

Attachment E

Report Back Items



COUNTY OF SAN MATEO
Inter-Departmental Correspondence

County Manager's Office

DATE: September 17, 2002

BOARD MEETING DATE: September 24, 2002

TO: Honorable Board of Supervisors
FROM: John L. Maltbie, County Manager
SUBJECT: Sustainability of the Solid Waste Fund to provide ongoing support of the Children's Health Initiative

Recommendation

Accept this report.

Background

During the Recommended Budget hearings this past June, a plan was introduced that would provide universal health care coverage for thousands of uninsured children in San Mateo County at an estimated annual cost of \$7.7 million. The Children and Family First Commission's spending plan for FY 2002-03 already includes \$2.3 million for this purpose. An annual contribution by the County of \$2.7 million with a dollar for dollar match by local business would provide the balance. The County's contribution would come from undesignated reserves and discretionary revenues in the Solid Waste Fund generated from landfill fees at Ox Mountain. Supervisor Gordon requested that an analysis of the Solid Waste Fund be conducted to determine the Fund's ability to sustain the ongoing appropriation for the Children's Health Initiative and still provide the necessary funding to support solid waste diversion, Environmental Health programs and landfill remediation activities.

Discussion

Since FY 1994-95, annual revenues have exceeded expenditures by an average of \$1.5 million per year. As a result, the Fund has amassed a Fund Balance of \$13 million. Most recently, revenues exceeded expenditures by \$904,000 in FY 2001-02. Taking a measured approach and basing our analysis on last year's actuals (Attachment #1), we find that the Fund could sustain the \$2.7 million (plus 3% annual growth) for five years before exhausting

available Fund Balance during FY 2007-08. Although this approach takes into account the most recent revenue and expenditure patterns, it may understate future Salary and Benefit costs as there were a number of staffing vacancies throughout the course of last fiscal year that have since been filled. In addition, the Waste and Environmental Services Section assumed responsibility for recycling in County facilities beginning in FY 2002-03 and the Recommended budget includes a 5.4% increase in the Environmental Health programs (Household Hazardous Waste, Local Agency Enforcement and Vector Control) supported by the Fund. To ensure that the cost of full staffing and the additional programs are factored in, another approach would be to base our analysis on the Recommended FY 2002-03 Budget. The Budget includes appropriations of \$2,333,618 and \$2,223,773 for AB939 and Environmental Health programs respectively, accounting for 79% of the Fund's annual ongoing expenditures. Basing our analysis on budgeted appropriations (Attachment #2), the Fund would only be able to support the Initiative for 3.75 years before exhausting available Fund Balance during the first quarter of FY 2006-07. However, ongoing incremental reductions to the AB939 and Environmental Health programs could extend the number of years that the Fund can support the Initiative. For example, the Fund could support the Initiative for one additional year, through FY 2006-07, with an 18% reduction in the total amount appropriated for AB939 and Environmental Health programs beginning January 1, 2003 (Attachment #3). A reduction of 30% would provide available funding through FY 2007-08 (Attachment #4).

In all of the analyses provided above, revenues remain flat at the FY 2001-02 level, with the exception of declining interest revenues that would result from the decreasing Fund Balance. Though this seems like an overly conservative approach, it may actually be aggressive in terms of projecting future revenues. Most cities in the County have waste diversion rates below 50%. As they continue to increase their diversion rates to achieve AB939 compliance, less waste will be diverted to Ox Mountain, resulting in less landfill fee revenue. To help mitigate declining revenues, the County could increase the County Compensation Rate for waste disposal at the landfill. The current rate is \$5.02 per ton. An increase of one dollar (\$1.00) per ton would yield \$750,000 to \$800,000 annually and extend the length of time that the Fund could support the Initiative.

Finally, it should be noted that the above analyses only include the ongoing cost of monitoring and maintaining the closed landfills at the Pescadero and Half Moon Bay sites. At some point remediation and final closure will need to occur. This can be a costly proposition. A few years ago one of the faces of the Half Moon Bay Landfill was reconstructed at a cost of \$1 million. Recently a second face has begun to show evidence of similar failure. It is being monitored, but it is expected that it too will require remediation in the near future. If the Fund lacks sufficient funding to cover the cost of remediation, the County will be obligated to provide funding from other sources.

Fiscal Impact

There is currently \$3 million appropriated in the Solid Waste Fund for the County's initial contribution towards the Initiative. There is no fiscal impact by accepting this report.

SOLID WASTE FUND
Attachment #1
Ongoing Revenue

	Actual FY 01-02	Recomm FY 02-03	Recomm FY 03-04	Recomm FY 04-05	Recomm FY 05-06	Recomm FY 06-07	Recomm FY 07-08	Recomm FY 08-09	Assumptions
Landfill Fees	4,603,893	4,603,893	4,603,893	4,603,893	4,603,893	4,603,893	4,603,893	4,603,893	Flat based on prior year actuals
Interest	550,129	638,289	574,599	462,361	333,010	185,327	18,021	0	Declining average balance at 5% Interest
South Bayside Waste Management Authority	88,139	255,000	255,000	255,000	255,000	255,000	255,000	255,000	Revenue/Expenditure Neutral (see below)
Refuse Disposal Charges	50,648	50,648	50,648	50,648	50,648	50,648	50,648	50,648	Flat based on prior year actuals
Sale of Composting/Worm Bins	19,767	19,767	19,767	19,767	19,767	19,767	19,767	19,767	Flat based on prior year actuals
All Other Revenues	55,900	55,900	55,900	55,900	55,900	55,900	55,900	55,900	Flat based on prior year actuals
Total Ongoing Revenue	5,368,476	5,623,497	5,559,807	5,447,569	5,318,218	5,170,535	5,003,229	4,985,208	
Fund Balance	12,095,858	12,999,797	12,531,812	10,452,339	8,042,399	5,278,333	2,135,066	(1,413,972)	Year-End Fund Balance Carryforward
Total Sources	17,464,334	18,623,294	18,091,619	15,899,908	13,360,617	10,448,868	7,138,294	3,571,236	

Ongoing Expenditures

AB939 Programs	1,408,329	1,408,329	1,450,579	1,494,096	1,538,919	1,585,087	1,632,639	1,681,618	01-02 actuals with 3% annual growth
Environmental Health Programs	2,108,861	2,108,861	2,172,127	2,237,291	2,304,409	2,373,542	2,444,748	2,518,090	01-02 actuals with 3% annual growth
OES - Hazmat Response	110,000	110,000	110,000	110,000	110,000	110,000	110,000	110,000	Flat at 02-03 Recommended Budget
County Facilities Garbage/Disposal Charges & Recycling Program	400,000	540,000	541,704	557,955	574,694	591,935	609,693	627,983	PW's 02-03 estimate with 3% growth
Staff Services to SBWMA (paid for by SBWMA)	127,355	255,000	255,000	255,000	255,000	255,000	255,000	255,000	Revenue/Expenditure Neutral (see above)
Transfer Station & Landfills - Maintenance, Monitoring & Equipment	309,992	319,292	328,871	338,737	348,899	359,366	370,147	381,251	01-02 actuals with 3% annual growth
Total Ongoing Expenditures	4,464,537	4,741,482	4,858,280	4,993,079	5,131,921	5,274,929	5,422,226	5,573,943	
Children's Health Initiative	0	1,350,000	2,781,000	2,864,430	2,950,363	3,038,874	3,130,040	3,223,941	\$2.7 M annually with 3% growth
Total Expenditures	4,464,537	6,091,482	7,639,280	7,857,509	8,082,284	8,313,802	8,552,266	8,797,884	
Year-End Reserves (not including one-time expenditures)	12,999,797	12,531,812	10,452,339	8,042,399	5,278,333	2,135,066	(1,413,972)	(5,226,649)	Total Sources less Total Expenditures

SOLID WASTE FUND
Attachment #2

Ongoing Revenue

	Actual FY 01-02	Recomm FY 02-03	Recomm FY 03-04	Recomm FY 04-05	Recomm FY 05-06	Recomm FY 06-07	Recomm FY 07-08	Recomm FY 08-09	Assumptions
Landfill Fees	4,603,893	4,603,893	4,603,893	4,603,893	4,603,893	4,603,893	4,603,893	4,603,893	Flat based on prior year actuals
Interest	550,129	611,620	492,424	320,210	126,133	0	0	0	Declining average balance at 5% Interest
South Bayside Waste Management Authority	88,139	255,000	255,000	255,000	255,000	255,000	255,000	255,000	Revenue/Expenditure Neutral (see below)
Refuse Disposal Charges	50,648	50,648	50,648	50,648	50,648	50,648	50,648	50,648	Flat based on prior year actuals
Sale of Composting/Worm Bins	19,767	19,767	19,767	19,767	19,767	19,767	19,767	19,767	Flat based on prior year actuals
All Other Revenues	55,900	55,900	55,900	55,900	55,900	55,900	55,900	55,900	Flat based on prior year actuals
Total Ongoing Revenue	5,368,476	5,596,828	5,477,632	5,305,418	5,111,341	4,985,208	4,985,208	4,985,208	
Fund Balance	12,095,858	12,999,797	11,464,942	8,231,887	4,576,247	468,648	(4,030,701)	(8,803,638)	Year-End Fund Balance Carryforward
Total Sources	17,464,334	18,596,625	16,942,574	13,537,305	9,687,588	5,453,856	954,507	(3,818,430)	

Ongoing Expenditures

AB939 Programs	1,408,329	2,333,618	2,403,627	2,475,735	2,550,007	2,626,308	2,705,303	2,786,462	Rec 02-03 Budget with 3% growth
Environmental Health Programs	2,108,861	2,223,773	2,290,486	2,359,201	2,429,977	2,502,876	2,577,962	2,655,301	Rec 02-03 Budget with 3% growth
OES - Hazmat Response	110,000	110,000	110,000	110,000	110,000	110,000	110,000	110,000	Rec 02-03 Budget with no growth
County Facilities Garbage/Disposal Charges & Recycling Program	400,000	540,000	541,704	557,955	574,694	591,935	609,693	627,983	Rec 02-03 Budget with 3% growth
Staff Services to SBWMA (paid for by SBWMA)	127,355	255,000	255,000	255,000	255,000	255,000	255,000	255,000	Revenue/Expenditure Neutral (see above)
Transfer Station & Landfills - Maintenance, Monitoring & Equipment	309,992	319,292	328,871	338,737	348,899	359,366	370,147	381,251	01-02 actuals with 3% annual growth
Total Ongoing Expenditures	4,464,537	5,781,683	5,929,687	6,096,628	6,268,577	6,445,684	6,628,105	6,815,998	
Children's Health Initiative	0	1,350,000	2,781,000	2,864,430	2,950,363	3,038,874	3,130,040	3,223,941	\$2.7 M annually with 3% growth
Total Expenditures	4,464,537	7,131,683	8,710,687	8,961,058	9,218,940	9,484,558	9,758,145	10,039,939	
Year-End Reserves (not including one-time expenditures)	12,999,797	11,464,942	8,231,887	4,576,247	468,648	(4,030,701)	(8,803,638)	(13,858,369)	Total Sources less Total Expenditures

SOLID WASTE FUND
Attachment #3

Ongoing Revenue

	Actual FY 01-02	Recomm FY 02-03	Recomm FY 03-04	Recomm FY 04-05	Recomm FY 05-06	Recomm FY 06-07	Recomm FY 07-08	Recomm FY 08-09	Assumptions
Landfill Fees	4,603,893	4,603,893	4,603,893	4,603,893	4,603,893	4,603,893	4,603,893	4,603,893	Flat based on prior year actuals
Interest	550,129	620,912	531,890	403,134	256,003	89,204	0	0	Declining average balance at 5% interest
South Bayside Waste Management Authority	88,139	255,000	255,000	255,000	255,000	255,000	255,000	255,000	Revenue/Expenditure Neutral (see below)
Refuse Disposal Charges	50,648	50,648	50,648	50,648	50,648	50,648	50,648	50,648	Flat based on prior year actuals
Sale of Composting/Worm Bins	19,767	19,767	19,767	19,767	19,767	19,767	19,767	19,767	Flat based on prior year actuals
All Other Revenues	55,900	55,900	55,900	55,900	55,900	55,900	55,900	55,900	Flat based on prior year actuals
Total Ongoing Revenue	5,368,476	5,606,120	5,517,098	5,388,342	5,241,211	5,074,412	4,985,208	4,985,208	
Fund Balance	12,095,858	12,999,797	11,884,399	9,535,750	6,833,323	3,751,991	265,134	(3,556,814)	Year-End Fund Balance Carryforward
Total Sources	17,464,334	18,605,917	17,401,497	14,924,092	12,074,533	8,826,403	5,250,342	1,428,394	

Ongoing Expenditures

AB939 Programs	1,408,329	2,123,592	1,970,974	2,030,103	2,091,006	2,153,736	2,218,348	2,284,899	Rec 02-03 Budget with 18% cut with 3% growth
Environmental Health Programs	2,108,861	2,023,633	1,878,199	1,934,545	1,992,581	2,052,358	2,113,529	2,177,347	Rec 02-03 Budget with 18% cut with 3% growth
OES - Hazmat Response	110,000	110,000	110,000	110,000	110,000	110,000	110,000	110,000	Rec 02-03 Budget with no growth
County Facilities Garbage/Disposal Charges & Recycling Program	400,000	540,000	541,704	557,955	574,694	591,935	609,693	627,983	Rec 02-03 Budget with 3% growth
Staff Services to SBWMA (paid for by SBWMA)	127,355	255,000	255,000	255,000	255,000	255,000	255,000	255,000	Revenue/Expenditure Neutral (see above)
Transfer Station & Landfills - Maintenance, Monitoring & Equipment	309,992	319,292	328,871	338,737	348,899	359,366	369,147	381,251	01-02 actuals with 3% annual growth
Total Ongoing Expenditures	4,464,537	5,371,518	5,084,747	5,226,339	5,372,180	5,522,395	5,677,117	5,836,480	
Children's Health Initiative	0	1,350,000	2,781,000	2,864,430	2,950,363	3,038,874	3,130,040	3,223,941	\$2.7 M annually with 3% growth
Total Expenditures	4,464,537	6,721,518	7,865,747	8,090,769	8,322,542	8,561,269	8,807,157	9,060,421	
Year-End Reserves (not including one-time expenditures)	12,999,797	11,884,399	9,535,750	6,833,323	3,751,991	265,134	(3,556,814)	(7,632,028)	Total Sources less Total Expenditures

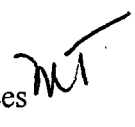
SOLID WASTE FUND
Attachment #4

	Actual FY 01-02	Recomm FY 02-03	Recomm FY 03-04	Recomm FY 04-05	Recomm FY 05-06	Recomm FY 06-07	Recomm FY 07-08	Recomm FY 08-09	Assumptions
<u>Ongoing Revenue</u>									
Landfill Fees	4,603,893	4,603,893	4,603,893	4,603,893	4,603,893	4,603,893	4,603,893	4,603,893	Flat based on prior year actuals
Interest	550,129	629,050	564,267	468,974	358,024	230,293	84,592	0	Declining average balance at 5% Interest
South Bayside Waste Management Authority	88,139	255,000	255,000	255,000	255,000	255,000	255,000	255,000	Revenue/Expenditure Neutral (see below)
Refuse Disposal Charges	50,648	50,648	50,648	50,648	50,648	50,648	50,648	50,648	Flat based on prior year actuals
Sale of Composting/Worm Bins	19,767	19,767	19,767	19,767	19,767	19,767	19,767	19,767	Flat based on prior year actuals
All Other Revenues	55,900	55,900	55,900	55,900	55,900	55,900	55,900	55,900	Flat based on prior year actuals
Total Ongoing Revenue	5,368,476	5,614,258	5,549,475	5,454,182	5,343,232	5,215,501	5,069,800	4,985,208	
Fund Balance	12,095,858	12,999,797	12,165,981	10,413,003	8,356,608	5,974,896	3,244,654	1,111,290	Year-End Fund Balance Carryforward
Total Sources	17,464,334	18,614,055	17,715,456	15,867,185	13,699,840	11,190,397	8,314,455	6,096,498	
<u>Ongoing Expenditures</u>									
AB939 Programs	1,408,329	1,983,575	1,682,539	1,733,015	1,785,005	1,838,555	1,893,712	1,950,528	Rec 02-03 Budget with 30% cut with 3% growth
Environmental Health Programs	2,108,861	1,890,207	1,603,340	1,651,441	1,700,984	1,752,013	1,804,574	1,858,711	Rec 02-03 Budget with 30% cut with 3% growth
OES - Hazmat Response	110,000	110,000	110,000	110,000	110,000	110,000	110,000	110,000	Rec 02-03 Budget with no growth
County Facilities Garbage/Disposal Charges & Recycling Program	400,000	540,000	541,704	557,955	574,694	591,935	609,693	627,983	Rec 02-03 Budget with 3% growth
Staff Services to SBWMA (paid for by SBWMA)	127,355	255,000	255,000	255,000	255,000	255,000	255,000	255,000	Revenue/Expenditure Neutral (see above)
Transfer Station & Landfills - Maintenance, Monitoring & Equipment	309,992	319,292	328,871	338,737	348,899	359,366	370,147	381,251	01-02 actuals with 3% annual growth
Total Ongoing Expenditures	4,464,537	5,098,074	4,521,453	4,646,147	4,774,581	4,906,869	5,043,125	5,183,469	
Children's Health Initiative	0	1,350,000	2,781,000	2,864,430	2,950,363	3,038,874	3,130,040	3,223,941	\$2.7 M annually with 3% growth
Total Expenditures	4,464,537	6,448,074	7,302,453	7,510,577	7,724,944	7,945,743	8,173,165	8,407,410	
Year-End Reserves (not including one-time expenditures)	12,999,797	12,165,981	10,413,003	8,356,608	5,974,896	3,244,654	141,290	(3,280,912)	Total Sources less Total Expenditures

COUNTY OF SAN MATEO
Inter-Departmental Correspondence

September 6, 2002

To: Honorable Board of Supervisors

From: Margaret Taylor, Director, Health Services 

Subject: Children's Health Initiative

Recommendation

Accept the following report on the Children's Health Initiative.

