



OFFICE OF THE COUNTY ADMINISTRATOR

County of Sonoma

575 Administration Drive - Room 104A
Santa Rosa, CA 95403-2888

p: (707) 565-2431

f: (707) 565-3778

M. CHRISTINA RIVERA

County Executive

JENNIFER SOLITO

Assistant County Administrator

PETER BRULAND

Deputy County Administrator

BARBARA LEE

Deputy County Administrator

CHRISTEL QUERJERO

Deputy County Administrator

PAUL GULLIXSON

Communications Manager

DATE: May 31, 2024

TO: Members of the Board of Supervisors and Board of Directors

FROM: M. Christina Rivera, County Executive and Jennifer Solito, Assistant CAO

SUBJECT: Tribal Mitigation Fund Status Update and Use Recommendations

This memo provides a status update on each of the three Tribal Mitigation Funds, and requests Board approval of recommendations for certain fund balance use, as well as recommendations for FY 2024/25 and ongoing appropriations of the revenue received under the new Memorandum of Understanding with the Federated Indians of Graton Rancheria.

Background:

Sonoma County has five federally recognized tribes within its boundaries: the Dry Creek Rancheria, Lytton Rancheria, Federated Indians of Graton Rancheria (FIGR), Kashia Band of Pomo Indians, and Cloverdale Rancheria. Except for Cloverdale Rancheria, these tribes currently have federally established reservation lands, sometimes referred to as “trust lands” in Sonoma County. Three of these tribes have intergovernmental agreements with the County intended to mitigate the off-site impacts of on-reservation development and address other issues. The agreements reflect the County’s intent to address such impacts while furthering respectful and mutually beneficial government-to-government relationships. The Dry Creek Rancheria, FIGR, and Lytton Rancheria have collaborated with the County on such agreements, as detailed below.

Dry Creek Rancheria, Band of Pomo Indians, Memorandum of Agreement (MOA):

The Dry Creek Rancheria operates the River Rock Casino near Geyserville. On February 28, 2023, the Board approved the amended and restated MOA between the Dry Creek Rancheria, Band of Pomo Indians and the County. The financial terms under the restated MOA provide for an annual baseline payment of \$750,000 to offset the costs related to County services impacted by operations on the Dry Creek Rancheria.

Ongoing Funding Programming: The \$750,000 per year in baseline funding is currently allocated annually to the General Fund, to generally offset increased expenditures for the Sheriff's Office and Sonoma Public Infrastructure (SPI) to mitigate the off-reservation impacts of the casino. Staff recommends no change to this annual allocation of revenue.

Available Fund Balance: There is \$360,666 in projected available fund balance.

Recommendations for Available Fund Balance Use: Although Sonoma Public Infrastructure (SPI) submitted requests or funds for drainage improvements and sidewalk repairs and enhancements in the Geyserville area (see **Attachment A**), this would exceed the projected available fund balance. As such, staff recommends retaining the available fund balance for the time being. Once these projects are ready for initiation, final project costs have been identified, and if additional funding is needed, staff may return to the Board to request fund balance usage at that time.

Lytton Rancheria, Memorandum of Agreement (MOA):

The Lytton Rancheria does not operate a gaming facility in Sonoma County but does possess a reservation of over 500 acres outside the Town of Windsor. A tribal housing development is currently under construction, and the agreement contemplates a winery and resort development in the future. The County entered into an MOA with the Lytton Rancheria on March 10, 2015, to establish a framework for government-to-government relations, address the impacts of the proposed residential housing development, and establish parameters and processes for addressing the impacts of potential future tribal development.

Ongoing Funding Programming: The current MOA provides that the tribe make ongoing in-lieu property tax payments in the amount of 30% of 1% of the development's assessed market value, which is currently approximately \$100,000 per year. This money is allocated to the Lytton Mitigation Fund for future mitigation needs. The Tribe has recently completed the first phase of its housing development project. The second phase of the housing development authorized under the MOA has not yet begun. Based on the current status of the project and future mitigation needs, staff recommends no change in this annual allocation of revenue to the Lytton Mitigation Fund. This will allow resources to build and be available for potential mitigation measures following completion of the housing development project. Following completion of the development projects and updated assessed market valuation, the ongoing in-lieu property tax payments will increase accordingly.

Available Fund Balance: The MOA provided a one-time payment of \$6,100,000 in lieu of normal impact fees, to compensate for traffic, park, affordable housing fees, and other environmental mitigation impacts as well as administrative costs. There is \$4,856,664 in projected available fund balance. Projects which have used this fund balance in the past include park, road and traffic improvements, consistent with the MOA language to address impacts to Riverfront Regional Park and local area roads and traffic.

Recommendations for Available Fund Balance Use:

- a) \$100,000 to Regional Parks to partner with Santa Rosa Junior College for efforts to enhance workforce development related to fire resilience and vegetation management. The training program will take place at Shone Farm Forest, which borders Riverfront Park.
- b) \$650,000 to Regional Parks for support of the Hanson Russian River Floodplain Restoration project. This project will replace four retired gravel mining ponds into a functional floodplain to benefit native fish and wildlife. Given the proximity to the Lytton Rancheria and nexus to environmental mitigation impacts, staff recommends use of available fund balance towards this project. Please see **Attachment B** for details.

