

A YEAR OF PARTNERSHIP



COUNTY OF SANTA CLARA

Annual Report 2006

MISSION STATEMENT

The mission of the County of Santa Clara is to build and maintain a healthy and safe community for our residents

CORE VALUES

The County of Santa Clara values...

Ethical conduct

Honesty and integrity

Respect for the individual

Fiscal responsibility

A good work ethic that demonstrates individual responsibility, accountability and productivity

Commitment to public service, diversity and cultural awareness

AWARDS

OUTSTANDING BIRTH REGISTRATION

The Public Health Department's Vital Records and Registration Program was recognized by the California Department of Health Services for its outstanding effort in reaching the 80% goal (or higher) for birth registration, within 10 days.

PUBLIC HEALTH LABORATORY A MODEL

The Public Health Laboratory was noted by the Association of Public Health Laboratories (APHL) for its excellence, leading to a published article in the APHL journal that featured the Department's Public Health Laboratory as a model for the rest of the United States.

MEDAL OF HONOR

Santa Clara Valley Medical Center Awarded the Medal of Honor for Organ Donation from the US Department of Health and Human Services for raising the organ donation rates from eligible donors.

100,000 LIVES CAMPAIGN

Valley Medical Center was designated a Mentor Hospital when acknowledged by the Institute for Healthcare Improvement for leadership and innovation in the 100,000 Lives Campaign Award.

TRANSPORTATION AWARDS

The Roads and Airports Department received several awards for its Traffic Signal Re-timing Project and Adaptive Bicycle Signal Timing Project, including the Transportation Achievement Award for Signal Systems from the Institute of Transportation Engineers, the Merit Award from the American Public Works Association, and the California Transportation Foundation TRANNY Award.

INNOVATIVE WASTE REDUCTION

The Integrated Waste Management Division received an Innovative Waste Reduction Award from the California Resource Recovery Association for its 'Stop Junk Mail' campaign.

ANTI-LITTER RECOGNITION

The Department of Correction received the City of San José Mayor's Anti-Litter Recognition Award for dedication to creating and sustaining safe, clean neighborhoods.

OUTSTANDING ACHIEVEMENT

Santa Clara County Commission on the Status of Women earned an Outstanding Achievement Award from the National Association of Commissions for Women, for its effort in addressing treatment of female inmates in the local jail system.

OUTSTANDING ACHIEVEMENT

Santa Clara County's Commission on the Status of Women was awarded the Outstanding Achievement Award from National Association of Commissions for Women for advocacy on behalf of women.

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Message from the Board of Supervisors

A Year of Partnership



Don Gage
District 1



Blanca Alvarado
District 2



Pete McHugh
District 3



Ken Yeager
District 4



Liz Kniss
District 5

One of the values that shapes the direction for County services and programs is a healthy appreciation and respect for collaboration and partnership. Throughout 2006, the County of Santa Clara Board of Supervisors has established new partnerships and affirmed the importance of existing ones that contribute to solutions for the problems that confront our communities.

We drew on the collective wisdom of our community stakeholders, voters, community based organizations, clients, subject-matter experts, individuals, and staff. Together we are a community committed to providing a safety net for the vulnerable members amongst us. Often, we represent the lifeline that keeps a family together, or provides a safe place for children who otherwise would go hungry, abused or neglected. We provide medical services to those who are turned down elsewhere, an important task in protecting the health of the overall community. We maintain public safety and steward the environment - services that benefit the community as a whole.



Each year, the County of Santa Clara Board of Supervisors has the task of balancing the County's budget. The County budget represents policy decisions about the allocation of resources. The reality of shrinking resources and financial uncertainty at both the state and federal levels continues to pose challenges. In 2006, we approved a budget that reflects our values and priorities. It preserves the safety net services for our community.

We turned our attention to land use issues and worked with the affected groups and communities to develop policies that will permit growth and development while not sacrificing the natural beauty of the hillsides, or devastating natural habitats. We expanded services for aging foster youth who would otherwise find themselves on their own with very few options. We created a new Evening Reporting Center to give youngsters in the juvenile justice system more structure and decision-making skills. We approved a new mental health services strategy based on the input of 10,000 voices.

We take our fiduciary responsibilities very seriously and are mindful of the legacy that we will leave our community and future generations who will reside in or visit Santa Clara County. Nearly 60 percent of the County's General Fund revenue comes from the state and federal governments. Throughout the year, we have worked with our counterparts and legislative representatives on state and national issues that affect county funding.

The year has been filled with challenges, an absolute commitment to the residents we serve, and a number of noteworthy accomplishments. Thank you for the opportunity to share the highlights of the County of Santa Clara's service to the public and the results that have come from our many, many partnerships.



Peter Kutras, Jr.
County Executive

The County is a large and complex organization essential to the fabric of a healthy, vibrant community. The Board of Supervisors provides policy guidance in the areas of: housing, land use, the environment and transportation; children, seniors and families; public safety and justice; health and hospital system; finance and government operations; and legislative initiatives to advance our programs and services. County employees have the task of carrying out these policies and providing services to our residents on a day-to-day basis.

Chances are that on any given day, you or someone you know use or benefit from County programs, services, or amenities. Whether it is County activities to control the spread of communicable disease, keep our communities safe from crime, provide health insurance for uninsured children and medical services regardless of patient insurance status, maintain county parks, roads and expressways, or protect seniors from abuse – all of these services help to make our communities great places to live.

Like many families, the County has to determine how are we going to meet the needs that must be met now, how we are going to manage on the rainy days that are most certainly ahead of us, and how can we continue to innovate so that the organization works, smarter, better, and more efficiently. At the same time, we are confronted with an aging workforce, nearly half of which will be eligible to retire during the next five years, taking with them a substantial level of knowledge and institutional memory.

A number of issues were present in 2006 and will continue to challenge us in the year ahead. The county has experienced the longest sustained recession in our history, during which it has been necessary to make drastic budget cuts. During the past four years, the County has implemented expenditure reductions and revenue enhancements totaling \$802.7 million. We've reduced the budget by eliminating vacant positions, freezing hiring, offering early retirement to eligible employees and reducing services. In the year ahead, we are facing a projected deficit of more than \$200 million. In large measure, this is due to an ongoing structural imbalance in the County's budget. Simply stated, a structural budget deficit means that the current methods used to finance county government are inadequate to cover the cost to maintain the current level of services.

When the local economy is strong, the county reaps the benefit of more tax revenue to support programs and services. When the economy is weak, the demand for County safety net services is greater – at the same time that revenue shrinks. The County of Santa Clara was in better financial shape than many other counties in the state, during the peak of the recent recession, because the Board of Supervisors had the foresight to set aside reserves for "economic uncertainty." We have had to draw down many of those reserves to finance critical services.

Despite these challenges, our focus continues to be finding effective and creative ways to deliver much-needed services to county residents.

Our commitment is to collectively determine how we will finance vital County services. We are confident that with the Board's continued leadership, and the continued collaboration and partnership with community residents and stakeholders, we will be able to find effective solutions.



Board of Supervisors Policy Committees



County Outlook



About Santa Clara County

Santa Clara County was named after Mission Santa Clara, which was established in 1777 in honor of Saint Clara of Assisi, Italy. Clara means “clear” or “bright,” an appropriate name for an area with magnificent natural amenities and one of the highest standards of living in the country. The largest member community of “Silicon Valley,” the county has long been considered one of the

best areas in the United States to live and work.

Santa Clara County is located at the southern end of the San Francisco Bay. The fertile Santa Clara Valley runs the entire length of the county from north to south, ringed by the rolling hills of the Diablo Range on the east, and the Santa Cruz Mountains on the west.

Today, the county is a major employment center for the region, providing more than a quarter of all jobs in the

Bay Area. It has one of the highest median family incomes in the nation, and a wide diversity of cultures, backgrounds and talents. Santa Clara County continues to attract people from all over the world.

The county’s population of approximately 1.7 million is the sixth largest in California, and the largest of the nine Bay Area counties. There are 15 cities in the county including Campbell, Cupertino, Gilroy, Los Altos, Los Altos Hills, Los Gatos, Milpitas, Monte Sereno, Morgan Hill, Moun-

tain View, Palo Alto, San José, Santa Clara, Saratoga and Sunnyvale. Each of the cities has its distinctive character. San José is the largest city in the County, with a population of nearly 954,000, and is the administrative site of county government. A significant portion of the county's 1,315 square miles is unincorporated ranch and farmland. Ninety percent of the population lives in cities.

Santa Clara County has a culture rich in history, ethnic diversity - over 100 languages and dialects spoken - artistic endeavors, sports venues and academic institutions.

In sports and recreation, San José is home to teams for minor league baseball, professional lacrosse, arena football and the San José Sharks, the only professional ice hockey team in Northern California. Numerous public and private golf courses are located throughout the county.

For education, the County is home to three major universities - San José State University, Santa Clara University and Stanford University - as well as excellent community colleges.

Economic Prospects

One of Santa Clara County's strengths is its ability to be introspective. Locally elected officials in partnership with residents, advocates from community based organizations, leaders from private industry and area educational institutions are willing to carefully scrutinize what works and where there is a need for course correction to keep the Valley economically strong. This ability has been an essential component of the county's success and will be important to its future.

There are a number of challenges ahead as the region's economy rebounds from the dot.com bust and there are many, many reasons to be optimistic.

Recent economic indicators show that after four years of economic downturn, the Valley's economy is beginning to show signs of moderate economic recovery. In 2005, the unemployment rate dropped sharply, falling 1.1 percentage points to 5.5 percent, just above the state's rate of 5.4 percent for the same year.

The Valley added jobs for the first time since 2001. Productivity of the region's work force is more than twice the national average. Taxable sales continue to show signs of positive growth. However, sales of single-family homes are declining while inventory for the homes are rising. Unlike the previous years, the appreciation of median price of single-family homes has been moderate.

Three primary industries are dominant in Silicon Valley: High-Technology (software, hardware/equipment, and Internet commerce); Life Sciences (medical device/diagnostics, and biotechnology); and Financial and Professional Services (venture capital, investment banking, engineering, and consulting). There are several secondary industries including General Manufacturing (food, chemicals, transportation equipment, fabricated metals, machinery), Telecommunications, Utilities, Education, and Healthcare.

The primary industries are the economic engines that drive the Valley's economy. They are outwardly focused, competing in the global marketplace. The secondary industries support the core economic functions and are critical to the overall success of the economy.

The County of Santa Clara also is a major employer, with more than 15,000 employees who deliver services that directly effect the quality of life for every resident.

The Valley's ability to maintain its competitive advantage will be deter-

Santa Clara County At-A-Glance

- County of Santa Clara – established by Charter 1850
- 2007 Budget – Total \$3.7 billion, General Fund \$2.1 billion
- Full Time Equivalent Positions – 15,359.6

Population*

Total in County	1,773,258
Living within 15 cities	1,674,705
Living in unincorporated areas	98,553
Largest city (San José)	953,679
Smallest city (Monte Sereno)	3,512

Racial and Ethnic Background**

White (Non Hispanic nor Latino)	39.9%
Hispanic or Latino of any race	24.9%
Asian	30.2%
Black or African American	2.8%
American Indian/Alaska Native	0.8%
Native Hawaiian/ Other Pacific Islander	0.4%
Two or more races	2.6%

Registered Voters***

As of November 2006	749,866
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Sources

* California Department of Finance: City/County Population Estimates

** U.S. Census Bureau:

State and County Quickfacts

*** County Registrar of Voters

mined by how it addresses several key issues: affordable housing within a reasonable commute, investment in education to ensure a talented labor pool in the years ahead, improving transportation, and ensuring that the regulatory and tax environments maintain a proper balance to spur economic prosperity while preserving the high standard of living and quality of life.

Silicon Valley operates at the crossroads of change. It has been the

birthplace of many businesses and ideas that have changed the world. The workforce is grounded in the sciences and at the same time able to adapt to change. Given the Valley's demonstrated history of reinventing itself, its collaborative nature, the willingness of its residents and leaders to take the long view in policy matters, the future prospects for the economy of Santa Clara County and Silicon Valley are strong.



Assessment Roll

For the second year in a row, Silicon Valley has experienced respectable increases in the assessed value of property in Santa Clara County. The assessed value of property in Santa Clara County increased by \$21.77 billion.

The assessment roll, developed each year by a dedicated staff of nearly three hundred assessment professionals, is the basis for property taxes. Property taxes, in turn, provide an essential source of revenue to support basic public services provided by schools and local governments. These public institutions form the foundation of our region's quality of life.