Background and Discussion

The San Mateo County Children's Health Initiative (CHI) Coalition continues to meet its work plan targets, staying on track for a January 1, 2003 implementation date. As a next step in the work plan, CHI must develop the pre-January 1st infrastructure necessary to enroll the target population into Medi-Cal, Healthy Families, and Healthy Kids. This step is critical for meeting the implementation date target.

Budget Information

The Coalition has developed a start-up budget for the initial year of operations (FY 2002-03), as well as refined cost estimates for annual ongoing operations. Budget materials have been submitted to the County Manager's Office for the September hearings. The Coalition is requesting approval of the FY 2002-03 budget at that time.

The current request for the FY 2002-03 CHI budget is \$723,955. This includes funding for start-up and infrastructure development costs as follows:

- Hiring 5 Community Health Advocates (CHAs) by November 1, 2002 to train them on Medi-Cal, Healthy Families and Healthy Kids outreach and enrollment techniques and to prepare them for expanded enrollment efforts.
- Employing 1 FTE equivalent by November 15, 2002 to oversee final Healthy Kids eligibility determination. This position will enable CHI to develop a quality assurance process that ensures children are enrolled in the appropriate programs.
- Developing Management Information Systems to facilitate enrollment, eligibility determination, data tracking, and compatibility with the existing HPSM and HSA systems. The initiative will pay for a portion of these costs with pre-existing Community Access Program (CAP) grant and HSA funds earmarked for Health-e-App financing the balance.

- Contracting with five Community Based Organizations (CBOs) by November 15, 2002 to prepare them for performing targeted Medi-Cal, Healthy Families and Healthy Kids outreach and enrollment for hard to serve populations.
- Developing marketing materials to increase awareness and understanding of the upcoming initiative. We plan to reduce material development costs by relying on in-house and Mills-Peninsula Health Services staff. Both Seton and Sequoia Hospitals have indicated a willingness to provide support also. The budgeted costs will pay for production of the developed materials.
- Overseeing the coordination, management and development of the Children's Health Initiative.
- Paying for the preliminary actuarial analysis of the Healthy Kids program (less than \$25,000) and the implementation of an evaluation.

This budget does not yet include costs for the health insurance premiums required once operations begin in January 2003. Current estimates are that about \$1.4 million in premium costs will be required for enrolling 1,200 children in FY 2002-03. However, a budget request will be made once these estimates have been refined in the next few weeks.

At the September budget hearing, you will be asked to support two-thirds of the \$724,000 start-up budget for FY 2002-03. The Children and Families First Commission has committed the remaining one-third of funding. However, fund-raising efforts continue to be successful. The requirement for County General Fund support should decrease as we get commitments for outside funding.

The current estimated annual cost for the Children's Health Initiative is \$7.7 million which includes Healthy Kids premiums and risk pool; outreach, enrollment and social marketing activities; CHI administration and eligibility determination; and a five year health outcome evaluation. This budget is based on the most recent estimates of the number of uninsured children in the County, estimates derived from new survey information and more detailed analyses of local county data. These new data indicate there are approximately 17,000 uninsured children living in San Mateo County, with 14,600 residing in households with incomes under 400 percent of the federal poverty level; approximately 9,250 of these uninsured children are expected to be linked to Medi-Cal and Healthy Families and about 5,350 children will receive coverage under the new Healthy Kids program. While estimates of the number of uninsured children living in the county have declined, the Coalition membership agreed to a conservative reserve policy for an insurance program with little utilization history. In addition, the estimates for the number of children eligible for Medi-Cal and Healthy Families have been revised. All of the new estimates have been reviewed by the Coalition. We will continue to refine the annual budget as we collect more information.

Fundraising Status

On August 28, 2002, the Sequoia Healthcare District voted to commit \$1.35 million per year for five years to the CHI, within certain conditions. In addition, we are currently preparing funding proposals to the following organizations and potential government sources:

- California Endowment
- Packard Foundation
- Mills-Peninsula Healthcare District
- Peninsula Community Foundation
- AB 495 (pending State proposal to draw down unspent CHIP/Healthy Families funding for increased insurance coverage for children)

We have met with staff of all the foundations listed above and have been encouraged to submit requests.

Thank you again for your support of the initiative and for your continued leadership in raising the funds needed to provide every child with comprehensive health coverage.



Fiscal Impact

There is no impact on the County general fund in accepting this report.

COUNTY OF SAN MATEO
Inter-Departmental Correspondence

September 9, 2002

TO: Honorable Board of Supervisors

FROM: Margaret Taylor, Director, Health Services 
Nancy Steiger, CEO, San Mateo Medical Center 

SUBJECT: County Health Activities on the Coast and Coastside Medical Clinic

Recommendation

Accept the following report on the Coastside Medical Clinic and County health programs provided on the Coast.

Background and Discussion

At the FY 2002-03 budget hearings, Supervisor Gordon requested information about Health Services' activities on the Coast since Stanford ceased operating the Coastside Medical Clinic. He also inquired about potential future collaboration with the Coastside Clinic.

The County has not provided any funding to the Coastside Clinic. However, Health Services and the San Mateo Medical Center (SMMC) have directed some additional resources to the Coastside community to complement long-standing programs:

- The Medical Center clinics are now providing a half-day per week of OB services on the Coast. Services were initiated in response to the closure of a physician practice.
- Public Health helped start the Sonrisas dental clinic on the Coast and has begun offering primary care services in Pescadero on a regular basis through the mobile health van. The target population for these services is low-income and uninsured individuals, for whom the County has a direct responsibility.
- Public Health has provided primary care and public health services two days per week in the same building as the Coastside Clinic for some time. The volunteer physician group (Rotacare) also provides clinical service one night a week. These are targeted services for low-income and uninsured individuals.

- Mental Health has operated a clinic on the Coast for many years.
- The Community Oriented Health Services (COHS) Program last year began funding a major project through the Partnership for Public Health, working closely with the Coastside Health Committee to build community capacity for addressing health care concerns.

The Coastside Clinic will benefit under the new Healthy Kids program proposed to begin in January 2003. Most of the currently uninsured children seen by clinic providers should be eligible for Healthy Kids, increasing reimbursement to the clinic.

Health Services staff has consulted with Coastside Clinic representatives about outside funding opportunities (e.g., federal grants available to community health centers that serve low-income, Medi-Cal, and uninsured patients). However, the Clinic is apparently ineligible for this federal funding because the Coastside is not a federally recognized Medically Underserved Area (MUA).

Staff from Health Services and SMMC will meet with Coastside Clinic representatives to explore possibilities for collaboration, and continue working closely with the Coastside Health Committee.

Fiscal Impact

There is no fiscal impact by accepting this report.



COUNTY OF SAN MATEO
Inter-Departmental Correspondence

Human Services Agency
Office of Housing

DATE: August 29, 2002

BOARD MEETING DATE: September 17, 2002

TO: Honorable Board of Supervisors

FROM: Maureen Borland, Director, Human Services Agency
Steve Cervantes, Director, Office of Housing

SUBJECT: Report on Non-Profit Real Property Acquisition Program

Recommendation

Accept the Report on the status of the Non-Profit Real Property Acquisition Program.

Background

During the budget hearings the Board requested updated information on the Non-Profit Real Property Acquisition Program that has been funded in the previous two fiscal years from County reserves.

Discussion

On September 12, 2000, the Board of Supervisors adopted a policy for the provision of loans to non-profit agencies providing health and human services to County residents, to assist them with the acquisition of real property to house their administrative office space and provide essential services. This policy, in response to a booming economy that created rapidly escalating rents for office space, was adopted to provide some insulation to non-profits from the pressures of rapidly increasing rents.

Since it's inception two years ago the Non-Profit Acquisition Loan Program has been allocated \$2,700,000 (\$1,700,000 in FY 2000-01 and \$1,000,000 in FY 2001-02). The following loans have been approved:

<u>Loan Amount</u>	<u>Agency</u>	<u>Approval Date</u>
\$750,000	Shelter Network/Women's Recovery Associations	09/12/00
\$477,125	Peninsula Conflict Resolution Center	05/01/01
\$450,000	Project 90 - Daly City	05/22/01
\$275,000	Women's Recovery Association	06/18/01
<u>\$725,000</u>	Family Service Agency	01/15/02
\$2,677,125	TOTAL	

Unfortunately, Project 90 was unable to obtain a required Use Permit from the City of Daly City and the deal never closed. The funds were returned to the General Fund Reserves. Total expenditures are \$2,227,125.

We have had the following additional inquiries/applications:

- Family Housing & Adult Resources (FHAR) - Due to an existing long-term lease on 50% of the building, the deal was unable to meet the criteria of the program (at least 85% of the building occupied by Non-profits providing health and human services to the County) - \$750,000
- HIP Housing - Insufficient funds available at the time of inquiry; acquisition did not proceed - \$750,000
- Project 90 - Insufficient funds available at the time of application; acquisition did not proceed - \$275,000
- Mid-Peninsula Housing Coalition - Insufficient funds available at the time of inquiry - \$750,000

A couple of these deals are rather complicated in that they would involve either major reconstruction or demolition with new construction.

Although a number of organizations have indicated that they would consider purchasing property if this program were available, there are no current deals pending. Given the current slump in the office rental market, there is a considerable amount of vacant office space available at significantly discounted rates. This has taken away the urgency that created the original policy. It is our recommendation that due to the State and County budget problems, the program remain unfunded this fiscal year. If the need should become more urgent or if a particular deal should present itself, the Board may wish to reconsider this use of reserve funds again.

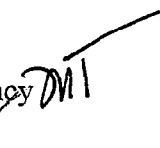

Fiscal Impact

There is no fiscal impact to accepting this report.

COUNTY OF SAN MATEO
Inter-Departmental Correspondence

September 6, 2002

TO: Honorable Board of Supervisors

FROM: Maureen Borland, Director, Human Services Agency 
Margaret Taylor, Director, Health Services 

SUBJECT: Tobacco Settlement Funding for Tobacco Prevention Activities

Recommendation

Accept the following report on tobacco settlement funding for tobacco prevention activities.

Background and Discussion

At the FY 2002-03 budget hearings, a question arose concerning the tobacco settlement funding and tobacco prevention activities. Specifically, the Tobacco Coalition requested information about tobacco control enforcement activities in Environmental Protection, activities that were thought to be supported by Tobacco Settlement funding.

In FY 1999-00, San Mateo County began receiving annual tobacco settlement payments. In the first year, this funding was allocated to support debt service and technology projects at San Mateo Medical Center, and for tobacco education and prevention activities throughout Health Services.

In 2000-01, several tobacco education and prevention programs were transferred from Health Services to the Human Services Agency. Your board approved a total of \$270,000 in tobacco settlement funding to support these activities. At that time, \$220,000 of this allocation was transferred to Human Services for FY 2000-01 to support tobacco prevention activities there, and \$50,000 was to have been allocated to support enforcement activities for the County ordinance prohibiting tobacco sales to minors in Environmental Protection. However, the \$50,000 was never allocated to Environmental Protection. Instead, the additional funding was used to fund debt service and technology costs at the hospital. Environmental Protection continued to provide enforcement activities without the support of tobacco settlement funding.

For 2001-02, the situation was rectified and Human Services received the full \$270,000 tobacco settlement allocation originally approved to support tobacco education activities. In addition, this \$270,000 will continue to be allocated to Human Services in 2002-03 and beyond to support these programs.

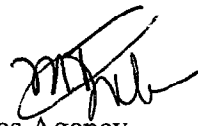

Fiscal Impact

There is no impact on the County general fund in accepting this report.

**COUNTY OF SAN MATEO
DEPARTMENTAL CORRESPONDENCE**

DATE: September 6, 2002

TO: Honorable Board of Supervisors

FROM: Margaret Taylor, Director, Health Services 
Maureen Borland, Director, Human Services Agency
Loren Buddress, Chief Probation Officer 

SUBJECT: North Peninsula Family Alternatives' Juvenile Sexual Responsibility
Program: History of Agency Financial Support and Impact of Reductions
on Out of Home Placements

Recommendation

Accept this report regarding history of County funding and anticipated impact on out of home placements if the Juvenile Sexual Responsibility Program is not sustained at 2001-02 funding level.

Discussion

The Juvenile Sexual Responsibility Program (JSRP) of North Peninsula Family Alternatives (NPFA) has operated since 1990 through core funding provided by county departments augmented by foundation grants. The program operates through a contract with Health Services' Mental Health Division as an outpatient clinic in order to qualify for additional MediCal reimbursement. In 2001-02, JSRP's contract budget was \$169,726. This included core funding from Probation, Human Services Agency and Health Services, anticipated MediCal reimbursement and, funding from Human Services that made up for the loss of prior foundation funding on a one time only basis. JSRP was informed that its FY 2002-03 contract would be reduced to the core funding level of \$80,400, and that NPFA would need to secure additional non-County financing or client fees to maintain its budget at the 2001-02 level.

During the June budget hearings, NPFA requested that the County restore the JSRP contract to the 2001-02 level. In addition, NPFA staff commented that any reduction in the level of program services would lead to an increase in out of home placements. Health Services staff were directed to report back to your Board regarding these issues.