Federated Indians of Graton Rancheria, Intergovernmental Mitigation Agreement (IMA):

The Federated Indians of Graton Rancheria currently operate the Graton Casino located in Rohnert Park. On June 6, 2023, the Board approved the Amended and Restated Intergovernmental Mitigation Agreement (IMA) between the Federated Indians of Graton Rancheria (FIGR) and the County.

Ongoing Funding Programming: The Agreement provides \$14,500,000 per year, adjusted annually for CPI to mitigate impacts of the gaming facility in the following general areas: law, justice, public safety, Redwood Empire Dispatch Communication Authority (REDCOM), and tribal relations; health, human services, and socioeconomic impacts; traffic, affordable housing, greenhouse gasses, and air quality; fire and emergency services; crime impacts on the cities of Cotati, Petaluma, Santa Rosa, and Sebastopol; road maintenance, Highway 101, and arterial and collector road improvements; groundwater, water conservation projects, and the Santa Rosa Plain Groundwater Sustainability Agency; and tourism impacts. The mitigation payment will be adjusted annually in accordance with the Consumer Price Index (CPI) for all urban consumers in the San Francisco-Oakland-San Jose area.

This Agreement and annual mitigation funding amount was agreed to in order to essentially maintain the funding that was being provided under the previous agreement between the FIGR and the County. As such, staff recommends continuing the ongoing revenue allocations, consistent with prior years, with some modifications based on a review of identified needs.

Ongoing Funding Recommendations: Attachment C shows the funding which was allocated to each impacted entity in FY 2022/23 of the prior agreement, which was the base year utilized to create the new agreement. This Table also shows the recommended ongoing allocation, starting in FY 2024/25. Staff recommends this distribution be approved by the Board for FY 2024/25 and be maintained for future years of the agreement, incorporating approved CPI escalations into future annual allocations. Please see **Attachment C** for details.

Some modifications to the historical allocations are recommended as follows:

- a) Reset Sonoma County Transit Authority (SCTA) pass-through to the original agreement amount of \$2M. This original amount has increased over time through the 2012 Agreement due to the prior CPI escalations. However, the original agreement specified funding for completion of the Marin-Sonoma Narrows Project which has been completed within the county. However, staff recommends continuing to allocate certain funding to SCTA to support other county-wide projects, as identified by SCTA and appropriate for supporting local roads and arterial collector maintenance, consistent with the new IMA. As such, staff recommends the original amount of \$2M be provided to SCTA annually, while allowing for future CPI adjustments under the new Agreement.
- b) Most of the mitigation categories listed in the IMA previously had specific annual reserve set-asides, to allow funds to accrue to fund projects. There was no specific accrual amount previously related to Law, Justice and Public Safety, although there are ongoing periodic one-time projects needs requiring funding. As such, staff recommends implementing a Law, Justice and Public Safety mitigation reserve in recognition of periodic one-time project or capital mitigation needs. FY 24/25, this amount is recommended to be \$416,520.
- c) Increase allocation for administration services related to agreement management and the consultation process, including \$100,000 to County Counsel and \$97,127 to the County Administrator's Office.
- d) Apply the IMA-provided CPI to ongoing allocation amounts annually.

If at such time this funding distribution to address the off-reservation impacts is determined to be imbalanced, staff will return to the Board to consider adjustments.

Additionally, the agreement includes \$1,000,000 per year to each of the following: Regional Parks general uses; Tolay Lake Regional Park specific use; and the Agricultural Preservation and Open Space District (Ag + OSD). This \$3,000,000 total is subject to consultation and agreement with the Graton Rancheria regarding the spending of these funds. Staff has initiated the consultation process with the Tribe and will return to the Board for recommendation and approval of use of these funds following conclusion of the consultation process. These funds are not included in this budget discussion and remain in the Graton Tribal Mitigation Funds, pending consultation and agreement with the Tribe. Staff will return to the Board for budget appropriations and Board approval, following the required tribal processes.

Available Fund Balance: The prior agreement between the FIGR and the County included very specific categories of funding, including one-time and recurring payments for specific uses. Under the prior agreement, certain categories were also subject to consultation and agreement with the tribe prior to use. However, under the new agreement, all fund balances remaining from the prior agreement are available for discretionary County allocation, with the exception of fund balances related to Regional Parks and Ag + OSD, which remain subject to consultation and agreement with the tribe.

Attachment D shows the current available fund balances by prior agreement category. Staff recommends, where possible and where needs exist, that these fund balances be used for purposes related to their original mitigation categories. Staff has worked with various County departments to identify potential projects and usages that would support the original mitigation categories. The full list of department requests as well as those recommended for funding are included in Attachment D. Priority in funding recommendations was given to projects which are underway, as opposed to new projects that do not already have Board approval for implementation. Further, certain projects, such as the Integrated Justice System (IJS) modernization process, and the associated replacement of each justice partners' case management systems, are large and will require significant additional funding to complete. The allocations shown in Attachment D will help to initiate the work and are provided while exact project costs are not yet known. As these projects move forward, should departments require additional funding support outside of their available departmental budgets, additional tribal monies for General Fund contingencies may be requested, as available.

In summary, the current available fund balance across all categories is \$32,756,224. Should the Board approve staff recommendations of usage of various fund balances, \$11,028,858 would remain for future mitigation needs.

