



2007 - 2008

FINAL REPORT

www.sacgrandjury.org



Sacramento County **GRAND JURY**



**Donald W. Prange Sr.,
Foreman**

Dick Bower

Timothy Boyer

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Catherine Rosales

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June 30, 2008

The Honorable Raymond M. Cadei
Advisor Judge to the Grand Jury
Sacramento Superior Court
720 Ninth Street, Dept. 58
Sacramento, CA 95814

Dear Judge Cadei and the Residents of Sacramento County:

I am pleased to present this Final Report from the 2007-2008 Grand Jury to the residents of Sacramento County. It represents the work of 19 dedicated citizens who spent hundreds of hours in the past 12 months conducting interviews, researching documents, and meeting with people at all levels of many branches of government, as well as members of the public.

The Final Report is a compilation of investigative and tour reports produced during the year. Findings and Recommendations for specific corrective actions are included at the end of each investigative report. Observations are made at the end of each tour report.

Two major reports – one on financial and governance difficulties faced by the City of Isleton and the other on Sacramento County Library's financial and managerial problems – were released early to draw public attention to the results of the Grand Jury's investigations.

In the case of Isleton, this Grand Jury met indifference and a level of cynicism by the citizens of Isleton resulting from being scrutinized by several prior Grand Juries, with no discernable results. Those citizens were aware the Recommendations by any Grand Jury are germane only while that Grand Jury is in office. This Grand Jury challenged that perception by issuing its Report and Recommendations on Isleton's governance issues in sufficient time for Isleton to respond while this Grand Jury was still active. Isleton's responses and the Grand Jury's comments are included in this report. The Grand Jury's commitment to the citizens of Isleton to define and oversee a result while still in office was accomplished.

The Grand Jury's investigation into the management of the Sacramento County Library met not only indifference, but also active resistance and

determined efforts to thwart the investigation. Even after issuing 70 subpoenas and scrutinizing 1500 documents, this Grand Jury is not satisfied that all activities at the Library which merited review were sufficiently examined.

Our appreciation is extended to you, Judge Cadei, for your valuable guidance and assistance in your capacity as our Advisor Judge.

We thank also County Counsel Robert Ryan, Jr. for his timely responses to questions posed by the Grand Jury, and the District Attorney's Office for advice and counsel the Grand Jury received during these extensive investigations.

It is appropriate to note that the majority of public officials and employees with whom the 2007-2008 Grand Jury interacted were cooperative and dedicated to carrying out their responsibilities competently.

Thank you for the opportunity to be of service to the County. It is our hope that this report will inspire others in the community to volunteer their time and talents to serve on a future Grand Jury.

Very truly yours,

A handwritten signature in black ink that reads "Donald Prange, Sr." with a stylized flourish at the end.

DONALD W. PRANGE, SR., Foreman
2007-2008 Sacramento County Grand Jury

DP/bc

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2007-2008 Grand Jury Members

Richard Bower	Attorney, retired	Carmichael
Timothy W. Boyer	Attorney	Gold River
Russ Campbell	GTE, retired	Gold River
Dennis Carroll	Police Sgt., retired	Rancho Murieta
Carol Crespo	Bookkeeper, retired	Sacramento
Ann Early	Real Estate	Folsom
David Feldstein	Social Worker, retired	Sacramento
Emma B. Fravesi	Facilities Administrator, retired	Carmichael
Patricia Gayman	Lobbyist, retired	Carmichael
Ramona Lavelle	Executive Director, retired	Sacramento
Ruth B. Lindgren	Writer/Editor	Carmichael
Virgil Loken	USAF, retired; Small Business Owner	Fair Oaks
Joseph Maloney	Educator	Fair Oaks
Lynda Maloyed	RN; Educator	Sacramento
Paul McAmis	Motion Picture/TV Executive, retired	Sacramento
Donald W. Prange, Sr.	Police Chief, retired	Gold River
Catherine A. Rosales	Office Technician Typist II, retired	Sacramento
Susan Scott	Professor Emeritus	Gold River
James Spagnole	Attorney	Sacramento

2007 – 2008 Grand Jury



1st row: (left to right)

Catherine Rosales, David Feldstein, Emma Fravesi, Donald Prange, Sr. (Foreman),
Ramona Lavelle, Paul McAmis

2nd row:

Rebecca Castaneda (Grand Jury Coordinator), Richard Bower, Ann Early,
Timothy Boyer, Susan Scott, Virgil Loken, Darlean Ellis (Staff)

3rd row:

Russ Campbell, Lynda Maloyed, Joseph Maloney, Patricia Gayman, James Spagnole,
Carol Crespo, Dennis Carroll, Ruth Lindgren

**Grand Jury Advisor Judge
2007 – 2008**



**The members of the 2007-2008 Grand Jury
dedicate this Final Report to
the Honorable Raymond M. Cadei
with sincere thanks for his invaluable advice and counsel**

Formation and Organization of the Sacramento County Grand Jury

The California Constitution, Article I, Section 23, provides that “One or more grand juries shall be drawn and summoned at least once a year in each county.” The law governing Grand Jury formation, authority, powers and proceedings, is found in Part 2, Title 4 of the California Penal Code, §§ 888-939.91.

The Sacramento County Grand Jury is comprised of qualified citizens of the County who have volunteered or been selected at random, and who have been nominated by a Superior Court Judge. Before June 30 of each year, a new Grand Jury of 19 such individuals is chosen by lot and impaneled and sworn by the Superior Court. Each new Grand Jury is a distinct and separate entity and must establish its own organization and rules of procedure. By law, any action taken by the Grand Jury must be authorized by 12 of the 19 jurors.

The Grand Jury is sworn to inquire of “public offenses committed or triable within the county,” and to investigate or inquire into “county matters of civil concern.” The Sacramento County Grand Jury exercises both criminal and civil investigative authority. Its civil authority extends to reviews of the functions and operations of the county, and of cities, school and special districts, and specified private nonprofit organizations with the County of Sacramento.

Criminal matters are presented to the Grand Jury by the Sacramento County District Attorney or by the California Attorney General. If it is determined that there is probable cause to believe an accused person(s) has committed a felony, the Grand Jury will return an indictment, to which the accused must enter a plea in Superior Court.

The 2007-2008 Grand Jury had five investigative committees: Administrative and Municipal Affairs; Education; Criminal and Juvenile Justice; Environment, Public Works and Special Districts; and Health and Human Services. “Ad hoc” committees may be established to consider subjects which transcend more than one of the above. Two such “ad hoc” committees were formed during the 2007-2008 Grand Jury Year: the Isleton Ad Hoc Committee and the Sacramento Public Library Ad Hoc Committee. There were also two “in-house” committees: Continuity and Editorial. Continuity was responsible for the coordination of internal processes and for the interrelationship of processes with predecessor and successor Grand Juries. Editorial was responsible for the accuracy and integrity of the Grand Jury’s reports.

The proceedings of the Grand Jury are held in strict confidence. Witnesses are prohibited from disclosing any proceedings of the Grand Jury.

Any individual may file a complaint with the Sacramento County Grand Jury. A complaint form may be found on the back page of this report, at www.sacgrandjury.org, or obtained by calling the Grand Jury office at (916) 874-7578. Sacramento County residents interested in serving on the Grand Jury can find an application at www.sacgrandjury.org.

The Making of a Grand Jury Report

On June 30 of each year, the Sacramento County Grand Jury issues its Final Report, a compilation of all its reports, including those previously issued during the course of the Jury's term. The process by which a Grand Jury report is formulated is a tradition carried over from year to year.

The subject of a Grand Jury report may derive from a citizen complaint, or an idea self-generated by an investigative committee. Each complaint is assigned according to subject matter to a committee, where it is initially examined to determine if a potential problem exists that justifies opening an investigation.

Once a committee has decided to open an investigation, it must secure the approval of the full Grand Jury to continue. If the investigation is approved, the investigative committee is then responsible for collecting documentary and testimonial evidence and writing a report. All Grand Jury reports are based on the review of documents, other pertinent evidence, and interviews. Each interview is attended by a minimum of two grand jurors.

When the investigation is complete, the committee drafts a report detailing the material facts, findings, and recommendations for corrective action. The draft is reviewed and revised as necessary by the committee to ensure that it complies with all the substance and format requisites of a Grand Jury report. The draft report is then forwarded to the Editorial Committee for further review and analysis to ensure that the findings are supported by evidence, that the recommendations are responsive to the findings and that the proper investigative procedures have been followed.

Grand Jury reports are not based on conjecture or opinion, but on documentary evidence and testimony. The Grand Jury is precluded by law from disclosing the source of such evidence except upon the specific approval of the presiding judge, or other judge appointed by the presiding judge, of the Superior Court (Pen. C. §§ 911, 924.1(a), 929).

Ultimately, the proposed report is referred to the full Grand Jury for review. The Grand Jury has plenary authority, by a vote of 12 or more of the 19 jurors, to approve, revise, or reject the proposed report. It is then returned to the Editorial Committee for processing. Approved reports are forwarded to the Grand Jury's Advisor judge for jurisdictional review and to the County Counsel for review as to compliance with legal requirements. Their approval does not connote an agreement with the substance or merit of the report, or with its finding or recommendations.

Every member of the Grand Jury is directly involved in the formulation of all reports. Every report is considered to be a product of the entity as a whole, and not the work of any individual juror or committee. The 2007-2008 Sacramento County Grand Jury is satisfied that the reports contained in this volume are fully qualified for publication. Copies of Grand Jury Final Reports are available at www.sacgrandjury.org.

Sacramento County Grand Jury
2007-2008 Reports

Sacramento Public Library Authority

The Business of Books

Originally issued May 14, 2008

Summary of Contents

Responding to several complaints the 2007 – 2008 Sacramento County Grand Jury began an investigation into alleged misappropriation of funds and conflicts of interest in the award of repair service contracts. (p. 4)

This extensive investigation covered a six month period (pp. 4, 22) and included interviews with over 40 individuals, analyses of over 1,500 documents, and the issuance of over 70 subpoenas. (pp. 4, 22)

During the course of that investigation several other discoveries were made which illuminated larger, more serious and systemic problems at the Library. In that further examination the Grand Jury focused on several topics:

- History and amendments of the Joint Powers Agreement (Foreword)
- Management Styles (p.5)
- Employee Evaluation (p.6)
- Employee Communication, Morale, and Turnover (p.6)
- Administrative Policies and Procedures (pp.8-10)
- Credit Card Issues (p.8)
- Travel Procedure Issues (p.10)
- Problems with Finances (pp.12-15)
- Maintenance and Repairs, including repair service contracts (pp.16-18)
- Consultant Contracts (pp.18-21)
- Governing Board Oversight (p.21)
- Cash Management Policies (p.22)

(continued)

As a result, 14 Findings with multiple components supporting 14 Recommendations for action by the Governing Board were issued. (pp.23-28)

Two specific Recommendations, accompanied by supporting Findings merit separate mention:

- Amendment of the Joint Power Agreement to create the separate position of Chief Executive Officer (CEO), and modification of the position of Deputy Director, Public Services to Deputy Director, Library Services. (p. 23)
- Consideration of the removal of the Library Director (p.25)

Other notable Recommendations include:

- Consideration of the removal of the Director of Human Resources (p.25)
- Establishment of more fiscal control of public funds and expenditures (p.26)

Finally, mindful of the limit of its term on June 30, 2008, the Grand Jury outlined topics it was not able to complete during its tenure. (p.22)

Sacramento Public Library Authority

The Business of Books

Originally issued May 14, 2008

Foreword

The role of the Grand Jury is to examine the operation of local government in Sacramento County and inquire into the appropriate use of public funds wherever used.

The City of Sacramento and County of Sacramento entered into a Joint Powers Agreement (JPA) creating the Sacramento Public Library Authority (Library Authority), a separate governmental entity, in August, 1993. They funded the JPA with public funds and tax revenues.

The Library Authority is an entity within the oversight jurisdiction of the Sacramento County Grand Jury. It is because of this jurisdictional oversight that the Grand Jury accepted a complaint that the Library Authority was misappropriating and misusing public funds.

The Grand Jury investigation was conducted as a result of several complaints about management at the Library. The focus of the complaints and the focus of our six-month investigation has been on the management practices and the financial stewardship of public monies. This report focuses on the issues of management and the disregard for adequate financial policies and procedures.

Preamble

Prior to 1993 the City and the County maintained separate library systems. Desirous of increased efficiencies and more uniform services to all residents, the City and the County executed a Joint Powers Agreement in August, 1993, creating the Sacramento Public Library Authority. The Governing Board of the Authority consists of members of the City Council and the County Board of Supervisors.

As initially drafted, the JPA vested responsibility for three separate functions (Chief Administrative Officer of the Authority, Secretary to the Governing Board, and Library Director) into one position, that of Library Director. In 2002 the Governing Board hired the current Library Director. In 2007 the JPA was amended to change the Chief Administrative Officer to Chief Executive Officer (CEO).

The JPA's position description and the decision of the Governing Board not to separate any of these functions, vested responsibility and discretion for all information flow to the Governing Board in one person.

Vesting this broad responsibility and discretion in one person, without any independent checks or balances elsewhere in the Library Authority or on the Governing Board, created a system which enabled one individual to shape the view of the Governing Board.

Issues

Have the Sacramento Public Library Director and management team been diligent in their oversight responsibilities?

Have the Sacramento Public Library Director and management team been prudent in how they manage their resources?

Has the Library Governing Board properly overseen the Sacramento Public Library administration?

Reason for Investigation

A library employee contacted the Grand Jury regarding over-billing, improper use of funds, improper record keeping, and mismanagement by senior management of the Library.

The Grand Jury reviewed complaints from present and former employees of the Library. The allegations were very similar and told of morale problems, improper staffing, and failure to provide safety for the patrons and library personnel.

A copy of a petition of no confidence was sent to the Grand Jury, along with similar complaints about senior management being non-responsive. The petitioners also complained that the Governing Board summarily dismissed their petition.

The Grand Jury undertook this investigation to determine if: 1) the Library administration had neglected proper oversight of its responsibility in use of public funds and, 2) the Sacramento Public Library executive team, as it is now comprised, is competent to direct the regular activities of the Library.

Method of Investigation

The Grand Jury conducted more than 40 interviews, including current and former members of the Sacramento Public Library management team, branch library personnel, library patrons, members of the Library Governing Board, and those who provide business services to the Library. It also reviewed over 1,500 library financial documents, job descriptions, procedural policies, committee meeting minutes, and interoffice memoranda. Over 70 subpoenas were issued.

Background and Facts

The Sacramento Public Library, the fifth largest library system in California, is comprised of 27 branches including the Central Library in downtown Sacramento. The Central Library houses the administrative offices for the entire library system. In February, 2007, the Joint Powers Agreement was amended to include other libraries from within the county not already in the system.

The Library Governing Board is officially called the Sacramento Public Library Joint Power Authority Board. Members of the Sacramento County Board of Supervisors, Sacramento City Council, and members of other City Councils within the County comprise the 14-member Sacramento Public Library Authority Board which oversees the management of the Sacramento Public Library. In this report, this body will be referred to as the Governing Board. The Governing Board is ultimately responsible to the public for library activities, personnel, budgets, procedures, and policies. It is its duty to oversee the Library functions according to the guidelines it adopts.

As currently configured, the Library Director, hired by the Governing Board, is responsible to the Governing Board for the operation of the Library. The Library Director also serves as Chief Executive Officer (CEO) of the Library Authority and is the appointed secretary to the Governing Board. Two Deputy Directors (Administrative Services and Public Services) and four specialty directors (Finance, Human Resources, Facilities, and Marketing) form the Library executive management team.

The Library operates on a \$36 million annual budget. Revenues for the Library come from three major sources: Sacramento County, participating cities, and county wide assessment fees.

Management Style

The Library Director interacts almost exclusively with the Executive Team. This management style has created issues for subordinates.

Branch managers expressed concern that their involvement in decision making has dwindled under this Director's tenure. Library Branch Managers feel decisions are made at the top and imposed on those below with feedback discouraged.

Since 2002, management positions have been added at the direction of the Library Director. There have also been changes in job titles, reorganization of assignments, and renaming of work groups. As a result, employees are often confused about who is responsible for certain areas and what policies are in place. Many employees believe job responsibilities were removed from staff to create more management positions.

The reassignment of duties has not only cost the Library money, but has also affected staff morale. Responsibility for processing grant paperwork was shifted from the Finance Department to individual project managers for each grant. Some project managers were unfamiliar with the paperwork processes and therefore did not submit paperwork properly or on time. As a result, grant money has been lost.

Numerous Library employees and Library patrons have complained about the Library Director. These complaints include: lack of communication from the management staff, insufficient staffing at the branch level while administrative positions and salaries increased, overuse of outside consultants, lack of security for patrons and staff, cuts in materials budgets, and instances of micromanagement.

Library Personnel

Employee Evaluations

The Human Resources Department is responsible for generating annual personnel evaluation requests and is the depository for employee evaluation files. In response to questions from the Grand Jury, it was determined that the Director of Human Resources believed that there was no policy on employee evaluations.

Without a policy, except in rare circumstances, evaluations of Library employees ceased. Testimony by over 30 employees verified that the vast majority of the Library staff had not been evaluated in over three years. The exceptions were few and mostly limited to an occasional request from a member of the executive team on a specific employee.

In October, 2003, Executive Team meeting notes revealed that Human Resources should: "...make supervisors aware of when evaluations are needed, sending forms in advance." The requirement for evaluations still existed, yet employee evaluation requests which normally would trigger the evaluation of an employee were seldom sent. Finally, there is no evidence that beyond recognizing the deficiency anything further was being done.

A previous Director of Finance admitted he did not complete any evaluations, but stated, "If I had been requested to do an evaluation I would have done it." This accurately describes why evaluations were sporadic.

As a result, transfers and promotions were often made without benefit of written evaluations.

Employee Communication, Morale, and Turnover

There is a high rate of turnover of employees throughout the library system, particularly in key management positions. Branch managers and other employees stated many positions remain vacant for long periods of time. Some believe money saved through vacancies and interim assignments has been redirected for staff travel, consultants, senior staff expansion, and other purposes of the Library Director.

A lack of confidence in the Library Director among rank and file librarians is evidenced by two petitions, one of which was a vote of no confidence. This lack of confidence in the Director spread from the administrative level to the branches and even to those who volunteer through Friends of the Library. Positive steps to arrest this decline in morale were seldom taken and, when they were, were not maintained.

Perhaps the lowest morale in the library system has been in the Finance Department. Personnel interviewed in the Finance Department said the Director of the Library had not visited the Finance Department for over two years.

In 2003 a well qualified interim Fiscal Officer brought much needed accounting and financial control to the Library. His expertise was what the Library needed the most at that time. His tenure produced an unqualified opinion¹ on the 2002-2003 audit. However, in achieving that unqualified opinion he often disagreed with the Library Director. As a result, he was “disinvited” from further executive staff meetings. After his departure, the next audit received a qualified opinion.²

The morale of the Finance Department was undermined by a series of Library Director decisions to circumvent financial controls. Specifically, when Library management ceased operating under Sacramento City Financial Policies and Procedures before replacement controls were in place, the Finance Department was directed to:

- Pay invoices that were unsigned.
- Issue checks without control or processing by the Finance Department.
- Write checks without supporting documentation.

In 2004, the administrative assistants to senior management were instructed to maintain the financial records for their individual Department Directors. This decision took purchasing, credit card receipts, travel requests, and many financial controls away from the Finance Department. Credit card statements were routed to administrative staff, where accounting codes were entered, and then to accounts payable, thus circumventing the Director of Finance. This action contradicted Library Credit Card Procedures published July 20, 2004, which states: “The Director of Finance shall review and approve all charges and receipts received for payment prior to submission of the credit card invoice for payment.”

With these decisions, the Finance Department lost most processing and control functions, thereby becoming little more than a rubber stamp. Morale in the Finance Department declined in proportion to their reduction in responsibilities. Trust in senior management deteriorated.

Morale of the rank and file librarians has been greatly influenced by a breakdown in communication between the executive staff, library branches, and central library staff. The following summarized comments were presented in a petition at a Governing Board meeting:

- The Director does not ask for or listen to input or concerns.
- Management needs to stay in touch, be accessible, and visit the branches.
- Branch managers need more support from senior management.
- Employees fear recrimination if they say anything not agreeable to management.
- Management should respect, value, recognize, and retain good employees.

In an Executive Team meeting on January 31, 2005, the Director of Human Resources admitted: “...poor morale is still an ongoing issue.” This apparently remained an issue for two years. A Labor Management Committee was established for employees to meet and confer over labor issues. After attending one of these meetings, the Library Director stopped participating.

¹ An “unqualified opinion” represents the auditor has found the client’s financial condition and operations are true and fair.

² A “qualified opinion” represents the auditor encountered situations that do not comply with generally accepted accounting principles.

Grand Jury interviews of Library employees conducted from August, 2007 to present confirmed that morale problems still exist. Rank and file librarians continue to state communication remains a problem, there is a lack of respect, and basic guidelines are followed only when convenient.

The Library Director tried to address the communication issue. One attempt was to establish a "Talk to the Director" email link. This failed because employee anonymity was not possible.

Administrative Policies and Procedures

On numerous occasions this Grand Jury requested copies of all the policy documents currently used by the Library. While the Jury received some administrative policy documents, no documents covering policies and procedures used in the Finance Department were forwarded.

Administrative policies and procedures under the current Library Director are not treated as a high priority. The Library had a Procurement Policy and a few chapters of a personnel policy in place upon the Director's arrival in January, 2002. Attempts to update policies were frequently put on hold. When policies were approved, senior management often did not follow or enforce them.

Credit Card Issues

Prior to 2004, when the City of Sacramento provided financial oversight and services to the Library, a Bank of America credit/procurement card was used by the City as well as Library managers. Appropriate controls were in place throughout the city system to ensure that City policies and procedures were followed.

In mid 2004 the Library, on the advice of its Director of Finance replaced the Bank of America account with an American Express account providing credit card services to senior management. The Library became responsible for scrutinizing and reconciling the credit card purchases and expenditures of its own staff.

The Credit Card Procedures adopted by the Library in 2004 stated the following:

- "The Library Director is designated to be responsible for the Sacramento Public Library Authority's (hereinafter 'Authority') credit card issuance, accounting, monitoring, and for general oversight of compliance with these procedures."
- "Credit cards shall only be used to purchase goods or services for the official business of the Authority. Any incidental personal use of the credit card shall be reimbursed to the Authority at the time the invoice is being approved for payment and submitted to the Finance Department for processing." (emphasis added)
- "All authorized users of Authority cards shall submit documentation detailing the goods or services purchases, the costs of the goods or services, the date of the purchase and the official business reason for which it was purchased not more than five (5) days following the end of the month in which any purchase is made." (emphasis added)

- “The Director of Finance shall review and approve all charges and receipts received for payment prior to submission on the credit card invoice for payment.”
- “Any employee of the Authority who violates the provisions of this policy shall be subject to disciplinary action up to, and including, dismissal and appropriate criminal and/or civil action.”

Use of Library Authority credit cards for personal purchases was revoked in a December, 2007, amendment.

The Library Director and the executive team routinely disregarded provisions of these procedures. The Grand Jury reviewed hundreds of pages of American Express credit card statements, Library expense forms, and receipts. Many examples were found where credit cards had been used inappropriately. Likewise, many examples were found where managers failed to follow approved procedures. Examples of these abuses are:

- Late reimbursements to the Library for personal purchases:
 - Two years and nine months after charging personal expenses to the Library credit cards while attending an April, 2005, conference, the Library Director made an \$800 reimbursement to the Library. On the basis of testimony, it was determined this payment was actually made the day before her second Grand Jury appearance in February, 2008. On the same testimonial basis, it was determined that this amount was paid primarily because she was concerned about her scheduled appearance before the Grand Jury.
 - The Director of Human Resources attended a conference in Boston in March, 2006. Because of personal charges made on the library’s credit card, she reimbursed the Library \$648.07. This reimbursement was made four months after her return, while the Library Director was her immediate supervisor. The current Deputy Director of Administrative Services, in an attempt to reconstruct these charges, completed an “American Express Transaction Log” listing the charges for this trip. This “log” was approved by the Director of Human Resources in February, 2007, nearly one year after the conference.
 - The same Director of Human Resources traveled to Orlando in October, 2005. The Library was reimbursed \$710.26, in June, 2006, eight months after the trip. At the time of this trip, the Director of Human Resources reported directly to the Library Director.
- Missing credit card documentation: The travel policies make provisions for lost or missing receipts. When a receipt has been lost, the Library Director may approve reimbursement provided that “a memorandum from the employee describing the date, time, and purpose of the expense” is submitted. No such memorandum was included in the documentation provided to the Grand Jury.
 - On the American Express Transaction Log for February, 2006, the Director of Human Resources failed to provide receipts for \$2,682 of the total \$3,345 charges. Eleven months later her supervisor had to request copies of the missing receipts.
 - In March, 2006, the Director of Human Resources charged but failed to provide documentation of \$113.58 for the Boston Marriott Copley Place Hotel. No receipt was ever provided by the Director of Human Resources. In January,

2007, nine months later, her supervisor requested and received copies of the receipt from Marriott's.

- The Director of Human Resources had a credit charge for the Hyatt Regency in Sacramento for April, 2006, but failed to provide a receipt for \$134.78. In February, 2007, 10 months later, a Library "Lost/Missing Receipt Form" was prepared by the Administrative Services Secretary to document the charge. The Library contacted the Hyatt to obtain backup documentation. The Hyatt was unable to verify the charge.

Without proper documentation, or without proper accounting, it was impossible for this Grand Jury to determine if personal charges were ever reimbursed to the Library. Testimony before this Grand Jury revealed no written documentation of any disciplinary action taken against those who failed to follow the required credit card procedures.

Travel Procedure Issues

The Library Director was employed for almost three years before the Library adopted its own travel policy. The document entitled "Travel Request Procedures and Expense Reimbursement Process" was first approved by the Library's Department of Administrative Services in November, 2004. The 2006 revision of this document reflected few, if any, changes.

