

Santa Cruz County Grand Jury



2004-2005

Final Report

June 2005

Greetings Citizens of Santa Cruz County,

It is with great pride that we present the 2004 – 2005 final report. The Grand Jury is charged by state law with review and oversight of county agencies and their contractors. It is our hope that the issues raised, the problems found and the information extracted will contribute to more responsive, more accessible and more responsible government. We also hope that this report will aid in your understanding of the Santa Cruz County government.

This report is a compilation of information provided by your public officials and the insights we gained during those interviews. Our charge is to get the facts straight and get the information to you with no bias. We have done that here, and it is our great hope that much good comes from our efforts.

Our current budget picture is bleak, and we must all do our part to ensure we make the most of our limited funds. We all have a responsibility to ensure we have the best, most efficient government possible.

We would like to thank the various entities and employees that took the time to educate us and answer our questions. I would also like to thank the other eighteen jurors who have given generously of their most precious commodity, their own time. We are anxious for your response.

Sincerely,

Earl Kieser, Foreperson
2004 – 2005 Santa Cruz County Grand Jury

Santa Cruz County Grand Jury 2004-2005 Final Report

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Introduction to the Santa Cruz County Grand Jury

Two Types of Grand Juries in Santa Cruz County

As with many California counties, Santa Cruz County has two types of Grand Juries. The regular, or civil, Grand Jury is an investigative body that serves for one year. There are 19 members on the jury. The civil Grand Jury does not deal with trials but rather serves as a watchdog over local government and other tax-supported entities.

The other Grand Jury is a criminal Grand Jury that deals with issuing indictments (charging a person with a criminal or public offense). This jury is called up on a case-by-case basis.

Duties and Powers of the Civil Grand Jury

The Civil Grand Jury has three primary functions:

- To randomly audit local governmental agencies and officials
- To publish its investigative findings and recommendations toward improving those governmental operations in the interest of the community being served
- To investigate citizens' complaints

The Civil Grand Jury investigates local government agencies and officials to evaluate if they are acting properly. If a Grand Jury determines that they are not, it has various options. The most frequently used option is the presentation of a report outlining the Grand Jury's findings and recommendations in the matter. Such reports are public and sometimes attract media attention. Agencies or elected officials discussed in the report must respond specifically to the report's findings and recommendations.

Citizens may file complaints with the Grand Jury to request that it investigate what they perceive as wrongdoing by a public agency, such as a school district or a police department. The Jury will decide if the complaint has merit and is not obligated to pursue the complaint. County complaint forms are available from the following address:

Santa Cruz County Grand Jury
701 Ocean Street, Room 318-I
Santa Cruz, CA 95060
(831) 454-2099
FAX (831) 454-3387
grandjury@co.santa-cruz.ca.us
www.co.santa-cruz.ca.us/grandjury

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Grand Jurors

2004-2005

Earl Kieser, Foreperson

Paula Berman

Diana Cunningham

Lisette Darst

Kimberly Kildsig-DiBiasi

Mike Eynon

Mark Glasser

Katherine Gleaton

Jane Kearney

Kathy Kreiger

Edith P. Lenz

Mike McManus

Maxine McNamara

Karen Rogers

Tisha Scurich

Barbara Smith

Patricia A. Talbert

Nancy Talley

Katherine Wadhams

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Santa Cruz County

Grand Jury

Final Report:

Section 1
Audit and Finance Committee Reports

Counting Your Dollars: Contracting for the Services of an Independent Auditor of County Finances

Synopsis

“The purpose of an independent audit is to protect the equity of the entity audited with tests that determine if the assets are properly protected.”¹ This report covers the bid process for securing the services of an independent auditor for the County of Santa Cruz. It has been the practice of the county to go out to bid for external independent audit services every three to four years. However, the current external independent auditing firm has been retained for the past seven years. The bid process was used to select a new external independent auditor for the County of Santa Cruz.

Background

The Grand Jury, as required by law, is responsible for performing an independent audit of county offices and investigating spending by city and county governments. The investigations may be conducted on a selective basis each year but shall not duplicate examination or financial statements that have been performed by or for the Board of Supervisors.² In earlier years, the Grand Jury budget included funds to employ an outside independent auditor to fulfill these duties. Subsequently, while retaining oversight of this task, the Grand Jury transferred to the County of Santa Cruz the responsibility for contracting with an external independent auditor for these services, along with the budget item to cover this expense. To fulfill both the county and Grand Jury responsibilities to conduct audits of county records, a County Audit Committee was formed. This committee is comprised of Santa Cruz County Administrative Officer/Representative, County Auditor-Controller, County Treasurer/Tax Collector/Recorder/Clerk and two members of the Santa Cruz County Grand Jury. In addition, two members of the Treasurer Oversight Committee have been added to the County Audit Committee membership.

Scope

The County of Santa Cruz contracts with an outside audit firm to furnish independent audit and compilation services of county accounts. These services are obtained through a Request for Proposal (RFP) bid process. Two members of the Santa Cruz County Grand Jury, one from the Audit and Finance Committee and one from the Grand Jury membership at large, followed the bid process from the Invitation to Bid to the Recommendation of Acceptance of the best contract.

¹ Rudolph Vargas, Vargas and Company, Minutes Audit Committee Meeting, August 25, 2004.

² Penal Code § 925 and Government Code § 25250.

Sources

Meetings:

County of Santa Cruz Audit Committee:

- August 25, 2004.
- February 14, 2005.
- May 9, 2005.
- June 6, 2005.

Bidders' Conference, December 10, 2004.

Analysis of Bids, February 14, 2005.

Entrance Conference, June 6, 2005.

Reviewed:

Bidders' List.

Comprehensive Annual Financial Report, Fiscal Year 2003.

County Analysis for Award of Contract.

Government Code § 25250.

Grand Jury Reports:

- 1990-1991.
- 1997-1998.
- 1999-2000.
- 2000-2001.
- 2001-2002.

Management Letter, Fiscal Year 2003.

Management Letter, Fiscal Year 2004.

Penal Code § 925.

Request for Proposal.

Single Audit Report, Fiscal Year 2003.

Findings

1. It has been the practice of the county to request proposals for independent audit services every three or four years.
2. The current independent audit firm has provided services for seven years.
3. The 2001-2002 Santa Cruz County Grand Jury Final Report recommended that retention of an independent auditor should be reviewed every three years and changed at least every six years.
4. This Request for Proposal process was to select an independent auditor to prepare an annual audit for the County of Santa Cruz beginning with the fiscal year ending June 30, 2005. The contract would be awarded for one to three years, whichever would be the most cost effective for the county.

5. The independent audit firm provides various reports to the Santa Cruz County Audit Committee throughout the year. These reports require County Audit Committee review.
6. The Request for Proposal process began with preparation of the bid documents that:
 - outlined the requirements of the county;
 - described the basis on which the bids would be judged; and
 - requested the qualifications of the bidders.

Invitations to Bid were sent to 44 qualifying accounting firms, locally and throughout northern and central California. Four bidders attended the bidders' conference on December 10, 2004. Proposals were received on January 14, 2005 from all four firms present at the bidders' conference. The proposals were evaluated according to the criteria established in the bid documents as outlined in Appendix A. Using this comprehensive criteria, the County Audit Committee recommended awarding the contract to the firm that best met the county's needs: Bartig, Basler, and Ray.

7. Two members of the Santa Cruz County Grand Jury are active members of the County Audit Committee.

Conclusions

1. Response to Santa Cruz County's request for proposals was minimal.
2. The County Audit Committee did not follow the recommendation of the 2001-2002 Santa Cruz County Grand Jury stating that independent audit services should be reviewed every three years with no one firm providing services for more than two consecutive three-year contracts. Good accounting practices and procedures dictate a change of auditing firms.
3. Criteria used to evaluate bids was comprehensive.
4. Grand Jury membership on Santa Cruz County Audit Committee fulfills the Grand Jury's mandated responsibilities as outlined in Penal Code § 925. The County Audit Committee met four times during fiscal year 2004-2005.

Recommendations

1. The County of Santa Cruz Auditor should continue to actively seek and qualify new bidders for future invitations for proposals and should update the current list.
2. Review of the contract for independent audit services or invitation to bid should be scheduled every three years with no one firm providing services for more than two consecutive three-year contracts.
3. The County of Santa Cruz should continue to notify the Grand Jury of County Audit Committee activities.
4. The County Audit Committee should continue to meet at least twice each year, more frequently if needed.

Responses Required

Entity	Findings	Recommendations	Respond Within
Santa Cruz County Board of Supervisors	1, 2, 3	1, 2, 4	60 Days August 30, 2005
Santa Cruz County Auditor-Controller	3	1, 2, 3, 4	90 Days September 30, 2005
Santa Cruz County Audit Committee	3, 7	2, 4	90 Days September 30, 2005

Proposal Evaluation Method

Following is the method of evaluating proposals. The evaluation formula and the values assigned to the criteria given are for illustration only.

- A. Total scores will be determined by adding the points received for technical qualifications (maximum of 75 points) plus the points received for the cost of the audit (maximum of 25 points). The total score will be determined by the following formula:

$$\frac{\text{Technical score for} \\ \text{this firm}}{\text{Highest Technical} \\ \text{Score Received}} \times 75 = \text{Technical Score}$$

Plus

$$\frac{\text{Lowest cost of} \\ \text{all bids}}{\text{Cost of bid for} \\ \text{this firm}} \times 25 = \text{Cost Score}$$

In the event that oral interviews are necessary, additional points will be given on a scale of 0-10. While the total score will be a significant factor, the County reserves the right to make a final selection.

- B. The evaluation of technical qualifications will be based on the following criteria:

<u>Criteria</u>	<u>Point Range</u>
1. Prior financial auditing experience.	(0-25)
a. Auditing (the type of audit under consideration)	0-15
b. Auditing local governments	0- 5
c. Auditing similar entities	0- 5
2. Organization size and structure of firm.	(0- 5)
3. Qualifications of staff, including consultants, to be assigned to audit. Education, position in the firm, and years and types of experience will be considered. This will be determined from resumes submitted.	(0-25)
a. Qualification and audit team makeup	0-20
b. Overall supervision to be exercised over audit team by firm's management	0- 5
4. Firm's understanding of work to be performed. This will be determined by the approach to the audit and the time estimated to perform each section.	(0-20)
a. Audit coverage	0-15
b. Realistic time estimates of each program section	0- 5
	<u>Technical points 1-4</u>
	<u>0-75</u>
5. Cost.	(0-25)
	<u>Maximum points</u>
	<u>100</u>

The Welfare of Child Welfare: Comparison of Budgets

Synopsis

This report compares the Child Welfare Services (CWS) budget of Santa Cruz County to those of four other counties considered demographically similar to Santa Cruz County. Three of the four other counties spent more than twice as much per child as Santa Cruz County.

Definitions

Active Cases: all children who had an open investigation in the Emergency Response category, or an open case in the remaining three categories of Family Maintenance, Family Reunification or Permanency Planning. Active cases do not include children who were referred but whose situation did not meet the criteria for investigation. In other words, they were “evaluated out.” Emergency Response, Family Maintenance, Family Reunification and Permanency Planning are industry-standard categories set up by the State of California. All children served by Child Welfare Services fall into one of these categories.

Overmatch: the portion of the total CWS budget for any county contributed solely by that county that is above 30 percent of the minimum total CWS budget established for that county by the State of California

Background

In Santa Cruz County, Child Welfare Services (CWS) is a division of the Human Resources Agency. Child Welfare Services, more commonly known as Child Protective Services, investigates and intervenes when necessary when child abuse or neglect is reported.

The Santa Cruz County CWS budget, like that of other counties, has suffered because of funding shortages. This investigation examined how Santa Cruz County’s CWS budget compared to those of comparison counties. To fulfill its mandate to protect children from neglect or abuse, CWS must have funds available.

The Grand Jury requested data from seven counties whose demographics are considered to be similar to those of Santa Cruz County. Of those seven counties, four replied with data in the format that allowed us to compare it to that of Santa Cruz County. The Grand Jury would like to express its appreciation to the seven counties for their assistance in providing information for this report.

Scope

This investigation examined five aspects of the Santa Cruz County budget for Child Welfare Services (CWS):

- the annual total budget for Santa Cruz County CWS
- the county share of the annual budget for Santa Cruz County CWS
- the number of active cases per year for Santa Cruz County CWS
- how the total budget dollars compare to those of other counties
- how the county share budget dollars compare to those of other counties

Sources

Interviewed:

CASA of Santa Cruz County.
Marin County Adult and Children's Social Services.
Monterey County Family and Child Services.
Napa County Children's Behavioral Health.
San Mateo County Health Services Agency.
Santa Clara County Family and Children's Services.
Santa Cruz County Human Resources Agency personnel.
Santa Cruz County Personnel Department.
Solano County Child Welfare Services.
Sonoma County Human Services Department.

Reviewed:

California Quick Facts, from U.S. Census Bureau web site,
<http://quickfacts.census.gov>.
Child Welfare Services Reports for California, from University of California at
Berkeley Center for Social Services Research web site,
<http://cssr.berkeley.edu/CWSCMSreports/>.
Child Welfare Services, Self-Assessment, Santa Cruz County, 2004.
Child Welfare Services, System Improvement Plan, 2004.

Findings

1. The State of California determines a minimum total CWS budget for each county. Some factors that influence the total minimum budget are:

- number of children served;
- cost to employ qualified social workers (as determined by the state); and
- state ratios for number of social workers to children in need of services.

Of this minimum required budget, the state contributes 70 percent and mandates that counties contribute 30 percent as a county share of the total CWS budget. Monies contributed by counties to their CWS budgets above the minimum required share are supplemented by other monies from state and federal sources. The resulting increased budget may not reflect the 70:30 budget contribution ratio.

2. Some counties supplement their CWS budget with additional state, federal and other monies. Santa Cruz County CWS has been able to access some of these funds.
3. In 2002-2003, Santa Cruz County overmatched the required minimum share of the CWS budget by \$696,152. In 2003-2004, Santa Cruz County overmatched the required share of the minimum CWS budget by \$718,541.
4. CWS budgets, county shares of these budgets, number of active cases and budget-to-child ratios vary from county to county.

	<i>Fiscal Year 2002-2003</i>	<i>Fiscal Year 2003-2004</i>
Santa Cruz County Population: 251,584		
Number of Active Cases	687	809
Total CWS Budget	\$8,246,650	\$9,002,816
County Share Budget	\$1,538,957	\$1,497,975
Total Budget Per Child	\$12,004	\$11,128
County Share Budget Per Child	\$2,240	\$1,852

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County A		
Population: 246, 073		
Number of Active Cases	470	391
Total CWS Budget	\$3,917,501	\$4,778,564
County Share Budget	\$701,473	\$967,956
Total Budget Per Child	\$8,335	\$12,221
County Share Budget Per Child	\$1,493	\$2,476
County B		
Population: 1,678,421		
Number of Active Cases	5,638	5,242
Total CWS Budget	\$202,603,417	\$214,665,827
County Share Budget	\$56,017,081	\$52,586,883
Total Budget Per Child	\$35,936	\$40,951
County Share Budget Per Child	\$9,936	\$10,032
County C		
Population: 697,456		
Number of Active Cases	1,175	1,216
Total CWS Budget	\$29,555,012	\$31,736,859
County Share Budget	\$5,346,921	\$7,453,884
Total Budget Per Child	\$25,153	\$26,099
County Share Budget Per Child	\$4,551	\$6,130

County D Population: 131,607		
Number of Active Cases	251	227
Total CWS Budget	\$8,523,987	\$8,275,200
County Share Budget	\$779,255	\$820,399
Total Budget Per Child	\$33,960	\$36,455
County Share Budget Per Child	\$3,105	\$3,614

Note: The total CWS budget number includes the 30 percent county share of the minimum budget, the 70 percent state share of the minimum budget and all additional county, state, federal and other dollars contributed to the CWS budget regardless of source.

The populations of each county are 2003 US Census Bureau estimates.¹

Table 1: Child Welfare Services Dollars Per Child Comparison.

5. The Grand Jury also researched information from the UC Berkeley “Point in Time” studies found on the UC Berkeley web site. This information, although very thorough in reporting data by children’s ages, caseloads of social workers and numbers of children in each category, is derived from the data of a single given day for each quarter.²

Conclusions

1. The County of Santa Cruz has contributed more than the required county share to the CWS budget for fiscal years 2002-2003 and 2003-2004, resulting in additional total CWS budget dollars.
2. For fiscal year 2002-2003, Santa Cruz County CWS had significantly less total money budgeted than three of the four counties studied and more budgeted than the fourth county in comparison to the number of active cases.
3. For fiscal year 2003-2004, Santa Cruz County CWS had less total money budgeted than the four counties in comparison to the number of active cases.
4. For fiscal year 2002-2003, Santa Cruz County CWS had less county share money budgeted than three of the four counties studied and more budgeted than the fourth county in comparison to the number of active cases.
5. For fiscal year 2003-2004, Santa Cruz County CWS had less county share money budgeted than the four counties in comparison to the number of active cases.

¹ California Quick Facts, from US Census Bureau web site, <http://quickfacts.census.gov>.

² Child Welfare Services Reports for California, from University of California at Berkeley Center for Social Services Research web site, <http://cssr.berkeley.edu/CWSCMSreports/>.

6. Compared to other counties, Santa Cruz County CWS has less funds available to serve an increasing number of active cases.
7. The UC Berkeley “Point in Time” studies do not reflect an annualized number of children served which the Grand Jury believes were needed for this budget analysis.

Recommendations

1. Santa Cruz County Human Resources Agency personnel, along with the Board of Supervisors, should be commended for overmatching the required share of the County of Santa Cruz CWS budget.
2. The County of Santa Cruz should explore other options for obtaining additional money to supplement Child Welfare Services funds.

Responses Required

Entity	Findings	Recommendations	Respond Within
Santa Cruz County Board of Supervisors	1-4	1, 2	60 Days (August 30, 2005)
Santa Cruz County Human Resources Agency	1-4	1, 2	90 Days (September 30, 2005)



Santa Cruz County

Grand Jury

Final Report:
Section 2
Cities and County Committee Report

No report submitted.

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Santa Cruz County

Grand Jury

Final Report:
Section 3
Criminal Justice Committee Reports

Santa Cruz County Jails Review

Definitions

Electronic monitoring: a program run by the Probation Department in which the offender is fitted with an ankle bracelet that is programmed to apprise the Probation Department of his/her whereabouts

Exit plan: a written plan that staff members and inmates work on together in hopes of preparing inmates for successful re-entry into the community

Infirmary: an area within a healthcare unit set up and operated for the purpose of caring for patients who need skilled nursing care but are not in need of hospitalization or placement in a licensed nursing facility, and whose care cannot be managed safely in an outpatient setting. It is not the area itself, but the scope of care provided that makes the bed an infirmary bed.

Medium security: inmates whose crime and criminal history do not pose a high security risk. They are housed in a locked facility, but often in a dorm-like setting, rather than individual cells.

Minimum security: inmates whose crime and criminal history pose very little security risk. They are housed in an unlocked facility and can easily walk away from the jail.

Misdemeanor Promise to Appear: a citation that any peace officer can write. The promise to appear is a legal instrument that allows a person to be arrested for a misdemeanor crime but not be book into jail. This helps with jail overcrowding but starts the criminal complaint process.

“O” unit: The observation unit includes rooms within the medical unit, where inmates who are physically or mentally ill are monitored both by video and medical staff.

Parole hold: a prisoner/inmate is placed in custody at the local county jail level by his/her Supervising Parole Agent for having violated the conditions of parole or for committing a new crime. There is a hearing held while the prisoner is in custody (Morrissey Hearing) to determine the disposition of the case.

Plastic boats: used by the Sheriff’s Department to sleep inmates when the population surpasses the maximum capacity. The boat-shaped plastic bed sits directly on the floor within a cell block.

Rated capacity: California Board of Corrections minimum standards for detention facilities, contained in Title 15 of the California Code of Regulations. It includes the number of inmates each detention facility was built to hold (rated capacity) and the number of inmates that can safely be housed in the facility (maximum capacity).

Rubber room: an isolation room in which the walls and floors are covered in a rubber material. Inmates who present a serious danger to themselves can be housed in this room, which is monitored by staff every 15 minutes.

S.A.F.E.: Safe and Free Environment program which is derived from the RSAT (Residential Substance Abuse Treatment) grant. This program is in operation at the Rountree Medium Security facility.

Ward: an offender who is under the age of eighteen years and has been sentenced by the Juvenile Court

Background

The Santa Cruz County jail system is comprised of six facilities:

1. Main Jail
2. Rountree (Medium)
3. Rountree (Minimum)
4. Blaine Street
5. Juvenile Hall
6. California Youth Authority

Each facility has its own operating budget, and the first five facilities comprise 50 percent of the Sheriff's budget. The California Youth Authority is a state-funded institution.

The Santa Cruz Main Jail

The Santa Cruz Main Jail is located at 259 Water Street in the city of Santa Cruz. The Main Jail was constructed in 1981. The California Board of Corrections sets both the rated capacity and the maximum capacity. The rated capacity is 311, and the maximum capacity is 400. The Main Jail is the booking center for all of Santa Cruz County (adult offenders). It holds both sentenced and unsentenced inmates, both male and female. Most females there are un-sentenced. Sentenced females are housed at Blaine Street Jail unless they are violent or have medical problems that cannot be managed by that facility. If they are violent, they are housed in a segregated section of the Main Jail.

All law enforcement agencies within Santa Cruz County bring their arrestees to the Main Jail. Booking fees of \$168 per arrestee are paid by each city. The cities are subsequently reimbursed by the State of California. According to detention personnel, the Board of Supervisors is considering cutting next year's booking fees in half.

Rountree Jail

Rountree Jail consists of two jail facilities located conjointly at 90 Rountree Lane (medium security) and 100 Rountree Lane (minimum security) in Watsonville. These jails were originally built in 1970. The medium facility has a rated capacity of 96 and a

maximum of 110. The minimum facility has a rated capacity of 162 and maximum capacity is 250. Both jails hold sentenced prisoners.

Blaine Street Jail

This jail is located at 144 Blaine Street in Santa Cruz. It has been in operation since 1984. It has a rated capacity of 32 with a maximum capacity of 42. It houses sentenced female inmates who can be housed in a minimum security setting.

Juvenile Hall

Juvenile Hall is located at 3650 Graham Hill Road in Felton. It was established in 1968. It houses sentenced and un-sentenced juvenile offenders (male and female) between the ages of 12 and 18. The rated capacity is 42. It also houses Juvenile Court with one Superior Court Judge assigned to preside over all cases.

California Youth Authority

The California Youth Authority was located at 13575 Empire Grade Road in Santa Cruz, and operated as a Youth Conservation Camp, from 1947 until 2005. The California Department of Corrections decided to close the facility to youthful offenders. The wards who had not completed their sentences were moved to other California Youth Authority camps or institutions. When the Grand Jury toured the facility, it was in operation as a Fire Conservation Camp.

The Department of Corrections plans to move in 100 adult prison inmates. The last ward was moved out of the facility in April of 2005. The adult population is slated to move in June 1, 2005. The fire camp will continue to operate as before, but with adult inmates instead of juvenile wards.

Scope

The Grand Jury is charged with inspecting of conditions and management of the jail facilities within the county under Penal Code § 919 (b). In order to meet these requirements, the Criminal Justice Committee of the Grand Jury:

- toured each facility at least once with attention to the conditions;
- interviewed staff and inmates of various facilities;
- reviewed previous Grand Jury reports and responses in regard to detention/facilities;
- made telephone calls and exchanged e-mails with jail commanders;
- reviewed California Code of Regulations pertaining to jail/detention facilities;
- reviewed the Santa Cruz County jail budget;
- reviewed web sites, at the state and county levels, pertaining to detention facilities; and

- reviewed numerous newspaper articles in the Santa Cruz Sentinel and the San Jose Mercury News.

The Board of Corrections performs reviews of each penal institution within the county to ensure compliance with mandatory state standards. It also audits the financial management of each jail facility.

Main Jail Findings

1. On May 3, 2005, the inmate population was 384 in a facility with a rated capacity of 311. According to detention personnel, the Main Jail population fluctuates but is routinely over the rated capacity.
2. General housekeeping and cleanliness were observed to be very good by the touring Grand Jury members. It was pointed out that painting the interior of the jail is a continuous process, beginning at one end and starting over once it is completed.
3. On May 3, 2005, the inmate population was:
 - 87.8 percent male;
 - 12.2 percent female.

Of those,

- 5.5 percent had mental health issues;
- 25.8 percent had committed crimes against person;
- 14.8 percent were parole holds; and
- 23 percent had committed drug related offenses.

Detention personnel report that records of repeat offenders are not available, but experience and anecdote indicate the percentage is significant.

4. Data on jail population was collected from June through November 2004. It indicated 21.2 percent of detainees were released on a Misdemeanor Promise to Appear, which helps with overcrowding. Over 16 percent were released under PC § 849(b) in which no court action was taken.
5. A grievance procedure is in place in which several levels of detention staff review the grievances and respond to the inmates' complaints, both verbally and in writing.
6. Inmates are given access to:
 - educational programs;
 - religious services;
 - counseling;
 - parenting classes;
 - domestic violence classes;

- drug and alcohol awareness;
 - gang awareness; and
 - classes to earn or study for a G.E.D. (General Equivalency Diploma).
7. The booking process includes:
- sobering (when necessary);
 - placement in a restraint chair for combative detainees;
 - fingerprinting and photo;
 - recording and retention of inmates' personal effects;
 - strip search with visual inspection for weapons, drugs or any noted injuries;
 - showering and decontamination;
 - issuing of jail clothing; and
 - health screening by deputies.
8. After the booking procedure, each prisoner is classified by strict criteria prior to receiving a housing assignment. The deputies in the booking area review:
- criminal sophistication;
 - age;
 - gender/transgender;
 - need for protective custody;
 - gang affiliation;
 - charges;
 - physical, medical and mental status;
 - escape risk; and
 - level of violence, from and to others and self.
9. Since the last Grand Jury report of June 30, 2004, there has been one death by suicide on November 23, 2004.
10. Since the last Grand Jury report of June 30, 2004, there have been no escapes from the Main Jail.
11. Because of jail overcrowding, some inmates sleep in plastic "boats" that are placed on the floor within the units. In May 2005, four inmates were sleeping in plastic boats.
12. The Correctional Officers and Sheriff Deputies involved in running the jails are required to attend state-mandated courses designed to keep them abreast of changes in the field and new tactics in dealing with inmates. Forty hours of POST (Peace Officer Standards and Training) must be completed each year to remain employed.

