

RESPONSES FOR “DOES APPEARANCE TRUMP SUBSTANCE”

## **RESPONSE TO SANTA CRUZ COUNTY GRAND JURY FINAL REPORT 2009-2010**

Title of Report: Does Appearance Trump Substance? Watsonville City Personnel Commission's Discipline Appeal Process, Page 1.

Entity Responding: Watsonville City Council

Date of Response: August 24, 2010

Scope: The Grand Jury reviewed the City of Watsonville disciplinary appeal process, including the governing documents, and investigated the activities of the Personnel Commission and other participants in the hearing that took place on August 20.

### **FINDINGS**

F1. *The City of Watsonville appeal process is outlined and governed by three documents: the City Charter, the Municipal Code and the Rules and Procedure of the Personnel Commission.*

**RESPONSE: Watsonville City Council: PARTIALLY AGREE**

**In addition to the three documents, the appeal process is also governed by the Personnel Rules and Regulations of the City of Watsonville as adopted and amended through Resolution No. 44-07 (CM) of the Watsonville City Council and also by California Court decisions regarding due process. Government Code sections 3254(b) and 3254.5 were also taken into consideration as the employee involved is a firefighter.**

F4. *Those interviewed confirmed that the commissioner knew the department manager and that they did exchange salutations, but that nothing was said regarding the appeal. The hearing was not discussed during dinner. However, some of the commissioners also were concerned about the potential appearance of collusion.*

**RESPONSE: Watsonville City Council: PARTIALLY AGREE**

**Those in attendance confirm that nothing was said regarding the appeal hearing at the dinner. However, it is not known whether or not some commissioners were concerned about the potential appearance of collusion as it was not expressed to staff, the City Attorney, or anyone else except apparently to the Grand Jury. Greeting and holding the door for someone is courteous and customary. For example, the attorney for the Department and the employee greeted each other in the hearing room.**

F7-*The Watsonville city attorney advises and represents the city council and all city boards and commissions. The Santa Cruz city attorney and the Capitola city attorney similarly advise and represent the city councils and all boards and commission in their cities. However, the Watsonville City Charter, unlike the charters of these other cities within the county, does not explicitly include commissions and committees for city attorney representation.*

**RESPONSE: Watsonville City Council: Partially DISAGREE**

**The Santa Cruz City Charter in Section 812 states that the City Attorney shall have the power and be required to (a) Represent and advise the City Council and all City officers, commissions or boards or departments in all matters pertaining to their office. The City of Capitola is a general law city and has no charter.**

**Section 804 of the Watsonville City Charter states that the City Attorney shall,**

- a. **Represent and advise the Council and all City officers in all matters of law pertaining to their offices**
- b. **Represent and appear for the City in any or all actions and proceedings in which the City is concerned or is a party, and represent and appear for any City officer or employee or former City officer or employee in any or all actions and proceedings in which any such City officer or employee is concerned or is**

a party, for any action arising out of his employment or by reason of his official capacity;

c. Attend all meetings of the Council and give his advice or opinion in writing whenever requested to do so by the Council or by any of the boards or officers of the City. The City was concerned in this matter.

**RECOMMENDATIONS:**

*R1-The Watsonville Personnel Commission should maintain a fair process free from suspicion of bias and to this end should limit the dinner attendees prior to the appeal hearings to commissioners, their legal counsel, and the recording secretary only.*

**RESPONSE: Watsonville City Council: HAS BEEN IMPLEMENTED**

**Dinners prior to future personnel hearings heard by the Personnel Commission will be limited to commissioners, the legal counsel to the commission and staff to the commission.**

*R2-To eliminate speculation about the role of the city attorney, the Watsonville City Charter should expand the description of the powers and duties of the attorney to include the representation of the city commissions and committees*

**RESPONSE: Watsonville City Council: WILL NOT BE IMPLEMENTED**

**The Watsonville City Charter already authorizes the City Attorney to advise the Commission.**

*R3-To provide the greatest separation between the Personnel Commission and city management, the City should consider hiring independent counsel for the Commission.*

**RESPONSE: Watsonville City Council: WILL NOT BE IMPLEMENTED**

**In a series of California published cases over the last few years, California courts have been very clear that it is perfectly proper for the City Attorney to represent the Commission. In *Morongo Band of Mission Indians v. State Water Resources Control Board*, 45 Cal.4<sup>th</sup> 731 (February 9, 2009), the California Supreme Court addressed this very issue.**

***In construing the constitutional due process right to an impartial tribunal, we take a more practical and less pessimistic view of human nature in general and of state administrative agency adjudicators in particular. In the absence of financial or other personal interest, and when rules mandating an agency's internal separation of functions and prohibiting ex parte communications are observed, the presumption of impartiality can be overcome only by specific evidence demonstrating actual bias or a particular combination of circumstances creating an unacceptable risk of bias. Unless such evidence is produced, we remain confident that state administrative agency adjudicators will evaluate factual and legal arguments on their merits, applying the law to the evidence in the record to reach fair and reasonable decisions.***

***As we explain, any tendency for the agency adjudicator to favor an agency attorney acting as prosecutor because of that attorney's concurrent advisory role in an unrelated matter is too slight and speculative to achieve constitutional significance.***

***HOLDING: It did not violate license holder's right to***

***due process for the prosecuting agency attorney to simultaneously serve as an advisor to the Board on an unrelated matter. The decision reversed the Court of Appeal's judgment.***

**The Supreme Court's decision effectively overruled the decision in *Quintero v. City of Santa Ana*, 114 Cal. App. 4th 819 (Cal. Ct. App. 2003). The *Quintero* court held that the internal separation of functions on a case-by-case basis was insufficient to satisfy the constitutional requirements for due process of law, and that an administrative agency's internal separation of functions must be complete not only as to each individual case, but as to all cases, related or unrelated, that are pending before the agency at any given point in time.**

**In the case of Watsonville's disciplined firefighter, the City hired a separate attorney from an outside law firm to advise the department and the City Attorney had no communications of any kind with the department or anyone else involved in the case except the Commission. The City could have hired an attorney from the same law firm if it followed particular protocols. Instead the City staff selected an attorney from a different law firm to avoid even an appearance of impropriety. It is also important to note that no one involved in the hearing process, including the employee ever claimed the City Attorney had a conflict of interest or any improper communications. The City follows best practices and the City's practices well exceed the due process protections afforded under California law.**

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Entity Responding: Watsonville City Manager

Date of Response: August 24, 2010

Scope: The Grand Jury reviewed the City of Watsonville disciplinary appeal process, including the governing documents, and investigated the activities of the Personnel Commission and other participants in the hearing that took place on August 20.

### **FINDINGS**

*F3. Prior to the hearing on August 20, the city did provide dinner for persons involved in the hearing. An agenda was posted announcing the dinner. The commissioners attended, as did the city attorney and the department manager defending the disciplinary action. In fact, the manager greeted and admitted one of the commissioners into the room where the dinner took place.*

**RESPONSE: Watsonville City Manager: AGREE**

**There was an agenda posted announcing the dinner for the commissioners. Staff was in attendance at the dinner which was open to any one wishing to attend.**

*F4. Those interviewed confirmed that the commissioner knew the department manager and that they did exchange salutations, but that nothing was said regarding the appeal. The hearing was not discussed during dinner. However, some of the commissioners also were concerned about the potential appearance of collusion.*

**RESPONSE: Watsonville City Manager: PARTIALLY AGREE**

**Those in attendance confirm that nothing was said regarding the appeal/hearing at the dinner. However, it is not known whether or not some commissioners were concerned about the potential appearance of collusion as it was not expressed to staff, the City Attorney, or anyone else except apparently to the Grand Jury. Greeting and holding the door for someone is courteous and customary. For example, the attorney for the Department and the employee greeted each other in the hearing room.**

*F5. The employee who requested the Commission hearing could have attended the dinner but would have been required to purchase his meal; however, he was not told he could attend.*

**RESPONSE: Watsonville City Manager: PARTIALLY AGREE**

**It is correct that the employee requesting the appeal hearing could have attended the dinner; however, he was not expressly invited. Nevertheless, it was posted on the agenda. This was a unique situation as usually Personnel Commission hearings to consider employee disciplinary appeals are closed to the public. However, in this case, the employee expressly requested that the hearing be open to the public. As a result, the dinner was made open as well to anyone wishing to attend. Staff present that evening were invited to eat after all commissioners had been served. Had the employee been present, he presumably could have eaten as well. Again, normally, this would have been a closed affair and only the Personnel Commission and staff to the commission (Recording Secretary and Counsel) would have been present.**

*F6- The hearing was held after dinner. All parties were represented by counsel, including the commissioners, who were represented by the city attorney. When the hearing was completed, the commissioners went into closed session with the city attorney for deliberations. The city attorney provided clarification and advice when requested by the commissioners; the attorney*

*only answered questions asked by the commissioners and did not influence their decision on the appeal.*

**RESPONSE: Watsonville City Manager: AGREE**

*F7-The Watsonville city attorney advises and represents the city council and all city boards and commissions. The Santa Cruz city attorney and the Capitola city attorney similarly advise and represent the city councils and all boards and commission in their cities. However, the Watsonville City Charter, unlike the charters of these other cities within the county, does not explicitly include commissions and committees for city attorney representation.*

**RESPONSE: Watsonville City Manager: PARTIALLY DISAGREE**

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- b. Represent and appear for the City in any or all actions and proceedings in which the City is concerned or is a party, and represent and appear for any City officer or employee or former City officer or employee in any or all actions and proceedings in which any such City officer or employee is concerned or is a party, for any action arising out of his employment or by reason of his official capacity;**
- c. Attend all meetings of the Council and give his advice or opinion in writing whenever requested to do so by the Council or by any of the boards or officers of the City.**

#### **RECOMMENDATIONS**

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**Dinners prior to future personnel hearings heard by the Personnel Commission will be limited to commissioners, the legal counsel to the commission and staff to the commission.**

*R3-To provide the greatest separation between the Personnel Commission and city management, the City should consider hiring independent counsel for the Commission.*

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***In construing the constitutional due process right to an impartial tribunal, we take a more practical and less pessimistic view of human nature in general and of state administrative agency adjudicators in particular. In the absence of financial or other personal interest, and when***

***rules mandating an agency's internal separation of functions and prohibiting ex parte communications are observed, the presumption of impartiality can be overcome only by specific evidence demonstrating actual bias or a particular combination of circumstances creating an unacceptable risk of bias. Unless such evidence is produced, we remain confident that state administrative agency adjudicators will evaluate factual and legal arguments on their merits, applying the law to the evidence in the record to reach fair and reasonable decisions.***

***As we explain, any tendency for the agency adjudicator to favor an agency attorney acting as prosecutor because of that attorney's concurrent advisory role in an unrelated matter is too slight and speculative to achieve constitutional significance.***

***HOLDING: It did not violate license holder's right to due process for the prosecuting agency attorney to simultaneously serve as an advisor to the Board on an unrelated matter. The decision reversed the Court of Appeal's judgment.***

**The Supreme Court's decision effectively overruled the decision in *Quintero v. City of Santa Ana*, 114 Cal. App. 4th 819 (Cal. Ct. App. 2003). The *Quintero* court held that the internal separation of functions on a case-by-case basis was insufficient to satisfy the constitutional requirements for due process of law, and that an administrative agency's internal separation of functions must be complete not only as to each individual case, but as to all cases, related or unrelated, that are pending before the agency at any given point in time.**

**In the case of Watsonville's disciplined firefighter, the City hired a separate attorney from an outside law firm to advise the department and the City Attorney had no communications of any kind with the department or anyone else involved in the case except the Commission. The City could have hired an attorney from the same law firm if it followed particular protocols. Instead the City staff selected an attorney from a different law firm to avoid even an appearance of impropriety. It is also important to note that no one involved in the hearing process, including the employee ever claimed the City Attorney had a conflict of interest or any improper communications. The City follows best practices and the City's practices well exceed the due process protections afforded under California law.**

RESPONSES BY AUDITOR-CONTROLLER FOR “FOREVER GR\$\$N BUT NOT  
TRANSPARENT: WHY DOES THE GRAND JURY KEEP INVESTIGATING THE PUBLIC  
DEFENDER CONTRACT” AND “CONTINUITY...THE BEGINNING OF THE NEVER  
ENDING REPORT”



# COUNTY OF SANTA CRUZ

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Marianne Ellis, Property Tax Accounting Manager

July 19, 2010

The Honorable Judge Paul Marigonda  
Santa Cruz Superior Court  
701 Ocean Street  
Santa Cruz, CA 95060

SUBJECT: Response to the Final Report from the Santa Cruz County Grand Jury for Fiscal Year 2009-10

Dear Judge Marigonda,

Enclosed are responses from the Auditor-Controller to the Final Report from the Santa Cruz County Grand Jury for fiscal year 2009-10. At the request of the Grand Jury, I have responded to Finding #2 and Recommendation #3 from the section "Forever Gr\$\$n, But Not Transparent: Why Does the Grand Jury Keep Investigating the Primary Public Defender Contract?". In addition I have provided the requested status information from the 2008-2009 Grand Jury Report, "Section 2: For Everything Else There's CAL-Card" Recommendations #1, 2, 4 and 5.

Sincerely,

Mary Jo Walker  
Auditor-Controller

cc: Susan A Mauriello, County Administrative Officer  
Nancy Gordon, Director of General Services  
Dinah Phillips, Principal Administrative Analyst

Attachments

**Forever Gr\$\$n, But Not Transparent:  
Why Does the Grand Jury Keep Investigating the  
Primary Public Defender Contract?**

**Grand Jury's Findings**

***Findings (Page 21)***

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**F2.** The primary Public Defender's contract has never been audited by the County Auditor-Controller's Office or any independent, outside auditor. This finding is similar to a finding of the 1991-1992 Grand Jury, which recommended that provisions for audit be included in all County contracts. The County's response was, *"The County's policy regarding the inclusion of an audit provision within a contract is determined by the specific requirements of the contract. Certain contracts, particularly for professional services, including legal services, generally do not contain a provision for audit."*

Auditor-Controller Response:        *AGREE*

To our knowledge such an audit has not been performed.

***Recommendations***

**R3.** The County Auditor-Controller's Office should conduct annual audits of the public defender contracts as part of the ongoing County Audit Program.

Auditor-Controller Response:        *WILL NOT BE IMPLEMENTED WITHIN THE  
NEXT 6 MONTHS.*

The County performs various audits each year included some contract compliance audits. Due to staffing limitations and the wide range of audits to be performed, it is unusual that the same contract compliance audit would be performed annually unless the County is required to do so by either contract terms or legal requirements.

The current primary Public Defender's contract does not presently have a clause that allows the Auditor-Controller to perform a contract compliance audit of it. Any request to perform an audit would need to be negotiated by the County Administrative office with the Public Defender firm. Under the current terms of the contract, it would be at the Public Defender's discretion to allow the audit and to control the scope of the audit. However, the contract does stipulate that the Public Defender "shall provide other reports to the Board of Supervisors as may be requested from time to time by the County Administrative Office." The Auditor-Controller will work with the County Administrative Office to request various reports supporting a variety of detailed information which will hopefully allow the County to analyze staffing and case loads.

At the time the Public Defender's contract is next modified, we support the contract being brought in compliance with the current County Procedures. The Current County Policy and Procedures Manual, Section 300.A, which covers contracts and agreements, requires that contracts contain an audit provision allowing for audit and retention of records for a period of not less than 5 years or until audited whichever occurs first. The originating department is responsible for ensuring that these provisions are included in the agreement. We would at that time place the contract compliance audit on our annual audit plan.

**Continuity...The Beginning of the Never-Ending Report  
Follow-up on the 2008-2009 Santa Cruz County  
Grand Jury Final Report**

**Section 2: For Everything Else There's CAL-Card  
Current Recommendations (Page 171)**

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**R1.** The County Board of Supervisors, the Purchasing Division of General Services, and the Auditor-Controller should provide status reports on Recommendations 1, 2, 4, and 5 indicating when the analyses were completed, describing any recommended changes to County procedures, and providing the date(s) the County Board of Supervisors reviewed and approved the changes.

<b>1</b>	<p><b>2008-2009 Original Recommendation:</b> The County should encourage CALCARD use by re-examining and reducing restrictions to eliminate as many obstacles to card use as is practical.</p> <p><b>2009-2010 Response:</b> On November 24, 2009 the Board of Supervisors approved several important changes to the CALCARD program section 9.0 of the County Policy and Procedures Manual, as recommended by the General Services Department, after review and approval by the Auditor-Controller's Office.</p> <p>In the Manual, Section 9.2 Controls, was modified to eliminate some strict single purchase limits, modify how the card can be used for travel and training purchases and removed the restriction on purchasing certain items as well as to incorporate many other changes. The changes are extensive and are detailed in the attached strike out and clean copies of this new procedures section.</p> <p>General Services presented a training to its CALCARD user group on November 19, 2009, apprising users of the changes which were met with positive responses from staff. These modifications allow for greater use of the CALCARD program while balancing out the need for controls and oversight of County purchases.</p>
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<p><b>2</b></p>	<p><b>2008-2009 Original Recommendation:</b> 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.</p> <p><b>2009-2010 Response:</b> On November 24, 2009 the Board of Supervisors approved changes to the CALCARD program section 9.0 of the County Policy and Procedures Manual, as recommended by the General Services Department, after review and approval by the Auditor-Controller’s Office. These revisions included changes to section 9.2 (a) Single Purchase Limit, which allows the individual departments to work with the Purchasing Department to determine appropriate limits for its various staff and managers rather than restrict them to the previous maximum single purchase limit.</p>
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<p><b>4</b></p>	<p><b>2008-2009 Original Recommendation:</b> 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.</p> <p><b>2009-2010 Response:</b> On November 24, 2009 the Board of Supervisors approved changes to the CALCARD program section 9.0 of the County Policy and Procedures Manual, as recommended by the General Services Department, after review and approval by the Auditor-Controller’s Office.</p> <p>Changes made to section 9.2 Controls, and the inclusion of section 9.3 Procurement Card Invoice Payment, removed the requirement for certification of all purchases by each cardholder. This certification can instead be delegated to the departmental staff person preparing the CALCARD reconciliation. The removal of this step has increased the timely of processing CALCARD invoices.</p> <p>No changes were made to the procedures for questioning items. The individual departments are currently required to handle their questioned charges and returns, because they are the ones most knowledgeable about the transaction. Departments can take advantage of filing any disputes related to charges online.</p> <p>No other changes were made to the reconciliation requirements. These requirements are similar to those for reconciling other invoices a department receives; the invoice must have receipts attached and any error on the invoice must be resolved by the department or card holder. As with other purchases employees make on behalf of the County, the employee may be held personally financially responsible for their purchases and unresolved charges. These controls are necessary to safeguard the County against fraud, waste or abuse.</p>
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<b>5</b>	<p><b>2008-2009 Original Recommendation:</b> The County should automate CAL-Card billing and reconciliation to maximize rebates for on-time payments.</p> <p><b>2009-2010 Response:</b> Changes have not made to this area. Information was gathered from other counties that have automated systems and it was determined that automation of the billing and reconciliation would need to be customized and due to staffing and budget limitations, no additional work was done in this area. However it our hope that the area will be reviewed again in the future.</p>
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CONSOLIDATED RESPONSES BY BOARD OF SUPERVISORS AND COUNTY  
ADMINISTRATIVE OFFICER FOR ALL REPORTS REQUIRING RESPONSES



**Santa Cruz County Board of Supervisors**

**Response to**

**Grand Jury 2009-2010 Final Report**

### **Primary Public Defender Contract**

F1. The current contract for public defender services is a fixed-price multi-year instrument. There is no visibility (transparency) into the breakdown of costs associated with this effort. The CAO negotiates extensions to this contract periodically without reference to the separate cost elements which make up the bottom line price.

County Response: The County partially agrees.

The current contract for public defender services is a fixed price multi-year instrument. The current contract is scheduled to expire as of June 30, 2015. The County Administrative Office has in the past negotiated extensions to this contract prior to and in accordance with expiration dates, and has negotiated reductions in the mid-term when the County's fiscal constraints have required such renegotiation. The County has negotiated extensions to the contract in exchange for concessions from the amounts previously negotiated.

Fixed price contracts are used throughout the County including in Public Works where large contracts do not include line item details on costs.

F3. The County, as directed by The Board of Supervisors, has not initiated a request for proposal for the primary public defender contract due in part to the following reasons:

- belief that public competition for this contract would be costly and complex
- assumption that there is no other local law firm of sufficient size that could manage the current work load
- fact that the Board of Supervisors and judges are satisfied with the current law firm and therefore there is no reason to change contractors

County Response: The County partially agrees.

The County has identified the following reasons for not recently initiating a request for proposals for the primary public defender contract:

- the complexity and costs associated with transitioning the magnitude of the current public defender case load (between approximately 9,500 to 10,500 adult and juvenile appointments per year),
- the absence of another local firm with sufficient staffing resources and management experience to provide comparable services,
- the indications by the Board of Supervisors and the Superior Court that the current contractor meets the need of their clients and the needs of the Court.
- the determination that costs for the current primary public defender contract are competitive with the costs the County would pay for a Public Defender Office operated as a County department, staffed with public employees and,
- the importance that the current Public Defender plays in the local Criminal Justice System as an advocate for the defense of indigent clients and as an advocate for an efficiently run criminal justice system.

F4. The County's decision not to convert from a contracted public defender to a County department is based largely on the use of a comparability or replication model and the costs associated with conversion. This model was developed in-house by the CAO and is considered to be Confidential.

County Response: The County disagrees.

The County's decision is based on all of the issues identified in the response to Finding 3 above.

F5. In 1998, the County created a Public Defender Transition Task Force to consider future provisions for public defender services if the primary contractor were no longer available. The Task Force's efforts included estimating the costs of contracting with other law firms and the costs of providing public defender services through an in-house department staffed by attorneys who would be County employees. Since this 1998 exercise and a 2006 update of the comparability model, there have been no recent evaluations of possible alternatives for providing public defender services.

County Response: The County partially agrees

The County created a Public Defender Transition Task Force in light of the fact that as of July 1998 there would be three years remaining on the agreement with the Biggam law firm. The purpose of the Task Force, as articulated in a preliminary agenda for the meeting on June 19, 1998, was to continue the County's long tradition of cooperation between the Board of Supervisors and the Court in the delivery of public defender services, and to develop a plan for Public Defender Services, to address what happens when the Biggam Law firm is no longer available to provide public defender services, including a determination of what the form of the next provider would be, i.e., a County Department or another contractor, and when the transition would begin and end.

During the period from June 1998 through December 1998 the Task Force considered a number of issues, including: how public defender services are provided in other counties, the County's legal authority for multi-year agreements, inter-county cost comparisons for Public Defender services and the distribution of cost and caseloads between the main firm and the conflicts firms, the history of collection of payments for public defender services assessed by the Courts, the cost per case for the District Attorney's Office, and the estimated cost of the main public defender function if it were operated as a county department. Among other costs, the estimate included costs for a Public Defender, attorneys, administrative staff, investigators and support staff.

While not recalculated each year, in the event that the County renegotiates the economic value of the contract mid-term, the various elements of the comparability model are tested.

R1. The Board of Supervisors should direct the County Administrative Office to restructure the current contract from a fixed-price type to a cost element type immediately or, at a minimum, during the next negotiation with the incumbent contractor.

County Response: This recommendation will not be implemented.

The County Administrative Office cannot restructure the current contract immediately because the term of the contract has not expired. The County will include discussion of different methods of cost structuring in future negotiations.

R2. The County Administrative Office should add a 'right to audit' clause to the primary public defender's contract.

County Response: This recommendation has not yet been implemented but may be implemented in the future.

The County Administrative Office cannot unilaterally amend the existing contract. The office will discuss this recommendation with the contractor if renegotiations occur.

R4. The County Administrative Office, or other appropriate agencies, should announce publicly if and when the public defender contracts are being competed or extended by negotiation in a manner similar to other contract awards or announcements. In view of the extended period since this contract was put out for bid (1975), such an announcement would indicate that a formal public process is being used by the County to obtain these services.

County Response: This recommendation has been implemented.

Each year, the Board of Supervisors adopts the Public Defender Budget in a Public Hearing. The County Administrative Officer's Recommended Budget and subsequent documents including the Supplemental Budget and Last Day Budget are made widely available to the public. For the past several years, existing contracts for the conflicts and main firms have only been re-opened by mutual consent solely to make reductions in the compensation schedules based on the County's fiscal constraints. For each year that reductions have been agreed to by the contractors, the negotiations have included a one-year extension. These contracts are considered by the Board of Supervisors either in scheduled Public Hearings during budget considerations, or on publicly noticed Board of Supervisors' Agendas.

R5. The County Administrative Office should have the comparability model reviewed and updated by another agency or organization, such as the County Auditor-Controller's Office or an independent auditor, to verify that the model provides a valid basis for the decision to continue to use a contracted public defender.

County Response: This recommendation has not yet been implemented but will be implemented in the future.

Working with County Counsel to assure confidentiality, the County Administrative Office will review the comparability model with the Auditor-Controller for the purpose of verifying that the model provides a valid basis for the comparison of costs between a contracted public defender and providing these services as a County department.

## RecoveryWave

The following responses from the County also include the responses from the Alcohol and Drug Abuse Commission.

F1. The information included in the RecoveryWave.com web page describing each of the listed residential treatment facilities is incomplete, inconsistent, and contains inaccuracies. For instance, the information associated with some RTFs does not include a contact person, and some listings include fees but the stated fees are incorrect. In fact, for one treatment facility the fees were understated by \$10,000. Updates are handled haphazardly. Some but not all information might be updated to reflect current circumstances. Information on two RTFs was left on the web site long after the facilities had closed.

County Response: The County partially agrees with the finding.

The County Alcohol and Drug Program's (ADP's) Resource Directory was used as the source of information for RecoveryWave.com. ADP's past practice has been to update the Resource Directory information annually and as specific notifications of changes are received. However, due to budget constraints and County hiring freezes, the position responsible for updating the Resource Directory was vacant for over a year. When the position was eventually filled in January 2010, one of the new staff member's first projects was to update the resource directory, and this information was included in the RecoveryWave.com website. The County Alcohol and Drug Program intends to resume its practice of comprehensively updating the resource directory annually and as notifications of changes are received, and will share this information with the Commissioner who has volunteered to update the RecoveryWave.com website.

F2. At present there is no system in place to periodically correct and update RecoveryWave.com. It is not clear whether this responsibility lies with ADAC or with HSA. Also, there currently is no system interface between the RecoveryWave.com web site and a resource directory maintained by HSA.

County Response: The County and the Commission disagree with the finding.

As indicated above, after an extended vacancy in the position responsible for updating the Resource Directory, the County Alcohol and Drug Program has resumed periodic updates of the Resource Directory. Updates are shared with a member of the Alcohol and Drug Abuse Commissioner who has assumed the responsibility for updating the website content. Although it was the website creator's intention that the website would replace the Resource Directory, the Resource Directory fills the need for a hard copy handout to professionals and members of the public.

