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00-00 CONTINUITY

INTRODUCTION:

The Humboldt County Grand Jury has specific legal powers to investigate and report on local government. One continuing obligation is the monitoring of responses to the findings and recommendations made by prior grand juries. The 1999-2000 Humboldt County Grand Jury has reviewed responses to the 1997-98 Humboldt County Grand Jury Report. The purpose of this review was to determine whether local government officials have implemented the recommendations agreed to in responses to the grand jury.

FINDINGS:

1. The 1997-1998 Report 98-00.

THE 911 SYSTEM CONSOLIDATION

The 1997-1998 Humboldt County Grand Jury recommended that:

the Humboldt County Sheriff's Office and local Eureka Police Department work to consolidate 911 services.

The 1999-2000 Humboldt County Grand Jury finds that:

the system is still not consolidated and still has shortcomings. It appears, however, that the system can be consolidated in an emergency. The Eureka police department indicates their new facilities are capable of consolidation and that they are willing to share this capability with the Humboldt County Sheriff's office.

SHERIFF DEPARTMENT'S RESPONSE TO FINDING #1:

AGREE. The County and the City of Eureka dispatch systems remain separate from one another. There are a multitude of reasons that make the separate centers preferable to a single center. Presently, we enjoy the ability to handle one another's 911 calls as backup to each other. I support the concept of consolidated dispatch and expect that sometime in the future our dispatch centers can and should be combined.

2. The 1997-1998 Report 98-01.

NO.1 FIRE PROTECTION DISTRICT

The 1997-1998 Humboldt County Grand Jury recommended that:

1. refinement and collation of district policies and procedures would be beneficial to the District Chief.
2. policy and procedure manuals be written and provided to board members and directors.

The 1999-2000 Humboldt County Grand Jury finds that:

1. it is not determined that collation and refinement of policies have been done.
2. manuals have been provided to the Humboldt County Fire District Board and directors.

3. The 1997-1998 Report 98-02.

PURCHASING PRACTICES IN HUMBOLDT COUNTY

City of Ferndale

1. The 1997-1998 Humboldt County Grand Jury found that:

the city has no written policy or procedure for purchasing any item at any price as of February 26, 1998.

2. The 1999-2000 Humboldt County Grand Jury finds that:
the city of Ferndale is now using a copy of Rio Dell's policy.

City of Rio Dell

The 1997-1998 Humboldt County Grand Jury found that:

1. if the estimated value of the purchase is greater than \$500 but less than \$10,000 an informal bidding process is used.
2. all purchases must be approved by the Rio Dell City Council.

The 1997-1998 Humboldt County Grand Jury recommended that:

a limit of \$5,000 should be used for any formal bid process as per Public Contract Code #20162.

The 1999-2000 Humboldt County Grand Jury finds that:

all findings and recommendations were agreed to and changed procedures are now in place.

4. The 1997-1998 Humboldt County Grand Jury 98-03 Report.

PURCHASING PRACTICES IN HUMBOLDT COUNTY

1. The 1997-1998 Humboldt County Grand Jury found that county departments stockpile supplies in case of budgetary problems. (Shortage of funds.)

The 1999-2000 Humboldt County Grand Jury finds that:

the purchasing department does not know if this practice continues.

2. The 1997-1998 Humboldt County Grand Jury recommended that:

the purchasing department draft a form for purchasing policies and procedures.

The 1999-2000 Humboldt County Grand Jury finds that:

this has not been done.

ADMINISTRATIVE SERVICES DEPARTMENT'S RESPONSE TO FINDING #4.2.

Administrative Services and Purchasing have reviewed the County Purchasing Ordinance (#681, adopted July 1, 1969) and have partially reviewed State law (beginning at Government Code Section 25350). Together we have attempted to edit or change policies and procedures from other counties to best meet the needs of Humboldt County but this has not come to a point where we are comfortable enough with it to circulate it for comment.

This fiscal year we will generate a draft document for comment.

3. The 1997-1998 Humboldt County Grand Jury recommended that:

the county reduce the number of fuel vendors utilized by the county.

The 1999-2000 Humboldt County Grand Jury finds that:

the purchasing department reduced the number of fuel vendors to just two vendors.

4. The 1997-1998 Humboldt County Grand Jury recommended that:
the purchasing department raise the limit of purchases made by departments without justification.

The 1999-2000 Humboldt County Grand Jury finds that:
the limit was raised from \$300 to \$600.

5. The 1997-1998 Humboldt County Grand Jury Report 98-04.

PUBLIC WORKS DEPARTMENT

The 1997-1998 Humboldt County Grand Jury found that:

1. the department is not in compliance with the California Uniform Public Construction Cost Accounting Act (CUPCCAA)
2. the department has no "sinking fund."

and the 1997-1998 Humboldt County Grand Jury recommended that:

3. a central dispatch department be set up to dispatch equipment to different job sites using county low beds (trailers) or third party rental low beds(trailers), and charge each job site the true cost of equipment.

The 1999-2000 Humboldt County Grand Jury finds that.

1. the department is now in compliance with the CUPCCAA.
2. no information on a "sinking fund" is available.

3. the Humboldt County Board of Supervisors and the Department of Humboldt County Public Works are still studying the concept of a central dispatch department.

PUBLIC WORKS DEPARTMENT'S RESPONSE TO FINDING #5:

While response to the findings of the Grand Jury were not solicited on Item 5, Page 3, additional information may be useful to future Grand Juries. This information is provided to give a status report of the following items:

1. It should be noted that the Department of Public Works is and was in compliance with the CUPCAA as was stated during the 1997-98 response to the Grand Jury report. This response states that "The County is signatory to the California Uniform Public Construction Cost Accounting Act. The Cost Accounting Policies and Procedures Manual of the California Uniform Public Construction Cost Accounting Commission references the Road Fund Accounting section of the Accounting Standards and Procedures for Counties. This section allows depreciation to be included when equipment is purchased from outside the Road Fund, or is allowed when a fixed asset replacement reserve is established in accordance with specific procedures. In the case of Humboldt County, road equipment is acquired with Road Funds and there is no fixed asset replacement reserve."

2. The County Road Department is working on the equipment depreciation/replacement rate program (sinking fund) and it will be implemented in the fiscal year 2000-01. Software limitations prevented implementation prior to this fiscal year. Because of the severe financial impact on the Road Maintenance budget, the depreciation/replacement rate program will be implemented on a limited basis as determined by available funds and road system priorities.

3. While some road equipment is assigned to specific areas such as Garberville, Hoopa, Ferndale, etc., other equipment is assigned to areas as needed. Within the department, this equipment is designated as "roving" and is dispatched from the Public Works Office at Second and L Street. This equipment includes: rubber tire rollers, chip spreader, truck crane, highway striper, street sweeper, grader, D-6 dozer, loader, and a portable rock crusher. The purpose is to maximize the use of specialized equipment. Not all equipment is appropriate for central dispatch as some equipment is stationed in remote parts of the County to ensure public safety in the event of an emergency.

6. The 1997-1998 Humboldt County Grand Jury 98-05 Report.

HOMELESS ON THE JETTY

The 1997-1998 Humboldt County Grand Jury recommended that:

1. the Departments of Social Services, Mental Health, Public Health and the Sheriff's Office continue to coordinate efforts when the homeless need aid.
2. all county departments regularly work more closely with each other and with other local non-governmental groups to make services more available and understandable to those who need them.
3. Humboldt County support a Multiple Assistance Center (MAC); that being a central point wherein homeless persons can receive information, services and assistance in becoming self-sufficient.
4. Humboldt County provide low cost drug and alcohol rehab beds for adults and teenagers.
5. the county recognize and address any homeless problem before it becomes a political issue.

The 1999-2000 Humboldt County Grand Jury finds that:

1. all departments are continuing to coordinate efforts through the Human Services Cabinet.
2. some progress in regard to working more closely together has been made.
3. a \$1,000,000 grant was acquired by the county for the purpose of a MAC and site selections have been ongoing. No MAC yet exists.
4. some drug and alcohol rehab beds exist though the quantity is still inadequate. None exist for persons under the age of 18. Funding for this purpose has become more difficult to acquire.
5. the Humboldt County Board of Supervisors has continued its efforts in regard to recognizing homeless problems. Legal challenges, however, to the Humboldt County Board of Supervisors actions or intended actions continue to be a problem in achieving success.

It is to be noted that the homeless were relocated from the south jetty and the jetty was cleaned of all debris.

7. The 1997-1998 Humboldt County Grand Jury Report 98-06.

HUMBOLDT COUNTY CORRECTIONAL FACILITY

The 1997-1998 Humboldt County Grand Jury recommended that:

all Humboldt County Correctional Facility (HCCF) personnel have a mandated in-service program on how to deal with stress.

The 1999-2000 Humboldt County Grand Jury finds that:

the HCCF commander has informed deputies of available services through the Humboldt County Risk Manager's office. No mandated program is in place.

8. The 1997-1998 Humboldt County Grand Jury 98-07 Report

DISASTER RESPONSE IN HUMBOLDT COUNTY.

The 1997-1998 Humboldt County Grand Jury recommended that:

1. the county courthouse retrofit be expedited.
2. a county-wide emergency response plan be designed and implemented.
3. the sheriff's radio be upgraded and problems eliminated.
4. the sheriff's department be (SEMS) State Emergency Management System trained.

The 1999-2000 Humboldt County Grand Jury finds that:

1. the Humboldt County courthouse has been seismically retrofitted.
 2. a. a county-wide emergency response plan was reviewed in August 1998.
 - b. the Humboldt County Board of Supervisors ratified/adopted the General Emergency plan and guidelines in September 1998.
 - c. departments of county government have developed facility plans for each building location.
 - d. county employees have been trained regarding the emergency plan.
 - e. evacuation drills for each facility have been executed.
 - f. Emergency Response Systems worked well in the 1999 Megram fire.
3. Humboldt County has upgraded the sheriff's radio system, however, the system still has problems.

