

Grand Jury



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FILED

JAN 11 1995

December 1, 1994

SCOTT L. PEDERSEN
CLERK OF THE SUPERIOR COURT

Scott L. Pedersen
DEPUTY

The Honorable Harkjoon Paik
Presiding Judge
Monterey County Superior Court
240 Church Street
Salinas, CA 93901

Dear Judge Paik:

The 1994 Monterey County Civil Grand Jury has completed its year of service and presents to you the Final Report of the inspections and investigations undertaken during this current year.

The final report resulted from our review of issues which came to our attention as a result of citizen complaints, recommendations of previous Grand Juries, and from the Grand Jury's exploring of areas that captured our interest. Investigations proceeded only with the concurrence of the full Grand Jury, and this Final Report met with the approval of at least 12 members.

There were only a few citizen complaints received this year. Therefore, the Grand Jury decided on a theme of "awareness." We wanted to make the residents of Monterey County aware of the problems facing them, as well as aware of the functions of the Grand Jury. Members made themselves available to speak to schools and to local service groups. We also had an article published in the newspaper on the unique purpose of the Grand Jury.

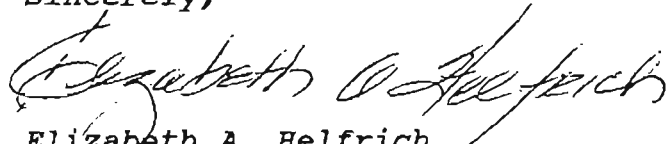
Our final report gives an in-depth study of some areas of concern in the hope that the citizens of Monterey County will gain insight into local concerns and will be encouraged to participate more fully in the decisions facing all of us in Monterey County.

The Honorable Harkjoon Paik
December 1, 1994
Page two

The Grand Jury is most grateful for having had the opportunity to serve as Grand Jurors. We wish to extend our appreciation to you for your helpful guidance as well as for your permission to include in this report the "Charge" you presented to us when we were sworn in on January 3, 1994.

We are particularly grateful to Eileen Wright and Sherri Pedersen for their gracious and unfailing assistance and generosity of spirit.

Sincerely,

A handwritten signature in cursive script, reading "Elizabeth A. Helfrich". The signature is written in dark ink and is positioned above the printed name.

Elizabeth A. Helfrich
Foreman
1994 Monterey County Grand Jury

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Judge Harkjoon Paik's Induction Speech to the
1994 Civil Grand Jury

Today our society is in turmoil. The times we live in are like those described by Charles Dickens in his great novel - "Tale of Two Cities." It is the best of times and the worst of times. It is the worst of times because never have we been so challenged to preserve our institutions while retaining liberty. It is the best of times because to our generation, more than to any other, has been given the opportunity for demonstration to the world that our form of government is compatible with liberty.

Great opportunities present themselves in the disguise of insoluble problems. We are in the midst of a social revolution - a revolution of the young, the poor, the black, the Chicano, new immigrant and the social alien of our society. This revolt has created a crisis of authority. All of our institutions - the family, the university, the church, the judicial system, the economic system, the very government itself - are under challenge.

We should remember that our country is like a fabric woven of many colors, each strand strong and resilient. It has been strengthened in the past because of that same diversity. Continued strength and prosperity, however, will depend not only on that diversity but on unity of effort.

As Edmund Burke once said, "The only thing necessary for the triumph of evil is for good men to do nothing." If our government is to prosper it needs the loving but critical attention of its citizens. Our 200-year history tells us that people are not always vigilant. At times they doze off, and while they do, their liberties are eroded.

You, the members of the Grand Jury, will compensate. You will be sleepless monitors of our

liberties and institutions, acting on behalf of all the people of this county. Today is a day of transition in that important process. The 1993 Grand Jury is completing its term. The 1994 Civil Grand Jury is about to be selected and empowered. As the state law prescribes, the judges of the Superior Court may personally make all or any nominations. However, this year as we have done during the past three years, the Superior Court judges considered only those persons who submitted their names in response to the Court's public invitation. The nominees before us today were selected from the pool of 79 concerned citizens who volunteered to serve as a Grand Juror.

The Grand Jury of our legal system, historically and currently, is composed of citizens of the County who are expected to exercise sound judgment independent of other governmental entities. As a result of the use of separate grand juries for criminal indictments in the last decade, the Civil Grand Jury is now solely devoted to serving as the watchdog of local government. Under California law the Superior Court is responsible for the administration of the Grand Jury.

The deliberations of the Grand Jury are required by law to be in private sessions. It is significant that secrecy is prohibited in almost every other phase of government, but not as to the Grand Jury because it is designed to search out wrongdoing as well as to protect persons who are unjustly criticized.

No one but members of the Grand Jury may be present when the Grand Jurors express their opinions or vote on any matter. You are admonished that matters before the Grand Jury should never be discussed, even with your closest relatives, friends, spouse, associates or superiors. And I wish to urge you that while you are on the Grand Jury, you take special pains to listen rather than to talk, and restrict your conversation concerning public business.

On or before December 31, 1994 you shall submit to the presiding judge of the Superior Court a final report of your findings and recommendations relating to the operations of local government.

During your term you are instructed to be careful not to be influenced by sentiment, conjecture, sympathy, public feeling, passions or prejudice. Apply the same standards of conduct and responsibility to all persons, regardless of race, religion, sex or economic status.

You function lawfully as a body. An individual Grand Juror acting alone has no power or authority. The body of the Grand Jury itself is not intended to be a super government for this County, nor is it intended that you should interfere with the discretionary policy-making or operational powers of public officials. Only when public officials are justifiably suspected by you of violating applicable standards of conduct and laws do they become proper subjects for your comment or action. Some of you may be apprehensive as you contemplate your Grand Jury service in the year ahead and the decisions you may be called upon to make, but you need not be uneasy.

May I suggest that no one is born to be a Grand Juror, or is trained specifically for the performance of the duties of a grand juror. We live under a government of, by, and for the people, and it is appropriate that regularly, year after year, citizens are, by law, given the opportunity as laypersons to scrutinize the working of the public entities and the conduct of public officers maintained and supported by the taxpayers of this county.

All that the public can expect - and it is entitled to no less - is that Grand Jurors shall diligently and impartially perform their duties, to the best of their ability, dedicating themselves to the furtherance of the general good.

You offer no guarantee that you will always be right, but you do have a solemn duty to do your best to be right.

You must remember that under the law you are a judicial body. You are a part of the court, and you are an occupant of a judicial position for the year 1994. I caution you not to become concerned with matters that are not within the province of the Grand Jury, and particularly not to become involved in matters purely of a political nature.

You, ladies and gentlemen, have been selected because of the confidence placed in your intelligence, honor and integrity and from the moment that you are impaneled, this Grand Jury stands in contemplation of the law as our highest, most dignified and most powerful inquisitorial body. Remember at all times that each and every one of you is entrusted with important duties to fulfill in the public interest and let your action be governed by the dictates of honor, courage, justice and fairness.

Thomas Jefferson once wrote: "Cherish the spirit of our people, and keep alive their attention. Do not be severe upon their error but reclaim them by enlightening them. If once they become inattentive to public affairs, you and I and congress and the assemblies, judges and governors, shall all become wolves."

A renewal of spirit of participation in the democratic process, a rejuvenation of that spirit is badly needed today in our country in order to recover that vital attention. We must renew that spirit of community, belief in the value of excellence and of optimism, and faith that anything worthwhile is possible through collective effort.

I want to thank each of you for your attendance in court and trust your service as a Grand Juror may be both interesting and rewarding.

LIST OF OFFICERS AND COMMITTEE MEMBERS
MONTEREY COUNTY CIVIL GRAND JURY
1994

OFFICERS

Elizabeth A. Helfrich, Foreman
Charles L. King, Foreman Pro Tem
Margaret A. Peterson, Secretary
Doris E. Gerace, Secretary Pro Tem

COMMITTEE MEMBERS

Arthur M. Alexander	Monterey
Kenneth G. Bakkum	Salinas
Joseph M. Genovese	Seaside
Doris E. Gerace	Pebble Beach
Norman S. Hamisch	Greenfield
Jo-Ann M. Hatch	Carmel Valley
Elizabeth A. Helfrich	Salinas
Charles L. King	Watsonville
Charles Y. Lee	Seaside
Glen Lowe	Salinas
Margo Lowe	Marina
Alfred J. Mooney	Del Rey Oaks
Jana T. O'Brien	Salinas
Margaret A. Peterson	Salinas
Barbara A. Smith	Pacific Grove
Carroll Wilde	Carmel
Lorraine B. Wilmoth	Pebble Beach
Charles W. Winge	Monterey
Janet L. Zekas	Pacific Grove



FRONT ROW: (left to right)
Margaret A. Peterson, Secretary; Jana T. O'Brien;
Charles L. King, Foreman Pro Tem; Harkjoon Paik,
1994 Presiding Judge, Superior Court; Elizabeth A.
Helfrich, Foreman; Chantal M. Terrano, Grand Jury
Staff

MIDDLE ROW: (left to right)
Janet L. Zekas; Jo-Ann M. Hatch; Carroll Wilde;
Barbara A. Smith; Joseph M. Genovese; Doris E.
Gerace, Secretary Pro Tem; Charles Y. Lee

BACK ROW: (left to right)
Lorraine B. Wilmoth; Norman S. Hamisch; Margo
Lowe; Arthur M. Alexander; Charles W. Winge;
Alfred J. Mooney; Kenneth G. Bakkum; Glen Lowe

NOT PICTURED:
Sherri Pedersen, Superior Court Administrator;
Eileen L. Wright, Grand Jury Staff

RESPONSE REQUIREMENT

The Penal Code regulates who must respond to Grand Jury findings and recommendations, when the response must be made, and what must be done with the response. The following is an excerpt from the Penal Code:

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 recommendations 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."

CONCERNING CONFIDENTIALITY . . .

For the purpose of maintaining confidentiality, lists of witnesses, documents examined and other supportive information are not included with the reports.

In order to conduct thorough and impartial investigations, the Grand Jury has, in every applicable case, interviewed complainants, appropriate County officials and employees and others who could contribute relative information. Where necessary, State and County codes, laws and statutes were researched.

EMPLOYEE LAYOFF AND BUMPING RIGHTS

COMPLAINT

A Monterey County Management employee with ten years' service filed a complaint with the Grand Jury alleging:

1. Improper lay-off notification was given.
2. Bumping rights were not automatic.
3. Management employees are treated unfairly and inequitably.
4. The County failed to reclassify or pay the employee when the employee was asked to create and staff a new position.

PROCEDURE

Interviews were held with the complainant and also with a representative of the Monterey County Personnel Department, and written materials were reviewed.

BACKGROUND

During 1993, the State of California shifted property taxes from counties and cities to school districts. The County lost \$17.2 million in property taxes, causing a County budget crisis. In June 1993 the complainant received a preliminary lay-off notice. At the Board of Supervisors' meeting in August, the lay-off was delayed until November 1993, then subsequently to January 1994 when final notices were given to the affected employees.

"Bumping Rights" is a personnel procedure. When an employee receives a lay-off notice, he/she has the option of returning to a formerly held position in lieu of being laid off. The bumped employee is then given a layoff notice and, if

applicable, the option to be ranked in a previous class.

FINDINGS

The 1994 Grand Jury finds that:

1. The Personnel Procedures require, "twenty-one (21) calendar days notice, prior to the expected effective date of separation." The Grand Jury found that the length of time between the preliminary lay-off notice in June 1993 and the final notices in January 1994 exceeded the time required.

2. Bumping rights are not automatic. The personnel procedures state that "An employee has three (3) days after receipt of lay-off notice to notify his/her appointing authority if he/she elects to be ranked in a previous class."

3. A Manager serves "at the pleasure" of the head of his/her respective department. The personnel policies that apply to non-management employees such as bumping rights and lay-off notices do not apply to management.

4. The allegation that the County failed to reclassify and pay the complainant accordingly in 1983 was unsubstantiated.

5. The 1994 Monterey County Grand Jury found that the Monterey County Personnel Department acted properly in applying the County personnel procedures in this case.

RECOMMENDATIONS

None

RESPONSES REQUIRED

None

FLEET MANAGEMENT

CONCERN

Past Grand Juries have made recommendations to improve management and use of county vehicles. This report is a follow-up on recommendations of the 1993 Grand Jury.

PROCEDURE

The Grand Jury interviewed the County Administrative Officer (CAO) and visited the Fleet Management Division (FMD) to interview the Fleet Manager. The Committee also reviewed prior Grand Jury reports and responses, County budgets and other written reports.

BACKGROUND

The 1993 Grand Jury recommended that:

1. The FMD continue to exercise careful control over vehicle maintenance procedures and costs.
2. The Board of Supervisors instruct the County Administrative Officer (CAO) to vest authority in the FMD over allocation and routine use of County vehicles.
3. The FMD examine vehicle use in each department and the central pool, and reallocate vehicles to their optimal use.
4. The CAO promptly hire a competent Fleet Manager (Head, FMD).
5. The FMD establish an Internal Service Fund and a Replacement Fund as an analytical means to optimize vehicle replacements versus maintenance decisions.

Recommendations No. 1 and 4 have been implemented. A Fleet Manager was hired in August 1993 and directs overall fleet management, ordering, and repair. Productivity improvements are being made. A new bar-code-parts-system is being installed with a data base to schedule vehicle maintenance. Some County vehicles have been converted to run on compressed natural gas as well as gasoline. In a cooperative effort with PG&E and the City of Monterey, the County has converted 26 vehicles, reducing fuel costs on them from 89 cents to 37 cents per gallon. Currently, small tanks restrict range to 100 miles, but this new technology opens potential for savings.

No action has been taken on Recommendation No. 2 and 3. The Board of Supervisors directed that a report covering these recommendations be prepared by May 1, 1994. This report has not yet been presented to the Board although the proposed budget contains the goal of transferring "ownership" of all vehicles to FMD during 1994-95.

The Fleet Manager and budget staff decide on the number of vehicles needed for the departments as part of budget review. There does not, however, seem to be a good system for evaluating the currently assigned vehicles. It appears that the County may have excess vehicles because vehicles are "unpooled," and the number of seven day-a-week assignments is excessive in some departments. Seven day-a-week assignments should be based upon criteria such as miles driven, emergency needs, on-call assignment needs for specialized equipment and cars assigned as part of an employment contract. All other vehicles should be checked out each day or evening as needed. Policies should be developed to encourage low-mileage drivers to use private vehicles and high-mileage drivers to use County vehicles. This could be accomplished through setting appropriate rate structures for private mileage and County cars.

The Fleet Manager indicated that through effective management of the 1500 vehicle fleet, a 10 to 15% reduction in the number of vehicles could result in a saving of \$500,000 annually in vehicle acquisition and maintenance costs.

Recommendation No. 5 has not been implemented. No Internal Service Fund (ISF) yet exists and no Replacement Fund has been established even though the Board agreed that a Replacement Fund is a high priority. Until an ISF is established, it will not be easy to compare FMD's performance to other agencies and private industry.

FINDINGS

The 1994 Grand Jury finds that:

1. There was a need expressed for a storekeeper and additional mechanics.
2. The County has supported the concepts of vehicle "ownership" by FMD and establishment of an Internal Service Fund containing a Replacement Fund, but this has not yet been implemented.
3. The County hired a Fleet Manager, and he has assumed the responsibility for fleet maintenance, repair, ordering, productivity improvement and limited fleet management.
4. Although requested by the Board of Supervisors, a study of assignments and use of vehicles has not yet been completed. The feasibility of consolidating fleet operations and contracting with other public agencies should be given high priority.
5. The Grand Jury believes, that the new productivity improvements should minimize the need for additional staff.

RECOMMENDATIONS

The 1994 Grand Jury recommends that:

1. The Fleet Manager should continue seeking productivity improvements as an alternative to adding staff.
2. The CAO and Auditor establish an Internal Service Fund, with a Replacement Fund contained therein, as part of the 1995-96 Budget.
3. The CAO prepare an analysis of vehicle use in all departments and recommend assignment criteria and policies to improve fleet management.
4. The CAO explore the feasibility of consolidating fleet operations and contracting with other public agencies.

RESPONSES REQUIRED

Board of Supervisors

STEINBECK TOWERS HOTEL

COMPLAINT

A citizen's complaint was received regarding the development of the Steinbeck Towers Hotel, alleging that:

1. The City of Salinas Community Development Department deliberately maneuvered the hotel project through the approval process and the Department advised the developer to withdraw his application for a Conditional Use Permit, which requires a public hearing, at which time the City of Salinas would re-zone the property to allow a hotel. Then the developer could get a Site Plan Permit for an "allowed" use.

2. The Community Development Department (CDD) refused to prepare a new Environmental Impact Report (E.I.R.) or to upgrade the 1988 E.I.R.

PROCEDURE

The Grand Jury held interviews with the complainant and a representative of the Salinas Community Development Department. Written materials were also reviewed.

BACKGROUND

The proposed Steinbeck Towers is a 42-room, three-story hotel to be built on the 1.8 acre property shared with the Italian Villa Restaurant. A Conditional Use Permit was applied for by the developer on January 11, 1993. The Conditional Use Permit in an unclassified zone requires a public hearing before any project can be approved.

Beginning in August 1991, and spanning two years, a series of public meetings were held by the City of Salinas Planning Commission and the Salinas City Council to draft and adopt a zoning

ordinance to implement the General Plan. These public meetings were widely publicized in the media. The adoption of the new Zoning Code was approved at a public hearing by the City Council on June 1, 1993.

FINDINGS

The 1994 Grand Jury finds that:

1. On June 8, 1993 the Conditional Use Permit application was formally withdrawn by the developer, who cited his intention to apply under the new Zoning Code. As mentioned in the background above, the new Zoning Code was adopted on June 1, 1993 with an effective date of July 1, 1993. An application for a Site Plan Permit was received by the City on June 21, 1993.

2. A Site Plan Permit is, by definition, ministerial in nature and is therefore not subject to public hearings or environmental review.

3. There is no substantiation of the allegations that the CDD acted in consort with the developer in any way inconsistent with sound organizational policy.

4. The Grand Jury found that the Community Development Department acted properly relevant to this complaint, in that proper hearings were held by the Planning Commission on the new Zoning Code.

RECOMMENDATIONS

None

RESPONSES REQUIRED

None

CARMEL VALLEY RANCH DEVELOPMENT

COMPLAINT

A complaint was received about the subdivision known as Carmel Valley Ranch. The complainant alleged that:

1. Many of the residential units were built larger than specified in the plans.
2. Many of the units covered a much higher percentage of the lots they occupied than was permitted under the Carmel Valley Master Plan.
3. This overbuilding set a precedent which was then used as a justification to request similar overbuilding on the remaining undeveloped lots.

The complainant raised the question of how this overbuilding could have occurred and why it was not detected by the Monterey County Planning and Building Inspection Department before the units were completed. It also questioned the rationale for using prior errors as a basis for continuing the same erroneous process.

BACKGROUND

The Carmel Valley Ranch project has a golf course as its focus. Many of its living units were built in clusters, similar to condominiums. There are a total of 340 authorized units, spread over 1,700 acres in eight separate subdivisions. By March 1994, 210 (64%) of these units had been completed, six (2%) were under construction and 115 (34%) were not yet started.

This subdivision is approximately 14 years old. According to the Director of the Planning and Building Department, it was the first subdivision Specific Plan approved in Monterey

County. Nearly 25% of its 340 authorized units were built in 1981. This was five years before the Carmel Valley Master Plan was changed to limit to 50% the area of a lot that could be covered by building improvements.

Many of the units did, in fact, occupy more than 50% of the lot size. The developer had, in mid-1993, filed a request with the Planning Department to increase the lot coverage for presently unbuilt units. The Department came to the conclusion that such an increase would not have any significant effect on the environment, wildlife resources, health, safety, peace, morale, comfort or general welfare of Monterey County residents. However, the developer withdrew his request. There is nothing now pending which requires action.

