

ITEM 1B
PROPOSED MINUTES
COMMISSION ON STATE MANDATES
Thursday, May 12, 2005
Butte County Administration Building, Board Chambers
25 County Center Drive
Oroville, California

10:00 A. M. – PUBLIC MEETING AND HEARING

Present: Chairperson Anne Sheehan
Representative of the Director of the Department of Finance

Vice Chairperson Nicholas Smith
Representative of the State Controller

Francisco Lujano
Representative of the State Treasurer

CALL TO ORDER, ROLL CALL, INTRODUCTIONS

Chairperson Anne Sheehan called the meeting to order at 10:06 a.m.

The Chair noted that Ms. Boel, representative of the Director of the Office of Planning Research, was not able to attend as planned because of a family emergency. The Chair explained that the Commission was meeting today because Butte County filed an application for a finding of significant financial distress under section 17000.6 of the Welfare and Institutions Code. The law requires that the Commission on State Mandates first make a finding that meeting the standard of aid in that section would result in significant financial distress to the county. The Commission cannot make this finding, unless the County has made a compelling case that, absent the finding, basic county services, including public safety, cannot be maintained.

Chairperson Sheehan explained that, if the Commission makes a finding of significant financial distress, the matter will be returned to the County. The County may then hold a public hearing to ultimately determine whether to lower General Assistance aid; and if so, the extent to which such assistance will be lowered as allowed by law.

In view of the short time frames set forth in section 17000.6, the Chair explained that there are practical limitations imposed upon the Commission's role in this process. First, the Commission has not conducted a field audit of the County's finances or their programs; and second, the Commission will not substitute itself as that of a local county board of supervisors in prioritizing its resources or spending needs. The proceeding is not a county budget hearing.

Chairperson Sheehan said that fact-finding was the purpose of today's hearing. Thus, testimony will be received to assist the Commission in its task of determining whether the County's Application establishes a compelling case that basic county services cannot be maintained without a reduction in the level of aid in section 17000.5. The Commission is scheduled to adopt its preliminary decision on the Application at the May 26th meeting, and the final decision at the June 10th meeting. Both of these hearings and meetings will be in Sacramento. If the

Commission determines that a compelling case has been made, the Commission will make an ultimate finding of significant financial distress, and must then go on to determine the effective date, as well as the duration of that finding. The duration will be for a period not to exceed 36 months.

In order to provide the most efficient operation of this hearing, the Chair asked the witnesses to avoid repetitive testimony or details beyond what is necessary to supplement the written testimony before the Commission, and that the members will control the proceedings in the manner best-suited to ascertain the facts, including the enforcement of a time limitation upon witnesses, if necessary.

Shirley Opie, Project Manager, introduced the Application, noting that the County filed it on February 10, 2005. The basis for the Application is that the ongoing fiscal situation in the county has seriously impacted the ability of departments to provide services and meet increasing demands. The County's 2004-2005 budget totals \$302.9 million with the General Fund contingency of \$5.6 million. The County's average caseload for General Assistance is approximately 330 persons. The current monthly rate of General Assistance standard of aid is \$289 per month. The proposed rate, if authorized by a Commission finding of significant financial distress, is \$221 per month, which staff estimates would save the County approximately \$269,280 in General Purpose Revenue. Commission staff analyzed the County's evidence of unmet needs, its budget forecasts, efforts to constrain expenditures, flexibility in spending, flexibility in resources, and debt and cash flow.

Ms. Opie noted that when the staff analysis was issued, the County claimed approximately \$47.6 million in unmet needs, which staff reviewed for each of the departments. Some of the staff recommendations are contingent upon the County providing additional information because many of the workload indicators contained in the Application are based on the County's experience between 1999 and 2003. Staff found trends that support the County's claim of unmet needs, and recommended conditional approval of \$16,084,899. Staff also recommended that the Commission find \$8,290,839 in resource flexibility. If the County applied its total resource flexibility to the amount of unmet needs, there would be a remaining balance of \$7,794,096 in unmet needs.

Ms. Opie said that the County requested the Commission to find that it is in significant financial distress, and that the duration of the finding be for 36 months. Ms. Opie explained that, based on the County's five-year fiscal forecast for its General Fund, it appears that the County's fiscal situation may improve beginning in fiscal year 2006-2007. Therefore, staff recommended that the Commission make a finding of significant financial distress for 12 months.

Moreover, Ms. Opie stated that since the staff analysis was released, the County submitted additional information to support their underlying assertions. Staff will prepare a supplemental report to be issued before the Commission's hearing on May 26, 2005, to adopt a preliminary decision. Staff will make any necessary changes to its findings and recommendations based on analysis of the additional information submitted by the County, hearing testimony, and the Commission's direction.

Ms. Opie introduced Kim Tarvin, Dennis Mehl, Chikako Galamba, Agnieszka Yeager, and Lawana Welch of the Department of Finance, Office of State Audits and Evaluation (OSAE). The Commission contracted with OSAE to review the County's Application. In addition, OSAE prepared major portions of the staff analysis. Ms. Opie also introduced Mr. Paul McIntosh, Chief Administrative Officer for Butte County; and Ms. Shari McCracken, Deputy

Administrative Officer with Butte County's Administrative Office.

Mr. McIntosh introduced the County's witnesses, who were sworn in by Commission Executive Director Paula Higashi. Mr. McIntosh began a Power Point presentation. He noted that Butte County received two prior findings of significant financial distress, in October 1996 and December 1999. He said that Butte County would not be in front of the Commission asking for a third such designation if it was not necessary to assist the County in providing the most basic level of services to its residents. Butte County is currently suffering from \$56.5 million in unmet needs, as identified in the Application. He submitted that the supporting documentation provides compelling evidence on service delivery that falls well below adequate levels of public protection, health services, public works, general government services and education, and recreation services. These services are mandated by either state or federal law, are services that address the demands of basic health and safety of residents, or are essential to the ongoing provision of basic county services.

Mr. McIntosh explained that the root of the County's problem dates back to 1952, when the state first applied to the Federal Power Commission for a license to build and operate the Oroville Dam. When the dam was completed in 1967, the workers who moved to the County to construct the dam, now moved away from the County, leaving a huge glut of low-cost housing. This low-cost housing caused low-income individuals and their families from throughout the state to move to Butte County. Within a few years, Butte County's welfare rolls and crime rates began to climb, County expenditures began to climb, and the County had less revenue. In addition, at because the dam was constructed, the state closed a nearby investor-owned tax-paying power plant, without replacing the taxes that were lost to Butte County. Mr. McIntosh alleged that since that time, over \$50 million in property taxes were lost from that single transaction. Further, Lake Oroville provides electrical power and over 4 million-acre feet of water for users throughout California, and is directly responsible for billions of dollars in economic activity on an annual basis in the state. But, to Butte County, this project is a black hole in the County's budget because it sucks resources from the community, without mitigation.

