account in addition to the current constitutional requirement for a total transfer of \$5 billion. The proposed transfer would bring the state's Rainy Day Fund to \$13.5 billion, which is the maximum balance allowed by the Constitution for the fiscal year.

Paying Down State Debt

The budget includes \$475 million within the Proposition 2 debt payment requirement to pay down the General Fund's portion of the supplemental pension loan from the Surplus Monetary Investment Fund (SMIF). This payment is required after last year's approval of a one-time supplemental pension payment of \$6 billion to CalPERS.

Figure SWE-01
State Retirement and Health Care Contributions ^{1/}
 (Dollars in Millions)

	CalPERS ^{2/}	CSU CalPERS	CalSTRS	JRS	JRS II	LRS	Active Health & Dental ^{3/}	Retiree Health & Dental	CSU Retiree Health	Employer OPEB Prefunding ^{4/}
2008-09	\$3,063		\$1,133	\$189	\$40		\$2,146	\$1,183		
2009-10	2,861		1,191	184	32		2,120	1,182		\$3
2010-11	3,230		1,200	166	54		2,277	1,387		2
2011-12	3,174		1,259	195	58		2,439	1,505		0
2012-13	2,948 ^{5/}	\$449 ^{5/}	1,303	160	51		2,567	1,365 ^{5/}	\$222 ^{5/}	0
2013-14	3,269	474	1,360	188	52	\$1	2,697	1,383	225	22
2014-15	4,042	543	1,486	179	63	1	2,797	1,462	256	38
2015-16	4,338	585	1,935	190	67	1	2,968	1,556	263	63
2016-17	4,754	621	2,473	202	68	1	3,104	1,623	272	342 ^{7/}
2017-18	5,188	661	2,790	197	76	1	3,252	1,771	291	189
2018-19 ^{6/}	5,522	686	3,077	195	80	1	3,435	1,891	311	373

^{1/} The chart does not include contributions for University of California pension or retiree health care costs, and does not reflect the \$6 billion supplemental pension payment in 2017-18 authorized by Chapter 50, Statutes of 2017 (SB 84).

^{2/} In addition to the Executive Branch, this includes Judicial and Legislative Branch employees. Contributions for judges and elected officials are included in JRS, JRS II, and LRS.

^{3/} These amounts include health, dental, and vision contributions for employees within state civil service, the Judicial and Legislative Branches, and California State University (CSU).

^{4/} Amount reflects the employer contribution to pay down the Other Post-Employment Benefits (OPEB) unfunded liability.

^{5/} Beginning in 2012-13, CSU pension and health care costs are displayed separately.

^{6/} Estimated as of the 2018-19 Governor's Budget. 2018-19 General Fund costs are estimated to be \$2,901 million for CalPERS, \$686 million for CSU CalPERS, \$2,198 million for Retiree Health & Dental, \$1,613 million for Active Health and Dental, and \$194 million for OPEB Prefunding. The remaining totals are all General Fund.

^{7/} Amount includes a one-time prefunding contribution of \$240 million pursuant to Chapter 2, Statutes of 2016 (AB 133).

Wildfire Response and Recovery

The budget includes \$23.7 million General Fund to backfill the property tax revenue losses that cities, counties, and special districts will incur in 2017-18 and 2018-19 due to the October 2017 wildfires in Northern California. This adjustment will also include backfills for the property tax revenue losses incurred by cities, counties, and special districts in 2017-8 and 2018-19 due to the Southern California wildfires that started in December 2017. (Estimates of these costs were not available for inclusion in the budget.)

The budget also proposes \$11.5 million State Emergency Telephone Number Account (SETNA) to modernize the state's current antiquated 9-1-1 system with a Next Generation 9-1-1 system and improve public safety during emergency events. Additionally, the budget proposes to revise the SETNA fee structure to facilitate the implementation of Next Generation 9-1-1. Currently, the SETNA fee is charged on intrastate voice plans as a percentage fee on total intrastate calls. The budget proposes to revise the fee structure to a per-subscription flat-rate on all voice and data plans in a manner similar to other states.

The Administration is also opting into the federal FirstNet program that will provide dedicated telecommunication spectrum to law enforcement and first responders. The Administration continues to explore opportunities to further strengthen all aspects of emergency communications.

Health and Human Services

Federal Uncertainty

The budget document includes a detailed discussion of the federal uncertainties that could significantly impact health and human services programs, including Congressional action to reduce Medicaid funding, continued efforts to repeal the Affordable Care Act, Children's Health Insurance Program (CHIP) reauthorization, and proposed reductions to the Social Services Block Grant, Promoting Safe and Stable Families, and Preventive Health and Health Services Block Grant Fund. The Administration acknowledges the repeal of individual mandate in the the tax bill may result in "disruptions in the health care market."

The 2018-19 budget assumes that the CHIP federal share will remain at 88 percent through December 31, 2017. The May Revision will, at a minimum, be updated to include savings of approximately \$150 million General Fund to reflect temporary federal funding authorized after the Budget was finalized. If the federal government does not continue CHIP funding, coverage for approximately 32,000 pregnant women and children is at risk because they will not qualify for federally funded, full-scope Medi-Cal.

Universal Health Coverage

During the press conference, the Governor was asked about legislative discussions to expand Medi-Cal to the remaining uninsured and single payer legislation. The Governor responded that some of the proposals are "rather expensive" and some are "not baked, not ready for action." He was open to discussions about expanding health coverage but stated that the "path forward is not as easy as the path to date." He also pointed to federal uncertainty: it's "a time for caution," but that there is always room for inquiry and debate.

Proposition 56 Tobacco Tax Revenues

Proposition 56 is estimated to provide \$1.3 billion in revenues in 2018-19. The 2018-19 budget proposes an increase of approximately \$232 million in Proposition 56 funding for supplemental payments for dental and physician services, and maintains the supplemental payment or rate increases for all other affected providers (ICF-DD, HIV/AIDS Waiver and Women's Health Services).

The total 2018-19 Proposition 56 funding for these providers, including the increase for doctors and dentists, is \$649.9 million.

Supplemental Provider Payments	2018-19 Proposed Budget v. 2017-18 Funding
Physician Payments	+\$163 million
Dental Payments	+\$70 million
ICF-DD	No change
HIV/AIDS Waiver	No change
Women's Health Services	No change
TOTAL	+\$232 million

Please recall that the Governor and Legislature's negotiations on the Proposition 56 supplemental payments were some of the last to conclude during the 2017-18 budget deliberations. The Department of Health Care Services (DHCS) plans to analyze the impact of the 2017-18 payment changes and may modify or revise the methodologies for payments for services beginning in the budget year. If these payments are not demonstrating the intent of improving access to services for Medi-Cal beneficiaries, the Administration indicates its intent to work with the Legislature to modify the supplemental payments.

The budget also includes \$169.4 million in 2018-19 to support new growth in Medi-Cal compared to the 2016 Budget Act. Finally, the budget includes \$64.5 million (\$31.6 million Proposition 56 funds) for a 50-percent rate increase and associated increases in utilization for home health providers that provide medically necessary, in-home services to children and adults in the fee-for-service system or through the home and community-based services waivers. The rate increase is proposed to be effective July 1, 2018. Proposition 56 also provides backfills of \$125.8 million to Propositions 99 (1988) and 10 (1998).

Medi-Cal

2017-18 Funding. The Administration has increased expenditures in Medi-Cal by \$543.7 million over the 2017-18 Budget Act. The current year increase is related to retroactive payments of drug rebates to the federal government and a higher estimate of Medi-Cal managed care costs.

ACA Cost Sharing. The state's share for the ACA optional Medi-Cal expansion population increased to 6 percent on January 1, 2018 (and will increase to 10 percent by 2020). The budget estimates the costs of the optional expansion to be \$17.7 billion (\$1.4 billion General Fund) in 2017-18 and \$22.9 billion (\$1.6 billion General Fund) in 2018-19.

Medi-Cal County Administration. Prior legislation (SB 28, Chapter 244, Statutes of 2013) required DHCS to develop and implement a new budgeting methodology for Medi-Cal county administration base costs. However, DHCS was unable to procure a qualified vendor due to limited responses to the request for proposal. As an interim methodology, the budget proposes an increase of \$54.8 million (\$18.5 million General Fund) in 2018-19 based on an adjustment to the existing funding level using the increase in the California Consumer Price Index. A similar increase will be applied for two years as the county eligibility systems move to a single Statewide Automated Welfare System. DHCS will work with the County Welfare Directors Association to improve processing of eligibility determinations and annual redeterminations, correct beneficiary aid codes, and produce timely data and reports. There will be continuing discussions of this item during budget subcommittee deliberations.

340B Drug Billing Reimbursement within the Medi-Cal Program. The budget proposes to restrict the use of federal 340B Drug Pricing Program reimbursements effective July 1, 2019. (Please note that although the DHCS budget summary document includes an effective date of January 1, 2019, staff has clarified that the July date is correct.)

DHCS indicates that the proposed trailer bill language seeks to prohibit the use of 340B drugs in the Medi-Cal program, which will enable the state to comply with existing federal law and eliminate the unnecessary higher costs being paid through Medi-Cal as well as the substantial administrative burden of ensuring 340B entities are appropriately following existing law and regulation. The trailer bill also contains flexibilities for the Department in the circumstance that Centers for Medicare and Medicaid Services (CMS) does not approve the complete prohibition, but does permit other types of limitations. DHCS notes that this statute change is not anticipated to alter the pharmacies used by Medi-Cal beneficiaries or the current way they may receive services and is not anticipated to result in a change in beneficiary access to medically-necessary pharmaceuticals. Pharmacies that currently dispense drugs purchased through 340B are anticipated to still be able to dispense the same drugs to the same clients and will receive reimbursement under the standard Medi-Cal drug reimbursement policy.

If your agency currently dispenses drug through 340B, HBE urges you to review your operations and how they will be impacted by the proposed change. We will send the trailer bill language out as soon as it is available.

Skilled Nursing Facilities. Chapter 52, Statutes of 2017 (SB 97), increased the minimum number of direct care services hours in skilled nursing facilities from 3.2 to 3.5 hours per patient day, effective July 1, 2018. It also specifies that a minimum of 2.4 hours per patient day must be provided by certified nurse assistants. The budget includes \$4.5 million in 2018-19 to support the expansion of training slots for the certified nursing assistant workforce to support facilities in meeting this requirement. This includes one-time funding of \$2 million (Proposition 98 General Fund) from the Strong Workforce Program and \$2.5 million from existing training programs within the Employment Development Department.

AB 85. County savings related to federal health care reform are estimated to be \$657.1 million in 2017-18 and \$530.5 million in 2018-19. The budget also includes a one-time General Fund decrease of \$231.2 million in the CalWORKs program resulting from additional 2015-16 county savings. These savings are partially offset by \$23.2 million in costs reflected in the DHCS budget. Actual statewide indigent health savings were higher than previously estimated based on the preliminary reconciliation of 2015-16, and the budget assumes reimbursement of this amount from the counties in 2018-19. The estimated savings will be updated in the May Revision using audited data from the counties. Pursuant to current law, these additional county savings are redirected to the CalWORKs program to offset General Fund costs.

Department of Social Services

The budget includes \$238.2 million (\$179.7 million General Fund) to continue implementation of Continuum of Care reforms. The Administration revised caseload assumptions related to the transition of youth from group home to Short-Term Residential Therapeutic Programs. Please note that additional analytical work is being performed on the CCR budget detail, but initial numbers appear to be insufficient for counties to successfully implement CCR.

CalWORKs

Home Visiting Initiative. The budget includes \$26.7 million for a voluntary Home Visiting pilot program, through 2021, for young, first-time parents in the CalWORKs program. The goal of the home visiting pilot is to help young families reach self-sufficiency by improving family engagement practices; supporting healthy development of young children living in poverty; and preparing parents for employment. DSS will work with counties to establish outcomes measures for purposes of evaluation. A total of \$158.5 million in one-time TANF funds are being reserved through 2021 for the pilot. DSS will be working with the California Department of Public Health on implementation, which is proposed to be January 1, 2019.

Single Allocation Methodology. The budget includes a one-time augmentation of \$187 million for the county single allocation until a revised budgeting methodology is adopted to address the cyclical nature of the caseload changes and impacts to county services. The Administration will continue to work with counties to develop recommendations for revising the single allocation budgeting methodology by the May Revision.

In addition to administration, counties also receive single allocation funds for CalWORKs services. The service side of the single allocation in 2018-19 is proposed to be reduced by approximately \$50 million compared to 2017-18.

In-Home Supportive Services

The January Budget document does not propose any changes to the 2017-18 state budget agreement on the IHSS Maintenance of Effort (MOE). Significant IHSS budget adjustments include:

IHSS Administration. The budget includes an increase of \$27.8 million General Fund in 2018-19 for county IHSS administrative costs to reflect revised workload and budget assumptions. The new budgeting methodology estimates the average number of cases a social worker can manage for statutorily-required activities, including the federal Fair Labor Standards Act overtime regulations. The workload and budget assumptions will be reexamined as part of the 2020-21 budget. IHSS administrative funding will be a discussion item during the budget subcommittee deliberations.

IHSS Provider Paid Sick Leave. The budget includes \$29.9 million General Fund to reflect implementation of eight paid sick leave hours for IHSS providers beginning on July 1, 2018.

Child Care

The budget increases the reimbursement rate for providers that contract directly with the Department of Education by approximately 2.8 percent, and makes permanent a temporary hold harmless to the 2016 Regional Market Reimbursement Rate Survey for providers accepting vouchers. These rate increases are the final year in a multi-year funding agreement adopted as part of the 2016 Budget Act.

The budget also provides the final of three scheduled 2,959 full-day slot increases to the State Preschool program, totaling 8,877 slots over three years. Finally, the budget creates the Inclusive Early Education Expansion Program, providing \$125 million one-time Proposition 98 General Fund and \$42.2 million one-time federal TANF through a competitive grant program to increase the availability of inclusive early education and care for children aged 0 to 5 years old, especially in low-income areas and in areas with relatively low access to care. Grant recipients will commit that all children benefiting from grant funds, especially those with disabilities, have access to appropriate settings that support their educational and developmental growth.

The state has approved pilot programs for 13 counties that allow providers in these counties flexibility in child care programmatic requirements to allow them to earn more of their contract funding. The Administration supports providing counties with flexibility to serve more families in subsidized child care programs and has begun working with stakeholders to streamline and alleviate burdensome requirements in the pilot counties. Pilot counties include Alameda, Contra Costa, Fresno, Marin, Monterey, San Benito, San Diego, San Francisco, San Mateo, Santa Clara, Santa Cruz, Solano, and Sonoma.

Significant adjustments to CalWORKs Stage 2 and Stage 3 Child Care include a net increase of \$5.2 million non-Proposition 98 General Fund in 2018-19 to reflect slight increases in the number of CalWORKs child care cases and slight decreases in the estimated cost of care. Total cost for Stages 2 and 3 are \$517.6 and \$335.4 million, respectively.

Corrections and Public Safety

Prison Population Estimates and Proposition 57 Implementation

The budget updates Department of Corrections and Rehabilitation (CDCR) population projections, which show expected year-over-year decreases both in the inmate and parole populations for 2018-19. The budget narrative also provides extensive detail regarding the Administration's efforts to comply with a federal court order dating back to 2011, which requires the state to keep the prison population below 137.5 percent of design capacity. Population reductions were achieved through a combination of efforts in the last seven years; among them, implementation of AB 109 (2011) as well as various voter-approved public safety reform initiatives – Propositions 36 (2012), 47 (2014) and 57 (2016). The state has been in compliance with the cap since February 2015 and expects to phase-out the use of all out-of-state contract prison beds by fall 2019. The Administration projects that Proposition 57 will reduce the average daily adult prison inmate population by 6,300 in 2018-19 growing to 11,500 in 2020-21.

Inmate Rehabilitation and Reentry

The budget includes \$454.4 million for CDCR rehabilitative programs, which reflects an augmentation of more than \$150 million as compared to the 2012-13 budget. The budget describes the Administration's commitment to restoring and expanding funding to in-custody and parolee treatment programs. In addition, the narrative points out other important initiatives meant to improve the inmate release process, including expanding the Cal-ID program (a process by which all inmates exiting state prison receive a California state ID card prior to release) and pre-enrollment of state inmates into Medi-Cal prior to release (approximately 85 percent of the approximately 45,000 persons on active parole in 2018-19 are expected to be eligible for Medi-Cal). Specific funding initiatives of note include:

- \$6.7 million to expand career technical education;
- \$2.5 million to support inmate activity groups, which will allow for additional achievement credits under Proposition 57; and
- \$5 million in Inmate Welfare Funds to provide rehabilitative programming grants to non-profits that provide programs focusing on offender responsibility and restorative justice principles.