Recommendations for Available Fund Balance Use:

A summary of fund balance use recommendations is as follows:

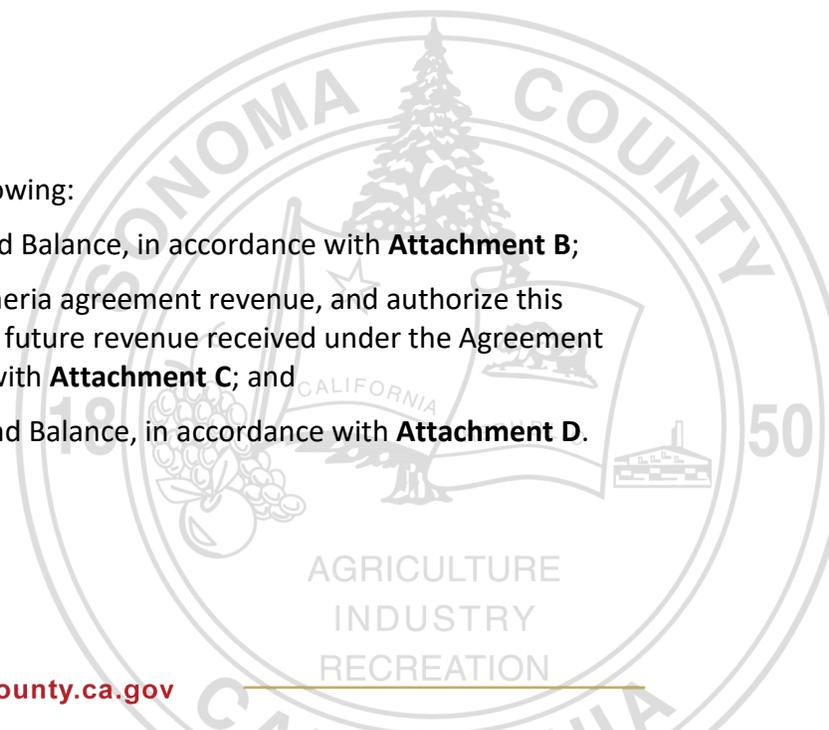
- a) \$140,000 to Rancho Adobe Fire Protection District for digital signs.
- b) \$1.8M to Petaluma Health Center for upgrades to their Rohnert Park location, which will increase urgent care capacity in the area by 20,000 visits annually. See Attachment E for additional information.
- c) \$3.8M towards the replacement of case management systems for the Probation Department, District Attorney's Office, and Public Defenders' Office.
- d) \$1.8M toward the Integrated Justice System project.
- e) \$1M toward the Sheriff's Office Jail Management System project to replace the aging, no longer supported system.
- f) \$680,000 for Sheriff's Office telecommunications network equipment replacement and test equipment needs. This is currently an unfunded Capital Project item.
- g) \$130,000 for Sheriff's Office radio system update. This is currently an unfunded Capital Project item.
- h) \$50,000 to the Sheriff's Office for scoping and project development planning for alternative 911 Dispatch site to support potential emergency operations needs. Following the scoping, should this project proceed, it will be submitted for Capital Projects consideration.

- i) \$800,000 to SPI for reimbursement of the traffic signal installed at Roblar Road and Stony Point by Roblar Quarry. Reimbursement was part of the development project requirements between SPI and Roblar Quarry.
- j) \$75,000 to SPI for Moorland Ave pedestrian safety improvements.
- k) \$250,000 to CDC for consultant support for regional planning efforts of the Bay Area Housing Finance Authority Bond.
- l) \$700,000 to SPI for Lowell Avenue Road improvements (previously approved on April 18, 2023).
- m) \$600,000 to SPI paving on Lagner and Monte Vista Aves (previously approved on July 21, 2021).
- n) \$190,104 to complete the prior agreement pass-through transfer due to Sonoma County Transit Authority (SCTA).
- o) \$5.6M set-aside for Board consideration to implement air quality and greenhouse gas emissions reductions projects through the Climate Resilience Comprehensive Action Plan, to be reviewed by the Board in August 2024.
- p) Following these recommendations, certain funding is recommended to be utilized during the FY 2024/25 Budget Hearing deliberation process, to support departmental and Board requests. This includes:
 - o \$406,773 available for Law, Justice and Public Safety one-time mitigation needs
 - o \$400,000 to the Community Development Commission to fund affordable housing projects and planning needs (CDC-PCR-01 and CDC-PCR-03)
 - o 86,920 of In-lieu TOT allocation
 - o \$696,317 available for General Fund discretionary use

Conclusion:

Staff recommends the Board approval the following:

- 1) Use of Lytton Rancheria Mitigation Fund Balance, in accordance with **Attachment B**;
- 2) FY 2024/25 allocations of Graton Rancheria agreement revenue, and authorize this allocation distribution to be utilized for future revenue received under the Agreement with Graton Rancheria, in accordance with **Attachment C**; and
- 3) Use of Graton Rancheria Mitigation Fund Balance, in accordance with **Attachment D**.



Attachment A
 Dry Creek Tribal Mitigation Fund Balance

Dry Creek Mitigation Fund	Funding (\$)	Requested (\$)	Recommended (\$)	Recommendation
Ongoing Annual Revenue	\$750,000			Continue to allocate to the General Fund to address general operational impacts.
Available Fund Balance (\$) - <i>as of 06/2025</i>	\$360,666			
		\$150,000	\$0	Funding to SPI for Geyserville drainage improvements and cleaning of existing ditches and culverts to relieve minor flooding issues.
		\$250,000	\$0	Funding to SPI for sidewalk repair and enhancements in downtown Geyserville and along portions of Highway 128.
<i>Remainder</i>	\$360,666			Retain fund balance for mitigation needs as project progresses.

