

1997 MID



Greenfield Police Department

215 El Camino Real • P.O. Box 306 • Greenfield, CA 93927
(408) 674-5118 • FAX (408) 674-3747

J. Robert Duke, Chief of Police
Greenfield Police Department
215 El Camino Real
Greenfield, Ca 93927

May 4, 1998

The Honorable Jonathan R. Price
Presiding Judge
Monterey County Superior Court
P.O. Box 414
Salinas, Ca 93902

Dear Judge Price:

Please accept this response to the findings and recommendations regarding school violence made by the 1997 mid-year Monterey County Civil Grand Jury.

Background:

In the mid-year report the Grand Jury found that although there were positive programs and cooperation between school officials and law enforcement, continued cooperation and attention to school violence is required. The Grand Jury found that many different methods have been used to combat this problem and encouraged a continued exchange of program information to identify the strategies that work best. The Grand Jury also found that parental involvement was essential.

Response:

The Greenfield Police Department was asked to respond to the following recommendations:

2. A full-time School Resource Officer:

The City of Greenfield has a single Community Service Officer that acts as a Community Oriented Policing Officer, Neighborhood Watch Coordinator, and School Liaison Officer. Because our community has not yet built its own high school, our 9th-12th graders are bused to King City High School. Given this, it is not yet busy enough to have an officer assigned only to School Resource duties. The Community Service Officer has ample time to perform all three duties. As the opening of the new high school draws near (expected opening: fall 1999), we will need to re-visit this issue. We have been meeting with high school officials discussing planning issues related to school security and violence when the new campus opens. We will continue to plan and the Greenfield Police Department will actively monitor the developments with this Grand Jury report in mind.

3. Review of successful programs:

This aspect of the recommendations is actively carried out by the Monterey County Chief Law Enforcement Executives' Association. We meet monthly to actively discuss and research current problems and solutions. Once research is completed, we develop protocols acceptable to all members and then implement cooperative solutions. We continue to monitor and adjust programs and protocols as needed.

Please forgive the late response to this report. As you know, we have been in a transition both in the Police Department and as a City overall. Thank you for the opportunity to respond to this report and consider its findings. School Violence is such an important issue with such far reaching consequences that we cannot ignore. Only through pro-active cooperative efforts will a solution be realized.

Sincerely,

A handwritten signature in cursive script that reads "J. Robert Duke". The signature is written in black ink and is positioned above the printed name.

J. Robert Duke

JRD:

1997 Monterey County Grand Jury
Room 317 Monterey County Courthouse
Salinas, California

November 15, 1997

TO: The Members 1997 Monterey County Grand Jury
FROM: Roger Loper 
SUBJECT: Responses to the 1997 Monterey County Grand Jury Mid-Year Report.

I have just finished going over the responses to our mid-year report. This review was for several reasons:

- First, because it was necessary to check out the status of these responses to decide who should get reminded to send in a response;
- Second, because we agreed to have something in an Appendix to the Year-End Report on this subject

I have updated the Sept. 30 report I distributed to the Jury members. Attachment 1 is an update as of today. I also have written and dispatched a letter to those marked on the summary as receiving a standard letter. This went to many school districts and a few cemetery districts. The letter is attached as Attachment 2. Remember, you asked me to toughen this up. I think this letter is about as tough as anyone could get. I also wrote special letters to the Cities of Seaside and Greenfield. Copies of these letters are filed with the responses in the Grand Jury office.

As usual, I had to read through these responses to classify them correctly. Attachment 3 is my overall impression of these responses -- you may be interested. The responses themselves are in the Grand Jury office, and I suggest each of you look them over, at least for the items which interest you.

Attachment 4 is my proposal for the Appendix on Responses to Grand Jury Reports. This can be discussed at our meeting on November 20.

- Attachments
1. Status of Responses to 1997 Mid-Year Grand Jury Report
 2. Letter to agencies who have not responded
 3. Foreman's summary of responses.
 4. Proposed Appendix on Responses for Final Report

Grand Jury

P.O. Box 414
Salinas, CA 95902
(408) 755-5020



November 12, 1997

*Attachment 2
Letter sent to Districts
which have not responded
to 1997 Grand Jury Mid-Year
Report.*

William Klein, Chair
Castroville Cemetery District
P.O. Box 722
Castroville, CA 95012

Dear Mr. Klein:

The 1997 Monterey County Grand Jury issued a Mid-Year Final Report dated August 7, 1997. All of the responses required by Section 933.05 of the California Penal Code should have been dispatched to us on or before November 7.

You have been requested to provide a response to the findings and recommendations in the 1997 Mid-Year Final Report.

We have not received your response. Therefore, you are in violation of Section 933.05 of the California Penal Code. To avoid the costly and time-consuming task of obtaining a court order to demand your response, please have it in our hands on or before November 24, 1997.

Yours truly,

D. Roger Loper, Foreman
1997 Civil Grand Jury

DRL/lt
Attachment: Copy of Penal Code Section 933.05

Attachment 3

1997 Monterey County Grand Jury Foreman's Comments on Responses to the 1997 Mid-Year Report

Members of the Grand Jury already have copies of the Board of Supervisor's responses to our mid-year report, and this has been discussed pretty freely. Here follow my own personal thoughts on the responses from the Cities and Districts:

Violence on School Campuses. Most of the Cities responded positively to our recommendations. I can only conclude that the School Districts were unimpressed, since only four responded. Those that did respond seemed to feel they were already doing what we recommended and more.

Investment of Public Funds. Most of the Cities claim to be doing what was recommended. One or two described improvements recently made. All claimed to be alert to the "use it or lose it" syndrome.

Purchasing Apparently the Cities do not share our high regard for the County's purchasing capabilities. Some agreed to try it. Several Cities prefer using local sources. Coupled with the Board of Supervisor's fear that increased demand on central purchasing might require them to add staff, these concerns by the Cities suggest that not much will be done. Interestingly enough, our printer, Peter Calvert of County Graphics, has taken this suggestion to heart and has already recruited a couple of school boards plus CSUMB to join with the County in its annual commitment for paper and for photocopying services. The only school district - Washington - which replied on this issue says they piggy-back their purchasing on the Salinas City District.

Monterey Sports Center As expected the City of Monterey tells us that they had this well in hand before we came on the scene.

Public Cemeteries. One or two agreed to try our recommendations.

FORA Roads and Bridges. Everybody disputes our interpretation of the TAMC figures, but everybody agrees there is no easy solution. FORA and CSUMB insist that the only cost assignable to FORA is the \$116 million for roads and bridges inside what used to be Fort Ord. Most others agreed there is some impact outside the gates of the old Fort.

Prisons Most cities wondered why they were asked to respond, although many said they have and some still do make use of work crews from CTF Soledad.

The responses are worth reading. Last spring when I was wading through the 1996 responses I thought it was all froth; but I have changed my mind. One thought to pass along to other Grand Juries is that the old Grand Jury Reports are a gold mine of good information, and so are the responses!.

Attachment 4

1997 Monterey County Grand Jury Final Report Appendix 2

RESPONSES TO GRAND JURY REPORTS

In 1996 the California Legislature passed a law which redefined the way in which government departments, districts and agencies must respond to Grand Jury findings and recommendations. This law became effective on January 1, 1997. Accordingly, the responses to the 1996 Monterey County Grand Jury Final Report, which was published in January 1997, were required to conform to the new law.

Although the Superior Court staff wrote all government bodies who were requested to respond to the 1996 Final Report explaining the new regulations, the responses were far from satisfactory. Only 53% of the required responses actually conformed to the new requirements. In the mid-year report of the 1997 Monterey County Grand Jury, the details of these responses were published. The 1997 Grand Jury wrote 41 letters to local government bodies in Monterey County explaining the ways in which many of the responses fell short of the new requirements.

The 1997 Monterey County Civil Grand Jury published a Mid-Year Report in August 1997, containing thirteen separate investigations. All responses were to be returned to the Superior Court on or before November 7, 1997. Even though the Grand Jury had made a major effort to call attention to the new regulations, results are still far from satisfactory. Monterey County Board of Supervisors and Departments obviously got the message, and their responses to the 1997 Mid-Year Report were greatly improved. The Cities, too, were much improved but still have room for improvement. The various districts and agencies fell far short of requirements. The responses to the 1997 Mid-Year Report have been analyzed for conformance to the requirements of the Penal Code Section 933.05. Results are summarized in the attached table and charts.

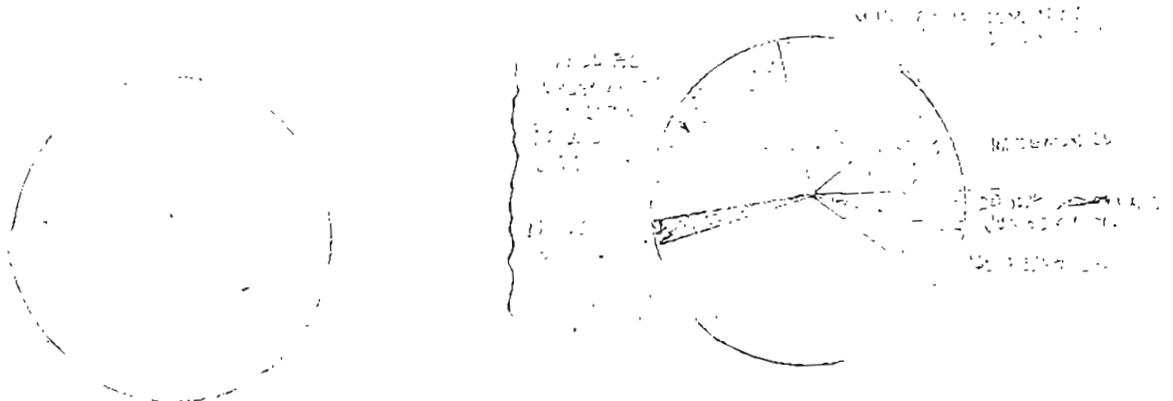
Only ___% of the responses to the 1997 Mid-Year Report conform to the requirements of the Penal Code as amended on January 1, 1997.

SUMMARY OF RESPONSES
Penal Code Section 93345

1996 GRAND JURY FINAL REPORT

1997 GRAND JURY MID-YEAR REPORT

BOARD OF SUPERVISORS PLUS COUNTY DEPARTMENTS



CITIES IN MONTEREY COUNTY



ALL RESPONDENTS - COUNTY, CITIES, DISTRICTS AND AGENCIES



	3	5	6	7	8	9	10	11	12	13
	<p>SUMMARY OF RESPONSES TO 1997 MID-YEAR REPORT</p> <p>1997 MONTEREY COUNTY CIVIC GRAND JURY RECOMMENDATIONS</p>									
Legend:	<p>A Recommendation has been implemented B Recommendation will be implemented in a stated time frame C Additional analysis required to be supplied by Feb 4, 1998 D Recommendation will not be implemented for reasons stated E No response received N/A Department or Agency feels Recommendation is outside their jurisdiction F Meeting that no time frame for implementation has been promised</p>									
	<p>Ref: Govt 11/15/97</p>									
	<p>DRL 11-15-97</p>									

SUMMARY OF RESPONSES
1997 MONTEREY COUNTY GRAND JURY
NID-YEAR REPORT

	3	4	5	6	7	8	9	10	11	12	13	14	
	Recommendation Number												
Investig Process in Monterey County													
Monterey County Board of Supervisors													
Monterey County Office													
Monterey County Board of Supervisors													
Veterans Services Officer													
Medical Personnel													
Board of Trustees, Alisal Union School District													
Bentley Union School District													
Normal Unified School District													
Chualar Union School District													
Conzales Unified School District													
Conzales Union School District													
Conzales Union High School District													
Grass Valley School District													
Grass Valley Union School District													
King City Union High School Dist													
King City Union School District													
Lagunitas School District													
Mansera Union School District													
Monterey Peninsula Unified School Dist.													
North Monterey County Unified School District													
Pacific Grove Unified School District													
Pacific Unified School District													
Salinas City School District													
San Antonio Union High School District													
San Mateo Union School District													
San Lucas Union School District													
Santa Rita Union School District													
Seaside Unified School District													
Speckles Union School District													
Washington Union School District													

D

D

B*

B*

D

D

D

A

A

A

D

D

B*

B*

D

D

D

A

A

A

Recommendation Number

	1	2	3	4	5	6	7	8	9	10	11	12	13	14
Board of Public Works (Continued) Members of Cities in Monterey County (Continued) Pacific Grove Salinas Santa City Sanovale Seaside							A	A						
							A	A						
							A	A						
							A	A						
							A	A						
Purchasing Monterey County Board of Supervisors Mayors of Monterey County Cities Carmel Del Rey Oaks Gonzales Greenfield King City Marina Monterey Pacific Grove Salinas Santa City Seaside Secluded Boards of Trustees of School Districts in Monterey County Alisal Union Brimley Union Lompoc Unified Ukiah Union Yreka Unified Gonzales Union Greenfield Union							A	D						
							C	C						
							A	B*						
							A	D						
							A	B*						
							A	D						
							A	D						
							A	B*						
							A							
							A							

Recommendation Number

	7	8	9	10	11	12	13
Electric Power	B*						117
Monterey County Board of Supervisors	B*						
Local Roads & Bridges	B*	B*	B*				
Monterey County Board of Supervisors	B*						
Managers of Service Cities in Monterey County	A	B*	B*				
Carmel	N/A-D*	A	A				
Del Rey Oaks	A	D*	N/A D*				
Marina	N/A-D*	N/A D*	N/A D*				
Monterey	B*	B*	B*				
Pacific Grove	B*	B*	B*				
Salinas	D*	D*	N/A D*				
Seaside	N/A						
Managing Director of FORA	B*	C	C				
President, CSUMB	B	B*	B*	D			
Managers for Prisoners, Monterey County Courthouse in Salinas							
Board of Supervisors							
Monterey County Administrative Officer							
Monterey County Health Director							
Monterey County Sheriff	B	B*					
Monterey County							
Monterey County Board of Supervisors	A	N/A D*	N/A				
Monterey County Sheriff	A	N/A D*	A				
Marion, Salinas State Valley Prison	A	N/A D*	A				
Monterey Correctional Training Facility, Salinas	A	N/A D*	A				
Managers of Cities in Monterey County	C	C					
Carmel	A	A					
Del Rey Oaks							
Georgetown							
Greenfield							
King City	A	N/A D*					

Shook's 10/2/82

N/A: Not applicable to Monterey County

Not applicable to this jurisdiction



City of Gonzales

PHONE (408) 675-5000
FAX (408) 675-2644

P.O. BOX 647

147 FOURTH ST.

GONZALES, CALIFORNIA 93926

March 2, 1998

Hon. Jonathan R. Price
Presiding Judge
Monterey County Superior Court
P.O. Box 414
Salinas, CA 93902

RE: 1997 Monterey County Grand Jury Mid-Year Final Report Findings and Recommendations

Dear Judge Price:

In response to Foreman Robert Quinn's request and on behalf of the City of Gonzales, I offer the following responses to the findings and recommendations contained in the *1997 Monterey County Grand Jury Mid-Year Final Report* to which the City of Gonzales has not previously responded.

INVESTMENT OF PUBLIC FUNDS

Finding #3: The institutions and arrangements under which City funds are invested seem to be conservative.

City Response: The City agrees with the finding.

Finding #4: *96.5% of the funds in the hands of the Cities are invested at 5.00% to 6.63%, the median rate being 5.58%.*

City Response: As it applies to Gonzales, the City agrees with the finding.

Finding #5: *2.4% of the funds invested at interest by the Cities is earning under 4.5%. If the return on these funds could be increased to 4.5%, the Cities would receive an additional \$54,400 in interest income per year.*

City Response: As is applies to Gonzales, the City disagrees with the finding.

Explanation: The City's primary investment vehicle is the Local Agency Investment Fund (LAIF), which has paid higher than 4.5% in recent years.

Finding #6: Interest rates being earned by the various Cities vary widely, particularly for checking accounts. Those Cities which are not earning a return on checking accounts may be able to improve the returns on this money by renegotiating arrangements or changing banks. Arrangements by the Cities of Gonzales and Pacific Grove were the most attractive.

City Response: As is applies to Gonzales, the City agrees with the finding.

Finding #7: As of the end of January 1997, there was a total of \$2,335,886 in the hands of the twelve Cities which was deposited in commercial institutions and was not receiving any interest earnings. While this is only about 1.1% of the funds in the hands of the Cities, if it could be on deposit at a mere 2.00% it would earn an additional \$46,700 per year.

City Response: As is applies to Gonzales, the City disagrees with the finding.

Explanation: The City's funds are all invested in interest-bearing accounts.

Recommendation #1: Each of the Cities having funds which are not earning any interest invest their funds in interest earning accounts.

City Response: The City agrees with this recommendation and is already following this policy.

Recommendation #2: Those Cities having funds invested at 1.01% to 4.03% interest review these arrangements and if possible, improve the rates of interest.

City Response: The City agrees with this recommendation.

PURCHASING

Finding #1: None of the respondents are using the services of the Monterey County Central Purchasing Department.

City Response: As it applies to Gonzales, the City agrees with the finding.

Finding #2: Authorization limits and procedures appeared to be adequate. Since this was not studied in depth, reliance was based on comments made on the survey.

City Response: The City agrees with the finding.

Finding #3: If there were consolidation and use of a "professional" purchasing department vs. small individual efforts, substantial savings could accrue to the participants. Even savings of 1%, on average, would generate a figure more than sufficient to fund two additional positions which MCCPD estimates would be necessary to handle the additional workload. One example reviewed by the Grand

Jury indicated a 3% savings was achieved when MCCPD became involved after the efforts of a local department proved inadequate.

City Response: The City partially disagrees with the finding.

Explanation: The City of Gonzales' seeks the lowest price available on all purchases. No evidence has been provided that routing our purchases through Monterey County would be either cost effective or efficient.

Recommendation #1: *There be an examination of "last minute" spending and, if necessary, establish a procedures to change this practice.*

City Response: The City disagrees with this recommendation.

Explanation: The City has in place a purchasing policy that requires the solicitation of more than one bid or quote, and the review of any expenditure by the Department Head, Finance Director and the City Manager before the expenditure is authorized. This has proven to provide sufficient oversight to the City's purchasing procedures.

Recommendation #2: *School Districts, Cities, and other local government agencies within Monterey County consult with the MCCPD to achieve savings available by central funds purchasing to taxpayers.*

City Response: The City partially agrees with this recommendation.

Explanation: If MCCPD is interested in providing purchasing services to other public agencies, that Department should prepare a proposal and submit it for consideration by each agency. This proposal should include the guaranteed cost-savings that would result from centralized purchasing, and how the delays that would undoubtedly occur by having to process purchasing requests through Monterey County would be avoided.

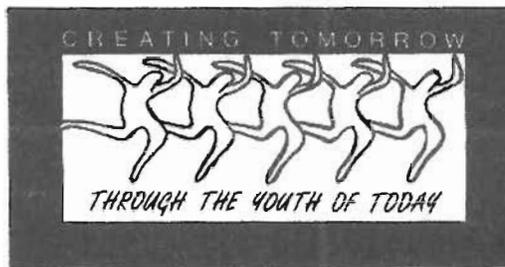
The City of Gonzales previously responded to the *Violence on School Campuses* issue contained in the Mid-Year Final Report.

Sincerely,



Elizabeth Williams
Mayor

cc: Members of the Gonzales City Council



NORTH MONTEREY COUNTY UNIFIED SCHOOL DISTRICT

DISTRICT OFFICE • MOSS LANDING ROAD • P.O. BOX 49 • MOSS LANDING, CALIFORNIA 95039-0049

April 7, 1998

Robert A. Quinn, Foreman
Monterey County Civil Grand Jury
P.O. Box 414
Salinas, CA 93902

Dear Mr. Quinn:

Please forgive our failure to respond to the Grand Jury's Mid-Year Report. Somehow, your letter of 12 November didn't reach me. Our response to the Report is as follows:

1. As to Violence on School Campuses, please be advised that:
 - ▶ Gangs continue to be a concern. The Castroville area has traditionally been affiliated with the Nortenos. An increasing presence of Sureno affiliated students at North Monterey County High School has increased tensions there. Increased supervision, suspensions and expulsions have combined to keep the situation under control.
 - ▶ The District has adopted a zero tolerance policy.
 - ▶ All District schools are reviewing and revising their safety plans. The revised plans will be approved by the School Board in the fall of 1998.
 - ▶ A full-time School Resource Officer has been assigned to North Monterey County High School.
 - ▶ All of the District's K-5 schools have adopted and are implementing the Community of Caring Program and participate in the DARE Program.
 - ▶ The District works with the National Coalition Building Institute to assist staff and students with issues of diversity.
 - ▶ The District belongs to the Sunrise House JPA and the School Board refers expelled students there for services when appropriate, as a condition of the expulsion order.
 - ▶ The School Board refers expelled students to Youth Alternatives to Violence, when appropriate, as a condition of the expulsion order.

2. As to Purchasing:
 - ▶ In 1990, when the District faced an extremely difficult fiscal situation, the position of warehouse/delivery person was eliminated following a cost-

benefit analysis. We found that, for most office and school supplies, the large companies (Office Depot, Staples, etc.) use their volume purchasing power to offer commercial account rates that compare very favorably with bulk purchasing. Most supplies can be purchased directly by the schools and departments and delivered directly, saving the salary, benefits and overhead expenses associated with a warehouse operation. We still purchase paper in bulk, however. The District's Assistant Superintendent for Fiscal Services will look into participating in the Monterey County Central Purchasing Department's program for paper purchases.

- ▶ The District discourages "last minute" spending by allowing schools and departments to carry their unexpended balances into the next fiscal year. It should be noted, however, that schools often order supplies in the spring so that they will be available to staff when they return to school in August.

Sincerely yours,



Leo St. John
Superintendent

MONTEREY PENINSULA UNIFIED SCHOOL DISTRICT

1997 GRAND JURY REPORT ON PURCHASING

DISTRICT RESPONSE TO FINDINGS AND RECOMMENDATIONS

Finding #1

None of the respondents are using the services of the Monterey County Central Purchasing Department (MCCPD).

Response

MCCPD should make this service known to all school districts. This could be coordinated through the Monterey County Office of Education (MCOE) and brought up as an agenda item at the next school district Business Officials Meeting.

Finding #3

Approximate totals of purchasing done by the respondents are:

	<u>Supplies</u>	<u>Equipment</u>	<u>Professional Services</u>
School Districts	\$ 12,481,000	\$ 5,649,000	\$ 9,184,000
Cities	\$ 17,942,000	\$ 6,048,000	\$ 3,983,000

The total of Supplies and Equipment is \$42,120,000. If there were consolidation and use of a "professional" purchasing department vs. small individual efforts, substantial savings could accrue to the participants.

Even savings of 1%, on average, would generate a figure more than sufficient to fund two additional positions which MCCPD estimates would be necessary to handle the additional workload.

One example reviewed by the Grand Jury indicated a 3% savings was achieved when MCCPD became involved after the efforts of a local department proved inadequate.

Response

The Monterey Peninsula Unified School District (MPUSD) has operated a "professional" purchasing and bulk discount program for more than thirty (30) years. MPUSD has a complete warehouse and delivery system for supplies and equipment used by all twenty-two (22) of its schools as well as offering this service to all school districts in Monterey County, cities on the Monterey Peninsula and other local non-profit agencies. If it is determined that MCCPD can provide better prices for instructional supplies and equipment, we would be more than pleased to pursue this option.

Finding #4

Our survey also revealed a pattern (by some respondents) of spending in the last month or two of the fiscal year that suggests a "use it or lose it" philosophy. This can lead to poor value and poor judgment in what is ordered and possible conflicts since a normal bidding process is sometimes ignored in the haste to spend funds.

Seven school districts and two cities supplied month-by-month data which contained "the appearance" of last minute frenzy spending.

Major Spending in June (May in two cases)
(June is last month of fiscal year.)

Percentage to annual total spent by category was:

- Supplies - 16 to 27% in 6 respondents;
- Equipment - 13 to 43% in 7 respondents; and
- Professional Services - 17 to 62% in 8 respondents.

Two flagrant examples noted were:

- a. Salinas City Elementary School District - spent \$463,948 (27% of total) on supplies in June 96 and \$781 in July. They spent \$144,851 (21%) on equipment in June vs. \$4,866 in July.
- b. The City of Seaside spent \$88,065 (28%) on supplies in June 96 vs. \$71 in July. They also spent \$264,656 (25%) for Professional Services in June 96 vs. \$1,993 in July.

Response

Please understand that the MPUSD conducts an extensive summer school program each year for which purchases of instructional materials must be made and delivered prior to its commencement.

However, more importantly, the district's year-round calendar calls for the first semester of classes to begin for all 13,000 students, on August 1, of each year. (Approximately seven weeks after the last day of school of the previous year) Teachers return to school around mid-July to start getting their classrooms ready for students. It would be highly impractical to order, receive and stock for a district the size of MPUSD within the first two weeks of July.

MPUSD policy prohibits any purchase of instructional materials or supplies to be used in the current school year after May 1, except for emergency needs.

MPUSD also has a carry-over policy for unspent funds, thus eliminating the need for a "use it or lose it" philosophy.

Recommendation #1

There be an examination of "last minute" spending and if necessary, establishment of procedures to change this practice.

Response

Please see MPUSD's response to Finding #4 above.

Recommendation #2

School districts, cities, and other local government agencies within Monterey County consult with the MCCPD to achieve savings available by central fund purchasing to taxpayers.

Response

Please see MPUSD's response to Findings #1 & 3 above.

MONTEREY PENINSULA UNIFIED SCHOOL DISTRICT

1997 GRAND JURY REPORT ON PURCHASING

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Recommendation #1

There be an examination of "last minute" spending and if necessary, establishment of procedures to change this practice.

Response

Please see MPUSD's response to Finding #4 above.

Recommendation #2

School districts, cities, and other local government agencies within Monterey County consult with the MCCPD to achieve savings available by central fund purchasing to taxpayers.

Response

Please see MPUSD's response to Findings #1 & 3 above.



City of Greenfield

CITY HALL: P.O. Box 127 / Greenfield, California 93927 / (408) 674-5591 FAX (408) 674-3149
CORPORATION YARD: (408) 674-2635 FAX (408) 674-3259

March 30, 1998

The Honorable Jonathan R. Price
Presiding Judge
Monterey County Superior Court
Post Office Box 414
Salinas, California 93902

RE: **Grand Jury Request on Investment of Public Funds and Purchasing**

Dear Judge Price:

According to Penal Code Sections 933c and 933.05 a,b the City is submitting its response to the Grand Jury Mid-Year Final Report dated August 6, 1997.

Investment of Public Funds

The Mid-Year Report requested that cities respond to four of seven findings and two of four recommendations on investment of Public Funds. Outlined below are the findings posed and our responses.

FINDINGS:

3. **The institutions and arrangements under which City funds are invested seem to be conservative.**

It is the policy of the City of Greenfield to invest funds in a manner that both maximizes interest earnings and liquidity and minimizes potential investment risks. Consequently, the City has chosen investments which provide the highest possible yield while maintaining the safety of the investment and 100% liquidity. A city only needs to remember local institutions such as Orange County or Richmond School District to reinforce these fundamental investment policies.

4. **96.5% of the funds in the hands of the Cities are invested at 5.00% to 6.63%, the median rate being 5.58%**

The City of Greenfield falls within these parameters as the city invests monthly all excess funds with the State of California's Local Agency Investment Fund (LAIF) earning 5.71% as of December 31, 1997.

5. **2.4% of the funds invested at interest by the Cities is earning under 4.5%. If the return on these funds could be increased to 4.5%, the Cities would receive an additional \$54,400 in interest income per year.**

The City of Greenfield has taken steps to reduce the amount of funds accumulating in these types of accounts such as transferring of funds to LAIF when possible. However, some of the accounts are necessary to maintain relations with local financial institutions to reduce service charges, etc. The City will close all accounts that are not tied to one of these types of arrangements and will minimize the amount invested in those accounts that are related.

6. **Interest rates earned by Cities vary, particularly for checking accounts. Those Cities not earning a return on checking accounts can improve the returns by renegotiating arrangements or changing banks.**

As with most municipalities, local shopping is encouraged; this also pertains to banking. The City of Greenfield has two local banks that offer similar services and thus, switching banks is not as attractive or palatable to the public as it might be in larger cities. Historically, the City of Greenfield does not maintain a large balance within its checking account as it is the intention to transfer these excess funds to LAIF as soon as possible. Nonetheless, the City will continue to improve its arrangements with the local institutions so as to better invest public funds prior to investment in LAIF.

7. **As of January 1997, twelve cities were not receiving interest on deposits with commercial institutions. If those funds could be deposited earning a mere 2% additional interest could be earned.**

As of January 1997, the City of Greenfield only had one account that did not earn interest. The account is a police revolving account with an average daily balance of \$42 for the preceding fiscal year. In order to achieve even a rate of return of 5% or approximately \$2, the city would have to incur costs that far outweigh the potential benefits. Clearly, this is not the intent of the Grand Jury's findings. However, the City will evaluate every option to insure maximized earnings on idle funds within the scope of the City's investment strategy.

RECOMMENDATIONS:

1. **Each City having funds which are not earning interest invest their funds in interest earning accounts.**

As stated in finding #7, the City's only non-interest bearing account other than the checking account is a small police revolving fund which has been determined to be not cost-effective in transferring to another type of account. The City will continue to invest any available funds from the checking account to LAIF in a most timely manner to achieve maximum earnings while at the same time meeting the financial obligations of the City on a daily basis.

2. **Cities having funds invested at 1.01% to 4.03% interest review these arrangements and if possible, improve the rates of interest.**

The City of Greenfield is currently in the process of transferring the maximum amount of dollars out of these types of account, when possible, into LAIF or other local accounts earning higher rates of interest. The City will also continue to negotiate with the limited financial institutions within the city limits relating to the non-interest bearing checking account.

Purchasing

The Mid-Year Report requested that cities respond to three of four findings and two of two recommendations on purchasing. Outlined below are the findings posed and our responses.

FINDINGS:

1. **None of the respondents are using the services of the Monterey County Central Purchasing Department.**

The City of Greenfield is not utilizing the services by Monterey County. However, the City does participate in the State of California Procurement Program and/or will piggy-back larger purchases from other municipalities for large purchases such as vehicles, etc. The City evaluates and compares prices from various vendors both within and outside of the city limits with weighted factors such as price, quality, delivery time, and history of vendor. As previously noted, the City will make every attempt to purchase locally to stimulate the local economy first and then go outside the City when it better serves the best interest of the public such as substantial price differentials and/or quality. The City of Greenfield will continue to evaluate this process in relation to the findings of the Grand Jury.

2. **Approximate totals of purchasing done by the respondents are: See Grand Jury Report**

The City of Greenfield's Municipal Code outlines the requirements for purchases in excess of set dollar amounts which includes the bidding procedures. And as stated above, the City is continually looking for savings on its purchases as well as re-evaluating vendor pricing and the quality of products purchased.

The City of Greenfield would not be opposed to a more centralized system of purchases with other local governmental institutions in relation to similar purchases such as office supplies and equipment. With the hiring of a new City Manager within the next month or so, these possibilities will be discussed and all options investigated for feasibility.

3. **A pattern of spending in the last months of the fiscal year in order not to "lose it."**

The City of Greenfield has not experienced this pattern of discretionary spending over the past fiscal years as it is the policy of the City to purchase in bulk only when supplies are dwindling and not at specified points of time.

RECOMMENDATIONS:

1. **Examine last minute spending and if necessary, establish procedures to change this practice.**

As noted above, the City has not experienced this process but will continue to discourage such practices. No formal policy has been written but the policy has been communicated to each Department Head. The City Manager has the authority to reject any purchase order that he/she deems unwarranted. It is also a policy of the City to provide the option of re-budgeting any item not purchased in one fiscal year to the next fiscal year if the need still exists.

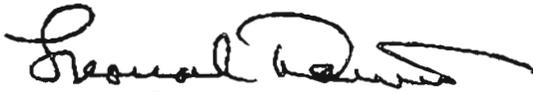
Monterey County Superior Court
March 30, 1998
Page Four

2. **Cities and other agencies within Monterey County consult with the MCCPD to achieve savings available by central fund purchasing to taxpayers.**

The City of Greenfield will consult with the MCCPD as to the feasibility of utilizing such services.

Should you have any further questions, please do not hesitate to call.

Very truly yours,

A handwritten signature in black ink, appearing to read "Leonard Dart", with a long horizontal flourish extending to the right.

Leonard Dart
Mayor



Mee Memorial Hospital

April 3, 1998

~~Monterey County Superior Court
The Honorable Jonathan R. Price, Presiding
P.O. Box 414
Salinas, CA 93902~~

Dear Sir:

In response to the 1997 Monterey County Civil Grand Jury Report, the Board of Trustees and the Administration of George L. Mee Memorial Hospital respectfully submits the following:

The Board of Trustees and the Administration of George L. Mee Memorial Hospital agree with the recommendations of the Grand Jury and are acutely aware of the hospital's responsibility in identifying and reporting suspected cases of domestic violence. It must be noted however, that the hospital currently has the recommended training program in place. The hospital provides training to its nursing personnel to assist them in recognition of domestic violence cases and in helping victims of such abuse in accessing those programs. This is an ongoing training program that is evaluated annually.

Respectfully,

Walter G. Beck
Chief Executive Officer

/gn

MONTEREY PENINSULA UNIFIED SCHOOL DISTRICT

1997 GRAND JURY REPORT ON PURCHASING

DISTRICT RESPONSE TO FINDINGS AND RECOMMENDATIONS

Finding #1

None of the respondents are using the services of the Monterey County Central Purchasing Department (MCCPD).

Response

MCCPD should make this service known to all school districts. This could be coordinated through the Monterey County Office of Education (MCOE) and brought up as an agenda item at the next school district Business Officials Meeting.

Finding #3

Approximate totals of purchasing done by the respondents are:

	<u>Supplies</u>	<u>Equipment</u>	<u>Professional Services</u>
School Districts	\$ 12,481,000	\$ 5,649,000	\$ 9,184,000
Cities	\$ 17,942,000	\$ 6,048,000	\$ 3,983,000

The total of Supplies and Equipment is \$42,120,000. If there were consolidation and use of a "professional" purchasing department vs. small individual efforts, substantial savings could accrue to the participants.

Even savings of 1%, on average, would generate a figure more than sufficient to fund two additional positions which MCCPD estimates would be necessary to handle the additional workload.

One example reviewed by the Grand Jury indicated a 3% savings was achieved when MCCPD became involved after the efforts of a local department proved inadequate.

Response

The Monterey Peninsula Unified School District (MPUSD) has operated a "professional" purchasing and bulk discount program for more than thirty (30) years. MPUSD has a complete warehouse and delivery system for supplies and equipment used by all twenty-two (22) of its schools as well as offering this service to all school districts in Monterey County, cities on the Monterey Peninsula and other local non-profit agencies. If it is determined that MCCPD can provide better prices for instructional supplies and equipment, we would be more than pleased to pursue this option.

Finding #4

Our survey also revealed a pattern (by some respondents) of spending in the last month or two of the fiscal year that suggests a "use it or lose it" philosophy. This can lead to poor value and poor judgment in what is ordered and possible conflicts since a normal bidding process is sometimes ignored in the haste to spend funds.

Seven school districts and two cities supplied month-by-month data which contained "the appearance" of last minute frenzy spending.

Major Spending in June (May in two cases)
(June is last month of fiscal year.)

Percentage to annual total spent by category was:

<u>Supplies</u>	-	16 to 27% in 6 respondents;
<u>Equipment</u>	-	13 to 43% in 7 respondents; and
<u>Professional Services</u>	-	17 to 62% in 8 respondents.

Two flagrant examples noted were:

- a. Salinas City Elementary School District - spent \$463,948 (27% of total) on supplies in June 96 and \$781 in July. They spent \$144,851 (21%) on equipment in June vs. \$4,866 in July.
- b. The City of Seaside spent \$88,065 (28%) on supplies in June 96 vs. \$71 in July. They also spent \$264,656 (25%) for Professional Services in June 96 vs. \$1,993 in July.

Response

Please understand that the MPUSD conducts an extensive summer school program each year for which purchases of instructional materials must be made and delivered prior to its commencement.

However, more importantly, the district's year-round calendar calls for the first semester of classes to begin for all 13,000 students, on August 1, of each year. (Approximately seven weeks after the last day of school of the previous year) Teachers return to school around mid-July to start getting their classrooms ready for students. It would be highly impractical to order, receive and stock for a district the size of MPUSD within the first two weeks of July.

MPUSD policy prohibits any purchase of instructional materials or supplies to be used in the current school year after May 1, except for emergency needs.

MPUSD also has a carry-over policy for unspent funds, thus eliminating the need for a "use it or lose it" philosophy.

Recommendation #1

There be an examination of "last minute" spending and if necessary, establishment of procedures to change this practice.

Response

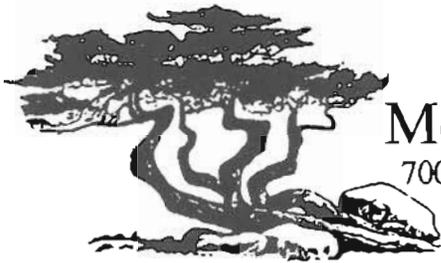
Please see MPUSD's response to Finding #4 above.

Recommendation #2

School districts, cities, and other local government agencies within Monterey County consult with the MCCPD to achieve savings available by central fund purchasing to taxpayers.

Response

Please see MPUSD's response to Findings #1 & 3 above.



Monterey Peninsula Unified School District
700 Pacific Street P.O. Box 1031 Monterey, CA 93942-1031 (408) 649-1562

April 21, 1998

Mr. Willard S. Houston, Chair
Follow-up Report Committee
Grand Jury
P.O. Box 414
Salinas, CA 93902

Subject: Response - Purchasing Findings and
Recommendations

Dear Mr. Houston:

As per your request of March 10, 1998, the attached information is presented.

If I can be of further assistance do not hesitate to call.

Sincerely,

A handwritten signature in black ink, appearing to read "P. W. Malone". The signature is fluid and cursive, with a large initial "P" and "W".

Patrick W. Malone
Deputy Superintendent

PWM/bh

Attachment

cc: B. DeBerry

MONTEREY PENINSULA UNIFIED SCHOOL DISTRICT

1997 GRAND JURY REPORT ON PURCHASING

DISTRICT RESPONSE TO FINDINGS AND RECOMMENDATIONS

Finding #1

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Recommendation #1

There be an examination of "last minute" spending and if necessary, establishment of procedures to change this practice.

Response

Please see MPUSD's response to Finding #4 above.

Recommendation #2

School districts, cities, and other local government agencies within Monterey County consult with the MCCPD to achieve savings available by central fund purchasing to taxpayers.

Response

Please see MPUSD's response to Findings #1 & 3 above.

Santa Rita

Union School District

"Opening the Windows of Success"



57 Russell Road
Salinas, CA 93906-4325
408 443-7200
Fax 442-1729

March 19, 1998

*District
Superintendents:*

Dr. Robert McLaughlin

*Assistant
Superintendent:*

Mr. James Fontana

*Director of
Fiscal Services:*

Mrs. Pat Alexander

Board of Trustees:

Mrs. Sue Daly
Mrs. Sally Guieb
Mrs. Nita McMurry
Mr. Michael Roebuck
Mr. Perry Vargas

Schools:

Gavilan View Middle
La Joya Elementary
Santa Rita Elementary

Mr. Willard Houston, Chair
Follow-Up Report Committee
1998 Monterey County Civil Grand Jury
P.O. Box 414
Salinas, CA 93902

Dear Mr. Houston,

In response to your letter of March 10, 1998, I am sending you a copy of the response which was sent to the Grand Jury on these topics on December 17, 1997. Other than that, I am not aware of any other request for response regarding school violence. My business office also responded to the request for information about purchasing. I am including a copy of that response also.

I hope that this will be useful and meet your needs. If not, please call.

Sincerely,

Dr. Robert McLaughlin
Superintendent

Grand Jury

County of Monterey



P.O. Box 414
Salinas, CA 93902
(408) 755-5020

March 10, 1998

Chair, Board of Trustees
Santa Rita Union School District
57 Russell Road
Salinas, CA 93906

Dear Chair:

Reference is made to the 1997 Monterey County Civil Grand Jury Mid-Year Report in regard to the following reports pertaining to your District:

Violence on School Campuses - Pages 15-19
Purchasing - Pages 35-38

A response was required from your Board of Trustees on November 7, 1997. A follow-up letter was written to you requesting this response on November 12, 1997. As yet our records indicate your response has not been received. Please refer to the response requirements on pages iv to vi of the Mid-Year report.

Would you please send your response to this office as soon as possible. If you have any questions, please call the Grand Jury Office at 755-5020 on any Tuesday or Thursday.

Sincerely,

A handwritten signature in blue ink that reads "Willard S. Houston".

Willard S. Houston, Chair
Follow-Up Report Committee
1998 Monterey County Civil Grand Jury

A handwritten signature in blue ink that reads "Robert A. Quinn".

Robert A. Quinn, Foreman
1998 Monterey County Civil Grand Jury

WSH:RAQ:elw

Santa Rita

Union School District



57 Russell Road
Salinas, CA 93906-4325
4 0 8 4 4 3 - 7 2 0 0
F a x 4 4 2 - 1 7 2 9

*District
Superintendent:*

Dr. Robert McLaughlin

*Assistant
Superintendent:*

Mr. James Fontana

*Director of
Fiscal Services:*

Mrs. Pat Alexander

Board of Trustees:

Mrs. Sue Daly
Mrs. Sally Guieb
Mrs. Nita McMurry
Mr. Michael Roebuck
Mr. Perry Vargas

Schools:

Gavilan View Middle
La Joya Elementary
Santa Rita Elementary

December 17, 1997

D. Roger Loper, Foreman
1997 Civil Grand Jury
P.O. Box 414
Salinas, CA 93902

Dear Mr. Loper:

I am writing as requested in response to the mid-year final report of the Monterey County Grand Jury regarding violence on school campuses.

Finding 1: Schools Are Conscientiously Addressing The Problem Of School Violence.

Santa Rita School District has adopted several policies and programs to improve school behavior, good student decision-making and reduce school violence. Programs and policies include the following: zero tolerance of serious offenses, prohibition against gang colors, quick elimination of graffiti, a reasonable dress code, the DARE Program, Here's Looking At You, 2000 Program, Sunrise House Program, and cooperative relations with local police authorities. School violence on our K-8 campuses is limited to occasional student arguments resulting in individual-versus-individual fights. These are completely within the range of normal student behaviors and do not reflect significant influence from gangs. None-the-less, we are constantly aware of the potential severe violence which we are attempting to prevent.

Finding 2: Cooperation Between School And Law Enforcement.

Principals and law enforcement officials communicate easily and readily. The county provides the DARE Program at both of our elementary schools. Law enforcement is quick and attentive whenever they are needed.

Finding 3: Parental Involvement.

Principals communicate in the Parent Handbook, periodic letters home, and school functions about issues related to school behavior and violence. Parent Handbooks explain information about gangs and ask the parents to enter in a compact with their students to avoid participation in gangs.

Finding 4: Law Enforcement Has Been Proactive And Positive.

The County Sheriff has been particularly helpful by presenting the DARE Program to all our fifth graders.

Finding 5: School Resource Officer Assigned To Our Schools.

I am not aware of a School Resource Officer assigned to our schools at this time, but it certainly would be welcome, especially at the middle school level. Being a K-8 district with K-6 districts adjacent to us, it is easy to forget that our middle school is not part of the high school district. We look forward to any time that the County can spare to help our students.

Finding 6: District's Use A Variety Of Methods To Address The Issue Of School Violence.

Santa Rita Schools do use a variety of methods as mentioned in Finding #1. Generally speaking, school violence has not struck the schools within our district in a large, overt manner, such as a drive-by shooting. However, the possibility of violence is always very close and requires that the schools continue their efforts to provide a safe and secure campus. A reasonable and well-planned actions on the part of school authorities will provide the unique responses necessary to promote a good learning environment which is safe and secure.

We look forward to any full-time school resource officers that would assist our schools in protecting the students and encouraging a good learning environment.

I thank the Grand Jury for their interest in this area.

Sincerely,



Dr. Bob McLaughlin
District Superintendent

Grand Jury

P.O. Box 1819
Salinas, CA 93902
(408) 755-5020



RECEIVED

JUN - 4 1997

SANTA RITA UNION
SCHOOL DISTRICT

*Fast
Nice
work!
Bob*

May 29, 1997

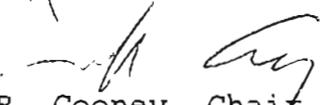
Mr. Harold E. Blythe
Superintendent
Santa Rita Union School District
57 Russell Road
Salinas, CA 93906

Dear Mr. Blythe:

We appreciate your prompt and full response to our Survey on Purchasing for your District. I know it has been a burden (more so to some). Your help has been valuable.

We thank you for your cooperation.

Sincerely,


James R. Cooney, Chair
Audit/Finance Committee
1997 Monterey County Civil Grand Jury

JRC:elw

COPY

SURVEY
OF
PURCHASING PROCEDURES

PURPOSE:

The purpose of this Survey is to furnish information to the Monterey County Grand Jury concerning the purchasing practices of County Cities, School Districts and Special Districts.

INSTRUCTIONS:

Answer the following questions and return the Survey to Mr. James Cooney, Chair, Audit/Finance Committee, Monterey County Civil Grand Jury, P. O. Box 1819, Salinas, CA 93902 by April 25, 1997.

QUESTIONS

1. Identify the dollar amount of your Purchasing by Category and Fiscal year:

CATEGORY	FISCAL YEAR	
	95/96	96/97
a. SUPPLIES (Includes instructional supplies)	310,925	307,052
b. EQUIPMENT (CAPITAL AND OTHER)	62,350	139,937
c. PROFESSIONAL SERVICES (E.G.....)	226,513	218,131
TOTAL:	<u>559,788</u>	<u>665,120</u>

2. If you use Monterey County Central Purchasing Department, what % of each Category in Question #1. goes through Central Purchasing?

- a. SUPPLIES - N/A %
- b. EQUIPMENT - %
- c. PROFESSIONAL SERVICES - %

Grand Jury
P.O. Box 414
Salinas, CA 93902
Mailed 4/28/97

3. If you do not use Monterey County Central Purchasing, please briefly describe your direct purchasing.

School sites initial a requisition which comes to District Office. The requisition is approved if there is money in budget. All purchases are received at District Office, verified and sent to sites.

4. Indicate approval limits:

<u>Who</u>	<u>Purchase Over</u>	
1. Principal or Supervisor	\$ 1,000	} All amounts
	\$ 10,000	
2. Director/Fiscal Services	\$ 25,000	

5. Please indicate BY MONTH the total amount of each category in #1:

	1995	1996	1997 (yr.to date)
	Cat.a.-Cat.b.-Cat.c.	Cat.a.-Cat.b.-Cat.c.	Cat.a.-Cat.b.-Cat.c.
January	We are not required to keep transactions by the month after the annual audit.	36,495	10,999
February		31,332	21,007
March	These records are not available by month.	16,609	3,775
April			
May			
June			
July			
August			
September			
October			
November			
December			

6. Please list the top 10 Vendors (by \$ volume) for 1995/96.
Please give a brief explanation of what each provides:

<u>Vendor Name</u>	<u>Volume</u>	<u>Supply/Services</u>
a.		
b.		
(etc.)		

Submitted by: Pat Alexander
School District: Santa Rita Union

1. Grainger
2. McGraw Hill
3. Salinas Union High School District
4. Harcourt
5. Home Depot
6. Lamar Tire
7. Office Depot
8. Val's Plumbing
9. Larry's Auto
10. Apple Computer

City of Marina

211 HILLCREST AVENUE
MARINA, CA 93933
TELEPHONE (408) 384-3715
FAX (408) 384-0425



OFFICE OF THE MAYOR

March 16, 1998

Willard S. Houston, Chair
Follow-Up Report Committee
1998 Monterey County Civil Grand Jury
P.O. Box 414
Salinas, California 93902

Dear Mr. Houston:

Thank you for your letter of March 10, 1998. Regarding the three subjects you presented:

97M06

Investment of Public Funds: The City of Marina invests all of its funds with the State of California's Local Agency Investment Fund (LAIF) except for that maintained in its checking accounts. The checking account monies are swept to a mutual funds pool each evening and returned to cover checks during the day. The City has no investments outside of these sources. It is our impression that the City of Marina is acting in a manner consistent with Recommendation #3.

97M07

Purchasing: The City of Marina operates under a purchasing procedure. The City has used State Purchasing and other cooperative activities to find the best price available for materials. The City is deliberate in its actions and does not engage normally in "last minute" spending. Your findings and advocacy for MCCPD did not adequately evaluate operational factors associated with the purchasing process. We shall continue to search for the best price available and I have asked the City Manager to investigate the use of MCCPD consistent with your recommendation.

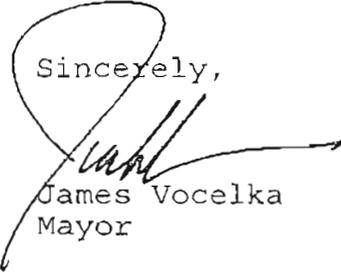
97M13

Prisons in Monterey County: Marina is located quite a distance from the prisons you list. We will assist as much as we can consistent with your first recommendation; However, because of proximity our ability is limited. Your findings 3, 5, and 7 do not relate to the City's operation

per se, so they are noted, but we reserve opinion as to their correctness. This also applies to Recommendation number 2. It appears the Grand Jury wants a social action task force. You did not define the connection between the recommendation and the required response from Marina. Finally, the Grand Jury's finding number 9 and Recommendation 6 are incorrect. All prisoners in the Marina holding cell have surveillance cameras on them full-time, are monitored by personnel in the building, and prisoners are transported as-soon-as-possible to County Jail. Your finding is incorrect, because a one minute or less response should occur any time an emergency arises in the Marina holding cell.

If additional clarification is needed I will be happy to comply. Please contact me in this regard at your earliest convenience.

Sincerely,



James Vocelka
Mayor

cc: Members of The City Council, City Manager, Public Safety Director, Administrative Services Manager, City Clerk



ADMINISTRATIVE OFFICES 1205 East Market Street • Salinas, CA 93905

(408) 753-5700 • FAX (408) 753-5709

Dr. Oscar Loya
Superintendent of Schools
March 25, 1998

Board of Trustees

Francisca S. González
Marta N. Granados
Jyl Lutes
Maria Murillo
Jesus R. Velásquez

Grand Jury, County of Monterey
ATTN: Williard S. Houston, Chair, Follow-Up Report Committee
P.O. Box 414
Salinas, CA 93902

Subject: Response to 1998 Monterey County Civil Grand Jury Report

Reference: Letter, March 10, 1998, County of Monterey Grand Jury

Dear Mr. Houston,

The following provides the response requested in your referenced letter.

Findings 1 and 3, and Recommendation 2 concerning consolidation and use of a "professional" purchasing department.

There are already three supply consortiums available for use by schools within Monterey County. The Monterey County Office of Education, Monterey Peninsula Unified School District, and Salinas Union High School District each operate such a service. Districts with fewer than 2,500 average daily attendance are required by state law to use these services (see enclosure 1) and therefore could not use the Monterey County Central Purchasing Department. Other districts can use these services, and Alisal buys some of its supplies through Salinas Union High School District.

Listed below are the supply purchases of Alisal Union School district for FY 1996-97.

Textbooks	179,281	14.34%
Other books	110,069	8.81%
Instructional Materials	598,092	47.85%
Other Supplies	342,409	27.40%
Transportation Supplies	<u>20,040</u>	<u>1.60%</u>
Total Supplies	1,249,891	100.00%

School-related materials accounted for 71% of the district's supply purchases last year. These needs can be better addressed through the focused purchasing organizations noted above than through some organization totally unrelated to schools. The district plans to consult with the Monterey County Central Purchasing Department on other purchases, however.

Grand Jury, County of Monterey

March 25, 1998

Subject: Response to 1998 Monterey County Civil Grand Jury Report

Finding 4 and Recommendation 1 concerning examination of "last minute" spending and establishment of any procedures necessary to change this.

Alisal Union School District requires purchase orders for all purchases, and cuts off purchase orders as of April 15. The district also allows school carryover of program funding. Therefore, the district does not have this problem. For example, during the actual month of June, 1997, the district paid for 8.1% of its supplies – not at all out of line with any other month.

Sincerely,

A handwritten signature in cursive script, appearing to read "R. James Michael".

R. James Michael
Acting Superintendent

c: Superintendent's Office
Thad Evans, Fiscal Officer



Monterey County Office of Education

William D. Barr
Monterey County
Superintendent of Schools

901 Blanco Circle

Post Office Box 80851

Salinas, California 93912-0851

Salinas (408) 755-0300

Monterey (408) 373-2955

Facsimile (408) 753-7888

January 7, 1998

TO: District Superintendents and Business Managers

FROM: Garry P. Bousum, Director of Fiscal Services

SUBJECT: Bulk Purchasing of Standard School Supplies 1998-99

The Monterey County Superintendent of Schools is required by statute to receive from elementary school districts under 2,500 ADA a certification of the district's intent to purchase standard school supplies through a purchasing cooperative.

Education Code Sections 40000, 40001, 40002 provide a basis to indicate how each school district may purchase necessary school supplies and equipment. For elementary districts under 2,500 ADA, options for purchasing are discussed below:

Options for Purchasing

1. Purchase as a cooperative with other school districts (total of all participating districts ADA must exceed 2,500.)
2. Purchase using another district as agent. Monterey Peninsula Unified and Salinas Union High School Districts may provide this service.
3. Purchase using the County Superintendent of Schools Bulk Purchasing process.

Certification

All elementary school districts under 2,500 ADA must complete the certification and return it to the Monterey County Office of Education no later than February 13, 1998.



Soledad Unified School District

Gene Martin, District Superintendent

"Setting Goals for High Achievement"

March 23, 1998

Mr. Willard S. Houston, Chair &
Mr. Robert A. Quinn, Foreman
1998 Monterey County Civil Grand Jury
P.O. Box 414
Salinas, CA 93902

Certified Mail

Dear Mr. Houston and Mr. Quinn:

We are responding to your letter of March 10, 1998, referencing the 1997 Monterey County Civil Grant Jury Mid-Year Report. Please be advised that we did not receive a copy of the report and had to request the pages 35-38 from the County Office of Education this week.

Please note that with respect to the Purchasing Procedures, we responded to the survey on April 28, 1997 and received a letter from the Grand Jury on May 29, 1997, acknowledging our prompt response. (See attachments)

The following is our official response to the two recommendations noted on Page 36 and 37 of the 1997 Mid Year Grand Jury Report:

1. ***There be an examination of "last minute" spending and if necessary, establishment of procedures to change this practice***

Response: Many state and federal categorical programs restrict the amount of carryover allowed (e.g., Migrant, Title I, Child Development, Alcohol & Tobacco Funds, etc.) While a person or persons outside of the system may conclude that there is a "frenzy spending," all programs undergo compliance audits. What usually happens is that instructional supplies are purchased to be used the following school year to avoid the loss of funds. The only way to change this practice is to have all federal and state grants allow full carryover.

2. ***School Districts, Cities, and other local government agencies within Monterey County consult with the MCCPD to achieve savings available by central fund purchasing to taxpayers.***

SAN VICENTE SCHOOL	1300 Metz Road	(408) 678-3914
GABILAN SCHOOL	330 North Walker Drive	(408) 678-0604
MAIN STREET MIDDLE SCHOOL	441 Main Street	(408) 678-3923

Response: In theory centralized purchasing may save some money; however, there are other factors that cause additional cost by utilizing central purchasing.

- a. The current MCCPD central purchasing requires school districts to receive the order all at once in the beginning of the year. This then requires a small district to establish and hire someone to account and distribute the material. This added cost offsets any savings.
- b. With the expenditure spent at once in the beginning of the year, any interest earned on idle funds are lost.
- c. Sometimes items offered under MCCPD are of inferior quality, so more supplies are utilized causing waste.

As noted in our district, all 3 schools purchase orders are centralized through the district office. With the construction of our high school, it is our intention to develop a centralized inventory control of supplies after our high school is constructed.

We take exception to the comment of "frenzy spending" at the end of the year. Actually, we consider it good planning for the next school year to ensure that instructional materials are on hand at the start of the year to be available for all students and teachers.

Many states exempt schools from paying sales tax on instructional books and supplies. That type of legislation could save all districts some 7.5% immediately and would better serve all taxpayers.

Please feel free to call me if you have any questions.

Sincerely,



Gene Martin
District Superintendent

GM:if

C: Dr. Bill Barr, County Superintendent of Schools

**SURVEY
OF
PURCHASING PROCEDURES**

PURPOSE:

The purpose of this Survey is to furnish information to the Monterey County Grand Jury concerning the purchasing practices of County, Cities, School Districts and Special Districts.

INSTRUCTIONS:

Answer the following questions and return the Survey to Mr. James Cooney, Chair, Audit/Finance Committee, Monterey County Civil Grand Jury, P.O. Box 1819, Salinas, CA 93902 by **April 25, 1997.**

QUESTIONS

1. Identify the dollar amount of your Purchasing by Category and Fiscal year:

CATEGORY	Fiscal Yr 95/96	Fiscal Yr 96/97*
a. Supplies	\$ 504,386	\$ 393,300
b. Equipment (Capital and Other)	\$ 219,692	\$ 342,323
c. Professional Services	\$ 149,300	\$ 97,756
Totals	\$ 873,378	\$ 833,379

* Reflects Budget (Second Interim ending 1/31/97)

2. If you use Monterey County Central Purchasing Department, what % of each Category in Question #1 goes through Central Purchasing?

- a. Supplies - 0 %
- b. Equipment - 0 %
- c. Professional Services - 0 %

3. If you do not use Monterey County Central Purchasing, please briefly describe your district purchasing.

Purchase orders are initiated by the site Principals and Managers. Requisitions are not used. Purchase order is directed to the District Office. Business Manager verifies availability of funds and proper account codes. Purchase orders are then approved by the Business Manager or the Superintendent. Quantities, units of issue, item description, price are also verified by the Accounts



Soledad Unified School District

Gene Martin, District Superintendent

"Setting Goals for High Achievement"

April 28, 1997

Mr. Jerome Nathan, Vice-Chair
Audit/Finance Committee
1997 Monterey County Civil Grand Jury
P.O. Box 1819
Salinas, CA 93902

Dear Mr. Nathan:

Enclosed is our response to your letter dated April 10th, which we received on April 24th.

The survey of Purchasing Procedures was prepared by our Business Manager, Vira Uldall.

I trust that this information satisfies your inquiry.

Sincerely,

Gene Martin
District Superintendent

GM:if

C: Bill Barr, County Superintendent of Schools
Vira Uldall, Business Manager

SAN VICENTE SCHOOL	1300 Metz Road	(408)678-3914
GABILAN SCHOOL	330 North Walker Drive	(408)678-0604
MAIN STREET MIDDLE SCHOOL	441 Main Street	(408)678-3923

Payable Clerk. No direct purchasing by sites is allowed. Upon approval, purchase orders are processed and copies disbursed to the vendor and appropriate departments. Upon receipt of order, departments verify quality and quantity of shipment. Appropriate receipt document is then forwarded to District Business Office where payment is initiated. Except for purchases of recurring supplies which are specifically authorized by the Superintendent or Business Manager, no open purchase orders are allowed.

All purchases of equipment, materials and supplies exceeding \$50,000 and all contracts for public projects exceeding \$ 15,000 are open to the competitive bidding procedure.

4. Indicate approval limits:

<u>Who</u>	<u>Purchases Over</u>
Business Manager, Superintendent	\$ 1,000
Business Manager, Superintendent	\$ 10,000
Business Manager, Superintendent	\$ 25,000

5. Please indicated BY MONTH the total amount of each category in #1.

SEE ATTACHED

6. Please list the top 10 Vendors (by \$ volume) for 1995/96. Please give a brief explanation of what each provides:

<u>Vendor Name</u>	<u>Volume</u>	<u>Supply/Service</u>
1. Marriott Corporation	\$ 57,339	Services
2. Office Depot	\$ 40,959	Supplies
3. Pacific Gas & Electric	\$ 29,662	Services
4. Perry Smith & Co.	\$ 13,000	Audit Services
5. Lozano, Smith & Smith	\$ 11,122	Legal Services
6. City of Soledad	\$ 11,000	Utilities/Services
7. South County YMCA	\$ 10,000	Rental/Services
8. Playgrounds by Designs	\$ 10,000	Supplies
9. Pacific Bell	\$ 8,617	Services
10. American Supply Co.	\$ 8,000	Custodial Supplies

Submitted By: Vira Uldall, Business Manager

School District: Soledad Unified School District

	1995			1996			1997*		
	Supplies	Services	Equipment	Supplies	Services	Equipment	Supplies	Services	Equipment
January	59,963	20,177	1,229	95,743	826	399	68,511	12,305	48,264
February	25,611	15,258	4,193	112	21,782	11,002	7,956	690	33,684
March	38,986	11,524	6,768	68,591	22,227	23,918	47,345	21,142	36,090
April	28,575	12,188	24,239	34,898	9,707	78,600			
May	113,367	113,236	23,652	19,854	(115)	24,008			
June	103,740	20,611	19,995	104,251	35,401	48,440			
July	2,861	1,581	-	4,727	-	-			
August	32,384	(16)	3,116	27,663	750	2,854			
Sept	54,420	12,459	263	40,626	3,207	9,717			
Oct	17,708	2,810	8,375	85,516	10,373	107,399			
Nov	53,501	14,884	4,677	50,664	7,238	12,209			
Dec	35,853	2,248	8,236	50,513	381	41,026			

*1997 year to date

Grand Jury

P.O. Box 1819
Salinas, CA 93902
(408) 755-5020



May 29, 1997

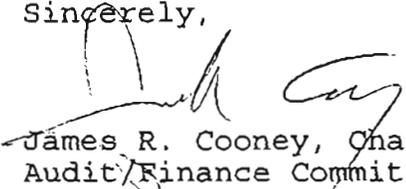
Mr. J. Eugene Martin, Jr.
Superintendent
Soledad Unified School District
P. O. Box 186
Soledad, CA 93960

Dear Mr. Martin:

We appreciate your prompt and full response to our Survey on Purchasing for your District. I know it has been a burden (more so to some). Your help has been valuable.

We thank you for your cooperation.

Sincerely,


James R. Cooney, Chair
Audit/Finance Committee
1997 Monterey County Civil Grand Jury

JRC:elw



San Ardo Union Elementary School District



April 1, 1998

Grand Jury
P.O. Box 414
Salinas, CA 93902

Gentlemen:

We are in receipt of your recent request regarding Purchasing. Following is our response.

Finding 1

We are using the services of Monterey County Office of Education Purchasing Department. We purchase some bulk paper, crayons, pencils, and some sports equipment.

Finding 3

We are a small school district and purchase less than \$1000 per year from the MCOE Purchasing Department.

Finding 4

We purchase from MCOE in August, the second month of the fiscal year. We do not do last minute purchasing.

Recommendation 1

Since we purchase our bulk items in August, we cannot answer as to why other state agencies wait until the end of their fiscal year.

Recommendation 2

Monterey County covers a wide area and, in the case of small school districts like us, distance is a problem. The County Office is 67 miles from our school. If we do bulk ordering with MCOE, we have to drive the school bus in and pick up the supplies. Sometimes it takes two trips. This takes a whole day for the custodian/bus driver and an expense in gas. In addition, we have no control over the quality of the bulk items we purchase and have, at times, received poor quality items. If a central ordering facility is established, there needs to be quality control and some sort of delivery arrangements.

Sincerely,

A handwritten signature in black ink that reads "Vicki Rosenberg". The signature is written in a cursive style with a large, flowing "V" and "R".

Vicki Rosenberg
Board President

Grand Jury

P.O. Box 1819
Salinas, CA 93902
(408) 755-5020



May 29, 1997

Mr. Frank Lynch
Superintendent
King City Joint Union School District
800 Broadway Street
King City, CA 93930

Dear Mr. Lynch:

We appreciate your prompt and full response to our Survey on Purchasing for your District. I know it has been a burden (more so to some). Your help has been valuable.

We thank you for your cooperation.

Sincerely,

A handwritten signature in black ink, appearing to read "James R. Cooney".

James R. Cooney, Chair
Audit/Finance Committee
1997 Monterey County Civil Grand Jury

JRC:elw

Grand Jury

P.O. Box 1819
Salinas, CA 93902
(408) 755-5020



April 10, 1997

TO WHOM IT MAY CONCERN:

The Monterey County Civil Grand Jury is asking your help and cooperation in a review of Monterey County Purchasing Practices and Policies by filling out the enclosed Survey.

We will require a response by April 24, 1997. Thank you.

Sincerely,

A handwritten signature in cursive script, appearing to read "Jerome Nathan".

Jerome Nathan, Vice-Chair
Audit/Finance Committee
1997 Monterey County Civil Grand Jury

JN:elw

Encl.

SURVEY
OF
PURCHASING PROCEDURES

PURPOSE:

The purpose of this Survey is to furnish information to the Monterey County Grand Jury concerning the purchasing practices of County Cities, School Districts and Special Districts.

INSTRUCTIONS:

Answer the following questions and return the Survey to Mr. James Cooney, Chair, Audit/Finance Committee, Monterey County Civil Grand Jury, P. O. Box 1319, Salinas, CA 93902 by April 25, 1997.

QUESTIONS

1. Identify the dollar amount of your Purchasing by Category and Fiscal year:

CATEGORY	FISCAL YEAR	
	95/96	96/97
a. SUPPLIES	\$432,524.00	\$253,519.00
b. EQUIPMENT (CAPITAL AND OTHER)	\$112,141.00	\$111,279.00
c. PROFESSIONAL SERVICES (E.G.)	\$104,061.00	\$ 93,715.00
TOTAL:	\$648,726.00	\$458,513.00

2. If you use Monterey County Central Purchasing Department, what % of each Category in Question #1. goes through Central Purchasing?

- a. SUPPLIES - _____%
- b. EQUIPMENT - _____%
- c. PROFESSIONAL SERVICES - _____%

N/A

3. If you do not use Monterey County Central Purchasing, please briefly describe your direct purchasing.

A Requisition is generated by the requester. After Department Head approval and signature from the Administrator a Purchase Order is then generated. The Business Manager signs all Purchase Orders for final approval.

4. Indicate approval limits:

<u>Who</u>	<u>Purchase Over</u>
The Board of Trustees is the final approval	\$ 1,000
on all purchases made by the District.	\$ 10,000
	\$ 25,000

5. Please indicate BY MONTH the total amount of each category in #1:

	1995	1996	1997 (yr. to date)
	Cat. a. -Cat. b. -Cat. c.	Cat. a. -Cat. b. -Cat. c.	Cat. a. -Cat. b. -Cat. c.
January			
February			
March			
April			
May			SEE ATTACHED REPORT
June			
July			
August			
September			
October			
November			
December			

6. Please list the top 10 Vendors (by \$ volume) for 1995/96.
Please give a brief explanation of what each provides:

<u>Vendor Name</u>	<u>Volume</u>	<u>Supply/Services</u>
1. NEELY'S OFFICE PROD.	\$99,525.00	COMPUTER/OFFICE PROD.
2. BREON O'DONNELL MILLER	\$48,425.00	LEGAL SERVICES
3. TOGNETTI JOBBER, INC.	\$36,510.00	FUEL
4. LONG'S TIRE SERVICE	\$12,838.00	TIRES/SERVICE
5. BENSON PLUMBING	\$11,666.00	PARTS/SERVICE
6. RELIABLE	\$11,325.00	OFFICE SUPPLIES
7. PACIFIC TRUCK PARTS	\$10,903.00	BUS PARTS
8. SAN JOAQUIN SUPPLY	\$ 8,651.00	JANITORIAL SUPPLIES
9. PARTS & SERVICE INC.	\$ 7,576.00	AUTO PARTS
10. LACEY'S	\$ 7,506.00	AUTO PARTS

Submitted by:

School District:

James J. Lynch
King City H. Union H.S. V

King City Jt. Un. High School

MONTH	1995 CAT.A	1995 CAT.B	1995 CAT.C	1996 CAT.A	1996 CAT.B	1996 CAT.C	1997 CAT.A	1997 CAT.B	1997 CAT.C
January	\$45,930.00	\$13,181.00	\$35,229.00	\$49,743.00	\$29,462.00	\$32,568.00	\$22,780.00	\$2,975.00	\$54,979.00
February	\$34,150.00	\$10,558.00	\$11,839.00	\$29,727.00	\$8,510.00	\$14,034.00			
March	\$20,281.00	\$562.00	\$1,032.00	\$21,859.00	\$1,841.00	\$5,337.00			
April	\$20,777.00	\$3,133.00	\$12,931.00	\$22,606.00	\$12,937.00	\$9,384.00			
May	\$17,827.00	\$2,082.00	\$17,427.00	\$45,522.00	\$9,262.00	\$9,646.00			
June	\$18,162.00	\$16,624.00	\$41,022.00	\$30,941.00	\$8,703.00	-\$4,586.00			
July	\$4,268.00	\$0.00	\$2,265.00	\$101,971.00	\$7,215.00	\$11,009.00			
August	\$82,555.00	\$4,444.00	\$6,664.00	\$50,974.00	\$24,276.00	\$10,958.00			
September	\$37,866.00	\$30,324.00	\$3,494.00	\$15,913.00	\$18,647.00	-\$71.00			
October	\$42,579.00	\$893.00	\$9,664.00	\$43,732.00	\$43,137.00	\$4,178.00			
November	\$44,571.00	\$2,504.00	\$11,506.00	-\$3,906.00	\$5,363.00	\$1,844.00			
December	\$20,287.00	\$3,261.00	\$4,085.00	\$22,055.00	\$9,666.00	\$10,818.00			
TOTALS	\$389,253.00	\$87,566.00	\$157,158.00	\$431,137.00	\$179,019.00	\$105,119.00	\$22,780.00	\$2,975.00	\$54,979.00

Grand Jury

County of Monterey

P.O. Box 414
Salinas, CA 93902
(408) 755-5020



March 10, 1998

Chair, Board of Trustees
King City Joint Union School District
800 Broadway Street
King City, CA 93930

Dear Chair:

Reference is made to the 1997 Monterey County Civil Grand Jury Mid-Year Report in regard to the following reports pertaining to your District:

Violence on School Campuses - Pages 15-19
Purchasing - Pages 35-38

A response was required from your Board of Trustees on November 7, 1997. A follow-up letter was written to you requesting this response on November 12, 1997. As yet our records indicate your response has not been received. Please refer to the response requirements on pages iv to vi of the Mid-Year report.

Would you please send your response to this office as soon as possible. If you have any questions, please call the Grand Jury Office at 755-5020 on any Tuesday or Thursday.

Sincerely,

A handwritten signature in cursive script, appearing to read "Willard S. Houston".

Willard S. Houston, Chair
Follow-Up Report Committee
1998 Monterey County Civil Grand Jury

A handwritten signature in cursive script, appearing to read "Robert A. Quinn".

Robert A. Quinn, Foreman
1998 Monterey County Civil Grand Jury

WSH:RAQ:elw

San Lucas Union School District

GENERAL DELIVERY • 53675 SAN BENITO STREET • SAN LUCAS, CA 93954
408-382-4426

March 19, 1998

Grand Jury
P.O. Box 414
Salinas, CA. 93902

Re: Findings 1, 3, and 4 and Recommendations 1 and 2, page 36

Dear Madam/Sirs,

Greetings ! In response to your recommendations, I am certifying that San Lucas Union Elementary School District will examine "last minute" spending and, if necessary, establish procedures to change this practice.

Secondly, I have written a letter (copy attached) to the Monterey County Central Purchasing Department (MCCPD), to open a dialogue on the possibility of bulk purchasing to save the district money.

Thank you for your interest and recommendations !

Sincerely,



Brad Bailey
Superintendent

San Lucas Union School District

GENERAL DELIVERY • 53675 SAN BENITO STREET • SAN LUCAS, CA 93954
408-382-4426

March 19, 1998

Monterey County Central Purchasing Department

Re: Bulk Purchasing Arrangement

Dear Madam/Sir,

Greetings ! I am writing at the suggestion of the Grand Jury, Monterey County, to explore the possibility of setting up a bulk purchasing agreement/arrangement between San Lucas Union Elementary School District, and your department.

If you will make contact with me at your earliest convenience, I would appreciate it.

Thank you in advance for your interest !