Additionally, the budget provides \$15 million for the Statewide Prison to Employment Initiative, a partnership among CDCR, the California Workforce Development Board, and the California Prison Authority that will focus on integrating reentry and workforce services and provide direct services to the formerly incarcerated.

Additional investment totaling \$20.1 million is included to invest in various efforts to expand mental health treatment capacity within the prisons.

Juvenile Justice Reforms

The budget proposes two notable juvenile justice reforms, which contemplate primarily (if not exclusively) state-level impacts. Citing an interest in improving outcomes for juvenile offenders and benefits associated with rehabilitative programs available for the target population at the Division of Juvenile Justice (DJJ), the Governor proposes to reestablish the age of jurisdiction at the Department of Juvenile Justice to 25. (It had been moved to 23 years of age in 2012-13). This policy change means, among other things, that juveniles who previously were committed through the adult court can benefit from two additional years in the juvenile detention system before being transferred to state prison. Secondly, the Administration is proposing a Young Adult Offender Pilot program modeled after SB 1004 (Hill, 2016). The budget contains \$3.8 million to would create two new housing units within DJJ where young adult offenders would be diverted from adult prison to benefit from specialized rehabilitative programming. DJJ will be tasked with developing participation criteria

for placement in the pilot program, which initially will focus on offenders in adult prisons aged between 18 and 21.

Infrastructure Investment

The Governor also proposes \$131.1 million to make infrastructure improvements across the state corrections system, including roof repair and mold remediation; public safety communication system replacement; and replacement of a portion of the fleet vehicles.

Firefighter Training and Certification Program

The budget proposes \$26.6 million to establish a firefighter training and certification program at the Ventura Conservation Camp for the formerly incarcerated. While the California Conservation Corps would serve as the employer of record and provide wages and benefits (consistent with other Corps members), the California Department of Forestry and Fire Protection (CAL FIRE) would be responsible for facility administration, fire training, and certification. CDCR and CAL FIRE would jointly select participants for the 18-month program. Participants who successfully complete the firefighting program would be qualified to apply for entry-level jobs with local, state, and federal firefighting agencies. Up to 20 Corps members would also be permitted to participate in the program.

Proposition 47 Savings Estimate

The Governor’s proposed budget estimates that implementation of the 2014 ballot initiative that reduced penalties for specified property and drug crimes will yield \$64.422 million in state correctional savings, when comparing 2017-18 costs to the base year of 2013-14 (the last full fiscal year prior to the passage of the initiative). This estimate – which is nearly \$20 million higher than the state correctional savings associated with 2016-17 – takes into account some cost increases (parole and trial court workload).

This estimate – which will be updated in the Governor’s May Revision – translates into the following resources for the three policy priorities identified in Proposition 47. On the recidivism reduction grants administered through BSCC, the first round awarded in 2017 assumed an initial three-year funding cycle, so the \$41.874 million in resources listed below already is committed to selected programs.

State Administering Entity	Purpose	%	Share of estimated \$64.422 million
Board of State and Community Corrections	Competitive grants for public entities to fund mental health and substance use disorder treatment and other diversion or recidivism reduction programs	65	\$41.874 million
State Department of Education	Programs to improve outcomes for K-12 students and reduce truanancies	25	\$16.105 million
California Victims Compensation Board	Support for trauma recovery centers that serve crime victims	10	\$6.442 million

Community Corrections Performance Incentive Grant (SB 678)

The budget proposes \$106.4 million in 2018-19 for incentive payments to county probation departments as a result of ongoing implementation of community programs and practices that reduce commitments of felony probationers to state prisons. Under the provisions of SB 678 (2009) and a revised allocation methodology enacted in 2015, counties share in the state savings that result from reduced felony probationers sent to state prison.

Resources for Additional Post-Release Community Supervision (PRCS) Workload

Given temporary increases in counties’ PRCS populations resulting from implementation of Proposition 57, the budget proposes \$29 million to support corresponding probation department

workload. In addition to this funding commitment, the Administration also lays out its efforts to improve processes and procedures associated with transitioning inmates from state custody to local supervision. These efforts have included improved communication and information-sharing strategies, specialized training for county probation on CDCR release processes and PRCS eligibility determinations, and special handling of releases for offenders with special medical needs. The Administration expresses an ongoing commitment to working with county probation for continued process improvements in the release process that enhance offender outcomes.

Sex Offender Registry Changes

The budget expresses a commitment to develop a funding proposal later this spring to implement SB 384 (Weiner, 2017), which replaces the current lifetime sex offender registration system with a tiered system beginning January 1, 2021.

Incompetent to Stand Trial (IST)

Reflecting ongoing increases (up 33 percent in the last five years) in referrals from counties to the Department of State Hospitals (DSH) of the Incompetent to Stand Trial (IST) population, the Governor's proposed budget makes the following additional investments:

- \$117.3 million to expand the state-county partnership and related efforts to reduce IST commitments; of this amount, \$100 million will be available over three years for community alternatives meant to enhance diversion efforts for offenders with mental health issues and simultaneously decrease the number of IST referrals. The program is intended to focus on diverting those with felony convictions and to prevent entry or reentry into the court system. It will prioritize contracts with the 15 counties that refer the highest number of ISTs and sets a goal of expanding diversion programs to support up to 640 placements statewide. Funding also will be used for up to 60 additional community placements in other counties.
- \$14.8 million also is included to support a direct partnership with the County of Los Angeles for up to three levels treatment options in community settings.
- \$2.5 million in dedicated Mental Health Services Act funds to support direct assistance to counties by the Mental Health Services Accountability and Oversight Commission in developing diversion programs for the IST population.

The budget reports that DSH continue to work with counties on exploring opportunities for partnership and collaboration, including joint-use facilities that could serve both DSH and county jail populations. Other notable adjustments include \$16.1 million to support expanded contract capacity for up to 159 jail-based competency treatment program beds; \$53.1 million and staffing to activate 236 additional forensic beds at Metropolitan State Hospital; and \$11.5 and staffing to activate 80 new beds for mentally disordered offenders at Coalinga State Hospital.

2011 Realignment: Updated Revenue Estimates

The Governor's budget proposal updates revenue estimates for 2011 Realignment funding across all programs and services previously realigned to counties, providing insights into the Administration's estimates of VLF and sales tax performance in the coming years. Projections show modest growth for sales tax (4.64 percent year-over-year in 2017-18 and 4.28 percent in 2018-19) and mixed results for VLF (7.05 percent growth year-over-year in 2017-18 and a 1.20 percent increase in 2018-19). Under the budget estimates, overall funding for 2011 Realignment will reach just over \$8 billion for all programs in 2018-19. Details are shown in the chart below; revenue estimates will be refined in the May Revision.

Figure HHS-04
2011 Realignment Estimate at 2018-19 Governor's Budget
 (Dollars in Millions)

	2016-17	2016-17 Growth	2017-18	2017-18 Growth	2018-19	2018-19 Growth
Law Enforcement Services	\$2,361.2		\$2,467.3		\$2,579.6	
Trial Court Security Subaccount	539.7	\$10.6	550.3	\$11.2	561.6	\$10.9
Enhancing Law Enforcement Activities Subaccount ^{1/}	489.9	155.9	489.9	201.4	489.9	209.7
Community Corrections Subaccount	1,161.6	79.4	1,241.1	84.3	1,325.3	81.5
District Attorney and Public Defender Subaccount	27.9	5.3	33.3	5.6	38.9	5.4
Juvenile Justice Subaccount	142.1	10.6	152.7	11.2	163.9	10.9
Youthful Offender Block Grant Special Account	(134.3)	(10.0)	(144.3)	(10.6)	(154.9)	(10.3)
Juvenile Reentry Grant Special Account	(7.8)	(0.6)	(8.4)	(0.6)	(9.0)	(0.6)
Growth, Law Enforcement Services		261.8		313.7		318.4
Mental Health^{2/}	1,120.6	9.8	1,120.6	10.4	1,120.6	10.1
Support Services	3,404.9		3,591.7		3,789.9	
Protective Services Subaccount	2,169.5	88.5	2,258.0	93.9	2,351.9	90.9
Behavioral Health Subaccount	1,235.4	98.4	1,333.7	104.3	1,438.0	101.0
Women and Children's Residential Treatment Services	(5.1)	-	(5.1)	-	(5.1)	-
Growth, Support Services		196.7		208.6		202.0
Account Total and Growth	\$7,345.2		\$7,701.9		\$8,010.5	
Revenue						
1.0625% Sales Tax	6,699.5		7,010.6		7,310.9	
Motor Vehicle License Fee	645.8		691.3		699.6	
Revenue Total	\$7,345.3		\$7,701.9		\$8,010.5	

This chart reflects estimates of the 2011 Realignment subaccount and growth allocations based on current revenue forecasts and in accordance with the formulas outlined in Chapter 40, Statutes of 2012 (SB 1020).

^{1/} Base Allocation is capped at \$489.9 million. Growth does not add to the base.

^{2/} Base Allocation is capped at \$1,120.6 million. Growth does not add to the base.

Natural Resources

Climate Change

The Administration's budget document notes the challenges of climate change and extreme wildfires that occurred in 2017. The budget document states that the Administration will be convening targeted discussions with state, local governments and private industry to address land use and infrastructure issues related to climate.

The Administration will be releasing several climate documents in 2018, including California's Climate Adaption Strategy, Sea-Level Rise Guidance: 2018 Update, California Forest Carbon Plan, and the State's 4th Climate Change Assessment. The Administration will propose the 2018-19 Cap

and Trade expenditure plan in the Governor's State of the State address, which is scheduled for January 25.

SB 5 (2017): Water and Parks Bond

The budget includes a proposal for expenditure of \$1.02 billion in 2018-19 of the \$4 billion bond – should voters approved the measure in June 2018, provided for in SB 5, the California Drought, Water, Parks, Climate, Coastal Protection, and Outdoor Access for All Act of 2018.

Figure RES-01
**California Drought, Water, Parks, Climate, Coastal Protection and Outdoor Access
 For All (SB 5)**
 (Dollars in Millions)

Investment Category	Department	Program	Amount
State and Local Park Improvements	Department of Parks and Recreation & Natural Resources Agency	Local and Regional Grant Programs for Neighborhood Parks and Greenway Trails	\$464
	Department of Parks and Recreation	State Park System Enhancements	\$4
	Department of Food and Agriculture	Deferred Maintenance for Fairs	\$4
Ecosystem Restoration & Climate Resiliency	Multiple Departments & Conservancies	River Recreation, Creek, and Waterway Improvements	\$58
	Natural Resources Agency	Salton Sea Restoration	\$30
	Multiple Departments & Conservancies	Climate Adaptation & Resiliency	\$110
	State Coastal Conservancy & Ocean Protection Council	Coastal Protection	\$13
	California Conservation Corps	CCC Restoration and Rehabilitation Projects & Grants to Local Community Conservation Corps	\$10
Water Action Plan	State Water Board	Safe Drinking Water Projects	\$63
	Department of Water Resources & Natural Resources Agency	Flood Management	\$99
	Department of Water Resources & State Water Board	Sustainable Groundwater Management Act	\$146
	Department of Food and Agriculture	State Water Efficiency and Enhancement Program	\$18
Total			\$1,019

Groundwater Sustainability

Sustainable Groundwater Management Act of 2014 (SGMA). The budget provides \$61.8 million from SB 5 for Department of Water Resources to support groundwater sustainability agencies through three efforts: 1) providing technical assistance to aid in the development and evaluation of their plans, 2) supplementing existing planning grants to support a groundwater sustainability agency's responsibility to define a path to achieve sustainable groundwater management, and 3) providing grants directly supporting implementation of groundwater projects.

Groundwater Treatment. The budget provides \$84 million from SB 5 for the State Water Board to support regional groundwater treatment and remediation activities that prevent or reduce contamination of groundwater that serves as a source of drinking water, including \$10 million for technical assistance for drought and groundwater investments.

Flood Management

Multi-Benefit Flood Control Projects. The budget provides \$98.5 million from SB 5 for flood control projects that achieve public safety and fish and wildlife improvements, as well as funding for a new Floodplain Management, Protection and Risk Awareness Program to protect California's alluvial fan, coastal, and riverine floodplains.

Safe and Affordable Drinking Water

Safe and Affordable Drinking Water Fund. The budget establishes a new special fund for the State Water Board to assist communities, particularly disadvantaged communities, in paying for the short-term and long-term costs of obtaining access to safe and affordable drinking water. The Administration is proposing statutory language, consistent with the policy framework of SB 623 (Monning) which is currently pending in the state Legislature, to establish a program that provides grants, loans, and administrator contracts or services to assist eligible communities and households in securing access to safe and affordable drinking water. The Budget proposes \$4.7 million in 2018-19 for the State Water Board and the Department of Food and Agriculture to take initial steps toward implementation of this new program.

Safe Drinking Water Projects. The budget proposes \$63 million from SB 5 for the State Water Board to provide grants to public water systems in disadvantaged communities for infrastructure improvements to meet safe and affordable drinking water standards, including both drinking water and wastewater treatment projects.

Department of Forestry and Fire Protection

Helicopter Procurement. The budget proposes \$97.6 million General Fund to purchase four state-of-the-art helicopters to continue the replacement of CAL FIRE's existing fleet of Vietnam War-era helicopters.

McClellan Reload Base. The budget proposes \$4 million General Fund for 6 permanent positions and 6.1 seasonal positions, to staff and operate the McClellan Reload Base for the rapid deployment of Large Air Tankers, Very Large Air Tankers, and the California National Guard Modular Airborne Fire Fighting Systems.

Ventura Training Center. Details regarding the Governor's budget proposal to fund an inmate firefighter training and certification program can be found on page 8.

Department of Fish and Wildlife

Sustainable Funding for Fish and Wildlife. The budget proposes \$50.6 million of ongoing funding (\$6.6 million General Fund, \$18 million Motor Vehicle Account and \$26 million Tire Recycling Management Fund) to address the structural imbalance in the Fish and Game Preservation Fund and to support the future vision detailed by the Department and stakeholder group. \$19.6 million would continue funding for critical program that are threatened by the structural imbalance. The remaining \$31 million augments would expand program activities to include: 1) expanding conservation efforts on land, in rivers and streams, and in the ocean to benefit iconic species like salmon; 2) increasing efforts to recover key declining and endangered species; 3) increasing hatchery production through scientific and production support for inland fisheries; 4) supporting voluntary conservation programs for local governments, private landowners, and conservation organizations across California; 5) increasing efforts to combat wildlife trafficking and expansion of

marine enforcement; 6) exploring new approaches to ensure sustainable marine fisheries in the face of a changing climate, including responding to challenges like whale entanglements; 7) updating the joint Caltrans and Department assessment "Essential Connectivity" that describes the most important wildlife and fisheries connectivity areas throughout California and will assist with the wildlife and fishery sensitive approach to the Road Repair and Accountability Act of 2017 investments.

State Parks

The budget provides an ongoing investment of \$80 million State Parks and Recreation Fund in the following areas:

- **Fixing State Parks and Improving Access for All Californians.** \$42 million and 364 positions to increase services across a variety of programs, emphasizing those that directly benefit park visitors by improving access, and fixing and maintaining the aging infrastructure of the state parks system.
- **Solving the Structural Imbalance and Establishing a Reserve.** \$26.6 million in permanent funding to address the structural imbalance of the State Parks and Recreation Fund. In addition, the Budget includes \$8.5 million to establish a prudent reserve balance in the Fund.
- **Making Recruitment and Training Program Permanent.** \$1 million in permanent funding for the newly established recruitment and training program for hard-to-fill classifications, including an emphasis on diversity.
- **Supporting Off-Highway Vehicle Recreation.** \$1 million for increased law enforcement, environmental monitoring, and maintenance grants supporting federal off-highway vehicle recreation.
- **Reducing Boating Hazards.** \$1 million for the Abandoned Watercraft Abatement grant program to remove abandoned watercraft from California's waterways.

In addition, SB 5 provides \$200 million to improve and rehabilitate the state park system.

State Parks System Enhancements. \$4 million of SB 5 funds to begin project identification and planning activities necessary to strategically allocate SB 5 funds dedicated to the state park system.

Local Parks

SB 5 includes over \$1 billion for multiple programs that improve and rehabilitate local park facilities, as well as expand access to neighborhood parks. The Budget proposes \$464 million to begin implementation of these local park programs (provided that voters approve the bond measure in June 2018) including:

- **Safe Neighborhood Parks.** \$277 million to provide grants for the creation of new parks and recreation facilities, as well as the rehabilitation of existing local parks, in critically underserved communities throughout California, consistent with the Statewide Park Development and Community Revitalization Program.
- **Per Capita Grants.** \$186 million to provide for the acquisition and development of neighborhood, community, and regional parks and recreation lands and facilities in urban and rural areas.