Attachment B
Lytton Rancheria Mitigation Fund Balance

Lytton Rancheria Mitigation Fund	Funding (\$)	Requested (\$)	Recommended (\$)	Recommendation
Ongoing Annual Revenue	\$100,000			Continue to allocate to the Lytton Mitigation Fund for future mitigation needs.
Available Fund Balance (\$) - as of 6/2025	\$4,856,664			
		\$100,000	\$100,000	Regional Parks - Fire Resilience/Vegetation Management workforce capacity development in partnership with Santa Rosa Junior College at Shone Farm Forest
		\$650,000		Regional Parks - Hanson Russian River Floodplain Restoration project, includes: design services to 60%, permit application fees, EIR support, and consultant project support.
			\$200,000	<i>Hanson: Design Services to 60%, for public access</i>
			\$15,000	<i>Hanson: Project Support - for Riverkeeper for public engagement; and oversight of property</i>
			\$50,000	<i>Hanson: Project Support - EHC, to continue with project</i>
			\$25,582	<i>Hanson: Use Permit Application Fees</i>
			\$150,000	<i>HVMB: Master Plan Renovation EIR Support</i>
			\$59,418	<i>HVMB: Kennedy Beach, Syar, Riverhouse parcel Support</i>
			\$100,000	<i>Syar Lands Restoration Opportunities & Constraints Analysis</i>
			\$50,000	<i>Arundo Removal Russian River D4</i>
Remainder	\$4,106,664			Retain fund balance for mitigation needs as development project progresses.

Attachment C
Graton Rancheria Mitigation - 2023 Restated MOA Ongoing Funding

Graton Agreement - Ongoing Annual Revenue Allocations

	2023 Annual Revenue	Base Allocation	Ongoing Allocation Recommendation (FY 24/25) Adjusted for CPI	Description
	\$14,500,000		\$15,107,800	Revenue in FY 24/25 following CPI adjustment.
		\$2,437,903	\$2,773,798	Sheriff's Office - 4.0 full-time equivalent (FTE) Sheriff Deputies; 1.7 FTE Detectives; and partial funding to various special units
		\$550,871	\$591,382	District Attorney's Office - Family Justice Center Executive Director and 1.0 FTE District Attorney IV
		\$224,655	\$243,078	Public Defender - 3.0 FTE Public Defender I
		\$550,933	\$582,893	Probation - 3.0 FTE Probation Officers
		\$17,006	\$17,719	City of Cotati - pass through
		\$136,213	\$141,923	City of Petaluma - pass through
		\$380,956	\$396,925	City of Santa Rosa - pass through
		\$19,380	\$20,192	City of Sebastopol - pass through
		\$1,253,544	\$1,504,186	Fire Services - pass through per funding agreement through FY 24/25, with Rancho Adobe, Sonoma County Fire, and City of Rohnert Park Public Safety
			\$100,000	Rancho Adobe Fire Protection District allocation
			\$100,000	Rohnert Park Department of Public Safety allocation
			\$1,304,186	Sonoma County Fire Protection District allocation
		\$365,143	\$380,449	Groundwater Mitigation Set-Aside to Fund Balance
		\$2,558,220	\$2,083,835	Sonoma County Transportation Authority Pass-Through
		\$663,897	\$691,726	Local Roads Maintenance Set-Aside - 2 mile radius of Casino
		\$929,456	\$1,759,589	In-Lieu Transit Occupancy Tax (TOT) - allocated to Non-Departmental General Fund
		\$680,000	\$708,504	Health Services Department
		\$116,676	\$121,567	Health, Human and Socioeconomic Program Set-Aside
		\$30,000	\$97,127	Administration - County Administrator's Office
		\$75,000	\$100,000	Legal - County Counsel
		\$916,188	\$954,592	Traffic Mitigation - fund balance accumulation for mitigation needs
		\$278,837	\$290,525	Affordable Housing Mitigation - fund balance accumulation for mitigation needs
		\$1,181,737	\$1,231,272	Air Quality Mitigation - fund balance accumulation for mitigation needs
		\$0	\$416,520	Law, Justice, Public Safety Mitigation - fund balance accumulation for mitigation needs (new)
Totals		\$13,366,615	\$15,107,800	
	\$1,000,000		\$1,000,000	Regional Parks General Annual Allocation - Subject to mutual agreement with the Tribe re: spending plan.
	\$1,000,000		\$1,000,000	Regional Parks Tolay Lake Annual Allocation - Subject to mutual agreement with the Tribe re: spending plan.
	\$1,000,000		\$1,000,000	Ag + OSD General Annual Allocation - Subject to mutual agreement with the Tribe re: spending plan.