1. History of JSRP Funding

JSRP, operated through North Peninsula Family Alternatives, has provided outpatient services (primarily assessment and group treatment) since 1987 to youth referred by the Courts and the Probation Department for treatment of sexual offenses. JSRP was established with funding through the Children's Trust Fund and the Peninsula Community Foundation. The annual level of program funding was approximately \$50,000. In 1990, these sources of foundation funding ceased to be available. At the request of the County Manager, Probation, the Human Services Agency and Health Services began to provide core funding at the level of \$16,666 per department. In 1992,

the JSRP budget was increased to \$90,000 as a result of the availability of "Minor Consent" MediCal revenue to the Mental Health Division. At that time Mental Health contributed \$56,667 and Probation and HSA each continued to contribute \$16,666. In 1997, mental health Minor Consent MediCal was discontinued by the State, and NPFA was requested to explore other options for funding. Mental Health continued to provide more than the previously agreed to 33.3% departmental share of base funding to the program because "Realignment" growth revenues were available. This included providing COLAs.

From September 1998 through August 31, 2000 the Peninsula Community Foundation provided a grant to the Sheriff's Department for the JSRP for \$50,000 per year for two years to expand basic services to include family counseling, mobile treatment and after-care. This increased the JSRP budget to \$140,000 per year. In July 2000 the budget increased to \$154,297 as a result of County contractor COLA's and the Peninsula Community Foundation extended its grant of \$50,000 for an additional year—through June 30, 2001. NPFA was advised to pursue other sources of funding, including Medi-Cal, Healthy Families and client fees.

In 2001-02, the JSRP budget was sustained at the prior year level plus a 10% County contractor COLA (\$15,429) for a total contract amount of \$169,726. The three county departments each contributed \$21,810 and \$15,000 was expected in Medi-Cal revenue. Effective in 2001-02, Mental Health was no longer able to provide funding in excess of each department's 33.3% base County General Fund contribution. The Human Services Agency provided \$89,297 (TANF Incentive funds,) as a one year funding transition. NPFA was notified that the TANF Incentive funds from HSA were one-time only and that the agency would be expected to explore other funding options, including client fees in order to sustain the program at its 2001-02 level. County agencies made it clear that no funds over and above the base contributions of \$21,800 per agency and Medi-Cal revenues of \$15,000 would be available for '02-'03.

By July 2002, NPFA had not obtained additional funding, charged client fees, or initiated insurance billing,, thus its county contracted budget level reverted to the previously established agreed upon base budget of \$80,400.

2. Implications of reduction in level of JSRP services for out of home placements.The JSRP provides services to youth who have been involved in sexual acting out behavior toward another youth and are considered low to moderate risk for re-offense. The behavior of youth referred to JSRP ranges from inappropriate touching to molestation. The director of JSRP has concurred that the organization rarely receives referrals of high-risk youth. High-risk youth are screened out and are usually placed in group homes or with the California Youth Authority. Youth referred and accepted into the JSRP treatment program are rarely, if ever, candidates for group home placement.

The primary treatment provided by JSRP is group therapy. All youth receive an assessment (4-6 sessions, including contact with parents). Following the assessment the youth is assigned to one of four groups and the parents are seen in one of three possible parent groups. In addition, higher risk youth may also receive family therapy. Youth who are considered low risk receive brief treatment and may be seen for as few as six sessions. Youth who are considered higher risk may be seen for up to eighteen months.

For those youth who are on Probation (approximately 95%) contact is also maintained with the youth's Probation Officer. No groups are provided during the month of August or during a two week December holiday break.

During Fiscal Year 2001-02 approximately sixty-four (64) youth were served in the JSRP. The amount of service provided to these youth and their families was as follows: twenty-three (23) youth received from 1-15 hours of service; thirty-four (34) youth received from 16-60 hours of service and only seven (7) youth received more than 61 hours of service for the entire year. The one youth who received the most intensive services received approximately 177.50 hours for the entire year, or an average of less than four (4) hours a week of treatment. Most other youth received an average of two (2) or less hours per week of service.

Health Services, Probation and the Human Services Agency concur that the JSRP is an effective early intervention and treatment program that provides outpatient services to youth and their families who are considered low to moderate risk. In the opinion of involved County departments, those youth who are at high risk for out of home placement have either already been referred to group home placements or are screened out by JSRP during their assessment process and referred back to Probation for consideration of a more intensively supervised level of care. It is unlikely that the County will incur increased out of home placement costs as a result of returning the JSRP program to its base level of funding.

Summary

The recommended County funding for the JSRP for 2002-2003 is \$80,400 (including County funding (\$65,400) and projected MediCal revenue (\$15,000). To restore the program to its prior budget of \$169,726 would require an additional \$89,326 in County General Fund. We have consulted with the Executive Director of the JSRP who stated that he could operate the program at a reduced level for \$107,644 of which \$ 27,244 would be generated from client fees. The County would not be responsible for any shortfall in client fees. The number of youth served in the JSRP is anticipated to decrease from an average of 70 per year to approximately 35 youth per year. With a reduction in program capacity, and in order to assure that youth with the highest level of need are served, it is recommended that all referrals to JSRP be authorized through the Interagency Placement Review Committee—an existing children's system of care management committee staffed by HSA, Probation and Mental Health.

Fiscal Impact

Acceptance of this report results in no fiscal impact to the Fiscal Year 02-03 budget.



COUNTY OF SAN MATEO
Inter-Departmental Correspondence

San Mateo County Library

DATE: July 24, 2002

BOARD MEETING DATE: September 17, 2002

TO: Honorable Board of Supervisors
FROM: Jeanine Asche, Library Services Manager
SUBJECT: Raising A Reader Program and Participating Child Care Providers

Recommendation

Accept the report identifying child care providers participating in the Raising A Reader Program.

Background

During the June budget hearings, the Board of Supervisors requested information identifying child care providers participating in the Raising A Reader Program by city. The attached report lists the site locations by city and number of children served.

Discussion

Raising A Reader is an award-winning early literacy program that provides bright red book bags, filled with high-quality children's books featuring artwork, age-appropriate language, and multicultural themes. Raising A Reader oversees the implementation of the program in 465 child care centers and home day cares with a total of 9,687 children participating. There is also a small home visiting nurse program in which Pre to Three nurses distribute book bags to families.

The majority of sets are located in child care centers, comprising roughly 75% of total enrollees. Raising A Reader has had much success expanding the program in Head Starts, state pre-schools, and summer kindergarten readiness programs, which correlates with the high penetration rates in large child care facilities. Current enrollment efforts are targeted towards home day cares and home visiting nurse programs.

Fiscal Impact

There is no fiscal impact in accepting this report.

Attachment

Raising A Reader Participants By City

Raising A Reader Participants by City

Site Location	Organization	CCC/FCC/HVM	Sets	# Children
Atherton				
	Menlo School Child Developm	FCC	1	14
Summary for 'Site Location' = Atherton (1 detail record)				
Sum			1	14
Belmont				
	Angela Grossman	FCC	1	14
	Carlemont Parents Nursery	CCC	3	72
	DeMartini Daycare	FCC	1	14
	Holy Cross Preschool	CCC	2	48
	Sharon Child Care	FCC	1	14
Summary for 'Site Location' = Belmont (5 detail records)				
Sum			8	162
Burlingame				
	FSA Neighborhood Child Care	FCC	9	126
	Palcare, Inc.	CCC	2	48
	Poplar ReCare Early Childhoo	CCC	4	96
	The Children's House	FCC	1	14
Summary for 'Site Location' = Burlingame (4 detail records)				
Sum			16	284
Daly City				
	IHSD Bayshore /87th Street	CCC	3	72

Site Location	Organization	CCC/FCC/HVM	Sets	# Children
	IHSD Bayshore Midway	CCC	3	72
	IHSD Bayshore Mission	CCC	2	48
	IHSD Bayshore/Mission	CCC	2	48
	IHSD Head Start/Serramonte	CCC	3	72
	IHSD/Early Head Start	FCC	1	14
	J.E.S.D./Jefferson State Presc	CCC	4	96
	Kiddie Kingdom Day Care	FCC/SPN	1	14
	Latchkey Alternative	CCC	2	48
	Lisette's Family Day Care	FCC	1	14
	PP/Daly City Collaborative	CCC	27	648
Summary for 'Site Location' = Daly City (11 detail records)				
Sum			49	1146
East Palo Alto				
	Carol Howard's Day Care	FCC	1	14
	Creative Montessori	CCC	4	84
	IHSD Head Start/Bay Rd	CCC	3	72
	IHSD Head Start/Laurel	CCC	2	48
	IHSD Head Start/Runnymede	CCC	2	48
	IHSD/Early Head Start	FCC	1	14
	IHSD/Early Head Start	FCC	1	14
	IHSD/Early Head Start	FCC	1	14
	Natalia's Child Care	FCC/SPN	1	14
	O.I.C.W. Child Development	CCC	2	48

Site Location	Organization	CCC/FCC/HVM	Sets	# Children
	PP/Jumpstart Kinder-Camp	CCC	4	96
	Ravenswood CDC	CCC	2	48
	Ravenswood SPS	CCC	5	120
	Sibel's Family Child Care	FCC/SPN	1	14
Summary for 'Site Location' = East Palo Alto (14 detail records)				
Sum			30	648
El Granada				
	Wilkinson Early Childhood Ce	CCC	1	24
Summary for 'Site Location' = El Granada (1 detail record)				
Sum			1	24
Foster City				
	Ana D Hernandez Daycare	FCC	1	14
	K'ton ton	CCC	3	72
	Kids Connection Preschool	CCC	9	216
	Mrs. K's House	CCC	1	24
	Rose Garcia's Wee Care	FCC	1	14
	Sea Breeze School	CCC	8	192
Summary for 'Site Location' = Foster City (6 detail records)				
Sum			23	532
Half Moon Bay				
	Coastside Even Start	CCC	2	48
	Coastside Healthy Kids for Sc	FCC	1	21
	Head Start Half Moon Bay	CCC	2	36
	HMB Children's Center	CCC	2	48

Site Location	Organization	CCC/FCC/HVM	Sets	# Children
	Janette Day Care	FCC	1	14
	Los Listos Migrant Preschool	CCC	3	72
	Los Listos Preschool	CCC	1	14
	Los Ninos Nursery School	CCC	1	24
	Picasso Preschool	CCC	3	72
	PP/Coastside Collaborative	CCC	3	72
	SASS	CCC	1	24
	Spanish Literacy Project	CCC	1	24
Summary for 'Site Location' = Half Moon Bay (12 detail records)				
Sum			21	469
La Honda				
	La Honda Preschool	CCC	1	24
Summary for 'Site Location' = La Honda (1 detail record)				
Sum			1	24
Menlo Park				
	Belle Haven CDC	CCC	4	96
	Belle Haven PP	CCC	7	168
	City of Menlo Park/Menlo Chil	CCC	3	72
	Family Connection	CCC	4	96
	Garfield Early Learning Center	CCC/P	4	96
	GeoKids	CCC	3	72
	Haven CDC	CCC	1	24
	IHSD Early Head Start/Home	FCC	7	98
	IHSD Head Start/Fair Oaks	CCC	4	96

Site Location	Organization	CCC/FCC/HVM	Sets	# Children
	IHSD Head Start/Home Based	FCC	4	56
	IHSD Head Start/Menlo Park	CCC	2	48
	Kirk House Preschool	CCC	5	120
	Oliver Twist Family Day Care	FCC	1	14
	PP/Belle Haven	CCC	2	48
	Scribbles & Giggles	FCC	1	14
	Sequoia Adult School	CCC	2	48
Summary for 'Site Location' = Menlo Park (16 detail records)				
Sum			54	1166
Millbrae				
	Millbrae Montessori	CCC	3	72
	Millbrae Nursery School	CCC	3	72
	Summer Day Childcare	FCC	1	14
Summary for 'Site Location' = Millbrae (3 detail records)				
Sum			7	158
Pacifica				
	Bev's Family Daycare	FCC	1	14
	Brighton Preschool	CCC	1	24
	City of Pacifica	CCC/P	6	144
	Grandma's Family Child Care	FCC/SPN	1	14
	Mom's Club of Pacifica	FCC	1	14
	Pacifica Co-op Nursery School	CCC	2	48
	PP/Pacifica Collaborative	CCC	6	144
	Skyline Preschool	CCC	1	24

Site Location	Organization	CCC/FCC/HVM	Sets	# Children
	Touchpoints Group@ Sunset	FCC	1	14
	TTT Pacifca	CCC	1	24
	TTT Pacifica	CCC	1	24
Summary for 'Site Location' = Pacifica (11 detail records)				
Sum			22	488
Palo Alto				
	Barron ParkProgram PACCC	CCC	1	24
Summary for 'Site Location' = Palo Alto (1 detail record)				
Sum			1	24
Pescadero				
	Pescadero Community Presch	CCC	2	48
	PP/South Coast Collaborative	CCC	2	48
Summary for 'Site Location' = Pescadero (2 detail records)				
Sum			4	96
Redwood City				
	Beginnings Childrens Learning	CCC	1	24
	Bobby's Rug Rat Inn	FCC	1	14
	Bonnie's Babes Child Care	FCC	1	14
	Canada Child Devel Ctr	CCC	1	24
	Community Education Center/	CCC	2	48
	Community Education Center/	CCC	3	72
	Creative Play Corner	FCC	1	14
	Daisy Girl Scouts	FCC	2	28
	F.S.A./Redwood City/Plaza C.	CCC	1	24

Site Location	Organization	CCC/FCC/HVM	Sets	# Children
	Fair Oaks State Preschool	CCC	2	48
	Family Child Care	FCC/SPN	1	14
	Happy Days Day Care	FCC	1	14
	Hoover School Special Day Pr		1	24
	Hoover State Preschool	CCC	2	48
	IHSD/Early Head Start	FCC	1	14
	Intinerant Preschool Program	CCC	2	48
	Jean Weingarten Pen Oral Sc	CCC	1	24
	John Gill CDC	CCC	1	24
	Judy's Place of Play	FCC	1	14
	Lil Pals Day Care	CCC	1	24
	Little Angles	FCC	1	14
	Marin Day Schools - "Our Plac	CCC	4	96
	Michele's Day Care	FCC	1	14
	Noah's Ark Preschool	CCC	1	24
	Our Lady of Mount Carmel Pr	CCC	2	48
	Peninsula Christian School	CCC	2	48
	Powers Family Day Care	FCC	1	14
	PP/Redwood City 2020	CCC	2	48
	Redwood City Child Develop	CCC	3	72
	Redwood City Even Start	CCC	1	24
	Redwood Parents Nursery Sc	CCC	5	110
	Roosevelt School - Spec. Ed.	CCC	1	24

Site Location	Organization	CCC/FCC/HVM	Sets	# Children
	Roosevelt State Preschool	CCC	2	48
	RWCSD Sp Ed Pre-School	FCC	1	14
	Sequoia Children's Center	CCC	2	48
	Sequoia Preschool	CCC	3	72
	Tender Times Daycare	FCC	1	14
	Thumbelina Nursery School	CCC	2	48
	Tina's Kids Child Care	FCC/SPN	1	14
	Tri-Cities Redwood CDC	CCC	2	36
	Vista Day Care	FCC	1	14
	Z & V Day Care	FCC	1	14
Summary for 'Site Location' = Redwood City (42 detail records)				
Sum			67	1416
San Bruno				
	Belle Aire State Preschool	CCC	2	48
	IHSD/Early Head Start	FCC	1	14
	Jackie's Family Day Care	FCC	1	14
	Nury's Day Care	FCC/SPN	1	14
	Peninsula HS Teen Parents P	FCC	1	14
	Skyline College Children's Cent	CCC	2	48
	Smiling Faces Child Care	FCC/SPN	1	14
Summary for 'Site Location' = San Bruno (7 detail records)				
Sum			9	166
San Carlos				
	Bert's Kids Place	FCC	1	14

