



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

**BOARD OF DIRECTORS
REGULAR BOARD MEETING**

**WEDNESDAY
FEBRUARY 8, 2017**

6:00 PM

AT

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



AGENDA
FALLBROOK HEALTHCARE DISTRICT
REGULAR BOARD MEETING

Wednesday, February 8, 2017, 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. PRESENTATIONS

- D1. Jake Enriquez, District Manager, County of San Diego Parks and Recreation
- D2. Erica Holloway, Galvanized Strategies, Fallbrook Regional Health District Community Engagement Services

E. CONSENT ITEMS

- E1. Minutes of January 4, 2017 Finance Committee Meeting
- E2. Minutes of January 11, 2017 Regular Board Meeting
- E3. Approval of December 2016 Financial Statements

F. REPORTS

- F1. Finance Committee – Committee of the Whole, Chair: Director Mroz
- F2. Gov't/Public Relation/Community Relations Committee – Directors Salmon and Tinker
- F3. Facilities/Strategic Planning Committee – Directors Abbott and Salmon
- F4. Executive Director – Bobbi Palmer
- F5. General Counsel – Blaise Jackson

G. DISCUSSION/ACTION ITEMS

- G1. Fallbrook Regional Health District New Logo
- G2. District Electronic Mail Communications and Retention Policy

H. ITEMS FOR SUBSEQUENT MEETINGS

- H1. Other Director/Staff discussion items
 - H1a. Item(s) for future board agendas
 - H1b. Announcements of upcoming events:
 - Community Collaborative for Health & Wellness Committee (CCHW) meeting – Tuesday, February 21, 2017, 9:00-10:30am, Fallbrook Public Utility District Board Room
 - CSDA Special District Leadership Academy – February 26 to March 1, 2017, La Jolla
 - NCCCHI meeting – 1st Wednesday, March 1, 2017, 2:00-3:00pm Fallbrook Healthcare District Board Room, 138 S. Brandon Rd.
 - Finance Committee meeting – 1st Wednesday, March 1, 2017, 5:00-6:00pm Fallbrook Healthcare District Board Room
 - Woman of Wellness – Thursday, March 1, 2017, 6pm – Fallbrook Library
 - ACHD Annual Legislative Day, April 3-4, 2017, Sacramento
 - CSDA Special District's Legislative Day, May 16-17, 2017, Sacramento

H2. Next Regular Board meeting – Wednesday, March 8, 2017, Fallbrook Public Utility District Board Room

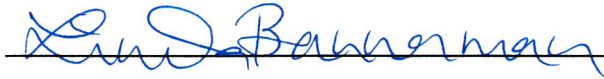
I. CLOSED SESSION

- I1. CONFERENCE WITH REAL ESTATE NEGOTIATOR REGARDING SALE OF REAL PROPERTY PER GOVT CODE 54956.8 -Conference shall include Price and Terms.
District Negotiator: Travis Ives
APN #s 105-811-01 and 103-246-51. (Former Hospital Property – 624 Elder Street/138 Brandon Road)”
- I2. CONFERENCE WITH LEGAL COUNSEL CONCERNING POTENTIAL LITIGATION PER GOVT CODE 54956.9(d)(2) – one case.

J. RETURN TO OPEN SESSION

K. ADJOURNMENT

NOTE: This agenda posted at the Fallbrook Healthcare District Administration Office on Friday, February 3, 2017. 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.



CONSENT ITEMS



**MINUTES
FALLBROOK HEALTHCARE DISTRICT
FINANCE COMMITTEE**

**Wednesday, January 4, 2017 at 5:00 P.M.
Board Conference Room, 138 S. Brandon Rd., Fallbrook CA 92028**

Committee Members Present: Director Barbara Mroz, Chair and Director Howard Salmon.
Absent: Directors Leach, Abbott and Tinker
Staff Members Present: Bobbi Palmer, Executive Director
Contracted Staff Present: Kathy Bogle, Accountant

1. Call to Order/Roll Call
Chairperson Barbara Mroz called the meeting to order at 5:10 p.m.
2. Public Comments
There were no public comments.
3. Review of Financial Statements for November 2016
 - 1) Balance Sheet as of November 30
 - 2) Income Statement
 - 3) Budget vs. Actual
 - 4) Review of Profit & Loss Statement
 - 5) Profit & Loss Budget Overview
 - 6) LAIF Report
 - 7) CalTrust – Lease Termination Contingency Fund?
Each of the above items reflected the financial statements through November 2016. They were reviewed and discussed. Variances were noted for the LAIF account due to a withdrawal to cover the Community Health Contract payments, and the Cal Trust account due to the fluctuation of the market.
 - 8) RFP for Investment Broker
The need for a financial advisor/investment broker was further discussed. The full board will need to take action to initiate this process.
 - 9) Property Tax Revenue – July 20, 2016 through November 2, 2016
A review of property tax revenue shows an increase anticipated to be received in December.

Mention was made of an upcoming symposium on Friday, February 10th, by Dan McAllister, S.D. County Treasurer to gain knowledge of 1) the current & future economic climate; 2) portfolio management and 3) risk management best practices. Barbara Mroz and Howard Salmon are planning to attend and staff will make the arrangements.

4. Adjournment

There being no further business, the meeting was adjourned at 6:05 p.m.



**MINUTES
FALLBROOK HEALTHCARE DISTRICT
REGULAR BOARD MEETING**

Wednesday, January 11, 2017, 6:00 p.m.
Fallbrook Public Utilities District, 990 E. Mission Rd., Fallbrook

A. CALL MEETING TO ORDER – PLEDGE OF ALLEGIANCE

President Gordon Tinker called the meeting to order at 6:02 p.m.

Board members present: Gordon Tinker, Barbara Mroz and William Leach.

Board members absent: Howard Salmon and Stephen Abbott.

Also present: Executive Director Bobbi Palmer, Legal Counsel Blaise Jackson and Accountant Kathy Bogle.

President Tinker led the Pledge of Allegiance.

B. ADDITIONS TO AGENDA

There were no additions to the agenda.

C. BOARD MEMBER AND PUBLIC COMMENTS

None

D. CONSENT ITEMS

D1. Minutes of December 14, 2016 Regular Board Meeting

D2. Approval of November 2016 Financial Statements

D3. Minutes of January 4, 2017 Finance Committee Meeting

Discussion: There was no request by any Director to pull an item for discussion.

Action: It was moved by Director Mroz, seconded by Director Leach to approve the consent items as presented. Motion carried (3-0)

E. REPORTS

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

Chairwoman Barbara Mroz reported that the Finance Committee met on January 4th and reviewed the financial statements through November 2016. Two outstanding variances were noted with the LAIF and Cal Trust accounts, due to fluctuation of the market regarding the Cal Trust account and a transfer of funds from LAIF to make payments for the Community Health Contracts. In reviewing the Cal Trust fund, now renamed the Lease Termination Contingency Fund, it was determined that an RFP for a financial advisor be brought to the full board's attention to initiate the process.

Recommendation: The Finance Committee recommended a request for proposal be initiated for investment broker services.

E2. Gov't/Public Relations/Community Relations Committee – Directors Salmon and Tinker
There was no report.

E3. Facilities/Strategic Planning Committee – Directors Abbott and Salmon
There was no report.

E4. Executive Director – Bobbi Palmer

Executive Director Bobbi Palmer reported that two main focuses for the District are Exercise is Medicine and Food is Medicine. She said that in preparation for helping to establish community gardens, she and Director Mroz will be visiting the Olivewood Gardens and Learning Center in National City. She said effective February 1, our District

will be known as Fallbrook Regional Health District. We will be celebrating our new name with the 1st Wellness Walk at the Community Center on February 1, 2017 at 10:00 a.m. A review of what happened in 2016 was included in the board packet along with multiple press releases sent out by Erica Holloway, a consultant facilitating the Advisory Committee meetings.

E5. General Counsel – Blaise Jackson

Legal Counsel Blaise Jackson reported that anti-harassment training is now required for elected officials as well as ethics training. He said the remainder of his comments would be confined to Discussion/Action Items and Closed Session.

F. **DISCUSSION/ACTION ITEMS**

F1. RFP for Investment Broker Services

Discussion: Director Mroz said the Finance Committee had made this recommendation due to the recent loss in the Cal Trust fund. Accountant Kathy Bogle said fluctuations in the market can influence investments accounts as well and an investment broker can review what has happened with the Cal Trust account and perhaps would recommend another fund.

Action: On motion duly made by Director Mroz, seconded by Director Leach, the Board approved a request for proposal for investment broker services. Motion carried. (3-0)

F2. Draft for Electronic Mail Policy

Discussion: President Tinker said legal counsel developed a draft policy for electronic mail communication. He said his only concern is that retention is not addressed in the draft policy. Legal Counsel said he will add that language and bring back the draft policy.

Action: None

G. **ITEMS FOR SUBSEQUENT MEETINGS**

G1. Other Director/Staff discussion items

G1a. Item(s) for future board agendas

No recommendations

G1b. Announcements of upcoming events:

- Fallbrook Chamber of Commerce “Chamber Member Expo” – January 18, 2017
- Community Collaborative for Health & Wellness Committee (CCHW) meeting – Tuesday, January 17, 2017, 9:00am Olivewood Community Gardens
- NCCCHI meeting – 1st Wednesday, February 1 2:00-3:00pm Fallbrook Healthcare District Board Room, 138 S. Brandon Rd.
- Walk For Good Health at Live Oak Park – February 1, 9-10am, Live Oak Park, Fallbrook, Sponsored by the District
- Woman of Wellness – Thursday, February 2, 2017, 6pm – Fallbrook Library
- ACHD Leadership Conference – February 2-3, 2017, Sacramento
- CSDA Special District Leadership – February 26 to March 1, 2017, La Jolla

G2. Next Regular Board meeting – Wednesday, February 8, 2017, Fallbrook Public Utility District Board Room

H. **CLOSED SESSION**

H1. CONFERENCE WITH REAL ESTATE NEGOTIATOR REGARDING SALE OF REAL PROPERTY PER GOVT CODE 54956.8 -Conference shall include Price and Terms.

District Negotiator: Travis Ives

APN #s 105-811-01 and 103-246-51. (Former Hospital Property – 624 Elder Street/138 Brandon Road)”

The Board adjourned to Closed Session at 6:25 p.m.

I. RETURN TO OPEN SESSION

The Board reconvened into Open Session at 7:05p.m.

J. ADJOURNMENT

There being no further business, the meeting was adjourned at 7:06 p.m.

