

COMMISSION ON STATE MANDATES

980 NINTH STREET, SUITE 300
SACRAMENTO, CA 95814
PHONE: (916) 323-3562
FAX: (916) 445-0278
E-mail: csminfo@csm.ca.gov



January 7, 2016

Mr. Edward Jewik
County of Los Angeles
Auditor-Controller's Office
500 West Temple Street
Room 603
Los Angeles, CA 90012

Mr. John Naimo
County of Los Angeles
Auditor-Controller
500 West Temple Street
Room 525
Los Angeles, CA 90012

Ms. Jill Kanemasu
State Controller's Office
Division of Accounting and Reporting
3301 C Street
Suite 700
Sacramento, CA 95816

And Parties, Interested Parties, and Interested Persons (See Mailing List)

Re: **Proposed Statewide Cost Estimate**
Sheriff Court-Security Services, 09-TC-02
Government Code Section 69926(b)
Statutes 2009-2010 (4th Ex. Sess.), Chapter 22 (SB 13)
County of Los Angeles, Claimant

Dear Mr. Jewik, Mr. Naimo, and Ms. Kanemasu:

The proposed statewide cost estimate for the above-named matter is enclosed for your review.

Hearing

This matter is set for hearing on **Friday, January 22, 2016**, at 10:00 a.m., State Capitol, Room 447, Sacramento, California. This matter is proposed for the Consent Calendar. Please let us know in advance if you or a representative of your agency will testify at the hearing, and if other witnesses will appear. If you would like to request postponement of the hearing, please refer to section 1187.9(b) of the Commission's regulations.

Special Accommodations

For any special accommodations such as a sign language interpreter, an assistive listening device, materials in an alternative format, or any other accommodations, please contact the Commission Office at least five to seven working days prior to the meeting.

Sincerely,

A handwritten signature in black ink, appearing to read "Heather Halsey".

Heather Halsey
Executive Director

ITEM 13
PROPOSED STATEWIDE COST ESTIMATE
\$685,344

(This mandate ended on June 27, 2012, however, late initial claims may be filed until November 3, 2016 which may result in additional statewide costs)

Government Code Section 69926(b)
Statutes 2009-2010 (4th Ex. Sess.), Chapter 22 (SB 13)

Sheriff Court-Security Services

09-TC-02

STAFF ANALYSIS

Background and Summary of the Mandate

This mandated program addresses the cost of retiree health benefits for sheriff employees who provide court security services to the trial courts. Before 2009, these costs were funded by the state through the Trial Court Funding program. In 2009, the state shifted the cost of retiree health benefits for those employees to the counties. Pursuant to article XIII B, section 6(c) of the California Constitution, the Commission on State Mandates (Commission) found that reimbursement is required for these costs. Article XIII B, section 6(c), was added to the California Constitution in 2004 to expand the definition of a new program or higher level of service as follows: “A mandated new program or higher level of service includes a transfer by the Legislature from the State to cities, counties, cities and counties, or special districts of complete or partial financial responsibility for a required program for which the State previously had complete or partial financial responsibility.”

On December 5, 2014, the Commission adopted a decision¹ on the *Sheriff Court-Security Services* test claim, 09-TC-02, finding that Government Code section 69926(b), as amended by Statutes 2009-2010 (4th Ex. Sess.), chapter 22, constitutes a partial reimbursable state-mandated program within the meaning of article XIII B, section 6(c). Specifically, the Commission found that the following retiree health benefit costs that had been funded under the Trial Court Funding Program before January 1, 2003, but were then shifted to the counties by the test claim statute are reimbursable from July 28, 2009 to June 27, 2012 only:

- Amounts actually paid in the claimed fiscal year to an insurer, other benefit provider, or trustee to prefund the future retiree health benefit costs earned by county employees in the claimed fiscal year who provided court security services in criminal and delinquency matters pursuant to Government Code section 69922; and

¹ Exhibit A, Test Claim Decision.