Site Location	Organization	CCC/FCC/HVM	Sets	# Children
	Jul's Family Day Care	FCC	2	28
	Kindercourt Academy	CCC	4	96
	Laurel Cottage Pre-School	FCC	1	14
	Nancy's Play House	FCC	1	14
	Nanny's Nest Day Care	FCC	1	21
	Sandra's Home Sweet Home	FCC	1	14
Summary for 'Site Location' = San Carlos (7 detail records)				
Sum			11	201
San Mateo				
	Beresford Recreation Center-	CCC	2	48
	Crystal Springs ECE Center	CCC	2	48
	Curious Kids	FCC	1	14
	Early Learning Center/Fiesta	CCC/P	1	24
	Early Learning Center/George	CCC/P	1	24
	Early Learning Center/Horral/	CCC/P	1	24
	Early Learning Center/No Sho	CCC/P	1	24
	Edna y Delfina Day Care	FCC/SPN	1	14
	Elsie Walker Daycare	FCC	1	14
	Fiesta Gardens/Spec Ed/SMF	CCC	1	14
	Filler Sets	CCC	6	144
	Filler Sets	FCC	1	14
	Frank and Onnie's Family Day	FCC	1	14
	FSA Community Infant/Toddle	CCC	1	24

Site Location	Organization	CCC/FCC/HVM	Sets	# Children
	Full of Wonder	CCC	1	24
	Horral Sch/Spec Ed/SMFCSD	CCC	1	24
	IHSD Head Start/San Mateo	CCC	2	48
	IHSD/Early Head Start	FCC	1	14
	IHSD/Early Head Start "The Li	FCC	1	14
	Intercommunal Survival Scho	CCC/P	1	24
	King Center/SM Rec Dept	CCC	2	48
	Lakeshore Center-San Mateo	CCC	3	72
	Little Angels Day Care	FCC	1	14
	Maria's Daycare	FCC/SPN	1	14
	Marina's Day Care	FCC	1	14
	Mary Meta Lazarus C.D.C./C.	CCC/P	2	48
	McAllister Family Daycare	FCC	1	14
	Michelle's Family Daycare	FCC	1	14
	Parkside/Spec Ed/SMFCSD	CCC	1	14
	PP/Kids & Families First	CCC	16	384
	PP/Kids & Families First	CCC	5	120
	Pre-to-Three Case Managers	HVM	10	140
	Pre-to-Three Touchpoints	FCC	5	70
	Precious Baby Home Day Car	FCC	2	21
	Quality Spaces Learning Plac	FCC	7	98
	San Mateo New Beginnings Pr	FCC	1	24
	San Mateo Parents' Nursery S	CCC	3	72

Site Location	Organization	CCC/FCC/HVM	Sets	# Children
	Serendipity School	CCC	3	72
	Serendipity School	CCC	1	24
	SMCOE Special Ed Preschool	FCC	1	14
	The Junior Gym	CCC	1	24
	Transfiguration Nursery School	CCC	1	24
	Turnbull's Children Center	CCC	6	144
	Wade's Family Day Care	FCC	1	14
Summary for 'Site Location' = San Mateo (44 detail records)				
Sum			104	2089
So San Francisco				
	Carla's Day Care	FCC	1	14
	Cherry's Day Care	FCC/SPN	1	14
	Children's Center	CCC	4	96
	Community Learning Center	CCC	2	48
	Family Child Care	FCC	1	21
	Family Child Care	FCC/SPN	1	14
	IHSD Early Head Start	CCC	1	7
	IHSD Head Start/SSF	CCC	2	72
	IHSD Head Start/SSF	CCC	2	48
	IHSD Head Start/SSF	CCC	2	48
	IHSD Head Start/SSF	CCC	2	48
	Leo J. Ryan Child Development	CCC	3	72
	Maria & Victor Franco Day Care	FCC/SPN	1	14

Site Location	Organization	CCC/FCC/HVM	Sets	# Children
	Marisol's Little Start	FCC/SPN	1	14
	School Age Mothers Program	FCC	1	14
	TTT So San Francisco	CCC	2	36
Summary for 'Site Location' = So San Francisco (16 detail records)				
Sum			27	580
Grand Total			456	9687



COUNTY OF SAN MATEO
Inter-Departmental Correspondence

Human Services Agency

DATE: September 6, 2002

BOARD MEETING DATE: September 17, 2002

TO: Honorable Board of Supervisors
FROM: Maureen Borland, Human Services Agency
SUBJECT: Report entitled "*Vocational Rehabilitation Services*"

Recommendation

Accept for review and consideration a report entitled "*Vocational Rehabilitation Services.*"

Background

During the June budget hearings, the Board requested a report on the Human Services Agency Vocational Rehabilitation Services (VRS), including information about the programs collectively known as VRS, their impact on clients, and cost data covering a ten year period. The Board also requested an analysis of the cost effectiveness of VRS as compared to costs likely to be incurred in other systems in the absence of VRS services. The first part of this report discusses client services, outcomes and benefits, and funding from prior years. The second part of this report discusses the impact of eliminating VRS.

Discussion

As described in the attached report, Vocational Rehabilitation Services is a highly cost - effective set of programs that meets the needs of diverse County residents with chronic and severe barriers to employment and self-sufficiency by providing employment opportunities and employment services.

Clients Served

- People with chronic mental illness
- People with physical & developmental disabilities
- People receiving alcohol & drug treatment
- People moving off welfare into work
- People receiving General Assistance

Services Provided

- Counseling
- Case management
- Vocational assessment
- Job development
- Job training
- Job placement
- Job coaching

Cost data presented in the attached report demonstrates VRS' Net County Cost has declined substantially (60%) over the past three years. In support of County Visioning Goals and current economic constraints, the Human Services Agency is proposing a reduction of \$201,161 to VRS' currently budgeted FY 2002-03 Net County Cost. This 29% reduction is in addition to a 19% reduction from the Net County Cost budgeted in FY 2001-02.

Plans are either under development or currently being implemented to achieve operational improvements and efficiencies and to further minimize Net County Cost. These include:

- Improved client management
- New marketing plan
- Restructured program responsibilities
- Revised workplace policies
- Negotiations with collaborative service partners and funders

Fiscal Impact

As a result of the analysis process, management actions have been proposed as part of the Agency Net County Cost Reduction Plan. If approved, these actions will reduce Net County Cost in this program by \$251,161. This reduction may be partially off-set by a proposed \$50,000 reduction in support from Mental Health resulting in a net reduction of \$201,161.

VOCATIONAL REHABILITATION SERVICES

Introduction

The County has provided Vocational Rehabilitation Services to residents since 1955. VRS serves people with cognitive, emotional and physical disabilities that present barriers to employment by assisting them through assessment, counseling, case management, training, job placement and job coaching to attain their maximum vocational potential. These services are funded through a variety of federal, state, and county programs and by revenues generated by the VRS Workcenter.

VRS contributes to the following San Mateo County 2010 Visioning Goals:

- Help vulnerable people – the aged, disabled, mentally ill, at-risk youth and others – achieve a better quality of life.
- All households experience real gains in income.
- Residents have many educational and training opportunities beyond high school.
- County and local governments effectively communicate, collaborate and develop strategic approaches to issues affecting the entire County.
- Our diverse population works well together to build strong communities, effective government and a prosperous economy.

Clients Served

People with chronic mental illness
People with physical & developmental disabilities
People receiving alcohol & drug treatment
People moving off welfare into work
People receiving General Assistance

The first section of the report describes the client populations served and the wide range of services they receive. Services include counseling, case management, vocational assessment, job development, job training, job placement and job coaching.

The second section includes the outcomes and benefits of this collection of programs, such as:

- The number of clients with disabilities who are able to successfully attain unsubsidized community employment.
- The cost-effectiveness of assisting clients with chronic and severe disabilities in a structured community-based employment environment rather than in an institution.
- The cost-effectiveness of the VRS work requirement in constraining enrollment in the fully County funded General Assistance program.

The third section outlines funding, allocation, and Net County Cost for VRS programs from FY 91-92 to FY 01-02. The use of County funds to support under-funded programs is discussed.

Section four describes current cost reduction strategies and future plans to achieve improved operations and efficiencies. Strategies for improving operational efficiency include improving

County and State Partnerships

Alcohol & Other Drug Treatment Providers
CA Department of Rehabilitation
CalWORKs
Food Stamp Employment & Training
General Assistance
PeninsulaWorks
Sheriff's Work Alternative Program
SMC Health Center
SMC Mental Health Services
VRS Catering Connection
VRS Workcenter

client management, developing a new marketing plan, restructuring responsibilities, revising workplace policies, and renegotiating agreements with service partners and funders.

The report concludes with a summary of these key findings and proposed actions:

- VRS is a highly cost-effective set of programs that meets the needs of diverse groups of residents with chronic and severe barriers to employment and self-sufficiency.
- VRS Net County Cost has declined substantially (60%) over the past three years, with a 29% reduction proposed for the FY 02-03 budget.
- Plans are either currently under development or currently being implemented to achieve future efficiencies and reductions to Net County Cost.

1. Clients and Services

VRS tailors its vocational rehabilitation services to the needs of several different client groups:

- People with severe chronic mental health disabilities eligible for California Department of Rehabilitation and San Mateo County Mental Health programs.
- People with physical, learning, and developmental disabilities referred from the California Department of Rehabilitation.
- People receiving alcohol and other drug treatment at community-based treatment centers (Project 90, Women's Recovery Association, Sitike, and Hope House).
- People enrolled in the Welfare to Work Plus program, including non-custodial parents and working parents with income below the poverty level. In addition to agency referrals, VRS partners with the Department of Child Support Services, Shelter Network, and other community organizations to enroll these populations.
- People receiving CalWORKs or General Assistance.

VRS offers a comprehensive set of services, including:

- Individual counseling, case management, benefits planning, and linkages to supportive services
- Vocational assessment and testing
- Referrals to community-based job training and educational programs
- Job development, including locating leads, arranging interviews, and providing consultation on job applications and resumes
- Job training
- Job placement
- Job coaching to facilitate transition into the work environment

On-the-Job Vocational Assessment

A unique feature of VRS is the assessment of clients' employment assets and barriers in a real work setting. An evaluation of the client's communication skills, cognitive ability, personal characteristics, and interpersonal skills generates recommendations for the client's self-sufficiency service plan. In addition, counselors and case managers assist clients in stabilizing the effects of medication, developing appropriate work attitudes and habits, improving professional skills and self-confidence, and overcoming other barriers to employment.

Community-Based Transitional Employment

Clients unprepared for immediate employment have the opportunity to learn new skills and gain valuable work experience at the Workcenter, the Catering Connection, and off-site locations. At any given time, approximately one-third of all VRS clients are enrolled in transitional employment. These venues also provide structured environments for clients receiving public assistance who are mandated to work. Such persons include:

- Able-bodied individuals receiving General Assistance
- Single adults receiving Food Stamps
- Adults who reach their pre-employment time limits on CalWORKs
- People who have been convicted of misdemeanors and minor felonies and participate in the Sheriff's Work Alternative Program (SWAP)
- Elderly clients receiving benefits from Aging and Adult Services

On-Site Community Supports

VRS works in close partnership with the public and private sectors to generate additional revenue for the services it provides and to promote client self-sufficiency. Current agreements for product assembly and packaging at the Workcenter generate approximately \$925,000 in revenue. Seven corporations – Klutz Press, Superflight, Mayer Lab, Artistic Studios, Stone Publishing, AKA Saunders and Northwest Airlines – and two local government functions – PeninsulaWorks, and Children and Family Services – currently contract for this work, which provides 200 transitional vocational rehabilitation jobs for Workcenter clients.

“Time and time again we have been impressed by the efficiency of your assembly lines and their extraordinary attention to detail.”

- Klutz, 7/30/02

VRS agreements also support 19 clients who provide janitorial services at San Mateo County Health Center, records management at Tower Road, and manage recycling activities at BFI. The Catering Connection provides an additional 10 clients with the opportunity to learn food preparation and customer service skills.

“We frequently include the story of the Workcenter and the importance of its mission when we are pitching our product line to a prospective customer.”

- Superflight, Inc., 7/23/02

VRS has also built a reputation in the community for providing a pool of motivated and qualified workers to local businesses. Its job development and support services simplify the process of recruiting, hiring, training, and retaining new employees. In addition, VRS specialists can provide information on hiring tax credits and the American with Disabilities Act. Through successful and long standing public/private partnerships, VRS has placed clients in temporary and permanent employment at hundreds of local businesses. Clients are currently placed at over 25 businesses, including Blockbuster Video, Albertson's, Safeway, Target, and U-Haul.

Collaborative Partnerships

Serving People with Addictions

VRS works in partnership with San Mateo County Alcohol and Other Drug services and treatment providers to serve people with substance abuse addictions. VRS provides on-site vocational assessments and group counseling at five community-based treatment centers (Project 90 – two sites, Sitike, Women's Recovery Association, and Hope House). In addition, clients in treatment have access to the employment services available through VRS, including job training and educational programs, job development, job training, and job placement.

"VRS has been working on-site with our clients for the last 5 years providing assessment and assistance with job training and placement. They provide 'a light at the end of the tunnel' for many of our clients seeking to be self-sufficient and self-confident."

- Sitike Counseling Center

Supporting Public Safety

VRS manages the Sheriff's Work Alternative Program (SWAP) for the San Mateo County Sheriff's Office. People convicted of misdemeanors or felonies who are disabled and unable to complete their community work requirements are referred to the Workcenter. This innovative program benefits both VRS and the Sheriff's Office: VRS receives production labor which enhances its productivity and the Sheriff's Office does not incur any operating costs.

"If the Work Center wasn't available we would have to reject applicants with medical problems which means that they would have to serve their time in the Maguire Facility. This would unfairly penalize applicants with medical or disability issues in addition to causing an extra workload for the jail staff."

- Ken Jones, Lieutenant, Women's Correctional Center/Sheriff's Work Program

Promoting Self-Sufficiency

VRS was awarded a grant from the Social Security Administration (SSA) to develop an innovative program to assist individuals with chronic mental health disabilities who are receiving Social Security benefits (SSDI or SSI) to find and retain employment. In the fourth year of this five-year pilot project, ISSP was serving 95 SSA beneficiaries. The programs outcomes are significant: 66 people are working, 20 are enrolled in academic programs, 60 have reduced their benefit levels, and 6 no longer receive cash aid.

In addition to promoting self-sufficiency, VRS programs frequently benefit other County programs. During the summer of 2002, a client approached counselors at the Individualized Self-Sufficiency Project (ISSP) with the burden of over \$100,000 in outstanding medical bills due to San Mateo County Health Center. Through further investigation, ISSP counselors obtained documentation that enabled the client to clear 95% of these bills through Medi-Cal.

The final results:

- The client's financial stress was reduced and she is able to maintain her health and pursue her educational and vocational goals
- 95% of the client's medical bills have been paid at more than ***\$100,000 in savings to the County***

2. Program Outcomes and Benefits

VRS serves clients with significant disabilities and barriers to employment. Research on outcomes for this client population, as well as VRS client data, demonstrates the benefits of comprehensive psychiatric and employment support services.

Importance of Job Supports

Nationally, nearly one-third of people receiving Temporary Assistance to Needy Families (TANF) have disabilities compared with 11% of the non-TANF population. A study by the General Accounting Office found that TANF recipients with disabilities are half as likely to leave aid as recipients without disabilities. In addition, recipients with disabilities are less likely to be employed after leaving TANF.¹

Clients with disabilities who do have access to quality, comprehensive services, are often able to successfully attain unsubsidized community employment. A study conducted across eight states found that people with psychiatric disabilities who receive well-integrated and coordinated vocational and clinical services:

- have better employment outcomes than those who receive non-integrated services.
- were five to six times more likely to acquire a first competitive job.
- were retained at their first competitive job over sixty percent longer than those who did not receive services.²

Cost/Benefit

Cost-outcome studies show that assisting clients with chronic and severe disabilities in a structured community-based employment environment is far more cost effective than institutional care. Studies conducted between the mid 1980's and early 1990's uniformly report that community treatment is as, or more, cost-effective than institutional care for the severely mentally ill.³ A study funded by the state Departments of Mental Health and Rehabilitation completed this summer found that among adults with significant psychiatric disabilities, adults who participated in employment services reduced their use of mental health and rehabilitation services.⁴ This finding supports the conclusion that, when compared to day treatment or other less intensive services, supported employment programs can be cost-saving or cost neutral.