F3. Personnel not trained in the complex issues of alcohol and drug addiction answer calls on the 454-HELP line. Occasionally calls are transferred to experienced personnel.

County Response: The County partially agrees with this finding.

Sufficient resources do not exist to have all calls responded to by trained clinicians. Most calls are handled by clerical staff, who are trained to respond to requests for basic information about treatment program services, contact information, etc. Calls requiring a clinical response are transferred to experienced clinical staff.

F4. The entire RecoveryWave.com web site is available in Spanish, except for the disclaimer. Again, these translations were accomplished by a few dedicated employees of HSA. The Grand Jury had the opportunity to ask about these translations during its survey of the RTFs. It appears that some of the translation needs editing and rewording.

The County partially agrees with this finding.

HSA's Spanish language Resource Directory listings were used in creating the Spanish version of RecoveryWave.com. Translation of original text created for the site was performed by a bilingual commissioner with the help of a Si Se Puede staffer. Disagreements on the quality or exactness of translations are not uncommon, and periodic review and updating of translations are useful.

F5. HSA and ADAC are actively carrying out the mandate to educate the public and promote alcohol and drug treatment programs with RecoveryWave.com. The seeming appearance of endorsement by the County could be viewed as an unintended consequence of this public service role. The English-only disclaimer on RecoveryWave.com provides the County legal protection from misuse of the web site information. There is tension between the mandate to provide information to the public and the exposure of the County to the misuse of the information. This leads to a lack of clarity about County support and the appearance of an endorsement of the private programs included on RecoveryWave.com.

County Response: The County partially agrees with this finding.

The disclaimer on the website specifically states, "This site and its content are provided on an 'as is' basis. The County of Santa Cruz to the fullest extent permitted by law, disclaim all warranties, either express or implied, statutory or otherwise, including but not limited to the implied warranties of merchantability, non-infringement of third parties rights, and fitness for any particular purpose." Furthermore, the website only indicates that the recovery programs listed are available, and makes no statements of endorsement. However, the County agrees that it is possible, despite the above disclaimers, that a member of the public could misconstrue listing of a program on the website as an endorsement by the County, and agrees that the disclaimer is not in Spanish.

F6. Santa Cruz County provides critical financial support for Santa Cruz residents in treatment at Janus, Janus Perinatal (formerly Mondanaro-Baskin), New Life Center, Santa Cruz Residential Recovery, Sí Se Puede, and Tyler House. Because of the budget constraints, the County has shortened the length of stay it will support for an individual in residential treatment. With the closure of Paloma House and Las Hermanas, two populations often underserved have had resources disappear. At present there is no County support for residential treatment for serial inebriates.

County Response: The County agrees with this finding

Since the time the Grand Jury report was prepared, the County, in partnership with the City of Santa Cruz, Dominican and Sutter Hospitals, and the Central California Alliance for Health, has reinstated the Serial Inebriate Project, which provides residential treatment for serial inebriates.

F7. Adolescents with addiction problems can be treated at Tyler House, often at no cost to their families. Importantly, the program is structured and of sufficient length to promote recovery. Students residing at Tyler House are able to continue their education at La Escuela Quetzal, a sober school adjacent to the house on the same property. Tyler House is not well-known and is underutilized.

County Response: The County partially agrees with this finding.

Tyler House is very well known to its primary referral sources (Probation, Children's Mental Health, and the Alcohol and Drug Program) and is seeking to be better known by the general public. Although the occupancy rate at Tyler House is typically high, it dipped between January and June of 2010 due to clients with more difficult behavior problems being placed in the program who exited the program earlier than anticipated. Tyler House is working with the Probation Department to coordinate referrals of clients who are more appropriate for the program.

F8. HSA has been handicapped by a lack of resources to promote broad awareness of RecoveryWave.com in the Santa Cruz county community, especially to those in critical and immediate need of support and information.

County Response: The County agrees with this finding.

The County supported the Commission's early promotion efforts, including paying for the printing of 11"x14" color posters and 8"x11" color flyers in English and Spanish. Commissioners, HSA personnel and members of the recovery community helped distribute the promotional materials, and the Commission issued press releases regarding the website. However, in recent years resources have not been available to support these public awareness efforts. The English version of the site has received 16,220 page loads (hits) since the Commission began accumulating data on the site on February 15, 2009. The site's average daily hit count has increased 17.5 percent, from 28.5 hits in 2009 to 33.5 hits through July 21, 2010. The Spanish language site draws significantly fewer visitors, with 3,405 total hits during the same time period.

F9. Both HSA and ADAC have voiced their willingness to accept the recent work of this Grand Jury on the residential treatment facilities as a resource both for HSA and for addition to the RecoveryWave.com web site.

County Response: The County agrees with this finding and thanks the Grand Jury for the thorough review of the website. The Commission is dedicated to maintaining an accurate, up-to-date, robust and informative website, consistent with the needs of the community and within budgetary constraints.

R1. The Health Services Agency of Santa Cruz County and The Alcohol and Drug Abuse Commission should review the RecoveryWave.com web site and verify the accuracy of the information provided by the Grand Jury on the residential treatment

facilities for inclusion on the web site. They also should establish a clear strategy for ongoing, timely updates and corrections of RecoveryWave.com.

County Response: This recommendation has been implemented. Now that a long-term clerical vacancy has been filled, the County Alcohol and Drug Program has resumed its past practice of comprehensively updating the resource directory annually and as notifications of changes are received. This updating process relies on treatment programs to provide accurate information. These updates and changes are routinely incorporated into the RecoveryWave.com website by the Commissioner who has volunteered for this task.

R2. HSA and ADAC should evaluate and, if necessary, revise the Spanish translations on RecoveryWave.com for best content and grammar. They also should provide a Spanish translation of HSA's disclaimer.

County Response: This recommendation will be implemented by October 1, 2010 or sooner.

R3. HSA and ADAC should clarify the appearance of County endorsement for the treatment facilities listed at RecoveryWave.com with a simple and prominent statement of intent. They also should make the existing link to the HSA disclaimer more obvious.

County Response: This recommendation will be implemented by October 1, 2010 or sooner.

R4. The Santa Cruz County Board of Supervisors should become more aware of the residential treatment facilities and provide access to relevant facilities for the underserved populations of dual-diagnosed persons and serial inebriates, and they should press the State to reinstate funding for treatment programs.

County Response: This recommendation has been implemented.

The County Board of Supervisors is very aware of the residential treatment facilities and, within the constraints of available funding, intends to maintain and increase access to under-served persons with dual diagnoses and serial inebriates. As mentioned above, the County, in partnership with key stakeholders, has re-instated the Serial Inebriate Project. The County continues to advocate with the State to preserve and expand funding for alcohol and drug treatment programs.

R5. The Santa Cruz County Board of Supervisors should fund HSA's efforts to make the public aware of county treatment resources through use of the RecoveryWave.com web site.

County Response: This recommendation has been implemented.

Through funding provided to the HSA Alcohol and Drug Program, the Board of Supervisors has implemented this recommendation, including provision of timely updates of the treatment resources listed on the RecoveryWave.com website. In addition, the implementation of the county-wide 211 information referral line will help guide the public toward the RecoveryWave.com website.

### **Santa Cruz County Main Jail**

F1. At the time of this inspection, there were five unfilled correctional officer positions due to budget constraints.

County Response: The County agrees with this finding.

F2. The mental health of inmates is handled by medications, the social model, counseling, and behavior modification. Mental health services are limited due to a shortage of trained mental health professionals to serve the needs of so many inmates.

County Response: The County partially disagrees with this finding.

The reason Mental Health Services are limited is not due to a shortage of trained mental health professionals but because funding available from the State for Mental Health services has experienced cuts for the last three years, and the Mental Health Division of the Health Services Agency continues to face significant challenges due to a reduction of almost \$3 million in Proposition 63 (Mental Health Services Act) funding for 2010-11.

F3. On the two occasions that the Grand Jury toured the Main Jail, it found boxes of supplies stored in the hallways. The boxes blocked the visibility of the fire alarm.

County Response: The County agrees that boxes of supplies have from time to time been stored in the hallways at the Main Jail.

R1. The Santa Cruz County Sheriff's Office and the Santa Cruz County Board of Supervisors should develop a plan to remedy the shortage of correctional officers in the Main Jail so that the plan can be implemented as funds become available.

County Response: This recommendation has been implemented.

As in previous years, the Sheriff's Office has a plan in place to fill existing vacancies should funding become available for this purpose.

R2. The Grand Jury recommends that the Sheriff's Office and the Board of Supervisors seek additional funds to increase mental health services for inmates.

County Response: This recommendation has been implemented.

As they have in prior years, the County's Health Services Agency and the Sheriff-Coroner have applied for grants for mentally ill offenders whenever funding opportunities have become available. In addition, the County's Health Services Agency has also sought funding for dual diagnosis (drug abuse/mental health) programming, but at this time, no new funding has been identified.

R3. The Sheriff's Office and the Board of Supervisors should solve the storage problem at the Main Jail by finding an appropriate place to house supplies or by purchasing additional storage space.

County Response: This recommendation has been implemented.

All areas in front of fire alarms have been cleared of obstruction, and the Sheriff's Office has assigned the fire safety officer to monitor keeping these areas clear. The Sheriff's Office does not believe that there is a need for additional storage at this time.

#### Blaine Street Women's Facility

F5. Inmates at Blaine Street attend classes at the Main Jail. However, the classroom space there is divided by an accordion partition and the classrooms often are noisy. Additionally, the classes for women are limited to basic education and life skills.

County Response: The County disagrees.

Inmates at the Blaine Street facility do not attend classes at the Main Jail. Classes for Blaine Street inmates attend classes conducted at Blaine Street.

The Blaine Street facility offers a number of classes, programs and support groups to the occupants including Alcoholics Anonymous, Narcotics Anonymous, New Direction, Parenting, Computer Lab, Art and Writing through the University of California at Santa Cruz, Walnut Avenue Domestic Violence Support, Health Education, Yoga and faith-based programs. Women at the Blaine Street facility are eligible to participate in the Gemma Day Program. Gemma staff screen, interview and enroll 6 to 8 women at a time, giving priority to those who will be homeless upon their release from jail, and who have long incarceration histories. The Day Program is a 9-week series of diverse life skills classes that can prepare women for reentry into the community. Women who participate in the Day Program and who do not have a safe place to live upon release can apply for the Gemma Residential Program.

R5. The Sheriff's Office and the Santa Cruz County Board of Supervisors should allocate funds to create a classroom and expand the curriculum to include more general education classes and job-training skills.

County Response: This recommendation will not be implemented.

Jail program curriculum is evaluated monthly by a fulltime program manager dedicated to this task, and inmate curriculum and programs change, expand or decrease based on inmate populations, available instructors, and available funding.

#### Rountree Minimum/Medium Correctional Facility

F7. Medical services are not available at the Rountree facility. Emergency medical cases are transported to local Doctors on Duty or Watsonville Community Hospital. Mental health professionals are available on an on-call basis. Inmates requiring mental health prescription medication cannot be housed at Rountree due to lack of medical personnel.

County Response: The County partially agrees.

It is accurate to say that medical services *provided by Sheriff's medical staff* are not available at the Rountree facility. However, as mentioned previously, emergency medical services are provided and mental health professionals are available on an on-call basis.

R6. The Santa Cruz County Sheriff's Office should assign medical personnel to Rountree to administer medications. This would allow inmates who are housed at the Main Jail because they need medication, but who otherwise would qualify for Rountree, to be transferred to that facility, which perhaps would be a better setting for them and also ease overcrowding at the Main Jail.

County Response: This recommendation will not be implemented at this time.

At this time, funding is not available to provide additional medical personnel that could be deployed to the Rountree facility. As additional funding becomes available, the increase of medical personnel will be considered with other program needs.

### **Santa Cruz Court Holding Facility**

F8. The Santa Cruz Holding Facility is very old and has only five cells available to separate inmates by classification. The general population cell houses as many as 20 inmates at a time. Rival gangs are separated, with one cell devoted to Sureños members and one cell to Norteños members. Females are placed in one cell, and juveniles, mental health inmates, and special circumstances inmates reside in the fifth cell. The approximate number of custodials per day is 50.

County Response: The County partially agrees.

Juveniles are rarely held in the holding facility for the Santa Cruz Court.

R7. The Santa Cruz County Sheriff's Office and the Santa Cruz should develop a plan to update the Santa Cruz Holding Facility and to fully utilize the Watsonville Holding Facility and the Watsonville courthouse to alleviate the overcrowding of certain individual cells in the Santa Cruz Holding Facility.

County Response: This recommendation will not be implemented at this time.

The Superior Court has transferred all criminal courts from the Watsonville Courthouse facility to the Santa Cruz Courthouse facility. This practice will prevent the County from utilizing the Watsonville Holding facility at this time. The Santa Cruz Holding facility meets all federal and State requirements.

### **Juvenile Hall**

F10. Due to the lack of funds, the project to convert inward-opening doors to outward-opening doors in detainee cells was terminated halfway through the project. Currently half of the doors on detainee rooms open inward, which limits space in an already small

area. In addition, detainees can barricade the doors from the inside, causing unsafe conditions for staff and the detainee.

County Response: The County partially agrees.

It is correct that the County has not converted all the doors in detainee cells. However, those rooms with inward opening doors are no longer used to house detainees so there are no safety issues.

F11. Due to the lack of funds, the existing recreational space at the juvenile facility is limited to a small, cracked and uneven concrete quad area for all recreational activities. The backfield area is not fenced and does not have security cameras.

County Response: The County agrees.

R8. The Probation Department and the Board of Supervisors should provide funds to complete the door alteration project to increase safety as well as increase the amount of space for the detainee.

County Response: This recommendation will not be implemented because it is not warranted.

The door alteration (change in door swing) was originally initiated to provide better access to detainee rooms, in cases of double bunking, when the facility was over crowded. One half of the rooms have been modified as such. Because of the success of the past ten years of detention reform efforts, the Juvenile Hall population has consistently remained at, or under 60% of capacity. Overcrowded conditions are not anticipated in the foreseeable future. Should they occur, the available rooms, with modified door swing would provide ample resources to meet a population of up to 140% of the facility's rated capacity.

R9. The Probation Department and the Board of Supervisors should allocate funds to secure the backfield and install security cameras.

County Response: This recommendation has not yet been implemented but will be implemented in the future.

In 2009, the County was awarded grant funds to construct a multi-use recreational facility. Part of the scope of that project will be to provide secure fencing and security equipment, so as to make a larger play field available for use, in addition to the multi-use indoor facility. The construction on this project is currently planned for completion by the end of 2013.

## **Follow-up on 2008-09 Grand Jury Report**

### **CAL-Card**

F1. The County Auditor-Controller and the Board of Supervisors (whose responses included input from the Purchasing Division of General Services) stated that further analysis was required for Recommendations 1, 2, 4, and 5. They also stated that the

analyses and any proposed changes would be provided to the Board of Supervisors in December 2009, when the Board was scheduled to hear updates to the County's Policies and Procedures Manual.

Updated County Response: The County agrees.

F2. Recommendation 7 suggested an optimization audit from U.S. Bank to examine how the savings from CAL-Card could be maximized. The response from the County Board of Supervisors indicated that the recommendation had not been implemented but would be implemented in the future when Purchasing Division staff had sufficient time to provide the bank with the necessary information and to schedule a meeting, but no specific timeframe was provided.

Updated County Response: The County agrees.

R1. The County Board of Supervisors, the Purchasing Division of General Services, and the Auditor-Controller should provide status reports on Recommendations 1, 2, 4, and 5 indicating when the analyses were completed, describing any recommended changes to County procedures, and providing the date(s) the County Board of Supervisors reviewed and approved the changes.

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.

Updated County Response: This recommendation has been implemented.

On November 24, 2009 the Board of Supervisors approved several important changes to the CALCARD program section 9.0 of the County Policy and Procedures Manual, as recommended by the General Services Department, after review and approval by the Auditor-Controller's Office.

In the Manual, Section 9.2 Controls, was modified to eliminate some strict single purchase limits, modify how the card can be used for travel and training purchases and remove the restriction on purchasing certain items as well as to incorporate many other changes. The changes are extensive and are detailed in the attached strike out and clean copies of this new procedures section.

General Services presented a training workshop to its CALCARD user group on November 19, 2009, educating users regarding the changes, which were met with positive responses from staff. These modifications allow for greater use of the CALCARD program while balancing out the need for controls and oversight of County purchases.

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.

Updated County Response: This recommendation has been implemented.

On November 24, 2009 the Board of Supervisors approved changes to the CALCARD program section 9.0 of the County Policy and Procedures Manual, as

recommended by the General Services Department, after review and approval by the Auditor-Controller's Office. These revisions included changes to section 9.2 (a) Single Purchase Limit, which allows the individual departments to work with the Purchasing Department to determine appropriate limits for its various staff and managers rather than restrict them to the previous maximum single purchase limit.

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.

Updated County Response: This recommendation has been implemented.

On November 24, 2009, the Board of Supervisors approved changes to the CALCARD program section 9.0 of the County Policy and Procedures Manual, as recommended by the General Services Department, after review and approval by the Auditor-Controller's Office.

Changes made to section 9.2 Controls, and the inclusion of section 9.3 Procurement Card Invoice Payment, removed the requirement for certification of all purchases by each cardholder. This certification can instead be delegated to the departmental staff person preparing the CALCARD reconciliation. The removal of this step has increased the timely of processing CALCARD invoices.

No changes were made to the procedures for questioning items. The individual departments are currently required to handle their questioned charges and returns, because they are the ones most knowledgeable about the transaction. Departments can take advantage of filing any disputes related to charges directly with Visa and U.S. Bank online.

No other changes were made to the reconciliation requirements. These requirements are similar to those for reconciling other invoices a department receives; the invoice must have receipts attached and any error on the invoice must be resolved by the department or card holder. As with other purchases employees make on behalf of the County, the employee may be held personally financially responsible for their purchases and unresolved charges. These controls are necessary to safeguard the County against fraud, waste or abuse.

5. The County should automate CAL-Card billing and reconciliation to maximize rebates for on-time payments.

Updated County Response: This recommendation will not be implemented.

Changes have not made to this area. Information was gathered from other counties that have automated systems and it was determined that automation of the billing and reconciliation would need to be customized. Due to staffing and budget limitations, no additional work was done in this area. It is our intention that the potential for an automated system will be reviewed again in the future at such time as funding is available. No date has been established at this time.

R2. For Recommendation 7 regarding the optimization audit, the Supervisors and Purchasing Division should provide the results of the audit if completed or the anticipated timeframe for the audit if not yet accomplished.

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.

Updated County Response: This recommendation has been implemented.

U.S. Bank represents the County of Santa Cruz's Cal Card Visa account. On July 20, 2010, U.S. Bank/Visa provided an Optimization Interest Accounts Payable Analysis for 09/10 fiscal year based on the information provided by the Auditor's office. Further staff work and analysis is needed in order to determine how much additional use of the CalCard is feasible and appropriate under the current County Code, County Policy and Procedures, and State Codes. The Auditor-Controller staff are expected to complete their analysis by December 31, 2010. The Board of Supervisors would approve any policy changes the next year as part of the regular updating of the County Policies and Procedures Manual.

### **General Services: Stores**

F1. General Services responded that Recommendations 2 and 3 require further analysis but no timeframes were supplied.

2. General Services should research options to purchase food and supplies on an "as needed" basis from private businesses.

Updated County Response: This recommendation has been implemented.

General Services' staff has completed an informal analysis since the Grand Jury's recommendation. Pricing was obtained on the cost to drop ship smaller orders directly to the jail on an as needed basis when a new food order was placed. Preliminary figures show the price for the smaller quantity shipments were higher than the cost to store those items and deliver from the Warehouse. Currently, the jail does not have the storage space necessary for bringing more stored food into their area.

Another advantage of having an on site storage facility is that during a major catastrophe such as an earthquake or fire, supplies from the warehouse have been made available to assist the community in recovery. Because the County of Santa Cruz is isolated with only three main roads into the county, it can take days to reach isolated areas during major emergencies. The Central Warehouse has served as an effective distribution point in the past and can hold quantities of needed items for such a purpose. The on site storage facility enables the jail to maintain necessary food supplies longer than would be possible with drop shipments that were interrupted. More research is needed on the appropriate cost effective use of the Warehouse, but because of the current financial constraints and staff reduction, no date or time for the further review has been set.

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.

Updated County Response: This recommendation will not be implemented.

Most County stored items are held for various departments that pay for this storage. These items consist of critical parts to maintain their obsolete workstations for which parts are unavailable or they are needed for future expansion. Other surplus equipment received into the warehouse is sold either at auction, monthly sales or deposited at the landfill on a regular schedule so that nothing remains in storage any longer than necessary. The General Services – Purchasing Division has modernization of the warehouse operations on an internal list of future projects, which includes enlisting the services of a consultant to engineer an increased, environmentally controlled storage area for records retention. At this time, no funds are available and there is a lack of staff to accomplish this analysis in house. No date for completion can be determined until a funding source is identified and the project approved.

R1. The Santa Cruz County Board of Supervisors and the General Services Department should provide details of the outcome of the analyses of the recommendations or, if the analyses have not been accomplished, they should provide the anticipated timeframes for these studies.

Updated County Response: This recommendation will not be implemented.

No analyses of the future of Stores has been conducted to date due to the lack of funding and sufficient staff time. It is the intent of General Services to conduct such analyses as staff time and funds exist. Because funding does not appear feasible anytime in the near future, no completion dates have been determined at this time.

## **LAFCO**

R1. While the responses to the 2008-2009 Grand Jury Final Report technically met the requirements of Penal Code 933.05, the current recommendation is that the County Board of Supervisors and LAFCO should clarify their roles and the responsibilities of each organization in the oversight of special districts.

Updated County Response: This recommendation will not be implemented because it is not warranted.

The 2008-09 Grand Jury's recommendation that LAFCO Commissioners and/or the County Board of Supervisors "draft enforceable penalties for failure to comply with these recommendations, following adoption" indicated an essential misunderstanding of the relationship of the Board of Supervisors to non-Board governed special districts. The Board has no legal relationship to independent special districts within the County and has no authority to provide oversight to their operations or draft enforceable penalties.

Residents of non-Board governed special districts elect their own independent Boards of Directors in whom all responsibility is vested. Non-Board governed special districts are not under the oversight or review of the Board of Supervisors.

The Board of Supervisors does serve as the Board of Directors for certain Board governed health and sanitation districts, recreation districts, road districts, and special districts operated through the County Redevelopment Agency. Information on those special districts which are under the Board's purview is provided on pages 24 through 38 in the Special District Budget Schedules in the 2011-12 Proposed County budget (attached).

However, the location of a special district within the boundaries of Santa Cruz County does not give the Board of Supervisors the authority to make requirements or enforce penalties on its Board of Directors as recommended by the 2008-09 Grand Jury.

RESPONSES BY COUNTY SHERIFF FOR “THE JAIL INSPECTION REPORTS”

received  
9-1-10 ON



# County of Santa Cruz

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Sheriff-Coroner

701 Ocean Street, Room 340, Santa Cruz, CA 95060  
(831) 454-2414 FAX: (831) 454-2353

Phil Wowak  
Sheriff-Coroner

August 30, 2010

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

Dear Judge Almquist:

I have reviewed the Santa Cruz County Grand Jury Final Report 2009-2010. Attached are the Sheriff's Office responses to the findings and recommendations.

I would like to thank the Grand Jury for their work this past year.

Sincerely,

PHIL WOWAK  
SHERIFF-CORONER

PW:lm

✓ c: Santa Cruz County Grand Jury

### **Santa Cruz County Main Jail**

F1. At the time of this inspection, there were five unfilled correctional officer positions due to budget constraints.

Sheriff's Office Response: The Sheriff's Office agrees.

F2. The mental health of inmates is handled by medications, the social model, counseling, and behavior modification. Mental health services are limited due to a shortage of trained mental health professionals to serve the needs of so many inmates.

Sheriff's Office Response: The Sheriff's Office defers response to this statement to the County Health Services Agency (HSA). HSA employs and manages mental health professionals providing service at the Jail.

F3. On the two occasions that the Grand Jury toured the Main Jail, it found boxes of supplies stored in the hallways. The boxes blocked the visibility of the fire alarm.

Sheriff's Office Response: The Sheriff's Office agrees.

R1. The Santa Cruz County Sheriff's Office and the Santa Cruz County Board of Supervisors should develop a plan to remedy the shortage of correctional officers in the Main Jail so that the plan can be implemented as funds become available.

Sheriff's Office Response: **HAS BEEN IMPLEMENTED.** The Sheriff's Office has a plan for additional correctional officers should funds become available.

R2. The Grand Jury recommends that the Sheriff's Office and the Board of Supervisors seek additional funds to increase mental health services for inmates.

Sheriff's Office Response: **REQUIRES FURTHER ANALYSIS.** The County Health Services Agency (HSA) manages mental health services in corrections. The Sheriff's Office is satisfied with the level of service provided by HSA employees in the jail but is not in a position to recommend staffing levels for another agency.

R3. The Sheriff's Office and the Board of Supervisors should solve the storage problem at the Main Jail by finding an appropriate place to house supplies or by purchasing additional storage space.

Sheriff's Office Response: **HAS BEEN IMPLEMENTED.** All fire alarms have been cleared of obstructions and are checked monthly by the fire safety officer. No additional storage space will be purchased.

### **Blaine Street Women's Facility**

F5. Inmates at Blaine Street attend classes at the Main Jail. However, the classroom space there is divided by an accordion partition and the classrooms often are noisy. Additionally, the classes for women are limited to basic education and life skills.

Sheriff's Office Response: The Sheriff's Office disagrees. Blaine Street inmates do not attend classes inside the Main Jail. In addition to basic education and life skill courses,

women are provided courses in alcohol and drug cessation, spiritual services (multiple faiths), and trauma support.

R5. The Sheriff's Office and the Santa Cruz County Board of Supervisors should allocate funds to create a classroom and expand the curriculum to include more general education classes and job-training skills.

Sheriff's Office Response: **HAS BEEN PARTIALLY IMPLEMENTED.** Jail program curriculum is evaluated monthly by a fulltime programs manager. Inmate curriculum and programs change, expand or decrease based on inmate populations, available instructors, and available funding. There is no physical space at the Main Jail for an additional classroom.

#### **Rountree Minimum/Medium Correctional Facility**

F7. Medical services are not available at the Rountree facility. Emergency medical cases are transported to local Doctors on Duty or Watsonville Community Hospital. Mental health professionals are available on an on-call basis. Inmates requiring mental health prescription medication cannot be housed at Rountree due to lack of medical personnel.

Sheriff's Office Response: The Sheriff's Office agrees.

R6. The Santa Cruz County Sheriff's Office should assign medical personnel to Rountree to administer medications. This would allow inmates who are housed at the Main Jail because they need medication, but who otherwise would qualify for Rountree, to be transferred to that facility, which perhaps would be a better setting for them and also ease overcrowding at the Main Jail.