The procedures set forth are for "officials and employees of the Sacramento Public Authority (hereinafter 'Authority') who travel on official Authority business outside of Authority's jurisdictional boundaries. Travel expenses that are not in compliance with these procedures, or not approved in advance by the Library Director, or designee, will be the employee's personal responsibility."

Some explicit guidelines outlined in the travel procedures document are:

- Before travel "employees must complete an Employee Travel Request (M200), submit it to the appropriate supervisor(s) for approval..."
- Lodging – "Reimbursement for lodging is limited to the actual cost of a single room...Original itemized hotel receipts must accompany completed reimbursement claims."
- Meals – Maximum Reimbursement
 - **"Receipts are required for all meal reimbursement claims."** (emphasis theirs)
 - "Meal reimbursement, including tips, will be for a maximum of \$35 per day. When traveling to one of the top ten major metropolitan cities, the maximum reimbursement for meals is \$45, including tip."
 - "If reimbursement is requested for a meal expense that exceeds the maximum, the Library Director, or designee, must approve the additional expenses, preferably in advance."
 - "If an employee claims reimbursement for a business-related meal for a non-employee, the receipt must identify who was at the meal and the purpose for the meal."

- After Travel
 - “Submit all receipts for travel expenses, along with signed and dated Travel Request form (M-200), to travel coordinator within twenty (20) days after travel...”
 - “No reimbursement will be made without proper receipts, except as identified above in these procedures or with approval of the Library Director, or designee.”

Library’s senior management team routinely disregarded these procedures. Many traveled without completing Travel Request form (M-200). Senior managers testified they did not believe they needed to comply with travel procedure provisions which only applied to those below senior management level.

When asked why senior management failed to submit travel request forms, the response was “for a period of two or three years we changed that policy”. Requesting further clarification, the Grand Jury was told that if projected travel plans were in the budget that was sufficient authorization to justify ignoring the M200 process. There is no written record of the aforementioned policy changes.

Below are a few examples of abuses of the travel procedures by senior managers:

- The Library Director ignored the travel policy and submitted a travel receipt in the amount of \$62.00 for dinner while attending a conference in Orlando. This amount exceeded the meal reimbursement allowance, yet no guests were identified on the receipt.
- The Library Director ignored the travel policy and submitted a travel receipt in the amount of \$60.00 for dinner while attending a conference in San Jose. This amount exceeded the meal reimbursement allowance, yet, no guests or business purposes were identified on the receipt.
- On February 10, 2006, the Director of Human Resources completed an M-200 form for a trip to Washington, D.C. The estimated cost of the advanced purchase air fare was \$200. This request was approved by the Library Director. The actual ticket was purchased a few days before the flight for \$1,348.60. Approval was never sought nor granted for this increased fare. Had these circumstances been known, the increased fare would never have been authorized by responsible senior management according to testimony received by the Grand Jury.
- The Director of Human Resources charged \$293.03 on the Library credit card at a restaurant in Boston. There was no documentation attached identifying who was at the meal, nor was the item marked as a personal charge. On that same receipt from the Westin Hotel was an item identified as “paid out”. Research revealed that such notifications refer to a service provided to guests of the hotel by an outside source, such as a tour, beauty shop, or gift shop. This charge also was not explained, nor identified, as a personal charge.

While the amounts offered as examples are minimal, they illustrate the disregard the Library Director and members of her senior management team had toward their responsibility to shepherd public funds. Further, no documentation was found, or provided to the Grand Jury, that the Director or members of the senior management staff have been reprimanded in any way by anyone for these policy abuses.

In the examination of credit card receipts and travel documents other disturbing charges became apparent, although they do not appear to be in violation of either policy. A few examples follow:

- The Deputy Director of Public Services used her Library credit card for three library employees who attended a conference in Seattle. The cost of three rooms at the Westin Renaissance Hotel for five nights for three people was \$3,256.91. The room rate was \$243.00 per night. Had hotel reservations been made sooner, so as to take advantage of the convention rate, the Library would have secured the rooms for \$159.00 per night. This would have saved the Library more than \$1,260.00.
- The Director of Human Resources attended a conference in Phoenix in March, 2004. She stayed at the Point South Mountain Resort where the hotel cost was \$204.00 per night, excluding fees and taxes. According to hotel accounting personnel, the Director of Human Resources opted for an upgraded room with a view of the water for a cost of \$235.00 per night, excluding fees and taxes. The more costly room rate was charged to her Library credit card and no documentation was submitted indicating the cost for the upgrade was a personal expense and thus reimbursable to the Library. No reimbursement for this personal charge was found.

The Grand Jury received the report of a forensic auditor who reviewed and analyzed the Library's American Express charges. The report included the following comments:

- "There seems to be a lot of out of state travel for conferences and meetings. I am only seeing those travel charges that are charged to the American Express cards. Additionally, there is documentation that some of these same individuals charge for travel reimbursements for travel not charged to the American Express card." (sic)
- "These items bring up the larger point in how much out of state travel are library employees engaged in? How much is necessary? How much is reasonable. Given that these are public funds, (tax payer money) are the managers of the library being prudent with the resources they are given." (sic)

Problems with Finances

Prior to 2004, the City of Sacramento provided financial oversight and services to the Sacramento Public Library Authority. These services included employee payroll, payments for supplies and equipment, billings for professional services and payment of credit card purchases through the Bank of America Procurement card program. The City's program had guidelines to ensure policies and procedures were followed. The cost of these services to the Library was an annual expense of just over \$90,000.

In February, 2003, on the recommendation of the Library Director, the Governing Board approved a contract with Sinclair & Associates. This firm was hired to conduct a Financial Management Organization Assessment for the Library Authority.

Also in February, 2003, the Governing Board approved a budget action that authorized the Library Director to execute a personal services contract for an Interim Fiscal Officer. The individual who was hired served in that capacity until early in 2004.

The Governing Board adopted in 2003 the Sinclair & Associates report, entitled “Library Authority Finance Department Organizational Assessment”. This report included steps to move the financial services previously provided by the City to the Library’s Finance Department. The report assessed the Library Finance Department organizational structure, staffing and duties, and reviewed its accounting and financial reporting procedures and practices. It also evaluated current financial practices and procedures as compared to industry standards and best management practices, and provided practical recommendations to modify the Library’s organizational structure.

One element of the plan included replacing the City’s fiscal services and restructuring the Library’s Finance Department to take on responsibility for these functions. To accomplish this task, the report recommended the Library purchase an in-house integrated finance and human resources software system. The rationale for this change included the perceived need to get additional financial data and in a more timely manner than what the City could provide.

A second element created a new Director of Finance position. The Governing Board authorized the Library Director to advertise such a position which was filled later that year.

With the Director of Finance in place, he and members of the Library management team explored software systems to complete the needs outlined in the assessment report. The new Director of Finance was charged with helping to make the final selection and to implement the selected software system (Eden).

The Governing Board approved a proposal to purchase Eden as its software system for the Finance Department at a cost between \$218,000 and \$350,000 with some training modules included in the price.

Upon adoption of recommendations from Sinclair & Associates, the hiring of the Director of Finance, and the purchase of a new Eden software system, the Library began to transfer the financial functions previously performed by the City to its own Finance Department. This occurred in two phases, beginning with the finance portion comprised of the procurement and bill-paying module, followed the next year by the payroll module. The Director of Finance was responsible for implementing phase one of this transition.

At the behest of the Library, in the second half of 2004, the procurement and bill-paying activities were transferred from the City to the Library. However, this was done before the Library administration had implemented or adopted its own financial policies or procedures. Throughout the remainder of 2004, the Library executive team discussed the need for fiscal administrative procedures; however, none were forthcoming.

The Financial Management System and Organizational Report adopted by the Governing Board contained all the recommendations for a successful transition of financial services. The Library Director and the Governing Board adopted the major components of the plan, but failed to incorporate the needed internal controls or hire additional accounting staff. The plan called for the Library to take the following actions:

- “Adopt a comprehensive set of financial policies to guide budgetary decisions.”
- “Review and implement the budget practices recommended by the Government Finance Officers of America and National Advisory Committee on State and Local Budgeting.”
- “Document all Accounting Policies and Procedures in a permanent Manual.”
- “Refine the procedures for the collection of cash, to include a reconciliation of cash against cash register receipts or pre-numbered receipts.”

No serious effort was made by the Library Director or the Executive Team to incorporate these actions and staffing recommendations made in the assessment report.

Implementing the Eden general ledger module (procurement and bill-paying services) proved more difficult than expected. On-site Eden training was provided for two months. The then Finance Director, only recently hired, underwent Eden training and was given control over the entire system. Members of his accounting staff were only given minimal training in aspects of the system and not in its entirety.

The Library continues to struggle to take on these fiscal functions. From 2004 to present, the Finance Department has been in disarray. Staff has been uncertain as to policies and procedures. As of the date of this report, the Eden system still has not performed all the functions for which it was purchased. To resolve some of these issues, the Library hired additional staff.

Audits have been an ongoing problem for the Library. Work on the audits had fallen behind partly as a result of the change in fiscal services. The last completed audit was for fiscal year 2004-2005 and was finished in February, 2007. In 2006 the Finance Director changed auditing firms and hired Gilbert Associates, Inc. This firm was to complete the 2005-2006 audit at a cost of \$34,315. In April, 2006, the Library hired an Accounts Manager on a contractual basis. One of his primary functions was to assist with the audits. It was reported that he did not perform these functions satisfactorily.

During fiscal year 2005-2006, the Library was still implementing its Eden accounting system. Merging two systems, Eden and the City’s, complicated the 2005-2006 audit. The Library Accounts Manager, with authority granted by the Library Director, hired a consultant, John Waddell & Co., to assist with bank reconciliations and other accounting duties directed toward audit documentation. The Finance Director continued implementing the Eden system, while the Accounts Manager oversaw the audit.

In May, 2006, the Finance Director resigned and the Accounts Manager was named Interim Finance Director. The following events describe the history and condition of the Finance Department:

- The City was the fiscal agent for the library for 2004-2005. The last completed audit for the Library was 2004-2005. The Deputy Director of Administrative Services was unable to produce that audit for Governing Board approval until February, 2007.
- Prior to the Finance Director’s resignation in May, 2006, he elected to switch auditing firms from the firm that produced the last completed audit to a new auditing firm at a cost of over \$34,000.

- The Finance Director resigned in May, 2006, and was rehired in June, 2006, as a consultant to help with financial management and accounting tasks.
- The Interim Finance Director, promoted from his previous position as Accounts Manager, requested additional outside financing and support staff to work on bank reconciliations and accounting duties directed toward the 2005-2006 audit.
- In August and September, 2007, the Interim Finance Director allegedly missed key deadlines and was asked to resign. The Library hired another accounting firm, Moreland and Associates, Inc., at a cost of \$9,700, to "...break down and relearn what was in the city's ledgers and the library's ledgers..." Prior financial data had to be reconstructed. This took several months to prepare for use by Gilbert Associates, Inc.
- Upon the requested resignation of the Interim Finance Director, the Library attempted to hire a Finance Director. They were unsuccessful. In October, 2007, the Library did fill a separate position for a full-time senior accountant. That employee was elevated to Director of Finance after only three months and currently serves in that position.
- In November, 2007, Gilbert Associates, Inc., wrote to the Director of Administrative Services requesting their earlier agreement be amended stating: "Due to delays encountered in our previous attempts to perform the Authority's audit, multiple revisions to the financial records provided by the Authority's financial staff, inability of previous financial staff of the Authority to provide supporting documentation, and the need to reschedule audit fieldwork multiple times, Gilbert Associates, Inc., is increasing the audit fees as provided for in the original engagement letter as follows..."

This proposal amended the contract by an additional \$16,000. Gilbert Associates, Inc., stated: "...it is our understanding that the financial records of the Authority including the draft financial statements and all supporting schedules, will be available to us on December 3, 2007. In the event that the necessary items requested to perform work on the audit are not available, Gilbert Associates, Inc., will suspend work on the audit and a revised audit date and fee will be negotiated with the Authority." The Deputy Director of Administrative Services signed the amendment to the contract on December 3, 2007.

- The Library has been unable to supply requested documents in a timely fashion. As of April, 2008, Gilbert Associates, Inc., was still working on the audit for 2005-2006.
- In August, 2006, another consultant was hired as Project Manager to implement the second phase of Eden, the payroll and human resources module. This consultant, on site for approximately three months, trained staff and oversaw implementation of this module. Accounting staff was given more training and assumed more responsibility under the guidance of this consultant.
- In November, 2006, the Library hired yet another consultant, Herrera & Associates, at a cost of \$15,000, to analyze the business processes of the Library's Finance Department. Many of the specifics of this contract duplicated the tasks outlined in Sinclair's 2003 Fiscal Systems Assessment and Implementation Plan.
- To prepare for the 2006-2007 audit they hired another consultant, Vavrinek, Trine, Day and Co., at a cost of \$30,370 to help with bank reconciliations and other accounting assistance. Finally, the Library signed a contract with Moreland and Associates, yet another consultant.

To date the Library still has not completed its 2005-2006 audit.

The cost of establishing an in-house, integrated accounting system, including the cost of the Eden software modules, has surpassed \$700,000.

Maintenance and Repairs

Maintenance and repairs for the 27 Library branches are handled in two ways. Three libraries (Courtland, Isleton, Elk Grove) are located on school property. Their routine maintenance is performed by school employees. All other libraries have their routine maintenance handled through Library oversight.

The Facility Supervisor is the initial responsible party, and he reports to the Director of Facilities, who in turn reports to the Deputy Director of Administrative Services.

The Library entered into a business arrangement with All City Maintenance (All City) in 2004. The Facilities Supervisor was responsible for the relationship with All City. The Facilities Supervisor acted on the recommendation of the Library Security Manager, whose wife was the owner and operator of All City.

All City was to perform maintenance repairs and other handyman services at the Library branches, including the Central Library. The agreement included such things as replacement of light bulbs, moving furniture, minor plumbing and handyman type repairs.

When a Library branch submitted a work order to the Library's maintenance department, a library employee would directly contact a subcontractor and assign the work.

In actuality, All City did not provide any handymen. All City took no role in supervising or inspecting the work performed. It did not purchase any materials or provide any services to defray the cost of the work performed by subcontractors.

When All City received subcontractor invoices they replaced them with their own inflated invoices and submitted them to the Library for payment. All City was acting as a general contractor without a contractors license.

All City was then paid the inflated amount. All City invoices did not identify hours worked or cost of materials. All City would then pay the subcontractors the original invoice amount, retaining the difference.

The Grand Jury's investigation also found that subcontractors doing maintenance at the direction of the Library's Facilities Supervisor were instructed to submit their completed invoices to All City.

In the period before October, 2006, markups sometimes exceeded 75 % and were based on no identifiable cost. The Grand Jury audited numerous subcontractor invoices between March, 2005, and August, 2006. In this period the total amount paid to the subcontractors by All City was \$70,506.38. In this same period, All City invoiced the library for \$125,772. 87. The difference is \$55,266.49, a 78% increase from original invoices. It is alleged that, over the entire

length of this business arrangement, the Library was over-billed an amount of approximately \$650,000 for routine maintenance services.

In September, 2005, a Finance Clerk for the Library discovered that All City did not possess a general contractor's license. It was also discovered that the business was co-owned by the Library's Security Supervisor and his wife.

This same clerk took her concerns to the Facilities Supervisor, the Director of Finance, the Director of Human Resources through a union representative, and the Deputy Director of Administrative Services. She even attempted to relay her concerns to the Library Director. All of these attempts were to no avail. These individuals chose not to investigate or disturb the Library's relationship with All City.

Later, when closing the 2004-2005 fiscal year, the finance clerk discovered All City had been paid over \$500,000 for work performed at various libraries. The clerk also noted that the prices charged appeared to have significantly increased over the previous year.

After ten months, in July of 2006, library management finally determined that a "conflict of interest" might exist over its relationship with All City and the individuals who owned it. Management's response was to develop a Request for Proposal (RFP) to seek bids for maintenance. A contract was then entered into with Hagginwood Services, Inc., a business owned by the same individuals who owned All City. This selection and award was made despite alerts to senior management of the ownership of Hagginwood and the owner's previous possible involvement with prior inflated billings as All City, Inc. The contract was also executed even though Hagginwood itself did not have a general contractor's license.

After they received the contract, the owners of Hagginwood did not change their method of operation. Hagginwood did not supervise or perform any of the work completed under its name. The only change upon the inception of the contract in October, 2006, was that Hagginwood was held to an hourly billing rate. No longer able to apply lump sum charges, Hagginwood simply inflated the number of hours on jobs completed.

Under the contract, invoices were to be sent to the Deputy Director of Administrative Services for payment. However, this provision was ignored by both Hagginwood and senior library management. Invoices were submitted through the Facilities Supervisor and subsequently paid by the Finance Department.

Based upon subsequent review, it appears that Hagginwood inflated the hours on its invoices, generating thousands of dollars during the period October 2006–June 2007.

In late Spring of 2007, the Library finally began an investigation into the billings by All City and Hagginwood. This resulted only after *The Sacramento Bee* filed a Public Records Act request to examine the subject companies' billings. A San Francisco law firm was hired at a cost of \$70,283 on a consultant basis to conduct an investigation.

At the conclusion of this investigation it was determined:

- No beneficial business purpose existed for the original establishment of the Library's relationship with All City and later Hagginwood Services.
- The stated reason given by the company that All City would be a source of workers to address a backload of uncompleted work. Actually, All City never provided any workers.
- The stated reason for the establishment of the relationship was most likely not true.
- The overriding effect of establishment of the All City and Hagginwood Services relationship with the Library was to greatly increase the cost of routine maintenance.
- The main Library official managing the relationship with All City and Hagginwood did not appropriately scrutinize the billings, even after they had been questioned by a finance clerk.
- According to the owner of the maintenance companies, the Facilities Supervisor had a business relationship with these people outside of his Library employment. This may have influenced his lack of scrutiny over the Hagginwood billings. The lack of scrutiny was also facilitated by lax administrative oversight related to ensuring compliance with the Library's purchasing policies.
- The mark-ups by All City and Hagginwood in the pre-contract period were excessive, compared to the efforts of the company owners.
- All City and Hagginwood took steps to conceal their excessive mark-ups in the pre-contract period.
- The inflation of hours by Hagginwood in the post-contract period was without justification, and the explanation of the owner was found to be insufficient and implausible.
- The Security Supervisor's role in the establishment of the relationship with his wife's firm and his involvement as vice president of the firm during the post contract period when the company submitted improperly inflated bills raised serious questions concerning the propriety of his conduct.

The All City and Hagginwood problem now has resulted in a lawsuit by the Library against the owners. It is an attempt to recover \$1.3 million that had been paid to the subject individuals and companies to "maintain and repair" taxpayers' libraries over a three-year period.

The Grand Jury requested the District Attorney to investigate this matter for possible criminal prosecution. Arrests of three individuals, two of whom worked at the Library, have been made. Prosecution is ongoing.

Consultant Contracts

Since November, 2003, the Library has spent over \$ 2.2 million for consultant services. Under the current Library Director, consultants have been retained for Financial Management System Organizational Assessments, employee investigation, union contract negotiations, long-term planning, facility master plans, specialty library programs, job classification study, and a study of collections management cost. Contract amounts for individual projects ranged from \$500 to \$176,000.

The Library's practice of hiring consultants was not uniform. Some of the consultants were hired by the Request for Bid process. Others were hired as "sole source" providers by the Library Director, under a "competitive bid process", by an "informal bid process", and by a "requests for proposals" process.

Consultants' contracts were requested for review by the Grand Jury. It took significant amounts of time for the Library staff to retrieve the contracts when copies of these documents were requested. These were difficult to find as they were scattered throughout the Library Administration. Upon inspection, it was discovered that a number of the contracts were either undated, unsigned by the respective parties, or were missing pages.

In September, 2003, a comprehensive road map for professional management of the Library entitled "Financial Management System Organizational Assessment" (the Sinclair Report) was provided to senior library management and the Governing Board. Subjects for the successful operations of the Library were included in its Table of Contents listed below:

- "Preparation of Financial Statements and Reports in Accordance with Accounting and Audit Standards
- Enhancement of Library Authority Financial Management Authority, Responsibility and Accountability
- Appointment of a Library Authority Finance Director as the Library Authority Auditor-Controller
- Transfer of the Administration of Financial Transactions and Fiscal Services to the Library Authority
- Transfer of the Administration of County Library Fund 11 to the Library Authority
- Acquisition of a Financial, Accounting and Data Processing System
- Provision of Facilities, Maintenance of Facilities and Responsibility for Facility Expenditures
- Modification of the Finance Department Organizational Structure and Staffing Levels
- Recommended Finance Department Organizational Development and Management Tools
- Development of a Finance Department Strategic Plan
- Placing Emphasis on Internal Customer Service
- Refine the Coordination of Human Resource Department and Finance Department Payroll Services
- Segregation and Consolidation of Purchasing Functions
- Adoption of Recommended Budgeting Practices
- Proposed Revisions to the Cost Allocation Procedures
- Revenue and Expenditure Budget-to-Actual Reports and Other Financial Reports
- Adoption of a Capital Improvement Policy
- Development of a Library Authority Capital Improvement Plan and Budget
- Tracking and Reporting Full Capital Project Costs
- Assessing Facility Maintenance Requirements and Developing Strategies to Fund Maintenance Costs
- Development of an Effective System of Internal Controls
- Documentation of Accounting Policies and Procedures
- The Importance and Role of an Audit Committee

- Adoption of Financial Policies
- Implementation of Practices and Procedures to Maximize Collection of Revenues
- Processing Donations from Support Organizations
- Public Access to Budget Documents and Financial Statements
- Benchmark Survey Results”

This comprehensive roadmap of ideas, which was adopted by the Governing Board, was subsequently ignored or inadequately implemented by the Library’s senior management. Such indifference and inaction was costly and resulted in the hiring of new consultants for remedial action.

With regard to the use of consultants, one area that garnered immediate inspection was the operations of the Library’s Finance Department. For example, in the Finance Department, consultant contracts included:

- John Waddell & Co. (Jan. 2006--\$22,615) for accounting support, to perform bank reconciliation and project support in the Accounting Department;
- Herrera and Associates (Oct. 2006--\$15,000) for Finance Department staffing assessment review and recommendations;
- Gilbert Associates, Inc.(Nov.2006--\$34,315) to conduct the required fiscal year 2005-2006 audit;
- Vavrinek, Trine, Day and Co. (Aug.2007--\$30,370) for account support for payroll process documentation and fiscal year 2005-2006 for audit resolution;
- Moreland and Associates (Nov.2007--\$9,700) for professional accounting support staff and to assist in core accounting work.

The Eden software system, purchased for Library financial purposes, took years before its modules were in place. Additional contracts were entered into to provide training for subsequent Eden modules.

In 2007, Renne, Sloan, Holtzman Sakai LLP had to be hired for \$70,000 to investigate employee fraud because of the lack of internal Library controls. Establishment of Internal Controls had been one of the recommendations of the September 25, 2003 report.

Another glaring omission from implementation of the September, 2003 report was the consistent lack of published policies and procedures for Library system operations. Despite the consultant’s 2003 report, there is still an absence of policies governing, among other things, such recommended items as:

- Budgeting practices
- Cost allocation procedures
- A capitol improvement policy
- Accounting policies and procedures
- Financial policies
- Procedures to maximize revenues

During the Grand Jury's interviews of many librarians and some members of middle management, the thought was expressed that the Library Director had overused outside consultants. It was the perspective of numerous employees that some money spent on consultants could have been used internally. Others preferred the Library Director use in-house expertise and talents of permanent staff.

Governing Board Oversight

There are fourteen members on the Governing Board of the Sacramento Library Authority. The roster of the members of the Governing Board and their designated alternates is included in this report as Attachment 1.

Throughout this investigation it was the intent of this Grand Jury to interview selected members of the Governing Board in the hope this would be sufficient to complete this investigation. Initially the Grand Jury interviewed three members: the former Vice Chair, (now Chair) and two others.

After arrests were made in the criminal investigation it became apparent that the Grand Jury needed to expand its investigation and conduct interviews with additional members of the Governing Board. The current Chair refused to meet with representatives of the Grand Jury for a second interview.

It was decided to conduct an initial poll of the Governing Board to secure background facts and information prior to requiring further interviews.

A brief questionnaire was delivered to each member on Friday, April 4. A copy of that questionnaire is included in this report as Attachment 2. All members have responded.

Responses to Grand Jury Inquiries

Most members of the Governing Board from the Sacramento City Council and the County Board of Supervisors have served on the Board for at least 11 years. Other members were added to the Governing Board pursuant to the modifications made to the Joint Powers Agreement in February, 2007.

Every respondent stated that the Governing Board has no standing committees overseeing Library operations.

Although there is a Finance Advisory Committee authorized and comprised of staff from each participating entity in the Library Authority, no Governing Board member could identify any staff member who serves on that committee. No member reported ever attending any meeting of the Finance Advisory Committee, nor has there been any report filed by that Committee with the Governing Board or the Library Authority in open session.

Only a few of the newly appointed members could recall any training or orientation on the Governing Board's role overseeing the Library. Those who did recall some training referred to

the Library Board Procedures Manual, an incomplete document still being rewritten and drafted by Library staff.

Some members recall that the Library's Deputy Director of Administrative Services was appointed also as both Auditor and Treasurer of the Authority in July, 2007.

Some members of the Governing Board relied on answers provided by Library Counsel instead of their own personal knowledge.

Cash Management

The Library has a major problem with uncollected fines. Approximately \$2.5 million is owed to the Library. These monies are not carried as an accounts receivable on the general ledger. The Deputy Director of Administrative Services became aware of this problem a year after he assumed his duties.

The Library has long had a contract with an Indiana company to collect the outstanding accounts.

There are two methods for handling cash at the libraries. Each branch maintains a petty cash account to make change and for minor purchases. In addition, the library branches collect funds for the receipt of sold items, donations, and collection of fines.