Attachment D
Graton Rancheria Mitigation Fund Balance from 2012 Agreement

Graton Rancheria Mitigation Fund - Contract Category	Available Fund Balance (\$)	Requested (\$)	Recommended (\$)	Project
Fund Balance Total				<i>Category fund balances reflect actuals as of Feb. 2024. Total projected available fund balance as of June 2025.</i>
	\$32,756,224			
Fire & Emergency Services	\$2,229,139			
		\$140,000	\$140,000	Two digital signs for Rancho Adobe Fire Stations (D2 request) - Liberty and Penngrove station. \$60-70k/each
<i>Remainder</i>	\$2,089,139			
Law Enforcement Pre-Operating	\$1,000	\$1,000	\$1,000	Consolidate into Law, Justice, Public Safety Category
<i>Remainder</i>	\$0			
Tribal Relations/Negotiations Costs	\$30,000	\$30,000	\$30,000	Pass through for FY 23/24 - previously-approved allocation to CAO for tribal relations support.
<i>Remainder</i>	\$0			
Law, Justice, Public Safety	\$9,595,773			
		\$1,779,000	\$1,779,000	Replace Probation Case Management System
		\$1,000,000	\$1,000,000	Replace District Attorney case management systems
		\$1,000,000	\$1,000,000	Replace Public Defender Case management system
		\$1,800,000	\$1,800,000	ISD - Integrated Justice System
		\$1,000,000	\$1,000,000	Sheriff's Office - Jail Management System
		\$1,750,000	\$1,750,000	Petaluma Health Center - Rohnert Park facility improvement needs - Attachment E
		\$600,000	\$600,000	Capital Projects - Telecommunications network equipment replacement
		\$80,000	\$80,000	Capital Projects - Telecommunications test equipment
		\$130,000	\$130,000	Sheriff's Office - Radio System Update
		\$1,250,000	\$50,000	Sheriff's Office - Alternative 911 Dispatch Site - \$50K for project scoping/development
<i>Remainder</i>	\$0	\$406,773	\$406,773	Available for Budget Hearings
Health, Human and Socioeconomic	\$274,589	\$274,589	\$274,589	No requests received - consolidate into Law, Justice, Public Safety Category to address unmet needs.
<i>Remainder</i>	\$0			
Fire Pass Through	\$909,096	\$909,096	\$909,096	Consolidate into Fire & Emergency Services Category
<i>Remainder</i>	\$0			
Cities Pass Through	\$56	\$56	\$56	Consolidate into the annual programming for FY 24/25, eliminate fund balance, and continue current pass-through to Cotati, Petaluma, Santa Rosa, and Sebastopol.
<i>Remainder</i>	\$0			

Attachment D

Graton Rancheria Mitigation Fund Balance from 2012 Agreement

Graton Rancheria Mitigation Fund - Contract Category	Available Fund Balance (\$)	Requested (\$)	Recommended (\$)	Project
Development Mitigation Fees				
Countywide Traffic	\$4,371,358			
		\$800,000	\$800,000	SPI - Roblar Road/Stony Point traffic signal reimbursement to contractor, per contract agreement with Public Infrastructure Department
		\$75,000	\$75,000	SPI - Moorland Ave pedestrian safety improvements - pedestrian activated crossing.
<i>Remainder</i>	\$3,496,358			
Affordable Housing	\$1,324,192			
		\$1,000,000	\$0	Tierra de Rosas - potential future funding needed
		\$4,000,000	\$0	Casa Roseland (Midpen funding)
		\$250,000	\$250,000	CDC - Consultant support for planning for Bay Area Housing Finance Authority Bond
		\$2,000,000	\$0	Elderberry Commons in Sebastopol
		\$400,000	\$400,000	Allocate to CDC for CDC-PCR-01 and 03 for affordable housing projects and planning needs.
<i>Remainder</i>	\$674,192			
Air Quality Mitigation	\$5,612,054			
		\$875,000	\$0	CARD - Energy Upgrades to Cotati Vets
		\$1,750,000	\$0	CARD - Equitable Energy Resilience Program for Multi-family Homes (new program)
		\$1,950,000	\$0	CARD - Equitable Energy Resilience Program for Mobile Homes (new program)
		\$1,250,000	\$0	CARD - Electric Bus for Route 44 or 48 (new program)
		\$5M+	\$5,612,054	CARD - Implementation of County-led Climate Resilience Comprehensive Action Plan, to be considered in spring/summer 2024
<i>Remainder</i>	\$0			
In-lieu TOT Allocation	\$86,920	\$86,920	\$86,920	Allocate to General Fund - consistent with the ongoing revenue In-Lieu TOT allocation.
<i>Remainder</i>	\$0			
Local Roads Maintenance - 2 mile radius	\$1,454,770			
		\$700,000	\$700,000	SPI - Lowell Avenue road work - approved in 4/18/23 Pavement Preservation Program Funding (\$350K for 23/24; \$350K for 24/25).
		\$600,000	\$600,000	SPI - Lagner & Monte Vista Ave paving - approved in 7/21/21 PPP funding for FY 22/23
<i>Remainder</i>	\$154,770			
Highway 101 SCTA Pass Through	\$190,104			
		\$190,104	\$190,104	Transfer to SCTA for regional transportation and road projects.
<i>Remainder</i>	\$0			

Attachment D

Graton Rancheria Mitigation Fund Balance from 2012 Agreement

Graton Rancheria Mitigation Fund - Contract Category	Available Fund Balance (\$)	Requested (\$)	Recommended (\$)	Project
Groundwater Mitigation - Santa Rosa Plain	\$1,735,124			
		\$0	\$0	No requests submitted. Reserve for mitigation needs as project progresses.
<i>Remainder</i>	\$1,735,124			
Pass Through from Rohnert Park	\$689,959	\$689,959	\$689,959	Allocate to Law, Justice and Public Safety to address unmet needs.
<i>Remainder</i>	<i>\$0</i>			
1x In Lieu Develop Fees	\$20,440	\$20,440	\$20,440	Consolidate into Countywide Traffic Category
<i>Remainder</i>	<i>\$0</i>			
Unallocated	\$696,317	\$696,317	\$696,317	Available for Budget Hearings
<i>Remainder</i>	<i>\$0</i>			
Parks and Open Space	\$5,900,000			Retain balance - subject to consultation and agreement with the tribe prior to recommendation and approval.
		\$1,861,239	\$1,861,239	Tolay Lake Gathering Area - approved 1/9/24
<i>Remainder</i>	<i>\$4,038,761</i>			
Remaining Total Fund Balance following recommendations:				
	\$11,028,858			Includes Regional Parks and Ag+OSD funding, subject to consultation and agreement with the Tribe

