

Mike Pettit
Assistant County Executive Officer

Catherine Rodriguez
County Chief Financial Officer

Shawn Atin
Assistant County Executive Officer/
Human Resources Director
Labor Relations

December 4, 2018

Board of Supervisors
County of Ventura
800 South Victoria Avenue
Ventura, CA 93009

SUBJECT: Approval of and Authorization for the Auditor-Controller's Office to Process the Necessary Accounting Transactions for the Appropriation of \$600,000 for a Contribution to Casa Pacifica Centers for Children and Families (Casa Pacifica) for Capital Improvements at Casa Pacifica's Ventura County Facilities Pursuant to a 2014 Grant Agreement. (Requires 4/5ths Vote)

RECOMMENDATION:

It is recommended that your Board approve, and authorize the Auditor-Controller's office to process, the accounting transactions necessary to establish the following appropriations for the final payment to Casa Pacifica Centers for Children and Families under the 2014 grant agreement (requires 4/5ths vote):

INCREASE	Div 1050	Services and Supplies	\$ 600,000
DECREASE	Fund G001	Fund Balance-Assigned to Fixed Asset Investment Commitment	\$ 600,000

Fiscal/Mandates Impact:

Mandatory:	No
Authority:	N/A
Source of Funding:	General Fund: Fund Balance Assigned - Fixed Asset Investment Commitment
Funding Match Required:	None
Impact on Other Departments:	None

Summary of Revenues and Costs:

	<u>FY 2018-19</u>	<u>FY 2019-20</u>
Revenue:	\$ 0	\$ 0
Costs:		
Direct	\$ 600,000	\$ 0

Indirect-Agency/Dept.	0	0
Indirect-County CAP	0	0
Total Costs	\$ 600,000	\$ 0
Net Cost:	\$ 600,000	\$ 0
Recovered Indirect Costs:	\$ 0	\$ 0

FY 2018-19 Budget Projection for Special Accounts & Contributions – Unit 1050				
	Adopted Budget	Adjusted Budget	Projected Actual	Estimated Savings/(Deficit)
Appropriations	\$ 59,249,531	\$ 54,542,035	\$ 54,542,035	\$ 0
Revenue	\$ 13,182,636	\$ 13,182,636	\$ 13,182,636	\$ 0
Net Cost	\$ 46,066,895	\$ 41,359,399	\$ 41,359,399	\$ 0

Discussion:

On June 3, 2014, your Board approved a financial contribution of up to \$3 million to Casa Pacifica for capital improvements at its Ventura County facilities over a five-year period. The contribution was implemented through a grant agreement with Casa Pacifica approved by your Board on January 13, 2015 (Exhibit 1) providing for payments by the County of up to \$3 million for capital improvements servicing social programs in Ventura County. This agreement calls for five annual payments by the County in the amount of up to \$600,000, with the final payment due June 30, 2019. The disbursement of these funds is subject to approval of annual appropriations by your Board. The above recommended action requests sufficient appropriations to accommodate the final payment to Casa Pacifica, which would facilitate the fifth and last payment in the amount of \$600,000.

Casa Pacifica's capital projects campaign efforts have resulted in approximately \$16.2 million in contributions which represents almost 98% of the \$16.6 million goal. The projects included the construction of two residential cottages designed for youth with co-occurring diagnosis for mental illness and substance use, a training/vocational education/administration building, and remodeling of the existing client intake/medical clinic building. The construction project is very near completion and final payments for the associated costs are due. Therefore, Casa Pacifica executive management is requesting the final payment from the County.

Casa Pacifica has experienced several other impacts to its fiscal condition in the recent past. The most significant is the effect of Assembly Bill (AB) 403, passed in 2015, which drastically reduced the number of children placed in group homes. The legislation also facilitated the change in use of group homes for children in foster care to short-term residential treatment centers. Casa Pacifica has been working to address this change in direction with its Short Term Residential Treatment Program and its commercial insurance program.

Further impacting Casa Pacifica's operational budget, as well as the Ventura County Behavioral Health Department (VCBH), is AB 1299, passed in 2016 and effective January 1, 2017, which through the enactment of Welfare and Institutions Code section 14717.1 established the concept of "presumptive transfer." Under presumptive transfer, when a child in foster care is placed outside of the child's county of original jurisdiction, responsibility for providing or arranging for, and paying for, specialty mental health services (SMHS) for the child promptly transfers to the county in which the child is placed, consistent with federal Early and Periodic Screening Diagnostic and Treatment requirements, absent any statutory exceptions. The child is then considered part of the caseload of the county in which the child is placed for Medi-Cal claiming purposes. (Presumptive transfer only applies to inter-county moves within California and does not apply to placements out of state.)

Presumptive transfer occurs unless the child welfare services agency in the county of original jurisdiction, on its own initiative or upon the request of a person or agency specified in the statute, determines that a waiver of the presumptive transfer is appropriate pursuant to conditions and exceptions set forth in the statute. For the child welfare services agency to waive the presumptive transfer, it must make an individualized determination that one of the following statutory exceptions exists: The transfer would disrupt continuity of care or delay access to services; the transfer would interfere with family reunification efforts; the placement is expected to last less than six months; or the placement is within 30 minutes of travel time to the child's established SMHS provider in the county of original jurisdiction. In addition, a waiver is contingent upon the mental health plan (MHP) in the county of original jurisdiction having an existing contract with a SMHS provider, or the ability to enter into a contract within 30 days of the waiver decision, and the ability to deliver timely SMHS directly to the foster child. If presumptive transfer is waived, the responsibility for providing and paying for SMHS for the child remains with the county of original jurisdiction.

Casa Pacifica, as a SMHS provider, has contracts with the MHPs in Placer, Riverside, Sacramento, Butte, Merced, Monterey, Santa Barbara, and Tehama counties. This proactive approach helps mitigate costs associated with increased client counts of out-of-county youth, and the responsibility for VCBH, as the MHP for Ventura County, to case manage and process the additional client cases. However, Riverside and Santa Barbara counties have both indicated their intention to not waive presumptive transfers in the future.

Programmatic and financial changes due to recent legislation affecting the treatment of children in foster care described above require Casa Pacifica to alter its business and operational plans. Due to the long-standing relationship, the County of Ventura and Casa Pacifica are establishing a joint clinical committee to ensure programs are aligned with the needs of the youth being served, as well as a joint financial committee to thoroughly evaluate Casa Pacifica's financial status, costs and revenues by program, and develop projections for sustainable operations. The need for this joint financial committee is due to a downturn in Casa Pacifica's financial outlook over the past few years. While we recognize Casa Pacifica's efforts to dutifully work to reduce costs and expand revenues, this joint financial committee will assist in the goal of making Casa Pacifica financially sustainable

looking forward. The first quarterly meeting of this committee was scheduled for November 2018.

The proposed final payment in the amount of \$600,000 would be used solely for the intended use of capital construction costs in Ventura County as stated in the agreement.

This letter has been reviewed by the Auditor-Controller's Office and County Counsel. If you have any questions, please contact Scott Powers at 677-8761.

Sincerely,



m.p.

Michael Powers
County Executive Officer

Exhibit 1 – Grant Agreement with Casa Pacifica dated July 1, 2014 and approved January 13, 2015