



**Notice of a Special Meeting of the
FINANCE COMMITTEE and/or CITY COUNCIL
3:00 p.m. – Monday, June 8, 2015
PASADENA CITY HALL - COUNCIL CHAMBERS ROOM S249**

NOTICE IS HEREBY GIVEN that a special meeting of the Finance Committee and/or City Council will be held **Monday, June 8, 2015 at 3:00 p.m.** in the **COUNCIL CHAMBERS ROOM S249**, at City of Pasadena City Hall, 100 N. Garfield Ave., Pasadena, California.

- A. CALL TO ORDER
- B. NEW BUSINESS
1. Authorization and Approval to Renew Property and Casualty Insurance for the City of Pasadena for Fiscal Year 2016

C. **PUBLIC HEARING: FISCAL YEAR 2016 RECOMMENDED OPERATING BUDGET**

Recommendation: It is recommended that the City Council:

1. Continue the public hearing to each subsequent regular meeting of the City Council at 7:00 p.m. , until June 22, 2015, or such other date as the City Council may determine, and, at which time, the City Council will be asked to close the public hearing and formally adopt the Fiscal Year 2016 Recommended Operating Budget

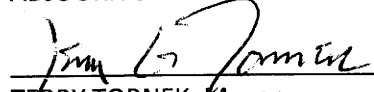
Discussion as part of the public hearing regarding Fiscal Year 2016 Recommended Operating Budget:

- a) Information Technology
- b) Housing
- c) Public Health*
- d) Human Services & Recreation
- e) Police
- f) Planning & Community Development
- g) Fire

D. INFORMATION ONLY

1. Capital Improvement Program - Fiscal Year 2015 Third Quarter Monitoring Report

E. ADJOURN SPECIAL MEETING



TERRY TORNEK, Mayor
Chair, Finance Committee



Veronica Jones, Recording Secretary
for the Finance Committee

Note to the public: *Public comment is limited to items on this agenda. An opportunity for public comment will be provided when the items are discussed. Please limit comments to no more than three minutes.*

This notice, in its entirety, was posted at City Hall and distributed as indicated below by 5:30 p.m. on Thursday, June 4th, 2015.

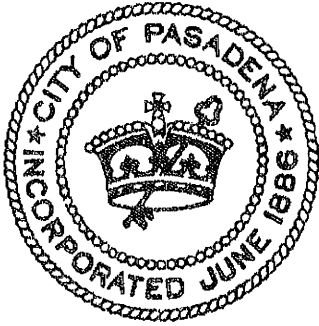
* Attachments

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Agenda Report

June 8, 2015

TO: Honorable Mayor and City Council

THROUGH: Finance Committee

FROM: Interim Director of Finance

SUBJECT: AUTHORIZATION AND APPROVAL TO RENEW PROPERTY AND CASUALTY INSURANCE FOR THE CITY OF PASADENA FOR FISCAL YEAR 2016

RECOMMENDATION:

It is recommended that the City Council:

1. Find that the proposed action is not subject to the California Environmental Quality Act (CEQA) as defined in Section 21065 of CEQA and Section 15378 of the State CEQA Guidelines and as such, no environmental document pursuant to CEQA is required for this project; and
2. Authorize the City Manager and the Director of Finance to place and bind the City's Property and Casualty Insurance coverages outlined in this report effective July 1, 2015; and
3. Grant an exemption from the competitive selection process of the Competitive Bidding and Purchasing Ordinance, Pasadena Municipal code Chapter 4.08, pursuant to Section 4.08.049(B) contracts which the City's best interests are served. The proposed insurance coverages are exempt from the competitive bidding process pursuant to the City Charter Section 1002 (f), contracts for professional or unique services.

EXECUTIVE SUMMARY:

The City of Pasadena purchases property and casualty insurance to protect the City and its affiliated agencies against catastrophic loss and to comply with various bond agreements regarding protection of collateral. In addition, the affiliated agencies purchase various special liability policies to further protect the City. The City's insurance broker assists the City and the affiliated agencies to access insurance markets and manage their insurance program.

Insurance premium costs for fiscal year (FY) 2016 are \$3,031,236. This is an overall 12% reduction of \$430,599 from the prior year cost of \$3,461,835. The rates are down 31% for the Power Plant, 18% for the Paseo Garage property insurance, and 15% for the property insurance policy insuring the balance of City's Property. The City's Crime coverage came in at a 2% increase following the filing of a claim that is expected to payout the full policy limit of \$5 million. We were advised that the FY 2017 premium would likely include a significant premium increase as well as an increase in the deductible amount.

City staff (including Power Plant staff) and the broker presented an overview to several firms at a London meeting reestablishing the positive image of the power plant following the losses to GT1 and GT2 and the new GT5 coming on board. This assisted with the final negotiations for a \$559,928 premium reduction, which accounts for a majority of the overall reduction in premiums. Another factor for the overall reduction in premiums is that the insurance market is soft due to being overcapitalized at the moment.

As part of this renewal, staff has obtained cost reductions and is making two recommendations. First, to increase our Aircraft Liability limit from \$20 million to \$50 million for \$1,481 less than the expiring premium (still a 2% reduction over last year's premium) and secondly, to secure Excess Workers' Compensation Insurance for job related injury, accident, occupational disease or death, at a \$5 million SIR (Self Insured Retention) for Statutory limits to protect against a major catastrophe. The City discontinued purchasing Workers' Compensation Insurance in 2003 when premiums quadrupled and is currently self-insured.

There are 19 renewal policies recommended for FY 2016. The recommended policies are separated into 11 different coverage groups and are discussed in greater detail within the Insurance Renewal portion (page 3) of this report.

The City's broker will continue to market these coverages up until July 1, 2015 to ensure the City of Pasadena obtains the best possible rates.

BACKGROUND:

On January 14, 2013, the Finance Committee recommended and the City Council approved the City's new insurance broker of record, Arthur J. Gallagher and Company (Gallagher). The contract with Gallagher runs until 2016, with two additional one year renewals. City staff and Gallagher have worked diligently to review various insurance schedules, refine values, and identify insurable and non-insurable items. In addition, Gallagher and City staff identified areas where coverage was non-existent or where policies were limited in scope and coverage. Gallagher canvases the marketplace each year on behalf of the City presenting all options from financially stable carriers who are able to provide the broad breath of coverage the City requires. All recommendations for insurance coverage and premium indications are included in the City's Recommended FY 2016 Budget. Although various insurance companies provide coverage, the premiums are paid to Gallagher except in the case of the Paseo Colorado garage, where we reimburse the broker who purchases coverage on behalf of the Paseo Colorado complex for the coverage on just the garage.

Insurance Renewal

The table below summarizes insurance renewals and new, enhanced coverage recommendations. A more detailed explanation of the various coverage groups is included within the Discussion of Coverage section (page 4) of this report.

CITY OF PASADENA AND AFFILIATE INSURANCE COVERAGE TABLE

Group	Coverage	Proposed Premium	Existing Premium	Difference	Limit Insured \$	Deductible/SIR ⁽¹⁾ \$	Status
1 _a	Crime-Inside/Outside Robbery, Safe Burglary	37,703	36,925	-2%	1,000,000	10,000	Renewal
1 _b	except, Computer Fraud, Employee Theft, Forgery/Alteration, or Funds Transfer Fraud				5,000,000	50,000	
2 _a	Liability	247,805	254,784	3%	10,000,000	3,000,000	Renewal
2 _b	Optional Excess Liability	87,720	87,720	0%	10,000,000	0	
3 _a	Pollution Liability	29,640	26,250	-13%	1,000,000	50,000	Renewal
3 _b	Underground Storage Tanks (USTs)	9,181	8,281	-11%	1,000,000	5,000	
4 _a	Medical Malpractice Liability (Pasadena Health Department)	54,592	52,853	-3%	10,000,000	1,000,000 (SIR)	Renewal
5 _a	Heliport and Aircraft (LA Impact Aircraft included)	59,760	61,241	2%	50,000,000	0	Renewal
5 _b	Aircraft/LA Impact <i>This coverage is now included in the Heliport Aircraft policy (Item 5a)</i>						Renew 5a
6 _a	Property: Boiler & Machinery	438,892	515,524	15%	100,000,000	25,000	Renewal
6 _b	except, Flood					100,000	
6 _c	Property: Power Plant/Boiler & Machinery	1,261,682	1,821,610	31%	100,000,000	1,000,000	
6 _d	Boiler & Machinery					1,500,000	
6 _e	Terrorism With Nuclear, Chemical, Biological, Radiological (NCBR)	61,537	72,601	15%	10,000,000	25,000	
6 _f	except, Property/Power Plant at 85 East State Street					50,000	
6 _g	Automobile Physical Damage	118,793	116,402	-2%	10,000,000	25,000	
6 _h	except, Earthquake/Flood				5,000,000	25,000	
7 _a	Paseo Garage (Property)	235,504	288,300	18%	259,398,659	25,000	Renewal
7 _b	except, Flood					100,000	
8 _a	Cyber Policy	15,830	15,830	0%	1,000,000	50,000	Renewal
8 _b	except, Privacy Notification Costs from a Data Breach					100,000	
9 _a	SPARTA/Tenants Users & Vendors Special Events	404	404				
10 _a	SLIP - Pasadena Center Operating Company (PCOC)	15,430	14,027	-10%	1,000,000	50,000	Renewal
10 _b	except, Public Officials					5,000	
10 _c	SLIP - Foothill Workforce Investment Board (FWIB)	3,515	3,195	-10%	1,000,000	50,000	
10 _d	except, Public Officials					5,000	
10 _e	SLIP - Old Pasadena Management District (OPMD)	9,302	8,456	-10%	1,000,000	50,000	
10 _f	except, Public Officials					5,000	
10 _g	SLIP - Pasadena Enterprise Center (PEC)	2,674	2,431	-10%	1,000,000	50,000	
10 _h	except, Public Officials					5,000	
11 _a	Excess Workers' Compensation	266,267	0	100%		5,000,000 (SIR)	New
	Brokers Fee	75,000	75,000	0%			Renewal
	TOTALS	3,031,236	3,461,835	12%			

⁽¹⁾ Self Insured Retention (SIR): The amount the City (the Insured) must pay in a liability insurance policy before the insurance company will pay.

Discussion of Coverage (by Groups)

▪ Group 1

Crime: Crime coverage provides protection to the City against theft of City monies and securities by employees of the City and for the faithful performance of duties. This coverage is also referred to as an Employee Dishonesty or Employee Blanket Bond. The proposed policy has a \$50,000 deductible with limits of \$5,000,000 for all coverage parts except for Theft Inside & Outside Premises which is capped at \$1 million with a \$10,000 deductible. This coverage is required by the City's Municipal Charter Code, Section 2.255.040 Official Bonds. The proposed coverage complies with all statutory requirements.

▪ Group 2

Liability and Optional Excess Liability: The City's Liability policy provides coverage to the City in the event of a catastrophic loss on occasion of an act or failure to act where required of a City of employee. The proposed primary policy provides coverage enhancements to include internal costs for employed adjusters, attorneys, paralegals, and investigators, reimbursement of defense costs for Employment Practices Liability Insurance (EPLI); and certain limits of first dollar coverage (not subject to the SIR) for key personnel such as the Mayor and City Manager for identity theft expense, replacement expense, emergency travel expense, and animal mortality coverage for canine or equestrian patrol.

Overall, the Liability policy provides a limit of \$20 million per occurrence, with a \$3 million SIR (Self-Insured Retention).

Terrorism Risk Insurance Act (TRIA) coverage is included within the liability policies. Terrorism insurance is a commercial insurance product purchased by property owners to cover their potential losses by bodily injury and property damage that arise out of a terrorist attack. Most insurance companies exclude terrorism from coverage in casualty and property insurance and require that an endorsement be issued to extend coverage and charge an additional premium.

TRIA is a United States federal law signed by President George W. Bush on November 26, 2002 and was renewed again in January 2015. The act created a federal "backstop" for insurance claims related to acts of terrorism and provided insureds' with the right to purchase insurance coverage for losses arising out of an act of terrorism defined as "an act certified by the Secretary of the Treasury (The Secretary) (i) to be an act of terrorism, (ii) to be a violent act or an act that is dangerous to (A) human life, (B) property, or (C) infrastructure; (iii) to have resulted in damage and (iv) to have been committed on behalf of a foreign person or agent as part of an effort to coerce the civilian population of the United States or to influence the policy or conduct of the United States government by coercion."

The Secretary's decision to certify or not to certify an event as an act of terrorism and thus allow it to be covered by this law is final and not subject to review. There is a \$100 billion annual cap on all losses resulting from acts of terrorism above which no coverage will be provided.

TRIA was intended to be a temporary measure to allow time for the insurance industry to develop their own solutions and products to insure against acts of terrorism. TRIA was set to expire December 31, 2005 but was legislatively extended through December 31, 2020.

▪ **Group 3**

Pollution Liability: Coverage for this policy provides blanket environmental protection to the City for the discovery of pollution related claims from City operations. This coverage is for sudden and accidental spills or discharge involved during the scope of City business for which limited coverage is provided under a property or liability policy. This specific policy provides protection in the event of long-term issues arising with any pollution discovery after implementation of this coverage. Discoveries occurring before this policy will not be covered. Pollution Liability includes coverage for site decontamination and remediation of downstream/down flow areas. This policy commonly provides coverage for Environmental Protection Agency (EPA), California Department of Toxic Substances Control (DTSC), and any California water regulatory agency related sites and includes fines and regulatory fees for corrective actions.

Overall, the Pollution policy provides a limit of \$1 million per occurrence, \$1 million aggregate at a deductible of \$50,000 per covered loss.

Underground Storage Tank Liability: In addition, a separate policy will provide protection to the City for specific perils of loss associated with Underground Storage Tanks (UST). The City currently maintains eight USTs located throughout the City to fuel City vehicles including police and fire trucks, City sanitation trucks, and City street sweepers. The UST policy provides coverage limits of \$1 million per occurrence at a deductible of \$5,000 per loss. Prior to this coverage, the City self-insured the entire loss including site decontamination, remediation of grounds/waterways, downstream/down flow, and repair or replacement of the tanks.

▪ **Group 4**

Medical Malpractice Liability: The City currently operates the Pasadena Health Department (PHD). The PHD has various operations including medical services, dental services, mental health services, laboratory testing, and medical surveillance programs. This coverage will insure for Medical Malpractice Liability claims protecting the City and City-employed physicians and dentists, contract-employee physicians and dentists, and allied health service providers for liability associated with their respective practice areas. Medical Malpractice insures the acts, errors, and omissions of our medical providers. In the past, the City was fully self-insured for all claims alleging medical malpractice. The City does not engage in "high-risk" medical work such as emergency rooms or trauma

centers, but does operate clinics and clinical programs along with educational outreach programs.

This policy provides the separate and distinct coverage for operations, exposures commonly excluded from all liability policies and is currently excluded on the City's liability policy because of the specialty and practice areas of the professionals performing the work.

A benefit to this policy is that defense costs are included. This policy will provide the City with limits of \$10 million per claim after a \$1 million per claim self-insured retention.

▪ **Group 5**

Heliport and Aircraft, Including LA Impact Aircraft: Heliport/Airport coverage provides protection for the City's liability due to its public safety/police helicopter operations and for the City's leadership role on the LA Impact Team. The Aircraft policy covers individually, all City aircraft and the LA Impact aircraft for hull damage. Similar to the City's General Liability policy, these policies provide the City overall liability limits of \$20 million and our recommendation is to increase this limit to \$50 million, at a reduction over last year's premium with no deductible.

This coverage has combined three policies into one policy, providing liability coverage, hull coverage for City aircraft, and hull coverage for LA Impact aircraft. Each item is separately rated and LA Impact will be billed its prorated share of the premium. Important enhancements to this policy include the addition of \$1 million limits of hull coverage on each of the two OH58's, constructive total loss at 70 percent value, a \$300,000 limit for physical damage to engines, and a reduced eligibility for down time (lay-up) credit from 50 days to 30 days. These are significant enhancements to the City's aviation coverage.

▪ **Group 6**

Property/Boiler and Machinery and Power Plant Property/Boiler and Machinery: The City's overall total insurable values increased slightly to reflect the current inflationary factors of 2%. Due to the adverse loss experience at the power plant and its aging infrastructure (B3 unit), insurance companies are reluctant to provide coverage that is the reason why the City purchases two separate policies. To obtain the most advantageous rate for the balance of City-owned property and other Pasadena Water & Power property not currently located at the power plant, two property policies will be secured each including boiler and machinery. These policies will provide \$100 million coverage subject to a \$1 million deductible for property and \$1.5 million deductible for boiler and machinery for the Power Plant and a deductible of \$25,000 for all other City boiler and machinery property.

The power plant has had another profitable year. As previously stated in this report, Finance staff (including the Power Plant staff) and the broker presented an overview in London reestablishing the positive image of the power plant following the losses to GT1 and GT2 and GT5 coming on board. This assisted with the final negotiations for a \$559,928 premium reduction. The City and Power Plant will continue to carrying

deductibles consistent with the City's other policies, to yield the best coverage and cost profile for the City

Terrorism with Nuclear, Chemical, Biological, and Radiological (NCBR): Under the City's renewal property program, in addition to the City's coverage for damage to property, the proposed terrorism coverage will provide protection covering terrorism acts and will be extended to include terrorism risks with NCBR events. This expanded coverage protects the City's buildings, grounds, and information technology equipment in the event of a declared terrorist act. This coverage will assist to relocate vital City services and remediate/rebuild City buildings or information technology systems and equipment. This coverage attaches a low \$25,000 deductible for NCBR terrorism risks as compared to the strict TRIA coverage. However, a terrorism incident at the power plant at 85 East State Street attaches a \$50,000 deductible.

Automobile Physical Damage: In addition to property coverage, the City also obtained quotes for Automobile Physical Damage ("comprehensive & collision/overturn") coverage on City vehicles. This policy provides a deductible of \$25,000 and all vehicles are scheduled. Coverage is on a replacement cost value. This coverage is beneficial to the City as it protects cash flow when the City purchases new vehicles to replace damaged vehicles. This increased as a result of a reevaluation of vehicle costs and new vehicles being placed in service. Coverage is provided at a loss limit of \$10 million for any one loss and \$5 million for Earthquake and Flood in the annual aggregate.

▪ **Group 7**

Paseo Garage: The Paseo Colorado property is managed by the developer's real estate company which purchases insurance services through Mesirow Financial Services. Mesirow Financial coordinates the garage coverage and premium through the City staff. The property is insured and complies with all facility bonds and financing agreements. The policy is scheduled to be renewed by Mesirow Financial on behalf of the participants in Paseo Colorado project with the City continuing to pay the garage premium portion of \$235,504 as contracted. A \$25,000 deductible is associated with all losses except in the instance of flood with a \$100,000 deductible.

▪ **Group 8**

Cyber Policy: This policy provides protection for all sensitive data in the City's care, custody, and control and protects against adverse errors or actions taken by an employee or a third-party against the City's information technology systems including but not limited to hacking. The City maintains, or has access to, sensitive information including but not limited to employee data, customer data (water and power billing/credit; trash service billing/credit; and private health information (Pasadena Health Department)). The City also maintains a fiber optic network loop throughout the City with contractual connections with NASA/JPL, Caltech, and Raytheon. City employees have access to certain data which is susceptible to loss or theft through the use of laptops, tablet computers, flash drives, and smartphone technology. This policy covers privacy liability, crisis management, credit monitoring, notifications, fines and other miscellaneous expenses related to most types of

breaches for which the City is responsible. This policy provides \$1 million in limits with a \$50,000 deductible.

- **Group 9**

SPARTA/Tenants Users, Vendors Special Events and Contractors Liability: The SPARTA and Contractors policy is a special events liability policy that allows City vendors, contractors, facility users, and specialty programs to obtain cost-effective coverage to protect the City and City facilities against loss caused by their performance, use of City facilities, or work under small contract values for the City. The City purchases a master policy annually and vendors, contractors, and facility users may obtain rates and coverage and make payments via a web portal as needs dictate.

- **Group 10**

Special Liability Insurance Policies (SLIP): The SLIP policies provide the liability coverage to the Pasadena Center Operating Company (PCOC), the Foothill Workforce Investment Board (FWIB), the Old Pasadena Management District (OPMD), and the Pasadena Enterprise Center, Inc. (PEC). The coverage provided is \$1 million with a \$50,000 deductible.

- **Group 11**

Excess Workers' Compensation: This City currently self-funds all Workers' Compensation losses. The purchase of an Excess Workers' Compensation policy is being recommended at a \$5 million SIR to provide protect against a major catastrophe, causing injuries to multiple employees. The City has a number of locations housing large concentrations of employee such as City Hall with 340 employees, in addition to at least half of a dozen other facilities with 100-200 employees. Since 2003 premiums have become more affordable and most Cities and Counties who had gone bare have resumed purchasing coverage at retentions ranging from \$5 million to \$10 million. This policy would stop the City's loss at \$5 million per incident and continue to pay the statutory Worker's Compensation costs.


COUNCIL POLICY CONSIDERATION:

This action supports the City Council's strategic planning goal to maintain fiscal responsibility and stability and to protect the City's infrastructure and collateral for bond purposes.

FISCAL IMPACT:

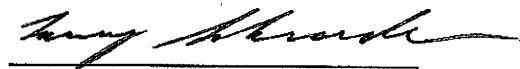
In accordance with the table provided in this report, the cost of this action is approximately \$3,031,236 for insurance renewal purposes (account number: 1301-101-000000). The final cost of this insurance premium decreased over the prior year by \$430,599 as a result of decreased premiums for Property/Boiler and Machinery and Power Plant Property/Boiler and Machinery coverage. Funding for this action is included in the City's Recommended FY 2016 Budget in the various departmental budgets. No indirect and support costs such as maintenance or IT support are anticipated.

Respectfully submitted,



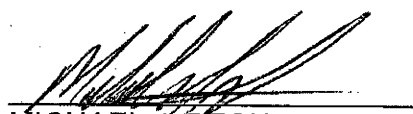
JULIE GUTIERREZ
Interim Director of Finance
Department of Finance

Prepared by:



LARRY SCHROEDER
Special Assistant to the City Manager

Approved by:




MICHAEL J. BECK
City Manager

Memorandum

Date: June 8, 2015

To: City Council and City Manager

From: Steve Mermell, Assistant City Manager 

Subject: Additional Information Regarding Public Health Department Recommended Operating Budget

The Pasadena Public Health Department, as part of its recommended operating budget for Fiscal Year 2016, is recommending the elimination of certain clinical programs, most notably the prenatal and HIV/AIDS programs, as well as reductions in other services to better align available resources with expenditures and to position the Department for success following the implementation of the Patient Protection and Affordable Care Act. The purpose of this memorandum is to provide background information regarding these recommendations.

The Pasadena Public Health Department is one of only three cities in California with its own Health Department; Berkeley and Long Beach are the other two. The following table summarizes the services provided by each of these departments.

Service/Function	Pasadena Pop: 139,731	Berkeley Pop: 116,768	Long Beach Pop: 469,428
Department Budget FY15	\$14.4 M	\$9 M	\$38 M ₁
Per capita expenditure	\$103	\$77	\$81
Vital Records	•	•	•
Communicable Disease Control Program	•	•	•
Tuberculosis Clinic	•		•
Communicable Disease Surveillance & Epidemiology	•	•	•
Immunization program	•	•	•
Immunization Clinic	•	•	•
Travel Clinic	•		•
STD Clinic	•	•	•
School-based clinics		•	•
Public Health Laboratory	•		•
Prenatal Clinic	•		
Maternal, Child, and Adolescent Health (MCAH) program	•	•	•
Child Health and Disability Program	•	•	•
Nutrition programs (NEOP-funded)	•	•	•
Tobacco programs	•	•	•
Women, Infants, and Children (WIC) Program	•	•	•
Emergency Preparedness and Bioterrorism Program	•	•	•

Environmental Health Programs	•	2	•
HIV/AIDS clinic and wrap-around services	•		•
HIV/STD outreach, testing, and counseling	•	•	•
HIV/AIDS Surveillance program	•	•	•
HIV/AIDS Food pantry	•		
Black Infant Health Program	•	3	•
Dental Clinic	•		
Mental Health Programs	•	2	•
Substance Abuse Prevention program (Project Alert)	•		
Substance Abuse Outpatient Treatment program	•		
Diabetes/Chronic disease programs	•	•	•
Substance Abuse- Driving Under the Influence (DUI)	•		
Healthy Kids insurance enrollment grant	•		•
Homeless Drop-in Clinic and Services			•

Notes: 1. Long Beach Health Department includes the Housing Authority of Long Beach. Total budget is \$117 M, Health portion is \$38 M. 2. Berkeley has Environmental Health and Mental Health in separate divisions, not under Public Health. 3. Berkeley's Black Infant Health Program (BIH) will no longer qualify as a state BIH program effective 7/1/15. It will be incorporated into the City's MCAH program.

As indicated by the table above, the services provided by each California municipal Health Department vary. In terms of what services a local health department is required to provide, the California Health and Safety Code sets forth requirements in various portions of the Code. These requirements include:

- Appointment of a Health Officer who must be a licensed physician, who shall:
 - Enforce local health orders and ordinances
 - Uphold State and local regulations and statutes
 - Assess community health status
 - Direct mandated public health protection
 - Respond to public health emergencies
 - Provide leadership in health policy

- Provision of the following basic services:
 - Collection, tabulation and analysis of public health statistics
 - Health education programs
 - Communicable disease control
 - Tuberculosis control
 - Maternal and child health promotion
 - Environmental health and sanitation services
 - Nutrition services (education and prevention)
 - Services in chronic disease
 - Services directed to social factors affecting health (community planning)
 - Appropriate services in the field of family planning
 - Public Health nursing
 - Have available the services of a public health laboratory

The reductions proposed in the Health Department's recommended operating budget will not affect the Department's ability to carry out these core functions. Rather, the proposed reductions are in non-mandated clinical programs that despite not being financially viable, served as a safety-net for those in Pasadena and surrounding communities who were on Medi-Cal or uninsured.

The following table provides census information regarding these programs:

Program	Total Clients	% Pasadena Residents
Prenatal	252	48%
HIV - Medical Outpatient Program	300	25%*
HIV - Medical Care Coordination	241	26%
HIV - Benefits Specialty Services	180	17%
HIV - Mental Health, Psychiatry	85	24%
HIV – Home-Based Case Management	123	7%
Dental Clinic - HIV and Denti-Cal	839	25%
Alcohol Recovery DUI	74	50%

*Extrapolated based on number of uninsured patients

The advent of the Patient Protection and Affordable Care Act (ACA) coupled with California's Managed Medi-Cal expansion has created a system whereby other service providers are now in place to provide not only these specialty services, but the entire range of essential health services mandated by the ACA, thereby reducing the need for the City of Pasadena to provide these services. Prior to delving further into the impact of the ACA, a brief review of the financial performance of the Department is useful to provide context.

Public Health Fund Overall Financial Performance

The current fund sheet for the Public Health Fund (Attachment A) indicates (line 30) that the fund had positive net income in three of the last eight years inclusive of Fiscal Year 2015 projected. However, although the fund sheet shows positive net income in Fiscal Years 2009 and 2010, the General Fund provided support in the amounts of \$1.25 million and \$900,000 respectively in those years. But for these General Fund subsidies, the fund would have posted a loss in all seven of the eight years included.

The Public Health Department is funded primarily by grants and cost reimbursable contracts. For FY15 these sources represented roughly \$10 million or about 67% of the Department's budgeted revenues. The balance of the Department's revenue is made

up of fees for services \$2.2 million (14%), provided mainly through Environmental Health activities such as plan check and routine inspections, realignment funds provided by the state of California \$2.5 million (16%) and the remaining 3% is various miscellaneous revenues. The following is a list of current grants and cost reimbursable contracts.

GRANT NAME	FY15 Contract Award	Funding Agency
AIDS Drug Assistance Program (ADAP)	15,917	State of California
HIV Counseling & Testing Storefront (Base)	65,969	County of Los Angeles
HIV/AIDS Benefits Specialty Services	92,024	County of Los Angeles
HIV/AIDS Home Based Case Management	728,743	County of Los Angeles
HIV/AIDS Medical Care Coordination	526,490	County of Los Angeles
HIV/AIDS Oral Health	571,000	County of Los Angeles
HIV/AIDS MH Psychiatry	75,000	County of Los Angeles
HIV/AIDS MH Psychotherapy	279,594	County of Los Angeles
Medi-Cal Administrative Activities (MAA) - Base	425,000	State of California
Medi-Cal Administrative Activities (MAA) - School-Based MAA	900,000	State of California
HIV Counseling & Testing (PFP)	43,980	County of Los Angeles
HIV/AIDS SPAS-2-8 Ambulatory Outpatient Services (Fee for Service, Imaging, Lab, and Pharmacy) (Medical)	142,612	County of Los Angeles
Alcohol - General Relief (outpatient)	28,000	County of Los Angeles
Black Infant Health (BIH) FFLA	216,206	First5LA
Black Infant Health (BIH) State	300,744	State of California
BT - Bioterrorism and E.R. (Includes Base, CRI, and Carryover(s))	291,973	County of Los Angeles
BT - Pandemic Influenza Preparedness	64,719	State of California
California Nutrition Network	557,951	State of California
California Wellness Grant (Oral Health)	150,000	California Wellness Foundation
Child Health Disability Prevention (CHDP)	330,366	State of California
Childhood Lead Poison Prevention Grant	127,419	State of California
Choose Health LA (CTG)	390,000	County of Los Angeles
FDA Food Inspection Tablet System (Federal)	84,189	Health & Human Services
Healthy Kids	60,000	County of Los Angeles
Healthy Kids DHCS Medi-Cal Outreach	20,050	County of Los Angeles
HIV Surveillance (State)	24,540	State of California
HRSA Special Project of Natl Significance (Federal)	299,313	Health & Human Services
Health Immunization Action	65,273	State of California
Maternal Child Adolescences Health (State)	126,632	State of California

PACE - KAISER (56029)	60,000	Kaiser Permanente
PACE - La County (56030)	100,000	County of Los Angeles
Pasadena Reach Project (Federal)	500,000	Health & Human Services
SAMHSA (Federal)	594,473	Health & Human Services
SAPC - Alcohol & Other Drug Prevention	200,000	County of Los Angeles
Tuberculosis State Local	32,924	State of California
Tobacco Control	150,000	State of California
WIC Little-By-Little	136,995	County of Los Angeles
Women, Infant, Children (WIC) and Breast Feeding Peer Counselor Program	1,128,873	State of California
Total \$	9,906,969	

In some cases over the past few years the Department has had difficulty fully recovering the total amount of grant funds/contract dollars available. For example, in fiscal years 2013, 2014 and 2015 the Department under-billed its contracts with Los Angeles County for various HIV services by \$1,132,915; \$528,747 and \$1,570,383, respectively.

There are several factors that contribute to under-billings. For most grants the City can only bill for costs incurred so when there are staff vacancies potential revenues go unclaimed, however, in such cases there are offsetting cost savings. As a result of staff turnover in the Department's Administration and reductions in staffing in the Finance Department's Grant Accounting Section, which previously was responsible for invoicing funders, revenue collections fell behind in Fiscal Year 2014. Over the course of the past fiscal year, the Department has successfully cleared its backlog and is up to date in all invoicing. Nevertheless, the overall fund balance currently stands at negative \$2,235,038.

