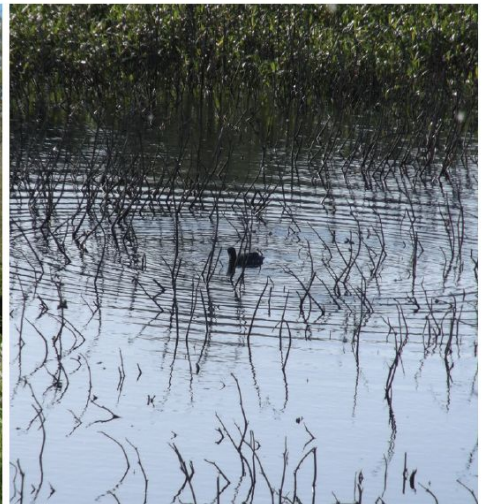


County of Santa Cruz Grand Jury

Final Report 2014-2015



Photos by Anne-Marie DeSoto



County of Santa Cruz

Grand Jury
701 Ocean Street, Room 318-I
Santa Cruz, Ca 95060
(831) 454-2099

April 16, 2015

To the citizens and employees of Santa Cruz County,

The Santa Cruz County Civil Grand Jury here presents its Final Reports. Each subject we have reported was extensively investigated and carefully reviewed. These Final Reports provide you with facts which have been verified from more than one source, along with an assessment of the impacts or problems these facts reveal, called Findings, followed by our Recommendations to fix or improve any revealed issues. Our governing bodies will then respond to these reports in the manner prescribed by law, and their Responses will subsequently also be made public.

These reports are effective only when they are both read and acted upon. Their recommendations give the citizens and employees of Santa Cruz County an opportunity to improve governance for our all of us in this county. We sincerely hope that they will.

The Santa Cruz County Civil Grand Jury are your fellow citizens. Each year, jurors are selected through a qualified, primarily random process. We serve for one year, and may continue for a second year. Jurors come from a variety backgrounds and interests and this is reflected in our choice of investigations. We are an independent body with powers and responsibilities outlined in the State Constitution and Penal Codes; we strive to impartially investigate and report on important issues in Santa Cruz County that pertain to local government.

Our service requires training, considerable hours of effort and continual focus on performing our task responsibly. We have worked this year to present to you information we hope benefits both the governing bodies in our County and all interested citizens.

I would like to thank all of the jurors with whom I served for their earnest, thoughtful, persistence and diligence. I have been impressed by the skills and dedication they brought to the task. Each juror contributed in his or her unique way - some excelled in research and interviews, others in thoughtful analysis and insight, or the ability to view a problem from a different perspective. Our reports benefited from those who provided balanced data presentation as well as forceful, persuasive writing, editing, and review. Jurors handled the technical issues, grand jury procedures and meeting protocols needed for the task. I am grateful to all my fellow jurors for their many hours of effort performed on behalf of the people of Santa Cruz County.

Our deliberations and investigations have required considerable effort on the part of many in government as well. We were aided in our task throughout the year and I thank those who have responded so positively and been helpful at nearly every turn. We could not have worked effectively without the assistance of staff members, even those who were working in areas under scrutiny. I believe anyone who serves as a grand juror cannot help but be impressed by so many people who serve skillfully in our County, City and other local governing bodies and departments.

I would like to thank specifically our Supervising Judge Rebecca Connolly, Deputy County Counsel Jason Heath, and County Auditor-Controller Mary Jo Walker. Many others have helped with practicalities, especially Peter Detlefs and Beau Hawksford in the County Administrator's Office, and Shauna Soldate of the General Services Department. The Sheriff's Office staff has generously worked to support us in fulfilling our legal requirement to review and inspect the physical jail facilities they supervise.

Though our deliberations must always remain confidential, and these Reports are our only product, I can heartily recommend service on the Grand Jury. Our service has been a source of lessons in understanding the scope and responsibilities of governance and has deepened our awareness of issues we explored within our community.

My sincere thanks to so many,

Sara Cordell, Foreperson

Santa Cruz County Grand Jury 2014-2015

Santa Cruz County Grand Jury Final Report 2014-2015

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County of Santa Cruz Grand Jury 2014-2015



Front row: Anne-Marie DeSoto, Michael Galego, Sharon Adams-Bucher,
Sarah Martin-Wright, Ryan Zash

Middle row: Robert Rottenberg, Sara Cordell, Jeanne Sargent, Shelley Marie Strehlke,
Laura Miyazaki, Yun-Ching Chen, Eric Thayer

Back row: Dorothy Diehl, Arthur Wood, Steve Strasnick, Michael Grant,
Jeff Palsgaard, Ed Wilson

Not pictured: Johanna Bowen

The Grand Jury and its Function

The grand jury is one of the oldest civil institutions in the United States. The Santa Cruz County Civil Grand Jury consists of 19 private citizens solicited from the registry of voters. Interested citizens are interviewed and, if selected, empaneled by the supervising judge of the Superior Court. This investigative body serves for one year, with the option of serving a second year. Grand jury duties, powers, and qualifications, as well as the selection process, are set forth in the California Penal Code.

The grand jury is part of the judicial branch of government and has three functions:

- To examine all aspects of city and county governments and special districts by initiating its own investigations
- To serve as ombudsman for the citizens of the cities and county
- To publish its investigative findings and recommendations to improve governmental operations

The Grand Jury Process

The grand jury, although a part of the judicial system, is an entirely independent body. The Presiding Judge of the Superior Court, the District Attorney, the County Counsel, and the State Attorney General act only as its advisors. They cannot prevent grand jury action unless that action violates the law.

The grand jury reviews and evaluates operations, procedures, methods, and systems used by governmental agencies to determine 1) whether they comply with the stated objectives of the agency and 2) if their operation can be made more efficient and effective. It may inquire into any aspect of county or city government, including special legislative districts and joint power agencies, to serve the best interest of Santa Cruz County residents.

The grand jury functions lawfully only as a group. No individual grand juror, acting alone, has any power or authority. Meetings of the grand jury are not open to the public. The law requires that all matters discussed before the grand jury and all votes taken are kept confidential. The end result of inquiries is released to the public in the form of a final report. This must be approved, prior to release, by the supervising judge of the Superior Court.

In general, the Penal Code requires the grand jury to:

- Inspect all detention facilities within Santa Cruz County each year
- Investigate as needed and report on the operations, accounts, records, and functions of any county or incorporated city department or special legislative district, including their officers and personnel
- Inquire as necessary into the willful or corrupt misconduct in office of public officers
- Release a final report of its findings and recommendations no later than the end of its term. Agencies to which these recommendations are directed are required to respond to the grand jury in writing after the final report is released

Citizens may submit complaints directly to the grand jury requesting it to investigate what they perceive as mistreatment by officials or suspicions of governmental misconduct or inefficiencies. The jury is not a consumer complaint agency but uses complaints to identify policies and procedures that might need improvement. While the grand jury cannot investigate every complaint, each one is considered carefully and treated confidentially. The ultimate goal of the grand jury is to improve government in the county and to make public officials responsive to the people.

Requirements to Become a Grand Juror

Grand juror candidates must meet all of the following qualifications:

- Be a citizen of the United States
- Be at least 18 years old
- Be a resident of Santa Cruz County for at least one year immediately prior to selection
- Exhibit intelligence, sound judgment, and good character
- Must not be serving as a trial juror in any California court
- Cannot have been discharged as a grand juror in any California court within one year of the beginning date of service
- Cannot have been convicted of malfeasance in office or any felony or other high crime
- Cannot be serving as an elected public official

Grand Jury Selection Process

Candidates for the 19 jury members are drawn randomly from the same pool from which regular trial jurors are selected. Potential grand jurors are given information about grand jury duties and the time commitment required. They are then invited to attend an orientation presented by the Jury Commissioner and members of the current grand jury.

The supervising judge then selects 60 candidates to be interviewed, and on the basis of those interviews reduces the number to 30. The final selection is made by a random drawing of names. Upon approval by the court, up to 10 members of the previous grand jury may carry over to the following year. Members of the grand jury are intended to represent a cross-section of ages, occupations, ethnic groups and geographic regions of the county.

Time Commitment and Reimbursement

The grand jury convenes July 1 and operates through June 30 of the following year. Jurors are expected to spend an average of 15 hours per week on their duties. Each juror is paid per diem (\$15 per day) for those days when the juror attends a meeting, with a maximum of \$30 per week. Jurors are provided free parking at the County Government Center. Mileage is reimbursed for travel between jurors' residences and the grand jury office in the County Government Center, and for travel on grand jury business.

Citizen complaint forms may be found either online or at the office of the grand jury, both in English and Spanish. The grand jury may be contacted using the information below:

Santa Cruz County Grand Jury
701 Ocean Street, Room 318-I
Santa Cruz, CA 95060
831-454-2099

grandjury@co.santa-cruz.ca.us

<http://www.co.santa-cruz.ca.us/default.aspx?tabid=895>

Instructions for Respondents

California law PC § 933.05 requires that those responding to a Grand Jury report must provide a response for each individual finding and recommendation within a report, not a generalized response to the entire report. Explanations for disagreements and timeframes for further implementation or analysis must be provided.

Please follow the format below when preparing your response.

Response Format

1. Find the Responses Required table that appears near the end of the report. Look for the row with the name of the entity you represent and then respond to the Findings and/or Recommendations listed in that row using the custom packet provided to you.
2. For Findings, indicate one of the following responses and provide the required additional information:
 - a. AGREE with the Finding,
 - b. PARTIALLY DISAGREE with the Finding and specify the portion of the Finding that is disputed and include an explanation of the reasons therefor, or
 - c. DISAGREE with the Finding and provide an explanation of the reasons therefor.
3. For Recommendations, select one of the following actions and provide the required additional information:
 - a. HAS BEEN IMPLEMENTED, with a summary regarding the implemented action,
 - b. HAS NOT YET BEEN IMPLEMENTED BUT WILL BE IMPLEMENTED IN THE FUTURE, with a timeframe or expected date for implementation,
 - c. REQUIRES FURTHER ANALYSIS, with an explanation and the scope and parameters of an analysis or study, and a timeframe for that analysis or study; this timeframe shall not exceed six months from the date of publication of the grand jury report,
 - d. WILL NOT BE IMPLEMENTED because it is not warranted or is not reasonable, with an explanation therefor.

If you have questions about the response report please contact the Grand Jury by calling 831-454-2099 or by sending an e-mail to grandjury@co.santa-cruz.ca.us.

How and Where to Respond

1. Please download and fill out the Response Packet provided to you for your responses. Please respond to each finding and recommendation. Be sure to save any changes you make to the packet.
2. Print and send a hard copy of the Response Packet to:
The Honorable Judge Rebecca Connelly
Santa Cruz Superior Court
701 Ocean Street
Santa Cruz, Ca 95060
3. Email the completed Response Packet, as an attachment, to the Grand Jury at grandjury@co.santa-cruz.ca.us.

Due Dates

Elected officials or administrators are required to respond within 60 days of the Grand Jury report's publication. Responses by the governing body of any public entity are required within 90 days.

Penal Code § 933.05

1. For Purposes of subdivision (b) of § 933, as to each Grand Jury finding, the responding person or entity shall indicate one of the following:
 - a. the respondent agrees with the finding,
 - b. the respondent disagrees wholly or partially with the finding, in which case the response shall specify the portion of the finding that is disputed and shall include an explanation of the reasons therefor.
2. For purpose of subdivision (b) of § 933, as to each Grand Jury recommendation, the responding person shall report one of the following actions:
 - a. the recommendation has been implemented, with a summary regarding the implemented action,
 - b. the recommendation has not yet been implemented but will be implemented in the future, with a timeframe for implementation,
 - c. the recommendation requires further analysis, with an explanation and the scope and parameters of an analysis or study, and a timeframe for the matter to be prepared for discussion by the officer or director of the agency or department being investigated or reviewed, including the governing body of the public agency when applicable. This timeframe shall not exceed six months from the date of the publication of the Grand Jury report, or
 - d. the recommendation will not be implemented because it is not warranted or is not reasonable, with an explanation therefor.
3. However, if a finding or recommendation of the Grand Jury addresses budgetary or personnel matters of a County department headed by an elected officer, both the department head and the Board of Supervisors shall respond if requested by the Grand Jury, but the response of the Board of Supervisors shall address only those budgetary or personnel matters over which it has some decision-making authority. The response of the elected department head shall address all aspects of the findings or recommendations affecting his or her department.
4. A Grand Jury may request a subject person or entity to come before the Grand Jury for the purpose of reading and discussing the findings of the Grand Jury report that relates to that person or entity in order to verify the accuracy of the findings prior to their release.
5. During an investigation, the Grand Jury shall meet with the subject of that investigation regarding that investigation unless the court, either on its own determination or upon request of the foreperson of the Grand Jury, determines that such a meeting would be detrimental.

A Grand Jury shall provide to the affected agency a copy of the portion of the Grand Jury report relating to that person or entity two working days prior to its public release and after the approval of the presiding judge. No officer, agency, department or governing body of a public agency shall disclose any contents of the report prior to the public release of the final report.

Parcel Tax Oversight Committee - Oversight or Overlook

Accountability in Santa Cruz City School District

Summary

Parcel taxes in California provide an opportunity for additional financing for the chronically underfunded local school budgets.^[1] Voters in the Santa Cruz City Schools (SCCS) District have passed multiple parcel tax measures to support a range of approved activities from classroom size reduction to maintenance of a functional library system for students. In 2003 two parcel tax measures were passed with language requiring that “an independent community oversight committee shall be appointed by the Board of Education”.^[2] A Parcel Tax Oversight Committee (PTOC) was formally established by the Board of Education in 2006.^[3] The Grand Jury's goals were to determine if this oversight responsibility has been effectively carried out and whether money is being spent in the ways authorized by the parcel tax measures.

The PTOC has repeatedly failed to perform its stated functions of:

- Providing clear oversight of the use of parcel tax funds
- Reporting to the Board of Education and the general public on the use of these funds.

The PTOC lacks the transparency required for a public oversight committee. There is no institutional history of the PTOC, including its charge, membership, minutes, and annual reports.

Background

Parcel Taxes

California is the only state that allows parcel taxes as a funding mechanism for schools.^[4] The California Legislature introduced the use of parcel taxes in 1980 after the passage of Proposition 13 severely restricted the property taxation power of local governments. Between 1980 and 2012 there were 330 successful parcel tax measures in California. Parcel taxes are unrelated to the value of property and they require a two-thirds vote of the local electorate to be implemented. A fixed sum is paid for each parcel in the jurisdiction.^[5]

In the late 1990's, faced with dire budgetary constraints, SCCS announced its intention to close schools and reduce services and programs. These reductions included the elimination of librarian and counselor positions and potentially programs such as art and music. Data show that California has the lowest ratio of librarians and counselors to students in the United States.^{[6][7]} Data also show that student performance is enhanced

by the presence of librarians in school libraries.^[6] Studies show that effective counseling programs are important to the school climate and support student achievement.^[8]

In 2002 the Santa Cruz City Schools District voters responded to these threatened program closures by passing the first in what would become a series of parcel taxes. In recent years these parcel tax measures have generated approximately \$3.7 million per year for the SCCS. (See [Appendix E](#))

Current Parcel Taxes in Effect in SCCS

Measure	Annual Assessment	Supported Grades	Duration
Measure I	\$38	Grades 9-12	7/1/2013-6/30/2022
Measure J	\$85	Grades K-8	7/1/2013-6/30/2022
Measure P	\$105	Grades K-6	7/1/2008-6/30/2017

Source: Appendices [A](#) and [E](#)

Transparency

In 2001 Government Code section 50075.1^[9] stated that special taxes must meet these four requirements:

- 1) They must have a specific purpose.
- 2) The proceeds must be applied to the specific purpose.
- 3) The funds must be deposited into a special account.
- 4) An annual report by the chief fiscal officer to the governing board must detail the amount collected and expended for the specific purpose of the special tax.

Nothing in this code provided for any statewide oversight or mandated collection of data on parcel taxes. This was remedied in September 2014, when AB 2109^[10] was signed into law. It requires the local governmental entities imposing a parcel tax to provide information to the Controller with respect to:

- 1) The type and rate of a parcel tax.
- 2) The number of parcels subject to or exempt from the parcel tax.
- 3) The sunset date.
- 4) The amount of revenue received.
- 5) The manner in which the revenue is being used.

Thus the ability to look at data from a statewide perspective will be available in the near future.

In 2003 voters in SCCS approved parcel tax measures (Measures A and B) which for

the first time required citizen oversight.^[2] Since then the full text of the Ballot Measures have included language such as:

In addition to the accountability measures required by law, an independent community oversight committee shall be appointed by the Governing Board to oversee all expenditures funded by the measure in order to ensure that said funds are spent wisely and used only for the purposes approved by the voters. The oversight committee shall monitor the expenditures of these funds by the High School District and shall report on an annual basis to the community on how these funds have been spent.^[13]

The Grand Jury believes transparency is vital to the public's continued support of the Parcel Taxes and the important educational programs they fund. President Obama wrote, "Government should be transparent. Transparency promotes accountability and provides information for citizens about what their Government is doing."^[11] Transparency is a singular value which guarantees that information is available for effective public scrutiny and oversight.

In some districts Parcel Tax Oversight Committees (PTOC) have a public profile that includes a web presence posting its bylaws, committee membership, contact information, meeting announcements, meeting minutes, annual reports, forms for committee membership, and tax exemption forms for residents over the age of 65. Other districts include information regarding the original parcel tax but provide less information about the oversight committee's activities. See [Appendix B](#) for examples.

The Santa Cruz City Schools District provides much more limited access to information about parcel tax expenditures and the activities of the Parcel Tax Oversight Committee. The only mention of the Committee on the SCCS website is the following description:^[12]

The PTOC, a ballot initiative requirement, provides citizen oversight of expenditures from revenue generated by active parcel tax measures.

Meets: As needed

Members: Community members

The parcel tax measure language specifies that the "oversight committee shall monitor the expenditures of the funds by the ... School District and shall report on an annual basis to the community on how these funds have been spent."^[13]

Although the ballot measure describes membership in the PTOC as "community members," these members are appointed by parties directly involved with the SCCS. These include the SCCS Board of Education, unions, principals from SCCS schools, and affected groups such as librarians and counselors.

Scope

The Grand Jury explored the use of funds generated by Measures A, B, I, J, and P. We reviewed the stated goals of each measure and the oversight of these funds by the Parcel Tax Oversight Committee (PTOC). Jury members attended Board of Education and PTOC meetings, interviewed individuals responsible for providing information to the public, and examined budget documents regarding parcel tax expenditures. The Grand Jury also spoke with teachers, counselors, librarians, and parents in order to learn whether the public has had access to the required annual oversight reporting these measures require.

Investigation

Institutional History

The Grand Jury reviewed the history of parcel taxes as a method of augmenting funds for schools in the SCCS. Initially, the Grand Jury could not find any publicly available information about the oversight activities by the PTOC. After an unsuccessful web search, the Grand Jury sought information from the District about the PTOC activities. In particular, we requested copies of all PTOC meeting minutes. We also asked for evidence of annual reporting to the community. This evidence is summarized in the following table. The District provided minutes from a single PTOC meeting held in February 2013. Our investigation determined that the PTOC did not meet for 19 months, missing the entire 2013/14 school year. The PTOC committee next met on October 13, 2014. PTOC members who said they had served on the committee since its inception in 2003 could not provide any minutes or reports from that entire period.

Parcel Tax Activity Mentioned in SCCS Board Minutes^[14]

School Year	Report by PTOC Members Noted in Minutes	Parcel Tax Spending Recommendations to Board	Parcel Tax Measure Discussion
2005/6			7/27/05
2006/7		1/24/07 (Staff)	
2007/8	11/14/07	8/22/07 (Staff)	9/26/07
2008/9		11/12/08 (Staff)	
2009/10	2/24/10		
2010/11	6/15/11	9/29/10 & 10/27/10 (Staff)	
2011/12			11/12/11
2012/13	5/22/13		
2013/14			

Note: Staff refers to SCCS staff.

Reporting Requirements

According to the “Impartial Analysis By County Counsel” included in the official voter pamphlets for Measures I, J and P, the reporting responsibilities for SCCS are as follows:^[13]

An annual written report shall show the amount of the special tax collected and expended, and the status of projects to be funded from these proceeds.

The Grand Jury found data for parcel tax spending broken down by schools in the SCCS Adopted Budgets dating from the year 2010 through the present on SCCS’s website.

The stated reporting responsibilities for the PTOC are as follows:

Additionally, the independent community oversight committee appointed by the School District Board for the parcel tax ... will continue to monitor expenditures and report annually.

The Grand Jury did not find any data on parcel tax expenditures for the years prior to 2010. When asked, SCCS did not provide the requested data.

We found a lack of consensus among PTOC members, SCCS staff and Board Trustees regarding the manner in which reports have been or should be made to the public. Reports have been variously described as oral reports to the Board, letters to the editor in the Sentinel, or opinion pieces in the Sentinel. The above table shows a search of Board minutes from previous years conducted by the Grand Jury and District staff. It identified only four instances in ten years in which oversight reports were presented to the Board by PTOC members. Online searching of the Sentinel yielded no results, and there is no record of the opinion/letters to the editor included in SCCS Board packets, agendas or minutes. At the PTOC meeting held on October 13, 2014 a member of the committee agreed to prepare an annual report to be distributed to the public, to the Board, to the schools, and to the press by this fiscal year-end.

District administrators asserted to the Grand Jury that SCCS Board minutes and Board packets included the official financial officer annual reports on parcel tax expenditures. The Grand Jury found no evidence that this had occurred regularly. A Grand Jury search for parcel tax topics in archived Board packets on the SCCS website was hampered because many of these documents had been posted in a format that could not be searched, and Board packets prior to 2011-12 were not archived on their website. We did find one occasion^[15] of the PTOC report present in the Board packet of May 22, 2013. As an example of a parcel tax budgetary report provided to the PTOC by the District Business Office, see [Appendix D](#).

Membership and Rules of PTOC

In the May 10, 2006 Board minutes the Trustees formally established the composition and term of service for the PTOC and restated the purpose from the ballot measure.^[3]

In addition to the accountability measures required by law, the District and the community are in strong accord that an independent oversight committee shall be appointed to oversee all expenditures funded by these measures in order to ensure that revenue is expended for the purposes approved by the voters. The committee shall monitor expenditures and report to the community on an annual basis on how funds have been spent. The committee composition is presented for Board approval:

- 7 representatives, one appointed by each Trustee
 - 10 representatives, one from each elementary school, middle school, high school, and 1 from Small Schools
 - 1 representative from District English Learner Advisory Committee
 - 1 representative from the Classified Bargaining Unit
 - 1 representative from the Certificated Bargaining Unit
 - 1 representative from the Library Media Teachers
 - 1 representative from the SCCS Certificated Counselors
 - 1 representative from the Visual and Performing Arts Task Force
- Total representation is 23, with 12 as a quorum. Four-year term.*

There is no record of PTOC members receiving any training or direction regarding their responsibilities prior to January, 2015. There was no accompanying detailed charge to the committee formulated by the Board, even though the Board's own policies require that a charge be given for citizen advisory committees. SCCS Board policy (under AR 1220 Community Relations) concerning Citizen Advisory Committees lists the following provisions:^[16]

Committee Charge

When committees are appointed, committee members shall receive written information including, but not limited to:

- 1. The committee members' names*
- 2. The procedure to be used in the selection of the committee chairperson and other committee officers*
- 3. The name(s) and contact information of staff member(s) assigned to support the work of the committee*
- 4. The goals and specific charge(s) of the committee, including its topic(s) for study*
- 5. The specific period of time that the committee is expected to serve*
- 6. Legal requirements regarding meeting conduct and public notifications*
- 7. Resources available to help the committee perform its tasks*
- 8. Timelines for progress reports and/or final report*
- 9. Relevant Board policies and administrative regulations*

This same set of regulations also states that citizen advisory committees established by "formal Governing Board action" are subject to the Brown Act,^[17] which requires that all meetings of local legislative bodies be open to public scrutiny and participation. Under Government Code section 54952(b), any committee created by a legislative body is itself a legislative body, regardless of whether the committee is permanent or temporary, advisory or decision making. The Grand Jury believes that the creation of the PTOC committee by the Board subjects it to the Brown Act and that there is no substantive difference between an advisory and oversight committee. The Grand Jury observed in PTOC discussions that this year's committee did not know whether Brown Act compliance was required of them nor did they have access to a formal charge for their deliberations. Furthermore, the Board appeared to be unaware that the Brown Act applied to the PTOC or that a formal charge was needed.

Regarding compliance with the quorum and term rules defined by the Board, the Grand Jury examined the only available published minutes for the PTOC, February 26, 2013, October 13, 2014, and November 17, 2014. We found that quorum was not met at any of these meetings. We have no record of attendance for the earlier meetings, or whether quorum was met. No mention was made concerning the issue of quorum in any of the published minutes, nor was it raised in discussion at the October 13, 2014 and November 17, 2014 meetings that we attended. For example, at the Oct. 13th meeting

the PTOC elected a chair without a quorum. At the January meeting (with a full quorum) they re-elected a chair at the suggestion of a non-member attendee.

The Board did not appear to be aware of the need to document appointments and reappointments. Board minutes fail to mention any instance in which long-serving PTOC members were reappointed at completion of their four-year terms. We did receive testimony that several PTOC members have served for longer than four years without reappointment. There is no institutional record to document lengths of service.

At the January 17, 2015 PTOC meeting, the committee passed a resolution to be presented to the Board which would add an additional member to the committee to represent the Lifelab science component. The committee rejected a suggestion to add an at-large member from the community, even though 74% of households in the City of Santa Cruz do not have school age children. PTOC's stated reason was that community members who are interested in participating in PTOC, but do not have children in the schools, can ask to be appointed by a Board Trustee when a vacancy occurs. However, without public information readily available, the Grand Jury believes it is difficult for community members to learn about vacancies on the PTOC and request an appointment by a Board Trustee.

Mission of PTOC: Oversight or Advisory?

The Grand Jury found a lack of agreement about PTOC oversight responsibility among District staff, PTOC members and Board of Education Trustees. Some interviewees asserted that the PTOC's only responsibility is to review and validate the District's compliance with parcel tax measure language. Others interpreted the PTOC oversight responsibility more broadly. They view the PTOC as having a responsibility to make recommendations to the Board about specific funding decisions. In fact, at times the PTOC has made recommendations. The Grand Jury observed instances during PTOC meetings where funding recommendations were discussed and motions were made to present them to the Board. As the preceding table indicates, in the past ten years there have been five instances when PTOC recommendations were presented by SCCS staff to the Board and subjected to a vote.

Supplanting versus Supplementing

The question of whether parcel tax funds were intended to supplant or supplement existing school programs has been raised at PTOC meetings. A good discussion of the importance of this distinction is found in the web article "How to Get a School Grant"^[18] that was included with materials for the March 2, 2015 PTOC meeting.

Supplant means to "take the place of." Supplement means to "add something to complete a thing." For almost any grant you write, it is important for you to begin a new program or to supplement a program rather than to supplant one...

Supplanting a program is different. That means you put a new program in the place of an old one. To do that, you should be able to use the money that you were using for the old program to put the new one in place. If you do, it is unlikely you would need grant money...

Some schools try to write grants that allow them to supplant one of their current programs in an effort to shift their money to another curriculum area. An abundance of reading grant money might be available at the time, but the school really needs money to shore up its math program. The grant writer applies for a reading grant for enough money to fund the reading program that is already in place, then the district shifts that budget money over to the math department so they can improve their math program with a promising supplemental program.

In theory this sounds like a workable plan for the school. In fact, it is a form of fraud.

The Grand Jury believes the same standards should be applied when asking voters for parcel tax funds as when applying for school grants.

Beginning in 2003/04 state agency reports of SCCS spending^[19] no longer tracked the salaries of Librarians, Guidance, Supervisors, Welfare, Attendance, Physical and Mental Health, Superintendents, and Administrative Personnel as separate line items. Four certificated salary codes appeared where previously there had been nine. Certificated salaries were now listed only for the categories of Teachers, Certificated Pupil Support, Certificated Supervisors and Administrators, and Other Certificated. Librarians and counselors were now included within the Pupil Support category (Code 1200):

Certificated Pupil Support Salaries - Record the full-time, part-time, and prorated portions of salaries of all certificated personnel performing services of librarian, social worker, or certificated personnel doing pupil personnel work; psychologists and psychometrists; counselors; as well as health services rendered by physicians, oculists, dentists, dental hygienists, nurses, optometrists, school audiometrists, psychiatrists, otologists, and other personnel as authorized in the field of physical and mental health and who are on the payroll of the LEA. Health services personnel must possess a services credential.^[20]

However, the following table does show that funds were being expended for certificated librarians and counselors during the period from 2000-2003.^[19]

Librarian and Counselor Support 2000-2003

Certificated Salaries	Salary Code	2000/01	2001/02	2002/03
Librarians	1400	\$634,861	\$661,022	\$668,419
Guidance, Welfare and Attendance (includes Counselors)	1500	\$1,257,344	\$1,347,878	\$1,363,249

Using available materials, It is impossible to identify how the salaries of counselors and librarians, as well as their aides, have changed during the early years of the Parcel Tax measures. The Grand Jury made multiple requests of the District to provide detailed budget data from 2000-2010 to identify the changes in relative funding percentages for counselors and librarians. However, the adopted budget materials that the District provided (and subsequently posted on their website) do not have sufficient detail to make these comparisons.

From current adopted budgets (2010-2015) it is clear that parcel taxes now provide 100% of the funding for librarians without using any general fund money. The parcel tax measures state that the named services shall be “supported by this assessment.” See [Appendix A](#). The Grand Jury believes this wording intended that these funds should supplement rather than supplant general fund monies. Among those interviewed there were differences of opinion regarding whether parcel tax money is intended to supplant or supplement program funds.

Funding Allocations in Measures A and I

The SCCS Board of Education voted in October 2005 to define allocation percentages for Measure A (secondary) and B (elementary) funding (which later became Measures I and J respectively). They did this after meeting with representatives from the various impacted constituencies. They acknowledged that funding from the parcel taxes might fluctuate from year to year and committed to retain the approved percentages.

*Superintendent Pagano reported that on September 26, 2005, he met with representatives from the SCCS District Library Services, Counseling Services, and the Visual and Performing Arts Program to present a percentage proportion proposal for the distribution and allocation of the potential revenue. **Although it must [sic] acknowledged that projected revenues are estimations and subject to variations, the approved percentages would remain constant. Measure A – 46% to Library Services; 54% to Counseling Services. Measure B – 50% to Library Services; 15% to Counseling Services; 35% to Visual & Performing Arts. (emphasis added)** After Public Comments and Board*

Discussion, MSP (Pinheiro/Dewey Thorsett) 6-0, the Board of Education approved the Allocations for Measures A & B. ^[21]

The Grand Jury reviewed available budget information to determine if the promised funding percentages were maintained for Measure A (and later Measure I) for Library versus Counseling services. Although spending began in July 2006, the Grand Jury was only able to access the information from Adopted Budgets posted as of the 2010/2011 school year. ^[22] Beginning with the 2010/2011 budget, the proposed allocation was explicitly listed. “Funds: Grade 9-12 Library 45% and Counseling 54%.” ^[22] This was the last time this funding percentage was presented in the Adopted Budget materials. The following table might suggest why this was so:

Funding Percentages: Library versus Counseling

Service	2010-11 (A)	2011-12 (A)	2012-13 (A)	2013-14 (I)	2014-15 (I)
Library	39.36%	34.18%	40.24%	30.05%	26.37%
Counseling	60.64%	65.82%	59.76%	69.95%	73.63%

Source: [Appendix C](#)

As the table shows, even for Measure A, the required library funding allocations were not met. The percentage allocation information was removed from the Adopted Budgets for the last two years of Measure A and subsequently for Measure I. Percentage language was explicitly removed from Measures A and I, but not from Measures B and J. A review of the Board of Education minutes by the Grand Jury did not find any official action by the Board to modify the original percentages for the secondary schools. When the Grand Jury brought evidence of this fact to Trustees, they were unaware that this reallocation had occurred.

High School Library Availability

Presently, the high schools cannot keep their libraries open during the entire time students are on campus. Reductions in funding have required certified librarians and their aides to assume additional administrative and clerical duties. This has reduced the number of hours that the library is available to students before and after school. Additionally, due to the need for librarians to teach library skills in a subject classroom, there are occasions when the librarian must close the library during the school day.

On at least two occasions, individuals raised the issue of inadequate funding for librarians and library support personnel at Board meetings. At the September 15, 2010 Board meeting, a PTOC member voiced concern about the adverse impact of reduced library staff funding: “Gault Parent and PTOC member ... reported that students and parents are really feeling the reduction of hours for the elementary LMTs, and noted that local parcel taxes support LMTs.” ^[23] At the May 8, 2013 Board meeting, a librarian (and long time PTOC member) raised this same issue with respect to library support staff for high schools: “On behalf of the district Teacher-Librarians, Harbor High School LMT ...

asked the Trustees to reallocate funds for high school library clerical support so that Teacher-Librarians can focus on teaching and not textbook support or other clerical responsibilities.”^[24] The Grand Jury noted two instances when this issue was raised without action at this year’s PTOC meetings.

The following table shows the funding patterns for library support staff for the period 2010-2015 for which the Grand Jury has obtained information. Note that although spending has fluctuated dramatically for the years 2011-15, due to differences in salaries across the different schools, the full time equivalency for library/media services staff has remained constant across all the high schools.

Library Support Staff Funding (Measures A and I)

Library Support	2010/11	2011/12	2012/13	2013/14	2014/15
Measure	A	A	A	I	I
High Schools Dollars	0	\$41,248	\$92,533	\$74,917	\$35,189
FTEs / per high school	0	0.4375	0.4375	0.4375	0.4375

Source: [Appendix C](#)

Questionable Parcel Tax Spending

The following issues were raised at the February 26, 2013 PTOC meeting^[25] regarding the appropriateness of certain parcel tax expenditures. (See glossary for explanations of acronyms mentioned below.)

- *What is S4C? If it is a college initiative, why is its expense the same for high schools and middle schools?*
- *Why are high schools registrars paid for by Counseling Parcel Tax dollars?*
- *Why is AVID funded by Counseling Parcel Tax dollars?*
- *What time period is covered by OPALS expenses?*
- *Why is a teacher filling the text book [sic] clerk vacancy at Santa Cruz High, resulting in fewer hours worked at a higher cost (and being paid off of Parcel Tax revenue)?*

Members may bring these items back for discussion at a future meeting.

There was no PTOC meeting in the 2013/14 school year, thus these issues were not revisited until the first 2014/15 school year meeting. We believe that the most questionable of these issues was the funding of high school registrars by parcel tax

dollars. The following table shows this spending for the years 2010-2015:

Registrar Funding (Measures A and I)

Registrar Funding	2010/11	2011/12	2012/13	2013/14	2014/15
Measure	A	A	A	I	I
Soquel High School	\$46,917	\$49,393	\$88,867	0	0

Source: [Appendix C](#)

This spending was discontinued beginning in the 2013-14 school year. We do not know how many years prior to 2010 this practice had been followed (due to the absence of suitable Adopted Budget information). The use of parcel tax funds for the registrar position violated the parcel tax measure commitment that funds would not be used to support administrator positions.

This year's PTOC is still discussing the legitimacy of using parcel tax funds for the counseling secretary, AVID registration and S4C membership. Minutes from the PTOC meeting of November 17, 2014 reported the following:^[26]

The Board moved these expenses to the Parcel Tax budget in 2012-13. S4C is a country-wide program, with the aim of getting students focused on and ready for going to college. 7th graders visit UCSC. AVID is focused on students from lower socio-economic status or whose parents did not attend college. The program helps students become college-ready, through access to tutors, career exploration and college visits, in collaboration with Cabrillo College.

According to the minutes, the discussion that followed noted that:

These activities are valuable, but is it appropriate to pay for them from parcel taxes? The ballot language allows for support for other programs as identified.

Only half of this secretarial support was used for the counselors. The other half was allocated to support vice-principals, even though the secretarial position was completely funded by parcel tax monies. The Grand Jury believes this violates the spirit of the commitment to avoid using parcel tax monies to support administrative salaries and benefits. At the October 13, 2014 PTOC meeting we heard a recommendation by the interim Assistant Superintendent, Business Services that the counseling secretary positions should only be funded at 0.5 FTE by parcel tax monies. At the time of this report no action has yet been taken.

Findings

- F1.** The operations and activities of the Santa Cruz City Schools Parcel Tax Oversight Committee lack the transparency required for public oversight committees, including a website with posted meeting times and locations, agendas, minutes, and membership for the current year and prior historical records.
- F2.** The Parcel Tax Oversight Committee has not complied with operating rules defined by the Board of Education with respect to quorum or length of term.
- F3.** The Parcel Tax Oversight Committee has not consistently tracked the attendance or responded to continued absences of its appointed members.
- F4.** The Parcel Tax Oversight Committee has not provided annual oversight reports in any consistent or predictable format accessible to the general public.
- F5.** The lack of publicly available information regarding open positions on the Parcel Tax Oversight Committee leaves taxpayers who are not associated with Santa Cruz City Schools unaware of opportunities to serve on the Parcel Tax Oversight Committee.
- F6.** For the 2013-14 school year (the first year of the new Measures I and J) the Parcel Tax Oversight Committee failed to meet, monitor expenditures and report to the community.
- F7.** Neither the Parcel Tax Oversight Committee nor Santa Cruz City Schools has been able to verify that the Parcel Tax Oversight Committee has met its responsibility to monitor expenditures and report annually to the community.
- F8.** Santa Cruz City Schools Board of Education has not defined the form that the annual report should take.
- F9.** Administrative and clerical duties have been assigned to the counselors, counseling secretaries, and library staff, who are funded by parcel tax money. The use of parcel tax money to pay for administrative and clerical costs is contrary to the intent of the measure language.
- F10.** Santa Cruz City Schools failed in its obligation to provide annual information regarding the allocation of parcel tax funds.
- F11.** The Board of Education has failed to follow its own explicit commitments for the proportional allocation of parcel tax funds.
- F12.** The Parcel Tax Oversight Committee, Board of Education Trustees, and Santa Cruz City Schools staff disagree concerning the Parcel Tax Oversight Committee's role in making expenditure recommendations.
- F13.** The Board of Education has failed to provide a formal charge to the members of the Parcel Tax Oversight Committee.
- F14.** The Board of Education has failed to require the Parcel Tax Oversight Committee to comply with the Brown Act.

Recommendations

- R1.** Santa Cruz City Schools District should reconstruct and make available on its website an institutional historical record of the Parcel Tax Oversight Committee's activities. This record should include but not be limited to the official committee charge, membership, and annual reports for the entire span of the committee's existence, 2003 to the present. Where these records are unavailable, the website should note that absence. (F1, F4, F5, F7, F14)
- R2.** The Santa Cruz City Schools website for the Parcel Tax Oversight Committee should include the Brown Act requirement, posted meeting times and locations, agendas, minutes, and membership, both for past and upcoming meetings. (F1, F14)
- R3.** The Parcel Tax Oversight Committee should ensure that all its members are apprised of the rules and regulations governing their activity, and its officers must require compliance with those rules. Rules should be established for addressing the issue of persistent non-attendance. (F2, F3, F6, F7)
- R4.** The Santa Cruz City Schools Board of Education should clarify its position on the percentages for funding priorities to which it committed in 2006, and either explicitly revise those percentages or instruct the District business office to comply with those percentages in its budget. (F11)
- R5.** Santa Cruz City Schools business office should reconstruct from its financial records the parcel tax expenditures for all the years since the parcel tax was collected and post these on its website. (F10)
- R6.** The required Parcel Tax Oversight Committee annual report at the end of the fiscal year should be prepared in advance and included in the Board book, presented orally at a Board meeting, distributed to local media, and published on the Santa Cruz City Schools website. (F8)
- R7.** The Santa Cruz City Schools Board of Education should solicit applications from the public at large whenever vacancies occur or terms expire among Board appointed seats. (F5)
- R8.** Future parcel tax language should be more precise about the specific responsibilities of the Parcel Tax Oversight Committee, especially regarding the advisory nature of their oversight, required public reporting, and Brown Act compliance. (F8, F12, F13, F14)
- R9.** Future parcel tax language should more accurately reflect the intent and priorities of the SCCS regarding spending priorities by including funding percentages where appropriate. (F9, F11)
- R10.** The Santa Cruz City Schools Board of Education should provide the Parcel Tax Oversight Committee with a formal charge. (F13)

R11. The Santa Cruz City Schools Board of Education should require the Parcel Tax Oversight Committee to comply with the Brown Act. (F14)

Commendations

- C1.** The Grand Jury commends the Santa Cruz City Schools Board of Education for adding a mandate for a citizen oversight committee to the parcel tax measure language, although oversight was not required by state law.
- C2.** The Grand Jury commends the current Santa Cruz City Schools administration and Parcel Tax Oversight Committee for having begun to address the long-standing deficiencies of the Parcel Tax Oversight Committee.

Responses Required

<i>Respondent</i>	<i>Findings</i>	<i>Recommendations</i>	<i>Respond Within/ Respond By</i>
Santa Cruz City Schools Board of Education	F1-14	R1-11	90 Days 7/16/15

Definitions

- **AVID:** *Advancement Via Individual Determination* - A global nonprofit organization dedicated to closing the achievement gap by preparing all students for college and other postsecondary opportunities
<http://www.avid.org/what-is-avid.ashx>
- **Board:** *Santa Cruz City School Board of Education*
- **District:** *Santa Cruz City School District*
- **FTE:** *Full time Equivalent*
- **LCFF:** *Local Control Funding Formula*
- **Lifelab:** An education program working with elementary students in gardens on campus, funded by parcel taxes referencing science
<http://www.lifelab.org/about/>
- **LMT:** *Library Media Teacher* - Credentialed library media teacher
- **OPALS:** A virtual library that professors and students use to access their institutions' digital and print resources 24/7
<http://wordpress.hyperion.scoolaid.net/academic-libraries/>
- **Oversight:** The action of overseeing something; supervision, inspection; authority, management; (also occas.) an instance of this. Also: supervisory responsibility or authority; custodianship, charge
- **PTOC:** *Parcel Tax Oversight Committee*
- **S4C:** *Santa Cruz County College Commitment* - A countywide collaborative comprised of public education institutions, including all K-12 School Districts, Cabrillo College, CSU Monterey Bay, San Jose State University (SJSU) and the

University of California Santa Cruz (UCSC).

<http://www.cabrillo.edu/associations/foundation/where-s4c.php>

- **SCCS:** Santa Cruz City School District
- **Trustees:** Elected members of the Santa Cruz City School Board of Education

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Appendix A

These are the parcel tax measures which are in effect and currently generating additional revenue for the city's schools. They are:

Measure I

Approved: June 2012 Duration: 7/1/2013-6/30/2022

Assessment: \$38 per year per parcel in high school district

Funds: Grade 9-12 Library and Counseling services.

Text: "To continue expiring funding to retain highly qualified teachers and librarians, prepare students for college/careers, provide academic counseling for at-risk youth, and continue improving classroom academics, shall the Santa Cruz City High School District renew its expiring parcel tax at \$38 per parcel annually for eight years, with exemptions available for seniors, independent oversight and accountability, no funds for administrator salaries, and guaranteed local control, so funds stay in local high schools to preserve quality education?"

Voter pamphlet: <http://www.votescount.com/jun12/meai.pdf> Accessed 3/8/15.

Measure J

Approved: June 2012 Duration: 7/1/2013-6/30/2022

Assessment: \$85 per year per parcel in elementary district

Funds: Grades K-8 Art and Music programs, Library programs and Counseling services

Text: "To continue expiring funding to retain highly qualified teachers and librarians, protect school art and music instruction, provide academic counseling and continue improving classroom academics, shall the Santa Cruz City Elementary School District renew its expiring parcel tax at \$85 per parcel annually for eight years, with exemptions available for seniors, independent oversight and accountability, no funds for administrator salaries, and guaranteed local control, so funds stay in Santa Cruz elementary and middle schools to preserve quality education?"

Voter pamphlet: <http://www.votescount.com/jun12/meaj.pdf> Accessed 3/8/15.

Measure P

Approved: February 2008 Duration: 7/1/2008-6/30/2017

Assessment: \$105 per year per parcel in elementary district

Funds: Grade K-3 class size reduction, lowered class sizes in grades 4-6, library services, art supplies, Life Lab, and a variety of other K-6 programs.

Voter pamphlet: <http://www.votescount.com/feb08/meap.pdf> Accessed 3/8/15.

These are the previous parcel taxes that had been passed and now exist as I and J.

Approved March 2002:

Measure C

Text: "Shall the Santa Cruz City High School District provide funds to continue specific educational programs and services by levying a special assessment for a period of 4 years, beginning 7/1/02, at the rate of \$28 per year for each assessor's parcel within the Santa Cruz City High School District, with an exemption for any senior citizen, 65 years or older, who owns and occupies that parcel as his or her principal place of residence, and shall the Santa Cruz City High School District implement accountability measures required by law?"

Full ballot measure text:

http://www2.santacruzpl.org/ref/measures/textfiles/2000_2004/2002march/measurerec.shtml Accessed 3/8/15.

Measure D

Text:"Shall the Santa Cruz City Elementary School District provide funds to continue specific educational programs and services by levying a special assessment for a period of 4 years, beginning 7/1/02, at the rate of \$70 per year for each assessor's parcel within the Santa Cruz City Elementary School District, with an exemption for any senior citizen, 65 years or older, who owns and occupies that parcel as his or her principal place of residence, and shall the Santa Cruz City Elementary School District implement accountability measures required by law?"

Full ballot measure text:

http://www2.santacruzpl.org/ref/measures/textfiles/2000_2004/2002march/measurerec.shtml) Accessed 3/8/15.

Approved June 2005 to renew C and D:

Measure A

Text:"To provide continued funding to retain quality teachers, credentialed librarians, academic and career counseling programs, and counselors for at-risk youth, shall the High School District of the Santa Cruz City Schools renew without increase its existing assessment of \$28/year per parcel for seven years, beginning July 1, 2006, exempting parcels owned/occupied by seniors (65+), with independent community oversight and accountability to ensure funds are used

only to improve student learning?"

Voter pamphlet:

http://www2.santacruzpl.org/ref/measures/textfiles/pdffiles/2005/20051108_A.pdf

Accessed 3/8/15.

Measure B

Text:"To provide continued funding to retain quality teachers, art and music programs, credentialed librarians and counselors for at-risk youth and students with academic needs, shall the Elementary District of the Santa Cruz City Schools renew without increase its existing assessment of \$70/year per parcel for seven years, beginning July 1, 2006, exempting parcels owned/occupied by seniors (65+), with independent community oversight and accountability to ensure funds are used only to improve student learning?"

Voter pamphlet:

http://www2.santacruzpl.org/ref/measures/textfiles/pdffiles/2005/20051108_B.pdf

Accessed 3/8/15.

Appendix B

Representative list of other school districts with extensive website information on their Parcel Tax Oversight Committees: (All websites accessed 3/8/15.)

Sunnyvale School District:

<http://www.sesd.org/education/dept/deptinfo.php?sectiondetailid=783&linkid=nav-menu-container-4-46056>

Los Gatos Union School District:

http://www.lgusd.org/apps/pages/index.jsp?uREC_ID=222266&type=d&pREC_ID=491061

Los Gatos - Saratoga Union High School District:

http://www.lgsuhd.org/cms/page_view?d=x&piid=&vpid=1322481100479

Dublin Unified School District: <http://www.dublin.k12.ca.us/Page/6459> ;

Davis Joint Unified School District <http://www.djUSD.net/ptoc> ;

Orinda Union School District

http://www.orindaschools.org/cms/page_view?d=x&piid=&vpid=1351944702563 ;

Livermore Valley <http://www.livermoreschools.com/parceltax>

Redwood City School District <http://www.rcsd.k12.ca.us/Page/3419>

Representative local district with partial website information:

Live Oak School District has a descriptive web page, one year of reports, and a full list of members of the PTOC. <http://www.losd-ca.schoolloop.com/Tax>.

Representative local districts with little/no website information:

Scotts Valley Unified School District passed Measure K in June 2012 with a planned for Oversight Committee. The website has nothing, there is no access to any information. Board minutes are also inaccessible on Dec. 9 2014.

Santa Cruz City Schools website lists the Parcel Tax Oversight Committee as one of its District Committees with this brief information:

<http://www.sccs.santacruz.k12.ca.us/about-us/committees.html> (Accessed 3/9/15)

“The PTOC, a ballot initiative requirement, provides citizen oversight of expenditures from revenue generated by active parcel tax measures.
Meets: As needed
Members: Community members”

Appendix C

This information was compiled from the posted Adopted Budgets for the years 2010 - 2015. (<http://www.sccs.santacruz.k12.ca.us/departments/business-services.html>) Accessed 3/8/15.

Amounts refer to dollars of parcel tax funds spent in High Schools for Measure A and I. This is the worksheet used to calculate the relative percentages of library versus counseling parcel tax dollars.

School	Area	2010-2011 (Meas. A)	2011-2012 (Meas. A)	2012-2013 (Meas. A)	2013-2014 (Meas. I)	2014-2015 (Meas. I)
Harbor High	Librarians	\$104,336	\$87,444	\$88,665	\$83,491	\$81,381
	Counselors	\$73,296	\$83,200	\$91,658	\$187,026	\$143,785
	Library Services	0	\$13,555	\$28,669	\$14,530	\$12,017
	Counselor Secretary	\$73,388	\$77,440	\$80,970	\$76,855	\$80,431
	Registrar	0	0	0	0	0
Santa Cruz	Librarians	\$88,486	\$93,145	\$96,313	\$94,952	\$98,506
	Counselors	\$81,144	\$105,315	\$65,089	\$178,750	\$263,461
	Library Services	0	\$14,184	\$29,803	\$47,060	\$11,155
	Counselor Secretary	\$76,940	\$81,061	\$79,766	\$72,782	\$74,471
	Registrar	0	0	0	0	0
Soquel	Librarians	\$96,789	102,043	\$101,647	\$104,312	\$108,183
	Counselors	\$27,446	\$146,630	\$142,308	\$242,410	\$284,162
	Library Services	0	\$13,509	\$34,061	\$13,327	\$12,017
	Counselor Secretary	\$75,706	\$80,683	\$49,687	\$85,107	\$81,923
	Registrar	\$46,917	\$49,393	\$88,867	0	0

Small School AFE	Library Services	\$32,725	0	0	0	0
Small Schools General	Counselors	\$41,794	0	0	\$52,558	\$56,435
	Librarians	0	0	\$27,663	\$2,6932	\$29,395
	Registrar	0	0	\$,5938	0	0
Total	Librarians and Services	\$322,336	\$323,880	\$406,821	\$384,604	\$352,654
	Counseling Services	\$496,631	\$623,722	\$604,283	\$895,488	\$984,668
	Total Services Expenditures	\$818,967	\$947,602	\$1,011,104	\$1,280,092	\$1,337,322
	Library Percentage	39.36%	34.18%	40.24%	30.05%	26.37%
	Counseling Percentage	60.64%	65.82%	59.76%	69.95%	73.63%
	Total \$ H.S. Library Services only	0	\$41,248	\$92,533	\$74,917	\$35,189

Appendix D

Example of parcel tax budgetary report delivered to the PTOC by the District Business Office in 2013. Similar report formats were provided in the 2014-15 meetings.