Transportation

The Governor's Proposed 2018-19 Budget focuses its transportation discussion on activities associated with the implementation of SB 1, last year's measure to provide funding for both the state and local transportation infrastructure system.

Figure TRN-02
Road Maintenance and Accountability Act Funding
 (Dollars in Millions)

Program		2017-18 Appropriation	2018-19 Appropriation
Local Allocations	Local Streets and Roads	\$451	\$1,193
	Transit and Intercity Rail Capital Program	\$330	\$330
	State Transit Assistance	\$280	\$355
	Local Partnership Program	\$200	\$200
	Active Transportation Program	\$100	\$100
	Commuter Rail and Intercity Rail	\$25	\$36
	Local Planning Grants	\$25	\$25
Total:		\$1,411	\$2,239
State Allocations	SHOPP/Maintenance	\$451	\$1,210
	Bridges and Culverts	\$400	\$400
	Commuter Corridors	\$250	\$250
	Trade Corridor Enhancement	\$153	\$306
	Department of Parks and Recreation*	\$53	\$79
	Air Resources Board Clean Freight	\$50	\$0
	Freeway Service Patrol	\$25	\$25
	Department of Food and Agriculture*	\$17	\$26
	Transportation-related CSU and UC Research	\$7	\$7
	Transportation Workforce Development Board	\$5	\$5
Total:		\$1,411	\$2,308
Administration	Department of Motor Vehicles	\$4	\$8
	Total:		\$4
Revenue	Transportation Improvement Fee	\$737	\$1,510
	Gasoline Excise Tax	\$1,250	\$1,852
	Diesel Excise Tax	\$405	\$672
	Diesel Sales Tax	\$200	\$286
	General Fund Loan Repayment	\$235	\$235
Total:		\$2,827	\$4,555

*Revenue derived from fuel purchased for off-road vehicles.

The proposed budget anticipates \$1.2 billion in new revenues to cities and counties to continue addressing the backlog of local road repairs. Additionally, the budget includes \$330 million in SB 1 funds for transit and intercity rail projects, an additional \$355 million for local transit operations (in addition to \$500 million in other base annual funding), and \$306 million in new funds to meet the

state's current and future freight needs (typical projects include port improvements, highway railroad grade separations, highway widening, and double tracking for freight rail), among others.

Other Local Government Issues

Redevelopment Agencies

The Governor's budget anticipates that ongoing efforts to dissolve redevelopment agencies will result in additional property tax revenues of \$926 million for cities, \$990 million for counties, and \$282 million for special districts in 2017-18 and 2018-19 combined.

Support for County Assessor's Operations

The budget includes \$5 million annually for the next three years for a new initiative to assist in the maintenance and equalization of the county property tax rolls. Proposed statutory language describes the framework for the program, although we would anticipate the program to be similar to the former State-County Assessor Partnership Program that ended in 2016-17. That program provided \$7.5 million annually for a three-year period to county assessors' offices to ensure that assessors have the resources to fairly and efficiently administer the county property tax rolls.

California State Library

The budget includes an increase for the California State Library, as follows:

- \$2.5 million General Fund ongoing to expanded the existing California Library Literacy Services Program
- \$5 million General Fund one-time for broadband equipment grants, with the expectation that \$2 million would support connection for public libraries who lack access to the broadband network and \$3 million would expand capacity for libraries already connected.
- \$1.5 million General Fund one-time for online systems for use by public libraries to support efficient access to resources.

Voting System Replacement for Counties

The Governor has proposed \$134.3 million General Fund to support the purchase of all necessary hardware, software, and initial licensing for the replacement of voting systems and technology in all 58 counties. This funding represents a 50 percent state share of total voting system replacement costs; counties will be responsible for the remaining 50 percent cost.

Counties now have the option to conduct less-costly elections where all voters are sent a vote-by-mail ballot and regional "vote centers" are established through the county to allow voters to vote at a convenient time and place in days prior to the election. The Administration anticipates that most counties will transition to the vote center model, which should reduce equipment costs. The proposed funding assumes that all jurisdictions with more than 50 precincts will go to a vote center model, and counties with fewer than 50 precincts will continue with the precinct model.

2020 Census

The Budget includes \$40.3 million for statewide outreach and other activities related to the 2020 Census count to assist in ensuring a complete and accurate count of California residents.

Cannabis Regulation

The budget continues funding as approved in the 2017 Budget Act for cannabis regulatory activities, including the processing of licenses and permits, enforcement, laboratory services, information technology, quality assurance and environmental protection. Expenditures are proposed in accordance with Proposition 64.

Given the timing of legalized market's opening and release of the Governor's budget, the Administration is deferring all cannabis-related budget proposals until the May Revision, when additional information will be available to inform future resource needs.

Judicial Branch Programs

The 2018-19 proposed budget includes \$4.2 billion in overall judicial branch funding, which supports the Supreme Court, courts of appeal, trial courts, and the Judicial Council (the courts' policy making body and its staff). Of the overall judiciary budget, \$2.2 billion is dedicated to local trial court operations.

Notably, this year's proposed budget provides a \$150 million augmentation dedicated to the following purposes:

- \$47.8 million for trial court operations dedicated to jurisdictions with a demonstrated need under an updated Workload-Based Allocation and Funding Methodology; this augmentation is meant to equalize funding across courts by bringing all jurisdictions up to the statewide average funding level;
- \$75 million in discretionary funding for trial courts based on priorities articulated by the Judicial Council; it is assumed that related investments will be informed by recommendations advanced by the Commission on the Future of California's Court System;
- \$19.1 million for expansion of self-help services in trial courts to address the needs of the growing number of self-represented litigants; this increase would bring the total funding level for self-help services to just over \$30 million in 2018-19;
- \$4 million to expand availability of court interpreter services in civil matters;
- \$3.4 million to support implementation of a five-court pilot project to assess the viability of a civil model of adjudication of minor traffic violations; under the pilot, certain traffic violations could be resolved through an online system;
- \$500,000 dedicated to the Court-Appointed Special Advocate Program expected to serve approximately 2,200 additional foster youth;
- \$200,000 for the California Courts Protective Order Registry meant to expand the central repository of restraining and protective orders to the seven courts not currently using the registry.

In addition, the Governor proposes \$34.1 million to backfill court funding shortfalls resulting from an ongoing decline in fines and penalty revenues, as well as \$25.9 million for trial court employee retirement and health benefit costs.

On the court facility construction front, the budget acknowledges the challenges in the court capital outlay program given that funding mechanisms intended to support the state's court facility construction and maintenance program have been largely insufficient to meet ongoing needs. The budget does assume a transfer of \$32.2 million from the Immediate and Critical Needs Account to complete the design of three courthouse projects in Riverside (Mid-County), Sonoma, and Stanislaus. Additionally, the budget commits to completing construction over the next two years for the next ten courthouse projects ready to proceed. Specifically, lease revenue bonds would be dedicated to completing construction projects in the following jurisdictions: Imperial, Riverside (Indio), Shasta, Siskiyou, and Tuolumne (in 2018-19) and, in the following year, Glenn, Riverside (Mid-County), Sacramento, Sonoma, and Stanislaus.

K-12 Education

The big news for K-12 education in the Governor's 2018-19 Proposed Budget is the \$3 billion investment to fully fund the Local Control Funding Formula (LCFF) two years earlier than originally

projected. In addition to this investment, and in response to criticism that some school districts are not appropriately linking their LCFF funds with direct services provided to the students generating those funds, the Governor proposes to improve fiscal transparency by requiring local educational agencies to show how their budget expenditures align with the strategies detailed in their Local Control and Accountability Plans (LCAPs) for serving the students generating supplemental grants. Further, the Budget proposes calculating and reporting on a single website the total amount of supplemental and concentration funding provided to each local educational agency under the LCFF.

Changes to Proposition 98 have resulted in total per-pupil expenditures from all sources at \$15,654 in 2017-18 and \$16,085 in 2018-19. When a reporter questioned whether the Governor was concerned about the state's poor test scores among students, the Governor suggested that such criticism was better directed toward local school districts, emphatically declaring "the age of micromanagement of local education is over!"

Higher Education

Spending for the California State University and the University of California both are proposed to increase by 3 percent, with an expectation from the Administration that both entities will hold tuition flat for 2018-19. The Governor proposes an LCFF-like funding formula for California Community Colleges that is intended to encourage access for underrepresented students, provide additional funding in recognition of the need to provide additional support for low-income students, and rewards colleges' progress on improving student success metrics. Under this proposal, no district would receive less funding than is currently allocated. About 50 percent of funding would be distributed initially as a base grant, 25 percent distributed as part of the supplemental grant, and 25 percent distributed as part of the student success incentive grant.

The Governor is also proposing to create a fully online California community college to create and coordinate accessible, flexible, and high-quality online courses and programs. The budget includes \$120 million in Proposition 98 (\$20 million ongoing) to establish an online community college.

What's Next?

Starting mid-January, the full budget committees in each house will meet to hear an overview of the Governor's proposed spending plan. Trailer bill language to implement various budget proposals is due February 1 to the Legislature, so more details on the specifics of certain proposals will become available. We will continue to keep you apprised on budget developments going forward and welcome your questions about both the budget substance and process.

Please feel free to contact any one of us at Hurst Brooks Espinosa ...

JEAN HURST 916-272-0010 jkh@hbeadvocacy.com	KELLY BROOKS 916-272-0011 kbl@hbeadvocacy.com	ELIZABETH ESPINOSA 916-272-0012 ehe@hbeadvocacy.com
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State of California

925 L Street, Suite 805
Sacramento, CA 95814
PH: 916-445-2125

FOR IMMEDIATE RELEASE
January 11, 2018

For Additional Information Contact:
Terri Hardy, Deputy Executive Director
(916) 445-2125

Notice of Meeting

Pedro Nava
Chairman

Sean Varner
Vice Chairman

David Beier
Iveta Briggs

Anthony Cannella
Senator

Joshua LaFarga

Chad Mayes
Assemblymember

Don Perata

Bill Quirk
Assemblymember

Richard Roth
Senator

Janna Sidley
Helen Torres

On **Thursday, January 25, 2018**, the Little Hoover Commission will conduct a public hearing on the applications of artificial intelligence in California. The Commission will consider the key challenges of artificial intelligence, its economic implications for the state and how it can be used to solve societal ills. The hearing will begin at **9:30 a.m.** in **Room 437** of the **State Capitol** in Sacramento.

At the hearing, the Commission will first hear a discussion regarding artificial intelligence and employment. Representatives from McKinsey & Company and California Forward will discuss research on occupational disruption as a result of new technologies. Next, the Commission will hear from a University of Washington law and technology professor, who will discuss the major policy questions of artificial intelligence, its current and future applications and the importance of ensuring some form of in-house technical expertise for policymakers. The Commission will then hear from a panel on workforce impacts of artificial intelligence and automation. The panel, consisting of representatives from the Information Technology and Innovation Foundation and the University of California, will discuss the positive and negative effects of automation, potential policy mitigations such as retraining and the role of government in supporting artificial intelligence. Lastly, the Commission will hear from representatives of the USC Center for Artificial Intelligence in Society, who will discuss the use of artificial intelligence in solving difficult social problems such as educating homeless youth about HIV and AIDS.

There will be an opportunity for public comment at the end of the hearing. Public comments will be limited to three minutes per person. The Commission also encourages written comments.

Immediately following the hearing, the Commission will hold a business meeting in the lower level conference room at 925 L Street in Sacramento.

If you need reasonable accommodation due to a disability, please contact Commission Deputy Executive Director Terri Hardy at (916) 445-2125 or littlehoover@lhc.ca.gov by Thursday, January 18, 2018.



State of California

925 I Street, Suite 805
Sacramento, CA 95814
PH: 916-445-2125

**Public Hearing on Artificial Intelligence
Thursday, January 25, 2018
State Capitol, Room 437
Sacramento, CA 95814**

Public Hearing: 9:30 a.m.

Artificial Intelligence, Automation and Employment

Pedro Nava
Chairman

Sean Vamer
Vice Chairman

David Beier
Iveta Brigis

Anthony Cannella
Senator

Joshua LaFarga

Chad Mayes
Assemblymember

Don Perata

Bill Quirk
Assemblymember

Richard Roth
Senator

Janna Sidley

Helen Torres

1. Michael Chui, Partner, McKinsey & Company
2. Lenny Mendonca, Co-Chair, California Forward

Artificial Intelligence Policy: A Primer and Roadmap for Government

3. Ryan Calo, Associate Professor, University of Washington School of Law

Workforce and Automation: Implications and Potential Mitigations

4. Robert Atkinson, President, Information Technology and Innovation Foundation
5. Annette Bernhardt, Senior Researcher, UC Berkeley Institute for Research on Labor and Employment
6. Glenda Humiston, Vice President, UC Agriculture and Natural Resources

Artificial Intelligence Takes on Societal Problems

7. Eric Rice and Milind Tambe, Co-Directors, USC Center for Artificial Intelligence in Society

Public Comments

**Business Meeting
Thursday, January 25, 2018
925 I Street, Lower Level Conference Room
Sacramento, CA 95814**

The Commission will consider agenda items I-VII at approximately 12:30 p.m. (The precise time will vary depending upon the testimony of witnesses and will be determined at the discretion of the chair). Members of the public will have an opportunity to make comments about Commission agenda items during the meeting.

- I. Business Meeting Minutes from October 26, 2017
- II. Forest Management - Draft Report for Possible Adoption
- III. Closed Session:

PERSONNEL

The Commission will meet in closed session to discuss personnel matters consistent with Government Code section 11126, subdivision (a)(1).

- IV. Subcommittee Reports
- V. Project Selection
- VI. Implementation and Impact Activity
- VII. Reports from the California State Auditor's Office

REPORTS
Communication Only

**SAN DIEGO LAFCO
PRELIMINARY STAFF REPORT**

Title of Proposal: "Tri-City Healthcare District Reorganization" (Tri-City Healthcare District)
Ref. Nos.: SA17-09; RO17-09
APN(s): Numerous
Date Rec'd by LAFCO: 9/26/17
Submitted by: Resolution
Subject Agencies: Tri-City Healthcare District; Fallbrook Regional Healthcare District; Palomar Health Healthcare District
Analyst: Robert Barry

Sphere Adoption/Amendment: Yes
Contractual Service Agreement: No

Description/Justification:

Proposed by resolution of the Tri-City Healthcare District is a reorganization involving the following jurisdictional changes (Map 1):

- Annexation of approximately 8,232.206-acres to the Tri-City Healthcare District
- Annexation of approximately 57.35-acres to the Palomar Health Healthcare District
- Detachment of approximately 25,657.79-acres from the Tri-City Healthcare District
- Detachment of approximately 2,747.37-acres from the Fallbrook Regional Healthcare District

The proposed reorganization includes 5 different proposal areas located within and adjacent to the Tri-City HD service area and sphere of influence:

- Area A (Camp Pendleton) - Detachment of approximately 25,600.44-acres of Camp Pendleton territory from Tri-City HD (Map 2)
- Area B (Shadowridge) – Annexation of approximately 2,552.79-acres of City of Vista and City of Carlsbad incorporated territory to the Tri-City HD (Map 5)
- Area C (Carlsbad) – Annexation of approximately 5,679.416-acres of City of Carlsbad incorporated territory to the Tri-City HD (Map 6)
- Area D (Oceanside) – Detachment of approximately 2,747.37-acres of City of Oceanside incorporated territory from the Fallbrook Regional HD with a concurrent annexation to the Tri-City HD (Map 3)
- Area E (San Marcos) – Detachment of approximately 57.35-acres of City of San Marcos incorporated territory from the Tri-City HD with a concurrent annexation to Palomar Health HD (Map 4)
- Area F/G (Vista – Carlsbad Special Study Areas) – These areas of City of Carlsbad and City of Vista incorporated territory are presently located within the Palomar Health HD service area and sphere (Map 7). These incorporated areas are recommended for designation as *Special Study Areas* to facilitate discussions between Tri-City HD and Palomar Health HD for a potential reorganization between the HDs that would unify the incorporated territory of the Cities of Carlsbad and Vista within the Tri-City HD.

The proposed reorganization requires concurrent Sphere of influence amendments to the adopted spheres of the Tri-City HD and Palomar Health HD to be consistent with the proposed jurisdictional changes.

Proposed Reorganization Areas:

The reorganization's proposed jurisdictional changes were identified in the *2015 San Diego County Healthcare Services MSR and Sphere Review (MSR/SOI)*, and the five proposed reorganization areas are presently located within Commission-adopted Special Study Areas (SSA).

