

TO: Members, Santa Barbara County Board of Supervisors

FROM: Cliff Berg, Legislative Advocate
Monica Miller, Legislative Advocate

RE: Santa Barbara County Board Report for 2007

DATE: October 16, 2007

General Observations

As you are aware we have just completed the first year of the two year legislative session. In an effort to update the Board on the activities in Sacramento we wanted to take the opportunity to share with you where things currently are. The legislature just adjourned after a rather difficult year. The Governor called two special sessions for this fall one regarding water issues and the other relating to healthcare. While we anticipate that these sessions will take most of the interim to resolve they will mostly consist of working groups in an attempt to reach a compromise on these issues. The Governor and the Senate have stated that they would like to reach a deal on the water issue by the end of September the Assembly Speaker has stated that he would like to take his time prior to reaching any agreement.

When the Legislature adjourned for the year, it was on a sour note. As you may recall the Assembly reached an agreement on the budget deal and adjourned for their summer recess on July 20, leaving the Senate with very little to say about the final deal. While the Senate attempted to reach an agreement, they were unsuccessful and were unable to take a summer recess. Once the Assembly returned in August, a final deal was reached and the Governor signed the budget after he line-item vetoed over \$700 million worth of programs to appease the Senate Republicans.

The County was very active this year on critical bills and issues that moved through the legislature. We wanted to take this opportunity to share with you a status update on those issues of importance to the County.

County Sponsored Bills

AB 1019 (Blakeslee) Signed July 30, 2007, Chapter number 165. This bill is sponsored by the County and authored by Assembly Member Sam Blakeslee. It would require under current law a city to negotiate with the county when land is annexed during the five year Regional Housing Needs Assessment (RHNA) period. Under current law there is a

requirement for a city to negotiate with the County when they incorporate during the five year RHNA but the law is silent on annexations. We are simply seeking parity in the law for annexations. If the city and county are not able to reach an agreement on the RHNA numbers they go back to the COG to mitigate an agreement. This bill has received bi-partisan, unanimous support to date. While we anticipate that there may be some clean-up legislation needed next year the bill was signed by the Governor.

AB 1497 (Niello) This bill is sponsored by the County. This measure would have required that in addition to the items considered when allocating RHNA numbers HCD would also take into account Williamson Act land. Under current law there is an expectation that each county will build a certain amount of housing units based on land available to that county. Santa Barbara appears to have a large land mass when just looking at a map, however much of that land is under Williamson Act contract and not eligible for building. HCD does not take that into consideration therefore making it difficult to reach their designated RHNA number. AB 1497 would require that this factor be taken into consideration when determining what the RHNA numbers will be allocated to that county. This bill is a two-year bill which will allow us to work with the Administration on this issue.

Legislation of Concern to the County

AB 83 (Lieber) The County is supporting this bill. AB 83 would create the State County Property Assessment and Revenue for Education Funding Program (PARE), which would provide grants to counties for administering the property tax system. This bill is an attempt to replace the funding for the program that was deleted in the 2005-06 budget with the Governor's blue pencil. The bill was held in the Senate Appropriations Committee due to the proposed fiscal impact to the state.

AB 119 (Price) This bill is supported by the County. AB 119 would require the state to reimburse counties for the costs incurred by elections called by the Governor to fill vacancies. The bill is in the Senate awaiting a committee hearing, it has received bi-partisan support to date. This bill is sitting on the Governor's desk awaiting his signature.

AB 171 (Beall) This bill is supported by the County. AB 171 repeals the Public Interest Attorney Loan Repayment Program under the Student Aid Commission and establishes the Assumption Program for Loans for Law in Public Interest. This new program would allow for repayment assistance to be extended to attorney's who agree to work for County Counsel in addition to other areas of public law. The bill just passed out of Senate Education Committee and is expected to go to Senate Appropriations. To date the bill has not received any Republican Support. This bill is a two-year bill allowing us to continue to work on this issue next year.