Santa Cruz City Schools
Summary of Services Paid by Parcel Taxes - 2012/2013

Updated 4/19/13

Service	Measures							
	A (9-12) 0802		B2 (K-8) 0803		P (K-6) 0804		Subtotal	
	Amt	FTE	Amt	FTE	Amt	FTE	Amt	FTE
			\$552,965	50%				
Librarians	\$300,722	3.250	\$311,511	3.100	\$298,368	3.150	\$910,601	9.500
Librarian Assistants	\$59,383	1.313	\$253,979	3.693	\$62,788	0.995	\$376,150	6.000
Librarian Assistants Sub					\$3,289		\$3,289	
Unallocated							\$0	
Other Services-OPALS	\$6,275		\$0		\$3,020		\$9,295	
General Fund Share			(\$12,525)				(\$12,525)	
	\$366,380	4.563	\$565,490	6.793	\$367,465	4.145	\$1,299,336	15.500
			\$165,890	15%				
Counselors	\$337,933	4.100	\$129,350	1.500			\$467,283	5.600
Counseling Secretary	\$217,819	3.000	\$46,021	0.750			\$263,840	3.750
Registrar	\$54,015	0.750					\$54,015	0.750
AVID Registration	\$1,000		\$1,000				\$2,000	
S4C Membership	\$3,514		\$3,514				\$7,028	
Unallocated							\$0	
General Fund Share			(\$9,480)				(\$9,480)	
	\$614,282	7.850	\$179,884	2.250			\$794,166	10.100
			\$387,076	35%				
Carryover FY 11/12			\$11,609					
Art Teacher (1120)	\$1,691		\$210,385	2.600	\$79,514	0.900	\$291,590	3.500
Music Teacher (1250)	\$1,691		\$148,804	2.000	\$51,483	0.573	\$201,978	2.573
Theatre (1270)	\$1,691						\$1,691	
Art Supplies			\$0		\$20,000		\$20,000	
MHMS Band Books			\$43				\$43	
Music Supplies			\$11,472				\$11,472	
Music Instr Repairs			\$2,453				\$2,453	
Travel			\$1,018		\$325		\$1,343	
Art/Music Substitutes	\$1,227		\$4,433		\$5,500		\$11,160	
Unallocated-Art/Music			\$20,077		\$24,176		\$44,253	
Carryover			(\$0)				(\$0)	
	\$6,300		\$398,685	4.600	\$180,998	1.473	\$585,983	6.073
Life Lab Coordinators (1540)					\$131,849	2.000	\$131,849	2.000
Outdoor Science-Stipends					\$9,130		\$9,130	
Outdoor Science-Service							\$0	
Learning Assist.					\$2,474		\$2,474	
Supplies					\$4,841		\$4,841	
Services							\$0	
Unallocated							\$0	
General Fund Share			\$0		\$148,294	2.000	\$148,294	2.000
Pr Yr Carryover	\$0		\$11,609		\$0		\$11,609	
Revenue	\$952,672		\$1,105,930		\$1,662,150		\$3,720,752	
Total Revenue	\$952,672		\$1,117,539		\$1,662,150		\$3,732,361	
K-3 CSR Contrib.					\$963,365		\$963,365	
4-5 CSR Contrib.					\$0		\$0	
Total Expense	\$986,962	12.413	\$1,144,060	13.643	\$1,660,122	7.618	\$3,791,144	33.673
General Fund Share	(\$34,290)		(\$26,521)		\$2,028		(\$58,783)	
Carryover								
General Fund Share	A		B2		P			
FY 11/12	\$0		(\$37,763)		\$0		(\$37,763)	
FY 10/11	\$0		(\$57,250)		\$0		(\$57,250)	
FY 09/10	(\$7,739)		(\$114,149)		(\$17,941)		(\$139,829)	
FY 08/09	(\$337,561)		(\$134,163)		N/A		(\$471,724)	
FY 07/08	(\$404,196)		(\$197,004)		N/A		(\$601,200)	
FY 06/07	(\$383,969)		(\$101,130)		N/A		(\$485,099)	

Appendix E

Parcel Tax Estimated Revenues from Adopted Budgets.

This information was compiled from the posted SCCS Adopted Budgets for the years 2010 - 2015. Accessed 3/8/15.

<http://www.sccs.santacruz.k12.ca.us/departments/business-services.html>4, 2015

Actual revenues are from General Fund Code 8621 from the Ed-Data website:
Accessed 3/8/15.

http://www.ed-data.k12.ca.us/App_Resx/EdDataClassic/fsTwoPanel.aspx?#!bottom=/_layouts/EdDataClassic/finance/GeneralFund.asp?tab=2&level=06&ReportNumber=4&County=44&fy=1213&District=40261

Measure	2010 - 2011	2011 - 2012	2012-2013	2013 - 2014	2014 - 2015
	Est. Revenue	Est. Revenue	Est. Revenue	Est. Revenue	Est. Revenue
A	\$948,438	\$946,126			
I			\$1,292,228	\$1,292,228	\$1,304,861
B	\$1,103,953	\$1,098,311			
J			\$1,341,895	\$1,341,895	\$1,361,573
P	\$1,661,048	\$1,651,018	\$1,661,100	\$1,661,100	\$1,658,227
Total Est.	\$3,713,439	\$3,695,455	\$4,295,223	\$4,295,223	\$4,324,661
Total Actual	\$3,713,517	\$3,718,405	\$3,715,948	N/A	N/A

Note: "N/A" Not available on the website at this time, accessed on March 4, 2015

Funded for the Future?

Retirement Costs and Obligations in Santa Cruz County

Summary

Public pension costs and retirement obligations have been a major topic in the news due to the increasing costs to governments and public agency employees. The California legislature and Governmental Accounting Standards Board have formulated new standards and reporting for retirement obligations. The Grand Jury investigated the past, current and future retirement costs of six jurisdictions in Santa Cruz County and identified what measures have been taken to manage or reduce costs. The Grand Jury investigated the cities of Capitola, Santa Cruz, Scotts Valley, Watsonville, the county of Santa Cruz and the Soquel Creek Water District.

Costs of retirement obligations are projected to continue increasing for the next five years.^[1] The ratio of retirees to the number of employed active members is increasing statewide. More retirees and fewer employees mean retirement costs are spread over fewer people. The goal of the pension program is to have sufficient assets to completely cover (fund) all retirement obligations. Currently the funded ratio range is between 64.9-80.6% for the public agencies in this report. A clear understanding of the total retirement obligation is necessary for both the general public and for the governing bodies tasked with making budgetary decisions.

The Grand Jury found the following:

- Continually rising retirement costs and obligations put funding of jurisdictions' services and projects at risk.
- A clear and complete statement of the total retirement costs and obligations has not been provided in the budget narrative for either the public or elected officials.
- Enrollment in the CalPERS Employers Retiree Benefit Trust Fund reduces employer contributions, prevents retiree health obligations from becoming a significant budget liability, and contributes to a positive credit rating.

The Grand Jury makes the following recommendations:

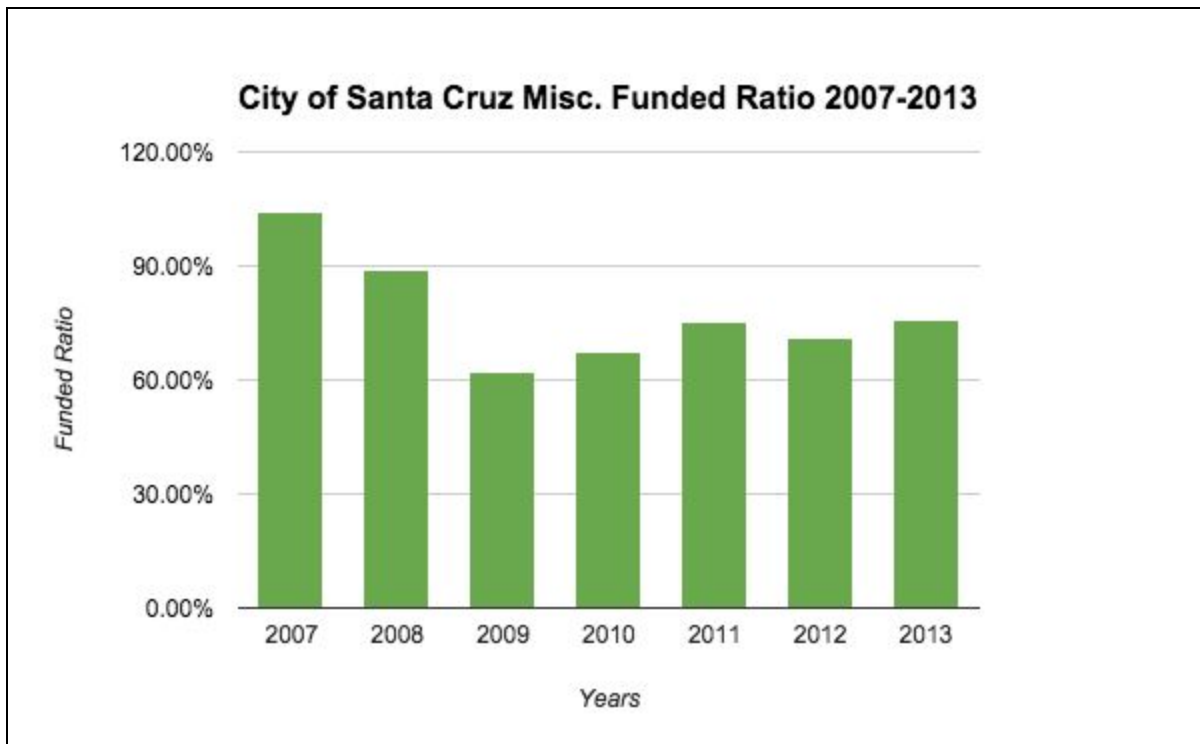
- To prevent reductions in public services, each of the six public agencies studied in this report should increase, and make public, their efforts to manage and reduce retirement costs and obligations.
- Each of the six public agencies studied in this report should provide, in language understandable to the public, the totality of retirement obligations in their annual budget narratives beginning with the fiscal year 2015/16 budget.

- The Board of Supervisors and the City Councils of Santa Cruz, Scotts Valley and Watsonville should enroll in the California Employers Retiree Benefit Trust Fund (CalPERS Trust Fund) to pre-fund retiree health obligations and unfunded liabilities.

Background

Public pension costs have been a major topic of discussion due to the increasing costs to local governments and recent State legislation reforming pensions in California. This legislation, Public Employees' Pension Reform Act of 2013 (PEPRA), became effective January 1, 2013.^[2] The Santa Cruz County Business Council commissioned a study titled "*Unfunded Pension and Retiree Health Care Liabilities in Santa Cruz County, October 2012*," which identified the high costs of retirement obligations.^[3]

In the last eight years, the six public agency pension plans in Santa Cruz County have declined from over 100% funded to as low as 59.9% funded. The primary cause of the drop in funding level was the fact that public pension investments suffered significant losses in fiscal years 2008 and 2009. In those years the California Public Employees Retirement System (CalPERS) had a net negative rate of return of -2.9% and -23.6%, respectively. This resulted in an approximate \$69.9 billion loss of assets.^[4]



Source: City of Santa Cruz Annual Valuation Reports

As an example, the chart above shows that the City of Santa Cruz miscellaneous member plan (for employees who are not police or fire) was funded at 104% in 2007 and declined to 75.9% in 2013.^[5] The ratio of assets to accrued liabilities is the primary

indicator of the health of the pension fund and determines the fiscal health of the plan or risk pool. A funded ratio greater than 100% means the plan or risk pool has more assets than liabilities and a ratio less than 100% means liabilities are greater than assets.

California Public Employees Retirement System (CalPERS)

CalPERS is an independent State agency with sole authority to:

- Administer the retirement funds of contracting public agencies
- Collect both employee and employer annual required contributions (ARCs)
- Manage the investment of funds
- Conduct an annual actuarial valuation of each agency's funds in order to determine the benefit plan contribution level.

CalPERS is the largest public-sector pension system in the United States, serving over 1.7 million members, 3,094 school districts and public agencies, and managing investments of over \$300.3 billion (as of February 2015).^[4]

Each jurisdiction has an individual contract with CalPERS. CalPERS offers a defined benefit plan which provides benefits calculated using a defined formula. When a public agency chooses a defined benefit plan (CalPERS) for its employees, it incurs an obligation to pay employee pensions and provide additional money if the prior contributions invested in CalPERS are insufficient to cover the promised payments. This liability remains with the jurisdiction and is not insured by any third party.

Retirement benefits are calculated using a member's years of service credit, age at retirement and final compensation averaged over a defined period of employment. There are a variety of retirement formulas that are determined by the member's employer, occupation group, and the specific provisions in the contract between CalPERS and the employer. Employees hired after January 1, 2013 are governed by the new PEPRA requirements.

CalPERS manages the public agencies' funds. Funding for retirees comes from three sources:^[4]

1. 67% from investment earnings
2. 21% from employers
3. 12% from employees.

Over the last 30 years, CalPERS investments have earned an average of 9.4% per year. During the last 10 years (2005-2014) investments have earned an average of 7.4%, with an annual high of 18.8% in fiscal year (FY) 2005 and an annual low of -23.6% in FY 2009. CalPERS investments lost \$69.9 billion in value during the recession of FY's 2008 and 2009.^[4]

CalPERS investments lost 26.5% of portfolio value or \$69.9 billion in fiscal years 2008 and 2009 combined.

Each year CalPERS conducts an actuarial study for each jurisdiction and determines the next year's contribution rates as a percentage of payroll. This information is transmitted to each public agency in October of each year. The following principal assumptions are currently used (last evaluated 2 years ago) by CalPERS to determine the funding status of each plan:^[6]

1. Inflation rate of 2.75%
2. Payroll growth of 3%
3. Investment return rate of 7.5%.

CalPERS determines the total employer contribution rate as a percentage of payroll. To fund employee pensions, the jurisdiction and its employees make contributions over the course of the employees' careers as a percent of salary. These contributions, with the investment earnings through CalPERS, are expected to pay all retiree pension benefits. Employee contributions are established by memoranda of understanding that are negotiated between the local public agencies and their employee groups (bargaining units such as safety, police, clerical workers etc.) and by state law.

Each public agency has multiple employee plans created and administered by CalPERS. Each plan has an actuarial study conducted annually by CalPERS. The actuarial study determines the public agency's contribution rate for the following year and a projection for the subsequent year. The following shows the number of plans that CalPERS has designated for the six jurisdictions in this report:

City of Capitola	3 plans
City of Santa Cruz	5 plans
City of Scotts Valley	3 plans
City of Watsonville	6 plans
County of Santa Cruz	3 plans
Soquel Creek Water District	3 plans

The employee contribution is determined through negotiations between the employee bargaining units and governing bodies of each public agency. The employer/employee payments are submitted to CalPERS every two weeks by the employer.

In some situations, if assets are not equal to liabilities, side funds are created by CalPERS. Side funds are debts which represent the differences between assets and liabilities. Side fund debts are treated as loans from CalPERS and have an interest rate of approximately 7.75%. Public agencies have the option to issue, at lower interest rates from 3-6%, pension obligation bonds to pay off their side fund debts.

What is the Public Employees' Pension Reform Act (PEPRA)?

The Public Employees' Pension Reform Act (PEPRA) became effective January 1, 2013. PEPRA affects both classic (existing) and new members (hired after January 1, 2013).^[2] The intent of California's legislature was to overhaul the state public employee retirement law. Major changes of the Public Employees' Pension Reform Act include:

- Increasing retirement age by two years or more for all new public employees
- Capping pensionable salaries (salary used by employer to calculate pension) at \$113,700 with Social Security and \$136,440 without Social Security
- Eliminating numerous abuses such as pension or salary spiking (inflating compensation in the years immediately preceding retirement to receive larger pensions)
- Requiring state employees and all new employees hired after January 1, 2013 to pay more toward their own retirement.

The effect of PEPRA was to close all existing active plans to new employees and create new plans for those hired after January 1, 2013. These new impacts of PEPRA go into effect FY 2015/16.

PEPRA creates a new defined benefit plan and formulas for all California state employees, most public agencies and local government employees hired after January 1, 2013. PEPRA is projected to save \$42-55 billion over the next 30 years.^[7] However, the real savings of PEPRA will come many years in the future as the percentage of PEPRA employees increases.

Additional Changes to CalPERS Assumptions

In April 2013 CalPERS approved new actuarial policies that are aimed at returning the pension system to fully-funded status in 30 years. The new policies include a rate-smoothing method with a 30-year fixed amortization period for gains and losses. The amortization would have a five-year ramp-up of rates at the start and a five-year ramp-down at the end. As a result, unfunded liabilities will be paid off faster because contribution rates will rise in the short term. This will also help avoid large increases in employer contribution rates in extreme years, while maintaining a reasonable level of change in normal years. These changes go into effect FY 2015/16.^[8]

In 2014 CalPERS concluded a 2-year asset study and approved several changes to the demographic assumptions that more accurately reflect actual experience. The most significant of these is an increase in employee life expectancies. These new assumptions will be used in the FY 2016/17 employer contribution rates.^[8]

Other Post Employment Benefits (OPEBs)

OPEBs are benefits (other than pension wages) that an employee will begin to receive at the start of retirement. These may include life insurance premiums, death benefits and health care premiums. Retiree health care premiums comprise the majority of costs of OPEBs. OPEBs are optional and are negotiated between employees and governing bodies. OPEBs may be increased, reduced or eliminated by an employer based on the language in the memorandum of understanding between the employer and employee.

All public agencies in this report use a pay-as-you-go financing method for funding OPEB programs. Two jurisdictions, the City of Capitola and the Soquel Creek Water District, are enrolled in the California Employers Retiree Benefit Trust (CERBT)

program. CERBT is a separate CalPERS irrevocable trust fund dedicated to pre-funding employer OPEB liabilities.^[9]

Frequently Used Pension Terms

- **Basic retirement funding equation:** Contributions (employer/employee) + Investment income = Expenses + Benefits Paid
- **Normal costs** are the total benefits and expenses that have accrued during the year and are expected to accrue annually.
- **Accrued Liability** is the amount of money needed to pay for benefits based on current members' years of service. This amount is amortized to build the necessary assets over time to cover liabilities.
- **Fully funded** means the assets equal or exceed the liabilities.
- **Funded Ratio** is the market value of assets over the pension obligation.
- **Unfunded Liability** is the unfunded obligation for prior benefits, measured as the difference between the accrued liability and plan assets.
- **Unfunded accrued liabilities** occur when the value of assets is less than the accrued liability.
- **Unfunded actuarial accrued liability (UAAL)** is created when past actuarial assumptions have not occurred.

What is Considered to be an Adequately Funded Pension Program?

An adequately funded pension program is not simply or easily defined. CalPERS current contribution patterns are designed to attain a funded ratio of 100% within 30 years.^[1]

Each pension plan is designed to accumulate sufficient funds to support member's defined retirement benefits. The amount of anticipated funds required to support a member's retirement benefit minus the funds currently available is the accrued liability. A plan that is currently on track to create assets equal to the accrued liability is on schedule. A plan whose assets will not meet the accrued liability is behind schedule or is said to have an unfunded liability and must temporarily increase contributions to get back on schedule. Events such as plan amendments and investment or demographic gains or losses can change a plan's funding status from year to year.

The funded status of a pension plan is defined as the ratio of assets to a plan's accrued liabilities based on the market value of those assets. As of June 30, 2013, after reflecting the new assumptions adopted by CalPERS, the funded status range for all jurisdictions being studied was between 64.9 and 80.6%. The funded ratio is the primary means of determining the health of a pension program.^[10]

Interviewees had varying responses to the question of what is considered adequate funding for a pension program, including:

- 80% of the funded ratio
- 100% of the funded ratio

- Not too concerned because the funded ratio is cyclic

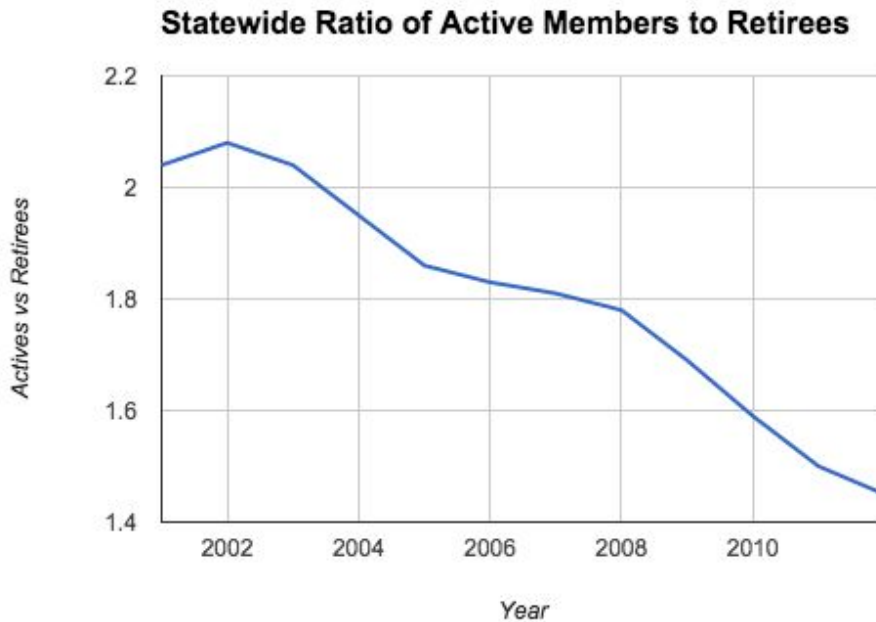
Interviewees expressed concern about the increased costs of retirement obligations on the budget and potential impact to the credit rating of the public agency.

Why are Pension Costs Increasing?

Even with the changes in the retirement law with the passage of PEPRA, retirement obligations are becoming an increasing financial obligation for jurisdictions for the following reasons:

1. In 2002 the statewide ratio of active members to retirees was 2 to 1. By 2012, the statewide ratio had declined to 1.45 to 1. Currently there are about 1.5 active members' payroll to spread the risk associated with each retiree's benefits instead of the 2 to 1 ratio of a decade ago. The CalPERS projected ratio for 2037 is between 0.6 and 0.8 active member to one retiree (see the chart below).^[1]
2. Increases in benefits to existing employees raises costs, e.g.
 - a. Past negotiated retirement age reductions resulted in longer benefit terms and therefore higher costs.
 - b. Increased retirement amount from 2.5% to 3% at 60 years of age for every year employed.
3. Retiree health costs continue to increase.
4. The CalPERS investment rate of return is unpredictable and changes from year to year.
5. The actuarial assumptions are not constant. Recently, CalPERS changed several assumptions related to rate-smoothing and demographics. The most significant demographic change, greater life expectancies, has increased the required employer contributions.^[6]
6. Investment returns suffered significant losses in FY 2008-2009 of -26.5% (\$69.9 billion) compared to the projected assumption of a 7.5% annual rate of return. These funds still have not recovered.

Due to the declining ratio of active to retired employees, unless funding levels rise to 100%, retirees represented in the later years will be essentially funding their own retirements.



Employer and employee contribution levels are expected to continue to increase unless exceptional investment returns are experienced.^[1] When investment returns fail to meet expectations, employer and employee contributions must increase to fund the difference. In addition to rising CalPERS costs, a public agency which has significant unfunded liabilities and debt levels may receive a lower credit rating, making any new or refinanced debt more expensive.

A public agency which has significant unfunded liabilities and debt levels could receive a lower credit rating, making any new or refinanced debt more expensive.

According to CalPERS representatives, the three primary reasons for unfunded liabilities are the following:

1. 70% of the unfunded liabilities are attributable to market performance.
2. 15% of the unfunded liabilities are attributable to retroactive benefit enhancements (e.g. lowering retirement age, revising retirement salary determination from a three year average to a one year average).
3. 15% of the unfunded liabilities are attributable to other actuarial assumption changes.^[11]

Laws, Regulations and Standards for Pensions

The laws, regulations and standards for retirement programs are located in [Appendix L](#).

Scope

The Grand Jury investigated and evaluated the retirement obligations of six Santa Cruz County jurisdictions: the four incorporated cities, Capitola, Santa Cruz, Scotts Valley and Watsonville, the county of Santa Cruz and the Soquel Creek Water District. All of these public agencies contract with the California Public Employees Retirement System (CalPERS) to provide retirement benefits to employees.

This investigative report focuses on identifying relevant data from the following areas for the six public agencies:

1. The total pension costs for the last five years
2. The percentage of pension costs of the total operating and personnel budgets
3. Employee and employer contribution rates for each pension plan
4. The unfunded liability for each pension plan
5. The steps taken to manage and reduce pension costs

Retirement obligations in this report include the following:

1. Post-retirement wages (pension) paid to employees and/or beneficiaries
2. Other Post Employment Benefits (OPEBs) including life insurance premiums, death benefits and health benefits for retirees
3. Social Security benefits, if the public agency has elected to be in the program
4. Public Agency Retirement System (PARS)
5. Pension obligation bonds
6. Unfunded liabilities for pensions and OPEBs

This report does not evaluate the public agency health plans for active employees.

Interviews were conducted from October 2014 to March 2015 with representatives from each of the public agencies and an actuary from CalPERS. The primary sources of information for this report were interviews, Comprehensive Annual Financial Reports (CAFRs), budgets, the CalPERS website, requested information from interviewees and Annual Actuarial Valuation Reports from CalPERS for each jurisdiction. This report does not compare pension plans between public agencies.

Investigation

The Grand Jury interviewed administrative personnel from the cities of Capitola, Santa Cruz, Scotts Valley, Watsonville, the county of Santa Cruz, Soquel Creek Water District and a CalPERS actuary, all of whom are familiar with pension and/or retirement issues. As part of the interview process, each individual was also given a list of requested information relating to pension issues.

All recent budgets and budget narratives were reviewed to find basic information concerning retirement obligation costs.^{[12][13][14][15][16][17]} As the following table indicates, the budget and budget narratives of all six public agencies failed to provide a clear and understandable breakdown of retirement obligations.

Summary of Annual Pension Data from the Budget or Budget Narrative

	<i>Total Annual CalPERS Retirement Costs</i>	<i>Total Annual Retiree Health Insurance (OPEB) Costs</i>	<i>Total Annual Pension Obligation Bond Costs</i>	<i>Total Annual Social Security Costs</i>	<i>Unfunded Pension Liability</i>	<i>Unfunded OPEB Liability</i>	<i>Funded Ratios</i>
City of Capitola	No	No	Yes	N/A*	No	No	No
City of Santa Cruz	No	No	Yes	N/A	No	No	Yes
City of Scotts Valley	No	No	Yes	No	No	No	No
City of Watsonville	No	No	N/A	No	No	No	No
County of Santa Cruz	No	No	N/A	No	No	No	No
Soquel Creek Water District	Yes	No	N/A	N/A	No	No	No

*N/A means not applicable

Total retirement costs include the pension contribution, retiree health costs, Social Security (if applicable), pension obligation bonds (if applicable), Public Agency Retirement System (if applicable), unfunded pension liability and unfunded retiree health liability (OPEBs).

The Grand Jury believes the public and each governing body should have a clear understanding of the total costs and cost trends of retirement obligations before an annual budget is approved. Comprehensive annual financial reports (CAFRs) have the most information about retirement obligations. However in the CAFR, the information is contained in an audit of previously approved budgets, which do not present an account

of the total retirement costs in a clear and understandable format. A good example of an understandable budget narrative is listed in [Appendix D](#).

Recent Changes to Reporting Other Post Employment Benefits

In May 2014, the Governmental Accounting Standards Board (GASB) issued a draft on Accounting and Financial Reporting for Post Employment Benefits Other Than Pensions. This document makes changes on how OPEBs are reported in the financial statements (CAFRs) of employers. One of the key provisions of the changes is that every government entity will be required to report its OPEB net liability in their government-wide and proprietary fund financial statements. Currently, employers only report liability if they fail to fully fund their annual contribution.^[18] The following table summarizes general information about retirement plans from each of the six public agencies.

Summary of Retirement Plans/Number of Employees and Retirees

	CalPERS	Social Security for Regular Employees	Number of Current Employees 6/30/13	Number of Retirees 6/30/13	Ratio of Current Employees to Retirees
City of Capitola	Yes	No	65	92	1 to 1.41
City of Santa Cruz	Yes	No	777	882	1 to 1.13
City of Scotts Valley	Yes	Yes	60	26	1 to 0.43
City of Watsonville	Yes	Yes	361	328	1 to 0.91
County of Santa Cruz	Yes	Yes	2,350	2,428	1 to 1.03
Soquel Creek Water District	Yes	No	47	46	1 to 0.98

Sources: 2014 Comprehensive Annual Financial Reports, Soquel Creek WD response to comments 12/30/14, Scotts Valley Budget 2014/15.

Specific retirement cost totals paid and contribution rates for each jurisdiction are included in the following Appendices:

- City of Capitola [Appendix F](#)
- City of Santa Cruz [Appendix G](#)
- City of Scotts Valley [Appendix H](#)
- City of Watsonville [Appendix I](#)
- County of Santa Cruz [Appendix J](#)
- Soquel Creek Water District [Appendix K](#)

The following table shows the total unfunded liabilities for each public agency.

Total Unfunded Liabilities for Pensions and OPEBs FY's 2011 and 2013

<i>Agency</i>	<i>FY 2011</i>	<i>FY 2013</i>
<i>City of Capitola</i>	\$13,288,347	\$14,890,582
<i>City of Santa Cruz</i>	\$108,374,540	\$130,957,078
<i>City of Scotts Valley</i>	\$14,208,845	\$16,274,061
<i>City of Watsonville</i>	\$51,385,033	\$53,556,361
<i>County of Santa Cruz</i>	\$381,187,830	\$479,192,624
<i>Soquel Creek Water District</i>	\$8,642,212	\$9,000,989

Sources: CAFR's for the cities of Capitola, Santa Cruz, Scotts Valley, Watsonville, County of Santa Cruz and the Soquel Creek Water District Annual Valuation Report as of June 30, 2013

Unfunded liabilities and funded ratios for all public agencies are found in [Appendix C.](#)

Options for Managing Retirement Costs

With input from public agencies, and by reviewing budgets, Comprehensive Annual Financial Reports, actuarial studies and other information, the Grand Jury identified some options for managing retirement obligations:

- Increase revenue. Without increased revenue to the agencies, the increases in retirement obligations will reduce funding for other projects and services.

- Permanently reduce workforce. Outsource or contract for services. This needs to be evaluated on a case by case basis to determine if cost reductions are real.
- Develop a trust or reserve fund for pension contribution rate increases to minimize the impacts of future contribution rate increases.
- Utilize the CalPERS California Employers' Retiree Benefit Trust Fund to pre-fund OPEB (retiree health) costs.
- Negotiate an increase of the employee contribution to CalPERS.
- Negotiate a decrease in the amount paid by the employer for retiree health insurance premiums.
- Develop new hiring tiers for workforce.
- Evaluate a discontinuance of Employer Payment of Member Contributions (EPMC), if applicable.
- Pay off CalPERS pension side funds, if applicable.
- Investigate unfunded accrued liability (UAL) lump sum prepayments.
- Evaluate issuing a Pension Obligation Bond.
- Terminate the CalPERS contract. In order to terminate the contract, the unfunded termination liability must be paid, which can be extremely expensive. Public agencies would be required to pay approximately the following amounts for termination:^{[5][19][20][21][22][23]}
 - City of Capitola \$ 53,381,934
 - City of Santa Cruz \$ 417,035,407
 - City of Scotts Valley \$ 42,109,974
 - City of Watsonville \$ 185,390,950
 - County of Santa Cruz \$1,023,685,680
 - Soquel Creek Water District \$ 19,916,389

Because of the costs, paying termination fees is not a viable or reasonable option.

The public agencies we investigated have taken a number of steps to more efficiently manage retirement costs (See Appendices F, G, H, I, J and K).

CalPERS Unfunded Liabilities

The unfunded liability is the expected amount due for pensions and retiree health care promised in future years. There must be a balance between contributions to the pension fund and investments to benefits paid and administrative expenses. To illustrate:

$$\text{Contributions} + \text{Investment income} = \text{Benefits paid} + \text{Administrative expense}^{\text{[24]}}$$

In Santa Cruz County, the range of total unfunded liability for the six jurisdictions ranges from approximately \$8 million to \$480 million.^{[25][26][27][28][29][30]} The unfunded actuarial accrued liability (UAAL) occurs because past assumptions have not been realized.

In the CalPERS “Annual Review of Funding Levels” dated November 18, 2014,

numerous conclusions are stated which identify a significant amount of risk being taken in the funding of the statewide CalPERS pension plan. The purpose of the report was to assist CalPERS Board of Administration in assessing the funded status of the retirement system and its overall soundness and sustainability. The primary conclusion of this report is:

. . .there is a significant amount of risk being taken in the funding of the (CalPERS pension) system. The probability that the system will face a period of severe stress is still at a level that may be unacceptable.

The full report conclusions are listed in [Appendix M](#).

Investigative Facts Summary

The following major facts were found during the preparation of the Grand Jury report:

1. The totality of retirement obligations (pension, retiree health, social security, pension obligation bonds, unfunded pension liability and unfunded OPEB costs) are not included in any of the six public agencies' annual budget narratives or budgets.
2. Mandated CalPERS employer contribution rates have increased in the last 2 years.
3. CalPERS predicts increased pension contributions for the next 5 years.^[1]
4. Other Post Employment Benefit costs have increased in the last 2 years.
5. The CalPERS statewide ratio of employees to retirees has fallen from:
 - 2001: 2.04 to 1
 - 2012: 1.45 to 1
 - 2037: 0.6 to 1 (projected).^[1]
6. The employee to retiree ratio in the six public agencies in Santa Cruz County is falling (more retirees compared to employees).
7. Employer contribution rates for the jurisdictions range between 6.25% to 36.6%. Generally, police and fire plans have the highest contribution levels because of the early retirement of safety employees. CalPERS reports that agencies throughout California with contribution levels over 40% are putting a strain on local budgets.^[1]
8. The total paid retirement cost has increased in the last two years for every agency except the Soquel Creek Water District.

Findings

- F1.** Continually rising retirement costs and obligations put funding of jurisdictions' services and projects at risk.
- F2.** A clear and complete statement of the total retirement costs and obligations has not been provided in the budget narrative for either the public or elected officials.

F3. Enrollment in the CalPERS Employers Retiree Benefit Trust Fund reduces employer contributions, prevents retiree health obligations from becoming a significant budget liability, and contributes to a positive credit rating.

Recommendations

R1. To prevent reductions in public services, each of the six public agencies studied in this report should increase, and make public, their efforts to manage and reduce retirement costs and obligations. (F1)

R2. Each of the six public agencies studied in this report should provide, in language understandable to the public, the totality of retirement obligations in their annual budget narratives beginning with the fiscal year 2015/16 budget. (F2)

R3. The Board of Supervisors and the City Councils of Santa Cruz, Scotts Valley and Watsonville should enroll in the California Employers Retiree Benefit Trust Fund (CalPERS Trust Fund) to pre-fund retiree health obligations and unfunded liabilities. (F3)

Responses Required

<i>Respondent</i>	<i>Findings</i>	<i>Recommendations</i>	<i>Respond Within/ Respond By</i>
Capitola City Council	F1, F2	R1, R2	90 Days 9/10/2015
Santa Cruz City Council	F1, F2, F3	R1, R2, R3	90 Days 9/10/2015
Scotts Valley City Council	F1, F2, F3	R1, R2, R3	90 Days 9/10/2015
Watsonville City Council	F1, F2, F3	R1, R2, R3	90 Days 9/10/2015
County of Santa Cruz Board of Supervisors	F1, F2, F3	R1, R2, R3	90 Days 9/10/2015
Soquel Creek Water District Board of Directors	F1, F2	R1, R2	90 Days 9/10/2015

Definitions

- **Actuary:** A professional who analyzes the financial consequences of risk.
- **ARC:** *Annual Required Contribution* - The annual required contribution is the amount the employer is required to contribute to a defined benefit pension fund, based on an actuarial formula, to fund current and future retirement benefits and liabilities. The ARC is determined by multiplying the employer contribution rate by the payroll reported to CalPERS. If this contribution is fully prepaid in a lump sum, then the dollar value of the ARC is equal to the lump sum prepayment. It is the amount needed to payout the benefits of future retirees.
- **AVA:** *Actuarial Value of Assets* - The value of a pension plan investments and other property. AVA is used by the actuary for the purpose of an actuarial valuation (sometimes referred to as valuation assets). Actuaries often select an asset valuation method that smoothes the effects of short-term volatility in the market value of assets.
- **Bargaining Units:** Local groups designated to represent the individuals (fire, police, miscellaneous employees, etc.) to negotiate with the local governing body regarding wages and benefits.
- **CalPERS:** *California Public Employees Retirement System* - The State agency responsible for managing public agency retirement funds through contracts with local agencies.
- **CAFR:** *Comprehensive Annual Financial Report* - A CAFR is a set of U.S. government financial statements comprising the financial report of a public agency that complies with the accounting requirements promulgated by the Governmental Accounting Standards Board (GASB) and is required by the State of California (Government Code 12460). GASB provides standards for the content of a CAFR in its annually updated publication, *Codification of Governmental Accounting and Financial Reporting Standards*. A CAFR is compiled by public agency staff and audited by an external American Institute of Certified Public Accountant (AICPA) certified accounting firm utilizing GASB requirements.
- **Classic member:** A member of CalPERS hired prior to January 1, 2013.
- **Employer Normal Cost:** Employer normal costs are the total benefits and expenses that have accrued during the year and are expected to accrue annually.
- **Funded Status:** The funded status is the ratio of assets to a plan's accrued liabilities. A ratio of over 100% means the plan or risk pool has more assets than liabilities. A ratio less than 100% means liabilities are greater than assets. A funded ratio based on the Actuarial Value of Assets (AVA) indicates the progress toward fully funding the plan using the actuarial cost methods and assumptions. A funded ratio based on the Market Value of Assets (MVA) indicates the short-term solvency of the plan.
- **Hiring Tiers:** Tiers created for new employees with associated benefits.
- **Miscellaneous Employees:** Miscellaneous employees are employees of a public agency other than fire, police or sheriff.

- **MVA:** *Market Value of Assets* - Market value of assets is the price of an asset in the current market.
- **OPEB:** *Other Post Employment Benefits* - Other post employment benefits are benefits that an employee will begin to receive at the start of retirement other than pension wages. Other post employment benefits that a retiree can be compensated for are life insurance premiums, health care premiums and death benefits.
- **PARS:** *Public Agency Retirement System* - PARS is a defined retirement system covering part-time, temporary or seasonal employees and all employees not covered by another retirement plan. The plan is sponsored and paid for by employees and employer contributions.
- **PEPRA:** *Public Employees' Pension Reform Act of 2013* - California Pension reform legislation which became effective January 1, 2013.
- **PERF:** *Public Employees' Retirement Fund* - PERF is the account established for retirement benefits of members administered by the California Public Employees Retirement System.
- **PERL:** *Public Employment Retirement Law* - PERL is the California State regulation governing public pensions or retirement systems.
- **Plans:** Groups of CalPERS active members (Safety, Police, Miscellaneous, PEPRA, etc.) which CalPERS establishes actuarial reports and determines local contribution rates.
- **Retirement Obligations:** Retirement obligations include pensions, retiree health care costs, pension obligation bonds, Social Security costs, unfunded liability for pension and unfunded liability for retiree health care (OPEB).
- **Risk Pool:** Risk pooling is the process of combining assets and liabilities across employers to produce large risk sharing pools. Such risk sharing pools dramatically reduce or eliminate the large fluctuations in an employer's retirement contribution rate caused by unexpected demographic events. Participation in risk pools is mandated for all rate plans with less than 100 active members on any valuation date.
- **Side Fund:** Loans that public agencies initiate to cover the difference between CalPERS assets and liabilities. These loans are in addition to the normal or annual required contribution.
- **Smoothing:** A statistical technique for removal of short term irregularities in order to improve the value of the financial forecast.
- **Totality of retirement costs:** Includes the pension, other post employment benefits, social security, pension obligation bonds, Public Agency Retirement System (PARS), unfunded pension liabilities and unfunded other post employment benefit liabilities.
- **UAL:** *Unfunded Accrued Liabilities* - When a plan or pool's actuarial value of assets is less than its accrued liability, the difference is the plan or pool's unfunded liability. If the unfunded liability is positive, the plan or pool will have to pay contributions exceeding the normal cost.
- **UAAL:** *Unfunded Actuarial Accrued Liabilities* - The unfunded actuarial accrued liability is the difference between accrued liabilities and the value of assets

accumulated to finance an obligation.

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Appendix A

Brief Summary of PEPRA

PEPRA defines a new member as:

1. A new hire who is brought into CalPERS membership for the first time on or after January 1, 2013 and has no other membership in any other California public retirement system, or
2. A new hire who is brought into CalPERS membership for the first time on or after January 1, 2013 and who is not eligible for reciprocity with another California public retirement system, or
3. A member who established CalPERS membership prior to January 1, 2013 and who is hired by a different CalPERS employer after January 1, 2013 after a break in service of greater than six months. [Section 7522.04 (F) of Public Employees' Retirement Law].

The final compensation used to calculate the benefits paid to a new member is defined as the highest average annual pensionable compensation earned over the last 36 consecutive months prior to retirement. What is "pensionable compensation"?

"The normal monthly rate of pay or base pay for services rendered pursuant to publicly available pay schedules" (Section 7522.34 of CalPERS Public Employees' Retirement Law).

PEPRA caps the annual salary that can be used to calculate final compensation for all new employees (except judges) at \$113,700.00 for employees that participate in Social Security or \$136,440.00 (120% of the 2013 contribution and benefit base) for those employees that do not participate in Social Security. Adjustments to the caps are permitted annually based on changes to the Consumer Price Index (CPI) for All Urban Consumers.

PEPRA has reduced benefit formulas and increased retirement ages:

1. Non-safety members have a new defined benefit formula of 2% at age 62 with an early retirement age of 52 and a maximum benefit factor of 2.5% at age 67.
2. Safety members have new defined benefit formulas consisting of the normal retirement formula of 2% at age 50 and a maximum benefit factor of 2.7% at age 57 (Section 20516 CalPERS Public Employees' Retirement Law).

PEPRA applies to most public agencies and State employee retirement systems in California whether the plan is a defined benefit plan, a contribution plan governed by Section 401 of the Internal Revenue code, or a tax sheltered annuity 403 (B) plan.

PEPRA permits public agencies and school employers to agree to share the cost of the employer contribution rate with or without a change in benefits to employees. However, by January 1, 2018 the employee contribution rate may only be increased up to 8% for

miscellaneous members, a 12% contribution rate for local police officers, local firefighters and county peace officers, or an 11% contribution rate for all other local safety members.

PEPRA excludes certain types of pay from being reported as pensionable compensation; including bonuses, overtime outside normal working hours, cash payouts for unused leave (vacations, annual sick leave and severance pay.)

PEPRA prohibits purchase of additional retirement service credit, known as "air time" (Section 7522.46 of CALPERS Public Employees' Retirement Law).

Public officials forfeit their pensions if they are convicted of a felony in carrying out their elected official duties (Section 7522.72 and 7522.74 of CalPERS Public Employees' Retirement Law).

PEPRA also requires a 180 day waiting period before any retiree can return to work for a CalPERS employer without reinstatement from retirement. This does not generally apply to public safety officers or firefighters (Section 7522.56 of CalPERS Public Employees' Retirement Law).

Because PEPRA effectively closed all active risk pools to new employees, as such it is no longer appropriate to assume that the payroll of the risk pools for the classic formulas will continue to grow at 3% annually. Funding the promised pension benefits as a percentage of payroll would lead to the underfunding of the plans. In addition the current

allocation of the existing unfunded liabilities based on payroll would create equity issues for employers within the risk pools. Furthermore the declining payroll of the classic formula risk pools will lead to unacceptable levels of employer rate volatility.

In order to address these issues CalPERS approved changes to the risk pools in May 2014. All pools plans will be combined into two pools, miscellaneous and safety, effective with the 2013 valuations. In additions, two important changes are also being made which will affect employers:

1. CalPERS will collect employer contributions toward unfunded liability and side fund as dollar amounts instead of the prior method of a contribution rate, beginning with FY 2015/16. This change will address the funding issue that would still arise from the declining population of classic formula members. Although members' employers will be invoiced at the beginning of the fiscal year for their unfunded liability and side fund payments the plan's normal cost contribution will continue to be collected as a percentage of payroll.
2. The pools' unfunded liability will be allocated to each individual plan based on the plan's total liability rather than by plan individual payroll. This will allow employers to track their own unfunded liability and pay it down faster if they choose. The change in the allocation of unfunded liabilities will result in some employers paying more towards their unfunded liability and some paying less.^[2]

Appendix B

Summary of Fund Status of Misc. Retirement Plans from FY 2010 to 2013

Market Value of Assets (MVA)

	<i>Percent of Retirement Fund which is Funded as of 6/30/10</i>	<i>Percent of Retirement Fund which is Funded as of 6/30/11</i>	<i>Percent of Retirement Fund which is Funded as of 6/30/12</i>	<i>Percent of Retirement Fund which is Funded as of 6/30/13</i>
City of Capitola	n/a	75.3%	71.0%	75.2%
City of Santa Cruz	67.2%	75.4%	69.0%	73.4%
City of Scotts Valley	n/a	69.0%	72.0%	76.2%
City of Watsonville	68.3%	76.7%	72.3%	75.4%
County of Santa Cruz	65.1%	73.3%	69.0%	73.4%
Soquel Creek Water District	n/a	76.5%	72.0%	76.2%

Sources: CalPERS Annual Actuarial Valuation Reports 2010-2013 for all jurisdictions

Appendix C

Unfunded Liabilities and Funded Ratios for Jurisdictions for FY 2012/2013

Capitola Unfunded Liabilities/Funded Ratios for FY 2012/2013

<i>Plan</i>	<i>Safety</i>	<i>Misc</i>	<i>PEPRA</i>	<i>Total</i>
Unfunded Pension Liabilities	\$7,114,975	\$7,118,107	\$0	\$14,233,082
Funded Ratio	77.5%	75.2%	134%	
OPEB Unfunded Actuarial Accrued Liability				\$657,500

Source: CalPERS "City of Capitola Annual Valuation Reports as of June 30, 2013" and FY CAFR 2014

City of Santa Cruz Unfunded Liabilities/Funded Ratios for FY 2012/2013

<i>Plan</i>	<i>Police Tier 1</i>	<i>Police Tier 2</i>	<i>Fire Tier 1</i>	<i>Fire Tier 2</i>	<i>Misc.</i>	<i>Total</i>
Unfunded Pension Liabilities	\$24,523,905	\$11,169	\$17,369,713	\$14,722	\$72,616,578	\$114,536,087
Funded Ratio	77.5%	80.6%	77.5%	80.6%	75.9%	
OPEB Unfunded Actuarial Accrued Liability						\$16,420,991

Source: CalPERS "City of Santa Cruz Annual Valuation Reports as of June 30, 2013" and FY CAFR 2014

Scotts Valley Unfunded Liabilities/Funded Ratios for FY 2012/2013

Plan	Safety	Misc	PEPRA	Total
Unfunded Pension Liabilities	\$4,705,083	\$6,080,149	0	\$10,785,232
Funded Ratio	77.5%	76.2%		
OPEB Unfunded Actuarial Accrued Liability				\$5,488,829

Source: CalPERS "City of Scotts Valley Annual Valuation Reports as of June 30, 2013 and FY 2014 CAFR

Watsonville Unfunded Liabilities/Funded Ratios for FY 2012/2013

Plan	Fire Tier 1	Fire Tier 2	Police Tier 1	Police Tier 2	Misc	PEPRA	Total
Unfunded Pension Liabilities	\$9,164,624	\$4,601	\$15,275,403	\$6,983	\$25,516,550	0	\$49,968,161
Funded Ratio	77.5%	80.6%	77.5%	80.6%	75.4%	146%	
OPEB Unfunded Actuarial Accrued Liability							\$3,588,200

Source: CalPERS "City of Watsonville Annual Valuation Reports as of June 30, 2013" and FY 2014 CAFR

County of Santa Cruz Unfunded Liabilities/Funded Ratios for FY 2012/2013

Plan	Sheriff	Safety	Misc	Total
Unfunded Pension Liabilities	\$45,325,971	\$34,094,931	\$254,758,722	\$334,179,624
Funded Ratio	64.9%	76.3%	73.4%	
OPEB Unfunded Actuarial Accrued Liability				\$145,013,000

Source: CalPERS "County of Santa Cruz Annual Valuation Reports as of June 30, 2013" and FY 2014 CAFR

Soquel Creek Water District Unfunded Liabilities/Funded Ratios for FY 2012/2013

Plan	Misc. Tier 1	Misc. Tier 2	PEPRA	Total
Unfunded Pension Liabilities	\$5,255,480	\$315,655	0	\$5,571,135
Funded Ratio	76.2%	76.2%	134%	
OPEB Unfunded Actuarial Accrued Liability				\$3,429,854

Source: CalPERS "Soquel Creek Water District Annual Valuation Reports as of June 30, 2013" and Annual Financial Report 2013-2014

Appendix D

Example of Retirement Obligation Information for Budget Narratives

City/County/Special District Retirement Obligations			
	FY 2012	FY 2013	FY 2014
<i>Pension Costs</i>	\$6,786,565	\$7,000,000	\$7,500,000
<i>OPEB Costs</i>	\$1,056,676	\$1,134,333	\$1,200,000
<i>Pension Obligation Bond Costs</i>	\$0	\$0	\$0
<i>Social Security Costs</i>	\$0	\$0	\$0
<i>Total Annual Retirement Costs</i>	\$7,843,241	\$8,134,333	\$8,700,000
<i>Unfunded Pension Liability</i>	\$31,343,212	\$32,444,323	\$34,500,000
<i>Unfunded OPEB Liability</i>	\$6,987,556	\$7,100,343	\$7,600,000
<i>Funded Ratios %</i>	71-75%	71-75%	72-77%

Appendix E

Summary of Retirement Costs as a Percentage of Operating and Payroll Budgets FY 2013/14 unless otherwise noted

	<i>Annual Retirement Costs</i>	<i>Annual Operating Budget</i>	<i>Annual Retirement Costs as a Percent of Operating Budget</i>	<i>Annual Payroll</i>	<i>Annual Retirement Costs as a Percent of Payroll FY 2012/13</i>	<i>Annual Retirement Costs as a Percent of Payroll FY 2013/14</i>
<i>City of Capitola</i>	\$1,880,236	\$ 13,733,777	13.7%	\$7,768,290	24.7%	24.2%
<i>City of Santa Cruz</i>	\$10,961,518	\$144,290,472	7.5%	\$82,274,813	12.1%	13.3%
<i>City of Scotts Valley</i>	\$1,795,078	\$8,466,448	21.2%	\$6,422,488	24.9%	27.9%
<i>City of Watsonville</i>	\$5,712,953	\$62,060,149	9.2%	\$40,632,450	13.4%	14.1%
<i>County of Santa Cruz</i>	\$43,480,065	\$407,410,361	10.7%	\$181,461,167	24.8%	23.9%
<i>Soquel Creek Water District</i>	\$954,455	\$9,489,000	10.1%	\$5,206,600	30.2%	18.3%

Sources: Data from the 2012/2013 and 2013/14 annual budgets from the cities of Capitola, Santa Cruz, Scotts Valley and Watsonville, County of Santa Cruz and Soquel Creek Water District and CalPERS

Appendix F

City of Capitola

The City of Capitola has paid the following total amounts of retirement costs during the last five fiscal years ending June 30:

City of Capitola Annual Retirement Costs

<i>Fiscal Year</i>	<i>Pension Costs (A)</i>	<i>PARS (B)</i>	<i>OPEB Costs (C)</i>	<i>Pension Obligation Bond Costs (D)</i>	<i>Total Retirement Costs (A+B+C+D)</i>
2010	\$ 768,343	\$5,359	\$18,058	\$674,991	\$1,466,751
2011	\$ 836,156	\$4,282	\$20,597	\$679,751	\$1,540,786
2012	\$1,020,901	\$3,476	\$22,891	\$673,005	\$1,720,273
2013	\$1,059,598	\$3,238	\$27,292	\$672,466	\$1,762,594
2014	\$1,132,136	\$3,487	\$69,900	\$674,713	\$1,880,236

Source: City of Capitola written communication November 3, 2014, CAFR's 2010-2014

The City of Capitola has taken the following steps to manage retirement obligations:

1. The City of Capitola implemented a cap on pension contributions in 2007. These caps are in effect through June 30, 2018.
2. In July 2007 Capitola issued a pension obligation bond (6.09%) in the amount of approximately \$5 million to refinance the unfunded liability with CalPERS. The \$5,040,000 pension bond will be paid off in August 2017.
3. The City implemented a higher employee contribution rate (the rate increased from 8 to 13%) for new employees in 2012.

According to the Capitola 2014 Comprehensive Annual Financial Report (CAFR):

The risk pool adjustment to the CalPERS risk pool structure was not confirmed until FY 13/14. The risk pool adjustment, which was unanticipated consequence of PEPRA, allocated each employer's unfunded liabilities to individual plans. Due to City's high retiree to active employee ratio, Capitola like many smaller cities were adversely impacted. Five year projections included in the actuarial report indicate that rates will most likely continue to rise through FY 20/21.

While all labor agreements include a CPI-based Cost-of-Living-Adjustment (COLA) through the contract period, it may be challenging for employees to bear the complete cost of the increase. Capitola employees have previously foregone raises over a five-year period, deferred previously negotiated salary increases, and accepted mandatory furloughs to assist with cost-containment during difficult fiscal times. The City is in the process of meeting with bargaining groups to discuss solutions, while also reviewing long-term financial projections.

City of Capitola Employee-Employer Contribution Rates FY 2014-15

	Bargaining Unit	Employee Contribution	Employer Contribution
City of Capitola	Misc. Classic Tier 1	10.292%	16.488%
	Misc. Classic Tier 2	15.292%	11.488%
	Misc. PEPRA	6.25%	6.25%
	Safety Classic Tier 1	11.874%	28.291%
	Safety Classic Tier 2	16.874%	23.291%
	Safety PEPRA	11.50%	11.50%

Source: City of Capitola, Request for Information Response, November 3, 2014

Appendix G

City of Santa Cruz

The following chart shows the total retirement costs paid by the City of Santa Cruz for the last five fiscal years ending June 30.

