

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

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### **Summary**

This year's Grand Jury reviewed responses to the 2008-2009 Santa Cruz County Grand Jury Final Report for compliance with California Penal Code 933.05. The Jury found that additional information is needed from respondents for five of the six reports in order to fully address the recommendations of the Grand Jury and meet the Penal Code requirements.

### **Background**

Each year county grand juries in California review and investigate selected aspects of county and city government. They report the results of their investigations to the relevant governing bodies and elected officials, and to the public. The reports include findings and recommendations that are intended to identify and provide alternatives to problematic operations and procedures discovered during the investigation.

Specified persons and agencies are required to respond to the report findings and recommendations. California Penal Code 933.05 provides the process and timeline for responders to follow. They send their responses to the presiding judge of the Superior Court. Elected persons must respond within 60 days and governing bodies are required to respond within 90 days.

For findings, respondents must indicate one of the following responses and provide associated additional information:

- **AGREES** with the finding,
- **PARTIALLY AGREES or PARTIALLY DISAGREES** with the finding and specifies the portion of the finding that is disputed and includes an explanation of the reasons therefore,
- **DISAGREES** with the finding and provides an explanation of the reasons therefore.

Regarding the recommendations, the responding person or entity must report one of the following actions:

- **HAS BEEN IMPLEMENTED**, with a summary regarding the implemented action,
- **HAS NOT YET BEEN IMPLEMENTED BUT WILL BE IMPLEMENTED IN THE FUTURE**, with a timeframe for implementation,
- **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,

- **WILL NOT BE IMPLEMENTED** because it is not warranted or is not reasonable, with an explanation therefore.

The 2009-2010 Grand Jury decided to review and consider the legal adequacy of the responses to the 2008-2009 Grand Jury Report, issued on June 30, 2009. This review communicates to relevant persons and agencies and to the public that the Grand Jury will consider and act on missing and/or inadequate responses to its findings and recommendations. Additionally, it provides assurance that the current Grand Jury recognizes the worth of the efforts of previous juries.

The 2008-2009 Grand Jury Report included six formal reports. Those reports were:

1. Alcohol, a Drug of Choice for Scotts Valley Teens
2. For Everything Else There's CAL-Card
3. Information Services Department – Stagnation or Migration?
4. A Tale of a SERP
5. What's in Store for Stores?
6. Who Is Watching Our Special Districts?

Following are synopses of the six reports and the current Grand Jury's findings regarding the responses. There are new recommendations in this Continuity Report where the responses were judged to be inadequate per Penal Code Section 933.05 or where the Jury concluded that additional information is warranted.

### **Section 1: Alcohol, a Drug of Choice for Scotts Valley Teens**

#### **Synopsis**

Alcohol is reported to be the number one drug of choice among our nation's youth. Local and county statistics mirror the national trend and confirm that binge drinking among youth in Santa Cruz County is at an alarmingly high rate. With underage alcohol use threatening the wellness of teens, the Grand Jury decided to investigate the Scotts Valley Unified School District (SVUSD) to determine student alcohol usage as well as the District's approach to intervention and prevention programs.

#### **Current Findings**

- F1.** The implementation of Recommendation 5 to reinstate the School Resource Officer was delayed due to staffing and budgetary restrictions but no timeframe was provided for the reinstatement.
- F2.** The responses to Recommendations 9 and 12 indicated the District would conduct further analyses of the suggestions in the recommendations but there were no explanations, no descriptions of the scope and parameters of the analyses or studies, and no timeframes.

	<b>2008-2009 Recommendation</b>	<b>Respondent</b>	<b>2008-2009 Response</b>
<b>5</b>	SVUSD should work with the Scotts Valley Police Department (SVPD) to reinstate the School Resource Officer to the high school campus when budgetary restrictions allow.	SVUSD SVPD	Has not been implemented but will be implemented in the future
<b>9</b>	All staff members who teach or counsel students regarding alcohol prevention should be part of the planning team that addresses prevention and intervention solutions. The many resources provided through county agencies should be available for use by staff.	SVUSD	Requires further analysis
<b>12</b>	SVUSD should involve students in self-help strategies such as peer counseling and conflict resolution, as well as county-wide programs such as Friday Night Live and the Together for Youth collaborative.	SVUSD	Requires further analysis

**Current Recommendations**

- R1.** SVUSD and SVPD should provide the Grand Jury with an update on the status of reinstating a School Resource Officer to the high school campus.
- R2.** SVUSD should provide the Grand Jury with status reports on the analyses associated with Recommendations 9 and 12.