Even when Department programs are fully staffed and invoicing is done in a timely manner, the Department is limited in its recovery due to the fact that a number of grants, totaling over \$4 million, do not allow for the billing of administrative overhead and the remaining \$6 million of grants cap allowable overhead costs. For example, the HIV services contracts from the County of Los Angeles cap allowable overhead at 10%, which falls significantly short of covering the Department's true overhead when considering the cost of City internal services (charges from Building Maintenance and Department of Information Technology) and cost allocation (the allocation of costs provided by central-service General Fund departments such as Finance, Human Resources, and City Manager's Office). In the case of cost allocation, the cost of services provided by City General Fund departments was not allocated to the Health Fund prior to Fiscal Year 2013. For Fiscal Year 2015 the Fund will be charged a total of \$241,102 in allocated costs. While it is appropriate for non-general funds to reimburse the General Fund for the cost of support, in the case of the Public Health Department, this cost cannot be recaptured from its grants.

Despite these challenges, with the adoption of the Fiscal Year 2015 budget, it appeared that the Health Fund would generate positive net income, with revenues exceeding expenses by nearly \$900,000. Based on year to date actuals, however, this projection will not be realized and instead the Fund will incur a shortfall which will approach or potentially exceed \$2 million for the second year in a row. One reason for this is that it was anticipated that revenues not received in Fiscal Year 2014 would be received in Fiscal Year 2015, however, much of this had already been accounted for in existing fund balance figures. Additionally, the Department expected to fully recover the contracted amounts for HIV services contracts from Los Angeles County. It should be noted that in mid-2012 the Department expanded its HIV services by acquiring additional County contracts and increased staffing by 15 FTE following the closure of the AIDS Service Center. Another 5.0 FTEs were added to provide service in the Michael D. Antonovich Dental Clinic when it opened in 2013.

These service expansions, although well intentioned to address the needs of underserved populations, have posed challenges for the Department. By way of example, in the Dental clinic two types of patients are seen, those covered by Medi-Cal and those with private insurance. Since the implementation of the ACA, Federally Qualified Health Centers (FQHC) such as CHAPcare enjoy the ability to bill Denti-Cal, the Medi-Cal coverage for dental, for many more procedures and at a higher rate per procedure than non-FQHCs such as the Pasadena Public Health Department. Attachment B illustrates the differences between billable and non-billable services for FQHCs and non-FQHCs. Moreover, for those procedures where the Public Health Department is able to bill Dent-Cal, the reimbursements are not sufficient to cover program costs. As discussed at greater length in a recent article from the Sacramento Business Journal (Attachment C), other providers are leaving the Denti-Cal arena because of low reimbursement rates.

To further the point that Denti-Cal and Medi-Cal reimbursements are insufficient to cover the City's costs of providing clinical services, staff recently examined the billing activity for 100 patients who visited one or more of the Health Department's clinics in Calendar Year 2014. The analysis indicated that the average cost to serve the patient exceeded the average reimbursement paid by Medi-Cal by approximately 35%, with the average cost per Medi-Cal Patient being \$125.20 and the average reimbursement \$80.92.

In terms of accepting private insurance, the Department's prenatal clinic does not take insurance because obstetrics is not considered a specialty care service and therefore not eligible. As a specialty care service provider the HIV clinic is able to accept and bill insurance, but the lack of infrastructure including electronic health records, has hampered success.

Through investments such as the implementation of electronic health records (an estimated cost of several hundreds of thousands of dollars), improved financial management which is already underway and other actions, it is conceivable that the Department could improve its clinical programs' financial results, but given low reimbursements from Medi-Cal and Denti-Cal, the City's relatively high overhead rate in form of employee compensation, benefits, and central services, and the inability to bill

various grants for their recovery, the Department is expected to continue to experience significant financial losses.

Impact of the Affordable Care Act

The purpose of the Affordable Care Act (ACA) is to make health insurance more affordable for those with little or no coverage. Although the law includes some provisions intended to control costs, the most immediate impact to consumers will be on insurance premiums and out-of-pocket costs for health care and on access to insurance. The law is aimed at people who would not or could not buy insurance as well as those underinsured; people who have health care coverage that does not adequately protect them from high medical expenses. These target populations represent the patient profile of the Pasadena Public Health Department.

Consequently, in developing a strategy to address the Department's significant financial challenges, staff sought to better understand how the rollout of the ACA would impact the clinical programs provided by the Pasadena Public Health Department. To assist in this effort, staff engaged The Camden Group, one of the largest healthcare business advisory firms in the country. Camden conducted interviews with Health Department management, reviewed various financial and utilization reports related to the Department's clinical programs, met with top management from Huntington Memorial Hospital and Community Health Alliance of Pasadena (CHAPcare) the local Federally Qualified Health Center (FQHC) and prepared four separate reports (Attachments D, E, F and G) covering the following subject areas:

- HIV/AIDS Services
- Obstetrics and Prenatal Services
- Communicable Disease Prevention
- Mental Health and Substance Abuse Services

The Camden Group's assessment identified the following key findings:

- **As more people obtain coverage through the ACA the need for services provided by the Pasadena Public Health Department will diminish.** Today 17 million Americans who previously were without medical insurance currently enjoy coverage as a result of the ACA. Moreover, pre-existing conditions such as HIV are no longer barriers to coverage. As a result, people are finding medical homes which provide a range of Essential Health Benefits beyond the specialty services provided by the Public Health Department. By way of example, current participation in the Department's Prenatal clinic is roughly 225 women, whereas several years ago participation was close to 700 based on staff's estimates.
- **If it chooses to continue providing clinical services, the Pasadena Public Health Department will see increased competition from Federally Qualified Health Centers (FQHCs) and Medi-Cal managed care plans, which provide services to nearly 12.2 million Medi-Cal beneficiaries throughout California.** FQHCs operate within a cost/reimbursement structure that allows them to care for patients, cover their costs and generate profit. Most recently Huntington Memorial

Hospital announced that it would accept Medi-Cal managed care plans. The Pasadena Public Health Department cannot receive the enhanced reimbursement rates of FQHCs; the Department's reimbursements will always be lower thus placing the City at a disadvantage.

- **Current funding sources such as Federal Ryan White dollars will continue to diminish.** The Federal Ryan White program functions as the payer of last resort for low-income individuals with HIV/AIDS. In California, many Ryan White services will likely transition to Medi-Cal, since under the ACA, Ryan White cannot be used to deliver services for which patients are eligible through other health coverage programs. The result is a shift from a more generous payer source, which does not fully cover the City's costs, to an even less generous one.
- **Decreasing Medi-Cal reimbursements will make cost recovery increasingly difficult.** The Public Health Department's patient population is primarily insured with Medi-Cal or uninsured, and with decreasing Medi-Cal reimbursement rates, there likely is a small economic opportunity with this model.
- **The Department currently lacks the infrastructure to become an FQHC.** An FQHC must to be governed by a Community-Board, separate from the City structure. Moreover, given that there is already an existing FQHC in Pasadena, CHAPcare, with two locations in City facilities, it is unlikely that the Federal Government would grant approval to create another local entity. Even if it were possible, substantial investments in information technology such as electronic health records and other systems would be required.

Taken as a whole i.e., the financial and structural realities of the Public Health Department along with the fundamental changes affecting the entire medical industry, the Department's leadership team determined the best course of action would be to no longer offer clinical programs, which could now be provided by other qualified non-City providers, and instead focus on core public health functions and general health promotion activities. It's worth noting that this same decision has been made by many other public health jurisdictions including locally the Long Beach Public Health Department.

Projected Fiscal Year 2016 Budget

In preparing the Fiscal Year 2016 operating budget, revenues and expenses were scrutinized very closely to ensure the most accurate projections possible. Based on this analysis, unless changes are made, it is expected that the Department will once again face an operating loss of approximately \$2 million, which would continue to grow in subsequent years.

As indicated in the following table, the majority of the anticipated loss is related to the clinical programs of HIV services, Prenatal, Alcohol Recovery and the Public Health Laboratory which supports the HIV and Prenatal program. The balance of the anticipated loss of roughly \$392,000 is spread across other Departmental programs.

FY16 Anticipated Program Loss \$	
HIV Services (including Dental clinic)	(1,084,057)
Public Health Laboratory	(304,104)
Prenatal Clinic	(155,318)
Alcohol Recovery Center DUI	(122,573)
Department wide	(392,000)
Total	(2,058,052)

Proposed Program Eliminations

1. HIV Services. Total Budget FY16 \$4,336,099. Total FTEs 32.00. Program Description: The HIV Services program known as the Andrew Escajeda Comprehensive Care Services is designed on an integrated HIV Medical Home approach, which includes the Michael D. Antonovich Dental Clinic. The Program integrates a social and medical model that seeks to promote and improve the overall care of individuals, partners and families from a cultural, biological and psychological perspective. The programs are developed with a client-centered approach both in care and preventive measures. The services being provided in this model are, medical outpatient services, mental health (psychotherapy and psychiatry), medical care coordination, benefits specialty services, oral health (dental services), home-based case management services, AIDS Drug Assistance Program (ADAP), medical transportation and a partnership with AIDS Project Los Angeles (APLA) for the provision of food services. In addition, the program created partnerships with other HIV programs to provide housing case management services.
2. Prenatal Clinic. Total Budget FY16 \$947,543. Total FTEs 7.88
Program Description: Comprehensive Perinatal Service Program (CPSP) provider that offers perinatal services solely servicing Medi-Cal eligible clients. The Prenatal Clinic also offers Family Planning services via the Family Planning, Access, Care and Treatment (PACT) program billed to Medical.

As more of the population is eligible for health insurance to include Medi-Cal managed care, the number of clients eligible with regular Med-ical, solely accepted by Pasadena Public Health Department, is decreasing. Clients that are ineligible for health insurance are currently seeking other providers and Federally Qualified Health Care Centers. The lack of an electronic health record and billing system compounds the limitations related to realizing the revenues versus increasing expenses. The Prenatal Clinic will continue to provide services to a majority of its existing clients for the remainder of their pregnancy until the proposed date of closure date of December 31, 2016.

3. Alcohol Recovery Center DUI. Total Budget FY16 \$272,573. Total FTEs 4.0. Program Description: Currently the Department offers three substance abuse programs:

- Prevention Project ALERT – an evidenced based prevention program for middle school students
- Substance Abuse Outpatient Services
- Driving Under the Influence (DUI) Services (Wet & Reckless, 3, 6 and 9-month)

The program proposed for elimination, as of July 1, 2015, is the Driving under the Influence (DUI) Services (wet and reckless program, 3, 6 and 9 month services). This is a fee for service program whose participants have been mandated by a court to attend. The program has not been financially viable and other providers are available in Pasadena and neighboring communities as indicated later in this memorandum.

4. Public Health Laboratory. Total Budget FY16 \$336,566. Total FTEs 2.15. Program Description: The Public Health Laboratory offers laboratory services for communicable disease prevention and control activities. Historically, the laboratory has primarily supported the Department's in-house clinics with clinical diagnostic testing. Given the proposed reduction in clinical services, in-house laboratory testing will no longer be necessary. All other laboratory testing for communicable disease activities will be provided by the Los Angeles County Department of Public Health laboratory (LACDPH) or The California Department of Public (CDPH) Health's laboratory.

Proposed Program Reductions

In addition to the program eliminations discussed above, the following reductions in Public Health Department programs are incorporated into the recommended operating budget.

1. Reduction of .5 FTE Program Coordinator I currently filled with a City Temporary Worker, in the Women, Infants & Children (WIC) Breastfeeding program.
2. Reduction of 1.0 FTE vacant Community Services Representative II in Maternal Child & Adolescent Health program.
3. Reduction of .50 FTE vacant Program Coordinator I in the PACE diabetes prevention program.
4. Change in staffing in Black Infant Health Program resulting in the reduction of a currently filled, limited-term 1.0 Community Service Representative II position and its replacement with 1.0 Social Worker in order to meet state of California requirements for minimum education. However, the incumbent has been offered another position within the Department and is currently considering the offer.

Further, it should be noted that the State of California has actually moved to eliminate Pasadena's funding for this program, however, by working with Los Angeles County, the Public Health Department will be able to retain the program by becoming a sub-contractor to the County of LA.

Impact on Employees

The proposed program eliminations and program reductions will, in combination, result in the elimination of 48.05 FTEs, of which 26.68 are currently filled by 10.30 regular employees and 16.38 limited term (i.e., at will) staff; the balance of 21.37 are vacant positions.

Since announcing to staff the proposed budget recommendations, the Human Resources Department has provided a series of seminars open to all members of the Department but specifically targeted at those whose positions would be impacted by the recommendations. These have included:

- Resume Writing Workshops – Two offered exclusively for PPHD employees; one offered through the City's training program that several PPHD employees attended;
- Individual resume writing counseling/support offered at the Health Department;
- Interviewing skills class offered through the City's training program that several PPHD employees attended;
- Human Resources, State Employment Development Department and Foothill Workforce Investment Board representatives spent an afternoon at the PPHD to answer questions.
- Human Resources has meet individually and with groups of employees over the past month and a half on multiple occasions. The Department has been actively answering emails, phone calls, searching for open positions, discussing separation benefits, and providing other support.
- Two days of a *career boot camp* will be offered in July.

Furthermore, every effort has been made to identify other job openings either in the Public Health Department or other City departments, where impacted staff can transfer. As a result, seven individuals have transferred to other positions and three additional transfers have been offered. Additionally, one employee has obtained a position in CHAPcare's prenatal clinic and two have voluntarily separated from the City. The cumulative result of these efforts has been to reduce the number of impacted employees to 23, of which 10 are regular employees and 13 are limited-term staff.

Alternative Service Providers

As indicated by the analysis prepared by The Camden Group, many of the clinical services provided by the Pasadena Public Health Department are available locally from other providers. Going forward, the Public Health Department will provide referral services to these other community providers in the following service areas:

Prenatal services:

- CHAPcare 1855 N. Fair Oaks, Pasadena
- Dr. Babatunde A. Eboreime 2595 E. Washington Blvd, Ste. 105, Pasadena
- Dr. Jonathan Tam 105 N. Hill Ave, #203, Pasadena

Alcohol Recovery:

- The High Road Program, Pasadena
- Right On Programs, Inc., Burbank
- Safety Education Center, Inc., Burbank
- San Gabriel Valley Drive Improvement, Alhambra
- Adapt-Aware Zone, Inc., Glendale
- Right On Programs, Inc., Glendale, CA 91205
- ABC Traffic Safety Program, Rosemead
- Alhambra Safety Services, Monterey Park

HIV Services: Currently there are no other providers in Pasadena that offer the full range of 'wrap-around' and specialty services provided by the Pasadena Public Health Department. Staff has spoken to providers located outside of Pasadena who have expressed an interest in operating out of the Pasadena Public Health Department location to offer these services. Additionally, CHAPcare has indicated its willingness to begin providing these services; however, such an approach is complicated by the fact that CHAPcare does not possess the necessary level of experience that would make it eligible for delegation of the County contracts currently held by the City. Staff is currently exploring with CHAPcare and the County whether some form of arrangement can be made whereby the City continues to provide the services, with CHAPcare providing the administrative support and covering any remaining financial losses so as to protect the City. It is anticipated that within the next few weeks a final determination as to the viability of this approach will be made. Should it not prove viable, other options to ensure that Pasadena remains a service delivery location will be pursued.

The following is a list of HIV specialty service providers in the greater Los Angeles area:

- APLA Gleicher/Chen Health Center, Los Angeles
- Jeffrey Goodman-Gay and Lesbian Center, Special Care Clinic, Los Angeles,
- AltaMed HIV/AIDS Services, Los Angeles, CA 90022
- JWCH, Center for Community Health, Downtown Los Angeles, Bell Gardens, Bellflower, Downey, Lynwood, Norwalk, Whittier
- AIDS Healthcare Foundation (AHF), Los Angeles
- East Valley Community Health Centers, West Covina and Pomona

- St. Mary Medical Center's C.A.R.E., Long Beach
- Northeast Valley Health Corporation, Sun Valley, North Hollywood, Van Nuys

Moving Forward

While difficult, the proposed transition of clinical programs from the Pasadena Public Health Department to other agencies better equipped to provide these services, will enable the Department to focus on core public health services: assessment of health status and health problems, policy development, and assurance and protection of the health of the public. The Department will extend existing collaborative efforts with other City departments, local medical providers, non-profits and the Pasadena Unified School District. Through the pursuit of national accreditation, the Department will strengthen its foundations and operations.

ATTACHMENT A

	A	B	C	D	E	F	G	H	I	K	L	M	N
1	Public Health Fund												
2	Fund 203	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2015	FY 2016	FY 2017	FY 2018
3		Actual	Actual	Actual	Actual	Actual	Actual	Actual	Adopted	Est Actual	Projected	Projected	Projected
4	Beginning Fund Balance	131,812	(799,762)	(53,840)	632,522	353,771	1,035,794	1,011,177	(1,085,092)	(128,263)	(3,062,914)	(5,072,469)	(8,750,533)
5	SOURCES												
6	Sales Tax	811,596	723,742	680,644	710,827	708,804	669,575	806,924	650,828	712,175	287,930	292,249	296,633
7	Licensees and Permits	644,195	579,070	713,619	897,784	1,003,625	1,041,414	1,291,328	1,098,770	1,346,179	1,185,000	1,202,775	1,220,817
8	Intergovernmental-Local	81,368	64,587	221,634	213,855	264,207	387,292	444,041	790,402	417,041	599,168	608,155	606,050
9	Charges For Services	653,908	575,059	728,890	537,438	537,538	623,136	735,390	1,046,335	794,169	808,527	820,655	832,955
10	Charges For Services-Quest Exl	444,000	46,906	48,782	49,759	49,759	5,005,501	3,740,546	4,768,511	4,975,349	5,272,524	4,009,622	4,069,766
11	Federal Grants-Indirect-State	4,062,802	4,471,429	4,032,650	3,684,319	4,751,143	5,005,501	474,285	515,026	1,075,330	1,436,605	1,325,330	1,125,330
12	Federal Grants-Direct			102,044	282,854	195,701	282,340	293,037	333,805	217,671	306,410	311,006	293,137
13	State Grant Direct	452,530	668,729	2,992,744	2,581,934	2,549,468	3,362,987	3,603,403	4,612,020	2,997,914	3,963,610	4,023,054	4,083,410
14	State Non Grant Direct	3,180,419	2,341,430	1,069,302	1,429,214	1,054,131	1,341,455						
15	Transfers In	1,085,121	1,077,803	1,089,302									
16	General Fund Contribution		1,250,000	899,644									
17	Other Financing Sources	50,000		122,240	77,000	37,945			60,920				
18	Rental Income	12,493	13,572	13,959	18,960	73,750	(14,336)	14,428	12,480	13,439		14,484	14,484
19	Miscellaneous Revenue	122,541	404,874	15,767	(6,235)	79,497	753,848	106,958	1,391,040	101,960	435,145	100,000	100,000
20	Total Revenue	11,200,973	12,217,199	11,935,588	10,748,729	11,581,137	13,465,202	11,510,240	15,329,895	11,628,227	14,294,919	12,707,351	12,634,602
21	EXPENSES												
22	Personnel	8,113,767	7,984,950	7,418,395	7,088,292	6,993,363	8,132,126	9,348,154	10,974,123	9,441,443	11,538,171	11,740,147	11,945,658
23	Services & Supplies	2,994,613	2,542,038	2,707,980	3,040,159	2,799,366	4,085,302	2,811,671	1,824,026	2,419,589	3,039,576	2,893,479	2,893,479
24	Internal Services	1,015,445	944,279	822,853	889,029	1,130,383	1,262,389	1,380,761	1,574,909	1,574,909	1,670,804	1,695,866	1,721,304
25	Transfers			200,000				55,923.00		170,108	55,923	55,923	55,923
26	Total Expenses	12,123,826	11,471,277	11,249,228	11,027,480	10,899,114	13,479,817	14,370,509	14,370,058	13,606,049	16,304,474	16,385,415	16,616,364
27	Net Income	(922,852)	745,922	686,360	(278,751)	682,023	(24,617)	(2,086,269)	959,837	(1,977,822)	(2,009,555)	(3,678,064)	(3,981,762)
28	Adjustment												
29	Transfer to Capital Projects Fund	(8,722)											
30	Ending Fund Balance	(799,762)	(53,840)	632,521	353,771	1,035,794	1,011,177	(1,085,092)	(128,263)	(3,062,914)	(5,072,469)	(8,750,533)	(12,732,285)

CDT CODES	PROCEDURE CODE DESCRIPTION	PROCEDURES COVERED by NEW 2014 DENTI-CAL PROGRAM, non-FQHCs	ADDITIONAL DENTI-CAL COVERAGE for FQHCs
DIAGNOSTIC			
D 0120	Periodic oral evaluation - established patient		Yes
D 0140	Limited oral evaluation - problem focused		Yes
D 0145	Oral evaluation for a patient under three years of age and counseling with primary caregiver		
D 0150	Comprehensive oral evaluation - new or established patient	Yes	Yes
D0160	Detailed and extensive oral evaluation - problem focused, by report		Yes
D 0170	Re-evaluation - limited, problem focused (established patient; not post-operative visit)		Yes
D 0180	Comprehensive periodontal evaluation on new or established patient		
D 0210	Intraoral - complete series of radiographic image	Yes	Yes
D 0220	Intraoral - periapical first radiographic image	Yes	Yes
D 0230	Intraoral - periapical each additional radiographic image	Yes	Yes
D 0240	Intraoral - occlusal radiographic image		Yes
D 0250	Extraoral - first radiographic image		Yes
D 0260	Extraoral - each additional radiographic image		Yes
D 0270	Bitewing - single radiographic image	Yes	Yes
D 0272	Bitewings - two radiographic images	Yes	Yes
D 0273	Bitewing - three films		
D 0274	Bitewings - four radiographic images	Yes	Yes
D 0277	Vertical bitewings - 7 to 8 films		
D 0290	Posterior-anterior or lateral skull and facial bone survey radiographic image		Yes
D 0310	Sialography		Yes
D 0320	Temporomandibular joint arthrogram, including injection		Yes
D 0321	Other temporomandibular joint arthrogram, including injection		
D 0322	Tomographic survey		Yes
D 0330	Panoramic radiographic image	Yes	Yes
D 0340	Cephalometric radiographic image		Yes
D 0350	Oral/Facial photographic images	Yes	Yes

From the Sacramento Business Journal

[:http://www.bizjournals.com/sacramento/news/2015/05/20/western-dental-says-denti-cal-is-broken-starts.html](http://www.bizjournals.com/sacramento/news/2015/05/20/western-dental-says-denti-cal-is-broken-starts.html)

Western Dental says Denti-Cal is broken, starts closing doors to new patients

May 20, 2015, 2:32pm PDT Updated: May 20, 2015, 2:48pm PDT



Kathy Robertson

Senior Staff Writer- *Sacramento Business Journal*

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Western Dental will begin to close the door to new Denti-Cal patients next month — and will shut some offices altogether — as the company reassesses participation in the state dental program for the poor.

One of the largest providers of Denti-Cal services in the state, Western Dental says low reimbursement and increased demand makes the business untenable. The Southern California-based company serves between 650,000 and 700,000 a patients a year, including thousands in the Sacramento region.

Two weeks ago, Moody's Investors Services downgraded the company's parent because of weak financial performance related to growing numbers of low-margin patients. This is primarily due to growth in the Medi-Cal program under federal health reform and partial expansion of adult dental benefits last year. That's caused a shift in Western Dental's clientele to a higher proportion of low-margin patients who need a lot of care.

"Denti-Cal is broken and driving away providers," Western Dental CEO Simon Castellanos told me. "Our company has served California over 50 years. For the first time, we are reassessing whether to continue."

Dentists haven't gotten a pay increase since fiscal 2000-2001 and rates were cut 10 percent in 2013, but salaries and other expenses continue to climb, Castellanos said. "It's not a sustainable model."

Western Dental will stop taking new Denti-Cal patients at 13 offices on June 1. The company plans to shut down two offices altogether. Where, Castellanos would not say. Western

Dental operates at least six dental centers in the Sacramento region, but Castellanos would not disclose whether any local sites will be immediately affected.

"This is just the first wave. Every month, we'll convert more (sites) to traditional insurance," Castellanos said. "Our facilities are flooded and have caused a shift in financial situation at our clinics," he added. "We we need to limit Denti-Cal to serve our existing patients."

Western Dental is not alone in concern about the program.

The **California State Auditor** blasted the Denti-Cal program in a December report that says rates for the ten most common procedures in 2012 averaged \$21.60, or 35 percent of the national average of \$61.96.

A statewide coalition of health, education medical groups has launched a campaign to get the governor and state lawmakers to put more resources for dental care into the new state budget. And California's Congressional delegation weighed in last week on low provider reimbursement in Denti-Cal.

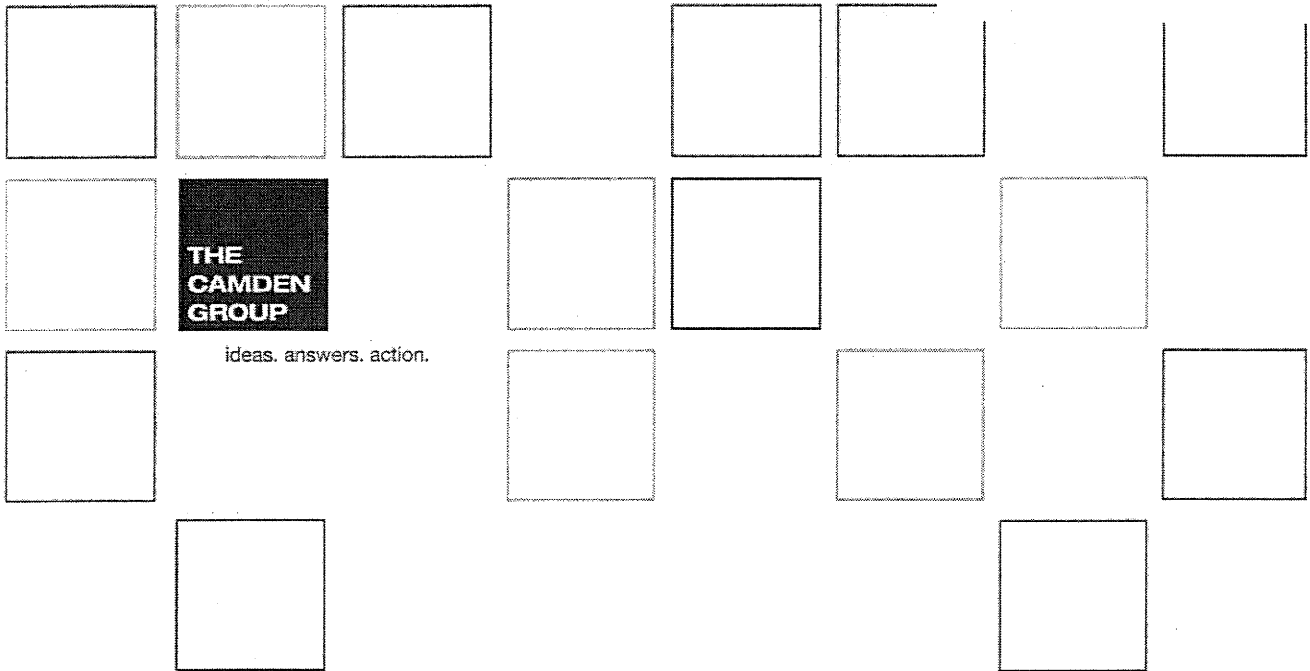
"This has had a significantly negative impact on the number of dentists in California still willing and able to participate in the program, even those who have been long enrolled in Denti-Cal," states a May 13 letter from the delegation to Gov. Jerry Brown and state legislative leaders. "For Denti-Cal to be a meaningful benefit, enrollees must have access to care," the letter adds. "We urge you to prioritize improvements to the Denti-Cal program in this year's budget."

"The department is very concerned about the potential impacts to Medi-Cal beneficiaries resulting from service reductions by Western Dental," said spokesman Tony Cava at the **California Department of Health Care Services**, which oversees Medi-Cal and Denti-Cal. "We remain committed to working to ensure that our Medi-Cal members have access to quality dental care and are evaluating necessary steps to ensure those beneficiaries who have been receiving services from these providers are able to find new providers."

State health officials are closely monitoring the situation and say they will act swiftly should it be necessary to ensure access. They also hope to get additional money from the federal government for new providers who agree to dedicate part of their practice to Medi-Cal patients and to existing providers who expand the number of Medi-Cal patients they will see.

Read a PDF of the auditor report on Denti-Cal. Read a PDF of the Congressional delegation letter.

Kathy Robertson covers health care, law and lobbying, labor, workplace issues and immigration for the Sacramento Business Journal.



Impact of Healthcare Trends on Public Health Services

City of Pasadena
Pasadena, California
March 16, 2015

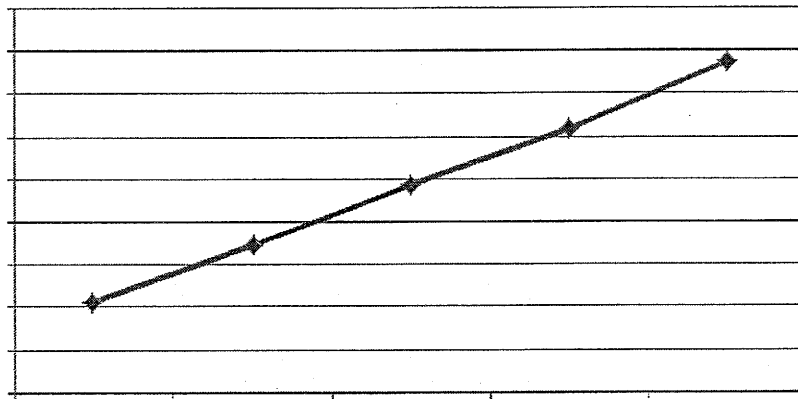
Impact of Healthcare Trends on Public Health Services

HIV/AIDS Services Background

Throughout the past 25 years, many advances in HIV/AIDS education and treatment have significantly altered the manner in which HIV/AIDS care is provided; as a result, the healthcare programs and organizations that served these patients have continued to adapt their model of care. With the implementation of the Patient Protection and Affordable Care Act (“ACA”), AIDS service organizations (“ASOs”) are once again being challenged financially and forced to address the shifting environment and the opportunities of a new reality of health delivery.

HIV/AIDS Prevalence

Over the past five years, the number of reported HIV/AIDS cases in Pasadena has increased steadily each year. Between 2010 and 2014, the number of HIV/AIDS cases increased by 12.0 percent, from 942 to 1,055.



During this same period of time, the number of reported HIV/AIDS cases in Los Angeles County rose from 72,546 to 82,383, an increase of 13.6 percent.

While there are not significant HIV/AIDS volumes reflected in the Pasadena data, there is sufficient volume to warrant the provision of HIV/AIDS services within the Pasadena community.

Impact of Healthcare Trends on Public Health Services

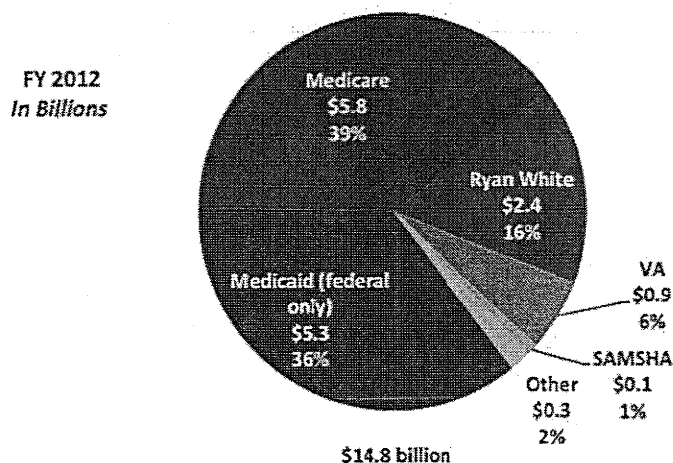
Coverage for HIV/AIDS Services

As a result of the ACA, men and women living with HIV/AIDS will experience a transition from an existing HIV-specific payer source to a new, comprehensive payer source. Prior to the ACA taking effect, access to HIV/AIDS care was facilitated primarily by the Ryan White HIV/AIDS Program and the AIDS Drug Assistance Program (“ADAP”). These programs cover nearly a third of all people with AIDS receiving care.

