June 25, 2009

Dear Reader,

Nineteen of your fellow Santa Cruz County residents have spent the past year and thousands of hours studying, investigating, researching and writing this report. Each of the jurors brings a wealth of training and personal experience to the task. Three jurors are completing two years of service, having chosen to hold over from the 2007-2008 panel.

We have written reports on six areas of our county in an effort to assist public agencies and our city and county governments to operate more efficiently and, hopefully, economically. The report is provided to the public in the hope that others will join in our efforts to improve the work of these agencies.

The Civil Grand Jury has only the authority to bring issues to the attention of the citizens and the media. Some of the information will praise an agency for a job well done. Other information will help an agency or department do a better job. Each of these city or county departments and other agencies is required by law to respond to the report findings and recommendations if the Jury requests a response. The report will be published again early in 2010 with those responses included.

It is possible that you have filed a complaint with the Civil Grand Jury that is not covered in this report. We were not able to explore all of the issues presented to us, not even all the issues we wanted to cover. We considered close to fifty issues, and had to limit our research to just a few. You are welcome to address next year’s Grand Jury with concerns you have. The next Jury will be empanelled from July 1, 2009, to June 30, 2010. They will be glad to receive your suggestions and concerns.

We on this year’s Grand Jury urge each citizen to consider saying yes when invited to serve on the Grand Jury. It is a significant commitment of time for a year, but it is very rewarding and a wonderful investment of your time and talents.

For more information on the Grand Jury, including complaint forms and past reports, please go to www.co.santa-cruz.ca.us/grandjury.

On behalf of the other eighteen members,

Clyde Vaughn
Foreperson, 2008-2009 Grand Jury
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Introduction

Two Types of Grand Juries in Santa Cruz County

Although when they hear the term “Grand Jury” most people think of a criminal Grand Jury that issues indictments, there is a second, less familiar type of Grand Jury found in all California counties. The regular, or civil, Grand Jury is an investigative body composed of nineteen members that serve for one year. This jury is not involved with trials but instead serves as a watchdog over local government and other tax-supported entities.

Santa Cruz County impanels both a criminal and civil Grand Jury.

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 investigate citizens' complaints.
• To publish its investigative findings and recommendations.

The civil Grand Jury investigates local government agencies and officials to evaluate if they are acting properly. The jury summarizes its findings and makes recommendations in a public report, completed at the end of its year-long term. Government agencies or elected officials discussed in the report are generally obligated by law to formally and publicly respond.

Citizens may submit complaints directly to the Grand Jury requesting that it investigate what they perceive as wrongdoing by a public agency or official. The jury determines which of the complaints it receives to examine, considering the type of complaint and weighing the resources needed to conduct the investigation.

Complaint forms are available at the address and website shown below.

Santa Cruz County Grand Jury
701 Ocean Street, Room 318-I
Santa Cruz, CA 95060

Telephone: (831) 454-2099
FAX: (831) 454-3387
Email: grandjury@co.santa-cruz.ca.us

Website: http://www.co.santa-cruz.ca.us/grandjury
2008 – 2009 Grand Jurors

Front row, left to right: Mary Bergthold
Patricia Ihrig
Patricia Fink
Kitty Hawker
Diana Peters

Second row, left to right: Clyde Vaughn
Helene Isherwood
Barbara Robinson
Amaya Swanson
Lorna Horton
Richard Perez

Third row, left to right: James Sibley
Peter Willis
Doug Colacicco

Back row, left to right: James Bates
Sylvia Kusanovich
Jackie Davis
Joe Hutchins
Robert O’Brien
Alcohol, A Drug of Choice for Scotts Valley Teens

Summary

Alcohol is reported to be the number one drug of choice among the nation’s youth. Local and county statistics mirror the national trend and confirm that binge drinking among youth in Santa Cruz County is at an alarmingly high rate. The County ranked sixth highest in the state for student use of alcohol in 2003. With underage alcohol use threatening the wellness of teens, the Grand Jury decided to investigate a local school district to determine student alcohol usage as well as the district’s approach to intervention and prevention programs.

To determine which district to study, student wellness statistics for all kindergarten through twelfth grade school districts in Santa Cruz County were analyzed. As a result, Scotts Valley Unified School District (SVUSD) was selected as the subject of the investigation.

Statistics related to SVUSD indicated that teen alcohol use is among the highest in the County. The district currently has limited intervention and prevention resources for students and uses suspension and expulsion to deter teen drinking. Although the school system is not responsible for the social problem of teen drinking, it is imperative that SVUSD step in and develop preventive solutions rather than impose punitive measures after the fact. The Grand Jury found that Santa Cruz County has a variety of prevention and intervention programs to reduce the use of alcohol and drugs among teens. The intent of this report is to encourage SVUSD to join forces with students, parents, city leaders, and county and local agencies to become aware of the problem, own the problem, and develop tools to resolve the problem of teen drinking.

Definitions

Evidence-based Strategies: Procedures that are supported by systematic research using scientific methods to evaluate which approaches are most effective.

Binge Drinking: A pattern of drinking alcohol that brings blood alcohol concentration to 0.08 percent or above. This pattern corresponds to consuming 5 or more drinks for males, or 4 or more drinks for females, in about 2 hours.

Pertinent Laws and Policies

California Healthy Kids Survey (CHKS): The California Department of Education requires school districts to administer the California Healthy Kids Survey every two years starting in fifth grade, and to use the information for local planning and evaluation. The CHKS gathers information on behaviors such as physical activity and nutritional habits; alcohol, tobacco, and other drug use; school safety; and environmental and individual strengths.

California Physical Fitness Test: An annual physical fitness test that state law requires school districts to administer to all fifth, seventh, and ninth graders. The test designated for California public school students is the FITNESSGRAM, developed by The Cooper...
Institute. It assesses six major fitness areas, including aerobic capacity (cardiovascular endurance), body composition (percentage of body fat), abdominal strength and endurance, trunk strength and flexibility, upper body strength and endurance, and overall flexibility. The goal of the program is to educate students about physical fitness concepts to increase the likelihood students will adopt lifetime patterns of physical activity.

SVUSD Board Policy 5030 (a-e) Student Wellness: A protocol to address the goals of nutritional education, and physical activity as a means of promoting student wellness. The federal Child Nutrition and Women, Infant, and Children (WIC) Reauthorization Act of 2004 (PL 108-265) includes a provision requiring all school districts participating in any federally-funded child nutrition program to establish a locally developed school wellness policy by the beginning of 2006-2007 school year.

SVUSD Board Policy 5131.6 (a-d) and Administrative Regulation 5131.6 (a-b) – Alcohol and Other Drugs: The board policy stipulates “The Superintendent or designee shall develop, implement, and evaluate a comprehensive prevention and intervention program that is coordinated with other school and community-based services and programs. The district’s programs shall be scientifically based and designed to prevent or reduce alcohol or other drug use and the possession and distribution of illegal drugs. It shall include primary prevention activities such as decision-making skills and conflict management, instruction, referral to a rehabilitation program, enforcement/discipline, activities that promote the involvement of parents/guardians, and coordination with appropriate community agencies and organizations.”

SVUSD Board Policy 5144.1 (a-d) and Administrative Regulation 5144.1 (a-u) – Suspension and Expulsion/Due Process: The policy establishes policies and standards of behavior to promote learning and protect the safety and well-being of all students. Students may be suspended or expelled if the policies and standards are violated. The Board of Education has adopted a zero-tolerance approach to serious offences in accordance with state and federal law. This approach makes the removal of potentially dangerous students from the classroom a top priority and ensures the standardized treatment of all students. Student due-process rights under the law are specified.

Zero-Tolerance Clause: A provision stipulating that any infraction of existing regulations, regardless of mistakes, ignorance, or even extenuating circumstances, will be met with full punishment.

Community Organizations Focused on Alcohol and Drug Use

Too Good for Drugs: A school-based prevention program designed to reduce risk factors and enhance protective factors related to alcohol, tobacco, and other drug use among students. It offers a separate, developmentally-appropriate curriculum for each grade level. Each curriculum builds on earlier grade levels, an instructional design which enables students to learn important skills sequentially and retain them year after year.

Together for Youth Collaborative/Unidos Para Nuestros Jovenes: A countywide alcohol and drug collaborative that meets monthly and is staffed by United Way of Santa Cruz County. Representatives from law enforcement, health services, youth-serving agencies, treatment and prevention services, probation, community-based organizations, businesses, the faith community, school staff, and local policy makers meet to analyze,
discuss, and take positions and action on issues directly related to drug and alcohol use among Santa Cruz County youth.

**Communities Mobilizing for Change on Alcohol:** The federal Substance Abuse and Mental Health Services Administration promotes this program that uses a community approach to change local institutional policies to reduce youth access to alcohol. The seven stages of the program can be used to develop and introduce prevention and intervention strategies.