AB 414 (Jones) This bill is opposed by the County. AB 414 would place a limit on the ability of cities and counties to include vacant sites zoned for both commercial and

residential uses in their housing element's inventory of land suitable for residential development. This is just another example of the state attempting to usurp local control. To date the bill has received very little bi-partisan support. This bill is sitting on the Governor's desk awaiting his action.

AB 417 (Blakeslee) This bill is supported by the County. This bill would allow San Luis Obispo County to join Santa Barbara County's Regional Health Authority. Under current law we can make this change but need statutory authority to allow another contiguous county to merge with the Santa Barbara Regional Health Authority. AB 417 also changes the name to reflect this merger and removes some of the board appointments from Santa Barbara County and adds some from San Luis Obispo County. The bill was sent to the Governor and awaits his signature.

AB 553 (Hernandez) This bill is opposed by the County. The bill was vetoed by the Governor on September 26, 2007. AB 553 would have expand the Public Employment Relations Board (PERB) authority and allow them to determine whether to seek court injunctive relief growing out of relations between an employee organization and a public agency.

AB 1542 (Evans) This bill is supported by the County. AB 1542 is a mobilehome conversation bill. It requires that if a park owner sells his spaces to the resident any owners who can not afford to purchase that land may not be evicted and the park owner must continue to rent that space to the resident. The bill is awaiting referral in the Senate to committee; it has received very little bi-partisan support. This bill is sitting on the Governor's desk awaiting his signature.

ACA 8 (De La Torre) As you may recall we discussed this issue in June when the agreement had just been reached in the legislature. This measure is a constitutional amendment which was hopefully going to be placed on the 2008 ballot. However, the last night of the session the bill failed to get the necessary votes to move to the Senate. Although the author took several amendments requested by the Republicans they still did not vote for it believing that it went too far and did not have enough protections. You should also be aware that there are two initiatives currently circulating on this issue, called the "California Property Owners and Farmland Protection Act," sponsored by the Howard Jarvis Taxpayers Association and the "Homeowners and Private Property Protection Act," sponsored by a coalition of local governments headed by CSAC. Should these measures receive the requisite signatures, they would qualify for the June 2008 ballot.

Assembly Member Hector De La Torre has authored a companion statutory measure (AB 887). This measure is currently on the Senate floor and will be taken up next year when the legislature returns.

SB 137 (Torlakson) The County has an oppose unless amended position on this measure. Although the author took amendments the bill continues to be a problem for the county. This bill seeks to expand the California Children's Services (CCS) program. SB 137

seeks to change the eligibility limitation for persons in a family with an annual income or monthly income equal to or less than 400 percent of the federal poverty level. Under current law, this state-only program provides health care for children under the age of 21 with special needs health care such as catastrophic, handicapping, disabling or disfiguring conditions. While we don't disagree with the concept, the counties will be expected to pick up the difference in costs as a result of the passage of this bill. The bill has not received bi-partisan support to date. The bill is a two-year bill which will allow us to continue to work on this issue next year.

SB 260 (Steinberg) This bill is supported by the County. Under current law a health care provider may only bill Medi-Cal for one code when they see a patient. Many times a patient may have additional questions or need to be seen for more than one ailment, SB 260 would allow the provider to bill for more than one code therefore allowing for a more efficient visit to the medical providers' office. This bill is sitting on the Governor's desk awaiting his action.

AB 303 (Ducheny) This bill is opposed by the County. This bill was an attempt from the California Building Industry Association, the Realtors and the Low Income Housing. The bill would extend the current planning period for housing needs from 5 years to 10 years. Additionally, the bill would mandate an update of the housing element every 5 years, including a requirement to zone for the next 10 years worth of housing needs even though they are updating the RHNA every 10 years. The bill would also mandate that every element of the General Plan to be updated at least every 10 years. This bill is fraught with many problems for the County. After many discussions and amendments, this bill is a two-year bill which will allow us to continue to work on this issue next year.