- Amounts actually paid in the claimed fiscal year to an insurer, other benefit provider, or trustee to reduce an existing unfunded liability of the county for the health benefit costs previously earned by county employees who provided court security services in criminal and delinquency matters pursuant to Government Code section 69922.

The Commission further concluded that revenue received by a county eligible to claim reimbursement from the 2011 Realignment (Gov. Code, §§ 30025, 30027; Stats. 2011, ch. 40) for this program in fiscal year 2011-2012 shall be identified and deducted as offsetting revenue from any claim for reimbursement.

Eligible Claimants and Period of Reimbursement

Any county or city and county that incurs increased costs as a result of this mandate is eligible to claim reimbursement. To be eligible claimant must have: (1) previously included retiree health benefit costs for existing employees that provided sheriff court security services in criminal and delinquency matters in its cost for court operations and billed those costs to the state under the Trial Court Funding Program before January 1, 2003; and (2) prefunded the future retiree health benefit costs earned by county employees in the claimed fiscal year who provided court security services in criminal and delinquency matters pursuant to Government Code section 69922 or prefunded to reduce an existing unfunded liability of the county for the health benefit costs previously earned by county employees who provided court security services in criminal and delinquency matters pursuant to Government Code section 69922.

Government Code section 17557(e) states that a test claim shall be submitted on or before June 30 following a given fiscal year to establish eligibility for that fiscal year. The claimant filed the test claim on June 30, 2010, establishing eligibility for reimbursement for the 2008-2009 fiscal year. However, Government Code section 69926(b) as amended by the test claim statute (Stats. 2009-2010 (4th Ex. Sess.), ch. 22) became effective on July 28, 2009, and remained in law only until June 27, 2012, when it was repealed to implement the statutory realignment of superior court security funding by Statutes of 2011, chapter 40. Thus, the period of reimbursement for this claim is from July 28, 2009 to June 27, 2012.

Reimbursable Costs

The parameters and guidelines authorize reimbursement for the following costs:

- Amounts actually paid in the claimed fiscal year to an insurer, other benefit provider, or trustee to prefund the future retiree health benefit costs earned by county employees in the claimed fiscal year who provided court security services in criminal and delinquency matters pursuant to Government Code section 69922; and
- Amounts actually paid in the claimed fiscal year to an insurer, other benefit provider, or trustee to reduce an existing unfunded liability of the county for the health benefit costs previously earned by county employees who provided court security services in criminal and delinquency matters pursuant to Government Code section 69922.

Retiree health benefit payments to retirees or their beneficiaries made during the period of reimbursement are not eligible for reimbursement.

Offsetting Revenues and Reimbursements

The parameters and guidelines² provide the following:

Revenue received by a claimant from the 2011 Realignment (Gov. Code, §§ 30025, 30027; Stats. 2011, ch. 40) for this program and used by the claimant to pre-fund the costs of retiree health benefits of existing employees providing sheriff court security services in criminal and delinquency matters shall be identified and deducted as offsetting revenue from any claim for reimbursement.

Any other offsetting revenue the claimant experiences in the same program as a result of the same statutes or executive orders found to contain the mandate shall be deducted from the costs claimed. In addition, reimbursement for this mandate from any source, including but not limited to, service fees collected, federal funds, and other state funds, shall be identified and deducted from this claim.

To the extent that the claimant has used fees or any funds provided by the state or federal government, as opposed to proceeds of local taxes, to pay for the cost of the program, those costs are not reimbursable.

Statewide Cost Estimate

Assumptions

Staff reviewed the initial reimbursement claims data compiled by State Controller's Office (Controller).³ Only the County of Sonoma submitted any initial claims, and it submitted claims for three fiscal years.