Sincerely,



Brad M. Bailey
Superintendent

Salinas Union High School District

ADMINISTRATION OFFICES — 431 WEST ALISAL STREET, SALINAS, CA 93901-1699 • FAX: (408) 754-8798

FERNANDO R. ELIZONDO, Ed.D.
Superintendent
(408) 753-4110

ROGER C. ANTON, JR.
Associate Superintendent
Instructional Services
(408) 753-4127

JAMES M. MAXWELL
Interim Assistant Superintendent
Business Services
(408) 753-4115

LINDA C. HARRIS
Assistant Superintendent
Human Resources
(408) 753-4137

March 13, 1998

Mr. Willard S. Houston, Chair or
Mr. Robert A. Quinn, Foreman
1998 Monterey County Civil Grand Jury
P.O. Box 414
Salinas, CA 93902

Dear Mr. Quinn:

This is in response to your letter dated March 10, 1998 referencing reports pertaining to our District's:

Violence on School Campuses – Pages 15-19, and
Purchasing – Pages 35-38

Please see the attached responses to: Mr. Jerome Nathan, Vice Chair, Audit/Finance Committee, regarding Monterey County Purchasing Practices dated April 24, 1997, and Mr. D. Roger Loper, Foreman, 1997 Civil Grand Jury, regarding Violence on School Campuses dated December 11, 1997.

Please feel free to call my office if you need any further information.

Sincerely,



Fernando R. Elizondo
Superintendent

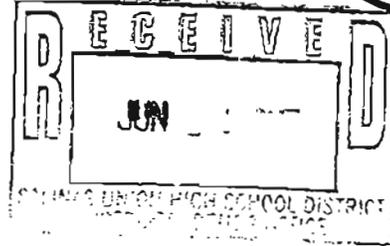
FRE:pvc

c Tommy D. Traylor, President, Board of Trustees

Enclosures (2)

Grand Jury

P.O. Box 1819
Salinas, CA 93902
(408) 755-5020



May 29, 1997

Dr. Fernando Elizondo
Superintendent
Salinas Union High School District
431 West Alisal St.
Salinas, CA 93901

Dear Dr. Elizondo:

We appreciate your prompt and full response to our Survey on Purchasing for your District. I know it has been a burden (more so to some). Your help has been valuable.

We thank you for your cooperation.

Sincerely,


James R. Cooney, Chair
Audit/Finance Committee
1997 Monterey County Civil Grand Jury

JRC:elw

6/10/97

I LOVE WRITING

THIS IS A THANK YOU LETTER.

Salinas Union High School District

COPY

ADMINISTRATION OFFICES — 431 WEST ALISAL STREET, SALINAS, CA 93901-1699 • FAX: (408) 754-8798

FERNANDO R. ELIZONDO, Ed.D.

Superintendent
(408) 753-4110

ROGER C. ANTON, JR.

*Associate Superintendent
Instructional Services*
(408) 753-4127

JOHN H. CHRIST

*Assistant Superintendent
Business Services*
(408) 753-4115

LINDA C. HARRIS

*Interim Assistant Superintendent
Human Resources*
(408) 753-4137

April 24, 1997

Jerome Nathan Vice-Chair
Audit/Finance Committee
Monterey County Grand Jury
P.O. Box 1819
Salinas, CA 93902

SUBJECT: Monterey County Purchasing Practices

Enclosed is the completed survey for the Monterey County Purchasing Practices Review.

Please feel free to call me at (408) 753-4114.

Sincerely,



John H. Christ
Assistant Superintendent of Business Services

JHC:ah

cc: Dr. Fernando Elizondo
Superintendent

Enclosure

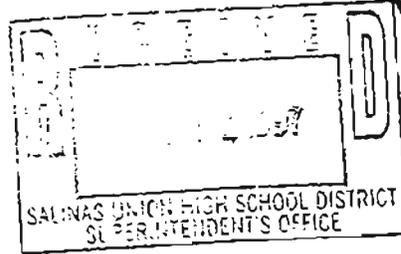
original debit #124 to counter...

Grand Jury

COPY



P.O. Box 1819
Salinas, CA 93902
(408) 755-5020



April 10, 1997

TO WHOM IT MAY CONCERN:

The Monterey County Civil Grand Jury is asking your help and cooperation in a review of Monterey County Purchasing Practices and Policies by filling out the enclosed Survey.

We will require a response by April 24, 1997. Thank you.

Sincerely,

Jerome Nathan, Vice-Chair
Audit/Finance Committee
1997 Monterey County Civil Grand Jury

JN:elw

Encl.

SURVEY
OF
PURCHASING PROCEDURES

PURPOSE:

The purpose of this Survey is to furnish information to the Monterey County Grand Jury concerning the purchasing practices of County Cities, School Districts and Special Districts.

INSTRUCTIONS:

Answer the following questions and return the Survey to Mr. James Cooney, Chair, Audit/Finance Committee, Monterey County Civil Grand Jury, P. O. Box 1819, Salinas, CA 93902 by April 25, 1997.

QUESTIONS

1. Identify the dollar amount of your Purchasing by Category and Fiscal year:

CATEGORY	FISCAL YEAR (2nd Interim)	
	95/96	96/97 Projected
a. SUPPLIES	1,715,724.00	2,091,639.00
b. EQUIPMENT (CAPITAL AND OTHER)	994,458.00	1,567,497.00
c. PROFESSIONAL SERVICES (E.G.)	4,174,290.00	4,299,739.00
TOTAL:	<u>6,884,472.00</u>	<u>7,958,875.00</u>

2. If you use Monterey County Central Purchasing Department, what % of each Category in Question #1. goes through Central Purchasing?

- a. SUPPLIES - N/A %
- b. EQUIPMENT - N/A %
- c. PROFESSIONAL SERVICES - N/A %

We do not use Monterey County Central Purchasing.

3. If you do not use Monterey County Central Purchasing, please briefly describe your direct purchasing.

All purchases, except some postage and emergency purchases, are routed through the Purchasing Dept. All purchases require purchase orders. All purchase orders are reviewed and signed by the Manager of Purchasing.

4. Indicate approval limits:

<u>Who</u>	<u>Purchase Over</u>
Asst. Supt. Business Services	\$ 1,000
Asst. Supt. Business Services	\$ 10,000
Board Approval	\$ 25,000

5. Please indicate BY MONTH the total amount of each category in #1:

	1995	1996	1997 (yr. to date)
	Cat.a.-Cat.b.-Cat.c.	Cat.a.-Cat.b.-Cat.c.	Cat.a.-Cat.b.-Cat.c.
January	See attached Survey of Purchasing Procedures.		
February			
March			
April			
May			
June			
July			
August			
September			
October			
November			
December			

Survey Of Purchasing Procedures Salinas Union High School District

Item #5. Please indicate by month the total amount of each category in Item #1.

School Year Month	1995-1996			1996-1997		
	Category A	Category B	Category C	Category A	Category B	Category C
July	12,742	-5,753	8,962	3,840	0	28,977
August	146,277	391,694	535,529	99,483	4,932	567,181
September	181,858	61,216	253,201	118,195	66,170	224,786
October	239,573	160,060	347,340	188,855	44,078	315,296
November	111,050	310,286	318,595	194,640	122,244	350,940
December	138,412	30,362	289,470	134,330	78,548	243,313
January	138,816	105,143	301,130	87,585	153,287	266,778
February	142,063	90,614	252,100	145,939	43,176	268,033
March	113,170	-484,718	469,692	152,494	271,528	198,187
April	121,678	97,980	216,410			
May	103,389	68,349	367,472			
June	266,696	169,225	814,389			
Totals	1,715,724	994,458	4,174,290	1,125,361	783,963	2,463,491

Note: Monthly totals for 94-95 school year unavailable.

6. Please list the top 10 Vendors (by \$ volume) for 1995/96.
Please give a brief explanation of what each provides:

<u>Vendor Name</u>	<u>Volume</u>	<u>Supply/Services</u>
--------------------	---------------	------------------------

a.		This data is not readily available.
----	--	-------------------------------------

b.		
----	--	--

(etc.)

Submitted by:

John H. Christ

School District:

Salinas Union High School District

Salinas Union High School District

ADMINISTRATION OFFICES — 431 WEST ALISAL STREET, SALINAS, CA 93901-1699

FAX: (408) 754-8798

FERNANDO R. ELIZONDO, Ed.D.
Superintendent
(408) 753-4110

ROGER C. ANTON, JR.
Associate Superintendent
Instructional Services
(408) 753-4127

JAMES M. MAXWELL
Interim Assistant Superintendent
Business Services
(408) 753-4115

LINDA C. HARRIS
Assistant Superintendent
Human Resources
(408) 753-4137

December 11, 1997

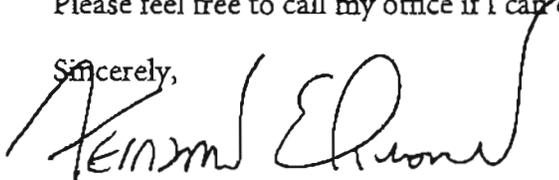
Mr. D. Roger Loper, Foreman
1997 Civil Grand Jury
P.O. Box 414
Salinas, CA 93902

Dear Mr. Loper:

I have enclosed the Salinas Union High School District's response to the 1997 Monterey County Grand Jury as formulated by Mr. Roger Anton, Associate Superintendent of Instruction, and his staff. I believe that all of the recommendations and findings have been responded to as requested.

Please feel free to call my office if I can embellish any of the enclosed information.

Sincerely,



Fernando R. Elizondo
Superintendent

c Roger Anton
Board of Trustees, SUHSD

Enclosure

R E C E I V E D

DEC - 8 1997

Salinas Union High School District
Superintendent's Office

Memorandum

Date: December 8, 1997

To: SUPERINTENDENT

From: ROGER ANTON

Re: RESPONSES TO 1997 MONTEREY COUNTY GRAND JURY REPORT

On December 1, 1997, you asked Joe Rice and Jim Rear to respond to the six findings and one recommendation developed by the Monterey County Grand Jury. I have received input and would submit the following to you:

FINDINGS:

1. In general, schools within Monterey County are conscientiously addressing the problem of school violence. However, the problem still exists, and continuing attention to it is required.

The Salinas Union High School District has initiated and continues to offer programs such as Conflict Resolution Training (CRT), Youth Alternatives to Violence (YATV), ADAPT (Alcohol and Drug Abuse Prevention Teams) Clubs, Friday Night Live (FNL)/Club Live. In addition the District maintains a "zero tolerance" on violence and possession of weapons at school sites.

2. There is a good degree of cooperation between school officials and law enforcement officials in addressing the problem. Again, continuing attention to this aspect of the problem is necessary.

The Salinas Union High School District has been a partner for the School Resource Officer Program with the Salinas Police Department for many years. Each year the District contributes the cost of one additional school resource officer from its General Funds in order to increase the number of officers available to the schools, including elementary schools.

3. Parental involvement must be an integral part of every school's program to address school violence. Some Districts require each student and his/her parents to enter into a written contract which spells out what is expected of the school, the student, and the parents. The jury was particularly impressed by the contract being used by the Salinas Union High School District.

The Salinas Union High School District continues to maintain its "contract" with all parents and students prior to enrolling in school every school year. In addition, parents are strongly encouraged to participate and be involved in their children's education. Several schools have initiated "Parents on Campus"-type programs to encourage parents to visit the schools and to be on the school campuses. In situations involving violence, the District requires parents to attend a conference and to be responsible for their children's behavior. Parent organizations continue to be supportive of providing safe campuses as demonstrated by the leadership undertaken by middle school parents to initiate and maintain uniforms at the three district middle schools.

4. Law Enforcement Agencies have been pro-active in establishing a positive relationship with students and school authorities. A few examples of their involvement are the D.A.R.E. program, Healthy Start Program, School Resource Officers on campuses, Police Explorer Program, Citizen Academy and Police Activity League.

See response to Finding #2.

5. The ten Law Enforcement Agencies either have or plan to have a School Resource Officer assigned to the schools. Resource Officers already on campuses have been training school authorities in the areas of recognizing gang affiliations of students and recognizing different drugs used by students.

In addition to financially supporting the School Resource Officer Program, the Salinas Union High School District works closely with the officers to provide training to staff and parents about gangs, gang affiliation, symbols of gangs, and gang identification. In addition the School Resource Officers are a resource in recognizing potential student drug use. The Salinas Union High School District continues to provide a Drug Intervention Specialist from Sunrise House as a member of each school's staff. The expenses for the Drug Intervention Specialist also is derived from the District's General Fund and is a substantial program in its own right. The Drug Intervention Specialists provide group counseling and intervention, sponsor the ADAPT clubs, provide counseling for parents regarding drugs and gangs, and complement the efforts of school counselors and administration.

6. As shown in Exhibit A, individual School Districts are using various methods to address the issue of school violence. It is unlikely that there is a single recipe that will be most effective for every School District. It is the responsibility of each District Board to determine what combination of methods will be most effective for its schools.

School safety is a major priority of the Board of Trustees of the Salinas Union High School District. In addition to supporting the Drug Intervention and School Resource Officer Programs, the Board of Trustees maintains its "zero tolerance" position on the suspension and expulsion of students committing violent offenses related to school on and off campuses. The District's strict stance does result in a substantial number of student expulsion referrals and formal action by the Board of Trustees. The District Board of Trustees also, however, has invested in the Renaissance in Education Program which is designed to recognize and reward academic achievement and positive student behavior. The District believes in positive influence on students and continues its support of this program and all student activities for students.

RECOMMENDATIONS:

1. The Superintendent in each School District review Exhibit A and interact with their counterparts in other Districts and at other schools to familiarize themselves with methods that other Districts are finding to be effective in addressing school violence. Each District should then determine additional methods to incorporate into the District's safe school program.

The Superintendent of the Salinas Union High School District has regular communication with the Superintendents of other school districts to share and consider means of improving the District's Safe School Program. Each school site has developed a Safe School Plan. Regular meetings of administrative staff further highlight the successes throughout the District, as well as the sharing of successful programs and procedures. In all instances, the District attempts to provide a wide variety of alternative programs to meet the ever changing needs of students who may be at risk of violent behavior (see enclosed Alternative Education Handbook).

RA:ms

K.F. This is what the Grand Jury asked to do.

PURCHASING

BACKGROUND:

Outside purchasing is a multi-million dollar exercise for Monterey County - Cities, School Districts, Natividad Medical Center (NMC), Special Districts and the Sheriff's Department, etc. The Grand Jury wanted to find out whether the "best price" and/or "best value" was being obtained by the users.

INQUIRY PROCESS:

A survey was sent to 26 School Districts and to 12 Cities. A response was received from 19 School Districts and 8 Cities.

Not all responses were complete since some accounting systems could not furnish data in the format requested.

ISSUE:

Is purchasing being done in a timely and cost-effective manner?

FINDINGS:

- 1. None of the respondents are using the services of the Monterey County Central Purchasing Department (MCCPD).
- 2. Authorization limits and procedures appeared to be adequate. Since this was not studied in depth, reliance was based on comments made on the survey.
- 3. Approximate totals of purchasing done by the respondents are:

	<u>Supplies</u>	<u>Equipment</u>	<u>Professional Services</u>
School Districts	\$12,481,000	\$5,649,000	\$9,184,000
Cities	\$17,942,000	\$6,048,000	\$3,983,000

The total of Supplies and Equipment is \$42,120,000. If there were consolidation and use of a "professional" purchasing

department vs. small individual efforts, substantial savings could accrue to the participants.

Even savings of 1%, on average, would generate a figure more than sufficient to fund two additional positions which MCCPD estimates would be necessary to handle the additional workload.

One example reviewed by the Grand Jury indicated a 3% savings was achieved when MCCPD became involved after the efforts of a local department proved inadequate.

4. Our survey also revealed a pattern (by some respondents) of spending in the last month or two of the fiscal year that suggests a "use it or lose it" philosophy. This can lead to poor value and poor judgment in what is ordered and possible conflicts since a normal bidding process is sometimes ignored in the haste to spend funds.

Seven School Districts and two Cities supplied month-by-month data which contained "the appearance" of last minute frenzy spending.

Major Spending in June (May in two cases)
(June is last month of fiscal year.)

Percentage to annual total spent by category was:

Supplies - 16 to 27% in 6 respondents;
Equipment - 13 to 43% in 7 respondents; and
Professional Services - 17 to 62% in 8 respondents.

Two flagrant examples noted were:

a. Salinas City Elementary School District - spent \$463,948 (27% of total) on supplies in June 96 and \$781 in July. They spent \$144,851 (21%) on equipment in June vs. \$4,866 in July.

b. The City of Seaside spent \$88,065 (28%) on supplies in June 96 vs. \$71 in July. They also spent \$264,656 (25%) for Professional Services in June 96 vs. \$1,993 in July.

RECOMMENDATIONS:

The 1997 Monterey County Civil Grand Jury recommends that:

1. There be an examination of "last minute" spending and, if necessary, establishment of procedures to change this practice.
2. School Districts, Cities, and other local government agencies within Monterey County consult with the MCCPD to achieve

savings available by central fund purchasing to taxpayers.

RESPONSES REQUIRED:

Board of Supervisors

Findings # 1 and 4

Recommendations # 1 and 2

Mayors of Monterey County Cities:

Carmel
Del Rey Oaks
Gonzales
Greenfield
King City
Marina
Monterey
Pacific Grove
Salinas
Sand City
Seaside
Soledad

Findings # 1, 3, and 4

Recommendations # 1 and 2

Board of Trustees of all School Districts within Monterey County:

Alisal Union School District
Bradley Union School District
Carmel Unified School District
Chualar Union School District
Gonzales Unified School District
Gonzales Union School District
Gonzales Union High School District
Graves School District
Greenfield Union School District
King City Joint Union High School District
King City Union School District
Lagunita School District
Mission Union School District
Monterey Peninsula Unified School District
North Monterey County Unified School District
Pacific Grove Unified School District
Pacific Unified School District
Salinas City School District
Salinas Union High School District
San Antonio Union School District

San Ardo Union School District
San Lucas Union School District
Santa Rita Union School District
Soledad Unified School District
Spreckels Union School District
Washington Union School District

Findings # 1, 3, and 4

Recommendations # 1 and 2

Responses are not required from the Agencies and other Districts, but they are urged to consult the Monterey County Purchasing Department for advice on possible benefits from centralized purchasing.



248 Main Street
P.O. Box 156
Soledad, CA 93960

☎ 408-678-3963
FAX 408-678-3965

September 9, 1997

1) Liz
2) Copies to Gorry
Roger
Al Baguis
3) Original to G.S. file
of responses to 1997 G.S.
mid-year report.

Honorable Jonathan R. Price
Presiding Judge
Monterey County Superior Court
Post Office Box 414
Salinas, California 93902

RE: 1997 GRAND JURY RESPONSE

Dear Judge Price:

I am responding as required to the Mid Year 1997 Grand Jury Report regarding Prisons in Monterey County. I will respond to those issues requested by the Report.

FINDINGS:

3. Prison life does not seem to have a deterrent to the commitment of crimes.

I concur with this finding. Recidivism seems to be on the rise. State Parole and County Probation offices are constantly striving to enact programs which will stem the recidivism rate and make strides to stop the revolving door process of crime to prison to release to crime to prison to release etc. I think that we must continue to try to reduce crime and address the recidivism problem. I also think that the fear of punishment does deter crime with some individuals. Otherwise, the problem would be worse and our prisons would be more crowded.

5. One source of increased prison population seems to be the mentally ill.

Penal Code commitment of the mentally ill does contribute to the prison population. Some are placed in special units in the State's mental hospital system where they receive treatment. Some of those patients eventually are released under various care programs and later returned to the community. The hospitals have only a limited success rate however, and some criminals are not suited for these programs. Some counties provide half way houses as well as board and care facilities for released prisoners and mentally ill alike.

7. Prisoners have nothing to do.

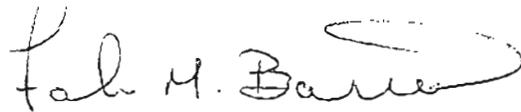
This problem would appear to be related to the level of the offender who is incarcerated. Those who are a high risk of endangering themselves or others or who are escape risks must necessarily be limited in movement. Others, who display a willingness to serve their sentences without causing trouble, become eligible for work, educational and programs. It has been our experience through involvement in the Association of California Cities Allied with Prisons, the Citizens Advisory Committee, and tours of many institutions, that CDC makes a great effort in this area.

RECOMMENDATION:

1. Work and educational opportunities.

I agree that every effort should be made by prison management and surrounding communities to bring work and educational opportunities into the prisons. The City of Soledad has a good working relationship with Salinas Valley State Prison and Correctional Training Facility, Soledad, both of which are within the City limits of Soledad. We work with the Community Resources Manager from each prison to provide work both in and outside of the prison. We utilize prisoners for community cleanup programs, computer repair, bicycle repair and safety, painting and several other programs in the community. This provides job training and educational opportunities for prisoners which may be useful upon their release. It also provides an opportunity for the community to benefit by reducing costs and having work performed quickly.

Very truly yours,



FABIAN M. BARRERA
Mayor



WUSD

WASHINGTON UNION SCHOOL DISTRICT

Catherine Gallegos
District Superintendent

43 San Benancio Road
Salinas, California
93908

(408) 484-2166
(408) 484-2828 - FAX

October 29, 1997

Board of Trustees
Karen Boothroyd
Merry Eddy
Kent Fowler
Thomas Hovde
Joe I. Michael

San Benancio School
484-1192

Washington Union School
484-1331

Toro Park School
484-9891

Hon. Jonathan R. Price
Presiding Judge
Monterey County Superior Court
P.O. Box 414
Salinas, CA 93902

Dear Judge Price,
Enclosed are the responses to the Grand Jury Report from the Washington Union School District. As required by the instructions accompanying the Report, our district is forwarding a copy to the Board of Supervisors.

If you have any questions regarding our district's responses, please contact the superintendent, Catherine Gallegos, or me.

Sincerely,

Tom Hovde
Governing Board President

c: Board of Supervisors

MyFiles\Board\Correspondence\Grand Jury Letter

**WASHINGTON UNION SCHOOL DISTRICT
Response to Grand Jury 1997 Mid-Year Report**

PURCHASING 97M07

Washington Union School District has been directed to respond to Findings #1,3, & 4.

FINDINGS:

1. **None of the respondents are using the services of the Monterey County Central Purchasing Department (MCCPD).**
Washington School District uses Salinas Union High School District Warehouse as a source for purchase of classroom and custodial supplies at bulk rate prices.

3. **Approximate totals of purchasing done by the respondents:**
Washington Union School District spent \$690,343 in the 1996/97 fiscal year on non-personnel items from the General Fund.

4. **The Grand Jury survey revealed a pattern (by some respondents) of spending in the last month or two of the fiscal year that suggests a "use it or lose it" philosophy.**
Washington's spending pattern for supplies shows that 6%-10% of the total expenditures occurred each month during the school year. The exception in the 1996/97 school year was April, in which 14% of the expenditures occurred; this was due to a one-time purchase of computers. May expenditures represented 9% of the total budget for supplies. June expenditures represented 8% of the total budget for supplies.

The district was directed to respond to Recommendations #1 and 2.

Recommendations

1. **There be an examination of "last minute" spending and, if necessary, establishment of procedures to change this practice.**
A review of the spending records of the district reveals an evenly distributed expenditure rate.

2. **School Districts, Cities, and other local government agencies within Monterey County consult with the MCCPD to achieve savings available by central fund purchasing to taxpayers.**
Washington School District currently purchases classroom and custodial supplies through Salinas Union High School District, at bulk rate prices.

VIOLENCE ON SCHOOL CAMPUSES

Washington Union School District was directed to respond to Findings #1-6.

Findings

1. **In general, schools within Monterey County are conscientiously addressing the problem of school violence. However, the problem still exists, and continuing attention to it is required.**
Washington Union School District has a very low incidence of violence on its school campuses (see attached California Safe Schools Assessment for 1996/97). Schools routinely communicate school rules for conduct to parents, and school officials respond quickly when problems arise on campus.
2. **There is a good degree of cooperation between school officials and law enforcement officials in addressing the problem. Again, continuing attention to this aspect of the problem is necessary.**
The school district has a good relationship with the local law enforcement agencies. When necessary, law enforcement officials have been immediately available to assist with any problems.
3. **Parental involvement must be an integral part of every school's program to address school violence. Some Districts require each student and his/her parents to enter into a written contract, which spells out what is expected of the school, the student, and the parents.**
Parents receive information about the schools' behavior codes and are responsive to problems when they arise at school. Parents in the district are cooperative with the schools and generally reinforce codes of conduct at home. The schools send home written guidelines for behavior at the beginning of each school year. These written guidelines are signed by the parents and are kept on file at the school for the year.
4. **Law Enforcement Agencies have been pro-active in establishing a positive relationship with students and school authorities. A few examples of their involvement are the DARE program, Healthy Start Program, Citizen Academy and Police Activity League.**
The DARE program is presented in the district's fifth grade classes by a law enforcement official on a weekly basis. While on campus, he also goes to the playground at recess and lunch and interacts with students to promote a positive influence with the law.
5. **The ten Law Enforcement Agencies either have or plan to have a School Resource Officer assigned to the schools. Resource Officers already on campuses have been training school authorities in the areas of recognizing gang affiliations of students and recognizing different drugs used by students.**
The school district does not have a Resource Officer assigned to any of the schools at this time.

6. **As shown in Exhibit A, individual School Districts are using various methods to address the issue of school violence. It is unlikely that there is a single recipe that will be most effective for every School District. It is the responsibility of each District Board to determine what combination of methods will be most effective for its schools.**

The district Child Development Specialist assists with at risk students on a weekly basis. Additionally, she leads conflict resolution groups at the fifth grade level and is providing support to a group of students who have experienced separation or divorce in their families, either in the past or currently. The specialist also assists with all other aspects of crisis intervention such as child abuse reporting, student and/or family drug abuse and grief counseling, to name a few. She is also a resource for referrals to other agencies that can support needy families or students and families in crisis.

The Middle School has a strong Peer Assistance Leadership (PAL) program in which the majority of students have an opportunity to receive training in how to deal with conflict and assist others to resolve conflict without resorting to violence. Both of the district's elementary schools also have strong conflict resolution programs.

The schools in the district approach the issue of violence on the campus through both intervention and prevention. School rules are clearly communicated to students and have clear consequences. The schools also recognize appropriate student behavior and encourage strong ties with the family to continually monitor and improve student behavior and provide rewards for students who demonstrate safe and cooperative behavior with their peers.

The district was directed to respond to Recommendation #1.

Recommendation

1. **Superintendents in each School District review Exhibit A and interact with their counterparts in other Districts and at other schools to familiarize themselves with methods that other Districts are finding to be effective in addressing school violence. Each District should then determine additional methods to incorporate into the District's safe school program.**

Administrators in Washington Union communicate on a regular basis with administrators from other districts. The superintendent participates in the County Office of Education Superintendents' Meetings. The middle school principal belongs to the Middle School Network, at which campus safety issues are routinely discussed. Other formal and informal contacts contribute to knowledge of other districts and a sharing of ideas for reducing campus violence. The district's Safe School Plan is reviewed every year and modified in order to provide a safe environment for students while at school.

MyFiles\District\Misc\Grand Jury Response

Salinas Union High School District

ADMINISTRATION OFFICES — 431 WEST ALISAL STREET, SALINAS, CA 93901-1699 • FAX: (408) 754-8798

FERNANDO R. ELIZONDO, Ed.D.
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(408) 753-4110

ROGER C. ANTON, JR.
Associate Superintendent
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JAMES M. MAXWELL
Interim Assistant Superintendent
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LINDA C. HARRIS
Assistant Superintendent
Human Resources
(408) 753-4137

March 13, 1998

Mr. Willard S. Houston, Chair or
Mr. Robert A. Quinn, Foreman
1998 Monterey County Civil Grand Jury
P.O. Box 414
Salinas, CA 93902

Dear Mr. Quinn:

This is in response to your letter dated March 10, 1998 referencing reports pertaining to our District's:

Violence on School Campuses – Pages 15-19, and
Purchasing – Pages 35-38

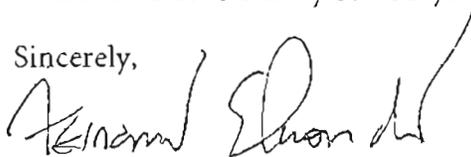
97M03

94M07

Please see the attached responses to: Mr. Jerome Nathan, Vice Chair, Audit/Finance Committee, regarding Monterey County Purchasing Practices dated April 24, 1997, and Mr. D. Roger Loper, Foreman, 1997 Civil Grand Jury, regarding Violence on School Campuses dated December 11, 1997.

Please feel free to call my office if you need any further information.

Sincerely,



Fernando R. Elizondo
Superintendent

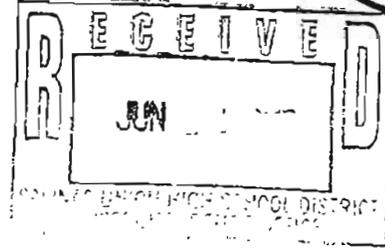
FRE:pvc

c Tommy D. Traylor, President, Board of Trustees

Enclosures (2)

Grand Jury

P.O. Box 1819
Salinas, CA 93902
(408) 755-5020



May 29, 1997

Dr. Fernando Elizondo
Superintendent
Salinas Union High School District
431 West Alisal St.
Salinas, CA 93901

Dear Dr. Elizondo:

We appreciate your prompt and full response to our Survey on Purchasing for your District. I know it has been a burden (more so to some). Your help has been valuable.

We thank you for your cooperation.

Sincerely,


James R. Cooney, Chair
Audit/Finance Committee
1997 Monterey County Civil Grand Jury

JRC:elw

6/10/97

I LOVE WRITING

THIS IS A THANK YOU LETTER.

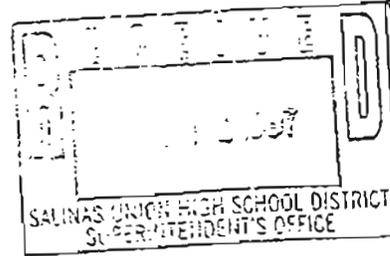
original dated 4/24 to court-house

Grand Jury

COPY



P.O. Box 1819
Salinas, CA 93902
(408) 755-5020



April 10, 1997

TO WHOM IT MAY CONCERN:

The Monterey County Civil Grand Jury is asking your help and cooperation in a review of Monterey County Purchasing Practices and Policies by filling out the enclosed Survey.

We will require a response by April 24, 1997. Thank you.

Sincerely,

Jerome Nathan, Vice-Chair
Audit/Finance Committee
1997 Monterey County Civil Grand Jury

JN:elw

Encl.

SURVEY
OF
PURCHASING PROCEDURES

PURPOSE:

The purpose of this Survey is to furnish information to the Monterey County Grand Jury concerning the purchasing practices of County Cities, School Districts and Special Districts.

INSTRUCTIONS:

Answer the following questions and return the Survey to Mr. James Cooney, Chair, Audit/Finance Committee, Monterey County Civil Grand Jury, P. O. Box 1819, Salinas, CA 93902 by April 25, 1997.

QUESTIONS

1. Identify the dollar amount of your Purchasing by Category and Fiscal year:

CATEGORY	FISCAL YEAR (2nd Interim)	
	95/96	96/97 Projected
a. SUPPLIES	1,715,724.00	2,091,639.00
b. EQUIPMENT (CAPITAL AND OTHER)	994,458.00	1,567,497.00
c. PROFESSIONAL SERVICES (E.G.)	4,174,290.00	4,299,739.00
TOTAL:	<u>6,884,472.00</u>	<u>7,958,875.00</u>

2. If you use Monterey County Central Purchasing Department, what % of each Category in Question #1. goes through Central Purchasing?

- a. SUPPLIES - N/A %
- b. EQUIPMENT - N/A %
- c. PROFESSIONAL SERVICES - N/A %

We do not use Monterey County Central Purchasing.

Survey Of Purchasing Procedures Salinas Union High School District

Item #5. Please indicate by month the total amount of each category in Item #1.

School Year Month	1995-1996			1996-1997		
	Category A	Category B	Category C	Category A	Category B	Category C
July	12,742	-5,753	8,962	3,840	0	28,977
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June	266,696	169,225	814,389			
Totals	1,715,724	994,458	4,174,290	1,125,361	783,963	2,463,491

Note: Monthly totals for 94-95 school year unavailable.

Salinas Union High School District

ADMINISTRATION OFFICES — 431 WEST ALISAL STREET, SALINAS, CA 93901-1699 — FAX: (408) 754-8798

FERNANDO R. ELIZONDO, Ed.D.
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LINDA C. HARRIS
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(408) 753-4137

December 11, 1997

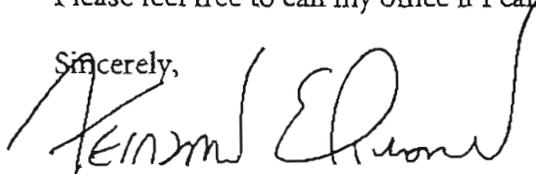
Mr. D. Roger Loper, Foreman
1997 Civil Grand Jury
P.O. Box 414
Salinas, CA 93902

Dear Mr. Loper:

I have enclosed the Salinas Union High School District's response to the 1997 Monterey County Grand Jury as formulated by Mr. Roger Anton, Associate Superintendent of Instruction, and his staff. I believe that all of the recommendations and findings have been responded to as requested.

Please feel free to call my office if I can embellish any of the enclosed information.

Sincerely,



Fernando R. Elizondo
Superintendent

c Roger Anton
Board of Trustees, SUHSD

Enclosure

RECEIVED

DEC - 9 1997

Salinas Union High School District
Superintendent's Office

Memorandum

Date: December 8, 1997

To: SUPERINTENDENT

From: ROGER ANTON

Re: RESPONSES TO 1997 MONTEREY COUNTY GRAND JURY REPORT

On December 1, 1997, you asked Joe Rice and Jim Rear to respond to the six findings and one recommendation developed by the Monterey County Grand Jury. I have received input and would submit the following to you:

FINDINGS:

1. In general, schools within Monterey County are conscientiously addressing the problem of school violence. However, the problem still exists, and continuing attention to it is required.

The Salinas Union High School District has initiated and continues to offer programs such as Conflict Resolution Training (CRT), Youth Alternatives to Violence (YATV), ADAPT (Alcohol and Drug Abuse Prevention Teams) Clubs, Friday Night Live (FNL)/Club Live. In addition the District maintains a "zero tolerance" on violence and possession of weapons at school sites.

2. There is a good degree of cooperation between school officials and law enforcement officials in addressing the problem. Again, continuing attention to this aspect of the problem is necessary.

The Salinas Union High School District has been a partner for the School Resource Officer Program with the Salinas Police Department for many years. Each year the District contributes the cost of one additional school resource officer from its General Funds in order to increase the number of officers available to the schools, including elementary schools.

3. Parental involvement must be an integral part of every school's program to address school violence. Some Districts require each student and his/her parents to enter into a written contract which spells out what is expected of the school, the student, and the parents. The jury was particularly impressed by the contract being used by the Salinas Union High School District.

The Salinas Union High School District continues to maintain its "contract" with all parents and students prior to enrolling in school every school year. In addition, parents are strongly encouraged to participate and be involved in their children's education. Several schools have initiated "Parents on Campus"-type programs to encourage parents to visit the schools and to be on the school campuses. In situations involving violence, the District requires parents to attend a conference and to be responsible for their children's behavior. Parent organizations continue to be supportive of providing safe campuses as demonstrated by the leadership undertaken by middle school parents to initiate and maintain uniforms at the three district middle schools.

4. Law Enforcement Agencies have been pro-active in establishing a positive relationship with students and school authorities. A few examples of their involvement are the D.A.R.E. program, Healthy Start Program, School Resource Officers on campuses, Police Explorer Program, Citizen Academy and Police Activity League.

See response to Finding #2.

5. The ten Law Enforcement Agencies either have or plan to have a School Resource Officer assigned to the schools. Resource Officers already on campuses have been training school authorities in the areas of recognizing gang affiliations of students and recognizing different drugs used by students.

In addition to financially supporting the School Resource Officer Program, the Salinas Union High School District works closely with the officers to provide training to staff and parents about gangs, gang affiliation, symbols of gangs, and gang identification. In addition the School Resource Officers are a resource in recognizing potential student drug use. The Salinas Union High School District continues to provide a Drug Intervention Specialist from Sunrise House as a member of each school's staff. The expenses for the Drug Intervention Specialist also is derived from the District's General Fund and is a substantial program in its own right. The Drug Intervention Specialists provide group counseling and intervention, sponsor the ADAPT clubs, provide counseling for parents regarding drugs and gangs, and complement the efforts of school counselors and administration.

6. As shown in Exhibit A, individual School Districts are using various methods to address the issue of school violence. It is unlikely that there is a single recipe that will be most effective for every School District. It is the responsibility of each District Board to determine what combination of methods will be most effective for its schools.

School safety is a major priority of the Board of Trustees of the Salinas Union High School District. In addition to supporting the Drug Intervention and School Resource Officer Programs, the Board of Trustees maintains its "zero tolerance" position on the suspension and expulsion of students committing violent offenses related to school on and off campuses. The District's strict stance does result in a substantial number of student expulsion referrals and formal action by the Board of Trustees. The District Board of Trustees also, however, has invested in the Renaissance in Education Program which is designed to recognize and reward academic achievement and positive student behavior. The District believes in positive influence on students and continues its support of this program and all student activities for students.

RECOMMENDATIONS:

1. The Superintendent in each School District review Exhibit A and interact with their counterparts in other Districts and at other schools to familiarize themselves with methods that other Districts are finding to be effective in addressing school violence. Each District should then determine additional methods to incorporate into the District's safe school program.

The Superintendent of the Salinas Union High School District has regular communication with the Superintendents of other school districts to share and consider means of improving the District's Safe School Program. Each school site has developed a Safe School Plan. Regular meetings of administrative staff further highlight the successes throughout the District, as well as the sharing of successful programs and procedures. In all instances, the District attempts to provide a wide variety of alternative programs to meet the ever changing needs of students who may be at risk of violent behavior (see enclosed Alternative Education Handbook).

RA:ms



Soledad Unified School District

Gene Martin, District Superintendent

"Setting Goals for High Achievement"

March 23, 1998

Mr. Willard S. Houston, Chair &
Mr. Robert A. Quinn, Foreman
1998 Monterey County Civil Grand Jury
P.O. Box 414
Salinas, CA 93902

Certified Mail

Dear Mr. Houston and Mr. Quinn:

We are responding to your letter of March 10, 1998, referencing the 1997 Monterey County Civil Grand Jury Mid-Year Report. Please be advised that we did not receive a copy of the report and had to request the pages 35-38 from the County Office of Education this week.

Please note that with respect to the Purchasing Procedures, we responded to the survey on April 28, 1997 and received a letter from the Grand Jury on May 29, 1997, acknowledging our prompt response. (See attachments)

The following is our official response to the two recommendations noted on Page 36 and 37 of the 1997 Mid Year Grand Jury Report:

1. *There be an examination of "last minute" spending and if necessary, establishment of procedures to change this practice*

Response: Many state and federal categorical programs restrict the amount of carryover allowed (e.g., Migrant, Title I, Child Development, Alcohol & Tobacco Funds, etc.) While a person or persons outside of the system may conclude that there is a "frenzy spending," all programs undergo compliance audits. What usually happens is that instructional supplies are purchased to be used the following school year to avoid the loss of funds. The only way to change this practice is to have all federal and state grants allow full carryover.

2. *School Districts, Cities, and other local government agencies within Monterey County consult with the MCCPD to achieve savings available by central fund purchasing to taxpayers.*

SAN VICENTE SCHOOL	1300 Metz Road	(408) 678-3914
GABILAN SCHOOL	330 North Walker Drive	(408) 678-0604
MAIN STREET MIDDLE SCHOOL	441 Main Street	(408) 678-3923

Response: In theory centralized purchasing may save some money; however, there are other factors that cause additional cost by utilizing central purchasing.

- a. The current MCCPD central purchasing requires school districts to receive the order all at once in the beginning of the year. This then requires a small district to establish and hire someone to account and distribute the material. This added cost offsets any savings.
- b. With the expenditure spent at once in the beginning of the year, any interest earned on idle funds are lost.
- c. Sometimes items offered under MCCPD are of inferior quality, so more supplies are utilized causing waste.

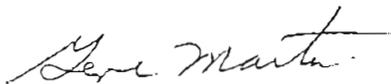
As noted in our district, all 3 schools purchase orders are centralized through the district office. With the construction of our high school, it is our intention to develop a centralized inventory control of supplies after our high school is constructed.

We take exception to the comment of "frenzy spending" at the end of the year. Actually, we consider it good planning for the next school year to ensure that instructional materials are on hand at the start of the year to be available for all students and teachers.

Many states exempt schools from paying sales tax on instructional books and supplies. That type of legislation could save all districts some 7.5% immediately and would better serve all taxpayers.

Please feel free to call me if you have any questions.

Sincerely,



Gene Martin
District Superintendent

GM:if

C: Dr. Bill Barr, County Superintendent of Schools

SURVEY
OF
PURCHASING PROCEDURES

PURPOSE:

The purpose of this Survey is to furnish information to the Monterey County Grand Jury concerning the purchasing practices of County, Cities, School Districts and Special Districts.

INSTRUCTIONS:

Answer the following questions and return the Survey to Mr. James Cooney, Chair, Audit/Finance Committee, Monterey County Civil Grand Jury, P.O. Box 1819, Salinas, CA 93902 by April 25, 1997.

QUESTIONS

1. Identify the dollar amount of your Purchasing by Category and Fiscal year:

CATEGORY	Fiscal Yr 95/96	Fiscal Yr 96/97*
a. Supplies	\$ 504,386	\$ 393,300
b. Equipment (Capital and Other)	\$ 219,692	\$ 342,323
c. Professional Services	\$ 149,300	\$ 97,756
Totals	\$ 873,378	\$ 833,379

* Reflects Budget (Second Interim ending 1/31/97)

2. If you use Monterey County Central Purchasing Department, what % of each Category in Question #1 goes through Central Purchasing?

a. Supplies	-	0 %
b. Equipment	-	0 %
c. Professional Services	-	0 %

3. If you do not use Monterey County Central Purchasing, please briefly describe your district purchasing.

Purchase orders are initiated by the site Principals and Managers. Requisitions are not used. Purchase order is directed to the District Office. Business Manager verifies availability of funds and proper account codes. Purchase orders are then approved by the Business Manager or the Superintendent. Quantities, units of issue, item description, price are also verified by the Accounts



Soledad Unified School District

Gene Martin, District Superintendent

"Setting Goals for High Achievement"

April 28, 1997

Mr. Jerome Nathan, Vice-Chair
Audit/Finance Committee
1997 Monterey County Civil Grand Jury
P.O. Box 1819
Salinas, CA 93902

Dear Mr. Nathan:

Enclosed is our response to your letter dated April 10th, which we received on April 24th.

The survey of Purchasing Procedures was prepared by our Business Manager, Vira Uldall.

I trust that this information satisfies your inquiry.

Sincerely,

Gene Martin
District Superintendent

GM:if

C: Bill Barr, County Superintendent of Schools
Vira Uldall, Business Manager

Payable Clerk. No direct purchasing by sites is allowed. Upon approval, purchase orders are processed and copies disbursed to the vendor and appropriate departments. Upon receipt of order, departments verify quality and quantity of shipment. Appropriate receipt document is then forwarded to District Business Office where payment is initiated. Except for purchases of recurring supplies which are specifically authorized by the Superintendent or Business Manager, no open purchase orders are allowed.

All purchases of equipment, materials and supplies exceeding \$50,000 and all contracts for public projects exceeding \$ 15,000 are open to the competitive bidding procedure.

4. Indicate approval limits:

<u>Who</u>	<u>Purchases Over</u>
Business Manager, Superintendent	\$ 1,000
Business Manager, Superintendent	\$ 10,000
Business Manager, Superintendent	\$ 25,000

5. Please indicated BY MONTH the total amount of each category in #1.

SEE ATTACHED

6. Please list the top 10 Vendors (by \$ volume) for 1995/96. Please give a brief explanation of what each provides:

<u>Vendor Name</u>	<u>Volume</u>	<u>Supply/Service</u>
1. Marriott Corporation	\$ 57,339	Services
2. Office Depot	\$ 40,959	Supplies
3. Pacific Gas & Electric	\$ 29,662	Services
4. Perry Smith & Co.	\$ 13,000	Audit Services
5. Lozano, Smith & Smith	\$ 11,122	Legal Services
6. City of Soledad	\$ 11,000	Utilities/Services
7. South County YMCA	\$ 10,000	Rental/Services
8. Playgrounds by Designs	\$ 10,000	Supplies
9. Pacific Bell	\$ 8,617	Services
10. American Supply Co.	\$ 8,000	Custodial Supplies

Submitted By: Vira Uldall, Business Manager

School District: Soledad Unified School District

	1995			1996			1997*		
	Supplies	Services	Equipment	Supplies	Services	Equipment	Supplies	Services	Equipment
January	59,963	20,177	1,229	95,743	826	399	68,511	12,305	48,264
February	25,611	15,258	4,193	112	21,782	11,002	7,956	690	33,684
March	38,986	11,524	6,768	68,591	22,227	23,918	47,345	21,142	36,090
April	28,575	12,188	24,239	34,898	9,707	78,600			
May	113,367	113,236	23,652	19,854	(115)	24,008			
June	103,740	20,611	19,995	104,251	35,401	48,440			
July	2,861	1,581	-	4,727	-	-			
August	32,384	(16)	3,116	27,663	750	2,854			
Sept	54,420	12,459	263	40,626	3,207	9,717			
Oct	17,708	2,810	8,375	85,516	10,373	107,399			
Nov	53,501	14,884	4,677	50,664	7,238	12,209			
Dec	35,853	2,248	8,236	50,513	381	41,026			

*1997 year to date

Grand Jury

P.O. Box 1819
Salinas, CA 93902
(408) 755-5020



May 29, 1997

Mr. J. Eugene Martin, Jr.
Superintendent
Soledad Unified School District
P. O. Box 186
Soledad, CA 93960

Dear Mr. Martin:

We appreciate your prompt and full response to our Survey on Purchasing for your District. I know it has been a burden (more so to some). Your help has been valuable.

We thank you for your cooperation.

Sincerely,

James R. Cooney, Chair
Audit/Finance Committee
1997 Monterey County Civil Grand Jury

JRC:elw



City of Marina

211 HILLCREST AVENUE
MARINA, CA 93933
TELEPHONE (408) 384-3715
FAX (408) 384-0425



OFFICE OF THE MAYOR

March 16, 1998

Willard S. Houston, Chair
Follow-Up Report Committee
1998 Monterey County Civil Grand Jury
P.O. Box 414
Salinas, California 93902

Dear Mr. Houston:

Thank you for your letter of March 10, 1998. Regarding the three subjects you presented:

97406 Investment of Public Funds: The City of Marina invests all of its funds with the State of California's Local Agency Investment Fund (LAIF) except for that maintained in its checking accounts. The checking account monies are swept to a mutual funds pool each evening and returned to cover checks during the day. The City has no investments outside of these sources. It is our impression that the City of Marina is acting in a manner consistent with Recommendation #3.

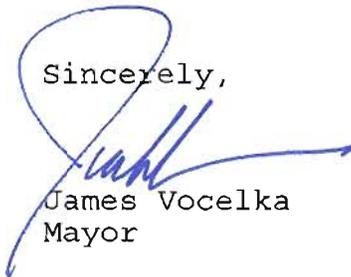
97407 Purchasing: The City of Marina operates under a purchasing procedure. The City has used State Purchasing and other cooperative activities to find the best price available for materials. The City is deliberate in its actions and does not engage normally in "last minute" spending. Your findings and advocacy for MCCPD did not adequately evaluate operational factors associated with the purchasing process. We shall continue to search for the best price available and I have asked the City Manager to investigate the use of MCCPD consistent with your recommendation.

97413 Prisons in Monterey County: Marina is located quite a distance from the prisons you list. We will assist as much as we can consistent with your first recommendation; However, because of proximity our ability is limited. Your findings 3, 5, and 7 do not relate to the City's operation

per se, so they are noted, but we reserve opinion as to their correctness. This also applies to Recommendation number 2. It appears the Grand Jury wants a social action task force. You did not define the connection between the recommendation and the required response from Marina. Finally, the Grand Jury's finding number 9 and Recommendation 6 are incorrect. All prisoners in the Marina holding cell have surveillance cameras on them full-time, are monitored by personnel in the building, and prisoners are transported as-soon-as-possible to County Jail. Your finding is incorrect, because a one minute or less response should occur any time an emergency arises in the Marina holding cell.

If additional clarification is needed I will be happy to comply. Please contact me in this regard at your earliest convenience.

Sincerely,

A handwritten signature in blue ink, appearing to read "Vocelka", written over the typed name and title.

James Vocelka
Mayor

cc: Members of The City Council, City Manager, Public Safety Director, Administrative Services Manager, City Clerk

Grand Jury

County of Monterey

P.O. Box 414
Salinas, CA 93902
(408) 755-5020



March 10, 1998



Chair, Board of Trustees
Chualar Union School District
P. O. Box 188
Chualar, CA 93925

Dear Chair:

97M 07

Reference is made to the 1997 Monterey County Civil Grand Jury Mid-Year Report, dated August 6, 1997, in regard to the following report pertaining to your District:

Purchasing - Pages 35-38

A response was required from your Board of Trustees on November 7, 1997. A follow-up letter was written to you requesting this response on November 12, 1997. As yet our records indicate your response has not been received. Please refer to the response requirements on pages iv to vi of the Mid-Year report.

Would you please send your response to this office as soon as possible. If you have any questions, please call the Grand Jury Office at 755-5020 on any Tuesday or Thursday.

Sincerely,

A handwritten signature in cursive script, appearing to read "Willard S. Houston".

Willard S. Houston, Chair
Follow-Up Report Committee
1998 Monterey County Civil Grand Jury

A handwritten signature in cursive script, appearing to read "Robert A. Quinn".

Robert A. Quinn, Foreman
1998 Monterey County Civil Grand Jury

WSH:RAQ:elw

Chualar Union Elementary School District

Post Office Box 188 • Chualar, California 93925-0188
District Office (408) 679-2504 • School (408) 679-2313
Fax (408) 679-2071

Marco A. Sigala • Superintendent/Principal
e-mail: msigala@monterey.k12.ca.us
Pager: (408) 598-1181

March 17, 1998

Willard S. Houston, Chair
Follow-Up Report Committee
1998 Monterey County Civil Grand Jury
P.O. Box 414
Salinas, Ca. 93902

Robert A. Quinn, Foreman
1998 Monterey County Civil Grand Jury
P.O. Box 414
Salinas, Ca. 93902

Via fax:
% Eileen
755-5029

Dear Mr. Houston & Mr. Quinn:

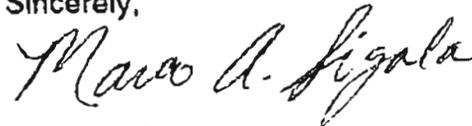
In response to your letter dated March 10, 1998, and received on Monday, March 16, 1998, I believe that the enclosed documents verify that there was, in fact, a response to the "1997 Mid-Year Final Report". I am willing to reissue the District's response if the enclosed documents are not what you are requesting.

Documents enclosed:

- 1) Registered letter to Grand Jury Foreman, Mr. D. Roger Loper, November 18, 1997
- 2) Survey Response, July 10, 1997
- 3) Letter from James R. Cooney, Chair, May 29, 1997
- 4) Letter to Jerome Nathan, Vice-Chair, April 16, 1997

Please let me know how to proceed. Thank you.

Sincerely,



Marco A. Sigala
Superintendent/Principal

Enclosures

MAS/mca

grandjury98.7resp

Chualar Union Elementary School District

Post Office Box 188 • Chualar, California 93925-0188
District Office (408) 679-2504 • School (408) 679-2313
Fax (408) 679-2071

Marco A. Sigala • Superintendent/Principal
e-mail: msgala@monterey.k12.ca.us
Pager: (408) 598-1181

FAX

Please deliver at once to:

Date: 3-17-98

Name: Eileen Wright
Department: Grand Jury

FAX: 755-5029

Phone: _____

From: M-

FAX: _____

Department: _____

Phone: _____

Total number of pages transmitted including cover page:

12

MESSAGE:

Pls. let me know if
we have answered the survey.
If not, how can we
address it now.
TKS
M-

Chualar Union Elementary School District

Post Office Box 188 • Chualar, California 93925-0188
District Office (408) 679-2504 • School (408) 679-2313
Fax (408) 679-2071

Marco A. Sigala • Superintendent/Principal
e-mail: msigala@monterey.k12.ca.us
Pager: (408) 598-1181

REGISTERED RETURN RECEIPT
P-279-426-962

November 18, 1997

D. Roger Loper, Foreman
1997 Civil Grand Jury
P.O. Box 414
Salinas, Ca. 93902

[Attachment 1]
p. 1 of 2

Dear Mr. Loper:

My sincere apologies for the oversight in responding to the findings and recommendation in the "1997 Mid-Year Final Report."

The following responds as requested.

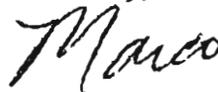
I. FINDINGS:

- | | |
|------|--------|
| 1) 1 | 4) 1 |
| 2) 1 | 5) N/A |
| 3) 1 | 6) 1 |

II. RECOMMENDATION:

1) 1. The Chualar Union Elementary School District has participated in training programs offered by the California Safe Schools assessment and revised all of its Board Policies to improve its approach to ensuring a safe school.

Sincerely,



Marco A. Sigala
Superintendent/Principal

CC: Board of Trustees

MAS/mca

grandjury98.4

Stick postage stamps to article to cover First-Class postage, certified mail fee, and charges for any selected optional services (See front).

1. If you want this receipt postmarked, stick the gummed stub to the right of the return address leaving the receipt attached, and present the article at a post office service window or hand it to your rural carrier (no extra charge)

2. If you do not want this receipt postmarked, stick the gummed stub to the right of the return address of the article, date, detach, and retain the receipt, and mail the article

3. If you want a return receipt, write the certified mail number and your name and address on a return receipt card, Form 3811, and attach it to the front of the article by means of the gummed ends if space permits. Otherwise, affix to back of article. Endorse front of article RETURN RECEIPT REQUESTED adjacent to the number.

4. If you want delivery restricted to the addressee, or to an authorized agent of the addressee, endorse RESTRICTED DELIVERY on the front of the article.

5. Enter fees for the services requested in the appropriate spaces on the front of this receipt. If return receipt is requested, check the applicable blocks in item 1 of Form 3811.

6. Save this receipt and present it if you make an inquiry

PS Form 3800, April 1995 (Reverse)

UNITED STATES POSTAL SERVICE

Official Business



PENALTY FOR PRIVATE
USE: \$300

Print your name, address and ZIP Code here

CHUALAR ELEM. SCHOOL DISTRICT
P.O. BOX 188
24285 LINCOLN STREET
CHUALAR, CA 93925

[Attachment 2]

p. 142

SURVEY

ITEM	1997/98 ACTUAL	1996/97 ACTUAL	1995/96 ACTUAL	1994/95 ACTUAL	1993/92 ACTUAL
1. Number of Schools in District	1	1	1	1	1
2. Enrollment (FTES)	302	308	244	245	292
3. Number of Administrative Staff Positions (List separately by title)	There is only one combined position of Superintendent/Principal who is the school and District administrator.				
4. Cost of Administrative Staff	\$73,525	\$67,725	\$67,725	\$62,500	There were several interim administrators
5. Cost of (this includes two persons) Support Staff Business Manager/Accounting Supervisor and Secretary/Translator/Interpreter	\$77,350	\$70,403	\$68,020	\$64,147	\$26,585 (lon
6. How often do you use County Counsel for legal questions?	Very few times and only when it involves matters of general nature rather than specific to school law.				
7. Who else do you use for legal help?	Lozano Smith Smith Woliver & Behrens.				
8. Why use outside counsel?	1) They specialize in school law matters and all attorneys are expert in school law related litigation. 2) The costs are actually comprable to County Counsel or even less expensive since their research to school law issues has already been accumulated (we don't get charged for this research). 3) See attached page.				

C:\WP51\GRANDJUR\SURVEY

P.2. Grand Jury Questionnaire
7-10-97

- 3) They provide regular and continuous training on school law issues which are quite extensive with the California Education Code.
- 4) They provide monthly alerts and briefings for school related issues to keep school districts out from litigation.
- 5) I call them at home and at odd hours like evenings, weekends, holidays, etc. which is a tremendous service which County Counsel would not even be able to consider.

grandjury98.1

MASigala

Grand Jury

P.O. Box 1819
Salinas, CA 93902
(408) 755-5020

Attachment 3
p. 1d!



JUN - 4 1997

May 29, 1997

Bd agents

Mr. Marco A. Sigala
Superintendent/Principal
Chualar Union School District
P. O. Box 188
Chualar, CA 93925

Dear Mr. Sigala:

We appreciate your prompt and full response to our Survey on Purchasing for your District. I know it has been a burden (more so to some). Your help has been valuable.

We thank you for your cooperation.

Sincerely,


James R. Cooney, Chair
Audit/Finance Committee
1997 Monterey County Civil Grand Jury

JRC:elw

Chualar Union Elementary School District

Post Office Box 188 • Chualar, California 93925-0188
District Office (408) 679-2504 • School (408) 679-2313
Fax (408) 679-2071

Marco A. Sigala • Superintendent/Principal
e-mail: msigala@monterey.k12.ca.us
Pager: (408) 598-1181
April 16, 1997

Jerome Nathan, Vice-Chair
Audit/Finance Committee
1997 Monterey County Civil Grand Jury
P.O. Box 1819
Salinas, Ca. 93902

Subject: Completed Survey

Dear Mr. Nathan:

In response to your request, enclosed please find the District's completed "Survey of Purchasing Procedures". The information, reported by Mr. Thad Evans, Business Manager/Accounting Supervisor, is filed in the District, in case you wish any clarification on any of the data being reported.

[Attachment 4]
p. 1 of 4

Sincerely,



Marco A. Sigala
Superintendent/Principal

Enclosure

CC: Board of Trustees
Thad Evans
File

MAS/mca

grandjury97.1

**SURVEY
OF
PURCHASING PROCEDURES**

PURPOSE:

The purpose of this Survey is to furnish information to the Monterey County Grand Jury concerning the purchasing practices of County Cities, School Districts and Special Districts.

INSTRUCTIONS:

Answer the following questions and return the Survey to Mr. James Cooney, Chair, Audit/Finance Committee, Monterey County Civil Grand Jury, P. O. Box 1819, Salinas, CA 93902 by April 25, 1997.

QUESTIONS

1. Identify the dollar amount of your Purchasing by Category and Fiscal year:

	CATEGORY	FISCAL YEAR	
		95/96	96/97
a.	SUPPLIES	62,060	71,654
b.	EQUIPMENT (CAPITAL AND OTHER)	85,207	75,800
c.	PROFESSIONAL SERVICES (E.G.....)	141,935	89,977
	TOTAL:	\$289,202	\$237,431

2. If you use Monterey County Central Purchasing Department, what % of each Category in Question #1. goes through Central Purchasing?

a.	SUPPLIES	-	_____ %
b.	EQUIPMENT	-	_____ %
c.	PROFESSIONAL SERVICES	-	_____ %

3. If you do not use Monterey County Central Purchasing, please briefly describe your direct purchasing.
Purchase direct from companies and through MCOE.

4. Indicate approval limits:

<u>Who</u>	<u>Purchase Over</u>
Superintendent	\$ 1,000
Superintendent	\$ 10,000
Superintendent	\$ 25,000

5. Please indicate BY MONTH the total amount of each category in #1:

	1995			1996			1997 (yr. to date)		
	Cat. a.	Cat. b.	Cat. c.	Cat. a.	Cat. b.	Cat. c.	Cat. a.	Cat. b.	Cat. c.
January				7,389	5,332	0	7,702	21,960	7,26
February	NOT AVAILABLE			5,427	3,905	1,555	6,749	446	0
March				7,947	4,047	0	6,110	13,330	0
April				2,158	7,268	1,651			
May				3,361	4,656	0			
June				6,400	11,125	279			
July	233	200	2,979	1,889	0	0			
August	6,959	12,350	22,762	4,275	2,579	0			
September	5,381	27,852	0	13,739	13,539	10,166			
October	7,448	8,833	0	4,982	797	0			
November	10,494	5,541	25,317	9,839	2,768	3,413			
December	600	10,792	0	7,289	10,252	5,305			

6. Please list the top 10 Vendors (by \$ volume) for 1995/96.
Please give a brief explanation of what each provides:

<u>Vendor Name</u>	<u>Volume</u>	<u>Supply/Services</u>
a.		
b.		
(etc.)		

Submitted by:

Marco A. Figala

School District:

Chualar Union Elem.

VENDOR	\$	S/S
ZANO, ET AL	45,600	Legal Services
APPLE COMPUTERS	32,445	Computers
Ed. Systems Planning	31,408	Educational Consulting
ADT Security	24,513	Security Equipment/Surveillance
PG & E	22,320	Gas & Electricity
Husbands & Asso.	20,550	Playground Equipment



OFFICE OF THE MAYOR
440 Harcourt Avenue
Seaside, CA 93955-0810

Telephone (408) 899-6200
FAX (408) 899-6227
TDD (408) 899-6207

March 27, 1998

97M07

Willard S. Houston, Chairperson
Follow-Up Report Committee
1998 Monterey County Civil Grand Jury
P.O. Box 414
Salinas, CA 93902

RE: 1997 Monterey County Civil Grand Jury Mid-Year Report

Dear Mr. Houston:

In response to the mid-year report issued in August 1997, attached please find the City's responses. However, I must admit to you that the purported letter(s) sent to me were never received and that the report itself was somewhat confusing. For example, on page 37 you ask us to respond, but on the very next page (38), it is stated that it is not necessary to respond.

In any event, based upon your latest request, staff has prepared the attached responses for your review. Also enclosed is a copy of the responses that were given to the Grand Jury prior to the issuance of the August report.

Respectfully,

A handwritten signature in blue ink, appearing to read "Don R. Jordan", with a long horizontal flourish extending to the right.

Don R. Jordan
Mayor

DRJ:bc

Enclosures (2)

c: Robert A. Quinn, Foreman, 1998 Monterey County Civil Grand Jury

RESPONSE TO THE MONTEREY COUNTY GRAND JURY MID-YEAR FINAL REPORT

FINDINGS:

1. None of the Respondents are Using the Services of the Monterey County Central Purchasing Department (MCCPD)

The City has utilized the State of California cooperative purchasing contract, competitive bidding and governmental rates to secure the lowest bids possible on materials, supplies and equipment. We have been working on very strict budgets due to financial constraints over the last few years. As a result, all Departments **had** to become very cost conscientious of purchasing items for the City without losing the best quality for the most reasonable price.

One of our limitations is that we have no central warehousing facility for storage of supplies and equipment. Purchases are made on an as-needed basis. This reduces the cost of maintaining the storage facility, maintenance of goods and materials inventory and the related direct and indirect costs of staffing. Also prevalent in purchasing through another agency is the cost of pickup and delivery of products, as needed by the departments.

The City previously did cooperative purchasing with another governmental agency for the purchase of paper products. The system was evaluated and deemed to be time consuming and not cost effective.

We are, however, open to the idea of a joint powers with the County, cities and other agencies for the purpose of evaluating the cost effectiveness of combining purchasing services.

3. Consolidation and Use of a "Professional" Purchasing Department vs. Small Individual Efforts

The City of Seaside has not been privy to the cost analysis prepared by the County of Monterey or the Grand Jury as to the "savings" that could accrue by consolidation of purchasing operations. The cost of direct costs (labor and benefits) and indirect costs (administration, maintenance of facility, etc.) of operation for the purchasing and warehouse functions that would be allocated to the participating agencies would seem to exceed any savings that would be generated. However, without review of the report and supporting documentation, it is difficult to determine the benefits to the City.

In addition, the City was not contacted for input on the direct and indirect costs associated with our incorporation of the consolidated purchasing concept that would be needed for a complete analysis. Even if consolidation of the purchasing function were implemented, agencies would still have ongoing costs of operations.

It should also be noted that a preference has been made for local vendors within the City limits. Council feels strongly about providing support to our local businesses which employ our residents. In addition, by supporting our local businesses, we are able to recognize sales tax generated to the City which is allocated at the point of sale.

As previously stated, we are open to the idea of a joint powers with the County, cities and other agencies for the purpose of evaluating the cost effectiveness of combining purchasing services.

4. Spending Pattern

In order to clarify the statement which was made in the Grand Jury Mid Year Report, it would leave the reader of the report with the impression that Seaside spending pattern was more excessive in June than in July. The reason for that is as follows:

As a part of the normal closing entries for governmental agencies that occur in June each year, expenditures/expenses which are initiated prior to June 30th and paid for by governmental agencies after June 30th are recognized as an expenditures/expenses in the fiscal year the goods and services were requested. For example, Seaside may make a request for goods and services in June, but the actual payments is not made until September, the expenditures/expenses are required by generally accepted accounting principles (GAAP) to be recognized and posted to the City's books in June.

RECOMMENDATIONS:

1. Establishment of Procedures to Avoid "Last Minute" Spending

This City (like other cities) has a policy of making each Department Head responsible for budget control of their respective areas of assigned responsibility. The Director of Administrative Services has the oversight and fiduciary authority per State and local code to review department expenditures and has final authorization over budgeted approved purchase requisitions. Adequate justification and appropriation must be available (as outlined in City Council approved Budget) prior to the issuance of a purchase order. Under the new financial management system EDEN, the purchase is **recognized** at the time of issuance which provides a complete accounting for all outstanding purchases.

As in most cities that are in compliance with generally accepted accounting principles, standard operating procedure provides for notification of all departments at the end of April to cutoff the processing of purchase orders for the fiscal year **except for emergencies**. Just to reiterate once again, all purchase orders issued have a request and delivery date prior to June 30th. Vendors (businesses) are requested to submit their invoices as soon as possible in order to receive payment prior to June 30th.

Just for the reader's edification, the Administrative Services Department Finance Division has set a performance goal to process all invoices within thirty (30) days of receipt. Accounts Payable checks are presented to the City Council at the regularly scheduled meetings for approval prior to issuance. This approval process can sometimes delay the payment process if submission cutoff is missed or a Council meeting is canceled.

In order to prevent departments from having the attitude spend it or lose it, staff has implemented the philosophy of rewarding those departments who do not spend all of their budgeted funds by allowing them to carryover ten percent (10%) of the overage to the next fiscal year. (As stated previously, the prior policy was use or lose.) Likewise, if the department exceeds appropriations, appropriate discipline action is taken. This places the budget control of expenditures at the appropriate level and places responsibility with the individual departments.

2. Governmental Agencies within Monterey County Consult with the MCCPD to Achieve Savings Available by Central Fund Purchasing to Taxpayers

We look forward to a review of the County and Grand Jury report on the purchasing function. It is difficult to respond to the "savings" issue when we have not had the opportunity to discuss the assumptions made. It is also difficult to understand why the City's input was not requested beyond the original purchasing practices and policies survey. It would seem reasonable that without our input the analysis report is incomplete, which will effect the final conclusions and recommendations. If savings are as great as reported, it would appear prudent that we would have been contacted sooner in regard to this issue.

Obviously, the greatest benefit of such a program would be with the participation of as many agencies as possible to offset the costs of additional staffing and associated fixed costs. We still remain open to the idea of a joint powers with the County, cities and other agencies for the purpose of evaluating the cost effectiveness of combining purchasing services.



FINANCE DEPARTMENT

440 Harcourt Avenue
Seaside, CA 93955-0810

Telephone (408) 899-6240

FAX (408) 899-6227

TDD (408) 899-6207

April 29, 1997

Grand Jury
P.O. Box 1819
Salinas, CA 93902

Re: Purchasing Practices and Policies Survey

Dear Mr. Jerome Nathan:

In response to your request for completion of the survey information on City of Seaside Purchasing Practices and Policies.

If you should need any additional information on this matter feel free to contact me.

Yours truly,

A handwritten signature in cursive script that reads "Linda R. Downing".

Linda R. Downing
Director of Finance

c Tim Brown, City Manager

SURVEY
OF
PURCHASING PROCEDURES

PURPOSE:

The purpose of this Survey is to furnish information to the Monterey County Grand Jury concerning the purchasing practices of County Cities, School Districts and Special Districts.

INSTRUCTIONS:

Answer the following questions and return the Survey to Mr. James Cooney, Chair, Audit/Finance Committee, Monterey County Civil Grand Jury, P. O. Box 1819, Salinas, CA 93902 by April 25, 1997.

QUESTIONS

1. Identify the dollar amount of your Purchasing by Category and Fiscal year:

	CATEGORY	FISCAL YEAR	
		95/96	96/97
a.	SUPPLIES	\$ 322,184.92	\$ 222,805.64
b.	EQUIPMENT (CAPITAL AND OTHER)	2,211,481.52	1,214,337.01
c.	PROFESSIONAL SERVICES (E.G.....)	1,141,461.95	568,192.62
	TOTAL:	\$3,675,128.39	\$1,805,335.27

2. If you use Monterey County Central Purchasing Department, what % of each Category in Question #1. goes through Central Purchasing? N/A

a.	SUPPLIES	-	_____ %
b.	EQUIPMENT	-	_____ %
c.	PROFESSIONAL SERVICES	-	_____ %

3. If you do not use Monterey County Central Purchasing, please briefly describe your direct purchasing. Department Heads are responsible for all purchases less than \$1,000. Department Heads are responsible for department proprietary supplies, services and equipment are acquired to solicit three bids for items costing from \$1,000 to \$15,000. Purchasing Officer is responsible for city wide common supplies, services and equipment and is required to solicit three bids for items costing from \$1,000 to \$15,000. Council approves all purchases over \$15,000.

4. Indicate approval limits:

<u>Who</u>	<u>Purchase Over</u>
Department Heads	\$ 1,000
Department Heads/Purchasing Officer	\$ 10,000
City Council	\$ 25,000 15,000

5. Please indicate BY MONTH the total amount of each category in #1:

	1995	1996	1997 (yr.to date)
	Cat.a.-Cat.b.-Cat.c.	Cat.a.-Cat.b.-Cat.c.	Cat.a.-Cat.b.-Cat.c.
January			
February			
March			
April			
May			
June			
July			
August			
September			
October			
November			
December			

CITY OF SEASIDE
Grand Jury Response

5. By month for each year:

	<u>Supplies</u>	<u>Equipment</u>	<u>Prof Service</u>
Jan	\$ 21,113.54	\$ 43,506.90	\$ 65,873.61
Feb	16,324.26	23,670.29	56,255.96
Mar	17,358.55	51,194.67	45,223.02
Apr	30,046.13	54,106.79	102,479.19
May	23,870.44	48,830.27	76,737.71
Jun	56,915.49	(178,293.46)	84,936.40
Jul	665.70	5,772.46	4,857.23
Aug	7,192.26	55,254.05	(1,829.55)
Sep	36,529.81	16,790.35	68,604.01
Oct	26,596.94	227,801.28	54,360.65
Nov	29,697.98	448,016.27	73,603.32
Dec	24,741.36	173,804.17	94,438.44

5. By month for each year:

	<u>Supplies</u>	<u>Equipment</u>	<u>Prof Service</u>
Jan	\$ 17,166.40	\$ 50,092.09	\$ 43,457.32
Feb	18,565.03	155,878.90	47,993.30
Mar	33,720.40	477,353.55	108,925.50
Apr	22,655.00	136,848.33	80,410.91
May	16,588.06	351,620.52	301,983.89
Jun	88,065.98	112,249.55	264,656.93
Jul	71.44	-0-	1,993.66
Aug	11,155.55	28,499.08	32,800.00
Sep	25,751.24	59,855.63	60,657.66
Oct	58,906.35	51,994.33	35,554.75
Nov	31,595.16	70,451.60	36,220.49
Dec	15,622.80	276,102.41	56,784.85

5. By month for each year:

	<u>1997</u>		
	<u>Supplies</u>	<u>Equipment</u>	<u>Prof Service</u>
Jan	\$ 10,992.62	\$338,622.83	\$103,577.60
Feb	32,208.72	200,541.43	198,325.66
Mar	21,452.70	167,529.05	36,088.07
Apr	15,049.06	20,790.65	6,189.88

Survey
Page Three

6. Please list the top 10 Vendors (by \$ volume) for 1995/96.
Please give a brief explanation of what each provides:

See Attached List.
Vendor Name Volume Supply/Services

a.

b.

(etc.)

Submitted by: _____

City: _____

CITY OF SEASIDE

Grand Jury Response

6. Top ten city vendors for 1995-96:

1.	Granite Construction City Curb, Gutter and Sidewalk Assessment District construction and supplies	\$1,090,290.38
2.	Monterey Bay Area Insurance Fund Workers' Compensation Premium	497,833.40
3.	P G & E Street traffic lights utility expense; Auto center infrastructure for utility installation	455,295.04
4.	Robert H. Loud Ford Acquisition of 12 police patrol vehicles	298,313.28
5.	Katz Hollis Consultant on redevelopment project area mergers; Fort Ord property negotiations	251,600.41
6.	3 D Manufacturing Acquisition of Fire Truck	237,970.00
7.	Willdan Associates Building inspection services Embassy Suites; contract building inspection services	205,254.00
8.	Levinson Brothers Insurance Property and liability insurance	170,754.91
9.	Gary Doupnik Mfg Teen Center Modular Building	155,243.38
10.	Harry, Pierce, Masuda & Links Legal Services for city liability claims	149,587.19

GONZALES UNIFIED SCHOOL DISTRICT
Richard Averett, Ph D Superintendent
P.O. Drawer G
Gonzales, CA 93926

408-675-0100

March 26, 1998

Hon. Jonathan R. Price
Presiding Judge
Monterey County Superior Court
P.O. Box 414
Salinas, CA 93902

Dear Sir:

Please be advised that the Gonzales Union School District and the Gonzales Union High School District unified July 1, 1997, and is now titled Gonzales Unified School District. Therefore, Gonzales Union and Gonzales Union High districts will not be responding.

