



County of San Diego

HELEN N. ROBBINS-MEYER
CHIEF ADMINISTRATIVE OFFICER
(619) 531-6226
FAX: (619) 557-4060

CHIEF ADMINISTRATIVE OFFICE

1600 PACIFIC HIGHWAY, STE. 209, SAN DIEGO, CA 92101-2472

DONALD F. STEUER
ASST. CHIEF ADMINISTRATIVE OFFICER/
CHIEF OPERATING OFFICER
(619) 531-4940
FAX: (619) 557-4060

July 12, 2016

TO: Supervisor Ron Roberts, Chairman
Supervisor Dianne Jacob, Vice Chairwoman
Supervisor Greg Cox
Supervisor Dave Roberts
Supervisor Bill Horn

FROM: Helen Robbins-Meyer
Chief Administrative Officer

HIGHLIGHTS OF THE ENACTED FY 2016-17 STATE BUDGET AND POTENTIAL COUNTY IMPACTS

On June 27, 2016 the FY 2016-17 State Budget was signed by Governor Jerry Brown. The Enacted Budget includes a \$167.1 billion spending plan and states that by the end of the year the State's Rainy Day Fund will have a total balance of \$6.7 billion.

Included in the Governor's budget signing was the approval of 12 budget trailer bills that accompanied the main budget bill. While the State Legislature met the June 15 deadline to pass a budget for the Governor's consideration, some budget trailer bills were not passed until June 30. The Governor signed 2 additional trailer bills on July 1, 2016. The Governor did not line item veto any portion of the FY 2016-17 State Budget. Last year he vetoed \$1.3 million in spending that had been approved by the Legislature.

Over the past few months the Governor cautioned that any revenue gains California is currently enjoying could be short lived. That message of fiscal prudence was received by the State Legislature and it influenced this year's budget deliberations. There were fewer proposals for new programs and more emphasis was placed on savings. There were also investments made in one time expenditures such as a \$2 billion spending plan to renovate state offices.

In conjunction with the Enacted Budget, State Assembly Bill 1618 was signed by the Governor as a trailer bill to enact the "No Place Like Home" initiative to combat homelessness. The funding for this initiative is a \$2 billion bond proposal, with debt financing support from Mental Health Services Act (MHSA) funds. The portion of MHSA funds used could otherwise have been allocated to counties. There will be competitive grants available for this program to support housing for clients who are mentally ill and chronically homeless.

The State Legislature did not complete action on the budget trailer bills related to Transportation, Resources and Energy. It is expected that they will revisit these additional funding plans when they return from the Legislative Recess in August.

The attached document includes highlights of the FY 2016-17 State Budget as enacted and potential impacts to the County of San Diego.

Respectfully,

A handwritten signature in black ink, appearing to read "Helen N. Robbins-Meyer", written over a white background.

HELEN N. ROBBINS-MEYER
Chief Administrative Officer

Attachment

cc: ACAO, CSG, FGGG, HHSA, LUEG, PSG, CNL, CLK, OSIA

**ENACTED FISCAL YEAR 2016-17 STATE BUDGET
POTENTIAL IMPACTS ON THE COUNTY OF SAN DIEGO**



MISCELLANEOUS BUDGET

The State Budget and Economic Conditions (*Governor's Enacted Budget Summary, Pages 1-3, 9-10*)

- The Enacted Budget is a \$167.1 billion spending plan that focuses new spending on one-time activities, such as the repair and replacement of aged state infrastructure, building affordable housing and addressing the impacts of the drought.
- The Enacted Budget includes the State's constitutionally required contribution to the Rainy Day Fund (\$1.3 billion), and provides an additional \$2 billion deposit bringing the balance of the Rainy Day Fund to \$6.7 billion next year, or 54 percent of its goal. The Enacted Budget also pays down debts and liabilities by \$1.3 billion.

State's Cash Flow (*California State Controller's Office, Press Release: CA Controller's June Cash Report Highlights Volatility of Personal Income Taxes, July 11, 2016*)

- June receipts for the State's General Fund fell short of projections in the Governor's May Revision by \$524.4 million. Overall revenues for the fiscal year outpaced projections made in the FY 2015-16 budget by \$978.6 million.
- Of the State's three major revenue sources, only corporation taxes outpaced expectations in June, totaling \$2.5 billion, which was 7.8 percent higher than anticipated. Personal income taxes fell short of May Revision estimates by \$803.8 million in June and retail sales and use taxes also missed projections by \$14.5 million.