ADMINISTRATIVE SERVICES DEPARTMENT'S RESPONSE TO FINDING #8.3:

The County upgraded both the Sheriff's and local government (Public Works and others) radio repeater system. The Sheriff also replaced approximately 45 mobile radios and 50 handheld radios. At the same time, the Sheriff acquired a new dispatch system that is used to track 911 calls and is interconnected to the audio system. Altogether there were four vendors involved.

Having multiple vendors involved when trying to isolate problems has been difficult because it has been all too easy for a vendor to say that its equipment is performing properly and "it's the other vendor's fault." We have worked to identify and correct problems and will continue to do so.

One outstanding unknown is the long-term viability of the 911 system. This will require considerable review before it is resolved. An outstanding "known" is that we operate in mountainous terrain and there are some places where radios (and cell phones, pagers, etc.) do not work. This will not change and the only total-coverage solution is more towers with more repeaters which is not likely to happen.

4. the Humboldt County Sheriff's Department is now SEMS trained.

9. The 1997-1998 Humboldt County Grand Jury 98-08 Report

HUMBOLDT COUNTY LIBRARY

The 1997-1998 Humboldt County Grand Jury recommended that:

1. a more reliable source of funding be found.
2. a wider variety of books/videos be made available.
3. services be upgraded at main and branch libraries utilizing computers.

The 1999-2000 Humboldt County Grand Jury finds that:

1. following a failed bond issue, no other source of funding has been found.
2. \$60,000 worth of children's books at the main library and at branches has been added.
3. upgrade of computer services is being done through a \$300,000 grant from the Gates Foundation. Some libraries are installing and upgrading electrical services.

10. The 1997-1998 Humboldt County Grand Jury 98-11.

CITY OF EUREKA PARKING DISTRICT.

The 1997-1998 Humboldt County Grand Jury recommended that:

1. the Eureka Business Improvement District improve parking facilities in the city.
2. signage for city surface parking be improved
3. handicapped parking around the courthouse be studied and improved.

The 1999-2000 Humboldt County Grand Jury finds that:

1. the EBID has insufficient funds for measures to improve surface parking or parking structures so none of these improvements have been made,
2. it cannot be determined that signage has been improved.
3. handicapped parking around the courthouse could not be addressed by the City of Eureka because the jurisdiction lies with Humboldt County and the State of California. Handicapped Parking is more lacking now that additions to the courthouse have been made.

ADMINISTRATIVE SERVICES DEPARTMENT'S RESPONSE TO FINDING #10.3:

This is not correct. Administrative Services has worked with the City of Eureka Parking Commission to locate handicapped parking spots at strategic curb sites around the courthouse. The City agreed to put one on I Street near the Court Operations office and declined to put one on Fifth Street near the J Street traffic light.

Prior to the courthouse seismic retrofit, there were two handicapped parking placed on the Fourth Street parking apron; now there are four. As part of the County's security plan, three handicapped parking spaces will be moved to the southwest corner of the gravel lot next to the jail and the current spaces returned to the Sheriff's Department.

11. The 1997-1998 Humboldt County Grand Jury 98-12 Report.

HUMBOLDT COUNTY COMMUNITY ASSISTANCE UNIT (HCCAUI)

The 1997-1998 Humboldt County Grand Jury recommended that:

1. an additional investigator be hired.
2. that HCCAUI provide a letter to violators and that it be clearly written and understandable.

The 1999-2000 Humboldt County Grand Jury finds that:

1. approved by the Humboldt County Board of Supervisors in 1998, an additional investigator was hired. This investigator is no longer employed due to a lack of funding.
2. an HCCAUI letter is now in use and is clearly written.

12. The 1997-1998 Humboldt County Grand Jury 98-14 Report.

SCHOOL DRUG AWARENESS PROGRAMS

Northern Humboldt High School District

The 1997-1998 Humboldt County Grand Jury recommended that:

1. a zero tolerance drug policy be in place and implemented.
2. additional funding and services be achieved.
3. school officials request more law enforcement be present on campuses.

The 1999-2000 Humboldt County Grand Jury finds that:

1. a zero tolerance policy is in place.
2. additional funding and services have been realized through state and federal monies.

3. officials have requested additional law enforcement. Additional school staff is being used for supervision.

Fortuna High School District.

The 1997-1998 Humboldt County Grand Jury found that:

1. students had a lenient attitude toward marijuana but not toward hard drugs.

The 1997-1998 Humboldt County Grand Jury recommended that:

1. officials be aware of hard drug use by students.

2. school officials determine if drug use activity occurs on or off campus.

The 1999-2000 Humboldt County Grand Jury finds that:

1. a lenient attitude by students continues to exist. Officials state the general population (society) has a lenient attitude. However, the school sends a clear message to students regarding drug use.

2. school officials state that the use of hard drugs has been almost cut in half. It was 48 per thousand and is currently 28 per thousand. All athletes at Fortuna High School are now tested for drugs.

3. school officials find that drug activity is about half on and half off the campus. The Vice Principal is very active in drug suppression both on and off campus.

ADDENDUM:

1. Report (98-07) involved the County Drug Task Force. No agency agreed with any of the 1997-1998 recommendations.

2. The 1997-1998 Grand Jury Report responses to report 98-09 are not included because no agreement to findings or recommendations was made.

3. No report on report 98-10, the Arcata Community Recycling Center is included because the 1999-2000 Humboldt County Grand Jury is conducting a current investigation into the center to be included in the 00-13 report.

4. No report on the 98-13 report on Jury Systems of Humboldt County is included inasmuch as the court system is now a state function and changes are being made.

5. Any agency referred to in the above report may respond if desired.

NOTE: Persons interested in greater detail of the 1997-98 Humboldt County Grand Jury Report may review copies of the report at the Humboldt County Library.

00-01 CITY OF BLUE LAKE-FINANCIAL MANAGEMENT

INTRODUCTION:

The City of Blue Lake was incorporated April 23, 1910. On May 28, 1996, the Blue Lake City Council adopted Ordinance No. 439 creating the office of City Manager and establishing a City Council/City Manager form of government to address various financial and personnel issues facing the city. Annual audits of

the City's financial operations for FY 97-98 indicate continuing problems in financial management.

FINDINGS:

1. Annual audits indicate there is insufficient segregation of accounting duties to insure financial control objective will be met.

CITY COUNCIL'S RESPONSE TO FINDING #1:

DISAGREE. The city of Blue Lake has a limited staff of four administrative and office positions which are City Manager, Business Office Supervisor, Accounting Clerk, and a part time office assistant. The City Manager does not physically handle any funds of the City, but does provide supervision, oversight, and review of staff and transactions.

To the extent possible, the various tasks of handling and recording the receipts and disbursements of City funds have been apportioned among the three office staff to provide maximum separation of duties. Written statements of duties and responsibilities have been prepared for each position that include procedures intended to provide checks and balances within the system. Further, an independent reviewer assists in the oversight process and review of monthly interim financial statements.

The City does not have a staff that is large enough to meet the standards under the "Government Auditing Standards" and therefore cannot meet this standard without adding additional accounting personnel which the City can neither afford nor needs. However, the City does have an internal control system that provides the strongest system possible under the physical and fiscal circumstances. Because the City cannot meet the "Government Accounting Standards", the City's Auditor is compelled to state this as a finding. However, the City's Auditor clearly understands the circumstances which small governmental entities face trying to meet these internal control standards and provides the following statement in each annual audit report:

"These types of items are typical of small entities where the accounting staff is not large enough to establish sophisticated accounting controls. The City's internal control is very informal. This can lead to situations where inconsistencies and errors are not detected as part of the regular accounting process and require increased work at year-end in the form of additional audit adjusting entries."

2. Annual audits indicate there are insufficient reviews and approval of transactions, accounting entries, or system outputs.

CITY COUNCIL'S RESPONSE TO FINDING #2:

DISAGREE. There is no statement by the City Auditor that there is "insufficient

review of transactions, accounting entries, or system outputs." The statement made by the City Auditor is that there is an "absence of" and this statement is due to the limited size of the City's accounting staff as discussed in item 1 above. The City's Auditor is required to make this statement since the

City, due to the physical size of its accounting staff, cannot provide the level of separation that is defined in "*Governmental Auditing Standards*". For the past two years, a system has continuously been in place that provides for all accounting transactions to be initiated by one person and reviewed by at least one other person. The City of Blue Lake believes that an adequate system of review and oversight of all accounting transactions, entries, and output exists at the present time.

3. Annual audits indicate there are not adequate provisions for the safeguarding of assets.

CITY COUNCIL'S RESPONSE TO FINDING #3:

DISAGREE. For the reasons stated in item 1 & 2 above.

4. The City does not have a formal operations manual covering the policies and procedures for all accounting and administrative operations.

CITY COUNCIL'S RESPONSE TO FINDING #4:

PARTIALLY AGREE. The City has a number of written statements of duties and responsibilities that have been prepared for each position that include procedures intended to provide checks and balances with the system. A Financial Policy Manual has been under development and will be presented to the City Council for approval in the near future.

5. No complete fixed-asset inventory exists which can be used to reconcile affected funds.

CITY COUNCIL'S RESPONSE TO FINDING #5:

PARTIALLY AGREE. The absence of a profit motive for most governmental operations modifies certain accounting practices which are important for income determination in a commercial enterprise. Fixed assets do not function as a basis for credit in government operations, and the element of depreciation from the use of long-lived assets is not essential to proper accounting for general government activities. Thus, property, equipment, and related depreciation do not appear on a General Fund Balance Sheet.