Area A: Camp Pendleton (Map 2)

Involves detachment of approximately 25,600.44-acres of Camp Pendleton territory from Tri-City HD. The Tri-City HD service area presently includes the majority of the incorporated territory of the cities of Carlsbad, Oceanside, and Vista. The HD service area also extends north of the City of Oceanside and includes approximately 25,600.44-acres of territory located within Marine Corps Base Camp Pendleton. The HD boundary within Camp Pendleton is coterminous with the boundary of the Oceanside School District, which operates three schools within Camp Pendleton. However, the Tri-City HD does not presently own or operate healthcare facilities or provide healthcare-related programs within Camp Pendleton, and does not anticipate providing healthcare facilities or services within Camp Pendleton in the future. Therefore, the *2015 Healthcare Services MSR and Sphere Review* recommended detaching the Camp Pendleton territory from the Tri-City HD service area and sphere, and designated the subject Base territory as a Special Study Area in anticipation of a future proposal to reorganize the HD territory.

Area B: Shadowridge (Map 5)

While the majority of the City of Vista incorporated territory is presently located within the Tri-City HD service area and sphere, approximately 925-acres of Vista incorporated territory is presently located within the Palomar Health HD service area and sphere, and an approximate 2,552.79-acre incorporated portion of Vista known as the Shadowridge community is not presently located within any healthcare district service area or sphere. The *2015 Healthcare Services MSR and Sphere Review* determinations recommended that the Shadowridge area be annexed to the Tri-City HD in accordance with the Healthcare District Law prohibitions on splitting municipal territory. The reorganization involves amending the sphere for the Tri-City HD to include the approximate 2,552.79-acre incorporated portion of Vista known as the Shadowridge community, and a concurrent annexation of the Shadowridge territory to the Tri-City HD.

Area C: Carlsbad (Map 6)

While the majority of the City of Carlsbad is located within the Tri-City HD service area and sphere, approximately 5,679.416-acres of Carlsbad incorporated territory is not presently located within a healthcare district service area or sphere. The *2015 Healthcare Services MSR and Sphere Review* determinations recommended that the unserved Carlsbad incorporated territory be annexed to the Tri-City HD in accordance with the Healthcare District Law prohibitions on splitting municipal territory. The reorganization involves amending the sphere for the Tri-City HD to include the approximate 5,679.416-acres of Carlsbad incorporated territory, and a concurrent annexation of the territory to the Tri-City HD.

Area D: Oceanside (Map 3)

The majority of the City of Oceanside is located within the Tri-City HD service area and sphere; however, approximately 5,679.416-acres of Oceanside incorporated territory is presently located within the Fallbrook Regional Healthcare District service area and sphere. The *2015 Healthcare Services MSR and Sphere Review* determinations recommended that the Oceanside incorporated territory presently located within the Fallbrook Regional HD be reorganized with the Tri-City HD in accordance with the Healthcare District Law prohibitions on splitting municipal territory. The reorganization involves amending the sphere for the Tri-City HD to include the approximate 2,747.37-acres Fallbrook Regional HD territory within Oceanside, detachment of the territory from the Fallbrook Regional HD, and a concurrent annexation of the territory to the Tri-City HD.

Area E: San Marcos (Map 4)

Involves detachment of approximately 57.35-acres of City of San Marcos incorporated territory from the Tri-City HD with a concurrent annexation to Palomar Health HD. The majority of the City of San Marcos incorporated territory is located within the Palomar Health HD service area and sphere; however, approximately 57.35-acres of San Marcos is presently located within the Tri-City Healthcare District service area and sphere. The *2015 Healthcare Services MSR and Sphere Review* determinations recommended that the San Marcos territory presently located within the Tri-City HD be reorganized with the Palomar Health HD in accordance with the Healthcare District Law prohibitions on splitting municipal territory. The reorganization involves amending the sphere for the Palomar Health HD to include the approximate 57.35-acres Tri-City HD territory within San Marcos, detachment of the territory from the Tri-City HD, and a concurrent annexation of the territory to the Palomar Health HD.

Areas F/G: Vista – Carlsbad Special Study Areas (Map 7)

These areas of City of Carlsbad and City of Vista incorporated territory are presently located within the Palomar Health HD service area and sphere of influence. These incorporated areas are recommended for designation as *Special Study Areas* to facilitate discussions between Tri-City HD and Palomar Health HD for a potential reorganization that would unify the incorporated territory of the Cities of Carlsbad and Vista within the Tri-City HD in accordance with the Healthcare District Law prohibitions on splitting municipal territory. As territory within the Palomar Health HD service area is presently subject to annual assessments for repayment of the bonds approved by local voters to construct the Palomar Health HD Medical Center, future discussions between the districts should address the financial implications for the HD and the property owners associated with reorganization of assessed service area territory.

Environmental Review: TBD

Tax Negotiations: Negotiated

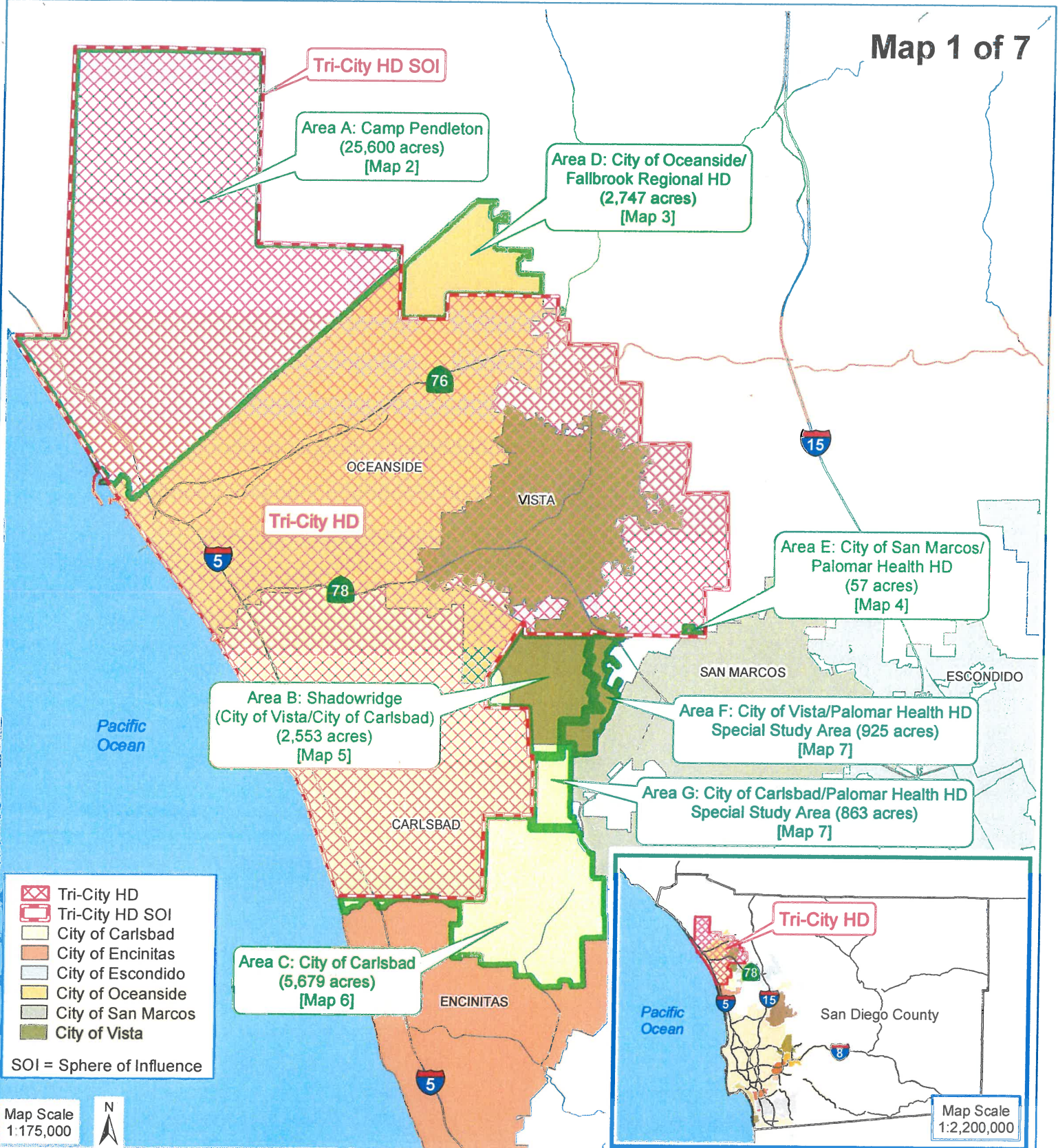
Referrals: Tri-City Healthcare District; Fallbrook Regional Healthcare District; Palomar Health Healthcare District; City of Carlsbad; City of Oceanside; City of San Marcos; City of Vista; OSHPD; County of San Diego DPDS.

Terms and Conditions: None submitted with proposal.

Public Hearing: Yes.

Fee Amt: \$25,169.70 **Date Fee Ltr Sent:** N/A **Date Paid:** 11/29/17

Date Status Letter Sent: 1/25/18 (Complete) **Date File Opened:** 1/28/18







--Illustration Purposes Only--

MAP 1 Overview of Tri-City HD Reorganization

SA17-09
RO17-09

PROPOSED "TRI-CITY HEALTHCARE DISTRICT REORGANIZATION"



-  Area A
 -  Tri-City HD
 -  Tri-City HD SOI
 -  City of Oceanside
- SOI = Sphere of Influence

Map Scale
1:100,000



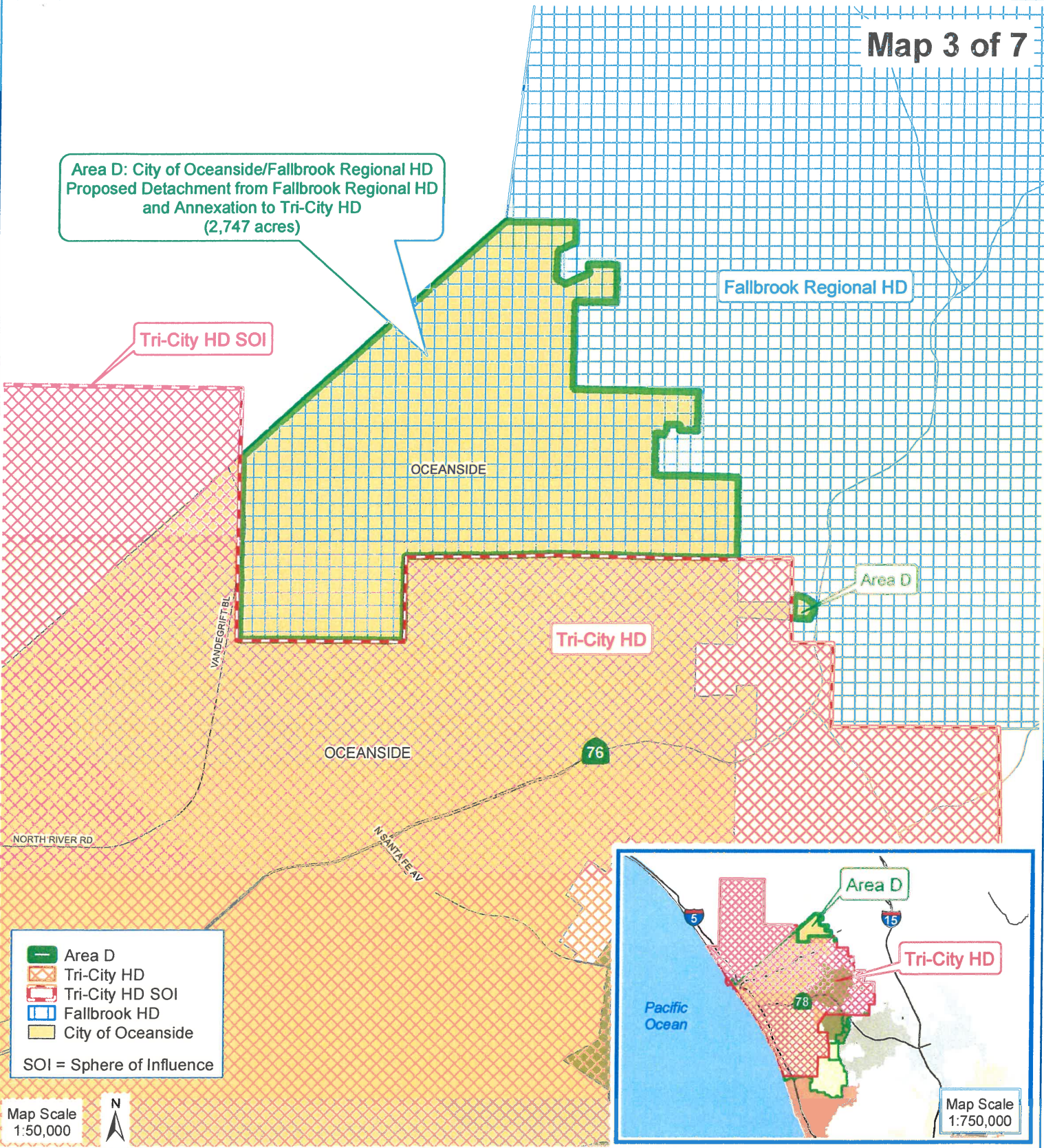
Map Scale
1:750,000

--Illustration Purposes Only--

MAP 2 Area A: Camp Pendleton

SA17-09 PROPOSED "TRI-CITY HEALTHCARE DISTRICT REORGANIZATION"
RO17-09

Area D: City of Oceanside/Fallbrook Regional HD Proposed Detachment from Fallbrook Regional HD and Annexation to Tri-City HD (2,747 acres)



Fallbrook Regional HD

Tri-City HD SOI

OCEANSIDE

Area D

Tri-City HD

OCEANSIDE

76

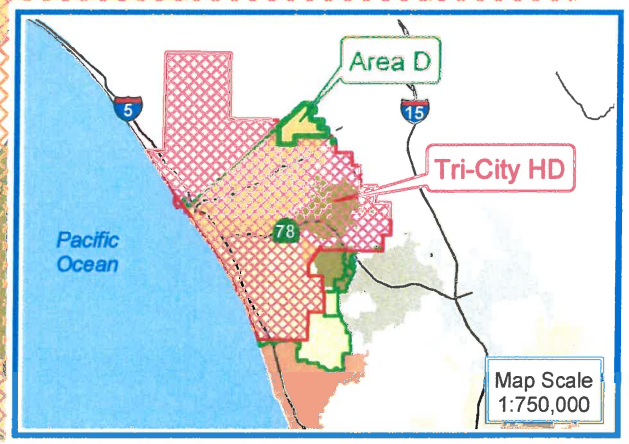
NORTH RIVER RD

VANDEGRIFT BL

SANTA FE AV

- Area D
 - Tri-City HD
 - Tri-City HD SOI
 - Fallbrook HD
 - City of Oceanside
- SOI = Sphere of Influence