Sheriff's Office Response: **WILL NOT BE IMPLEMENTED.** The Sheriff's Office does not have additional medical staff to assign to Rountree.

#### **Santa Cruz Court Holding Facility**

F8. The Santa Cruz Holding Facility is very old and has only five cells available to separate inmates by classification. The general population cell houses as many as 20 inmates at a time. Rival gangs are separated, with one cell devoted to Sureños members and one cell to Nortenos members. Females are placed in one cell, and juveniles, mental health inmates, and special circumstances inmates reside in the fifth cell. The approximate number of custodials per day is 50.

Sheriff's Office Response: The Sheriff's Office agrees.

R7. The Santa Cruz County Sheriff's Office and the Santa Cruz should develop a plan to update the Santa Cruz Holding Facility and to fully utilize the Watsonville Holding Facility and the Watsonville courthouse to alleviate the overcrowding of certain individual cells in the Santa Cruz Holding Facility.

Sheriff's Office Response: **WILL NOT BE IMPLEMENTED.** The Santa Cruz Court holding facility provides adequate separation of inmates and complies with State and Federal standards.

RESPONSES FOR “SAVING THE BRANCHES MAY KILL THE TREE - THE FATE OF  
THE SANTA CRUZ CITY/COUNTY PUBLIC LIBRARIES



FINANCE DEPARTMENT  
809 Center Street, Room 101, Santa Cruz, CA 95060 • 831 420-5053 Fax: 831 420-5312 • www.cityofsantacruz.com

August 16, 2010

The Honorable Judge Paul Burdick  
Santa Cruz Superior Court  
701 Ocean Street  
Santa Cruz, CA 95060

RE: **RESPONSE TO SANTA CRUZ COUNTY GRAND JURY REPORT**

Dear Judge Burdick:

In response to the 2009/10 Santa Cruz County Grand Jury report regarding “Saving the Branches May Kill the Tree – The Fate of the Santa Cruz City/County Public Libraries,” I hereby submit the following responses:

### **The Budget**

#### **Findings:**

**Page 138: F19.** In March 2009, after two years of generous sales tax revenues, the SCPL had no cash reserves. In April 2009, the JPB set guidelines for the FY 2009/10 budget that included establishing and maintaining ongoing cash reserves of at least 5% of its annual budget and dedicating at least 8% of its operating budget to books and media. These goals were not met in the FY 2009/10 budget, and they are not being met in the budget proposed for FY 2010/11.

***Response:*** Agree.

**Page 139: F21.** The SCPL may be able to balance the budget through deep cuts in personnel and services, but there is a cash-flow problem. The City of Santa Cruz loans the library the cash for payroll and other payables; it covers the actual cash deficit between the time expenses are paid and revenues are received. Currently this loan balance averages between \$1 million and \$1.4 million. The City charges interest at portfolio rates (in April 2010, about 1.4%), but beginning with the 2011/12 fiscal year the interest will rise to portfolio rates plus 2% (about 3.4% if the portfolio rate was still 1.4%); in the meantime the City will cap the loan at \$1 million. The additional interest will add to the cost of operating the library system, and staff stated that, with a cap, some bills will not be paid in a timely manner and additional staff time and effort will be required to prioritize payments.

***Response:*** Partially disagree. The average loan balance has not averaged between \$1 million and \$1.4 million. The loan balance averaged approximately \$500,000 in fiscal year 2009 and approximately \$400,000 in fiscal year 2010. The loan balance has decreased over the last two fiscal years and there has been no need for a loan during the last 3 months of fiscal year 2010.

**Page 139: F22.** The SCPL has three loans that it must repay, with interest, and substantive rent for headquarters:

\* First, there is the working capital loan mentioned above, the advance from the City of Santa Cruz to cover the cash requirements on a day-by-day basis. This loan will be outstanding until the SCPL develops the reserves to manage its cash flow.

\* Second, there is a loan associated with a Santa Cruz County overpayment, a distribution error discovered in 2005. From August 2005 through August 2013, the SCPL must pay annual principal of \$40,293 plus variable rate interest.

\* Third, there is a loan from the city of Santa Cruz for improvements to the new headquarters building. Interest is 5%. In September 2008, the principal was \$467,303; the current loan balance is about \$430,150. The annual payment is \$60,518, and this loan will be paid off in 2018.

\* The City of Santa Cruz purchased the building at 117 Union Street in Santa Cruz for use as library headquarters, to house administrative and technical services and outreach. The facility is shared with the Water Department, and building expenses are allocated to each according to the square footage occupied. The library's portion of the annual rent is \$287,189, until 2037 when the City's loan for the building purchase will be paid in full.

**Response:** Partially Agree. The amount of the annual payment to the City of Santa Cruz for use of the building at 117 Union Street is not \$287,189; rather the amount varies each year between fiscal year 2010 and fiscal year 2037, from a low of \$283,147 in fiscal year 2028 to a high of \$312,516 in fiscal year 2035. After 2037, no payments are due under the existing lease.

**Page 139: F23.** While the library staff tabulates a wealth of data about the Santa Cruz community's library use, (visits per capita, books and materials checked out per capita and per active member; busyness and circulation and visits per open hour, et cetera), there are no established cost accounting measures to gauge the cost of operating the individual branches or the cost of specific library services. The library director prepared a one-time memo detailing the monthly and annual costs for the bookmobile in March 2010 upon request from a member of the JPB.

**Response:** Agree.

**Page 140: F24.** Currently there are no reserves for technology repairs or improvements or for replacing the several SCPL vehicles, including the bookmobile. There are no reserves to finance facility development. There are no emergency reserves.

**Response:** Agree.

**Page 140: F25.** In FY 2008/09, personnel costs accounted for 73.6% of the budget, while books and materials accounted for 6.3% and technology accounted for 0.8%. Personnel costs are projected to consume 80% of the budget within a few years. While employees have been furloughed about 10% of the time this year and the furloughs will continue into the next fiscal year, retirement programs through the California Public Employees' Retirement System (CalPERS) have not been fully funded and health insurance rates are expected to rise significantly.

**Response:** Agree

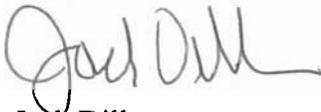
**Recommendations:**

**Page 143: R8.** The SCPL system should re-evaluate the policy that all services must be free to everyone. Concentrate on the key priorities. Understand the costs of extra services and charge fees to cover those costs. In fact, the SCPL should adopt good cost accounting measures so that the costs of operations are clearly understood – the costs associated with each branch, with each library service and program, et cetera.

**Response:** Requires further analysis. It may be useful for the Library to allocate its variable operating costs to each branch so that the Library could determine the most cost effective use of Library resources. To the extent allowed by law, it may be appropriate for the Library to determine if there are unexplored opportunities to implement new and/or higher fees.

Please contact me with any questions at (831) 420-5055.

Sincerely,



Jack Dilles  
Finance Director

cc: Mayor Rotkin and Members of the Santa Cruz City Council  
Chair Gorson and Members of the Santa Cruz Library Joint Powers Authority Board  
Martin Bernal, City Manager  
Teresa Landers, Director of Libraries

August 12, 2010

The Honorable Judge Paul Burdick  
Santa Cruz Superior Court  
701 Ocean Street  
Santa Cruz, CA 95060

Dear Judge Burdick,

I am forwarding for your review, the Library Joint Powers Authority Board Response to Findings August 3, 2010.

**1.) On page 4-5 F1.** Including the three new libraries described below, the Master Plan calls for the construction of over 34,000 square feet of library space over the next several years

Capitola was without a library from the mid-1970's, when the original library was closed due to Proposition 13 cutbacks, until 1999, after the passage of the Measure B sales tax for the libraries. The current library is considered an interim library; it's about 4,300 square feet and is not a permanent building but rather six portable structures tied together by the roof and floor. In 1987 Capitola signed a redevelopment agreement with the County that obligates the city to begin construction by 2018 of a 7,000 square foot facility that the SCPL would operate.

**Response: Partially agree**

The Capitola agreement was first signed in 1984.

- The Felton library is a 1,250 square foot deconsecrated church. There is no disabled access, staff workspace, or storage area. There is only street parking. The entrance is up two flights of hillside stairs, making access difficult for parents with young children and seniors. There is little space for comfortable seating or study carrels. Public school class visits are not possible due to the small space. The collection is small, crowded, and inadequate. Nevertheless, the Felton library has a community of fierce supporters. Due to the gross inadequacies of the facility the JPB adopted a resolution in April 2008 identifying the Felton branch as the SCPL's highest capital project priority, planning an 8,800 square foot facility for the area population of 16,000. However, despite a bequest of \$146,000 and the donation of the land for the library, it is estimated that another \$5.5 million might be needed to actually build the library.

**Response: Partially disagree**

The area population that will be served by the new Felton Branch is 30,000. This includes all of San Lorenzo Valley and parts of Bonny Doon. There has been no official cost estimate for construction.

- Scotts Valley has had a library since 1953. The branch currently occupies 5,300 square feet rented in a shopping center. However, within the next year the library will be moving to a space of about 12,500 square feet in a remodeled building the city of Scotts Valley has purchased through a redevelopment agreement with the County. The Scotts Valley chapter of the Friends of the Library has launched an ambitious campaign to raise \$250,000 to outfit the library interior.

**Response: Partially disagree**

The new library will be 13,150 square feet. The base bid will cover a great deal of the interior. The Scotts Valley Redevelopment Agency is covering the new costs of the exterior and interior of the new library except for a fireplace/community art book wall project, media wall and other “extras” being funded by groups such as the Scotts Valley Chapter of the Friends of the Library.

**2.) On pages 5-6 F3.** The community of La Selva Beach, unhappy with the local branch schedule and concerned that the SCPL’s financial problems might trigger the decision to close the branch altogether, proposed that its Friends chapter might fund the purchase of self checkout equipment and supply volunteers who, after training, would supplement the staff and allow the library to be open more hours. While library policy requires at least two employees to staff any open library, the hope was that administration would agree that one employee, self checkout, and a volunteer might be adequate. Administration did agree and this proposal is under development; union agreement is necessary for implementation.

**Response: Partially agree**

The pilot program has been launched as of July 2010. La Selva Branch is now operating 14 hours a week with one SCPL employee and one volunteer provided by the La Selva Beach Chapter of the Friends of the Library.

**3.) On page 6 F4.** Technical services staff state that library technology has been underfunded for several years, perhaps by as much as \$500,000 to \$700,000 per year.

**Response: Disagree**

Without specific information regarding the time period and the specific items underfunded, the LJPB cannot comment on the accuracy of this finding.

**4.) On page 6 F5.** A new ILS, which could cost upwards of \$200,000, would enable several improvements in library operations, such as the adoption of the floating collection, now considered a library “best practice”; computer-printed hold slips (library staff handwrite over 200,000 hold slips annually); and automated check in.

**Response: Partially Disagree** - Automated check in is not dependent on a new ILS.

**5.) On page 6 F6.** Only three libraries in the SCPL system currently offer self checkout: Aptos, Live Oak, and Scotts Valley. Sadly, very few people are using it, just about 8% of patrons compared to 60% in Watsonville and Los Gatos and about 95% at the San Jose libraries. Efforts to convert to self checkout have been handicapped by the need to add barcode labels to outside book covers, a time consuming and costly exercise; labels originally were put inside the books.

**Response: Partially disagree**

Live Oak self check is currently at 84%. A rollout plan is underway whereby all branches will be using self checkout by December 2010. Rebarcoding is taking place at each branch prior to implementation of self check.

**6.) On page 10 F17.** One important part of the Strategic Plan is the section entitled “Change for the Future,” a description of five current trends in public library services that the SCPL has identified and committed to in the coming years as it pursues its vision of Transforming lives and supporting communities. Succinctly, the five trends are:

1. Patrons get service at the level they want – more self-service in checking out materials, placing and picking up holds, editing own accounts, paying fines; and single point of service,
2. Rebranding and marketing – establishing the library as a relevant resource through evolving services and better marketing of those services,
3. Local focus – providing local content that is unavailable elsewhere and taking library services outside into the community,
4. Remote delivery of services – associated with self-service; downloadable materials, e-books, podcasts; online payment of fees, and
5. User involvement – use of social media like Twitter, Facebook, and Wikis.

**Response: Agree**

**7.) On page 10 F19.** In March 2009, after two years of generous sales tax revenues, the SCPL had no cash reserves. In April 2009, the JPB set guidelines for the FY 2009/10 budget that included establishing and maintaining ongoing cash reserves of at least 5% of its annual budget and dedicating at least 8% of its operating budget to books and media. These goals were not met in the FY 2009/10 budget, and they are not being met in the budget proposed for FY 2010/11.

**Response: Agree**

Sales taxes were projected to increase FY08/09 from FY07/08 by \$27,000. In reality, they declined by \$344,000. The 8% for materials was established in the Facilities Master Plan adopted in 2008 not in FY 2009/10 as stated above.

**8.) On page 11 F20.** Over the last decade, prior and present library administrators have proposed or recommended closing from one to six branches to benefit the balance of the library system. However, in May 2009, the JPB directed library management to develop a balanced budget for FY 2009/10 that did not close any branches. They provided the same direction this April while facing even greater challenges to the system, essentially “kicking the can down the street a bit farther,” in the words of one board member.

**Response: Partially Agree**

In April 2010 the JPB was presented with several options that all achieved the same goal—a balanced budget for 10/11. They selected the one that reduced hours at all the branches.

**9.) On page 11 F21.** The SCPL may be able to balance the budget through deep cuts in personnel and services, but there is a cash-flow problem. The City of Santa Cruz loans the library the cash for payroll and other payables; it covers the actual cash deficit between the time expenses are paid and revenues are received. Currently this loan balance averages between \$1 million and \$1.4 million. The City charges interest at portfolio rates (in April 2010, about 1.4%), but beginning with the 2011/12 fiscal year the interest will rise to portfolio rates plus 2% (about 3.4% if the portfolio rate was still 1.4%); in the meantime the City will cap the loan at \$1 million. The additional interest will add to the cost of operating the library system, and staff stated that, with a cap, some bills will not be paid in a timely manner and additional staff time and effort will be required to prioritize payments.

**Response: Partially disagree**

The loan balance does not average between \$1-1.4 million. These are maximum amounts reached on several days last year not on a regular basis. The Library has also factored into its 5 year projections re-establishing the reserve to handle the cash flow issue. Given the current situation (ending FY0910 in the black) we do not anticipate exceeding the limit.

**10.) On page 11 F22.** The SCPL has three loans that it must repay, with interest, and substantive rent for headquarters:

- First, there is the working capital loan mentioned above, the advance from the City of Santa Cruz to cover the cash requirements on a day-by-day basis. This loan will be outstanding until the SCPL develops the reserves to manage its cash flow.

**Response: Partially disagree**

This is a cash flow loan that is repaid as soon as the monthly payment is received from the County.

- Second, there is a loan associated with a Santa Cruz County overpayment, a distribution error discovered in 2005. From August 2005 through August 2013, the SCPL must pay annual principal of \$40,293 plus variable rate interest.

**Response: Agree**

- Third, there is a loan from the city of Santa Cruz for improvements to the new headquarters building. Interest is 5%. In September 2008, the principal was \$467,303; the current loan balance is about \$430,150. The annual payment is \$60,518, and this loan will be paid off in 2018.

**Response: Agree**

- The City of Santa Cruz purchased the building at 117 Union Street in Santa Cruz for use as library headquarters, to house administrative and technical services and outreach. The facility is shared with the Water Department, and building expenses are allocated to each according to the square footage occupied. The library's portion of the annual rent is \$287,189, until 2037 when the City's loan for the building purchase will be paid in full.

**Response: Agree**

However, it is important to note that the Library was paying \$21.89 per square foot for rent and utilities for its Headquarters building on Pacific Avenue and now pays \$20.93 per square foot for a building that is being purchased not rented.

**11.) On page 12 F23.** While the library staff tabulates a wealth of data about the Santa Cruz community's library use, (visits per capita, books and materials checked out per capita and per active member; busyness and circulation and visits per open hour, et cetera), there are no established cost accounting measures to gauge the cost of operating the individual branches or the cost of specific library services. The library director prepared a one-time memo detailing the monthly and annual costs for the bookmobile in March 2010 upon request from a member of the JPB.

**Response: Agree**

**12.) On page 12 F24.** Currently there are no reserves for technology repairs or improvements or for replacing the several SCPL vehicles, including the bookmobile. There are no reserves to finance facility development. There are no emergency reserves.

**Response: Agree**

**13.) On page 12 F25.** In FY 2008/09, personnel costs accounted for 73.6% of the budget, while books and materials accounted for 6.3% and technology accounted for 0.8%. Personnel costs are projected to consume 80% of the budget within a few years. While employees have been furloughed about 10% of the time this year and the furloughs will continue into the next fiscal year, retirement programs through the California Public Employees' Retirement System (CalPERS) have not been fully funded and health insurance rates are expected to rise significantly.

**Response: Partially agree**

It isn't really correct to say that CalPERS has not been fully funded. During the period of the furlough, city and employees have been paying in based on their reduced pay. When current employees retire, the calculation will be made on their non-furlough pay which is higher. There is a slight discrepancy which is why we have decided not to continue the furlough beyond 2 years.

**14.) On page 12 F26.** Also in FY 2008/09, the population served per FTE was lower than the State mean (1,735 versus 3,094) and lower than comparable counties' figures. Expenses per capita were significantly higher than the State mean (\$61.90 versus \$34.69) and comparable counties' numbers. Library administration suggested this was "probably because of the relatively large number of branches we have for the population." The abundance of branches and the reported library policy that at least two employees are required to staff any open library contribute to these outsized numbers.

**Response: Partially disagree**

There is insufficient information to verify whether the relatively low population to FTE and the expenses per capita is caused by the relatively large number of branches nor does it preclude that there may be other contributing factors. Without studying all the factors simply closing branches will not achieve the expected goals. The JPB task force will be studying this issue.

**15.) On page 12 F27.** Santa Cruz County has more branches, or outlets, per square mile than the comparable counties of Monterey, San Luis Obispo, and Santa Barbara. With a total area of 436 square miles in the county, the service area per outlet averages about 40 square miles.

**Response: Partially agree**

This comparison is questionable because it does not factor in the geographical differences among these counties. Also, it doesn't reflect the library square footage per capita or the library square footage per square mile. Counties with large rural areas will have more square miles per branch.

### **Joint Powers Authority Board Response to Recommendations** **August 3, 2010**

**1.) On page 14 R1.** The Santa Cruz Public Libraries should replace its Integrated Library System immediately. This will avoid the catastrophe that would occur if the current system suffers a terminal failure. An up-to-date ILS also will allow the automation of many activities presently being handled manually, as well as enable activities just not possible at all today.

**Response: Has not yet been implemented but will be implemented in the future**

The Library is currently researching ILS systems. Implementation is planned for the fiscal year 2010/11.

**2.) On page 14 R2.** The Joint Powers Authority Board and the SCPL should determine and commit to a reasonable cash reserve that will enable it to manage its cash flow and pay bills and cover payroll expenses without relying on loans from the City of Santa Cruz.

**Response: Has not yet been implemented but will be implemented in the future**

The JPB plans to implement a cash reserve policy in the budget for FY 2011/12.

**3.) On page 14 R3.** The SCPL should buy and install self checkout equipment at all the regional branches – buying the best units possible in sufficient quantity to accommodate all book and material checkout – and then aggressively promote its use to get close to the 95% use levels enjoyed by the San Jose libraries

**Response: Has been implemented**

Scheduled completion is slated for December 2010.

**4.) On page 14 R4.** With R1, 2, and 3 as priorities, the JPB and the SCPL should develop a balanced budget, also keeping in mind that investments in the collection (books and materials) and additional investments in technology are important to a healthy library system. The Grand Jury believes that a substantial reduction in personnel, perhaps by as much as 20 percent, might be necessary to achieve an ideal budget.

**Response: Requires further analysis**

The budget is currently balanced. The Library Board established a task force to consider financially sustainable alternatives.

**5.) On page 14 R5.** The SCPL should make a serious investment in volunteer development. Dedicate library staff to recruit, interview, select, assign, and train volunteers. Assign volunteers consistent responsibilities. Use volunteers to greatly expand library hours, and use more volunteers to provide many of the outreach services currently handled by employees.

**Response: Requires further analysis**

Staff supervision of volunteers increases as the library utilizes more volunteers. The costs need to be considered along with the benefits. Currently we do not have funds allocated for a full time volunteer coordinator. Please refer to the full volunteer report.

**6) On page 14 R6.** The JPB and the SCPL should then develop staffing plans for the libraries, reconsidering the policy that at least two employees are needed at every open library, and including the expanded use of volunteers. Consider what library branches might need to be closed and maximize the hours at those left open. One strategy proposed by library administration in March was the closing of some branches, leaving the book and materials collections and the computers and turning the facilities over to their communities for use as reading rooms/learning centers. In some communities the recreation district might be able to manage these centers.

Candidates for conversion would be the following branches:

- Felton, open 8 hours/week, 3.5 miles from the Scotts Valley branch
- Garfield Park, open 12 hours/week, 1.7 miles from the Central library
- Branciforte, open 14 hours/week, 1.5 miles from the Central library
- Capitola, open 14 hours/week, 2.3 miles from the Live Oak branch

The La Selva Beach library would be a prime candidate for conversion to a reading room. It is open 8 hours/week and is 5.2 miles from the Aptos library. However, considering the project underway to operate with one library employee, one self checkout machine, and a volunteer, the SCPL could offer a choice to that community: to implement that project (if the union approves the plan) or for the La Selva Beach community to take over the library and operate it with volunteers as a reading room.

On the other hand, the Boulder Creek library is an ideal branch for implementing the “one staff member plus volunteers and a self checkout machine” concept. It serves unincorporated northern Santa Cruz County, serves a larger population than the La Selva Beach branch, and is 10.2 miles from the Scotts Valley library.

For a prototype of a local, all-volunteer library, communities could look at the Porter Memorial Library in Soquel. One big advantage of this possibility for the local

communities is that they can maximize the number of open hours, on a schedule that is most convenient for them.

This recommendation is proposed as an intermediate-term strategy to allow the SCPL system to focus and develop the financial foundation necessary to create long-term sustainability for a system that can be expanded again as future revenues increase.

**Response: Requires further analysis**

The LJPB has established a Task Force made up of one representative from each of the 10 branches, 4 JPA board members, the library director, 3 staff members and a facilitator. The Task Force will begin work in August 2010 to identify service models that are financially sustainable and aligned with the five year projections.

**7.) On page 15 R7.** Just as the SCPL has partnered with local businesses to enrich its collection and offer outreach programs, it should consider business partnerships/corporate sponsorships of the bookmobile. Solicit businesses to buy a bookmobile or van or to cover the annual cost of a vehicle, and allow them to wrap it with their advertising. The cost of a vinyl wrap for the bookmobile is estimated to be about \$4,000.

**Response: Requires Further Analysis**

The recently adopted SCPL 2010-2015 Strategic Plan states under Community Connections that “The library will initiate and nurture partnerships with the public, private, and nonprofit sectors in Santa Cruz County for the mutual benefit of the partners, the Library, and the Community.” We currently have many partnerships that enrich our programs and will continue to seek mutually beneficial opportunities.

**8.) On page 15 R8.** The SCPL system should re-evaluate the policy that all services must be free to everyone. Concentrate on the key priorities. Understand the costs of extra services and charge fees to cover those costs. In fact, the SCPL should adopt good cost accounting measures so that the costs of operations are clearly understood – the costs associated with each branch, with each library service and program, et cetera.

**Response: Requires further analysis**

We can look at value added services that perhaps we can charge for such as Interlibrary Loan or Books by Mail; however basic library service must remain free as per state law. The library task force will be studying these recommendations and will report back in January 2011.

**9.) On page 15 R9.** The JPB should add another two voting members: (1) a financial or accounting advisor so that the library system has an expert planner and advocate for financial sustainability, and (2) a library professional, from another nearby library system or from The School of Library & Information Science at San Jose State University.

**Response: Will not be implemented**

This expertise is already present in the City Finance Director and the Library Director. Changes such as this would require opening up the JPA agreement which is not due to be opened until 2017 and an early opening is not recommended.

**10.) On page 15 R10.** *The requirements of the library system as a whole should take precedent over the needs of neighborhood branches, and the Joint Powers Authority Board members should consider the long term implications of their decisions.*

**Response: Has Been Implemented**

The JPA Board members already take into consideration the long term implications of their decisions. The JPA Board does take into consideration the impact on the whole system in making decisions. There are negative consequences to closing neighborhood branches upon the system as a whole which the Board must also take into consideration.

Sincerely,

Barbara Gorson  
Chair, Library Joint Powers Board

August 12, 2010

The Honorable Judge Paul Burdick  
Santa Cruz Superior Court  
701 Ocean Street  
Santa Cruz, CA 95060

Dear Judge Burdick,

The following is my response to the Grand Jury Report, "Saving the Branches May Kill the Tree: The Fate of the Santa Cruz City/County Public Libraries." This response is divided into three parts: correction of factual errors, response to findings and response to recommendations. I will include the report citation in italics and my responses in regular type.

Correction of Factual Errors

Factual errors within the findings and recommendations will be discussed in those sections respectively.

**1.) On page 1:** *"Faced with projected deficits for the next several years and a negative cash fund balance of over \$4 million at the end of the 2013/14 fiscal year, the JPB is making the same decisions today that it made last year:*

- *additional cuts in hours*
- *cuts in the books and materials budget*
- *reduced funds for maintenance and landscaping*
- *no reserve funds*
- *further delays in the purchase of technology that's critical to library operations*

There were no additional cuts in hours for FY10/11. The five year budget projection which shows a \$4 million deficit includes rectifying three of the items listed above. The 5 year projection is predicated on a restored materials budget, about \$300,000 each year added to the reserve, and the purchase of a great deal of technology including the establishment of a technology replacement fund.

**2.) On page 2:** *"Integrated Library System (ILS): Also known as a library management system (LMS), a resource planning system for a library, used to track items owned, orders made, bills paid, and patrons who have borrowed."*

I have never heard an ILS referred to as an LMS nor as a “resource planning system.” It is the computer engine that governs all library operations: the purchase of materials, cataloging and processing of materials, the public catalog which allows patrons to search for materials, the circulation of materials in and out and the management of patron accounts. It is not used specifically to pay bills unless patron accounts is what is being referred to. Bills are paid through the City’s financial system, Eden.

**3.) On page 3:** *“Right now the Central Library is open 40 hours a week including Saturday, but some branches are open only eight hours during the week and are closed on both Saturday and Sunday”*

To clarify: Central is open Saturday and Sunday. Live Oak is open on Sunday. Aptos, Scotts Valley, Capitola, Branciforte and Boulder Creek are open on Saturday. Only Garfield Park, La Selva Beach and Felton are not open any weekend day and La Selva Beach was offered Saturdays and declined. Only two are open 8 hours per week: Felton and La Selva Beach. La Selva is started a pilot project using volunteers and is open 14 hours per week as of June 22, 2010.