**Community United to Reduce Bingeing (Project CURB):** A program led by Together for Youth/Unidos Para Nuestros Jovenes, a United Way of Santa Cruz County led initiative. Project CURB works to reduce binge and underage drinking with prevention strategies that include raising community awareness, limiting access to alcohol, creating policy, and norm changes in the community.

**Responsible Alcohol Merchant Awards:** Designed to honor businesses that have demonstrated a commitment to combating the growing problem of underage drinking in the community. These merchants are rewarded for proactively using employee training programs and exemplary management policies to combat the sale of alcohol to people under 21.

**Seven Challenges:** A curriculum Santa Cruz City Schools has implemented to intervene with teens that have violations for alcohol and drug use. The school district works in partnership with Youth Services and county Alcohol and Drug Services. The five-week program uses group dialog and journal writing to help young people explore and understand how alcohol and drugs affect their lives. It gives young people an opportunity to scrutinize the benefits and harm from their substance use, and to reflect on their decisions. The program is optional and allows participating students to return to the classroom instead of being suspended.

**Friday Night Live:** A high school chapter program that builds partnerships for positive and healthy youth development and engages youth as active leaders and resources in their communities. Chapters include an adult advisor and high school students and meet on high school campuses. There is also a middle school /junior high program called Club Live.

**Teen Peer Court:** A program developed as part of Santa Cruz County juvenile justice system to divert first-offenders from the more formal Juvenile Court. High school students convene as a court and determine the appropriate judgment for each case referred from the county Probation Department and School Resource Officers. These are real cases. Teens have admitted the underlying offense and have elected to be judged by their peers.

**Real DUI Court in School:** A program offered by Santa Cruz County Office of Education to emphasize to students the consequences, both short and long term, of driving under the influence (DUI). The sentencing portion takes place in an actual courtroom set up at the school site where authentic DUI cases of young adults are adjudicated. Presentations incorporate youth DUI offenders being sentenced by a judicial officer; a young adult testimonial presenter; youth presenters; and a question and answer session with legal participants and testimonial speakers.
Background

In 2004, federal and state legislation and regulations were enacted to help shape the policies and procedures developed by school districts to improve student wellness. The legislation primarily addressed nutritional education and physical activity. However, the intent of the legislation was to encourage the development of policies and practices related to student wellness that reflect the unique needs of students in each district in an effort to foster healthy student behaviors and achievement. Student wellness encompasses many health issues including alcohol, tobacco, drugs, bullying, violent behaviors, and lack of meaningful involvement in school.

Facts gathered on student attitudes and behaviors about drinking confirm the findings of local law enforcement and county health officials. The 2007 Youth Survey conducted by the County of Santa Cruz Health Services Agency Alcohol and Drug Program Division and the United Way stated, “Alcohol remains the top drug of choice for youth both nationally and locally, and is reported as a leading cause of death among teens. Alcohol is one of the most common contributors to injury, homicides, suicide, sexual assaults, date rape, and other criminal behavior among youth.” National, state, and local surveys show that binge drinking rates have increased substantially in recent years.

The 2007 Youth Survey also confirmed that national, state, and local surveys show that binge drinking rates have increased in recent years. Teen binge drinking in Santa Cruz County is at a high level with 70 to 80 percent of students living in Felton and Scotts Valley reporting binge drinking over the past year. Sixty to 70 percent in Ben Lomond and Soquel as well as 50 to 60 percent of youth in parts of Aptos, Santa Cruz, Capitola, and Watsonville reported binge drinking during the past 12 months. In addition, the Santa Cruz Sentinel newspaper in February 26, 2009 reported, “A study found that 70% of eleventh graders drank alcohol and 46% have smoked marijuana in their lifetimes.”

The County of Santa Cruz Health Services Agency Alcohol and Drug Program thoroughly studied the teenage drinking problem in the County and has developed a variety of effective evidence-based prevention services to reduce alcohol and drug use among youth. The programs have been successfully used in various districts throughout the county. However, SVUSD has been reluctant to move from familiar traditional punitive interventions.

Scope of the Project

In determining the district to study, the Grand Jury established parameters to guide the selection process. Many districts in Santa Cruz County are either elementary districts or high school districts. The county has four unified districts that service kindergarten through twelfth grade (K-12) students. The selection of a K-12 unified school district that was small to medium in size was ideal for determining the impact and effects of a student wellness program from elementary through high school. The study also needed to focus on a district that had a significant number of students using alcohol as reported by statistics.
SVUSD was chosen for the investigation because it represents a kindergarten through twelfth grade system of approximately 2,650 students. The investigation was designed to evaluate the district’s student wellness policies, plans, and programs to address the unique needs of students in the district as determined by state and local assessment trends. The following areas were the focus of the investigation:

- Student results from the California Healthy Kid’s Survey and other measures
- District board policies and their implementation
- School prevention and intervention programs and practices
- Alcohol and drug intervention and prevention resources within and outside the district

**Findings**

1. CHKS analysis, as reported in the chart below, shows that the number of SVUSD fifth graders who ever used alcohol had increased by 15 percentage points in less than three years. The findings also indicate that fewer fifth graders had the perception that alcohol is bad in 2007 compared to 2004.

<table>
<thead>
<tr>
<th>SVUSD Fifth Grade CA Healthy Kids Survey</th>
<th>Fall 2004</th>
<th>Spring 2007</th>
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</thead>
<tbody>
<tr>
<td>Ever used alcohol</td>
<td>25%</td>
<td>40%</td>
</tr>
<tr>
<td>Perception Alcohol is Bad</td>
<td>74%</td>
<td>48%</td>
</tr>
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</table>

2. The CHKS analysis for SVUSD seventh, ninth, and eleventh graders is reported in the chart below. The statistics indicate that using alcohol once in life, during the last 30 days, and being drunk at school had slightly increased from 2004 to 2007. In 2007, fifty percent of eleventh grade students reported being sick from using alcohol as compared to 41 percent in 2004. However, the perception that alcohol is bad remains high through the surveyed years.

<table>
<thead>
<tr>
<th>CHKS</th>
<th>Grade 7</th>
<th>Grade 7</th>
<th>Grade 9</th>
<th>Grade 9</th>
<th>Grade 11</th>
<th>Grade 11</th>
</tr>
</thead>
<tbody>
<tr>
<td>Once in life</td>
<td>12%</td>
<td>14%</td>
<td>37%</td>
<td>36%</td>
<td>61%</td>
<td>65%</td>
</tr>
<tr>
<td>Last 30 days</td>
<td>5%</td>
<td>11%</td>
<td>18%</td>
<td>22%</td>
<td>35%</td>
<td>38%</td>
</tr>
<tr>
<td>Drunk-school</td>
<td>1%</td>
<td>1%</td>
<td>9%</td>
<td>13%</td>
<td>18%</td>
<td>22%</td>
</tr>
<tr>
<td>Sick – alcohol</td>
<td>3%</td>
<td>5%</td>
<td>19%</td>
<td>22%</td>
<td>41%</td>
<td>50%</td>
</tr>
<tr>
<td>Binge 30 days</td>
<td>2%</td>
<td>2%</td>
<td>9%</td>
<td>12%</td>
<td>20%</td>
<td>22%</td>
</tr>
<tr>
<td>Alcohol is Bad</td>
<td>94%</td>
<td>95%</td>
<td>89%</td>
<td>95%</td>
<td>93%</td>
<td>91%</td>
</tr>
</tbody>
</table>
3. Community agencies administered the 2007 Youth Survey that confirmed the CHKS findings. Scotts Valley teens were included in the surveys. The results indicated that county teens and families demonstrated high cultural acceptance of alcohol and drugs and that many parents believe alcohol is not a problem. Findings included:
   - Students have easy access to alcohol and other drugs from social and commercial sources.
   - Santa Cruz County ranked sixth highest out of 58 counties in the state for binge drinking.
   - Seventy-three percent of youth report receiving alcohol from adults they know.
   - Sixty-six percent of adults believe parental intervention would have no impact on alcohol consumption by underage youth.
   - When high-risk youth are suspended or expelled for using alcohol, they do not receive any intervention services.

4. From elementary to high school, SVUSD site administrators reported that they review CHKS results and measure its accuracy compared to actual student issues and performance that they observe and handle on a daily basis. At the elementary and middle schools, the CHKS information is evaluated against actual student behaviors on campus to determine the validity of student answers. If there is a discrepancy between the CHKS survey and experience, the information in question is included in the annual site survey administered by the school.

5. Administrators at the high school review the CHKS findings. However the administration does not make the information available to staff members who work closest to students. These staff members were not involved in prevention and intervention planning.

6. District and site administrators were asked if they thought the CHKS information was a reliable assessment of student alcohol use. All site administrators agreed that alcohol usage is a problem and that the statistics were important in identifying student perceptions and trends. However district administration did not believe the CHKS results were relevant and should not be used to determine if an issue is important or not. District officials felt the data was unreliable because the children taking the survey did not need the results for grades or for themselves; therefore they were not honest in their answers. Further, district administration believes teen alcohol use is a “community problem” which needs to be resolved by the community rather than the district.

