



**NAPA COUNTY
GRAND JURY**

2007-2008

Final Reports on

**RETIREMENT BENEFITS FOR
COUNTY OF NAPA AND CITY OF
NAPA EMPLOYEES**

**ALCOHOL AND DRUG PREVENTION
AND TREATMENT PROGRAMS FOR
NAPA COUNTY YOUTH**

NAPA COUNTY GRAND JURY

2007-2008

FINAL REPORT

**RETIREMENT BENEFITS FOR
COUNTY OF NAPA AND CITY
OF NAPA EMPLOYEES**

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NAPA COUNTY GRAND JURY

P.O. BOX 5397

NAPA, CALIFORNIA 94581

June 2, 2008

The Honorable Francisca P. Tisher
The Honorable Raymond A. Guadagni
Presiding Judges 2007/2008
Superior Court of the State Of California
County of Napa
825 Brown Street
Napa, CA 94559

Dear Judges Tisher and Guadagni,

Pursuant to Section 933(a) of the California Penal Code, the 2007-2008 Napa County Grand Jury submits to you its Final Report on Retirement Benefits for County of Napa and City of Napa Employees. Our investigation of Retirement Benefits for County of Napa and City of Napa Employees was conducted in a manner consistent with the California Penal Code, this Court's Charge, and the historic role of the Grand Jury – to protect the interests of the citizens of Napa County.

This is the twelfth in a series of final reports we will be issuing before our term ends. I would like to acknowledge the hard work and dedication of the Grand Jury which our reports reflect. It is a privilege and a pleasure to work with them.

Respectfully submitted,

William E. Trautman
Foreperson
2007-2008 Napa County Grand Jury



NAPA COUNTY GRAND JURY

P.O. BOX 5397

NAPA, CALIFORNIA 94581

To the Citizens of Napa County:

The 2007-2008 Napa County Grand Jury is engaged in several comprehensive investigations of various governmental agencies and related matters in Napa County in exercise of its duty under California law. The report issued with this letter is the result of our investigation of defined-benefit pension plans and retiree health care in Napa County and the City of Napa which has become so costly to the taxpayers.

Because of the ever-increasing costs of employment benefits to Napa County and the City of Napa and the lack of fully funded reserves to cover them, our report explores the current status of these plans, and what is being done by local governmental agencies to reduce costs. The Grand Jury recommends reducing the cost of these benefits by shifting new employees from a defined-benefit plan to a defined-contribution plan and adjusting pensions and retiree health benefits in a fiscally responsible manner.

The Grand Jury sees two problems that need to be addressed to avoid a fiscal situation like that confronting the City of Vallejo, which recently filed Chapter 9 bankruptcy. First and foremost, the City of Napa and Napa County must find ways to reduce the generous pensions and post-employment benefits, which may include health, dental, vision and life insurance. The second problem is the mounting unfunded liability for both of these benefits. This liability will continue to grow as more baby-boomers retire, and if left unchecked, can adversely impact the financial integrity of the County and the City.

The Grand Jury has some concerns that the Board of Supervisors and the City Council, which ultimately approve wage and benefit agreements reached with the Unions, also benefit from these same negotiations and agreements. Although this is not illegal, the Grand Jury sees this as a classic conflict of interest.

Our report in no way diminishes the importance of retirement benefits. Rather, it is about sustainability. Ballooning pension and related post-retirement costs have the potential to draw monies from much needed public safety, roads work and the general well being of the communities of Napa County.

Copies of this report are available for your review in the Napa City/County Library and online by following the link to Grand Jury at <http://www.napacourt.com/>. It is our pleasure and honor to serve you during the 2007-2008 Grand Jury tenure. We hope you find this report interesting and informative.

Respectfully Submitted,

The 2007-2008 Napa County Grand Jury

RETIREMENT BENEFITS FOR COUNTY OF NAPA AND CITY OF NAPA EMPLOYEES

SUMMARY

Pursuant to its mandate to investigate the operations, accounts and records of local public agencies, the 2007-2008 Grand Jury has examined the benefit and retirement plans for employees of Napa County and the City of Napa. This report explores the current status of these plans and proposes reducing the cost of these benefits, shifting new employees from defined-benefit pension plans to defined-contribution plans and adjusting pensions and post-retirement health benefits in a fiscally responsible manner.

Because of the ever-increasing costs of employment benefits to Napa County and the City of Napa and the lack of fully funded reserves to cover them, the 2007-2008 Grand Jury decided to investigate what is being done by these local governmental agencies to reduce these costs while at the same time assuring there will be sufficient funds available to provide the promised benefits. The Grand Jury is concerned that the taxpaying public may not be able to afford the cost of benefits provided by these local agencies for their employees and elected officials.

The Grand Jury found disturbing amounts of unfunded pension and retiree health benefits in addition to the generous pensions and post-employment benefits. The Grand Jury learned that management and elected officials also enjoy these same benefits. These findings are particularly significant because reputable surveys reflect that public sector compensation and benefits, on average, well exceed those that the private sector taxpayer receives from his or her employment.

The City of Napa and Napa County respectively, pay 80% and 54% of their annual budgets for wages and benefits. For the year 2007 alone, the cost for these entities to fund defined benefit pension plans was \$6,879,668 for the City and \$13,210,200 for the County. This commitment significantly impacts the services that can be provided by these local governmental agencies. For example, the City of Napa has identified a funding gap of \$3,900,000 for FY 2007-2008, and \$3,700,000 for FY 2008-2009. The City plans to address these gaps by cutting back significantly on services. Citing labor costs as the key component of the funding gap, the City will begin by reducing personnel, either by layoff or the freezing of positions. Among other things, it is considering reduction of library hours, elimination of the D.A.R.E. program, reduction of asphalt supplies, maintaining fewer drainage inlets, elimination of an Assistant Planner position, reduction in funding for Economic Development, reduced funding for Public Access TV and elimination of many Police positions.

The Grand Jury sees two basic problems that need to be addressed to avoid replicating the financial situation in Vallejo. (See Appendix 5) First, and foremost, the City of Napa and Napa County must find ways to reduce the costly pensions and post-employment benefits. The second problem is the mounting unfunded liability for both pensions and retiree health benefits. This liability will continue to grow and if left unchecked can adversely impact the financial integrity and borrowing ability of the County and the City.

There is a persistent myth that generous pension and other benefits are needed to attract capable people to take government jobs. The fact is, surveys disclose that on average, the governmental agencies pay more in wages and salaries than the private sector but have not correspondingly reduced their pensions and other benefits. Our investigation revealed that officials from both the City of Napa and Napa County believe that the only way to attract and retain employees is to offer these defined-benefit pensions and post employment benefits.

The Grand Jury also noted that the benefits package for employees is negotiated and approved by management and elected officials who also benefit from any negotiated increases. Although legally permissible, these types of negotiations create a clear conflict of interest.

The Grand Jury recommends that both the County and the City of Napa switch from a defined-benefit plan for pension benefits to defined-contribution plan (see Appendix 4) for new employees. The defined-benefit plan not only makes it difficult for the governmental agency to budget an amount specified for this benefit but also puts all the risk of providing the benefit on the governmental agency and thus, the taxpayer. Further, the Grand Jury recommends the County and City work with the unions to reduce the terms of pension plans which allow an employee to retire well before age 65 at a high percentage of his/her working compensation. This early-age retirement also exacerbates the problem of retiree health benefits. Because of the generosity of these pensions, public employees retire with health benefits 5 to 10 years before they become eligible for Medicare. The County and the City should work to close this health benefit gap.

Elected officials, administrators and union leadership all share a fiscal responsibility for the economic integrity of local government. The Grand Jury recognizes and respects that people need to earn a living wage; our report does not address wages directly. This report is about sustainability. Ballooning pension and related costs have the potential to draw monies from much needed public safety, roads work, and the general well being of the communities of Napa County.

BACKGROUND

It is important to understand the fiscal requirements of the current benefit structure for the City and County of Napa. The Napa County budget for FY 2008, is \$246,991,713 of which 54.5% is used for employee salaries, benefits, and retirement benefits. Napa County currently has an unfunded liability of \$52,500,000 for pension benefits. The annual cost of providing a defined benefit pension plan to the employees of Napa County for the year 2007-2008, is \$13,210,200 and for the year 2008-2009, will be \$14,261,400. In 2002-2003, this cost was \$1,143,000. Costs

have increased 1,156% in just 5 years. The annual cost to provide medical benefits to retired Napa County employees is \$5,858,000. In 2002-2003, it was \$650,000. The cost of these benefits continues to rapidly escalate. The total cost to Napa County taxpayers to fund Napa County's retirement system over the next two years will be \$39,377,900.

The City of Napa has a budget of \$59,784,371 for FY 2008, of which 80% is earmarked for employee salaries, benefits, and retirement benefits. The City of Napa has an unfunded pension liability of \$49,300,000 dollars. The annual cost of providing a defined benefit pension plan to the City of Napa employees for the calendar year 2007, is \$6,658,682. Because of the City of Napa's accounting system, there is no comparison information on these costs dating back to calendar year 2002. The current annual cost to provide medical benefits to City of Napa retired employees is \$1,400,000 dollars, a more than six-fold increase from \$227,240 in 2002.

In 1994, the Governmental Accounting Standards Board (GASB) established standards for how government entities should disclose and record pension benefits. Similar standards were not established for retiree health care and other forms of nonpension retirement benefits. Recently, GASB expanded its standards with the issuance of GASB 45, so that in addition to pension benefits, government agencies must record annual expenses for their retiree health care benefits and disclose the present and the future costs of health care benefits, as well as any accrued and unpaid costs for health care benefits in their year-end financial statements.

Napa County currently uses a "pay as you go" method of funding Other Post Employment Benefits (OPEB), reporting benefits on a cash basis. Under GASB 45, the County is required to report the real value of benefits. As of January 1, 2006, Napa County had an unfunded OPEB liability of \$34,000,000. On April 10, 2007, the Board of Supervisors voted to begin paying down this liability by pre-funding. By doing this, the County is at less risk of losing its credit rating, the earnings on assets will reduce the employer's contributions significantly and the investment return assumption will be higher.

The City of Napa uses the same "pay as you go" method of funding OPEB. The City of Napa has an unfunded OPEB liability of \$2,800,000. The Napa City Council will also pre-fund this debt by beginning to pay down the unfunded liability.

METHODOLOGY

The data utilized in this report were obtained from a number of different sources. The Center for Government Analysis, in its September 2006 report, reviewed financial data, including budgets and Comprehensive Annual Financial Reports (CAFRs). These documents were reviewed and analyzed from a representative sample of each category of government (i.e. state, cities, and counties). In certain cases, most notably with counties, recent survey data about government spending on retiree health benefits were available and utilized. In addition to these sources, data were obtained from State Controller Annual Reports, the California Department of Finance, the California Public Employees Retirement System (CalPERS), and the United States Bureau of the Census.

Interviews Conducted

Representatives of:

- Napa County Auditor-Controller Office
- Napa County Outside Audit Firm
- Napa Valley Taxpayers Alliance
- City of Napa Finance Office
- City of Napa Audit Firm

Documents Reviewed

Napa County

- Napa County Auditor-Controller Office Organizational Chart
- Policies and Procedures
- 2005 Auditor-Controller Internal Audit Report
- 2007-2008 Recommended Budget
- 2007-2008 Recommended Budget-Detailed Reports
- 2006-2007 Budget
- 2004, 2005, 2006 Comprehensive Annual Financial Report
- 2006, 2007, 2008 Proposal for Audit Services
- 2005 Single Audit Report
- 2006 Single Audit Report
- 2005 Management Letter
- 2006 Management Letter
- Minutes, Board of Supervisors, 11/14/2006, 4/10/2007
- Public Service Employees MOU

City of Napa

- City of Napa Finance Department Organizational Chart
- Policies and Procedures Manual
- 2005-2006 and 2006-2007 Adopted Budget
- 2007-2008 and 2008-2009 Adopted Budget
- 2005 Audit
- 2006 Audit
- 2007 Audit
- 2005 Memorandum on Internal Control Structure
- 2006 Memorandum on Internal Control Structure
- 2007 Memorandum on Internal Control Structure
- Napa City Employees Association MOU
- Napa Police Officers Association MOU
- Napa City Firefighters Association MOU
- Association of Management Professionals MOU

In General

- Center for Government Accounting, September 2006 report, *An Analysis of Public Sector Health Care Costs in California*

- Reason Foundation June 2005 report, *The Gathering Pension Storm: How Government Pension Plans Are Breaking The Bank And Strategies For Reform*
- Pacific Research Institute, February 2006, report on Public Sector Pensions
- Bureau of Labor Statistics
- Vallejo Times-Herald

DISCUSSION

Defined-Benefit Plan Overview

Both the City and the County of Napa provide defined-benefit pension plans, also referred to as the “traditional” plan, which are administered by CalPERS and guarantees their employees a pre-set monthly benefit payment upon retirement. The amount of the benefit is calculated by multiplying a fixed percentage by the number of years the employee worked for the governmental agency and applying that figure as a percentage of the employee’s final or highest compensation or some average of the employee’s highest earnings.