The Gonzales Unified School District is responding to the 1997 Monterey County Grand Jury Mid Year Report.

Violence on School Campus: *97M03*

The Superintendent and Board have reviewed the recommendations of the Grand Jury.

A full-time School Resource Officer position has been established in the district this fiscal year. The City of Gonzales shares in the position expense. He has an office at the high school site, and works closely with district administrators from the elementary sites. The District has sent the School Resource Officer to San Jose State for training for Gang Violence. Trends and Identification. Fairview Middle School and La Gloria Elementary are investigating the Peace Builders Program for the 1998/99 school year.

Purchasing: *97M07*

In July, it found that the high school district had over \$700,000 in accounts payable at the close of fiscal year 1996/97. Purchase orders had not been suspended before June 30; it had always been the practice at the elementary school to suspend purchase orders April 1. The Unified District suspended purchase orders after March 15 for 1997/98 fiscal year. The Unified District will compile a warehouse bid list for vendors for the 1998/99 fiscal year. Education Code addresses elementary schools under 2500 ADA for bulk purchasing, it does not address Unified districts. The district will continue to investigate a bidding process for the Unified District and eliminate last minute spending.

Should you have additional questions, please call the District Office.

Sincerely,



Carol Powell, Comptroller

San Lucas Union School District

GENERAL DELIVERY • 53675 SAN BENITO STREET • SAN LUCAS, CA 93954
408-382-4426

March 19, 1998

97407

Grand Jury
P.O. Box 414
Salinas, CA. 93902

Re: Findings 1, 3, and 4 and Recommendations 1 and 2, page 36

Dear Madam/Sirs,

Greetings ! In response to your recommendations, I am certifying that San Lucas Union Elementary School District will examine "last minute" spending and, if necessary, establish procedures to change this practice.

Secondly, I have written a letter (copy attached) to the Monterey County Central Purchasing Department (MCCPD), to open a dialogue on the possibility of bulk purchasing to save the district money.

Thank you for your interest and recommendations !

Sincerely,


Brad Bailey
Superintendent

San Lucas Union School District

GENERAL DELIVERY • 53675 SAN BENITO STREET • SAN LUCAS, CA 93954
408-382-4426

March 19, 1998

Monterey County Central Purchasing Department

Re: Bulk Purchasing Arrangement

Dear Madam/Sir,

Greetings ! I am writing at the suggestion of the Grand Jury, Monterey County, to explore the possibility of setting up a bulk purchasing agreement/arrangement between San Lucas Union Elementary School District, and your department.

If you will make contact with me at your earliest convenience, I would appreciate it.

Thank you in advance for your interest !

Sincerely,



Brad M. Bailey
Superintendent



PACIFIC GROVE UNIFIED SCHOOL DISTRICT

555 Sinex Avenue Pacific Grove, California 93950

Dr. Barry Schimmel
Superintendent
(408) 646-6520
Fax (408) 646-6500

Robin T. Blakley
Assistant Superintendent
Business Services
(408) 646-6509

18 March 1998

Willard S. Houston, Chair
Follow-Up Report Committee
1998 Monterey County Civil Grand Jury
P.O. Box 414
Salinas, CA 93902

Dear Mr Houston

Subject: Response to 1997 Monterey County Civil Grand Jury Mid-Year Report Concerning Purchasing

The following are responses to the findings and recommendations:

FINDINGS:

- #1. The Pacific Grove Unified School District (PGUSD) is aware of the Monterey County Central Purchasing Department (MCCPD) but at this time has not found a justification to use this service, after reviewing the item costs and time involved.
- #3. While it is probable that savings would occur through more centralized purchasing and more time being taken to identify lower cost items, it must also be recognized that school districts are primarily in the business of providing an educational program, and therefore must constantly balance the need to provide this program with the time delays and loss of local options and flexibility that occur when one becomes involved in a centralized purchasing program.

If our primary goal as a school district was to minimize costs of purchases, we would focus our entire attention on this issue. We tend to balance the issue of cost savings with the need to continue to supply our teachers and support personnel with the materials that they need to keep the educational program going in the manner that the community requires.

To delay the educational program while a more cost effective purchase is obtained would not generally be considered acceptable to our community, unless the cost savings were so significant that they offset the impact on our educational program. For most small purchases this is not the case. Nevertheless, we do monitor this situation constantly and are very aware of the balance that needs to be maintained between saving costs on purchases and maintaining our educational program.

- #4. The PGUSD is very aware of the issue of late year purchasing and does numerous things to attempt to reduce this. For example, our school Board authorizes all of our school sites and educational programs to carry over any balance from one year to another.

Secondly, our District office encourages all purchases for the school year to be initiated prior to the middle of April. Unfortunately, however, offsetting these local actions we have various State and Federal programs that have funding cut-offs that continue to stimulate late year purchases through a combined result of late authorizations of expenditures or late clarification of funding levels, coupled with a program prohibition of carry over in some cases.

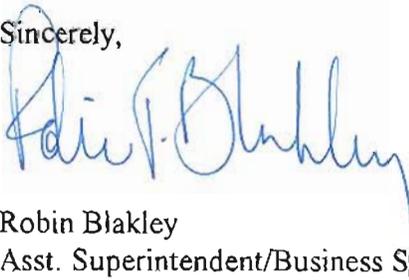
RECOMMENDATIONS:

1. PGUSD will continue to examine the spending patterns that occur within our District to determine whether there is any inadvertent stimulation of unnecessary last minute spending. As indicated above, we do not believe that, at the current time, there is such a pattern.
2. The PGUSD will continue to review the purchasing opportunities available through the MCCPD. We will however, continue to balance the perceived savings occurring through this program, **and** any other centralized programs that are available, with the offsetting "costs" of time delays and lack of local discretion that may adversely affect our educational program to a greater extent then can be offset by the small financial savings.

We appreciate the work conducted by the Grand Jury concerning this situation and will continue to address the findings and recommendations as we proceed with our operations.

If you have any questions concerning the above response, please contact me at your convenience.

Sincerely,



Robin Blakley
Asst. Superintendent/Business Services

c.c. Barry Schimmel

Grand Jury

County of Monterey



P.O. Box 414
Salinas, CA 93902
(408) 755-5020

February 17, 1998

Mayor Elizabeth Williams
City of Gonzales
147 Fourth Street
P. O. Box 647
Gonzales, CA 93926

Dear ~~Mayor Williams~~ ^{Liz})

Reference is made to your letter addressed to the Honorable Robert M. Hinrichs, Presiding Judge of Superior Court, dated February 2, 1998, regarding the 1997 Monterey County Grand Jury Findings and Recommendations.

In the last paragraph of your letter you mentioned that you had not responded to two issues in the 1997 Grand Jury Mid-Year Final Report.

Please note the Response Requirements in the Mid-Year Final Report on page iv to page vi. Your response was due on November 7, 1997.

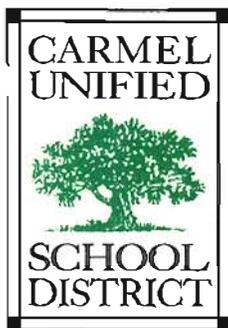
Please submit your response to the two issues mentioned in your letter as soon as possible.

Sincerely,

Robert A. Quinn, Foreman
1998 Monterey County Civil Grand Jury

RAQ:elw

Follow-Up Chair ✓



March 18, 1998

BOARD OF EDUCATION

Patricia Condren
Gary Gray
Dan Hightower
Frank Pinney
Annette Yee Steck

Willard S. Houston, Chair
Monterey County Civil Grand Jury

Robert A. Quinn, Foreman
Post Office Box 414
Salinas, CA 93902

SUPERINTENDENT

Dr. Joseph Jaconette

Dear Mr. Houston and Mr. Quinn:

Attached please find our responses to the 1997 Monterey County Civil Grand Jury regarding Violence on School Campuses and Purchasing, that were sent in April 1997. Please contact us if you require further information.

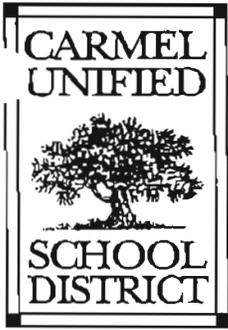
Sincerely,

Dr. Joe Jaconette
Superintendent

JJ:ksw

Enclosures

4380 Carmel Valley Road
P.O. Box 222700
Carmel, CA 93922
(408) 624-1546
FAX: (408) 626-4052



April 24, 1997

BOARD OF EDUCATION

Patricia Condren
Gary Gray
Dan Hightower
Frank Pinney
Annette Yee Steck

Mahlon M. Coleman, Chair
Education Committee
1997 Monterey County Civil Grand Jury
Post Office Box 1819
Salinas, CA 93902

SUPERINTENDENT

Dr. Joseph Jaconette

Dear Mr. Coleman:

Attached please find our response to the 1997 Monterey County Civil Grand Jury's questionnaire on education. Please contact us if you have further questions.

Sincerely,

Dr. Joe Jaconette
Superintendent

JJ:ksw

Enclosure

4380 Carmel Valley Road
P.O. Box 222700
Carmel, CA 93922
(408) 624-1546
FAX: (408) 626-4052

CARMEL UNIFIED SCHOOL DISTRICT

RESPONSE TO THE 1997 MONTEREY COUNTY CIVIL GRAND JURY EDUCATION COMMITTEE QUESTIONNAIRE

1. Juvenile gangs have not been an observable problem at Carmel Unified School District.
2. We cooperate with the Sheriff's Department to offer 'GREAT', Gang Resistance And Training Education at our middle school. The student handbook includes statements regarding proper apparel; the use of slogans on apparel; and "colors". School safety issues and disclosure of information are reported to staff members in management meetings.
3. Instruction is given to all staff regarding school rules, C.U.S.D. School Board Policy, California Education and Penal Code laws regarding weapons on campus. Staff is notified regarding individuals with potential dangerous behavior. The district has a zero tolerance policy with specific procedures.
4. We have policies in place regarding non-students on campus. Faculty in-service regarding what to look for in the way of weapons and illegal substance is an on-going staff development activity. Active supervision of students promotes a safe campus.
5. We meet with district and site personnel once a month to discuss safety issues. Specific problems and interventions are addressed by all in attendance. School crime reporting is also addressed for consistency. We have initiated collaborative meetings with local law enforcement and our administrative staff.
6. The district has school safety plans, a disaster plan, an earthquake plan, and fire drill plans. These are "working documents" and are continuously being assessed and revised as needed.
7. The relationship we have with the Sheriffs' Department is excellent. We have their full cooperation and they respond to our sites in a timely manner. We also have a D.A.R.E. Officer active in the district. We have worked with the Sheriff's Department to obtain a full time Resource Officer for the high school in 1997-98.

8. The California Education Code and district policies regarding police intervention are clear in the area of substance abuse infractions and weapons. We have a district standard practice for reporting. We call the Sheriff if there is any question of behavior that would be considered illegal in the community.
9. We started prevention training with our supervisors and classified staff this year. The training was "Verbal Judo" delivered by a police officer specializing in this area. We also sent key staff to specialized training sponsored by the Monterey County Office of Education. We have school safety plans.
10. The district offers numerous after school activities for students including: athletics, music, drama, and various club activities. We cooperate with community agencies and non profits for the use of our facilities to benefit student activities.
11. Yes, we are required by law to file a School Crime Report that is filed with the state. Yes, the district has a zero tolerance policy.
12. Guidelines for reporting to law enforcement agencies are written in relationship to the substance abuse policy. The policy is sent home to all parents at the beginning of the year. Parents sign the student emergency card agreeing that they have read the policy with their student and are familiar with the contents. Each site retains a log of behavioral reports on students.
13. Carmel High School is the only partially closed campus in the district, all others are closed. 11th and 12th graders have an open policy during the thirty minute lunch time, depending on their grades and behavior record. They must also have a campus pass from the office.
14. Students do not wear uniforms. We have not had problems with violence on campus to warrant uniforms. Our community has not expressed much interest in this topic.
15. "GREAT", "Gang Resistance Education And Training", offered by the "DARE" officer is available and in use at our middle school. The Monterey Sheriff's Department has been very helpful. The Monterey County Office of Education's Gang Prevention Program has also been very helpful.
16. Most of the change in education occurs through school and district leadership at the local level and through state mandates by legislation or court action.



April 21, 1997

BOARD OF EDUCATION

Patricia Condren
Gary Gray
Dan Hightower
Frank Pinney
Annette Yee Steck

James Cooney
Chair, Audit/Finance Committee
Monterey County Civil Grand Jury
P.O. Box 1819
Salinas, CA 93902

SUPERINTENDENT

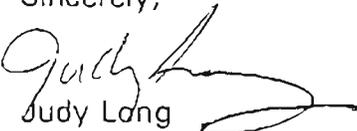
Dr. Joseph Jaconette

Dear Mr. Cooney,

Enclosed please find Carmel Unified School District's *Survey of Purchasing Procedures* and attachment per your request.

Please call me at (408) 624-1546 if you have questions or need further information.

Sincerely,



Judy Long

Director, Business Services

JL:pkt
Encl.

4380 Carmel Valley Road
P.O. Box 222700
Carmel, CA 93922
(408) 624-1546
FAX: (408) 626-4052

SURVEY
OF
PURCHASING PROCEDURES

PURPOSE:

The purpose of this Survey is to furnish information to the Monterey County Grand Jury concerning the purchasing practices of County Cities, School Districts and Special Districts.

INSTRUCTIONS:

Answer the following questions and return the Survey to Mr. James Cooney, Chair, Audit/Finance Committee, Monterey County Civil Grand Jury, P. O. Box 1819, Salinas, CA 93902 by April 25, 1997.

QUESTIONS

1. Identify the dollar amount of your Purchasing by Category and Fiscal year:

	CATEGORY	FISCAL YEAR	
		95/96	96/97
a.	SUPPLIES	813,024	630,428.57
b.	EQUIPMENT (CAPITAL AND OTHER)	866,127	958,540.52
c.	PROFESSIONAL SERVICES (E.G.....)	61,500.84	49,935.08
	TOTAL:	<u>1,740,651.84</u>	<u>1,638,904.17</u>

2. If you use Monterey County Central Purchasing Department, what % of each Category in Question #1. goes through Central Purchasing? N/A

- a. SUPPLIES - _____ %
- b. EQUIPMENT - _____ %
- c. PROFESSIONAL SERVICES - _____ %

3. If you do not use Monterey County Central Purchasing, please briefly describe your direct purchasing.

The district maintains one full-time Purchasing/Accounting Technician to facilitate the direct purchasing process in the school district. This person assists sites by getting comparative quotes and working with vendors. The district's Director of Business Services handles the bid process when required.

4. Indicate approval limits:

<u>Who</u>	<u>Purchase Over</u>
All purchases are approved by:	
1) Program Manager	\$ 1,000
2) Director of Business Services	\$ 10,000
3) Superintendent	\$ 25,000
4) Carmel Unified School District Board of Education	
5) Monterey County Office of Education	

5. Please indicate BY MONTH the total amount of each category in #1:

	1995	1996	1997 (yr. to date)
	Cat.a.-Cat.b.-Cat.c.	Cat.a.-Cat.b.-Cat.c.	Cat.a.-Cat.b.-Cat.c.
January	SEE ATTACHMENT A		
February			
March			
April			
May			
June			
July			
August			
September			
October			
November			
December			

Survey
Page Three

6. Please list the top 10 Vendors (by \$ volume) for 1995/96.
Please give a brief explanation of what each provides:

<u>Vendor Name</u>	<u>Volume</u>	<u>Supply/Services</u>
a.	SEE ATTACHMENT B	
b.		
(etc.)		

Submitted by: Judith Long Director, Business Services
School District: Carmel Unified School District

ATTACHMENT A

FOR FISCAL YEAR 1995-96 AND FISCAL YEAR-TO-DATE 1996-97						
	1995 - 96			1996 - 97		
	Cat. a.	Cat. b.	Cat. c.	Cat. a.	Cat. b.	Cat. c.
July	9,668.50	2,073.56	0.00	8,692.92	27,116.19	0.00
August	99,552.19	78,973.01	0.00	83,783.72	150,737.77	5,856.43
September	72,574.01	21,826.80	1,064.00	124,174.96	434,261.17	1,092.56
October	79,525.83	148,714.03	10,650.25	107,473.00	69,882.24	3,609.41
November	78,382.18	37,219.61	3,584.77	47,833.38	65,744.16	9,428.73
December	36,248.67	41,813.17	705.60	57,754.60	22,213.90	5,849.02
January	75,281.72	132,339.54	1,914.82	91,591.83	17,049.97	8,257.47
February	54,730.78	146,606.95	4,204.08	46,472.45	121,966.96	1,530.50
March	39,240.84	58,012.66	7,050.85	62,661.71	49,568.16	14,310.96
April	53,723.64	101,049.38	423.87			
May	75,723.59	61,692.90	8,202.90			
June	138,371.82	35,806.58	23,699.70			

ATTACHMENT B

The following are the top ten vendors used in 1995-96 determined by dollar amount.

<u>VENDOR</u>	<u>AMOUNT</u>	<u>PROG./SERV. PROVIDED</u>
1. First Trust of California	\$2,291,100.00	TRAN (Tax Revenue Anticipation Note) Repayment
2. Blue Cross of California	\$1,592,129.13	Group Medical Insurance Coverage
3. Baptista Construction	\$ 222,521.84	Construction Services
4. Pacific Gas & Electric	\$ 202,068.52	Utilities
5. Peifer Plumbing	\$ 177,423.38	Gas/Water Line Replacement and Plumbing Services
6. Calif. STRS	\$ 165,739.39	Retirement Incentive Program
7. Cal-Am Water	\$ 98,826.02	Utilities
8. Apple Computer	\$ 98,803.41	Computer Equipment
9. Granite Construction	\$ 98,772.16	Construction Services
10. California Bus Sales	\$ 97,402.28	School Bus and Parts



OFFICE OF THE MAYOR
440 Harcourt Avenue
Seaside, CA 93955-0810

Telephone (408) 899-6200
FAX (408) 899-6227
TDD (408) 899-6207

September 10, 1997

Grand Jury
P.O. Box 1819
Salinas, Ca 93902

Attn: D. Roger Loper, Foreman
1997 Monterey County Grand Jury

Pursuant to our conversation relative to the City responses, we were under the impression that said responses had already been forwarded for your distribution. However, since you do not have said responses staff will hand deliver responses to your office on Thursday, September 11, 1997.

Respectfully,

A handwritten signature in blue ink, appearing to read "Don Jordan", is written over a light blue rectangular background.

Don Jordan
Mayor
City of Seaside

Grand Jury

P.O. Box 414
Salinas, CA 93902
(408) 755-5020



November 12, 1997

*Not sent
we have the
responses from Carmel.*

Mayor Ken White
Carmel-by-the-Sea
P.O. Box CC
Carmel-by-the-Sea, CA 93921

Dear Mayor White:

The 1997 Monterey County Grand Jury issued a Mid-Year Final Report dated August 7, 1997. All of the responses required by Section 933.05 of the California Penal Code should have been dispatched to us on or before November 7.

You have been requested to provide a response to the findings and recommendations in the 1997 Mid-Year Final Report.

We have not received your response. Therefore, you are in violation of Section 933.05 of the California Penal Code. To avoid the costly and time-consuming task of obtaining a court order to demand your response, please have it in our hands on or before November 24, 1997.

Yours truly,

D. Roger Loper, Foreman
1997 Civil Grand Jury

DRL/lt

Attachment: Copy of Penal Code Section 933.05

DRAFT

Mr. Al Bago
Mr. Michael Solomon

Attached is a copy of Carol's
response to your School Violence
report, and a proposed reply.
If you wish to add or change
something please let us know
by September 1.

Mr. Don Finkbein

Dear Don

cc Guy Gubrautt. Roger.

Your letter of August 5 is the first response received with regard
to the 1995 Grand Jury mid-year report. This ticked off one
of ~~the~~ ^{my} remaining functioning brain cells, and I conferred
my impression that your letter of January 30, 1997 was
also the first response to the 1996 Grand Jury Final Report.
If the Grand Jury gave out Academy Awards, you
should have an Oscar.

As you might expect, we plan to include a table in
the 1997 Final Report like Exhibit B on page 5 in the
mid year report. We will represent your responses
as follows:

Findings: 1-6 ~~cannot agree~~
+ cannot agree

- Recommendations:
2. Council has ~~no~~ public schools, but no
need for a School Resource Officer
 3. Council has implemented the recommendations

All the best
Debra L. Lerner
Foreman

cc Mr. Kim White, Mayor of Bascul-by-the-Sea

REQUESTED RESPONSES – MID YEAR
FINAL REPORT DATED 8-6-97

REPORTS DUE 10-6-97

- ✓ MONTEREY COUNTY SHERIFF RE: VIOLENCE ON CAMPUS
- ✓ MONTEREY COUNTY AUDITOR RE: REVIEW OF CERTIFIED FUNDS
- ✓ MONTEREY COUNTY TREASURER RE: INVESTMENT OF PUBLIC FUNDS
- ✓ MONTEREY COUNTY SHERIFF RE: HOLDING FACILITIES AT COURTHOUSE
- ✓ MONTEREY COUNTY SHERIFF RE: PRISONS IN MONTEREY COUNTY

REPORTS DUE 11-6-97

- ✓ BOS RE: GRAND JURY PROCESS IN MONTEREY COUNTY
- ✓ BOS RE: VETERANS SERVICE OFFICE
- ✓ MONTEREY COUNTY VSO RE: SAME AS ABOVE
- ✓ 26 SCHOOL DISTRICTS RE: VIOLENCE ON CAMPUS
- ✓ 12 CITY POLICE DEPARTMENTS RE: SAME AS ABOVE ****
- ✓ BOS RE: CERTIFICATES OF PARTICIPATION
- ✓ BOS RE: REVIEW OF CERTIFIED AUDITS
- ✓ BOARD OF TRUSTEES – NATIVIDAD MEDICAL CENTER RE: SAME AS ABOVE
- ✓ 12 CITIES RE: INVESTMENT OF PUBLIC FUNDS
- ✓ BOS RE: PURCHASING
- ✓ 12 CITIES RE: SAME
- ✓ 26 SCHOOL DISTRICTS RE: SAME
- ✓ MAYOR OF MONTEREY RE: ROOF OF MONTEREY SPORTS CENTER
- ✓ BOS RE: SAME AS ABOVE
- ✓ BOS RE: PUBLIC CEMETERIES IN MONTEREY COUNTY
- ✓ 9 PUBLIC CEMETERIES RE: SAME AS ABOVE
- ✓ BOS RE: ELECTRIC POWER
- ✓ BOS RE: FORT ORD REUSE AUTHORITY – ROADS AND BRIDGES
- ✓ 8 CITIES RE: SAME AS ABOVE
- ✓ PRESIDENT CSUMB RE: SAME AS ABOVE***
- ✓ BOS RE: HOLDING FACILITIES AT COURTHOUSE
- ✓ CAO RE: SAME AS ABOVE
- ✓ MONTEREY COUNTY HEALTH DIRECTOR RE: SAME AS ABOVE
- ✓ BOS RE: PRISONS IN MONTEREY COUNTY
- ✓ WARDEN OF SALINAS VALLEY STATE PRISON RE: SAME AS ABOVE****
- ✓ WARDEN OF CTF, SOLEDAD RE: SAME AS ABOVE****
- ✓ 12 CITIES RE: SAME AS ABOVE

****RESPONSE NOT REQUIRED BY LAW



FORT ORD REUSE AUTHORITY

100 12TH STREET, BUILDING 2880, MARINA, CALIFORNIA 93933
PHONE: (408) 883-3672 - FAX: (408) 883-3675

Original for G.J. Files
Copies to Larry
Bob
Roger
Phil

92M11

October 20, 1997¹⁰₂₅

D. Roger Loper
Foreman
1997 Monterey County Civil Grand Jury
P.O. box 1819
Salinas, CA 93902

Re: FORA response to Grand Jury

The Fort Ord Reuse Authority (FORA) has received a copy of the 1997 Monterey County Civil Grand Jury Mid-Year Final Report and has met with the individual entities which the Grand Jury requested responses.

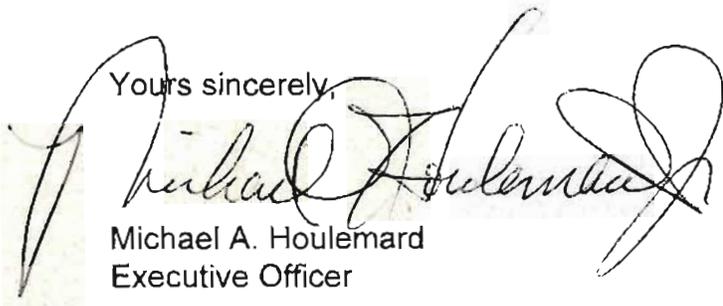
FORA noted some discrepancies in the FINDINGS section of your report related to FORA Roads and Bridges. While we are not specifically requested to respond, We note the following for your attention:

1. FINDING # 1 - The Grand Jury concludes the TAMC Fort Ord Transportation Study shows that road improvements required by the development of the former Fort Ord will cost \$856,551,064. This is inaccurate. The title of the TAMC Study (Fort Ord Regional Transpiration Study) has misled the Grand Jury. The TAMC study area covers all of northern Monterey County. Please refer to the attached TAMC study area map (enclosed). The road improvement costs related to development of the former Fort Ord is \$116,644,830. This cost is clearly shown in the Grand Jury's Exhibit B, in the column labeled Fort Ord Development. All other costs shown in Exhibit B are related to road improvements required by non-former Fort Ord developments throughout the TAMC study area.
2. FINDING # 3 - The Grand Jury concludes that \$368,529,179 in unfunded transportation costs are due to development on the former Fort and "...the surrounding impacted areas." The inference is that all of these costs are the result of development on the former Fort Ord. This inference is not supportable. The \$116,644,830 in Fort Ord Development costs for transportation includes both on base and off base improvements. The remaining \$251,884,349 in transportation costs (TAMC designated Impact Study Area Development) are directly related development costs throughout northern Monterey County, excluding the former Fort Ord.

The adoption of the Fort Ord Base Reuse Plan and the Final Environmental Impact Report requires FORA to provide funds for the \$116,644,830 in transportation costs identified in the TAMC study. FORA is required to develop financing mechanisms to raise these funds, and is completing its business planning to assure this capital is raised.

We have noted some other minor technical inaccuracies, but do not believe they require additional comment. We appreciate the hard work of the Grand Jury on this important matter and remain ready to respond to any questions that you may have for us.

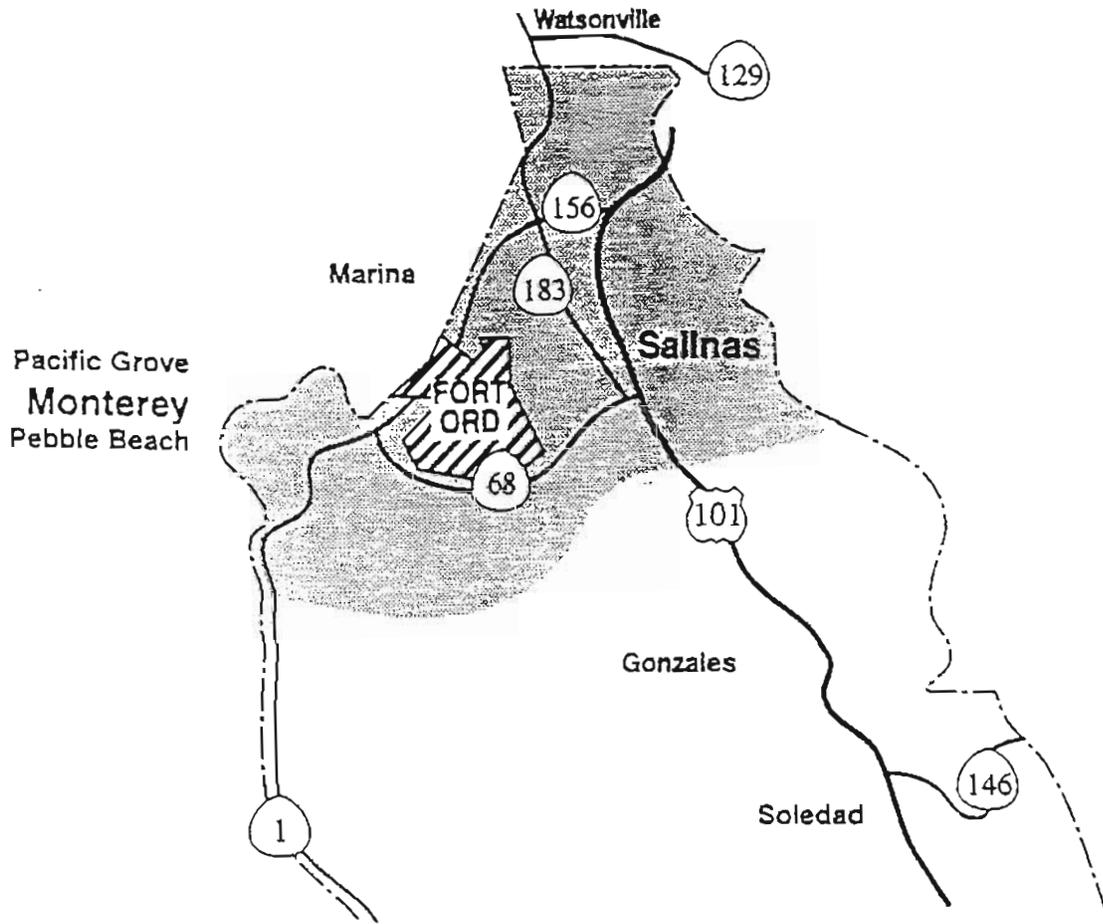
Yours sincerely,

A handwritten signature in black ink, appearing to read "Michael A. Houlemard", is written over a light-colored rectangular background. The signature is fluid and cursive.

Michael A. Houlemard
Executive Officer

c: FORA Board
Administrative Committee

encl.



LEGEND	
	U.S. Highway
	State Highways

Figure 5-4
Impact Study Area

50068 Impact Study

December 9, 1997

Response to Monterey County Civil Grand Jury Inquiries:

1. The King City Joint Union High School District has a zero tolerance policy in regards to violence and any form of drug abuse. The administration is vigilant in posting the rules and enforcing them. Students who violate Education Code 48900 are suspended and, in many cases, are brought in front of the Board of Trustees for expulsion.

2. The size of the City of King is small enough to enable a close cooperative relationship between the police department and the school district to develop. The District believes that the success they we have experienced in cutting down on suspendable offenses is due to this relationship with the police department. The police department is highly visible and very proactive.

3. Both students and parents are informed of the rules of the school through a parent/student handbook that is mailed home prior to the opening of school. It is our intent to develop a contract between the home and the school that will guarantee the school that both the student and that student's family have read the rules.

4. The King City Police Department is very proactive in our community. We have a Police Athletic League, a DARE program and a school resource officer who is stationed at King City High School. Once again, the high visibility of the police within our community plus the hard work of our Town Watch Program have contributed to the decrease of crime in our community.

5. The King City Joint Union High School District has had a school resource officer available on our high school campus for the past three and one half years. This program has been extremely beneficial in maintaining law and order on our campus and in our community during school hours. Over the next year, we will be working with both the City of King City Council and the Greenfield City Council to develop and enact a day time curfew program similar to what is taking place in many communities in southern California.

6. The issue of violence is constantly in front of us. It is incumbent upon us to provide a safe and orderly environment. We work very hard as a school district to do that. Our job is made easier due to the cooperation that we receive from our police department and our Town Watch Program.

Please accept my sincerest apologies for being late with my responses. I honestly believed that I had responded.

Sincerely,



Frank Lynch
Superintendent

King City Joint Union High School District

From: Frank Reynolds

VIOLENCE ON SCHOOL CAMPUSES

BACKGROUND:

Throughout the Monterey County community, there exists a genuine concern regarding violence in our schools and for the safety of our students.

The presence of weapons (knives, guns, etc.) and illegal substances (alcohol and drugs) on campus, the influence of gangs, and physical attacks on students and staff are all problems which have a negative impact on the educational process at schools. With this in mind, the 1997 Grand Jury inquired into how schools in the County are addressing these problems.

Schools in California are required to report incidents of school violence to the State Department of Education. Beginning with the 1995-96 school year, the California Safe School Assessment Program annually prepares a report based on the data reported by schools throughout the State. On February 27, 1997, the Salinas Californian published a table which summarized the information reported by 26 School Districts in the County.

INQUIRY PROCESS:

The Grand Jury selected ten County School Districts, some of which had reported higher rates of incidence of school violence, and some of which had reported lower rates. The Superintendent of each of the selected Districts was sent a questionnaire containing sixteen questions about how schools within the District are addressing the problem of school violence. Two of the selected schools did not respond. The jury interviewed officials from some City Police Departments within the County, (Gonzales, Greenfield, King City, Monterey, Pacific Grove, Salinas, Seaside, Soledad, and Marina), and from the Sheriff's Department, to get their views of the problem of school violence. The jury wanted to learn how they are cooperating with school officials in addressing the problem. The results of the questions asked of each Superintendent and the Law Enforcement Agencies are shown in Exhibit A.

ISSUE:

How is Monterey County coping with violence on school

campuses?

FINDINGS:

1. In general, schools within Monterey County are conscientiously addressing the problem of school violence. However, the problem still exists, and continuing attention to it is required.

2. There is a good degree of cooperation between school officials and law enforcement officials in addressing the problem. Again, continuing attention to this aspect of the problem is necessary.

3. Parental involvement must be an integral part of every school's program to address school violence. Some Districts require each student and his/her parents to enter into a written contract which spells out what is expected of the school, the student, and the parents. The jury was particularly impressed by the contract being used by the Salinas Union High School District.

4. Law Enforcement Agencies have been pro-active in establishing a positive relationship with students and school authorities. A few examples of their involvement are the D.A.R.E. program, Healthy Start Program, School Resource Officers on campuses, Police Explorer Program, Citizen Academy and Police Activity League.

5. The ten Law Enforcement Agencies either have or plan to have a School Resource Officer assigned to the schools. Resource Officers already on campuses have been training school authorities in the areas of recognizing gang affiliations of students and recognizing different drugs used by students.

6. As shown in Exhibit A, individual School Districts are using various methods to address the issue of school violence. It is unlikely that there is a single recipe that will be most effective for every School District. It is the responsibility of each District Board to determine what combination of methods will be most effective for its schools.

RECOMMENDATIONS:

The 1997 Monterey County Civil Grand Jury recommends that:

1. Superintendents in each School District review Exhibit A and interact with their counterparts in other Districts and at other schools to familiarize themselves with methods that other Districts are finding to be effective in addressing school violence. Each District should then determine additional methods to incorporate into the District's safe school program.

2. A full-time School Resource Officer position be created before the end of 1997 in each of the ten Law Enforcement Agencies to deal with school violence and related problems.

3. Each of the 13 Law Enforcement Agencies in the County review successful programs and measures utilized by their fellow Law Enforcement Agencies, and consider the feasibility of incorporating these measures in their own jurisdiction.

RESPONSES:

Board of Trustees of each Monterey County School District to arrange for responses from Superintendents:

Alisal Union School District
 Bradley Union School District
 Carmel Unified School District
 Chualar Union School District
 Gonzales Unified School District
 Gonzales Union School District
 Gonzales Union High School District
 Graves School District
 Greenfield Union School District
 King City Joint Union High School District
 King City Union School District
 Lagunita School District
 Mission Union School District
 Monterey Peninsula Unified School District
 North Monterey County Unified School District
 Pacific Grove Unified School District
 Pacific Unified School District
 Salinas City School District
 Salinas Union High School District
 San Antonio Union School District
 San Ardo Union School District
 San Lucas Union School District
 Santa Rita Union School District
 Soledad Unified School District
 Spreckels Union School District
 Washington Union School District

Findings # 1 through 6

Recommendation # 1

Mayors of the Cities in Monterey County to arrange responses from the Police Departments as follows:

Carmel Police Department
 Del Rey Oaks Police Department
 Gonzales Police Department
 Greenfield Police Department
 King City Police Department

Marina Police Department
Monterey Police Department
Pacific Grove Police Department
Salinas Police Department
Sand City Police Department
Seaside Police Department
Soledad Police Department

Findings # 1 through 6

Recommendations # 2 and 3

Monterey County Sheriff

Findings # 1 through 6

Recommendations # 2 and 3

EXHIBIT "A"
SCHOOL DISTRICT RESPONSES

	SALINAS	CARMEL	GREENFIELD	N. MONTEREY COUNTY	PACIFIC GROVE	MONTEREY PENINSULA	ALISAL	SOLEDAD
Zero Tolerance	x			x		x		
Uniform							x	
Verbal Judo	x	x			x			
No Gang Colors Symbols/Caps	x							
Dress Code			x			x		
Closed Campus	x		x	x	x	x	x	
Identify Gangs			x		x	x		x
Contract or Manual	x	x	x					
Gangs on Campus	x					x	x	
POLICE								
Guidelines When Calling PD	x		x	x	x	x	x	
PD Relations Good	x	x	x	x	x	x	x	x
PD Relations Poor								
SRO or PD on Campus	x			x	x	x	x	x
CAMPUS ORGANIZATIONS								
SHO	x							
CSSA			x			x	x	
DARE	x	x					x	
ADAPT	x							
Peace Builders	x						x	
2nd Chance	x		x		x		x	
Barrios Unidos			x					
GATE			x					
VIPC	x							
Sunrise House	x							
Youth Alternative to Violence					x			
District Attorney					x			
Probation					x	x		
Boy Scouts of America							x	
Explorer Scouts	x			x				
YMCA							x	x
Big Brothers							x	
CATS								x
GREAT		x						



City of Gonzales

PHONE (408) 675-5000
FAX (408) 675-2644

P.O. BOX 647

147 FOURTH ST

GONZALES, CALIFORNIA 93926

March 2, 1998

Hon. Jonathan R. Price
Presiding Judge
Monterey County Superior Court
P.O. Box 414
Salinas, CA 93902

RE: 1997 Monterey County Grand Jury Mid-Year Final Report Findings and Recommendations

Dear Judge Price:

In response to Foreman Robert Quinn's request and on behalf of the City of Gonzales, I offer the following responses to the findings and recommendations contained in the *1997 Monterey County Grand Jury Mid-Year Final Report* to which the City of Gonzales has not previously responded.

q1m06 **INVESTMENT OF PUBLIC FUNDS**

Finding #3: The institutions and arrangements under which City funds are invested seem to be conservative.

City Response: The City agrees with the finding.

Finding #4: *96.5% of the funds in the hands of the Cities are invested at 5.00% to 6.63%, the median rate being 5.58%.*

City Response: As it applies to Gonzales, the City agrees with the finding.

Finding #5: *2.4% of the funds invested at interest by the Cities is earning under 4.5%. If the return on these funds could be increased to 4.5%, the Cities would receive an additional \$54,400 in interest income per year.*

City Response: As is applies to Gonzales, the City disagrees with the finding.

Explanation: The City's primary investment vehicle is the Local Agency Investment Fund (LAIF), which has paid higher than 4.5% in recent years.

Finding #6: Interest rates being earned by the various Cities vary widely, particularly for checking accounts. Those Cities which are not earning a return on checking accounts may be able to improve the returns on this money by renegotiating arrangements or changing banks. Arrangements by the Cities of Gonzales and Pacific Grove were the most attractive.

City Response: As is applies to Gonzales, the City agrees with the finding.

Finding #7: As of the end of January 1997, there was a total of \$2,335,886 in the hands of the twelve Cities which was deposited in commercial institutions and was not receiving any interest earnings. While this is only about 1.1% of the funds in the hands of the Cities, if it could be on deposit at a mere 2.00% it would earn an additional \$46,700 per year.

City Response: As is applies to Gonzales, the City disagrees with the finding.

Explanation: The City's funds are all invested in interest-bearing accounts.

Recommendation #1: Each of the Cities having funds which are not earning any interest invest their funds in interest earning accounts.

City Response: The City agrees with this recommendation and is already following this policy.

Recommendation #2: Those Cities having funds invested at 1.01% to 4.03% interest review these arrangements and if possible, improve the rates of interest.

City Response: The City agrees with this recommendation.

971407 **PURCHASING**

Finding #1: None of the respondents are using the services of the Monterey County Central Purchasing Department.

City Response: As it applies to Gonzales, the City agrees with the finding.

Finding #2: Authorization limits and procedures appeared to be adequate. Since this was not studied in depth, reliance was based on comments made on the survey.

City Response: The City agrees with the finding.

Finding #3: If there were consolidation and use of a "professional" purchasing department vs. small individual efforts, substantial savings could accrue to the participants. Even savings of 1%, on average, would generate a figure more than sufficient to fund two additional positions which MCCPD estimates would be necessary to handle the additional workload. One example reviewed by the Grand

Jury indicated a 3% savings was achieved when MCCPD became involved after the efforts of a local department proved inadequate.

City Response: The City partially disagrees with the finding.

Explanation: The City of Gonzales' seeks the lowest price available on all purchases. No evidence has been provided that routing our purchases through Monterey County would be either cost effective or efficient.

Recommendation #1: *There be an examination of "last minute" spending and, if necessary, establish a procedures to change this practice.*

City Response: The City disagrees with this recommendation.

Explanation: The City has in place a purchasing policy that requires the solicitation of more than one bid or quote, and the review of any expenditure by the Department Head, Finance Director and the City Manager before the expenditure is authorized. This has proven to provide sufficient oversight to the City's purchasing procedures.

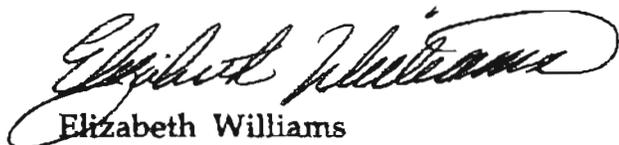
Recommendation #2: *School Districts, Cities, and other local government agencies within Monterey County consult with the MCCPD to achieve savings available by central funds purchasing to taxpayers.*

City Response: The City partially agrees with this recommendation.

Explanation: If MCCPD is interested in providing purchasing services to other public agencies, that Department should prepare a proposal and submit it for consideration by each agency. This proposal should include the guaranteed cost-savings that would result from centralized purchasing, and how the delays that would undoubtedly occur by having to process purchasing requests through Monterey County would be avoided.

The City of Gonzales previously responded to the *Violence on School Campuses* issue contained in the Mid-Year Final Report.

Sincerely,



Elizabeth Williams
Mayor

cc: Members of the Gonzales City Council

97 M 13 ✓

✓
City of Salinas Response

Monterey County Mid-Year Grand Jury Report: August 6, 1997

PRISONS IN MONTEREY COUNTY

The City of Salinas is responding to **recommendation #1** and **recommendation #2** as well as **findings #3, #5 and #7** in the Grand Jury report on Prisons in Monterey County.

Recommendation #1 and #2.

The City has no jurisdiction over state prisons. However, the City has and will continue to explore opportunities to form collaborative efforts that benefit both the prisons as well as the City. One example of a recent effort to improve the relationship between the City and local prisons was the successful partnership to put on the statewide Correction Officers' Olympics.

The City is also addressing the direct needs of inmates on a limited basis. The City is currently participating in a prison sponsored work experience program. This type of programming is evolving and will continue to improve as the City streamlines its relationship with the prisons nearby. Additionally, the City currently participates in a number of collaborative initiatives relating to crime and violence through the Violent Injury Prevention Coalition (VIPC) a local community collaborative. On a long term basis, statewide initiatives and local partnerships (such as the VIPC) geared to helping young people at risk will ultimately reduce the number of people sent to prison. The VIPC could include issues to deter increases in the local prison population.

Findings:

Finding #3. The City agrees that California prisons are overcrowded. Our ability to directly impact this issue is limited. However, the City believes that through programs like PeaceBuilders, the Police Activities league, Second Chance and Sunrise house, we can deter future generations from entering the criminal justice system.

Finding #5. De-institutionalization of the mentally ill has had a significant impact on cities as well as prisons. The City of Salinas does not have the resources or jurisdiction to adequately address this issue.

Finding #7. The City is using inmates from the Soledad Correctional Training Facility to assist with ongoing City maintenance. An eight to ten person crew from Soledad currently spends 40 to 80 hours a month in Salinas cleaning streambeds, removing trash, trimming trees and painting. Countywide demand for these crews and the state's security requirements limit the time they are allowed to participate in our maintenance program.

DEPARTMENT OF VETERANS AFFAIRS

POST OFFICE BOX 942895
SACRAMENTO, CALIFORNIA 94295-0001
653-2158



To Grand Jury from July 21st
office

August 21, 1997

97 HQ2

Response to Bill Year Report
Copies to: Jerry Geisbrecht
Jim Geaney
Dan Phillips
Dick Long

I would not plan to make
any reply to this letter
Rogers 8/1/97

The Honorable Simon Salinas
Monterey County Board of Supervisors
240 Church Street, Room 219
Salinas, California 93901

Dear Supervisor Salinas:

I realize that as you and the other County Supervisors question and scrutinize your budget for every potential saving, you may have questions about the value of County Veterans Service Offices (CVSO). This is particularly so in light of the recent Monterey County Grand Jury recommendations. I want you to know that the Department of Veterans Affairs strongly supports CVSO operations because of the good and necessary work they do for veterans, and for that reason, I would like to bring to your attention facts concerning the economic significance of your CVSO.

Your CVSO is the local expert on veterans benefits, representing your veterans' unique needs to both state and federal departments of veterans affairs. During the 1996/97 fiscal year, your CVSO won new cash benefits for your veteran population in excess of \$6,086,000! According to State Department of Finance estimating techniques, this leads to \$973,900 in new local tax revenue. In the same fiscal year, the United States Department of Veterans Affairs provided \$34,183,312 in cash benefits to veterans in your county, much of this due to the past accomplishments of your CVSO. The previously mentioned estimating techniques show that these benefit dollars resulted in over \$5,469,300 in local tax revenue.

What's all this about?

Your CVSO also financially impacts the support costs of your County Welfare Department. Through the efforts of the CVSO during FY 1996/97, in excess of \$455,500 in general assistance payments were avoided. With a net county cost of less than \$270,000 your CVSO is one of only a few revenue producing offices in the county. The above data again confirms the fact that veterans benefit programs are important to local government.

I hope that you will consider the above facts in your deliberations and you will realize that your CVSO is making significant economic contributions to the well being of your County. Your veterans deserve, and have earned the right to have their local veterans advocate adequately funded and fully supported. If I can be of further assistance in maintaining your CVSO's exceptional services, please feel free to contact me directly at (916) 653-2158, or your staff may contact Gerald Rucker, Chief of Veterans Services at (916) 653-2573.

Sincerely,

Jay R. Vargas
JAY R. VARGAS
Secretary

- cc: Senate Veterans Affairs Committee
- Assembly Select Committee on Veterans Affairs
- Honorable Jonathan R. Price, Presiding Judge, Monterey County Superior Court
- California Veterans Board

97411

**City of Del Rey Oaks
Response to Grand Jury Findings
Fort Ord Reuse Authority (FORA) Roads & Bridges**

Finding 1. (Agree) TAMC prepares an estimate of countywide transportation needs in conjunction with AMBAG. The Fort Ord share of this region-wide need is estimated by TAMC to be \$116 million.

Finding 2. (Agree) The City of Del Rey Oaks has certified a planning level EIR that indicates all direct impacts related to Fort Ord development in its sphere of influence have been mitigated.

Finding 3. (Agree) Projects to be completed in Del Rey Oaks are subject to a project level EIR, and will not go forward without appropriate analysis of transportation funding projections.

Finding 4. (Agree) Fort Ord roads within the Del Rey Oaks project area are in above average condition. In addition, FORA and the City have secured grant monies for upgrade of these roads.

Finding 5. (Agree) What the Army will or will not do is subject to conveyance negotiations with FORA and the individual jurisdictions. Road upgrades are included in the FORA Capital Improvement program.

Finding 6. (Agree) The City of Del Rey Oaks has demonstrated to the satisfaction of LAFCO that it is able to maintain annexed properties, including roads.

Finding 7. (Agree) The Fort Ord nexus was determined by TAMC in conjunction with AMBAG. To charge Fort Ord developers for long standing county transportation needs would not be fair.

Finding 8. (Agree) This would be putting the cart before the horse. Planning takes place first, followed by project specific analysis.

Finding 9. (Agree) The City of Del Rey Oaks has proceeded in a timely manner on this project, and undertaken a constructive role in regional problem solving.

Finding 10. (Agree) The amounts given in this finding appear to be erroneous. Nonetheless, the need to find a regional transportation funding source will be true whether or not Fort Ord develops.

Finding 11. (Agree) Analysis in the finding assumes the funding source will come from one discrete source. A combination of sources tends to be the norm.

9/17/11 ✓

C. FORT ORD REUSE AUTHORITY (FORA) ROADS & BRIDGES

All of the member cities of FORA (that are not land use agencies within Fort Ord) were requested to respond to Findings #1 through #12 and Recommendations #2 and #3. The Grand Jury mid-year report was discussed by the Administrative Committee of FORA (which consists of the City Managers and administrative officers of FORA's member agencies). It was agreed by the FORA Administrative Committee and FORA staff that FORA should prepare a unified response to the Grand Jury's request.

Most of the issues and recommendations of the Grand Jury Report will be addressed by cooperative, intergovernmental programs in the following ways:

- ▶ The on-going planning and administrative processes of the Fort Ord Reuse Authority and the Transportation Agency for Monterey County (TAMC)
- ▶ The Fort Ord Reuse Plan
- ▶ The FORA Financial/Business Plan
- ▶ The TAMC Transportation Study

The attached September 8, 1997 FORA Draft Response is enclosed for the Council's information. The FORA Final Response will be sent directly to the Grand Jury (please refer to enclosure #5).

**NOTE: STAFF REPORT CONTINUES
AFTER ENCLOSURE #5**

public agency aggregators that have dedicated the necessary resources to participate in the process beginning in January. The California State Department of General Services has created a special division for this purpose and is preparing to represent State as well as local government agencies. The Association of Bay Area Governments (ABAG) has also solicited participation by interested agencies in their aggregation program. Under these programs, it is being estimated that the savings may be as much as 0.5 cents per KWH.

4. Natividad Medical Center is negotiation for a reduction in natural gas prices, but there is no coordinated effort in Monterey County to assess the opportunity provided by the new competitive environment for power supply.

BOARD OF SUPERVISORS' RESPONSE:

The Board of Supervisors agrees with this finding. The Support Services, Facilities and Construction Division has worked with NMC in order to participate in their contract for natural gas services. However, the master meter at NMC, which also feeds the Probation Department and Juvenile Hall, is the only County gas meter with high enough consumption to qualify for third party contracting under the current regulations.

RECOMMENDATION

The 1997 Monterey County Civil Grand Jury recommends that:

1. The Board of Supervisors immediately set up a Task Force - possibly headed by the Association of Monterey Bay Area Governments - to form a Buyers' Consortium comprised of all Cities and the County representing unincorporated areas to present a single negotiating entity for the purchase of electrical power.

BOARD OF SUPERVISORS' RESPONSE:

The Board of Supervisors agrees with this recommendation. The County needs to evaluate all options to reduce its electric power costs and will do so prior to the end of the current fiscal year.

97 M 11 ✓

FORT ORD REUSE AUTHORITY (FORA) ROADS AND BRIDGES

FINDINGS

1. TAMC estimates the total costs for all surface transportation improvements that have any "nexus" with the planned development of Fort Ord and that will have to be made from now to the year 2015 is \$856,551,064¹ (See Exhibit B).

BOARD OF SUPERVISORS' RESPONSE:

The Board of Supervisors agrees with the finding that \$856,551,064 represents the total costs identified in the Fort Ord Regional Transportation Study which covers all of northern Monterey County. The amount allocated to Fort Ord is only \$116,644,830.

¹ Estimates in 1993 dollars

2. Only \$208,780,000¹ of the total costs will come from dedicated or “expected” funding. That leaves \$647,771,064¹ of necessary costs that are “unfunded” having, at this time, no known way to cover them.

BOARD OF SUPERVISORS’ RESPONSE:

The Board of Supervisors agrees with this finding.

3. Of the \$647,771,064¹ unfunded costs \$368,529,179¹ are attributable to the development that will go on in the next 18 years at Fort Ord and the surrounding impacted areas. All FORA jurisdictions (those who own property within Fort Ord and those which do not) agree to the estimates contained in Exhibit B.

BOARD OF SUPERVISORS’ RESPONSE:

The Board of Supervisors agrees with the finding that \$368,529,179 is the unfunded amount of transportation improvements that have been identified in the north Monterey County area. All of the \$116,644,830 directly allocated to Fort Ord is planned to be generated through development fees that will be imposed as part of the implementation of the FORA Reuse Plan.

4. It was estimated that 90% of the existing Fort Ord local streets and interconnecting roads are not up to County standards.

BOARD OF SUPERVISORS’ RESPONSE:

The Board of Supervisors agrees with this finding.

5. The Army will not upgrade or improve streets or roads prior to conveyance.

BOARD OF SUPERVISORS’ RESPONSE:

The Board of Supervisors partially disagrees with this finding. It is not yet known what the Army will do regarding the improvement or upgrade of facilities at Fort Ord. These specifics will be defined through negotiations between the Army, FORA and the individual jurisdictions.

6. The cities of Marina, Seaside, Del Rey Oaks, and the County of Monterey have no additional funds to assume the maintenance of local streets being conveyed to their jurisdiction. Conveyances of local streets contain covenants requiring that streets be brought up to County standards.

BOARD OF SUPERVISORS’ RESPONSE:

The Board of Supervisors partially disagrees with this finding. Proposed development which will become possible as the result of land conveyances, including streets, is expected to provide a portion of the funds needed to improve and maintain these facilities.

7. Some regional projects, though they are expenses the County must assume, are not even being totaled as expenses against the Fort Ord development. For example: The Prunedale Bypass, Highway 156 widening, and the Hatton Canyon project.

BOARD OF SUPERVISORS' RESPONSE:

The Board of Supervisors agrees with this finding.

8. There are no projects currently scheduled by developers which would pay for local streets and interconnecting roads, much less for regional highways.

BOARD OF SUPERVISORS' RESPONSE:

The Board of Supervisors agrees with this finding, but the reason no projects are currently scheduled is because planning efforts, which need to occur first, are now underway.

9. When FORA is disbanded the most vital mechanism for cooperation among the jurisdictions will be gone; therefore, time is of the essence for this enormous problem.

BOARD OF SUPERVISORS' RESPONSE:

The Board of Supervisors agrees with this finding.

10. Some County managers and political leaders have suggested to the Grand Jury that modest increases in the sales tax and/or regular contributions from the County's general funds might be used to make up this shortfall. A study of Exhibit B plus some simple figures concerning the County's economy make clear that such ideas are not feasible. Exhibit B tells us that the impact on regional highway projects of the reuse of Fort Ord will cost about \$540 million dollars.

Turning first to the sales tax proposal, the County's recent taxable sales have been \$2,911 million in 1993, \$2,981 million in 1994. In the first half of 1995, the sales increased about 4% over the similar period in 1994 - i.e., about the same as inflation. A sales tax increase of one-half of one per cent would produce about \$15 million incremental income per year, providing the needed \$540 million in 36 years. A one per cent increase would provide this sum in 18 years. But to get such an increase, and to be able to reserve 100% of it for County roads and bridges, seems highly unlikely.

BOARD OF SUPERVISORS' RESPONSE:

The Board of Supervisors agrees with this finding. A minor sales tax increase combined with the County General Fund can not be expected to fully fund the identified transportation improvements. A comprehensive plan, including a sales tax and other revenue sources, will need to be developed.

11. Similarly, contributions from the County's general fund seem poorly fitted to this enormous task. To provide the incremental \$540 million by the year 2015 – the target year for the TAMC forecasts – would require about half of the discretionary money available to the County each year or some \$30 million a year for 18 years.

BOARD OF SUPERVISORS' RESPONSE:

The Board of Supervisors agrees with this finding.

12. Either of the above proposals indicates that raising this large sum of money from traditional sources is unlikely, and if it could be raised it would only meet the regional roads and bridge needs consequent to the planned development of Fort Ord. The Grand Jury conclusion is that no one in Monterey County has any realistic ideas about where these large amounts of money will come from.

BOARD OF SUPERVISORS' RESPONSE:

The Board of Supervisors disagrees with this finding. A number of agencies and organizations have spent considerable time and effort in seeking solutions to this issue. While guaranteed revenue sources have not been secured at this time, alternatives do exist.

RECOMMENDATIONS

The 1997 Monterey County Civil Grand Jury recommends that:

1. Each FORA jurisdiction receiving local streets and using the interconnecting roads within Fort Ord should immediately prepare a plan to fund their individual share of the costs of construction, rehabilitation and maintenance of these streets and roads.
Until such funding is assured, no further conveyance of property should be made.

BOARD OF SUPERVISORS' RESPONSE:

The recommendation will be implemented at the time land is transferred through the economic development conveyance process. The improvement and maintenance of facilities at Fort Ord is dependent on several factors that have not been resolved at this time. These include, but are not limited to, terms and timing of the conveyance of property, phasing of development, and adoption of a financing plan for Fort Ord infrastructure improvements.

2. All affected FORA jurisdictions (the eight cities and the County) agree on a Regional Transportation Plan such as the 2015 Fort Ord Regional Transportation Study and agree on the allocation of the costs of Regional Highway Projects.

BOARD OF SUPERVISORS' RESPONSE:

Both of these recommendations will be implemented to the extent possible by the Board of Supervisors. Through membership on the Transportation Agency of Monterey County (TAMC) and FORA, the County will support these recommendations.

3. All affected FORA jurisdictions agree to an equitable allocation to Public Benefit Grantees of the costs of local, interconnecting and regional roads.

BOARD OF SUPERVISORS' RESPONSE:

Both of these recommendations will be implemented to the extent possible by the Board of Supervisors. Through membership on the Transportation Agency of Monterey County (TAMC) and FORA, the County will support these recommendations.



CALIFORNIA STATE UNIVERSITY MONTEREY BAY

100 Campus Center Seaside, California 93955-8001

November 3, 1997

D. Roger Loper, Foreman
Monterey County Civil Grand Jury
P. O. Box 1819
Salinas, CA 93902

Subject: Response to 1997 Monterey County Civil Grand Jury Mid-Year Final Report

Dear Mr. Loper:

This letter contains California State University, Monterey Bay's (CSUMB) response to the Monterey County Civil Grand Jury 1997 Mid-Year Final Report. In accordance with Penal Code Sections 933(c) and 933.05(a) and (b), this response is submitted within 90 days of receipt of the Report, and addresses the findings and recommendations presented therein as provided below.

INTRODUCTION

In order to provide a context for our responses, the following defines CSUMB's role in redevelopment at Fort Ord, and its legislative relationship to the Fort Ord Reuse Authority (FORA) and the Base Reuse Plan, the subject of the Grand Jury's Report. The following citations are provided as clarification, because the primary subject of the Grand Jury Report is FORA's ability to finance "the construction and maintenance of roads and bridges that the Fort Ord development will necessitate between now and the ultimate build out date of the year 2015", and refers to studies and stated commitments of FORA.

The California State University (CSU), the governing body and owner of the CSUMB campus, is a sovereign local redevelopment authority (LRA) that was established by the Fort Ord Reuse Authority Act (the Act) in Government Code Sections 67650 *et seq.* The Act makes a clear distinction between the powers and duties of the state and those of local agencies. As a State entity, CSU was designated a redevelopment authority. "Redevelopment authority" is defined in subdivision (j) of Section 67655 to mean:

The Fort Ord Reuse Authority except that with respect to property within the territory of Fort Ord that is transferred or to be transferred to the California State University or the University of California, "redevelopment authority" solely for purposes of the transfer of property at military bases pursuant to Title XXIX of the National Defense Authority Act for the 1994 fiscal year means the California State University or the University of California, and does not mean the Fort Ord Reuse Authority.

The Act further states this title shall not be construed to limit the rights of the California State University to acquire, hold, and use real property at Fort Ord for locating or developing educationally related or research oriented facilities on this property (Section 67678 subdivision (e) and (f)). Thus, the powers and duties granted to FORA, which include the planning, financing, and management of the reuse of Fort Ord (e.g., preparation and implementation of a Reuse Plan), do prevail over local entities, however they do not prevail over the powers and duties of the State. This is an important distinction to note when discussing CSUMB's responses to the findings and recommendations of the Grand Jury as they relate to funding, construction, and maintenance obligations,

Finally, the relationship between the State of California and the jurisdictional authority of local public entities is also addressed here. California case law has established that the State, when creating municipal governments does not cede to them any control of the state's property situated within their jurisdictional boundaries. Therefore, as an agent of the State, a local municipal government (e.g., a city or a county) is not an independent body, and its governing authority is thereby limited to that expressly granted to it by the State. The state has determined that public entities (e.g., CSUMB) are exempt from property taxation, and that there is an implied exemption of property of the state from a special assessment for a street or other local improvement, unless a legislative provision is enacted.

As an entity of the State of California, the financial obligations and transactions of CSUMB are highly regulated. Based on various legislative provisions and court decisions, CSUMB is precluded from paying fees to other entities. In some specific cases, however, CSUMB is permitted or obligated to pay certain fees or costs. In the case of redevelopment at former Fort Ord of the CSUMB campus, these fees or costs include: 1) annual FORA operations fee (i.e., the CSU contributes \$7,000 each fiscal year to FORA's operations), 2) negotiated "capital facilities fee" (i.e., defined as the payment of additional capacity required in order to provide additional sewer or water hookups to a public educational agency. The terms of the fee are negotiated between the public purveyor and the public educational agency.), and 3) cost of goods and services (i.e., when one tax-supported entity provides goods or services to another, the public entity is not exempt from paying for these

goods and services as long as there is a direct relationship between the amount spent and the benefit received).

CSUMB is committed to the successful development of a superior institution of higher learning at the former Fort Ord for the State of California and for the Monterey Bay Region, as well as to being a leader in economic recovery. In part, our success will be due to collaborative planning efforts on a regional level to ensure that adequate infrastructure is available to support the University. It is within the context detailed above that the following responses are provided.

FINDINGS

In accordance with Penal Code Section 933.05 (a), the following responses to the findings are prefaced with one of the following statements as applicable: 1) CSUMB agrees with the finding or 2) CSUMB disagrees wholly with the finding or disagrees partially with the finding. In each case an explanation is provided.

1. **TAMC estimates the total costs for all surface transportation improvements made from now to the year 2015 are \$856,551,064.**

CSUMB disagrees with this finding. CSUMB cannot speculate on an analysis conducted by another agency for property that includes, but is beyond the boundaries of the CSU property. However, review of Exhibit B appears to indicate that the figure of \$856,551,064 is the estimated cost of improvements needed to serve the demand generated by a larger study area that includes former Fort Ord, and that the \$116,644,830 figure is the portion that is directly assignable to development at former Fort Ord.

CSUMB is currently in the process of preparing its Campus Master Plan and Environmental Impact Report (EIR), which will identify the infrastructure improvements needed to support the phased growth of the campus to its ultimate build out. These documents are currently expected to be published in November, 1997. CSUMB will be responsible for implementing and financing improvements to all roadways owned by the University, which includes all local streets and segments of interconnecting roads within the campus footprint.

2. **There remains \$647,771,064 in necessary costs that are unfunded at this time.**

CSUMB disagrees partially with this finding. Please refer to Response No. 1 above.

3. **Unfunded costs of \$368,529,179 are attributable to Fort Ord redevelopment that will go on in the next 18 years. All FORA jurisdictions agree to these estimates.**

CSUMB disagrees partially with this finding. According to FORA, the road improvement costs related to development of the former Fort Ord is \$116,644,830 (draft letter dated September 8, 1997). Again, as stated above, CSUMB cannot comment on the accuracy of these analyses. However, CSUMB will take responsibility for securing the funding for the roadway improvements needed within the campus boundaries, which will be determined in the Campus Master Plan and EIR.

4. **Existing local streets and interconnecting roads are not up to County standards.**

CSUMB agrees with this finding. CSUMB inherited a roadway system that was built for military use and not required to comply with any civilian standards or codes. In the Master Plan, CSUMB will specify upgrades needed to the roadway network to ensure that safety, capacity, and policy goals of the University are met.

5. **The Army will not upgrade or improve streets or roads prior to conveyance.**

CSUMB agrees with this finding. In its Economic Development Conveyance to the University, the Army did not improve any streets or roads prior to conveyance. Infrastructure was conveyed in an "as is, where is" fashion.

6. **The cities and county have no additional funds to assume maintenance of conveyed streets. Conveyances require streets be brought up to county standards.**

CSUMB disagrees with this finding. CSUMB is not a city or a county agency, however the University will be responsible for improving and maintaining streets that are conveyed to the CSU. Campus infrastructure improvements, such as roadway upgrades, will be linked to the implementation of capital improvement projects that create the need for improvement.

Neither the Economic Development Conveyance nor the Memorandum of Agreement for property conveyance between the CSU and the U.S. Army contain a condition that local streets be brought up to County standards. However, CSUMB's Master Plan will specify standards for roadway improvements that adhere to sound roadway engineering principals within the campus boundaries.

7. **Some regional projects (e.g., Prunedale Bypass, Highway 156 widening, and Hatton Canyon project) are not being totaled as expenses against the Fort Ord development.**

CSUMB disagrees with this finding. Again, the finding refers to an analysis prepared by an agency that does not have jurisdiction over the California State University. However, it is the University's understanding that the regional projects cited (i.e., Prunedale Bypass, Highway 156 widening, and Hatton Canyon) are being pursued as a result of deficiencies caused by past development of the region and are not directly attributable to redevelopment at former Fort Ord.

8. **There are no projects scheduled by developers that would pay for local streets, interconnecting roads, and highways.**

CSUMB disagrees partially with this finding. This finding is not applicable to CSUMB. CSU is the owner and developer of the property that has been conveyed to it and is not subject to developer fees. CSUMB cannot comment on the development schedules of any other property within former Fort Ord.

9. **When FORA is disbanded the mechanism for cooperation among the jurisdictions will be gone, therefore time is of the essence.**

CSUMB disagrees partially with this finding. CSU is a not a voting member of FORA (it is an ex officio member) and is a sovereign local redevelopment agency for its property at former Fort Ord. Through its Campus Master Plan and EIR process, CSUMB will institutionalize its intention to address applicable roadway infrastructure deficiencies directly attributable to the University. Any potential dissolution of FORA would not affect CSUMB's actions in this regard.

10. **County managers and political leaders have suggested modest increases in sales tax and/or regular contributions from the County's general funds to make up for the shortfall.**

CSUMB disagrees partially with this finding. This finding is not applicable to CSUMB, which has no authority over the County's sales tax

or general fund utilization. As stated above in Response Nos. 1 and 9, CSUMB will implement roadway improvements based on the parameters set forth in its Campus Master Plan and EIR.

11. **Contributions from the County's general fund seem poorly fitted to this enormous task.**

CSUMB disagrees partially with this finding. As stated above, CSUMB has no influence over the County's general fund or its ability to finance regional roadway infrastructure. Also, refer to Response Nos. 1 and 9.

12. **Raising money from traditional sources is unlikely to meet the needs of planned development of Fort Ord, and no one in Monterey County has realistic ideas about where the money will come from.**

CSUMB disagrees partially with this finding. As previously stated, all direct impacts of projects to be implemented by CSUMB will be mitigated.

RECOMMENDATIONS

In accordance with Penal Code Section 933.05 (b), the following responses to the recommendations are prefaced with one of the following statements as applicable: 1) The recommendation has been implemented, or 2) The recommendation has not yet been implemented, but will be in the future, or 3) The recommendation requires further analysis, or 4) The recommendation will not be implemented because it is not warranted or is not reasonable. In each case an explanation is provided.

1. **Each FORA jurisdiction receiving local streets and using the interconnecting roads within Fort Ord should immediately prepare a plan to fund their individual share of the costs of construction, rehabilitation and maintenance of these streets and roads. Until such finding is assured, no further conveyances of property should be made.**

The recommendation has not yet been implemented, but will be in the future. As previously stated, CSU is not a "FORA jurisdiction." Nonetheless, as will be specified in the Campus Master Plan and EIR, CSUMB is implementing this recommendation for the roadways directly affected by the University's development. The Master Plan and EIR will identify phases in which the improvements should be implemented.

The recommendation regarding the prohibition of conveyances without funding assurances is not applicable to the CSU. The property conveyance process is determined by the Department of Defense and the CSU has received its Economic Development Conveyance without such

a condition. The Grand Jury's recommendation that further conveyances be contingent upon assured funding for roadways and bridges may not be applicable or enforceable.

2. **All affected FORA jurisdictions (the eight cities and the County) agree on a regional plan, study, and project costs.**

The recommendation requires further analysis. This recommendation does not apply to CSUMB. However as previously stated, CSUMB intends to address the direct effects of its development on roadways.

3. **All affected FORA jurisdictions agree to an equitable allocation to Public Benefit Grantees of the costs of local, interconnecting, and regional roads.**

The recommendation requires further analysis. Again, this recommendation does not apply to CSUMB because the CSU is not a "FORA jurisdiction" and because the CSU received its conveyance as a Economic Development Grantee not a "Public Benefit Grantee". However, as previously stated, CSUMB intends to address the direct effects of its development on roadways.

This completes CSUMB's response to the Grand Jury's Report. Should you have any questions regarding this information, please contact Mr. R. E. "Hank" Hendrickson, Vice President for Administration at (408) 582-3606.

Sincerely,



Dr. Peter Smith
President

c: Hank Hendrickson, CSUMB
David Salazar, CSUMB
Steve Reed, CSUMB
Bruce Richardson, CSU
David Rosso, CSU
Michael Houlemard, FORA

92117

CITY HALL
BOX CC
CARMEL-BY-THE-SEA, CALIFORNIA 93921

10 October 1997

The Honorable Jonathan R. Price
Presiding Judge
Monterey County Superior Court
P O Box 414
Salinas, California 93902

NY 1/3
Equity to City
Price
Bob

Dear Judge Price:

This letter contains the required responses of the City of Carmel-by-the-Sea to the Findings and Recommendations in the "Fort Ord Reuse Authority (FORA) Roads and Bridges" Section of the Grand Jury Mid-Year Final Report (August 6, 1997).

**CITY OF CARMEL-BY-THE-SEA RESPONSES TO MONTEREY COUNTY
GRAND JURY MID-YEAR FINAL REPORT (AUGUST 6, 1997)**

**FORT ORD REUSE AUTHORITY (FORA) ✓
ROADS AND BRIDGES**

FINDINGS

1. TAMC estimates the total costs for all surface transportation improvements that have any "nexus" with the planned development of Fort Ord and that will have to be made from now to the year 2015 is \$856,551,064* (See Exhibit B).

Response: Carmel partially disagrees with the finding. TAMC has prepared an estimate of transportation needs throughout Northern Monterey County, including the entire Monterey Peninsula and the City of Salinas, and including the former Fort Ord area; the total cost of all those projects is the approximately \$857 million referenced in the Finding. The "Fort Ord" share of this amount is approximately \$116.6 million, according to this same study.

2. Only \$208,780,000* of the total costs will come from dedicated or "expected" funding. That leaves \$647,771,064* of necessary costs that are "unfunded" having, at this time, no known way to cover them.

Response: Carmel partially disagrees with the finding. The FORA Base Reuse Plan, and additional documents and plans being developed to implement the Reuse Plan, have identified the methods through which development on the former Fort Ord will pay

for, over time, its fair share of the regional transportation costs. TAMC has identified the "fair share" for Fort Ord development as \$116.6 million, as shown in the Grand Jury's Exhibit B. TAMC has not identified sufficient funds, at this time, to make up all of the rest of the necessary \$857 million.

3. *Of the \$647,771,064* unfunded costs \$368,529,179* are attributable to the development that will go on in the next 18 years at Fort Ord and the surrounding impacted areas. All FORA jurisdictions (those who own property within Fort Ord and those which do not) agree to the estimates contained in Exhibit B. *Estimates in 1993 dollars*

Response: Carmel wholly disagrees with the finding. See response to Finding No. 2. To repeat, "Fort Ord Development" is expected to fund \$116.6 million, according to the TAMC report, not the \$369 million mentioned in this Finding.