7. SVUSD Board Policy 5030 (a-e) Student Wellness was adopted on April 22, 2008. As required by law, a Health and Wellness Committee was formed to create the policy and present it to the board for approval. Agendas and attendance documents were provided but minutes of the meeting were not available. The wellness policy focuses primarily on nutrition and physical activity. Other factors such as alcohol and drug intervention and prevention are not mentioned in the policy.

8. SVUSD Board Policy 5131.6 (a-d) and Administrative Regulation 5131.6 (a-b) clearly define a comprehensive process for developing district programs related to
alcohol and other drugs, but the Jury found no evidence that substantiates the existence of a district-developed comprehensive program to comply with Board Policy 5131.6.

9. SVUSD introduced revised Board Policy 5144.1 (a-d) Suspension and Expulsion/Due Process in April 2007. The policy has a zero-tolerance clause that was intended to help eliminate the lax attitude toward alcohol and drug usage by students. Under this policy first-time alcohol or drug offenders are suspended for five days. Students who violate the policy twice are recommended for expulsion. Parents are contacted and the police may be involved depending upon the circumstances. When a suspended student returns to school, at least one counseling session is mandatory. A voluntary eight-week after-school program is available. Some school personnel voiced the opinion that the zero-tolerance approach was very punitive and that the school district did not have many alternatives to suspension/expulsion.

10. Scotts Valley City Council adopted a Social Host Ordinance in November 2008. The ordinance allows law enforcement to hold accountable the host of a gathering where alcohol is served to, consumed by, or in possession of minors. Fines for hosting such gatherings can range from $250 to $1,000 in a twelve month period.

11. Scotts Valley Police Department no longer provides a School Resource Officer (SRO) on the high school campus. The role of the SRO is to deter crime activity on campus and be accessible to students to create a positive relationship as well as act as a mentor. District and site officials stated that they would like to have a law enforcement officer return to the high school campus.

12. SVHS school officials indicated that the lack of surveillance cameras at the high school limits the ability to detect student alcohol use on campus. Instead, the school uses the following methods to curtail the use of alcohol and drugs on campus:

- Three aides supervise the campus and parking lots.
- The principal and assistant principal assist with supervision.
- The campus is closed during school to prevent students from leaving campus.
- Students have no lockers.
- Five breathalyzers are used to monitor students at special events such as dances.

13. County of Santa Cruz Health Services Agency Alcohol and Drug Services personnel indicated that when high-risk youth who use alcohol are suspended or expelled they receive minimal prevention services. Therefore the County has implemented alternatives to suspension and expulsion that have reaped more favorable results. For example, the Seven Challenges program introduced in Santa Cruz City Schools is a reduction-of-suspension option that allows students an early return to the classroom by participation in the program. The program keeps students attending school and engaged in academic work. In addition, the district can claim average daily attendance funding for those students rather than lose the funding when students are suspended.

14. SVHS students who have been suspended for alcohol or drug use can meet with a certified counselor two days a week for individual sessions and after-school group sessions. The counselor is only required to see students who have been suspended.
All other counseling is voluntary on the student’s part. The Scotts Valley Rotary Club sponsors the counseling program.

15. The elementary schools no longer have a district-hired counselor. The position was eliminated as part of a budget reduction during the 2007-2008 school year. Administrators and staff have assumed many of the duties of the counselor and each elementary school has an intern from John F. Kennedy University to provide counseling for twelve students each week. Site administrators believe having a counselor is important because it is easier for students to speak honestly to a third party, rather than to teachers or the principal.

16. SVHS administrators stated that they have not implemented peer counseling and conflict resolution programs that engage students in problem solving and decision making.

17. The SVUSD leaves the implementation of alcohol and drug programs primarily to site administration and as a result, programs offered vary widely throughout the district. The suspension/expulsion policy is one of the few district-wide strategies to address alcohol and drug use among students. Per district officials, other priorities such as student achievement, special education, and budgetary challenges take precedence over the development of prevention and intervention programs.

18. SVUSD elementary and middle schools have a variety of programs in place to address alcohol and drug use. The activities are based at schools and include programs that address self esteem, empowerment, resilience, learning styles, and conflict resolution. The district-adopted curriculum Too Good for Drugs is used at all levels.

19. The high school offers a ninth-grade health class that addresses drug and alcohol issues. The course incorporates the Too Good for Drugs curriculum and other resources provided by the teacher. Too Good for Drugs has three core components: one curriculum for ninth and tenth-grade students, another for eleventh and twelfth-grade students, and staff development for educators.

20. County of Santa Cruz Health Services Agency Alcohol and Drug Program, the United Way, and Santa Cruz County Office of Education have a variety of programs available to districts throughout the county to assist with curbing teen alcohol use. The County has actively solicited districts to participate in evidence-based programs, many of which are offered through grant funds. Programs include: Communities Mobilizing for Change on Alcohol, Seven Challenges, Responsible Alcohol Merchant Awards, Friday Night Live, Project CURB, Teen Peer Court and Town Hall Meetings.

21. Santa Cruz City Schools district is currently implementing the Seven Challenges program at Santa Cruz High School and is expanding the program to all other high schools in the district next year.

22. Districts throughout the county have the opportunity to participate in the Together for Youth Collaborative.

23. The Scotts Valley Police Department provides Drug Abuse Resistance Education (D.A.R.E.) to the elementary, middle and high school students in SVUSD. The program is taught by a police officer and provides a series of classroom lessons that
teach student how to resist peer pressure and live productive, drug-free and violence- 
free lives. In addition, the police department sponsors Red Ribbon Week held the last 
week of October. The Red Ribbon Week campaign asks students to pledge a drug 
free life through drug education and prevention activities.

24. At the time of the interviews, high school administrators and staff members were 
unfamiliar with programs and services within the County that assist with prevention 
and intervention of alcohol and drug use among students. Since the Grand Jury’s 
interview with the administration at Scotts Valley High School (SVHS), two DUI 
sentencing hearings were held on campus.

25. San Lorenzo Valley Unified School District recently held a town hall meeting for 
parents about teen alcohol abuse on February 26, 2009. County of Santa Cruz Health 
Services Agency Alcohol and Drug Program sponsored the event.

26. A Santa Cruz County Superior Court Judge, the Mayor of Scotts Valley, the Chief of 
Police of Scotts Valley, the Santa Cruz County Office of Education, the County of 
Santa Cruz Health Services Agency Alcohol and Drug Program, and approximately 
fifteen parents, students, and staff attended a Town Hall meeting on April 28, 2009 at 
SVHS.

27. Student leaders facilitated the town hall meeting and presented recent student 
responses on the Scotts Valley Youth Survey administered in April 2009 at SVHS. 
Highlights from the study indicate the following:

- 52.1% of youth ages 14-18 get access to alcohol fairly easily.
- 46.9% get alcohol from friends over 21.
- 31.6% get alcohol from home without parental knowledge.
- 56.2% drink alcohol at parties without parent/adults in the home.
- 44.7% believe alcohol helps them feel comfortable in social situations.
- 41.5% state alcohol is used to relieve boredom.
- 38% state alcohol makes it easier to deal with stress or to relax.

Conclusions

1. Although SVUSD is not responsible for student drinking and the social problems 
connected with alcohol, students in the district would benefit greatly if chief officials 
of SVUSD would champion the areas of prevention and intervention of alcohol and 
drug usage among teens. By acknowledging the problem and joining forces with 
other agencies, the district could give students tools to curb life-threatening teen 
drinking.

2. The Student Wellness policy addresses the letter of the law by focusing on nutrition 
and physical activity. However, the policy does not address other health issues such 
as alcohol abuse that threaten the wellness of students.

3. SVUSD has a board policy on alcohol and other drugs that clearly defines the 
parameters for a comprehensive plan for prevention and intervention. However, the 
district has not coordinated the development of the plan as outlined in the policy.

4. The district’s use of suspension and expulsion as a primary intervention for student 
alcohol use is ineffective and does not provide enough support for students to change
behaviors and make healthy decisions. The zero-tolerance policy does not solve the problem of alcohol abuse among the students in Scotts Valley and does not have long-term impact on prevention. More positive approaches to prevention are being utilized in the county, including the Seven Challenges program in Santa Cruz City Schools which is gaining popularity and is a win-win for districts and students.

5. SVHS has implemented very few prevention and intervention programs to educate students on the dangers of alcohol and drug use.

6. The School Resource Officer provided by the police department was a valuable asset to the high school campus.

7. Elementary and middle school administrators in SVUSD have appropriately addressed the needs of students and introduced programs to deal with the many facets of student wellness.

8. Despite efforts to use other resources at the elementary level to fill in for a district-hired counselor, there continues to be a void. Interventions with troubled students would be enhanced by having a staff counselor.

9. High school staff members who work directly with students during health classes and after alcohol and drug violations are familiar with the pressures that students face with reference to alcohol and drug usage. Although they are on the front line of working with students, they are not familiar with the CHKS responses for Scotts Valley students and they are not part of a school-coordinated team to plan and implement programs to prevent alcohol and drug abuse.