FINDINGS

The 1994 Grand Jury finds that:

When viewed on an overall basis, the lot size was somewhat irrelevant to the house size because the lots were immediately adjacent to the golf course. Adding five or ten feet to a lot would merely reduce the size of the golf course by a negligible amount. This could be accomplished by merely redrawing the lot lines. Since this entire project is essentially self-contained, and since many of the owners of these units are golf enthusiasts, the Grand Jury has concluded that nothing need be done about this situation.

RECOMMENDATIONS

None

RESPONSES REQUIRED

None

MONTEREY PENINSULA AIRPORT DISTRICT
Financial Information

CONCERN

During its review of complaints against the Airport District (see report on page 32), the Grand Jury decided to see how the District was doing financially. Accordingly the District's audited financial statements were obtained for the ten years ended June 30, 1993. (The 1994 audit was not yet completed when this report was prepared.)

PROCEDURES

These financial statements were reviewed and a number of interesting facts are summarized on the following schedules. This information is presented for the purpose of informing the public of various aspects of the Airport District's financial progress over this ten-year period. These are excerpts from the audited financial statements. Anyone desiring more detailed information may obtain it directly from the District offices, located in the main terminal building at the Monterey Peninsula Airport.

The schedules which follow are:

	<u>Schedule No.</u>
Summary of Capital Improvements made with Federal Assistance compared with air traffic handled - 1984 - 1993	1
Comparative Statements of Income and Expense - 1984 - 1993	2
Balance Sheets at each Year-end from June 30, 1983 - June 30 1993	3

FINDINGS

The 1994 Grand Jury finds that:

In reviewing the accompanying financial statements, the Grand Jury found the following information to be of interest:

Schedule 1 - AIRPORT IMPROVEMENTS AND AIR TRAFFIC

A. The volume of air traffic has remained relatively constant over the last ten years, ranging from a low of 84,401 landings in 1986 to a high of 97,812 landings in 1992. This translates into an average of 231 to 268 landings per day.

B. Grants numbered 2, 6 and 9 are all related to noise abatement in the area surrounding the Airport. These three grants show that a total of \$1,059,831 was spent on soundproofing approximately 100 homes, for an average of nearly \$10,600 per house. The Federal government paid \$840,757, or 79% of this total.

C. Grants numbered 3, 4, 5 and 12, which relate to the construction of a new runway, are also related to noise abatement by redirecting air traffic. This new runway has the additional benefit of increasing safety in dealing with air traffic. The new runway replaced an existing second runway which intersected the main one. Constructing this parallel runway cost a total of \$6,193,475, with \$5,655,086 (91%) of the money coming from Federal grants. Federal grants for airport improvements are financed from airline ticket taxes.

Schedule 2 - COMPARATIVE STATEMENTS OF INCOME AND EXPENSE

This schedule shows income and expenses reported by the airport from 1984 through 1993.

The Airport reported profits in five of the six years from 1984 through 1989 and losses in the next four years from 1990 forward. Some of the factors that caused these losses are:

A. Interest earned on investments has decreased during the last several years, even though the cash investments have remained stable at around \$3,250,000.

B. Fuel contamination cleanup caused a large expense of \$634,710 in 1990. Paying for this reduced cash investments by \$600,000 in 1991. The Airport has been negotiating for several years with the tenant that caused the damage (The U.S. Navy) and has recently arrived at a reimbursement settlement of \$275,000.

C. Salaries and related payroll costs rose from \$1,303,331 in 1984 to \$1,806,355 in 1989, an increase of \$503,024, or \$83,837 average per year in this six-year period. Payroll costs went from \$1,806,355 in 1989 to \$2,408,382 in 1993, an increase of \$602,027, or \$150,507 average per year during this four-year period.

The number of employees rose from 41 in 1984 to 52 in 1990 and later decreased to 44 in 1993.

D. Legal fees increased from \$35,885 in 1984 to \$229,148 in 1993. Most of this increase occurred after 1990, when rents of the Airport tenants were raised. This generated a number of lawsuits, and fees increased accordingly. In the three years ended June 30, 1993 the District paid a total of \$604,355 in legal fees, \$411,000 of which related to three major cases. The District prevailed in all three of these cases. Amounts it recovered are included in other income.

E. Rentals and other income increased by approximately \$169,000 from 1991 to 1992 and further increased by another \$199,000 from 1992 to 1993. This increased revenue was partially offset by an increase in bad debt expense. The large bad debt write-off in 1993 was caused by three tenants going bankrupt, the largest one owing the District \$141,000.

F. The total of Other Professional Fees, District Administration Expense and All Other Expenses grew steadily from \$340,517 in 1984 to \$724,048 in 1990. These expenses then dropped down to \$540,997 in 1993.

Schedule 3 - COMPARATIVE BALANCE SHEETS

This Schedule summarizes the assets and liabilities of the District at each year end.

A. Amounts invested in Plant and Equipment have steadily grown from \$7.5 million in 1983 to \$11.5 million in 1993. As mentioned below under Net Worth, most of this money came from federal grants.

B. All other assets also increased from \$2.6 million in 1983 to \$3.98 million in 1993.

C. Liabilities went up from \$45,122 in 1983 to \$321,809 in 1993.

D. The Net Worth of the Airport District comprises two elements. The part shown as "Contributed Capital - FAA" represents the accumulated grants received from the federal government, reduced by annual depreciation charges against the equipment and Airport improvements purchased with those grants.

The part shown as "General Fund" represents all assets other than those purchased with federal grants, less all liabilities.

The FAA's portion of the total net worth has been increasing and the General Fund's share has been decreasing over the last ten years. This can be seen as follows:

	<u>6/30/83</u>		<u>6/30/93</u>	
<u>Net Worth from:</u>				
FAA Grants	\$ 3,398,716	33.5%	\$ 7,626,042	50.3%
General Fund	<u>6,735,707</u>	<u>66.5</u>	<u>7,532,059</u>	<u>49.7</u>
Total				
Net Worth	<u>\$10,134,423</u>	<u>100. %</u>	<u>\$15,158,101</u>	<u>100. %</u>

MONTEREY PENINSULA AIRPORT DISTRICT					
Summary of Capital Improvements					Schedule 1
Made With Federal Assistance					
1984 Through 1993					
			Federal	Grants	
Grant		Date of	Amount of	Amount	Project
Number	Description of Project	Federal	Grant	received	costs
		Grant	Grant	to 6/30/93	to 6/30/93
NOISE ABATEMENT					
2	Noise Study	9/21/84	\$83,250	\$83,250	\$83,968
6	Soundproofing approximately 50 homes	5/18/87	400,000	398,507	499,241
9	Soundproof approximately 50 more homes	7/26/89	360,000	359,000	476,622
	Total Noise Study & Soundproofing Costs		843,250	840,757	1,059,831
NEW PARALLEL RUNWAY					
3	Site preparation and taxiway system for new parallel runway	9/9/85	1,494,361	1,494,361	1,621,119
4	Extend main runway and construct parallel runway	7/10/86	1,586,483	1,586,483	1,752,317
5	Additional costs - taxiway for parallel runway (Phase II)	9/3/87	923,868	923,868	982,236
12	Additional work on parallel runway	9/11/91	1,038,648	1,650,374	1,837,803
	Total Costs - New Parallel Runway		5,043,360	5,655,086	6,193,475
OTHER PROJECTS					
7	Two fire trucks, land for North side access, construct service entrance road extension, install lighted runway signs, replace main runway cables and transformers.	9/26/88	1,110,600	1,110,600	1,205,453
8	Update airport Master Plan	9/13/89	133,220	133,220	208,439
10	Extend service / entrance road and related improvements - (Phase II)	9/14/89	1,031,184	914,768	1,040,424
11	Install three runway "hold position" lights	11/26/91	142,643	64,749	65,715
13	Environmental assessment study for west side access road to Garden Road	5/17/93	75,600	0	0
14	Install airfield sign system, reconstruct underground drainage and rehabilitate taxiways	6/10/93	1,059,741	87,467	115,642
	Totals		\$9,439,598	\$8,806,647	\$9,888,979
Airport Traffic (landings) - 1984 thru 1993					
	1984	89,437	1989	91,582	
	1985	85,975	1990	96,232	
	1986	84,401	1991	91,757	
	1987	93,436	1992	97,812	
	1988	95,690	1993	89,412	

MONTEREY PENINSULA AIRPORT DISTRICT						
Comparative Statements of Income & Expense						
Years Ended June 30, 1984 thru June 30, 1993						
	6/30/84	6/30/85	6/30/86	6/30/87	6/30/88	Schedule 2
Airport Traffic - (Number of Landings)	89,437	85,975	84,401	93,436	95,690	
REVENUES						
Landing Fees	\$296,757	\$306,268	\$319,510	\$425,864	\$470,314	
Terminal Concessions, all Other rentals, fuel fees and all Other Operating Revenues	1,560,162	1,551,320	1,672,794	1,875,004	2,064,696	
Interest Earned on Investments	259,369	292,117	257,768	229,849	255,640	
Total Revenues	2,116,288	2,149,695	2,250,072	2,530,717	2,790,650	
OPERATING EXPENSES						
Salaries & Payroll Costs	1,303,331	1,385,488	1,547,730	1,585,684	1,690,220	
Legal Fees	35,885	13,624	24,126	32,662	19,476	
Other Professional Services	38,097	50,993	69,631	36,950	97,398	
District Administration	219,560	233,191	268,887	281,184	290,874	
All Other Expenses	82,860	112,037	63,288	63,874	136,460	
Bad Debts			4,572	274	26,764	
Contingencies (Re: Fuel contamination clean up)						
Depreciation & Amortization	248,345	248,571	302,944	243,948	252,586	
Total Expenses	1,928,078	2,043,904	2,281,178	2,244,576	2,513,778	
NET INCOME (LOSS) FOR YEAR	\$188,210	\$105,791	(\$31,106)	\$286,141	\$276,872	
NOTE: The above information is presented using the accrual method of accounting.						

MONTEREY PENINSULA AIRPORT DISTRICT						
Condensed Balance Sheets						
June 30, 1983 thru June 30, 1993						
	6/30/89	6/30/90	6/30/91	6/30/92	6/30/93	Schedule 3
Assets Other Than Plant & Equipment						
Cash	\$284,029	\$331,011	\$134,615	\$163,712	\$107,844	
Investments	3,450,000	3,850,000	3,250,000	3,234,969	3,271,144	
Trade Receivables, net of Bad Debt Allowance	246,178	271,519	221,541	330,766	262,805	
FAA Grants Receivable	386,963	73,624	76,302	100,959	87,467	
Prepaid Pensions				232,846	189,257	
All Other Assets	104,306	112,600	92,921	86,126	69,016	
Total Assets Other Than Plant & Equipment	4,451,466	4,636,954	3,775,379	4,149,378	3,987,532	
Plant & Equipment, net of Accum. Depreciation	9,282,785	8,997,605	9,961,467	10,344,378	11,492,378	
Total Assets	\$13,734,251	\$13,636,559	\$13,736,846	\$14,493,756	\$15,479,910	
Liabilities						
Trade Payables	139,830	210,853	157,744	204,186	92,373	
Security Deposits	59,864	46,296	63,011	66,025	53,749	
Accrued Vacations and Sick Leave	109,174	120,522	131,857	131,565	138,998	
Contingent Liability		605,782				
All Other Liabilities	33,431	34,370	33,078	64,870	36,689	
Total Liabilities	342,299	1,017,823	385,690	466,646	321,809	
Net Worth (Assets less Liabilities)	\$13,391,952	\$12,618,736	\$13,351,156	\$14,027,110	\$15,158,101	
Represented by:						
Contributed Capital - FAA	5,557,340	5,138,520	6,045,980	6,412,053	7,626,042	
General Fund	7,834,612	7,480,216	7,305,176	7,615,057	7,532,059	
Total Net Worth	\$13,391,952	\$12,618,736	\$13,351,156	\$14,027,110	\$15,158,101	

MONTEREY PENINSULA AIRPORT DISTRICT							Schedule 3
Condensed Balance Sheets							
June 30, 1983 thru June 30, 1993							
	6/30/83	6/30/84	6/30/85	6/30/86	6/30/87	6/30/88	
Assets Other Than Plant & Equipment							
Cash	\$188,930	\$328,039	\$382,187	\$365,304	\$325,438	\$300,654	
Investments	2,325,072	2,529,883	2,730,008	2,900,000	3,150,000	3,350,000	
Trade Receivables, net of Bad Debt Allowance	117,220	138,604	101,865	318,135	262,659	193,268	
FAA Grants Receivable			73,471	362,307		337,918	
Prepaid Pensions							
All Other Assets	20,679	21,289	23,960	27,928	25,705	86,882	
Total Assets Other Than Plant & Equipment	2,651,901	3,017,795	3,311,491	3,973,674	3,763,802	4,268,722	
Plant & Equipment, net of Accum. Depreciation	7,527,644	7,208,638	7,050,497	7,464,368	8,715,523	9,638,999	
Total Assets	\$10,179,545	\$10,226,433	\$10,361,988	\$11,438,042	\$12,479,325	\$13,907,721	
Liabilities							
Trade Payables	6,113	37,433	61,959	525,306	144,116	340,448	
Security Deposits	35,072	30,213	29,983	50,303	55,663	58,008	
Accrued Vacations and Sick Leave				74,332	103,483	107,124	
Contingent Liability							
All Other Liabilities	3,937	6,848	9,151	8,216	13,178	20,148	
Total Liabilities	45,122	74,494	100,103	658,157	316,440	525,728	
Net Worth (Assets less Liabilities)	\$10,134,423	\$10,151,939	\$10,261,885	\$10,779,885	\$12,162,885	\$13,381,993	
Represented by:							
Contributed Capital - FAA	3,398,716	3,228,022	3,232,176	3,574,800	4,670,068	5,613,960	
General Fund	6,735,707	6,923,917	7,029,709	7,205,085	7,492,817	7,768,033	
Total Net Worth	\$10,134,423	\$10,151,939	\$10,261,885	\$10,779,885	\$12,162,885	\$13,381,993	

MONTEREY PENINSULA AIRPORT DISTRICT					
Comparative Statements of Income & Expense					Schedule 2
Years Ended June 30, 1984 thru June 30, 1993					
Airport Traffic - (Number of Landings)	6/30/89	6/30/90	6/30/91	6/30/92	6/30/93
	91,582	96,232	91,757	97,812	89,412
REVENUES					
Landing Fees	\$425,364	\$473,850	\$445,637	\$502,364	\$485,227
Terminal Concessions, all Other rentals, fuel fees and all Other Operating Revenues	2,239,002	2,486,583	2,476,613	2,646,170	2,845,277
Interest Earned on Investments	297,083	332,266	291,588	212,352	181,066
Total Revenues	2,961,459	3,292,799	3,213,838	3,360,886	3,511,570
OPERATING EXPENSES					
Salaries & Payroll Costs	1,806,355	1,982,928	2,247,630	2,219,794	2,408,382
Legal Fees	41,456	54,195	139,394	235,813	228,148
Other Professional Services	58,140	128,799	90,227	64,898	48,502
District Administration	341,341	379,031	164,512	221,928	165,895
All Other Expenses	216,539	216,218	342,324	314,834	326,600
Bad Debts	4,982	2,811	31,205	47,811	166,500
Contingencies (Re: Fuel contamination clean up)		634,710	25,456	24,857	14,066
Depreciation & Amortization	300,316	294,121	302,232	297,510	289,366
Total Expenses	2,767,129	3,672,813	3,342,980	3,427,445	3,648,459
NET INCOME (LOSS) FOR YEAR	\$194,330	(\$380,014)	(\$129,142)	(\$66,559)	(\$138,889)
NOTE: The above information is presented using the accrual method of accounting.					

PROPOSITION 172
LOCAL PUBLIC SAFETY PROTECTION
IMPROVEMENT ACT OF 1993

CONCERN

Proposition 172, an amendment to the California Constitution was placed on the November 1993 Ballot, approved by the voters, and became effective on January 1, 1994. This proposition mandated public safety as local government's first priority and permanently established a 1/2 cent sales tax to finance it. Monterey County's handling of Proposition 172 funds was reviewed to determine:

1. How the funds were being used.
2. Whether these uses met the intent of the constitutional amendment.

PROCEDURE

Interviews were held with many County officials. Written materials reviewed included the ballot measure, an analysis prepared by the State Legislative Analyst, Monterey County's 1994/95 Proposed Budget, Board of Supervisors' minutes, and reports prepared by the County Auditor and the County Administration offices.

BACKGROUND

The State of California, facing a severe budget shortfall in 1993/94, shifted \$2.6 billion in local property taxes away from counties and cities and over to the State for its use in school districts. This maneuver enabled the State to meet its educational funding obligations. To replace the revenue lost by counties and cities, the State took the following actions:

1. It placed Proposition 172 on the November, 1993 ballot. This Proposition added a

to Salinas Valley agriculture, irrigating approximately 210,000 acres of farm land.

The explicit purpose of both dams when built was to provide a reliable flow of water to Salinas Valley users. Flood control, as in the Agency's original name, was always top priority, and water conservation second. Flood control consists of safeguarding a margin of storage capacity at the top of the reservoirs by intermittently releasing water. Water conservation is accomplished through a combination of storage (drought reserve) and release (recharging the aquifer to allow for continued pumping). Seawater intrusion into North County aquifers, a result of pumping out more water than returns through inflow, has increased the urgency of recharging the aquifers through releases.

Over the years, a new and competing factor has entered the picture: recreational use of the dams' reservoirs. Property owners and businesses around the shorelines, as well as the County's Parks and Recreation Department, need a stable, high water level to sustain South County's "tourist industry," one of the area's only alternatives to agriculture. Income from the two lakes' recreation facilities, which averages \$44 million in wet years, plunges to half that in dry years. Naturally, recreation interests object to water releases from the dams. Several years ago a recreation consortium filed a lawsuit against MCWRA to stop the releases. The suit was decided in favor of MCWRA, on appeal, and the agency was exempted from the California Environmental Quality Act due to the overriding importance of its mission.

Competition for water use continues, and it peaks during the summer months of dry years. Recreation interests seek a stable water level through May to protect the bass spawning season, and a minimum water depth for boats and boat ramps; water releases can destroy such conditions.

But the billion-dollar agricultural industry needs more irrigation water than ever in the hot summer months; without releases from the dams, the farmers' combined pumping costs go up an estimated \$1 million. Delaying releases may also increase seawater intrusion into the aquifers, since recharge time is lost. Urban demand also tends to increase during the dry months.

Scarcity of water caused hardship for all factions in 1994, which was not only a dry year, but also a year of economic recession. The 1994 Grand Jury hopes to see a Basin Management Plan instituted, to increase the water supply for all users, as well as address the long-standing problem of seawater intrusion into the aquifers.

FINDINGS

The 1994 Grand Jury finds that:

1. Residents of Salinas Valley paid for both dams, for the explicit purposes of flood control and water conservation. Recreational use of the reservoirs is a by-product of their original purpose.
2. The County, in cooperation with private concessionaires, plans a vast expansion of recreation facilities at San Antonio Dam, to include a marina, cabins, and a restaurant/resort. Construction will begin when the lake maintains a required depth for a minimum time.
3. The staff of MCWRA, over years of experience, has developed a coordinated schedule of releases from both dams to maximize flood control/water conservation benefits. The Agency's Board of Directors overruled their staff and changed the schedule this past year, delaying April's release until June, in order to benefit recreation.
4. An incident occurred at Nacimiento Dam when someone fired a gun at the consoles inside, shutting down a release in progress.