Gordon Tinker, President

Stephen Abbott, Secretary

DRAFT

FALLBROOK HEALTHCARE DISTRICT
BALANCE SHEET COMPARISON
Comparison of December 31, 2016 to November 30, 2016

	Dec 31, 16	Nov 30, 16	\$ Change
ASSETS			
Current Assets			
Checking/Savings			
102.9 · Cal Trust Investment Account	4,217,744.09	4,218,249.73	(505.64)
102.2 · Cash in Bank - New Operating	674,247.21	178,492.16	495,755.05
102.6 · Cash in Bank -LAIF	1,443,179.17	1,443,179.17	0.00
Total Checking/Savings	6,335,170.47	5,839,921.06	495,249.41
Other Current Assets			
104 · Prepaid Insurance	22,152.74	25,844.88	(3,692.14)
114 · Interest Receivable	3,956.68	3,699.49	257.19
Total Other Current Assets	26,109.42	29,544.37	(3,434.95)
Total Current Assets	6,361,279.89	5,869,465.43	491,814.46
Fixed Assets			
120.01 · ALVARADO BLDG	291,240.00	291,240.00	0.00
121 · Equipment	19,521.65	19,521.65	0.00
121.2 · Equipment Depreciation	(19,398.71)	(19,378.91)	(19.80)
122.0 · ASSETS HELD FOR RESALE			
122.01 · FALLBROOK HOSPITAL	4,417,521.00	4,417,521.00	0.00
122.02 · WELLNESS CENTER	291,240.00	291,240.00	0.00
Total 122.0 · ASSETS HELD FOR RESALE	4,708,761.00	4,708,761.00	0.00
Total Fixed Assets	5,000,123.94	5,000,143.74	(19.80)
TOTAL ASSETS	<u>11,361,403.83</u>	<u>10,869,609.17</u>	<u>491,794.66</u>
LIABILITIES & EQUITY			
Liabilities			
Current Liabilities			
Accounts Payable			
140 · Accounts Payable	23,761.54	25,964.63	(2,203.09)
Total Accounts Payable	23,761.54	25,964.63	(2,203.09)
Credit Cards			
150.1 · American Express 41007	0.00	154.25	(154.25)
Total Credit Cards	0.00	154.25	(154.25)
Other Current Liabilities			
202 · Accrued expenses	1,600.00	1,600.00	0.00
204 · Accrued Vacation & Sick Leave	5,608.24	5,608.24	0.00
211 · P/R Taxes Payable	4,652.72	5,376.51	(723.79)
215 · Comm Healthcare Programs Pble			
215.24 · District Sponsored Programs	28,052.73	28,052.73	0.00
215 · Comm Healthcare Programs Pble - O...	(1,900.00)	(1,900.00)	0.00
Total 215 · Comm Healthcare Programs Pble	26,152.73	26,152.73	0.00
Total Other Current Liabilities	38,013.69	38,737.48	(723.79)
Total Current Liabilities	61,775.23	64,856.36	(3,081.13)
Total Liabilities	61,775.23	64,856.36	(3,081.13)
Equity			
300 · Unrestricted Fund Balance	11,464,702.03	11,464,702.03	0.00
Net Income	(165,073.43)	(659,949.22)	494,875.79
Total Equity	11,299,628.60	10,804,752.81	494,875.79
TOTAL LIABILITIES & EQUITY	<u>11,361,403.83</u>	<u>10,869,609.17</u>	<u>491,794.66</u>

FALLBROOK HEALTHCARE DISTRICT
Income Statement
For the Month Ended December 31, 2016 and Year to Date

	Dec 16	Jul - Dec 16
Ordinary Income/Expense		
Income		
400. · District		
402 · Property tax revenue	600,066	724,799
403 · Interest / Dividends	4,095	24,500
406 · Unearned Inc(Loss) - Cal Trust	(4,205)	(41,975)
Total 400. · District	599,956	707,323
450. · Properties		
460 · Lease Income		
460.01 · A+ Urgent Care		19,200
Total 460 · Lease Income		19,200
Total 450. · Properties		19,200
Total Income	599,956	726,523
Gross Profit	599,956	726,523
Expense		
500 · Administrative Expenses		
500.36 · Accrued Vacation & Sick Leave		1,152
500.10 · Salaries	17,870	103,397
500.12 · Payroll Taxes	959	7,931
500.14 · W/C Insurance	136	817
500.15 · Employee Health & Welfare	1,036	5,812
500.16 · Board Stipends	600	6,200
500.17 · Education & Conferences	31	5,261
500.18 · Dues & Subscriptions	110	14,475
500.19 · Insurance - General	3,556	22,339
500.20 · Independent Accounting Services	1,900	5,850
500.21 · Annual Independent Audit		8,600
500.23 · General Counsel	8,155	55,143
500.25 · Office Expense		
01 · Communications	233	1,889
02 · I.T. and Website services	53	2,718
03 · Refreshments	1,441	4,674
04 · Office supplies	1,403	3,958
05 · Admin fees	(5)	744
06 · Independent Contract Services	2,660	16,504
Total 500.25 · Office Expense	5,785	30,487
500.27 · Depreciation	20	237
500.29 · Dist Promotions & Publications	1,356	9,287
500.32 · Consultant Fees	15,250	35,566
500.33 · Copier Lease	750	4,666
580.01 · General Election	309	309
Total 500 · Administrative Expenses	57,822	317,529

FALLBROOK HEALTHCARE DISTRICT
Income Statement
For the Month Ended December 31, 2016 and Year to Date

	Dec 16	Jul - Dec 16
590 · Management & Maintenance		
590.01 · Building Engineer	7,592	45,156
590.02 · Gas & Electric	4,416	32,573
590.03 · Water	2,561	15,323
590.04 · Waste Management	162	765
590.05 · Security	1,100	6,600
590.06 · Landscape - Grounds Environment	1,600	10,750
590.07 · Custodial Services	300	1,950
590.08 · Elevator	173	1,030
590.09 · Vehicle Expenses	20	158
590.10 · Maintenance Services & Repairs	65	420
590.11 · Medical Records Store & Service	19,268	26,640
590.12 · Fire Alarm System		660
590.13 · CHS Residual Transition Expense		2,500
Total 590 · Management & Maintenance	37,258	144,525
600 · Community Healthcare Programs		
600.02 · Flbk Citizens Crime Prevention		5,000
600.59 · Palomar Health Foundation		5,000
600.58 · Michelle's Place		10,000
600.54 · Healthy Adventures Foundation		3,000
600.53 · Jeremiah's Ranch		12,000
600.04 · Boys & Girls Club		22,200
600.07 · Senior Citizens Center		30,800
600.08 · Smiles Project		35,000
600.11 · Palomar Family Coun.Serv.		37,000
600.14 · Flbk Family Health Center		42,500
600.17 · Foundation for Senior Care		78,642
600.18 · Flbk Comm Project - Food Pantry		30,000
600.33 · REINS Therapy		25,900
600.37 · Trauma Intervention Programs		4,000
600.46 · North Inland Comm Prev Program		6,412
600.47 · FUHS - Asperger's Support Ctr		3,250
600.57 · North County Fire Protect Distr		29,839
Total 600 · Community Healthcare Programs		380,543
800 · District Direct Care Services		
800.02 · A+ Urgent Care	10,000	49,000
Total 800 · District Direct Care Services	10,000	49,000
Total Expense	105,080	891,597
Net Ordinary Income	494,876	(165,073)
Net Income	494,876	(165,073)

FALLBROOK HEALTHCARE DISTRICT Profit & Loss Actual vs Budget

December 2016

	Dec 16	Budget	\$ Over ...
Ordinary Income/Expense			
Income	599,956	643,443	(43,487)
Gross Profit	599,956	643,443	(43,487)
Expense			
500 · Administrative Expenses			
500.10 · Salaries	17,870	20,533	(2,663)
500.12 · Payroll Taxes	959	2,100	(1,141)
500.14 · W/C Insurance	136	96	40
500.15 · Employee Health & Welfare	1,036	1,530	(494)
500.16 · Board Stipends	600	2,200	(1,600)
500.17 · Education & Conferences	31	1,250	(1,219)
500.18 · Dues & Subscriptions	110	591	(481)
500.19 · Insurance - General	3,556	3,750	(194)
500.20 · Independent Accounting Servi...	1,900	850	1,050
500.23 · General Counsel	8,155	10,417	(2,262)
500.25 · Office Expense			
01 · Communications	233	450	(217)
02 · I.T. and Website services	53	217	(164)
03 · Refreshments	1,441	367	1,075
04 · Office supplies	1,403	1,333	70
05 · Admin fees	(5)		
06 · Independent Contract Services	2,660	5,506	(2,846)
Total 500.25 · Office Expense	5,785	7,873	(2,088)
500.27 · Depreciation	20	138	(119)
500.29 · Dist Promotions & Publications	1,356	100	1,256
500.32 · Consultant Fees	15,250	650	14,600
500.33 · Copier Lease	750	500	250
500.85 · Calif Mandated Reimbursement	0	(833)	833
580.01 · General Election	309	0	309
Total 500 · Administrative Expenses	57,822	51,745	6,078
590 · Management & Maintenance			
590.01 · Building Engineer	7,592	7,042	551
590.02 · Gas & Electric	4,416	7,850	(3,434)
590.03 · Water	2,561	2,000	561
590.04 · Waste Management	162	125	37
590.05 · Security	1,100	1,125	(25)
590.06 · Landscape - Grounds Environ...	1,600	2,708	(1,108)
590.07 · Custodial Services	300	125	175
590.08 · Elevator	173	167	6
590.09 · Vehicle Expenses	20	125	(105)
590.10 · Maintenance Services & Repairs	65	1,763	(1,698)
590.11 · Medical Records Store & Servi...	19,268	0	19,268
Total 590 · Management & Maintenance	37,258	23,029	14,228
800 · District Direct Care Services			
800.02 · A+ Urgent Care	10,000	0	10,000
Total 800 · District Direct Care Services	10,000	0	10,000
Total Expense	105,080	74,774	30,306
Net Ordinary Income	494,876	568,669	(73,794)
Net Income	494,876	568,669	(73,794)

FALLBROOK HEALTHCARE DISTRICT
Profit & Loss Actual vs Budget

July through December 2016

	<u>Jul - De...</u>	<u>Budget</u>	<u>\$ Over ...</u>
Ordinary Income/Expense			
Income			
400. · District			
402 · Property tax revenue	724,799	762,697	(37,899)
403 · Interest / Dividends	24,500	20,689	3,810
406 · Unearned Inc(Loss) - Cal Trust	(41,975)	0	(41,975)
Total 400. · District	707,323	783,387	(76,064)
450. · Properties			
460 · Lease Income			
460.01 · A+ Urgent Care	19,200	28,800	(9,600)
Total 460 · Lease Income	19,200	28,800	(9,600)
Total 450. · Properties	19,200	28,800	(9,600)
Total Income	726,523	812,187	(85,664)
Gross Profit	726,523	812,187	(85,664)
Expense			
500 · Administrative Expenses			
500.36 · Accrued Vacation & Sick Leave	1,152		
500.10 · Salaries	103,397	113,198	(9,801)
500.12 · Payroll Taxes	7,931	12,600	(4,669)
500.14 · W/C Insurance	817	575	242
500.15 · Employee Health & Welfare	5,812	9,180	(3,368)
500.16 · Board Stipends	6,200	13,200	(7,000)
500.17 · Education & Conferences	5,261	7,500	(2,239)
500.18 · Dues & Subscriptions	14,475	10,455	4,020
500.19 · Insurance - General	22,339	22,500	(161)
500.20 · Independent Accounting Servi...	5,850	5,100	750
500.21 · Annual Independent Audit	8,600	8,500	100
500.23 · General Counsel	55,143	62,500	(7,357)
500.25 · Office Expense			
01 · Communications	1,889	2,700	(811)
02 · I.T. and Website services	2,718	1,900	818
03 · Refreshments	4,674	2,200	2,474
04 · Office supplies	3,958	8,000	(4,042)
05 · Admin fees	744		
06 · Independent Contract Services	16,504	23,166	(6,662)
Total 500.25 · Office Expense	30,487	37,966	(7,479)
500.27 · Depreciation	237	830	(593)
500.29 · Dist Promotions & Publications	9,287	4,950	4,337
500.32 · Consultant Fees	35,566	11,250	24,316
500.33 · Copier Lease	4,666	3,000	1,666
500.85 · Calif Mandated Reimbursement	0	(5,000)	5,000
580.01 · General Election	309	40,000	(39,691)
Total 500 · Administrative Expenses	317,529	358,304	(40,776)