10. SVHS tenth through twelfth grade students would benefit from the Too Good for Drugs curriculum.

11. Student resourcefulness and leadership could be tapped by instituting problem-solving programs such as peer counseling and conflict resolution.

12. SVUSD and SVHS personnel have been reluctant to participate in county-offered programs and activities.

**Recommendations**

1. SVUSD officials should provide leadership, direction, and support to schools, parents, students, and community to launch a united effort aimed at reducing the life-threatening behaviors associated with teen drinking.

2. SVUSD should develop a better understanding of the reliability and relevance of CHKS information. In addition, an analysis of the county, state, and national trends would add a broader perspective from which to view the magnitude of the teen drinking problem in the district. CHKS results from county organizations should be available for review by teachers, counselors, parents, and students.

3. The student wellness policy in SVUSD should be expanded to include other health-related issues such as intervention and prevention of alcohol and drug use among Scotts Valley students.

4. The SVUSD Board of Education should acknowledge the alcohol problem among teens and prioritize the development of a comprehensive plan as stipulated in Board Policy and Regulations 5131 (a-d) Alcohol and Other Drugs. The plan should incorporate proven evidence-based strategies that provide assistance to students with
alcohol and drug problems. A coalition of school staff, parents, students, and outside agencies should be organized to develop and monitor the comprehensive plan.

5. SVUSD should work with Scotts Valley Police Department to reinstate the School Resource Officer to the high school campus when budgetary restrictions allow.

6. SVUSD should have a suspension reduction policy linked to intervention programs to reduce the number of students suspended for alcohol use and to engage students in a common-sense approach to addressing alcohol and drug issues.

7. SVUSD should find innovative ways to expand counseling services at the elementary level.

8. SVUSD and SVHS should utilize county and outside agency resources that assist students with alcohol and other drug prevention and intervention.

9. All staff members who teach or counsel students regarding alcohol prevention should be part of the planning team that addresses prevention and intervention solutions. The many resources provided through county agencies should be available for use by staff.

10. SVHS should incorporate the Too Good for Drugs program into the core curriculum for tenth, eleventh, and twelfth grade students.

11. SVHS should consider offering more health classes especially for eleventh and twelfth grade students to bridge learning with life experiences.

12. SVHS should involve students in self-help strategies such as peer counseling and conflict resolution, as well as countywide programs such as Friday Night Live and the Together for Youth collaborative.

**Commendations**

1. The Grand Jury commends the Scotts Valley Unified School District elementary and middle school administrators for addressing student issues by developing effective strategies and programs to assist students.

2. Scotts Valley Police Department is commended for championing the issues of teen alcohol and drug use and for providing consistent community leadership in prevention and intervention awareness programs.

3. The Grand Jury commends County of Santa Cruz County Health Services Agency Alcohol and Drug Program for working with other agencies and school districts to develop and implement a variety of programs that decrease the use of alcohol by teens.
Responses Required

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Categorical program plans and documents such as Safe and Drug-Free Schools and Communities (SDFSC) and Tobacco-Use Prevention Education (TUPE) that establish district performance indicators to reduce at-risk behaviors

Two years of California Physical Fitness Tests
Two years of California Healthy Kids Survey Results
Composition and minutes from the local student wellness committee for the past two years
Summary of district programs and practices that address student needs and promote student wellness
Curriculum addressing student wellness
Verification of federal, state, and district funding sources used to implement student wellness programs and/or activities


Santa Cruz County

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For Everything Else There’s CAL-Card

16,800 Rolls Two-Ply Toilet Tissue = $51,597.50
4,660 Economy Storage Files w/Lids = $6,608
The knowledge your tax dollars are being wisely spent… PRICELESS.

Summary
Santa Cruz County departments rely on a centralized purchasing system to acquire almost $30 million in goods and services to sustain County functions. The processing of purchases costs the County in excess of $500,000 annually in administrative costs. These costs are apportioned to individual departments based on the number of purchase orders processed for each department.

Other purchasing options are available to County departments including CAL-Card. CAL-Card is a Visa card offered by U.S. Bank through a contract with the State of California. CAL-Card is used for less than four percent of the total purchases even though it is more efficient, less expensive and provides cash rebates. The numerous restrictions imposed on CAL-Card use, and the cumbersome internal process for billing, dispute resolution, and reconciliation has combined to discourage use of the cards. Restructuring the program could encourage and optimize use of this less expensive purchasing option, and would allow the County to realize substantial savings.

Scope
The Grand Jury sought to analyze the various methods currently used to purchase goods and services with a focus on taking advantage of more efficient purchasing mechanisms to save money.

Background
Santa Cruz County uses three primary methods of purchasing goods and services: CAL-Card, a single-vendor office supply contract, and a purchase order system. CAL-Card is a payment mechanism (Visa card) with no card fees and no interest cost, unless late payment penalties are assessed. It is designed to streamline the procurement process and reduce purchasing costs significantly for purchases of goods and services up to $100,000 per transaction and is offered by the State of California through a master contract with U.S. Bank. There is currently a single-vendor contract for office supplies with Corporate Express (which was subsequently bought by Staples). Expenditures made under the purchase order system require administrative processing. Purchases made with CAL-Card or through Corporate Express do not require the processing of a purchase order.

Definitions
Purchasing Division (Purchasing): The unit of Santa Cruz County General Services Department that serves all other county departments and agencies in purchasing, leasing, lease/purchasing or renting all equipment, materials, and supplies.
Living Wage Ordinance: Santa Cruz County Code, Chapter 2.122 provides, “The ‘living wage’ to be paid to employees pursuant to the requirements of this Chapter shall be a minimum hourly wage set by resolution of the Board of Supervisors after consideration of the annual cost of living increase as measured by the San Francisco-Oakland-San Jose area Consumer Price Index.” The County Code that imposes this living wage requirement also applies to outside vendors and contractors hired by county departments.

Green Purchasing Requirement: Santa Cruz County Purchasing Manual section 2.8 provides: “The goal of the County is to reduce global warming effects generated by government operations. In this endeavor, terms and conditions of all solicitations shall encourage, whenever possible, services and products that are proven to be beneficial to the environment. Examples of these green standards are Electronic Product Environmental Assessment Tool (EPEAT), Energy Star, EcoLogo, Green Seal and the like.”

Findings
1. Purchase orders account for the vast majority of county spending but are the most expensive method of acquisition. In 2008 nearly $28 million in purchases were processed via purchase orders at a cost of over $500,000.
2. Purchasing indicates that a standard industry goal is to maintain processing costs in the $60-$100 range above the cost of goods per purchase order. However, it appears, based on review of the County of Santa Cruz Cost Allocation Plan, that our County’s cost greatly exceeds that range. In 2003-2004, 2,620 purchase orders were processed at a cost of $184 per order. In 2004-2005, 2,570 purchase orders were processed at a cost of $196 per order.
3. Purchasing is aware of the standards for controlling the cost of processing purchase orders; however, the department says it is unable to determine whether they are meeting these standards due to limitations imposed by the archaic mainframe computer system on which Purchasing depends.
4. In making purchasing choices the County is subject to many limitations. These include those imposed externally such as provisions of California law (i.e. the Government Code and the Public Contracts Code), spending guidelines for various funds received from the federal and state governments, and restrictions imposed by the numerous grants and special programs. The County has many self-imposed restrictions such as the Living Wage Ordinance, and the Green Purchasing Requirement. The county cites these limitations as justification for some of the County imposed CAL-Card usage restrictions.
5. All CAL-Cards issued to County employees have single purchase limits under $1,500 and total monthly purchase limits of less than $10,000. CAL-Card, like any Visa card, can be used for any purchase under these dollar limits unless the category of items is prohibited by CAL-Card or County policy. As these are simply a payment mechanism rather than a supplier, the cards can be used to buy virtually anything from handcuffs and inmate toiletries for the Sheriff’s Office to auto parts and gardening tools for Government Services. The County restricts CAL-Card use by policy, decreeing the cards cannot be used to pay for travel, conference registrations, subscriptions, books,
computer hardware/software, office supplies or services of any kind. The dollar limits imposed by the County further restrict the usefulness of the cards.

6. Purchasing estimates that purchases using CAL-Card cost roughly 25 percent less to process than a county purchase order and CAL-Card provides cash-back rebates. California studies of CAL-Card use have estimated savings ranging from $25 to $90 per transaction. Other states and counties have documented savings resulting from implementation of such a purchase card system.

7. The County receives cash rebates up to two percent for purchases made using CAL-Cards. For fiscal year 2007-2008 the rebate amounted to $6,500. The rebates are awarded to purchasing, not the department whose CAL-Card usage generated the rebate.

8. The paper-intensive process required by the County for reconciling CAL-Card statements and invoices is prohibitively complex and burdensome. Users are individually required to resolve any questioned charges or items, and may be personally held financially responsible for unresolved charges.