The practice of how money is handled at the libraries is inconsistent. The following are examples of these inconsistencies:

- Not all branches have cash registers. Some operate out of petty cash drawers.
- Not all branches have safes.
- Some safes are not secure (one had the combination written on the side of the safe).
- Money has been stolen from individual branches.
- Money is transferred on an irregular basis to the Central Library for accounting and deposit.
- Internal deposit slips differ from branch to branch.

Open Issues

This completes the Grand Jury's investigation and analysis of the complaints received. The Grand Jury conducted over 40 interviews, examined 1,500 documents, and issued more than 70 subpoenas. However, there remain open issues that the Grand Jury was unable to investigate during its term. These issues include but are not limited to:

- Proper use of designated donations
- Grant fund management and administration
- Analysis of long term strategic plans
- Structure and function of the Joint Powers Agreement

Findings and Recommendations

Finding 1. The Joint Powers Agreement (JPA) incorrectly vests excessive discretion for Library operations and issues in one position, that of Library Director.

Recommendation 1A. Amend the JPA to redefine that position of Chief Executive Officer (CEO). That position should define a person with proven business expertise and credentials to operate a business enterprise the size of the Sacramento Public Library system. This is similar to the way in which hospitals used to be headed by a physician and are now led by a professional in Hospital Administration.

Recommendation 1B. Amend the position of Deputy Director for Public Services to create a position of Deputy Director, Library Services. Seek a person for this position with specific Library Science skills to oversee topical and program initiatives critical to a successful library program. This person should report to the redefined CEO.

Finding 2A. As CEO of the Library Authority, the Library Director is responsible for all policies and procedures for the Library's operations. The Library Director has been unable to demonstrate, to this Grand Jury, a working knowledge of, or responsibility for, current policies, and procedures for day-to-day operations.

Finding 2B. The Library Director's management style discourages free and open communication with subordinates.

Finding 2C. The Library Director eschews written notes and periodic reports, preferring to operate in an "ad hoc" and anecdotal management style inconsistent with managing a major publicly funded enterprise. The Library Director delegates responsibility and authority to senior managers without proper oversight.

Finding 2D. The Library Director failed to adequately supervise her subordinates.

Finding 2E. The Library Director failed to require adequate record keeping and recurring reports from the executive team.

Finding 2F. The Library Director failed to see the gravity of situations as they arose. Furthermore, when the magnitude of the problems evolved, she took inadequate action to resolve them. Some examples are:

All City/Hagginwood

- A finance clerk notified her superiors of the conflict of interest and over- billing issues. Ten months passed before any action was taken. The solution selected by the Library Director was to publish a request for a new maintenance contract. Nothing was done at this point to review billings or the actions of individuals who had a conflict of interest in assigning repair work.
- The prior company, All City, co-owned by a Library employee and his wife now operating under a different name, Hagginwood, was awarded the new contract. The

Library Director and the Deputy Director of Administrative Services believed there was no conflict of interest, even though they knew of the employee's continuing involvement. Apparently, no thought was given to the possibility that other Library employees might be involved.

- Several months later, when the over-billing was reported in *The Sacramento Bee*, the Library Director hired an investigative firm. The investigative firm reported on the involvement of another library employee and the extent of monies lost due to over-billing of maintenance and repair services.

Implementation of Eden Software

- The Library Director hired a new Finance Director, who was unfamiliar with Eden system, and expected him to implement the new accounting system after being on the job only a few months. There were no accounting department policies and procedures in place at that time.
- With the Finance Director devoting his time to the implementation of Eden, routine accounting work fell behind.
- The Finance Director excluded Finance Department staff from most of the Eden training provided in the initial contract.
- The Finance Department was understaffed to take on the transition to the Eden system and also to continue to provide daily accounting services to the Library.
- An Accounts Manager was hired to oversee the accounting staff and prepare for the audits. Work fell further behind, making it necessary to hire temporary outside accounting help.
- What was costing \$90,000 annually for the City to serve as the Library's fiscal agent ended up costing the Library over three times that amount. Four years later Eden is still not fully implemented.

Finding 2G. The "All City/Hagginwood Scandal" would have been a much smaller fiscal incident had members of the Library Executive Team been more receptive to alerts by a finance Clerk. One executive team member stated the Library Director didn't think the Hagginwood over-billing was "of substance".

Finding 2H. The Library Director relies on a five or six member Executive Team to set the direction of the Library. This narrow management style fails to make use of the extensive professional talent and expertise of the Library staff.

Finding 2I. Library branch managers have Master's Degrees in Library Science. (The exception to this practice is found at the smaller, more remote library branches.) These highly educated employees are, for the most part, ignored in the decision making process for Library issues. Their expertise was seldom sought and often shunned.

Finding 2J. When serious problems arose within the Library system, the Library Director failed to communicate these issues in a timely manner to Governing Board members.

Finding 2K. The Library Director has been aware for some time of low morale among Library employees, as evidenced by the petition of no confidence presented to the Governing Board. Correcting the morale problem has not been given the sustained priority necessary to be effective.

Finding 2L. Finance Department personnel possess skills and expertise beyond that for which they are used. The Library Director and Executive Team lack appreciation of the skills, knowledge, and contributions of the Finance Department staff.

Recommendation 2. In view of the numerous serious management problems currently afflicting the Library, the Governing Board should seriously consider removing the current Library Director for the following causes:

- Fiscal mismanagement
- Failure to adequately track and implement financial controls or other management initiatives
- Lax oversight of subordinates
- Abuses of credit card and travel policies by the Director and the executive team
- Chronic, long-standing, unresolved morale problems
- Unclear cash management policies and procedures

Finding 3. The JPA failed to create any system of independent checks and balances in the Library for the benefit of the Governing Board when considering issues and rendering decisions.

Recommendation 3. The Governing Board should define specific measurable guidelines to operate the Library along established business principles to include:

- Criteria for the safeguard and proper use of public funds
- Management accountability and reporting systems
- Efforts to recoup outstanding balances owing to the Library

Finding 4A. The Department of Human Resources should have required that employee evaluations be performed on a timely basis. Some Library employees have not been evaluated in as many as five years.

Finding 4B. Three members of the Executive Team were aware the Director of Human Resources was abusing the credit card system. Her immediate supervisors knew about these abuses. The Director of Human Resources received no reprimands.

Finding 4C. At the time of this Grand Jury investigation, the Library Director and at least eight members of the management team were issued Library credit cards. The Library Director and the Director of Human Resources took up to two years to reimburse the Library for personal expenses charged to their Library credit card. From the incomplete documents provided, this Grand Jury was unable to determine if all reimbursements have been made for personal expenses.

Recommendation 4. The Governing Board should seriously consider having the Director of Human Resources removed for lack of leadership in establishing and implementing

personnel policies, repeated abuses of the Library travel and credit card policies, and her dilatory reimbursements of personal expenses.

Finding 5A. The Library Director and many members of the management team failed to adequately safeguard public funds. They neglected to give high priority to financial management.

Finding 5B. The Library Director could not demonstrate that any adequate, verifiable management controls were in place for fiscal and operational activities at the Library.

Recommendation 5. The Governing Board should create a standing committee of Governing Board members for direct financial oversight of Library operations to ensure proper safeguarding and accounting for the expenditure of public funds.

Finding 6A. The Library Director approved several consultant contracts which omitted important details, such as the date of the contract, the “do not exceed” amount, and all the appropriate signatures.

Finding 6B. This Grand Jury subpoenaed all the Library’s consultant contracts. While several were forwarded, others could not be located by the Library.

Recommendation 6. The Governing Board should create more direct oversight and reporting procedures for the approval of consultant contracts for services at the Library.

Finding 7A. The Governing Board failed to appoint an independent Treasurer or Auditor to oversee the actions of the Library Director and the senior management staff.

Finding 7B. The first recommendation of the Sinclair report was to “Appoint a Library Authority staff member as the Auditor-Controller, substituting for the City Auditor-Controller.” The Governing Board failed to implement this recommendation. Several other equally valid recommendations of the retained consultant were also ignored by the Governing Board.

Recommendation 7. Parties to the JPA should amend it to require the Treasurer and the Auditor be separate individuals to remove any possible conflicts of interest.

Finding 8. The Governing Board gave the Library Director broad latitude and required little accountability from the Director beyond regularly scheduled agenda meeting reports.

Recommendation 8. The Governing Board should publish an annual report which shall include a budget summary, year-end accomplishments, and future plans.

Finding 9A. Several members of the Library management staff failed to comply with numerous deadlines set forth in subpoenas requesting Library documents.

Finding 9B. On several occasions, the Library Director and senior management failed to comply with Grand Jury subpoenas, instead deciding on their own to summarize the requested material. This required a second subpoena for the original material in its entirety.

Finding 9C. The Library Director and staff, with in-house counsel available, impeded this investigation by narrowly interpreting subpoena language, oftentimes failing to provide all documents and supporting materials.

Recommendation 9. The Governing Board should have Library Authority Counsel as a full-time position, given the volume and complexity of Library operations.

Finding 10. The Governing Board failed in its oversight of the Library, the Library Director, and the Library executive team pursuant to the obligations set forth in the Joint Powers Agreement of 1993, as amended in February, 2007.

Recommendation 10. The Governing Board should create its own oversight of Library operations by establishing stronger internal controls.

Finding 11. An Accounting Policies and Procedures Manual was to have been implemented under the 2003 Financial Management System Assessment. Three Finance Officers later, this still has not occurred. Further, there is no complete personnel policies manual.

Recommendation 11. The Governing Board should require complete and comprehensive policy and procedure manuals for both the Finance Department and for personnel practices.

Finding 12A. The City served as the fiscal agent of the Library until 2003-2004 and was prepared to continue do so. After the decision was made to transfer these responsibilities to the Library, many problems ensued in the Library's Finance Department.

Finding 12B. The Finance Director is an "at will" employee and serves at the pleasure of the Library Director. In the last five years there have been four different Finance Officers/Directors.

Finding 12C. The Eden system has been described as a good software system and has many capabilities. Although purchased in 2004, it has not yet been fully implemented.

Finding 12D. The Finance Director hired to oversee implementation of the Eden system failed to provide his staff adequate training during the initial training period provided by the original contract.

Recommendation 12. Fully staff the Finance Department to ensure proper accounting procedures. Include sufficient compensation to attract and retain a Finance Director with the appropriate knowledge, experience, and skills.

Finding 13A. The Library Director, responsible for fiscal policies, failed to ensure that proper policies and qualified personnel were in place. Furthermore, when some policies were in place, she failed to see that the Library staff adhered to these policies.

Finding 13B. The Library Director and members of the Executive Team failed to implement appropriate policies and procedures in a timely manner. The lack of such policies, and the failure to provide proper oversight, resulted in the misuse and loss of public funds.

Finding 13C. The Library Director and several members of the senior management team ignored credit card policies and travel procedures.

Recommendation 13. Strengthen current credit card policies and travel procedures. Ensure appropriate oversight of projected expenses and tighter controls authorizing expenditures.

Finding 14. Procedures for cash management at Library branches are inconsistent. Some branches retain cash until it accumulates in an amount up to \$2,000 before the cash is transferred to the Finance Department for accounting and deposit. No one has been assigned the responsibility of auditing branch library cash accounts.

Recommendation 14. Establish standard procedures for all Library branches regarding cash management.

Response Requirements

Penal Code sections 933 and 933.05 require that specific responses to all findings and recommendations contained in this report be submitted to the Presiding Judge of the Sacramento Superior Court by August 15, 2008 from:

- **The Sacramento Public Library Governing Board**

**SACRAMENTO PUBLIC LIBRARY
JOINT POWER AUTHORITY BOARD MEMBERS & ALTERNATES
2007-2008 (REVISED)**

Attachment 1

Representing	Board Member	Alternate
City of Citrus Heights	Jeff Slowey, Councilmember 6237 Fountain Square Drive Citrus Heights, CA 95621 Phone: 916-861-6636 jslowey@citrusheights.net	Jeannie Bruins, Councilmember 6237 Fountain Square Drive Citrus Heights, CA 95621 Phone: 916-725-2448 jbruins@citrusheights.net
City of Elk Grove	Sophia Scherman, Councilmember 8380 Laguna Palms Way Elk Grove, CA 95758 Phone: 916-478-2279 scherman@sophia-elkgrove.com	Gary Davis, Councilmember 8380 Laguna Palms Way Elk Grove, CA 95758 916-478-3201 gdavis@elkgrovecity.org
City of Isleton/City of Galt (Isleton holds seat/Galt holds alternate)	Elizabeth Samano, Councilmember City of Isleton PO Box 285 Isleton, CA 95641 Phone: 916-502-3741 officegenmb@hotmail.com	Darryl Clare, Councilmember City of Galt 380 Civic Drive Galt, CA 95632 Phone: 209-366-7117 dclare@ci.galt.ca.us
City of Rancho Cordova	Linda Budge, Mayor VICE CHAIR 2729 Prospect Park Drive Rancho Cordova, CA 95670 Phone: 916-851-8700 lbudge@cityofranchocordova.org	David Sander, Councilmember 2729 Prospect Park Drive Rancho Cordova, CA 95670 Phone: 916-851-8700 dsander@cityofranchocordova.org
City of Sacramento	Raymond L. Tretheway, III Councilmember 915 I Street, 5 th Floor Sacramento, CA 95814 Phone: 916-808-7001 rtretheway@cityofsacramento.org	Lauren Hammond, Councilmember 915 I Street, 5 th Floor Sacramento, CA 95814 Phone: 916-808-7200 lhammond@cityofsacramento.org
City of Sacramento	Sandy Sheedy, Councilmember 915 I Street, 5 th Floor Sacramento, CA 95814 Phone: 916-808-7002 ssheedy@cityofsacramento.org	Lauren Hammond, Councilmember 915 I Street, 5 th Floor Sacramento, CA 95814 Phone: 916-808-7200 lhammond@cityofsacramento.org
City of Sacramento	Robbie Waters, Councilmember CHAIR 915 I Street, 5 th Floor Sacramento, CA 95814 Phone: 916-808-7007 rwaters@cityofsacramento.org	Lauren Hammond, Councilmember 915 I Street, 5 th Floor Sacramento, CA 95814 Phone: 916-808-7200 lhammond@cityofsacramento.org
City of Sacramento	Bonnie Pannell, Councilmember 915 I Street, 5 th Floor Sacramento, CA 95814 Phone: 916-808-7008 bpannell@cityofsacramento.org	Lauren Hammond, Councilmember 915 I Street, 5 th Floor Sacramento, CA 95814 Phone: 916-808-7200 lhammond@cityofsacramento.org

**SACRAMENTO PUBLIC LIBRARY
JOINT POWER AUTHORITY BOARD MEMBERS & ALTERNATES
2007-2008 (REVISED)**

Representing	Board Member	Alternate
City of Sacramento	Kevin McCarty, Councilmember 915 I Street, 5 th Floor Sacramento, CA 95814 Phone: 916-808-7200 kmccarty@cityofsacramento.org	Lauren Hammond, Councilmember 915 I Street, 5 th Floor Sacramento, CA 95814 Phone: 916-808-7200 lhammond@cityofsacramento.org
County of Sacramento	Roger Dickinson, Supervisor 700 H Street, Room 2450 Sacramento, CA 95814-1280 Phone: 916-874-5485 dickinsonr@saccounty.net	Cortez Quinn School Board Trustee Twin Rivers Unified School District 700 H Street, Room 2450 Sacramento, CA 95814-1280 Phone: 916-874-5485 quinnnc@saccounty.net
County of Sacramento	Jimmie Yee, Supervisor 700 H Street, Room 2450 Sacramento, CA 95814-1280 Phone: 916-874-5481 yeej@saccounty.net	Linda Kimura, Director Arcade Creek Rec & Park District 4982 Pasadena Avenue Sacramento, CA 95841 Phone: 916-485-8442 Cell: 916-214-8442 kimurafour@aol.com
County of Sacramento	Susan Peters, Supervisor 700 H Street, Room 2450 Sacramento, CA 95814-1280 Phone: 916-874-5471 peterssu@saccounty.net	Larry Masuoka School Board Trustee San Juan Unified School District 4425 Sierra View Way Fair Oaks, CA 95628 Phone: 916-966-9900 (office) masuoka@pacbell.net
County of Sacramento	Roberta MacGlashan, Supervisor 700 H Street, Room 2450 Sacramento, CA 95814-1280 Phone: 916-874-5491	Donald Wilson School Board Trustee Center Unified School District 3957 Weybridge Way Antelope, CA 95843 Phone: 916-899-8144 (cell) wilson4centerschoolboard@yahoo.com
County of Sacramento	Don Nottoli, Supervisor 700 H Street, Room 2450 Sacramento, CA 95814-1280 Phone: 916-874-5465 nottolid@saccounty.net	NO ALTERNATE
Sacramento Public Library	Anne Marie Gold Library Director SECRETARY TO THE BOARD 828 I Street Sacramento, CA 95814 Phone: 916-264-2830 amgold@saclibrary.org	N/A

Attachment 2

QUESTIONS FOR MEMBERS OF THE LIBRARY GOVERNING BOARD

1. How long have you served on the Governing Board?
2. Are you a member of any standing committees on the Board? If so, which ones and how long have you served on it/them?
3. Does any standing committee of which you are a member submit a report to the Governing Board?
4. When you were appointed to the Library Governing Board did you receive any written documents or instructions outlining your duties and responsibilities?
5. Have you ever appointed an alternate to the Governing Board to represent you at its meetings? If so, who is that person by name?
6. As a member of the Governing Board have you ever participated in the appointment of a Treasurer for the Library Authority? If so, when and who is the person you appointed?
7. As a member of the Governing Board have you ever participated in the appointment of the Authority Auditor? If so, who is that person you appointed?
8. As a member of the Governing Board have you ever served as member of the Finance Advisory Committee?
 - Does any staff member or any alternate serve for you on the Finance Advisory Committee? If so, who is that person by name?
9. As a member of the Governing Board have you ever seen an independent annual audit for the Authority finances during your tenure on the Governing Board? If so, for what years?
10. Knowing that the Governing Board shall adopt a budget for the Authority within 90 days of the commencement of each fiscal year (defined as July 1 to June 30)?
 - To your knowledge has the Governing Board done that?
 - Did you vote on such an adoption for any fiscal year in which you were a member of the Governing Board?
 - If so, for which years?
11. Do you know if the Finance Advisory Committee has fulfilled its duties pursuant to para 11 e. of the 2007 Joint Powers Agreement?

12. Were you present at the meeting of the Governing Board when a petition of no confidence was submitted by several staff and supporters of the Library Authority?

- If not, did you have an alternate attending in your place at that meeting?
- Have you or your alternate taken any action in response to that petition?
- Have you received any written reports in response to your inquiries or that of your alternate?

13. As a member of the Governing Board have you received an annual report from the Library Authority Director for the years of your tenure?

Isleton

Small City - Big Challenges

Originally issued February 15, 2008

Issue

Can Isleton correct its long-standing governance, management, and fiscal problems?

Reason for the Investigation

Upon receiving a number of complaints from several residents of Isleton – including city employees – the 2007-2008 Grand Jury launched an in-depth investigation into the workings of Isleton’s city government. This report documents the facts and findings of the Grand Jury’s investigation. This Grand Jury urges the appropriate authorities to take the corrective actions recommended in this report.

Method of Investigation

The Grand Jury interviewed current and past City Council members (including those who served as mayor), city managers, city attorneys, city department heads, an officer and employees of the Bank of Rio Vista, developers, and a number of other present and past city employees and volunteers. Grand Jury members attended City Council meetings and reviewed minutes of prior City Council meetings.

In the conduct of routine business a municipality leaves an extensive paper trail. Budgets, invoices, accounts and checkbooks, policy and procedure manuals, minutes of meetings, audits, mail, appointment calendars, media reports, grant applications, and reports on activities they support, are a partial list. The Grand Jury reviewed numerous documents provided by the City of Isleton, including, with consent of the City Council, documents from its several city attorneys, as well as from organizations that interact with the city.

The information gathered from all these efforts will be discussed at relevant places and is intrinsic to this report.

Background and Facts

The City of Isleton is located in the southwest corner of Sacramento County, on the east bank of the Sacramento River, at the gateway to the Sacramento River Delta. Founded in 1874 and incorporated in 1923 as a “general law” city, Isleton reached a population of approximately

2000 during the 1930s¹. As of January 1, 2007 its population was 815, according to the Demographic Unit of the California State Department of Finance. Isleton is the smallest incorporated city in the County.

Isleton is located in an idyllic setting and possesses a unique historic character. Together with Locke, Walnut Grove, Ryde, Rio Vista, as well as Grand and Brannan Islands, the area is a popular weekend destination. Isleton's Crawdad Festival, held each June, draws thousands of visitors. A number of boats on, and houses near the Sacramento River, add to the relaxed Delta atmosphere. In recent years there has been increased interest in real estate development.



**Downtown
Isleton**

Running a general law city government is a complex task in California. Regardless of size, the legal and fiscal requirements are unbending and identical.

Isleton's challenges are compounded by its size and fiscal limitations. The City's inability to utilize expertise, and its long history of inaction, as exemplified by failing to respond to prior Grand Jury investigations and recommendations over the last 16 years, have left Isleton in a state of perpetual crisis.

Past Grand Jury Investigations and Reports

In recent years a number of issues have arisen regarding management of the City of Isleton. Most of these issues, even though addressed by previous Grand Juries, have not been resolved. Relevant portions of past Grand Jury reports and the city's inability to comply are cited below.

1990-1991 Absence of Policies and Procedures

The 1990-1991 Grand Jury examined a complaint about the lack of policies and procedures in the Police Department. The Grand Jury found the lack was endemic throughout city government and recommended: "The Isleton City Council should ensure that personnel policies and procedures are in place in city government and are being followed." (p. 10.) In September 1991, a manual specific to the Police Department had: "...been submitted to the City Council and will be adopted in October ..." (response letter to the Grand Jury from the Police Department, September 20, 1991.)

¹ A "general law city" is bound by the state's general law regarding municipalities.

1991-1992 Absence of Policies and Procedures Manual

The 1991-1992 Grand Jury's follow-up report noted: "While the ... process was underway, other problems in the City of Isleton surfaced ... Some of these problems were exacerbated by the absence of written policies and procedures." (pp. 18-19.)

On April 8, 1992, the City Council passed Resolution 1202 authorizing a contract to prepare such a manual. No further communication to the Grand Jury regarding this matter was received.

1994-1995 Absence of Policies and Procedures

This Grand Jury found, among other things: "Only employee vacation and sick leave policies have been adopted following previous grand jury recommendations. There is no written policy regarding administrative procedures to be used consistently in the City of Isleton. For example, in December 1994, the Council found it necessary to borrow money from its Redevelopment Agency in order to pay operating costs for that month. There is no written policy guiding inter-fund borrowing." (p. 16.)

The Grand Jury recommended: "The City of Isleton seek assistance from the California League of Cities in drafting appropriate policies guiding municipal operations." (p. 17.)

On September 15, 1995, the City of Isleton responded: "It is conceded that the City lacks written policies guiding inter-fund borrowing..." and "The City Council agrees that such policies are desirable and will comply with this recommendation." No mention was made of seeking assistance from any other body.

1997-1998 Absence of Policies and Procedures

Once again a lack of policies and procedures was found. The Grand Jury recommended: "The City immediately seek assistance of the California League of Cities to develop personnel policies and procedures for each entity of the City." (p. 4.)

The Grand Jury also found that no directives existed which would ensure that POST (Peace Officers Standards and Training) standards be instituted, including the necessity of providing a manual to each officer.⁴ POST correspondence dated February 1997 stated: "...to allow this condition to remain places unnecessary risk on the Department and the City. This kind of risk can lead to civil and criminal penalties." (p. 4.)

On September 28, 1998, the city responded: "The City will have a Personnel Policy and Procedure Manual in place by November 10, 1998 that will cover all employees."

⁴ POST certifies police officers and sets standards for police departments.

On February 18, 1999, the City Attorney advised he would have the manual ready within 90 days.

In 2007 the current Grand Jury investigation found that, although the Police Department has a policy and procedure manual, it has yet to be approved by the City Manager and the City Council.

2005-2006 Behavior of Members of the Police Department

The Grand Jury found: “The City of Isleton and the Isleton Police Department have a long history of non-compliance with California Law and POST regulations in the selection and appointment of peace officers. If the City of Isleton intends to continue to operate its own police department, the citizens of Isleton deserve to have POST-qualified, properly trained police officers.” The Grand Jury recommended that the City seek and accept professional assistance from other law enforcement agencies in securing POST accepted training for both its regular and reserve police officers.

Contrary to the City’s response to the 2005-2006 Grand Jury (included in the 2006-2007 report), POST certification was not realized in May 2007 due to delays and personnel changes in the Police Department.

This history demonstrates the City of Isleton has longstanding problems which have never been resolved.

Current Grand Jury Investigation

Volatility in the Office of the Mayor and the City Council

Isleton city government consists of an elected city council of five members, one of whom is selected by the others to serve as mayor. Since 2004, there have been many mayors: One was recalled, one resigned because of residency requirements, one resigned for personal reasons, and one was voted out of office. The current mayor took office on July 11, 2007.

Following the recall of the mayor in the summer of 2004, the city’s government continued in a state of turmoil. During the next 30 months, the city’s debt dramatically increased due to unbudgeted and unauthorized expenditures and poor management of the Crawdad Festival under city auspices. Additionally, there was a lack of adequate accounting procedures, uncontrolled billable access to the city attorney, and a failure to forward residents’ refuse payments to the service provider.

The same 30-month period after the mayor’s recall was also characterized by multiple staff turnovers and an unclear delineation of responsibility between management and council.

The Isleton City Council is an unpaid, elected body of five members serving four-year terms. A maximum of two appointed members is permitted when vacancies occur between elections, i.e., the majority of the Council may not be appointed.³ Turnover of City Council membership has been turbulent. At least eleven people have filled the five seats since 2004.