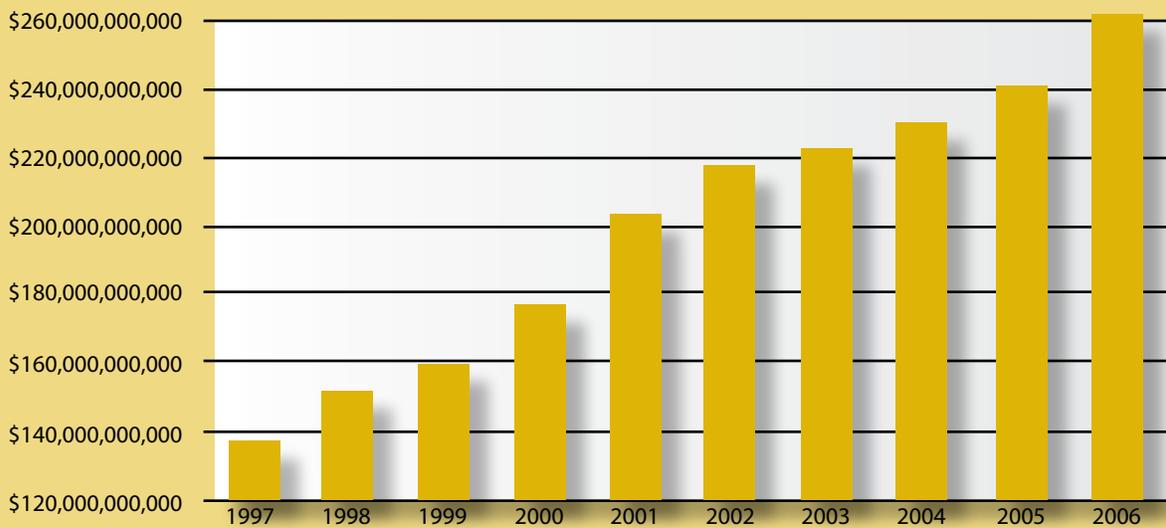
The total assessed value, net of institutional exemptions (e.g. qualifying church and welfare organizations), was \$261.92 billion, an increase of 9.07 percent over the previous year.

This year's increase is attributed principally to improving commercial and industrial property values, after four years of declining then stagnant growth. The improvement is most notable in Class A office and selected retail properties. Silicon Valley continues to experience realignment from technology manufacturing to an internet-based economy. Companies like E-Bay, Google, Yahoo and Apple are expanding while other companies like Sun and HP are consolidating their facilities in Silicon Valley.

In contrast, the "hot" residential market is beginning to cool as the number of deeds recorded declined four percent over the prior year. In addition, the number of residential properties, in which market value declined below the purchase price, doubled during the past year.

Reflecting the gradual turnaround in the commercial and industrial sectors, assessment roll growth in rede-

Ten-Year Assessment Roll Summary



velopment agency areas (RDA) grew in five of the eight municipal jurisdictions with Sunnyvale and Mountain View leading the pack at a remarkable 24 percent and 23 percent, respectively. In contrast, the Milpitas RDA went from the leader last year (15 percent) to last with a negative roll growth of -0.4 percent. San José's RDA roll growth was 6.83 percent, a substantial improvement over the prior year's 1 percent increase.

County Revenues

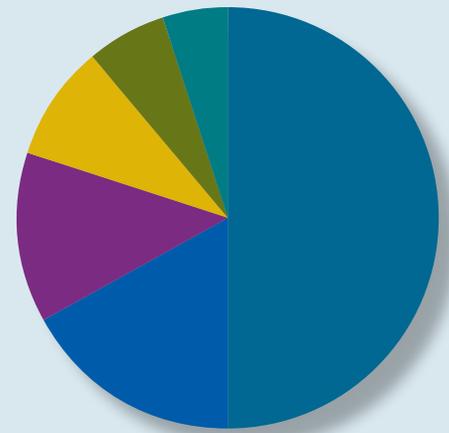
The County's largest discretionary revenue source, secured property taxes, grew 8.2 percent in FY06. This tax source is projected to grow 9 percent in FY07 and is projected to grow at a reduced rate of approximately 8.5 percent or less in future years. Our other economic driven revenue accounts grew moderately.

County Reserves

The County has set aside \$87.7 million in the contingency reserve for FY07. The contingency reserve is a major unobligated reserve budgeted in the General Fund, and its use is limited by the Board's policy. The contingency reserve is funded with one-time funds. This reserve is re-examined each year.

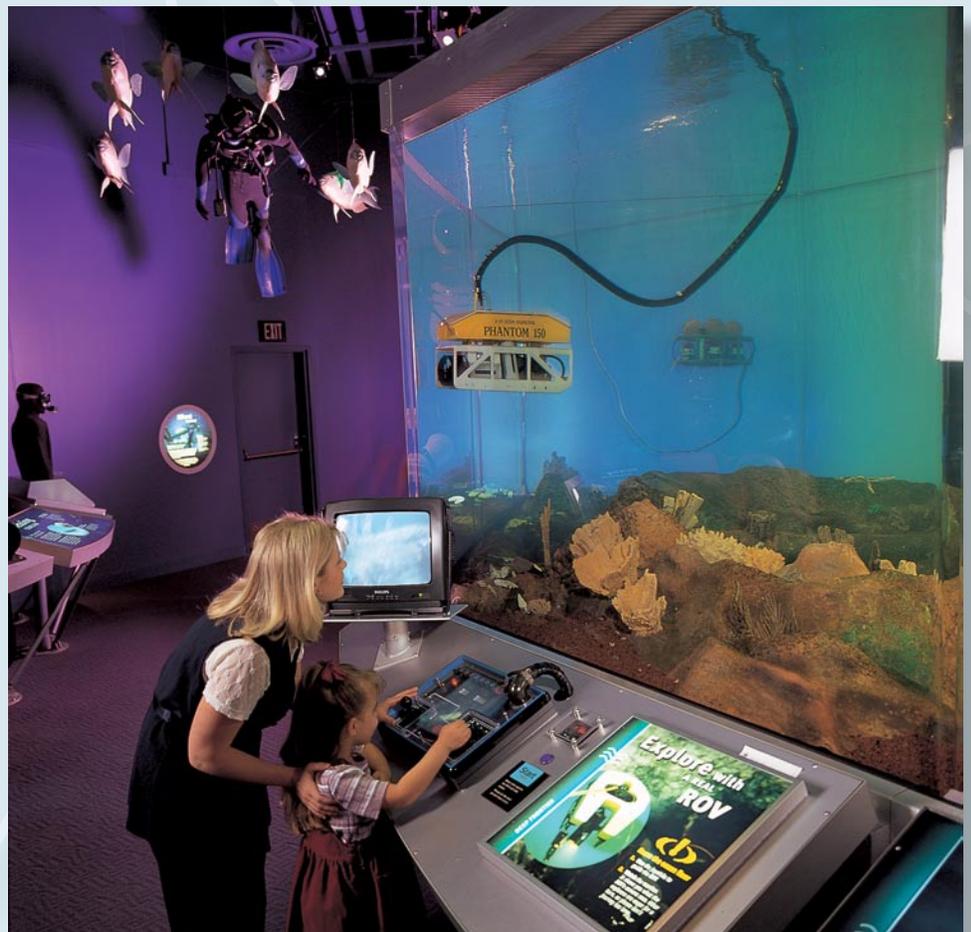
Credit Rating

For its outstanding revenue bonds and certificates of participation, the County once again has maintained an AA rating from the Standard & Poors (S&P), and an Aa3 rating from the Moody's Investors Service. S&P has also maintained the County's general obligation bond rating to AA+. This combination of S&P ratings is the highest rating any large California County has ever achieved since Proposition 13 was passed in 1978. The County's TRANS ratings are SP-1+ from Standard & Poors and MIG 1 from Moody's. Each rating is the highest awarded for short-term notes.



How Your Property Tax Dollars are Spent

- K-12 Public Schools - 50%
- County - 17%
- Cities - 13%
- Redevelopment Agencies - 9%
- Community Colleges - 6%
- Special Districts - 5%



Children, Seniors and Families



Social Services

Helping Families and Protecting the Vulnerable

At the federal level, Public Law 109-171, commonly referred to as the “Deficit Reduction Act of 2005” or “DRA” was enacted by Congress in 2006, and has brought many changes to Social Services Agency programs. One provision in the DRA that has significant impact is the new requirement that Medi-Cal applicants and recipients must now provide proof of citizenship. In the past, clients could

attest to their status. This new requirement of providing proof can be particularly difficult for elderly and disabled clients who may have misplaced their original documentation and need assistance in finding or obtaining replacement documentation. Foster children have been exempted from this requirement.

The Deficit Reduction Act made other major changes in social service programs. In the Long Term Care program, asset transfer rules have been modified. Now it is necessary to

review assets for 60 months instead of 30 months when determining the eligibility for nursing home services. Medi-Cal beneficiaries must now make co-payments and bear a greater share of costs. Funding for child support enforcement has been decreased. CalWORKs recipients must work more hours to maintain their benefits.

In the coming year, the Social Services Agency will continue to collaborate with state agencies and advocates to educate the community on

the new requirements, strategize on how to minimize negative impacts, as well as assist clients in complying with the new law.

Employment and Benefits

The Department of Employment and Benefit Services (DEBS) continues to focus on improving client access to services and has made a number of process modifications to improve service delivery. Despite a continued sluggish state economy, the department has been successful in moving clients off assistance and into employment, and is one of a very few in the state that meets the federal work participation rate requirement. In addition, the department maintains a Food Stamp error rate below the federal threshold, issues Medi-Cal benefits within mandated timeframes, and meets the CalWORKs Pay for Performance Standards.

A new Employment Services Bureau (ESB) was created this year, combining all employment and refugee programs under one administrator. ESB clients benefited from the State's slow but steady economic recovery, experiencing job placement growth, as well as an eight percent increase in the average entry wage, which rose to \$11.22 an hour in 2006.

The Social Services Agency's Employment Services Bureau, in partnership with the Senior Refugee Consortium, began moving forward to the Elder Refugee Services Plan, an outreach effort to link Santa Clara County's elderly refugee population with programs and support services. During the past year, the Consortium served 125 elder refugees.

Elderly refugees often struggle with a new language, sacrifice to keep the family intact, and experience isolation. They may have poor health, limited incomes, and not know how



Connected by 25 Foster Youth Initiative

In Santa Clara County, approximately 150 foster youth emancipate every year from foster care at age 18. Few make the transition to adulthood and independence with little difficulty. However, much too often these youth struggle and become a part of troubling statistics that bode poorly for their collective future and for the communities where they live. A report submitted to the Assembly Select Committee on Foster Care in 2005 revealed sobering statistics for California foster youth within two years of emancipation: 46% of foster youth did not complete high school or GED; 51% were unemployed; 40% were on public assistance; 40% were homeless; and 20% were incarcerated.

In 2006, the Social Services Agency Department of Family and Children's Services (DFCS), launched its Connected by 25 Foster Youth Initiative (CC25), a partnership among current and former foster youth up to age 24, the Board of Supervisors, caregivers, and about 80 community organizations that support the youth as they prepare for adulthood.

Two major goals of the CC25 Initiative have been achieved: The development of the CC25 Career Pathways program; and the establishment of transitional housing options that support youth as they become independent. CC25 Career Pathways is a 16-week col-

lege bridge training and employment program to help youth prepare for and obtain high wage potential jobs. The program is a collaborative effort of DFCS, work2future, Chancellor's Office of California Community Colleges, Mission College, and San José City College. In addition, employment opportunities in the County and in the private sector have been facilitated by the newly created DFCS employment services unit.

San José State University has partnered by providing dormitory housing to emancipated foster youth while they participate in the CC25 Career Pathways program. The former foster youth will be able to transition into other housing arrangements or remain in the dorms if they continue attending college. The County also is funding housing support to enable some former foster youth to remain in the homes of their foster caregivers.

Planning and implementation of these programs is possible because of the generous support of several philanthropic organizations and the expertise and contributions of community and business partners, including the Annie E. Casey Foundation, William and Flora Hewlett Foundation, Walter S. Johnson Foundation, Stuart Foundation, the Charles and Helen Schwab Foundation, Greater Bay Bank and Washington Mutual Bank. The County also has invested over \$300,000 to support the transitional housing needs and has created job opportunities for emancipated foster youth in departments such as the Department of Child Support Services and the Social Services Agency.

to access senior services. The plan is to build on the bilingual bicultural support among community based partners to create links between services currently available to assist low-income immigrants with the naturalization and citizenship process, and resources generally available to seniors such as food distribution and nutrition, health service information and social activities.



Although significant progress is being made in employment outcomes, public assistance caseloads have increased. Under County policies, clients who receive General Assistance must agree to repay funds when they have another source of income. Repaid funds are available to help others in need. A top priority during the coming year for the General Assistance program will be to assist employable clients obtain jobs and assist unemployable clients secure Social Security Income approval.

Hunger continues to be a nationwide problem. To combat hunger in Santa Clara County, greater emphasis will be placed on providing Food Stamps to those who do not receive other monetary assistance and expanding community partnerships.

Child Welfare

New partnerships between the Department of Family and Children's Services (DFCS), families, community partners, philanthropic organizations,

business and other essential stakeholders resulted in several innovative programs and initiatives this year, which improved services for children and families.

Now more than ever, child welfare services are systematically helping families before children are abused or neglected. Through the Enhanced Differential Response (EDR) pilot program, the County is working with Gardner Family Care to engage and support at-risk families and to avoid the need for child removal and compulsory, formal DFCS engagement.

By the end of 2006, the County's Enhanced Joint Response (EJR) to child abuse/neglect reports had been expanded to encompass the entire county. EJR was established to minimize trauma to children. Social workers are notified by law enforcement officers to come to a site when children are present during a parent's arrest or when there has been a complaint of abuse or neglect. Social workers assess the situation and arrange appropriate care for the children. When removal is necessary, children are transitioned to placement with additional care. Relatives continue to provide care for about 45 percent of the children. The number of children removed has decreased 14% over the past 5 years. Additionally, Team Decision Making meetings (TDM) with the District Attorney's Office Dependency Unit team, families, placement caregivers, service providers, and others continues to be an effective forum to carefully plan how best to strengthen placements and minimize placement changes.