Medical Unit

13. The Medical Unit at the Main Jail is staffed by:

- one part-time physician;
- one part-time psychiatrist;
- a minimum of one, usually two, registered nurses per shift;
- one community health worker;
- two medical assistants; and
- two licensed therapists.

14. In addition to serving inmates at the Main Jail, the medical staff also provides medical care for Rountree, Blaine Street and Juvenile Hall.

15. The medical facility at the Main Jail is not licensed as an infirmary. Under the current license, the medical staff can provide clinic care, administer first aid, take blood sugars, change dressings and administer medications.

16. The clinic staff is available to see patients Monday through Friday in the mornings. Inmates are charged \$2.00 per visit. The money is taken from the Inmate Welfare Fund, which is also used for personal care items, commissary needs and telephone calls. The money is put in the Inmate Welfare Fund by the prisoners' families. The inmates are issued a "debit" card to pay for expenses.

17. The nursing staff is on site 24 hours a day, seven days a week. There are two registered nurses on the day shift and one on the night shift. There is also an on-call medical doctor available by telephone when there is no physician on site.

18. In addition to their clinic work, the jail nurses also handle medical screening upon booking.

19. The medical staff is supplemented by nursing students from Cabrillo College. Many of these students are put on the extra-help list after graduating, but so far none have sought full-time employment in detention nursing.

20. Some of the inmate medical problems cannot be treated at the Main Jail's medical facility. These conditions include, but are not limited to:

- stroke;
- cancer;
- serious heart disease; and
- broken bones.

21. Inmates who require treatment outside the scope of the Main Jail Medical facility are taken to Dominican Hospital, Doctors on Duty or the County Health Clinic.

22. Inmates are transported via ambulance or in a patrol car with a Transportation Deputy. The deputy's maximum hourly rate is \$48.85. If a lower level of security is

appropriate, a private security company can be used for \$18.08 per hour. The Sheriff's Department has a contract for services.

'O' unit

23. There are twelve rooms in the "O" unit. Seven of the rooms are on video monitoring. The patients (inmates) are individually allowed out of their rooms for one hour each day. They are in a room adjoining the nurses' station so they can be fully monitored. Healthcare workers also monitor some inmates on a one-to-one basis, however, they are not allowed to distribute medication. The staff in the "O" unit is able to handle medical and psychiatric problems that would be cost prohibitive if the Sheriff's staff had to transport the inmates outside the facility for treatment.
24. Detention nurses' pay scale is lower than in the private sector. The pay scale range is from \$31.82 per hour to \$40.44 per hour, depending on their employment status with Santa Cruz County. Private sector nurses earn between \$50 per hour and \$60 per hour depending on their training.
25. The "Rubber Room," room 13 of the "O" unit, is used for mental health patients who are considered to be a danger to themselves or others. They are monitored every 15 minutes.
26. The nursing staff at the Main Jail often uses extra help staff, or even administrators from Health Services Agency, to provide mandated coverage.

Pharmaceutical

27. Pharmaceutical costs are a major problem in the jail/medical environment. If an inmate is prescribed medication, he or she uses it only while in custody. If the prisoner is released or escapes, the medication must be discarded. Recently, the County of Santa Cruz, through the Health Services Agency, has contracted with a company that provides "bubble" packaging that allows unused medication to be returned to the pharmaceutical company or prescribed /used for another inmate. Currently, Rountree and Juvenile Hall are using this system. It is expected that the Main Jail will adopt this program.

Conclusions

1. The staff is professional and well trained in the day-to-day functioning of the institution.
2. The facility, though old, is well maintained, clean and well managed by the staff.
3. The number of nurses on staff is inadequate for the current jail population.
4. The present method of dispensing medication is not cost effective.
5. The Main Jail continues to face overcrowding.
6. The grievance procedure allows inmates the opportunity to express their concerns, and the staff responds in a timely fashion.

Recommendations

1. The Sheriff's Department and the Santa Cruz County Board of Supervisors should continue to work on solutions to address jail overcrowding.
2. The Board of Supervisors should take action to increase the pay scale for the detention nursing staff.
3. The Board of Supervisors should work to re-open the medical clinic at the Rountree facility to reduce the workload of the nursing staff and to cut transportation costs of bringing inmates to the Main Jail for treatment.
4. The Main Jail should adopt "bubble" packaging for dispensing medication to save money.
5. Jail administrators and staff should be commended for the care and integrity they apply toward the running of this institution.
6. The Main Jail should continue to conduct the inmate grievance procedure in the fair and well-documented manner they currently employ.

Rountree Medium Security Findings

28. On December 3, 2005, the population was 55, well within the rated capacity of 96.
29. The S.A.F.E. program, a drug rehabilitation program, had 27 participants on December 3, 2005.
30. The on-site nursing position was eliminated in February of 2004 due to budget cuts. As a result, the facility cannot house any inmates requiring daily medical injections or psychotropic drug dosing. Other types of prescription drugs are dispensed by a nurse from the Main Jail seven days a week for two hours in the morning. Detention staff estimated that 25-30 inmates on psychotropic drugs could be housed at Rountree if the medical facility were staffed by a full-time, on-site nurse. This would alleviate Main Jail overcrowding.
31. Non-urgent medical issues are handled by transporting inmates to the Main Jail medical facility or, on occasion, to Doctors on Duty by officer-driven vehicle. Emergency medical issues are handled by transporting inmates to the Watsonville Community Hospital by either ambulance or officer-driven vehicle.
32. An established and documented grievance procedure, dated May 4, 1996, is in place to respond to issues relating to conditions of confinement.
33. General housekeeping/cleanliness of the medium security facility was observed to be very good by the touring Grand Jury members.

Rountree Minimum Security Facility Findings

34. On December 3, 2005, the population was 115, well within the rated capacity of 162.

35. There have been 13 escapes (walkaways) since the seating of the 2004-2005 Grand Jury, up from seven during the term of the 2003-2004 Grand Jury.
36. There are ample opportunities for inmates to participate in numerous programs during incarceration. A partial list follows.
 - Education:
 - English as a Second Language (ESL)
 - General Equivalency Diploma (GED)/ESL
 - GED Testing
 - Self Improvement:
 - Alcoholics Anonymous
 - Narcotics Anonymous
 - Bible study/church
 - AIDS awareness class/testing
 - Substance abuse
 - Tobacco cessation
 - Vocational:
 - Auto body and paint
 - Computer skills
 - Building maintenance and landscaping
37. A designated area outside the facility is maintained for family visits.
38. An established and documented grievance procedure, dated May 4, 1994, is in place to deal with issues relating to conditions of confinement.

Conclusions

7. Rountree is a well-run facility.
8. Rountree inmates can benefit from a variety of programs and educational opportunities.
9. The grievance procedures are due for a review and possible update.
10. The staff at Rountree performs its duties in a professional manner.
11. Closing the medical facility resulted in otherwise eligible inmates being housed in the Main Jail facility because of prescription drug needs.

Recommendations

7. The Rountree staff should continue to run the facility in a professional manner.

8. Rountree should continue to offer numerous programs and encourage all inmates to participate.
9. A study should be undertaken to assess what impact the re-opening of the medical facility would have on Main Jail overcrowding.
10. The grievance procedures of both the medium and minimum security facilities should be reviewed and updated, if appropriate.

Blaine Street Jail (Women's Minimum Security Facilities) Findings

39. The Board of Corrections' rated capacity is 42 inmates. As of May 4, 2005, the facility had 22 inmates.
40. There have been six escapes (walkaways) in the past year.
41. There have been no deaths in the past year.
42. Fire drills are held monthly.
43. There are 25 rooms, five of which do not house inmates. These are used for storage or office space. The inmates' rooms house up to two inmates per room.
44. Meals are prepared by inmates from menus provided by the county dietitian.
45. There are two classrooms in the facility. Attendance at these classes is voluntary. The classes offered are:
 - GED (General Equivalency Degree);
 - job skills;
 - Pajaro Valley Substance Abuse Prevention and Student Assistance;
 - exit plans;
 - computers;
 - crocheting and knitting;
 - parenting skills;
 - communication skills;
 - women's health;
 - Narcotics Anonymous;
 - Alcoholics Anonymous; and
 - Bible study, various church groups.
46. Grievances are handled through a grievance form. An inmate can request this form from a staff member. If the grievance concerns a staff member, the grievance is handled with that staff member and the director. If the grievance concerns other areas,

it is discussed with the director. Grievances are usually handled upon receipt of the form.

47. Each inmate is given a set behavior rules. If there is a violation of these rules, the following steps are taken:
 - a verbal warning is issued;
 - a written warning is issued;
 - privileges are lost;
 - extra work detail is assigned;
 - counseling is scheduled with the director; and
 - if there are too many infractions, the inmate is sent to the Main Jail.
48. Both the interior and exterior of the building are clean and neatly maintained. The outside area is in a garden setting and used by inmates for activities such as reading and socializing and is also used for family visits.
49. There is one officer on duty for all shifts, 24 hours a day.

Conclusions

12. The Blaine Street Jail buildings and grounds are attractive and well maintained.
13. The facility is well staffed, and staff appears to be attuned to the needs of the inmates.
14. There is a variety of useful activities available to the inmates.

Recommendations

11. The Blaine Street Jail staff should continue to operate the facility in the same caring and efficient manner that it does at present.
12. The staff should be commended for their attractive and well-run facility.

Juvenile Hall Findings

50. This facility has a State Board of Corrections rating of 42 detainees. It has an average daily population of 24.7 (fiscal year).
51. This facility has passed inspection by the State Board of Corrections, the local Fire Department and Nutritional Health.
52. The County Board of Education provides school programs for Juvenile Hall wards.
53. The average length of stay in Juvenile Hall is between nine and 11 days.
54. Counseling and substance abuse treatment are part of the Juvenile Probation process. Juvenile Hall is not a treatment program but has a drug counselor on staff 20 hours per week. Mental health services are provided 80 hours per week.

55. Juveniles are housed in two units. One of the units houses boys who are more “criminally sophisticated.” The other unit houses girls and less “criminally sophisticated” boys.
56. Juveniles are given an orientation to the facility upon intake. They are given a list of the rules and consequences which they must acknowledge and sign.
57. Rules and grievance procedures are posted, and a box is provided to receive the grievance forms. The box is checked twice daily.
58. Juveniles are assigned to a housing unit based on a classification system that includes consideration of:
 - age;
 - gender; and
 - type of crime.
59. Parents are charged \$24 per day while their child is in Juvenile Hall.
60. Juvenile Probation has a Home Electronic Monitoring Program which allows for early release. Two counselors make daily visits to wards released on this program.
61. This facility houses juveniles between the ages of 12 and 18. Children under the age of 12 are the responsibility of Child Protective Services and are not housed at Juvenile Hall.
62. This facility does not have a covered gymnasium.
63. The detainees’ rooms are small, and they contain:
 - a bed;
 - a sink;
 - a drinking fountain; and
 - a toilet.
64. Juvenile Hall does not have adequate heating, ventilation or air conditioning. The walls of the detainees’ rooms are made of cement blocks. They retain extreme temperatures. Juvenile Hall staff report that the inadequacy of the heating and air conditioning is not compatible with good public health.
65. There are electronic doors entering the facility and the courtyard, but other areas do not have electronic doors. Staff reported that electronic doors throughout the facility would improve the response time in an emergency.

Conclusions

15. Juvenile Hall is well managed with a caring and diverse staff.
16. The Juvenile Hall buildings and grounds are well maintained.

17. Construction of a closed gymnasium would allow for adequate physical activity during poor weather.
18. The Home Electronic Monitoring program reduces the Juvenile Hall population.
19. For security and safety reasons, electronic doors need to be installed throughout the facility.
20. The heating and ventilation system in Juvenile Hall is inadequate.

Recommendations

13. The Home Electronic Monitoring Program should be continued as it reduces the facility population.
14. The Board of Supervisors should budget money to upgrade the security system to include security cameras and electronic doors.
15. The Board of Supervisors should give higher priority to funding the construction of an enclosed gymnasium.
16. The Board of Supervisors should budget to upgrade the heating and ventilation system in Juvenile Hall.
17. The staff is to be commended for its efforts to maintain a safe and secure environment and help juveniles under their care.

California Youth Authority Findings

66. This facility had a State Board of Corrections rated capacity of 85. Prior to closure, its average daily population was approximately 46.
67. The wards were all at least 18 years old and sentenced to the California Youth Authority, where they would stay until they were 25 years old or had completed their sentences.
68. The wards had already served a portion of their sentences in a locked California Department of Corrections Youth Authority facility before being moved to the Fire Camp.
69. This facility provided a full high school program.
70. This facility employed seven counselors to work with the wards to address any emotional problems they may have had and to prepare them for release back into the community.
71. Many of the wards were trained to work on a fire crew, which could prepare them for employment upon their release.
72. The grievance procedure was well defined and taken seriously by the staff. Both written and verbal responses were provided to the wards.
73. There had never been a suicide or suicide attempt at this facility.
74. This was a minimal security facility and the wards slept in a dorm setting with shared showers and toilet facilities. The heating system was old and unable to heat the facility adequately.
75. Meals were shared in a central dining area and the food served was plentiful and well prepared.
76. There were 22 escapes during the past year. All were “walkaways” from job sites.

Conclusions

21. The California Youth Authority Camp facility was well managed by a professional and well-trained staff.
22. The California Youth Authority Fire Camp provided a community service to Santa Cruz County.
23. The support provided to the CDF by the CYA wards was a beneficial service to our community.
24. The wards once housed there have lost an enriching opportunity to learn an employment skill, which might have kept them from returning to a life of crime.

Recommendations

18. There are no recommendations as the facility is closed.

Responses Required

Entity	Findings	Recommendations	Respond Within
Santa Cruz County Board of Supervisors	1, 22, 25, 30, 39-49, 64, 65	1-3, 9, 11, 12, 14, 15	60 Days (August 30, 2005)
Santa Cruz County Sheriff	1, 4, 27, 30, 31, 39-49	1, 4, 6, 9-12, 14, 15	60 Days (August 30, 2005)

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California Public Records Act Compliance by Local Police Agencies

“In enacting this chapter, the legislature, mindful of the right of individuals to privacy, finds and declares that access to information concerning the conduct of the people’s business is a fundamental and necessary right of every person in this state.”

The California Public Records Act
California Government Code § 6250

Synopsis

Police agencies are required to comply with the California Public Records Act (the act) as codified in California Government Code § 6250-6270. The act allows the public to access and review the “police blotter” (list of times and circumstances of all calls to police, names and details of arrests, warrants, charges and hearing dates) that is compiled daily by police agencies. This investigation found that the Scotts Valley Police Department is in full compliance with the act. The Capitola Police Department, the Santa Cruz County Sheriff’s Department, the Santa Cruz Police Department and the Watsonville Police Department provide only limited information and are not in compliance with the act.

Definitions

Arrest log: abbreviated version of the incident log (police blotter) made available to the press and public upon request

Local agencies: includes counties; cities, whether general law or charter; school districts; municipal corporations; special districts; political subdivisions; any board, commission or agency; other local public agencies; or entities that are legislative bodies of a local agency pursuant to subdivisions

Media release log: abbreviated version of the incident log (police blotter) made available to the press and public upon request

Member of the public: person who is not a member, agent, officer or employee of a federal, state or local agency acting within the scope of his or her membership, agency, office or employment

Police blotter: an incident log that contains a list of times and circumstances of all calls to the police, names and details of arrests, warrants, charges and hearing dates, that is compiled daily by police agencies

Public agency: any federal, state, regional or local agency

Public records: information relating to the conduct of the public’s business prepared, owned, used or retained by any state, regional or local agency regardless of physical form or characteristics

Sources

Interviewed:

Capitola Police Department.
Livermore Police Department.
Santa Cruz County Sheriff’s Department.
Santa Cruz Police Department.
Scotts Valley Police Department.
Watsonville Police Department.
911 Dispatch.

Reviewed:

All Santa Cruz County police departments’ policies and procedures in regard to access to public information.
California Penal Code §11075, 11105, 11105.1.
First Amendment Project site, www.thefirstamendment.org.ca-html.
Contra Costa Times, “Half of Police Agencies Withhold Incident Logs,” July 25, 2004.
Public Records Act Government Code § 6250-6270.

Background

California Government Code § 6254 (f)(2) requires the following information in police blotters:

“the time, substance, and location of all complaints or requests for assistance received by agency and the time and nature of the response including the extent the information regarding crimes alleged or committed or any other incident investigated is recorded, the time, date and location of the occurrence, the time and date of the report, the name and age of the victim, the factual circumstances surrounding the crime or incident, and a general description of any injuries, property or weapons involved.”

Information in the “police blotter” (time and circumstances of calls to police, names and details of arrests, warrants, charges and hearing dates) **MUST** be disclosed unless such disclosure would endanger an investigation or the life of an investigator. Additional information that may not be disclosed without a court order includes the name(s) of

suspects under investigation, juveniles' identities, names of victims of domestic violence and the names of the victims of child abuse or molestation. On July 25, 2004, the Contra Costa Times reported that one-half of the 36 police agencies contacted were in violation of the State Public Records Act for failure to produce their incident logs. At least one agency (the Oakland Police Department) allowed only a review of an "abridged incident report" and others issued vague referrals to other locations. The Livermore Police Department was cited as one of the police agencies in full compliance with the act.

Members of the Grand Jury visited the five police agencies in the county as private citizens to request information. In only one case did they have to identify themselves as Grand Jurors to obtain information. They also visited the Livermore Police Department as a comparison to the local agencies. This department readily provided all information of police activity as requested by private citizens.

In addition to the California State Highway Patrol, there are five police agencies within Santa Cruz County:

- Capitola Police Department
- Santa Cruz Police Department
- Santa Cruz County Sheriff's Department
- Scotts Valley Police Department
- Watsonville Police Department

Scope

This report examined whether local police agencies comply with the California Access to Public Records Act. It also looked at whether they comply with their own policies and procedures and whether those policies and procedures are consistent with the act.

Findings

Capitola Police Department

1. The department does not provide a complete police blotter but provides information in the form of a media release log.
2. The department's access to public records policy is in accordance with the California Access to Public Records Act.
3. When Grand Jury members, without identifying themselves as such, requested information in regard to police activity, copies of the log were provided.

Santa Cruz County Sheriff's Department

1. The department does not provide a complete police blotter but provides information in the form of an arrest log.
2. When the access to public records policy was requested from the Sheriff's Department, a copy of the California Public Records Act [Law Enforcement Records Exempt Records – 6254 (f)] was provided.
3. The arrest log was not made available when requested by public citizens.
4. The arrest log was made available when citizens identified themselves as members of the Grand Jury.
5. Copies of the arrest log could only be made by hand.

Santa Cruz Police Department

1. The department does not provide a complete police blotter but provides information in the form of a media release log.
2. The department's access to public information policy is in accordance with the California Access to Public Records Act.
3. When members of the Grand Jury, without identifying themselves as such, requested information regarding police activity, it was provided in the form of a media release log.
4. The media release log could be read at the department, but information could only be copied by hand.

Scotts Valley Police Department

1. The department issues an event history (police blotter) that contains all the information that the public is entitled to.
2. The department also issues a media log which is a synopsis of the event history.
3. The department's access to public information policy is in accordance with the California Access to Public Records Act.
4. When members of the Grand Jury, without identifying themselves as such, requested information regarding police activity, both the event history and the media log were provided and copies were allowed to be made.

Watsonville Police Department

1. The department does not provide a complete police blotter but provides information in the form of a media release log.
2. The department's access to public records policy is in accordance with the California Access to Public Records Act.

3. When Grand Jury members, without identifying themselves as such, requested information regarding police activity, copies of the media release log were provided.

Conclusions

Capitola Police Department

1. The information of police activity provided in the media release log is not in compliance with the California Access to Public Records Act.
2. The information provided in the media release log is not in compliance with the department's own policies and procedures.
3. The staff was courteous when providing information to unidentified Grand Jurors.

Santa Cruz County Sheriff's Department

1. The information provided in the arrest log is not in compliance with the California Access to Public Records Act.
2. The information provided in the arrest log is not in compliance with the department's own policies and procedures.
3. The staff was neither courteous nor helpful when Grand Jury members requested information, whether as private citizens or as Grand Jury members.

Santa Cruz Police Department

1. The information provided in the media release log is not in compliance with the California Access to Public Records Act.
2. The information provided in the media release log is not in compliance with the department's own policies and procedures.
3. The staff was courteous when providing information to unidentified Grand Jurors.

Scotts Valley Police Department

1. The Scotts Valley Police Department complies with the California Public Records Act.
2. It provides information to the public in compliance with department's own policy and procedures manual.
3. The staff was courteous and friendly when visited by unidentified Grand Jurors.

Watsonville Police Department

1. The information provided in the media release log is not in compliance with the California Access to Public Records Act.
2. The information provided the media release log is not in compliance with department's own policies and procedures.
3. The staff was courteous to the public in providing information to unidentified Grand Jurors.

Recommendations

Capitola Police Department

1. The Capitola Police Department should create a police blotter that is in compliance with the California Access to Public Records Act and with its own policy in regard to public access to information.
2. The staff should be educated in its own internal policies and procedures and trained to handle requests for information by the public.
3. The staff should be commended for its courtesy in response to public requests for information.

Santa Cruz County Sheriff's Department

1. The Santa Cruz County Sheriff's Department should create a police blotter that is in compliance with the California Access to Public Records Act and with its own policy in regard to public access to information.
2. The staff should be educated in its own internal policies and procedures and trained to handle requests for information by the public.
3. The staff should make information in the arrest log readily available to the public in a courteous and efficient manner.

Santa Cruz Police Department

1. The Santa Cruz Police Department should create a police blotter that complies with the California Access to Public Records Act and with its own policy in regard to public access to information.
2. The staff should be educated in its own internal policies and procedures and trained to handle requests for information by the public.
3. The staff should be commended for its courtesy in response to public requests for information.

Scotts Valley Police Department

1. The Scotts Valley Police Department should be commended for its compliance to the California Access to Public Records Act.
2. The staff should be commended for its courtesy to the public.

Watsonville Police Department

1. The Watsonville Police Department should create a police blotter that is in compliance with the California Access to Public Records Act and with its own policy in regard to public access to information.
2. The staff should be commended for its courtesy in response to public requests for information.

Responses Required

Entity	Findings	Recommendations	Respond Within
Capitola Police Department	All in pertinent section	All in pertinent section	90 Days September 30, 2005
Santa Cruz County Sheriff's Department	All in pertinent section	All in pertinent section	60 Days August 30, 2005
Santa Cruz Police Department	All in pertinent section	All in pertinent section	90 Days September 30, 2005
Scotts Valley Police Department	All in pertinent section	All in pertinent section	90 Days September 30, 2005
Watsonville Police Department	All in pertinent section	All in pertinent section	90 Days September 30, 2005

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Santa Cruz County

Grand Jury

Final Report:

Section 4

Health and Human Services Committee Reports

Shades of Gray: Dominican Santa Cruz Hospital/Jail Medical Facility

Synopsis

Providing care to chronic inebriates through a hospital emergency room is costly, particularly if they are medically indigent. Dominican Hospital and Santa Cruz County detention staff are in agreement that treating these alcohol and substance abusers is staff intensive. These patients often exhibit behavior problems, are homeless and have underlying medical conditions. The use of the Emergency Department at Dominican Hospital increases the cost of medical care, extends waiting time and diverts ambulances from other types of emergencies. Opinions differ, however, about who pays for patients not yet booked into jail. Dominican Hospital is required by federal law to provide emergency care regardless of a patient's ability to pay. The county is responsible for medical care for prisoners under arrest, often serial inebriates or "frequent flyers." When a detainee is in custody but not yet booked, Dominican Hospital often ends up delivering services and not receiving reimbursement within this "gray area." Detention staff is exploring ways to decrease the cost of caring for serial inebriates, including establishing rehabilitation programs and a sobering facility and restructuring policies. Several other communities have started cost-effective, non-medical programs to divert inebriates from emergency rooms.

Definitions

Booking: the process by which an arrestee is registered into the detention system

CHIP: California Health Care for the Indigent Program

Detainee: a person in custody

DUI: driving under the influence of intoxicating substances

ED: Emergency Department

EMTALA: Emergency Medical Treatment and Labor Act

ETOH: chemical or medical notation for ethyl alcohol

Frequent Flyers: persons who are frequently inebriated and brought to jail or the Emergency Department by law enforcement officers

Inebriate: one using alcohol or drugs to the point of intoxication

In custody: detained by law enforcement officers

LVN: Licensed Vocational Nurse

Medi-Cruz: a county-operated health care program that helps low-income residents of Santa Cruz County without health insurance to get the health care services they need

Netcom: Santa Cruz County's computer-aided dispatch center

Proposition 36: The Substance Abuse and Crime Prevention Act of 2000 offers adults convicted of nonviolent drug possession offenses the opportunity for substance abuse treatment instead of incarceration.

RN: Registered Nurse

Safety chair: a restraining device in the Main Jail booking area for inmates with behavioral problems

Sallyport: a system of security doors in which the first door opens, then must be closed and locked before the second door will open

Triage: the process for evaluating casualties and assigning priority of treatment

Background

According to detention personnel, the biggest drain on the jail's medical budget is serial inebriates. These people are arrested for "Drunk in Public," PC § 647(f) and can be brought to jail repeatedly.

When a person is arrested and taken to the county jail, he or she is first admitted through the booking sallyport¹ to a processing area. If arrestees are inebriated to the point of being unable to stand unassisted, they are taken to Dominican Hospital for medical evaluation. The jail nurse will not accept an injured arrestee because the jail does not have the necessary equipment and staff to treat the injuries. If the arrestee is not booked and taken to the hospital, he or she is responsible for the bill.

