

CALIFORNIA STATE ASSOCIATION OF COUNTIES
EXECUTIVE COMMITTEE

August 11, 2011
Langham Hotel, Pasadena, Los Angeles County

MINUTES

Presiding: John Tavaglione, President

1. ROLL CALL

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| John Tavaglione, President | Valerie Brown, Sonoma |
| Mike McGowan, 1 st Vice Pres. (via audio) | Henry Perea, Fresno (via audio) |
| David Finigan, 2 nd Vice Pres. | Steve Worthley, Tulare |
| Greg Cox, San Diego | Joni Gray, Santa Barbara |
| Don Knabe, Los Angeles | John Viegas, Glenn (via audio) |
| Liz Kniss, Santa Clara | Terry Woodrow, Alpine |
| John Moorlach, Orange | Marshall Rudolph, Advisor (via audio) |
| Gary Ovitt, San Bernardino | |
| Susan Peters, Sacramento (via audio) | |
| Kathy Long, Ventura | |

2. APPROVAL OF MINUTES

The minutes of May 5, 2011 were corrected to reflect that Nancy Watt participated in the meeting via audio.

3. PRESENTATION BY SUPERVISOR DON KNABE

Supervisor Don Knabe presented a PowerPoint presentation regarding Los Angeles County's budget. He indicated that over 80% of the budget goes towards mandated programs. The number of General Relief recipients has increased dramatically and is expected to rise further when AB 109 is implemented. Los Angeles County has begun focusing efforts to move the population that cannot work into the federal SSI program. Currently, 70% of the state's General Relief population lives in Los Angeles County.

A question was raised regarding Los Angeles County's decision to implement Laura's Law, which is legislation that gives counties in California the option to implement an Assisted Outpatient Treatment Demonstration Project. The program assists residents with a history of mental health issues, through an agreement with the courts, with medication support, money management, substance abuse services, housing assistance, physical health care and a variety of other services. Los Angeles County hosts an annual Stepping In conference to highlight this program. Supervisor Knabe stated that his office has additional information on the project and would forward it to Executive Committee members.

4. CSAC COUNTY EMPLOYEE HEALTH BENEFIT COOPERATIVE UPDATE

Paul McIntosh provided a status report on the CSAC County Employee Health Benefit Cooperative. He indicated that CSAC received four proposals in response to the RFP that was sent to prospective firms, seeking their expertise in conducting the feasibility study and then setting up the program, if approved. The four respondents were: The Segal Group, Aon-Hewitt, Jones Management Consulting, Inc. and Alliant. The proposals are

currently being reviewed by county administrators from counties who have expressed an interest in the program, county pool administrators from Riverside County, as well as the pool administrator for the Texas Association of Counties. Each of these will review the proposals independently with their conclusions compiled for a final recommendation which will be brought to the Board of Directors in December.

5. NATIONAL ASSOCIATION OF COUNTIES (NACo) REPORT

Supervisor Valerie Brown provided a report from the NACo Annual Meeting held recently in Portland Oregon. Linda Langston from Iowa was elected NACo 2nd Vice President. Supervisor Liz Kniss was reappointed as Chair of the NACo Health Steering. NACo has formed a new committee on International Economic Development and Supervisor Brown was appointed to serve. All in all, 22 California county officials were appointed to key leadership positions within NACo.

A discussion ensued regarding ways to increase California's involvement in NACo, including the importance of active participation by NACo Board members. President Tavaglione indicated that a discussion on this topic will take place at the Officers' Retreat in December. Staff was directed to communicate with counties regarding the importance of NACo participation and also compile a list of supervisors interested in serving on the NACo Board of Directors prior to the Officers' Retreat.

6. REALIGNMENT UPDATE

The 2011-12 state budget includes the Governor's proposal to realign many public safety and health and human services programs to counties, along with funding to do so. However, constitutional protection for the realignment was not included in the budget. Staff indicated that while the Administration is still supportive of a constitutional amendment, the path to getting a measure on the November 2012 ballot is unclear. To place a constitutional amendment on the ballot by the Legislature requires a 2/3 vote. There does not appear to be sufficient support in the Legislature for such a measure.

2011 Realignment is funded with a newly dedicated portion of existing state sales tax revenue and Vehicle License Fees (VLF). A number of trailer bills have been enacted to achieve the realignment of programs and funding. AB 118 outlines the financial structure for allocating funds to a variety of programs for realignment. Counties are directed to create local accounts in which to deposit funds. Specific allocations by program are, for the most part, prescribed in the statute and, in some instances, capped at a specific dollar amount. SB 89 also contains a variety of provisions related to financing the realigned programs. Specifically, SB 89 dedicates the amount of VLF remaining after the allocation to 1991 realignment programs to the Local Law Enforcement Services Account to fund local public safety programs previously funded through the temporary dedication of 0.15% of VLF, which lapsed on July 1.