Mr. McIntosh contended that the circumstances causing financial distress and decline of basic service levels are largely beyond the powers of the County to control, such as the state-imposed shift of property tax revenues to the Educational Revenue Augmentation Fund that reduce county discretionary revenues, ongoing raids of local revenues by the state to balance the state budget; lack of reimbursement from the state for state mandates; minimal ability to raise revenue locally; minimal control over state-mandated programs; and minimal ability to change organization structure and service delivery in cost-effective ways.

Mr. McIntosh provided an overview of the major efficiency measures aimed at enhancing revenues and controlling expenditures, including: (1) a hiring freeze in December 2003 and a voluntary furlough program; (2) installation of solar power arrays that generate energy cost-savings of about \$317,000 a year, at no capital outlay cost to the County; (3) an agreement between the department heads and assistant department heads to freeze their salaries and forego an increase in 2004; (4) issuance of \$56 million in pension obligation bonds to buy down the County's liability; (5) advanced-funded worker's compensation liability to fix workers' compensation costs over the next two years and to buy down the costs of coverage, (6) adoption of a comprehensive service and impact fee policy in fiscal year 2004 to bring the policy closer to full-cost recovery for all services where legally allowed; (7) stripping of equipment replacement funds in the 2005 budget year to reduce the budget gap related to the state's borrowing of local revenues; and (8) elimination of 105 positions.

Mr. McIntosh noted that the staff analysis, dated May 3, 2005, finds that Butte County made a compelling case of significant financial distress. He disagreed with the staff recommendation that the Commission only make the finding for a period of 12 months. He stated that there was no objective basis in the Welfare and Institutions Code or in the Commission's regulations against which the Commission may predict that in the next three years things will improve. He argued that testimony and written responses would demonstrate that the County's appropriation for contingency is based on a conscious decision to keep decision-making in the hands of the Board of Supervisors. He also noted that there is no gain in flexibility, only a decrease in specific budget allocations among departments due to a decrease in revenues, not a decrease in needs.

Commission staff found that the County's unmet needs and basic county services decreased only slightly, from \$17.2 million documented in 1999, to \$16.1 million today. Mr. McIntosh asked if this was a true indication that Butte County's financial condition improved. He said that, at the rate of reduction of unmet needs as identified by Commission staff, the County can look forward to meeting all unmet needs by 2020, all other things remaining the same.

Mr. McIntosh said that the department heads would provide further evidence to support unmet needs that have been conditionally approved or disallowed in the staff analysis. He stated that the County's Application and department presentations provide compelling evidence that service delivery is below acceptable levels and that overall, County flexibility and resources are insufficient to address those needs. He urged the Commission to support the County's request for a finding of significant financial distress and to extend that finding for the next three years.

Chairperson Sheehan asked Mr. McIntosh if the Commission finds that Butte County is significantly financially distressed, how the County plans on spending the savings that would result from potential General Assistance reduction? Mr. McIntosh replied that the County would consider that in the budget hearings, which would be held next month. He said that the "predominant pleasure" of the Board was to put increased savings or revenue flexibility into public safety. Last year, the County identified a gap of nearly \$10 million. He stated that as Commission staff explained in the staff analysis, the County uses a net county cost approach to budgeting. The amount of available revenue is identified, is allocated departments, who are asked to prepare a budget that meets that net county cost. If there is additional revenue, the Board can allocate it accordingly. Mr. McIntosh said that 85 percent of the additional revenues that were generated last year went to public safety. He speculated that if additional flexibility were granted to the County, the money would go to public safety.

Chairperson Sheehan asked what the process was for prioritizing within public safety. Mr. McIntosh replied that that is the yin and yang of the budgeting process. Last year, the vast majority of the money went to the Sheriff's Office, and the remainder was allocated to the District Attorney, Fire, and Probation. The County still had to cut 105 positions, net, throughout the County, with the majority of the position cuts within the Probation Department. The County also closed a wing of the Juvenile Hall. He stated that there are significant levels of unmet need in all of those departments. Therefore, Mr. McIntosh could not speculate exactly where that money would go.

The Chair asked a question for clarification. In 1999 the unmet needs identified by staff were \$17.6 million, and this year they were \$16.8 million. She asked Mr. McIntosh what the total available revenues were in 1999, compared to this year. Mr. McIntosh responded that

Ms. McCracken would research it and get the number.

Chairperson Sheehan noted that the contingency fund available to the County seems a little high and that there may be some flexibility there. She asked if the County considered reducing the contingency fund in order to address part of the problem. Mr. McIntosh replied that one of the anomalies of the contingency that is not pointed out in the staff analysis is the ongoing labor relations negotiations. As opposed to appropriating that money within the department budgets until negotiations are completed, the money is saved in the contingency and then allocated during the course of the year, when those costs are actually known. Thus, the contingency looks a little higher than it actually is.

The Chair commented that County managers and supervisors took a salary freeze. She asked Mr. McIntosh to provide, or share with the Commission, some of the retirement benefit increase, health benefit increases, or salary increases for County workers over the past five years. Mr. McIntosh said that they would provide that information. He went on to say that two years ago, there were no salary increases, and there was an 18 percent increase in employee health insurance costs that were picked up by the County. In 2004-2005, there was a 25 percent increase in health insurance costs, which were picked up by the County. Employees received a one percent cost-of-living adjustment.

Chairperson Sheehan confirmed that the County picked up the entire cost of the increased health insurance and asked if it was the same case for retirement contributions. Mr. McIntosh replied that retirement contributions remained fixed for the last four years and that he would get the Commission the exact numbers. Mr. Houser confirmed two percent at 55 and three percent at 54 for public safety, consistent with what the state did under SB 400.

The Chair confirmed that the County would provide the total to the county as a result of that increase in the benefits. She also asked the County to provide vacancies in each department and the duration of those vacancies, especially the ones that have been vacant for over six months. Mr. McIntosh agreed to provide the numbers.

Chairperson Sheehan asked how the salary savings from the vacancies are being used. Mr. McIntosh replied that the salary savings roll back into the department, or at the end of the year, roll back into the County's fund balance for reappropriation. Departments can move money within their budget, with some limitations. If there are additional expenditures that need to be made and salary savings are achieved or realized, they cover the costs within their appropriations before coming back to the County's contingency fund.