SB 900 (Corbett) This bill is supported by the County. SB 900 repeals the existing exemption to the Subdivision Map Act for the conversion of mobilehome parks to resident ownership, and thus, leaves the mitigation of impacts from these conversions on nonpurchasing residents to individual local governments. The bill will be heard in Assembly Housing Committee on June 27; to date the bill has received very little bi-partisan support. This bill is a two-year bill which will allow us to work on this issue next year.

SB 967 (Simitian) This bill is supported by the County. Under existing law the boundaries of an election precinct are fixed such that it contains no more than 1000 voters per precinct. This bill would allow for the precincts to subtract all permanent absent voters from that total. The bill is waiting to be heard in Assembly Elections committee as a two-year bill. To date the bill has received bi-partisan support.

Budget Update

As you are aware California was significantly late in passing at state budget this year which created many issues at the end of session. The Assembly reached a deal and passed it over to the Senate on July 20, 2007 and adjourned for their summer recess. The Senate attempted to do the same thing but was unable to get the necessary votes to allow

for passage. One of the major sticking points was brought up by the Senate Republicans is the necessity of a smaller budget in order to continue our efforts of a balanced budget in out years. The cuts requested came to about \$700 million which unfortunately came out of many of our programs. Detailed below are some of the highlights for your review.

Criminal Justice

Transfer of Juvenile Offenders. SB 81, the corrections trailer bill, provided the framework for the shift of responsibility for certain non-violent juvenile offenders to counties. As of September 1, 2007, counties will be permitted to commit to state detention facilities administered by the Division of Juvenile Justice (DJJ) only those wards adjudicated for an offense defined in Welfare and Institutions Code Section 707(b). All other offenders (i.e., “non-707(b)s”) must remain at the local level for programming and supervision.

Santa Barbara, along with other counties were encouraged to engage in discussions to determine whether it intends to exercise the opt-in component to SB 81 — this will allow Santa Barbara the ability to return non-707(b) offenders currently housed at DJJ back to county custody. These discussions should include court representatives given that the language of SB 81 grants the committing court the authority to recall the youthful offender. Counties should note that the Governor indicated in his signing message that accompanied SB 81 that certain roles and responsibilities assigned to the Corrections Standards Authority — including review and approval of counties’ Juvenile Justice Development Plans by January 1, 2008 — need further consideration and “should be clarified in clean-up legislation.” Counties also should recall that the Governor vetoed from SB 78, the supplemental budget bill, the following two elements — valued at \$14.9 million — of the juvenile justice package:

- County Juvenile Justice Planning Grants (\$4.9 million): These one-time planning grants were to be allocated to counties based on size (\$150,000 for the 10 largest counties; \$100,000 for the next 20 largest counties; and \$50,000 for the 28 smallest counties).
- County Juvenile Justice Competitive Grants (\$10 million): These one-time competitive grants were intended to support the development of (1) regional approaches for care and supervision of the non-707(b) youthful offenders; (2) local services and programs to address the specialized needs of youths with histories of mental illness, substance abuse, violence, and other serious behavioral problems; and (3) evidence-based programs, risk and needs assessments, and a plan for a continuum of care. The Governor’s veto message explains that “[t]hese reductions are necessary in order to further build a prudent reserve in light of the various uncertainties in revenues and spending that we face this year.”

Citizens’ Option for Public Safety (COPS)/Juvenile Justice Crime Prevention Act (JJCPA). This program was funding at a total of \$238 million, to be divided equally

between the two programs (\$119 million for each component). Funds were expected to be released in September so Santa Barbara should have received them by now.

Booking Fee Alternative. There was \$35 million allocated to fund Local Detention Facility Revenue Accounts. These funds are intended to replace revenues that would have been anticipated by levying booking fees, as authorized in Government Code Section 29550. Changes to the booking fee structure, enacted in AB 1805 (Chapter 78, Statutes of 2006), became effective July 1, 2007. We want to make you aware that a set of suggested implementation guidelines related to AB 1805 should have been finalized by now and should be circulated to county and city agencies across the state.