State Mandate Reimbursement (*CSAC Budget Action Bulletin, Page 10*)

- The Enacted Budget did not address outstanding payments owed to local governments for post-2004 state mandated services and programs. The State owes the County approximately \$28.8 million in post-2004 state mandate reimbursements.
- Prior year funded and suspended mandates' statuses are proposed to continue in the next fiscal year.

COMMUNITY SERVICES

California Department of Fair Employment and Housing (*Governor's Enacted Budget Summary, Page 67*)

- The Enacted Budget includes \$2.5 million and 28 positions for the Department of Fair Employment and Housing to meet its enforcement caseload and respond to a high volume of Public Records Requests.

Unknown County Impact

- Due to the additional funding allocated to the Department of Fair Employment and Housing, resources may be allocated towards more investigative cases involving housing discrimination, which could impact County of San Diego Housing and Community Development (HCD) should the State request HCD's assistance in investigating and responding to potential allegations.

California Library Services Act (*Governor's Enacted Budget Summary, Page 23*)

- The California Library Services Act includes an increase of \$1.8 million ongoing funding and \$3 million one-time appropriations to strengthen statewide and regional services for public libraries.

County Impact

- The County Library may be eligible to receive \$25,000-\$50,000 of this funding, depending on the number and type of applications received from as many as 184 library systems throughout the State.

Motor Voter Program (*Transportation Budget Trailer Bill, SB 838*)

- In January the Governor proposed an appropriation of \$3.9 million to bring online an automatic voter registration process that will be integrated with the California Department of Motor Vehicles' driver license application and renewal process as intended by the passage of last year's State Assembly Bill 1461, the "California New Motor Voter Program." This proposal was included in the State Budget transportation trailer bill (Senate Bill 838/Assembly Bill 1610), but the transportation trailer bill was not finalized by the Legislature prior to their July recess. Discussions in the Legislature regarding the transportation and other remaining trailer bills will resume in August.

County Impact

- The "Motor Voter Program" will not be implemented until after VoteCal, a newly centralized voter registration database project currently underway, is successfully implemented. Due to the implementation of a new state program, there is the potential for a gradual increase in cost to the County's Registrar of Voters over several years, possibly beginning in FY 2017-18.

Elections Funding (*CSAC Budget Action Bulletin, Page 10; State Assembly Bill 120*)

- Elections funding in the Enacted Budget is directed towards state level operations for the Secretary of State and Department of Motor Vehicles. A supplemental appropriation in the current, FY 2015-16, budget of \$16.2 million was allocated in April of this year to counties for elections administration duties related to conducting the June 7, 2016 Primary Election simultaneously with completing statewide initiative signature verifications for the November 8, 2016 General Election.

County Impact

- The County of San Diego Registrar of Voters anticipates receiving reimbursement; however the State Controller's Office has yet to release the funding claim form for reimbursement and an approximate timeline of when such funding will be reimbursed to eligible counties.

FINANCE AND GENERAL GOVERNMENT

State Payment In Lieu of Taxes (PILT) Funding (*CSAC Budget Action Bulletin, Pages 6-7*)

- The Enacted Budget includes \$644,000 in funding for the State Department of Fish and Wildlife Payment In Lieu of Taxes (PILT) program for payments to counties for FY 2016-17, but does not include funding for past overdue State PILT payments. The State PILT program is designed to offset adverse impacts to county property tax revenues that result when the State acquires private property for wildlife management areas. The current year FY 2015-16 budget was the first time in more than a decade that the State made annual PILT payments to counties.

County Impact

- The County portion of the FY 2016-17 PILT allocation is currently unknown.
- It is estimated that the overdue State PILT payments total nearly \$900,000 for qualifying parcels located in San Diego County.

Williamson Act (*CSAC Budget Action Bulletin, Page 7*)

- The Enacted Budget includes \$2.5 million for the Williamson Act program, but it is not yet determined as to whether this funding will be dedicated for administration purposes to the Department of Conservation or for direct subvention payments. Subvention payments have not been made to counties since they were eliminated in FY 2009-10, and were last funded at a total of \$34 million.