Dominican Hospital provides medical care to "county-responsible patients" under a Hospital Services Agreement with Santa Cruz County.² Persons under arrest by the Santa Cruz County Sheriff's Department or incarcerated in the county jail are the responsibility of the county. Care of these often uninsured detainees increases the cost of medical care, extends waiting times in the Dominican Hospital Emergency Department (ED) and diverts ambulances from other types of emergencies.

Patients referred to the hospital from the jail sallyport prior to booking are treated as private pay patients. Many of these people are uninsured and also do not have Medi-Cal or Medi-Cruz. Their treatment, therefore, becomes a write-off for the hospital and the physicians who treat them. The bad debt (write-off) in the Emergency Department is significant. According to the Access to Medical Care Agreement (AMCA) between Dominican Hospital and Santa Cruz County, Dominican Hospital agrees to spend seven

¹ See Definitions.

² County of Santa Cruz and Dominican Santa Cruz Hospital, Hospital Services Agreement.

percent of the hospital's net operating expenses on uncompensated care, which include charity care and bad debts.

Once a person has been cleared for booking and accepted into the jail, any subsequent medical treatment the jail cannot provide is performed at the hospital. Santa Cruz County is responsible for the bill.

Hospitals in other counties and cities share the problem of uncompensated medical care. For example, Stanford University Medical Center sued the city of East Palo Alto and San Mateo County, accusing them of not paying for medical costs incurred by injured suspects brought in by East Palo Alto police. Stanford has a contract with the county to provide medical care to injured suspects.

San Diego, Portland, Phoenix, Seattle, Las Vegas and San Joaquin County have programs diverting public inebriates from emergency rooms. They have non-medical alternative placements for sobering up. Most use a combination of a sobering facility and local jails. The most cost-effective programs use vans to pick up public inebriates and bring them to the sobering programs.

Scope

This investigation began as a review of ways to improve medical care and to save money at the county's main jail medical facility. In the course of the investigation, the issue of uncompensated care for detained but unbooked patients in county hospital emergency rooms emerged. Although Watsonville Community Hospital may also have this problem, we chose to focus on Dominican Hospital.

Sources

Interviewed:

- Dominican Santa Cruz Hospital personnel.
- Santa Cruz County Health Services Agency personnel.
- Santa Cruz County Main Jail medical personnel.
- Santa Cruz County Sheriff's Department personnel.

Reviewed:

Memoranda/Reports

- 2003-2004 Santa Cruz Grand Jury Final Report, "Hospitals and Charity Care in Santa Cruz County."
- Application for California Healthcare for Indigents Program Funding for Fiscal Year 2004-5, May 4, 2005.
- Board of Supervisors Meeting Minutes, January 4, 2005.

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Dominican Hospital Response, December 31, 2004.
Health Services Agency, Sheriff's Department, Public Inebriate Summary, March 2003, EMS "Snapshot" with Estimated Annual Impacts.
Rama Khalsa, HSA Director, Mark Tracy, former Sheriff, Report Back on Emergency Room Issues Related to Criminal Justice and Public Inebriates, April 14, 2003.
Health Services Agency personnel, Follow-up Questions, May 4, 2005.
Steve Robbins, Sheriff – Coroner, Memo regarding study of inebriates at local hospital emergency rooms, April 27, 2005.

Newspaper/Magazine Articles

San Jose Mercury News, "Hospital sues for cost of treating suspects," 2005.
Santa Cruz Sentinel, "County will offer drunks treatment," July 27, 2004.
The Valley Post, "New Program Helping to Keep Inebriates Out of Emergency Rooms," San Lorenzo Valley, February 15, 2005-March 14, 2005.

Web sites

City of San Diego, "Federal Government Lauds Local Efforts to End Chronic Homelessness," September 4, 2004,
<http://www.sandiego.gov/press/040914.shtml>.
Centers for Medicare and Medicaid Services web site,
<http://www.cms.hhs.gov/providers/emtala/default.asp>.
Santa Cruz County Personnel Department web site, <http://sccounty01.co.santa-cruz.ca.us/personnel/salsched/salsched.asp>.

Findings

1. In 1986, Congress enacted the Emergency Treatment and Labor Act (EMTALA) to ensure public access to emergency medical services regardless of ability to pay. Medicare-participating hospitals that offer emergency services must provide a medical screening examination when a request is made for examination or treatment for an emergency medical condition. Hospitals are required to provide stabilizing treatment for patients with emergency medical conditions [USC 42 § 1395(dd)].³
2. Increased use of services is a key driver of rising hospital costs. While costs have continued to increase, reimbursements from government and many private health insurers have not kept pace. Increased use of Emergency Department services by patients not requiring this level of hospital care strains an already fragile emergency medical care system and may result in increased waiting times and ambulance

³ Centers for Medicare and Medicaid Services Web site,
<http://www.cms.hhs.gov/providers/emtala/default.asp>.

diversion. Public inebriates consume hospital resources and could be better managed in alternative settings. Medically indigent inebriates further tax the system because they are uninsured.

3. According to HSA personnel, emergency-room visits can be costly. At Dominican Hospital, it costs about \$350,000 to \$500,000 annually to treat indigent drunks.⁴
4. A person can be booked “in absentia.” This happens if an arrestee has an immediate and serious medical condition that requires emergency medical treatment before going to jail. Santa Cruz County is responsible for medical care because the person under arrest is too injured to go to jail.
5. In regard to medical clearance of an arrestee prior to booking, the jail nurse on duty triages⁵ the arrestee at the door. If arrestees cannot stand on their own, they are taken to Dominican Hospital by the arresting agency for medical clearance. The cost of the medical care while at Dominican Hospital falls on the individual. If the individual cannot pay, Dominican Hospital assumes the cost. If an inmate needs hospitalization or treatment after booking, the financial responsibility belongs to the Sheriff’s budget.
6. The safety room at the Main Jail (drunk tank) is not often used. Confining a detainee in the safety room requires frequent observation of the detainee. Another restraining device, the safety chair, can be used for a few hours at a time until the detainee “settles down.”
7. Detention personnel said the biggest drain on the jail’s medical budget is “serial drunks.” These are people are arrested repeatedly for PC § 647(f) (Drunk in Public), a misdemeanor.
8. Ambulances in California must bring patients to emergency rooms unless the patients have adequate mental capacity to refuse treatment and have no obvious injuries.
9. Detention personnel say that handling inebriates is staff intensive. They often exhibit behavioral problems, are homeless and can have underlying medical problems. Some “frequent flyers” are recognized by detention nurses upon arrival as having chronic medical problems. Those needing treatment must be taken to the hospital Emergency Department. According to Detention personnel, the target group in Santa Cruz County is about 10 people who are routinely picked up for drunkenness.⁶
10. According to Dominican Hospital personnel, in-custody patients who had used the Emergency Department while in custody sometimes return on their own to use it as a source of narcotics and as an alternative to “street-acquired” medications.
11. Detainees do not have a large effect on staffing in the Emergency Department but can affect patient flow through the department. Having to perform Driving Under the

⁴ Santa Cruz Sentinel, “County will offer drunks treatment,” July 27, 2004.

⁵ See Definitions.

⁶ Santa Cruz Sentinel, “County will offer drunks treatment,” July 27, 2004.

Influence (DUI) blood draws may affect staffing because medical technicians are taken away from caring for other patients.

12. When an officer picks up an inebriate in public, the inebriate is sometimes given the choice of going to jail or going to the hospital. According to Emergency Department personnel, the inebriate often chooses the hospital.
13. Weekend and overnight shifts are more impacted by inebriates and drug users because they come in during those shifts more often. Staffing levels are lower during the night shift. If inebriates are medically stable, they may occupy a bed for eight to 10 hours to sober up. It usually takes at least four hours for a patient to sober up and be ready to discharge. Typically, an officer does not stay with them. For many of these patients, the reason they were detained is no longer applicable (i.e., public intoxication), and they are released without being charged.
14. Inebriates are often brought to the hospital by ambulance. There are a total of 13 ambulances in service in the County of Santa Cruz (in and out of service at different times). If they are tied up on calls for inebriates, they cannot answer calls for other emergency situations.
15. Detainees can be a factor in overwhelming an emergency room because frequently they arrive unannounced, especially if they are coming in a police car directly from being arrested. With an ambulance, the emergency room gets a few minutes' warning. The emergency room could use that time to get a bed ready. If someone just "shows up," there is more pressure to move people around.
16. If inebriates come in off the street (for example, they were in a bar fight), they are evaluated by a physician to determine if they are sufficiently medically stable to go to jail. Those patients may arrive in an ambulance or a police car.

Funding

17. In 1994, Dominican Hospital and Santa Cruz County signed a contract that specifies, "persons under arrest by the County Sheriff's Department or incarcerated in the County jail" are county-responsible patients. The county is responsible for the cost of their health care.⁷
18. Dominican Hospital accepts reimbursement for services from Santa Cruz County at a negotiated and agreed-upon rate.
19. Dominican Hospital personnel say that early this year Detention administration implemented a new policy requiring that a triage nurse at the sallyport fill out the Medical Triage/Sallyport Refusal form and send it to the hospital with the officer and inebriate. Once individuals have been treated at the hospital and medically cleared, they are taken to jail for booking. All medical services provided prior to booking are now the financial responsibility of the individual. Despite the lack of health

⁷ County of Santa Cruz and Dominican Hospital Services Agreement, 1994.

insurance/financial resources for many of these patients, the hospital is required by law to provide services but is not guaranteed any reimbursement. In addition, this new procedure requires that a new form must accompany the bill in order to secure payment for inmates transported to the hospital from county detention facilities. Dominican Hospital personnel say that this new procedure was put into effect without adequate communication about the changes to either Dominican Hospital or to law enforcement, creating much confusion.

20. According to Dominican Hospital personnel, the approved patient payment is based on a hospital services agreement reimbursement contract. Reimbursement for outpatient care covers the cost of services. However, reimbursement for inpatient services does not cover total costs.
21. According to Dominican Hospital personnel, patients in custody may require Emergency Department and other hospital services. Hospital personnel say that the costs of providing care should not be the responsibility of the hospital. Sometimes the hospital has no way to ascertain the booking status of a patient before providing services.
22. HSA personnel said that whether the county is legally responsible for emergency room care for detainees who have not been formally booked is a “gray area.”
23. There is a distinction between eligibility for Medi-Cal and Medi-Cruz in Santa Cruz County. Medi-Cal recipients must meet certain criteria including income, citizenship, children and disabilities. Medi-Cal is a federal program administered by the state.
24. Medi-Cruz is the county’s response to CA Government Code § 17000. It applies to people in the county who have no other resources, i.e., homeless, indigent, undocumented aliens or older people without children.
25. Services available to Medi-Cruz recipients are:
 - primary health care in clinics;
 - X-rays;
 - pharmaceuticals;
 - emergency care; and
 - hospital (in-patient) care.
26. Medi-Cruz does not cover jailed inmates. The medical costs for incarcerated patients come from the Detention Jail budget. Even if they are active Medi-Cruz patients, services cease after they are booked according to HSA personnel.
27. According to Dominican Hospital personnel, there is a staff member at Dominican Hospital to assist people to sign up for Medi-Cruz and Medi-Cal. This position is not staffed 24 hours a day.

28. Patients determined eligible for Medi-Cruz services can have treatment paid for retroactively. However, it is up to the client to cooperate and follow through with the paperwork for this to be accomplished.
29. The medical budget for detention facilities is \$3 million. The three largest components of the detention medical budget are:
 - nursing/medical care (salaries) within the jail;
 - services delivered at the county health clinics (X-rays, pharmacy and laboratory are the largest intra-agency cost); and
 - outside medical care (Doctors On Duty or dental care).
30. CHIP funds may not be used to support health services provided to persons detained in a county or city jail or other correctional facility (W&I Code Section 16995).⁸
31. HSA personnel believed that claims for indigent detainees might be partially covered by CHIP money. The amount of funding the county receives from CHIP doesn't allow for 100 percent reimbursement of all of those claims. The total 2004-2005 CHIP allocation for Santa Cruz County is \$77,214.
32. According to HSA personnel, there is disagreement over who is financially responsible for blood draws and Breathalyzer tests done on detainees to determine drug and alcohol levels. The law is not specific, and it is an area of contention.
33. The jail does not do Breathalyzer tests or blood draws on arrested subjects. Law enforcement officers perform Breathalyzer tests. The hospital does not have Breathalyzer equipment. Nurses at the Main Jail do not take blood alcohol levels. They cannot collect evidence.
34. Hospital personnel must perform blood draws. As a result, this takes away from staff time to collect samples. Hospital staff is often called to testify in court regarding collection of such samples as evidence. Staff are not reimbursed for court appearances.

Procedural Alternatives

35. A Santa Cruz County elected official says that legislation should be changed. People who are eligible for state medical benefits should not lose those benefits when incarcerated.
36. According to a Dominican Hospital medical staff member, patients could be better handled at the jail if there were an infirmary on site. Once they are cleared medically, they should be able to be monitored on site at the jail.

⁸ Application for California Healthcare for Indigents Program Funding for Fiscal Year 2004-5, May 4, 2005.

37. Detention Health Services intends to clarify in writing the criteria for transporting individuals to emergency departments for medical clearance prior to bringing them to jail. It appears that many people being brought to emergency departments could be brought to the jail directly by police officers. Training for police also appears necessary so that individuals are brought to the appropriate location.⁹
38. Detention Medical staff is also evaluating current staffing patterns and hours to better serve this population in a cost-effective and clinically appropriate manner. Additional staffing may be required on Friday and Saturday nights for medical direction of these cases. This is a peak time for cases with alcohol and drug involvement.¹⁰
39. Dominican Hospital staff has suggested that the jail medical facility should be sufficient to take care of inebriates if patients could receive intravenous treatment.
40. Netcom staff is currently developing management reports based upon computer-aided-dispatch data to help determine when and how ambulances are dispatched for serial inebriates, as well as the involvement of law enforcement from different jurisdictions. Because of the law forbidding alternate destinations,¹¹ the best way to reduce emergency room use for this purpose is to not have law enforcement call for an ambulance solely for public inebriates. Once Netcom is contacted to dispatch an ambulance, national medical procedures do not give them broad latitude in these areas.
41. According to Dominican Hospital personnel, the Main Jail could decrease use of the Emergency Department by providing the following services:
 - more advanced nursing assessment and triage at the medical triage/sallyport to decrease refusals;
 - observation and sobering;
 - wound evaluation and care; and
 - Breathalyzer and blood or urine alcohol testing.
42. According to Dominican Hospital personnel, law enforcement manipulates the system by not arresting the client under the influence or only citing after sobering, thereby avoiding a booking fee/court appearance.
43. According to Detention personnel and Dominican Hospital personnel, a previous sobering center in the county was closed due to a patient/inmate escaping and creating problems in the neighborhood.

⁹ HSA Director, former Sheriff, Report Back on Emergency Room Issues Related to Criminal Justice and Public Inebriates, April 14, 2003.

¹⁰ HSA Director, former Sheriff, Report Back on Emergency Room Issues Related to Criminal Justice and Public Inebriates, April 14, 2003.

¹¹ See Finding 1.

44. The Sheriff's Department, Netcom and AMR, a local ambulance service, will be further analyzing local data and processes that lead to emergency room use.

Alternatives in Santa Cruz County

45. Project Connect, a new program of the county's Homeless Person's Health Project, is a grant program administered through the Health Services Agency, designed to reduce misuse of emergency services such as ambulance, emergency rooms and fire services.
46. Project Connect seeks out individuals who have had five or more ER visits in one year and enrolls them in an intensive case management process. Project Connect is funded by a \$300,000 grant from the California Healthcare Foundation and The California Endowment. The funds pay primarily for staff who connect participants with outside agencies providing many services.
47. In its first year of operation, Project Connect has seen a 43 percent decrease in emergency room visits, a 35 percent decrease in jail bookings and a 25 percent decrease in ambulance transports by its participants. Project Connect takes a holistic approach, helping people access primary health care but also supporting constructive life changes.
48. In November of 2004, Santa Cruz County started a Serial Inebriate Program in hopes of decreasing the jail population and beginning some meaningful rehabilitation. This program is funded by a grant through HSA and involves the Probation Department, the District Attorney's Office, the Public Defender's Office and the Sheriff's Department.
49. In the Serial Inebriate Program, sentenced inmates can choose to serve their time at a sobering facility in Santa Cruz, located on 7th Avenue, in lieu of jail. For instance, they might have a choice of a specified jail sentence or serving the same amount of time in the rehabilitation program. According to detention personnel, the program is working well; although sometimes inmates have two or three failures before they commit to treatment.
50. Under the Serial Inebriate Program, inebriates who are arrested three times go to detoxification or jail.

Serial Inebriate Program in San Diego County

51. Started in January 2000, the Serial Inebriate Program is an innovative effort involving the City and County of San Diego, the San Diego Police and Sheriff's Departments, San Diego County Superior Courts, San Diego County Health and Human Services and Mental Health Systems, Inc. A number of agencies and treatment partners work in tandem with SIP. This collaborative effort provides a less expensive and more appropriate alternative to emergency departments and jails for treatment of homeless chronic inebriates. This program has had a dramatic effect on San Diego emergency

departments.¹² In San Diego, the first year of the program saw 144 people enter the program. A year later, 58 percent had had no contact with police since leaving treatment.

52. The goals of the Serial Inebriate Program (SIP) are to:

- slow or stop the revolving door cycle of chronic alcoholics going in and out of detoxification centers, county jail and emergency rooms;
- divert this population off the street and into county-funded treatment programs;
- significantly reduce the uncompensated costs, time constraints and manpower burdens to San Diego County's healthcare, law enforcement and judicial infrastructure caused by homeless, chronic alcoholics; and
- give people who routinely live on the street an opportunity to create a stable mainstream lifestyle.

53. The program strategy offers treatment in a joint City/County-funded program in lieu of custody time resulting from a guilty verdict for public intoxication. Once in treatment, clients are provided with wraparound services designed to help their recovery from alcoholism and begin moving them toward re-entering society as a sober community member.¹³

Conclusions

1. Providing medical care for serial inebriates, especially if they are medically indigent, raises Dominican Hospital's operating expenses significantly. Those costs are absorbed by the consumer.
2. Providing services to serial inebriates negatively impacts Emergency Department operations.
3. Dominican Hospital and county personnel have different understandings of who is responsible for paying for medical care for patients who have been placed in custody but not booked.
4. Dominican Hospital could improve its reimbursement rate by expanding the hours of staff who assist patients with the Medi-Cal and Medi-Cruz process.
5. Since taxpayers and medical consumers ultimately cover uncompensated medical expenses, a cost-effective alternative to using the Emergency Department to treat inebriates would be a sobering center in the county. This would reduce the financial and workload burden on Dominican Hospital and Detention staff.

¹² HSA Director, former Sheriff, Report Back on Emergency Room Issues Related to Criminal Justice and Public Inebriates, April 14, 2003.

¹³ City of San Diego, "Federal Government Lauds Local Efforts to End Chronic Homelessness," September 4, 2004, <http://www.sandiego.gov/press/040914.shtml>.

6. Alternative programs in Santa Cruz County have been successful in reducing the number of frequent Emergency Department users. These programs depend on continued funding from Santa Cruz County or the State of California.
7. Alternative programs in other cities and counties have been successful in reducing the number of serial inebriates. Drawing from the experience of these programs could prove beneficial to Santa Cruz County.

Recommendations

1. The Health Services Agency should clarify procedures for reimbursement of medical costs for those in custody who have not been booked and communicate those procedures to Dominican Hospital.
2. Law enforcement officers should continue to receive training in policies and procedures for transporting serial inebriates to the emergency room.
3. Detention staff and HSA should explore the possibility of establishing a sobering facility in Santa Cruz County.
4. Project Connect is to be commended for its success in reducing Emergency Department visits, jail bookings and ambulance transports.
5. County officials should join in efforts to maintain funding for promising programs that assist serial inebriates in creating stable lifestyles for themselves.
6. HSA and Detention staff should stay in communication with other cities and counties that have successful programs for serial inebriates and incorporate some of these ideas into Santa Cruz County programs.
7. Santa Cruz County should investigate creative solutions to involve Dominican Hospital in solving the problem of frequent use of the Emergency Room by serial inebriates. The Access to Medical Care Agreement may provide the avenue to encourage collaboration.

Responses Required

Entity	Findings	Recommendations	Respond Within
Santa Cruz County Board of Supervisors	1-53	1-7	60 Days (August 30, 2005)
Santa Cruz County Health Services Agency	1-53	1-7	90 Days (September 30, 2005)
Santa Cruz County Sheriff	1-53	1-7	60 Days (August 30, 2005)

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Where There's Smoke, There's Funding: Expenditure of Proposition 99 and Proposition 10 Funds in Santa Cruz County

Synopsis

This report looked at how tobacco tax funds received by Santa Cruz County are spent, specifically funds from:

- Proposition 99 (passed in 1988); and
- Proposition 10 (passed in 1998).

The county has had success with tobacco education, prevention and cessation programs, and providing indigent medical care using Proposition 99 funds. Proposition 10 monies have established and funded healthcare for young children, high-risk infant intervention, drug and alcohol treatment for parents of young children and early childhood education programs. We applaud the successes of these programs.

Expenditure of Proposition 99 Funds in Santa Cruz County

Definitions

CDHS: California Department of Health Services

CHIP: California Healthcare for the Indigent Program

LLA: Local Lead Agency

Medically indigent: a person who cannot afford medical care and for whom payment will not be made by any private coverage or federal program

Medi-Cruz: a county-operated healthcare program that helps low-income residents of Santa Cruz County without health insurance get the healthcare services they need

TCS: Tobacco Control Section

Background

In November 1988, California voters approved Proposition 99, also known as the California Tobacco Tax and Health Promotion Act of 1988. This act increased the state surtax on cigarettes by 25 cents per pack and added an equivalent amount on other tobacco products. The two main uses of this tobacco tax revenue are to fund:

- tobacco-related health education programs and disease research; and
- medical and hospital care for medically indigent patients.

At the state level, money is deposited in Health Education, Hospital Services and Physician Services accounts, then dispersed to county and city health departments. The money deposited in the Health Education Account goes for health education efforts to prevent and reduce tobacco use. One-third of these health education funds go to the California Department of Education and two-thirds go to the California Department of Health Services (CDHS).

The state funds numerous health and tobacco-related programs with Proposition 99 revenue. The only funds that come directly into Santa Cruz County accounts, however, go to the Tobacco Education Program and the California Healthcare for Indigents Program (CHIP).

Tobacco Education Program

The state's health services department was charged with reducing tobacco use through statewide media campaigns, tobacco control programs in local health departments and competitively selected state, regional and community-based projects. It was also charged with conducting extensive, ongoing evaluations of the entire tobacco education campaign. The department created a Tobacco Control Section (TCS) to implement these

programs, following a mandate set forth in California Health and Safety Code, Chapter 1.2, beginning with § 104350.

The mission of the statewide Tobacco Control Section is to work toward a tobacco-free California and reduce illness and premature deaths due to tobacco use. This is accomplished through programs to reduce tobacco use and exposure to secondhand tobacco smoke. The state's Tobacco Control Section funds county, community, regional and statewide projects.

Each of the state's 58 county and three city health departments are designated as Local Lead Agencies (LLA). In Santa Cruz County, the lead tobacco control agency is the County of Santa Cruz Health Services Agency, Community Health and Prevention Programs. It is responsible for coordinating information, referrals, outreach and education activities within its health jurisdiction. LLAs are legislatively mandated to periodically submit a comprehensive tobacco control plan to CDHS. They oversee community coalitions to help develop this plan and engage in community activities that promote social changes, educate the public about health issues related to tobacco use and tobacco industry strategies that promote tobacco use. Local Lead Agencies develop local community policy, support enforcement of tobacco control laws and provide local tobacco cessation services.

California Healthcare for Indigents Program (CHIP)

In 1989, the Legislature established the California Healthcare for Indigents Program (CHIP) and the Rural Health Services Program to allocate Proposition 99 funds to participating counties. These funds reimburse providers for uncompensated services for individuals who cannot afford care and for whom no other source of payment is available. Santa Cruz County is one of 23 California counties to receive CHIP funds and to do so has agreed to:

- maintain a financial level of effort in the delivery of services;
- report expenditure and utilization data to the department; and
- provide medically necessary follow-up treatment to eligible children.

In Santa Cruz County, Proposition 99 funds come through the Health Services Agency and go to the Tobacco Education Program and the California Health Care for the Indigent Program (CHIP). The CHIP monies go to Dominican Santa Cruz Hospital and Watsonville Community Hospital and physicians.

Statewide, Proposition 99 funds have been decreasing and continued to decrease for fiscal year 2004-05 due to reduced tobacco product purchases, changes in revenue estimates and state redirection of resources to programs outside the Department of Health Services.¹

¹ Department of Health Services, State of California, 2004-05 Budget Act Highlights, August 13, 2004.

Scope

This investigation examines Proposition 99 tobacco tax spending in Santa Cruz County.

Sources

Interviewed:

County administrative personnel.
County health officials.

Reviewed:

Application for California Healthcare for Indigents Program Funding for Fiscal Year 2004-05, provided by Health Services Agency, Santa Cruz County.
“California Healthcare for Indigents Program and Rural Health Services Program (Proposition 99),” <http://www.dhs.ca.gov/hisp/ochs/chsu/index.htm>.
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“Local Lead Agency Guidelines for a 2004-2007 Comprehensive Tobacco Control Plan, Issued January 6, 2004.”
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“Administrative/Collaborative Activities,” <http://catob.esp.fsu.edu>.
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“Scope of Work: Overview and Intervention Activities, 7/1/2004 – 6/30/2007.”
State Board of Equalization, “Cigarette and Tobacco Products Taxes,” June 2004, Publication No. 93.
“Tobacco Control Section” (TCS), <http://www.dhs.ca.gov/tobacco/>.
“Tobacco Education Coalition,”
<http://www.santacruzhealth.org/phealth/healthed/3tobacco.htm>.
Tobacco Education Coalition, 2003 Year-in-Review.
Tobacco Education Program, Budget Justification for Santa Cruz County Health Services Agency.