FALLBROOK HEALTHCARE DISTRICT
Profit & Loss Actual vs Budget

July through December 2016

	<u>Jul - De...</u>	<u>Budget</u>	<u>\$ Over ...</u>
590 · Management & Maintenance			
590.01 · Building Engineer	45,156	42,250	2,906
590.02 · Gas & Electric	32,573	47,100	(14,527)
590.03 · Water	15,323	12,000	3,323
590.04 · Waste Management	765	750	15
590.05 · Security	6,600	6,750	(150)
590.06 · Landscape - Grounds Environ...	10,750	16,250	(5,500)
590.07 · Custodial Services	1,950	750	1,200
590.08 · Elevator	1,030	1,000	30
590.09 · Vehicle Expenses	158	750	(592)
590.10 · Maintenance Services & Repairs	420	10,575	(10,155)
590.11 · Medical Records Store & Servi...	26,640	0	26,640
590.12 · Fire Alarm System	660		
590.13 · CHS Residual Transition Expe...	2,500		
Total 590 · Management & Maintenance	144,525	138,175	6,350
600 · Community Healthcare Programs			
600.02 · Flbk Citizens Crime Prevention	5,000	5,000	0
600.59 · Palomar Health Foundation	5,000	5,000	0
600.58 · Michelle's Place	10,000	10,000	0
600.54 · Healthy Adventures Foundation	3,000	3,000	0
600.53 · Jeremiah's Ranch	12,000	12,000	0
600.04 · Boys & Girls Club	22,200	22,200	0
600.07 · Senior Citizens Center	30,800	30,800	0
600.08 · Smiles Project	35,000	35,000	0
600.11 · Palomar Family Coun.Serv.	37,000	37,000	0
600.14 · Flbk Family Health Center	42,500	42,500	0
600.17 · Foundation for Senior Care	78,642	78,642	0
600.18 · Flbk Comm Project - Food Pan...	30,000	30,000	0
600.33 · REINS Therapy	25,900	25,900	0
600.37 · Trauma Intervention Programs	4,000	4,000	0
600.46 · North Inland Comm Prev Progr...	6,412	6,412	0
600.47 · FUHS - Asperger's Support Ctr	3,250	3,250	0
600.57 · North County Fire Protect Distr	29,839	29,839	0
Total 600 · Community Healthcare Progra...	380,543	380,543	0
800 · District Direct Care Services			
800.02 · A+ Urgent Care	49,000	0	49,000
Total 800 · District Direct Care Services	49,000	0	49,000
Total Expense	891,597	877,022	14,574
Net Ordinary Income	(165,073)	(64,836)	(100,238)
Net Income	(165,073)	(64,836)	(100,238)

FALLBROOK HEALTHCARE DISTRICT Profit & Loss Budget Overview July 2016 through June 2017

	Jul 16	Aug 16	Sep 16	Oct 16	Nov 16	Dec 16	Jan 17	Feb 17	Mar 17	Apr 17	May 17	Jun 17	TOTAL Jul '16 - Ju...
Ordinary Income/Expense													
Income													
400 · District													
402 · Property tax revenue	13,065.00	12,100.33	15,100.00	13,506.00	75,399.00	633,527.00	253,274.27	42,452.73	45,982.60	388,488.30	184,194.33	22,910.44	1,700,000.00
403 · Interest / Dividends	3,841.21	3,925.01	2,044.36	3,100.00	2,662.55	5,116.19	5,230.40	2,693.14	3,815.28	2,689.53	2,731.28	2,151.05	40,000.00
Total 400 · District	16,906.21	16,025.34	17,144.36	16,606.00	78,061.55	638,643.19	258,504.67	45,145.87	49,797.88	391,177.83	186,925.61	25,061.49	1,740,000.00
450 · Properties													
460 · Lease Income													
460.01 · A+ Urgent Care	4,800.00	4,800.00	4,800.00	4,800.00	4,800.00	4,800.00	4,800.00	4,800.00	4,800.00	4,800.00	4,800.00	4,800.00	57,600.00
Total 460 · Lease Income	4,800.00	4,800.00	4,800.00	4,800.00	4,800.00	4,800.00	4,800.00	4,800.00	4,800.00	4,800.00	4,800.00	4,800.00	57,600.00
Total 450 · Properties	4,800.00	4,800.00	4,800.00	4,800.00	4,800.00	4,800.00	4,800.00	4,800.00	4,800.00	4,800.00	4,800.00	4,800.00	57,600.00
Total Income	21,706.21	20,825.34	21,944.36	21,406.00	82,861.55	643,443.19	263,304.67	49,945.87	54,597.88	395,977.83	191,725.61	29,861.49	1,797,600.00
Gross Profit	21,706.21	20,825.34	21,944.36	21,406.00	82,861.55	643,443.19	263,304.67	49,945.87	54,597.88	395,977.83	191,725.61	29,861.49	1,797,600.00
Expense													
500 · Administrative Expenses													
500.10 · Salaries	16,533.00	18,533.00	18,533.00	18,533.00	20,533.00	20,533.00	20,533.00	20,533.00	20,910.00	20,910.00	20,910.00	21,006.00	238,000.00
500.12 · Payroll Taxes	2,100.00	2,100.00	2,100.00	2,100.00	2,100.00	2,100.00	2,100.00	2,100.00	2,100.00	2,100.00	2,100.00	2,100.00	25,200.00
500.14 · W/C Insurance	95.84	95.82	95.82	95.82	95.82	95.82	95.82	95.84	95.85	95.85	95.85	95.85	1,150.00
500.15 · Employee Health & Welfare	1,530.00	1,530.00	1,530.00	1,530.00	1,530.00	1,530.00	1,530.00	1,530.00	1,530.00	1,530.00	1,530.00	1,530.00	18,360.00
500.16 · Board Stipends	2,200.00	2,200.00	2,200.00	2,200.00	2,200.00	2,200.00	2,200.00	2,200.00	2,200.00	2,200.00	2,200.00	2,200.00	26,400.00
500.17 · Education & Conferences	1,250.00	1,250.00	1,250.00	1,250.00	1,250.00	1,250.00	1,250.00	1,250.00	1,250.00	1,250.00	1,250.00	1,250.00	15,000.00
500.18 · Dues & Subscriptions	7,500.00	591.00	591.00	591.00	591.00	591.00	591.00	590.00	591.00	591.00	591.00	591.00	14,000.00
500.19 · Insurance - General	3,750.00	3,750.00	3,750.00	3,750.00	3,750.00	3,750.00	3,750.00	3,750.00	3,750.00	3,750.00	3,750.00	3,750.00	45,000.00
500.20 · Independent Accounting Services	850.00	850.00	850.00	850.00	850.00	850.00	850.00	850.00	850.00	850.00	850.00	850.00	10,200.00
500.21 · Annual Independent Audit	0.00	0.00	0.00	8,500.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	8,500.00
500.23 · General Counsel	10,416.63	10,416.67	10,416.67	10,416.67	10,416.67	10,416.67	10,416.67	10,416.67	10,416.67	10,416.67	10,416.67	10,416.67	125,000.00
500.25 · Office Expense													
01 · Communications	450.00	450.00	450.00	450.00	450.00	450.00	450.00	450.00	450.00	450.00	450.00	450.00	5,400.00
02 · I.T. and Website services	933.00	250.00	250.00	0.00	250.00	217.00	0.00	0.00	250.00	0.00	250.00	0.00	2,400.00
03 · Refreshments	366.63	366.67	366.67	366.67	366.67	366.67	366.67	366.67	366.67	366.67	366.67	366.67	4,400.00
04 · Office supplies	1,333.37	1,333.33	1,333.33	1,333.33	1,333.33	1,333.33	1,333.33	1,333.33	1,333.33	1,333.33	1,333.33	1,333.33	16,000.00
06 · Independent Contract Services	2,176.00	2,176.00	2,176.00	5,576.00	5,556.00	5,506.00	5,506.00	5,506.00	5,406.00	5,404.00	5,506.00	5,506.00	56,000.00
Total 500.25 · Office Expense	5,259.00	4,576.00	4,576.00	7,726.00	7,956.00	7,873.00	7,656.00	7,656.00	7,806.00	7,554.00	7,906.00	7,656.00	84,200.00
500.27 · Depreciation	138.39	138.39	138.39	138.39	138.39	138.39	138.39	138.39	138.39	138.39	138.39	138.39	1,660.68
500.29 · Dist Promotions & Publications	4,000.00	250.00	250.00	250.00	100.00	100.00	100.00	100.00	200.00	250.00	250.00	150.00	6,000.00
500.32 · Consultant Fees	8,000.00	650.00	650.00	650.00	650.00	650.00	650.00	650.00	650.00	600.00	600.00	600.00	15,000.00
500.33 · Copier Lease	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	6,000.00
500.85 · Calif Mandated Reimbursement	-833.34	-833.34	-833.33	-833.33	-833.33	-833.33	-833.34	-833.34	-833.30	-833.34	-833.34	-833.34	-10,000.00
580.01 · General Election	0.00	0.00	0.00	40,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	40,000.00
Total 500 · Administrative Expenses	63,289.52	46,597.54	46,597.55	98,247.55	51,827.55	51,744.55	51,527.54	51,526.56	52,154.61	51,902.57	52,254.57	52,000.57	669,670.68
590 · Management & Maintenance													
590.01 · Building Engineer	7,041.63	7,041.67	7,041.67	7,041.67	7,041.67	7,041.67	7,041.67	7,041.67	7,041.67	7,041.67	7,041.67	7,041.67	84,500.00
590.02 · Gas & Electric	7,850.00	7,850.00	7,850.00	7,850.00	7,850.00	7,850.00	7,850.00	7,850.00	7,850.00	7,850.00	7,850.00	7,850.00	94,200.00
590.03 · Water	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	24,000.00
590.04 · Waste Management	125.00	125.00	125.00	125.00	125.00	125.00	125.00	125.00	125.00	125.00	125.00	125.00	1,500.00
590.05 · Security	1,125.00	1,125.00	1,125.00	1,125.00	1,125.00	1,125.00	1,125.00	1,125.00	1,125.00	1,125.00	1,125.00	1,125.00	13,500.00
590.06 · Landscape - Grounds Environment	2,708.37	2,708.33	2,708.33	2,708.33	2,708.33	2,708.33	2,708.33	2,708.33	2,708.33	2,708.33	2,708.33	2,708.33	32,500.00
590.07 · Custodial Services	125.00	125.00	125.00	125.00	125.00	125.00	125.00	125.00	125.00	125.00	125.00	125.00	1,500.00
590.08 · Elevator	166.63	166.67	166.67	166.67	166.67	166.67	166.67	166.67	166.67	166.67	166.67	166.67	2,000.00
590.09 · Vehicle Expenses	125.00	125.00	125.00	125.00	125.00	125.00	125.00	125.00	125.00	125.00	125.00	125.00	1,500.00
590.10 · Maintenance Services & Repairs	1,762.50	1,762.50	1,762.50	1,762.50	1,762.50	1,762.50	1,762.50	1,762.50	1,762.50	1,762.50	1,762.50	1,762.50	21,150.00
Total 590 · Management & Maintenance	23,029.13	23,029.17	23,029.17	23,029.17	23,029.17	23,029.17	23,029.17	23,029.17	23,029.17	23,029.17	23,029.17	23,029.17	276,350.00

FALLBROOK HEALTHCARE DISTRICT
Profit & Loss Budget Overview
 July 2016 through June 2017