Mentally Ill Offender Crime Reduction (MIOCR) Grant Program. SB 78, the supplemental budget bill, assures the continuation of programs currently funded through the MIOCR program. Provisions in this measure provide for \$29.7 million in funding to maintain county programs that had previously been approved and funded through the 2006–07 Budget Act. MIOCR program expenditures and encumbrances would be permissible through September 30, 2008.

Williamson Act. As you may recall, the Governor’s 2007-08 Budget fully funds the Williamson Act at the same level as last year, \$39.6 million.

Department of Water Resources. The budget appropriates \$774.4 million from Proposition 1E and the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Act of 2006 (Proposition 84) bond funds to continue the repair and evaluation of critical levees, provide subventions to help local governments protect their communities from flooding, and continue development of the state’s strategic flood management capability. This funding will be dedicated to the following flood control projects: Mid-Valley Area Levee Reconstruction, South Sacramento County Streams, American River Watershed (Folsom Dam Raise), American River Watershed (Folsom Dam Raise, Bridge Element), American River Flood Control – Natomas Features, West Sacramento Project, Sutter Pumping Plant, Sutter Bypass East Water Control Structures, and for feasibility studies on additional projects.

The budget also reverts to the General Fund \$16 million from the State Flood Control Subvention Program. There is a possibility that this amount will be restored once the bond funds start flowing. In addition, the Governor deleted the \$10 million legislative augmentation for the Flood Protection Corridor Program, which leaves \$24 million of Proposition 84 funds for projects to implement this program. The Governor explained that the \$24 million in funding is sufficient to meet the needs of the program for the budget year, and committed to propose additional funds for the program in future budgets. The Governor also deleted the \$30 million legislative augmentation for the Floodway Corridor Program because criteria have not been developed for this new program created by Proposition 1E. Funding will be included in future budgets.

Mandate Reimbursement Delay. As we have discussed earlier this year, the state’s reading of Proposition 1A (2004) permits them to delay mandate reimbursements until

the year after the mandate has been performed. Under current practice has been to reimburse an estimated amount, and then pay the difference of the actual cost in the next budget year. Essentially this new system will deprive local agencies of one year's worth of reimbursements, since they are now pushed out one year.

Additional changes made to the mandate reimbursement process include:

- Local governments' due date for submitting annual mandate reimbursement claims moves from January 15 to February 15 (these are for established claims that have already been approved by the Commission on State Mandates);
- The State Controller will report annually by April 30 a list of claims filed by local governments, before April 1 (claims filed between February 15 and April 1 will be penalized; claims filed after April 1 will be penalized and repayments will be delayed by a year);
- The State Controller's annual due-date for payment of mandate claims moves from March 15 to August 15, shifting it into the next fiscal year, if not paid by this date interest accrues;
- Penalties for claims that are filed late increase from the lesser of \$1,000 or 10% of the total claim to the lesser of \$10,000 or 10% of the total claim.

HEALTH AND HUMAN SERVICES

As you are aware the majority of the Governor's budget reductions were to our health and human services programs. Additionally, this budget does not include any funding for reimbursing counties for the cost of doing business for our human services programs.

Outreach, Enrollment, Retention, and Utilization (OERU) Program. The Governor vetoed \$34.6 million (\$15 million General Fund) in funding for the county grants portion of this initiative, which is intended to increase children's enrollment in Medi-Cal and Healthy Families. The Governor directed his Department of Health Care Services to pay any outstanding valid claims from 2006-07.

Self-Certification Pilot (SB 437, Statutes of 2006). The Governor vetoed \$26.8 million (\$13.4 million General Fund) to delay implementation of SB 437 for one year. The bill would have allowed counties to implement a pilot a project to allow Medi-Cal applicants to self-certify income and assets.

Public Health

Local Public Health Funding. The Governor cut \$8.5 million in allocations to local health departments for local pandemic influenza preparedness and response planning.