Staff described implementation of AB 109. Beginning October 1, counties will begin taking responsibility for low-level offenders previously housed in state prisons. Each county will be required to create a community corrections plan to show how money received from the state will be spent. A CAOAC working group has developed a formula for distributing the statewide funds among counties. CSAC, the Sheriffs Association and the Probation Officers Association received money from the state budget to provide training to counties. The three associations have been developing a training program that will showcase local implementation of evidence-based practices that could help alleviate the burden of

increased population management and fiscal constraints. Those training sessions will begin in the fall.

It was suggested that CSAC pursue legislation that would allow counties to contract with private firms to house prisoners. In addition, concern was expressed regarding the 4/5 vote requirement for a board of supervisors to reject a community corrections plan. Staff was directed to advocate for supervisor or CAO representation on the Community Corrections Partnership Executive Committee established by statute.

Staff also outlined a number of outstanding issues related to realignment of health & human services programs including the interaction between the 1991 realignment and the 2011 realignment, how to structure the realignment of substance abuse programs (the only HHS program not realigned in 1991), technical details of the CaWORKS realignment, additional statutory flexibility, and other HHS policy changes.

Staff requested direction on how to proceed with fiscal structure and protections. A lengthy discussion ensued regarding the opportunity, path and timing to secure a constitutional amendment. The consensus was that since the Legislature is very unlikely to take up this issue, it should be brought directly to the voters. Staff was directed to provide an analysis of pros and cons of running an initiative as well as suggestions for potential partners. Staff was further directed to begin to explore all viable options for counties to achieve the constitutional protections promised by the Governor and necessary for counties to make realignment successful. The CSAC officers will meet with the Governor to gauge his support for an initiative.

7. CSAC INSTITUTE FOR EXCELLENCE IN COUNTY GOVERNMENT EXECUTIVE LEADERSHIP SYMPOSIUM

The CSAC Institute for Excellence in County Government's Governing Council has decided to offer an executive-level Executive Leadership Symposium which will bring world-class leadership experts together with selected county supervisors and executives for a three-day county leadership practices experience. Participants will work to develop a sense of direction and vision; a mechanism for innovation and creativity; a resource for invigorating organizational culture; and building leadership capacity in collaboration and adoptive change to evaluate current challenges and make progress on enduring problems. The symposium will be held in San Jose on February 16 - 18, 2012. Executive Committee members were encouraged to participate.

8. CSAC FINANCE CORPORATION REPORT

Nancy Parrish, the newly-appointed Executive Director of the CSAC Finance Corporation, presented an update on the CSAC Finance Corporation. She announced that two new Board members were recently appointed. Susan Muranishi, Alameda County Administrator and Steve Juarez with UC State Governmental Relations. The next meeting of the CSAC Finance Corporation Board will be held on September 15-16. The California Statewide Communities Development Authority (CSCDA) has formed a subcommittee to look at roles and responsibilities of CSAC and the League of California Cities in response to the State Treasurer's request for an audit of CSCDA. A large part of the Finance Corporation's revenues are generated through CSCDA. Applications are currently being accepted for the Total Road Improvement Program (TRIP) that allows public agencies to borrow against their future gas tax revenues to fund street projects.

9. OTHER ITEMS

With the retirement of Tony Oliveira from the CalPERS Board of Directors, the search has been on for a replacement to represent local government interests. This appointment requires a very large time commitment as well as the requirement that the official come from a CalPERS county. Therefore, it has been difficult to find a county supervisor to fill the slot. Recently, Paul McIntosh met with Bill Slaton, a current member of the Sacramento Municipal Utility District Board of Directors, who is interested in the position. McIntosh indicated that Slaton could bring a local government perspective to the CalPERS Board and asked for Executive Committee support of his nomination. Staff was directed to write a letter to the Governor recommending Bill Slaton for the CalPERS Board appointment.

McIntosh announced that CSAC has been approached by Coast2Coast Rx, soliciting CSAC's endorsement of their discount drug card program, in exchange for payment of a royalty for the endorsement and marketing support. This company competes directly with CVS/Caremark drug program which is endorsed by NACo. However, CVS/Caremark does not offer a royalty arrangement. McIntosh requested authorization to enter into an agreement with Coast2Coast RX for endorsement of the program in exchange for royalty payments. After a lengthy discussion, no action was taken. Staff was directed to bring this item to the Board of Directors for action in September with additional details.

The briefing materials contained informational reports on the CSAC Corporate Associates program and the CSAC Litigation Coordination program.

Meeting adjourned.