The Chair confirmed that before accessing the contingency, they first have to demonstrate how they cannot meet expenditures within their current budgeted resources.

Member Smith asked Mr. McIntosh, if, based on previous experience, close to \$60 is cut to some of the poorest of the poor in the community, such that sometimes they have to make a decision between food or drugs. He also asked if this cost resurfaces somewhere else in social programs, hospital costs, or homeless shelters, and whether there was a rise in crime when the General Assistance was cut in 1996. Mr. McIntosh replied that, given the level of recipients, it is difficult to statistically demonstrate. As pointed out in testimony, there are over 310 recipients on an annual basis. He could not speculate as to whether one of them was arrested because of lower General Assistance benefits. He did state, however, that the cost of living in this community is lower than in major urban areas. Those cost savings may appear in other areas,

but, predominantly, the need in Butte County is for public safety.

Member Lujano asked Mr. McIntosh how many General Assistance recipients left the county after there was a reduction in the benefit. Mr. McIntosh responded that the Director of Employment and Social Services indicated that they do not track that information.

Chairperson Sheehan clarified that the County has caseload numbers that go back. Mr. McIntosh confirmed that they have the number of cases. But, they cannot speculate on whether or not the recipients left the County or found employment or decided just not to apply.

Member Lujano asked Mr. McIntosh about the cost of the application process to Butte County. Mr. McIntosh speculated that it costs \$180,000 in staff time to go through this process. The County commented earlier on proposed legislation to shift responsibility for this hearing process and the staffing process, acknowledging that the state spends a considerable amount of time and money as well.

Chairperson Sheehan asked if there is a profile of the County's General Assistance recipients, such as a breakdown of gender and age that could be provided to the Commission. Mr. McIntosh replied that they would get that information.

DISTRICT ATTORNEY

Mr. McIntosh introduced Mike Ramsey, the District Attorney. Mr. Ramsey contended that his mission is hampered by the lack of resources, and that it is not only in his office, but other county departments, such as the Fire Department, where he depends upon investigators for arsons. And, Butte County has more than twice the crime rate, in terms of arsons, than the state average. He assessed that the County has insufficient numbers of deputy sheriffs, and peace officers, for the thousands of citizens of Butte County, which means a lack of good and complete investigations that drive up costs in the courts. There is also a lack of probation officers, which means a lack of supervision and a higher recidivism rate. He said that documentation indicates that there is no unmet need in the Public Defenders Office. However, Mr. Ramsey claimed that he has difficulties in getting cases to trial because of an overwhelmed Public Defender system. When he cannot get a case to trial because the Public Defender is not ready, that case is continued. A recent study indicated that the criminal justice system is in grave difficulty with all of the continuances. He added that witnesses are list when a case is continued.

Mr. Ramsey stated that the lack of resources in the District Attorney's Office, more so than others in a criminal justice arena, is people-driven. He does not have the fleet problems that the Sheriff has with patrol cars or that the Fire Department has for lack of equipment and lack of engines. His lack is in deputy prosecutors, investigators, and clerical staff. In 1999, the Commission recognized that the District Attorney's Office had an unmet need of five deputy prosecutors.

Mr. Ramsey claimed that they are in the same situation six years later. They have added only one General funded deputy in the last six years, which was specifically at the Board of Supervisors level for gangs. Mr. Ramsey said that key caseload indicators show that there are now 40 felony gang cases, up from 14 cases, over a thousand percent increase. And, for the first third of this year, the 25 cases that they have would exceed what they had in 2004.

Mr. Ramsey pointed out that Commission staff observed that the misdemeanors seem to be leveling off or perhaps decreasing slightly. He stated that it was the result of trying to shift the

misdemeanor caseload over to a "direct file" policy, where agencies directly file minor misdemeanors and traffic offenses with the court. A majority of people plead at that point, so a deputy prosecutor is not required to open or review a file. Rather a file is opened when people "not guilty" in an effort to reduce expenses.

Mr. Ramsey asked the Commission to consider substituting the misdemeanor deputy for a gang deputy because there are too many cases for one deputy to handle, particularly because they have had a recent spate of gang-related homicides, which he argued are extremely time-intensive.

Mr. Ramsey noted that Commission staff also asked if the domestic violence trend is going up or down. He said that felony domestic violence continues to increase. Domestic violence cases will exceed 400, which would justify an additional deputy. Mr. Ramsey said that, in particular, elder financial theft is increasing by over one thousand percent. Butte County has 50 percent more than the state average in terms of elders (65 or older). The County's caseload indicators show a substantial increase in elder abuse, including financial elder abuse.

In response to staff questions, Mr. Ramsey said that while adult sexual abuse has decreased, child abuse, elder physical abuse, and stalking, has increased substantially. Thus, they do have a need for an additional deputy in the Special Victims Unit, which currently consists of four Deputy District Attorneys.

Mr. Ramsey also discussed the Drug Endangered Children (DEC) program. The DEC program is a program that started in Butte County and is now a nationwide program that is collaboration between the Department of Employment and Social Services, Welfare Department, Child Protective Services (CPS) Division, narcotics officers, and the District Attorney's Office. They concentrate on the victims of drug abuse. Methamphetamine is the drug of choice in Butte County and it drives a lot of their crime and abuse, particularly towards elders and children.

Mr. Ramsey indicated that the County rescued 45 children from abusive environments in 1999, 89 in 2000, and 331 in 2004.

Mr. Ramsey also explained that the DEC prosecution caseload has increased substantially from nine cases in 1999 to 70 cases in 2004, and 78 cases in 2005.

Mr. Ramsey noted that one of the things that Butte County has successfully to save resources is to collaborate among agencies. DEC and the County's Child Abuse Response Team are two examples of that collaboration.

Regarding the increase in gang activity, Chairperson Sheehan asked Mr. Ramsey if the County was working with the Attorney General's (AG) office or fellow DA's in the geographic region to address the problem. Mr. Ramsey responded that the AG's Bureau of Narcotics Enforcement sponsors the County's Narcotics Task Force that acts as the lead agency in a number of sweeps in gang areas.

The Chair asked if they have provided additional resources to team with them in some of these cases. In terms of prosecution, Mr. Ramsey stated that there are no additional resources. But, in terms of the gang problem, they collaborate with the probation department, the Sheriff's Department, the FBI, and all of the various law enforcement agencies, usually about twice a year in what is called the "Stop" Program.

Chairperson Sheehan asked if Mr. Ramsey has looked at any additional resources, such as, grants, either from state or federal government that could help with some of these efforts. Mr.