Unknown County Impact

HEALTH AND HUMAN SERVICES

Medi-Cal Full Scope Coverage to Undocumented Children (*Governor's Enacted Budget Summary, Page 26*)

- Senate Bill 75 (2015) authorized the expansion of full scope Medi-Cal to undocumented children under the age of 19. The Enacted Budget includes \$188.2 million to fund this expansion. Benefits began May 1, 2016 to an estimated Statewide population of 185,000.

County Impact

- The County's caseload will increase with the expansion of full scope Medi-Cal to undocumented children under the age of 19. Of the 185,000 estimated children, 30,000 – 50,000 children are estimated for San Diego. The County share of funding for the workload impact is unknown at this time.

Medi-Cal 1115 Waiver Renewal ("Medi-Cal 2020") (*Governor's Enacted Budget Summary, Page 26*)

- California has renewed the 1115 Waiver from January 2016 through December 2020. The Enacted Budget includes \$2.2 billion in federal funding. The waiver will continue delivery system transformation of public hospital systems, and implement new efforts to improve services across Medi-Cal programs, including dental services and treatment to high-risk, vulnerable populations (including a "Whole Person Care" pilot program to integrate care for a particularly vulnerable group of Medi-Cal beneficiaries who have been identified as high users of multiple systems and continue to have poor health outcomes).

County Impact

- Fiscal impact of the overarching Medi-Cal 1115 Waiver renewal to the County is unknown at this time.
- Discussions with stakeholder groups are ongoing related to the County's potential participation in the Drug Medi-Cal Organized Delivery System waiver.
- On June 28, 2016, the Board of Supervisors authorized HHSA to submit a Whole Person Care Pilot project application to DHCS. The application was submitted on July 1, 2016.

County Medi-Cal Administration (*Governor's Enacted Budget Summary, Page 27*)

- The Enacted Budget provides counties an additional \$169.9 million in FY 2016-17 and FY 2017-18 to determine eligibility for the Medi-Cal program. The State will conduct time studies to inform a new Medi-Cal county administration budgeting methodology.

County Impact

- The County Welfare Directors' Association (CWDA) is working with the State and counties on an allocation methodology. The County's estimated share is unknown at this time.

1991 Health Realignment Redirection (AB 85) (*Governor's Enacted Budget Summary, Pages 27-28*)

- AB 85 (2013) modified the 1991 Realignment Local Revenue Fund (LRF) distributions to capture and redirect savings counties are experiencing from the implementation of federal health care reform. The net savings are redirected for county CalWORKs expenditures, which saves the State General Fund on the CalWORKs program.
- Actual county savings in FY 2013-14 were \$177.4 million lower than estimated and the Budget assumes reimbursement of this amount to counties in FY 2016-17.

County Impact

- The County's estimated share of reimbursed funds is \$14.7 million.

Continuum of Care Reform (*Governor's Enacted Budget Summary, Page 28*)

- The Enacted Budget includes \$127.3 million for county mental health, child welfare and probation departments to continue the implementation of the Continuum of Care Reform (CCR) brought forth in AB 403 (2015) designed to improve the foster care system. The funding will cover foster care grants to support the new rate structure as well as administrative activities.

County Impact

- The County Welfare Directors' Association (CWDA) is working with the State and counties on an allocation methodology. The County's estimated share is unknown at this time. The Probation Department also anticipates receiving a portion of these funds.

Managed Care Organization (MCO) Financing and In Home Supportive Services (IHSS) (Governor's Enacted Budget Summary, Pages 25 and 28)

- The State has historically had a MCO tax for Medi-Cal managed care organizations which was deemed impermissible under federal guidelines as structured. A new tax on the enrollment of Medi-Cal managed care plans and commercial health plans was recently passed and will reduce State spending by approximately \$1.1 billion in FY 2016-17.
- Among other items, the MCO tax will be used to cover the continuation of the restoration of a prior year 7 percent reduction in the IHSS service hours (\$265.8 million in FY 2016-17). In IHSS the administration also includes increased costs (\$437.3 million in FY 2016-17) associated with implementing the Fair Labor Standards Act (FLSA) regulations including overtime and other compensation requirements effective February 1, 2016.

County Impact

- Under the terms of the IHSS Maintenance of Effort (MOE), there is no fiscal impact to the County associated with the 7 percent restoration and implementation of the FLSA, but there will be an expected workload impact.