	Jul 16	Aug 16	Sep 16	Oct 16	Nov 16	Dec 16	Jan 17	Feb 17	Mar 17	Apr 17	May 17	Jun 17	TOTAL Jul '16 - Ju...
600 · Community Healthcare Programs													
600.02 · Fibk Citizens Crime Prevention	2,500.00	0.00	0.00	0.00	2,500.00	0.00	0.00	3,000.00	0.00	0.00	0.00	0.00	8,000.00
600.59 · Palomar Health Foundation	2,500.00	0.00	0.00	0.00	2,500.00	0.00	0.00	2,500.00	0.00	0.00	2,500.00	0.00	10,000.00
600.58 · Michelle's Place	5,000.00	0.00	0.00	0.00	5,000.00	0.00	0.00	2,500.00	0.00	0.00	2,500.00	0.00	15,000.00
600.54 · Healthy Adventures Foundation	3,000.00	0.00	0.00	0.00	0.00	0.00	0.00	3,000.00	0.00	0.00	3,000.00	0.00	9,000.00
600.53 · Jeremiah's Ranch	6,000.00	0.00	0.00	0.00	6,000.00	0.00							12,000.00
600.04 · Boys & Girls Club	14,700.00	0.00	0.00	0.00	7,500.00	0.00	0.00	7,500.00	0.00	0.00	7,500.00	0.00	37,200.00
600.07 · Senior Citizens Center	15,275.00	0.00	0.00	0.00	15,525.00	0.00	0.00	15,525.00	0.00	0.00	15,538.00	0.00	61,863.00
600.08 · Smiles Project	17,500.00	0.00	0.00	0.00	17,500.00	0.00	0.00	17,500.00	0.00	0.00	17,500.00	0.00	70,000.00
600.11 · Palomar Family Coun.Serv.	18,500.00	0.00	0.00	0.00	18,500.00	0.00	0.00	18,500.00	0.00	0.00	18,500.00	0.00	74,000.00
600.14 · Fibk Family Health Center	21,250.00	0.00	0.00	0.00	21,250.00	0.00	0.00	21,250.00	0.00	0.00	21,250.00	0.00	85,000.00
600.17 · Foundation for Senior Care	39,446.00	0.00	0.00	0.00	39,196.00	0.00	0.00	39,197.00	0.00	0.00	12,250.00	0.00	130,089.00
600.18 · Fibk Comm Project - Food Pantry	15,000.00	0.00	0.00	0.00	15,000.00	0.00	0.00	15,000.00	0.00	0.00	15,000.00	0.00	60,000.00
600.33 · REINS Therapy	15,700.00	0.00	0.00	0.00	10,200.00	0.00	0.00	10,200.00	0.00	0.00	10,200.00	0.00	46,300.00
600.37 · Trauma Intervention Programs	4,000.00	0.00	0.00	0.00	0.00	0.00	0.00	4,000.00	0.00	0.00	0.00	0.00	8,000.00
600.46 · North Inland Comm Prev Program	3,206.00	0.00	0.00	0.00	3,206.00	0.00	0.00	3,208.00	0.00	0.00	0.00	0.00	9,620.00
600.47 · FUHS - Asperger's Support Ctr	0.00	0.00	0.00	0.00	3,250.00	0.00	0.00	3,250.00	0.00	0.00	0.00	0.00	6,500.00
600.48 · UCSD Eye Mobile for Children	0.00	0.00	0.00	0.00	0.00	0.00	0.00	8,500.00	0.00	0.00	0.00	0.00	8,500.00
600.57 · North County Fire Protect Distr	29,839.00	0.00	0.00	0.00	0.00	0.00							29,839.00
Total 600 · Community Healthcare Programs	213,416.00	0.00	0.00	0.00	167,127.00	0.00	0.00	174,630.00	0.00	0.00	125,738.00	0.00	680,911.00
Total Expense	299,734.65	69,626.71	69,626.72	121,276.72	241,983.72	74,773.72	74,556.71	249,185.73	75,183.78	74,931.74	201,021.74	75,029.74	1,626,931.68
Net Ordinary Income	-278,028.44	-48,801.37	-47,682.36	-99,870.72	-159,122.17	568,669.47	188,747.96	-199,239.86	-20,585.90	321,046.09	-9,296.13	-45,168.25	170,668.32
Net Income	-278,028.44	-48,801.37	-47,682.36	-99,870.72	-159,122.17	568,669.47	188,747.96	-199,239.86	-20,585.90	321,046.09	-9,296.13	-45,168.25	170,668.32

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

www.treasurer.ca.gov/pmia-laif/laif.asp
January 05, 2017

FALLBROOK HEALTHCARE DISTRICT

ADMINISTRATOR
P.O. BOX 2587
FALLBROOK, CA 92088

PMIA Average Monthly Yields

Account Number:
.....

// Tran Type Definitions

December 2016 Statement

Account Summary

Total Deposit:	0.00	Beginning Balance:	1,443,179.17
Total Withdrawal:	0.00	Ending Balance:	1,443,179.17



**FALLBROOK HEALTHCARE DISTRICT
STATEMENT FOR PERIOD
December 01, 2016 - December 31, 2016**

CalTrust Medium Term Fund - FALLBROOK HEALTHCARE DIST

Date	Transaction	Shares	Price Per Share	Amount	Average Cost NAV	Average Cost Amount	Realized Gain/Loss*
11/30/2016	BALANCE FORWARD	420,144.395	10.04	4,218,249.73	10.05203480	4,223,306.08	
12/01/2016	INCOME DISTRIBUTION - NOVEMBER	368.475	10.04	3,699.49	10.05202426	3,699.49	0.00
12/31/2016	UNREALIZED GAIN (LOSS)	0.000		-4,205.13		0.00	
12/31/2016	ENDING BALANCE	<u>420,512.870</u>	10.03	<u>4,217,744.09</u>		<u>4,227,005.57</u>	
	INCOME DISTRIBUTION PAID - NOVEMBER			0.00			
	INCOME ACCRUAL - DECEMBER			3,956.68			
	CUMULATIVE UNREALIZED GAIN (LOSS)			-9,261.48			

* 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.

For Inquiries About Your Account, Contact:

Nottingham Investment Administration
116 South Franklin Street
Rocky Mount, NC 27804
Attention: CalTRUST Shareholder Services
Phone: 800.773.3863
Fax: 252-972-1908
Email: caltrustsupport@ncfunds.com

FALLBROOK HEALTHCARE DISTRICT
FALLBROOK HEALTHCARE DIST
ATTN: BOBBI A PALMER
138 SOUTH BRANDON ROAD
FALLBROOK CA 92028

01/27/17

FALLBROOK HEALTHCARE DISTRICT
Transaction Detail by Account - 402 Property Tax Revenue
July through December 2016

Type	Date	Name	Amount	Balance
400. · District				
402 · Property tax revenue				
Deposit	07/20/16	County of SD-pro...	13,064.78	13,064.78
Deposit	08/10/16	County of SD-pro...	28,616.73	41,681.51
Deposit	09/07/16	County of SD-pro...	9,576.71	51,258.22
Deposit	10/04/16	County of SD-pro...	23,342.78	74,601.00
Deposit	11/02/16	County of SD-pro...	50,132.27	124,733.27
Deposit	12/07/16	County of SD-pro...	600,065.52	724,798.79
Total 402 · Property tax revenue			724,798.79	724,798.79
Total 400. · District			724,798.79	724,798.79
TOTAL			724,798.79	724,798.79

REPORTS

REPORTS

Executive Director – Bobbi Palmer

To: Board of Directors
Fallbrook Regional Health District
From: Bobbi Palmer, MBA, MSW
Executive Director
Date: February 2, 2017
Re: Monthly Report

Community Health

Olivewood Gardens and Learning Center located in National City is nationally recognized as a garden and center that serves the needs of San Diego. A team consisting of a resident, board member, community advocates as well as me did a site visit and tour. Our goal is to create a sub-committee within Community Collaborative for Health and Wellness (**CC H&W**). A visual presentation will follow along with recommendations.

1st Wellness Walk February 1, 2017 to celebrate our new name, new strategic pathway and direction. Board Chair, Gordon Tinker, Treasurer Barbara Mroz, representatives from both Senator Anderson's and Assembly member Waldron's office presented certificates of appreciation. Village News was invited to take pictures for an upcoming article. Pedometers were given to walkers who participated in the event. Approximately 30 participants walked 6,500 each totaling **195,000 steps**.

ACHD Legislative Committee

A proposal to partner with CSDA to promote good governance, specifically as it relates to Healthcare Districts to contain the following:

- Members of ACHD would be eligible to participate in all CSDA certification programs

- Align ACD's Certified Healthcare District program with CSDA's District transparency certificate

Benefits of Partnership

- Potential membership growth for both ACHD and CSDA
- Aligned best practices between Healthcare districts and other special districts
- Increased statewide awareness of all special districts

ACHD's 65th Annual Meeting scheduled for September 13-15 and held this year in San Diego. This year we've added a "Wellness Schedule of Events". **Fallbrook's own Ann Wade has been invited to facilitate yoga stretch sessions throughout the 3 day conference.**

OLIVEWOOD GARDENS AND LEARNING CENTER



North County Communities Collaborative Health Initiative members toured garden and kitchen on January 17th 2017.



The parking lot was designed by architecture students at Woodbury, using a water permeable surface that's absorbs rain, not diverting it like concrete.

FALLBROOK HOSPITAL PUBLIC SALE

****CASH AND CARRY ONLY****

Sale of all non-medical assets of Fallbrook Hospital.

Bargains galore!

Location:

624 East Elder Street
Fallbrook, California

Saturday, January 21 from 8 a.m. to 3 p.m.

Sunday, January 22 from 9 a.m. to 2 p.m.

*Office Equipment and Supplies, Full Kitchen, Furniture,
Refrigerators, TVs, and More!*

Celebrating Our New Name
FALLBROOK REGIONAL HEALTH DISTRICT
Serving Bonsall, De Luz, Fallbrook & Rainbow

Call to Activity
Wellness—One Step at a Time

1st Wellness Walk
Wednesday, February 1st
10:00 a.m.

Fallbrook Community Center
341 Heald Lane, Fallbrook, CA 92028
Walk with Ann Wade, BA, RYT, AFAA

FREE PEDOMETERS
TO FIRST 100 WALKERS

FRHD MISSION
Promoting health for the
people of the District

www.fallbrookhealth.org



Celebrating Our New Name
FALLBROOK REGIONAL HEALTH DISTRICT
Serving Bonsall, De Luz, Fallbrook & Rainbow



Call to Activity



Wellness—One Step at a Time

1st Wellness Walk



Wednesday, February 1st



10:00 a.m.

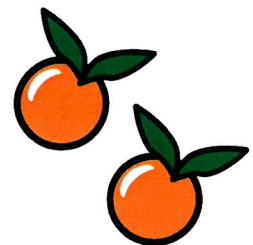
Fallbrook Community Center

341 Heald Lane, Fallbrook, CA 92028

Walk with Ann Wade, BA, RYT, AFAA



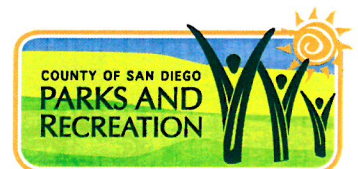
**FREE PEDOMETERS
TO FIRST 100 WALKERS**



Proud to be a partner of:



FRHD MISSION
Promoting health for the
people of the District

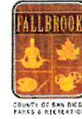


REUSABLE 3' X 8' BANNER

1st WELLNESS WALK
Free Pedometer! To the First 100 Walkers!



FEB. 1 at 10AM



**Fallbrook
Community
Center**

LOCAL

Celebrating Our New Name
FALLBROOK REGIONAL HEALTH DISTRICT
Serving Bonsall, De Luz, Fallbrook & Rainbow

Call to Activity
Wellness—One Step at a Time

1st Wellness Walk
Wednesday, February 1st
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341 Heald Lane, Fallbrook, CA 92028
Walk with Ann Wade, BA, RYT, AFAA

FREE PEDOMETERS
TO FIRST 100 WALKERS

FRHD MISSION
Promoting health for the
people of the District



www.fallbrookhealth.org

WOW to focus on diabetes

FALLBROOK – Fallbrook Healthcare District’s next Woman of Wellness program will be held on Thursday, Feb. 2 at Fallbrook Library, 124 S. Mission Rd. The presentation will be on “Diabetes and Nutrition Pre-Diabetes” which are significant health issues in most communities and no one is immune.

Attendees will learn how diet and exercise can reverse the effects of this disease from certified diabetes educator Janice Baker, MBA, RD, CDE, CNSC,

BC-ADM.

Social time with refreshments starts at 6 p.m. Presentation and door prizes are scheduled for 6:30 to 7:30 p.m. This free event includes light refreshments door prizes.

There is no need for reservations at this time. For more information, contact Pam Knox at pknox@fallbrookhealth.org or call (760) 731-9187. All are asked to bring non-perishable food items for Fallbrook Food Pantry.



Thursday, February 2, 2017

Fallbrook Library

124 S. Mission Rd.

6:00 p.m. – Social/ Refreshments

6:30 p.m.—7:30 p.m. Presentation/Door Prizes

Featured Presentation:

“Diabetes and Nutrition

Pre-Diabetes and Diabetes are significant health issues in our communities and no one is immune. Learn how diet and exercise can reverse the effects of this disease from someone who is a Registered Dietitian/Nutritionist, Certified Diabetes Educator, Certified Nutrition Support Clinician, and Board Certified in Advanced Diabetes Management.

Presented by:

Janice Baker, MBA, RD, CDE, CNSC, BC-ADM

Free Event including Light 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



REPORTS
Legislative Communication



California Special
Districts Association
Districts Stronger Together

e-News



PROFESSIONAL DEVELOPMENT

Yes, Board Members Need Harassment Prevention Training Too

CSDA spoke to Alexandra Barnhill, partner at Jarvis, Fay, Doporto & Gibson LLP and here is what she had to say about AB1661 and Harassment Prevention Training for board members.*

"AB 1661 amended the Government Code Section 53237.1(a) to specify that " If a local agency provides any type of compensation, salary, or stipend to a local agency official of that agency, then all local agency officials of that agency shall receive sexual harassment prevention training and education pursuant to this article." That language is drafted very broadly and is intended to cover elected and appointed officials of cities, special districts, and other local agencies. these officials typically supervise the agency manager, counsel, and in some cases other agency staff.