At various times the Council consisted of only three members. Three Council members constitute the minimum for a quorum. Therefore, any vote had to be unanimous for the Council to conduct the City's affairs. During that time, many decisions were passed by the Council on illegal 2-1 votes. The advice of the City Attorney and other experts on this issue was ignored.

The city experienced many troubles before 2004. By the end of 2006 the situation had deteriorated to an extreme. Audits and financial reports were inadequate or lacking. Council minutes were delayed for months at a time. Budgets were not passed until months into a fiscal year. Monies were transferred from one account to another to cover current expenses without proper procedures in place to track or replace the moved monies.

The responsibility for this downward spiral rests upon those decision-makers who failed to uphold the duties of their office. The endemic power struggles within the Isleton community still exist.

The City Council

Grand Jury members attended many City Council meetings. Members of the Grand Jury read public agendas and several hundred pages of minutes of the meetings of the City Council for the years 2003 through 2007. The minutes of the City Council are not a clear reflection of the discussions and actions at the meetings. They do not provide an accurate record of the information reported to the Council by City departments or citizens, nor of the actions of the Council itself. For example, on January 11, 2006, a list of bills to be paid was presented and approved. In at least eight other instances the minutes only note "...bills approved for payment" without any details.⁴ No mention of bills was made in the minutes of five other meetings during this same time frame.



City Hall

The City Council minutes for the May 1, 2006, meeting state, in part, with names redacted:

³ Government Code § 36512(d) (1).

⁴ Isleton City Council minutes: March 8, April 12, May 1, May 24, June 14, June 28, August 23, and September 13, 2006.

“Approval of Credit Card Policy: City Attorney...addressed the Council and spoke about the changes made in the Policy that gave the Council the authority to approve the issuance of the cards. Discussion was held and a motion was made by Mayor...to approve the policy, seconded by Councilmember. . .and carried on a unanimous roll call vote...”

No statement of the credit card policy has been found.

Office of the City Manager

The position of City Manager, filled at the pleasure of the City Council, and the persons occupying that position, have changed frequently in the last four years. The title has changed from “Temporary City Manager” to “Office Manager” to “City Manager” to “Interim City Administrator” then back to “City Manager”. There have been six persons in the position since the beginning of 2003. The position was vacant from September 2006 to March 2007, when the incumbent was hired.

Administrative staff changes also were frequent. The City Clerk, Accounts Payable clerk, Deputy City Clerk and at least one other account clerk, all left their positions during times when the city manager/administrator changes were occurring. Two City Planners resigned as well as the Public Works Department Chief.

The Grand Jury’s research disclosed several changes in the operating structure of the City. At times there would be a city manager present and he/she would function most often with the consent and close cooperation of the mayor. At other times there was no city manager and, depending on the preference of the then mayor (there were six different mayors over a four year period), other city staff would assume the city manager position on a temporary basis without proper authority.

Even when the city manager position was filled by a person approved by the City Council, his/her authority was often undercut by an overactive mayor or by contentious, opposing City Council members. Often the mayor would contend he/she should be the final arbiter on issues relating to city affairs, and the position of the city manager should be more like that of a clerk, carrying out the decisions, functions, and instructions of the City Council.

Confusion existed over a period of years, depending on who was the incumbent mayor, the incoming mayor, the outgoing mayor, and whether the city manager position was filled by a qualified person.

In March 2007, the City Council hired a City Manager. Since then, progress has been made, due partly to the personalities and skills of the individuals involved in the key positions of City Manager, Mayor, and City Council. There has been an evolution of thinking that a strong City Manager, given authority and discretion with proper oversight, can provide better government.

The Police Department

Past Grand Juries recommended changes to Police Department functions and the certification of its officers. In the past, there has been friction between the Department and the City Council. The current City Manager seems to have improved the relationship.

The Isleton Police Department consists of the Chief, a Sergeant, and four officers. This staffing is needed to cover the one-half square mile city on a 24-hour basis without overtime. The Police Department is fairly well equipped. Although the Department is recognized by SCORE (Small Cities Organized Risk Effort), it lost POST certification in 2004.⁵ However, considerable progress has been made by the Department over the last year. A Police Policy and Procedures manual has been published but not approved by the City Council. Police officers have received on-going training. The Department is expected to be certified by POST in 2008.

The Isleton Fire Department

Members of the Grand Jury interviewed fire personnel in the Isleton area. The 2007-2008 Grand Jury's initial concern was with the City of Isleton's Fire Department and its ability to provide effective and efficient services. In the process of its investigation, the Grand Jury discovered several conditions that need to be addressed.

Isleton established a fire department in the early 1920s. Its headquarters are across the street from City Hall. The department is an all volunteer force, except for the Fire Chief. A new Chief was appointed in 2007 by the City Manager and approved by the City Council. He resigned within a month, citing lack of clerical support. At this writing there is no Fire Chief.

The volunteer Fire Department and the Isleton Firefighters Association are staffed by residents of the city and surrounding area. For many years the Association, the volunteers, and the previous Fire Chief seemed to believe they were running the Department independent of City oversight. They would take action and make purchases without approval from the City Council or the City Manager. For example, they committed the City to the purchase of an SUV as the Chief's car without authorization.

A previous Fire Chief, when resigning from the Department, asked by the City Manager for a letter of resignation, responded: "I do not work for you. I am the Chief of the volunteers."

In September 2006, a full-time employee in the Public Works Department was a volunteer firefighter acting as Fire Chief. He proposed a separate employment contract that additionally paid him \$43,000 per year as Fire Chief. This contract was accepted by the Mayor and was illegally approved by only two of the three members then serving on the City Council. This was done after the City Attorney advised that the proposed action of the City Council would not be valid. This contract was later rescinded.

⁵ SCORE provides risk management and insurance to small cities.

Fire Protection and Emergency Services in the Isleton Region

This rural area has a divergence of fire protection interests and needs. These differences have been met by an array of fire protection agencies in cities, communities, and special districts and included the extensive use of volunteers.



**Isleton Fire Department (Left)
River Delta Fire District (Right)**

There are seven separate fire protection and emergency related service groups in and around Isleton. Ironically, there is a River Delta Fire District station located across the street from the Isleton Fire Department station. (See Attachment 1 for a map listing the fire and emergency agencies in this area of the Delta.)

Overlapping Jurisdiction and Confusion in Responsibility

Although small geographically, the Isleton region's fire and emergency services are often duplicative, overlap, and operate with resulting inefficiency. This part of the Sacramento County Delta is approximately 65 square miles with a service population of around 5,700 people. Campers and tourists can greatly increase the service needs in this area.

The enthusiasm and dedication of individual officers and volunteer firefighters, as well as the training and certification of some of this region's fire personnel, is a noted strength.

The challenge for this area is to balance the benefits of improved coordination and organization with local citizen involvement and service.

Personnel Policy and Procedures

At least four Grand Juries have reported that Isleton has no written personnel policy and procedures manual and have recommended that such a written manual be adopted.

In response to the 1997-1998 Grand Jury report, the City indicated progress was being made developing a manual. In a follow-up letter dated February 18, 1999, the City Attorney anticipated completing a Personnel Policy and Procedures manual within 90 days. The Grand Jury is not aware that it was ever completed or adopted.

To date, no city-wide policy and procedures manual exists.

The Budget

By law, Isleton's budget must be submitted and adopted at the beginning of each fiscal year (July 1). For the past several years Isleton has been unable to adopt a timely budget. The budget for fiscal year 2006-2007 was not adopted until July 2007, thirteen months after the beginning of that fiscal year. The budget for fiscal year 2007-2008, in the amount of \$1,400,000 was adopted in October 2007, four months after its due date.

Income and Expenditures

The continuing absence of timely budgets and accurate financial statements has made it difficult for Isleton to effectively develop and implement realistic fiscal plans.

Isleton has incurred uncontrolled and unapproved expenditures without regard to actual receipts from reliable sources, such as known property taxes, sales tax receipts or other predictable funds. This occurred over a number of years, perpetuating the growth of unserviceable debt.

Isleton also made unrealistic assumptions on future revenue growth, and used these questionable assumptions to justify current expenditures.

Isleton incorrectly negotiated impact fees substantially below the amount needed to meet and maintain infrastructure requirements emanating from the completion of residential units.

When faced with fiscal pressures resulting from these expenditures and assumptions, Isleton further complicated its problem by improperly transferring monies from protected accounts. In some instances, Isleton diverted monies, properly owed to third party providers of essential city services, to the General Fund to meet ongoing monthly obligations.

The City had no cost controls or guidelines on the scope and use of attorney services. For example, outstanding attorney fees for legal services currently exceed \$330,000. The City allowed itself to incur attorney fees without establishing any controls.

The result of all these actions is that Isleton has grown an unmanageable debt in the amount of \$870,000, the repayment of which is insurmountable from current city revenues.

Waste Management

Waste collection is performed by contract. In the past, the city billed residents and businesses every other month, retaining a franchise fee of \$3,500 per month from the monthly gross receipts to cover its expenses resulting from the waste management collection service, e.g., the wear and tear on its streets. The remainder was to be forwarded to the waste management service provider.

In the last half of 2004 through the first half of 2006 the city stopped remitting payments, presumably placing all of the money collected into its General Fund.

The waste management agreement was amended in January 2007. The City agreed that the provider would bill and collect all fees for its services, retaining the franchise fee in order to begin to reduce the outstanding debt. The amendment further states that the city is indebted to the provider in an amount now in excess of \$156,000 for failure to make past payments, and that any indebtedness shall bear interest in the amount of 15% per annum.

Development Impact Fees

There are several housing developments planned or underway in Isleton. One developer has 80 units approved, with 18 under construction.



**New Residential
Construction in Isleton**

All new construction is subject to impact fees. These are one-time fees paid to compensate a city for additional expenses, including sewers, roads, police and fire protection, and other services resulting from development. The engineer retained by Isleton, realizing that city representatives lacked the experience to negotiate these complex issues, hired a consultant to educate Isleton officials and staff on impact fees as they relate to city services. However, the officials and staff failed to take advantage of the free training.

Fees of \$11,430 per unit were agreed to by Isleton representatives and the developer. Similar developments in the Sacramento County area currently pay impact fees in the range of \$30,000 to \$40,000 per unit.

The impact fees agreed upon by the inexperienced representatives and staff are inadequate and place a further burden on the city's finances.

Use of Credit Cards

Credit cards were issued to various city staff, including members of the Police and Fire Departments. Purchases were made using credit cards without approval by the City Council.

Available records indicate that cards were used for personal purchases. Incomplete reimbursement records prevented the Grand Jury from determining if all such charges were repaid to the City.

The Crawdad Festival

The annual Crawdad Festival has been a major event in Isleton since at least 1986. Held in June, the Festival was sponsored and operated by the Isleton Chamber of Commerce until 2005. Until 2004 the profit ranged from \$20,000 to \$35,000 per year. In 2004, the net profit was approximately \$2,000. Because of a shortage of funds, largely due to insurance costs, the Chamber chose not to sponsor the Festival in 2005. The City Council agreed to operate the Festival in 2005. For various reasons, the City did not realize a profit on the Festival that year.



**Crawdad Festival
Sign**

The Chamber of Commerce, in conjunction with City support, resumed sponsorship of the Festival in 2006. Festival organization and security do not appear to have been well planned. For example, funds collected for admission, parking, and sales were brought to City Hall where they were counted and bagged. Deposit slips were made in duplicate for each bag, one slip going to the bank with the bag and the other kept by the Chamber. Later, upon reconciling the accounts, it was discovered that three deposits, in an amount of approximately \$12,000, were either short or never deposited.

The Chamber of Commerce resumed sole sponsorship of the Festival in 2007.

Grant Funds

The City tried to cover its lack of budget projections, poor fiscal management and revenue shortfalls with other maneuvers. Grant funding was used for operational expenses or other costs, and dedicated funds were transferred to the General Fund.



Isleton Waterfront Park

Isleton sought grants as a way to increase revenues. Grant funds are different from other entitlements. They must be used for the purposes specified in the grant. These funds are not intended as panaceas to solve a city's fiscal conditions and dilemmas. Some grants provided to Isleton in past years include: *Parks and Recreation Grants for the Ball Park; Water/Riverfront Development Project and Riverfront Dock Improvements; and Fire Department Equipment.*

Redevelopment Funds

The City Council is the governing body for the Isleton Redevelopment Agency. The City has a history of improperly using Redevelopment funds to supplement general funds, as cited in the 1994-1995 Grand Jury Report:

“...in December 1994 the Council found it necessary to borrow money from its Redevelopment Agency in order to pay city operating costs for that month. There is no written policy guiding interfund borrowing.”

For several years Isleton's Redevelopment Funds were improperly transferred to the General Fund. Due to inadequate or missing historical records, balance sheets, and financials reports, the Grand Jury was unable to determine all of the purposes and extent of past budget account transfers. It is known that in January 2006, \$150,000 was transferred to cover shortages or loss of anticipated income and has not been replaced.

Role of the County

If Isleton were a financially sound community with strong reserves to retain outside assistance, the City's problems might not be so challenging. Since they do not have those resources, help must come from somewhere.

Isleton can move forward with appropriate assistance. Individuals and organizations with the expertise, experience, and access must be enlisted to assist the City, even in an informal and *ad hoc* fashion.

Sacramento County is not charged with rescuing the City of Isleton. However, should Isleton fail and disincorporate, its public service needs will fall on County leaders as they do for all other unincorporated areas of Sacramento County.

Sacramento County can establish a liaison to Isleton to assist the current City Manager and staff in their ongoing efforts.

The Option of Disincorporation

The 1994-1995 Grand Jury recommended, in its report at page 18:

“In view of the present economic condition of the City and the fact that favorable conditions for the future are not apparent, the Council give serious consideration to adopting a resolution of disincorporation. If approved by the voters of Isleton, vital services now provided by the city could be provided by county departments or special districts.”

The City responded by letter dated September 15, 1995, which stated in part:

“5. Disincorporation.

This is an extreme recommendation in view of the relatively minor failings identified in the Report and the City Council rejects it. The punishment does not fit the crime. If the City disincorporated, the governmental functions will be performed by the County and the governmental decisions will be made by the Board of Supervisors. There is no assurance that the Isleton citizens would be better served. To the contrary, it can be argued that because of the City’s distance from the County seat and its extremely small portion of the population of the supervisorial district in which Isleton is located, its citizens would have great difficulty in making their views heard, especially in the sensitive area of planning. Isleton’s financial condition has recently improved and there is no reason to believe that in the future it will not be an effective service provider. Sacramento County already has the fewest cities of any urban county. Its policy of opposing municipal incorporation and annexation has not translated into more efficient and less costly government, no [*sic*] resulted in better planning. There is no reason to believe that the County can or would do a better job of governance than the City of Isleton.”

There is little precedent to guide disincorporation of a city. There has not been a disincorporation since the law governing such actions was substantially rewritten in the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000. Such proceedings could be initiated by the City Council or by a petition signed by 25% of the registered voters, with the substantial costs incurred by the Sacramento County Local Agency Formation Commission (LAFCO) to be borne by the initiating party.

Disincorporation is the final option for the City and would require approval of LAFCO. The process of disincorporation is lengthy and expensive. These costs could exceed \$250,000, particularly if a local election is held. During the disincorporation process the City of Isleton would remain responsible to provide services to the community until the process is completed.

Findings and Recommendations

GOVERNANCE

Finding 1. Isleton's elected officials and city staff have, over a period of years, demonstrated an unwillingness, either through intention or negligence, to follow minimum standards providing governance services to the community.

Isleton's governance problems are long-standing. They are not the product of merely one or two officials or staff members, but rather a cumulative and continuing series of bad decisions, often made contrary to specific legal advice.

Isleton has been plagued with long-term vacancies in key staff positions. They were often filled on a temporary basis by people who were unqualified, people who held other city positions, or people who had conflicts of interest. One key position, City Manager, was filled without proper authorization by the City Council. A listing of inappropriate decisions and unsupported actions follows:

- The City operated without an authorized or approved budget for several years, ignoring the specific advice of the City Attorney that decisions made on fiscal items were not authorized and thus void.
- At full strength the Isleton City Council is comprised of five members. There were, however, long periods when the City Council was comprised of just three individuals, only one of whom was elected. The others had been appointed to fill vacancies. Government Code §§ 36512(d)(1) limits the number of vacant slots which may be filled without election to two. When the City Council was comprised of only three members, it needed a unanimous vote, i.e., a majority of the total authorized membership of five, to pass binding legislation. Ignoring the advice of the City Attorney in several instances, votes taken were 2-1, yet the mayor went forward on those votes. Such votes were meaningless, unenforceable, and subject to challenge.
- Fees collected from residents by the City to pay the contract waste hauler were co-mingled with the General Fund to pay other expenses. As a result the waste hauler contract payments fell in arrears by over \$160,000.
- Redevelopment Grant Funds were improperly transferred to the General Fund and used for other purposes. Those monies have not been fully repaid, even though Council members have acknowledged in open meetings that the monies are owed to the Redevelopment Fund.
- The City has not been able to conduct an acceptable audit of its books and records, even in the face of repeated requests from State and Federal authorities.
- An employment contract was entered into by a sitting mayor and the then Acting Fire Chief. It was not legally approved by the Council and was subsequently reversed by the Council. Nevertheless, the contract was used by the Fire Chief in a real estate loan application to substantiate financial capability. Upon review by the City Attorney, this contract was described as having the appearance of collusion and bordered on fraud.

- The City has been unduly influenced by, and improperly paid monies to, the Isleton Firefighters Association, an entity which has no legal standing in the City.
- The City sent an inexperienced team of representatives, which did not include the City Attorney, to negotiate impact fees for a proposed housing development. Completion of this development with fees as presently negotiated will unduly burden current infrastructure and future budgets.
- The City has gone for varying lengths of time without the essential services of in-house planning staff or a City Attorney, relying instead on contract personnel to meet those needs. Currently, these contracts are in substantial default.
- City staff is insufficient to handle numerous required tasks. At times citizens suffer because services are incomplete or are handled incorrectly.
- In the past four years there has been a palpable level of tension and dysfunction within the City Council and between some Council members and City staff.

Recommendation 1. Training in proper procedures for the conduct of government business must be provided by Isleton for current and future elected officials and City staff. Such training must include specific accounting practices and proper methods of sequestering special purpose funds.

DEBT

Finding 2. Past financial mismanagement, lack of expertise and frequent animosity among City leaders has brought Isleton to a state of serious indebtedness.

Sacramento County is able to assist Isleton with the management of its accounts. However, the County requires an acceptable audit before assuming that task.

There have been several attempted audits over the past few years. Due to missing records, the City has been unable to produce an acceptable audit.

Recommendation 2. Isleton must immediately enter into negotiations with Sacramento County to provide account management services.

The City of Isleton should hire a professional accounting firm, and provide all assistance necessary to produce an audit acceptable to the County.

RENEGOTIATE FINANCIAL OBLIGATIONS

Finding 3. Isleton has incurred debt which is oppressive and could bankrupt the City.

Long-term financing for debt consolidation appears to be the only practical solution to resolve the City's outstanding obligations. Some creditors have expressed a willingness to renegotiate their accounts.

The City Manager is currently attempting to secure a loan to consolidate the major debts of the City. He is investigating opportunities with several lenders which may be agreeable to work with the City if assured of the cooperation of City leaders.

Recommendation 3. The City Council and the City Manager must work in concert to secure long term financing to consolidate debts, which financing must be serviceable within the City's budget.

City Manager must proactively seek to renegotiate outstanding obligations wherever possible.

CITY MANAGER

Finding 4. Isleton has an uncertain form of governance which often pits the office of the City Manager against the office of the Mayor or other City Council members. This causes conflict.

Recommendation 4. The Isleton City Council must adopt whatever ordinances necessary to affirm a "strong" City Manager form of government and remove from existing ordinances any ambiguous or competing language.

The City of Isleton should have a full-time City Manager. The City should contract for a specific term for a City Manager, as opposed to "at will" employment. The City Manager's contract should have specific provisions for removal only "for cause," defined to include, at a minimum:

- A felony conviction;
- Moral turpitude as defined in Black's Law Dictionary; or
- Acts without authority from the City Council when obligating funds in excess of \$25,000, or an amount determined by the City Council.

DEVELOPMENT AGREEMENT/IMPACT FEES

Finding 5. Isleton representatives failed to consider current and long-term consequences to the City when negotiating a residential housing development agreement and the impact fees to fund and maintain resulting infrastructure improvements.

The negotiating team was untrained and inexperienced for this complex task.

- When offered training to become proficient in the type of negotiation required, City representatives refused.
- The City Council, Mayor, and the then Acting City Manager ignored professional advice from the City Attorney and others when considering impact fees arising from the development proposal.

Recommendation 5. The City Manager and other responsible city representatives must acquire expertise through appropriate training to calculate impact fees adequate to fund infrastructure and maintenance required as projects proceed. The City should seek to

renegotiate existing impact fees, which are inadequate. The City Manager should incorporate liquidated damages and indemnification clauses into the development agreements to protect Isleton.

REDEVELOPMENT GRANT

Finding 6. In January 2006, there was a transfer from the Isleton Redevelopment account to the City's General Fund in the amount of \$150,000. These funds have not been repaid. City officials refused to repay these funds, even after being advised by legal counsel on numerous occasions that such a transfer was unlawful. The following are documented instances of the City's longstanding awareness of its wrongdoing in transfers of this nature:

- A legal memorandum dated September 19, 2000 from the former Isleton City Attorney expressed concern that the City was not following the requirements for use of Redevelopment Funds as set forth in the June 25, 1997, agreement between the City and the Redevelopment Agency. The funds were to be placed in a separate account and not co-mingled in the City's General Fund. The City was advised to stop co-mingling funds, but continued to do so.
- A letter dated November 7, 2003, from the California State Attorney General to the Mayor informed the City of an investigation for a possible "major violation" of the California Community Redevelopment Law (Health and Safety Code § 33000 et seq.), for failing to submit required annual audits to the State Controller regarding use of Redevelopment Funds.
- Another legal memorandum dated January 23, 2006 from the City Attorney informed the Isleton Mayor that a loan or transfer of tax increment funds (Redevelopment Funds) to the City's General Fund was unlawful under existing California statutes. The City was also advised to maintain accurate records of Redevelopment Fund expenditures and to submit annual audits.
- A third legal memorandum, dated February 22, 2006, from the City Attorney to the then City Manager and City Clerk, informed them that the transfer of tax increment funds (Redevelopment Funds) to the City's General Fund was unlawful and such a transfer should be reversed and the practice stopped. If there was a resolution memorializing such a transfer, it should be reversed. It was not authorized by law.

Recommendation 6. Members of the City Council who refuse to follow legal counsel's advice relative to the use and misuse of Redevelopment Funds should be held accountable. Steps must be taken to reverse the co-mingling of Redevelopment Funds with the City's General Fund.

FIRE PROTECTION AND EMERGENCY SERVICES

Finding 7. Many calls for fire and emergency services in the Isleton area require multiple fire agency responses. At present, several area fire agencies have restricted or qualified mutual aid assistance agreements with Isleton. This region's fire and emergency services, primarily

delivered by volunteer firefighters, lack uniformity of equipment and training to meet the objective of mutual aid.

Recommendation 7. Unrestricted mutual aid agreements in fire and emergency services should be restored immediately. Guidelines for mutual aid, established by the California Fire Service and Rescue Emergency Aid System, must be followed. Collaborative interagency training, certification, communications, water sharing, and familiarity with different agencies and their equipment must be developed.

FIREFIGHTERS ASSOCIATION

Finding 8. The City has been unable or unwilling to control its relationship with the Isleton Firefighters Association. The relationships and interactions between the City's Fire Department and the Firefighters Association are awkward at best. With limited dollars, the City's salaried Fire Chief, charged to organize a response to fires and medical emergencies, must rely on volunteer firefighters. None of the firefighters are paid by the Association, yet the Association receives money from the City for their services.

To complicate matters, the Association is politically active. One of its members is an elected City Councilman who votes and promotes the Association's special interests at Council meetings. A recent Fire Chief with conflicting salary and employment interests with the City has been a very active and vocal leader of the Association.

Recommendation 8. No City funds should be provided to the Firefighters Association, and the City should sever its relationship with that group. The use of City facilities by the Association should follow the same guidelines and procedures used by other groups. The City Council and staff should separate themselves from the political activities of the Association.

COORDINATION OF SERVICES

Finding 9. There are seven separate fire protection and emergency related service groups in and around Isleton. (See Attachment 1.)

River Delta Fire District maintains a fire station directly across the street from the Isleton Fire Department. Neither of the two fire agencies (the Isleton Fire Department or the River Delta Fire District) has a stand-alone fire protection and emergency services capability for the Sacramento County side of the Sacramento River.

Recent concerns regarding bridge safety and bridge closures at the Rio Vista Bridge present a serious barrier to ensuring quality fire and emergency services in the Isleton area. For example, the California Department of Transportation closed the bridge from 9:00 p.m. to 6:00 a.m. for three weeks this past November. This bridge is also raised and lowered for boat traffic on a daily basis.

Currently, Isleton is unable to fully and reliably staff an efficient and consistent response for fire and emergency services.

The combination of all these factors makes the delivery of reliable fire and emergency services to Isleton residents very uncertain.

Recommendation 9. Isleton should aggressively explore its options to improve fire protection and emergency services to its residents as soon as possible. Isleton could internally restructure its Fire Department, hire professional full-time staff, or independently recruit, enroll, and train sufficient volunteers to meet its needs independent of its reliance on the River Delta Fire District. Given Isleton's current fiscal limitations and other management problems and priorities, one of the following options should be selected by the City:

- Merge the Isleton Fire Department with the River Delta Fire District, combining all the assets of the two entities;
- Contract for Isleton fire and emergency services with the River Delta Fire District and liquidate the Isleton Fire Department assets;
- Contract for fire and emergency services with the City of Rio Vista to provide services on the Sacramento side of the Sacramento River; or,
- Authorize and appropriate funding for full service fire and emergency service by the City of Isleton independent of the River Delta Fire District through additional funding sources, including taxes, grants, bonds, or other revenues controlled or collected by Isleton.