Based on this data, staff made the following assumptions and used the following methodology to develop a statewide cost estimate for this program:

- *Additional counties are likely to file late initial reimbursement claims.*

There are currently 58 counties. Of those, only the County of Sonoma filed initial reimbursement claims totaling \$685,344. Based on the test claim declarations, however, there are additional counties⁴ that have alleged actual costs paid for this program. If an eligible county files late initial claims, then the total costs incurred for reimbursement may exceed the statewide cost estimate. Late initial reimbursement claims for this program may be filed until November 3, 2016.

- *There are reasons why an eligible county that has actual costs might not file an initial claim, such as, but not limited to the following:*

An eligible county may have offsetting revenues and as a result, its actual costs do not exceed \$1,000. Pursuant to the parameters and guidelines, revenue received by a claimant from the 2011 Realignment (Gov. Code §§ 30025, 30027; Stats. 2011, ch. 40) for this program and used by the claimant to pre-fund the costs of retiree health benefits of existing

² Exhibit B, Parameters and Guidelines.

³ Claims data reported as of November 19, 2015.

⁴ Los Angeles County, Sacramento County, Kern County, and Santa Clara County have alleged actual costs incurred to be reimbursed based on test claim declarations on pages 18 through 22.

employees providing sheriff court security service in criminal and delinquency matters shall be identified and deducted as offsetting revenue from any claim for reimbursement.⁵

- *The total reimbursable costs for the program may be lower than the statewide cost estimate if they are reduced based on an audit by the Controller.*

The reimbursable costs may be reduced if they are not consistent with the requirement in the parameters and guidelines that they be “amounts actually paid by the county in the claimed fiscal year to prefund benefits earned by county employees providing sheriff court security services in criminal and delinquency matters in the claimed fiscal year” or “amounts actually paid in the claimed fiscal year to reduce an existing unfunded liability for the health benefit costs previously earned by a county employee providing sheriff court security services in criminal and delinquency matters.” Current health benefit premiums paid to retirees or their beneficiaries after retirement on a pay-as-you-go basis have not been transferred by the state and do not constitute costs mandated by the state.

In addition, Statutes 2011, chapter 40 allocated funding for trial court security costs provided by county sheriffs. To the extent these funds were used by the county to pre-fund the costs of retiree health benefits of existing employees performing the mandate in fiscal year 2011-2012, they are offsetting and claimants are required to designate them as such. If a claimant failed to designate such offsetting funds in its reimbursement claim, the Controller may reduce costs claimed accordingly.

Methodology

July 28, 2009 to June 27, 2012

The statewide cost estimate for the period July 28, 2009 through June 27, 2012 was developed by totaling the three initial reimbursement claims filed with the Controller for this period. All costs incurred after June 27, 2012 are not reimbursable.

Following is a breakdown of estimated total costs per fiscal year:

Fiscal Year	Number of Initial Claims Filed with Controller	Estimated Costs
2009-2010	1	207,785
2010-2011	1	244,570
2011-2012	1	232,989
TOTAL	3	\$685,344

Draft Proposed Statewide Cost Estimate

On December 24, 2015, Commission staff issued the draft proposed statewide cost estimate.⁶ No comments were filed on the draft proposed statewide cost estimate.

⁵ Exhibit B, Parameters and Guidelines.

⁶ Exhibit C, Draft Proposed Statewide Cost Estimate.

Staff Recommendation

Staff recommends the Commission adopt the proposed statewide cost estimate of **\$685,344** for costs incurred in complying with the *Sheriff Court-Security Services* program.

DECLARATION OF SERVICE BY EMAIL

I, the undersigned, declare as follows:

I am a resident of the County of Sacramento and I am over the age of 18 years, and not a party to the within action. My place of employment is 980 Ninth Street, Suite 300, Sacramento, California 95814.