Ramsey replied that about 20 percent of the DA's budget is based on grants. Between \$700,000 to \$900,000 dollars is supported by various grants. He added that grants come and go and that the granting agencies many times give only seed money to get a program started. Theoretically, by the end of the grant period, resources catch up. He contended however, that is not the situation in Butte County.

Ms. Opie noted that in the additional DA's documentation the County submitted in response to the staff analysis, there is a footnote that indicates the number of permanent attorney positions funded from General Purpose Revenue. This note was not in the Application. She asked why it was specifically noted. Mr. Ramsey responded that they were asked to specifically target General-Funded attorneys, which does not include grant attorneys.

In response to Ms. Opie's request to get the number of positions currently funded from grants, Mr. Ramsey replied that he would provide the overall number by the end of the day.

Ms. Higashi asked Mr. Ramsey to provide paper copies of the Power Point presentation because some of the slides included tables that could be useful good for comparison purposes. Mr. Ramsey replied that he would provide copies.

Member Lujano asked if any of the children rescued under the DEC program were from households receiving General Assistance. Mr. Ramsey replied that is not something they capture. He stated that a number of the rescues impact the CPS and the welfare system because they are partners who go out with the narcotics officers and see the house. This is one of the driving factors in terms of foster care; these children are most often put in foster care.

Member Lujano asked whether there are numbers on the identified gang members that may come from houses or homes receiving General Assistance. Mr. Ramsey replied that there were mostly likely none. Juvenile gang members, come from houses that are receiving CalWORKS money, the old AFDC. As stated previously General Assistance is typically provided to single men with no children.

Member Lujano asked what the fraud rate is for homes receiving General Assistance, and whether there was a program to deal with that problem. Mr. Ramsey replied that they have a welfare fraud program directed mostly at the CalWORKS program.

Member Lujano asked if there is a reason for the increase in gang activity. Mr. Ramsey replied that there is an increase, particularly in the Sureño gang member population relocating from Southern California. The Norteño and Sureño gangs are rivals; hence the increase in violence.

FIRE DEPARTMENT

Mr. McIntosh introduced Henri Brachais, Chief Deputy Fire Chief of Butte County.

Mr. Brachais explained that Butte County contracts with the California Department of Forestry and Fire Protection (CDF) for fire services to operate the Butte County Fire Department. Butte County Fire operates a fully integrated combination career and volunteer department, providing services from 12 county career-staffed stations, 12 county volunteer staffed stations, and 10 CDF fire stations. The mission of the Butte County Fire Department is to protect the citizens of Butte County from all types of emergencies, so the County provides full fire suppression and rescue services, emergency medical services at the basic life support level, emergency dispatching and communications, including emergency medical dispatching (EMD); training for career and volunteer staff; fire prevention services, including weed abatement; fire prevention planning; and

fire and arson investigation services. And, the Butte County Fire Department also operates, through a joint powers authority (JPA), a hazardous materials unit.

Mr. Brachais stated that the department has many unmet needs and is currently operating at a deficit of approximately \$1.8 million. Next year, they are being asked to operate at about a \$900,000 deficit. The department's most important issues are the three fire apparatus engineer positions lost in last year's budget cuts, two at North Chico and one engineer for the hazardous materials (HAZMAT) unit.

Mr. Brachais noted that the staff analysis denied hazardous materials position because of the reduction in the number of HAZMAT incidents. Although HAZMAT incidents have decreased, the workload of maintaining the HAZMAT unit has not. Each HAZMAT unit and incident is unique, because it requires large amounts of specialized equipment, which must be ready to use at all times. He explained that, following each use, it must be tested and made ready for the next incident or replaced. And that is very time-consuming because it is a Type 2 hazardous materials unit. They are working towards a Type 1 that requires a larger amount of equipment. He continued that the additional engineer also allows them to staff the unit without down staffing the engine when it goes on a response. When the engine is down staffed to send the HAZMAT unit on a response, then another engine, from another area, has to come in and cover the area, uncovering another community. He stressed that that engineer is really an important part of their operation.

Mr. Brachias contended that the \$87,000 in unmet need includes the volunteer stipend fund that is used to reimburse volunteers for out-of-pocket expenses in wear and tear on their vehicle for each response that they go to. This year, they were authorized 430 volunteer positions. Currently 180 are filled. Even with the reduced numbers, the budget cannot provide the payment to those volunteer firefighters at the current level. The Fire Department received a grant from the Indian Gaming Commission of \$41,000 this year, which was applied to the reimbursement and volunteer fuel fund, making made up the current difference in shortfall in that need.

Mr. Brachias stated that the equipment replacement fund of \$1,519,000 was liquidated in this fiscal year because of the County's fiscal distress. Currently, there is no plan for equipment replacement or funding for the Fire Department. The department has not placed a new career-staffed fire engine or fire truck in service since 2002. He explained that the current equipment unmet needs are: one engine, two command vehicles, one mechanic vehicle, a utility vehicle for 2004-2005; and two engines, two command vehicles and a utility vehicle for 2005-2006.

He stated that this past year, the department had the opportunity to jointly fund a 100-foot ladder truck with the City of Gridley. Because of fiscal constraints and the liquidation of the equipment replacement fund, that opportunity may have passed.

Mr. Brachias also explained that unmet needs include one arson and fire investigator and one battalion chief. And, they identified a new unmet need for six additional firefighter II positions to maintain two-person minimum staffing on all career engines when firefighters are taking vacation, on training assignments or taking sick leave. If the department had those positions, it would not have to pay overtime to higher paid level II firefighters, fire apparatus engineers or fire captains that replace fire personnel who are sick or on vacation.

Chairperson Sheehan said that she assumes that he understands that it is cheaper to pay the overtime to the current ones. Mr. Brachias responded that is correct the replacement personnel are paid at the same level. For example, if a firefighter earns \$10 an hour and the department

must hire an engineer or a captain at their overtime rate to replace the firefighter, it will cost the County more. They have a very limited number of level II firefighters and a larger number of engineers and captains.

The Chair asked Mr. Brachias to explain the reason for the staffing ratios. Mr. Brachias replied that, with under the CDF contract, there are state-funded positions and County-funded positions.

Only the County funds the firefighter II positions, which are used only at the County-staffed stations. In contrast, captains and engineers and firefighters that are available from the state side of the department can be used at both county-staffed and state-staffed stations.

The Chair asked about the flexibility for the state positions. Mr. Brachias replied that the state allocates the positions and levels. If the County funds a position, they go to the state with a duty statement and the state approves or denies it.