Ryan White HIV/AIDS Program

The Ryan White Program was first enacted in 1990 and is the single largest federal program designed specifically for people with HIV/AIDS in the U.S. and the third largest overall.

Ryan White is the Third Largest Source of Federal Funding for HIV Care in the U.S.



SOURCE: Kaiser Family Foundation analysis of data from OMB, CBIs, and appropriations bills.



The Ryan White program functions as the “payer of last resort” for low-income individuals with HIV/AIDS who have gaps in care, face coverage limits, or have no other source of coverage. The demand for the Ryan White program care and services has consistently exceeded the available funding. Many of the Ryan White services are critical to patient engagement in care and support patients along the treatment continuum, such as non-medical case management, treatment adherence supports, and referrals to health and support services. Many Ryan White services may transition to Medi-Cal or Covered California covered services with the implementation of the ACA since Ryan White cannot be used to deliver services for which patients are eligible through other health coverage programs, such as Medi-Cal or private insurance. This transition will require careful attention to the integration of services and

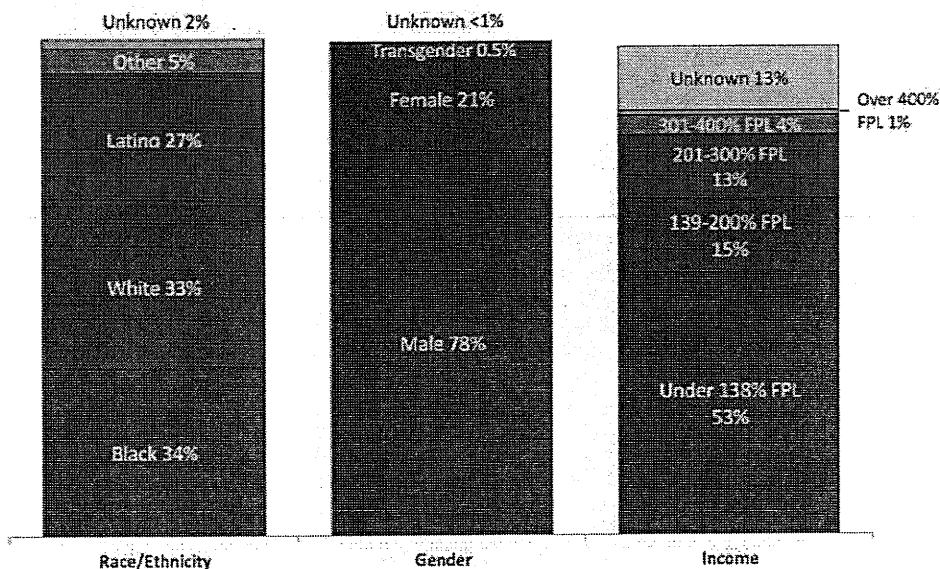
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continuity of care, as many of these healthcare providers may not be as well-versed in the intricacies of HIV/AIDS care.

AIDS Drug Assistance Program

ADAPs provide HIV-related medications to people living with HIV/AIDS who are uninsured or under-insured and have limited to no prescription drug coverage. As the number of people in the United States living with HIV/AIDS has increased, ADAPs have felt additional strains, leading to the provision of emergency funding in 2010, 2011, 2012, and 2013.

Profile of ADAP Clients, June 2013



NOTE: The Federal Poverty Level (FPL) was \$11,490 for a household of one in 2013.
SOURCE: NASTAD, National ADAP Monitoring Project Annual Report; February 2014.



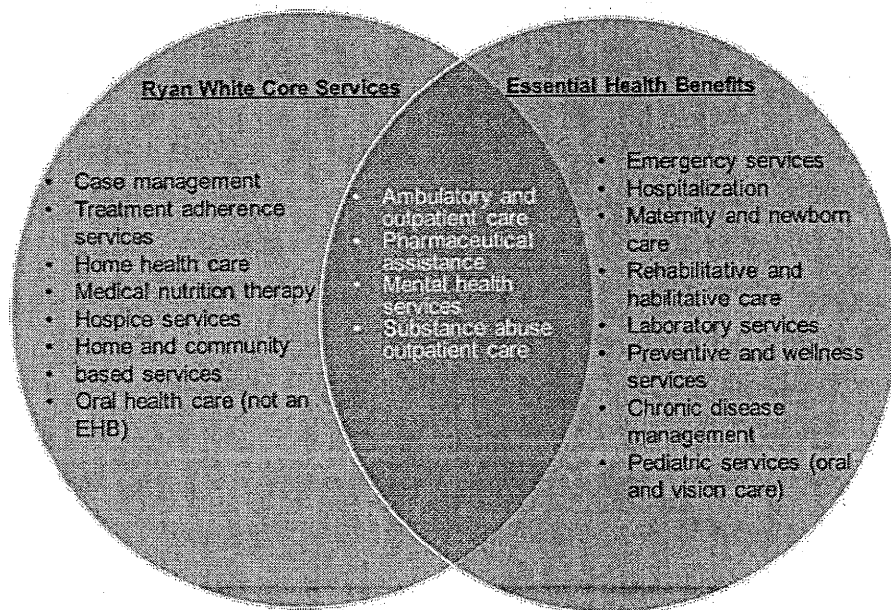
In fiscal year (“FY”) 2013, more than 31,000 Californians were enrolled in ADAPs. Beginning in 2015, ADAP beneficiaries are also being transitioned to Medi-Cal through Covered California and changes brought by the ACA, to shift the burden of coverage from foundations and state programs to Covered California insurers. To encourage enrollment in Covered California and assist patients with high out-of-pocket expenses, development of administrative capacity to cover these costs will need to be developed.

Affordable Care Act

Prior to the ACA, over 29 percent of people with HIV were uninsured as it was nearly impossible for these individuals to obtain individual health insurance and few were insured through an employer. The ACA has improved access to care for individuals living with HIV/AIDS and has

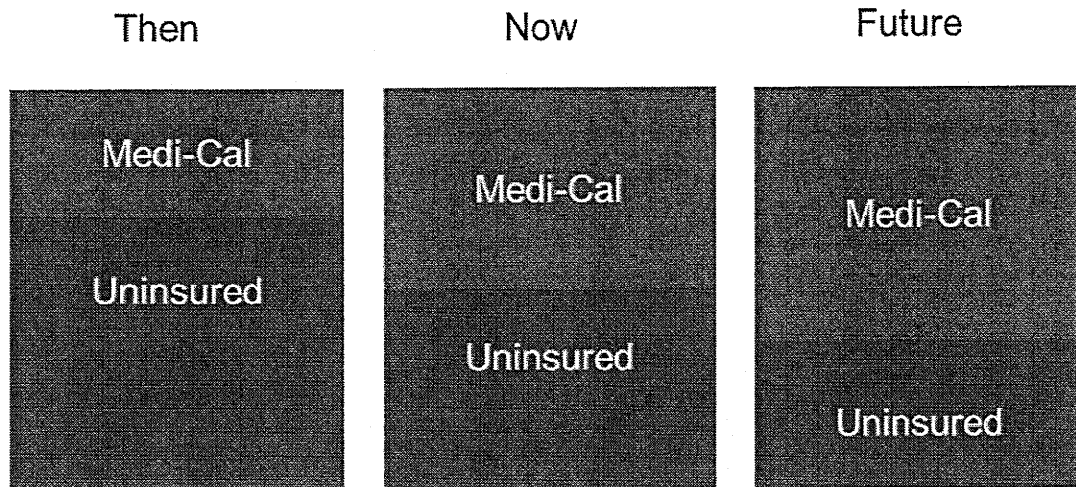
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reformed the private insurance sector. Individuals with HIV/AIDS or other chronic conditions can no longer be denied insurance because of a pre-existing health condition; furthermore, health plans cannot drop beneficiaries from coverage if they contract an illness. Covered California, California's health insurance exchange, will help people compare different health plans, providing financial assistance to low and middle income individuals. Each of these marketplace plans must provide the Essential Health Benefits, which address many HIV healthcare needs, and must include essential community providers, including Ryan White providers. These health plans cannot charge a higher premium based upon health status or gender. The Ryan White program will continue to be needed to provide coverage completion, fill gaps in affordability, and provide care for those living with HIV/AIDS who are left behind (due to geography or immigration status). Below is a diagram depicting the overlap in covered services between Ryan White and the essential benefits for the ACA Qualified Health Plans.



California has also opted to expand Medi-Cal, which means people living with HIV who meet the income threshold no longer have to wait for an AIDS diagnosis before becoming eligible for Medi-Cal; these people can access care and treatment before the disease has significantly damaged their immune system. The shift in coverage for individuals living with HIV/AIDS is anticipated to follow the trend on the following page (proportions are approximate):

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Reimbursement Trends for AIDS Services

The issue of financial solvency for AIDS providers and clinics has been a key concern throughout this transition of AIDS coverage. These concerns arose from the fact that many HIV/AIDS patients will be transitioning from the Ryan White Program to Medi-Cal, a more generous payer source to a relatively less generous payer source, respectively. As the proportion of patients covered by Medi-Cal increases and the proportion covered by Ryan White decreases, reliance on Ryan White funds to support comprehensive HIV/AIDS services will no longer remain a viable strategy. Currently, there are no cuts in the state of California's AIDS assistance in the 2014 and 2015 budget. However, due to the shift in coverage for AIDS patients towards Covered California health plans and Medi-Cal, ADAP funding is expected to decrease. To improve financial solvency, AIDS clinics and providers may look to include the use of the Ryan White model for HIV specialty care with modifications to offset some of the current expenses through Medi-Cal expansion.

Service Area HIV/AIDS Services

Pasadena Public Health Department

Andrew Escajeda Comprehensive Care Services ("AECCS") is run through a partnership between community agencies and the Pasadena Public Health Department ("PPHD") and is a prominent HIV/AIDS service provider offering comprehensive HIV medical treatment, mental health, risk re-education, and HIV education prevention services to individuals throughout Pasadena and Los Angeles. A number of agencies in the surrounding areas also offer services for individuals living with HIV/AIDS.

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Other

Aid for AIDS

Aid for AIDS is dedicated to preventing homelessness and hunger and improves the quality of life and independent living for those living with HIV/AIDS. Aid for AIDS helps individuals pay for the necessities of life, such as housing, utilities, transportation, nutritional supplements, medications, and fresh food, with a specific focus on finding housing for HIV/AIDS-impacted individuals and families.

AIDS Service Center

The AIDS Service Center (“ASC”) has been serving the HIV/AIDS community in Los Angeles County for over 25 years. ASC recently transferred the majority of its federally-funded care programs into AECCS, allowing the organization to focus most of its effort on outreach and prevention, HIV testing, and basic needs services (such as housing and food).

AIDS Project LA

AIDS Project LA (“APLA”) serves more than 11,000 individuals in the greater Los Angeles area, providing HIV/AIDS care and prevention programs. APLA provides healthcare support services aimed at promoting positive medical outcomes, such as case management, dental services, care management, short-term counseling, housing, and food and nutrition programs. Additionally, APLA offers HIV testing and education programs, targeting those at greatest risk for infection.

AltaMed

AltaMed provides HIV/AIDS services to Latino, multi-ethnic, and underserved individuals living in Los Angeles. AltaMed offers medical, dental, behavioral health and pharmaceutical services in addition to HIV testing, case management, nutrition, education, and prevention programs, and support groups.

California Drug Consultants

California Drug Counseling (“CSC”) provides outpatient education, counseling, and support to individuals with alcohol and substance abuse problems. CSC provides HIV/AIDS education and prevention services, treating approximately 100 patients in the HIV/AIDS program per month.

Community Health Alliance of Pasadena

Community Health Alliance of Pasadena (“ChapCare”) provides medical, dental, behavioral health, outreach, and health education services from four health center locations in the San Gabriel Valley. They have plans to expand to additional locations. They currently sub-contract the HIV/AIDS care of their patients to PPHD.

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Foothill AIDS Project

The Foothill AIDS Project (“FAP”) provides HIV/AIDS services to individuals living in Los Angeles, San Bernardino, and the western Riverside counties. FAP offers a full spectrum of integrated programs and services, including HIV/AIDS medical care management and supportive care services (including support groups and individual sounding), HIV education and risk reduction, and HIV/AIDS housing case management services.

The Laurel Foundation

The Laurel Foundation services children, youth, and families affected by HIV/AIDS. The Laurel Foundation offers free, year-round camp, mentorship, life enhancement workshops, and support programs to children, youth, and families with the goal to provide education and support. Serving approximately 500 individuals annually, The Laurel Foundation looks to continue to expand its programs, allowing as many children, youth, and families to attend, as possible.

Los Angeles LGBT Center

The Los Angeles LGBT Center is the world’s largest organization dedicated to serving the lesbian, gay, bisexual, and transgender community in the greater Los Angeles area. The Los Angeles LGBT Center offers low-cost HIV/AIDS specialty healthcare, primary care, health education and HIV-prevention programs, clinical research, counseling, and support groups.

While currently not serving the Pasadena market, it is highly likely that Medi-Cal specialty groups, such as Molina Healthcare, will begin penetrating the market. Furthermore, any local accountable care organizations (“ACOs”) or clinically integrated networks will begin, or have begun, contracting with providers to provide HIV/AIDS care.

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Clinic Mergers and Closures

Due to reimbursement strains, many clinics providing HIV/AIDS services have been forced to close and/or change the manner in which they provide HIV/AIDS services over the past few years. Many of these headlines are included in the table below:

Headline	Source
" Funding Cuts Force Group to End Free HIV/AIDS Testing"	Union Leader (Manchester, NH), June 2012
"Boston Living Center Merges with Victory Programs"	bostonlivingcenter.org, March 2012
"Colorado AIDS Groups Merge to Provide Clout"	Denver Post, October 2011
"Local HIV/AIDS Agencies Fight for Life as State, Federal Aid Falls"	Press Democrat (Santa Rosa), August 2012
"North Texas AIDS Agencies Face Funding Cuts "	CBS News, September 2011
"AIDS Groups in Ohio Merge "	The Chronicle of Philanthropy, May 2011
"We're Going to Be in Trouble: AIDS Groups Plan for Funding Cuts "	The Atlantic, December 2011
"South Jersey AIDS Group to Close "	Cherry Hill Courier-Post, June 2010
"Maine AIDS Alliance Closing its Doors "	mpbn.net, March 2011
"AIDS Agencies Scramble for Funds "	Boston Globe, August 2011
"Silicon Valley AIDS Center to Close "	San Jose Mercury News, November 2010
"Memphis Gay and Lesbian Center's HIV Testing Program Suspended After State Funding Cut "	Commercial Appeal, February 2012

Models for HIV/AIDS Service Providers

As organizations prepare for the changing HIV/AIDS and healthcare environment, creative models or partnership options could be explored to maintain sustainability and the provision of services. Organizations should look to maximize the opportunities available to them, in order to make continued progress in getting more individuals with HIV or AIDS better supported in systems of care. New service delivery models or financing models may become the necessary next step. More and more health plans are experimenting with bundled payments; ASOs could reach out to private insurers to encourage them to offer bundled payments for HIV treatment. Also, among both providers and health insurers there is an increasing popularity of ACOs.

ASOs could reach out to ACOs in the community and begin conversations regarding participation in the ACO network.

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ASOs may also evaluate strategic options to diversify their funding. Options may include:

- Subcontract with health providers to provide the following services:
 - ▶ Population access and outreach
 - ▶ Patient navigation
 - ▶ Linkage, retention in care, and coverage completion/facilitative services
 - ▶ Case management
 - ▶ Treatment adherence promotion
 - ▶ Health outcomes
- Strategic alliances/mergers with health providers
 - ▶ Supply effective chronic disease management and other services similar to the subcontracting option, but sharing in costs and revenue through a more formal contractual relationship
 - ▶ Provider supplies medical and reimbursement expertise
- Transition from social services to medical services
 - ▶ Requires a change in focus (both in terms of services provided and populations served)
 - ▶ Need to build expertise in medical services, reimbursement, and regulatory compliance

Federally Qualified Health Center and Patient-Centered Medical Home

As freestanding ASOs are increasingly unable to respond to the needs of an increasing number of patients with a decreasing amount of public funding, some are looking to become certified Federally Qualified Health Centers (“FQHCs”) or patient-centered medical home (“PCMHs”). As such, ASOs become more integrated into the healthcare delivery system. Even prior to the ACA, FQHCs were increasingly playing a leading role in the provision of HIV/AIDS care. FQHCs can receive a higher reimbursement for their care and thus this is an attractive model for some. To become an FQHC, organizations must be able to meet the rigorous management and financial reporting requirements, follow documented clinical policies and processes, and maintain robust policies and procedures to govern the billing, credit, and collection process.

A PCMH is a model in which the whole-person care is coordinated and integrated. Within this model, the physician arranges the care and oversees and coordinates the care team. Providers must use electronic health records, patient registries, and care coordinator services, allowing them to provide comprehensive care. ASO skill sets and services can enhance the PCMH model through their extensive care management experience, holistic care models, expertise in cultural and linguistic competence, and goals to improve health outcomes and reduce

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healthcare costs. To receive PCMH recognition, an organization must make significant care management, information technology, and personnel investments, enabling it to consistently employ evidence-based guidelines, conduct quality improvement, and demonstrate improved quality outcomes. The application process for both PCMH and FQHC can be daunting for many organizations and many do not have the resources to meet the minimum requirements.

Medicaid Health Home

The Medicaid Health Home (“MHH”) is a model where states pay for care coordination services for Medicaid enrollees with chronic illness. The emphasis in these models is the connection to community-based resources. MHHs are required to help enrollees get non-medical supports and services; social workers, nutritionists, dieticians, and behavioral health providers are often part of the healthcare delivery team. Several states have established HIV-focused MHHs:

- Alabama: Uses existing enhanced primary care practices
- New York: MHHs contract with organizations to provide additional care
- Washington: Regional health homes contract with community-based care organizations
- Wisconsin: Utilizes ASOs and provides one-time payment for assessment/care plan development

Massachusetts Case Study

In 2001, Massachusetts expanded Medicaid coverage to pre-disabled people living with HIV with an income up to 200 percent of the Federal Poverty Level (“FPL”). In 2006, private health insurance reform was enacted, implementing a heavily-subsidized insurance plan for those with an income of up to 300 percent of the FPL. Through these efforts, ASOs were encouraged to integrate into healthcare delivery systems; furthermore, these new delivery systems encouraged a stronger interaction between health and social service providers. For example, Fenway Health and AIDS Action Committee (“Fenway Health”) of Massachusetts entered into a strategic partnership. Within this partnership, one corporate structure existed with joint governance and back office services. Each entity retained their nonprofit status, chief executive officer, and branding while Fenway Health provided the medical services and AIDS Action provides the housing, transportation, community, and care coordination services.

Implications for PPHD

With reimbursement and coverage being transitioned to the expanded Medi-Cal program or the

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Covered California health plans, the degree of need for the services provided by the PPHD will diminish. PPHD will need to evaluate its business strategy and potentially re-focus its efforts.

To maximize cash flow, PPHD will need to enhance its revenue cycle and cash management strategies. PPHD will need to pursue the collection of co-pays and charges more aggressively to ensure owed funds are not lost. Co-pays should be collected in advance of all visits and a requirement prior to the provision of services. Also, few to no services should be provided free of cost to reduce the amount of uncollected monies.

As PPHD provides specialty HIV/AIDS care, a bundled payment arrangement for the provision of HIV/AIDS services is an opportunity for the restructuring of reimbursement. HIV/AIDS bundles would be outpatient in nature and the opportunity for success with those bundled is still very much unknown and may have potential. However, PPHD's patient population is primarily Medi-Cal or uninsured patients, and with decreasing Medi-Cal reimbursements, there likely is a small economic opportunity with this model. Entry into the Medi-Cal bundled payment market should be calculated given the unfavorable economics; furthermore, poor patient engagement and compliance by this population mean an even greater risk.

Designation of FQHC status is another avenue through which PPHD could obtain enhanced reimbursement. In its current state, PPHD does not have the infrastructure in place to receive this designation. An FQHC needs to be governed by a Community-Board, which PPHD would need to implement. Substantial investments, particularly in information technology, reporting, and clinical procedures, would need to be made to become an FQHC candidate. Furthermore, the application process is arduous and would require dedicated resources. The impact of ChapCare, a nearby FQHC, on the success of PPHD gaining a FQHC designation would need to be taken into consideration. PPHD could also investigate becoming a sponsor for ChapCare, or potentially acquiring it, expanding services, and appointing Board members over time.

PPHD is going to experience increased competition by AltaMed and Molina Healthcare; organizations who are dedicated to the Medi-Cal population, as more and more individuals enroll in Medi-Cal. Organizations such as these are going to aim to grow their number of enrolled beneficiaries and will have contracts with HIV/AIDS providers. In order to compete with these organizations, PPHD will need to explore potential contracts with Covered California qualified health plans or Medi-Cal managed care plans. Without these contracts in place, PPHD will be vulnerable to beneficiaries leaving the community to receive their HIV/AIDS care from a provider who is covered by their health plan.

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With increased competition, PPHD will need to re-focus their strategies to become a consumer-retail business with an emphasis on becoming consumer-friendly. Beneficiaries will now have a choice regarding where to receive their healthcare services. PPHD will need to compete with other providers for business and will need to consistently show their beneficiaries that they are providing the most high-quality, cost-effective care while maintaining high patient satisfaction. PPHD should consider regularly administering a patient satisfaction survey from which it can receive feedback and implement a yearly quality improvement plan. Also, in an effort to compete, PPHD will need to evaluate the depth of the services they provide against the reimbursement they are likely to receive in the future. Unless the current level of services can be covered by the fee-for-service reimbursement and grant funding, the PPHD will have to adjust the services they provide to work within the financial realities of the HIV/AIDS market.

Major Risks

If PPHD begins aggressively collecting owed monies, patients who chose to visit PPHD for free or low-cost services or who were unable to pay for services may no longer view PPHD as a favorable option. Currently, PPHD is a preferred provider for many uninsured individuals because they do not need to pay a monthly premium and the cost for services is lower. If PPHD prices begin to mirror those of other clinics, there will be more competition and patients will have many more choices for their healthcare provider.

If FQHC designation is a favorable route for PPHD, they will likely experience significant backlash and competition from ChapCare. Currently, HIV/AIDS care is a carved out benefit from ChapCare and referrals are made to PPHD for these services. If PPHD chooses to pursue an FQHC designation, they would be in direct competition with ChapCare and would alienate this referral source. ChapCare is a more sophisticated healthcare delivery system with an enhanced infrastructure and would argue that they could provide all services, including HIV/AIDS, thereby negating the need for PPHD to become an FQHC. Furthermore, as mentioned above, substantial investments would need to be made to obtain this designation and there is no guarantee that PPHD would be awarded this designation.

When exploring contract opportunities, PPHD may find that their current operations are inadequate for the health plan. PPHD may need to invest in staff, information technology, revenue cycle management, equipment, supplies, or other resources in order to execute necessary contracts. Competing organizations likely have these components in place or have begun the process to enhance their clinic(s).

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Financial Review

The latest financial analysis for HIV/AIDS services provided by PPHD in FY 2014 showed an overall loss of \$1.9 million (including \$77,000 in mental health and substance abuse services). This included accrued revenue of \$968,000, of which almost \$600,000 was uncollected. Collecting this due amount would result in adjusted losses of \$1.3 million. In addition, a random sample analysis of Medi-Cal and Medicare payments, most of which has not been attributed to specific programs, showed that 53 percent related to HIV/AIDS services. Using this ratio, it can be assumed that \$988,000 of the total Medi-Cal and Medicare payments in FY 2014 should have been allocated to HIV/AIDS, versus the \$30,000 that was credited. Applying these adjustments, results in a \$340,000 loss for FY 2014.

PPHD will need to assess the possibility of raising additional grant funding to make up for this deficit in the future, while also evaluating the possibility to reduce expenses in anticipation of increased competition for HIV/AIDS patients, especially those covered by Medi-Cal, and the likely reduction of reimbursement from all sources, both through insurance payments and grant funding.

ACA Impact

- More people insured, have more choice
- Expanded Medi-Cal in California, more people covered go to Medi-Cal managed care provider
- FQHCs were given additional funding to expand services and payment to physicians to improve access to the uninsured and newly insured
- The Ccty of Pasadena faces growing competition from provider networks serving Medi-Cal and Covered California health plans offered through the Silver and Bronze levels

Conclusion

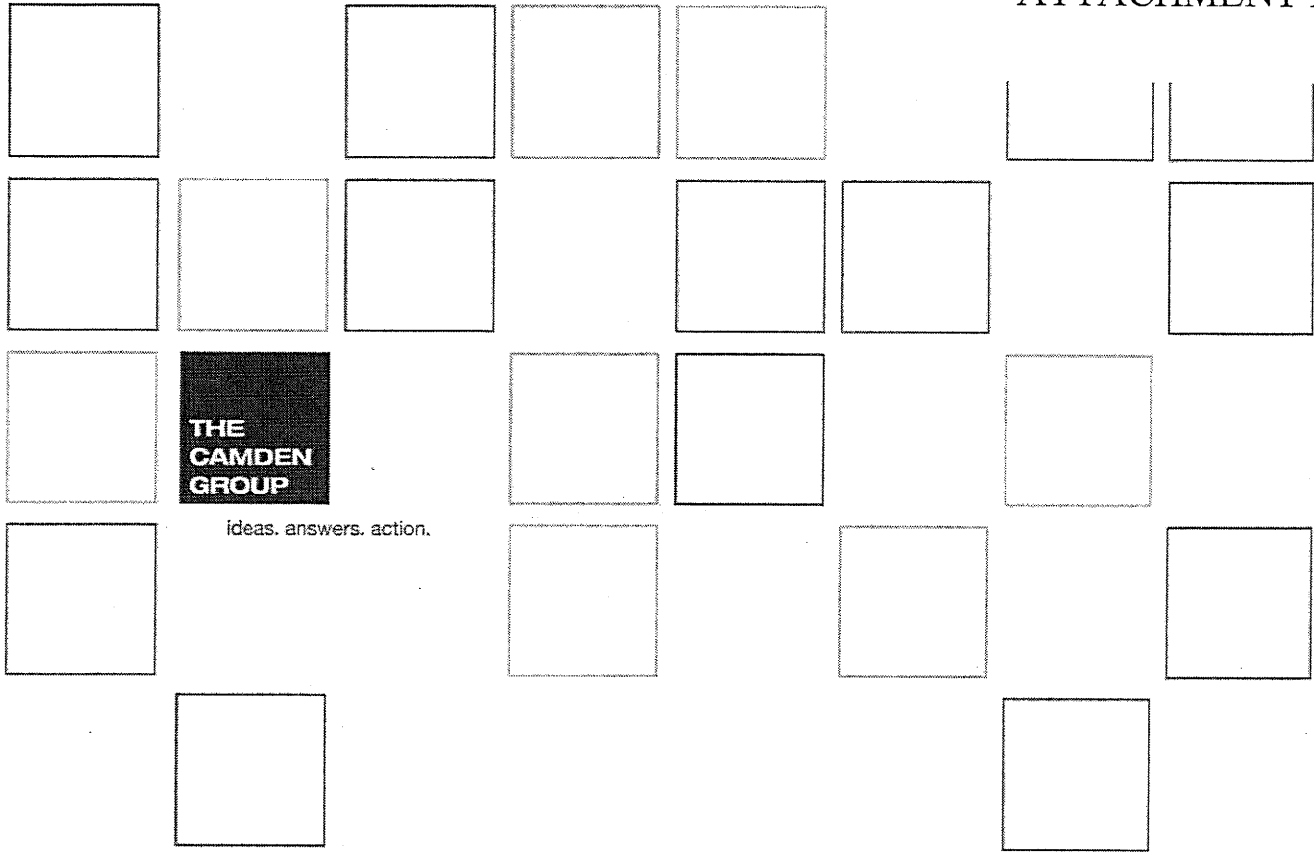
The environment around HIV/AIDS services is becoming more competitive. PPHD needs to evaluate their ability to compete for the patients they care for under new market trends which will mean they will depend on Medi-Cal reimbursement and grant funding, both of which are likely to be reduced over time. The overall strategic option to convert PPHD's clinic services to an FQHC will provide more favorable overall reimbursement, but will come with increased requirements in both infrastructure and governance, and will most likely be met with significant resistance from existing FQHCs serving the Pasadena area, including ChapCare. Therefore, that strategy needs to be further evaluated to assess whether it is viable. An assessment of

Impact of Healthcare Trends on Public Health Services

what makes PPHD's HIV/AIDS services competitive, or not competitive, should be performed. It should include interviews with patients and referral sources. Once all these variables have been evaluated, PPHD leadership needs to decide whether it is possible to continue to provide these services in a financially sustainable fashion.

Conversion to FQHC Status

PPHD will need to consider a number of factors when determining the viability of converting HIV/AIDS services to an FQHC model. PPHD initially will need to ensure that leadership has an aligned vision and similar goals for the future; FQHC status may provide greater financial stability but would greatly limit independence due to oversight by a Governing board of community members who are also past users of the clinic. Over 50 percent of the FQHC Governing Board must consist of users of the FQHC's services. PPHD will also need to assess its existing resources dedicated to management systems and reporting. The ability to measure and report on quality improvement is a central component of the FQHC application. Furthermore, it will need to demonstrate support from the community and existing FQHCs, which may be difficult as ChapCare will view this as significant competition. A market analysis of the unmet needs in the community will need to be conducted and PPHD may need to explore the development of additional services to meet the full scope of services required.



Impact of Healthcare Trends on Public Health Services

City of Pasadena
Pasadena, California
March 12, 2015

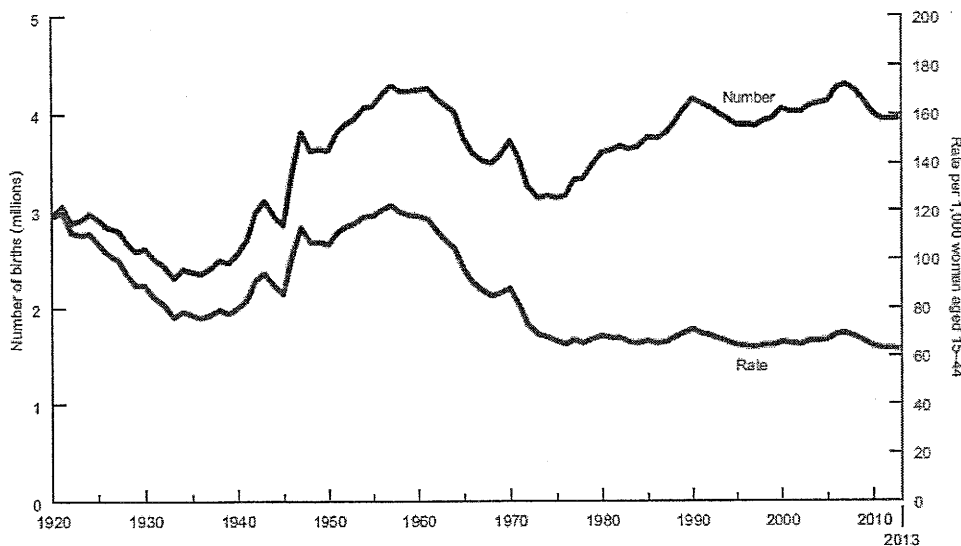
Impact of Healthcare Trends on Public Health Services

Community Health Services: Obstetrics and Prenatal Services Background

Obstetrics and prenatal services support women throughout their pregnancies. Receiving early and regular prenatal care is one of the best ways for a woman to promote a healthy pregnancy. Prenatal care often includes education and counseling about how to handle different aspects of pregnancy, such as nutrition, physical activity, what to expect during labor and delivery, and basic infant care. Obstetrical care also plays an important role in maintaining a healthy pregnancy. Regular tests are conducted during the pregnancy to check for any complications and help develop a treatment guide, if necessary. Routine tests include blood and urine tests and screenings for birth defects.