Mental Health

Early and Periodic Screening, Diagnosis, and Treatment Program (EPSDT)

Deficiency. As you recall, this was a big issue earlier this year that was brought to our attention. Due largely to an accounting error between the state Departments of Health Services and Mental Health, the state DMH ended 2005-06 with many unpaid Medi-Cal claims from counties, and no authority to pay those claims. There was discussion of the County running a bill to pay these outstanding claims but we were asked to let this play out in the budget, which we did. We worked closely with other counties, Department of Finance, the Governor's office and the Legislature in an effort to rectify this discrepancy. The budget agreement is detailed below:

- Prior Year Deficiencies (includes 03-04 cost settlement, 04-05 unpaid claims, 04-05 cost settlement, 05-06 unpaid claims): Funds \$86.7 million of \$260.2 million in deficiencies. Adopted trailer bill language requiring repayment over the next three fiscal years.
- 2006-07 Deficiency: Approved \$59.7 million of the \$59.7 million requested.
- 2007-08 Baseline Increase: Approved \$107.6 million of \$107.6 million requested. This package provides funding of \$254 million General Fund or 59 percent of the \$427.5 million owed.

Integrated Services for Homeless Adults, AB 2034. In this budget the Governor eliminated the \$54.8 million for the Integrated Services for Homeless Adults with Severe Mental Illness Program, therefore eliminating all state funding for this program. The Governor went on to explain that although he supports the goals of the program, he believes that counties can choose to support it by utilizing funding sources such as federal funds, realignment funds or Proposition 63 funds.

Social Services

Transitional Housing for Foster Youth (THP-Plus). The Governor did maintain the Legislature's funding level of \$35.2 million in 2007-08 for the THP-plus program.

In-Home Supportive Services. The 2007-08 budget includes an increase in state participation in IHSS provider wages and health benefits from \$11.10 per hour to \$12.10 per hour. This increase became effective July 1, 2007.

Foster Care Rate Methodology. The enacted budget also includes a increase of \$17.2 million (\$9.6 million General Fund), effective January 1, 2008, to provide a five percent increase to foster family home base rates, specialized care increments, and group home rates; Adoption Assistance Program cases prospectively; and all Kin-GAP and Emergency Assistance cases.

CalWORKs. The enacted budget shifts \$84 million of the \$88 million in the TANF Reserve to the General Fund, but includes language that will allow access to those funds

in the event of unanticipated CalWORKs costs. It also eliminates the semi-annual reporting proposal and eliminates the CalWORKs grant COLA. Lastly, the budget includes trailer bill language (SB 84) to compel the state to come up with options for increasing CalWORKs welfare-to-work participation, including “ways to structure the CalWORKs grant in order to maximize full-time work and promote family stability” by October 1.

Adult Protective Services. You may recall that we reported that the Legislature had finally fully funded the Adult Protective Services Program by allocated \$12 million in the subcommittees earlier this year. However, as with many programs the Governor deleted the legislative augmentation as part of the deal with the Republican caucus to reduce spending and bring down the deficit. The program funding now stands at \$88.3 million for 2007-08.

Foster Care Programs. The Governor suspended two programs by deleting the funding on a one-time basis. The Foster Children Relations program and the Foster Youth Identity Theft Premise. Both of these programs were created through legislation and funding through the budget so with the suspension of the funding the Governor believes that the requirement to provide the program is also suspended. This was a \$2.6 million General Fund savings on a one-time basis.

Alcohol and Drug Programs

Proposition 36. The budget includes \$60 million for Proposition 36 and \$60 million for the Offender Treatment Program (OTP) in 2007-08. While we are pleased that he funded the program since the County is required to provide it this funding is a \$25 million decrease in funding compared to 2006-07.