**4.) On page 3:** *“The furloughs begun in 2009 will continue through this fiscal year and now on into the next. Library hours continue to be cut.”*

No hours will be cut in 2010/2011.

**5.) On page 13:** *“The mission of the Santa Cruz Public Libraries is to provide materials and services which help community residents meet their personal, educational, cultural, and professional information needs. This is the current mission statement for the SCPL”*

The correct current mission statement is:

“The Santa Cruz Public Libraries enhance Santa Cruz County’s quality of life by providing vibrant physical and virtual public spaces where people connect, discover, and engage the mind. All ages have the opportunity to nurture their love of reading, find diverse and relevant resources for entertainment and enrichment, and strengthen community networks.”

**6.) On page 13: C2.** *“There is not enough money in our current economic climate for everything the JPB and the SCPL needs to do today:*

- *there are three loans to pay off and significant rent for the headquarters building*
- *there are plans to build new libraries in Scotts Valley, Capitola, and Felton; in addition to building and equipment costs, there will be moving expenses and additional ongoing staff and utility expenditures because of the increased square footage”*

- Bullet one: In fact the debt load for the Library is quite low.

- Bullet two: Moving expenses are minimal for Scotts Valley. There are also NO additional staff expenses. Current rent is \$84,000 per year. Utilities are not expected to reach that level. So, in essence the new Scotts Valley Library is going to cost us less to operate than the current facility. While we would like to build a new library in Felton there are no funds available to do so. Plans at this time are conceptual. Capitola is in the planning stages and will not have a new building for at least 2-3 years at the earliest.

**7.) On page 14: C4.** *Library administration and staff have failed to expand the use of volunteers to provide more regular open hours for patrons.*

Since I arrived last July we have greatly expanded our use of volunteers by the creation of over 28 job descriptions. The Library cannot use volunteers in positions that are essential to library operations for a variety of reasons that are explained fully in a report given to the Library Board in June 2010 . The volunteer report is attached and I ask that it be made part of the public record as part of my response. They are used to enhance service and to free staff for more essential functions. This does not always correlate to additional open hours.

**8.) On page 16:** *“2.The Grand Jury particularly commends the technical services employees of the library for accomplishing so much with so little for so long.”*

I believe this reference to technical services employees is meant to be a reference to the Library Information Technology employees. The technical services staff is cataloging and processing and they have not experienced shortages in resources.

## **Findings**

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**1.) On pages 4-5 F1.** Including the three new libraries described below, the Master Plan calls for the construction of over 34,000 square feet of library space over the next several years.

Capitola was without a library from the mid-1970's, when the original library was closed due to Proposition 13 cutbacks, until 1999, after the passage of the Measure B sales tax for the libraries. *The current library is considered an interim library; it's about 4,300 square feet and is not a permanent building but rather six portable structures tied together by the roof and floor.* In 1987 Capitola signed a redevelopment agreement with the County that obligates the city to begin construction by 2018 of a 7,000 square foot facility that the SCPL would operate.

**Partially Agree:** The Capitola agreement was first signed in 1974  
The Felton library is a 1,250 square foot deconsecrated church. There is no disabled access, staff workspace, or storage area. There is only street parking.

The entrance is up two flights of hillside stairs, making access difficult for parents with young children and seniors. There is little space for comfortable seating or study carrels. Public school class visits are not possible due to the small space. The collection is small, crowded, and inadequate. Nevertheless, the Felton library has a community of fierce supporters. Due to the gross inadequacies of the facility the JPB adopted a resolution in April 2008 identifying the Felton branch as the SCPL's highest capital project priority, planning an 8,800 square foot facility for the area population of 16,000. However, despite a bequest of \$146,000 and the donation of the land for the library, it is estimated that another \$5.5 million might be needed to actually build the library.

**Partially agree:** We have done a bit of "remodeling" and opened up space. The collections are not crowded anymore. It is also not inadequate for the size building it is and patrons have the system collection at their fingertips. There are book discussion groups and story times that do meet in this facility. Class visits might be possible depending on the size of the class.

Scotts Valley has had a library since 1953. The branch currently occupies 5,300 square feet rented in a shopping center. However, within the next year the library will be moving to a space of about 12,500 square feet in a remodeled building the city of Scotts Valley has purchased through a redevelopment agreement with the County. The Scotts Valley chapter of the Friends of the Library has launched an ambitious campaign to raise \$250,000 to outfit the library interior.

**Partially disagree:** The new library is actually 13,150 square feet. The base bid will cover a great deal of the interior and is paid for by The Scotts Valley Redevelopment Agency. The Scotts Valley Chapter of the Friends is fundraising for additional items.

**2.) On page 5: F2.** In addition to the capital improvements described in F1 above, there are the routine maintenance and extraordinary repairs required by the library facilities and vehicles. In just the last few months, the library staff had to deal with:

- A leaky roof affecting a light panel in Capitola, which caused the staff to delay opening the library for the day because of safety concerns
- Cleanliness and plumbing problems in Branciforte and Capitola
- A T1 data line in Capitola malfunctioning for three days, resulting in 42 crates and 6 book trucks of materials needing to be transported to Live Oak for processing
- Lights and alarms causing problems in Live Oak from October 2009 to January 2010
- The need to install an under-floor water detection system at Live Oak

- The heating/air conditioning system in Live Oak is a perpetual problem
- Irrigation problems at Live Oak that have resulted in high water bills
- A leaky window and graffiti in Garfield Park
- The bookmobile out of service twice in two months because of transmission problems
- Electric bills for headquarters that are unexpectedly high

**Disagree:** I was not asked to comment on this finding but I disagree with how this is presented as well as some of the facts. Any facility is going to have building maintenance issues. The ones mentioned above are standard for any facility. The bookmobile did have transmission problems but these were covered under warranty and the Library did not incur any costs for fixing it. Any vehicle is going to have maintenance issues. Electric bills for Headquarters are extremely low as it is a solar building. What was unexpected was that at the end of the first year of operation there was a “true up” bill for the month of June. Even with that bill, utility costs for a 14,014 square foot facility average about \$486 per month. In its previous 12,313 square foot facility, utility costs were \$5,083 per month; a 90% decrease.

**3.) On pages 5-6 F3.** The community of La Selva Beach, unhappy with the local branch schedule and concerned that the SCPL’s financial problems might trigger the decision to close the branch altogether, proposed that its Friends chapter might fund the purchase of self checkout equipment and supply volunteers who, after training, would supplement the staff and allow the library to be open more hours. While library policy requires at least two employees to staff any open library, the hope was that administration would agree that one employee, self checkout, and a volunteer might be adequate. Administration did agree and this proposal is under development. A union agreement is necessary for implementation.

**Partially agree:** The Santa Cruz Public Library Friends funded self check machines for the entire system not the local chapter. The only reason La Selva can operate with one staff and one volunteer is because volume of circulation is so low that only one staff member is needed. The volunteer is there for “security” purposes, not to provide direct public service.

**4.) On page 6 F4** Technical services staff state that library technology has been underfunded for several years, perhaps by as much as \$500,000 to \$700,000 per year.

**Partially disagree:** First, I believe this is meant to be Library Information Technology staff not Technical Services. They are two different divisions. I am not sure where that number comes from. We estimate that \$100,000 is needed for PC replacement each year. A new ILS is in the neighborhood of \$200,000 but is a one time expenditure with annual maintenance fees of about \$30,000.

**5.) Page 6 F5** A new ILS, which could cost upwards of \$200,000, would enable several improvements in library operations, such as the adoption of the floating collection, now considered a library “best practice”; computer-printed hold slips (library staff handwrite over 200,000 hold slips annually); and automated check in.

**Partially disagree:** Floating collections are not considered a best practice. It is something that works in some systems but is not at the level of a best practice. It does hold some promise for a system of our size, however. Automated check in is not dependent on a new ILS.

**6.) On page 6 F6** Only three libraries in the SCPL system currently offer self checkout: Aptos, Live Oak, and Scotts Valley. Sadly, very few people are using it, just about 8 % of patrons compared to 60% in Watsonville and Los Gatos and about 95% at the San Jose libraries. Efforts to convert to self checkout have been handicapped by the need to add barcode labels to outside book covers, a time-consuming and costly *exercise; labels originally were put inside the books.*

**Partially Disagree:** Live Oak has achieved 84% self checkout since it was instituted in a serious way in April 2010. There is a rollout plan whereby all branches will be using self checkout by December 2010. Previous attempts to do so had many barriers which are being corrected. Rebarcoding is happening just before each library goes to self check. We are using ARRA paid workers through September and then volunteers. I question the 95% figure. The industry benchmark is 80%. San Jose does have the advantage of an aggressive building program which enabled them to build branches with self checkout integrated into the design. Scotts Valley will be built to this standard,

**7.) On page 6 F7** The SCPL has about 150 computers in the ten branches for public use. This number of computers compares favorably with comparable library systems. The technology department is in the process of slowly replacing old equipment with newer refurbished terminals with multimedia capability.

**Agree**

**8.) On page 6 F8** The new Scotts Valley library is anticipated to be the first “real 21<sup>st</sup> century” library in the SCPL system. There will be lots of computers, with both wired and wireless connection to the internet, lots of bandwidth, and fiber. There will be two large LCD presentation screens and projection equipment. There will be single point of service and four self checkout stations, and space for automated materials handling equipment, although this equipment will not be purchased at this time.

**Partially disagree:** All our branches offer wireless capabilities. The LCD screens and projection equipment are dependent on Scotts Valley Friends fund raising.

**9.) On page 7 F9** It is library policy that a volunteer cannot check out books to patrons. Government Code Section 6267 is cited as the basis for this policy. However, this code does not explicitly exclude volunteers from checking out books for patrons, nor is there case law which would prohibit their doing so. Code Section 6267 reads:

“All registration and circulation records of any library which is in whole or in part supported by public funds shall remain confidential and shall not be disclosed to any person, local agency, or state agency except as follows:

- (a) By a person acting within the scope of his or her duties within the administration of the library.
- (b) By a person authorized, in writing, by the individual to whom the records pertain, to inspect the records.
- (c) By order of the appropriate superior court.

**Partially agree:** The confidentiality of library patrons is legally protected by the State of California. Staff undergoes background and fingerprint checks before being hired. This is an issue of public trust and allowing volunteers to access information considered confidential by our patrons and protected thereby by law is an area of great concern. Checking out materials is considered a core and basic service. Libraries, in general, do not entrust this type of service to volunteers. Signing a confidentiality agreement is a weak form of protection since there are no sanctions to be taken against a volunteer who violates patron confidentiality. Paid employees risk their livelihood and references to secure another job; volunteers can only be asked to not volunteer anymore.

**10.) On page 7 F10.** The SCPL does not have a volunteer organization under the library administration. Instead, volunteers are part of the Friends group, which has a paid member who works 20 hours a week interviewing prospective volunteers and matching them with appropriate library tasks. Volunteers do fill out applications and sign confidentiality agreements.

**Partially disagree:** Not all volunteers sign confidentiality agreements.

**11.) On page 7 F11.** With the current procedures for recruitment and training, volunteers suffer a bad reputation with library personnel. Some staff consider volunteers to be unreliable, prone to mistakes, or lax in fulfilling their obligations. Nevertheless, library administration states that the more than 14,000 hours of work accomplished by volunteers this past year were greatly appreciated.

**Partially disagree:** this is too strongly stated. Volunteers do not have a bad reputation with staff. Staff is too taxed to take on any additional responsibility that using volunteers more than they already do would require. There is also very little support available for when a volunteer isn't working out.

**12.) On page 7 F12.** It is library policy that volunteers can only assist staff; they cannot replace staff. A volunteer can perform one task but not all tasks that constitute a job description. This reflects the library system's agreement with the unions.

**Agree:** This is also library and city policy on the role of volunteers. It is a past practice with the unions more than a formal agreement.

**13.) On page 7 F13.** Volunteers need to be trained and they need to be supervised; these needs require staff time and attention, and consequently there are costs associated with the use of volunteers.

**Agree**

**14.) On page 7 F14.** The Friends recently expanded the list of current volunteer needs posted on its web site. It does not include checking out books, however, which limits the possibility of using volunteers to keep the libraries open more hours

**Partially disagree:** Thinking that using volunteers to check out is the only way they can help libraries stay open more hours is way too narrow. There are many functions that volunteers can help with that might eventually result in being able to be open more hours. We need staff devoted to volunteer coordination as stated in Finding 13 to explore this. Until that happens, even if we were to use volunteers to check out books, we would not be able to do so without staff to manage the volunteer function.

**15.) On page 8 F15.** What was discovered through the planning process was not a surprise: library patrons use their local libraries, but they also enjoy visiting other libraries in the system. This is supported by the data in the chart that follows on page 9 illustrating where people from each community check out their library materials. These percentages are based on numbers from the 2007/08 fiscal year, before the serious reduction in open hours.

The first, second, and third most frequently used libraries (in terms of circulation) for each residential area are color-coded. You can see that patrons from all communities in the county check out books from the Central library, with the Aptos and Scotts Valley branches being second and third most popular.

**Agree**

**16.) On page 8 F16.** *There was considerable consistency in library service priorities, with reading, viewing, and listening for pleasure; lifelong learning; creating young readers; and connecting with the online world being generally the highest ranked. One notable contrast was the attitude of some among the more mature population who favor local branches and believe libraries must be about books and personal service, while others among the younger population suggest that there will be fewer branches in the*

*future and libraries will be less about books and more about technology. Everyone, regardless of age, wants the libraries open many more hours and on regular schedules.*

**Agree**

**17.) On page 10 F1.** One important part of the Strategic Plan is the section entitled “Change for the Future,” a description of five current trends in public library services that the SCPL has identified and committed to in the coming years as it pursues its vision of Transforming lives and supporting communities. Succinctly, the five trends are:

1. Patrons get service at the level they want – more self-service in checking out materials, placing and picking up holds, editing own accounts, paying fines; and single point of service,
2. Rebranding and marketing – establishing the library as a relevant resource through evolving services and better marketing of those services,
3. Local focus – providing local content that is unavailable elsewhere and taking library services outside into the community,
4. Remote delivery of services – associated with self-service; downloadable materials, e-books, podcasts; online payment of fees, and
5. User involvement – use of social media like Twitter, Facebook and Wikis.

**Agree**

**18.) On page 10 F18.** Despite the budget problems, the SCPL offers an amazing range of outreach programs and in-house events. Through the efforts of library employees and Friends volunteers, there are programs for special populations like toddlers and young readers, students of all levels, teens, film and gaming enthusiasts, the elderly, the sight impaired, and the developmentally disabled. There are special holiday events, including pumpkin carving and gingerbread workshops. Programs and Partnerships was begun in September 2009, involving local businesses in library activities. It includes the “Book Wish List” being supported by local bookstores. Other businesses have held fundraisers, and still others have partnered with the library in offering parents and children in-store workshops and story-times.

**Agree:** However, the Programs and Partnerships Division was established for more than just involving local businesses. It was established to bring under one roof all library programming and various partnerships with all sectors of the community.

**19.) On page 10 F19.** In March 2009, after two years of generous sales tax revenues, the SCPL had no cash reserves. In April 2009, the JPB set guidelines for the FY 2009/10 budget that included establishing and maintaining ongoing cash reserves of at least 5% of its annual budget and dedicating at least 8% of its operating budget to books and media. These goals were not met in the FY 2009/10 budget, and they are not being met in the budget proposed for FY 2010/11.

**Agree:** Sales taxes were projected to in FY08/09 from FY07/08 by \$27,000. In reality, they declined by \$344,000. The 8% for materials was established in the Facilities Master Plan adopted in 2008.

**20.) On page 11 F20.** Over the last decade, prior and present library administrators have proposed or recommended closing from one to six branches to benefit the balance of the library system. However, in May 2009, the JPB directed library management to develop a balanced budget for FY 2009/10 that did not close any branches. They provided the same direction this April while facing even greater challenges to the system, essentially “kicking the can down the street a bit farther,” in the words of one board member.

**Partially agree:** In April 2010 the JPB was presented with several options that all achieved the same goal- a balanced budget for 10/11. They selected the one that did not call for closing any facilities.

**21.) On page 11 F21.** The SCPL may be able to balance the budget through deep cuts in personnel and services, but there is a cash-flow problem. The City of Santa Cruz loans the library the cash for payroll and other payables; it covers the actual cash deficit between the time expenses are paid and revenues are received. Currently this loan balance averages between \$1 million and \$1.4 million. The City charges interest at portfolio rates (in April 2010, about 1.4%), but beginning with the 2011/12 fiscal year the interest will rise to portfolio rates plus 2% (about 3.4% if the portfolio rate was still 1.4%); in the meantime the City will cap the loan at \$1 million. The additional interest will add to the cost of operating the library system, and staff stated that, with a cap, some bills will not be paid in a timely manner and additional staff time and effort will be required to prioritize payments.

**Partially disagree:** The loan balance does not average between \$1-1.4 million. These are maximum amounts reached on several days last year not on a regular basis. The Library has also factored into its 5 year projections re-establishing the reserve to handle the cash flow issue. The line about with a cap, some bills MAY not be paid in a timely manner rather than will. Given the current situation (ending FY0910 in the black) we do not anticipate this issue occurring.

**22.) On page 11 F2** The SCPL has three loans that it must repay, with interest, and substantive rent for headquarters:

A.) There is the working capital loan mentioned above, the advance from the City of Santa Cruz to cover the cash requirements on a day-by-day basis. This loan will be outstanding until the SCPL develops the reserves to manage its cash flow.

**Partially disagree:** This is a cash flow loan that is repaid as soon as the monthly payment is received from the County.

B.) There is a loan associated with a Santa Cruz County overpayment, a distribution error discovered in 2005. From August 2005 through August 2013, the **SCPL** must pay annual principal of \$40,293 plus variable rate interest.

**Agree**

C.) There is a loan from the city of Santa Cruz for improvements to the new headquarters building. Interest is 5%. In September 2008, the principal was \$467,303; the current loan balance is about \$430,150. The annual payment is \$60,518, and this loan will be paid off in 2018.

**Agree**

The City of Santa Cruz purchased the building at 117 Union Street in Santa Cruz for use as library headquarters, to house administrative and technical services and outreach. The facility is shared with the Water Department, and building expenses are allocated to each according to the square footage occupied. The library's portion of the annual rent is \$287,189, until 2037 when the City's loan for the building purchase will be paid in full.

**Agree:** However, it is important to note that the Library was paying \$21.89 per square foot for rent and utilities for its Headquarters building on Pacific Avenue and now pays \$20.93 per square foot for a building that is being purchased not rented.

**23.) On page 12 F23.** While the library staff tabulates a wealth of data about the Santa Cruz community's library use, (visits per capita, books and materials checked out per capita and per active member; busyness and circulation and visits per open hour, et cetera), there are no established cost accounting measures to gauge the cost of operating the individual branches or the cost of specific library services. The library director prepared a one-time memo detailing the monthly and annual costs for the bookmobile in March 2010 upon request from a member of the JPB.

**Agree:** This statement is, however, very misleading. Establishing costs per individual branch is very complicated. Fixed costs are easy to calculate and have been. There are variable costs that are much harder to calculate. We would need to come up with a chargeback system for all administrative functions- payroll, computer support, courier service, branch supervision, programming support, acquisitions/cataloging and processing etc. This is further complicated since the smaller branches have been sharing staff with the larger branches so allocating staff time can get very fuzzy. There has really been no value in allocating costs this way since revenues are not branch specific. I am not sure what specific library services are being referred to in terms of cost. Once again, there has not been any value perceived in determining the cost of a service such as materials acquisition. It isn't like we will stop doing it based on cost.

We are always looking at ways to be more efficient but quantifying that in terms of service provided is not an appropriate model for this type of organization. The Library is not a business and cannot be run like one.

**24.) On page 12 F24.** Currently there are no reserves for technology repairs or improvements or for replacing the several SCPL vehicles, including the bookmobile. There are no reserves to finance facility development. There are no emergency reserves.

### **Agree**

**25.) On page 12 F25.** In FY 2008/09, personnel costs accounted for 73.6% of the budget, while books and materials accounted for 6.3% and technology accounted for 0.8%. Personnel costs are projected to consume 80% of the budget within a few years. While employees have been furloughed about 10% of the time this year and the furloughs will continue into the next fiscal year, retirement programs through the California Public Employees' Retirement System (CalPERS) have not been fully funded and health insurance rates are expected to rise significantly.

**Partially agree:** It isn't really correct to say that CalPERS has not been fully funded. During the period of the furlough, city and employees have been paying in based on their reduced pay. When current employees retire, the calculation will be made on their non-furlough pay which is higher. There is a slight discrepancy which is why we have decided not to continue the furlough beyond 2 years but this amount has been declared not significant enough to be concerned about at this time.

**26.) On page 12 F26.** Also in FY 2008/09, the population served per FTE was lower than the State mean (1,735 versus 3,094) and lower than comparable counties' figures. Expenses per capita were significantly higher than the State mean (\$61.90 versus \$34.69) and comparable counties' numbers. Library administration suggested this was "probably because of the relatively large number of branches we have for the population." The abundance of branches and the reported library policy that at least two employees are required to staff any open library contribute to these outsized numbers.

**Partially disagree:** It was suggested that the number of branches is probably high given the small size of the county. Expenses per capita are also higher because Santa Cruz is an expensive place to live. Staff in Santa Cruz do not earn as much as their colleagues over the hill. Our problem is more that the total square footage in our branches is inadequate for the size of the population. A staffing level of two is considered minimum for personal security reasons. We have never stated that one of those two cannot be a volunteer as long as the workload and assigned tasks are appropriate to the staffing configuration. In general, there is a certain economy of scale that can be reached by having fewer but larger branches. The down side is that neighborhoods lose branches that help identify that neighborhood and serve as cohesion for it as well.

**27.) On page 12 F27:** Santa Cruz County has more branches, or outlets, per square mile than the comparable counties of Monterey, San Luis Obispo, and Santa Barbara. With a total area of 436 square miles in the county, the service area per outlet averages about 40 square miles.

**Agree:** see comment in F26

## **Recommendations**

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**1.) On page 14 R1** The Santa Cruz Public Libraries should replace its Integrated Library System immediately. This will avoid the catastrophe that would occur if the current system suffers a terminal failure. An up-to-date ILS also will allow the automation of many activities presently being handled manually, as well as enable activities just not possible at all today.

**Has not yet been implemented but will be implemented in the future:** This is currently planned for fiscal year 2010/11

**2.) On page 14 R2.** The Joint Powers Authority Board and the SCPL should determine and commit to a reasonable cash reserve that will enable it to manage its cash flow and pay bills and cover payroll expenses without relying on loans from the City of Santa Cruz.

**Has not yet been implemented but will be implemented in the future:** This is being taken into account when defining financial sustainability and looking at alternatives by the task force established by the JPB. The JPB plans to implement a cash reserve policy in the budget for FY2011/12.

**3.) On page 14 R3.** The SCPL should buy and install self checkout equipment at all the regional branches – buying the best units possible in sufficient quantity to *accommodate all book and material checkout – and then aggressively promote its use to get close to the 95% use levels enjoyed by the San Jose libraries*

**Has been implemented (scheduled for completion in December 2010):** There is currently a plan to have self check in place with rebarcoding done by December 2010. Even with that I doubt we will achieve 95% self checkout. The industry benchmark is 80%. Until fines can be paid at the self checks we will not likely exceed 80% and that is not being planned until after a new ILS is in place. It should be noted that when we do achieve 80-95% self check, the remaining transactions will be much more complicated and will definitely require staff to handle them; not volunteers.

**4.) On page 14 R4.** With R1, 2, and 3 as priorities, the JPB and the SCPL should develop a balanced budget, also keeping in mind that investments in the collection (books and materials) and additional investments in technology are important to a healthy library

system. The Grand Jury believes that a substantial reduction in personnel, perhaps by as much as 20 percent, might be necessary to achieve an ideal budget.

**Requires further analysis:** The budget is currently balanced. The Library Board established a task force to consider alternatives that are financially sustainable.

**5.) On page 14 R5.** The SCPL should make a serious investment in volunteer development. Dedicate library staff to recruit, interview, select, assign, and train volunteers. Assign volunteers consistent responsibilities. Use volunteers to greatly expand library hours, and use more volunteers to provide many of the outreach services currently handled by employees.

**Requires further analysis:** This would take staffing that we currently cannot afford. Please refer again to the full volunteer report. Once again, the task force is likely to address this.

**6.) On page 14 R6.** The JPB and the SCPL should then develop staffing plans for the libraries, reconsidering the policy that at least two employees are needed at every open library, and including the expanded use of volunteers. Consider what library branches might need to be closed and maximize the hours at those left open. One strategy proposed by library administration in March was the closing of some branches, leaving the book and materials collections and the computers and turning the facilities over to their communities for use as reading rooms/learning centers. In some communities the recreation district might be able to manage these centers

Candidates for conversion would be the branches in:

- Felton, open 8 hours/week, 3.5 miles from the Scotts Valley branch
- Garfield Park, open 12 hours/week, 1.7 miles from the Central library
- Branciforte, open 14 hours/week, 1.5 miles from the Central library
- Capitola, open 14 hours/week, 2.3 miles from the Live Oak branch

The La Selva Beach library would be a prime candidate for conversion to a reading room. It is open 8 hours/week and is 5.2 miles from the Aptos library. However, considering the project underway to operate with one library employee, one self checkout machine, and a volunteer, the SCPL could offer a choice to that community: to implement that project (if the union approves the plan) or for the La Selva Beach community to take over the library and operate it with volunteers as a reading room.

On the other hand, the Boulder Creek library is an ideal branch for implementing the “one staff member plus volunteers and a self checkout machine” concept. It serves unincorporated northern Santa Cruz County, serves a larger population than the La Selva Beach branch, and is 10.2 miles from the Scotts Valley library.

For a prototype of a local, all-volunteer library, communities could look at the Porter Memorial Library in Soquel. One big advantage of this possibility for the local communities is that they can maximize the number of open hours, on a schedule that is most convenient for them.

This recommendation is proposed as an intermediate-term strategy to allow the SCPL system to focus and develop the financial foundation necessary to create long-term sustainability for a system that can be expanded again as future revenues increase.

**Requires further analysis:** The Library Board established a task force to consider alternatives such as those recommended here. The issue of square footage of available library space must be factored in and one cannot just look at the distance between facilities in our unique configuration.

**7.) On page 15 R7.** Just as the SCPL has partnered with local businesses to enrich its collection and offer outreach programs, it should consider business partnerships/corporate sponsorships of the bookmobile. Solicit businesses to buy a bookmobile or van or to cover the annual cost of a vehicle, and allow them to wrap it with their advertising. The cost of a vinyl wrap for the bookmobile is estimated to be about \$4,000.