The four objectives of the DFCS System Improvement Plan are to: reduce the overrepresentation of children of color first entering foster care; increase timely response to child abuse and neglect reports; increase timely contacts with children receiving services; and reduce the incidence of children reentering foster care.

Progress has been made on all of these objectives. DFCS has increased its staff training and implemented Comprehensive Assessment tools to more thoroughly appraise child risk and caregivers capacity. It has also instituted several programs to assist parents, relatives and other caregivers.

Safe Surrender of Babies

Efforts to raise public awareness about the tragic consequences of infant abandonment continued in 2006. The Social Services Agency used grant funding provided by the Lucille Packard Foundation for Children's Health and FIRST 5 Santa Clara County to launch several new initiatives. Expanded outreach included purchasing advertising in ethnic media markets, producing a video and training materials for use in junior/senior high schools, and placing public service announcements on Caltrain and VTA buses. The County partnered with the San Mateo County Human Services Agency and San Mateo County Transit District to place Safely Surrendered Baby (SSB) advertisements on Caltrain cars. Over the past year, there have been five infants Safely Surrendered in Santa Clara County.

Protecting Seniors

Meeting the needs of older adults, referred to as the Age Wave, will be one of the biggest challenges that the community will face over the next 25 years. As the population of older adults increases, a lack of resources for senior services will dramatically impact seniors and their families. The Department of Aging and Adult Services implemented *Community for a Lifetime*, a County and City of San José Aging Services Joint 10-Year Strategic Plan. *Community for a Lifetime* helps the community focus limited resources on the most prominent and relevant needs of its seniors and collaboratively build a service infrastructure to support this population. Initiatives currently under development are a three-digit telephone number (2-1-1)

and companion website for social services information presentations to give to seniors at health fairs, and multiple multilingual media campaigns to reach non-English speaking older adults and their families.

Adult Protective Services and the District Attorney's Office launched a new Elder Death Review Team to examine suspicious or unexpected elder deaths. The team, which includes community partners, such as local law enforcement jurisdictions, Long Term Care Ombudsman, Next Door, IHSS, County Counsel, PA/G/C, VMC geriatricians and social workers, and Santa Clara County Medical Examiner/Coroner's Office, provides education, advocacy and collaboration.

Through collaboration with local cities, community based organizations and the Senior Nutrition Program, two new senior nutrition sites will open by the end of 2007. The new sites will provide high quality nutritious meals to residents 60 years of age and older in an effort to promote healthy lifestyles and prevent chronic diseases.

Elder abuse prevention initiatives are underway. Work has begun with the Financial Institutions Team (FIT) and the California Bankers Association to prepare for implementation of Senate Bill 1018 which makes financial institution employees mandated reporters of elder financial abuse in



January 2007. A grant from the Archstone Foundation Elder Abuse & Neglect Initiative has enabled the department to educate clergy and church lay leaders on the signs of elder and dependent adult abuse and neglect. The Department of Aging and Adult Services also is participating as a partner under the auspices of the California Social Work Education Center (CalSWEC). The goal of the program is to develop a competent social work workforce to meet the needs of aging Californians. San José State University, UC Berkeley, San Francisco State University and 10 county Departments of Aging and Adult Services are also participating in the program.

Child Support Services

The Department of Child Support Services (DCSS) collected more than \$100 million in child support payments this year.

DCSS establishes orders for the support of minor children and enforces support obligations through a variety of (primarily) civil and administrative processes. The department is funded by a combination of federal and state dollars and operates with minimal impact to the County General Fund. Over the past four years, funding levels have been held relatively flat and, as a result, DCSS operates today with nearly 25 percent fewer positions than it had in 2002. DCSS is an active participant in improving the financial wellbeing of children.

Highlights of key 2006 accomplishments follow:

- Court orders were established in over 84% of cases;
- Nearly 30 emancipated foster youth were hired by DCSS;
- In conjunction with the Family Court Clinic, the Courtmobile is now available weekly to provide services to DCSS customers;
- Internally, the department's PRIDE Team established itself as a credible force for positive change, contributing to initiatives that improved performance and office morale, and donating backpacks and school supplies to more than 200 children.

The most onerous provision of the recently adopted Federal Deficit Reduction Act will result in a local annual loss of \$4.5 million in federal funds beginning in 2008 (with a lesser impact in 2007). There is potential for a state general fund contribution, which could mitigate all or a portion of this loss.



Health and Hospital System



Rehabilitation Center Accredited

The Rehabilitation Center at Valley Medical Center received a three-year accreditation from the Commission on Accreditation of Rehabilitation Facilities. The accreditation process reflects an in-depth review of the quality of services provided in the Spinal Cord Injury and Traumatic Brain Injury units, as well as meeting national and international service standards for medical rehabilitation services. In addition, Santa Clara Valley Medical Center's Residency

Program received full accreditation to continue to serve as a teaching hospital.

Emergency Medical Services

The Santa Clara County Emergency Medical Services (EMS) Agency was the first in California to develop and implement a countywide EMS stroke care system. This system redirects ambulances that carry patients (who meet specific stroke conditions) to

designated and certified primary stroke care hospitals. This system will help to assure that state-of-the-art stroke care is provided.

In the coming year, the EMS Agency will review new standards of care for a countywide cardiac care system. This review could result in the development of a Santa Clara County EMS cardiac care system that redirects ambulances with patients meeting specific criteria to hospitals designated as Cardiac Care Centers.

Seismic Upgrades to Valley Medical Center

Senate Bill 1953, the Alfred E. Alquist Seismic Safety Act of 1973 mandates that by the year 2013, all hospital buildings must remain standing during a major earthquake, so that patients can be evacuated safely. By the year 2030, the hospital must not only be able to remain standing, but also to remain functioning.

Up against the clock to bring Santa Clara Valley Medical Center hospital into compliance, the County is moving forward with the Seismic Compliance and Modernization (SCM) Project and a financing strategy to begin the required upgrades without incurring substantial debt. The strategy also will support the County's goal of maintaining a hospital that can effectively compete for insured patients, to offset the cost of providing safety net services to the uninsured/under-insured residents in the community.

The innovative financing strategy to provide for the initial capital injection for the seismic upgrades has two components: the sale of anticipated future tobacco settlement revenues (called securitization), with an estimated yield of \$88 million in bond proceeds; and designating \$32.4 million in pass-through revenues from the San José Redevelopment Agency. The actual securitization yielded \$100 million in bond proceeds. This strategy makes it possible for the County to begin the mandated seismic upgrades in 2007 and improves its chances of complying with the 2013 deadline.

If the County does not meet this deadline, VMC would have to close 272 beds, leaving the hospital with only 252 licensed beds and a significant shortage of hospital beds in the community. Such a reduction in



Transforming the Mental Health System

The County has launched the first phase of its three-year plan to transform the current mental health system in response to Proposition 63, the Mental Health Services Act (MHSA). Commonly referred to as the million-dollar income tax. Proposition 63, approved by California voters in November 2004 to address the severe mental health needs of underserved populations, will generate an estimated \$700 million in revenue statewide during its first year. The County of Santa Clara will receive an estimated \$13.4 million annually for three years to implement Community Services and Support (CSS) and Program Planning.

More than 18,000 individuals receive services from the Mental Health Department and its service providers each year. The MHSA targets unmet mental health needs, seeks to address disparities in unmet needs among certain populations, and aims to reduce stigma associated with mental illness. Through a comprehensive yearlong local planning process, the County heard from 10,000 voices, including consumers, family members, providers, system partners and the community. Those voices shaped the development of the MHSA plan.

Underserved groups in Santa Clara County are Latino, Asian and American Indians among all ages; Latino, African American and American Indian who are overrepresented in the criminal justice system, or are un-housed, or in foster care; refugee, immigrant and monolingual communities; Lesbian, Gay, Bisexual, Transgender (LGBT) community; and the developmentally disabled. All of the groups have greater needs and are less served in the current system.

The most frequently noted concerns were: trouble with the law, incarceration; concurrent substance abuse; abuse, neglect, violence, trauma; sadness, depression, loneliness, isolation; poverty, homelessness, inadequate housing; failing school and jobs, meaningless activities; concurrent medical problems; institutionalization, hospitalization; and problems with families and peers.

In November, the Mental Health Department launched the first phase of the County's MHSA plan by awarding \$4.6 million in contracts for services to community organizations partnering to provide services to youth, adults, older adults and adults in the criminal justice system.

The organizations partnering to provide services during the first year include Community Solutions, Starlight Adolescent Group, Alliance for Community Care, Gardner Family Care Corp., Indian Health Center of Santa Clara Valley, Mekong Community Center, Opportunity Health Partnership, and Catholic Charities.

hospital beds by more than 50% means that 10,500 people each year who would otherwise be served as inpatients would have to be turned away, at a time when the aging population would have an increased demand for service. The County's capacity to respond to disasters also would be limited.

In addition to a diminution of service, the loss of beds would reduce Valley Medical Center's ability to

serve insured patients -- creating an operating shortfall of \$166 to over \$500+ million between the years 2013 to 2032 -- and undermining the County's ability to provide care to the medically uninsured/under-insured.

An additional \$540+million is required to meet all of the mandated seismic upgrades needed by 2013. Another \$40.2 million in Redevelopment Agency funds could be applied. However, the remaining \$500 million

must come from state or federal sources, or local voter approved general obligation bonds, or other voter approved tax measures. Phase I would cover the first six components of the SCM project and the design for the Hospital Replacement Bed Building. The County still will have to identify additional funding for the Hospital Replacement Bed Building construction to bring the hospital into compliance with the year 2030 standards.

Community Health Issues

Advising the Public of Risks

The County monitors the community for emerging public health issues that could impact the daily lives of people in Santa Clara County. A series of public health issues occurred in the U.S. or the county during the past year, necessitating a public health response.

Local and state health officials considered revamping regulations on interactive fountains as a result of the discovery of *Cryptosporidium*, the bacteria identified as causing children to get sick after they played in an outdoor, interactive fountain in San José.

Public Health and Environmental Health responded to a severe heat wave in July, working with the State health department to provide information to the public about how to stay cool and avoid heat-related illnesses, as well as food safety tips during power outages.

Responding to community concerns about an outbreak of e-coli bacteria in other parts of the U.S., Public Health and Environmental Health provided information on signs and symptoms, how to prevent bacteria, and prepare food safely.

Preparing for the Pandemic Flu

In June 2006, the County convened more than 250 community lead-

ers for a forum to introduce and further develop the Public Health Department's Pandemic Influenza Plan, which has been nationally recognized as a best practice in community and public health preparedness. The department conducted a Pandemic Influenza Public Education and Awareness Campaign with Santa Clara County residents and recruited more than 400 community medical volunteers who will be available to respond to public health emergencies in the county.

Housing the Mentally Ill

Special Housing Fund

According to the Homeless Census and Survey, mental illness is one of the contributing factors to homelessness. As the result of a two-year collaboration, the Office of Affordable Housing and the Mental Health Department established the Housing the Homeless Mentally Ill Fund, made up of \$2 million from the County's Affordable Housing Fund and a matching \$2 million in one-time revenues from the Mental Health Services Act (MHSA).

Transitioning into the Community

Finding stability once they are released from jail can be difficult for individuals with mental illness. The Providing Assistance with Linkage to Services (PALS) Program received

nearly \$100,000 in federal funding to provide housing assistance for mentally ill individuals as they transition from jail into the community. The federal grant from the Department of Justice will provide additional funding for housing, approximately 182 bed days per month for 18 months. The PALS Program, launched in 2001, provides an intensive 60-day oversight to assist with clothing and food; obtaining medical, mental health and substance abuse treatment; applying for assistance and benefits; follow-up with court dates and probation appointments; housing placement; job searching; and developing social skills. On a yearly basis, 180 individuals are enrolled in PALS.

The Department of Correction and Mental Health Department have applied for additional grant funding to augment the program from a 60-day oversight to six months for each participant. PALS would be able to serve an additional 120 clients.

Ambulatory and Community Health Services

In 2006, Ambulatory & Community Health Services held groundbreaking ceremonies to begin building two new primary care clinics, including Valley Health Center Gilroy and Valley Health Center Fair Oaks.



In 2007, the department will launch a new, automated online system that speeds up the referral process for physicians, eliminating time consuming phone calls and paper tracking. The system will be more efficient with features that enable physicians to use computerized tracking of doctor referrals and authorizations for insurance providers.

Targeted Health Initiatives

Creative Health Ministries

The Creative Health Ministries (CHM) II project will provide five African American churches and their congregations with education, training, and prevention strategies to decrease obesity, prevent Type 2 diabetes, and encourage healthy nutrition and exercise among African Americans. According to the Santa Clara County Behavioral Risk Survey, 69.2% of the African American population is overweight or obese. Through this initiative, the County is reaching out to local churches serving the African-American communities to provide an avenue to educate their congregations about healthy eating habits. The project is expected to reach as many as 4,000 people in one year.

Binational Health Week

The County and the Mexican Consulate in San José partnered for Binational Health Week (BHW) in October, reaching out to Mexican and Latino workers and their families through a week-long series of health education workshops, medical screenings and treatment. BHW 2006 focused on prevention of chronic diseases, strived to increase access to health care for immigrants and promoted nutrition and living a healthy lifestyle. Mexican immigrants use fewer health prevention services than U.S.-born Mexicans or non-Hispanic whites, often because they do not have access to healthcare or do not have health insurance, according to the California-Mexico Health Initiative

from UCLA Center For Health Policy Research.