On January 7, 2016, I served the:

Proposed Statewide Cost Estimate

Sheriff Court-Security Services, 09-TC-02

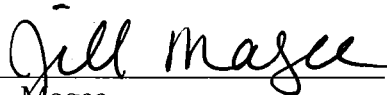
Government Code Section 69926(b)

Statutes 2009-2010 (4th Ex. Sess.), Chapter 22 (SB 13)

County of Los Angeles, Claimant

by making it available on the Commission's website and providing notice of how to locate it to the email addresses provided on the attached mailing list.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct, and that this declaration was executed on January 7, 2016 at Sacramento, California.



Jill L. Magee

Commission on State Mandates

980 Ninth Street, Suite 300

Sacramento, CA 95814

(916) 323-3562

COMMISSION ON STATE MANDATES

Mailing List

Last Updated: 1/6/16

Claim Number: 09-TC-02

Matter: Sheriff Court-Security Services

Claimant: County of Los Angeles

TO ALL PARTIES, INTERESTED PARTIES, AND INTERESTED PERSONS:

Each commission mailing list is continuously updated as requests are received to include or remove any party or person on the mailing list. A current mailing list is provided with commission correspondence, and a copy of the current mailing list is available upon request at any time. Except as provided otherwise by commission rule, when a party or interested party files any written material with the commission concerning a claim, it shall simultaneously serve a copy of the written material on the parties and interested parties to the claim identified on the mailing list provided by the commission. (Cal. Code Regs., tit. 2, § 1181.3.)

Socorro Aquino, *State Controller's Office*

Division of Audits, 3301 C Street, Suite 700, Sacramento, CA 95816

Phone: (916) 322-7522

SAquino@sco.ca.gov

Harmeet Barkschat, *Mandate Resource Services, LLC*

5325 Elkhorn Blvd. #307, Sacramento, CA 95842

Phone: (916) 727-1350

harmeet@calsdrc.com

Lacey Baysinger, *State Controller's Office*

Division of Accounting and Reporting, 3301 C Street, Suite 700, Sacramento, CA 95816

Phone: (916) 324-0254

lbaysinger@sco.ca.gov

Cindy Black, *City Clerk, City of St. Helena*

1480 Main Street, St. Helena, CA 94574

Phone: (707) 968-2742

cityclerk@cityofstheleena.org

Danielle Brandon, *Budget Analyst, Department of Finance*

915 L Street, Sacramento, CA 95814

Phone: (916) 445-3274

danielle.brandon@dof.ca.gov

Allan Burdick,

7525 Myrtle Vista Avenue, Sacramento, CA 95831

Phone: (916) 203-3608

allanburdick@gmail.com

J. Bradley Burgess, *MGT of America*
895 La Sierra Drive, Sacramento, CA 95864
Phone: (916)595-2646
Bburgess@mgtamer.com

Gwendolyn Carlos, *State Controller's Office*
Division of Accounting and Reporting, 3301 C Street, Suite 700, Sacramento, CA 95816
Phone: (916) 323-0706
gcarlos@sco.ca.gov

Annette Chinn, *Cost Recovery Systems, Inc.*
705-2 East Bidwell Street, #294, Folsom, CA 95630
Phone: (916) 939-7901
achinnrcs@aol.com

Marieta Delfin, *State Controller's Office*
Division of Accounting and Reporting, 3301 C Street, Suite 700, Sacramento, CA 95816
Phone: (916) 322-4320
mdelfin@sco.ca.gov

Donna Ferebee, *Department of Finance*
915 L Street, Suite 1280, Sacramento, CA 95814
Phone: (916) 445-3274
donna.ferebee@dof.ca.gov

Susan Geanacou, *Department of Finance*
915 L Street, Suite 1280, Sacramento, CA 95814
Phone: (916) 445-3274
susan.geanacou@dof.ca.gov

Dillon Gibbons, *Legislative Representative, California Special Districts Association*
1112 I Street Bridge, Suite 200, Sacramento, CA 95814
Phone: (916) 442-7887
dillong@cstda.net