For instance, a County employee who has worked 30 years and had a final salary of \$50,000 when he/she retired (whether calculated by the last year of employment or a three-year or other average as most systems do), would get an annual pension of \$30,000 under a “2% at 55 plan”. Under this scenario, if the employee began employment at age 25, a “2 percent at 55” plan would allow retirement at age 55 with 60 percent (2 percent times 30 years) of the final salary, for an annual pension of \$30,000. The employee would receive this pension benefit, plus a cost of living allowance for a typical plan, for the remainder of his/her life, regardless of the government pension funds performance.

The government employer makes annual contributions to the plan based upon actuarial assumptions designed to ensure that the fund has sufficient assets to cover its benefit payouts. Pension assets are invested and the returns determine how much extra, if any, must be contributed to ensure the health of the system.

Under a defined-benefit plan, the government employer bears the risk of loss if investment returns are lower than expected, if the system is under funded, if new benefit increases are added to the obligations without funds to support them, or if other actuarial assumptions are overly optimistic. The employer must make up the cost of these deficiencies to make the promised benefit payments. In the case of these government defined-benefit plans, taxpayers ultimately bear the investment risks.

Under defined-benefit plans, public sector employees have limited ability to access their money if they terminate employment before the regular retirement age. Also, benefits cannot be “rolled over” if the employee switches jobs, and usually cease upon the retiree’s death.

While defined-benefit plans are common for government employees, they lost favor in the private sector over the past 30 years. In fact, 90 percent of government employees are covered by defined-benefit plans, compared to only 21 percent of private sector employees. Moreover, government defined-benefit plans often take the place of Social Security. Employees covered by these plans may not be eligible to receive Social Security benefits.

Napa County Wages, Pensions and Retiree Health Care Liabilities

Wages

Salaries and employee benefits make up 54.5% of the total 2008 budget for Napa County.

Pensions

The Grand Jury has learned that Napa County has an unfunded pension liability of \$52,500,000 dollars. An unfunded pension liability is defined as the difference between the values assigned to retirement benefits and the assets the retirement system will need to provide those benefits. However, Napa County is funded at 90.5% for its miscellaneous employees and 83% for its safety employees (generally fire and police personnel). Ideally pensions should be funded at 70% to 80%. The issue will be to ensure the funding does not fall below this level. When “super funded”, Napa County sets aside funds to compensate for the ebb and flow of the market.

CalPERS administers Napa County’s pension obligations. CalPERS is the largest government pension fund in the nation and the third-largest in the world. California State law established it in 1931 to provide retirement benefits for state employees. CalPERS now manages pension and health benefits for more than 1.4 million California employees, retirees, and their families. It serves more than 2,500 employers, including state agencies, city and county governments, school districts, and special districts.

There are currently 322 retired Napa County employees and the County estimates that another 273 will retire within the next 10 years. The average age of retirement for County employees over the past 5 years is 62 years for miscellaneous employees and 57 years for safety employees.

The annual cost of providing a defined-benefit retirement plan to the employees of Napa County for the year 2007-2008, is \$13,210,200 and for the year 2008-2009, will be \$14,261,400.

Other Post Employment Benefit (OPEB) Liabilities: Retiree Health Care

Napa County also provides OPEB to its employees. These OPEBs may include medical, dental and vision benefits. Napa County has an unfunded OPEB liability ranging from \$37,000,000 to \$51,000,000, depending on which return rate is used. Napa County currently uses a “pay as you go” method. In other words, when a bill for a covered retiree’s health benefits is received, it is paid by the County.

The GASB 45 requires the County to determine its liability and then develop a funding source. Therefore, the County Board of Supervisors has adopted a plan of pre-funding the OPEBs which will be administered for retirees by CalPERS. For FY 2007-2008, Napa County will deposit approximately \$5,900,000, which should more than cover the costs of OPEB and will start to amortize (pay off) the current OPEB unfunded liability over the next 14 years. The annual cost to Napa County taxpayers for the OPEB liability for the year 2007-2008, is \$5,858,000 and for the year 2008-2009, will be \$6,048,300.

The cost to Napa County taxpayers to fund Napa County's retirement system over the next two years will be \$39,377,900. (See Appendix 1 for statewide estimated cost of retiree healthcare for counties)

City of Napa Wages, Pensions and Retiree Health Care Liabilities

Wages

The City of Napa appropriates 80% of its General Fund for salaries and benefits.

Pensions

The Grand Jury has learned that the City of Napa has an unfunded pension liability of \$49,314,000. The City of Napa is funded at 79% of its total obligation between miscellaneous employees and safety employees. Ideally, pensions should be funded at 70% to 80%.

Currently there are 318 retired City of Napa employees and the City estimates that another 54 will retire within the next 5 years. The average age of retirement for City employees over the past 5 years for miscellaneous employees is 57 years, and for safety employees is 52 years. The cost to the taxpayers of the City of Napa for the calendar year 2007 is \$6,879,668. Assuming a flat annual salary increase of 5%, the City of Napa estimates it will spend approximately \$44,000,000 over the next six (6) years to fund pension benefits.

Other Post Employment (OPEB) Liabilities: Retiree Health Care

The City has an unfunded retiree medical OPEB liability of \$2,800,000. It currently operates on a "pay as you go" system, paying \$600,000 annually to meet its program needs. GASB 45 requires the City to determine its liability and develop a funding source. To meet that requirement, the City of Napa will set aside an additional \$800,000/year (in addition to the \$600,000 paid annually), for a total program cost of \$1,400,000/year to meet its long term needs as established through actuarial analysis. The approved 2007-2008 and 2008-2009 budget funds an additional \$200,000 in FY 2007-2008, deferring \$600,000 for a total program cost of \$800,000, and funds \$1,200,000 deferring only \$220,000 in FY 2008-2009. This progression proposes a fully funded program on an annual basis by the next budget cycle. Because there is no requirement to fund the liability in its entirety, a phased approach will be used rather than fully funding it in one year.

Because double-digit health care increases continue unabated, the City of Napa predicts the cost of retiree health care over the next ten years will be \$13.4 million. (See Appendix 2 for estimated statewide cost of cities for retiree healthcare)

A Myth Rationalizes the Generous Benefits

Supporters of governmental pension benefit increases (including City of Napa and Napa County officials) routinely argue that they are needed to attract a high quality workforce that is paid less than their private sector counterparts. Based on the surveys and studies mentioned below, this claim is simply not true nor is it sustainable. We have found nothing to demonstrate that Napa's situation is any different.

According to the Bureau of Labor Statistics, the average wage for state and local government employees is \$23.52 per hour, compared with \$16.71 per hour for private-sector employees. When benefits (including pensions) are included in the calculation, state and local government employee compensation jumps to \$34.13, compared to total private-sector compensation of \$23.41. In other words, even when private employees' benefits are included, they still make less than the "raw wage" of state and local government employees.

An Employee Benefit Research Institute study similarly concluded that total compensation costs for state and local governments were 46 percent higher than for private-sector employees. While the study noted that some of the cost differences were attributable to the composition of the respective workforces, health and retirement benefits are much more costly in the public sector. This can be attributed to the fact that a higher percentage of government employees are employed in occupations that require a high level of education, such as teachers; or consist of a high level of danger, such as police officers and firefighters; while a higher percentage of private-sector employees are employed in lower-paid occupations, such as in the service and trade industries. Moreover, compensation comparisons of the same occupational groups revealed that government compensation is higher than private sector compensation. In fact, for every occupational group for which there was comparable data, government compensation was higher.

Government compensation costs for "management, professional and related" jobs are \$42.30 per hour for government employers versus \$41.14 per hour for private sector employers, "sales and office" occupation costs are \$23.91 versus \$19.06, and "service" jobs costs are \$26.37 versus \$11.88.

At the same time public sector pensions are being accessed at a much younger age. Some employees as young as age 50 years retire with an 80-90% pension, while those in the private sector may have to wait until 65+ before accessing their Social Security benefits. Public sector pensions provide health care for the retiree plus one, while the private sector worker often has Medicare only. One way to address and resolve this disparity is to change the way public sector pensions and OPEB benefits are funded.

Defined-Contribution Plan Overview

As the name implies, the main difference between defined-contribution pension plans and defined-benefit plans is that defined-contribution plans spell out the level of contributions which employers and employees will make to the retirement system, while defined-benefit plans detail the level of benefits employers will be required to provide employees upon retirement. Therefore, in contrast to defined-benefit plans, defined-contribution plans do not offer employees any guaranteed level of benefits. Instead, both the employer and employee make tax-deferred contributions to Individual Retirement Accounts (IRA) which are controlled by the employee. The level of benefits the employee receives upon retirement depends on the performance of his/her investment portfolio, as well as the level of contribution. Employees thus bear the risk of their investments, but also maintain control of these investments, assigning their own levels of risk and relying upon whichever financial professionals they choose, if any, for financial advice

and portfolio management. Note also that, under a defined-contribution plan, when investments perform especially well, beneficiaries realize higher benefits.

Defined-contribution plans typically have a shorter vesting period than defined-benefit plans. After the employee is vested in the plan, the employee may transfer, or “roll over,” his retirement account to future jobs. Upon the retiree’s death, the retirement account’s assets may be passed on to the retiree’s heirs. It is also worth noting that defined-contribution plan participants are eligible to receive Social Security benefits in addition to their IRAs, whereas many defined-benefit plan participants are not.

There are indications that taxpayer frustrations and fiscal realities are pushing for change to defined-contribution plans. Governor Schwarzenegger brought the issue to the forefront when he argued in his 2005 State of the State Address: *For new employees, we must move from a defined benefit to a defined contribution system. We need a public pension system that is fair to employees and to taxpayers.* California’s non-partisan Legislative Analyst’s Office has similarly called for the State to consider switching to a defined-contribution plan to limit costs to the State and offer employees a more portable pension plan option. (See Appendix 4 for more information on defined-contribution plans)

Conflicts of Interest

Increasingly, the responsibility for these extreme levels of benefits is blamed on the Unions. There is a perception that the Unions have too much power and play on public sympathy to get their way at the bargaining table. The Grand Jury believes the citizens of Napa County need to know that, although legally permissible, those who sit across the table from the Unions during contract negotiations, and those who ultimately approve agreements reached with the Unions, also benefit from these same negotiations.

Napa County

The members of the Napa County Board of Supervisors (BOS) are beneficiaries of the same wage and retirement benefits enjoyed by County employees. As an example, members of the BOS receive a salary of \$7,017 monthly; have full medical and dental coverage for themselves and their family members. They also enjoy a defined-benefit pension that includes a monthly annuity (based on a formula consisting of the age at which they retired, their salary when they retired, and the amount of service credit they had in the system) as well as medical, dental and vision for themselves and one dependent for life. These benefits are contingent upon the BOS member having at least eight years of service to Napa County.

Having the Board of Supervisors negotiate or approve wages and benefits on behalf of themselves, although legally permissible, is a classic conflict of interest. It would be wise for the County to retain an outside entity to advise on appropriate wages and benefits for the Board of Supervisors. Otherwise, conflict of interest concerns will cloud virtually every wage and benefit action taken by the Napa County Board of Supervisors.

City of Napa

The wages, pensions and benefits of the City Council and Mayor are set by City Ordinances R02002 12, R02006 3, and R2003 147 and adopted by the Mayor and City Council. The Mayor receives exactly two times the Council's salary. Effective April 2008, the Mayor receives \$2,428 monthly and the City Council receives \$1,214 monthly. These salary figures do not include other reimbursed expenses. The Mayor and City Council also enjoy a defined-benefit pension plan and retiree health care.