4. *It was estimated that 90% of the existing Fort Ord local streets and interconnecting roads are not up to County standards.*

Response: Carmel wholly disagrees with the finding. FORA is developing plans to ensure that development on the former Fort Ord pays for all necessary on-site roads, as well as the fair share of off-site regional improvements. The suggestion that 90% of the former Fort Ord roads are not up to County standards is not supported by FORA or TAMC studies. Any currently-substandard roads will have to be rebuilt to the standards of the land use jurisdiction in which they are located, and FORA financial planning has included funding for this task.

5. *The Army will not upgrade or improve streets or roads prior to conveyance.*

Response: Carmel wholly disagrees with the finding. This is a matter for negotiation when property is conveyed by the Army. For additional information see response to Finding No. 4.

6. *The cities of Marina, Seaside, Del Rey Oaks, and the County of Monterey have no additional funds to assume the maintenance of local streets being conveyed to their jurisdiction. Conveyances of local streets contain covenants requiring that streets be brought up to County standards.*

Response: Carmel neither agrees nor disagrees with the finding. The City of Carmel-by-the-Sea cannot respond to this Finding.

7. *Some regional projects, though they are expenses the County must assume, are not even being totaled as expenses against the Fort Ord development. For example: the Prunedale Bypass, Highway 156 widening, and the Hatton Canyon project.*

Response: Carmel partially disagrees with the finding. See response to Finding No. 1.

8. *There are no projects currently scheduled by developers which would pay for local streets and interconnecting roads, much less for regional highways.*

Response: Carmel wholly disagrees with the finding. See response to Finding No. 4.

9. *When FORA is disbanded the most vital mechanism for cooperation among the jurisdictions will be gone; therefore, time is of the essence for this enormous problem.*

Response: Carmel agrees with the finding.

10. *Some County managers and political leaders have suggested to the Grand Jury that modest increases in the sales tax and/or regular contributions from the County's general funds might be used to make up this shortfall. A study of Exhibit B plus some simple figures concerning the County's economy make it clear that such ideas are not feasible. Exhibit B tells us that the impact on regional highway projects of the reuse of Fort Ord will cost about \$540 million dollars.*

Turning first to the sales tax proposal, the County's recent taxable sales have been \$2,911 million in 1993; \$2,981 million in 1994. In the first half of 1995, the sales increased about 4% over the similar period in 1994 - i.e., about the same as inflation. A sales tax increase on one-half of one per cent would produce about \$15 million incremental income per year, providing the needed \$540 million in 36 years. A one per cent increase would provide this sum in 18 years. But to get such an increase, and to be able to reserve 100% of it for County roads and bridges, seems highly unlikely.

Response: Carmel partially disagrees with the finding. This subject is under study by TAMC. The figures shown in the Finding are incorrect: the amount needed to be funded by the "Public", according to Exhibit B, is approximately \$279 million. TAMC is exploring a variety of funding sources for the "Public" share. As stated previously, the funding assigned to Fort Ord Development in Exhibit B is \$116.6 million.

11. Similarly, contributions from the County's general fund seem poorly fitted to this enormous task. To provide the incremental \$540 million by the year 2015 -- the target year for the TAMC forecasts -- would require about half of the discretionary money available to the County each year or some \$30 million a year for 18 years.

Response: Carmel partially disagrees with the finding. See response to Finding No. 10.

12. Either of the above proposals indicates that raising this large sum of money from traditional sources is unlikely, and if it could be raised it would only meet the regional roads and bridge needs consequent to the planned development of Fort Ord. The Grand Jury conclusion is that no one in Monterey County has any realistic ideas about where these large amounts of money will come from.

Response: Carmel partially disagrees with the finding. See response to Finding No. 10.

RECOMMENDATIONS:

2. *All affected FORA jurisdictions (the eight cities and the County) agree on a Regional Transportation Plan such as the 2015 Fort Ord Regional Transportation Study and agree on the allocation of the costs of Regional Highway Projects.*

Response: The recommendation has not yet been implemented--This recommendation is more properly forwarded to the Cities and the County in their capacities as TAMC members, rather than members of FORA. Carmel agrees that the political entities, and general public, of Monterey County need to come together to establish methods to fund regional transportation needs. The FORA entities are doing so, as to development of the properties on the former Fort Ord.

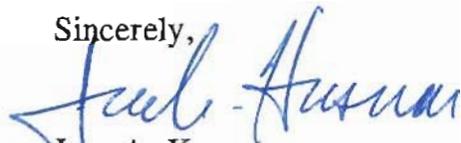
3. *All affected FORA jurisdictions agree to an equitable allocation to Public Benefit Grantees of the costs of local, interconnecting and regional roads.*

Response: The recommendation has not yet been implemented--The FORA agencies are developing plans which will meet this recommendation.

* * * * *

Thank you for the opportunity to respond to the Fort Ord Reuse Authority (FORA) Roads and Bridges Section of the 1997 Mid-Year Final Report. We trust that our responses will be helpful to the Civil Grand Jury.

Sincerely,



Jere A. Kersnar
City Administrator

JAK/sf

c: Ken White, Mayor
Members of the City Council
FORA Board Members
Michael Houlemard, FORA Executive Officer

97M11 ✓

City of Salinas Response

Monterey County Mid-Year Grand Jury Report: August 6, 1997

FORT ORD REUSE AUTHORITY (FORA): ROADS AND BRIDGES

The City of Salinas is responding to **recommendation #2** and **recommendation #3** as well as **findings #1 through #12** in the Grand Jury report: Fort Ord Reuse Authority (FORA): Roads and Bridges.

The City of Salinas is an active participant in the planning and development for the reuse of the former army base Fort Ord. The City is responding to the Grand Jury Recommendations #1 and Recommendation #2 as well as Findings #1 through #12.

Recommendations #2 and Recommendation #3. The City of Salinas is working with FORA as well as TAMC to develop a responsible Regional Transportation Plan. The City understands the economic need for this plan as well as the quality of life issues related to having an effective transportation network.

Finding 1. TAMC prepared an estimate of county-wide transportation needs in conjunction with AMBAG. The Fort Ord share of this region-wide need is estimated by TAMC at \$116 million.

Finding 2. Salinas is working as a member of FOR A to develop funding mechanisms to pay FORA's "fair share" of off-site improvements as well as transportation improvements on the former army base.

Finding 3 and #4. The report concludes that \$368,529,179 in unfunded transportation costs are due to the development on the former army base and "the surrounding impacted areas." The inference is that all of the costs are the result of development on the former Fort Ord. This inference is inaccurate. The \$116 million in Fort Ord development costs for transportation includes both on base and off-base improvements. The remaining \$251 million in transportation costs (TAMC designated Impact Study Area Development) are directly related development costs throughout northern Monterey County, excluding the former Fort Ord.

Additionally, the condition of the road network on the former army base varies depending on location. Each land use jurisdiction will take the lead in determining how to make the needed repairs.

Finding #5. What the US Army will or will not do is subject to conveyance negotiations with FORA and the individual jurisdictions. Road upgrades are included in the FORA Capital Improvement Program.

Finding #6. The ongoing maintenance of the infrastructure system is a concern for each of the land-use jurisdictions. Each jurisdiction will have to develop a balanced plan with projects that produce positive revenue streams. The objective is to develop self sustaining projects capable of providing ongoing maintenance of the road network on the former army base.

City of Salinas Response

Monterey County Mid-Year Grand Jury Report: August 6, 1997

Fort Ord Reuse Authority (FORA): Roads and Bridges (Continued)

Finding #7. The Fort Ord nexus was determined by TAMC in conjunction with AMBAG. To charge Fort Ord developers for long standing county transportation needs would be unfair.

Finding #8 and #9. Planning of the Fort Ord properties is identified as the first priority to ensure balanced development. After the development of an overall plan, FORA and each land use jurisdiction will begin to consider project specific analysis. Additionally, FORA's role will be ongoing. Senate Bill 899, established FORA as a governing body to accomplish the transfer of the former army base to the local communities. This legislation is in effect until 2015. The FORA Board will ultimately make the determination on FORA's role in assisting land use jurisdictions with future projects.

Finding #10, #11 and #12. The FORA Board is examining multiple options for funding its road projects. The analysis in the findings assumes the funding source will come from one discrete source. Most projects of this magnitude require a combination of funding.

The revenue streams and costs of infrastructure in this report appear to be inaccurate. However, the need to find a regional transportation-funding source will be true whether or not Fort Ord develops. Additionally, each land use jurisdiction must complete planning level review that mitigates all direct impacts. Project level review will be required when an actual project goes forward.

CITY OF DEL REY OAKS ✓
STAFF REPORT

97M 11

TO: City Council
FROM: D. Steven Endsley, City Manager DSE
DATE: August 22, 1997
SUBJECT: Response to Grand Jury/FORA Roads & Bridges

The City of Del Rey Oaks is required to respond to twelve findings and three recommendations of the Grand Jury related to Fort Ord Reuse Authority Roads & Bridges.

Finding 1. TAMC prepares an estimate of countywide transportation needs in conjunction with AMBAG. The Fort Ord share of this region-wide need is estimated by TAMC to be \$116 million.

Finding 2. The City of Del Rey Oaks has certified a planning level EIR that indicates all direct impacts related to Fort Ord development in its sphere of influence have been mitigated.

Finding 3. Projects to be completed in Del Rey Oaks are subject to a project level EIR, and will not go forward without appropriate analysis of transportation funding projections.

Finding 4. Fort Ord roads within the Del Rey Oaks project area are in above average condition. In addition, FORA and the City have secured grant monies for upgrade of these roads.

Finding 5. What the Army will or will not do is subject to conveyance negotiations with FORA and the individual jurisdictions. Road upgrades are included in the FORA Capital Improvement program.

Finding 6. The City of Del Rey Oaks has demonstrated to the satisfaction of LAFCO that it is able to maintain annexed properties, including roads.

Finding 7. The Fort Ord nexus was determined by TAMC in conjunction with AMBAG. To charge Fort Ord developers for long standing county transportation needs would not be fair.

Finding 8. This would be putting the cart before the horse. Planning takes place first, followed by project specific analysis.

Finding 9. The City of Del Rey Oaks has proceeded in a timely manner on this project, and undertaken a constructive role in regional problem solving.

Finding 10. The amounts given in this finding appear to be

Finding 12. (Agree) Projects contemplated for Del Rey Oaks are discrete. The City has completed planning level review that mitigates all direct impacts. Project level review will be required when an actual project goes forward.

Recommendation 1. Del Rey Oaks is complying with this recommendation.

Recommendation 2. The City of Del Rey Oaks participates on the TAMC Board, the agency empowered to undertake this finding.

Recommendation 3. We agree, and are working with FORA to ensure that equitable allocation of costs takes place.

Loper 97M N ✓
City of Marina ✓

211 HILLCREST AVENUE
MARINA, CA 93933
TELEPHONE (408) 384-3715
FAX (408) 384-0425



OFFICE OF THE MAYOR

September 8, 1997

D. Roger Loper, Foreman
1997 Monterey County Civil Grand Jury
P.O. Box 1819
Salinas, CA 93902

Dear Foreman Loper:

This letter is provided in response to Findings #1 through #12 and Recommendations number 1, 2, and 3. I have reviewed this letter with the Marina City Council and they concur in its conclusions.

The ability to pay for services on the former Fort Ord is possibly the key issue of re-use. We are concerned that the Grand Jury focused only on a single element of the cost in local roads and bridges.

Our concern is that the estimated \$116,000,000 million needed will occur over many years. We will have great ability to work through matters and find solutions.

That the money is not apparent is the salient fact of local government in California today.

The solution is that if there is a policy consensus and public support, solutions will be found and implemented. In this way, what you address is not so much a specific problem as a general symptom.

That is to say that the solution will rely upon the diligence of local elected officials and their staffs and directly upon the residents of Monterey County. To count their efforts out is to make the problem of streets and roads nearly insoluble.

We believe that the issues you have defined are important, but probably not the most urgent.

D. Roger Loper, Foreman
1997 Monterey County Civil Grand Jury
September 8, 1997

We are very concerned about the immediate cost and impact of services on the former Fort Ord. Specifically, how are we going to assure that police, fire, planning, public works, building inspection, parks and recreation will be provided now and in the immediate future?

You did not ask F.O.R.A. to respond to your findings and recommendations. We will ask for such a response and hope to join in a common effort in this regard. It is only through the broader community that solutions can really be found.

Additionally, please note that the T.A.M.C. study evaluates development related transportation impacts throughout the county. The figures cited in your findings are significant to county-wide development, much of which is far removed from the boundaries of the former Fort Ord.

Please note that development off the former base comprises more than a three-fold impact on transportation systems than the development proposed in re-use of the former base.

At present, the off-base development is proceeding at a more rapid rate, and is presently impacting regional transportation systems, far greater than that which may occur with the planned re-use of the former Fort Ord.

Regarding specific recommendations:

1. Marina has worked to plan for the funding of local streets and roads. There is not, however, any apparent new source of revenues except development fees from the property. Marina is working closely with F.O.R.A. to define how these fees can be used to meet the cost of new road construction.

At this date, it is not clear if Marina or F.O.R.A. will have responsibility or authority to implement this recommendation. Therefore, Marina will not independently implement this recommendation.

2. Marina has worked through T.A.M.C. for the development of a Regional Transportation Study. Assumptions are contained in this transportation study regarding Regional Highway Projects. It is our impression that the adoption of any plan will depend upon all parties determining costs are equitably shared county-wide.

D. Roger Loper, Foreman
1997 Monterey County Civil Grand Jury
September 8, 1997

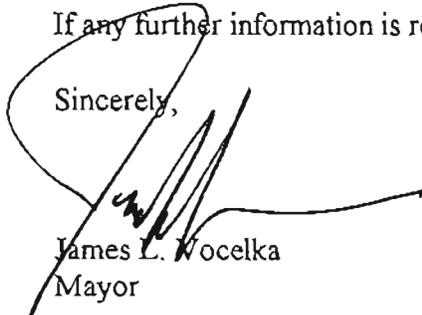
Marina is without the ability to independently allocate cost to other jurisdictions within the County. Marina will not implement this recommendation.

3. It is our understanding that the adoption of the base re-use plan anticipated there would be an equitable allocation to Public Benefit Grantees of the costs of local, interconnecting and regional roads.

F.O.R.A. is an independent governmental body which may or may not have authority to implement this recommendation. Marina does not have the requisite authority and will not implement this recommendation.

If any further information is required, please do not hesitate to contact me.

Sincerely,



James L. Wocelka
Mayor

JLV:ap

cc: Mr. Michael Houlemard, F.O.R.A.



Enclosure #5

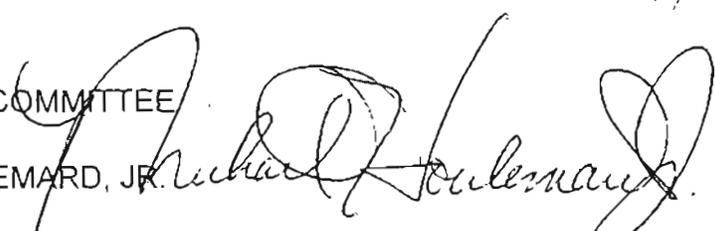
Fort Ord Reuse Authority

MEMORANDUM

SEP 16 1997
CITY OF SAND CITY

September 8, 1997

TO: ADMINISTRATIVE COMMITTEE

FROM: MICHAEL A. HOULEMARD, JR. 

RE: RESPONSE TO 1997 GRAND JURY MID YEAR FINAL REPORT

The Administrative Committee previously agreed to coordinate responses to the Grand Jury's report on FORA Roads and Bridges through FORA (See attached Grand Jury Report). TO DATE FORA HAS RECEIVED ONLY ONE RESPONSE (See attached Del Rey Oaks response). The rest of the responses need to be into FORA so they can be circulated through the Admin Committee, then sent to the Grand Jury.

Also attached is a draft response cover letter from FORA to the Grand Jury for your review. This item will be on the next Administrative Committee agenda on 9/22/97.

John

MEMORANDUM

COUNTY ADMINISTRATIVE OFFICE

County of Monterey

Date: November 12, 1997
To: Sherri Pedersen - Superior Court
From: Jim McKnew - County Administrative Office
Subject: MONTEREY COUNTY GRAND JURY MID-YEAR FINAL REPORT
BOARD OF SUPERVISORS RESPONSE

The Board of Supervisors met on October 28, 1997 and November 4, 1997 to review the draft response to the Monterey County Grand Jury Mid-Year Final Report. The response was approved on November 4, 1997 with directions to the County Administrative Officer to return to the Board with a process for increased public participation by the public in the Certificate Of Participation process.

The County Administrative Officer will return to the Board of Supervisors with a proposal for such a process within 90 days.

If you have any questions regarding this response, please contact me at x5108.

Attachments

Recommended Response To The 1997 Mid-Year Final Report
Board Order

Recommended Response to the 1997 Grand Jury)
Mid-Year Final Report, Approved; Direction)
Given to Staff)

Upon motion of Supervisor Johnsen, seconded by Supervisor Potter, and unanimously carried, the Board approves the proposed response to the 1997 Grand Jury Mid-Year Final Report to be filed with the Presiding Judge of the Superior Court, encompassing the comments made by the Supervisors; and directs the County Administrative Officer to return with a process for more fulsome participation by the public in the Certificate of Participation (COP) Program.

Report to Monterey County Board of Supervisors

SUBJECT APPROVE RECOMMENDED RESPONSE TO THE 1997 GRAND JURY MID-YEAR FINAL REPORT	BOARD MEETING DATE 10-28-97 10:00 am	AGENDA NUMBER
DEPARTMENT County Administrative Office		

RECOMMENDATION

It is recommended that the Board of Supervisors approve the attached response to the 1997 Grand Jury Mid-Year Final Report to be filed with the Presiding Judge of the Superior Court.

SUMMARY

By law, the Board of Supervisors must file a response to the Grand Jury Final Report with the Presiding Judge of the Superior Court following the report's release.

Elected county officials and department heads are required to submit a response directly to the Presiding Judge of the Superior Court. Comments made by the elected officials have been included in the Board's proposed response as attachments.

DISCUSSION

The proposed response addresses each specific finding and recommendation directed to the Board of Supervisors and the departments for which it is responsible.

OTHER AGENCY INVOLVEMENT

Members of the 1997 Grand Jury and appropriate department heads have been provided copies of the proposed Board of Supervisors' response.

FINANCING

Acceptance of the recommended Board response will have no direct financial impact on the General Fund.



ERNEST K. MORISHITA
County Administrative Officer
October 28, 1997

Report to Monterey County Board of Supervisors

SUBJECT APPROVE RECOMMENDED RESPONSE TO THE 1997 GRAND JURY MID-YEAR FINAL REPORT (Addendum to 10-28-97 Report)	BOARD MEETING DATE 11-4-97 10:00 am Continued	AGENDA NUMBER
DEPARTMENT County Administrative Office		

RECOMMENDATION

It is recommended that the Board of Supervisors approve the proposed response to the 1997 Grand Jury Mid-Year Final Report to be filed with the Presiding Judge of the Superior Court.

SUMMARY

The proposed response to the 1997 Grand Jury Mid-Year Final Report was originally brought to the Board on 10-28-97. During that session, only issue related to Veterans Services were discussed and resolved. The Board voted to continue discussion until 11-4-97 and directed members to contact staff with any issues they wanted to explore further before that date.

DISCUSSION

Since the 10-28-97 meeting, one Supervisor has contacted staff to request that the following issues be discussed during the 11-4-97 session:

- Source of the draft report: the report was prepared by the County Administrative Office with input from all affected departments. While the draft is intended to reflect Board policy, the Board has had no direct input prior to publication of the draft report. The report does not reflect actual Board policy until it has been reviewed, modified, and adopted by the Board during its normal public sessions.
- Certificates Of Participation (COPs) (Page 9 of draft report): further discussion needed on subject of citizen input and support for COPs.
- Review Of Certified Audits (Page 14 of the draft report): further discussion needed on the impact of the County's financial practices on its credit rating.
- Fort Ord Reuse Authority (FORA) Roads And Bridges (Page 28 of the draft report): Further discussion needed on the role and position of TAMC in the process. Also, discussion is needed on the position of other agencies.

OTHER AGENCY INVOLVEMENT

In addition to the departments originally involved in preparation of the report, the Public Works Department has been requested to attend this hearing to provide additional information on the FORA Roads and Bridges issues.

FINANCING

Acceptance of the recommended Board response will have no direct financial impact on the General Fund.

ERNEST K. MORISHITA
County Administrative Officer
October 30, 1997

GRAND JURY PROCESS IN MONTEREY COUNTY

FINDINGS

1. The exposure of Grand Jury matters to the public occurs about three times a year - once when the Final Report is issued, early in each year; again in the spring when a meeting is held by the Monterey County Board of Supervisors, with members of the immediately preceding and the currently sitting Grand Juries present; and finally, in the late summer when the Office of the Superior Court issues invitations to citizens of the County who might be interested in serving on the next year's Grand Jury. Depending upon the newsworthiness of the Grand Jury Report, the first event may get significant attention, but the other two create a subdued ripple upon public notice.

BOARD OF SUPERVISORS' RESPONSE:

The Board of Supervisors agrees with this finding.

2. Some witnesses who came before the 1997 Grand Jury pointed out important changes which had been made in the past as a result of Grand Jury inquiries and recommendations. But many of the employees of County, City and Agency organizations had the attitude: "Grand Juries come and Grand Juries go, but we're still here, year after year."

BOARD OF SUPERVISORS' RESPONSE:

The Board of Supervisors is supportive of the Grand Jury process and will assess the merits of a finding and recommendation from the Grand Jury on a case by case basis.

3. The League of Women Voters has indicated concern over the lack of follow-up on Grand Jury recommendations and proposes to organize a blue-ribbon Committee to look into the matter and see if some organization of citizens could be effective in getting more meaningful action on Grand Jury ideas.

BOARD OF SUPERVISORS' RESPONSE:

The Chair of the Board of Supervisors and the County Administrative Officer has scheduled a meeting with representatives of the League of Women Voters regarding their concerns on follow-up.

4. In September of 1994 the Monterey Herald published an article headlined, "The Grand Jury - a Toothless Tiger," which gave examples of useful recommendations which went unheeded for many years or, quite frequently, forever.

BOARD OF SUPERVISORS' RESPONSE:

The Board of Supervisors disagrees with this finding. Grand Jury recommendations are taken seriously by the Board and departments. The County has implemented numerous recommendations from past Grand Juries.

5. Analysis of the responses to the 1996 Grand Jury Final Report show that 28 percent of the Managers or Department Heads who were required by provisions of the Penal Code to

respond, did not do so. Exhibit A illustrates the nature of the responses received, both from Monterey County Board of Supervisors and Departments and from all respondents. Exhibit B gives the detail of responses received (or not received in many cases) on each Project and each recommendation in the 1996 Grand Jury Final Report. Only 53 percent of the responses were fully in accordance with the provisions of the 1997 Penal Code, Section 933.05(b), for the handling of Grand Jury recommendations.

BOARD OF SUPERVISORS' RESPONSE:

The Board of Supervisors disagrees with this finding. Certain department heads and non-elected county officials provide responses to the Grand Jury through the Board of Supervisors. Consistent with the provisions of Section 933 of the Penal Code, the Board of Supervisors requires all non-elected county officials and agency heads who report to the Board of Supervisors, either directly or through the offices of the County Administrative Officer, to prepare draft responses for consideration of the Board. The Board reviews, considers, modifies (if warranted), and approves the responses and authorizes forwarding the final responses, as approved by the Board, to the Presiding Judge. All responses from the Board of Supervisors and non-elected county officials and agency heads that report to the Board have been submitted to the presiding judge in full compliance with the requirements of law. (Responses of elected county officials and agency heads, who do not report directly to the Board and do not require Board approval of their responses, are forwarded directly to the Presiding Judge of the Superior Court and copies of their responses are forwarded to the Board of Supervisors solely for the Board's information. The Board will direct the County Administrative Officer to work with these elected county officials and agency heads to ensure that their respective responses, when required, will be provided in the manner required by law.)

6. In view of this poor showing, and with a view toward educating those asked to respond to Grand Jury Reports, the 1997 Grand Jury has written to each respondent, pointing out any shortfalls in the responses when considered against the requirements of the Penal Code.

BOARD OF SUPERVISORS' RESPONSE:

See response to Finding #5.

RECOMMENDATIONS

The 1997 Monterey County Civil Grand Jury recommends that:

1. The County make additional efforts to publicize the Grand Jury and to stimulate interest among the citizens of Monterey County to serve on future panels. The media seems to be receptive to Grand Jury news when it is made available to them.

BOARD OF SUPERVISORS' RESPONSE:

Disagree with this recommendation. The Superior Court issues press releases in connection with recruitment of the Grand Jury and release of the Grand Jury Report. Ads are run in at least three local papers to facilitate Grand Jury recruitment. In addition, announcements are sent to over 100 local civic groups and local political officeholders. The Grand Jury Report,

as well as the Board of Supervisors' response to the report, receive extensive coverage in the local media. The Board of Supervisors does not perceive a need to develop additional publicity in this area. There is no doubt that there is a substantial problem in the area of Grand Jury recruitment. This problem would seem not to stem from a lack of public awareness of the opportunity, but because of the nature of the job. To conscientiously carry out the duties of a Grand Juror, an individual must be willing to commit a substantial portion of their available time to the activity. Many citizens do not feel that they can carry out the substantial requirements of the job.

2. Past Grand Jurors be trained to present the story of the Grand Jury to service clubs and similar community groups, and be listed with the County Speakers' Bureau for this purpose.

BOARD OF SUPERVISORS' RESPONSE:

The Board of Supervisors disagrees with this recommendation. Training of past Grand Jurors is a function of the Grand Jury itself. Monterey County does not maintain a County Speakers' Bureau. To a limited extent, current and prior Grand Jury members already perform this function. The County can assist in having officials making presentations to various civic and community organizations. This function is a County priority because of the need to represent the diverse needs of the County.

3. The Grand Jury and/or the County form a Committee of volunteer former members of past Grand Juries to study and evaluate responses to Grand Jury Final Reports and to propose any follow-up in the way of letters to those who do not respond or whose responses are not in accord with the requirements of Section 933.05 of the Penal Code. To perform these studies and follow-up actions dilutes the effectiveness of the sitting Grand Jury in producing useful inquiries into local government operations.

BOARD OF SUPERVISORS' RESPONSE:

The Board of Supervisors disagrees with this recommendation. The Grand Jury process as currently defined in law provides the mechanism by which accountability for past recommendations and responses should be addressed.

VETERANS SERVICES OFFICER

FINDINGS

1. The VSO is a discretionary office authorized by Section 970 of the Military and Veterans Code of the State of California.

BOARD OF SUPERVISORS' RESPONSE:

The Board of Supervisors agrees with this finding.

2. Needs of veterans in Monterey County are for assistance in filing claims for benefits, transportation to medical facilities, and survivors' assistance aid.

BOARD OF SUPERVISORS' RESPONSE:

The Board of Supervisors agrees with this finding.

3. The number of veterans served in Monterey County is approximately one percent (1%) of the County population. (Data from 1990 census, the US Department of Veterans Affairs, and the Monterey County Veterans Services Office Report for 1996.)

BOARD OF SUPERVISORS' RESPONSE:

The Board of Supervisors disagrees with this finding. Current data reveals that veterans represent more than 12% of the County's population. Consideration must also be given to their spouses, dependents and survivors for services, guidance and advocacy requirements to include death, medical and other monetary entitlements.

4. The current budget, year 1996-1997, is \$333,339.00 which provides for five employees. In this budget, \$58,318.00 is anticipated from the California Department of Veterans Affairs. Monterey County pays \$275,021 which is a five to one (5 to 1) County to State ratio. Additionally Some other County Department provide services to the VSO from their budgets.

BOARD OF SUPERVISORS' RESPONSE:

The Board of Supervisors agrees with this finding.

5. There is a disproportionate imbalance of funding for the VSO. The five to one (5 to 1) supplement (sometimes referred as an overmatch) from County General Revenue Funds is unusual compared with other County Departments.

BOARD OF SUPERVISORS' RESPONSE:

The Board of Supervisors agrees with this finding. The imbalance of funding noted by the Grand Jury is based on the high priority the Board of Supervisors places on the services provided by the Veterans Service Office and the lack of funding from state and federal sources.

6. Veterans' benefits are primarily the responsibility of Federal Agencies.

BOARD OF SUPERVISORS' RESPONSE:

The Board of Supervisors partially disagrees with this finding. The State of California provides benefits to veterans as does Monterey County. Monterey County provides veterans preference as part of the employment selection process

7. The VSO has transported veterans between Monterey County and Bay Area hospitals since 1991, and in that time about 20,000 one-way trips have been provided. At the present time, two vans are used for this service. About 3100 such trips were provided in 1995 and 3200 in 1996. (Data from VSO workload figures 1991-1996.)

BOARD OF SUPERVISORS' RESPONSE:

The Board of Supervisors disagrees with this finding. The statistics provided in this finding are in error. The data depicts the number of veterans transported, not the number of round

trips (versus one-way trips). 21,000 veterans have been transported to VA medical facilities since 1988.

8. Veterans in need of VA hospital services can apply for reimbursement for transportation. Many veterans' medical services can now be obtained through the VA clinic located at the former Fort Ord. This clinic offers services in 11 medical specialties and came on line in 1995.

BOARD OF SUPERVISORS' RESPONSE:

The Board of Supervisors partially agrees with this finding. While reimbursement for transportation is possible, many veterans are incapable of driving to VA Health Care facilities or are socially disadvantaged.

9. Upon closure of Fort Ord, the VSO assumed the Survivors Assistance Program which had been provided by the nearest Casualty Assistance Officer at Fort Ord. The nearest such office is not located at Fort Irwin, California.

BOARD OF SUPERVISORS' RESPONSE:

The Board of Supervisors agrees with this finding

10. Most California counties provide veterans' services. Several California counties have merged VSOs to more adequately provide services to veterans. However, not all VSOs provide veterans' services to the extent that Monterey County does.

BOARD OF SUPERVISORS' RESPONSE:

The Board of Supervisors agrees with this finding. Monterey County is fortunate to be in a position to provide a wide range of services to County veterans. Few counties provide this level of service. Veterans Services are based on the increasing longevity of our veterans population and the needs associated thereof, as well as the impact of the closure of Fort Ord. In order to fulfill the mission of quality services in our County, Veterans Services now provides additional quality services with our telephone claims program, outreach program, veterans van, and by out-stationing a staff member at the VA Clinic at Fort Ord.

11. Some of the services provided to veterans in Monterey County are available from other sources such as veterans' organizations (44 in Monterey County), Veterans Administration Offices, California Veterans Affairs Offices, Social Security Offices, Employment Office of the State, Military Units, and the Congressional or Legislative Offices.

BOARD OF SUPERVISORS' RESPONSE:

The Board of Supervisors partially agrees with this finding. The Federal VA Office in Oakland has a toll-free number for benefits information and they refer veterans to the County office for claims assistance and advocacy. The State District Office in Oakland likewise refers veterans to the County office. Local veterans' organizations lack technical skills. Social Security and the State Employment Development Department provide assistance germane to their programs, active duty military provides limited burial details, and legislative offices assist veterans upon request. It would be unconscionable to downgrade services to

our veterans or expect them to travel great distances to obtain adequate services without adequate advocacy.

12. The VSO is currently renting office space under a 3-year lease for \$2,448.00 plus \$436.00 maintenance, or \$2,884.00/month. This is 10.4% of the VSO budget.

BOARD OF SUPERVISORS' RESPONSE:

The Board of Supervisors agrees with this finding.

13. Other space is now or can be available from County properties to house the VSO.

BOARD OF SUPERVISORS' RESPONSE:

The Board of Supervisors disagrees with this finding. The County does not have sufficient space or suitable located space to house the Veterans Services Office functions at this time.

RECOMMENDATIONS

The 1997 Monterey County Civil Grand Jury recommends that:

1. By December 31, 1998 the County cease using General Funds to supplement the budget of the VSO by either:
 - a. Offering only those veterans' services that can be paid for by the State's contribution to the VSO; or,
 - b. Finding other ways to supply or pay for the services the State does not pay for. Some examples:
 - (1) Veterans Administration supplies or pays for transportation services.
 - (2) Veterans Administration supplies or pays for electronic claim processing.
 - (3) Department of Defense processes survivors' assistance claims.
 - (4) Users pay fees for services.

BOARD OF SUPERVISORS' RESPONSE:

The Board of Supervisors disagrees with this recommendation. The County must maintain the current level of General Fund support, more commonly referred to as a Maintenance of Effort, or lose all state subventions. The State Military and Veterans Code precludes a fee for veterans services.

2. By December 31, 1998 the County relocate the VSO to County-owned facilities. (Alternatively, a possible location could be the former Fort Ord property.)

BOARD OF SUPERVISORS' RESPONSE:

The Board of Supervisors agrees with this recommendation. Monterey County's request for a building at the former Fort Ord was denied by the US Department of Education. The County is currently discussing placement of a modular unit on the VA Clinic property site at the former Fort Ord.

VIOLENCE ON SCHOOL CAMPUSES

FINDINGS

1. In general, schools within Monterey County are conscientiously addressing the problem of school violence. However, the problem still exists, and continuing attention to it is required.

MONTEREY COUNTY SHERIFF'S RESPONSE:

The Monterey County Sheriff's Department agrees with this finding.

2. There is a good degree of cooperation between school officials and law enforcement officials in addressing the problem. Again, continuing attention to this aspect of the problem is necessary.

MONTEREY COUNTY SHERIFF'S RESPONSE:

The Monterey County Sheriff's Department agrees with this finding.

3. Parental involvement must be an integral part of every school's program to address school violence. Some Districts require each student and his/her parents to enter into a written contract which spells out what is expected on the school, the student, and the parents. The jury was particularly impressed by the contract being used by the Salinas Union High School District.

MONTEREY COUNTY SHERIFF'S RESPONSE:

The Monterey County Sheriff's Department agrees with this finding.

4. Law Enforcement Agencies have been pro-active in establishing a positive relationship with students and school authorities. A few examples of their involvement are the D.A.R.E. program, Healthy Start Program, School Resource Officers on campuses, Police Explorer Program, Citizen Academy and Police Activity League.

MONTEREY COUNTY SHERIFF'S RESPONSE:

The Monterey County Sheriff's Department agrees with this finding.

5. The ten Law Enforcement Agencies either have or plan to have a School Resource Officer assigned to the schools. Resource Officers already on campuses have been training school authorities in the areas of recognizing gang affiliations of students and recognizing different drugs used by students.

MONTEREY COUNTY SHERIFF'S RESPONSE:

The Monterey County Sheriff's Department agrees with this finding.

6. As shown in Exhibit A, individual School Districts are using various methods to address the issue of school violence. It is unlikely that there is a single recipe that will be most effective for every School District. It is the responsibility of each District Board to determine what combination of methods will be most effective for its schools.

County Sheriff's Department has been able to measure the success of the program by the comments received from parents, students, and school staff members. All comments have been very positive and encouraging to the Sheriff's Department to continue the programs within the schools that it has services.

On a national level, the most current research on how D.A.R.E. compares with other school based programs in preventing drug abuse amongst children which was published by the National Institute on Drug Abuse is attached for your review.

Basically, the report said the implementation fidelity has not been an issue for the universal school based programs cited in the National Institute on Drug Abuse ; funded as experimental studies, the five programs operated under the direct control of the academic researchers who designed the interventions. D.A.R.E., in contrast is funded and controlled by local communities. Funding limitations may cause D.A.R.E. to be offered in a single year "core curriculum", rather than the comprehensive multi-year version. Nevertheless, studies find that D.A.R.E.'s staff training is consistently maintained at a high level of quality, with the program elements faithfully reproduced in thousands of communities and staff monitoring conducted by local and state reviewers. D.A.R.E.'s fidelity is comparable to the levels achieved by the well-funded prevention trials conducted by the National Institute of Health.

CERTIFICATES OF PARTICIPATION

FINDINGS

1. Although it is difficult to compare costs of recently negotiated COP financed projects with older more conventionally financed arrangements, the Grand Jury concluded that general obligation bonds are less costly than COPs. The best recent comparison is between two issues in 1994. General obligation bonds were issued by the Monterey Regional Water Pollution Control Agency in the amount of \$10 million at a total interest cost of 5.42%. In the same year Monterey County raised \$5.4 million with COPs at 6.15%. An older comparison, in the Roma reports on County needs for new facilities, a study completed in 1989, reported the costs of COPs were higher than general obligation bonds as follows:

**COMPARISON OF FINANCING COSTS FOR
UPDATING MONTEREY COUNTY FACILITIES
JUNE 1989 ESTIMATES
(Millions of Dollars)**

<u>GO BONDS</u>		<u>COPS</u>	
Annual Payment	Total Cost	Annual Payment	Total Cost
3.7	111.0	4.4	131.10

BOARD OF SUPERVISORS' RESPONSE:

The Board of Supervisors agrees with this finding. The Grand Jury is correct that COP's always incur a higher cost. There are two primary reasons for this. COP's incur the risk on non-appropriation. Second, the credit quality of GO bonds is higher than the COP's since the full faith and credit of the issuer is pledged and full term ad valorem tax rates are normally established to retire the GO debt.

It should be pointed out that GO bonds do not require either reserve funds or capitalized interest as opposed to COP's. This lowers the cost by 20% to 30% over COP's.

Finally, the Grand Jury has compared two debt issues in 1994 to support cost comparisons. It is not possible to support comparisons of dissimilar debt issues unless they are issued on the same day (to equalize market conditions) and where size and structure of the issues are relatively the same. Otherwise, the comparison could be meaningless. In 1994, there was more than 150 basis point differences in issuance rates for similar debt issues during that year due to changes in market prices.

2. The 1994 Grand Jury Final Report really aimed at the question of citizen support for new capital projects, and the Board of Supervisors agreed with it. The Grand Jury Recommendation reads as follows:

“Notwithstanding the technical legality of the County’s ability to use COPs as a financing device, the Grand Jury believes that the Board of Supervisors should provide more than the usual publicity in letting the public know of its intentions to bind the County for additional debt when it next considers their use.”

The Response of the Board of Supervisors to this recommendation was to express agreement that public disclosures concerning debt issues are important. They agreed to give such public disclosures high priority in the future.

However, in 1996, the Board authorized another borrowing of \$9 million, secured by COPs. All legally required notice of the plan for this additional borrowing was provided, and the required public hearings advertised and held. The Grand Jury cannot find any record of any extraordinary effort on the part of the Board of Supervisors to provide more than the usual amount of publicity for this action.

BOARD OF SUPERVISORS' RESPONSE:

The Board of Supervisors partially disagrees with this finding. The Board of Supervisors believes that public disclosure concerning debt issues is critical as well as other significant issues with which the County is confronted. The Board generally relies on the media to publicize these issues. It also conforms to legal notice requirements and the noticing and holding of public hearings to meet the legal requirements of public disclosure.

3. In 1993, after the first portion of funds for the hospital in the amount of \$5.4 million had been raised using COPs, the County introduced a new element into this type of financing. They sought and obtained **Public Mortgage Insurance (PMI)** to provide for payment of additional COPs needed for the Natividad Expansion should revenues fall short. Although

the Board was quoted in the 1994 Grand Jury Final Report as never intending to fall back on this insurance, they expended a further \$1.169 million for this protection. The Grand Jury thinks the Bond Counsel retained by the County required this further protection for the lenders in order to sell the COPs to investors. It should be noted that this insurance is primarily intended for protection for the lenders, not the taxpayers. In order for the insurance to become payable, the County must have failed financially.

BOARD OF SUPERVISORS' RESPONSE:

The Board of Supervisors disagrees with this finding. The Grand Jury is incorrect in their portrayal of bond insurance, its purpose and its cost versus the benefits. There is no such thing as "Public Mortgage Insurance (PMI)". There is no "mortgage" involved in the issuance of COP's.

Municipal bond insurance is used to augment the issuers credit rating on a given debt issue and transfer the credit risk to a third party - the municipal bond insurer. The enhanced credit ratings (usually AAA) are recognized to two nationally recognized agencies (e.g. Moody's and Standard and Poor's). The net result of the higher credit ratings (other than guaranteed debt service payments to the bondholders) is a substantially lower annual (and total) debt obligation. Higher credit ratings dramatically lower the County's appropriation requirements for debt issues.

In the case of the 1994 NMC Series "C" COP's the County obtained bond insurance at a premium cost of 5 basis points or \$526,400. The resulting savings on the issue was \$3,158,400.

It should be noted that municipal bond insurance requires intense scrutiny by the insurer to determine the County maintains sound financial and management controls.

Finally, the Grand Jury erred in stating that bond insurance is payable if the County has "failed financially". In fact, the County could be in excellent financial condition, yet fail to make a required debt service payment. Technical or actual defaults on bond payments do not always correlate with financial failure.

4. It is not clear whether Monterey County has planned and managed the retention and use of legal and financial counsel for best overall economy. For example, the County retained two rating services in preparing to offer three issues of COPs; it would seem that a single rating service, properly selected, would suffice and have saved \$33,000. The City of Carmel paid substantial legal and financial counsel fees on their COPs, amounting to 7.3% of the amount raised on one issue, and 8.2% on another. Costs seem to vary widely, and not necessarily in proportion to the size of the lending. Bond Counsel costs paid in Monterey County for the Natividad Expansion COPs illustrate this diversity:

	<u>Face Value of COP</u>	<u>Bond Counsel Costs</u>	
		<u>Dollars</u>	<u>% of COP</u>
	\$ 5,400,000	\$ 36,290	0.67
	\$ 16,975,000	\$ 62,325	0.37
	\$ 28,375,000	\$ 86,387	0.30
	\$ 41,340,000	\$103,259	0.25
	\$ 9,000,000	\$ 45,714	0.51
TOTAL	\$101,090,000	\$333,975	0.33

BOARD OF SUPERVISORS' RESPONSE:

The Board of Supervisors disagrees with this finding. The Grand Jury made reference to the costs associated with the two credit ratings the County obtained on several COP issues. As noted in the response to Finding #3, two credit ratings are required in order to obtain municipal bond insurance. The aggregate County savings realized by the credit enhancement to these COP's was over \$5 million. Bond Counsel plays no role in assisting the County in analyzing the benefits of obtaining municipal bond insurance. The Financial Advisor (FA) assumes the role of financial analysis, debt structure, credit ratings, etc. The County retained registered and experienced Financial Advisory services in connection with all of its COP issues. It should be noted that the Grand Jury linked a \$16,975,000 COP issue to the Natividad Medical Center. Actually, that issue was a COP refunding to save \$1.4 million for the Sheriff's Public Safety Building.

5. In connection with other inquiries, the Grand Jury has learned that the Capital Projects Planning Division of the County Administration Department is expert in the preparation of Requests for Information (RFIs) and Requests for Proposals (RFPs) for technical and consulting services. Their services would be useful in the planning and recruitment of expert counsel for future borrowings, whether secured by COPs or by general obligation bonds.

BOARD OF SUPERVISORS' RESPONSE:

The Board of Supervisors agrees with this finding. The County Administrative Office has the responsibility of coordinating capital project planning. Should the need arise to utilize consultants or specialists on a specific project, the County Administrative Office will utilize the resources of existing departments or divisions within its Office to facilitate that need. Included in these resources is the expertise provided by Facilities and Construction Management.

RECOMMENDATIONS

The 1997 Monterey County Civil Grand Jury recommends that:

1. Monterey County stop issuing Certificates of Participation without voter approval.

BOARD OF SUPERVISORS' RESPONSE:

The Board of Supervisors disagrees with this recommendation. The issuance of Certificates of Participation for construction of needed capital facilities is one of a number of options

available to the Board of Supervisors. The County takes seriously COP financing since debt payment is such a significant commitment to future budgets. Moreover, the Board should have options available to it when it considers financing alternatives. Currently, there is no voter requirement to issue COP's, nor would the Board support such legislation if offered. The significant issues to be weighed by the Board when considering COP's as an option are the importance and need of the specific project under consideration, the ability of the County to repay the debt, and the size of existing debt previously approved.

2. The Board of Supervisors of Monterey County develop a program to market its capital projects to the registered voters for their approval. With voter approval, either general obligation bonds or COPs can be used as is most economical.

BOARD OF SUPERVISORS' RESPONSE:

The Board of Supervisors disagrees with this recommendation. Voter approval of the County's capital project program would be impractical and costly. This is not to suggest that public input is not essential, however, the likelihood of securing a 2/3 majority of voters on the multiplicity of issues with which the County must address in its capital project plan is very remote.

3. The Board of Supervisors plan for and solicit expert counsel for the financial and legal advice required for borrowing for capital projects, using the Capital Projects Planning Division of the Administration Department.

BOARD OF SUPERVISORS' RESPONSE:

The Board of Supervisors disagrees with this recommendation. As noted in the response to Finding #5, the County currently solicits and contractually binds all of the required financial professionals associated with the issuance of County debt. In all instances, the proposed debt issue and the associated cost of professional services is submitted to the Board's Finance and Capital Projects Committee prior to adoption by the full Board. The County Administrative Office coordinates with other County departments and divisions including Support Services, and Facilities and Construction.

4. The Board of Supervisors launch a program to educate the public on methods available to raise funds for public works projects. This program should deal with costs, legal requirements, precedents and other information to assist voters to understand the options available and to know that the best of these options are being offered by the local government.

BOARD OF SUPERVISORS' RESPONSE:

The Board of Supervisors agrees with this recommendation. The public's role in the County's capital project plan is a vital element as well as are efforts to educate the public. The Board and County Administrative Office will consider alternatives to educate the public, however, the ultimate responsibility is vested with the Board to make decisions for capital projects. Should a decision be made to ask for voters to approve a General Obligation Bond for any facility improvements, a major education campaign would need to be initiated.

REVIEW OF CERTIFIED AUDITS FISCAL YEARS 1993, 1994, 1995 AND 1996

FINDINGS

1. There is inadequate care by the management of the County to put procedures in place that require formal detailed records of the County's fixed assets that interface with the County's on-line accounting system. This deficiency would also indicate a serious internal control problem related to the County's assets. Nor is management concerned that the County of Monterey is one of the few, if not the only County, whose financial statements carry a qualified opinion every year.

AUDITOR-CONTROLLER'S RESPONSE:

The Auditor-Controller disagrees wholly with the finding. Non-development of a formal fixed asset accounting system that interfaces with the County's online accounting system, accomplished through the establishment of a General Fixed Assets Account Group (GFAAG), was a conscious decision on the part of the County, not a case of "inadequate care". The establishment of a GFAAG has been given a low priority because of the high cost to develop and maintain it compared to the practically non-existent demand for the specific information it provides.

The lack of a GFAAG does not indicate a serious internal control problem related to the County's assets. Although the independent auditor indeed qualified their opinion with a reference to the omission of a GFAAG in the County's financial statements, the Grand Jury failed to take into account four facts in making the finding:

- a. Accounting profession standards require an independent auditor to express a qualification when a client that is a governmental agency does not include a GFAAG in its financial statements.
- b. The County's present and past independent auditors have never listed the omission of a GFAAG as a reportable condition, let alone as a material weakness, in any single audit report.
- c. The County's present and past firms have never reported an internal control problem relating to the GFAAG or made a recommendation for fixed asset accounting in its management letter.
- d. The County has a fixed asset inventory system in place, which, although not tied to the online accounting system provides for internal control of the County's fixed assets.

We believe that the Grand Jury's comment that "the qualification often has a negative effect on an organization's credit rating and impacts the cost of borrowing operating capital" is incorrect. The possibility of a negative impact to the County's debt rating as a result of the GFAAG issue has never been raised by credit rating agencies for any short or long term

public financing in Monterey County. In fact, the County has maintained and continues to maintain its investment grade ratings of "A" or better.

BOARD OF SUPERVISORS' RESPONSE:

The Board of Supervisors does not agree with this finding that procedures need to be put in place which would require detailed records of the County's fixed assets to interface with the on-line accounting system. While this is a desirable objective, the County has other priorities for the limited funds and resources it uses. The fact that the County receives a qualified opinion on its annual audits simply because it does not choose to implement a General fixed Asset Account Group does not jeopardize reimbursements from the state or federal government nor does it impair the County's bond rating.

2. Our review of Letter Reports prepared by past and current auditors found a number of deficiencies in the County's financial assistance program and the Natividad Medical Center. Although the same problems did not always appear in each of the four years reviewed, these two areas were mentioned prominently in each of the four years.

AUDITOR-CONTROLLER'S RESPONSE:

The Auditor-Controller agrees with the finding.

NATIVIDAD MEDICAL CENTER RESPONSE:

The main reason that external auditors have repeatedly found deficiencies in Natividad Medical Center's financial reporting are high turnover and inadequate staffing. The General Accounting Department has lacked appropriate leadership and guidance. The position of Controller was only recently created in April, 1995. Unfortunately, Natividad Medical Center has not been successful in finding and retaining a qualified candidate. Because of the turnover experienced, both at the department head and staff levels, accounting policies and procedures have not been applied consistently. Controls within the department have not been adequate and written policies and procedures have not been maintained.

A new Chief Financial Officer was hired in July, 1996. One of his primary areas of focus has been the General Accounting Department. The replacement of temporary accounting personnel with permanent staff and the stabilization of the department were priority items. As of August 31, 1997, the department was fully staffed with the exception of a Controller. The search for a Controller continues. In the interim, the Chief Accountant has been appointed Acting Controller. She has extensive healthcare background and has made a significant contribution to improvements made in the General Accounting Department. During Fiscal Year 1996-97, Natividad Medical Center retained the services of an independent consulting firm, Arthur Anderson. This firm was engaged to perform a systems and operations review and to formulate their recommendations and a plan of correction. Their engagement commenced in January, 1997, and concluded in May, 1997. The outcome of this review has been fully documented. These documents have been used as a guide by the Interim Controller and Accounting Staff to develop corrective action plans in areas that warrant them.

As the current Accounting Staff becomes more familiar with internal systems and operations, controls will improve and reporting will be enhanced. This will result in fewer deficiencies identified by external auditors.

BOARD OF SUPERVISORS' RESPONSE:

The Board of Supervisors agrees with this finding. The Board concurs with the comments from Natividad Medical Center.

3. Other notable deficiencies that have received little attention are (1) the lack of a policy and procedure manual in the Auditor-Controller's Office and (2) the payroll register-accounting system interface problem.

AUDITOR-CONTROLLER'S RESPONSE:

The Auditor-Controller disagrees wholly with the finding.

The Grand Jury's subjective use of the term "notable deficiencies" implies greater significance to these two items than was given by the independent auditor. The management letter dated January 15, 1997 classified these issues as "opportunities for strengthening internal controls and operating efficiency". It classified them as "comments and suggestions" and indicated that they did not affect the report dated January 15, 1997, on the financial statements of the County of Monterey.

The Auditor-Controller takes serious exception to the statement that "little attention" has been given to the two items mentioned. First of all, the Auditor-Controller's Office staff has given a great deal of time and effort to a formal compilation of the policies and procedures for both internal and department purposes. A Cash Handling Policy was distributed earlier this year to all departments and a Payroll handbook and a County Travel Policy are awaiting final approval and implementation. Auditor-Controller's Office staff initiated work on a policy and procedure manual before the issue was ever raised by the independent auditor. Additionally, we are currently conducting research for the development of Accounts payable and Financial Systems handbooks. All of this has occurred in spite of the fact that nearly seventy five percent of the Internal Audit staff time during FY96-97 was committed to an agreement with the Office of Employment Training (OET) to provide financial services and consultation, including the review, update and maintenance of their previous accounting system and assistance with the implementation of a more efficient system.

Secondly, the payroll register-accounting system interface "problem" can be better characterized as a recommendation to develop a more automated and detailed reconciliation system than is currently in place. The Auditor-Controller's Office has implemented procedures to assure the reconciliation of the payroll register with the journal voucher and the on-line accounting system by total. As was reflected in the most recent response to the management letter, the more detailed reconciliation by budget unit will require substantial programming. Development of an automated interface between the financial and payroll systems should not be attempted until updated "Year 2000" compliant versions are in production.

BOARD OF SUPERVISORS' RESPONSE:

The Board of Supervisors disagrees with this finding. The Auditor Controller's Office has made significant progress in developing procedure manuals during this past and current fiscal year. A cash handling policy and procedure , and a payroll procedures manual have been adopted and implemented and a travel policy and procedures manual is in the final stages of development. The payroll register-accounting interface is being addressed within the resources available to the department and Information Systems.

RECOMMENDATIONS

The 1997 Monterey County Civil Grand Jury recommends that:

1. The Board of Supervisors require the appropriate administrative departments to prepare a plan that will outline, describe and schedule the actions required to complete a General Fixed Asset Account Group that will satisfy the County's external auditors. A General Fixed Asset Account Group should be in place prior to the fiscal year ending June 30, 1998.

AUDITOR-CONTROLLER'S RESPONSE:

The Auditor-Controller's Office will follow the direction of the Board of Supervisors regarding this issue, but believes the recommendation cannot be implemented because it is not reasonable.

The independent auditor has said that it would be too optimistic to try to make a change that large within the 1997-98 fiscal year. Instead, the firm recommends that the Auditor-Controller should focus on minor changes to bring the financial statements more in line with the GFOA format each year.

Although the Auditor-Controller concurs with the independent auditor's suggesting regarding the time frame, he has consistently maintained that the benefits reaped from having a formal fixed asset accounting system, judging from the practically nonexistent demand for specific information, does not justify its costs and effort, especially in these times of fiscal difficulties. However, in light of the recent change in federal regulations setting the fixed asset valuation minimum at \$5,000.00 and with consideration to using an approach of prospective inclusion rather than a reconstruction of records, our office is once again analyzing the feasibility of establishing and maintaining a GFAAG. If the analysis proves positive and the funding for the initial cost of implementation and the ongoing cost of maintenance becomes available, then we would be willing to embark on this project. However, in any event, coordination and collaboration with the independent auditor will be essential.

BOARD OF SUPERVISORS' RESPONSE:

The Board of Supervisors disagrees with this recommendation. The Board of Supervisors concurs with the Auditor Controller that developing a plan to implement a General Fixed Asses Account Group is not a high priority need. Departments are required to account for fixed assets and file a with the County Clerk annually an inventory of equipment. Adopting a

General Fixed Asset Account Group would be desirable if additional resources were available, however, tangible returns to the County do not clearly justify this cost.

2. The Board of Supervisors require the appropriate administrative departments to prepare a plan that will outline, describe and schedule the actions required to resolve the internal control, systems and procedure deficiencies that have placed financial assistance programs at risk.

AUDITOR-CONTROLLER'S RESPONSE:

The Auditor-Controller's Office will follow the direction of the Board of Supervisors regarding this issue, but believes the recommendation is not warranted.

Regarding the Grand Jury's comments that deficiencies have placed the financial assistance programs "at risk", it is important to understand that the Single Audit Act provisions require every finding to be included as a "reportable condition" regardless of the materiality. The Grand Jury apparently failed to note the independent auditor's comment in the "Report on Compliance With Specific Requirements Applicable to Major Federal Financial Assistance Programs" that the "results of our audit procedures disclosed immaterial (emphasis added) instances of noncompliance with the requirements...". We believe the reportable conditions listed by the independent auditor were of insignificant materiality given the overall volume of actual transactions processed by the departments and the existing internal controls. The one material weakness noted has since been rectified through the coordinated efforts of OET and Internal Audit staff. In no event have the financial assistance programs been placed "at risk". This is not to say, however, that we do not recognize the importance of establishing and monitoring internal controls. The Auditor-Controller's Office has a proactive internal audit program to further strengthen the County's fiscal policies through the development of written policies and procedures and the use of internal control and performance audits. The Assistant Auditor-Controller has also established a Fiscal Services User Group to facilitate communications and problem-solving relative to processing the County's financial transactions; the group meets regularly. Additionally, our staff makes every effort to work with departments on individual internal control issues.

BOARD OF SUPERVISORS' RESPONSE:

The Board of Supervisors disagrees with this recommendation. The Auditor Controller's Office and the County Administrative Office have spent considerable time addressing high priority audit issues within County departments. The Auditor's Internal Audit Unit has worked with the Office for Employment Training, Social Services, and Natividad Medical Center on accounting issues. The County Administrative Office has helped to coordinate some of these activities as well as work toward securing actuarial services for the self-insurance trust funds. These issues are important for the County to resolve.

3. The Board of Supervisors require the Chief Financial Officer at the Natividad Medical Center to submit a written plan and schedule the issues included in the FY 1996 audit report as reportable conditions.

AUDITOR-CONTROLLER'S RESPONSE:

This recommendation calls for a response by the Chief Financial Officer at Natividad.

NATIVIDAD MEDICAL CENTER RESPONSE:

A written response to each of the issues included in the FY 1996 audit report was included as part of the schedule that was issued by the external auditors. The following revisions apply to the responses contained in that report:

The Controller position was vacated in May, 1997; Natividad Medical center is currently recruiting for a new Controller; the Chief Accountant will assume the role of Interim Controller effective September 15, 1997; Since May, 1997, another individual has been in the role of Interim Controller, she is expected to resume maternity leave in early October, 1997.

The system to monitor budget variances at the individual Natividad Medical Center department level need to be improved; It is anticipated that this action will be accomplished by December, 1997.

BOARD OF SUPERVISORS' RESPONSE:

The Board of Supervisors disagrees with this recommendation. The Board of Supervisors concurs with the response from Natividad Medical Center which states, "A written response to each of the issues included in the FY 1996 audit report was included as part of the schedule that was issued by the external auditors".

INVESTMENT OF PUBLIC FUNDS

FINDINGS

2. The County practices were found to be proper, with funds invested prudently and at reasonable rates of return considering the legal constraints.

TREASURER-TAX COLLECTOR RESPONSE:

The Treasurer acknowledges the Grand Jury's efforts in reviewing the County's investment practices. The Treasurer continues to maintain a policy that supports the descending priorities of safety, liquidity and yield for invested funds.

8. Since this inquiry dealt with the County and the incorporated cities only, it seems reasonable to suppose that a critical study of the investment practices of the remaining 126 Districts (including the School Districts) and Agencies which make up local government in Monterey County would produce additional possibilities for improved returns on funds entrusted to these bodies.

TREASURER-TAX COLLECTOR RESPONSE:

The Grand Jury has referenced a number of Monterey County special districts and agencies that internally manage their own investments. Generally, these districts are controlled by local boards, commissioners or other prescribed forms of governance, and they maintain depository authority separate from the County Treasury. All such districts and agencies have

access to the State Treasurer's Local Agency Investment Fund (LAIF) for the investment of the major portion of their idle or surplus cash. The LAIF is prudently managed and generally produces a market rate of return.

It is the Treasurer's opinion that yield is not the sole criteria upon which to assess an agency's investment portfolio performance. Each public agency contains financial characteristics that suggest investment strategies unique to that agency. The overarching investment goal should be the maintenance of a portfolio insulated from credit and liquidity risk. At a minimum, all independent agencies should maintain approved investment policies that conform to State law, prudent investment practices and full disclosure that incorporates an annual audit.

The ability to actively manage the relatively small investment portfolios of independent public agencies is mitigated by recently enacted legislative and regulatory controls. Therefore, yield enhancement beyond short term market rates (other than investments for defined special purpose funds) has limited potential.

The Grand Jury has pointed out that "...a critical study of the investment practices of...districts and agencies...would produce...improved returns...". In light of the Grand Jury's Finding and the Treasurer's commentary noted above, the County's independent public agencies may wish to examine their policies, cash flow forecasting models and current investment strategies to determine whether their idle and surplus funds are appropriately invested.

RECOMMENDATIONS

The 1997 Monterey County Civil Grand Jury recommends that:

3. The County Treasurer make a written offer of assistance to each of the 126 Districts and Agencies which, together with the County and the twelve Cities, make up the local government of Monterey County. This offer might include a copy of this report, or some further expansion of its points together with a brief description of the types of assistance the Treasurer's office might offer in making sure funds are invested to best economic effect.

TREASURER-TAX COLLECTOR RESPONSE:

The Grand Jury has recommended the Treasurer make a written offer to assist other local agencies in Monterey County with their investment practices. In that regard, the Treasurer will offer the following materials to any requesting agency:

- County Treasurer's Investment Policy
- Internal Control Procedures
- Investment Reports

The Treasurer acknowledges individual agencies have differing investment strategies predicated on their cash flow requirements, special purpose funds and their commercial banking relationships. Therefore, it would be premature for the Treasurer to assess yield-based performance of other agency investment portfolios that may contain unique structural

and financial characteristics. For example, one city may include trust funds and bond reserves in their portfolio, thereby allowing for longer maturities and higher yields than another city that has no special purpose funds under their control. The second city would likely present a lower investment yield due to shorter maturities. However, both agency portfolios may be observed as being prudently managed even though their maturity horizon and yields are dissimilar.

The Treasurer notes the Grand Jury has referenced 126 districts and agencies in their Recommendation #3. It should be pointed out that under State statutory authority all 27 Monterey County school districts and 44 special districts are defined depositors in the County Treasury. Thus, the funds that belong to those 71 agencies are already part of the County Treasurer's investment portfolio and are not a subject of the Grand Jury's recommendation.

PURCHASING

FINDINGS

1. None of the respondents are using the services of the Monterey County Central Purchasing Department (MCCPD).

BOARD OF SUPERVISORS' RESPONSE:

The Board of Supervisors agrees with this finding. No agency outside of the County has requested help in procuring supplies and personal property; moreover, the Monterey County Purchasing Division is not staffed to a level which would allow this additional workload.

4. Our survey also revealed a pattern (by some respondents) of spending in the last month or two of the fiscal year that suggest a "use it or lose it" philosophy. This can lead to poor value and poor judgment in what is ordered and possible conflicts since normal bidding process is sometimes ignored in the haste to spend funds.

Seven School Districts and two Cities supplied month-by-month data which contained "the appearance" of last minute frenzy spending.

Major Spending in June (May in two cases) (June is last month of fiscal year.)

Percentage to annual total spent by category was:

<u>Supplies</u>	- 16 to 27% in 6 respondents;
<u>Equipment</u>	- 13 to 43% in 7 respondents; and
<u>Professional Services</u>	- 17 to 62% in 8 respondents.

Two flagrant examples noted were:

- a. Salinas City Elementary School District - spent \$463,948 (27% of total) on supplies in June 96 and \$781 in July. They spent \$144,851 (21%) on equipment in June vs. \$4,866 in July.

- b. The City of Seaside spent \$88,065 (28%) on supplies in June 96 vs. \$71 in July. They also spent \$264,656 (25%) for Professional Services in June 96 vs. \$1,993 in July.

BOARD OF SUPERVISORS' RESPONSE:

The Board of Supervisors partially agrees with this finding that a "use it or lose it" philosophy exists in almost all public agencies. The County implemented a budget incentive plan on a trial basis during the last two months of the fiscal year. The purpose of this plan was to encourage departments to save with the savings being carried over to the next fiscal year. The program proved successful for most of the departments participating in the plan. The plan also had a positive impact on the "use it or lose it" philosophy. The County Administrative Office is working with County departments and the Board's Budget Committee to develop a on-going budget incentive plan for future fiscal years.

RECOMMENDATIONS

The 1997 Monterey County Civil Grand Jury recommends that:

1. There be an examination of "last minute" spending and, if necessary, establishment of procedures to change this practice.

BOARD OF SUPERVISORS' RESPONSE:

The Board of Supervisors agrees with this recommendation. See comments to Finding #4 above.

2. School Districts, Cities, and other local government agencies within Monterey County consult with the MCCPD to achieve savings available by central fund purchasing to taxpayers.

BOARD OF SUPERVISORS' RESPONSE:

Disagree with this recommendation. The Monterey County Purchasing Division has expertise which can be shared with other interested agencies, however, the level of staffing is not adequate to absorb additional workload on an on-going basis. Agencies desiring to utilize these services could do so under a contract with the County.

ROOF OF THE MONTEREY SPORTS CENTER

RECOMMENDATIONS

The 1997 Monterey County Civil Grand Jury recommends that:

4. The Board of Supervisors, presently working on rules for better definition, planning and supervision of County capital projects, should include the definition of the duty of project management to obtain the best warranties commercially available. The project management should also follow up after the new facilities are in operation to be sure warranty obligations are fulfilled.

BOARD OF SUPERVISORS' RESPONSE:

Agree with this recommendation. Specific warranty requirements for Facilities Capital Projects, such as 10-25 year roof warranties, are planned for and incorporated into the project specifications and are generally backed by the manufacturer of the roofing system/materials. All other aspects of the project are covered by specified or implied one year warranty, dating from the "beneficial use or occupancy" of the project work or facility. The prime contractor is called back to address issues arising during the warranty period, and a follow-up project review is conducted approximately 10-11 months into the warranty to ensure any outstanding problems are addressed before expiration of the warranty.

PUBLIC CEMETERIES IN MONTEREY COUNTY

FINDINGS

1. The physical condition of all but one of the cemeteries was acceptable and well presented. The cemetery at Gonzales had beautiful and well cared for roses. The Soledad Cemetery was unacceptable in appearance, weedy, poorly mowed and gave a depressing feeling. Most equipment seemed in reasonable condition although there was a leaking well pump at the Pajaro site.

BOARD OF SUPERVISORS' RESPONSE:

The Board of Supervisors agrees with this finding.

2. In general the cemetery sites are poorly marked, and some are quite hard to find. Signs identifying the cemetery locations at Greenfield and Castroville were satisfactory, but none of the others were well marked. The San Ardo location is in a very out-of-the-way place served by unmarked dirt roads. Even the office staff at the Pajaro location could not give proper directions for finding the Pajaro Valley Cemetery.

BOARD OF SUPERVISORS' RESPONSE:

The Board of Supervisors agrees with this finding.

3. The terms of office of the Boards of Directors have not been well planned. Only two of the districts had plans for terms of the Directors which left the Board with experienced Directors at all times. The other seven could lose the entire Board over a one-year or two-year time span.

BOARD OF SUPERVISORS' RESPONSE:

The Board of Supervisors partially disagrees with this finding. California Health and Safety Code Section 8952 (a) requires that district directors be appointed to four-year terms. Under this requirement, all of the directors' terms will expire within a period of two years. Those districts that do not have terms staggered every two years should be encouraged to implement this arrangement.

4. One of the offices, marked to be open from 9:00 a.m. to 1:00 p.m., was not staffed at 10:30 a.m. on the April week-day when the Grand Jury visited.

BOARD OF SUPERVISORS' RESPONSE:

The Board of Supervisors agrees with this finding.

5. A statistical summary of the Monterey County Public Cemetery operation:

<u>District</u>	<u>Average Yearly Interments</u>	<u>Staffing</u>	<u>Plot</u>	<u>Endowment</u>	<u>Open or Close</u>
Castroville	35/40	2	\$5 50	\$125	\$407
Cholame Valley	2	?		--- No Response ---	
Gonzales	22	1	40 0	100	275
Greenfield	30	1 ½	30 0	100	200
King City	66	1	20 0	100	200
Pajaro Valley	200	4	20 0	90	140
San Ardo	6	*	20 0	100	200
San Lucas	No Response	**	75	0	0
Soledad	35	1	40 0	90	250

* Part time

** Part time, contracted

BOARD OF SUPERVISORS' RESPONSE:

The Board of Supervisors agrees with this finding.

6. Based on data supplied from four private cemeteries, their costs run as follows:

<u>Plot</u>	<u>Endowment Care</u>	<u>Open or Close</u>
\$900 to \$2100	Included to \$300	\$380 to \$530

Santa Cruz County's cemetery charges an all-inclusive fee of \$620, with liner.

BOARD OF SUPERVISORS' RESPONSE:

The Board of Supervisors agrees with this finding.

7. Operating costs of the Monterey County cemeteries exceed revenues and must be met in large measure from a subsidy from the taxpayers. As might be expected from the wide range of fees used in the Monterey County public cemeteries, some require considerable subsidy, while others require much less. Seven of the cemeteries provided the required data to permit the Grand Jury to calculate the subsidy for these seven which was \$413,336 for the calendar

year 1996. Without the subsidy the cemeteries would have lost \$307,317, i.e., revenues fall this far short of expenses.

BOARD OF SUPERVISORS' RESPONSE:

The Board of Supervisors partially disagrees with this finding. Residents within all of the cemetery districts, with the exception of Cholame Valley, pay a portion of their property taxes to the cemetery district in which they reside. All of the property tax revenue is received from the one percent ad valorem amount. Residents outside of the cemetery districts do not contribute to the cemetery districts.

8. While the sample of information on costs in private cemeteries taken by the Grand Jury is much too small to permit sweeping conclusions, one can say that if fees were raised to the low end of the private rates, the income would be dramatically increased. Revenues for seven of the nine public cemeteries in 1996 totaled \$724,967 including the subsidy of \$311,631 in fees (does not include endowment fees). If plot ownership were raised to the lower end range quoted by the private cemeteries (\$900.00) and open/close fees to \$380.00 on the same basis, the increased revenue would be about \$861,568 per year, 2.08 times the subsidy provided by taxpayers in 1996.

Note: $\$724,967 - \$413,336 = \$311,631 = \text{fee income}; \$311,631 \times \frac{1280}{340} = \$1,173,199$

$\$1,173,199 - \$311,631 = \$861,568$ or 2.08 times the taxpayers' subsidy.

BOARD OF SUPERVISORS' RESPONSE:

The Board of Supervisors partially disagrees with this finding. While the findings are correct that cemetery district revenues could be significantly increased if private cemetery rates were utilized, it should be understood that district rates are set with the goal of providing discounted rates to taxpaying residents of the district. State law requires that cemetery districts establish resident and non-resident fee structures to recognize the contributions previously made by residents of the district. If public cemeteries were to charge similar rates as private cemeteries, there would be little incentive for district residents to utilize their services. Public cemeteries are restricted from providing all of the services (such as selling monuments and markers) that private cemeteries can provide. Further analysis needs to be performed to determine if public cemetery districts continue to serve a useful purpose. However, considering existing State law, placing public cemetery districts in direct competition with private cemeteries could have negative impacts on public districts.

9. From the above analysis it can be seen that fees in the public cemeteries need only be raised to about two-thirds of the low-end cost of private cemetery services to eliminate the need for taxpayer subsidies altogether.

BOARD OF SUPERVISORS' RESPONSE:

The Board of Supervisors partially disagrees with this finding. See response to Finding #8 above.

RECOMMENDATIONS

The 1997 Monterey County Civil Grand Jury recommends that:

1. The Monterey County Board of Supervisors require an analysis of the management of the public cemeteries to answer the many questions arising from the above findings, including possible consolidation of some of the little used facilities.

BOARD OF SUPERVISORS' RESPONSE:

The Board of Supervisors agrees with this recommendation. This recommendation has not yet been implemented but will be prior to December 1, 1997. The Board of Supervisors does not have direct responsibility for cemetery district operations. As separate governmental agencies, the cemetery districts are responsible for the day-to-day operation and management of the districts. The Board of Supervisors role is limited to appointing the district Directors. In order to address the issues raised by the Grand Jury, the Board of Supervisors will request that the Monterey County Local Agency Formation Commission reconsider their "*Cemetery Districts Preliminary Evaluation of the Spheres of Influence*" report, dated August 23, 1994.

2. The Monterey County Board of Supervisors increase cemetery fees for plot, endowment and opening/closing of graves to be somewhat below the rates required in private cemeteries in the immediate vicinity, and to make sure fees are adjusted semi-annually to follow the low end of competitive costs. The purpose of the increase is to eliminate the subsidy.

BOARD OF SUPERVISORS' RESPONSE:

The Board of Supervisors disagrees with this recommendation. This recommendation will not be implemented by the Board of Supervisors because it is the appointed trustees that are responsible for setting rates and managing the finances of each district.

3. The Monterey County Board of Supervisors arrange for a review of management practices at the County cemeteries so that grounds are neatly kept, signs are placed to assist visitors in locating the cemeteries, and that offices are kept open during agreed regular business hours. This review should also provide modification in the rules for interment which would permit two burials per grave.

BOARD OF SUPERVISORS' RESPONSE:

The recommendation requires further analysis, which should be conducted by the Local Agency Formation Commission as part of their sphere study reconsideration. It will be requested that LAFCO report back to the Board of Supervisors prior to December 31, 1997.

4. The Monterey County Board of Supervisors review the arrangements for overlapping terms for Cemetery District Directors, so there will always be a majority of Directors who have had at least one year of service on the Board.

BOARD OF SUPERVISORS' RESPONSE:

The recommendation will be implemented through a review of terms by the Clerk of the Board of Supervisors, to be completed by December 31, 1997.

5. The Monterey County Board of Supervisors establish liaison with the cities and settlements served by these County facilities to see if some volunteer assistance by service clubs, youth groups, church groups or other civic-minded groups in the community might undertake some of the services needed by these cemeteries.

BOARD OF SUPERVISORS' RESPONSE:

This recommendation has not been implemented, but will be by November 1, 1997. The Board will send a letter to each Cemetery District Board of Directors encouraging them to seek volunteers and assistance by service clubs and to seek creative methods for funding, maintaining and operating the cemeteries.