Michael Giden, *Supervision Attorney, Judicial Council of California*
2255 North Ontario Street, Suite 220, Burbank, CA 91504
Phone: (818) 558-4802
michael.giden@jud.ca.gov

Sunny Han, *Project Manager, City of Huntington Beach*
2000 Main Street, Huntington Beach, CA 92648
Phone: (714) 536-5907
Sunny.han@surfcity-hb.org

Dorothy Holzem, *Legislative Representative, California State Association of Counties*
1100 K Street, Suite 101, Sacramento, CA 95814
Phone: (916) 327-7500
dholzem@counties.org

Martin Hoshino, *Administrative Director, Judicial Council of California*
455 Golden Gate Avenue, San Francisco, CA 94102
Phone: (415) 865-4200

martin.hoshino@jud.ca.gov

Justyn Howard, Program Budget Manager, *Department of Finance*

915 L Street, Sacramento, CA 95814

Phone: (916) 445-1546

justyn.howard@dof.ca.gov

Mark Ibele, *Senate Budget & Fiscal Review Committee*

California State Senate, State Capitol Room 5019, Sacramento, CA 95814

Phone: (916) 651-4103

Mark.Ibele@sen.ca.gov

Edward Jewik, *County of Los Angeles*

Claimant Representative

Auditor-Controller's Office, 500 W. Temple Street, Room 603, Los Angeles, CA 90012

Phone: (213) 974-8564

ejewik@auditor.lacounty.gov

Ferlyn Junio, *Nimbus Consulting Group, LLC*

2386 Fair Oaks Boulevard, Suite 104, Sacramento, CA 95825

Phone: (916) 480-9444

fjunio@nimbusconsultinggroup.com

Jill Kanemasu, *State Controller's Office*

Division of Accounting and Reporting, 3301 C Street, Suite 700, Sacramento, CA 95816

Phone: (916) 322-9891

jkanemasu@sco.ca.gov

Anita Kerezi, *AK & Company*

3531 Kersey Lane, Sacramento, CA 95864

Phone: (916) 972-1666

akcompany@um.att.com

Jay Lal, *State Controller's Office (B-08)*

Division of Accounting & Reporting, 3301 C Street, Suite 700, Sacramento, CA 95816

Phone: (916) 324-0256

JLal@sco.ca.gov

Imran Majid, Student Assistant, *Commission on State Mandates*

980 9th Street, Suite 300, Sacramento, CA 95814

Phone: (916) 323-3562

imran.majid@esm.ca.gov

Hortensia Mato, *City of Newport Beach*

100 Civic Center Drive, Newport Beach, CA 92660

Phone: (949) 644-3000

hmato@newportbeachca.gov

Martin Mayer, *California State Sheriffs' Association*

3777 North Harbor Boulevard, Fullerton, CA 92835

Phone: (714) 446-1400

mjm@jones-mayer.com

Michelle Mendoza, *MAXIMUS*

17310 Red Hill Avenue, Suite 340, Irvine, CA 95403

Phone: (949) 440-0845
michellemendoza@maximus.com

Meredith Miller, Director of SB90 Services, *MAXIMUS*
3130 Kilgore Road, Suite 400, Rancho Cordova, CA 95670
Phone: (972) 490-9990
meredithcmiller@maximus.com

John Naimo, Acting Auditor-Controller, *County of Los Angeles*
Auditor-Controller, 500 West Temple Street, Room 525, Los Angeles, CA 90012
Phone: (213) 974-8302
jnaimo@auditor.lacounty.gov

Geoffrey Neill, Senior Legislative Analyst, Revenue & Taxation, *California State Association of Counties (CSAC)*
1100 K Street, Suite 101, Sacramento, CA 95814
Phone: (916) 327-7500
gneill@counties.org

Andy Nichols, *Nichols Consulting*
1857 44th Street, Sacramento, CA 95819
Phone: (916) 455-3939
andy@nichols-consulting.com