Having the City Council members negotiate or approve wages and benefits on behalf of themselves, although legally permissible, is likewise a conflict of interest. As with the County, it would be wise for the City to contract with an outside entity to advise on wages and benefits for the City Council members. Otherwise, conflict of interest concerns will cloud virtually every wage and benefit action taken by the City Council.

FINDINGS

The 2007-2008 Grand Jury finds that:

1. The County of Napa:
 - a. pension benefit for employees is a defined-benefit plan.
 - b. plan for its non-safety employees and the Board of Supervisors is a "2.5% at 55" plan.
 - c. plan for safety employees is a "3% at 50" plan.
 - d. vesting period for County employees is 5 years and for the Board of Supervisors 8 years.
 - e. total cost to Napa County taxpayers to fund employee retirement benefits over the next two years will be \$39,377,900.
 - f. BOS monthly salary is currently \$7,017, with full medical and dental coverage for themselves and their family. They also enjoy a defined- benefit pension that includes a monthly annuity.
2. The City of Napa:
 - a. retirement benefit for its employees (with limited exceptions) is a defined-benefit plan.
 - b. plan for its non-safety employees and the Mayor and Council members is a "2.7% at 55" plan.
 - c. plan for its safety employees is a "3% at 55" plan.
 - d. vesting period for the City of Napa employees is 5 years and for the Mayor and City Council members 8 years.
 - e. current annual cost to provide medical benefits to retired employees is \$1,400,000, a more than six-fold increase from \$227,240 in 2002.
 - f. estimates it will spend approximately \$44,000,000 over the next six years to fund pension benefits, assuming a flat salary increase of 5%.
3. OPEB:
 - a. The County of Napa also provides OPEB for its retired employees and elected officials, some for their lifetime.
 - b. The City of Napa also provides OPEB to its retired employees and elected officials, some for their lifetime.

- c. The costs of OPEB, particularly health insurance have experienced double-digit percentage increases in the past 5 years.
 - d. Early retirement of City and County employees, allowed by the pension plans, obligates the City and County to provide OPEB for a longer period of time until a retiree becomes eligible for Medicare at age 65.
 - e. The unfunded OPEB for the County of Napa is between \$37 and \$51 million and the City \$2.8 million.
 - f. The County has started reducing its unfunded OPEB liability and intends to be fully funded in 14 years.
4. Pensions:
- a. The costs to both the City and County for pension benefits are rising so rapidly that they can adversely impact the provision of other governmental services.
 - b. The unfunded liability by the County of Napa for pension benefits is \$52.5 million.
 - c. The unfunded liability by the City of Napa for pension benefits is \$49.3 million.
5. The City needs to budget more funds to more rapidly reduce its unfunded pension liability.
 6. The consequences of the failure to manage these unfunded liabilities can result in tax increases, reduced services and impaired borrowing ability.
 7. GASB 45 government agencies providing retiree health care and other non-pension retirement benefits must disclose the future and accrued cost of those benefits to the public within the next four years.
 8. Government agencies pay more of their compensation in the form of benefits than in the private business sector.
 9. Government entities do not need to provide these high levels of pension benefits to attract and retain employees.
 10. Having the Board of Supervisors and the City Council negotiate or approve wages and benefits on behalf of themselves, although legally permissible, is a classic conflict of interest.
 11. Private sector defined-benefit pensions are a thing of the past, retiree health care is virtually non-existent and wages, on average, are no greater than their public sector counter-parts.
 12. The average age at which current City of Napa employees retire is 57 years for miscellaneous employees and 52 for safety employees.
 13. The average age at which current Napa County employees retire is 62 for miscellaneous employees and 57 for safety employees.
 14. A defined-contribution plan allows the plan to define the level of contribution the employer and the employee will make.
 15. A defined-contribution plan provides advantages to the employees and reduces the cost of retirement benefits over time.

RECOMMENDATIONS

The 2007-2008 Grand Jury recommends that:

1. A shift to defined-contribution plans for all new employees of the City and the County be considered as a priority.
2. The City of Napa and County of Napa each adopt a resolution stating that it will participate in talks regarding health care reform.

3. A commission or task force be established to recommend and/or to vote on any wage, pension or OPEB for the BOS or City Council.
4. Both the City of Napa and Napa County review the time period of the OPEB coverage to determine if it could be reduced, e.g. by adjusting the retirement age percent formulas to reflect a 2.5% at 62 instead of age 55 for miscellaneous employees, or to reflect 3% at 55 instead of age 50 for safety employees, the OPEB liability could be significantly reduced.

REQUEST FOR RESPONSES

2007-2008 Napa County Grand jury requests responses from:

- County Executive Officer
- Napa County Auditor-Controller
- Napa County Board of Supervisors
- City Council of Napa
- Mayor of the City of Napa
- City of Napa Finance Director

GLOSSARY

AMP – Association of Management Professionals

BOS – Board of Supervisors

CAFR – Comprehensive Annual Financial Report

CalPERS – California Public Employee Retirement System

COLA – Cost of Living Adjustment/Allowance

DSA – Deputy Sheriffs Association

ERISA - Employee Retirement Income Security Act of 1974

FTE – Full Time Equivalent

GASB – General Accounting Standards Board

IRA – Individual Retirement Account

MOU – Memorandum of Understanding

NCEA – Napa County Employees Association

NCFA – Napa County Firefighters Association

NFA – Napa Firefighters Association

NPOA – Napa Police Officers Association

OPEB – Other Post Employment Benefits

PBGC – Pension Benefit Guaranty Corporation

PSE – Public Service Employees

UAAL – Unfunded Actuarial Accrued Liability

APPENDIX

Appendix 1. Total Estimated Cost Statewide of Counties for Retiree Healthcare, FY 2003-04 to FY 2019-20

Table 1 shows the estimated cost statewide for counties to provide medical benefits to retirees. If the cost of providing these medical benefits accelerates at the same rate it has for the last five years (approximately 16% per year), it is quite apparent that these costs will soon become very large indeed. If current trends continue, counties will spend over \$1 billion on retiree medical benefits by FY 2008-09, and will spend more than \$2 billion by FY 2012-13. The \$3 billion plateau will be reached by 2014-15, and then the amount will rapidly shoot past \$4 billion, \$5 billion, \$6 billion and \$7 billion in subsequent fiscal years.

Source: Total county retirees were estimated by calculating the ratio of FTE to retirees for a sample of counties. This ratio was then applied to the total number of FTE for all county governments, a figure provided by the United States Census Bureau's *Census of Governments* for 1992, 1997, and 2002. As with all numbers taken from this source, calculating an average annual rate of change between 1992 and 2002, and then using this figure to estimate FY 2003-04 figures projected 2003-04 figures. Using an average annual rate of growth of 16% projected future years' expenditures. This figure was derived from intra-year changes in the representative sample of counties.

Table 1: Statewide Estimated Cost of Retiree Healthcare for Counties, FY 2006-07 to FY 2019-20

Fiscal Year	Total Statewide Cost
FY 2006-07	\$707,377,026
FY 2007-08	\$848,283,866
FY 2008-09	\$1,017,258,818
FY 2009-10	\$1,219,892,944
FY 2010-11	\$1,462,891,026
FY 2011-12	\$1,754,293,410
FY 2012-13	\$2,103,742,052
FY 2013-14	\$2,522,799,548
FY 2014-15	\$3,025,331,719
FY 2015-16	\$3,627,966,406
FY 2016-17	\$4,350,643,654
FY 2018-19	\$6,256,537,122
FY 2019-20	\$7,502,815,760

Appendix 2. Total Estimated Statewide Cost of Cities for Retiree Healthcare, FY 2003-04 to FY 2019-20

Table 2 shows the estimated cost to all cities in California for providing retiree health care benefits from FY 2006-07, through FY 2019-20. Note that by FY 2008-09, the mid range estimated cost for such benefits exceeds \$1 billion. By FY 2014-15, even the low range estimate exceeds \$2.25 billion, while the high range is almost \$2.75 billion. By FY 2019-20, the low range estimate is over \$4.7 billion, the mid range is over \$5.2 billion, and the high range estimate is well over \$5.7 billion.

Of course, projecting such trends this far into the future is an imprecise art. Nevertheless, if retiree health care costs and the number of retirees continue to grow at current rates, costs of this magnitude will be involved.

Table 3: Statewide Estimated Cost of Retiree Healthcare for Cities,
FY 2006-07 to FY 2019-20

Fiscal Year	Total Cost - Low	Total Cost - Mid	Total Cost - High
FY 2006-07	\$685,247,796	\$761,386,440	\$837,525,084
FY 2007-08	\$794,887,444	\$883,208,271	\$971,529,098
FY 2008-09	\$922,069,434	\$1,024,521,594	\$1,126,973,753
FY 2009-10	\$1,069,600,544	\$1,188,445,049	\$1,307,289,554
FY 2010-11	\$1,240,736,631	\$1,378,596,257	\$1,516,455,882
FY 2011-12	\$1,439,254,492	\$1,599,171,658	\$1,759,088,824
FY 2012-13	\$1,669,535,211	\$1,855,039,123	\$2,040,543,035
FY 2013-14	\$1,936,660,844	\$2,151,845,383	\$2,367,029,921
FY 2014-15	\$2,246,526,580	\$2,496,140,644	\$2,745,754,708
FY 2015-16	\$2,605,970,832	\$2,895,523,147	\$3,185,075,462
FY 2016-17	\$3,022,926,165	\$3,358,806,850	\$3,694,687,535
FY 2017-18	\$3,506,594,352	\$3,896,215,947	\$4,285,837,541
FY 2018-19	\$4,067,649,448	\$4,519,610,498	\$4,971,571,548
FY 2019-20	\$4,718,473,360	\$5,242,748,178	\$5,767,022,995

Source: The estimated cost of retiree health care for all employees of California cities was derived from a selected sample of city retiree medical expenses and taken from each City's respective CAFR. These data provided a per-retiree cost for health benefits, which was multiplied by total estimated city retirees. Where FY 2003-04 figures were unavailable, available data were used to compute an FY 2003-04 figure based upon an average annual rate of change of 16%.

Total city retirees were estimated by calculating the ratio of FTE to retirees for the sample of cities. This ratio was then applied to the total number of FTE for all city governments, a figure provided by the United States Census Bureau's *Census of Governments* for 1992, 1997, and 2002. As with all numbers taken from this source, calculating an average annual rate of change between 1992 and 2002, and then using this figure to estimate FY 2003-04 figures projected 2003-04 figures. Data were projected forward assuming an average annual growth rate of 16%.

Appendix 3. Brief History of Pension Plans in the United States

Government pension plans have existed in America since the colonial era, though they were restricted to disabled veterans and widows. In 1875, the American Express Company established the first private pension plan in the United States. Railroad companies followed with their own pension plans. By 1930, most large companies offered pension plans, most of which survived the Great Depression. Exceptions were those plans where benefits were paid out of current earnings,

rather than from funded reserves. Many union pensions funded on the “pay as you go” system failed in the 1930s.

During the mid-1960s, the Studebaker Corporation failed, leaving a pension plan with less than 20 percent of the assets needed to pay promised benefits. Uproar over the loss of employee pensions eventually led to the enactment of the Employee Retirement Income Security Act of 1974 (ERISA). ERISA established the tax-deductible Individual Retirement Account (IRA) for those not covered by a pension. In addition, ERISA instituted the Pension Benefit Guaranty Corporation (PBGC), a government owned corporation designed to insure private defined-benefit plans to prevent cases like Studebaker, in which plans were terminated without adequate funding.

The Revenue Act of 1978, sec. 401(k), created Internal Revenue Code Section 401(k), establishing privatized or individualized qualified deferred compensation plans. The provision allowed employees to set aside a certain portion of their compensation to be exempt from taxes until withdrawn, generally after retirement, when people are in a lower income tax bracket.

The enactment of ERISA and the 1978 Revenue Act proved to be a pivotal change in pension history. Since their passage, the private sector has seen a steady trend toward 401(k) and similar defined-contribution plans and away from defined-benefit plans. The Grand Jury understands that many government pension systems are re-evaluating defined-benefit plans in favor of defined-contribution plans.