City of Santa Cruz Annual Retirement Costs

<i>Fiscal Year</i>	<i>Pension Costs (A)</i>	<i>OPEB Costs(B)</i>	<i>Pension Obligation Bond Costs(C)</i>	<i>Social Security Costs (temporary employees only) (D)</i>	<i>Total Retirement Costs (A+B+C+D)</i>
2010	\$10,070,382	\$360,431	0	\$117,841	\$10,548,654
2011	\$8,838,188	\$444,442	\$501,194	\$127,189	\$9,911,012
2012	\$8,230,089	\$476,411	\$1,056,928	\$149,003	\$9,912,431
2013	\$8,015,878	\$554,284	\$1,024,485	\$171,969	\$9,766,618
2014	\$9,254,901	\$548,627	\$986,900	\$171,090	\$10,961,518

Source: 2010-2014 City of Santa Cruz Comprehensive Annual Financial Reports

The City of Santa Cruz has taken the following steps to manage retirement obligations:

1. In 2010, the City implemented a new, second tier, lower benefited pension for all new hires.
2. Santa Cruz has implemented, through negotiations, a higher employee contribution for retirement costs (from 7% to 19%, depending on the bargaining unit).
3. Santa Cruz has elected to prepay its annual pension payment to obtain a discounted pension payment.
4. The city has adopted an Unfunded Obligation Reserve which will be utilized to build up available resources to a level to establish a Retirement Trust fund that can maximize investment earnings to be used to decrease future pension liabilities.

In 2010 the city issued a \$24.15 million dollar Pension Obligation Bond to eliminate the CalPERS side fund saving approximately \$200,000 annually.

City of Santa Cruz Employee-Employer Contribution Rates 2014/15

	Bargaining Units	Employee Contribution	Employer Contribution
City of Santa Cruz	Misc. Tier 1	8%	16.74%
	Misc. Tier 2	8%	16.74%
	Misc. Tier 3	7.75%	16.74%
	Public Safety-Police Tier 1	14.22%	29.56%
	Public Safety-Police Tier 2	14.22%	23.07%
	Public Safety-Police Tier 3	17.47%	12.25%
	Public Safety-Fire Tier 1	12.0%	29.56%
	Public Safety-Fire Tier 2	12.0%	23.07%
	Public Safety-Fire Tier 3	15.25%	12.25%

Source: City of Santa Cruz, Request for Information Response, December 5, 2014

Employees also pick up an additional amount of the city contribution. The additional contribution depends on the bargaining unit and varies from year to year.

1. Police employee contribution rates include the base 9% required employee pickup plus additional contribution amount. Amounts shown are for the core bargaining unit. Management group rates are 15.75%, 19% and 19% for Tiers 1, 2 and 3 respectively.
2. Fire employee contribution rates include the base 9% required employee pickup plus additional contribution amount. Amounts shown are for all Fire employees.
3. Misc. employee contribution rates include the base 7% required employee pickup plus additional contribution amount. Amounts shown are for the service unit.
 - a. Supervisory and Management rates are 11%, 10.75% and 10.75% for Tier 1, 2 and 3 respectively.
 - b. Executive rates are 12%, 11.75% and 11.75% for Tier 1, 2 and 3 respectively.

Appendix H

City of Scotts Valley

The following chart shows the total retirement costs paid by the City of Scotts Valley for the last five fiscal years ending June 30.

City of Scotts Valley Annual Retirement Costs

Fiscal Year	Pension Costs (A)	OPEB Costs (B)	Pension Obligation Bond Costs (C)	Social Security Costs (D)	Total Retirement costs (A+B+C+D)
2010	\$962,050	\$152,240	0	\$337,919	\$1,452,209
2011	\$954,584	\$197,557	0	\$337,303	\$1,489,444
2012	\$1,174,108	\$219,715	0	\$342,582	\$1,736,405
2013	\$797,941	\$245,143	\$294,194	\$348,611	\$1,685,889
2014	\$775,658	\$228,394	\$443,268	\$347,758	\$1,795,078

Source: 2010-2014 Scotts Valley Comprehensive Annual Financial Reports

The City of Scotts Valley has taken the following steps to manage retirement obligations during the last five years:

1. The city now pays the employee's portion of CalPERS in lieu of salary increases.
2. In June 2012 the city issued a pension obligation bond in the amount of \$4,460,000 to pay off the City's side fund deficit. The city was paying 7.75% on the side fund deficit to CalPERS. The weighted average interest rate of the bond was 3.06%.

City of Scotts Valley Employee-Employer Contribution Rates 2014-15

	Bargaining Unit	Employee Contribution	Employer Contribution
City of Scotts Valley	Misc. Safety	8% 9%	15.701% 26.881%

Source: City of Scotts Valley, Request for Information Response, January 2015

Appendix I

City of Watsonville

The following chart shows the total retirement costs paid by the City of Watsonville for the last five fiscal years ending June 30.

City of Watsonville Annual Retirement Costs

Fiscal Year	Pension Costs (A)	OPEB* (B)	Pension Obligation Bond Costs (C)	Social Security Costs (D)	Total Retirement costs (A+B+C+D)
2010	\$4,253,518	0	0	\$1,500,696	\$5,754,214
2011	\$4,237,856	0	0	\$1,397,584	\$5,635,440
2012	\$4,398,604	0	0	\$1,054,533	\$5,434,522
2013	\$4,275,295	0	0	\$1,035,918	\$5,311,213
2014	\$4,332,846	0	0	\$1,380,107	\$5,712,953

Source: 2010-14 Watsonville Comprehensive Annual Financial Reports (CAFR's)

*Although the city does not currently pay for retiree health costs, there is a retiree health OPEB net obligation of \$4,530,800 for FY 2013/14.

The City of Watsonville has taken the following steps to manage retirement obligations during the last five years:

1. The city implemented a two tier system in 2011 so new employees would be at a lower level of benefits.
2. The city has negotiated for employees to pay the full employee share of pension costs (previously the city paid part of the employee pension costs).

The City did not pre-fund retiree healthcare costs nor did the City establish an irrevocable trust for retiree healthcare costs. The decision not to use an irrevocable trust was made because of the current national and state economic issues and the possibility that the funds may be required to provide current services.

City of Watsonville Employee-Employer Contribution Rates 2014/15

	Bargaining Unit	Employee Contribution	Employer Contribution	Employee PEPRA	Employer PEPRA
City of Watsonville	Clerical/Tech	7%	12.12%	6.25%	12.12%
	Confidential	7%	12.12%	6.25%	12.12%
	Fire Tier 1	9%	35.73%*	11.5%	11.5%
	Fire Tier 2	9%	21.37%	11.5%	11.5%
	Management	7%	12.12%	6.25%	12.12%
	Mid-Management	7%	12.12%	6.25%	12.12%
	Police Tier 1	9%	36.64%	11.5%	11.5%
	Police Tier 2	9%	21.37%	11.5%	11.5%
	Public Works	7%	12.12%	6.25%	12.12%
	Safety (police) Mid-Management	9%	33.49%	11.5%	11.5%
				*Employee pays 7.5% of PERS Employer Rate	

Source: City of Watsonville Bargaining Unit Benefits-Updated July 1, 2014

Appendix J

County of Santa Cruz

The following chart shows the total retirement costs paid by the county of Santa Cruz for the last five fiscal years ending June 30.

County of Santa Cruz Annual Retirement Costs

<i>Fiscal Year</i>	<i>Pension Costs (A)</i>	<i>OPEB Costs (B)</i>	<i>Pension Obligation Bond Costs (C)</i>	<i>Social Security Costs (D)</i>	<i>Total Retirement Costs (A+B+C+D)</i>
2010	\$32,054,634	\$3,998,945	None	\$2,286,463	\$38,340,042
2011	\$31,074,807	\$4,818,714	None	\$2,236,165	\$38,129,686
2012	\$33,261,121	\$4,822,914	None	\$2,216,671	\$40,300,706
2013	\$34,365,995	\$4,591,534	None	\$2,245,272	\$41,202,801
2014	\$36,462,580	\$4,681,209	None	\$2,336,276	\$43,480,065

Source: 2010-2014 County of Santa Cruz Comprehensive Annual Financial Reports and Auditor-Controller information submitted dated January 9, 2015.

The county of Santa Cruz has taken the following steps to manage retirement obligations during the last five years:

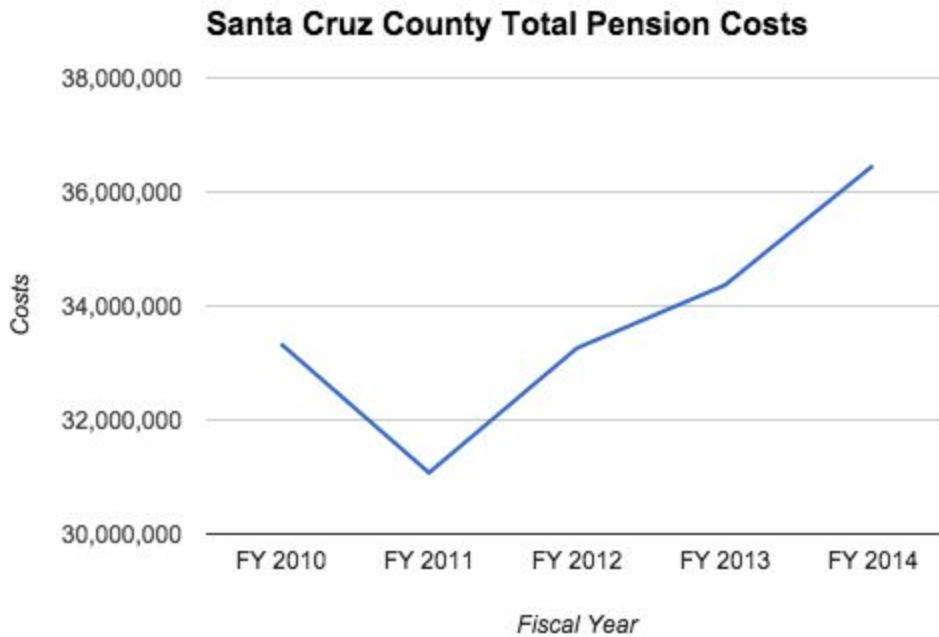
1. In February 2014, the Board of Supervisors approved changes to the retiree health benefits to physicians which reduced the Unfunded Actuarial Accrued Liability (UAAL) by \$117,000 and reduced the annual required contribution for the first year by \$22,000.
2. Negotiated a cafeteria plan and cap on retiree health benefits which was implemented in 2007-2008.
3. Safety employees hired between June 8, 2012 and January 1, 2013 will have benefits based on the highest 3 consecutive years' earnings.
4. Safety Sheriff employees hired after June 8, 2012 will have benefits based on the highest 3 consecutive years' earnings.

According to the FY 2013/14 CAFR regarding OPEB, \$4,681,209 was paid, the OPEB debt obligation increased \$7,326,833 as of June 30, 2014 with a total net OPEB obligation of \$102,743,480. During the last 3 years the net OPEB obligation increased from \$88,212,910 to \$102,743,480 (an increase of \$14,530,570 or a 14.2% increase).

County of Santa Cruz Employee-Employer Contribution Rates 2014-15

	<i>Bargaining Units</i>	<i>Employee Contribution</i>	<i>Employer Contribution</i>
<i>County of Santa Cruz</i>	Misc.	7%	16.084%
	Safety Sheriff	9%	34.020%
	Safety non-Sheriff	9%	20.292%

Source: County of Santa Cruz, Request for Information Response, January 9, 2015



Appendix K

Soquel Creek Water District

The following chart shows the total retirement costs paid by the Soquel Creek Water District for the last five fiscal years ending June 30.

Soquel Creek Water District Annual Retirement Costs

<i>Fiscal Year</i>	<i>Pension Costs (A)</i>	<i>OPEB Costs (B)</i>	<i>Pension Obligation Bond Costs (C)</i>	<i>Total Retirement Costs (A+B+C+D)</i>
<i>2010</i>	\$671,045	\$162,624	None	\$ 833,669
<i>2011</i>	\$675,435	\$401,263	None	\$1,076,698
<i>2012</i>	\$622,212	\$435,527	None	\$1,057,739
<i>2013</i>	\$615,527	\$779,428	None	\$1,394,955
<i>2014</i>	\$474,355	\$480,100	None	\$ 954,455

Source: Soquel Creek Water District Annual Financial Reports 2010-2014

The decrease in pension costs during 2013/14 was due to negotiated agreements which transferred payment of the employee share from the District to the employee. The Soquel Creek Water District has taken the following steps to manage retirement obligations during the last five years:

1. Negotiated a contract change to discontinue the Industrial Disability Retirement Benefit for employees hired after December 18, 2005.
2. Paid off the CalPERS side fund which was accruing interest at 7.75% with 8 years left on the amortization schedule in June 2011.
3. Negotiated a contract change to discontinue the Employer Payment of Member Contributions (EPMC) benefit effective September 2013.
4. Negotiated a contract change whereby retirees who are eligible for health reimbursement pay 10% of the premium cost. Note: The cost sharing ends when an employee becomes eligible for Medicare. The District pays 100% of the Supplemental Medicare premium.
5. Negotiated a contract change lengthening the number of years of district service and age requirement to earn full retirement health benefits in 2013.
6. Began contributions to pre fund OPEB in March 2011.

For the fiscal year ended June 30, 2014, the District's ARC cost was \$281,957. The District's net OPEB asset amounted to \$248,286 for the fiscal year ending June 30,

2014. The District contributed \$480,100 toward current retiree OPEB premiums and the District's irrevocable trust account (CalPERS CERBT account) for the fiscal year ending June 30, 2014.^[35]

Soquel Creek Water District Employee-Employer Contribution Rates 2014-15

	Bargaining Unit	Employee Contribution	Employer Contribution
<i>Soquel Creek Water District</i>	Misc. Tier 1	8%	14.556%
	Misc. Tier 2	8%	14.083%
	PEPRA	6.25%	6.25%

Source: Soquel Creek Water District, Request for Information Response, January 1, 2015

Prior to September 15, 2013 the District paid the employer and employee share of the contributions to CalPERS.

Appendix L

Laws, Regulations and Standards for Pensions

The law governing California pensions is the California Public Employees Retirement Law found in California Government Code beginning with section 20000. An independent organization, Government Accounting Standards Board (GASB), issues statements that establish standards of accounting and reporting which also apply to pension costs. GASB statements 43, 45, 67, 68 and 71 are applicable to retirement systems. In addition, CalPERS conducts an annual actuarial report of the jurisdiction's retirement system and each public agency conducts a comprehensive annual financial audit (CAFR).

Appendix M

The various measures that were analyzed give different perspectives on the risk associated with the funding of the system. When looked at together, these risk measures show that there is still considerable risk in the funding of the system. The risk of low funded status has been reduced considerably over the last few years by the adoption of a new asset allocation and new assumptions and by changes to the smoothing policies. However, this improvement has come at the expense of increasing employer contributions and this has put additional strain on contributing employers.

In the short term, contribution rate levels are expected to increase unless the System experiences a period of exceptional investment returns. The rates will probably remain high for an extended period to eliminate the unfunded liabilities.

Pension plans at CalPERS are becoming more mature. That is, the ratio of retired members to active members is increasing. Along with the benefit levels, this has resulted in an increase in the asset to payroll levels. This means that volatility is having a greater impact on employers than it had in the past.

Changes to accounting standards (GASB Statement 68) may affect employers' willingness to accept the current level of risks associated with the sponsoring of a defined benefit pension plan as the magnitude of unfunded liabilities and pension expenses are now reported on the basic financial statements. This may result in pressure to change their risk profile by making changes to actuarial or investment policies and/or benefit levels.

Pension reforms implemented effective January 1, 2013 will afford employers some relief in the longer term both as to level and volatility of contributions but this will be minimal in the short term.

The work on Asset Liability Management has shown that there remains considerable risk in the funding of the system. There is a substantial risk that, at some point over the foreseeable future, there will be periods of low funded status and high employer contribution rates. Should this coincide with a period of financial weakness for employers or if such a period occurs before we recover from the current funding shortfall, the consequences could be very difficult to bear.

Combined, the measures discussed above indicate that employers will be under continuing financial stress for many years unless there is a period of exceptional returns in the markets.

Should this stress result in employers electing to terminate their contracts with CalPERS, there could be significant or even devastating consequences to our members. Most plans are between 40 and 60 percent funded on a hypothetical termination basis. While staff will make every effort to collect any shortfall if a plan were to terminate their contract, any uncollectable shortfall will raise the specter of benefit reductions to the level that the benefits are funded.

The report shows that there is a significant amount of risk being taken in the funding of the system. The probability that the system will face a period of severe stress is still at a level that may be unacceptable. Staff urges the Board to review these results carefully and determine whether or not they feel that changes are necessary to improve the soundness and sustainability of the system.^[1]

Recipe for Failure: Shrinking Budgets and Increasing Needs for Emergency Homeless Shelters

Summary

Santa Cruz County has the dubious distinction of ranking in the top ten small cities in the nation in terms of the largest number of homeless individuals, including chronically homeless people.^[1] Recent Santa Cruz County data show that the population of homeless persons is increasing, reaching a peak of 3,536 total homeless individuals per the last published census in 2013, an increase of 56% since 2009.^[2]

Despite increased demand and the importance of emergency shelters, funding and resources for such shelters is inadequate, and diminishing. National funding policies reflect a shift toward permanent supportive housing for the chronically homeless, thus restricting available funding for temporary shelters.

The Grand Jury evaluated the city of Santa Cruz emergency shelters, the North County Emergency Winter Shelter, and the funding for these shelters. Emergency temporary shelters, though not a long-term solution to ending homelessness, serve an acute need. Demand for the county's emergency shelters exceeds capacity with long wait-lists, and many are turned away. The existing emergency shelters are unable to meet the needs of the local homeless population, providing temporary housing to only 18%, leaving 82% unsheltered per 2013 data.^[2] They are also short-staffed, lacking enough case managers to help transition the homeless population to stable housing.

The North County Emergency Winter Shelter (EWS), located at the Armory in Delaveaga Park in Santa Cruz, is an expensive yearly arrangement. It has reduced effectiveness due to limited hours of operation, geographical location, and the conditions, rules and regulations imposed by the owner, The National Guard. The future of the existing EWS is uncertain, with no backup plans or alternative location despite ongoing winter demand.

The Grand Jury recommends that facilities, funding and staffing of all emergency shelters in the city of Santa Cruz be reassessed to adequately meet the acute needs of the persistently high homeless population. Additional case managers are needed to facilitate the transition of homeless individuals out of shelters. More grant writers are needed to access untapped funding opportunities.

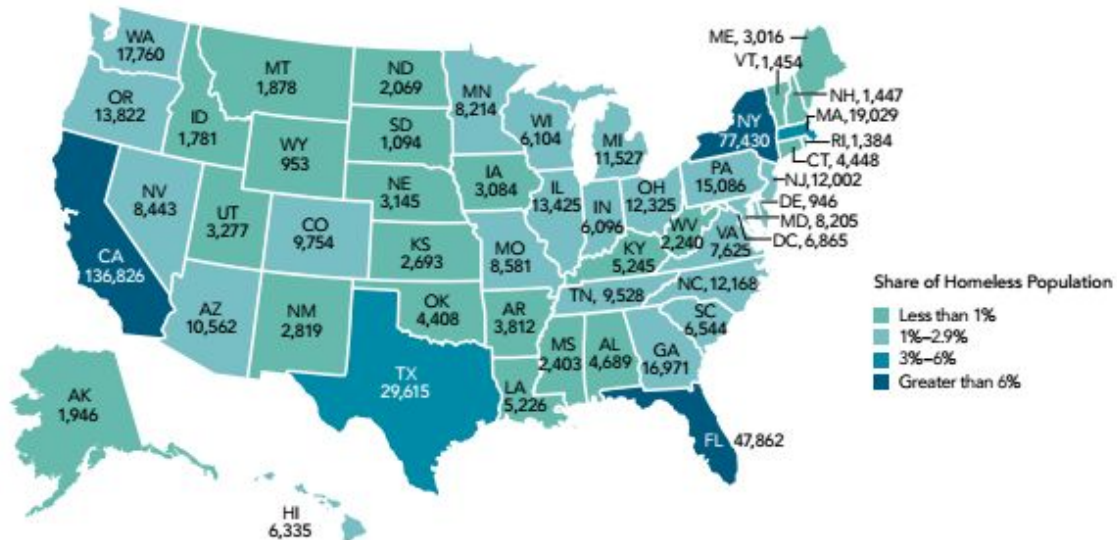
Background

The Department of Housing and Urban Development (HUD) defines emergency shelter as a facility with the primary purpose of providing temporary shelter for homeless persons. Emergency shelters can be an important entry point for the homeless in beginning or continuing the process of rebuilding their lives and accessing services which may lead to stable housing. For a summary history of Santa Cruz County homeless services see [Appendix A](#).

Homeless Population in Santa Cruz County Is Significant and On The Rise

While California houses 9% of the total population of the United States, it is home to 22% of the nation's homeless population (136,826 people). According to the most recent Point-in-Time (PIT) census survey provided for HUD, on a single night in January 2013, California ranked Number 1 in the nation's homeless population, almost twice as many people as the next largest population: New York, at 13% (77,430 people).^[1]

EXHIBIT 1.4: Estimates of Homeless People
By State 2013



These data are collected by local planning bodies designated by HUD as Continuums of Care (CoC), which are responsible for coordinating the full range of homeless services in a geographic area, such as our county. The 2013 HUD report also ranked Santa Cruz County among smaller city, county, and regional Continuums of Care (CoC)[1] as 10th highest in the nation in number of homeless individuals. Nationally, our county also ranked 10th highest in number of chronically homeless people. Chronically homeless is defined as remaining homeless for more than one year or experiencing a minimum of four episodes of homelessness over a three-year period.^[1]

The most recently reported county survey, performed January 22, 2013 by Applied Survey Research (ASR),^[2] documented a total of 3,536 homeless individuals in Santa

Cruz County. This represents an increase from the 2,771 individuals counted in the 2011 census survey. Of these individuals, only 18% were sheltered, either in emergency shelters or transitional housing. The remaining 82% were living in places such as streets, parks, vehicles, and ad hoc encampments. The highest concentration of these individuals was located in the city of Santa Cruz, at a total of 892 persons (31%), followed by the city of Watsonville at 497 persons (17%); the majority of the remaining 1,372 persons were scattered throughout the unincorporated area of the county.

“If all the 2,895 unsheltered homeless persons in Santa Cruz County were to line up for a shelter bed, the line would stretch for one mile.”^[3]

In addition, the ASR report also indicated that 53% of the homeless respondents had lived in Santa Cruz County for the past three or more years, and 31% for ten or more years, both indicators of the chronic nature of this problem in our community.^[2]

Numerous federal and state funding streams rely on PIT census survey statistics. However, it is important to acknowledge the inherent limitations of these data. In our county the data are collected during only one day “point-in-time”, and only on a biennial basis. This snapshot survey of the homeless population may incorrectly estimate the extent of this systemic problem. It is difficult to account for the flux of the homeless population, as they are mobile, with uncertain living situations, from vehicle to shelter to a friend’s residence, etc. Potential underestimation might be the case in certain subpopulations, such as:

- homeless youths
- agricultural workers
- families
- those living in places not ordinarily designed for human habitation
- some employed homeless individuals who might not be seen during the survey, and
- those who live in extremely rural areas.^[4]

Homelessness Impacts Our Community

Cost analyses clearly indicate homelessness overtaxes local agencies, such as health services and law enforcement, resulting in the inefficient use of funding.^[5] The state level report, “*The Annual Cost of Chronic Homeless in California*” summarizes most, though not all of the estimated costs to communities. Costs incurred by chronic homelessness are estimated to be \$25,726-\$36,388 (avg. \$31,057) per person per year ([Appendix B](#)).

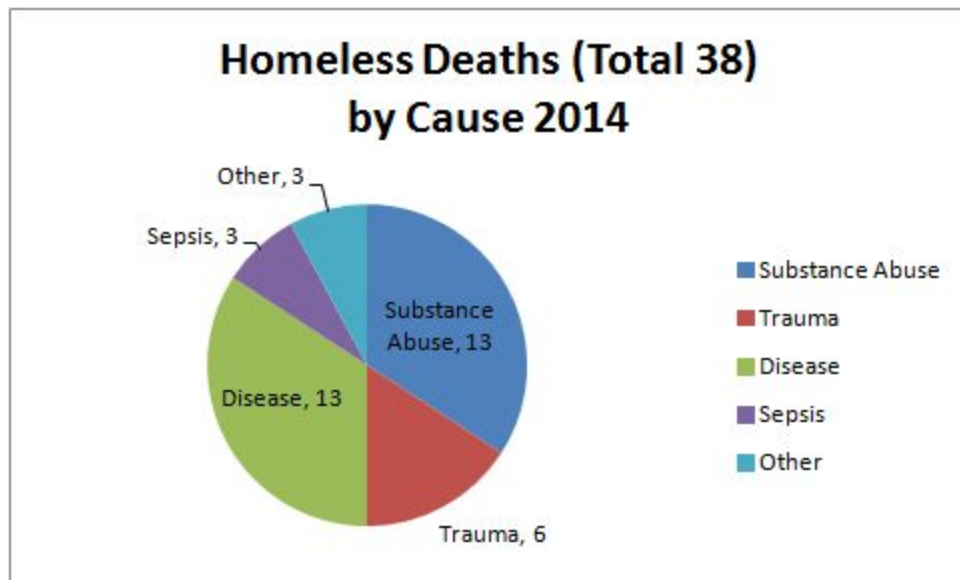
Additional impacts to our county include safety, environmental, financial, and quality of life issues. These impacts were highlighted in the “Research, Findings and Recommendations: Santa Cruz City Public Safety Citizen Task Force”^[6] and the 2013 Special Session of the Santa Cruz City Council which focused on Homelessness.^[7]

Vagrancy Laws Penalize and Perpetuate Homelessness

A recent report by the University of California Berkeley Law Policy Advocacy Clinic addressing California's new vagrancy laws found that California cities have enacted a large number of anti-homeless laws to address the escalating homeless population. The report concluded that "criminalization harms homeless people and perpetuates poverty by restricting access to the social safety net, affordable housing, and employment opportunities" and that "enforcement of such laws is expensive, directing limited resources away from efforts that would effectively and humanely reduce homelessness."^[8]

Homelessness and Premature Death

The Annual Report on Homeless Deaths in Santa Cruz County enumerated 38 homeless person deaths in 2014. This annual report is prepared by the Homeless Persons' Health Project, a program of the Santa Cruz County Health Services Agency, and has enumerated over 600 deaths since its inception in 1999. The graph below is a distribution of homeless deaths by cause in 2014.



Source: [Appendix C](#)

Of these deaths 29 were male and 9 were female. The average age at death was 51.4 years, over 25 years shorter than the current 78.7 years average American life expectancy.

Although specific housing status at the time of death was difficult to determine (i.e. outside, vehicle, hospital, etc.), having access to shelter may reduce this mortality rate. It is well documented that, "the mortality rate for those experiencing chronic homelessness is four to nine times higher than the general population."^[2]

Lack of Affordable Housing Contributes to Homelessness

Santa Cruz-Watsonville ranked 6th in the nation’s most expensive metropolitan areas for housing. The average renter would have to earn over \$30 an hour in order to afford a 2-bedroom rental unit at fair market rent.^[9]

Assistance for low income earners has decreased. From 1976-2007, the federal housing assistance budget was reduced by 50% (\$28.1 billion), according to an analysis published by The National Low Income Housing Coalition.^[10]

The Santa Cruz County Homeless Action Partnership (HAP) Ten-Year Plan to End Homelessness 2003-2013 Report declared: “It is not surprising, then, that homeless people have become more and more visible in all parts of the county, urban, suburban, and rural. Shelters, once home to people without incomes, are increasingly filling with working people who just cannot find or afford housing; transitional housing programs, meant to facilitate a person’s ability to transition into permanent housing, are left without exits.”^[4]

Santa Cruz County “Ten-Year Plan to End Homelessness, 2003-2013”: No Substantive Improvement in Homeless Numbers

As the following table demonstrates, the PIT census counts have shown no real reduction in homelessness.

A Comparison of The Point In Time Census Survey in Santa Cruz County

Homeless	2005 PIT Census	2013 PIT Census
Total Homeless Individuals	3,371	3,536
Sheltered	21%	18%
Unsheltered	79%	82%

Source:^{[2][4]}

The Ten-Year Plan was written by the Homeless Action Partnership ([Appendix D](#)) and sponsored by all of the local jurisdictions. It provided a “common blueprint to guide the County, the Cities, service providers, the business sector, philanthropy, and the broader community in realizing the vision of a community in which all residents have stable housing and services they need to live in dignity...”^[4]

While the main emphasis of this plan was to broaden our community stock of affordable housing, it listed clear objectives and action steps for emergency shelters, including:

- 50% more families and individuals without shelter will receive emergency shelter
- Support emergency shelters as an important component of the CoC as, for many homeless individuals, they are the point of entry to the homeless services system
- Continue development of new homeless family shelters in North and South County, seek funding for development, and encourage participation by all jurisdictions

- Develop a new permanent (year-round) adult shelter facility to replace the winter armory shelter
- Increase the availability and accessibility of all health and human services and case management for homeless people at the emergency level.^[4]

The Next Ten-Year Plan: “All In - Toward a Home for Every County Resident”

The County Board of Supervisors (BOS) approved an agreement with United Way of Santa Cruz County in early 2014 to complete a new coordinated long range strategic plan to address homelessness in our county. The recently adopted ten year plan, “All In - Toward a Home for Every County Resident,” highlights “action to prevent, reduce, and eventually end homelessness in Santa Cruz County, and ameliorate the impact of homelessness on all people.”^[11] It recommends a “strategic priority of transforming the crisis response system” through implementation of the “coordinated entry system.”

The following are the plan’s most important recommendations (not in order of priority):

- Establish a coordinated entry system using the Vulnerability Index and Service Prioritization Decision Assistance Tool (VI-SPDAT)
- Implement the Housing First initiative
- Expand Permanent Supportive Housing (PSH)
- Add more affordable housing for the lowest income households
- Increase homelessness prevention and rapid rehousing programs.^[11]

The new ten-year recommendations no longer include any stated plans to improve the funding, capacity, or staffing inadequacies for emergency shelters or to develop a permanent, year-round emergency shelter to replace the EWS. In the Grand Jury’s opinion this shift in emphasis was not due to a diminishing of the importance of emergency shelter, but was instead a pragmatic response to maintain and secure more federal funding.

Scope

The Grand Jury chose to study emergency shelters for the homeless in the city of Santa Cruz, including the provisional North County Emergency Winter Shelter (EWS) located at The National Guard Armory. We evaluated the programs provided by Homeless Services Center (HSC) and Encompass Community Services, the two main non-profit organizations that receive funding from the county and city of Santa Cruz for emergency shelters. We reviewed the agency Homeless Action Partnership (HAP), attended HAP meetings, Public Forum Meetings, and presentations regarding the volunteer-led organizations. In addition, we interviewed individuals with personal experience of homelessness. The Grand Jury recognizes the issue of emergency shelters in the City of Watsonville and south county but were not included in this report because of time constraints.

We examined the following areas:

- 1) Current sources and levels of funding for emergency homeless shelter services in the city of Santa Cruz from all available funding streams.
- 2) Current and planned future programs/shelters in the city for emergency housing of the homeless.
- 3) Available emergency shelter beds in the city, year-round and seasonal.
- 4) The city's current emergency shelter capacity, the number of people turned away, as well as expected wait list times.
- 5) Potential restrictions that prevent access to emergency shelter.

Investigation

Emergency Shelters Meet the Temporary Acute Need

Emergency sheltering is a temporary solution that aids individuals with short-term housing need. Seventy-two percent of the homeless population in Santa Cruz County may only require temporary shelters, rapid re-housing, or transitional housing based on their temporary acute needs,^[2] such as those created by seriously inclement weather.

Although Permanent Supportive Housing (PSH) has proven to be an effective strategy, especially for the smaller percentage of chronically homeless individuals, addressing the needs of the homeless population may require a variety of solutions, including emergency shelters for those with less chronic needs.

Emergency Shelters in City of Santa Cruz

Emergency shelters in the city of Santa Cruz which operate year-round with the assistance of county and local jurisdictional funding include the River Street Shelter, operated by Encompass Community Services, as well as Paul Lee Loft, Rebele Family Shelter, and Page Smith Community House (transitional housing), which are operated by Homeless Services Center. ([Appendix E](#)) Additional beds for winter months are discussed in more detail below under Emergency Winter Shelter (EWS) at the National Guard Armory.

Santa Cruz County's emergency shelters are at capacity, and many homeless persons have been turned away due to lack of space and long wait lists. It is estimated that there is one available shelter bed per every 10 homeless persons. The average wait list is 6 weeks for men, 2 weeks for women, and 6 months for families. The total number of emergency shelter beds in Santa Cruz County was 481 per the January 2014 Housing Inventory Chart. ([Appendix E](#))

Santa Cruz County 2014 Emergency Shelter Capacity

Year-Round Beds	Seasonal Beds	Total Beds
Family Beds/Family Units Individual/Veteran Beds	Emergency Winter Shelters North and South County	
353	128	481

EWS operates November 15th through April 15th

Source: [Appendix E](#)

This bed count of 481 for the month of January, 2014, when compared to the 2,895 total unsheltered individuals identified during the January 2013 PIT census survey, yields a shortage of 2,419 beds during the coldest month of the year, despite the addition of 128 seasonal winter beds. Even if one assumes that not all of those homeless individuals desired shelter, the need still far exceeds the availability of all emergency shelter beds. Despite HAP's 10-year plan (2003-2013) to "end homelessness," the 2013 PIT census survey indicates that little has changed since 2005, with a steady 80% of the homeless population without shelter.

Emergency Winter Shelter at The National Guard Armory is an Expensive and Uncertain Yearly Arrangement

Local jurisdictions ([Appendix F](#)) have managed to piece together funding that provides seasonal emergency shelter services.^[12] The Grand Jury evaluated the North County Emergency Winter Shelter (EWS), which is provided through a collaboration between the Homeless Services Center and the National Guard Armory. The 2013-2014 budget was approximately \$225,000, for 152 nights per season of winter/cold/wet weather.^[12] This equates to a cost of \$1,480 per night of operation, with the entire cost allocated specifically toward temporary night-time shelter, classified as "an emergency response operation in order to prevent the 'loss of life' of homeless persons during winter weather conditions."^[12]

The North County EWS goal is to provide temporary seasonal shelter for an average of 75 homeless individuals per night, about 2% of the census. Clients must sign up by 3 pm at the HSC each day for that night and are transported from the HSC by bus at a designated time. There are no daytime hours at the EWS, forcing clients to inhabit public areas. No rehabilitation services are offered at the EWS; none are planned.

The Armory's availability for winter shelter has been uncertain for years. All previous efforts to find a more permanent site for North County EWS have failed, as local jurisdictions have been unable to agree on a location. There are no plans in place for alternatives should the Armory suddenly become unavailable. This state of uncertainty has persisted despite objectives to locate a more permanent, year-round shelter in the "2003-2013 HAP 10-year Plan to End Homelessness," and the 1989 Grand Jury report recommendations.

Warming Center

A newly formed volunteer-led grassroots organization, the Warming Center, was assembled in late 2014 with the mission to help provide shelter when weather conditions become dangerously inclement. Their first two nights of operation were at Calvary Episcopal Church in downtown Santa Cruz, which provided shelter to approximately 100 homeless individuals who sought shelter during the rain storms in December 2014. The Warming Center was at 75% capacity during these two nights, helping to shelter the overflow of homeless persons from emergency shelters in the city of Santa Cruz.

The Warming Center slightly increased emergency sheltering capacity to approximately 3% of the homeless for the two nights of predicted freezing temperatures. The number of homeless individuals served underscored the need for sufficient winter shelter capacity.

Shifts in National Trends and Policies Toward Permanent Supportive Housing Affect Funding Streams For Emergency Shelters

The shift in national trends and policies toward Permanent Supportive Housing (PSH) has come from decades of failure to end our national homelessness problem. Short-term FEMA-style shelters have proven to be inadequate. Federal agencies responsible for these policies and associated funding include the Department of Housing and Urban Development (HUD), the Department of Veterans Affairs (VA), the Department of Health and Human Services, and the Interagency Council on Homelessness.

Santa Cruz County's Homeless Action Partnership (HAP)^[13] has functioned as the local conduit to state and federal grants, and helps coordinate grant funding. Santa Cruz County was an early adopter of the new policies emphasizing Permanent Supportive Housing (PSH), with our first unit built in 2000.

Since 2000, Santa Cruz County has been awarded approximately \$20 million of Continuum of Care (CoC) funding. CoC funding represents HUD's largest and most broadly targeted program. It provides infrastructure to implement a comprehensive planning approach, data collection/analysis, and performance measures. This is the largest source of funding Santa Cruz County has received toward ending homelessness.

Ongoing funding awards are tied to the national policy shift toward Permanent Supportive Housing. Bonus funding awarded through HUD is tied to PSH, leading to our local jurisdictional strategy that allocates very little funding toward emergency shelters. Agency personnel interviewed stated that HUD funding for Santa Cruz County would cease if we were to change our priorities to allocate funds only for emergency shelters.

These changes have dramatically reduced funding for local emergency shelters. For example, HAP's 2014 rankings out of a total award of \$2,274,747 were as follows:

- 69% (\$1,573,125) to permanent housing
- 26% (\$586,801) to transitional housing
- 5% (\$114,821) to Homeless Management Information System (HMIS) and planning^[14]

There are no funds allocated to emergency shelters from HAP's rankings.

Additional Funding Sources Could Help Support the Homeless Population

Funding designated for permanent support solutions benefits people in emergency shelters by allowing more homeless people to move through the Continuum of Care (CoC).

Significant grant monies pursued by HAP include Emergency Solutions Grant (ESG), HUD's HOME Investment Partnership Program, and Veterans Affairs Supportive Housing Program (HUD-VASH).

Additional sources of funding may include, but are not limited to the following:

- Medicaid-funded health services, with expanded eligibility due to the Affordable Care Act^[15]
- Grants awarded by the Substance Abuse and Mental Health Services Administration to provide services and treatment needed to assist the chronically homeless to stay housed in permanent settings^[16]
- The Rural Housing Stability Assistance Program through HUD, where applicable^[14]

A key method of accessing Medicaid funding involves qualification for SSI (Supplemental Security Income), which can be especially difficult for the chronically homeless individuals who lack adequate documentation of their disabilities. Since most chronically homeless persons are neither receiving SSI nor covered by Medi-Cal, local governments bear most of the healthcare cost burden. This funding is especially useful as it helps to keep chronically homeless individuals in permanent supportive housing, and can include:

- coverage of community mental health services through the Medicaid Rehabilitation Option
- case management services
- employment-related skills and supported employment
- Federally Qualified Health Centers to provide needed services reimbursed by Medicaid
- home and community-based waiver services
- personal services^[15]

The Los Angeles Skid Row Homeless Healthcare initiative, begun in 2005, implemented strategies to improve SSI applications and secure funding. By assigning two highly experienced registered nurses to retrieve necessary documentation from multiple county public health care facilities, each with its own data management system and

software, they succeeded in obtaining SSI funding for 62% of first-time applicants. They then designed a multi-agency collaborative team to help out with all aspects of the application process, which achieved 91% approval success in accessing SSI for their most vulnerable chronically homeless persons.^[15]

In the Santa Cruz County 2013 PIT census survey, 25% of the respondents were ineligible for governmental services due to lack of a permanent address, and 24% simply did not think they were eligible.^[3] Of 69% total respondents per 2013 PIT census survey, who reported receiving government benefits, only 17% were identified as Medi-Cal/Medicare beneficiaries.^{[2][3]} As demonstrated by the Los Angeles example above, case workers and a team approach could help locate and access additional support for these homeless individuals. Using all of these tools to assist homeless individuals would free emergency shelter beds for emergency use.

Coordinated Entry: Emergency Shelter as a Point of Entry

Santa Cruz County, in partnership with local agencies, is working to implement a “coordinated entry system” to help streamline the process of connecting the homeless individual to housing and services. This process will help programs to shift from the common question of “should we accept this family/individual into our program?” to the more efficient and targeted approach of “what housing and service strategy is best for this family/individual out of the several housing/service options available?”^[17] If there are insufficient housing options, this becomes a moot point.

National strategies have been developed and proven to be effective in other communities to manage shelter wait times, and to identify and prioritize homeless individuals for housing according to the fragility of their health.^[18] Santa Cruz County is transitioning to these best practice strategies and tools to “ensure that all service providers are collecting the same demographic, client history and housing barrier information at the time of intake.”^[19] This coordinated entry system is especially efficient when emergency shelters are a point of entry and are available.^[11]

Case Managers

Skilled case managers serve as the bridge between a particular homeless individual, with his/her specific needs, and the tailored support system that can help the individual to achieve stability and long-term tenancy. The presence of a case manager and the size of each manager’s caseload are major determinants to the success of stable tenancy among homeless populations. For example, the HUD-VASH program views case management as a key component, requiring each veteran to be assigned a case manager prior to enrollment in this program. Their goal is a ratio of 1 case manager to 25 veterans.^[20]

Currently, Santa Cruz County budgets for two case managers, staffed at HSC, with a ratio of approximately 1 case manager to 40 clients. Despite their high caseloads, the two case managers have already proven their effectiveness. The Grand Jury learned from administrators that the approximately \$40,000 annual salary per case manager translates into sheltering 20-25 homeless individuals. With costs of approximately

\$31,000 per person per year of chronic homelessness, investing in additional case managers could result in considerable savings to the Santa Cruz County community ([Appendix B](#)).

Case manager coordination is particularly cost-effective with the chronically homeless subpopulation, which incurs the most cost to the public, or for those individuals who make frequent use of the emergency room or violate municipal codes. As previously referenced, estimated yearly costs to California communities are approximately \$31,000 per person per year of chronic homelessness, vs. \$4,952 when supported in Permanent Supportive Housing (PSH).^[21]

The 2013 PIT census found 989 chronically homeless individuals (28% of total 3,536 homeless individuals surveyed in the county). The optimal number of case managers required to serve them would be about 40, using best practices standard of 15-25 individuals per case manager.^[21] With even a few additional case managers to help bridge this unmet need, cost savings to the public could far exceed the cost of the additional case managers. The Grand Jury recognizes that success of the utilization of case management depends on adequate housing and the availability of other resources.

Solutions Come Slowly - Still a Need for Emergency Shelters

The Grand Jury concludes that the following factors demonstrate the continuing and increasing need for emergency shelters in Santa Cruz County:

- the persistently high number of homeless persons, with diverse needs
- the high costs of housing and low availability of supportive housing
- limitations of funding sources
- staffing costs
- insufficient emergency shelter capacity
- length of time needed to develop Permanent Supportive Housing (PSH) for chronic homeless individuals

PSH cannot be implemented quickly enough to avoid the need for emergency shelters for the foreseeable future. For the 72% of the homeless individuals (non-chronic) in Santa Cruz County, emergency housing serves a crucial need. Emergency shelter needs to be available for the most vulnerable, without a wait list. Our shortage of emergency shelter supply must be addressed.

Findings

- F1.** Local jurisdictions have not provided adequate emergency shelter to accommodate the vast majority (80%) of the more than 3,500 total homeless persons in Santa Cruz County (using 2013 PIT data).
- F2.** Despite persistent unmet need, local jurisdictions have neither increased nor planned to increase the number of emergency shelter beds and services.
- F3.** The effectiveness of the North County Emergency Winter Shelter is limited by its reliance on the National Guard Armory facility.

- F4.** The absence of a back-up plan to replace the National Guard Armory threatens the continuing existence of the North County Emergency Winter Shelter program.
- F5.** Insufficient capacity of emergency shelters limits their potential use as an entry point to the planned coordinated entry system.
- F6.** Insufficient numbers of personnel and case managers at the emergency shelters limit the services that can be provided to homeless individuals.
- F7.** Insufficient number of staff dedicated to grant writing results in missed grant funding opportunities.

Recommendations

- R1.** Santa Cruz County Board of Supervisors and the cities of Santa Cruz, Capitola and Scotts Valley should develop plans to provide increased emergency shelter on a priority basis to the most vulnerable populations first, including families, youth, women, and the elderly. (F1-F6)
- R2.** Santa Cruz County Board of Supervisors and the cities of Santa Cruz, Capitola and Scotts Valley should seek a more permanent, accessible and expandable site for the North County Emergency Winter Shelter program. (F3, F4)
- R3.** Santa Cruz County Board of Supervisors and the cities of Santa Cruz, Capitola and Scotts Valley should allocate more funds for additional case managers for the local emergency shelters. (F6)
- R4.** Santa Cruz County Board of Supervisors and the cities of Santa Cruz, Capitola and Scotts Valley should allocate additional staff to seek more grant funding for emergency shelters. (F7)

Commendations

- C1.** The Grand Jury commends Santa Cruz County, the Homeless Action Partnership, local jurisdictions, and non-profit organizations for their collaborative efforts to implement evidence-based programs and solutions, including the coordinated entry system, to relieve homelessness.
- C2.** The Grand Jury commends local jurisdictions and non-profit organizations for their on-going collaborative efforts to fund and operate local emergency shelters.

Responses Required

<i>Respondent</i>	<i>Findings</i>	<i>Recommendation</i>	<i>Respond Within/ Respond By</i>
Santa Cruz County Board of Supervisors	F1-F7	R1-R4	90 Days 9/10/2015
Santa Cruz City Council	F1-F7	R1-R4	90 Days 9/10/2015
Capitola City Council	F1-F7	R1-R4	90 Days 9/10/2015
Scotts Valley City Council	F1-F7	R1-R4	90 Days 9/10/2015

Responses Requested

<i>Respondent</i>	<i>Findings</i>	<i>Recommendation</i>	<i>Respond Within/ Respond By</i>
Homeless Services Center, Executive Director	F1-F7	R1-R4	90 Days 9/10/2015
Encompass, Chief Executive Officer	F1-F7	R1-R4	90 Days 9/10/2015

Definitions

- **AHAR:** *Annual Homeless Assessment Report to Congress*
- **ASR:** *Applied Survey Research* - Conducts the biennial homeless PIT census and survey as mandated by HUD. www.appliedsurveyresearch.org
- **BOS:** *Board of Supervisors* - The legislative governing body of the County of Santa Cruz.
- **Chronically homeless individual:** Unaccompanied individual with a disabling condition who has either been continuously homeless for 1 year or more or has experienced at least four episodes of homelessness in the past 3 years.
- **Chronically homeless people in families:** People in families in which the head of the household has a disabling condition, and that has either been continuously homeless for 1 year or more or has experienced at least four episodes of homelessness in the past 3 years.
- **CoC:** *Continuum of Care* - Local planning bodies responsible for coordinating the full range of homelessness services in a geographic area, which may cover a city, county, metropolitan area, or even an entire state.

- **Coordinated entry system:** A process that ensures that all service providers are collecting the same demographic, client history and housing barrier information at the time of intake. The intake sheet collects information to be entered into HMIS and is aimed at increasing the efficiency of providing homeless assistance via access to accurate data.
- **Emergency Shelter:** "A facility with the primary purpose of providing temporary shelter for homeless persons," per HUD definition.
- **EWS: *Emergency Winter Shelter*** - Program to provide shelter to homeless individuals and families during the cold and rainy months, operating Nov. 15 through April 15. For the purposes of this Grand Jury Report, EWS refers only to the North County program, provided through collaboration between HSC and the National Guard Armory under the auspices of HAP. The Armory provides sheltered housing and HSC manages the program under County contract, approved by the County BOS.
- **FEMA: *Federal Emergency Management Agency*** - Created by Presidential Reorganization Plan in 1978 and implemented in 1979, with the primary task of coordinating the response to a disaster in the US that overwhelms the resources of local and state authorities. www.FEMA.gov
- **HMIS: *Homeless Management Information System*** - A secure database of the homeless and housing mandated by HUD and administered by HAP that allows authorized staff at partner agencies to share client information and follow trends and service patterns over time
- **HUD: *US Department of Housing and Urban Development*** - The federal department that is in charge of releasing the Annual Homeless Assessment Report to Congress
- **HUD-VASH: *HUD-Veterans Affairs Supportive Housing Program*** - A collaborative initiative between HUD and VA intended to target the most vulnerable, needy, and chronically homeless veterans.
- **PSH: *Permanent Supportive Housing***- Designed to provide housing (project- and tenant-based) and supportive services on a long-term basis for homeless people with a disability.
- **Point-in-Time Counts:** Unduplicated 1-night estimates of both sheltered and unsheltered homeless populations. The 1-night counts are conducted by Continuums of Care nationwide and occur during the last week in January of each year, although in Santa Cruz County, they are done biennially.
- **PSCTF: *Public Safety Citizen Task Force*** - A 14-member task force charged by Santa Cruz City Council April 9, 2013 that published its completed Report December 2013.
- **County: *Santa Cruz County***
- **Sepsis:** The presence in the blood or other tissues of pathogenic microorganisms or their toxins.
- **Sheltered homeless people:** People who are staying in emergency shelters, transitional housing programs, or safe havens.

- **Transitional Housing Program:** housing where homeless people may stay and receive supportive services for up to 24 months, and which are designed to enable them to move into permanent housing
- **Unsheltered homeless people:** People with a primary nighttime residence that is a public or private place not designed for or ordinarily used as a regular sleeping accommodation for human beings, including a car, park, abandoned buildings, bus or tram station, airport, or camping ground.
- **VI-SPADT:** *Vulnerability Index & Service Prioritization Decision Assistance Tool* - A tool for identifying and prioritizing the street homeless population for housing according to the fragility of their health. It is administered in a form of a survey which captures a homeless person's individual health and social status, identifying the most vulnerable through a ranking system which take into account the risk factors and chronicity of homelessness. The goal is to highlight those with the most severe health risks to be prioritized for housing and support services.

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Appendix A

History of Emergency Shelters for the Homeless in Santa Cruz

The establishment of the Homeless Services Center in 1986, with its shelters and array of daytime services, along with the River Street Shelter, were the results of efforts by prominent advocates for the homeless population, formerly known as the Santa Cruz Citizen's Committee for the Homeless. In the 1970s, Santa Cruz County commissioned a report to examine the "undesirable transient element," followed in the 1980s by studies of the "street people." As a result of these commissioned reports, community-based shelter, food, and service programs began to aid the homeless.^[22]

Collaborative efforts of numerous faith-based and religious organizations led to the Interfaith Satellite Program in the 1980s that later dissolved, due to lack of adequate support.^[17]

In 1989 the Santa Cruz County Civil Grand Jury examined the Homeless Services Center, remarking that "this is one of the most cost effective programs in the state."^[23] The report also reviewed an additional winter shelter provided at the National Guard Armory, from November 15 to March 30, provided at a cost of \$500 per night for rent and cleaning of the Armory. Recommendations from the report included locating a permanent emergency shelter as an alternative to the expensive use of the National Guard Armory.

In 1990, the Short-Term Housing Coalition released the "Assessment of Shelter and Housing Needs of the Homeless Population of Santa Cruz County." This report paved the way for the local jurisdictions to adopt a joint resolution titled "Coordinated Community Effort to Assist the Homeless."^[4] Don Lane, who is now Mayor of the City of Santa Cruz, chaired a task force on homelessness in the late 1990s, and later, as a member of the board of HSC, led the efforts to expand services to their present day programs, including:^{[22][17]}

- Paul Lee Loft shelter, housing 46 adults year-round
- Rebele Family Shelter, housing up to 28 families for up to 6 months
- Page Smith Community House, a transitional housing program for 40 single male and female adults for up to 18 months
- Daytime essential services, providing on-site services such as meals, laundry, mail, showers, and social service referrals.

Encompass Community Services, formerly known as Santa Cruz Community Counseling Center, was formed in 1973, also by the Santa Cruz Citizen's Committee for the Homeless, and currently operates the River Street Shelter, a 32-bed emergency shelter for homeless adult men and women, of which 60% of the beds are reserved for county Mental Health patients.^[24]

Mr. Lane later founded the nonprofit advocacy organization Smart Solutions, with the goal of changing the mindset of communities to commit to ending homelessness, rather than just keeping the homeless alive, and managing this problem.^[25] This organization, a project of the United Way of Santa Cruz County, is currently actively engaged with local jurisdictions and stakeholders in advancing the County's mission "to improve the way Santa Cruz County works collaboratively to reduce and ultimately end homelessness."^[25]

Appendix B

Annual State Costs of Chronic Homelessness in California

State Cost	Incurring This Cost	Amount Per Person Per Year of Homelessness
Prison	Over 50% of homeless people report a history of incarceration. People with histories of homelessness and mental illness are 23% more likely to face incarceration, usually for drug related offences, sleeping on public streets, defecating in public, and other quality of life crimes. Parolees who are homeless are seven times more likely to recidivate than parolees in stable housing.	\$40,000-\$110,000
Medi-Cal	While actual costs to Medi-Cal are difficult to assess because homelessness is not tracked in Medi-Cal claims data, frequent users of emergency departments who are Medicaid beneficiaries, many of whom are homeless, incur Medi-Cal costs of approximately \$16,000 over one year.	\$8,000-\$16,000
Foster Care Costs	Homelessness is not a basis for placing children into foster care, but it is often linked to foster care placement. In fact, almost half of foster children's birth parents have been homeless.	\$6,000
Shelter	About one-third of people who are homeless sleep in a shelter bed created by state bond funding	\$47,000

Annual City/County Costs of Chronic Homelessness in California

County/City Costs	Incurring This Cost	Amount Per Person Per Year of Homelessness
Jail	People who are homeless are at much greater likelihood of experiencing incarceration.	\$3,824
General Relief	People who are homeless who do not receive Supplemental Security Income often receive payments from county's general relief/general assistance program	\$2, 086
Health Care	Homeless people have much higher incidence of emergency department visits and inpatient hospital admission than people who are stably housed. County hospitals often face the financial burden of both homeless uninsured and Medi-Cal beneficiaries. Those who require medical or mental health services while in jail incur a 56% increase in county costs compared to insured individuals.	\$17,730-\$28,392
Paramedics/ Ambulance	Homeless people have much higher utilization of paramedic and ambulance services than those in stable housing.	\$2,086
Total Annual Community Costs		\$25,726-\$36,388 (avg. \$31,057)

Source: [\[26\]](#)

Appendix C

2014 Annual Report on Homeless Deaths in Santa Cruz County For the Period December 18, 2013 – December 17, 2014

Report Prepared by the Homeless Persons' Health Project (HPHP), A program of the Santa Cruz County Health Services Agency

Background:

In keeping with a tradition established in 1999, once again this year on December 18th homeless individuals, community, family members, and homeless service providers will come together to honor the lives of those who died while homeless. The 2014 Annual Report on Homeless Deaths and our local homeless memorial event represent our community's sixteenth year of collecting data and reporting on homeless deaths across the county. Our memorial is one of many occurring across the nation to coincide with the beginning of winter, a time when the dire consequences of homelessness are most starkly evident.