Marianne O'Malley, *Legislative Analyst's Office (B-29)*
925 L Street, Suite 1000, Sacramento, CA 95814
Phone: (916) 319-8315
marianne.O'malley@lao.ca.gov

Arthur Palkowitz, *Artiano Shinoff & Holtz, APC*
2488 Historic Decatur Road, Suite 200, San Diego, CA 92106
Phone: (619) 232-3122
apalkowitz@sashlaw.com

Anita Peden, *County of Sacramento*
711 G Street, Room 405, Sacramento, CA 95814
Phone: (916) 874-8441
apeden@sacsheriff.com

Jai Prasad, *County of San Bernardino*
Office of Auditor-Controller, 222 West Hospitality Lane, 4th Floor, San Bernardino, CA 92415-0018
Phone: (909) 386-8854
jai.prasad@atc.sbcounty.gov

Mark Rewolinski, *MAXIMUS*
625 Coolidge Drive, Suite 100, Folsom, CA 95630
Phone: (949) 440-0845
markrewolinski@maximus.com

Carla Shelton, *Commission on State Mandates*
980 9th Street, Suite 300, Sacramento, CA 95814
Phone: (916) 327-6490
carla.shelton@csm.ca.gov

Wayne Shimabukuro, *County of San Bernardino*

Auditor/Controller-Recorder-Treasurer-Tax Collector, 222 West Hospitality Lane, 4th Floor,
San Bernardino, CA 92415-0018

Phone: (909) 386-8850

wayne.shimabukuro@atc.sbcounty.gov

Jim Spano, Chief, Mandated Cost Audits Bureau, *State Controller's Office*

Division of Audits, 3301 C Street, Suite 700, Sacramento, CA 95816

Phone: (916) 323-5849

jspano@sco.ca.gov

Dennis Speciale, *State Controller's Office*

Division of Accounting and Reporting, 3301 C Street, Suite 700, Sacramento, CA 95816

Phone: (916) 324-0254

DSpeciale@sco.ca.gov

Laura Speed, Assistant Director, *Judicial Council of California*

Governmental Affairs, 2860 Gateway Oaks Drive, Suite 400, Sacramento, CA 95833

Phone: (916) 323-3121

laura.speed@jud.ca.gov

Evelyn Suess, Principal Program Budget Analyst, *Department of Finance*

Local Government Unit, 915 L Street, Sacramento, CA 95814

Phone: (916) 445-3274

evelyn.suess@dof.ca.gov

Meg Svoboda, *Senate Office of Research*

1020 N Street, Suite 200, Sacramento, CA

Phone: (916) 651-1500

meg.svoboda@sen.ca.gov

Millicent Tidwell, Chief Operating Officer, *Judicial Council of California*

2860 Gateway Oaks Drive, Suite 400, Sacramento, CA 95833

Phone: (916) 643-7030

millicent.tidwell@jud.ca.gov

Jolene Tollenaar, *MGT of America*

2251 Harvard Street, Suite 134, Sacramento, CA 95815

Phone: (916) 443-411

jolene_tollenaar@mgtamer.com

Evelyn Tseng, *City of Newport Beach*

100 Civic Center Drive, Newport Beach, CA 92660

Phone: (949) 644-3127

etseng@newportbeachca.gov

Brian Uhler, *Legislative Analyst's Office*

925 L Street, Suite 1000, Sacramento, CA 95814

Phone: (916) 319-8328

brian.uhler@lao.ca.gov

Renee Wellhouse, *David Wellhouse & Associates, Inc.*

3609 Bradshaw Road, H-382, Sacramento, CA 95927

Phone: (916) 797-4883

dwa-renee@surewest.net

Hasmik Yaghobyan, *County of Los Angeles*

Auditor-Controller's Office, 500 W. Temple Street, Room 603, Los Angeles, CA 90012

Phone: (213) 974-9653

hyaghobyan@auditor.lacounty.gov