Findings

Tobacco Education Program

1. The Santa Cruz County Health Services Agency, Community Health and Prevention Programs, acting as the Local Lead Agency (LLA), receives Proposition 99 funds in three-year funding cycles. In the present funding cycle for Fiscal Years 2004-05, 2005-06 and 2006-07, a total of \$450,000, or \$150,000 per year, is projected. This amount is based on population, with \$150,000 being the smallest amount a county could receive.
2. The budget for the present three-year funding cycle is outlined as follows:²

Budget Section	FY 04-05	FY 05-06	FY 06-07	Total
Personnel Costs	\$ 75,622	\$ 89,336	\$ 90,859	\$ 255,817
Fringe Benefits @35-42%	\$ 30,249	\$ 35,734	\$ 35,435	\$ 101,418
Operating Expenses	\$ 2,000	\$ 1,500	\$ 500	\$ 4,000
Equipment Expenses	\$ 2,700	\$ 0	\$ 0	\$ 2,700
Travel/Per Diem and Training	\$ 4,000	\$ 2,169	\$ 3,900	\$ 10,069
Subcontracts and Consultants	\$ 12,000	\$ 1,000	\$ 0	\$ 13,000
Other Costs	\$ 5,762	\$ 1,500	\$ 362	\$ 7,624
Indirect Expenses @14-15%	\$ 17,667	\$ 18,761	\$ 18,944	\$ 55,372
Total Expenses	\$150,000	\$150,000	\$150,000	\$450,000

Table 1. Budget for Fiscal Year 2004-05 through Fiscal Year 2006-07 for the Tobacco Education Program.

3. The California Department of Health Service's document titled "Local Lead Agency Guidelines for a 2004-2007 Comprehensive Tobacco Control Plan, January 6, 2004" sets forth strict operating, program and budget guidelines for LLAs.³
4. The Tobacco Education Program in Santa Cruz County must follow the state's strict budget and spending guidelines in order to receive funding and be reimbursed for expenditures. Any tobacco education activity funded by Proposition 99 must be approved in advance by the state. The LLA then sends a cost report to the state for

² Tobacco Education Program, Budget Justification for Santa Cruz County Health Services Agency.

³ California Department of Health Services, Tobacco Control Section, "Local Lead Agency Guidelines for a 2004-2007 Comprehensive Tobacco Control Plan, Issued January 6, 2004."

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reimbursement. The state oversees spending of the funds, which must be spent on required objectives.

5. Santa Cruz County has not been formally audited for its expenditures of Tobacco Education Proposition 99 monies.
6. The “Scope of Work” of the Santa Cruz Tobacco Education Program for the term 7/1/04 to 6/30/2007 includes well-defined activities, start and end dates for each activity, responsible parties for each activity and tracking measures. Its objectives are to:
 - reduce exposure to secondhand smoke in public places;
 - reduce retail availability of tobacco;
 - review the extent to which LLA and TCS-funded projects address specific objectives of cultural or ethnic/minority communities or populations; and
 - counter pro-tobacco influences such as tobacco sponsorships of public, private and sporting events; tobacco company contributions to education, research, public health, cultural and intellectual activities.
7. The Tobacco Education Program is the repository for tobacco information for the community, and it:
 - recruits, maintains and organizes the Tobacco Education Coalition. The Coalition takes action on tobacco industry activities in the community, proposes legislation and advocates for Proposition 10 monies to be spent on tobacco-related issues. The Tobacco Education Coalition meets monthly.
 - stays current on local and statewide tobacco-related events. The Tobacco Education Program makes public statements and answers questions and concerns from the public, media and other agencies regarding tobacco issues.
 - fields calls from the public, sends materials, maintains a list of current cessation services in the county, stays current with tobacco-related laws or policies in the five jurisdictions and creates anti-tobacco curriculum ideas for teachers.
8. The Tobacco Education Coalition, formed in 1985, is an advocacy group that promotes a tobacco-free lifestyle and environment. The Tobacco Education Coalition membership includes the following government and community non-profit agencies:
 - American Cancer Society
 - American Heart Association
 - American Lung Association
 - Cabrillo College Student Health Center

⁴ Santa Cruz County Health Services Agency, Tobacco Education Program, “Coalition Membership.”

Central Coast Alliance for Health
Children and Families First
City of Santa Cruz Parks and Recreation
City of Santa Cruz Police Department
Community Connections
ETR Associates
Front Street, Inc.
Individual community members at large (10 members)
Katz Cancer Resource Center
Medical Works
Mental Health Client Action Network
Mountain Community Resources
Pajaro Valley Prevention and Student Assistance (three members)
Planned Parenthood
Salud Para la Gente
San Lorenzo Valley Unified School District
Santa Cruz City Schools District (two members)
Santa Cruz County Medical Society
Santa Cruz County Office of Education
Santa Cruz County Parks and Recreation
Santa Cruz County Sheriff's Department (two members)
Substance Abuse Prevention Program
Tobacco Education Clearinghouse of California
Tobacco Education Program (three members)
University of California, Santa Cruz Alcohol and Other Drug Prevention Program

9. Some of the recent accomplishments of the Tobacco Education Coalition are:
- promoting compliance with smoke-free workplace laws;
 - working with the Seaside Company to make the Santa Cruz Beach Boardwalk a smoke-free environment;
 - conducting surveillance of local newspapers for print tobacco advertisements and writing letters, when appropriate, to ask each organization to adopt a smoke-free advertising policy;

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- conducting media campaigns about smoke-free playgrounds, cigarette sales to minors and other tobacco issues;
 - supporting Pajaro Valley Prevention and Student Assistance efforts to create 100 percent smoke-free parks in Watsonville via letters to the editor and letters to Watsonville City Council members;
 - working with local jurisdictions on smoking ordinances;
 - writing letters to various agencies to discourage acceptance of tobacco industry grant monies;
 - reducing the number of stores that sell tobacco to minors and providing education materials to discourage self-service tobacco displays. In 2002, the Coalition supported a self-service tobacco display ban that was adopted in the City of Capitola; and
 - surveying Santa Cruz County bars regarding compliance with smoking ordinances.
10. California’s adult smoking rate dropped to a historic low of 15.4 percent in 2004, compared to 22.8 percent in 1988 (a 32.5 percent decrease) when California voters passed Proposition 99.⁵
11. Comprehensive local and school-based tobacco education programs have been credited as key factors in statewide smoking reductions.⁶
12. From 1994 to 2002, student tobacco use has decreased in Santa Cruz County as illustrated in the following table:⁷

Year	Percentage of Age Group Stating That They Have Used Tobacco	
	9 th Graders	11 th Graders
1994	65%	64%
2002	31%	40%

Table 2. Percentages of Santa Cruz County 9th and 11th Graders Stating That They Have Used Tobacco.

13. Surveys done in 2002 and 2003 show adult smoking rates continue to decrease in Santa Cruz County.⁸

⁵ News Release: “California Smoking Rates Drop 33 Percent Since State’s Anti-Tobacco Program Began,” February 2005, <http://www.dhs.ca.gov>.

⁶ News Release: “California Smoking Rates Drop 33 Percent Since State’s Anti-Tobacco Program Began,” February 2005, <http://www.dhs.ca.gov>.

⁷Community Assessment Project, Comprehensive Report, 2004, http://www.appliedsurveyresearch.org/products/CAP10_Health.pdf.

Do you now smoke cigarettes every day, some days or not at all?			
	Everyday	Some Days	Not At All
2002	19.5%	6.9%	73.6%
2003	18.9%	6.2%	74.8%

Table 3. Adult Cigarette Smoking Rates, Santa Cruz County.

CHIP Funds

14. In order to receive California Healthcare for the Indigent Program (CHIP) funds from the state, Santa Cruz County must submit an application to the California Department of Health Services and agree to abide by strict state guidelines.
15. In 1998-99, Santa Cruz County Health Services Agency received over \$1.1 million in Proposition 99 monies that went to CHIP. By 2002-03, that amount had dwindled to \$314,111, then dropped to \$68,933 in 2003-04.
16. CHIP funds received by Santa Cruz County from Fiscal Year 2001-02 to Fiscal Year 2003-04 are summarized as follows:⁹

CHIP Account	Fiscal Year Allocation		
	2001-02	2002-03	2003-04
Total Hospital	\$363,822	\$233,984	\$64,500
Total Physician	\$14,624	0	0
Total Other	\$56,970	\$80,127	\$4,433
Total CHIP	\$435,416	\$314,111	\$68,933

Table 4. CHIP Allocations for Santa Cruz County for Fiscal Year 2001-02 through Fiscal Year 2003-04.

17. For Fiscal Year 2004-05, the CHIP allocation from Proposition 99 for Santa Cruz County was \$77,214. These funds were appropriated in April 2005 and were not anticipated in the current year's budget.
18. According to health services personnel, due to the strict, cumbersome and staff-intensive state reporting requirements, receiving a CHIP allocation of less than \$35,000 would not be cost effective for the county.

⁸ Community Assessment Project, Comprehensive Report, 2004, http://www.appliedsurveyresearch.org/products/CAP10_Health.pdf.

⁹ California Healthcare for Indigents Program, CHIP Funding History, provided by Santa Cruz County Health Services Agency, May 4, 2005.

19. The State of California deposits money into county revenue accounts and/or trust funds. When claims are made, the money is pulled from the trust fund accounts, goes into the general fund, then is paid out. Charges are made before money comes out of the trust fund.
20. The Medi-Cruz Program within the Health Services Agency pays for indigent care, and CHIP money is expended from that division's budget. The Health Services Agency receives claims from the hospitals and physicians for indigent care. Available CHIP funds are used to help pay the claims until the funds are exhausted.
21. CHIP funds going to Dominican Santa Cruz Hospital and Watsonville Community Hospital and physicians involve contracts. Some contracts are blended and may contain some Proposition 99 money as well as other funding sources.
22. The current budget for the Medi-Cruz program is \$4.5 million. Although the current \$77,214 CHIP allocation is a small part of that budget, county health officials felt it would still be beneficial to receive the money.
23. Despite the continuing decrease in CHIP allocation, Santa Cruz County has used county overmatch and realignment funds to keep the Medi-Cruz program viable. Approximately 8,000 to 9,000 patients annually receive care paid by Medi-Cruz funds.

Conclusions

1. Santa Cruz County is spending its Proposition 99 monies according to the guidelines set forth by the State of California.
2. The Tobacco Education Program and Tobacco Education Coalition have mounted successful programs in Santa Cruz County to reduce smoking rates in adults and students.
3. The Tobacco Education Program and Tobacco Education Coalition have successfully worked with local jurisdictions and businesses to reduce second-hand smoke exposure.
4. Since CHIP funds have decreased dramatically since 1998-99, Santa Cruz County has less money for indigent medical care. Eventually, Proposition 99 funding could drop so low that accepting it would not be cost-effective for the county.

Recommendations

1. Santa Cruz County's Tobacco Education Program is to be commended for its success in reducing tobacco use and lessening exposure to secondhand smoke.
2. Santa Cruz County is to be commended for successfully using Proposition 99 funds for indigent medical care and for its efforts to keep the Medi-Cruz program intact.

Responses Required

Entity	Findings	Recommendations	Respond Within
Santa Cruz County Board of Supervisors	1-23	1, 2	60 Days (August 30, 2005)
Santa Cruz County Health Services Agency	1-23	1, 2	90 Days (September 30, 2005)

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Expenditure of Proposition 10 Funds in Santa Cruz County First Five Santa Cruz County

Definitions

ASR (Applied Survey Research): an independent, non-profit research organization which completed program evaluations for the year 2004

First Five Santa Cruz County (First Five SCC): the commission in Santa Cruz County that administers local revenues from Children and Families First Act

First Five Partners: community agencies that receive grants from First Five Santa Cruz County

Our Children Large Community Grants: grants given in amounts over \$20,000

Our Children Community Mini-grants: grants that are given in amounts less than \$10,000

The Santa Cruz County Service Unifying Network (SCC SUN): database used by First Five Partners for collection of program information and client referral

WIC (Women Infants and Children): an income-qualified federal program which provides subsidies and nutrition education to pregnant women, nursing mothers and children five and under

Background

In November of 1998, California voters passed a statewide initiative, Proposition 10, known as the Children and Families First Act. Proposition 10 added a 50-cent-per-pack tax on cigarettes and other tobacco products. It was passed “for the purposes of promoting, supporting and improving the early development of children from the prenatal stage to five years of age.”¹ The law states that revenue may be used to fund child immunizations, vision and hearing tests, prenatal care and drug and alcohol-abuse treatment for parents of children five and under.

Twenty percent of the revenues are allocated to the State First Five Commission for statewide expenditures as mandated by law. This includes a public education campaign, educational materials and training, technical support for local county commissions, education and training of child-care providers and research and development. Of the 20 percent, only one percent is to be used for administrative functions of the state commission.

¹ Text of state law, Proposition 10, Children and Families First Act.

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The remaining 80 percent of revenues are allocated to local commissions that are established in all 58 California counties, as required by law. Allocations to each county are based upon the number of births in the mother's county of residence.

These revenues are to be spent on programs determined by members of each local First Five Commission that best support optimal early childhood development. Nine commission members are appointed based upon experience or employment in fields of child welfare such as social services, medicine and education. In addition, all county commissions must develop strategic plans based on extensive public input before disbursing any funds.² Since 1999, California counties have received more than \$3.2 billion dollars for early childhood education programs called First Five.

Santa Cruz County's First Five Commission (hereafter known as First Five Santa Cruz County or First Five SCC) was established in January 1999 with the selection of the first commission members by the Santa Cruz County Board of Supervisors. The initial meeting of First Five Santa Cruz County was held in March of 1999, and the commission was expanded to nine members in May 1999. Santa Cruz County's First Five Commission has received over \$13 million since its inception.

In 2004, a state audit was requested of some of the First Five Commissions by California State Senator Dean Flores after he charged that Kern County Proposition 10 monies were being misused. This audit led to the discovery that appropriate procedures were not being followed for distribution of some grant monies. In addition, some grant distributions were not sufficiently documented. First Five Santa Cruz County was not included in the state's audit. Since that time, the legislature has considered two bills, Senate Bill 34 and Assembly Bill 109, intended to create more accountability for the funds spent by all local commissions.

Scope

This investigation examines how First Five Santa Cruz County spends Proposition 10 tax revenues.

Sources

Interviewed:

- First Five Santa Cruz County personnel.
- Health Services Agency personnel.
- Santa Cruz County Audit personnel.

Meetings attended:

- First Five Santa Cruz County Commission Meetings, February and March 2005.

² Text of state law, Proposition 10, Children and Families First Act.

Reviewed:

Newspaper/Magazine Articles:

Applied Survey Research, Evaluation Report, 2004, of First Five Santa Cruz, March 2005.

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Santa Cruz Sentinel, “New hope for children’s health care,” June 20, 2004.

Documents/Memoranda:

Budget Assumptions Narrative and Cost Allocations Between Programs, United Way of Santa Cruz County and Budget between United Way and First Five Santa Cruz County, Fiscal Year 2004-2005.

County of Santa Cruz, Report on Audit of First Five Santa Cruz County for the year ended June 30, 2005, November 2004.

First Five Santa Cruz County Budget Fiscal Year, 2004-2005.

First Five SCC Internal Document, Historic Spending First Five Timeline.

First Five Santa Cruz County Implementation Plan for Accounting Systems.

Healthy Kids Santa Cruz Brief Sheet, Santa Cruz County, Commission Meeting Agenda, May 26, 2004.

Improvements as recommended by the Santa Cruz County Auditor-Controller FY 2003-2004 Audit.

Letter of Interest: Staffing for the Santa Cruz County Children and Families First Commission, from Mary Lou Goeke to Charles M. Moody, HSA, Santa Cruz County, October 1, 1999.

Mary Lou Goeke to Santa Cruz County First Five Commission, “Questions Concerning Administrative Costs,” August 17, 2001.

Charles Moody, “Regarding Staffing Recommendation,” July 20, 1999.

Member list and background on SCC SUN.

Notice of Commission members and first meeting date, March 10, 1999.

Ordinance enacted by the Santa Cruz County Board of Supervisors, January 12, 1999- January 26, 1999.

Text of state law, Proposition 10, Children and Families First Act.

Web Site:

First Five Santa Cruz County, www.first5scc.org.

Findings

First Five Santa Cruz County

1. First Five Santa Cruz County’s Strategic Plan includes provisions for specific needs in the county. First Five SCC has three goals:

- Children are in a strong family.
- Children are ready to learn.
- Children are healthy.

The funding for January 2004 through June 2005 is as follows³:

<i>Community Goals</i>	<i>Funding Amount</i>
Strong Families	\$2,101,750
Children Learning and Ready for School	\$1,637,746
Healthy Children	\$1,674,000
Total Amount For All Community Grants	\$5,413,496

2. In order to meet these goals, First Five Santa Cruz County developed a strategic plan that addressed all goal areas with specific objectives to be carried out by multiple community agencies.
3. First Five Santa Cruz County (First Five SCC) has established funding for agencies in the community. First Five SCC disbursed mini-grants to small community programs in amounts from \$500 to almost \$13,000. Large grants were allocated to establish new programs in existing community agencies, as well to fund ongoing programs.
4. According to the 2004 Evaluation Report, almost 4,000 children ages 0 to 5 were served by First Five partners or grantees. This is 20 percent of the overall population of 0 to 5 year olds in this county.⁴

Budget/Administrative Costs

5. First Five Santa Cruz County runs on an 18-month fiscal cycle.

³ First 5 Santa Cruz County Grants and Funding web site, www.first5scc.org.

⁴ ARS Evaluation and Summary Report, March 2005.

6. The County General Fund is the commission's operating fund. All financial resources, except those required to be accounted for in another fund, are in the General Fund. The County Auditor-Controller makes payments directly to the grantees selected by the First Five Commission Santa Cruz County (First Five SCC).
7. Due to decreasing sales of tobacco products, Proposition 10 tax revenues are declining.
8. Total revenue for First Five Santa Cruz County for Fiscal Year 2004-2005 (January 1, 2004 to June 30, 2005) is \$11,606,754 which includes tax revenue disbursements, state matching funds and interest on revenue.
9. Total grantee expense for 2004-2005 is \$4,375,612.
10. The United Way of Santa Cruz County won the contract to administer First Five Santa Cruz County at its inception and continues to provide staff support for the administration of First Five Santa Cruz County. Administrative costs include United Way membership dues, rent, training, insurance, equipment rental, community outreach events, supplies, telephone, salaries and employee benefits.
11. Total operating costs of \$509,212 for the year 2004-2005 were paid to United Way. These costs have risen every year since First Five SCC has been established.
12. By law, United Way is to receive no more than 10 percent of Santa Cruz County's Proposition 10 funds for administrative services, supplies and equipment.
13. United Way provides both programmatic and financial monitoring of grants for services.
14. United Way charges a 15-percent fee for administrative expenses of specific First Five SCC programs (listed as SCC SUN, First Five CEP, Family Friendly Services, School Readiness Initiative). This is in addition to \$509,212 in operating costs for First Five SCC, for a total of \$1,152,866.
15. An independent firm is required to audit United Way's expenditure of Proposition 10 administrative funds annually in accordance with generally accepted auditing standards.

Evaluation

16. A program evaluation was completed for calendar year 2004 by an independent, non-profit research organization called Applied Survey Research (ASR). In addition, First Five SCC's Executive Director made site visits to all funded programs.
17. The Santa Cruz County Service Unifying Network (SCC SUN) database was launched in January 2004. Ten First Five partner agencies enter demographic, service and referral information into this database. This information is used by ASR to evaluate programs funded by First Five SCC. SCC SUN is not a standardized database and does not analyze data.

18. All First Five SCC partners submitted data on outcome progress to ASR.

First Five Santa Cruz County Goal: Strong Families

19. In order to establish and maintain stability for families in Santa Cruz County, First Five SCC has granted monies to local agencies that provide the following services to bolster families:⁵

- Home visiting
- Mental Health Services
- Alcohol and Drug Case Management

20. La Manzana Community Resources Center, Davenport Resource Service Center, Familia Center, Live Oak Family Resource Center and Mountain Community Resources provide home visiting and case management to families with children ages 0 to 5. The majority of home-visit personnel is paraprofessional. They are not required to have specialized degrees or certificates but are reported to participate in local or state trainings.

21. Home visits focus on a variety of issues and services ranging from personal crisis management, substance abuse, translation services, referrals and transportation to medical and court-mandated appointments.

22. Assessment for the home visiting programs showed inconsistent results and low numbers of pre- and post-evaluation data collection.

23. Mental health services are provided by the Parents Center. Participants receive family counseling sessions lasting from one to three hours. The center also provides clinical support to home visiting staff. The number of clients served in 2004 was not stated. However, evaluation tools describe participating families improving from a “crisis” situation to “thriving.”⁶

24. Alcohol and drug case management is funded by First Five SCC and provided by the Santa Cruz County Health Services Agency Alcohol and Drug program. Case management includes counseling, transportation to treatment, attending clinical supervision and completing required documentation.

25. All program objectives were exceeded for alcohol and drug case management. All clients were offered assessments and referred for treatment. More than half of those who were referred successfully completed treatment requirements. After 60 days, 91 percent of those participants remained clean and sober.⁷

⁵ ASR Evaluation and Summary Report, March 2005.

⁶ ASR Evaluation and Summary Report, March 2005.

⁷ ASR Evaluation and Summary Report, March 2005.

26. First Five SCC funded classes on positive parenting practices called “Positive Discipline for Preschoolers.” Santa Cruz Adult School and Live Oak Family Resource Center offered these classes. Although the objective was to improve positive parenting practices of 100 percent of the participants, assessment showed only 53 percent demonstrated improved parenting practices. The greatest improvements came in the areas of not hitting, not raising the voice and encouraging children to learn from mistakes. All participants stated that the program helped them to learn positive parenting skills.⁸
27. Domestic Violence Workshops were presented over an eight-week period in a workshop format at Walnut Avenue Women’s Center in collaboration with Mountain Community Resources in San Lorenzo Valley. According to ASR, insufficient data was collected to accurately evaluate program effectiveness.
28. To encourage stable living situations, rental subsidies and case management are funded through Families in Transition for families recovering from substance abuse. This program was successful in transitioning families from being in “crisis” to “stable” over the course of the year 2004.⁹
29. The Homeless Community Resource Center provided case management to homeless families, consisting of assessment, referrals and follow-up. Program objectives were not met; only 29 children were served during the year out of a goal of 75. Because of construction at the recently completed homeless center in Santa Cruz, clients may have had difficulty accessing services. The center is now finished, and it is anticipated that referrals will increase.¹⁰
30. To improve the ability of parents to meet the needs of their special needs children, First Five SCC has funded support and educational services. Workshops were conducted on various topics affecting special needs children including classes on Down’s Syndrome, Understanding Attention Deficit Hyperactivity Disorder (ADHD) and Parental Stress. The outcome data show that more than 90 percent of parents who attended workshops felt supported.¹¹
31. To meet the goal of economic self-sufficiency for families, workshops on financial management were conducted by the Santa Cruz Community Credit Union at various family service centers. The target number of participants was not initially met, and the program objectives were re-adjusted.
32. To meet the goal of improved access to family support services, First Five SCC has developed a web site called HelpSCC.org to provide information and referrals to programs in the community. It is a directory that includes community organizations, self-help groups, schools, libraries, health service providers, businesses, religious

⁸ ASR Evaluation and Summary Report, March 2005.

⁹ ASR Evaluation and Summary Report, March 2005.

¹⁰ ASR Evaluation and Summary Report, March 2005.

¹¹ ASR Evaluation and Summary Report, March 2005.

institutions and governmental agencies. Anyone may search on the SCC website for need-specific services at no cost.

33. To meet the goal of improved nutrition, lactation and nutrition services were funded through the “Regalo de Amor” program at the Watsonville WIC office. The objectives of this program were surpassed. Over half of the participants breastfed their children for at least six months.¹²
34. SCC SUN is an internet-based electronic database for client case management, social service delivery and service reporting by First Five SCC. Its purpose is to protect client privacy and trust while sharing information necessary for coordinating and improving services to children and families. It is also used to collect data for program evaluation. There are ten participating agencies in SCC SUN; all are First Five SCC grantees.

First Five Santa Cruz County Goal: Ready to Learn

35. To meet the goal of school readiness for children ages 0 to 5, First Five SCC implemented programs that attempted to:
 - increase pre-literacy skills in Santa Cruz County;
 - increase the skills of local child care providers; and
 - provide access to an enhanced literacy environment.
36. School readiness classes were funded by First Five SCC and conducted by the Beach Flats Community Center Preschool and the Live Oak School District Preschool. Each school developed its own curriculum. School staff measured the success of each individual program with an evaluation process and recorded each individual child’s progress toward school readiness.
37. The preschool literacy program funded at Head Start was the Literacy Advocate Program. The activities funded were book distributions, story hours, literacy training and workshops and mentor coaching for teachers and home visitors.
38. An education incentive program called CARES was developed to increase the skills of childcare providers in the community. Monetary awards were granted to applicants who completed early childhood education coursework. The awards ranged from \$250 to \$2,000, depending upon the level of coursework and the number of units completed. While not all participants qualified for awards, 84 percent stated that they learned new skills as a result of participating in CARES, and more than half stated they attended classes because of the cash incentive.¹³

¹² ASR Evaluation and Summary Report, March 2005.

¹³ ASR Evaluation and Summary Report, March 2005.