9. The County implemented the CAL-Card program in 1996. Since its original implementation the usage of the CAL-Card has declined.

### CAL-Card Usage Statistics since 2001:

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<th>Year</th>
<th>Cards Issued</th>
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<td>293</td>
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<td>308</td>
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<td>308</td>
<td>2,937</td>
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<td>2009</td>
<td>283</td>
<td>649</td>
<td>$131,731 (1st Quarter)</td>
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10. The somewhat dramatic reduction in CAL-Card use in 2003 and 2004 was a result of the implementation of the single-vendor office supply contract and increased enforcement of its usage requirements.

11. There is no documented case of a county employee being prosecuted or having card privileges revoked for deliberate misuse or abuse of a CAL-Card.

12. U.S. Bank and Visa offer free CAL-Card optimization audits to examine ways the customer can achieve maximum cost savings using the CAL-Card program. The County has never made use of these optimization services.
Conclusions

1. The County could realize significant savings through more effective utilization of the CAL-Card program and by reducing reliance on the costly purchase order system.
2. County departments avoid using the CAL-Card system due to spending restrictions and burdensome procedures for processing bills, invoices, and disputes.
3. The County’s adherence to old policies and procedures is limiting its ability to recognize potential savings through expanded use of CAL-Card.
4. The County does not offer any incentive programs to encourage departments to utilize the CAL-Card program, and the departments do not share in the rebates earned.
5. A free optimization audit by Visa and U.S. Bank could provide the County with multiple strategies for increasing the usage of CAL-Card, which could result in significant savings to the County.

Recommendations

1. The County should encourage CAL-Card use by re-examining and reducing restrictions to eliminate as many obstacles to card use as is practical.
2. The County should revise and increase card limits for higher-level personnel, with accompanying revisions to “Guidelines for Purchases” and related Purchasing Policy Manual sections.
3. The County should establish a list of pre-approved service vendors that meet Living Wage, Green Purchase, and other requirements and allow those services to be purchased via CAL-Card.
4. The County should simplify the processes of billing, reconciliation, and questioned item resolution for CAL-Card purchases to reduce paperwork and burden on individual users.
5. The County should automate CAL-Card billing and reconciliation to maximize rebates for on-time payments.
6. The County should create incentives, such as recognition and rewards, to encourage employees and departments to promote the use of CAL-Card.
7. The County should request an optimization audit from Visa and U.S. Bank to examine how the savings from use of CAL-Card could be maximized.

Responses Required

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For Everything Else There’s CAL-Card
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Information Services Department
Stagnation or Migration?

Summary
Santa Cruz County Information Services Department (ISD) provides centralized information technology services, telephone, printing and other support services to county departments. In the area of information technology, the department manages the county’s wide-area network. It also operates and supports a broad range of data processing applications for county departments including public safety applications, which require reliability twenty-four hours a day, seven days per week.

One of the major costs of ISD, and other county departments, is software development and maintenance. In years past ISD directors focused on in-house development to maintain control and customize applications to county needs. Much of this software was based on using a mainframe computer system popular in the 1980s and 1990s. With the advent of server-based computer systems in the late 1990s it was determined that newer “commercial off the shelf” (COTS) programs operating on modern information technology architecture would be more efficient for the individual departments. These new systems are also cheaper for ISD to maintain and much easier to backup for data integrity and disaster recovery.

The 2002/2003 Grand Jury examined the way ISD used software and hardware and recommended, “migrating to current hardware and software technology” and off the obsolete mainframe. The Board of Supervisors agreed. Shortly after the report was published the County committed to an ambitious timeline of four years to transition all applications and retire the mainframe.

This Grand Jury revisited ISD to see what progress had been made towards the stated goal to end county dependence on obsolete technology and found that years passed without any significant progress towards eliminating the old mainframe system. In particular, much time and energy was spent unsuccessfully attempting to implement the Planning Department’s new Hansen® software. However, recent managerial changes in ISD appear to have broken the logjam and restored interdepartmental cooperation and customer satisfaction.

Within the last few months the County has approved, and ISD has begun, numerous major migration projects with another very ambitious timeline. The County appears committed to finally retiring the mainframe that is the backbone of many critical county functions. The Grand Jury commends the current progress and hopes the aggressive timeline represents recognition of the danger to the integrity of county operations posed by reliance on obsolete technology. However, the Grand Jury has concerns about whether the County is truly committed to providing ISD with the resources necessary to successfully complete this critical mission in an era of budget crisis.

Scope
This report examines Information Services Department issues that can have a substantial impact on the County and its residents. Specifically whether ISD has made progress...
towards converting to newer hardware and software technologies, and whether the current ISD service level is resulting in satisfied customers.

**Definitions**

**Mainframe:** Computer hardware most often used by large organizations for critical applications, typically bulk data processing such as census, industry and consumer statistics, enterprise resource planning, and financial transaction processing. The term usually refers to computers compatible with the IBM System/360 line, first introduced in 1965.

**Migration:** A change from one hardware or software technology to another or moving data from one storage system to another (data migration).

**Application:** In computer science, an application is a computer program designed to help people perform a certain type of work. Depending on the work for which it was designed, an application can manipulate text, numbers, graphics, or a combination of these elements. Some application packages offer considerable computing power by focusing on a single task, such as word processing; others, called integrated software, offer somewhat less power but include several functions.

**Findings**

1. The 2002-2003 Grand Jury made several findings regarding the expense, practicality, and obsolescence of the county’s mainframe system. The County agreed in substance with this assessment. These findings from 2002-2003 included:
   - ISD uses mainframe computer hardware first introduced in the 1990s, which was an upgrade from an earlier version.
   - Mainframe architectures are expensive to sustain and difficult to evolve to current industry best practices such as web access.
   - The County continues to use a mainframe internal billing structure to allocate ISD expenses across county operations. This requires administrative personnel involved in determining and allocating costs of mainframe usage for the purpose of interdepartmental billing.
   - ISD understands the ultimate need to eliminate the mainframe computer operations by migrating to less expensive current technology, but does not have a formal plan or time line for accomplishing this.

2. On more than one occasion prior Grand Juries have found that outdated software applications are impacting the performance of county departments, such as the Sheriff’s Office and Planning. The County has agreed that the systems need updating.

3. In 2009 the County relies on substantially the same hardware, although software upgrades and revisions have been implemented in the intervening years.

4. Currently only two ISD employees are thoroughly trained and familiar with operating and supporting the mainframe. Both employees are eligible for retirement.

5. On April 1, 2007, IBM stopped offering support for mainframes such as the County’s 7060-H50.
6. In the fiscal 2008 year-end report submitted to the Board of Supervisors, the county’s independent auditors, Caporicci & Larson, noted that: “The County’s Disaster Recovery Plan was developed 25 years ago and was not updated to address the new technologies. The Disaster Recovery Plan details the actions required should a disaster occur that affects the computer operations of the County.”

7. In 2002, ISD began a project to transition the Planning Department’s code enforcement system from the mainframe-based Automated Land Use System (ALUS) to a non-mainframe Hansen® system. As of today Planning is still relying on ALUS for permits and land use planning, while running certain code enforcement processes on a dual-entry basis (entering information into both ALUS and Hansen®).

8. In 2009 the following county departments still rely on applications running on the mainframe: County Administrative Office, Treasurer/Tax Collector, Assessors Office, Auditor Controller, Purchasing, Payroll/Personnel, Planning Department, Probation Department, Recorder’s Office, Sheriff’s Office and the District Attorney’s Office.

9. Within the last year, the County has approved projects that will move the following operations off the mainframe:
   • Tax system ($2,530,000 contract awarded August 5, 2008)
   • Sheriff’s records management system and jail management system ($475,505 jail management and $478,370 record’s management contracts awarded January 13, 2009)
   • Probation case management system ($474,988 contract awarded January 13, 2009)
   • Recorder’s system ($246,843 contract awarded March 3, 2009)

10. As applications are shifted off, the cost of maintaining the mainframe has been allocated among departments still using it. The number of users has decreased, so charges to each remaining department have increased, although in the 2009-2010 department budget enough cost reduction has been achieved so that there is no need to increase charges to users.

11. ISD is working toward being mainframe-independent within four years.

12. A new ISD Director was appointed in 2007. Prior to his appointment, the department operated with a mindset of internally developing and supporting custom applications based on the mainframe architecture.

13. All the county employees this Grand Jury met with thought that ISD communication and responsiveness had improved over the last couple of years.

**Conclusions**

1. The County has made inadequate progress towards migrating departmental applications off the mainframe in the more-than-five years since the 2002-2003 Grand Jury report.

2. The age of the mainframe, the lack of manufacturer support, and the limited number and status of qualified personnel, pose real risks of catastrophic interruption of service and/or loss of critical data.
3. The appointment of a new ISD Director in 2007 has proven to be a positive step toward elimination of both internal software development and mainframe reliance.

4. The shift in ISD culture, combined with apparent progress after a period of stagnation has resulted in higher levels of customer satisfaction among the departments utilizing ISD services.