During the 80 years between the City's incorporation in 1910 and until 1990, the City of Blue Lake followed the custom commonly used by small local government, and treated the acquisition of fixed assets as regular expenditures. It was not until the issuance of Statement No. 1 in 1967 by the newly formed National Committee on Governmental Accounting that the principles of capitalizing general government property and equipment acquisitions in a self-balancing group of accounts was formalized. For undetermined reasons, the City of Blue Lake did not adopt the principles of Statement No. 1 until July 1, 1990. Since that date the costs of all acquisitions of general government property and equipment have been capitalized in a Fixed Asset Group of Accounts. Acquisition of property and equipment by the Utility Enterprise Water and Sewer Funds have been capitalized in those funds and depreciated accordingly.

It would be difficult, if not impossible, for the City to create historical cost records for assets acquired during the period from 1910 to 1990. However, accounting literature does allow the use of estimated values assigned to property and equipment in these circumstances.

Accordingly, the City of Blue Lake intends to prepare a physical inventory of all currently owned property and equipment, and assign an estimated cost to units where historical cost is not available. Staff time available from regular duties for such a major undertaking is limited, and even if pursued with due diligence, the task may not be completed prior to June 2002.

6. No written policies and procedures exist for the capitalization and depreciation of capital assets.

CITY COUNCIL'S RESPONSE TO FINDING #6:

DISAGREE. See response in No. 5 above. Currently capitalization and depreciation are performed under the guidance of the City Auditor.

7. No significant changes or improvements were observed in the audit reports for FY 97-98 and FY 98-99, concerning items 1-6 above.

CITY COUNCIL'S RESPONSE TO FINDING #7:

DISAGREE. The City has made significant and noteworthy improvements in its accounting system. Early in 1998, the City Manager proposed to the City Council to convert the City's outmoded handwritten manual accounting system to a computerized system. This required the creation and expansion of an entirely new Chart of Accounts, the expansion from 5 funds to 23, and a complete revamping of departmental organization. The budget process also had to be substantially revised and enlarged to accommodate the changes in the accounting system. The change also resulted in a delay of the regular closing of the accounting records for fiscal year 1998-1999, and completion of the regular annual independent audit until December 1999.

8. In May 1999 it was first discovered by a Blue Lake City Councilman that the city had overpaid a supply vendor by \$5,737.49 in August 1998.

CITY COUNCIL'S RESPONSE TO FINDING #8:

PARTIALLY AGREE. The vendor made several errors on an invoice submitted to the City for repairs on several pumps during an emergency situation. On the face of the invoice, the error was not perceivable and the City paid the invoice as presented. The vendor was not even aware that there was an error on the invoice. When it was later discovered that an error had been made, the vendor refunded the overcharge promptly.

9. The Office of the Blue Lake City Manager has made some progress within the last three years toward streamlining and modernizing Blue Lake City financial operations by instituting a

system of municipal fund accounting and automating many of the procedures.

CITY COUNCIL'S RESPONSE TO FINDING #9:

DISAGREE. The City has made significant progress in streamlining and modernizing the City's financial operations as noted in No. 7 above.

10. As late as the sixth month into the fiscal year, the Blue Lake City Council had not adopted a current budget for FY 99-2000.

CITY COUNCIL'S RESPONSE TO FINDING #10:

DISAGREE. The Government Code of the State of California does not require a General Law City to prepare and adopt a budget. However, the City of Blue Lake recognizes that prudent budgetary and planning controls are essential to efficient utilization of resources in providing necessary public services.

Recognizing that a budget based on incomplete or inaccurate data would be worse than no budget at all, the Blue Lake City Council adopted by resolution an interim budget based upon the extension of expenditures from the 1998-1999 budget. When final, accurate accounting balances were complete, the City then adopted the

1999-2000 budget. Thus, the City did have an operating budget at all times during fiscal year 1999-2000.

CONCLUSIONS:

1. Although some recent progress has been made in streamlining and modernizing the Blue Lake City's financial operations, considerable work is still needed to address issues raised by the annual audit reports, provide an adequate system of internal control, and safeguard against unwarranted losses.
2. An appropriate segregation of accounting duties is needed to insure internal control.
3. An adequate system of review and approval, consistent with Government Auditing Standards, is needed for transaction, accounting entries, and outputs.
4. A formal operations manual is needed to provide guidance and documentation for all financial policies and procedures, including capitalization's and depreciation of capital assets.
5. A complete fixed-asset inventory is needed to account for Blue Lake City assets and provide a means of reconciling all accounts related to those assets.
6. Greater efforts are needed to resolve financial and policy issues so that a current operating budget can be adopted in a timely fashion.

RECOMMENDATIONS:

THE HUMBOLDT COUNTY GRAND JURY RECOMMENDS THAT:

1. during FY 2000-01, the Blue Lake City Manager implement a system which will provide appropriate segregation of accounting duties to insure internal control.

CITY COUNCIL'S RESPONSE TO RECOMMENDATION #1:

This recommendation will not be implemented because it is not warranted and/or is not reasonable. The explanation is provided in the City's response to Finding Nos. 1 & 2.

2. during FY 2000-01 the Blue Lake City Manager implement procedures for review of all transactions, accounting entries and outputs.

CITY COUNCIL'S RESPONSE TO RECOMMENDATION #2:

This recommendation will not be implemented because it is not warranted and/or is not reasonable. The explanation is provided in the City's response Finding Nos. 1 & 2.

3. during FY 2000-01, the Blue Lake City Manager complete the development of a formal operations manual covering the policies and procedures for all accounting and administrative operations, including capitalization and depreciation of capital assets.

CITY COUNCIL'S RESPONSE TO RECOMMENDATION #3:

Significant work has been in progress to complete a workable and useful Financial Policy Manual for the City long before the Grand Jury issued this recommendation. This policy manual is scheduled to be presented to the City Council for approval in the near future.

4. during FY 2000-01, the Blue Lake City Manger complete a fixed-asset inventory and reconcile all accounts related to those assets.

CITY COUNCIL'S RESPONSE TO RECOMMENDATION #4:

This recommendation will be implemented but as stated in the City's response to Finding No. 5, it is not expected to be accomplished prior to June 2002.

5. prior to December 31, 2000, the Blue Lake City Council implement procedures for prompt resolution of financial and policy issues so that a current operating budget can be adopted in a timely fashion.

CITY COUNCIL'S RESPONSE TO RECOMMENDATION #5:

This recommendation will not be implemented because it is not warranted and/or is not reasonable. The City has a satisfactory budgeting method at this time. As stated in the City's response to Finding No. 10, the City Council has complete discretionary control concerning the development and adoption of operation budgets and will continue to exercise this control.

OBSERVATIONS AND COMMENTS BY THE CITY OF BLUE LAKE TO THE GRAND JURY CONCERNING THIS REPORT.

The City feels the Grand Jury failed to properly study and understand the information that was presented to them concerning the City's financial and accounting system and procedures. During the Grand Jury's investigation, the City offered, both orally and by letter, to provide additional background information including an interview with the City's Auditor. Unfortunately, the Grand Jury did not accept this offer and issued a report that is factually and materially flawed. This Grand Jury Report is a disservice to both the City of Blue Lake and its residents and has caused undue alarm concerning nonexistent problems.

RESPONSES:

THE FOLLOWING RESPONSES TO REPORT 00-01 ARE REQUIRED IN ACCORDANCE WITH P.C. 933 AND THE STANDARD FORMAT FOR RESPONSES.

1. The Blue Lake City Council/City Manager will respond to recommendations 1-5.

00-02 HUMBOLDT COUNTY JAIL FACILITIES

INTRODUCTION:

Members of the Jail committee inspected all Jail Facilities in Humboldt County. California Penal Code, Section 919 (b) requires a yearly Grand Jury investigation of all public prisons within the county. In accordance with this requirement the 1999-2000 Grand Jury did visit all facilities.

FINDINGS:

These facilities consisted of (a) Jail and (b) holding cells. Grand jurors visited the following facilities and found these things to be true.

1. Humboldt County Correctional Facility (Humboldt County Jail).

Inspection of Facility--found to be well kept and maintained.

2. Eureka Police Department holding cells found to be well kept and maintained. During the grand jury inspection of the new 911 dispatch system, a staff member stated that it was an excellent system.

3. Fortuna Police Department holding cells found to be well kept and maintained.

Ferndale also uses Fortuna holding cells when necessary because they don't have a jail of their own.

4. Arcata Police Department has one holding cell. It was found to be clean and well maintained. It has a new stainless steel sanitation unit.

5. Hoopa Sheriff's substation was built in 1965. The holding cells were found to be adequately maintained.

6. Garberville Sheriff's substation was built in 1962 but was found to be clean and well maintained with newly painted cell bars. During the inspection on September 22, 1999, members of the grand jury were told by one of the staff that the floor drains were clogged due to insufficient maintenance. At the time of this inspection there was visible evidence of water damage on the ceiling. On a second inspection on January 14, 2000, members of the grand jury found that the clogged drains had been cleaned, were now functioning properly, and the roof had been repaired.

7. The Rohnerville Agricultural Farm is a part of the Sheriff's Work Alternative Program (SWAP).

a. Estimated assets of the Rohnerville Farm: \$74,452.00

b. SWAP (Sheriff Work Alternative Program) participants have spent approximately 5,104 person hours working at the farm this year.

c. In 1999 SWAP provided the jail with 51 hogs or approximately 9,000 pounds of edible pork.

d. The garden portion of the farm provides fresh vegetables for the jail.

e. Firewood is split and delivered to qualified senior citizens by SWAP participants.

f. SWAP participants pay to work at the farm.

g. SWAP participants do not require jail housing, relieving jail overcrowding.