California's Binational Health Week is a component of the long-term California-Mexico Health Initiative, which is planned by the University of California, and is funded by the California Endowment and the California Healthcare Foundation. In California, 42 counties participated. Local Binational Health Week planning partners included the Public Health Department, Mexican Consul General, Santa Clara Family Health Plan, Community Health Partnership, Kaiser Permanente, The Health Trust, SIREN, San José City College Puente Program and Fiesta Educativa Sur de la Bahia.

Tackling Substance Abuse

The Department of Alcohol & Drug Services received a California Safe and Drug Free Schools grant for a bully prevention program at two high schools in the East Side Union High School District. The department has also received several grant awards including a federal grant from the Substance Abuse & Mental Health Service Administration to provide substance abuse treatment to juvenile offenders returning to the community from incarceration.

The department served 10,555 clients, with more than 70% having reduced or no substance use at the time of discharge. The department also provided services to 270 pregnant substance abusers, with 92% of these women delivering babies while abstaining from alcohol or drug use. In 2007, the department will develop an electronic client record system to expand medical treatments to substance abuse clients.

HIV/AIDS Testing Expanded

In response to increasing rates of HIV infection in Santa Clara County, the County began taking steps to expand HIV/AIDS testing for high-risk populations. Expanded testing will occur between February and October 2007. Nearly 7,000 additional HIV/AIDS tests will be conducted in the target



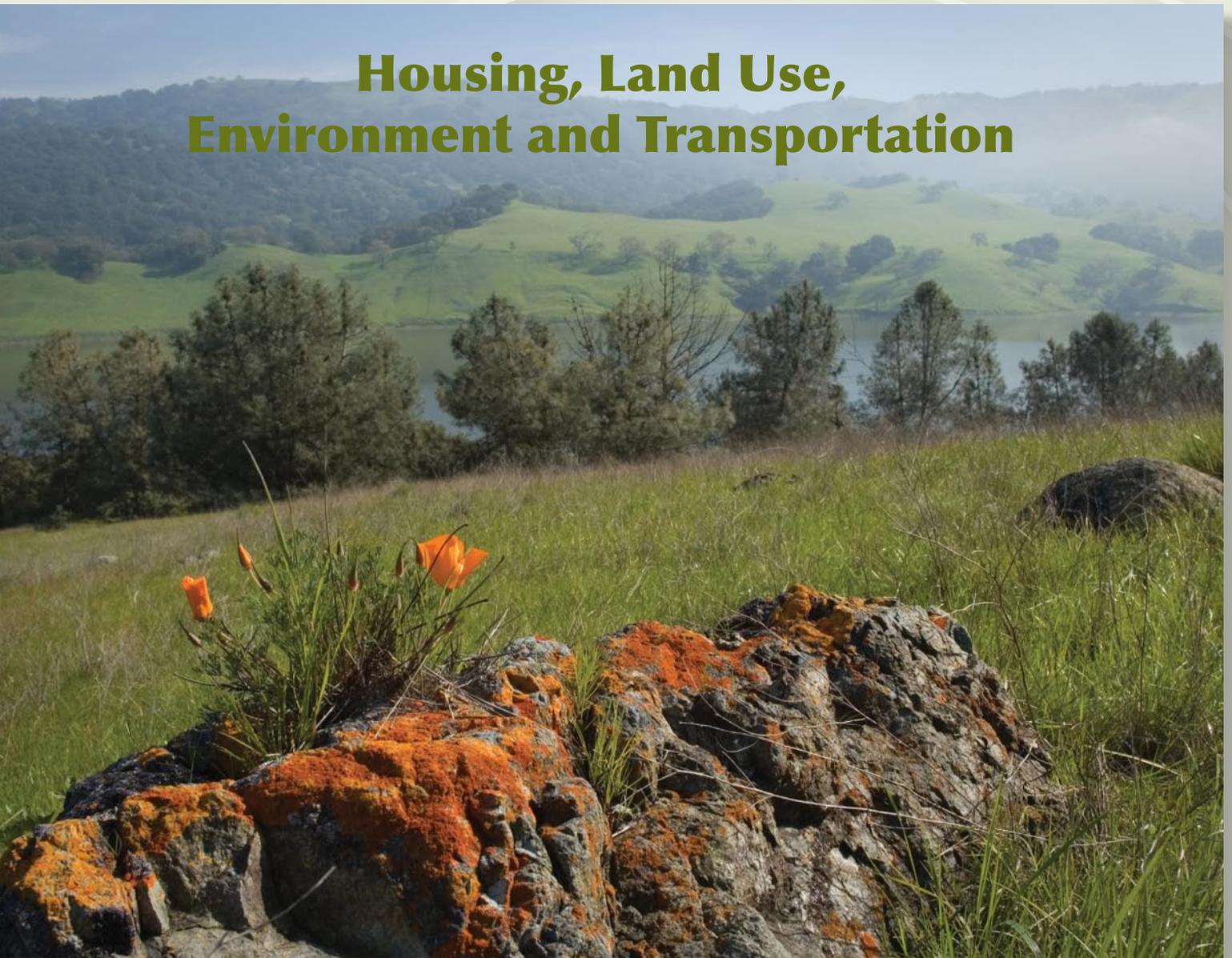
population, of which an estimated 2% (140) is expected to test positive for the HIV antibodies.

The Public Health Department developed the HIV/AIDS Testing Expansion Implementation Plan, working with the HIV Planning Council and the HIV Prevention Community Planning Group to incorporate their knowledge and priorities into the plan. The goal of the program is to reduce the prevalence and incidence of HIV/AIDS in at-risk residents through testing, counseling, referral and treatment. The community-based alternative-testing sites will use rapid testing technology to provide voluntary, anonymous and confidential free HIV testing, with the goal of making rapid testing accessible to the most at-risk populations.

Innovative Initiatives

In 2006, Santa Clara Valley Health and Hospital System received several grants and donations including \$4.3 million donated to Valley Medical Center from the Gordon & Betty Moore Foundation to reduce medication errors and bring enhancements and innovation to the hospital's nursing environment, and a Department of Health and Human Services grant to strengthen the healthcare safety net by serving migrant and seasonal farm workers and people who are homeless through 2011.

Housing, Land Use, Environment and Transportation



Land Use Policies

Once again land use issues set the framework for agricultural, preservation, and development policies addressed by the County. In the spotlight during 2006 were: Williamson Act Contracts/Open Space Easements, Historic Preservation Ordinance, Viewshed/Hillside Protection Ordinances, Urban Pocket Annexations, Quarry Regulation, Water Resources and Habitat Conservation.

Williamson Act Contract/ Open Space Easements

The County developed a definition of commercial agricultural use and criteria for evaluating new and existing California Land Conservation Act (Williamson Act) contracts. The Williamson Act is a state statute that enables private landowners to contract with local governments to voluntarily restrict their land to agricultural use and compatible uses in return for lowered property taxes.

To assist in the development of improvements to the County's Williamson Act program, the Board appointed a stakeholder group, which met from September 2005 through April 2006, to collaborate with staff developing criteria for the proposed County Williamson Act program changes.

After a number of meetings and public hearings, input from the stakeholder committee, California Department of Conservation, the public,



and staff, in May 2006 the County adopted guidelines and ordinances including a new open space easement program whereby Williamson Act contract holders could apply to transfer their land into an open space easement to preserve the rural character or scenic, watershed or wildlife value of the land. This program applies to unincorporated county property owners who want to preserve the open space qualities of their property.

Historic Preservation Ordinance

As of October 2006, the County has a new ordinance to help preserve the historic significance and character of designated County landmarks. The ordinance was developed over a five-year period in concert with the Historical Heritage Commission through numerous workshops, community outreach meetings and public meetings and hearings. The new ordinance establishes standards for properties listed in the County's Heritage Resource Inventory, and provides procedures for the nomination, designation and alteration/demolition of landmark properties in unincorporated Santa Clara County. In addition, designated historic properties would become eligible for an important economic incentive, a Mills Act contract, a state statute providing for a reduction in local property taxes to qualified historic resources in exchange for a commitment from the owner to preserve the historic integrity and significance of the property.

Viewshed and Hillside Protection

During the summer, the County adopted Zoning Ordinances and General Plan Policies as part of the Viewshed Protection Study. The new ordinances and policies designate hillsides, generally adjacent to the valley floor, as viewshed protection areas. These areas are now subject to special Design Review zoning provisions to ensure that new develop-

Habitat Conservation Plan

Collaborative partnerships have the potential to yield the best collective thinking as well as cost efficiencies. The County of Santa Clara and the cities of Gilroy, Morgan Hill and San José, the Santa Clara Valley Transportation Authority and the Santa Clara Valley Water District have initiated a collaborative process to prepare and implement a Habitat Conservation Plan/Natural Communities Conservation Plan (HCP/NCCP) for the Santa Clara Valley. These Local Partners, in association with the U.S. Fish and Wildlife Service, California Department of Fish and Game, National Marine Fisheries Service, stakeholder groups and the general public, will develop a long-range plan to protect and enhance ecological diversity and function within a large section of Santa Clara County, while allowing for currently planned development and growth.

The Plan will provide a framework for the protection of natural resources while streamlining and improving the environmental permitting process for both private and public development activities such as road, water, and other infrastructure construction and maintenance work. The Plan will create a number of new habitat preserves that will be larger in scale and more ecologically valuable than the fragmented, piecemeal habitats currently yielded by mitigating projects on an individual basis.

Objectives of the Santa Clara Valley HCP/NCCP include:

- *Conserving natural biological communities at the ecosystem scale by*

agreeing, as a region, on essential habitat for the protection of certain endangered and threatened species, and proactively preserving that habitat to both mitigate for the environmental impacts of development and enhance and restore the natural communities that support endangered plants and animals.

- *Accommodating land uses compatible with local General Plans by streamlining the permitting process, and allowing public and private development and operations/maintenance projects requiring permits from state and federal agencies to proceed without the costly and time-consuming delays associated with negotiating endangered species issues on a project-by-project basis.*
- *Facilitating the provision of water supply and flood protection by preserving and enhancing watersheds and by meeting state and federal habitat requirements for contracts to import water from outside the county.*
- *Providing a process with extensive and numerous opportunities for public involvement throughout development and implementation of the HCP/NCCP.*

The SCV HCP/NCCP is studying approximately 62% of the land area of Santa Clara County, or approximately 520,000 acres. The study area lies primarily within southern Santa Clara County and includes all of the City of San José except for Bayland areas. The boundary of the study area is based on ecological and hydrologic factors along with jurisdictional boundaries. The impacts of future uses of land and conservation opportunities will be evaluated and identified within the Study Area.

ment blends better with the natural landscape and is environmentally safe. General Plan policies governing rural hillside development were also augmented to better address issues associated with grading, single site development on steep slopes, and ridgeline protection.

Urban Pocket Annexations

Several cities, including Morgan Hill, Campbell, Cupertino, Mountain View, Los Altos, Saratoga, and San José, have begun or completed annexation of the County's urban unincorporated islands, or "pockets." Annexation of unincorporated neighborhoods provides the cities with logical urban service areas

and increased ability to regulate development consistently. It moves the County away from the business of providing "city-type" services to those urban pockets, enables annexed communities to receive city-provided services, and to vote in city elections. The ability to annex pockets up to 150 acres with streamlined procedures has been extended by the state to 2014.

Quarry Regulation

The Department of Planning & Development is implementing an expanded inspection program for surface mines, following an audit by the State Office of Mine Reclamation, and direction from the State Mining

and Geology Board (SMGB). County staff and technical personnel from three consulting firms are conducting extensive inspections of all nine surface mines subject to the State law and County ordinances. The department will provide both the Board and SMGB a six-month status report in early 2007 and a follow-up report in September 2007.

Water Resources

The County continued its participation in the Santa Clara Valley Water Resources Protection Collaborative, in association with the Santa Clara Valley Water District, the 15 cities, and non-governmental organizations. Significant milestones have been achieved by the Collaborative to improve stream protection and simplify permitting of land use near streams.

Stanford University Football Stadium

The Development Services Office was a key player in the off-season demolition and reconstruction of Stanford University's Football Stadium. The office was instrumental in the building plan check and inspection of all the structures, land development plan check and inspection for all the site improvements, and the Clean Water Program for site drainage. After 42 weeks of intense construction, the new stadium was ready for its first game on September 16, 2006.

Comprehensive Planning Fee

The County enacted a fee surcharge to contribute to the costs of updating and maintaining the General Plan as a basis for land use and development approvals, and other entitlement processes.



Reducing E-Waste

Faced with finding cost-effective and environmentally friendly ways to reuse, recycle or dispose of old electronic equipment, the County instituted a new policy in 2006 for the purchase, management and disposal of e-waste such as computers, fax machines, and printers.

The new policy requires contract bidders to address “take back” of electronic equipment for reuse, recycling and/or disposal, and encourages “reuse” of equipment that is in good repair to provide those products to groups such as schools or nonprofit organizations. The policy also bans recycling vendors from shipping the County’s old electronic equipment to other countries where the environment may be polluted by toxic materials from the dismantled equipment.