CalWORKs (Governor's Enacted Budget Summary, Page 29)

- There will be a 1.4 percent increase in CalWORKs grants effective October 1, 2016, which is estimated to cost \$35.4 million.
- The Enacted Budget includes \$95.1 million to reflect increased grant costs resulting from the repeal of the CalWORKs maximum family grant rule, effective January 1, 2017. Beginning in 2019-20, the increased grant costs associated with the policy change will be funded entirely by the Child Poverty and Family Supplemental Support Subaccount of the Local Revenue Fund.

County Impact

- There is no fiscal impact to the County tied to the CalWORKs grant increase and repeal of the maximum family grant rule; both grant increases are fully funded by the State.
- When the State increases grants in CalWORKs, the County also applies the same increase in the General Relief program. The estimated County impact of the General Relief grant increase is \$0.1 million.

Supplemental Security Income / State Supplemental Payment (SSI/SSP) (Governor's Enacted Budget Summary, Page 29)

- The Enacted Budget increases the SSP portion of the grant to adjust for cost increase, based on the California Necessities Index (CNI), as well as passing through the annual federal cost-of-living adjustment (COLA) to the SSI portion of the grant. The estimated 2017 CNI is 2.76 percent. The SSI/SSP adjustments will implement on January 1, 2017.
- State only Cash Assistance Program for Immigrants (CAPI) provides monthly cash benefits to aged, blind, and disabled legal non-citizens who are ineligible to SSI/SSP due solely to their immigration status. CAPI benefits are equivalent to SSI/SSP benefits less \$10 per month for individuals and \$20 per month for couples.

County Impact

- No fiscal impact to the County.
- There are approximately 355 CAPI cases in San Diego.

Commercially Sexually Exploited Children Program (Governor's Enacted Budget Summary, Page 30)

- The Enacted Budget includes an augmentation of \$5 million to support local efforts associated with the prevention, intervention, case management and training needs related to children who are or at-risk of being victims of commercial sexual exploitation.

County Impact

- Estimated County share is \$0.3 million for Child Welfare and Probation services.

Adult Protective Services (*Governor's Enacted Budget Summary, Page 30*)

- The Enacted Budget includes a one-time augmentation of \$3 million in FY 2016-17 to expand Adult Protective Services training for county social workers.

County Impact

- Estimated County share is \$0.2 million.

Minimum Wage (*Governor's Enacted Budget Summary, Page 30*)

- Beginning on January 1, 2017, the state minimum wage will increase to \$10.50 per hour. The Enacted Budget reflects an increase \$18.4 million for the IHSS program and a decrease in CalWORKs of \$6.0 million in FY 2016-17.

County Impact

- Wages for IHSS Individual Providers will increase to \$10.50. Under the terms of the IHSS MOE, there is no fiscal impact to the County associated with the wage increase.

Community Infrastructure and Children's Mental Health Crisis Services Grants (*Governor's Enacted Budget Summary, Page 33*)

- The Enacted Budget includes \$67.5 million for one-time community infrastructure grants to promote public safety diversion programs and services by increasing the number of mental health, substance use disorder, and trauma-related services facilities. Grants will be awarded by the California Health Facilities Financing Authority (CHFFA) on a competitive basis to cities and/or counties. The grants will aim to expand local resources for facility acquisition or renovation, equipment purchases, and applicable program startup or expansion costs to increase the availability of these programs.
- The Enacted Budget includes \$30 million on a one-time basis for grant programs at CHFFA and the Mental Health Services Oversight and Accountability Commission. The CHFFA grants will be awarded to local governments and are intended to increase the number of facilities providing a continuum of crisis services. Grants provided by the Commission will fund supports and training for families as well as triage personnel serving children and youth under the age of 21.

County Impact

- County will monitor funding opportunities.

Housing, Social Services and Mental Health Services Act (MHSA) (*Governor's Enacted Budget Summary, Pages 35 - 37*)

- The Enacted Budget supports \$3.6 billion in state and federal funding and award authority for various affordable housing and homeless programs. This includes the following significant adjustments:
- The State Senate's "No Place Like Home" initiative, which is a \$2 billion bond proposal with debt financing support from MHSA funds, will enable the CA Department of Housing & Community Development to develop and administer affordable housing programs for those who are living with a serious mental illness and are homeless, chronically homeless or at risk of homelessness. \$1.8 billion of the bond funding will be awarded on a competitive basis, and \$200 million will be distributed to counties through a non-competitive process. The Enacted Budget includes first-year funding of \$267 million from the bond proceeds.