In response to Ms. Opie's request, Mr. Brachias repeated that their equipment needs for the current year are one engine, two command vehicles, one mechanic vehicle, and one utility vehicle.

Mr. Mehl asked how the department's performance indicators would differ with additional equipment. And, Chairperson Sheehan asked how the performance indicators changed as a result of not having those needs met.

Mr. Brachias said that they still respond to every incident. The difference is the number of firefighters that arrive within the prescribed time frames of nationally-recognized requirements. They do not have a response time of four firepersons on the scene of every incident within eight minutes because of the rural atmosphere and the location of the stations. He also stated that newer equipment provides for a safer atmosphere and working atmosphere for the firefighters and less downtime. Some equipment has close to 100,000 miles, which requires high maintenance. He indicated that Cal-OSHA and OSHA regulations have changed, increasing the cost of fire department services. Now there must be four persons to enter the scene; two to go in and make a rescue, and two outside, in case of an emergency for the two that entered the scene.

Mr. McIntosh added that the memorandum of understanding, which was recently adopted resulted in multimillion-dollar increases in the salary and benefit contracts without increasing the allocation of apparatus, fire stations, or firefighters. As a result, the County had to make several cuts in fire services last year.

Chairperson Sheehan asked about flexibility in how the contract works with the state.

Mr. McIntosh replied that the County has contracted with an individual to look at the contractual relationship with CDF. That report is nearly complete. The Chair commented that it would be helpful for Commission staff to have a report back regarding the matter.

PROBATION

Mr. McIntosh introduced John Wardell, Chief Probation Officer, and Steve Ellen, Assistant Probation Officer. Mr. Wardell submitted a letter to County law enforcement concerning the closure of a 20-bed pod at Juvenile Hall. He pointed out that there was an increase in the cost of opening up that pod that differs from what was originally submitted to the Commission.

Chairperson Sheehan asked where those individuals are being housed.

Mr. Wardell replied that they are not being housed. He explained that they cannot go over the cap of 60 beds because of the budget. The Board of Corrections indicates that anytime a hall is at 80 percent capacity, it is considered full. The County leaves three or four beds available going

into any holiday or weekend. Then, at the end of each week, they “push out” the offenders with less serious crimes and keep the more violent offenders in the hall. Thus, not all juveniles that should be in the Juvenile Hall are retained there.

The Chair asked about juvenile offenses. In response, Mr. Wardell read from the letter to County Law Enforcement that outlines the procedures for early release of juveniles due to reduction in beds. In response to the Chair’s question about whether "EMP" is probation, Mr. Wardell confirmed that EMP is probation. It is an 8:00 to 5:00 – Monday through Friday program that allows the County to supervise 15 juveniles per officer through an electronic device attached to an ankle.

Discussion followed about juvenile knowledge of the EMP and overcrowding at juvenile hall. Mr. Ellen noted that a child that is not abiding by his curfew, going to school, or providing positive drug tests is no longer detained and is not held accountable for his or her rehabilitation.

Chairperson Sheehan inquired about whether changes in Youth Authority programs would make the situation worse or will funding come from them. Mr. Wardell expressed hope that Youth Authority changes come with funding. Concerning the realignment to shift parole to the local level, the initial talks have been positive because it will likely help locally, depending on the dollar amount.

The Chair asked for clarification of the multiplier 14 the County used to support the number of beds in its response to the staff analysis. Mr. Ellen said that there is an error in their response. The number given for the average length of stay is a combination of the female length of stay and the male length of stay. The actual length of stay is 14.2.

In response to Mr. Mehl's question about why the decision was made to close 20 beds, Mr. Wardell explained that there was a certain amount of revenue available and cuts had to be made. Mr. McIntosh added that new Juvenile Hall, allowed them to increase from 60 to 80 beds. However, they only maintained the 80 beds for one year before being forced to reduce the beds back to 60.

Chairperson Sheehan asked if the County had prevention-type grants to work with at-risk kids. Mr. Wardell responded that the County is involved in a number of community collaborations to address intervention and prevention, including the Boys and Girls Club.

In response to the Chair’s question about how many juveniles’ offenses are gang-related, Mr. Wardell explained that they are seeing an increase in gang activity that probably parallels the same thing that Mr. Ramsey presented. They have 65 to 70 identified gang members that have been accused of offenses with gang enhancements. Mr. Ellen added that there are many juveniles that identify with gangs but have not been convicted of gang-related offenses. The department asked for additional gang supervision support in their rebuttal.

SHERIFF-CORONER

Mr. McIntosh introduced Perry Reniff, the Sheriff-Coroner, and Derek Ralston, a sergeant in the Sheriff's Department. He mentioned that the County is doing a compensation study.

Mr. McIntosh confirmed that it would be complete in July or August.

Mr. Reniff noted that there are only a few items that are in dispute. He disagreed with spreading out payments of \$34,000 a year, over the space of 50 years, for the evidence facility. Most projects require 25 percent down, with a 75 percent construction loan. With 25 percent down, it would come to about \$539,000 the first year, with a balloon at the end of five years of approximately a million dollars. He also took issue with staff’s recommendation on the morgue

facility. Butte County is the largest county north of Sacramento. In 2005, the California Department of Health Services' health status profile indicated that the death rate for Butte County has more than doubled, and that autopsies have more than doubled over the next closest county with a morgue facility. The County's pathologist travels throughout the different funeral homes, attempting to complete autopsies in antiquated facilities.

Mr. Reniff stated that they also face overcrowding in the County jail. The County has completed a criminal justice assessment that suggests a procedure of "own recognizance" release for minor offenses. Mr. Reniff stated that the County's Application shows how many bed days could be saved through this program. In the original submittal, the County requested seven additional staff to run the program. Since that time, they reduced the number of positions to four correctional technicians based on time and motion studies. The cost would be about \$194,000.

Mr. Reniff said that since the original submission, the state Board of Corrections conducted its annual inspection and recommended hiring seven additional correctional officers and five additional technical positions for an increased cost of \$752,000. He went on to discuss the impact of overtime.

He noted Commission staff's request for additional information in reference to statistics over the last few years, which was provided from 2002 to 2004. The information shows an increase in calls for service of approximately nine percent, from 41,000 to 45,000; and increase in reports taken of approximately nine percent; a 13 percent increase in arrests, and a 3.5 percent increase in major felonies. He also noted that they incorrectly estimated 212,000 as the population in the County. The Department of Finance's May 3, 2005 population estimate shows a population of 214,000 in Butte County.