**Section 2: For Everything Else There's CAL-Card**

**Synopsis**

Santa Cruz County departments rely on a centralized purchasing system to acquire almost \$30 million in goods and services to sustain County functions. The processing of purchases costs the County in excess of \$500,000 annually in administrative costs. These costs are allocated to individual departments based on the number of purchase orders processed for that department. Other purchasing options are available, including CAL-Card, a Visa card offered by U.S. Bank through a contract with the State of California. The Grand Jury investigated the benefits and drawbacks to using the CAL-Card system to encourage and maximize savings.

**Current Findings**

- F1.** The County Auditor-Controller and the Board of Supervisors (whose responses included input from the Purchasing Division of General Services) stated that further analysis was required for Recommendations 1, 2, 4, and 5. They also stated that the analyses and any proposed changes would be provided to the Board of Supervisors in December 2009, when the Board was scheduled to hear updates to the County's Policies and Procedures Manual.

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

	<b>2008-2009 Recommendation</b>	<b>Respondent</b>	<b>2008-2009 Response</b>
<b>1</b>	The County should encourage CAL-Card use by re-examining and reducing restrictions to eliminate as many obstacles to card use as is practical.	County of Santa Cruz: Board of Supervisors General Services – Purchasing	Requires further analysis
<b>2</b>	The County should revise and increase card limits for higher-level personnel, with accompanying revisions to “Guidelines for Purchases” and related Purchasing Policy Manual sections.	County of Santa Cruz: Board of Supervisors General Services – Purchasing	Requires further analysis
<b>4</b>	The County should simplify the processes of billing, reconciliation, and questioned item resolution for CAL-Card purchases to reduce paperwork and burden on individual users.	County of Santa Cruz: Board of Supervisors General Services – Purchasing	Requires further analysis
<b>5</b>	The County should automate CAL-Card billing and reconciliation to maximize rebates for on-time payments.	County of Santa Cruz: Auditor-Controller Board of Supervisors General Services – Purchasing	Requires further analysis
<b>7</b>	The County should request an optimization audit from Visa and U.S. Bank to examine how the savings from use of CAL-Card could be maximized.	County of Santa Cruz: Board of Supervisors	Has not yet been implemented but will be implemented in the future

## **Current Recommendations**

- R1.** The County Board of Supervisors, the Purchasing Division of General Services, and the Auditor-Controller should provide status reports on Recommendations 1, 2, 4, and 5 indicating when the analyses were completed, describing any recommended changes to County procedures, and providing the date(s) the County Board of Supervisors reviewed and approved the changes.
- R2.** For Recommendation 7 regarding the optimization audit, the Supervisors and Purchasing Division should provide the results of the audit if completed or the anticipated timeframe for the audit if not yet accomplished.

### **Section 3: Information Services Department Stagnation or Migration?**

#### **Synopsis**

The Santa Cruz County Information Services Department (ISD) provides centralized information technology services to County departments. For many years the County used (and continues to use) a mainframe computer system of the type popular in the 1980's and 1990's, and ISD developed software in-house to address the County's needs. In the late 1990's with the advent of server-based computer systems and "commercial off-the-shelf software," it was determined that these newer programs operating on modern hardware would be more efficient for the individual County departments to use. They also would be less expensive for ISD to maintain and much easier and more reliable to use in backing up data. However, ISD had no formal plan or timeline for the technology changes. The 2002-2003 Grand Jury examined the way ISD used software and hardware and recommended "migrating to current ... technology" and discontinuing use of the obsolete mainframe. Shortly after the Jury published its report, the County committed to an ambitious timeline of four years to transition all applications and data to new hardware and retire the obsolete mainframe.