RECOMMENDATIONS

The 1994 Grand Jury recommends that:

1. Until such time as the total water supply increases, MCWRA and its Board of Directors should uphold the rights of Salinas Valley residents to the use of dam water. These rights have been established by ownership and by decision of the courts.

2. The Board of Supervisors and recreational users should realize that in times of water shortage their programs may be impacted. Releases from the dams for purposes of flood control and water conservation have priority.

3. Plans for expansion of recreation facilities at San Antonio must be delayed until the water supply is increased.

4. Security at the dams' control rooms could be increased to prevent unfortunate consequences of conflicting water interests. Enhanced security might include fencing, lighting, and/or night patrols.

RESPONSES REQUIRED

Board of Supervisors

MONTEREY PENINSULA WATER MANAGEMENT DISTRICT

CONCERN

Is the Monterey Peninsula Water Management District working efficiently to augment and protect the Peninsula's water supply? The Water Committee of the 1994 Grand Jury looked into this question, following up earlier Grand Jury reports.

BACKGROUND

Monterey Peninsula Water Management District (MPWMD) was created by the California State legislature in 1977 during one of the Peninsula's periodic droughts, and voters approved establishment of the District in 1978. MPWMD includes the cities of Carmel, Del Rey Oaks, Monterey, Pacific Grove, Sand City, Seaside, and parts of Marina, Fort Ord, and Monterey County.

MPWMD has two main goals. The first is to increase the Peninsula's water supply, in order to guard against drought and to allow for planned growth. Since 1976, Peninsula residents have endured mandatory water rationing for two extended periods: 18 months in 1976-78 and 28 months in 1989-1991. Residents also went through a "building moratorium" imposed by MPWMD from January of 1991 to June of 1993, meaning that new construction or remodeling which added water fixtures was not allowed. At this writing, another building moratorium has been instituted, and no one can say when it will end.

MPWMD's second major goal is to restore and protect the natural resources of the Carmel River. This river is the Peninsula's primary source of water, and it has suffered for being so. Like the Salinas River, the Carmel River is dry most months of most years, and the lack of water harms riparian (stream-side) vegetation, wildlife, and fish.

The District's activities are financed by several sources of revenue totaling \$2,376,000 in 1994-95. User fees - those surcharges called "MPWMD fees" on Peninsula water bills - make up the largest source, some 58% of total revenues. 7.125% of water and service charges are added on for MPWMD. Another 2.5% surcharge goes to Cal-Am for studies made of the Canada Reservoir. Put together, Peninsula residents currently pay a 9.625% tax on each water bill to support water studies.

The District's second largest source of revenue - 29% of the total - derives from connection charges paid by builders and homeowners wanting to add water fixtures. Currently, a water permit for a newly constructed home costs approximately \$4,000-\$5,000. Remaining sources of District revenue are grants, interest on investments, and other fees. District expenditure in 1994-95 exceeded revenue by \$1,850,000.

DISCUSSION

The Grand Jury looked into MPWMD's functioning in 1989, 1990, 1991, and 1992. In the most recent Final Report, the Grand Jury found that "apparent lack of visible results during the 15-year life of the District have disenchanted the public, caused opposition to the District's collection of charges, and even raised demands for its abolishment." People have also asked whether MPWMD's operations should be consolidated into the County's Monterey County Water Resources Agency.

Heading into its 17th year of existence, MPWMD has begun to make some visible progress, especially in gaining approvals. Its big capital project, intended to solve the Peninsula's long-term supply shortage, is the New Los Padres (NLP) Dam. This project has now secured many key governmental approvals, and its lengthy Environmental Impact Report (EIR) has been prepared, reviewed by the public, and certified.

The proposed dam still must win voter approval next November, and if passed it will not be finished until 2002. In the meantime, MPWMD has adopted several short-term measures to reduce demand and increase supply.

SHORT-TERM MEASURES: REDUCING DEMAND

Several of MPWMD's projects aim at reducing demand for water. Their conservation program includes mandatory retrofitting of water fixtures like toilets, shower heads, and faucets to low-water-use fixtures when a home is sold or remodeled. Water savings from this program are estimated at 50 acre-feet (a.f.) per year. Additional water is saved through public outreach and publications aimed at changing wasteful water habits.

The District has instituted mandatory rationing twice, most recently requiring that water use be reduced by 20%. Peninsula residents had become so waste-conscious by then that they actually saved over 30% on average, and continue to save 15-20% even without rationing.

MPWMD has also twice placed a "building moratorium" on the Peninsula. Some people have questioned whether restricting building is an appropriate action for a Water Management District, or more properly belongs to Planning Departments. They also question the accounting assumptions that equate additional water fixtures in an existing home with additional water use.

In one typical case, the Water Committee found that average water use did not increase when a second bathroom was added onto a home where the number of occupants stayed the same. In fact, the main cause of increased water use turns out to be hot weather. Just as agriculture is the largest water consumer in Salinas Valley, landscaped gardens are the Peninsula's greatest consumers. More water will be saved by requiring

drought-tolerant landscaping and restricting watering times than by disallowing remodels.

The 1994 Grand Jury finds that MPWMD's conservation programs have been a success, with the cooperation of area residents, and should be continued. Rationing and building moratoriums, on the other hand, especially when based on questionable assumptions, might be seen more as a failure of water management than a success.

SHORT-TERM MEASURES: INCREASING SUPPLY

On the supply side, MPWMD has participated in developing two new water sources: the Paralta Well in Seaside, and the Pebble Beach Reclamation Project.

The Paralta Well, developed by California-American Water Company (Cal-Am), tapped a 900' deep aquifer under Fort Ord. Cal-Am's hydrological consultant estimated the water flowing into the ocean from this basin at over 2000 a.f. per year. But MPWMD cut this figure in half, conservatively calling well production 1000 a.f. per year. The District then deducted 231 a.f. as "deficit" to make up for over-pumping, tied up half the remainder as "drought reserve," and ended up with 380 a.f. actually allocated to the various jurisdictions. County areas have already run through their allocation (thus the building moratorium), city allocations will run out in about a year, and the well itself is not even on-line yet due to water quality problems.

The District calculated the Paralta Well would supply water for four to five years, but for County residents of the Peninsula this new water brought relief from moratoriums for just over a year, from July 1993 to August 1994. MPWMD has recently informed the public that they "do not anticipate any new water supplies becoming available for at least two years - and probably longer," so residents will have to live with water shortages in the meantime.

The Pebble Beach Reclamation Project is a public-private partnership involving several governmental agencies (Carmel Area Wastewater District, Pebble Beach Community Services District, and MPWMD) along with the Pebble Beach Company and two private property-owners. MPWMD's role was to issue Certificates Of Participation to finance the project. Now complete, this project will provide reclaimed wastewater to irrigate the golf courses of Del Monte Forest. By replacing some 800 a.f. of potable water with reclaimed, this project provides 420 a.f. of water to the District, and 380 a.f. for development in Pebble Beach. MPWMD immediately subtracted 270 a.f. of their allotment as additional "drought reserve," leaving 150 a.f. for allocation. Now that the State is looking into whether Cal-Am has hurt the environment of the Carmel River by overpumping, MPWMD has decided not to allocate the 150 a.f. either, since the State may require it to remain in the Aquifer.

Thus the new water provided by the well-supply project was used up on paper before the well even started pumping and MPWMD refuses to allocate the new water of the reclamation project, claiming it is necessary to atone for past excesses. The District's short-term water supply projects have unfortunately amounted to "too little too late" to avoid rationing and building moratoriums. MPWMD has not succeeded in providing adequate short-term water supplies for the Peninsula.

MITIGATION MEASURES: RIPARIAN VEGETATION & SPAWNING HABITAT

Fulfilling its mandate to "foster the scenic values, environmental quality, native vegetation, fish, and wildlife in the Carmel River basin," MPWMD has taken steps to help the river's fish and vegetation survive until a long-term solution comes about.

Approximately 30,000 linear feet of riparian vegetation have been replanted and irrigated with

drip lines. The Water Committee viewed this habitat restoration - so important to wildlife of all kinds - at Valley Greens Drive Bridge in Carmel Valley. The Committee also saw MPWMD's erosion-protection projects shoring up the riverbanks at Schulte Bridge and Carmel Valley Ranch, and a channel clearing program at Robles Del Rio.

On behalf of the steelhead, and with the help of an \$80,000 grant from the State, MPWMD completed a Carmel River Spawning Habitat Restoration Project. The District placed some 580 cubic yards of gravel of just the right size and shape into nests for spawning called "redds." Of 27 redds placed in the river, 24 supported spawning by the steelhead.

The District also benefited steelhead survival by netting some 11,000 of the fish this year, and truck-transporting them from ocean to river and back around the stretch of dry riverbed. The 1994 Grand Jury commends MPWMD's successful efforts to protect the wildlife and environment of the Carmel River.

LONG-TERM MEASURES: "ALTERNATE" PROJECTS

One reason it has taken so long to develop the NLP Dam project is that the District considered many other alternate projects first which were rejected for one reason or another. An early idea involved using water hyacinths to treat wastewater, but that project soon faded into history as the "infamous hyacinth project."

Dredging the Los Padres and San Clemente Dams, the two existing dams on the Carmel River, has often been proposed. The dams have silted up over the years until they have lost half of their storage capacity. But with both dams put together, the capacity when fully dredged would be 5,000 a.f., about 1/5th the size of the proposed NLP Dam. This amount is insufficient to supply

the water needs of the Peninsula and restore the Carmel River.

Dredging and removing silt is enormously costly - more expensive than a desalination plant - and could cause serious environmental harm downstream. There are also significant disposal problems. Hard to believe, but studies show it would take almost five years of six days per week, 10 hours per day, and 15 trucks per hour to transport the dredged muck to a disposal site. All this heavy trucking would have a very bad impact on nearby roads and residents. Using conveyor belts to dispose of dredged material was also considered, but limited disposal space within range of the reservoir makes that idea unworkable.

A *New San Clemente Dam* was proposed and approved by the voters in 1987. This location is the most suitable geologically due to steep canyon walls. But it turned out that the site had access problems, and it also ran into roadblocks from environmental agencies. Since the San Clemente site is downstream from the Los Padres site, less of the riverbed would benefit from the new streamflow, and spawning habitat would be lost.

Canada de la Segunda was another proposed dam-site which aroused interest, especially when a celebrity-resident offered to donate land for it. Cal-Am carried out extensive studies on the proposal and found it feasible. However, the cost was reckoned too expensive at \$200 million for 28,000 a.f., approximately twice the cost of the proposed NLP Dam, and streamflow benefits to Carmel River would be significantly less than with NLP Dam.

The District spent time and effort developing proposals for *desalination plant(s)*. The proposals ingeniously used the sands of the ocean floor as filters for both incoming and outflowing water in order to lessen energy costs. Desalination has problems besides high cost and

energy consumption. The worst is that it has no effect on restoring the Carmel River environment. When desalination was presented to voters in 1993 as a long-term option, some members of the Water Management District energetically campaigned against it and voters defeated it. Desalination may be inappropriate as a long-term supply source, but it could fill short-term supply needs until a dam is built.

Although a great deal of time was spent on projects that were later superseded, the time was not totally wasted - with the possible exception of the infamous hyacinths. Alternate possible projects are required to be studied as part of the EIR process, and study results have found their place in the EIR document.

LONG-TERM MEASURES: NEW LOS PADRES DAM

MPWMD's main accomplishment, into which \$10 million and 12 years of effort have been poured, is the Final Environmental Impact Report on the *New Los Padres Dam (NLP Dam)*.

The Carmel River is an unusual river in that it tends to flash-flood. Large quantities of water flow out to the sea after heavy rains, and the lower riverbed remains dry for most of the year. Another way to say this is that the Peninsula doesn't have a supply problem, it has a storage problem.

Similarly the NLP Dam is an unusual dam. Not only will it be the first dam built on California's coast in 20 years, but one of its main purposes is to restore and protect the downstream environment through a "fill and spill" method. This method is currently used at the two existing dams on the Carmel River: 3 feet per second of water is released from the reservoirs which keeps the stream bed wet as far as Scarlett Road, or nine miles above the bay. When the NLP Dam is finished, MPWMD predicts that the Carmel

River will flow to the sea at least four out of five years and will flow there year-round 75% of the time.

The proposed New Los Padres Dam would be a curved, gravity, roller-compacted concrete dam standing 274' high, and 1600' along its crest. Its reservoir will inundate the existing Los Padres Dam and will hold 24,000 a.f. of water. The reservoir will be narrow, winding between cliffs, and therefore unsuitable for motorized recreation.

Located about 24 miles upstream of Carmel Bay along one edge of the Ventana Wilderness, the dam will also inundate about four acres of the wilderness. This was a major obstacle until Public Law 101-539 was recently passed. This bill authorized a land-swap of 23 acres of wilderness for an adjacent 140 acres owned by Cal-Am.

The purposes of the New Los Padres Dam are:

1. to hold mandatory rationing periods to less than two out of 100 years on average;
2. to restore the riparian vegetation of the Carmel River;
3. to restore the steelhead run and replace outdated fish passage facilities;
4. to provide water for planned new growth for about 20-30 years (3,380 a.f. total will be added to Cal-Am's pumping limit, in increments of 100-140 a.f. per year); and
5. to provide streamflow to the sea in four out of five years.

The reservoir will be used to store winter runoff for releases in the dry season. Releases will aid the survival of the steelhead and will also recharge the aquifer, increasing groundwater

storage. The Environmental Protection Agency (EPA) has found NLP Dam to be the least environmentally damaging practicable alternative. A long-term conservation program targeting a permanent 15% reduction on water use is also integral to the project.

U.S. Representative Sam Farr played a part in developing the NLP Dam project. After a New San Clemente Dam was blocked by environmental agencies, he gathered together major Federal and State agencies who would have to approve a dam and set up regular meetings between them and MPWMD. Due to these efforts, the NLP Dam project won the support of key agencies such as California Department of Fish and Game, and National Marine Fisheries, whose recommendations have been incorporated into the EIR.

For the steelhead, a "conjunctive use" program will provide sufficient water releases at appropriate times to meet the needs of the fish. Environmental agencies will strictly monitor these minimum flow levels. Fish-passage facilities at the dam will also be updated to state-of-the-art.

Habitat loss in the dam's flood area will be compensated by new plantings, for "no net loss" of riparian, wetland, woodland or forest habitat. Red-legged frogs and southwestern pond turtles, threatened species which live near the dam site, will be more benefited than harmed by the project.

Considerations of potential consequences of the NLP Dam, from archaeological to zoological, are covered in the extensive EIR prepared by MPWMD and its consultants. This document answers and if necessary mitigates almost every concern about the new dam. The Grand Jury recommends that Peninsula voters contact MPWMD for a summary of the EIR - which is quite readable - and inform themselves of the project's many aspects.

Most consequences of the dam are capable of complete mitigation, but some unfortunately are

not. The first is the impact of project construction on nearby roads and residences. The EIR suggests several measures to soften impacts such as scheduling traffic to avoid peak hours, establishing workers' camps on site, spraying water to control dust, and confining blasting noise to specific times. In spite of these measures, impacts would remain significant and unavoidable, though temporary.

The second unfortunate consequence will be more permanent: loss of archaeological sites and traditional cultural properties of the Esselen Tribe. Known sites include intact midden deposits, bedrock mortars, and possible grave sites. These sites may demonstrate a post-Mission occupation of the upper Carmel River Valley by the Esselen people. They were considered nearly culturally extinct in the late 1700s to early 1800s, but it appears that some may have taken refuge in these mountains. Suggested site mitigations include: excavation and analysis of midden deposits; scaled photography, measurement and removal to safety of bedrock mortars; and construction permit-conditions which direct the handling of grave remains or other unknown finds.

Among traditional cultural properties which will be lost is an extraordinary natural outcropping of rock known as the "birthing rock", which the Water Committee viewed on site. Even if this rock were able to be moved - which is questionable - the siting is a large part of its significance, making mitigation impossible. MPWMD has been working with Esselen descendants to negotiate benefits to offset this loss. Suggestions include assisting the local Esselen community to assemble and publish information on their heritage; assisting Esselen efforts to establish an education/interpretive center at Garland Ranch; providing equipment and training in audio/video recording to preserve discussions with Esselen elders; assisting Esselen efforts to secure rights to gather traditional resources in

upper Carmel River watershed lands; and developing a curriculum package describing Esselen cultural history to be included in the existing Grade 4 California History program.

Esselen objections to the proposed NLP Dam are understandable. But MPWMD's proposals for offsets are constructive, and may even prove more beneficial to the Esselen people than the existing *status quo*. The Grand Jury hopes that a solution can be negotiated which is a plus for all parties.

The estimated capital cost of the NLP Dam is \$87.3 million, in 1994 dollars. Operation and maintenance would cost \$1.3 million annually. These figures translate to approximately \$7.67 per month added to each resident's regular Cal-Am bill. In future dollars, including estimated costs incurred in the years 1998-2017, the amount would rise to \$12.82 per month. Financing of the dam will be through COPs, Certificates of Participation. For an explanation of these bond-type instruments, please see the Grand Jury report on COPs on page 27.

FINDINGS

The 1994 Grand Jury finds that:

1. After 17 years of operation, MPWMD can claim several successes: conservation programs reducing water use, restoration projects along the Carmel River, and protection of the aquifers.

2. MPWMD has been less successful in providing short-term supply requirements. New water sources developed (Paralta Well, Pebble Beach Reclamation Project) have largely been retained to offset water deficits instead of released for residents' use. Conservative drought-reserve policies have protected the aquifers from seawater intrusion, but sometimes cause hardship to residents in the form of rationing and building moratoriums.

3. Desalination plant(s) are one possibility for a viable short-term supply solution. Desalination has been decried as "too expensive" and campaigned against by some MPWMD Board members. Yet Monterey Peninsula is one of the most affluent communities in the U.S. If this community cannot afford a reliable, drought-protected municipal water supply, how can other communities?

4. The proposed New Los Padres Dam is the best solution for a long-term water supply for the Peninsula. When constructed this dam should provide drought protection, water for the future, and streamflow in Carmel River. The dam will allow some new growth in controlled phases to approximately 53% of buildout.

5. Overall, MPWMD has done a creditable job of handling complex problems. Staff is knowledgeable, accessible, and resourceful. Maps, charts, and publications of the District are of professional quality. The Board of Directors, accused in the past of "no growth" biases, has voluntarily made itself more representative by instituting election by-district, instead of at-large.

6. The Grand Jury found no evidence that consolidation of MPWMD with other water agencies would be workable or beneficial.

RECOMMENDATIONS

The 1994 Grand Jury recommends that:

1. The District should continue its successful conservation and environmental mitigation programs.

2. If the Paralta Well proves capable of additional capacity beyond the 1,000 a.f. estimated, MPWMD should immediately develop and allocate that amount to ease the current moratorium on building.

3. Drought-reserve requirements should be carefully balanced against residents' needs. If not required to be retained by the State, the 420 a.f. of water developed by the Pebble Beach Reclamation Project should be released for residents' use.

4. If recommendations #2 and #3 can not be implemented, desalination plant(s) should be brought back to voters with MPWMD Board of Director's support as a potential bridging supply until the dam is built. Cost containment should be integral to the project proposals.

5. MPWMD should continue seeking all governmental and voter approvals for the New Los Padres Dam. The District should also continue working to mitigate or offset concerns of those who may be adversely impacted.

RESPONSES REQUIRED

Monterey Peninsula Water Management District

MONTEREY COUNTY WATER RESOURCES AGENCY

CONCERN

The 1994 Grand Jury undertook an investigation of Monterey County Water Resources Agency (MCWRA) after receiving several citizen complaints.

The Water Committee also reviewed and evaluated several aspects of the technical issues in terms of its understanding of the concepts. If the Grand Jury as lay citizens, could not understand what was presented, then it was possible that the presentation was in fact, not cogent.