**Requires further analysis:** We currently have many partnerships that do enrich our programs and are always looking for mutually beneficial opportunities. Businesses generously support our summer reading program by donating prizes for all ages. Borders has done a fund raiser for us as has Peet's Coffee and Tea. Libraries need to be careful when it comes to advertising. We do not want to be viewed as partial to any one business as we serve the entire community. If a bookmobile were to have advertising on it for a company, it would still need to be recognizable as the bookmobile and not as a delivery vehicle for the company that is sponsoring it. It is not clear from this recommendation that the Grand Jury recognizes that we already do have a bookmobile. The current one does not need to be replaced for several more years.

**8.) On page 15 R8.** The SCPL system should re-evaluate the policy that all services must be free to everyone. Concentrate on the key priorities. Understand the costs of extra services and charge fees to cover those costs. In fact, the SCPL should adopt good cost accounting measures so that the costs of operations are clearly understood – the costs associated with each branch, with each library service and program, et cetera.

**Requires further analysis:** We can look at value added services that perhaps we can charge for- Interlibrary Loan or Books by Mail perhaps. Basic library service must remain free as per state law. The requested cost accounting is not necessarily the best way to proceed. Once again, we expect the task force to review this.

**9.) On page 15 R9.** The JPB should add another two voting members: (1) a financial or accounting advisor so that the library system has an expert planner and advocate for financial sustainability, and (2) a library professional, from another nearby library system or from The School of Library & Information Science at San Jose State University.

**Will not be implemented:** This expertise is already present in the City Finance Director and the Library Director. Changes such as this would require opening up the JPA agreement which is not due to be opened until 2017 and an early opening is not recommended.

Thank you for this opportunity to comment on this report.

Sincerely,

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# STAFF REPORT

**DATE:** April 19, 2011  
**TO:** Library Joint Powers Board  
**FROM:** Teresa Landers, Library Director  
**RE:** Use of Volunteers

## I. Introduction

Volunteers provide value to many government agencies and non-profit organizations. They take on tasks that allow paid staff to devote their time and skills to those areas of the operation that take greater training, knowledge, skills and abilities than is typically found in the average volunteer.

Volunteers volunteer for many reasons:

- They seek social interaction and want to meet new people
- They have a passion for the “cause” represented by the organization (also an opportunity to give something back or make a difference)
- They have specific skills and talents the organization can utilize
- They have time due to retirement, unemployment, children in school, etc.
- They are looking for more balance in their life
- They are looking for an opportunity for personal growth and self esteem
- They want to develop professional experience or contacts (i.e. build a resume)

What the individual volunteer wants out of volunteering makes a difference as to how much time they are willing to commit, what tasks, duties or responsibilities they want to take on and how long they will stay.

In turn, the organization not only gets the value of the work performed but also builds support in the community for whatever “cause” the organization represents.

This report will:

- review the volunteer program currently in place
- review the literature on the use of volunteers in libraries,
- identify the issues involved with using volunteers
- discuss how volunteers are being used in other organizations
- present some opportunities for using volunteers more effectively

## II. Current Volunteer Program

In fiscal year 0809 (the most recent for which full year figures are available) the Santa Cruz Public Libraries utilized a total of 310 volunteers who contributed 7,963 hours or the equivalent of 3.84 FTE staff. The chart below details these numbers by location. This does not include Friends or genealogy volunteers.

	# Volunteers	# Hours	# FTE	Avg # Hours/Volunteer
Aptos	24	1,309	.63	54
Boulder Creek	13	253	.12	19
Branciforte	19	826	.40	43
Capitola	13	663	.32	51
Central	57	787	.38	14
Felton	11	128	.06	12
Garfield Park	50	518	.25	10
La Selva Beach	8	157	.08	20
Live Oak	19	311	.15	16
Outreach	34	640	.31	19
Scotts Valley	47	898	.43	19
Technical Services	15	1,473	.71	98
TOTAL	310	7,963	3.84	26

Another important volunteer initiative this year was Santa Cruz Public Libraries receiving a *GET INVOLVED - Powered by Your Library* volunteer engagement grant from the California State Library in late 2009. The grant provided training and support for Library staff and Friends' groups to encourage volunteer engagement in the work of public libraries.

The *Get Involved* Training Institute was held on February 23-24, 2010 in Irvine, California. Representing the Library were Gale Farthing and Janis O'Driscoll (Programs and Partnerships Division) and Susan Heinlein and Kathy Hatfield (Friends of the Santa Cruz Public Libraries). In two full days of work, the Institute focused on capacity building and collaboration in the use of volunteers in a public library setting. SCPL focused on creating and publicizing clear position descriptions for the many tasks volunteers could perform at the Library. The team also agreed that a more functional Friends website is essential to recruiting volunteers.

When they returned to Santa Cruz, the SCPL staff completed 28 position descriptions. Because the volunteer Friends website manager was unavailable, the Library webmaster, Ann Young, loaded the position descriptions onto the Friends website and put links to the pages from the Library's website. Position descriptions may be found by clicking on the Volunteer link in the lower left-hand box of the Library website or at this URL: <http://www.fscpl.org/helping.htm> and are listed below. This list changes all the time as new positions are identified and as the need for others subsides. The list is pretty much self explanatory and indicates a wide

variety of opportunities available for volunteers which utilize a wide range of skills and which appeal to a variety of interests and talents.

Bibliographic Assistant	Materials Mending
Book Buddy	Newspaper Clipping File Assistant
Book Discussion Leader	Paper Assistant
CD Repackaging Project	Periodicals Maintenance Assistant
Circulation Assistant	Plant Care Assistant
Computer Class Instructor	Project Assistant
Computer Cleaning Assistant	Publicity Assistant
Delivery Dept. Book Sorter	Rebarcoder
Dial-a-Story Reader	Self-Check Assistant
Discard Assistant	Shelf Maintenance Assistant
Donations Sorting Assistant	Storyteller
EBay Sales	Tax Form Assistant
Fish Tank Caretaker	Techno Teen
Grounds Maintenance Assistant	Youth Services Assistant

As of mid-May 2010, SCPL is actively recruiting for immediate need in 8 different position descriptions at several branches. See <http://www.santacruzpl.org/news/>

The GET INVOLVED SCPL team is now focusing on getting the word out about Library volunteer needs. The team is entitled to a one-hour coaching conference call from Institute trainers; which is scheduled for June.

### **III. Review of the Literature**

A series of questions were sent out to all libraries in the state of California; using the statewide listserv. Over 20 responses were received. In none of them was paid staff ever replaced by volunteers.

Paso Robles is the only one where volunteers are being used to provide basic library service. Their transition came 15 years ago when they opened a new library that was much larger than their previous one. They hired a then part time and now full time volunteer coordinator. Volunteers work at a lesser level- they do not make any judgment calls or deal with any problems. They assist in virtually all areas of library service. There was no issue with the union since no one lost his/her job because of the addition of volunteers.

As for the other libraries who responded the following is a compilation and distillation of their answers. All described using volunteers the way SCPL currently does and many described it as for “value added services. A staff person from Roseville California gave a concise response; the essence of which was often repeated:

“Reasons for not using volunteers for core services include: for privacy reasons no access is allowed to the patron database or to staff areas. We do use volunteers

extensively at the Roseville Public Libraries but not to maintain hours or to fill in staffing gaps. While our volunteers shelf read they do not check in books or staff any of the public desks. We consider them the “icing” on the library cake providing services such as homework helpers, data entry computer tutors, greeters display designers, special event helpers, volunteer coordinators, story time leaders, etc. Many of our librarians conduct story times but we have trained story time volunteers to add more sessions due to public demand and also to provide outreach story times.”

Humboldt County does not allow volunteers to use their ILS, handle County funds or work in the buildings without direct supervision.

Anaheim is in the process of reducing full time staff by 30%. Part time hours were also reduced. They are looking at an expanded role for volunteers but at the time of the survey were still identifying job descriptions and had not yet met with their bargaining unit.

Berkeley’s volunteer policy expressly prohibits using volunteers to replace the work done by paid staff. Quoting from this policy:

“Volunteers are trained for routine recurring tasks and/or occasional special events. ... Volunteers shall not replace the work done by paid staff. The Berkeley Public Library volunteer program serves as a method for encouraging citizens to become familiar with and advocate for their library and the services it offers... Volunteers are requested to make a minimum commitment of three to six months, depending on the volunteer project. Volunteers shall work during hours when adequate supervision is available. ... In no case may a volunteer work in excess of 20 hours per week over a six month period.”

One library that did not want to be identified started using volunteer greeters when they opened a new building but 6 years later the need is not so great and they only use greeters for special programs. This is not something they would use regular staff for so they feel it is an appropriate use of volunteers.

Another used to staff programs with on-call staff. When that budget was cut they started to use volunteers for an after school homework help program and for a read-to-a-dog therapy program. They also use volunteers to offer and set up for programs.

The Library Programs Consultant at the California State Library provided the following information to the Carlsbad Library. “There are no libraries in the state of California that are exclusively volunteer run and still considered branches of the larger system.”

This latter comment brings up an interesting point of discussion. Would a greater reliance on volunteers affect the standing of the Santa Cruz Public Library system as a public library? To not be considered a public library has repercussions in terms of

funding, access to resource sharing, etc. The Institute for Museum and Library Services defines public libraries as:

“A public library is established under state enabling laws or regulations to serve a community, district or region and provides at least the following:

1. An organized collection of printed or other library materials or a combination thereof.
2. Paid staff
3. An established schedule in which services of the staff are available to the public
4. The facilities necessary to support such a collection, staff and schedule
5. Is supported in whole or in part with public funds.”

The definition of branches and stations continues according to the California State Library (CSL):

“Some public libraries have stations or small branches, with large volunteer contingencies. The CSL’s definition of outlets specifies minimum staffing in order for a facility to be defined as a branch or station and the corresponding requirements for space and collections.

**Branches:** A branch is an extension library open some part of each of at least 5 days a week, has at least 1,400 square feet of floor space a general book collection of at least 7,000 volumes and is staffed with the equivalent of at least one librarian and one clerical employee during the hours open for service.

**Stations:** A station is a library structure smaller than a branch, providing a lower level of service. All stations have all of the following, however: 1) separate quarters; 2) a permanent basic collection; 3) at least one established paid position; and 4) a regular schedule for opening to the public.”

The May 2010 American Libraries magazine featured an article titled, “Those Who Can, Do. Those Who Can Do More, Volunteer” by Alan Jacobson who is a librarian and volunteer coordinator for the Oak Park, IL Public Library. This article repeats much of what was heard from the librarians who responded to the questions on the listserv. It lists all the non-mission critical functions volunteers can do: work programs and events, film presentations, book discussions, chess tournaments, report running, displays, scrap paper etc. He talks about the need for a professional approach to the hiring, orientation, appreciation, screening/reference checking processes and for staff to have someone to go to who backs them up when dealing with volunteers. The need to invest in the volunteers through training, orientation to policies and procedures including dress code is made clear. He also states,

“A lot of library staff will grumble about volunteers doing our work at a time when so many of us are looking for jobs. Volunteers don’t (and can’t) replace us; they merely add to what we are able to do.”

His closing line is a good summary of his perspective:

“The judicious use of volunteers allows us to serve the community more efficiently. Incorporating them into our functions creates a seamless connection between us and the community, when their friends and neighbors walk through the door and are pleasantly surprised to see a thriving library, despite hard times.”

A second review of the literature focused on the volunteer world beyond libraries. Since SCPL does not have a volunteer coordinator on staff and all volunteers are managed through the Friends of the Library, there is very little of our own data available so research into the industry of volunteer management to assist with data and identification of issues and trends is appropriate.

**“The sudden flood of volunteers from the ranks of the unemployed has been a mixed blessing for nonprofits.**

Many who run nonprofits have marveled at the sudden flood of bankers, advertising copywriters, marketing managers, accountants and other professionals eager to lend their formidable but dormant skills. The Financial Clinic, which counsels the working poor on economic matters, recently dispatched an M.I.T.educated ex-Wall Street type to help people in Chinatown prepare their tax returns.... But others grumbled that the current love affair with volunteerism, encouraged by President Obama's nationwide call to public service, can be a mixed blessing. Smaller organizations, with staffs of fewer than 20 and no full-time volunteer coordinator, have struggled to absorb the influx, especially since many of them have simultaneously had to cut back on projects in the face of dwindling donations and government grants.”

MARCH 16, 2009, From Ranks of Jobless, a Flood of Volunteers, by Julie Bosman, *The New York Times*, <http://www.nytimes.com>. [posted 4/17/2009]

**“There is a high turnover rate among baby boomer volunteers.**

Baby boomers are volunteering at higher rates than previous generations, but 31 percent of those who volunteer one year fail to return the following year, according to a study released this month by the Corporation for National and Community Service. Nonprofit groups and others that use volunteers must find a way to bring that attrition rate down, says a report on the study that was presented here to a joint conference of the American Society on Aging and the National Council on Aging. "Volunteer turnover should be seen as just as undesirable as turnover among paid employees," it says. "For most businesses and nonprofits, a 30-percent employee turnover rate would be an indication of a workplace problem." The study also tracked baby-boomer volunteers over two-year periods from 2002 to 2006. It found that on average 31 percent did not continue volunteering the second year - and that the replacement rate, or the percentage of baby boomers who began volunteering that year, was only 27.2 percent. "Our nonprofit sector is doing an insufficient job of providing the kinds of opportunities and the kinds of management that boomers need in order to stay engaged and to stay fulfilled," David Eisner, chief executive of the corporation, told conference participants.”

MARCH 22, 2007, Boomer Volunteers Often Give Up Duties, Study Finds, by Suzanne Perry, *The Chronicle of Philanthropy*, <http://philanthropy.com>. [posted 4/24/2008]

**“Managing volunteers to grow long term with an organization could help stop the flow of volunteers leaving nonprofits.**

Some experts say that with all the perennial hand-wringing over the problem of volunteer recruitment, perhaps not enough attention has been paid to the grooming of long-term volunteers like Mr. Hale. Why do they stay when other volunteers quit? How can charities keep more of them? The decades-long increase in the number of volunteers has recently showed signs of slowing, and charities lose roughly one of every three volunteers a year, says Robert Grimm, director of research and policy development at the U.S. Corporation for National and Community Service, a federal agency that encourages volunteering. He calls this phenomenon the "leaky bucket" that's costing nonprofit groups an estimated \$30-billion annually. He believes organizations that lower volunteer turnover rates and master the grooming of long-term workers will reap increasingly large benefits. A skilled volunteer who comes back year after year can be just as critical to an organization's health as a comparably experienced and talented paid employee, he says. But finding volunteers like Mr. Cori, who are willing to stick with one organization over the long term, requires what Mr. Grimm, the federal researcher, calls a "talent management" approach to dealing with volunteers. Find out what stokes a person's passion or gets their creativity flowing, he suggests, then plug the person into a role where those specific passions can flower.”

FEBRUARY 7, 2008, Taking the Long View: Charities that Cultivate and Keep Volunteers Over Many Years Stand To Reap Big Benefits, Experts Say, by Eric Frazier, *The Chronicle of Philanthropy*, <http://philanthropy.com>. [posted 4/24/2008] .  
(ed. Note: this is a summary of a longer article which details Mr. Hale's and Mr. Cori's experiences)

An article by Mary Merrill (September 29, 2005) titled “Supervising Volunteers” on the website <http://www.worldvolunteerweb.org> discusses the issue of supervision of volunteers in the creation of a successful volunteer program.

“Unlike paid staff, volunteers are not dependent upon the organization for pay, and in fact are not motivated by pay. Their sources of motivation are often different from paid staff, they gain different benefits and most often volunteers work part time. All supervisors need to understand the dynamics of working with unpaid staff, and understand why volunteers donate their time and talents to the work of the organization.”

She goes on to discuss the similarities between supervising paid staff and volunteers.

“Policies of professional behavior should apply equally to paid and volunteer staff. Supervisors of volunteers may find themselves dealing with issues of absenteeism, tardiness, failure to perform, or other common problems. It is important that all staff understand the procedures and process for dealing with volunteer as well as paid staff problems. A good risk management procedure outlines the steps for dealing with problem behavior and usually includes one-to-one discussion between the volunteer and the supervisor, a documented plan of action, and an agreed upon review date. Occasionally performance does not improve, leading to disciplinary action or dismissal. Volunteers, like paid staff,

must have information on the organizational policies regarding disciplinary offences, and the consequences.”

Joanne Fritz confronts the issue of replacing staff with volunteers in her article, “Should Nonprofits Save Money by Replacing Staff with Volunteers? A Reasonable Recession Tactic or Not?” This appears on the website About.com Guide: Nonprofit Charitable Orgs. She provides the following tips:

- **“Don't lay anyone off with the intention of substituting a volunteer for paid staff.**  
Such action is bound to cause other paid staff to fear for their positions and to resent and resist working with volunteers, fearing they might take their jobs. However, when there is natural attrition, or a general reorganization, use that opportunity to rethink how your organization is set up, and how you might reconfigure jobs so that some duties could be done by volunteers.
- **Keep an open mind about what kinds of jobs volunteers might fill.**  
Yes, you might have a list of basic roles that you are always shopping for, but when your interview reveals other possibilities, don't be bound by precedent and rules. Don't hesitate to create a volunteer job that fits that particular person, his talents, and interests. You might be able to relieve a paid staff member of some task and shift it to a volunteer. That should allow your paid staff the time to spend time on other pressing duties. It should never, however, expose a paid staff person to possible job loss.

The bottom line is that it is to no one's benefit to cut costs by deliberately cutting staff and replacing them with volunteers.”

Susan J. Ellis brings a different perspective to the discussion when she talks about the opposite, “Replacing Volunteers with Paid Staff”, September 2008 on the website, <http://www.energizeinc.com>. In so doing she identifies some of the issues encountered when using volunteers and discusses how some organizations have chosen to go in the other direction and use paid staff where they once used volunteers. She says,

“Now add in a few other key factors:

- Aging-in-place of long-time volunteers who may no longer be able to handle the required duties as well as they used to, or who no longer represent the institution's desired face to the public.
- Resistance by new volunteers to committing to a fixed schedule over a long period – exactly what a front desk or shop assignment requires. These locations *have* to be covered, no matter what.
- Introduction of computers, complicated phone systems, electronic cash registers, and other technology – plus all sorts of new privacy regulations – which make the work much more complicated than being friendly to visitors.

From the perspective of consistent service to consumers through assured, constant, competent presence at a location operating many hours and possibly all week, employees may actually be better suited to these types of roles, despite the tradition of assigning volunteers there. When you pay someone a salary, you can require attendance at hours you set. There is no question that paying one to three employees to permanently work the desk or the store is the *easiest* way to go. And if money is available to pay such staff, it's legitimate to do so."

A study by researchers at the University of Pennsylvania in 2008, "The Interchangeability of Paid Staff and Volunteers in Nonprofit Organizations" 2008 (School of "Social Policy and Practice Departmental Papers) looks at both these trends. They first present an economic model to consider when deciding whether or not volunteer labor is worth it:

"Whether volunteers complement or substitute paid staff is an open question. For an organization, the decision of whether to use volunteers or paid staff, and how much of each, depends on several factors. Organizations that use volunteer labor as one of the inputs in production will be faced with a choice of how much to use of each of the various inputs of production. In other words, the use of labor, volunteer or paid, will depend on its productivity, its price, and other available substitutes. For example, from an economic point of view, the choice of using an additional hour of labor as an input should be made if, and only if, the value of the additional output from this hour is, at the least, equal to the price paid for this hour. For overall efficiency, this logic should be true for all inputs of production, including paid labor. Organizations will eschew volunteer labor as its price increases (the costs per hour of volunteer labor incurred by the organization) and turn to substitute inputs with lower prices, such as minimum-wage labor. The economics of choosing between paid labor and volunteers is complex, as indicated in the research by Handy and Srinivasan (2005) in the context of hospitals in Canada. Their research indicated that the quantity of volunteer labor used by hospitals is a decreasing function of their costs, productivity, and output. Several noneconomic factors also influence the decisions of organizations to use volunteer labor. Organizations in which volunteers are an essential part of the mission, such as Big Brothers and Big Sisters, will find it impossible to substitute volunteers with paid staff. On the other hand, in hospitals, it would be legally impossible to substitute volunteers for paid staff for any of the medical services. Moreover, in hospitals and Big Brothers, volunteer board members cannot be replaced by paid staff, whereas some tasks, such as helping with routine administrative duties, can be safely done by either paid staff or volunteers."

In discussing whether volunteer staff does tend to replace paid staff they refer to a study by the Small Business Administration.

"The primary empirical study on the issue of whether volunteers were replacing paid staff was undertaken by Brudney and Gazley (2002) and was a retrospective analysis of more than 42 years of a volunteer program carried out by the U.S. Small Business Administration. Using an interrupted time series analysis of data related to the Service Corps of Retired Executives, the authors found no evidence

in support of either volunteer replacement of paid staff or cutbacks in paid staff in response to volunteer initiatives. Rather, the data suggest that volunteers were supplementing paid staff, a view put forward by Brudney in earlier writings (Brudney, 1990). Even though the Brudney and Gazley (2002) study deals with a government agency, it has similarities to nonprofits serving the public using mainly government funding; however, it is based on a case study of the one organization.”

They then looked at the professionalization of nonprofits and the trend for paid staff to replace volunteers. They cite comments made by nonprofit managers:

- “There has been a professionalization trend within our services and the movement in general so that we now hire trained counselors rather than women who have experienced violence.”
- “Volunteers were too unreliable and untrained to do some of the jobs that paid staff now do. Timing for some projects is an issue so paid staff can be expected to meet those timelines but volunteers may or may not. It is time-consuming to train volunteers. Paid staff accepts instructions and directions easier than volunteers.”
- “Volunteers are not used to replace a staff member. Rather they assist the current staff to allow us to cope in this world of ‘doing more with less.’
- “We have no more or less staff than we have ever had but we certainly have more work due to higher expectations of funders, stakeholders, and participants.
- “Volunteers allow us to keep our heads above water.”
- “Volunteers today are not just bored seniors looking to fill their time. They are educated, busy people wanting to contribute. They therefore are capable of performing more complex tasks. I still maintain, however, that volunteers do not replace staff, but are an enhancement.”
- Reality is that many activities require consistency, which means that you must look to staff as few people are willing to volunteer 40 hours a week. Splitting the job between 5 people (8 hours each/week) is not effective.”

Comments specifically from the hospital environment are:

- “It takes a long time to train employees and volunteers. It is often uneconomical to train volunteers because they move on, have limited time to contribute and need special time and effort to motivate.”
- “We do not believe in using volunteers to do work that employees should be paid for, except with a very few exceptions. Most of our work requires specific skills and education, and we are not willing to use volunteers for this work.”
- “Volunteers have a high turnover rate, so the training and retraining needs are important; this is a factor in the attribution of complex/ specialized tasks to paid personnel.”
- “All tasks are currently done by paid staff except donor information, which could be done by volunteers if acceptable qualification, skill, and commitment were available. Recruiting volunteers who meet

these criteria is difficult.”

- “Experience shows us that tasks that can be done by volunteers are punctual tasks with guidelines. Regular tasks or those involving care, and supervision of people, need a stable and continuous approach.”

The research team concludes that overall, volunteers are replacing staff in some organizations but the reverse trend is occurring in an even greater number of organizations.

Kate Bowgett is the Volunteer Management Advisor for the London Museums Hub and is a board member of the Association of Volunteer Managers. She wrote an article that originally appeared in [Volunteering England Magazine](#) June 2009 and was posted on her blog June 27, 2009 on the website: <http://www.volunteermanagers.org.uk/economic-downturn-and-spectre-job-substitution> . She cautions against replacing staff with volunteers for several reasons. Her blog posting is reprinted in its entirety:

“The economic downturn would seem to have created boom time for volunteering. Volunteer Centres are reporting record numbers of volunteer enquiries, and the government has just put millions into a scheme using volunteering as a step toward employability for the long term unemployed.

But unless the sector is careful, this slump could have real risks for volunteer management, and the way volunteering is perceived.

Volunteering and volunteer management have transformed since the last time we were in a recession. Organisations involve volunteers much more professionally, using the gift of time more effectively, and ensuring that volunteering is a positive experience where both organisation and volunteer benefit.

However this step change could well come to a grinding halt as credit crunch sets in, and as the specter of job substitution rears its ugly head. Money is scarce on the ground for everyone, and as organisations face cutbacks, one solution is to replace our paid staff with volunteers.

Funding bodies push us to reduce our overheads to the absolute minimum, arguing that as the ‘Voluntary’ sector shouldn’t more of our workers be just that?

As funding starts to dry up its easy to see why panicked organisations look at making staff cuts and relying on volunteers to take up the slack. Many would argue that job substitution is a pragmatic solution to a loss of funding.

Faced with having to close down an organisation, or withdraw funding, isn’t it just the lesser of two evils? But what do we lose if we make this compromise? The practice of replacing paid staff with volunteers does not show up our sector in a particularly good light, and does little to persuade the public at large that volunteering is a positive thing to do.

A common argument people use for not volunteering is that organisations exploit volunteers. It becomes harder to argue against this if volunteers are being used purely to save on staff costs.

Using volunteers to fill in key roles risks undermining some of the fundamental things that attract people to volunteering. If a volunteer is carrying a role so vital that the organisation would suffer if they did not come in, then there is no room for any flexibility around what they do, and when they do it.

We risk a situation where we are, essentially, emotionally blackmailing people to carry on offering time. Job substitution is also problematic on a practical level.

A volunteer entering an organisation where they are displacing paid staff is unlikely to be welcomed with open arms by existing workers. It would be hard to persuade a staff member to spend time supporting and developing a volunteer, if they knew that person could oust them at any moment.

Good, sensitive, volunteer management becomes very difficult in these circumstances. Proper planning is impossible when volunteers are being bunged in at the last minute to fill up gaps.

Under these conditions organisations are unlikely to be giving their volunteers a high quality experience, and as a result their volunteers are much less likely to suggest volunteering to their peers.

We also need to think about the kind of sector we all want to work in. Working in the Third Sector is now seen a positive career. Charities attract talented dedicated individuals who want to expand and develop their careers.

If we slip back into a position where job substitution is seen as ok because it's a means to an end, we stop making a career in the voluntary sector a viable choice, which will inevitably lead to a much less vibrant, sustainable sector.

In the short term, job substitution may seem like the ideal quick fix for organisations having to cut back on services, but if we accept it as a fact of life; we risk short changing all service users in the long term.”

The web site <http://hrcouncil.ca/hr-toolkit/workplaces-staff-volunteer.cfm> focuses on the human resources function in organizations and has a section devoted to the management of volunteers. There is a tool kit and as part of that, the issue of staff resistance to volunteers is addressed. The first part discusses possible staff concerns:

- “I enjoy the hands-on part of my job. I don't want to give that part up to volunteers and be left with only a supervisory role.
- It takes too much time to get a volunteer trained and up and running.
- Volunteers are well meaning but don't have the same level of professional training that I do. Service to clients will be affected.
- My job description is big enough already without having to add on supervising volunteers.
- I don't have any training in volunteer management. That's not my job.
- Volunteers aren't dependable.
- You can't get rid of volunteers even when they aren't doing a good job.
- I'm worried that volunteers won't respect confidentiality.
- It's easier to do it myself than involve volunteers

- Will my job be replaced with volunteers?"