The 2008-2009 Grand Jury revisited ISD to see what progress had been made toward the stated goal of ending the County's dependence on obsolete technology. They found that there had been no significant progress towards eliminating the old mainframe system. However, during the course of the Jury's investigation, the County approved and initiated numerous major migration projects with an ambitious timeline. The Grand Jury commended the current progress and hoped the aggressive timeline could be accomplished. However, it did have concerns about the County's resources to successfully complete this critical mission during an era of budget crisis.

#### **Current Finding**

- F1.** The Grand Jury found that the responses to the two recommendations complied with Penal Code 933.05. The ISD and the Board of Supervisors stated that the recommendations had been implemented and also provided descriptions of those implementations.

### **Section 4: A Tale of a SERP**

#### **Synopsis**

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

#### **Current Finding**

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

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

#### **Current Recommendation**

**R1.** PVUSD and the SCCOE should provide the Grand Jury with documentation verifying that they have collaborated and clarified the roles of each agency throughout the SERP process.

### **Section 5: What's in Store for Stores?**

#### **Synopsis**

Santa Cruz County owns and operates a Central Store warehouse (Stores) where materials needed by different departments and agencies are stored and/or distributed. The 2008-2009 Grand Jury had reservations about the cost and efficiency of the Stores operation and compared the cost effectiveness of the current storage and distribution system to a business model for the purchase and delivery of goods. The recommendations suggested that the County should assess the efficiency of the Stores operation and consider the purchase of food and supplies on an "as needed" basis directly from private sector vendors.

#### **Current Finding**

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

	<b>2008-2009 Recommendation</b>	<b>Respondent</b>	<b>2008-2009 Response</b>
<b>2</b>	General Services should research options to purchase food and supplies on an “as needed” basis from private businesses.	County of Santa Cruz: Board of Supervisors General Services	Requires further analysis
<b>3</b>	General Services should divest some stored items that are unlikely to be used again and invest in file box racks, or discontinue the Central Stores operation altogether and contract with the private sector instead.	County of Santa Cruz: Board of Supervisors General Services	Requires further analysis

***Current Recommendation***

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

***Section 6: Who Is Watching Our Special Districts?***

***Synopsis***

There are 92 special districts in Santa Cruz County. One of the tasks of a Grand Jury is to act as a watchdog over these special districts in an attempt to ensure they are functional and operating in the best interests of the citizens they serve. Acting upon a complaint, the 2008-2009 Grand Jury investigated the operations of one of the special districts and recommended that all special districts under the purview of the Santa Cruz County Local Agency Formation Commission (LAFCO) create uniform governance documents and that these documents be available to the public for review.

***Current Finding***

**F1.** The Grand Jury found that all responses to recommendations were appropriate and in compliance with Penal Code 933.05.

***Current Recommendation***

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

**2009-2010 Responses Required**

<b>Respondent</b>	<b>Recommendations</b>	<b>Respond Within/ Respond By</b>
County of Santa Cruz Auditor-Controller	Section 2 R1	90 Days October 1, 2010
County of Santa Cruz General Services	Section 5 R1	90 Days October 1, 2010
County of Santa Cruz General Services – Purchasing	Section 2 R1, R2	90 Days October 1, 2010
LAFCO	Section 6 R1	90 Days October 1, 2010
Pajaro Valley Unified School District	Section 4 R1	90 Days October 1, 2010
Santa Cruz County Board of Supervisors	Section 2 R1, R2 Section 5 R1 Section 6 R1	60 Days September 1, 2010
Santa Cruz County Office of Education	Section 4 R1	90 Days October 1, 2010
Scotts Valley Police Department	Section 1 R1	90 Days October 1, 2010
Scotts Valley Unified School District	Section 1 R1, R2	90 Days October 1, 2010

**Sources**

2008-2009 Santa Cruz County Grand Jury Final Report with Responses  
California Penal Code 933.05