In response to staff's questions about the need for 200 vehicles, Mr. Reniff discussed the types of vehicles that are used and how they use old vehicles for parts. He stated that the County "runs our fleet into the ground." Some vehicles that have over 200,000 miles are used in emergencies for the canine unit.

Mr. Reniff stated that the contract for inmate medical care would probably go from \$1.8 million, to \$2.4 million. In response to Chairperson Sheehan's inquiry about the contractor, Mr. Reniff replied that currently, it is the California Forensic Medical Group, but the County will go out to bid.

Ms. Higashi asked Mr. Reniff to provide the Commission with the criminal justice assessment study that he mentioned earlier. Chairperson Sheehan confirmed that the compensation study would be completed late July or early August. Mr. McIntosh added that for the last three years, the County has been conducting a countywide comprehensive classification and compensation study. The County recently adopted new job classifications, and is conducting the compensation study phase. Once the costs are known, the county will develop an implementation strategy.

Mr. Reniff commented that it is extremely hard to recruit and retain deputy sheriffs, correctional officers and dispatchers. A top-step deputy can make \$18,000 more in the City of Chico. Over the next two years, the Yuba City Police Department will be paying their staff patrol officer \$20,000 more than the County of Butte pays their deputy sheriffs. The County cannot fill vacant positions because of the difference in compensation.

Chairperson Sheehan asked if the County looked at other types of financing for the evidence facility, such as bond financing. She noted that the County has a good bond rating.

Mr. McIntosh replied that County could not find the money to pay off bonds to finance the

evidence facility and the morgue facility. He acknowledged that the County's only debt is a couple million dollars in outstanding certificates of participation for the court facility.

The Chair asked if they had their own mortuary, could neighboring counties or jurisdictions use it. Mr. Reniff responded that, with a central morgue facility, they could very easily take the burden off surrounding counties. The Chair commented that the County could generate some revenue.

Mr. McIntosh stated that there are a number of areas within the law enforcement community where they are looking at collaborative efforts. They have several pending applications with the federal government on Homeland Security to expand their communications network, for interoperability with other law enforcement agencies throughout this region. And, because Butte County is now the largest employer with the largest population north of Sacramento, they are trying to be a regional resource to smaller counties. The federal government will fund those types of opportunities.

Chairperson Sheehan said that she appreciated the additional information and responsiveness to some of the issues that staff had raised.

DEVELOPMENT SERVICES

Mr. McIntosh introduced Yvonne Christopher, Director of the Development Services Department.

Ms. Christopher explained Development Services' role in the County. She noted that they added an unmet need that was not identified initially for updating the General Plan. Once a primary update is complete, they will move onto the more costly and laborious policy update, which will include an environmental impact report. She stated that they have a new, unfunded expectation of approximately three to five million dollars for the General Plan update. The update cannot be postponed because of the increase in development pressures in Butte County. She asked for reconsideration for long-range planning staff.

Ms. Christopher disagreed with staff's recommendation that because the geographic information system (GIS) team is moving out of her department that it is not necessary. The team provides countywide GIS, including the 911 system, and emergency services to the DA, the sheriff, and others. Last year, the department received a \$5,000 grant to set up digital addressing. They have not found a way to keep up that addressing layer, which is critical to all of these functions, for dispatch through 911, for accurate addressing, for sheriff response and fire. SBC and other outside firms also rely on the addressing. GIS, in general, has really become, and will continue to become even more the center point of information for the county, as they continue to add information, or layers. They are currently at about 170 layers that are maintained by a staff of four.

Chairperson Sheehan asked how many positions she wants to hire for the General Plan update. Ms. Christopher replied two. The Chair asked if current staff would be used to do any of that work. Ms. Christopher responded that she would move some of the current planners that have a history of the county into long-range planning.

Ms. Higashi asked when the 2005-2006 would be to the Board of Supervisors. Ms. Christopher replied that they would have to amend it because they were not sure what phase they would be moving forward with when they prepared the budget about six months ago.

In response to the Chair, Ms. Christopher confirmed that the request would be for two positions and some contracts. Mr. McIntosh added that that would be in addition to the anticipated

contract cost and the first year increment of that contract.

Chairperson Sheehan asked about vacant positions.

Ms. Christopher replied that she has probably at seven or eight, out of a Department of 45.

Chairperson Sheehan commented that she noticed that the housing element of the plan was updated recently. Ms. Christopher confirmed that it was last year and added that the rest needs to be updated because they have never been updated.

WATER AND RESOURCE CONSERVATION

Mr. McIntosh introduced Eddie Craddock, Director of Water and Resource Conservation.

Mr. Craddock asked the Commission to reconsider what is related to the AB 3030 Groundwater Management Planning Act. He stated that counties are not mandated to do that plan, however, the County must have a groundwater management plan for state funding grants or loans. He agreed with the recommendation for disapproval of \$150,000 for additional staff because they received another grant that will cover those costs for the next couple of years.

Chairperson Sheehan asked for the total cost of the AB 3030 plan and what it is budgeted for this year. Mr. Craddock replied that it would cost about \$1.3 million per year to implement it over the next five years. The Chair asked for some examples of some of the larger costs of that implementation. Mr. Craddock replied that the larger costs would be feasibility studies, developing a conduit for surface water, identifying where groundwater could be recharged in certain recharge zones on the east side of the valley and a drilling test. Mr. McIntosh added that what the County does not know yet is exactly what, how, and when to recharge the aquifer. They need to do the study on the recharge before they can put the infrastructure in to accomplish that.

The Chair asked about potential fee usage options or options for revenue to help fund some of this. Mr. McIntosh responded that there is very little available because the ownership of the water belongs to the property owner above, on top of the ground. The County does not have rights to the water under California law, but, the County recognizes it as a resource, not just to Butte County, but also to the entire state. Mr. Craddock commented that spending \$50,000 a year on outreach is a small expenditure for talking about educating the public about water, and trying to bring consensus on water issues. He said it costs almost \$50,000 a year just to support the Water Commission's open meetings costs.

RESOURCE FLEXIBILITY

Mr. McIntosh said that the County had concerns regarding staff's understanding of the resource flexibility and there were some comments in the report that they'd like to rebut. He introduced David Houser, the Auditor-Controller.

Mr. Houser said that the County disagrees with the staff finding, that the appropriations for contingencies can be viewed as a flexible resource. Key to this discussion is that the County has no General Fund reserves that can be used in time of emergency. Appropriations for contingency are the only source of funds available when unplanned needs arise after the adoption of the final budget. The County uses the contingencies fund as a short-term financing tool for unplanned budgetary items to cover the immediate cost while a plan is put in place for the long-term. Any funds used out of contingency in one year must be replaced in future years. In essence, they are one-time monies.