Discussion of 2014 Homeless Deaths:

Based on all reported deaths, the total number of people who died while homeless this year in Santa Cruz County is 38. The total number of homeless deaths reported in 2013 was 38, and the average number of homeless deaths per year over the preceding ten years (2004-2013) was 33. The average age at death for 2014 was 51.4, which is slightly higher than the average age of death of 50 for homeless individuals in Santa Cruz County during the previous ten-year period. The average age of death for all Americans is 78.7 and this means that people who die while homeless in our community die 28 years earlier than might otherwise be expected.

Eight of the reported deaths (21%) are due to acute overdoses, an increase from the 16% reported in 2013. Five more of the deaths (13%) are attributed to chronic substance use. In addition, at least six of the deaths attributed to other causes had substance use as a significant contributing factor, bringing the total of substance use related fatalities to at least 50%. A total of 6 of the deaths (16%) were due to trauma including one homicide, one suicide, and two homeless pedestrians struck by motor vehicles. Four homeless people (11%) died of cancer. Just over half of those who died homeless were in a hospital or nursing facility at the moment of death, while fourteen of the deaths (37%) occurred out of doors or in a vehicle. Four of the persons who died were known to be veterans.

One fact is well documented – Homelessness causes, complicates and exacerbates serious health problems and it leads to the premature deaths of thousands of people in communities across our nation every year. The longer homelessness is endured, the greater the impact on health. Research in the U.S. has shown that homeless persons have up to a threefold increase in mortality when compared to the general population, (Hibbs, 1994). Studies document an average age of death among homeless populations that ranges from 42 to 52 years, while average life expectancy for most Americans is almost 80 (O'Connell, 2005).

How Data On Homeless Deaths Are Collected:

Throughout the year, a public health nurse at HPHP maintains a log of deaths that occur among people who are homeless in Santa Cruz County. The log includes information on confirmed deaths of HPHP clients, as well as confirmed reports of deaths received from other homeless service organizations, medical providers, the Coroner's office, and friends or family members of those who have died. The log also includes death certificate data compiled by the County Office of Vital Statistics, and data obtained from the County Public Administrator's office.

The data available from this process most likely under-represent the number of homeless deaths in the county. Housing status at the time of death is neither well documented nor always easily determined. Also, information on likely factors leading to death is imprecise, and the cause can be unknown at the time of death. For the sake of summarizing the information, we have assigned a single primary contributing factor to each death, but in many cases, there are multiple, significant factors that have contributed to an individual's death.

For this reason the data provided in this summary should not be interpreted as a definitive accounting of deaths among the homeless population in our county. Instead, this reflects our best effort at this time to collect and analyze accurate data on homeless deaths in a way that is meaningful to our community, to homeless service providers, and to friends and family of those who have died.

About the Memorial:

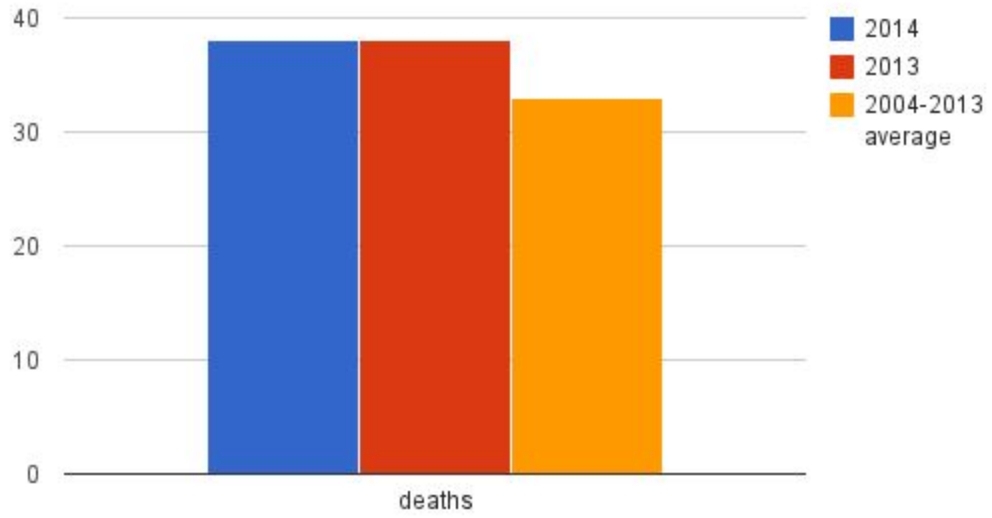
Our purpose in preparing and distributing this report at this time of year is three-fold: first, to honor and mark the passing of all those who died while homeless in our community during the last year; second, to document and increase awareness of the serious and negative impact of homelessness on the lives of our fellow community members; and finally, to reflect on and to recommit ourselves to the work that is left to be done in our community to prevent so many unnecessarily early, and unjustly early deaths each year.

Our memorial service includes a reading of the names of the 38 people who were homeless at death and are reflected in our annual report. We will also read the names of an additional 22 individuals who were previously homeless and died this year, but who were either out of county, or housed at the time of their death. Many of these individuals were homeless for long periods of time before entering housing.

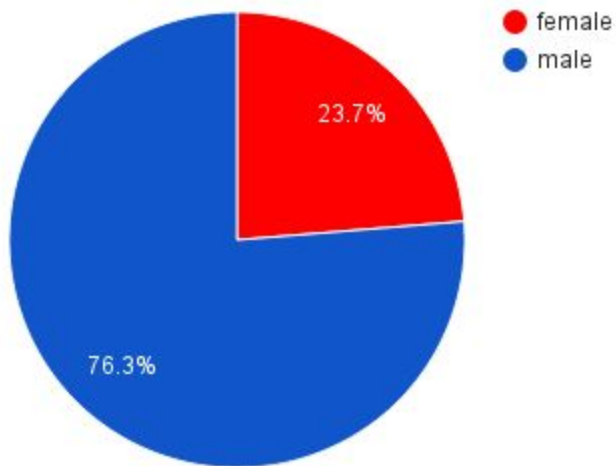
We continue our tradition of creating and displaying homeless memorial flags with the name, age and year of death for each homeless or previously homeless person who has died since December 21, 1998. This year that fifteen-year total will exceed 600 people. The flags will be on display at the memorial at 115 Coral Street in Santa Cruz..

Nearly all of the people who died were personally known to one of us at the River Street Shelter, at the Homeless Services Center, at HPHP or to one of our colleagues at homeless service organizations in Watsonville or in other parts of the county. We are sometimes shocked and always saddened by their deaths. Each person who died will be missed. We hope that this information will serve to honor the memory of each person, to guide us in our ongoing efforts to improve the health and quality of life for all who experience homelessness, and to recommit ourselves as a community to ending homelessness in Santa Cruz County.

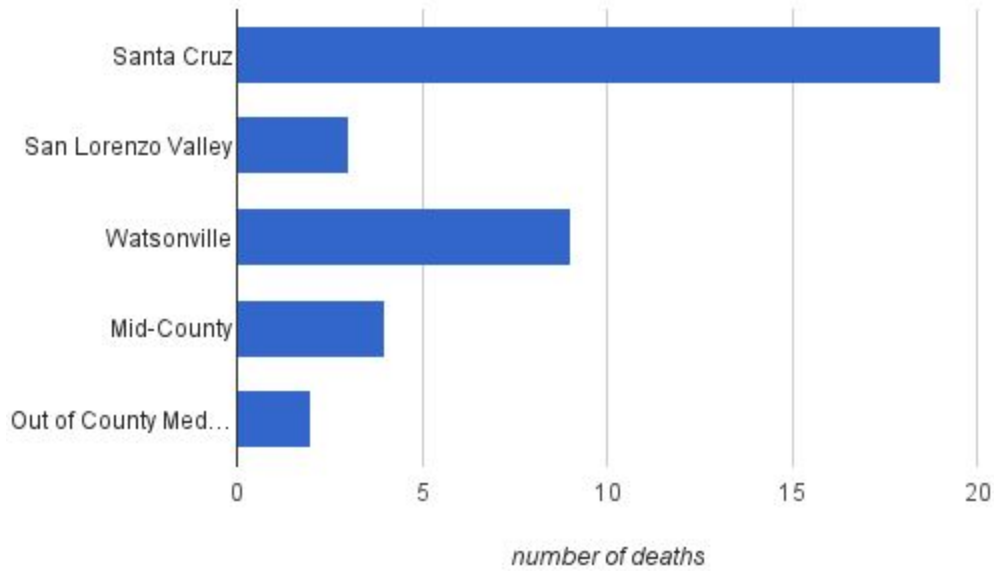
Homeless Deaths By Year



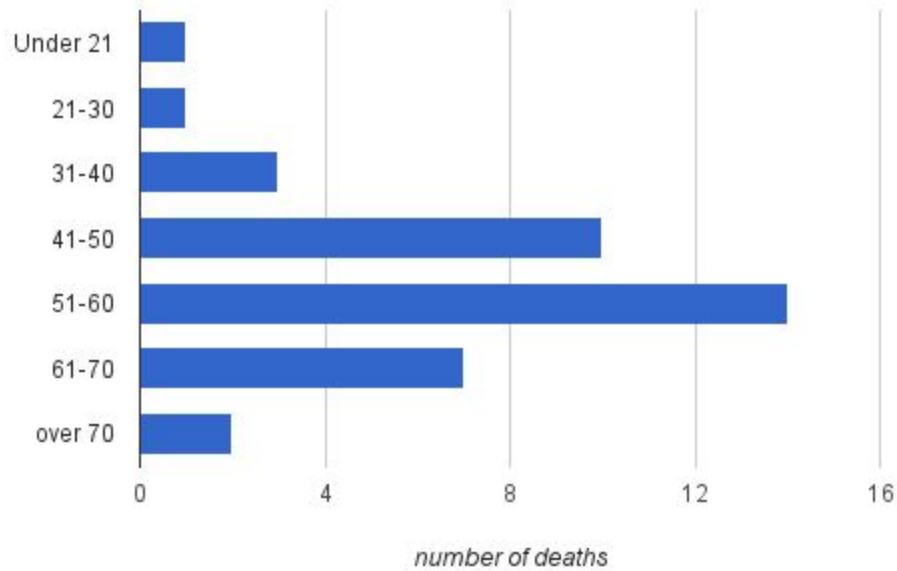
2014 Homeless Deaths by Gender



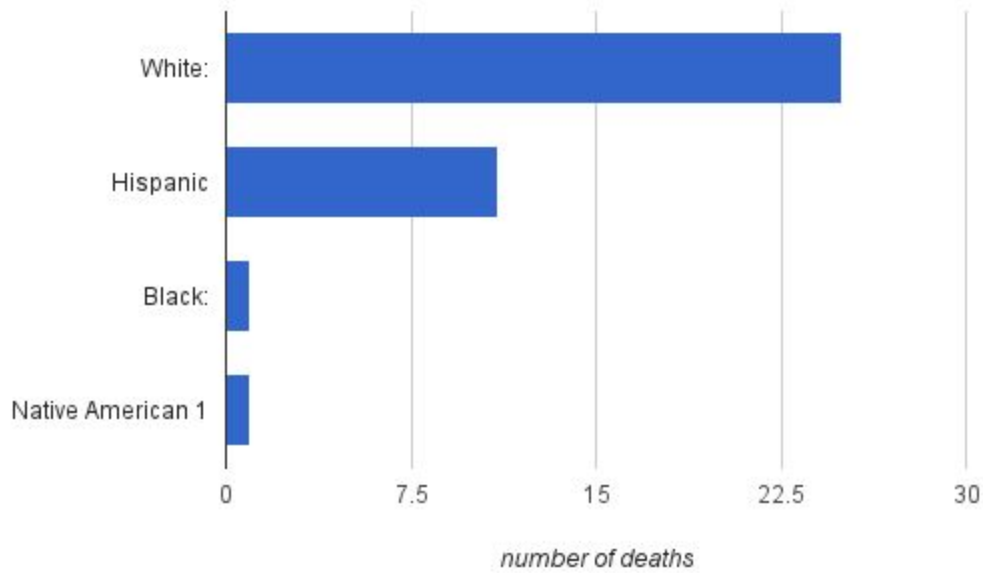
2014 Homeless Deaths By Location



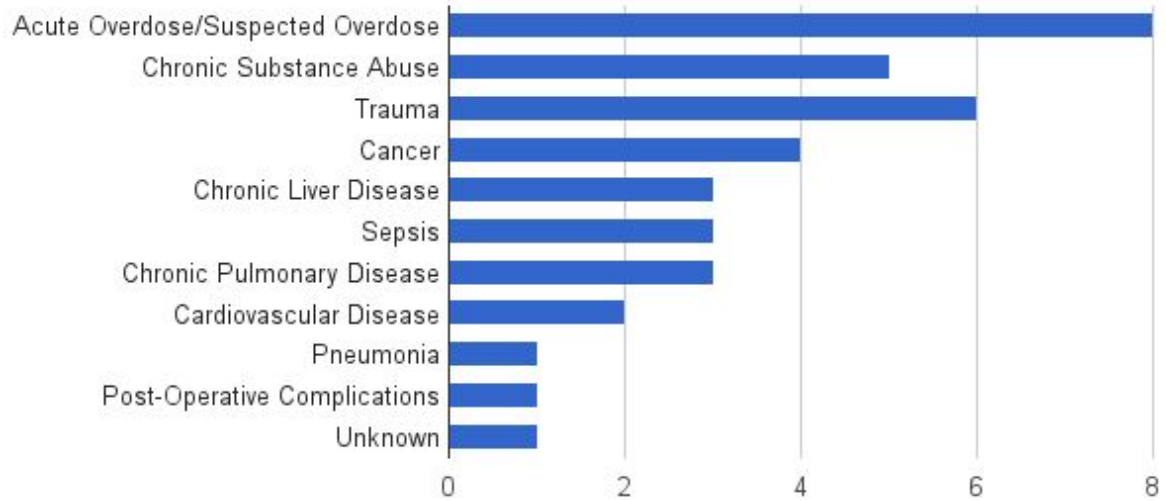
2014 Homeless Deaths by Age (average age at death 51.4yrs)



2014 Homeless Deaths by Ethnicity



2014 Homeless Deaths by Cause



Appendix D

Santa Cruz County Homeless Action Partnership Members

Membership List (as of March 2012)

1. City of Watsonville
2. City of Santa Cruz
3. City of Scotts Valley
4. City of Capitola
5. County of Santa Cruz Human Services Department
6. County of Santa Cruz Health Services Agency/Homeless Persons' Health Project
7. County of Santa Cruz Planning Department
8. County of Santa Cruz Office of Education, Homeless Program
9. Families in Transition
10. Homeless Services Center
11. Salvation Army of Watsonville
12. Pajaro Valley Shelter Services
13. Housing Authority of the County of Santa Cruz
14. Santa Cruz AIDS Project
15. United Way of Santa Cruz County
16. Community Action Board – Shelter Board and GEMMA
17. Santa Cruz Community Counseling Center
18. Front Street Housing, Inc.
19. Mountain Community Resource Center
20. Catholic Charities
21. Veterans Administration--PAHCS-Monterey
22. Community Technology Alliance
23. Walnut Ave. Women's Center
24. Central Coast Independent Living Center
25. Crossover Network
26. Community Bridges
27. New Life Community Services
28. Above the Line
29. Homeless Garden Project
30. Community Foundation of Santa Cruz County
31. Senior Legal Services
32. California Rural Legal Assistance
33. Persons who are experiencing homelessness and formerly homeless persons
34. Interested individuals

Appendix E

Total Emergency Shelter Beds Per January 2014 County Housing Inventory Chart

Emergency Shelter Organizations, Programs & PIT Beds Total: January 2014

(includes motel vouchers)

Organization Name	Program Name	North County Beds	South County Beds	Family Beds	Family Units	Ind. Beds*	Year Round Beds	Vet. Beds*	Total Seasonal Beds	Total Beds
Community Action Board of Santa Cruz County	TSP Motel Vouchers					4	4			4
Defensa de Mujeres	DV Shelter			12	6	6	18			18
Front Street, Inc.	HCH/EH-Paget Center	12				12	12	12		12
Homeless Service Center	Paul Lee Loft Shelter	46				46	46			46
Homeless Service Center	Rebele Family Shelter	96		96	28		96			96
Homeless Service Center	Recuperative Care Center	12				12	12			12
Homeless Service Center	Winter Shelter Program								100	100
Jesus Mary and Joseph Home	Jesus Mary and Joseph Home Shelter	12		7	4	5	12			12
New Life Community Services	NLCS Emergency Shelter	5				5	5			5

Note: Chart continues on following page

Emergency Shelter Organizations, Programs & PIT Beds Total: January 2014 (Continued)

Pajaro Valley Rescue Mission	Grace Harbor Mens and Womens Shelter		68			68	68			68
Pajaro Valley Shelter Services	Pajaro Valley Shelter		36	36	12		36			36
Encompass Community Services	River Street Shelter	32				32	32			32
Salvation Army	Cold Weather Shelter Program		28						28	28
Siena House	ES for Pregnant Women	12		4	2	6	12			12
	Total:	227	132	153	49	169	353	12	128	481

* Ind. Beds - Individual Beds, Vet. Beds - Veterans Beds

Appendix F

Final HAP Budget FY 2014-15, with Individual Contributions from Local Jurisdictions toward EWS

FINAL HAP Budget: FY 2014-2015							
ITEM	TOTAL HAP EXPENDITURES	REVENUES					Comments
		Grants	Contributions	Jurisdictional Funding	County In-Kind	TOTAL	
CoC/HAP Staffing (.25 FTE)	35,000	15,000			20,000	35,000	Staffing provided by Planning with HUD Planning grant off-setting a portion of the cost.
CoC/HAP Consultant	59,981			59,981		59,981	Flat funding this year.
Bi-ennial Census	50,000			50,000		50,000	Increase of \$4,640 over 2013 contract with ASR
HEARTH/ Strategic Plan	5,000	6,840		5,000		11,840	Additional CoC work resulting from HEARTH Act and strategic planning process to be determined.
HMIS/CTA	13,425	89,985	10,000	13,425		113,410	Additional contributions from Partner Agencies and jurisdictions of \$2,000. Jurisdictional costs represent minimum cash-match required for HUD grant.
South County Winter Shelter	57,869			57,869		57,869	Assume funding at level to run full program. Provider uncertain at this time.
North County Winter Shelter	226,207			226,207		226,207	152 day program-Armory cost increased by \$5 to \$440 per night.
Winter Shelter	284,076	0	0	284,076		284,076	
TOTAL	412,482	111,825	10,000	412,482	20,000	554,307	

Jurisdictional Funding: FY 2014-15						
	CoC/HAP Consultant	Biennial Census	HEARTH/ Strategic Plan	HMIS	Winter Shelter	Total
County	32,114	26,768	2,677	7,188	147,147	215,894
Santa Cruz	12,722	10,607	1,061	2,847	79,964	107,201
Watsonville	10,299	8,585	859	2,305	25,590	47,637
Capitola	2,423	2,020	202	542	14,703	19,891
Scotts Valley	2,423	2,020	202	542	16,671	21,859
Total	59,981	50,000	5,000	13,425	284,076	412,482

Approved Jurisdictional Funding: FY 2013-14

	CoC/HAP Consultant	Biennial Census	HEARTH/ Strategic Plan	HMIS	Winter Shelter	Total
County	32,114	0	2,677	6,117	132,196	173,104
Santa Cruz	12,722	0	1,061	2,423	79,704	95,910
Watsonville	10,299	0	859	1,962	14,033	27,152
Capitola	2,423	0	202	462	14,656	17,742
Scotts Valley	2,423	0	202	462	16,617	19,704
Total	59,981	-	5,000	11,425	257,207	333,613

Composting Organic Waste in Santa Cruz County: Time for a Regional Solution

Summary

Santa Cruz County is running out of landfill space.^[1] Despite residents' commendable efforts to divert waste from the landfills by reducing, reusing, and recycling, [\[Appendix.B\]](#) the county's current landfills are finite and there is no room for expansion. [\[Appendix.F\]](#)

The final component of the solid waste stream that remains to be diverted is organic waste, especially food waste. [\[Appendix.D\]](#) In recent years, the State Legislature has passed laws, with requirements phasing in over time, that require organic waste to be diverted from the landfills. [\[Appendix.E\]](#)

The Grand Jury found that the cities and county of Santa Cruz are in compliance with current state laws requiring diversion of recyclable material from the landfills. [\[Appendix.H\]](#) However, new laws mandating the recycling of organic waste will require significant investment in a large-scale composting infrastructure and outreach to residential and commercial customers. These new laws are beginning to force changes to solid waste policies at the city and county level.

While the county currently uses the Monterey Regional Waste Management District facility in Marina for its pilot composting project, dependence on an out-of-county facility with limited capacity is not a viable long-term solution. The county and the city of Santa Cruz are making plans to build composting facilities for organics that may or may not serve the local municipalities. Successful implementation of an organic waste recycling infrastructure will require regional cooperation among all the county public works agencies.

The Grand Jury recommends that:

- The cities and county of Santa Cruz form a regional agency to develop and use a large-scale organic waste composting system in the county.
- The current pilot programs for commercial composting be expanded to serve businesses within all county jurisdictions.
- The cities and county of Santa Cruz inform the public about the regional organics initiative and its impact on businesses and residents.

This report will inform citizens of the county's progress toward the management of organic waste, and encourage them to engage in discussions with their local governments on the creation and implementation of effective and sustainable organic waste management practices.

Background

A 2003/2004 Grand Jury investigation of the agencies that manage recycling in Santa Cruz County recommended efforts to promote recycling.^[1] That report expressed concern (and the county agreed) that the remaining life of the county's Buena Vista Landfill was then about 15 years, requiring a new landfill to be built. It also recommended more regional cooperation among the cities, county and other agencies involved in recycling.

Since then, the county and cities have adopted "Zero Waste" resolutions,^[2] banned many common recyclables from the landfills,^{[3][4]} and hired consultants to research and propose appropriate steps toward "Zero Waste".^{[2][5]} Recycling is now common practice in Santa Cruz County, and progress has been made on extending the remaining life of the landfills. However, compostable food waste is not yet allowed as part of "green cart" organic recycling.

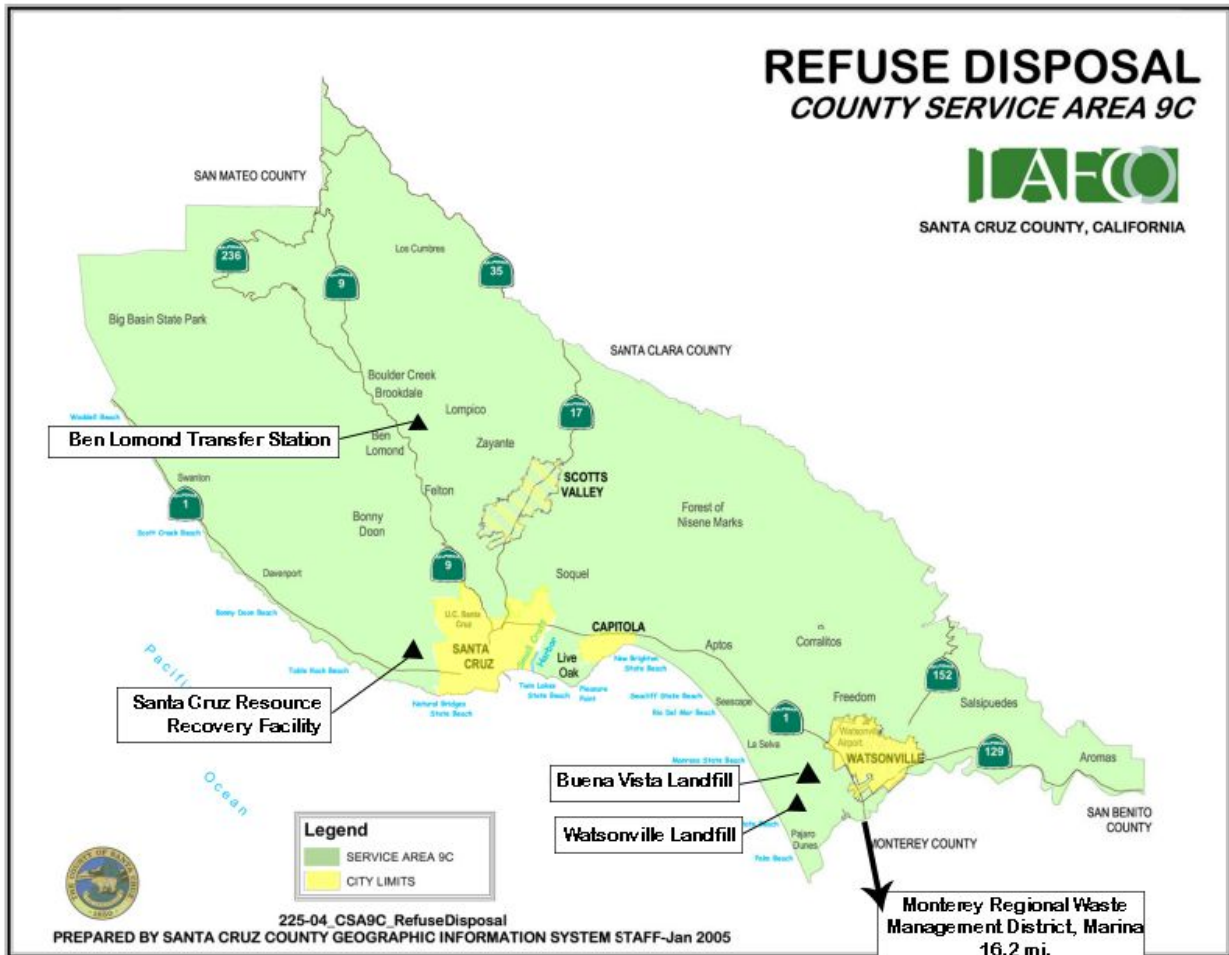
The Grand Jury chose to focus on **organic solid waste** (food waste, green waste, landscape and pruning waste, non-hazardous wood waste, and food-soiled paper, often referred to as "**organics**") because it is a large component – over one-third – of the county's waste stream.^[6] Diversion of organic waste, especially food waste, is being actively investigated by city and county agencies in an effort to meet state mandates.

A Fragmented System

At 445 square miles, Santa Cruz is the second-smallest county in California.^[7] But even such a small county has a surprising number of waste disposal jurisdictions (the county and all four cities, plus the University of California Santa Cruz). All of these jurisdictions operate independently, while sharing resources in a complex manner. Each entity chooses a combination of waste management solutions and haulers that they decide best meets their needs and values.

There is no regional solid waste district that includes all Santa Cruz County jurisdictions. By contrast, many other counties have formed regional waste disposal authorities. Monterey County, for example, has two joint powers agencies (Monterey Regional Waste Management District and Salinas Valley Solid Waste Authority), each made up of several local governments, to address a common service need.

A 2005 report by the Santa Cruz Local Agency Formation Commission (LAFCO) recommended creating a countywide Waste Management Authority, suggesting that this could provide the coordinated structure for Santa Cruz County to achieve its solid waste goals and to avoid the need to export waste to other counties. However, the report noted that the costs and benefits of such a structure would vary across the agencies, and that the cost to create and fund the authority could be a disadvantage at a time when three of the agencies were faced with high costs of landfill operation.^[8] No action has been taken toward developing such a regional agency.



Source: Santa Cruz County LAFCO. ^[8] Call-outs for landfill facilities added by the Grand Jury.

Jurisdictions, Facilities, and Service Providers

Santa Cruz County operates a landfill on Buena Vista Drive off Highway 1 in the south county, and the Ben Lomond Transfer Station on Newell Creek Road in the San Lorenzo Valley. The county contracts with its main franchise hauler, GreenWaste Recovery, Inc. of San Jose, to handle commercial and residential curbside collection in the unincorporated areas of the county. Yard waste is processed at Buena Vista or Ben Lomond by Vision Recycling, a subcontractor of GreenWaste.

The Buena Vista Landfill is estimated to have between 15 and 20 years of capacity left.

The city of Santa Cruz Department of Public Works has its own Resource Recovery Division, which manages garbage collection, street sweeping, and the Resource Recovery Facility on Dimeo Lane off Highway 1 north of the city. All garbage, yard waste, and recycling materials are taken to the Resource Recovery Facility.

The City of Santa Cruz Resource Recovery landfill is estimated to have at least 47 years of capacity left, and possibly as much as 60 years.

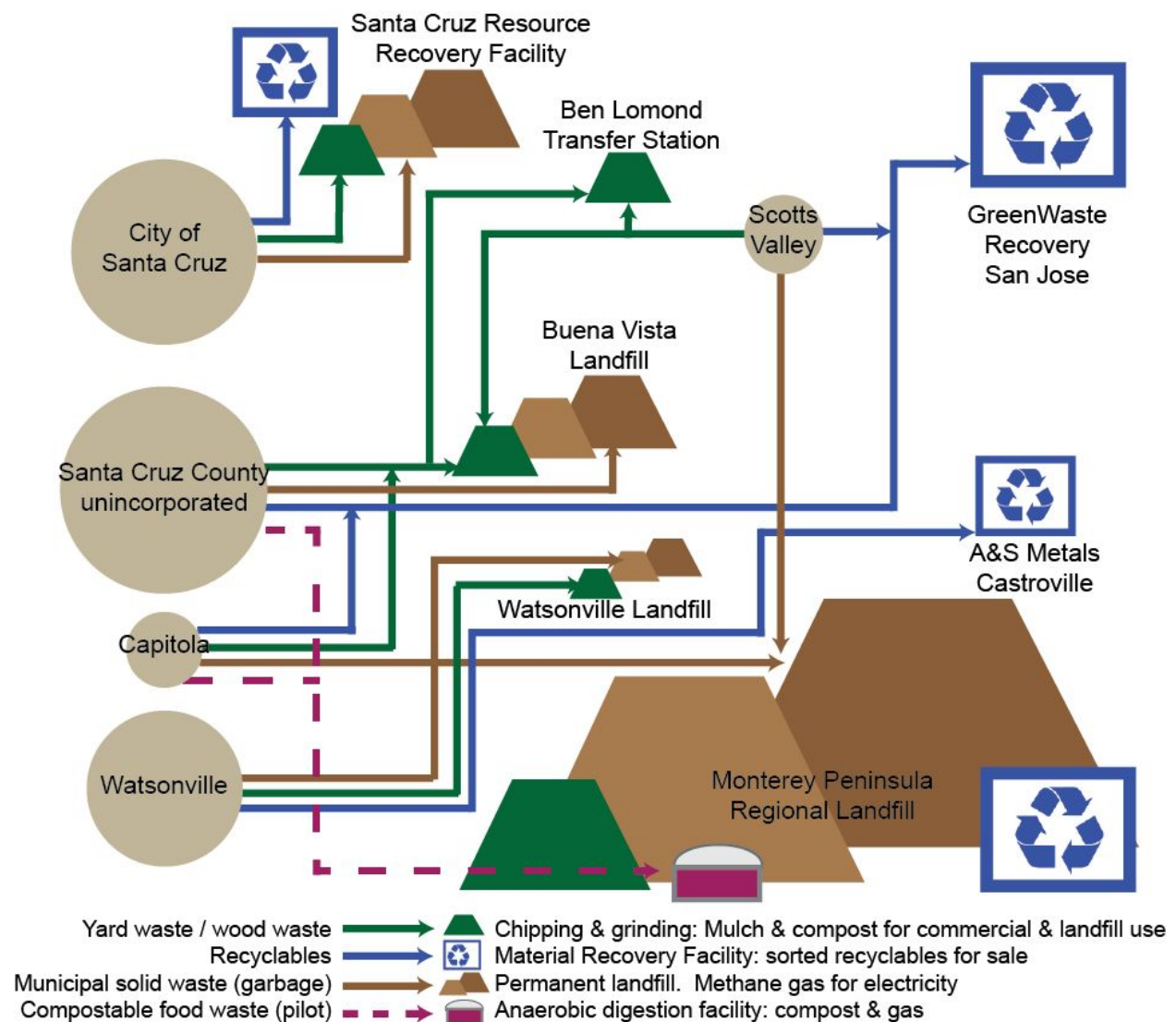
The cities of Capitola and Scotts Valley have separate contracts with GreenWaste

Recovery for curbside collection. In both cities, garbage is hauled to the Monterey Regional Waste Management District landfill in Marina. Yard waste is processed at Buena Vista or Ben Lomond by Vision Recycling.

The city of Watsonville provides garbage collection through its Public Works and Utilities Department. It has its own landfill on San Andreas Road, adjacent to the Buena Vista Landfill. The city operates a separate drop-off facility for the public on Harvest Drive.

The City of Watsonville Landfill is nearing capacity, with an estimated 5 to 8 years left.

The diagram below summarizes the waste streams and facilities used by waste disposal agencies in the County.



Source: Grand Jury interviews.

All the jurisdictions provide residential curbside customers with containers for yard waste and recyclables at no extra charge.

Santa Cruz County operates a pilot project in which food waste from selected businesses and institutions is hauled to the Monterey Regional Waste Management District in Marina for composting.^[9] The city of Capitola participates in this project.^[10]

None of the jurisdictions allow food waste in residential green carts. They all encourage home composting and provide discounts or rebates on home composting bins.^{[11][12][13]}

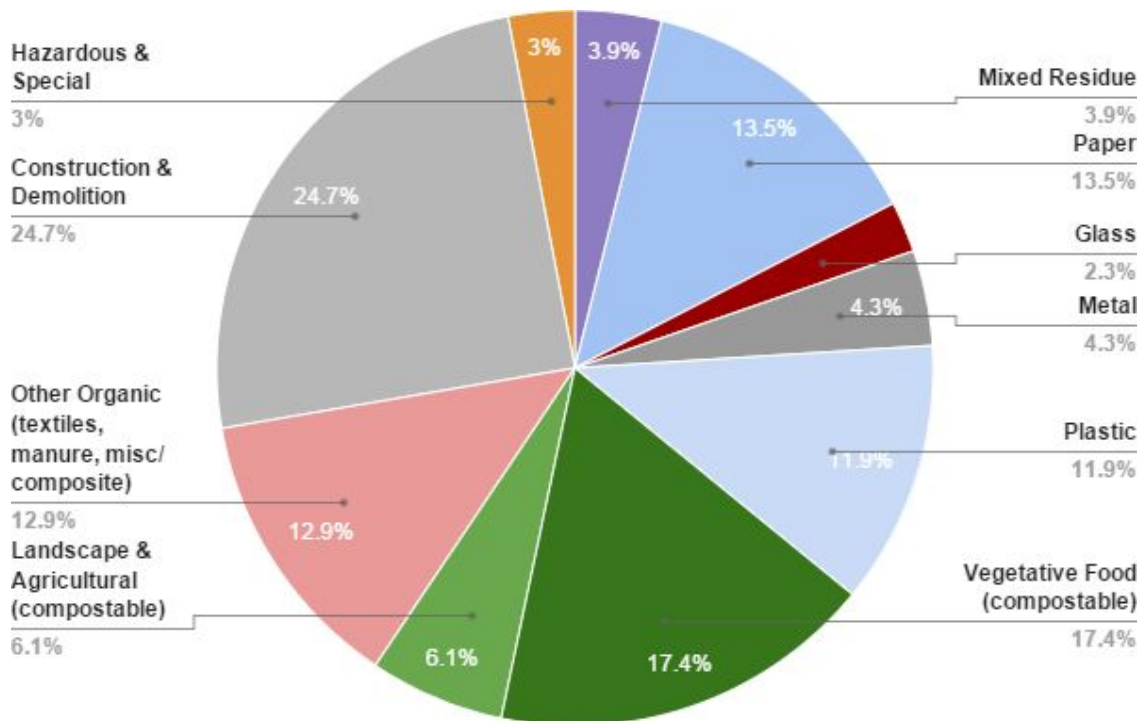
However, the county has suspended funding for its home composting program due to budget cutbacks,^[14] as has the city of Watsonville. Workshops and training events, such as those connected with Earth Day, are still being held by volunteer groups.

More detail on the jurisdictions, facilities, and service providers are in [Appendix A](#). Estimates of the remaining life of the landfills are in [Appendix B](#). Disposal tonnages for these jurisdictions (historical and for the most recent years available) are in [Appendix C](#).

What Goes into the Landfill

In 2009, four Santa Cruz County jurisdictions (all except Capitola) commissioned a consulting firm to do waste characterization studies. Loads of solid waste entering the three landfills were statistically sampled and spread out on a grid. Volunteers then examined the waste and recorded the items they found. The sampled loads of waste came from three major sectors (commercial, residential, and self-hauled), in the wet season and dry season.

Waste Composition for the County of Santa Cruz (2009)



Source: see [Appendix D](#)

The studies found that, depending on jurisdiction, between 23.5% and 37.2% of all municipal solid waste coming into the landfills of Santa Cruz County was compostable vegetative food or yard waste. This was *in addition* to what residents were already placing into their green carts. With appropriate technology, other organics like food-contaminated paper can also be composted. Links to the individual studies are in [Appendix D](#).

The Grand Jury learned that agricultural waste is not a major component at any of the landfills, as most farms and large food processing operations already have their own methods of composting or recycling their organic waste. Agricultural waste disposal is regulated by the California Department of Resources Recycling and Recovery (CalRecycle), the California Department of Food and Agriculture, regional water quality control boards, and other agencies. CalRecycle's role in regulating agricultural waste is primarily to ensure that agricultural operations do not create public health hazards.^[15]

Laws Governing Solid Waste and Organics

A multitude of state laws and regulations govern solid waste management, landfills, and recycling in California. Most of these laws regulate the safe and economical collection of solid waste and the management of landfills and garbage disposal districts.

Since 1989, state laws have also required California cities and counties to divert solid waste from their landfills by reducing disposal or increasing recycling and composting. In recent years several laws have specifically targeted organic waste. Key state mandates intended to prolong landfill life and/or divert organic waste include:

- **AB 939** (1989): Created the California Integrated Waste Management Plan (recycling) and county-level Integrated Waste Management Local Task Forces, and mandated a 50% diversion rate by the year 2000
- **SB 1016** (2008): Changed the state's 50% diversion mandate to a measurement system based on a per capita disposal rate and successful implementation of diversion programs
- **AB 341** (2012): Modified AB 939 to require commercial recycling and set a statewide diversion goal of 75% by 2020
- **AB 1596** (2014): Requires green waste used to cap or cover landfills to be counted as disposal, not as diversion, after 2020
- **AB 1826** (2014): Requires businesses meeting specific thresholds to arrange for recycling of organic waste, and requires local jurisdictions to develop organic waste recycling programs by January 1, 2016

Each solid waste management agency in the county is required to comply with the laws mentioned above, depending on the facilities in its area. See [Appendix E](#) for links to each law.

Local Resolutions and Ordinances

In 2005 Santa Cruz County adopted a resolution setting a long-term goal of "Zero Waste" (called "a philosophy and visionary goal") with a specific target of 75% landfill

diversion by the year 2010.^[2] The Board of Supervisors' resolution listed four components that their efforts to reach "Zero Waste" should include:

1. A regional compost facility
2. Construction and demolition waste recycling
3. Increased commercial recycling
4. Landfill bans of easily recyclable materials

The cities of Capitola, Scotts Valley and Watsonville adopted similarly-worded resolutions around the same time, with the same four components.^[16] The city of Santa Cruz had already adopted "Zero Waste" as a long-term goal in 2000.^[17]

The county began operating a sorting system for construction/demolition materials (item 2 above) at the Buena Vista site in 2005.^[8] In 2007, the county passed an ordinance banning the most common recyclable materials from the landfills (item 4).^[4]

The county's plans to develop a regional "Zero Waste" facility for composting (item 1) were abandoned in 2012 due to environmental concerns and lack of funding (see [Appendix F](#)).

Regional Cooperation

The primary forum for cooperation among jurisdictions in Santa Cruz County is the **Integrated Waste Management Local Task Force**, a coordinating committee referred to as the Local Task Force.^[18] Mandated by AB 939, the Local Task Force includes representatives of all jurisdictions and meets quarterly. The Local Task Force agencies have collaborated on numerous projects in the past and are currently exploring options for large-scale organics recycling programs.

All of the Santa Cruz County jurisdictions participate in the **Central Coast Recycling Media Coalition**, in partnership with Monterey and San Benito County jurisdictions, to fund public service TV announcements, signage, and cleanup events.^[19] The Local Task Force acts as a liaison to this nonprofit coalition.

Food Waste Composting Programs in Other Areas

A 2014 article in *Good Times* pointed out that, like recycling, separating food scraps is simply part of the routine in progressive west coast cities like San Francisco, Seattle, and Portland, and that visitors from these places are surprised that Santa Cruz is not collecting food waste for composting.^[20]

In addition to San Francisco,^[21] the following Bay Area jurisdictions offer food scrap recycling as part of their green cart services:

- All cities in Alameda County^[22]
- Areas of Marin County served by Marin Sanitary Service^[23] and Mill Valley Refuse^[24]
- Areas of San Mateo County served by the South Bayside Waste Management Authority (all cities from Burlingame to East Palo Alto)^[25]

- Santa Clara County cities of Cupertino, Los Altos, Gilroy, and Morgan Hill, as well as Stanford University^[26]

The Monterey Regional Waste Management District offers food-scrap composting for commercial customers,^[27] as do many other jurisdictions in the Bay Area.

Alameda County estimates that 50%-60% of food scraps and non-recyclable food-contaminated paper going into the landfill could be captured in an effective organics collection program.^[28] Portland,^[29] Vancouver,^[30] and Calgary^[31] have achieved dramatic reductions in garbage added to landfills (as much as 40%) when garbage is picked up every other week while organics carts are serviced weekly. This could only happen in Santa Cruz County if county code 7.20.110, which requires weekly garbage pickup, were amended.

In addition to the environmental benefits from food waste recycling (conserving landfill space and reducing greenhouse gas emissions), jurisdictions outside our county are seeing financial benefits. The city of Cupertino estimates that by 2017 the city's organics recycling program will save their city over \$164,000 per year.^[32]

Scope

The Grand Jury identified the actions the cities and county of Santa Cruz have taken, or need to take, in order to comply with state laws and county ordinances directed at organic waste reduction and diversion. Compliance with AB 1826, the organic waste recycling law, is the primary focus of this report.

We interviewed key personnel in the Department of Public Works (DPW) agencies of Santa Cruz County and the cities of Santa Cruz, Scotts Valley, Capitola, and Watsonville, and members of the Local Task Force.

We toured the Buena Vista Landfill, the Santa Cruz Resource Recovery Facility, and the Monterey Regional Waste Management District Landfill in Marina. We attended public meetings held by the Local Task Force, and reviewed their consultants' reports. We reviewed articles in the local media and minutes from City Council and County Board of Supervisors meetings.

We reviewed reports published on the California Department of Resources Recycling and Recovery (CalRecycle) website for the data needed to confirm whether the jurisdictions were complying with state laws. Waste management jurisdictions are required to report to CalRecycle on a regular basis, and their raw data forms the basis of CalRecycle's compliance measurements. CalRecycle inspects landfills monthly, and we reviewed their inspection reports, available online.^[33]

We communicated with directors of environmental services in Alameda County and the city of Cupertino to obtain their input on organics issues and best practices.

The University of California Santa Cruz is also developing its own large-scale organics composting facility, but we did not include UCSC in our investigation, as it is a state agency and not within our purview.^[34]

Investigation

Current Compliance with Diversion Laws in Santa Cruz County

Diversion and Disposal: AB 939 and SB 1016

Using data available on the CalRecycle website, the Grand Jury verified that all jurisdictions within Santa Cruz County are meeting the 50% solid waste diversion goal first mandated in 1989 by AB 939 (see [Appendix G](#)) and later updated by SB 1016 (see [Appendix H](#)).

AB 341: Commercial Recycling and 75% Diversion

All jurisdictions in Santa Cruz County comply with AB 341 by providing recycling programs for businesses.

AB 341 sets a 75% *statewide* goal and does not require local jurisdictions to enforce mandatory recycling.^[35] However, the Grand Jury learned in interviews that Santa Cruz County and the cities of Scotts Valley and Watsonville are already meeting the 75% diversion goal.

The city of Santa Cruz's diversion rate is around 64%, which exceeds the City Council's goal. Capitola's diversion rate is between 60% and 65%. Because diversion rates are no longer reported on CalRecycle, we could not confirm these numbers independently.

Recycling Organics: AB 1826

AB 1826 requires each jurisdiction in the state, with some exceptions, to implement an organic waste recycling program by January 1, 2016. It provides for a gradual phase-in of its provisions as follows:

Tier	Effective date	Businesses must arrange for recycling services for organic waste, if they generate more than:	
1	April 1, 2016	8 cubic yards per week	of organic waste
2	January 1, 2017	4 cubic yards per week	of organic waste
3	January 1, 2019	4 cubic yards per week	of commercial solid waste
4*	January 1, 2020	2 cubic yards per week	of commercial solid waste

**The 2020 provision only takes effect if CalRecycle determines that statewide organics disposal has not been reduced to 50% of 2014 levels.*

Source: see [Appendix E](#).

AB 1826 exempts jurisdictions from having to implement a new or expanded program if they already have an organic waste recycling program that is "appropriate for that jurisdiction," and meets the other requirements of AB 1826. The pilot food waste

composting projects implemented by Santa Cruz County^[36] and the city of Capitola^[37] count toward compliance with AB 1826. The original pilot projects, managed by Vision Recycling at the Buena Vista Landfill, ran from 2008 to 2011. We were told that the projects were popular with the businesses (approximately 60 schools, restaurants, and other large food service businesses) which participated in them.^[38]

The original projects were cancelled when the county was unable to renew the permits required by the State Water Resources Control Board to continue operating as a pilot study. The county continues the projects under a new contract with the Monterey Regional Waste Management District, in which the commercial food waste is hauled to the Marina facility for composting.

The city of Santa Cruz plans to set up its own pilot project for digesting organic food waste at its Wastewater Treatment Facility in order to meet the AB 1826 requirements. About 20 city businesses would fall in the AB 1826 “second tier” (generating more than 4 cubic yards of organic waste per week) requiring organics to be composted by 2017.

Neither Watsonville nor Scotts Valley have organics composting programs, and are waiting to evaluate the County’s long-term solution. Unless they develop organics recycling programs of their own or join another jurisdiction’s program, neither city will be in compliance with AB 1826 by January 1, 2016.

The California Compost Coalition, an industry group of organics recyclers and compost operators,^[39] has complained that AB 1826 sets threshold amounts so high that they only apply to the largest businesses, in effect deferring food waste collection from most businesses until 2019.^[40] This opinion is consistent with what the Grand Jury heard from our interviewees, who stated that only a few of the very largest businesses and institutions in their jurisdictions would be affected, at least initially. Nevertheless, the law provides an impetus for county jurisdictions to start reducing the waste stream by developing an organics waste recycling program.

AB 1594: Alternative Daily Cover

AB 1594 (2014) is intended to discourage the use of green waste as alternative daily cover (ADC), the material which landfill operators are required to place over landfills each evening to control vermin, blowing litter, etc. Beginning in 2020, landfills must count green waste used as ADC as disposal (undesirable) rather than diversion (desirable).

The Grand Jury was told that AB 1594 is not an issue for Santa Cruz County landfills. Green waste is too valuable to put into the landfill, since it can be sold as mulch or similar products.

Beyond Compliance: Planning for a Regional Organics Infrastructure

The Grand Jury learned that in order to comply with AB 341, AB 1826, and their own “Zero Waste” goals, all local jurisdictions will need to phase in programs to recycle organic waste, including food waste.

The Local Task Force has been in talks with county jurisdictions to come up with a plan to develop a regional organics infrastructure. In September 2014 the participating agencies (county of Santa Cruz, cities of Santa Cruz, Capitola, Scotts Valley and Watsonville, and the University of California at Santa Cruz), working with the solid-waste consulting firm HF&H Consultants, issued a request for confidential Statements of Interest from firms interested in providing organics processing services.^[41] The Statements of Interest were to include:

- Identification of potential sites for pre-processing, composting, and/or anaerobic digestion operations
- Identification of appropriate technologies for processing various organic materials
- Design, permitting, and construction of the facilities required to implement the selected technologies
- Processing and marketing of residential organic materials (yard trimmings and food scraps) collected by the participating agencies
- Processing and marketing of commercial organic materials (food waste) collected by the participating agencies
- Phase-in of food waste collection in the following order:
 - restaurants and fast-food locations
 - single-family residences
 - multi-family residences

Responses from Potential Bidders: January 2015

In January 2015, HF&H Consultants presented an update on the progress of the Evaluation Committee, a subcommittee consisting of Local Task Force members from each jurisdiction, with HF&H acting in an advisory role.^[42]

The Evaluation Committee received six Statements of Interest from local operators: GreenWaste/Zanker (the parent company of the current franchise hauler), Vision Recycling (the subcontractor processing the county's green waste), two companies with experience in other regions (Harvest Power, WeCare Organics); and two new companies with no current sites (CH4 Energy, Synergy Composting).

Proposals varied in technology, feedstocks (raw materials to be composted), and cost, as follows:

- **Covered composting**, in which compost piles are covered with breathable fabric, but without additional aeration
- **Aerated static pile composting**, in which air is pushed or pulled through the covered piles for faster, controlled composting. This process was used in the county's original pilot project^[43]
- **“Dry” anaerobic digestion** in air-tight fermentation containers. Bacteria are introduced to break down the waste into solid compost and methane. The Marina landfill uses a “dry fermentation” anaerobic digester, the first in California^[44]
- **“Wet” anaerobic digestion**, in which compostable waste is mixed into a wet slurry and processed at a public sewage treatment plant, producing methane, solids and wastewater, which may require further treatment^[45]

Composting Technologies Proposed and Feedstocks Accepted

	Covered Composting	Aerated Static Pile Composting	Dry Anaerobic Digestion	Wet Anaerobic Digestion
Residential yard waste	Yes	Yes	Limited	No
Residential food scraps	Yes	Yes	Yes	Yes
Self-haul yard waste	Yes	Yes	Limited	No
Commercial food scraps	Yes	Yes	Yes	Yes
Compostable serviceware*	Yes	Yes	Yes	No

** All proposers expressed concern about compostability of certain products, regardless of technology used.*

Source: HF&H presentation to the Local Task Force, January 29, 2015

The end products of the composting processes would include compost, mulch, and methane gas, which could be used to generate electric power or further processed into fuel on-site. The consultants' research indicates that the demand for these end products exceeds what can be produced in the county.

HF&H noted that the processing cost will be higher than the revenue that can be generated, and the increased cost will have to be passed on to ratepayers. Residential customers are likely to see an increase in the range of 25 cents to 75 cents per month; commercial customers will see a larger increase.

Non-Binding Cost Estimates

	Covered Composting	Aerated Static Pile Composting	Dry Anaerobic Digestion	Wet Anaerobic Digestion
Tipping fee	\$30-\$60/ton	\$60-\$95/ton	\$65-\$120/ton	\$50-\$100/ton
Capital expense	Low	High	High	Moderate
Operating cost	Moderate	Low	Moderate	Moderate

Source: HF&H presentation to the Local Task Force, January 29, 2015

Each jurisdiction will have to factor the new tipping fees (the fee charged per load) for

organics into their own rates. Some jurisdictions may see a decrease in the fees they are paying now, but for those operating their own landfills, the calculation is more complex because the new composting program will cannibalize the revenue from their current sale of compost, mulch, and gas. If a jurisdiction wants a contract that lets them share in the revenue from the sale of compost under the new system, the contractor will charge a higher tipping fee.

The Evaluation Committee had hoped that the respondents would offer turn-key solutions on sites other than the three in-county landfills, but none were offered. Respondents indicated that regulatory issues, especially Coastal Commission regulations, would require using sites already approved to receive solid waste.