ELECTRIC POWER

FINDINGS

1. Monterey County does not buy its power on a single contract. Each separate County facility has its own meter and is separately billed.

BOARD OF SUPERVISORS' RESPONSE:

The Board of Supervisors agrees with this finding. With some exceptions, each County facility has a separate electric meter for both billing purposes and to monitor the power usage of that particular facility. Support Services, Facilities and Construction budgets for and monitors the PG&E accounts for most of the County's major facilities, a total of 31 accounts, which are currently billed once a month on a single summary billing. However, County facilities include more than 275 PG&E accounts, a large number of which are small Public Works, Community Service Area and Library facilities widely dispersed throughout the County.

2. The Grand Jury estimates there are 40,000 separate power users in Monterey County. Pacific Gas and Electric advises its net revenue in Monterey County is \$227 million per year or about \$688 per person resident in the County.

BOARD OF SUPERVISORS' RESPONSE:

The Board of Supervisors agrees with this finding.

3. The City of Palm Springs has entered into a tentative arrangement with Portland General Corporation for power supply to local government, industrial, commercial and residential customers in the City. The utility has guaranteed the City a lower rate than now being charged by Southern California Edison.

BOARD OF SUPERVISORS' RESPONSE:

The Board of Supervisors agrees with this finding. The Electric Power industry deregulation will occur on January 1, 1998, providing opportunities for users to purchase the actual electricity commodity from sources other than PG&E. While some government agencies have ventured forth on their own, the most promise for some savings appears to be with

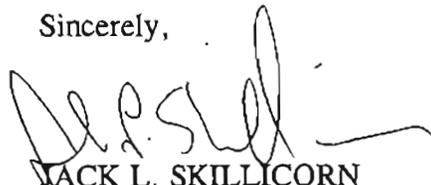
listed by the independent auditor were of insignificant materiality given the overall volume of actual transactions processed by the departments and the existing internal controls. The one material weakness noted has since been rectified through the coordinated efforts of OET and Internal Audit staff. In no event have the financial assistance programs been placed "at risk".

That is not to say, however, that we do not recognize the importance of establishing and monitoring internal controls. The Auditor-Controller's Office has a proactive internal audit program to further strengthen the County's fiscal policies through the development of written policies and procedures and the use of internal control and performance audits. The Assistant Auditor-Controller has also established a Fiscal Services User Group to facilitate communications and problem-solving relative to processing the County's financial transactions; the group meets regularly. Additionally, our staff makes every effort to work with departments on individual internal control issues.

- 3. The Board of Supervisors require the Chief Financial Officer at the Natividad Medical Center to submit a written plan and schedule to resolve the issues included in the FY 1996 audit report as reportable conditions. (page 30)**

This recommendation calls for a response by the Chief Financial Officer at Natividad.

Sincerely,



JACK L. SKILLICORN
Auditor-Controller
Monterey County

cc: Board of Supervisors

REVIEW OF CERTIFIED AUDITS
FISCAL YEARS 1993, 1994, 1995 AND 1996

BACKGROUND:

Monterey County is required, by law, to retain a Certified Public Accounting Firm to perform a yearly financial audit and render an opinion on the financial statements of the County as of the fiscal year end. During the audit it is normal that internal control, administrative and operational problems are found and are included in the audit report to management in a manner that generally reflects the gravity of the problem. Included in the audit report are recommendations for resolving these issues.

The Grand Jury reviewed the audit reports prepared by the CPA Firm for the Fiscal Years 1993, 1994, 1995 and 1996 discovering that (1) in each of the four years a qualified opinion was rendered and (2) a number of internal control, administrative and operating problems have been carried over from year to year and are still not resolved.

INQUIRY PROCESS:

Copies of the Monterey County financial statements were reviewed for Fiscal Years ending June 30: 1993, 1994, 1995 and 1996. In addition, representatives of Deloitte & Touche, the former audit firm, and Brown, Armstrong, Randall & Reyes, the current audit firm, were interviewed. The Grand Jury also interviewed employees of the County's Auditor-Controller's Office, Treasurer's Office, and Administrative Office.

ISSUES:

1. Why have items appearing as "qualified" not been corrected by the County?
2. Why have the questionable internal procedures not been addressed by the Auditor-Controller?

DISCUSSION:

1. Qualified opinion:

97M05 ✓

MONTEREY COUNTY



AUDITOR - CONTROLLER ✓
(408) 755-5040 • FAX (408) 755-5088 • P.O. BOX 390 • SALINAS, CALIFORNIA 93902

JACK L. SKILLICORN
AUDITOR-CONTROLLER

DAVID G. ELLEDGE
ASSISTANT AUDITOR-CONTROLLER

September 25, 1997

The Honorable Jonathan Price
Presiding Judge of the Superior Court
Monterey County Courthouse
Salinas, California

Dear Judge Price:

Penal Code Section 933 requires that:

"...every elective county officer or agency head for which the grand jury has responsibility pursuant to Section 914.1 shall comment within 60 days to the presiding judge of the superior court, with an information copy sent to the board of supervisors, on the findings and recommendations pertaining to matters under the control of that county officer..."

This constitutes the Auditor-Controller's response to the Grand Jury Mid-Year Final Report issued August 6, 1997, as required by the aforementioned statute.

GRAND JURY FINDINGS:

1. **There is inadequate care by the management of the County to put procedures in place that require formal detailed records of the County's fixed assets that interface with the County's online accounting system. This deficiency would also indicate a serious internal control problem related to the County's assets. Nor is management concerned that the County of Monterey is one of the few, if not the only County, whose financial statements carry a qualified opinion every year. (page 29)**

The Auditor-Controller disagrees wholly with the finding.

Explanation:

Non-development of a formal fixed asset accounting system that interfaces with the County's online accounting system, accomplished through the establishment of a General Fixed Assets

Account Group (GFAAG), was a conscious decision on the part of the County, not a case of "inadequate care". The establishment of a GFAAG has been given a low priority because of the high cost to develop and maintain it compared to the practically non-existent demand for the specific information it provides.

The lack of a GFAAG does not indicate a serious internal control problem related to the County's assets. Although the independent auditor indeed qualified their opinion with a reference to the omission of a GFAAG in the County's financial statements, the Grand Jury failed to take into account the following in making its finding:

- a. Accounting profession standards require an independent auditor to express a qualification when a client that is a governmental agency does not include a GFAAG in its financial statements.
- b. The County's present and past independent auditors to our knowledge have never listed the omission of a GFAAG as a reportable condition, let alone a material weakness, in any single audit report.
- c. The County's present and past firms to our knowledge have never reported an internal control problem relating to the GFAAG or made a recommendation for fixed asset accounting in its management letter.
- d. The County has a fixed asset inventory system in place, which, although not tied to the online accounting system, provides for internal control of the County's fixed assets.

We believe that the Grand Jury's comment that "the qualification often has a negative effect on an organization's credit rating and impacts the cost of borrowing operating capital" is incorrect. The possibility of a negative impact to the County's debt rating as a result of the GFAAG issue has never been raised by credit rating agencies for any short or long term public financing in Monterey County. In fact, the County has maintained and continues to maintain its investment grade ratings of "A" or better.

2. **Our review of Letter Reports prepared by past and current auditors found a number of deficiencies in the County's financial assistance programs and the Natividad Medical Center. Although the same problems did not always appear in each of the four years reviewed, these two areas were mentioned prominently in each of the four years. (page 29)**

The Auditor-Controller agrees with the finding.

3. **Other notable deficiencies that have received little attention are (1) the lack of a policy and procedure manual in the Auditor-Controller's Office and (2) the payroll register-**

accounting system interface problem. (page 29)

The Auditor-Controller disagrees wholly with the finding.

Explanation:

The Grand Jury's subjective use of the term "notable deficiencies" implies greater significance to these two items than was given by the independent auditor. The management letter dated January 15, 1997, classified these issues as "opportunities for strengthening internal controls and operating efficiency". It classified them as "comments and suggestions" and indicated that they did not affect the report dated January 15, 1997, on the financial statements of the County of Monterey.

The Auditor-Controller takes serious exception to the statement that "little attention" has been given to the two items mentioned. First of all, the Auditor-Controller's Office staff has given a great deal of time and effort to a formal compilation of policies and procedures, for both internal and department purposes. A Cash Handling Policy was distributed earlier this year to all departments and a Payroll handbook and a County Travel Policy are awaiting final approval and implementation. Auditor-Controller's Office staff initiated work on a policy and procedure manual before the issue was ever raised by the independent auditor. Additionally, we are currently conducting research for the development of Accounts Payable and Financial System handbooks. All of this has occurred in spite of the fact that nearly seventy five percent of the Internal Audit staff time during FY 96-97 was committed to an agreement with the Office of Employment Training (OET) to provide financial services and consultation, including the review, update and maintenance of their previous accounting system and assistance with the implementation of a more efficient system.

Secondly, the payroll register-accounting system interface "problem" can be better characterized as a recommendation to develop a more automated and detailed reconciliation system than is currently in place. The Auditor-Controller's Office has implemented procedures to assure the reconciliation of the payroll register with the journal voucher and the on-line accounting system by total. As was reflected in the most recent response to the management letter, the more detailed reconciliation by budget unit will require substantial programming. Development of an automated interface between the financial and payroll systems should not be attempted until updated "Year 2000" compliant versions are in production.

GRAND JURY RECOMMENDATIONS:

The 1997 Monterey County Civil Grand Jury recommends that:

- 1. The Board of Supervisors require the appropriate administrative departments to prepare a plan that will outline, describe and schedule the actions required to complete a General Fixed Asset Account Group that will satisfy the County's external auditors. A General**

Fixed Asset account group should be in place prior to the fiscal year ending June 30, 1998. (page 30)

The Auditor-Controller's Office will follow the direction of the Board of Supervisors regarding this issue, but believes the recommendation cannot be implemented because it is not reasonable.

Explanation:

The independent auditor has said that it would be too optimistic to try to make a change that large within the 1997-98 fiscal year. Instead, the firm recommends that the Auditor-Controller should focus on minor changes to bring the financial statements more in line with the GFOA format each year.

Although the Auditor-Controller concurs with the independent auditor's suggestion regarding the time frame, he has consistently maintained that the benefits reaped from having a formal fixed asset accounting system, judging from the practically nonexistent demand for specific information, does not justify its costs and effort, especially in these times of fiscal difficulties. However, in light of the recent change in federal regulations setting the fixed asset valuation minimum at \$5,000.00 and with consideration to using an approach of prospective inclusion rather than a reconstruction of records, our office is once again analyzing the feasibility of establishing and maintaining a GFAAG. If the analysis proves positive and the funding for the initial cost of implementation and the ongoing cost of maintenance becomes available, then we would be willing to embark on this project. However, in any event, coordination and collaboration with the independent auditor will be essential.

2. **The Board of Supervisors require the appropriate administrative departments to prepare a plan that will outline, describe and schedule the actions required to resolve the internal control, systems and procedure deficiencies that have placed financial assistance programs at risk. (page 30)**

The Auditor-Controller's Office will follow the direction of the Board of Supervisors regarding this issue, but believes the recommendation is not warranted.

Explanation:

Regarding the Grand Jury's comments that deficiencies have placed the financial assistance programs "at risk", it is important to understand that the Single Audit Act provisions require every finding to be included as a "reportable condition" regardless of the materiality. The Grand Jury apparently failed to note the independent auditor's comment in the "Report on Compliance With Specific Requirements Applicable to Major Federal Financial Assistance Programs" that the "results of our audit procedures disclosed immaterial (emphasis added) instances of noncompliance with the requirements...". We believe the reportable conditions

RECOMMENDATIONS

1. *Every effort should be expended by the prison managements and every assistance offered by surrounding communities to bring work and educational opportunities into the prisons.*

Response: The recommendation requires further analysis but the City of Carmel agrees with the basic recommendation.

2. *Considering the total cost of the California Department of Corrections is \$3.6 billion per year, assemble a competent team of sociologists, psychologists and other qualified professionals fully engaged in research as to the causes and possible social remedies for escalating prison populations.*

Response: The recommendation requires further analysis as the City has insufficient data and/or experience in this area to form and express an opinion.

CITY HALL
BOX CC
CARMEL-BY-THE-SEA, CALIFORNIA 93921

27 October 1997

The Honorable Jonathan R. Price
Presiding Judge
Monterey County Superior Court
P. O. Box 414
Salinas CA 93902

*10/13
File with responses.*

Re: 1997 Monterey County Grand Jury Report Mid-Year Final Report

Dear Judge Price:

Enclosed are the required responses from the City of Carmel-by-the-Sea to the following sections of the referenced Monterey County Grand Jury Report:

Fort Ord Reuse Authority (FORA) Roads and Bridges

Prepared by City Administrator Jere A. Kersnar under date of
10 October;

Purchasing

Prepared by Assistant City Administrator Gregory D' Ambrosio
under date of 5 September;

Investment of Public Funds

Prepared by Assistant City Administrator Gregory D' Ambrosio
under date of 5 September; and

Prisons in Monterey County

Prepared by Chief of Police Donald Fuselier, undated.

We trust that this material will satisfy the response requirements as set forth in the Grand Jury Foreman's letter of 6 August 1997.

Very truly yours,



Ken White, Mayor

KW:sam
Encls.

c: Members of the City Council
City Administrator
Assistant City Administrator
Chief of Police

City of Carmel-by-the-Sea

POLICE DEPARTMENT

August 5, 1997

Honorable Jonathan R. Price, Presiding Judge
Monterey County Superior Court
Post Office Box 414
Salinas, California 93902

Dear Judge Price:

I have read the Mid-Year Final Report of the 1997 Monterey County Civil Grand Jury with interest. I am officially submitting the following formal responses pursuant to Penal Code Section 933(c) on behalf of the Carmel-by-the-Sea Police Department.

FINDINGS

1. *In general, schools within Monterey County are conscientiously addressing the problem of school violence. However, the problem still exists, and continuing attention to it is required.*

Response: The Carmel-by-the-Sea Police Department agrees.

2. *There is a good degree of cooperation between school officials and law enforcement officials in addressing the problem. Again, continuing attention to this aspect of the problem is necessary.*

Response: There are no public schools within our jurisdiction but we continue to work closely with the one private school within our city limits and keep an open dialog with the administration and staff of those public schools near our city and the Sheriff's Office which polices them.

3. *Parental involvement must be an integral part of every school's program to address school violence. Some Districts require each student and his/her parents to enter into a written contract which spells out what is expected of the school, the student, and the parents. The jury was particularly impressed by the contract being used by the Salinas Union High School District.*

MONTEREY COUNTY SUPERIOR COURT

August 5, 1997

Page 2

Response: The Junipero Serra School which is a kindergarten-eighth private school is the only school in our jurisdiction. This Department maintains a close working relationship with the administration, staff and parent club of the school. Parents and students are keenly aware of the conduct requirements and sign for them at the start of each year.

4. *Law Enforcement Agencies have been pro-active in establishing a positive relationship with students and school authorities. A few examples of their involvement are the D.A.R.E. program, Healthy Start Program, School Resource Officers on campuses, Police Explorer Program, Citizen Academy and Police Activity League.*

Response: The Carmel-by-the-Sea Police Department has maintained a D.A.R.E. Program at Junipero Serra School since 1989. In the course of that program, the D.A.R.E. Officer presents the full D.A.R.E. curriculum to the fifth grade class and visits all other classes in the process. The program is paid for by the Carmel-by-the-Sea Police Officer's Association and the Junipero Serra School Parent Club.

Additionally, the Carmel-by-the-Sea Police Department has been offering a Citizen's Police Academy since 1996.

5. *The ten Law Enforcement Agencies either have or plan to have a School Resource Officer assigned to the schools. Resource Officers already on campuses have been training school authorities in the areas of recognizing gang affiliations of students and recognizing different drugs used by students.*

Response: Because there are no public schools within our jurisdiction and there are no violence issues on the campus of our only private school, the City of Carmel-by-the-Sea will not be considering a position of School Resource Officer.

6. *As shown in Exhibit A, individual School Districts are using various methods to address the issue of school violence. It is unlikely that there is a single recipe that will be most effective for every School District. It is the responsibility of each District Board to determine what combination of methods will be most effective for its schools.*

Response: The Carmel-by-the-Sea Police Department agrees.

RECOMMENDATIONS

2. *A full-time School Resource Officer position be created before the end of 1997 in each of the ten Law Enforcement Agencies to deal with school violence and related problems.*

Response: Because there are no public schools within our jurisdiction and there are no violence issues on the campus of our only private school, the City of Carmel-by-the-Sea will not be considering a position of School Resource Officer.

3. *Each of the 13 Law Enforcement Agencies in the County review successful programs and measures utilized by their fellow Law Enforcement Agencies, and consider the feasibility of incorporating these measures in their own jurisdiction.*

Response: The Carmel-by-the-Sea Police Department is legally limited in our involvement with the private school in our jurisdiction, but we support all efforts by our allied agencies.

Very truly yours,


DONALD P. FUSELIER
Chief of Police
DPF:dy

PENAL CODE SECTION 933.05 (a) and (b)

"Response to Grand Jury Recommendations--Content Requirements; Personal Appearances by Responding Party Grand Jury Report to Affected Agency.

"(a) For purposes of subdivision (c) of Section 933, as to each grand jury finding, the responding person or entity shall indicate one of the following:

"(1) The respondent agrees with the finding.

"(2) The respondent disagrees wholly or partially with the finding, in which case the response shall specify the portion of the finding that is disputed and shall include an explanation of the reasons therefor.

"(b) For purposes of subdivision (c) of Section 933, as to each grand jury recommendation, the responding person or entity shall report one of the following actions:

"(1) The recommendation has been implemented, with a summary regarding the implemented action.

"(2) The recommendation has not yet been implemented, but will be implemented in the future, with a timeframe for implementation.

"(3) The recommendation requires further analysis, with an explanation and the scope and parameters of an analysis or study, and a timeframe for the matter to be prepared for discussion by the officer or director of the agency or department being investigated or reviewed, including the governing body of the public agency when applicable. This timeframe shall not exceed six months from the date of publication of the grand jury report.

"(4) The recommendation will not be implemented because it is not warranted or is not reasonable, with an explanation therefor."

Grand Jury

* 8-19-97 *BJ*



P.O. Box 414
Salinas, CA 93902
(408) 755-5020

GRAND JURY ROUTE SLIP

DATE: Thursday, August 14, 1997
TO: Al Baguio and Mahlon Coleman
FROM: Roger Loper
RE: Response (See note below)

The attached () complaint () information is referred to you for:

- () Your approval
- () Your signature
- () Your information
- () As requested
- () Please discuss with: _____
- () For your file
- () Note and return
- () Per phone conversation
- () Investigate and advise

REMARKS:

Attached is a copy of Carmel's response to your School Violence report, and a proposed reply. If you wish to add or change something please let me know by September 1.

Copy: Gerry Gerbrandt

Gerry → See notes on your letter, Roger. *

Draft - Roger Loper - 8/14/97

Mr. Donald P. Fuselier
Chief of Police
City of Carmel-by-the Sea
P. O. Box 600
Carmel, CA 93921

*Not sent
I told Don the
message
OK.*

Dear Don:

Your letter of August 5th is the first response received with reference to the 1997 Grand Jury Mid-Year Report. This ticked off one of my remaining functioning brain cells, and I confirmed my impression that your letter of January 30, 1997 was also the first response to the 1996 Grand Jury Final Report. If the Grand Jury gave out Academy Awards, you should have an Oscar.

As you might expect, we plan to include a table in the 1997 Final Report like Exhibit B on page 5 in the Mid-Year Report. We will represent your responses as follows:

- Findings # 1 through 6 - Carmel agrees.
- Recommendations # 2 - Carmel ^{Police Dept.} has no public schools hence no need for a School Resource Officer. *under its jurisdiction*
- and
- # 3 - Carmel has implemented the recommendation.

All the best.

D. Roger Loper, Foreman
1997 Monterey County Civil Grand Jury

DRL:elw

Copy: Mr. Ken White
Mayor of Carmel-by-the-Sea

City of Carmel-by-the-Sea

POLICE DEPARTMENT

August 5, 1997

D. Roger Loper, Foreman
Monterey County Civil Grand Jury
Post Office Box 1819
Salinas, California 93902

Dear Mr. Loper:

I have read the Mid-Year Final Report of the 1997 Monterey County Civil Grand Jury with interest. I am officially submitting the following formal responses pursuant to Penal Code Section 933(c) on behalf of the Carmel-by-the-Sea Police Department.

FINDINGS

1. *In general, schools within Monterey County are conscientiously addressing the problem of school violence. However, the problem still exists, and continuing attention to it is required.*

Response: The Carmel-by-the-Sea Police Department agrees.

2. *There is a good degree of cooperation between school officials and law enforcement officials in addressing the problem. Again, continuing attention to this aspect of the problem is necessary.*

Response: There are no public schools within our jurisdiction but we continue to work closely with the one private school within our city limits and keep an open dialog with the administration and staff of those public schools near our city and the Sheriff's Office which polices them.

Public

3. *Parental involvement must be an integral part of every school's program to address school violence. Some Districts require each student and his/her parents to enter into a written contract which spells out what is expected of the school, the student, and the parents. The jury was particularly impressed by the contract being used by the Salinas Union High School District.*

MONTEREY COUNTY CIVIL GRAND JURY

August 5, 1997

Page 2

Response: The Junipero Serra School which is a kindergarten-eighth private school is the only school in our jurisdiction. This Department maintains a close working relationship with the administration, staff and parent club of the school. Parents and students are keenly aware of the conduct requirements and sign for them at the start of each year.

4. *Law Enforcement Agencies have been pro-active in establishing a positive relationship with students and school authorities. A few examples of their involvement are the D.A.R.E. program, Healthy Start Program, School Resource Officers on campuses, Police Explorer Program, Citizen Academy and Police Activity League.*

Response: The Carmel-by-the-Sea Police Department has maintained a D.A.R.E. Program at Junipero Serra School since 1989. In the course of that program, the D.A.R.E. Officer presents the full D.A.R.E. curriculum to the fifth grade class and visits all other classes in the process. The program is paid for by the Carmel-by-the-Sea Police Officer's Association and the Junipero Serra School Parent Club.

Additionally, the Carmel-by-the-Sea Police Department has been offering a Citizen's Police Academy since 1996.

5. *The ten Law Enforcement Agencies either have or plan to have a School Resource Officer assigned to the schools. Resource Officers already on campuses have been training school authorities in the areas of recognizing gang affiliations of students and recognizing different drugs used by students.*

Response: Because there are no public schools within our jurisdiction and there are no violence issues on the campus of our only private school, the City of Carmel-by-the-Sea will not be considering a position of School Resource Officer.

6. *As shown in Exhibit A, individual School Districts are using various methods to address the issue of school violence. It is unlikely that there is a single recipe that will be most effective for every School District. It is the responsibility of each District Board to determine what combination of methods will be most effective for its schools.*

Response: The Carmel-by-the-Sea Police Department agrees.

MONTEREY COUNTY CIVIL GRAND JURY

August 5, 1997

Page 3

RECOMMENDATIONS

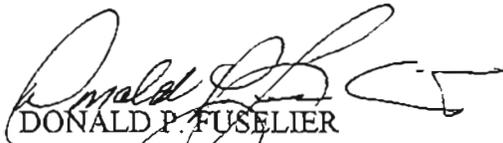
2. *A full-time School Resource Officer position be created before the end of 1997 in each of the ten Law Enforcement Agencies to deal with school violence and related problems.*

Response: Because there are no public schools within our jurisdiction and there are no violence issues on the campus of our only private school, the City of Carmel-by-the-Sea will not be considering a position of School Resource Officer.

3. *Each of the 13 Law Enforcement Agencies in the County review successful programs and measures utilized by their fellow Law Enforcement Agencies, and consider the feasibility of incorporating these measures in their own jurisdiction.*

Response: The Carmel-by-the-Sea Police Department is legally limited in our involvement with the private school in our jurisdiction, but we support all efforts by our allied agencies.

Very truly yours,


DONALD P. FUSELIER
Chief of Police
DPF,dy

Noted 11/3
Carmel to Grand Jury
Reyer

INVESTMENT OF PUBLIC FUNDS

FINDINGS

3. *The institutions and arrangements under which City funds are invested seem to be conservative.*

Response: Carmel agrees with the finding.

4. *96.5% of the funds in the hands of the Cities are invested at 5.00% to 6.63%, the median rate being 5.58%.*

Response: Carmel agrees with the finding.

5. *2.4% of the funds invested at interest by the Cities is earning under 4.5%. If the return on these funds could be increased to 4.5%, the Cities would receive an additional \$54,000 in interest income per year.*

Response: Carmel disagrees with the finding. All Carmel's funds equal or exceed 5.8% interest on investments.

6. *Interest rates being earned by the various Cities vary widely, particularly for checking accounts. Those Cities which are not earning a return on checking accounts may be able to improve the returns on this money by renegotiating arrangements or changing banks. Arrangements by the Cities of Gonzales and Pacific Grove were the most attractive. See Exhibit A, Table 1.*

Response: Carmel agrees with the finding and will be negotiating for additional services including interest earned on checking accounts.

7. *As of the end of January 1997, there was a total of \$2,335,886 in the hands of the twelve Cities which was deposited in commercial institutions and was not receiving any interest earnings. While this is only about 1.1% of the funds in the hands of the Cities, if it could be on deposit at a mere 2.00% it would earn an additional \$46,700 per year. See Exhibit A, Table 2.*

Response: Carmel agrees with the finding and will be negotiating terms.

RECOMMENDATIONS

1. Each of the Cities having funds which are not earning any interest invest their funds in interest earning accounts.

Response: The recommendation has not yet been implemented but is in process of negotiations.

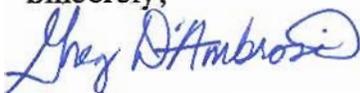
2. Those Cities having funds invested at 1.01% to 4.03% interest review these arrangements and if possible, improve the rates of interest.

Response: The recommendation has already been implemented. All Carmel's interest on investments exceed the rate described.

* * * * *

Thank you for the opportunity to respond to the Monterey County Grand Jury Mid-Year Final Report. I trust that these responses will be helpful to the Civil Grand Jury.

Sincerely,



Greg D'Ambrosio
Assistant City Administrator

GDA/sf damb/greg/letter/9726-30

c: Ken White, Mayor
Members of the City Council

**CITY OF CARMEL-BY-THE-SEA RESPONSES TO MONTEREY COUNTY
GRAND JURY MID-YEAR FINAL REPORT (AUGUST 6 1997)**

PRISONS IN MONTEREY COUNTY

Handwritten notes:
M. J. 11/3
Lynn to
Gary
Al B.

FINDINGS

3. *The standard condition of overcrowding which is accepted as a simple fact of life at each prison is a major element in the rigor of daily life in the prisons. Unfortunately, the predictions of growth of the populations in the prisons of California and of the nation are almost always too low. In the California Corrections System in 1997, there are 147,000 prisoners, 9,961 more than one year ago. The existence of a rigorous prison life does not seem to have been a deterrent to the commitment of crimes.*

Response: Carmel agrees with the finding.

5. *One source of increased prison population seems to be the mentally ill. In both State facilities the Grand Jury visited, the medical staff was firmly of the opinion that the reduced ability of the State mental hospitals to deal with the mentally ill had caused many of these people to drop into the prison system. For example, at SVSP there were 160 men who were so seriously ill mentally that they were maintained in locked quarters under the supervision of a Conservator. In addition, there were 500 inmates under Continuing Correctional Care Management (CCCM) who suffer from major mental illnesses which can be kept in remission by medication. The medical staff at SVSP estimated that when the prison reached full capacity there would be 700 to 800 people in the CCCM group, i.e., about 20% of the prison population.*

Response: Carmel neither agrees nor disagrees with the finding as the City has insufficient data and/or experience in this area to form and express an opinion.

7. *The Grand Jury agreed that the greatest evil of the prison life as they observed it, was that most prisoners had quite literally nothing to do for most of their waking hours. Those institutions which provided the most work seemed to be the least "up tight". But even in the best of the three only about 15% of the inmates are actually busy for several hours each day.*

Response: Carmel neither agrees nor disagrees with the finding as the City has insufficient data and/or experience in this area to form and express an opinion.

It is unusual for a government or commercial entity to have a qualified opinion rendered by its audit firm. A qualified opinion means the auditor cannot state without exception that the financial statements present fairly in all material respects the financial position of the entity. The qualification often has a negative effect on an organization's credit rating and impacts the cost of borrowing operating capital. If the organization happens to be a publicly listed company, there would also be a significant negative impact on the value of the company's stock.

Both auditors (past and present) have qualified their opinion because the financial statements do not include the "general fixed assets account group," which is required to conform with generally accepted accounting principles. The "general fixed assets account group" represents property and equipment that is owned by the County and has significant value - usually a minimum of \$3,000 per item - and a useful life of more than one year.

The reason the County does not include this account group in the financial statements is that they have not maintained detailed records of the cost and description of fixed assets owned by the County. It is the Grand Jury's understanding that it is highly unusual for any county not to maintain these records.

2. Internal control, administrative and operating problems.

During our review we noted the auditors categorize these problems as (1) reportable conditions which involve matters relating to significant deficiencies in the design and operation of the internal control structure and (2) other matters arising from internal control deficiencies.

a. Reportable conditions.

The matters represented by this category are directly related to the administration of the County's federal financial assistance programs and the Natividad Medical Center (NMC).

The federal financial assistance programs that were mentioned in the FY 1996 audit report as having reportable conditions were also mentioned in FY 1995, FY 1994 and FY 1993 as having the same or other problems. The federal assistance programs affected are the Job Training Partnership Act (JTPA), Family/Child Support programs and Foster Care and Food Stamps. These are major programs, and according to the FY 1996 audit report, "Reportable conditions involve matters coming to our attention ... that, in our judgment, could adversely affect the County of Monterey's ability to administer federal financial assistance programs in accordance with applicable laws and regulations." The FY 1996 audit report also mentioned that there is a risk that the JTPA program may not have complied with the General Requirements applicable to federal financial assistance

programs.

NMC has had a significant turnover in finance personnel at all levels in the past year. The current staff has improved finance department operations based on the reduced number of reportable conditions in FY 1996 when compared to the prior three fiscal years. The deficiencies reported in FY 1996 have to do with matters related to documenting and reconciling NMC accounts to the County Auditor-Controller records and accounts.

b. Other Matters.

(1) The Auditor-Controller's Office does not have a policies and procedures manual. This was not reported in audits reviewed prior to FY 1996, but obviously a manual did not exist in those years.

(2) The payroll register does not agree with the County's on-line accounting system. This deficiency was reported in each of the four years reviewed.

There were other internal control deficiencies reported in FY 1996 for the first time. These are being addressed by the appropriate County Administrative Offices.

FINDINGS:

1. There is inadequate care by the management of the County to put procedures in place that require formal detailed records of the County's fixed assets that interface with the County's on-line accounting system. This deficiency would also indicate a serious internal control problem related to the County's assets. Nor is management concerned that the County of Monterey is one of the few, if not the only County, whose financial statements carry a qualified opinion every year.

2. Our review of Letter Reports prepared by past and current auditors found a number of deficiencies in the County's financial assistance programs and the Natividad Medical Center. Although the same problems did not always appear in each of the four years reviewed, these two areas were mentioned prominently in each of the four years.

3. Other notable deficiencies that have received little attention are (1) the lack of a policy and procedure manual in the Auditor-Controller's Office and (2) the payroll register-accounting system interface problem.

RECOMMENDATIONS:

The 1997 Monterey County Civil Grand Jury recommends that:

1. The Board of Supervisors require the appropriate administrative departments to prepare a plan that will outline, describe and schedule the actions required to complete a General Fixed Asset Account Group that will satisfy the County's external auditors. A General Fixed Asset Account Group should be in place prior to the fiscal year ending June 30, 1998.

2. The Board of Supervisors require the appropriate administrative departments to prepare a plan that will outline, describe and schedule the actions required to resolve the internal control, systems and procedure deficiencies that have placed financial assistance programs at risk.

3. The Board of Supervisors require the Chief Financial Officer at the Natividad Medical Center to submit a written plan and schedule to resolve the issues included in the FY 1996 audit report as reportable conditions.

RESPONSES REQUIRED:

Monterey County Board of Supervisors

Findings # 1 through 3

Recommendations # 1, 2, and 3

Board of Trustees of the Natividad Medical Center arrange for responses from:

Chief Financial Officer, Natividad Medical Center

Finding # 2

Recommendation # 3

Monterey County Auditor-Controller

Findings # 1 through 3

Recommendations # 1, 2, and 3

City of Carmel-by-the-Sea

POLICE DEPARTMENT

August 5, 1997

D. Roger Loper, Foreman
Monterey County Civil Grand Jury
Post Office Box 1819
Salinas, California 93902

Dear Mr. Loper:

I have read the Mid-Year Final Report of the 1997 Monterey County Civil Grand Jury with interest. I am officially submitting the following formal responses pursuant to Penal Code Section 933(c) on behalf of the Carmel-by-the-Sea Police Department.

FINDINGS

1. *In general, schools within Monterey County are conscientiously addressing the problem of school violence. However, the problem still exists, and continuing attention to it is required.*

Response: The Carmel-by-the-Sea Police Department agrees.

2. *There is a good degree of cooperation between school officials and law enforcement officials in addressing the problem. Again, continuing attention to this aspect of the problem is necessary.*

Response: There are no public schools within our jurisdiction but we continue to work closely with the one private school within our city limits and keep an open dialog with the administration and staff of those public schools near our city and the Sheriff's Office which polices them.

3. *Parental involvement must be an integral part of every school's program to address school violence. Some Districts require each student and his/her parents to enter into a written contract which spells out what is expected of the school, the student, and the parents. The jury was particularly impressed by the contract being used by the Salinas Union High School District.*

MONTEREY COUNTY CIVIL GRAND JURY

August 5, 1997

Page 2

Response: The Junipero Serra School which is a kindergarten-eighth private school is the only school in our jurisdiction. This Department maintains a close working relationship with the administration, staff and parent club of the school. Parents and students are keenly aware of the conduct requirements and sign for them at the start of each year.

4. *Law Enforcement Agencies have been pro-active in establishing a positive relationship with students and school authorities. A few examples of their involvement are the D.A.R.E. program, Healthy Start Program, School Resource Officers on campuses, Police Explorer Program, Citizen Academy and Police Activity League.*

Response: The Carmel-by-the-Sea Police Department has maintained a D.A.R.E. Program at Junipero Serra School since 1989. In the course of that program, the D.A.R.E. Officer presents the full D.A.R.E. curriculum to the fifth grade class and visits all other classes in the process. The program is paid for by the Carmel-by-the-Sea Police Officer's Association and the Junipero Serra School Parent Club.

Additionally, the Carmel-by-the-Sea Police Department has been offering a Citizen's Police Academy since 1996.

5. *The ten Law Enforcement Agencies either have or plan to have a School Resource Officer assigned to the schools. Resource Officers already on campuses have been training school authorities in the areas of recognizing gang affiliations of students and recognizing different drugs used by students.*

Response: Because there are no public schools within our jurisdiction and there are no violence issues on the campus of our only private school, the City of Carmel-by-the-Sea will not be considering a position of School Resource Officer.

6. *As shown in Exhibit A, individual School Districts are using various methods to address the issue of school violence. It is unlikely that there is a single recipe that will be most effective for every School District. It is the responsibility of each District Board to determine what combination of methods will be most effective for its schools.*

Response: The Carmel-by-the-Sea Police Department agrees.

RECOMMENDATIONS

2. *A full-time School Resource Officer position be created before the end of 1997 in each of the ten Law Enforcement Agencies to deal with school violence and related problems.*

Response: Because there are no public schools within our jurisdiction and there are no violence issues on the campus of our only private school, the City of Carmel-by-the-Sea will not be considering a position of School Resource Officer.

3. *Each of the 13 Law Enforcement Agencies in the County review successful programs and measures utilized by their fellow Law Enforcement Agencies, and consider the feasibility of incorporating these measures in their own jurisdiction.*

Response: The Carmel-by-the-Sea Police Department is legally limited in our involvement with the private school in our jurisdiction, but we support all efforts by our allied agencies.

Very truly yours,


DONALD P. FUSELIER
Chief of Police

DPF/dy

CITY HALL
BOX CC
CARMEL-BY-THE-SEA, CALIFORNIA 93921

5 September 1997

The Honorable Jonathan R. Price
Presiding Judge
Monterey County Superior Court
P O Box 414
Salinas, California 93902

MC
Reply to Gary Matthews
Gary
Price

Dear Judge Price:

CITY OF CARMEL-BY-THE-SEA RESPONSES TO MONTEREY COUNTY GRAND
JURY MID-YEAR FINAL REPORT (AUGUST 6, 1997)

PURCHASING 97107

FINDINGS

1. *None of the respondents are using the services of the Monterey County Central Purchasing Department (MCCPD).*

Response: Carmel neither agrees nor disagrees with the finding. The City has an established departmental-wide purchasing policy which establishes procedures for acquisition of equipment, materials, supplies or services. Patronizing local businesses and maximizing savings of municipal funds, while maintaining quality and timely receipt of all goods and services are high priorities. City Departments have participated in Monterey County Central Purchasing Department in the past and will continue to compare savings through MCCPD, local vendors, the State bid process, as well as other sources.

3. *Approximate totals of purchasing done by the respondents are:*

	<u>Supplies</u>	<u>Equipment</u>	<u>Professional Services</u>
<i>School Districts</i>	<i>\$12,481,000</i>	<i>\$5,649,000</i>	<i>\$9,184,000</i>
<i>Cities</i>	<i>\$17,942,000</i>	<i>\$6,048,000</i>	<i>\$3,983,000</i>

The total of Supplies and Equipment is \$42,120,000. If there were consolidation and use of a "professional" purchasing department vs. small individual efforts, substantial savings could accrue to the participants.

Even savings of 1%, on average, would generate a figure more than sufficient to fund two additional positions which MCCPD estimates would be necessary to handle the additional workload.

City of Del Rey Oaks
Response to Grand Jury Findings
Investment of Public Funds

Finding 3. (Agree) The City of Del Rey Oaks has unusual need of liquidity, thus a more conservative investment approach is employed. The City cannot afford to lock up funds for long periods of time in order to pursue high yield. The City has however, moved aggressively during the last several years to consolidate non or low interest earning checking accounts, which also increases efficiency, and to invest higher percentages of the city portfolio in the higher interest earning Local Agency Investment Fund (LAIF). It is estimated that the City has earned an additional \$32,000 during the past four years having done this.

Finding 4. (Agree) The City's LAIF interest earnings appear to be comparable to the other city earnings.

Finding 5. (Agree) The City works with its Auditor to ensure that financial practices are in place to sweep unneeded funds from checking to higher interest earning accounts. The City's uninvested funds seem to be in line with other jurisdictions, but the City will revisit this issue and monitor more carefully.

Finding 6. (Agree) The City has been earning some interest on a portion of its checking funds. However, these earnings might amount to \$260 a year compared to aggressively monitoring checking balances and transferring to LAIF in a timely manner.

Finding 7. (Agree) As much as efficient bill paying will allow, the City will continue to monitor its non or low interest bearing accounts for possible transfer to higher earning accounts.

Recommendation 1. The City will investigate the possibility of earning interest on its main checking account.

Recommendation 2. The City does not have any money invested at rates falling between 1.01%-4.03%.



CITY OF DEL REY OAKS

650 CANYON DEL REY ROAD • DEL REY OAKS, CALIFORNIA 93940

OFFICE OF

Mayor

TELEPHONE (408) 394-8511

November 4, 1997

Handwritten notes:
Orig To G.J. Fila
cc Al
Bung
Prob
Jony

Honorable Jonathon Price, Presiding Judge
Monterey County Superior Court
P.O. Box 414
Salinas, CA 93902

Dear Judge Price,

The City of Del Rey Oaks is submitting our responses to the 1997 Monterey County Civil Grand Jury Mid-year Report on the following subject areas:

- A. Investment of Public Funds
- B. Purchasing
- C. Fort Ord Reuse Authority (FORA) Roads and Bridges
- D. Prisons in Monterey County

The enclosed responses, in draft form were presented to the Del Rey Oaks City Council for their review and input at the August 1997 City Council meeting.

The enclosed City of Del Rey Oaks responses are hereby submitted for the Grand Jury's consideration. If there are any questions or comments, please call me or the City Manager, D. Steven Endsley, at 394-8511.

Sincerely,

Handwritten signature of Jack D. Barlich
Jack D. Barlich
Mayor

Encl: Del Rey Oaks Responses to 1997 Grand Jury Final Report

cc. City Council

**THE CITY OF DEL REY OAKS
 TABULATION OF FINANCIAL ACCOUNTS
 as of June 30, 1996**

A. Funds with First National Bank

<u>Description</u>	<u>Amount</u>	<u>Type of Account</u>	<u>Interest/ Annual Rate</u>
City Checking Account	\$127,440.	Checking Account	5.707 - 0 -

B. Funds with California LAIF Program

<u>Description</u>	<u>Amount</u>	<u>Type of Account</u>	<u>Interest Rate</u>
Local Agency Investment Funds	\$612,754.	Investment	5.707

**City of Del Rey Oaks
Response to Grand Jury Findings
Purchasing**

Finding 1. (Agree) The City of Del Rey Oaks has made a concerted effort to set up cost effective purchasing arrangements during the past several years. In addition to establishing accounts at various discount and bulk establishments, the City has also become a member of the General Services surplus pool. The City would be willing to explore use of the Monterey County Central Purchasing Department to determine cost effectiveness and efficiency.

Finding 3. (Agree) The City would be willing to explore participation in the countywide purchasing pool, provided it is cost effective and efficient to our needs.

Finding 4. (Agree) The City of Del Rey Oaks operates under an extremely tight budget. The City manages to provide a full array of City services nonetheless. The City Council carefully scrutinizes a monthly claims list and budgetary reports. Effort is made to expend only on needed supplies and services. In addition, care is taken to use any legally mandated bidding processes.

Recommendation 1. The City of Del Rey Oaks reiterates its commitment to spending only on necessary items, and to guard against "last minute" spending.

Recommendation 2. As noted, the City is willing to explore participation in the County purchasing pool.



Fort Ord Reuse Authority

MEMORANDUM

September 8, 1997

TO: ADMINISTRATIVE COMMITTEE

FROM: MICHAEL A. HOULEMARD, JR.

RE: RESPONSE TO 1997 GRAND JURY MID YEAR FINAL REPORT

The Administrative Committee previously agreed to coordinate responses to the Grand Jury's report on FORA Roads and Bridges through FORA (See attached Grand Jury Report). TO DATE FORA HAS RECEIVED ONLY ONE RESPONSE (See attached Del Rey Oaks response). The rest of the responses need to be into FORA so they can be circulated through the Admin Committee, then sent to the Grand Jury.

Also attached is a draft response cover letter from FORA to the Grand Jury for your review. This item will be on the next Administrative Committee agenda on 9/22/97.

**City of Del Rey Oaks
Response to Grand Jury Findings
Prisons in Monterey County**

Finding #3 (Agree) The City of Del Rey Oaks is extremely concerned about the continued over crowding in our prison system, county jail and holding facilities. The mayor and police chief have both toured the State Prisons in our county and have seen first hand the overcrowded conditions as they exist.

In an effort to do our part to alleviate some of these conditions at the local level, the Police Department uses three methods. (1) O.R. (Own recognizance) release all prisoners that are eligible, with specific court dates for appearances. (2) Assist prisoners with arraignment for bail, by allowing additional telephone calls and time. (3) Send cases to the District Attorneys Office for review and issuance of notices to appear in court as apposed to probable cause arrests.

Finding #5 (Agree) This is a deplorable situation for the mentally ill. The City of Del Rey Oaks participates actively in community wide social service efforts, including an annual donation to and representation on the Community Human Service Board of Directors.

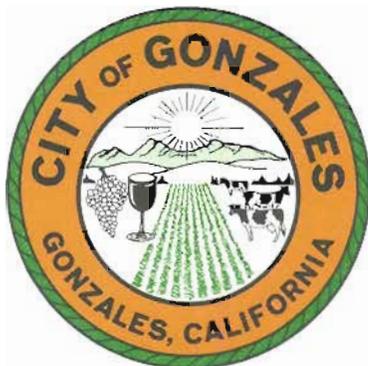
The police department is committed to meet the training standards of the California Commission on Peace Officer Standards and Training as they relate to dealing with the Mentally Ill. The police department maintains a list of local resources to assist officers in handling these cases.

We are also extremely concerned about the overwhelming numbers of homeless people that are also mentally ill, and who commit crimes as their only source of food, clothing etc. We must look at regional programs to deal with these issues, and not our State Prison system.

Finding #7 (Agree) Although the City of Del Rey Oaks is not in a position to have a direct effect on this issue, it is willing to participate in regional efforts to address these problems. The Chief of Police currently attends meetings on a monthly basis with the wardens of both prisons and the Sheriff to discuss law enforcement issues. Joint training exercises are on-going with local law enforcement and CTF personnel.

Recommendation #1 (Agree) The City of Del Rey Oaks participates in regional social service efforts that my have an impact on this item, and is willing to participate in efforts to generate additional opportunities. Gang violence and the use of narcotics both in and out of prison must be immediately addressed. Citizens who possess the skills to teach within the prison system should be encouraged to participate in these programs.

Recommendation #2 (Agree) Gangs, gang violence and narcotics are the leading cause of criminal activity and prison overcrowding. Programs at the grass roots level must be developed implemented and maintained in our schools and other public arenas to attack these problems. The Del Rey Oaks Police Department routinely speak to service and citizen groups to make them aware of these social problems.



City of Gonzales

PHONE (408) 675-5000
FAX (408) 675-2644

P.O. BOX 647

147 FOURTH ST.

GONZALES, CALIFORNIA 93926

8-19-97
To Sherrin
JP

97403

Honorable Jonathan R. Price
Presiding Judge
Monterey County Superior Court
P.O.Box 414
Salinas, CA. 93902

August 15, 1997

Your Honor,

I was pleased to read the Monterey County Grand Jury addressed Violence on School Campuses in this year's mid-year final report. After their study, they recommended each Law Enforcement Agency create a full-time School Resource Officer before the end of 1997. In addition, that each of the 13 Law Enforcement Agencies in the County review successful programs and measures utilized by their fellow Law Enforcement Agencies, and consider the feasibility of incorporating these measures in their own jurisdictions.

As you may already be aware, the City of Gonzales did implement a four month pilot program at our local High School in the Spring of 1994. The City and the High School entered into a partnership of cost sharing with the assistance of Community contributions from local businesses. The pilot program proved successful to the point the School Resource Officer became a City budgeted full-time position during the 1994-1995 school year. The program has been continuous since.

The City of Gonzales was the first in the County to assign a S.R.O. on a full-time basis. The officer is actually assigned to the high school campus in full uniform during school hours. He has been very successful in earning the trust of the staff and students. He is very proactive in addressing the issues of gangs, drugs, and violence affecting school aged students. Although his primary function remains that of a police officer, he has also been available to students and staff alike for non-criminal matters.

When this program was first introduced I remember one student saying "why is he here? We don't need a police officer on campus". This quote furthered our commitment. She was right. We did not need an officer on campus. Which is exactly why we committed to it. We did not want to wait until we did need one because then, it may have been too late.

In October of this year, each police chief in Monterey County is expected to attend a local issue training seminar in San Luis Obispo County. Already agendized at this meeting is School Violence in Monterey County. This will be an excellent oportunity to address Recommendation number 3 in the Grand Jury Report.

The City of Gonzales and I commend you and the members of this year's Grand Jury for the effort set forth in addressing this important issue of the safety of our children and how we as adults can better provide a safe and healthy learning environment for them.

Sincerely,

A handwritten signature in blue ink, appearing to read "R. Green".

Ray Green
Chief of Police
City of Gonzales



integrated.

findings - no item directed response but community/school/law
Recommendations # 1 and 2 implemented and
3 police chiefs (school violence) to be addressed at seminar in
October, (time frame given for Recom. # 3)

8-19-97
To Sheriff
JP

City of Gonzales

PHONE (408) 673-5000
FAX (408) 673-2644

P.O. BOX 647

147 FOURTH ST.

GONZALES, CALIFORNIA 93926

Allen: In your
minutes

Copies to: Al Baquid
Mablon Coleman }

We do not propose any
reply to this letter
unless your committee
want to return comments.

Roger 8/28

August 15, 1997

Honorable Jonathan R. Price
Presiding Judge
Monterey County Superior Court
P.O.Box 414
Salinas, CA. 93902

Your Honor,

I was pleased to read the Monterey County Grand Jury addressed Violence on School Campuses in this year's mid-year final report. After their study, they recommended each Law Enforcement Agency create a full-time School Resource Officer before the end of 1997. In addition, that each of the 13 Law Enforcement Agencies in the County review successful programs and measures utilized by their fellow Law Enforcement Agencies, and consider the feasibility of incorporating these measures in their own jurisdictions.

As you may already be aware, the City of Gonzales did implement a four month pilot program at our local High School in the Spring of 1994. The City and the High School entered into a partnership of cost sharing with the assistance of Community contributions from local businesses. The pilot program proved successful to the point the School Resource Officer became a City budgeted full-time position during the 1994-1995 school year. The program has been continuous since.

implemented

The City of Gonzales was the first in the County to assign a S.R.O. on a full-time basis. The officer is actually assigned to the high school campus in full uniform during school hours. He has been very successful in earning the trust of the staff and students. He is very proactive in addressing the issues of gangs, drugs, and violence affecting school aged students. Although his primary function remains that of a police officer, he has also been available to students and staff alike for non-criminal matters.

One example reviewed by the Grand Jury indicated a 3% savings was achieved when MCCPD became involved after the efforts of a local department proved inadequate.

Response: Carmel partially disagrees with the finding. We are not certain what service fees would be charged the City for participation in the MCCPD, but would not support expansion of the County's labor force if funds for new positions is derived from administrative fees charged the City. However, if there are no service fees involved and the City will not be obligated for other expenses, we are committed to reducing costs whenever possible and would be interested in the MCCPD program.

4. *Our survey also revealed a pattern (by some respondents) of spending in the last month or two of the fiscal year that suggests a "use it or lose it" philosophy. This can lead to poor value and poor judgment in what is ordered and possible conflicts since a normal bidding process is sometimes ignored in the haste to spend funds.*

Seven School Districts and two Cities supplied month-by-month data which contained "the appearance" of last minute frenzy spending.

Major Spending in June (May in two cases)
(June is last month of fiscal year.)

Percentage to annual total spent by category was:

Supplies - 16 to 27% in 6 respondents;

Equipment - 13 to 43% in 7 respondents; and

Professional Services - 17 to 62% in 8 respondents.

Two flagrant examples noted were:

- a. *Salinas City Elementary School District - spent \$463,948 (27% of total) on supplies in June 96 and \$781 in July. They spent \$144,851 (21%) on equipment in June vs. \$4,866 in July.*
- b. *The City of Seaside spent \$88,065 (28%) on supplies in June 96 vs. \$71 in July. They also spent \$264,656 (25%) for Professional Services in June 96 vs. \$1,993 in July.*

Response: Carmel partially disagrees with the finding. All City departments are instructed to contain year-end spending. Ongoing, operational expenses, standard replacement of inventory and completion or extension of contracts or service agreements are monitored as the fiscal year concludes. We do agree and support the view that continued diligence monitoring year-end purchases is necessary.

RECOMMENDATIONS

The 1997 Monterey County Civil Grand Jury recommends that:

1. There be an examination of "last minute" spending and, if necessary, establishment of procedures to change this practice.

Response: The recommendation requires further analysis. City Administration will continually review our purchasing policies to determine if changes are necessary.

2. School Districts, Cities, and other local government agencies within Monterey County consult with the MCCPD to achieve savings available by central fund purchasing to taxpayers.

Response: This recommendation requires further analysis to determine what changes (if any) to the City's purchasing policy are necessary.



City
of
King

212 SOUTH VANDERHURST
KING CITY, CALIFORNIA 93930
PHONE (408) 385-3281
FAX (408) 385-6887

August 28, 1997

Mr. Roger Loper, Foreman
Grand Jury
P.O. Box 1819
Salinas, CA 93902

Dear Mr. Loper:

This letter is to provide the city's required response regarding Prisons in Monterey County as outlined in the 1997 Mid-Year Report of the Grand Jury.

FINDING

3. The standard condition of overcrowding which is accepted as a simple fact of life at each prison is a major element in the rigor of daily life in the prisons. Unfortunately, the predictions of growth of the populations in the prisons of California and of the nation are almost always too low. In the California Corrections System in 1997, there are 147,000 prisoners, 9961 more than one year ago. The existence of a rigorous prison life does not seem to have been a deterrent to the commitment of crimes.

As a municipality our role in the criminal justice system is primarily to enforce the law. We really have little expertise or experience in being able to contribute any meaningful insight into the forecasting of prison capacity or the effectiveness of incarceration as a means of deterring the commitment of crimes.

5. One source of increased prison population seems to be the mentally ill. In both State facilities the Grand Jury visited, the medical staff was firmly of the opinion that the reduced ability of the state mental hospitals to deal with the mentally ill had caused many of these people to drop into the prison system. For example, at SVSP there were 160 men who were so seriously ill mentally that they were maintained in locked quarters under the supervision of a Conservator. In addition, there were 500 inmates under

Continuing Correctional Care Management (CCCM) who suffer from major mental illnesses which can be kept in remission by medication. The medical staff at SVSP estimated that when the prison reached full capacity there would be 700 to 800 people in the CCCM group, i.e., about 20% of the prison population.

Again, we would not have the background or qualifications to offer any meaningful assessment of the impact of mental illness and the capacity of the State mental hospital system as to how they may influence the commitment of crime or the need for incarceration.

7. The Grand Jury agreed that the greatest evil of prison life as they observed it, was that most prisoners had quite literally nothing to do for most of their waking hours. Those institutions which provided the most work seemed to be the least "up tight". But even in the best of the three only about 15% of the inmates are actually busy for several hours each day.

Generally, idleness is not very productive nor positive within or without a prison wall.

RECOMMENDATIONS

1. Every effort should be expended by the prison managements and every assistance offered by surrounding communities to bring work and educational opportunities into the prisons.

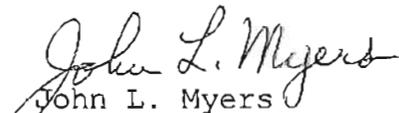
The purpose of our government is to serve the community of King City. As such, we are tooled and financed to offer public safety, land use, recreation, public works and community services for the benefit of our residents. We are not financed nor charged with the responsibility to participate in criminal rehabilitation programs. It is not clear what assistance we could offer or what resources we could apply to bringing work and educational opportunities into prisons. Perhaps the Grand Jury could offer some additional information on what is envisioned, or you could have prison management contact us if they have any ideas.

2. Considering the total cost of the California Department of Corrections is \$3.6 billion per year, assemble a competent team of sociologists, psychologists and other qualified professionals fully engaged in research as to the causes and possible social remedies for escalating prison populations.

We would defer offering our thoughts or opinions on this matter to others more experienced and insightful in defining and dealing with such a task or charge.

Thank you for the opportunity to comment on these matters. We would be glad to offer additional comments if you can provide clarification on what you envision as the role of city government in the management of state prisons.

Sincerely,


John L. Myers
Mayor

cc: City Council
City Staff

KING CITY POLICE DEPARTMENT

Tom Slawson
Chief of Police

August 18, 1997

Honorable Jonathan R. Price
Presiding Judge
Monterey County Superior Court
P.O. Box 414
Salinas, CA 93902

Honorable Judge Price,

The following is my response to the Mid-Year Final Report of the 1997 Monterey County Civil Grand Jury

I agree with the Grand Jury's findings in that even though schools in general are addressing the problem of school violence, the problem still exists and continuing attention is required.

I know that in King City there is a high degree of cooperation between all of the school officials and police department personnel. This police department is very pro-active toward establishing a positive relationship with the students and school authorities. For many years now the police department has totally funded one officer's salary and benefits in order to teach the D.A.R.E. program in all three elementary schools, the middle school and high school. The police department also fully funds a "School Resource Officer" who works on campus at the high school, middle school and the elementary schools. The police department also actively participates in the Police Activity League and the Police Explorer program.

As per recommendation #2, as previously stated, the King City Police Department does employ a full-time sworn police officer as a "School Resource Officer" who deals with school violence and related problems. This officer has a good working relationship with personnel from every school in King City including Los Padres Continuation School, the Community School and private institutions.

As per recommendation #3, I agree that it is a sound practice to have all law enforcement agencies in the county review successful programs and measures utilized by the other law enforcement agencies, and consider the feasibility of incorporating these measures in each jurisdiction. The Monterey County Chief Law Enforcement Officer's Association is doing just that by discussing these topics at our monthly meetings. Additionally, the topic of school violence and associated problems is an agenda item to be discussed at our yearly conference in October. By continuing to discuss and critique successful programs, we will be better able to address specific problems and practical solutions.

The King City Police Department and School Districts have been noted for the school violence programs that are already in place. I understand the need to regularly review these various programs and their current status, and I will continue to do so.

I hope this information will assist you in your endeavors regarding school violence programs in Monterey County. Please don't hesitate to call if you need any further assistance.

Sincerely,

A handwritten signature in blue ink that reads "Tom Slawson". The signature is written in a cursive style with a large, looped "T" and "S".

Tom Slawson
Chief of Police

cc: City Manager
Mayor/City Council



City
of
King

212 SOUTH VANDERHURST
KING CITY, CALIFORNIA 93930
PHONE (408) 385-3281
FAX (408) 385-6887

September 19, 1997

Mr. Roger Loper, Foreman
Grand Jury
P.O. Box 1819
Salinas, CA 93902

Dear Mr. Loper:

This letter is to provide the city's required response regarding the investment of public funds and purchasing procedures as requested in the Grand Jury Mid-Year Final Report August 6, 1997.

Investment of Public Funds

Finding #3. The institutions and arrangements under which City funds are invested seem to be conservative.

Response: Our city's investment policy calls for safety, liquidity, and yield in that order. This policy best matches the city's financial needs. Other governmental agencies (Orange County, San Jose, etc.) have experienced some significant difficulties with more aggressive public fund investment strategies.

Finding #4 96.5% of the funds in the hands of the Cities are invested at 5.00% to 6.63%, the median rate being 5.58%.

Response: A median rate of 5.58% exceeds the comparative commercial market performance.

Finding #5 2.4% of the funds invested at interest by the Cities is earning under 4.5%. If the return on these funds could be increases to 4.5%, the Cities would receive an additional \$54,400 in interest income per year.

Response: The City has only one investment earning less than 4.5%. The Steinbeck Federal Credit Union share account earns about 2%. It has a balance of \$50 in order to be able to open a Certificate of Deposit with the Credit Union

1) L12
2) Epics to Gerry
3) Original to Gerry
of response to G.J. full
mid year report.
Roger 9/23

Finding #6 Interest rates being earned by the various Cities vary widely, particularly for checking accounts. Those Cities that are not earning a return on checking accounts may be able to improve the return on this money by renegotiating arrangements or changing banks.

Response: While the City earns nothing on the balance in our checking account we still have a very beneficial arrangement. Instead of earning interest and paying service charges, the city maintains \$25,000 in the checking account as a compensating balance. In turn the bank provides all checks, handles deposits and handles incoming and outgoing wires at no cost to the city. We also receive immediate credit for all deposits. These services and arrangements are of financial value and benefit to the city in excess of net interest payments we may be able to find with another banking account arrangement.

Finding #7 As of the end of January 1997, there was a total of \$2,335,886 in the hand of the twelve Cities which was deposited in commercial institutions and was not receiving any interest earnings. While this is only about 1.1% of the funds in the hands of the Cities, if it could be on deposit at a mere 2.00% it would earn an additional \$46,700 per year.

Response: The City's only non-interest bearing account is the checking account. See response to finding #6.

Purchasing

Finding #1 None of the respondents are using the services of the Monterey County Central Purchasing Department (MCCPD).

Finding #3 If there were consolidation and use of a "professional" purchasing department vs. small individual efforts, substantial savings could accrue to the participants.

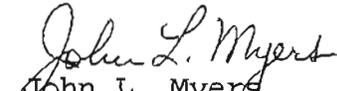
Response: The City has not used the MCCPD because we have been able to obtain excellent pricing on most items. While there have been some items on which we could have obtained more savings by being part of a larger order we do not have the warehouse capacity needed for the large orders the MCCPD negotiates. In addition, our purchasing needs do not always match the item, features, schedule, or process of the MCCPD. Time is also money, and our work to provide specifications and purchasing needs to another agency in a separate process could take more time than if we completed the purchase ourselves. We are also conscious of making sure we buy exactly what we

need, and not simply what is generically offered by a "one size fits all" purchasing process. There are other considerations that are also taken into account in our purchasing such as supporting local businesses. Our needs and objectives seem to be adequately met with our current purchasing system.

Finding #4 Our survey also revealed a pattern (by some respondents) of spending in the last month or two to the fiscal year that suggest a "use it or lose it" philosophy.

Response: The City has always been very prudent in managing not only the budget but the overall finances of the City. The objective of each city department is to manage their budgets - not just spend them. Four years ago, the city moved to a two-year budget format with un-spent amounts being carried over to the next year to further encourage prudent financial decision making. The "use it or lose it" spending mentality does not exist in King City.

Sincerely,


John L. Myers
Mayor

City of Marina

211 HILLCREST AVENUE
MARINA, CA 93933
TELEPHONE (408) 384-3715
FAX (408) 384-0425



OFFICE OF THE MAYOR

September 8, 1997

D. Roger Loper, Foreman
1997 Monterey County Civil Grand Jury
P.O. Box 1819
Salinas, CA 93902

Dear Foreman Loper:

This letter is provided in response to Findings #1 through #12 and Recommendations number 1, 2, and 3. I have reviewed this letter with the Marina City Council and they concur in its conclusions.

The ability to pay for services on the former Fort Ord is possibly the key issue of re-use. We are concerned that the Grand Jury focused only on a single element of the cost in local roads and bridges.

Our concern is that the estimated \$116,000,000 million needed will occur over many years. We will have great ability to work through matters and find solutions.

That the money is not apparent is the salient fact of local government in California today.

The solution is that if there is a policy consensus and public support, solutions will be found and implemented. In this way, what you address is not so much a specific problem as a general symptom.

That is to say that the solution will rely upon the diligence of local elected officials and their staffs and directly upon the residents of Monterey County. To count their efforts out is to make the problem of streets and roads nearly insoluble.

We believe that the issues you have defined are important, but probably not the most urgent.

D. Roger Loper, Foreman
1997 Monterey County Civil Grand Jury
September 8, 1997

We are very concerned about the immediate cost and impact of services on the former Fort Ord. Specifically, how are we going to assure that police, fire, planning, public works, building inspection, parks and recreation will be provided now and in the immediate future?

You did not ask F.O.R.A. to respond to your findings and recommendations. We will ask for such a response and hope to join in a common effort in this regard. It is only through the broader community that solutions can really be found.

Additionally, please note that the T.A.M.C. study evaluates development related transportation impacts throughout the county. The figures cited in your findings are significant to county-wide development, much of which is far removed from the boundaries of the former Fort Ord.

Please note that development off the former base comprises more than a three-fold impact on transportation systems than the development proposed in re-use of the former base.

At present, the off-base development is proceeding at a more rapid rate, and is presently impacting regional transportation systems, far greater than that which may occur with the planned re-use of the former Fort Ord.

Regarding specific recommendations:

1. Marina has worked to plan for the funding of local streets and roads. There is not, however, any apparent new source of revenues except development fees from the property. Marina is working closely with F.O.R.A. to define how these fees can be used to meet the cost of new road construction.

At this date, it is not clear if Marina or F.O.R.A. will have responsibility or authority to implement this recommendation. Therefore, Marina will not independently implement this recommendation.

2. Marina has worked through T.A.M.C. for the development of a Regional Transportation Study. Assumptions are contained in this transportation study regarding Regional Highway Projects. It is our impression that the adoption of any plan will depend upon all parties determining costs are equitably shared county-wide.

D. Roger Loper, Foreman
1997 Monterey County Civil Grand Jury
September 8, 1997

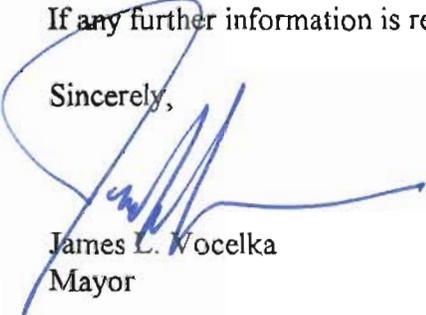
Marina is without the ability to independently allocate cost to other jurisdictions within the County. Marina will not implement this recommendation.

3. It is our understanding that the adoption of the base re-use plan anticipated there would be an equitable allocation to Public Benefit Grantees of the costs of local, interconnecting and regional roads.

F.O.R.A. is an independent governmental body which may or may not have authority to implement this recommendation. Marina does not have the requisite authority and will not implement this recommendation.

If any further information is required, please do not hesitate to contact me.

Sincerely,



James L. Vocelka
Mayor

JLV:ap

cc: Mr. Michael Houlemard, F.O.R.A.

City of Marina

DEPARTMENT OF PUBLIC SAFETY

211 HILLCREST AVENUE
MARINA, CA 93933
TELEPHONE (408) 384-5225



February 12, 1997

Honorable Jonathan R. Price
Presiding Judge
Monterey County Superior Court
P.O. Box 414
Salinas, Ca. 93902

Dear Judge Price:

The following is the response of the Marina Department of Public Safety to the findings and recommendations made in the 1997 Monterey County Civil Grand Jury Mid-Year Final Report on violence on school campuses:

Findings:

The Department of Public Safety agrees with the six findings of the Grand Jury.

Recommendations:

We are required to respond to recommendations number two and three of the Grand jury report. Recommendation number two is:

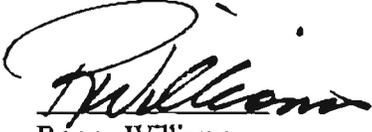
"A full-time School Resource Officer position be created before the end of 1997 in each of the ten Law Enforcement Agencies to deal with school violence and related problems".

Response - The Marina Department of Public Safety has had a School Resources Officer since 1995 and we intend to continue this position.

Recommendation number three is:

"Each of the 13 Law Enforcement Agencies in the County review successful programs and measures utilized by their fellow Law Enforcement Agencies, and consider the feasibility of incorporating these measures in their own jurisdiction".

Respectfully submitted,

A handwritten signature in black ink, appearing to read "R Williams", with a large, sweeping initial "R" that loops back over the first few letters.

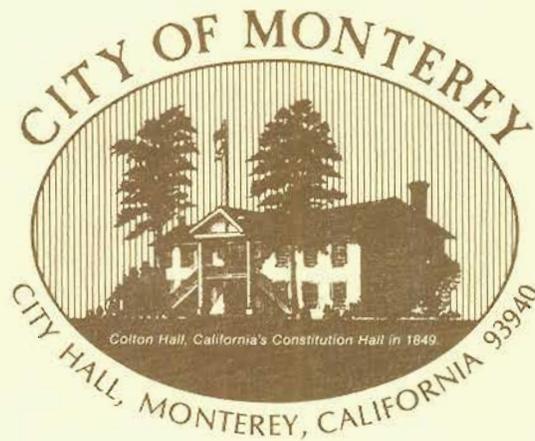
Roger Williams

Director of Public Safety

cc: City Manager

Mayor/City Council

Foreman - Monterey County Civil Grand Jury



October 20, 1997

Mayor:
DAN ALBERT

Councilmembers:
THEREŠA CANEPA
DON EDGREN
CLYDE ROBERSON
RUTH VREELAND

City Manager:
FRED MEURER

Honorable Jonathan R. Price
Presiding Judge
Monterey County Superior Court
P.O. Box 414
Salinas, CA 93902

Subject: Mid-Year Final Report of the 1997 Grand Jury

Dear Judge Price:

This letter is to inform you that we inadvertently sent you two responses to Grand Jury inquiries (dated October 6 and October 7, 1997) prior to their being approved by our City Council. The responses dealt with the roof of the Monterey Sports Center and Fort Ord Reuse Authority Roads and Bridges.

Would you please discard or return those responses to us. Our responses to the Grand Jury inquiries are scheduled to be reviewed by the City Council at their November 3 meeting and will then be forwarded to you by the deadline date.

Please accept our apologies for any inconvenience this may have caused.

Sincerely,

Dan Albert
Mayor

c: City Manager
Vice-Mayor Ruth Vreeland



October 6, 1997

Mayor:
DAN ALBERT

Councilmembers:
THERESA CANEPA
DON EDGREN
CLYDE ROBERSON
RUTH VREELAND

City Manager:
FRED MEURER

Honorable Jonathan R. Price
Presiding Judge
Monterey County Superior Court
P O Box 414
Salinas, CA 93902

Subject: Mid-Year Final Report of the 1997 Monterey County Civil Grand
Jury - Monterey Sports Center Roof

Dear Judge Price:

Per your request, I am providing the City's response to your findings and recommendations as required in Penal Code Section 933(c). I have prepared the City's responses on an enclosure to follow the order as presented in the mid-year final report as specified in the Penal Code Section 933.05(a) and (b). I have indicated the appropriate number before each response to coincide with the definition specified under that code section.

If you have questions or wish to discuss any of these responses, please contact Bill Reichmuth, Public Works Director, at 646-3920. While the impetus for the Grand Jury to involve themselves in this matter is somewhat unclear, I trust that these answers to your findings and recommendations will satisfy the Grand Jury's interest and bring this matter to closure.

Sincerely,

^{for}
Dan Albert
Mayor

c: City Manager
City Attorney
Public Works Director
Project Development/Construction Manager



October 7, 1997

Mayor:
DAN ALBERT

Councilmembers:
THERESA CANEPA
DON EDGREN
CLYDE ROBERSON
RUTH VREELAND

City Manager:
FRED MEURER

Honorable Jonathan R. Price
Presiding Judge
Monterey County Superior Court
P. O. Box 414
Salinas, CA 93902

SUBJECT: Fort Ord Reuse Authority (FORA) Road and Bridges
Inquiry

Dear Judge Price:

In response to the Grand Jury's requirements concerning the above-entitled, we have compiled the following:

Findings:

1. The amount of \$856,551,064 appears to be in error. Table E-7 of the Fort Ord Transportation Study (Study) (Exhibit B of the Grand Jury's inquiry) includes all development impacts both within and outside of Fort Ord (see discussion on "fair share, third paragraph under heading "Proposed Regional Transportation System" on page XIV of the Study). The correct amount is \$116,644,830.
2. Second sentence of this finding states that there is "no known way" to cover "unfunded" costs. The study suggests "development-related financing" as one way for providing financing. In addition, the final EIR for the Base Reuse Plan requires a funding mechanism be put in place.
3. We cannot answer the question regarding our neighboring cities.
4. While this finding is correct, it doesn't tell the full story. Once a City annexes a portion of the former Fort Ord, their own standards will apply. County standards are generally more conservative than our City standards (and therefore, more costly to construct). In addition, we don't know where the Grand Jury found the estimate that 90% of the local Fort Ord roads are not up to County standards.
5. Agree.
6. We cannot answer a question regarding our neighboring cities. The Final Reuse EIR requires that a funding mechanism be put in place.

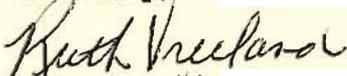
7. The need for this project exists today without the development of Fort Ord. Fort Ord development is only a component of the regional transportation problem.
8. For the City of Monterey, this finding is correct. It should be noted that neither TAMC nor the County currently have a requirement for funding or mechanism in place for regional highways with or without Fort Ord.
9. We believe that the most vital mechanism for cooperation amongst the jurisdictions with regard to transportation issues is TAMC. Therefore, we do not agree with finding number nine.
10. The last sentence states "Exhibit B tells us that the impact on regional highway projects of the reuse of Fort Ord will cost about \$540 million dollars". Examining Exhibit B, \$26,083,860 is attributable to Fort Ord.
11. and 12. These are opinions that we can neither agree nor disagree with.

RECOMMENDATIONS:

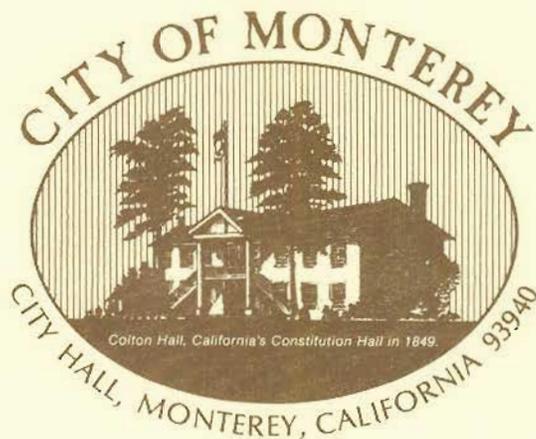
2. and 3. We believe that FORA should be stricken from both of these recommendations. We believe that the transportation issues that are facing our region go beyond just the FORA jurisdictions. TAMC is the appropriate vehicle to find answers to these regional issues that go beyond the boundaries of the "Impact Study Area".