BACKGROUND

The Monterey County Flood Control and Water Conservation District (MCFCWCD) was formed in 1948. That District covered all of Monterey County and was responsible for:

- a. storing water;
- b. conserving and reclaiming water;
- c. appropriating and acquiring water and water rights;
- d. importing water;
- e. control of flood and storm waters;
- f. preventing groundwater extractions determined to be harmful to the basin;
- g. transporting, purifying and treating water; and
- h. preventing groundwater export for use outside the basin to preserve a balance within the Salinas Groundwater Basin.

Senate Bill No. 2580, creating the Monterey County Water Resources Agency, was enacted in 1991 to impose a state-mandated local program. The new agency has the power of protection, enhancement, and use of groundwater and to consider desalination programs. Whereas the old district did not have a strong enforcement authority, the new agency did. By establishing a strong local authority, response to local needs and the means for imposing fees, tolls, charges and taxes were more immediate.

Reclamation programs and charges were the areas most affected by the creation of a new agency. As a district, there were no provisions for reclamation charges. As an agency, it could impose water reclamation charges to pay for planning, design, construction, operation and maintenance of wastewater treatment facilities in order to reclaim and transport wastewater for irrigation, groundwater recharge or other beneficial uses. Subject to charges were people extracting water from the basin, with urbanized areas to pay most of the charges.

Presently, the Agency contains 15 special zones, seven of which are active. Zone 2 was created in 1947 to build, operate and maintain Nacimiento Dam. Zone 2A was formed in 1960 to build, operate and maintain the San Antonio Dam, maintain the Salinas River and fund the gathering of data. Zones 2 and 2A are directly concerned with the Salinas Valley Groundwater Basin and its attendant projects and problems. These zones were included in the enabling act that created the Agency, and are concerned with water standby and availability. Virtually all of the discussion in this report centers on issues within these two zones.

The other active zones are described as benefit assessment zones and were created by the residents within each zone. Those zones are concerned exclusively with flood control. Zone 6,

the area of the Castroville Irrigation Project, to address seawater intrusion, will become active again with the initiation of the project.

DISCUSSION

The Salinas Valley Groundwater Basin

Before water management programs can be implemented on a drainage basin or parts of that system, the elements of that system should be understood. By peeling off the land use and other political imprints on the system, the physical constraints on the movement of water are more apparent. Only then can the land be properly managed.

Ubiquitous in physics and geology is time. When a person turns on the tap, water flows immediately. The role that time plays in describing the system has been minimized to the benefit of the consumer. Lost, however, is the understanding that many of the principles that govern the movement or character of water are time-dependent. More importantly, an abuse to the system that lasts, say, ten years, is not necessarily erased with ten years of remediation.

Most of what water does is in response to gravity. Rivers and streams flow to the sea. Groundwater behaves in a similar way. It moves laterally and downward under a gradient controlled by gravity, seeking the lowest possible level. The movement of water from a high level to a lower one is provided at no cost by nature. It takes energy (and money) to undo that.

The groundwater basin is divided into several subareas. These areas reflect differences in the characteristics of the aquifers, such as differences in boundaries, degree of confinement, water flow, and source of recharge. These characteristics are manifestations of different sediment deposits. Unlike the Carmel River

groundwater basin, the sediments that make up the Salinas River groundwater basin exhibit several significant changes laterally and also vertically in the section.

Significantly, groundwater flow between subareas is more or less continuous. Because of that characteristic, it is important to know the exact relationships between the contacts of the aquifers at the boundaries. A thick aquifer cannot deliver more water than a thinner one can accept. Also, the position(s) of clay zone(s) adjacent to water-bearing sediments yield real information on recharge potential, and the nature of the water table across these areas. The relationships can be determined fairly quickly and accurately with seismic surveys.

A significant concern about water resources is the assessment of what is described as the Deep Aquifer, or 900-foot Aquifer. This is the deepest identified aquifer in the Salinas basin and Seaside sub-basin. Its role in mitigating the intrusion problems in the 180 and 400-foot aquifers seems to be a positive one. The Arroyo Seco Cone is considered to be a source of recharge for the shallow aquifers. A similar relationship between the Cone and the Deep Aquifer would provide a means for supplying water to the northern part of the Valley and perhaps reasonable alternatives to the present Basin Management Plan.

There is a lack of consensus for a true basin management plan. One factor centers on the interpretation of the relationship between the aquifers of the Pressure Area and those of the Forebay. The hydrologic model presented by the South Valley Water Coalition suggests that the south valley growers have little effect on the water supply to the north. Part, if not all, of the issue, could be resolved with detailed geophysical work at the boundary of the two hydrologic zones. The disagreement is based on behavior of the water traveling through aquifers.

The issue can be resolved with accurate data, not the manipulation of computer models. Analysis of data based on real parameters would make well-metering a compelling adjunct to basin management.

Through its Geographic Information System, the County has one of the most powerful tools for analysis of technical data and for planning projects. This computer system has, in principal, the capability to collect, store, manipulate, and ultimately display, virtually all data that can be described with a geographic location. The value of this system in handling real information can be profound if used to full advantage. This means a commitment to entering the available data as quickly and completely as possible.

Water quality problems

Seawater intrusion is the principal cause of degradation of the basin. It affects both the 180 and 400-foot aquifers. Caused by overpumping of fresh water at the freshwater-seawater interface, it has been steadily moving inland since the 1930s. Originally, it affected only the shallow aquifer, but as consumers shifted to the intermediate level, it, too, has been affected.

The Castroville Seawater Intrusion Project will use treated sewer water and underground pipes to irrigate about 12,000 acres. The intent is to supply 19,450 acre-feet of water, water that would not have to be pumped from the 180 and 400-foot aquifers. Financing for the \$76 million project is still to be determined, but federal interest-free loans are the anticipated source of funding. The Monterey Regional Water Pollution Control Agency will process the sewage and the MCWRA will manage the pipe system. This project is a prime example of remediation programs to help restore the health of the basin.

Water quality, apart from seawater intrusion, in the Salinas Valley is primarily related to

nitrate levels. Local contamination of the aquifer by industrial solvents, fertilizer use, and concentration of livestock waste (from earlier dairies) has occurred in the Salinas area. Three wells were removed this year from California Water Service's system in Salinas. Three others have been out of service for more than a year. It has not created a supply problem yet, but operational changes had to be made. The company has been aggressive in its monitoring program. Nitrates can occur naturally in the groundwater. These levels are typically low, rarely exceeding 10 milligrams/liter. The State has set 45 milligrams/liter as the cutoff level for drinking water. Nitrates appear to be persistent in the groundwater system once they percolate down. How they move downward from the soil is generally not monitored.

There are many options available for management of the water system. The first step toward resolution of complex problems is analysis. In the case of seawater intrusion, the problem has existed for over fifty years. Little progress has been made in that time and almost all of that in recent years. Nitrate contamination is another example where little advantage has been taken of the time since the problem has been observed. Part of the analytical procedure is to study other areas that have experienced the same difficulties. There are no problems in the Salinas Valley that have not been seen elsewhere. The Pajaro River Valley and the Aptos area have been studying seawater intrusion. Overdraft problems and degradation of the aquifer nearly destroyed the Ogallala Aquifer of the Great Plains. There, slowly, after many years, the various political entities have come to grips with a common problem. The injection of reclaimed water back into the aquifer was used in the Long Beach area many years ago. That it is being considered in the Castroville Seawater Intrusion Project is a credit to the County's technical staff.

The resolution to seawater intrusion, nitrate contamination, and other degradations to the quality of the groundwater basin that offers the least degree of freedom at the local level is State adjudication. If the process goes to final adjudication, this will be the first time that it has been applied to a groundwater basin. The State Water Resources Control Board (SWRCB) has begun the first steps in that process by examining fertilizer use, irrigation techniques, and water use. As part of the process, the SWRCB has presented public meetings to explain the process. Public participation has been minimal.

Modifications in current land use patterns cannot be dismissed or minimized. There are demonstrable impacts on the water system by both agricultural and urban interests. Approximately 90% of the water use is by agriculture and 5-10% is by urban users. Agricultural use may have caused an overall regional decline in the water table, but high urban use has also caused "cones of depression" severe local drawdowns of the water level.

Reconciliation of differences and restoration of a healthy water system is no longer a simple matter. All levels of human activity are impacted by misuse or overuse of the natural system and the quality of life of everyone in the Valley is ultimately affected. Changes appear to be mandated. These changes must be part of a well-conceived plan involving the entire infrastructure of the County.

The County is working on a drought contingency plan. The goal is to provide more equitable distribution of water during dry years. Considerable work has gone into the effort. This project is illustrative of the capability of local government to put together a long range plan, based on considerable data and with attendant analysis.

FINDINGS

The 1994 Grand Jury finds that:

1. The governmental entities are only partly responsible for the failure of projects if a consensus of public feelings is not achieved. The public is often not an active participant in its own affairs.

2. Basin Management Plan meetings of the MCWRA are poorly presented. Frequently, documents are not clearly labeled, maps lack legends, and typographic and other errors are scratched out and corrections scribbled in. This does not instill confidence in the validity of the data. Acoustics is often poor and it is usually difficult to understand what is being discussed. Members of the audience tend to compound the difficulties by talking among themselves.

3. There is a lack of effective and decisive leadership at the BMP meetings. Each succeeding meeting this year did little towards establishing a program. Several meetings lost their focus and circular arguments ensued.

4. Current and past land use decisions are impacting future water availability without respect for longevity of the resource.

5. The County has not set up conservation measures or sanctions against abuse of water rights. It is a common sight to see irrigation in high winds or in high heat. It is hard to expect the citizens of the Monterey Peninsula to embrace water moratoriums when there is seemingly rampant misuse elsewhere.

6. There has been a lack of cooperation and agreement throughout the County at all levels. Adjudication of Salinas Valley water problems by the State will be a drastic measure. While it may result in a "healthy" basin, it could severely

change the use of the land in the valley. The greatest degree of freedom in healing the system exists with resolution at the local level.

7. In the MCWRA, many technical tasks, such as locating wells, are done by consultants, rather than by an appropriate level of internal technical support. The sophisticated and potent tool, the Geographic Information System is apparently grossly under-utilized.

8. The main stumbling block to resolving many problems in the Salinas Valley is due largely to a disagreement in the interpretation of the groundwater basin and the movement of water. The Salinas Valley Water Coalition, the principal holdout to a management plan, objects to paying or being penalized disproportionately for the problems.

9. Internal problems with the MCWRA suggest a lack of focus and direction.

10. Programs to manage nitrates and other pollutants do not appear to be effective. Nitrate levels are currently mitigated by removing affected wells from drinking-water systems. More fundamental programs to keep the nitrates out of aquifers and tracking the movements once in the groundwater system are minimal.

11. The cost to heal the Salinas Valley Groundwater Basin continues to grow.

12. Flood control concerns are adequately addressed by the Agency.

RECOMMENDATIONS

The 1994 Grand Jury recommends that:

To and concerning the Monterey County Water Resources Agency:

1. The Board of Directors should base public-policy recommendations on the sound technical foundations of its staff. It should rely on the expertise of the Agency staff and support them after policy has been established. The technical staff should be better shielded from political pressures, both in the field and in meetings.

2. The Agency should make a greater effort to see that its presentations to the public are professional. Acoustical problems should be worked out in advance, and should not be an ongoing concern. Documents presented to the public should be properly labeled.

3. There is no need to hire consultants at additional cost if the Agency has the capability to do the work internally.

4. The Salinas Valley basin must be clearly defined before management plans can be effective.

5. The Agency must better reconcile real geological and hydrologic data with its computer models and simulations.

To and concerning the Monterey County Board of Supervisors:

1. Respect the public, especially when they show interest in issues. Be more aware of the needs and sensitivities of the people you serve.

2. Conservation measures should be enacted immediately and required of all water users. Severe punitive action must be taken against all parties who abuse these measures.

3. An inventory and methodical assessment of all freshwater sources and reserves in the County should be undertaken. This should include not just the recognized groundwater basins and their aquifers, but the other underground supplies and

less conventional methods of water production. Immediate and long-range management plans for the total water supply should be made a priority concern.

4. When assessments, fees and other forms of revenue collecting are invoked, they should be based on direct impact. Seawater intrusion is occurring in the Castroville area. It is the Castroville area that should be impacted first and the hardest.

To and concerning the cities of Monterey County:

1. Municipal long-range plans must be re-evaluated in terms of the water supply issues. Better coordination with Agency policies and programs must be attempted. While survival of the city is incorporated into water rights, unlimited growth is not.

2. Conservation efforts must be introduced and maintained.

To all of Monterey County:

1. Everyone involved in water usage - Individuals, agricultural, businesses, industrial concerns, governments and their agencies - must stand back from the situation and begin an impartial analysis. The layers of public sentiment and political interpretations must be stripped off and the pure physical system must be considered.

2. Succeeding Grand Juries should continue monitoring and evaluating how the water problems are handled in the County.

RESPONSES REQUIRED

Board of Directors - Monterey County Water Resources Agency

Board of Supervisors

DOCUMENTATION

Citizen complaints

Grand Jury witnesses

Newspaper articles, editorials, letters to the editors

California State Water Resources Control Board correspondence

California Water Service documents

Hydrologic Consultants, Inc. correspondence and reports to the Salinas Valley Water Coalition

Monterey County Grand Jury Final Reports, 1990, 1991, and 1992

Monterey County Local Agency Formation Committee correspondence

MCWRA/MCFCWCD internal reports, maps, other documents on geology, hydrology, and engineering

MPWMD internal reports, maps, aerial photos on hydrology, geology, and biology

Salinas Valley Water Coalition correspondence and press releases

Publications:

Durbin, T.J., Kapple, G.W. and Freckleton, J.P., 1978, Two - dimensional and three - dimensional digital flow models of the Salinas Valley groundwater basin, California U.S.G.S. Water Resources Investigation. 78-113.

Gordon, B.L., 1985, Monterey Bay area natural history and cultural imprints. Pacific Grove: Boxwood Press.

Jones and Stokes Associates, Inc., 1990, Salinas Valley Seawater intrusion program: Draft EIR/EIS. Prepared for MCWRA, Monterey Regional Water Pollution Control District, U.S. Bureau of Reclamation.

State of California, 1990, California Senate Bill No. 2580

EXTENDED OPPORTUNITY PROGRAMS AND SERVICES (EOPS)
AND COOPERATIVE AGENCIES RESOURCE FOR EDUCATION
(CARE) PROGRAMS AT HARTNELL COLLEGE

COMPLAINTS

Four complaints were received concerning mismanagement of the Extended Opportunity Programs and Services (EOPS) and the Cooperative Agencies Resource for Education (CARE) programs at Hartnell College. Allegations of misuse of financial aid funds, falsification of student records, abuse of student confidentiality, and disregard for or violation of school policy were issues brought forth in the complaints.

BACKGROUND

The EOPS program at Hartnell College is designed to assist students with low incomes, educational disadvantages, language difficulties, and other circumstances which might make access to a college education difficult. It is funded by the State of California and the funds are allocated through the Community College Chancellor's Offices in Sacramento. Students wishing to enroll in the program must make application and meet specific eligibility qualifications. They must be enrolled in the college, taking a minimum of nine units of credit each semester. They must be United States citizens or legally documented aliens, earning a particular minimum income, and recommended for EOPS by a program counselor.

The CARE program offers ways to help single parents who are interested in developing new educational skills. Eligibility for enrollment in this program requires that a student be at least 18 years of age, the single head of a household with at least one child under the age of six, a recipient of Aid to Families with Dependent Children for at least one year, a California

resident, a full-time student taking 12 units or more each semester, and willing to apply for financial aid and meet EOPS eligibility.

INVESTIGATION

The Grand Jury interviewed two of the four complainants; the Director of Special Student Services, whose specific job is in financial aid; and various members of Hartnell Staff involved in Student Services. In addition the Grand Jury studied a variety of documents provided by the interviewees.

The Director of the programs is responsible for overseeing all aspects, including students continuing eligibility, up-to-date maintenance of student records, and seeing to it that counseling and other services are available to the student when needed. The Director may hire students in work-study programs to work in the EOPS/CARE office but has no control over or contact with any program funds.

FINDINGS

The 1994 Grand Jury finds that:

1. The EOPS/CARE office has no jurisdiction over the disbursement of funds to any students who receive financial aid.
2. The college has a process for handling student grievances, which was not followed by the complainants, in this instance.
3. College staff members expressed concern over their vulnerability in similar situations, thereby lowering morale, and disrupting the orderly operation of these programs.
4. There is no evidence of wrong-doing on the part of the officials involved in the complaints.

5. The complaints and allegations seem to be without substance and have no basis in fact, and in the opinion of the Grand Jury were irresponsible and unjustified.

RECOMMENDATIONS

None

RESPONSES REQUIRED

None

FAMILY SUPPORT DIVISION OF
THE MONTEREY COUNTY DISTRICT ATTORNEY'S OFFICE

"The duty of parents to provide shelter and sustenance to their dependents according to their capability is an obligation which is perhaps the most fundamental and necessitous known to society... Failure to pay child support is the largest single crime in the United States. Each year hundreds of thousands of women [and men] file for child support...25% to 30%... of the custodial parents don't even receive their first payment." (from "Child Support" by Carole A. Chambers; Summit Books, 1991.)

BACKGROUND

The Family Support Division (FSD) of the District Attorney's office was established in 1969. The District Attorney's (DA) Office was the subject of a report by the 1991 Grand Jury. At that time, a further monitoring was recommended regarding staffing and the facilities.

On March 29, 1994, the Health and Welfare Committee held a special meeting in which the DA explained the duties and functions of the FSD. The FSD program is primarily responsible for obtaining payments of child support from non-custodial parents and distributing the payments to the custodial parents.

Although 60% of the FSD cases are recipients of Aid for Families with Dependent Children (AFDC), the FSD assists any parent who is entitled to receive child support. The FSD currently processes approximately 25,000 cases annually, an

increase of 2,000 since 1991: 18,393 in the Salinas office and 6,403 in the Monterey office. Caseload per Family Support Officer (FSO) averages about 1,500; 1,082 in Salinas and 2,134 in Monterey. This is well above the preferred state level of 750 cases and the recommended level of 500 cases. Personnel in the two offices has increased from 53 in 1991 to 63 currently.

Total payments collected have increased from \$9.3 million to an estimated \$12 million in fiscal year 1993-1994. These monies are put into a trust account from which checks are issued to the custodial parents. Interest on this account is applied toward program expenses.

Benefits received by non-custodial parents such as unemployment insurance, disability insurance and tax refunds are properly and proportionately collected by the FSD through automatic procedures set up by local, state and federal guidelines. Some federal and state mandates governing procedures of the FSD are overwhelming and time consuming, i.e., the review of each case even when no collection action is necessary.

A list of non-custodial parents in arrears is sent to Sacramento where it is determined if the individual holds a business or professional license. The state may legally threaten to cancel or withhold a license until a negotiation of a payment plan is reached for payment of the arrearage. The DA states there are no statistics which detail effectiveness of this program. Another state has been revoking drivers' licenses with a great deal of success. The Monterey County DA does not deem this feasible in California as cars are so important for transportation to employment.

On June 14, 1994, the committee visited the Salinas FSD office. Recently the FSD has expanded to rooms on three floors at 318 Cayuga Street,

near the courthouse. The old jail had been considered as a possible FSD expansion site, but conversion and renovation was found too costly.

The accounting section of FSD processes all child support payments which sometimes come in at a rate of 300 a day. In the future the FSD might have to handle visitation and custody issues according to information provided the Committee.

The DA has requested 17 more FSOs in order to decrease case loads. The FSD aims for a \$16 million collection goal in order to make the program self-supporting, creating a "zero net County cost."