8. Juvenile Hall

a. The Juvenile Hall Facility is well kept and maintained.

b. A grant has been received for improvements to Juvenile Hall. Improvements to be as follows: Additional TV monitors, upgrading kitchen and lobby, building vehicle sally port, adding two additional interview rooms, and replacing roof over classroom and multipurpose rooms.

CONCLUSIONS:

1. The operation at the Rohnerville Agricultural Farm is well run on a very low budget.

2. The improvements to be made as the result of the grant for Juvenile Hall will greatly improve the security and working conditions.

RECOMMENDATIONS:

THE HUMBOLDT COUNTY GRAND JURY RECOMMENDS THAT:

1. the Rohnerville Agricultural Farm remain in existence at this location or if necessary at another area suitable for this operation.

BOARD OF SUPERVISORS' RESPONSE TO RECOMMENDATION # 1:

The Rohnerville Agricultural Farm is on airport property. Having been acquired with restricted federal aviation funds, the property's primary use as an airport must have priority over other uses. According to the Airport Manager, problems with the current location include the fact that it is currently on prime airport property, creates disagreeable odors for hangar tenants in close proximity, and attracts birds, with resulting potential problems for aircraft. Discussion has been underway for some time to relocate the pig farm to another location on airport property that is not in such close proximity to active airport operations. The Board supports the continuation of the Rohnerville Agricultural Farm at a location not incompatible with airport operations.

SHERIFF DEPARTMENT'S RESPONSE TO RECOMMENDATION #1:

AGREE. If the farm project must be moved, a minimum of \$50,000 in initial funding is necessary to replace the existing structures and infrastructure.

2. improvements to Juvenile Hall be made as soon as possible.

BOARD OF SUPERVISORS' RESPONSE TO RECOMMENDATION #2:

The Probation Department, with the support of the Humboldt County Board of Supervisors, is rapidly moving forward with a State Board of Corrections Construction Grant to renovate/remodel the 30-year old Juvenile Hall. The project will include the addition of a new intake sallyport and processing area, upgrading of the facility perimeter/internal security systems, enhancement of the lobby, and the remodel of the kitchen/food services area. It is anticipated that construction activities will begin in November 2000. Completion of this much needed project will greatly improve the security and efficient operation of the facility.

RESPONSES:

THE FOLLOWING RESPONSES TO REPORT 00-02 ARE REQUIRED IN ACCORDANCE WITH P.C. 933 AND THE STANDARD FORMAT FOR RESPONSES.

1. Sheriff to respond to recommendation 1.
2. Board of Supervisors respond to recommendations 1 and 2.

00-03 INTERIM REPORT OF THE 1999-2000 HUMBOLDT COUNTY GRAND JURY CONCERNING THE HUMBOLDT COUNTY LEASE AGREEMENT WITH THE HOOPA TRIBE FOR THE USE OF THE HOOPA JUSTICE FACILITY.

INTRODUCTION:

The Hoopa Justice Facility is located on the Hoopa Indian Reservation (AP No. 526-251-08). The building is 3,356 sq. ft. in size and was constructed in 1965 by Humboldt County on Tribal property. Its use was governed by a twenty-five (25) year renewable lease agreement negotiated by the Humboldt County Real Property Division. In recent years the facility has housed the Superior Court, Tribal Court, and Sheriff's substation. The Sheriff's substation occupies about 40% of the building, on a full time basis. The court facility occupies approximately 60% of the building. Until February 2000, the Superior Court utilized the court facility approximately two days per month and the Tribal Court utilized the court facility on an "as needed" basis for the remainder of each month.

FINDINGS:

1. It has been over ten years since the original twenty-five year lease agreement expired.
2. According to the Tribal Judge, in a letter dated January 6, 2000, the "Tribal Council has taken the stand that the lease between the County and the Tribe was not extended because the County failed to give notice to the Tribe and failed to pay the \$1.00 fee."
3. According to a county official, on at least five separate occasions, Humboldt County has proposed a new lease agreement for adoption by the Tribe.
4. No new lease agreement has been agreed upon by the Tribe and Humboldt County as of the date of this report.
5. County officials have stated that no written policy exists concerning Humboldt County lease agreement.
6. In recent years the Tribe has been sharing the use of the facility with Humboldt County.
7. Until the time of this report Humboldt County had been paying all utility fees for the facility.
8. Disagreements still exist between Humboldt County and the Tribe as to the authority and responsibility of each party concerning the use of the facility.
9. Due to this lack of mutual agreement, the maintenance of the facility has declined considerably, resulting in inconvenience to the public.
10. The door locks of the facility have been changed several times by the Tribe without the consent or knowledge of Humboldt County, resulting in operational hardships for Humboldt County staff and the public.
11. The Superior Court Executive Officer was notified by Humboldt County to relocate the Superior Court operations at Hoopa to Eureka effective February 1, 2000.

12. The movement of the Superior Court operations from Hoopa to Eureka creates a hardship to the people residing in the Klamath-Trinity Valley region.

13. According to the Tribal Judge in a letter dated December 10, 1999, "The Sheriff's Department's right to continued use of the property will be negotiated through Floyd Stokes, Chief Hoopa Valley Tribal Police and the Tribal council."

14. No member of the Hoopa Tribal Council responded to requests to appear before the Humboldt County Grand Jury.

CONCLUSIONS:

1. In the absence of a comprehensive written policy to guide Humboldt County officials in matters pertaining to the leasing of facilities, Humboldt County has experienced continuing difficulties in lease renewal, determination of authorities and responsibilities, and the resolution of operational problems at the Hoopa Justice facility.

2. In spite of repeated attempts, Humboldt County has been unable to consummate a current lease agreement with the Tribal Council for the use of the Hoopa Justice Facility.

3. The disagreements which still exist between Humboldt County and the Tribe as to the authority and responsibility of each party concerning the use of the facility have resulted in the following problems:

- a. deteriorated maintenance of a Humboldt County facility.
- b. inconvenience to the public.
- c. operational hardships for the Humboldt County staff.
- d. the loss a valuable local service to Hoopa area residents.
- e. a continuing hardship for the people of the Klamath-Trinity Valley region.

RECOMMENDATIONS :

THE HUMBOLDT COUNTY GRAND JURY RECOMMENDS THAT:

1. the Real Property Division of Humboldt County, in cooperation with the Humboldt County Counsel's Office, develop a comprehensive written policy concerning the negotiation and preparation of facility lease agreements in order to guide all affected parties.

ADMINISTRATIVE SERVICES DEPARTMENT'S RESPONSE TO RECOMMENDATION #1:

Disagree.

Real Property has successfully negotiated dozens of leases with a cumulative value in the millions of dollars without a comprehensive policy regarding negotiation. We work closely with County Counsel to prepare leases that are legally sound and protect the County's interests. Some of these leases have involved lengthy and intense negotiations but have been brought to satisfactory conclusions.

While we have many variations of "standard" leases, th We try to standardize our leases and bring them up to date with best practices and requirements when the leases are renewed while

keeping in mind each situation is different and, thus, while much of one lease will look like another, each must meet the particular needs of the parties. They sometimes do not fit in unique situations such as negotiating with a sovereign tribal government.

Likewise, we have fairly routine procedures in developing leases and negotiating differences. These practices serve us well in most situations. In unique circumstances, our standard methods do not meet the day's needs. At these times, flexibility, creativity, and using other resources are needed. A comprehensive policy, even if it were to be prepared and could have anticipated the incomparable circumstances encountered with the tribal government, is unlikely to have benefited this or future situations.

In short, it does not seem a prudent investment of scarce County resources to develop a policy to deal with anomalous situations which are unlikely to be repeated.

BOARD OF SUPERVISORS' RESPONSE TO RECOMMENDATION #1:

Disagree. While the County has many standard clauses that deal with a multitude of items, it is almost impossible to have a written policy to cover all agreements and situations.

2. Humboldt County consummate a viable lease agreement with the Hoopa Tribe for any future use of the Hoopa Justice Facility. Such lease should contain provisions that both parties bear the costs of utilities and maintenance in proportion to each party's use, respectively.

ADMINISTRATIVE SERVICES DEPARTMENT'S RESPONSE TO RECOMMENDATION #2:

Agree. A lease with the provisions recommended by the Grand Jury has been written and sent to the Chairman of the Hoopa Tribal Council.

We are currently awaiting word from them if it is satisfactory or not. In the meantime, joint use of the facility is occurring and the needs of both entities are being met.

BOARD OF SUPERVISORS' RESPONSE TO RECOMMENDATION #2:

Agree. County staff has been working toward this end and hope to have a signed agreement by September. This is, of course, contingent upon actions by the Hoopa Tribal Council.

3. the Sheriff's department be an active participant in negotiations with the Hoopa Tribal Police Chief and Tribal Council regarding the use of the Sheriff's substation.

BOARD OF SUPERVISORS' RESPONSE TO RECOMMENDATION #3:

Agree. However, at this time there does not seem to be any controversy regarding the Sheriff's use of the building.

SHERIFF DEPARTMENT'S RESPONSE TO RECOMMENDATION #3:

Agree. On March 24, 2000, a meeting was held regarding the use of the Hoopa facility. Among others, attendance included Dennis Lewis, Sheriff; John Murray, CAO; Duane Sherman, Hoopa Valley Tribal Council Chairman; Jasper Hostler, Tribal Councilman; Byron Nelson, Hoopa Tribal Judge; and Floyd Stokes, Hoopa Tribal Police Chief. The primary emphasis was on the court portion of the building. The parties at this meeting did reach a reasonable agreement on the building, which is to be incorporated into a Memorandum of Understanding.

As Sheriff, I did express my continued intent to co-locate the Hoopa Valley Tribal Police Personnel with the Sheriff's personnel assigned in Hoopa. Hoopa Tribal Council Chairman Duane Sherman, Tribal Councilman Jasper Hostler, tribal Judge Byron Nelson and Tribal Police chief Floyd Stokes verbally affirmed their continued support of co-locating our law enforcement agencies.