We appreciate the opportunity to provide the Grand Jury with our input on these matters.

Sincerely,


Dan Albert^{FOR}
Mayor

c: City Manager
City Attorney
Community Development Director
Mr. Dennis Potter, FORA
Mr. Jim Feeney, FORA



Mayor:
DAN ALBERT

November 3, 1997

Councilmembers:
THERESA CANEPA
DON EDGREN
CLYDE ROBERSON
RUTH VREELAND

City Manager:
FRED MEURER

Honorable Jonathan R. Price
Presiding Judge
Monterey County Superior Court
P.O. Box 414
Salinas, CA 93902

SUBJECT: Responses to Grand Jury Recommendations pertaining to:

- I. Investment of Public Funds
- II. Purchasing
- III. Roof of the Monterey Sports Center
- IV. Fort Ord Reuse Authority (FORA) Road and Bridges
- V. Prisons in Monterey County
- VI. Violence on School Campuses

Dear Judge Price:

Please find below the responses to the recommendations made in the Mid-Year 1997 Monterey County Civil Grand Jury Report on the above referenced subjects:

I. Investment of Public Funds

The City of Monterey was asked to respond to Findings # 3 through 7 and Recommendations # 1 and 2.

Findings

3. **The institutions and arrangements under which City funds are invested seem to be conservative.**

Response: The City is following its adopted Investment Policy: "Investments are made with judgement and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived."

We believe that our investment policy maximizes return while minimizing risk as conscientious public entities are obligated to do.

4. **96.5% of the funds in the hands of the Cities are invested at 5.00% to 6.63%, the median rate being 5.58%.**

Response: On January 31, 1997, 99.78% of the funds in the hands of the City of Monterey were invested at an average yield of 5.69%.

5. **2.4% of the funds invested at interest by the Cities is earning under 4.5%. If the return on these funds could be increased to 4.5%, the Cities would receive an additional \$54,400 in interest income per year.**

Response: The City of Monterey had no funds in its portfolio, other than a cash deposit in transit, that was not earning at least 5.05%. The City does keep a limited amount of money in a non-interest bearing checking account, as explained below in reply to Finding # 6.

6. **Interest rates being earned by the various Cities vary widely, particularly for checking accounts. Those Cities which are not earning a return on checking accounts may be able to improve the returns on this money by renegotiating arrangements or changing banks. Arrangements by the Cities of Gonzales and Pacific Grove were the most attractive. See Exhibit A, Table 1.**

Response: The City of Monterey's cash management requires many services from our bank. Some of these services are total reconciliation of three large checking accounts, armored transport service from three separate locations every working day, vault services to count bags of meter coin collected by the City, etc. All of these services involve costs that must be paid for by the City. The bank "bills" the City for these costs and the City pays for these services with either "hard" dollars or through credits related to any non-interest bearing cash that may be in the City's checking account. This non interest bearing cash has a value and the value of this idle cash is used to offset some of these bank charges. This is commonly referred to as having a "compensating balance". Having an interest bearing checking account would only add to the amount the City would have to pay out to offset the interest the bank would be paying the City.

In terms of the varying interest rates among the cities, Table I of Exhibit A shows the City earning 5.50% in its Local Agency Investment Account compared to the median return of 5.58%. However, when return is calculated for a 365 day year as done by other cities, the return moves to the median 5.58%. This is because our original calculation was based on 360 days.

7. **As of the end of January 1997, there was a total of \$2,335,886 in the hands of the twelve Cities which was deposited in commercial institutions and was not receiving any interest earnings. While this is only about 1.1% of the funds in the hands of the Cities, if it could be on deposit at a mere 2.00% it would earn an additional \$46,700 per year. See Exhibit A, Table 2.**

Response: Table 2 of Exhibit A indicates that the City of Monterey had a total of \$207,529 in non interest bearing accounts, but this is simply not the case.

\$124,687 of this amount represents the book value of investment equities held in the Scholze Trust Funds and the entire amount is invested. The remaining \$82,841 is shown as being cash held in Wells Fargo Bank. Of this amount, \$78,398 was still in transit and had not even reached the bank yet even though the City's bank account had been credited for the amount. That leaves \$4,443 which was in the non interest bearing checking account, but was in fact part of the City's compensating balance to offset some of the bank costs mentioned in the City's reply to Finding # 6.

Recommendations

1. **Each of the Cities having funds which are not earning any interest invest their funds in interest earning accounts.**

Response: As was explained in the City's response to Finding # 6, the City of Monterey does invest virtually all of its idle cash in a variety of prudent legal instruments. Any cash that may be in the non-interest bearing checking account is used as a "compensating balance" against the regular bank costs which are assessed against the City for the many and varied services the bank provides the City. This compensating balance may be viewed as an indirect form of interest.

2. **Those Cities having funds invested at 1.01% to 4.04% interest review these arrangements and if possible, improve the rates of interest.**

Response: The City of Monterey has virtually all of its idle cash invested and the investment paying the least was one instrument that was paying only 5.05%. Overall, the City's investment portfolio was invested at the average rate of 5.69% at January 31, 1997.

II. Purchasing

The City of Monterey was asked to respond to Findings # 1, 3 and 4 and Recommendations # 1 and 2.

Findings

1. **None of the respondents are using the services of the Monterey County Central Purchasing Department (MCCPD).**

3. **Approximate totals of purchasing done by the respondents are:**

	<u>Supplies</u>	<u>Equipment</u>	<u>Professional Services</u>
School Districts	\$12,481,000	\$5,649,000	\$9,184,000
Cities	\$17,942,000	\$6,048,000	\$3,983,000

The total of Supplies and Equipment is \$42,120,000. If there were consolidation and use of a "professional" purchasing department vs. small individual efforts, substantial savings could accrue to the participants.

Even savings of 1%, on average, would generate a figure more than sufficient to fund two additional positions that MCCPD estimates would be necessary to handle the additional workload.

One example reviewed by the Grand Jury indicated a 3% savings was achieved when MCCPD became involved after the efforts of a local department proved inadequate.

Responses to Findings # 1 and 3: The City of Monterey has a policy of "tagging on" to any existing agency contract where savings can be obtained. Because we have determined that departmental purchasing is more economical than centralized purchasing for us, we may on occasion miss some opportunities to do this. We will investigate using the services of the Monterey County Central Purchasing Department (MCCPD).

4. Our survey also revealed a pattern (by some respondents) of spending in the last month or two of the fiscal year that suggests a "use it or lose it" philosophy. This can lead to poor value and poor judgement in what is ordered and possible conflicts since a normal bidding process is sometimes ignored in the haste to spend funds.

Seven School Districts and two Cities supplied month-by-month data which contained "the appearance" of last minute frenzy spending.

**Major Spending in June (May in two cases)
(June is last month of fiscal year.)**

Percentage to annual total spent by category was:

- Supplies - 16 to 27% in 6 respondents;
- Equipment - 13 to 43% in 7 respondents; and
- Professional Services - 17 to 62% in 8 respondents.

Two flagrant examples noted were:

a. Salinas City Elementary School District spent \$463,948 (27% of total) on supplies in June 96 and \$781 in July. They spent \$144,851 (21%) on equipment in June vs. \$4,866 in July.

b. The City of Seaside spent \$88,065 (28%) on supplies in June 96 vs. \$71 in July. They also spent \$264,656 (25%) for Professional Services in June 96 vs. \$1,993 in July.

Response: Much of the apparent last minute spending can be attributed to the accrual method of accounting used by the City of Monterey. With this method, bills are paid throughout the year as they are received except at the year-end (June 30), when another accounting period is opened to account for purchases for which the bills are not received until after June 30. This "accrual" period is open for 60 days in July and August. When the books are closed, June reflects

the actual fiscal month plus the accrual period. Thus, June reflects bills which come in over 90 days instead of the usual 30 days. Furthermore, some of the bills received in July are paid out of the accrual period, making July expenditures seem lighter than normal. So long as accrual accounting continues to be the accepted method of accounting, this seeming imbalance will continue to appear.

Recommendations

1. **There be an examination of the "last minute" spending and, if necessary, establishment of procedures to change this practice.**

Response: The City of Monterey has reviewed this issue. Looking at Fiscal Years 95-96 and 96-97, shows that much of the apparent last minute spending can be attributed to the accrual method of accounting used by the City of Monterey. With this method, bills are paid throughout the year as they are received except at the year-end (June 30), when another accounting period is opened to account for purchases for which the bills are not received until after June 30. This "accrual" period is open for 60 days in July and August. When the books are closed, June reflects the actual fiscal month plus the accrual period. Thus, June reflects bills which come in over 90 days instead of the usual 30 days.

To add to the potential appearance of imbalance, some of the bills received in July are paid out of the accrual period, making July expenditures seem lighter than normal. So long as accrual accounting continues to be the accepted method of accounting, this seeming imbalance will continue to appear.

The City of Monterey monitors all purchases to be sure that normal bidding (or other purchasing) policies are followed. City staff is also evaluating the potential benefits of a carry over policy, which if adopted by the City Council would allow a portion of unused funds to carry over in a department's budget to the next fiscal year.

2. **School Districts, Cities, and other local government agencies within Monterey County consult with the MCCPD to achieve savings available by central fund purchasing to taxpayers.**

Response: The City of Monterey has a policy of "tagging on" to any existing agency contract where savings can be obtained. Because we have determined that departmental purchasing is more economical than centralized purchasing for us, we may on occasion miss some opportunities to do this. We will investigate using the services of the Monterey County Central Purchasing Department (MCCPD).

III. Roof of the Monterey Sports Center

The City has been asked to respond to Findings # 1 through 6 and Recommendations # 1, 2 and 3.

Findings

1. **Contractual warranties on the Sports Center roof gave assurance of good performance for only a two-year period.**

Response: This finding is not correct. The warranty for the roofing system is for ten (10) years. The workmanship or labor warranty is for two (2) years. Any problem involving the roof system materials within the ten (10) year period is under warranty.

2. **Defects in the roof appeared well within the two (2) year warranty period and were never properly addressed. Leaks in the roof also caused damage to the interior of the Sports Center.**

Response: A series of contacts were made to the contractor and his subcontractors to report problems with the roof and roof vents as detailed in a chronology previously provided to the Grand Jury investigators. It is clear that the contractor did not adequately respond, as contractor remedial work did not solve all the problems. It is also clear that, due to effective response by maintenance crews, the cost of interior damage repair was reduced to small, relatively low cost corrections.

3. **Conventional warranties for properly designed roofs are frequently much longer than two (2) years. Twenty (20) year warranties are not uncommon in the roofing business.**

Response: As clarified in our reply to Finding # 1 above, the roofing system is under a ten (10) year warranty. The contractor and subcontractor have completed the repair to the roof in accordance with their legal obligation in accordance with the City contract and construction documents. It is not the City's policy, nor is it considered good practice, to spend taxpayer dollars to buy long term warranties for a particular roof system beyond the manufacturer's standard. Paying additional money for what is essentially an expensive insurance policy often becomes unenforceable and unrecoverable. A roofing contractor may well be out of business before twenty (20) years has expired. Consequently, the City plans to continue to follow industry guidelines with regard to obtaining and enforcing warranties for projects constructed. The fact that the sports center roof has been repaired at no cost to the City, five years after it was constructed, supports the City's current policy on this matter.

4. **A properly designed roof for commercial buildings frequently has special walking surfaces installed to permit safe access to vents, antennas, chimneys, skylights and other appurtenances requiring maintenance and cleaning. The Sports Center roof design did not provide adequately for maintenance access.**

Response: A maintenance access pathway was provided by the contractor in accordance with contract requirements. Because of the frequency of roof access, the City has improved upon the walk surfaces through subsequent modifications and additions.

5. **The Sports Center maintenance craftworker did not get adequate support from the Project Management team or from the building contractor or his roofing subcontractor in dealing with the continuing deficiencies of the new Sports Center roof.**

Response: The craftworker received extensive support from the project management team. It was the project management team which brought the issue to resolution after several repair attempts by the contractor, initiated by the craftworker, did not resolve the leak problem. It is the City's practice for the maintenance staff to enforce warranties (which was properly attempted by the craftworker), with referral to the project management team if a satisfactory solution cannot be obtained. This also was done.

6. **With attention focused on the problem, the contractor and subcontractor proposed solutions to extend the life of the existing roof, and these plans have been implemented.**

Response: This finding is correct, and it should be noted that the increased "attention" was under way before the Grand Jury got involved.

Recommendations

1. **The Public Works Department of the City of Monterey follow up on the solutions proposed by the building contractor and roofing subcontractor to be sure that all steps needed are taken to extend the life of the Sports Center roof.**

Response: The contractor and subcontractor have completed the proposed fix of the roof in accordance with their legal obligation defined in the City contract and construction documents as previously stated. The warranty for the roof is for ten (10) years.

2. **The Public Works Department of the City of Monterey revise its practices and procedures for contracting and project management to be sure that warranties being offered for materials, workmanship and equipment are negotiated during the purchasing or contracting for facilities to be fully equal to or better than the usual commercial warranties available.**

Response: The City agrees with the recommendation in so far as "making sure" that warranties are obtained per current standards and that they are enforced. The City does not agree with the purchasing of "better" than usual commercial warranties except, perhaps, for very specific instances which do not include roofing systems, for reasons described in the above reply to Finding # 3.

3. **The Public Works Department of the City of Monterey revise its project management procedures to make it clear that one important aspect of a project manager's performance is to follow up on vendors and contractors to make sure their warranty obligations are fulfilled.**

Response: The City has a strong project management warranty enforcement

policy and procedure that may well exceed standards anywhere else in the County. In this instance, the roof was repaired by the effort of the Public Works Department and City Attorney's Office, and this process was already under way before the Grand Jury became involved.

IV. Fort Ord Reuse Authority (FORA) Road and Bridges 97M11

The City has been asked to respond to Findings # 1-12 and Recommendations # 2 and 3:

Findings

1. **TAMC estimates the total costs for all surface transportation improvements that have any "nexus" with the planned development of Fort Ord and that will have to be made from now to the year 2015 is \$856,551,064* (See Exhibit B).**

Response. The amount of \$856,551,064 appears to be in error. Table E-7 of the Fort Ord Transportation Study (Transportation Study), which is Exhibit B of the Grand Jury's report, includes all development impacts both within and outside of Fort Ord (see discussion on "fair share, third paragraph under heading "Proposed Regional Transportation System" on page XIV of the Study). The correct amount is \$116,644,830.

2. **Only \$208,780,000* of the total costs will come from dedicated or "expected" funding. That leaves \$647,771,064* of necessary costs that are "unfunded" having, at this time, no known way to cover them.**

Response. The second sentence of this Finding states that there is "no known way" to cover "unfunded" costs. The Transportation Study suggests "development-related financing" as one way for providing financing. In addition, the final EIR for the Base Reuse Plan requires a funding mechanism be put in place.

3. **Of the \$647,771,064* unfunded costs \$368,529,179* are attributable to the development that will go on in the next 18 years at Fort Ord and the surrounding impacted areas. All FORA jurisdictions (those who own property within Fort Ord and those which do not) agree to the estimates contained in Exhibit B.**

Response. We cannot answer the question regarding our neighboring cities.

* Estimates in 1993 dollars

4. **It was estimated that 90% of the existing Fort Ord local streets and interconnecting roads are not up to County standards.**

Response. While this finding may be correct, it doesn't tell the full story. Once a City annexes a portion of the former Fort Ord, their own standards will apply. County standards are generally more conservative than our City standards (and therefore, more costly to construct). In addition, we don't know where the Grand Jury found the estimate that 90% of the local Fort Ord roads are not up to County

standards.

5. The Army will not upgrade or improve streets or roads prior to conveyance.

Response. We agree with this finding.

6. The cities of Marina, Seaside, Del Rey Oaks, and the County of Monterey have no additional funds to assume the maintenance of local streets being conveyed to their jurisdiction.

Response. We cannot answer a question regarding our neighboring cities. The Final Reuse EIR requires that a funding mechanism be put in place.

7. Some regional projects, though they are expenses the County must assume, are not even being totaled as expenses against the Fort Ord development. For example: the Prunedale Bypass, Highway 156 widening, and the Hatton Canyon project.

Response. The need for these projects exists today without the development of Fort Ord. Fort Ord development is only a component of the regional transportation problem.

8. There are no projects currently scheduled by developers which would pay for local streets and interconnecting roads, much less for regional highways.

Response. For the City of Monterey, this Finding is correct. It should be noted that neither TAMC nor the County currently have a requirement for funding or mechanism in place for regional highways, with or without Fort Ord.

9. When FORA is disbanded the most vital mechanism for cooperation among the jurisdictions will be gone; therefore, time is of the essence for this enormous problem.

Response. We believe that the most vital mechanism for cooperation amongst the jurisdictions with regard to transportation issues is TAMC. Therefore, we do not agree with Finding # 9.

10. Some County managers and political leaders have suggested to the Grand Jury that modest increases in the sales tax and/or regular contributions from the County's general funds might be used to make up this shortfall. A study of Exhibit B plus some simple figures concerning the County's economy make it clear that such ideas are not feasible. Exhibit B tells us that the impact on regional highway projects of the reuse of Fort Ord will cost about \$540 million dollars.

Turning first to the sales tax proposal, the County's recent taxable sales have been \$2,911 million in 1993; \$2,981 million in 1994. In the first half of the 1995, the sales increased about 4% over the similar period in 1994 i.e.; about the same as inflation. A sales tax increase of one-half of one per cent would produce about \$15 million incremental income per year, providing the needed

\$540 million in 36 years. A one per cent increase would provide this sum in 18 years. But to get such an increase, and to be able to reserve 100% of it for County roads and bridges, seems highly unlikely.

Response. The Finding states that "Exhibit B tells us that the impact on regional highway projects of the reuse of Fort Ord will cost about \$540 million dollars". On examining Exhibit B, \$26,083,860 is the amount of the regional highway projects attributable to Fort Ord.

11. Similarly, contributions from the County's general fund seem poorly fitted to this enormous task. To provide the incremental \$540 million by the year 2015 -- the target year for the TAMC forecasts -- would require about half of the discretionary money available to the County each year or some \$30 million a year for 18 years.

Response. These are opinions that we can neither agree nor disagree with.

12. Either of the above proposals indicates that raising this large sum of money from traditional sources is unlikely and, if it could be raised, it would only meet the regional roads and bridge needs consequent to the planned development of Fort Ord. The Grand Jury conclusion is that no one in Monterey County has any realistic ideas about where these large amounts of money will come from.

Response. These are opinions that we can neither agree nor disagree with.

Recommendations

2. All affected FORA jurisdictions (the eight cities and the County) agree on a regional Transportation Plan such as the 2015 Fort Ord Regional Transportation Study and agree on the allocation of the costs of Regional Highway Projects.
3. All affected FORA jurisdictions agree to an equitable allocation to Public Benefit Grantees of the costs of local, interconnecting and regional roads.

Response to #2 and 3. We believe that FORA should be stricken from both of these recommendations. We believe that the transportation issues that are facing our region go beyond just the FORA jurisdictions. TAMC is the appropriate vehicle to find answers to these regional issues that go beyond the boundaries of the "Impact Study Area".

V. Prisons in Monterey County

The City has been asked to respond to Findings # 3, 5, 7 and 9; and Recommendations #1, 2, and 7.

Findings

3. **The standard condition of overcrowding which is accepted as a simple fact of life at each prison is a major element in the rigor of daily life in the prisons. Unfortunately, the predictions of growth of the populations in the prisons of California and of the nation are almost always too low. In the California Corrections System in 1997, there are 147,000 prisoners, 9,961 more than one year ago. The existence of a rigorous prison life does not seem to have been a deterrent to the commitment of crimes.**

Response. While we would agree that overcrowding in our prison system is a problem, it is not one shared with our city jail. If we get to a situation where we cannot properly house a prisoner, arrangements are made to transfer that person to the county jail. Our facility is designed to handle "pre-arraigned" persons. The vast majority of our prisoners are either cited out or post bail. The few that remain seldom are here longer than 24 hrs. prior to being turned over to the sheriff's office.

5. **One source of increased prison population seems to be the mentally ill. In both State facilities the Grand Jury visited, the medical staff was firmly of the opinion that the reduced ability of the State mental hospitals to deal with the mentally ill had caused many of these people to drop into the prison system. For example, at SVSP there were 160 men who were so seriously ill mentally that they were maintained in locked quarters under the supervision of a Conservator. In addition, there were 500 inmates under Continuing Correctional Care Management (CCCM) who suffer from major mental illnesses which can be kept in remission by medication.**

Response. We would agree with the Grand Jury's finding that many mentally ill people end up being housed in state prisons, yet, this too is not a problem associated with our city jail. We do not have the facilities to house mentally ill persons. In the event such a person is arrested and cannot be cited out, we would transport the person to the county hospital's mental health section where they would be evaluated. If deemed a danger to themselves or others, the person would be kept in the hospital's lock-up within the mental health section.

7. **The Grand Jury agreed that the greatest evil of the prison life as they observed it, was that most prisoners had quite literally nothing to do for most of their waking hours. Those institutions which provided the most work seemed to be the least "up tight." But even in the best of the three, only about 15% of the inmates are actually busy for several hours each day.**

Response. A typical stay in the city jail involves just a few hours, often during the night and the prisoner often sleeps. However, we have reading material available for them to read if desired.

9. **Response to an emergency arising in a cell in the Marina Police Department jail could take too long. Surveillance of female prisoners in the Monterey City Jail is frequently by male officers.**

Response. Both current law and case decisions support the use of opposite sex

custodial officers. The surveillance mentioned is by monitors which are physically removed from the jail proper. This monitoring is an additional safety precaution to ensure everything is all right. The physical (in person) welfare check of a prisoner is done hourly and is by the same sex, though the law permits either sex to do this task.

Recommendations

1. **Every effort should be expended by the prison managements and every assistance offered by surrounding communities to bring work and educational opportunities into the prisons.**

Response. Though this recommendation does not apply to our city jail, in general terms it is a worthy goal.

2. **Considering the total cost of the California Department of Corrections is \$3.6 billion per year, assemble a competent team of sociologists, psychologists and other qualified professionals fully engaged in research as to the causes and possible social remedies for escalating prison populations.**

Response. We believe this is already being done on several fronts.

7. **Monterey Police Department revise duty assignments so that female officers be used for surveillance of female prisoners.**

Response. As mentioned in our comments in "Finding #9", the "in person" checks are made by same sex custodial officers. Limiting t.v. monitoring to same sex only is not practical and would, in our case, at given times reduce by 66% the safety checks of the people we are responsible for. This would not be acceptable. The courts have stated often that the custodial officer's safety is more important than the prisoner's privacy. Without compromising officer safety, we have installed what can best be described as "modesty screens" which allow the person to use the toilet without being monitored by the camera but do not place our officers in jeopardy by not being able to properly monitor the person.

While we would agree that overcrowding in our prison system is a problem, it is not one shared with our city jail. If we get to a situation where we cannot properly house a prisoner, arrangements are made to transfer that person to the county jail. Our facility is designed to handle "pre-arraigned" persons. The vast majority of our prisoners are either cited out or post bail. The few that remain seldom are here longer than 24 hrs. prior to being turned over to the sheriff's office.

VI. Violence on School Campuses

The City of Monterey was asked to respond to Findings # 1 through 6 and Recommendations # 2 and 3.

Findings

1. **In general, schools within Monterey County are conscientiously addressing**

the problem of school violence. However, the problem still exists, and continuing attention to it is required.

Response: An officer of the Monterey Police Department was a sitting member of the Safe Schools Task Force for the Monterey Peninsula Unified School District. The group also included parents, teachers, school administrators, social services representatives, public officials, and individuals from the public at large, among others. Many of this group's recommendations have been initiated and much of the success to date is due to their efforts. We agree that continuing attention is required.

- 2. There is a good degree of cooperation between school officials and law enforcement officials in addressing the problem. Again, continuing attention to this aspect of the problem is necessary.**

Response: We enjoy an outstanding relationship with our schools and shall continue to work together towards common goals.

- 3. Parental involvement must be an integral part of every school's program to address school violence. Some Districts require each student and his/her parents to enter into a written contract which spells out what is expected of the school, the student, and the parents. The jury was particularly impressed by the contract being used by the Salinas Union High School District.**

Response: We wholeheartedly concur with this finding.

- 4. Law Enforcement Agencies have been pro-active in establishing a positive relationship with students and school authorities. A few examples of their involvement are the D.A.R.E. program, Healthy Start Program, School Resource Officers on campuses, Police Explorer Program, Citizen Academy and Police Activity League.**

Response: We have actively pursued the D.A.R.E. Program and continue to do so. To date, the School District has been using Here's Looking At You 2000. We now have two School Resource Officers, one at the Middle School/ High School level and the other at the Elementary School level. The School District shares the costs of one of the SRO's. Our Police Explorer Program is up and running. Too, we have had a Citizen Academy for several years. In addition to the above, for almost thirty years the Monterey Police Department has co-sponsored and/or supported a class in Police Science offered to Monterey High School Students through the auspices of Monterey Peninsula College. This program is taught by an off-duty member of the department.

- 5. The ten Law Enforcement Agencies either have or plan to have a School Resource Officer assigned to the schools. Resource Officers already on campuses have been training school authorities in the areas of recognizing gang affiliations of students and recognizing different drugs used by students.**

Response: The City of Monterey now has two School Resource Officers, as

described in our reply to Finding # 4.

6. As shown in Exhibit A, individual School Districts are using various methods to address the issue of school violence. It is unlikely that there is a single recipe that will be most effective for every School District. It is the responsibility of each District Board to determine what combination of methods will be most effective for its schools.

Response: We concur with this finding.

Recommendations

2. A full-time School Resource Officer position be created before the end of 1997 in each of the ten Law Enforcement Agencies to deal with school violence and related problems.

Response: We now have two School Resource Officers, one at the Middle School/ High School level and the other at the Elementary School level. The School District shares the costs of one of the SRO's.

3. Each of the 13 Law Enforcement Agencies in the County review successful programs and measures utilized by their fellow Law Enforcement Agencies, and consider the feasibility of incorporating these measures in their own jurisdiction.

Response: We are open to new and innovative ideas as evidenced by our existing involvement and we are willing to share with others our successes. As an example, the Monterey Police Department will be implementing a Youth Diversion Program in early 1998.

We appreciate the opportunity to provide input to the Grand Jury on these matters.

Sincerely,



Dan Albert
Mayor

c: City Council
City Manager
Public Works Director
Police Chief
Finance Director

CITY COUNCIL

SANDRA L. (SANDY) KOFFMAN
MAYOR

ROBERT E. (BOB) DAVIS
STEVE HONEGGER
ROBERT HUITT
JAMES W. (JIM) COSTELLO
MORRIS G. FISHER
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ADMIN. SERVICES DIRECTOR
CITY CLERK AND TREASURER
GEORGE C. THACHER
CITY ATTORNEY

October 29, 1997

*11/3
See individual
reports for
distribution*

Honorable Jonathon R. Price
Presiding Judge
Monterey County Superior Court
P.O. Box 414
Salinas, California 93902

Dear Judge Price:

The City of Pacific Grove is pleased to transmit this response to issues raised in the Monterey County Grand Jury Mid-Year Report. Specifically, the attached information relates to the following:

-Financial Management

- a) Investment of Public Funds
- b) Purchasing

-Fort Ord Reuse Agency

- a) Fort Ord Reuse Authority (FORA) Roads and Bridges

-Law Enforcement

- a) Prisons in Monterey County

A response addressing Violence on School Campuses was submitted under separate cover by Pacific Grove Police Chief Jon Reither.

The City of Pacific Grove appreciates the diligent work of the Monterey County Grand Jury and the chance to respond to concerns and issues raised through that effort.

Sincerely,

Sandra L. Koffman
Sandra L. Koffman
Mayor

Attachments

cc: City Council
Supervisor Dave Potter
City Attorney

RESPONSE TO MONTEREY COUNTY GRAND JURY MID-YEAR FINAL REPORT

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Pete

Investment of Public Funds

Prepared by
Pete Woodruff, Administrative Services Director

Data Issues

In the investment area, I am not convinced that the data used for their analysis can be relied upon. I am attaching a copy of the letter they sent to me and a copy of my response so that you can see the problems with their approach. These problems are apparent to me in the review of the data contained in the report as EXHIBIT A. In Table A of that report, Pacific Grove is shown as receiving interest on checking of 5.07%, for which we were given credit in the report as being among the most attractive investors. This rate is actually a credit we receive from the bank for compensating balances, which is used to defray the bank service charges on our account. It is not strictly interest earnings per se, but serves to offset the charges we incur for account maintenance services, as well as bank charges for activities such as wire transfers, stop payments, and returned items. My guess is that all respondents have such an arrangement, but due to the nature of the survey form, some may not have considered the rate to be "interest earned" and so failed to report it. This is also a simplistic view of the banking relationship, since it would be possible to negotiate a different arrangement with the bank, such as one where no interest is credited but service charges are waived or assessed at a special rate. Larger cities, like Monterey and Salinas, have more complicated banking arrangements than we do, with multiple accounts and much higher cash flow, so reducing their activity to one line, as is done in Table 1 is probably more misleading than helpful. Another problem with the data shown for Pacific Grove in Table 1 is that the City LAIF account information is missing, which leads me to think that perhaps they did not understand the Treasurer's Reports that I sent to them.

Comments on Findings

Finding #3 is that City investments are conservative. This is an accurate observation. In fact, a basic tenet of investment of public funds is that it must be done conservatively. I don't really think that a majority of taxpayers would want it any other way and legal restrictions on investments virtually guarantee that this will be true.

Finding #4 is that the median rate of investment for City funds is 5.58%. Please see my comments above about the data used to develop this finding. The rate in the finding is consistent with the rates that Pacific Grove receives. In fact, it is the precise rate of return for LAIF in March (see my Treasurer's Report of March 31, 1997 included in the response to the Grand

Finding #5 is that there is money invested at below market rates of return, a finding that is repeated in Finding #7. What is ignored in their analysis is the fact that there are other factors besides earnings involved in the investment of public funds. First, many funds have restrictions on their use or investment that limit the ability to seek higher returns. Second, the analysis does not take account of cash flow requirements that may limit the ability to invest in non-liquid investments. Finally, there may be special circumstances involved in the funds reported. Pacific Grove is a good example of this. The \$20,000 noted in Table 2 for the City is money that the City is required to have on deposit for use by Keenan & Associates to pay our self-insured worker's compensation claims. Having such an account allows the City to enjoy low cost insurance coverage, which outweighs the concerns about getting a rate of return on the relatively small amount on deposit. Since the survey form did not include any questions concerning special circumstances around investment of funds, the inference that cities are ignoring investment opportunities is suspect and, at a minimum, the data quoted in the findings is misleading.

Finding #6 is the observation about checking account earnings. My comments above in the "Data Issues" section is pertinent. Their reduction of the total banking relationship to simply a matter of rate of return on the checking account is much too simplistic to be taken seriously. However, the point that cities should periodically examine their banking relationships to insure that the relationship between service charges and credits for deposits is competitive based on the market is a valid one. To this end, it is my intention to issue an RFP for banking services this year to try to maximize credits for deposits and minimize bank service charges.

Recommendations

Recommendations 1 and 2 are statements that cities should seek to improve the rates of interest earned on investments. This is a perpetual goal for me as Treasurer, and one that I take seriously. The real key to improving investment performance is not mentioned in the report, which is effective cash management. Cash management involves the maximization of putting cash not needed for current spending into active investments. It is not just the rate of return that can be achieved that makes a difference but it is also the amount you have to invest. This requires the ability to accurately forecast cash flow needs and, to the extent possible, manage the process of receiving and disbursing funds in such a way that the amount available for longer term investment is maximized. There has been considerable improvement in the City's cash management during the time I have been here and I am always looking for ways to improve it. Also, our rates of return on investments have improved as the portfolio has been diversified from simply deposits in LAIF to include investments in government securities. Even with the limited range of investment alternatives allowed by Government Code and our own investment policy, there are always opportunities to obtain slightly higher rates of return. The Grand Jury Report is silent on the issue of securities purchasing and trading, which is an area that probably provides greater opportunities for increasing investment yields than their focus on the banking institution relationship. Probably the City response should be, as articulated in the Investment Policy, that we will "attempt to obtain the highest yield on its investments consistent with the criteria established for safety and liquidity".

RESPONSE TO MONTEREY COUNTY GRAND JURY MID-YEAR FINAL REPORT

Purchasing

Prepared by
Pete Woodruff, Administrative Services Director

Handwritten note: *Handwritten initials and date: 1/13, cc: [unclear], [unclear], [unclear]*

Data Issues

The survey tool used by the Grand Jury had many of the same defects as the one used for the investment issue. The information requested was for a single year, and requested a breakdown by month of spending in three very broad and general categories. There was no consideration given to any special circumstances that may have existed for the study period, so it is not clear that the data they examined represented a typical year for each of the respondents. As we know, the spending profile for the City with respect to non-personnel items tends to vary considerably from year to year, so I am not sure that the data gathered gives an accurate picture of typical spending. Also not factored in to the analysis is the fact that many expenditures are seasonal in nature, such as spending for recreation programs, which are concentrated in the summer months, and street repairs, which occur during the good weather months. Another problem with the data gathered is that only dollar values were included, so that there is no real way to separate those purchases that would not be eligible for inclusion in a centralized system. Some examples of this are payments to vendors of goods and services that are special and not subject to bid, such as maintenance contracts, legal consultants, and special fire equipment. The Grand Jury's failure to even recognize that these important considerations should be acknowledged in performing purchasing analysis leaves some question as to the validity of the results.

Findings

Finding #1 is that cities don't use the county purchasing department. In our case, we don't even have a centralized purchasing department within the City. This is typical of all the smaller cities in the survey. To my knowledge, there has never been an indication that the City would benefit from the centralization of purchasing, which is done on an individual departmental basis. While there are possible savings to be realized from such an approach, there are also expenses involved in the provision of staffing and facilities to accommodate the function, whether it would be located in the City or at the County level. If purchasing were done by the County, there are some additional costs and complications in processing invoices and delivery of purchases that would need to be carefully studied.

Finding #3 contains data on spending and uses it to project hypothetical savings from centralizing purchasing with the County, comparing it to the costs of adding staff at the County. As with the investment findings, this is too simplistic and is based on very shaky data. In addition to the costs of County staff there would be costs to cities to implement coordination with the County in the areas of order and delivery of goods and processing of invoices. As, even with implementation of a centralized system with the County, there would still be the need in each city for internal purchasing processing, it is not clear to me that there would be any savings in city staff time devoted to the function. My experience with our own purchasing system is that

many purchases are made on very short time frames, in order to take advantage of discount programs or due to unexpected need for replacement to allow normal services to continue, and it is doubtful that such time sensitive purchases would be accommodated by working with the County. As noted in the concerns about the data, above, it is not really clear how much of the total spending noted in the survey is eligible or practical to be done on a centralized basis with the County.

Finding #4 is that some respondents showed a larger amount of spending in the last months of the fiscal year. Although Pacific Grove did not supply monthly data to the Grand Jury, the pattern noted is typical of our experience, also. But some of the reason for this pattern is not because of the “use it or lose it” philosophy assumed in the Grand Jury report. Three examples of other reasons are: 1) seasonality of programs, as for example, the recreation department, which concentrates spending in particular months because that is when the program is operational; 2) favorable weather conditions, which allow for outdoor construction activity to occur that is not advisable in other months of the year; and 3) concern by department heads to wait until the last months of the year to make discretionary purchases so that they know that unexpected costs will not lead to overspending (sort of a reversal of the “use it or lose it” mentality). Finally, the general observation noted above that special circumstances may have existed during the survey period to skew results is also applicable to this finding. For example, one of the “flagrant examples” noted in the report was the spending for supplies in June by a school district. This could be attributable to an extraordinary one-time purchase of new text books or special supplies or could be a seasonal purchase made in June to prepare for the coming school year. The disparity of their spending in June to July makes more sense when you consider that July is a month that the schools are not in session, a fact apparently ignored by the Grand Jury.

Recommendations

Recommendation #1 is to adopt procedures to discourage spending late in the year. As noted above in the discussion of finding #4, their study data and approach really do not provide enough solid evidence to support their finding. However, even assuming that the practice exists, the adoption of procedures to change this practice is problematical. The issue really seems to me to be better addressed in the budgeting process - if the amount of public resources devoted to a particular function is appropriate, what difference does it make if the spending occurs later in the year than in the early part of the year? In a small city like Pacific Grove, where spending on large items is highly visible, the potential problems noted in their finding are not so applicable as to the larger entities, like the County, where purchasing decisions are not as public. I believe our budgeting and purchasing policies are adequate to prevent the problems they are concerned about (poor value, poor judgment, abnormal bid process) from occurring. So I don't believe there is value to adopting special policies about end of the year purchases for Pacific Grove.

Recommendation #2 is for cities to consult with the County on using centralized purchasing services. There is really no persuasive arguments presented in the report that the City of Pacific Grove would benefit from the use of County purchasing services or procedures. The amount of our purchases of items that could utilize their services is very small and I don't see any evidence that our internal procedures are inadequate. So I don't see the value in developing relationships with County purchasing for Pacific Grove.

CITY COUNCIL

SANDRA L. (SANDY) KOFFMAN
MAYOR

ROBERT E. (BOB) DAVIS
STEVE HONEGGER
ROBERT HUITT
JAMES W. (JIM) COSTELLO
MORRIS G. FISHER
CHRISTIE MARTINE



MICHAEL W. HUSE
CITY MANAGER
PETER WOODRUFF
ADMIN. SERVICES DIRECTOR
CITY CLERK AND TREASURER
GEORGE C. THACHER
CITY ATTORNEY

CITY OF PACIFIC GROVE

300 FOREST AVENUE
PACIFIC GROVE, CALIFORNIA 93950
TELEPHONE (408) 648-3100
FAX (408) 375-9863

April 7, 1997

James R. Cooney, Chair
Audit/Finance Committee
1997 Monterey County Civil Grand Jury

Re: Information on City Cash and Securities

Dear Mr. Cooney:

In response to your request for information, dated April 1, please find enclosed copies of two reports. As required by the Government Code and as prescribed by the City Investment Policy, reports on the City Treasury are provided to the City Council on a quarterly basis. As the date you requested falls in between the dates of the City quarters, I provided reports for the month preceding January 31 and for the month succeeding January 31 by two months. I hope the information is adequate for your investigation. If you need to have the information for January 31, I will need to put together a special report for you, which I will do if asked.

Please let me know if you or your committee has any questions concerning the reports.

Sincerely,

Peter W. Woodruff
Administrative Services Director

Enclosure: Treasurer's reports for December 31, 1996, and March 31, 1997

cc: City Manager Michael W. Huse

CITY OF PACIFIC GROVE
Quarterly Treasurer's Report

Cash and Investments at December 31, 1996

<i>Category Description</i>	<i>\$ Amount</i>	<i>% of Total</i>	<i>Market Value</i>	<i>% Yield</i>
I. Cash and Bank Accounts				
Petty Cash (City)	\$ 1,300	.02 %	\$ 1,300	N/A
Checking Account (Home Savings Bank)	\$ 382,185	5.18%	\$ 382,185	5.07%
Worker's Comp Acct (Deposit at Union Bank)	\$ 20,000	.27%	\$ 20,000	N/A
Subtotal	\$ 403,485	5.47%	\$ 403,485	
II. Investments				
A. City Investments				
L.A.I.F. (State of California Pool)	\$ 6,010,000	82.45%	\$ 6,010,000	5.60%
U.S. Treasury Note (5.5% due 9/30/97, held by First Interstate Bank/ Wells Fargo Bank)	\$ 100,000	1.36%	\$ 99,782	5.50%
FHLB Note (6.635% due 10/18/99, held by Gilford Securities)	\$ 100,000	1.36%	\$ 100,094	6.63%
FHLB Note (6.055% due 12/28/98, held by Gilford Securities)	\$ 100,000	1.36%	\$ 99,844	6.06%
FHLB Note (6.39% due 3/26/99, held by Gilford Securities)	\$ 100,000	1.36%	\$ 100,063	6.39%
FHLB Note (6.45% due 11/19/99, held by Gilford Securities)	\$ 100,000	1.36%	\$ 100,219	6.44%
U.S. Treasury Note (5.5% due 9/30/97, held by Gilford Securities)	\$ 100,000	1.36%	\$ 100,094	5.49%
U.S. Treasury Note (6.0% due 12/31/97, held by Gilford Securities)	\$ 100,000	1.36%	\$ 100,594	5.96%
U.S. Treasury Note (5.875% due 4/30/98, held by Gilford Securities)	\$ 200,000	2.71%	\$ 200,938	5.85%
U.S. Treasury Bond (3.5% due 11/15/98, held by City)	\$ 10,000	.14%	\$ 8,949	3.50%
Subtotal	\$6,920,000	93.78%	\$ 6,920,577	
B. Trust Investments (Expendable portion only)				
Money Market Fund (Strong Trust Income, held by Wells Fargo Bank)	\$ 5,261	.07%	\$ 5,261	4.63%
U. S. Treasury Note (6.5% due 5/15/97, Strong Trust Income, held by Wells Fargo Bank)	\$ 25,000	.34%	\$ 25,141	6.46%
U. S. Treasury Note (5.6% due 8/31/97, Strong Trust Income, held by Wells Fargo Bank)	\$ 25,000	.34%	\$ 24,961	5.63%
Subtotal	\$ 55,261	.75%	\$ 62,055	

Grand Total Cash and Investments	\$ 7,378,746
---	---------------------

The available cash and expected cash receipts over the next six months will meet the City's expenditure requirements for the next six months. No liquidation of investments prior to their scheduled maturity date is needed to meet this requirement. All investments conform to parameters set forth in the adopted investment policy.

CITY OF PACIFIC GROVE
Quarterly Treasurer's Report

Cash and Investments at March 31, 1997

<i>Category/ Description</i>	<i>\$ Amount</i>	<i>% of Total</i>	<i>Market Value</i>	<i>% Yield</i>
I. Cash and Bank Accounts				
Petty Cash (City)	\$ 1,300	.02 %	\$ 1,300	N/A
Checking Account (Home Savings Bank)	\$ 222,847	3.25%	\$ 222,847	5.04%
Worker's Comp Acct (Deposit at Union Bank)	\$ 20,000	.29%	\$ 20,000	N/A
Subtotal	\$ 244,147	3.56%	\$ 244,147	
II. Investments				
A. City Investments				
L.A.I.F. (State of California Pool)	\$ 5,550,000	80.83%	\$ 5,550,000	5.58%
U.S. Treasury Note (5.5% due 9/30/97, held by First Interstate Bank/ Wells Fargo Bank)	\$ 100,000	1.46%	\$ 99,875	5.50%
FHLB Note (6.635% due 10/18/99, held by Gilford Securities)	\$ 100,000	1.46%	\$ 100,094	6.63%
FHLB Note (6.055% due 12/28/98, held by Gilford Securities)	\$ 100,000	1.46%	\$ 99,844	6.06%
FHLB Note (6.39% due 3/26/99, held by Gilford Securities)	\$ 100,000	1.46%	\$ 100,063	6.39%
FHLB Note (6.45% due 11/19/99, held by Gilford Securities)	\$ 100,000	1.46%	\$ 100,219	6.44%
FHLB Note (6.345% due 09/17/99, held by Gilford Securities)	\$ 100,000	1.46%	\$ 100,000	6.35%
U.S. Treasury Note (5.5% due 9/30/97, held by Gilford Securities)	\$ 100,000	1.46%	\$ 100,094	5.49%
U.S. Treasury Note (6.0% due 12/31/97, held by Gilford Securities)	\$ 100,000	1.46%	\$ 100,594	5.96%
U.S. Treasury Note (5.875% due 4/30/98, held by Gilford Securities)	\$ 200,000	2.92%	\$ 200,938	5.85%
U.S. Treasury Bond (3.5% due 11/15/98, held by City)	\$ 10,000	.15%	\$ 8,949	3.50%
Subtotal	\$6,560,000	95.54%	\$ 6,559,664	
B. Trust Investments (Expendable portion only)				
Money Market Fund (Strong Trust Income, held by Wells Fargo Bank)	\$ 11,875	.17%	\$ 11,875	4.64%
U. S. Treasury Note (6.5% due 5/15/97, Strong Trust Income, held by Wells Fargo Bank)	\$ 25,000	.36%	\$ 25,227	6.48%
U. S. Treasury Note (5.6% due 8/31/97, Strong Trust Income, held by Wells Fargo Bank)	\$ 25,000	.36%	\$ 24,953	5.63%
Subtotal	\$ 61,875	.90%	\$ 62,055	
Grand Total Cash and Investments \$ 6,866,022				

The available cash and expected cash receipts over the next six months will meet the City's expenditure requirements for the next six months. No liquidation of investments prior to their scheduled maturity date is needed to meet this requirement. All investments conform to parameters set forth in the adopted investment policy.

Grand Jury



P.O. Box 1819
Salinas, CA 93902
(408) 755-5020

April 1, 1997

Mr. Peter Woodruff
Treasurer, City of Pacific Grove
Pacific Grove City Hall
300 Forest Avenue
Pacific Grove, CA 93950

Dear Mr. Woodruff:

Please identify the following information as of 1-31-97:

CASH - All Funds

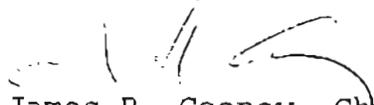
<u>Held In Institutions (list)</u>	<u>Balance</u>	<u>Interest Earning Account</u>	<u>% Interest Earned</u>
------------------------------------	----------------	---	----------------------------------

SECURITIES - (list)

Identify as to maturity date, amount, cost & FMW.

Please provide by April 15, 1997. Thank you.

Sincerely,


James R. Cooney, Chair
Audit/Finance Committee
1997 Monterey County Civil Grand Jury

JRC:elw

Pacific Grove

**RESPONSE TO MONTEREY COUNTY GRAND JURY
MID-YEAR FINAL REPORT**

**FORT ORD REUSE AUTHORITY (FORA)
ROADS AND BRIDGES**

*11/3
cc Bob
Guy
Rogers*

In response to the Grand Jury's requirements concerning the above entitled, the City of Pacific Grove offers the following:

Findings:

1. The amount of \$856,551,064 appears to be in error. It is our interpretation of the Fort Ord Transportation Study that the latter figure includes all development impacts both within and outside Fort Ord. The actual amount is \$116,644,830.
2. The final EIR for the Base Reuse Plan requires that a funding vehicle be put in place and that all identified impacts of the Plan must be mitigated. In addition, the Transportation Study suggests that "development-related financing" is one method of funding transportation improvements.
3. The City of Pacific Grove cannot presume to respond for other jurisdictions within FORA. However, the figure of \$368,529,179 attributed to unfunded transportation costs due to development on the former Fort Ord is not accurate. The true amount is \$116,644,830.
4. It is true that a large portion of streets and roads at the former Fort Ord do not meet local jurisdiction standards. However, the City of Pacific Grove cannot agree that as much as 90% of the circulation infrastructure is deficient since it is unaware of the source of that figure.
5. The City of Pacific Grove agrees that the Army typically does not upgrade streets or roads prior to conveyance.
6. The City of Pacific Grove cannot answer a question regarding the fiscal resources available to cities with land use jurisdiction at the former Fort Ord.
7. The need for these projects is evident today without the development of Fort Ord. The adopted EIR stipulates that all transportation impacts attributable to the development of the fort must be mitigated.
8. This finding is correct. However, once projects commence the funding of infrastructure, including local streets and roads, will be addressed.

9. Although the FORA organizational mechanism has a definable life, there are other regional bodies in place to ensure that cooperation among local jurisdictions will continue. These include TAMC and AMBAG.

10. The City of Pacific Grove does not agree with the cost estimates reflected in Finding No. 10. A review of Exhibit B shows a total cost of \$26,083,860 for impacts of Fort Ord development on the regional highway projects.

11. This is an assumption that the City of Pacific Grove neither agrees nor disagrees with. However, funding for major improvements like those addressed in the Grand Jury report is usually found from many divergent sources rather than a single source one.

12. The City of Pacific Grove neither agrees nor disagrees with this finding.

Recommendations:

2. Regional transportation issues must be addressed in a forum that extends beyond FORA and its member jurisdictions. For example, the latter are all represented on the TAMC Board of Directors.

3. The responsibility of organizations that are recipients of Public Benefit Conveyances is under review by FORA. This effort could result in a sharing of costs among these organizations.

**RESPONSE TO MONTEREY COUNTY GRAND JURY
MID-YEAR FINAL REPORT**

*11/3
cc Al
Sunny
Ryer*

PRISONS IN MONTEREY COUNTY

The City of Pacific Grove is pleased to respond regarding this subject, although I and staff members have some question about the recommendations and findings as they relate to city activities. While we take your request for comments to be directed at facilities over which we exercise some control, we recognize that you may also be asking for observations on matters over which we do not. I will begin with a description of city's jail facilities, which will provide partial responses to the numbered findings and recommendation listed under Pacific Grove on page 84 of your report. Following you will read supplementary comments.

Maintained in city's police department are two jail cells with bars and one holding cell for juveniles (ages 14-17) and females. Each cell has a toilet, sink and above floor cot with mattress and blanket. *City is not allowed to hold anyone in these cells for more than 24 hours, although in rare cases with state approval (security reasons, etc.) stays may be longer.* The average stay is six hours. All records and supervisory staff have taken the mandatory state jail training. Reading material is provided for those held in the cells. Supervision is by video and periodic checks, staff being only steps away from the cells. City allows, of course, the required phone calls and has customarily allowed more on request. Visits are limited to lawyers in interview rooms, although other visits are allowed under special circumstances. Meals are provided at meal times.

Finding No. 3: City agrees with this finding. However, city has not experienced this problem in its jail facilities. While city police do arrest individuals who eventually find their way into crowded permanent incarceration, city control over their destination as prisoners ends when they leave our police station.

Finding No. 5: City agrees with this finding. City law enforcement personnel are trained to recognize the mentally ill and to deal with their immediate problems and needs. But, again, where the mentally ill are ultimately housed is not something city controls.

Finding No. 7: City agrees with this finding. However, for the very short period prisoners spend in our cells, we believe our providing reading material on request is all that can be reasonably expected.

Recommendation No. 1: For a number of years city welcomed work crews from the state prison system, in the main from Soledad. The crews did splendid clean-up work, painting, tree pruning and other jobs around the city. We would consider using them again given availability of appropriate work.

Recommendation No. 2: To the extent city could be convinced that the assembled professionals would assist city in accomplishing its mission to provide public services, city would be willing to participate on a non-financial basis. We recognize that the success of “social remedies” could well better the quality of life in Pacific Grove by reducing crime.

To Roger 8-26-97 See notes. G

CITY COUNCIL
SANDRA L. (SANDY) KOFFMAN
MAYOR
ROBERT E. (BOB) DAVIS
STEVE HONEGGER
ROBERT HUJT
JAMES W. (JIM) COSTELLO
MORRIS G. FISHER
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MICHAEL W. HUSE
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CITY ATTORNEY

CITY OF PACIFIC GROVE

300 FOREST AVENUE
PACIFIC GROVE, CALIFORNIA 93950
TELEPHONE (408) 648-3100
FAX (408) 657-9361

August 13, 1997

*Copies to: Al Baggio
Morton Coleman*

*We do not
propose any
reply to this
letter unless the
Committees
want to return
comments.*

Roger 8/29

Honorable Jonathan R. Price
Presiding Judge
Monterey County Superior Court
P.O. Box 1819
Salinas, California 93902

Dear Judge Price:

I am pleased to present the attached response to that portion of the Grand Jury Mid-Year 1997 Final Report addressing **Violence on School Campuses**. The response was prepared by Pacific Grove Police Chief Jon Reither. Responses to other issues raised in the Grand Jury Report involving the City of Pacific Grove will be forthcoming within the time period prescribed by law.

Thank you and please contact either Chief Reither or myself if you have any questions or need additional information.

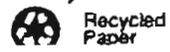
Sincerely,

Sandra L. Koffman
Mayor

Attachment

cc: City Council
City Attorney
Chief of Police

from Mayor
8-26-97. Responses received from P.D. Finding # 6 was oversight and noted P.G. Permitt
Complete response as to findings - some philosophy conflict re: "invention of wheels" by
law Enforcement and concerning Recomm # 3.



OFFICE OF CHIEF OF POLICE
JON M. REITHER



(408) 648-3143
FAX (408) 373-4080

PACIFIC GROVE POLICE DEPARTMENT

580 PINE AVENUE
PACIFIC GROVE, CALIFORNIA 93950

August 12, 1997

Mayor Sandra Koffman
City Hall
300 Forest Ave.
Pacific Grove, CA

RE: RESPONSE TO GRAND JURY MID-YEAR 1997 FINAL REPORT

Dear Mayor Koffman,

Following are my required responses to the mid-year findings and recommendations of the 1997 Monterey County Civil Grand Jury (Report attached). If you are in agreement with my response, please forward it to:

Honorable Jonathan R. Price
Presiding Judge
Monterey County Superior Court
P.O. Box 1819
Salinas CA 93902

FINDINGS:

1. I agree.
2. I agree.
3. I agree. Four of our D.A.R.E. Officers just completed D.A.R.E. Parenting training, and we are in the process of obtaining a copy of the Salinas High School Contract to share with the Pacific Grove Unified School District. *OK EJ*
4. With our limited resources we continue to present the D.A.R.E. program in the 5th and 8th grade classes. We also put on a Survey of Law Enforcement class to 12th graders, we have one full-time School

Resource Officer working in our schools, and we are putting on two Citizen Police Academies each year *copy*

5. Our School Resource Officer is also involved in gang and drug recognition activities, and works closely with other local agencies to keep abreast of the ever changing situation with gangs and drugs in Monterey County.
6. I agree. I would also like to point out that Pacific Grove Unified School District does have, and is in fact the first City in Monterey County to institute D.A.R.E. into our schools, 10 years ago at the 5th grade level, and 3 years ago at the 8th grade level. This was apparently an oversight in your Exhibit "A". *Oversight noted in Exhibit A. Gerbrandt*

RECOMMENDATIONS:

2. We have a full-time School Resource Officer in our schools, and it is our intention to continue the program at this time.
3. Law Enforcement does not like to re-invent wheels, so I can assure you this department will make every effort to incorporate other agency measures into our programs as appropriate.

Implemented

I hope this response to the Grand Jury Report is acceptable.

Respectfully submitted,


Jon M. Reither
Chief of Police

cc: file

CITY COUNCIL

SANDRA L. (SANDY) KOFFMAN
MAYOR

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STEVE HONEGGER
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GEORGE C. THACHER
CITY ATTORNEY

August 13, 1997

Honorable Jonathan R. Price
Presiding Judge
Monterey County Superior Court
P.O. Box 1819
Salinas, California 93902

Dear Judge Price:

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Thank you and please contact either Chief Reither or myself if you have any questions or need additional information.

Sincerely,

Sandra L. Koffman
Mayor

Attachment

cc: City Council
City Attorney
Chief of Police



OFFICE OF CHIEF OF POLICE
JON M. REITHER

(408) 648-3143
FAX (408) 373-4060

PACIFIC GROVE POLICE DEPARTMENT

580 PINE AVENUE
PACIFIC GROVE, CALIFORNIA 93950

August 12, 1997

Mayor Sandra Koffman
City Hall
300 Forest Ave.
Pacific Grove, CA

RE: RESPONSE TO GRAND JURY MID-YEAR 1997 FINAL REPORT

Dear Mayor Koffman,

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Honorable Jonathan R. Price
Presiding Judge
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2. I agree.
3. I agree. Four of our D.A.R.E. Officers just completed D.A.R.E. Parenting training, and we are in the process of obtaining a copy of the Salinas High School Contract to share with the Pacific Grove Unified School District.
4. With our limited resources we continue to present the D.A.R.E. program in the 5th and 8th grade classes. We also put on a Survey of Law Enforcement class to 12th graders, we have one full-time School

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RECOMMENDATIONS:

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3. Law Enforcement does not like to re-invent wheels, so I can assure you this department will make every effort to incorporate other agency measures into our programs as appropriate.

I hope this response to the Grand Jury Report is acceptable.

Respectfully submitted,



Jon M. Reither
Chief of Police

cc: file

CITY COUNCIL

SANDRA L. (SANDY) KOFFMAN
MAYOR

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STEVE HONEGGER
ROBERT HUITT
JAMES W. (JIM) COSTELLO
MORRIS G. FISHER
CHRISTIE MARTINE



CITY OF PACIFIC GROVE

300 FOREST AVENUE
PACIFIC GROVE, CALIFORNIA 93950
TELEPHONE (408) 648-3100
FAX (408) 657-9361

MICHAEL W. HUSE
CITY MANAGER
PETER WOODRUFF
ADMIN SERVICES DIRECTOR
CITY CLERK AND TREASURER
GEORGE C. THACHER
CITY ATTORNEY

August 13, 1997

Honorable Jonathan R. Price
Presiding Judge
Monterey County Superior Court
P.O. Box 1819
Salinas, California 93902

Dear Judge Price:

I am pleased to present the attached response to that portion of the Grand Jury Mid-Year 1997 Final Report addressing *Violence on School Campuses*. The response was prepared by Pacific Grove Police Chief Jon Reither. Responses to other issues raised in the Grand Jury Report involving the City of Pacific Grove will be forthcoming within the time period prescribed by law.

Thank you and please contact either Chief Reither or myself if you have any questions or need additional information.

Sincerely,

Sandra L. Koffman
Mayor

Attachment

cc: City Council
City Attorney
Chief of Police

OFFICE OF CHIEF OF POLICE
JON M. REITHER



(408) 848-3143
FAX (408) 373-4060

PACIFIC GROVE POLICE DEPARTMENT

580 PINE AVENUE
PACIFIC GROVE, CALIFORNIA 93950

August 12, 1997

Mayor Sandra Koffman
City Hall
300 Forest Ave.
Pacific Grove, CA

RE: RESPONSE TO GRAND JURY MID-YEAR 1997 FINAL REPORT

Dear Mayor Koffman,

Following are my required responses to the mid-year findings and recommendations of the 1997 Monterey County Civil Grand Jury (Report attached). If you are in agreement with my response, please forward it to:

Honorable Jonathan R. Price
Presiding Judge
Monterey County Superior Court
P.O. Box 1819
Salinas CA 93902

FINDINGS:

1. I agree.
2. I agree.
3. I agree. Four of our D.A.R.E. Officers just completed D.A.R.E. Parenting training, and we are in the process of obtaining a copy of the Salinas High School Contract to share with the Pacific Grove Unified School District.
4. With our limited resources we continue to present the D.A.R.E. program in the 5th and 8th grade classes. We also put on a Survey of Law Enforcement class to 12th graders, we have one full-time School

Resource Officer working in our schools, and we are putting on two Citizen Police Academies each year.

5. Our School Resource Officer is also involved in gang and drug recognition activities, and works closely with other local agencies to keep abreast of the ever changing situation with gangs and drugs in Monterey County.
6. I agree. I would also like to point out that Pacific Grove Unified School District does have, and is in fact the first City in Monterey County to institute D.A.R.E. into our schools, 10 years ago at the 5th grade level, and 3 years ago at the 8th grade level. This was apparently an oversight in your Exhibit "A".

RECOMMENDATIONS:

2. We have a full-time School Resource Officer in our schools, and it is our intention to continue the program at this time.
3. Law Enforcement does not like to re-invent wheels, so I can assure you this department will make every effort to incorporate other agency measures into our programs as appropriate.

I hope this response to the Grand Jury Report is acceptable.

Respectfully submitted,



Jon M. Reither
Chief of Police

cc: file

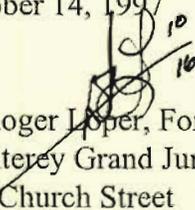


City of Salinas

POLICE DEPARTMENT • 222 Lincoln Avenue • Salinas, California 93901 • (408) 758-7236

1. This for Loper's file of records
2. Copies to Roger, Gray and Nelson

October 14, 1997


D. Roger Loper, Foreman
Monterey Grand Jury
240 Church Street
Salinas, CA 93901

Dear Mr. Loper:

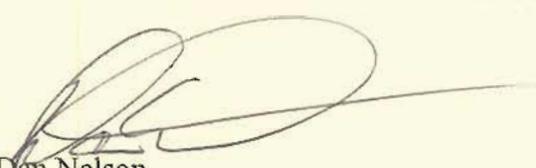
The following response is in answer to the 1997 Mid-Year Grand Jury Report relative to Violence on School Campuses. In particular response to the police/school related issues I will assert the following;

Issue: "A full-time School Resource Officer position be created before the end of 1997 in each of the ten Law Enforcement Agencies to deal with school violence and related problems."

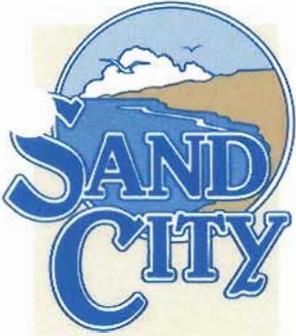
Answer: The Salinas Police Department has deployed five School Resource Officers since 1992. One of the five positions is funded by the Salinas Union High School District.

Issue: "Each of the 13 Law Enforcement Agencies in the County review successful programs and measure utilized by their fellow Law Enforcement Agencies, and consider the feasibility of incorporating these measure in their own jurisdiction."

Answer: The Monterey County Chief Law Enforcement Officers met as a group on October 5-8, 1997, representing all of the County cities and unincorporated areas. Anti-School Violence programs were discussed in an informational sharing context among all of the agencies present. As one might suspect the City of Salinas has a wide array of school/youth related programs which were shared at this meeting.


Dan Nelson
Chief of Police

DN:gc



October 8, 1997

Honorable Jonathan Price, Presiding Judge
Monterey County Superior Court
P.O. Box 414
Salinas, CA 93902

*12/13
See...
Show on each
with me*

Dear Judge Price,

As requested, the City of Sand City is submitting our responses to the 1997 Monterey County Civil Grand Jury Mid-year Report on the following subject areas:

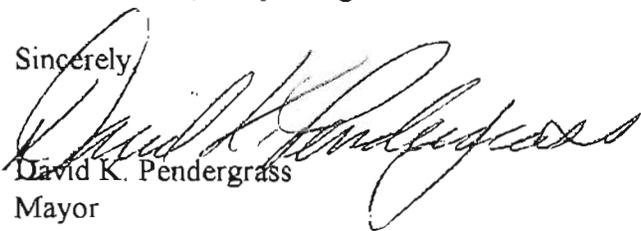
- A. Investment of Public Funds
- B. Purchasing
- C. Fort Ord Reuse Authority (FORA) Roads and Bridges
- D. Prisons in Monterey County

As indicated in the enclosed October 2, 1997 memorandum to the City Council from the City Administrator, the enclosed responses were reviewed by the Sand City Council at the meeting on October 7, 1997. These enclosed responses were approved by the full City Council of Sand City with direction that the enclosures be forwarded as Sand City's official response to the 1997 Grand Jury Mid-year Final Report.

The 1997 Grand Jury Report requested responses from Sand City on two intergovernmental programs (Fort Ord and prisons). As indicated in our enclosed response, Sand City has limited ability to deal with these issues on an individual agency basis; however, in our interactions with these programs and the involved agencies, we will attempt to do our part in addressing these difficult issues.

The enclosed Sand City responses are hereby submitted for the Grand Jury's consideration. If there are any questions or comments, please call me or the City Administrator, Kelly Morgan, at 394-3054.

Sincerely,


David K. Pendergrass
Mayor

Enc: Sand City Responses to 1997 Grand Jury Final Report

cc: City Council

City Hall
1 Sylvan Park,
Sand City, CA
93955

Administration
(408) 394-3054

Planning
(408) 394-6700

FAX
(408) 394-2472

Police
(408) 394-1451

FAX
(408) 394-1038

Incorporated
May 31, 1960

M E M O R A N D U M

TO: City Council

FROM: City Administrator

DATE: October 2, 1997

SUBJECT: Consideration of Sand City Response to the Mid-Year Final Report of the 1997 Monterey County Civil Grand Jury --
AGENDA ITEM 8-B

Handwritten notes:
10/2/97
cc to Grand Jury
Rogers

Enclosed for the Council's consideration are certain sections of the Grand Jury mid-year report for 1997 that require a response from Sand City. In preparing Sand City's formal response, we have compiled the following information to forward to the Presiding Judge Jonathan Price after the City Council's endorsement of these responses.

A. INVESTMENT OF PUBLIC FUNDS

The attached Exhibit A from the Grand Jury Report indicates that "no response" was received from Sand City on this inquiry from the Grand Jury. Enclosed is an April 15, 1997 letter whereby the City Administrator forwarded a copy of Sand City's audit report. This audit report contained the basic financial information being requested on Sand City. This letter stated that if the Grand Jury needed additional information to please contact our accountant at (408) 758-3892. There were no further inquiries received by Sand City on this issue. For the record, we are providing the attached "Tabulation of Financial Accounts" for Sand City's cash holdings and investment funds as of January 31, 1997.

In the Grand Jury mid-year report for 1997, Sand City was requested to respond to Findings #3 through #7 and Recommendations #1 and #2.

Findings #3 through #7:

Sand City has maintained its surplus funds in three types of investment accounts that earn different levels of interest.

For short term funds that will be needed soon to pay for operations or obligations of the City or Redevelopment Agency, we have arranged for money market accounts with our bank, Cypress Bank. These money market accounts were earning approximately 2.09% - 2.90% interest as of January 31, 1997. These investments are used primarily for special accounts of the Redevelopment Agency for specified purposes that are linked to their revenue sources such as housing set aside or increment tax debt/bond payments. A limited number of checks per year can be written from these special accounts to pay obligations or transfer to other accounts.

For medium term funds that require only occasional usage (once or twice per year), we keep a certain amount of funds in Certificate of Deposits (CD's) with Cypress Bank. These CD's were earning approximately 5.12% to 5.35% interest. Again, these CD's are used primarily for designated Redevelopment Agency accounts that are reserved for specified obligations of the Redevelopment Agency, such semi-annually or annual payments.

For longer term savings funds, we have two investment accounts with the State of California LAIF program - one for the City of Sand City and one for the Sand City Redevelopment Agency. The LAIF accounts were earning 5.583% interest as of January 31, 1997.

In the past, we have not had an interest earning checking account. It has been our practice to maintain a low balance in our checking accounts and then transfer funds from our savings or interest accounts when we had to write a larger number of checks.

As a result of the Grand Jury's comments, we have raised the issue of our checking accounts being able to earn interest with our bank. Mr. Andy Yoshiyama, Branch Manager/VP, has responded that our two main checking accounts, City general account and Redevelopment Agency account, will earn interest of APY 1.06% as of October 1, 1997. As stated above, we have 3 other money market accounts with Cypress Bank on which a limited number of checks can be written that have recently been earning interest, ranging from 2.02% to 2.78% APY. Please refer to the enclosed October 1, 1997 letter from Mr. Yoshiyama, Cypress Bank. As always, we will keep limited funds in these checking accounts and then transfer funds from higher interest accounts on an "as needed" basis.

It is possible that we could earn a slightly higher rate of interest from a larger financial organization. However, our City Council has chosen to use this small local bank as a matter of business policy. (Please refer to enclosures #1, 2, 3 and 4.)

**NOTE: STAFF REPORT CONTINUES
AFTER ENCLOSURE #4**

Enclosure #1

EXHIBIT A
As of January 31, 1997

Table 1
Interest Rates on Investment Accounts (Percent)

City	CD	Checking	Savings	Local, Agency Investment Acct.	Monterey County	Other
Carmel		6.05		5.55		
Del Rey Oaks		1.01		5.57		
Gonzales	5.65	4.03/5	2.0	5.58		
Greenfield			2.0	5.58	5.50	
King City	5.4-5.6		3.0	5.58	5.75	
Marina				5.60		
Monterey				5.50	6.10	
Pacific Grove		5.07				
Salinas	5.36	0.01**		5.58	*	MM 2.09-2.9
X Sand City	5.12-5.35	-		5.583	-	^No response X
Seaside				5.58	***	
Soledad				5.58		5.0

- * \$ 639,524 @ 4.84% - on demand + \$947,723
\$635,554 in Treasury Bonds
- ** \$ 118,235 @ 2.02% - Bank of Salinas Redip Reserve
- *** \$2,198,280 @ 2.25% - Transamerica

Table 2
Funds NOT in Interest-Bearing Accounts

Carmel	\$ 66,000	Wells Fargo Bank
Del Rey Oaks	26,915	1st National Bank
King City	61,432	Bank of Salinas
Marina	11,369	
Monterey	207,529	
	124,687	Scholze Investment - Cash Portion
	82,841	Wells Fargo
Pacific Grove	20,000	Union Bank
Salinas	377,670	Bank of Salinas
	130,740	Condemnation Deposits
Seaside	93,003	Bank of America
Seaside Redevelopment	165,626	Bank of America
	150,851	First Trust National Association
Soledad	783,220	Bank of America
Total	\$2,235,886	

Enclosure # 2

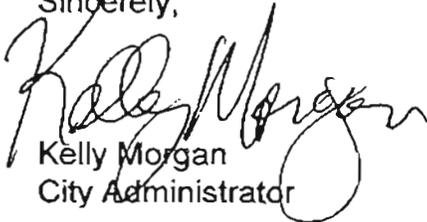
April 15, 1997

James R. Cooney, Chair
Audit/Finance Committee
Grand Jury
P.O. Box 1819
Salinas, CA 93902

Dear Mr. Cooney:

Enclosed is the audit report for Sand City, fiscal year ending June 30, 1996. This official audit report contains the basic financial information on Sand City, including the cash and securities information requested in your April 1, 1997 letter. If you need additional information or have any questions, please contact Brian Spencer, our accountant, with Hayashi and Wayland at 408/758-3892.

Sincerely,


Kelly Morgan
City Administrator

City Hall
1 Sylvan Park,
Sand City, CA
93955

Administration
(+08) 394-3054

Planning
(+08) 394-6700

FAX
(+08) 394-2472

Police
(+08) 394-1451

FAX
(+08) 394-1038

Enc: City of Sand City June 30, 1996 Audit

Incorporated
May 31, 1960



Enclosure #3

SEASIDE
1658 FREMONT BLVD. / P.O. BOX 806 FAX 408-394-4754
SEASIDE, CALIFORNIA 93955 TEL 408-394-6900

October 1, 1997

Sand City
1 Sylvan Park
Sand City, CA. 93955

Attn: Kelly Morgan
City Manager

10/1/97 in Kelly Morgan's
RECEIVED
OCT - 1 1997
CITY OF SAND CITY

Re: Payment of Interest on Checking Accounts

Dear Kelly Morgan, City Manager;

Per your request, I have reviewed the status of all of your checking accounts at Cypress Bank and found which accounts are paid interest and which one's will be changed.

The following accounts are paid interest under our Money Market program.

20032330	APY 2.02
20025227	APY 2.78
20013033	APY 2.78

The following accounts will earn interest.

20012720	General Account	APY 1.06
20012738	Redevelopment	APY 1.06

In order to earn a higher interest rate on funds in the General Account, you might consider opening a separate checking account when you have limited transaction, such as 3 checks and 3 transfers per month. Under the Money Market program your payroll could be set up as a separate account and earn APY 2.78.

Please contact me if you have any questions.

Sincerely,

Andy Yoshiyama
Branch Manager/VP

TABULATION OF SAND CITY'S FINANCIAL ACCOUNTS
City and Agency as of January 31, 1997

A. Funds with Cypress Bank

<u>Description</u>	<u>Amount</u>	<u>Type of Account</u>	<u>Interest/ Annual Rate</u>
Agency Reserve Acct.	\$ 113,171.	Public Funds CD	5.38
Agency Tax Increment Acct.	136,771.	CD	5.12
Agency Housing Acct.	199,360.	CD	5.22
Agency Sales/Use Tax Acct.	651,230.	CD	5.35
Agency Sales/Use Tax Acct.	150,961.	Money Market	2.89
Agency Tax Increment Acct.	129,805.	Money Market	2.90
Agency Housing Acct.	42,415.	Money Market	2.09
City Checking Acct. *	196,949.	Checking Acct.	-
Agency Checking Acct. *	137,523.	Checking Acct.	-

B. Funds with California LAIF Program

<u>Description</u>	<u>Amount</u>	<u>Type of Account</u>	<u>Interest Rate</u>
City LAIF	217,786.	Investment	5.583
Agency LAIF	137,523.	Investment	5.583

* Note: Extra funds are shown in the two checking accounts on this date to cover the end of the month expenses which include payroll.

B. PURCHASING

In the 1997 mid-year report, Sand City was requested to respond to Findings #1, 3, and 4 along with Recommendations #1 and #2 on the public agency purchasing practices.

Findings #1 and #3:

Sand City sees little advantage in coordinating our purchases with the Monterey County Central Purchasing Department (or with the State program). This would be too cumbersome for our small City with the small amount of routine purchases that are made by our City. Sand City has a number of large discount-wholesale/warehouse type businesses where we can obtain excellent value for our money and patronize our local businesses at the same time. It is our City's policy and practice to deal with local businesses rather than go through a central agent that would be spending our money elsewhere.