February 8, 2024

Sonoma County Board of Supervisors
575 Administration Drive
Room 100 A
Santa Rosa, CA 95403

Re: *Funding Request – Rohnert Park Urgent Care*

Dear Supervisors,

I am following up on our funding request for \$1,750,000 from the County of Sonoma to support the Petaluma Health Center's proposal to open an Urgent Care facility in Rohnert Park at 1450 Medical Center Drive. This funding is necessary to cover the increased costs related to the installation of a new healthcare grade HVAC system. The new system is essential to ensure optimal air quality and safety for our patients and staff.

This project holds immense significance, not only for our organization but also for the indigent and underserved residents of Sonoma County who currently face a severe shortage of access to healthcare services. We firmly believe that the County's investment in our project will play a pivotal role in fulfilling our shared responsibility to ensure indigent and medically underserved populations in Sonoma County have access to high-quality healthcare services.

The closure of Providence's Rohnert Park Urgent Care facility in November 2022 has created a substantial gap in the provision of same-day urgent medical services in Southern and Central Sonoma County. As a result, many patients have turned to the Petaluma Health Center, causing our facilities to operate at full capacity and resulting in new patient appointments being scheduled at least two weeks in advance.

In our commitment to address this healthcare gap, we have successfully negotiated the purchase of the 15,242-square-foot medical office building at 1450 Medical Center Drive, along with an adjacent 1.01-acre parcel for overflow parking, from Providence for \$2,950,000. The expansion of this facility will allow us to accommodate an additional 20,000 healthcare visits annually. Our goal is to add ten examination rooms, an x-ray procedure room, eight behavioral health consult rooms, and chiropractic and acupuncture rooms. Additionally, we will open an in-house pharmacy and laboratory to meet the growing demand for primary medical and behavioral health care services. This project comes at an estimated cost of \$6.9 million, with \$1 million secured through Federal funding provided by Congressman Thompson. Additionally, we have received \$1 million from the State of California and \$250,000 from the City of Rohnert Park to support operational costs for expanding primary care and mental health services at the facility once it is open.

Sonoma County's low-income populations face challenges in accessing prevention-focused healthcare services. The lack of same-day healthcare resources for indigent and underinsured

individuals throughout the county has created a gap in the delivery of healthcare, leaving countless individuals without essential medical attention.

- We anticipate that approximately 75% of patients who will receive care at this facility will be those who live at or below 100 percent of the Federal Poverty Level, and that 96% will be those who live at or below 200% of the Federal Poverty Level.
- We further anticipate that 22.7% of the patient visits at this facility will come from unincorporated portions of the County.

We are seeking \$1.75 million in funding from the County of Sonoma to facilitate the acquisition and renovation of an urgent healthcare center in Rohnert Park. This center will provide vital services, including urgent medical care, obstetrics (OB) services, behavioral health support, wellness services, and access to laboratory and pharmacy facilities. This comprehensive approach to healthcare delivery will not only address the urgent healthcare needs of the indigent population but also reduce health disparities by ensuring that more medically underserved residents in both incorporated and unincorporated areas have timely access to the care they require. We are planning to open the Urgent Care clinic by August 1, 2024.

Enclosed, please find PHC's Business Case Analysis and supporting information for this project. Please do not hesitate to contact me if you have any questions regarding this funding request at pedrot@phealthcenter.org or at 707-326-7551.

We greatly appreciate your time and consideration of our proposal.

Thank you in advance for your support.

Sincerely,



Pedro Toledo, JD, MA, MSHA
Interim Chief Executive Officer

Cc: Supervisor Susan Gorin
Supervisor David Rabbitt,
Supervisor Chris Coursey
Supervisor James Gore
Supervisor Lynda Hopkins
Christina Rivera, County Administrator

Enclosure: PHC's 1450 Medical Center Drive: Patient Population and Business Case Analysis

Rohnert Park Urgent Care Facility - 1450 Medical Center Drive Business Case Executive Summary

Health Services Offered and Patients Served

The Petaluma Health Center (PHC) provides a comprehensive scope of primary, dental, vision, mental and behavioral health services to families and individuals in Sonoma County and West Marin who might otherwise go without the care they need. Since its inception, PHC has worked to expand access to patient-centered, prevention-focused care, and reduce health disparities for uninsured, low-income, and medically underserved populations in the communities we serve.