Tips for working with volunteers are provided:

- **“Top-down commitment**

There needs to be an organizational commitment that volunteers are integral to advancing the mission of the organization and the commitment needs to be shared from the top down. An important question to ponder is "If we had an unlimited budget, would we still involve volunteers?" If the answer is, "yes" then ponder the unique value that volunteers bring to your organization and to your clients.

- **Investing in infrastructure**

While it may appear at first that volunteers are "free" because there is no cheque to be paid, there is a cost to involving volunteers. Your organization needs to provide staff with a budget to recruit, properly train, supervise and recognize volunteers as well as to cover the cost of professional development. When staff has the resources they need, you set the stage for successful staff-volunteer relations.

- **Understanding today's volunteer**

In the past, volunteers operated more "behind the scenes" supporting the work of paid staff. Today's volunteers have much different expectations and oftentimes come with highly developed, specialized skills that they want to utilize. That means that staff is more likely to be in a coordinator or manager role and the volunteer in a consultant role. It is important to recognize the change and to build volunteer positions that tap into the strengths of both staff and volunteers.”

#### **IV. Issues to be Addressed**

The review of the literature brings up many of the issues that need to be considered when expanding the volunteer program to provide basic library service. Others may be somewhat specific to SCPL. While they may not all be insurmountable, the resolution of each of these must be considered with the understanding and recognition that it could take time and considerable resources to resolve.

1. Labor Relations: Agreed upon guidelines with the four bargaining units for the use of volunteers include not using volunteers to replace furloughed or laid-off employees. These guidelines describe the appropriate use of volunteers to augment and support paid staff. If financial reductions are achieved by laying off staff and we then turn around and hire volunteers to run the libraries, if those libraries are still considered branches of the SCPL system, then we have effectively violated our agreements. There is no reason to believe this is going to be an area in which the bargaining units are going to be willing to make any concessions. To make this work there would be a need for agreement in advance on the use of volunteers such as they do in the Sheriff's Department as is described later in this report.

2. Public Library Status: In order to receive funds from several state programs; Public Library Fund and Transaction Based Reimbursements, it is necessary to be considered a public library. By reading the definitions above, it is clear that we must have paid staff in order to be considered a public library. This is also a good place to include additional related information. In 1978 the Attorney General issued an opinion that states, “Fees may not be charged to local residents for “library services, as defined herein.” Later in the opinion library service is defined based on the federal Library Services and Construction Act.  
“In this act “library service” is defined as “the performance of all activities of a library relating to the collection and organization of library materials and to making the materials and information of a library available to a clientele.”
3. Confidentiality: The confidentiality of patron records is an important and basic tenet of the public library and California State Law protects this. In this Internet age we are finding people much less concerned about their privacy and the confidentiality of their information but that is not a reason for us to give up this tenet. Yes, volunteers can sign confidentiality agreements but what are the consequences for violating that agreement? They can no longer volunteer for us? Does this open the Library itself up to potential litigation? We have heard some patrons express concern that their neighbor is the one who has access to what they are checking out. Staff also accesses a great deal of information on the Library and City Intranets. Access to both these involves access to much information necessary to do one’s job but also a great deal of confidential information as well. Will we give volunteers access to this information? If not, we will need to develop a duplicate pathway for disseminating and storing information needed when working a public service desk.
4. Liability: In discussions with the City of Santa Cruz Risk Management Division several issues have been identified. City policy requires that a staff member be present and be supervising whenever a volunteer is present. To deviate from this will require research into the additional liability insurance costs which are likely to be necessary. The other area of concern is Worker’s Compensation. Volunteers do not currently appear to be covered by Worker’s Compensation. Risk Management is researching this issue to determine if volunteers should be covered and if so, by whom- the Friends or the Library as part of the City of Santa Cruz. If they are, we can expect a significant increase in Worker’s Compensation rates. If not, then should a volunteer be hurt while working we could be exposed to civil litigation including a charge of negligence depending on the circumstances. Patrons hurt while using a facility with none or very few staff present could result in a similar situation of civil liability and negligence as someone might argue the volunteers are not as well trained as staff to deal with potentially dangerous situations. Reference Paso Robles that uses volunteers extensively but does not allow them to

handle difficult patrons or situations. “Incidents” occur in our facilities almost every day that require the intervention of staff at some level.

5. Communication: Every staff member has an email account paid for by the Library. If we are going to have volunteers doing tasks that require they stay up to date on policies and procedures, they will need to have access to email. The cost per account is currently \$50 per year per person. They could have a personal email account but would need to be willing to use it for library purposes. Access to the City and Library Intranets is also an issue of communication as detailed in the Confidentiality section.
6. Management: If there is one consistent theme in the literature it is that volunteers require supervision and training. There is also the issue of training staff on the management of volunteers. Recruiting, interviewing, checking references, managing the paperwork, training, discipline and ongoing supervision all must be provided. We recently used a volunteer supervisor to oversee government paid workers for the re-barcoding project. Early on it was clear the volunteer supervisor could do only so much. Another area that is frequently referenced is recognition of volunteers. Many organizations host annual events to recognize volunteers. Giving awards for years of service or just basic appreciation is also standard procedure when managing volunteers. This should be budgeted at \$2-3,000 per year minimum.

Background checks and fingerprinting: Currently we only do this for volunteers working with vulnerable populations- seniors and children. All staff undergoes a background check and fingerprinting before they are hired. If volunteers are going to be replacing staff, handling money and having access to confidential information they are going to need to undergo a background check and fingerprinting. This currently costs \$65 per person. If the Library is going to pay for this, this cost must be factored in, taking into account turnover and the need to have backup volunteers.

Staff undergo initial and follow up training in many areas. They are required to attend “Preventing Workplace Harassment, Discrimination and Retaliation”, “Understanding Cultural Diversity” and “Disaster Service Worker Training.” Internally we not only train for the specific job tasks but also for safety and ergonomics, confidentiality and handling difficult patrons and situations. To get a circulation clerk ready to serve on a customer service desk, not including mandatory city training takes almost 30 hours.

The Friends currently employ someone 20 hours per week to recruit and place volunteers. He is unable to keep up and spends most of his time arranging for volunteers for special library and Friends projects; book sales, survey workers, re-barcoding, etc. He does not have time to follow up to see if the placement is working, track statistics beyond the basics or help staff if they are having

problems. Training is left to the individual location where the volunteer is placed.

Not all staff is comfortable supervising. As an example we know of one situation where the work of the volunteer has to be re-done after the volunteer leaves because it is not done correctly. The staff supervisor of the volunteer is not comfortable “letting the volunteer go” because she is such a nice person.

Our entire process for handling volunteers runs contrary to the recommendations found in the literature. To do it right we need a minimum of one full time professional volunteer coordinator and at least a half time (possibly full time with 12 volunteer locations) volunteer liaison who can help with orientation and training, record keeping, and working with staff on location with the volunteers.

7. Depth of the field: How many volunteers would be needed to staff branches with volunteers? We will use Capitola as an example. Capitola is open 20 hours per week which requires 108.5 hours per week of staff time. This calculation does not include the approximate 28 hours per week of page time for sorting and shelving. Let's say that half the staff time will be covered by volunteers. With each volunteer working 4 hours per week; This means that 14 volunteers will be needed. In recent discussions with the La Selva Beach community the model called for 3 volunteers. The request was to have 10 volunteers trained to cover for the 3 so as to have some depth should a volunteer not be available. (Note that in LSB the volunteers are not doing the work of staff). The compromise is currently at 5. At a 5:3 ratio one could conclude that 23 volunteers will be needed in order to have 54 hours per week of volunteer time. This is also at current levels of open hours. If hours were to be increased then the number increases proportionally. For a regional branch such as Scotts Valley this same calculation results in the need for about 69 volunteers ready and trained. (In Morgan Hill 60 volunteers are used to cover 40 hours of time. This is a 9:6 ratio while 5:3 is a 10:6 ratio so they are very close).
8. Customer Service: We spend a lot of time working with staff on developing a strong ethos of excellence in customer service. This was reflected at every single strategic plan town hall where staff was consistently named as one of the library's greatest strengths. This does not happen by accident but by design and takes diligence in supervision, providing relevant training opportunities and developing policies and procedures which support such excellence even if it means altering them as necessary to be responsive to changes. Volunteers would require the same, if not more, supervision and attention including attendance at ongoing training. The current training budget is woefully inadequate to meet staff needs so would need to be greatly increased to accommodate the needs of a larger volunteer workforce.

9. Experiences: There are many success stories and there are many volunteers who have proven to be dependable, hard working and committed. However, less than positive experiences working with volunteers make it more difficult for staff to accept an expanded role for volunteers. When dependent on volunteers to provide basic public service, just one of the occurrences below could mean the library cannot open at the time scheduled or provide the basic service expected of the Library. In the case of Book Buddies, a staff member has to make the delivery or delivery is delayed. Delaying delivery to someone who counts on that visit not only for the materials but for the social interaction is not good customer service.

- There was an event which involved reading to children (Dia de los Ninos). A call to 100 volunteers went out. Ten responded to say they couldn't help; the others did not respond at all. In the end two staff volunteered on their Saturday off.
- Live Oak geared up for the premier of self check by engaging volunteers for most of their open hours. The first volunteer scheduled for the opening of the library on the first day did not come. She called later and said she was at a job fair and lost track of time.
- On April 15, 4 volunteers were scheduled to direct the public to the tax forms. Two showed up. They were great.
- One area where we do have some statistics is the Book Buddy program whereby volunteers bring materials to homebound patrons. As of March, 2010, there are 20 Book Buddies of which 3 are inactive. Of those 1 has been with the program since its inception, 71% since 2008 and 29% since 2006. Last year 2 dropped out after one month. Since 2007 the average loss per year is between 30-35%. This is remarkably close to the figure given by the study cited in the literature review. Reasons for leaving include people decided to work less and spend more time pursuing other interests, several deaths of volunteers and some have had grave illnesses which ended their ability to continue. Others decided to quit when their Book Buddy moved away or died.
- Boulder Creek landscape maintenance- Funds were eliminated last year for landscape maintenance in Boulder Creek. An attempt to restore those was met with a recommendation that we use volunteers for this function at Boulder Creek and several other facilities. The following is a report from Laura Whaley at Boulder Creek regarding just such an effort for May 1, 2010:

“The BC Friends and I began planning and advertising for this event on April 5th. This would be an all day event where we asked for volunteers willing to work one hour or more between 9am and 4pm. The BC Friends would provide lunch and beverages, the library would provide tools. By the end of the first week we had fliers up in the Library, in downtown Boulder Creek businesses, on a BC activity website, and a notice in the Press Banner that ran for

two weeks. I was also speaking to patrons at the Branch. Within this time we received verbal or e-mail notice from over thirty people that they would assist in the grounds clean-up. One large group promised over twenty people. It was a church group that needed to perform community volunteer hours.

As the days grew closer to the clean-up date the number of folks from the group dwindled to 'maybe' five or ten people 'maybe' after lunch. Others we had spoken to earlier were non-committal. The night before, the recently formed SOL group held a town hall meeting where one of the volunteers reminded attendees that one way they could help the library was to show up the next day to help clean the grounds.

On the day of the event I was joined by two people at 9am and then two more at 10am, one of whom was a library employee on her day off and the other, a member of the BC Friends group. By 11:00, two individuals had to leave but were replaced by two people from the group that originally was going to be twenty participants and three more, one being my husband. At 1 pm the two from the group left and were replaced by two Moms with their, under six years old, children. Tasks were assigned to the children. Honestly, they made more of a mess but they're kids, they had fun. The families disappeared into the library before 2 pm. Two other volunteers arrived after lunch and helped for about an hour. All told, about 12 adults participated in the clean-up (two being employees and one an employee spouse).

While a good deal of clean-up was accomplished, the lion's share was done by the two employees (one on her morning off), and two volunteers (one being my husband). I don't want to discount what the volunteers did; the hillside looks so much better than it did, but I wouldn't want to rely on volunteers to handle the grounds keeping unless a clear 'contract' was established between the volunteer and the Library. As a one time project, or perhaps twice a year, it can be doable but for regular maintenance, I question the reliance on volunteers.

If an employee spent a good deal of time lining volunteers up, establishing a contract detailing a set number of hours and tasks to be completed, and then, to a point, supervising the work it could work but there are still no consequences for the volunteer if they break the contract unless we modeled it as we do with young volunteers who need community service hours. In this case we would probably want to work with adults who need to work off community service hours or who want to work off library fines.

My worry though is the amount of supervision needed and the regularity of the work.”

## **V. Community Comparison**

Several examples have been cited as possible models for the SCPL use of volunteers. One of these is the Santa Cruz County Sheriff’s Department service centers whose front desks are staffed by volunteers. A lengthy conversation with Jaclyn Hart, full time volunteer coordinator revealed the details of how this works. There are some similarities to the Library’s situation but also many differences. Volunteer positions are agreed to by the labor union. The centers opened in 1996 with volunteers from the beginning. In other words, no staff was replaced by volunteers. Each of the four service centers is open 40 hours per week and is staffed by a paid sergeant and paid community service officer. Each volunteer works 4 hours per week so there are 10 volunteers per service center. If a volunteer cannot make his/her shift they cover for each other or swap shifts. If no one can cover the CSO or Sergeant covers or they close the center if necessary. If a volunteer is gone for an extended time they work short staffed. There is a constant flux with the majority having been there 5-12 years.

Jaclyn did express concern that only being there 4 hours per week makes it that much more difficult to learn the job. While the CSOs and Sergeants oversee the day to day operation, she, as the coordinator handles any problems that occur. They handle about 6,000 phone calls and 5,800 walk-ins per year. This corresponds to taking about 500 reports per year. They do not perform the full range of duties of any paid position. They all do the same tasks which makes supervision and training easier. Busyness varies from really busy to nothing at all happening.

This is a good place to compare with a library facility that is open 40 hours per week; the Central Library. The Central Library handles over 400,000 “walk ins” per year and almost 100,000 reference questions are answered. The basic operation of the Central Library takes 811.5 staff hours per week which does include having staff available when the facility is not open in order to provide for the smooth handling of materials. It does not include 163 page hours per week for sorting and shelving. (As a side note- all pages must be students. This provides an opportunity for the young people in our community to get work experience as well as earn income.) There are over 500,000 circulation transactions per year. Questions do not fall within a specific category such as minor crime reports but can be about virtually any topic imaginable and some not so imaginable.

Two other examples of volunteer operations are the Ben Lomond and Soquel volunteer libraries. A library staff member interviewed the volunteer staff at the Soquel library. They are open 12-4 Monday through Friday and 10-2 on Saturday and run the library on a budget of \$5,000 per year which they get from a donation drive every December. It is a small browsing collection. What you see is what you get (no system for placing reserves) and is totally manual. They do lease books through a bestseller program which is paid for by one individual (\$2,000); otherwise they are totally dependent on donations. They have one computer with Internet access but

support is dependent on what the different volunteers can offer. They acknowledged that there are difficulties running the library, and it is a lot of work, but they are far outweighed by the benefits to their community. They have dedicated volunteers, who are totally responsible for their shift. Only drastic circumstances stop them opening and they all have a back-up. They could not recall anyone not working out, but they do all know each other pretty well. They all meet once a month. They have no security problems. The library can be used whenever groups want because there is mutual trust and respect. They provide a service to their community which is much appreciated but are backed up by the presence of the SCPL system which is accessible to their community members as well.

At a recent social event a man was talking about the Ben Lomond Library. He has a young child who he used to take to story time there on Tuesday mornings but now they go to Scotts Valley every Saturday to get materials and to do research for reports. They go online and pick up the materials they need at Scotts Valley.

These local small volunteer libraries provide a possible alternative for smaller communities as long as the resources of the larger system remain available to them which could be done through bookmobile service and a books-by-mail program.

Just like teachers, librarians are highly educated. In fact, a Master's Degree is required. We do not turn over the education of our children to volunteers. We require a certified teacher in every classroom; possibly assisted by paid and/or volunteer aides. Museums employ professional staff to plan and prepare exhibits, manage education programs, handle marketing and public relations. They rely on volunteers to add value as docents, in gift shops, etc. Even then, docents usually undergo lengthy and specialized training. CASA volunteers must undergo about 36 hours of training. One staff member trained as a volunteer tour guide for the zoo in Seattle a number of years ago. The training was every week for 3 hours for 3 months while learning detailed biological information about every animal at the zoo.

## **VI. Summary and Conclusion**

Another important area is partnerships. Our Programs and Partnerships Division is actively pursuing partnerships with various groups in the community. Another area of collaboration is with other library groups. We are participants in several: MOBAC (Monterey Bay Area Consortium), PLP (Pacific Library Partnership) and Califa. Through these partnerships we currently receive discounts on electronic databases, have access to a variety of training programs, benefit from grants for materials, software, training, etc. While not specifically volunteer related, they are ways we are able to expand our resources at the cost of membership in these groups which is quite reasonable.

There are many opportunities for volunteers to help our libraries run more smoothly. The key consideration is using volunteers for non-essential services so if a volunteer cannot come in for a shift, the basic operation of the library and service to our

customers is not disrupted. The following report from our Central Youth Services Division provides an excellent perspective on how much we value volunteers while recognizing they do take staff time to manage and there are limits to how many volunteers staff can handle:

“Central YP had 111 volunteer hours in May, 85 hours in April, and 72 hours in March. There were four staff members to supervise the 27 volunteers that are regularly scheduled. Our experience has shown that we can expect approximately 20 minutes of staff time for each volunteer hour. We also discovered that volunteer assignments work best when there is no deadline since so many factors in their personal lives, including transportation to the library, can interfere with their volunteer schedule. We are now at the angle of repose for the number of volunteers we can supervise.

That being said, the volunteers have been immensely helpful with their contributions. We average 10-12 carts of books each day, and most of the picture books are shelved by our volunteers. One volunteer is a native Spanish speaker and is recording Telecuentos on a weekly basis. Many of the volunteers assist us with craft projects that are used in our programming. They have also been barcoding the collection and several have been trained in book mending. Other chores include book cleaning, computer and keyboard cleaning, and we are particularly grateful for Mimi who weekly takes care of the fish tank and prepares the fish food for the following week. During the past year, our volunteers have helped us to maintain the level of service we now provide despite the reduction in hours, staff and services.”

If we were to have staff available to coordinate the volunteer program we undoubtedly could make more effective use of volunteers. This could translate into additional or restored open hours if paid staff could be freed up enough.

Interlibrary loan is an example of a service that could be supported by volunteers. Volunteers could also be used to provide more creative services. One possibility would be a books-by-mail program that could be offered on a fee basis. Volunteer run, this could provide materials to people who have difficulty getting to a fixed facility to pick up materials or for those willing to pay for value added service. Since this is not a basic service, charging for it is not unreasonable. Covering postal charges and the cost of supplies, this could be an innovative service that is cost neutral to the Library, if run by volunteers.

There are many options for using volunteers effectively to the extent that open hours could be expanded. Three possibilities are outlined here:

1. Replacing staff with volunteers- There are many problems with this model as described in the literature. There are major liability, training, supervision and logistical difficulties. Effect on staff morale is crippling and the ensuing labor union difficulties daunting.

2. Augment current staff with volunteers- This could take many different forms. The recommended one is to have volunteers do non-essential task so if they do not come in, basic operations can continue. This would also require the least training. To do this effectively, however, there is a need for a full time dedicated volunteer coordinator and at least a half time volunteer trainer/liaison. Current staff responsibilities do not leave enough capacity to take on the additional work required. It is possible that over time, as various efficiencies are achieved, some staff time would be freed up to either open more hours directly or to take on more supervisory responsibilities over volunteers.

3. Smaller branches are turned over to their local communities to be run completely by volunteers with the Library providing bookmobile, books-by-mail and other value added services.

These alternatives and others should be considered by the Task Force on Library Service Models where they can be fully evaluated more completely in terms of cost, advantages and disadvantages and how they contribute to long range financial sustainability for the Library system. We realize the community is anxious to increase hours but to take immediate action without fully evaluating alternatives will most likely result in disappointment, frustration and poor management of the resources we do have.

RESPONSES FOR “UP A CREEK WITHOUT A FINANCIAL PADDLE - THE LOMPICO  
COUNTY WATER DISTRICT”

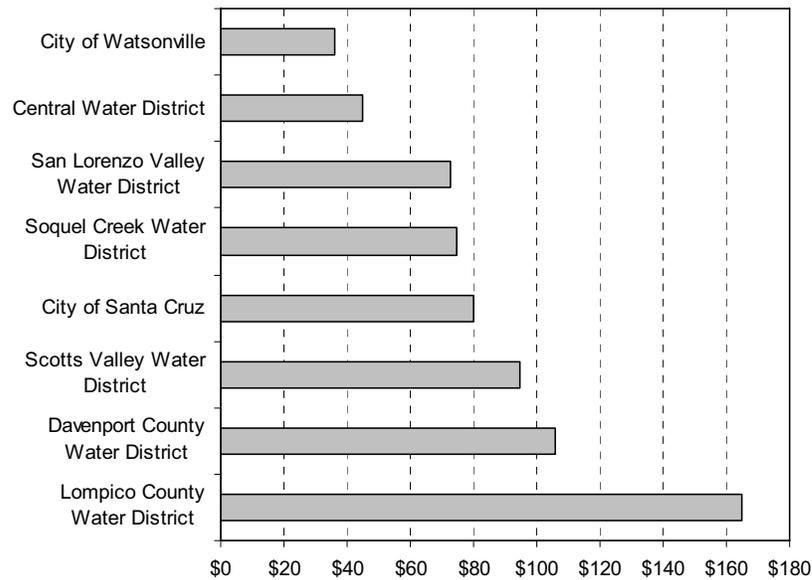
***Lompico County Water District- Responses to Grand Jury Report  
“Up a Creek without a Financial Paddle” dated May 2010***

***Financial Findings***

F1. *Page 6:* Upon reviewing annual audits, the Grand Jury determined that LCWD has been operating at a deficit for at least the past five years. LCWD budgets are incomplete, inaccurate, and do not provide for economic uncertainties or a capital improvement plan.

- Revenue to the district comes from customer water bill payments and a percentage of property taxes refunded to the water district from the State. In two recent years, a portion of the tax money was not released to the district on schedule because of the State’s budget crises. Although that money now has been released, the water district finances remain in a deficit status.
- The approximate revenue to LCWD is \$400,000 annually. The Grand Jury was unsuccessful in its efforts to obtain an accurate copy of the district’s budget, including up-to-date revenue and expenditure figures. The budgets received were incomplete, were missing information, and did not include a capital improvement plan or a reserve account.
- Three redwood water storage tanks have serious leaks and need to be replaced. Moreover, the system of old lateral pipes going to residences needs to be replaced due to manufacturer defects in the pipes originally purchased by the district. Approximately 40 percent of the plastic lateral pipes have been replaced with copper. Much of the replacement work was done on an emergency overtime basis, costing the district additional money.
- The ready-to-serve (RTS) rate, which must be paid by every customer before any charge for actual water usage, is \$82.64 every two months; this includes the most recent rate hike of \$15 per billing period. The actual water usage portion of the bill is based on a tier system calculated on the amount of water used in the current billing cycle. Until very recently, customers’ water bills were not itemized to show the amount in each category on an individual’s water bill. LCWD has the highest water rates of any public district in the county. This was true in 2005, as revealed in the chart below, and it is still true today.

**Bi-Monthly Residential Charge for Average Santa Cruz County Customer**  
(5/9 x 3/4" meter and 20 CCF usage)



Source: Santa Cruz LAFCO: Countywide Service Review - June 2005

- The board of directors was dependent upon staff for all financial and budgetary information. Board members indicated that their financial oversight of the water district budget was hampered by their lack of direct access to information maintained on the district’s computer.
- An independent audit in 2008 recommended that LCWD hire a qualified bookkeeper. This recommendation was not implemented.
- After the secretary and the district manager were fired in early 2010, the board of directors became aware that the district’s financial information was disorganized, incomplete, inaccurate, or missing altogether. Additionally, the board found many overdue bills in the office.
- The Santa Cruz County Auditor-Controller’s office performed an *Independent Accountant’s Report on Applying Agreed-Upon Procedures* at the request of the LCWD board of directors and presented the report on December 3, 2009. The audit examined payroll procedures for the three-year period of June 30, 2005, through June 30, 2008. That report, now part of public record, indicated the following:
  - Pay rates for this three-year period were provided for the secretary but not the district manager.
  - At the time of the LCWD 2008 official audit by an outside auditor, the accrued compensation for district employees for unpaid vacation and overtime since 1999 had grown to \$140,000.

- Numerous errors abound in timekeeping and payroll processing, including inaccuracies in tracking forms, inaccurate reporting for the California Public Employees Retirement System (CalPERS), and intermittent omission of state and/or federal tax withholdings.
- LCWD did not provide any evidence of payroll-related policies for this report, which includes executive leave accrual guidelines, board-approved minutes authorizing various cost of living adjustments (COLA), and other payroll details.
- During the period analyzed, there were numerous examples of apparent misreporting of on-call pay, overtime pay, executive pay, and vacation time, including lack of reporting state and federal taxes and correct hours for CalPERS, ultimately resulting in loss of district funds.
- Since July 1, 2009, at the request of the LCWD board of directors, the County Auditor-Controller's office has taken over the function of paying the bills and payroll. They also have been extending "dry period financing" to cover payroll and bills when there have not been adequate district funds on hand to cover these expenses. The County covered two pay periods in February 2010 due to lack of revenue in LCWD. Once the tax revenues are distributed to the water district in April 2010, the Auditor-Controller's office, by statute, will no longer be able to extend financing to LCWD.
- Due to the District Attorney's arrest of the district secretary for embezzlement, the most recent independent auditor stated that a detailed forensic audit is required, which could push this year's accounting costs to approximately \$20,000.
- PG & E has threatened to cut off power to LCWD for failing to pay bills in a timely manner and for ignoring two negotiated payment plan agreements. As of March 2010, LCWD had an outstanding bill of \$2,700 with PG & E.
- LCWD currently is on a cash-on-delivery basis with suppliers. In March 2010, the district could not pay for the chemicals needed for the filtration system and had to appeal to the County of Santa Cruz to cover the bill.

**Response: AGREE, with the exception of current budget. As of July 1, 2009 the budget is filed with the County and included with each monthly board agenda packet showing all income and expenditures. The budget for 2009-2010 allowed for \$23,000 excess revenue over appropriations, which was designated to reserves.**

F2. *Page 9:* Employee costs including compensation and accrued benefits have escalated in recent years, placing a significant strain on the district's limited resources.

- With a budget of approximately \$400,000 in revenue, LCWD spends about \$300,000 annually on personnel costs for three employees. The remainder of

the budget, approximately \$100,000, is left to run the district, to make repairs, buy replacements, and maintain water quality. This amount has proven insufficient to meet the district's needs.