Finding #4:

Our City Council and City department's do not have a pattern or practice of "use it or lose it" philosophy. We carefully monitor our budget and expenditures throughout the entire year and do not allow or engage in spending sprees at the end of the budget year if we have some excess funds. If it is justified adequately, we would allow previous year surplus funds to be carried over into the next budget year to allow expenditures for equipment and supplies at the proper time.

Recommendations #1 and #2:

The above comments on the Findings apply here also. Sand City has not had a problem with "last minute" spending because our budget process allows for carry over of justifiable expenditures into subsequent budget cycles. Sand City would not gain a significant financial advantage by using a central purchasing department except for police cars which we will investigate if we ever buy new patrol cars. For the past few years, we have been acquiring used vehicles from the California Highway Patrol at very good values. We are convinced that we get excellent value and service from our local businesses. If we ever plan to acquire some major equipment or vehicles that could not be available locally then we would consider using a central purchasing agent for these types of purchases.

*W 4/3
D 1/3
cc Al
Kenny
Rogers*

D. PRISONS IN MONTEREY COUNTY

In the Grand Jury's mid-year report, Sand City was requested to respond to Findings #3, 5, and 7 as well as Recommendations #1 and #2 on the Monterey County jail/prison issues.

We were a little mystified why the cities were requested to respond to the prison issues since the cities has no control or responsibilities for the prisons in this County - not even the Monterey County Jail. Even though it is a county jail it is our understanding that most of the jail's standards and practices are controlled by State and Federal regulations and guidelines.

For the most part, Sand City would agree with the concerns raised in the 1997 Grand Jury Report and would support recommendations and efforts to make improvements.

The Sand City Police Department was requested to respond to the Grand Jury's Report on prisons. Their response is enclosed for the Council's consideration (please refer to enclosure #6).

Please note the appropriate sections of the 1997 mid-year Grand jury Report (requesting Sand City's responses) are enclosed at the end of this staff report.

Sand City Police Department

Response To Grand Jury Findings Regarding
Prisons in Monterey County

Item # 3.

Overcrowding: At present, there is no longer an overwhelming stigma attached to the commission of crimes, nor is there any particular cultural condemnation of those who have been convicted and sentenced to prison. For the most part, upon release, criminals can return to civilian life with anonymity. In the past, communities were smaller and more tightly knit. Now, being acquainted with your neighbor is the exception rather than the rule. Sadly, as long as we maintain this "Laissez-Faire" attitude, and do not involve ourselves with the society around us, prison populations will continue to increase.

The war on drugs has also contributed greatly to the gross escalation in prison populations. Approximately one third of the incarcerated consists of those convicted on drug related charges. It is possible that for many non-violent, drug related crimes, treatment, rather than prison, may be the answer. This alternative would, certainly, reduce the prison population. Since our society now considers alcoholism a disease, why not drug addiction?

Item # 5.

Mentally Ill in Prison: Keeping the truly mentally ill in prison with hardened criminals is as savage a practice as was the treatment given to the inmates of 19th. Century insane asylums. This practice is impractical, totally unenlightened and particularly cruel. Also, it is eminently dangerous. It must stop.

Item # 7.

Nothing for Prisoners to Do: State, county and city prisons are required to provide humane treatment of prisoners. We do not believe that these institutions should, also, be held responsible for keeping criminals amused. Time spent in contemplation of past sins is not time wasted.

It may also be time to reinvent the labor camps concept of the thirties and forties. Non-violent prisoners could be enticed to work at various jobs related to improving the environment, road construction, clean up, etc... Labor camps would help reduce regular prison overcrowding.

Recommendations Section

Item # 1.

The question of whether prisons are meant to punish or rehabilitate has never been decided upon. If they are supposed to rehabilitate, they are doing a poor job for the time and money invested in them. On the other hand, the same can be said if they are intended to meet out punishment. Studies as to what is the best course of action should be conducted until a truly scientific and unprejudiced answer is obtained to this primary and pivotal question. Once this has been decided, the proper course for future action could be more easily charted.

Item # 2.

The problem of criminality has been studied "ad nauseam" for many years. The answers these studies have provided are as numerous as the questions they have raised and the resulting suppositions are as varied as the criminals studied. Further studies will, surely, reveal even more complications. Decriminalization of some victimless or nonviolent crimes may provide partial relief. A general redirection of social values would also help.

**SECTIONS OF THE
1997 GRAND JURY MID-YEAR REPORT
REQUESTING RESPONSES
FROM SAND CITY**

Grand Jury

P.O. Box 1819
Salinas, CA 93902
(408) 755-5020



July 21, 1997

RECEIVED

JUL 23 1997

CITY OF SAND CITY

Mayor David Pendergrass
City of Sand City
One Sylvan Park
Sand City, CA 93955

Dear Mayor Pendergrass:

The Mid-Year Final Report of the 1997 Monterey County Civil Grand Jury has been submitted to the Presiding Judge of the Superior Court and will officially be released to the public on August 6, 1997. The Report contains findings and recommendations concerning your department or agency which will require a formal, written response.

Legislation enacted in 1996 allows the Court to release an advance copy of the portion of the Report to the person or entity affected by the Report. As a result, an advance copy of the portion of the Report affecting your department or agency will be available to you on August 4, 1997.

If you wish to obtain an advance copy, you must personally appear to pick up the copy; the Report will not be released to your staff. In order to receive your advance copy, you will be required to show court staff your picture identification. In addition, you will be required to personally sign a statement, prepared by the Court, verifying that you will not disclose any contents of the Report prior to the public release of the Mid-Year Final Report on August 6, 1997.

THE COURT WILL NOT GRANT ANY EXCEPTIONS TO THE ADVANCE RELEASE POLICY. You may pick up your copy on August 4 or 5, 1997, at the Superior Court Executive Offices, located at the Salinas Courthouse, 240 Church Street, Room 320, on the Third Floor of the North Wing.

A copy of Penal Code Section 933.05 is enclosed to assist you in preparing your response to the Report. Please note that this statute sets forth mandatory response requirements that you will be required to follow in preparing your response to the 1997 Mid-Year Final Report.

July 21, 1997

Page two

Your written response to the 1997 Mid-Year Final Report is due on or before November 7, 1997. The response must be forwarded to the Honorable Jonathan Price, Presiding Judge of the Superior Court, with a copy distributed as provided in Penal Code Section 933(c). A copy of this section is also enclosed for your review regarding the response deadline and filing requirements.

The fact that your department or agency is affected by the 1997 Mid-Year Final Report is confidential, until the public release of the Report. The Court admonishes you not to disclose or discuss the information contained in this letter regarding the Report, until the public release of the Report.

Please call Eileen Wright, at the Grand Jury office, 755-5020, if you have any questions or if you need any further information regarding this matter.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "D. Roger Loper".

D. Roger Loper, Foreman
1997 Civil Grand Jury

RL/lt

Enclosure

cc: Hon. Jonathan R. Price, Presiding
Monterey County Superior Court



OFFICE OF THE MAYOR
440 Harcourt Avenue
Seaside, CA 93955-0810

Telephone (408) 899-6200
FAX (408) 899-6227
TDD (408) 899-6207

November 6, 1997

D. Roger Loper, Foreman
1997 Monterey County Civil Grand Jury
P.O. Box 1819
Salinas, CA 93920

Dear Mr. Loper:

As the Chairperson of the Fort Ord Reuse Authority (F.O.R.A.) and the Mayor of Seaside, and after conferring with City staff, I concur with the attached responses prepared by the Executive Director of F.O.R.A.

Respectfully,

A handwritten signature in black ink, appearing to read "Don R. Jordan", is written over a horizontal line.

Don R. Jordan
Mayor

DRJ:bc

Attachment



FORT ORD REUSE AUTHORITY

100 12TH STREET, BUILDING 2880, MARINA, CALIFORNIA 93933

PHONE: (408) 883-3672 - FAX: (408) 883-3675

October 20, 1997

D. Roger Loper
Foreman
1997 Monterey County Civil Grand Jury
P.O. box 1819
Salinas, CA 93902

Re: FORA response to Grand Jury

The Fort Ord Reuse Authority (FORA) has received a copy of the 1997 Monterey County Civil Grand Jury Mid-Year Final Report and has met with the individual entities which the Grand Jury requested responses.

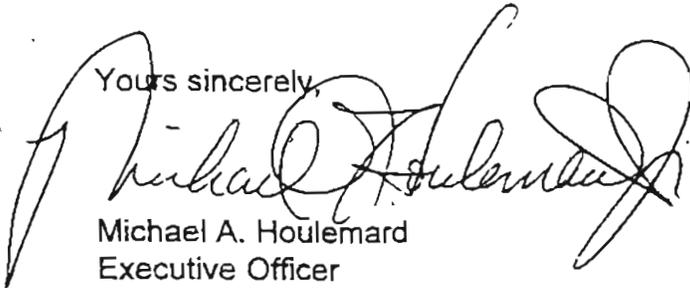
FORA noted some discrepancies in the FINDINGS section of your report related to FORA Roads and Bridges. While we are not specifically requested to respond, We note the following for your attention:

1. FINDING # 1 - The Grand Jury concludes the TAMC Fort Ord Transportation Study shows that road improvements required by the development of the former Fort Ord will cost \$856,551,064. This is inaccurate. The title of the TAMC Study (Fort Ord Regional Transportation Study) has misled the Grand Jury. The TAMC study area covers all of northern Monterey County. Please refer to the attached TAMC study area map (enclosed). The road improvement costs related to development of the former Fort Ord is \$116,644,830. This cost is clearly shown in the Grand Jury's Exhibit B, in the column labeled Fort Ord Development. All other costs shown in Exhibit B are related to road improvements required by non-former Fort Ord developments throughout the TAMC study area.
2. FINDING # 3 - The Grand Jury concludes that \$368,529,179 in unfunded transportation costs are due to development on the former Fort and "...the surrounding impacted areas." The inference is that all of these costs are the result of development on the former Fort Ord. This inference is not supportable. The \$116,644,830 in Fort Ord Development costs for transportation includes both on base and off base improvements. The remaining \$251,884,349 in transportation costs (TAMC designated Impact Study Area Development) are directly related development costs throughout northern Monterey County, excluding the former Fort Ord.

The adoption of the Fort Ord Base Reuse Plan and the Final Environmental Impact Report requires FORA to provide funds for the \$116,644,830 in transportation costs identified in the TAMC study. FORA is required to develop financing mechanisms to raise these funds, and is completing its business planning to assure this capital is raised.

We have noted some other minor technical inaccuracies, but do not believe they require additional comment. We appreciate the hard work of the Grand Jury on this important matter and remain ready to respond to any questions that you may have for us.

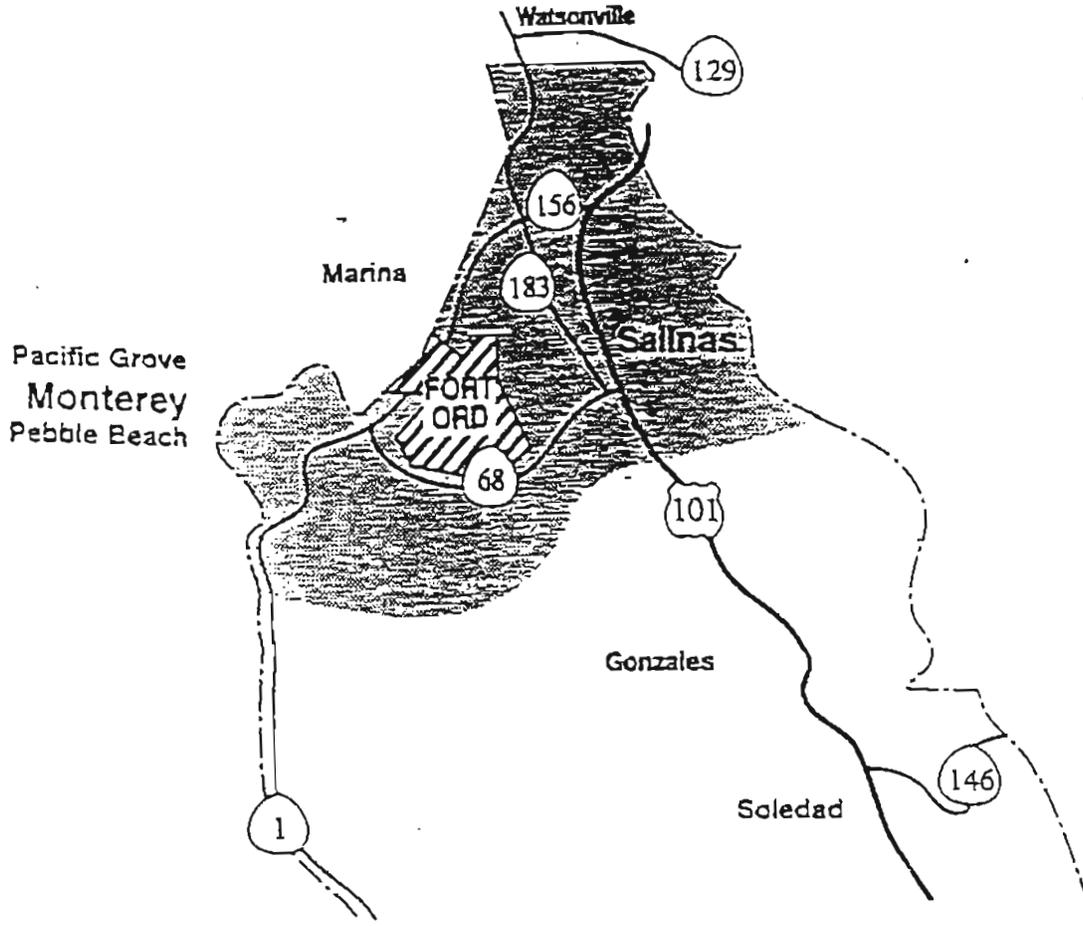
Yours sincerely,

A handwritten signature in black ink, appearing to read "Michael A. Houlemard". The signature is fluid and cursive, with a large loop at the end.

Michael A. Houlemard
Executive Officer

c: FORA Board
Administrative Committee

encl.



LEGEND	
	U.S. Highway
	State Highways

Figure 5-4
Impact Study Area

20068 Impact Study



248 Main Street
P.O. Box 156
Soledad, CA 93960

☎ 408-678-3963
FAX 408-678-3965

1) Liz
2) Copies to
Garry
Roger
Jerry Nathan
3) Original to G.J. file
of responses to the
1997 G.J. Mid-year report

September 9, 1997

The Honorable Jonathan R. Price
Presiding Judge
Monterey County Superior Court
Post Office Box 414
Salinas, California 93902

RE: GRAND JURY REQUEST ON INVESTMENT OF PUBLIC FUNDS AND PURCHASING

Dear Judge Price:

According to Penal Code Sections 933c and 933.05 a,b, the City is submitting its response to the Grand Jury Mid-Year Final Report dated August 6, 1997.

The Mid-Year Report requested that cities respond to four of seven findings and two of four recommendations on investment of Public Funds. Outlined below are the findings posed and our responses.

• **Investment of Public Funds**

FINDINGS:

3. The institutions and arrangements under which they invest the City funds seem conservative.

As stewards of public funds, it is the fiduciary responsibility of the Treasurer or Finance Officer at the direction of the City Council to invest funds in order to maximize interest prudently and wisely, but at the same time to protect its cash liquidity and reserve. With the advent of Orange County, governmental institutions have become more risk adverse in their investment options. As such, government institutions have chosen investments which assure the highest possible yield based on the maximum safety of the investment and while obtaining 100% liquidity.

4. 96.5% of the funds in the hands of the Cities are invested at 5% to 6.63%, the median rate is 5.58%.

The City of Soledad's rate of return on its investments generally falls within the scope outlined in the Grand Jury's report. As a rule, the City invests all excess funds with the State of California's Local Agency Investment Fund (LAIF) and investments generally exceed 5% quarterly. Effective June 1997, the City was earning 5.63% on its investments.

5. **2.4% of the funds invested at interest by the Cities, are earning less than 4.5%. If the return on these funds could be increase to 4.5%, the Cities would receive an additional \$54,400 in interest income per year.**

The City is currently evaluating investments and account structures that may allow interest yielding 5% or more. The investments to be considered short term investments, most likely in a certificate of deposit, will remain 100% liquid.

6. **Interest rates earned by Cities vary, particularly for checking accounts. Those Cities not earning a return on checking accounts can improve the returns by renegotiating arrangements or changing banks.**

With almost every municipality, local banking is encouraged. For cities having more than one bank within its city limits, changing banks becomes an option. However, the City of Soledad has only one bank (Bank of America), thus switching banks may not be an option that is convenient or palatable to the public. Requirements on minimum deposits, is another issue to consider with certain banking institutions. This is an issue with the City of Soledad because if our account falls below the minimum requirements, we are charged a service fee and a per check fee. I spoke to Bank of America in an effort to renegotiate the terms on its checking accounts but to no avail. Bank of America has sold its local branch, thereby opening a window of opportunity in negotiating interest-bearing checking accounts with the new bank or moving our funds to another city (with major reservations). In short, this option may be available in the immediate near future. Meanwhile, the City will continue to invest funds in LAIF.

7. **As of Jan. 31, 1997, twelve cities were not receiving interest on deposits with commercial institutions. If those funds could be deposited earning a mere 2% additional interest could be earned.**

The City of Soledad is evaluating various options in order to establish financially sound interest earning accounts. Options for idle funds which will be 100% liquid, include interest earning checking accounts, high yield saving accounts and deposits to LAIF. On available funds which can be invested for a longer term, options include certificates of deposits, money markets or five to seven year bond investments.

RECOMMENDATIONS:

1. **Each City having funds which are not earning interest invest their funds in interest earning accounts.**

The City is currently investing any available funds in the State of California's Local Agency Investment Funds (LAIF) earning an average of 5.5% on its funds. Any and all funds in our non-interest checking account are available for immediate payment of billings.

2. Cities having funds invested at 1.01% to 4.03% interest review these arrangements and if possible, improve the rates of interest.

As stated above, the City is earning interest on its LAIF investment in excess of 5%. Although the City is not earning interest on its checking account, it is evaluating other options which may be available due to the sale of our local branch.

• **Purchasing**

The Mid-Year Report requested Cities respond to three of four findings and two of two recommendations on Purchasing. Outlined below are the findings posed and our responses.

FINDINGS:

1. None of the respondents are using the services of the Monterey County Central Purchasing Department.

The City of Soledad is not utilizing the services by Monterey County. The City, on a regular basis, evaluates and compares prices from as many as five to ten different vendors ranging from office supplies to computers. During our evaluation of potential suppliers, we look foremost at price and quality (quality plays a factor in our laser printers and copier), delivery time and history of vendor. Based on all these factors, the City may negotiate additional services. This process is re-evaluated on an annual basis.

For larger purchases of vehicles, copiers and phone systems, the City participates in the State of California Procurement Program.

3. Approximate totals of purchasing done by the respondents are: (See Attachment)

The City of Soledad's Municipal Code Section 3.24, outlines the requirements regarding purchases over \$5,000. This includes supplies, equipment and or professional services. The Code Section outlines requirements of the process and bidding procedures. Additionally, as stated above, the City is consistently re-evaluating vendor pricing and the quality of their products.

With regards to purchasing, whether it be office supplies, equipment and/or Professional Services, another possible option could be to de-centralize purchasing (purchase items from more than one agency). This includes requesting RFP's from various vendors, evaluating of the proposals and negotiation of the terms, conditions and pricing of the products or services and recommend that Schools and/or Cities utilized these services. Utilization of these services would be at the discretion of the schools or cities.

4. A pattern of spending in the last months of the fiscal year in order not to “lose it.”

The City of Soledad has taken a strong stance on last minute purchasing. “We will not allow it.” Most unnecessary spending is prohibited two months prior to the fiscal year end. We are not immune to occasional last minute purchasing due to unresolved issues that are out of our control, these purchases preclude us from waiting until the adoption of a new fiscal year budget. Some of the issues can be related to emergencies, labor negotiations or last minute changes to the budget. I should note that the City of Soledad continues to use the services of those vendors which have proven to provide the City with the highest quality at the lowest price.

RECOMMENDATIONS:

1. Examine last minute spending and if necessary, establish procedures to change this practice.

As noted above, the City discourages last minute purchasing. Although, we have not written a formal policy on this issue, we have discussed this issue with each Department Manager. The Finance Department through the City Manager, has the authority to reject any purchase order should he/she feel that it is not warranted.

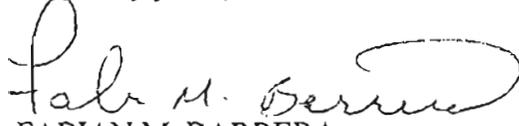
In order to continue operations and curtail last minute spending, the City has allowed Department Managers the option of re-budgeting any item not purchased in one fiscal year to the next fiscal year.

2. Cities and other agencies within Monterey County consult with the MCCPD to achieve savings available by central fund purchasing to taxpayers.

Inquiries into the central fund purchasing will be considered.

Should have any questions, please call me at 678-3963.

Very truly yours,


FABIAN M. BARRERA
Mayor



248 Main Street
P.O. Box 156
Soledad, CA 93960

☎ 408-678-3963
FAX 408-678-3965

September 9, 1997

1) file
2) Copies to
Gerry
Roger
Marlon
3) Original to G.J. file of
responses to the
1997 G.J. Mid-year Rpt.

The Honorable Jonathan R. Price
Presiding Judge
Monterey County Superior Court
Post Office Box 414
Salinas, California 93902

RE: **RESPONSE TO THE GRAND JURY REPORT REGARDING
VIOLENCE ON SCHOOL CAMPUSES**

Dear Judge Price:

Please accept this response to the findings and recommendations regarding violence on school campuses made by the 1997 Mid-Year Monterey County Civil Grand Jury.

FINDINGS:

1. Continued attention to school violence is required.

I agree that there seems to be a continuing pattern of violence in schools in Monterey County. I believe that the best way to address the violence problem is continued enforcement.

2. Continued attention to the problem.

I believe that it is necessary to continue the working relationship between the schools and law enforcement.

3. Parental involvement.

Parental involvement is extremely important to the reduction of violence in our schools. Contracts, signed by students, school staff and parents appears to be a good way to insure that students do not engage in violent activity while on school property.

4. Pro-active Law Enforcement.

I agree that a pro-active approach on the part of Law Enforcement is essential in establishing a positive relationship with students and school authorities. In the City of Soledad and the Police Department, we have the D.A.R.E. Program, Healthy Start Program, Police Explorer Program, a Citizen's Police Academy, and a Police Activity League for youth.

School Resource Officers.

While the Soledad Police Department does not have a School Resource Officer, we have had the D.A.R.E. Officer handle problems and reports whenever they were not teaching a class. This has been a valuable program for both the police department and the schools. The Soledad D.A.R.E. Police Officer works in the schools 40 hours per week.

5. School Districts addressing violence on campus.

There are several methods utilized in the Soledad Unified School District to address violence in the schools. I agree that each district has to adopt those programs which are most beneficial to them. The Soledad Unified School District and the City of Soledad have adopted the Peace Builders Program.

RECOMMENDATIONS:

2. A full-time School Resource Officer.

Soledad Unified School District is currently in the process of building our first high school. Since we already have several programs working in our community we will be working in coordination with school officials to have positive input and be visible in the high school.

3. Review of successful programs.

The Monterey County Chief Law Enforcement Agencies have regular meetings and exchange ideas and program information. We already have several successful programs working in Soledad between the School District and the Police Department. These include D.A.R.E., Bike Rodeos, Healthy Start Program, the Police Explorer Program, and the Police Activity League. We continually evaluate these programs and are open to other ideas as we are capable of handling them in our jurisdiction.

The Soledad Police Department strives to have outstanding Community Programs. The Monterey County Grand Jury is to be commended for their report and analysis of this important issue. If I can be of further assistance please call.

Very truly yours,



JACK GRIGGS
Director of Public Safety/Police Chief

c: Belinda Espinosa, City Manager
Mayor and City Council



248 Main Street
P.O. Box 156
Soledad, CA 93960

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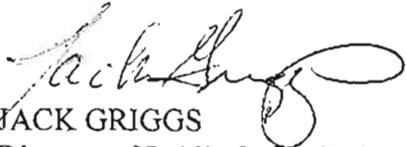
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Very truly yours,


JACK GRIGGS
Director of Public Safety/Police Chief

c: Belinda Espinosa, City Manager
Mayor and City Council



City of Salinas

OFFICE OF THE MAYOR • 200 Lincoln Avenue • Salinas, California 93901 • (408) 758-7201

November 4, 1997

Honorable Jonathan R. Price
Presiding Judge
Monterey County Superior Court
P.O. Box 414
Salinas, California 93902

Dear Judge Price:

The City of Salinas is responding to the findings of the August 6, 1997 Monterey County Grand Jury Mid-Year Final Report. The City believes in the Grand Jury process and would like to thank each participating member for providing us with an outside viewpoint on how we can improve internal processes.

It appears that the issues raised in the 1997 Mid-Year Grand Jury Report are already being incorporated into the workplans and operating procedures of City of Salinas departments. These included recommendations for:

- ▶ Violence on School Campuses
- ▶ Investment of Public Funds
- ▶ Fort Ord Reuse Authority (FORA): Roads and Bridges
- ▶ Prisons In Monterey County

However, this review was a good opportunity to identify new methods to improve the services to our residents and businesses of the City of Salinas. If you need clarification or additional information on the City's responses, please contact Wayne Green of the City Manager's Office at 758-7141.

Respectfully yours,

ALAN D. STYLES
MAYOR

Attachments

ADS/WG
Filename: GRANDJURY

City of Salinas Response

Monterey County Mid-Year Grand Jury Report: August 6, 1997

VIOLENCE ON SCHOOL CAMPUSES

The relationship between the City of Salinas and local schools continues to improve. Joint meetings are held periodically between the Salinas City Council and each of Salinas' three school districts to discuss mutual issues including crime and violence on school campuses.

The City of Salinas is responding to **recommendation #2** and **recommendation #3** as well as **findings #1 through #6** in the Grand Jury Report: Violence on School Campuses.

The City is already utilizing many of the successful programs identified in the Grand Jury report to provide a safe and secure learning environment for our youth. Having a safe community, which includes schools is one of the six adopted City Council goals. The City has developed a number of initiatives involving schools to achieve this goal.

Currently, the City has assigned school resource officers to each of the public high schools and middle schools. These officers are a valuable resource to the schools. Additionally, the Police Department operates the Dare Program in the middle schools to deter youth from using drugs. City Police Officers also volunteer a significant number of hours as well as contribute thousands of dollars in developing relationships with youth through the after-school Police Activities League.

Other initiatives ongoing include:

The PeaceBuilders Program. Under the umbrella of the Violent Injury Prevention Coalition (VIPC), the City has worked to institute the PeaceBuilders program in the school system. The PeaceBuilders Program is a long-termed effort to change attitudes about violence in our community. PeaceBuilders is currently in all the elementary schools in the Salinas Elementary School District and the Alisal Union School District. Curriculum is currently being developed to expand PeaceBuilders to the three public middle schools.

Second Chance Youth Program. Second Chance Youth Program, a non-profit gang diversion program, is partially funded by the City to provide alternatives to youth. Working in the middle schools and high schools, Second Chance's school based program provides counseling and mediation services to youth.

Sunrise House. Sunrise House is a non-profit program dedicated to reducing the use of drugs/alcohol by young people and the misuse of drugs by all people in the Salinas community. Working with the Salinas Union High School District, Sunrise House assigns Alcohol/Drug Resource Specialists to each of Salinas' high schools and middle schools.

City of Salinas Response

Monterey County Mid-Year Grand Jury Report: August 6, 1997

INVESTMENT OF PUBLIC FUNDS

The City of Salinas is responding to **recommendation #1** and **recommendation #2** as well as **findings #3 through #7** in the Grand Jury report: Investment of Public Funds.

Each year the Salinas City Council reviews and adopts the City's investment policy to govern the investment of its public resources. A copy of the City's investment policy is attached. The City of Salinas' investment portfolio is designed with the objective of attaining a market rate of return throughout the budgetary and economic cycles; taking into account the City's investment risk constraints and the cash flow characteristics of the portfolio. The City's investment policy focuses on three areas:

Safety – the safety and risk associated with an investment refers to the potential loss of principal, interest or a combination of these amounts.

Liquidity – This refers to the ability to “cash in” at any moment with a minimum chance of losing some portion of principal or interest.

Yield – Yield is the potential dollar earnings an investment can provide, and sometimes is described as the rate of return.

Focusing on these three areas, the City investment strategy has proven effective. The two financial instruments most used that meet the above test are: Local Agency Investment Funds (through the state of California) which have a rate of return between 5.5% and 5.7%; and Certificate of Deposits which have a rate of return between 5% and 5.7%.

The City maintains five active checking accounts under the “Compensating Bank Balance” system. There are no bank charges for handling these accounts including free statements, checks and deposit slips for the accounts. Additionally, the bank provides courier service, bank staff services and bank activity data reporting in magnetic tape format. Under the Compensation bank Balancing System, the City does not incur any cost for these services and supplies. Two recent analyses indicate that the cost of these supplies and services would exceed any interest earned on an interest bearing checking account.

Explanations on exhibit A, Table 1 and Table 2 are provided below:

Table 1: The REDIP Reserve is a savings account as required by agreement with the State Department of Commerce.

Table 2: The Condemnation Deposits are held at the State of California Controller's Office and the interest earned on deposits was 5.59% for the period of January 1, 1997 - June 30, 1997.

RESPONSE REQUIREMENTS

The Penal Code regulates who must respond to Grand Jury Jury Findings and Recommendations, when the response must be made, and the form the response must take. Please review Penal Code Sections 933 (c) and 933.05 (a) and (b) which govern response to Grand Jury Findings and Recommendations. Excerpts of these sections are provided below. The Penal Code requirements are mandatory; please read and follow them carefully.

RESPONSES DUE:

Pursuant to Penal Code Section 933 (c), responses to the Grand Jury Mid-Year Final Report are due as follows:

ELECTED COUNTY OFFICERS AND COUNTY AGENCY HEADS -

60 DAY RESPONSE PERIOD: Responses by elected County officers and County agency heads are due on or before OCTOBER 7, 1997.

CITIES AND OTHER PUBLIC AGENCIES -

90 DAY RESPONSE PERIOD: Responses by all other public agencies, including cities, are due on or before November 7, 1997.

ADDRESS FOR DELIVERY OF RESPONSE TO THE PRESIDING JUDGE:

Mailing Address

Hon. Jonathan R. Price
Presiding Judge
Monterey County Superior Court
P. O. Box 414
Salinas, CA 93902

Street Address

Hon. Jonathan R. Price
Presiding Judge
Monterey County Superior Court
240 Church Street
North Wing, Room 320
Salinas, CA 93901

PENAL CODE SECTION 933 (c)

"(c) No later than 90 days after the grand jury submits a final report on the operations of any public agency subject to its reviewing authority, the governing body of the public agency shall comment to the presiding judge of the superior court on the findings and recommen-

dations pertaining to matters under the control of the governing body, and every elective county officer or agency head for which the grand jury has responsibility pursuant to Section 914.1 shall comment within 60 days to the presiding judge of the superior court, with an information copy sent to the board of supervisors, on the findings and recommendations pertaining to matters under the control of that county officer or agency head and any agency or agencies which that officer or agency head supervises or controls. In any city and county, the mayor shall also comment on the findings and recommendations. All such comments and reports shall forthwith be submitted to the presiding judge of the superior court who impaneled the grand jury. A copy of all responses to grand jury reports shall be placed on file with the clerk of the public agency and the office of the county clerk, or the mayor when applicable, and shall remain on file in those offices. One copy shall be placed on file with the applicable grand jury final report by, and in the control of the currently impaneled grand jury, where it shall be maintained for a minimum of five years."

PENAL CODE SECTION 933.05 (a) and (b)

"Response to Grand Jury Recommendations--Content Requirements; Personal Appearances by Responding Party Grand Jury Report to Affected Agency.

"(a) For purposes of subdivision (c) of Section 933, as to each grand jury finding, the responding person or entity shall indicate one of the following:

"(1) The respondent agrees with the finding.

"(2) The respondent disagrees wholly or partially with the finding, in which case the response shall specify the portion of the finding that is disputed and shall include an explanation of the reasons therefor.

"(b) For purposes of subdivision (c) of Section 933, as to each grand jury recommendation, the responding person or entity shall report one of the following actions:

"(1) The recommendation has been implemented, with a summary regarding the implemented action.

"(2) The recommendation has not yet been

implemented, but will be implemented in the future, with a timeframe for implementation.

"(3) The recommendation requires further analysis, with an explanation and the scope and parameters of an analysis or study, and a timeframe for the matter to be prepared for discussion by the officer or director of the agency or department being investigated or reviewed, including the governing body of the public agency when applicable. This timeframe shall not exceed six months from the date of publication of the grand jury report.

"(4) The recommendation will not be implemented because it is not warranted or is not reasonable, with an explanation therefor."

1997 MONTEREY COUNTY GRAND JURY MID-YEAR FINAL REPORT

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INVESTMENT OF PUBLIC FUNDS

BACKGROUND:

Substantial monies are held by the local governments - County, Cities, Agencies and Districts - both for day-to-day use and for longer term needs. The question arises whether these funds are invested for maximum return, considering all factors, such as prudent investment, needs for ready cash and statutory constraints on management of public funds.

INQUIRY PROCESS:

The Grand Jury reviewed the practices of the County Treasurer/Tax Collector's Office, and they were found to be proper, with funds invested prudently and at reasonable rates of return, considering the legal constraints. In order to gain a broader understanding of the management of public funds, the twelve incorporated Cities in Monterey County were queried as to their practices and the status of their investments as of January 31, 1997. The survey asked for the location of available funds, the amounts in each account and the interest rate being earned by deposited funds.

ISSUE:

Are the funds in the hands of the twelve Cities in Monterey County prudently invested while earning the maximum return consistent with reasonable liquidity and the statutory constraints on the handling of public funds?

FINDINGS:

1. There has not been a Grand Jury report on cash management or investment practices by the Cities in the decade of the 90's.
2. The County practices were found to be proper, with funds invested prudently and at reasonable rates of return considering the legal constraints.
3. The institutions and arrangements under which City funds are invested seem to be conservative.

4. 96.5% of the funds in the hands of the Cities are invested at 5.00% to 6.63%, the median rate being 5.58%.

5. 2.4% of the funds invested at interest by the Cities is earning under 4.5%. If the return on these funds could be increased to 4.5%, the Cities would receive an additional \$54,400 in interest income per year.

6. Interest rates being earned by the various Cities vary widely, particularly for checking accounts. Those Cities which are not earning a return on checking accounts may be able to improve the returns on this money by renegotiating arrangements or changing banks. Arrangements by the Cities of Gonzales and Pacific Grove were the most attractive. See Exhibit A, Table 1.

7. As of the end of January 1997, there was a total of \$2,335,886 in the hands of the twelve Cities which was deposited in commercial institutions and was not receiving any interest earnings. While this is only about 1.1% of the funds in the hands of the Cities, if it could be on deposit at a mere 2.00% it would earn an additional \$46,700 per year. See Exhibit A, Table 2.

8. Since this inquiry dealt with the County and the incorporated Cities only, it seems reasonable to suppose that a critical study of the investment practices of the remaining 126 Districts (including the School Districts) and Agencies which make up local government in Monterey County would produce additional possibilities for improved returns on funds entrusted to these bodies.

RECOMMENDATIONS:

The 1997 Monterey County Civil Grand Jury recommends that:

1. Each of the Cities having funds which are not earning any interest invest their funds in interest earning accounts.

2. Those Cities having funds invested at 1.01% to 4.03% interest review these arrangements and if possible, improve the rates of interest.

3. The County Treasurer make a written offer of assistance to each of the 126 Districts and Agencies which, together with the County and the twelve Cities, make up the local government of Monterey County. This offer might include a copy of this report, or some further expansion of its points together with a brief description of the types of assistance the Treasurer's office might offer in making sure funds are invested to best economic effect.

4. The Boards of Directors or Commissioners of the Districts and Agencies of Monterey County inquire into the cash

management practices of the group under its supervision, and urge the use of the County Treasurer's advice should this be needed.

RESPONSES:

Monterey County Treasurer

Findings # 2 and 8

Recommendation # 3

Mayors of all 12 Monterey County Cities:

Carmel
Del Rey Oaks
Gonzales
Greenfield
King City
Marina
Monterey
Pacific Grove
Salinas
Sand City
Seaside
Soledad

Findings # 3 through 7

Recommendations # 1 and 2

Responses are not required from the Agencies and Districts, but they are urged to consult the Monterey County Treasurer for advice on investments for funds in hand.

EXHIBIT A
As of January 31, 1997

Table 1
Interest Rates on Investment Accounts (Percent)

City	CD	Checking	Savings	Local Agency Investment Acct.	Monterey County	Other
Carmel		6.05		5.55		
Del Rey Oaks		1.01		5.57		
Gonzales	5.65	4.03/5	2.0	5.58		
Greenfield			2.0	5.58	5.50	
King City	5.4-5.6		3.0	5.58	5.75	
Marina				5.60		
Monterey				5.50	6.10	
Pacific Grove		5.07				
Salinas	5.36	0.01**		5.58	*	
* Sand City						No response X
Seaside				5.58	***	
Soledad				5.58		5.0

- * \$ 639,524 @ 4.84% - on demand + \$947,723
\$635,554 in Treasury Bonds
- ** \$ 118,235 @ 2.02% - Bank of Salinas Redip Reserve
- *** \$2,198,280 @ 2.25% - Transamerica

Table 2
Funds NOT in Interest-Bearing Accounts

Carmel	\$ 66,000	Wells Fargo Bank
Del Rey Oaks	26,915	1st National Bank
King City	61,432	Bank of Salinas
Marina	11,369	
Monterey	207,529	
	124,687	Scholze Investment - Cash Portion
	82,841	Wells Fargo
Pacific Grove	20,000	Union Bank
Salinas	377,670	Bank of Salinas
	130,740	Condemnation Deposits
Seaside	93,009	Bank of America
Seaside Redevelopment	165,626	Bank of America
	150,851	First Trust National Association
Soledad	783,220	Bank of America
Total	\$2,235,886	

PURCHASING

BACKGROUND:

Outside purchasing is a multi-million dollar exercise for Monterey County - Cities, School Districts, Natividad Medical Center (NMC), Special Districts and the Sheriff's Department, etc. The Grand Jury wanted to find out whether the "best price" and/or "best value" was being obtained by the users.

INQUIRY PROCESS:

A survey was sent to 26 School Districts and to 12 Cities. A response was received from 19 School Districts and 8 Cities.

Not all responses were complete since some accounting systems could not furnish data in the format requested.

ISSUE:

Is purchasing being done in a timely and cost-effective manner?

FINDINGS:

1. None of the respondents are using the services of the Monterey County Central Purchasing Department (MCCPD).

2. Authorization limits and procedures appeared to be adequate. Since this was not studied in depth, reliance was based on comments made on the survey.

3. Approximate totals of purchasing done by the respondents are:

	<u>Supplies</u>	<u>Equipment</u>	<u>Professional Services</u>
School Districts	\$12,481,000	\$5,649,000	\$9,184,000
Cities	\$17,942,000	\$6,048,000	\$3,983,000

The total of Supplies and Equipment is \$42,120,000. If there were consolidation and use of a "professional" purchasing

department vs. small individual efforts, substantial savings could accrue to the participants.

Even savings of 1%, on average, would generate a figure more than sufficient to fund two additional positions which MCCPD estimates would be necessary to handle the additional workload.

One example reviewed by the Grand Jury indicated a 3% savings was achieved when MCCPD became involved after the efforts of a local department proved inadequate.

4. Our survey also revealed a pattern (by some respondents) of spending in the last month or two of the fiscal year that suggests a "use it or lose it" philosophy. This can lead to poor value and poor judgment in what is ordered and possible conflicts since a normal bidding process is sometimes ignored in the haste to spend funds.

Seven School Districts and two Cities supplied month-by-month data which contained "the appearance" of last minute frenzy spending.

Major Spending in June (May in two cases)
(June is last month of fiscal year.)

Percentage to annual total spent by category was:

Supplies - 16 to 27% in 6 respondents;
Equipment - 13 to 43% in 7 respondents; and
Professional Services - 17 to 62% in 8 respondents.

Two flagrant examples noted were:

a. Salinas City Elementary School District - spent \$463,948 (27% of total) on supplies in June 96 and \$781 in July. They spent \$144,851 (21%) on equipment in June vs. \$4,866 in July.

b. The City of Seaside spent \$88,065 (28%) on supplies in June 96 vs. \$71 in July. They also spent \$264,656 (25%) for Professional Services in June 96 vs. \$1,993 in July.

RECOMMENDATIONS:

The 1997 Monterey County Civil Grand Jury recommends that:

1. There be an examination of "last minute" spending and, if necessary, establishment of procedures to change this practice.

2. School Districts, Cities, and other local government agencies within Monterey County consult with the MCCPD to achieve

savings available by central fund purchasing to taxpayers.

RESPONSES REQUIRED:

Board of Supervisors

Findings # 1 and 4

Recommendations # 1 and 2

Mayors of Monterey County Cities:

Carmel
Del Rey Oaks
Gonzales
Greenfield
King City
Marina
Monterey
Pacific Grove
Salinas
Sand City
Seaside
Soledad

Findings # 1, 3, and 4

Recommendations # 1 and 2

Board of Trustees of all School Districts within Monterey County:

Alisal Union School District
Bradley Union School District
Carmel Unified School District
Chualar Union School District
Gonzales Unified School District
Gonzales Union School District
Gonzales Union High School District
Graves School District
Greenfield Union School District
King City Joint Union High School District
King City Union School District
Lagunita School District
Mission Union School District
Monterey Peninsula Unified School District
North Monterey County Unified School District
Pacific Grove Unified School District
Pacific Unified School District
Salinas City School District
Salinas Union High School District
San Antonio Union School District

San Ardo Union School District
San Lucas Union School District
Santa Rita Union School District
Soledad Unified School District
Spreckels Union School District
Washington Union School District

Findings # 1, 3, and 4

Recommendations # 1 and 2

Responses are not required from the Agencies and other Districts, but they are urged to consult the Monterey County Purchasing Department for advice on possible benefits from centralized purchasing.

FORT ORD REUSE AUTHORITY (FORA)
ROADS AND BRIDGES

BACKGROUND:

The Grand Jury inquiry into the approved Fort Ord Reuse Authority (FORA) Plan indicated that there are many economic impacts which seriously affect Monterey County and the cities neighboring Fort Ord. The total long-term impact of the FORA Plan on the County is at this time unknown.

However, the impact of the Plan considering the infrastructure alone -- roads, water, sewers, police and fire protection, etc., is enormous. Because of the complexity of the issues, the Grand Jury decided to study only one aspect of the infrastructure: the construction and maintenance of the roads and bridges that the Fort Ord development will necessitate between now and the ultimate buildout date of the year 2015.

ISSUE:

1. Who will take responsibility for the construction and maintenance of the various local streets, interconnecting roads and regional highways and bridges within the area impacted by the planned development of Fort Ord?
2. How will this construction and maintenance be paid for?

INQUIRY PROCESS:

The 1997 Monterey County Civil Grand Jury interviewed representatives from the Cities of Marina, Seaside, Del Rey Oaks, and Monterey, and representatives of the California State University Monterey Bay (CSUMB), Fort Ord Reuse Authority (FORA), the Transportation Authority of Monterey County (TAMC) and of the Association of Monterey Bay Area Governments (AMBAG). Also, a complete review of all FORA Board minutes was made. This included minutes from FORA's inception. The Grand Jury reviewed SB899 and SB1600, and the 1996 FORA plan and all changes to the 1997 Reuse Plan.

DISCUSSION:

There are three types of transportation projects that we are concerned with:

1. "Local Streets" that are contained within a particular jurisdictional area of Fort Ord. For example, the streets within CSUMB's area.

2. "Interconnecting Roads" which are contained in Fort Ord but run through one or more jurisdictional areas. For example, North-South road that runs the length of Fort Ord.

3. "Regional Highways" that run to and from Fort Ord from other parts of the Peninsula and are affected by the amount of development planned for Fort Ord. For example, Highway 1 at Seaside/Sand City, Highway 68 - Bypass Freeway, Reservation Road, etc.

There are two kinds of governmental entities that are involved in the allocation of costs:

1. FORA jurisdictions that own property within Fort Ord. Included here are the cities of Marina, Monterey, Seaside, and Del Rey Oaks, the County of Monterey, and various public benefit grantees: CSUMB, Monterey Peninsula College, the Homeless Coalition, etc. (See Exhibit A).

2. FORA jurisdictions that do not own property within the boundaries of Fort Ord but have been voting members of FORA and are affected by FORA decisions. These are the cities of Carmel, Pacific Grove, Salinas and Sand City.

FINDINGS:

1. TAMC estimates the total costs for all surface transportation improvements that have any "nexus" with the planned development of Fort Ord and that will have to be made from now to the year 2015 is \$856,551,064* (See Exhibit B).

2. Only \$208,780,000* of the total costs will come from dedicated or "expected" funding. That leaves \$647,771,064* of necessary costs that are "unfunded" having, at this time, no known way to cover them.

3. Of the \$647,771,064* unfunded costs \$368,529,179* are attributable to the development that will go on in the next 18 years at Fort Ord and the surrounding impacted areas. All FORA jurisdictions (those who own property within Fort Ord and those which do not) agree to the estimates contained in Exhibit B.

*Estimates in 1993 dollars

4. It was estimated that 90% of the existing Fort Ord local streets and interconnecting roads are not up to County standards.

5. The Army will not upgrade or improve streets or roads prior to conveyance.

6. The cities of Marina, Seaside, Del Rey Oaks, and the County of Monterey have no additional funds to assume the maintenance of local streets being conveyed to their jurisdiction. Conveyances of local streets contain covenants requiring that streets be brought up to County standards.

7. Some regional projects, though they are expenses the County must assume, are not even being totaled as expenses against the Fort Ord development. For example: the Prunedale Bypass, Highway 156 widening, and the Hatton Canyon project.

8. There are no projects currently scheduled by developers which would pay for local streets and interconnecting roads, much less for regional highways.

9. When FORA is disbanded the most vital mechanism for cooperation among the jurisdictions will be gone; therefore, time is of the essence for this enormous problem.

10. Some County managers and political leaders have suggested to the Grand Jury that modest increases in the sales tax and/or regular contributions from the County's general funds might be used to make up this shortfall. A study of Exhibit B plus some simple figures concerning the County's economy make it clear that such ideas are not feasible. Exhibit B tells us that the impact on regional highway projects of the reuse of Fort Ord will cost about \$540 million dollars.

Turning first to the sales tax proposal, the County's recent taxable sales have been \$2,911 million in 1993; \$2,981 million in 1994. In the first half of 1995, the sales increased about 4% over the similar period in 1994 - i.e., about the same as inflation. A sales tax increase of one-half of one per cent would produce about \$15 million incremental income per year, providing the needed \$540 million in 36 years. A one per cent increase would provide this sum in 18 years. But to get such an increase, and to be able to reserve 100% of it for County roads and bridges, seems highly unlikely.

11. Similarly, contributions from the County's general fund seem poorly fitted to this enormous task. To provide the incremental \$540 million by the year 2015 -- the target year for the TAMC forecasts -- would require about half of the discretionary money available to the County each year or some \$30 million a year for 18 years.

12. Either of the above proposals indicates that raising this large sum of money from traditional sources is unlikely, and

if it could be raised it would only meet the regional roads and bridge needs consequent to the planned development of Fort Ord. The Grand Jury conclusion is that no one in Monterey County has any realistic ideas about where these large amounts of money will come from.

RECOMMENDATIONS:

The 1997 Monterey County Civil Grand Jury recommends that:

1. Each FORA jurisdiction receiving local streets and using the interconnecting roads within Fort Ord should immediately prepare a plan to fund their individual share of the costs of construction, rehabilitation and maintenance of these streets and roads.

Until such funding is assured, no further conveyances of property should be made.

2. All affected FORA jurisdictions (the eight cities and the County) agree on a Regional Transportation Plan such as the 2015 Fort Ord Regional Transportation Study and agree on the allocation of the costs of Regional Highway Projects.

3. All affected FORA jurisdictions agree to an equitable allocation to Public Benefit Grantees of the costs of local, interconnecting and regional roads.

RESPONSES REQUIRED:

Monterey County Board of Supervisors

Findings # 1 through 12

Recommendations # 1, 2, and 3

Mayor of City of Marina

Findings # 1 through 12

Recommendations # 1, 2, and 3

Mayor of City of Seaside

Findings # 1 through 12

Recommendations # 1, 2, and 3

Mayor of City of Del Rey Oaks

Findings # 1 through 12

Recommendations # 1, 2, and 3

Mayor of City of Salinas

Findings # 1 through 12

Recommendations # 2 and 3

Mayor of City of Pacific Grove

Findings # 1 through 12

Recommendations # 2 and 3

Mayor of City of Monterey

Findings # 1 through 12

Recommendations # 2 and 3

Mayor of City of Carmel

Findings # 1 through 12

Recommendations # 2 and 3

Mayor of City of Sand City

Findings # 1 through 12

Recommendations # 2 and 3

President of California State University Monterey Bay

Findings # 1 through 12

Recommendations # 1, 2, and 3

PRISONS IN MONTEREY COUNTY

The California Penal Code Section 919(b) requires each Grand Jury to visit and inspect the prisons situated in the County of the Jury's jurisdiction. Accordingly, the 1997 Grand Jury visited the three prisons in Monterey County as follows:

Salinas Valley State Prison Soledad (SVSP)	February 6, 1997
Correctional Training Facility Soledad (CTF)	April 29, 1997
Sheriff's Headquarters and County Jail, Salinas (MCJ)	April 17, 1997

SALINAS VALLEY STATE PRISON:

SVSP is a new facility which first began receiving inmates in May, 1996. It is a clean, light, relatively open facility, generally "state of the art" in design, function and organization. Although 60% of the staff is in the probationary period (new employees being considered on Probation for the first nine months of employment) the supervision seemed well-seasoned and competent. The nominal capacity of the prison is 2200 men based on one inmate per cell. But from the start, SVSP like other prisons in the California Corrections Department system, was equipped with two beds per cell. At the date of the Grand Jury visit the inmate count was 3899 men; ultimate capacity on the two-per-cell basis is 4046 prisoners. Budget appears to be under control. The capital cost of the facility was \$238 million, and the Grand Jury was informed this was slightly under the initial budget. Annual operating cost is \$86 million or about \$21,500 per inmate.

Food service appears adequate, serving three meals per day (two hot meals and a sack lunch) containing at least 2400 calories and costing an average of \$2.41 per man per day. The kitchen was clean and efficient and the Grand Jury saw a meal being served out consisting of chicken, rice and corn, which appeared generous and appetizing. SVSP has a management and staff totalling 1050 people, i.e., a ratio of 3.8 inmates per staff person. Management appeared competent and caring, and the officer personnel met by the Grand Jury have the bearing and presence expected of officers.

CORRECTIONAL TRAINING FACILITY, SOLEDAD:

The CTF was constructed in three major projects, one in 1946, one in 1951 and one in 1958. Although an old facility, with the largest inmate population of any prison in Monterey County, the overall atmosphere in the prison was much less tense than at SVSP. The Grand Jury suggests three reasons for this:

- * Inmates in the California Correctional institutions are classified as to potential for violence. Level 1 includes inmates with the lowest potential, level 4 includes those considered most likely to exhibit violent behavior. The CTF prison population is classified as levels 1 and 2. Both SVSP and the County Jail have all four levels of potential for violence;
- * The CTF has the largest percentage of its population active in vocational training, vocational work or education of the three prisons visited; and
- * The staff of the CTF and the County Jail are more mature and more seasoned than the staff at SVSP.

The Grand Jury was favorably impressed with the vocational and educational activity at CTF. A couple of these programs deserve special mention -- there is a program called Computers for Schools which engages 75 to 100 inmates at CTF. In this program about 30 inmates are being trained in computer repair, and about 50 graduates of this training are engaged in rebuilding used computers which are then supplied free of charge to schools in need of such equipment. The program is underway in 13 institutions among the California Corrections Department. Used computers are collected from industry by the Detwiler Foundation and supplied to the prisons for this purpose. At CTF alone, almost 2000 reconditioned computers have been supplied to schools under this program.

Among the other 24 types of vocational training and services being offered at CTF, the manufacture of office furniture also deserves special mention. Good quality desks, bookcases, office chairs, and office cabinets are manufactured at CTF and supplied to State or local government at reasonable prices which recover the costs for materials and low paid prison labor. This program has been going on for some years, beginning back in the earlier years when CTF had levels 1, 2 and 3 rated inmates. Even with this higher potential for violence among inmates, it was decided to convert a warehouse in the furniture factory area into a large dormitory and expand the prison capacity accordingly. Some 375 men live in this large warehouse, rigged as a dormitory with two-high bunk beds. The life has sufficient attraction that good behavior is readily achieved; there is a long waiting list of inmates eager to replace a prisoner who breaks the rules and has to return to the ordinary prison life.

CTF makes positive contributions to Monterey County communities. In addition to the computers for schools, the CTF landscaping group provides plants for community parks and erosion control. The CTF Fire Department consisting of one supervisor from the prison staff and the rest of the team all inmates, is available and responds to call outs from nearby Fire Departments under Mutual Aid agreements. Inmates also do roadside clean-up, assist with sand dune rehabilitation, and perform other work benefiting local communities.

CTF also has programs to bring all inmates to the educational level of eighth grade, and a GED program for earning a high school certificate. All-in-all, some 2000 of the 7175 inmates at CTF are engaged in these vocational or educational programs. The Grand Jury felt that the somewhat less tense atmosphere at CTF was due in considerable degree to the availability of these programs. Unfortunately, there is a long waiting list for most of these programs, and additional capacity is limited by lack of funds and lack of space. Of course, there is a large portion of the inmates who are too cynical to undertake these programs, but there are many willing to do so who cannot be accommodated.

The CTF population is 7175 inmates in a facility designed to house 2981. There are 1390 full-time staff people and the budget is \$103,219,000 per year. As at SVSP, food is supplied as two hot meals and a sack lunch, providing at least 2400 calories per man per day, and costing an average of \$2.41 per man per day. The Grand Jury was given the regularly issued sack lunch supplemented by a hot beverage (which the inmates do not get). The basic lunch was filling and appetizing. The kitchen is very large, and we saw the evening meal being prepared -- the entree being 7175 frozen beef pot pies!

Although the prison is old, it is quite clean and well-managed with recreation yards planted to grass and recreational facilities supplied to a reasonable level.

MONTEREY COUNTY JAIL

The Monterey County Jail was built in 1977, much of it to Federal designs and standards, which required some modification almost immediately after being put into service, and which is still the subject of some dissatisfaction among the officers assigned to the jail division. The facility also includes a Rehabilitation Center for both sentenced and unsentenced inmates. The capacity of the total facility is about 1050 people, about 10% females. The jail is used by all cities in the County as well as the unincorporated areas of the County. Inmates may be housed for any period from overnight to as long as one year under a sentence to be served in County jail. For the longer term prisoners a classification system is in place as for the State Prisons, but many inmates are not there long enough to be

segregated by classification. The result of this fact is that the potential for violence cannot be used for segregation of prisoners as reliably as in the State Prisons. The jail staff does try to segregate gang members in order to minimize gang violence within the jail. The staff in the Corrections Division of the Sheriff's Department total 194 people and the 1996 budget was \$15,835,000. There is a rapid turnover of inmates -- 18,940 bookings in 1996. The staff appeared to be capable and well-trained with many of the officers having upwards of 15 years of service in the Sheriff's Department. Kitchens looked clean and efficient, and the Grand Jury enjoyed a fine buffet lunch. Cost of feeding averages \$2.85 per person per day.

CITY HOLDING FACILITIES:

The Law Enforcement Committee of the Grand Jury visited the holding cells in Marina City Police Department and Monterey City Police Department stations. Monterey City Police Department is certified to hold prisoners overnight. All other Monterey County cities use the County Jail for overnight incarceration. The Committee reported these City facilities as satisfactory. However, at Marina, the Grand Jury noted the cells were on a floor level below the station offices, with no officers on duty. The cells are under observation by TV cameras monitored on a different floor. Response time in case of emergency could be quite slow.

In the Monterey City Jail, the surveillance of the open bar cells occupied by female prisoners may be by male or female officers. All the cells, including those in the female section, are monitored by closed circuit TV with the viewing screen in the booking office, allowing no privacy for female prisoners.

The Grand Jury also obtained reports on these City facilities from the inspection made in January 1997 by the California Department of Corrections, which reports were generally favorable.

REFERENCES:

Since the inspection of the prisons is the only specific duty of each Grand Jury as spelled out in the Penal Code, there are reports in each of the Final Reports of these visits for each year in the 90's except the 1996 Final Report. However, the visits were made in 1996 as required. Most of the recommendations in these reports are directed toward the County Jail, as the State Prisons are nominally outside the jurisdiction of the Monterey County Civil Grand Jury.

FINDINGS:

1. Overall treatment of inmates at all three prisons appears to be rigorous but humane.

2. Rumors of comfortable living in the prisons, which are reported from time-to-time in the press, are certainly unfounded in any of the prisons in Monterey County.

3. The standard condition of overcrowding which is accepted as a simple fact of life at each prison is a major element in the rigor of daily life in the prisons. Unfortunately, the predictions of growth of the populations in the prisons of California and of the nation are almost always too low. In the California Corrections System in 1997, there are 147,000 prisoners, 9961 more than one year ago. The existence of a rigorous prison life does not seem to have been a deterrent to the commitment of crimes.

4. Whatever the solution to the growth in crime and the consequent growth in prison population, it is not likely to be found among the people held responsible for the management of the prisons. In general, they are too close to the hard facts of day-to-day life in close contact with hardened and dangerous criminals to speculate as to the root causes of the ruined lives they supervise.

5. One source of increased prison population seems to be the mentally ill. In both State facilities the Grand Jury visited, the medical staff was firmly of the opinion that the reduced ability of the State mental hospitals to deal with the mentally ill had caused many of these people to drop into the prison system. For example, at SVSP there were 160 men who were so seriously ill mentally that they were maintained in locked quarters under the supervision of a Conservator. In addition, there were 500 inmates under Continuing Correctional Care Management (CCCM) who suffer from major mental illnesses which can be kept in remission by medication. The medical staff at SVSP estimated that when the prison reached full capacity there would be 700 to 800 people in the CCCM group, i.e., about 20% of the prison population.

6. Medical care at all three prisons seemed to be very good. The State Prison medical staff people said they thought inmates probably received significantly better medical care than the average citizen of the nation.

7. The Grand Jury agreed that the greatest evil of the prison life as they observed it, was that most prisoners had quite literally nothing to do for most of their waking hours. Those institutions which provided the most work seemed to be the least "up tight." But even in the best of the three only about 15% of the inmates are actually busy for several hours each day.

8. The Grand Jury noted that the County of Monterey has little or no jurisdiction over the two California Correction Department prisons near Soledad. About the only direct effect of these prisons on the County is their requirement for infrastructure. They need to draw water, power and waste disposal services from the broader surroundings, and the traffic generated for their activities uses the roads supplied by the County. On overall balance, the prisons are seen as economically desirable, each one providing several hundred civilian jobs in the nearby community. That this is true is probably best illustrated by the fact that the City of Soledad chose to annex the prisons in 1990, and Soledad was the fastest growing City in Monterey County last year, probably because of the startup of the new prison.

9. Response to an emergency arising in a cell in the Marina Police Department jail could take too long. Surveillance of female prisoners in the Monterey City Jail is frequently by male officers.

RECOMMENDATIONS:

The 1997 Monterey County Civil Grand Jury recommends that:

With respect to all prisons:

1. Every effort should be expended by the prison managements and every assistance offered by surrounding communities to bring work and educational opportunities into the prisons.

2. Considering the total cost of the California Department of Corrections is \$3.6 billion per year, assemble a competent team of sociologists, psychologists and other qualified professionals fully engaged in research as to the causes and possible social remedies for escalating prison populations.

With respect to the Salinas Valley State Prison:

3. The problem of delivering hot food to those cell blocks lacking reheating facilities is urgent and should receive high priority.

4. The educational and vocational facilities were not very readily available at the time of the Grand Jury visit. The full implementation of the facilities and the staffing required to make them effective should receive top priority.

5. The landscaping of the recreation yards and the provision of sports equipment and playing fields should be completed as soon as possible. The Grand Jury witnessed some very lackadaisical work being done by inmates, but it seemed there were hundreds of people with nothing to do who could be turned to on these tasks and wrap them up in record time.

With respect to the City prisons:

6. Marina Police Department revise duty assignments so that an officer is on duty on the floor when prisoners are being held in cells.

7. Monterey Police Department revise duty assignments so that female officers be used for surveillance of female prisoners.

RESPONSES REQUIRED:

Monterey County Board of Supervisors

Findings # 1 through 9

Recommendations # 1 and 2

Monterey County Sheriff

Findings # 1 through 9

Recommendations # 1 and 2

Warden of Salinas Valley State Prison

Findings # 1 through 9

Recommendations # 1, 2, 3, 4, and 5

Warden of Correctional Training Facility, Soledad

Findings # 1 through 9

Recommendations # 1 and 2

Mayor of Soledad

Findings # 3, 5, and 7

Recommendations # 1

Mayor of Carmel

Findings # 3, 5, and 7

Recommendations # 1 and 2

Mayor of Monterey

Findings # 3, 5, 7, and 9

Recommendations # 1, 2, and 7

Mayor of Pacific Grove

Findings # 3, 5, and 7

Recommendations # 1 and 2

Mayor of Seaside

Findings # 3, 5, and 7

Recommendations # 1 and 2

Mayor of Marina

Findings # 3, 5, 7, and 9

Recommendations # 1, 2, and 6

Mayor of Sand City

Findings # 3, 5, and 7

Recommendations # 1 and 2

Mayor of Salinas

Findings # 3, 5, and 7

Recommendations # 1 and 2

Mayor of King City

Findings # 3, 5, and 7

Recommendations # 1 and 2

Mayor of Greenfield

Findings # 3, 5, and 7

Recommendations # 1 and 2

Mayor of Del Rey Oaks

Findings # 3, 5, and 7

Recommendations # 1 and 2

Mayor of Gonzales

Findings # 3, 5, and 7

Recommendations # 1 and 2

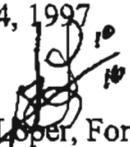


City of Salinas

POLICE DEPARTMENT • 222 Lincoln Avenue • Salinas, California 93901 • (408) 758-7236

1. This is a collection of requests
2. Loper to **Roger**, Gery and Nathan

October 14, 1997


D. Roger Loper, Foreman
Monterey Grand Jury
240 Church Street
Salinas, CA 93901

Dear Mr. Loper:

The following response is in answer to the 1997 Mid-Year Grand Jury Report relative to Violence on School Campuses. In particular response to the police/school related issues I will assert the following;

Issue: "A full-time School Resource Officer position be created before the end of 1997 in each of the ten Law Enforcement Agencies to deal with school violence and related problems."

Answer: The Salinas Police Department has deployed five School Resource Officers since 1992. One of the five positions is funded by the Salinas Union High School District.

Issue: "Each of the 13 Law Enforcement Agencies in the County review successful programs and measure utilized by their fellow Law Enforcement Agencies, and consider the feasibility of incorporating these measure in their own jurisdiction."

Answer: The Monterey County Chief Law Enforcement Officers met as a group on October 5-8, 1997, representing all of the County cities and unincorporated areas. Anti-School Violence programs were discussed in an informational sharing context among all of the agencies present. As one might suspect the City of Salinas has a wide array of school/youth related programs which were shared at this meeting.


Dan Nelson
Chief of Police

DN:gc

Grand Jury

P.O. Box 414
Salinas, CA 93902
(408) 755-5020



November 12, 1997

*Pl. Informed
re N-60805
response.*

Ashok Khanchandani
Chief Financial Officer, NMC
1330 Natividad Rd.
Salinas, CA 93905

Dear Mr. Khanchandani:

The 1997 Monterey County Grand Jury issued a Mid-Year Final Report dated August 7, 1997. All of the responses required by Section 933.05 of the California Penal Code should have been dispatched to us on or before November 7.

You have been requested to provide a response to the findings and recommendations in the 1997 Mid-Year Final Report.

We have not received your response. Therefore, you are in violation of Section 933.05 of the California Penal Code. To avoid the costly and time-consuming task of obtaining a court order to demand your response, please have it in our hands on or before November 24, 1997.

Yours truly,

D. Roger Loper, Foreman
1997 Civil Grand Jury

DRL/lt
Attachment: Copy of Penal Code Section 933.05

Report to Monterey County Board of Supervisors

SUBJECT APPROVE RECOMMENDED RESPONSE TO THE 1997 GRAND JURY MID-YEAR FINAL REPORT	BOARD MEETING DATE 10-28-97 10:00 am	AGENDA NUMBER
DEPARTMENT County Administrative Office		

RECOMMENDATION

It is recommended that the Board of Supervisors approve the attached response to the 1997 Grand Jury Mid-Year Final Report to be filed with the Presiding Judge of the Superior Court.

SUMMARY

By law, the Board of Supervisors must file a response to the Grand Jury Final Report with the Presiding Judge of the Superior Court following the report's release.

Elected county officials and department heads are required to submit a response directly to the Presiding Judge of the Superior Court. Comments made by the elected officials have been included in the Board's proposed response as attachments.

DISCUSSION

The proposed response addresses each specific finding and recommendation directed to the Board of Supervisors and the departments for which it is responsible.

OTHER AGENCY INVOLVEMENT

Members of the 1997 Grand Jury and appropriate department heads have been provided copies of the proposed Board of Supervisors' response.

FINANCING

Acceptance of the recommended Board response will have no direct financial impact on the General Fund.



ERNEST K. MORISHITA
County Administrative Officer
October 28, 1997

GRAND JURY PROCESS IN MONTEREY COUNTY

FINDINGS

1. The exposure of Grand Jury matters to the public occurs about three times a year - once when the Final Report is issued, early in each year; again in the spring when a meeting is held by the Monterey County Board of Supervisors, with members of the immediately preceding and the currently sitting Grand Juries present; and finally, in the late summer when the Office of the Superior Court issues invitations to citizens of the County who might be interested in serving on the next year's Grand Jury. Depending upon the newsworthiness of the Grand Jury Report, the first event may get significant attention, but the other two create a subdued ripple upon public notice.

BOARD OF SUPERVISORS' RESPONSE:

The Board of Supervisors agrees with this finding.

2. Some witnesses who came before the 1997 Grand Jury pointed out important changes which had been made in the past as a result of Grand Jury inquiries and recommendations. But many of the employees of County, City and Agency organizations had the attitude: "Grand Juries come and Grand Juries go, but we're still here, year after year."

BOARD OF SUPERVISORS' RESPONSE:

The Board of Supervisors is supportive of the Grand Jury process and will assess the merits of a finding and recommendation from the Grand Jury on a case by case basis.

3. The League of Women Voters has indicated concern over the lack of follow-up on Grand Jury recommendations and proposes to organize a blue-ribbon Committee to look into the matter and see if some organization of citizens could be effective in getting more meaningful action on Grand Jury ideas.

BOARD OF SUPERVISORS' RESPONSE:

The Chair of the Board of Supervisors and the County Administrative Officer has scheduled a meeting with representatives of the League of Women Voters regarding their concerns on follow-up.

4. In September of 1994 the Monterey Herald published an article headlined, "The Grand Jury - a Toothless Tiger," which gave examples of useful recommendations which went unheeded for many years or, quite frequently, forever.

BOARD OF SUPERVISORS' RESPONSE:

The Board of Supervisors disagrees with this finding. Grand Jury recommendations are taken seriously by the Board and departments. The County has implemented numerous recommendations from past Grand Juries.

5. Analysis of the responses to the 1996 Grand Jury Final Report show that 28 percent of the Managers or Department Heads who were required by provisions of the Penal Code to

respond, did not do so. Exhibit A illustrates the nature of the responses received, both from Monterey County Board of Supervisors and Departments and from all respondents. Exhibit B gives the detail of responses received (or not received in many cases) on each Project and each recommendation in the 1996 Grand Jury Final Report. Only 53 percent of the responses were fully in accordance with the provisions of the 1997 Penal Code, Section 933.05(b), for the handling of Grand Jury recommendations.

BOARD OF SUPERVISORS' RESPONSE:

The Board of Supervisors disagrees with this finding. Certain department heads and non-elected county officials provide responses to the Grand Jury through the Board of Supervisors. Consistent with the provisions of Section 933 of the Penal Code, the Board of Supervisors requires all non-elected county officials and agency heads who report to the Board of Supervisors, either directly or through the offices of the County Administrative Officer, to prepare draft responses for consideration of the Board. The Board reviews, considers, modifies (if warranted), and approves the responses and authorizes forwarding the final responses, as approved by the Board, to the Presiding Judge. All responses from the Board of Supervisors and non-elected county officials and agency heads that report to the Board have been submitted to the presiding judge in full compliance with the requirements of law. (Responses of elected county officials and agency heads, who do not report directly to the Board and do not require Board approval of their responses, are forwarded directly to the Presiding Judge of the Superior Court and copies of their responses are forwarded to the Board of Supervisors solely for the Board's information. The Board will direct the County Administrative Officer to work with these elected county officials and agency heads to ensure that their respective responses, when required, will be provided in the manner required by law.)

6. In view of this poor showing, and with a view toward educating those asked to respond to Grand Jury Reports, the 1997 Grand Jury has written to each respondent, pointing out any shortfalls in the responses when considered against the requirements of the Penal Code.

BOARD OF SUPERVISORS' RESPONSE:

See response to Finding #5.

RECOMMENDATIONS

The 1997 Monterey County Civil Grand Jury recommends that:

1. The County make additional efforts to publicize the Grand Jury and to stimulate interest among the citizens of Monterey County to serve on future panels. The media seems to be receptive to Grand Jury news when it is made available to them.

BOARD OF SUPERVISORS' RESPONSE:

Disagree with this recommendation. The Superior Court issues press releases in connection with recruitment of the Grand Jury and release of the Grand Jury Report. Ads are run in at least three local papers to facilitate Grand Jury recruitment. In addition, announcements are sent to over 100 local civic groups and local political officeholders. The Grand Jury Report,

as well as the Board of Supervisors' response to the report, receive extensive coverage in the local media. The Board of Supervisors does not perceive a need to develop additional publicity in this area. There is no doubt that there is a substantial problem in the area of Grand Jury recruitment. This problem would seem not to stem from a lack of public awareness of the opportunity, but because of the nature of the job. To conscientiously carry out the duties of a Grand Juror, an individual must be willing to commit a substantial portion of their available time to the activity. Many citizens do not feel that they can carry out the substantial requirements of the job.

2. Past Grand Jurors be trained to present the story of the Grand Jury to service clubs and similar community groups, and be listed with the County Speakers' Bureau for this purpose.

BOARD OF SUPERVISORS' RESPONSE:

The Board of Supervisors disagrees with this recommendation. Training of past Grand Jurors is a function of the Grand Jury itself. Monterey County does not maintain a County Speakers' Bureau. To a limited extent, current and prior Grand Jury members already perform this function. The County can assist in having officials making presentations to various civic and community organizations. This function is a County priority because of the need to represent the diverse needs of the County.

3. The Grand Jury and/or the County form a Committee of volunteer former members of past Grand Juries to study and evaluate responses to Grand Jury Final Reports and to propose any follow-up in the way of letters to those who do not respond or whose responses are not in accord with the requirements of Section 933.05 of the Penal Code. To perform these studies and follow-up actions dilutes the effectiveness of the sitting Grand Jury in producing useful inquiries into local government operations.

BOARD OF SUPERVISORS' RESPONSE:

The Board of Supervisors disagrees with this recommendation. The Grand Jury process as currently defined in law provides the mechanism by which accountability for past recommendations and responses should be addressed.

VETERANS SERVICES OFFICER

FINDINGS

1. The VSO is a discretionary office authorized by Section 970 of the Military and Veterans Code of the State of California.

BOARD OF SUPERVISORS' RESPONSE:

The Board of Supervisors agrees with this finding.

2. Needs of veterans in Monterey County are for assistance in filing claims for benefits, transportation to medical facilities, and survivors' assistance aid.

BOARD OF SUPERVISORS' RESPONSE:

The Board of Supervisors agrees with this finding.

3. The number of veterans served in Monterey County is approximately one percent (1%) of the County population. (Data from 1990 census, the US Department of Veterans Affairs, and the Monterey County Veterans Services Office Report for 1996.)

BOARD OF SUPERVISORS' RESPONSE:

The Board of Supervisors disagrees with this finding. Current data reveals that veterans represent more than 12% of the County's population. Consideration must also be given to their spouses, dependents and survivors for services, guidance and advocacy requirements to include death, medical and other monetary entitlements.