If a local agency only provides their officials with reimbursements, a question has been raised about whether their officials must receive harassment prevention training. While it may be possible to argue that reimbursement is not the same as compensation, salary, or a stipend (which are forms of income), getting around the law on a technicality would not be advised. The Fair Employment and Housing Commission has taken the position that local agency officials should be provided with workplace harassment training long before this bill was passed. Receiving training is (and has been) a best practice and is commonly required/accepted in numerous industries, not just government.

As a practical matter, the failure to obtain this training for people in a supervisory role could result in additional liability such as the potential loss of immunities and/or loss of insurance coverage, depending on the circumstances. The bottom line is that for most agencies it is not worth spending the time and energy in court battles or insurance coverage arbitrations to debate the meaning of reimbursement versus compensation when the issue could have been avoided with a 2-hour training that is widely available."

**This is offered as general advice and districts should consult their own legal counsel on all legal matters.*

CSDA's next [Harassment Prevention Training for District Boards and Staff](#) will be held on Tuesday, January 24. It is also available on-demand.

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HURST+BROOKS+ESPINOSA

This Week in Sacramento

INFORMATION & INSIGHTS FROM HURST BROOKS ESPINOSA ■ WEEK OF JANUARY 16, 2017

Assembly Speaker Announces Committee Membership

Assembly Speaker Anthony Rendon today unveiled committee membership for the 2017-18 legislative session. We have provided details on the appointments in a separate attachment; alternatively, committee membership by individual committee jurisdiction can be reviewed [here](#).

Senate Committee Approves Attorney General Nominee

In a rather lengthy hearing on January 18, the Senate Rules Committee considered and approved Governor Brown's nominee, Congressman Xavier Becerra, to replace now-U.S. Senator Kamala Harris as California's Attorney General. Congressman Becerra's term would complete AG Harris' term, which runs through 2018. The full Senate is expected to act on the AG nomination on January 23.

California Senate Discusses Affordable Care Act (ACA) in California

The Senate Health Committee convened yesterday in Bakersfield to discuss the impacts of repealing the Affordable Care Act (ACA) in California. A link to the hearing video is available [here](#). Senator Ed Hernandez, who chaired the hearing, penned an [op-ed](#) for the Fresno Bee this week outlining the Senate's reasons for convening the hearing in Bakersfield. Bakersfield is in Republican Majority Leader Kevin McCarthy's Congressional district.

In addition, Democratic Senators Holly Mitchell, Connie Leyva, Bill Monning and Josh Newman, as well as Assembly Member Joaquin Arambula, attended. Senator Mitchell noted as Senate Budget Committee chair that

Worth Noting: "Stepping Up" Report – Strategies for Reducing the Number of People with Mental Illness in Jails

This week county teams gathered in Sacramento to participate in a two-day Stepping Up event that focused on programs and practices that improve outcomes for people with mental illness who are involved in the court system. The Stepping Up Initiative is a joint effort of the National Association of Counties, the American Psychiatric Association Foundation, and the Council of State Governments Justice Center, in partnership with the U.S. Department of Justice's Bureau of Justice Assistance.

In addition, the Stepping Up Initiative published an issue brief this week to advance policy discussions to improve the justice system response to people with mental illness. The issue brief poses six questions for communities to consider and address:

1. Is our leadership committed?
2. Do we conduct timely screening and assessments?
3. Do we have baseline data?
4. Have we conducted a comprehensive process analysis and inventory of services?
5. Have we prioritized policy, practice, and funding improvements?
6. Do we track progress?

The brief can be reviewed in its entirety [here](#).

she is particularly mindful of the ACA impacts to the state budget. Senator Josh Newman also noted that he has directed Veterans Affairs Committee, which he chairs, to examine the impact on veterans and their families, as many veteran families rely on ACA coverage.

The hearing opened with remarks from Kern County Supervisor Leticia Perez detailing the potential impacts to Kern County and Kern Medical Center.

Additional material from the hearing can be found here:

- [Agenda](#)
- [Background Paper](#)
- [Health Care Reform Implementation Bill List](#)
- [Power Point](#) by Dr. Tony B. Iton, M.D., J.D., MPH, Senior VP of Healthy Communities, The California Endowment
- Morality Brief [Fact Sheet](#) by Dr. Tony B. Iton, M.D., J.D., MPH
- [Letter](#) from Community Medical Centers - Tim Joslin, Chief Executive Officer
- [Letter](#) from Greater Bakersfield Legal Assistance, Inc. - Estela Casas, Executive Director
- [Power Point](#) by Deborah Kelch, Executive Director, Insure the Uninsured Project

California Withdraws Waiver for Undocumented Coverage

On Wednesday, California withdrew its request for a waiver to the federal government to allow undocumented adults to purchase health insurance from Covered California, the state's insurance exchange. SB 10 by Senator Lara (Chapter 22, Statutes of 2016) required Covered California to apply to the US Department of Health and Human Services for a Section 1332 waiver to allow persons who are not otherwise able to obtain coverage through Covered California due to their immigration status to purchase insurance.

The waiver request was sent to the federal government on Tuesday and withdrawn the following day at Senator Lara's request, with Governor Brown in agreement. Senator Lara's public comments linked the decision to concerns about immigration policy and the Trump Administration.

Federal Spending in California

The Legislative Analyst's Office released [a series](#) of blog posts this week regarding federal spending in California. The series takes a look at federal spending by major program, recipient, and county and includes a comparison to other states. Unsurprisingly, California ranks low in receipt of federal funds when compared to taxes paid. The Legislature has expressed a great deal of interest in learning more about the impact of federal spending on state and local programs and services, so this information will likely be a hot topic of conversation in the coming weeks and months.

Prop 47 Recidivism Reduction Grants – Updated FAQs

The Board of State and Community Corrections has updated its FAQ [document](#) that addresses various inquiries regarding application processes and requirements associated with the Prop 47 recidivism reduction grants. Applicant entities are reminded that proposals are **due on February 21, 2017**.

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

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HURST+BROOKS+ESPINOSA

January 10, 2017

To: HBE Clients

From: Hurst Brooks Espinosa, LLC

Re: Governor's Proposed 2017-18 State Budget

This morning, Governor Jerry Brown, in a predictable tone, announced an end to the state revenue boom and an anticipated \$1.6 billion deficit in the 2017-18 state budget. With a continued focus on bolstering the state's rainy day fund, the proposed budget includes a variety of solutions to address the immediate deficit and the potential for a continued decline over future years. As an homage to the Governor's recently departed Corgi, Sutter, the Department reminds us to "save some biscuits for a rainy day."

The two main factors causing the deficit include a state revenue forecast that is \$5.8 billion lower than expected and a current-year shortfall in the Medi-Cal program. The budget notes that California's volatile tax base may mean that revenues will recover in the coming months. If so, the May Revision will reflect those changes and, alternatively, if revenues continue to decline, additional reductions would be necessary.

The Administration's proposals to address the deficit fall into three broad categories:

Adjustments to Proposition 98 (\$1.7 billion): The budget proposes to adjust the Proposition 98 guarantee for 2015-16 through 2017-18 to avoid an overappropriation of the minimum guarantee.

Recapture 2016 Allocations (\$0.9 billion): A number of one-time expenditures approved in the 2016-17 state budget have yet to be allocated. The Governor's proposal seeks to eliminate the authority to spend those dollars. The two largest components of this proposal are (1) eliminating the \$400 million set-aside for affordable housing that was never allocated and (2) a \$300 million transfer to modernize state office buildings planned for 2017-18.

Constrain Spending Growth (\$0.6 billion): The budget limits spending proposals to keep spending flat in 2017-18 compared to 2016-17, including pausing rate increases for child care, not providing Middle Class Scholarships to any new students, and not submitting a variety of spending proposals (including those to implement new legislation) from state departments that otherwise were justified.

The Governor's budget includes continued Proposition 2-authorized payments totaling \$1.156 billion on the state's debts and liabilities, including \$252 million in loans from special funds, \$400 million in Proposition 98 settle-up, \$235 million in repayment of pre-Proposition 42 transportation loans, \$100 million to the state's retiree health, and \$169 million to University of California employee pensions.

You can view the Governor's Proposed 2017-18 State Budget [here](#).

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Uncertainty Clouds State Fiscal Forecast

As the economy nears full employment, economic growth has begun to slow in both the nation and California. Jobs were added at a slower pace in 2016 than in 2015, and inflation trended higher, due in large part to housing costs. The budget outlook assumes moderate growth through 2020, even though the length of the current expansion would exceed that of the previous record if growth continues past 2018. The budget notes that California's housing constraints could limit future growth, as could significant U.S. or foreign policy changes, including those in the areas of international trade or immigration that could lead to disruptions in the economy.

The state's "big three" revenue sources continue to perform well; forecasts indicate slow, but steady growth through 2020. The state continues to rely significantly on capital gains paid by a relatively small portion of the population, which are notoriously difficult to predict. Proposition 2 helps to address that volatility by depositing capital gains revenues that exceed 8 percent of General Fund tax revenue. In total, the Governor's budget assumes \$7.9 billion in the state's Rainy Day Fund, about 63% of the constitutional target of 10% of General Fund revenues.

Health and Human Services

Coordinated Care Initiative

In a move aimed at reducing General Fund spending, the Administration estimates that the Coordinated Care Initiative (CCI) is no longer cost-effective; because of current law, the CCI is proposed to be discontinued in 2017-18.

While the CCI is a demonstration in seven counties (Los Angeles, Orange, Riverside, San Bernardino, San Diego, San Mateo, and Santa Clara) for better care coordination of Medicare and Medi-Cal recipients, the legislation creating the CCI also created a maintenance of effort (MOE) for the In-Home Supportive Services (IHSS) program – thereby capping costs in all 58 counties. The 2012 legislation that established the CCI demonstration linked the continuation of CCI to the IHSS MOE. Therefore, when CCI is repealed, the IHSS MOE also is repealed.

The budget is proposing to re-establish the county share of cost of 35 percent that existed prior to the 2012-13 budget. However, the Administration notes that the 2017-18 realignment growth estimates are not sufficient to cover the additional IHSS costs and states that they are prepared to work with counties to mitigate the financial hardship and cash flow issues. The net result of the changes to CCI, which also includes removing the IHSS benefit from the plan capitation rates and eliminating the statewide authority for collective bargaining, is \$626.2 million in General Fund savings. The county share of costs for IHSS would grow by \$622 million.

The Administration's move to eliminate CCI appears to be an effort to reduce state costs related to IHSS. The budget document also proposes to extend the care coordination of Medicare and Medi-Cal eligible, continue mandatory enrollment of duals, and integrate all long-term services and supports – except IHSS – into managed care, which essentially reforms CCI into an IHSS-less program.

During a health and human services conference call with stakeholders this afternoon, Administration officials did not respond directly to questions about whether counties will have a share of cost for policy changes implemented since the 2012-13 impacting IHSS costs, including paid sick leave, state minimum wage increases, and implementation of the Fair Labor Standards Act overtime rule. However, they committed to working with counties on blunting negative fiscal impacts.

Straight from Twitter –

Notably, Assembly Speaker Anthony Rendon (@Rendon63rd) tweeted the following statement this afternoon after the release of the Governor's budget proposal:

I believe we should work to fix & improve the Coordinated Care Initiative to make it more cost effective, rather than have it scrapped.