RESPONSES:

THE FOLLOWING RESPONSES TO REPORT 99-03 ARE REQUIRED IN ACCORDANCE WITH P.C. 933 AND THE STANDARD FORMAT FOR RESPONSES.

1. The County Board of Supervisors will respond to all recommendations.
2. The Sheriff's department will respond to recommendation 3.
3. The Administrative Services department will respond to recommendations 1 and 2.

00-04 LAW AND JUSTICE HOOPA SUBSTATION

INTRODUCTION:

The Deputy Sheriffs assigned to the Hoopa Sheriff's Substation in Hoopa are responsible for the protection of the citizens and property in the area they are assigned to. The deputies that work out of Hoopa substation serve the Northeastern portion of Humboldt County, from Berry Summit on the West to the Trinity County line on the East, and from the Del Norte County line on the North to areas near Hawkins Bar.

FINDINGS:

1. There is only one four-wheel drive vehicle assigned to the area of the Hoopa Substation, and that vehicle is assigned to the resident deputy that lives in Orleans. If a four-wheel drive vehicle is needed when the resident deputy is off duty or not available, another deputy must drive to Orleans, get the four-wheel drive vehicle and respond to the call, then return the vehicle when finished with the call.
2. There are several vacancies in the positions allotted for the staffing of the substation, both in supervision and patrol personnel.
3. There is no 24-hour coverage for service out of the Hoopa Substation.
4. There is no security or intruder alarm system for the building.
5. There is no Community Service Officer.

RECOMMENDATIONS:

THE HUMBOLDT COUNTY GRAND JURY RECOMMENDS THAT:

1. assign more four-wheel drive vehicles to the Hoopa Sheriff's Substation with at least one permanently stationed at the Hoopa Substation.

SHERIFF DEPARTMENT'S RESPONSE TO RECOMMENDATION #1:

Agree. This has been done.

2. fill all allotted vacancies.

SHERIFF DEPARTMENT'S RESPONSE TO RECOMMENDATION #2:

Agree. This is being done through the County's hiring procedures.

3. provide 24-hour coverage out of the Hoopa Sheriff's Substation.

SHERIFF DEPARTMENT'S RESPONSE TO RECOMMENDATION #3:

Disagree. This would not be an efficient use of the Sheriffs Department's limited staff resources. The goal should be to provide a minimum of twenty (20) hours per day of on-duty coverage and a readily available on-call staff for the remaining four (4) hours per day.

4. install an alarm system for the protection of the Sheriff's Substation.

SHERIFF DEPARTMENT'S RESPONSE TO RECOMMENDATION #4:

Agree. Funding will be requested in the fiscal year 2001/2002 budget request.

5. hire a Community Service officer to do routine duties.

SHERIFF DEPARTMENT'S RESPONSE TO RECOMMENDATION 5:

Agree, in part. Grant funding is being sought to hire a Correctional Officer for the outstations. A Correctional Officer provides a greater range of services when compared to a Community Services Officer.

RESPONSES:

THE FOLLOWING RESPONSES TO REPORT 00-04 ARE REQUIRED IN ACCORDANCE WITH P. C. 933 AND THE STANDARD FORMAT FOR RESPONSES.

1. The Sheriff of Humboldt County will respond to recommendations 1 through 5.

00-05 COMMUNICATION TOWER GARBERVILLE

INTRODUCTION:

The Humboldt Grand Jury has received several complaints about the permit for construction of a communication tower and the use of a private road with regard to said tower on Sawmill Road in Garberville APN223-291-06.

FINDINGS:

1. The land on which the tower was constructed is in an agricultural zone.
2. In 1989 the Humboldt County Code was amended to provide for communication towers as a principally permitted use in agricultural zones. As such, no use permit is required and no public hearing or comment period is required. However a construction permit is required and was issued.
3. The use of the private road and conditions which apply to such use were established at the time the land was originally subdivided and a private road association was formed.
4. The question of who is permitted to use the private road and under what circumstances is a civil legal issue to be resolved by the members of the private road association.

CONCLUSIONS:

1. The Humboldt County Grand Jury found no error in the process used for the issuance of the construction permit.
2. Permission to use the private road must be determined collectively by the members of the private road association using applicable rules and regulations.

00-06 SHERIFF DEPARTMENT'S GARBERVILLE SUBSTATION

INTRODUCTION:

The Sheriff's Department Garberville Substation is located in the southern area of Humboldt County, some 67 miles south of Eureka. Deputy Sheriff's working out of the Garberville Substation serve the

southern portion of the county from the Trinity County line on the East, to the Pacific Ocean on the West, and North of the Mendocino County line to Redcrest.

FINDINGS:

1. There are transmission and receiving problems with the radio system in many of the areas covered by the personnel working out of the substation. The Sheriff stated that these conditions compromised the safety of the employees and the public.

2. Some upgrading of the radio system has been made; however, the system continues to experience problems. The Sheriff's department has received complaints, grievances and threats of litigation regarding the radio system.

3. The office area is wired for an alarm/intruder system; however, it is inoperative.

4. There are no separate rooms for male and female officers to change clothes.

5. The interoffice mail service to Eureka is unreliable. There is no regular service at this time.

6. There is no Community Service Officer.

7. The outside fenced parking area is at times used to store evidence such as vehicles that were related to a crime, or other evidence that is too large to be stored inside. This area is not alarmed and is poorly lit.

8. The inside evidence storage area and equipment storage area are in a separate building. This building has no alarm system and is poorly lit.

9. The staff at the substation stated there is very little communication with the Sheriff.

10. There are several vacancies in the positions allotted for the staffing of the substation, both in supervision and patrol personnel.

CONCLUSIONS:

1. Notwithstanding the upgrading of the radio system that has already been made there are still transmission and receiving problem in the area covered by personnel working out of the substation. The problems are serious, and they compromise the safety of the sheriff's employees and the public. The Sheriff's Department has received complaints, grievances and threats of litigation regarding the radio system. If the radio system is not corrected, greater problems will follow.

2. The alarm system is not in good working order; therefore, the safety of the employees, office equipment, evidence and other items is jeopardized.

3. Because the fenced parking area behind the substation is at times used to store evidence such as vehicles that were related to a crime or other evidence that is too large to be stored inside, this area should be alarmed and have better lighting.

RECOMMENDATIONS:

THE HUMBOLDT COUNTY GRAND JURY RECOMMENDS THAT:

1. improvement be made in the county-wide Sheriff's radio system.

ADMINISTRATIVE SERVICES DEPARTMENT'S RESPONSE TO RECOMMENDATION #1:

Agree. The communications problems identified by the Grand Jury are not unique to the Garberville Substation. The County upgraded both the Sheriff's and local government (public works, others) radio repeater system. The Sheriff also replaced approximately 45 mobile radios and 50 handheld radios. At the same time, the Sheriff acquired a new dispatch system that is used to track 911 calls and is interconnected to the radio system. Altogether there were four vendors involved.

Having multiple vendors involved when trying to isolate problems has been difficult because it has been all too easy for a vendor to say that its equipment is performing properly and "it's the other vendor's fault." We have worked to identify and correct problems and will continue to do so.

One outstanding unknown is the long-term viability of the 911 system. This will require considerable review before it is resolved. An outstanding "known" is that we operate in mountainous terrain and there are some places where radios (and cell phones, pagers, etc.) do not work. This will not change and the only total-coverage solution is more towers with more repeaters which is not likely to happen.

Having a reliable radio system that provides the best coverage possible given our terrain is a high communications priority and we will continue to work towards that goal.

COUNTY ADMINISTRATIVE OFFICER'S RESPONSE TO RECOMMENDATION #1:

Has been implemented and continues to be refined. Replacement of the repeaters began in May 1998, with Motorola completing its work in July 1999. During the same period, the county began replacing GE mobile radios in the Sheriff's cars with Motorolas, and the Sheriff acquired a new dispatch system that is used to track emergency calls and is connected to the radio system.

2. the alarm system be connected to an alarm company or directly to the Sheriff's dispatch center in Eureka.

SHERIFF DEPARTMENT'S RESPONSE TO RECOMMENDATION #2:

Agree. A request for funds will be submitted in the fiscal year 2001/2002 budget request.

3. separate dressing rooms be provided for male and female officers.

SHERIFF DEPARTMENT'S RESPONSE TO RECOMMENDATION #3:

Disagree. Persons assigned to the outstation live in the outstation service area. Each of them has an assigned vehicle which they take home. They should be dressed in uniform when they leave their home in their assigned vehicle to report for duty.

4. reliable interoffice mail service be provided between Garberville and Eureka.

SHERIFF DEPARTMENT'S RESPONSE TO RECOMMENDATION #4:

Agree. This is a County Central Services Issue.

5. a Community Service Officer be hired to do routine duties.

SHERIFF DEPARTMENT'S RESPONSE TO RECOMMENDATION #5:

Agree, in part. Grant funding is being sought to hire a Correctional Officer for the outstations. A Correctional Officer provides a greater range of services compared to a Community Services Officer.

6. lighting be improved and alarms installed in the fenced parking area behind the substation.

SHERIFF DEPARTMENT'S RESPONSE TO RECOMMENDATION #6:

Agree, in part. The lighting should be improved; however, there is no need to alarm the open storage because the outstation has an enclosed evidence storage room in the adjacent Garberville Volunteer Fire Department Building.

7. an alarm system be installed in the evidence room.

SHERIFF DEPARTMENT'S RESPONSE TO RECOMMENDATION #7:

Agree. This should be a portion of the system identified in number two above.

8. the Sheriff improve communications with the officers in the substation.