A statistical comparison with four other comparably sized counties shows the other counties to have a much higher staff to case ratio. Based on this information, Monterey County has a definite need for additional personnel. Carrying a high case load has caused related problems resulting in absenteeism.

A plan is pending to impose interest on arrearages. This is expected to cause hostility in the non-complying parents as some older cases might have accumulated interest totaling five times the current balance.

The Committee spoke with several DA supervisors whose units appeared well-organized. A new bilingual voice mail system handles up to 5,000 calls a month and has proven helpful by enabling staff to process cases more efficiently. Clients are seen by appointment, usually one-half hour in duration, but any emergency situation is attended to immediately.

A "Locate Team" has been established and has found 2,000 absent parents in their first eight months of operation. Intake, at about 600 cases per month, has increased due to the downturn in the economy and, perhaps, the closure of Fort Ord.

Although computer access started in 1989, there is a 600-file backlog awaiting processing, causing clerical workers to work overtime.

Other duties of the FSD include:

1. establishment of paternity in court;
2. computation of child support payments using a formula set by federal/state regulations;
3. modification of child support payments;
4. medical coverage for children; and
5. garnishment of wages when necessary to collect arrearages.

Complete deployment of a new Statewide Automated Child Support System will be in effect by June 1995. It is anticipated that this will not only increase caseloads, but will also increase efficiency. Unfortunately, the FSD is still hampered by computer down-time due to programming malfunctions.

FINDINGS

The 1994 Grand Jury finds that:

1. The caseload of each FSO (1,500) is still three times that of the recommended case load (500).
2. The productivity of each FSO rises dramatically if the proper caseloads are maintained.
3. The State plan to charge interest on child support arrearages is a plan imposing incredible hardship on District Attorney's offices because of the unwieldy procedural and accounting requirements for keeping interest payments current.

RECOMMENDATIONS:

The 1994 Grand Jury recommends that:

1. The Board of Supervisors work with the District Attorney in determining how the County can achieve a self-sustaining Family Support Division by adding more family support officers.
2. The District Attorney use whatever methods are available through the District Attorneys' Association to recommend that collecting interest on child support arrearages under the proposed plan is unwieldy and perhaps could be modified to a more workable plan.
3. The District Attorney, through the District Attorneys' Association, encourage legislation to withhold or revoke drivers' licenses of those in arrears with their child support payments.

RESPONSES REQUIRED

Board of Supervisors

District Attorney

NATIVIDAD MEDICAL CENTER
AND THE FUNDING OF THE NEW FACILITY

COMPLAINT

Two differing but related questions arose as a result of three citizen inquiries: how did the Board of Supervisors vote for funding for the new Natividad Medical Center (NMC) without voter approval, and who is to pay for the \$186 million total cost of the facility?

PROCEDURE

The Grand Jury Committee undertook an extensive investigation into the origin and the use of Certificates of Participation (COPs) to fund governmental projects. The Committee read court cases approving COPs, the prospectus for issuing the COPs to fund Natividad Medical Center which included a feasibility study, the analysis requested by the Board of Supervisors in 1990 to determine the future of NMC, several newspaper articles, and a publication relating to various methods of funding available to government entities. The committee interviewed NMC management and other County officials. Interviews were also conducted with representatives of the hospitals in the area, the Taxpayers Association, members of the local medical profession, as well as a representative of the Monterey County Medical Society. The Committee read Grand Jury reports since 1982 relating to Natividad Medical Center. In addition the Grand Jury had a tour of the Natividad Medical Center which was conducted by the NMC management team.

BACKGROUND

NMC had its beginnings in 1886 as a county-owned 69-bed facility. A three-story addition was completed in 1958 which exists today as the main hospital structure. A Mental Health

Unit was added in 1987 and a 15-bed Intensive Care Level was dedicated over a year ago. The Natividad Family Health Center opened in south Salinas in 1993 and is an outpatient service center. NMC is now an acute care, outpatient, psychiatric, extended nursing care and teaching facility with 211 licensed beds.

NMC was operated by the Board of Supervisors until an awareness surfaced that the management of a hospital by the Board of Supervisors was unrealistic, as was pointed out by previous Grand Juries. A hospital management firm hired in 1986 for three years proved to be unsatisfactory. Since 1989 the day-to-day operations have been overseen by a Board of Trustees appointed by the Board of Supervisors, and a Chief Executive Officer who reports to the Board of Trustees.

NMC revenues and expenses are run through the County Budget as the Hospital Enterprise Fund. Approximately 65% of NMC's revenues are from State and Federal government funding. Specifically, NMC revenues were from the following sources in the past year:

Medi-Cal	-	43.08%
Medically Indigent Assistance	-	11.06%
Medicare	-	10.55%
CHAMPUS Managed Care Contract	-	6.30%
Private pay, Private Insurance and Managed Care Contracts	-	29.02%

FUNDING FOR NMC

Since its inception, NMC has relied on County funds to make up the monetary deficiencies in its operation. The amount of County subsidy reached \$10 million a year. A study was made in the 1980's whether or not to close NMC because of the cost to the County and because of the extremely dilapidated state of the facility. If the facility closed, the County would have had to contract with other medical facilities for the

medical services it is required by state law to provide to its indigent population.

The Board of Supervisors, with community support, voted to continue providing services and also voted to build a new Natividad Medical Center using funds provided by taxes raised by Measure B (1/2 cent sales tax). Measure B was ruled unconstitutional inasmuch as it received a bare majority approval by voters instead of the required two-thirds voter approval. The Board of Supervisors then voted in 1993 to fund the new NMC by selling \$75 million in Certificates of Participations (COPs). In this way, no voter approval was required. (See report on Certificates of Participation by the Audit Committee, on page 27)

Construction began in September 1994 and will be completed within five years. The new facility will increase the square footage from 183,000 square feet to 414,000 square feet.

The cost of the new NMC will be approximately \$82.4 million. \$2.6 million is expected to come from community fund-raising in the next two years, and the balance from operating revenues. The total cost of the new facility, with interest, will be \$186 million, the most expensive project ever undertaken by Monterey County. The monthly payment on the COPs will be \$458,000 (\$5.5 million per year) for 32 years and is expected to be paid from the excess of operating revenues over operating expenses in the Hospital Enterprise Fund. If the Hospital Enterprise Fund is unable to make the \$458,000 per month payment, the County's General Fund has guaranteed to pay the amount due. Although the County has purchased insurance to cover these payments, the Grand Jury was informed that the County would make payment from the General Fund rather than call on the insurance. The insurance company would impose such restrictions that it would be tantamount to the County filing for bankruptcy. The County's credit rating would plunge.

It may be fortuitous that flexibility is provided in the planning of the new facility to downsize or postpone certain portions if there is a need to do so.

In 1994 NMC is relying on receiving as revenue \$4.89 million from state funding available for hospitals, \$2.48 million from the Tobacco Tax Revenues, and \$3.08 million from State funds for the Medically Indigent. In addition, NMC is relying in 1994 on a County contribution of \$6.12 million and \$3.8 million each year in the years 1995 through 1999 as part of the forecasted financing to meet the \$458,000 per month payment.

HOSPITALS IN SAME AREA AS NMC

There are two hospitals in Monterey County within the same service area as NMC. Salinas Valley Memorial Hospital (SVMH), the major competitor, is a 229-bed acute-care hospital located approximately four miles from NMC. SVMH has been operating at 60% occupancy but has recently shown a steady increase in adult and pediatric services. It is a debt-free district hospital receiving approximately \$800,000 to \$900,000 each year from property taxes. Approximately 90% of the private pay patients in the Salinas area go to SVMH. Community Hospital of Monterey Peninsula (CHOMP) is a 173-bed acute-care hospital located approximately 17 miles from NMC, operating at a 79.9% occupancy.

The occupancy rate of NMC's present 129 acute-care beds is 44%. Costs at SVMH, NMC and CHOMP are approximately the same.

FEASIBILITY STUDY

A market analysis and financial feasibility study was undertaken in February 1994 by Healthcare Financial Selections of San Francisco to evaluate the ability of NMC to pay the debt service of the COPS. The study determined that

sufficient revenue could be generated to meet the debt service. This determination was made based on anticipated patient load, funding expected from State and Federal governments and costs of operating the facility. All of these projected conditions would have to be met in order to have revenues exceeding expenses in the amount necessary to meet the COPS payment. The feasibility study stressed that if there is future legislation or changes in regulations related to hospital operation, they could have a material effect on operations of NMC.

Two weaknesses of NMC listed in the study were the image as a County Hospital serving the poor and the general condition of the physical plant.

ANALYSIS OF ALTERNATIVES FOR THE OPERATION OF NATIVIDAD MEDICAL CENTER

The Board of Supervisors directed the County staff to make a study of alternatives for the operation of NMC. The committee, consisting of County staff and outside consultants, issued a report in January 1990.

The salient points of the report were:

1. The level of subsidy required by NMC from County funds was having an adverse impact on other services offered by Monterey County such as law enforcement, social services and the prosecution of crime. When the County has a \$4 million shortfall, as it had in 1988-89, the effect is a reduction of net County dollars for most other programs by 9%. (There is a projected shortfall in the County budget for the coming year of over \$4 million).

2. NMC's major sources of reimbursement are from Federal and State funding for Medicare, Medi-Cal, and the Medically Indigent Assistance program. The study reported that such funding will undoubtedly be decreasing through the years because of Federal and State deficits.

3. In conferring with three other medical centers with neo-natal units, the Advisory Committee concluded that there was an insufficient number of births in this area to make a neo-natal unit cost effective. The report stated that the possibility of operating a neo-natal unit on a cost-effective and profitable basis in a small hospital such as NMC was quite remote. Despite this admonition, a neo-natal unit was opened at NMC in May of 1993.

4. The Advisory Committee determined that since the other hospitals in the area had updated their diagnostic imaging capability, the addition of Magnetic Resonance Imaging (MRI) equipment probably would not increase the volume of business at NMC nor attract a significant number of private pay patients. The committee acknowledged that having the equipment assists in patient care, but the cost involved for equipment and facility modification was difficult to justify since the equipment at nearby hospitals was available for use. Nevertheless, in 1993 the NMC facility was modified at a substantial cost, and leased MRI equipment installed at a cost of \$250,000 per year.

5. The Advisory Committee recommended that the hospitals in the area should not be in a competitive mode. Each hospital should provide services in the area of its particular expertise and not provide services duplicated in other hospitals that would result in under-utilization in all hospitals. The strengths of NMC are in Obstetrics, Urgent Care, Outpatient, Mental Health, and Extended Care. The Advisory report stated that the other hospitals would be able and willing to accommodate patients if NMC discontinued some of the duplicative services, such as acute care, emergency services, and outpatient surgical units. Some of these services are currently under-utilized at other hospitals.

6. The Advisory Committee stated that the only way to make a significant reduction in the

subsidy from the County's General Fund would be to close the hospital with the possible exception of the Outpatient Clinic and the Mental Health Unit. Overhead costs precluded any alternative for reducing the County's annual subsidy as long as NMC continued as a general and acute care facility.

7. The Advisory Committee recognized that the ultimate salvation of NMC is the attraction of private-pay patients, but also recognized that private-pay patients are reluctant to be admitted to the "County" hospital.

8. The Family Practice Residency Program at NMC is subsidized to an extent by the Federal Government and by the University of California. The remainder of the cost of the program is paid by the County from the General Fund in the approximate amount of \$400,000 per year. The cost of a residency program is the reason most hospitals do not have a residency program.

CURRENT STATUS OF HEALTH CARE

The status of the health care system as it is today will change as rapidly as by tomorrow.

1. Less Hospitalization

Many types of treatment that required hospitalization at the time the new NMC was envisioned by the Board of Supervisors in 1989 are now being done as outpatient care. For example, new mothers are now in the hospital for twelve hours instead of five days.

In the mid 1980s Medicare began a new method of paying hospitals for Medicare patients because medical costs were increasing at such an alarming rate. The new method of payment discouraged unnecessary hospital stays and as a result, occupancy rates in hospitals slipped drastically. Medicare pays only 40 cents of every \$1 of hospital costs.

The San Jose Medical Center experienced a 31.8% occupancy rate last year and is pondering whether to eliminate some of the inpatient medical services and convert to outpatient care. Stanford University has a 44.2% occupancy rate, and O'Connor Hospital in San Jose has less than 50% occupancy.

2. Less funds from Government sources

There is less and less funding available from both State and Federal governments.

San Francisco General Hospital had its programs slashed by almost \$12 million this year to meet a shortfall in the State budget, and funding for their psychiatric emergency services is expected to drop by 50 percent.

San Francisco is building a new Mental Health Hospital, scheduled to be finished in Spring 1995. The plan was to use State and Federal money from the Medi-Cal program to pay most of the \$12 million operating costs. During the time the hospital was being built, the Federal government changed its rules and would no longer pay for patient care in a Mental Health Hospital. Now San Francisco County has no money to operate the facility and is desperately trying to find necessary funds.

Stanford University is facing a cut in the programs which train physicians assistants and family nurse practitioners as a result of the State legislature shifting tobacco tax revenue to other programs.

3. Managed Care plans

In today's health system, there is not only less need for hospitals and less funding available from Federal, State and local Governments, but the system has migrated toward Health Management Organizations (HMOs) and other "managed care"

health plans. These plans, representing a large number of employees, contract with hospitals and doctors to provide care for the employees for a fixed amount. The HMOs demand sharp discounts for health care in exchange for contracts to care for thousands of employees and their families. A hospital must seek an affiliation with as many HMOs as possible but must do so with caution as the hospital costs must not be more than the amount received from the HMOs to pay for the care given to their members. HMOs contain costs by substituting outpatient care for expensive hospital stays.

Kaiser Permanente invented the concept of Health Maintenance Organization nearly 50 years ago. It has recently undergone restructuring of 15 of its hospitals to give the organization more flexibility in dealing with patient and employer groups who are demanding lower costs. It is an effort on Kaiser's part to stay competitive in the rapidly growing field of managed health care. Kaiser is also reconsidering its plan to build a new hospital in the Bay Area in the belief it may not be economically feasible.

More and more frequently managed care programs, like HMOs, are using a technique called "capitation" in which a hospital is paid a set sum by an insurer to take care of an enrollee. There is a fixed monthly fee whether the patient has treatment for an earache or a heart transplant. If the cost of care for that patient is lower than the annual fee, the hospital keeps the difference. If the cost is higher than the set fee, the hospital absorbs it.

Less and less revenue is available to hospitals because government funding has been curtailed and because managed care has decreed less hospitalization. Formerly there were 59 County hospitals in California but only 18 are still in operation.

FACTORS OF RISK FOR NMC

NMC might have insufficient revenues to make the \$458,000 payment each month if any one or more of the following risk factors are incurred:

1. If other County obligations have a priority over the COPS, funds will not be available from the General Fund to make the payments to the Hospital Enterprise Fund.

2. NMC is developing a new outpatient surgery center at a time when an outpatient surgery center run by SVMH and Helian Health Group is under-utilized.

3. If future legislation or regulations related to the operation of hospitals are passed, such legislation or regulations could have a detrimental effect on NMC.

4. If a one-payer health system goes into effect, patients can go to the hospital of their choice. Many would probably not choose the "County" hospital for indigents.

5. Medicare and Medi-Cal reimbursements have changed frequently in the past depending on the priorities of State and Federal funding. NMC has already been informed that there will be a decrease of \$455,000 in amount of funds expected to be received next year from State funding for serving a disproportionate share of indigents. If further cutbacks are experienced, there could be a greater demand for funding from the County.

6. Neo-natal units are expensive to operate on a per-patient-day basis because of high staffing ratios. If occupancy in the new unit is at a high level, the operating costs will increase accordingly and will cloud the financial picture.

7. NMC expected an increase of 30 additional deliveries per month as a result of the Fort Ord

closure. There has been a 27% decrease in the number of births at NMC since last year.

8. NMC is attempting to obtain as many managed care contracts as possible. If the competing hospitals obtain a majority of the managed care contracts, the patients will not be cared for at NMC.

9. NMC has forecasted an 8% per year price increase from 1994 through 1999, whereas the range is normally 3% to 4% per year. If NMC is unable to sustain an 8% increase, their actual revenues will be at variance with the forecasted revenues.

10. Since NMC has high Medi-Cal utilization, and the potential for decreases in Medi-Cal reimbursement is high, NMC's expected revenues might not be attained.

11. NMC's chief competitor, Salinas Valley Memorial Hospital, has the major portion of the insurance business paid at full billed charges. Despite this, SVMH has recently had to scale down its expenses because of a decrease in revenue due to the inability of patients to pay co-insurance, the underfunding of government programs, and an increase in charity care.

12. The contract signed by the Civilian Health and Medical Program of the Uniformed Services (CHAMPUS) subcontractor is the same with SVMH as with NMC so any increase in CHAMPUS patients as forecasted by NMC is questionable.

13. There are two outpatient surgery centers in the immediate vicinity of NMC, which could decrease utilization at NMC.

14. The implementation of the Hudman-Kizer regulation requiring hospitals to send patients to non-hospital skilled nursing units would indicate a future decrease in the number of patients in the Extended Care Unit at NMC and a decrease in expected revenue.

15. If labor costs rise above the projected level, there would be a decrease in revenue.

FINDINGS

The 1994 Grand Jury finds that:

1. There is a need in the community for NMC, particularly in the outpatient clinics, extended care unit and psychiatric unit. Whether or not the community needs as extensive a facility as planned in this era of health care changes is an unanswered question.

2. After the loss of revenue from Measure B, the Board of Supervisors voted to fund the hospital project with Certificates of Participation because voter approval was not required. The Board of Supervisors exhibited a "leap of faith" by endorsing such an expensive project. Obviously the Board is expecting NMC to be a successful endeavor, presumably to the detriment of other debt-free hospitals in the area.

3. The construction of the new NMC is the most expensive single project ever undertaken by Monterey County. It is being funded by the taxpayers as over 60% of its revenue is received from government funding (collected in part from local taxpayers). If NMC revenues are insufficient to make the COP's payment, Monterey County's General Fund (collected from taxpayers) will be tapped.

4. The management team of NMC is energetic, dedicated and capable.

5. The ability of Monterey County to provide the funding for the COPs in the event of default by the Hospital Enterprise Fund is extremely limited because of budgetary restraints. An increase in the funding for NMC could have a severe impact on other operations for which the County is responsible.

6. \$6.7 million is being contributed to the Hospital Enterprise Fund from County funds this coming year and \$3.8 million will be contributed for each year of the next four years, according to forecasted budget.

7. State and Federal reimbursement continues to be problematical. Federal and State sources comprising the major portion of NMC's revenues have failed to keep pace with the ever - increasing operational costs. The result is a direct shift of these costs to local taxpayers in the form of increased subsidy requirements from the County General Fund. Funding provided by the State for care given by NMC to the disproportionate share of indigents has already been decreased by \$455,000 for the coming year.

8. It will be necessary for NMC to have adequate funds available for building maintenance, equipment repair and replacement, necessary staff, and major items of medical equipment. Using a factor of 4%, the annual maintenance cost will be approximately \$2 million.

9. Because of the competition in California for contracts with HMO's and preferred provider systems, hospitals have experienced aggressive discounted prices for hospital services. Approximately 60% of surgeries are now performed on an outpatient basis at a cost of 30-40% less than in a hospital setting.

10. The Advisory Committee advised the Board of Supervisors in 1990 that other hospitals in the area could accommodate NMC patients cared for in medical/surgical, pediatric, inpatient services and the emergency room.

11. New antitrust guidelines were issued by the Justice Department and the Federal Trade Commission in September 1994, allowing a broader array of joint ventures for hospitals trying to combine forces in the rapidly consolidating health care industry.