Medi-Cal

The budget assumes all of the following with respect to Medi-Cal:

- Caseload increases by approximately 5 percent from 2015-16 to 2016-17 and 1.8 percent from 2016-17 to 2017-18.
- \$19.1 billion in General Fund spending in 2017-18.
- Continuation of the county augmentation of \$655.3 million (\$217.1 million General Fund) provided in 2016-17 for 2017-18 for county administration of the Medi-Cal program.
- A lower federal reimbursement rate for the Children's Health Insurance Program (CHIP), which is up for federal reauthorization in 2017. The budget provides \$536.1 million in state General Fund based on the assumption that the 65 percent federal match is eliminated. This is the only federal health assumption the Brown Administration makes with respect to the uncertainties in Trump Administration policies.
- Full funding for full-scope Medi-Cal coverage for undocumented children (\$279.5 million General Fund).
- \$1 billion in General Fund savings from the Hospital Quality Assurance Fee (Proposition 52) extension.
- \$19.9 million (\$3.1 million General Fund) in 2016-17 and \$661.9 million (\$141.6 million General Fund) in 2017-18 for the Drug Medi-Cal Organized Delivery System Pilot.
- Implementation of federal Medicaid managed care regulations. The budget provides \$4.5 million to continue state implementation and notes that several components of the regulations could result in hundreds of millions in General Fund costs.

Child Care

Considering the Administration's lower-than-expected revenue projections, the Administration is proposing to put a one-year pause on child care augmentations. The Administration is categorizing the proposal as turning a "three-year augmentation plan to one that is implemented over four years, beginning in 2016-17 and ending in 2019-20."

- Maintain reimbursement rates for child care providers at 2016-17 levels in 2017-18
- Maintain the Regional Market Reimbursement Rate at the 75th percentile for the 2014 regional market survey
- Maintain the Standard Reimbursement Rate that the full-year equivalent rate provided in 2016-17
- Forgoing 2017-18 cost-of-living adjustments for child care providers
- Pause the addition of 2,959 full-day State Preschool slots planned to begin on April 1, 2018
- Total savings of the pauses: \$121.4 million non-Proposition 98 General Fund and \$105.4 million Proposition 98 General Fund.

Proposed Proposition 56 Allocations

The Administration estimates that the tobacco tax increase approved by voters in Proposition 56 (the California Healthcare, Research and Prevention Tobacco Tax Act of 2016) will generate \$1.7 billion in revenues in 2017-18. The tobacco tax will increase statewide on April 1, 2017. The clear majority of the funds - \$1.2 billion - will be allocated to the Department of Health Care Services (DHCS) to support new growth in the Medi-Cal program. There is some unhappiness in the health community that none of the revenues will be used for Medi-Cal rate increases. HHS Secretary Diana Dooley told stakeholders this afternoon that cuts to the Medi-Cal budget would have been worse had it not been for the additional revenues from Proposition 56.

Figure HHS-03

Proposition 56 Allocations
 (Dollars in Millions)

<i>Investment Category</i>	<i>Department</i>	<i>Program</i>	<i>2017-18 Amount^{1/}</i>
Enforcement	Department of Justice	Local Law Enforcement Grants ^{2/}	\$37.5
	Department of Justice	Distribution and Retail Sale Enforcement ^{2/}	\$7.5
	Board of Equalization	Distribution and Retail Sales Tax Enforcement ^{2/}	\$5.8
	Department of Public Health	Law Enforcement ^{2/}	\$7.5
Education, Prevention, and Research	University of California	Cigarette and Tobacco Products Surtax Medical Research Program	\$80.7
	University of California	Graduate Medical Education ^{2/}	\$50.0
	Department of Public Health	State Dental Program ^{2/}	\$37.5
	Department of Public Health	Tobacco Prevention and Control	\$178.5
	State Department of Education	School Programs	\$31.5
Health Care	Department of Health Care Services	Health Care Treatment	\$1,237.4
Administration and Oversight	State Auditor	Financial Audits	\$0.4
	Board of Equalization	Sales and Use Tax	\$1.1
Revenue Backfills	Proposition 99, Breast Cancer Research Fund, and Proposition 10		\$37.1
Total			\$1,712.5

^{1/} 2017-18 figures include one quarter of 2016-17 revenue and four quarters of 2017-18 revenue.

^{2/} Annual amount specified in statute.

AB 85 County Savings Allocations

The budget estimates county savings from AB 85 to be \$585.9 million in 2016-17 and \$546.2 million in 2017-18. Additionally, the budget assumes \$245.6 million in reimbursements from counties in 2017-18 based on higher actual county savings in 2014-15.

Elimination of State-Only Eligibility for Child Health and Disability Prevention (CHDP) Services

DHCS is proposing to repeal the statutory provisions for eligibility for the state-only CHDP program services. Due to the expansion of full scope benefits to all children under SB 75 (2015), the Administration believes that CHDP state-only services are no longer needed since these services are now provided by Medi-Cal.

Child Welfare Services

The budget includes \$217.3 million (\$163.2 million General Fund) to continue implementation of the Continuum of Care Reform (AB 403, Chapter 773, Statutes of 2015). Funding was provided in the current year for county child welfare, probation agencies, and mental health departments.

CalWORKS

The budget fully funds the recent CalWORKS grant increases and repeal of the maximum family grant rule. Realignment revenues are not sufficient to pay for these CalWORKS costs and the budget proposes General Fund spending for the balance – \$86.5 million in 2016-17 and \$198.2 million in 2017-18.

HHS Budget Reductions

The Administration cited fiscal constraints in reducing or eliminating the following programs:

- **Housing and Disability Advocacy Program** – \$45 million was provided in 2016-17 for SSI advocacy as part of the Pro Tem's No Place Like Home initiative. The budget proposes halting implementation in the current year.
- **Health Care Workforce** – Reverts \$33.4 million General Fund in 2016-17 that was intended to support workforce initiatives at the Office of Statewide Health Planning and Development. There are no plans to refund in the future.
- **Community Infrastructure Grants** – Reverts the one-time \$67.5 million General Fund augmentation for community infrastructure grants to cities and/or counties to promote public safety diversion program and services by increasing the number of treatment facilities for mental health, substance use disorder, and trauma-related services.
- **Children's Mental Health Crisis Services Grants** – Reverts \$17 million General Fund from 2016-17 budget for grants to local governments to increase the number of facilities providing mental health crisis services for children and youth under the age of 21.
- **Funding for Independent Living Centers** – Eliminates \$705,000 for three independent living centers.

Additionally, DHCS has specifically identified initiatives that must be delayed due to revenue constraints, including:

- Implementation of the Whole Child Model for CCS in COHS counties (SB 586) to no sooner than July 1, 2018,
- Implementation of the palliative care program (SB 1004) to no sooner than July 1, 2018,
- Implementation of the inclusion of marriage and family therapists as billable FQHC providers to (AB 1863) no sooner than July 1, 2018,
- Implementation of the FQHC alternative payment methodology pilot to no sooner than January 1, 2018,
- Issuance of regulations for out-of-county foster care presumptive transfer (AB 1299) to July 1, 2020, and
- Issuance of evaluation report for Assisted Outpatient Treatment (AB 59) to no sooner than July 1, 2018.

Transportation

The Governor's budget includes a slightly revised proposal for transportation funding that includes a combination of new revenues, additional investments of Cap and Trade auction proceeds, accelerated loan repayments, CalTrans efficiencies and streamlined project delivery, accountability measures, and constitutional protections for the new revenues. The ten-year funding plan will provide a total of \$43 billion in new funding and redirected savings from efficiencies for transportation priorities.

- **Road Improvement Charge:** \$2.1 billion from a new \$65 fee on all vehicles.
- **Stabilize Gasoline Excise Tax:** \$1.1 billion by setting the gasoline excise tax at the 2013-14 rate of 21.5 cents and eliminating the current annual adjustments. The broader gasoline tax would then be adjusted annually for inflation.
- **Diesel Excise Tax:** \$425 million from an 11-cent increase in the diesel excise tax, also adjusted annually for inflation.
- **Cap and Trade:** \$500 million in additional Cap and Trade proceeds.
- **CalTrans efficiencies:** \$100 million in reforms.

The budget also includes an accelerated repayment of transportation loans over a three-year period of \$706 million. These funds will support additional investments in the Transit and Intercity Rail Capital Program, trade corridor improvements, and repairs to the state highway system.

Figure TRN-01
Governor's Transportation Package
 (Dollars in Millions)

<i>Investment Category</i>	<i>Program</i>	<i>2017-18 Amount</i>	<i>Annualized Amount¹¹</i>
Local Streets and Roads / Partnership Programs	Active Transportation Program	\$100	\$100
	Local Road Maintenance & Repairs	\$206	\$1,163
	Local Partnership Grants ²¹	\$0	\$250
	SB 375 Local Planning Grants	\$25	\$25
	Corridor Mobility Program	\$275	\$275
Transit	Transit Capital ²¹	\$485	\$400
State Highway Repair and Maintenance ⁴¹	Pavement ³¹	\$129	\$997
	Bridges and Culverts	\$91	\$554
	Traffic Management Systems	\$12	\$100
	Maintenance	\$120	\$120
Trade Corridors	Improved Goods Movement ³¹	\$358	\$250
Total		\$1,801	\$4,234

¹¹ Excludes one-time loan repayments totaling \$706 million.

²¹ Provides up to \$250 million per year beginning in 2018-19.

³¹ The 2017-18 totals include anticipated loan repayments.

⁴¹ Annualized amounts include \$100 million per year in Caltrans efficiency savings.

Corrections and Public Safety

Population Estimates and Proposition 57

The Department of Corrections and Rehabilitation (CDCR) narrative offers a detailed accounting of efforts over the last five or so years to reduce the state's prison population, primarily motivated by litigation that resulted in the imposition of a court-ordered population target by February 2016. However, as the budget lays out, despite implementation of 2011 Realignment (AB 109), Proposition 36 (2012 three-strikes reforms), Proposition 47 (2014 sentencing reforms for low-level property and drug crimes) along with various compliance measures undertaken in response to the February 2014 federal court order, the state estimates that the state prison population will continue to grow by 1,000 inmates per year. The budget assumes that the average daily prison population will decline by 0.7 percent from current levels to 128,159 in 2017-18. Had the voters not approved Proposition 57 in November 2016, the prison population would have otherwise increased by 1 percent to 130,118.

As it relates to other state corrections populations, the budget projects an overall increase in the parole population – a 2.5 percent increase (to 43,686) in 2016-17 and a 5.2 percent (to 44,761) in 2017-18 as compared to previous projections. Presumably, these increases are due in large part to the implementation of Proposition 57, which changes the parole consideration and credit earning process.

Proposition 57 also will affect Division of Juvenile Justice (DJJ) commitments, given that the initiative returns authority to judges with respect to considering juveniles' fitness for adult court. After a projected decrease of 4 in 2016-17, the DJJ population is expected to increase by 70 in 2017-18, for a total state juvenile detention population of 705 estimated for the current year and 779 in the budget year.

Taken together, the implementation of Proposition 57 is expected to have the following effects on the state's prison population:

Estimated Prison Population 2017-18	130,118
Proposition 57 Juvenile Sentencing	-81
Proposition 57 Non-Violent Parole Process	-524
Proposition 57 Enhanced Credit Earning	-1,354
Adjusted Prison Population 2017-18	128,159

While the budget expresses some caution about the estimated population impacts, it projects that the inmate reduction resulting from Proposition 57 will grow to about 9,500 in 2020-21. Given these gains in population reduction efforts, CDCR is expected to eliminate the use of one of the two remaining out-of-state facilities in the budget year. As the state prison population continues to decrease, CDCR anticipates it can return all remaining 4,900 out-of-state inmates by 2020. In budget terms, Proposition 57 implementation is expected to save \$22.4 million in 2017-18, growing to a net savings of \$140 in 2020-21.

CDCR is in the process of drafting regulations to implement the parole and credit earning aspects of Proposition 57. The Administration acknowledges that the current credit earning structure is convoluted and lacks sufficient incentives for inmates. The budget enumerates likely components of the regulations underway, including increasing and standardizing good-time credit earnings; allow for earning of milestone credits; increase the amount of time allowed to be earned for milestone completion credits; create new and enhanced milestone credits; and establish new achievement credits. The Governor's budget proposal assumes that the regulations, which are subject to certification by the corrections secretary that they "protect and enhance public safety," will be implemented by October 1, 2017.

In its discussion of ongoing investment in inmate rehabilitation and reentry, the Governor's budget indicates that to address the unique reentry needs of long-term inmates, CDCR is developing a 300-bed program –

expected to be implemented in July 2017 – that provides six months of transitional housing in communities closest to where these inmates will be released.