Map Scale
1:50,000



Map Scale
1:750,000

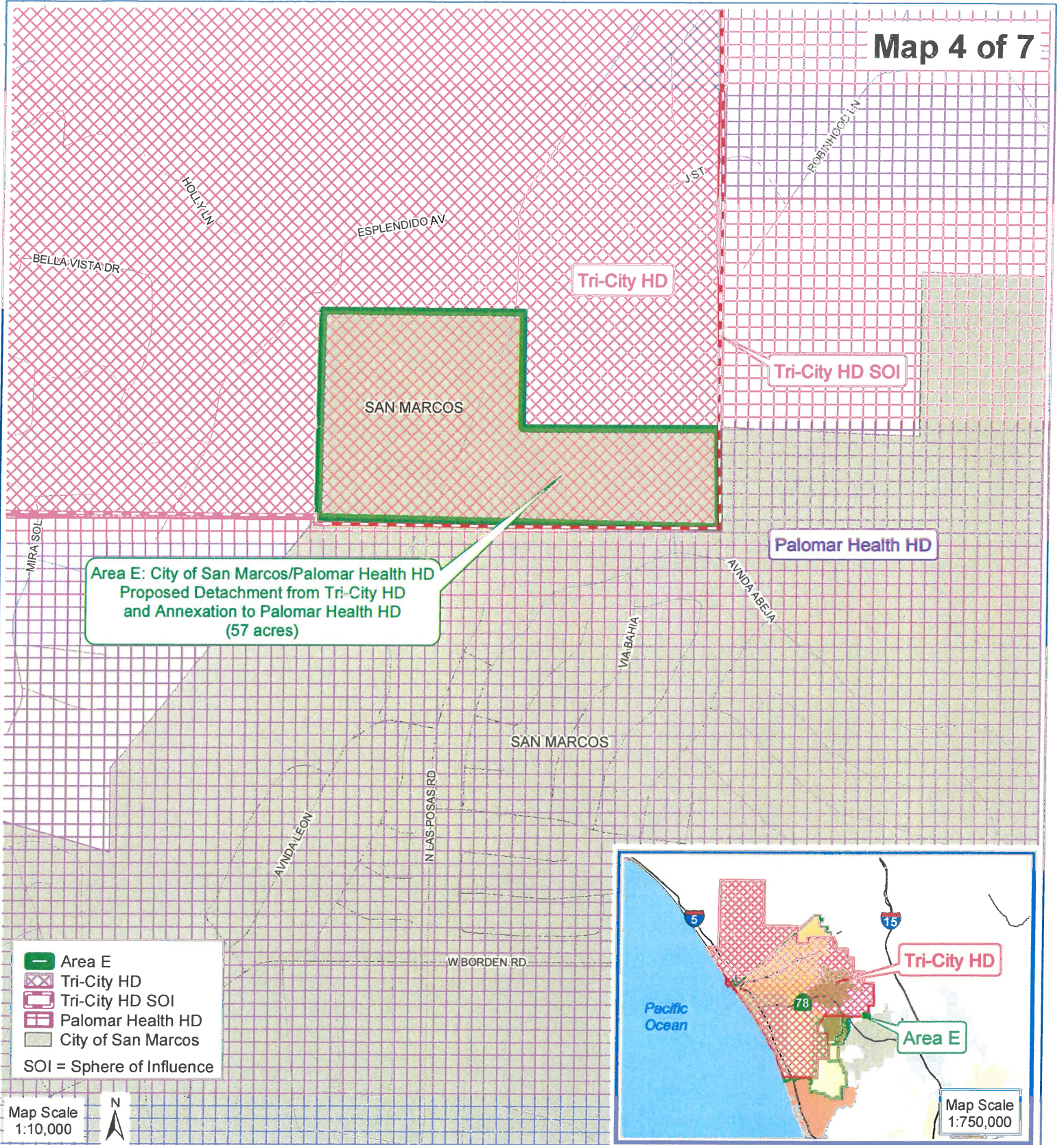
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MAP 3 Area D: City of Oceanside/Fallbrook Regional HD

SA17-09 PROPOSED "TRI-CITY HEALTHCARE DISTRICT REORGANIZATION"
RO17-09



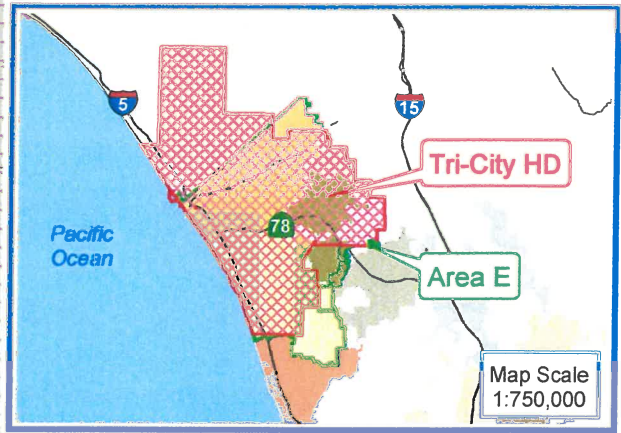
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Area E: City of San Marcos/Palomar Health HD Proposed Detachment from Tri-City HD and Annexation to Palomar Health HD (57 acres)

- Area E
 - Tri-City HD
 - Tri-City HD SOI
 - Palomar Health HD
 - City of San Marcos
- SOI = Sphere of Influence

Map Scale
1:10,000



Map Scale
1:750,000

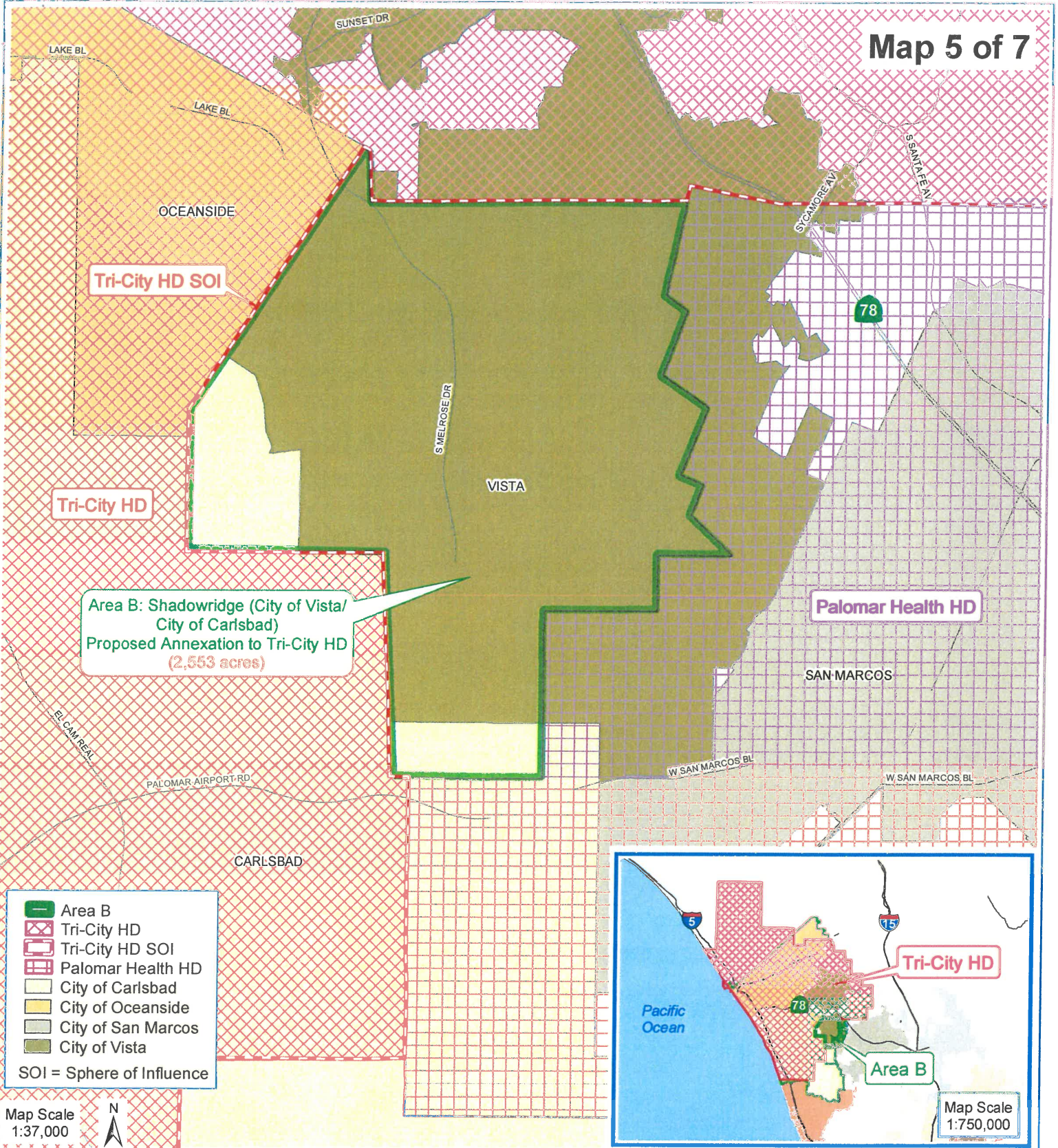
--Illustration Purposes Only--

MAP 4 Area E: City of San Marcos/Palomar Health HD

SA17-09 PROPOSED "TRI-CITY HEALTHCARE DISTRICT REORGANIZATION"
RO17-09



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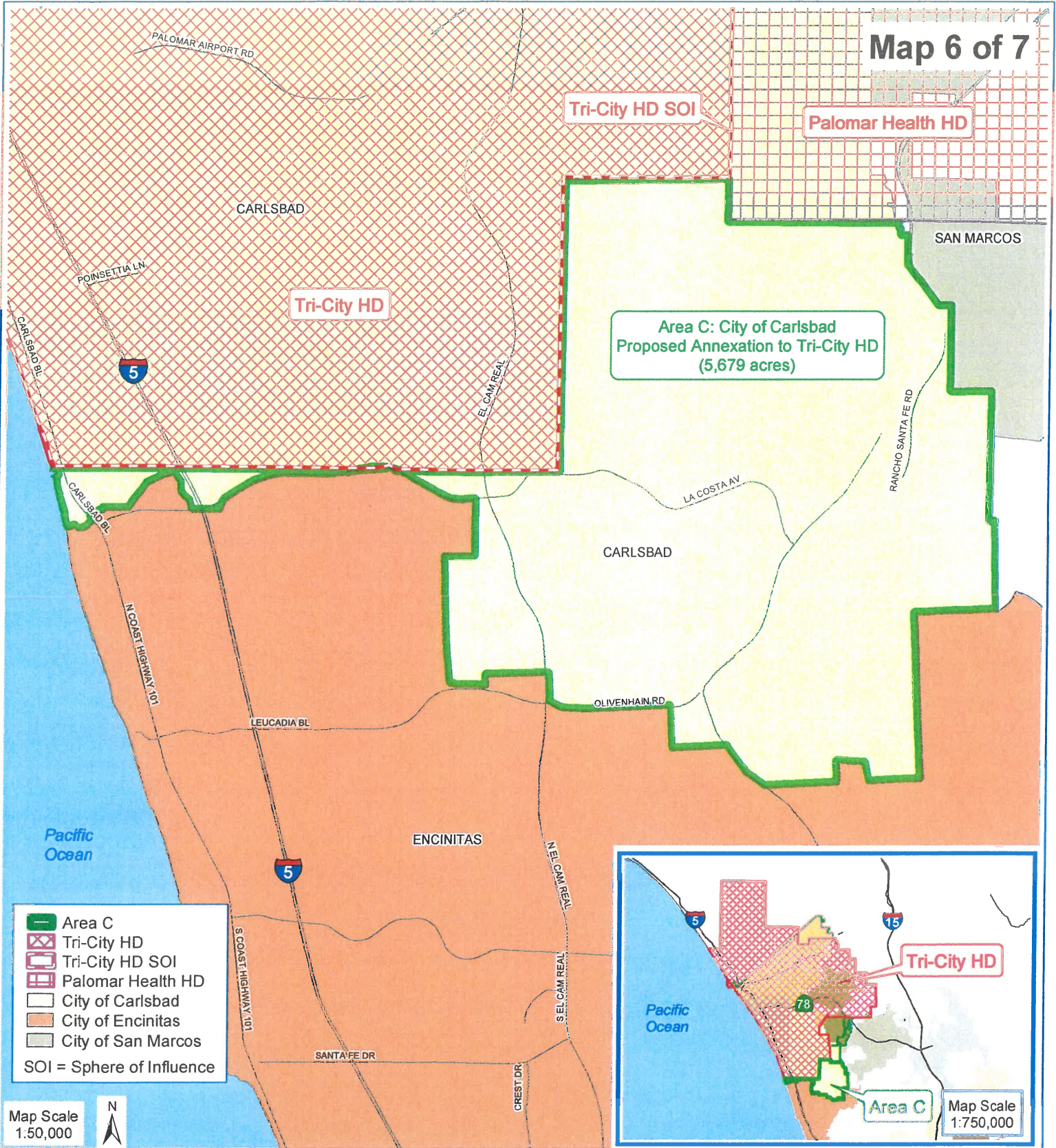


--Illustration Purposes Only--

MAP 5 Area B: Shadowridge (City of Vista/City of Carlsbad)

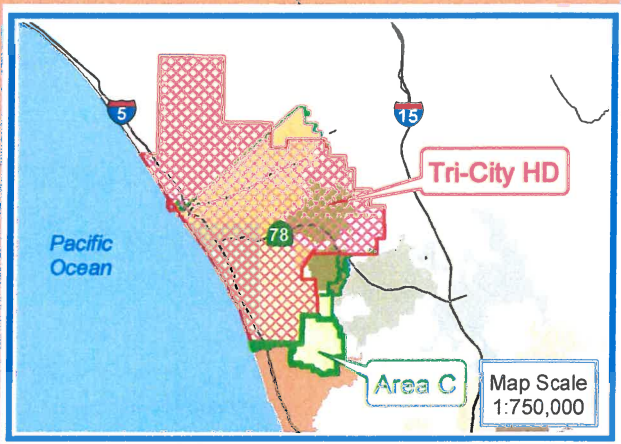
SA17-09
RO17-09

PROPOSED "TRI-CITY HEALTHCARE DISTRICT REORGANIZATION"



- Area C
 - Tri-City HD
 - Tri-City HD SOI
 - Palomar Health HD
 - City of Carlsbad
 - City of Encinitas
 - City of San Marcos
- SOI = Sphere of Influence

Map Scale
1:50,000



Map Scale
1:750,000

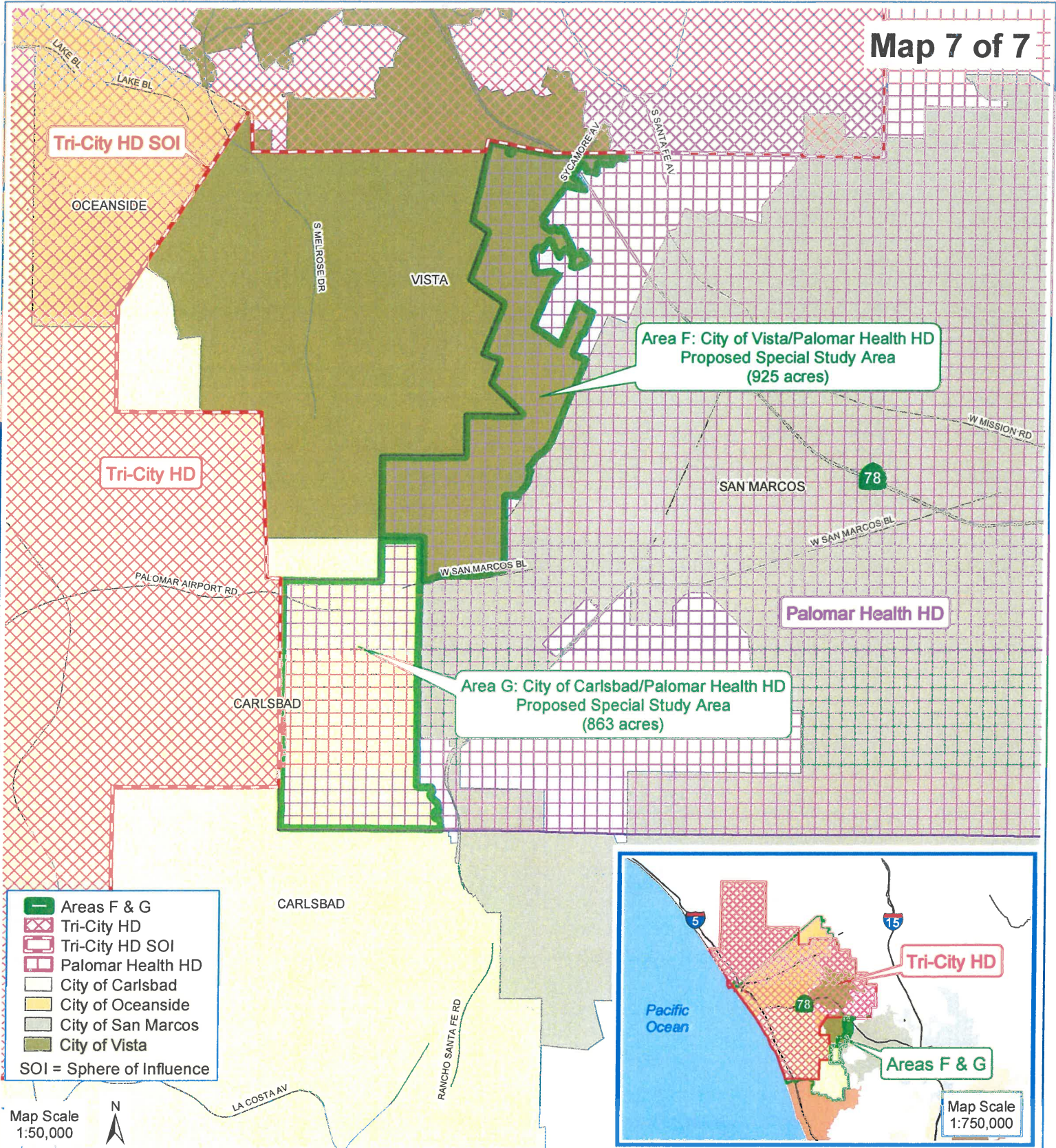
--Illustration Purposes Only--

MAP 6 Area C: City of Carlsbad

SA17-09 PROPOSED "TRI-CITY HEALTHCARE DISTRICT REORGANIZATION"
RO17-09



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--Illustration Purposes Only--

**MAP 7 Special Study Areas: Area F (City of Vista/Palomar Health HD)
Area G (City of Carlsbad/Palomar Health HD)**

SA17-09 PROPOSED "TRI-CITY HEALTHCARE DISTRICT REORGANIZATION"
RO17-09



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Community Health Together

Fallbrook Regional Health District Purchasing Land

District Enters into Escrow on Property Connecting the Vision of ‘Health Under One Roof’

FALLBROOK, Calif. (Dec. 15, 2017) ---- On December 22, the [Fallbrook Regional Health District](#) officially entered into escrow to purchase land a wellness center. The district board held a special meeting to discuss the purchase of land in the district on December 1.