Mr. Houser continued that contingencies are needed for cash flow purposes, so that the treasurer has sufficient monies to pay County bills. The County's major sources of revenue do not come in on a regular basis. For example the County has concerns regarding the state-imposed property tax-vehicle license fee-sales tax funding mechanism (the "triple flip") and the monies that normally come in on a regular monthly basis. General accounting principles and state guidelines suggest a contingency fund of three to five percent of the County's annual budget. He stated that Butte County's contingency amounts to about three and a half percent for the General Fund portion of the annual budget, which is not adequate for a budget that exceeds \$300 million. Also, the gap in expenditures and income and resources are dealt with through contingencies. He summarized by saying that the County relies entirely on the appropriation of contingencies to cover emergencies that arise during the year where sufficient funds are not available in department budgets. The County feels that it would be fiscally irresponsible to eliminate this minimal level of funding available for emergencies and unforeseen events, and requests that the Commission reconsider its finding of resource flexibility in this area.

Chairperson Sheehan asked if anything changed or has the County received or is it scheduled to receive any additional funding that was not identified in the 2004-2005 budget for critical or emergencies, or anything that has come in subsequent to that. Mr. Houser replied that nothing has been identified that is additional or significant that changes the plan. However, in any budget plan, there are fluctuations and changes that occur during the year.

The Chair commented that counties would now be receiving Proposition 63 money. She asked how those funds will be used and accounted for. Mr. McIntosh responded that those monies cannot be used to supplant current program needs. Those monies can only be used to expand specific programs as specified in Proposition 63. He said that the County is expecting about \$150,000 to \$200,000 in planning money. Once that plan is in place, they are projecting an additional \$2 million a year.

Chairperson Sheehan asked if the County plans to use the VLF money that is owed to the County for the solar project? Mr. McIntosh said that they have \$4.3 million of gap funds that are owed. They are looking at a Phase 2 of solar energy. The Phase I cost, \$8.4 million and \$4.2 million, was rebated by PG&E. The remaining \$4.2 million was funded by a loan. The County estimates that Phase 2 would be about the same cost. They have applied to PG&E for the rebates for about \$4.2 million of the cost. Mr. McIntosh explained that they are considering using the gap money to pay for that cost to create an ongoing, immediate savings in the General Fund. Or, use that money to replace and restore replacement funds and reserves that they used last year in the gap financing, and finance the second half of Phase 2 through traditional financing, and pay for that through the avoided energy cost. Mr. McIntosh is recommending that the gap money pay for Phase 2, freeing up ongoing real additional money. The Board of Supervisors is hesitant to do that because they recognize the importance of restoring the vehicle replacement and equipment replacement funds that were depleted last year.

In response to the Chair's question about the savings that would result from the second phase, Mr. McIntosh replied about \$325,000 a year. His argument back to the Board is, if they are able to free up some additional leverage and some additional funds in the General Fund, they can accomplish vehicle replacement. Chairperson Sheehan asked when the decision would be made. Mr. McIntosh responded that they have awarded a contract to PowerLight Corporation, contingent upon receipt of the lottery rebates from PG&E.

Member Smith asked for clarification about the potential savings indicated in the report,

\$269,000, and the element of GA benefits that are reimbursed by the state and federal governments and if there is any disagreement about the amount. Cathi Grams, Director of Employment and Social Services, responded that they are reimbursed from SSI for those applicants that had SSI pending. She clarified that there is no disagreement with Legal Services of Northern California about the amount that they put forward, that the County collects from SSI. Regarding the demographics of the GA population, she said that, historically, it is primarily single adult males. There are no children on General Assistance. Approximately 56 percent have SSI pending, 32 percent are considered temporarily disabled, which is expected to last less than a year, and 11 percent are employable.

Chairperson Sheehan asked if there are any additional post-Application changes to the budget or unmet needs that were not been presented at the hearing. Mr. McIntosh replied “not to my knowledge.”

COUNTY CLOSING COMMENTS

Before moving to Public Comment, Mr. McIntosh made his closing comments. He noted that the County received the last designation in 1999, and it was good through 2002. The County made a conscious decision in 2002 not to reapply at that time because it believed it was on the right track. He contended that they have done everything they possibly can on their own. He reiterated the impact of state decisions on county finances. The budget that will be presented next month is basically a status quo budget that demonstrates that they have bottomed out and can start moving in the right direction. But because of the accumulated amount of unmet needs and an accumulated amount of back-needs, it is going to take years to move out of this. He urged the Commission to look at more than a 12-month designation; that the designation be made for 36-months.

PUBLIC COMMENT

Jennifer Haffner, staff attorney with Legal Services of Northern California, remarked that under the Welfare and Institutions Code, 17000.6, there are only limited situations where a county is allowed to lower this General Assistance grant level. It has to be a significant financial distress; and the county must present a compelling case of this financial distress. They must prove that basic county services, including public safety, cannot be maintained. And the standard is clear and convincing evidence, which is an extremely high standard. She emphasized that the reason this standard is so high is because we are talking about a very vulnerable population. The people that receive the GA funds are the most desperate and impoverished people here in the County. She said that the Legislature wanted to be very sure that we take a very careful look, which the Commission is obviously doing with its questions. She disagreed with the potential savings of \$269,000 because part of the money gets reimbursed from state and federal disability payments. It gets paid back by those former GA recipients with federal and state disability funds. In their response to Legal Services, the County agreed that it was about \$360,000 per year, for fiscal year 2004-2005, that was going to be recovered, which is about a 30 percent recovery rate. Ms. Haffner contended that the actual savings is going to be around \$189,000. She questioned how this is going to benefit the County at all, given that it has already spent \$180,000, which is less than one half of a percent of that \$56.5 million in unmet needs. Further, the County wants to cut the benefit level, but they're not offering any additional services. Ms. Haffner stated if the County is going to cut this benefit to these people that are already so low and impoverished, then they're going to require further direct services now from the County. That is going to cost the

County more money in jails, because people who are homeless tend to be put in jail. They have faced cuts in food stamps. The GA population is usually eligible for the County program for health insurance, CMSP, which has been cut. Now, there is a further reduction in their GA level.

Ms. Haffner contended that if the unmet need is \$56.5 million, "we're recouping maybe \$180,000, it just doesn't seem to balance that we're cutting 23 percent from the poorest of the poor, to save a drop in the bucket. But to look to the poorest of the poor to cover that problem just doesn't seem to make sense to me."