Source: Reason Foundation, June 2005 report.

Appendix 4. Potential Advantages of Defined-Contribution Plans

1. Stability and Predictability of Contribution Levels

From an employer’s perspective, this plan provides a great deal of stability since contribution levels (i.e., costs) are known in advance and do not change much from year to year, in sharp contrast to the volatility in contribution levels experienced under defined-benefit plans. In the government, this is especially helpful in the budgeting process, as legislators (and the taxpayers accountable for any funding shortfalls) do not have to worry about being surprised by greater than expected contribution requirements when the stock market sours and the pension fund’s investment returns plummet. This added predictability of government finances eliminates the risk of unfunded liabilities and thus ensures full funding of the system.

Critics often assert the myth that shifting to defined-contribution plans would require government agencies to increase salaries of government employees to recruit a high-quality workforce. The sensible response is that the primary means of compensation needs to be the salary and not retirement benefits. Salary levels are not protected constitutionally and can be modified as economic conditions change. Pension commitments are permanent and should be treated with appropriate care. It actually makes better fiscal sense to use salary levels as the principal means of attracting workers rather than long-term, unalterable pension benefits.

According to the Legislative Analyst's Office, potential savings under this plan could reach as much as "several hundred million dollars to over \$1 billion annually." CalPERS also examined their own numbers and found that because the defined contribution rates would be far lower than the average of current contribution rates, in the long-term, savings would occur. CalPERS estimated that the additional costs placed on the system during the first fiscal year (2007-2008) would be \$820,000,000. Over the next 10 years, the total burden would be \$1 billion. However, over the next 20 years the State would save approximately \$16 billion and over a 30-year period, the State could save \$35.8 billion.

2. Choice for Workers

While the stability/predictability argument offers one of the strongest practical benefits of defined-contribution plans, perhaps the greatest benefit is that it allows employees the freedom to manage their own retirement accounts and invest their own money. Regardless of whether one type of plan performs slightly better than another type, one critical point that is often overlooked is that defined-contribution participants have freedom of choice to invest their money. The value one places on this freedom will vary from individual to individual and cannot be captured in investment fund performance comparisons. Moreover, risk levels and investment strategies change with age. Defined-contribution plans allow employees to choose growth-oriented investments when they are young and then switch to more conservative investments as they approach retirement.

Government employee unions and other defined-benefit plan supporters sometimes claim that defined contribution plans are inferior because, these plans will not generate enough income for retirees.

3. Portability

Since employer retirement contributions are paid directly into individual accounts under a defined plan, it is easy for workers to take their accumulated funds with them when they change jobs. Upon the employee's departure, both employer and employee contributions can be cashed out and "rolled over" to a future employer's plan. Under a defined-benefit plan, only employee contributions may be cashed out. This portability is extremely appealing to employees in an age where the average worker switches jobs numerous times during his or her career. Bureau of Labor Statistics data illustrate the nature of today's increasingly mobile workforce. In 2000, for example, the median job tenure was 4.7 years. For employees aged 25 to 34, it was only 2.6 years.

In addition, the vesting period for defined-contribution plans is typically only a few years, whereas the vesting period for defined-benefit plans is often 10 years or more. Thus, government employees who might have otherwise been vested under a defined-contribution plan may leave their jobs before they are vested in their defined-benefit plans, thereby foregoing any retirement benefits and receiving only their own contributions plus interest. This has been a widespread problem in California, where 70 percent of state and local government employees lose all employer contributions because they leave their jobs before satisfying the 10-year vesting requirement.

4. Younger Worker Appeal

As TIAA-CREF noted in a recent publication [reference], shifting to a defined-contribution plan provides particular benefits to younger workers, a demographic government recruiters are desperately pursuing across the nation.

In a defined-contribution plan, contributions made at younger ages will have a longer investment horizon, with the potential for growth over many years. This is true even if employees terminate service after a few years, since accumulations continue to participate in the accounts' investment experience. In a traditional defined benefit plan, an employee's accrued benefit is generally frozen at the time he or she terminates employment. Even with moderate inflation, these benefits lose a great deal of their purchasing power by the time the employee begins to access retirement income.

5. Rational and Individual Investment Choices

No one has a greater interest in the proper investment of retirement funds than the future retiree himself. Under a defined-contribution plan, depending upon the investment choices offered by the employer, the individual is free to invest in companies for the purpose of furthering a political ideology or cause even if it means sacrificing greater returns, while others are not forced to suffer the consequences if such investments offend their values or post sub-par returns.

6. Accountability and Transparency

Since the participants themselves, and not a government pension board manage defined-contribution retirement accounts, there is complete accountability and transparency with regard to investment decisions. These decisions are simply the responsibility of the individual participant. Thus, there are no backroom deals, no conflicts of interest, and no need to worry about the lack of financial disclosure, all problems that have plagued the pension boards of government defined-benefit plans.

Source: Reason Foundation, June 2005 report.

Appendix 5. What Happened in Vallejo?

The City of Vallejo is the first city in the United States to have filed Chapter 9 bankruptcy based solely on budgetary issues: its inability to pay its bills due in large part to its personnel costs, which comprise nearly 75% of the City of Vallejo General Fund. The City has engaged in discussions and mediation with labor groups in an effort to reduce personnel costs (wages and benefits) and reduce staffing levels. The most recent discussions did not result in an agreement with the labor groups which would have ensured ongoing General Fund solvency.

Source: Vallejo Times-Herald

NAPA COUNTY GRAND JURY

2007-2008

FINAL REPORT

**ALCOHOL AND DRUG
PREVENTION AND
TREATMENT PROGRAMS FOR
NAPA COUNTY YOUTH**

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NAPA COUNTY GRAND JURY
P.O. BOX 5397
NAPA, CALIFORNIA 94581

June 2, 2008

The Honorable Francisca P. Tisher
The Honorable Raymond A. Guadagni
Presiding Judges 2007/2008
Superior Court of the State Of California
County of Napa
825 Brown Street
Napa, CA 94559

Dear Judges Tisher and Guadagni,

Pursuant to Section 933(a) of the California Penal Code, the 2007-2008 Napa County Grand Jury submits to you its Final Report on Alcohol and Drug Prevention and Treatment Programs for Napa County Youth. Our investigation of Alcohol and Drug Prevention and Treatment Programs for Napa County Youth was conducted in a manner consistent with the California Penal Code, this Court's Charge, and the historic role of the Grand Jury – to protect the interests of the citizens of Napa County.

This is the thirteenth in a series of final reports we will be issuing before our term ends. I would like to acknowledge the hard work and dedication of the Grand Jury which our reports reflect. It is a privilege and a pleasure to work with them.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "William E. Trautman".

William E. Trautman
Foreperson
2007-2008 Napa County Grand Jury



NAPA COUNTY GRAND JURY

P.O. BOX 5397

NAPA, CALIFORNIA 94581

To the Citizens of Napa County:

The 2007-2008 Napa County Grand Jury is completing its comprehensive investigations of various governmental agencies and related matters in Napa County in exercise of its duty under California law. The report issued with this letter is the result of our investigation of alcohol and drug prevention and treatment programs for Napa County Youth.

Napa County has a wide variety of programs which provide services that can be identified as preventive, but only one program that provides treatment. Until recently, there was no one County agency which coordinated the various prevention efforts and little cooperation between agencies that deal with youth who have alcohol and other drug (AOD) use/abuse issues. In addition, primarily due to the lack of a systematic mechanism to identify youth who would benefit from prevention and treatment programs, most youth with AOD issues were not identified until they encountered the juvenile justice system.

In 2005, Napa County Health and Human Services (NCHHS) designed and is currently overseeing the implementation of the 2007-2010 Napa County Strategic Prevention Plan. In January 2008, this Prevention Plan set the stage for NCHHS to study, design and oversee implementation of the Youth and Young Adult Substance Abuse Treatment – Strategic Plan.

The Grand Jury is encouraged by the steps taken so far to acknowledge the prevalence of youth AOD use, to recognize the need to develop a continuum of services for every community and language group, and to identify the steps that must be taken to commence and sustain this important work. These efforts are a relatively new development that have depended on the interest and energy of current administration and senior staff at NCHHS and other agencies, and on significant contributions of time and funds from charitable organizations. The Grand Jury hopes that this level of commitment, cooperation, and coordination will persist.

Copies of this report are available for your review in the Napa City/County Library and online by following the link to Grand Jury at <http://www.napacourt.com/>. It is our pleasure and honor to serve you during the 2007-2008 Grand Jury tenure. We hope you find this report interesting and informative.

Respectfully Submitted,

The 2007-2008 Napa County Grand Jury

ALCOHOL AND DRUG PREVENTION AND TREATMENT PROGRAMS FOR NAPA COUNTY YOUTH

SUMMARY

Pursuant to the requirement that the Grand Jury investigate various county agencies and departments, and cognizant that youth alcohol and other drug (AOD) use has been a continuing concern to parents, teachers, counselors, and the juvenile justice system in Napa County, the 2007-2008 Grand Jury investigated local governmental efforts to address this issue.

While drug use among the youth of Napa County is not necessarily higher than elsewhere in the state, we should not delude ourselves that Napa's youth are less likely than those in other communities to use/abuse AOD. Local surveys of AOD use among teens conclude that experimentation with drugs and alcohol is pervasive throughout the County. Napa County's most recent (2006) survey data indicated a large percentage of students surveyed reported alcohol use. In addition, the survey indicated Napa County youth are more likely than other California youth, as a whole, to be underage users of alcohol, 59.4% vs. 45.9%. There are approximately 900 Napa County youth currently in AOD prevention programs.

The citizens of Napa County are served by the agencies and charitable organizations that are available to assist youth. Prevention programs funded by local police departments, by Family Centers, by schools and by other groups such as the Boys' and Girls' Clubs exist but vary in every community. Treatment is available through one facility, the Wolfe Center, which is in the process of expanding its services from a single campus located in downtown Napa to satellite programs at schools and Family Centers throughout Napa County.

Led by Napa County Health and Human Services Agency (NCHHS), the County worked with local government agencies and interested charitable groups to develop new strategic plans for prevention and treatment programs to serve families throughout the County. The strategic plans will be implemented over the next few years with the intention of increasing awareness and access to evidence-based prevention and treatment services for all Napa County citizens. However, the true cost of publicly funded youth AOD prevention and treatment in Napa County could not be ascertained from the various agency budgets reviewed.

BACKGROUND

Like every other county in the State of California, Napa has a significant number of youth who use or abuse AOD. Based on the most recent US Census data and the Alcohol Cost Calculator website, it is estimated, that 2,466 youth in Napa have a serious alcohol problem¹, which may lead to poor judgment and a variety of negative consequences including accidents, drinking and driving, tobacco use, fighting, conduct disorders, legal problems and suicide. Periodically, the County school districts conduct the California Healthy Kids Survey (CHKS) which elicits information from students about their AOD exposure. This Survey is a requirement for all schools that accept Federal funds under the *No Child Left Behind Act's* Title IV Safe and Drug-Free Schools and Communities (SFDSC) program or the State of California's Tobacco Use Prevention Education (TUPE) program. The results indicate that experimentation with AOD is pervasive. While recognizing that parents are central in preventing underage drinking or use of illicit drugs, the Grand Jury investigated the role Napa County has assumed in treating what the County describes as the number one preventable health problem for youth².

Prior to 1999, the NCHHS supported small prevention programs operated by the schools and by charitable organizations. In 2005, it designed and is currently overseeing the implementation of the *2007-2010 Napa County Strategic Prevention Plan*. In January 2008, this *Prevention Plan* set the stage for NCHHS to study, design and oversee implementation of the *Youth and Young Adult Substance Abuse Treatment – Strategic Plan*. Effective services and programs need to be available to parents struggling to cope with teenagers who are having AOD issues; to youths who are endeavoring to deal with the consequences of experimentation; to teachers and others who are witnessing changes in behavior, school attendance and grades among the youths in their charge.