POLICE

Finding 10. The Police Department is well equipped. Costs are rising for gas, equipment, uniforms, vacations, sick leave, and accidents. Some City Council members appear biased against the Police Department.

Recommendation 10. The City should aggressively seek and apply for police grants to supplement existing grants. The Police Chief should work with the City Manager to explore areas to cut costs. City Council members should take their concerns about the Police Department to the City Manager.

CRAWDAD FESTIVAL

Finding 11. Isleton is well known for its annual Crawdad Festival, sponsored by either the City or the Chamber of Commerce. Started in 1986, this is the most socially significant event for the community and draws approximately 50,000 people each year, generating substantial revenue.

The City's fiscal and accounting policies and procedures when the City operated the Festival were inadequate. City officials did not know exactly how much revenue was generated or what operating expenses were incurred. Security, collection, and safeguarding of these funds were all insufficient. Thousands of dollars remain unaccounted for.

City leaders have taken an indifferent attitude toward investigating this issue.

Recommendation 11. A significant fiscal and social event for Isleton, the Crawdad Festival should continue. The City should benefit financially from the Festival, but not operate it.

SENIOR COUNTY EXECUTIVE

Finding 12. The City of Isleton faces many fiscal and organizational challenges that require the immediate and continued attention of City leaders as well as the citizens.

Recommendation 12. Sacramento County should identify a senior county executive familiar with government operations to assist Isleton in resolving problems where county assistance might be effective. Absent the above, Sacramento County should prepare to assume the civic, administrative, and public safety needs of the residents of Isleton in the event of disincorporation.

COUNTY ASSISTANCE

Finding 13. Sacramento County can assist Isleton in its accounting and record-keeping. The county can provide experienced program personnel to help Isleton identify, secure, and administer all grants or other public monies available.

Recommendation 13. The Grand Jury urges that Sacramento County give these actions a high priority.

DISINCORPORATION

Finding 14. Without immediate improvements such as suggested in this report, Isleton may be unable to properly operate and maintain the necessary city services and governance required of a general law city.

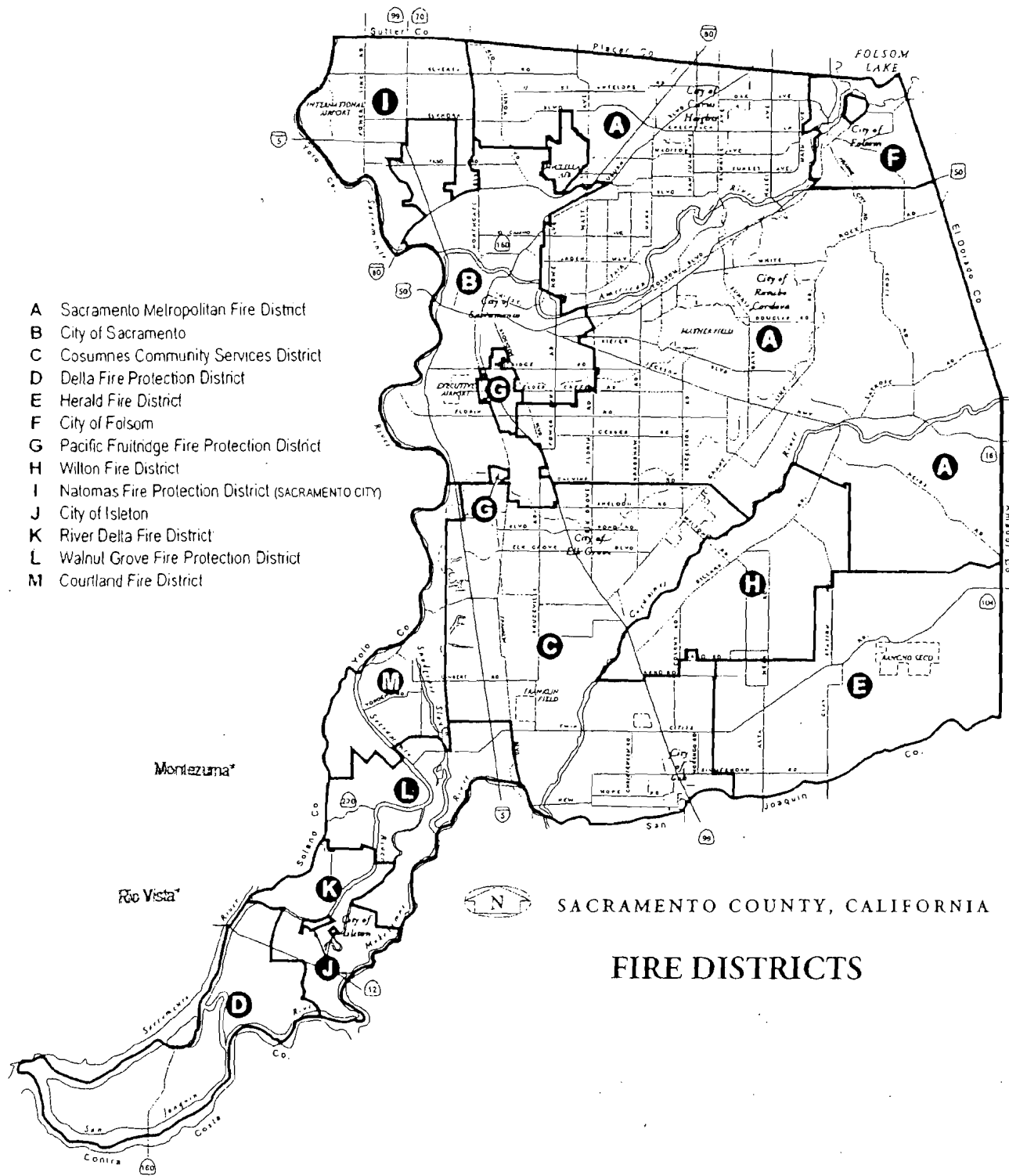
Recommendation 14. The City Council and City Manager, if unable to provide the necessary city services to Isleton residents as required by law, must investigate disincorporation.

Response Requirements

Penal Code sections 933 and 933.05 require that specific responses to both the findings and recommendations contained in this report be submitted to the Presiding Judge of the Sacramento Superior Court by May 16, 2008, from:

- **Isleton City Council, Findings 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, and 14; Recommendations 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, and 14.**
- **Sacramento County Board of Supervisors, Findings 12 and 13; Recommendations 12 and 13.**

ATTACHMENT 1



*Solano County Fire Districts near Isleton (Not Part of Sac Metro Map)

Sacramento County Airport System

Preamble

To prepare for this report the Sacramento Grand Jury toured Sacramento International Airport facilities and was briefed by the Director and the Airport Staff on McClellan, Mather Field, Sacramento International, and Sacramento Executive Airport (Executive). Tours were limited to Sacramento International and Executive Airports and included the passenger arrival and departure areas, the Sheriff's Department Airport Division, and the Airport Fire and Crash Rescue facilities. Interviews and information were gathered from Sacramento County and City Planning Departments, and the Sacramento County Airport Director and his staff. Officials provided us with ample information on all subjects.

The Sacramento County Airport System is responsible for operation of Sacramento International Airport, Executive Airport, and Franklin Field. The System has a contract with the Economic Development Department to operate McClellan Airport.

Sacramento International Airport (International) is one of four major passenger airports serving northern California, with increasing importance as population growth shifts eastward from San Francisco. Planned and built away from existing metropolitan areas in 1967, International has not to date been a significant nuisance to surrounding areas. It has not had to operate under pressures exerted by residential developments which have plagued many other regional airports serving developing metropolitan areas.

A former United States Air Force Base, Mather Field (Mather) now serves as the primary cargo airport for the greater Sacramento region, with private and corporate aircraft, including jets, welcomed.

The 2007-2008 Grand Jury wanted to make certain all steps are being taken to avoid a repeat of the aircraft tragedy at Farrell's Ice cream Parlor that occurred in the 1970's, and to address noise problems resulting from aircraft operation at Executive.

The City of Sacramento owns Executive Airport and contracts with the County Airports Dept. for the operation and maintenance of the facility. This is detailed in a 25-year lease between the City and the County Airports Department. If the City moved operations to other existing airports and ceased using Executive, the City would need to give a 25-year notice to the current operator.

Executive's current runways cannot be lengthened due to residential and commercial encroachment over several decades. Current operational policy does not include diverting the increasing usage of Executive by larger corporate jets, to Mather and McClellan which have longer, safer runways with less encroachment.

Noise and types of aircraft using Executive is on the increase, however use restrictions are dictated by the Federal Aviation Agency (FAA). Executive does not have discretionary authority on these activities. Executive is under three different noise restriction standards from the FAA,

the State, and the County. Currently, Executive elects to follow the more restrictive noise regulations promulgated by the County.

Airport Encroachment 2008

During its tour, and in response to inquiries made by members of the Grand Jury, it became apparent that there may be open issues remaining from the 2001–2002 Grand Jury Report. That information is incorporated here for purposes of conciseness and efficiency.

Issue

While development is a reality and a by-product of the robust economy in the Northern California area, it will impact expansion of Executive and may impact existing or planned operations at Mather and McClellan. The issue defined by the 2007-2008 Grand Jury was how to protect that expansion without impeding the development necessary to support Sacramento's growing economy and regional airline travel.

The 2001-2002 Grand Jury Report made recommendations, condensed as follows:

- Expedite approval of airport master plans for Mather Field and Sacramento International, showing runway requirements through 2035.
- Create a five-mile sphere of influence around both Mather and Sacramento International.
- Provide for category 3 runways at Mather and International.
- Enact and enforce changes in the General Plan to protect future airport growth options, and air operations.

During its tour, and in subsequent meetings, the 2007-2008 Grand Jury examined the Sacramento County and Airport staff response towards achieving those objectives.

Background and Facts

Because of its status as an active Air Force Base, Mather Field was protected from encroachment until 1990 by the Sacramento County Board of Supervisors-approved Comprehensive Land Use Plan (CLUP), now known as the Airport Land Use Compatibility Plan (ALUCP).¹

The California Department of Transportation provides for an Airport Land Use Commission (ALUC) of immediate area government entities to produce a ALUCP. Average noise contours are drawn around the airport at the 60dB level, signifying a 24-hour average delineation of no

¹ ALUCP's use 24-hour noise contour lines to define operational perimeters. The decibel scale accommodates a wide range of intensities.

Time of day is also an important factor determining whether or not sounds are considered a nuisance. Sounds barely noticeable during daylight hours are much more disruptive during the night.

Numerous measurement scales have been developed to account for this time factor. Two of the more commonly used scales are the Community Noise Level (CNEL) and the daylight sound level (Ldn). The U.S. Environmental Protection Agency developed the Ldn measure, a 24-hour average sound level, in which a 10-decibel penalty is added to any sounds occurring between the hours of 10:00 p.m. and 7:00 a.m. The CNEEL is used in California airport noise regulations and adds an additional 5-decibel penalty for evening hours between 7:00 p.m. and 10:00 p.m.

more than 60dBs. These are necessary in order to develop either an Environmental Impact Report, or ALUCP.

Removal of the Mather field CLUP by the Sacramento County Board of Supervisors after the departure of the USAF left Mather without a Land Use Plan or an Airport Master Plan. Lacking an Airport Master Plan, Mather lost much of the buffer provided by the open ranch land to residential developments.

The 2007-2008 Grand Jury notes the following progress since 2002:

- A Master Plan for Sacramento International Airport was approved by the Board of supervisors in August 2007.
- Sacramento International has a Category 3 runway.² Mather has a Category 1 runway which requires some weather diversions to International during low ceilings or visibility conditions. The Airport Director has agreed to delay Mather's Category 3 runway upgrade until after the Environmental Impact Study was completed. This will delay Mather's Category 3 upgrade by several years. Mather's Master Plan also awaits completion of the Environmental Impact Study.
- Sacramento County has required and incorporated Avigation³ and Noise Easements into the deeds of developments within International, Mather, and McClellan Policy Planning Areas.
- Sacramento County has placed restrictions on residential development within the 60 decibel contour lines delineated in the ALUCP's.

While these are positive accomplishments, if history is any teacher, "moving to the nuisance" has negatively impacted airport flight operations. In short, "being there first," or being "on notice" of air operations has not been successful quelling complaints against air operations.

Of concern to this Grand Jury, and referenced in the 2001–2002 Grand Jury report, is the location of residential development and other noise-sensitive uses of land areas near current and planned airport activities in the region. Avigation and Noise Easements do not preclude homeowner over-reaction if air operations are increased or expanded.

The most critical time of flight is during and shortly after take-off when aircraft are at maximum weight and maximum power, attempting to gain altitude and airspeed, so that if something does go wrong the aircraft has enough airspeed and power to return and make a safe landing. Developments approved that lie directly below known flight patterns, or under departure/approach paths, carry a small, but possible, risk.

² A runway with a Category 3 Instrument Landing System rating permits landings under much lower visibility and cloud ceilings than is allowed on a runway with a Category 1 rating.

³ An Avigation Easement is a deed-recorded easement that grants right-of-flight over property -- above specified heights -- permitting excessive noise, vibration, discomfort, inconvenience, interference with use and enjoyment, and any consequent reduction in market value, due to the operation of aircraft to and from the airport.

Flood Insurance

Mather has an 11,300 foot-runway, while McClellan's runway length is 10,600 feet, 2,000 feet longer than International's dual 8,600-foot runways. Sacramento is in the unique position of being able to better respond to any airport flood disaster much better than other American cities with regional airports at risk for flooding.

A levee breach along the Sacramento River could flood and close Sacramento International Airport. Closing International would require transfer of as much of International's traffic to McClellan and Mather Field as they could handle, in addition to disaster relief air traffic and their use as emergency recovery staging areas.

Sacramento County has recognized this possibility and is developing an airport flood disaster plan, including relocating of assets and the partial continuity of air operations.

Findings and Recommendations

Finding 1. Sacramento International's Master Plan was approved by the Board of Supervisors in late 2007. It was drafted as a 20-year plan. However, as a result of the complex environmental reviews now required which take up to a cumulative eight years before completion, International's Master Plan is now a 12-year plan. Even though updates are planned every 5 years, it remains a short term airport plan.

Recommendation 1. Future airport master plans should be 30-Year Plans to take into account the impact of delays resulting from complex environmental reviews and extensive community input required prior to approval.

Finding 2A. New residential development within the 60 CNEL noise exposure curve for Sacramento International, Mather, or McClellan Airports is prohibited by CLUCP's.

Finding 2B. New developments within the Airport Planning Policy Areas should have Avigation and Noise Easements recorded on each residential parcel in favor of Sacramento County. However, Avigation and Noise Easements will not prevent law suits in the case of an aircraft accident. In addition, culpability would almost certainly be magnified if the accident involved developments approved below known flight paths/patterns.⁴

Finding 2C. Mather's future as an important cargo hub has been jeopardized by developments impacting options required for a major extension of its secondary runway. Unless steps are taken to protect Sacramento International Airport, it too may lose future regional expansion options.

⁴ Navigable air space under Federal law is generally air space at least 1,500 feet above terrain. Most instrument approaches to runways use a 3 degree descent for landings. Using a 3 degree approach, an aircraft passes through 1,500 feet above runway elevation 5.4 miles from the runway touchdown point.

Recommendation 2. Sacramento County should ensure that land use restrictions and Avigation and Noise Easements are mandatory for all developments approved within International's Airport Policy Planning Area, to include neighboring counties.⁵

Finding 3A. County Airport staff has not provided a sufficient response to development proposals necessary to balance political and economic pressures from population growth which may hinder future airport expansion plans.

Finding 3B. The long range protection of Sacramento's airport assets, critical for regional economic and transportation viability, demand an informed aviation advocate. At times County Airport Staff has been silent responding to developments presented to the Board of Supervisors, and oftentimes became an agency of compromise.

Recommendation 3. The County Board of Supervisors should establish an Aviation Committee of select airport and County staff directly responsible for overseeing and advocating the long-term regional importance and viability of Sacramento's airport system. Direct representation by regional airport experts on the Sacramento Area Council of Governments (SACOG) is recommended.

Finding 4. Executive Airport's 5,500 foot runway is totally encroached by development.

Recommendation 4. As appropriate, and without jeopardizing current flight operations, the County Airport Director should discourage jet aircraft from using Executive Airport, and, through incentives, encourage jet aircraft to use Mather Field, McClellan or International.

Response Requirements

Penal Code sections 933 and 933.5 require that specific responses to both the Findings and Recommendations contained in this report be submitted to the Presiding Judge of the Sacramento Superior Court by October 1, 2008, from:

- **Sacramento County Board of Supervisors, Findings 1, 2A, 2B, 2C, 3A, 3B, and 4; Recommendations 1, 2, 3, and 4.**

⁵ The 2007-2008 Grand Jury recognizes previous outreach efforts by the Sacramento County Board of Supervisors to jurisdictions encompassed by the airport Policy Planning Areas.

The Elk Grove Benefits Employee Retirement Trust

Issues

Does the Elk Grove Benefits Employee Retirement Trust (EGBERT), an organizational affiliate of the Elk Grove Unified School District (EGUSD), need to comply with the Brown Act⁶ by providing open access to the EGBERT meetings?

Has the EGUSD provided appropriate fiscal safeguards for its retirees' health insurance?

Reason for Investigation

The Grand Jury initiated this investigation as a result of a complaint. A member of the community had been attending the EGBERT meetings. When a disagreement arose between that individual and the EGBERT Board, the EGBERT's by-laws were changed to prohibit attendance by individuals not specifically invited to its meetings. The complainant raised the issue that the EGBERT, as an organization directly tied to the EGUSD, should be required to comply with the Brown Act and thus, their meetings should be open to the public.

Method of Investigation

The Grand Jury met with members of the EGUSD Board of Education and with members of the EGBERT Board. The Grand Jury requested an invitation to an EGBERT meeting and attended the April, 2008, meeting of its Board of Directors. Interviews were conducted with individuals responsible for providing other health retirement plans to employees in Sacramento County.

Background

Since its inception, the EGBERT meetings were open to interested persons. A 2007 change in its by-laws now requires an invitation from the EGBERT for members of the public to attend these meetings. An EGBERT officer stated the reasons for "closing" the EGBERT meetings were:

- Articles written by a reporter were "inaccurate".
- Collective bargaining issues were discussed.
- EGBERT directors, as volunteers, "shouldn't be subjected to harsh comments from outsiders".

Some members of the Elk Grove Board of Education believe the EGBERT meetings should be open. The EGUSD also appears to have a current commitment to transparency, disclosure, and public participation. The EGBERT view, and that of their legal advisor, is that it is a non-profit organization, distinct and separate from the District, and is therefore excluded from the requirements of the Brown Act.

¹ The Brown Act (Government Code §§ 54950-54962) governs meeting access for local public entities.

School districts and other private and public organizations provide health benefits and insurance coverage to their employees and oftentimes to their retired employees. These health and welfare plans can include: medical, dental, vision, prescriptions, life insurance, long-term care, and disability insurance. These “perks” are part of the negotiated benefits package that results from collective bargaining.

School administration groups must decide what their district can provide in the way of salary and wage increases, health and welfare benefits, and the scope of coverage for employees, retirees, and spouses and/or dependents. Recent increases in the cost of health insurance coverage create a growing concern and dilemma for school budgets.

The five EGUSD labor unions and the District’s administration wanted to provide high quality health and welfare benefits for their eligible retired employees and dependents on an insurer-paid or self-funded basis. This is accomplished through the EGBERT, a trust organization, qualified as a non-profit organization under Section 501(c) (9) of the Internal Revenue Code.

After study of similar plans in Southern California, the EGUSD, in 1995, adopted a resolution establishing the EGBERT. It serves as a locally, self-managed, Voluntary Employee Beneficiary Association (VEBA) trust plan. The District, as part of collective bargaining agreements, contributes to the EGBERT in the amount of \$3 million per year to provide health and welfare benefits for its retirees. It is supplemented by employee contributions from salaries negotiated through collective bargaining.

The EGBERT agreement calls for a Board of Directors comprised of individuals who represent each of the labor unions, management, and retirees. Directors manage the trust fund but are not compensated for their services.

The EGBERT contracts with consultants for the following: Legal and investment advice, actuarial data, and auditing services. EGUSD employees perform the managerial and clerical services on a reimbursable basis. Most EGBERT meetings take place at the District office.

The District supports the EGBERT because it takes retiree health benefit funding off the District books. The District is no longer responsible for managing these funds. Union members approved this approach since it gave them more of a local say in employee benefits.

At the time the EGBERT was adopted, the California Public Employees Retirement System (CalPERS) did not offer such a plan. Another option is a third party financial institution approach. Neither the district administration nor the labor groups felt this latter approach offered enough options or controls. VEBAs have been traditionally used by private non-profit organizations and others, but have more recently been adopted by some public education organizations.

Although CalPERS has recently established a post-retirement benefit plan, the EGBERT is not eligible to transfer its holdings and to participate in the CalPERS plan at this time. State legislation is necessary to accomplish this strategy option.

From its inception and since establishment of the EGBERT, the District has provided 100% health and welfare benefit plan premiums for retirees and their spouse/dependent. The EGBERT has done very well with their investments and with controlling management and consultant costs. However, this success has a foreseeable limit. The current level of unfunded liability², for the EGBERT, is \$195 million dollars and growing. According to current projections and assumptions, in four to five years the EGBERT will reach a critical point, where its unfunded liabilities will be more than its invested contributions and investment returns.

According to the May, 2007, report, *California's First Retiree Health Valuation*, "There are two general strategies for addressing unfunded liabilities: (1) setting aside additional funds... and (2) changing benefits in some way to reduce costs." Option 1 is not a viable solution for EGUSD. They are currently contributing \$3 million annually into the EGBERT. Significant increase to this amount is not likely, particularly in light of budget cuts. Option 2 is more realistic. Instead of the EGBERT paying 100% of the cost of health benefit premiums, it could lower this percentage and require its retirees to accept some of the cost for their insurance. To date, the EGBERT Board of Directors has not recommended any adjustments.

The Public Employees Post-Retirement Benefits Commission found: "An actuarial cash flow analysis indicates that EGBERT is funded to meet obligations for another 15 years. If annual contributions do not increase and/or there is not a change in the benefit amount provided to retirees, the trust would exhaust all funds in year sixteen."

Government Code § 3547.5 requires that the public be made aware of costs associated with a district's collective bargaining activities. This would include benefit related costs. In addition, districts are also required by Governmental Accounting Standards Board (GASB)³ to disclose the financial liabilities related to their post-employment benefit offerings.

As employees near retirement, health and welfare benefits become increasingly important. Normally, school districts want to be fair to their employees but also limit their costs by establishing caps. Unions have no legal responsibility for school management or governance. Accountability and legal responsibility rests with the district and the school board.

² Unfunded Liability. A retirement liability is the estimated amount of funds that would need to be set aside today, which, when combined with assumed future investment returns would be sufficient to cover costs of all future retirement benefits earned to date by current and past employees. The unfunded portion of that liability is the amount remaining once existing assets are considered. The average public pension system has enough assets on hand to cover about 88% of its established liabilities for future benefits earned to date by current and past employees.

³ GASB 43 and 45. GASB 43 applies to trusts which are established in order to pre-fund Other Post- Employment Benefits (OPEB). GASB 45 relates to requirements that public agencies reflect OPEB liabilities on their balance sheets.

Findings and Recommendations

Open Meetings

Finding 1A: The EGUSD approves benefit provisions for its employees and retirees. The EGBERT, by “closing” its meetings, has limited the public’s ability to oversee how its retired teachers’ health and welfare benefit funds are managed.

Finding 1B: The Elk Grove Board of Education and current management staff were helpful to this Grand Jury. We commend their openness and commitment to transparency.

Finding 1C: A recent report on “Funding Pensions and Retiree Health Care for Public Employees”, prepared by the State’s Public Employee Post-Employment Benefits Commission, supports public participation, disclosure, transparency and accountability in these matters.

Recommendation 1: The EGBERT should comply with the Brown Act since it is using public dollars to fund benefits for public employees, and using reimbursed public staff time and facilities.

Future Unfunded Liabilities

Finding 2A: Admirably, the EGBERT has done well with its investments and with controlling management and consultant costs.

Finding 2B: The EGUSD fiscal staff currently projects that in four to five years EGBERT will have a serious gap between the totals of its contributions and invested trust fund dollars and its unfunded liabilities for retirees. There is no current plan on how to answer this future and predicted liability.

Recommendation 2: The EGUSD needs to prepare for affiliation with an organization such as CalPERS to administer its health and welfare retirement benefits. The District should see that necessary laws are enacted to allow for this transition.

Response Requirements

Penal Code sections 933 and 933.05 require that specific responses to both the findings and recommendations contained in this report be submitted to the Presiding Judge of the Sacramento Superior Court by October 1, 2008, from:

- **President, Elk Grove Unified School District Board of Education, Findings 1A, 1B, 1C, 2A, and 2B; Recommendations 1 and 2.**

City of Elk Grove Animal Services

Issue

Does the Animal Services division of the City of Elk Grove follow proper procedures in responding to reports of vicious or dangerous animals?

Reason for Investigation

The Grand Jury received a complaint that Animal Services did not follow the legal codes and procedures when responding to the death of a pet cat killed by a neighbor's dog.

Method of Investigation

Members of the Grand Jury reviewed the extensive paperwork submitted by the complainants and then made two visits to interview the Animal Services Supervisor.

Background and Facts

An Elk Grove family reported that its cat died as a result of an attack by a neighbor's pit bull which had broken into their yard through the fence. The family called Animal Services and was sent a "Vicious or Dangerous Animal Affidavit" through the mail, but was not informed that they could request a visit by Animal Services. (The incident occurred on a holiday, so the family's call went to the City's General Call Center.) The family submitted the affidavit in a timely manner, but was very disappointed by the slow and what the family members termed "inadequate" response by the Animal Services staff. There was a hearing six weeks after the attack, but neither the independent hearing officer nor the dog owners appeared at the hearing. The complainants were told by Animal Services that after a behavioral assessment, the dog could be put down or the owners would be required to construct a kennel or a secondary fence to contain the dog. The dog was not seen or given a behavioral assessment until two months after the incident. The dog owners paid a fine and were required to license the dog. No further action was taken to kennel the dog or to require a secondary fence.