**Recommendations**

1. The Board of Supervisors should provide the resources necessary to allow Information Services Department to complete migration off the mainframe on schedule.

2. The Board of Supervisors should monitor ISD progress to ensure adherence to the migration schedule.

**Commendation**

The Grand Jury commends the Information Services Department and director Kevin Bowling for changing the focus and the culture of the department over the past two years. The changes have improved user confidence and resulted in considerable progress towards the goal of eliminating reliance on the mainframe.

**Responses Required**

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A Tale of a SERP

Summary

As an incentive to retire, many school districts offer Supplemental Employee Retirement Plans (SERP) as a means to encourage highly paid staff to retire so that the district can save money by hiring a lower-paid replacement. A SERP provides eligible employees with a monthly income supplement to regular retirement benefits. Participating in a SERP is voluntary for employees who meet certain eligibility guidelines established by the district and approved by the board of education.

A financial crisis in a school district is often the primary reason for offering a SERP. School districts are required to submit reports on the financial health of the district to the county office of education during each fiscal year. The reports declare whether or not the district is able to meet its financial obligations. Districts that are unable to meet the financial goals for the year and subsequent years must prepare and implement a fiscal recovery plan showing how they plan to remedy the problem.

A SERP is typically offered to an eligible employee on a one-time basis only. Giving employees only a single opportunity tends to generate the highest rate of participation, which leads to greater fiscal savings. The district establishes the amount of the financial incentive to offer employees and the payment options. The benefit can range from a set dollar amount per eligible employee to a percentage of salary.

Since 2006, Pajaro Valley Unified School District (PVUSD) has been in financial distress. A SERP was offered in 2005-2006 and again in 2007-2008. In 2008-2009, the district was again faced with a severe budget shortfall. Cuts and adjustments had to be made for that school year and the following. Offering a SERP to three employee groups was one of the cost-saving measures implemented by the district. Although the PVUSD Board of Education followed proper procedures to award the SERP and all employees qualified for the benefit, the Grand Jury found that several procedures could be implemented to strengthen the SERP process to ensure fiscal responsibility of public funds.

Scope

The Grand Jury investigated the SERP that was authorized and executed by Pajaro Valley Unified School District in 2008 to determine whether:

- the Board of Education used the proper procedures to authorize and implement the SERP
- employees receiving the SERP qualified for the retirement incentive
- the projected cost savings of the SERP were realized in the next year’s budget
- public funds were used appropriately
- the process was transparent to the public

Findings

1. On March 12, 2008, PVUSD Board Agenda item 13.4 reports that the district will not have the funding to meet the current budget. Due to the State’s financial crisis,
2008–2009 Santa Cruz County Grand Jury Final Report

PVUSD would be $9,400,000 short for 2008-2009 and $17,500,000 short for 2009-2010 if cuts and adjustments were not made.

2. PVUSD hired Keenan and Associates, a financial planner, to conduct a *Fiscal Cost Analysis* to analyze the potential savings of offering a SERP. The report was prepared and submitted to the district on June 6, 2008. It established plan assumptions, benefit options, demographic analysis, SERP cost analysis, and benefit data sheets for three employee groups in the district. PVUSD staff stated that offering a SERP to management employees could generate a cost savings of approximately $159,000 depending upon the number of employees who took advantage of the opportunity. The proposal identified twelve managers as potential candidates for the incentive.

3. Three months before Keenan and Associates submitted the *Fiscal Cost Analysis*, PVUSD Board of Education approved Resolution 0708-22 on March 12, 2008, offering a SERP for management employees. The criteria set forth by the Board requires that the employee:
   - is a certificated or classified management employee
   - will be at least 55 years of age by June 30, 2008
   - has at least five years of continuous service with the district by date of retirement
   - submits a letter of resignation and SERP enrollment package by May 9, 2008
   - is eligible to retire from State Teacher Retirement System (STRS) or Public Employee Retirement System (PERS)
   - retires from the district as of June 30, 2008
   - will not be eligible for reemployment in the district other than as a substitute

4. The PVUSD SERP offered eligible employees 95% of current salary to be paid according to the option selected by the employee. The terms of payment varied from a monthly payment through the remainder of life or a five to ten year distribution.

5. The Associate Superintendent of Business and the Interim Superintendent prepared the SERP Resolution 0708-22 and the agenda item for the PVUSD Board. The resolution was approved in open session and the public had the opportunity to see the item on the agenda prior to the action taken by the board. Both the Interim Superintendent and the Secretary of the Board signed the resolution according to district procedures.

6. PVUSD Board Members did not have a copy of the *Fiscal Cost Analysis* prepared by Keenan and Associates and were not privy to the information in the document except what was reported to them by staff prior to approving the SERP.

7. The district SERP administrators were the Associate Superintendent of Business and Assistant Superintendent, Human Resources. Keenan Financial Services served as the contract administrator to assist in implementation of the plan.

8. Following the approval of the SERP by the PVUSD Board, an announcement flyer was prepared and distributed to all management employees in the district.

9. Twelve employees submitted the proper paperwork and met the established criteria to receive the retirement incentive.
10. Eleven of those employees, the Associate Superintendent of Business and the Assistant Superintendent of Human Resources were subordinate to the superintendent and they reported directly to the superintendent.

11. One of the employees was directly evaluated by the PVUSD Board and had a specific written contract that stipulated all terms and conditions of employment including compensation and benefits. The contract did not provide authorization for a SERP. In addition, this employee had previously retired from the district and was serving in an interim capacity.

12. Keenan Financial Services estimated cost savings of $159,000 if all eligible management employees took advantage of the SERP. Interviews with the PVUSD officials revealed that the SERP savings was approximately $46,000, $113,000 less than projected.

13. A financial analysis of the projected savings compared to the actual savings was not shared with the Board of Education.

14. PVUSD stated that the County Office of Education was informed about the SERP. However officials at the county office stated they were not involved in the SERP offered by PVUSD and would only be involved if the SERP was part of a fiscal recovery plan or a payment agreement with employee bargaining units.

15. County Office of Education officials weren’t aware of a SERP being awarded to a retired employee serving as interim administrator for a district. County officials stated the practice of awarding a SERP in that situation was unusual and they had never heard of it happening before in the county.

**Conclusions**

1. The procedure used to authorize offering the SERP to PVUSD management employees followed district board policy and procedures.

2. The *Fiscal Cost Analysis* document was prepared after the PVUSD Board approved offering the SERP, so the analysis was not used by the Board to make an informed decision.

3. The true fiscal impact of the SERP is difficult to determine and the numbers given by the district appear to be guesses rather than statistically based. No one could confidently determine the actual savings to the district.

4. Each employee that received a SERP got 95% of their salary over a set amount of time. An offer of less than 95% could have been just as successful and it would have had a positive impact on future savings.

5. All PVUSD employees offered the SERP met the district’s qualifying criteria and were treated equally even though their job status in the district was not equal.

6. No employee should be authorized to approve benefits for a person who supervises them. It is unwise and subjects the district to criticism from the public. The one contracted employee who reported directly to the PVUSD Board met the criteria for the SERP but did not receive Board approval for the benefit and an amendment to the contract.

7. Offering a retirement incentive to an administrator who is already retired and is serving in an interim capacity is not a common practice and verges on misuse.
represents a questionable allocation of public funds by the PVUSD Board of public funds.

8. Both the PVUSD Board and district administrators were unable to provide an accounting for the actual savings generated by the SERP.

9. The oversight authority of the Santa Cruz County Office of Education regarding offering a SERP was not clear to district administration.

**Recommendations**

1. PVUSD administrators should provide the PVUSD Board with all documents related to projected cost savings prior to approving a SERP.

2. PVUSD administrators and the PVUSD Board should analyze the potential savings from a SERP and develop a calculation to verify the actual savings versus the projected savings.

3. PVUSD administrators and the PVUSD Board should thoroughly analyze the benefit options of a SERP such as dollar amount given and years of service to ensure the district is getting the most savings possible from the plan.

4. PVUSD Board should analyze the practice of awarding a SERP to a retired interim employee to determine if this practice is the best use of public funds.

5. PVUSD Board should develop a board policy regarding any future practices of awarding a SERP to a retired, interim employee.

6. PVUSD Board should include all benefits and compensation, including a SERP, as part of a contracted employee’s employment agreement.

7. PVUSD Board should eliminate the procedure that allows a subordinate employee to authorize a benefit for a supervisor.

8. PVUSD and the Santa Cruz County Office of Education should discuss the SERP process and clarify the roles of each agency prior to, during, and after implementation.

**Responses Required**

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Pajaro Valley Unified School District
   District Administration
   Retired Administrator
   Board Member
Santa Cruz County Office of Education Administrators
Santa Cruz County Legal Counsel

Publications / Documents
Keenan and Associates, Supplemental Employee Retirement Plan for California School,
Keenan and Associates, Supplemental Employee Retirement Plan for other districts
Pajaro Valley Unified School District, Board agendas and minutes
Correspondence with Pajaro Valley Unified School District’s legal counsel
What’s in Store for Stores?