12. There is an inducement for County employees to go to NMC as the County waives certain of the co-pay and deductible if the employee does go to NMC. However, only 696 County employees of the 3100 total have signed up for this program.

RECOMMENDATIONS

The 1994 Grand Jury recommends that:

1. There should be prudent monitoring by the Board of Supervisors during construction to downsize or eliminate, as the case may be, according to changes in the funding of health care. Services at NMC should be limited to those which can be offered on at least a break-even basis, and services which appear disproportionately expensive should be eliminated if there is not compelling reason to provide the services.

2. The costs of the operation of NMC's outpatient clinics should be monitored by the NMC management team. Although it is more convenient for patients to go to clinics in their neighborhood, the outpatient clinics are more costly than one centralized clinic.

3. Costs should be monitored constantly by the NMC management team so as to be competitive in obtaining managed care contracts.

4. The residency program should be examined periodically to determine if the many advantages outweigh the \$400,000 cost each year to the County if funding of NMC becomes critical.

5. Every attempt should be made by the Board of Supervisors, as recommended by past Grand Juries and by the Monterey County Medical Society, to consolidate services with the other health care providers in the area. Hospitals should not compete with one another but should work in unison to provide the best care to the people of Monterey

County at the lowest cost. Both SVMH and NMC are public agencies and should work cooperatively not competitively.

6. Future Grand Juries should review the activities of NMC for at least the next five years to review whether the resources and facilities are used effectively and efficiently.

RESPONSES REQUIRED

Board of Supervisors

Natividad Medical Center Board of Trustees

CORRECTIONAL TRAINING FACILITY AT SOLEDAD
INSPECTION TOUR

Section 919(b) of the California Penal Code requires County Civil Grand Juries to investigate "the condition and management of the public prisons within the County." The required visit was accomplished on January 31, 1994. The Grand Jury was escorted into the Correctional Training Facility (CTF) at 9:00 a.m. and briefed by Warden Dan Vasquez and staff.

When an inmate enters CTF he is given a classification score which encompasses the crime, prior convictions and background factors. Security rankings range from minimum custody (Level I) through maximum custody (Level IV). Soledad is currently in the process of changing its classification from a Level I-III facility to a Level I-II facility.

Originally built in 1946, CTF was designed to house 2,885 inmates but currently houses 6,482 inmates. This overcrowding has obvious implications for the secure and safe confinement of the inmates. The "3 Strikes, You're Out" legislation will exacerbate this problem.

CTF is comprised of three separate facilities: Central, North and South. Both Central and North facilities are training and work-oriented, and include comprehensive Vocational, Academic and Prison Industry Authority (PIA) programs. Inmates are also afforded an opportunity to participate in work assignments and self-help programs such as drug treatment and survival skills. South facility provides CTF with institutional support services including work in dairy, firehouse, groundskeeping and agricultural assignments.

Academic, vocational and industrial assignments are available. Inmates are paid for their work which allows them to buy items through the canteen. Vocational programs teach marketable

skills like furniture construction, lens grinding, auto refurbishing, and upholstering. Of special note are the furniture-manufacturing program and arts program.

FINDINGS

The 1994 Grand Jury finds that:

1. The physical facility is clean, neat and well maintained. The prepackaged lunch served to the Grand Jury was of minimal quality.

2. Due to repeated budget cuts the facility has lost four teachers in the academic program. Approximately 10% of the inmate population is on a waiting list to participate in this program. Therefore, the academic program demands a higher priority. Although exact figures vary, Department of Corrections research indicates a dramatically higher recidivism rate for illiterates.

3. What the Grand Jury observed appeared to be in good order at this well-maintained but overcrowded institution. The staff exhibited professionalism. The benefits of the PIA program seem to outweigh the cost. The furniture fabrication program seemed well run and organized.

RECOMMENDATIONS

The 1994 Grand Jury recommends that:

1. With an annual operating budget of \$101.4 million and in consideration of the extremely low recidivism rate for literate inmates, the Grand Jury believes that a higher percentage of the budget should be dedicated to hiring more teachers.

RESPONSES REQUIRED

State Department of Corrections

Warden - Correctional Training Facility at Soledad

JUVENILE CRIME IN MONTEREY COUNTY

CONCERN

Monterey County residents have become increasingly aware of the juvenile crime problem in our County. Not only has the number of crimes committed by juveniles increased substantially in recent years but the types of crimes committed by young offenders have become much more serious. The 1993 Grand Jury investigated youth violence in high schools. The 1994 Grand Jury has followed up that report.

BACKGROUND

Assault with a deadly weapon, armed robbery and even homicide have become much more common in our juvenile justice system. There has been a 14% increase in the number of people under 18 years of age arrested for felonies in Salinas since 1992. During the same period of time, the number of adults arrested for felonies actually decreased by 4%.

There are no quick or easy solutions for a complex issue such as youth violence. The State of California has decided that 14-year-olds can be tried in court as adults in specific cases. Our local judiciary has the option of responding with harsher sentencing for juveniles convicted of a felony. Law enforcement personnel can strictly enforce local curfews.

The number of Monterey County juveniles going through the probation system is steadily rising. In 1991 there were 2,845, and in 1993 the number rose to 3,175. Juvenile Hall consistently operates at or above maximum capacity as a housing facility for young offenders. It will increase its capacity by almost half with the addition of a new wing in late 1994. It is interesting to note that television is not allowed except for educational videos.

A difficulty in changing the attitude of juvenile offenders is that incarceration in Juvenile Hall is generally so short that attempts at rehabilitation are not effective. Another major problem is that a stay in Juvenile Hall is considered a status symbol among gang members. High recidivism rates of juvenile offenders indicate a need for a rehabilitation program.

The Board of Supervisors has responded by approving and funding a residential long-term youth detention facility to be operated by the Probation Department. This Youth Detention Center will offer a variety of long-term treatment programs designed to strengthen the family unit and foster resiliency skills of young offenders. Please refer to the report in this volume on page 87, regarding the Wellington G. Smith, Jr. Juvenile Hall for more information on the Youth Detention Center.

There is much agreement among law enforcement officers, and agencies dealing with the youth violence issue, that the key to solving the problem with gangs and juvenile crime is strengthening of the family unit. When the family fails to meet its responsibilities to the minor, for whatever reason, the result is a disrespect for law and order. Our young people need a sense of values in order to abide by the standards of behavior of their community.

There are many programs available to Monterey County families addressing the problem from various perspectives. These programs include Parents In Control, Drug and Alcohol Resistance Education (DARE), Gang Resistance Education and Training (GREAT), Second Chance Youth Program, Neighborhood Watch, Anti-Graffiti, and Jazz-Up, among other programs.

A Violent Injury Prevention Program (VIPP) has been developed, enlisting the active participation of citizens and law enforcement to reduce crime. This plan puts two police officers on the street in a ten-block neighborhood which has a high incidence of gang and criminal activity.

The VIPP officers intend to be highly visible and interact with the residents of the neighborhood. The major goal of this program is to encourage the community to be a full partner in the reduction of crime. Communities must send the message that gang behavior and violence are not acceptable.

Although the primary function of our schools is to provide education and academic opportunity for our children, this is becoming increasingly difficult when teachers are required to spend large amounts of time and energy coping with violence. The Board of Supervisors has responded by providing School Resource Officers (SROs). A SRO on campus provides a law enforcement presence and allows the teachers to spend more time teaching. Schools can take a more active role in reducing violent student behavior by instituting zero-tolerance procedures, including immediate expulsion.

If a young offender is expelled from school, he or she may be on the street without supervision. Expulsion should include enrollment in a Community School. A Community School is a school where a young offender may continue his or her education under the supervision of a law enforcement officer and the Probation Department. Monterey County has only one Community School, located on the grounds of Juvenile Hall. The school has morning and afternoon programs. There are approximately 15 students in each session at the present time. During the expulsion period and while the student is attending the Community School, state average daily attendance funds are applied to the Community School.

FINDINGS

The 1994 Grand Jury finds that:

1. Violence and criminal behavior among our children is rapidly on the rise.

2. Development of zero-tolerance programs and the presence of SROs on campus are expected to reduce crime and violent behavior in schools.

3. It would be beneficial if the County developed a resource manual providing information on the types and availability of preventive and rehabilitation programs.

4. Greater cooperation between agencies and programs working with at-risk youths and their families would reduce duplication of effort and enhance long-term effectiveness. Another benefit of more cooperation would be better tracking of the juvenile offender's rehabilitative process.

5. Development of a crisis response plan by schools would help to ensure the safety and security of students should violence erupt on or near campus.

6. The Community School program provides supervision of at-risk youth.

RECOMMENDATIONS

The 1994 Grand Jury recommends that:

1. The Board of Supervisors and the Probation Department must continue to implement programs dealing with juvenile violence.

2. The Board of Supervisors must continue to direct resources toward intervention services and prevention activities, as well as incarceration.

3. The County should provide to the public a directory of services available to at-risk youth and their families.

4. The Board of Supervisors should make sure agencies working with at-risk youths coordinate and share information.

5. The Board of Supervisors should investigate funding for additional Community Schools.

RESPONSES REQUIRED

Board of Supervisors

WELLINGTON M. SMITH, JR. JUVENILE HALL, SALINAS
INSPECTION TOUR

California Penal Code Section 919(b) requires County Civil Grand Juries to investigate the condition and management of the public prisons within the County. The Wellington M. Smith, Jr. Juvenile Hall was visited by the Monterey County Grand Jury on March 17, 1994.

BACKGROUND

Built in 1960 on Natividad Road in Salinas, this is the only juvenile detention center in Monterey County. This facility has a capacity for seventy-two minors, predominantly male. Currently it is operating at maximum capacity. Juvenile Hall is not a treatment facility. Most inmates stay four to seven days prior to trial or court hearing.

Beyond its function as a holding facility while juveniles await adjudication, Juvenile Hall can hold youths up to 90 days after a court hearing. These juveniles are involved in community service programs whenever possible. They have taken part in trail restoration and general clean-up in local parks. There is a program in place whereby the inmates recycle trash to earn money for seeds and tools necessary for the planting of trees. In the past year, they have planted 3,000 Monterey Pines in the County.

Juvenile Hall has the capability of controlling additional juveniles through two new programs:

1. Electronic Home Monitoring offers a method of tracking juveniles via an ankle bracelet which is monitored by a central computer at Juvenile Hall. Telephone monitoring and face-to-face communication is also carried out by a Juvenile Probation Officer. This system generates

approximately \$5,000 a month in revenues through fees charged to the juveniles' families based on their ability to pay.

2. Home supervision is offered when there is good family support. Monitoring is supplemented by regular in-home visitation by probation officers.

With the utilization of these new monitoring systems, a population of up to 135 can be served, with 72 in custody and 63 monitored.

The last few years have seen a change in the profile of the young offender. In the recent past, the average internee was a minor offender or truant. Today it is more common to have perpetrators of major offenses such as homicide, rape, arson, robbery, and drive-by shootings in the Juvenile Hall population. Due to the current influx of serious juvenile crimes, only felons are being housed at Juvenile Hall. The average inmate is 13 to 14 years old, primarily minority, with a family history of gang affiliation. A profile of the parent is often found to mirror the child and may include:

1. difficulties in interpersonal relationships;
2. poor self-esteem;
3. substance abuse;
4. poor school performance.

In recognition of these facts, the Probation Department staff at Juvenile Hall has implemented a series of programs to address these problems. They provide videos on parenting which are an integral part of a program known as Parents in Control. Juvenile Probation Officers teach parenting classes, perform family intervention, and focus on young children for intensive counseling, education, and guidance.

The inadequate capacity of the current Juvenile Hall is a limiting factor in the number of juveniles who can be reached by this positive model program. Many local juvenile offenders are boarded out to group homes in other counties at a cost between \$24,000 and \$44,000 per year, per offender. Unfortunately, this process separates the juveniles from support systems and serves to delay their reintegration into the community.

An addition to Juvenile Hall which will house 30 more inmates is currently under construction and should be in operation by the end of the year. Also, at the request of the Probation Department which is in charge of the juvenile facilities, the County has purchased the Salinas Community Hospital property. This location is being converted into a youth detention center placing offenders in a setting where, in addition to incarceration, they will receive educational, social, and other life skills.

The increase in both quantity and severity of juvenile crime in Monterey County has led to severe over-crowding of Juvenile Hall. Inmate population has risen to as high as 121 in a facility with an established capacity of 72. If severe over-crowding continues there is the potential for decertification. Electronic monitoring, home supervision, and early release programs are actions taken to alleviate the situation. Problems with these programs are:

1. Early release reduces effectiveness of incarceration. Too light a penalty leads to no deterrence.
2. Increased out-of-county placements impose a financial burden on the County.
3. In addition to an occasional lack of 24-hour supervision, abuses have often been found to occur at out-of-county private facilities.

All of the above have led to the necessity for a County-operated facility. The Salinas Community Hospital site has been purchased to serve this purpose. The conversion of this facility to a rehabilitative youth center is targeted for a January 1995 opening. It will eventually become a residential long-term facility with a maximum capacity of 100. Initially, it will open to house 60 inmates.

The program is designed to hold the offender for six months in residence and six months under home supervision. Youths will be chosen for residency from the Juvenile Hall population based in part upon officers' reports, court evaluations, and psychological testing. The rehabilitative process, combining the efforts of several County departments, will include job training, personal development, and parent accountability. The program will be a strictly regimented schedule including vocational and academic classes as well as individual and family counseling. A newly created Delinquency Prevention Unit targeting younger children will also be located at this site.

FINDINGS

None

RECOMMENDATIONS

None

RESPONSES REQUIRED

None

SHERIFF'S FACILITIES
INSPECTION TOUR

After a briefing by the Monterey County Sheriff, the Grand Jury toured the Sheriff's facility, as required by Section 919(b) of the California Penal Code. The facility includes an administrative complex, an unfinished morgue, and the County Jail.

BACKGROUND

As Chief Law Enforcement Officer of the County, the Sheriff is responsible for enforcing criminal law in the 3,324 square miles of unincorporated County area and on the County roads. This service is provided through patrol vehicles and investigative support, and employs some 385 people, who also provide backup to any city police department requesting assistance. The Sheriff's Department provides bailiffs to the Municipal and Superior Courts, acts as the public Administrator, and performs the duties of Coroner.

The Sheriff is also responsible for maintaining the Adult Detention Facility (County Jail) and the Adult Rehabilitation Facility. The County jail was built in 1987 and originally designed to house 596 inmates, but the current daily population averages 900. In spite of this overcrowding, one dormitory wing remained vacant at the time of the Grand Jury's visit due to inadequate funds to staff it.

The influx of gang members into the County Jail has required changes in daily operations. Because inmates connected with gangs tend to be the most dangerous, they are housed in a separate wing and dressed in red for easy identification. The jail's modular design includes a common area between each 12 cells to allow socializing between inmates, but the violent tendencies of gang members has meant correctional officers must

limit use of the common area to one inmate at a time. Sheriff's deputies seem well-versed in the psychology and handling of these difficult inmates.

The 1992 and 1993 Grand Juries recommended that completion of a morgue and the Sheriff's facilities be given priority consideration. At the time of our visit, the designated space for the morgue remained and empty 7,000 square foot shell, as it has been since 1987 due to lack of funds. But \$1.1 million has now been approved and plans progress to finish it. Operation of this new morgue should save Monterey County approximately \$100,000 annually by eliminating the need for contracting with mortuaries. The County would also benefit from tissue harvesting and rental income from leasing part of the enclosed space.

In 1993, the Grand Jury found that overtime assignments may not be applied equitably among Sheriff's deputies. The Sheriff's policy is to offer overtime assignments on a rotating basis; a small percentage of personnel consistently choose to work these additional assignments, while others do not. The 1994 Grand Jury found no evidence of favoritism, and personnel practices appear equitable.

Although fitness equipment is provided, and its use is encouraged by the Sheriff, appropriate physical fitness and weight maintenance requirements for deputies have not been established nor enforced as previously recommended by the 1993 Grand Jury. This is inconsistent with the demands of the deputies' job.

The Sheriff's Department operates several successful youth programs. Its Explorer Scout unit, the largest in California, involves potential gang members in community activities

such as ushering at golf tournaments. The Drug and Alcohol Resistance Education program steers young children away from drug use. County-wide, the Department has the support of over 500 volunteers in various programs. The 1994 Grand Jury commends these efforts to involve the community in a positive way.

FINDINGS

The 1994 Grand Jury finds that:

1. Sheriff's deputies and staff were courteous and knowledgeable. Sheriff's facilities appeared well maintained and orderly.
2. Completion of the morgue is vital to the quality of forensic work, maintaining the chain-of-evidence, management of human remains, and income generation for the County.
3. The roof and ceiling area over the kitchen/medical unit emit a strong odor during and immediately following a rain.

RECOMMENDATIONS

The 1994 Grand Jury recommends that:

1. The Sheriff and the Board of Supervisors must give priority to put the vacant dormitory in operation to ease overcrowding.
2. The Sheriff and the Board of Supervisors give high priority to completion of the County Morgue as soon as possible.
3. The Sheriff, County Administrative Officer, and Board of Supervisors give a high priority to the funding of staff for the vacant dormitory wing of the County Jail.
4. The Sheriff and the Board of Supervisors establish and implement physical fitness and weight maintenance standards for deputies.

5. The Sheriff remedy the water damage to the facility's roof and ceiling.

RESPONSES REQUIRED

Board of Supervisors

Monterey County Sheriff - Coroner

NACIMIENTO AND SAN ANTONIO DAMS
INSPECTION TOUR

To increase understanding of the County's complex water issues, the 1994 Grand Jury toured the dams on the Nacimiento and San Antonio Rivers. Accompanying the Jury were the Water Resources Agency's General Manager and two of his assistants, who explained the background and workings of the Agency, as well as the dams. The Jury also heard presentations by the Director of Parks and Recreation, the resort concessionaire at Lake Nacimiento, and a property-owners' association representative.

BACKGROUND

The Monterey County Water Resources Agency (MCWRA) was first created in 1948 and at that time was known as the Flood Control District. It was renamed in 1991, by State Senator Henry Mello. The County Board of Supervisors, which has final approval on decisions, appoints the nine-member Board of Directors and tries to balance membership between North/South County and urban/rural interests.

Through MCWRA's Zone 2 and 2A assessment districts, the residents of the Salinas Valley from San Ardo to Castroville paid for the Nacimiento and San Antonio dams, and MCWRA administers them. Nacimiento, with storage capacity of 350,000 acre feet, was built in the 1950s at a cost of \$7 million, and is actually located in San Luis Obispo County, though owned by Monterey County. (San Luis Obispo County has continued to pay Monterey \$250,000 each year since construction in order to preserve its rights to a share of this dam's water, but does not take this water due to lack of a pipeline.) San Antonio Dam, with a capacity of 335,000 acre feet, was built in the 1960s for \$12.4 million. Both dams are built of concrete, and 90% of their water goes

permanent 1/2 cent "Public Safety Sales Tax" (PSST) to the California Constitution and made public safety local government's highest priority.

2. It temporarily extended, from July 1, 1993, to December 31, 1993, the 1/2 cent sales tax originally established for earthquake repairs and changed the use of these funds to public safety.

3. It increased its allocation of vehicle license fee revenues to counties and cities.

Revenue Lost by Counties and Cities

A financial summary of the above steps and their effect on Monterey County's budget follows:

Estimated Property Taxes before Shift to State	<u>\$50,695,783</u>
Property Taxes Shifted to State of California	-(20,232,651)
New Vehicle License Fees	+352,760
New Public Safety Sales Tax Revenue from 172	<u>+13,800,000</u>
Net Revenue Loss	<u>-(6,079,891)</u>
Revenue Loss Percentage	12%

The County recognized its expected revenue loss when adopting its budget for the year 1993/94. It did not anticipate any revenues from Proposition 172, as that had not yet been voted upon.