Birth Rate and Adequate Prenatal Care

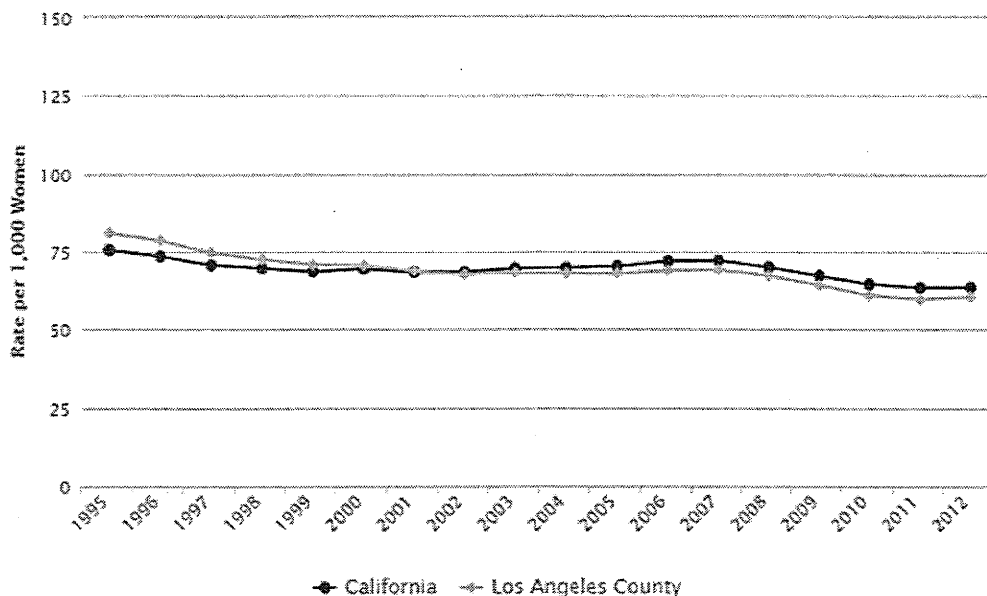
In 2013, the birth rate in the United States reached an all-time low, at 62.5 births per 1,000 women between the ages of 15 and 44. There were 3.93 million babies born, which is less than 1 percent down from 2012 and 9 percent less than 2007. In 2013, Californians gave birth to about 504,000 children which is equivalent to 13.1 births per 1,000 residents. This is the lowest birth rate in California since 1933, which was in the heart of the Great Depression. The largest decline in births came among non-Hispanic whites, which dropped from 149,000 in 2012 to 146,000 in 2013.



NOTE: Beginning with 1952, trend lines are based on registered live births; trend lines for 1920-1951 are based on live births adjusted for underregistration.
SOURCE: CDC/NCHS, National Vital Statistics System.

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This trend in declining birth rate is also occurring in Los Angeles County; between 1995 and 2012, Los Angeles County experienced a 25.5 percent decrease in its birth rate per 1,000 women.



Data Source: California Dept. of Finance, Race/Ethnic Population with Age and Sex Detail, 1990-1998, 2000-2010, 2010-2080; California Dept. of Public Health, Center for Health Statistics, Birth Statistical Master Files; Centers for Disease Control & Prevention, Natality data on CDC WONDER; Martin et al. (2013), Births: Final Data for 2012, National Vital Statistics Reports, 62(9) (Mar. 2014).

Prenatal Care

In California, between 2010 and 2012, the percentage of births to mothers who begin prenatal care in the first trimester was 83.6 per 100 live births; this was a small improvement from the previous 3-year average of 82.7 per 100 live births. In Los Angeles County, this 3-year rate was slightly higher, at 85.6 per 100 live births. Los Angeles maintained the eighth highest rate in the state for prenatal care began during the first trimester, indicating that access to prenatal care and education about prenatal care within the county is high.

Coverage for Obstetrics and Prenatal Services

The goal of prenatal care is to provide the best care for pregnant women and their unborn children and to prepare the mother-to-be for the delivery of a healthy baby. Prenatal care can be provided by a wide array of medical professionals, including an obstetrician, a family physician, a nurse practitioner, a certified nurse midwife, or a perinatologist. Implementation of the Patient Protection and Affordable Care Act ("ACA") greatly expanded the covered prenatal services for women. Through the ACA, women have access to a large number of preventive health services that are completely covered by their health insurance plan. The inclusion of maternal and newborn care as one of the essential health benefits was a crucial step in improving access to

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prenatal care for low-income women. Prior to this, only 12 percent of plans sold in the individual market offered maternity coverage and approximately 52 percent of all pregnant women reported delaying prenatal care due to the cost. The lack of insurance before pregnancy limited the ability for a large segment of childbearing women to use health services and plan a successful pregnancy. Furthermore, the process of establishing Medi-Cal eligibility after confirming pregnancy was often a barrier to timely access to care. Women without timely and adequate access to prenatal care often have a much more high-risk pregnancy, which can also result in more costly obstetric services. As of January 1, 2014, approximately 8.7 million women were guaranteed access to maternity care in all new individual and small group plans.

Medi-Cal

In California, there are several options for uninsured pregnant women to get health coverage. Medi-Cal and the Medi-Cal Access Program (“MAP”) are open for enrollment throughout the year and depend upon income. Medi-Cal is one of the major insurers for obstetrics and prenatal services and currently pays for 46 percent of all births in California. As a result of Medi-Cal expansion in California, it is anticipated that over a million new enrollees will be eligible for Medi-Cal in 2015, thereby drastically increasing Medi-Cal obstetrics and prenatal needs.

Comprehensive Perinatal Services Program

The Comprehensive Perinatal Services Program (“CPSP”) was enacted in 1984 in response to findings from the OB Access Project, which found that a comprehensive approach reduced both low birth weight rates and healthcare costs in women and infants. CPSP provides a wide range of services to Medi-Cal women who are pregnant from conception through 60 days postpartum. In addition to standard obstetrics services, women receive enhanced services in the areas of nutrition, psychosocial health, and health education. Medi-Cal providers who provide services to pregnant women may apply to become a CPSP provider. Medi-Cal managed care plans are required to provide access to CPSP-comparable services.

Covered California

In addition to the Medi-Cal expansion described above, there has been significant expansion of obstetric and prenatal coverage through Covered California. As of August 2012, new private plans were required to cover an additional set of preventive services for women, including: contraceptives as prescribed by a provider, breastfeeding supplies, screening for domestic violence, well-woman visits, and several counseling and screening services. All Covered California plans must include prenatal care and labor and delivery services (which includes

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postpartum care, breastfeeding support and supplies, and counseling), as one of the ten essential benefits.

Reimbursement

Despite the fact that Medicare covers just a fraction of births in the United States, its fee schedule greatly influences the reimbursement levels of other payers. The ACA specifies that the Medicare fee schedule will reimburse certified nurse-midwives at the rate of 100 percent of the physician rate (beginning in 2011). This 100 percent reimbursement is expected to increase access to nurse-midwife care, which allows for growth in this practice. This change also makes nurse-midwives more visible in group practices because the previous reduced rate provided incentives to bill at 100 percent rates through the physician.

Service Area Obstetrics and Prenatal Services

Pasadena Public Health Department

The Pasadena Public Health Department's ("PPHD") Prenatal Clinic is a CPSP offering prenatal care, nutrition counseling, health education, and psychological counseling. The Prenatal Clinic offers healthcare services and health education classes to help mothers prepare for birth, such as pregnancy testing, prenatal check-ups, routine lab tests and ultrasounds, and a six week post-partum check-up. The Clinic also offers on-site pregnancy insurance enrollment assistance and referrals to a wide array of community-based resources.

Other

Community Health Alliance Pasadena

Community Health Alliance Pasadena ("ChapCare") is an FQHC that serves the residents of Pasadena and its surrounding areas. ChapCare offers medical, dental, behavioral health, and outreach services, including medical services for pregnant women. As an FQHC, ChapCare is eligible for favorable reimbursement for the provision of these medical services.

Fair Oaks Women's Health

Fair Oaks Women's Health provides a full range of obstetrics services including normal and high-risk pregnancy, genetic testing and screening, and full-time in-office ultrasounds. Fair Oaks Women's Health operates its own lab, allowing it to do blood draw and labs on-site.

Huntington Hospital

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Huntington Hospital offers a full range of obstetric and prenatal care services. The obstetric department offers combined labor, delivery and recovery rooms and women have access to the most advanced equipment and monitoring systems. Huntington Hospital also offers childbirth preparation classes that focuses on pregnancy through the birth of the newborn.

Many healthcare providers in the Pasadena and Los Angeles areas could serve as competition for PPHD in the provision of prenatal and obstetric services. DaVita/HealthCare Partners, AltaMed, and a number of individual practitioners service individuals living in Pasadena and its surrounding areas. Since PPHD only accepts Medi-Cal and cash payment, newly insured women through Covered California may be driven to healthcare providers other than PPHD based upon which providers are included within their network. The uninsured will likely continue to present at PPHD to receive services.

Models for Obstetrics Service Providers

Current trends in maternity care in the United States show an increase in the use of costly, medically unnecessary interventions that have resulted in higher costs and poorer outcomes for mothers and infants. The historical healthcare system rewarded hospitalizations, c-sections, and complications. As viable options for payment reform are addressed, interest in new models for maternity care delivery continues to gain momentum.

Bundled Payment

Many physician leaders, policy makers, and payers view maternity care as ideally suited for a bundled payment strategy. Maternity care is high-volume and high-cost with high rates of costly obstetric procedures. Additionally, a pregnancy is a perfect “episode of care” with a well-defined beginning and a definite end. Most births also involve a small number of providers, which has the potential to reduce the complexity of the implementation of the bundle. Combining all maternity costs into a single, episode-based payment creates financial incentives for providers to be more accountable for efficiency and coordination across care settings. Two different organizations, the Integrated Healthcare Association and the Pacific Business Group of Health, recently were given the same task of developing a maternity bundle for their respective grants. The comprehensive definition bundles all facility and professional services for prenatal care, labor and delivery, and postpartum care. These bundles aim to incentivize practitioners to utilize evidence-based practice measures and coordinate their care. The two maternity episode definitions are on the following page.

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	Delivery Only Definition	Comprehensive Definition
Episode Structure	Begins on date of admission	Begins 270 days prior to delivery
Warranty	Not Applicable	60 days postpartum
Standard Services	Only facility and professional services for labor and delivery included	Prenatal, labor and delivery, and postpartum services for both facility and professional services are included
Exclusions	Can be customized for patient qualifications, co-morbidities and severity markers	Can be customized for patient qualifications, co-morbidities and severity markers
Contracting	Health plan & hospital: Blended per diem (vaginal and cesarean)	Health plan, hospital & physicians: Plan pays hospital and hospital pays physicians

Source: Integrated Healthcare Association

Midwives and Birth Centers

In an effort to reduce maternity costs and improve the quality of care, the popularity of midwife-led birth centers has grown substantially. In the United States, nearly half of all births are funded by the state and federal government. Care for childbearing women and their infants was the second reason for hospitalization and five of the top ten most commonly performed procedures in hospitals are childbirth related. Additionally, costs associated with a cesarean delivery are approximately 50 percent more than vaginal birth for both mother and baby. At a birth center, costs of services are lower and the rate of cesarean deliveries is lower. In a recent study, 15,574 low-risk, healthy mothers obtained care by a midwife at one of 79 birth centers. The cesarean delivery rate for this group was 6 percent, compared to the 32.8 percent nationally. Over a 3-year period, these births saved more than \$30 million in facility costs alone (not including any other potential savings for additional providers or surgical anesthesia). The spending on maternity care in the United States could drop by \$5 billion if the cesarean rate dropped to 15 percent. While the United States is still many years away from this rate, the model of midwife-led care at a birth center is growing in popularity.

The Laborist Model

The Laborist Model was developed based upon the successful implementation of hospitalist and intensivist programs. The model utilizes a physician whose sole focus of practice is managing the patient in labor; a fully trained obstetrician is physically available 24 hours per day, on labor and delivery, with no assigned tasks or other responsibilities, to manage all patients who

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present to labor and delivery. The model frees the practicing obstetrician/gynecologist from having office hours disrupted by a patient arriving on the labor suite. It also significantly reduces on-call requirements, thereby enhancing the personal time afforded to the physician. It has also been suggested that the model improves patient care and nurse satisfaction, as a doctor is always available to see patients in the labor and delivery suite. All of these benefits prevent physician burn-out, which is important given the diminishing numbers of medical students entering the obstetrics/gynecology specialty.

Strong Start for Mothers and Newborns Initiative

The Strong Start for Mothers and Newborns Initiative is a joint effort between the Centers for Medicare & Medicaid Services, the Health Resources and Services Administration, and the Administration on Children and Families. The initiative aims to reduce pre-term births and improve outcomes for newborns and pregnant women. There are currently 182 participating sites involved in the initiative, including the Los Angeles County Department of Health Services. The program has no-cost for participants and covers physician or midwife services, nutritionists, health educators, care coordinators, mental health providers, and referrals to community agencies.

Implications for PPHD

With the introduction of maternity and newborn care as one of the ten essential benefits, the number of women in California without access to adequate and affordable prenatal care will substantially decrease. PPHD will only be able to benefit from the Medi-Cal volume growth, not the enrollment in Covered California health plans. There is a large shift towards Medi-Cal managed care plans who will maintain a network of obstetrics providers. PPHD may lose more volume if women are re-directed based upon their Medi-Cal managed care plan to an in-network obstetrician. Furthermore, one of PPHD's tactics to maintain volume at the clinic has been to disenroll women from their health plan to qualify them for services at PPHD. Since maternal services are now a covered benefit, fewer women will be willing to disenroll to obtain services at PPHD.

Major Risks

Obstetrics services are often a gateway for patients unfamiliar with the healthcare system to begin receiving care. Health plans and medical groups recognize this as a patient engagement strategy, hoping that women will continue to access care for themselves and their child within the same healthcare group or system. Due to this, PPHD will face increased competition from ChapCare, Medi-Cal managed care plans, and healthcare providers in the local areas. PPHD

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will continue to care for the under- and uninsured, although this population may shrink in volume as more women are eligible for insurance through Covered California or Medi-Cal expansion.

Financial Review

Prenatal Clinic

The latest financial analysis for the Prenatal Clinic for services provided in FY 2014 showed an overall loss of \$69,000. A random sample analysis of Medi-Cal and Medicare payments showed that 38 percent of reimbursement related to the Prenatal Clinic; therefore, approximately \$708,000 was allocated to the Prenatal Clinic, resulting in the \$69,000 loss. As of December 31, 2015, the mid-way point within FY 2015, the Prenatal Clinic showed an overall loss of \$47,000, which suggests an overall loss of \$94,000 at the end of FY 2015.

PPHD will need to assess the viability of the Prenatal Clinic based upon the increased competition described previously. Due to the covered essential health benefits included in the ACA health plans, the Prenatal Clinic will likely experience a drop in volume as patients can receive covered prenatal services elsewhere. Furthermore, it is anticipated that Medi-Cal reimbursement will continue to drop as Medi-Cal managed care providers contract with medical groups or other healthcare providers to offer prenatal services for newly insured Medi-Cal beneficiaries.

Community Health Services

The latest financial analysis for Community Health Services for services provided in FY 2014 showed an overall loss of \$1.1 million. As of December 31, 2015, the mid-way point within FY 2015, Community Health Services showed an overall loss of \$73,000, which suggests an overall loss of \$94,000 at the end of FY 2015. This analysis is inclusive of all Community Health Services per the FY 2015 division definition, excluding the Prenatal Clinic and services related to Tuberculosis and Infectious Diseases. Based upon the random sample analysis of Medi-Cal and Medicare payments, none of this reimbursement is attributed to these programs. It is concerning that there is such a big change from one year to the next. It could mean that the proper allocation of revenue to this department has resulted in significant improvement in the financial standing of this department. It will be up to PPHD staff to determine if the overall loss in FY 2014 was due to improper allocation of revenue and/or expenses.

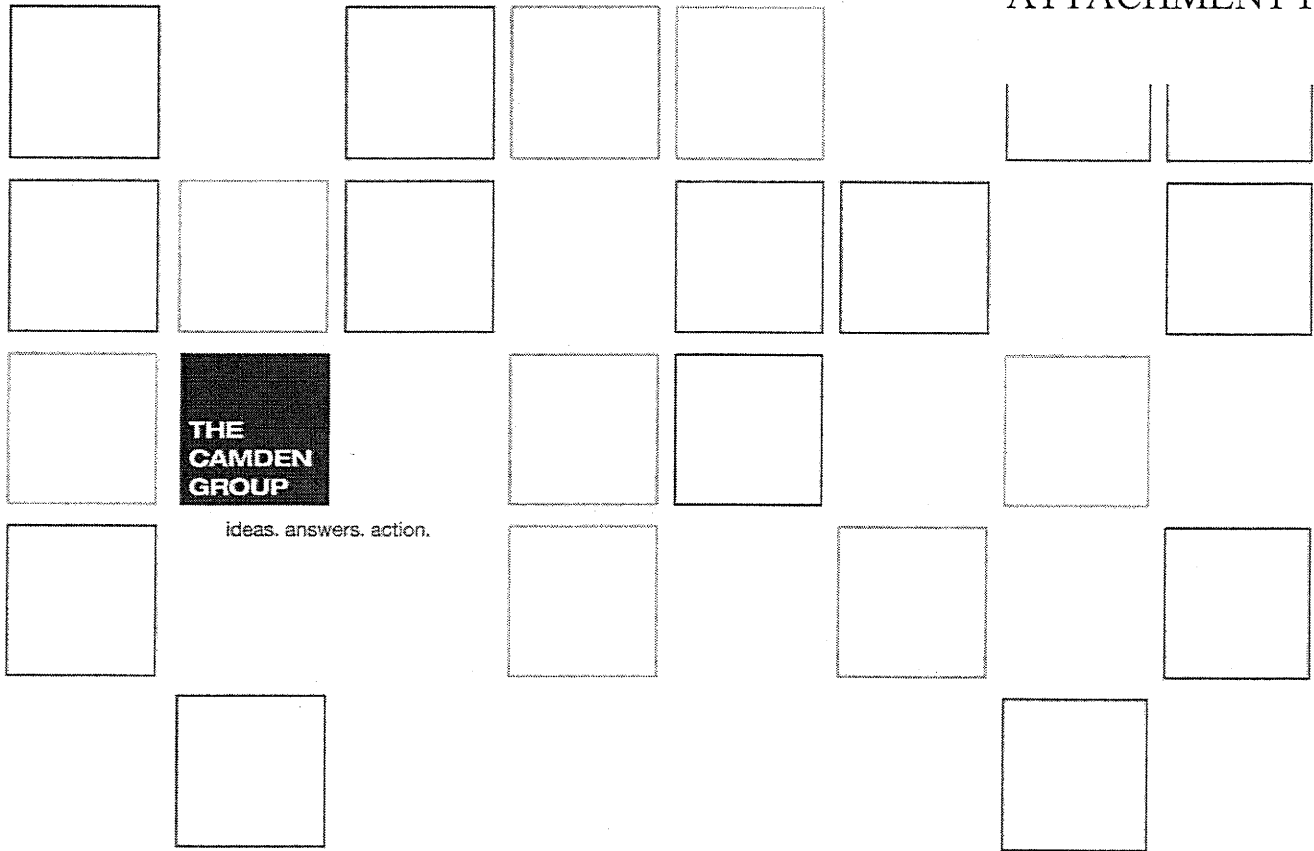
Impact of Healthcare Trends on Public Health Services

ACA Impact

- More people insured, have more choice
- Women's care services are now one of the ten essential benefits with little to no share of cost for beneficiaries
- Expanded Medi-Cal in California providing more access for women to obtain coverage
- The city of Pasadena faces growing competition from provider networks serving Medi-Cal and Covered California health plans offered through the Silver and Bronze levels

Conclusion

PPHD should consider two primary options with regards to its obstetrics and prenatal services. First, PPHD could choose to maintain its obstetrics and prenatal services in their current state. This program has experienced some losses in the past, but the revised losses can be offset by focused reductions in expense. However, as mentioned above, PPHD should expect increased competition from ChapCare and other providers. It will be important for PPHD to track monthly volume to ensure that appropriate volumes are maintained to support the cost of the fixed staffing expenses associated with the program. Second, PPHD could consider enhancing its relationship with ChapCare and the Huntington Hospital obstetrics program to keep these patients engaged in their own healthcare. Since these services are not mandated, PPHD could choose to serve as a best-practices knowledge/process transfer agent for a period of time to ensure that patients who will be cared for by ChapCare receive the same exemplary service they have been receiving at the PPHD Prenatal Clinic. The location of ChapCare next to PPHD's clinic location ensures a smooth transition can take place with minimal disruption to active patients.



Impact of Healthcare Trends on Public Health Services

City of Pasadena
Pasadena, California
March 12, 2015



Impact of Healthcare Trends on Public Health Services

Communicable Disease Background

In the United States, people continue to contract diseases that are preventable through appropriate vaccine use, such as viral hepatitis, influenza, and tuberculosis ("TB"). Some of these diseases are among the leading causes of illness and death in the United States and account for substantial healthcare expenditures due to the related consequences of infection. Despite the fact that these diseases can be prevented, healthcare systems often do not utilize their resources effectively to support prevention efforts. Historically, the United States healthcare system has focused on treatment and intervention instead of health promotion and population health management; therefore, patients did not always receive adequate or appropriate information about prevention and healthy lifestyles.

Important defenses against infectious disease include:

- Proper use of vaccines
- Antibiotics
- Screening and testing
- Scientific improvements in the diagnosis of infectious disease-related health concerns

The United States' healthcare infrastructure must continue to evolve and respond to emerging issues in the area of immunization and infectious diseases. The ability to provide culturally appropriate preventive healthcare is a critical success factor for managing the spread of infectious diseases. As the demographics of the population continue to shift, healthcare systems must be able to expand their capacity to meet the needs of a diverse population. A coordinated strategy will be necessary to understand, detect, control, and prevent infectious disease.

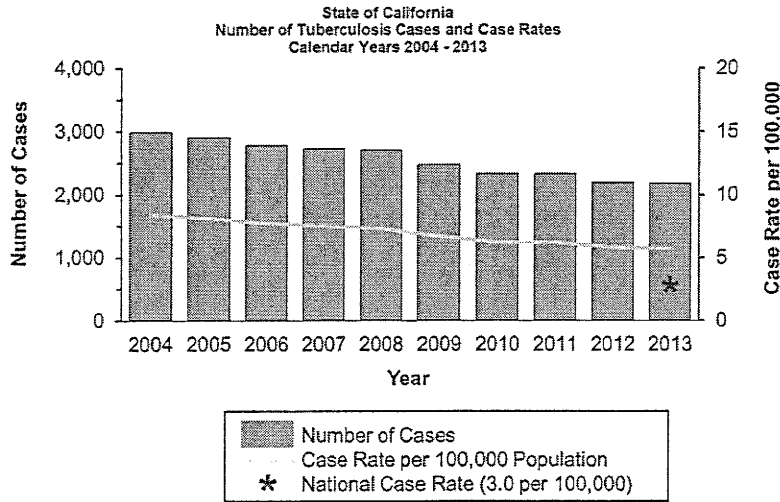
TB immunization and testing is now a federal focus through the Centers for Disease Control ("CDC"). Continued progress in controlling TB will depend on an increased focus on TB prevention, particularly among persons at-risk for developing TB; racial and ethnic minorities and foreign-born individuals continue to be the most affected by TB. United States will need to continue to focus on domestic TB control and develop focused initiatives around improving awareness, testing, and treatment of TB.

Tuberculosis Prevalence

In the United States, California contributes the highest number of TB cases, accounting for approximately 23 percent of all cases in 2013. California posts the third-highest TB rates among states, behind Alaska and Hawaii. Over the past few years, significant efforts have been made to reduce the prevalence of TB in California. In 2013, there were 2,169 TB cases recorded

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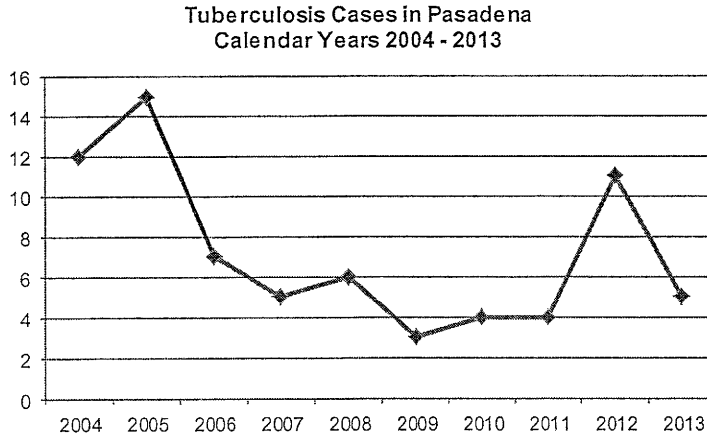
which was the lowest number ever recorded in California and represented a decline of less than one percent from 2012.



California Department of Public Health, Tuberculosis Control Branch

Despite these efforts, TB outbreaks continue to occur in high-risk populations and improvements have not been seen in key indicators such as pediatric TB, deaths with TB, and multidrug-resistant TB. TB rates in California jumped approximately 20 percent in children less than 5 years of age between 2012 and 2013. More than 30 percent of California’s TB cases were among individuals who are 65 years of age or older.

TB cases are submitted to the California Department of Public Health for 61 health jurisdictions, including Pasadena. In 2013, TB was reported in 44 of the 61 local health jurisdictions. Between 2012 and 2013, Pasadena improved from the fifth highest TB case rate to the twenty-first highest TB case rate (a drop from 11 TB cases to 5), a 54.5 percent improvement. With the exception of this peak in cases in 2012, Pasadena’s TB cases have been steadily dropping since 2004 with a 58.3 percent improvement over this period of time.



Source: California Department of Public Health, Tuberculosis Control Branch

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Communicable Disease Services and Reimbursement

The primary healthcare services related to communicable diseases in the United States are vaccinations and screenings. Vaccines are typically widely available through private doctor offices, pharmacies, workplaces, community health clinics, health departments, federally-funded health centers, or other community locations. Through the implementation of the Affordable Care Act (“ACA”), there is an increased focus on increasing care coverage and access to these community resources by mandating insurers to include vaccines. All Covered California plans, and most other private insurance plans, must cover the following list of vaccines:

- Hepatitis A
- Hepatitis B
- Herpes Zoster
- Human Papillomavirus
- Influenza
- Measles, Mumps, Rubella
- Meningococcal
- Pneumococcal
- Tetanus, Diphtheria, Pertussis
- Varicella

TB Testing

There are two types of TB tests conducted to determine whether an individual has been infected with TB bacteria: the tuberculin skin test and the TB blood test. The Los Angeles County Department of Public Health requires all students who have never attended a California school to receive the tuberculin skin test prior to matriculation. TB tests are generally not needed for adults with a low risk of infection with the TB bacteria. In the United States, TB typically affects those with the least access to healthcare insurance (i.e., homeless, undocumented immigrants, etc.) or those who work with at-risk populations (i.e., social workers, hospital staff, homeless shelter staff, etc.). Of the 2,169 Californians diagnosed with TB in 2013, 80 percent were immigrants.

California Department of Public Health

The Tuberculosis Control Branch of the California Department of Public Health awards funds to local health jurisdictions to support TB healthcare services. The amount of funding is based upon factors such as the incidence of TB, number of foreign-born persons, homelessness, HIV/AIDS co-infection, and substance abuse. Local health jurisdictions prioritize TB control activities based upon those priorities identified by the CDC:

- Identifying and treating persons who have active TB and ensuring they complete appropriate therapy, including Directly Observed Therapy

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- Finding and evaluating persons who have been in contact with TB patients to determine whether they have TB infection or disease
- Targeted testing of high-risk populations

Medi-Cal Tuberculosis Program

The Medi-Cal TB Program is funded under Title XIX of the Social Security Act to treat individuals who are infected with TB. This program covers outpatient TB-related services for individuals who are TB-infected and beneficiaries receive services at a zero Share of Cost; these services include: medications, physician and clinic services, laboratory and radiologic services, Directly Observed Therapy, and case management.

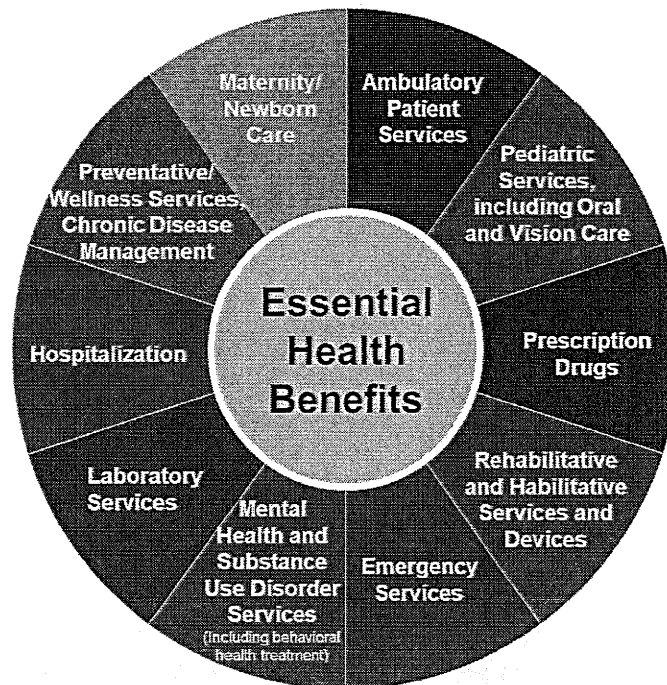
Federally Qualified Health Centers

Federally Qualified Health Centers (“FQHCs”) are safety net providers who often fill a substantial void in the United States healthcare system. FQHCs service some of the most vulnerable and high-risk populations and qualify for enhanced Medicare and Medicaid rates. TB and other infectious disease services are often covered by FQHCs as they are preventive primary health services.

Affordable Care Act

The Patient Protection and ACA mandated coverage for a number of preventive services by Health Insurance Exchange qualified health plans. All Covered California plans, Qualified Health Plans through California’s health insurance exchange, will be required to offer ten essential benefits, one of which is preventative and wellness services and chronic disease management.

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However, it is anticipated that the expansion of health insurance coverage through Covered California may not substantially decrease the need for TB public health services in California. Ten percent of residents in Los Angeles are undocumented immigrants and will not benefit from the enhanced access to health insurance. Furthermore, this population is a more high-risk population, as they are foreign-born. While the importance of vaccinations and screenings is widely distributed, it is probable that the most high-risk populations are still not receiving appropriate care and public health services will still be necessary.