County Impact

- It is expected that the State will retain a portion of MHSA revenues that otherwise would have been allocated directly to counties. The County's impact is potentially more than \$10 million.
- The department may establish an alternative process for allocating the \$1.8 billion competitive funds directly to counties with at least 5 percent of the state's homeless population. The County of San Diego is one of four counties with at least 5 percent of the homeless population and would qualify for the alternative allocation process.

- The Enacted Budget also includes \$149.4 million (\$100 million one-time) for various homeless programs supporting individuals with disabilities, CalWORKs eligible families, and families that are part of the child welfare system. This includes:
 - Increase of \$45 million for outreach to increase participation among the homeless population with disabilities who may be eligible for disability benefits program (SSI).
 - Increase of \$45 million to fund Emergency Solutions Grants for activities eligible under Federal Emergency Solutions Grant Program, including rapidly rehousing individuals and families, homelessness prevention, population engagement, and homeless shelters operation, and providing essential services.
 - Bringing Families Home - \$10 million one-time funding to establish a county matching grant program focused on reducing homelessness among families who are part of the child welfare system.
 - County Impact
 - Fiscal impact is unknown at this time.
 - CalWORKs Homeless Assistance - Increase of \$2.4 million to reflect elimination of the once-in-a-lifetime restriction on receipt of temporary and permanent homeless assistance and instead make this assistance available once every 12 months, effective January 1, 2017.
 - County Impact
 - Counties have a 2.5 percent county share for CalWORKs Homeless Assistance payments. The County's estimated share of the increased payments is \$4,000.
 - Increase of \$12 million for CalWORKs Housing Support program which provides assistance to eligible families who are homeless or at risk of homelessness.
 - County Impact
 - Counties have the option to participate in this program and are required to submit a plan every year. The County participated this past year.
 - County's allocation for next fiscal year is unknown at this time.

Dissolution of Redevelopment Agencies (*Governor's Enacted Budget Summary, Page 38*)

- The Enacted Budget continued carrying out the dissolution of redevelopment agencies following the passage of last year's budget trailer bill, State Senate Bill 107, which provided successor agencies an annual Recognized Obligation Payment Schedule (ROPS) and the ability to submit a Last and Final ROPS based on a finding of completion for payments.
- Counties, cities and other taxing entities continue to receive tax increment returns while the Governor's Enacted Budget anticipates that counties will receive \$740 million in FY 2015-16 and FY 2016-17 in new general purpose revenues combined.
 - Unknown County Impact

LAND USE AND ENVIRONMENT

Tree Mortality (*Governor's Enacted Budget Summary, Page 49*)

- The Enacted Budget includes \$11 million to assist in the removal and disposal of trees in high fire hazard areas, of which \$6 million is designated for grants to local entities for removal of hazardous trees that pose a threat to public health and safety. The State has focused its efforts thus far in the southern Sierra region of California. Despite this funding not being earmarked for our region, throughout the County tens of thousands of trees have been lost as a result of the drought, the bark beetle, the gold spotted oak borer and the shot hole borer infestations.
 - County Impact
 - It is unknown at this time if the County will qualify for a portion of the \$6 million in grant funding for the removal of dead and hazardous trees.
 - Dead trees are often disposed of in combustion devices, creating air pollution. The County Air Pollution Control District is working with other agencies to identify air pollution control and permitting requirements for these combustion devices to minimize air pollution impacts.