39. To increase access to an enhanced literacy environment, the Santa Cruz Public Library was funded to provide the Read-to-Me program. The program provided 3,000 storytelling kits to 149 childcare providers, information and referrals through home visits. Post program evaluation showed increased availability of books to children and that a high percentage of providers were reading daily to children.¹⁴

First Five Santa Cruz County Goal: Healthy Children

40. On July 1, 2004, Healthy Kids of Santa Cruz County was launched. It is a program designed to provide comprehensive healthcare coverage for children without health insurance. Funding for the program has come from First Five SCC, First Five California, California Endowment, United Way, David and Lucile Packard Foundation, Children’s Miracle Network, Santa Cruz County Board of Supervisors and the Pajaro Valley Trust.
41. Community Outreach workers enroll eligible children in Medi-Cal and Healthy Families programs in the county. Those who are ineligible for Medi-Cal and the county’s other healthcare program, Healthy Families, will be enrolled in Healthy Kids Santa Cruz County.
42. Healthy Kids Santa Cruz County will pay providers who treat program participants. The reimbursement will be 18 percent higher than the current Medicare rate for providers in Santa Cruz County. Central Coast Alliance and the Santa Cruz County Health Services Agency will administer the program.
43. For the next ten years, \$900,000 annually from First Five SCC’s budget will go to support the Healthy Children goal area by funding universal health, dental, mental and vision insurance coverage for all children ages 0 to 5 in Santa Cruz County through Healthy Kids Santa Cruz.
44. By March 2005, 1,175 children were assisted in applying for health insurance under Healthy Kids Santa Cruz. Less than half of those had actually obtained insurance.
45. The Healthy Children programming received more than 30 percent of First Five SCC’s funding of large community grants.

Community Grants

46. First Five SCC awarded mini-grants to local entities in amounts ranging from \$500 to \$12,798 in the years 2003 to 2004. They were awarded to organizations that provide services to children 0 to 5 years. The total amount awarded was more than \$200,000.
47. First Five SCC has files on each grant recipient. Mini-grant recipient files have receipts that show the expenditures for books, toys and play equipment that were

¹⁴ ASR Evaluation and Summary Report, March 2005.

approved by the commission. Many files also include pictures of children using the items purchased. There are also files on First Five partners that received large grants. These include budget and expenditure of funds.

48. First Five SCC launched a capacity building training program for all community mini-grant recipients in Fiscal Year 2003-2004, the only one of its kind in the state. Costs associated with this training were formally covered by a Civic Engagement Project grant. Proposition 10 revenues assumed the ongoing costs associated with the training in FY 2004-2005.

Audit

49. Santa Cruz County Auditor-Controller's Office completed an audit of First Five SCC in November 2004, and found that:

- First Five SCC was charged an allocated percentage of some United Way operating expenses;
- First Five SCC bank reconciliations were not reviewed by the Executive Director of United Way, as required by their policy and procedure manual;
- work was performed without a contract;
- revenues and expenditures were not adequately monitored;
- encumbrances were not liquidated when a contract was completed;
- an annual budget was not approved;
- contract records were not adequately maintained;
- contract periods did not align with fiscal year;
- controls over petty cash were inadequate;
- State of California contractual deadlines were not met; and
- the policy and procedures manual was incomplete.

50. The current executive director of First Five SCC has implemented a plan called Accounting Systems Improvements. Policies and procedures are in place to complete contracts appropriately, to review revenues and expenditures monthly, approve the annual budget, tighten controls on petty cash and meet State of California deadlines. The policy and procedures manual has been completed.

51. First Five SCC is in the process of completing a ten-year financial plan. First Five SCC intends to reduce the size of its administrative budget each year in proportion to reduction in annual revenues. Funding has been reserved for future projects that have not been committed as of June 30, 2004.

Conclusions

1. United Way provides staff and administrative support for First Five SCC and some of its programs at the cost of less than 10 percent of revenues received.
2. The Santa Cruz County Auditor-Controller discovered exceptions in the operating process of First Five SCC. The current director has addressed and corrected all of the auditor's findings.
3. Through a strategic plan, First Five SCC determined what specific needs the county has in regards to healthcare, strong families and preparing children to be ready to learn when they enter kindergarten.
4. Consistent with the requirements of Proposition 10, the Grand Jury has found that mandated funds are being spent "for the purpose of promoting, supporting and improving the early development of children from prenatal stage to five years old."
5. First Five SCC is planning for decreasing tobacco tax revenues by establishing a 10-year financial plan that will keep established programs operational and reserve funds for future projects.
6. The Grand Jury examined the process, contracts and allocations of the community mini-grants. Grand Jurors found that the process is detailed for both the applicant and the commission. A follow-up of how the funds were spent is required by the recipient and kept on file for examination.
7. First Five SCC partners have had inconsistencies in program evaluation. Some programs have recorded great success, while others have had to modify objectives in order to meet them.
8. The SCC SUN database capabilities are limited, and the number of participating agencies is not sufficient for it to be used effectively as a referral tool.
9. An 18-month funding cycle "fiscal year" is difficult to reconcile and does not correlate with the funding cycles of most agencies.
10. At this time, the number of children enrolled in Healthy Kids Santa Cruz is small in relation to the funding of the program.

Recommendations

1. The Executive Director is to be commended for excellent leadership of First Five Santa Cruz County, for general oversight of First Five SCC programs and for addressing all problems discovered in the November 2004 audit.
2. The SCC SUN database capabilities should be expanded to be more useful for data collection and analysis by First Five partners when evaluating programs. The current number of participants in the database should also be increased to make the referral system more useful for clients and case managers.

3. First Five SCC should be more aggressive in enrolling children in Healthy Kids Santa Cruz.
4. All of United Way’s charges to First Five SCC should be audited.
5. First Five SCC should consider changing their funding cycle to a 12-month fiscal year in order to correlate with standard budget formats.

Responses Required

Entities	Findings	Recommendations	Respond Within
Santa Cruz County Board of Supervisors	1 - 51	1 - 5	60 Days (August 30, 2005)
First Five Santa Cruz County	1 - 51	1 - 5	90 Days (September 30, 2005)
United Way of Santa Cruz County	1 - 51	1 - 5	90 Days (September 30, 2005)



Santa Cruz County

Grand Jury

Final Report:

Section 5

Schools and Libraries Committee Report

Ready to Check Out? Santa Cruz City-County Library System

Synopsis

While investigating the cost of library system administrative headquarters, the larger, more complex issue of decreased revenues became glaringly apparent. A comprehensive financial and facilities plan is overdue. In 2013, the library system will lose nearly 60 percent of its funding when Measure B¹ expires. In October 1997, Technical Services, System Outreach and Administrative Services moved from the Central Branch Library to Pacific Avenue. The Central Branch became overcrowded when the library collection was expanded, and additional staff was hired after the passage of Measure B. By the time the Pacific Avenue lease expires in 2007, the library system will have spent more than \$2.5 million on rent.

Library administration has suggested a \$24 million expansion of facilities. However, larger buildings and more branches generate increased operating costs. Over the last two years, decreased library system revenues have meant cutting open hours, staff and acquisitions. Even at the current level of services, the library system is operating at a deficit. With future revenue sources uncertain, responsible fiscal planning is critical to the library system's survival.

Definitions/Abbreviations (See Appendix)

Background

The mission of the Santa Cruz City-County Library System is to: “provide materials and services that help community residents meet their personal, educational, cultural, and professional information needs.”² The library system serves the population of Santa Cruz County. As of August 2004, the library system served 205,000 people. The City of Watsonville has its own two-branch library system.

Library System Organization

The library system has ten branches:

- Aptos
- Boulder Creek

¹Text of Measure B (November 1996), www.santacruzpl.org/libraryadmin/btext.shtml.

² Santa Cruz Public Libraries, “Facts about the Santa Cruz City-County Library System,” August 24, 2004.

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- Branciforte (East Santa Cruz)
- Capitola
- Central (Downtown Santa Cruz)
- Felton
- Garfield Park (West Santa Cruz)
- La Selva Beach
- Live Oak (under construction)
- Scotts Valley

Library headquarters, housed on Pacific Avenue, includes the Administrative Unit, Technical Services (cataloging) and Outreach for both seniors and children. The library system also operates a bookmobile.

Current library system organization balances two conflicting library service issues:

- desire to retain neighborhood-level branch libraries; and
- economic necessity of maximizing funding resources by centralizing programs and services.³

Library External Administration

Santa Cruz County has contracted with the City of Santa Cruz since 1916 to provide library services. To ensure balanced service throughout Santa Cruz County, the County of Santa Cruz and the cities of Capitola, Santa Cruz and Scotts Valley agreed in May 1996 to form a joint exercise of powers authority⁴ to govern the library.⁵

The Library Joint Powers Authority Board (JPA Board) consists of nine members, including elected officials from the county and cities. The JPA Board oversees the operations of the library, sets policies and exercises responsibilities designated by this agreement. The Joint Powers Authority Agreement expires in 2014. JPA Board meetings are held at least quarterly.

The City of Santa Cruz provides administrative, financial and personnel services to the system.⁶ In return, the City of Santa Cruz receives the equivalent of 5.5 percent of the net operating costs of the library system as compensation. The Santa Cruz City-County Library System has the equivalent of 117.98 full-time regular employees who are part of the Santa Cruz City personnel system. The library also employs on-call substitutes,

³ Santa Cruz Public Libraries, The Santa Cruz Library System Facilities Master Plan, 2001/01 – 2005/06, September 2001.

⁴ See Appendix: Definitions.

⁵ Joint Powers Agreement between the City of Santa Cruz and the County of Santa Cruz and the Cities of Capitola and Scotts Valley Relating to Library Services, May 1996.

⁶ Joint Powers Agreement between the City of Santa Cruz and the County of Santa Cruz and the Cities of Capitola and Scotts Valley Relating to Library Services, May 1996.

student pages and numerous volunteers. The Santa Cruz City Manager reports to the Mayor and the City Council. The City of Santa Cruz Director of Finance maintains the accounts and financial records of the JPA Board.

Library Central Administration

The Director of Libraries oversees the overall allocation of duties and responsibilities in the library and reviews all processes. The Director of Libraries has department head status under the City of Santa Cruz personnel system and serves as staff to the JPA Board. The City Manager of Santa Cruz City supervises the Director of Libraries.

Central Branch/Administrative Facilities

The Central Branch facility was built in 1968 and is approximately 44,000 square feet. The building has been renovated and upgraded as needs have changed. When the Measure B library sales tax was approved by voters in 1996, the library system increased services, added to its collection and hired additional staff. As a result of this expansion, the JPA Board voted to rent additional space because enlarging the Central Branch would have disrupted library operations. Administrative Services, Technical Services and Outreach moved to 1543 Pacific Avenue in October 1997. Measure B was a new library tax in the form of a quarter-cent sales tax.

The Director of Libraries set the criteria for administrative headquarters. City of Santa Cruz Redevelopment Agency staff and the landlord negotiated the terms of the lease. After review by the JPA Board, the City Attorney and the RDA Executive Director, the Santa Cruz City Manager ultimately approved the lease.

Funding

Library funding for Fiscal Year 2004-05⁷ comes from a combination of:

- property taxes (43 percent);
- sales tax (57 percent); and
- library fees and fines, state funds, bequests and trusts (.06 percent).

Property tax and sales tax revenues are allocated annually to the library system and the Watsonville Public Library by a Library Financing Authority. The funds are divided according to a population-based formula. The library system achieved relative financial stability in fiscal year 1997-98 with the passage of Measure B. However, due to an ailing economy, sales tax revenues were declining by 2003.

Even without the effects of the economy, the library system's existing revenue sources are insufficient to meet future capital needs and operating expenses. In addition, the

⁷ Santa Cruz Public Libraries, The Library System's Revenue and Budget: FY 2004-2005, <http://www.santacruzpl.org/libraryadmin/04-05bud.shtml>. Also see Appendix: Budget.

Measure B sales tax, which comprises approximately 60 percent of the library system's budget, ends in eight years. The JPA Board discussed the use of general obligation bonds to fund future system needs.

Scope

This investigation was initiated to review the cost of housing library administrative headquarters on Pacific Avenue and generate recommendations regarding facilities and space. The investigation included:

- researching the Santa Cruz City-County Library System budget, facilities plan and newspaper articles;
- interviewing library personnel and city staff regarding facilities and space for administration; and
- making recommendations based on findings.

In the course of the investigation, the larger, more complex issue of decreased and finite revenues became glaringly apparent as did the overwhelming need for a proactive, comprehensive financial and facilities plan.

Sources

Interviewed:

City of Santa Cruz administrators and staff.
Commercial Realtor.
Joint Powers Authority Board Members.
Library administrators and staff.

Reviewed:

Memoranda/Reports/Minutes/Agendas:

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- Mike Elmore, Faye G. Belardi Memorial Board of Trustees, Felton Library Rent Increase, June 16, 2000.
- Pamela Greeninger, Lease Agreement – Capitola Branch Library, January 16, 2002.
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- Lease for 1543 Pacific Avenue, 1997-2002, March 4, 2002.
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- December 6, 2004.
 - February 7, 2005.
 - April 4, 2005.

- May 2, 2005.

Findings

Library Administration

1. Current library system organization balances two conflicting library service issues:
 - desire to maintain neighborhood-level branch libraries; and
 - economic necessity of maximizing funding resources by centralizing programs and services.⁸
2. The Director of Libraries is supervised by the City Manager and has department head status under the City of Santa Cruz's personnel system. The Director serves as staff to the Library Joint Powers Authority Board.
3. Although the JPA Board governs the library, the staff are Santa Cruz City employees.
4. The Joint Powers Board consists of nine members:
 - Two members appointed by the Santa Cruz City Council from among its members;
 - Two members appointed by the Santa Cruz County Board of Supervisors from among its members;
 - One member appointed by the Capitola City Council from among its members;
 - One member appointed by the Scotts Valley City Council from among its members; and
 - Three at-large citizens appointed by majority vote of the board from the qualified electors of the Library Service Area and who represent the geographic diversity of the county.
5. The JPA Board oversees the operations of the Santa Cruz City-County Library System. It oversees the library budget, adopts and oversees enforcement of rules, regulations and policies necessary for the administration of the library system; sets hours and levels of service for operation of the library system and evaluates the quality of library service. The JPA Board does not concern itself with the day-to-day functioning of the library or the details of the library budget. It relies heavily on staff input to make decisions. The JPA Board duties include conferring with "the City

⁸ Santa Cruz Public Libraries, The Santa Cruz Library System Facilities Master Plan, 2001/02 – 2005/06, September 2001.

Manager concerning the job performance of the Director of Libraries and any modification or renewal of the contract of the Director of Libraries.”⁹

6. The City Manager consults with other administrative heads of member jurisdictions for the director’s personnel reviews (County Administrative Officer, City Manager of Scotts Valley, City Manager of Capitola).
7. The Director of Libraries was last reviewed in 1999 and initiated a self-review in 2002-2003.
8. JPA Board members and Santa Cruz City staff could not recollect when the JPA Board was last asked for advice on the performance of the Director of Libraries.

Measure B

9. Measure B, passed by voters in 1996, was a new library tax in the form of a quarter-cent sales tax. Polling data showed that the public valued services to children and seniors, increased open hours and an expanded collection.
10. The sales tax went into effect March 1997 with funds becoming available in the fiscal year beginning July 1, 1997. The ordinance terminates on April 1, 2013.¹⁰
11. When people voted on Measure B, its purpose was for more open hours and some capital expenditures to expand places like Scotts Valley and Felton branches and to renovate and build when necessary. Measure B did not expressly call for renting additional administrative space.
12. Measure B commitments included:¹¹

Commitments accomplished:

- Youth Service (YS) staff added and collections expanded;
- Mobile YS Librarian added;
- First 5 Commission Read to-Me-Grant received;
- Bookmobile purchased, staff hired;
- Outreach staff for seniors hired and programs developed;
- Library Book and Materials budget increased 44 percent in Fiscal Year 97-99, but declined starting after January 2002;

⁹ Joint Powers Agreement between the City of Santa Cruz and the County of Santa Cruz and the Cities of Capitola and Scotts Valley Relating to Library Services, Library Joint Powers Board Bylaws, Article II, g., May 1996.

¹⁰ “Text of Measure B (1996 November),” <http://www.santacruzpl.org/libraryadmin/btext.shtml>, November 1996.

¹¹ Director of Libraries, “Measure B Promises and Accomplishments,” December 21, 2004.

- Open hours expanded;
- Reopened Live Oak Branch in 1998, County Redevelopment Agency began construction of new facility in 2004;
- Scotts Valley Branch doubled in size, homework center added;
- Deferred maintenance accomplished at various branches; and
- Multiple improvements made in automation and internet access.

Items accomplished, not part of original commitment:¹²

- Opened new branch in Capitola;
- Asbestos abatement at Central Branch, new carpet, painting and HVAC repair;
- System Services staff moved to 1543 Pacific Avenue in downtown Santa Cruz; and
- Bathrooms and other basic facilities added to Garfield Park Branch.

Commitments not accomplished:¹³

- Construct 2,900 square foot addition to the Central Branch (based on further study, library staff states that 32,000 square feet are needed);
- Renovate historic structure occupied by Felton Branch (renovation proved to be impractical and expensive); and
- Install one-stop kiosk-type information centers with public access computers throughout county – unworkable without 24/7 staffing.

Lease Negotiations

13. With the passage of Measure B, the library system increased services, added to its collection and hired additional staff, necessitating more space. As a result of overcrowding due to expansion, Administrative Services, Technical Services and Outreach moved to 1543 Pacific Avenue in October 1997.
14. The JPA Board directed the Director of Libraries to recommend rental space, including possible location, budget and timeline, to accommodate overflow from the Central Branch.
15. To accommodate the newly hired staff (due to the passage of Measure B) by October 1997, prompt location of space and timely execution of a lease was necessary. Since the Santa Cruz City Council did not meet in August 1997, library and City of Santa

¹² Director of Libraries, "Measure B Promises and Accomplishments," December 21, 2004.

¹³ Director of Libraries, "Measure B Promises and Accomplishments," December 21, 2004.

Cruz Redevelopment Agency (RDA) staff requested that the Santa Cruz City Manager be authorized to approve a lease agreement. The lease was subject to the approval of the Santa Cruz City Attorney and the JPA Board.

16. The recommendation from the Director of Libraries and the Santa Cruz City Director of Redevelopment stated that the new space should be located conveniently to the main branch of the library, should comprise approximately 10,000 square feet and should have a parking area adequate for loading, unloading and parking of book vans. One of the objectives of having library headquarters downtown was to contribute to the city's recovery from the 1989 earthquake. The building at 1543 Pacific Avenue met the above criteria.
17. Alternative sites were not considered since there were no other available sites that met the above criteria. City Redevelopment Agency staff recollects that the library director identified this site as meeting the specification.
18. The lease approval process began with negotiation between the City of Santa Cruz Redevelopment Agency staff and the landlord. The Santa Cruz City Council approved the basic lease terms but was not involved in the details. They relied on the background material prepared by RDA staff.
19. The original lease, executed in Santa Cruz on September 8, 1997 between Penak J. Ltd. and the Santa Cruz City-County Library System, was signed by the Santa Cruz City Manager. The lease had a five-year term with an additional five-year renewal option.
20. The JPA Board approved the Director of Libraries' recommendation that the JPA Board adopt a resolution to renew the lease between the library system and Penak J. Ltd. for library administrative headquarters at 1543 Pacific Avenue for an additional five-year term that ends September 30, 2007.

Library Administrative Headquarters

21. The lease of library administrative headquarters has cost Santa Cruz County residents millions of dollars. In the eight years leading up to 2005, the cost has been \$1,936,006. That cost increases annually. By the end of the second five-year lease term, more than \$2.5 million will have been spent on administrative headquarters.

Calendar Year	Rent ¹⁴	NNN ¹⁵ + Utilities	Total Rent	Elevator Contract	HVAC Contract	Annual Cost
1997-1998^{16 17}	\$150,888	\$33,096	\$183,984	-0-	-0-	\$183,984
1999	\$174,108	\$35,292	\$209,400	-0-	-0-	\$209,400
2000¹⁸	\$182,232	\$41,712	\$223,944	-0-	-0-	\$223,944
2001	\$190,800	\$52,884	\$243,684	\$3,000	-0-	\$246,684
2002	\$199,392	\$57,768	\$257,160	\$3,166	\$5,040	\$265,366
2003	\$202,044	\$58,152	\$260,196	\$5,040	\$5,040	\$270,276
2004	\$204,060	\$55,416	\$259,476	\$5,040	\$5,040	\$269,556
2005	\$201,576	\$55,140	\$256,716	\$5,040	\$5,040	\$266,796
Total	\$1,505,100	\$389,460	\$1,894,560	\$21,286	\$20,160	\$1,936,006

Table 1. Library Administrative Headquarters Rent and Cost History.

**Sources: Lease for 1543 Pacific Avenue dated September 8, 1997
Renewal of Library Administration Building Lease dated April 10, 2002
Chart from Santa Cruz City Manager, April 4, 2005**

22. The Administrative Unit occupies 3,500 square feet in the Pacific Avenue Suite and includes offices, a conference room and an automation training room. Space is adequate but will not sustain growth. It would be hard to add staff for a grant program or special project. Foreseeable future needs would be met by 4,500 square feet.¹⁹

¹⁴ In 2005, rent was reduced by \$379 per month.

¹⁵ Triple net. See Appendix: Definitions.

¹⁶ Dates are from October 1997 through December 1998.

¹⁷ A memo confirming the area of the premises was signed on June 25, 1998. The original square footage stated in the lease was 11,770 square feet. In this memo, the area was confirmed actually to be 11,190 square feet. Rents are based on square footage. Adjustments were made to compensate for the overpayment of rent.

¹⁸ On May 17, 2000, the library system added another 1,123 square feet of rental space, for a total of 12,313 square feet.

¹⁹ Santa Cruz Public Libraries, The Santa Cruz Library System Facilities Master Plan, 2001/02 – 2005/06, September 2001.

23. Technical Services occupies 5,500 square feet. Sixty percent is devoted to staff work areas including routing for daily delivery to all branches and the balance to shelving for books and other materials being processed. Seven thousand square feet is required to meet current and future needs.²⁰
24. The Outreach Program occupies 856 square feet on Pacific Avenue. Sixty percent of the space is devoted to shelving library materials and other supplies. The Outreach Program staff workspace of 343 square feet for six people, even workers who are in and out of the building, does not meet library standards. “Conditions are absurdly overcrowded.”²¹
25. The Outreach Program requires at least 1,500 square feet for workspace and shelving. If staff moved to a stand-alone facility, a bathroom, break room and storage space would be needed. Access to a loading dock and vehicle parking is required. The space could be located elsewhere in the county near major thoroughfares.²²
26. Library staff reported that the heating system does not work well; the boiler is very old and some offices are often cold. The fire exit from the basement is through The Velvet Underground, a neighboring business. The door was locked in the past, but this has been remedied.
27. Library staff says that the elevators are small, old and break down frequently. Since the library system pays for elevator servicing and repair costs, this adds to the expense of leasing administrative headquarters.
28. Loading docks for Outreach and Routing/Receiving, as well as limited staff parking, are available. The building meets the load-bearing requirement for books.²³
29. In Outreach, three people shared a desk designed for one. Crates of books were stacked at the end of aisles on the first floor. In contrast to other rooms, one room had empty shelves.
30. In June 2004, the JPA Board appointed a subcommittee to consider the cost and relocation of library administrative headquarters. No action was taken.²⁴

²⁰Santa Cruz Public Libraries, The Santa Cruz Library System Facilities Master Plan, 2001/02 – 2005/06, September 2001.

²¹ Santa Cruz Public Libraries, The Santa Cruz Library System Facilities Master Plan, 2001/02 – 2005/06, September 2001.

²² Santa Cruz Public Libraries, The Santa Cruz Library System Facilities Master Plan, 2001/02 – 2005/06, September 2001.

²³ Memo from Director of Libraries to Library Joint Powers Authority Board regarding Headquarters Space, January 26, 2004.

²⁴ Memo from Director of Libraries to Library Joint Powers Authority Board regarding Headquarters Space, January 26, 2004.

Location of Library Headquarters

31. The library system employs the equivalent of 117.98 full time employees. Forty-two people work at administrative headquarters. Twenty-two of them work two four-hour shifts per week on public desks at the Central Branch, and one senior manager works one four-hour shift. This is the equivalent of 2.4 full-time equivalency (FTE) positions on the Central Branch circulation desk and 2.1 FTE positions at Central Reference and Youth Services. Library system administration believes that administrative headquarters must be located within easy walking distance to the Central Branch.
32. Locating administrative staff close to Santa Cruz City Hall and the County Building is convenient. Administrative staff workers make daily trips to Santa Cruz City Hall that save mail/delivery time and maintain personal contacts with colleagues in the Finance and Human Resources Departments.²⁵
33. As many staff as possible work on public desks to preserve contact with the public. Library management believes that keeping in touch with the public allows Technical Services staff and management to improve service. Working on a public desk gives the staff involved a sense of the impact of their work on the public and other staff.²⁶
34. Rotation of shifts was instituted to relieve staff from long hours “on desk” where repetitive motion could lead to stress injury.
35. According to some staff members, rotation is inconvenient because the worker stops one job in the middle of the day and goes to another. Because staff fill in at branches other than Central, rotation involves travel time. Staff must acclimatize themselves to different and changing work situations if they fill in sporadically.
36. The library system has an existing courier service that delivers library materials throughout the 10-branch system, including administrative headquarters.

Funding

37. Library funding comes from the following sources:
 - County Library Fund - property tax, designated for library service, collected in the unincorporated areas and in the cities of Capitola and Scotts Valley;
 - member contributions – the cities of Santa Cruz and Watsonville contribute money from their general funds;
 - Measure B – a quarter-cent sales tax (approved by voters in 1996);
 - library fee and fine revenue;

²⁵ Memo to the Joint Powers Authority Board from Director of Libraries regarding Headquarters Space, January 26, 2004.

²⁶ Memo to the Joint Powers Authority Board from Director of Libraries regarding Headquarters Space, January 26, 2004.

- State of California Public Library Fund grant; and
 - income from library bequests and trusts.
38. According to library staff, Measure B sales tax originally generated sufficient money for library operations but not enough for capital projects. The library has enough revenue to operate the city-county library system. It does not have enough money for updating facilities.
39. The library budget has been negatively affected by:
- higher expenses for employee benefits such as workers' compensation;
 - a recession that reduced sales-tax revenues; and
 - a state government that took local tax revenues to narrow its budget gap.
40. In response to a projected \$700,000 budget deficit, the JPA Board:²⁷
- increased the library system's schedule of fees and charges;
 - shortened hours;
 - eliminated a cumulative total of 9.13 positions since June 2003;
 - accepted early retirements from staff;
 - cut library materials budget by \$350,000; and
 - cut Supplies and Services budget – training, staff travel to conferences, supplies for materials processing.
41. The Director of Libraries estimated the anticipated library system budget deficit for FY 2005-2006 to be \$200,384.²⁸ In May 2005, that figure was revised to \$173,000.²⁹ This figure may look insignificant when looking at Fiscal Year 2004-05 expected expenditures of \$10.8 million,³⁰ but it was enough for the library system to consider closing a branch.