Notably for counties, the juvenile justice provisions of Proposition 57 will have county impacts, given that probation departments will have a role in juvenile court proceedings to determine a youth's fitness for adult court. Additionally, to the extent that there are more DJJ commitments, counties' annual fee payments will increase. The budget mentions that offsetting savings may result from shorter juvenile hall stays, given that the juvenile court process typically takes less time than adult court adjudications.

Proposition 47 Savings Estimate

The budget estimates that the implementation of the 2014 ballot initiative that reduced penalties for specified property and drug crimes will yield \$42.9 million in state correctional savings, when comparing 2016-17 costs to the base year of 2013-14 (the last full fiscal year prior to the passage of the initiative). This estimate – which is \$3.5 million higher than the state correctional savings associated with 2015-16 – 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:

State Entity	Purpose	%	Share of estimated \$42.9 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	\$27.9 million
State Department of Education	Programs to improve outcomes for K-12 students, reduce truancies, and support students at risk of dropping out of school or who are victims of a crime	25	\$10.7 million
California Victims Compensation Board	Additional support for trauma recovery centers that serve crime victims	10	\$4.3 million

Community Corrections Performance Incentive Grant (SB 678)

The budget assumes \$114.9 million in incentive grant 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 are able to share in the state savings that result from successful community corrections efforts.

Resources for Additional Post-Release Community Supervision Workload

Given temporary increases in counties' PRCS populations resulting from court-ordered inmate population reduction measures and implementation of Proposition 57, the budget proposes \$11 million to support associated county probation department workload.

Incompetent to Stand Trial (IST)

The Administration is proposing \$10.8 million to establish a 60-bed admission, evaluation and stabilization center for the assessment and treatment of ISTs in a county jail. The proposed center would admit patients from Southern California counties. The Administration presumes some patients will require shorter term stays and will be discharged back to the referring county and that patients with higher psychiatric acuity will be transferred to a state hospital for additional treatment. The Department of State Hospitals continues to

want to work collaboratively with counties and states it is exploring opportunities for joint-use facilities that would provide services to both State Hospital patients and appropriate jail populations.

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 (3.41 percent year-over-year in 2016-17 and 4.22 percent in 2017-18) and mixed results for VLF (6.39 percent growth year-over-year in 2016-17 and a 0.14 percent decrease in the following year). Under the budget estimates, overall funding for 2011 Realignment will exceed \$7.5 billion for all programs in 2017-18. Details are shown in the chart below; revenue estimates will be refined in the May Revision.

Figure HHS-04
2011 Realignment Estimate at 2017-18 Governor's Budget
 (Dollars in Millions)

	2015-16	2015-16 Growth	2016-17	2016-17 Growth	2017-18	2017-18 Growth
Law Enforcement Services	\$2,289.1		\$2,361.2		\$2,440.1	
Trial Court Security Subaccount	532.5	7.2	539.7	7.9	547.6	10.0
Enhancing Law Enforcement Activities Subaccount ^{1/}	489.9	116.0	489.9	154.7	489.9	153.8
Community Corrections Subaccount	1,107.5	54.1	1,161.6	59.1	1,220.7	75.4
District Attorney and Public Defender Subaccount	24.3	3.6	27.9	3.9	31.9	5.0
Juvenile Justice Subaccount	134.9	7.2	142.1	7.9	150.0	10.0
<i>Youthful Offender Block Grant Special Account</i>	(127.5)	(6.8)	(134.3)	(7.5)	(141.7)	(9.4)
<i>Juvenile Reentry Grant Special Account</i>	(7.4)	(0.4)	(7.8)	(0.4)	(8.3)	(0.6)
Growth, Law Enforcement Services		188.1		233.5		254.2
Mental Health^{2/}	1,120.6	6.7	1,120.6	7.3	1,120.6	9.3
Support Services	3,277.6		3,404.9		3,543.8	
Protective Services Subaccount	2,109.2	60.3	2,169.5	65.8	2,235.3	83.9
Behavioral Health Subaccount	1,168.4	67.0	1,235.4	73.1	1,308.5	93.3
<i>Women and Children's Residential Treatment Services</i>	(5.1)	-	(5.1)	-	(5.1)	-
Growth, Support Services		134.0		146.2		186.5
Account Total and Growth	\$7,009.4		\$7,266.4		\$7,545.2	
Revenue						
1.0625% Sales Tax	\$6,403.5		\$6,621.8		\$6,901.5	
Motor Vehicle License Fee	605.9		644.6		643.7	
Revenue Total	\$7,009.4		\$7,266.4		\$7,545.2	

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.

Judicial Branch Programs

The 2017-18 proposed budget includes \$3.6 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, 78 percent (\$2.8 billion) is dedicated to local trial court operations.

The Governor's spending plan proposes the following significant adjustments:

- \$7.1 million to cover court employee health and retirement benefit costs;
- \$55 million to backfill continued shortfalls in expected fines and penalty revenues in 2017-18;
- \$5 million (\$4.1 million in 2017-18 and \$896,000 in 2018-19) to replace case management systems in nine smaller trial courts in the northern part of the state;

Additionally, the budget proposes to amend statute regarding the methodology by which judicial officer salaries are increased. Under existing law, judges' salaries are tied to the salary increases of other state workers. Under the budget proposal, judicial officers would receive the proportional equivalent of the salary increases that have been provided to state workers retroactively to July 1.

Finally, the Administration again raises the proposal to reallocate four vacant superior court judgeships to the highest-workload courts in the state.

Review of Fees, Fines, and Assessments

Courts and counties rely on funding generated by an array of fines, fees, and penalties assessed on court users. In recent years, revenues have fallen well short of projections (see related judicial branch budget adjustments, above). Over the fall, the Administration reviewed fee and fine revenue and examined a variety of related data - statewide court filings, revenue collection, traffic citations, and the collectability of delinquent debt.

As part of the complex assessment structure, courts and counties collect a specified state penalty assessment (\$10 for every \$10 in base fine assessed) for deposit into a State Penalty Fund (70 percent) or the respective county general fund. The State Penalty Fund deposits, which supports a variety of programs, have lagged significantly in recent years due to a dropoff in traffic citations. With that as a backdrop, the Governor's budget proposes to reduce the number of programs supported by the fund while prioritizing law enforcement training, victims' services, and driver training programs (See figure below.)

Figure SAF-02
Programs Receiving Funding from State Penalty Fund
 (Dollars in Thousands)

Department	Program	Proposed 2017-18 Expenditures
Commission on Peace Officer Standards and Training	Peace Officer Standards and Training Program	\$46,496
Board of State and Community Corrections	Standards and Training for Corrections	17,209
Office of Emergency Services	Victim Witness and Assistance Programs	12,053
Victim Compensation Board	Restitution Fund	9,082
Department of Justice	California Witness Relocation and Protection Program	3,277
Department of Rehabilitation	Traumatic Brain Injury Program	800
Department of Education	Driver Training Programs	1,038
Department of Fish and Wildlife	Fish & Game Preservation Fund ^{1/}	450
Total		\$90,405

^{1/}Funding for the Fish & Game Preservation Fund is constitutionally required.

Given the fund's condition, the budget proposes to eliminate State Penalty Fund participation for the following programs:

- **Motorcyclist Safety Program (California Highway Patrol)** – registration revenues are sufficient to continue existing program levels;
- **Local Public Prosecutors and Public Defenders Training Program (Office of Emergency Services)** – federal funding (35 percent) would continue;
- **Internet Crimes Against Children Task Forces (Office of Emergency Services)** – state funding would be eliminated;
- **California Gang Reduction, Intervention, and Prevention Program (Board of State and Community Corrections)** – program would end as the State Penalty Fund is sole funding source.

Repeal of Driver's License Suspension Authority

The Governor's budget also proposes to repeal existing statutory authority to suspend an individual's driver's license solely for failure to pay court-ordered fines and penalties. This collection method is currently permissible, but the Administration indicates that it has found no evidence that suspension of a driver's license incentivizes a person's payment of overdue fines and penalties. Given the other hardships associated with a driver's license suspension that can affect a person's ability to earn a living, the Administration will seek to eliminate the suspension authority as a collection tool for those who are unable to pay fines and fees.

Housing

Coming on the heels of the Department of Housing and Community Development's [Statewide Housing Assessment report](#), the Governor's budget outlines the state's housing challenges and squarely calls out local governments, asserting that local factors like the permitting process, permitting and impact fees, and parking requirements serve to drive up per-unit costs, thereby limiting the number of units that can be built under constrained resources. The Administration will work with the Legislature through the policy (i.e., not

budget) process to further address the state's housing shortage and affordability pressures, but will only entertain proposals that are consistent with the following principles:

- **Streamline housing construction.** Reduce local barriers to limit delays and duplicative reviews, maximize the impact of all public investments, and temper rents through housing supply increases.
- **Lower per-unit costs.** Reduce permit and construction policies that drive up unit costs.
- **Production incentives.** Those jurisdictions that meet or exceed housing goals, including affordable housing, should be rewarded with funding and other regulatory benefits. Those jurisdictions that do not build enough to increase production should be encouraged by tying housing construction to other infrastructure-related investments.
- **Accountability and enforcement.** Compliance with existing laws – such as the housing element – should be strengthened.
- **No impact to the General Fund.** No new costs, or cost pressures, can be added to the state's General Fund, if new funding commitments are to be considered. Any permanent source of funding should be connected to these other reforms.

Cap and Trade

The Governor's budget includes a \$2.2 billion Cap and Trade Expenditure Plan to be allocated after legislation confirming the California Air Resources Board's authority to administer the Cap and Trade Program beyond 2020 is enacted through a two-thirds vote. The budget proposal builds upon the investment categories funded in the 2016 Cap and Trade agreement, including short-lived climate pollutants, carbon sequestration, low-carbon transportation, and transformative climate communities. The Expenditure Plan also includes \$500 million for the Administration's proposed transportation package, as well as \$900 million for high-speed rail, affordable housing, sustainable communities, and public transit.

Figure CLI-02
2017-18 Cap and Trade Expenditure Plan
 (Dollars in Millions)

Investment Category	Department	Program	Amount
Continuous Appropriation	High-Speed Rail Authority	High-Speed Rail Project	\$375
	State Transit Assistance	Low Carbon Transit Operations	\$75
	Transportation Agency	Transit and Intercity Rail Capital Program	\$150
	Strategic Growth Council	Affordable Housing and Sustainable Communities Program	\$300
Transportation Package	Transportation Agency	Transit and Intercity Rail Capital Program	\$500
	Caltrans	Active Transportation	
50 Percent Reduction in Petroleum Use	Air Resources Board	Low Carbon Transportation	\$363
Transformational Climate Communities	Strategic Growth Council	Transformative Climate Communities	\$142
		Technical Assistance & Outreach	
Short-Lived Climate Pollutants	Air Resources Board	Black Carbon Woodsmoke	\$95
	Cal Recycle	Waste Diversion	
	Department of Food and Agriculture	Dairy Digesters	
Carbon Sequestration	CAL FIRE	Healthy Forests	\$127.5
		Urban Forestry	
	Department of Food and Agriculture	Climate Smart Agriculture - Healthy Soils	
	Natural Resources Agency	Urban Greening	
Energy Efficiency/ Renewable Energy	Department of Community Services and Development	Energy Efficiency Upgrades/ Weatherization	\$27.5
	Department of Food and Agriculture	State Water Efficiency and Enhancement Program	
Total			\$2.155

Natural Resources

The key provisions of the Governor's natural resources budget include:

- A continued focus on drought relief, including an additional \$187.7 million in one-time resources to address drought impacts in 2017-18.
- \$5 million in General Fund support for the Department of Water Resources to provide emergency drinking water support for small communities by working to develop additional water supplies, installation or deepening of wells, and, where appropriate, requiring the consolidation of small failing water systems with functioning systems that are capable of providing a safe and reliable water supply.
- \$88 million General Fund and \$3 million State Responsibility Fund for CAL FIRE for expanded fire protection in the 2017 fire season, in addition to an additional \$90 million General Fund in the current fiscal year to initiate these enhanced fire protection efforts in the spring of 2017.
- \$52.7 million General Fund for the Office of Emergency Services to provide assistance to counties through the California Disaster Assistance Act, which can be used to aid local agencies in the removal of dead or dying trees that are a direct threat to public safety.
- New public investments in water storage infrastructure and additional funding for the Sustainable Groundwater Management Act, including an increase of \$1.9 million in reimbursements from the California Water Commission's allotment of Proposition 1 water storage funding to support initial outreach and technical review of the ecosystem benefits of water storage project proposals, an increase of \$15 million for the Department of Water Resources to provide technical assistance and data gathering for implementation of the Sustainable Groundwater Management Act, and \$2.3 million in Water Rights Fund for the State Water Board for purposes of enforcing reporting requirements in high- or medium-priority groundwater basins that fail to form local governance structures, as required by the Act.
- A commitment to further implementation of the Salton Sea Management Program.
- \$12.4 million for the Department of Fish and Wildlife's commercial fishing program, recognizing that a more permanent revenue solution is necessary.
- \$16.6 million in new funding to maintain existing service levels throughout the state parks system, which will allow the Department of Parks and Recreation to continue implementation of the recommendations of the Parks Forward Commission and the Legislature, including the establishment of an outside support organization.