“We’re excited at the prospect to once again provide direct health services, screenings and preventative health care under one roof,” said Bobbi Palmer, Chief Executive Officer of the Fallbrook Regional Health District. “This new facility will put into motion the District’s mission of preventing the preventable through our Exercise is Medicine and Food is Medicine initiatives.”

As the project gets underway, the Fallbrook Regional Health District will be discussing plans and goals with community members, schools, businesses and elected leaders. Ad-hoc Fallbrook Wellness Advisory Committee is forming to provide community oversight for the effort. Interested committee members may get more information by calling the district office at (760) 731-9187.

Purchase of the 4.6-acre campus for the future wellness center is made possible following the October 2017 sale of the former Fallbrook Hospital to private for-profit Crestwood Behavioral Health Inc. The \$4.5 million sale has allowed Crestwood to begin transforming the vacant 50-year-old building at 624 East Elder into the Fallbrook Healing Center to deliver behavioral medicine and rehabilitation therapy later this year.

The former Fallbrook Hospital closed in November 2014 after soliciting proposals from more than 10 health systems in the region. Several more proposals and offers fell through in the years following as the Fallbrook Regional Health District spent about \$200,000 a year on basic maintenance and security of the building.

The Fallbrook Hospital was last managed under a 30-year lease agreement by Tennessee-based Community Health Systems. The company closed the hospital’s labor and delivery department in September 2014 and announced it planned to shutter emergency and intensive care departments in November of that year. CHS reported to shareholders it lost nearly \$6 million operating Fallbrook Hospital in 2013 alone.

The Fallbrook Regional Health District is a special district covering affordable community health needs for the low- and fixed-income residents of Bonsall, De Luz, Fallbrook and Rainbow. The roughly \$1.6 million collected in voter-approved taxes supports more than \$850,000 annually in full spectrum community health services addressing top health disparities, including behavioral health, cancer, diabetes, heart disease and stroke.

###

ABOUT Fallbrook Regional Health District

Fallbrook Regional Health District is a special district covering affordable community health needs for the low- and fixed-income residents of Bonsall, De Luz, Fallbrook and Rainbow. The roughly \$1.6 million collected in voter-approved taxes supports more than \$850,000 annually in full spectrum community health services

addressing top health disparities, including behavioral health, cancer, diabetes, heart disease and stroke. Learn more about community health services provided by the district at www.fallbrookhealth.org.

Contact:

Erica Holloway
Galvanized Strategies, on behalf of Fallbrook Healthcare District
(619) 796-1651
Erica@galvanizedstrategies.com



Fallbrook Food Pantry

1042 South Mission Road
PO Box 3008
(760) 728-7608
www.fallbrookfoodpantry.org

January-March 2018 Quarterly Newsletter

HAPPY NEW YEAR and Welcome to 2018! The Fallbrook Food Pantry thanks you for your generosity throughout 2017. The 2017 year ended with tremendous community support as demonstrated through participation in food drives, adopt-a-family, the Thanksgiving 5K Walk/Run fundraiser, monetary donations, and volunteer services to distribute food at the Pantry and at our Neighborhood Distribution. Thank you for trusting us to be good stewards of your time, energy, and monies. 2018 again promises to be a year full of numerous opportunities to serve our community by providing food, nutritional information, and referrals to other community resources. It is our desire that you are richly blessed during this coming year and that you are a blessing in many ways to those who are in need of our compassion and generosity.

Dale J. Mitchell, President of the Board

Ted Zimmerman, Fallbrook Food Pantry 2017 Volunteer of the Year



Nominated by board member Young Milton, "Ted is a hard worker. He volunteers here everyday and his enthusiastic, positive attitude is infectious. We are fortunate, and grateful, to have Ted as part of our volunteer family." Ted notes that, "I enjoy helping out at the food pantry because I am making a

difference. I love seeing the pantry's clients smile when they receive food and I love visiting with other volunteers. I look forward to being at the pantry each day because it is for a wonderful cause, supported by wonderful donors and volunteers."

Alice Saunders, Standards of Excellence Award Nomination



Fallbrook Food Pantry proudly nominated Alice for this award presented each year by the North County Philanthropy Council. Alice is a generous donor, a dedicated volunteer, a former Board Member, and an enthusiastic advocate for the Pantry. She has been a part of the Pantry for over 20 years, from the

very "beginning," when she started out as a donor, donating food items to a few hungry families per week at a small vacant house across from the library. We have evolved and grown over the years and it is all because of volunteers like Alice. Thank you Alice!

Thank You SUPERVALU Foundation presented \$10,000 to Fallbrook Food Pantry in support of our hunger relief programs. Our sincere thanks goes to SUPERVALU and to Daniel's Market for nominating the pantry to receive a grant from the foundation.



H & R Block Nonprofit Referral Program will donate \$20 to Fallbrook Food Pantry for new clients who bring in this coupon.

HOW YOUR TAX RETURN CAN HELP.

FALLBROOK FOOD PANTRY

For every new client who files their taxes with H&R Block or Block Advisors, \$20 will be donated to our organization. **The total donation amount is unlimited!**

Find an office near you at hrblock.com or blockadvisors.com.

H&R BLOCK **BLOCK Advisors**

hrblockreferrals.com

Nonprofit Referral ID - for office use only 40010001097296
ENTER NP ID INTO THE SW CLIENT TRANSACTION SCREEN

Our deepest condolences

It is with great sadness that we share the news of Frank Russell and Larry Saunders passing. Frank was a wonderful man, a talented and skilled maintenance person, and a generous supporter of the Food Pantry. He was a member of the Board for many years and served as Pantry's President from 2008 to 2009. Frank and Sue Russell dedicated many volunteer hours at the pantry each year. Larry, and his wife Alice, have been long-time volunteers at the Pantry as well. Larry is remembered as a tireless worker with a great attitude and kind words for all those who worked with him.

Thanksgiving 5k Walk/Run to Feed the Hungry



To the walkers, runners and donors of the November 4, 2017, Fallbrook Food Pantry 5K to Feed the Hungry, Thank You! Thank you also to the numerous groups and individuals who helped make this event possible: the Sr. Volunteer Patrol members,

the Moms and Daughters of the National Charity League, Fallbrook and Bonsall High School runners and wrestlers, local churches and the support of businesses and other organizations in our community. The winner of the "Largest Group of Active Participants Award" this year goes to SonRise Christian Fellowship, with 42 walkers or runners. Congratulations!



We are proud to announce that through the efforts of approximately 100 walkers and 25 runners, a total of \$11,000 was collected. This money will be used exclusively to meet the nutritional needs of our neighbors.

Adopt-A-Family Program



The clients at the Fallbrook Food Pantry are happy and grateful for the kind giving of adopters who helped provide Christmas cheer for their families this year. The adopted families were given a holiday dinner (or a grocery gift card), and each child received a gift plus shoes or clothing. This year 204 families were helped through the Adopt-a-Family Program. Thank you for your generous support!

Monthly Neighborhood Food Distribution:



This produce program is held the last Wednesday of the month at LifePointe Church's auxiliary parking lot beginning at 9:00am. Income requirements are not needed, everyone is welcome. We are grateful

to LifePointe Church for lending their tables and chairs for the event. Thanks also to Jacobs & Cushman San Diego Food Bank for providing the resources for Distribution Day.

Composting Program



Would you like to recycle with us? We can use dry, clean egg cartons! We also collect Major Market Receipts as we receive 1% of the total receipts turned in. As we strive to

limit the amount of waste of precious food, we would like to pass on our fruits and vegetables to you that are no longer edible for your composting and animal feed needs. Various amounts of composting material will be available Mon-Sat from 11:30 a.m. -12:30 p.m. or until it is gone.

-----Please cut-----

Your Tax-deductible Donation is always Appreciated

Your Name: _____

Address: _____

Phone: _____ Email: _____

Please mail to: Fallbrook Food Pantry P.O. Box 3008, Fallbrook, CA 92088
You can also donate online at www.fallbrookfoodpantry.org.



RECEIVED
1/11/18

County of San Diego

TRACY M. SANDOVAL
DEPUTY CHIEF ADMINISTRATIVE OFFICER/
AUDITOR AND CONTROLLER
(619) 531-5413
FAX: (619) 531-5219

FINANCE & GENERAL GOVERNMENT GROUP
1600 PACIFIC HIGHWAY, SUITE 166, SAN DIEGO, CA 92101-2422

January 11, 2018

Charlene Carty, Director of Finance
Tri-City Healthcare District
Finance Department
4002 Vista Way
Oceanside, CA 92056

Dear Ms. Carty:

PROPERTY TAX REVENUE GENERATED WITHIN A JURISDICTIONAL CHANGE

Section 99 of the Revenue and Taxation Code states that before jurisdictional changes can occur, a determination must be made concerning the amount of property tax revenue to be exchanged between the affected local governments. Section 99B(4) states that upon receipt of the Auditor's estimates, the local agencies shall commence negotiations to determine the amount of property tax revenue to be exchanged between the affected local agencies and that these negotiations shall not exceed sixty days. The exchange may be limited to an exchange of property tax revenue from the annual tax increment generated in the area subject to the jurisdictional change and attributable to the local agencies whose service area or service responsibilities will be altered by the proposed jurisdictional change. The final exchange resolutions shall specify how the annual tax increment shall be allocated in future years.

The negotiated revenue exchanges shall be on an individual jurisdictional change basis, unless a master agreement has been adopted pursuant to Section 99(d), with specific agreements being made for each change. In order for this proposed jurisdictional change to be considered by LAFCO, these negotiations must be completed no later than March 12, 2018. We are submitting to you per Section 99 of the Revenue and Taxation Code and Board of Supervisors Policy B-45, information for the following jurisdictional change:

Name of Jurisdictional Change:	<u>Tri-City Healthcare District Reorganization</u>
LAFCO Number:	<u>RO17-09</u>
Assessed Value:	<u>11,058,556,910</u>
Property Tax Revenue:	<u>\$ 110,585,569.10</u>

**Area A - Camp Pendleton
 Detach from Tri-City Healthcare District**

Assessed Valuation: 5,303,129

Local Agencies	Annual Tax Increment	2017-2018 Property Tax Revenue
County General	0.16845674	8,933.47
Tri-City Healthcare District	0.02309101	1,224.55
All Other Taxing Jurisdictions	0.80845225	42,873.27
Total:	1.00000000	53,031.29

**Area B - Shadowridge
 Annex to Tri-City Healthcare District**

Assessed Valuation: 2,315,813,461

Local Agencies	Annual Tax Increment*	2017-2018 Property Tax Revenue
County General	0.14941248	3,460,114.38
Tri-City Healthcare District	0.00000000	0.00
All Other Taxing Jurisdictions	0.85058752	19,698,020.23
Total:	1.00000000	23,158,134.61

**Area C - Carlsbad
 Annex to Tri-City Healthcare District**

Assessed Valuation: 7,954,921,451

Local Agencies	Annual Tax Increment*	2017-2018 Property Tax Revenue
County General	0.15666106	12,462,264.40
Tri-City Healthcare District	0.00000000	0.00
All Other Taxing Jurisdictions	0.84333894	67,086,950.11
Total:	1.00000000	79,549,214.51

**Area D - Oceanside
 Detach from Fallbrook Healthcare District with
 Concurrent Annexation to Tri-City Healthcare District**

Assessed Valuation: 781,441,636

Local Agencies	Annual Tax Increment*	2017-2018 Property Tax Revenue
County General	0.18730220	1,463,657.36
Tri-City Healthcare District	0.00000000	0.00
Fallbrook Healthcare District	0.02322049	181,454.58
All Other Taxing Jurisdictions	0.78947731	6,169,304.42
Total:	1.00000000	7,814,416.36

**Area E – San Marcos
 Detach from Tri-City Healthcare District with
 Concurrent Annexation to Palomar Healthcare District**

Assessed Valuation: 1,077,233

Local Agencies	Annual Tax Increment	2017-2018 Property Tax Revenue
County General	0.14450745	1,556.68
Tri-City Healthcare District	0.01924398	207.30
Palomar Healthcare District	0.00000000	0.00
All Other Taxing Jurisdictions	0.83624857	9,008.35
Total:	1.00000000	10,772.33

*Annual Tax Increment is a weighted average

Property Tax Revenue Generated Within a Jurisdictional Change
Page Four
January 11, 2018

If property tax negotiations have been completed prior to receipt of this letter, those negotiations are valid and this letter is for informational purposes only.

If you need additional information on jurisdictional change, please contact Jon Baker or Becky Greene of Property Tax Services at (858) 694-2901.

Sincerely,



TRACY M. SANDOVAL
Deputy Chief Administrative Officer/Auditor and Controller

PTS:RG:koa

- c: Keene Simonds, Executive Officer, LAFCO
- Bobbi Palmer, Executive Director, Fallbrook Healthcare District
- Diane Hansen, Interim President & CEO, Palomar Healthcare District
- Noah Alvey, Land Use/Environmental Planning Manager, Planning and Development Svcs.

RECEIVED
1/23/18



January 16, 2018

Fallbrook Regional Health District
138 South Brandon Road
Fallbrook, CA 92028

Dear Fallbrook Regional Health District;


Thank you for your generous donation of \$16,250.00 to REINS Therapeutic Horsemanship Program. Your thoughtful contribution allows us to continue to provide a unique therapy for our students and also expand our program to reach more students.

Through the generosity of donors, we have been fortunate to serve the disabled community for more than 33 years. REINS has grown to provide over 8,000 quality therapy lessons annually and we welcome almost 200 students weekly. We have earned the distinction of being ranked in the top 24 Therapeutic Horsemanship programs in the United States within PATH International's 844 programs!

We invite you to come see the difference REINS makes in the lives of our students and their families through your support. The program operates Monday through Saturday and visitors are always welcome. Seeing our program first hand is an amazing experience.

Again, thank you for your contribution.

In Appreciation,


Canece Huber
Technology & Event Coordinator
canece@reinsprogram.org



Maria gives a wave while riding in our Annual Hoedown demonstration

*This acknowledges your contribution of **\$16,250.00** has been received. REINS has not provided you with any goods or services in exchange for this contribution.*

Please retain this letter for your tax records.

REINS tax I.D. # 33-0035455

P.O. Box 1283, Bonsall, California 92003 • Phone (760) 731-9168 • Fax (760) 731-3949

Therapeutic Horsemanship Program • Non-Profit Corporation 501 (c)(3) 33-0035455

www.reinsprogram.org

Fallbrook Regional Health District purchasing land

**District enters into escrow on
property connecting the vision
of 'Health Under One Roof'**

FALLBROOK – The Fallbrook Regional Health District (FRHD) officially entered into escrow Dec. 22, to purchase land for a wellness center on East Mission Road near Stage Coach Lane. The district board held a special meeting to discuss the purchase of land in the district on Dec. 1.

“We’re excited at the prospect to once again provide direct health services, screenings and preventative health care under one roof,” said Bobbi Palmer, chief executive officer of the FRHD. “This new facility will put into motion the district’s mission of preventing the preventable through our ‘Exercise is Medicine’ and ‘Food is Medicine’ initiatives.”

As the project gets underway, the FRHD will be discussing plans and goals with community members, schools, businesses and elected leaders. An ad-hoc Fallbrook Wellness Advisory Committee is forming to provide community oversight for the effort. Interested committee members may get more information by calling the district office at (760) 731-9187.

Purchase of the 4.6-acre campus for the future wellness center is made possible following the October 2017 sale of the former Fallbrook Hospital to private for-profit Crestwood Behavioral Health Inc. The \$4.5 million sale has allowed Crestwood to begin transforming the vacant 50-year-old building at 624 East Elder into the Fallbrook Healing Center to deliver behavioral medicine and rehabilitation therapy later this year.

see *LAND*, page A-11

LAND *from page A-1*

The former Fallbrook Hospital closed in November 2014 after soliciting proposals from more than 10 health systems in the region. Several more proposals and offers fell through in the years following as the Fallbrook Regional Health District spent about \$200,000 a year on basic maintenance and security of the building.