The complainants contacted their City Council member, who arranged a meeting with the Deputy City Manager, the Community Enhancement Manager, and the Animal Services Supervisor. The family was informed there was nothing further that Animal Services could do.

The Animal Services Supervisor position was created in 2006. There are three animal control officers in addition to the Supervisor. They respond to calls for stray animals, dead animals, and complaints. Because there are no facilities for impounding animals, Elk Grove contracts with the SPCA on Florin-Perkins Road to house animals. The Animal Services Supervisor is hopeful that in the not-too-distant future Elk Grove will have its own shelter.

Two visits with the Animal Services Supervisor revealed that the City of Elk Grove adopted Sacramento County's animal control codes when it took over that function from the County.

Elk Grove is in the process of formulating its own codes to reflect changes in state law and the needs of the community.

There have been three “vicious or dangerous animal” incidents in Elk Grove in the last year. Elk Grove Municipal Code requires that an investigation into the facts of the affidavit shall be completed no later than seven business days after the date the affidavit is filed.

The Animal Services Supervisor stated that the delays in assessing the dog were due to the fact that the owners did not respond to registered mail or when visited by Animal Services Officers. When owners do not respond, the only recourse of the City is to cite the owners with an infraction. When the dog was assessed, two months after the original incident, he showed no aggressive behaviors. The Supervisor did state that pit bulls are usually only aggressive to other animals, not to humans.

The Supervisor determined that the dog needed certain restrictions: It was to be tethered when in the back yard alone, or kept inside when the owners are away. Fence inspection by the Code Enforcement Officer revealed no weaknesses, so no kennel was required.

Findings and Recommendations

Finding 1A. The complainants were given incorrect information about hearings and consequences, and the processes they experienced did not follow any of the time limits outlined in the Elk Grove Municipal Code.

Finding 1 B. Elk Grove Animal Services did not adhere to the timelines of the Municipal Code relating to complaints of “vicious” animals. The delayed response and the misinformation given to the cat owners created the perception of injustice.

Recommendation 1. Elk Grove Animal Services should set up procedures to guarantee timely response to affidavits filed with them.

Finding 2. Current codes or City policy do not require an immediate on-site visit by an employee of Animal Services, upon notification that one animal has killed another. Such a visit has to be requested.

Recommendation 2. A provision should be included in the Elk Grove codes that, upon notification of death of an animal by another animal, the person reporting such an incident should be told they may request an immediate visit by an animal control officer.

Response Requirements

Penal Code sections 933 and 933.5 require that specific responses to both the findings and recommendations contained in this report be submitted to the Presiding Judge of the Sacramento Superior Court by October 1, 2008, from:

- Elk Grove City Council

Sacramento County Grand Jury

2007-2008 Year in Review

Each of the Grand Jury investigative committees as described in the section titled “Formation and Organization of the Sacramento County Grand Jury” has provided a description of its responsibilities and the activities undertaken during the 2007-2008 term.

Following the committee descriptions are informal summary reports of some specific committee activities. These brief narratives are provided for information purposes only and do not require any responses from the agencies they address.

ADMINISTRATIVE AND MUNICIPAL AFFAIRS COMMITTEE

The Administrative and Municipal Affairs Committee (AMA) is responsible for investigating the policies and procedures relating to the administration and management of municipal agencies within Sacramento County. AMA reviews budgets, organizational charts, policy and procedure manuals, and any other pertinent information relevant to complaints concerning any municipal agency within Sacramento County.

Sacramento County Metropolitan Fire District Tour

Background

The Sacramento County Metropolitan Fire District (Metro Fire) covers an area of 417 square miles previously served by 16 separate fire agencies. The District serves rural, suburban, and urban settings. The firefighters are required to respond to wildland fires, structural fires, emergency rescues, swift water emergencies, hazardous material dispersions, and other emergencies. There are 42 fire stations in the District. The Grand Jury visited Station 61 as well as the District's Central Headquarters.

Firefighters are centrally dispatched, and there are detailed maps posted in all firehouses, along with specialized map books on all trucks and engines. Schedules for firefighters are 48 hours on duty and 96 hours off. This is a recent change in shift design.

National Fire Standard Association Code 1510 and Cal-OSHA require that two firefighters enter a building and two remain outside. This is referred to as "two in/two out". When sufficient crew is present, this allows firefighters to fight the fire from inside rather than being limited to working only from outside. Currently, Metro Fire staffs each truck with four firefighters, each engine with three, and each ambulance with two.

Metro Fire requires completion of a 15-week Recruit Academy. Training is continuous in the District, and training in high-rise emergencies and electrical fires is stressed. Each firehouse has an exercise area. Annual agility tests are required for all firefighters hired since 1990.

Additionally, Metro Fire operates the Emergency Medical Services for its area. There are more calls for medical assistance than for fires. A fire vehicle and an ambulance staffed by emergency medical technicians respond to calls for medical assistance.

Observations

- There seems to be high morale and a strong sense of duty. Firefighters are proud of the work they do and of their importance to the community. Metro Fire personnel, on average, earn 23% more than Sacramento Fire personnel. Metro Fire has 750 authorized positions. Many senior staff are close to retirement.

- Community governance, input, and leadership are provided by a locally elected nine-member Board of Directors. This Board meets twice a month.
- Fire services cost approximately \$170 million for the current fiscal year, up \$20 million from the previous year. Eighty-five percent of expenditures are for salaries and benefits.
- Metro Fire cannot communicate directly by radio with local police, the Sheriff's Department, and/or the Sacramento Fire Department. It must use a separate police channel in order to do so. There are plans to install a more technically sophisticated communication system.
- Metro Fire is embarking on a long range plan to replace older firehouses with larger new ones.

Sacramento Fire Department Tour

Background

The Grand Jury toured Sacramento Fire Department Station 2 and the administrative offices on Freeport Boulevard.

Fire departments are responsible not only for fire suppression and emergency medical services, but also for regulation of hazardous materials, rescues, fire prevention, code enforcement, public education, and disaster preparedness. Training in all these areas is ongoing and is partially funded by grants from the Federal Emergency Management Agency (FEMA), U.S. Department of Homeland Security, the California Office of Emergency Services, and other sources. The Sacramento Fire Department participates in three to six emergency preparedness drills per year with local, state, and federal agencies.

Since early 2007, firefighter shifts are 48 hours on duty and 96 hours off. This has resulted in reduced sick leave and overtime costs compared to the prior modified Kelly shift schedule (basically, 24 hours on, 48 hours off). Firefighters are required to pass an annual physical agility test. Exercise equipment is provided at each station house. The Sacramento Fire Department conducts its Fire Academy at McClellan Business Park, providing 18 weeks of training for firefighter recruits.

Of the 555 firefighters in the Department, 15% are female. The Department is 67% Caucasian, 11% African American, 18% Latino, 4% Asian, and less than 1% Native American.

The Sacramento Fire Department has four-person crews on their engines and trucks. This allows more efficiency for fighting house/structure fires. National Fire Standard Association Code 1510 and the State of California Occupational Safety and Health Agency (Cal-OSHA) require that two firefighters enter a building and two remain outside. This is referred to as "two in/two out" and

when sufficient crew is present allows firefighters to battle the fire from inside rather than being limited to working only from outside. This often results in less fire damage to the building.

Trucks and engines are equipped with GPS systems to guide them to calls. The Department has a very high call volume. For example, City Station 2 averages 12,000 calls a year. Eighty percent of calls are for medical reasons, twenty percent for fires.

There has been a decrease in structure fires over the years, but an increase in roadside and smoking-related fires. Fire Department personnel stressed the need for fire/life safety messages as part of public education. The Sacramento Fire Department has a staff of 24 Fire Prevention officers.

Observations

- Workers' Compensation costs have gone down in recent years due to the emphasis on health and fitness within the Department. The use of Standard Operation Guidelines ensures that firefighters know their roles and adhere to their training.
- The personnel interviewed both at the station and at the administrative offices exhibited a great dedication to their work, to the safety of the public, and to the well-being of their fellow officers. They are aware of salary and benefit differences, which can be 20% or more in nearby districts, but the firefighters expressed loyalty and satisfaction with their working conditions.
- Currently, the Sacramento Fire Department and the Sacramento Police Department use different radio frequencies and are unable to communicate directly. In addition, the Fire Department radios are not waterproof. There appears to be a need for a more cohesive communication system among all law enforcement agencies and fire districts within the county.

CRIMINAL AND JUVENILE JUSTICE COMMITTEE

The Criminal and Juvenile Justice Committee (C&JJ) reviews and investigates complaints regarding criminal justice agencies within Sacramento County. C&JJ also fulfills the requirement of Penal Code Section 919(b) which states: "The Grand Jury shall inquire into the condition and management of the public prisons within the county." The Grand Jury meets this requirement by touring all the correctional facilities in Sacramento County.

Folsom State Prison Tour

Background

Folsom State Prison (FSP) occupies 40 acres of an 882-acre state-owned plot within the City of Folsom in eastern Sacramento County. FSP, commonly known as "Old Folsom", was constructed in 1880. It lies in a hilly, rural area of what could easily be described as parkland. Its age gives it a rich history, but creates logistic problems when friction arises among inmates. Its structure does not allow for portions of the prison to be "locked down" or segregated. If "lock-down" is necessary, the entire prison must be treated as a single unit.

The annual budget for FSP exceeds \$114 million. The largest expense is personnel. There are 1,132 employees, over half of whom are sworn correctional officers.

California classifies state prisoners by the level of security each inmate requires. Level I requires the lowest level of security. Level IV inmates require the highest level. Inmates of levels II and III account for over 75% of the FSP population. The prison was designed to hold 3,410 inmates. In mid-October, 2007, the total FSP inmate count was 4,048.

Each month, on average, the same number of inmates enter the facility as are released or transferred elsewhere within California. A small number of inmates are transferred to out-of-state facilities. Those first selected for out-of-state transfer are inmates who volunteer. Next are those who are on immigration holds and third, those on potential immigration holds.

During the month of September, 2007, there were 792 dental, 4,603 medical, and 1,483 mental health appointments scheduled. On any given day 52% of inmates are taking some kind of medication (prescribed or over the counter). The Grand Jury was advised during its tour that a planned computer-based medical records system will improve medical care.

FSP does not have its own kitchen. All meals are prepared at nearby California State Prison-Sacramento ("New Folsom") and delivered to FSP where they are re-heated. Some complaints about food "not being hot enough" were heard.

FSP provides opportunities for education, vocational skills, and behavioral skill training for inmates. Academic Programs include English Language Development and Adult Basic Education at three skill levels. Inmates have the opportunity to earn a General Education

Development (GED) certificate or a High School Diploma that carries the school district's name, not that of the prison.

Vocational Programs include Mill and Cabinet Making; Foundations/Flooring Masonry; Building Maintenance; Electronics Technician; Janitorial Services; Welding; Graphic Arts for Publishing; Landscape and Nursery Operations; Auto Mechanics; and Engine Service and Repair.

Behavioral and educational skills programs include Healthful Living; Re-Entry; Child Development and Parenting; Substance Abuse; Conflict/Anger Lifelong Management (CALM); Bridging Education; and Recreation and Physical Education.

A limited number of inmates is enrolled in specialized programs that include Braille Translation, Books on Tape, Closed Captioning, and Dental Prostheses Programs. Acceptance in these programs requires specific testing, qualifications, dedication and skill. Those who acquire these skills do well while incarcerated, and there are good jobs available upon release.

Observations

- Some programs cover job skills in high demand, providing inmates with opportunities to succeed after release, as well as demonstrating to them the value of education.
- The Grand Jury observed a high level of dedication among the teaching staff who work in such an atypical environment.
- Vocational, behavioral, and educational programs are under scrutiny due to financial and facility limitations.

California State Prison Sacramento Tour

Background

California State Prison Sacramento (CSP) is located on 1,200 acres within the City of Folsom, adjacent to Folsom State Prison ("Old Folsom"). When CSP opened in October, 1986, it was administered by the Folsom State Prison warden and was referred to as "New Folsom." In October, 1992, the name was changed to California State Prison Sacramento. At that time CSP became a separate prison with its own warden.

California classifies state prisoners by the level of security each inmate requires. Level I inmates require the lowest level and Level IV the highest. CSP houses minimum security Level I and Level II inmates as well as maximum security Level IV inmates who are serving long sentences or have proved to be problems at other institutions.

In September, 2007, the inmate population was 3,286 in a facility with a design capacity of 2,031. Overcrowding has resulted in housing inmates two to a cell and creating a dormitory in the gymnasium, where Level I and II inmates are housed in double or triple bunks.

CSP employs a staff of 1,755 with an annual budget in excess of \$185 million. Inmate health (medical, dental, mental) services account for 26% of the budget and 22% of the staff.

CSP serves as a medical hub for Northern California prisons. It has a Psychiatric Services Unit (PSU), Enhanced Outpatient¹ (EOP), and EOP Administrative Segregation levels of healthcare. More than one-third of the CSP inmates are medical/psychiatric patients.

CSP offers several educational opportunities to inmates. Academic education includes: Adult Basic Education; High School Diploma; General Education Development Certificate; English Language Development; Literacy Program and other specialized classes. Vocational education includes: Janitorial Services; Office Services, and Landscaping.

Two carpentry programs are offered: Career Technical Education Carpentry Program and Prison Industry Authority Carpentry Pre-Apprenticeship Program. Both of these programs allow inmates to develop marketable skills. A full set of tools is provided to the inmate upon completion of the program at the time of parole.

Observations

- Using the gymnasium for housing is unhealthy, a security risk, and results in a loss of recreation space.
- Educational programs are limited by space. In order to get more classroom space something else must be restricted.
- The large number of life sentences and life without possibility of parole prisoners housed at CSP makes it difficult to justify increases in vocational programs. Yet, a job helps to keep inmates out of trouble and occupied while imprisoned.

¹ Outpatient refers to inmates who are receiving medical care but are not confined to the prison hospital.

Sacramento County Boys Ranch Tour

Background

Known as Carson Creek, Sacramento County Boys Ranch has a 125-bed capacity for repeat juvenile offenders with a history of serious or extensive behavior problems. The facility is centered on 140 rural acres, of which 8.3 acres are fenced.

As wards of the court, their ages range from 14 to 18 years. The ethnic composition is approximately 35% African-American, 35% Hispanic, and the remainder mostly Caucasian. Wards are sentenced to Boys Ranch for up to one year. Good behavior can promote one to the honor barracks and a shorter sentence. Conversely, suspension from school or other behavioral infractions can add up to four weeks to a sentence.

The Probation Department operates Boys Ranch on an annual budget of \$7.3 million. The facility is manned by a staff of 99, of whom 62 are sworn officers. The Grand Jury toured Boys Ranch first in October, 2007, and again in March, 2008.

The Sacramento County Office of Education provides both junior and senior high school curriculum with a staff of 21. A teacher and a teacher's aide are assigned to each classroom. Online university classes are available, and three wards were enrolled. Efforts of the faculty to ensure that Carson Creek scholastic achievements are compiled and available for each ward at time of release are commendable.

Vocational education in woodworking and welding is provided for a maximum of 17 students. Student capacity in welding had increased by the time of the Grand Jury's second visit. After release, apprenticeship in welding is possible for those with a General Educational Development certificate or High School diploma, and a driver's license.

Each ward is scheduled to participate in one hour of exercise every day. A competitive sports program permits some to compete against other similar schools in Sacramento and other counties. One staff member said, "A tired teenager is a better teenager."

Routine physical and mental health care is provided between 9:00 a.m. and 11:00 p.m. by a health care staff of eight RNs and LVNs. A physician is available, and backup support is provided by local hospitals and Juvenile Hall, which is 20 minutes away.

Observations

- In October, 2007, dormitories were rundown and badly in need of paint and repair. By March, 2008, dormitory remodeling was nearly complete and appearance was greatly improved.
- The Sacramento County Boys Ranch had no security cameras during the Grand Jury's first visit. Six months later, a few security cameras had been installed, but were limited to the entry gate and its surrounding area. The Grand Jury strongly believes that installation of additional surveillance cameras throughout the facility would improve safety of staff and the wards.

Sacramento County Main Jail Tour

Background

The Sacramento County Main Jail has grown from its original capacity of 1,258 in 1989 to today's capacity of 2,432. The number of inmates housed at the Main Jail is approximately 2,400. There are about 54,000 bookings per year. Most inmates are awaiting trial. Four hundred beds are designated for Federal prisoners and 50 to 60 beds are for holds placed on inmates by the Bureau of Citizenship and Immigration Services (formerly the Immigration and Naturalization Service). There are 400 employees with an annual budget of \$59 million.

The Grand Jury had three specific interests touring the main jail: safety and security of the inmates and staff, medical care (including dental and psychiatric), and education.

Safety/Security: Every person booked into the jail is questioned regarding gang affiliation, sexual orientation, or anything that would be cause for separation from the general jail population.

There are three arraignment courts located in the Mail Jail. The advantage of this location is that the arrestees do not need to be transported to the main courthouse for arraignment. Persons will appear in their first-assigned court until a trial date is set or until released by bail or dismissal from the Main Jail.

Several appearances may be necessary in this "home court". The various activities of arraignment court include:

- Plead and respond to charges (guilty, not guilty, no contest, not enter a plea);
- Postpone arraignment;
- Assignment of an attorney if the defendant cannot afford one;
- Set an amount for bail;
- Waive right to a speedy trial; and/or
- Accept offer to go to Drug Diversion.

There is a history of suicides at the Main Jail. After seven suicides in 2002, steps were taken to prevent future suicides. Although there are no known design defects in the Jail, modifications have been made to cells and bunks. Easily torn sheets have been replaced with heavy blankets. Specialized clothing is given to inmates on "suicide watch".

At the time of the Grand Jury tour, there had been no suicides for a period of 18 months. As of this writing there have been three suicides in 2008.

Medical: Nurses are on duty at the Jail 24/7. Doctors are on duty daily for two of the three shifts and on call the third shift. During booking, every person receives a medical evaluation from a nurse to determine if there is a condition that requires immediate attention. Seven mental health screening questions listed on the intake sheet help alert the nurse to signs of psychiatric needs or suicidal tendencies. After booking and being assigned to a cell, the inmate can request nurse call at any time and will be seen within 24 hours of the request.

Any person in jail taking prescribed medication will continue to receive medication at the Jail after the prescription is verified by the inmate's physician or pharmacy. Some medications may be changed to an equivalent that is covered in the existing formulary. Psychotropic medications are taken by 16% to 17 % of inmates booked. A new computerized pharmacy program will change the disbursement of medications to eliminate waste of unused medications that cannot be restocked, thereby saving \$2 million annually. It will also provide updated electronic medical records.

The Jail provides a variety of hospital services including X-rays, casts, podiatry, gynecology (up to the date of delivery), and kidney dialysis. Any inmate with a medical condition that cannot be treated at the Jail is sent to a local hospital or specialist. During an arrest, an officer on scene must take an injured arrestee to one of the contracted medical facilities for treatment before being booked into jail. There are contracts in place with hospitals in Sacramento County, with per day costs for inpatient care ranging from \$2,070 to \$18,767; emergency treatment costs range from \$400 to \$2,500 per visit. Adding to the cost is the requirement for deputies to be in attendance at all times. The County also provides transportation for inmates to these medical facilities.

Education: Elk Grove Unified School District's (EGUSD) Adult and Community Education program assigns three staff persons to the Main Jail under a Sacramento County Board of Supervisors Resolution. Inmates are given an opportunity to earn a high school diploma or their General Education Development (GED) certificate. One instructor and a clerical assistant are funded through EGUSD, while a second instructor is paid for by the Inmate Welfare Fund (revenue from commissary and telephone use). The Inmate Welfare Fund also funds school supplies and equipment when requested by EGUSD. The County provides classroom and office space at no cost to EGUSD.

Drug and alcohol programs, batterer intervention programs, fatherhood programs, and relapse prevention programs are provided at the Main Jail. These programs are facilitated through contracts with service providers from the community. Currently, nine people staff these programs.

Observations

- Medical care at the Main Jail has been improving.
- Continued improvement is being pursued by those responsible for inmate medical care.
- Non-English speaking inmates are at a disadvantage understanding written and verbal instructions. Learning basic English skills would be a positive step toward understanding appropriate conduct in a detention facility. These skills would also aid in the ability to assimilate into society.
- At the time of the Grand Jury tour (August, 2007) the “Inmate Rule Book”, printed in English and Spanish, was being revised and was not being used.

Sacramento County Sheriff’s Work Release Division Tour

Background

Members of the Grand Jury toured the Work Release Division of the Sheriff’s Department in October, 2007.

Division Administration

The staff of the Division consists of approximately 100 employees and 24 annuitants (retired law enforcement employees). The Division is under the charge of a Commander and an Assistant Commander. The Division is divided into five units – Administration, the Work Project Program, Home Detention, Revenue Recovery, and Revenue Collection. The Division also administers a Toy Project and a Power Program.

Programs and Projects

Work Project Program

The Sacramento County Sheriff’s Work Project was created in 1978 and has evolved into one of the largest alternative correctional programs in the nation. The current average number of inmates participating in the program ranges from 1,600 to 1,900. At the time of the Grand Jury’s tour, there were 1,775 inmates. Participants in the program perform public service work, such as landscape maintenance for various nonprofit and public organizations, and return to their homes at night.

Home Detention Program

Home Detention is an alternative type of confinement in lieu of incarceration. Participants in the Home Detention Program live at home and are monitored by electronic devices which keep track of their locations. The equipment is also capable of monitoring alcohol consumption. Participants must be employed and work a minimum of 32 hours per week.

Revenue Recovery

The goal of the Revenue Recovery Project is to reduce the number of outstanding misdemeanor warrants and to increase collection of fines. The unit is responsible for locating offenders and serving enforcement warrants.

Revenue Collection

Individuals enrolled in the Work Project and Home Detention programs are required to pay a portion of the administrative costs of the program. The Revenue Collection Unit considers the ability to pay when assigning a share of these costs to the offender. The Unit also manages the collection of funds.

Toy Project Program

The Toy Project is a charitable function of the Sheriff's Work Release Division. Inmates participate while serving sentence time by making and repairing items such as toys, furniture, and bicycles. The project participates in an annual holiday gift program. Last Christmas more than 1,500 families received gifts and food through the program. The program has Internal Revenue Code §501(c) (3) status, enabling it to receive tax-deductible donations to support its activities.

Power Program

In collaboration with local school and community college districts, the Power Program offers educational and employment skills to inmates in a noncustodial setting.

Observation

The 2006–2007 Grand Jury Report included an Investigative Report, which resulted in two Findings and Recommendations. See comments elsewhere in this report on the Responses to those Findings and Recommendations (p.108).

Sacramento County Sheriff's Department Rio Cosumnes Correctional Center Tour

Background

Rio Cosumnes Correctional Center (RCCC) is the primary custodial facility for the County of Sacramento, but accepts new arrests from Elk Grove, the CHP, California Department of Fish and Game, State Parole Office, State Park Rangers and the Sheriff's Department 24 hours a day. Six hundred forty-acre RCCC has a central guard tower that observes the entire 104-acre campus. The majority of the inmates (a population of 2,259) are serving one year, or less, as sentenced by the Court.

The Grand Jury toured RCCC two times and toured the One-Stop Career Center located in Elk Grove.

Positive changes have been made over the past year in facility organization and appearance. The Grand Jury observed an increase in staff pride and morale with freely exhibited positive attitudes by the staff.

The following programs and services were observed and/or discussed:

Medical Services

The assignment of a lead physician has improved inmate access to medical care over last year's Grand Jury visit. Approximately 25% of the inmate population requires mental health services.

Residential Substance Abuse Treatment

This facility offers a rehabilitation program with assistance for substance abusers. Classes in parenting and family relations are sometimes directed by the Court, but also offered to other inmates. This program is State funded and claims a 65% reduction in recidivism rates.

Vocational Training

- General Office Training is an 8-week curriculum. Students in this program average 50 hours of training.
- Cook Training is a 12-week program. Students in this program average 198 hours of training. This program is available only to male inmates.
- Landscaping is an 8-week course. Students in this program average 196 hours of training.
- The Culinary Arts Program provides instruction in professional cooking and rudimentary restaurant management. It is available only to female inmates and is a much sought after class. This unique program is taught by an award-winning chef.
- Sign making and engraving, also open only to female inmates, provide a small stream of income that maintains the program.

Education Programs

The Elk Grove Unified School District (EGUSD) receives Average Daily Attendance funding for the courses taught at RCCC. Courses include remedial reading, English as a Second Language (ESL), general office skills, bookkeeping, and computer skills, all with an emphasis on General Education Development (GED) preparation. Last year 97 inmates earned GED certificates, up from 57 the year before.

Read-Out Program

Inmate re-entry preparation begins at RCCC with the Read-Out Program, which is available to everyone. Early release is earned by literally “reading out” of your Court sentence. For instance:

- Satisfactory class attendance reduces a sentence by up to two days per month.
- Completion of vocational training reduces a sentence by 10 days.
- Completing GED requirements reduces a sentence by 10 days.
- A significant gain in math or reading skills, GED requirements, or ESL proficiency, reduces sentences through benchmarks.

English as a Second Language

The ESL program is presented in English, with focus on phonics, word recognition, and beginning reading skills with frequent visuals and acting out of words. The EGUSD staff are convinced that “English Only” immersion is the most effective method of teaching ESL.

Over the past year, the average age of the ESL student was 35, with 72% being between 18 and 39. Native language breakdown of the RCCC population entering ESL programs in the past year is 61% Spanish, 13.5% Russian, 9% Vietnamese, and 16.5% other languages. In 2007, ESL students averaged 76 classroom hours in 1.8 months.