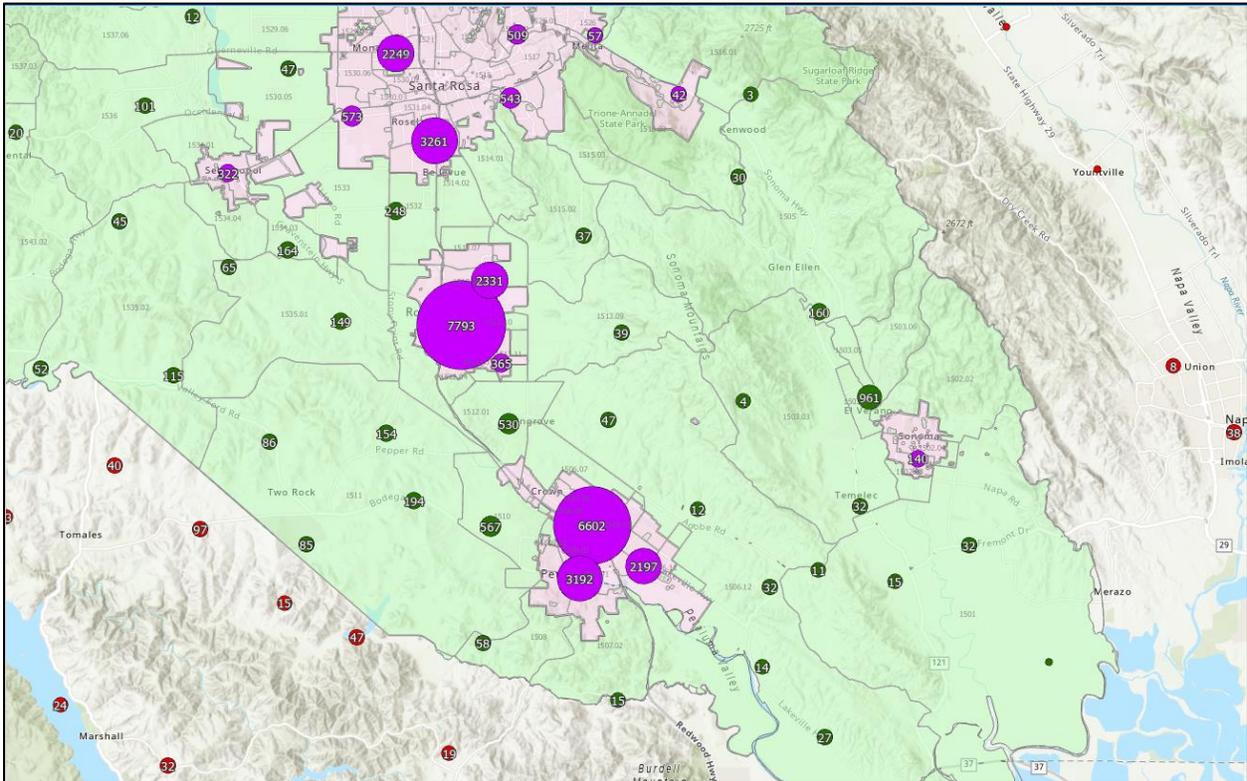
With an operating budget of \$72M, and 586 health care professionals, PHC operates twelve clinical service delivery sites, and two administrative sites located in the City of Petaluma, City of Rohnert Park, Town of Point Reyes Station and Town of Bolinas.

Today, PHC is the primary source of care for over 40,397 patients, over 90% of whom reside in Sonoma County. Nineteen percent (6,895) of them live in unincorporated parts of Sonoma County. Currently, 95% of PHC patients live at or below 200% of FPL, with slightly over 75% of those patients living at or below 100% of FPL.

PHC believes that by opening the medical facility at 1450 Medical Center Drive, we will be able to provide an additional 20,000 patient visits per year. It is of utmost importance to address health inequity in this area, given the level of poverty and unmet patient need, and the lack of urgent care, obstetric, and behavioral health services. PHC estimates that approximately 4,540 of the 20,000 patient visits for the site will be from individuals who live in unincorporated areas of the County, and historically have had limited access to excellent, affordable healthcare.

Exhibit 1 shows a patient density map at the census tract level. Highlighted in green are PHC patients who reside in an unincorporated part of Sonoma County.

Exhibit 1 PHC Patient Residence By Census Tract (unincorporated vs incorporated)



Expansion Opportunity

PHC has an opportunity to better meet the needs of the patients living in Rohnert Park and the surrounding unincorporated areas of Sonoma County. In the fall of 2022 Providence Health ceased operations at its Rohnert Park Urgent Care location at 1450 Medical Center Drive. With this location closing, all patients in and around Rohnert Park now need to travel to Sebastopol, Sonoma, Santa Rosa, or Petaluma to seek urgent care services. PHC has purchased the medical building that used to operate as the Providence Urgent Care location and would like to convert it to a medical services hub that will fill the need for an urgent care facility in the region of Sonoma County between Santa Rosa and Petaluma, and be accessible to a broader range of patients than those who had access to the Providence-operated urgent care facility.



PHC's analysis of its patient population and need identified four key services to be delivered in the Rohnert Park Urgent Care center:

- **Timely & Urgent Care Services:** PHC's care model is based on the tenets of a Patient Centered Medical Home in which patients are cared for in a collaborative team of physicians, advanced practice practitioners, nurses, medical assistants, care coordinators, and other clinical and non-clinical support members. A patient centered medical home helps maintain continuity of care for patients, but requires regular access to continuity services to meet its goals. Opening a dedicated timely and urgent care services center in Rohnert Park will allow the PHC to better maintain open continuity access to its primary care services, while maintaining open provider schedules which will include evening and weekend hours.
- **Obstetrics Care:** In May 2023 the Petaluma Valley Hospital stopped offering labor and delivery services. There is a significant gap in obstetric care in central Sonoma County, particularly between Petaluma and Santa Rosa. People who live in the area are dramatically underserved, and PHC aims to use a wing of the Urgent Care building as an obstetrics care hub and create an accessible place for community members to receive their pre- and post-natal care.
- **Behavioral Health Care:** The PHC behavioral health team is currently only able to serve about 5% of its primary care patients, and does not have the physical space to offer the degree of in-person services that the health center's patients and other community members require. The expanded Rohnert Park Urgent Care facility will help address this shortfall.
- **Wellness Services:** The PHC wellness team provides chiropractic and acupuncture services to address chronic pain and other care needs among its most underserved patients. The wait for intake for any of these providers is in excess of four weeks and the organization cannot accommodate referrals from other health centers. The unmet patient need is particularly acute in Rohnert Park and in the surrounding area.