SHERIFF DEPARTMENT'S RESPONSE TO RECOMMENDATION #8:

Agree. As Sheriff, the time I dedicate to one aspect of the Department is somewhat limited due to other responsibilities and commitments. When time and opportunity allow, I will make an effort to maximize communications with the outstation staff.

I maintain an open door policy, and any employee may arrange to meet with me about matters that need my input or attention. I am also available to staff by telephone, pager and radio. My home phone number is available to all departmental staff should the need be urgent enough that they believe I should be contacted at my residence.

RESPONSES:

THE FOLLOWING RESPONSES TO REPORT 00-06 ARE REQUIRED IN ACCORDANCE WITH P.C. 933 AND THE STANDARD FORMAT FOR RESPONSES.

1. The Administrative Service Officer and the County Administrative Officer will respond to recommendation 1.

2. The Sheriff will respond to recommendations 2 through 8.

00-07 GARBENVILLE ROAD MAINTENANCE STATION

INTRODUCTION:

During a routine inspection of Humboldt County facilities the Humboldt County Grand Jury toured the road maintenance yard at Garberville and found several areas of concern. this facility is more than 50 years old and in need of major upgrading.

FINDINGS:

1. The office building is an old wooden frame structure with corrugated metal sides and roof and an attached storage shed.
2. The design of the office building does not permit the Humboldt County Road Supervisor to hold private meetings with employees or members of the public.
3. The equipment building is a World War II vintage Quonset hut. Most of the newer equipment at the site cannot be parked inside this building due to the building's limited size.
4. The floor of the equipment building consists largely of dirt making it difficult to work on equipment.
5. At the present time most of this heavy equipment at this site has to be parked outside in the weather.
6. No part of the yard is secured by fencing and the yard is open to the public at all time.
7. The above-ground fuel cells are not contained within a fenced area.
8. There is insufficient storage capacity at this facility to store repair materials for the road crews, consequently the crews must often travel several miles for needed materials.
9. There is no security system in any of the buildings at this facility.

CONCLUSIONS:

1. The maintenance facility at Garberville is old and in need of major upgrading or complete replacement.
2. There has been little effort over the years to keep this facility up to current standards.

RECOMMENDATIONS:

THE HUMBOLDT COUNTY GRAND JURY RECOMMENDS THAT:

1. the Humboldt County Public Works officials identify any and all funding sources which might be available to provide for major renovation or replacement of this facility.

PUBLIC WORKS DEPARTMENT'S RESPONSE TO RECOMMENDATION #1:

The Department agrees that the Garberville Maintenance Station is in need of major renovation. The only sources of funding that we are aware of is the general Road Funds (primarily gas tax monies). Low interest loans are available; however, any loans would have to be paid back with interest from the Road Fund. No grant money that we know of is available for this type of project.

In order to fund a major renovation project from the Road Funds, our ongoing road maintenance would be seriously impacted. However, the Department is looking into a phased program wherein the security fence would be the first priority, followed by the replacement of the office building, secured storage and extra equipment storage capacity. Additionally, the Department is studying the long-term viability of keeping the station at its present location or possibly moving it to the Garberville Airport.

2. the Humboldt County Board of Supervisors budget sufficient funds to provide for major renovation or replacement of this facility.

BOARD OF SUPERVISORS' RESPONSE TO RECOMMENDATION #2:

This recommendation cannot be implemented at this time due to funding constraints. The source of funding for the recommended renovation or replacement is the Road Fund, which would require monies be transferred from the already underfunded ongoing Road Maintenance Program.

RESPONSES:

THE FOLLOWING RESPONSES TO REPORT 00-07 ARE REQUIRED IN ACCORDANCE WITH P.C. 933 AND THE STANDARD FORMAT FOR RESPONSES.

1. The Public Works department will respond to recommendation 1.
2. The Board of Supervisors will respond to recommendation 2.

00-08 HUMBOLDT COUNTY PUBLIC WORKS DEPARTMENT--DISPOSAL OF SURPLUS MATERIALS

INTRODUCTION:

In the Humboldt County Grand Jury report FY 98/99, the Humboldt County Grand Jury found that salvaged materials removed from the Hadley Memorial Bridge (4C-75) had been given to one or more private citizens, in violation of Humboldt County policy and Ordinance No. 681. The 1999-2000 Humboldt County Grand Jury subsequently received additional citizens complaints concerning the disposition of the salvaged bridge materials. Ordinance No. 681, adopted July 1, 1969, provides in part, that any item or material with a salvage value of \$200 or more requires Humboldt County Board of Supervisors authorization to dispose of and Humboldt County Purchasing Department involvement to solicit bids. The item or material is then sold to the highest bidder. Ordinance No. 681 further provides that, in disposing of surplus materials, the Humboldt County Purchasing Agent shall use such methods and procedures as in his judgment will return the greatest value to Humboldt County. The Humboldt County Grand Jury report further recommended that the matter of the disposition of the salvaged bridge materials be give to the Humboldt County District Attorney for further investigation.

FINDINGS:

1. A memo dated February 6, 1996, from the Deputy Director of Public Works and directed to the supervisors of road maintenance, traffic crew, and bridge crew reminds and informs them of the Humboldt County policy regarding the disposition of surplus materials, as provided for in Humboldt County Ordinance No. 681.
2. On August 5, 1996, the Humboldt County Board of Supervisors approved Contract No. 924035 to renovate the Hadley Memorial Bridge (4C-75). The contract had been specifically amended by the Humboldt County Public Works department management staff to provide that all materials removed from the existing bridge shall be salvaged and remain the property of Humboldt County.
3. Upon completion of the bridge renovation, Public Works officials made no attempt to determine the monetary value of the salvaged materials.
4. Public Works officials made no attempt to obtain Humboldt County Board of Supervisors authorization or to involve the Humboldt County Purchasing Department in the disposition of the salvaged materials, as required by Humboldt County policy and Ordinance No. 681.

5. Public Works officials made no attempt to recover any of the value of the salvaged bridge materials.

6. Public Works officials gave permission for one or more private citizens to take the materials for their own private use.

7. As determined by written estimates by private vendors in Humboldt County, the wholesale monetary value of the salvaged materials given away is not less than \$ 7, 625.00 with pick up and transportation provided by the buyer at the storage site.

8. California Government Code, Section 25350, et seq., and Article XVI, section 6, of the California Constitution, provide, in part, that unless a public purpose is served, no public funds or property (e.g., materials or equipment) shall be given to a private citizen.

9. No public purpose was served, as required by applicable California State laws, when the bridge materials were given to private individuals solely for private use.

10. The Humboldt County District Attorney's office completed an investigation of the disposal of the salvaged materials, and concluded the following:

a. Public Works officials had, indeed, given salvaged bridge materials, without charge, to two private citizens and one Humboldt County employee.

b. several Humboldt County employees interviewed opined that the salvage materials were of no value to Humboldt County.

c. although there were possible violations of Humboldt County policy, no criminal offense was committed by anyone in connection with the disposal of the salvaged materials.

11. No further action was taken by the District Attorney's office.

12. The Humboldt County Administrative office investigated the procedures followed in the disposal of the salvaged materials and addressed the matter to all Humboldt County Departments in a memo dated August 6, 1999. In that memo, it was concluded that the Humboldt County Public Works Department did not violate Humboldt County Ordinance No. 681 and that the efforts directed toward investigating the matter and responding to the Humboldt Grand Jury were far more costly than the value of the materials. These conclusions were made in spite of the following facts:

a. no attempt was made by the Humboldt County Public Works Department or any other Humboldt County office to determine the monetary value of the salvaged materials.

COUNTY ADMINISTRATIVE OFFICER'S RESPONSE TO FINDING #12.A.:

Disagree. This is the crux of the ongoing disagreement on this item. The Grand Jury has a cost estimate of at least \$7,625. Unfortunately, the Grand Jury cannot share how this number was calculated. Public Works staff looked at the conglomeration of materials nailed together as having no value to them and, since it was commercial construction debris, it could not be burned. The disposal option was to haul it to the landfill and pay to have it disposed when private parties asked if they could have it. In the County's viewpoint, it had a negative value.

b. no attempt was made by Humboldt County Public Works staff to follow the requirements of Ordinance No. 681.

c. no cost data was established by any Humboldt County department for the time spent by the Humboldt County Public Works Department, the District Attorney's Office, or any other County office in responding to the Humboldt County Grand Jury.

ADMINISTRATIVE SERVICES DEPARTMENT'S RESPONSE TO FINDING #12:

Agree in part and disagree in part.

The August 6, 1999, memo said the Grand Jury concluded that Public Works had violated County Ordinance and that subsequent investigations came to different conclusions. Administrative Services' review of the value of the materials stopped with Public Works' declaration that the dismantled bridge was worthless and would be costly to dispose of in the County landfill. Since Public Works is the repository of County knowledge on bridges and solid waste, Administrative Services would not question a Public Works value determination without good cause which did not appear in this situation.

Administrative Services does not know if any other office tried to determine the value of the dismantled bridge.

Administrative Services does not know whether Public Works made an attempt to follow Ordinance No. 681 but the Purchasing Agent was not involved in the bridge disposal.

Administrative Services does not know whether any department tracked time in responding to the Grand Jury. However, given Public Works' belief that the bridge was worthless and therefore a potential liability to dispose, it necessarily follows that all costs incurred in researching the matter were more valuable than the bridge.

13. Humboldt County officials indicated that the cost of disposing of surplus materials through the competitive bid process is generally in the range of \$100 - \$300.

CONCLUSIONS:

1. At the time the Hadley Memorial Bridge renovation contract was adopted it was clearly the intent of the Humboldt County Public Works management staff and Humboldt County Board of Supervisors that the salvageable bridge materials would be retained by Humboldt County for its use or benefit.

2. All Public Works Department employees knew, or should have known, that no surplus materials can be disposed of without the concurrence of the Purchasing Agent, as required in Ordinance No. 681.