Service Area Tuberculosis Services

Pasadena Public Health Department

The Pasadena Public Health Department (“PPHD”) Tuberculosis Clinic offers TB screening, treatment, and case management services with the goal of controlling and preventing the transmission of TB within the Pasadena community. The PPHD Tuberculosis Clinic (the “Clinic”) offers health services for individuals diagnosed with TB, such as a medical check-up, a chest X-ray, and prescribed medications. Additionally, the Clinic offers Directly Observed Therapy to assist patients with medication adherence and provides case management resources to coordinate all resources and referrals.

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Other

Community Health Alliance Pasadena

Community Health Alliance Pasadena (“ChapCare”) is an FQHC that serves the residents of Pasadena and its surrounding areas. ChapCare offers medical, dental, behavioral health, and outreach services, including the care for patients with TB or other infectious diseases. As an FQHC, ChapCare is eligible for favorable reimbursement for the provision of these medical services.

CVS (Or Other Retail Pharmacy)

The Minute Clinic at CVS (and similar wellness centers at other retail pharmacies) offers walk-in TB testing. Insurance is not accepted for this service, but these clinics offer convenient and quick TB testing.

Most healthcare providers in the Pasadena and Los Angeles areas could serve as competition for PPHD in the provision of healthcare services for individuals with TB or other infectious diseases. DaVita/HealthCare Partners, AltaMed, and a number of specialty groups and individual practitioners service individuals living in Pasadena and its surrounding areas. Treatment for TB often includes prescription medication, Directly Observed Therapy, and chronic care management services. Newly insured individuals may be driven to healthcare providers other than PPHD based upon which providers are included within their network. The underinsured or uninsured will likely continue to present at PPHD to receive services.

Implications for PPHD

One of the central tenets of the ACA is to provide access to health insurance for more individuals; it is anticipated that this push will result in greater patient volumes for physicians who treat TB and other infectious diseases. At-risk populations will be encouraged to undergo regular screenings for these conditions and those infected will have greater access to care. However, the physicians who will benefit most from this increase in volume are those who contract with Medi-Cal managed care plans or Covered California’s Qualified Health Plans. PPHD will likely lose volume to these plans while it will continue to serve the under- and uninsured population for whom reimbursement is incredibly poor.

Major Risks

As a greater proportion of PPHD’s population becomes the under- and uninsured, PPHD will have an increased risk for caring for individuals diagnosed with TB or other infectious diseases. As mentioned previously, one of the populations at the greatest risk for developing TB is the

Impact of Healthcare Trends on Public Health Services

undocumented immigrants. Undocumented immigrants are one of the key cohorts not eligible for health insurance through the ACA. The costs associated with caring for these patients will be substantial for PPHD and PPHD will have little reimbursement to offset these costs of treatment.

Financial Review

The latest financial analysis for Communicable Diseases and Tuberculosis services provided by PPHD in FY 2014 showed overall profits of approximately \$800,000. As of December 2014, a mid-year point through FY 2015, communicable disease and tuberculosis services showed an overall loss of \$165,000 suggesting an overall loss in FY 2015 of \$330,000. Furthermore, in FY 2015, PPHD lost its TB State Local Assistance Revenue, which totaled \$4,342 in FY 2014. A random sample analysis of Medi-Cal and Medicare payments showed that none of the FY 2014 reimbursement was related to the provision of these services.

PPHD will need to continue to assess the viability of providing communicable disease and tuberculosis services to its patients. As a greater proportion of PPHD's clientele has access to healthcare insurance, where preventive and wellness services are covered benefits, PPHD will likely experience a drop in volume. PPHD will need to determine if there are alternate avenues through which it can generate patient visits for these services. Alternatively, PPHD will need to institute a more aggressive fee schedule for these services to offset the dip in volume and recover the associated operating costs.

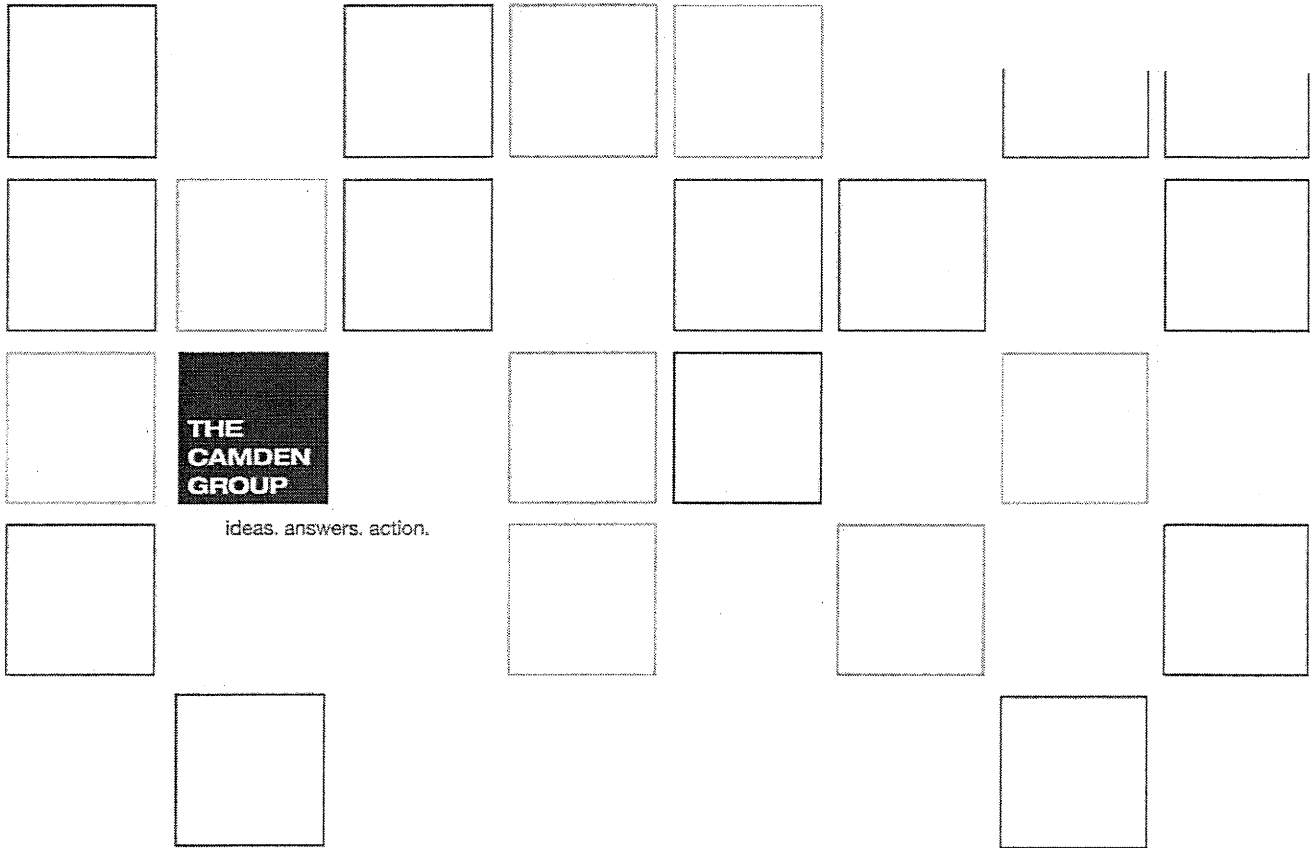
ACA Impact

- Preventive/Wellness services is one of the covered ten essential benefits
 - ▶ TB screening for at-risk populations
- Expanded Medi-Cal in California, more people covered go to Medi-Cal managed care provider
 - ▶ Medi-Cal managed care providers will contract with local FQHCs and medical groups to provide high-quality care to patients diagnosed with TB or other infectious diseases
- FQHCs are eligible for enhanced funding to pay for healthcare services for patients diagnosed with an infectious disease
- The city of Pasadena faces growing competition from provider networks serving Medi-Cal and Covered California health plans offered through the Silver and Bronze levels

Impact of Healthcare Trends on Public Health Services

Conclusion

As the pool of patients for whom PPHD provides services continues to shrink from an already small patient base, the remaining patients will be the under- and uninsured. At-risk individuals will be more proactive about undergoing screenings and will seek treatment from providers who are covered under their health plan. It is likely that PPHD will no longer maintain a TB patient panel that is large enough to justify offering these services. PPHD will need to evaluate the cost of continuing services for patients with TB and consider contracting with Medi-Cal or a Covered California health plan to encourage individuals with health insurance to access PPHD's services. The continued provision of these services will be dependent on PPHD's ability to secure grant or other outside funding, should efforts to expand the patient base through expanded contracting prove unsuccessful. An alternate option would be to identify an alternate provider of these services, and contract with them to ensure provision of these services for at the under- and uninsured, with PPHD providing the funding but not the actual services.



Impact of Healthcare Trends on Public Health Services

City of Pasadena
Pasadena, California
March 12, 2015

Impact of Healthcare Trends on Public Health Services

Mental Health and Substance Abuse Services Background

Mental health and substance abuse treatment is a necessity for many Californians suffering from crippling conditions. Despite the prevalence of these disorders, less is known about the mental health system than about the medical system. There is a wide variety of mental health disorders, some acute and some persistent, and mental illness diagnosis is often based on level of difficulty with functioning:

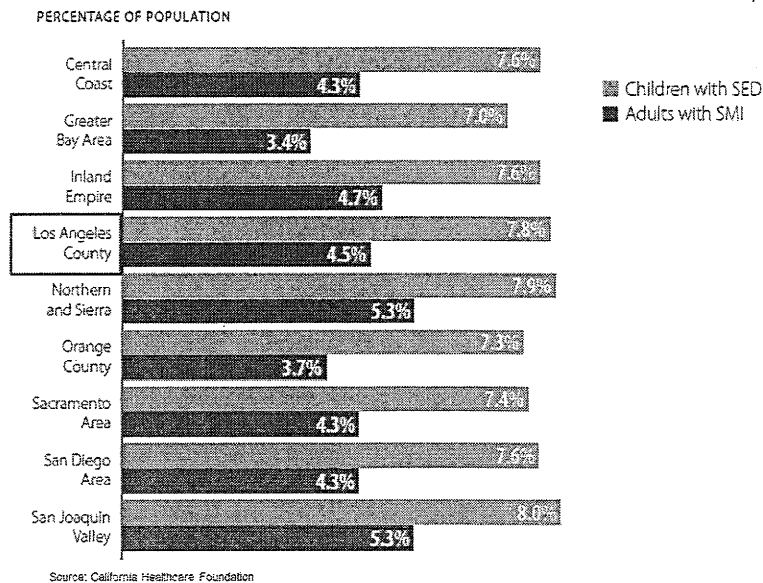
- **Mental illness:** any person 18 years or older who currently had, or at any time in the past year had, a diagnosable mental, behavioral, or emotional disorder, regardless of the level of impairment in carrying out major life activities
- **Severe mental illness (“SMI”):** a categorization for adults age 18 and older, any mental illness that results in substantial impairment in carrying out major life activities. This can encompass a wide range of diagnoses.
- **Sever emotional disturbance (“SED”):** a categorization for children age 17 and under, any mental, behavioral, or emotional disorder that is currently present, or has presented within the last year that meets the diagnostic criteria for a mental illness and has resulted in functional impairments that substantially limits participation in family, school, or community activities
- **Major depression episode (“MDE”):** a period of at least two weeks when a person has experienced a depressed mood, or loss of interest or pleasure in daily activities, and had a majority of specified depression symptoms.

A significant portion of the mental health practice involves patients seeking safety and managing anxiety, trauma, depression, drug use, and/or disruptive behavior. Historically, a stigma has been attached to the provision of mental health services, causing many individuals to shy away from professional help; 19 percent of Californians reported that they would not be likely to seek professional mental health counseling or treatment even if it were covered by insurance and created no financial burden. Mental illness is a psychological disorder with severe biological health consequences (resulting in unnecessary Emergency Room visits or inpatient admissions) and an emphasis has been placed on the access and provision of mental health services to avoid unnecessary medical costs.

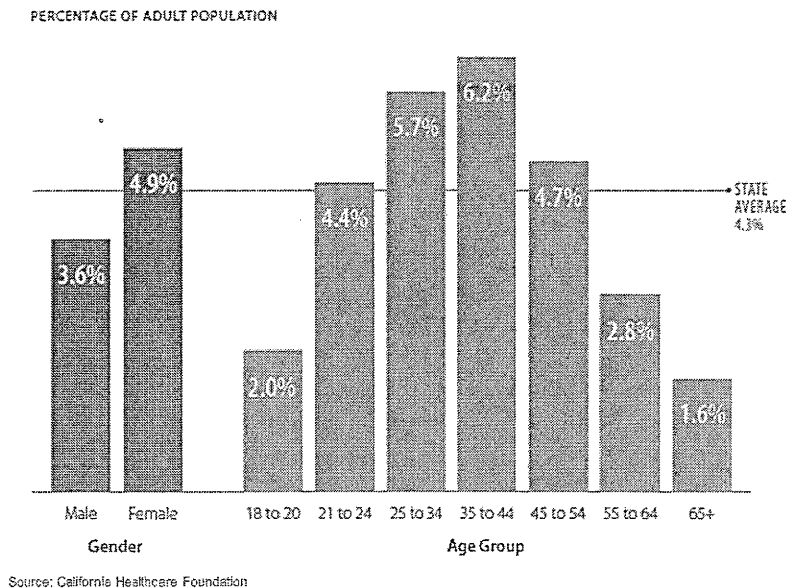
Impact of Healthcare Trends on Public Health Services

Mental Health and Substance Abuse Prevalence

In California, approximately 1 in 20 adults suffers from a serious mental illness and nearly 1 in 6 has a mental health need (though rates vary widely by region, see graph below). Among children, the rate is even higher: 1 in 13 suffers from a mental illness.



Adult California women are more likely than men to experience serious mental illness (4.9 percent of adult female population vs. 3.6 percent of adult male population). Rates of serious mental illness also increased steadily by age group with a peak in the 35 to 44 cohort at 6.2 percent of the adult population.



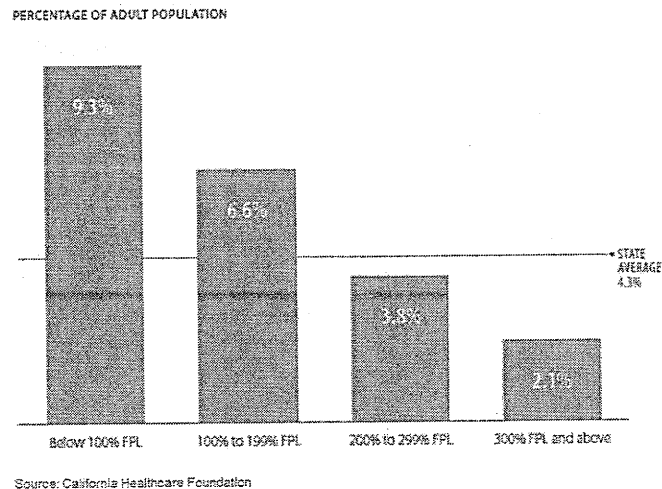
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Coverage for Mental Health Services

Over the past 20 years, the delivery of mental health services has evolved significantly, resulting in changes in the location of mental health treatment, the personnel providing mental health treatment, and the expenditures for mental health treatment. Expenditures for inpatient residential treatment have continued to decline as expenditures for prescription drugs and outpatient care increased as a percentage of total expenditures. Throughout this transition, community health centers and counties have continued to play a large role in the financing and delivery of mental health services; public mental health services in California are delivered primarily through county systems that operate separately from other publicly funded healthcare services. Counties are responsible for administering nearly 90 percent of public mental health services funding in California.

Medi-Cal

The majority of federal funding that California receives for public mental health is used to reimburse the state and counties for services provided to Medi-Cal beneficiaries. Medi-Cal is one of the primary payers of mental health services in Los Angeles primarily due to the high correlation between serious mental health illness and low socioeconomic status. The table below shows the percentage of adults in California with serious mental illness by income level.



California's public mental health system provides services to many low-income individuals with mental illness. A variety of county entities provide more specialized mental health services to Medi-Cal enrollees, underinsured individuals, or uninsured individuals.

Impact of Healthcare Trends on Public Health Services

	MEDICAID HEALTH PLANS AND MEDICAID FEE-FOR-SERVICE	LOCAL SPECIALTY MENTAL HEALTH PLANS	COUNTY-BASED MENTAL HEALTH SAFETY NET PROVIDERS
Payer	Medi-Cal (federal and state)	Medi-Cal (federal and state/local)	County, Mental Health Services Act, realignment funds,* and other funding sources
People Served	Medicaid eligibles with mild and moderate mental health conditions	Medicaid eligibles with SED or SMI	Uninsured with SED or SMI
Services Provided	Outpatient mental health services, crisis intervention, psychiatry, inpatient mental health care	Same as Medicaid, plus specialized rehabilitative and supportive care	Outpatient mental health services, crisis intervention, psychiatry, short- and long-term inpatient mental health, as well as rehabilitative and supportive services and other services as resources allow

*Realignment is the transfer of administrative and financial control from the state to counties.
Source: California Healthcare Foundation

Through the Affordable Care Act (“ACA”), due to the expansion of Medi-Cal, it is estimated that approximately 124,000 individuals who are now eligible for Medi-Cal will need mental health services. The two largest groups of mental health workers in California are Marriage and Family Therapists and Social Workers. However, California law prohibits Marriage and Family Therapists from participating as Medi-Cal providers unless they are members of county clinic staff; this restriction prevents a large percentage of the mental health workforce from providing services to Medi-Cal beneficiaries.

Mental Health Services Act

In 2004, California passed the Mental Health Services Act (“MHSA”) to address a broad continuum of prevention, early intervention, service needs, and care coordination for mental health services, along with the infrastructure necessary to support this system. MHSA created 1 percent surtax on personal income over \$1 million to provide additional revenue for community-based mental health services. MHSA provides increased funding, personnel, and other resources to support county mental health programs. As the role of the MHSA on mental health funding increases, the sources of funding for public mental health services are expected to shift. In Los Angeles County, a wide range of programs will be expanded in 2015, according to the MHSA Los Angeles 2014 Budget Plan; this expansion will include mental health services for adults and children to combat homelessness, urgent care center capacity, housing, and wellness centers.

Impact of Healthcare Trends on Public Health Services

Substance Abuse and Mental Health Services

Substance Abuse and Mental Health Services Administration (“SAMHSA”) block grants are an additional source of federal mental health funding in California. SAMHSA grant funding is awarded to counties based upon an application process and a legislative formula. SAMHSA funding makes up a very small percentage of the total public mental health budget, but remains a flexible funding course for services for adults and children who are ineligible for Medi-Cal and have no other form of health coverage.

County Funding

California's 58 counties also utilize revenue from local property taxes, patient fees, and some payments from private health insurance companies to fund mental health services (in addition to federal and state funding sources). The total amount of county funding is approximately three percent of the total funding counties administer to provide mental health services. The total mental health program expenditures by county likely vary substantially between counties.

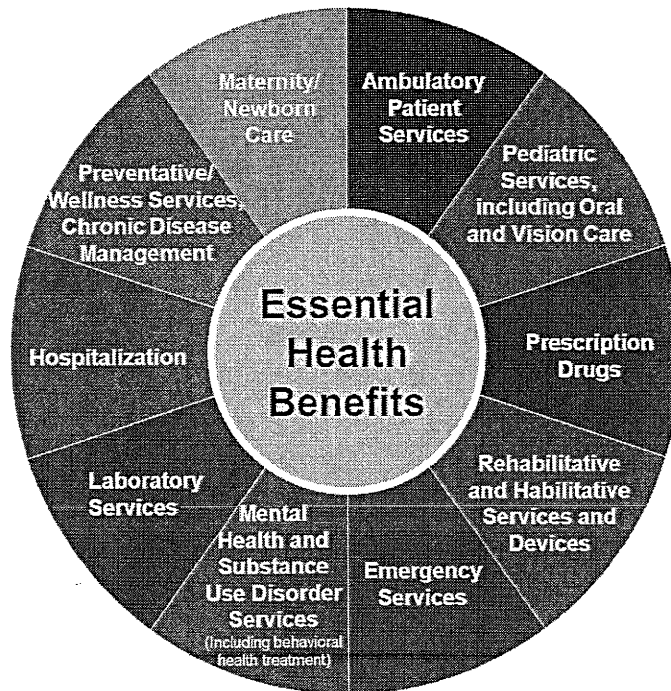
Mental Health Parity Law

California, like most states, has a Mental Health Parity Law. The California Mental Health Parity Act of 1999 eliminated mental health benefit limits and cost-sharing requirements that are less comprehensive than those for physical conditions. The law applies to private insurers but not to Medicare or self-insured health plans. Additionally, the law requires that every insurer that provides hospital, medical or surgical coverage shall provide coverage for the diagnosis and medically necessary treatment of those with covered conditions, including outpatient services, inpatient hospital services, partial hospital services, and prescription drugs, if the health plan covers prescription drugs. Furthermore, California mandates that health insurance plans cover nine mental health conditions: schizophrenia, schizoaffective disorder, bipolar disorder, major depression, panic disorder, obsessive-compulsive disorder, pervasive developmental disorder or autism, anorexia nervosa, and bulimia nervosa. California's mental health parity provisions are among the strongest in the country; however, low public awareness about the law often results in a denial of care or individuals who choose not to seek care. In 2008, the federal Mental Health Parity and Addiction Equity Act was passed, requiring health plans and health insurance issuers to ensure that financial requirements and treatment limitations applicable to mental health or substance use disorder benefits are no more restrictive than the predominant requirements or limitations applied to substantially all medical/surgical benefits.

Impact of Healthcare Trends on Public Health Services

Affordable Care Act

Beginning January 1, 2014, the Patient Protection and ACA expanded the Mental Health Parity and Addiction Equity Act of 2008 to almost all forms of health insurance. The ACA required all large group employer plans, state regulated plans, small group plans, and individual market plans to comply with deferral parity requirements. The ACA strengthened the 2008 law by requiring insurers to include coverage for mental health and substance use disorder services as these services are now one of the ten required Essential Health Benefits. All Covered California plans, Qualified Health Plans through California's health insurance exchange, will be required to offer these ten essential benefits; Covered California is expected to significantly increase the number of mental health patients seeking treatment.



Reimbursement Trends for Mental Health Services

Over the past 20 years, the distribution of spending on mental healthcare in the United States has changed drastically. Inpatient and residential care spending has continued to decrease while outpatient and prescription drug spending has increased. Today, the majority of mental health treatment is conducted in an outpatient setting.

With the implementation of the ACA, insurance regulations are changing and public awareness of mental health service coverage is growing; these changes, in addition to an ever-growing need for mental healthcare, are resulting in a shift in consumer behavior which continues to

Impact of Healthcare Trends on Public Health Services

impact mental health and addiction treatment providers. Implementation of the ACA presents both opportunities and challenges related to mental health service delivery. With the expansion of Medi-Cal in 2014, counties received additional federal funding to provide healthcare services to the expanding Medi-Cal population. However, the federal funding will decrease over the coming years and there are concerns about some counties' capacity to serve this population. Furthermore, providers are growing more frustrated with Medi-Cal rates and continue to feel the strain of decreasing Medi-Cal reimbursement schedules. Despite parity laws and expanded health insurance coverage, concerns remain with regards to sufficient coverage and access to mental health services.

Service Area Mental Health Services

Pasadena Public Health Department

Andrew Escajeda Comprehensive Care Services ("AECCS") is run through a partnership between community agencies and the Pasadena Public Health Department ("PPHD") and offers psychiatric and mental health services to individuals living in Pasadena and the surrounding communities. AECCS provides comprehensive mental health support groups, crisis intervention services, referrals for long-term mental health counseling or substance abuse treatment, clinical case management, and short-term counseling services. A number of agencies in the surrounding areas also offer mental health and substance abuse services.

Other

AltaMed

AltaMed provides mental health services, psychiatry, and substance abuse treatment referrals to Latino, multi-ethnic, and underserved individuals living in the Los Angeles area. AltaMed also offers a drug treatment and prevention program that specializes in the treatment of heroin addiction through narcotic replacement therapy.

Foothill Family Service

Foothill Family Service ("FFS") provides mental health services to individuals living throughout the San Gabriel Valley with family centers located in Pasadena, El Monte, West Covina, and Duarte; many of their programs and services are also available at schools, community centers, and through in-home visits. FFS primarily serves children and families and offers counseling, social services, mental health treatment, education, and outreach services. The majority of the children and families who receive services from FFS are from poverty-level or low-income families.

Impact of Healthcare Trends on Public Health Services

Hathaway-Sycamores

Hathaway-Sycamores Child and Family Services (“Hathaway-Sycamores”) is a mental health and welfare agency dedicated to providing services to children, youth, young adults, and families facing serious life challenges. With eleven locations through Southern California (including a main location in Pasadena), Hathaway-Sycamores provides outpatient and school-based mental health services, psychological testing, and grief counseling.

Hillsides

Hillsides is dedicated to providing services to vulnerable children, youth, and their families. Hillsides operates several Family Resource Centers in Los Angeles County and provides parenting classes, mental health support, and additional crucial resources for vulnerable children and their families. The services provided include individual and group therapy, psychological testing and psychiatric evaluation, psychotropic medication management, parenting and substance abuse groups, and case management. Hillsides also offers school-based mental health services in the Pasadena, Los Angeles, Baldwin Park, and Glendale/Burbank school districts.

Huntington Hospital – Della Martin Center

The Della Martin Center (“DMC”) at Huntington Hospital provides mental health services to patients and their families, offering comprehensive diagnosis, treatment, and rehabilitation of adult patients with psychiatric disorders. DMC offers the following mental health programs: Psychiatric Acute Treatment Program, Psychiatric Inpatient Program, Geriatric Psychiatric Medical Program, and Outpatient Psychiatric Services.

Pasadena Mental Health Center

The Pasadena Mental Health Center (“PMHC”) provides mental health services to adults, children, couples, and families in the Pasadena and Altadena area and in the surrounding communities. Available services include individual counseling, couple's therapy, family therapy, and support groups. PMHC operates on a sliding scale fee schedule to provide services to individuals from all cultural and socioeconomic backgrounds.

Pacific Clinics

Pacific Clinics offers a range of services from prevention and early intervention to recovery and wellness maintenance, with an emphasis on programs for children and their families. Pacific Clinics offers outpatient, integrated treatment programs for individuals with co-occurring substance abuse and mental health disorders. Pacific Clinics operate throughout Los Angeles County (including numerous sites in Pasadena) and in four other counties in California.

Impact of Healthcare Trends on Public Health Services

Prototypes

Prototypes provides mental health and substance abuse services for individuals who suffer from complex issues such as addiction, poverty, homelessness, mental illness, and domestic violence. Prototypes offers 14 locations through Southern California, including an Outpatient Behavioral Health Services Center, Community Assessment Service Center, Wellness Center, and a Mental Health Services Center in Pasadena. The Centers provides comprehensive mental health and substance abuse services, ranging from assessment referrals to more intensive services such as counseling, medication management, and case management.

The Arroyos

The Arroyos is a multidisciplinary group of psychologists and psychiatrists who provide comprehensive mental health services across a wide spectrum of treatment settings. The Arroyos provides concierge mental healthcare to their patients and services individuals with nearly all psychological and psychiatric conditions.

As the demand for high-quality mental health services increases, it is highly likely that qualified health plans and large medical groups will begin contracting with behavioral health management organizations to provide mental health services. Behavioral health management organizations (such as Magellan, Value Options, or Windstone) can provide services to Medi-Cal, Medicare, and commercial populations and will continue to grow their market through enrollment in Medi-Cal managed care and Covered California Qualified Health Plans.

Clinic Mergers and Closures

Due to reimbursement strains and a shift towards outpatient mental health services, many clinics and inpatient centers providing mental health services have been forced to close and/or change the manner in which they provide mental health services over the past few years. Many of these headlines are included in the table below:

Headline	Source
"Chicago Mental Health Clinic Closings Spark Opposing Views"	Chicago Tribune, August 2014
"Proposed Closure of Mental Health Clinic Spurs Outrage"	Citizenactionny.org, October 2014
"Protesters Upset Over Closing of Sharon Mental Health Clinic"	WKBN, October 2014
"One Last Chance to Argue Against Mental Health Clinic Closure"	WSKG, November 2014

Impact of Healthcare Trends on Public Health Services

Headline	Source
"Branstad Seeks to Close Two Mental Institutes"	The Des Moines Register, January 2015
"Missouri Psychiatric Treatment Center for Youth Closing Under State Budget Woes"	St. Louis Today, July 2014
"Mental Health Clinic Takes Hit in Budget Plan"	Press Connects, September 2014
"Mental Health Programs Closing Across Kentucky"	Courier Journal, July 2014
"Minn. Mental Health Center Shuts Down "	Star Tribune, March 2014
"Kansas Mental Health System Under Increasing Stress "	KHI News, August 2014

Models for Mental Health Service Providers

As organizations strive to achieve the Triple Aim™ and improve the health outcomes of their population, the integration of mental health services with physical health services becomes a key priority. A central tenet of the ACA is promoting the coordination of care across all care settings and integrating this care by aligning financial incentives. Within California, a number of models are being implemented across the state to increase the integration of primary care and mental health services at the delivery site. The Federal Government, health plans, and healthcare delivery networks have realized that many costly, preventable health events are due to poor mental health services and the historical separation between mental health and primary care. In the coming years, organizations will continue to work on the integration between these disciplines in an effort to continue to reduce overall health expenditures, improve population health outcomes, and improve patient satisfaction.

California's Coordinated Care Initiative

California's Coordinated Care Initiative was implemented in 2014 with the intent to integrate medical, long-term services and supports ("LTSS"), and mental healthcare. Through this initiative, the state Medi-Cal program and the federal Medicare program are working together to promote coordinated care delivery and drive high quality care for the vulnerable dual eligible population. The program, known as Cal MediConnect, aims to shift services out of institutional settings and into the home and community. The dual eligible population historically had to navigate two distinct healthcare systems (Medi-Cal and Medicare) with two different cards, two different sets of benefits, and two different groups of providers accountable for services. Under the Cal MediConnect program, all healthcare services are provided through a single organized delivery system and providers are incentivized to coordinate all types of care.

Impact of Healthcare Trends on Public Health Services

Patient-Centered Medical Homes

The Patient-Centered Medical Home (“PCMH”) implemented by the National Committee for Quality Assurance is a model for care that emphasizes team-based care and calls for mental health integration into primary care. Within this model, a team of clinicians offers accessible, personal, coordinated, and comprehensive care that meets all of a person’s healthcare needs, including behavioral health; behavioral healthcare services provided in this model include mental healthcare, substance abuse care, health behavior change, and attention to other psychosocial factors. PCMH aims to provide a whole person orientation to care; since nearly half of primary care patients have a mental or behavioral health diagnosis or symptoms, a whole person orientation cannot be achieved without including the mental health component with the physical. Furthermore, the PCMH model aims to reduce fragmentation in care which is one of the primary factors that most seriously harms the quality of care. Fragmentation within the United States healthcare system can be seen most clearly in the separation of mental health and physical health services. The PCMH model incentivizes the care team to address mental health concerns, conduct regular screenings, share information among providers, and coordinate all care plans.