Other insights from the respondents:

- **Economy of scale is critical**, with an ideal project size of 30,000 to 70,000 tons per year.
- A **phased approach** and a **multi-site system** are important to manage collection costs paid by customers.
- **Implementation will take at least a year**, largely due to the time required to obtain permits.
- **Technology must match the site**
 - Wet anaerobic digestion is only feasible at the city of Santa Cruz landfill with its proximity to the city's wastewater treatment plant.
 - Aerated static pile and dry anaerobic digestion facilities are 30-year assets which should not be located on areas designated for future landfill use, where they would eventually have to be torn down. We were told that Buena Vista is the only site with adequate open space for these technologies.
- **Processing areas should be kept separate** to maintain different markets for different end products. For example, compost made from self-hauled agricultural waste might be certified as organic, but not compost made from food waste.

The Evaluation Committee recommended:

- Proceeding into a formal Request for Proposal (RFP) process with GreenWaste/Zanker, Harvest Power, and Vision Recycling
- Establishing a two-site system (the city of Santa Cruz Resource Recovery Facility and the county's Buena Vista Landfill) to allow for balancing of rates and tonnages, and to reduce collection costs and environmental impact
- Accepting all the materials shown in the "Feedstocks Accepted" table above, with co-collected residential food scraps and yard trimmings
- Pursuing a technological solution with low capital cost and a short-term (5-10 year) contract
- Contractor agreements with each host agency (the landfills)
- Each host agency establishing a Memorandum of Understanding (a formal, non-binding agreement) with partner agencies (the other jurisdictions) for material delivery.

Current Status of the County's Plan

The Evaluation Committee is currently drafting an RFP to be issued to the selected firms in early summer of 2015, with a contract to be awarded in mid-2016.

The process for awarding the organics processing contract will be kept completely separate from the county's upcoming waste hauler franchise contract.

HF&H has begun making presentations to the elected bodies of each jurisdiction, encouraging them to participate in the RFP process. Each jurisdiction will have to negotiate its own contract with the composting contractor.

Preliminary design and permitting is underway for an organics processing facility at Buena Vista. County DPW staff informed the Grand Jury that they hope all jurisdictions will participate, however they will proceed on their own if necessary. A recent report to the Board of Supervisors stated:

While a regional approach, including the local Cities, would present opportunities for greater efficiency, we will also include in our planning options for a County run program if necessary.^[46]

Given the time required to conduct the RFP process, get authorization from the elected bodies, obtain permits, prepare the sites and construct the facilities, the Evaluation Committee expects that actual organics processing will not begin until late 2017 or early 2018.

Planning for Organics in Santa Cruz County's Next Franchise Contract

Santa Cruz County's contract with its current franchise hauler, GreenWaste Recovery, will expire December 31, 2017.^[47] The county has already begun the process of designing the "next generation" franchise agreement for exclusive curbside waste hauling and recycling, and has begun soliciting input from the public.^[48]

A recent presentation on the franchise agreement to the County Board of Supervisors^[49] listed several changes related to the organics infrastructure that should be included in the next contract:

- Updated collection services, focusing on increased recycling to reach "Zero Waste"
- Services for all accounts including most rural areas, with "universal" (mandatory) curbside collection in specified areas
- Purchase of "green" and "clean" collection vehicles with minimal impact on roads and the environment
- Single family residential customers: Food scraps collection with yard waste (now called "organics")
- Multi-family residential customers: Food scraps collection with yard waste, for a fee

- Commercial customers:
 - Pick up recycling and organics up to 6 days per week
 - No charge for organics up to 64 gallons per week. Additional organics service at a 20% discount vs. garbage
- Other services:
 - Large events to be “Zero Waste” events. Recyclables/food scraps collection at 15 large events at no charge, if the organizer pays for solid waste services
 - Contractor funded education and outreach programs
 - Unlimited recycling pick-up for public and private schools
 - Public education and outreach
 - \$30,000 per year (with Consumer Price Index increases) to the county’s Green Schools program
 - Educational signage on trucks

The plan is for the Board of Supervisors to award the next waste hauler franchise contract in the fall of 2016, with transition planning taking place in 2017.

Planning for Organics in the Cities of Santa Cruz. Capitola, Scotts Valley and Watsonville

In 2012 the city of Santa Cruz commissioned the consulting firm of Kennedy/Jenks to study the use of wet anaerobic digestion at the city’s Wastewater Treatment Facility to convert food waste to energy.^[50] The study showed that even doing a pilot project with a minimal amount of tonnage would require a significant financial investment in upgrades to the wastewater treatment plant. A subsequent opinion by a different consultant (Brown & Caldwell) suggested that the city might be able to start a pilot project at a minimal cost and then look at gradually upgrading the facility as the tonnage of food waste scaled up over time.

The Grand Jury was informed that the Resource Recovery Facility, located in a canyon, will not have enough flat space for large-scale composting using any of the other methods until future landfill cells are filled and can be built upon. We were also told that the county wants to include all the city’s organic material (including yard waste) in order to be cost-effective. If the city pursues wet anaerobic digestion, it will be difficult to find the space to handle the bio-solids at the treatment plant. Solids will have to be pre-mixed at the landfill and then hauled in septic-tank trucks to the treatment plant.

At this point, the city’s choices are limited and costly:

- Upgrade the wet anaerobic digestion system at the city’s wastewater plant to handle food waste, at a significant investment
- Haul the organics (including yard waste) to the county processing site at Buena Vista. This would cost more than the city’s current yard waste process and eliminate the relationship with the farming operation which buys the processed yard waste now
- Haul food waste to Marina for composting at additional cost

The Grand Jury learned that the city has decided to develop a pilot project for food waste using wet anaerobic digestion at the Wastewater Treatment Facility, as described above. The city has budgeted for upgrades to existing digester equipment and a used transport truck, and has already been approached by some interested restaurants about the project. It plans to start slowly, as each business must be trained to separate food waste in order to avoid contamination.

Scotts Valley and Capitola currently contract with GreenWaste Recovery to process their yard waste at the Buena Vista facility and haul their garbage to Marina. With no landfills of their own, their options are limited to going along with the County's plan or using Marina, which is near capacity, for composting.

Given the issues surrounding the Watsonville landfill (impending closure, difficulty of getting additional permits), it is unlikely that any in-county composting facilities can be located there. Watsonville, which plans to use the Marina landfill after its own landfill closes, may find that having a nearby facility at Buena Vista for composting is more cost-effective than hauling organics to Marina, but this will depend on the rates that the city can negotiate.

The Grand Jury learned that while all the cities participate in the Local Task Force and follow its studies with interest, they are not bound to accept its recommendations and will act in the best interest of their own jurisdiction. Cost is the primary consideration in their decisions whether to participate in any county organics project. The cost considerations are complex and each jurisdiction will need to analyze the specifics with the help of outside consultants before making its decision.

Can We Depend on the Monterey Regional Waste Management District?

The Grand Jury also learned that Santa Cruz County jurisdictions may not be able to rely on the Monterey Regional Waste Management District to do their composting for them. The anaerobic digestion facility at Marina is a pilot demonstration project with a capacity of only 5,000 tons per year.^[44] As cities in Monterey County come online with their own AB 1826-mandated composting projects over the next few years, the District will need to give them priority and may have to turn away out-of-county agencies.

A recent report to the Board of Supervisors stated that Marina should be able to meet the needs of the pilot program until the county gets its own organics program up and running (no later than January 2018), but that Marina does not have the capacity to accept all of the county's organic waste.^[46] Marina's limited capacity presents a potential bottleneck and is another reason to implement a local program as soon as possible.

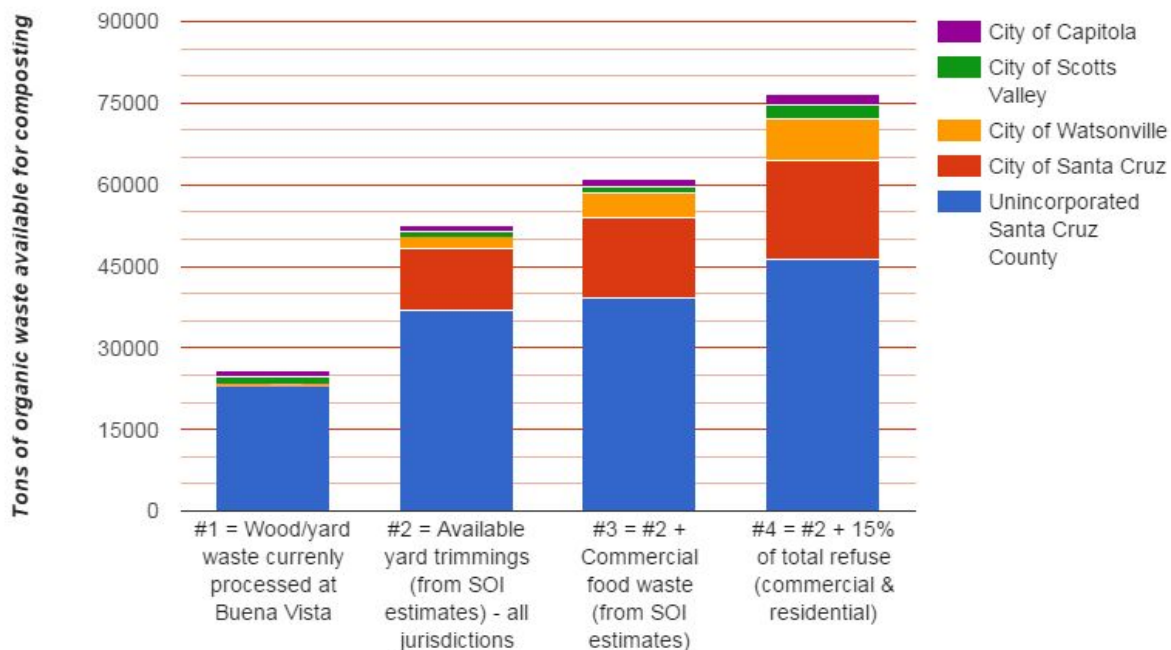
Participation and Cost Effectiveness

Respondents to the county Requests for Statements of Interest (SOI) considered economies of scale to be crucial to project success, with an ideal project size between 30,000 and 70,000 tons per year. The Grand Jury therefore considered four scenarios for organics processing in which different jurisdictions participated in a regional solution,

providing different amounts of compostable organic waste for processing.

- **Scenario #1:** Only the wood waste/yard waste currently processed at the Buena Vista landfill. This is a baseline scenario without food waste composting.
- **Scenario #2:** The yard waste identified by all county jurisdictions as available for composting in the Evaluation Committee’s 2014 Request for Statements of Interest. This includes all yard waste now being processed at Buena Vista, Ben Lomond (which was not recommended for a composting facility), the Santa Cruz Resource Recovery Facility, and the Watsonville landfill.
- **Scenario #3:** Scenario #2, plus the commercial food waste from all jurisdictions, identified as available for composting in the Request for Statements of Interest.
- **Scenario #4:** Scenario #2, plus 15% of municipal solid waste produced by all jurisdictions. Fifteen percent is approximately what businesses and residents of the city of Cupertino are currently diverting from landfill to organics processing.^[51] Based on Cupertino's experience, this is the Grand Jury’s conservative estimate of what Santa Cruz County could achieve by composting both residential and commercial food waste, along with yard waste.

Four Scenarios: Organics feeds from Santa Cruz County jurisdictions



Source: Jurisdiction disposal and wood waste/yard waste numbers in [Appendix C](#). Local Task Force’s estimates of available yard waste and commercial food waste in [Appendix I](#).

Our conclusions from these scenarios:

- Without waste from other jurisdictions, the county’s volume would be on the low end of what the respondents identified as an ideal project size (30,000 - 70,000 tons per year). Achieving even this volume would require hauling yard waste

currently processed at Ben Lomond (over a quarter of the county's total yard waste) to Buena Vista for composting

- Only with the addition of Watsonville and Santa Cruz organics do we start to see an annual volume in the range that bidders identified as economical
- A composting system that accepts yard trimmings and commercial food waste (but not residential food waste) is in the viable range
- Once residential food waste is added, the volume will exceed the capacity of a single site, and a scaleable two-site system will be necessary.

Confusion at the Can

During our interviews, the Grand Jury asked each interviewee, “Is food waste accepted in the green cart?” The answers we received indicated that not only were the interviewees themselves often vague on the specifics of what food waste can currently be recycled, they admitted that the rules were somewhat arbitrary and widely ignored. An apple that falls from a tree in one’s backyard is yard waste and should go in the green cart; an apple from the store that goes bad in one’s kitchen is food waste and should be disposed of in the trash. The only thing that everyone agreed on was that meat scraps, bones, grease and the like should not go in the residential green cart.

greenwaste
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GARBAGE Please place all NON-reusable NON-recyclable, NON-compostable and NON-hazardous items in your garbage container. All items must fit inside the garbage container with the lid closed. Extra items may be set out in a 32-gallon container or 32-gallon bag.

FOOD SCRAPS

- Bones
- Bread
- Coffee grounds
- Compostable plastic bags
- Compostable plastics
- Corks
- Dairy products (e.g., cheese)
- Dough
- Eggs
- Filters (e.g., coffee, tea)
- Fish
- Fruits
- Grains (e.g., rice)
- Meat
- Poultry (e.g., chicken, turkey)
- Shellfish
- Tea bags
- Vegetables

YARD WASTE Items must fit inside the yard waste container. Items may not exceed 3 feet in length. Extras may be set out in a 32-gallon container or 32-gallon bag.

- Ashes (hot ashes prohibited)
- Bamboo
- Burlap
- Construction lumber**
- Crates - wood**
- Fish
- Fruits
- Grains (e.g., rice)
- Meat
- Pasta
- Poultry (e.g., chicken, turkey)
- Shellfish
- Tea bags
- Vegetables

YARD WASTE Please place all yard waste in your yard waste container. Items may not exceed 3 feet in length. Extras may be set out in a 32-gallon container or 32-gallon bag.

- Branches - cut to fit loosely in container
- Cactus
- Christmas trees - (stand/decorations removed)
- Flax
- Flowers
- Grass clippings
- Hay
- Ivy
- Ice plant
- Landscape vegetation
- Leaves
- Lumber (unpainted, untreated)
- Plant trimmings
- Raw fruits and vegetables
- Sawdust
- Shrubs
- Small prunings
- Sod (remove as much soil as possible)
- Stumps - see size limitations above
- Succulents
- Tree trimmings - see size limitations above
- Yucca

3 Scotts Valley

Source: GreenWaste recycling guide for Scotts Valley.^[52] Guides for Capitola and the unincorporated county contain the same information. Highlights added by the Grand Jury.

The county’s commercial food scrap composting pilot project accepts all food scraps, food-soiled paper, and much more.^[53] The future residential organics composting program should also accept all these materials.

As large-scale organic composting is implemented in the county, there is likely to be a period of uncertainty over what food waste and “compostable serviceware” can or

cannot be recycled without contaminating the organics stream.^[54] The Local Task Force is recommending that composting programs be phased in first to restaurants, hospitals, schools, and other large institutions, both for cost effectiveness and because these institutions can exercise more control over what they purchase, and can train their staff in proper disposal practices.

Public Outreach and Communication

Studies have shown that well-designed outreach campaigns are effective in promoting recycling.^{[55][56]} As new organics policies are rolled out to businesses and then to residents, effective coverage and a consistent message in signage, print, TV, radio and social media will be needed for public understanding and acceptance of curbside composting, as they were for recycling. Public service announcements cannot be targeted to individual small waste management districts, and a flyer inserted in the garbage bill is not adequate public outreach.

Other cities and counties that offer food scrap recycling have funded media campaigns with incentives and games to encourage residents and businesses to recycle food waste.^{[57][58]}

Alameda County, where curbside food scrap composting began in 2008, conducts spot-checks of residents' green carts to gauge compliance with recycling goals.^[59] A recent study showed that Alameda County residents have reverted to throwing more food waste into their garbage and less into their green carts, possibly due to "food waste fatigue" or newcomers' unfamiliarity with the rules.^[60] This suggests that both outreach and compliance monitoring need to be funded on an ongoing basis in order for organics composting programs to remain successful.



Billboard promoting food waste composting in Alameda County.

Source: www.stopwaste.org, the waste reduction agency of Alameda County.

Budget cutbacks have forced most Santa Cruz County jurisdictions to reduce the amount they spend on consumer education and outreach, with much of the work left to

nonprofits. As food scrap recycling rolls out in Santa Cruz County, nonprofits like the Central Coast Recycling Media Coalition will need funding and guidance from Santa Cruz County jurisdictions and franchise haulers in order to construct a clear, consistent and persuasive message as to “what goes in which can” across jurisdictional lines. Having a consolidated composting program will make it easier to provide consistent rules for food-scrap recycling, especially at the residential level. Ideally, funding for measuring the ongoing effectiveness of media campaigns in accordance with industry best practices should be factored into residential and consumer rates.^[61]

School programs like the county’s Green Schools program^[62] and Watsonville’s award-winning Public Works Conservation Program^[63] will play an important role in promoting environmental awareness. The curricula and learning materials of these school programs will need to be updated as new organics policies are rolled out. The county plans to require funding for outreach and education (including \$30,000 for the county’s Green Schools program) in the next franchise hauler contract, as in the current contract.

Conclusion

The Grand Jury concludes that Santa Cruz County jurisdictions are currently in compliance with state laws mandating diversion of organics from the landfill, but will no longer be in compliance with AB 1826 by the year 2020 or sooner, unless a large-scale organics composting program is implemented. Given the uncertainty over the continued availability of the Monterey Regional Waste Management District’s pilot composting facility, an in-county composting facility is essential.

The County Department of Public Works is taking appropriate steps to create this facility and include food waste recycling in its next franchise hauler contract, but needs the participation of other local jurisdictions to gain the necessary economies of scale. The city of Santa Cruz is on a parallel path to develop its own solution. The cities of Scotts Valley, Capitola, and Watsonville are waiting to evaluate the County’s plan.

Municipal budgets are under tremendous pressure from many fronts, but unless AB 1826 is modified, each jurisdiction must find a way to comply with this composting mandate, regardless of cost.

Public acceptance and changes in behavior, combined with creative and assertive political leadership, will be critical to the success of the program, and will require outreach, education, and an awareness of residents’ needs.

Findings

- F1.** Compostable organic waste, which makes up approximately one third of municipal solid waste, must be diverted in order to extend the life of Santa Cruz County landfills and meet state mandates, specifically AB 1826.
- F2.** Unless Santa Cruz County and the cities of Santa Cruz, Capitola, Scotts Valley and Watsonville invest politically and financially in large-scale organics recycling systems, they will be out of compliance with AB 1826 by the year 2020 or sooner.
- F3.** Santa Cruz County and the cities of Capitola, Scotts Valley, and Watsonville all passed resolutions in 2005 recommending a regional composting facility, but as of 2015, no facility has been constructed, nor is there a completed plan to do so.
- F4.** Rather than building a permanent local infrastructure for organics composting, Santa Cruz County and the city of Capitola opted to continue their commercial composting pilot programs by hauling food waste out of the county to the Monterey Bay Regional Waste Management District's composting facility, at considerable cost in time and fuel.
- F5.** Unless the Monterey Regional Waste Management District decides to expand its current organic composting facility, Santa Cruz County jurisdictions cannot rely on it as a long-term solution for their organic waste recycling needs.
- F6.** Unless the cities of Watsonville and Scotts Valley develop organic waste recycling programs, neither city will be in compliance with AB 1826 by January 1, 2016.
- F7.** Rules about what can be put in the "green cart" are inconsistent and not well understood by the general public.

Recommendations

- R1.** In order to comply with AB 1826 mandates, the cities of Capitola, Santa Cruz, Scotts Valley, and Watsonville should join with Santa Cruz County to form a regional agency to develop a large-scale organics recycling system located in Santa Cruz County. (F1, F2, F3, F4, F5, F6)
- R2.** The current pilot program for composting food waste from restaurants and other large institutions in Capitola and Santa Cruz County should be expanded to serve other businesses in the AB 1826 first and second tiers throughout Santa Cruz County, including Scotts Valley and Watsonville, until a regional facility can be developed. (F1, F2, F4)
- R3.** After selection of a composting contractor and technology by the Local Task Force, Santa Cruz County and the cities of Capitola, Santa Cruz, Scotts Valley and Watsonville should create a coordinated outreach program to inform businesses and the public about the benefits and requirements of the new organics recycling program. (F7)

R4. Curbside “green carts” and bins should be clearly labeled to instruct residential and commercial customers specifying what materials are acceptable. (F7)

Commendations

C1. The Grand Jury commends Santa Cruz County and the cities of Capitola, Santa Cruz, Scotts Valley, and Watsonville on meeting or exceeding diversion goals set forth by the State in AB 939, SB 1016, AB 341, and AB 1594, in many cases well before the target dates.

C2. The Grand Jury commends Santa Cruz County and the city of Capitola for initiating pilot programs in composting food waste, and for continuing them despite the loss of permits to operate the programs at the Buena Vista Landfill.

Responses Required

<i>Respondent</i>	<i>Findings</i>	<i>Recommendations</i>	<i>Respond Within/ Respond By</i>
Santa Cruz County Board of Supervisors	F1-F5, F7	R1-R4	90 Days 9/24/2015
Capitola City Council	F1-F3, F5, F7	R1-R4	90 Days 9/24/2015
Santa Cruz City Council	F1, F2, F5, F7	R1-R4	90 Days 9/24/2015
Scotts Valley City Council	F1-F3, F5-F7	R1-R4	90 Days 9/24/2015
Watsonville City Council	F1-F3, F5-F7	R1-R4	90 Days 9/24/2015

Definitions

- **Anaerobic Digestion:** The process of biologically decomposing organic matter with little or no oxygen in a fully enclosed structure (in-vessel digestion) to produce biogas, liquid fertilizer and compost. Often used at wastewater treatment facilities or dairies.
- **Alternative Daily Cover (ADC)/Alternative Intermediate Cover(AIC):** The use of CalRecycle approved materials (e.g. green waste) to cover disposed waste in a landfill cell at the end of the landfill operating day (daily cover) or at some other interval (intermediate cover) to control odors, fire, vectors, litter, and scavenging. Traditionally, earthen materials, such as soil, are used for cover. Alternative cover materials include tire shreds and low-grade wood chips. In California, proper use of ADC/AIC allows the material to be classified as “diverted through recycling,” and does not “count” as disposal.

- **Chipping and Grinding:** The process that separates, grades and resizes woody green wastes or used lumber to be sent to a composting facility, used at a landfill for Alternative Daily Cover (ADC) or sent to miscellaneous end markets such as feedstock at biomass-to-energy plants.
- **Composting:** The process of taking organic materials such as green waste, manure, food waste and other organics and transforming them through controlled biological decomposition for sale as an end product, usually in the form of home or farm soil amendments.
- **Compostable Organics:** Organic materials that are accepted and managed by typical composting activity operations. This usually includes green waste, food waste, and manure, but excludes wood, lumber, and manmade organics such as carpet.
- **Construction and Demolition Materials (C&D):** Includes, but is not limited to, concrete, wood, and drywall, usually found as a mixed material.
- **Digestion:** *See Anaerobic digestion*
- **Disposal:** The process of collecting municipal solid waste and transferring it to a transfer station, landfill, or transformation facility.
- **Diversion:** The process of managing waste in some way other than disposal at a landfill or transformation (incineration) facility, so that it is reused or recycled to create new products. Calculated diversion does not include residual material from processing that is sent to disposal.
- **Facility:** The physical location where a recycling or waste management activity occurs. More than one activity may be conducted at a single facility.
- **Landfill (solid waste disposal):** A permitted facility that provides a legal site for final disposal of materials including mixed solid waste, beneficial materials used for landfill construction, ADC, and specialized materials such as C&D and waste tires.
- **Municipal (or Mixed) Solid Waste:** Garbage. Refuse that may be mixed with or contain nonorganic, processed industrial materials, plastics, or other recyclables with the potential for recovery. It includes residential, commercial, and institutional wastes.
- **Municipal Solid Waste (MSW) Materials Recovery Facility (MRF):** Also known as mixed-waste processing facilities, these are facilities that systematically sort incoming mixed waste loads segregating and salvaging select loads and/or employing sorting lines with manual and automated sorting technologies.
- **Organic Waste:** food waste, green waste, landscape and pruning waste, non-hazardous wood waste, and food-soiled paper waste that is mixed in with food waste. Also known as “organics.”
- **Per Capita Disposal:** A numeric indicator of reported disposal divided by the population (residents) specific to a county, region, or statewide.
- **Tipping Fee:** A fee paid to dispose of solid waste at a landfill. May be charged by weight or volume.
- **Transfer Station:** Receives, temporarily stores, and ships unprocessed waste/recyclables.

- **Zero Waste:** an environmental concept with numerous definitions. Today, a 90 percent reduction of waste being sent to landfills and incinerators is considered an achievable goal by such groups as the Zero Waste International Alliance and the U.S. Zero Waste Business Council.

Sources: Definitions are from CalRecycle Glossary of Terms/Definitions^[64] except:

Organic Waste: AB 1826^[71]

Zero Waste: CalRecycle Zero Waste Home Page.^[65]

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Appendix A

Jurisdictions, Facilities, and Service Providers: Additional Detail

	<i>Santa Cruz County</i> ^[66]	<i>City of Capitola</i> ^[66]	<i>City of Santa Cruz</i> ^[66]	<i>City of Scotts Valley</i> ^[66]	<i>City of Watsonville</i> ^[66]
Population	271,804	10,093	62,864	11,755	52,477
Area (sq. mi.)	445.17	1.59	12.74	4.6	6.69
Population per sq.mi.	589.4	6,226.0	4,705.3	2,520.1	7,656.5
Landfill facility	Buena Vista Drive Landfill	-	Santa Cruz Resource Recovery Facility	-	Watsonville Landfill
Open to the public?	Yes	-	Yes	-	No
Remaining life (Appendix B)	15-20 years	-	47-60 years	-	5-8 years
Other facilities	Ben Lomond Transfer Station	-	-	-	Harvest Lane drop-off facility
Curbside service provider	GreenWaste Recovery, San Jose	GreenWaste Recovery, San Jose	City of Santa Cruz	GreenWaste Recovery, San Jose	City of Watsonville
Universal curbside pickup?	No	Yes	Yes	Yes	Yes
Weekly yard waste pickup?	Yes	Yes	Yes	Yes	Every other week (began 2012)
Yard waste processor	Vision Recycling, Fremont	Vision Recycling, Fremont	City of Santa Cruz	Vision Recycling, Fremont	City of Watsonville
Weekly recyclables pickup?	Yes	Yes	Yes	Yes	Every other week
Recycling processor	GreenWaste Recovery, San Jose	GreenWaste Recovery, San Jose	City of Santa Cruz	GreenWaste Recovery, San Jose	A&S Metals, Castroville

	Santa Cruz County ^[66]	City of Capitola ^[66]	City of Santa Cruz ^[66]	City of Scotts Valley ^[66]	City of Watsonville ^[66]
Sources of funding for jurisdiction waste operations	Tipping fees (GWR, other franchisees, self-haulers) Property tax assessments (CSA 9C)	-	Curbside collection fees Tipping fees (self-haulers) Sale of recycled materials	-	Curbside collection fees Tipping fees (self-haulers) Sale of recycled materials
Other revenue sources to jurisdiction, not targeted to fund waste operations	Franchise fees (GWR & other franchisees) go into the county General Fund	Franchise fees (GWR)	-	Franchise fees (GWR) Property tax assessments (CSA 9C)	-

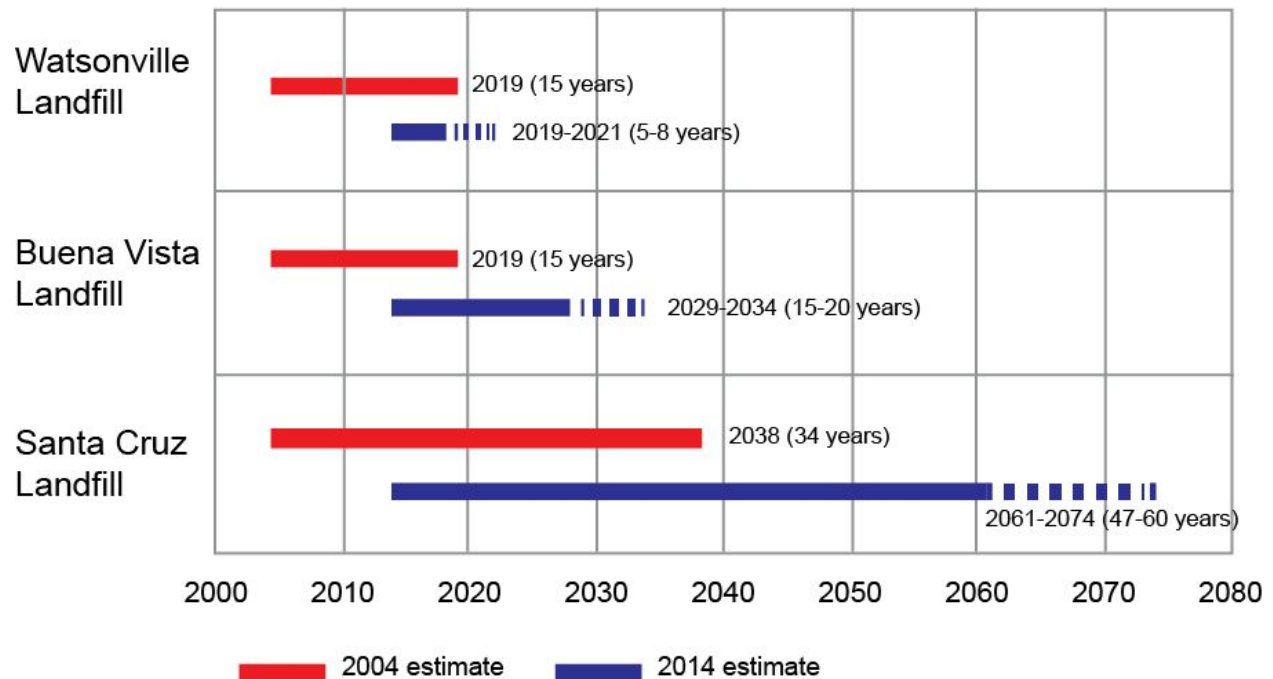
Source: Population, area, and population per square miles: United States Census Bureau.^[66]

Appendix B

Extending the Life of the Landfills

The chart below shows that progress has been made on increasing the remaining life of the county's landfills in the past 10 years. The 2004 estimates were provided in the 2003/2004 Grand Jury report.^[1] The 2014 estimates are from our interviews.

Landfill Life Expectancies: 2004 vs. 2014 estimates



The city of Santa Cruz provided estimates ranging from 47 to 60 more years for the landfill at the Resource Recovery Facility. The city is constructing a new landfill cell there this year, and two or three more cells can be built. After that, no more expansion is possible.

Santa Cruz County estimates that the Buena Vista Landfill has 15 to 20 years of capacity remaining. Repeated attempts to find new landfill sites to replace Buena Vista have been unsuccessful (see [Appendix F](#)). Construction on the landfill's last cell started in the summer of 2014.^[67]

The city of Watsonville estimates that their landfill has only five to eight years left, with a closure date somewhere between 2019 and 2021. The city has a contract with the Monterey Regional Waste Management District and is currently hauling small amounts of waste to the Marina landfill to keep the contract active in anticipation of the closure of the landfill, after which all solid waste will go to Marina.

The Ben Lomond landfill closed in 1994 and now operates as a transfer station.

By contrast, the life of the Marina landfill is estimated at somewhere between 100 and 150 years; the expected closure date listed on its facility permit is July 2161.^[68]

The economic downturn in the late 2000s, especially the decline in new construction, was the primary reason for the drop in the tonnage of solid waste going into the landfills. Now that the economy is turning around, they expect the fill rate to increase. As one interviewee put it, "What's good for the economy isn't necessarily good for the landfill."

Other factors mentioned as contributing to extending the life of the landfills were the success of waste reduction, diversion and recycling programs; and improved waste compaction and operating procedures that save landfill space.

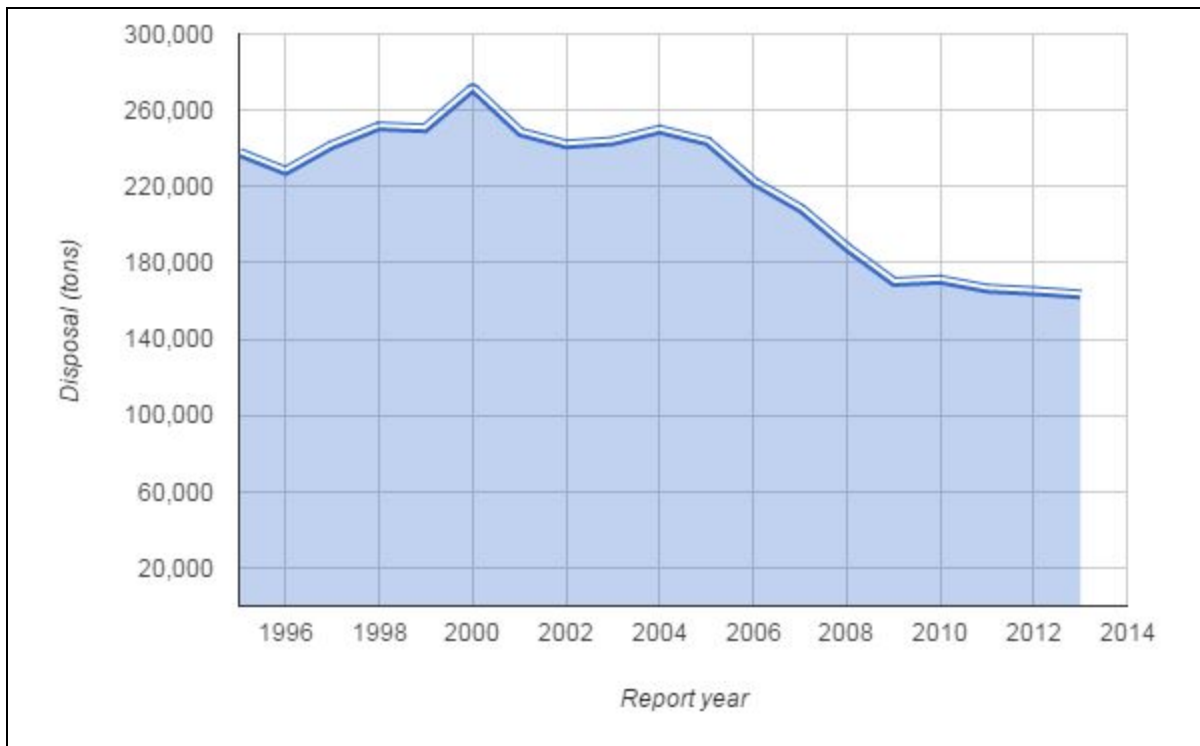
Once at capacity, landfills still require effort and funding to close and maintain. The county, the city of Santa Cruz, and the city of Watsonville all have funds budgeted for landfill closure and post-closure maintenance.

Appendix C

Waste Disposal in Santa Cruz County

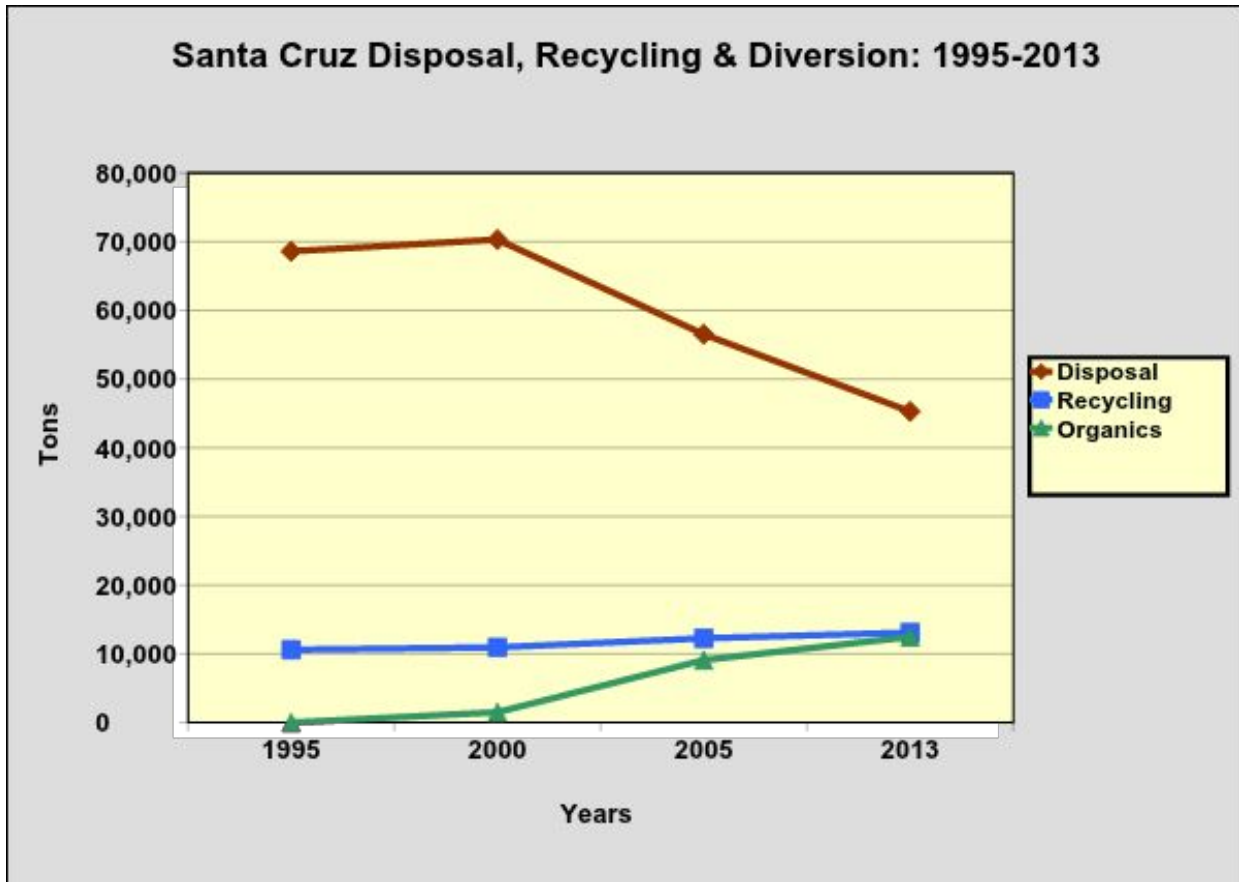
The following chart shows CalRecycle data on total solid waste disposal for the entire county between 1995 and 2013. The steep drop in disposal in the mid-to-late 2000's - a 32.2% decline between 2004 and 2009 - coincides with the general recession in the United States. This has leveled off in recent years, with only a 3.9% decline between 2009 and 2013.

Annual Solid Waste Disposal (in Tons) for the County of Santa Cruz 1995-2013



Source: CalRecycle Multi-Year County of Origin Summary for the County of Santa Cruz. [\[69\]](#)

The chart below shows the tonnages of municipal solid waste (disposal), recycling, and organics (yard waste) in recent years for the city of Santa Cruz.



Source: City of Santa Cruz Department of Public Works

Jurisdiction Waste Disposal (in Tons) for Santa Cruz County in 2013

The table below shows the amounts of municipal solid waste produced by each county jurisdiction in 2013 and the facilities where it was sent.

These numbers are for municipal solid waste only. They do not include material that is sent for recycling (blue cart) or wood waste/yard waste (green cart). CalRecycle does not provide statistics for either recycling or wood waste/yard waste.

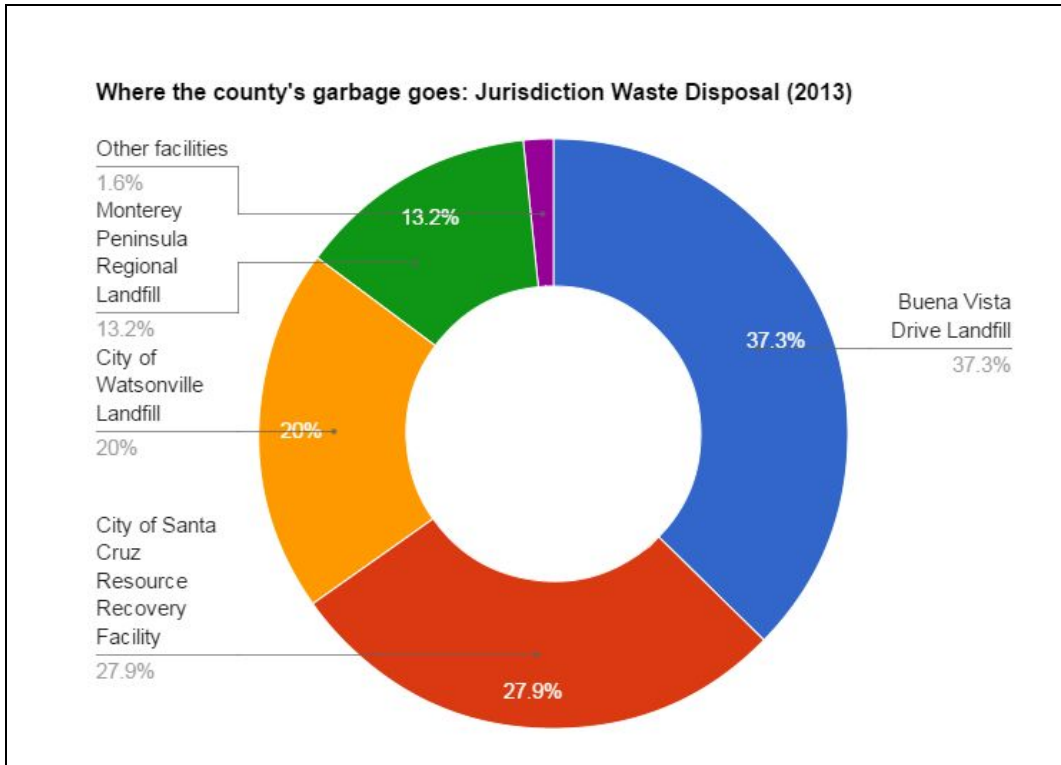
<i>Destination Facility</i>	<i>Source Jurisdiction</i>					
	<i>Unincorp. Santa Cruz County</i>	<i>City of Capitola</i>	<i>City of Santa Cruz</i>	<i>City of Scotts Valley</i>	<i>City of Watsonville</i>	<i>Outside Santa Cruz County</i>
Buena Vista Drive Landfill	59,252	148	152	660	190	497
City of Santa Cruz Resource Recovery Facility	67	0	45,068	0	0	0
City of Watsonville Landfill	0	0	0	0	32,284	0
Monterey Peninsula Regional Landfill	1,865	7,635	2,492	7,745	1,591	357,799
Other facilities	243	6	1,958	29	424	
Total waste disposal (tons)	61,427	7,789	49,670	8,434	34,489	

Source: CalRecycle reports:

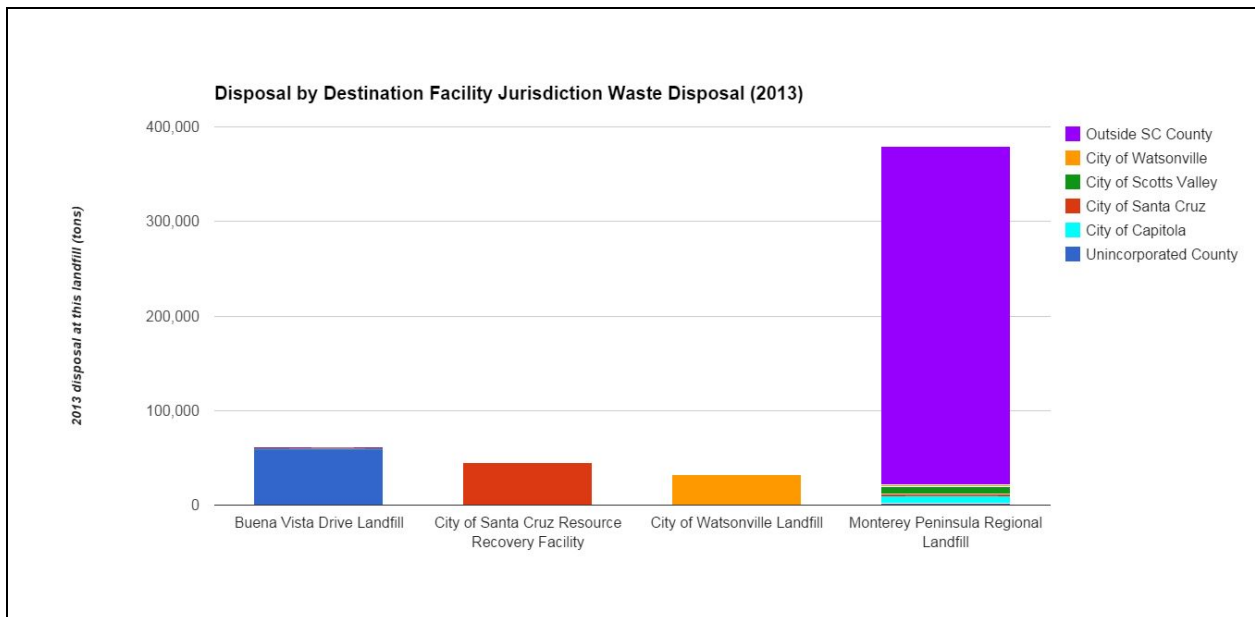
1. Jurisdiction of Origin Waste Disposal by Facility^[70]
2. Jurisdiction and Alternative Daily Cover (ADC) Tons by Facility^[71]

The graphs below show two different views of the disposal numbers in the table above.

Where the County's Garbage Goes



Where the Landfills Get Their Garbage



All Santa Cruz County jurisdictions send some solid waste to the Monterey Peninsula Regional landfill at Marina, but generate only a small fraction of the waste that the Marina landfill receives.

Wood Waste/Yard Waste Processed (in Tons) in 2013-2014

The table below shows the amounts of wood waste/yard waste produced by each county jurisdiction and the facilities where it is sent for processing.

Wood/Yard Waste Processed

Destination Facility	Santa Cruz County	City of Capitola	City of Santa Cruz	City of Scotts Valley	City of Watsonville
Buena Vista Drive Landfill	23,065	941	107	1371	212
Ben Lomond Transfer Station	9,397	9	12	881	0
City of Santa Cruz RRF	0	0	11,500	0	0
City of Watsonville landfill	0	0	0	0	1900
Total wood / yard waste processed (tons)	32,462	950	11,619	2252	2112

Does not include out-of-county wood waste processed at Buena Vista (142 tons) and Ben Lomond (10 tons)

Sources:

1. Buena Vista and Ben Lomond data: Santa Cruz County Department of Public Works. Data is for the calendar year 2014.
2. City of Santa Cruz RRF data: City of Santa Cruz Department of Public Works. Data is for July 2013 through June 2014.
3. Watsonville landfill data: City of Watsonville Department of Public Works. Data is for the calendar year 2014

Appendix D

Waste Composition Findings for Jurisdictions within Santa Cruz (2009)

This table presents the estimated composition of disposed Municipal Solid Waste for each of the jurisdictions that commissioned the study. Compostable organic waste is shown in green. Note that in 2009, Watsonville did not yet provide “green cart” service for yard waste.

Material	County of Santa Cruz^[41]	City of Santa Cruz^[41]	City of Watsonville^[41]	City of Scotts Valley^[41]
Paper	13.5%	15.5%	13.1%	20.1%
Glass	2.3%	1.7%	1.5%	2.5%
Metal	4.3%	5.7%	3.4%	5.2%
Plastic	11.9%	10.3%	11.4%	12.4%
Organic	36.5%	37.0%	49.6%	39.0%
Vegetative Food	17.4%	17.3%	23.4%	18.4%
Other Food	3.4%	5.2%	3.2%	3.2%
Landscape & Agricultural Waste	6.1%	6.8%	13.8%	6.5%
Textiles	5.3%	5.1%	5.0%	5.6%
Manures	0.5%	0.2%	0.3%	0.5%
Miscellaneous Organic	0.5%	0.2%	0.3%	0.7%
Remainder / Composite Organics	3.2%	2.3%	3.5%	4.1%
Construction & Demolition	24.7%	24.5%	15.2%	14.3%
Hazardous	0.3%	0.1%	0.3%	0.1%
Special	2.7%	3.2%	2.8%	2.3%
Mixed Residue	3.9%	1.9%	2.7%	4.1%

Source: Cascadia Consulting Group, Inc. and Midatlantic Solid Waste Consultants, May 2010. “City of Watsonville Characterization of Disposed Waste for the Year 2009” Table 22.

Studies reprinted in: Santa Cruz County, the Cities of Santa Cruz, Watsonville, Capitola, and Scotts Valley, and UC Santa Cruz. September 30, 2014. “Request for Qualifications and Non-Binding Statement of Interest for Organics Processing Services.” Attachment B. ^[41]

Appendix E

Key State Laws Intended to Prolong Landfill Life and/or Divert Organic Waste

<p>AB 939 (1989)^[72]</p>	<p>The Integrated Waste Management Act. Among many other provisions, it established the California Integrated Waste Management Board, required each county to establish an Integrated Waste Management Local Task Force, and required each city and county to develop a plan for diverting 50% of all solid waste from the landfill by the year 2000, through source reduction, recycling, and composting.</p>
<p>SB 1016 (2008)^[73]</p>	<p>Changed the state’s 50% diversion mandate to a measurement system based on a per capita disposal rate and successful implementation of diversion programs.</p>
<p>AB 341 (2011)^[74]</p>	<p>Required businesses generating more than four cubic yards of waste per week to arrange for recycling services</p> <p>Required each local government to implement a commercial recycling program</p> <p>Set a new statewide goal, requiring that at least 75% of solid waste generated be diverted (by recycling, composting, or source reduction) by the year 2020.</p> <p>Required CalRecycle to report to the Legislature on how this 75% goal was to be achieved. The CalRecycle report identified ten focus areas, the first of which was moving organics out of the landfill:^[75] CalRecycle further stated:</p> <p style="text-align: center;"><i>The 75 percent goal cannot be reached unless a significant amount of organics now being landfilled is instead used in new composting/anaerobic digestion (AD) facilities.</i>^[76]</p>
<p>AB 1594 (2014)^[77]</p>	<p>Required green waste used as alternative daily cover in landfills to be counted as disposal, not as diversion, after 2020.</p>
<p>AB 1826 (2014)^[78]</p>	<p>Required businesses generating specified amounts of organic waste to arrange for recycling services for that organic waste.</p> <p>Also required every jurisdiction (with some exceptions) to implement an organics recycling program for the businesses subject to this act, starting in 2016.</p>

Source: CalRecycle. “History of California Solid Waste Law.”^[71]

Appendix F

Not in Our Backyard

If the county needs more landfill space, why not just build a new landfill? The Grand Jury learned that repeated attempts to locate sites for new landfills have failed due to Santa Cruz County's dense population, high cost of land, and close proximity to the ocean and ecologically sensitive wetlands.

In 1993 the county began a siting study, identifying six possible sites for a Materials Recovery Facility (MRF) and composting facility. Due to acquisition and facility development costs, these sites were not pursued further.

In 2000 the Local Task Force, through a Citizens' Advisory Group, began another study to search for a regional composting facility and solid waste disposal site. The study was completed in 2004 and identified 24 possible sites. After two lengthy public hearings and overwhelming public opposition, the Local Task Force voted to terminate the study and focus resources solely on alternatives to new landfills.^[79]

In 2006 the county began to focus on solid waste resource recovery and transfer facilities in anticipation of Buena Vista Landfill closing. Consultants were hired to develop plans for a "Zero Waste Eco-Park." This ambitious project was intended to create a state-of-the-art facility which would have included:

- A transfer station for municipal solid waste and curbside recyclables
- A Materials Recovery Facility (MRF) for construction and demolition processing
- A second-hand materials exchange
- Green waste processing and composting operations

The county began yet another search for sites for the Eco-Park components, identifying 14 sites in the south county. This study concluded that the Buena Vista Landfill was the preferred location for the Eco-Park, specifically Module 5, the last undeveloped cell of the Buena Vista Landfill (approximately 7 acres).^[80] A series of siting reports and cost studies followed.^[81]

In 2009 the Board of Supervisors accepted the County Department of Public Works' project description and directed them to submit it to the Planning Department for a permit application and California Environmental Quality Act review. Two significant areas of concern were identified: the sensitive location of the project within the Coastal Zone, and the cost of the project during the economic downturn, at a time of reduced county revenues.^[82] These two concerns essentially killed the Eco-Park.

Subsequently, the project was scaled down in favor of a smaller, less costly alternative:

- Module 5 would be used as a landfill, possibly relocating some recycling facilities to a new plateau on top of the landfill when the cell is filled
- A transfer station would be built nearby on Rountree Lane, with planning to be delayed for several years until the need is more pressing and funding more available^[83]

Construction of the Module 5 landfill began in the summer of 2014.^[66] It was supposed to be finished by the end of the year, but due to rains and the discovery of unexpected groundwater sources, work was halted and was not resumed until March 2015. It is now expected to be finished by mid-June 2015. In the meantime, the County is routing some of its solid waste to the Watsonville landfill (in return for Watsonville using Buena Vista at a later date) and to the Marina landfill, until Module 5 is ready.