Protecting Agriculture

The Department of Agriculture successfully controlled and eradicated two vector infestations in 2006, the Glassy-Winged Sharpshooter (GWSS) in Cupertino and the Mediterranean Fruit Fly in San José. The Glassy-Winged Sharpshooter can transmit Pierce’s Disease to grapevines. The department used integrated pest management strategies such as biological controls, exclusion practices, and, as a last resort, appropriate pesticides to combat the destructive insects. Eradication of the infestations helped avoid potential economic loss of agricultural products in the region. A new GWSS infestation was discovered in the Evergreen area of San José in 2006. Integrated pest management strategies are currently underway in the area.



Body Art Industry Regulation

In 2006, several young people were adversely affected by the improper application of body art due to the fact that they should have been on antibiotics before an invasive procedure. With growing local concern about bloodborne pathogens such as hepatitis B and C, the possibility of body art site infections, and minors obtaining body art without parental consent, the County passed an ordinance regulating the body art industry. The body art industry in Santa Clara County includes body piercing, lower lobe ear piercing, permanent cosmetic application, and body tattooing.

In April, the County instituted regulations and fees relating to body art for the purpose of protecting consumers and practitioners from disease transmission. The new regulations estab-

lish countywide standards for body art and ensure practitioners maintain proper sterilization, sanitation, and safety standards. The Department of Environmental Health is responsible for implementing the ordinance and the related regulations.

Fighting West Nile Virus

The County’s Vector Control District has successfully mitigated the impact of West Nile Virus in 2006 through effective and innovative fogging methods and public outreach. The District conducted its first-ever aerial surveillance for backyard mosquito breeding sources. This effort helped to identify over 60 pools that were routinely breeding mosquitoes. To combat West Nile Virus, the District also sent out notifications and information to over 40,000 residents, and developed and broadcast 2,000 public service ads on cable television.

County Parks

The County owns and operates 28 parks that encompass almost 45,000 acres of land. These parks are very popular for residents as they provide large open spaces, usually more than 200 acres, with beautiful trails and lakes, and are located close to homes. Among several achievements in 2006, the County Parks and Recreation Department was able to develop an integrated master plan at Coyote Creek Parkway County Park, as well as a restoration project at Deer Valley Wetland in Joseph D. Grant County Park.

Coyote Creek Parkway County Park Integrated Master Plan

The Integrated Master Plan was developed for Coyote Creek Parkway County Park to meet the increasing demands of park users, and covers areas such as public access and recreation, existing trails enhancement, natural resource management, historic site preservation, environmental education, and park interpretation improvement. The park, located in southern Santa Clara County between San José and Morgan Hill, contains

over 15 miles of some of the most beautiful stretches of Coyote Creek, regionally significant riparian habitat, unique historical sites, and the longest contiguous creek-side trail in the county. The plan will be reviewed in early 2007.

Deer Valley Wetland Restoration Project

Deer Valley is a unique fresh water wetland located at Joseph D. Grant County Park. The wetland is at risk of drying and shrinking in size due to the historical practice of using it as a summer grazing pasture. The resultant erosion within its main drainage channel poses threats to its habitat, including many endangered species such as the California Red-legged Frog and the California Tiger Salamander. The Deer Valley Wetland Restoration Project, supported by the Habitat Conservation Fund and administered and implemented by the Parks and Recreation Department, was created to provide long-term sustainability of the wetland meadow and aims to improve habitat value by potentially increasing the wetland acreage.



PARTNERSHIP

1996 Measure B Transportation Improvement Program

“You and Your Tax Dollars Made It Happen. We Deliver.” Rarely does a slogan ring as true as it has with the voter-approved 1996 Measure B Transportation Improvement Program (Measure B Program). The Measure B Program is a perfect example of the benefits of collaboration. Partners in this collaboration are Santa Clara County voters, the County Board of Supervisors, the Valley Transportation Authority, the Silicon Valley Leadership Group, the Citizens Watchdog Committee, the County Roads and Airports Department, the Measure B Program staff and consultants, numerous stakeholders and many interested parties who worked together.

Their efforts have paid off with: traffic congestion relief, well maintained roads, new pedestrian and bike paths, improved or expanded highways, enhanced transit centers, synchronized expressway signals and an augmented light rail system.

In 1996, voters in the county approved a half-cent sales tax that resulted in \$1.3 billion of revenues to the County over nine years. While Measure B enacted a sales tax for nine years, the program had just over seven years to implement the projects after certain legal hurdles were resolved in the County's favor.

The 1996 Measure B funds were diligently managed and appropriated by the County for transportation improvements. Innovative processes were used to advance projects, including leveraging funds from other sources and streamlining project delivery. Despite the economic downturn, at the beginning of 2006, only two Measure B projects remained to be funded for construction. And, in early 2007, funding for the final two Measure B projects was approved. This will result in all of the projects being delivered to the voters.

In 2006, the complex Route 85/U.S.101 North Interchange Project was completed. This project added additional lanes and constructed high occupancy vehicle (HOV) direct-connector ramps between northbound Route 85 to northbound Route 101 and between southbound Route 101 to southbound Route 85.

Also in 2006 was the completion of improvements on Route 152 (Project B, Phase 1) in Gilroy. This project phase included providing a traffic signal at Gilroy Foods/WTI intersec-

tion, and widening Route 152 from Miller's Slough through the Llagas Creek Bridge.

Progress towards completing several other projects occurred in 2006, including Route 85 Noise Mitigation, highway planting for Route 880 Widening and Route 85/U.S.101 South Interchange and Route 85/87 Interchange. Construction was initiated or continued for Route 17 E and Route 87 South HOV and Route 87 North HOV. Monitoring and maintenance activities continued for the Combined Biological Mitigation Site, Phase II.

In financial terms, the program had another highly effective year. Measure B Program retired bond debt and also received a “clean” audit opinion from the external auditors for the eighth consecutive year. Additionally, a thorough inception-to-date Management Audit was completed on the Measure B Program.

In 2007, in addition to funding the final two projects, the program will be closing out overall.





Consumer Protection

In the past year, the County's Department of Environmental Health has increased the number of retail food establishment inspections by over 4,960, for a total of 26,683 in 2006. The Department also successfully responded, in concert with Public Health, to a cryptosporidium outbreak involving interactive water features within the city of San José, sampling the water and closing those that were affected.

Affordable Housing

The County works aggressively to create affordable, appropriate housing to meet the needs of residents, including the working poor, elderly, youth, and unhoused. In past years, the County set aside \$18.6 million to establish an Affordable Housing Fund. This Fund leverages other public and private funds to make possible the development of new housing units for extremely low income and special needs populations. To date \$14.5 million has been allocated to 19 different projects. The

County's dollars enabled three projects to win more than \$16 million in state matching funds. The Affordable Housing Fund combined with private investment created a total investment of \$337 million for new housing.

Integrated Waste Management

Green Businesses Increase

In 2006, the Green Business Program expanded to include all cities within the county. The Green Business Program works with local businesses and government agencies to reduce their environmental impact in the communities they serve. Each business receives hands-on assistance to identify areas within their operations that can be streamlined for efficiency. With improved countywide coordination and outreach, the number of businesses that applied to the Green Business Program dramatically increased. The number of businesses and public agencies that were certified nearly tripled to 41 for the year. The program welcomed its 100th certified business.

"Stop Junk Mail" Campaign

Each year, thousands of pieces of unsolicited junk mail find their way to mailboxes, at a huge cost to the environment while inviting identity theft. The County's Integrated Waste Management Division (IWMD) and the Bay Area Recycling Outreach Coalition (BayROC) launched the "Stop Junk Mail" campaign in a joint effort to help businesses and residents learn how to eliminate large amounts of junk mail. The Stop Junk Mail kit offers a fast and easy way to reduce the amount of natural resources used to print, ship, and distribute unwanted postcards, brochures, catalogues, credit card offers, and other junk mail. This effort will continue in 2007.

County Roads and Airports

Counties and cities own and operate 79% of the entire road system in California – some 310,000 lane miles. The Roads and Airports Department is responsible for operating and maintaining the County's nearly 700 miles of roads, including a 62-mile expressway system that is unique in the state.

In the past year, the department completed a number of large congestion relief projects that provide enhanced ride quality for motorists and many neighborhood benefits such as quieter rubberized pavement, heightened and landscaped sound walls, new sidewalks and safety treatments at corner crossings, or widened bike lanes. Among the projects were Montague Expressway widening between 101 and Guadalupe River and between Zanker Road and Plumeria Drive; pavement resurfac-

ing between 101 and Zanker Road; and the Central Expressway widening project between Scott Boulevard and 101. In addition, Old Santa Cruz Highway storm damage was repaired using a Federal Emergency Management Agency grant.

The County operates three general aviation airports – Reid-Hillview Airport, Palo Alto Airport and South County Airport. These airports complement the region's commercial air carrier airports, such as San José International Airport, and serve a variety of aeronautical purposes, including flight training. At County airports, safety and noise reduction are two major concerns. The County is moving forward with a noise monitoring and flight tracking system for Reid-Hillview Airport, kicking off efforts to address longstanding noise issues. Also at Reid-Hillview Airport, a number of improvements were finished including new pavement, new fencing, improved airport lighting and a new entrance gate. At South



County Airport, 100 new aircraft storage hangars were installed.

For 2007, the department has four major objectives: installing the noise and operations monitoring system at Reid-Hillview Airport; completing the few remaining Measure B transportation projects, moving forward on projects that receive funds from the state transportation infrastructure bond approved by voters on November 7, 2006; and updating the 2003 Expressway Planning Study.



Public Safety and Justice



Improving Detention Services

Educating Inmates about Prenatal Alcohol Exposure

Inmates at Elmwood Women's Facility are learning about prenatal alcohol exposure and the resulting spectrum of disorders that can lead to life-long disabilities. The Santa Clara County Department of Correction, in partnership with Milpitas Adult Education Center and the Fetal Alcohol Spectrum Disorders (FASD) Task Force,

launched a pilot project to integrate FASD awareness education into inmate substance abuse classes. The goal of this integration is to educate pregnant women about the dangers of alcohol consumption during pregnancy. Alcohol consumption by a pregnant mother damages the brain of a developing fetus, leading to a spectrum of disorders ranging from subtle behavior problems, learning disabilities and neuromotor difficulties to severe mental retardation. In 2007, the Department of Correction will expand the curriculum into all

substance abuse classes for inmates, adapting it for both men and women. Nearly 1,000 inmates are enrolled in substance abuse classes at any one time.

Breaking Barriers

More than 1,700 inmates have participated in the Department of Correction's Breaking Barriers, a program in which gang dropouts that were once rivals live and work together to put the gang lifestyle behind them. The program, which has received national attention, is designed to pro-



vide former gang members with the recovery, educational, and addiction-counseling tools that will allow them to sever ties with their gangs and lead productive addiction-free lives once released from jail. During 2006, more than 270 inmates participated in the program.

Improved Juvenile Care

In a report presented to the Public Safety and Justice Committee in September, the U.S. Department of Justice commended the County on improved care and services provided at the Juvenile Hall facility. The report, which addressed the conditions of confinement at Juvenile Hall, followed an intensive review of changes implemented at the facility.

In 2004, following an investigation by the Department of Justice, the County placed on the ballot Measure A to move Juvenile Hall and Probation Department oversight from the Superior Court of California to the County Executive. Santa Clara County voters overwhelmingly approved Measure A. Since this move, the County has implemented several initiatives and program improvements, including the establishment of a Juvenile Hall Advisory Board. The County approved standards for use-of-force techniques, improved staff training, and developed a quality assurance program. The Department of Justice report reflected the positive changes that have occurred since the voters entrusted the County Board of Supervisors and the County Executive with the management of the facility.

Protecting the Community

Fire Department

The Santa Clara County Fire Department completed its first year of accreditation with the Commission on Fire Accreditation International (CFAI). County Fire is one of only

Rehabilitating Youth

Committed to rehabilitating youth in the juvenile justice system, the County continued its efforts to improve services and opportunities to these youth through the Evening Reporting Center, one of its newest Juvenile Detention Reform initiatives. In September 2006, the Probation Department opened the Evening Reporting Center to provide selected youth on probation an alternative to incarceration. The Center is a 30-day program for youngsters who are referred by the County's Probation Department. It is one of a few such programs in the country and considered a model among juvenile justice best practices.

Collaborating with staff from Alum Rock Counseling Center and Fresh Lifelines for Youth, Probation Officers work with up to 24 youngsters at any given time. They are transported daily from school or home to the center, where they receive training and instruction between the hours of 3:00 p.m. and 9:00 p.m.

The program offers a balanced holistic approach that stresses accountability, rehabilitation, and responsibility. The youth continue in a transitional aftercare program once their 30-day programs have been completed. Individual transition plans for each minor are developed with parental input.

The estimated cost to operate the evening reporting center for the first year is \$442,000 or \$70 per youth and is a less costly alternative to incarceration at Juvenile Hall. While cost savings was not the motivating factor, the County will save approximately \$159 for each day a youth is participating in the Evening Reporting Center.



four in the state of California and the only accredited fire department in the Bay Area. The department finished its 2006 annual compliance report, the first of a five-year series of annual reports. These reports satisfy the requirements for maintenance of the Department as an Internationally Accredited Agency. Commission accreditation recognizes a fire department's high-caliber performance and identifies improvements to be addressed and reported on within each of the five annual reports.

County Fire acquired new fire equipment using a \$500,000

federal grant provided through the Office of Homeland Security and the Federal Fire Act. The grant enabled the department to purchase a mobile breathing support apparatus to replenish firefighters' self-contained breathing apparatus, and 16 life-saving Cardiopulmonary Resuscitation (CPR) systems.