Medical Marijuana Regulation and Safety Act Implementation (*Governor's Enacted Budget Summary, Page 32; CSAC Budget Action Bulletin, Page 9*)

- The Enacted Budget includes allocations to state agencies with regulatory or licensing responsibilities under the Medical Marijuana Regulation and Safety Act (MMRSA) passed in 2015. The Bureau of Medical Marijuana Regulation, in coordination with the other involved state agencies, is beginning the process to develop statewide regulations based on MMRSA and plans to begin accepting state license applications on January 1, 2018.
 - Department of Public Health: \$457,000 and six positions in 2015-16, \$3.4 million and eight positions in FY 2016- 17, \$2.5 million and two positions in FY 2017-18, and \$5.7 million and 21 positions in FY 2018-19.
 - Department of Fish and Game: \$7.7 million and 31 permanent positions to establish the Watershed Enforcement Program and permanent multiagency task force related to marijuana cultivation.
 - Department of Pesticide Regulation: \$700,000 and three positions.
 - State Water Resources Control Board: \$5.7 million and 35 positions to address water quality-related impacts of medical marijuana cultivation and the effects of water diversions and instream flows.
 - Department of Food and Agriculture: \$3.3 million reimbursement authority in 2015-16, \$3.36 million and 18 positions in FY 2016-17.
 - Department of Consumer Affairs: \$3.8 million and 25 positions to create the Bureau of Medical Marijuana Regulation.
- Unknown County Impact

Sustainable Groundwater Management Act (*Governor's Enacted Budget Summary, page 50*)

- The Enacted Budget provides \$1 million to the State Department of Water Resources to support local public agencies (water districts, counties, cities, and other local groups) with the formation of groundwater sustainability agencies to comply with the Sustainable Groundwater Management Act (SGMA). San Diego County contains four of the basins mandated to be sustainably managed under SGMA: Borrego Valley, San Luis Rey Valley, San Pasqual Valley and the San Diego River Valley.

County Impact

- Unknown potential positive fiscal impact.
- Planning and Development Services will apply for \$60,000 in facilitation services to create Groundwater Sustainability Agencies for the four basins within San Diego County.

Cap and Trade Expenditure Plan (*Governor's Enacted Budget Summary, Page 54*)

- The Cap and Trade program was established to address climate change by capping greenhouse gas emissions from the largest sources and establishing a market mechanism under which those businesses that invest in green technology and reduce their emissions under the cap can trade their remaining allowance. Although the Governor proposed a \$3.1 billion allocation plan for the revenue that has been generated under the Cap and Trade program, the Enacted Budget does not allocate this funding. Much like the FY 2015-16 Enacted Budget, the Governor and the Legislature could not find common ground to determine the distribution of these funds, and additionally the proceeds for the May auction of greenhouse gas emission credits under the program came back far short of what was anticipated. These negotiations will resume in August, but there is a great deal of uncertainty as to whether an agreement will be reached.

County Impact

- Should the Governor and the Legislature reach an agreement based on the Governor's proposed Expenditure Plan, local governments may be eligible for funding under several programs. The Governor's proposed Expenditure Plan does not specifically allocate any funding to projects within San Diego County, and in many of the proposals the funding is targeted toward disadvantaged communities, which may limit the various programs' applicability to some areas of

the County. County staff will monitor the ongoing allocation discussions in Sacramento.

Transportation (*CSAC Budget Action Bulletin, Page 16*)

- The Enacted Budget does not include new funding for local streets and roads. The Governor's January Proposed Budget and May Revision both included transportation funding levels based on the Governor's proposed transportation funding plan. The Legislature rejected the Governor's proposed transportation funding plan, so this funding is not reflected in the Enacted Budget. The Legislature's special session for transportation remains open and further discussion is expected in August.

County Impact

- Highway User Tax Account (HUTA) funding is one of the current primary funding sources for local streets and roads. HUTA revenue comes from an excise tax on gasoline that is calculated by the Board of Equalization each year based on gasoline prices. Due to low gasoline prices, the Governor's Proposed Budget projected that the gasoline excise tax will be reduced 2.2 cents in July. This decrease in the gasoline excise tax is anticipated to result in a negative impact of approximately \$4 million, which is in addition to the loss of \$7 million in HUTA funding due to the current year 6.5 cent drop in the gasoline excise tax. In the absence of further state action to identify a new funding source for transportation infrastructure, local street and road maintenance may continue to be underfunded.