Outcomes

42. The JPA Board has discussed going to the voters for a bond issue and how to otherwise fund long-term capital needs. There is no contingency plan if a bond issue doesn't pass. If it doesn't pass, money may continue to be spent the same way it is

²⁷ Director of Libraries, "The Library Budget Deficit: What's Going On?" November 10, 2003, <http://www.santacruzpl.org/libraryadmin/deficit.shtml>.

²⁸ Memo from Director of Libraries to Library Joint Powers Authority Board regarding FY 2005-06 Budget Increases and Revenues, March 30, 2005.

²⁹ Santa Cruz Sentinel, "Library chief's apology falls short for supervisor," May 4, 2005.

³⁰ Santa Cruz Public Libraries, the Library System's Revenue and Budget: FY 2004-2005, <http://www.santacruzpl.org/libraryadmin/04-05bud.shtml>.

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spent now. The cost of library administrative headquarters is \$266,796 this year and will increase each year.

43. A minimum of \$16.8 million is required for capital improvement. If Scotts Valley and Capitola are included the figure goes up to \$24.2 million.³¹
44. A bond issue on the ballot would request voters throughout the county to approve a 30-year general obligation bond measure on the order of \$20 million to support expansion or replacement of the Central Branch, construction of a new branch at Felton, expansion of the Aptos parking lot, upgrading the automation system and installing new materials handling and security technology. The cost would be roughly \$6.30 per \$100,000 of assessed valuation, or \$30 annually for the typical property taxpayer.
45. The earliest a bond proposal could be ready for placement on a ballot is 2006.³²
46. Some JPA members feel a bond measure would have difficulty passing. They have stated that if a bond issue is proposed, the public should be polled to see if they would vote for it.
47. JPA Board members say that administrative headquarters rent is high, but holding a bond election is expensive, and the JPA would probably be responsible for that cost.
48. In the City of Salinas, voters rejected a ballot measure on November 2, 2004 to boost sales tax to preserve city services.³³
49. The Salinas City Council voted on December 14, 2004 to permanently close all three of the city's libraries.³⁴
50. Santa Clara County's library tax (\$33.66 per year for a single home, comprising 20 percent of its operating budget) expires in June 2005. Efforts by its Joint Exercise of Powers Authority to pass a measure to renew and increase the tax failed last year. In May 2005, a mail-in ballot offering two options will be sent out. Measure A will renew the tax at the same amount and will avoid service cuts for the coming year. Measure B will increase the amount by \$12 per year per single home to restore some cuts in hours and services. The Santa Clara library district has spent at least \$80,000 on an opinion poll. The cost of running the election will be \$1.8 million (a third of the \$5.4 million the tax would raise annually).³⁵
51. Voters in San Luis Obispo rejected a proposed quarter-cent sales tax hike on November 2, 2004, which would have kept their libraries solvent, necessitating reduced hours and staff layoffs.³⁶

³¹ Director of Libraries, Library Capital Improvement Program, September 1, 2004.

³² The Mid-County Post, "Library Expansion," October 5, 2004-October 18, 2004.

³³ Santa Cruz Sentinel, "Cash-strapped Salinas set to close libraries," December 26, 2004.

³⁴ Santa Cruz Sentinel, "Cash-strapped Salinas set to close libraries," December 26, 2004.

³⁵ San Jose Mercury News, "Library to try tax vote again," March 24, 2005.

³⁶ "Library Funding, California", www.ala.org.

52. Voters in Berkeley defeated Measure L, a library parcel tax, in November 2004. Supporters of the measure had hoped it would forestall staff layoffs and reduced hours.³⁷
53. Libraries in 41 states have absorbed more than \$50 million in funding cuts last year. At least 10 cities have considered closures.³⁸
54. At the Santa Cruz City-County Library System JPA Board meeting on May 2, 2005, a proposal was put forth to close the Felton branch to reduce the upcoming fiscal year 2005-06 budget shortfall of \$173,000 by \$156,355.³⁹ The community strongly opposed the closing, and the JPA Board voted to keep the branch open.

Conclusions

Library Administration

1. The JPA Board represents a diversity of interests in Santa Cruz County and includes elected officials. Many factors, including political considerations, contribute to making decisions for the library system.
2. Although the Library Services Joint Powers Agreement requires the Santa Cruz City Manager to “periodically” evaluate the Director of Libraries and seek written comments from the JPA Board, a review has not taken place for five years.
3. The JPA Board does not have direct authority over the Director of Libraries’ employment. Because the JPA Board is not regularly consulted about the Director of Libraries’ performance, the position’s accountability to the board is reduced.

Library Administrative Headquarters

4. The headquarters lease will expire in September 2007. This leaves only slightly more than two years to search and plan for an alternative to the expensive location at 1543 Pacific Avenue. Lack of timely planning may necessitate renewal of the lease as it did in 2002.
5. When the original lease was signed, library administration and the JPA Board had not done any advance planning for additional staff hired under Measure B. Lack of action forced hasty consideration of this site because the library needed to house already employed new staff within three months (July to October 1).
6. Upon inspection, Grand Jury members found administrative headquarters to be inefficiently laid out and crowded.

³⁷ Berkeley Daily Planet, “Too Many Tax Measures Spells Defeat at the Polls,” January 3, 2005.

³⁸ Santa Cruz Sentinel, “Cash-strapped Salinas set to close libraries,” December 26, 2004.

³⁹ Santa Cruz Sentinel, “Supervisor Rips Library Chief over Library Closing,” April 29, 2005.

7. The library system is paying a premium price for the location of the building at 1543 Pacific Avenue. The building is currently crowded and will not sustain future growth.
8. Outreach and Technical Services do not have to be located in the same building as the Administrative Unit.
9. Shifts at public desks could be scheduled so that staff does not have to travel between administrative headquarters and the Central Branch during the workday.
10. Having staff work shifts at Circulation and Reference at the Central Branch benefits both staff and the library system, so the practice should continue.

Funding Improvements

11. The extensive capital improvements envisioned by library officials will require a major funding source such as a bond issue.
12. Even though Santa Cruz County residents passed Measure B in 1996, passage of a capital improvements bond involving property tax increases is not assured.
13. The library system will not be able to update or expand facilities if the proposed bond measure fails.
14. Unless changes are made in the library's current budget, or a major funding source is found, capital improvement and expansion plans will have to be scaled back or abandoned.
15. Other library systems that have faced budget deficits have been forced to close facilities or cut back services. The Santa Cruz City-County Library System depends on Measure B sales tax revenue for daily operating expenses. If this revenue source expires on April 1, 2013 without a replacement measure, and if a bond measure to fund capital improvements and expansion is not approved by voters, the system will not have the money it needs to operate.
16. The difference between the amount of rent and related expenses for administrative headquarters and a less expensive alternative since 1997 could have made a significant contribution toward improving facilities and funding daily operations and acquisitions.
17. The lease on administrative headquarters will expire in 2007. Finding a less expensive alternative would free money for daily operating expenses. Not finding an affordable space for library administrative headquarters is an unnecessary drain on the library system budget.
18. Leasing administrative headquarters was not specified as a goal of Measure B as submitted to voters. Measure B monies became available July 1, 1997 and the lease was signed September 8, 1997. Therefore, before all stated goals were accomplished, over a quarter of a million dollars was committed annually for five years and, in 2002, this commitment was extended for another five years.

19. Since the library system did not honor all the Measure B commitments, it may face public distrust for any new funding proposals.
20. Paying the cost of leasing library administrative headquarters was part of a lack of planning and foresight that contributed to the proposed closure of the Felton branch in order to narrow the upcoming budget gap.
21. Focusing the cuts on the Felton branch rather than spreading the cuts throughout the library system seems drastic. This proposal appears to be calculated to inflame public opinion.

Recommendations

1. The Santa Cruz City Manager should review the Director of Libraries' job performance according to the Library Joint Powers Authority Agreement. He should solicit the written advice of the JPA Board for these reviews.
2. The JPA Board should immediately begin to find an alternative to the crowded and inefficient location at 1543 Pacific Avenue.
3. Library administration should conduct an efficiency study to find reasonable alternatives to the way staff are located within the library system and are rotated in and out of the Central Branch. They should seek professional advice as necessary.
4. Since the operation of the Santa Cruz City-County Library System depends on Measure B sales tax revenue that will expire in 2013, economy measures and new funding sources must be found to maintain existing levels of service.
5. If a bond measure is passed, the JPA Board must be very careful to use the funds in the manner specified in the measure.
6. The library staff and JPA Board must develop contingency plans for any future capital projects if a bond issue is unsuccessful at the polls.
7. The library system and City of Santa Cruz staff and administrators should be commended for promptly providing comprehensive information to the Grand Jury.
8. Library system staff is to be commended for their expressed desire to provide the best possible library services to the county.
9. JPA Board members must make decisions for the good of the overall library system rather than focusing on their own constituencies and parochial concerns.

Appendix

Definitions/Abbreviations

Americans with Disabilities Act (ADA): Signed into law on July 26 1990, the Americans with Disabilities Act is a wide-ranging legislation intended to make American society more accessible to people with disabilities.

General Obligation Bond: bonds that require approval by a two-thirds majority of those voting on the measure. General obligation bonds impose a tax on real property within the taxing area.

HVAC: heating, ventilation and air conditioning

Joint Powers Authority (JPA): State law authorizes two or more public entities to enter into a joint exercise of powers agreement establishing a separate public entity to carry out public purposes.⁴⁰

JPA Board: Library Joint Powers Authority Board

NNN or Triple Net: a pro-rata share of any and all real property costs agreed to between the owner and lessee

Parcel Tax: a tax on a parcel of property that is imposed as a special tax. Special taxes are permitted by the California State Constitution, and require approval at an election by at least two-thirds of those voting on the measure.

Parking Deficiency Fees: fees assessed on every business in a specific parking district to supply shared parking for that area

Redevelopment Agency (RDA): an agency created to provide a new source of financing and focused oversight for community improvement and affordable housing projects. In February 1990, the Santa Cruz City Council established a Redevelopment Department as a separate city administrative entity to meet the challenge of rebuilding downtown Santa Cruz.

Timeline

- **May 1996:** Joint Powers Agreement between the County of Santa Cruz and the cities of Santa Cruz, Capitola and Scotts Valley went into effect.
- **1996:** Measure B (quarter-cent sales tax) passed.
- **July 1, 1997:** Measure B funds became available.
- **September 8, 1997:** Lease for 1543 Pacific Avenue executed.
- **October 1997:** Library Administrative Unit, Technical and Outreach Services move into 1543 Pacific Avenue.

⁴⁰ Government Codes § 6503 and 6503.5.

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- **April 10, 2002:** JPA Board authorized Director of Libraries to execute documents. Lease extended under current terms and conditions.
- **January 26, 2004:** JPA Board appointed a three-member subcommittee to consider cost of administrative headquarters.
- **January 2005:** Live Oak Branch was slated for opening.
- **June or November 2006:** Earliest possible dates for a bond measure election.
- **September 30, 2007:** Lease for 1543 Pacific Avenue expires.
- **2013:** Quarter-cent sales tax expires.
- **2014:** Joint Powers Agreement expires.
- **2018:** Cities of Capitola and Scotts Valley are obligated to build library branches through their redevelopment agencies.

Santa Cruz City-County Library System Budget Information for Fiscal Year 2004-2005⁴¹

Source of Revenue	Santa Cruz City-County Library System Share	Percentage of Total
Member Contributions: City of Santa Cruz (general fund) City of Watsonville (general fund) County Library Fund	\$ 4,278,883	42.70%
Sales Tax Revenues (Measure B)	\$ 5,736,292	57.24%
Miscellaneous (includes interest, bequest income, fees and fines, grants for special projects, and a state allocation)	\$814,716	0.06%
Total	\$ 10,829,891	100%

Budget Item	Amount Allocated	Percentage of Total Budget
Personnel (less 2.5% savings)	\$ 7,330,472	67.9%
Supplies and Services (less 3% savings)	\$ 2,168,979	20.1%
Debt Repayment	\$ 275,905	2.5%
Capital Projects	\$ 147,883	1.4%
Special Equipment	\$ 15,000	0.1%
Reserve Fund	\$ 85,000	0.8%
First Five (Read-to-me Grant)	\$ 215,887	2.0%
Subtotal	\$ 10,239,126	
City Charge @ 5.5%	\$ 563,152	5.2%
Total	\$10,802,278	100%

⁴¹ Santa Cruz Public Libraries, The Library System's Revenue and Budget: FY 2004-2005, <http://www.santacruzpl.org/libraryadmin/04-05bud.shtml>.

Responses Required

Entity	Findings	Recommendations	Respond Within
Santa Cruz County Board of Supervisors	1-3, 5-9, 11-18, 20-54	1-9	60 Days (August 30, 2005)
City of Santa Cruz	1-3, 5-9, 11-18, 20-54	1-9	60 Days (August 30, 2005)
City of Capitola	1-3, 5-9, 11-18, 20-54	1-9	60 Days (August 30, 2005)
City of Scotts Valley	1-3, 5-9, 11-18, 20-54	1-9	60 Days (August 30, 2005)
Library Joint Powers Authority Board	1-3, 5-9, 11-18, 20-54	1-9	90 Days (September 30, 2005)
Santa Cruz City-County Library System	1-3, 5-9, 11-18, 20-54	1-9	90 Days (September 30, 2005)

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Santa Cruz County

Grand Jury

Final Report:
Section 6
Special Districts Committee Reports

Santa Cruz County Port District Boat Slip Waiting List

Synopsis

The Santa Cruz County Small Craft Harbor's primary function is to provide storage for pleasure craft and commercial fishing vessels. It is an important recreational and commercial facility in the county.

Santa Cruz County Port District uses a waiting list procedure to determine who can rent the limited supply of boat slips. We found that the Port District administers the wait list fairly, although all of its procedures are not fully documented and are sometimes hard to understand. The processes it uses for maintaining the waiting list data could be improved.

Definitions

Berth: the place where a ship lies at anchor or at a wharf

Dry-stored: vessels stored on land

Inside-tie space: inside portion of the dock along the shoreline in the north/upper harbor

Queue: an ordered waiting list for each type of berth. The order is determined by seniority date. New entries are added to the end of the queue and the oldest entries, i.e. those closest to receiving a slip, are at the beginning of the queue.

Seniority date: the date a waiting list application is accepted. Seniority dates are used to order the list, with oldest dates first and most recent dates last.

Slip: a docking place for a vessel between two piers. All slips are berths, but not all berthing locations are slips. For example, a berthing location may be a vessel anchored offshore.

Waiting list: the list of all individuals and entities who are in line to get a slip in the harbor

Background

Citizen groups obtained 3,000 signatures and presented them to the Santa Cruz County Board of Supervisors, which authorized an election in 1950. The election officially formed the Santa Cruz Port District under the guidelines of the State of California Harbors and Navigation Code. The purpose of the district was to provide and manage small craft harbor facilities in Santa Cruz County. Between 1958 and 1960, the California State Department of Parks and Recreation began acquiring land for the harbor and supporting parking and concession areas. In 1962, Congress appropriated \$1.6 million for jetty construction and dredging of the original south harbor basin. Expansion of the upper harbor north of the Murray Street bridge began in 1968 after state planning studies were completed. An additional 455 slips were completed in 1973.

Santa Cruz Harbor now has space for approximately 1,000 wet-berthed and 275 dry-stored vessels. Roughly 15 percent of these vessels are commercial fishing boats, 35 percent pleasure powerboats and 50 percent pleasure sailboats. Besides providing space for pleasure boats, the harbor must support berthing requirements for commercial fishermen.

The demand for berthing space is greater than availability. As a result, the Port District has established a waiting list and associated procedures to determine who will get available spaces.

The primary procedures are documented in a pamphlet published by the Port District titled “Waiting List Procedures.” Waiting list procedures are as follows:

- A person or legal entity applies to the Port District for a slip.
- Once the Port District accepts the application, the applicant must pay the annual fee of \$85 to remain on the waiting list.
- The applicant receives a seniority date and chooses the appropriate queue based on the size and type of boat to be put in the water.
- The applicant is offered a slip when one becomes available, and no one else has been on the waiting list longer for the same type of slip.

In 2001-2002, the Santa Cruz County Grand Jury reviewed the operations of the entire Port District. That report was generally positive and concluded, among other things, that “The Santa Cruz Port District is a well run, professionally administered revenue generating Special District.”

Sources

Interviewed:

Port District officials.

Reviewed:

Data provided by the Santa Cruz County Port District that included:

- Current wait list.
- List of slip acceptances for the previous three years.

Harbor web site, <http://www.santacruzharbor.org>.

Marina Manager web site, <http://www.marina-management-software.com>.

Santa Cruz County Harbor publication, “Ordinances,” May 2003.

Santa Cruz County Harbor pamphlets:

- “A Port District is a Port District” (sic).
- “An Overview of the Santa Cruz Port District.”
- “Highlights of the Slip License Agreement / General Policies and Information.”
- “One-Year Slip License / Slip Leaves.”
- “Partnerships and Limited Liability Companies.”

- “Vessel Title Held In the Name of a Family Trust.”
- “Waiting List Procedures.”
- “Rate Sheet / April 2004 – March 2005.”

Scope

This report focuses on the procedures the Port District uses to manage the list of those waiting to obtain boat slips in the harbor. Our investigation included spot checks of randomly selected slip holders and legal entities on the wait list to see if the process is administered fairly.

Findings

1. As of March 12, 2005, there were 1,183 entries on the waiting list. The list is divided into separate queues based on the size and type of slip desired. On the date we took a snapshot of the waiting list the size of each queue was as follows:

Queue Name	Description	Count
AA37 ¹	New 37’ and 40’ slips	14
L.HAR.24	24’ slips in the lower harbor	37
L.HAR.30	30’ slips in the lower harbor	108
L.HAR.40	40’ slips in the lower harbor	134
L.HAR.50	50’ slips in the lower harbor	27
L.HAR.60	60’ slips in the lower harbor	14
MULTIHUL	Multi-hull slips	7
STANDBY	Standby List	519
U.HAR.20	20’ slips in the upper harbor	19
U.HAR.25	25’ slips in the upper harbor	71
U.HAR.30	30’ slips in the upper harbor	116
U.HAR.35	35’ slips in the upper harbor	46
U.HAR.40	40’ slips in the upper harbor	48
WIDE45UH	45’ slips for wide boats in the upper harbor	10
Y.C.DRY	Yacht Club dry dock space	13
Total		1,183

2. The policies, ordinances and procedures that govern the existence and operation of the boat slip waiting list are not documented in a single location. Documents other than the Port District pamphlet, “Waiting List Procedures,” contain information and procedures relevant to the operation of the slip waiting list. These include the documents listed in the Sources section of this report.

¹ Recently the Port Commission created the new waiting list category AA-37. This is a category for new slips currently under construction. When completed, there will be two 37’ slips and two 40’ slips. These new slips will rent for 1.7 times the regular slip rate; the additional cost is to pay for the construction.

3. The Port Commission can pre-empt the waiting list and assign a slip to someone not on the waiting list. This is done only after public discussion at an open Port Commission meeting using normal voting procedures. Discussion and actions are recorded in the meeting minutes. This procedure is for special situations and is rarely used.
4. The Port District publishes part of the waiting list on its web site, <http://www.santacruzharbor.org/>. Only the names of the top ten applicants in each queue are published on the Harbor web site.
5. The Standby Queue is unique:
 - “A Standby List has been created for those individuals who know they will not be able to accept a berth in the near future.”² In other words, people who are offered a slip but cannot accept it at that time remain in the queue.
 - In practice, the Standby Queue is a general purpose list for people who don’t know what size slip they will require. Those in the Standby Queue can change to another list when their requirements are known.
 - Slip holders may also be in the Standby Queue to wait for a different slip. Slip holders retain their seniority date in the Standby Queue even after being given a slip.
 - Any individual or entity can remain on the waiting list in any queue indefinitely, as long as the annual fee of \$85 is paid.
6. Once a slip becomes available and is offered to someone on the waiting list, that person must be able to enter into a legal contract. However, there is no age requirement for individuals to submit an application and remain on the waiting list. Even school-age children can be on the list in anticipation of getting a slip.
7. The Port District uses a commercial software package, “Marina Manager,” from Timeless Technologies in Prince Edward Island, Canada. This software manages the data associated with the waiting list.³ The software tracks slip holders and visitors, dues and fees paid and owing, emergency contact information, emergency medical information, employees and volunteers. It does not specifically track waiting lists.
8. To support berthing requirements for commercial fishermen, the Port Commission authorized a Fishery Allocation Program. This program allows for certain slips (near the commercial wholesale fishery complex) to be held by commercial fishermen based on their gross annual fish catch. These slips are awarded on a competitive basis, with the highest catch getting highest priority for the slip. All commercial fishermen in these slips are audited by the Harbormaster each year to determine if they are meeting their minimum-catch criteria. The minimum criteria to hold a slip is \$200 per foot of vessel length, thus a 30’ vessel must have a minimum catch of \$6,000/year to maintain the slip. The commission reviewed this program at a public meeting approximately one year ago.

² “Waiting List Procedures,” Santa Cruz County Port District publication.

³ Information about the software is available on the internet at: <http://www.marina-management-software.com/index.htm>.

9. Inside-tie spaces are on the inside portion of the dock, along the shoreline, in the north/upper harbor. They are not part of the regular paid waiting list process. Because each vessel has unique requirements (length, beam and draft), these spaces are allocated on a case-by-case basis. They rent for the regular rate based on the vessel length. To apply for an inside-tie space, applicants give their name, vessel length, beam (width) and draft (depth) to the Senior Deputy Harbormaster in charge of space administration in the north/upper harbor. He reviews spaces when they become available and assigns an appropriate space.
10. Individuals on the waiting list complete and sign a form. They are given the waiting list date (seniority date) based on the date payment is received in the harbor office.

Conclusions

1. The entire procedure is difficult to understand because the policies, ordinances and procedures are not found in one location. Amongst the procedures that are not documented in one place are all of the intricacies of the Standby Queue, the procedures for leaving a slip, slip trade process and obtaining a slip in the inside-tie spaces.
2. The procedures governing the wait list are difficult to understand because they are not fully documented.
3. The data associated with the operation of the waiting list is not all accessible by the public.
4. The Standby Queue, a key component of the waiting list, is not well documented.
5. The rules governing the Standby Queue tend to favor those who already hold slips. Once people or legal entities are assigned a seniority date, they essentially may keep the date forever. The seniority date is forfeited only if the person or legal entity decides not to remain in the Standby Queue or gives up the slip and leaves the system. At first, this appears to be a serious imbalance in the system, which allows the development of a group of boaters with early seniority dates who can “game” the system to get the most desirable slips. However, further analysis revealed that this system encourages movement in the system. If there were no way to retain a seniority date, then slip holders would never give up their slips. The system would stagnate and make it even harder for new boaters to get a slip.
6. The Marina Management software used by the Port District to administer the waiting list is not well suited to deal with the issues associated with a multi-queue waiting list as operated by the Santa Cruz County Port District.
7. The Port District appears to operate the boat slip waiting list in a fair and responsible manner. In some cases, the procedures used are not fully documented.
8. The process for getting an inside-tie space is not documented. It is not clear how to get on the waiting list for such a space and what criteria the Harbormaster uses in deciding who gets these locations.

Recommendations

1. All of the ordinances, policies and procedures that govern the existence and operation of the boat slip waiting list should be documented in a single publication that is readily available to the boating public. This should include the details of less well-documented provisions like the Standby Queue. These should also be published electronically on the Port District web site.
2. Other software packages that can address the intricacies of the Santa Cruz Port District’s multi-queue system should be evaluated.
3. The visibility of the waiting list should be improved by publishing all non-personal data associated with the entire list on the Port District’s web site and in printed form in the Harbor office available for public review. Published information should include waiting list transactions such as:
 - additions to the list
 - transfers between queues
 - drops from the list
 - slip offers along with acceptances and rejections
4. The procedure for getting an inside-tie space should be formalized and documented. Those at the front of the various queues should be given priority for inside-tie spaces over others who are not on the waiting list.
5. The Port District should be praised for managing a complex system involving many boaters with varied requirements.

Responses required

Agency	Findings	Recommendations	Response Within
Santa Cruz County Port District	1-10	1-5	60 Days (August 30, 2005)
Santa Cruz County Port Commissioners	1-10	1-5	90 Days (September 30, 2005)
Local Agency Formation Commission	1-10	1-5	60 Days (August 30, 2005)

Water Planning in Santa Cruz County

Synopsis

Water issues are complex, controversial and extremely important in Santa Cruz County. Water discussions here are inevitably political, since many people equate more water with more growth.

This investigation focuses on how various water agencies are planning for the future. It looks at five water agencies in the county: the City of Santa Cruz Water Department and the City of Watsonville Public Works and Utilities Department, the Central and Soquel Creek water districts, and a basin-wide management agency, the Pajaro Valley Water Management Agency.

The City of Santa Cruz water supply sources have not been expanded for twenty years. At the current rate of development, the city will run short of water in years of normal rainfall by 2015. Increased development within the service boundaries and the University of California at Santa Cruz's proposed addition of 6,000 new students will affect the city's water needs. Currently the city is proposing to build a desalination plant to increase water supply. However, the City Council's current plan would limit the size and production of the plant and routinely require water restrictions during dry years.

The City of Watsonville faces the major problems of seawater intrusion in its coastal wells and taking more water than can be replenished from its aquifer. Seawater intrusion makes the water salty and unusable. Taking too much water from the aquifer also contributes to seawater intrusion. A pipeline is proposed to bring water from the Central Valley for agricultural use. This would allow water normally used by agriculture to be diverted to residential use. An expanded plant to reclaim water so that it can be used for agriculture is also in progress.