HOUSING, LAND USE AND TRANSPORTATION

Proposition 1B (Transportation Bond) Appropriations Dollars in Millions Program 2007-08

- Corridor Mobility \$608
- Local Transit \$600
- State Transportation Improvement Program \$727
- Local Streets and Roads \$950
- State Highway and Operation Protection Program \$403
- Grade Separations \$123
- Highway 99 \$14
- Local Seismic \$14
- Intercity Rail \$188
- School Bus Retrofit \$193
- Air Quality \$250
- Transit Security \$101

- Port Security \$41

Total Appropriation \$4,212

Proposition 1B (Transportation Bond): \$2 Billion for Local Streets and Roads. After many discussions regarding the release of the Local Streets and Roads money the Legislature and the Governor finally reached an agreement to allocate \$475 million for cities and \$475 million for counties. The language was contained in SB 88, which was the Proposition 1B implementing trailer bill.

Proposition 1C (Housing Bond) Appropriations & Implementation

Proposition 1C (Housing Bond) Appropriations

Dollars in Millions

Program 2007-08

- Affordable Homeownership Programs \$88
- Affordable Rental Housing Construction \$140
- Housing for Farmworkers \$40
- Permanent Housing for the Homeless \$95
- Homeless Shelter Housing \$10
- Building Equity and Growth in Neighborhoods \$40
- Transit-Oriented Development \$95
- Infill Incentive Grants \$300

Total Appropriation \$808

Proposition 1C: \$850 million Regional Planning, Housing, and Infill Incentive Account. The Legislature and the Governor were able to reach an agreement on how the Housing Bond money should be spend for this year which is detailed in SB 86, the Proposition 1C implementation trailer bill. This agreement includes a \$300 million appropriation from the \$850 million Regional Planning, Housing, and Infill Incentive Account. \$240 million of this will go to the Housing and Community Development Department (HCD) for the Infill Incentive Grant Program of 2007 and \$60 million will go to California Pollution Control Financing Authority for the California Recycle Underutilized Sites (CalReUSE) program for the purpose of Brownfield clean-up.

Transportation Budget

Proposition 42. The final state budget fully funds Proposition 42 at \$1.5 billion for 2007-08; which includes \$703 million for the State Transportation Improvements Program (STIP), \$602 million for the Traffic Congestion Relief Program (TCRP), and \$176 million for the Public Transportation Account (PTA). This concludes the obligation to fund the TCRP and also the payback by cities and counties from the local streets and roads portion to the STIP. Thus, the entire Prop 42 funding level of approximately \$1.5 billion in 2008-09 will for the first time be allocated 40% to the STIP, 20% to counties,

20% to cities and 20% to transit. We anticipate that the Counties share is \$314 million in 2008-09.

Climate Change and CEQA Relief. With the passage of AB 32 (Nunez/Pavley) last year relating to climate change there were many problems this year when local governments tried to complete their General Plans. In particular, San Bernardino County was being sued by the State Attorney General, Jerry Brown, for non-compliance with AB 32. The difficulty became that while AB 32 is current law they are not expected guidelines to be release until 2012. This became a huge sticking point with the Senate Republicans during the budget discussions. They wanted some relief until the guidelines were released and both the Administration and the Senate Democrats were not willing to provide that relief. They were finally able to reach and agreement. It was resolved in the following manner: Budget trailer bill, SB 97, provides for a moratorium on climate change litigation under the California Environmental Quality Act (CEQA) against projects funded by Proposition 1B, the transportation bond and Proposition 1E, the flood control bond passed by voters in November 2006. Although there were discussions about a moratorium on litigation on city and county general plans and regional transportation plans as well as additional projects, this was ultimately not included in the final budget package. The measure provides that the moratorium on litigation will sunset on January 1, 2010. Additionally, SB 97 requires the Governor's Office of Planning and Research (OPR) to prepare CEQA guidelines regarding the reduction of greenhouse gasses by July 2009. The guidelines must then be adopted by the Resources Agency by January 2010 and updated on a periodic basis.