3. Salvaged bridge materials valued at not less than \$7,652.00 were given away to one or more private citizens without any attempt to:

a. determine the monetary value of the materials.

b. recover any value of the materials.

c. obtain authorization from the Humboldt County Board of Supervisors.

d. involve the Humboldt County Purchasing Agent in the process, as required by Ordinance No. 681.

4. Disposing of these materials by competitive bid process would have cost Humboldt County no more than \$300.00 and would likely have resulted in the recovery of well over \$7000.00 for the Humboldt County treasury.

5. Public property (i.e., salvaged bridge materials) was given away to one or more private individuals for private use, in violation of both Humboldt County and California State laws.

6. The Humboldt County District Attorney's office was unwilling or unable to address itself to these apparent violations of law.

7. The Humboldt County Administrative Services office failed to develop sufficient information to reach the conclusions offered to Humboldt County departments in the memo dated August 6, 1999, and seriously underestimated the gravity of the actions taken by the Humboldt County Public Works department personnel in disposing of the salvaged materials.

ADMINISTRATIVE SERVICES DEPARTMENT'S RESPONSE TO CONCLUSION #7:

Disagree. The District Attorney investigated the matter and did not prosecute anyone involved. Public Works investigated the matter and found the value of the bridge to be less than nothing; to the best knowledge of Administrative Services, no County staff has been disciplined or suffered punishment for any actions involved. Therefore, the memo appropriately reminded departments of Ordinance No. 681 and cautioned them about trying to dispose of property without attempting to recover costs.

RECOMMENDATIONS:

THE HUMBOLDT COUNTY GRAND JURY RECOMMENDS THAT:

1. Humboldt County officials require that no Humboldt County materials, equipment or supplies be given away without first obtaining a written estimate of the value of such items.

BOARD OF SUPERVISORS' RESPONSE TO RECOMMENDATION #1:

Requires further analysis. The Board of Supervisors believes there is some merit in this recommendation, but, before implementing, directs staff to monitor the disposal of County property to determine how much and what kind of property is being given away. Staff believes that most property is recycled within County Departments, traded in, or sold, and that very little is "given away." In this context, the Hadley Memorial Bridge is believed to be a unique situation and is not likely to be repeated.

Some questions remain about who will provide a written estimate and, if a cost is involved that exceeds the value of the surplus property, who will pay for it. Staff is directed to make an appropriate evaluation and subsequent recommendation to the Board no later than the end of the current fiscal year.

2. Humboldt County officials consider increasing the threshold value from \$200.00 to \$500.00 for surplus materials which require disposal by competitive bid and authority from the Humboldt County Board of Supervisors.

BOARD OF SUPERVISORS' RESPONSE TO RECOMMENDATION #2:

This recommendation can be implemented, and staff is hereby directed to prepare an appropriate amendment to the existing Ordinance for presentation to the Board no later than December 2000.

RESPONSES:

THE FOLLOWING RESPONSES TO REPORT 00-08 ARE REQUIRED IN ACCORDANCE WITH P.C. 933 AND THE STANDARD FORMAT FOR RESPONSES.

1. The Humboldt County Board of Supervisors will respond to recommendations 1 and 2.
2. The Humboldt County Administrative Services office respond to Finding 12 and

Conclusion 7.

00-09 PHILLIPSVILLE COMMUNITY SERVICES DISTRICT (PCSD)

INTRODUCTION:

The Phillippsville Community Service District (PCSD) was formed in August, 1989 after a successful election was held. The district was established to supply the residents of Phillippsville with potable water along with fire protection and suppression. The principal statutes or laws governing the district may be found in Government Code, Section 61000-61936.

FINDINGS:

1. Because the 1989 elected PCSD Board did not function, the Humboldt County Board of Supervisors, on September 14, 1999, appointed five new PCSD board members.
2. The Phillippsville Mutual Water Association (PMWA), a non-profit organization, manages the water system.
3. No record of functions exists for the years 1993-1996.
4. The PMWA manages and collects fees required to operate the water system.
5. Phillippsville has a total of 174 parcels located within the PCSD.
6. The PCSD is authorized to provide fire protection, emergency medical response and water service.
7. As of 1998, the PMWA had sixty-nine (69) water meters in place.
8. A \$276,000 grant for a water system upgrading was available in 1990 from the Department of Health Services. The funding would have been provided by the California "Safe Drinking Water Act" of 1984. The grant was never applied for nor utilized.
9. A preliminary engineering report for the water system upgrade was prepared by SHN Consulting Engineers (Report #88034).
10. The PCSD has not filed, as required, a yearly audit report to the Humboldt County Auditor.
11. Two separate groups are claiming to represent the Phillippsville Mutual Water Association (PMWA).
12. Water bill payments (\$4,900) are being held by the Humboldt County Superior Court until a decision to whom the money goes can be made. Court hearing is tentatively scheduled for March 23, 2000.

CONCLUSIONS:

1. The PCSD has the legal authority and obligation to acquire and operate the water system so that the people of Phillippsville can expect a potable water supply.
2. Funds being held by the Humboldt County Superior Court are required for the proper operation of the water system.
3. The existing water system is over fifty (50) years old and has created problems for many years. It needs replacing.
4. Needed are new main and transmission lines, efficient treatment facilities, upgrading the spring source, and a back-up source.
5. Lack of funding availability is jeopardizing the safety of the water system.

RECOMMENDATIONS:

THE HUMBOLDT COUNTY GRAND JURY RECOMMENDS THAT:

1. the District submit a current audit to the Humboldt County Auditor.

AUDITOR-CONTROLLER'S RESPONSE TO RECOMMENDATION #1:

Agree. The Auditor-Controller will work with the District during 2000-2001 to produce an audit report to the extent that financial activities and records exist to audit.

2. the District acquire the assets of the PMWA, and the District consider applying for a Federal Rural Improvement Loan to upgrade the water system.

BOARD OF SUPERVISORS' RESPONSE TO RECOMMENDATIONS #2:

The Phillipsville Community Service District is a separately governed entity over which the Humboldt county Board of Supervisors has no jurisdiction.

3. the District develop a capital improvement plan.

BOARD OF SUPERVISORS' RESPONSE TO RECOMMENDATIONS #3:

The Phillipsville Community Service District is a separately governed entity over which the Humboldt county Board of Supervisors has no jurisdiction.

4. the PMWA abide by the established PMWA By-Laws when election for board members are conducted.

BOARD OF SUPERVISORS' RESPONSE TO RECOMMENDATIONS #4:

The Phillipsville Community Service District is a separately governed entity over which the Humboldt county Board of Supervisors has no jurisdiction.

PHILLIPSVILLE COMMUNITY SERVICES DISTRICT'S RESPONSE TO RECOMMENDATIONS #1-4:

RESPONSES:

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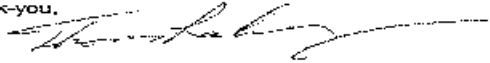
**Thomas Lasbury
PO Box 72
Phillipsville, CA 95559
(707) 943-3959**

September 1, 2000

To Whom It May Concern:

My name is Thomas Lasbury. I am the President of the Phillipsville Community Service District. By a unanimous vote, our board has retained an attorney, Ed Denson. We have asked him to file for condemnation against the Phillipsville Mutual Water Association. As of this date, September 1, 2000, we have not had control of the water system. The majority of the Association has voted many times to have the CSD control the water in Phillipsville. Their Board of Directors have ignored our wishes.

Thank-you,



Thomas Lasbury

THE FOLLOWING RESPONSES TO REPORT 00-09 ARE REQUIRED IN ACCORDANCE WITH P.C. 933 AND THE STANDARD FORMAT FOR RESPONSES.

1. The Humboldt County Auditor will respond to recommendation 1.
2. The Humboldt County Board of Supervisors will respond to recommendations 2 - 4.
3. The Phillipsville Community Service District will respond to all recommendations.

00-10 AUDITS OF SPECIAL DISTRICTS

INTRODUCTION:

Government Code 26909 sets forth the requirements for audits for special districts. Subsection (a) states that the county auditor shall make an annual audit, or contract with a CPA or other public

accountant to make such annual audits. Subsection (b) states that a report of such an annual audit shall be filed with the state Controller and with the county auditor of the county in which the district is located. Subsection (f) defines conditions under which a biennial or a five-year audit may be substituted, or that financial statements may be audited by the state Controller. The primary responsibility for performing the audits rests with the individual districts. Both the county and state, by law, are supposed to receive timely reports.

The Humboldt County Grand Jury's concern is that local taxpayers, in the absence of regular timely audits, have no means of ascertaining the financial condition or the fiscal operations of their districts.

FINDINGS:

1. There are fifty-eight (58) special districts in Humboldt County.
2. Only eleven (11) of these districts have current audits.
3. Forty (40) districts have delinquent or incomplete audits.
4. Seven (7) districts failed to respond to the Humboldt County Grand Jury requests for their audits.
5. The county auditor/Controller must, by law, determine that audits of special districts are made and filed.
6. The Humboldt County Auditor/Controller's office reported that non-compliance of audit requirements is due to a shortage of qualified employees because of funding problems.
7. Many special districts told the Humboldt County Grand Jury they cannot afford the costs of annual audits.
8. The Humboldt County Board of Supervisors, in January 2000, acted to implement Government Code 26909 by authorizing one-half (½) additional employee and by implementing subsection (f) of said code.

CONCLUSIONS:

1. Many districts may fail to understand audit requirements due to a lack of communication with the Humboldt County Auditor/Controller's office. .
2. If neither the county nor state tracks, requires and examines the annual reports, the financial condition of many districts will remain unknown.
3. Oversight, to insure compliance with Code 26909, should be shared by the county and the state.