ESTIMATED COST PER DAY	
VRS	\$14
Supportive Housing	\$23
State Prison/County Jail	\$60
Skilled Nursing Facility	\$82
Mental Health Facility	\$125
State Psychiatric Hospital	\$383
City Psychiatric Hospital	\$500-\$600
Source: California Housing Law Project, "Supportive Housing: An Answer to the Streets, Jails, and Hospital Beds", 2000.	

¹ Welfare Reform: Outcomes for TANF Recipients with Impairments. GAO-02-884. Washington, D.C.: July 2002.

² Razzanno, L. & Jackson, E. The Employment Intervention Demonstration Project: An Overview and Preliminary Findings. Presentation March 24, 2002.

³ Hargreaves, W.; Shumway, M.; Hu, T.; Cuffel, B. (1998). Cost-Outcome methods for mental health. San Diego: Academic Press.

⁴ Shea, J. (2002). Vocational rehabilitation and use of publicly funded mental health services. Manuscript in preparation.

A single mother leaving an abusive relationship was referred to VRS for assessment and counseling after applying for cash aid. She had several barriers to employment, including a learning disability and difficulty working with coworkers. She was allowed to work independently as she learned to adjust to the new work environment and gradually took on increased responsibility until she was hired as an Assembly Lead. She was eventually hired into a permanent position with the Human Services Agency and recently completed the Family Development Credential.

Transition from Traditional Welfare Models

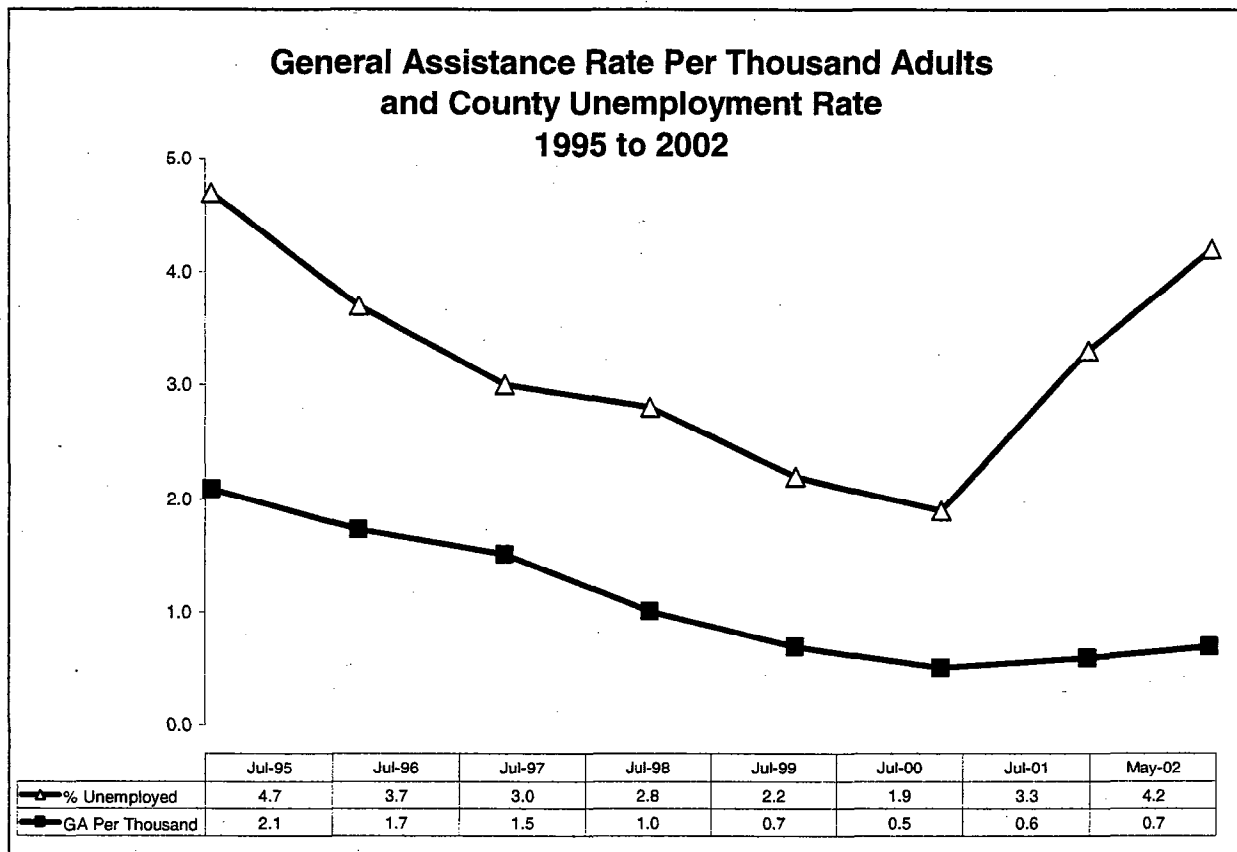
Traditional welfare models have not included mandates for clients to earn their benefits or to obtain independent employment. Over the past decade, San Mateo County has made a concerted effort to create incentives for cash aid recipients to seek employment. Able bodied clients who receive General Assistance in San Mateo County only receive assistance if they meet their work requirements through participation in the Workcenter.

The VRS program model has enabled San Mateo County to maintain a relatively small General Assistance client base. As shown in the table below, fewer than 1 in 1,000 San Mateo County adults receive General Assistance; this is significantly lower than the rates Statewide and in the Bay Area. San Mateo residents subsidize General Assistance at a lower rate (\$0.23 per person/per month) than the Bay Area and California averages.

People Receiving General Assistance per 1,000 Population California and the Bay Area May 2002			
Area	General Assistance ^a	Total Adult Population ^b	Per 1,000 Adults
California	98,967	25,706,335	3.8
Bay Area	15,536	4,798,008	3.2
San Mateo	401	579,682	0.7
^a State of California, Department of Social Services, "General Relief and Interim Assistance to Applicants for SSI/SSP Monthly Caseload and Expenditure Statistical Report", May 2002 ^b State of California, Department of Finance, <i>Race/Ethnic Population with Age and Sex Detail, 1970-2040</i> . Sacramento, CA, December 1998.			

Monthly General Assistance Benefit Per Capita California and the Bay Area May 2002			
Area	Total Population ^a	Total GA Benefit ^b	Per Capita Monthly Benefit
California	25,706,335	\$22,602,600	\$0.88
Bay Area	4,798,008	\$5,326,364	\$1.11
San Mateo	579,682	\$132,857	\$0.23
^a State of California, Department of Finance, <i>Race/Ethnic Population with Age and Sex Detail, 1970-2040</i> . Sacramento, CA, December 1998. ^b State of California, Department of Social Services, "General Relief and Interim Assistance to Applicants for SSI/SSP Monthly Caseload and Expenditure Statistical Report", May 2002			

In the past two years, relative to the Unemployment Rate, the General Assistance Rate has remained low (see chart).



Local Successes

The majority of clients served by VRS are persons with mental health disabilities who are referred from the San Mateo County Mental Health Department and the California Department of Rehabilitation. The table below shows the total number of clients served each year, the number that received job development services, and the number placed in jobs. VRS counselors follow up with all Mental Health/Department of Rehabilitation clients after 90 days in placement.

"VRS got me to this place that I would not have been at today... Now I know there is nothing like VRS for people with disabilities... I like to think I am speaking for those who have lost their voice."

- A woman diagnosed with a severe mental health disability referred to VRS from County Mental Health

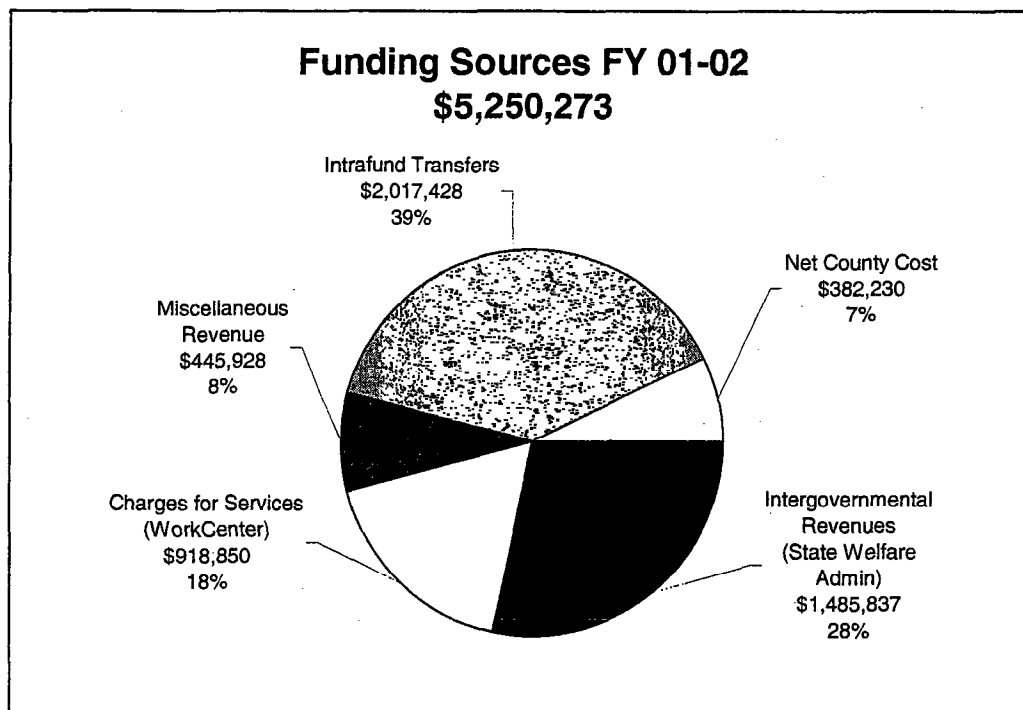
The transitional employment opportunities available through VRS are highly effective in preparing clients for successful employment. In FY 2001-02, 74% of clients who worked in a

transitional placement with VRS maintained their jobs at the 90-day follow up; only 24% percent of clients who did not work for VRS were still employed after 90 days.

County Mental Health and Department of Rehabilitation Co-op Indicators				
Fiscal Years '95/'96 – '01/'02				
Fiscal Year	Total Clients	Job Dev. Services	Job Placements	90 Day Retention
95-96	453	183	107	66 (62%) ^a
96-97	530	153	104	80 (77%) ^a
97-98	456	176	106	60 (57%)
98-99	532	198	104	51 (49%)
99-00	625	250	174	76 (44%)
00-01	614	197	119	39 (33%)
01-02	641	259	72	31 (52%) ^b
^a Clients remaining in placement for 60 or more days. ^b 12 clients were placed within the last 90 days. Percent is based on clients with a 90-day follow up.				

3. Funding and Allocation

As noted in the chart below, during FY 01-02 funding sources totaled \$5,250,273. Net County Cost represented 7% of funding, 39% was supported by Intrafund Transfers⁵, 28% was from State and Federal sources, and 18% was brought in by the Workcenter.

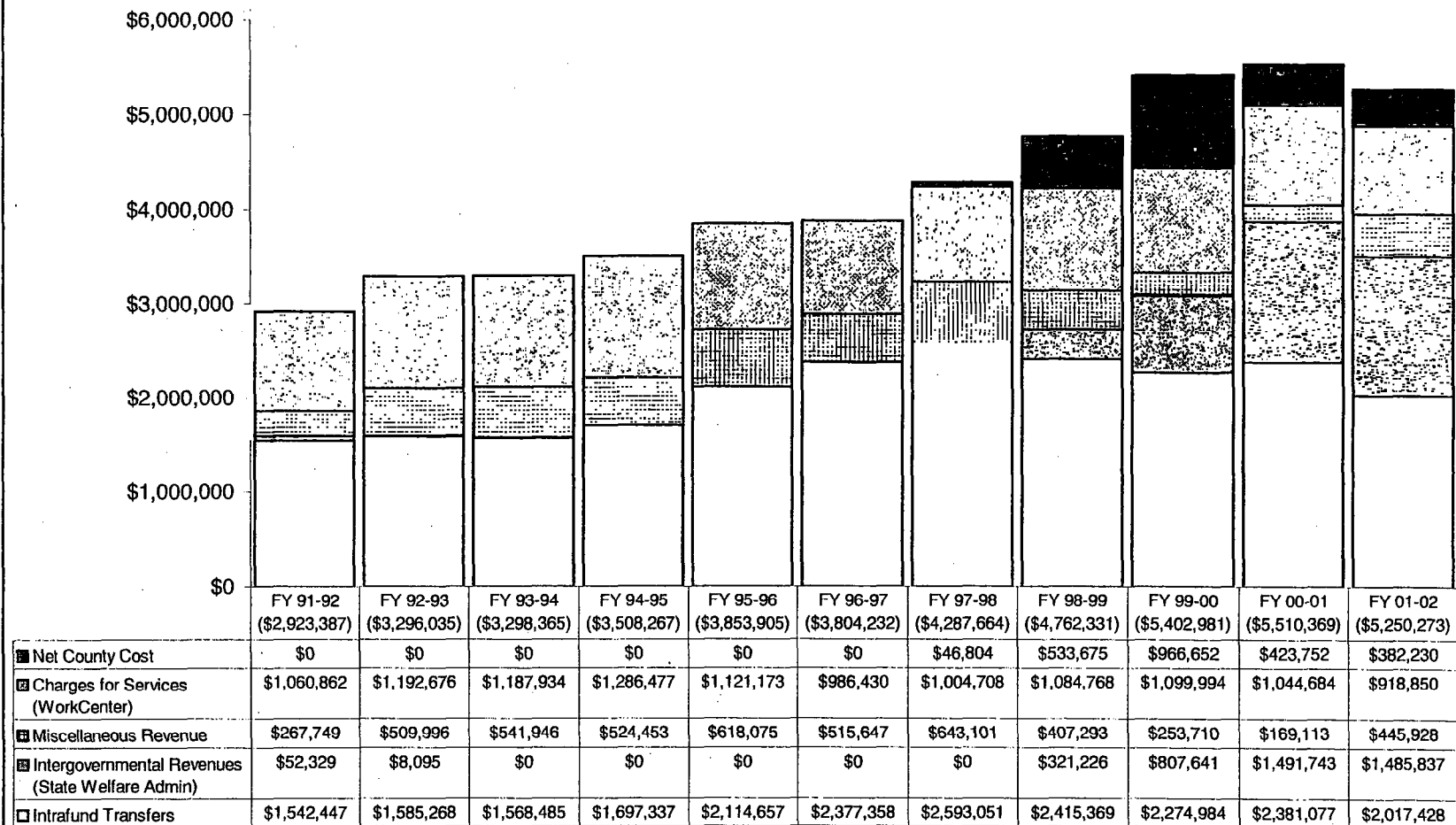


Between FY 91-92 and FY 01-02 funding grew nearly 80%, from \$2.92 million to \$5.25 million (see chart below). Funding streams have shifted during this time period; in FY 91-92 Intrafund Transfers accounted for 53% of revenue and the Workcenter provided 36% of revenue. In FY 01-02 Intrafund Transfers accounted for 38% of revenue and the Workcenter provided 18% of revenue. In FY 91-92, State and Federal support was approximately 2% of the budget and Net County Cost provided no funding; by FY 01-02, 28% of the budget came from State and Federal Sources, and 7% of the budget was provided from Net County Cost.