Soquel Creek Water District is likewise suffering from seawater intrusion in its wells. It is also taking more water than can be replenished from its underground aquifer. The district has responded with several innovative programs to decrease water use. A new water supply is still needed. The district has investigated sharing water from the City of Santa Cruz's proposed desalination plant or from the City of Watsonville's pipeline project.

Central Water District serves a portion of the Aptos area and has adequate water to serve its primarily rural residential customers. It expects to have plenty of water for the future, unless the Santa Cruz County Board of Supervisors increases the density for development in the area.

The Pajaro Valley Water Management Agency is in charge of agricultural water use in the Pajaro River water basin. The basin includes parts of Santa Cruz, Monterey and San Benito counties. The agency has required farmers to install meters to measure the amount of water they take from the underground aquifer. The agency charges a volume-based fee

for water use. Farmers are suing the agency because the fees were approved without an election.

Definitions

afy: acre-feet per year. An acre-foot is 325,829 gallons or enough water to cover an acre of land one foot deep with water.

Basin Management Plan (BMP): a two-phase study that resulted in a long-range management plan to maintain water levels in the water basin

Buildout: when an area reaches maximum growth capacity according to its General Plan

cf: cubic feet

Fire service connection: a fire service meter connected to a residence used by the fire department in case of a fire

gpa: gallons per acre

gpd: gallons per day

mg: million gallons

Overdraft mode: when groundwater withdrawal from a basin exceeds the sustainable groundwater supply

Primary Groundwater Recharge: a zoning ordinance restricting development to a minimum of ten acres

Proposition 13: In March 2000, California voters approved Proposition 13 (2000 Water Bond), which authorized the State of California to sell \$1.97 billion in general obligation bonds to support safe drinking water, water quality, flood protection and water reliability projects throughout the state.

PVWMA: Pajaro Valley Water Management Agency

Recharge system: porous soil that allows water to filter back into groundwater aquifers

Seawater intrusion: when water from the ocean invades coastal wells

Static level: when the height of water in a well reaches the level of the surrounding water table

Scope

This investigation examines how several local water agencies are planning for future water needs.

Central Water District

Background

Central Water District, formed in 1950, serves the unincorporated areas of Aptos. The district lies in the foothills of the Santa Cruz Mountains east of Aptos between the Soquel Creek Water District and Watsonville Water District. Central Water covers a service area of approximately five square miles with an elevation range of 150 feet to over 1,100 feet above sea level. The water supply source is drawn exclusively from five wells provided by two aquifers: the Purisima and the Aromas Red Sand.

The population within the service area is estimated at 2,700, and there are 831 domestic, fire and commercial service connections. Most customers are residential users located on rural sites of one or more acres with septic hook-up. The district also supplies water to two mobile home parks containing a total of 225 units (the largest consumers) and Aptos High School.

The Local Agency Formation Commission reduced the sphere of influence of the water district in December 1986. However, the present service area does provide for possible infilling with new residential customers. The “North Santa Cruz County Water Master Plan Study: Final Report, June 1985,” estimated that, based upon the Santa Cruz County General Plan densities, the district could expect 918 customers by the year 2000 and 944 customers at buildout. These figures project 18 new customers annually, a growth rate substantially higher than the district has experienced in the past 15 years.

The district lies within a recharge area with low-density housing. That, and the unique filtering ability of the sandy soil, allows septic systems to recycle water economically. These conditions preserve the balance of quality and quantity in the groundwater.

Existing drought procedures were created in 1989. During the last major drought, 1988-1993, the district had a shortfall in supply but achieved complete recovery soon after. During this drought period, Central Water District was the last water district in the county to register declining groundwater levels and the first to recover.

Sources

Documents:

- Central Water District Annual Report, July 1, 2002-June 30, 2003.
- Central Water District 2004 Newsletter and Consumer Confidence Report.
- Santa Cruz County Civil Grand Jury Final Report, 1999-2000.

Interviewed:

- Central Water District official.

Findings

1. The Central Water District:
 - manages groundwater resources within its boundaries;
 - conducts a water quality monitoring program (since 1959); and
 - runs a backflow prevention program to ensure water quality within the system.
2. As of June 30, 2003, Central Water added one new customer and three fire services, bringing the total number of active service connections to 831. This figure includes 48 fire and 12 irrigation services.
3. Due to the low population density in the district, there has not been a need to provide sewer service to the area. All residences use septic systems, and there is no export of wastewater to Monterey Bay.
4. The average daily amount of residential water use in California is 138 gallons per day.
5. According to the 2002-2003 Central Water District Annual Report, average annual residential usage in the district is 53,465 gallons per acre (unaccounted water is lost through leaks before it is measured). Daily residential usage is 173.6 gallons per day. However, due to septic system recharge, a substantial portion of this water is recycled to the aquifer.¹
6. Irrigation consumption records show that consumption is not excessive and is comparable to the annual usage of homes with extensive landscaping.²
7. A large portion of the Pleasant Valley area is irrigated to support apple and grape crops.
8. Central Water District has five water production wells currently in service. The vast majority of the water supplies comes from the Rob Roy Junction area and pulls from the Aromas Red Sands Aquifer. There are two other wells in the area but they are used minimally because of high iron and manganese content of the water. Well water is also drawn from the Purisima Aquifer.
9. Water quality meets state and federal health requirements.³
10. The Rob Roy Well Field reflected declines in the Aromas Red Sands Aquifer during periods of drought. The years of heavy rainfall that followed have increased water levels to within a few feet of the highest initial recordings.
11. The district is “upstream” in the aquifers so it is the last to feel the influence of a drought and the first to recover.
12. The district has seven storage tanks with a total capacity of 1.217 million gallons. According to State Health Department standards, the total storage capacity is adequate, not only for current needs, but also for the storage demand at buildout.
13. The district has not experienced any seawater intrusion into its wells.⁴

¹ Central Water District Annual Report, July 1, 2002-June 30, 2003.

² Central Water District Annual Report, July 1, 2002-June 30, 2003.

³ Central Water District 2004 Newsletter and Consumer Confidence Report.

14. Central Water District is one of the only two districts in Northern Santa Cruz County capable of meeting the demand for water at buildout (projected at 944 service connections) with the facilities presently in place.
15. The district's conservation/drought plans consist of:
 - three-tier pricing based on usage;
 - voluntary water conservation; and
 - restricted irrigation.
16. Central Water does not offer incentives for water conservation appliances such as low-flow toilets.
17. The Santa Cruz County Planning Department has designated the majority of land within district boundaries as Primary Groundwater Recharge, a designation that dictates a minimum parcel size of 10 acres for new land division.
18. Through the permit process, the County Planning Department controls the district's service area.
19. There is limited space for future growth, with the possible exception of restricted agricultural land being annexed to the district.
20. If the Board of Supervisors decides to increase housing density in the service area, water capacity could reach buildout level.
21. In 2002-2003, the county zoning ordinance restricting development in a primary groundwater recharge area was "ignored in favor of the wishes of a popular community service organization."⁵ District concerns were presented to the Planning Commission. Local public pressure and the threat of litigation persuaded the organization to relocate its facility.
22. Presently there are no plans to increase density in the district.
23. "Senate Bill 1938 addresses modification to groundwater Assembly Bill 3030 plans, which are necessary to qualify for future groundwater project funding."⁶
24. A rate committee, which included the District Manager and Directors of the district, met to calculate current operating cost and estimate future operating and capital improvement cost. They concluded that the current financial condition of the water district was sound.
25. Pacific Gas and Electric electrical surcharges increased by 50 percent over the previous year, causing the total budgetary expense for power to exceed \$100,000.
26. Workers' compensation insurance for district employees tripled this year.
27. Rates and fees for customers have remained the same for the past nine years. Due to the power surcharge, the after-hour service fees have risen to \$65, and a \$25 return-check fee has been established.

⁴ Central Water District personnel.

⁵ Central Water District Annual Report, July 1, 2002-June 30, 2003.

⁶ Central Water District Annual Report, July 1, 2002-June 30, 2003.

28. Operational budget comes from rates and fees; the district also receives \$60,000 in property tax revenue. With the current state budget shortfall, special districts may lose some or all of their property tax revenue.⁶
29. The water-rate structure may increase to offset the loss of the property tax revenue.⁷

Conclusions

1. The district is well managed and financially sound.
2. The land use regulations and policies of Santa Cruz County dictate the growth of the service area of the district.
3. Water use is primarily residential.
4. Current water supply is sufficient for an estimated buildout level of up to 944 service connections.
5. Consumption in the service area is high, but due to the unique soil and percolation system, the loss of groundwater is minimal.
6. Central Water District is self-sufficient and does not rely on water sources outside district boundaries. This will limit growth in the area.
7. Water shortage in a drought has been and is expected to be minimal.

Recommendations

1. The Central Water District management and board should be commended for its operation of the service area and resources that fall within the districts boundaries.
2. The Santa Cruz County Board of Supervisors should keep the Central Water District Board informed of any future proposal to increase the density of the district.
3. In order to manage growth with the available water supply, the county should adhere to its current zoning ordinances.
4. Water customers within the district should be made aware of the potential increase in rates due to the loss of property tax monies.

⁶ Central Water District 2004 Newsletter and Consumer Confidence Report.

⁷ Central Water District 2004 Newsletter and Consumer Confidence Report.

Responses required

<i>Agency</i>	<i>Findings</i>	<i>Recommendation</i>	<i>Response Within</i>
Santa Cruz Board of Supervisors	20, 23, 24	2	60 Days (August 30, 2005)
Santa Cruz County Planning Department	20, 21, 22, 24, 25, 26	3	90 Days (September 30, 2005)
Central Water District	32	4	90 Days (August 30, 2005)

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Pajaro Valley Water Management Agency

Background

The Pajaro Valley Water Management Agency (PVWMA) is responsible for the oversight of private wells located in the Pajaro Valley and uses meters to track water use. It is responsible for the agricultural water use in the Pajaro River basin. The service area encompasses approximately 79,600 acres, including irrigated agricultural lands, native and non-irrigated lands, the City of Watsonville and unincorporated urban communities.

PVWMA is a state-chartered local agency established in 1984 by voters of the Pajaro Valley and the California State Legislature. The agency is responsible for efficient management of water resources for agricultural, municipal and industrial uses within the Pajaro Valley Basin. Its area spans portions of three counties: Santa Cruz, Monterey and San Benito. The agency was formed so that water resources could be under local management and control. The agency is governed by a seven-member board of directors, all of whom are voters in the area served by the agency. Based upon Farm Bureau recommendations, one director each is appointed by the Boards of Supervisors of Monterey and Santa Cruz counties and the City of Watsonville. Four additional directors are elected at large by voters for four-year terms.

The agency is currently revising and updating its plans and general reports. They are also conducting an Environmental Impact Report.

Sources

California Environmental Protection Agency, State Water Resources Control Board, Water Quality, www.swrcb.ca.gov/funding/prop13.html, September 28, 2004.

City of Watsonville Public Works personnel.

PVWMA personnel.

PVWMA Board meeting minutes, May 2005.

PVWMA Revised Basin Management Plan, February 6, 2002.

PVWMA Water Conservation Report, 2000.

PVWMA web site, www.pvwma.dst.ca.us.

Register Pajaronian, "Coastal commission certifies PVWMA's plan," Daniel Lopez, February 22, 2005.

Register Pajaronian, "PVWMA receives \$23 million grant," May 2005.

RMC, Inc., 2002 Report.

Santa Cruz Sentinel, "Pipeline project gets cash infusion," May 13, 2005.

Santa Cruz Sentinel, "Upgrade planned for Watsonville's water treatment plant," March 6, 2005.

Watsonville Urban Management Plan, 2000.

Findings

1. Land use is divided into two categories for water planning purposes: agricultural (irrigation only) and urban (municipal, commercial, and industrial water users). Table 1 illustrates demand projections for agricultural and urban use.

	Current (2001) Conditions	Future (2040) Conditions
Demand¹	afy	afy
Agricultural Uses	59,300	64,400
Urban Uses	12,200	16,100
Total demand before additional conservation	71,500	80,500
Conservation		
Increased agricultural conservation (to be achieved by 2010)	4,500	4,500
Increased urban conservation (to be achieved by 2010)	500	500
Total Additional Conservation	5,000	5,000
Projected Total Demand with Additional Conservation	66,500	75,500

**Table 1: PVWMA’s Current and Projected Water Demands
Source: RMC, Inc. 2002 Report**

2. PVWMA water use data was gathered from City of Watsonville groundwater production records and groundwater basin charts for the agricultural category.
3. PVWMA meters all private wells pumping more than 10,000 acre-feet per year. There are approximately 800 water supply connections.
4. Current annual water use is approximately 71,500 afy. PVWMA projects a 9,000 afy increase in water use by 2040. Urban demand represents about 3,900 afy of the projected increase, while agricultural demand represents about 5,100 afy of the

¹ Current demand is based on current pumping (estimated at about 69,000 afy) and surface water diversions.

increase. According to PVWMA's conservation summary report, expected demand for water will be reduced by approximately 5,000 afy.²

5. The agency is locally funded. The primary funding sources are management fees and groundwater augmentation charges.
6. The management fee is assessed via the county tax rolls to all parcels within the agency's boundaries.
7. An augmentation charge is assessed to all well owners for water pumped within the agency's boundaries.
8. Water rates in the region have increased 100 percent in the last decade.
9. Several farmers have sued PVWMA challenging the constitutionality of charging farmers for drawing water from their own wells. The augmentation fees and their increases were put in place without an election.
10. In the coastal areas and much of the groundwater basin of the Pajaro Valley, groundwater overdraft has caused water levels to drop below sea level. This creates a groundwater pressure gradient that causes seawater from the Pacific Ocean to move inland where it mixes with fresh groundwater. This is called seawater intrusion.
11. Seawater intrusion, documented since the 1950s, is increasing. This is degrading groundwater quality and limiting its use for irrigation and domestic purposes.³
12. PVWMA proposes a water pipeline connection from the Central Valley to the Pajaro Valley to replenish the water table and supply coastal areas with fresh water. The purpose of this project is to provide quality surface water and recycled water for the long-term sustainability of agricultural irrigation and production to replace existing groundwater pumping.

This project will:

- prevent long-term seawater intrusion, groundwater overdraft and water quality degradation;
- manage existing and supplemental water supplies to control overdraft and provide for present and future water needs;
- create a reliable, long-term water supply for the economic vitality of agricultural business in the Pajaro Valley;
- develop water conservation programs; and
- recommend cost-effective and environmentally sound programs for water management in the Pajaro Valley.

² PVWMA Revised Basin Management Plan.

³ PVWMA Revised Basin Management Plan.

13. The pipeline connecting to the Santa Clara Valley conduit of the Central Valley Project was approved by the Federal Bureau of Reclamation. The pipeline is scheduled for construction in 2005-2006. The bureau is providing federal funds for the design, planning and construction of the Watsonville wastewater treatment plant. Agricultural wells in the south county area have been metered and are charged for water usage.
14. PVWMA was awarded federal grant monies of \$23.1 million made available to counties in the state under Proposition 13, the state water bond passed in 2000. Portions of the grant will go toward the 22-mile, \$100-million pipeline proposed by the agency.
15. In the year 2000, PVWMA instituted a requirement for all growers to submit annual plans summarizing their irrigation and conservation practices. If all growers participate in the program, agricultural water conservation could result in water savings averaging approximately 4,500 afy.
16. The proposed agricultural conservation program will take approximately seven to 10 years before the potential average annual water conservation savings of approximately 4,500 afy can be achieved. Implementing the program, facilitating improvements using computerized irrigation scheduling techniques and using weather data for further identification and correction of irrigation deficiencies will take time.
17. The proposed agricultural water conservation program is intended to improve irrigation efficiency in the Pajaro Valley. Evaluation by water-monitoring teams, during the periods of 1990-1994 and 1999-2001, indicated irrigation efficiencies vary considerably.
18. PVWMA was granted permission by the Coastal Commission to build a 50-foot-deep pipeline under the Pajaro River to deliver water to coastal farmers in Santa Cruz and Monterey counties. The pipeline will run from the city's wastewater treatment plant to Springfield Terrace, a farming area three miles south of Pajaro.
19. The State Department of Water Resources is providing PVWMA with \$23 million for projects and \$5 million in loans to complete its projects. These include recycling city water at the treatment plant and drawing from Harkins Slough.

Conclusions

1. Water rates have increased dramatically in the last decade. Implementing rate increases without an election caused farmers to file lawsuits against PVWMA.
2. PVWMA needs to prevent continuing overdraft of the basin and halt seawater intrusion.
3. By tracking water usage in private agricultural wells, PVWMA is able to develop and implement conservation programs and continuously evaluate the condition of the groundwater basin.

4. PVWMA applied for and secured large grants for water projects currently in development.
5. Construction of the pipeline to meet the Santa Clara Valley conduit does not ensure the end of water problems in the Pajaro Valley.

Recommendations

1. PVWMA should implement a reduction in water rates for users who conserve water on a consistent, year-round basis.
2. PVWMA should continue to cooperate with other water agencies to prevent seawater intrusion and develop cost-effective and efficient water-conservation methods.
3. PVWMA should be commended for securing funding for water projects in the Pajaro Basin.
4. PVWMA should engage farmers and agricultural enterprises to develop and efficiently manage conservation efforts. Participation could be assured by having a recognition and reward system in place or by having strict penalties for wasting water.
5. PVWMA should encourage water users to visit the web site, www.watersavingtips.org, to learn more about conservation.

Responses Required

Entity	Findings	Recommendations	Respond Within
Pajaro Valley Water Management Agency	1-19	1-5	90 Days (September 30, 2005)

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Santa Cruz City Water Department

Background

The Santa Cruz City Water Department's service area is 12 square miles. Besides the City of Santa Cruz, it also serves the City of Capitola, the University of California at Santa Cruz and the unincorporated county areas of Carbonera Estates, Live Oak, the North Coast, Rolling Woods and Santa Cruz Gardens. Its geographical boundaries are from the city's western boundary to 41st Avenue in Capitola, and from the Monterey Bay to the foothills of the Santa Cruz Mountains. Most of its water supply is for residential use (88 percent), with the rest going to agricultural and business uses.

The agency started in the late 1800s as a private company. In 1910, it became a city department. A critical event in the district's history was the 1976-77 drought, which left the department with a shortage of 38 percent of water supply. This was the worst drought in Santa Cruz's recorded history and required water restrictions. That drought year is now used as a benchmark for future drought planning. A second key event was the extended drought of 1987-1993, which serves as a benchmark to plan for extended droughts.

The department's water supply comes from these sources:

- San Lorenzo River surface diversion (48 percent)
- Loch Lomond Reservoir (16 percent)
- Live Oak Beltz wells (7 percent)
- North Coast streams (Reggiardo Creek, Laguna Creek and Majors Creek) (20 percent)

Scope

This report investigates how the City of Santa Cruz is planning for its future water needs.

Sources

Documents:

“City of Santa Cruz Rate Schedule for Santa Cruz Municipal Utilities, effective January 1, 2005.”

Gary Fiske and Associates, Water Resources Planning and Management.

“City of Santa Cruz Integrated Water Plan, Draft Final Report, June 2003.”

Santa Cruz County Draft Housing Element, December 15, 2004.

Toby Goddard, City of Santa Cruz Water Department Water Conservation Office,
“Adequacy of Municipal Water Supplies to Support Future Development in the City of Santa Cruz Water Service Area,” March 2004.

Interviews:

Santa Cruz City water officials.

Findings

1. Santa Cruz City Water Department has 24,300 connections, serving 90,000 customers. It is the largest water agency in Santa Cruz County.
2. The department takes 93 percent of its water supply from surface water. The remaining seven percent comes from wells (groundwater).
3. The water department depends on rainfall for 84 percent of its water supply.
4. The water department's current capacity is 4.3 billion gallons per year under normal weather conditions. Current total water demand is 4 billion gallons per year. This gives the system a cushion of 300 million gallons per year.
5. Average daily demand is 12 million gallons (latest figures from 2000). Broken down seasonally, average summer demand is 15 million gallons per day; average winter demand is eight million gallons per day.
6. Usage is divided as follows:
 - Agriculture: 3 percent
 - Business: 8 percent
 - Single family residential: 77 percent
 - Multi-family residential: 11 percent
7. Average daily residential water use per person is 138 gallons for the State of California. Average daily residential water use per person is 76 gallons for City of Santa Cruz water customers.
8. To encourage conservation, water rates are divided into five tiers, with rates increasing as more water is used. The average rate per billing unit (100 cubic feet, or 748 gallons) is \$2.76. Outside Santa Cruz City limits, the average rate per billing unit is \$3.52. This gives the department an eight-percent profit.
9. The average monthly residential bill for Santa Cruz City customers is \$30.12.
10. The drought of 1976-77 left the city 38 percent short of expected water for its customers. A combination of rationing and voluntary conservation was required.
11. Water officials base their water demand projections on expected population growth of one-half percent per year, according to the city's current General Plan.
12. The following table summarizes projected water demand for the next 25 years. Water conservation has reduced the actual water demand in 2005 to 4 billion gallons.

2000	2005	2010	2015	2020	2025	2030
4,409	4,627	4,817	4,961	5,157	5,238	5,321

Table 1.
Water Demand Forecast.
Demand forecast under average weather conditions¹
(Millions of gallons)

13. Santa Cruz City Water Department has three options to balance water supply and demand:

- **Water Conservation**

The Santa Cruz City Council directed the Santa Cruz Water Department to implement a range of conservation measures. These included both negative and positive incentives. For example, the department uses a five-tier rate structure to encourage lower water use and also offers rebates for the installation of low-flow toilets.

Water savings are expected to increase to about 280 million gallons through the planning period (2005 through 2030), which is about five percent of demand. Annual conservation costs, including staffing, are between \$600,000 and \$1,000,000.

- **Water Curtailment**

The period of water curtailment, or rationing and conservation, typically runs May-October during drought years. Curtailment during a worst-year, peak season is expected to be 45 percent. If no action is taken, however, the city will eventually have difficulty meeting average year demands. By 2015, there will be a 90 percent likelihood of some level of curtailment during normal years.

- **Supply**

The department has been searching for new water supplies for the past 20 years. Possible alternatives have included building a dam, developing groundwater sources, limiting new growth and building a reclamation plant. Environmental, economical, technical and political factors have made this difficult.

14. Even with its extensive water conservation programs, the city must develop new supplies as soon as possible. Additional supplies will be needed in the future. Today's

¹ "City of Santa Cruz Integrated Water Plan, Draft Final Report, June 2003," Gary Fiske and Associates, Water Resources Planning and Management.

annual demand of 4 billion gallons is expected to increase to 5.3 billion gallons by 2030.²

15. The University of California at Santa Cruz currently uses five percent of the water department's supply.
16. UCSC recently announced plans to add another 6,000 students to its present enrollment of 15,000, for a total that is less than its projection when the university was founded.
17. City water officials say that the system currently has enough capacity to supply the additional water the university will need. However, doing so would absorb most of the water available for other growth.
18. A recent study examined the costs, effectiveness and effects of a wastewater reclamation plant and a desalination plant.³
19. The study found that groundwater recharge and wastewater reclamation would be cheaper in the short term and would affect the marine environment less.
20. The study found that a desalination project would cost less long term, would be easier to implement, have a lower impact on the groundwater basin and could have a relatively unlimited capacity.
21. The California Department of Parks and Recreation opposes the use of reclaimed wastewater at Wilder Ranch State Park on the North Coast. The department said that using reclaimed wastewater would involve "uncharted legal and complex policy issues having serious long-term implications of statewide consequence."⁴ Further, the department said that the use of reclaimed wastewater at Wilder Ranch "could result in potential adverse impacts to sensitive natural resources, place possible constraints on recreational use and adversely impact organic agricultural leasing operations at Wilder Ranch State Park."⁵ The Parks Department's objections are considered a fatal flaw for the project.⁶
22. Presently, the department is trying to get approval to build a desalination plant. A desalination plant converts seawater to fresh water. Depending on the size of the project and the available power, it could provide an effectively unlimited supply of water to the district. The Soquel Creek Water District may join with the department in this project.

² "City of Santa Cruz Integrated Water Plan, Draft Final Report, June 2003," Gary Fiske and Associates, Water Resources Planning and Management.

³ "City of Santa Cruz Integrated Water Plan, Draft Final Report, June 2003," Gary Fiske and Associates, Water Resources Planning and Management.

⁴ "City of Santa Cruz Integrated Water Plan, Draft Final Report, June 2003," Gary Fiske and Associates, Water Resources Planning and Management.

⁵ "City of Santa Cruz Integrated Water Plan, Draft Final Report, June 2003," Gary Fiske and Associates, Water Resources Planning and Management.

⁶ "City of Santa Cruz Integrated Water Plan, Draft Final Report, June 2003," Gary Fiske and Associates, Water Resources Planning and Management.

23. The desalination project has been proposed by the water department and approved by the Santa Cruz City Water Commission and the Santa Cruz City Council. An environmental impact review has been completed and goes before the City Council in mid-June of this year. A 45-day public comment period will be followed by a decision of the city council. If approved, a pilot program at Long Marine Lab will be approved for one year. If satisfactory, the project will proceed to design, project environmental impact review and, ultimately, application for required permits from local, regional, state and federal agencies.
24. The size of the desalination plant will depend on whether the council approves a project based on normal water use or drought conditions.
25. The city council has indicated it does not favor a drought-based project, because this would provide extra water. They see this as potentially growth inducing.
26. Building the smaller project would mean that customers would face at least a 15 percent water cutback during drought years.
27. The cost of the desalination project will be between \$15 and \$40 million, depending on whether the project is small or large scale.
28. Water customers would pay an extra \$4 to \$8 per month to fund a smaller desalination project that would still require a 15 percent water curtailment level during drought years. The cost of a system that would not require water curtailment would be \$6 to \$12 per month.
29. Recent and projected water rate increases are as follows:
 - 25 percent (May 2004)
 - 20 percent (January 2005)
 - 50 percent (2005-2009)
30. The projected increase would fund capital improvements, as well as allow the department to seek bond approval to fund the desalination plant.