- During the five-year period 2001-2006, approximately 55 percent of the district budget went for employee expenses. By 2007-2009, these expenses increased to approximately 75 percent of the budget due to increased salaries and benefits. At the same time, revenue remained flat due to reduced tax revenues and reduced income from customers because of drought-condition water conservation.
- In 1999, Resolution 99-679 was approved by the board placing a two-year limit on compensation and benefit accruals. However, the Grand Jury found no evidence that the board adhered to this resolution thus creating a substantial unfunded liability to LCWD.
- Records indicate that day laborers' wages were paid out of petty cash funds and were not part of budget planning and development.

**Response: AGREE**

F3. *Page 9:* LCWD does not have the funds to conduct the preparatory work required to apply for grants or loans. The generally weak national and local economy severely hampers LCWD's ability to qualify for additional working capital. Most large projects require studies and pre-engineering costs which the district cannot afford. Furthermore, grant money generally is restricted to innovative projects and cannot be used to replace leaky tanks or to subsidize operational costs.

**Response: AGREE**

F4. *Page 11:* Through a review of district records and interviews with past and present directors, the Grand Jury determined that the boards of directors have failed to adequately perform some of the basic duties of a governing board.

- LCWD directors indicated that they had little or no training to be board members. In addition they have not taken sufficient advantage of opportunities to educate themselves, nor have they created a training manual or handbook to appropriately educate successive boards.
- The LCWD board has not created rules or guidelines for its proceedings, such as district bylaws, as required by the California Water Code section 30530.
- The Board Policy Manual created in 2009 was duplicated from San Lorenzo Valley Water District.
- Interviews and documentation reveal that the LCWD consistently failed to hold regular board and committee meetings.

- LCWD board members stated that the agenda for meetings did not reflect items board members requested to be placed on the agenda.
- The Grand Jury observed that some LCWD board members were not familiar with using Sturgis' Rules of Order and that they sometimes failed to treat each other and members of the public with civility when conducting their meetings.
- The Grand Jury's review of meeting minutes from 2006 to the present revealed that the LCWD board did not monitor minutes for completeness or accuracy.
- Letters from the District Attorney's office in 2008 and 2009 indicated that citizens filed complaints about alleged violations of the Brown Act. The District Attorney did not find sufficient grounds to warrant criminal charges.

**Response: AGREE, with updates:**

**In 1964, the Board of directors of Lompico County Water District adopted Ordinance 2, which defined when and where the board would meet to conduct meetings, the order of the agenda, and that the board of directors shall use Robert's Rules of order. The Board of directors reviewed Ordinance 2 at a special meeting on June 8, 2010.**

**The board of directors has been improving its compliance with Robert's Rules of order in conducting meeting.**

**Within 72 hours of the regular board meetings, the District Secretary writes up the minutes from the meeting, and emails the minutes to each director for review. The corrections, if any are transmitted back to the District Secretary for update.**

**The Board conducted a special meeting on June 8, 2010 to review Ordinance 3 Rules and Regulations of Water Service and enhance their understanding of those rules and regulations. The original Ordinance 3 was passed in 1964. In the 45 1/2 years since, Ordinance 3 has undergone numerous additions and changes. While these changes have been available in the district's files, it was difficult to know all the rules, as they were found in more than 40 different ordinances. The board has produced a single document containing all of Ordinance 3, complete with additions and changes from the last 45 1/2 years. The board members are in the process of providing needed updates for consideration by the board. The resulting ordinance will contain updates needed due to a reorganization of the staff positions and duties, reorganization of the ordinance to improve its readability, as well as clarifications, and other changes needed to reflect county policies. The board will be reviewing and consider for adoption the resulting codified version. The result will be one document that defines the rules and regulations of water service.**

**The board recently adopted a budget for fiscal 2010 - 2011 with revenue excess of \$32,675. This includes one time large expenses for forensic audits. These numbers are based on reasonable forecasts of income.**

**The board has scheduled a workshop on planning and rate setting with a professional in small water districts from the California Rural Water Association.**

**The board and District Secretary have aggressively pursued collection of delinquent water charges and the board is in pursuit of placing delinquent water charges on the tax rolls to recover long delinquent accounts receivable. The delinquent water charges have not been included in the income forecasting. The pursuit of delinquent water charges has brought \$13,524.00 in funds to the district. The 5 day disconnect notices for remaining delinquent charges for water services have been sent, and the district expects additional collection of delinquent charges for water service as a result. By the end of the billing cycle for May-June 2010, any remaining accounts that are delinquent will be either making payments under an agreed to payment plan, or will be locked off for non-payment.**

**The board has educated themselves on the billing and collection procedures described in the Rules and Regulations of Water Service, and has brought action to bring enforcement of collection of delinquent water charges through disconnection of water service. The board's enforcement of the disconnection process is now current. Per Ordinance 3, Rules and Regulations of Water Service, Accounts that are delinquent will be disconnected within 60 days from billing of charges not paid (if not under payment arrangements).**

F5. *Page 12:* The board of directors failed to adequately oversee the financial activities of the water district and to verify that operations were conducted according to good business practices, and they made questionable business decisions.

- LCWD board did not set rates and charges at a level sufficient to provide for repairs and depreciation of works owned or operated by the district as required by California Water Code section 31007.
- LCWD directors did not set rates and charges sufficient to cover the operational expenses of the water district, in part because they lacked the background or knowledge of bookkeeping and budgeting procedures in general, and they did not demand the information specific to the district that would allow them to set rates reasonably. In interviews, board members stated they were reluctant to impose higher rates on their friends and neighbors.
- In 1998, the LCWD board made a voluntary \$100,000 CalPERS retirement payment on behalf of the district manager for ten years he had worked for the district prior to the adoption of the retirement program.
- LCWD boards ignored or did not know about a 1999 resolution to cap the accrual of vacation and overtime pay to two years. The Grand Jury was unable to find any official action to rescind the limits. However, the board did re-impose the limits in 2009.

**Response: AGREE**

F6. *Page 12:* The past and present board of directors failed to provide adequate oversight of the personnel and personnel functions and activities of the district.

- The original Personnel Manual was rewritten and approved in early 2010. The approved manual is still incomplete because there are no job descriptions.
- The LCWD board did not conduct adequate due diligence to confirm the qualifications of new hires, specifically the district secretary.
- The LCWD board did not systematically conduct in-depth performance evaluations for the district manager.
- The LCWD board did not hold the site management adequately accountable for day-to-day activities, long-term planning, and financial tasks.

**Response: PARTIALLY AGREE**

**The current board, when made aware of the Personnel Manual, took steps to enforce and update these policies. The board met with extreme resistance from the manager and secretary on day-to-day activities, long-term planning and financial tasks.**

F7. *Page 13:* The board of directors depends on the LCWD staff for accurate information delivered in a timely manner.

- The LCWD board did not receive timely and accurate board meeting agendas. Furthermore, protocol and board requests regarding the preparation of the agendas were at times disregarded or altered.
- For the last five years, management did not provide complete and realistic budgets for review and approval by the board.
- The urgency of infrastructure repairs was evident upon inspection of the physical plant. However, board members stated that management did not stress the importance of the need for immediate repairs.

**Response: AGREE**

F8. *Page 14:* The business and personnel activities of the district were not always conducted in a professional and appropriate manner.

- The district's independent auditor recommended hiring a bookkeeper in 2008; however, the district did not hire one, citing the lack of funds.
- In 2009, a district secretary was hired who had no bookkeeping experience, which was a specific qualification for that position. Selection protocol established by the board, such as posting the position in the newspaper, was not followed.
- Performance reviews for the secretary and the operations technician were not performed annually as specified in the Personnel Manual.

- Daily work logs sometimes were not completed and were not given to the board even when requested.
- The office file of customer work was not updated on a daily basis.
- Creditors' bills were not always paid in a timely fashion. Board members revealed that checks were written and then stored in the district office safe until adequate revenues arrived to cover the checks. Consequently, in July 2009 the board of directors asked the Santa Cruz County Auditor-Controller's office to take over payroll and other accounts payable functions.
- LCWD received a letter dated February 1, 2010, from the State Controller's Office Division of Accounting, informing it that the Annual Report of Financial Transactions had not been filed for the fiscal year ending June 30, 2009. The State imposed a \$5,000 penalty for non-filing.
- The Santa Cruz County Auditor-Controller's office performed an *Independent Accountant's Report on Applying Agreed-Upon Procedures* at the request of the LCWD board of directors and presented the report on December 3, 2009. The report revealed that sufficient and accurate data on payroll procedures was not provided to the County despite multiple requests.
- Communications and unresolved complaints from customers sometimes were not recorded in the minutes or addressed, nor were they always reported to the board.
- The main and satellite offices, and the records and files associated with the district's business, were not maintained in an organized, orderly fashion.

**Response: AGREE. The current board is addressing all items.**

F9. *Page 15:* The infrastructure was not maintained in good and working order.

- The California State Public Health Department (CSPH) shut down the LCWD water treatment plant from May 6, 2010 to May 14, 2010 because the water treatment filters (Memcor filters) in the plant were no longer viable. The filters dated from 1996 and the effective life span of the filters, according to their manufacturer, was seven years. New Memcor filters were installed on May 12, 2010.
- The monthly reports to the CSPH documenting the turbidity of the drinking water in LCWD were not accurate. The chart wheels that record daily turbidity provide the information that is transferred to the report form that is submitted to the CSPH. The information on the chart wheels should be exactly the same as information on the reports. Grand Jury members compared the two and noted that they did not match.

- A written capital improvement plan (CIP) was not found.
- There was no immediate systematic replacement plan for the faulty lateral pipes; consequently, failing pipes needed emergency repair, causing customers inconvenience and resulting in additional expense in overtime pay.
- Facility maintenance was not done on a routine basis; for example, the fire hydrants had not been flushed annually nor had the gate shut-off valves been checked regularly.
- There was no plan for the repair or replacement of the three finished water storage tanks that have severe leaks. Water tanks are leaking so seriously that pumps from the four district wells are being overworked to keep up with the loss of water. In addition, there is extra expense for the chemicals and power to treat additional water.

**Response: AGREE**

F10. *Page 15:* The safety of LCWD staff and the Lompico community was put at risk.

- Frequently just one employee responded alone to night emergencies, regardless of the weather.
- Employees failed to shore up the sides of the trench and walls of a deep excavation pit.
- The fire hydrants had not been flushed for several years, although they should be flushed annually.
- Zayante Fire District was not always notified of low water conditions that were a consequence of the tank leaks.
- Zayante Fire District was not always notified when LCWD was doing repairs or maintenance on the tanks and there was low water pressure or no water at all.

**Response: AGREE**

### ***Recommendations***

**R1. *Page 16:*** The Santa Cruz County Grand Jury recommends that the board of directors of LCWD should continue to evaluate and, if appropriate, pursue a merger with the San Lorenzo Valley Water District (SLVWD) using one of the three options listed below. Although many residents of Lompico are passionate about their independent water district, the Grand Jury finds the ongoing crises

facing this water district too overwhelming for it to handle by itself. Three merger options are listed in order of increasing complexity and time:

- (1) A working alliance with SLVWD using a Joint Powers Agreement (JPA) which is established by the two water district boards of directors. This type of agreement is very flexible. For instance, it could be used for management of the districts only, and can be revised as necessary. A JPA could go into effect immediately and could in time lead to LAFCO reorganization of the district.
- (2) A consolidation of LCWD and SLVWD through LAFCO. If the boards of each district file with LAFCO for consolidation, it would happen automatically. This process generally takes about six months.
- (3) Reorganization through application to LAFCO. Any party can file directly to LAFCO, for example, a group of property owners, registered voters, or a board of directors. Whoever applies pays the filing fee. This process usually takes at least a year and a half.

**Response: REQUIRES FURTHER ANALYSIS: The board is currently exploring the possibility closest to item (2), which would require dissolution of Lompico Water District; San Lorenzo Valley Water District would then request a Sphere of Influence amendment for the annexation of the territory of Lompico. The board has held a series of public meetings for education and community input. This action will require further negotiations of indeterminate time, and is also subject to the timeframe held by the LAFCo review process.**

**R2. Page 17:** The Santa Cruz County Grand Jury recognizes the possibility that LCWD might want to reorganize and recast itself as a viable water district. The difficulty of the challenges involved should not be minimized. Continuing the status quo would almost certainly lead to financial collapse and possible bankruptcy. If the board of directors of LCWD chooses this option, to remain an independent, unassociated water district, the following actions would be critical in the restructuring:

- (1) Adopt a clear and thorough set of bylaws as a binding ordinance.
- (2) Establish a clear and binding personnel hiring and management system, and follow bylaws and the guidelines in the Personnel Manual when hiring staff.
- (3) Separate business operations/administration from maintenance operations to allow the manager to run the district in a financially prudent manner without the potential conflict of interest that exists when serving two roles.
- (4) Hire a permanent, qualified bookkeeper.

- (5) Develop a training program for the directors to educate them in the business operations of a water utility, including: budgets and finance, parliamentary procedures, water utility functions.
- (6) Create a reliable system to provide the board of directors full access to all of the district's business.
- (7) Generate and implement a new financial business plan that includes:
  - a fee structure that guarantees that all operational expenses can be met,
  - an immediate assessment on all property owners to fund a capital improvement fund and a reserve fund,
  - a long range plan to increase revenues incrementally to continue to build the capital improvement and reserve funds, and
  - the implementation of all recommendations made by the County Auditor-Controller's office in the recent public report of December 2009 titled *County of Santa Cruz Report on Agreed-Upon Procedures of the Lompico County Water District For the Period June 30, 2005 through June 30, 2008*.

Addressing all the recommendations in (R2) would be daunting. It is unclear whether the current or future boards of directors will have the ability, knowledge, and strength-of-purpose to accomplish these tasks in a time frame that will prevent LCWD from financial or infrastructure collapse. **The Grand Jury highly recommends that LCWD evaluate an immediate merger with SLVWD (R1). Doing so will not necessarily be less expensive than the changes suggested in R2 but could prevent the failure of the water system.**

**Response: REQUIRES FURTHER ANALYSIS; PROBABLY NOT POSSIBLE. Perhaps if the board five years ago had been made aware of the district's situation, they could have made the corrections necessary to survive. The current board is working to resolve financial, management and structural problems. R2 would be a daunting task and possibly not financially sustainable by the community.**

**Responses of Santa Cruz LAFCO to the 2009-10 Grand Jury  
Final Report  
Up a Creek without a Financial Paddle:  
The Lompico County Water District**

Finding F4--Failure of Lompico County Water District Board to Perform Duties

1. LAFCO Policies, Page 157
2. LAFCO Response Date: August 4, 2010
3. Grand Jury Findings:

“F4. Through a review of district records and interviews with past and present directors, the Grand Jury determined that the boards of directors have failed to adequately perform some of the basic duties of a governing board.

- LCWD directors indicated that they had little or no training to be board members. In addition they have not taken sufficient advantage of opportunities to educate themselves, nor have they created a training manual or handbook to appropriately educate successive boards.
- The LCWD board has not created rules or guidelines for its proceedings, such as district bylaws, as required by the California Water Code section 30530.
- The Board Policy Manual created in 2009 was duplicated from San Lorenzo Valley Water District.
- Interviews and documentation reveal that the LCWD consistently failed to hold regular board and committee meetings.
- LCWD board members stated that the agenda for meetings did not reflect items board members requested to be placed on the agenda.
- The Grand Jury observed that some LCWD board members were not familiar with using Sturgis’ Rules of Order and that they sometimes failed to treat each other and members of the public with civility when conducting their meetings.
- The Grand Jury’s review of meeting minutes from 2006 to the present revealed that the LCWD board did not monitor minutes for completeness or accuracy.
- Letters from the District Attorney’s office in 2008 and 2009 indicated that citizens filed complaints about alleged violations of the Brown Act. The District Attorney did not find sufficient grounds to warrant criminal charges.”

LAFCO Response: AGREES to the extent that LAFCO does not have any information that contradicts the findings. In its role as a boundary regulatory agency, LAFCO gathers information for its periodic preparation of service reviews and agency spheres of influence. When a boundary change application is filed, LAFCO prepares a detailed staff report that analyses the proposed boundary change. LAFCO has not received a boundary change application concerning the Lompico County Water District in many years. Therefore, LAFCO does not have first-hand information concerning any of the subsections of Finding F4. LAFCO does maintain a file of district bylaws that special districts in Santa Cruz County voluntarily submit, and any public agency is welcome to use these samples when drafting a set of bylaws.

Finding F5--Lompico County Water District Board District Finances and Operations

1. Pages 157-158
2. LAFCO Response Date: August 4, 2010
3. Grand Jury Finding

“F5. The board of directors failed to adequately oversee the financial activities of the water district and to verify that operations were conducted according to good business practices, and they made questionable business decisions.

- LCWD board did not set rates and charges at a level sufficient to provide for repairs and depreciation of works owned or operated by the district as required by California Water Code section 31007.
- LCWD directors did not set rates and charges sufficient to cover the operational expenses of the water district, in part because they lacked the background or knowledge of bookkeeping and budgeting procedures in general, and they did not demand the information specific to the district that would allow them to set rates reasonably. In interviews, board members stated they were reluctant to impose higher rates on their friends and neighbors.
- In 1998, the LCWD board made a voluntary \$100,000 CalPERS retirement payment on behalf of the district manager for ten years he had worked for the district prior to the adoption of the retirement program.
- LCWD boards ignored or did not know about a 1999 resolution to cap the accrual of vacation and overtime pay to two years. The Grand Jury was unable to find any official action to rescind the limits. However, the board did re-impose the limits in 2009.”

LAFCO Response: AGREES to the extent that LAFCO does not have any information that contradicts the findings. As a boundary regulatory agency, LAFCO does not gather detailed information such as retirement system payments or employee vacation accrual rules. LAFCO does not have information that verifies or counters the Grand Jury's findings.

Recommendation R1--Evaluate and, if appropriate, pursue merger with SLVWD

1. Page 162
2. LAFCO Response August 4, 2010
3. Grand Jury Recommendation:

“R1.The Santa Cruz County Grand Jury recommends that the board of directors of LCWD should continue to evaluate and, if appropriate, pursue a merger with the San Lorenzo Valley Water District (SLVWD) using one of the three options listed below. Although many residents of Lompico are passionate about their independent water district, the Grand Jury finds the ongoing crises facing this water district too overwhelming for it to handle by itself. Three merger options are listed in order of increasing complexity and time:

(1) A working alliance with SLVWD using a Joint Powers Agreement (JPA) which is established by the two water district boards of directors. This type of agreement is very flexible. For instance, it could be used for management of the districts only, and can be revised as necessary. A JPA could go into effect immediately and could in time lead to LAFCO reorganization of the district.

(2) A consolidation of LCWD and SLVWD through LAFCO. If the boards of each district file with LAFCO for consolidation, it would happen automatically. This process generally takes about six months.

(3) Reorganization through application to LAFCO. Any party can file directly to LAFCO, for example, a group of property owners, registered voters, or a board of directors. Whoever applies pays the filing fee. This process usually takes at least a year and a half. “

4. Implementation:
  - a. LAFCO's response is that this recommendation should be implemented as quickly as possible. This section has not been implemented yet because the Lompico and San Lorenzo Water Districts are studying their options, and no application has yet been filed with LAFCO. After receiving a consolidation or reorganization application, LAFCO will prepare a comprehensive report and conduct a public hearing on the application. LAFCO expects its review process and public hearing to take between three and six months. LAFCO staff has already provided information to Board

Members of the Lompico County Water District and the San Lorenzo Valley Water District to explain the LAFCO processes. LAFCO staff attended a public forum at the Zayante Fire Station on July 8, 2010 at which the Lompico community discussed their options.

LAFCO acknowledges the 2009-2010 Grand Jury's thorough investigation of the Lompico County Water District, which emphasizes the problems facing the Lompico water system. LAFCO notes the Grand Jury's recommendation, under Recommendation R2 on page 162, that the Lompico County Water District evaluate an immediate merger with the San Lorenzo Valley Water District. In the last ten years, LAFCO has reviewed two applications to "merge" water systems into the San Lorenzo Valley Water District--the Mañana Woods Mutual Water Company and the Felton Service Area of the California-American Water Company. Both mergers were complicated. In both cases, the San Lorenzo Valley Water District presented a professional service plan, LAFCO authorized the mergers, the affected communities found the costs to be reasonable. The San Lorenzo Valley Water District is now operating both of the merged systems in a manner consistent with the service plans that accompanied the original applications to LAFCO.

RESPONSES FOR “CONTINUITY...THE BEGINNING OF THE NEVER-ENDING REPORT  
- FOLLOW UP ON THE 2008-2009 SANTA CRUZ COUNTY GRAND JURY FINAL  
REPORT”



# SCOTTS VALLEY UNIFIED SCHOOL DISTRICT

4444 Scotts Valley Drive, Suite 5B

Scotts Valley, CA 95066-4529

(831) 438-1820 • FAX: (831) 438-2314 • [www.svUSD.santacruz.k12.ca.us](http://www.svUSD.santacruz.k12.ca.us)

SUPERINTENDENT  
(831) 438-1820

EDUCATIONAL SERVICES  
(831) 438-2055

BUSINESS SERVICES  
(831) 438-2312

HUMAN RESOURCES  
(831) 438-1822

July 13, 2010

Santa Cruz County Grand Jury  
701 Ocean Street, Room 318-1  
Santa Cruz, CA 95060

Dear Members of the Grand Jury,

This letter is in response to your letter to the Scotts Valley Unified School District dated June 23, 2010. As required, I am providing additional information on the district's responses to the Grand Jury's findings and recommendations from September/October 2009.

**F1.** The implementation of Recommendation 5 to reinstate the School Resource Officer was delayed due to staffing and budgetary restrictions but no timeframe was provided for the reinstatement.

**Response:** At the time of the district's initial response, the district had set aside funds for an SRO, but the Scotts Valley Police Department had no personnel to provide. This year, because of the state funding crisis, the district no longer has funding for an SRO, as all funds are needed to maintain basic core programs. If and when funds again become available, and if the SVPD is able to provide an SRO, the district intends to fund a partial SRO position at the high school.

**F2.** The responses to Recommendations 9 and 12 indicated the District would conduct further analyses of the suggestions in the recommendations but there were no explanations, no descriptions of the scope and parameters of the analyses or studies, and no timeframes.

**Response to Recommendation #9:** An advisory committee was convened during the 2009-10 school year by a high school counselor to investigate prevention and intervention options for students. The committee included high school staff involved with alcohol/drug abuse education, students, community members and law enforcement representatives who participated in defining a prevention/intervention strategy for the school, including parent programs and programs for students. This committee was instrumental in supporting the district's participation in the Reduce Alcohol Abuse Program (RAAP) federal grant described below, a grant built upon the resources and participation of the Santa Cruz County Office of Education, Youth Services, North County high schools and adult education programs. Alcohol/drug abuse prevention continues to be part of the ninth grade health curriculum for all students with additional education, prevention and intervention as described below.

**Response to Recommendation #12:** As one result of the RAAP grant, a student group, collaborating with Friday Night Live, will be arranging programs for district students. In addition, also as a result of the RAAP grant, Project Success will be providing prevention, intervention and parent programs. Project Success includes three components: 1) Twenty hours per week of counseling services are provided through Santa Cruz Community Counseling Program (Youth Services) onsite. All sophomores will participate in a small-group scripted curriculum (*7 Challenges*) for ten weeks focusing on resiliency and problem solving. 2) Students needing intervention will receive additional individualized services of the Youth Services counselor as needed. 3) The program will also provide parent events annually, to be determined by the committee. The intent is to ensure that students have the skills and strategies to make good choices for themselves and avoid drug and alcohol abuse.

If you have need of further information, please do not hesitate to inform us.

Sincerely,

Susan Silver, Ed.D.  
Superintendent



# CITY OF SCOTTS VALLEY

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## OFFICE OF THE CITY MANAGER

One Civic Center Drive • Scotts Valley • California • 95066  
Phone (831) 440-5600 • Facsimile (831) 438-2793 • [www.scottsvally.org](http://www.scottsvally.org)

September 2, 2010

The Honorable Judge Paul Burdick  
Santa Cruz Superior Court  
701 Ocean Street  
Santa Cruz, CA 95066

**SUBJECT: RESPONSE TO SANTA CRUZ COUNTY GRAND JURY 2009-2010  
FINAL REPORT**

Judge Burdick:

The City of Scotts Valley has prepared a response to the above subject report. This response is contained in the attached report. An electronic version of this report has also been sent to the Grand Jury. The City Council has reviewed and approved the attached report at their regular meeting on September 1, 2010.

Should you have any questions regarding the attached report, please contact Steve Ando, City Manager at (831) 440-5600.

Sincerely,

Jim Reed  
Mayor

JR:jlr

Enclosure: Response to Grand Jury 2008/2009 Report  
Response to Grand Jury 2009/2010 Report

cc: Steve Ando, City Manager  
John P. Weiss, Chief of Police

## **ALCOHOL, A DRUG OF CHOICE FOR SCOTT VALLEY TEENS**

2008-2009 Grand Jury Final Report (pages 7, 8 and 11)

### **FINDINGS:**

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.*

**SVPD RESPONSE:** AGREES

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.*

**SVPD RESPONSE:** AGREES

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 students 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.*

**SVPD RESPONSE:** PARTIALLY AGREES - The Scotts Valley Police Department provides D.A.R.E. instruction to Elementary and Middle School Students, but not high school students. The Scotts Valley Police Department does provide a Lieutenant who teaches a Regional Occupation Program (R.O.P.) criminal justice class at Scotts Valley High School.

### **RECOMMENDATIONS:**

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

**SVPD RESPONSE:** AGREES - This has not been implemented, but will be in the future. The Scotts Valley Police Department and Scotts Valley Unified School District are both committed to reinstating a School Resource Officer (SRO) at the high school as soon as staffing and budgets allow.

**SECTION 1: ALCOHOL, A DRUG OF CHOICE FOR SCOTT VALLEY TEENS**  
2009-2010 Grand Jury Final Report (page 168)

**CURRENT RECOMMENDATIONS:**

- R1.** *SVUSD and SVPD should provide the Grand Jury with an update on the status of reinstating a School Resource Officer to the high school campus.*

**SVPD RESPONSE:** AGREES - Has not yet been implemented but will be implemented in the future. The Scotts Valley Police Department remains committed to reinstating a School Resource Officer (SRO) at Scotts Valley High School as soon as staffing allows. Unfortunately, we have lost one officer to another organization and are still understaffed by two positions. Recruitment, academy and field training for one new officer can take a year to complete, thus delaying a return to full staffing. Once training is complete and we have returned to full staffing, which we estimate should take 1 to 2 years, we will dedicate an officer to Scotts Valley High School.



# County of Santa Cruz

## GENERAL SERVICES DEPARTMENT

701 OCEAN STREET, SUITE 330, SANTA CRUZ, CA 95060-4073

(831) 454-2210 FAX: (831) 454-2710 TDD: (831) 454-2123

NANCY GORDON - DIRECTOR

## MEMORANDUM

**DATE:** October 21, 2009  
**TO:** Enrique Sahagun, Sr. Administrative Analyst  
**FROM:** Carol Johnson, Administrative Services Manager   
**RE:** County Policy and Procedure Updates

Attached please find our proposed amendments to the County Policy and Procedure Manual.