Hire Hope

Sacramento County has 12 One-Stop Career Centers located throughout the County, which are funded by the Federal Workforce Investment Act through the Sacramento Employment Training Agency (SETA). SETA is a leading state workforce investment agency interested in exploring programs that successfully return ex-offenders to communities.

Hire Hope is a joint program of Elk Grove Adult and Community Education (EGACE), with the One-Stop Career Center located in Elk Grove. Inmates volunteering for the program participate in life skills series combined with vocational training and are shown the path to gainful employment with hands-on assistance from the Hire Hope staff. Participants enroll in 45 hours of job readiness instruction. They start the program while at RCCC, then transition with their case management team to the Career Center. Approximately 20 females and 20 males are

enrolled in job readiness classes at RCCC every six weeks, the duration of the program. In 2006-2007, 411 ex-offenders were provided One-Stop services.

The Hire Hope project has created a trusting relationship and a bond that links the student from RCCC to the SETA/One-Stop Career Center through and after release.

Several County agencies, as well as some private organizations, furnish transportation and obtain temporary housing, jobs, and scholarships for Hire Hope participants. Training for job interviews, résumés, and computer skills is also provided.

Hire Hope was fully funded from mid-2003 to mid-2006. Funding for half of case management and most of support services ended in June, 2006. In 2007, a study of Employment Development Department (EDD) wage earners validated the success of Hire Hope. Of the 269 ex-offenders provided One-Stop Center Services in 2005, 83% reported wages in EDD base wage files one year later. In August, 2007, EGACE and SETA provided six months of fiscal support to continue this Hire Hope program.

Observations

The Grand Jury, in its discussions and tours, made the following observations:

- Occasionally work assignments take priority over classroom scheduling.
- RCCC funding is currently insufficient for additional classrooms to support basic education and re-entry programs.
- Upon release from custody, job prospects are bleak for those lacking rudimentary English language skills. Affected inmates would benefit from a continuous 12-month program with priority on full-time immersion in ESL.
- Hire Hope successfully integrated re-entry services by offering job service activities, job placement services, and community resource referrals. Eighty-three percent of Hire Hope candidates have reported taxable income one year after release, which is remarkable.
- Hire Hope has earned considerable support from the RCCC population, yet there remains a much larger inmate population being released ill prepared to return to society. This is detrimental to the community but does not diminish the success of the Hire Hope model.
- The Hire Hope model is a successful program which would benefit from further support and publicity.

Warren E. Thornton Youth Center Tour

Background

Residents are juveniles who have committed a crime and are sent to the Center per court order. The residents range in age from 12 to 18 years. The facility is coeducational and has a capacity of 110 beds, of which 30 are designated for females and 80 for males. The residents are

committed to the Center for one year. The minimum length of stay is 84 days with the average length of stay less than 100 days. The remainder of the commitment is completed on furlough. The majority of the residents will leave the program and go home. Upon release of the residents, as juveniles, 60%-66% do not re-offend.

Staff at the center does not carry weapons, but does carry pepper spray. Each staff person has an alarm, which when pressed, tells central control to send help immediately. The device is also triggered if a staff member is stationary for seven minutes. Room checks are taken during the night about every 15 minutes.

Upon admission residents are given a substance abuse inventory assessment by the mental health team to establish a level of treatment, if necessary.

At the time of the Grand Jury's tour, the Youth Center's "phase system" was based on accountability, responsibility and respect. The three phases are Apprentice (learner), Journeyman (teaches an Apprentice), and Foreman (oversees apprentices and journeymen).

Residents are allowed parents/guardians as visitors but not siblings over 11 years of age or friends. When they are home on furlough or a weekend pass, they sign a contract to stay home and are given a urinalysis upon return. If they violate their contract, they are dropped back to the last phase completed and have to start that phase over again.

The residents are enrolled in "Evidence Based Programs", including a Drug and Alcohol Intervention class and a Life Styles class (personal behavior and its consequences). There is one vocational program, a physical fitness type class.

Residents' parents/guardians are offered a parenting class during this period. It is a program of eight 45 minute videos with an ensuing discussion. This is a good, but voluntary, parenting skills class. Few parents or guardians take advantage of it.

Residents belonging to gangs are not separated. They are intermingled to force them to confront life style issues. Residents have work assignments which include vacuuming, bathroom cleaning, and yard care. They go to school at the facility five days a week with a permanent teaching staff.

For discipline all residents are sent to their rooms for room confinement. The center is not locked down and children can and do run away. Run-aways usually do not have any plan made, so are picked up within a short period of time.

Observations

- The Youth Center is very well maintained. It is clean and appears well organized.
- Residents are kept busy with a schedule that allows for many rewards for work well done.
- Staff appreciates the importance of giving praise where praise is due and have monthly graduation and award ceremonies.
- The fact that up to 66% do not return attests to the awards approach.

Sacramento County Juvenile Hall Tour

Background

The Sacramento County Probation Department administers the Sacramento County Juvenile Detention Center. This center, commonly known as Juvenile Hall, is a short-term facility. It houses youths awaiting appearances in Adult or Juvenile Court, pending placement in other programs, or serving a court ordered period of detention. Education, recreation, medical care, and counseling, including behavior modification, are provided.

Juvenile Hall was designed to house 261 residents. A planned expansion of 120 beds is scheduled for completion in October, 2008. The new units will be composed of four 30-bed housing pods consisting of single and double occupancy rooms. Renovation of the nine existing units will be completed in 2010.

The facility had a total staff of 351 in September, 2007. Sworn staff consisted of 44 Supervising and Deputy Probation Officers, 172 Deputy Probation Assistants, and 17 Intake and Classification Probation Officers. The balance is non-sworn staff. This total excludes teaching, medical and maintenance staff.

Visiting hours for parents and guardians are available seven days a week from 4:00 p.m. to 9:00 p.m. Walk-up visits are permitted, but most visits are pre-arranged online or by phone. The attractive and immaculate Visitor's Center main room has 27 permanently mounted tables with four attached stools at each table. The nearly new Visitor's Center also has contact and no-contact rooms for special needs.

Observations

- On September 9, 2007, the resident population was 289 (234 boys and 55 girls), 11% over capacity.
 - In addition, 38 juvenile offenders were housed in Yolo County at a cost to Sacramento County of \$200 per person per day.
 - Sixty-six percent of the population was awaiting Juvenile Court appearances, while 17% was awaiting Adult Court appearances. The most serious offenses included 13 murder charges, 13 assault with a deadly weapon violations, and 15 sexual assaults.
 - The Probation Department was monitoring 62 youths under home supervision.
- All of the residents are screened at intake for alcohol and drug dependency and are instructed in health education.
- Health and dental care, including prenatal care, are provided by three full-time physicians and a staff of 50 permanently assigned medical personnel.
- Mental health services are provided by one psychiatrist, 14 clinicians and six recreational therapists. A mental health clinician screens all residents within 24 hours of intake.
- Emergency care, urgent care, and crisis intervention are provided.

- Two closely monitored “Quiet Rooms” provide full views of residents who cannot control their behavior. Suicide gestures occur on a daily basis and are always taken very seriously. There has never been a successful suicide.
- The facility staff uses behavior modification therapy. Every resident starts the day with a set number of points. Inappropriate behavior or infraction of the rules results in subtraction of points, and at a certain level privileges are taken away.
- El Centro Junior and Senior High School provides educational services to the residents. Classes in math, reading, writing, physical education, and computer lab are conducted five days a week throughout the year.
- To accommodate the residents, whose average stay is four weeks, classes are taught in short modules. Class size is 15 students using nine classrooms, four of which are high security units. Additional classrooms are needed. Each class is staffed by one teacher and one teacher’s aide.
- Attendance in class is required by the second day following intake assessment. Emphasis is on improving English and reading skills by one grade level in 30 days and by two grade levels for those incarcerated 90 days.
- A unique coeducational unit deserves mention. During daytime hours, young male offenders (eight to ten years of age) share a unit with older girls (14 to 18 years of age). It appears the young boys behave better when mentored by teen girls, while the girls learn nurturing behaviors. The girls and boys have separate bedrooms and bathrooms. Rules prohibit contact after “lights out.”
- Group dynamics often arise which can make the dormitories difficult to manage. By 2010, Juvenile Hall is expected to fully transition from dormitories to single or double occupancy rooms.

Sacramento Crime Laboratory Tour

Background

The Crime Laboratory is part of the Forensic Services Department of Sacramento County, located on Broadway near the Old State Fair Grounds. The current building was completed in 1996. The Laboratory provides services to over 50 agencies. There is no fee for service to law enforcement agencies (including State agencies) located in Sacramento County. Fees for service apply only to agencies outside Sacramento County.

Funding for the Crime Laboratory comes from the Sacramento County General Fund and Federal/State grants. The current Director, hired in 1991, has been successful in obtaining a number of these grants.

The Crime Laboratory has 53 employees, including three administrative staff members.

Observation

- The expected growth of the County's population is highly predictive of the need for more facility space. Because of the increasing volume of DNA analyses, specific attention should be paid to the need for a stand-alone building for a DNA laboratory. A separate facility to house new, evolving technologies is also likely to be needed in the near future.

EDUCATION COMMITTEE

The role of the Education Committee is to monitor the activities of school districts within Sacramento County, including the Los Rios Community College District. The committee examines citizen complaints alleging school district irregularities and initiates investigations into various education issues. During the current term, as part of its role to monitor school districts, members of the 2007-2008 Grand Jury met with the County Superintendent of Schools and discussed a variety of issues which included the adequacy of the vocational programs provided in County high schools.

High School Tours

Background

Members of the Grand Jury visited three high schools in three different school districts in Sacramento County primarily to assess the adequacy of the vocational programs offered. Each Principal was asked about the school's history, attendance, and Academic Performance Index (API) score.² They were then asked about vocational programs as compared to academic programs. The Grand Jury requested copies of any printed materials available and toured vocational classrooms and laboratories.

Elk Grove Unified School District Valley High School

Meeting Participants: The Principal, Health Tech Academy Instructor, Director of Alternative Education, and members of the Grand Jury.

Statistics: Valley High School is 30 years old, with a population of 1,718 students: 30% African American, 30% Asian, 30% Latino, and 10% other. The API scores are 697 out of a possible 900. The high school has 85 teachers, all of whom are certificated. The Principal stated that, of the 340 seniors, 98% indicated they would like to attend college; however, usually 70% actually will attend. Of this 70%, up to 41% will attend college in the state college/university system.

This high school is affiliated with California State University, Sacramento (CSUS) in a program called "Sac State for All". One hundred eighty students have applied for this program and 79 have been accepted. Students take classes through CSUS while in high school and are admitted directly to CSUS upon graduation.

² The API scores were established as a means of determining where federal funds should go for education. The upper limit of the API scores is 900 with 700 being the acceptable standard. California wants all schools to achieve a score of 800 or better.

Valley High School has a small number of students who “disappear” (drop out) each year. They don’t show up for school, and the school is unable to locate them. The Principal believes the transient nature of the neighborhood in which the school is located is a contributing factor.

School Structure: The school is divided into “academies”. There are 30 offerings through Regional Occupational Programs (ROP), which include auto mechanics, retail sales, hospital/community health, medical assistant, animation, digital photography, computer-aided graphics, and courses on working with children (teachers’ aides, preschool, nurseries). The curriculum consists of classroom studies at the high school and on-the-job training at partnered businesses. Students can graduate from high school with a diploma and a certificate from an academy and go to work in their chosen fields. The academy/ROP programs are governed by the National Career Academy Standards.

Academic Requirements: The “No Child Left Behind” mandate requires all students to take what is known as “A-G Coursework”. These are the basic core courses needed to attend college (English, Math, Science, etc.).

ROTC: The Air Force ROTC program on campus teaches life skills and leadership and is attended by 120 students. After graduation, only a few enlist in the military.

Sacramento City Unified School District Luther Burbank High School

Meeting Participants: The Principal and members of the Grand Jury.

Statistics: Luther Burbank High School is 47 years old. There are approximately 2,000 students enrolled: 37% Southeast Asian, 26% Latino, 19% African American, and 18% other. API scores for this school are 619. There are 118 teachers of whom 82 are certificated. In any given year, over 1,000 students (about half) transfer in and out, with some being on the “disappearance list.” The school is in the process of having some remodeling done (paint, flooring, etc.).

Vocational Program: Luther Burbank has a core program called “Small Learning Communities”. Each student is placed in one of seven categories: Arts and Communication, Construction and Design, Criminal and Social Justice, Information Technology, International and Environmental Studies, Medical and Health Sciences, and Public Services Academy. The school follows the “No Child Left Behind” mandate.

Tour: The Grand Jury was given a tour of a Construction and Design classroom. There were three students with an instructor working on a construction project. The students were building a stage in the quad for school events.

ROTC: The Navy ROTC program on campus has approximately 100 cadets. There were no data provided as to the number that enlist.

**San Juan Unified School District
San Juan High School**

Meeting participants: The Principal and members of the Grand Jury.

Statistics: San Juan High School, at 95 years old, is the second oldest high school in Sacramento. The school recently received substantial funding for extensive remodeling.

In recent years, many students living in the area have taken advantage of the open enrollment option to enroll elsewhere. As a result, enrollment at San Juan High School has declined dramatically. In the last 10 years, the student population has dropped from 1,800 to its current level of 800 students. The student population is 50% Caucasian, 25% Hispanic, 15% African American, 10% other. Of those listed as Caucasian, a significant number are native Russian speakers. A high percentage of students are enrolled in Special Education and English as Second Language (ESL) classes.

The API scores range from 550 to 650. The high school has 45 certificated teachers. San Juan High School follows the “No Student Left Behind” mandate. The school’s educational philosophy is based on these 3R’s: “rigor, relevance, and relationship.”

Vocational Program: San Juan has five career technical education pathways: Culinary Arts and Bakery, Transportation (automotive/aeronautics), Construction Trades, Engineering Design (architectural design), and Media Arts (digital graphic arts, theater production). The school has a broadcast media studio that is operational.

There is a 9th grade “exploratory wheel” which allows students to rotate among the various pathways. The students are not locked into a pathway and may switch to another if they so desire. San Juan High School offers summer camps for 6th to 8th graders so they can sample the classes available.

Other Programs: San Juan High School has Special Education classes, some of which are for autistic students.

The culinary classroom was built in the early 1900’s. A new one is being planned with a fully-functioning kitchen and restaurant. It will allow meals to be made and served by students to paying customers.

American River College offers concurrent course work at San Juan High School for seniors planning to attend college.

Observations

- All three schools adhere to the “No Child Left Behind” mandate.
- The philosophies of Valley and San Juan High Schools emphasize vocational preparation and the importance of students being able to earn a living while attending college.
- Valley High School uses off-site facilities for its job training programs due to a lack of available classrooms on campus.
- Staff members at Valley and San Juan High Schools appear enthusiastic about the future and are excited about the plans to expand the vocational programs at their schools.
- The API scores at all three of the high schools visited were below the acceptable 700 level.

ENVIRONMENT, PUBLIC WORKS AND SPECIAL DISTRICTS COMMITTEE

The Environment, Public Works and Special Districts Committee oversees city and government services in addition to all special government districts in Sacramento County. These districts include all water, sewer, and garbage districts, as well local and regional park and recreation districts. State districts, such as the local Air Quality Management Districts, are not within the jurisdiction of this Committee of the Grand Jury.

This committee reviews and investigates all accepted complaints on government activities as well as overseeing complaints relating to the subject matter of these operations, such as the environmental impacts of water, sewer, and other special use district operations.

Rancho Seco Nuclear Power Plant Tour

Background

Rancho Seco Nuclear Power Plant, a SMUD-owned enterprise, has been closed since the late 1980's. Decommissioning and disassembly has been underway since then and is nearly complete. Currently, Rancho Seco is in the final stage of the decontamination of small isolated radioactive spots. Even though they pose no threat to human health and the environment, these spots are nonetheless being removed.

The principal reason for the visit of this Grand Jury was to view the spent fuel dry storage area and to inquire into the fiscal soundness of the security plan. Prospects for Federal repayment of costs associated with storage to-date and future storage were discussed.

The cost for secure storage at the site is approximately \$3.5 million per year, 90% of which is labor. Extensive technological security systems provide around-the-clock monitoring and rapid response capability throughout the area. SMUD has a contingency plan for funding continued secure dry storage of the spent fuel rods and contaminated metal, absent the Federal funding which is being sought.

SMUD is proactively seeking other business enterprises to capitalize on Rancho Seco's remaining infrastructure and commercial/industrial capacity. A gas-fired energy plant has been constructed nearby on land leased from SMUD. It ties into the electricity power grid at that point. Even after taking into account the costs and logistics of such a remote location, there are some other businesses which are considering locating to the vacant buildings at Rancho Seco.

Rancho Seco's mission statement is a valuable insight to its objectives and accomplishments. It reads:

"Safely decommission Rancho Seco such that adverse impacts to the environment and public health and safety are precluded, costs and risks to the District are minimized, and options for site re-use are preserved."

From the perspective of the Grand Jury, SMUD's accomplishments and actions are successfully implementing this mission.

Observations

- The Rancho Seco facility is not operating and is fully decommissioned. SMUD has substantially completed the disassembly process and is now involved in numerous small clean-up activities.
- Secure dry storage for the spent fuel rods and other contaminated metal structures is sufficient to meet the needs of storage of this material, absent a long-term Federal repository elsewhere.
- The spent fuel rods are safely encased in protective containers which, when a long-term site is approved and opened, can be safely moved via rail.
- On-site leadership is competent, professional, and well versed in all aspects of the operation. Management's experience level reaches back to the days when the plant was operational. Corporate knowledge is cited as an international example of "how to do it right". Rancho Seco often hosts international visitors who come to view how the closure, decontamination, and disassembly has progressed. As other countries begin to face the prospect of managing spent fuel assemblies over the long term, Rancho Seco serves as a model.
- SMUD's budget provides for long-term dry storage, if Federal funds are not forthcoming. These provisions will not adversely impact ongoing operations and maintenance activities for other SMUD projects.

Sacramento International Airport Tour

Background

The Sacramento Grand Jury visited Sacramento International Airport and received a full briefing on airport operations as well as a tour of the physical plant.

In addition to Sacramento International Airport, Sacramento County has two other major airstrips within its borders: Mather Field and McClellan Business Park, both former U.S. Air Force bases. The County also operates Executive Airport, a general aviation facility.

Sacramento International Airport has benefited from a long-term commitment by local leaders to develop a regional international airport to service primarily passenger and business air travel. Two runways exist now, but a third is planned for future development as the need arises.

Observations

- The overall mission of the airports within the county is to operate in a safe, convenient, and economical manner. The Grand Jury was impressed with the professionalism, competence, and commitment of the leadership at Sacramento International Airport. The budget and fiscal picture showed a commitment to fiscally sound operations now and in the future.
- In discussing cost containment efforts, the administrative staff offered no compelling reasons for not privatizing some functions outside the secure areas of the airport, such as lawn maintenance, etc. It was stated that although contractors do exist throughout the airport, even in secure areas, county rules and policies prohibit the use of contractors when county employees are available to do a specific task.
- There are plans for major development at Sacramento International Airport and these plans include specific proposals for financing. Discussions are ongoing regarding public acceptance of cost and the impact on surrounding areas. A specific commitment to local sales of financial instruments (bonds) should be carefully considered when financing airport expansion, rather than giving all financing opportunities to institutional investors with few local ties. Local financing could reap rewards well beyond the financing itself, achieving community “buy-in” to airport activities. The recent first bond sale included one brokerage house with a commitment to local sales of these investment instruments. It is hoped the second issuance now scheduled for December, 2008, (as well as future offerings) will also include one or more brokerage houses committed to local sales.

HEALTH AND HUMAN SERVICES COMMITTEE

The role of the Health and Human Services Committee (H&HS) is to investigate and gather information on policies and procedures of health and human service agencies serving the residents of this county. The Sacramento County Department of Health and Human Services includes the Division of Public Health, Senior and Adult Services, Alcohol and Drug Services, Child Protective Services, Mental Health Services, and Primary Health Services.

Sacramento County Department of Health and Human Services Senior and Adult Services In-Home Supportive Services Program Tour

Background

The Department of Health and Human Services is a large, complex, county-wide agency composed of six divisions: Public Health, Alcohol and Drug, Mental Health, Primary Health, Child Protective Services, and Senior and Adult Services. In-Home Supportive Services (IHSS) is one of the programs operated by Senior and Adult Services.

IHSS serves approximately 20,000 clients. Elderly and frail, blind, and/or disabled people who meet the low income criteria are eligible for this service. Care consists of housework, meal preparation, escort, and personal care services. There are over 19,000 care providers, suggesting that most of them assist only one person. These services are designed to keep people in their homes and as independent as possible. The population served will expand as more people are successfully treated for injury or disease and live longer.

Caseworkers make an annual assessment visit, unless the condition of the client warrants more frequent attention. If a client, caregiver, or other interested person (e.g., a relative or neighbor) believes that a client's status has changed, a re-assessment visit can be made. Often the client is involved with another Sacramento health or social services agency, so coordination of services is required.

IHSS is a state- and federally-funded program operating in all counties. The program is administered under state law and regulations. California's current budget for IHSS is \$4.5 billion, \$4.3 billion being for wages and benefits.

The IHSS recipient is an independent contractor or employer – hiring, firing, training, and supervising his/her own caregiver.³ In California, as opposed to some other states, the client can hire a friend or family member or choose a provider from the IHSS list. IHSS issues checks to the caregivers based upon the hours authorized and served, as verified by the IHSS recipient.

³ Welfare and Institutions Code §§ 12301.6 (c) (2) (B) and 12302.25 (a)

Recipients are given a variety of materials, in English or Spanish, detailing their rights and responsibilities. The County supports its IHSS recipients with an abundance of materials. Prepared in 2006 by the Institute of Social Research at California State University, Sacramento, the “Consumer Handbook” provides comprehensive information for recipients in all counties.

A specific sub-group of clients do not have the capacity to adequately hire, fire, train, and supervise their caregivers. While they may not possess the ability to understand payroll documents and other aspects of the employer/employee relationship, their condition does not warrant removal from their homes.

Sacramento County is unable to fiscally support contracting with a home care agency to hire and supervise caregivers (as is provided in some states). There are insufficient funds to pay the administrative costs of such a program. It cannot be supported by taking money from caregivers, who are already near the low end of the wage scale.

There have been bills introduced in the State Legislature to provide specifically for this group, but such efforts run contrary to the interests and desires of handicapped persons receiving IHSS, who are adamantly opposed to any provisions that might impinge on their ability to manage their own care.

Observations

- Providing services to keep people at home is more desirable than institutionalization. As the population ages, the number of people requiring IHSS will increase, with those over 85 years of age being the fastest growing segment of clients. One policy expert stated, “We are so unprepared for the aging of baby boomers that it’s frightening.”
- IHSS caseworkers have large caseloads, preventing them from devoting sufficient time to individual cases which may require more attention. Counties are funded for eight hours of case management per client, per year. It does not seem likely that in the near term there will be additional funds to hire more caseworkers. The Grand Jury takes note that the issues and dilemmas here presented are not unique to Sacramento County. Increased funding is the responsibility of federal, state, and local governments.
- Currently, there is uncertainty as to the size of the population that cannot easily or continuously be a successful “employer” of a home caregiver. Efforts should be made to identify the size of this population.
- There needs to be continuing effort at the state and local level to reconcile the competing interests of the various groups served by IHSS, so that the less mentally competent can be served properly by this program.

Sacramento County Public Health Laboratory Tour

Background

The Sacramento County Public Health Laboratory (PHL) was founded on the belief that the prevention of disease is vital to a community's well-being. The Laboratory is a key resource for information to community medical providers regarding communicable diseases and possible bioterrorism agents.

The Laboratory performs diagnostic tests for infectious diseases for the county's public health clinics, AIDS prevention programs, primary care clinics, jails, and environmental health units, as well as private and non-profit organizations. The PHL is mandated to confirm cases of emerging and well-known diseases, such as typhoid, salmonellosis, malaria, multi-drug resistant tuberculosis, rabies, anthrax, plague, brucellosis, cholera and diphtheria. It interfaces with the State Public Health Laboratory in Richmond and serves as a reference laboratory for flu and West Nile viruses.

The PHL includes a state-of-the-art bioterrorism section that is on-call day and night to test for potential bio-threat agents. The PHL also conducts HIV and bioterrorism tests for other counties in California.

The Sacramento County Public Health Laboratory is one of 17 laboratories in the state that share information with the national Centers for Disease Control and Prevention. There are 166 such contributing laboratories in the nation. The PHL also works with the Coroner's Office as requested.

The Laboratory places a high value on training, with emphasis on quality control and safety. The PHL provides internship experience required for certification as a public health microbiologist.

Observation

- The pay scale for microbiologists in Sacramento County lags behind other counties. Recruiting and retention of qualified professionals is difficult, due to a shortage of public health microbiologists in the state.

Sacramento County Department of Health and Human Services Primary Health Care Clinic and Pharmacy Tour

Background

Sacramento County's Department of Health and Human Services is a core provider of services to, and protector of, county residents. It is a large agency with many divisions. The Grand Jury visited two divisions – the clinic and the pharmacy – in March, 2008.

These two services occupy one modern building on Broadway. Each has several satellite locations in other parts of the county. Two that are reasonably near the main facility are due to relocate to the main building within the year. The Grand Jury briefly toured the waiting rooms and pharmacy and met with the director of each service.

Approximately 150,000 visits per year take place at the several clinic locations. The patient load does not include children, and the waiting areas are not equipped for them. The clinic and the pharmacy serve an indigent population, including General Assistance recipients, undocumented residents, and persons who lose their Medi-Cal coverage after they are arrested and booked. Interpreters for 26 languages are available in the clinic, with phone access for other languages. The pharmacy can draw upon interpreter services as needed.

The clinic's annual budget approaches \$36 million with the county providing over \$21 million of the total. Federal, state, and other funding sources constitute the balance.

The clinic is a much sought after 4th Year Residency placement at the University of California, Davis, Medical School. Instituting this program is one of the ways the clinic has tried to keep pace with increasing usage of its services without a corresponding increase in budget. In the face of cuts over the last few years the clinic has reduced administrative positions in order to retain medical personnel.