“We have to be competitive in the market. It’s like any other enterprise.”
Dinah Phillips, spokeswoman for County Administration Office.
Santa Cruz Sentinel April 5, 2009

Summary

Santa Cruz County owns and operates a single facility, the Central Stores (Stores) warehouse, in which materials from different departments and agencies are stored and/or distributed. In addition, some agencies (i.e. County Clerk Elections Department) use third-party facilities for their storage if there is a need for more space, or for a facility with better temperature control and security.

The warehouse on Emeline St. in Santa Cruz serves several purposes, such as the storage and distribution of canned and packaged food and other supplies for the Main and Rountree jail facilities. It is also a long-term storage facility where items are warehoused for possible future use, such as portable wall partitions, desks, file cabinets, etc. There are pallets of valuable but water-damaged county recorder books that are being kept until they can be restored. Limited space is allocated for large storage racks for boxes of files from different departments.

Recently emptied space vacated by County Clerk Elections Department is identified as a possible medical drop destination in case of a pandemic. Some departments are billed based on the number of pallets or boxes warehoused. Charges are debited against the approved supply budgets of the departments Stores serves.

Today county departments have access to improved alternate purchase and delivery systems, which are privately held. The County has not funded the purchase of much-needed storage racks that would accommodate file and document boxes. For those and other reasons, Stores is under-utilized, inappropriately furnished, and full of obsolete items.

It appears that over the last several years this facility is costing the County more money to operate than it saves, and needed upgrades would add to the county’s cost. If there are more efficient and cost-effective private services that can duplicate Stores operation, the County should look into the feasibility of using the warehouse for some important county purpose, for example, a county law enforcement training center, homeless services, or a troubled youth center.

As a result of information obtained from public records, interviews with business and county officials and first-hand observations, this Grand Jury has reservations about the cost and efficiency of continuing to use the Stores warehouse facility as it is used today. General Services has options to explore, but the optimum outcome is using this facility more efficiently to reduce costs for the County. Without additional funds for file box racks, computerization, and the elimination of stored outdated equipment, this facility will continue to cost county taxpayers money that could be used in better ways.

The obvious questions:

• Why is food service for the Main jail and Rountree not handled in the same manner as office supplies, with a single-vendor that delivers?
• Why is the County paying to keep old wall partitions and used furniture stored for 20 years?
• Why have no additional storage racks been added to accommodate the increasing number of files?
• Where is the computer system to track inventory?

The standard answer, echoed in good or bad economic times, is “There is no money.”

Scope

County Central Stores warehouse operation was investigated to determine its cost effectiveness versus a private business model for purchase, delivery and storage.

Definitions

General Services Department Purchasing (Purchasing): unit responsible for purchasing/rent/lease of equipment, materials and supplies for all county departments and agencies.

Central Stores (Stores): This unit of the General Services Department’s Facilities Division maintains a warehouse to store a wide variety of consumable supplies, as well as some equipment items commonly used by various county departments. It assists Purchasing in the transfer, sale and other disposition of surplus property items. In addition, the warehouse provides a limited amount of moving, repair and special warehousing services. Warehouse staff also maintains the County records retention center.

CAL-Card: A payment mechanism (Visa card) with no fees and no interest cost unless late penalties are assessed. It is designed to streamline the procurement process and reduce purchasing costs for goods and services up to $100,000 per transaction. It is offered by the State of California through a master contract with U. S. Bank.

Single-vendor Contract: A legal agreement established by a competitive bidding process. One party agrees to purchase certain goods or services from the other in order to gain advantages in pricing or service.

Background

In 2003, the County contracted to buy office supplies from a single-vendor that would deliver directly to each department. Already in place was CAL-Card, a credit card system that allows certain authorized county employees to buy any supplies that aren’t restricted by the single-vendor contract or county purchasing rules, again bypassing Central Stores. With the advent of the booming personal and commercial storage business, the County found it cheaper to lease space than to remodel or build large buildings to house the ever-increasing amount of paper files needing to be stored.

Findings

1. Central Stores charges other county departments for storage space used and delivery of stored supplies. Total charges to other departments should be equal to or greater than the cost to operate Stores. If total income is less than the cost, then money from
the county general fund must be used to supplement the Stores budget. The following graph details county cost to maintain the Stores facility over and above the revenue generated from billing individual departments for Stores services.

### Net County Cost for Central Stores

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<th>Fiscal Year</th>
<th>Net Cost</th>
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<tr>
<td>1999-2000</td>
<td>$42,854.74</td>
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<td>2000-2001</td>
<td>$11,259.11</td>
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<td>2001-2002</td>
<td>$50,202.18</td>
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<td>$102,963.65</td>
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<tr>
<td>2003-2004</td>
<td>$76,881.37</td>
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<tr>
<td>2004-2005</td>
<td>$35,870.59</td>
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<tr>
<td>2005-2006</td>
<td>$63,996.81</td>
</tr>
<tr>
<td>2006-2007</td>
<td>$79,319.90</td>
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2. Purchasing orders large quantities of items the County needs, such as copy paper and canned and dry goods for the jails, to take advantage of volume price discounts. The items are stored until they are requested by and delivered to a department. Inventory items are done by hand and cannot be viewed on computers within other county departments.

3. A single vendor contractor sells the same supplies at a similar cost and delivers in an as needed time frame.

4. Many county departments and agencies have a need for more record file storage space. Without additional file storage racks at Stores they cannot be properly accommodated.

5. Because of the security needed to safeguard ballots and sophisticated voting machines, the County Clerk Elections Department decided to relocate them from Stores and lease outside commercial space rather than improve the county facility. The leased space is secured with building locks, chain link fence, internal room with key pad locks and monitored security cameras and also has a temperature controlled environment to protect ballots and computer voting machines.

6. In May 2006, the County signed a ten-year lease for 6,500 sq. ft. of commercial storage space. The lease was amended in March 2008 for an additional 2,600 sq. ft. Total rent is $6,765 per month, or $81,180 per year for the next 3 years. The lease includes annual increases in monthly rent beginning in July 2011. The cost of tenant improvements on the leased space totaled about $107,200 of which $100,000 was recuperated from the Help America Vote Act which is a federal law passed in 2002. One section of the law established a grant program for payments to states to improve election administration.
7. Warehouse space is currently being used to store outdated equipment, 20 year-old wall partitions, and ruined 100-year-old County Recorder books.

Conclusions
1. Central Stores is inefficiently using warehouse space.
2. Central Stores uses outdated record keeping.
3. Items that can be cost-effectively supplied by private business on an as-needed basis are instead being ordered in bulk and stored for months before being used.
4. The same $100,000 granted under the Help America Vote Act to improve the rented storage space could have been used to update the County-owned warehouse for storage of elections supplies and equipment.

Recommendations
1. General Services should do an in-depth, detailed study on the efficiency and cost-effectiveness of Central Stores.
2. General Services should research options to purchase food and supplies on an “as needed” basis from private business.
3. General Services should divest some stored items that are unlikely to be used again and invest in file box racks; or discontinue the Central Stores operation altogether and contract with the private sector instead.
4. The County should consider moving items stored in the warehouse to smaller leased space or other available space and using the building as a Sheriff’s Office law enforcement training facility or for another needed county function.

Responses Required

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Interviews
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   General Services
   Central Stores
   Sheriff’s Office
Representative from Private Businesses;
   Food warehousing and distributing company
   Private storage facility
Who is Watching Our Special Districts?

Summary

The County of Santa Cruz has 92 special districts within its borders. There are special districts for water, fire, parks and recreation, cemeteries and many others. Each special district is created subject to a “principal act”, a set of individualized statutes pertinent to the purpose of the district. One of the tasks of the Grand Jury is to act as a “watchdog” over the special districts within the County in an attempt to ensure they are functional and operating within parameters that are in the best interest of the citizens they serve. Of the special districts in Santa Cruz County, 14 operate outside the purview of the Local Agency Formation Commission (LAFCO) and this report will not address those districts.

Acting upon a complaint, the Grand Jury initiated an investigation into the operations of one of the districts, and determined that there is limited oversight of how this particular district functioned. Although statutes had been in place for years, the specific district was operating without written “rules for its proceedings” (otherwise known as bylaws) which is a violation of its principal act under Public Resources Code 5784.13(e). This special district had also only recently adopted parliamentary procedures for the conduct of its meetings.

Without bylaws and established parliamentary procedures, the governing board of a special district is virtually answerable to no one except the electorate, which in many cases is apathetic towards the operation of the district until an issue of critical neighborhood concern arises. Between election cycles, this leaves members of the public, as well as members of the district’s board, with no method of redress if there are concerns with the activities of the governing board.

This investigation opened the door to broader issues: One, how to ensure local special districts comply with state law; and two, the feasibility of compiling special district governing documents in a central repository for easy public access.