Investigation, Enforcement and Prosecution

The Office of the District Attorney has received grants totaling \$4 million to support specialized programs including Insurance Fraud Investigation and Prosecution, Anti-Drug Abuse Enforcement, and Spousal Abuse Investigation. More than

\$3 million of the grant was for insurance fraud investigation and prosecution. Insurance fraud impacts both businesses and consumers in California. Employers, employees, and insurers are forced to contribute to the system that pays out on undiscovered fraudulent claims. Auto insurance fraud costs each consumer an additional \$200 a year per policy.

National Model for Protecting Abused and Neglected Children

Collaboration is the word that best describes the activities of the District Attorney's Office. The Dependency Unit is a national model for the representation of dependent, abused and neglected children. The Dependency Unit's highly trained team of attorneys, clinical interns, investigators and social workers collaborate with the Social Services Agency and the courts to achieve the best outcomes for dependent children, whether it's reunification with families or participation in special programs. Assisting in programs such as California's "Connected by 25" for foster youth, and Superior Court's Drug Treatment Court, the District Attorney's Office is able to help abused and troubled youth with making good decisions and providing them with valuable life-changing resources.

Among its additional collaborative partners are the Department of Family and Children's Services, Department of Alcohol and Drug Services, Department of Mental Health, the District Attorney's Delinquency Unit and County Office of Education. All of these groups work together to ensure that needs and rights of dependent children are met and protected.

Crime Lab

The Santa Clara County District Attorney's Crime Laboratory, a nationally accredited forensic laboratory, provides scientific support to all criminal justice agencies in the county. The Crime Lab enabled them to detect, apprehend and prosecute criminals using accurate laboratory analysis

and testimony. During the past year the laboratory analyzed more than 45,000 pieces of evidence.

DNA analysis, one of the services provided by the crime laboratory, has assisted local law enforcement agencies in providing leads in cases where a suspect has not yet been identified. The laboratory utilizes the National DNA database "CODIS" to blend forensic science and computer technology into an effective tool for linking crimes. During 2006, the laboratory obtained DNA profiles from samples that resulted in 142 links to crimes. Additionally, DNA analysis at the County laboratory resulted in the elimination of approximately 25% of suspected offenders.

The County plans to complete its new crime laboratory in 2008. The 90,072-square-foot facility will be the first government-owned laboratory with a DNA analysis system in the Bay Area.

Law Enforcement

Justice Training Center

The Sheriff's Office teamed up with the Probation Department to create the Harold Holden Santa Clara County Justice Training Center. The center, located in the foothills of Morgan Hill,

provides a secure location for in-service law enforcement training as well as a POST Basic Police Academy. Deputies from the first Sheriff's Police Academy class held at the center graduated in November. The facility is a renovated school campus previously used by the Santa Clara County Juvenile Probation Department. The Sheriff's Office and Probation Department are responsible for ensuring the facility is maintained and equipped to meet the needs of contemporary law enforcement training.

Marijuana Eradication

The Sheriff's Office Marijuana Eradication Team eliminated more than 123,000 marijuana plants in 2006, a 45% increase over the previous year. The street value of the illegal crop was nearly \$50 million. The environmental damage to both public and private lands as a result of the illegal growth was extensive. The marijuana was eradicated with the coopera-



tion and assistance of the California Department of Fish and Game, Santa Clara County Open Space District, Mid Peninsula Open Space District, California Department of Justice, and the California Department of Forestry. The Marijuana Eradication Team has worked with the District Attorney's Office to successfully prosecute for environmental crimes, and has worked with other governmental agencies to conduct environmental clean up to repair the damage done by the growers.

Child Support Warrants

The Santa Clara County Sheriff's Civil/Warrant Division continues to be one of the premier divisions within the state. The Sheriff's Office worked closely with the Department of Child Support Services and conducted a warrant sweep for child support warrants. This action cleared numerous outstanding warrants and arrested 24 people. The division also handled a self-surrender program that allowed individuals to turn themselves in on outstanding warrants. The collaborative program cleared more than 650 warrants.

Public Defender

Concerned about the number of clients with mental health issues, the Public Defender's Office created a cross-trained mental health team of attorneys to address the increasing needs of clients with mental health needs and their families. The attorneys are the point of contact between the families of the mentally ill, the clients and other justice system partners such as Custody Mental Health Services, Public Guardian, state mental hospitals, and In Custody Mental Health at the Department of Correction. The attorneys handle the early stages of felony cases when the case has a substantial mental health component. They screen all serious felony criminal cases when the clients have mental health issues for possible early resolution at Mental Health Court or for representation

by other members of the felony or homicide team.

Office of Emergency Services

Public interest in disaster preparedness remains high in the wake of the Gulf Coast hurricanes and other recent disasters. The County took steps to expand and reorganize the Office of Emergency Services to adequately meet its mandated responsibilities, through increased staffing levels and clarification of responsibilities, in preparing for, responding to, and recovering from a disaster.

The Office of Emergency Services currently administers State Homeland Security Grants in excess of \$10 million for Santa Clara County. Additionally, the Office of Emergency Services is involved, along with the cities of San José and San Francisco and the County of Alameda, in the management and operation of the Bay Area Urban Area Security Initiative (UASI) grants totalling \$23 million. These grants are focused on the prevention, protection, response and recovery from acts of terrorism or other major disasters.

In the coming year, the Office of Emergency Services will introduce a comprehensive Continuity of Operations Plan (COOP) program to ensure that all County departments and agencies are able to continue to perform their essential functions across a wide range of emergencies and events. Emergency Services will work closely with departments and agencies to develop their individual plans.

Disaster Response

County departments and agencies participated in a statewide Golden Guardian emergency preparedness exercise in November, in collaboration with local city and agency disaster response partners in Santa Clara County and Northern California. Participants reported to the Emergency Operations Center and other designated locations at 5:12 a.m., as

part of the Bay Area scenario that modeled the 1906 San Andreas fault earthquake. The goal was to provide a supportive training environment for emergency responders to practice the roles they would play in a real catastrophic event, as well as look at needed resources and partnerships with other jurisdictions.



911 Communication

The County 9-1-1 Communications Department improved radio communication in the county through the implementation of the countywide interoperable radio "BayMACS" system, expanding the radio coverage area with transmitters at three additional sites and receivers at 10 additional locations.

County Communications also completed enhancement to the Sheriff's Radio System "Tactical 4" Channel, installing a transmitter and three receivers at additional radio sites to improve coverage in the Highway 17 corridor.

The Incident Dispatch Teams (IDT) Program was expanded to provide Incident Command System training to enable dispatchers to assist incident command staff of fire departments in the county. IDT handles communications and command post support at the scene of major emergencies such as greater alarm structure fires, complex hazardous materials incidents, multiple casualty incidents, floods, windstorms, and plane crashes.

In 2007, County Communications will implement a state-of-the-art replacement telephone system capable of handling wireless 9-1-1 calls and visually displaying caller location on a map.

Finance and Government Operations



County Workforce Challenges

The County is known nationally as an organization that provides innovative and responsive services. Workforce challenges are making it increasingly more difficult to continue this tradition of excellence. Among the most critical factors is the likely reduction in force due to the continuing budget situation and the departure of employees in the coming year as a result of implementation of retirement benefit changes.

During the next five years, between 6,300 and 7,100 County workers (nearly half of the workforce) will be eligible to retire, taking with them a substantial level of knowledge and institutional memory. The organization is taking on the challenge of strategic workforce planning, analyzing the most critical areas of need and developing strategies to mitigate the exodus of long-term employees. This includes both short-term and long-term strategies. Another factor that will have long-term effects on the County's ability to remain competitive as an employer, is the continuing call for public employee pension

reform that, in the extreme, would eliminate defined retirement benefits.

Historically, employees who choose public service, forego the immediate rewards of high earning potential, stock options, profit sharing and other private sector incentives in exchange for defined retirement benefits. The elimination of defined benefits, coupled with the limits on salaries and wages, would decrease the County's ability to attract and retain quality employees.

As has been the case for medical institutions across the country, the



Santa Clara County Library

For the fifth time, the Santa Clara County Library has been named the best public library in the nation for its high quality and cost-effective service. The Hennen's American Public Library Ratings 2006 are published in the American Libraries Magazine. More than 9,000 libraries across the nation have been evaluated, and two libraries in California have made the top 50 in the rating. Santa Clara County Library is ranked number one among all libraries in the nation that are serving a population of 250,000-499,999 people. Santa Clara County Library provides service to 412,000 residents from the unincorporated area and nine cities.

A major factor in this rating system is customer service. The Library's performance in that arena was additionally confirmed in a community survey conducted by the Joint Powers Authority, the Library's governing board, which found that residents reported a high level of customer satisfaction.

Santa Clara County Library continued its commitment to excellence last year, introducing free wireless internet access at all locations, and the expanded Virtual Library 24/7 which provides increased online access to new research databases, downloadable audio, streaming music and computer and IT e-books. The Library places a high priority on partnerships in the community, including working closely with cities and stakeholders to add additional hours at the Los Altos, Saratoga, Cupertino, and Milpitas libraries. The Library joined with The Health Trust, the Alzheimer's Association and other community organizations to promote health and wellness with programs encouraging people of all ages to exercise their bodies and minds.

The Library launched "Get Tech @ the Library," a cooperative venture between the Library and the Tech Museum of Innovation designed to increase scientific literacy and encourage innovation thinking in 7th and 8th graders. The program, funded by a \$26,000 grant from the California State Library System, will focus on middle-school Hispanics and girls under-represented in science fields.

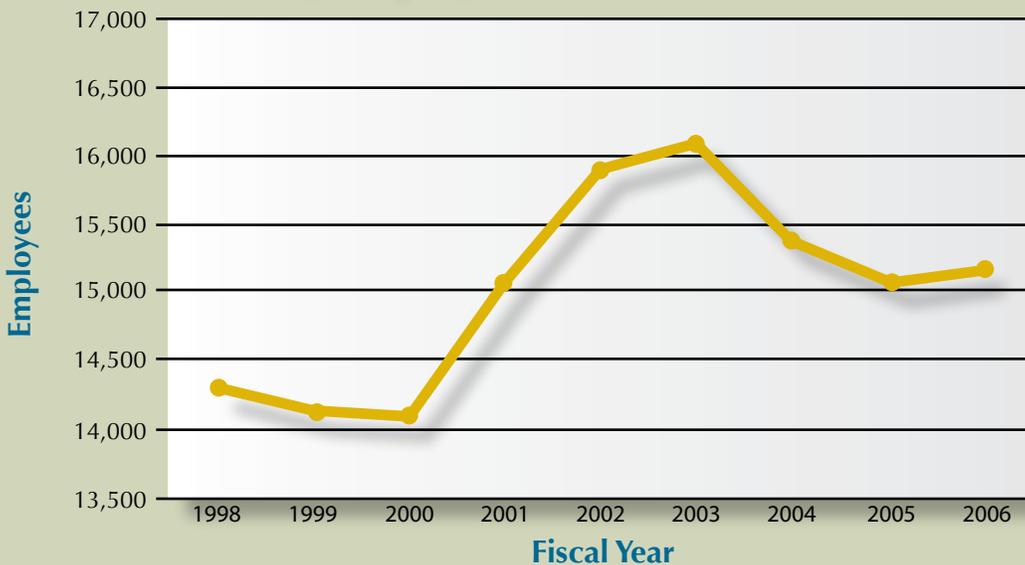
County has faced shortages in the areas of nursing and diagnostic imaging. Recruitment of nurses continues to be a problem. Improvement has occurred in the area of diagnostic imaging; however, the difficulty is shifting to recruitment of laboratory personnel. The County competes with private and public healthcare facilities to attract and retain these skilled personnel. The County has responded by implementing longevity pay for certain laboratory classifications and continues to work with the local educational institutions. While longevity pay may delay the workforce shortage temporarily, long-range planning must continue in order to "grow" such personnel for future healthcare needs.

In the last year, the County has implemented innovative employment programs. The Emancipated Foster Youth Employment Program was developed in partnership with Employee Services Agency and Social Services Agency providing eligible youth training and employment opportunities with the County. In addition, the County has instituted the MOVE Program that allows employees to pursue continuing education while working part-time in their current jobs. This will benefit the County by focusing on careers in "areas of need," another important part of the County's long-term strategic workforce planning.

To remain competitive in Silicon Valley and attract quality applicants, the County continues to recruit online at www.sccgov.org. Online recruitment

is an excellent tool to provide important employment information to potential employees and attract technology savvy candidates in this competitive labor market.

Full-time County Employees



Currently 80% to 90% of applications are received electronically, expediting the hiring process.

The County offers employees a variety of training and wellness opportunities to ensure employees' skills remain current, that they are knowledgeable and compliant with relevant employment laws, and that they are aware of actions and practices that promote good health.

County Challenges Alcoholic Beverages Mischaracterization

In November, the County Counsel's Office filed Santa Clara County v. Board of Equalization, a lawsuit against the California State Board of Equalization (BOE) for the mischaracterization of alcoholic beverages as malt beverages instead of distilled spirits. The current classification of alcoholic beverages as beer or malt beverages results in a lower excise tax, cheaper retail prices, and easier access for minors. If characterized as distilled spirits, alcoholic beverages could not be sold by retailers with only beer-and-wine licenses, such as convenience stores, and would be taxed at a much higher rate making it more expensive to purchase.