4. The current budget, year 1996-1997, is \$333,339.00 which provides for five employees. In this budget, \$58,318.00 is anticipated from the California Department of Veterans Affairs. Monterey County pays \$275,021 which is a five to one (5 to 1) County to State ratio. Additionally Some other County Department provide services to the VSO from their budgets.

BOARD OF SUPERVISORS' RESPONSE:

The Board of Supervisors agrees with this finding.

5. There is a disproportionate imbalance of funding for the VSO. The five to one (5 to 1) supplement (sometimes referred as an overmatch) from County General Revenue Funds is unusual compared with other County Departments.

BOARD OF SUPERVISORS' RESPONSE:

The Board of Supervisors agrees with this finding. The imbalance of funding noted by the Grand Jury is based on the high priority the Board of Supervisors places on the services provided by the Veterans Service Office and the lack of funding from state and federal sources.

6. Veterans' benefits are primarily the responsibility of Federal Agencies.

BOARD OF SUPERVISORS' RESPONSE:

The Board of Supervisors partially disagrees with this finding. The State of California provides benefits to veterans as does Monterey County. Monterey County provides veterans preference as part of the employment selection process

7. The VSO has transported veterans between Monterey County and Bay Area hospitals since 1991, and in that time about 20,000 one-way trips have been provided. At the present time, two vans are used for this service. About 3100 such trips were provided in 1995 and 3200 in 1996. (Data from VSO workload figures 1991-1996.)

BOARD OF SUPERVISORS' RESPONSE:

The Board of Supervisors disagrees with this finding. The statistics provided in this finding are in error. The data depicts the number of veterans transported, not the number of round

trips (versus one-way trips). 21,000 veterans have been transported to VA medical facilities since 1988.

8. Veterans in need of VA hospital services can apply for reimbursement for transportation. Many veterans' medical services can now be obtained through the VA clinic located at the former Fort Ord. This clinic offers services in 11 medical specialties and came on line in 1995.

BOARD OF SUPERVISORS' RESPONSE:

The Board of Supervisors partially agrees with this finding. While reimbursement for transportation is possible, many veterans are incapable of driving to VA Health Care facilities or are socially disadvantaged.

9. Upon closure of Fort Ord, the VSO assumed the Survivors Assistance Program which had been provided by the nearest Casualty Assistance Officer at Fort Ord. The nearest such office is not located at Fort Irwin, California.

BOARD OF SUPERVISORS' RESPONSE:

The Board of Supervisors agrees with this finding

10. Most California counties provide veterans' services. Several California counties have merged VSOs to more adequately provide services to veterans. However, not all VSOs provide veterans' services to the extent that Monterey County does.

BOARD OF SUPERVISORS' RESPONSE:

The Board of Supervisors agrees with this finding. Monterey County is fortunate to be in a position to provide a wide range of services to County veterans. Few counties provide this level of service. Veterans Services are based on the increasing longevity of our veterans population and the needs associated thereof, as well as the impact of the closure of Fort Ord. In order to fulfill the mission of quality services in our County, Veterans Services now provides additional quality services with our telephone claims program, outreach program, veterans van, and by out-stationing a staff member at the VA Clinic at Fort Ord.

11. Some of the services provided to veterans in Monterey County are available from other sources such as veterans' organizations (44 in Monterey County), Veterans Administration Offices, California Veterans Affairs Offices, Social Security Offices, Employment Office of the State, Military Units, and the Congressional or Legislative Offices.

BOARD OF SUPERVISORS' RESPONSE:

The Board of Supervisors partially agrees with this finding. The Federal VA Office in Oakland has a toll-free number for benefits information and they refer veterans to the County office for claims assistance and advocacy. The State District Office in Oakland likewise refers veterans to the County office. Local veterans' organizations lack technical skills. Social Security and the State Employment Development Department provide assistance germane to their programs, active duty military provides limited burial details, and legislative offices assist veterans upon request. It would be unconscionable to downgrade services to

our veterans or expect them to travel great distances to obtain adequate services without adequate advocacy.

12. The VSO is currently renting office space under a 3-year lease for \$2,448.00 plus \$436.00 maintenance, or \$2,884.00/month. This is 10.4% of the VSO budget.

BOARD OF SUPERVISORS' RESPONSE:

The Board of Supervisors agrees with this finding.

13. Other space is now or can be available from County properties to house the VSO.

BOARD OF SUPERVISORS' RESPONSE:

The Board of Supervisors disagrees with this finding. The County does not have sufficient space or suitable located space to house the Veterans Services Office functions at this time.

RECOMMENDATIONS

The 1997 Monterey County Civil Grand Jury recommends that:

1. By December 31, 1998 the County cease using General Funds to supplement the budget of the VSO by either:
 - a. Offering only those veterans' services that can be paid for by the State's contribution to the VSO; or,
 - b. Finding other ways to supply or pay for the services the State does not pay for. Some examples:
 - (1) Veterans Administration supplies or pays for transportation services.
 - (2) Veterans Administration supplies or pays for electronic claim processing.
 - (3) Department of Defense processes survivors' assistance claims.
 - (4) Users pay fees for services.

BOARD OF SUPERVISORS' RESPONSE:

The Board of Supervisors disagrees with this recommendation. The County must maintain the current level of General Fund support, more commonly referred to as a Maintenance of Effort, or lose all state subventions. The State Military and Veterans Code precludes a fee for veterans services.

2. By December 31, 1998 the County relocate the VSO to County-owned facilities. (Alternatively, a possible location could be the former Fort Ord property.)

BOARD OF SUPERVISORS' RESPONSE:

The Board of Supervisors agrees with this recommendation. Monterey County's request for a building at the former Fort Ord was denied by the US Department of Education. The County is currently discussing placement of a modular unit on the VA Clinic property site at the former Fort Ord.

VIOLENCE ON SCHOOL CAMPUSES

FINDINGS

1. In general, schools within Monterey County are conscientiously addressing the problem of school violence. However, the problem still exists, and continuing attention to it is required.

MONTEREY COUNTY SHERIFF'S RESPONSE:

The Monterey County Sheriff's Department agrees with this finding.

2. There is a good degree of cooperation between school officials and law enforcement officials in addressing the problem. Again, continuing attention to this aspect of the problem is necessary.

MONTEREY COUNTY SHERIFF'S RESPONSE:

The Monterey County Sheriff's Department agrees with this finding.

3. Parental involvement must be an integral part of every school's program to address school violence. Some Districts require each student and his/her parents to enter into a written contract which spells out what is expected on the school, the student, and the parents. The jury was particularly impressed by the contract being used by the Salinas Union High School District.

MONTEREY COUNTY SHERIFF'S RESPONSE:

The Monterey County Sheriff's Department agrees with this finding.

4. Law Enforcement Agencies have been pro-active in establishing a positive relationship with students and school authorities. A few examples of their involvement are the D.A.R.E. program, Healthy Start Program, School Resource Officers on campuses, Police Explorer Program, Citizen Academy and Police Activity League.

MONTEREY COUNTY SHERIFF'S RESPONSE:

The Monterey County Sheriff's Department agrees with this finding.

5. The ten Law Enforcement Agencies either have or plan to have a School Resource Officer assigned to the schools. Resource Officers already on campuses have been training school authorities in the areas of recognizing gang affiliations of students and recognizing different drugs used by students.

MONTEREY COUNTY SHERIFF'S RESPONSE:

The Monterey County Sheriff's Department agrees with this finding.

6. As shown in Exhibit A, individual School Districts are using various methods to address the issue of school violence. It is unlikely that there is a single recipe that will be most effective for every School District. It is the responsibility of each District Board to determine what combination of methods will be most effective for its schools.

MONTEREY COUNTY SHERIFF'S RESPONSE:

The Monterey County Sheriff's Department agrees with this finding.

RECOMMENDATIONS

The 1997 Monterey County Civil Grand Jury recommends that:

2. A full-time School Resource Officer position be created before the end of 1997 in each of the ten Law Enforcement Agencies to deal with school violence and related problems.

MONTEREY COUNTY SHERIFF'S RESPONSE:

The Monterey County Sheriff's Department currently has a full-time School Resource Officer. This officer will be working hand-in-hand with the Carmel Unified School District. This is the first time in several years that the Monterey County Sheriff's Department has had a full-time School Resource Officer who will be working to develop a successful program to deal with school violence and drug prevention on the school campuses. The program will also encompass an enforcement component to deal with violence on any other related problems on campus.

Starting in mid-term, we will add a second School Resource officer which will assist the North Monterey County School District. The primary role will be to serve as a full-time School Resource Officer at North Monterey County High School. Again, the deputy will be responsible to develop a successful school based violence prevention and drug prevention program. The deputy will also have an enforcement component to deal with violence on the school campus as well as any other related problems that may arise.

Currently, there are three deputies who are assigned to schools throughout Monterey County. Those deputies serve as drug and violence prevention officers to the school they service. Their primary program is the D.A.R.E. (Drug Abuse Resistance Education). The D.A.R.E. program has developed curriculum for grades K-12. Currently, the three D.A.R.E. officers who are assigned to the D.A.R.E. Unit, focus on the core curriculum targeted at 5th graders throughout all the rural schools in Monterey County. They will also go into the incorporated areas when requested to do so. Part of the curriculum also includes kindergarten through 4th grade and includes visitations and interaction with those grade levels.

All three D.A.R.E. Officers have been certified and will be implementing the middle school curriculum to the middle schools in the rural areas for the 1997-98 school year. The curriculum also focuses on drug prevention and violence prevention, not only in the schools and in the community, but also in their homes.

3. Each of the 13 Law Enforcement Agencies in the County review successful programs and measures utilized by their fellow Law Enforcement Agencies, and consider the feasibility of incorporating these measures in their own jurisdiction.

MONTEREY COUNTY SHERIFF'S RESPONSE:

The Monterey County Sheriff's Department has adapted the D.A.R.E. program to be its lead program offered to the school districts in the rural areas of the County. The Monterey

County Sheriff's Department has been able to measure the success of the program by the comments received from parents, students, and school staff members. All comments have been very positive and encouraging to the Sheriff's Department to continue the programs within the schools that it has services.

On a national level, the most current research on how D.A.R.E. compares with other school based programs in preventing drug abuse amongst children which was published by the National Institute on Drug Abuse is attached for your review.

Basically, the report said the implementation fidelity has not been an issue for the universal school based programs cited in the National Institute on Drug Abuse ; funded as experimental studies, the five programs operated under the direct control of the academic researchers who designed the interventions. D.A.R.E., in contrast is funded and controlled by local communities. Funding limitations may cause D.A.R.E. to be offered in a single year "core curriculum", rather than the comprehensive multi-year version. Nevertheless, studies find that D.A.R.E.'s staff training is consistently maintained at a high level of quality, with the program elements faithfully reproduced in thousands of communities and staff monitoring conducted by local and state reviewers. D.A.R.E.'s fidelity is comparable to the levels achieved by the well-funded prevention trials conducted by the National Institute of Health.

CERTIFICATES OF PARTICIPATION

FINDINGS

1. Although it is difficult to compare costs of recently negotiated COP financed projects with older more conventionally financed arrangements, the Grand Jury concluded that general obligation bonds are less costly than COPs. The best recent comparison is between two issues in 1994. General obligation bonds were issued by the Monterey Regional Water Pollution Control Agency in the amount of \$10 million at a total interest cost of 5.42%. In the same year Monterey County raised \$5.4 million with COPs at 6.15%. An older comparison, in the Roma reports on County needs for new facilities, a study completed in 1989, reported the costs of COPs where higher than general obligation bonds as follows:

**COMPARISON OF FINANCING COSTS FOR
 UPDATING MONTEREY COUNTY FACILITIES
 JUNE 1989 ESTIMATES
 (Millions of Dollars)**

<u>GO BONDS</u>		<u>COPS</u>	
Annual Payment	Total Cost	Annual Payment	Total Cost
3.7	111.0	4.4	131.10

BOARD OF SUPERVISORS' RESPONSE:

The Board of Supervisors agrees with this finding. The Grand Jury is correct that COP's always incur a higher cost. There are two primary reasons for this. COP's incur the risk on non-appropriation. Second, the credit quality of GO bonds is higher than the COP's since the full faith and credit of the issuer is pledged and full term ad valorem tax rates are normally established to retire the GO debt.

It should be pointed out that GO bonds do not require either reserve funds or capitalized interest as opposed to COP's. This lowers the cost by 20% to 30% over COP's.

Finally, the Grand Jury has compared two debt issues in 1994 to support cost comparisons. It is not possible to support comparisons of dissimilar debt issues unless they are issued on the same day (to equalize market conditions) and where size and structure of the issues are relatively the same. Otherwise, the comparison could be meaningless. In 1994, there was more than 150 basis point differences in issuance rates for similar debt issues during that year due to changes in market prices.

2. The 1994 Grand Jury Final Report really aimed at the question of citizen support for new capital projects, and the Board of Supervisors agreed with it. The Grand Jury Recommendation reads as follows:

“Notwithstanding the technical legality of the County's ability to use COPs as a financing device, the Grand Jury believes that the Board of Supervisors should provide more than the usual publicity in letting the public know of its intentions to bind the County for additional debt when it next considers their use.”

The Response of the Board of Supervisors to this recommendation was to express agreement that public disclosures concerning debt issues are important. They agreed to give such public disclosures high priority in the future.

However, in 1996, the Board authorized another borrowing of \$9 million, secured by COPs. All legally required notice of the plan for this additional borrowing was provided, and the required public hearings advertised and held. The Grand Jury cannot find any record of any extraordinary effort on the part of the Board of Supervisors to provide more than the usual amount of publicity for this action.

BOARD OF SUPERVISORS' RESPONSE:

The Board of Supervisors partially disagrees with this finding. The Board of Supervisors believes that public disclosure concerning debt issues is critical as well as other significant issues with which the County is confronted. The Board generally relies on the media to publicize these issues. It also conforms to legal notice requirements and the noticing and holding of public hearings to meet the legal requirements of public disclosure.

3. In 1993, after the first portion of funds for the hospital in the amount of \$5.4 million had been raised using COPs, the County introduced a new element into this type of financing. They sought and obtained Public Mortgage Insurance (PMI) to provide for payment of additional COPs needed for the Natividad Expansion should revenues fall short. Although

the Board was quoted in the 1994 Grand Jury Final Report as never intending to fall back on this insurance, they expended a further \$1.169 million for this protection. The Grand Jury thinks the Bond Counsel retained by the County required this further protection for the lenders in order to sell the COPs to investors. It should be noted that this insurance is primarily intended for protection for the lenders, not the taxpayers. In order for the insurance to become payable, the County must have failed financially.

BOARD OF SUPERVISORS' RESPONSE:

The Board of Supervisors disagrees with this finding. The Grand Jury is incorrect in their portrayal of bond insurance, its purpose and its cost versus the benefits. There is no such thing as "Public Mortgage Insurance (PMI)". There is no "mortgage" involved in the issuance of COP's.

Municipal bond insurance is used to augment the issuers credit rating on a given debt issue and transfer the credit risk to a third party - the municipal bond insurer. The enhanced credit ratings (usually AAA) are recognized to two nationally recognized agencies (e.g. Moody's and Standard and Poor's). The net result of the higher credit ratings (other than guaranteed debt service payments to the bondholders) is a substantially lower annual (and total) debt obligation. Higher credit ratings dramatically lower the County's appropriation requirements for debt issues.

In the case of the 1994 NMC Series "C" COP's the County obtained bond insurance at a premium cost of 5 basis points or \$526,400. The resulting savings on the issue was \$3,158,400.

It should be noted that municipal bond insurance requires intense scrutiny by the insurer to determine the County maintains sound financial and management controls.

Finally, the Grand Jury erred in stating that bond insurance is payable if the County has "failed financially". In fact, the County could be in excellent financial condition, yet fail to make a required debt service payment. Technical or actual defaults on bond payments do not always correlate with financial failure.

4. It is not clear whether Monterey County has planned and managed the retention and use of legal and financial counsel for best overall economy. For example, the County retained two rating services in preparing to offer three issues of COPs; it would seem that a single rating service, properly selected, would suffice and have saved \$33,000. The City of Carmel paid substantial legal and financial counsel fees on their COPs, amounting to 7.3% of the amount raised on one issue, and 8.2% on another. Costs seem to vary widely, and not necessarily in proportion to the size of the lending. Bond Counsel costs paid in Monterey County for the Natividad Expansion COPs illustrate this diversity:

	<u>Face Value of COP</u>	<u>Bond Counsel Costs</u>	
		<u>Dollars</u>	<u>% of COP</u>
	\$ 5,400,000	\$ 36,290	0.67
	\$ 16,975,000	\$ 62,325	0.37
	\$ 28,375,000	\$ 86,387	0.30
	\$ 41,340,000	\$103,259	0.25
	\$ 9,000,000	\$ 45,714	0.51
TOTAL	\$101,090,000	\$333,975	0.33

BOARD OF SUPERVISORS' RESPONSE:

The Board of Supervisors disagrees with this finding. The Grand Jury made reference to the costs associated with the two credit ratings the County obtained on several COP issues. As noted in the response to Finding #3, two credit ratings are required in order to obtain municipal bond insurance. The aggregate County savings realized by the credit enhancement to these COP's was over \$5 million. Bond Counsel plays no role in assisting the County in analyzing the benefits of obtaining municipal bond insurance. The Financial Advisor (FA) assumes the role of financial analysis, debt structure, credit ratings, etc. The County retained registered and experienced Financial Advisory services in connection with all of its COP issues. It should be noted that the Grand Jury linked a \$16,975,000 COP issue to the Natividad Medical Center. Actually, that issue was a COP refunding to save \$1.4 million for the Sheriff's Public Safety Building.

5. In connection with other inquiries, the Grand Jury has learned that the Capital Projects Planning Division of the County Administration Department is expert in the preparation of Requests for Information (RFIs) and Requests for Proposals (RFPs) for technical and consulting services. Their services would be useful in the planning and recruitment of expert counsel for future borrowings, whether secured by COPs or by general obligation bonds.

BOARD OF SUPERVISORS' RESPONSE:

The Board of Supervisors agrees with this finding. The County Administrative Office has the responsibility of coordinating capital project planning. Should the need arise to utilize consultants or specialists on a specific project, the County Administrative Office will utilize the resources of existing departments or divisions within its Office to facilitate that need. Included in these resources is the expertise provided by Facilities and Construction Management.

RECOMMENDATIONS

The 1997 Monterey County Civil Grand Jury recommends that:

1. Monterey County stop issuing Certificates of Participation without voter approval.

BOARD OF SUPERVISORS' RESPONSE:

The Board of Supervisors disagrees with this recommendation. The issuance of Certificates of Participation for construction of needed capital facilities is one of a number of options

available to the Board of Supervisors. The County takes seriously COP financing since debt payment is such a significant commitment to future budgets. Moreover, the Board should have options available to it when it considers financing alternatives. Currently, there is no voter requirement to issue COP's, nor would the Board support such legislation if offered. The significant issues to be weighed by the Board when considering COP's as an option are the importance and need of the specific project under consideration, the ability of the County to repay the debt, and the size of existing debt previously approved.

2. The Board of Supervisors of Monterey County develop a program to market its capital projects to the registered voters for their approval. With voter approval, either general obligation bonds or COPs can be used as is most economical.

BOARD OF SUPERVISORS' RESPONSE:

The Board of Supervisors disagrees with this recommendation. Voter approval of the County's capital project program would be impractical and costly. This is not to suggest that public input is not essential, however, the likelihood of securing a 2/3 majority of voters on the multiplicity of issues with which the County must address in its capital project plan is very remote.

3. The Board of Supervisors plan for and solicit expert counsel for the financial and legal advice required for borrowing for capital projects, using the Capital Projects Planning Division of the Administration Department.

BOARD OF SUPERVISORS' RESPONSE:

The Board of Supervisors disagrees with this recommendation. As noted in the response to Finding #5, the County currently solicits and contractually binds all of the required financial professionals associated with the issuance of County debt. In all instances, the proposed debt issue and the associated cost of professional services is submitted to the Board's Finance and Capital Projects Committee prior to adoption by the full Board. The County Administrative Office coordinates with other County departments and divisions including Support Services, and Facilities and Construction.

4. The Board of Supervisors launch a program to educate the public on methods available to raise funds for public works projects. This program should deal with costs, legal requirements, precedents and other information to assist voters to understand the options available and to know that the best of these options are being offered by the local government.

BOARD OF SUPERVISORS' RESPONSE:

The Board of Supervisors agrees with this recommendation. The public's role in the County's capital project plan is a vital element as well as are efforts to educate the public. The Board and County Administrative Office will consider alternatives to educate the public, however, the ultimate responsibility is vested with the Board to make decisions for capital projects. Should a decision be made to ask for voters to approve a General Obligation Bond for any facility improvements, a major education campaign would need to be initiated.

REVIEW OF CERTIFIED AUDITS FISCAL YEARS 1993, 1994, 1995 AND 1996

FINDINGS

1. There is inadequate care by the management of the County to put procedures in place that require formal detailed records of the County's fixed assets that interface with the County's on-line accounting system. This deficiency would also indicate a serious internal control problem related to the County's assets. Nor is management concerned that the County of Monterey is one of the few, if not the only County, whose financial statements carry a qualified opinion every year.

AUDITOR-CONTROLLER'S RESPONSE:

The Auditor-Controller disagrees wholly with the finding. Non-development of a formal fixed asset accounting system that interfaces with the County's online accounting system, accomplished through the establishment of a General Fixed Assets Account Group (GFAAG), was a conscious decision on the part of the County, not a case of "inadequate care". The establishment of a GFAAG has been given a low priority because of the high cost to develop and maintain it compared to the practically non-existent demand for the specific information it provides.

The lack of a GFAAG does not indicate a serious internal control problem related to the County's assets. Although the independent auditor indeed qualified their opinion with a reference to the omission of a GFAAG in the County's financial statements, the Grand Jury failed to take into account four facts in making the finding:

- a. Accounting profession standards require an independent auditor to express a qualification when a client that is a governmental agency does not include a GFAAG in its financial statements.
- b. The County's present and past independent auditors have never listed the omission of a GFAAG as a reportable condition, let alone as a material weakness, in any single audit report.
- c. The County's present and past firms have never reported an internal control problem relating to the GFAAG or made a recommendation for fixed asset accounting in its management letter.
- d. The County has a fixed asset inventory system in place, which, although not tied to the online accounting system provides for internal control of the County's fixed assets.

We believe that the Grand Jury's comment that "the qualification often has a negative effect on an organization's credit rating and impacts the cost of borrowing operating capital" is incorrect. The possibility of a negative impact to the County's debt rating as a result of the GFAAG issue has never been raised by credit rating agencies for any short or long term

public financing in Monterey County. In fact, the County has maintained and continues to maintain its investment grade ratings of "A" or better.

BOARD OF SUPERVISORS' RESPONSE:

The Board of Supervisors does not agree with this finding that procedures need to be put in place which would require detailed records of the County's fixed assets to interface with the on-line accounting system. While this is a desirable objective, the County has other priorities for the limited funds and resources it uses. The fact that the County receives a qualified opinion on its annual audits simply because it does not choose to implement a General fixed Asset Account Group does not jeopardize reimbursements from the state or federal government nor does it impair the County's bond rating.

2. Our review of Letter Reports prepared by past and current auditors found a number of deficiencies in the County's financial assistance program and the Natividad Medical Center. Although the same problems did not always appear in each of the four years reviewed, these two areas were mentioned prominently in each of the four years.

AUDITOR-CONTROLLER'S RESPONSE:

The Auditor-Controller agrees with the finding.

NATIVIDAD MEDICAL CENTER RESPONSE:

The main reason that external auditors have repeatedly found deficiencies in Natividad Medical Center's financial reporting are high turnover and inadequate staffing. The General Accounting Department has lacked appropriate leadership and guidance. The position of Controller was only recently created in April, 1995. Unfortunately, Natividad Medical Center has not been successful in finding and retaining a qualified candidate. Because of the turnover experienced, both at the department head and staff levels, accounting policies and procedures have not been applied consistently. Controls within the department have not been adequate and written policies and procedures have not been maintained.

A new Chief Financial Officer was hired in July, 1996. One of his primary areas of focus has been the General Accounting Department. The replacement of temporary accounting personnel with permanent staff and the stabilization of the department were priority items. As of August 31, 1997, the department was fully staffed with the exception of a Controller. The search for a Controller continues. In the interim, the Chief Accountant has been appointed Acting Controller. She has extensive healthcare background and has made a significant contribution to improvements made in the General Accounting Department. During Fiscal Year 1996-97, Natividad Medical Center retained the services of an independent consulting firm, Arthur Anderson. This firm was engaged to perform a systems and operations review and to formulate their recommendations and a plan of correction. Their engagement commenced in January, 1997, and concluded in May, 1997. The outcome of this review has been fully documented. These documents have been used as a guide by the Interim Controller and Accounting Staff to develop corrective action plans in areas that warrant them.

As the current Accounting Staff becomes more familiar with internal systems and operations, controls will improve and reporting will be enhanced. This will result in fewer deficiencies identified by external auditors.

BOARD OF SUPERVISORS' RESPONSE:

The Board of Supervisors agrees with this finding. The Board concurs with the comments from Natividad Medical Center.

3. Other notable deficiencies that have received little attention are (1) the lack of a policy and procedure manual in the Auditor-Controller's Office and (2) the payroll register-accounting system interface problem.

AUDITOR-CONTROLLER'S RESPONSE:

The Auditor-Controller disagrees wholly with the finding.

The Grand Jury's subjective use of the term "notable deficiencies" implies greater significance to these two items than was given by the independent auditor. The management letter dated January 15, 1997 classified these issues as "opportunities for strengthening internal controls and operating efficiency". It classified them as "comments and suggestions" and indicated that they did not affect the report dated January 15, 1997, on the financial statements of the County of Monterey.

The Auditor-Controller takes serious exception to the statement that "little attention" has been given to the two items mentioned. First of all, the Auditor-Controller's Office staff has given a great deal of time and effort to a formal compilation of the policies and procedures for both internal and department purposes. A Cash Handling Policy was distributed earlier this year to all departments and a Payroll handbook and a County Travel Policy are awaiting final approval and implementation. Auditor-Controller's Office staff initiated work on a policy and procedure manual before the issue was ever raised by the independent auditor. Additionally, we are currently conducting research for the development of Accounts payable and Financial Systems handbooks. All of this has occurred in spite of the fact that nearly seventy five percent of the Internal Audit staff time during FY96-97 was committed to an agreement with the Office of Employment Training (OET) to provide financial services and consultation, including the review, update and maintenance of their previous accounting system and assistance with the implementation of a more efficient system.

Secondly, the payroll register-accounting system interface "problem" can be better characterized as a recommendation to develop a more automated and detailed reconciliation system than is currently in place. The Auditor-Controller's Office has implemented procedures to assure the reconciliation of the payroll register with the journal voucher and the on-line accounting system by total. As was reflected in the most recent response to the management letter, the more detailed reconciliation by budget unit will require substantial programming. Development of an automated interface between the financial and payroll systems should not be attempted until updated "Year 2000" compliant versions are in production.

BOARD OF SUPERVISORS' RESPONSE:

The Board of Supervisors disagrees with this finding. The Auditor Controller's Office has made significant progress in developing procedure manuals during this past and current fiscal year. A cash handling policy and procedure , and a payroll procedures manual have been adopted and implemented and a travel policy and procedures manual is in the final stages of development. The payroll register-accounting interface is being addressed within the resources available to the department and Information Systems.

RECOMMENDATIONS

The 1997 Monterey County Civil Grand Jury recommends that:

1. The Board of Supervisors require the appropriate administrative departments to prepare a plan that will outline, describe and schedule the actions required to complete a General Fixed Asset Account Group that will satisfy the County's external auditors. A General Fixed Asset Account Group should be in place prior to the fiscal year ending June 30, 1998.

AUDITOR-CONTROLLER'S RESPONSE:

The Auditor-Controller's Office will follow the direction of the Board of Supervisors regarding this issue, but believes the recommendation cannot be implemented because it is not reasonable.

The independent auditor has said that it would be too optimistic to try to make a change that large within the 1997-98 fiscal year. Instead, the firm recommends that the Auditor-Controller should focus on minor changes to bring the financial statements more in line with the GFOA format each year.

Although the Auditor-Controller concurs with the independent auditor's suggesting regarding the time frame, he has consistently maintained that the benefits reaped from having a formal fixed asset accounting system, judging from the practically nonexistent demand for specific information, does not justify its costs and effort, especially in these times of fiscal difficulties. However, in light of the recent change in federal regulations setting the fixed asset valuation minimum at \$5,000.00 and with consideration to using an approach of prospective inclusion rather than a reconstruction of records, our office is once again analyzing the feasibility of establishing and maintaining a GFAAG. If the analysis proves positive and the funding for the initial cost of implementation and the ongoing cost of maintenance becomes available, then we would be willing to embark on this project. However, in any event, coordination and collaboration with the independent auditor will be essential.

BOARD OF SUPERVISORS' RESPONSE:

The Board of Supervisors disagrees with this recommendation. The Board of Supervisors concurs with the Auditor Controller that developing a plan to implement a General Fixed Asses Account Group is not a high priority need. Departments are required to account for fixed assets and file a with the County Clerk annually an inventory of equipment. Adopting a

General Fixed Asset Account Group would be desirable if additional resources were available, however, tangible returns to the County do not clearly justify this cost.

2. The Board of Supervisors require the appropriate administrative departments to prepare a plan that will outline, describe and schedule the actions required to resolve the internal control, systems and procedure deficiencies that have placed financial assistance programs at risk.

AUDITOR-CONTROLLER'S RESPONSE:

The Auditor-Controller's Office will follow the direction of the Board of Supervisors regarding this issue, but believes the recommendation is not warranted.

Regarding the Grand Jury's comments that deficiencies have placed the financial assistance programs "at risk", it is important to understand that the Single Audit Act provisions require every finding to be included as a "reportable condition" regardless of the materiality. The Grand Jury apparently failed to note the independent auditor's comment in the "Report on Compliance With Specific Requirements Applicable to Major Federal Financial Assistance Programs" that the "results of our audit procedures disclosed immaterial (emphasis added) instances of noncompliance with the requirements...". We believe the reportable conditions listed by the independent auditor were of insignificant materiality given the overall volume of actual transactions processed by the departments and the existing internal controls. The one material weakness noted has since been rectified through the coordinated efforts of OET and Internal Audit staff. In no event have the financial assistance programs been placed "at risk". This is not to say, however, that we do not recognize the importance of establishing and monitoring internal controls. The Auditor-Controller's Office has a proactive internal audit program to further strengthen the County's fiscal policies through the development of written policies and procedures and the use of internal control and performance audits. The Assistant Auditor-Controller has also established a Fiscal Services User Group to facilitate communications and problem-solving relative to processing the County's financial transactions; the group meets regularly. Additionally, our staff makes every effort to work with departments on individual internal control issues.

BOARD OF SUPERVISORS' RESPONSE:

The Board of Supervisors disagrees with this recommendation. The Auditor Controller's Office and the County Administrative Office have spent considerable time addressing high priority audit issues within County departments. The Auditor's Internal Audit Unit has worked with the Office for Employment Training, Social Services, and Natividad Medical Center on accounting issues. The County Administrative Office has helped to coordinate some of these activities as well as work toward securing actuarial services for the self-insurance trust funds. These issues are important for the County to resolve.

3. The Board of Supervisors require the Chief Financial Officer at the Natividad Medical Center to submit a written plan and schedule the issues included in the FY 1996 audit report as reportable conditions.

AUDITOR-CONTROLLER'S RESPONSE:

This recommendation calls for a response by the Chief Financial Officer at Natividad.

NATIVIDAD MEDICAL CENTER RESPONSE:

A written response to each of the issues included in the FY 1996 audit report was included as part of the schedule that was issued by the external auditors. The following revisions apply to the responses contained in that report:

The Controller position was vacated in May, 1997; Natividad Medical center is currently recruiting for a new Controller; the Chief Accountant will assume the role of Interim Controller effective September 15, 1997; Since May, 1997, another individual has been in the role of Interim Controller, she is expected to resume maternity leave in early October, 1997.

The system to monitor budget variances at the individual Natividad Medical Center department level need to be improved; It is anticipated that this action will be accomplished by December, 1997.

BOARD OF SUPERVISORS' RESPONSE:

The Board of Supervisors disagrees with this recommendation. The Board of Supervisors concurs with the response from Natividad Medical Center which states, "A written response to each of the issues included in the FY 1996 audit report was included as part of the schedule that was issued by the external auditors".

INVESTMENT OF PUBLIC FUNDS

FINDINGS

2. The County practices were found to be proper, with funds invested prudently and at reasonable rates of return considering the legal constraints.

TREASURER-TAX COLLECTOR RESPONSE:

The Treasurer acknowledges the Grand Jury's efforts in reviewing the County's investment practices. The Treasurer continues to maintain a policy that supports the descending priorities of safety, liquidity and yield for invested funds.

8. Since this inquiry dealt with the County and the incorporated cities only, it seems reasonable to suppose that a critical study of the investment practices of the remaining 126 Districts (including the School Districts) and Agencies which make up local government in Monterey County would produce additional possibilities for improved returns on funds entrusted to these bodies.

TREASURER-TAX COLLECTOR RESPONSE:

The Grand Jury has referenced a number of Monterey County special districts and agencies that internally manage their own investments. Generally, these districts are controlled by local boards, commissioners or other prescribed forms of governance, and they maintain depository authority separate from the County Treasury. All such districts and agencies have

access to the State Treasurer's Local Agency Investment Fund (LAIF) for the investment of the major portion of their idle or surplus cash. The LAIF is prudently managed and generally produces a market rate of return.

It is the Treasurer's opinion that yield is not the sole criteria upon which to assess an agency's investment portfolio performance. Each public agency contains financial characteristics that suggest investment strategies unique to that agency. The overarching investment goal should be the maintenance of a portfolio insulated from credit and liquidity risk. At a minimum, all independent agencies should maintain approved investment policies that conform to State law, prudent investment practices and full disclosure that incorporates an annual audit.

The ability to actively manage the relatively small investment portfolios of independent public agencies is mitigated by recently enacted legislative and regulatory controls. Therefore, yield enhancement beyond short term market rates (other than investments for defined special purpose funds) has limited potential.

The Grand Jury has pointed out that "...a critical study of the investment practices of...districts and agencies...would produce...improved returns...". In light of the Grand Jury's Finding and the Treasurer's commentary noted above, the County's independent public agencies may wish to examine their policies, cash flow forecasting models and current investment strategies to determine whether their idle and surplus funds are appropriately invested.

RECOMMENDATIONS

The 1997 Monterey County Civil Grand Jury recommends that:

3. The County Treasurer make a written offer of assistance to each of the 126 Districts and Agencies which, together with the County and the twelve Cities, make up the local government of Monterey County. This offer might include a copy of this report, or some further expansion of its points together with a brief description of the types of assistance the Treasurer's office might offer in making sure funds are invested to best economic effect.

TREASURER-TAX COLLECTOR RESPONSE:

The Grand Jury has recommended the Treasurer make a written offer to assist other local agencies in Monterey County with their investment practices. In that regard, the Treasurer will offer the following materials to any requesting agency:

- County Treasurer's Investment Policy
- Internal Control Procedures
- Investment Reports

The Treasurer acknowledges individual agencies have differing investment strategies predicated on their cash flow requirements, special purpose funds and their commercial banking relationships. Therefore, it would be premature for the Treasurer to assess yield-based performance of other agency investment portfolios that may contain unique structural

and financial characteristics. For example, one city may include trust funds and bond reserves in their portfolio, thereby allowing for longer maturities and higher yields than another city that has no special purpose funds under their control. The second city would likely present a lower investment yield due to shorter maturities. However, both agency portfolios may be observed as being prudently managed even though their maturity horizon and yields are dissimilar.

The Treasurer notes the Grand Jury has referenced 126 districts and agencies in their Recommendation #3. It should be pointed out that under State statutory authority all 27 Monterey County school districts and 44 special districts are defined depositors in the County Treasury. Thus, the funds that belong to those 71 agencies are already part of the County Treasurer's investment portfolio and are not a subject of the Grand Jury's recommendation.

PURCHASING

FINDINGS

1. None of the respondents are using the services of the Monterey County Central Purchasing Department (MCCPD).

BOARD OF SUPERVISORS' RESPONSE:

The Board of Supervisors agrees with this finding. No agency outside of the County has requested help in procuring supplies and personal property; moreover, the Monterey County Purchasing Division is not staffed to a level which would allow this additional workload.

4. Our survey also revealed a pattern (by some respondents) of spending in the last month or two of the fiscal year that suggest a "use it or lose it" philosophy. This can lead to poor value and poor judgment in what is ordered and possible conflicts since normal bidding process is sometimes ignored in the haste to spend funds.

Seven School Districts and two Cities supplied month-by-month data which contained "the appearance" of last minute frenzy spending.

Major Spending in June (May in two cases) (June is last month of fiscal year.)

Percentage to annual total spent by category was:

<u>Supplies</u>	- 16 to 27% in 6 respondents;
<u>Equipment</u>	- 13 to 43% in 7 respondents; and
<u>Professional Services</u>	- 17 to 62% in 8 respondents.

Two flagrant examples noted were:

- a. Salinas City Elementary School District - spent \$463,948 (27% of total) on supplies in June 96 and \$781 in July. They spent \$144,851 (21%) on equipment in June vs. \$4,866 in July.

- b. The City of Seaside spent \$88,065 (28%) on supplies in June 96 vs. \$71 in July. They also spent \$264,656 (25%) for Professional Services in June 96 vs. \$1,993 in July.

BOARD OF SUPERVISORS' RESPONSE:

The Board of Supervisors partially agrees with this finding that a "use it or lose it" philosophy exists in almost all public agencies. The County implemented a budget incentive plan on a trial basis during the last two months of the fiscal year. The purpose of this plan was to encourage departments to save with the savings being carried over to the next fiscal year. The program proved successful for most of the departments participating in the plan. The plan also had a positive impact on the "use it or lose it" philosophy. The County Administrative Office is working with County departments and the Board's Budget Committee to develop a on-going budget incentive plan for future fiscal years.

RECOMMENDATIONS

The 1997 Monterey County Civil Grand Jury recommends that:

1. There be an examination of "last minute" spending and, if necessary, establishment of procedures to change this practice.

BOARD OF SUPERVISORS' RESPONSE:

The Board of Supervisors agrees with this recommendation. See comments to Finding #4 above.

2. School Districts, Cities, and other local government agencies within Monterey County consult with the MCCPD to achieve savings available by central fund purchasing to taxpayers.

BOARD OF SUPERVISORS' RESPONSE:

Disagree with this recommendation. The Monterey County Purchasing Division has expertise which can be shared with other interested agencies, however, the level of staffing is not adequate to absorb additional workload on an on-going basis. Agencies desiring to utilize these services could do so under a contract with the County.

ROOF OF THE MONTEREY SPORTS CENTER

RECOMMENDATIONS

The 1997 Monterey County Civil Grand Jury recommends that:

4. The Board of Supervisors, presently working on rules for better definition, planning and supervision of County capital projects, should include the definition of the duty of project management to obtain the best warranties commercially available. The project management should also follow up after the new facilities are in operation to be sure warranty obligations are fulfilled.

BOARD OF SUPERVISORS' RESPONSE:

Agree with this recommendation. Specific warranty requirements for Facilities Capital Projects, such as 10-25 year roof warranties, are planned for and incorporated into the project specifications and are generally backed by the manufacturer of the roofing system/materials. All other aspects of the project are covered by specified or implied one year warranty, dating from the "beneficial use or occupancy" of the project work or facility. The prime contractor is called back to address issues arising during the warranty period, and a follow-up project review is conducted approximately 10-11 months into the warranty to ensure any outstanding problems are addressed before expiration of the warranty.

PUBLIC CEMETERIES IN MONTEREY COUNTY

FINDINGS

1. The physical condition of all but one of the cemeteries was acceptable and well presented. The cemetery at Gonzales had beautiful and well cared for roses. The Soledad Cemetery was unacceptable in appearance, weedy, poorly mowed and gave a depressing feeling. Most equipment seemed in reasonable condition although there was a leaking well pump at the Pajaro site.

BOARD OF SUPERVISORS' RESPONSE:

The Board of Supervisors agrees with this finding.

2. In general the cemetery sites are poorly marked, and some are quite hard to find. Signs identifying the cemetery locations at Greenfield and Castroville were satisfactory, but none of the others were well marked. The San Ardo location is in a very out-of-the-way place served by unmarked dirt roads. Even the office staff at the Pajaro location could not give proper directions for finding the Pajaro Valley Cemetery.

BOARD OF SUPERVISORS' RESPONSE:

The Board of Supervisors agrees with this finding.

3. The terms of office of the Boards of Directors have not been well planned. Only two of the districts had plans for terms of the Directors which left the Board with experienced Directors at all times. The other seven could lose the entire Board over a one-year or two-year time span.

BOARD OF SUPERVISORS' RESPONSE:

The Board of Supervisors partially disagrees with this finding. California Health and Safety Code Section 8952 (a) requires that district directors be appointed to four-year terms. Under this requirement, all of the directors' terms will expire within a period of two years. Those districts that do not have terms staggered every two years should be encouraged to implement this arrangement.

4. One of the offices, marked to be open from 9:00 a.m. to 1:00 p.m., was not staffed at 10:30 a.m. on the April week-day when the Grand Jury visited.

BOARD OF SUPERVISORS' RESPONSE:

The Board of Supervisors agrees with this finding.

5. A statistical summary of the Monterey County Public Cemetery operation:

<u>District</u>	<u>Average Yearly Interments</u>	<u>Staffing</u>	<u>Plot</u>	<u>Endowment</u>	<u>Open or Close</u>
Castroville	35/40	2	\$5 50	\$125	\$407
Cholame Valley	2	?		--- No Response ---	
Gonzales	22	1	40 0	100	275
Greenfield	30	1 ½	30 0	100	200
King City	66	1	20 0	100	200
Pajaro Valley	200	4	20 0	90	140
San Ardo	6	*	20 0	100	200
San Lucas	No Response	**	75	0	0
Soledad	35	1	40 0	90	250

* Part time

** Part time, contracted

BOARD OF SUPERVISORS' RESPONSE:

The Board of Supervisors agrees with this finding.

6. Based on data supplied from four private cemeteries, their costs run as follows:

<u>Plot</u>	<u>Endowment Care</u>	<u>Open or Close</u>
\$900 to \$2100	Included to \$300	\$380 to \$530

Santa Cruz County's cemetery charges an all-inclusive fee of \$620, with liner.

BOARD OF SUPERVISORS' RESPONSE:

The Board of Supervisors agrees with this finding.

7. Operating costs of the Monterey County cemeteries exceed revenues and must be met in large measure from a subsidy from the taxpayers. As might be expected from the wide range of fees used in the Monterey County public cemeteries, some require considerable subsidy, while others require much less. Seven of the cemeteries provided the required data to permit the Grand Jury to calculate the subsidy for these seven which was \$413,336 for the calendar

year 1996. Without the subsidy the cemeteries would have lost \$307,317, i.e., revenues fall this far short of expenses.

BOARD OF SUPERVISORS' RESPONSE:

The Board of Supervisors partially disagrees with this finding. Residents within all of the cemetery districts, with the exception of Cholame Valley, pay a portion of their property taxes to the cemetery district in which they reside. All of the property tax revenue is received from the one percent ad valorem amount. Residents outside of the cemetery districts do not contribute to the cemetery districts.

8. While the sample of information on costs in private cemeteries taken by the Grand Jury is much too small to permit sweeping conclusions, one can say that if fees were raised to the low end of the private rates, the income would be dramatically increased. Revenues for seven of the nine public cemeteries in 1996 totaled \$724,967 including the subsidy of \$311,631 in fees (does not include endowment fees). If plot ownership were raised to the lower end range quoted by the private cemeteries (\$900.00) and open/close fees to \$380.00 on the same basis, the increased revenue would be about \$861,568 per year, 2.08 times the subsidy provided by taxpayers in 1996.

Note: $\$724,967 - \$413,336 = \$311,631 = \text{fee income}; \$311,631 \times \frac{1280}{340} = \$1,173,199$
 $\$1,173,199 - \$311,631 = \$861,568 \text{ or } 2.08 \text{ times the taxpayers' subsidy.}$

BOARD OF SUPERVISORS' RESPONSE:

The Board of Supervisors partially disagrees with this finding. While the findings are correct that cemetery district revenues could be significantly increased if private cemetery rates were utilized, it should be understood that district rates are set with the goal of providing discounted rates to taxpaying residents of the district. State law requires that cemetery districts establish resident and non-resident fee structures to recognize the contributions previously made by residents of the district. If public cemeteries were to charge similar rates as private cemeteries, there would be little incentive for district residents to utilize their services. Public cemeteries are restricted from providing all of the services (such as selling monuments and markers) that private cemeteries can provide. Further analysis needs to be performed to determine if public cemetery districts continue to serve a useful purpose. However, considering existing State law, placing public cemetery districts in direct competition with private cemeteries could have negative impacts on public districts.

9. From the above analysis it can be seen that fees in the public cemeteries need only be raised to about two-thirds of the low-end cost of private cemetery services to eliminate the need for taxpayer subsidies altogether.

BOARD OF SUPERVISORS' RESPONSE:

The Board of Supervisors partially disagrees with this finding. See response to Finding #8 above.

RECOMMENDATIONS

The 1997 Monterey County Civil Grand Jury recommends that:

1. The Monterey County Board of Supervisors require an analysis of the management of the public cemeteries to answer the many questions arising from the above findings, including possible consolidation of some of the little used facilities.

BOARD OF SUPERVISORS' RESPONSE:

The Board of Supervisors agrees with this recommendation. This recommendation has not yet been implemented but will be prior to December 1, 1997. The Board of Supervisors does not have direct responsibility for cemetery district operations. As separate governmental agencies, the cemetery districts are responsible for the day-to-day operation and management of the districts. The Board of Supervisors role is limited to appointing the district Directors. In order to address the issues raised by the Grand Jury, the Board of Supervisors will request that the Monterey County Local Agency Formation Commission reconsider their "*Cemetery Districts Preliminary Evaluation of the Spheres of Influence*" report, dated August 23, 1994.

2. The Monterey County Board of Supervisors increase cemetery fees for plot, endowment and opening/closing of graves to be somewhat below the rates required in private cemeteries in the immediate vicinity, and to make sure fees are adjusted semi-annually to follow the low end of competitive costs. The purpose of the increase is to eliminate the subsidy.

BOARD OF SUPERVISORS' RESPONSE:

The Board of Supervisors disagrees with this recommendation. This recommendation will not be implemented by the Board of Supervisors because it is the appointed trustees that are responsible for setting rates and managing the finances of each district.

3. The Monterey County Board of Supervisors arrange for a review of management practices at the County cemeteries so that grounds are neatly kept, signs are placed to assist visitors in locating the cemeteries, and that offices are kept open during agreed regular business hours. This review should also provide modification in the rules for interment which would permit two burials per grave.

BOARD OF SUPERVISORS' RESPONSE:

The recommendation requires further analysis, which should be conducted by the Local Agency Formation Commission as part of their sphere study reconsideration. It will be requested that LAFCO report back to the Board of Supervisors prior to December 31, 1997.

4. The Monterey County Board of Supervisors review the arrangements for overlapping terms for Cemetery District Directors, so there will always be a majority of Directors who have had at least one year of service on the Board.

BOARD OF SUPERVISORS' RESPONSE:

The recommendation will be implemented through a review of terms by the Clerk of the Board of Supervisors, to be completed by December 31, 1997.

5. The Monterey County Board of Supervisors establish liaison with the cities and settlements served by these County facilities to see if some volunteer assistance by service clubs, youth groups, church groups or other civic-minded groups in the community might undertake some of the services needed by these cemeteries.

BOARD OF SUPERVISORS' RESPONSE:

This recommendation has not been implemented, but will be by November 1, 1997. The Board will send a letter to each Cemetery District Board of Directors encouraging them to seek volunteers and assistance by service clubs and to seek creative methods for funding, maintaining and operating the cemeteries.

ELECTRIC POWER

FINDINGS

1. Monterey County does not buy its power on a single contract. Each separate County facility has its own meter and is separately billed.

BOARD OF SUPERVISORS' RESPONSE:

The Board of Supervisors agrees with this finding. With some exceptions, each County facility has a separate electric meter for both billing purposes and to monitor the power usage of that particular facility. Support Services, Facilities and Construction budgets for and monitors the PG&E accounts for most of the County's major facilities, a total of 31 accounts, which are currently billed once a month on a single summary billing. However, County facilities include more than 275 PG&E accounts, a large number of which are small Public Works, Community Service Area and Library facilities widely dispersed throughout the County.

2. The Grand Jury estimates there are 40,000 separate power users in Monterey County. Pacific Gas and Electric advises its net revenue in Monterey County is \$227 million per year or about \$688 per person resident in the County.

BOARD OF SUPERVISORS' RESPONSE:

The Board of Supervisors agrees with this finding.

3. The City of Palm Springs has entered into a tentative arrangement with Portland General Corporation for power supply to local government, industrial, commercial and residential customers in the City. The utility has guaranteed the City a lower rate than now being charged by Southern California Edition.

BOARD OF SUPERVISORS' RESPONSE:

The Board of Supervisors agrees with this finding. The Electric Power industry deregulation will occur on January 1, 1998, providing opportunities for users to purchase the actual electricity commodity from sources other than PG&E. While some government agencies have ventured forth on their own, the most promise for some savings appears to be with

public agency aggregators that have dedicated the necessary resources to participate in the process beginning in January. The California State Department of General Services has created a special division for this purpose and is preparing to represent State as well as local government agencies. The Association of Bay Area Governments (ABAG) has also solicited participation by interested agencies in their aggregation program. Under these programs, it is being estimated that the savings may be as much as 0.5 cents per KWH.

4. Natividad Medical Center is negotiation for a reduction in natural gas prices, but there is no coordinated effort in Monterey County to assess the opportunity provided by the new competitive environment for power supply.

BOARD OF SUPERVISORS' RESPONSE:

The Board of Supervisors agrees with this finding. The Support Services, Facilities and Construction Division has worked with NMC in order to participate in their contract for natural gas services. However, the master meter at NMC, which also feeds the Probation Department and Juvenile Hall, is the only County gas meter with high enough consumption to qualify for third party contracting under the current regulations.

RECOMMENDATION

The 1997 Monterey County Civil Grand Jury recommends that:

1. The Board of Supervisors immediately set up a Task Force - possibly headed by the Association of Monterey Bay Area Governments - to form a Buyers' Consortium comprised of all Cities and the County representing unincorporated areas to present a single negotiating entity for the purchase of electrical power.

BOARD OF SUPERVISORS' RESPONSE:

The Board of Supervisors agrees with this recommendation. The County needs to evaluate all options to reduce its electric power costs and will do so prior to the end of the current fiscal year.

FORT ORD REUSE AUTHORITY (FORA) ROADS AND BRIDGES

FINDINGS

1. TAMC estimates the total costs for all surface transportation improvements that have any "nexus" with the planned development of Fort Ord and that will have to be made from now to the year 2015 is \$856,551,064¹ (See Exhibit B).

BOARD OF SUPERVISORS' RESPONSE:

The Board of Supervisors agrees with the finding that \$856,551,064 represents the total costs identified in the Fort Ord Regional Transportation Study which covers all of northern Monterey County. The amount allocated to Fort Ord is only \$116,644,830.

¹ Estimates in 1993 dollars

2. Only \$208,780,000¹ of the total costs will come from dedicated or “expected” funding. That leaves \$647,771,064¹ of necessary costs that are “unfunded” having, at this time, no known way to cover them.

BOARD OF SUPERVISORS’ RESPONSE:

The Board of Supervisors agrees with this finding.

3. Of the \$647,771,064¹ unfunded costs \$368,529,179¹ are attributable to the development that will go on in the next 18 years at Fort Ord and the surrounding impacted areas. All FORA jurisdictions (those who own property within Fort Ord and those which do not) agree to the estimates contained in Exhibit B.

BOARD OF SUPERVISORS’ RESPONSE:

The Board of Supervisors agrees with the finding that \$368,529,179 is the unfunded amount of transportation improvements that have been identified in the north Monterey County area. All of the \$116,644,830 directly allocated to Fort Ord is planned to be generated through development fees that will be imposed as part of the implementation of the FORA Reuse Plan.

4. It was estimated that 90% of the existing Fort Ord local streets and interconnecting roads are not up to County standards.

BOARD OF SUPERVISORS’ RESPONSE:

The Board of Supervisors agrees with this finding.

5. The Army will not upgrade or improve streets or roads prior to conveyance.

BOARD OF SUPERVISORS’ RESPONSE:

The Board of Supervisors partially disagrees with this finding. It is not yet known what the Army will do regarding the improvement or upgrade of facilities at Fort Ord. These specifics will be defined through negotiations between the Army, FORA and the individual jurisdictions.

6. The cities of Marina, Seaside, Del Rey Oaks, and the County of Monterey have no additional funds to assume the maintenance of local streets being conveyed to their jurisdiction. Conveyances of local streets contain covenants requiring that streets be brought up to County standards.

BOARD OF SUPERVISORS’ RESPONSE:

The Board of Supervisors partially disagrees with this finding. Proposed development which will become possible as the result of land conveyances, including streets, is expected to provide a portion of the funds needed to improve and maintain these facilities.

7. Some regional projects, though they are expenses the County must assume, are not even being totaled as expenses against the Fort Ord development. For example: The Prunedale Bypass, Highway 156 widening, and the Hatton Canyon project.

BOARD OF SUPERVISORS' RESPONSE:

The Board of Supervisors agrees with this finding.

8. There are no projects currently scheduled by developers which would pay for local streets and interconnecting roads, much less for regional highways.

BOARD OF SUPERVISORS' RESPONSE:

The Board of Supervisors agrees with this finding, but the reason no projects are currently scheduled is because planning efforts, which need to occur first, are now underway.

9. When FORA is disbanded the most vital mechanism for cooperation among the jurisdictions will be gone; therefore, time is of the essence for this enormous problem.

BOARD OF SUPERVISORS' RESPONSE:

The Board of Supervisors agrees with this finding.

10. Some County managers and political leaders have suggested to the Grand Jury that modest increases in the sales tax and/or regular contributions from the County's general funds might be used to make up this shortfall. A study of Exhibit B plus some simple figures concerning the County's economy make clear that such ideas are not feasible. Exhibit B tells us that the impact on regional highway projects of the reuse of Fort Ord will cost about \$540 million dollars.

Turning first to the sales tax proposal, the County's recent taxable sales have been \$2,911 million in 1993, \$2,981 million in 1994. In the first half of 1995, the sales increased about 4% over the similar period in 1994 - i.e., about the same as inflation. A sales tax increase of one-half of one per cent would produce about \$15 million incremental income per year, providing the needed \$540 million in 36 years. A one per cent increase would provide this sum in 18 years. But to get such an increase, and to be able to reserve 100% of it for County roads and bridges, seems highly unlikely.

BOARD OF SUPERVISORS' RESPONSE:

The Board of Supervisors agrees with this finding. A minor sales tax increase combined with the County General Fund can not be expected to fully fund the identified transportation improvements. A comprehensive plan, including a sales tax and other revenue sources, will need to be developed.

11. Similarly, contributions from the County's general fund seem poorly fitted to this enormous task. To provide the incremental \$540 million by the year 2015 – the target year for the TAMC forecasts – would require about half of the discretionary money available to the County each year or some \$30 million a year for 18 years.

BOARD OF SUPERVISORS' RESPONSE:

The Board of Supervisors agrees with this finding.

12. Either of the above proposals indicates that raising this large sum of money from traditional sources is unlikely, and if it could be raised it would only meet the regional roads and bridge needs consequent to the planned development of Fort Ord. The Grand Jury conclusion is that no one in Monterey County has any realistic ideas about where these large amounts of money will come from.

BOARD OF SUPERVISORS' RESPONSE:

The Board of Supervisors disagrees with this finding. A number of agencies and organizations have spent considerable time and effort in seeking solutions to this issue. While guaranteed revenue sources have not been secured at this time, alternatives do exist.

RECOMMENDATIONS

The 1997 Monterey County Civil Grand Jury recommends that:

1. Each FORA jurisdiction receiving local streets and using the interconnecting roads within Fort Ord should immediately prepare a plan to fund their individual share of the costs of construction, rehabilitation and maintenance of these streets and roads.
Until such funding is assured, no further conveyance of property should be made.

BOARD OF SUPERVISORS' RESPONSE:

The recommendation will be implemented at the time land is transferred through the economic development conveyance process. The improvement and maintenance of facilities at Fort Ord is dependent on several factors that have not been resolved at this time. These include, but are not limited to, terms and timing of the conveyance of property, phasing of development, and adoption of a financing plan for Fort Ord infrastructure improvements.

2. All affected FORA jurisdictions (the eight cities and the County) agree on a Regional Transportation Plan such as the 2015 Fort Ord Regional Transportation Study and agree on the allocation of the costs of Regional Highway Projects.

BOARD OF SUPERVISORS' RESPONSE:

Both of these recommendations will be implemented to the extent possible by the Board of Supervisors. Through membership on the Transportation Agency of Monterey County (TAMC) and FORA, the County will support these recommendations.

3. All affected FORA jurisdictions agree to an equitable allocation to Public Benefit Grantees of the costs of local, interconnecting and regional roads.

BOARD OF SUPERVISORS' RESPONSE:

Both of these recommendations will be implemented to the extent possible by the Board of Supervisors. Through membership on the Transportation Agency of Monterey County (TAMC) and FORA, the County will support these recommendations.

**HOLDING FACILITIES FOR PRISONERS WAITING TO APPEAR IN COURT AT
THE MONTEREY COUNTY COURTHOUSE IN SALINAS**

FINDINGS

Findings are presented in two parts:

The Old Jail Building as a holding facility for prisoners awaiting Court appearances; and

The Old Jail Building as a property of Monterey County.

A. The Old Jail Building as a Holding Facility for Prisoners:

1. The size of the space available for holding prisoners is far too small for the large number - up to 100 - of prisoners now being accommodated from time-to-time.

MONTEREY COUNTY SHERIFF'S RESPONSE:

The Monterey County Sheriff's Department agrees with this finding.

BOARD OF SUPERVISORS' RESPONSE:

The Board of Supervisors agrees with this finding.

2. When the facility is crowded some prisoners are kept standing in the prisoners' side of the old visiting area. This is a narrow, airless hall with no ventilation and no sanitary facilities. The smell of this room pervades the entire facility and gives mute testimony that prisoners waiting in this area relieve themselves on the floor all too frequently.

MONTEREY COUNTY SHERIFF'S RESPONSE:

The Monterey County Sheriff's Department agrees with this finding.

BOARD OF SUPERVISORS' RESPONSE:

The Board of Supervisors agrees with this finding.

3. There is only one door out of the facility, located in about the center of the usable area. There is no emergency exit in case of fire or other need for hurried egress.

MONTEREY COUNTY SHERIFF'S RESPONSE:

The Monterey County Sheriff's Department agrees with this finding.

BOARD OF SUPERVISORS' RESPONSE:

The Board of Supervisors agrees with this finding.

4. The holding cell for female prisoners is at the end of the corridor past three holding cells used for male prisoners. Sanitary facilities for all are freely visible through open bars from the hallway.

MONTEREY COUNTY SHERIFF'S RESPONSE:

The Monterey County Sheriff's Department agrees with this finding.

BOARD OF SUPERVISORS' RESPONSE:

The Board of Supervisors agrees with this finding.

5. Sheriff's Department staff use the sanitary facilities in the nearby West Wing of the Courthouse.

MONTEREY COUNTY SHERIFF'S RESPONSE:

The Monterey County Sheriff's Department agrees with this finding.

BOARD OF SUPERVISORS' RESPONSE:

The Board of Supervisors agrees with this finding.

6. Because of cramped quarters, security for staff and prisoners alike is marginal while co-existing in this facility.

MONTEREY COUNTY SHERIFF'S RESPONSE:

The Monterey County Sheriff's Department agrees with this finding.

BOARD OF SUPERVISORS' RESPONSE:

The Board of Supervisors agrees with this finding.

7. Several of the officers and staff working in the Old Jail Building expressed opinion that the State of California Corrections Department would shut this facility down immediately if they ever made the required annual inspection.

MONTEREY COUNTY SHERIFF'S RESPONSE:

The Monterey County Sheriff's Department agrees with this finding.

BOARD OF SUPERVISORS' RESPONSE:

The Board of Supervisors has no knowledge of discussions that have taken place between the Grand Jury and "several officers and staff".

8. The problem of moving prisoners in and out of the facility to the North Wing of the Courthouse remains as described in the 1996 Grand Jury Final Report as set out above in the Issues section of this report, i.e., fundamentally unsafe.

MONTEREY COUNTY SHERIFF'S RESPONSE:

The Monterey County Sheriff's Department agrees with this finding.

BOARD OF SUPERVISORS' RESPONSE:

The Board of Supervisors agrees with this finding.

B. The Old Jail Building as a Property of Monterey County:

9. Study of the drawings reveals that the Old Jail Building at 142 West Alisal Street is a very sturdy and competent building. Since it was designed and built as a prison, its conversion to other uses is a bit difficult, particularly because of the limited number of windows.

BOARD OF SUPERVISORS' RESPONSE:

The Board of Supervisors agrees with this finding.

10. The building has been essentially abandoned for about twenty years.

BOARD OF SUPERVISORS' RESPONSE:

The Board of Supervisors agrees with this finding.

11. In 1989 the Board of Supervisors authorized a study to determine the best possible use of the 142 West Alisal Building. The Recommendation of the firm employed to make the study was to raze the building, at a cost of \$312,000. Administration Department staff said they thought the present cost of tearing the building down would be considerably more, perhaps twice as much.

BOARD OF SUPERVISORS' RESPONSE:

The Board of Supervisors agrees with this finding.

12. The building has not has a fire inspection for many years. An interview with a County Health Department executive indicated the Health Department has inspection reports for the year 1993-1996 inclusive which recognize the following shortcomings:

- a. All cells lack hot water supply.
- b. Cell 1 has low cold water pressure; cell 2 has no cold water supply.
- c. All cells need to be repainted to cover/remove graffiti, and the paint around the toilets is bubbled.
- d. The lights in all cells are inoperative.
- e. The ventilation system is inoperative.
- f. The heater ducts contain pigeon feces, feathers and dirt. The filters are clogged.
- g. The staff reports that the upper floors are rat infested (no access available for inspection).
- h. The roof/ventilation ducts leak when it rains.
- i. Some of the windows are broken allowing access to birds.
- j. The former visiting area is used as a medical holding area.
- k. The former visiting area has exposed electrical wiring.
- l. The former visiting area has no plumbing facilities.
- m. The former visiting area lacks heat/ventilation.
- n. The former visiting area light covers are missing.

BOARD OF SUPERVISORS' RESPONSE:

The County Administrative Officer agrees with this finding.

13. The Grand Jury noticed that the external appearance of the building is still quite attractive, and in good architectural harmony with its neighboring building, the West Wing of the Courthouse (see photographs Exhibit B).

BOARD OF SUPERVISORS' RESPONSE:

The Board of Supervisors agrees with this finding.

14. Since the fate of the building since 1989 has been assumed to be dismantling, the Administration Department has stopped cleaning and maintaining the building except for those small areas on the ground floor which are still in use.

BOARD OF SUPERVISORS' RESPONSE:

The Board of Supervisors agrees with this finding.

RECOMMENDATIONS

The 1997 Monterey County Civil Grand Jury recommends that:

1. The Monterey County Board of Supervisors terminate the use of the holding facility in the Old Jail Building immediately.

MONTEREY COUNTY SHERIFF'S RESPONSE:

This recommendation has not been implemented but needs to be implemented in the near future. A committee of the CAO's Office, Courts and the Sheriff's Department need to be established and implemented immediately whereby this issue is discussed and a timetable set for replacement of this totally inadequate deplorable facility. There are several options available, including holding inmates on the buses or slowing down the court process by bringing inmates down as the court calls for them. Neither one of these are viable or cost effective alternatives. I have discussed this issue with the courts and the County Administrative Office and await their response and participation.

BOARD OF SUPERVISORS' RESPONSE:

The Board of Supervisors disagrees with this recommendation. Unless the Sheriff can determine an alternative, it is estimated that the use of the Old Jail as a daytime holding facility will need to continue for approximately three years. The Civic Center Facilities Development Master Plan provides for relocation of the 911 Emergency Services function, at which time that area of the North Wing basement will be converted to a new holding facility. Presently, alternative sites for the new OES/911 Center are being evaluated and facility design will commence immediately thereafter.

2. The Monterey County Board of Supervisors instruct the Administration Department to determine costs and feasibility of cleaning and upgrading the ground floor of the Old Jail Building to provide a proper working environment for the County staff and as a holding facility for prisoners awaiting appearance in a Courtroom.

MONTEREY COUNTY SHERIFF'S RESPONSE:

I suggest that the Board of Supervisors direct the Administration Office to examine cost and feasibility of cleaning and upgrading the existing holding cell area. This department is ready to work with the Administration Office in looking at alternatives to improve the situation. We are aware, however, that the foundations of this old building are not in good condition and it would be more economical to use modular holding facilities that to try and put millions of dollars in order to rehabilitate the existing facility. I feel that this issue must be seen as a priority in the overall scope of the County Facilities project. I stand ready to work with the Supervisors, Administration Office, and Courts in moving this ahead in a timely manner.

BOARD OF SUPERVISORS' RESPONSE:

The Board of Supervisors agrees with this recommendation. Initial review of the facility is in progress to determine the minimum modifications and/or upgrades necessary to allow continue interim use of the current holding facility.

3. The Monterey County Board of Supervisors arrange for an updated study of the best disposition of the building including a properly planned future use for the building and/or the site if razing the building turns out to be the favored solution.

BOARD OF SUPERVISORS' RESPONSE:

The Board of Supervisors agrees with this recommendation. The County plans to initiate a Site Master Plan to update and complement the Facilities Development Plan for the Civic Center. This effort will modify or reaffirm the originally proposed use of the Old Jail site to accommodate the new wing of the courthouse complex.

4. Among the alternatives to be studied should be the possibility of selling the building and/or the site for commercial use.

BOARD OF SUPERVISORS' RESPONSE:

The Board of Supervisors disagrees with this recommendation. The commitment by the Board of Supervisors to maintain strong County presence in the Civic Center area has formed the basis for the Board approved Facilities Development Master Plan for the Civic Center. The Old Jail site is a vital part of this plan to ensure adequate space for the currently planned expansion of the facilities, including the necessity of additional employee and public parking.

PRISONS IN MONTEREY COUNTY

FINDINGS

1. Overall treatment of inmates at all three prisons appears to be rigorous but humane.

MONTEREY COUNTY SHERIFF'S RESPONSE:

Findings #1 through #9 deal with overall conditions on inmate prison life and society's ability to deal with crime and punishment. Specific remarks are directed to facilities other than that of the Monterey County Sheriff's Department Corrections Bureau. This department has no specific comment or reply to these observations.

BOARD OF SUPERVISORS' RESPONSE:

The County Administrative Officer agrees with this finding as it pertains to the Monterey County Jail.

2. Rumors of comfortable living in the prisons, which are reported from time-to-time in the press, are certainly unfounded in any of the prisons in Monterey County.

MONTEREY COUNTY SHERIFF'S RESPONSE:

See response to Finding #1.

BOARD OF SUPERVISORS' RESPONSE:

The Board of Supervisors agrees with the Sheriff's response to Finding #1.

3. The standard condition of overcrowding which is accepted as a simple fact of life at each prison is a major element in the rigor of daily life in the prisons. Unfortunately, the predictions of growth of the populations in the prisons of California and of the nation are almost always too low. In the California Corrections System in 1997, there are 147,000 prisoners, 9961 more than one year ago. The existence of a rigorous prison life does not seem to have been a deterrent to the commitment of crimes.

MONTEREY COUNTY SHERIFF'S RESPONSE:

See response to Finding #1.

BOARD OF SUPERVISORS' RESPONSE:

The Board of Supervisors agrees with the Sheriff's response to Finding #1.

4. Whatever the solution to the growth in crime and the consequent growth in prison population, it is not likely to be found among the people held responsible for the management of the prisons. In general, they are too close to the hard facts of day-to-day life in close contact with hardened and dangerous criminals to speculate as to the root cause of the ruined lives they supervise.

MONTEREY COUNTY SHERIFF'S RESPONSE:

See response to Finding #1.

BOARD OF SUPERVISORS' RESPONSE:

The Board of Supervisors agrees with the Sheriff's response to Finding #1.

5. One source of increased prison population seems to be the mentally ill. In both State facilities the Grand Jury visited, the medical staff was firmly of the opinion that the reduced ability of the State mental hospitals to deal with the mentally ill has caused many of these people to drop into the prison system. For example, at SVSP there were 160 men who were so seriously ill mentally that they were maintained in locked quarters under the supervision of a Conservator. In addition, there were 500 inmates under Continuing Correctional Care Management (CCCM) who suffer from major mental illnesses which can be kept in

remission by medication. The medical staff at SVSP estimated that when the prison reached full capacity there would be 700 to 800 people in the CCCM group, i.e., about 20% of the prison population.

MONTEREY COUNTY SHERIFF'S RESPONSE:

See response to Finding #1.

BOARD OF SUPERVISORS' RESPONSE:

The Board of Supervisors agrees with the Sheriff's response to Finding #1.

6. Medical care at all three prisons seemed to be very good. The State Prison medical staff people said they thought inmates probably received significantly better medical care than the average citizen of the nation.

MONTEREY COUNTY SHERIFF'S RESPONSE:

See response to Finding #1.

BOARD OF SUPERVISORS' RESPONSE:

The Board of Supervisors agrees with this finding as it pertains to the Monterey County Jail.

7. The Grand Jury agreed that the greatest evil of the prison life as they observed it, was that most prisoners had quite literally nothing to do for most of their waking hours. Those institutions which provided the most work seemed to be the least "up tight." But even in the best of the three only about 15% of the inmates are actually busy for several hours each day.

MONTEREY COUNTY SHERIFF'S RESPONSE:

See response to Finding #1.

BOARD OF SUPERVISORS' RESPONSE:

The Board of Supervisors agrees with the Sheriff's response to Finding #1.

8. The Grand Jury noted that the County of Monterey has little or no jurisdiction over the two California Correction Department prisons near Soledad. About the only direct effect of these prisons on the County is their requirement for infrastructure. They need to draw water, power and waste disposal services from the broader surroundings, and the traffic generated for their activities uses the roads supplied by the County. On overall balance, the prisons are seen as economically desirable, each one providing several hundred civilian jobs in the nearby community. That this is true is probably best illustrated by the fact that the City of Soledad chose to annex the prisons in 1990, and Soledad was the fastest growing City in the Monterey County last year, probably because of the startup of the new prison.

MONTEREY COUNTY SHERIFF'S RESPONSE:

See response to Finding #1.

BOARD OF SUPERVISORS' RESPONSE:

The Board of Supervisors agrees with this finding. It should be noted that addition of bed capacity in State prisons generates "prison mitigation" funding from the State Department of Corrections.

9. Response to an emergency arising in a cell in the Marina Police Department jail could take too long. Surveillance of female prisoners in the Monterey City Jail is frequently by male officers.

MONTEREY COUNTY SHERIFF'S RESPONSE:

See response to Finding #1.

BOARD OF SUPERVISORS' RESPONSE:

The Board of Supervisors has no jurisdiction over these facilities.

RECOMMENDATIONS

The 1997 Monterey County Civil Grand Jury recommends that:

With respect to all prisons:

1. Every effort should be expended by the prison management and every assistance offered by surrounding communities to bring work and educational opportunities into the prisons.

MONTEREY COUNTY SHERIFF'S RESPONSE:

This recommendation suggests bringing work and educational opportunities into facilities. Inmate programs are already being maximized at our facility. A full-time sergeant is assigned to supervise inmate programs. Educational programs exist, and are available to inmates who qualify and are motivated to participate. Work programs exist for sentenced inmates who are able to be housed in general population. About 20% of the total inmate population qualify to be on work crews, while the rest are unsentenced or are otherwise unsuitable as workers. Development of new programs and expansion of existing programs are ongoing.

BOARD OF SUPERVISORS' RESPONSE:

The Board of Supervisors agrees with the Sheriff's response to Recommendation #1.

2. Considering the total cost of the California Department of Corrections is \$3.6 billion per year, assemble a competent team of sociologists, psychologists and other qualified professionals fully engaged in research as to the causes and possible social remedies for escalating prison populations.

MONTEREY COUNTY SHERIFF'S RESPONSE:

This recommendation is specific to the California Department of Corrections and deals with the overall causes of crime and punishment in society. No comment is appropriate from this department.

BOARD OF SUPERVISORS' RESPONSE:

The Board of Supervisors agrees with the Sheriff's response to Recommendation #2.