Primary and Behavioral Health Care Integration Program

The Substance Abuse and Mental Health Services Administration developed the Primary and Behavioral Health Care Integration (“PBHCI”) program, which aims to provide support to communities to integrate primary care services into publicly-funded, community-based behavioral health settings. The purpose of this program is to establish projects for the provision of coordinated and integrated primary and specialty care in community-based behavioral health settings. The goals of the program are to:

- Improve access to primary care services
- Improve prevention, early identification, and intervention
- Increase availability of integrated, holistic care
- Improve the overall health status of patients

Medicaid Health Home

The Medicaid Health Home (“MHH”) is a model where states pay for care coordination services for Medicaid enrollees with chronic illness. MHHs offer a mechanism through which the primary, acute, mental health, and long-term and social needs of beneficiaries can be addressed using a single care plan. The integration of physical and mental healthcare is an important aspect of the

Impact of Healthcare Trends on Public Health Services

Medicaid health home model. Behavioral health problems such as depression, anxiety, or substance abuse are among the most common health conditions in the U.S. and often co-occur with chronic medical disease; however, due to the fragmented healthcare delivery system, these health concerns often are overlooked and continue to plague beneficiaries. Collaborative care programs are developed within the MHHs where a single care plan is developed and primary care providers, care managers, social workers, and psychiatric consultants work together to provide care and monitor patients' progress. These programs have been proven to be both clinically-effective and cost-effective for a number of mental health conditions. In return for providing high-quality, cost-effective care, MHHs are financially incentivized to provide the essential components of care management and care coordination.

Implications for PPHD

With the introduction of mental health as one of the ten essential benefits, and as mental health parity becomes increasingly regulated, the need for mental health and substance abuse services will continue to grow. Simultaneously, the expansion of the Medi-Cal program as well as enrollment into Covered California qualified health plans will increase the number of insured individuals seeking mental health services while a shortage of mental health providers continues to exist.

Mental health reimbursement will continue to be driven by a number of factors. The mental health diagnosis will be a primary driver in the level of reimbursement. Organizations who provide services to those struggling from severe mental health disorders will receive greater reimbursement for those services. Furthermore, the type of services provided (individual vs. group counseling) and the level of clinician (psychiatrist, licensed, or unlicensed social worker) will greatly affect reimbursement. With the shortage of psychiatrists, organizations will be looking to contract with mental health providers that can offer psychiatric services and medication reconciliation. Medi-Cal reimbursement rates will continue to be low while opportunities exist in the Medicare and commercial markets for greater reimbursement.

Medical groups and health plans are contracting with behavioral health management organizations to provide their behavioral health services. Medical groups and health plans do not want to apply resources to develop behavioral health networks or assume risk for managing behavioral healthcare services, since that is not their area of expertise. If PPHD wishes to expand their provision of mental health services, they will need to contract with behavioral health management companies who can service Medi-Cal, Medicare, or commercial populations. Many social service agencies have already assessed the mental health market and

Impact of Healthcare Trends on Public Health Services

have identified this trend; local, community-based mental health agencies are reaching out to behavioral health management organizations to become part of their mental health network.

Major Risks

Organizations that provide similar mental health and substance abuse services may be ahead of PPHD and may have already established contracts to provide these services. PPHD may not add enough providers or offer a wide enough array of services to be attractive partners to other healthcare organizations. Furthermore, behavioral health management organizations are often more interested in partnering with organizations whose sole focus is the provision of mental health services; PPHD's diverse set of services may limit its options for partnership.

Many behavioral health management companies are primarily interested in adding psychiatrists to their network as services performed by psychiatrists demand the greatest reimbursement. There is a shortage of psychiatrists and they are costly to employ. Without a psychiatrist on staff, PPHD will continue to find that reimbursement for mental health services is poor and that patients are accessing mental health services within their healthcare network.

Financial Review

The latest financial analysis for mental health and substance abuse services provided by PPHD in FY 2014 showed an overall loss of approximately \$77,000. As of December 31, 2014, a mid-way point through FY 2015, the financial analysis for these same services showed an overall loss of \$185,000; this suggests an overall loss in FY 2015 of \$370,000. In FY 2015, PPHD also lost all revenue associated with Social and Mental Health Services – General Activity, which totaled \$14,269 in revenue in FY 2014. A random sample analysis of Medicare and Medi-Cal payments showed that none of the FY 2014 revenue is related to mental health and substance abuse services.

As access to grant funding to offer mental health services becomes more limited, PPHD will need to assess the possibility of contracting with other organizations to receive additional reimbursement for the provision of mental health services. PPHD will also need to evaluate the possibility of reducing expenses in anticipation of increased competition for these services, as they are covered benefits under ACA health plans.

Impact of Healthcare Trends on Public Health Services

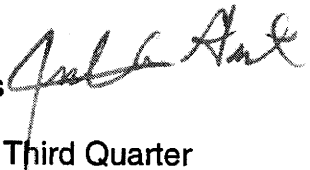
ACA Impact

- Mental health and substance abuse treatment is one of the covered ten essential benefits
- Expanded Medi-Cal in California, more people covered go to Medi-Cal managed care provider
 - ▶ Medi-Cal managed care providers may contract with large behavioral health management organizations to provide high-quality mental health services
- PCMHs and health homes are provided additional funding to provide care management and care coordination services, integrating the delivery of primary and mental healthcare
- The city of Pasadena faces growing competition from provider networks serving Medi-Cal and Covered California health plans offered through the Silver and Bronze levels

Conclusion

The environment around mental health services is becoming more competitive. PPHD needs to evaluate their ability to provide mental health services in an environment where the integration of primary care and mental healthcare is becoming a requirement. PPHD will need to evaluate their staff for appropriateness, as higher reimbursements will be made available to psychiatrists and licensed mental health staff.

**MEMORANDUM - CITY OF PASADENA
DEPARTMENT OF PUBLIC WORKS**

DATE: June 4, 2014
TO: Finance Committee
FROM: Julie A. Gutierrez, Interim Director of Public Works 
RE: Capital Improvement Program – Fiscal Year 2015 Third Quarter Monitoring Report

Attached for the Finance Committee's review is an update of all active Capital Improvement Program (CIP) projects through the third quarter of fiscal year 2015.

Attached are two separate reports. The first is a **Summary Report** that summarizes the information in the detailed quarter monitoring report and includes the following elements listed below:

Project Statistics:

- Number of total projects;
- Number of active projects;
- Number of inactive projects (projects with no activity in the quarter);
- Number of projects under design;
- Number of projects under construction;
- Number of projects in planning stage;
- Number of projects completed; and
- Number of contracts awarded for design or construction.

Project Highlights:

- A list of projects that each department wishes to highlight from the report.

The second is the **Capital Improvement Program FY 2015 Third Quarter Monitoring Report** detail, which includes:

Project Stage:

- A column listing the current phase of the project (design, construction, planning, inactive, ongoing, or completed).

Color Shading:

- Completed projects - shaded in purple;
- Projects delayed due to external factors (Caltrans, MTA, environmental review, etc.) - shaded in blue; and
- Projects delayed due to internal factors (staff shortages, other higher priority projects, etc.) - shaded in green.

We hope you will find these reports helpful in your review of CIP projects. If there are any questions on any of the projects, please let us know and we will contact appropriate staff members from each department.



FY 2015 – CIP 3rd Quarter Monitoring Report

Summary Report (January 1, 2015 – March 31, 2015)

PROJECT STATISTICS

Projects on Quarterly Monitoring Report		188
Project Status:		
Inactive Projects		20
Active Projects		<u>168</u>
Total Projects on QMR		188
Active Projects Phase:		
Design		49
Construction		37
Planning		26
Ongoing		52
Completed		<u>4</u>
Total Active Projects		168
Contracts Awarded for Design or Construction		22

PROJECT HIGHLIGHTS

Streets and Streetscapes

Priority*	Project Name	Highlight
6	La Loma Bridge (73124)	Construction contract awarded third quarter and project is currently in preliminary construction phase.

*Please use this number to reference the full CIP 3rd Quarter Monitoring Report and the Adopted FY 2015 – 2019 CIP Budget book for further details on each project.



FY 2015 – CIP 3rd Quarter Monitoring Report

Summary Report (January 1, 2015 – March 31, 2015)

11	Route 210 Soundwalls (73705)	Construction contract awarded by Council on January 12, 2015 and construction will begin fourth quarter. Construction will take place along the east side of Pasadena Avenue, between Orange Grove Boulevard and Rosewood Lane.
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Transportation

Priority*	Project Name	Highlight
6	Intelligent Transportation System (ITS) Project – Phase II (75910)	Construction contract awarded first quarter. Construction was substantially completed third quarter and project will be completed fourth quarter.
11	Pasadena Wayfinding System (75044)	Pedestrian Wayfinding signs were installed in all business districts. Design of electronic signs underway.

Parks and Landscaping

Priority*	Project Name	Highlight
1	Replacement or Installation of Security Lights – Various Locations (78901)	Security lighting completed at La Pintoresca, Brenner, McDonald, and Eaton-Blanche parks. Design started at Villa Parke.
4	Soccer Field – Muir High School (78055)	Demolition complete and initial construction commenced in January 2015. Project delayed due to problems obtaining required permit from the Department of the State Architect. All permits except for restrooms anticipated to be received fourth quarter.
6	Desiderio Park – Development of New Park (78054)	Project waiting for Habitat for Humanity to submit building plans for plan check. In addition, City is waiting for title to transfer from the federal government before demolition can begin.

Water System

Priority*	Project Name	Highlight
1, 4	Distribution Mains and Fire Protection System Improvements (1001 & 1019)	To date, 1.3 miles of distribution mains were installed including 21 new gate valves, 188 new service connections, 8 new fire hydrants and 57,010 sq. ft. of asphalt for roadway.

*Please use this number to reference the full CIP 3rd Quarter Monitoring Report and the Adopted FY 2015 – 2019 CIP Budget book for further details on each project.



FY 2015 – CIP 3rd Quarter Monitoring Report

Summary Report (January 1, 2015 – March 31, 2015)

8	Cross Town Well Collector Pipeline (1044)	Construction of disinfection facility at Jones Reservoir continued through 3rd quarter. Staff from Power Distribution will assist with the installation of monitoring equipment to measure water quality.
9	Arroyo Spreading Basin and Intake Structure (1040)	During 3rd quarter, a field investigation was made on an existing pipeline in the project area. The pipeline was found to be in excellent condition and the project design has been revised to incorporate it into the project, which will reduce overall construction costs. Additionally, the project design was modified to mitigate potential issues associated with an existing LA County storm drain.
10	Recycled Water (1013)	Draft Environmental Impact Report (EIR) submitted to the Planning Department and draft comments received. Notice of Preparation for EIR was released for public comments. Two public scoping meetings were held to receive public comments. During 3rd quarter, the EIR report was delayed due to comments from the US Fish & Wildlife services and California Fish and Game. Negotiations have been initiated with the City of Glendale regarding a new recycled water contract.

Electric System

Priority*	Project Name	Highlight
1	Local Generation Repowering Project – Phase II (3194)	The tubing for the Once-Through Steam Generator (OTSG) from GE was received. ARB performed Balance of Plant activities including equipment procurement; demolition, excavation, backfill, and compaction of the site; sealing the tunnels leading into the Glenarm Building; forming and pouring mud mats for the Cooling Tower and Gas Turbine foundations; and the installation of the electrical conduit bank. Performed factory acceptance tests of the Gas Turbine Engine & Generator. The natural gas lines were updated by the SOCAL Gas Company. Achieved Ready-To-Ship and/or Delivery milestones for equipment such as Gas Turbine Generator, OTSG, Cooling Tower, Chiller Module, Continuous Emissions Monitoring System (CEMS), Condensate Polisher, and GSU Transformer.
2	Power Distribution Capacity and Reliability Program (3161)	Crews installed 1 overhead and 15 underground distribution transformers, 7 underground switches, and 2 miles of cable during 1 st quarter. During 2nd and 3rd quarters, crews installed

*Please use this number to reference the full CIP 3rd Quarter Monitoring Report and the Adopted FY 2015 – 2019 CIP Budget book for further details on each project.



FY 2015 – CIP 3rd Quarter Monitoring Report

Summary Report (January 1, 2015 – March 31, 2015)

		3 overhead and 10 underground distribution transformers, 5 underground switches, and approximately 1 mile of cable.
10	GT-1 and GT-2 Renewals, Replacements and Improvements (3182)	The GT-1 gas compressor rejuvenation process continued through 3rd quarter. The GT-2 engine inspection by World Wide Turbines was completed 2nd quarter.

Technology Section

Priority*	Project Name	Highlight
8	Enterprise Resource Planning (ERP) Project (71149)	Munis budget module rolled out second quarter and used to prepare the FY 2016 operating budget. Design, configuration, and data conversion activities initiated for all remaining financial modules, as well as system interface development activities. Testing and training for the financial modules scheduled for fourth quarter.

*Please use this number to reference the full CIP 3rd Quarter Monitoring Report and the Adopted FY 2015 – 2019 CIP Budget book for further details on each project.



Capital Improvement Program FY 2015 Quarter Monitoring Report Activity Through March 31, 2015

LEGEND

-  Project Completed
-  Project Delayed - External Factor
-  Project Delayed - Internal Factor

Priority	Project Name	Total Estimated Cost	Appropriation Thru FY 2015	Expenditures Life of Project	Project Balance As of 3/31/2015	CURRENT YEAR		FY 2015 Workplan Schedule	Comments	Stage	
						Expenditures Year-to-Date	FY 2015 Anticipated Expenditures				
Municipal Buildings and Facilities											
1	71901	Building Preventive Maintenance - FY 2011 - 2015	5,394,424	5,394,424	4,417,929	976,495	602,316	900,000	As part of the FY 2015 work plan, work will be scheduled at the following buildings: Hale; Water & Power; City Hall; Public Works Warehouse; Community Health Center; Fire Station 32; Police Firing Range; Police Department; Central Library; and Jackie Robinson Center.	Projects completed: replaced water heat pumps in Hale Building; installed elevator controls and tone notifiers for ADA compliance at Villa Parke Community Center and Public Works Building; remodeled four restrooms at JRC; and painted the office and garage exterior at Police Firing Range. Projects in progress: painting of building surfaces and retaining walls at City Hall. Projects in design: replacement of public service counters for ADA compliance at Police Department. Projects not started: fire alarm system upgrades at Central Library; installation of Uninterrupted Power Supply at PWP office building at City Yards; window replacement and roof repair over apparatus floor at Fire Station 32; roof replacement on Public Works Warehouse; repair of pressure booster system at Community Health Center; modification of drains at urinals on all floors at Police Department building; and installation of plumbing cleanouts citywide.	Ongoing
Streets and Streetscapes											
1	73901	Preventive Maintenance - Asphalt Streets FY 2011 - 2015	10,821,550	10,821,550	9,021,178	1,800,372	855,380	2,000,000	In FY 2015, a total of 2.2 miles of rubberized pavement will be installed at the following locations: Del Mar Boulevard from Marengo Avenue to Lake Avenue; Lake Avenue from Boylston Street to Villa Street; Foothill Boulevard from Altadena Drive to Halstead Street; and Sierra Madre Villa from Sierra Madre Boulevard to Orange Grove Boulevard.	Design completed and project currently under construction.	Construction

**Capital Improvement Program
FY 2015 Quarter Monitoring Report
Activity Through March 31, 2015**

Priority	Project Name	Total Estimated Cost	Appropriation Thru FY 2015	Expenditures Life of Project	Project Balance As of 3/31/2015	CURRENT YEAR		FY 2015 Workplan Schedule	Comments	Stage
						Expenditures Year-to-Date	FY 2015 Anticipated Expenditures			
2	73906 Resurfacing and Slurry Sealing Streets FY 2015	2,071,250	2,071,250	95,309	1,975,941	95,309	2,000,000	In FY 2015, three miles of streets will be resurfaced and nine miles of streets will be slurry sealed.	Project under design during third quarter. Construction contract awarded fourth quarter and construction will begin.	Design
3	73902 Preventive Maintenance - Bridges FY 2011 - 2015	575,553	575,553	371,116	204,437	44,590	250,000	Construction will take place in FY 2015 for repairs to the New York Drive, Arroyo Boulevard, Walnut Street, Fair Oaks Avenue, Prospect Boulevard, Del Mar Boulevard, Holly Street, Oak Grove Drive and San Rafael Avenue bridges as part of a joint project with Los Angeles County. The repairs will include asphalt overlay, expansion joint seals, and repair to damaged concrete, rebar, and deck drains.	Project is being administered by LA County. County's estimated construction start is winter 2016.	Design
4	73903 Pedestrian Accessibility FY 2011 - 2015	1,122,000	1,122,000	873,968	248,032	112,475	300,000	In FY 2015, retrofit and new installation of curb ramps will continue to be installed.		Construction
5	73904 Improvement of Alleys and Concrete Streets - FY 2011- 2015	3,606,000	3,606,000	3,089,593	516,407	31,310	400,000	In FY 2015, construction of a bulb-out at Washington Boulevard and Lincoln Avenue will be completed.	Currently under design and awaiting E76 from Caltrans.	Design
6	73124 La Loma Bridge - Rehabilitation	16,765,818	16,765,818	2,960,194	13,805,624	192,925	10,000,000	Construction will begin in spring 2015 after the City obtains Caltrans approval.	Caltrans approval obtained, construction contract awarded, and preliminary construction began.	Construction
7	73905 Installation/Replacement of Guard Rails FY 2011 - 2015	143,554	143,554	91,623	51,931	6,208	50,000	This is a continuing program. Projects will be scheduled annually on an as-needed basis.	Construction work will take place along Arroyo Blvd. during fourth quarter.	Construction
8	73130 Fair Oaks/Orange Grove Specific Plan - Transportation Issues - Phase II	783,914	783,914	97,432	686,482	53,558	230,000	Installation of pedestrian lighting on Fair Oaks Avenue from Cedar Street to north city limits will begin in FY 2015.	Construction contract awarded January 2015 and contract executed. Construction will begin fourth quarter.	Construction
9	73582 East Colorado Boulevard Specific Plan	2,138,426	2,138,426	1,289,121	849,305	78,767	750,000	Design for pedestrian lighting from Hill Avenue to Allen Avenue was completed in FY 2014 and construction will be completed in FY 2015.	Construction contract awarded January 2015. Construction will begin fourth quarter.	Construction
10	73706 South Lake Streetscapes Improvements - Phase I	1,700,000	1,700,000	1,788,824	(88,824)	224,631	75,000	Design for the mid-block crossing between Green Street and Cordova Avenue was completed in FY 2013. Construction will be completed in FY 2015.	Construction of mid-block crossing completed October 7, 2014. Staff is currently reviewing the expenditures allocated on this project and will take appropriate steps to address the project balance.	Completed

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11	73705	Route 210 Freeway Soundwalls	40,200,000	1,590,856	722,818	868,038	42,667	850,000	Construction of a portion of Phase II along the east side of Pasadena Avenue, between Orange Grove Boulevard and Rosewood Lane will begin in FY 2015.	Construction contract awarded by Council on January 12, 2015 and construction will begin fourth quarter.	Construction
12	73128	Walnut Street Improvements - Foothill Blvd to Altadena Drive, and Daisy Ave to Sunnyslope Ave	1,225,580	1,180,580	963,935	216,645	0	60,000	In FY 2015, design will begin on the series circuit upgrade conversion on Walnut Street from Allen Avenue to Altadena Drive.	Design work will begin fourth quarter.	Planning
13	73604	Sidewalk Improvement Program - Citywide	434,445	434,445	392,554	41,891	64,834	100,000	This project began in FY 2014 and will continue in FY 2015.	274 applications received to date; 203 property owners submitted payment for sidewalk repair; Sidewalk repaired at 146 properties; Sidewalk repair under construction at 46 properties; and Sidewalk repair pending at 11 properties.	Construction
14	73323	Holly Street Bridge - Seismic Retrofit	9,775,000	1,603,000	0	1,603,000	0	450,000	Preliminary design began in FY 2014 and will continue in FY 2015.	Project in preliminary design phase. Project has been delayed due to higher priority projects.	Design
Street Lighting											
1	74411	Street Lighting For Residential Streets - Various Locations	3,180,660	3,180,660	3,081,686	98,974	442,456	350,000	In FY 2015, street lights will be installed on Villa Street between Castano Avenue and Sunnyslope Avenue; Phase II inventory will be completed and priorities established; and the installation of phase III will be continued.	Installation of street lights completed December 2014. Currently performing quality assurance and control (QA/QC) on street light inventory. Priorities will be established upon completion.	Ongoing
2	74412	In-Fill Street Lighting for Residential Streets - FY 2011 - 2015	125,000	125,000	99,262	25,738	44,990	30,000	This is a continuing program. Projects will be scheduled by City staff as requests are received.		Ongoing
3	74346	Repair and/or Replacement of Existing Street Lighting Systems	6,134,900	2,560,700	2,508,085	52,615	(14,935)	250,000	In FY 2015, the replacement of existing qualified high mast luminaires with energy efficient lighting will continue and design will begin on the high voltage series circuit on: Paloma Street - East of Palo Verde Avenue to Altadena Drive; Orange Grove Boulevard - Craig Avenue to Altadena Drive; Lambert Drive - Oak Avenue to Altadena Drive; Craig Avenue - Paloma Street to Lambert Drive; Martelo Avenue - Paloma Street to Lambert Drive; and Carmelo Avenue - Paloma Street to Lambert Drive.	Project delayed due to staffing and funding issues.	Ongoing

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Street Lighting and Electric Undergrounding											
1	74480	Miscellaneous - Electric System Undergrounding - FY 2011 - 2015	3,500,000	3,500,000	1,347,956	2,152,044	59,620	1,000,000	This is an ongoing project which is based on small undergrounding projects that are not part of an established underground district.	This project is ongoing. Undergrounding private property reimbursements are processed as they are received. Electrical utility relocation work in advance of the La Loma Bridge retrofit project will be initiated fourth quarter and also charged to this project.	Ongoing
2	74488	Hill Avenue - Street Lighting and Electric System Undergrounding, Villa St. to North City Limits	11,379,000	11,379,000	1,831,911	9,547,089	113,034	3,400,000	Construction of the electric system began in FY 2014 and will be completed in FY 2015. Construction of Phase I street lighting will begin in FY 2015 and poles will be removed in FY 2017. Phase II street lighting will begin after overhead wires and poles have been removed.	Public Works: Development of plans, specifications, and engineering for private property undergrounding project has been completed. Project advertised March 2015. Street lighting design will be completed in FY 2016. PWP: Civil construction completed and electrical design is ongoing. Currently requesting bids for private property conversion construction through Public Works.	Construction
3	74801	Alpine Street - Street Lighting and Electrical System Undergrounding, Marengo Avenue to El Molino Avenue	3,923,000	3,923,000	696,508	3,226,492	7,375	1,800,000	Construction of the electric system began in FY 2014 and will be completed in FY 2015. Poles will be removed in FY 2017.	FY 2015 workplan schedule incorrectly states construction of electric system began in FY 2014. Delay caused by coordination efforts with Charter Communications and AT&T. PWP civil engineering completed design work and is currently requesting bids for private property conversion construction. PW street lighting system installed FY 2014.	Design
4	74909	Mountain Street - Street Lighting and Electrical System Undergrounding, Lake Avenue to Hill Avenue	5,433,400	5,433,400	594,367	4,839,033	671	1,500,000	Design of the street lighting and electric system will be completed in FY 2015. Installation of street lights will be completed in FY 2015. Construction of the electric system will begin in FY 2015 and be completed in FY 2016. Poles will be removed in FY 2017.	Installation of street lighting delayed until electric work is completed. PWP civil engineering continued design work.	Design

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5	74490 Raymond Avenue - Electric System Undergrounding, Maple Street to North City Limits	14,642,700	13,407,700	1,477,897	11,929,803	830	3,000,000	Design of street lighting will be completed in FY 2015 and construction will be completed in FY 2016. Design of electric system will begin in FY 2015 and construction will begin in FY 2016.	Design of street lighting will begin in FY 2016 and construction will begin in FY 2017. Delay is caused by other higher priority projects.	No Activity This Quarter
6	74485 Howard Street - Electrical System Undergrounding, Lincoln Avenue to Raymond Avenue	4,081,500	4,081,500	309,050	3,772,450	0	300,000	This project will begin in FY 2015.	Delay caused by other higher priority projects.	No Activity This Quarter
Transportation										
1	75043 Detection of Bicycles at Intersections Controlled by Traffic Signals	2,494,505	2,494,505	225,209	2,269,296	148,231	2,157,551	Construction will be completed in FY 2015.	Project currently under design. Project delayed due to testing of various bicycle detection technology. Design under final review with construction to start in FY 2016.	Design
2	75047 Pedestrian Safety Enhancements at Signalized Intersections	455,300	455,300	116,820	338,480	34,550	275,000	Design began in FY 2014 and will be completed in FY 2015. Construction will begin in FY 2015.	During the preliminary environmental study, Caltrans required a Historical and Cultural assesment of the project. The City has hired an environmental consultant to complete this study and move forward with the project design. Design will be completed in FY 2015 and construction will be completed in FY 2016 pending Caltrans/FHWA approvals.	Design
3	75506 Gold Line Phase I - Project Enhancements	5,711,908	5,711,908	1,994,094	3,717,814	69,199	1,200,000	In FY 2015, improvements of MTA right-of-way between Green and Holly Street (#2) will continue. In addition, design will be completed and construction will begin on the Light Rail Train (LRT) Tracking and Network System.	ROW plans currently with MTA for review and approval. Authorization to start design of the LRT tracking system has been received from Caltrans.	Design
4	75701 Intelligent Transportation System (ITS) Project - Phase I	4,128,961	4,128,961	1,970,301	2,158,660	92,933	1,800,000	Construction of the transit, parking, and traffic components will be completed in FY 2015.	Design completed. Awaiting authorization from Caltrans/FHWA to advertise project for construction.	Design
5	75052 Cordova Street Road Diet	2,880,946	223,000	11,095	211,905	11,095	100,000	This project began in FY 2014 and will continue in FY 2015.	MOU scheduled to be executed by MTA by July 2015.	No Activity This Quarter
6	75910 Intelligent Transportation System (ITS) Project - Phase II	3,354,000	3,354,000	1,718,578	1,635,422	390,958	1,600,000	Installation of fiber optic communication, CCTV cameras and other ITS components and construction will be completed in FY 2015.	Construction contract awarded first quarter FY 2015. Construction continued third quarter and on track for completion fourth quarter.	Construction

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7	75600 Pasadena Bicycle Program FY 2010 - 2015	644,562	644,562	607,783	36,779	21,146	50,000	Adoption of the new draft Bicycle Transportation Plan will continue to be coordinated with the Mobility Element Update of the General Plan in FY 2015.	Draft Bicycle Transportation Action Plan currently being developed.	Planning
8	75049 Traffic Signal Improvements at Pasadena Avenue and Walnut Street	158,900	158,900	59,199	99,701	(9,837)	40,000	Construction will be completed in FY 2015.	Design completed and project advertised third quarter. Project awarded April 27, 2015. Funding issues and scope changes delayed advertisement of project.	Design
9	75048 Left Turn Signal Phasing at Colorado Blvd. and Orange Grove Blvd. and at Orange Grove Blvd. and Holly St.	253,000	253,000	38,641	214,359	12,345	170,000	Design began in FY 2014 and will be completed in FY 2015. Construction will be completed in FY 2015.	Preliminary plans, specifications, and engineering substantially completed. Design will be finalized pending Caltrans approval of additional scope at Colorado & Orange Grove.	Design
10	75903 Neighborhood Traffic Management Program - FY 2011 - 2015	650,000	650,000	240,368	409,632	43,812	10,000	The following work will take place in FY 2015: San Rafael area - conduct neighborhood meetings, complete surveys, and possible intermediate or permanent solutions to be implemented Upper Hastings Ranch Area - conduct neighborhood meetings, complete surveys, and possible intermediate or permanent solutions to be implemented.	San Rafael Area NTMP completed and Upper Hastings Ranch Area is underway.	Ongoing
11	75044 Pasadena Wayfinding System	2,287,785	2,287,785	1,052,207	1,235,578	88,243	1,200,000	In FY 2015, the following will be completed: the installation of electronic and monument signs, improvements to stand alone Parking signs, and development of a GIS map of all citywide wayfinding signs.	Pedestrian Wayfinding signs were installed in all business districts. Design of electronic signs underway. Design of monument signs dependent of availability of budget.	Design
12	75045 Zero Emission Vehicle Charging Stations	780,914	780,914	277,399	503,515	43,726	300,000	This project will continue in FY 2015.	MOU expired June 30, 2014. One year extension was granted by MTA. Up to ten additional chargers expected to be installed at private properties and up to five chargers will be installed at public facilities. Project will be completed by June 30, 2015.	Construction
13	75711 Traffic Mitigation Improvements - Phase I	500,000	500,000	165,161	334,839	51,445	200,000	Design was completed in FY 2014 and construction will continue in FY 2015.	Design continued third quarter. Project delayed due other higher priorities. Construction to be completed in FY 2016.	Design

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14	75605	Arterials Speed Management Program	632,000	207,000	194,395	12,605	59,336	25,000	In FY 2015, additional arterial speed management strategies will be implemented.	Design completed for installation of speed feedback signs at various locations. Project advertised in March 2015.	Design
15	75900	Bus Stop Improvement Program	600,000	300,000	226,484	73,516	23,245	50,000	This is an ongoing annual project. Work will be completed on an as-needed basis.		Ongoing
17	75709	Traffic Signal Indication Safety Improvements - Phase II	750,000	750,000	2,645	747,355	2,645	350,000	Phase II of this project will begin in FY 2015.		Planning
18	75906	Intelligent Transportation System (ITS) Equipment Upgrades/Replacement - FY 2011 - 2015	270,353	270,353	199,135	71,218	12,629	50,000	In FY 2015, additional CCTV cameras, video detection equipment, and fiber optic communication equipment will be purchased and deployed. Also fixed CMS signs will be upgraded as needed.	ITS Maintenance RFP released; three bids were submitted; & contract awarded April 27, 2015.	Design
19	75904	Mobility Corridor Improvements - FY 2011 - 2015	240,000	240,000	192,183	47,817	27,206	50,000	Planning for this project will continue as the mobility corridors improvements are identified. In FY 2015, the focus of the Mobility Corridor project will be updating coordination timing to accommodate longer pedestrian clearance times and implementing red light running counter measures.	Progress has been made at several intersections for updating the pedestrian clearance times. Red light running counter measures to start in FY 2016.	Ongoing
20	75915	Federal and State Traffic Sign Compliance Program	150,000	150,000	101,217	48,783	10,696	50,000	In FY 2015, work will continue on updating miscellaneous regulatory and warning signs in compliance with the California MUTCD.		Planning
21	75602	Implementation of a Citywide Transportation Performance Monitoring Network	3,072,415	326,915	274,072	52,843	5,543	45,000	This project will continue in FY 2015 with an emphasis on data distribution and integrated corridor management.		Planning
22	75905	Old Pasadena Traffic Improvement - FY 2011 - 2015	64,500	64,500	39,154	25,346	667	25,000	In FY 2015, work will include updating parking signs districtwide to reflect changes in time limits (simplifying signage for improved compliance) and supporting any changes in parking regulations or installation of pay and display parking kiosks.	Updated parking signs will be deployed fourth quarter.	Design
23	75911	Intelligent Transportation System (ITS) Master Plan Implementation Phase III	5,293,565	2,477,851	0	2,477,851	0	120,000	This project will begin in FY 2015 and will be completed in FY 2016.	MOU with Metro was executed in FY 2015. Design to start in FY 2016.	Planning