Affordable Housing (*Governor's Enacted Budget Summary, Page 35*)

- The Enacted Budget sets aside \$400 million for affordable housing programs, but the allocation is contingent on the passage of a by-right approval process for affordable housing by the Legislature. The Governor proposed ministerial, by-right approval for attached multifamily housing projects in his May Revision, and while the Legislature has not yet acted on the proposal they are expected to continue discussions in August. Under the proposal, a local government could not require discretionary review or approval for developments that meet the affordability criteria, are consistent with general plan and zoning standards, and are subject to mitigating measures to address potential environmental impacts. This proposal is further detailed in draft trailer bill language released by the Administration.
 - Attached housing development projects can include multifamily residential projects, vertical mixed use projects with neighborhood commercial on the first floor, or transitional and supportive housing.
 - The proposal would convert approvals that are typically classified as discretionary under the California Environmental Quality Act (CEQA), such as conditional use permits and planned development permits, into ministerial approvals that are not subject to CEQA. The proposal requires design review to be ministerial and subject to a 90-day limited duration.
 - The affordability requirements in the proposal vary. In transit priority areas the development must include either ten percent of units affordable to low income households or five percent of units for very-low income households in order to be eligible for by-right approval. Outside of transit priority areas, a project must include at least twenty percent of the units affordable for households making eighty percent or less of the median area income. The affordability provisions must be recorded against the development's property for a term of 30 years or more and be enforceable by a public agency or any member of the public.

County Impact

- The Governor's May Revision by-right proposal would result in an initial undetermined County cost to establish a permitting/planning process. It is unknown how many projects would be brought forward in the unincorporated area that would be eligible under this proposal.
- Should a project meet the above requirements in an area of the unincorporated County, this proposal would result in a significant loss of local authority. Currently, at a minimum, these projects would require a discretionary permit, which in addition to

design review components would require CEQA review to address impacts. The by-right process would require the County to either include this by-right provision in the zoning ordinance or require the creation of a County process to ensure that the criteria included in the proposal, including conformance to zoning standards, has been met. Amendments may be necessary to the County Department of Planning and Development Services Fee Ordinance to address this change, the cost for which would represent an unfunded local mandate.

- The proposal would require that by-right projects conform to a number of conditions (not located in a flood way, earthquake fault zone, or is not a hazardous waste site), and requires acknowledgement of conformance to these requirements by the applicant or development proponent. This process may not ensure that these potential hazards are entirely mitigated. Additionally, without a discretionary permit, enforcement authority ensuring compliance with the requirements of the proposal would be difficult.
- The proposal includes time restrictions (90-days) to complete project reviews that may impact staff's review of other County projects thereby delaying the timely completion of other County projects.
- According to County Housing and Community Development, a reduction in the amount of time related to permitting and easing of regulatory restrictions may serve to encourage the development of more affordable housing.

PUBLIC SAFETY

Proposition 47 (Governor's Enacted Budget Summary, Page 44-46)

- Based on spring projections, Proposition 47 is expected to reduce the inmate population by 5,247 in 2015-16. The Department of Finance calculates the net savings of \$39.4 million when comparing 2015-16 to 2013-14. The estimate assumes savings from reduction in the state's adult inmate population, and increased costs due to a temporary increase in the parole population and trial court workload associated with fewer felony filings and more misdemeanor filings, and the number of offenders resentenced and released from the Department of State Hospitals. Proposition 47 calls for 65 percent of the savings to be allocated to the Board of State and Community Corrections (BSCC) for the purpose of mental health, substance abuse disorder treatments and diversion programs; 25 percent to the Department of Education to administer a grand program to public agencies to reduce truancy and support students who are at risk of dropping out or are crime victims; and 10 percent to the Victims Compensation and Government Claims Board to make grants to trauma recovery centers. The budget includes a one-time investment of \$28 million to support drop-out and truancy prevention programs (\$18 million) and to support mental health and substance use disorder treatment and diversion programs (\$10 million). Funds are allocated as follows:

○ Board of State and Community Corrections	\$ 35.642 million
○ State Department of Education	\$ 27.862 million
○ CA Victim Compensation & Government Claims Board	\$ <u>3.945 million</u>
○ TOTAL	\$ 67.449 million

- Ongoing savings are now expected to be approximately \$62.6 million.
 - County Impact
 - The County anticipates submitting an application for a portion of these funds. The BSCC has established an Executive Steering Committee to develop a request for proposal on how these funds will be allocated.

Emergency Drought Response (Governor's Enacted Budget Summary, Pages 47, 49, 57, 65)

- Office of Emergency Services
 - An increase of \$30 million to support local jurisdictions using the California Disaster Act program for recovery from disasters such as tree mortality, wildfires, earthquakes, floods and droughts.