Appendix G

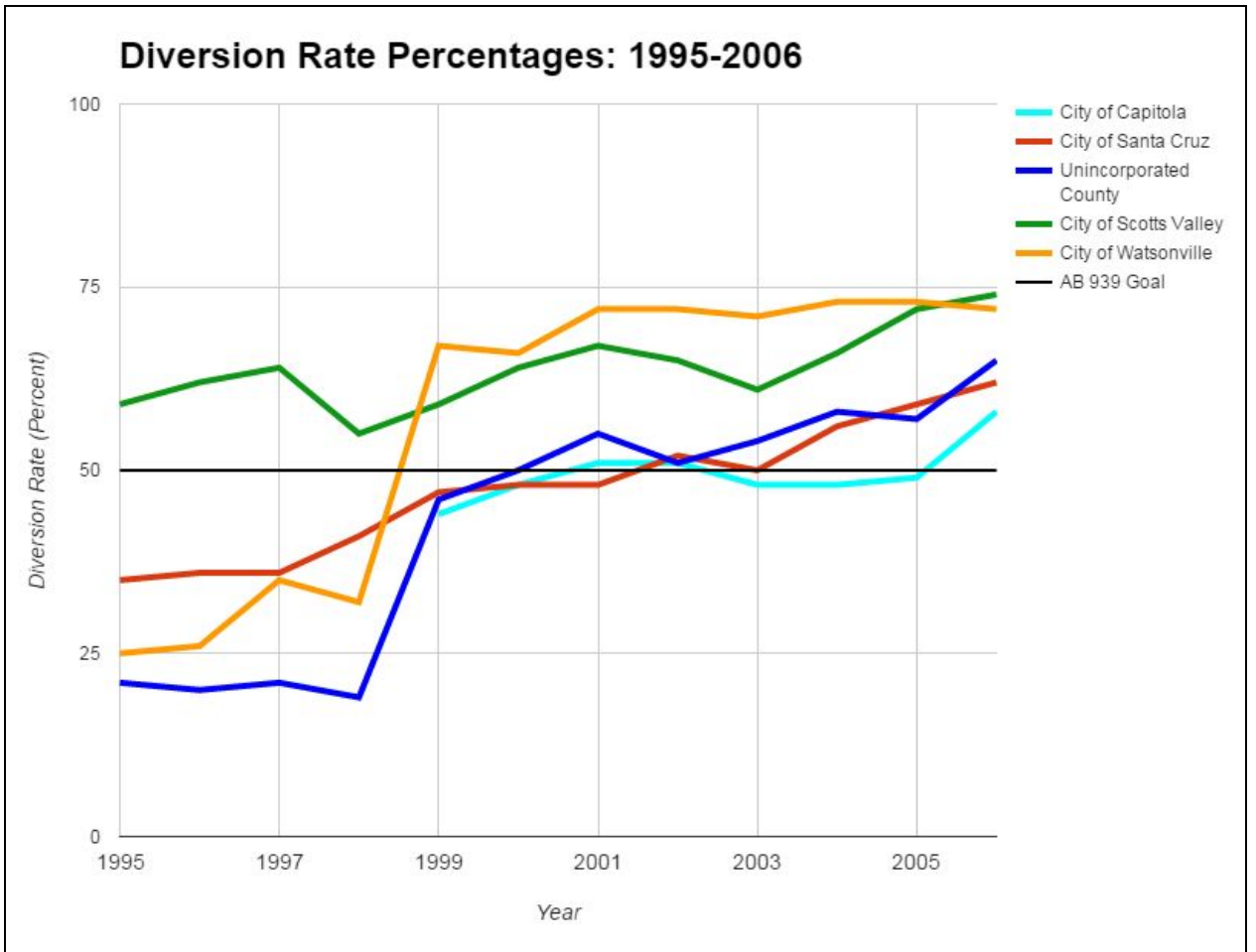
Compliance with AB 939 (1995-2006)

The Integrated Waste Management Act of 1989 (AB 939) made major changes to the California’s waste management infrastructure. In addition to repealing many earlier laws regulating waste management and creating the Integrated Waste Management Board and Local Task Forces, AB 939 required each county’s Local Task Force to develop a **Countywide Integrated Waste Management Plan**. Each plan was to include a schedule for reaching the goal of diverting 50% of all solid waste from the landfills by the year 2000, through source reduction, recycling, and composting. This was the first time individual jurisdictions in California had been mandated to divert solid waste from landfills and report their progress to a state agency.

Diversion Rate Percentages 1995-2006

<i>Year</i>	<i>City of Capitola</i>	<i>City of Santa Cruz</i>	<i>Santa Cruz County unincorp.</i>	<i>City of Scotts Valley</i>	<i>City of Watsonville</i>
1995	n.a.	35%	21%	59%	25%
1996	n.a.	36%	20%	62%	26%
1997	n.a.	36%	21%	64%	35%
1998	n.a.	41%	19%	55%	32%
1999	44%	47%	46%	59%	67%
2000	48%	48%	50%	64%	66%
2001	51%	48%	55%	67%	72%
2002	51%	52%	51%	65%	72%
2003	48%	50%	54%	61%	71%
2004	48%	56%	58%	66%	73%
2005	49%	59%	57%	72%	73%
2006	58%	62%	65%	74%	72%

Source: CalRecycle Countywide, Regionwide, and Statewide Jurisdiction Diversion/Disposal Progress Report.^[84]



Source: CalRecycle Countywide, Regionwide, and Statewide Jurisdiction Diversion/Disposal Progress Report.^[84]

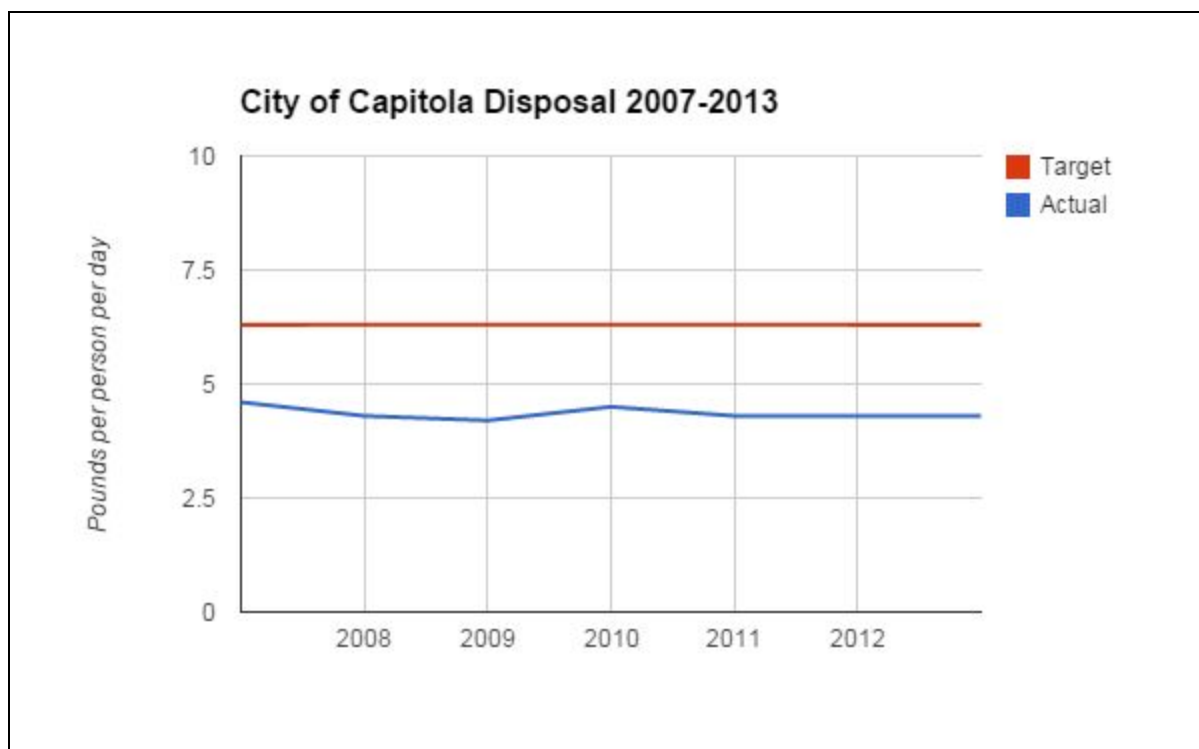
Appendix H

Compliance With SB 1016 (2007-2013)

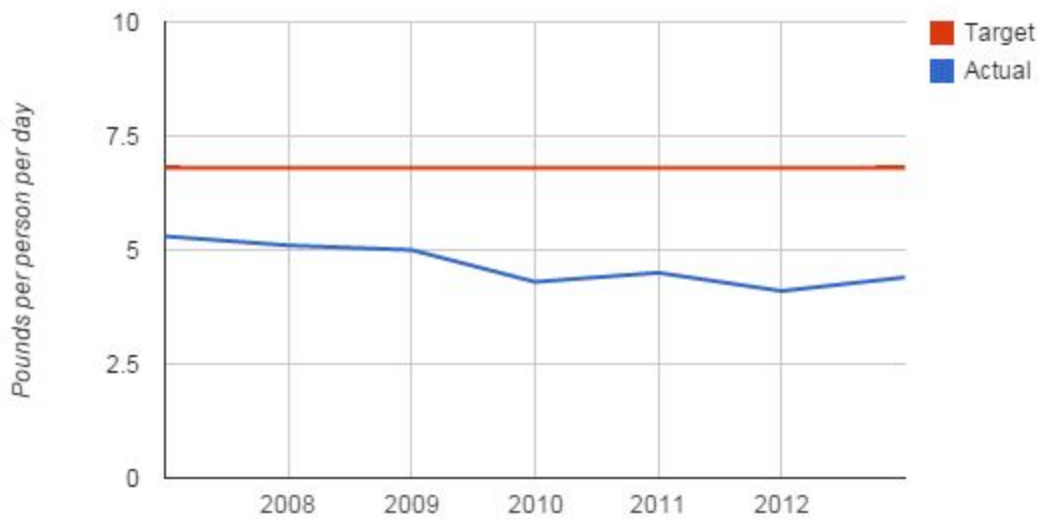
In 2008 the Legislature passed SB 1016, which simplified the way jurisdictions measured their waste streams and put more emphasis on recycling and diversion program implementation. Jurisdictions no longer had to estimate diversion percentages through a complex formula. Instead, they report **per capita disposal**: waste disposal in pounds per person per year. Each jurisdiction was assigned a disposal target that was the equivalent of 50% diversion, expressed on a per capita basis.

If a jurisdiction disposes *less* than its target *and* is implementing its recycling and related programs, it has met the mandate. The 50% requirement was not changed, just measured differently.^[85]

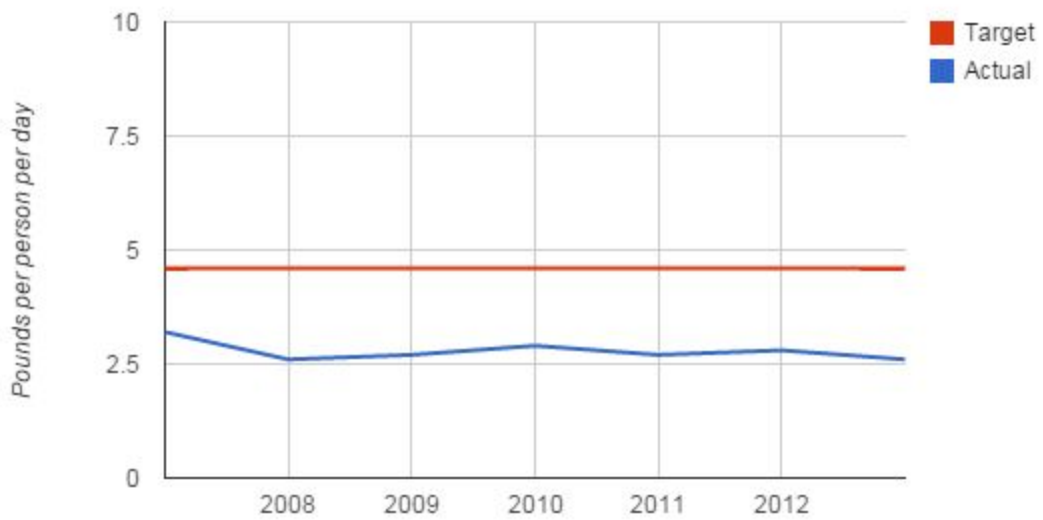
Using data on CalRecycle, the Grand Jury developed the charts below. The charts show that the per capita disposal rates for the cities and county of Santa Cruz have been consistently below their assigned targets. The *lower* the actual disposal rate, the less waste the jurisdiction is generating per person.

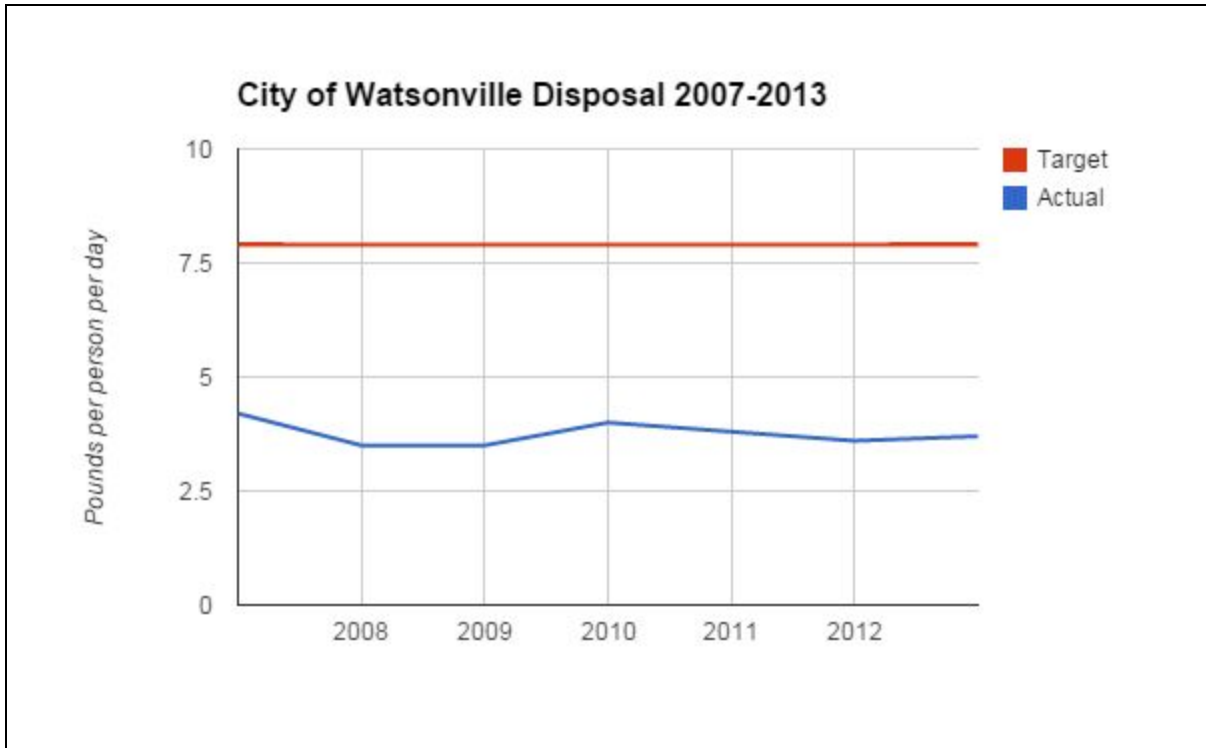
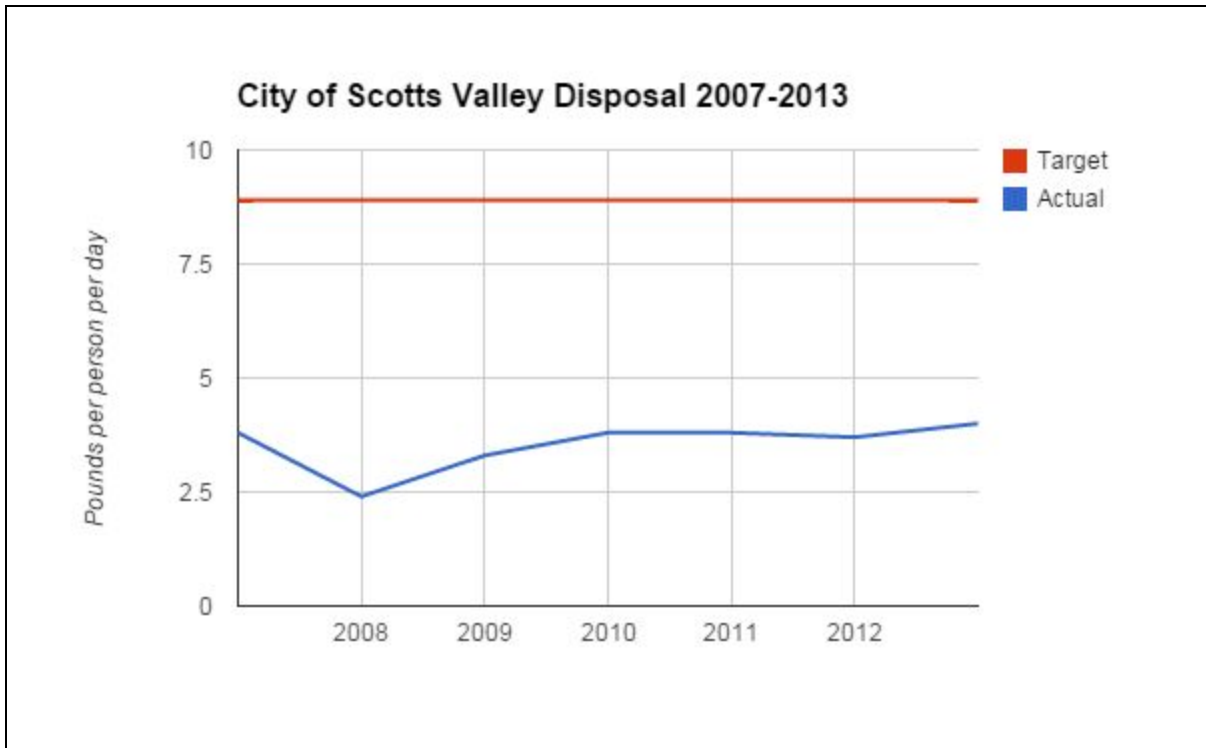


City of Santa Cruz Disposal 2007-2013



Unincorporated Santa Cruz County Disposal 2007-2013





Source: CalRecycle Countywide, Regionwide, and Statewide Jurisdiction Diversion/Disposal Progress Report. ^[84] Data for 2014 was not yet available.

Appendix I

Estimated Tonnage of Available Targeted Organic Materials

This table from the 2014 Request for Statements of Interest gives the participating agencies' best estimates of the available tonnage of each type of targeted organic material that could be available for processing under this project. Additional volumes of residential food scraps may be available depending on the timing, nature, and cost of the project.

<i>Agency</i>	<i>Yard Trimmings</i>	<i>Commercial Food Waste*</i>
City of Capitola	917	550
City of Santa Cruz	11,350	3,328
County of Santa Cruz	37,000	2,259
City of Scotts Valley	1,108	N/A
City of Watsonville	2,058	2,610
UC Santa Cruz	424	600
Total All Agencies	52,857	9,347
<i>* Estimates provided by Participating Agencies and/or based on data from Waste Characterization Study</i>		

Source: Santa Cruz County, the Cities of Santa Cruz, Watsonville, Capitola, and Scotts Valley, and UC Santa Cruz. September 30, 2014. "Request for Qualifications and Non-Binding Statement of Interest for Organics Processing Services."⁴¹

Santa Cruz County Fire Protection Districts

Response Times, Mutual Aid, and Consolidation

Summary

Santa Cruz County is currently served by ten fire protection districts, two city fire departments, County Fire, and Cal Fire (State agency). The number of these agencies has decreased over the last 30 years as agencies with many similarities and nearby borders have consolidated to provide better coverage and increased fiscal responsibility. The levels of independence from each other have also declined dramatically. The current districts have achieved consistent response times in the county. This was achieved through the use of the dispatch services provided by Santa Cruz Regional 911 Center (Netcom) and the negotiated mutual aid agreements between fire agencies.

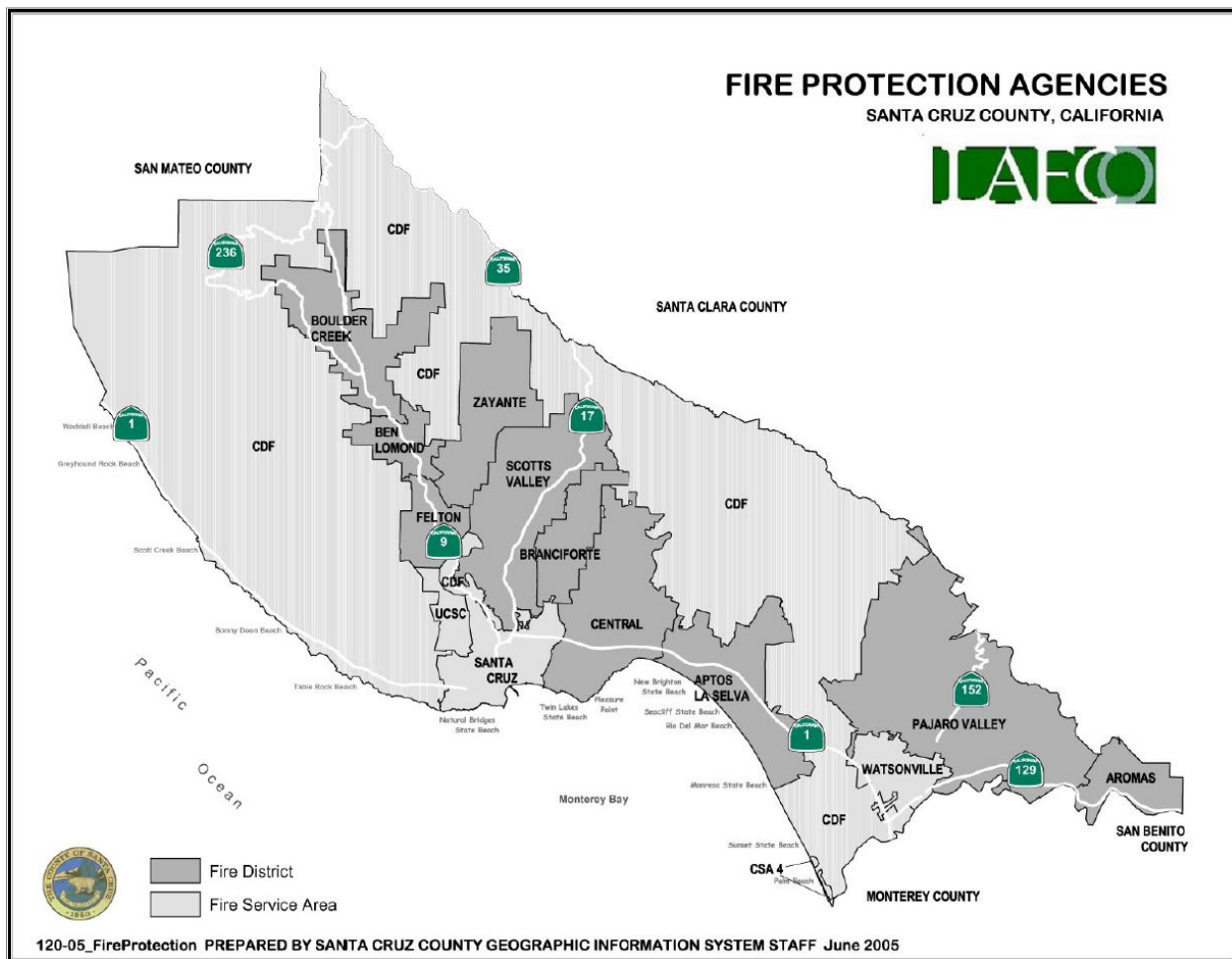
The existence of interlocking, overlapping "mutual aid" agreements between the districts and departments, combined with Regional 911 dispatch services, have in effect created a virtual single emergency and fire response agency in the urban areas of the county. The name on the side of the equipment responding to a 911 call is not the most important fact about the response. The consistent level of training and speed of response are the most important factors of all responses.

The Grand Jury chose to focus on two issues relating to nine fire protection districts in the County: responsiveness to service calls and potential opportunities for increased consolidation.

The Grand Jury found that the response times for both fire and medical calls are within desired parameters for all agencies investigated. We also found that several districts would benefit from increased shared services or consolidation.

Background

The cities of Capitola and Scotts Valley and the most heavily populated portions of the unincorporated area of Santa Cruz County are currently served by ten fire protection districts: [Aptos/La Selva](#), [Ben Lomond](#), [Boulder Creek](#), [Branciforte](#), [Central](#), [Felton](#), [Pajaro Valley](#), [Scotts Valley](#), and [Zayante](#). The Aromas Tri-County Fire Protection District also serves a portion of Santa Cruz County, however since the majority of the district lies in the counties of Monterey and San Benito, it was excluded from this investigation. These districts deliver Fire Suppression, Fire Prevention, and Emergency Medical Service (EMS) to their residents. See [Appendix A](#) for detailed information about each district, [Appendix B](#) for dispatch numbers for each district, and [Appendix C](#) for district statistics.



Source: Santa Cruz County LAFCo: Countywide Service Review, 2005.^[1] Note: The UCSC Fire Department has since merged with the City of Santa Cruz Fire Department

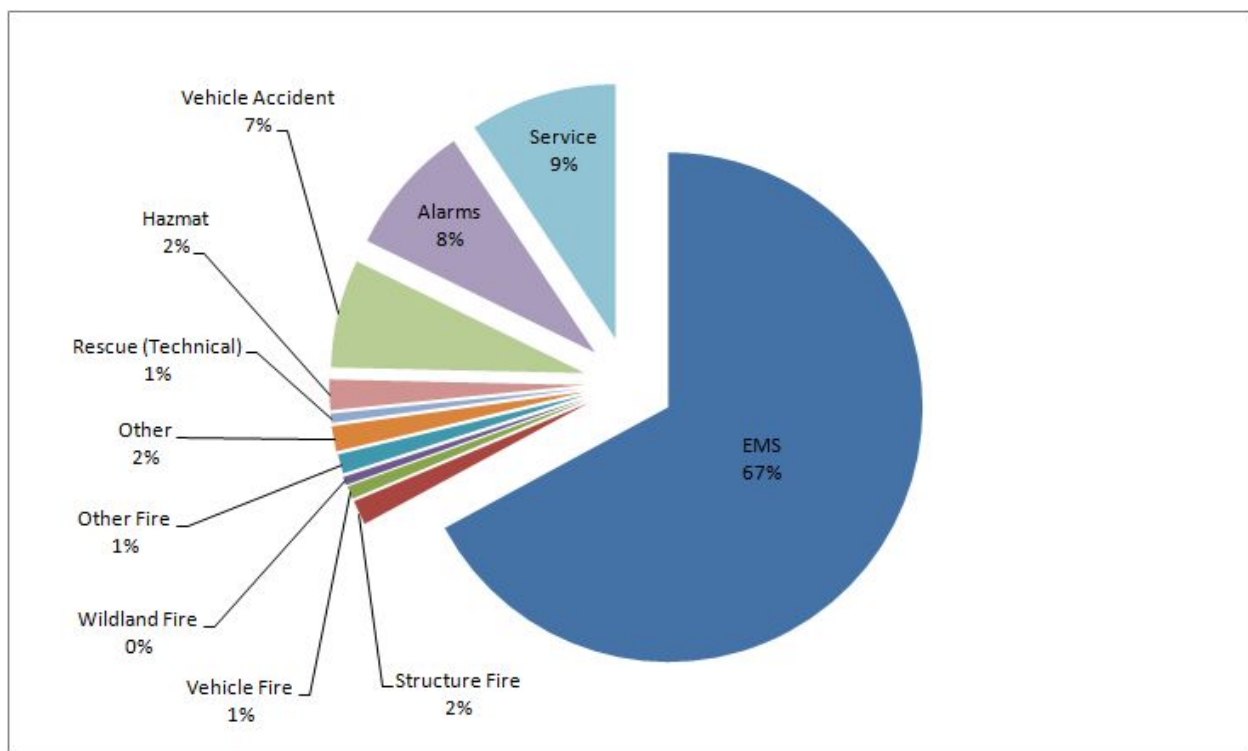
Fire districts are governed by independent boards of directors elected by district voters. These boards manage their own budgets, including the allocation of reserve funds for use in fiscal emergencies. Special districts are one of the few types of government agencies that have declined in number over the last two decades. An emphasis on efficient service delivery and fiscal responsibility are the primary reasons special district boards have initiated most of their 150 consolidations and mergers in the state.^[2] There are also examples of boards forming special, limited purpose Joint Powers Authorities (JPA) for specific shared purposes. For example all of the Los Angeles County Fire departments are forming a countywide fire training JPA to share the costs of training while increasing regional standardization.^[3]

The boundaries of and Sphere of Influence (SOI) for each of the various districts are determined by the Santa Cruz County Local Agency Formation Commission (LAFCO), which conducts Countywide Service Reviews in accordance with California Government Code Section 56430.^[4] LAFCO most recently reviewed fire districts in 2005,^[1] with an additional South County Fire Study^[5] in 2007.

Many of these fire districts were formed from the consolidation of neighboring districts. The two largest of these districts were formed in such a manner: Central Fire Protection District through the consolidation of Live Oak, Soquel, and Capitola Fire Protection Districts; and Aptos/La Selva Fire Protection District from the merger of Aptos and La Selva Beach Fire Districts. Most recently, the resignation of its fire chief and the anticipated benefits of combining services led the University of California Santa Cruz Fire Department to consolidate with the city of Santa Cruz Fire Department.

Fire districts respond to a variety of calls, including good-will service calls, hazardous materials, EMS, and fires. In 2014, EMS calls accounted for more than 65% of calls to the fire districts in Santa Cruz County. To serve the large number of medical calls, the larger districts (Aptos, Central, and Scotts Valley) established policies to staff each engine with a certified paramedic. This allows firefighters, who routinely arrive on scene prior to the ambulance, to render Advanced Life Saving (ALS) care and improve outcomes for residents.

Santa Cruz County Fire District 911 Calls by Type (2014)



Source: [Appendix B](#)

Santa Cruz Regional 911 Dispatch Center (a.k.a. NETCOM)

Beginning in 1996 Santa Cruz County consolidated all of the local dispatch centers, with the exception of Cal Fire, California Highway Patrol (CHP), and the city of Scotts Valley Police Department (SVPD), into a Joint Powers Authority (JPA) providing public safety dispatch. This new agency, the Santa Cruz Regional 911 Dispatch Center (Netcom), is located in the city of Santa Cruz. Netcom dispatches the local fire districts and departments, the ambulance services in the county, and local law enforcement (with the

exception of Scotts Valley Police Department). The consolidation of these services into a centralized location also provides a site for an emergency command center. This center allows officials from a variety of agencies to work together during a natural disaster or other major countywide emergency.

For fire and EMS dispatching, Netcom uses Computer Aided Dispatch (CAD) software. The CAD system allows the local fire protection districts to determine exactly how and when they will respond to the various types of fire and EMS calls. The districts work together through mutual aid agreements and coordinate their responses through additional agreements between the Fire Chief's Association and the Emergency Medical Services Integration Authority (EMSIA). When a fire or EMS call comes in, the CAD system requests the appropriate apparatus, such as water tenders or ladder trucks as needed, from neighboring districts.

Netcom is currently working with California Highway Patrol and Monterey County on the implementation of a text-to-911 system. This will allow hearing-impaired and vocally-impaired individuals and those in sensitive situations, such as domestic violence or home invasion, to contact emergency services through their mobile phone's text messaging system in lieu of a voice call. There are some concerns from alternative dispatch centers in the area that are not currently prepared to update their infrastructure to handle text-to-911. However Netcom is willing to handle those texts and transfer the information to the appropriate dispatch agencies.

Scope

The Grand Jury gathered data on response times, number of paid and volunteer firefighters, coverage area, population density, and budget for each fire protection district in Santa Cruz County. Using this data we compared the districts by type: volunteer or full-time. The gathered data and comparisons were used in interviews with representatives of the local fire protection districts and county officials. The Grand Jury also toured several local fire districts and the county dispatch center. We gathered data on possible consolidation scenarios, including benefits and challenges.

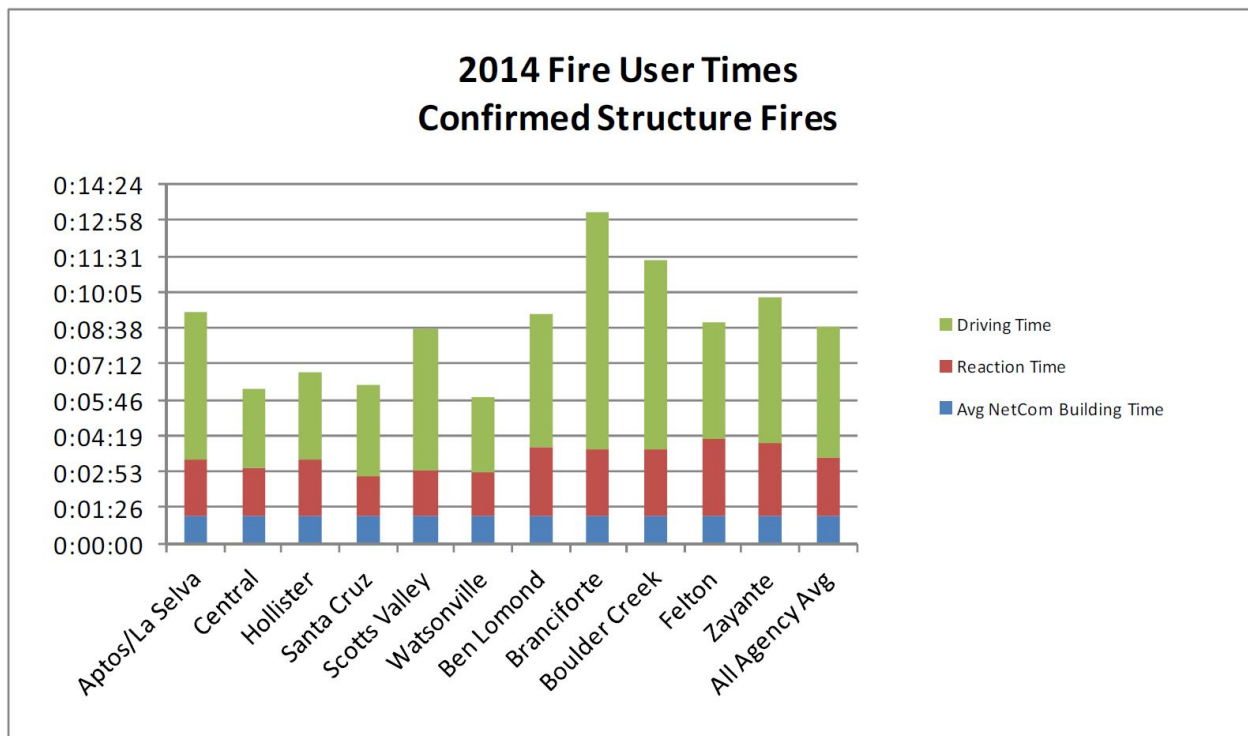
Our main questions were:

- What standards does each fire protection district use to rate/determine response time performance?
- Which fire protection districts are responding below established standards? What are these districts doing to remedy the situation?
- Are the fire protection districts adequately staffed for their population and/or coverage area?
- Would there be operational and fiscal benefits of consolidating fire protection districts?
- Would there be operational or fiscal disadvantages to consolidation?
- What factors prevent further consolidation projects from going forward?

Investigation

Response Times

Aptos La Selva Fire Protection District (Aptos Fire), Central Fire Protection District (Central Fire), and Scotts Valley Fire Protection District (Scotts Valley Fire) have adopted response standards similar to National Fire Protection Association (NFPA) 1710 section 5.2.4.1.1.^[6] Each agency has the goal of having the first engine company respond within 6 minutes for a minimum of 90% of EMS calls, and a second engine on the scene in less than 12 minutes for confirmed structure fire calls. Analytical software^[7] automatically issues reports for the district administration whenever a response is outside the target range. All three full-time districts met the goal of 90% compliance during the 2013/14 year.



Source: Santa Cruz Regional 911 Annual Report 2014^[9]

The volunteer districts, Boulder Creek Fire Protection District (Boulder Creek Fire), Ben Lomond Fire Protection District (Ben Lomond Fire), Felton Fire Protection District (Felton Fire), Zayante Fire Protection District (Zayante Fire), and Branciforte Fire Protection District (Branciforte Fire), have not adopted targeted response goals similar to the full-time districts. NFPA recommends different standards and methodologies for volunteer districts.^[8] The volunteer agencies all respond in the shortest time possible, usually arriving to EMS calls before county ambulance service. In the case of medical emergencies, the five volunteer districts are strategically located so that they are able to respond rapidly to calls within their coverage area. Several of the districts maintain a smaller vehicle stocked with medical gear to use on medical calls, which cuts down on response time by allowing the initial responder to take the vehicle to the scene

immediately and have other volunteers report directly to the scene. The volunteer districts utilize “sleeper programs” that encourage volunteers to live at the station in exchange for being on call several nights of the week, to reduce response times during the night.

Mid-County Region: Consolidating Aptos La Selva and Central Fire Protection Districts

Multiple reports have recommended the consolidation of Aptos Fire and Central Fire into one agency. In 1975, the Sierra Report^[10] studied how consolidations could improve the use of tax funds while maintaining or improving levels of service in Santa Cruz County. The Central Fire District and Aptos/La Selva Fire District JPA/Consolidation Study of January 2000 re-examined the issue and once again called for consolidation. These recommendations, however, were not adopted.

Central Fire and Aptos Fire share a border and have similar geography and tax bases.^[11] Factors in past reports supporting consolidation are still valid. Additionally, since Aptos’ Station 1 is less than one mile from the boundary with Central, consolidation of the two districts would allow Central’s Station 3 to be relocated to a more strategic site.

Shared Training

Currently the two districts share training programs, which take place at various locations. This joint training has familiarized the firefighters of the two districts with each other, helping them to work together more smoothly on shared calls. It has also helped the districts recognize the need to standardize the equipment and setup of their vehicles, thereby reducing confusion on the scene when firefighters respond to a call. Aptos Fire is developing plans to build a rescue structure at Station 1 that can be incorporated into shared training as needed.

Battalion Chiefs and Division Chiefs

There are differences in the utilization of personnel between Aptos Fire and Central Fire. Central Fire has Battalion Chiefs who serve as incident commanders and operate on 56-hour shifts. The Battalion Chiefs do not do administrative work. By contrast, Aptos Fire has Division Chiefs who serve in much the same capacity, but work a standard 40-hour week and do administrative work while at the station. This reduces the administrative load on the Aptos Fire Chief and the need for office staff.

The 2000 report, cited above, suggested that in a merged district the Battalion and Division Chief jobs could be restructured so that no positions would be eliminated, while maintaining the same coverage levels for each district. This would provide the benefit of reducing the number of office staff needed, as the Division Chiefs would take on additional administrative tasks.^[11]

Shared Services

The two districts currently share three major services: Information Technology (IT), Fleet Maintenance Service, and Fire Prevention Inspection services. IT is provided through a contract with Pagoda Technologies. The computer servers are hosted at

Central Fire's administration building. Without the shared services, each district would pay separately for the same service. Central Fire maintains a Fleet Maintenance Service. Aptos Fire contracts with Central Fire's Fleet Maintenance Service for maintenance and repair of fire apparatus, saving money and time.

When both Central Fire's and Aptos Fire's fire marshals retired in 2013, the two districts created an ad hoc committee, made up of selected directors from each Board. This committee oversees and evaluates an interim Cooperative Fire Prevention Program (CPP), which is still under evaluation as of this writing. Overseen by the Aptos Fire deputy fire marshal, this program has brought both districts up to date on their fire prevention inspections and saved them the cost of added positions. It has also enabled firefighters from both districts to adopt a more formal set of guidelines for conducting commercial inspections, leading to a more uniform experience for local businesses.

Currently these agencies are considering a proposal to create a three-year program under the leadership of the deputy fire marshal from Aptos Fire, with each district operating its own office staff and contracting its own inspectors. In the second year of the program, the proposal will add a half-time public education position which will help educate local communities about fire prevention. This position would become full-time in the third year. Central Fire would be responsible for 55% of the costs of this program and Aptos Fire would be responsible for 45%. The ad hoc committee recommended this proposal to the boards of the two districts in the second week of May 2015,^[12] with an expected vote on the program during the second week of June.

Three factors favor consolidation:

- Existing shared services (Fleet Maintenance, IT services, and Fire Prevention Program)
- The absence of a business manager in Central Fire and the presence of one in Aptos Fire
- High correlation between job duties of Battalion Chiefs and Division Chiefs

Barriers to Consolidation

There are, however, significant factors that impede consolidation, as explained below:

- Differences in Salary and Benefits Packages
- Local Board Issues
- The Impact of Public Records Act (PRA) Requests on District Finances and Staff Time

Differences in Salary and Benefits Packages: Aptos Fire has a higher pay scale, while Central Fire provides lifetime health benefits for employees and their families. These differences could be mitigated by the formation of a Joint Powers Authority (JPA) that could retain the pay and benefits packages of current firefighters. All new hires would share a pay and benefits schedule agreed upon by both districts and their respective collective bargaining units. A JPA was successfully used in 1987 during the formation of Central Fire which consolidated Live Oak Fire Protection District, Soquel Fire Protection District, and Capitola Fire Protection District.^[13]

Local Board Issues: The 2014 retirement of the Aptos Fire Chief presented an opportunity for consolidation. At that time there were feelers put out by individual members of each board, but nothing about consolidation was brought to a vote. A member of Central Fire's Board approached an Aptos Fire Board member^[14] about opening up a dialogue concerning potential shared opportunities. Instead, the Aptos Fire Board chose to continue their search for a new Fire Chief. Concurrently, the Central Fire Board of Directors chose not to pursue formal discussions of consolidation with Aptos Fire during this window of opportunity. It is worth noting that a member of Central Fire's Board did propose opening a discussion with Aptos Fire but the proposal did not become a motion for board action.^[15] During this period the Fire Chiefs were, in general, supportive of consolidation efforts. However, Board action would have been required for any consolidation efforts to move forward.

Events observed by Grand Jury members and attested to by interviewees have led the Grand Jury to conclude that policies and procedures regarding conflicts of interest and board member interactions in district operations were insufficiently defined. The relationship between the two districts has been strained by board member interference in operational matters across agencies. That interference is a barrier to consideration of consolidation by the two agencies.

During the course of our investigation Aptos Fire updated their Board of Directors Policy and Procedures Manual^[16] to include specific guidelines that limit board member interference in operational issues and that require board members to follow official channels when requesting information of other agencies.

The Impact of PRA Requests on District Finances and Staff Time: Interviewees from both districts informed the Grand Jury that they are struggling with excessive and unreasonable Public Records Act (PRA) requests. An Aptos resident has issued numerous PRA requests to both Aptos Fire and Central Fire (20 requests of Aptos Fire and 20 requests of Central Fire). Many of these requests concern the shared information technology services. These requests began in 2013 and continued through May 2015.

In the January 2015 Board meetings, each district detailed the amount of work time and financial resources that have been consumed in dealing with these and other PRA requests. Specifically they noted that during 2014, Aptos Fire and Central Fire spent 133 hours and 156 hours, respectively, dealing with PRA requests.^{[17][18]} Aptos Fire developed a job description for a temporary public records employee to assist with the PRA requests.

Officials from both districts mentioned that in many instances the PRA requests were vague and required multiple attempts by staff to confirm the specifics of the requested data. This was in addition to the time needed to locate, review, and protect confidential portions so the data could be delivered to the requestor. To help increase the clarity of requests and facilitate the district's response to PRA requests Central Fire adopted procedures to streamline its PRA request process.^[19]

Fiscal Impact of PRA Requests (2013-2015)

	# PRA Requests	Cost of PRA Requests	Cost of Extra Staff	Total
Aptos Fire	22	\$11,000 (133 hrs)	\$20,000	\$31,000
Central Fire	42	\$12,688 (200 hrs)	Unknown	\$12,688
Total	64	\$23,688 (333 hrs)	\$20,000	\$43,688

Source: Aptos/La Selva Fire Protection District Board of Directors minutes 1/8/15^[17] see [Appendix D](#) for more information

The combination of local board issues and the high volume of PRA requests have placed fiscal and operational strains on both districts, hindering current and future large scale cooperation or consolidation, and consuming public resources.

Sphere of Influence: Branciforte Fire and Scotts Valley Fire

In 2014, Branciforte Fire received 157 calls, the lowest number of calls for service in Santa Cruz County (see [Appendix B](#) for information about fire calls). By contrast, for 2009-2013 Branciforte Fire's payroll budget was higher than that of Boulder Creek Fire, the largest and most active volunteer fire district in the county.^{[20][21][22][23][24]} Branciforte Fire's significant spending on salary and benefits occurs even though their Fire Chief has voluntarily forgone his salary since 2011.

Boulder Creek Fire and Branciforte Fire Comparison

	Boulder Creek Fire	Branciforte Fire
Number of Volunteers (2013)	42	41
Number of Calls (2014)	384	153
Average Wages	\$6,473	\$7,328
Average Retirement and Health Cost	\$570	\$2,643
Total Wages	\$323,634	\$344,410
Total Retirement and Health Cost	\$28,513	\$124,201
Total	\$352,147	\$468,611

Source: California State Controller Office^[25] See [Appendix B](#) for 2014 call numbers

Note: Branciforte financials do not include any salary for a fire chief.

Part of the reason for the disproportionately high salary and benefits packages in Branciforte Fire is that the district staffs their station with a full-time firefighter year round. The district places a high value on this, since unlike the majority of volunteer fire districts in the county, Branciforte Fire does not have many local businesses within its

boundaries where volunteers could work. As a result there are very few volunteers who are available to respond to calls during business hours. Currently, only five volunteers live inside the district. The rest reside outside the district. More than twenty years ago Branciforte Fire elected to have paid staff at their station.

Branciforte Fire's annual budget ranges from \$600,000 to \$700,000. In 2013 the district paid out \$344,410 in total wages and \$124,201 in retirement and health costs. This leaves from \$131,389 to \$231,389 to pay for non-salary operations of the district. Currently Branciforte Fire is operating with minimal financial reserves.

Like most fire districts in the county Branciforte is part of the Santa Cruz County Fire Agency Insurance Group (SCCFAIG) JPA. Salaried and volunteer firefighters are covered under SCCFAIG. Due to higher than average salaried staffing for a volunteer district, Branciforte has a limited financial reserve to deal with any catastrophic workers' compensation cases. If one large or multiple smaller workers' compensation claims occur in the district, the premiums that would result could financially cripple the district.

Branciforte Fire has several options for its future, including:

- Consolidation of Branciforte Fire with Scotts Valley Fire
- Managerial oversight provided by Scotts Valley Fire
- Maintaining the current arrangement

Consolidating Branciforte Fire with Scotts Valley Fire

Branciforte Fire exists within the Scotts Valley Fire Sphere of Influence (SOI).¹¹ If they were consolidated, the new district would have two staffing options for the Branciforte Fire station. The first option is to bring staffing levels up to that of a full engine company akin to Scotts Valley Fire Station 1 and Station 2. The cost to do this would be prohibitive as it would exceed the combined revenues generated from Branciforte Fire and Scotts Valley Fire.

The second option is to run Branciforte Fire as a full-time volunteer station. While this would produce fiscal savings, the drop in response coverage is something that is unacceptable to the Board of Directors of Branciforte Fire. If the station were to be closed, dispatching response units from Scotts Valley Fire and other neighboring districts, would result in EMS response times greater than 10 minutes for portions of the district.

Managerial Oversight Provided by Scotts Valley Fire

One solution to maintain the current level of service in Branciforte Fire, while achieving some savings in the long run, would be for Scotts Valley to oversee the operations of the district. This would eliminate the Branciforte Fire Chief position, yet preserve the local governing body and maintain the current coverage goals.

Scotts Valley Fire could also add its volunteers to those in Branciforte. This would increase the number of volunteers available for calls and reduce administrative costs for Branciforte Fire. It would also increase cooperation between the two agencies, facilitating a future consolidation.

Scotts Valley's Fire Chief would be working with two boards and two budgets. This may present contractual and administrative complications. Additionally, in order to function seamlessly, both districts would need to align their training programs.

Maintaining the Current Arrangement

Residents in Branciforte Fire currently pay an annual assessment of \$100 to provide for fire service. With the economy starting to recover, the district could ask residents to increase that tax to help offset the rising costs of California Employment Retirement System (CalPERS), insurance premiums, and to provide a salary for the Fire Chief, should the current Chief or a new one require a salary. However, even if a tax increase were approved, the potential of a crippling workman's compensation claim could still pose excess financial liability to the district. The lack of sufficient financial reserve and a contingency plan need to be addressed.

San Lorenzo Valley Region

Consolidation of the four fire protection districts in the San Lorenzo Valley (SLV) was examined in a 1994 LAFCO study.^[26] The study found that if all four districts were consolidated, the main fiscal benefit would be in the reduction of duplicate administrative staff (secretaries and fire chiefs). The main service benefit would occur from unified training, planning, staffing, and operations. However, ultimately, the report concluded:

Bigger is not automatically better. While it is difficult to argue with the idea that administrative efficiencies can be achieved with consolidation by elimination of duplicate or overlapping functions, there is also the danger that the spirit, accomplishments of volunteer efforts and community support shown in small communities could be affected in a negative way through consolidation. Local leadership and community involvement and support are important factors which must be taken into consideration.^[26]

The fire districts in SLV currently train together. Boulder Creek trains with Ben Lomond and Zayante trains with Felton. Additionally, advances in technology and the formation of Netcom have decreased response times from neighboring districts and increased interagency cooperation.

Reductions in the salaries of Fire Chiefs and administration present potential savings but there are also potential expenses relating to CalPERS. Currently both Boulder Creek Fire and Felton Fire are members of CalPERS, while Ben Lomond Fire and Zayante Fire are not. Any consolidation effort would necessitate that the newly consolidated district apply for membership in CalPERS, something the revenue of Zayante Fire and Ben Lomond Fire cannot currently support.

The communities surrounding the volunteer fire districts in SLV have a significant community investment in their individual districts. The events and fundraisers for the districts are staples of the local community. Combining these local districts could have a significant negative impact on the level and nature of community support.

The volunteer agencies expressed concerns to the Grand Jury regarding the future availability of volunteers. Due to the rising cost of living in Santa Cruz County, some agencies are having difficulties recruiting and retaining volunteers. If this situation continues, it could negatively impact one or more of the districts in SLV.

While consolidation is something the Grand Jury generally advocates, in the case of SLV, it should only be used if staffing or financial needs threaten the viability of one or more districts.

Santa Cruz County LAFCO

The last Countywide Service Review for fire districts in Santa Cruz County occurred in 2007. California Government Code Section 56425(g) states, "On or before January 1, 2008, and every five years thereafter, the commission shall, **as necessary**, review and update each sphere of influence."^[4]

Lack of funding has prevented Santa Cruz County LAFCO from performing scheduled Countywide Service Reviews (CSR) or Sphere of Influence (SOI) studies. A study will need to be conducted by LAFCO before any consolidation can go forward.

Computer Aided Dispatch (CAD) Software Replacement

The Computer Aided Dispatch (CAD) system is an integral part of the successful mutual aid between fire districts. The current CAD software will no longer be supported after 2018^[9] and Santa Cruz Regional 911 (Netcom) has not yet decided on replacement software or details of payment.

Netcom staff plans to hire a consultant to assist in the CAD selection process in the 2015/16 fiscal year and has asked the fire and police agencies to form an evaluation team when staff has compiled the information.^[27]

Netcom staff is researching and evaluating replacement systems, speaking with vendors, and testing demonstration systems. All this is being done to build a preliminary requirements list for the new CAD system. It is planned that a Request for Information (RFI) will go out sometime during 2015, with the goal of having the new CAD system in place in fiscal year 2017/18.^[9]

It is estimated that a new CAD system will cost approximately \$1,500,000. Netcom officials recommend budgeting for estimated payments of \$293,690 annually starting in 2017/18 and continuing through 2024/25 to fund a new CAD system.^[28]

Findings

- F1.** The consolidation of Fire and Emergency Medical System dispatch services at the Santa Cruz Regional 911 center and mutual aid agreements between districts have created an efficient virtual single service district for those services in the entire county.
- F2.** Shared services between fire districts have improved response times, training, and services across the county.