There are generally two levels of services available to address AOD issues: prevention and treatment. Prevention efforts are intended to reduce underage drinking and use of illicit drugs before it begins. Prevention efforts would include, for example, increasing parental disapproval of AOD use; increasing youth perception that AOD are harmful; and decreasing the perception that AOD are readily available and that consequences of use are minimal. Prevention can also include activities that occupy a youth's time with healthy alternatives to AOD use. If one takes a broad view, prevention activities include virtually every organized program that caters to adolescents, keeping them involved with activities that can lead to healthy lifestyles, increased self-awareness, and learning teamwork. Prevention efforts also include educational and counseling programs which directly address AOD issues, and are supported by government agencies.

¹ <http://www.alcoholcostcalculator.org/kids/>

² *2007-2010 Napa County Strategic Prevention Plan*

Treatment programs deal with youth who have already had experience with drugs and/or alcohol and have begun to deal with the consequences, such as poor school performance, truancy, health issues, home relationship issues, and conduct problems that may lead to juvenile authority involvement in their lives. Napa County has only one treatment program, the Wolfe Center. Although the Wolfe Center is not an office or agency of Napa County, the County has elected to have this non-profit organization handle all youth AOD treatment efforts on its behalf and supports this by making contractual payments for services. The Wolfe Center works with youth on an outpatient basis. There is no residential treatment program in Napa County for youth.

Public agencies and organizations interested in youth AOD issues in Napa County have in the recent past conducted comprehensive reviews of AOD prevention and treatment services with two objectives in mind. First, they wanted to focus on “evidence-based” practices; meaning, they were looking for programs that were proven to work with youths, to prevent use/abuse of substances, to effectively treat those with problems, and to avoid relapse. Second, they wanted an effort that included all agencies that would be concerned with AOD issues for youth and all levels of involvement. Working with Napa Valley Vintners/Auction Napa Valley and with Community Health Clinic Ole, NCHHS retained consultants to develop baseline data. The consultants prepared *Napa County Community Health Needs Assessment*. The report, together with the CHKS, gave NCHHS sufficient information to commence working with other agencies and organizations to develop a comprehensive approach to AOD prevention and treatment for Napa County youth. To assist in this effort, the County has included representatives from the Napa Valley Unified School District (NVUSD), the Napa County Office of Education (NCOE), the Napa County Probation Department, police departments throughout the County, the Napa County Sheriff’s Department, the Wolfe Center, various family centers, the Napa County Public Defender, and other charitable groups working with at-risk youth.

METHODOLOGY

The Grand Jury conducted numerous interviews with various representatives from County and City agencies, reviewed studies showing current AOD statistics for County youth, examined publications available to the public regarding youth AOD issues and programs, studied recently adopted strategic plans to address these issues, and met with representatives of a wide variety of charitable organizations which deal with family issues, prevention activities, and which make referrals for treatment services.

Interviews Conducted

The Grand Jury interviewed various administrators and/or other representatives of the following agencies and organizations:

- ALDEA
- American Canyon Middle School
- American Canyon Police Department
- Boys' and Girls' Club of Napa
- Calistoga Family Center
- Calistoga Joint Unified School District
- Calistoga Police Department
- Cope
- English Learner Advisory Committee, Calistoga
- Napa County Health and Human Services
- Napa County Probation Department/Juvenile Hall
- Napa Police Department
- Napa County Office of Education
- Napa Valley Unified School District
- St. Helena Family Resource Center
- St. Helena Police Department
- St. Helena Unified School District
- Wolfe Center

The Grand Jury also interviewed some juveniles at Juvenile Hall and at the Wolfe Center. The youth were interviewed on a voluntary, anonymous and confidential basis. Members of the Grand Jury were not told the youth's names or the reasons they were residents at Juvenile Hall or in outpatient treatment at the Wolfe Center.

Documents Reviewed

The Grand Jury reviewed the following documents in connection with its investigation of youth AOD prevention and treatment:

- *Youth and Young Adult Substance Abuse Treatment Strategic Plan*, Napa County Health and Human Service Agency, January 2008
- *2007-2010 Napa County Strategic Prevention Plan*, Catalyst Coalition, Napa County Health and Human Services Agency, Napa County Office of Education,
- *Identifying Priority Health Needs: Napa County Community Health Needs Assessment*, Barbara Aved Associates, November 2007
- *California Healthy Kids Survey, 2005-2006*
- *County Report, 2006-07 Napa County Enrollment by Ethnicity*, California Department of Education – CA Public Schools
- *Napa County Expulsion, Suspension Information, 2006-07 Data Run*, California Department of Education, Safe & Healthy Kids Program Office, www.cde.ca.gov
- *Make a Difference*, U.S. Department of Health and Human Services, NIH Publication No. 03-4314
- *Napa Valley Visitor Profile and Economic Impact Studies*, www.destinationstrategy.com, 2006

- *The Cost of Alcopops to Youth and California*, Marin Institute, www.marininstitute.org/alcopops/resources/TheCostofAlcopopstoYout handCalifornia
- *Youth and Violence and Illicit Drug Use*, U.S. Department of Health and Human Services, Office of Applied Studies, Substance Abuse and Mental Health Services Administration, Issue 5, 2006, <http://www.oas.samhsa.gov/2k6/youthViolence/youthViolence.cfm>
- *Preventing Drug Abuse Among Children, A Research-Based Guide for Parents, Educators, and Community Leaders, Second Edition*, National Institute on Drug Abuse, October 2003
- *Interview: NIDA Director Discusses Drug Abuse Among Teens*, The Challenge, Volume 14, No. 3, U.S. Department of Education, Office of Safe and Drug Free Schools
- *Programs to Prevent Drug Abuse: One Size Does Not Fit All*, The Challenge, Volume 14, No. 3, U.S. Department of Education, Office of Safe and Drug Free Schools
- Napa Valley Register, *Upvalley schools get funds to battle drug use*, October 7, 2007
- Napa Valley Register, *Teens get frank about underage drinking*, April 10, 2008
- California Department of Education – Data Quest, <http://dq.cde.ca.gov/dataquest>

Recusals

A member of the Grand Jury was on the Board of Directors for the Wolfe Center and was, therefore, not involved with the Wolfe Center interviews and voting on this report.

DISCUSSION

Napa County youth are more likely than other California youth, as a whole, to be underage users of alcohol, 59.4% vs. 45.9%³. Approximately 44 students were expelled from Napa County Schools during the 2006/2007 school year due to possession or sale of controlled substances, alcohol or intoxicants⁴. It is estimated that 2,466 youth, out of 30,309, in Napa County have a serious alcohol problem⁵, which dramatically increases the probability they abuse other substances (marijuana, cocaine, heroin, hallucinogens, inhalants, pain relievers, tranquilizers, and stimulants)⁶. The National Survey on Drug Use and Health (NSDUH) Report, based on data collected throughout 2002-2004, indicated youths aged 12 to 17 who

³ California Health Interview Survey and Napa County Community Health Needs Assessment, 2007

⁴ California Department of Education - Safe & Healthy Kids Program Office

⁵ Napa County Community Health Needs Assessment

⁶ *The Challenge*, Volume 14, Number 3, A Publication of the Office of Safe and Drug-Free Schools – *Programs to Prevent Drug Abuse: One Size Does Not Fit All*

used an illicit drug in the past year were almost twice as likely to have engaged in violent behavior as those who did not use an illicit drug, 49.8% vs. 26.6%.

The 2007-2008 Grand Jury investigated the efforts that local governmental agencies are undertaking and supporting financially to address AOD use/abuse by youth. The Grand Jury learned that Napa County has a wide variety of programs which provide services that can be identified as preventive, but only one program that provides treatment. Until recently there was no one County agency which coordinated the various prevention efforts and little cooperation between agencies that deal with youth who have AOD issues. This changed when NCHHS established the Prevention and Youth Treatment Services Coordinator position. Since then, NCHHS has taken a lead in developing strategic plans for prevention planning and services, and for treatment.

In the past several years, studies have been conducted in California and elsewhere of various approaches to youth AOD treatment. These studies have included assessments of brain development, which confirm that there are differences between the adolescent brain and the adult brain.

Adolescents warrant increased attention because they are at heightened risk for drug abuse, they may suffer more severe consequences, and childhood and early adolescence represent times when targeted prevention efforts may have the most impact. NIDA-supported research has shown that the earlier drug abuse is initiated, the more likely an individual will become addicted. In fact, addiction is called a developmental disease because it typically begins during the critical teen years when the brain is still developing—not to fully mature until a person is in his or her 20s. This heightened risk adolescents face, therefore, is far more than just a result of social angst or the opportunity to use drugs, though these factors certainly play a role. Rather, adolescents face increased risk because these environmental factors occur during a time of great change in the brain. For example, among the last areas of the brain to mature is the prefrontal cortex—the part of the brain that enables us to assess situations, make sound decisions, and keep our emotions and desires under control. The fact that this critical part of an adolescent’s brain is still a work-in-progress can help to explain the risk taking that is a characteristic of this time period, and can help us, as adults, recognize more fully the challenges youth face in making decisions that impact their health⁷.

⁷ The Challenge, Volume 14, Number 3, A Publication of the Office of Safe and Drug-Free schools, Dr. Nora Volkow, M.D., Director of the National Institute on Drug Abuse (NIDA)]

Programs are being developed in recognition of these differences, understanding that the developmental stage of the youth is important in designing an effective prevention or treatment program.

NCHHS recognizes that prevention and treatment need to be a continuum. It also acknowledges that juvenile justice, public health, police, sheriff, and schools all have a vital role to assume in identifying and assisting youth with AOD issues. It was somewhat surprising to the Grand Jury that coordination among these agencies has not historically been the norm. The Napa County strategic prevention and treatment plans emphasize the need to provide a continuum of services that is not dependent on where the youth resides, what school/grade he/she is in, or whether or not he/she is a client of the juvenile justice system while also needing AOD counseling. Appendix I outlines the continuum of AOD Youth Services in place in Napa County.

No matter how the prevention or treatment program is designed and tested, its results ultimately are dependent on quality staff in addition to family involvement. High staff attrition rates can disrupt progress being made by the participants and affect their ability to have trusting relationships.

California Healthy Kids Survey

Periodically, the County school districts administer the CHKS to youth at the 7th, 9th, and 11th grade levels which elicits information from students about their AOD exposure. The CHKS is an important document for all citizens to read because this Survey contains the local AOD survey/data. CHKS puts numbers to parental concerns and confirms that AOD use is prevalent throughout the County and that no locale, ethnic or socioeconomic group is immune. This Survey was utilized by NCHHS and NCOE when developing the *2007-2010 Napa County Strategic Prevention Plan*. Appendix II consists of selected sections of the most recent CHKS.

Prevention

Prevention efforts are directed at reducing the incidence of AOD use among youth. Ultimately, this means utilizing parents, agencies, schools, and programs to achieve reductions from the levels and frequency of use identified in the CHKS. This outcome depends on coordination and cooperation among all of the foregoing, starting with recognizing that the youth may be having a problem, or be about to embark on a pattern of use.

The Grand Jury understands that agencies and organizations are in the early stages of coordinated prevention efforts. However, there are many offices, agencies and programs that are concerned, at least in part, with AOD prevention and any one of them can serve as the access point for a family, teacher, or youth to seek attention.

Tax funded or partially funded youth AOD prevention education materials, programs and/or organizations throughout Napa County are listed below, including

but not limited to: Boys' and Girls' Club in Napa, Calistoga and St. Helena; Calistoga Family Center – Student Assistance Program (SAP); California Healthy Kids Survey; Catalyst Coalition; Children of Substance Abusing Parents; Cybermill Clubhouse; Drug Abuse Resistance Education (D.A.R.E.); Insights; Juvenile Diversion; Life Skills; Our Children Our Future; Safe and Drug-Free Schools and Communities; Safe Schools Ambassadors; Safe Schools Health Students; school Health classes; Second Step; Students Take Alcohol to Task (STAT); The Mentor Program; Triple T Project – Teens Tackle Tobacco; TUPE – Tobacco Use Prevention Education; Wolfe Center. One common thread to all the above listed programs is they are not all evidence-based nor are they uniformly accessible to all Napa County citizens. Appendix III is a limited list of tax funded or partially funded AOD prevention programs and /or organizations in Napa County.