- An increase of \$10 million to support the implementation of the California Earthquake Early Warning System and Program for a comprehensive and reliable earthquake early warning system statewide. The proposed funding will be used to perform research on necessary technology, and other technical aspects which will integrate public and provide infrastructure, provide public education, and conduct training.
 - The Enacted Budget included \$10 million for the State Department of Water Resources to provide emergency drinking water support for small communities, including addressing private wells.
 - Department of Forestry and Fire Protection (CAL FIRE)
 - \$30 million for the Office of Emergency Services to provide assistance to counties through the California Disaster Assistance Act, which could be used to assist counties with tree mortality.
 - \$10 million in State responsibility Area Fire Prevention Funds including \$5 million in local government grants for tree mortality and tree removal and \$5 million for general fire prevention grants.
- County Impact
- This proposal may increase available local resources to support efforts related to the drought, fire protection and tree mortality.

Community-Based Transitional Housing Program (*Governor's Enacted Budget Summary, Pages 37-38, 43*)

- The Enacted Budget provides \$25 million to encourage local communities to support housing that provides treatment and reentry programming to offenders from the criminal justice system. The program will provide grants of up to \$2 million to cities and counties that approve conditional use permits, valid for at least 10 years, for facilities that provide transitional housing and support services. 60 percent of the grant funds will be used by the city or county for public safety and community outreach and 40 percent will be used by the facility operator for specified purposes.
- County Impact
- The Zoning Ordinance currently permits transitional housing as small family care homes and large group care facilities. The proposal does not provide new siting criteria for transitional housing. Potential grant funding could be awarded should the County choose to apply.

Jail-Based Competency Treatment Beds (*Governor's Enacted Budget Summary, Page 31*)

- The Enacted Budget includes \$4.2 million to expand the jail-based competency treatment program by 35 beds and provide additional oversight of the restoration of competency program. The Department of State Hospitals will support 183 restoration of competency beds to serve incompetent to stand trial patients outside of the state hospitals at a total cost of approximately \$22.6 million.
- County Impact
- The Sheriff's Department is currently working with the Department of State Hospitals to bring the jail based competency treatment program to San Diego which includes possibly funding 30 beds for Incompetent to Stand Trial inmates. This action would require the Sheriff's Department to subcontract the restoration of competency services to an outside provider.

Local Criminal Justice Facility Construction (*Governor's Enacted Budget Summary, Page 44*)

- The Enacted Budget includes \$250 million for competitive grants to those counties that have previously received only a partial award or have never received an award from the State for replacing or renovating county jails to improve custodial housing, reentry, rehabilitative programming, mental health services, or treatment space.
- County Impact
- The County is not eligible for this award as we previously received AB 900 (2007) funding.

Community Infrastructure Grants (*Governor's Enacted Budget Summary, Page 33; CSAC Budget Action Bulletin, Page 4*)

- The Enacted Budget includes \$67.5 million for one-time community infrastructure grants to be used to build or renovate facilities that provide mental health services or other treatment services to the offender population.

Unknown County Impact

Trial Court Security-Court Construction (*CSAC Budget Action Bulletin, Page 4*)

- The Enacted Budget establishes a process and mechanism for counties to request funding if court construction projects, occupied on or after October 9, 2011, modify or create building features that increase overall trial court security costs. Trial Court Security was realigned from the State to counties through 2011 Public Safety Realignment. Proposition 30, passed by the voters in 2012, requires the state to provide annual funding for newly required activities that have an overall effect of increasing county costs in this realigned program.
- The Enacted Budget includes \$7 million (an increase of \$2 million from the Proposed Budget) for increased court security costs related to new court construction.

County Impact

- The County of San Diego submitted a proposal to the Department of Finance in January 2016. Unknown if the County will receive any of these funds.

Community Corrections Performance Incentive Grant (*Enacted Budget Detail, Department of Corrections and Rehabilitation, Page 5*)

- The Community Corrections Performance Incentive Grant was created in 2009 to provide incentives for counties to reduce the number of felony probationers sent to state prison.
- Based on the formula established in FY 2015-16, the Budget includes \$125.3 million to continue this successful program.

County Impact

- The Probation Department anticipates receiving \$3.5 million of these funds.