- F3.** Aptos/La Selva Fire Protection District and Central Fire Protection District did not take advantage of the opportunity to pursue consolidation when the Aptos Fire Chief retired in 2014.
- F4.** The differences in pay scales and benefits between Aptos/La Selva Fire Protection District and Central Fire Protection District are issues that must be addressed prior to consolidation.
- F5.** Aptos/La Selva Fire Protection District and Central Fire Protection District have a common problem resulting from excessive and unreasonable Public Records Act requests. These requests have negatively impacted the daily administration, budgets and operations of the districts.
- F6.** The lack of enforced policies and procedures regarding conflicts of interest and board member interactions in district operations, has interfered with the ability of the Aptos/La Selva Fire Protection District and Central Fire Protection District to consider further shared services or consolidation.
- F7.** The joint Aptos/La Selva Fire Protection District and Central Fire Protection District Cooperative Fire Prevention Program is successful and could benefit the county if made permanent.
- F8.** Expansion of the Central Fire Protection District's fleet services department is needed to allow a larger number of districts to contract with this service.
- F9.** Branciforte Fire Protection District's lack of a tangible reserve or funds to pay their Fire Chief leaves them vulnerable to insolvency, which would leave Branciforte residents without a fire district.
- F10.** Scotts Valley Fire Protection District is the most logical partner for consolidation or shared services with Branciforte Fire Protection District.
- F11.** The differences in policies and procedures of the four fire protection districts in the San Lorenzo Valley inhibit future consolidation.
- F12.** The continued success of Santa Cruz Regional 911 is dependant upon the successful replacement of the Computer Aided Dispatch software.

Recommendations

- R1.** Aptos/La Selva Fire Protection District and Central Fire Protection District should work together to merge and form a Mid-County Fire Protection District. (F1-F4, F7)
- R2.** The governing bodies of Aptos/La Selva Fire Protection District and Central Fire Protection District should adopt the three year plan for the Cooperative Fire Prevention Program. (F7)
- R3.** Aptos/La Selva Fire Protection District should create policies for receiving and responding to PRA requests. (F5)

- R4.** Central Fire Protection District should adopt and enforce clear and comprehensive conflict of interest regulations for Board Members. (F6)
- R5.** Central Fire Protection District should explore expansion of its fleet maintenance services to support contracts with a greater number of local fire districts. (F8)
- R6.** Branciforte Fire Protection District should negotiate with Scotts Valley Fire Protection District for the provision of managerial oversight of administration and operations by Scotts Valley. (F1, F2, F9, F10)
- R7.** The four fire protection districts in the San Lorenzo Valley should further align their policies and procedures in anticipation of future consolidation. (F1, F2, F11)
- R8.** Santa Cruz Regional 911 should replace the Computer Aided Dispatch software prior to the 2017/18 fiscal year. (F12)

Commendations

- C1.** The Grand Jury commends Santa Cruz Regional 911 for providing exemplary service in dispatching fire, police and EMS, and for working to establish a text-to-911 system.
- C2.** The Grand Jury commends both Aptos/La Selva Fire Protection District and Central Fire Protection District for creating the Cooperative Prevention Program.
- C3.** The Grand Jury Commends Central Fire Protection District for creating a district policy for responding to Public Records Act requests.

Responses Required

<i>Respondent</i>	<i>Findings</i>	<i>Recommendations</i>	<i>Respond Within/ Respond By</i>
Board of Directors, Aptos/La Selva Fire Protection District	F1 - F7	R1 - R3	90 Days 9/24/2015
Board of Directors, Central Fire Protection District	F1 - F8	R1, R2, R4, R5	90 Days 9/24/2015
Board of Directors, Scotts Valley Fire Protection District	F1, F2, F10	R6	90 Days 9/24/2015
Board of Directors, Branciforte Fire Protection District	F1, F2, F9, F10	R6	90 Days 9/24/2015
Board of Directors, Boulder Creek Fire Protection District	F1, F2, F11	R7	90 Days 9/24/2015
Board of Directors, Ben Lomond Fire Protection District	F1, F2, F11	R7	90 Days 9/24/2015
Board of Directors, Felton Fire Protection District	F1, F2, F11	R7	90 Days 9/24/2015
Board of Directors, Zayante Fire Protection District	F1, F2, F11	R7	90 Days 9/24/2015
Board of Directors, Santa Cruz Regional 911	F12	R8	90 Days 9/24/2015

Definitions

- **ALS:** *Advanced Life Support* - Category of first responder treatment that goes beyond that of an EMT. Requires Paramedic equivalent training and certification by local governing agencies to implement.
- **ALSFPD:** *Aptos/La Selva Fire Protection District*
- **Aptos Fire:** *Aptos/La Selva Fire Protection District*
- **Auto Aid:** Fire Agencies providing coverage on fire or medical calls for neighboring districts/departments. The current Auto Aid system is assisted by the Computer Aided Dispatch System and based upon agreements between Fire Districts/Departments as well as EMSIA and the Fire Chiefs Association. Also known as Mutual Aid
- **Ben Lomond Fire:** *Ben Lomond Fire Protection District*
- **BLFPD:** *Ben Lomond Fire Protection District*
- **BCFPD:** *Boulder Creek Fire Protection District*
- **Boulder Creek Fire:** *Boulder Creek Fire Protection District*
- **BFPD:** *Branciforte Fire Protection District*
- **Branciforte Fire:** *Branciforte Fire Protection District*
- **CAD:** *Computer Aided Dispatch* - Software system used to dispatch law enforcement, fire, and emergency medical services
- **Cal Fire:** *California Department of Forestry and Fire Protection*
- **CalPERS:** *California Public Employees Retirement System* - The State agency responsible for managing public agency retirement funds through contracts with local agencies
- **Central Fire:** *Central Fire Protection District*
- **CFPD:** *Central Fire Protection District*
- **CPP:** *Cooperative Prevention Program* - Joint fire prevention program developed by Aptos and Central Fire Protection Districts
- **CSR:** *Countywide Service Review*
- **EMS:** *Emergency Medical Services*
- **EMSIA:** *Emergency Medical Services Integration Authority* - Joint Powers Authority formed in Santa Cruz to oversee Emergency Medical Services and Advanced Life Support in Santa Cruz County
- **EMT:** *Emergency Medical Technician*
- **Felton Fire:** *Felton Fire Protection District*
- **FFPD:** *Felton Fire Protection District*
- **Haz Mat:** *Hazardous Material* - Usually references the Santa Cruz County Hazardous Material Team
- **JPA:** *Joint Powers Authority*
- **LAFCO:** *Local Agency Formation Commission*
- **LAR:** *Large Animal Rescue*
- **LRA:** *Local Responsibility Area* - Portion of land where the County is responsible to provide fire protection
- **Mutual Aid:** Fire Agencies providing coverage on fire or medical calls for neighboring districts/departments. The current Mutual Aid system is assisted by

the Computer Aided Dispatch System and based upon agreements between Fire Districts/Departments as well as EMSIA and the Fire Chiefs Association. Also known as Auto Aid.

- **NETCOM:** Santa Cruz County's Regional Dispatch Center, also referred to as SCR911.
- **NFPA:** *National Fire Protection Association* - An international nonprofit organization that advocates for fire fighting codes and standards as well as research, training, and education. [<http://www.nfpa.org/about-nfpa>]
- **PRA:** *Public Records Act*
- **Pajaro Valley Fire:** *Pajaro Valley Fire Protection District*
- **PVFD:** *Pajaro Valley Fire Protection District*
- **RFP:** *Request for Proposals*
- **Santa Cruz Fire:** *City of Santa Cruz Fire Department*
- **SCFD:** *City of Santa Cruz Fire Department*
- **SCHMIT:** *Santa Cruz Hazardous Materials Interagency Team* - Formed by the County of Santa Cruz and the cities of Capitola, Santa Cruz, Scotts Valley, and Watsonville to respond to hazardous material incidents.
- **SCCFAIG:** *Santa Cruz County Fire Agency Insurance Group* - Joint Powers Authority that insures the fire districts against workman's compensation claims
- **SCR911:** *Santa Cruz Regional 911* - Santa Cruz County's Regional 911 Dispatch Center, also referred to as NETCOM.
- **SLV:** *San Lorenzo Valley*
- **SOI:** *Sphere of Influence* - The probable physical boundaries and service areas of a local agency, as determined by the Local Agency Formation Commission.
- **SRA:** *State Responsibility Area* - Portion of land where the State of California is responsible to provide fire protection.
- **Scotts Valley Fire:** *Scotts Valley Fire Protection District*
- **SVFPD:** *Scotts Valley Fire Protection District*
- **Watsonville Fire:** *City of Watsonville Fire Department*
- **WFD:** *City of Watsonville Fire Department*
- **Zayante Fire:** *Zayante Fire Protection District*
- **ZFPD:** *Zayante Fire Protection District*

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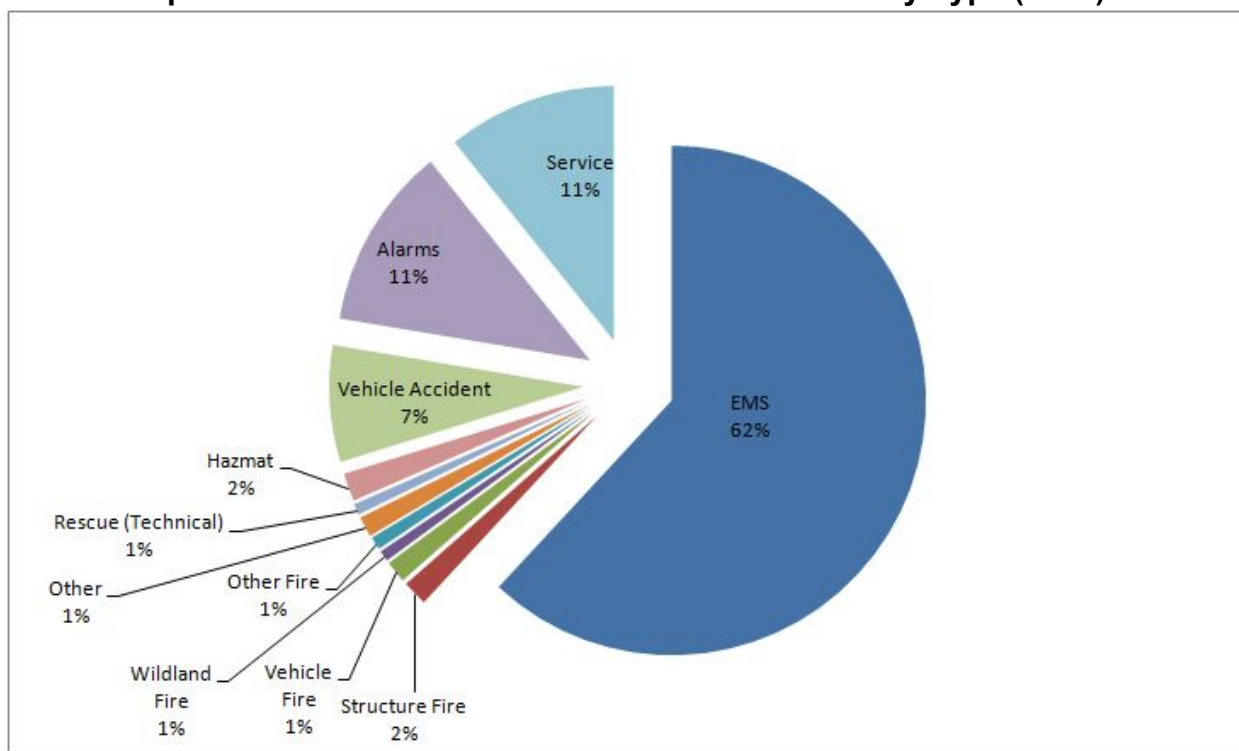
Appendix A

Aptos/La Selva Fire Protection District

The Aptos/La Selva Fire Protection District (ALSFPD) was formed in 1986 by consolidating the Aptos Fire Protection District and the La Selva Beach Volunteer Fire Protection District. ALSFPD serves the unincorporated areas of Aptos Village, Seacliff, Rio del Mar, Seascope, La Selva Beach, Aptos Hills-Larkin Valley, and Day Valley. The district has three stations located in Aptos, Rio del Mar and La Selva Beach. Station 1 is located less than a mile from the border between the district and Central Fire Protection District. Station 1 also houses the administration office and training space that the district plans to expand in the near future.

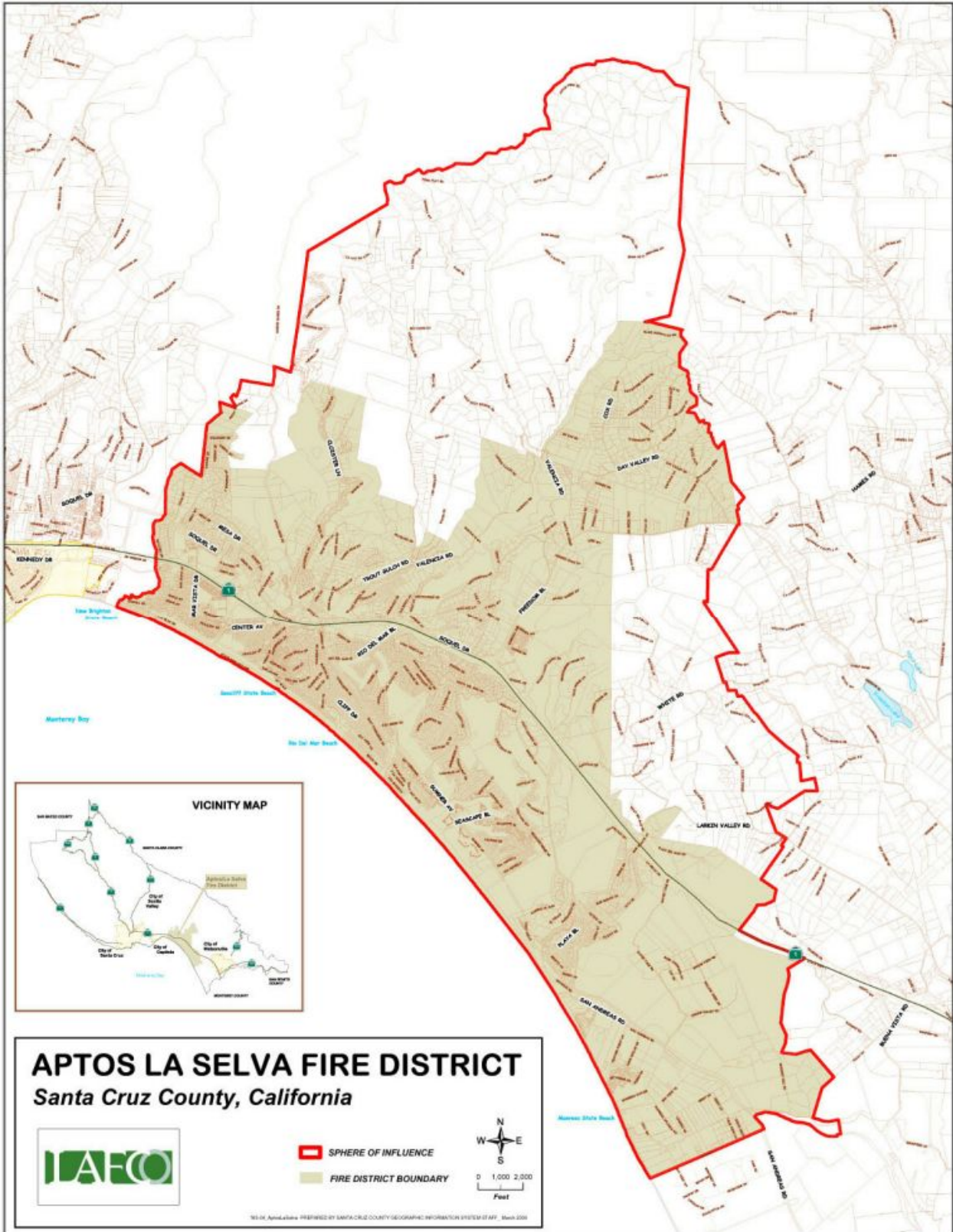
According to the 2010 census the combined population of the ALSFPD area is approximately 25,000. For the 2014/15 fiscal year the district had total revenues of \$9,592,109 and total appropriations of \$10,409,332.^[29] The district has approximately 39 employees, including 30 firefighters, three division chiefs, and one business manager.^[30]

Aptos/La Selva Fire Protection District 911 Calls by Type (2014)



Source: [Appendix B](#)

The coverage area is divided into the suburban demand zone and the rural interface demand zone. Responses are monitored based on self imposed standards that were adopted in 2005^[31] with a goal of 90% or more of the calls being responded to within targeted response times. These standards set a first response time of 6 minutes for all medical emergencies in the suburban areas and 8 minutes in the rural areas. For all structure fires the district requires a second engine (frequently provided from another district via mutual aid) and a Duty Chief to respond in under 12 minutes.



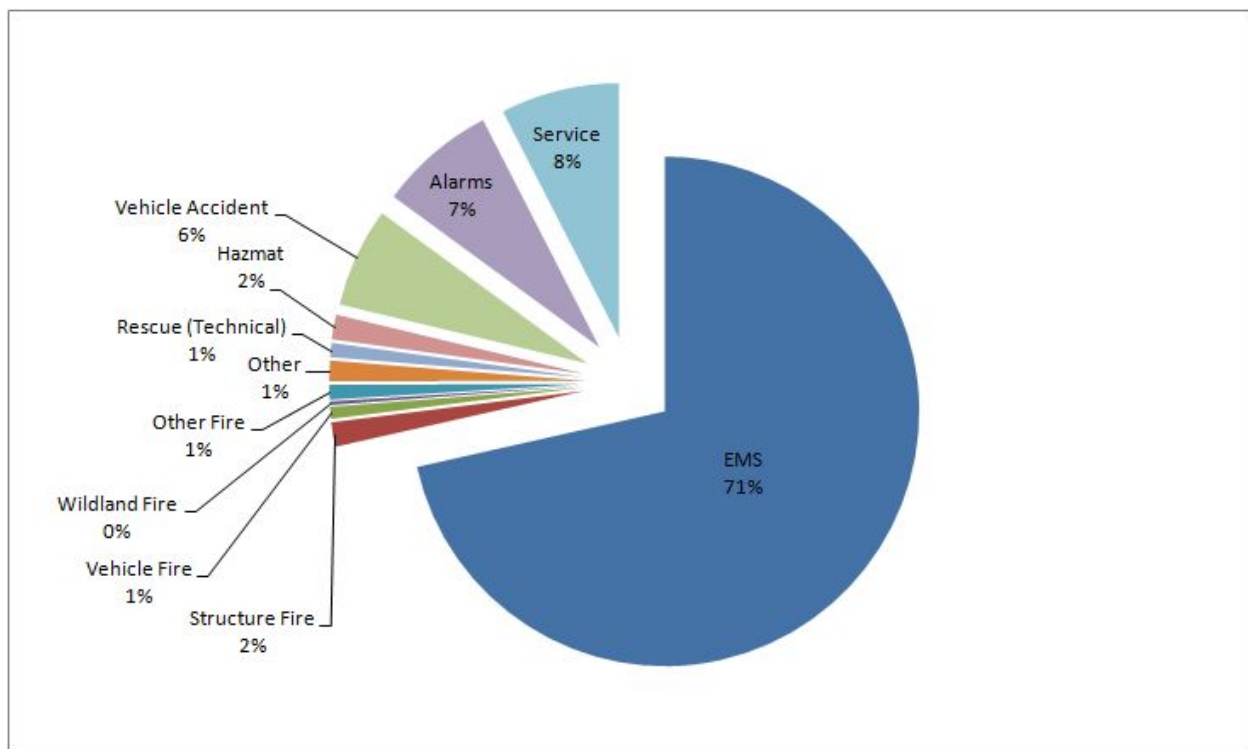
Source: Santa Cruz County LAFCo: Countywide Service Review, 2005^[1]

Central Fire Protection District

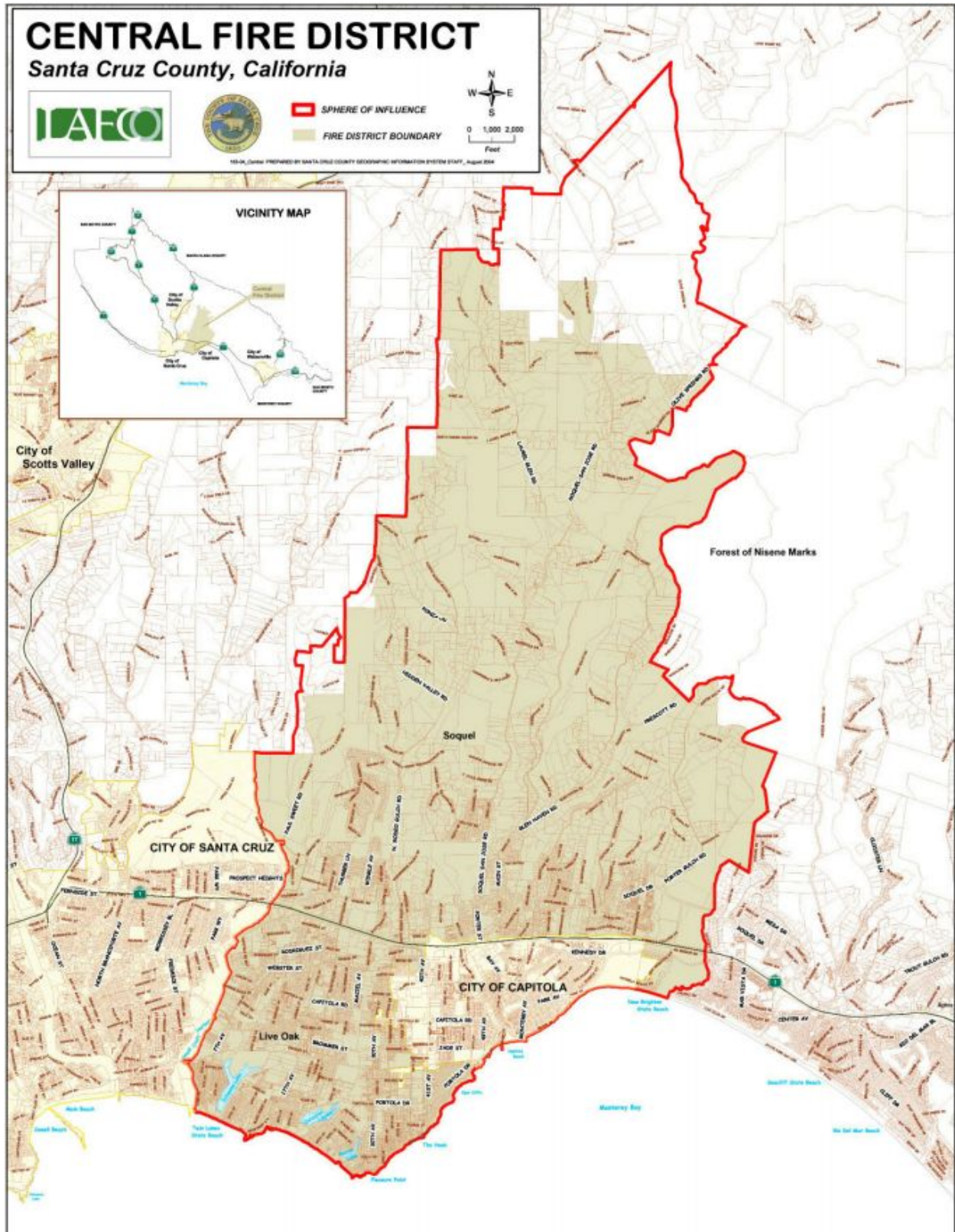
Central Fire Protection District (CFPD) was formed in 1987 after the consolidation of the Live Oak, Soquel, and Capitola fire protection districts. The district serves the unincorporated areas of Live Oak and Soquel as well as the city of Capitola. The district has four stations located in Live Oak, Santa Cruz Gardens (Thurber Lane), Soquel, and Capitola. The district's administration building is next to Station 1 in Live Oak. Housed within the administration building is the shared Information Technology (IT) center for both ALSFPD and CFPD. These services are provided through a contract with Pagoda Technologies.^[32] The district also owns a burn trailer, used for training, that is housed in Watsonville near the airport, and a fleet services garage which performs maintenance on its large vehicles as well as those of other local fire agencies such as ALSFPD, Pajaro Valley Fire Protection District (PVFPD), CSA-4 Pajaro Dunes, and City of Santa Cruz Fire Department (SCFD).

According to the 2010 census the combined population of the areas serviced by the district is approximately 55,000 people.^[33] For the 2014/15 fiscal year the district had total revenues of \$13,919,696.^[34] The district has approximately 44 full-time firefighters and 13 paid call firefighters.^[35]

Central Fire Protection District 911 Calls by Type (2014)



Source: [Appendix B](#)



Source: Santa Cruz County LAFCo: Countywide Service Review, 2005^[1]

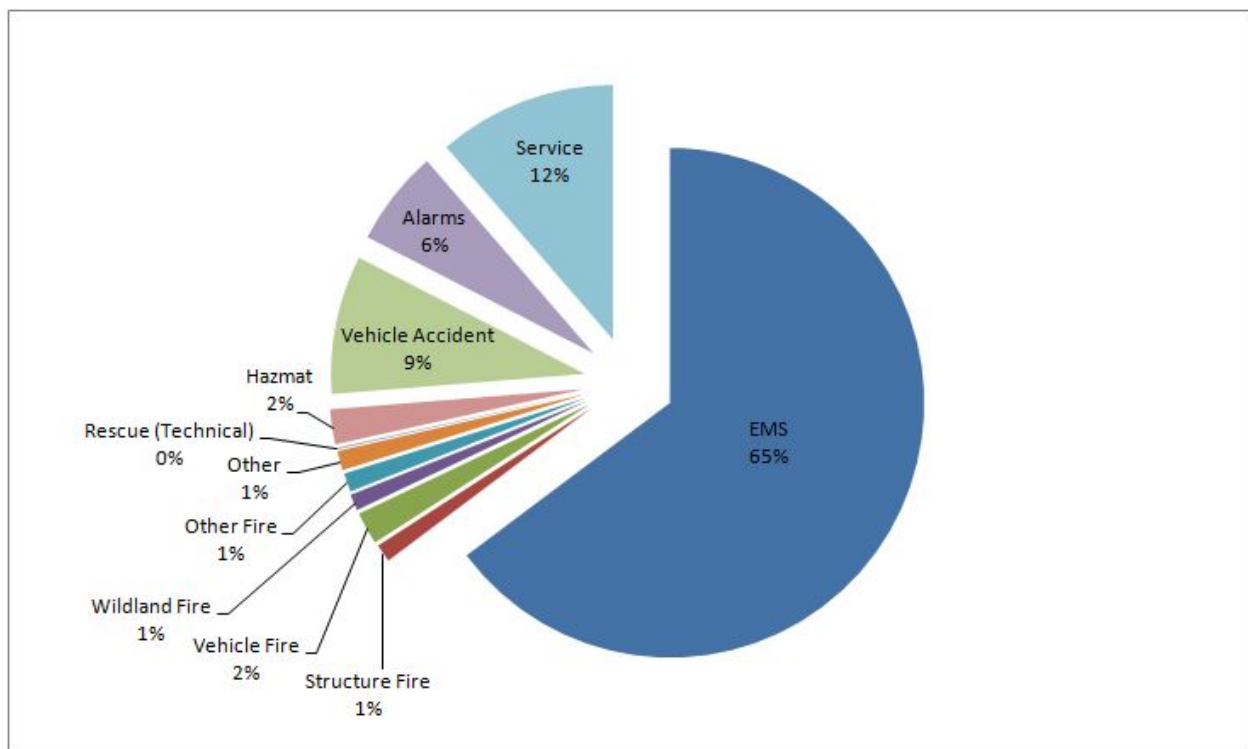
In 2014 CFPD had the second highest call volume in the county, after the city of Santa Cruz, representing 20% of the total calls for service dispatched from the Santa Cruz Regional 911 center (SCR911).^[36] Response times are reported to the board of directors in the monthly meeting packet. The district has a goal of responding to urban medical calls in 4 to 6 minutes.^[37] The goal is to have the first engine on site in less than 6 minutes for all fire events.

Scotts Valley Fire Protection District

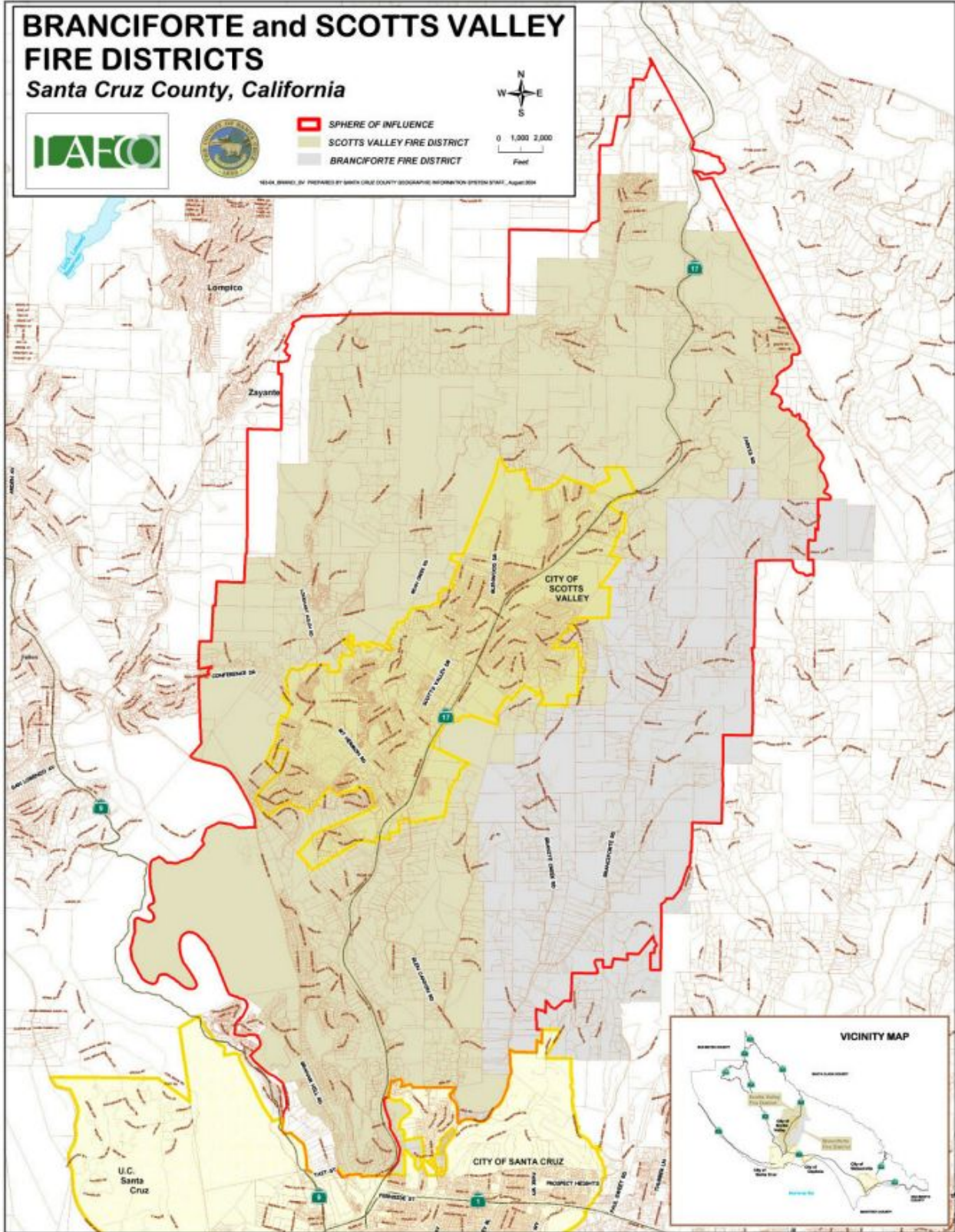
The Scotts Valley Fire Protection District (SVFPD) was formed in 1958. The district serves the city of Scotts Valley and the surrounding unincorporated areas stretching from Santa Cruz City limits in the south to Laurel Road in the north. It is the primary agency responding to vehicular accidents on Highway 17 up to the summit. The district operates two stations, one on Erba Lane and the other on Glenwood Drive. Station 1 is staffed with a minimum of 4 firefighters (1 battalion chief, 1 captain, 1 engineer and 1 firefighter/paramedic). Station 2 is staffed with a minimum of 3 firefighters (1 captain, 1 engineer, and 1 firefighter/paramedic). The district also has 15 paid call firefighters who assist full-time firefighters, and also serve as a hiring pool. The paid call firefighters do not respond to calls for EMS or incidents on Highway 17. A paid call firefighter may occasionally serve with full time firefighters as a fourth person on an engine crew during the day.

In the 2013/14 fiscal year SVFPD received total revenue of \$5,386,671 and total expenditures of \$5,339,340, leaving their end of the year fund balance at \$566,064.^[38]

Scotts Valley Fire Protection District 911 Calls by Type (2014)



Source: [Appendix B](#)



Source: Santa Cruz County LAFCo: Countywide Service Review, 2005^[1]

SVFPD is unique in that it houses the Santa Cruz County Hazardous Materials Interagency Team (SCHMIT) and all the associated equipment and apparatus at its Glenwood Drive station. SCHMIT was formed in 2001 via a memorandum of understanding (MOU) between the County of Santa Cruz, the Cities of Santa Cruz, Watsonville, Capitola, Scotts Valley, UCSC, and State Parks.^[39] There are 24 local Hazardous Materials technicians representing ALSFPD, CFPD, SVFPD, City of Santa Cruz Fire Department (SCFD), and City of Watsonville Fire Department (WFD). SVFPD uses grant money to secure and maintain needed apparatus.

Standards of coverage as adopted by SVFPD set the goal of responding to 90% of medical calls within 6 minutes and responding to fire calls with a 14 person crew within 10 minutes. When there is a response that is outside the targeted goal it is automatically sent to the Fire Chief for review. The district has been able to position its stations such that they are within 5 miles of any call location within the district.

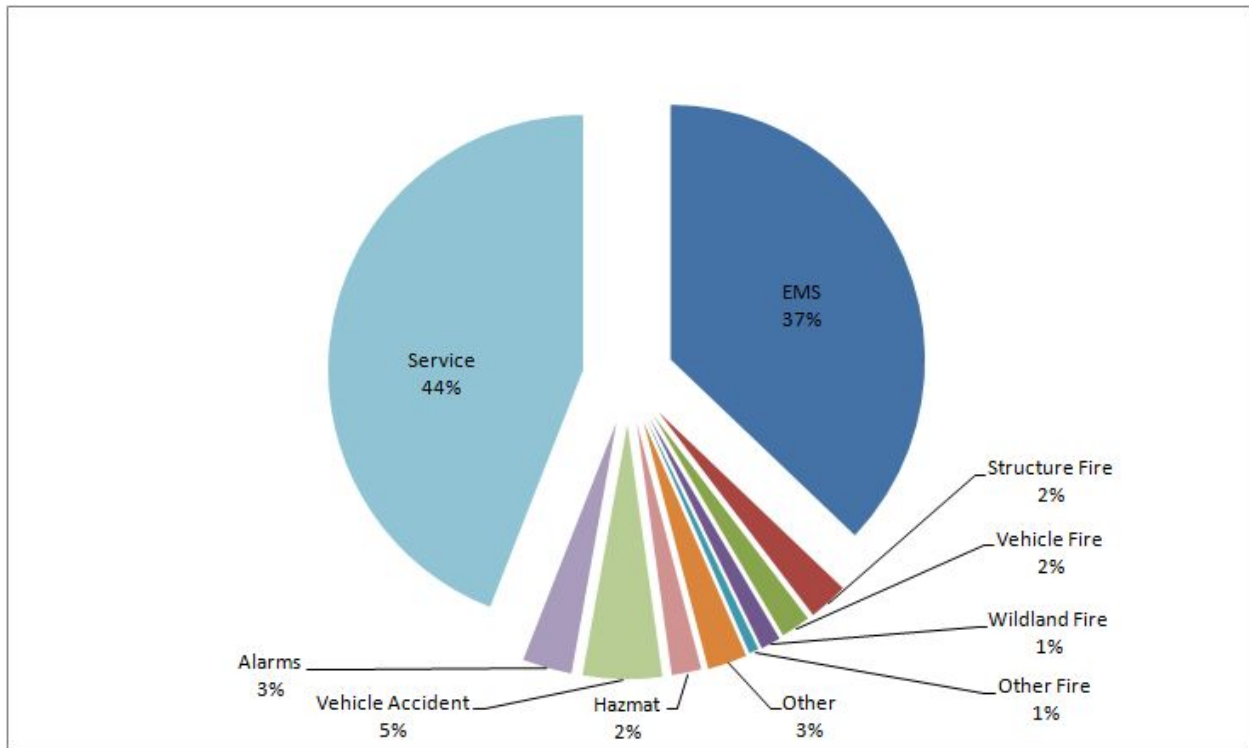
Branciforte Fire Protection District

The Branciforte Fire Protection District (BFPD) was formed when it split off from the SVFPD. The district serves the area east of the city of Scotts Valley and north of the city of Santa Cruz. The district is home to nearly 3,500 people and the Mystery Spot, a local tourist attraction. There are two stations within the district: Station 1 is centrally located and contains the majority of the district's apparatus. This station is staffed year-round by a full-time firefighter, and is home to the district's sleeper program, in which volunteers are encouraged to live at the station in exchange for several nights per week of on duty status. The second station is located in the northern portion of the district and houses an unstaffed engine. Station 2 is only staffed during emergencies or storms that could potentially cut off the northern portion of the district from Station 1.

BFPD volunteers keep their gear with them in their personal vehicles, and generally respond directly to the incident. This cuts down on response time, since volunteers reach the incident by responding directly from home or work. Full-time staff respond with the appropriate vehicle, enabling action to be taken as soon as the required number of firefighters and vehicles arrive at a call. When incidents are closer to Station 2, volunteers or paid staff who are cleared to drive the engine often stop at the station to pick up the engine on their way to the incident.

BFPD uses volunteers who are employed by fire districts beyond Santa Cruz County. As a result they have a higher than average number of paramedic-trained volunteers. This enables the district to perform Advanced Life Support (ALS) unlike most other volunteer agencies in Santa Cruz County. Through an agreement with Santa Cruz County EMSIA, and subject to regulations and training by county Health Services Agency, BFPD is cleared to carry more potent life-saving drugs on their vehicles. However, BFPD's ALS service is dependent on having a volunteer on the call who is currently a trained paramedic and approved to function as such in Santa Cruz County.

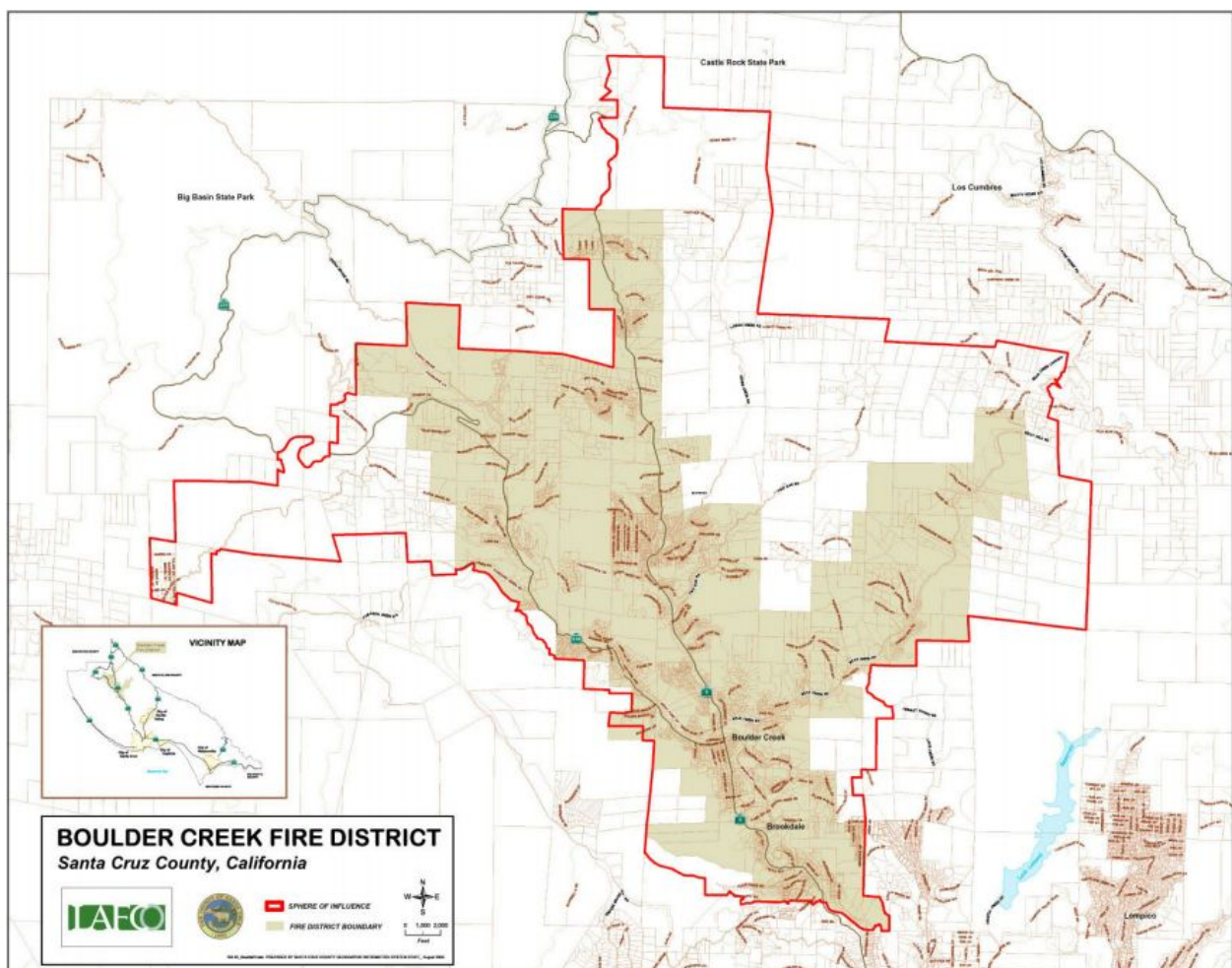
Branciforte Fire Protection District 911 Calls by Type (2014)



Source: [Appendix B](#)

Boulder Creek Fire Protection District

The Boulder Creek Fire Protection District (BCFPD) was formed in 1923 and serves the communities of Boulder Creek and Brookdale as well as the surrounding areas. The district is served by two stations. Station 1 is located at the junction of Route 9 and Highway 236 in the middle of Boulder Creek, while Station 2 is located off Highway 236 south of the Boulder Creek Golf and Country Club. Station 1 operates year-round and houses the majority of the district's equipment, as well living quarters for five volunteers who live at the station in exchange for work at the station. Station 2 is shared with Cal Fire which staffs it only during peak fire season. BCFPD receives the largest call volume of all the volunteer districts in the county: 782, of which 457 are EMS calls.^[36] Due to the high percentage of EMS calls, BCFPD runs a medical unit that it dispatches to rescue and EMS calls, rather than responding with a fire engine or truck.

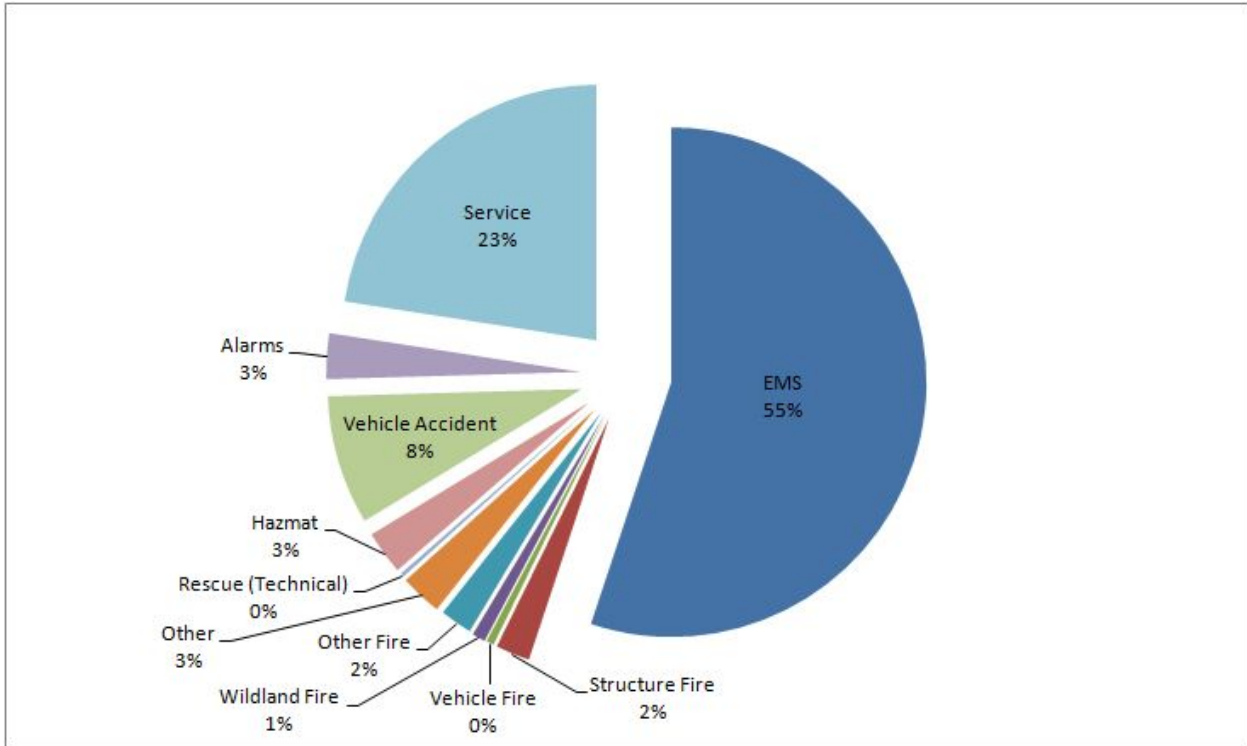


Source: Santa Cruz County LAFCo: Countywide Service Review, 2005^[41]

According to the district website, the combined population in the Boulder Creek and Brookdale areas is approximately 15,000.^[40] For the 2014/15 fiscal year the district had total revenues of \$736,037 and expenditures of \$906,701 with \$170,664 in assets (Buildings and improvements) and \$10,104 in contingencies.^[41] In addition to tax revenue, BCFPD raises money for its reserve fund through annual pancake breakfasts,

crab feeds, dinner dances, and Christmas tree sales. These events are coordinated by the non-profit Boulder Creek Fire Department Inc.

Boulder Creek Fire Protection District 911 Calls by Type (2014)



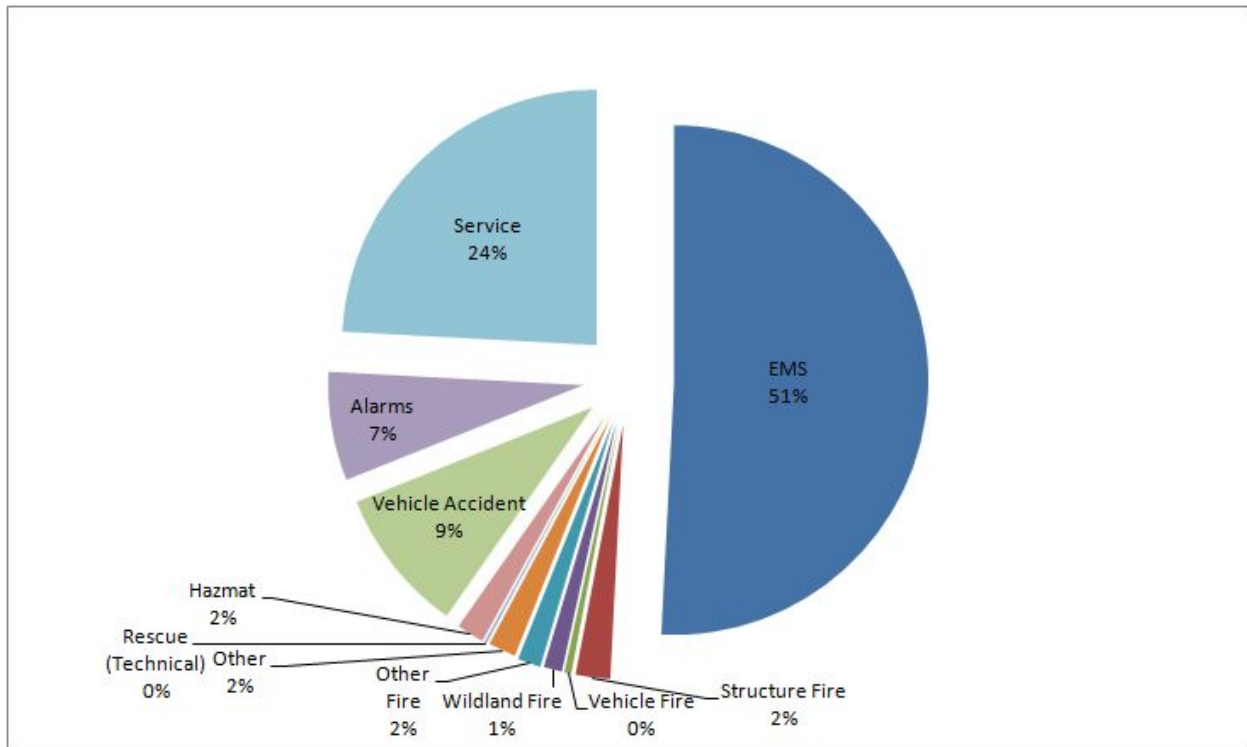
Source: [Appendix B](#)

Felton Fire Protection District

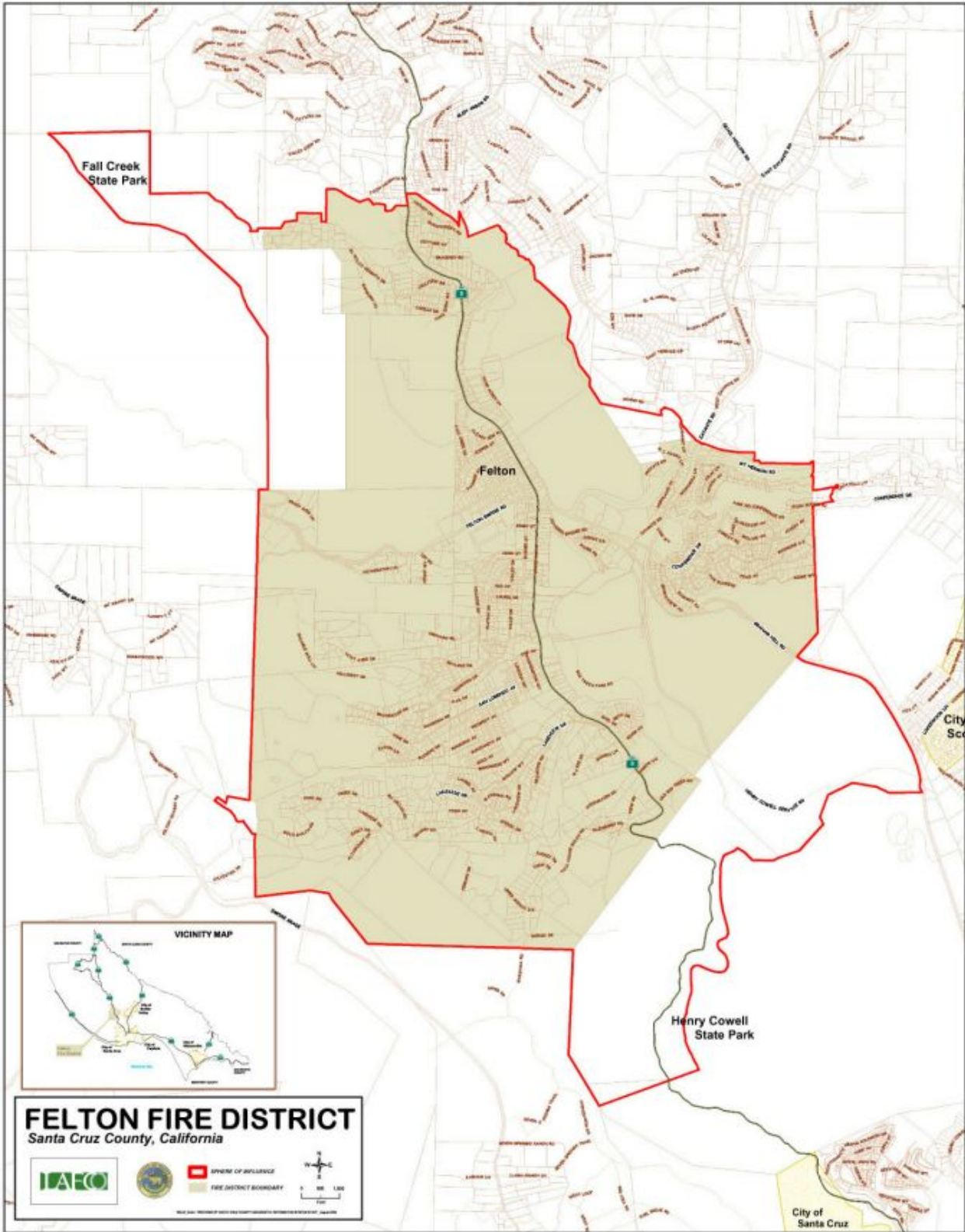
The Felton Fire Protection District (FFPD) serves the unincorporated areas of Felton and Mount Hermon as well as surrounding areas. The district is served by one station located off Highway 9 in the middle of Felton. The seven square miles that make up the district house approximately 4,000 residents. The district responded to 644 calls in 2014.^[36] The district is staffed by one full-time firefighter, a fire chief, a board secretary who is shared with Ben Lomond Fire Protection District (BLFPD), and 28 volunteer firefighters.