Following the filing of the suit and a petition from Friday Night Live high school students, the BOE decided to hold public hearings to discuss the classification and appropriate tax rate for flavored malt beverages. The County has agreed to temporarily suspend prosecution of the lawsuit to allow the BOE to complete the rule making process with the hope that it will take appropriate action for reclassification, as well as begin collecting the \$40 million the state is continuing to lose annually.

Enhanced Voter Options

For the first time since Santa Clara County voters started using the touch screen voting system, they were able to review paper print outs of their votes. In March, the Sequoia electronic voting system was re-certified to include new VeriVote printers capable of producing an accessible voter verified paper audit trail. This new feature allows voters to review a paper record of their ballot and verify that all selections have been recorded accurately. The system provides accessibility to voters with disabilities, ballot information in multiple languages, and the ability for all voters to change or correct their votes at any time before casting the ballot.

The County reached an important milestone by exceeding 200,000 permanent absentee voters in 2006. In total, the Registrar of Voters issued over 270,000 absentee ballots during the November Gubernatorial General Election, more than in any other election. The popularity of absentee voting has increased rapidly in recent years, and the Registrar of Voters has successfully upgraded its processing capabilities to handle the increased volume of absentee ballots.

Santa Clara County became the first county in California to introduce online training for Election Officers. Online training offers a convenient, high-tech way to ensure election volunteers are prepared for the challenges they will encounter on Election Day.

Community Forums to Promote Understanding

In response to hate incidents against an African American man in Mountain View and the stabbing of an elder of the Sikh community in Santa Clara, County officials partnered with the community to launch a series of community forums on intercultural relations, tolerance and de-escalating racial tensions. The "Community Forums on Intercultural Relations," were held in each of the five districts throughout the County, and organized by the Board of Supervisors, Office of Human Relations, District Attorney's Office, Office Public Affairs and local cities. Before the first forum in Mountain View during August, more than 200 people attended a community gathering at city hall for a candlelight vigil to show their support for the victims.

The County has a 'zero-tolerance' policy on hate crimes. While the overall number of hate-violence incidents through July kept pace with the annual number of reports received in 2005, in June there was a disturbing spike of 13 incidents reported. At the same time in 2005, only one incident was reported.

The County provides a variety of services for members of the community, regardless of immigration status, who have been intentionally targeted for physical or verbal abuse or property damage because of their race, ethnic background, religion, national origin, gender, age, disability, sexual orientation, political beliefs or membership. These services include referrals, witness assistance program, financial assistance for property damages and legal and relocation needs.

Armory Shelters for the Homeless Reopened

Concerned about how the homeless were handling the cold temperatures in an unusual cold spell during mid April, the Office of Affordable Housing and County Executive's Office successfully spearheaded the effort to reopen the National Guard Armories in Sunnyvale and Gilroy. The County and City of Gilroy provided the funds needed to reopen the shelters. Approximately 250 homeless individuals in the county were sheltered from the cold weather for an extra two weeks. Since 1987, the County has operated the Cold Weather Shelter Program to protect the homeless from inclement weather. The armories are usually open from late November to March 31. On a nightly basis, each armory can house approximately 125 homeless who come from all around the county to find a warm and dry place to sleep. Individuals are provided with sleeping pads, bedding and towels, shower facilities, and dinner and breakfast.

Creating Change for Women

The Office of Women's Policy (formerly OWA) addresses current and emerging issues affecting women and girls and examines the effectiveness of policy and systems in meeting their needs. In 2006, The Office of Women's Policy (OWP) collaborated with various organizations on key initiatives for women, including the Commission on the Status of Women and the County Department of Correction.

In concert with the Commission on the Status of Women, OWP launched the first Convention on the Elimination of all Forms of Discrimination



Against Women (CEDAW) Task Force in Santa Clara County to examine discrimination and disparity of women and girls.

Working with the Department of Correction and Commission of the Status of Women, OWP developed and implemented a gender analysis in 2006-2007 to examine and address the needs of female inmates.

Additionally, the OWP hosted monthly dialogues on key women's issues, including how domestic violence is addressed, and how women and girls fare in the criminal justice system. The dialogues culminated in a countywide training for stakeholders in the criminal justice system. Seventy-five participants took the training, entitled *Effective Gender Responsive Strategies for Girls and Women in the Justice System*.

County Archives Preserves History

In a collaborative effort led by the office of the Clerk-Recorder and the Clerk of the Board's office, the County officially opened the County Archive Facility, a program to pre-

serve County historical records. The program began transferring historical records to the archives facility in April, collecting, preserving, and making available the historical records of Santa Clara County government to the public. The facility will be a center for research and information about Santa Clara County in an effort to foster an appreciation and understanding of the County government's history and development.

Items on display at the archives facility are: the will of Stanford University cofounder Jane Lathrop Stanford; the oaths of office from the County's first elected officials; a hand written monthly report to the court listing what a court-appointed guardian of four children spent on groceries in 1909; and sample election ballots dating back to the 1920s. Archived materials date back to the 1850s.

The archives will contain materials referencing historical information about Santa Clara County such as: legal and financial records, photographs of officials and historic buildings, maps, architectural records, artifacts, court records, and election records. As records are transferred to the Archives and processed, collection descriptions are posted on the Online Archive of California (OAC).

You Make A Life by What You Give

The theme for the 2006 Combined Giving Campaign was taken from a quote: "You Make a Living by What You Get, You Make a Life by What You Give." County of Santa Clara employees pledged more than \$940,000 to local charities through this year's Combined Giving Campaign, the County's annual fundraising event to raise funds for charities.

In the last 11 years, County employees have contributed \$4.8 million to hundreds of charities in the areas of health and human services, environmental programs and the arts.

Each year, the County Executive appoints a department to spearhead the campaign and set fundraising goals. The Social Services Agency led this year's campaign, raising the most dollars in the campaign's history. Employees can donate to more than 520 organizations for a variety of worthy local and global causes such as: cancer, diabetes, and Alzheimer's research; food for the hungry; shelter for the homeless; the arts; the environment; and care for children, seniors, and wildlife.

Records for Posterity

The Clerk of the Board's office developed and implemented a records retention plan for the official records of the Board of Supervisors. Additionally, staff created new resource guides for elected officials and appointees, including a new Board of Supervisors Handbook and an updated Boards & Commissions Handbook. The start-up phase was launched for the restoration of one-of-a-kind historical Board of Supervisors minute books and Board meeting audio recordings, and their conversion transferred to digital format. Looking ahead, the office will implement a new on-line interactive

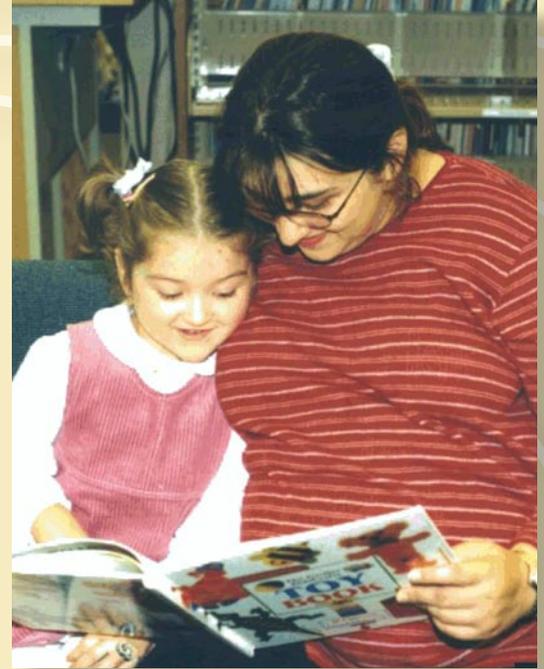
Assessment Appeals application process for public use.

Web On-Line Services and Enhancements

Providing enhanced on-line services continues to be a high priority for the Information Services Department. The department implemented several key projects for County departments including the creation of a new website with information on County archives, with the goal of collecting, preserving, and making available the historical records of the County government to the public; addition of on-line access to property assessment parcel maps in concert with the Assessor's Office, enabling quick and easy access for the public and businesses; continued improvements to the Department of Correction's on-line visit scheduling system, the creation of an on-line user guide and the additional ability for scheduling on-line visits to the Main Jail; and graphical enhancements of the election results for the Registrar of Voter's website to provide a quick glance of how the races are proceeding, and tabulated precinct maps to show graphically the number of precincts completed and pending as results are known.

Integrated Pest Management

Integrated Pest Management (IPM) and the Information Services Department worked together to develop an on-line Integrated Pest Management (IPM) application and database, to meet the IPM ordinance's requirements to maintain records of pesticide use, evaluate the program's effectiveness, and inform the public of the County's efforts to reduce pesticide use. IPM provides cost effective, sustainable reduced-risk alternatives



to pesticides in an effort to prevent pollution of air and water, and risk to human health.

IPM also compiled the 3rd edition of "Regional IPM Resource Manual" VCD and "ABCs of Pest Habitat Modification" DVD to distribute at the 3rd Regional Integrated Pest Management Conference held at San José McEnery Convention Center. The conference was designed to raise IPM awareness and provide technical education to facility and landscape professionals. Private homeowners were also encouraged to participate and learn about ways to create a healthy eco-system at home.

Reaching Out to the Community

The Office of Public Affairs expanded its capabilities this year with outreach to the Spanish and Chinese media, partnering with local press in a series of local radio shows and news articles to educate the ethnic populations about County services and programs. Risk communication was added to the office's role, in an effort to work with the Office of Emergency Services, Public Health Department and other County agencies to prepare and respond to disasters in a coordinated countywide effort.

Reducing Health Benefit Costs

Concerned about the ever-increasing cost of providing health care benefits to public employees, the County joined the Santa Clara County Health Benefits Coalition. The Coalition's mission is to design, develop and implement a regional collaborative approach to reduce the cost of providing health care benefits to public employees and to improve the quality of services. The Coalition includes representatives from the County, cities, school districts, special districts, and labor organizations.

Local Bond Priorities

In preparation for the State Infrastructure Bond program under consideration in Sacramento, the County set local funding priorities including transportation, seismic safety and affordable housing. For transportation projects, the County favors using existing local prioritization processes, including augmenting the State Transportation Improvement Program (STIP), which uses a formula to allocate transportation dollars statewide based on population and state highway mileage. This process would likely result in a more equitable distribution than earmarking funds for specific transportation projects. The County will advocate for the inclusion of a housing category for the homeless, emancipating youth, residential treatment and other special needs populations in the Infrastructure Bond Measure.

The California Reading and Literacy Improvement and Public Library Construction and Renovation Bond Act of 2006, (Proposition 81) failed statewide, despite local voter approval. Proposition 81 would have provided \$600 million in state money to fund library construction or reno-

vation projects in California. Local public libraries would have benefited from Proposition 81.

The cities of Gilroy and Morgan Hill applied for the Proposition 14 bond funding in 2000 for their aging libraries. Both were eligible and received a very good rating, but neither received funding.

Capital Improvements Program Includes \$537 Million Capital Bond Projects

Several building construction projects are underway to keep pace with the needs of county residents, including major public safety and health-related facility projects. Projects are in various stages of completion, from preliminary design to completed construction.

When construction is complete on all of the projects, nearly one million square feet of space will have been added. Additionally, county offices

are relocating from leased space to county-owned facilities. The goal is to generate long-term savings by relocating County offices from leased space, and using lease savings for direct service delivery. Further savings are anticipated as Fleet operations will consolidate from four to two service yards including a new facility.

New Building Construction

- County Center at Charcot*-200,000 sf
- Muriel Wright Program Building-4,794 sf
- Morgan Hill Courthouse*-86,250 sf
- Valley Specialty Center at VMC*-244,000 sf
- Crime Lab* - 90,072 sf
- Consolidated Fleet Facility* - 68,000 sf
- Valley Health Center at Gilroy* - 60,000 sf
- Valley Health Center at Fair Oaks*-45,500 sf
- Valley Health Center at Milpitas*-60,000 sf
- Vector Control Building-20,192 sf

Seismic, ADA and Fire Safety Upgrade Projects

- Berger Drive Warehouse seismic
- Berger Drive 1 Office Building seismic
- Palo Alto Courthouse seismic*
- Santa Clara Courthouse seismic*
- Los Gatos Courthouse seismic*
- Municipal Courthouse seismic*
- Coroner's Building fire safety
- 70 West Hedding Street basement fire safety & ADA
- Civic Center Parking ADA

* Denotes bond funded projects



Countywide Financials

In the County Outlook section of this report, Santa Clara County At-A-Glance contains 2006 data and the projected amount for the 2007 budget. In this section, the presentation of the financial information is retrospective and provides a different view than the one normally offered as a part of the annual budget process. It is important to note that all data presented in this section are actual expenditures and actual revenues collected. Since this is a report reviewing activities completed in fiscal year 2006, it is the appropriate presentation. For that reason, budgeted figures are not included but can be accessed for future reference at <http://www.sccgov.org/budget>.

This report presents the highlights of the significant economic and financial activity of the County of Santa Clara for the fiscal year (FY) that ended June 30, 2006. A full report of the County's financial activity is available in the Comprehensive Annual Financial Report (CAFR) online at <http://www.sccgov.org/cafr>.

The County prepares two sets of financial statements that measure its finances differently. The entity-wide financial statements provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business. It provides a long-term perspective of the County's assets, liabilities, and net assets, as well as its operations. The fund statements provide a short-term perspective of the individual funds' assets, liabilities, and fund balance, as well as the resources flowing in and out during the fiscal year.