Utilizing appointments has significantly reduced waiting times to see doctors or nurses. It has the added benefit of having the clinic look and feel more like a doctor's office. In the waiting room set up for those with appointments, waiting time is about half an hour. For those without appointments, there is a triage nurse. Waiting time can be up to 6 hours, based on the urgency of need. Contractual agreements with several hospitals exist to provide care that is beyond the clinic's level of service.

The clinic has started setting up voluntary group meetings for persons with certain specified diseases (diabetes, asthma, hepatitis C, hypertension) and soon plans to start a group for those with congestive heart failure. On-going treatment information is well handled in groups facilitated by a medical professional. This system has been quite successful and is reported to be popular with participants, who share information and experiences. Physical examinations are still performed by physicians. This program has the additional benefit of removing patients from urgent care. The clinic has received a grant to increase this service.

The clinic does not yet have an automated medical records system, but there are plans for one in the future.

The pharmacy, though a separate organization, operates in close coordination with the clinic. The 2006-2007 Grand Jury reported that the pharmacy's pay scale made it non-competitive with similar private or hospital-based services. The 10% pay raise given pharmacists within the past year, in addition to stable hours (no evenings or weekends), has reduced vacancies from five to two. There are currently 16 full- and part-time pharmacists employed in the pharmacy.

The pharmacy fills 1,500 to 1,700 prescriptions daily, or well over 300,000 annually. This is a daily increase of 300 to 400, or an annual increase of 70,000 from a year ago. An even greater increase is expected if the current economic downturn continues.

Waiting time for a prescription varies between a few hours and a few days. Concern was expressed by the director that the average wait has gone from two to four hours; he and his staff are working to reduce this. Currently, patients coming from the clinic bring hand-written prescriptions with them due to the clinic's lack of a computerized medical records system. Such a system would provide automatic transfer of legible prescriptions.

The pharmacy serves as the central pharmacy for the County's correctional institutions. Pharmaceutical services are being developed by the Sheriff's Department and, when operational, will relieve the County pharmacy of this responsibility. It also has medication responsibility for County residents who are housed in out-of-county mental health institutions.

Last year's Grand Jury noted that the pharmacy's computer system was not fully operational. There is now a "call-in" system enabling patients to renew their prescriptions by telephone and receive a "time-certain" to pick up their medications. This is efficient and of benefit to pharmacists as well as patients.

Medications not picked up within a week are manually re-stocked. This system involves looking through thousands of prescriptions, but helps reduce medication costs.

Observations

- The Grand Jury was impressed with the strong, service-centered, and cooperative leadership of the clinic and pharmacy. Asked about possible cuts in their budgets, both directors agreed that administrative costs would be reduced and innovative ways of maintaining services attempted before cuts in service to their mostly indigent patients would take place. The maintenance of the clinic and pharmacy services helps prevent more expensive hospital visits.
- The Clinic Director noted that the demand for services increases about 10% a year. In times of recession, General Assistance can increase up to 30%. It could be that the clinic is facing a 40% to 45% increase in demand for services at a time when the budget for the County clinic system may be cut. A loss of medical services would adversely impact the area's emergency rooms and the health of many residents of the County.

Children's Receiving Home Tour

Background

The Children's Receiving Home (CRH) of Sacramento was established in 1944 for abused and neglected children. It has been at its present location on Auburn Boulevard since 1965.

While most such institutions throughout California and the country are now publicly funded, this is a private non-profit facility operating in conjunction with the Sacramento County Department of Health and Human Services and the Sacramento County Superior Court. CRH has a \$7 to \$8 million annual budget. Fifteen percent is from charitable contributions. Administrative costs are about 10%.

CRH is a temporary emergency shelter providing early intervention to stabilize children who have been removed from their homes. They may be returned to their parents or other relatives or placed in foster or residential care after a court hearing. The average stay is 25 to 30 days.

The children at CRH range in ages from 1 to 17 years old. Children under one year of age are placed immediately into foster care.

In addition to providing food, shelter, and clothing, the Children's Receiving Home offers counseling, medical and dental care, and psychological services. During their stay, each child is observed in all settings to facilitate a successful placement. The children have an opportunity, while interacting with other children, to realize that others have had similar experiences and that what has happened to them is not their fault.

Campus-like facilities can accommodate 98 children in cottages of 9 or 10 beds, each designated by age group. During the course of a year, CRH serves up to 1,800 children.

The staff of 160 includes intake staff, resident counselors, medical staff, kitchen staff, mental health workers, social workers, facility maintenance workers, and administrators. There are two adults at each cottage site at all times.

Heavy reliance is placed upon a dedicated volunteer staff of 120 who do much of the monitoring and comforting of children on the campus. Many of these volunteers have been donating time for years and are an essential part of the success of the institution.

Education is provided by Valley Oaks School, an on-site accredited facility operated by the San Juan Unified School District. There are four cluster-grade classrooms with teachers, assistants, and, at times, volunteers. An enrichment program for 2- and 3-year-olds provides preparation for preschool. Preschool is provided for 4- and 5-year-olds.

Observations

- The facility is open, clean, comforting and welcoming. Attractive cottages provide housing which avoids the appearance of institutional living. Children were participating in play, school, and volleyball in the gymnasium during the visit of the Grand Jury. This is not a sad place.
- Currently one doctor from the University of California (UCD) at Davis Medical Center is on duty one day a week. This is not enough. Additional medical and mental health specialists are needed. The Grand Jury believes that the CRH offers an exceptional learning opportunity for the UCD Medical School to provide real life experience to those who have chosen medicine as a profession, while fulfilling a dire need at the Children's Receiving Home.
- Volunteers play a major and critical role in making the children feel welcome while adjusting to the new environment. A number of organizations support the Children's Receiving Home, but there is ample opportunity for more volunteers.
- The Children's Receiving Home is now engaged in an effort to build its endowment. A larger endowment would enable the facility to continue to maintain the wide range of services available to the children in its charge.

Sacramento Children's Home Tour

Background

The Grand Jury toured the Sacramento Children's Home (SCH) in April, 2008. The motto over the archway in the entry hall reads: "Caring for Children and Families Since 1867". SCH was started over 140 years ago by volunteers who recognized that a place was needed for children orphaned by parents who perished in a cholera epidemic or were abandoned by them during the Gold Rush.

The facility on Sutterville Road houses 50 residents, from 6 to 18 years of age. Placement at SCH is reserved for those who are unable to be maintained at home, have no supportive extended family, or cannot adjust to foster care. Separate cottages for boys and girls are located behind the big brick building on Sutterville Road that has been a landmark for decades. Also in back is a building housing a gymnasium and music and art rooms. A small outdoor swimming pool, open during warm weather, is located on the campus.

After testing to determine their special needs, the 50 residents are transported to 24 different schools. SCH has in its care children who need intensive mental and emotional therapy. They are housed at the main facility or in one of its many levels of home and foster care. Commonly

are housed at the main facility or in one of its many levels of home and foster care. Commonly behind their peers in social and academic skills they create difficulties for themselves and others in a public school setting. “Acting bad is better than showing a lack of knowledge” in the minds of these young people, according to SCH administrators. “Mainstreaming” them in public schools continues, but is generally not successful. The staff noted that there are not enough specialized education opportunities (especially remedial classes) where children can build their educational confidence and basic academic skills.

SCH provides after-school programs and tutors to help its residents with school and life skills. The facility has instituted a program utilizing volunteers who stay with the children as they “age-out” of the system. Many of the children have never known anyone who cares for them who wasn’t paid to do so.

The Sacramento Children’s Home also runs a wide variety of community-based programs, helping 3,500 children and 1,800 families a year. A wide range of services is provided at three Family Resource Centers located in areas of highest need: North Sacramento, South Sacramento, and Meadowview. These are in addition to home-based services. The Centers’ programs run the gamut from pre-natal to parenting to healthy marriage classes. Mental health and public health nursing services are also provided. All programs, supported by County and grant funding, are free and are geared to support and maintain families and family life. Participation is open to the whole community. A major goal is to help children remain with their families (natural or foster), rather than having to reside at the Sutterville Road facility.

Additionally, SCH runs the Crisis Nursery in Carmichael for newborns to 5-year-olds. It offers respite care from 7:00 a.m. to 7:00 p.m. and overnight care. These are voluntarily placed children who are cared for while families seek help for problems. The goal is to keep the children out of the child protective system. Usually, children do not remain at the Crisis Nursery for more than 30 days.

Observations

- The Sacramento Children’s Home works to treat families and children with “wrap-around” programs that deliver a full range of services. These are delivered at home or in critically located centers. Beds in residential facilities, especially “orphanages”, are being replaced by foster care locations. Out-patient care is preferred and funding is following these favored modalities. However, there is a group of children, with severe emotional and behavioral problems, for whom residential care and treatment is the last – and only – alternative. Institutions which provide this kind of care are necessary in the continuum of care for troubled and abandoned children.
- A group of “graduates” provides evidence of success by their continued participation in SCH programs. The many volunteers involved in SCH programs demonstrate community support for this institution. For example, the Casa Garden restaurant, on the

grounds of SCH, is operated primarily by volunteers. It has been in existence for decades and is a testament to the commitment of volunteers to SCH programs.

- Beyond a loving and supportive home and therapeutic environment, education is a central component of a successful future for children. Educational opportunities for SCH children are limited. Some non-public schools accept these children. For example, two SCH residents are bussed daily to schools in El Dorado County. There is a need within the public education system for alternative education programs with small classes geared to children at varying stages of development.
- SCH does not have an endowment. It receives public funding, income from some commercial property located on its campus, and donations. Establishing an endowment is a priority for its C.E.O. and Board of Directors.

Sacramento County Grand Jury

**Comments and Updates on Responses to the
2007-2008 Isleton Report and to
Selected 2006-2007 Grand Jury Reports**

Isleton

Small City – Big Challenges

Issue

Can Isleton correct its long-standing governance, management, and fiscal problems?

Reason for Investigation

Upon receiving a number of complaints from several residents of Isleton – including city employees – the 2007-2008 Grand Jury launched an in-depth investigation into the workings of Isleton's city government. This report documents the facts and findings of the Grand Jury's investigation.

Response Requirements

As the Grand Jury stated in its cover letter to the Report, "This report is released now so the appropriate authorities and responsible parties will respond within 90 days as required by law and before this Jury's term of service ends on June 30, 2008. Only in that way will the citizens and leadership in Isleton understand that our recommendations are not hollow or unilateral since this Grand Jury will have the ability to comment upon the responses in our final report on June 30, 2008."

Responses were required from both the Sacramento County Board of Supervisors (Findings and Recommendations 12 and 13) and the Isleton City Council (all other Findings and Recommendations). Both entities responded in a timely manner.

Comments and Updates on Responses to Findings and Recommendations

The Grand Jury's Comments and Updates summarize and combine responses as the issues in the Report are interrelated.

Summary of Finding and Recommendation 12

Due to the many fiscal and organizational challenges Isleton faces, the Grand Jury recommended that the County identify a senior executive to assist the City.

Summary of Response by County Board of Supervisors

The County did not concur. It did agree, however, that as needs arise, on a “case-by-case basis, subject to staff availability and scope of the requested service,” the Isleton City Council could request the County’s assistance. Each such request would be set forth in a written agreement. Although the County did not concur with Recommendation 12, it did state its willingness to provide certain assistance (see Response to Recommendation 13).

Comment: The 2007-2008 Grand Jury, while regretting the non-concurrence, recognizes that the County Board of Supervisors has given this close attention. The Board has carved out a workable “middle-ground” in which the limitations, needs, and responsibilities of both the County and City are recognized.

Summary of Findings and Recommendations 2 and 13

That the City request, and the County agree, to the latter providing account management and (fiscal) record keeping services.

Summary of Responses

The City and County both concurred, and a proper system is being established. The City will pay the County the cost of these services. The Grand Jury takes notice that this is an example of, and a “blueprint” for, implementing Recommendation 12.

Summary of Finding and Recommendation 3

The City of Isleton must work to secure long-term financing to consolidate debts, and it must be serviceable within the City’s budget.

Summary of Response

The City of Isleton concurred and, as of this writing, anticipates it will accomplish this within the near future. The Grand Jury takes note that the County has been active in, and supportive of, the City in negotiating a debt consolidation loan.

Summary of Finding and Recommendation 4

The Grand Jury found that Isleton has “. . . an uncertain form of governance. . .” and recommended a full-time and “strong” City Manager form of government be established.

Summary of Response

The City of Isleton, through its elected City Council, concurred. On May 14, 2008, the City Council implemented these recommended government changes.

Summary of Findings and Recommendations 1 and 5

Finding 1 noted the need for “Training in proper procedures for the conduct of government business. . .” Finding 5 iterated this need, especially in regard to impact fees for new development. The Grand Jury recommended both generalized education in the conduct of government business and specifically that “. . . representatives . . . acquire expertise . . . to calculate impact fees.”

Summary of Responses

The City concurs and has provided training in response to Finding 1/Recommendation 1. Specific training is not mentioned in the response to Recommendation 5, but the City is actively seeking to re-open the current, and only, impact fee agreement it has. It is the City’s intent to negotiate all future development agreements that may come before the City for approval with the intent of ensuring that the development impacts are properly addressed prior to any project approval.

Summary of Finding and Recommendation 6

The Grand Jury found that, despite advice of Isleton’s legal counsel, Redevelopment Funds were co-mingled with General Funds.

Summary of Response

Isleton concurs. Adherence to this Finding and Recommendation is part and parcel of Isleton’s agreement with the County (Recommendation 13) and in the City’s concurrence with Recommendations 1 through 5.

Summary of Findings and Recommendations 7, 8 and 9

These three Findings and Recommendations deal with the Isleton City Fire Department, and its relationship to nearby fire districts, as well as to its own firefighters.

Summary of Responses

Isleton concurs. It has hired a fire chief who is implementing and establishing mutual and automatic aid agreements. The City has severed official ties with the Firefighters Association. The Association continues solely as an independent social organization.

Summary of Remaining Findings and Recommendations 10, 11, and 14

The remaining three Findings and Recommendations deal with securing additional funds for the Police, operation of the Annual Crawdad Festival, and the need to investigate disincorporation, if necessary.

Summary of Responses

The City of Isleton concurred with these recommendations.

A Grand Jury Observation

This report has been received quite differently from previous Grand Jury reports. It is being taken seriously as a plan for the future of Isleton. The acceptance and initial implementation by City government are positive steps to meeting Isleton's challenges.

The 2006-2007 Grand Jury Final Report, quoted verbatim below, contained two reports on flood control and development issues in the Natomas area of Sacramento. The 2007-2008 Grand Jury's comments on the responses by the City and County of Sacramento to these two reports have been combined.

North Natomas: Development Gone Awry

Issue

Does the reality of the development in North Natomas today reflect the City of Sacramento's original planning goals?

Until minimum flood protection is certified in North Natomas, is public safety at risk by allowing continued development?

Reason for Investigation

Prior to issuing its Final Report, the 2006-2007 Grand Jury issued an early report entitled "The Kings and City and County of Sacramento: Betrayal in the Kingdom?" That report noted that the arrival of the Kings put pressure on Sacramento to allow development in North Natomas. That Grand Jury investigation led to an investigation concerning the development of North Natomas.

The Flood Risk in Sacramento County

Issue

Is the broad public interest being served by allowing development to continue in Sacramento's high flood risk areas before the flood risk is reduced?

The 2006-2007 Grand Jury reviewed the history of flooding in Sacramento County and focused on three items for discussion. Those items were the level of flood protection being sought, temporary cessation of development in the flood plain, and flood insurance in at-risk areas.

Reason for Investigation

Many agencies, local elected officers and other officials responsible for protecting life and property from flooding in Sacramento County have been trying to reduce the flood risk since settlement began in the area. After the Hurricane Katrina flood disaster in New Orleans in

October 2005, Sacramento was identified as among the nation's cities most vulnerable to flooding. There is continuing controversy over how to achieve better flood protection.

Summary of Findings

Both the City and County of Sacramento are continuing to allow building in areas in North Natomas which do not have 100-year flood protection.

The 2006-2007 Grand Jury found that the City and County have been put on notice of their failure to meet minimum flood protection levels in this area. This raises a question of responsibility and liability for flood-related damages and loss of life should levees in the newly permitted areas fail.

Summary of Recommendations

The prior Grand Jury recommended that the City and County should immediately stop issuing permits or allowing any further building in the North Natomas Flood Plain until the United States Army Corps of Engineers certifies that 100-year flood protection exists in that area. This cessation of development was deemed "imperative" by the prior Grand Jury in its Final Report. Extending the policy until 200-year protection is achieved was "highly recommended".

Summary of Responses by the City and County of Sacramento

In response, the City contended it already complies with the National Flood Insurance Program (NFIP), a portion of the Federal Emergency Management Agency (FEMA) plan. The City proposed that development could continue and that it will only approve development consistent with the current (*emphasis added*) FEMA flood zone maps and regulations.

Further, the City noted that FEMA has not yet determined which new flood zone designation to apply to the Natomas Basin. The City (and County) has requested an "A 99" zone designation, which would permit development within areas impacted by existing levee systems not meeting the 100-year standard, but which are funded for those improvements in the future. The City concluded by saying it would comply with the new FEMA designations once the levees were improved.

Sacramento County responded that it has only approved nominal development in the unincorporated areas of the Natomas Basin. FEMA has not yet determined the new flood zone designation for those areas and thus the County (and City) has asked for an "A 99" designation permitting current development to go forward pending improvements. The County has not issued any new permits since FEMA's temporary "A 99" designation was rescinded.

The County also contends the current County General Plan already restricts residential development in flood plains reclaimed by new (*emphasis added*) levee construction unless 200-year protection is in place. However, the County is issuing "ministerial permits" for new residential and commercial buildings on existing lots consistent with NFIP regulations.

Comments and Updates to Both Responses

In the opinion of the 2007-2008 Grand Jury both the City and the County did not answer the 2006-2007 Grand Jury's recommendations "to immediately stop allowing any further building in the North Natomas Flood Plain."

FEMA rescinded the "A 99" designation in September, 2007, thus effectively disallowing unrestricted development in North Natomas until a 100-year flood protection is achieved and certified. Federal regulations are consistent with the prior Grand Jury's recommendations, and should be fully complied with by the City and County of Sacramento until a 100-year certification is achieved.

The City's response ignores defects in its development policy without a finding by the Army Corps of Engineers (Corps) of sufficient current protection to enable some development to occur while levee improvements are being made. Simply stated, without an "A 99" designation in place, no further development should occur.

The artifice of issuing "ministerial permits" is designed solely to subvert the intent and protection of FEMA's levee requirements and the Corps' certification process. Lack of this level of protection puts citizens who live or work in this area at risk, creating possible liability for both the City and County.

Sacramento County Sheriff's Department Work Release Division

Issue

The 2006-2007 Grand Jury evaluated the Sheriff's Department Work Release Division to determine whether the department is efficient, properly staffed and sufficiently promoted in the community.

Reason for Investigation

California Penal Code § 919(b) requires the Grand Jury to inquire into the condition and management of county jails.

Finding #1 by the 2006-2007 Grand Jury: There is inadequate staffing in the Work Project Field Operations. The Work Release Division has requested an Additional Growth Request for a position in this operation five times since 2002, but the Sacramento County Board of Supervisors has denied its request due to budgetary restraints.

Response to Finding #1 by the Sheriff's Department: Concur. The Sheriff's Work Release Division has submitted Additional Growth Requests during the last four budget cycles for an additional Sheriff Sergeant position. Due to overall Sheriff's Department needs, and the limited resources of the Board to fund only the top priority requests, this request was not forwarded as one of the Department's most urgent requirements.

Recommendation #1 by the 2006-2007 Grand Jury: One additional Work Project Field Operations sergeant must be allocated to address this workload. This sergeant would share in the supervision of up to 36 deputies per week.

Response to Recommendation #1 by the Sheriff's Department: Concur. The Sheriff's Work Release Division requested a second Work Project Program Supervisor (Sheriff Sergeant) be funded this fiscal year. As in past years, due to overall Sheriff's Department needs and the limited resources of the Board, this request was not forwarded as one of the Department's most urgent requirements.

Comment by the 2007-2008 Grand Jury

The 2007-2008 Grand Jury is mindful of past requests for the additional Sergeant's position for the Sheriff's Work Release Program. The Sheriff's Department concurred with the need for an additional supervisor, but not to the extent that funding was requested. This Grand Jury believes this position warrants higher consideration and should be funded.

The Work Release Program assists the county in controlling jail overpopulation, saves the county from increasing financial pressures associated with incarceration, decreases dependency on county services, and allows the convicted individual to remain employed during the length of sentence.

This Grand Jury believes that the Department's characterization of this request as "not urgent" is shortsighted. This Grand Jury appreciates the other needs of the department; however, the importance of the Work Release Program should be recognized by providing the necessary personnel to support this worthy and effective program.

Rancho Seco Nuclear Power Plant: Maintenance/Disposal of Radioactive Waste and Used Nuclear Fuel

Issue

Are all reasonably necessary steps being taken regarding the storage and disposal of radioactive waste and used nuclear fuel produced at the Sacramento Municipal Utility District (SMUD) decommissioned Rancho Seco Nuclear Power Plant (Rancho Seco)?

Reason for Investigation

The 2006-2007 Grand Jury initiated this investigation to determine 1) the status of radioactive waste and used nuclear fuel storage/disposal at Rancho Seco, 2) if adequate steps are being taken to protect the public from release of radioactive materials, and 3) if all appropriate steps are being taken to ensure that used nuclear fuel is being removed and stored in a safe and timely manner.

Background: The 2006-2007 Grand Jury recommended, among other things, that SMUD seek federal compensation for the storage and security of spent nuclear fuel, if the fuel is not moved to a repository elsewhere.

Summary of Responses by SMUD: SMUD responded by stating that, in its opinion, it was unlikely the proposed central repository for spent nuclear fuel at Yucca Mountain, Nevada, would ever open. SMUD also responded that financing and funding for the storage and security of the spent nuclear fuel was the subject of litigation. SMUD prevailed in its claim that the federal government is responsible for these costs. That case has been appealed by the federal government.

SMUD further responded that, even in the event of a reversal of the lower court decision to hold the federal government responsible, SMUD has budgeted sufficient funds to pay for the ongoing storage and security of the spent fuel if necessary. It further stated the impact on the operations and maintenance budget for this contingency is not significant.

Comments to SMUD's Responses: The 2007-2008 Grand Jury has reviewed SMUD's response to the Findings and Recommendations of the 2006-2007 Grand Jury regarding the costs for storage and security of the spent nuclear fuel at Rancho Seco. This Grand Jury concurs with SMUD's response which indicates first, that the federal government is responsible for the cost of storage and security for the spent nuclear fuel. Second, this Grand Jury also concurs with SMUD's observation that, should the decision of the lower court upholding SMUD's contention be reversed, SMUD has the capacity to provide safe storage and security within its operations and maintenance budget for as long as necessary. Finally, this Grand Jury is hopeful that a federal repository will be identified for the storage of spent nuclear fuel.

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GRAND JURY COMPLAINT FORM

PERSON OR AGENCY ABOUT WHICH COMPLAINT IS MADE

NAME: _____

ADDRESS: _____

TELEPHONE NUMBER: _____

GRAND JURY USE ONLY

DATE RECEIVED: _____

NUMBER: _____

SUBJECT: _____

NATURE OF COMPLAINT: Describe events in the order they occurred as clearly and concisely as possible. Also indicate what resolution you are seeking. Use extra sheets if necessary and attach copies of any correspondence you feel is pertinent. Documentation becomes the property of the Grand Jury and will not be returned. **Please note: The Sacramento County Grand Jury has no jurisdiction over state or federal agencies, the courts, judicial officers, private companies or most organizations.**

WHAT PERSONS OR AGENCIES HAVE YOU CONTACTED ABOUT YOUR COMPLAINT?

Person or Agency	Address	Date of Contact	Result

WHO SHOULD THE GRAND JURY CONTACT ABOUT THIS MATTER?

Person or Agency	Address	Telephone No.

YOUR NAME: _____ DRIVER'S LICENSE NO.: _____

ADDRESS: _____ TELEPHONE NO.: _____

The information I have submitted on this form is true, correct and complete to the best of my knowledge.

Complainant's Signature _____

Date _____



SACRAMENTO COUNTY GRAND JURY COMPLAINT FORM

A major function of the Sacramento County Grand Jury is to examine local county and city government, special districts, school districts, and any joint powers agency located in the county to ensure their duties are being carried out lawfully.

The Grand Jury:

- May review and evaluate procedures used by these entities to determine whether more efficient and economical methods may be employed.
- May inspect and audit the books, records and financial expenditures as noted above to ensure that public funds are properly accounted for and legally spent.
- May investigate any charges of willful misconduct in office by public officials.
- Shall inquire into the condition and management of the public prisons within the county.

Anyone may ask the Grand Jury to conduct an investigation of an issue within its jurisdiction. Whether it chooses to investigate such a complaint is entirely in its discretion and may be affected by workload, resource limitations or legal restrictions. It is important to note that the Grand Jury may

not investigate a matter that is currently being litigated in the court system.

By law, the proceedings of the Grand Jury are confidential. The findings and recommendations and issues it chooses to address are published in its final report.

COMPLAINT PROCESS

- Present your complaint as soon as possible. The Grand Jury's term of service begins July 1st and ends June 30th of the following year.
- Identify your specific concern and describe the circumstances as clearly and concisely as possible.
- Document your complaint with copies of pertinent information and evidence in your possession.

Mail or deliver your complaint in a sealed envelope to:

**Sacramento County Grand Jury
720 - 9th Street, Room 611
Sacramento, CA 95814-1302**

Complaints submitted to the Grand Jury will be treated confidentially whenever possible. However, it may be impossible to conduct an investigation without revealing your name and complaint.

Grand Jury investigation reports are published in its Final Report, which is available to the residents of the county. Public entities and officers who are the subjects of the reports are required to respond.