The County accordingly planned to eliminate 106.5 jobs from its rolls, 40.5 in public safety departments and 66 in other departments. Many of these jobs were authorized but vacant positions, but some represented actual employees to be laid off.

Plans for Handling the Revenue from PSST

After the voters approved Proposition 172, the County reviewed its list of jobs scheduled for elimination, restored some (29), and added others (65), as shown in the following table. This table shows that jobs were added to the departments dealing with Public Safety and deleted from the departments that do not deal with public safety.

<u>Department</u>	<u>Jobs originally eliminated</u>	<u>Jobs from Proposition 172 Restored</u>	<u>New</u>	<u>Total</u>	<u>Net change in jobs</u>
<u>Public Safety</u>					
District Attorney	9	9	-	9	-
Sheriff	10	10	25	35	+25
Probation & Juvenile Hall	15.5	4	40	44	+28.5
Information Systems	<u>6</u>	<u>6</u>	<u>-</u>	<u>6</u>	<u>-</u>
Total	<u>40.5</u>	<u>29</u>	<u>65</u>	<u>94</u>	<u>+53.5</u>
<u>Non Public Safety</u>					
Information Systems	10	-	-	-	-(10)
All other Departments in County	<u>56</u>	-	-	-	<u>-(56)</u>
Total	<u>66</u>	-	-	-	<u>-(66)</u>
Total All Departments	<u>106.5</u>	<u>29</u>	<u>65</u>	<u>94</u>	<u>-(12.5)</u>

The Board of Supervisors also established a Public Safety Advisory Committee (PSAC) composed

of County department heads and others involved with public safety. This Committee is charged with the responsibility of receiving and reviewing requests for funding and making its recommendations to the Board of Supervisors.

Since its formation the PSAC has recommended the addition of 30 new police and fire positions. It has reviewed applications for the use of \$788,633 in the year ended 6/30/94 and has been assigned the responsibility to review and recommend approval of ten percent (\$1,380,000) of the expected PSST revenues for the year ending 6/30/95. The PSAC has recommended adding resource officers to deal with youth crime, juvenile truancy and other matters relating to youth crime prevention. It has also made recommendations about fire services, rescue, remodeling of the Youth Detention Center and other safety issues.

The Board of Supervisors also assumed responsibility for fire service as a new priority in the County budget. Fire services in the unincorporated areas had previously been provided by the State of California Division of Forestry and by Fire Districts funded with property taxes. After Proposition 13 was passed in 1978, the Fire Districts were established by the State but controlled by the Board of Supervisors. When the State phased out this fund two years ago, the Board of Supervisors assumed responsibility by allocating \$1.3 million of Proposition 172 funds for fire services in the unincorporated areas of the County.

How PSST Money is Received and Spent

The State collects all sales taxes, including PSST. Monterey County receives its share of PSST through the County Auditor's office which, in turn, then distributes the cities' shares directly to them. The County's share is held by the Auditor in a Public Safety Augmentation Fund until its use is determined by the Board of Supervisors.

By late August 1994, the County had received all of its Proposition 172 money for the year ended June 30, 1994, summarized as follows:

Total PSST revenues received	\$14,857,338
Less share to cities	<u>(592,229)</u>
Available for County use	14,265,109

Amounts were expended as follows:

Sheriff's Department	\$8,504,622
Probation Department	
Purchase Youth Center	1,102,348
Other Expenses	257,191
District Attorney	456,575
Fire Services	<u>1,201,367</u>
Total expenditures	<u>11,522,103</u>
Unspent funds from 3/30/94 carried forward to next year 6/30/95	2,743,006
Interest earned	<u>138,745</u>
Total carried forward to 6/30/95	<u>\$2,881,751</u>

The County expects to receive \$13,864,846 of PSST funds in the year ending 6/30/95. It is possible that this amount may be increased by an additional \$424,907. This possibility arose because of different interpretations about the calculation of a cap that had been placed upon the cities' share of PSST revenues in the original legislation. Until clarifying legislation is enacted, the County has set its budget based upon the lower amount and will place the excess funds in an interest bearing account.

A consideration that could have a serious effect on the County's share of PSST revenue has to do with how the State divides the PSST money among all counties. By law, the State must allocate PSST money according to a specific ratio/formula computed annually on the basis of

the County's taxable sales compared to taxable sales in all of California. In the year ended 6/30/94 Monterey County received 1.070805 percent of the total PSST collected in the State. A change of one-tenth of one percent of this factor could result in a gain or loss of approximately \$1.38 million (\$1.38 billion X .001).

The 1994/95 budget includes PSST revenues and expenses as shown below:

REVENUES

Unspent Revenues and Interest carried forward from 1993/94	\$ 2,881,751
PSST revenues expected 1994/95	<u>13,864,846</u>
Total Revenues	<u>16,746,597</u>

EXPENDITURES

Youth Center Facility	1,094,600
District Attorney	1,994,824
Sheriff	2,292,657
County Jail	4,927,388
Probation	1,694,505
Juvenile Hall/Institutions	1,273,876
Fire Services	1,300,000
Public Safety Advisory Committee	
From 1993/94	788,633
From 1994/95	<u>1,380,000</u>
Total Expenditures	<u>\$16,746,483</u>

FINDINGS

The 1994 Grand Jury finds that:

1. The County of Monterey has followed the intent of the law in applying the proceeds of the PSST exclusively to Public Safety services. However, the voting public may have been misled in believing that all of the money was being used to increase public safety from what it had been

before the State started to take money from the County. The new 172 money was actually used two ways:

a. To restore public safety positions that were cut after the State took the money.

b. To hire new public safety positions. To the extent that money was used to restore positions cut when money was taken by the State, there was no increase in public safety spending. The real increase in public safety spending came only from new positions added, after the old ones were restored.

2. The State took \$20 million of local property taxes from counties and cities. The County had to reduce its budget, including public safety programs. The voters passed Proposition 172 in November, 1993. The County restored public safety cuts and added new public safety positions. Public safety expenditures increased and non-public safety expenditures decreased. The State of California came out \$20,000,000 ahead and Monterey County came out \$6,000,000 behind.

3. Public Safety is now local government's number one priority, according to the California Constitution. Health Care, Social Services, Agriculture, Housing, Environmental Concerns and Economic Development are all assigned lower priorities. Both the power and flexibility of the Board of Supervisors has been weakened by Proposition 172.

RECOMMENDATIONS

None

RESPONSES REQUIRED

None

CERTIFICATES OF PARTICIPATION

CONCERN

While reviewing the operations and expansion of the Natividad Medical Center (NMC) (see report on page 65), the Grand Jury discovered that Monterey County had borrowed \$75,115,000 of construction funds by issuing Certificates of Participation (COPs). The Grand Jury found that these were not considered to be ordinary bonds issued as regular long-term debt of the County.

The Grand Jury also discovered that Monterey County had issued other COPs for other purposes and was concerned that the Board of Supervisors authorized long-term borrowing without voter approval. The Board of Supervisors committed the County not only to repay the amount of the debt, but, over the next several decades, to also pay interest which exceeded the amount borrowed. For example, the total amount to be repaid over the next 32 years on the Natividad Medical Center COPs exceeds \$186 million. This represents \$111 million of interest plus the \$75 million of principal borrowed.

DESCRIPTION OF CERTIFICATES OF PARTICIPATION

What COPs are not -

COPs are not bonds, subject to various statutory requirements such as debt limitations, interest rates, voter approval, and competitive sale restrictions.

What COPs are -

COPs are certificates issued by a revenue-producing entity of the government that grant the holder the right to receive a part of that entity's revenue. Each certificate represents an undivided assignment in the right to receive

payments under a long-term lease or other similar agreement.

HOW NATIVIDAD MEDICAL CENTER COPS WORK

Natividad Medical Center COPS are sold to investors by a corporation established for that purpose. The proceeds of this sale are then used to construct the new NMC facility. NMC pays rent to the corporation for its use of the facility. The corporation pays interest and debt installments to the investors from the rent it receives.

RISK FACTORS - SECURITY FOR THE COPS

Since the only source of repayment for these COPS is the ability of NMC to generate income sufficient to handle this debt service, the County of Monterey had to guarantee to repay the debt if NMC was unable to do so.

An unusual feature of the County's role is that its guarantee of these COPS does NOT constitute a legal obligation for which the County is obligated to pledge any of its tax revenues. Neither do the COPS constitute legal indebtedness of the County for purposes of measuring any statutory debt limitations or restrictions. Despite these legal technicalities, the County actually shows this indebtedness on its balance sheet of the Hospital Enterprise Fund. The County also includes this debt in the formula for measuring its actual indebtedness against its maximum allowable indebtedness.

BOND INSURANCE

An insurance policy has been purchased which unconditionally and irrevocably guarantees the full and complete payment required to be made by the County. County officials informed the Grand Jury that the County never intends to use this insurance because doing so would constitute financial suicide for the County.

TOTAL COPS INDEBTEDNESS

The following table summarizes the COPS issued during the last seven years.

			<u>In Millions</u>		
	<u>COPS</u> <u>were</u> <u>Issued</u>	<u>Date</u> <u>COPS</u> <u>Mature</u>	<u>Amount</u> <u>of</u> <u>Initial</u> <u>Debt</u>	<u>Total</u> <u>Interest</u> <u>to be</u> <u>Paid</u>	<u>Total</u> <u>to be</u> <u>Repaid</u>
Natividad Medical Center					
Series A	6/23/93	2027	\$ 5.4	\$ 7.8	\$ 13.2
Series B	3/15/94	2027	28.4	39.1	67.4
Series C	10/15/94	2029	<u>41.3</u>	<u>64.0</u>	<u>105.4</u>
Total NMC COP			75.1	110.9	186.0
Natividad Equipment Telecomm- unicati- ons					
Project	6/01/89	1996	1.4	.5	1.9
Sheriff's Public Safety Building	10/01/87	1999	3.9	2.4	6.3
	9/01/83	2017	<u>17.0</u>	<u>12.2</u>	<u>29.2</u>
Total COPS authorized			<u>\$ 97.4</u>	<u>\$126.0</u>	<u>\$223.4</u>

FINDINGS

The 1994 Grand Jury finds:

1. All of the COPS shown above are legally authorized debt instruments, and the County has guaranteed to repay them if the entity for which they were issued is unable to do so.

2. County and hospital administrative officers strongly believe that the income of NMC will be sufficient to handle the debt servicing of the NMC COPS, approximately \$460,000 per month. They also firmly believe that, should the net income of NMC fall below the level needed to repay the COPS, sufficient cuts could be made in NMC expenses and County expenses to guarantee that the County would, in fact, generate enough funds to maintain this debt service. They believe that the integrity of the County is at stake in making sure that this debt is repaid, and that the County's ability to borrow money in the future would be seriously impaired if it defaulted on this, or any of the other COPS issued by the County.

3. The gross revenues of NMC come, in large part, from Federal and State programs such as Medicare and Medi-cal. Therefore, to the extent that these Federal and State sources of income are decreased, the County's risk of having to repay these COPS is increased. No one knows what effect the recently passed Proposition 187, which eliminates government funding for illegal residents, will have on NMC's revenues.

4. The COPS that were issued for constructing the Sheriff's Public Safety Building are being repaid from fees included in traffic citations and other fines issued by the courts.

5. The use of COPS as a mechanism for funding various governmental projects has increased considerably in many California counties since Proposition 13 passed in 1978. Proposition 13 required the approval of two-thirds of the voters before long-term bonds could be issued. COPS require only the approval of three of the five Supervisors and NO voter approval.

6. Showing the outstanding COPS on the financial statements of the County is a prudent and correct procedure. All interested citizens should be able to find out how deeply the County is in debt.

RECOMMENDATIONS

The 1994 Grand Jury recommends that:

1. 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.

RESPONSES REQUIRED

Board of Supervisors

MONTEREY PENINSULA AIRPORT DISTRICT

COMPLAINT

Does the Monterey Peninsula Airport District treat its tenants unfairly? The 1994 Grand Jury received three separate complaints against the Airport's Board and management alleging:

1. Unfair lease practices;
2. Creation of a monopoly at the Airport, affecting Fixed Base Operators (FBOs);
3. Excessive litigation;
4. Abuse of power, misuse of funds, and racial discrimination; and
5. Violations of the Brown Act by the Board of Directors, and conflict of interest on the part of individual members.

PROCEDURE

The Cities/Special Districts Committee of the Grand Jury conducted a thorough and balanced inquiry. The Committee interviewed each of the three complainants and airport personnel.

Additionally, the Committee attended several Board of Directors' meetings, corresponded with the FAA, toured the Airport and air-traffic control tower, corresponded with Airport Counsel to review litigation, and researched numerous documents including audits, financial reports, Property Management Practices and Procedures, Request for Proposals for an FBO, and the District's original enabling legislation.

BACKGROUND

Monterey Peninsula Airport is a 100% user-pay facility. The District was empowered to collect

property-tax money, but in 1978 it declared itself independent from tax subsidies and has remained self-sufficient. Costs are recovered from airport rents, fees, and charges. The Airport's total direct and indirect economic benefit to the Monterey Bay Region is estimated at \$105 million annually.

DISCUSSION

Lease Practices

In response to recommendations of the 1991 Grand Jury to clarify lease practices, in 1992 the Airport District developed a document titled Property Management Policies and Procedures.

This document defines the Airport's revenues objective as "generating sufficient funds from rents, rates, fees and charges for the use of District property in order to recover the full costs of administration, operation, maintenance, and capital improvement of the Airport, and to maintain a reasonable reserve for contingencies." The reserve will equal one year's operating expenses, currently \$3 to \$3.5 million. If more revenue is generated than required to cover all costs and the reserve, then the District may lower user fees.

District property is public property, as the document makes clear, and to authorize its use at less than fair market value is a gift of public funds. District policy is to set rents, fees and charges at fair market value, which the Policies and Procedures document carefully defines.

The 1994 Grand Jury finds that the Airport District has formulated responsible, clear and fair guidelines for the lease of public property under its jurisdiction.

Creation of a Monopoly Affecting Fixed Base Operators

Full-service Fixed Base Operators (FBOs) are tenants of the Airport who provide a full range of general aviation services, including aircraft storage, fuel and line service, aircraft maintenance, flight instruction, and aircraft rental. They are normally required to be open seven days per week, including holidays.

Monarch Aviation was an FBO at Monterey Peninsula Airport until it closed last year. Complaints to the Grand Jury allege that the Airport District drove Monarch out of business by arbitrarily doubling the amount of its lease. After litigation and the death of its owner, Monarch Aviation closed; the District then allowed the only other FBO on the Airport to take over Monarch's premises.

The Federal Aviation Administration, which administers Federal funds for improvement of airports, has guidelines which discourage exclusive rights at airports. However, the agency also states that "the presence on an airport of only one enterprise conducting aeronautical activities does not necessarily mean that an exclusive right has been granted." It can happen that "market potential is insufficient to attract additional aeronautical activities."

Airport management contends that when Monarch Aviation's lease was due for renewal, rates were raised to bring them in line with fair market value. Since the lease had been considerably undervalued before, the new amount represented a large increase. After Monarch closed, the Airport District published a Request for Proposals and received two credible proposals at the increased rate. However, both proposal sponsors withdrew before taking possession. Since that time, the Airport has not found another company willing to compete with the existing FBO. There is one

limited-service FBO at the Airport which could develop into full-service, and the District is encouraging it to do so.

A frequent consequence of monopoly situations is that prices go up where there is no competition. But in this case, fuel prices at the one FBO are the lowest in ten years, and shop rates are reasonable.

The District's Property Management Policies and Procedures addresses exclusivity, stating that the District will periodically invite qualified operators to compete through bids of Request for Proposals for airport leases and concessions. The Regional Director of the FAA has found Monterey Peninsula Airport District to be in compliance with exclusive right guidelines. The 1994 Grand Jury concurs.

Excessive Litigation

At this writing, the Airport District is involved in two lawsuits, and it has been involved in eight others over the past three years. Seven of these ten cases had to do with non-payment of rent, lease disputes, or eviction proceedings. Of the others, one was a claim against the Airport by a person injured while sneaking through an electric automobile gate. The second involved asset seizure by an Airport Officer acting for the Drug Enforcement Agency. The third was brought by the District over defective maintenance work on an underground storage tank.

If the word "excessive" is taken to mean "unnecessary," the Grand Jury does not agree with complainants. Many of the lawsuits were initiated by others, requiring the District to defend itself, and the lawsuits brought by the Airport were appropriate.

If complainants meant that the District litigation was "extravagant," the Grand Jury again

does not agree. Records show that the Airport District has collected substantial amounts in settlements, and has never been required to pay out a settlement.

New provisions for handling delinquent accounts in the District's Property Management Policies and Procedures may help the District collect rents owed without resorting to lawsuits.

Allegations of Abuse of Power, Misuse of Funds, and Discrimination

These allegations are difficult to document. A statement often made in support of the first two is that the Airport has lost money over the last four years, in contrast to the three years prior to that. The Cities/Special Districts Committee inquired into reasons for the Airport District's losses (See report on page 11).

The last few years have been years of recession, and in the aviation industry effects were worsened by deregulation. The Airport has had approximately the same number of plane landings over the years, but recently the planes have been smaller and have paid smaller landing fees, thus reducing income.

Additionally, the Airport has had three kinds of unusual expenses. First, deferred maintenance by the previous management resulted in some emergency repairs; second, the expensive cleanup of underground fuel tanks, as required by the Environmental Protection Agency; and third, the litigation expenses necessitated, in some cases, by opportunistic tenants.

The Airport District still operates well within its budget, and still maintains a reserve in excess of \$3 million. No County tax money is used.

The Grand Jury finds that recent Airport losses can be explained by economic circumstances,

and do not imply mismanagement. The Grand Jury further finds no evidence to indicate any illegal discrimination.

As a further point of information, the Airport District has developed a Master Plan for improvements, including major expansion of aviation and non-aviation facilities. These improvements will not be built until required, however, as the District's explicit policy is "response to demand" rather than "promotion of airport growth."

Violations of the Brown Act and Conflicts of Interest

These allegations are also difficult to document. After several months of monitoring the Airport's Board of Directors meetings, the Cities/Special Districts Committee of the Grand Jury found no evidence of violations. Airport Board members appear to avoid conflicts of interest.

Why so many Complaints?

Many of the Airport District's tenants enjoy a smooth and stable relationship with the District, but some are dissatisfied. Apparently this situation started about six years ago, when the Airport Board changed managers.

According to several witnesses interviewed, airport business formally was conducted in a more casual manner. Lease amounts and procedures were not codified but decided on a case-by-case basis.

The present manager exhibits professionalism in his job and has increased airport rents to fair market value. Some tenants responded to the new rates with complaints and lawsuits.

Tenants unhappy with conditions at Monterey Peninsula Airport may find an alternative with the opening of the new Fritzche Airfield in Marina.

FINDINGS

The 1994 Grand Jury finds that:

1. The Monterey Peninsula Airport District's Board and management are acting in the best interests of all Monterey County citizens by leasing public property at fair market value.

2. Enabling legislation is out-of-date. The Airport District was originally created in March of 1941 as an urgency measure to prepare for war. Its primary purpose was to fill military air-transport needs of Fort Ord and secondarily to provide civilian air services.

3. Boundaries of the Airport District do not coincide with the airport's service area. Carmel Valley, Salinas, and Marina residents use the airport but are not able to vote for its Board of Directors.

4. The Local Agency Formation Commission (LAFCO) last studied the Airport's sphere of influence in 1983, before Fort Ord was decommissioned.

5. There are currently no limits on the number of terms a Director may serve on the Airport Board. One Director has served over 20 years; another has served more than 16.