Transit Spillover. You may recall that this was a critical issue over the past couple of years with the price of gasoline continuing to rise dramatically there was a huge surplus of gas taxes often referred to as the "spillover". Needless to say the Governor and the Legislature say this as a fund that would be easy to raid so a compromise deal was reached in the transportation trailer bill, SB 79. This compromise diverts half of future spillover dollars to support General Fund programs, while the remaining half would be retained for traditional PTA purposes and be subject to the following split: two-thirds to the STA Program and one third to support transit capital projects in the STIP. This compromise is a permanent solution.

Indian Gaming

Special Distribution Fund. The Governor did cut \$30 million dollars from the California Gambling Control Commission for the purpose of implementing the Special Distribution Fund (SDF) program. The Governor's rationale for the line-item veto rests on the recently released report on the SDF program by the Bureau of State Audits. The report found that while no local agency acted outside of the law, it was unclear to the Auditor as to the original intent and manner in which the grants could be used. The report made numerous recommendations regarding the SDF program, one of which was to seek a legislative fix to clarify what grants can and cannot be used for. Until such clarification is made, the Governor has cut funding to the program. He did indicate however, that he would support legislation that includes an appropriation if the SDF program is reformed.

We did work closely with Senator Battin in an effort to try to restore these funds at the end of session, but unfortunately he was unable to obtain the necessary rule waivers to amend his bill. We expect to continue to work on this issue once the legislature returns in January.

Health Care Reform: Special Session

In January of this year the Governor declared that he was going to reform the health care system to ensure that the 6.4 million uninsured and underinsured are properly cared for. He was successful at bring together many stakeholders for discussion purposes all year and while the leadership on the Democratic side of the isle also put forward their plans along with Senator Kuehl and her universal health care program, they were unable to reach a deal. The last night of session the Governor called for a special session on health care to allow for more time to complete the task at hand. That special session official opened on September 17, 2007 and we understand that all parties are even further away from a compromise then they were earlier this year. We are told that there will be an individual mandate on consumer, there will be an employer fee sliding scale based on the size of your business and that the Hospital Association has signed off on a 4% fee to be assessed by the State. What we don't know is how this will affect counties realignment dollars. In all of the stakeholder meetings it was made very clear that the State does plan to take our realignment dollars because they believe that we will no longer have the burden of providing care for those who do not have coverage. We would strongly disagree with this premise and will continue to talk with our delegation to ensure that they don't support something that could be potentially harmful to counties. We will keep you posted on any and all new details as they become available.

Water: Special Session

This was another issue that the Legislature intended to deal with this year; however they were unable to reach agreement therefore the Governor also called a special session on water issues. There have been several bills introduced in this special session relating to a bond, the amount is somewhere around \$9 billion and is slated to go on the February 2008 ballot. The Governor and the Republicans in both houses seem to be working very closely together, however the Democrats have not engaged with either party. We understand that some of the big issues include the Delta conveyance, the surface storage and the dollar amount for this bond. As I am sure you are aware, California is in a draught situation which will only be exasperated by another dry year, additionally there was a court ruling in early September that stated that the Delta Smelt fish needed to be protected therefore significantly cutting the water supply from the Delta to users. The first to lose water will be agriculture and then water to consumers will be cut back. While it appears that the Legislature and the Governor are very close to reaching a deal the Speaker has said publicly that they will not get a deal on water until a deal is reached on healthcare, so it could be a long special session with very little to show for it. We will continue to keep you updated on this issue and the debate continues.

Prison Reform

Earlier this year the Governor signed AB 900 (Solorio/Aghazarian) which enacted a long awaited prison reform for California. While this measure had many aspects that would help our prison problem, it still needed some additional implemented language both statutorily and fiscally. The package included intent language on “re-entry facilities” which would allow prisoners the opportunity to try to ease into society through job training, drug and alcohol treatment programs as well as mentoring at these facilities. The goal is to bring down the overcrowding problem by reducing recidivism. The Legislature and the Governor have continue to work on this issue and as problems with AB 900 are identified there will need to be clean-up legislature to ensure the best possible outcome for our prison population.