Community Education Outreach

In the spring of 2008, bilingual Town Hall meetings held in Napa and Calistoga addressed the topic *Underage Drinking*. Over 200 people attended the Napa meeting and approximately 70 people attended the Calistoga meeting. Recently, the City of Calistoga and the CJUSD hosted *Every 15 Minutes*, an annual and bilingual prevention awareness event addressing drinking and driving, which was primarily funded (\$25,000) by the California Highway Patrol and Calistoga Rotary Club. A bilingual information session regarding *Alcopops* was held in St. Helena in May and is scheduled for Napa in June. CJUSD and SHUSD SAP, in conjunction with the Wolfe Center, presented educational activities regarding the Upvalley's high levels of youth AOD use, along with an introduction to the SAP prevention/treatment programs for St. Helena ELAC, SHUSD parents and CJUSD parents.

Prevention efforts have been hindered by Napa County's mix of rural and urban areas, its language and cultural distinctions, and the lack of a systematic mechanism to identify youth who would benefit from prevention programs. As a result, most youth with AOD issues have not been identified until they come to the attention of the juvenile justice system⁸. The recently published *2007-2010 Strategic Prevention Plan* is intended to avoid a continuance of this pattern of deferred attention to AOD issues.

The Future

The NCHHS *2007-2010 Strategic Prevention Plan* is grounded in best practice utilizing the most current research information regarding effective approaches for addressing AOD problems.

The majority of the strategies identified in the Plan will address change at the community level in order to focus limited resources in a manner that is likely to produce the greatest effect. NCHHS and its cooperating agencies/organizations believe that community level change efforts impact not only the settings and

⁸ 2007-2010 Napa County Strategic Prevention Plan

circumstances that give rise to AOD problems, but ultimately affect individuals by changing norms that influence their behavior.

Major goals were identified in order to increase the capacity of communities and providers to engage in prevention efforts. These goals include:

- Goal 1. Develop, track, and disseminate culturally specific local data to support and improve prevention planning, policy and evaluation
- Goal 2. Increase funding for prevention efforts
- Goal 3. Expand the participation of key stakeholders and community members in each Catalyst Coalition City Team
- Goal 4. Improve the coordination and collaboration among alcohol and other drug prevention providers and between prevention providers and youth treatment providers
- Goal 5. Build support for the implementation of the Strategic Plan.

The strategic long term outcomes are expected to reduce underage drinking in Napa County, reduce marijuana use among youth in Napa and Calistoga and reduce the prevalence of driving under the influence incidents within the City of Napa.

Treatment

As with the recent review of prevention programs, NCHHS has also cooperated with relevant agencies and organizations on a strategic treatment plan for youth AOD abuse. These efforts resulted in the January 2008 *Youth and Young Adult Substance Abuse Treatment Strategic Plan*. Coordination between agencies and a continuum of care are critical to success. In the *Strategic Plan*, NCHHS acknowledged that it must take leadership in ensuring that all programming meets current knowledge of “best practices”, and that coordination and collaboration between agencies is necessary to maximize quality outreach and treatment.

Napa County does not operate a taxpayer supported youth substance abuse treatment center, and relies on the Wolfe Center to provide all such services. Private medical and therapeutic practitioners can also extend treatment but it is expensive and, with the exception of Kaiser, not well covered by insurance. Seventy-six percent of the youth who need treatment rely on public benefit programs.

Open for 4 years, the Wolfe Center is a non-profit organization located in a new facility in downtown Napa. The Wolfe Center targets youth whose involvement with AOD is so severe that they need intensive outpatient intervention. It has a budget of approximately \$1,200,000 per year. Private financing is by community donations. Major contributors include the Napa Valley Vintners/Auction Napa Valley and the Gasser Foundation which together have donated approximately

\$1,500,000 dollars thus far. NCHHS provides approximately \$248,000 per year for treatment and approximately \$166,000 for preventive services. Napa County Probation Department pays approximately \$148,000 for contracted services for treatment at Wolfe Center and Juvenile Hall. Drug Medi-Cal is a major source of funding, as all Wolfe clients' are eligible for Drug Medi-Cal funded services. Currently, Wolfe Center is reimbursed approximately \$11,000 monthly by Medi-Cal with the hope/intention of increasing these reimbursements to \$20,000 monthly within the next year. Despite these resources, Wolfe Center usually faces a deficit.

In addition to outpatient (after school) treatment there is a high school at Wolfe Center that awards regular high school diplomas through the NCOE for full-time clients. As components of the treatment program, the Center also has a music room with a recording studio, an art studio, computer lab and is starting a culinary arts program with Kinyon Culinary Services.

In May of 2007, the Wolfe Center received the "Outstanding Achievement in Youth Treatment and Recovery" award from the County Alcohol and Drug Programs Administrators Association of California.

Referrals to the Program

Youth are referred to the Wolfe Center by family, friends, school, juvenile justice system or they may self-refer. Caseload at the Napa facility is usually 35-45 clients. A maximum of 23 may be in attendance all day and the remaining are after school attendees. These youth do not stay at the Wolfe Center overnight, instead returning to their homes at the end of the program day.

Levels of Treatment

There is a misconception in the community, including individuals in schools and the public safety fields, that the Wolfe Center treats only "hard-core addicts." The Grand Jury found that the Center has outpatient programs for all levels of AOD use. Treatment depends on the Wolfe Center's assessment of the client's need. Treatment emphasizes peer interaction, addiction education, socialization, anger management and self-control, diversity training, 12-step sobriety skills, recreation and academics. It also includes individual therapy, group counseling, family counseling and family education. The average client will take at least 12 months of treatment to complete the program. Daily drug testing is used as a treatment tool to assist clients to maintain sobriety. Appendix IV outlines the stages of treatment at the Wolfe Center.

Discipline

The Wolfe Center makes it clear to the clients that there can be no leeway given for drug dealing or violence, actions which can lead to immediate expulsion. Clients who are referred to the program by the juvenile justice system and who are later expelled from the program because of such problems are returned to the juvenile system and, depending on the nature of the offense, might face charges by

the District Attorney. Appendix V identifies the Wolfe Center's guidelines for handling behavioral problems.

In late 2007, the Wolfe Center discovered that some participants in the program had committed serious behavioral violations (drug trafficking). Those involved were discharged from the program in accordance with the Center's disciplinary guidelines.

A closely related issue for Wolfe Center staff is the occasional early removal of clients by the Juvenile Probation Department before adequate treatment is completed. Although public safety is paramount, the Grand Jury concluded that some of these problems are caused by seemingly arbitrary or inflexible Probation Department rules. Better than 50% of the youth treated at Wolfe Center enter the program as a condition of probation.

Other Locations

In addition to the downtown Napa facility, Wolfe Center has 18 certified school and Family Center sites from American Canyon to Calistoga. This allows Wolfe Center to have established treatment sites in most publicly funded middle schools and high schools in Napa County. The Wolfe Center will have counselors in the new high school in American Canyon when it opens. They also conduct clinics at Valley Oak High School, Liberty High School, Chamberlain High School and Creekside Middle School, all alternative schools where AOD issues are often an additional challenge for the youth who attend these schools.

Staff

There are 8 Master's-Level counselors and 4 Bachelor's-Level counselors in addition to administrative and clerical staff at the Wolfe Center. There is a part-time contract psychiatrist who works with clients on an as-needed basis. Counselor attrition rate is 35%, due primarily to low wages. Counselors' salaries average \$13,000 less per year than those for comparable positions in County agencies.

The Future

The NCHHS *Strategic Plan for Youth and Young Adult Substance Abuse Treatment* includes close involvement with the Wolfe Center to establish a wellness center at Napa High School and eventually to expand this to all of the county high schools.

Major initiatives stated by NCHHS in the Strategic Treatment Plan include:

1. Strengthen the connections between primary prevention and treatment services.

2. Implement screening in schools, primary health care facilities, family planning clinics, community based organizations, County departments and the criminal justice system to increase the identification of youth and young adult substance abuse.
3. Support the implementation of satellite services throughout the county for youth and young adults. These services will focus on assessment, early intervention programs and lower level treatment.
4. Implement targeted services for transitional age young adults (18-24)
5. Continue intensive treatment services at the Wolfe Center.
6. Improve continuing care services for youth and young adults upon their return to Napa County after receiving out-of-county services.
7. Work collaboratively with partner agencies to identify and collect data that is helpful in compiling need, demand, capacity and outcome data.
8. Advocate for Federal, State and local policies that support a comprehensive youth and young adult substance abuse system of care.
9. Conduct community awareness and education campaign addressing AOD issues for youth and young adults.
10. Establish a comprehensive workforce and professional development program with meaningful training, hiring and retention opportunities that meet the needs of local governmental and non-governmental treatment agencies as well as the emerging and established AOD professionals it seeks to recruit.
11. Leverage State, Federal and private funding streams across sectors to improve and sustain the youth and young adult treatment system, drawing on all sectors that participate in and benefit from this system.
12. Increase the availability of treatment services for special populations with an emphasis on reducing the imbalance between males and females related to the need for treatment compared to treatment received.

Final Thoughts

The Grand Jury is encouraged by the steps taken so far to acknowledge the prevalence of youth AOD use; to recognize the need to develop a continuum of services for every community and language group; and to identify the steps that must be taken to commence and sustain this important work. These efforts are a relatively new development that have depended on the interest and energy of

current administration and senior staff at NCHHS and other agencies, and on significant contributions of time and funds from charitable organizations. The Grand Jury hopes that this level of commitment, cooperation, and coordination will persist.

COMMENDATIONS

The Grand Jury commends NCHHS and NCOE and other community agencies for developing strategic plans for evidence-based youth AOD use/abuse prevention and treatment plans.

The Grand Jury commends the Boys & Girls Clubs, Calistoga Family Center, Cope Family Center, St. Helena Family Resource Center and the Wolfe Center for providing exemplary service for youth AOD prevention in Napa County. In addition, the Wolfe Center, in its few years of service, has evolved into a far-reaching source of extensive treatment and education addressing youth AOD use/abuse throughout Napa County.

FINDINGS

The 2007-2008 Grand Jury finds that:

1. Napa County youth are more likely than other California youth, as a whole, to be underage users of alcohol (59.4% vs. 45.9%).
2. drug use by youth in Napa County mirrors the statewide experience.
3. there are numerous prevention programs throughout the County, which are not uniformly coordinated and which until recently, have not been evidence-based.
4. NCHHS, NCOE, NVUSD and other governmental agencies have reviewed available local statistics regarding youth AOD use and have recently developed a plan for reducing substance use which incorporates evidence-based programs.
5. NCHHS and the Wolfe Center have recently implemented a strategic plan to address the challenges of providing quality substance abuse treatment for all Napa County youth.
6. the only outpatient treatment program in Napa County is contracted through the Wolfe Center.
7. NCHHS, NCOE, NVUSD and other governmental agencies have recognized the valuable work being done by charitable organizations and agencies and is including them in the development and implementation of prevention programs.
8. the true cost of publicly funded youth AOD prevention and treatment in Napa County could not be ascertained from the County and school district budgets reviewed.

RECOMMENDATIONS

The 2007-2008 Grand Jury recommends that:

1. the County of Napa, through NCHHS, NCOE, NVUSD and other agencies and programs involved in developing the strategic plans commit to cooperate in fully implementing these plans.
2. local governmental agencies and other relevant districts commit to assure sufficient funding is available to fully implement the strategic plans for prevention and treatment.
3. all publicly funded youth AOD prevention and treatment expenditures be separately itemized in each local government's budget by each category, youth AOD prevention and youth AOD treatment, so it is clear how much is being spent by each agency for each category.