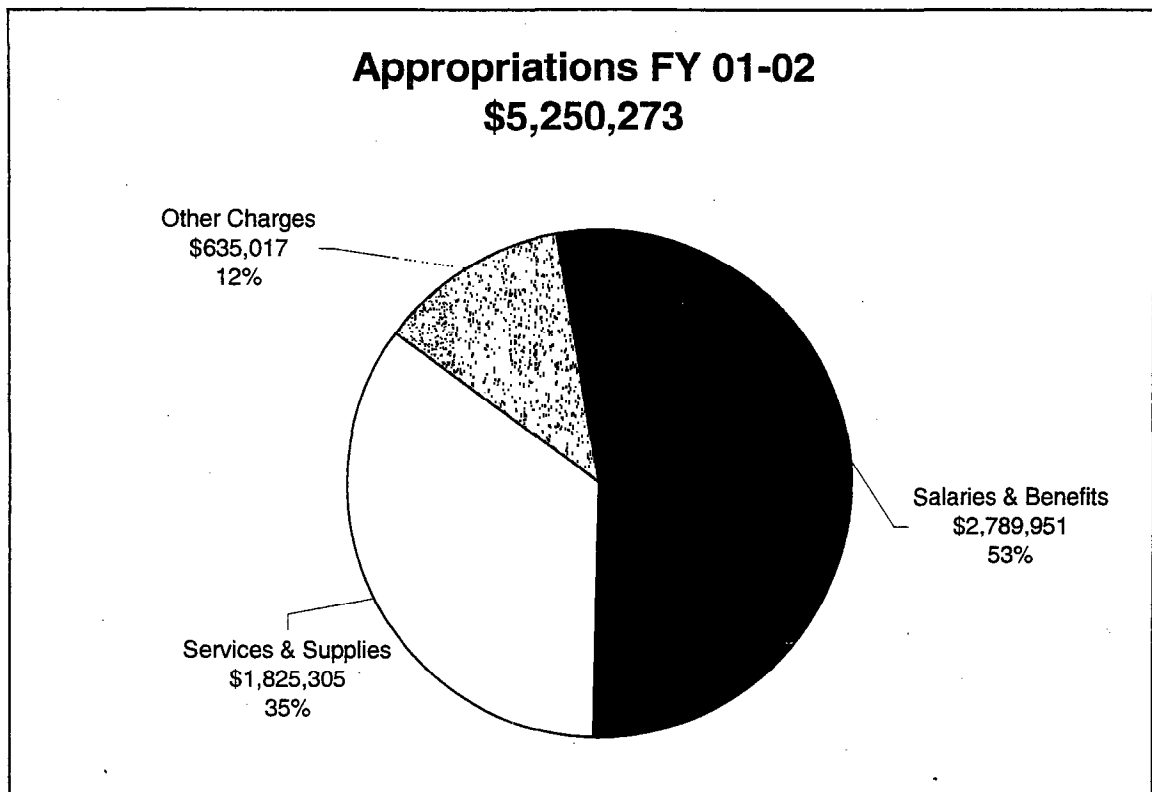
Net County Cost peaked in FY 99-00 at \$966,652 and decreased 60% to \$382,230 in FY01-02. Between FY 91-92 and FY 01-02 Food Stamp Employment and Training funding decreased by 50%. In FY 91-92, FSET comprised 60% of Intrafund Transfers; in FY 01-02, FSET comprised 35% of Intrafund Transfers.

⁵ Intrafund transfers are made for the costs of Food Stamp Employment and Training (FSET), General Assistance (GA), Mental Health, and intra-County services such as catering by the Catering Connection. In most instances, such transfers would result in at least a partial Net County Cost (NCC) in the departments to which the cost was transferred. For example, 100% of the GA Intrafund transfer would be NCC in the receiving budget. For FSET, 50% of the transfer would be NCC.

Funding Sources FY 91-92 to FY 01-02



In FY 01-02, VRS was budgeted at a cost of \$5,250,273. More than half of the funds (53%) were appropriated in Salaries and Benefits. Services and Supplies (including payment to VRS clients) comprised one-third (35%) of total cost and 12% was appropriated to other areas such as leasing space and food service expenses.

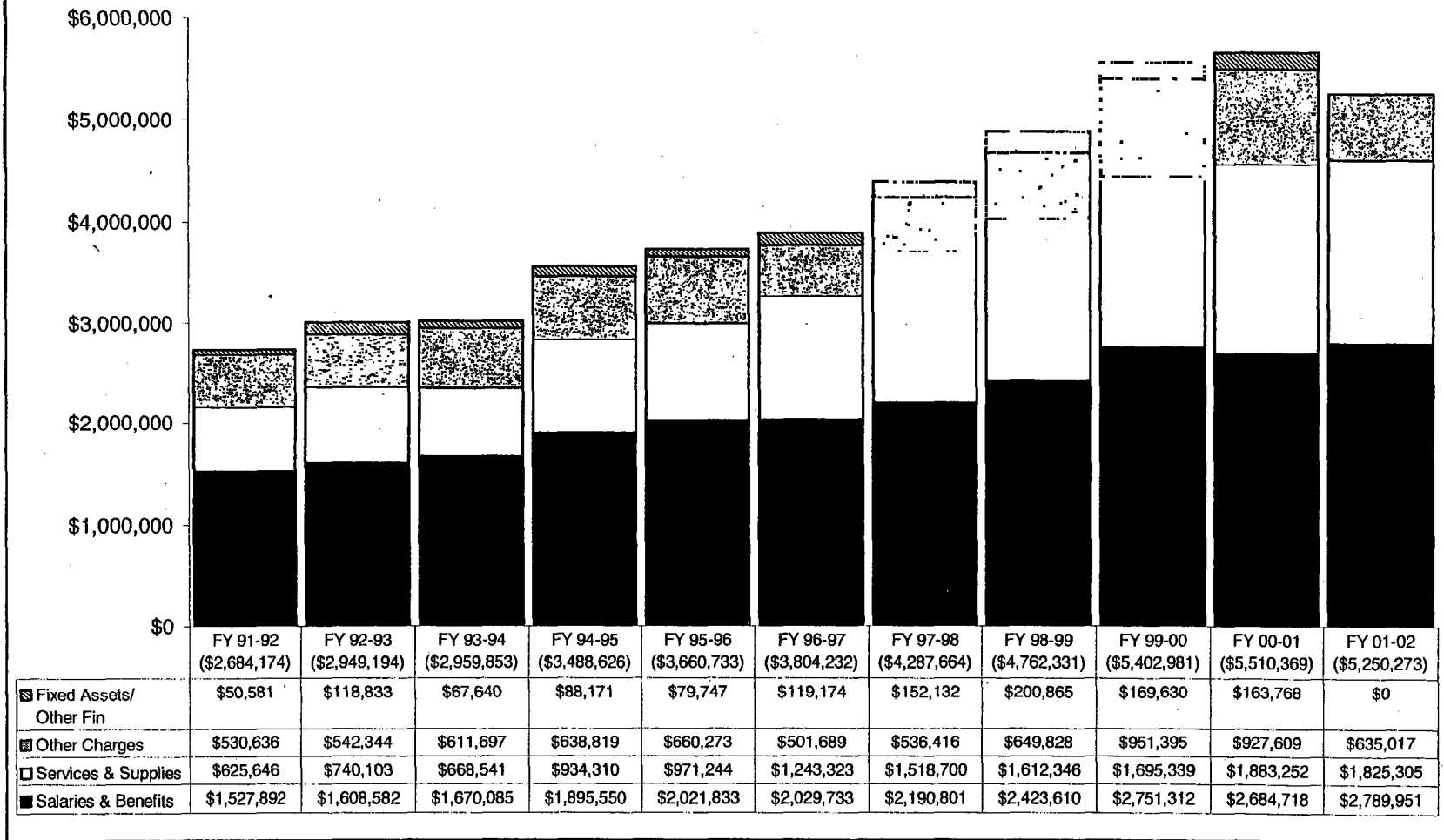


In FY 91-92, salaries and benefits comprised 56% of appropriations, consistent with FY 01-02 (53%). An additional labor cost, that of payments to Workcenter clients has been stable at 17% and 18% of appropriations in FY 91-92 and FY 01-02, respectively. On average, salaries and benefits have increased 3.6% per year per FTE, just slightly ahead of the Consumer Price Index which increased an average of 3.2% over the same period.⁶

In FY 91-92, Services and Supplies made up 23% of the budget and Other Charges 19%. This has shifted over the past ten years with 35% of the budget now going to services and supplies and 12% to other charges. During this time period, there have been increases in in-house administration and accounting, food service expenses, and operational equipment leases and contracts.

⁶ U.S. Bureau of Labor Statistics, CPI for San Francisco 1992-2002.

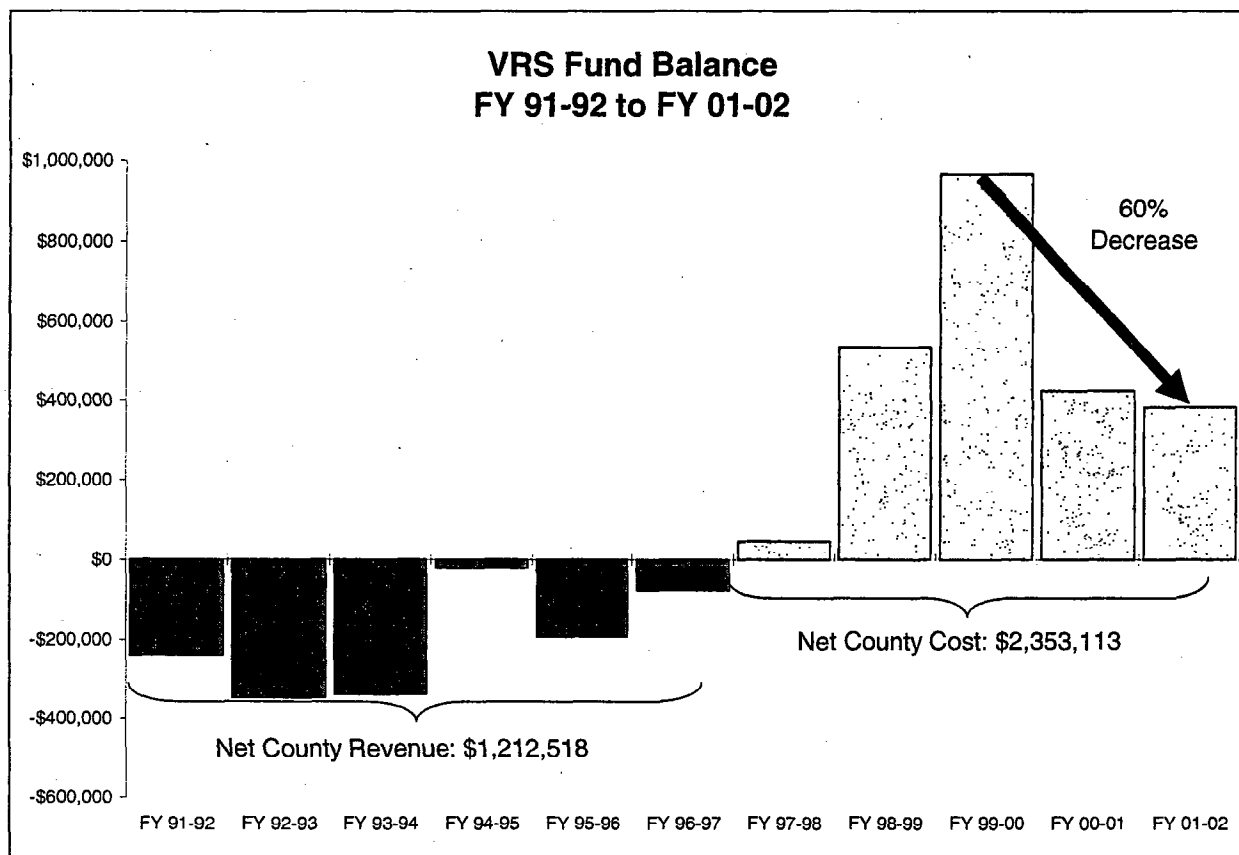
Cost (Gross Appropriations) FY 91-92 to FY 01-02



Net County Cost

Impact on the County

Programs reliant on a sole-source of revenue are most vulnerable and to changing environmental conditions and particularly susceptible to the impact of an economic downturn. In order to minimize the impact of economic uncertainty, VRS has pursued a policy of diversifying its sources of funding.



Between Fiscal Years 1997-98 and 1999-00 VRS began to incur greater Net County Cost due to a number of factors. During this period of time:

- Operational costs for County Mental Health, California Department of Rehabilitation, and Individualized Self-Sufficiency Project services continued to rise while funds supporting these programs were essentially held constant. These programs remain under-funded relative to contractual expectations and client need.
- Reliance on Intrafund transfers of Food Stamp Employment and Training (FSET) costs decreased to reflect new funding regulations and an expected decrease in such funding.
- The Quarry Road site that houses VRS was designated the new Central Regional Office for the Human Services Agency. Costs incurred during development of the Agency's new infrastructure were charged to the existing VRS budget unit, without an offsetting source of revenue, as it was difficult to separate Regional Office and VRS operating expenses while extensive office renovations and ramp-up of regional operations were underway. When the

Regional Office became fully operational in FY 2000-01, these additional costs were no longer charged to the VRS budget unit.

- This was a period of unprecedented economic expansion and, consequently, there was a great deal of turnover in both staff and management positions. With the sudden absence of experienced leadership and continuity in program staffing coupled with a sharply competitive economic environment, the Catering Connection and the Workcenter prepared contract bids that did not reflect the total cost of providing the service. Such understatement of costs was partially the result of inadequate cost information and partially from the desire to stay competitive. During this period, the Catering Connection also engaged in entrepreneurial experimentation (e.g., running the Canada College cafeteria) that did not generate revenue sufficient to cover costs.

Due to these factors, Net County Cost peaked in Fiscal Year 1999-00. In the past three years, there has been a steady reduction of over 60% of Net County Cost. These savings can be attributed to significant reengineering of budgeting practices and greater experience and training of personnel. As noted below, County Mental Health Services, the California Department of Rehabilitation, and the Individualized Self-Sufficiency Project continue to be under-funded by nearly one million dollars (\$967,834).

4. Cost Reduction

The current state budget crisis has required that County departments prepare cost reduction and containment plans for the next two fiscal years. These plans have been submitted under separate cover. The following steps are being taken in the 2002-03 Fiscal Year to reduce VRS Net County Cost and direct expenditures by a total of \$201,161:

- Renegotiation of contracts with Mental Health

Impact: Mental Health Services will eliminate twenty-five placements. It is unclear where these clients will receive supported employment services.

Net County Cost Incurred: \$50,000

- Renegotiation of contracts with Individualized Self-Sufficiency Project

Impact: The addition of \$100,000 to the ISSP contract will partially offset the current year costs.

Net County Cost Reduction: \$100,000

- Restructure VRS Mental Health Counseling Unit by eliminating one vacant Vocational Rehabilitation Counselor III position

Impact: The elimination of this classified VRS position will impact Mental Health, CalWORKs, and Department of Rehabilitation clients by increasing the wait period for approval of Employment Plans (i.e., job development services, Workcenter assessments, pre-employment evaluations, and educational plans). Additionally, clients receiving Mental Health Clinic referrals for intensive employment services will experience a delay while cases are assigned to counseling staff.

Net County Cost Reduction: \$82,089

- Restructure Work Center staffing by eliminating one vacant Rehabilitation Production Supervisor II-Unclassified position

Impact: The elimination of this unclassified VRS position will impact all Workcenter clients. Rehabilitation Production Supervisors will be overseeing greater numbers of clients, reducing individualized attention. A reduction in individualized attention minimizes the client's ability to address personal training needs. Unmet training needs may diminish a client's ability to obtain and retain community employment.

Net County Cost Reduction: \$69,072

Improved Operations and Efficiency

A primary goal of VRS programs is to integrate people who are chronically and severely disabled into community employment and off-site job placements. Strategies to generate revenue, enhance efficiency, and streamline VRS operations to achieve this goal are either in the planning phases or already slated for implementation in the coming fiscal year.