These proposals address changes as follows:

- Changes to the CalCard portion of the County Purchasing Manual which are a result of the 2008-09 Grand Jury Report. These changes, reviewed and approved by the Auditor-Controller's Office, will increase flexibility in the use of the card while maintaining fiscal control.
- Various changes to other portions of the County Purchasing Manual. These changes are recommended either to clarify existing policy or to correct out of date information.
- Changes to the following to correct out of date information:
  - Title IV, Section 200, Records Management
  - Title III, Section 301 and Section 330

Please give me a call at x2740 if you have any questions.

# General Services

TO BOS 11/24/09

**Strikeout-Underline copy 10/19/09****9.0 CALCARD PROGRAM****9.1 Introduction**

In March 1996, the Board of Supervisors authorized the County of Santa Cruz to participate in the State of California Purchase Card Program. This program is referred to as the CalCard program. The County of Santa Cruz Small Purchase Card is an internationally accepted credit card (VISA) which allows employee cardholders to make small purchases. The program is designed to streamline the system for small purchases by reducing the number of small purchases made through the Purchasing Division of General Services, to effectively manage expenses and to cut program costs.

The CalCard program is administered by the General Services Department in conjunction with the Auditor-Controller's Office. Specific procedures for the program can also be found in the CalCard Procedures Handbook. The following sections provide further purchasing guidelines for the program and should be used in conjunction with the CalCard Procedures Handbook.

The VISA card designed for the CalCard program bears the seal of the County along with a restricted use designation ("For Official Use Only"). In addition, the card bears the words "CAL-Card DGS" in the upper right corner, ~~and the initials "I.M.P.A.C." (International Merchant Purchase Authorization Card), which is the registered trademark provided by the contractor, U. S. Bank, across the back of the card.~~

**9.2 Controls**

A number of unique controls have been developed for the CalCard program which do not exist in a traditional credit card environment. These controls ensure that the card can only be used for specific purposes and within specific dollar limits. ~~In addition, certification of all purchases are required by each cardholder, with verification performed by the employee's department before payment is made.~~

**(a) Single Purchase Limit**

This limit (including tax and shipping) is set by the department (between \$50 and \$1,500) with the required approval of the General Services Department. The maximum single purchase limit (including tax and shipping) is \$1,500. Complete form GSD201 for each card holder and return to the CalCard Program Administrator in GSD.

**(b) Thirty (30) Day Purchase Limit**

This limit is set by the department with the required approval of the General Services Department and the Auditor-Controller's Office. The thirty day billing cycle runs from the 22<sup>nd</sup> of each month to the 21<sup>st</sup> of the following month.

## (c) Commodity Code

The commodity code control is determined by the department and General Services based on the types of goods purchased. These codes limit the types of goods that can be purchased with the cards.

## (d) Other Departmental Approvals

Several categories of goods must be purchased through, or require the approval of another County department. The following are categories of products requiring other departmental approvals.

## (1) Goods Available through Central Stores Warehouse

The County maintains inventories of ~~a few standard stock items (copy paper, multicolored paper, file boxes and used interoffice envelopes)~~ which are listed in the Warehouse inventory on the GSD Website. ~~Copies of the inventory are updated and distributed to all departments on an annual basis.~~ The inventory items may be obtained by contacting Warehouse staff at 454-4601. Only if the Warehouse is out of a specific item or an item is needed immediately, may the CalCard be used to purchase the items listed in the Warehouse inventory. ~~should not be purchased with the CalCard credit card, except in special situations, such as the warehouse being out of a particular item. In cases where the Warehouse is unable to meet departmental needs on a regularly stocked item, use of a credit card may be approved by Warehouse staff. If approved, Warehouse will provide written approval for purchase of the items in question.~~

## (2) Office Supplies

Purchasing has established office supply contract(s) through a vendor(s) in order to obtain bulk rate pricing on a County-wide basis and to provide direct delivery to departments. These contracts must be utilized for office supply purchases unless departments have a need for a specialized item(s) not available from this vendor(s) or an unanticipated need within 2 days and the cost is under \$100 per item. Exceptions will need General Services' approval. ~~Based on the contract terms, Purchasing will notify departments as to the proper payment method — open purchase order and/or CalCard.~~

## (3) Commodity Purchases – Annual Pricing Agreements

The Purchasing Division bids out contracts for various commodities and goods and to establishes annual pricing agreements or Open (Blanket) Purchase Orders for those commodities. Typically, these ~~contracts POs~~ offer pricing structures based on the annual expected volume of business and usually contain significant discounts from standard prices. ~~Various mechanisms have been established to use~~

~~these agreements and many are set up for use with the CalCard credit cards and to provide direct access between the department and vendor. When agreements of this type are in place, orders should not be placed with other vendors unless the contract vendor is unable to meet department needs. In these situations, eContact Purchasing to purchase a commodity item in excess of \$500 with the CalCard. If a Division has an open PO with a particular vendor, the CalCard generally may not be used, and discuss the items and note on the Procurement Log the date the items were discussed with Purchasing and the reason the contract vendor could not meet departmental needs. The following is a list of commodities likely to have existing annual price agreements in effect: small tools; office supplies; automotive and truck tires; fire extinguishers; business cards; rubber stamps; law enforcement uniforms; typewriter repairs; furniture; office machines; carpet; and others.~~

The vendors for particular commodities change periodically as well as the types of commodities. General Services will ~~distribute post~~ revised lists of specific price agreements and commodities of current vendors on an annual basis and will provide updated information as conditions warrant on the GSD Intranet website.

(4) Personal Computer Hardware and Software

Title VI, Section 410 of the County Procedures Manual outlines the approval process for the procurement of computer hardware and software. For purposes of this section, computer hardware is defined as desktop computers, laptop computers, printers, servers, and storage devices. Purchases of computer hardware and software, except for the ~~Health Services Agency, Human Services Department and Department of Public Works,~~ require the completion of the ISD410, Request for Equipment and/or Review of Equipment to be Purchased. Approval of the Information Services department is required prior to any purchase of such equipment. A copy of the ISD410 form, or an email from ISD granting approval to the department for the purchase of the item(s), must be attached to the purchase transaction as supporting documentation. All computer hardware purchases are limited to \$500 per item.

The Information Services divisions of the Human Services Department and Department of Public Works should make all CalCard computer hardware and software purchases for those departments.

(5) Telephones, Cellular phones and Pagers

Purchases of telephones, cellular phones and accessories, and pagers must be approved by the Information Services Department – Telecom Division prior to purchase.

(6) Duplicating Services

The Information Services ~~Department-Division~~ - Duplicating Division has established procedures for duplicating and printing services. These procedures can be found in Title VI, Section 200 of the County Procedures Manual. In accordance with these procedures, printing and duplicating services requests must be submitted to Duplicating. If the Duplicating Division determines that outside services are necessary, they will approve the order for outside services. Orders approved for outside services may be processed using petty cash, ~~credit card~~ CalCard or purchase requisition, depending on the cost involved. A copy of the DUP-04 form or a copy of an approving email must be attached to the purchase transaction as supporting documentation (submit with procurement log for CalCard program and with requisition for purchasing requests) regardless of which process is used.

(7) Radio Equipment

The Information Services Department's Technical Communications Division (Radio Shop) is responsible for approving all radio equipment prior to purchase. No radio equipment may be purchased without the advance approval by the Technical Communications Division.

**9.3 Procurement Card Invoice Payment**

Upon the Department's receipt of the monthly CalCard Invoice, the Department shall obtain receipts for each purchase made and attach the receipts to the Procurement Card Record Log. Either the employee making the purchases or his/her Department designee shall certify the Log as being correct. The Log, CalCard invoice, documentation of any contested charges, and the receipts along with the completed AUD-09 must be submitted to the Auditor-Controller's Office for processing by the 10th day of the month after billing date. Justification for any missing receipts must be included at that time to avoid late processing of the claim. The justification must be co-signed by the Department Head and the employee who makes the purchase.

**9.34 Products Containing Recycled Materials**

It is the policy of the County to encourage the use of products containing the maximum amount of recycled materials (Section 8.1). Employees using the CalCard program ~~credit cards~~ should be aware of this policy and should attempt to purchase products containing the maximum amount of recycled materials when such an option is available at comparable costs. Purchasing staff will assist you in evaluating options and providing additional information on this policy.

**9.45 Prohibited or Restricted Purchases**

The following purchases are prohibited or restricted under the County's CalCard program.

## (a) Purchases of a Personal Nature

Purchases of a personal nature include items such as seasonal decorations, window and wall coverings, pictures, indoor plants, coffee machines, clock radios, compact refrigerators and microwave ovens. Items in this category cannot be purchased with credit CalCards and typically are not appropriate for purchase by any other County process except for some special program needs. Any exception must be approved in advance by the Purchasing Division and the Auditor's Office.

## (b) Utilities

All utility expenditures, such as water, power, refuse and gas must be processed through a blue claim (AUD-07).

~~(a) Subscriptions and Books~~

~~In accordance with Auditor Controller requirements, all subscriptions and books should be processed through a blue claim. Allowances will be made for those vendors who will not accept anything but a credit card for payment. These exceptions must have prior approval by email from the Auditor's office.~~

## (dc) Purchases under \$20.00

~~Processing costs for available purchasing options vary depending on the amount of time needed to carry out the process. The most efficient and preferred option process available for small purchases under \$20 is petty cash. Refer to Section 5.4, which currently can be used for purchases up to \$200. On any purchase from a local vendor which is under \$20, petty cash is the preferred option and should be used unless there are compelling reasons to use another process. In some situations, it would be more efficient to use a credit card even on a very low purchase amount. An example of this would be obtaining a replacement part for a specialized piece of equipment available only from outside the area. Procurement credit card use in these situations is encouraged; however, the procurement log should note the special circumstances involved.~~

## (ed) Services

~~In order to comply with state and federal 1099 reporting requirements and the County's insurance requirements, refer to Section 5.1 (a) (4), CalCard credit cards must not be used for personal or professional services unless the Department first confirms that the entity is a corporation. A W-9 reflecting this must be obtained and approved by the Auditor-Controller's Office before the purchase of services can be made using a CalCard. In addition, current insurance documentation must be kept on file in the department for all CalCard service vendors. (See Section 4.6 and 4.8 for definitions of services.)~~

**(fe) Splitting Orders**

As with all purchasing processes, orders placed with ~~credit~~ CalCards must not be split in an attempt to avoid limits associated with the program.

**(gf) Travel and Training**

In accordance with requirements of the County Travel Policies Auditor-Controller, departments may authorize one employee to utilize the CalCard program in the following instances: for airline reservations. All other travel and training expenses such as registrations, memberships, lodging, fuel, taxi and food are not to be charged on CalCard credit cards. Expenses for these items must be processed using either the blue claim process or travel claim (AUD-26). Under special circumstances in order to obtain a tax exempt per diem rate, lodging may be charged with prior written approval from the Auditor-Controller. Instructions on this process will be provided by the Auditor-Controller Payroll Supervisor.

**1. Airline or Lodging:**

In accordance with the travel policies of the County, departments may authorize one employee and possibly an alternate to utilize the CalCard program for airline reservations and lodging.

**2. Other:**

All other travel and training expenses such as registrations, memberships, fuel, taxi and food are not to be charged on CalCard credit cards. Expenses for these items must be processed in accordance with rules set up for Travel (AUD-26) and Blue claims (AUD-7).

**3. Exceptions:**

Departments with unique travel needs, and whose employees routinely travel while working with the clients of their Department, seeking exceptions to the policies above should follow the procedure outlined in section 9.6.

**(a) \_\_\_\_\_(g) Tropical Wood Products**

County Code Section 2.37.107 prohibits the County from entering or renewing any agreement which involves the use of any tropical hardwood or tropical wood products (Section 8.3). Employees making purchases using CalCard credit cards are not allowed to purchase any product which involves the use of tropical hardwood or tropical wood products. If you have questions relating to specific products, Purchasing staff are available to assist you.

**9.56 Special Approval Process**

Select individuals within the County have unique work related needs where use of a ~~credit card~~ CalCard for transactions normally restricted from this program may be in the best interests of the County. In these cases, a written request should be submitted to the Auditor-Controller explaining the unique

circumstances involved and how use of the ~~credit~~-CalCard would be to the best advantage of the County. Requests of this nature should be made at the department head level. If the Auditor-Controller concurs with the request, a written approval (policy amendment) will be provided indicating the special uses approved for that specific cardholder use. Copies of this approval will be retained by accounting staff in the Auditor's office in order to validate purchases made with the card.

#### **9.7 Disaster Purchasing**

At the time the Emergency Operations Center is activated, the use of the CalCard is approved for emergency purchases as directed by the EOC Manager or designee.

Clean copy 10/19/09

## **9.0 CALCARD PROGRAM**

### **9.1 Introduction**

In March 1996, the Board of Supervisors authorized the County of Santa Cruz to participate in the State of California Purchase Card Program. This program is referred to as the CalCard program. The County of Santa Cruz Small Purchase Card is an internationally accepted credit card (VISA) which allows employee cardholders to make small purchases. The program is designed to streamline the system for small purchases by reducing the number of small purchases made through the Purchasing Division of General Services, to effectively manage expenses and to cut program costs.

The CalCard program is administered by the General Services Department in conjunction with the Auditor-Controller's Office. Specific procedures for the program can also be found in the CalCard Procedures Handbook. The following sections provide further purchasing guidelines for the program and should be used in conjunction with the CalCard Procedures Handbook.

The VISA card designed for the CalCard program bears the seal of the County along with a restricted use designation ("For Official Use Only"). In addition, the card bears the words "CAL-Card DGS" in the upper right corner.

### **9.2 Controls**

A number of unique controls have been developed for the CalCard program which do not exist in a traditional credit card environment. These controls ensure that the card can only be used for specific purposes and within specific dollar limits.

#### **(a) Single Purchase Limit**

This limit (including tax and shipping) is set by the department with the required approval of the General Services Department. Complete form GSD201 for each cardholder and return to the CalCard Program Administrator in GSD.

#### **(b) Thirty (30) Day Purchase Limit**

This limit is set by the department with the required approval of the General Services Department and the Auditor-Controller's Office. The thirty day billing cycle runs from the 22<sup>nd</sup> of each month to the 21<sup>st</sup> of the following month.

#### **(c) Commodity Code**

The commodity code control is determined by the department and General Services based on the types of goods purchased. These codes limit the types of goods that can be purchased with the cards.

(d) **Other Departmental Approvals**

Several categories of goods must be purchased through, or require the approval of another County department. The following are categories of products requiring other departmental approvals.

(1) **Goods Available through Central Stores Warehouse**

The County maintains inventories of copy paper, multicolored paper, file boxes and used interoffice envelopes which are listed in the Warehouse inventory on the GSD Website. The inventory items may be obtained by contacting Warehouse staff at 454-4601. Only if the Warehouse is out of a specific item or an item is needed immediately, may the CalCard be used to purchase the Items listed in the Warehouse inventory.

(2) **Office Supplies**

Purchasing has established office supply contract(s) through a vendor(s) in order to obtain bulk rate pricing on a County-wide basis and to provide direct delivery to departments. These contracts must be utilized for office supply purchases unless departments have a need for a specialized item(s) not available from this vendor(s) or an unanticipated need within 2 days and the cost is under \$100 per item. Exceptions will need General Services' approval.

(3) **Commodity Purchases – Annual Pricing Agreements**

The Purchasing Division bids out contracts for various commodities and goods to establish annual pricing agreements or Open (Blanket) Purchase Orders for those commodities. Typically, these POs offer pricing structures based on the annual expected volume of business and usually contain significant discounts from standard prices. When agreements of this type are in place, orders should not be placed with other vendors unless the contract vendor is unable to meet department needs. Contact Purchasing to purchase a commodity item in excess of \$500 with the CalCard. If a Division has an open PO with a particular vendor, the CalCard generally may not be used.

The vendors for particular commodities change periodically as well as the types of commodities. General Services will post revised lists of specific price agreements and commodities of current vendors on an annual basis and will provide updated information as conditions warrant on the GSD Intranet website.

(4) **Personal Computer Hardware and Software**

Title VI, Section 410 of the County Procedures Manual outlines the approval process for the procurement of computer hardware and

software. For purposes of this section, computer hardware is defined as desktop computers, laptop computers, printers, servers, and storage devices. Purchases of computer hardware and software, except for the Human Services Department and Department of Public Works, require the completion of the ISD410, Request for Equipment and/or Review of Equipment to be Purchased. Approval of the Information Services department is required prior to any purchase of such equipment. A copy of the ISD410 form, or an email from ISD granting approval to the department for the purchase of the item(s), must be attached to the purchase transaction as supporting documentation. All computer hardware purchases are limited to \$500 per item.

The Information Services divisions of the Human Services Department and Department of Public Works should make all CalCard computer hardware and software purchases for those departments.

(5) **Telephones, Cellular phones and Pagers**

Purchases of telephones, cellular phones and accessories, and pagers must be approved by the Information Services Department – Telecom Division prior to purchase.

(6) **Duplicating Services**

The Information Services Department - Duplicating Division has established procedures for duplicating and printing services. These procedures can be found in Title VI, Section 200 of the County Procedures Manual. In accordance with these procedures, printing and duplicating services requests must be submitted to Duplicating. If the Duplicating Division determines that outside services are necessary, they will approve the order for outside services. Orders approved for outside services may be processed using petty cash, CalCard or purchase requisition, depending on the cost involved. A copy of the DUP-04 form or a copy of an approving email must be attached to the purchase transaction as supporting documentation (submit with procurement log for CalCard program and with requisition for purchasing requests) regardless of which process is used.

(7) **Radio Equipment**

The Information Services Department's Technical Communications Division (Radio Shop) is responsible for approving all radio equipment prior to purchase. No radio equipment may be purchased without the advance approval by the Technical Communications Division.

**9.3 Procurement Card Invoice Payment**

Upon the Department's receipt of the monthly CalCard Invoice, the Department shall obtain receipts for each purchase made and attach the receipts to the Procurement Card Record Log. Either the employee making the purchases or

his/her Department designee shall certify the Log as being correct. The Log, CalCard invoice, documentation of any contested charges, and the receipts along with the completed AUD-09 must be submitted to the Auditor-Controller's Office for processing by the 10th day of the month after billing date. Justification for any missing receipts must be included at that time to avoid late processing of the claim. The justification must be co-signed by the Department Head and the employee who makes the purchase.

#### **9.4 Products Containing Recycled Materials**

It is the policy of the County to encourage the use of products containing the maximum amount of recycled materials (Section 8.1). Employees using the CalCard program should be aware of this policy and should attempt to purchase products containing the maximum amount of recycled materials when such an option is available at comparable costs. Purchasing staff will assist you in evaluating options and providing additional information on this policy.

#### **9.5 Prohibited or Restricted Purchases**

The following purchases are prohibited or restricted under the County's CalCard program.

##### **(a) Purchases of a Personal Nature**

Purchases of a personal nature include items such as seasonal decorations, window and wall coverings, pictures, indoor plants, coffee machines, clock radios, compact refrigerators and microwave ovens. Items in this category cannot be purchased with CalCards and typically are not appropriate for purchase by any other County process except for some special program needs. Any exception must be approved in advance by the Purchasing Division and the Auditor's Office.

##### **(b) Utilities**

All utility expenditures, such as water, power, refuse and gas must be processed through a blue claim (AUD-07).

##### **(c) Purchases under \$20.00**

Processing costs for available purchasing options vary depending on the amount of time needed to carry out the process. The most efficient and preferred option available for small purchases under \$20 is petty cash. Refer to Section 5.4.

##### **(d) Services**

To comply with state and federal 1099 reporting requirements and the County's insurance requirements, refer to Section 5.1 (a) (4) CalCard must not be used for personal or professional services unless the Department first confirms that the entity is a corporation. A W-9 reflecting this must be obtained and approved by the Auditor-Controller's Office before the purchase of services can be made using a CalCard. In addition, current

insurance documentation must be kept on file in the department for all CalCard service vendors. (See Section 4.6 and 4.8 for definitions of services.)

(e) **Splitting Orders**

As with all purchasing processes, orders placed with CalCards must not be split in an attempt to avoid limits associated with the program.

(f) **Travel and Training**

In accordance with requirements of the County Travel Policies, departments may authorize one employee to utilize the CalCard program in the following instances:

(1) **Airline or Lodging:**

In accordance with the travel policies of the County, departments may authorize one employee and possibly an alternate to utilize the CalCard program for airline reservations and lodging.

(2) **Other:**

All other travel and training expenses such as registrations, memberships, fuel, taxi and food are not to be charged on CalCard credit cards. Expenses for these items must be processed in accordance with rules set up for Travel (AUD-26) and Blue claims (AUD-7).

(3) **Exceptions:**

Departments with unique travel needs, and whose employees routinely travel while working with the clients of their Department, seeking exceptions to the policies above should follow the procedure outlined in section 9.6.

(g) **Tropical Wood Products**

County Code Section 2.37.107 prohibits the County from entering or renewing any agreement which involves the use of any tropical hardwood or tropical wood products (Section 8.3). Employees making purchases using CalCard credit cards are not allowed to purchase any product which involves the use of tropical hardwood or tropical wood products. If you have questions relating to specific products, Purchasing staff are available to assist you.

## **9.6 Special Approval Process**

Select individuals within the County have unique work related needs where use of a CalCard for transactions normally restricted from this program may be in the best interests of the County. In these cases, a written request should be

submitted to the Auditor-Controller explaining the unique circumstances involved and how use of the CalCard would be to the best advantage of the County. Requests of this nature should be made at the department head level. If the Auditor-Controller concurs with the request, a written approval (policy amendment) will be provided indicating the special uses approved for that specific cardholder use. Copies of this approval will be retained by accounting staff in the Auditor's office in order to validate purchases made with the card.

#### **9.7 Disaster Purchasing**

At the time the Emergency Operations Center is activated, the use of the CalCard is approved for emergency purchases as directed by the EOC Manager or designee.



Santa Cruz County  
Office of Education

BOARD OF EDUCATION  
Mr. Jack Dilles  
Mr. Aaron Hinde  
Mr. Arnold Levine  
Mrs. Kathy Mann  
Mr. Vic Marani  
Mr. Dana M. Sales  
Mr. George "Bud" Winslow

Michael C. Watkins, Superintendent • 400 Encinal Street, Santa Cruz, CA 95060 • 831-466-5600 • FAX 831-466-5607 • www.santacruz.k12.ca.us

August 19, 2010

The Honorable Judge Jeff Almquist  
Santa Cruz County Superior Court  
701 Ocean Street  
Santa Cruz, Ca 95060

In Re: Response to 2009/10 Santa Cruz County Grand Jury Report

Your Honor:

This letter and the enclosed document are in response to the 2009-2010 Santa Cruz County Grand Jury Final Report. The Santa Cruz County Office of Education is required to respond to the Grand Jury's review of the Supplemental Early Retirement Program (SERP) entered into by the Pajaro Valley Unified School District.

We are pleased to provide you with our response and present the Grand Jury members with information related to the role of the Santa Cruz County Office of Education in this issue.

The Santa Cruz County Office of Education commends the members of the Grand Jury for their examination, research, final analysis and recommendations. We are committed to the cooperative efforts endorsed by the Grand Jury Committees to reach our common goals.

Sincerely,

A handwritten signature in blue ink, appearing to read 'M. C. Watkins'.

Michael C. Watkins  
County Superintendent of Schools

A handwritten signature in blue ink, appearing to read 'A. Hinde'.

Aaron Hinde  
President, Santa Cruz County Board of Education

Enclosure: Response to Filings

c: Forman, Santa Cruz County Grand Jury

## Section 4: A Tale of a SERP

### **Synopsis**

The Pajaro Valley Unified School District (PVUSD) offered a Supplemental Employee Retirement Plan (SERP) to staff in the district to encourage highly-paid personnel to retire so that the district could save money by hiring lower-paid replacements. The SERP was offered to three employee groups including management employees. A retired interim superintendent was among the management employees who took advantage of the offer. Although the procedure used to authorize and offer a SERP to PVUSD management employees followed District board policies and procedures, the Grand Jury identified several procedures to improve the SERP process and to ensure fiscal responsibility of public funds.

### **Current Finding**

- F1. PVUSD's and the Santa Cruz County Office of Education's (SCCOE) answers to Recommendation 8 were inconsistent, with PVUSD responding that the recommendation "Has Been Implemented" but without a description of the implementation, and the SCCOE responding that the recommendation "Has Not Yet Been Implemented But Will Be Implemented in the Future" without providing a timeframe for the implementation.

	<b>2008-2009 Recommendation</b>	<b>Respondent</b>	<b>2008-2009 Response</b>
<b>8</b>	PVUSD and the SCCOE should discuss the SERP process and clarify the roles of each agency prior to, during, and after implementation.	PVUSD SCCOE	Has been implemented  Has not yet been implemented but will be implemented in the future

### **County Office of Education Response:**

Please see attached memo, dated September 25, 2009, from the prior Associate Superintendent to all District Superintendents and Chief Business Officials in the Santa Cruz County. This correspondence is the official response to the finding and recommendation found in the 2008-2009 Grand Jury Report.

## MEMO

DATE: September 25, 2009

TO: Santa Cruz County CBO's/Superintendents

FROM: Barney Finlay  
Associate Superintendent, Business Services

RE: Grand Jury Report Follow-Up

The 2008/09 Grand Jury Report contained a section on school district's use of early retirement incentive programs. While the Grand Jury recommended that PVUSD and the SCCOE discuss the process and clarify the roles of each agency, as regards these programs, we believe it is appropriate that it be applicable to all LEA's.

As discussed at the August B.I.G. Meeting, we indicated that we would be sending a memo to all districts regarding this issue.

The PERS Early Retirement Program already is processed through the SCCOE in accordance with PERS law. The regulations, eligibility and cost data is well documented. While the STRS Early Retirement Program does not directly come through the SCCOE, it is under similar rule sets and authorization as PERS.

District retirement incentive programs (for annuity-type payments) are not processed through the SCCOE and are not subject to the conditions and rule sets that govern PERS/STRS. The district programs are more at the discretion of the local school boards to design, and are subject to less control over parameters than PERS/STRS Programs.

Thus, in accordance with the Grand Jury recommendation, we are requesting that all supplemental Early Retirement Programs that are being implemented by school districts be forwarded to this office at the time of submittal to the district Board. This will permit the SCCOE to be aware of such program offerings and facilitate our review. We do not believe that we have authority to approve or disapprove such Agreements – with the exception of districts in negative Interim Certifications or disapproved Budget status. However, this will allow us to stay informed of district actions in this area and permit us an opportunity to clarify elements before final action by the local Board.

Should you have any questions, please feel free to contact me.

BF:mmm

c: Michael C. Watkins, Superintendent of Schools  
Jean Gardner, Director/Fiscal Services  
Lucinda Pappani, Coordinator/District Payroll Support