

INVESTIGATION:

*Million\$ are wasted on closed juvenile facilities
... while the county has no long-term
residential treatment programs*

Sacramento County Probation Department

SUMMARY

For four years, Sacramento County taxpayers have been spending approximately \$2 million annually to maintain two unused properties that previously served as treatment centers for youths under juvenile probation jurisdiction.

In 2009 and 2010, respectively, the Warren E. Thornton Youth Center (Youth Center) on Branch Road and the Sacramento County Boys Ranch (Boys Ranch) located in eastern Sacramento County were closed due to budget constraints, leaving Sacramento County without any long-term residential commitment programs for troubled youths. However, taxpayers' money has maintained these idle properties for four years, and the county has no concrete plan for the facilities' use.

For the 2013-14 Sacramento County Grand Jury, this circumstance provoked questions.

Issue One: Why has the county spent millions annually to maintain these properties and done little or nothing to stanch taxpayers' losses?

Issue Two: What has happened to the youths who were being served at those facilities?

Despite explanations by several top county officials, the grand jury found that the county has not made sufficient effort to put the properties to productive use; and it further found that the millions of dollars spent to maintain these idled properties could have been put to good use by providing residential treatment for troubled youths who, without treatment, put themselves and society at risk. Believing that public safety results from treatment and rehabilitation rather than mere detention or incarceration, the grand jury concluded that the Youth Center property is a viable and appropriate location for a long-term commitment program. The Boys Ranch property, on the other hand, should be leased or sold as quickly as possible.

BACKGROUND

Since 2007, the Sacramento County Probation Department has

absorbed significant budget cuts resulting in the closure of programs and long-term commitment facilities that has negatively impacted the juvenile justice system.

In 2008, the Neighborhood Alternative Center was closed, leaving the Probation Department and the community without a resource for troubled youths in need of intervention and counseling as an alternative to detention.

In 2009, budget reductions caused the closure of the Youth Center, a 110-bed commitment program that served moderate-risk boys and girls ages 12 to 18 and provided counseling and services while working toward family reunification. Court-ordered placement was for one year, with an average stay of less than 100 days. The remainder of the commitment was completed on furlough with the majority of youths returning home.

Then in 2010, after yet another year of financial belt-tightening, the county closed the Boys Ranch. This was a 24-hour facility that housed more criminally sophisticated juvenile males with a history of serious or extensive law violations. The population then was 70 percent gang-affiliated. Boys Ranch programs focused on treatment, education and four vocational training programs including building maintenance and repair, computer graphics, landscaping and welding. Youths were committed to Boys Ranch for one year, with an average confinement of 122 days. The one-year commitment allowed a youth to be returned to the Youth Center or the Boys Ranch for a probation violation without a court hearing, thus saving the county both time and expense.

Closure of the Boys Ranch, the last of the three closures, left Sacramento County without any long-term residential commitment programs for troubled youths.

The Sacramento County Grand Jury received a complaint questioning why the county was spending \$1 million a year on the closed Boys Ranch facility, prompting the grand jury to investigate. Initial research confirmed that millions of dollars had already been spent maintaining the vacated Boys Ranch and county officials had no plan to ameliorate the situation. The grand jury asked a follow-up question: Are there other unused facilities on which the county is spending millions of dollars

The Boys Ranch was a 24-hour facility that housed criminally sophisticated juvenile males with a history of serious or extensive law violations.

annually? The answer is yes, and it too was a facility for troubled youths. We then asked: 1) What has happened to these youths? and 2) Are they getting the help, education and resources they need to become productive members of society?

The answers are troubling.

APPROACH

The grand jury interviewed the county executive, the director of the county's Department of General Services, the county's chief probation officer, senior staff at Juvenile Hall, and a county supervisor. We reviewed documents detailing annual maintenance and utility costs for the Boys Ranch over the past three fiscal years, as well as a March 2011 County of Sacramento "Request for Proposal" (RFP) to re-purpose the Boys Ranch. Additionally, the following documents were reviewed:

- May 1, 2003, Trust Agreement re: Certificates of Participation
- 2003 Certificates of Participation for Public Facilities
- Maturity Schedules for the debt service (interest and principal on borrowed funds)
- Purchase Contract re: Certificates of Purchase
- Nov. 12, 2003, Expansion Request for the Boys Ranch
- Fiscal Years 2011/12 and 2012/13 Cost Summaries of the Boys Ranch and Youth Center
- Jan. 23, 2014, Appraisal Report by Blaes & Co., Inc.

DISCUSSION

Interviews with the Department of General Services director, the county executive and a county supervisor revealed that the properties were indeed being maintained at significant taxpayer cost. No county official provided exact amounts being spent, but documents examined by the grand jury showed that since their closure, the combined maintenance costs of the Youth Center and the Boys Ranch totaled over \$2 million annually.