The County of Santa Clara financial activities are governed by a number of significant financial policies in the areas of Use of Fund Balance, Contingency Reserves, Capital Project Financing, Debt Management, and Cash Management. These policies are outlined in the CAFR available online at <http://www.sccgov.org/cafr>.

Statement of Net Assets

The Statement of Net Assets presents information on all of the County's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the County's financial position is improving or deteriorating.

The County's assets exceeded its liabilities by \$1.8 billion (net assets) for the year.

There are three components of net assets:

- \$619.7 million or 33.9% of net assets are investment in capital assets, less related debt. Capital assets (land, buildings, infrastructure and equipment) are used to provide services to citizens; consequently, these assets are not available for future spending.
- \$138 million or 7.6% are restricted net assets. These resources are subject to external restrictions on how they are used.
- \$1.1 billion or 58.5% are unrestricted net assets. These resources may be used to meet the County's ongoing obligations to citizens and creditors.

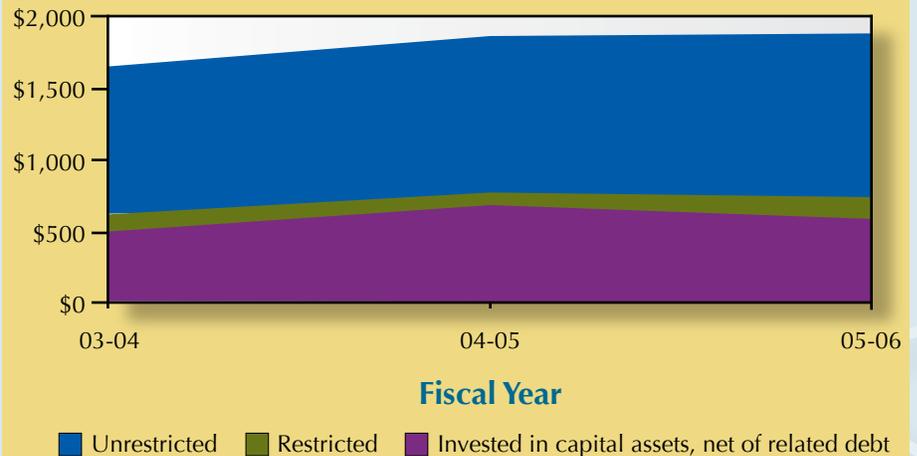
Net Assets

(In Thousands)

	Fiscal Year 2005*	Fiscal Year 2006	Dollar Change	Percent Change
Current & Other Assets	2,064,816	2,193,473	128,657	6.2%
Capital Assets	1,057,558	1,113,243	55,685	5.3%
Total Assets	\$3,122,374	\$3,306,716	\$184,342	5.9%
Current & Other Liabilities	235,151	262,192	27,041	11.5%
Long-term Liabilities	1,089,952	1,218,802	128,850	11.8%
Total Liabilities	\$1,325,103	\$1,480,994	\$155,891	11.8%
Net Assets:				
Invested in Capital Assets, Net of Related Debt	645,466	619,672	(25,794)	(4.0%)
Restricted Net Assets	107,214	137,957	30,743	28.7%
Unrestricted Net Assets	1,044,591	1,068,093	23,502	2.2%
Total Net Assets	\$1,797,271	\$1,825,722	\$28,451	1.6%

Net Assets

(In Millions)



* When applicable, prior year numbers have been reclassified to make them comparable to the current year.

Statement of Activities

The Statement of Activities provides information on how the County's net assets changed during the fiscal year, regardless of the timing of related cash flows. Thus, the statement reports revenues and expenses for some items that will only result in cash flows in a future fiscal period (e.g. uncollected taxes).

billion, while its total expenses increased by \$201.2 million or 7.8%, to \$2.8 billion. The County's total net assets increased by \$27.2 million for the year. This increase in net assets provided resources for County assets (e.g. capital items) and resources to decrease the County's liabilities (e.g. debt obligations).

The County's total revenues increased by \$106.2 million or 3.9%, to \$2.8

Change in Net Assets

(In Thousands)

REVENUES:

Program Revenues:

	Fiscal Year 2005*	Fiscal Year 2006	Dollar Change	Percent Change
Charges for Services	656,333	772,410	116,077	17.7%
Operating Grants & Contributions	1,041,309	1,035,601	(5,708)	(0.5%)
Capital Grants & Contributions	11,412	22,046	10,634	93.2%

General Revenues:

Property Taxes	586,999	639,557	52,558	9.0%
Sales & Use Taxes	158,386	133,287	(25,099)	(15.8%)
Other Taxes	102,911	60,263	(42,648)	(41.4%)
Unrestricted Grants & Contributions	22,497	22,055	(442)	(2.0%)
Unrestricted Investment Income	44,714	55,876	11,162	25.0%
Gain on Sale of Capital Assets	8,707	4,300	(4,407)	(50.6)
Other Revenue	57,148	51,173	(5,975)	(10.5%)

Total Revenues	\$2,690,416	\$2,796,568	\$106,152	3.9%
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PROGRAM EXPENSES:

General Government	171,077	192,708	21,631	12.6%
Public Protection	639,554	664,477	24,923	3.9%
Public Ways & Facilities	140,842	110,554	(30,288)	(21.5%)
Health & Sanitation	334,667	369,511	34,844	10.4%
Public Assistance	561,919	606,717	44,798	8.0%
Education	25,353	26,157	804	3.2%
Recreation & Culture	23,214	25,105	1,891	8.1%
Interest on Long-term Liabilities	6,607	12,032	5,425	82.1%
SCVMC	659,863	756,638	96,775	14.7%
Airport	3,473	3,534	61	1.8%
Sanitation District	1,634	1,928	294	18.0%

Total Expenses	\$2,568,203	\$2,769,361	\$201,158	7.8%
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Increase/(Decrease) in Net Assets	\$122,213	\$27,207	(\$95,066)	
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* When applicable, prior year numbers have been reclassified to make them comparable to the current year.

Capital Asset Activity

The County's net capital assets increased by \$55.7 million or 5.3% to 1.1 billion. During the year, governmental activities added the following construction in progress activities in the amount of \$93.5 million:

- \$79.1 million for construction projects undertaken by the County Facilities and Fleet (FAF) for the continued construction and improvement of Valley Specialty Center, various County business centers, Morgan Hill Courthouse, various valley health centers, the Crime Lab, juveniles facilities, jails and justice facilities, and various other small projects.
- \$0.7 million in Technology infrastructure improvement projects.
- \$11.1 million in capital projects undertaken by the Roads Department for bridge repairs and rehabilitation, pedestrian and bicycle routes improvements, signal synchronization programs, pavement management of Measure B projects, and the continued comprehensive study and planning for the County expressways.
- \$2.6 million in various Park Projects.

Outstanding Debt

The County's total debt obligation at June 30, 2006 was \$909 million. Total long-term debt, net of \$90.1 million debt service principal pay-off, increased by \$116.4 million or 14.7% during the current fiscal year. During the year, the County issued two new bonds in the aggregate amount of \$203.7 million and entered into a new capital lease agreement in the amount of \$2.6 million.

Capital Assets

(Net of Depreciation in Thousands)

	Fiscal Year 2005	Fiscal Year 2006	Dollar Change	Percent Change
Land	184,111	184,263	152	0.1%
Buildings & Improvements	493,319	499,147	5,828	1.2%
Infrastructure	116,330	126,420	10,090	8.7%
Equipment & Vehicles	59,925	59,761	(164)	(0.3%)
Leasehold Improvements	1,350	1,087	(263)	(19.5%)
Construction in Progress	202,523	242,565	40,042	19.8%
Total	\$1,057,558	\$1,113,243	\$55,685	5.3%

Outstanding Debt

(In Thousands)

	Fiscal Year 2005	Fiscal Year 2006	Dollar Change	Percent Change
Lease Revenue Bonds <i>(net of discounts and deferred loss on refunding)</i>	644,429	831,517	187,088	29.0%
Special Obligation Bonds <i>(net of premium)</i>	142,868	71,626	(71,242)	(49.9%)
Certificates of Participation	805	550	(255)	(31.7%)
Capital Lease Obligations	4,472	5,288	816	18.2%
Total	\$792,574	\$908,981	\$116,407	14.7%

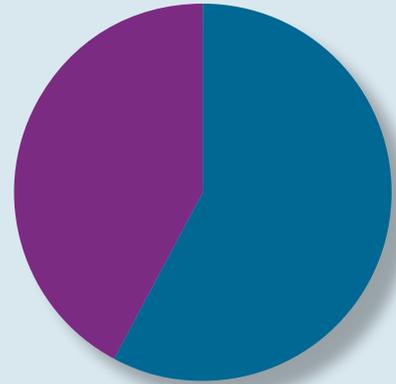
Total Revenues

The County's revenues increased by \$106.2 million or 3.9% to \$2.8 billion. The County provides various mandated services to its residents. Revenues directly generated by or attributable to a specific governmental function are called program revenues. These include charges for services and restrictive (program specific) grants and contributions, both operating and capital. General revenues support government programs by defraying costs, which those programs cannot cover from their own revenues. The County's programs generate about 65.4% of its total revenues. The general revenues account for the remaining 34.6% of the total revenues.



County Revenues

- Program Revenues - 65.4%
- General Revenues - 34.6%

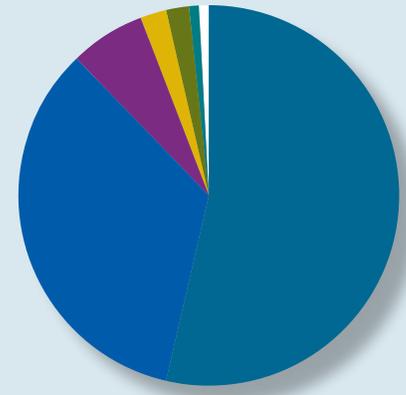
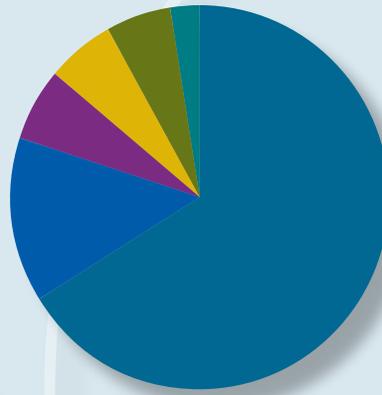


Program Revenues

- Grants & Contributions - Federal and State - 57.8%
- Charges for Services - 42.2%

Program Revenues

The County's program revenues increased by \$121 million to \$1.8 billion for the year. Federal and State grants and contribution are the largest source of County's revenues and contributed 57.8 % of its total program revenues. These program resources are tied to mandated services such as social services, public assistance, health and mental health. Charges for services were 42.2% of the County's total program revenues.



General Revenues

As stated previously, the County's general revenues support government programs by defraying costs, which those programs cannot cover from their own revenues. Tax revenues are the County's second largest revenue source—grants and contributions being the largest. The County earned \$833.1 million in tax revenues (property tax, property tax in lieu of motor vehicle license fee, and sales tax) for the current year. This is approximately 86.2 % of the general revenues, and 29.8 % of the total current year revenues. These general revenues provide the County most of its discretionary spending ability.

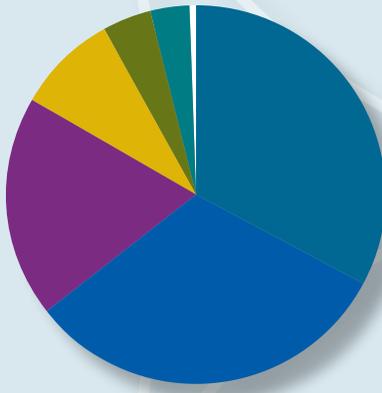
General Revenues

- Property Tax - 66.2%
- Sales Tax - 13.8%
- Other Taxes - 6.2%
- Other Revenues - 5.7%
- Investment Earning - 5.8%
- Unrestricted Grants & Contributions - 2.3%

General Fund Revenues

by Source

- Intergovernmental Revenues - 53.7%
- Taxes - 34.1%
- Charges for Services - 6.5%
- Fines, Forfeitures & Penalties - 2.0%
- Other Revenues - 2.1%
- Interest & Investment Income - 1.0%
- Licenses & Permits - 0.6%



General Fund

The General Fund is the chief operating fund of the County and its revenues and expenditures for the year were \$1.9 billion and \$1.8 billion, respectively. While its revenues increased by \$60.7 million or 3.2% for the year, its expenditures increased significantly by \$184.0 million or 11.2% primarily due to higher salaries and benefits and debt service expenditures.

General Fund Expenditures

by Function

- Public Assistance - 32.8%
- Public Protection - 31.9%
- Health & Sanitation - 18.9%
- General Government - 8.6%
- Public Ways & Facilities - 3.3%
- Debt Service Principal Retirement - 4.0%
- Debt Service Interest & Fiscal Charges - 0.5%

Photo Credits

Santa Clara Camera Club Photographers

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Courtesy of Celise El-Kassed

HP Pavillion, San José
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Valley View, Page Mill Road
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Anderson Lake County Park, Morgan Hill
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Snowy Egret
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Explore with a Real ROV
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County of Santa Clara

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Expressway

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Campbell Library
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A Year of Partnership County of Santa Clara Annual Report

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County of Santa Clara
County Government Center
70 West Hedding Street
San José, California 95110
www.sccgov.org