Conclusions

1. Santa Cruz City Water Department customers do an outstanding job of water conservation.
2. Since customers are already conserving water extensively, water cutbacks during drought years will be more of a hardship to customers here than in water districts that conserve less.
3. The Santa Cruz City Water Department appears to be doing a conscientious and thoughtful job of planning for future water needs.
4. Developing new water supplies is critical to the city's well-being.
5. New water supplies will require both higher rates and the political will of the city council and the voters of the City of Santa Cruz.

Recommendations

1. The Santa Cruz City Water Department should be commended for its work in planning for future water needs.
2. Water officials and the Santa Cruz City Council should begin to build public support for new water supplies and the higher rates needed to fund them.
3. The City of Santa Cruz should move forward as quickly as possible to bring new water supplies on line.
4. When planning for future water supplies, the City of Santa Cruz should consider the impact of future growth at the University of California at Santa Cruz.
5. City officials should consider approving a drought-year based water-planning strategy so that citizens do not face unneeded water restrictions during drought years. Citizens should be rewarded for achieving a high level of conservation, not forced to undergo more severe water cutbacks during drought years.

Responses Required

Agency	Findings	Recommendations	Respond Within
Santa Cruz City Council	13, 14, 23, 24, 25	1-5	60 Days (August 30, 2005)
Santa Cruz City Water Department	1-30	1-5	90 Days (September 30, 2005)

Soquel Creek Water Water District

Background

Soquel Creek Water District, founded in 1961, is a water purveyor and groundwater management agency in one. Its service area encompasses seven miles of shoreline and extends from one to three miles inland into the foothills of the Santa Cruz Mountains.

Soquel Creek Water is a special district and operates under the laws of the State of California to produce and deliver water. Due to the sharing of aquifers and close proximity, the district works in concert with Central Water District.

The goal of Soquel Creek Water District is to provide safe, clean water now and in the future, and to protect the groundwater basin from the threat of seawater intrusion. Soquel Creek Water District annually delivers about 1.8 billion gallons per year, or 5,400 acre-feet per year. This water is primarily for residential use within the communities of Aptos, Rio Del Mar, Seascapes, Soquel, Capitola and Cañon del Sol. This equals about 4.9 million gallons per day. As of April 2005, there were 13,789 regular service connections and 1,008 fire service connections.

The district owns and operates 17 production wells. Sixteen are currently active and have an estimated production capacity of 15 million gallons per day.

The distribution system includes 130 miles of pipeline and 18 water storage tanks, which have a combined capacity of 7.5 million gallons.

The Purisima Formation Aquifer provides two-thirds of the district's annual production (3,600 acre-feet) for the service areas of Capitola, Soquel and Aptos. Water from this aquifer meets all state and federal standards but contains higher than desirable levels of iron and manganese. The Aromas Red Sands Aquifer provides the remaining one-third (1,800 acre-feet) for the service areas of Seascapes, Rio Del Mar and La Selva Beach. These aquifers are shared by public and private wells within the Soquel Creek, Central, PVWMA and Watsonville Water districts.

Soquel Creek Water District has an emergency response plan in case of disruption due to drought, earthquake or other factors that could stop the district's ability to provide water.

Sources

Interviewed:

Soquel Creek Water District personnel.

Reviewed:

Draft Integrated Resources Plan, 1999.

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Soquel Creek Water District, letter to the Santa Cruz County Board of Supervisors,
August 20, 2003.
Soquel Creek Water District Long Range Financial Plan, Powerpoint presentation to
Board of Directors, FY 2005-06, Spring 2005.
Statement of Future Water Demand Projections, presentation to Board of Directors,
Spring 2005.
Summary of Proposed 2005/06 Groundwater Management Expenses.
Three Potential Alternatives to Increasing Water to the District Outlines, June 2005.
Water Supply Emergency Response Plan from Urban Water Management Plan
Update 2000.
What’s on Tap, customer newsletter, April 2005.

Findings

Seawater Intrusion

1. Water is drawn almost exclusively from groundwater aquifers. These are either overdrafted or are in danger of contamination from seawater intrusion. According to district documents, “studies...show that mid-county groundwater wells are threatened by saltwater contamination, which could result in district customers and other well operators facing supply shortages.”¹
2. The district’s 2004 Groundwater Assessment Report states that coastal wells are threatened by seawater intrusion. The wells are near Pleasure Point and the Seascape/La Selva Beach area. The report states that stronger protections are needed in these areas to preserve the quality of groundwater.
3. The Soquel Creek Water District has plans to experiment with injection wells to pump water from another part of the Purisima Aquifer and putting that water in wells near Aptos that are in danger of saltwater intrusion.
4. The Groundwater Model Project consists of updating the district’s computer-generated groundwater model. The model would assist in developing pumping strategies that would restore and retain sufficient coastal groundwater levels to serve as a barrier against seawater intrusion.

¹ Integrated Resources Plan, 2003: Statement of Future Water Demand Projections, Spring 2005.

Overdraft and Building

5. Current demand exceeds the safe yield of local aquifers. The water district is seeking new water supplies. One solution is to import water from the Central Valley, in cooperation with the Pajaro Valley Water Management Agency. The second is to build a regional desalination plant, in cooperation with the City of Santa Cruz.
6. Santa Cruz County's 1994 General Plan anticipated that the cumulative demand of growth both within Soquel Creek Water District and outside the urban service line will result in an overdraft of 500 acre feet by 2010.
7. Technical studies prepared by Soquel Creek Water District indicate that existing groundwater sources in mid-county cannot support projected demand at buildout of the current General Plan. These studies show that another 2,000 acre-feet per year are needed to meet buildout of the General Plan, even with a substantial conservation effort.
8. The Santa Cruz County Draft Housing Element would re-zone 44 acres for higher density housing to provide affordable housing. The proposed affordable housing provisions will increase water demand within the district.
9. The district has three options for acquiring more water:
 - the regional seawater desalination plant with the City of Santa Cruz
 - the water import/groundwater banking option with the City of Watsonville and PVWMA
 - a creek diversion project which would skim excess winter water (December to May) into a holding pond. The water would be available for immediate use or placed in storage. This privately owned land would have to be purchased by the district. The stream diversion project would cost between \$19 and \$25 million.²
10. The district hopes to include the City of Santa Cruz and the county as partners in groundwater conservation and management. The district is working to resolve water supply issues by implementing a groundwater management program, establishing a conservation program to reduce demand and evaluating new water supply options to supplement groundwater.
11. According to Soquel Creek Water District personnel, the county permit process may cause any new water projects to take several years.
12. The water district has adopted a Water Demand Offset policy as an interim measure to allow development to continue without increasing the ground water overdraft. This requires developers to retrofit existing customers with enough water-saving items to provide water savings equal to the amount of water the new developments would require. Retrofits include waterless urinals, synthetic turf and low-flow toilets.
13. All residential, commercial and industrial buildings within the part of the City of Capitola served by the Soquel Creek Water District are required to be retrofitted with

² Metroactive News, "Dousing for Dollars," December 2004.

low-consumption plumbing fixtures when a property is sold. Soquel Creek Water District certifies property as conforming and issues a certificate.

14. The district has established water-use efficiency requirements for new development to help protect water supply. They include the following:
 - limited lawn area
 - limited spray irrigation
 - irrigation designed to avoid runoff and overspray
 - the use of soil conditioners to help retain moisture
15. Soquel Creek Water District has several innovative water efficiency programs. In 2004, they were able to save both electrical energy and 140 acre feet of water through several innovative water efficiency programs. By 2010, the district aims to conserve an additional 600 acre-feet and, through reduced pumping alone, cut annual energy use by more than 2 million kilowatt hours.

District Finances

16. The district receives no tax revenues. Current rates generate funds for operations and management plus approximately \$1 million annually for capital programs.
17. District water bills increased in January 2005. The amount of the increase depended on meter size and water usage.
18. A water rate fee consultant supported the need to increase fees.³ Rate increases were needed to:
 - maintain existing infrastructure and operations;
 - enable the district to fund its ongoing capital program;
 - allow the district to build and maintain fund reserves; and
 - keep rates in line with the cost of inflation.
19. In 2003-04, the district began with about \$4 million in reserves. That amount fell to \$800,000 by the end of the year with the completion of capital projects.
20. To lessen the impact of increasing charges on rate-payers, the district has payment options and a schedule for projected rate increases.
21. The district has submitted an application for up to \$250,000 from the State of California's Department of Water Resources' Local Groundwater Assistance Grant Program. Two projects eligible for groundwater assistance grant funding are:
 - the Groundwater Management Plan Update; and
 - the Groundwater Model Update.
22. Staff representatives from the City of Santa Cruz, Santa Cruz County Environmental Health and the Central Water District have begun meeting to discuss a proposed cooperative agreement for managing the entire Soquel-Aptos Groundwater Basin.

³ Integrated Resources Plan 2003, Statement of Future Water Demand Projections, Spring 2005.

23. The district is working with other agencies within the county to apply for approximately \$25 million under Proposition 50 (the Water, Security, Clean Drinking Water, Coastal and Beach Protection Act of 2002). This includes preparing a Santa Cruz County Integrated Water Resources Management Plan. The plan will identify the highest priority water resource projects and will determine water supply reliability, quality and water resource management.

Conclusions

1. The Soquel Creek Water District's water supply is currently in overdraft mode.
2. Mid-county wells located near the coast are experiencing seawater intrusion. The district is working to slow this process by pumping water from inland wells to coastal wells to keep the basin recharged. When water is plentiful in inland wells, water is pumped to coastal wells to prevent overdraft and seawater intrusion.
3. There is a countywide effort to cooperatively manage the Soquel-Aptos Groundwater Basin.
4. Water production would be increased with either PVWMA's imported water pipeline project or Santa Cruz's desalination plant.
5. The district has adopted creative and effective means of reducing water demand and maintaining water quality: pumping water from inland wells to coastal wells, cutting energy used in pumping, requiring retrofitting with water-saving devices and tiered pricing.
6. The district's water rates continue to increase. This is the main source of revenue.
7. An overdraft of the groundwater sources is already projected based on current growth. Additional proposals to increase this density will add further strain on the water supply.

Recommendations

1. Soquel Creek Water District should aggressively address its overdraft problems through continued conservation, retrofitting and pumping groundwater from inland areas to coastal areas.
2. Due to its proximity to the PVWMA service area, and the advanced state of the project. Soquel Creek Water District should consider connecting to PVWMA's pipeline project to import water from the Central Valley.
3. Soquel Creek Water District, in cooperation with the City of Santa Cruz and the Santa Cruz County Environmental Health Agency and the Central Water District, should continue to meet to discuss the future of the Soquel-Aptos Groundwater Basin.
4. Soquel Creek Water District should be commended for its conservation and water use reduction programs.
5. Soquel Creek Water District may need to continue to increase rates to build up capital reserves until additional funding sources are secured.

Responses Required

Entity	Findings	Recommendations	Respond Within
Soquel Creek Water District	1-23	1-5	90 Days (September 30, 2005)

City of Watsonville Public Works and Utilities Department

Background

The City of Watsonville Public Works and Utilities Department (hereafter referred to as the Public Works Department) supplies water to urban users in the incorporated and unincorporated boundaries of Watsonville. The city has a population of 49,600; with the addition of the outlying Pajaro Valley areas, the total population served is 62,000.

Customers fall into the following categories:

- general and residential: 85 percent
- commercial: 10.3 percent
- industrial: 0.2 percent
- irrigation (agricultural and residential): 1.9 percent
- other water systems: 2.6 percent

All city water users have meters on their properties. The metered water usage is totaled by each category of water user. Between 1990 and 2003, the number of water connections increased by roughly 1.3 percent per year. Since 2003, the rate has gone up by an average of 3.3 percent per year.

The Public Works Department is responsible for:

- providing water for city residents;
- monitoring sources of water;
- determining availability of supply; and
- planning for future water needs.

The Public Works Department works cooperatively with Pajaro Valley Water Management Agency (PVWMA), which oversees water supply and usage in the Pajaro River Basin. The PVWMA works with water agencies within the basin with respect to agricultural water use. The Public Works Department is responsible for water usage within the city of Watsonville and outlying areas. The two agencies often work together to balance the needs of their water users.

The goals of the two agencies are to:

- preserve agriculture in the basin;
- conserve water and manage the basin's aquifers;
- prevent seawater intrusion; and
- find a balance between farming and urbanization.

Eighty-five percent of Watsonville’s water supply is groundwater, primarily taken from the Aromas Red Sands Aquifer. The Aromas Red Sands Aquifer underlies the Pajaro River Water Basin. The aquifer also supplies other water agencies in the region. The Watsonville water system consists of:

Water Sources

- 12 inland water wells spread throughout the Pajaro Valley (one well is inactive), which draw water from the Aromas Red Sands Aquifer;
- Brown Creek and Corralitos Creek;
- five small lakes (Pinto, Kelly, College, Drew, Tynan);
- the Pajaro River;
- the Grizzly Flats upper watershed, which has 215 acres of land to draw water from; and
- Harkins Slough.

Water Storage

- eight reservoirs and storage facilities

Distribution

- water filtration plant in Corralitos;
- 10 pumping stations;
- 152 miles of pipeline; and
- the Fowle Booster Station.

Sources

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City of Watsonville Urban Water Management Plan 2000.

LAFCO study and presentation to the public on the “State of the Water in Pajaro Valley,” June 2005.

Outside City of Watsonville Water Connections Policies.

Pajaro Valley Water Management Agency Environmental Impact Statement, Revised.

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“Battles over water expected to intensify next year,” December 29, 2004.

“Farm Bureau wary of growth,” April 2005.

“Farmers file suit to halt pipeline,” January 19, 2005.

“Farmers give a lot,” February 19, 2005.

“Pipeline project gets cash infusion,” May 13, 2005.

“Upgrade planned for Watsonville’s water treatment plant,” March 6, 2005.

U.S. Census Bureau web site, www.census.gov.

Water Savings Tips web site, www.watersavingtips.org.

Watsonville Water Consumer Newsletter, March 2005.

Findings

1. The current groundwater conditions are as follows:
 - Groundwater levels are declining. The basin water usage exceeds recharge. This is referred to as overdraft.
 - Overdraft causes lowering of the groundwater table and seawater intrusion that results in high salt levels in wells near the ocean, west of San Andreas Road in the Watsonville area.
 - Groundwater conservation is an important planning issue for Watsonville because the aquifers in the Pajaro Valley supply approximately 85 percent of the city water.
2. In the event of drought or breakdown of the surface water filtration plant, the city will depend more heavily on groundwater.
3. The city of Watsonville has a water reclamation facility currently in use. Reclaimed water used for irrigation purposes increases the water available for existing residential use.
4. The city calculates the number of water users and usage in planning for future growth by reviewing population figures and growth estimates provided by the Association of Monterey Bay Area Governments (AMBAG). AMBAG analyzes how much water is being used by new developments.

- City of Watsonville population statistics have been gathered for years 2000, 2003 and 2005 yielding totals of 44,265, 46,159 and 49,600 respectively. These percentages document a substantial increase in the city's recent rate of growth.

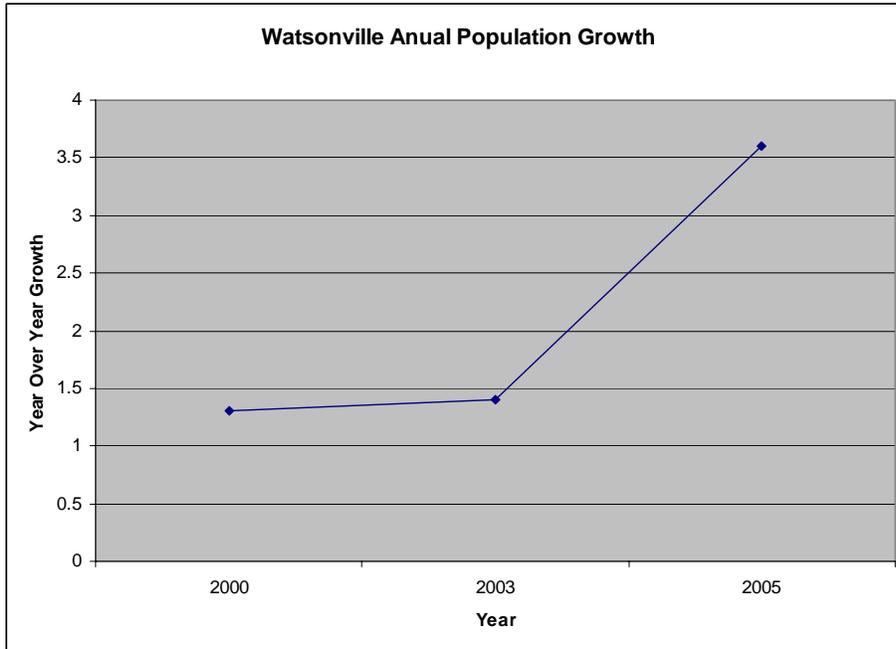


Figure 1. Watsonville Population Growth.¹

- From 1990 to 2003, new connections were added at a rate of 1.3 percent per year in proportion to population growth. From 2003 to 2004, the number of connections increased at a rate of 3.3 percent.

¹ U.S. Census Bureau Data, www.census.gov.

Year	Total Water Production (AF)	Ground Water Production (AF)	Surface Water Production (AF)	Number of Connections	Production per Connection (AF)
2000	7,633	6,331	1,302	13,108	0.582
2001	7,615	6,527	1,088	13,197	0.581
2002	7,683	6,617	1,066	13,177	0.583
2003	7,635	6,791	844	13,542	0.564
2004	7,804	7,055	749	13,995	0.558

Table 1. City of Watsonville Total Water Production.

7. Water demand is now increasing at a rate of only one percent per year as a result of conservation education programs, landscape guidelines and new, efficient plumbing.
8. Changes in many crops grown in the Pajaro Valley have led to increased groundwater use. Many growers have switched from apple orchards to berry fields, which require more water. Urban water use has also increased over time.
9. Watsonville officials say seawater intrusion is the major issue the department faces. To stop seawater intrusion, the City of Watsonville Utilities Department is turning off coastal wells as far as three miles inland.
10. The Public Works Department is charged with determining the availability of water supplies and monitoring all sources in conjunction with PVWMA. In the event water rationing is necessary, the city has a strict five-stage action plan.
11. To supplement water production after turning off the coastal wells, the Public Works Department will connect to PVWMA’s Coastal Distribution System. This will shift the pumping of water near the ocean to inland wells to preserve the coastal area from seawater intrusion. The City of Watsonville plans to provide an additional 2,000 acre-feet of reclaimed water to PVWMA for agricultural use, starting in summer 2005. PVWMA will pay for construction costs.
12. PVWMA has a proposed plan to import water through a pipeline from the Central Valley Water Project. Water from this source will be used for agricultural purposes only. If the average annual rainfall exceeds consumption, this surplus water may be banked in the groundwater basin for future use.
13. Plans exist for using excess surface water for the purpose of recharging the aquifer. Groundwater recharge allows surface water to replenish the aquifer.
14. The city’s water conservation program goals include:
 - public education

- school programs
 - tiered water rates
 - rebates of up to \$100 for each water-saving device
15. Proposed public works future water conservation programs may include:
- landscape water reduction assistance
 - city facilities landscape retrofitting
 - continued public education programs
 - additional tiered water rates
 - retrofit of plumbing fixtures upon sale or transfer of property
 - rebates on water saving plumbing devices
16. City officials say future water supply needs could be met through an expanded water reclamation facility, which could provide 4,000 acre-feet/year of water at a cost of \$29 million. Twenty million dollars in grant funds have been secured. Currently, the project is in its final design stage. This facility is expected to begin supplying water in 2007. Since this project requires additional land, the city must annex 14 acres of land to complete the project. The annexation also requires approval from the City of Watsonville, County of Santa Cruz, LAFCO and the Coastal Commission.
17. Design plans for the water reclamation plant's next phase of upgrade will cost \$25 million. Five million dollars will come from a state grant and the remainder will come from city funds and PVWMA.
18. Recycled water will be used for agricultural irrigation and will increase the water available for city water supply wells by reducing agricultural demand.

Conclusions

1. Overdraft of the underlying aquifer and seawater intrusion are increasing the importance of planning for future water needs through conservation efforts and production of additional water sources.
2. Although the Public Works Department has initiated water conservation programs, implemented water reclamation procedures and increased cooperation with PVWMA, increasing growth and the proportional need for additional water connections create an even greater need for additional water sources and protection for the current water sources.
3. Despite the city of Watsonville's dire water situation, the Public Works Department has managed water consumption and production well by actively encouraging conservation, successfully managing well usage and utilizing its close relationship with PVWMA.
4. The Public Works Department is actively planning and preparing for future water needs. Plans exist for reversing trends that increase seawater intrusion and overdraft situations through water banking, aquifer recharging, reclamation facility expansion and increased awareness of water conservation needs.

5. The rate of housing growth has nearly doubled since 2003. Water demand has increased proportionately and the city has been able to satisfy that demand.

Recommendations

1. The Public Works Department should continue to work cooperatively with PVWMA, farmers and urban residents in conservation efforts to maintain integrity of the basin and prevent overdraft in coastal areas where seawater intrusion is likely.
2. New housing should be regulated by the amount of water available.
3. The Public Works Department should continue to work cooperatively with PVWMA to improve management and production of water resources in the area.
4. The Public Works Department should continue its work with PVWMA to develop alternate methods for increasing water production in the region.

Responses Required

<i>Entity</i>	<i>Findings</i>	<i>Recommendations</i>	<i>Respond Within</i>
The City of Watsonville Public Works and Utilities Department	1-18	1-4	90 Days (September 30, 2005)
Watsonville City Council	1-18	1-4	60 Days (August 30, 2005)

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Santa Cruz County

Grand Jury

Interim Final Report:

Section 7
Instructions for Respondents

Instructions for Respondents

Key provisions of Penal Code § 933.05 require that responding officials or governmental entities must specifically comment upon each finding and each recommendation of the Grand Jury Report, rather than preparing a generalized response. Each published finding must be acknowledged by the respondents as correct or incorrect. Explanations for disagreements must be provided. Please use the format below to prepare your response. The full text of Penal Code § 933.05 is provided below.

Response Format

1. Provide the title and page number from the original report.
2. Provide the date of the response.
3. Quote the text of the original finding.
4. Respond to the finding indicating if the entity:
 - AGREES
 - PARTIALLY AGREES
 - PARTIALLY DISAGREES
 - DISAGREES

If the entity partially agrees or disagrees with the finding, specify the area of disagreement in the finding and include an explanation.

5. Quote the text of the original recommendation.
6. Respond to the recommendation indicating if the recommendation:
 - has been implemented;
 - has not yet been implemented, but will be implemented in the future, with a time frame for implementation;
 - requires further analysis with an explanation, scope, parameters and the time frame for completion which should not exceed six months; or
 - will not be implemented because it is not warranted or is unreasonable, with an explanation.
7. Respond to each report in a separate document or separate pages of one document to allow the easy distribution of the responses to the various committees.
8. For an example, see the Board of Supervisors responses to the 2003 - 2004 Grand Jury Final Report: <http://www.co.santa-cruz.ca.us/grandjury>.

9. An electronic version of the report in Microsoft Word format is available for the respondents to use to create their response report. To request an electronic copy of the report, send e-mail to: grandjury@co.santa-cruz.ca.us.
10. If you have questions about the response report, please contact the Grand Jury by calling (831) 454-2099 or by e-mail – grandjury@co.santa-cruz.ca.us.

When to Respond

A table indicating which entities are required to respond follows each report. This table also includes the corresponding recommendation numbers requiring a response and the number of days each entity has to respond. Responses from elected officials or administrators are required no later than 60 days from the publication of this report. Responses from the governing body of any public entity are required no later than 90 days from the publication of this report.

Where to Respond

Please send one hard copy of the report to the Presiding Judge at:

The Honorable Judge Jeff Almquist
Presiding Judge
Santa Cruz Superior Court
701 Ocean Street
Santa Cruz, CA 95060

Please send an electronic version of the report in Microsoft Word format to the Grand Jury. Send the electronic version of the report via e-mail to: grandjury@co.santa-cruz.ca.us. Sending the electronic version of the report to the Grand Jury expedites the process of producing the response report.

Penal Code § 933.05

- 1) For purposes of subdivision (b) of § 933, as to each grand jury finding, the responding person or entity shall indicate one of the following:
 - a) The respondent agrees with the finding.
 - b) The respondent disagrees wholly or partially with the finding, in which case the response shall specify the portion of the finding that is disputed and shall include an explanation of the reasons therefor.
- 2) For purposes of subdivision (b) of § 933, as to each Grand Jury recommendation, the responding person or entity shall report one of the following actions:

- a) The recommendation has been implemented, with a summary regarding the implemented action;
 - b) The recommendation has not yet been implemented, but will be implemented in the future, with a time frame for implementation;
 - c) The recommendation requires further analysis, with an explanation and the scope and parameters of an analysis or study, and a time frame for the matter to be prepared for discussion by the officer or director of the agency or department being investigated or reviewed, including the governing body of the public agency when applicable. This time frame shall not exceed six months from the date of publication of the grand jury report; or
 - d) The recommendation will not be implemented because it is not warranted or is not reasonable, with an explanation therefor.
- 3) However, if a finding or recommendation of the Grand Jury addresses budgetary or personnel matters of a county department headed by an elected officer, both the department head and the Board of Supervisors shall respond if requested by the Grand Jury, but the response of the Board of Supervisors shall address only those budgetary or personnel matters over which it has some decision-making authority. The response of the elected department head shall address all aspects of the findings or recommendations affecting his or her department.
 - 4) A Grand Jury may request a subject person or entity to come before the Grand Jury for the purpose of reading and discussing the findings of the Grand Jury report that relates to that person or entity in order to verify the accuracy of the findings prior to their release.
 - 5) During an investigation, the Grand Jury shall meet with the subject of that investigation regarding the investigation, unless the court, either on its own determination or upon request of the foreperson of the Grand Jury, determines that such a meeting would be detrimental.
 - 6) A Grand Jury shall provide to the affected agency a copy of the portion of the Grand Jury report relating to that person or entity two working days prior to its public release and after the approval of the presiding judge. No officer, agency, department or governing body of a public agency shall disclose any contents of the report prior to the public release of the final report.

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