REQUEST FOR RESPONSES

The 2007-2008 Grand Jury requests responses to all Recommendations from the following:

- American Canyon Police Department
- Calistoga Joint Unified School District
- Calistoga Police Department
- Napa County Board of Supervisors
- Napa County Health and Human Services Agency
- Napa County Office of Education
- Napa County Probation Department/Juvenile Hall
- Napa Police Department
- Napa Valley Unified School District
- St. Helena Police Department
- St. Helena Unified School District

GLOSSARY

- AOD – Alcohol and Other Drugs
- BGCNV – Boys & Girls Club of Napa Valley
- CHKS – California Healthy Kids Survey
- CJUSD – Calistoga Joint Unified School District
- DUI – Driving under the influence
- NCHHS – Napa County Health and Human Services
- NCOE – Napa County Office of Education
- NSDUH - National Survey on Drug Use and Health
- NVUSD – Napa Valley Unified School District
- SAP – Student Assistance Programs
- SDFSC – Safe and Drug-Free Schools and Communities
- SHUSD – St. Helena Unified School District

- TUPE - State of California's Tobacco Use Prevention Education

APPENDIX

Appendix I – Continuum of AOD Youth Services in Napa County

Appendix II – Selections from California Healthy Kids Survey

Appendix III – Limited select list of tax funded or partially funded AOD prevention programs or organizations in Napa County

Appendix IV – WOLFE CENTER, Staff Treatment Planning Key to Phases of Treatment and Stages of Change

Appendix V – WOLFE CENTER, Guidelines for Behavioral Interventions and Consequences

Appendix I: Continuum of AOD Youth Services in Napa County

CONTINUUM OF AOD YOUTH SERVICES IN NAPA COUNTY

As a child's Drug and Alcohol problems become more serious, treatment becomes more and more intensive, and programs more expensive...

PRIMARY PREVENTION & UNIVERSAL PREVENTION	EARLY INTERVENTION	OUT-PATIENT	INTENSIVE OUTPATIENT/ DAY TREATMENT	RESIDENTIAL TREATMENT
<p>No ASAM* Placement Before use begins, may have high risk factors that could foster substance abuse</p> <p>Aldea: Clara & Clara Selected Prevention for Latino middle and high school youth.</p> <p>Boys & Girls Clubs of Napa Valley: Universal Prevention for Napa County youth ages 6-11, SMART Moves (TRIBE) & Friday Night Live</p> <p>Napa County Office of Education: CATALYST – Prevention grant - coalition STAT Prevention Grant, State Schools Grants – prevention & MH services</p> <p>Wolfe Center: School-based Substance Abuse Prevention (SBP) services with education for early users & other high risk populations at most middle & high schools throughout Napa County</p> <p>CANV: Tobacco Prevention & Education</p> <p>COPE Family Center: Family-Based prevention for parents of youth ages 9-14 (TRIBE)</p> <p>Napa Police Department: DARE, GREAT</p> <p>Napa Sheriffs Dept.: SAL – Sheriffs Activity League</p> <p>ABC Grant: Shoulder tap – underage drinking</p> <p>POP: Drug Enforcement Protocol - CWS</p>	<p>ASAM Level 0.5 Early use & experimentation, no specific diagnosis of substance abuse</p> <p>Wolfe Center: Intervention Services at Calistoga Family Center & St Helena Family Center & Calistoga HS</p> <p>In Process: Intervention Services in all Napa Valley MS & HS. Certifications in Drug Medi-cal pending</p> <p>Napa County Master Settlement Proposal Pending: provide intervention & treatment services at Drug Medical clinic to be located at Valley Oak, Chamberlain, Liberty & Creekside</p> <p>Napa Police Dept.: Diversion Program–first contact with Criminal Justice System–charges dismissed if ward completes treatment. Referred to Wolfe Center & private providers</p>	<p>ASAM Level 1.0 Diagnosed substance abuse or possible addiction, child still functioning in many areas of their life</p> <p>Wolfe Center: Level I services in process</p> <p>Community Centers Wolfe Center, Napa St. Helena Family Center Calistoga Family Center</p> <p>High Schools Napa High school Valley Oak HS Vintage HS New Tech High Calistoga HS Palisades HS St Helena HS New Beginnings HS Middle Schools Silverado MS Redwood MS Harvest MS RLS MS American Canyon MS</p> <p>CANV: Tobacco cessation</p>	<p>ASAM Levels 2.1 - 2.5 Diagnosed substance abuse or dependence and child is failing at school and other areas of their life</p> <p>Wolfe Center: 9+ hours per week of group & individual treatment at Wolfe Center also school placement at Wolfe School for 2.5 clients & 2.1 services after school</p>	<p>ASAM Level 3.0 Diagnosed substance abuse dependence, child can't manage at home - addiction has taken over their life</p> <p>Wolfe Center: No residential services at this time</p> <p>Juvenile Justice Center has a therapeutic module providing treatment for probation wards. Wolfe Center assigns a counselor 20 hours/wk to make assessments, educational & substance abuse groups & level I treatment at the Juvenile Justice Center.</p>

Appendix II: Selections from California Healthy Kids Survey

THE CALIFORNIA HEALTHY KIDS SURVEY 2006

Current Use of Alcohol, Drugs, and Tobacco KEY FINDINGS COUNTYWIDE



WHY WAS THE SURVEY CONDUCTED?

The California Healthy Kids Survey (CHKS) is a service provided by the California Department of Education to assist districts in collecting information on the health risks and the resilience of their students. Students in grades 5, 7, 9, and 11 are surveyed a minimum of every two years as required by the California Department of Education; Safe and Healthy Kids Program. The following report provides a summary of the findings relating to substance use, violence and safety, physical health and risk behaviors from the survey administered in the Fall of 2006. **While it is essential to identify and address student problems, it is equally important that we not lose sight of the positive behaviors and attitudes of most youth.**

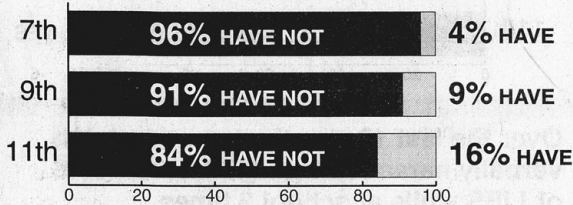
COUNTYWIDE DATA INCLUDES:

Napa Valley Unified School District
St. Helena Unified School District
Calistoga Joint Unified School District

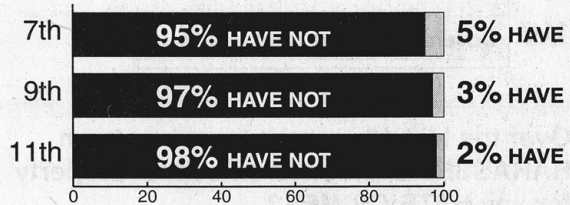
83% of 7th graders (1193 out of 1433)
79% of 9th graders (1217 out of 1539)
84% of 11th graders (1143 out of 1362)

The compilation of countywide data is focused on grades 7, 9, and 11. The participation rate of Napa County students are more than adequate to provide reliable and valid data.

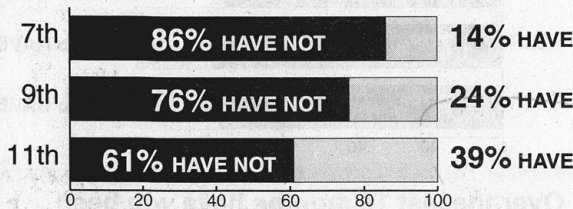
Used any TOBACCO in the last 30 days



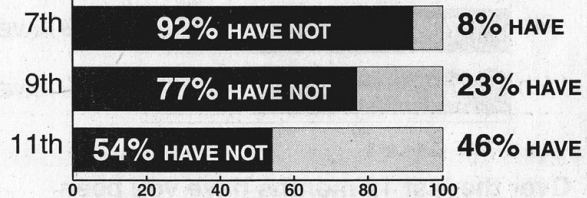
Used any INHALANTS in the last 30 days



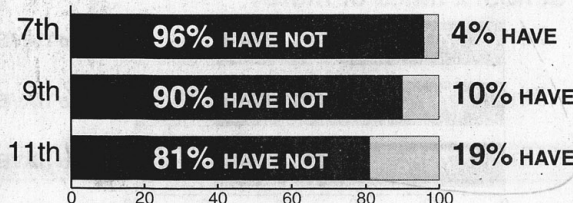
Used any ALCOHOL in the last 30 days



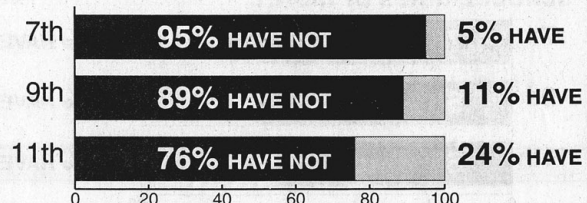
Ever been VERY DRUNK or-SICK from drinking in your LIFETIME?



Used any MARIJUANA in the last 30 days



BINGE DRINKING in the last 30 days



Appendix II: Selections from California Healthy Kids Survey



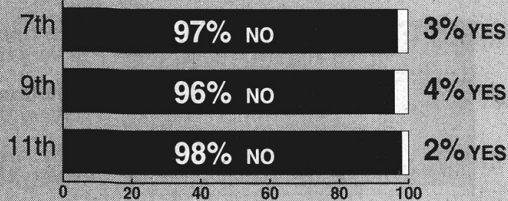
PARENT, EDUCATOR & COMMUNITY ACTION GUIDE

IN CONCLUSION:

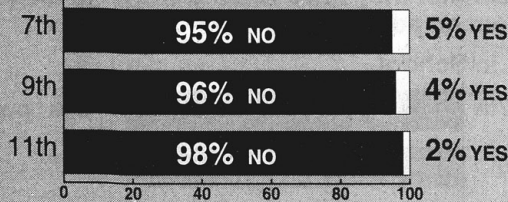
WHAT DOES THE SURVEY TELL US?

DO KIDS KNOW?

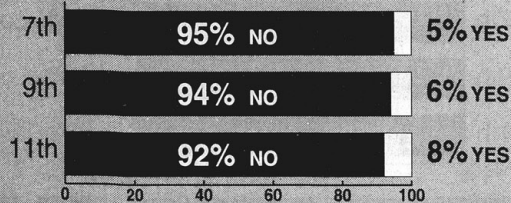
Do you believe that frequent use of TOBACCO is HARMLESS?



Do you believe that frequent use of ALCOHOL is HARMLESS?



Do you believe that frequent use of MARIJUANA is HARMLESS?



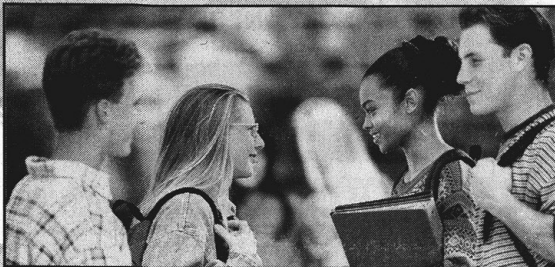
WHY SHOULD WE BE CONCERNED ABOUT THE RESULTS OF THE SURVEY?

- A large percentage of Napa County students surveyed reported alcohol use—14% of 7th graders, 24% of 9th graders, and 39% of 11th graders.

25% of 7th graders, 21% of 9th graders, & 23% of 11th graders have experienced verbal harassment from others.

- 5% of 7th graders, 11% of 9th and 24% of 11th graders surveyed report binge drinking in the last 30 days. (defined as consuming 5 drinks or more in an hour's time)
- Too many students are being harassed, bullied and/or teased.
- The majority of our students make safe and healthy choices and decisions. These students deserve our praise and congratulations!
- Students clearly feel that frequent use of substances is harmful.
- There are many students who treat each other kindly, do the right thing, and stand up for others who are being treated unfairly. These students deserve recognition and support for their integrity and courage.
- Virtually all of our students feel safe at school.

- Our young people need more caring relationships and more opportunities for meaningful participation in our schools, community and homes.



Appendix III: Limited list of tax funded or partially funded AOD prevention programs or organizations in Napa County

Calistoga Joint Unified School District

Available Prevention Resources:

- Calistoga Boys' and Girls' Club
- Calistoga Family Center / Student Assistance Program
- California Healthy Kids Survey
- Cybermill Clubhouse
- Diversion
- Life Skills
- Our Children, Our Future
- Second Step – 5th and 6th Grade
- Students Take Alcohol to Task (STAT)
- Wolfe Center

Napa County Unified School District

Available Prevention Resources:

- Children of Substance Abusing Parents
- D.A.R.E.
- Boys' and Girls' Club of Napa Valley
- California Healthy Kids Survey
- Diversion
- Insights
- Life Skills
- Our Children, Our Future
- Safe and Drug Free Schools and Communities
- Safe Schools Ambassadors
- Second Step
- Students Take Alcohol to Task (STAT)
- Triple T Project – Teens Tackle Tobacco
- TUPE – Tobacco Use Prevention Education
- Wolfe Center

St. Helena Unified School District

Available Prevention Resources:

- D.A.R.E.
- Boys' and Girls' Club in St. Helena
- California Healthy Kids Survey
- Diversion
- Health classes – 9th grade only
- Life Skills

- Our Children, Our Future
- Safe and Drug Free Schools and Communities
- Safe Schools Ambassadors
- Second Step
- Student Assistance Program - All 9th grade health class students are screened by a counselor, previously of the Wolfe Center; 134 students in June, 2007, and 63 students in the fall of 2007.
- Students Take Alcohol to Task
- The Mentor Program

Napa County Office of Education (NCOE)

Available Prevention Resources:

- California Healthy Kids Survey
- Construction Program – trade skills
- Diversion
- Our Children, Our Future – mailed to every Napa County address, 42,000 copies were distributed in 2007
- Safe Schools Health Students
- Safe and Drug Free Schools and Communities

Appendix III (cont.)