FFPD is home to the Large Animal Rescue (LAR) team. This team is trained to operate the necessary equipment to rescue large livestock such as horses, cows, and exotic animals raised in the area. FFPD's LAR team is one of the only such teams in this region of California; as such it conducts training for agencies outside of the county, and has been dispatched as far away as Marin County.

Felton Fire Protection District 911 Calls by Type (2014)



Source: [Appendix B](#)



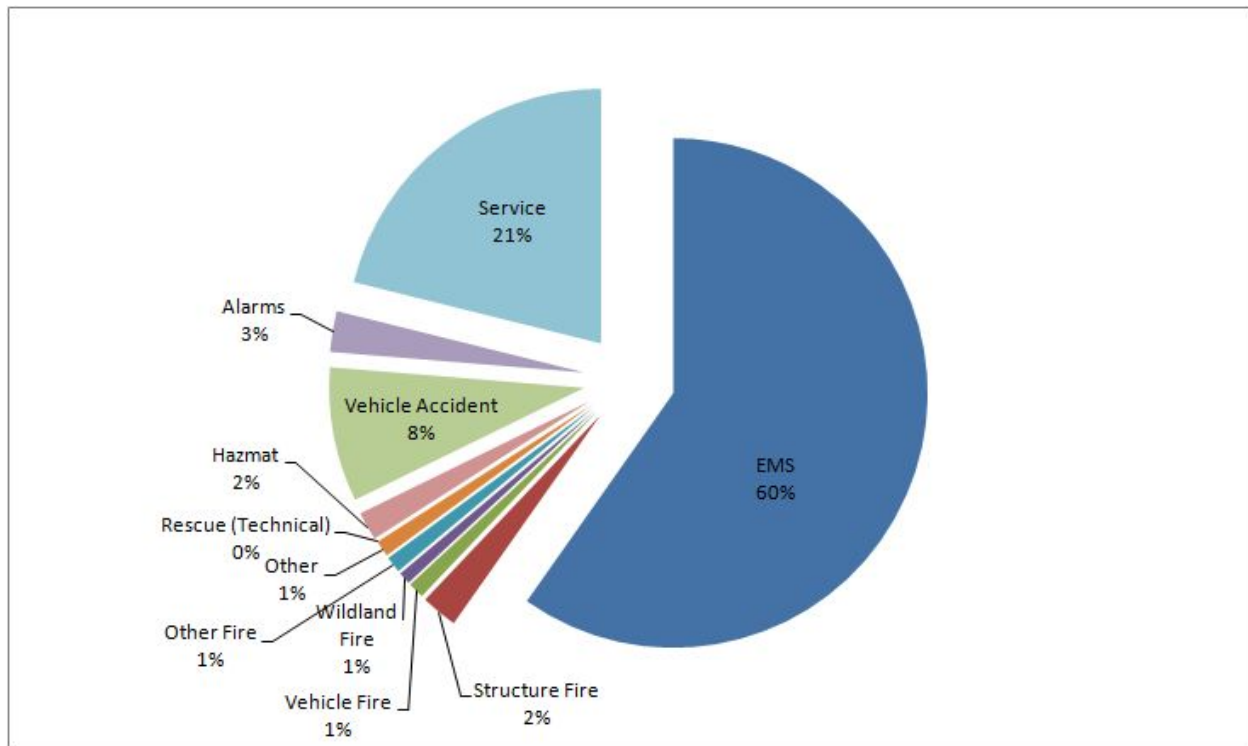
Source: Santa Cruz County LAFCo: Countywide Service Review, 2005^[1]

Ben Lomond Fire Protection District

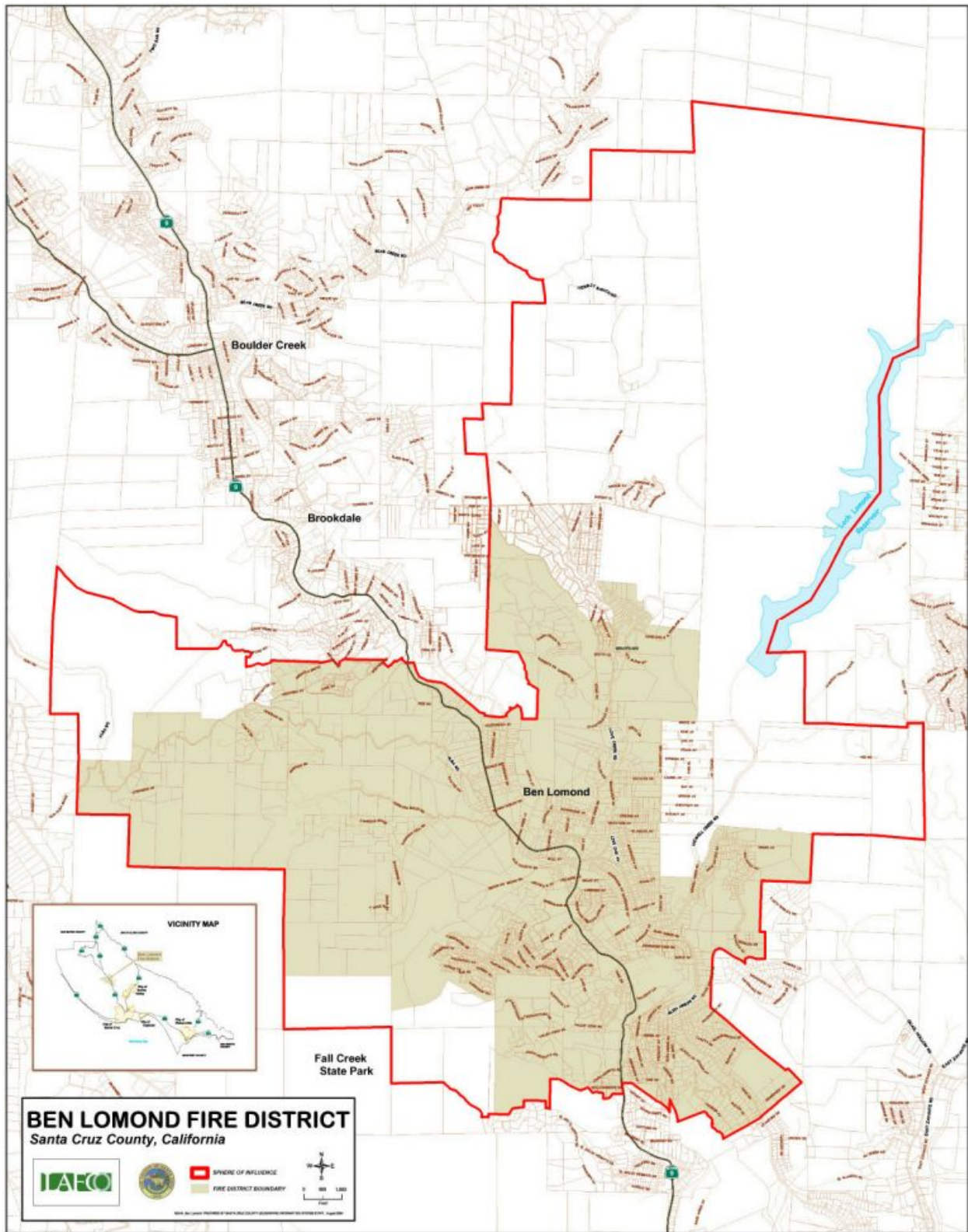
The Ben Lomond Fire Protection District (BLFPD) serves the unincorporated area of Ben Lomond. The district is served by one station located on Highway 9 in the middle of Ben Lomond. The district also owns the adjacent property which was secured in a failed plan to expand the Station. The property is currently leased to Henflings Firehouse Tavern. BLFPD serves the 6,234 residents who live in the seven square miles that fall within the district's sphere of influence. The district responded to 384 calls in 2014.

BLFPD is a volunteer fire district which is staffed by one full-time Fire Chief and 28 volunteers. The district has a sleeper program with three volunteers who live at the station in exchange for work around the station; they are required to be on site five nights per week. There are current plans to expand the program to encompass four to six volunteers by removing walls and converting the three bedrooms into a dormitory. The district also has a part-time office staff and pays a volunteer firefighter \$20 per hour to staff the station during the day (8-5). Current payroll is \$270,000 with the 28-30 volunteers costing roughly \$38,000. The district's revenue is approximately \$600,000.

Ben Lomond Fire Protection District 911 Calls by Type (2014)



Source: [Appendix B](#)



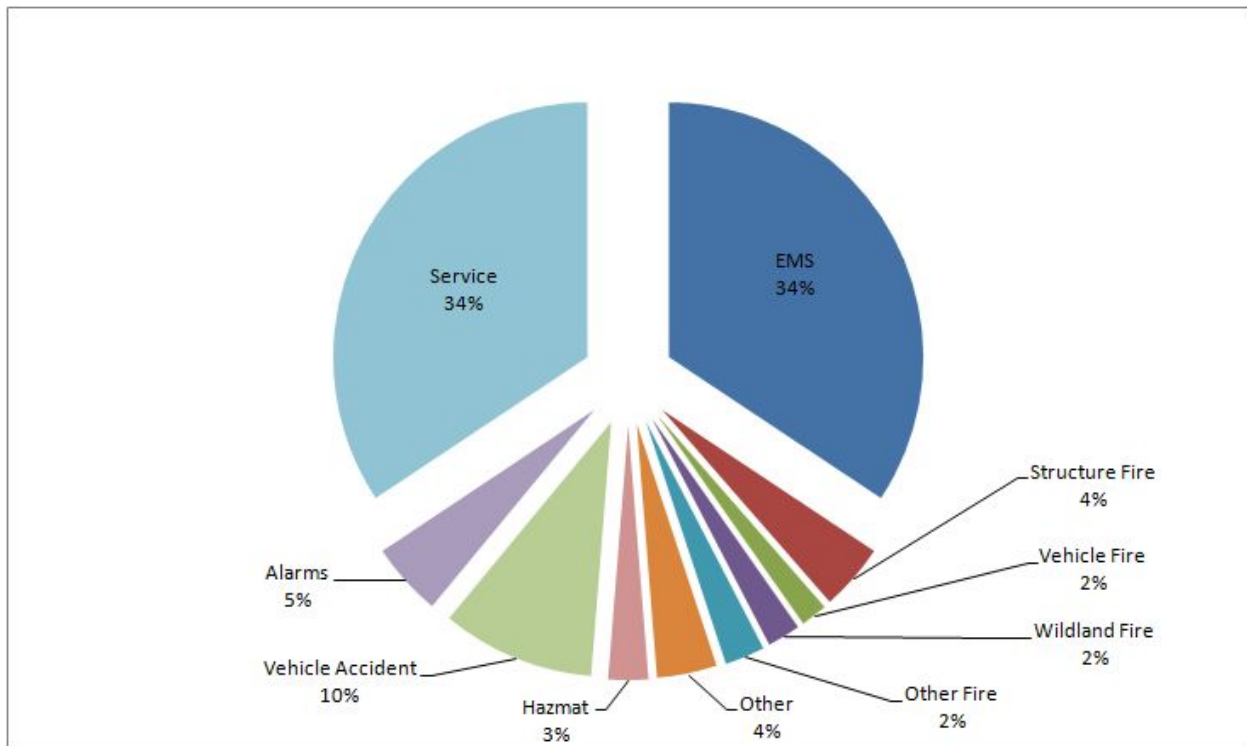
Source: Santa Cruz County LAFCo: Countywide Service Review, 2005^[1]

In addition to the standard fire fighting engines and water trucks, BLFPD utilizes a light rescue rig which can house two to six firefighters for EMS and small rescues. There is also a truck that is equipped to do heavy rescue. BLFPD is also unique in that the district withdrew from participation in the CALPERS retirement system and is currently paying off the \$360,000 penalty owed to the system. The first payment of \$60,000 was made last year. The district uses PARS (public agency 402k) to fund retirement for their full-time employees.

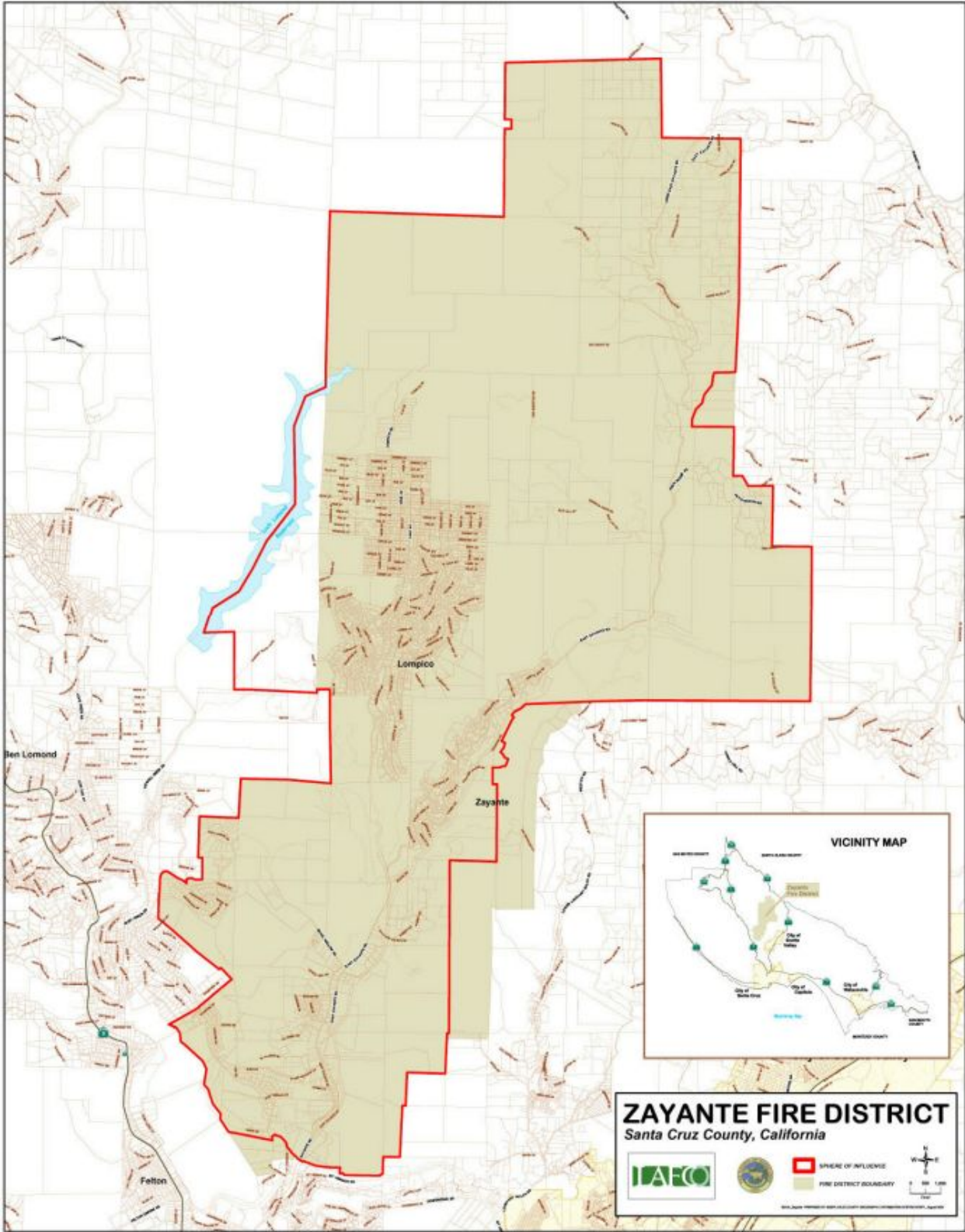
Zayante Fire Protection District

The Zayante Fire Protection District (ZFPD) was formed in 1958 and serves the area of Zayante and Lompico Roads. The district has three stations located throughout the district. Station 1 serves as the main station and office for the district; Stations 2 and 3 are garages that house apparatus needed to respond to calls in the more remote areas of the district. Station 2 houses a Chevrolet Tahoe that has been converted to a mobile command post, and a Type 1 engine with a 500 gallon tank. Station 3 houses a smaller Type 1 engine with a 500 gallon tank.

Zayante Fire Protection District 911 Calls by Type (2014)



Source: [Appendix B](#)



Source: Santa Cruz County LAFCo: Countywide Service Review, 2005^[1]

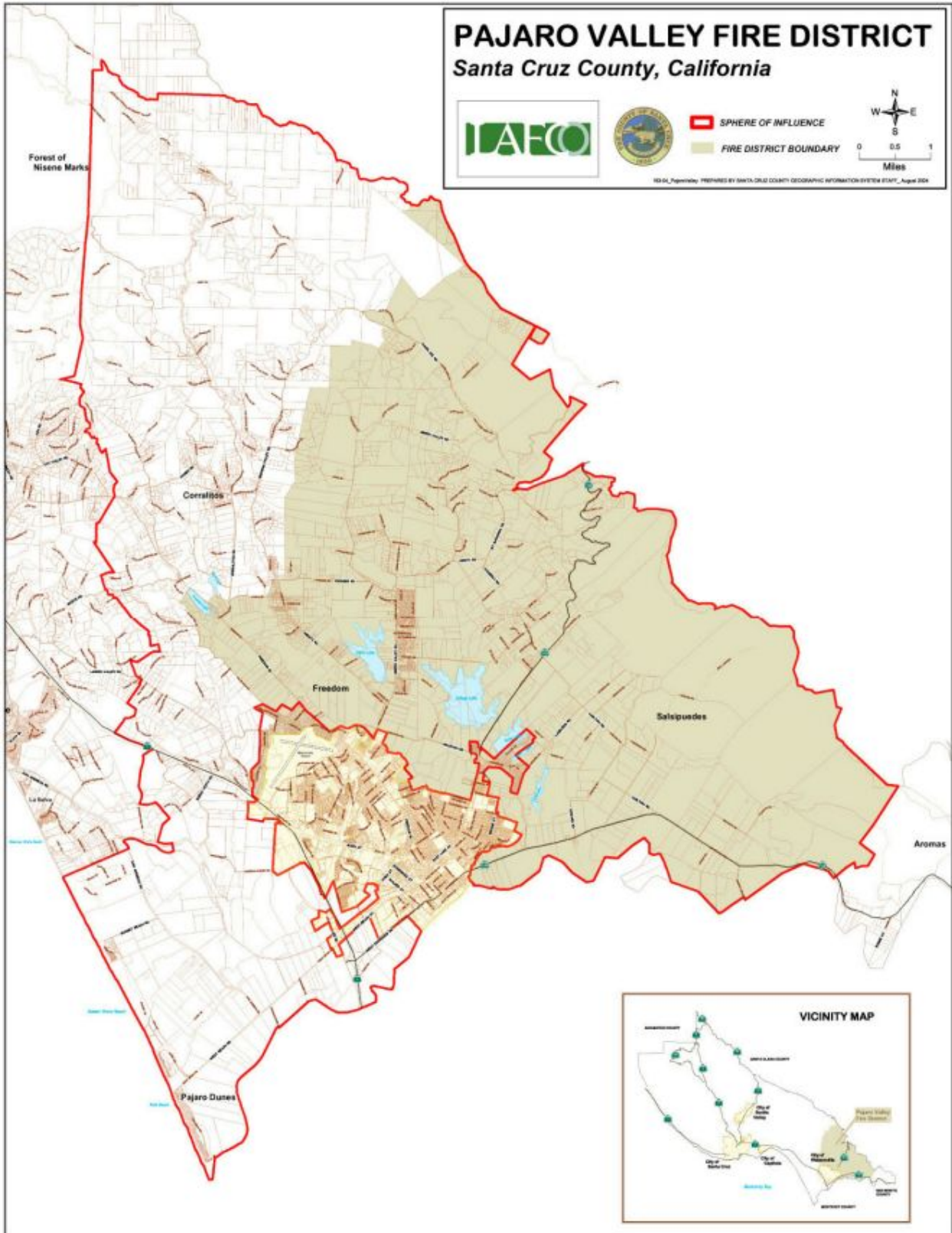
ZFPD uses paid staff during the day to cut down their response time on calls. During the night they use a sleeper program that houses three volunteers at Station 1. These sleepers live at the station in exchange for work at the station and a set number of hours of availability during the evening hours.

Pajaro Valley Fire Protection District

The Pajaro Valley Fire Protection District (PVFPD) was formed in 1994 by consolidation of the Freedom and Salsipuedes Fire Protection Districts. The district serves a rural portion of the unincorporated area covering approximately 52 square miles, making it the largest fire district in the county. This area encompasses both Local Responsibility Area (LRA) and State Responsibility Area (SRA) lands. The population of the district is approximately 18,000.^[42] PVFPD responded to 702 calls in 2014.^[36]

PVFPD differs from the other Fire Protection Districts in the county in that they have elected to contract with Cal Fire to provide fire and EMS services to the residents. This contract has been in place since 1997. Because of the contract with Cal Fire, PVFPD is dispatched through the Cal Fire command center in Felton^[43] rather than the SCR911 dispatch center. The district is staffed by 9 full-time firefighters. The district participates in mutual aid, most frequently with the city of Watsonville and County Fire, which is also dispatched by Cal Fire. PVFPD has contracted with CFPD to use their Fleet Maintenance services.

SCR911 data show that 702 calls for service were transferred to Cal Fire's dispatch center for PVFPD. Since PVFPD's dispatch is handled by Cal Fire's dispatch center, statistics regarding types of calls are not included in this report.



Source: Santa Cruz County LAFCo: Countywide Service Review, 2005^[1]

Appendix B

SCR911 End of year report: Calls-for-Service by Station and Type (All Agencies)

District	Station	Structure Fire	Vehicle Fire	Wildland Fire	Other Fire	EMS	Hazmat	Vehicle Accident	Alarms	Service	Rescue (Technical)	Other	Total Calls
ALSFPD	Station 1	17	7	1	9	631	21	52	99	68	6	12	923
ALSFPD	Station 2	13	10	6	5	542	13	86	97	102	0	15	889
ALSFPD	Station 3	7	15	9	5	250	7	32	70	78	10	3	486
CFPD	Station 1	35	14	4	28	1200	27	88	110	131	34	23	1694
CFPD	Station 2	7	7	1	2	902	7	49	99	45	0	10	1129
CFPD	Station 3	17	9	5	7	680	26	122	86	128	2	22	1104
CFPD	Station 4	27	12	3	15	1203	27	93	118	117	14	18	1647
SVFPD	Station 1	22	40	20	23	1258	43	171	118	221	2	24	1942
BFPD	Station 1	4	3	2	1	59	3	8	5	70	0	4	159
BLFPD	Station 1	9	4	3	4	232	7	33	10	82	0	4	388
FFPD	Station 1	15	3	8	10	347	12	63	47	165	1	12	683
ZFPD	Station 1	10	4	5	6	81	6	23	11	81	0	9	236
BCFPD	Station 1	14	4	5	13	364	15	60	17	159	1	19	671
BCFPD	Station 2	4	0	2	4	93	8	8	7	28	1	3	158
SCFD	Station 1	45	18	3	47	2711	73	177	241	209	16	70	3610
SCFD	Station 2	40	23	9	35	2368	45	266	170	190	7	51	3204
SCFD	Station 3	41	4	10	33	1186	74	140	344	201	55	49	2137
SCFD	Station 4	8	1	0	1	110	19	12	45	35	0	6	237

District	Station	Structure Fire	Vehicle Fire	Wildland Fire	Other Fire	EMS	Hazmat	Vehicle Accident	Alarms	Service	Rescue (Technical)	Other	Total Calls
WFD	Station 1	41	15	26	52	2082	42	176	247	213	1	45	2940
WFD	Station 2	32	22	14	19	1240	30	139	244	122	0	16	1878
Totals		408	215	136	319	17539	505	1798	2185	2455	150	415	26120

Source: SCR911 Fire Incident Recap by Station and Incident Type Reports 2014

Appendix C

Fire Protection District Statistics

	Stations	Firefighters	Volunteers	Income	Expense	Calls
Aptos/La Selva	3	30	0	\$9,106,204	\$8,906,593	2182
Ben Lomond	1	1	28	\$706,315	\$678,971	384
Boulder Creek	2	1	35	\$1,099,241	\$688,785	782
Branciforte	2	4	18	\$713,528	\$675,210	153
Central	4	44	11	\$13,847,260	\$12,743,057	5372
Felton	1	2	28	\$572,697	\$977,574	644
Pajaro Valley	1	9	0	\$1,724,804	\$1,870,111	702
Scotts Valley	2	16	15	\$5,724,649	\$5,686,060	1848
Zayante	3	1	30	\$542,136	\$556,005	266

Source: Grand Jury Interviews, District websites, Board of Directors Packets, [California State Controller's Office Website \(2013 data\)](#), and SCR911 Fire Incident Totals 2014

Appendix D

Aptos/La Selva Fire Protection District Public Records Act Requests

Aptos Fire received 22 PRA requests during the period of November 2013 through May 20, 2015:

- 19 from a district resident (including one from a PRA advocate working on behalf of a district resident)
- 1 from a lawyer connected to a district resident's request
- 1 from a news group
- 1 from a website that helps issue anonymous PRA requests

\$11,000 estimated cost of PRA requests. The cost estimate is largely based on staff time to cull through thousands of emails and review several years worth of Board audio tapes. This cost estimate is not inclusive of postage, paper, ink or copying time.

Source: Aptos/La Selva Fire Protection District Records 11/2013--5/15/15

Note: Actual names removed

Central Fire Protection District Public Records Act Requests

PRA Requestor	Number of Requests	Employee Hours	Employee Cost	Attorney Cost	Total per Requestor
Aptos Resident	1	9	\$554.15	\$333.00	\$877.15
Employee	16	100.7	\$4,441.08	\$943.50	\$5,384.58
Individual	1	0.5	\$46.74		\$46.74
CALPERs board	1	1	\$27.64		\$27.64
News Group	1	2	\$55.28		\$55.28
PRA Website	1	1	\$27.64		\$27.64
Oversight Website	1	1	\$27.64		\$27.64
Aptos Resident	20	85.5	\$5,297.93	\$943.50	\$6,241.43
Totals	42	200.7	\$10,478.10	\$2,220.00	\$12,688.10

Source: Central Fire Protection District Records 4/1/14--4/20/15

Note: Actual names removed

Medical Services at the Jails

How Does the Sheriff-Coroner Manage Oversight?

Summary

Santa Cruz County outsourced its jail medical services to a private for-profit corporation in 2012. The reasons expressed for the privatization of these services included inadequate staffing and the lack of in-house expertise in the delivery of health services. There was also concern that the implementation of the Public Safety Realignment Action (AB109) would result in long-term stays in the County's correctional facilities, which would require a major change in the delivery of health care services. Jail medical services have been enhanced and increased since the engagement of California Forensic Medical Group (CFMG). However, the Grand Jury concluded that there is a lack of transparency and accountability on the part of CFMG and there is insufficient oversight by the Sheriff-Coroner's office.

The Grand Jury recommends that the Sheriff-Coroner's office increase oversight and transparency of medical services by using an independent expert and obtaining independent accreditation of the jail's medical services at each site. The Grand Jury also recommends a policy covering medically fragile inmates of any age.

Background

It is estimated that one-half of all state and local prisons in the country have outsourced healthcare services at a cost of about \$3 billion per year. By outsourcing medical services, governments are better able to estimate fixed, predictable medical costs, and avoid increased expenses associated with employee benefits and pensions.^[1] An article in *Modern Health Care Magazine* stated that on-site healthcare facilities potentially reduce security risks and costs involved in transferring prisoners to off-site medical facilities. A further benefit is the shift of most of the risk to the vendor when there are adverse medical outcomes.^[1]

In September of 2012, California Forensic Medical Group contracted with the Santa Cruz County Sheriff's Department to provide managed medical and dental care services at three of the County's correctional facilities: the Main Jail, Blaine Street, and Rountree.^[2] Historically, medical services had been provided by the County's Health Services Agency (HSA) and later by the Sheriff-Coroner's Office. In the August 1, 2012, Sheriff-Coroner's proposal to the Santa Cruz County Board of Supervisors, the Sheriff-Coroner recommended outsourcing of jail medical services for the following reasons:

- The changing landscape of inmate medical care
- The expertise of private correctional health providers in managing costs
- The impact of AB 109 and longer-term inmates

- CFMG was “accredited” and that by contracting with CFMG, the Santa Cruz County jail medical services would also be accredited.^[3]

CFMG is a for-profit corporation providing managed healthcare. CFMG contracts with 27 other counties covering 64 correctional facilities.^[4] Some of these facilities have been accredited by CMA-IMQ. However contracting with CFMG as an organization does not automatically grant accreditation to our facilities. CFMG entered into an agreement with Santa Cruz County to provide medical and dental care in compliance with California Code of Regulations, Minimum Standards for Local Detention Facilities (Title 15) and the California Medical Association-Institute of Medical Quality (CMA-IMQ) accreditation standards.^{[2][5][6]}

Basic correctional medical care in the State of California is required to comply with the standards set by the State of California-California Code of Regulations Title 15. These standards state that, within a correctional setting, provision of inmate medical care shall be based on medical necessity.^[6]

The 2013/2014 Grand Jury conducted an investigation into five deaths at the Main Jail.^[7] Due to the lack of substantive responses to the 2013/2014 report, the current Grand Jury decided that the management of medical services in the main jail warranted further investigation. Since then, the Santa Cruz County Jail has experienced another in-custody death.^[8]

Scope

This investigation focused on jail medical services, currently provided by California Forensic Medical Group (CFMG) under a contract with Santa Cruz County, which began on September 17, 2012. These medical services are provided to the inmates at the Santa Cruz County Main Jail and at the Blaine Street and Rountree facilities.

The Grand Jury focused on the following issues:

- The Sheriff-Coroner’s oversight of the CFMG contract
- CFMG contract performance
- CFMG compliance with Title 15-California Code of Regulations, Minimum Standards for Local Detention Facilities (Title 15) and California Medical Association-Institute of Medical Quality (CMA-IMQ) standards

Additionally, this Grand Jury reviewed the most recent in-custody death.

Investigation

The Grand Jury reviewed relevant online materials (newspaper articles, websites, previous California county grand jury reports, etc.) and records provided by the Sheriff’s Office. We also reviewed the California Forensic Medical Group (CFMG) Policy and Procedures Manual and CFMG records to the extent that they were made available for our inspection. The Grand Jury conducted site tours of the Santa Cruz County detention

facilities where CFMG provides services. The Grand Jury conducted interviews of personnel at various levels who could provide insight into the subject matter.

Oversight of the Medical Contract

As the facility administrator, the Sheriff-Coroner has the responsibility to ensure that emergency and basic health care services are provided to all inmates in the correctional facilities of Santa Cruz County. To fulfill these responsibilities, the County and Sheriff-Coroner have entered into a contract with California Forensic Medical Group (CFMG) as an independent contractor. The Sheriff-Coroner's responsibility for oversight of the CFMG contract^[2] includes contract management and quality assurance.^[3]

For the provision of inmate medical services, California Forensic Medical Group's contracted responsibilities include:

- Screening and assessment of inmates
- Inmate referral to appropriate medical and mental health care providers
- Provision of primary medical care, including administration of medications
- Custodianship of inmate medical records
- Bearing acute hospital and specialty care costs (capped at \$15K per occurrence)
- Bearing the costs of pharmaceuticals (capped at an aggregate of \$10K annually for HIV medications)
- Bearing emergency transportation costs
- Ongoing orientation and in-service health related training to corrections staff
- Provision of necessary medical information for continuity of care when transferring inmates between the jail and inpatient facilities
- Provision of dental care at the Main Jail and Rountree
- Compliance with Title 15 requirements and CMA-IMQ accreditation standards^[2]

The Sheriff-Coroner's responsibilities include:

- Referral to CFMG staff, when indicated, upon inmate booking
- Routine transportation of inmates to off-site medical facilities
- Review and approval of CFMG site specific policies and procedures manuals
- Participation in quality management meetings
- Collection and forwarding to CFMG of inmate medical care grievances
- Receipt and review of CFMG's contractually required reports^[2]

Santa Cruz County Health Services Agency (HSA) provides mental health services to the facilities in coordination with CFMG staff who deliver the medications prescribed by HSA staff.^[2]

The Grand Jury was told that the contract with CFMG has improved the care of inmates in the county. In addition we were told that CFMG provides a more organized delivery of health care and has expanded medical services offered to inmates. The Sheriff-Coroner is now better able to control and manage the more predictable medical care costs.

However, the Grand Jury was told that the Sheriff's Department does not have personnel with the knowledge and training necessary to ensure that the appropriate quality of care is being provided by CFMG, including compliance with CMA-IMQ accreditation standards.

CMA-IMQ will, for each applicant site, survey and review compliance with their standards, and grant accreditation as appropriate. The Grand Jury understands that accreditation is the only means by which a facility's adherence to CMA-IMQ standards can be verified. The Grand Jury was told that there are no plans to pursue CMA-IMQ accreditation.

The Grand Jury found no evidence of any formal oversight activities by the Sheriff-Coroner's Office. Among those interviewed, none were aware of the full scope of CFMG's reporting obligations under the contract. The Sheriff-Coroner's Office does not have an independent medical professional assigned to review reports, or to be sure they are aligned with CFMG's contractual responsibilities. Quality Management activities performed and corrective actions taken were not detailed in the annual report as required by the contract.^{[2][9][10]}

California Forensic Medical Group Quality Assurance

California Forensic Medical Group manages a Quality Assurance (QA) committee, which meets quarterly. In the 2013 and 2014 Annual Reports to the Sheriff-Coroner, the sections on QA contain no details of the review, findings or actions taken by the QA committee.^{[9][10]} The Grand Jury reviewed the QA meeting minutes maintained in the CFMG office. From this review of minutes and the Annual Report, it was not possible to ascertain whether the QA findings and documentation were being used to support improvement in jail medical care. The Annual Report only states CFMG's contractual obligations and does not document issues which have been identified and resolved, improvements made in medical services, or revisions to policies and procedures.

CFMG employs an external medical consultant to conduct peer review and audit cases.^[9] However, the Sheriff-Coroner's office has no independent medical professional to advise them and assist with oversight of the ongoing performance of jail medical services.

A CFMG physician comes in for 8 hours per week and reads and signs off on activity reports. On occasion, this doctor sees patients whose needs cannot be met by CFMG nurses or physician's assistants.

The 2013 and 2014 QA reports do not reveal the state of medical care, or actions taken to improve delivery of medical care.

Records Review

The Grand Jury requested records from CFMG regarding policies and procedures and compliance with required standards. CFMG provided only limited on-site access to site specific policy and procedures manuals. The Grand Jury was also provided copies of

the CFMG Annual Reports for 2013 and for 2014.^{[10][9]}

California Health and Safety Code Section 101045 requires an annual inspection of the detention facilities by HSA. As part of the Title 15 inspection, the County Health Officer is required to review site specific policies and procedures for medical care. CFMG does not allow the health officer to retain a copy of the site-specific policies and procedures, making the review process more difficult.

The current contract for medical services does not include any provisions for ready access by authorized review agencies to the documentation of policies and procedures and their implementation. Clarifying and revising contract language would allow for the appropriate agencies to receive copies of policies and procedures and any actions taken to implement them.

Medical Care Compliance

The current contract between the Sheriff-Coroner and CFMG states that all health care services performed by CFMG will comply with:

1. Title 15 of the California Code of Regulations;
2. California Medical Association - Institute of Medical Quality - Accreditation Standards (CMA-IMQ) for Adult Correction Facilities; and
3. All other applicable laws, regulations, codes, and guidelines relating to health care services and programs in correctional facilities.^[2]

The Sheriff-Coroner's 2012 supplemental budget language to engage CFMG stated that in-house medical services were not CMA-IMQ accredited, but that after the engagement of CFMG, they would be accredited.^[3] However, it is not the medical services provider that is accredited, but the actual facility. The contract as written between the county and CFMG only requires CFMG to meet CMA-IMQ standards, but does not require accreditation of the detention facilities.

Although CFMG is obligated under its contract to provide services in compliance with CMA-IMQ standards, there is no qualified Sheriff-Coroner staff member assessing and monitoring such compliance. CFMG has not provided the Sheriff with documentation that the facilities have met the accreditation standards of CMA-IMQ.

The Grand Jury reviewed the annual Title 15 inspection report conducted by the County HSA. This report verifies Title 15 health standards compliance.

Jail Death Review

In November 2014 a 65-year old female was arrested, jailed, and then died while in custody. A nurse completed her intake health screen and at that time the inmate did not make a complaint. She had previously been incarcerated, so her medical history was on record. She was not housed in the "O" unit, the wing of the jail where those who need increased medical observation are housed. Instead, she was housed in "G" unit with the general population for 36 hours before she filed a medical request.

On the night of her death, around midnight, she complained of back pain to the on-duty Corrections Officer (CO). The CO alerted the on-duty nurse who took the inmate's vital signs. Vital signs did not indicate that the inmate was in distress. She was placed on a lower bunk. More than an hour later she requested pain medication. She was checked again approximately one hour later. Subsequently, when she did not come to get her morning medications, the CO went to investigate. She was found unresponsive at 4:30 am; the nurse was called, who took vital signs and then sounded a panic alarm (Code 3) and began cardiopulmonary resuscitation (CPR). The inmate was pronounced dead at 5:25 am. The official autopsy determined that the inmate died of natural causes.^[11]

The Grand Jury reviewed the jail records made available to the Grand Jury, pertaining to the medical care of the deceased inmate. The next of kin gave the Grand Jury a release to view the full medical records, however CFMG did not provide access to these records. Within the limited access provided, no substantive medical care deficits were found relative to current protocol as understood by the jurors. With respect to the handling of the Code 3, the subsequent management of the scene and the death investigation, we identified no deviations from policy or protocol.

Policy Change Recently Made

In January 2015, the Prudent Care for Incarcerated Seniors program was implemented, providing an increased level of care for inmates aged 65 years or older.^[12]

However, inmates younger than 65 with serious or multiple health risk factors (chronic medical conditions, history of alcohol/substance abuse, malnourishment, history of seizure disorders, etc.) are not being identified for the level of care in the Prudent Care plan.

Findings

- F1.** The office of the Sheriff-Coroner has exercised minimal oversight of its contract with California Forensic Medical Group.
- F2.** The office of the Sheriff-Coroner lacks independent medical expertise to oversee California Forensic Medical Group's delivery of medical services to county detention facilities.
- F3.** The absence of quality assurance findings and corrective actions in the California Forensic Medical Group Annual Report of Medical Services compromises the ability of the Sheriff-Coroner to oversee and ensure the quality of care in the county jails.
- F4.** Current procedures for monitoring inmates younger than age 65 do not identify their potential need for a higher level of care.
- F5.** The contract with California Forensic Medical Group lacks provisions for external review by authorized investigative persons or agencies.

- F6.** Without accreditation, contractual adherence to California Medical Association-Institute for Medical Quality accreditation standards cannot be verified.

Recommendations

- R1.** The Sheriff-Coroner should designate qualified personnel to oversee the medical services contract provisions and compliance with standards. (F1)
- R2.** The Sheriff-Coroner should obtain independent oversight of its jail medical services by medically qualified personnel. (F2)
- R3.** The Sheriff-Coroner should, upon contract renewal, require its contractor for jail medical services to provide site specific policy and procedure manuals to the County Health Officer and other authorized reviewers. (F5)
- R4.** The Sheriff-Coroner should direct its medical care services contractor to include in its annual report quality assurance findings and corrective actions taken as required in the current contract for medical services. These annual reports should be available for review by authorized agencies. (F3)
- R5.** The Sheriff-Coroner should require, at the time of contract renewal, that the jail medical services provider obtain and maintain California Medical Association-Institute for Medical Quality accreditation for the Main Jail, Blaine Street, and Rountree detention facilities. (F6)
- R6.** The Sheriff-Coroner should direct the medical care services contractor to develop and implement procedures to identify at intake and then monitor medically fragile inmates younger than 65 years of age. (F4)

Commendations

- C1.** We commend the Sheriff-Coroner and California Forensic Medical Group for providing expanded on-site detention facility medical services. Medical services, such as dental care, medical imaging, and other procedures are now provided more efficiently and without the need for costly transport to off-site medical facilities.
- C2.** We commend the Sheriff-Coroner and California Forensic Medical Group for the provision of expanded medical services at the Rountree Men's Medium Security Facility. Inmates with medical needs, who formerly could only be housed at the Main Jail, are now eligible for housing at the Rountree Men's Medium Security Facility.
- C3.** We commend the Sheriff-Coroner for implementation of the Prudent Care for Incarcerated Seniors program, which provides an increased level of care, or alternative custody arrangements, for inmates age 65 or older.

Responses Required

<i>Respondent</i>	<i>Findings</i>	<i>Recommendations</i>	<i>Respond Within/ Respond By</i>
Santa Cruz County Sheriff-Coroner	F1 – F6	R1 – R6	60 Days Aug. 31, 2015

Responses Requested

<i>Respondent</i>	<i>Findings</i>	<i>Recommendations</i>	<i>Respond Within/ Respond By</i>
California Forensic Medical Group	F3 – F5	none	90 Days Sept. 29, 2015

Definitions

- **Blaine Street:** *Blaine Street Women’s Minimum Security Facility* - Santa Cruz County’s minimum security detention facility for women located behind the Main Jail
- **CFMG:** *California Forensic Medical Group, Inc.*
- **CMA-IMQ:** *California Medical Association-Institute for Medical Quality*
- **Correctional Facility:** a place to house inmates, generally long term; prison
- **CO:** *Corrections Officer*
- **Detention Facility:** a place to house inmates, generally short term; jail
- **HSA:** *Health Services Agency* - a Santa Cruz County agency
- **Inmate:** inhabitant of a correctional or detention facility, either sentenced by the Courts or held before trial
- **Main Jail:** *Water Street Maximum Security Jail* - County of Santa Cruz’s largest detention facility located in the City of Santa Cruz
- **QA:** *Quality Assurance*
- **Rountree:** *Rountree Men’s Medium Security Facility* - medium detention facility for Santa Cruz County located in Watsonville
- **Title 15:** from the California Code of Regulations, establishes minimum standards for local detention facilities

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Site Visits

Santa Cruz County Main Jail
Roundtree Men's Medium Security Detention Facility
Blaine Street

Web Sites

<http://www.co.santa-cruz.ca.us/>

<http://cfmg.com/>

2014-15 Jail Inspection Report

Summary

The Santa Cruz County Grand Jury inspected the county detention facilities from January to April of 2015. With the passage of AB 109, the Public Safety Realignment Act (effective 11/1/2011), responsibility for supervising specified lower-level inmates (excluding inmates charged with serious, violent, and sexual crimes) and parolees, shifted from the California Department of Corrections and Rehabilitation to the counties. This resulted in inmates who were detained for crimes with longer terms serving their sentences in Santa Cruz County detention facilities designed for short-term stays. As a result of Proposition 47, passed by voters in November 2014, the status of a number of low-level, nonviolent drug and property offenses changed from felonies to misdemeanors. The facilities were clean, and for the most part well-maintained, but show their age.

Background

In Santa Cruz County there are four county-run detention facilities:

- Water Street Maximum Security Jail (commonly known as the Main Jail), located in downtown Santa Cruz
- Blaine Street Women's Minimum Security Facility, adjacent to the Main Jail
- Rountree Men's Medium Security Facility in Watsonville
- Santa Cruz County Probation Department-Juvenile Hall on Graham Hill Road in Felton

The Santa Cruz Corrections Bureau, with a staff of 116 correctional officers and supervisors, oversees approximately 10,000 arrestees who are booked each year into the adult detention facilities and the Custody Alternatives Program. Juvenile arrestees and inmates are overseen by the Probation Department of Santa Cruz County.

As part of its duties, the Grand Jury serves as a civil watchdog looking at issues of safety and security in the jails. The goal is to ensure that, while protecting public safety, the jails treat the inmates (both adult and juvenile) in a humane and safe manner. The charge given to the Grand Jury states:

"Every year, the Grand Jury must inquire into the condition and management of all the local correctional facilities within the county each year, including the county jail and the juvenile hall. Grand jurors are entitled to free access to these public detention and correctional facilities."^[1]

Scope

The Grand Jury toured the jails as part of its orientation, then returned for inspection visits at later dates using inspection guidelines recommended by the California Grand Jurors' Association.² Selected documents, such as previous local and state inspection reports, were reviewed. Some of the areas the Grand Jury examined during the inspections were entry ports, security observation posts, individual cells, recreation areas, food prep areas, medical treatment areas, interview rooms, holding and transfer areas, and classrooms. Inmates, corrections officers, medical staff, and administration officials were interviewed.

Inspection

The following table summarizes the Santa Cruz County Grand Jury 2014-2015 Jail Inspection results:

Facility	Responsible Department/ Division	Date Inspected	Areas Inspected	Conditions Found	Inmate Population
Water Street Maximum Security/ Main Jail	Santa Cruz County Sheriff's Office Corrections Bureau	8/5/14-tour 3/13/15 4/2/15 4/13/15	Entry ports, holding areas, sobering cells, safety cells, medical area, individual cells, restrooms, food prep area, recreation areas and courtyards.	General impression at time of inspections, noticeably improved, compared with the tour of August, 2014.	Capacity: 311 On 3/13/15 300 inmates
Blaine Street Women's Minimum Security Facility	Santa Cruz County Sheriff's Office Corrections Bureau	8/5/14-tour 4/2/15	Outside patio area, living spaces, restrooms, kitchen area and meeting areas.	All areas appeared clean and mostly well maintained, although aged.	Capacity: 32 On 4/02/15 11 Inmates
Rountree Men's Medium Security Facility	Santa Cruz County Sheriff's Office Corrections Bureau	8/22/14-tour 2/20/15	Outside grounds, food prep and serving areas, cells, restrooms, classrooms, medical treatment area.	Grounds and interior were pleasant and well maintained.	Capacity: 96 On 2/20/15 75 Inmates

<i>Facility</i>	<i>Responsible Department/ Division</i>	<i>Date Inspected</i>	<i>Areas Inspected</i>	<i>Conditions Found</i>	<i>Inmate Population</i>
Santa Cruz County Probation Department Juvenile Hall	Santa Cruz County Probation Department	9/25/14-tour 1/30/15	Entry port, dining and food prep area, classrooms, restrooms, medical treatment area, common space, individual cells, court/hearing area, recreation areas.	Clean and well maintained, a dedicated staff.	Capacity: 42 On 1/30/15 24 Inmates

Water Street Maximum Security Jail

The facility was completed in two phases, 1981 and 1986. The general impression of the Main Jail (as it is more commonly known) at the time of the Grand Jury tour (8/4/14), was that the facility seemed gloomy and poorly lit. By contrast, at the time of the inspections (Spring 2015), there had been visible efforts to improve and clean up the physical aspects of the facility. The lighting was brighter and most areas were repainted in lighter colors, with painting in progress for the rest of the areas. The linoleum flooring, which looked like it needed replacing during the tour, was clean and shiny as the floor buffer had been fixed and put to use. A cracked holding cell window had been replaced.

Inmates at the main jail appeared clean and in fresh clothing. From interviews with inmates, their two main complaints were about the variety of food served and the lack of contact visits. The Grand Jury was told that rising food costs have had an impact on the variety of food served. The Grand Jury also learned that contact visits are not currently allowed because of security concerns, staffing impacts and lack of appropriate space.

As a result of AB 109, the average stay of inmates in county jails is longer. The jail's educational and self-improvement programming is not set up for long-term inmates. The Grand Jury learned there are approximately 105 hours per week of programming offered by about 30 different groups.

Grand Jurors noted the many improvements made within the facility since the 2013-14 Grand Jury performed and reported on its inspection. Current Grand Jurors noted the improved security provisions, including the absence of posters or large pictures on walls or windows. The main jail did not have inmates sleeping on the floor in pallets in Spring 2015 as they had been during the tour in Fall of 2014.

Blaine Street Women's Minimum Security Facility

The facility was completed in 1986. The Grand Jury found Blaine Street clean, but aged. Most of the fixed furnishings looked like original equipment and in need of updating. There was painting in progress, but kitchen and bath areas had not been maintained well; jurors observed dripping faucets and a non-functional stove hood. The outside patio area, while pleasant, was a bit run down, and the fence was sagging and low

enough to allow contraband to be passed over the top.

As a minimum security area, women assigned to Blaine Street frequently leave the facility for educational and work assignments and may receive supervised contact visits. Several inmates were interviewed in the common area next to the individual living cells and were clean, and interacting well with each other and staff.

Approximately thirty different programs are offered that provide education and treatment to reduce recidivism. The Grand Jury was told that the facility is underused, raising the possibility of closure.

Rountree Men's Medium Security Facility

The facility was completed in 1993. Inmates are assigned to Rountree, known as "The Farm," from the Main Jail if they meet certain criteria, such as low-level or first-time offenses. The Grand Jury was told that over 30 programs are offered to inmates, including substance abuse therapy, meditation classes, anger management strategies, community college workshops, and academic classes. The programs are focused on improving the lives of inmates and their relationships with their families and lowering recidivism rates. Inmates are strongly encouraged to take self-help courses and not miss opportunities to improve their lives. If inmates do not hold to the standards of Rountree they are sent back to the Main Jail.

With expanded medical services provided through the California Forensics Medical Group (CFMG) contract, inmates who formerly had to stay at the Main Jail to receive certain medical treatments can now be treated at the Rountree facility. The inmates appeared to be well-groomed, although there were complaints from a few inmates about the quality of footwear and problems with foot fungus. Other inmate complaints were of food and the lack of contact visits. The Grand Jury was told that rising food costs have also had an impact on the variety of food served at Rountree. Some of these issues will be addressed when the planned adjacent Men's Rehabilitation and Re-Entry Facility is opened.^[3] The building and grounds were well-maintained with colorful murals on the interior walls and the food service and prep areas were clean.

Santa Cruz County Probation Department-Juvenile Hall

The facility was completed in 1968. Staffed by a team of dedicated people, the Juvenile Hall is a model site for the Annie E. Casey Foundation Juvenile Detention Alternatives Initiative.^[4] The day before the Grand Jury visited, a group of 30 judges, prosecutors, probation staff and public defenders from Georgia, Mississippi, and Louisiana visited to see how Santa Cruz handles the problem of local youthful offenders.

The Grand Jury was told that most youthful offenders are released back to their families, but those who pose a risk to public safety are given tightly controlled counseling and training in nonviolent solutions to problems and furthering their education.

The facility offers more than 24 programs, such as gang prevention, music, and yoga, and is a certified high school (Hartman High School), granting both high school

diplomas and General Education Development (GED) certificates.^[5]

Though the building and grounds are in need of updating, they were well maintained and clean. The Grand Jury members had lunch in the cafeteria and sat and talked with several of the youthful offenders. Several said that they felt listened to and cared for. The food was freshly prepared and the food prep area was clean.

Definitions

- **AB 109:** the Public Safety Realignment Act (effective 11/1/11) which transferred lower-level inmates from California State prisons to county jails
- **Blaine Street:** *Blaine Street Women's Minimum Security Facility*, located behind the Main Jail and administered by the Santa Cruz County Sheriff's Office Corrections Bureau
- **CFMG:** *California Forensics Medical Group*, the provider of medical services to the Main Jail, Blaine Street, and Rountree facilities
- **Correctional Facility:** a place to house inmates, generally long term; prison
- **Custody Alternatives Program:** designed to lower inmate population through the use of work release and electronic monitoring programs
- **Detention Facility:** a place to house inmates, generally short term; jail
- **Entry Port:** secure area where inmates enter or leave correctional or detention facilities
- **GED:** *General Education Development* test, a high school equivalency certificate
- **Inmate:** inhabitant of a correctional or detention facility, either sentenced by the Courts or held before trial
- **Juvenile Hall:** *Santa Cruz County Probation Department-Juvenile Hall*, detention facility for offenders between the ages of twelve and eighteen, located in Felton and administered by the Santa Cruz County Probation Department
- **Lower-level inmate:** inmate who is detained for a lesser offense with a shorter sentence, and is not convicted of a serious, violent, or sexual crime
- **Main Jail:** *Water Street Maximum Security Jail*, located downtown Santa Cruz and administered by the Santa Cruz County Sheriff's Office Corrections Bureau
- **Men's Rehabilitation and Re-Entry Facility:** 64-bed facility adjoining Rountree, with classrooms for technical and vocational training, set to open late 2017
- **Non-contact visits:** inmates and visitors are separated, usually by glass, to prevent the exchange of contraband
- **Rountree:** *Men's Medium Security Facility* for Santa Cruz County located in Watsonville and administered by the Santa Cruz County Sheriff's Office Corrections Bureau
- **Safety Cell:** holding cell with restraints for inmates who are a threat to their own safety or the safety of others
- **Sobering Cell:** easily cleaned padded holding cell for intoxicated inmates who are a threat to their own safety or the safety of others
- **Title 15:** from the California Code of Regulations, establishes minimum standards for local detention facilities

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