Initially, special districts were independent governmental agencies subject only to state and local laws until the California legislature created Local Agency Formation Commissions (LAFCO) in 1963. Among LAFCO responsibilities is to oversee the formation and/or modification of special districts within their counties. Another part of the LAFCO mandate is to perform Municipal Service and Sphere-of-Influence reviews of special districts every five years. Currently in this county, except for these reviews, once LAFCO approves creation of a new district, the interaction with that entity ceases.

Additionally, little information about a special district is retained by LAFCO other than the original application.

LAFCO could confirm transparency to the public by making available for examination the following special district documents:

- Bylaws;
- Rules of parliamentary procedure, i.e., Robert’s Rules of Order or Rosenberg’s Rules of Order; and
- A mission/vision statement, if applicable, although not required by law, it gives their constituents a basic understanding of the district’s purpose.
The Grand Jury deems it appropriate that Santa Cruz County LAFCO expand its application and review process to include submission and retention of special district governing documents (mission statement, bylaws and parliamentary procedures) in a central repository as provided under LAFCO’s Municipal Service Review Guidelines: #7, Government Structure Options, #8, Evaluation of Management Efficiencies and #9, Local Accountability and Governance.

Definitions

**Special District**: An agency sanctioned under California law for the performance of a local government function within specific boundaries. Districts range in size from small to very large and often cross political boundary lines, such as city and county borders, to serve a common community interest.

**Principal Act**: A set of state statutes that allow for the creation of specific special districts.

**Governing Board**: Local elected officials of a special district.

**Local Agency Formation Commission (LAFCO)**: Government agency authorized by state law with a variety of responsibilities, among which is regulation of the creation and boundaries of cities and special districts within its county, and any modifications thereof.

**LAFCO Commissioners**: Two county supervisors, two city council members, two from special districts boards and one member of the public at large.

**Municipal Service Review**: State law requires that LAFCO prepare service reviews of all governmental services once every five years for the purpose of identifying opportunities to improve the quality, efficiency or cost-effectiveness of local services.

**Sphere-of-Influence**: “A plan for the probable physical boundaries and service area of a local government agency (Government Code Section 56076).” A sphere of influence will reflect the limits of probable future growth of an agency during the applicable general plan period or twenty years. Spheres of influence are adopted by LAFCO following a public hearing and are required to be reviewed every five years.

Background

Of the 92 special districts within Santa Cruz County, many have been in existence 50 or more years. Special Districts have limited oversight and reporting requirements which include the four-year election cycle, the every-five-year Municipal Service and Sphere-of-Influence reviews performed by LAFCO and an annual financial statement submitted to the California State Controller’s Office. Both large and small districts (i.e., water vs. cemetery districts) have an obligation to be accessible and transparent to the public they serve. For the most part, larger districts appear to be professionally run, complying with the applicable statutes and the concerns of their constituents in fulfilling their intended purpose.

However, smaller districts operating with far less or no staff and often volunteer members of their governing boards, may fall into gray areas of minimal compliance with guidelines and statutes in the operation of their districts. It is in this area that the Grand Jury became aware of problems that could affect all special districts in providing consistent, quality performance.
The Grand Jury investigated a complaint regarding the operation of a particular special
district within Santa Cruz County and discovered many of the allegations made about the
governing board of the district to be valid. It was found that the district in question
(formcd in the 1950's) had no written bylaws and to have only recently adopted
parliamentary procedures to guide their meetings and operations. The combination of
lack of formal procedures, bylaws and a mission statement led to ongoing problems and
resulted in a breeding ground for hostility among the public and some members of its
board.

Scope
The Grand Jury examined the statutory requirements and safeguards that ensure
transparency to the public. In addition, the Jury looked at the benefits of expanding Santa
Cruz County LAFCO's application and review process to include submission and
retention of special district governing documents.

Findings
1. Each county LAFCO operates independently and may adopt local policies. [LAFCO
101]
2. LAFCO, through Municipal Service and Sphere-of-Influence reviews, may hold
special districts accountable for meeting community service needs, including
governmental structure and operational efficiencies. [Government Code 56439(a)(5)]
3. From the inception of special districts, they were required to operate by “rules,” often
redefined as bylaws or rules of proceedings as in (Kehoe) Government Code
61045(f).
4. All special districts fall under the mandate of the Ralph M. Brown Act, adopted in
1953 [Government Code 54950 to 54962], which requires agencies to have open
meetings.
5. In Santa Cruz County the special district that initiated this investigation has operated,
and others may continue to operate, in violation of statutes requiring adoption of
bylaws and parliamentary procedures.
6. Santa Cruz County special districts have never been required to submit bylaws,
parliamentary procedures and mission statements to LAFCO.
7. LAFCO special district files in Santa Cruz County contain very few, if any, copies of
bylaws, parliamentary procedures or mission statements.
8. In Santa Cruz County no governmental agency has provided special district oversight
to ensure existence of and operation within bylaws and parliamentary procedures.
9. Among the 78 special districts within Santa Cruz county that are the subject of this
report, all are authorized to operate under various principal acts and California
statutes.
**Conclusions**

1. The Santa Cruz County LAFCO has not ensured compliance with the law requiring adoption of bylaws and parliamentary procedures within a special district.
2. The Santa Cruz County LAFCO has no mechanism to verify that parliamentary procedures and bylaws are followed in the operation of special district boards.
3. There is no central repository of legally-required special district documents to guarantee public access, review and utilization.
4. The Grand Jury believes that minimal oversight and the lack of public access to special district governing documents could create problems within any district.

**Recommendations**

1. Santa Cruz LAFCO commissioners should require that a mission statement accompany the initial application for formation of a special district.
2. Santa Cruz LAFCO commissioners should require bylaws and parliamentary procedures be adopted, presented to and permanently lodged with LAFCO within 90 days of formation of a new district.
3. Santa Cruz LAFCO commissioners should require all existing special districts to have bylaws and parliamentary procedures and to submit copies for LAFCO’s files within six months.
4. The Santa Cruz LAFCO office should act as a central repository and maintain copies of each special district’s bylaws, parliamentary procedures and, if applicable, mission statement.
5. The public should have access during normal County business hours or by electronic media to LAFCO copies of special district governing documents.
6. The LAFCO commissioners and/or the County Board of Supervisors should draft enforceable penalties for failure to comply with these recommendations, following adoption.

**Responses Required**

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Santa Cruz County LAFCO
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LAFCO’s Municipal Service Review Guidelines
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Rosenberg’s Rules of Order
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Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000
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California State Controller’s Report dated 09/04/08
California Senate Local Government Committee publication;
   “What’s so special about special districts?” 2002 Mizany & Manatt
Governing board minutes from 2007 and 2008 of special district named in complaint

Interviews
Complainant of 2008/2009 Grand Jury complaint number five
Chairman of special district named in complaint
Past board member of special district named in complaint
Staff member of S.C. Treasurer/Tax Collector’s Office
Executive Officer, Santa Cruz County LAFCO
Member of County Counsel
**Instructions for Respondents**

California law (PC §933.05) requires that those responding to the Grand Jury Report must prepare responses for individual findings and recommendations within the Grand Jury Report rather than a generalized response to the entire report. Explanations for disagreements must be provided. (PC § 933.05 is included in its entirety at the end of this section.)

Please follow the format below when preparing your response.

**Response Format**

1. Find the response grid that appears near the end of each Grand Jury report, look for the row with the name of the entity you represent, and then only respond to those Findings and/or Recommendations listed on that row.

2. Provide the title and page number from the Grand Jury report.

3. Provide the date of your response.

4. For Findings
   a. Provide a copy the original Finding.
   b. Respond with one of the following:
      i. **AGREE**.
      ii. **PARTIALLY AGREE** (specify and explain disagreement).
      iii. **PARTIALLY DISAGREE** (specify and explain disagreement).
      iv. **DISAGREE** (specify and explain disagreement).

5. For Recommendations
   a. Provide a copy the original recommendation.
   b. Respond with one of the following:
      i. **Has been implemented**.
      ii. **Has not yet been implemented, but will be implemented in the future** (specify expected implementation date).
      iii. **Requires further analysis** (specify the type of analysis required and the expected completion date, not to exceed six months).
      iv. **Will not be implemented** (either because it is not warranted or is unreasonable; please include an explanation).

6. If responding to more than one report, respond to each in a separate document or on separate pages of one document.


If you have questions about the response report, please contact the Grand Jury by calling (831) 454-2099 or by email: grandjury@co.santa-cruz.ca.us.
Where to Respond

1. Send a hard copy of your response to:
   The Honorable Judge Paul Marigonda
   Santa Cruz Superior Court
   701 Ocean Street
   Santa Cruz, CA 95060

2. Send an electronic version of your response via email to the Grand Jury:
   grandjury@co.santa-cruz.ca.us. Please send all responses as either Microsoft Word or Adobe PDF files.

Due Dates

Elected officials or administrators are required to respond within sixty days of the Grand Jury Report’s publication; responses by the governing body of any public entity are required within ninety days.
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.