Organization	Mission	Access to Program	Prevention Services	Estimated Annual Budget
Boys & Girls Clubs of St. Helena and Calistoga Serves Angwin, Calistoga, Deer Park, Oakville, Rutherford, St. Helena, Yountville	Helps young people resist alcohol, tobacco and other drug use	All youth Staff - Bilingual	Smart Moves	Unknown – specific to AOD prevention
Boys & Girls Clubs of Napa Valley Serves Napa and American Canyon	Reduce the likelihood that children age 10-14 will develop substance abuse problems	All youth ages 10-14 Staff - Bilingual	TRIBE Program Smart Moves	Unknown – specific to AOD prevention
Calistoga Family Center Serves Calistoga Only locally-based social service agency in Calistoga	To build strong families through family counseling, home visiting, support groups and family violence prevention programs.	Walk-in, police, courts, parents staff - bilingual and bicultural	In conjunction with Student Assistance Program (SAP), Wolfe Center and Children of Substance Abuse Parents (COSAP)	Unknown – specific to AOD prevention
Cope Family Center Serves Napa	Services that address education, improved health, economic progress and enhanced relationships	Referrals; Wolfe Center and School programs Staff – Bilingual	Refers to BGCNV / TRIBE	Unknown – specific to AOD prevention
St. Helena Family Resource Center Serves Oakville, Rutherford, St. Helena, Deer Park and Pope Valley	Connects community members to the information, support, guidance and services they need to improve and enrich their lives.	Referred by police, courts, parents and other programs Staff Bilingual	Prevention and Treatment services provided in conjunction with Wolfe Center	Unknown – specific to AOD prevention
Wolfe Center Serves Napa Valley	Provide prevention, treatment to reduce the impact of AOD abuse on our youth, schools and communities	All youth Staff - Bilingual	School based prevention services - SAP Community education	NCHHS contracts approximately \$166,000 for preventive services.

Appendix IV: Wolfe Center, Staff Treatment Planning Key to Phases of Treatment and Stages of Change

THE WOLFE CENTER

-- Staff Treatment Planning Key to Phases of Treatment and Stages of Change --

The Wolfe Center (and Juvenile Drug Court) utilize a seven phase system for moving clients through treatment.

#	Phase Name	Goals for phase	Duration	Minimum Phase of Change to enter/exit
1	Orientation	<ul style="list-style-type: none"> - Reconciles to showing up; - Learns about program; - Assessed 	2 -- 3 weeks	Pre Contemplation
2	Engagement	<ul style="list-style-type: none"> - Develop empathic staff-client relationship - Stabilize conditions interfering with participation - Client wants to attend program - Client acknowledges problem 	Minimum 1 month; average 1 -- 2 months	Pre Contemplation to enter; Contemplation to move on
3	Transition	<ul style="list-style-type: none"> - Client wants treatment to work 	Minimum 1 month; average 2 -- 3 months	Contemplation to enter; Preparation to move on
4	Action	<ul style="list-style-type: none"> - Significant skill building ("work a serious program") - Goal shifts from daily sobriety to longer term interests and incentives 	Minimum 1 month; average 2 -- 3 months	Preparation to enter; Action to move on
5	Strength	<ul style="list-style-type: none"> - Client identity shifts to being clean and sober - Consolidate and strengthen recovery skills 	Minimum 1 month; average 2 months	Action
6	Leader	<ul style="list-style-type: none"> - Personal insight and understanding - Role model/leadership behaviors 	Minimum 1 month; average 2 -- 3 months	Action to enter; Maintenance to move on
7	Recovery	<ul style="list-style-type: none"> - Client presents him/herself as a recovering person - Positive, stable relationships with family, program, community - Proactive life plan is underway 	Minimum 1 month; average 1 -- 3 months	Maintenance
	Wolfe			

STAGE OF CHANGE	BRIEF DESCRIPTION OF STAGE
Precontemplation	Unaware of problem; or unwilling or discouraged about changing it;

	not interested in engaging in activities to change outlook; defensive about behaviors; don't believe negatives outweigh positives
Contemplation	Phase initiated when client acknowledges problem; begins to think seriously about causes and possible solutions; contemplation is not the same as commitment to change; a typical contemplator explores resources but doesn't access them
Preparation	Phase initiated by decision to take appropriate steps in the near future, i.e., internal commitment to change; often people who have tried and failed to change in the recent past, but have learned from the experience; phase continues through planning process
Action	Phase initiated by client beginning to carry out plan by overtly modifying behavior; visible, evident behavior changes; behavior changes are followed by internal process of developing self-efficacy
Maintenance	Consolidation of gains attained during action and development of relapse prevention capabilities; development of commitment to maintain sobriety

Appendix V: Wolfe Center, Guidelines for Behavioral Interventions and Consequences

ALDEA CHILDREN AND FAMILY SERVICES
THE WOLFE CENTER

Guidelines for Behavioral Interventions and Consequences

BEHAVIOR	WOLFE	SCHOOL	PROBATION	JDC
<p>AOD Trafficking (Involvement in passing of AOD to any other client; gift, loan, sale, holding, etc.; does not include cigarettes)</p>	<p>Discharge from program. (WC investigates until reasonable certainty; some cases may not be allowed to reapply; for cases that are allowed to, client must wait at least 60 days, undergo a meaningful intervention such as treatment at a higher level, accept responsibility for behaviors that caused discharge, and give assurances they won't occur again)</p>			
<p>Violence (Physical contact that causes harm or that a reasonable person would know might cause harm; distinguished from "horseplay")</p>	<p>Discharge from program. (Some cases may not be allowed to reapply; for cases that are allowed to, client must wait at least 60 days, undergo a meaningful intervention such as individual counseling for anger or impulse control, accept responsibility for behaviors that caused discharge, offer amends to victim and give assurances violence won't occur again)</p>			

<p>Language – Ambient (Profanity, obscenity, or discriminatory language in general conversation that doesn't constitute a verbal attack on another person)</p>	<p>Escalating responses: 1. Staff intervenes whenever heard; tells clients to express themselves differently 2. Continued use over time; phase progress halted 3. Continued use in the event due to skill deficit rather than non-compliance: staff intervenes, removes client from immediate situation, counsels client on self control 4. Continued use which constitutes defiant behavior (client knowingly elects not to restrain language): treat as non-compliance</p>		
<p>Language – Directed (Profanity, obscenity, or discriminatory language that constitutes a verbal attack on another person)</p>	<p>Escalating responses (generally tracking non-compliance starting at step #3): 3. Staff isolates client from community, reviews behavior with client, reviews expectations, assists client to develop compliance plan, obtains commitment from client to amend behavior 4. Staff isolates client from community, engages additional staff to go through steps of #3 and explain consequences of continued non-compliance 5. Staff may arrange family meeting or meeting with probation officer, if any, or both 6. Client is suspended from program for 1 or more days, required to meet with staff and family to reenter; at meeting review behaviors, expectations, compliance plan, commitment from client, review consequences of continued non-compliance 7. Client is discharged from program; to reapply for admission, client must wait at least 60 days, undergo a meaningful intervention targeting issues related to non-compliance, accept responsibility for behaviors that caused</p>		

<p>Language – Threats, Harassment (Language to another person that states or implies threats against person or property)</p>	<p>discharge, and give assurances they won't occur again</p> <p>Staff response will vary with the circumstances, with particular reference to the extent the client's behaviors present risk of harm to others; the continuum of responses is as follows, however, staff may determine to initially respond at any level up to and including discharge:</p> <ol style="list-style-type: none"> 1. Staff isolates client from community, reviews behavior with client, reviews expectations, assists client to develop compliance plan, obtains commitment from client to attend behavior 2. Staff isolates client from community, engages additional staff to go through steps of #3 and explain consequences of continued non-compliance 3. Staff may arrange family meeting or meeting with probation officer, if any, or both 4. Client is suspended from program for 1 or more days, required to meet with staff and family to reenter; at meeting review behaviors, expectations, compliance plan, commitment from client, review consequences of continued non-compliance 5. Client is discharged from program; to reapply for admission, client must wait at least 60 days, undergo a meaningful intervention targeting issues related to non-compliance, accept responsibility for behaviors that caused discharge, and give assurances they won't occur again 6. Client is discharged from program without the possibility of readmission <ol style="list-style-type: none"> 1. If staff sees a client in possession of cigarettes, the client will be given the choice to 			
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<p>Smoking (Being caught in possession of tobacco or smoking on campus or within sight of the campus or at any other location while engaged in program)</p>	<p>either (i) hand over the cigarettes for disposal or (ii) client is suspended for the rest of the day, client is isolated from community while staff calls parent or guardian to pick up client; if client is suspended, school (and probation, if applicable) are notified</p> <p>2. If staff sees a client smoking, the client will tell client to immediately extinguish the cigarette and turn over any cigarettes the client has for disposal; if client declines, client is suspended per #1; if client is suspended, school (and probation, if applicable) are notified</p> <p>3. If staff see a client smoking more than twice, client is suspended per #1 and school (and probation, if applicable) are notified</p> <p>4. If a client has a probation officer, we will notify the probation officer if a client chooses not to turn over cigarettes when asked, if a client chooses not to immediately stop smoking when asked, or if a client continues to smoke here</p> <p>5. If a client chooses not to follow the rules about tobacco, this will slow the client's progress in treatment. It can ultimately result in the client not being allowed to complete treatment.</p> <p>6. Wolfe includes tobacco education as a part of our regular program, with an emphasis on moving clients from pre-contemplation to contemplation; we can also arrange for any client who wishes to stop smoking to participate in a smoking cessation program</p>		
<p>Non-compliance (Failure to comply with</p>	<p>Escalating responses: 1. Staff redirects client by identifying behavior and explaining expectation; duration of attempts to redirect will depend on the circumstances 2. Continued behavior after redirection surfaces</p>		

<p>staff directives; oppositional or defiant behaviors)</p>	<p>volition to defy</p> <ol style="list-style-type: none"> 3. Staff isolates client from community, reviews behavior with client, reviews expectations, assists client to develop compliance plan, obtains commitment from client to amend behavior 4. Staff isolates client from community, engages additional staff to go through steps of #3 and explain consequences of continued non-compliance 5. Staff may arrange family meeting or meeting with probation officer, if any, or both 6. Client is suspended from program for 1 or more days, required to meet with staff and family to reenter; at meeting review behaviors, expectations, compliance plan, commitment from client, review consequences of continued non-compliance 7. Client is discharged from program; to reapply for admission, client must wait at least 60 days, undergo a meaningful intervention targeting issues related to non-compliance, accept responsibility for behaviors that caused discharge, and give assurances they won't occur again 			
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<p>Stealing or Destruction of Property (Materially harming property of another, including other clients, program, school, staff, etc.)</p>	<p>1. If theft occurs and identity is not known, matter is submitted to clients at a community meeting in which expectations and impact on the community are discussed and same day return is requested; if return doesn't occur, matter continues to be processed within the client community by staff. 2. If identity of perp is known, response will depend on the circumstances and may include: (i) counseling and restitution through work and/or payment; (ii) amends to victim; (iii) amends to community; (iv) notification of parents; (v) notification of probation officer; (vi) reporting to police; (vii) suspension from program; and (viii) discharge from program</p>		
<p>Gang Colors, Etc. (Violations of clothing guidelines)</p>	<p>1. Client is directed to remove colors or other clothing or item violating guidelines; loaner clothing is available in program 2. If client refuses, handle as non-compliance</p>		