Improved Client Management

In order to promote the goal of providing clients a structured and transitional work experience as opposed to a sheltered work environment, VRS will regulate the number of Workcenter slots available to serve clients at any given time. A client slot will open when vacated as the result of a placement into transitional employment at an off-site venue or into permanent community employment. This policy will highlight the focus on off-site placement as a component phase of transitional work experience in all VRS programs.

Marketing Plan

VRS marketing strategies will reflect the full range of services available through the Workcenter, Catering Connection and at off-site locations. Marketing will focus on the services and benefits made available to the community through VRS programs. It will also emphasize client placement and the supports available to employers and clients that promote retention and success on the job in order to create new transitional employment opportunities for long-term clients making the first step toward community employment.

Restructured Program Responsibilities

Supervisory responsibilities will be more clearly defined to delineate program operations and policy responsibilities. Staff will be reassigned to supervisors along programmatic functions in order to improve internal communications, the availability of client information, and accountability. Tracking systems to monitor client progress and outcomes will be developed and implemented.

Revised Workplace Policies

VRS will reissue workplace policies governing expectations of client performance and behavior to make these more consistent with those in place in the private sector. While clients will continue to receive the same level of quality support services, they will be held to higher standards of professional conduct and performance to enhance their employability in a transitional or community setting.

Negotiate with Collaborative Service Partners

VRS will work with the Departments of Mental Health and Rehabilitation to develop and implement cost containment strategies in those program areas and further minimize Net County Costs in FY 2003-04.

Conclusion

Vocational Rehabilitation Services (VRS) is a cost-effective program that provides a variety of client populations with employment opportunities and employment services. Clients with cognitive, emotional and physical disabilities that present barriers to employment are provided with assessment, counseling, case management, training, job placement and job coaching.

VRS programs have been successful in helping clients with disabilities attain unsubsidized community employment. The package of programs helps minimize the potential for criminal, medical and psychiatric institutionalization of clients with disabilities, all of which are far more costly possible routes of service for this population. VRS creates a counter-incentive to reliance on General Assistance and helps minimize associated direct County costs.

Unfortunately, VRS has not remained cost-neutral. A combination of historical factors contributed to a short period during which VRS relied on County funds to supplement under-funded programs. During the past three years, Net County Cost has been reduced 60%. Management actions have been taken to further reduce Net County Cost in the current fiscal year by 29%.

In the next year, improvements in client management, a new marketing plan, restructured program responsibilities, and revised workplace policies will be implemented to achieve operational efficiencies. VRS will also negotiate with its collaborative service partners to develop more cost effective client supports that further minimize Net County Cost.

Impact of the Elimination of Vocational Rehabilitation Services

Eliminating VRS would have dramatic and far-reaching negative consequences for clients. Absent the integrated counseling, intensive case management and support services offered through VRS, there would be a marked increase in the number of County residents supported by the General Assistance program and seen by hospitals, jails, law enforcement personnel and nonprofit service providers, including homeless shelters and substance abuse and mental health treatment providers. Members of our community and local businesses would suffer disruptions in employment and productivity related to staffing losses and operational changes. The estimated financial costs of serving VRS clients in multiple service systems far outweigh the costs of providing comprehensive counseling, case management, and job training, placement, and retention services.

Increased General Assistance Caseload

The VRS program model has enabled San Mateo County to maintain a relatively small General Assistance client base. Less than 1 in 1,000 (.07) San Mateo County adults receive General Assistance; this is significantly lower than the rates Statewide (3.8) and in the Bay Area (3.2).

The table below provides a comparison of GA rates between San Mateo, San Francisco, Santa Clara, and Fresno. Santa Clara and San Francisco are provided as comparison counties due to their geographic proximity; Fresno has a similar size population and similar monthly benefit – but no VRS style work program.

County	General Assistance	Total Population	Per 1,000 Adults	Average Monthly Benefit Per Person
San Mateo	401	579,682	0.7	\$331.31
San Francisco	8,817	639,657	13.8	\$384.92
Santa Clara	1,830	1,347,719	1.4	\$196.78
Fresno	1,342	572,413	2.3	\$332.29

- When compared to our neighboring Counties, San Mateo County has a much lower GA rate. Although San Francisco and Santa Clara Counties require GA recipients to participate in job search activities, neither has a work requirement. Removal of the VRS work requirement for GA will likely increase the GA caseload.
- When compared to San Mateo County, Fresno has a similar size population and GA benefit. However, Fresno does not have a mandatory work program for GA recipients and has more than three times the GA rate and caseload.

It is estimated that removing the VRS work requirement for GA recipients will generate a caseload similar to Fresno and San Mateo's bordering Counties. It is expected that GA expenses will more than triple, from \$1.6 million per year to approximately \$5 million per year.

Increased Demand on County Services

Individuals with mental health disabilities who do not receive case management and treatment services are highly likely to be arrested and to be institutionalized in prisons and psychiatric

facilities. If VRS services were eliminated, there would be an increased demand for services provided by the Sheriff's Office, local law enforcement personnel, and the San Mateo County (SMC) Health Center.

Jails

VRS manages the Sheriff's Work Alternative Program (SWAP) for people with disabilities who are unable to complete their community work requirements. If these people could not go to the Workcenter, they would serve their time in County jail facilities. The current caseload averages 15 people per day; an average jail bed day costs \$100.85.

The estimated average cost of serving SWAP clients in the absence of VRS programs amounts to \$1,512.75 per day and \$393,315 annually.

Hospitals and MH Services

Emergency rooms often serve as the service entry point for chronically and severely mentally ill people who lack routine access to mental health services. For a significant number of clients served in the last fiscal year, VRS was their only mental health service.

- The average cost per visit to the emergency room at SMC Health Center is \$365.88. The average reimbursement for charges is 30%. Therefore, the cost per visit to the County averages \$256.12. This estimate does not include any costs for medication or lab work.
- The cost per night for a patient in the SMC Health Center Psychiatric Facility is \$786.94; the cost per night to the County averages \$550.86. This estimate does not include any costs for medication or lab work.
- In addition to emergency and crisis services, many current VRS clients would seek additional services from SMC Mental Health, thereby increasing utilization and costs in those programs. VRS has been in operation since 1955; therefore, no data are available to estimate the impact on service use in other MH programs. (See attached letter.)

VRS provided services to over 600 clients with mental health disabilities in FY 2001-02. The cost to the County of serving just 20% of these clients brought to the emergency room and then served for only one week a year in the psychiatric facility would be \$493,456.

Additional Demands on Community Services

The counseling and employment services and supported work environments provided by VRS form a safety net for high risk populations in the County. Without this safety net, more clients would likely relapse to substance abuse and discontinue essential medication, which would make it nearly impossible for them to retain employment and stable housing.

- Intensive substance abuse day treatment costs \$125 per day.
- A night at Safe Harbor Shelter costs \$23.

The cost to community-based providers of serving an additional 120 clients (20%) needing intensive substance abuse day treatment and emergency shelter for one month would be \$532,800.

In addition, VRS works in close partnership with community-based substance abuse treatment providers and homeless shelters to provide services that constitute core elements of their programs.

- Alcohol and drug treatment providers rely on VRS to provide on-site vocational assessments and group counseling, as well as individualized employment services to clients.
- Homeless shelters refer clients to VRS' Welfare-to-Work Plus program to provide intensive employment and training services to parents.

At this time HSA is unable to arrive at an estimate of the costs to community-based providers for the discontinuation of services.

Community-based organizations are currently facing cutbacks in County funding and decreased revenue from private sources. In order to continue these services for VRS clients, these agencies would be required to secure new funding and either develop the capacity to offer similar services or find another organization to contract for these services.

Disrupted Business Production and Staffing for Local Businesses

VRS currently has agreements with seven companies for product assembly and packaging, several of which are based in San Mateo County. If the Workcenter were to close, these companies would be forced to locate alternative sites for product assembly and packaging, negotiate new agreements, and possibly make additional, costly changes to operations.

In addition, VRS provides janitorial services at the San Mateo County Health Center and works with the Department of Public Works to provide services at the County Center. These agreements offer transitional work environments for VRS clients working to become self-sufficient while providing valuable services to County agencies.

Over the years, VRS has placed hundreds of clients at local businesses throughout the County. Job coaching services for all clients placed in jobs are essential to helping clients with severe mental health disabilities maintain employment. Without the support of VRS counselors, many clients would lose their jobs and local businesses would lose trained staff.

At this time HSA is unable to arrive at an estimate of the costs to employers for the discontinuation of job retention services and closure of the Workcenter.

Dislocated County Workers

VRS currently employs 45 full-time permanent employees, many of whom have been working for the Human Services Agency for over ten years. If the Human Services Agency could not transfer the employees to new assignments within the Agency they would take positions currently occupied by employees in other County Departments. However, 30 of the positions are classifications unique to HSA which would make it difficult to transfer to new positions within the County. These displaced workers would replace employees in other Departments with specialized knowledge and skills.

Client Benefits and Potential Cost Savings

The services provided by VRS are also essential to the strength-based and recovery-oriented focus of HSA and Mental Health programs. The support they provide helps individuals succeed at work and, in so doing, reduces stigma toward mental health clients among employers and the public. VRS provides supports and job coaching services to consumers who assume important positions in MH programs that are critical to day-to-day operations. At the current time, twenty-nine consumers receiving VRS support are meaningfully employed in MH programs and by MH contractors.

In addition, a body of well-documented research concludes vocational rehabilitation services either generate public cost savings or are cost-neutral:

- A recent study funded by the Florida Governor's Alliance and the Able Trust found that for every public dollar spent on vocational rehabilitation for persons with disabilities, \$16 is returned to society in the form of state and federal tax revenue. The study also cited the indirect benefits to clients of improved self-sufficiency and quality of life.
- A recent study examining the relationship between participation in vocational rehabilitation services and use of publicly-funded mental health services found that total mental health outlays decreased significantly for vocational rehabilitation program participants. While clients were receiving services, costs for inpatient services decreased by 33%. Expenditure outcomes were also positive for clients one year after receiving services, even for those that did not successfully obtain or maintain employment.

Fiscal Impact of Closing VRS

The estimated sum of increased annual costs associated with the closure of Vocational Rehabilitation Services is provided below:

Increased General Assistance Caseload	\$3,400,000
Keeping SWAP Clients in County Jails	\$393,315
Increased Mental Health Clients in Psychiatric Facilities	\$493,456
Additional Demands on Community Services	\$532,800
TOTAL	\$4,819,571

MEMORANDUM

TO: Ursula Bischoff, J.D., MSW, Ph.D.
FROM: Patrick Miles, Ph.D.
Quality Improvement Manager
San Mateo County Mental Health
DATE: 9/19/02
SUBJECT: Vocational Rehabilitation Services
CC: Gale Bataille, Mental Health Director
Louise Rogers, Deputy Director of Operations
Chris Coppola, Clinical Services Manager
Robert Mancia, VRS Manager

San Mateo County Mental Health sees Vocational Rehabilitation Services (VRS) as an essential partner in its mission to provide excellent mental health services to the residents of our county. This partnership is one way we demonstrate our commitment to incorporating best practices into our services. In fact, the Strategic Plan recently adopted by Mental Health mentioned supported vocational services, such as those provided by VRS, as one of the evidence-based, best practices available for adults with serious mental illness.

We are concerned that loss of VRS services would have significant effects on the consumers we serve. Without VRS, consumers will experience increased barriers to meaningful work. Also, the loss of the support VRS provides to consumers in employment settings will lead to increased stress and possible job loss. The numbers of clients impacted by this change would be significant as VRS served 673 mental health consumers last year. Without VRS, many of these individuals would seek additional services from San Mateo County Mental Health, thereby increasing utilization and costs for our programs, including crisis and emergency services. But for other consumers who would not fall under the priority populations served by our system, loss of VRS would mean they would be without mental health care. It is important to remember that for a significant number of the clients served last year, VRS was their only mental health service.

The services provided by VRS are also essential to the recovery-oriented focus of our work. The support they provide helps individuals succeed at work and in so doing, reduce stigma toward mental health clients among employers and the public. In our own program, VRS provides supports and job coaching services to consumers who assume important positions that are critical to our day-to-day operations. At the current time, twenty-nine consumers receiving VRS support are meaningfully employed in our programs and by our contractors.

In addition to the key role VRS plays in the overall services we provide and our commitment to recovery, loss of the program would have significant budgetary impacts. The loss of VRS would lead to a loss of approximately \$60,000 in federal Medi-Cal revenues.



COUNTY OF SAN MATEO
Inter-Departmental Correspondence

DATE: September 20, 2002

BOARD MEETING DATE: September 27, 2002

TO: Honorable Members of the Board
FROM: John L. Maltbie, County Manager
SUBJECT: Revenue Analysis for East Palo Alto

Recommendation

Accept the attached analysis of East Palo Alto revenue increases and Proposed Budget expenditures.

Background

On July 9, 1996, the County passed Resolution 60366, entering into an agreement with the City of East Palo Alto to provide supplemental law enforcement and public safety communications dispatch services. San Mateo County had been providing communications dispatch and varying levels of law enforcement services to East Palo Alto since 1987. Currently, the County receives payment of \$264,140 annually to provide law enforcement services and for FY 2002-03 will receive payment of \$473,138 for dispatch services. Given its historically high crime rate and limited financial resources, the county has in the past subsidized a majority of the services. In FY 2001-02, the County subsidized approximately \$1.6 million for law enforcement services and \$235,060 for dispatch services.

The contract to provide law enforcement services for East Palo Alto expired on June 30th, 2002. The County has continued to provide services under the terms of the expired contract on a month-to-month basis. In anticipation of upcoming renegotiations the County Manager's Office has prepared this analysis of the City's capacity to pay a higher percentage of the cost to provide contracted law enforcement services on behalf of its residents.

Discussion

Based on the attached analysis, it appears that by FY 2004 the City of East Palo Alto will have sufficient resources to either fully reimburse the County for law enforcement and dispatch services or assume those responsibilities themselves. At that time the new IKEA

home store will be open and generating new property and sales tax revenue for the city and the Four Seasons Hotel will be nearing completion and will soon be generating additional property tax and TOT revenue. The success of existing and anticipated redevelopment efforts are expected to continue to bring in sales and property tax revenue higher than historically generated. In addition, the Redevelopment Agency is expected to continue to reimburse the City for operating expenses incurred (up to \$15M) and the City will be going into its final year on its excise tax repayment schedule.

San Mateo County, through the Sheriff's Office, and the City of East Palo Alto have come to terms for FY 2002-03 by which the contract will be amended to reflect an increase in payment for services by \$264,140 (100%) for Supplemental Law Enforcement Services and by \$18,198 (4%) for Public Communications Dispatch Services. It is recommended that the County accept the terms of this one-year commitment to provide these services to the City of East Palo Alto at a subsidized rate and then once a new City Manager has been hired renegotiations for following years can commence. East Palo Alto will be notified that beginning FY 2004 the County will expect either full reimbursement for services provided or no longer provide the services.

Fiscal Impact

For FY 2002-03, the Sheriff's Office and Public Safety Communications Dispatch have budgeted increases in revenue in the amount of \$264,140 for law enforcement services and \$18,198 for dispatch services to reflect the one-year contract terms proposed by the City of East Palo Alto. It is anticipated that in FY 2003-04 the City would either fully reimburse the County the cost of providing these services or would assume those responsibilities themselves. This will lower the Net County Cost in FY 2003-04 by \$1,553,716 in the Sheriff's budget and \$216,862 in the Employee and Public Services/Public Safety Communications Dispatch budget.