The Fallbrook Hospital was last managed under a 30-year lease agreement by Tennessee-based Community Health Systems. The company closed the hospital’s labor and delivery department in

September 2014 and announced it planned to shutter emergency and intensive care departments in November of that year. CHS reported to shareholders it lost nearly \$6 million operating Fallbrook Hospital in 2013 alone.

The Fallbrook Regional Health District is a special district covering affordable community health needs for the low- and fixed-income residents of Bonsall, De Luz, Fallbrook and Rainbow. The roughly \$1.6 million collected in voter-approved taxes supports more than \$850,000 annually in full spectrum community health services addressing top health disparities, including behavioral health, cancer, diabetes, heart disease and stroke.

Door-Through-Door Program

OVERVIEW

Falls are the leading cause of death due to injury, according to a 2012 report by the County of San Diego. In Fallbrook, an unincorporated community in North County, similarly shocking data led to an expansion of Door-Through-Door, an innovative public-private partnership led by Fallbrook Regional Health District, North County Fire Protection

District, and the non-profit **Foundation for Senior Care** whereby at-risk residents who activate 911 receive fall prevention education and case management services. This pilot program has brought much needed interventions to a vulnerable population and may prove helpful in preventing falls in other communities.

THE PROBLEM

The Impact of Falls: Individuals, Communities, and the 911 System

- Injuries related to falls dramatically reduce life expectancy and negatively impact quality of life and activities of daily living.
- Emergency responders (fire and EMS) and hospital capacity has been stretched under health care reform with as many as 30% of calls being for non-emergent issues.
- Despite the prevalence of falls in the senior community, and the impact these falls have on emergency services, there are few options for coordinating care to prevent falls and fall reoccurrence, particularly in rural communities that lack ready access to other resources.

OUR SOLUTION

Door-Through-Door

Residents who activate 911 in the Fallbrook region and who meet program criteria—those who are medically fragile and at-risk for falls or repeat falls—are referred to the Foundation for Senior Care to be part of the existing Door-Through-Door program.

In this program, participants receive case management services including education, preventive and supportive measures, and arrangement for in-home support and transportation services.

A program coordinator also provides home checks to address fall hazards (throw rugs, rickety stairs, raised thresholds) and install safety measures (bathroom grab bars, alert monitor pendants, volunteer sheriff check-in calls), among other services.

Our goals: Promote wellness, improve quality of life, and allow residents to age in place.

A STORY OF HOPE

Hope is a 78-year-old widow who has lived in the same home in Fallbrook for the past thirty years. Her informal caregivers include her next door neighbor and a daughter who lives more than fifty miles away.

Hope recently tripped and fell in her home. When paramedics arrived, they recognized a series of red flags: loose rugs on the floor, clutter on the ground, and furniture in walking paths. They also noticed that *Hope's* medications were not being taken as prescribed and her ailments were advancing. *Hope* was in desperate need of assistance.

Paramedics transported *Hope* to a local hospital and used a new fire department policy to refer her to the Door-Through-Door program for follow-up by a coordinator.

After conducting an intake assessment at *Hope's* home, additional challenges were discovered: there was limited food in the home, she had missed several doctor's appointment due to lack of transportation, and several of her bills had not been paid.

Based on these findings, the coordinator created a plan for addressing these problems and worked with partners at a variety of public and private partner agencies to provide wrap around services for *Hope*.

Following that plan, her care and service providers are now better equipped to meet *Hope's* needs. In doing so, Door-Through-Door will help her prevent falls, promote wellness, and improve her quality of life so that she can age in place.

PARTNERS



Vial of Life
San Diego County Sheriff's Department
San Diego County Aging & Independence Services
Regional hospitals
SDG&E

Philips Lifeline
Meals on Wheels
San Diego Elder Law
Hospice & Home Care
providers

SHOCKING STATS

Nationally

- In 2014, 28.7% of older adults in the United States reported falling
- That same year:
 - 27,000 older adults died due to falls
 - 2.8 million were treated in emergency rooms for fall-related injuries, and
 - Approximately 800,000 of these patients were hospitalized

Locally

- From 2000-2030, the population of San Diego County 65+ will increase from 313,750 to 722,545, an increase of 130%
- Seniors represent 20% of the Fallbrook community and 35% of households in the area include someone 65 or older
- 36% of people 65 or older have some type of disability
- In 2017 alone, falls were the second leading cause of 911 activation in North County Fire Protection District

Sources: Centers for Disease Control and Prevention (CDC); US Census Bureau, NCFPD data

138 South Brandon Road, Fallbrook, CA 92028 • 760.731.9187
www.fallbrookhealth.org



HEALTH

WOW program provides opioid education

Lucette Moramarco
lmoramarco@redermedia.com

The Feb. 1 Women of Wellness program (WOW) featured CVS pharmacist Don Weeks talking about "Opioids: What they are and how they work." Fallbrook Regional Health District (FRHD) hosted the program at Fallbrook Library.

First, Weeks said that it is "really illegal opioids that are the major problem" in the current opioid epidemic, while the number of prescriptions being written for opioids has leveled off, the use of illegal opioids has gone up.

According to Weeks, these drugs have molecules that attach to opioid receptors in the brain, nervous system and GI tract. Overall, there are 17 different types of receptors that opioids bind to, "suppressing the perception of pain, reducing the amount of pain felt and calming one's emotional response to pain," he said.

There are lots of different kinds of opioids that are derived from the opium poppy flower. Morphine, he explained, is the standard against which other opioids are compared to in the United States. He said codeine is one-third as potent as morphine whereas hydrocodone, often mixed with acetaminophen, is 1 1/2 times the strength of morphine. Oxycodone (Oxycontin) is also 1 1/2 times the strength of morphine.

In the late 80s to early 90s, the medical community was concerned about untreated and under-treated pain in America. Weeks said that pain became the fifth vital sign after temperature, pulse, respiration and blood pressure. Unlike the other four signs which are objectively measurable, scoring pain is very subjective in how people feel and handle it.

Weeks said fentanyl, which was developed in the 90s and taken in lozenges or in sublingual form (under the tongue), is 50 to 100 times more potent than morphine. Fentanyl is measured in micrograms and is prescribed from 280 mg to 2400 mg a day.

In late 1995, Oxycontin was approved by the FDA. Oxycontin was then marketed in 1996 and made \$45 million in sales. In 2000, after a market blitz, he said the drug made \$1.1 billion for its company which touted it as non-addictive and safe. Oxycontin is designed to take two to three hours

to take effect, so another dose is not needed for 12 hours. The drug builds up in one's system and takes three to four days to reach full strength. After that, it only last six hours so doctors began prescribing it for every eight hours and it became over-prescribed.

Starting in 1998, fentanyl was prescribed as a low dose patch which takes 24 hours to take effect and three to four days to reach the level it works best at for eight to 12 hours. Because it is slowly absorbed through the skin, into the bloodstream, the patch has a large concentration of the drug in it so that when the patch is changed every three days there is still a reservoir of opioids in the patch when it is discarded. This is a big issue, Weeks pointed out, because "people swipe patches out of the trash." When people use discarded patches, the rate of absorption is not known or controlled.

To dispose of the patches and other medications, besides taking them to the sheriff's station, Weeks advised mixing them loose (not in packaging or bottles) in bags with coffee grounds, vegetable waste or cat litter before putting them into the trash.

In the 2000s, government statistics showed an increase in overdose deaths. As a result, a lot of legislation has changed how drugs are handled. Vicodin and Percocet had been classified as Schedule 3 narcotics. In late 2015, new legislation changed them and hydrocodone to Schedule 2 narcotics for which prescriptions cannot be called in to a pharmacy. These prescriptions can only be sent electronically if the system is a secure one. Otherwise the doctors have to hand write the prescriptions to be carried into the pharmacy, all in an attempt to solve the problem of illegal opioid use.

While the number of opioid prescriptions has gone down, Weeks said, the number of deaths from opioid use has gone up. In 2014 there were 47,000 overdose deaths in the U.S. and in 2015 there were 50,000. In 2016 there were 63,000 accidental overdoses and in 2017 there were 66,000, most caused by illegal or "illicit" drugs on the street.

Many doctors are no longer writing prescriptions for opioids so people are finding their own. "That is the crux of the problem," Weeks said, "drugs come into the country



Pharmacist Don Weeks answers questions about opioids at the WOW event at Fallbrook Library Feb. 1.

Lucette Moramarco photo

full strength, then are cut and cut and cut again, so you don't know what you are getting."

While opioids are used as pain relievers, they have "a side effect of causing major respiratory depression; they block signals to the brain that keep you breathing," he said.

If the signal is blocked, people stop breathing so 90 percent of opioid deaths are the result of respiratory depression. A lot of these people are also on muscle relaxants, which also cause respiratory depression as do valium and Xanax, which are prescribed for anxiety. Add on use of illicit opioids and the person taking them goes to sleep and does not wake up.

According to Weeks, another problem is high school parties where teenagers bring drugs taken from their parents' and/or grandparents' medicine cabinets and throw them all into a container. Each teen reaches in, takes a handful of pills and then swallows them, sometimes all at once, which can kill them. They do it for the euphoria effect as the drugs produce endorphins.

Weeks said a lot more changes are coming up including enforcement with illegal drugs and how prescriptions are handled. Some insurance companies will now only allow a seven-day prescription.

Questions from the audience brought up related topics. Opioids also cause constipation as there are opioid receptors in the bowels and the drugs limit peristaltic movement. Many people who need opioids are inactive or flat on their backs, "a recipe for constipation," Weeks said. He also said that there are some opioids, like Imodium, that can reverse that side effect by attaching themselves to antagonist receptors.

Someone brought up a reminder that federal law prohibits a drug's use by anyone besides the person it was prescribed for. The subject of hospice and unused drugs also

came up with one person saying hospice staff should take left over medications while someone else said he was told they belonged to the person's estate. Another person pointed out that there are opioid recovery programs to help people overcome addiction.

When it was said that drugs should be taken as instructed, Weeks said that it is mandatory by state law that a pharmacist must offer a consultation to any customer with a new prescription. The customer can decline it but the pharmacist is suppose to explain the drug and how to take it. A pharmacist can also answer questions about side effects and drug interactions.

WOW is presented by FRHD on the first Thursday of each month to educate local residents on a variety of health issues. Women, as well as men, are invited to the event to socialize, have refreshments before the program and win door prizes afterward. Local businesses and organizations donate food, water and prizes each month. Attendees are asked to contribute items for the Fallbrook Food

Pantry. For more information, contact Pam Knox at pknox@fallbrookhealth.org or (760) 731-9187.

**Homewatch
CareGivers®**

**The Best Care,
Available 24/7**



TEMECULA, MURRIETA, FALLBROOK, MENIFEE & SURROUNDING AREAS

Help Us To Help Fallbrook





Thursday, February 1, 2018

Fallbrook Library

124 S. Mission Rd.

6:00 p.m. – Social & Refreshments

Sponsored by



Featured Presentation:

“Opioids: What they are and how they work .

***Learn about the current epidemic of misuse of
Opioids and what we can do to help prevent it.***

Presenter:

Don Weeks, Pharm.D., CVS Pharmacy

Free Event including Refreshments • Door Prizes

**Please Note: No need for Reservations at this time
Please plan to attend and bring a friend!**

**Questions? Contact Pam Knox at pknox@fallbrookhealth.org
Or call 760-731-9187**

Please bring non-perishable food items for Fallbrook Food Pantry

Fallbrook Regional HEALTH DISTRICT



PREVENT THE PREVENTABLE

FOOD IS MEDICINE · EXERCISE IS MEDICINE

Fallbrook Regional Health District is beginning plans for a Fallbrook Regional Wellness Center. If you live in our District (Bonsall, De Luz, Fallbrook and Rainbow) and have an interest in helping us to create YOUR wellness center, please join us.

WHEN: Wednesday, February 14, 2018

TIME: 5:00 p.m. – 6:00 p.m.

WHERE: FPUD – 990 E. Mission Road, Fallbrook

Please bring your ideas, enthusiasm and perhaps a friend. Together we will create a wonderful center for our residents with services and activities that serve our health & wellness needs.

DISCUSSION/ACTION ITEMS

DISCUSSION/ACTION ITEMS

Urgent Care Services Proposals Received

A+ Urgent Care opened its first urgent care in 2000 and currently has 5 urgent cares in Riverside and San Diego County. We will be opening a 6th urgent care in Riverside County in January 2018. We have served the Greater Fallbrook Community since April 2015. We are the only urgent care in Fallbrook with extended hours and the only urgent care that sees primarily government funded patients. We are also the only exclusive urgent care in Fallbrook with both x-ray and EKG capabilities. Almost 60% of our patients have Medi-Cal based insurance. We have aggressively negotiated with multiple Medi-Cal entities including Molina, Community Health Group (CHG), Rady's Children's Hospital San Diego (RCHSD) and California Health and Wellness to name several. We have been able to raise our average reimbursements about 40% based on these negotiations but still only earn about \$50/patient with Medi-Cal based insurance. If we do not offer services to this population there is no urgent care in Fallbrook currently willing to care for these patients. Our volume has remained steady since the end of year one even after reducing hours from 16 to 10 hours weekdays and 8 to 5 hours on weekends/holidays. We appreciate the support of the Fallbrook Health District as without their subsidy we would not have been able to maintain our current extended hours and service to this community. Even with their financial support we have yet to take a single disbursement from our bank account based on the poor payer mix and current volume. Without the continued support of the Fallbrook Health District we would be unable to continue our current services to the Greater Fallbrook Community.

We would like to show our commitment to this community by offering to purchase the current building we lease. We have performed our due diligence and based on inspection reports and appraisals of similar buildings in this area we are willing to offer \$1.05 per square foot for the 2400 useable square feet we are currently occupying. The price would be \$252,000 for the current building. We would then be responsible for either repairing or demolishing the unused condemned portion of the building. It would take several hundred thousand dollars to accomplish this goal which will be on us. In order for us to take on this commitment and challenge we are asking for another 24 months of continued support from the Fallbrook Health District. We propose continuing the current operational hours of 9a-7p weekdays and 9a-2p on weekends/holidays for \$10K/months x 24 months. We are open to discussing additional extended hours if desired.

If the Fallbrook Health District is willing to support us over the next 24 months then we are willing to guarantee a purchase of the building "as is" for the amount stated above. We will be solely responsible for all financing and repairs and open to discussion about a lease to buy option. We believe this will show our long term commitment to the Greater Fallbrook Community. We believe by owning the building and allowing another 2 years to market our urgent care that we will no longer require financial support to survive after year 5. We are not willing to continue with the current state where we need to request financial support every 6 months. We respectfully request a response no later than December 15, 2017 so we can plan accordingly. If we cannot purchase the building or do not receive financial support for the next 2 years we do not see a realistic future in Fallbrook and will honor our current lease agreement through March 31, 2018 and then close our doors. We have never closed an urgent care as that is never the goal. The bottom line is that the community that we are servicing has a much poorer payer mix compensation than anything we have in Riverside County. We are willing to continue our current partnership but only if the Fallbrook Health District promised their support as well.

Sincerely,

Donald Kimes DO
Graydon Skeoch MD
A+ UC Fallbrook



COMMUNITY HEALTH SYSTEMS, INC.

www.chsica.org

November 22, 2017

Community Health Systems, Inc.

Corporate Office

Alessandro Boulevard
Moreno Valley, CA 92553
(951) 571-2300
(951) 571-2330 (Fax)

**Jack E. Johns Fallbrook
Family Health Center**

Mission Road
Fallbrook, CA 92028
(760) 451-4720 (Medical)
(760) 451-4730 (Dental)
(760) 451-4700 (Fax)

**Bloomington Community
Health Center**

Valley Boulevard
Bloomington, CA 92316
(909) 546-7520 (Medical)
(909) 546-7530 (Dental)
(909) 877-5468 (Fax)

**Magnolia Community
Health Center**

Riverside, CA 92503
(951) 373-5620 (Medical)
(951) 373-5630 (Dental)
(951) 373-5600 (Fax)

**Moreno Valley Family
Health Center**

Alessandro Boulevard
Moreno Valley, CA 92553
(951) 571-2350 (Medical)
(951) 571-2365 (Dental)
(951) 571-2370 (Fax)

**University Community
Health Center**

Riverside, CA 92507
(951) 224-8220 (Medical)
(951) 224-8230 (Dental)
(951) 241-7290 (Fax)

**Bobbi Palmer
Executive Director
Fallbrook Regional Health District
138 South Brandon Road
Fallbrook, CA 92028**

**Re: Request for Proposal – Urgent Care Services
Community Health Systems, Inc.**

Dear Ms. Palmer:

On behalf of Community Health Systems, Inc. (CHSI), I am pleased to submit the attached application for the above mentioned Request for Proposal.