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24	75707	Construction of Transit Maintenance Facility	11,880,000	100,000	1,465	98,535	1,465	100,000	In FY 2015, improvements will be made to the Walnut portion of the site to accommodate bus storage for up to 10 buses, including paving and lighting.	Preliminary discussions on design and environmental process between Public Works, Planning & DOT took place third quarter.	Planning
Parking											
1	72151	DeLacey, Schoolhouse, and Marriott Garage Improvements - FY 2015 - FY 2019	3,877,000	510,000	0	510,000	0	510,000	This project will begin in FY 2015.	Project manager selected and contract being routed for signature. Design expected to begin in May with a bid for construction to be issued in June. Construction work expected to begin in September 2015.	Planning
2	72152	Paseo, Marengo, Los Robles Parking Garage Improvements - FY 2015 - FY 2019	10,090,000	1,440,000	0	1,440,000	0	1,440,000	This project will begin in FY 2015.	Project manager selected and contract being routed for signature. Design expected to begin in May with a bid for construction to be issued in June. Construction work expected to begin in September 2015.	Planning
3	72153	Holly Street Parking Garage Improvements FY 2015 - FY 2019	2,350,000	530,000	0	530,000	0	530,000	This project will begin in FY 2015.	Project manager selected and contract being routed for signature. Design expected to begin in May with a bid for construction to be issued in June. Construction work expected to begin in September 2015.	Planning
4	72154	Del Mar Station Garage Improvements - FY 2015 - FY 2019	2,120,000	310,000	0	310,000	0	310,000	This project will begin in FY 2015.	Project manager selected and contract being routed for signature. Design expected to begin in May with a bid for construction to be issued in June. Construction work expected to begin in September 2015.	Planning
5	72155	Plaza Las Fuentes Parking Garage Improvements FY 2015 - FY 2019	1,620,000	240,000	0	240,000	0	240,000	This project will begin in FY 2015.	Project manager selected and contract being routed for signature. Design expected to begin in May with a bid for construction to be issued in June. Construction work expected to begin in September 2015.	Planning
6	72156	DeLacey Parking Structure - Stairwell Improvements	155,000	155,000	0	155,000	0	155,000	This project will be completed in FY 2015.	OMPD submitting revised bids with a lower cost. Work is still expected to be completed in FY 2015.	Planning
7	72157	DeLacey and Schoolhouse Parking Structures - LED Lighting Upgrades	190,000	190,000	0	190,000	0	190,000	This project will be completed in FY 2015.	This project is on hold pending further review and will not be completed in FY 2015.	No Activity This Quarter

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Sewers and Storm Drains											
1	76901	Preventive Maintenance - Sewer System FY 2011 - 2015	3,850,954	3,850,954	2,093,589	1,757,365	82,795	1,500,000	Work will be conducted based on the findings of the yearly sewer inspection and evaluation.	Project has been delayed due to higher priority projects. Construction will begin in FY 2016.	Design
2	76902	Preventive Maintenance - Corrugated Metal Pipe Storm Drains FY 2011 - 2015	1,100,000	1,100,000	717,462	382,538	9,426	400,000	In FY 2015, repair or rehabilitation of failed pipes will continue based on the evaluation of the FY 2007 video inspection results, and subsequent inspections.	Project has been delayed due to higher priority projects. Construction will begin in FY 2016.	Design
3	76903	Preventive Maintenance - Curbs and Gutters FY 2011 - 2015	2,798,901	2,798,901	2,500,523	298,378	611,153	590,000	Curb and gutter repair will continue in advance of resurfacing streets as needed.	Construction will be completed first quarter FY 2016.	Construction
4	76904	Storm Drain Structure Repairs and Improvements FY 2011 - 2015	450,000	450,000	417,988	32,012	61,697	120,000	This is an ongoing project and work will be done on an as needed basis.		Ongoing
5	76290	NPDES - Storm Water Pollution Prevention Program	2,670,000	2,420,000	1,861,086	558,914	132,765	500,000	In FY 2015, work will be done as needed to meet the conditions of the NPDES permit.	Coordinated Integrated Monitoring Program (CIMP) review and updates were on going in third quarter and draft Enhanced Watershed Management Program (EWMP) report will be submitted first quarter FY 2016.	Ongoing
6	76905	Drainage Improvements on Streets with Flat Grades FY 2011 - 2015	1,174,487	1,174,487	554,971	619,516	44,751	675,000	In FY 2015, construction will begin at the following locations: Waverly Drive - Fair Oaks Avenue to Pasadena Avenue Mountain Street - Sunset Avenue to Fair Oaks Avenue Stanton Street - West End to Mentone Avenue Coniston Avenue - Arroyo Boulevard to Kenneth Way Del Vina Street - Avocado Avenue to Sierra Madre Villa Avenue Claremont Street -Forest Avenue to Lincoln Avenue Mountain Street - El Molino Avenue to Lake Avenue Howard Street - Lincoln Avenue to Mentone Avenue Lombardy Road - Hill Avenue to Sierra Bonita Avenue	Project is advertising and construction will begin in early FY 2016.	Design

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7	76538	Rehabilitation of Arroyo Parkway Storm Drain from Holly Street to South City Limit	1,837,000	1,446,000	843,160	602,840	41,962	550,000	Construction of Phase III (from one manhole north of Glenarm Street to Glenarm Street) will be completed in FY 2015. Design of Phase IV (Holly Street to Colorado Boulevard) will be completed in FY 2015 and construction will begin in FY 2016.	Project in preliminary construction phase and construction will begin fourth quarter FY 2015.	Construction
8	76906	Sewer Capacity Upgrades - FY 2011 - 2015	2,382,909	2,382,909	1,423,790	959,119	108,091	900,000	In FY 2015, sewer capacity upgrades will begin at locations to be determined.	Project will be advertised in fourth quarter and construction will begin in FY 2016.	Design
9	76390	El Mirador Tract Storm Drain	917,400	610,302	35,537	574,765	0	150,000	The current scope of this project will be reviewed by the Los Angeles County Public Works Department and a new cost estimate will be developed. Scheduling will depend upon the results of this review.		No Activity This Quarter
Rose Bowl Improvements											
1	84002	Rose Bowl Renovation Project	181,800,000	173,800,000	N/A	N/A	N/A	5,000,000	The renovations are expected to be completed in FY 2018. Remaining project elements will concentrate on concourse improvements.		Construction
2		Implementation of the Master Plan for the Brookside Golf Course - Tunnel Extension	1,700,000	1,700,000	N/A	N/A	N/A	125,000	In FY 2014, the tunnel connection to the existing irrigation system began and will be completed in FY 2015.	Design was 100% completed in third quarter. However, the project has been suspended due to the lack of water flow from the tunnels for the past 18 months. PWP anticipates that tunnel flow will not occur until the JPL spreading pond project is completed and drought conditions improve. RBOC doesn't anticipate any water flow until FY 2018.	Design
3		Implementation of the Master Plan for the Brookside Golf Course	8,600,000	5,565,000	N/A	N/A	N/A	1,000,000	In FY 2015, turf reduction, irrigation modifications, and fairway improvements will be completed.	Turf reduction and irrigation modifications were 100% completed in third quarter. This completed project will reduce Brookside's use of domestic water by 10%. No fairway improvements were undertaken in third quarter.	Construction

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4	Rose Bowl Major and Preventative Maintenance FY 2013 - 2017	1,780,000	1,280,000	N/A	N/A	N/A	500,000	In FY 2015, the following work will continue: stadium electrical and IT upgrades and maintenance; field revamping; concourse slurry improvement; restroom improvements; parking lot slurry improvements; tunnel lighting replacement; and Bowl seating replacement.	Stadium electrical and IT upgrades both continued. Tunnel lighting replacement is on hold as it conflicts with portions of the renovation project. Phase II of stadium stair striping began.	Construction
5	Brookside Clubhouse Upgrades	1,525,000	1,525,000	N/A	N/A	N/A	450,000	In FY 2015, various clubhouse and patio upgrades will be completed.	In the third quarter, furniture was purchased for the restaurant and lounge area. Design and construction of the patio and Mediterranean room have been placed on hold until FY 2016 due to contract negotiations with American Golf Corporation.	Planning
6	Rose Bowl Donor Plaza	1,000,000	1,000,000	N/A	N/A	N/A	400,000	This project will be completed in FY 2015.	Project is completed.	Completed
7	Rose Bowl Court of Champions	1,000,000	1,000,000	N/A	N/A	N/A	200,000	This project will be completed in FY 2015.	Project is completed.	Completed
Parks and Landscaping - Park Projects										
1	78901 Replacement or Installation of Security Lights - Various Locations	3,565,000	1,769,600	1,380,664	388,936	549,223	960,000	In FY 2015, security lighting installation will be completed at La Pintoresca, Brenner, McDonald and Eaton-Blanche. Design for Villa Parke will be completed in FY 2015.	Construction completed at La Pintoresca, Brenner, McDonald, and Eaton-Blanche. Design started at Villa Parke.	Construction
2	78461 Central Park - Implement Master Plan	3,200,000	2,745,600	1,087,632	1,657,968	13,938	1,200,000	The restroom will be completed and design, CEQA, and CUP work for the remainder of the project will continue in FY 2015.	Restroom approved by Design Commission second quarter and will be submitted for plan check in fourth quarter. Construction will be completed in FY 2016.	Design
3	78038 Restroom Bldgs (Replace or Construct)-Jefferson, McDonald, Allendale, Victory, Grant, Villa, Singer, Eaton-Blanche, Memorial, Hamilton Parks	6,974,623	5,269,623	4,656,664	612,959	66,096	600,000	Design for the restrooms at Grant Park was completed in FY 2014 and construction will begin in FY 2015. Design for the restrooms at Eaton-Blanche Park was completed in FY 2014 and construction will begin once funds are identified. Work on Victory Park will begin when funds are identified.	Notice to Proceed and plan check for Grant Park completed third quarter. Construction will begin fourth quarter.	Construction

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4	78055 Soccer Field - Muir High School	2,000,000	2,000,000	462,668	1,537,332	368,318	200,000	Design and environmental review began in FY 2014 and construction will begin in FY 2015.	Demolition complete and initial construction commenced in January 2015. Project delayed due to problems obtaining required permit from the Department of the State Architect. All permits except for restrooms anticipated to be received fourth quarter.	Construction
5	78043 Robinson Park - Implement Master Plan Phase II	11,400,000	8,111,243	700,126	7,411,117	334,894	800,000	Design will continue in FY 2015.	Began CEQA; continued design development; and received City Council's approval to proceed with proposed design alternative on February 23, 2015.	Design
6	78054 Desiderio Park - Development of New Park	2,410,000	1,560,000	325,118	1,234,882	172,328	1,400,000	Demolition of the existing structures will begin in FY 2015.	Project waiting for Habitat for Humanity to submit building plans for plan check. In addition, City is waiting for title to transfer from the federal government before demolition can begin.	Design
7	78056 Vina Vieja Park - Synthetic Turf Soccer Field	5,000,000	500,000	30,492	469,508	1,106	300,000	In FY 2015, preliminary design and EIR will continue.	Project schedule amended. No work will be completed in the remainder of FY 2015 or in FY 2016.	No Activity This Quarter
8	78068 Citywide Park Accessibility Improvements	586,000	586,000	29,804	556,196	29,804	350,000	This project will begin in FY 2015 and be completed in FY 2016.	Design underway for citywide improvements. Construction will begin at Villa Parke in fourth quarter FY 2015.	Design
9	78240 Annandale Canyon Open Space Trail Access, Improvements and Park Expansion	770,000	496,000	367,762	128,238	23,867	270,000	In FY 2015, work will include the completion of trailhead improvements and trail construction utilizing an existing route and precise design for additional trail routes will continue. Phase II trails and other improvements such as parking and additional site furnishings will be implemented when funds are available.	Trailhead concept plan and initial trail plan are complete. Delay due to work on higher priority time-sensitive projects.	Planning
10	78801 School Park Site Improvements	524,500	524,500	377,691	146,809	10,079	130,000	Design of a play area at Linda Vista School was completed in FY 2014 and construction will begin when additional funds are identified.	Project advertised. Bids came in higher than anticipated and project will be re-evaluated.	Design
11	78058 Victory Park - Update of Master Plan	250,000	250,000	0	250,000	0	50,000	This project will continue in FY 2015.		No Activity This Quarter
12	78069 Hamilton Park - Various Projects Phase II	755,000	175,000	9,732	165,268	9,732	175,000	In FY 2015, work will begin on perimeter walkway, activity striping on the concrete pad, picnic area upgrades, and re-striping of parking lot.	Concept plans have been completed. Work will occur in FY 2016. Delay caused by other higher priority projects.	Planning

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Parks and Landscaping - Landscape Projects											
1	78957	Tree Replacement/Planting - Citywide	1,595,000	1,295,000	592,904	702,096	86,005	300,000	In FY 2015, approximately 1,000 trees will be planted.	Approximately 250 trees planted to date.	Ongoing
Arroyo Projects - Hahamongna											
1	77506	Hahamongna - Implement Master Plan - Oak Grove Area Improvements	1,864,348	1,864,348	272,885	1,591,463	21,972	150,000	Environmental compliance as well as coordination with other regulatory agencies will continue in FY 2015.	Design development phase of project commenced. Project description and scope of work for design and environmental consultants underway.	Design
2	77507	Hahamongna - Implement Master Plan - Trail Development	877,905	877,905	97,567	780,338	8,893	150,000	Phase II environmental compliance and coordination with Los Angeles County and other regulatory agencies and final design will continue through FY 2015.	Design development phase of project commenced. Project description and scope of work for design and environmental consultants underway.	Design
3	77514	Hahamongna - Implement Master Plan - Eastside Neighborhood and JPL Connector Trail Improvements	215,000	215,000	57,135	157,865	13,471	165,000	Construction will begin in FY 2015.	Concept plan presented to and supported by the public and HWPAC. Design underway. Construction will commence in FY 2016. Additional coordination necessary due to adjacent facilities and proximity to Water & Power Arroyo Seco Canyon project.	Design
4	77509	Implement Master Plan - Hahamongna Watershed Park - Berkshire Creek Area Improvements	1,593,010	778,410	95,889	682,521	13,309	150,000	Design and environmental compliance for the Berkshire Creek improvements will continue through FY 2015.	Design development phase of project commenced. Project description and scope of work for design and environmental consultants underway.	Design
5	77508	Implement Master Plan - Hahamongna Watershed Park - Habitat Restoration	520,000	420,000	85,585	334,415	11,633	50,000	Environmental compliance, coordination with Los Angeles County and regulatory agencies, and design will continue in FY 2015.	Design development phase of project commenced. Project description and scope of work for design and environmental consultants underway.	Design
6	77515	Hahamongna - Implement Master Plan - Westside Perimeter Trail - Northern Segment Habitat Restoration	100,000	100,000	10,693	89,307	4,017	90,000	This project will be completed in FY 2015.	Design will commence in fourth quarter. This project will be completed in FY 2016. Delay due to work on other higher priority time-sensitive projects.	Planning

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7	77901 Pasadena Equestrian Center Improvements	950,000	650,000	77,058	572,942	22,485	300,000	The utility improvements will be completed and the CUP and CEQA processes will continue in FY 2015.	Lease and operating agreement nearing completion and will go to City Council for consideration in fourth quarter. Portions of the utility improvements (partial electrical improvements) completed third quarter and the remaining electrical, water, and sewer improvements will be completed in FY 2016.	Design
8	77511 Environmental Educational Center at Hahamongna	1,300,000	100,000	70,378	29,622	0	10,000	Design work will continue in FY 2015.		No Activity This Quarter
9	77516 Hahamongna Watershed Park - Oak Grove Disc Golf Course Improvements	75,000	75,000	3,560	71,440	3,560	40,000	This project will begin in FY 2015.	Design development phase of project commenced. Project description and scope of work for design and environmental consultants underway.	Design
Arroyo Projects - Central Arroyo										
1	77371 Trail and Rubble Wall Restoration - Central Arroyo	1,094,660	688,848	480,358	208,490	27,475	30,000	In FY 2015, trail and rubble wall restoration work will continue.	First of two portions of project advertised for bids. Construction will commence in fourth quarter.	Design
2	77562 Brookside Park - Jackie Robinson Baseball Stadium Improvements	830,000	247,478	124,481	122,997	6,308	70,000	In FY 2015, bleacher renovations will begin.	Project scope adjusted to include outfield netting along a portion of the field perimeter. Design for netting completed. The project will advertise for bids in fourth quarter.	Design
3	77377 East Arroyo Neighborhood Connector Trail Improvements	186,000	186,000	27,701	158,299	23,198	50,000	In FY 2015, existing asphalt paving will be removed, drainage improvements installed, and the earthen trail established. Habitat restoration may also occur in collaboration with a neighborhood group.	Concept plans prepared. A community meeting will be held fourth quarter. Project delayed due to work on higher priority time-sensitive projects.	Planning
Arroyo Projects - Lower Arroyo										
1	77409 Bird Sanctuary Improvements	350,000	225,000	47,754	177,246	0	175,000	In FY 2015, restoration and improvements to the central fountain, stone wall and stairs, and signage will be completed. The remaining improvements will begin when funds are identified.	Project currently on hold due to re-evaluation of project scope.	No Activity This Quarter
2	77414 Lower Arroyo - Implement Master Plan - Signage	316,734	179,200	78,703	100,497	12,247	110,000	Implementation of the master sign program began in FY 2013 and will continue in FY 2015.	Draft sign master planning continued in third quarter.	Planning

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3	77422 Lower Arroyo - Implement Master Plan - Habitat Restoration	841,460	541,175	464,411	76,764	(105,975)	0	In FY 2015, restoration will continue. Remaining projects will be completed when funding is identified.	Design completed for habitat restoration adjacent to the Lower Arroyo Seco casting pond. Design commenced for restoration along the archery range edge.	Design
4	77407 Lower Arroyo - Implement Master Plan - Main Entrance Improvements	1,300,000	200,000	58,812	141,188	2,974	140,000	In FY 2015, construction will begin for additional entry, landscape, and signage work. Widening of entry road segments will be completed when funding becomes available.	Delay due to work on higher priority time-sensitive projects.	No Activity This Quarter
Pasadena Center Improvements										
1	Restoration and Renovation of the Civic Auditorium Exhibition Hall	5,970,000	860,000	N/A	N/A	N/A	100,000	Restrooms will be added to the historic exhibition hall in FY 2015.	Restrooms, sprinklers and fire alarm system and project completed (2nd and 3rd quarters). Received Certificate of Occupancy and held grand opening on February 8, 2015.	Construction
2	Restoration, Upgrades, and Repairs of the Civic Auditorium, Convention Center and Ice Rink - FY 2013 - FY 2017	990,000	590,000	N/A	N/A	N/A	50,000	In FY 2015, repair/replacement of the HVAC equipment and upgrading of the CCTV systems will take place.		No Activity This Quarter
3	Electrical Service Panel Upgrades to Civic Auditorium - Panel 2	900,000	100,000	N/A	N/A	N/A	100,000	Work will begin in FY 2015.	Finalizing contract with ONXY architect.	Planning
Water System										
1	1001 Distribution Mains FY 2012 - 2016	15,251,797	12,236,797	10,784,159	1,452,638	1,340,869	2,650,000	The goal is to install 2.5 miles of new distribution mains including installation of new gate valves and asphalt/resurfacing, as needed. Total miles installed include CIP projects 1001, 1019, 1040, and 1063.	Distribution mains installed to date totaled 1.3 miles (0.4 miles in Q1, 0.4 miles Q2 and 0.5 miles in Q3) under projects 1001 & 1019. To date through the 3rd quarter, 21 new gate valves installed (9 in third quarter), 57,010 sq ft of asphalt installed for roadway (15,275 in third quarter), 186 new service connections installed associated with new main line installation (54 in third quarter), and 8 fire hydrants with mains were installed/reconnected (2 in third quarter).	Construction

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2	1002 Meters and Services FY 2012 - 2016	6,454,090	4,954,090	3,878,932	1,075,158	445,186	1,500,000	The Water Division will continue the large meter replacement program in FY 2015. Approximately 100 large and 350 small meters are expected to be replaced. Also, 150 occluded services will be replaced in addition to the replacement of approximately three meter vault/steel plate covers.	Meters and Services installations total 505 meters to date (186 in the third quarter). Additional work included 32 new service installations (2 in the third quarter) and the repair / replacement of 13 steel plate covers for water meter vaults, boxes, and cutout caps (3 in the third quarter) and the exercising of 1,715 gate valves (834 in the third quarter).	Construction
3	1003 Customer Driven Meters and Services FY 2012 - 2016	5,226,107	4,026,107	3,155,266	870,841	395,052	1,200,000	PWP will install mains, meters, and services for customers upon request and at customers' expense.	The following customer driven projects were completed year to date 3rd quarter: - installation of 65 meters (16 in the third quarter) - installation of 45 services (10 in the third quarter) - installation of 10 fire hydrants (2 in the third quarter) - installation of 32 backflow prevention devices (24 in the third quarter) - 13 service abandonments (9 in the third quarter) - worked on 319 customer service requests (86 in the third quarter)	Construction
4	1019 Fire Protection System Improvements FY 2012 - 2016	5,598,056	4,308,056	3,184,940	1,123,116	912,132	1,195,000	The goal is to install 2.5 miles of new distribution mains including installation of new gate valves and asphalt/resurfacing. Total miles installed include CIP projects 1001, 1019, 1040, and 1063.	Distribution mains installed to date was 0.4 miles in the first quarter, 0.4 miles in the second quarter and 0.5 miles in the third quarter under both projects 1001 & 1019 Year-to-date total is 1.3 miles. To date through the 3rd quarter, 21 new gate valves installed (9 in third quarter), 57,010 sq ft of asphalt installed for roadway (15,275 in third quarter), 186 new service connections installed associated with new main line installation (54 in third quarter), and 8 fire hydrants with mains were installed/reconnected (2 in third quarter).	Construction
5	1020 Upgrade Well Pumps, Booster Pumps, Switchgears and Meters FY 2012 - 2016	6,582,894	5,582,894	4,238,759	1,344,135	136,431	1,100,000	In FY 2015, design is expected to start on the upgrades to the Arroyo Booster Station. Also, construction is expected to start on the rehabilitation of Monte Vista Well. Other wells, booster pumps, meters, and switchgears will be upgraded as required.	Work to date includes emergency repairs to Well 58 in addition to ongoing upgrades to Garfield Well, continuing design on the Arroyo Booster Station and design/upgrades of the Atlanta and Wilson Booster Stations.	Construction

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6 1062	Sunset Perchlorate Treatment Plant	3,745,898	3,695,898	3,138,311	557,587	112,372	815,500	Work in FY 2015 will include the remaining cost of materials, contractor labor, construction management, and staff time associated with this project. In addition, testing, calibrating and operations training for the disinfection facility and filing required documentation per CalARP will be done. Also, evaluation and assessment will continue in FY 2015 through 2019, on the efforts to locate the source of the perchlorate contamination affecting the Sunset wells. Strategizing with the City's and JPL's technical and legal teams will continue and will provide data needed to move forward with the construction of the perchlorate treatment system.	SCHEDULE CHANGE: Due to the termination of the original contractor, the project has been delayed. PWP currently in the process of securing a replacement contractor, construction anticipated to resume in the fourth quarter of FY 15. During the 3rd quarter, Phase 1 of the initial assessment and the review of the design for the electrical instrumentation and controls review was completed. Also, the scope of work for Phase 2 is expected to be completed in the 4th quarter of FY 2015. Staff continues to work with the City Attorney's Office concerning the claim the terminated contractor has made against the city.	Design
7 1037	Reservoir Improvements FY 2012 - 2016	6,249,568	4,749,568	4,228,945	520,623	175,742	750,000	In FY 2015, design of Murray Hydro-Pneumatic Zone upgrades is expected to begin in addition to the feasibility study for seismic upgrades to Sunset Reservoir.	Year to date through the third quarter includes the completion of the design phase for the Murray Hydro-Pneumatic Zone upgrades and the start of the Request for Bid process. Work continuing on the feasibility study for the seismic upgrades to Sunset Reservoir.	Design
8 1044	Cross Town Well Collector Pipelines	13,109,718	12,609,718	9,892,751	2,716,967	135,991	630,000	Work in FY 2015 will include any remaining paving, installation of gate valves, miscellaneous installation of pipeline, and calibration and monitoring of the disinfection facility.	Work continued on the construction of the Eastside Well Collector Centralized Disinfection Facility. The pipeline work completed and the disinfection facility nearing completion. Staff from PWP Power Distribution Section assisting with the remaining work needed to complete the project. Project completion expected in first quarter FY 2016.	Construction

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9 1040	Arroyo Spreading Basins and Intake Structures	7,339,525	2,222,870	1,758,290	464,580	314,455	602,000	<p>Work in FY 2015 will include completing the design of the Arroyo Canyon Project which includes a new intake structure, restroom, additional spreading basins, habitat restoration, and a recreational parking area. In addition, the bid documents will be prepared for this project. Also, the design for rebuilding bridge B-3 and the required environmental documentation will start. Construction of the project is expected to begin in FY 2016.</p>	<p>During the year, the following milestones have been completed:</p> <ul style="list-style-type: none"> • Completed the second review of the Mitigated Negative Declaration Study • RFP was prepared for design engineering services for the temporary bridge needed during construction • Evaluation of the condition of Bridges No.1 and No.2 • Review of design plans and prepared memo to the Urban Forest Advisory Committee for proposed tree removal • Submitted the application package for the Conditional Use Permit (CUP) <p>In the 3rd quarter FY 2015, the CUP and Initial Study (I/S) were presented to the Planning Department. The CUP and I/S were approved, but a lawsuit was filed by the public to stop the project. On March 4, the Zoning Appeal Board (ZAB) held a hearing and the CUP I/S was approved the without further conditions. The ZAB decision was also appealed (by the same group), and a hearing is currently scheduled for the May 18, 2015 City Council meeting.</p> <p>Also during the 3rd quarter, a field investigation was made on an existing pipeline in the project area. The pipeline was found to be in excellent condition and the project design has been revised to incorporate it into the project, which will reduce overall construction costs.</p> <p>Additionally, the project design was modified to mitigate potential issues associated with an existing LA County storm drain.</p>	Design

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10 1013	Recycled Water	19,801,588	14,601,588	3,018,476	11,583,112	113,907	600,000	In FY 2015, work will continue on the design, environmental documentation, and permitting. A funding plan will be developed and presented to the Municipal Services Committee. Research on alternate funding sources will continue.	Draft EIR prepared and submitted to the City for review. A Notice of Preparation for Draft EIR released and two public hearings held. During the 3rd quarter, the City provided comments on the draft EIR and the California Rapid Assessment Method (CRAM) field work completed. Environmental Impact Report delayed due to comments from US Fish & Wildlife Services and California Department of Fish and Game requesting additional environmental surveys be included in the draft EIR. Draft EIR expected to be completed in June 2015. PWP initiated negotiations on the new recycled water contract with City of Glendale. Negotiations are expected to be completed by Q1 FY 2016.	Design
11 1006	Miscellaneous Water System Improvements FY 2012 - 2016	1,863,397	1,463,397	1,235,200	228,197	94,875	400,000	Miscellaneous projects will be constructed and equipment purchased as required, for example, water mixers.	New online water testing analyzer equipment purchased and installed at the Windsor Reservoir to support compliance with water quality standards.	Construction
13 1011	Customer Information System	2,874,803	2,324,803	2,885	2,321,918	0	250,000	The work plan for FY 2015 is to continue with the current CIS system and upgrade as necessary. FY 2015 plans also include selection of a consultant to complete needs assessment and requirements documentation for new or upgraded CIS system.	Personal identification number (PIN) programming reset. PO issued for an interface between Vertex ECIS and Tyler Munis Cashiering Module.	Design
14 1025	Management Information Systems - Water and Power Department FY 2012 - 2016	701,172	601,172	155,575	445,597	5,967	152,500	The workplan for FY 2015 includes: Vmware Infrastructure Replacement (Blade enclosures and servers); hardware and software for new backup solution; design and construct Disaster Recovery site; IT servers, RAM & processors; SAN enhancement/modules; and IT miscellaneous hardware and software.	In FY 2015, preparatory tasks to construct the Disaster Recovery (DR) sites initiated. As a result equipment specifications developed for sites located at W. Mountain and Colorado St. Equipment purchase consisting of Storage Area Network, Switch gear and Backup solution software expected during the 4th quarter. During the quarter, PWP completing Proof of Concept for the hardware and software for the Disaster Recovery center.	Design

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16 1034	Water Telemetry and On-Line Water Quality Detectors	534,127	484,127	347,771	136,356	18,042	125,000	In FY 2015, the remaining work on the installation of the upgrades to the SCADA system will be completed.	Work continued in the 3rd quarter on the upgrades to the Water SCADA system which are expected to be completed in the 4th quarter of FY2015.	Construction
17 1009	Geographic Information System - Water and Power Department	803,903	703,903	596,997	106,906	100,702	112,500	The FY 2015 work plan includes: Citywide hardware, software, database assessment; implement GIS strategic plan recommendations; upgrade spatial wave maplet and MapLibrary; GoSync Interface with Maplet; ESRI and ArcFM software training; and Spatial wave application fine-tuning.	To date, significant improvements to the mobile GIS platform due to GPS device upgrades, VPN capability enhanced to enable users' mobile connection to city network clearing the way for near real time work order management. User interaction ability with touch screen / stylus pen enhanced. Staff collaborated with vendor to improve deployment of web based GIS applications, resulting in significantly improved product performance. Vendor has configured Field Maplet application to include Fireflow work order extension. Awarded contract to mount notebook computers inside PWP vehicles, pending issuance of purchase order. Procurement and mounting of notebook computers to be completed during the 4th quarter at which time the Utility Services MS Access-based Fireflow application devices will be replaced. In the third quarter FY 2015, purchased 5 licenses of ESRI and Telvent USA software. Completed negotiating the Statement of Work for Telvent Schneider to migrate utility data from Oracle to SQL and upgrade software license. In the process of finalizing contract terms and conditions. Completed the Statement of Work to upgrade TC Technology software to current version and a purchase order issued. Work cannot begin until the project with Telvent Schneider is completed.	Ongoing

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18 1012	Field Service Automation	373,678	318,678	21,463	297,215	1,083	55,000	In FY 2015, work will support ongoing projects for software and hardware upgrades to Itron MVRS meter reading programs, RouteSmart routing programs, and meter reading devices for both water and electric meters from handheld devices to drive-by meter reading.	To date activity includes upgrades to the RouteSmart AMR software and the purchase of 3 GPS routing devices.	Ongoing
19 1063	Monk Hill Perchlorate Treatment Plant	3,505,148	3,005,148	267,961	2,737,187	1,496	50,000	In FY 2015, assessment and evaluation of the proposed use of Behner Water Treatment Plant for storing and treating utility water from the Monk Hill Treatment Plant and wells will continue. Work will also include the review of preliminary designs, environmental review, and technical studies for the installation of a new well.	Work continued on the assessment and evaluation of the proposed use of Behner Water Treatment Plant for storing and treating utility water from the Monk Hill Treatment Plant and wells. In the 3rd quarter, design work began for the pipeline installation at Area 3.	Design
20 1065	Radio Equipment Replacement	1,077,827	1,052,827	242,707	810,120	1,093	50,000	In FY 2015, additional radios will be purchased as needed.	Radios are replaced on as needed basis. Minor purchase of several hand held and vehicle radios during the third quarter.	Ongoing
21 1016	Interactive Voice Response System (IVR)	2,720,851	220,851	3,750	217,101	1,250	37,500	The work plan for FY 2015 is to procure hardware and software for voice activated commands and update portion of existing application to a conversation style IVR.	Performed testing and troubleshooting the customer personal identification number (PIN) reset and the ECIS customer contact data information update in the IWR application. Completed modification on IVR system to improve user experience when calls are transferred from AT&T Call Tree.	Ongoing
22 1069	Water Integrated Resource Plan and Urban Water Management Plan	560,000	560,000	23,863	536,137	0	30,000	Updates to the Water Intergrated Resource Plan will begin in FY 2015.		Completed
23 1043	Devil's Gate Tunnels	361,278	351,278	44,461	306,817	9,601	10,000	In FY 2015, environmental monitoring, mitigation, reporting, and repairs to the facility as required by resulting reports will continue. The calibration and testing of the meters is also part of this CIP project.	During the third quarter, work began on the piping reconfiguration for Manhole #1 and it was determined additional modifications will be necessary. Cost proposals for the purchase of the meter at Manhole #2 were received. The design of the piping for the service connection and meter installation began.	Construction
24 1031	Convert Chlorination Stations to Chloramines	614,689	604,689	346,974	257,715	1,845	10,000	The construction of the chloramination facility at Windsor Reservoir was completed in FY 2014. In FY 2015, additional calibration and system testing may be done if required.	No work was needed during the third quarter. Calibration and system testing will be done as needed.	Ongoing