Investment Required

The expanded Rohnert Park Urgent Care facility will require additional capital investment in order to be made operational. Per the PHC's evaluation of the building's heating, ventilation and air conditioning (HVAC) system and roof, both will need to be replaced before the facility will be safe to operate. Updating the HVAC system will also entail installing new controls and completing associated electrical upgrades. The building at 1450 Medical Center Drive is already organized and laid out as a medical service facility, which minimizes the amount of internal structural modifications required to see patients at the facility. However, given the amount of moisture and damage that has occurred in the building, some level of internal updating will be required to safely operate it. Some additional equipment and supply purchases will also be required to open the building for patient care services.

Schedule A lists the Petaluma Health Center's current estimated costs for retrofitting 1450 Medical Center Drive and preparing the building for delivering patient care services. Schedule B provides a cost estimate for the equipment needed to open the facility.



Schedule A Estimated 1450 Medical Center Drive Capital Renovation Expenses

Renovation	Estimated Cost
Site establishment & management	\$343,600
Interior building demolition	\$80,000
Carpentry & framing	\$200,000
Roofing, flashing, sealant, and insulation	\$531,213
Doors and interior frames	\$49,000
Ceiling removal and replacement	\$417,500
Flooring	\$133,600
Interior & exterior painting	\$148,600
HVAC removal, purchase, & installation	\$1,553,100
TOTAL	\$3,456,613

Schedule B Estimated Equipment Costs For 1450 Medical Center Drive Expansion

Equipment Required	Estimated Cost
Ultrasound	\$40,000
EKG	\$4,000
NST (x2)	\$14,000
Team room workstation (x20)	\$60,000
IT infrastructure	\$200,000
Vaccine refrigerator	\$4,000
Food refrigerator (x2)	\$2,000
Contingency (10%)	\$32,400
TOTAL	\$356,400

Ongoing Operations and Additional Patient Access

The Petaluma Health Center has built a staffing plan to meet the provider and clinical support staff needs of the facility at 1450 Medical Center Drive. Schedule C lists the provider, clinical support staff, and indirect support staff needed to successfully operate the Rohnert Park Urgent Care facility.

Schedule C Anticipated Staffing Plan For 1450 Medical Center Drive Expansion

Providers Required	FTE
Obstetrics (incl. Certified Nurse Midwives)	2.4
Primary Care / Urgent Care Physician & APP	3.6
Behavioral Health Provider	5.0
Acupuncturist	1.0
Chiropractor	1.0
TOTAL	13.0

Clinical Support Staff Required	FTE
Medical Assistants	2.4
Team Supervisor	3.6
Team Manager	5.0
Case Management	1.0
Referrals Specialist	1.0
Medical Records Specialist	1.0
Nursing	1.0
TOTAL	15.0

Indirect Support Staff Required	FTE
Call Center Agent	8.0
Front Office Receptionist	8.0
Facilities Assistant	1.0
Facilities Lead	1.0
Site Administrator	1.0
Enrollment Counselor	1.0
Buyer	1.0
Billing Specialist	1.0
IT Support Specialist	2.0
TOTAL	24.0

PHC estimates that by opening the new medical facility at 1450 Medical Center Drive it will increase its patient care capacity by approximately 8,000 unique patients per year, and that these patients will complete approximately 20,000 patient visits per year.

Given the location of the 1450 Medical Center Drive, the lack of urgent care, obstetric, and behavioral health services in the Rohnert Park area, and the level of poverty and unmet patient need in unincorporated Sonoma County, as well as the 2021 utilization rates (22.7%) for urgent care at the site from unincorporated areas of the County, PHC estimates that approximately 4,540 of the 20,000 patient visits of the site will be from individuals who live in unincorporated areas of the County.

PHC has conducted a financial feasibility analysis for the new Rohnert Park Urgent Care at 1450 Medical Center Drive. The facility is estimated to generate an operational gain in its first full year of service, with estimated operating gains of over \$1.8M per year. Schedule D shows that administrative and overhead expenses for operations at the facility will net between \$180,000 and \$200,00 in total gains for the Health Center. These operating figures can only be realized once approximately \$3.8M has been invested in the site for renovations and to prepare it to safely offer patient care services.

Schedule D Operations and Patient Access For 1450 Medical Center Drive Expansion

	Full Year 1	Full Year 2
Patient Visits	19,393	19,554
Patient Revenue	\$6,537,911	\$6,592,200
Grant Revenue	\$215,697	\$215,697
Operating Expenses	\$4,933,473	\$4,959,949
Net Operating Gain / (Loss)	\$1,820,135	\$1,847,947
Admin & ISS Allocation	\$1,638,800	\$1,647,610
TOTAL NET GAIN / (LOSS)	\$181,336	\$200,337