Should you have any questions or concerns pertaining to the application, please do not hesitate to contact CHSI's Director of Grants Management, Naureen Khan at (951) 571-2300 or via email at n.khan@chsica.org.

Sincerely,

**Lori N. Holeman
Chief Executive Officer**

FALLBROOK REGIONAL HEALTH DISTRICT – URGENT CARE SERVICES RFP
Community Health Systems, Inc. / Fallbrook Family Health Center
After Hours Care Application

ORGANIZATIONAL BACKGROUND & EXPERIENCE

Community Health Systems, Inc. (CHSI) is a nonprofit, 501(c)(3), Federally Qualified Health Center (FQHC) that began in 1984 as a single clinic located in the unincorporated area of Bloomington, in San Bernardino County. CHSI has grown to include five Community Health Centers, with a sixth clinic under construction, offering services to the neediest in each community. CHSI's health centers provide primary and preventative medical, dental, behavioral, and optometric care, community outreach programs, and health education services to a predominantly semi-, and rural, low-income, culturally diverse and medically underserved population in Southern California's Inland Empire region (San Bernardino, Riverside, and North San Diego counties). Since its inception, the agency has provided uninterrupted service and grown from an average of 1,900 patients in 1984 to greater than 26,000 patients, accounting for more than 95,000 visits in 2016. CHSI has committed to serving the needs and improving the health status of its target populations.

Some of CHSI's organizational goals and objectives include: a) continuing to build an informed and aware community where all members have an increased understanding of behaviors that promote overall health; b) continuing to provide services to prevent childhood/adulthood diseases through health screenings and immunizations; c) continuing to assist in the prevention and management of chronic diseases such as diabetes, obesity, and hypertension to name a few; and d) continuing to build and strengthen collaborative partnerships in sharing the common goal of increasing access to the most underserved areas and populations.

CHSI has been proactive in establishing Informatics and Continuous Improvement departments, as well as clinical care teams at each health center to align with the current healthcare landscape's shift to patient engagement, value-based care, and population health management. In the first quarter of 2017, CHSI achieved Level 3 recognition as a Patient-Centered Medical Home (PCMH) facility for all five (5) of its health centers.

Fallbrook Family Health Center (FFHC) is located at 1328 S. Mission Road, in Fallbrook, California, 92028. According to data from the Uniform Data System (UDS) Mapper for FQHCs, the population estimate for 2011-2015 for the only zip code in unincorporated Fallbrook, where this site is located, was 47,807. Residents are from the following races and ethnicities: Hispanic 33.55%, Non-White 41.24%, Asian 2.78%, African-American 1.92%, and American Indian/Alaskan Native 0.22%. Of these, 9,832 are health center patients, with FFHC providing services to 57% of these patients in the service area. According to its 2016 Annual Utilization Report submitted to the Office of Statewide Health Planning and Development (OSHPD), approximately 38% of clinic patients are between 100% and 138% of the Federal

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Poverty Level (FPL). FFHC is the only Federally Qualified Health Center within a ten-mile radius in any direction to serve the nine immediate census tracts bordering zip code 92028. The nearest FQHCs in any direction are seventeen miles to the north in Temecula, twenty-five miles to the east in Pauma Valley, thirteen miles to the south in Oceanside, and forty-two miles to the west in San Clemente. The majority of clinic patients (87%) reside within zip code 92028. This zip code contains almost 90% of the patient population. The Fallbrook Family Health Center is one of North Inland San Diego County's primary safety net providers and a vital link to primary and preventive health care services for thousands of underserved Fallbrook Regional Healthcare District residents who are unable to access basic healthcare. As a past recipient of federal Expanded Capacity and ARRA funding from the Bureau of Primary Health Care, the number of patients and visits at FFHC has grown from 5,777 patients/17,990 visits in 2004, to 6,410 patients, accounting for more than 27,000 encounters in 2016.

Based on the results of recent community needs assessments and the projected health outcomes conducted by CHSI and some larger entities, CHSI's Community Relations Department targets those specific communities' needs, as well as needs that relate to non-clinical support services. CHSI's Community Relations Coordinators customize the material presented at outreach events to align with the findings from the community needs assessments. CHSI engages the community through community health and resource fairs, presenting resources that go beyond healthcare services. As a result of funding generously provided by Fallbrook Regional Health District, CHSI has hired a Health Promotion Coordinator who has been specifically working with FFHC's Clinical Outreach team in the community, to help existing and potential patients connect with their providers in primary care, oral health care, behavioral health care, optometry, and other post-visit services as suggested by their health visit summary. The Health Promotion Coordinator is also responsible for collaborating with community partners including hospitals, schools, nonprofits, social service agencies and businesses in community health assessments, health improvement planning and implementation, and resource mobilization. CHSI is in the process of replicating this practice at its Inland Empire sites.

NEED AND VISION FOR EXTENDED HOURS

Fallbrook Family Health Center would like to propose additional funding to supplement its current extended after-hours care by providing a stipend to each provider for every weeknight and Saturday spent for after-hours care. FFHC is currently open until 7pm each weeknight, and until 5pm Saturdays offering all primary and preventive medical, dental, and behavioral health care, that other area urgent care clinics are not offering. As a Federally Qualified Health Center (FQHC), FFHC is an important piece of the safety-net provider puzzle, with more and more community residents accessing programs and services conveniently located within one facility. Since the closure of the Fallbrook Hospital, more and more of the underserved have relied on community health centers such as FFHC to establish their medical home and receive timely access to services. Community Health Systems, Inc. has demonstrated its commitment and capacity to serve the community by documenting a steady increase in utilization of services provided to the uncompensated and/or indigent patients. Through technology upgrades CHSI has improved its capacity to measure and monitor important clinical indicators in the community such

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as Immunizations, Diabetes, Hypertension, Oral Health Care, Teen Pregnancy, Prenatal & Post-Partum Access, and Nutrition. FFHC has also reinstated its Internal Medicine and Women's Health departments to further enhance services offered.

KEY STAFF AND PERSONNEL

Key staff members necessary for the continued success of FFHC's After Hours Care Program are listed below. Complete job descriptions for each position are attached within this application.p

One (1) Primary Care Nurse Practitioner (NP)

The Primary Care NP is the clinician at FFHC for the provision of services, including but not limited to, primary and preventive medical care, health education and counseling, medication management, and referrals to specialists as necessary and appropriate.

One (1) Registered Nurse (RN)

The RN supports the NP in providing general nursing care, and working with the primary care provider to promote and restore the patient's health as they prescribe, provide, delegate, evaluate, and coordinate comprehensive professional nursing care for all patients.

Two (2) Medical Assistants (MA)

The MAs perform duties under the supervision of the RN, and readies patients for medical office visits by charting in electronic health records (EHR) and preparing necessary paperwork as required.

One (1) Front Office Clerk (FOC)

The FOC is responsible for providing a consistent and reliable flow of communication with patients/staff throughout the clinic and initially preparing patients for an office visit with required paperwork and proper collection of applicable monies.

One (1) Patient Service Representative (PSR)

CHSI's PSRs are responsible for providing pleasant customer service while interviewing, screening, and assisting patients with issues and concerns including but not limited to, completing applications, determining their ability to pay, assessing insurance needs, and enrolling them with the appropriate insurance/plan provider(s).

One (1) Site Manager or Clinic Supervisor

The Site Manager for each health center is responsible for the oversight and direction of all daily clinic operations, working collaboratively with providers and multidisciplinary team members, coordinating the daily clinical and administrative staff functions and schedules, and responsible for the effective implementation of CHSI policies and procedures for all clinic staff.

EXPECTED LEVEL AND DURATION OF SUPPORT

CHSI began a beta project in November of 2016 to extend hours to allow access to care after the closing of Fallbrook Hospital. CHSI found that the project resulted in a net loss in excess of \$118,000. Year to date, CHSI has served 714 patients accounting for 938 encounters during the extended hours of 5pm to 7pm, an average of 78 extra patients per month, who may not have been able to access services otherwise. To be able to continue the program, CHSI is requesting the District to supplement this program for two calendar years commencing January 1, 2018 and ending December 31, 2019. The proposed amount for each year is \$120,000. Revenue generated from the visits during these extended hours from all sources is \$445,347.35, with total expenses amounting to \$563,754.08. As demand predicts during the course of the program, CHSI may be able to hire additional providers, thus increasing its revenue as visits are billed and paid. A complete cost breakdown is on the following page.

PROJECT BUDGET & SUPPORT REQUESTED FROM THE DISTRICT

Personnel Expenses					
Personnel/Position	FTE for Project	Annual Salary	Total Project	CHSI/In-Kind	Grant Request
Nurse Practitioner (NP)	1.00	\$128,800	\$128,800	\$28,800	\$100,000
Medical Assistants (MA)	2.00	\$33,488	\$66,976	\$66,976	\$0
Registered Nurse (RN)	1.00	\$76,544	\$76,544	\$76,544	\$0
Front Office Clerk (FOC)	1.00	\$28,704	\$28,704	\$28,704	\$0
Patient Service Representative (PSR)	1.00	\$35,880	\$35,880	\$35,880	\$0
Site Manager	1.00	\$69,368	\$69,368	\$69,368	\$0
SubTotal Personnel			\$406,272.00	\$306,272.00	\$0
Fringe @ 24%			\$97,518.00	\$97,518.00	\$0
TOTAL PERSONNEL AND FRINGE			\$503,790.00	\$403,790.00	\$100,000
Program Expenses					
Security @ \$22/hour for 18 hours			\$20,592.00	\$592	\$20,000
Lab			\$4,301.64	\$4,301.64	\$0
Medical Supplies			\$9,725.44	\$9,725.44	\$0
Vaccines and Injectables			\$4,677.12	\$4,677.12	\$0
Office Supplies			\$2,078.72	\$2,078.72	\$0
Janitorial Supplies			\$668.16	\$668.16	\$0
Computer Maintenance/License			\$15,000.00	\$15,000.00	\$0
Dues, Licenses, Renewals			\$921.00	\$921.00	\$0
CME			\$2,000.00	\$2,000.00	\$0
SubTotal Program Expenses			\$59,964.08	\$59,964.08	\$20,000
TOTAL PROJECT COSTS			\$563,754.08	\$463,754.08	\$120,000

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Linda Bannerman

Subject: FW: Request for Proposal Urgent Care Services 2017

From: Timothy Coen
Sent: Friday, November 24, 2017 4:53 PM
To: Linda Bannerman
Subject: Re: Request for Proposal Urgent Care Services 2017

Hi Linda: In response to your RFP for Urgent Care Services I would like to make several proposals. Please forward to the board.

First, I propose that there be no subsidy provided for Urgent Care services in Fallbrook. These services have been available in Fallbrook for the past 11 years at no cost to the district or the taxpayer. The district has provided a tax funded subsidy for the past two years. Surely if the services provided were necessary, a subsidy would not be necessary any longer. The current subsidized provider provides services only to paying patients. Tax dollars are being used to subsidize a select group of taxpayers and not all taxpayers. The Fallbrook Hospital was used as a safety net for the poor and uninsured. And yet that is exactly the group of patients who are excluded from your subsidy. It could certainly be argued that you are intentionally excluding the neediest from benefits of tax dollars. In addition your subsidy provides tax funded competition for existing providers which provides an unfair advantage. Even the hospital provided a subsidy for one year to new physicoans not three years. Additionally if the subsidized doctor left before three years they had to return the subsidy dollars. Do you have any assurance that your subsidy will result in ongoing services?

Second, if you insist on continued subsidy, I propose that services be provided from 8 AM to 7 PM M-F and 8 AM to 5 PM Sat and Sun. Further I propose that services be provided to ALL patients and that no one is turned away. Further I propose that the subsidy be used only to cover the non paying patient. In this way, all taxpayers benefit from your subsidy including the neediest. The financial burden to the Urgent Care and to the district is unknown at this time but a cap could be agreed upon for the first few months until the market is gauged.

Third, if the above suggestions are not acceptable, I will offer the same deal I offered you last time. That is I will provide services 10 AM to 7 PM M-F, 10AM to 6 PM on Sat and Noon to 5PM on Sun for 40 percent less than your lowest net bid. This will be with a higher level of care. By that I mean only physicians will provide care, no mid-levels as you currently subsidize. The extended care hours are greater than you currently provide and the cost to the taxpayer is much less.

Finally, my practice was criticized because I have regular patients. I have calculated the amount if patients that make an appointment a week in advance and that represents 8 % of patients seen. It should also be acknowledged that A+ sees regular patients and even advertizes for them. In fact, all Urgent Cares develop a base of regular patients who use them for services outside the Urgent Care focus.

Should you wish to discuss details of these proposals further I would be happy to do so.

Sincerely,

Timothy J. Coen, MD

CC Village News

DISCUSSION/ACTION ITEMS

Review Vision Statement

Fallbrook Regional HEALTH DISTRICT

Serving Bonsall, De Luz, Fallbrook, Rainbow

MISSION

Promoting health for the people of the District

VISION

Reducing the impact of identified major
health issues in our District

Strategic Initiatives 2017-18

- Pre-Diabetes & Diabetes
- Hypertension
- Heart Disease
- Behavioral Health

VALUES

Dedication

Prudence

Efficiency

Respect

Integrity

Transparency

Objectivity

FALLBROOK HEALTH DISTRICT
A Tax Supported Public Agency Serving Northern San Diego County

Revised by Fallbrook Healthcare District Board of Directors on December 14, 2016.

DISCUSSION/ACTION ITEMS

Consideration and Adoption of Resolution No. 420
Ratification/Approval to Initiate Creation
of a District-Wide Blue Zone by 2022

RESOLUTION NO. 420

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE
FALLBROOK REGIONAL HEALTH DISTRICT TO
INITIATE CREATION OF A DISTRICT-WIDE BLUE ZONE BY 2022**

WHEREAS, Health & Safety Code Section 32121(j) provides that a Health Care District may “establish, maintain and operate . . . one or more health services . . . for the benefit of the district and the people served by the District;”

WHEREAS, Health & Safety Code Section 32121(m) empowers Health Care Districts to “establish, maintain and operate, or provide assistance in the operation of . . . wellness and prevention programs . . . that are necessary for the maintenance of good physical and mental health in the communities served by the District;”

WHEREAS, the Mission of the Fallbrook Regional Health District is to promote health for the people of the District;

WHEREAS, in several identified zones throughout the world, there are generations of residents who live longer, healthier, and happier lives. These “Blue Zones” can be found in such international locations, such as Karia, Greece; Okinawa, Japan; the Ogliastra Region, Sardinia; and on the Nicoya Peninsula of Costa Rica;

WHEREAS, an initiative known as the “Blue Zones Project®” is helping to transform communities across the United States into areas where healthier choices are made easier, facilitating human longevity with an associated higher quality of life;

WHEREAS, the Blue Zones Project identifies nine variables of longevity, which embody improving where we live, work and play, which encourage physical activity and movement, healthier eating, a broader effort to make and maintain friendships, and a pursuit of reasons for being, in an effort to live longer and better lives;

WHEREAS, the District Vision statement embraces reducing the impact of identified major health issues in the District; and,

WHEREAS, the Board believes implementing a Project Blue Zone District-wide will have a transformative impact upon the health outcomes of all residents of the District;

**NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE
FALLBROOK HEALTHCARE DISTRICT DOES HEREBY FIND, RESOLVE,
ORDER AND DETERMINE AS FOLLOWS:**

Section 1. That effective February 15, 2018, the District shall initiate the Fallbrook Regional Health Blue Zones® Project, which will work with residents and local organizations to pursue measurable improvement of the nine variables of healthier living and higher quality of life;

Section 2. The District CEO is directed to implement the directive in Section 1 in full compliance with the requirements of the Hospital District Law (Health & Safety Code Sections 32000, *ff.*) with a stated goal of creating a District-wide Blue Zone community by end of the calendar year, 2022; and,

Section 3. The CEO shall regularly apprise and update the Board on progress toward achievement of the directives outlined in Sections 1 and 2.

PASSED, APPROVED AND ADOPTED at a regular meeting of the Board of Directors of the Fallbrook Regional Health District held on the 14th day of February 2018, by the following roll call vote:

AYES: _____
NOES: _____
ABSENT: _____
ABSTAIN: _____

Gordon W. Tinker, President
Board of Directors
Fallbrook Regional Health District

(S E A L)

ATTEST:

Stephen Abbott, Secretary
Board of Directors
Fallbrook Regional Health District