County officials repeatedly told the grand jury that this expense was largely due to debt service on improvements made at the Boys Ranch shortly before its closure, including "a million dollar fence." The county's own documents proved this claim was inaccurate. In addition to debt service, the documents showed substantial additional expenses for maintenance, necessary to keep the property from deteriorating and thereby supposedly decreasing in value. But in fact, the same documents reveal that the property is more valuable as virgin land, without the current aging structures and facilities. (See discussion under *Financial Analysis*.)

In the last four years, the county has made only one attempt to lease the Boys Ranch and stanch some of the taxpayers' losses. A Request for Proposal (RFP) to re-purpose the Boys Ranch was issued in March 2011. Although there were interested applicants at the time, the RFP was limited to a short, five-year lease term, which made obtaining tenants unlikely given the necessary start-up costs and capital outlay.

County officials' explanations for the RFP's five-year term limit and the lack of further effort to market the property centered on one theme: The county hoped that Juvenile Probation would be able to use the property again. When the Boys Ranch closed in 2010, the previous probation administration apparently was eager to reopen the Boys Ranch as soon as possible and saw this closure as temporary. While this may have been a valid excuse to maintain the vacant property in the short term, certainly during the last four years management should have seen that reopening the Boys Ranch was unlikely. The property has been vacant for the last four years, except for occasional use by the Probation Department for training or other miscellaneous activities, and would reportedly cost millions to elevate it to a standard appropriate for long-term use as a residential commitment facility.

The Youth Center, while not being used for youth commitment programs, has been maintained and used minimally for offices, etc., and is reportedly in good condition.

Financial Analysis

In April 2003, the county negotiated Certificates of Participation to finance various Sacramento County "public improvements," which were made part of a public offering that included \$15,230,000 for "Public Facilities Projects" and \$43,790,000 allocated to the "Main Detention Facility." Included in the "Public Facilities Projects" were improvements to the Youth Center and the Boys Ranch as well as various other projects throughout the county. The Boys Ranch improvements, stated to cost approximately \$4 million, included an additional 25-bed dormitory, a new Visitor's Center, a vocational training shop and a replacement emergency generator. It is understood that all these improvements were constructed, acquired and installed, but it is unknown if the improvements were within the budget parameters.

In 2009, in response to an escape incident at the Boys Ranch, the county hastily installed lighting and a security fence. County officials initially purported to the grand jury that the cost of the so-called "million dollar fence" was part of the debt service, but the director of the Department of General Services subsequently acknowledged that the fence was paid for with funds from the

county's Capital Construction Funds, thus incurring no additional debt. It remains unclear to the grand jury exactly when this fence was built.

The Boys Ranch closed in 2010, but "mothball" costs of the facility continue to be a \$1 million annual financial albatross, with no practical plans to sell, lease or use the facility. The March 25, 2011, RFP listed taxpayer costs as: Annual Maintenance and Repairs (excluding utilities) \$496,864; Annual Facility Use Allowance (understood to be debt service, i.e., proportionate share of Certificates of Participation) \$275,410; and Electrical \$157,063, totaling \$929,339.

The county pays debt service of approximately \$300,000 per year. According to the maturity schedule of the Certificates of Participation, the county's payments on the debt service extend to 2023. An accounting is necessary to determine the remaining principal balance, but based upon the proportion of the total debt service associated with the cost of the Certificates of Participation, it appears to be at least \$2 million. Accordingly, the shortfall of a sale, based upon the difference between the principal of the debt service and the appraised value of the property (including improvements) would be approximately \$1.5 million. However, it is important to note that a 2014 appraisal of the Boys Ranch assumes that the highest and best use of the property is under its current zoning of A-2, an agricultural-use zoning, which necessarily limits the "highest and best" use of the property. If the county were to rezone the property for residential or commercial use, its highest and best use would be enhanced, thereby increasing the appraised/sales value of the property.

The Youth Center closed in 2009, but debt service and maintenance are an additional financial burden in the amount of \$1,554,372 annually.

The County of Sacramento should consider rezoning the Boys Ranch to maximize the highest and best use of the property and its corresponding value.

It should be noted that after the grand jury began its investigation, a new RFP was issued on March 25, 2014, to re-purpose the Boys Ranch. This new RFP is essentially the same as the one issued in 2011, but without the five-year term limit. However, there is an important additional restriction: The RFP states it is seeking proposals from qualified "firms," thus suggesting an entrepreneurial use. But such a "firm" may be dissuaded by the RFP's advisement that since "this facility has been partially financed with tax-exempt bonds ... use by a state or local governmental entity may be given preference." It further states that

while “non-state or non-local governmental entities, private entities, or non-profit organizations are not excluded from submitting proposals ... they will require additional analysis in order to preserve the tax-exempt nature of the existing bonds.” (Responses to this RFP were to be submitted prior to 3 p.m. on May 15, 2014, and will be considered valid for a period of 120 calendar days thereafter. Results from the RFP were not available prior to the filing and publication of this grand jury report.)