Member Smith asked Mr. McIntosh to respond to the savings issue and the reimbursements. Mr. McIntosh said that this Commission's finding doesn't necessarily mean that those grants will be reduced. That's an issue that has yet to be decided. That's up to the Board of Supervisors, based on a finding of significant financial distress. The Board of Supervisors then has the authority under Welfare and Institutions Code to reduce that grant. He argued that this is an argument that basically should be reserved for that action.

Chairperson Sheehan asked if anybody wanted to address the issue of the reimbursement. Ms. McCracken said that they would do the math.

Mr. Mehl asked Ms. Haffner if she would expand a little bit on what she thinks "significant financial distress" is and what is "clear and convincing evidence." Ms. Haffner replied that she has read some cases and noted that Goff court case was cited in one of staff's attachments. She said that it mentions mass layoffs and it talks about not being able to put a freeze on -- or furloughs, not being able to pay for the police department. She heard mention of the lost 20 beds in the juvenile facility, but didn't know that we're talking about shutting down our jail or losing beds in it. She said that she understands the pressures; but does not think it has risen to the level that it needs to be, in order for this finding.

Mr. Tony Valim, who is on the board of directors of the Homeless Shelter in Chico, introduced himself and commented that he was speaking for himself. He discussed the plans for expanding the homeless shelter to provide a means for people to move from homelessness. He stated that there is an increase in families coming to the shelter, who are folks that are not going to be on GA. He did not dispute the financial status of the County and its needs. He asked that consideration be given to not putting this on the backs of the poorest of the poor. He added that he would "like to put a face on the last time I served dinner there two weeks ago, one of the men, who I had seen before and talked to before, was really excited because the social workers at the shelter had worked with other social workers, and he has now been approved for Butte College, he's got a job, and he's moving into an apartment. And he was as excited as anybody I've seen talking. And he is a 55-year-old guy. So when I look at this guy and I see excitement that is a success of a program. I think he's the very type of person that shouldn't have 60 to 70 dollars taken away, from 289. \$289 is not a lot of money for somebody to survive on per month."

Chairperson Sheehan asked how his shelter is funded. Mr. Valim replied that they have a number of grants and that they work with the state for a number of grants for operations, as well as for the building. And, they get some funds from the City of Chico.

Chairperson Sheehan recessed for lunch at 12:40 p.m. and reconvened the meeting at 1:34 p.m.

The Chair stated that public testimony had been concluded and that were a couple of things that she wanted to clarify. The additional information that the County agreed to provide is due Monday, at noon, so that staff can go through it in preparation for the Commission hearing on

May 26, 2005. She asked if there are any other audits or consultant reports that had been done with regard to public safety, of the Sheriff's Office, or any other offices that have come up with some other recommendations since the time of the application.

Mr. McIntosh replied that they issued the one mentioned on fire service. He said that there are areas outside of direct fire suppression that, for instance, within our land development division, provide for review of plans from a fire safety standpoint as opposed to having a fireman do that. They will also look at the administrative costs that the County pays the state under the CDF contract. The County will also look at restructuring the fee. He also mentioned the Board of Corrections study that the Sheriff indicated had suggested additional correctional officers. He indicated he would provide the Commission with a copy of the assessment.

Mr. McIntosh talked about the Department of Water Resources re-licensing Lake Oroville. The existing license expires on January of 2007. They have applied for a renewal of that license with the Federal Energy Regulatory Commission. Since the County is a major stakeholder in that licensing process, they have been in continuing discussions and negotiations with the Department of Water Resources regarding mitigating those impacts. The County is now doing studies regarding the impact of that facility on the County of Butte. He will share the preliminary information with the Commission.

Chairperson Sheehan asked how often vehicles in the agriculture section are worked on and whether there is a county-wide policy, or does it differ from department to department.

Mr. McIntosh responded that that was one of the funds that was stripped out. They try to keep vehicles in operating condition. The County tries to replace vehicles with excessive use because there is a declining return on investment. They do not have a central fleet operations department. He acknowledged differences in replacement mileage for the agriculture department, the Sheriff and Fire.

The Chair asked about the status of the GIS position. Mr. McIntosh replied that the GIS was part of the Development Services Department. It moved to the Information Systems Department based on the recommendations from a study. It is the County's intent that GIS be a very widely used system. The Chair acknowledged that the use of technology, building into the GIS, in terms of greater use of technology in maybe providing services, could possibly have a positive financial impact. Mr. McIntosh agreed.

The Chair asked if they are doing that department by department. Mr. McIntosh said that they are doing that county-wide. He went on to say that they are about two-thirds of the way through installation/implementation of the KRONOS electronic time-keeping system that interfaces with their financial management system. He commented that the Health Insurance Portability and Accountability Act security requirements has required them to look at security for all of their systems and to focus that security within the I.S. framework. Chairperson Sheehan asked if they have a handle on fiscal implications. Mr. McIntosh replied that these systems enable them to capture cost avoidance and not direct savings.

The Chair asked Mr. Starkey to clarify where we are going and what will happen going forward from here. Mr. Starkey stated that it was covered in her preamble, which was very helpful. But, he reminded everyone that the Commission is here to look at this Application, to make a finding with respect to the Application; and not to make any type of pronouncements about what the Board should do in the future with respect to the General Assistance recipients. And we are gathering the evidence for that purpose. So this is an informational hearing today. Staff will take the information back and supplement its first draft. There will be a hearing on May 26th,

where the Commission will approve or deny the staff analysis. The purpose of that public hearing will be to receive any other comments that the public wants to make. There will be a preliminary decision by the Commission at that point. And then there will be a hearing on June 10th, if needed, for the final determination.

Ms Higashi clarified that the hearing on June 10th is scheduled to adopt the Final Decision, which will be the documents consolidated, written as a Commission decision with Commission findings.

Mr. McIntosh asked if it becomes effective, assuming the approval, on July 1. Ms. Higashi replied that if the Commission were to make a finding of significant financial distress and if that were to be the preliminary decision, the Commission at that time would also make a finding as to what the duration of that finding should be. If that is, in fact, what happens, then the County will be asked for the date they would wish the finding to be effective.

Ms. Higashi reminded everyone that all of the documents, if received by noon on Monday, will be considered as part of the record, as staff does the next level of review and prepares the preliminary decision recommendation. The Chair reiterated the importance of having everything as part of the official record for the proceeding and to circulate the additional information from the County to the Commission Members, in anticipation of the meeting on the 26th, and in preparation for that. Ms. Higashi added that copies of the documents should also be provided to interested persons.

Chairperson Sheehan adjourned the meeting of the Commission on State Mandates at 1:48 p.m.