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 \$733 million for cities, \$869 million for counties, and \$260 million for special districts in 2016-17 and 2017-18 combined.

Local Update of Census Address Program

The Governor's budget includes \$7 million General Fund for the Local Update of Census Address Program. The program will provide grants ranging from \$7,500 to \$125,000 to cities and counties to encourage their voluntary participation in efforts to ensure the accuracy of the Census Bureau's Master List of addresses. The program's goal is to count all California residents in the 2020 census by giving the Census Bureau an accurate listing of every residential dwelling in the state.

The Department of Finance will administer the program and authorize distribution of grant funds. To receive a grant, a city or county must register with the Census Bureau, submit the required address materials to the Census Bureau, and provide the Department with the results of the address review. Each city's and county's grant will be based on the volume of housing transactions within its jurisdiction between 2010 and 2016.

State-County Assessors' Partnership Program

The State-County Assessor Partnership Program is slated to end in the current year and is not proposed for renewal in the budget year. However, the Department of Finance is conducting a review of the program that may inform another look at the program in the spring. This program provides \$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. Counties that have received funding from the program are: Santa Clara, Riverside, San Francisco, Monterey, Fresno, Tuolumne, Madera, and San Benito.

K-12 Education

The Governor's budget proposes a combination of adjustments to the Proposition 98 guarantee to fund the minimum guarantee amount but avoid overappropriating for 2015-16 through 2017-18. These actions will reduce Proposition 98 funding over the three-year period by more than \$1.8 billion. For 2017-18, the budget reflects a Proposition 98 guarantee of \$73.5 billion, with per-pupil spending increasing to \$10,910 (Prop 98 only).

Notably, the Governor's budget recognizes the passage of Proposition 51, the Kindergarten through Community College Public Education Facilities Bond Act of 2016, but notes that it is important to address shortcomings within the state's existing school facilities bond program that were recently documented in an audit of the prior school bond, Proposition 1D. In that audit, reviewers found that 1,533 projects representing over \$3 billion in Proposition 1D funds were completed without ensuring that bond funds were appropriately used (specifically, that school districts used school facilities bond funds to purchase vehicles, tractors, tablets, golf carts, mascot uniforms and custodial supplies). The Administration proposes to work with the State Allocation Board and the Office of Public School Construction to revise policies and regulations to implement front-end grant agreements that define basic terms, conditions, and accountability measures for participants that seek funding. Once these measures are in place, the Administration will support to expenditure of Proposition 51 bond funds.

Higher Education

The Governor's budget includes increased funding for higher education, but notes that such funding is contingent upon the systems' continued progress in implementing more sustainable practices that recognize the principles of the 1960 Master Plan for Higher Education and the necessity for strong fiscal stewardship. The Administration proposes an additional \$131 million for the University of California and \$161 million for the California State University system.

As mentioned previously, the budget also includes a phase-out of the Middle Class Scholarship Program. Scholarships would only be renewed for students who have received the scholarship in 2016-17.

What's Next?

In the coming weeks, the full budget committees in each house will be meeting 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 be more clear.

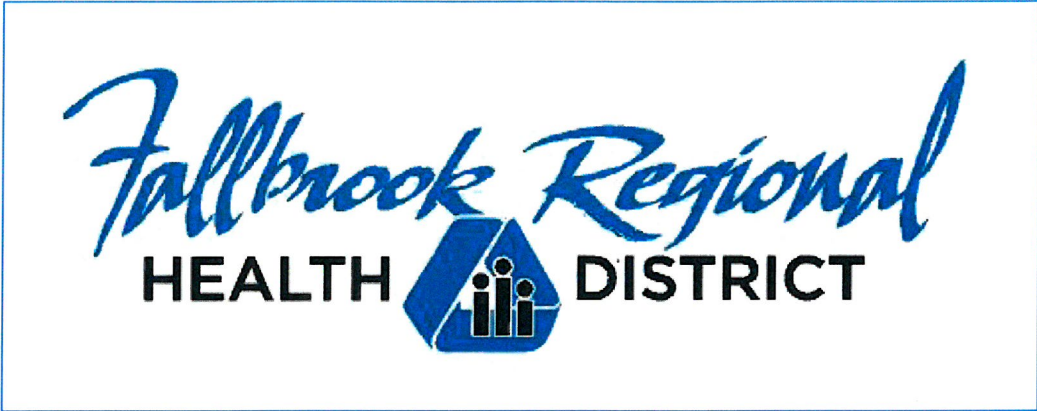
Please feel free to contact any one of us at Hurst Brooks Espinosa with questions ...

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DISCUSSION/ACTION ITEMS

NEW LOGO

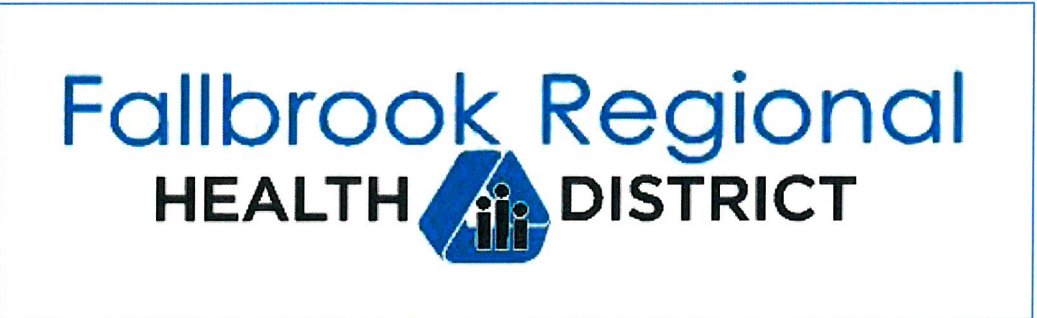
OPTION #1



OPTION #2



OPTION #3



DISTRICT ELECTRONIC MAIL COMMUNICATIONS AND RETENTION POLICY

Section 1. Statement of Policy.

The Board and District staff will take reasonable and appropriate steps to ensure that all forms of electronic communication, including electronic mail (“e-mail”) which are used in the performance of District business shall be legal, ethical, and in conformance with the standards presented below.

Section 2. Implementation

2.1 District provided e-mail addresses.

a. The Executive Director shall ensure that each member of the Board of directors and every member of the District staff is provided with an electronic mail address (“dedicated e-mail address”) which comports with the District’s domain name. The initial issuance shall take place no later than ten business days after the election or appointment of a new director, and not less than ten (10) business days after a new staff member is hired.

1. All recipients of a dedicated e-mail address shall keep the Executive Director apprised of any password for the account, and each recipient agrees to notify the Executive Director within ten (10) business days of any change made to the password for that individual’s dedicated e-mail address.
 2. All recipients of dedicated e-mail addresses understand, recognize and agree that the e-mail account corresponding to each dedicated e-mail address shall have no reasonable expectation of privacy, as District staff may be required to access each e-mail account periodically for reasons which include, without limitation, responding to requests for records under the Public Records Act, to respond to validly issued subpoena or court order.
 3. Use of electronic text messaging for the conduct of Board or District business shall be strongly discouraged, and staff and Board members shall use best efforts to avoid the use of electronic text messaging on personal devices for the conduct of District or Board business except in cases of significant urgency or public health or safety emergency where no other form of communication is readily available.
- b. All electronic mail used for the conduct of District business, or

business of the Board of Directors shall be conducted exclusively through the use of sender's dedicated e-mail address. The use of dedicated e-mail addresses for personal reasons or for matters unrelated to District or Board business shall not be permitted.

1. All Board members and District staff are encouraged to keep and maintain a personal e-mail account, and to refrain from using his/her personal e-mail account for the conduct of any District or District Board business. Notwithstanding the preceding sentence, this provision does not encourage or authorize the conduct of personal business through personal e-mail by Staff during normal District working hours.

2.2 Enforcement

a. Members of the Board recognize that the use of electronic mail carries with it the danger of deliberating on matters of board business outside the construct of a Board meeting, contrary to the requirements of the Ralph M. Brown Act ("Brown Act").¹ Board members shall not use e-mail as a means to communicate the same or an identical message to more than one Board member at a time, in order to comply with the requirements of the Brown Act.

1. Each Board member agrees to promptly bring any deviation from the requirements of subsection (c) above to the attention of the Executive Director, or to the General Counsel for the District.
2. The Board shall have discretion to enforce this policy through the use of written reprimand or censure or any other reasonable and appropriate means consistent with bringing individual Director violations of this policy to an end.

b. The Executive director shall be authority to enforce this policy as to District staff through the use of the employee disciplinary process, and that repeated violations of this policy may be grounds for disciplinary action up to and including termination of employment.

2.3 E-mail Retention.

- a. The District will keep and maintain a system of e-mail retention which complies with existing document retention statutes (Government Code Section 60200), and ensures access to district

records and information, while avoiding the costs and burdens of maintaining unnecessary materials.

- b. General. All District generated and received e-mails shall be kept for at least 2 years from the date sent or received. Specific categories or types of District e-mail listed separately below shall be maintained as follows:
 1. Generic e-mails, not specific to a particular District project or initiative, and not related to District policies, accounting and finance, or human resources or litigation matters, may be deleted from the District e-mail accounts after ninety days from date of receipt. The District shall establish and maintain space to archive such e-mails on the incoming e-mail server for the remaining duration called for in Section 60200
 2. Human Resources related. All e-mails related to human resources matters, including, without limitation, individual employment issues, salary and benefits matters, working conditions, employee performance reviews, and any disciplinary or promotional matters, shall be kept maintained for 2 years following the end of the individual's work tenure with the District. The District shall be allowed to archive such e-mails two years after the e-mail was sent or received.
 3. Contract Related.
 - A. All e-mails related to Agreements with Vendors, professional or consulting services providers, as well as all e-mails related to community healthcare contracts ("grants") shall be kept and maintained for four (4) years after expiration of the term in the particular agreement.
 - B. All e-mails related to any public work of improvement undertaken by the District, including without limitation new or remodeled construction projects, shall be kept by the District for 10 years after completion of the public work of improvement.
 4. Accounting and Finance. All e-mail communications between the District and its auditors, bookkeepers or financial consultants regarding district financial reports and records shall be maintained for 5 years following the close of the

Fiscal year to which each e-mail pertains.

5. Intergovernmental communications. All e-mails sent and received between the District and other governmental entities (local, state, federal) which are unrelated to any other District initiative, program or operation shall be maintained for 2 years following the date sent or received.
 6. Litigation. All e-mails related to litigation involving the District as a party shall be kept for 4 years following the date of entry of final judgment.
 7. Public Communications. All communications to and from members of the public, which are unrelated to any other District initiative, program or operation (including all public records act requests, requests for agendas, and press inquiries) shall be maintained for 3 years following the date sent or received. These may be archived on the District server after 2 years from date sent or received.
- c. The District Board shall reserve the right to periodically review and modify this retention policy on an as-needed basis. Review of this retention policy shall occur not less than quadrennially.