An appraisal of the Boys Ranch property dated Nov. 25, 2013, finds that due to required water and sewage upgrades, the highest and best use for the property is as vacant land. If vacant, the property is valued at \$700,000. However, costs and revenues associated with salvage and demolition bring the net market value to \$410,000.

The County of Sacramento must take positive steps to stanch the negative cash flow associated with the Boys Ranch. Unfortunately, the latest RFP did not include purchase of the property as an option. As noted, rezoning to a compatible and higher value use would maximize the property’s value, whether from a lease or sales standpoint.

The Youths

With the Boys Ranch and Youth Center closures, the Sacramento County Juvenile Court lost options, resources and facilities to house and treat long-term offenders. Youths who then resided in those programs were returned to Sacramento County Youth Detention Facility (Juvenile Hall), placed on formal probation, assigned to home detention or simply released. These options incarcerate or detain the youths, but provide them little or no resources dedicated to long-term treatment and care. These troubled young people no longer have staff or programs dedicated to meeting their long-term needs.

Juvenile Hall was never intended to house youths for more than 30 days. Its traditional focus has been on meeting the needs of those youths who are awaiting trial and serving short-term incarceration for probation violations. Co-mingling short- and long-term youths has presented Juvenile Hall administrators with housing and treatment challenges.

Since 2010, the long-term placement program for youths in the Sacramento County correctional system has been in limbo. The administration at Juvenile Hall has been developing and imple-

In Sacramento County, troubled young people no longer have staff or programs dedicated to meeting their long-term needs.

menting limited programs to meet the needs of those youths who would have been assigned to the Youth Center or Boys Ranch. However, by their own admission they cannot replicate the treatment and vocational training programs at the Boys Ranch and Youth Center within existing facilities at Juvenile Hall.

Juvenile Hall currently houses youths who have been detained for one to three years at a cost of \$233,200 per youth per year. The grand jury believes that the county needs to take immediate action to meet the needs of this highly volatile group of young people. Evidence supports the conclusion that dealing with high-risk, delinquent and violent youth is a long-term commitment and investment and such youths' conduct cannot be changed through detention and incarceration only. Without such treatment, with just warehousing, these youths are destined to become the next generation of inmates serving time in adult correctional facilities. Comprehensive treatment, education and vocational training designed for the specific needs of each youth are paramount for positive change.

What can be done?

The Youth Center is a workable and appropriate location for a commitment program. It was remodeled and expanded in 2006 and remains in good condition. Situated adjacent to the county's juvenile justice campus, its location would allow youths who exhibit dangerous or out-of-control behavior to be easily transported to nearby Juvenile Hall.

The Youth Center could serve immediate program needs by affording the Probation Department the ability to create a fluid, evidence-based model for rehabilitative services. Research assessing these youths shows that this population varies greatly in the risks and needs that it presents.

Evidence suggests that a phased commitment program would serve Sacramento County, the Juvenile Court and the community well by allowing youths to receive services based on their needs while ensuring community safety through sound interventions created to curb recidivism, educate and ultimately change the lives of youths. Reopening the Youth Center will allow the Probation Department the flexibility of providing long-term in-custody care and non-custody aftercare.

The Youth Center could be an excellent hub of services that would provide opportunities to reduce recidivism while ensuring public safety. Providing such a program surely is a better way to use the millions of dollars now being spent to maintain unused facilities.

FINDINGS AND RECOMMENDATIONS

Finding 1. Millions of dollars are being wasted to maintain unused facilities previously used as long-term residential treatment centers for juveniles.

Recommendation 1. The County of Sacramento must take positive steps to stanch the negative cash flow associated with the Boys Ranch, whether by leasing or selling the property, and should do whatever is necessary to maximize the property's value.

Finding 2. Facilities and programs for youths in need of long-term treatment in Sacramento County are limited or non-existent.

Recommendation 2. The Sacramento County Board of Supervisors should appoint a task force to assess the viability of establishing a commitment program at the Youth Center, such as suggested above, and ensure that action is taken and oversight enforced without further delay.

REQUEST FOR RESPONSES

Penal Code sections 933 and 933.05 require that the following officials submit specific responses to the findings and recommendations in this report to the Presiding Judge of the Sacramento County Superior Court by Oct. 1, 2014:

- Director of General Services
- Sacramento County Board of Supervisors
- County Executive
- Chief Probation Officer

Mail or hand-deliver a hard copy of the response to:

Hon. Robert C. Hight, Presiding Judge
Sacramento County Superior Court
720 9th Street, Dept. 47
Sacramento, CA 95814

In addition, email the response to:

Becky Castaneda, Grand Jury Coordinator, at
castanb@saccourt.com.