Revenue Analysis of the City of East Palo Alto

Background

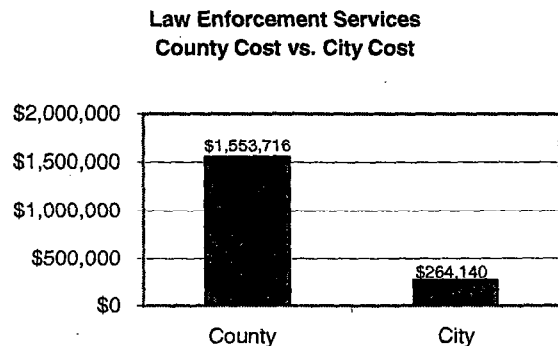
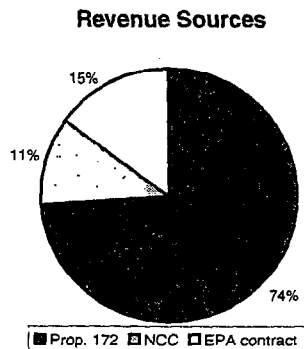
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The contract to provide law enforcement services for East Palo Alto expired on June 30th, 2002. The County has continued to provide services under the terms of the expired contract on a month-to-month basis and expects to renegotiate the contract in the coming months. In anticipation of upcoming renegotiations the County Manager's Office has prepared this analysis of the City's capacity to pay a higher percentage of the cost to provide contracted law enforcement services on behalf of its residents.

Commitment to Provide Law Enforcement Services to East Palo Alto

San Mateo County has an annual budget of \$1,817,856 to provide law enforcement services to the City of East Palo Alto. The budget pays for 14 FTEs committed to solving crimes occurring in East Palo Alto. The Sheriff's Office has provided quality patrol and investigative services in a collaborative manner since the contract was first negotiated in 1996.

Seventy-four percent of the East Palo Alto Law Enforcement Services budget is funded through Public Safety Tax revenue (Prop. 172) and 11% is a direct Net County Cost. Only 15% of the total budget comes from revenue received from East Palo Alto. The County is subsidizing approximately \$1.6 million annually to cover the full expense of providing these services to the City of East Palo Alto. That is \$1.6 million in discretionary spending dollars that is not available to fund other County programs. For FY 2002-03, the City has proposed to double its reimbursement, which would bring the total reimbursed cost to \$528,280.



Crime in East Palo Alto continues to be a serious concern. According to calendar year 2000 crime data reported to the state, the City contained 3.8% of the County population, but had 60% of the County's

homicides, 17% of reported forcible rapes, and 17% of the reported armed robberies. These statistics support the need for continued supplemental law enforcement services and assistance in investigating crimes.

As noted above, in addition to Law Enforcement services provided to the City of East Palo Alto, the County contracts to provide dispatch services. Public Safety Communications Dispatch operates a dedicated console for East Palo Alto dispatch at a cost of \$690,000 annually. For FY 2002-03, East Palo Alto is paying the County \$473,138 for this service. This is a four percent increase over FY 2001-02, but continues to represent a County subsidy of \$216,862.

Cost of Console	FY 2001-02 payment	FY 2002-03 payment	FY 2002-03 County Subsidy
\$690,000	\$454,940	\$473,138	\$216,862

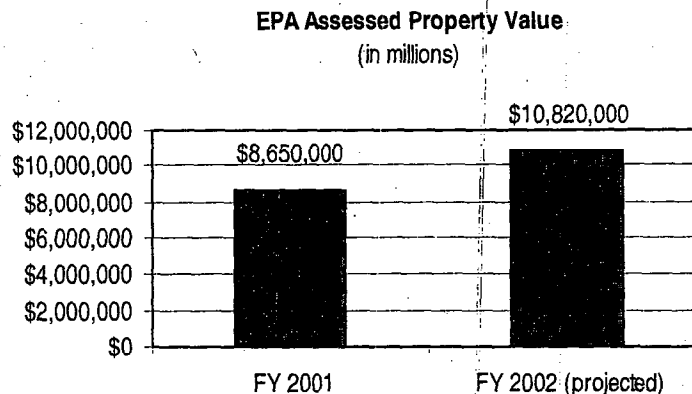
Improved Financial Outlook for East Palo Alto

In the past decade, the City of East Palo Alto has made a commitment to economic development through sizeable redevelopment efforts. These efforts are starting to pay off with such projects as the Gateway/101 project area, which includes the Ravenswood 101 Retail Center, a 30-acre "Retail Home Entertainment, Improvement and Décor Center," anchored by Home Depot and EXPO Design Center. This and other projects within the city are contributing to an improved financial forecast.

The Ravenswood 101 Retail Center represents East Palo Alto's largest revenue generator, bringing in more than \$1.7 million in annual sales tax and contributing significantly to the City's improved financial outlook. Phase two of the project area includes an IKEA home store, which is currently under construction and is expected to generate a minimum of \$1 million in annual sales tax and \$800,000 in new property tax revenue for the City when it opens in the Fall 2003.

Other redevelopment activities near completion include University Circle and the University Square and Nairobi Housing Development. University Circle is a complex that includes three office towers and a full service hotel. The office towers total 400,000 square feet of office space and a Four Seasons Hotel is scheduled to break ground in spring 2003 and open in early 2004. The project area is expected to further increase City property tax revenue and will provide an additional revenue source through a Transient Occupancy Tax (TOT) paid by hotel patrons. New TOT revenue is anticipated to be between \$1.5 and \$2 million annually beginning in FY 2004-05. The University Square and Nairobi Housing Development is a 36-acre development that is largely represented by single-family residences.

The results of these redevelopment efforts as well as improved property values on existing properties in the City are represented by increases in both sales tax revenue and property tax revenue. Based on data from the County Assessor's Office, the East Palo Alto property tax roll is projected to increase 25.16% over 2001. The City budget projects property tax revenue to be approximately \$2.8 million.

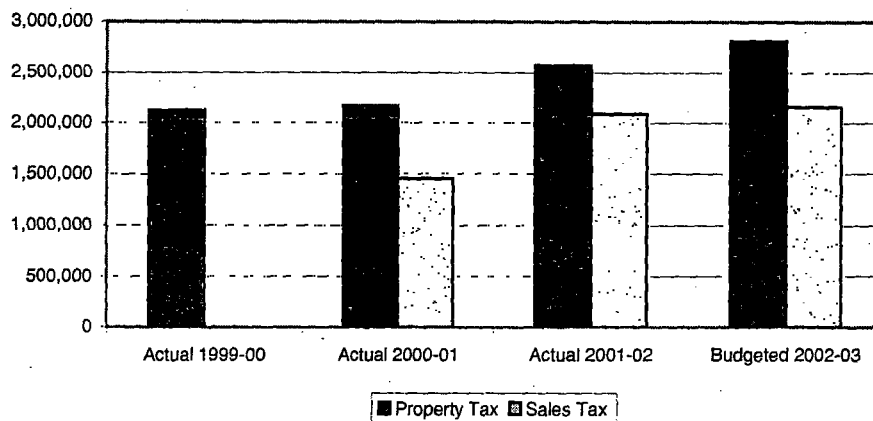


The increase in assessed property value has translated to growth in property tax revenue for the City. From 1996 through 2001 the City experienced a steady average growth of approximately 2%. As seen in the table below, revenue generated through Property Tax jumped significantly in FY 2002.

REVENUE	FY 1999-2000	FY 2000-2001	FY 2001-2002	% Increase
Current Secured Tax	1,874,015.02	1,949,662.53	2,043,459.75	4.8%
Current Unsecured Tax	154,006.53	103,301.28	289,598.00	180.3%
Pr Year Unsecured Tax	(1,085.70)	(821.73)	(366.00)	55.5%
SB 813 Supplemental Tax	63,757.62	81,443.08	202,249.27	148.3%
HomeOwners' Exemption	28,782.98	30,374.56	33,502.86	10.3%
TOTAL ALLOCATION	\$ 2,119,476.45	\$ 2,163,959.72	\$ 2,568,443.88	18.7%

Like property tax revenue, sales tax revenue is on an upward trend. The City projects FY 2002-03 sales tax revenue to come in at \$2.1M due in large part to revenues generated at the Gateway 101 Retail Center. From FY 2000-01 to FY 2001-02 the City saw a 44% increase in sales tax revenue. The City has budgeted for an increase of 3% in FY 2002-03.

Property/Sales Tax Growth



Steady increases in property and sales tax revenue are anticipated to continue given the new retail and commercial properties scheduled to open in the next couple years and the continued success of the Gateway 101 Home Improvement complex. In addition, continuing to achieve new revenue sources through economic development activities is identified as a priority in the FY 2002-03 Proposed Budget.

East Palo Alto Proposed FY 2002-03 Budget Analysis

The East Palo Alto FY 2002-03 Proposed Budget includes \$18,984,065 in operating budget revenues and \$17,543,553 in operating expenditures. There are nine departments and 105.5 FTE positions.

General Fund revenue is proposed at \$13,289,335, a \$4.5M or 50% increase over FY 2001-02. Of the General Fund increases, Property and Sales Tax increases by 20%, Building Permits by 167% and Miscellaneous Revenue by 1600%. The large increase in Miscellaneous Revenue is reimbursement of \$2M

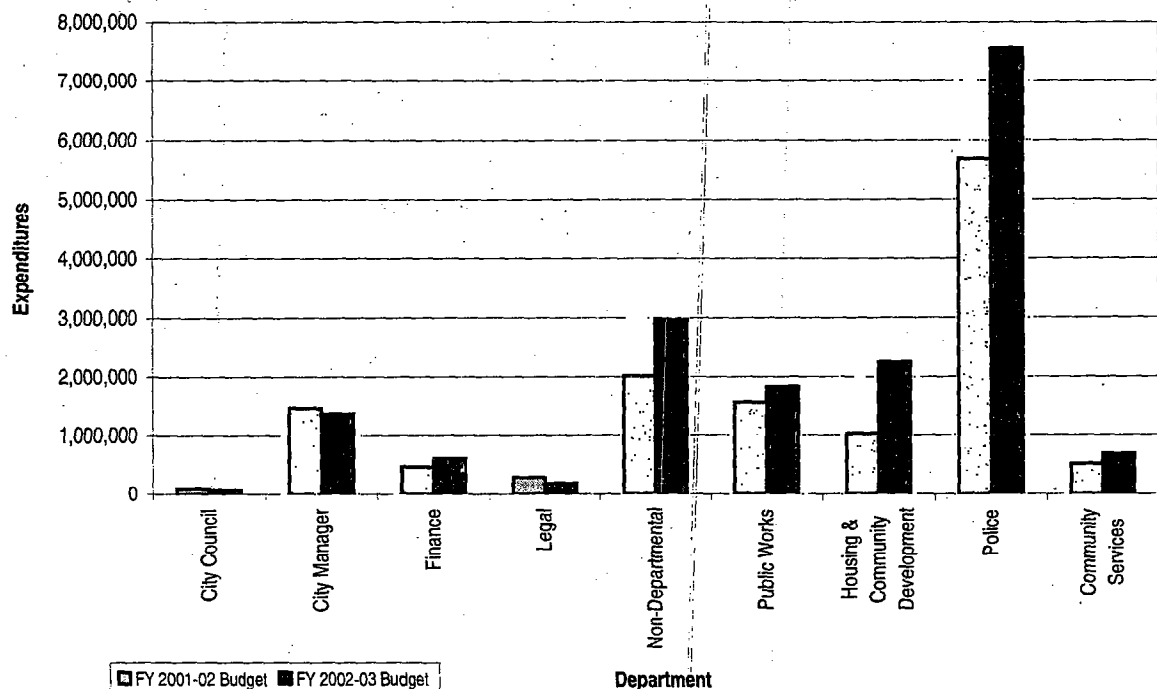
by the Redevelopment Agency to the City's General Fund for redevelopment operating support provided by the City. The Redevelopment Agency owes the City more than \$15M for this support. Other revenue sources remained relatively constant. The following table shows the percent increase or decrease in projected revenue by class.

Revenue Class	Estimated 2001-02	Budgeted 2002-03	% Increase/Decrease
Taxes	4,934,745	5,949,020	20.6%
Intergovernmental	1,866,970	1,763,500	-5.5%
License and Permits	600,000	1,110,000	85.0%
Fees for Service	945,896	962,885	1.8%
Fines and Forfeitures	171,900	205,900	19.8%
Use of Money and Property	104,275	80,530	-22.8%
Other Revenue	200,000	2,600,000	1200.0%
Total General Fund Revenue	8,823,787	13,289,335	50.6%

Only Intergovernmental Revenue and Use of Money and Property show decreases. Based on the Governor's May Revise, the City assumed a loss in reimbursement for booking fees. That loss of revenue did not materialize in the State's final budget and as a result Intergovernmental Revenue should increase by .5%.

The Police Department has the largest percentage of FY 2002-03 Proposed City Budget at 40%. It is not uncommon for local governments to spend the greatest amount on public safety. This total includes the supplemental law enforcement services provided by the Sheriff's Office. The following graph shows City expenditures by department and the increases/decreases from FY 2001-02 to FY 2002-03. The largest increases occurred in Police, Housing and Community Development (HCD), and Non-Departmental.

City Expenditures by Department



The large increase in Non-Departmental includes \$1M for the third installation of an excise tax repayment. The city has three years remaining on its excise tax repayment schedule, including FY 2002-03. The total due for each of those three years is \$1M. The sales tax revenue going toward that repayment will become available for use by other City programs in FY 2005-06.

Department	FY 2001-02 Budget	FY 2002-03 Budget	% Increase/Decrease
City Council	90,386	68,485	-24.2%
City Manager	1,473,696	1,375,876	-6.6%
Finance	477,439	614,650	28.7%
Legal	295,000	194,500	-34.1%
Non-Departmental	2,012,197	2,958,681	47.0%
Public Works	1,576,858	1,838,823	16.6%
Housing & Community Develop.	1,030,263	2,242,155	117.6%
Police	5,679,988	7,565,754	33.2%
Community Services	522,741	684,629	31.0%
Total Expenditures	13,158,568	17,543,553	33.3%

The increases in HCD and Police reflect the priority placed on enhanced economic development activity and public safety by the City's leadership. Eight new positions were added to the budget, including three in HCD and one new Police Officer. In addition, it added a Maintenance Worker, Assistant to the City Manager, Human Resources Manager and Finance Analyst/Risk Manager. The budget also contains an increase of \$300,000 for Animal Control costs.

All City employees received a 5% COLA increase in pay, however, with the exception of Animal Control, the reason for the increase in the Police Department budget is unclear from the Proposed Budget document. The increase in Animal Control reflects a change in the way that animal control expenses are allocated between San Mateo County and the contracting cities. The following table identifies which units were increased and by how much, however no further detail was included.

	FY 2001-02 Budget	FY 2002-03 Budget	% Increase
Administration	2,253,545	2,685,000	19.1%
Patrol	2,740,254	3,394,900	23.9%
Investigations	416,656	843,700	102.5%
Animal Control	69,171	377,100	445.2%
Code Enforcement	200,362	265,054	32.3%

Conclusion

Based on the above analysis, it appears that by FY 2004 the City of East Palo Alto will have sufficient resources to either fully reimburse the County for law enforcement and dispatch services or assume those responsibilities themselves. At that time the new IKEA home store will be open and generating new property and sales tax revenue for the city and the Four Seasons Hotel will be nearing completion and will soon be generating additional property tax and TOT revenue for the city. The success of existing and anticipated

redevelopment efforts are expected to continue to bring in sales and property tax revenue higher than historically generated. In addition, the Redevelopment Agency is expected to continue to reimburse the City for operating expenses incurred (up to \$15M) and the City will be going into its final year on the excise tax repayment schedule.

San Mateo County, through the Sheriff's Office, and the City of East Palo Alto have come to terms for FY 2002-03 by which the contract will be amended to reflect an increase in payment for services by \$264,140 (100%) for Supplemental Law Enforcement Services and by \$18,198 (4%) for Public Communications Dispatch Services. It is recommended that the County accept the terms of this one-year commitment to provide these services to the City of East Palo Alto at a subsidized rate and then once a new City Manager has been hired renegotiations for following years can commence. East Palo Alto will be notified that beginning FY 2004 the County will expect either full reimbursement for services provided or no longer provide the services.