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Electric System											
1	3194	Local Generation Repowering Project - Phase II	131,904,183	98,052,430	62,799,928	35,252,502	31,555,845	55,008,226	Site preparation, construction, and equipment procurement began in FY 2014 and will continue in FY 2015.	The YTD 2015 activity includes the following: <ul style="list-style-type: none"> - Receipt of the tubing for the Once-Through Steam Generator (OTSG) from GE - Balance of Plant activities by ARB including equipment procurement; demolition, excavation, backfill, and compaction of the site; sealing the tunnels leading into the Glenarm Building; forming and pouring mud mats for the Cooling Tower and Gas Turbine foundations; and the installation of the electrical conduit bank - Factory acceptance tests of the Gas Turbine Engine & Generator - Upgrades of the natural gas lines by SOCAL Gas Company - Achieved Ready-To-Ship and/or Delivery milestones for equipment such as Gas Turbine Generator, OTSG, Cooling Tower, Chiller Module, Continuous Emissions Monitoring System (CEMS), Condensate Polisher, and GSU Transformer. 	Construction
2	3161	Power Distribution Capacity and Reliability Program FY 2012 - 2016	19,647,690	15,647,690	14,694,184	953,506	2,518,156	4,000,000	The FY 2015 work plan includes repair and replacement of components that fail or reach the end of useful life due to inadequate capacity, age, and inability to operate due to mechanical problems, environmental issues or safety concerns. This is projected to include replacement of 75 distribution transformers, 30 underground switches and two miles of cable.	In the first quarter, crews installed 1 overhead and 15 underground distribution transformers, 7 underground switches, and 2 miles of cable. During the 2nd and 3rd quarter, crews installed 3 overhead and 10 underground distribution transformers, 5 underground switches, and approximately 1 mile of cable.	Ongoing

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3	3174 Utility Undergrounding FY 2012 - 2016	7,000,000	4,000,000	859,921	3,140,079	859,921	4,000,000	Work scheduled in FY 2015 includes finishing work on Hill Avenue; removing poles; civil and electrical construction on Alpine Street; civil construction on Mountain Avenue; and preparing designs for Howard Street and Raymond Avenue.	YTD 2015, work was performed on the following Underground Utility Districts: - Los Robles: PWP completed private property conversions from overhead to underground. AT&T removing pools, overhead cables, equipment, etc. - Hill: Civil construction completed and electrical design is ongoing. PWP and PW are currently requesting bids for private property conversion construction. - Arroyo Blvd. - crews completed installation of electrical cable. - Alpine: Civil Engineering completed design work. PWP will be advertising for bids for civil construction in the street. - Mountain: Civil Engineering continued design work.	Ongoing
4	3191 4 kV Distribution System Conversion FY 2012 - 2016	16,115,067	13,115,067	9,626,494	3,488,573	937,693	3,500,000	Work in FY 2015 includes conversion of overhead circuits in the Hastings Ranch area and conversion of underground circuits in various locations throughout the City.	Crews converted 4kV transformers to 17kV on Holly Street and Walnut. The conversion at Hastings Ranch is continuing; project slowed to allow undergrounding system expansion.	Ongoing
5	3013 Facility Security Systems FY 2012 - 2016	3,954,643	3,454,643	584,850	2,869,793	48,395	2,750,000	Projects scheduled for FY 2015 include construction of a security wall at Goodrich; continuing upgrade of Dispatch Center windows and doors; and upgrading substations as needed.	Crews upgraded the access readers at the old Water and Power building at the Yards. In addition, substantial progress was made on the civil engineering design and is nearing completion.	Ongoing
6	3195 Transmission System Enhancements FY 2012 - 2016	4,189,201	3,189,201	517,025	2,672,176	15,432	2,250,000	In FY 2015, seven disconnect switches and the relay protection will be replaced at Goodrich Receiving Station by SCE and upgrades will be completed as needed on St. John LA North/South lines.	YTD expenditures are related emergency repairs as needed on the St John North/South Lines. Work includes repair and replacement of damaged, poles, cross arms, lightening arrestors, insulators, wires, etc.	No Activity This Quarter
7	3001 Services from Utility Underground System Private Property Vaults FY 2012 - 2016	9,727,926	7,727,926	7,079,620	648,306	1,492,585	2,100,000	This is a recurring project scheduled for each year of the Capital Improvement Program to respond to customers' requests.	YTD, staff have received 710 service orders: 325 in Q1; 211 in Q2, 174 in Q3.	Ongoing

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8 3137	Cable Replacement and Testing FY 2012 - 2016	7,676,206	5,676,206	3,269,943	2,406,263	617,655	2,100,000	Cable will be replaced as it fails and as determined by inspections and State of the System Modeling and other studies. Depending on results of a pilot 34kV cable rejuvenation project, rejuvenation projects may be planned for some 4kV and 17kV lines on the Colorado, Vernon, Garfield, Euclid, and Hudson circuits.	Crews replaced cable on Madison Avenue, Altadena Drive, Fair Oaks, and Del Mar. No major activity this quarter. Work has been deferred pending conclusion of contract negotiations with vendor.	Ongoing
9 3002	Distribution System Expansion FY 2012 - 2016	7,668,657	5,668,657	3,927,567	1,741,090	1,186,994	2,000,000	In FY 2015, 10 circuit segments will be converted. In addition, the underground infrastructure will be expanded as needed for customer projects and the 4kV to 17kV conversion projects will continue.	Construction completed on the expansion project on Kewen Drive, and engineering staff completed designs for a project on Walnut. Civil engineering design completed and construction began at Alegria Street. Civil engineering design completed and construction began at La Loma Street. Civil engineering design ongoing and nearing completion at Paloma Street. Civil engineering design and construction completed at San Rafael.	Construction
10 3182	GT-1 and GT-2 Renewals, Replacements, and Improvements	16,535,735	16,455,735	12,590,525	3,865,210	60,941	1,675,000	Unit GT-2 caught fire and suffered catastrophic failure on October 16, 2012. In FY 2015, GT-2 equipment evaluation and capacity replacement study will continue in addition to GT-1 control system upgrades. Additional equipment replacements and repairs will occur as needed over the operating life of the units.	The YTD activity reflects the GT1 gas compressor rejuvenation process and the GT2 engine inspection by World Wide Turbines. Further system upgrades for GT1 and GT2 are delayed until the completion of the IRP.	Ongoing
11 3023	Services from Public Right-Of-Way FY 2012 - 2016	7,166,763	5,666,763	5,867,668	(200,905)	1,785,427	1,500,000	This is a recurring project scheduled for each year of the Capital Improvement Program to respond to customers' requests for service.	YTD, 196 underground and 129 overhead connections installed. Connections ongoing and based on customer demands. Additional funding will be requested on a future clean-up report.	Ongoing

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12 3090	Switchgear Upgrades for Power System Facilities FY 2012 - 2016	13,586,441	11,586,441	10,425,814	1,160,627	702,180	1,500,000	In FY 2015, scheduled work includes replacing GT-1 and GT-2 breakers at Receiving Station D, preparing Receiving Station C's switchrack and cable tunnel to prepare for new GT-5 cable installation; Replacing defective station battery systems; Replacing defective transformer differential relays at 17kV switchgears; Replacing outdated substation transformer tap regulating relays and accessories; Installing arc flash detection and tripping scheme at 17kV switchgears; and GT-5 design and equipment review, and installing control and protection equipment for GT-5 at Receiving Station C.	Substation construction crews began replacing the disconnect switch and other equipment in the Tie Bank 1, and engineering staff completed designs for the installation of equipment for Unit 5 at the Receiving Station C. Crews installed new Arc Flash protection at Oak Knoll and Chester. The design and construction for breaker replacements, protection and control replacement, and GT-5 bay preparation ongoing.	Construction
13 3189	Santa Anita Substation Upgrade FY 2012 - 2016	2,166,606	1,666,606	208,635	1,457,971	43,878	1,500,000	In FY 2015, work will continue on the construction of a back up dispatch center at Santa Anita, including renovation of apartment area; installation of new servers and connections to SCADA; acquisition of new telecommunication system; and upgrade of security.	Crews completed the installation of a pad at the Electrical Construction Training Facility at Santa Anita. Construction ongoing.	Construction
15 3196	Seismic Upgrade of Power Facilities FY 2012 - 2016	2,400,000	1,400,000	558,301	841,699	8,755	1,000,000	Seismic upgrades will continue at TM Goodrich, Santa Anita and Receiving Stations C and D.	Civil engineering design ongoing and nearing completion. Staff plans to request bids for civil construction in fourth quarter.	Design
16 3185	Replacement and Upgrade of Electric Equipment and Facilities FY 2012 - 2016	3,778,718	2,778,718	1,598,759	1,179,959	224,488	1,000,000	The work plan for FY 2015 is to repair 20 vaults and continue repair of damaged vaults at various locations.	YTD, crews repaired two vault lids, four pull box covers, and 11 vaults. Civil engineering design for rehabilitation of 20 vaults nearing completion. Staff coordinating vault repairs for FY2016.	Ongoing
17 3190	Power Transmission Program FY 2012 - 2016	3,299,376	2,444,182	512,586	1,931,596	142,498	913,518	This year's LADWP capital budget consists of two continuing major projects. The first is the continuation of the DC Line Underground Return (\$25,820) project. Costs of the DC Line project was shifted to FY 2013 and beyond, resulting in large increases in FY 2013, and 2014-16. The second project is the AC/DC Filter replacement project due to fire in the AC Filter banks. It was decided to simultaneously move and upgrade the filter banks as well.	YTD activity reflects progress on the following transmission projects managed by LADWP: Power Transmission Project; Sylmar AC/DC Filter Replacement Project; replacement of the damaged control room carpet and DA-25 reactor; PDCI Upgrade Studies; DC Underground Return; and capital improvements to the Celilo-Sylmar HVDC Transmission Line.	Ongoing

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18 3192	Distribution System Automation and Smart Grid FY 2012 - 2016	3,695,792	2,945,792	1,194,220	1,751,572	150,447	750,000	Work planned in FY 2015 includes installation of over-current protection for the Rose Bowl 17kV Grove and Laguna feeders, AMI pilot project for electric meters, water meters and DA devices; and installation of Satec power quality recorders at Wilson Substation.	Engineering staff and crews continued to install underground switches with overcurrent protection on The Grove, The Laguna feeders, and the Corson Circuits in the RBOC area. Engineering staff continues to design additional projects for installation of automated switches and fault indicators for the Linda Vista area.	Ongoing
19 3149	B-3 SCR Catalyst Replacement	570,000	550,000	0	550,000	0	550,000	The FY 2015 work plan is for a B-3 SCR catalyst replacement (if the result of sample catalyst test shows that existing catalyst is at the end of its useful life).	Testing performed periodically and the SCR catalyst replacement will be completed only if needed. Tests indicated catalyst does not need to be replaced at this time.	Ongoing
20 3034	Distribution System Life Cycle Management FY 2012 - 2016	3,571,075	3,071,075	3,178,783	(107,708)	489,668	500,000	Work plan scheduled for FY 2015 includes completing the data cleanup and integration into the Outage Management System, and work will begin to integrate with other automation and IT projects, such as Conduit Manager, Feeder Manager, etc.	Staff continues to synchronize data with the Outage Management System and continues tests and upgrades. Additional funding will be requested on a future clean-up report.	Ongoing
21 3205	Subtransmission System Enhancements	2,000,000	1,000,000	436,822	563,178	0	500,000	Plans for FY 2015 include using PWP personnel and outside consultants to perform an engineering study and determine needs and schedules, and prepare a system model. Based on results of current 34kV cable rejuvenation project, another 34kV line may be selected for the process. Study of new 34kV subtransmission line from TMG to Glenarm civil/street alignment may be initiated.	Subtransmission line routes being reviewed. Feasibility study regarding new 34kV rack at Goodrich underway.	Ongoing
22 3128	Substation Oil Containment FY 2012 - 2016	832,950	582,950	28,306	554,644	0	500,000	A new oil containment system will be installed at the Del Mar Substation in FY 2015.	Civil engineering design began. PWP will prepare plans and specifications in the 4th quarter.	Design
23 3117	Wood Utility Pole Replacement/Reinforcement Program FY 2012 - 2016	2,766,645	2,266,645	1,787,386	479,259	153,346	500,000	This is a recurring project to reinforce or replace poles as needed per the government-mandated pole inspection program. Crews will also replace overhead conductors as needed.	Year to date, 2 poles, 10,920 feet of primary wire, and 230 feet of secondary wire installed. Crews continue to work on the reinforcement and replacement of poles and wires; the bulk of the replacements will occur in fourth quarter.	Ongoing

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24 3073	Supervisory Control and Data Acquisition System Expansion FY 2012 - 2016	1,569,801	1,269,801	767,365	502,436	177,446	500,000	Work plan for FY 2015 includes upgrade of the 7510 Network Terminal Units at the receiving stations (Dispatch, Goodrich and Santa Anita), and connection of the new Network Timer Server to fiber optic. Integration with other automation projects will continue.	Staff completed the installation of new Network Terminal Units at all substations. Staff currently programming new control units for the receiving stations.	Ongoing
25 3181	Substation and Dispatch Facilities Improvements FY 2012 - 2016	1,701,023	1,551,023	402,432	1,148,591	194,665	500,000	Work plan includes completion of upgrades to Dispatch Center and installation of back up power sources for Dispatch Center and DOC.	YTD activity reflects the beginning of construction for an on-site emergency generator at Dispatch. Work began on the extension of 34.5 trench to the Relay and Control Building. The development of a backup dispatch center has been delayed and will be re-evaluated.	Construction
26 3148	B-3 Renewals, Replacements, and Improvements	2,707,657	2,617,657	2,108,887	508,770	0	465,000	A major maintenance will be performed on the steam-driven boiler feed pump. In addition, B-3 miscellaneous renewals, replacements, and improvements will be performed on an as needed basis.	Maintenance is performed based on analysis of system testing. Improvements to B-3 are made only as needed due to its planned retirement upon the completion of the GT-5 Repowering Project.	Ongoing
27 3119	Management Information Systems - Water and Power Department FY 2012 - 2016	1,928,371	1,728,371	479,215	1,249,156	17,581	457,500	The workplan for FY 2015 includes: VMware Infrastructure Replacement (Blade enclosures and servers); hardware and software for new backup solution; design and construct Disaster Recovery site; IT servers, RAM & processors; SAN enhancement/modules; and IT miscellaneous hardware and software.	The switch specifications for 311 W. Mountain and 1055 Colorado developed and will be purchased during the 4th quarter. The completion of the Proof of Concept of hardware and software for PWP's secondary data center at 245 W. Mountain underway. The development of the hardware and software specifications for the secondary data center at 245 W. Mountain in progress.	Design
28 3028	Records and Drawings Automation	1,007,748	707,748	298,231	409,517	92,230	400,000	Work planned includes a system model and purchase of software to model transmission system construction standards as needed. This will also include the integration of other projects that are not yet complete, such as SCADA, OMS, ERP, Cascade, and ECM in GIS.	Engineering staff purchased additional construction standards from IEEE.	Planning

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29 3160	Power Supply Integrated Resource Planning and Design	793,502	743,502	134,602	608,900	63,500	400,000	A new Energy Integrated Resource Plan is expected to be completed in FY 2015, as required by PWP's contract with the Western Area Power Administration. In addition, per Public Utilities Code 399.30, PWP will audit its performance in meeting the RPS through CY 2013 as well as measure the feasibility of meeting the RPS in the future.	YTD activities include the completion of the following: coordinated the IRP kickoff meeting; identified IRP risk factors; assisted in identifying potential resources; provided modeling support; facilitated 3 Stakeholder Technical Advisory Group meetings and facilitated 3 public meetings; delivery of a draft consultant's report; and delivery of Energy Market Perspective forecast data. Invoices for the work performed are expected in Q4.	Ongoing
30 3178	Power Supply Facility Security	784,254	539,254	4,030	535,224	0	360,000	Improvements to Glenarm, Broadway and Azusa Hydro security systems began in FY 2014 and will continue into FY 2015.	YTD activities include purchase and installation of new cameras for Broadway and Glenarm. The charges will be reflected in fourth quarter.	Ongoing
31 3201	Outage Management System	2,100,000	1,950,000	1,094,946	855,054	12,049	350,000	The work planned for FY 2015 includes adding software and applications as needed to work with City's 311 system and other IT systems.	YTD activities include: review of scope of work to develop the IVR test environment; assessment of solution to incorporate SMS Texting; and assessment of the Automatic Vehicle Locator solution.	Design
32 3175	Water and Power Warehouse Modernization	2,428,966	2,428,966	606,081	1,822,885	165,435	300,000	Work on existing warehouse building is scheduled to continue in FY 2015 for Power utility functions.	Work began and continued on the southwest corner of the second floor, including the installation of new flooring, paint, and purchase of new furniture.	Construction
33 3179	Azusa Hydro - Renewals and Replacements	2,062,408	1,742,408	823,282	919,126	0	280,000	Replacement of Azusa Hydro powerhouse storage and air compressor building was delayed from FY 2014 and is now planned for FY 2015.	The replacement of Azusa Hydro powerhouse storage and air compressor building deferred due to excessive workload related to projects with higher priority. Miscellaneous renewals and replacements will be completed as needed.	No Activity This Quarter
34 3133	Economic Rehabilitation of Properties	1,072,016	872,016	729,357	142,659	3,520	250,000	In FY 2015, work on the Santa Anita back-up Emergency Operations Dispatch Center will continue.	YTD activity reflects the upgrades performed to the Test Lab.	Ongoing
35 3033	New Feeders and Communications Circuits FY 2012 - 2016	1,005,900	1,005,900	560,060	445,840	2,765	250,000	The FY 2015 workplan includes the construction of a third feeder from the new Hastings Substation.	Crews continuing the installation of cable in the Bradley Circuit in the Hastings Substation.	Ongoing

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36 3140	Project Work Management System - Water and Power Department	2,264,767	764,767	189,461	575,306	5	250,000	Work will begin on the development of a work management system in conjunction with the IT strategic plan and ERP requirements.	PWP is part of a citywide assessment of requirements for a work management system. The project is pending DoIT's strategic plan and ERP requirements.	Ongoing
37 3022	Customer Information System	2,231,081	1,681,081	105,000	1,576,081	0	250,000	The work plan for FY 2015 is to continue with the current CIS system and upgrade as necessary. FY 2015 plans also include selection of a consultant to complete needs assessment and requirements documentation for new or upgraded CIS system.	The PO approved for Vertex to design and program a cashiering/cash interface to the Tyler/Munis ERP Cashiering system to pass payments from Tyler to the utility billing system.	Design
38 3035	Distribution System Fault Indicators/Recorders/Digital Relays FY 2012 - 2016	808,647	608,647	239,583	369,064	82,233	200,000	Projects scheduled for FY 2015 include installation of ten new overhead fault indicators and five new underground fault indicators.	Glenarm Overhead Wireless Fault Indicator installed and currently being tested. Installation of underground fault indicators for the California and Foothill circuits in progress.	Ongoing
39 3021	Power System Cable and Transformer Test Equipment	1,169,930	969,930	475,833	494,097	0	200,000	In FY 2015, equipment will be acquired to meet regulatory requirements.	No improvements identified that requires new equipment at this time. Repairs and replacements performed on "as needed" basis.	No Activity This Quarter
40 3005	Geographic Information System - Water and Power Department	1,363,826	1,213,826	86,963	1,126,863	0	187,500	The FY 2015 work plan includes: citywide hardware, software, database assessment; implementation of GIS strategic plan recommendations; upgrade of spatial wave maplet and MapLibrary; GoSync Interface with Maplet; ESRI and ArcFM software training; and Spatial wave application fine-tuning.	Work is expected to begin with Telvent Schneider in fourth quarter.	No Activity This Quarter
41 3173	Power Meter Installation and Replacement Program FY 2012 - 2016	893,892	743,892	85,105	658,787	0	150,000	In FY 2015, meters will be purchased and infrastructure installed to meet customers' needs.	No activity to date. Work occurs in conjunction with customer requirements.	No Activity This Quarter
42 3168	Engineering Services Installation/Maintenance of Fiber Optic System FY 2012-2016	544,419	394,419	120,303	274,116	19,569	150,000	The FY 2015 work plan includes adding underground fiber optic connections for underground fault indicator projects, completion of system assessment, and preparation of RFP for new substation internet protocol (IP) network.	Crews completed the installation of a point-to-point fiber optic between Brookside Substation and PWP's 17kV Automatic Throwover Switch.	Ongoing
43 3180	Power Production Facility Improvements	1,152,773	1,092,773	238,025	854,748	15,495	120,000	Upgrades to plant efficiency software and technology were planned to begin in FY 2014; however, due to priority shift, the project was delayed until FY 2015.	YTD activity reflects the power production facility improvements performed including installation of new phone lines and network connections. Existing storm drains modified.	Ongoing

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44	3026	Interactive Voice Response System (IVR)	445,192	370,192	11,250	358,942	3,750	112,500	The work plan for FY 2015 is to procure hardware and software for voice activated commands, and update portions of existing applications to a conversation style IVR.	YTD activities include: testing and debugging of the PIN reset and customer contact data update to ECIS; modified IVR to improve user experience when calls are transferred from the AT&T Call Tree; corrected the minor credit card payment issue	Ongoing
45	3206	Redevelopment of Generation Site (Phase I)	300,000	200,000	0	200,000	0	100,000	Preliminary planning activities began in FY 2014. This will be a multi-year project and will continue in FY 2015.	Project deferred due to excessive workload related to higher priority projects.	No Activity This Quarter
46	3142	Time-of-Use Metering Infrastructure	476,413	326,413	45,223	281,190	0	100,000	Meters and other equipment will be purchased and installed as needed to meet customers' needs.	Commercial time-of-use meters are installed based on value to customers. Analysis and identification of time-of-use meter installations are on-going. Expected to pick up activity in the 4th quarter with new TOU rates.	No Activity This Quarter
47	3012	Distribution Capacitor Banks FY 2012 - 2016	285,000	185,000	0	185,000	0	100,000	The work planned for FY 2015 includes addition of capacitors to the distribution system and beginning the integration with other automation projects as needed.	No voltage problems necessitating the addition of distribution capacity banks.	No Activity This Quarter
48	3109	Customer Load Research Program	1,317,736	1,317,736	1,261,798	55,938	76,699	100,000	In FY 2015, the upgrades of medium commercial meters, and the connection of the meters to the MV-90 system to enhance load data analysis will continue.	Load profile meters continue to be replaced, including new phone lines and MV90 set up.	Ongoing
49	3186	GT-3 and GT-4 Renewals, Replacements, and Improvements	4,619,200	3,454,200	2,738,412	715,788	0	90,000	Improvements to Units GT-3 and GT-4 will be done on an as-needed basis.	Improvements are completed as needed; not needed at this time.	Ongoing
50	3014	Replacement of Power Plant Instruments and Controls FY 2012 - 2016	232,920	172,920	56,976	115,944	0	60,000	In FY 2015, replacement of instrument and controls will continue as needed.	No activity to date; replacements and repairs performed as needed.	No Activity This Quarter
51	3025	Field Services Automation	307,588	252,588	74,545	178,043	3,404	55,000	In FY 2015, work plan includes upgrades to ITRON MVRS meter reading program, Routesmart routing programs, meter reading devices, and MC-lite drive-by meter reading.	Upgrades to the RouteSmart AMR software continued. YTD activity reflects the training and the purchase for 3 GPS routing devices.	Ongoing
52	3188	Radio Equipment Replacement	1,333,452	1,308,452	675,788	632,664	14,256	50,000	In FY 2015, additional radios will be purchased as needed.	Several hand-held and vehicle radios purchased. Radios replaced on as needed basis.	Ongoing

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53 3158	Power Facility Waste Water Treatment and Disposal	390,536	355,536	0	355,536	0	35,000	The FY 2015 budget provides for improvements to storm drain openings and wastewater treatment and disposal on as needed basis.	No activity to date. Improvements performed as needed.	Ongoing
Technology Projects										
1 71149	Enterprise Resource Planning System (Financial and Human Resources)	6,415,000	3,727,981	3,038,375	689,606	1,617,288	2,400,000	Following detailed planning with the selected vendor in FY 2014, the first phase of the project, which includes the Finance and Budget modules, will be delivered in FY 2015.	Munis budget module rolled out in second quarter to support the preparation of the FY 2016 operating budget. Over 80 employees trained over 12 days and an internal ERP website created with training and communication materials to assist staff with budget activities in the new Munis system. Design, configuration, and data conversion activities initiated for all remaining financial modules, as well as system interface development activities. Testing and training for the financial modules scheduled for fourth quarter.	Construction
2 71152	Land Management System (LMS) Replacement	3,200,000	767,000	95,680	671,320	39,700	600,000	Following the completion of the Needs Assessment and the Request for Proposal in FY 2014, the evaluation and selection process will begin in FY 2015. The first phase of the project will be delivered in FY 2015 subject to the final project budget and timeline provided by the selected vendor.	Completed due diligence activities for the vendor of choice and worked with vendor to finalize the scope of work and price. An agenda report with recommendation for contract award will be prepared and presented to Council for approval in fourth quarter.	Planning

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3	71150 311 Citizen Request Management	500,000	200,000	14,980	185,020	0	50,000	The Call Center operation will be monitored and analyzed during FY 2015 to determine if any additional technology will be required.	Additional Citizen Service Center (CSC) staff hired and trained to assume responsibility for calls associated with Construction/Engineering (Public Works), Parking Citations (Transportation), and Neighborhood Connections (Human Services & Recreation). CSC also assumed responsibility for calls associated with Water & Power's AnswerLine. Through third quarter, the CSC has answered 70,000 calls, 77 percent within 30 seconds, and received over 19,000 web and mobile application service order requests for all City departments. The CSC mobile application upgraded to improve reporting and tracking requests and to allow access to the Frequently Asked Questions (FAQ) section.	Ongoing
4	71157 DoIT Equipment Life Cycle Replacement FY 2015 - 2019	6,200,000	1,263,859	120,319	1,143,540	120,319	790,000	In FY 2015, annual system life cycle replacement of hardware and software will continue. Replacement of remote VPN services will be updated to provide enhanced off-premise connectivity to City systems and data. Network security system enhancements, telephone and radio system upgrades will also be performed.	Annual system lifecycle replacement of targeted hardware, software and network assets continued. The Voice Messaging System replacement project configuration and deployment underway with customers expected to be migrated in fourth quarter.	Ongoing

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5	71206 Electronic Government (E-Government)	815,000	100,000	255	99,745	0	95,000	<p>In FY 2015, E-Government projects to be implemented include:</p> <p>Online Accounts and Payments - monthly recurring payment portal (zoning parking credits, Section 8 repayment agreements), and filming fees;</p> <p>Online Appointment Scheduling - health center appointment scheduling, public safety appointment scheduling;</p> <p>Online Application Submittals - expand business license application with more business license types, Section 8 Housing applications, and Utility Assistance Program applications;</p> <p>Online Permitting - Planning Building Permits;</p> <p>Other projects include plans to deliver web-based, web-enabled, and mobile-enabled capabilities.</p>	<p>Defined business requirements for an online system to intake customer energy saving rebates for Water & Power that will involve online submission of rebate applications, internal staff review and approval.</p> <p>Development of online CDBG contract submission and approval system continued.</p> <p>Completed revisions to Water & Power's online bill payment system (IWR) to provide better security for credit card payments and better presentation of bill information.</p> <p>Developed and implemented a Local Hiring application for City residents to register for municipal projects. This will allow staff to generate lists of qualified people based on their skill set when the City has new construction projects.</p> <p>Provided an applicant information update feature to the online Section 8 Wait List registration system.</p> <p>Developed and implemented a web page for public comment for Mayor Bill Bogaard's retirement celebration.</p>	Ongoing
6	71156 In Car Police Video - Mobile Audio/Video (MAV) System	900,000	900,000	0	900,000	0	900,000	<p>Following the posting of the RFP in FY 2014, evaluation and selection will occur in FY 2015 and the implementation will be planned with the selected vendor.</p>	<p>Final vendor selected and contract awarded in third quarter. Project planning commenced to develop the project timeline and finalize the purchasing list.</p>	Planning

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						Expenditures Year-to-Date	FY 2015 Anticipated Expenditures			
7	71151 Enterprise Content Management System	849,000	849,000	42,972	806,028	4,000	200,000	Following the selection of a vendor in FY 2014, rollout to the City Clerk and Water and Power Departments will occur in FY 2015. Roll-out to other City departments will be considered in future phases.	Vendor selection was completed after a Request for Proposal process. Council awarded the contract in third quarter and project kick-off will occur in fourth quarter. On March 23, 2015, City Council approved a journal voucher increasing the project cost to \$849,000 and fully funded the project.	Planning
8	71154 Enterprise Asset and Work Order Management Application	66,000	66,000	33,519	32,481	33,519	0	Following the completion of the needs assessment and business justification plan, a Request for Proposal will be developed and the solicitation process will begin in FY 2015.	The assessment phase of the project came to a close in the early part of third quarter with presentation of the EAMS Analysis and Strategic Roadmap report. Development of a RFP and identification of funding sources to move forward on this initiative will be determined during FY 2016.	Planning
9	CAD/RMS Replacement	4,000,000	0	0	0	0	0	Following the posting of the RFP in FY 2014, evaluation and selection will occur in FY 2015 and the implementation will be planned with the selected vendor pending the identification of funding.	The joint public safety agency committee has formed a research group to follow-up with two vendors to further analyze their Request for Information (RFI) responses.	Planning
10	71212 City Fiber Network Expansion	956,900	789,284	683,885	105,399	158,597	75,000	This project is a multi-year effort. In FY 2015, work will include implementation of the first phase of initiatives identified in the City Fiber Strategic Plan and Implementation Roadmap, as well as installation of fiber connections to additional City facilities.	Fiber expansion occurred at the Santa Catalina Library and the Department of Transportation Offices on Walnut Street. Expansion activities to Allendale Library and to commercial customers are underway and will be completed in fourth quarter. Preliminary engineering was also completed for Phase One of the Fiber Backbone Expansion, a key fiber network strategic plan initiative scheduled for implementation in FY 2016.	Ongoing
11	71155 Integrated Library System Replacement	600,000	600,000	0	600,000	0	500,000	Following the vendor selection and detailed planning in FY 2014, the system implementation will be initiated and completed in FY 2015.	System setup, configuration and other pre-deployment tasks taking place. Project is on target to go live in multiple phases starting in fourth quarter.	Construction