RECOMMENDATIONS

The 1994 Grand Jury recommends that:

1. LAFCO should update its sphere of influences study on the Airport District and, if called for, initiate proceedings to make the District's boundaries and its service area coincide.

2. Term limits should be instituted for Airport Board Directors, in order to keep the

Board a vital and representative body. Enabling legislation could be updated to include term limits, or limits could be voluntarily instituted by the Board.

RESPONSES REQUIRED

Board of Supervisors

Board of Directors of Monterey Peninsula Airport District

COMMUNITY HOUSING IMPROVEMENT SYSTEMS AND PLANNING
ASSOCIATION (CHISPA) AND THE CITY OF SALINAS

CONCERN

The 1992 Grand Jury received and investigated a complaint about the relationship between the City of Salinas and the Community Housing Improvement Systems and Planning Association (CHISPA) with regard to a commercial project called Portales de Alisal, in East Salinas. A final recommendation was for the 1993 Grand Jury to follow up the work done in 1992. The 1993 Grand Jury did not receive the City's response to the 1992 report until late in the year; so no follow-up was done. The 1994 Grand Jury became interested in the status of the Portales project after receiving the City's response and reading the 1992 report.

PROCEDURE

Several Grand Jury members visited the Portales de Alisal site, and the La Paz Building on it, on two occasions.

The Grand Jury interviewed a member of the 1992 Grand Jury, the City Manager of Salinas, the Executive Director of CHISPA, and a representative of the Salinas Redevelopment Agency.

In addition to reading the 1992 report and the City's response to it, the Grand Jury studied many newspaper articles, informational material from CHISPA, financial data provided by La Paz Partners, and verified facts about the project with the Salinas Building Department.

BACKGROUND

CHISPA was founded in 1980 for the purpose of developing, owning, and managing low and very-low income housing, and to revitalize blighted neighborhoods in the central coast area of

California. CHISPA has developed more than 500 units of low-income housing to date and is pursuing plans for numerous future projects. Its experience in working with banks, public agencies, foundations, and the community are primary factors which enable CHISPA to meet its goals.

In 1986, CHISPA began investigating the feasibility of and funding for building a commercial development in the section of Salinas bounded by Alisal, North Pearl, Roosevelt, and North Madeira streets. The project design originally was for a Mexican-style Mercado, or community market place, to include 179,000 square feet of shops, restaurants, offices and theaters. The focal structure was to be the 21,000 square foot La Paz office building.

Market potential for the 6-year project was deemed feasible for the period between 1986 and 1991, and in 1986 CHISPA began moving forward on the project with the aid of State Redevelopment (REDIP) and Salinas Community Development Block Grant (CDBG) funds of over \$1 million for land acquisition and pre-development expenses.

In late 1987 CHISPA was advised by a bank from which it had requested construction and takeout loans that the bank had specific concerns about the project, including the fact that certain aspects of it seemed very optimistic.

In early 1988 CHISPA informed the City of Salinas of its desire to start Phase I of the project, (public utilities, parking garage, and surface parking for the La Paz Building). At this time La Paz Partners was formed to aid project funding.

In April of 1988, Salinas' City Redevelopment Agency staff, though aware of some risk to the Agency, decided Phase I was less risky than the Portales de Alisal project as a whole. The Redevelopment Agency determined that it could make requisite Rural Economic Development

Infrastructure Program (REDIP) loan payments with income from the La Paz Partners' lease of the air space above the La Paz Building parking garage. Subsequently a REDIP loan for approximately \$945,000 was granted by the State, allowing the City to buy the land on which the La Paz Building would stand. The City would pay all costs of the parking garage construction and necessary surface parking. Salinas' primary role would be in financing and project coordination.

In 1989 the Chief Counsel of the State Department of Commerce expressed concern over how much time Salinas was taking to complete the REDIP loan contract. The Chief Counsel also stated his concern about the riskiness of the project.

From 1989 on, cost estimates and estimates of the percentage of tenants needed in the building to make a profit were changed frequently. Disposition - Development Agreement (DDA) stated that the developer was required to have commitments from major tenants to occupy at least 45% of the net leasable office space, in order for funds to be obtained. The La Paz Building was finished in 1992.

FINDINGS

The 1994 Grand Jury finds that:

1. The estimated percentages of La Paz Building occupancy have fluctuated from 45% to 93% between 1992 and September, 1994. At this writing the La Paz Building is occupied as La Paz Dental, Pronto Dollars, Childrens' Services, KCAH TV-25, Immigration Services, various Monterey County offices, and Vision Church. Three spaces are vacant; 87.61% of the property was leased as of August, 1994. Both times the Grand Jury visited the site, a large office at the front of the building was still under construction. Rent varies from .88 cents to \$1.37 per square foot per month. The Grand Jury was informed that 70% of the CHISPA-approved tenants are non-profit service organizations.

The building is owned by La Paz Partners, who collect the rents.

2. CHISPA is a Community-Based Development Organization (CBDO) and as such must be:

- a. a private, locally-based nonprofit group committed to serving a low-income population;
- b. governed by a community-based Board; and
- c. have ongoing, direct involvement in development, with at least one project completed in housing, commercial/industrial, or business enterprise development.

3. CBDOs forge partnerships with local developers, lenders, businesses, foundations, religious institutions, other nonprofit organizations, and government at all levels, including cities. They take on projects too small or too risky for conventional developers.

4. CHISPA has abandoned the Portales project and wishes to pursue only low-income housing projects, not commercial ventures.

5. The current loan structure of the La Paz Building is shown below.

<u>Loan Structure - La Paz Building</u>			
<u>Description</u>	<u>Origination Date</u>	<u>Loan Amount</u>	<u>Interest</u>
Property	3/22/90	\$69,000	3%
Property	3/22/90	95,000	3%
Parking structure and Public Improvements	3/28/89	944,643	6%
La Paz Building	2/17/94	<u>1,487,500</u>	8%
		<u>2,621,143</u>	

6. See Exhibit A below for a statement of income and payment priority, pursuant to the *Disposition and Development Agreement between the City and La Paz Partners*, for the ten months ending October, 1994.

Exhibit A
La Paz Building
Statement of Income and Payment Priority

The following statement is part of the *Disposition and Development Agreement* entered into by the Redevelopment Agency of the City of Salinas, the City of Salinas, the La Paz Partners and CHISPA:

Priority schedule of loans and payments from the La Paz Building income.

1. Payment of operating expenses which includes debt service on the Developer's (La Paz Partners) financing and a 5% non-cumulative return to the Developer's partners.

2. Payment of current space rent for building.

3. Payment of interest on notes for Community Development Block Grant (CDBG) loans.

4. Remaining funds (if any) to Developer's partners.

Statement of Income and Payments
January - October, 1994

Gross Rental Income		\$187,903
Operating Expenses		
(See Exhibit B below)	\$97,134	
Debt Service on Developer's		
Financing	142,623	
5% Return to Developer's Partners	<u>0</u>	
Payments of Item #1 of Priority		
Schedule above		<u>239,757</u>
		-(51,854)
Payment of Space Rent for		
Building	69,180	
Interest on CDBG Loans	<u>4,920</u>	
Payments of Item #2 and #3 above		<u>74,100</u>
Remaining Funds to Developer's		
Partners		-(125,954)

Exhibit B
La Paz Building
Operating Expenses

Maintenance	\$10,766
Loan Fees	8,884
Legal and Accounting	1,421
Management Fees	10,000
Office Expenses	302
Taxes, Insurance and License	28,351
Utilities	34,088
Custodial Expenses	<u>3,332</u>
<u>Total Operating Expenses</u>	<u>\$97,134</u>

7. The City is actively seeking other developers of low-income housing, to avoid CHISPA being the only provider of these services.

8. In response to the 1992 Grand Jury report, the City has adopted an arms-length relationship with CHISPA, by no longer voting on the CHISPA Board.

9. Although partnerships between non-profit and for-profit companies might appear suspect, the 1994 Grand Jury found no improprieties in the structuring of the Portales de Alisal project. The major problem with such partnerships is in the public perception of them.

RECOMMENDATIONS

The 1994 Grand Jury recommends that:

1. The City of Salinas must closely monitor CHISPA's activities and fiscal requests, particularly with regard to the La Paz Building and its management. One way to accomplish this is to have ex-officio representation on the CHISPA Board of Directors, in order to be consistently informed about the organization's plans.

2. The City must pay attention to warnings by agencies such as the State Department of Commerce, as well as local legal advisors, about projects which are deemed risky and could cause the City to be liable for large loan payments in case of financial shortfall.

3. The City must continue to solicit low-income project funding requests from other agencies besides CHISPA.

4. The 1994 Grand Jury reiterates the recommendation of the 1992 Grand Jury that CHISPA avoid all for-profit partnership structures.

RESPONSES REQUIRED

City Council of the City of Salinas

DISASTER PREPAREDNESS
IN THE MONTEREY COUNTY PUBLIC SCHOOLS

CONCERN

On September 14, 1994, shots were fired into Roosevelt Elementary School in Salinas just minutes before a group of preschoolers were to be dismissed for the day. A group of teenagers in a car shot at another group which happened to be walking past the school. No one was injured, but one bullet was found lodged in the wall of a portable building. The Salinas City School District instituted an emergency lock-down policy last year, to be implemented in situations such as this, and Roosevelt School was planning to practice its drill the following week.

Earthquakes, fires, floods and other disasters, both natural and man-made, are constant sources of concern to the citizens of Monterey County. The incident cited above underscores the reason for the Grand Jury's interest in how the County School Districts are prepared to deal with disasters, the existence and efficiency of school disaster plans, and the frequency and effectiveness of emergency drills.

PROCEDURE

Toward that end, copies of disaster preparedness plans were requested and received from all twenty-eight school districts in Monterey County, including the two junior colleges and the San Jose State University extension in Salinas. In addition, the County Superintendent of Schools provided information about requirements of the California State Education Code, and the role of the Monterey County Office of Education in disaster preparedness.

Finally, 11 school sites located in the northern, central, and southern areas of Monterey

County, including representative grade levels from primary through senior high schools, were visited in May, 1994 by three-member teams of the Grand Jury. The sites included Salinas High School, Washington Middle School, and Mission Park School in Salinas; Gonzales High School in Gonzales; San Lorenzo Middle School in King City; San Lucas Union School in San Lucas; Vista Verde Middle School and Oak Avenue School in Greenfield; North Monterey County High School in Castroville; Moss Landing Middle School in Watsonville; and Echo Valley Elementary School in Salinas.

During the visits team members talked with superintendents, principals, vice principals, and members of custodial and/or transportation staff who are involved in disaster preparedness planning. At each school site the following lead questions were asked:

1. Has the district ever had a complete drill going beyond earthquake and fire drills, giving everyone involved in the operations of the district a chance to practice his/her jobs?
2. Are there signals to differentiate among varying kinds of emergencies, such as horns, bells, whistles, P.A. systems, intercoms, or radio communications?
3. How often are fire and earthquake drills conducted?
4. What do you think about the behavior and cooperation of students during drills, and do you have ways of disciplining students who undermine the disaster regulations?
5. Have you provided for the needs of disabled students?

BACKGROUND AND DISCUSSION

With regard to earthquake emergency procedures, Article 10.5, Section 35296 of the California Education Code states, "The governing board of each school district and the County Superintendent of Schools of each county shall establish an earthquake emergency procedure system in every public school building under its jurisdiction having an occupant capacity of 50 or more pupils or more than one classroom." The same directive applies to all the private schools.

Title 5, Section 560 of the California Code of Regulations states, "The governing board shall adopt a written policy for use by schools of the district in formulating individual civil defense and disaster preparedness plans." In Monterey County, the plans are submitted to the County Office of Education and reviewed by a Disaster Preparedness Council. The Council is responsible for county-wide coordination to maintain radio communications with participating schools, in order to inform and facilitate a centralized reporting of damage and school closures following a disaster. In addition, this group plans workshops on an annual basis, as identified by a needs assessment of the participating schools. County-wide "duck, cover, and hold" drills are held semi-annually in addition to the school disaster drills. The County Office of Education keeps a county-wide list of the 40 private and public schools and districts, in order to communicate with the Monterey County Office of Emergency Preparedness concerning the status of school closures. These procedures help to minimize the use of 911 during and following a disaster.

The County Office of Education is an advisory body only and therefore cannot mandate the behavior of school districts. It does, however, encourage all schools to have a plan, with special emphasis on efficient radio communication. It

does not monitor how safety is maintained in the schools, but does encourage and assist districts by having county-wide disaster drills twice a year.

The scope of the disaster plans received ranges from simple and basic to very detailed and complex. The County Office of Education has a sample disaster preparedness plan which many of the school districts utilize, with modifications to suit the needs of each district. Some schools, for example, are within flight paths of airports, necessitating more attention to possible crashes and explosions. Other schools are near major highways and must be concerned about hazardous spills and the possibility of toxic fumes in the air.

Although the most common concerns are about fires and earthquakes, some districts have also developed plans to deal with campus intruders. The size and location of school districts also help determine the kinds of disaster plans needed. The high schools visited, for instance, have larger campus areas, more buildings, and many students in diverse places. This requires a plan to account for and protect all students regardless of their location. A school the size of San Lucas Union, with about 130 students in five classrooms, has an easier time knowing the whereabouts of its students and keeping them together. In addition, districts where there may be a potential for more criminal activity must consider the need for stricter student control on campus, and may need security guards and more supervisory personnel trained to deal with many types of emergencies.

FINDINGS

The 1994 Grand Jury finds that:

1. None of the schools visited has done a "complete" drill whereby all possible contingencies addressed in the disaster plans

are practiced and staff members can refine their assigned tasks. However, the San Lorenzo Middle School staff does a simulation of their plan, and has two reviews of it each year.

2. All the schools do practice drills and earthquake safety, some as often as once a month, with a full evacuation drill included, or as infrequently as once a year. North Monterey County High School, Echo Valley School, and Moss Landing Middle School have a district and County-coordinated drill once a year. Gonzales High School has had one fire drill each semester, but plans to have one each month in the 1994-95 school year.

3. Gonzales High School has no earthquake drills unless there has been a recent disaster nearby. Beat the Quake, a pamphlet developed by the California Governor's Office of Emergency Services, is given to the staff during Earthquake Awareness Week. The district has also established an earthquake preparedness routine which goes into effect when a Parkfield Level A Alert is issued by the Office of Emergency Preparedness. When the alert is issued, as it was in October, 1993, the district keeps the school busses filled with fuel, away from the fuel pumps and turned into positions ready to move onto the roads. The teachers, staff, and students who drive to school are encouraged to have their vehicles sufficiently filled with fuel and to have some emergency provisions on hand.

4. Gonzales High School and San Lucas Union School have staff members trained in the handling of bloodborne pathogens and other potentially infectious fluids. San Lorenzo Middle School has a Crisis Response Training Program through the County Office of Education, with the full school staff involved.

5. All the schools visited have varying alarms and devices to signal the onset of emergencies. The most common of these are public address systems. Two-way radios, phones which can be used in-house and to call out locally, walkie-talkies, intercoms, whistles, bells, or claxons are also used to signal the type of emergency evolving. Some schools use "codes" to signify intruders on campus, while uniformed Guards and the use of metal detectors may deter serious problems on other campuses.

6. The disaster plans require parental notification efforts to be made, and concern was voiced about the difficulty of reaching parents who work in the fields, if a real emergency occurs.

7. Oak Avenue School has portable classrooms, but no telephones in them as yet.

8. The teams asked to observe fire drills at each of the sites. The overall behavior and cooperation of the students was good at the middle and elementary levels, as is generally the case, according to the administrators. Students are expected to follow the same behavioral rules during drills as they do during any normal school day. However, while teachers are supposed to carry class lists with them during a drill, very few at any of the schools were doing this.

9. The drills at the three high schools were very casual, even haphazard, with students milling about all over the grounds, and very few in lines with a teacher. At Gonzales High School two students were overheard wondering where they were supposed to go. And at the end of the drill a member of the staff seemed pleased to say, "Well, we got them all out!" Most of the people in the school office seemed to ignore the drill, or just came out and

stood near the door. The bell announcing the drill did not ring long enough for people to be sure what was happening.

10. At North Monterey County High School, many students, teachers, and aides were observed laughing and talking during the drill. The principal appeared annoyed at being asked to conduct a drill, and questioned the wisdom of interrupting instructional time for it.

11. At Salinas High School, which is temporarily housing students in portables, the drill was orderly but casual. There had apparently been about twenty drills, prior to this visit, some caused by students clothing catching on the alarm box, and some due to mechanical problems with the box. Students who undermine drills at this school can be suspended, and also cited by the police for false alarms. It appears that the attitude toward drills is more casual in the high schools, among students and adults, than in elementary grades.

12. Provision for disabled students at the schools is varied. For example, Gonzales High School has an elevator for second floor access, whereas North Monterey County High School has ramps to different levels of the facility. Vista Verde is brand-new and up to code, as is San Lucas Union, which was refurbished in August of 1993. San Lorenzo Middle School has ramps and wide bathroom doors, and Oak Avenue has sufficiently wide doors. Conversely, Moss Landing Middle School is 40 years old and upgrading it would be expensive. Echo Valley is located on a steep hillside with steps to three or four levels, making modifications difficult.

13. Time constraints made it impossible to visit all 28 school districts in the

county. However, the random sampling done gave the Grand Jury good insight into how the schools are prepared to function should a disaster occur. Regardless of how basic or complex the plans may be, and in the larger school districts some plans seemed overly detailed, to the point of being unwieldy, the most important questions are:

- a. Does everyone on the school staff understand the plan and his or her responsibility in implementing it?
- b. Is every aspect of the plan fully "rehearsed" so as to determine its positive and negative elements and modify it appropriately?
- c. Are Board members and parents at all grade levels invited and encouraged to be involved in disaster planning, periodic reviews, and plan updates?
- d. Are students well-trained in drills and aware of the consequences of behaving badly during them?
- e. Are there frequent drills, beyond just fire and earthquake, and encompassing other emergencies deemed important enough to include in the plan?
- f. Does the entire school population and especially the adults in authority recognize and emphasize the seriousness of planning and practice?

Every viable, concerned member of a staff must be able at all times to answer these questions with an unqualified "Yes." While a plan may look good on paper, it is useless if no one implements it. How people will react during an emergency is an unmeasurable factor, and if they are not conditioned for proper behavior, an emergency can quickly become a true disaster.

RECOMMENDATIONS

The 1994 Grand Jury recommends that:

All Monterey county school districts:

1. Conduct more frequent and varied disaster drills, especially in the high schools, with rigid behavioral restrictions placed on students.
2. Have unannounced, surprise drills, even at unpopular times of the day, such as during lunch or assemblies.
3. Advise parents and School Board members, in writing and with periodic meetings, of their roles in disaster planning.
4. Regularly examine existing disaster plans and modify them if necessary, for clarity and simplicity.
5. Make adequate provisions for disabled students, either by upgrading the campus facilities or at least having people designated as aides to these students.
6. Have all staff members trained in Cardiopulmonary Resuscitation Training, Crisis Response Training, and handling of pathogens.
7. Participate in the programs available through the Monterey County Office of Education.
8. Respond to the Parkfield Level A Alerts with an Earthquake Preparedness Program, which should remain in effect for the duration of the alert (hours, days, etc.).
9. It is further recommended that the 1995 Grand Jury review this report and consider getting updates and doing further investigations.

RESPONSES REQUIRED

Monterey County Office of Education

All School Districts within the County of Monterey

DOCUMENTATION

California Education Code, Sections
35295-35297 (earthquake emergency procedures)

California Code of Regulation, Title 5,
Section 560 (formulating civil defense and
disaster preparedness plans)

Disaster plans from 28 Monterey County School
Districts

Sample disaster plan - Monterey County Office
of Education