



BOARD OF SUPERVISORS  
AGENDA LETTER

Agenda Number:

Clerk of the Board of Supervisors  
105 E. Anapamu Street, Suite 407  
Santa Barbara, CA 93101  
(805) 568-2240

**Department Name:** District Attorney  
**Department No.:** 021  
**For Agenda Of:** April 2, 2019  
**Placement:** Administrative  
**Estimated Tme:** N/A  
**Continued Item:** No  
**If Yes, date from:**  
**Vote Required:** 4/5

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**TO:** Board of Supervisors  
**FROM:** Department Director: Joyce E. Dudley, District Attorney, 568-2308  
Contact Info: Michael Soderman, Chief Financial & Administrative Officer, 568-2303  
**SUBJECT:** Agreement with the California Department of Insurance for a High Impact Insurance Fraud Program in the District Attorney's Office, Fiscal Year 2018 - 2019

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**County Counsel Concurrence**

As to form: Yes

**Other Concurrence:** Human Resources

**Auditor-Controller Concurrence**

As to form: Yes

**Other Concurrence:** Risk Management

**Recommended Actions:**

It is recommended that the Board of Supervisors:

- a) Adopt a Resolution in Attachment A approving, ratifying, and authorizing the District Attorney to execute a Grant Award Agreement with the California Department of Insurance for a High Impact Insurance Fraud Program for the period of July 1, 2018 through June 30, 2019 in the amount of \$272,694; and
- b) Adopt a Salary Resolution in Attachment C effective April 8, 2019 adding one (1) 1.0 FTE Deputy District Attorney I position to the District Attorney's Office, which will be fully-funded by the Department of Insurance grant; and
- c) Approve BJE No. 0006181 to increase appropriations in the amount of \$272,694 in District Attorney's Office General Fund for Salaries and Employee Benefits, and Services and Supplies, funded by unanticipated revenue from Intergovernmental Revenue-State; and
- d) Determine that the above action is exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15378(b)(4), because it consists of government funding mechanisms or other government fiscal activities, which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment.

**Summary Text:**

The High Impact Insurance Fraud program is designed to help fund the investigation and prosecution of specific types of insurance fraud, with suspected losses of over \$1,000,000. Board approval is required to authorize the District Attorney to execute the grant agreement and accept the grant revenue. In order to meet state deadlines and properly receive the grant funding, the District Attorney preliminarily executed the grant agreement pending formal authority from the Board of Supervisors.

**Background:**

The California Department of Insurance (CDI) Workers' Compensation Fraud Program was established in 1991. The legislature made workers' compensation fraud a felony, required insurers to report suspected fraud, and established a mechanism for funding enforcement and prosecution activities. The legislation established the Fraud Assessment Commission to determine the level of assessments to fund investigation and prosecution of workers' compensation insurance fraud.

In addition to the enforcement activities of the CDI Fraud Division, CDI provides funding to local District Attorneys' offices to investigate and prosecute suspected fraud cases. The High Impact Insurance Fraud program provides grant funds to investigate and prosecute fraud insurance cases, including Workers' Compensation Fraud, with suspected losses over \$1,000,000. Funds are awarded to local District Attorneys' offices on a case-by-case basis.

In November 2018, the District Attorney's (DA's) Office submitted a grant application to the CDI High Impact Insurance Fraud Program Request for Application (RFA), seeking grant funding of a qualifying case under the Workers' Compensation Insurance Fraud Program (California Insurance Code Section 1872.83). In January 2019, the DA's Office received notice that its application was chosen for funding for FY 18-19. In addition, the DA's Office received reasonable assurance from the granting agency that funding will continue to be available for this project over the next three fiscal years, subject to a reapplication process. This grant will allow for enhanced investigation and prosecution of the funded case. Approval of the recommended actions will authorize the District Attorney's signature on the grant agreement to receive the funds.

**Fiscal and Facilities Impacts:**

Budgeted: No

**Fiscal Analysis:**

<b><u>Funding Sources</u></b>	<b><u>Current FY Funding:</u></b>	<b><u>Annualized On-going</u></b>	<b><u>Total One-Time Project Funding</u></b>
General Fund			
State	\$ 272,694.00		
Federal			
Fees			
Other:			
Total	\$ 272,694.00	\$ -	\$ -

Funds from this award will cover 0.83 FTE of a current Deputy District Attorney (DDA) IV and 0.20 FTE Legal Office Professional-Senior to provide enhanced investigation and prosecution of the funded case. This includes \$192,712 in Salaries and Employee Benefits, \$67,560 in operating costs, and \$12,422 in overhead associated with the program. The DDA IV will be backfilled by a DDA I, being added via the attached salary resolution, to cover the DDA IV's normal caseload while the DDA IV focuses on the complex, High Impact Fraud case.

**Staffing Impacts:**

**Legal Positions:**  
Deputy District Attorney I

**FTEs:**  
1.0 FTE

**Special Instructions:**

Please return one (1) Minute Order and one (1) duplicate original Resolution to Nicole Acosta.

**Attachments:**

- A. Board Resolution
- B. Grant Award Letter
- C. DA Insurance Salary Resolution
- D. BJE#0006181

**Authored by:**

Danielle Spahn, Team Project Leader (EXH)