4. The public's right to know the fiscal condition of their local entities will remain unfulfilled until full legal compliance occurs.

RECOMMENDATIONS:

THE HUMBOLDT COUNTY GRAND JURY RECOMMENDS THAT:

1. the Humboldt County Auditor/Controller and Humboldt County Board of Supervisors continue and intensify their efforts to comply with the provisions of Government Code 26909.

AUDITOR-CONTROLLER'S RESPONSE TO RECOMMENDATION #1:

Agree. The Humboldt County Board of Supervisors approved an increase in the Auditor-Controller's staff to allow the Auditor-Controller to reinstate the special district audit program. Implementation was delayed by recruitment problems; however, the program has started and one audit has been completed. Additional audits are scheduled during 2000-01.

BOARD OF SUPERVISORS' RESPONSE TO RECOMMENDATION #1:

This recommendation has been implemented. In fiscal year 1999-00, the Board of Supervisors provided funding to increase the Auditor-Controller's staff to reinstate the special district audit program.

RESPONSES:

THE FOLLOWING RESPONSES TO REPORT 00-10 ARE REQUIRED IN ACCORDANCE WITH P.C. 933 AND THE STANDARD FORMAT FOR RESPONSES.

1. The Humboldt County Board of Supervisors and the Humboldt County Auditor/Controller's office respond to recommendation 1.

COMMENDATION:

1. The Humboldt County Grand Jury wishes to commend the Humboldt County Auditor/Controller's office for requesting additional staff: one half of one full time employee to facilitate audit reports.

2. The Humboldt County Grand Jury wishes to commend the Humboldt County Board of Supervisors for funding the above referenced position and for implementing subsection (f) of the code.

00-11 CITY OF EUREKA TAX SHARING REVENUE

INTRODUCTION:

Legislation by the State of California (Assembly Bill 178) has provided the legality and the process for the sharing of sales and property tax revenues by municipalities and private enterprises. This is a process designed to provide, through loans or grants to a private enterprise by a governmental agency for: 1) increased sales tax generation; 2) additional jobs in the community; and 3) the improved health of the recipient enterprises. The City of Eureka is utilizing this process.

CITY COUNCIL'S RESPONSE TO THE INTRODUCTION:

Assembly Bill No. 178 prohibits cities, counties, and redevelopment agencies from offering any financial assistance to an auto dealership or a big box retailer that relocates from once city or county to another community in the same market area, unless the receiving community offers a contract to share some of the resulting sales tax revenues with the other city or county. To date, the sales and property tax sharing agreements the City of Eureka has entered into have fallen outside the requirements of Assembly Bill No. 178 (AB 178).

FINDINGS:

1. The City of Eureka has utilized this process on three occasions.

CITY COUNCIL'S RESPONSE TO FINDING # 1:

DISAGREE. The "process" of approval as defined under the provisions of AB 178 has not been required in the revenue sharing agreements entered into by the City of Eureka. These Agreements fell outside the requirements of AB 178. The City has approved sales tax sharing agreements with North Coast Auto, Harper Motors Inc., and the Henderson Center Merchants Association.

2. A city official stated that the purpose of tax revenue sharing is to encourage new businesses in the City of Eureka.

CITY COUNCIL'S RESPONSE TO FINDING #2:

AGREE. The City uses tax sharing agreements to encourage new business in Eureka, as well as, to assist in retention and expansion of existing businesses.

3. A grant was made to Harvey Harper Inc. in 1996 for \$56,000 to enlarge and extend a water line along Highway 101 to more adequately serve the Harvey Harper business property and to provide for future extension of the water line to the north.

CITY COUNCIL'S RESPONSE TO FINDING #3:

Agree.

4. A second financial arrangement was made in 1999 between the City of Eureka and the Harvey Harper Ford dealership, facilitating improvements to the business in the amount of \$800,000.

CITY COUNCIL'S RESPONSE TO FINDING #4:

AGREE.

5. Anticipated increase in sales tax revenue, generated through sales of Ford cars and Ford automotive parts over the next ten years will be shared by Harvey Harper Ford and the City of Eureka, enabling the business to amortize the expenditures made to improve the dealership.

CITY COUNCIL'S RESPONSE TO FINDING #5:

AGREE. Since the issuance of the 1999-2000 Grand Jury Report, Harper Motors Inc and the City of Eureka have agreed to rescind the sales tax revenue sharing agreement approved in December 1999.

6. A grant in the amount of \$100,000 was made by the City of Eureka to North Coast Motors to assist in construction of a new facility at 4320 Broadway.

CITY COUNCIL'S RESPONSE TO FINDING #6:

AGREE.

7. The agreement between the City of Eureka and North Coast Motors requires public improvements as well as additional employment of personnel at the dealership.

CITY COUNCIL'S RESPONSE TO FINDING #7:

AGREE.

8. The City of Eureka anticipates \$40,000 per year in additional sales and property tax revenues and the creation of ten additional jobs at the dealership.

CITY COUNCIL'S RESPONSE TO FINDING #8:

REQUIRES FURTHER ANALYSIS. At the time the North Coast Motor's revenue sharing agreement was approved by the City Council, \$35,000 per year in additional sales tax generation was anticipated, along with the creation of ten new jobs.

9. Financial arrangements between the City of Eureka and the retail enterprises were made by the city manager and dealerships. These financial arrangements were then approved by the Eureka City Council on their consent calendar.

CITY COUNCIL'S RESPONSE TO FINDING #9:

DISAGREE. These financial agreements were negotiated with the full authority of the City Council. The North Coast Auto Agreement was approved as a consent agenda, however the Harper Motor's Agreement was approved as a Resolution. The public has an opportunity to address the City Council on all matters on the agenda, including items on the consent agenda.

10. Of the 7.25 cent sales tax collected by retail enterprises, only 1 cent is returned by the state to the city's general fund.

CITY COUNCIL'S RESPONSE TO FINDING #10:

AGREE.

11. Monies for these financial arrangements come and/or comes from the City's general fund.

CITY COUNCIL'S RESPONSE TO FINDING # 11:

AGREE.

12. An eight foot high wooden fence, required by California Fish and Game, is not included in the agreement regarding public improvements with North Coast Motors.

CITY COUNCIL'S RESPONSE TO FINDING #12:

AGREE.

13. The City of Eureka is contemplating a grant to the Henderson Center Merchants Association for promotional purposes using the tax revenue sharing process.

CITY COUNCIL'S RESPONSE TO FINDING #13:

AGREE. The City has entered into a funding agreement with the Henderson Center Merchants Association for promotional purposes using sales tax generation as a measurement for the calculation of the allocation of City funds.

CONCLUSIONS:

1. Agreements between the City of Eureka and the auto retailers appear to be within the provisions of the California State Statutes.

CITY COUNCIL'S RESPONSE TO CONCLUSION #1:

AGREE.

2. No process for monitoring the quality or rate of increased employment appears to be in place.

CITY COUNCIL'S RESPONSE TO CONCLUSION # 2:

AGREE.

3. A wooden fence at the business property does not appear to be a public improvement in keeping with the North Coast Motors agreement.

CITY COUNCIL'S RESPONSE TO CONCLUSION # 3:

AGREE. The Wooden fence was a requirement of the California Department of Fish and Game for the protection of the wetlands area. The City funds received by North Coast Auto were for other project related improvements.

RECOMMENDATIONS:

THE HUMBOLDT COUNTY GRAND JURY RECOMMENDS THAT:

1. in order to avoid future misunderstandings or controversy, the City of Eureka should conduct public hearings on every major financial arrangements it may consider, and encourage publicity prior to decisions.

CITY COUNCIL'S RESPONSE TO RECOMMENDATION #1:

REQUIRES FURTHER ANALYSIS. The Eureka City Council, working with their City Attorney and City Manager, amend from time to time the process for considering City/Redevelopment Agency business. To conduct public hearings for every financial arrangement the City Council may be considering would cause unnecessary delays in the processing of City business. The City Council has amended their meeting procedures to allow more public input on items on the City Council agenda.

2. in order to demonstrate fiscal responsibility, the City of Eureka should monitor specific tax revenue sharing agreements so that their continuing status will be known.

CITY COUNCIL'S RESPONSE TO RECOMMENDATION #2:

AGREE.

RESPONSES:

THE FOLLOWING RESPONSES TO REPORT 00-11 ARE REQUIRED IN ACCORDANCE WITH P.C. 933 AND THE STANDARD FORMAT FOR RESPONSES.

1. The City of Eureka will respond to all findings and both recommendations.

00-12 HUMBOLDT COUNTY DEPARTMENT OF SOCIAL SERVICES-CHILD WELFARE DIVISION

INTRODUCTION:

In response to citizen concerns, the Humboldt County Grand Jury has numerous times in the past reviewed the effectiveness of Child Welfare Services' (CWS) responses to cases of child neglect/abuse and other child needs. On each occasion, the Humboldt County Grand Jury found shortcomings in one or more areas of CWS operations, as indicated in previous Humboldt County Grand Jury reports. Humboldt County Grand Jury Reports offered findings and recommendations to rectify perceived shortcomings. Several of the same Humboldt County Grand Jury findings and recommendations were made year after year. Some recommendations were implemented by CWS and some were not. The reasons given by Humboldt County officials for not implementing recommendations were usually stated as 1) lack of funding, 2) lack of personnel, or 3) prohibitive state or federal regulations. In 1994, the Humboldt County Board of Supervisors authorized a thorough study and review of county child welfare services to be done by the Child Welfare League of America.

Their reports identified several areas of inadequacy and made various recommendations for improvements. Some of these recommendations have been adopted and implemented by the Department of Social Services (DSS) and have led to improvements in service to clients. However, some identified areas of inadequacy appear to persist. In spite of improvements made, continuing citizen complaints and concerns suggest ongoing deficiencies in the services provided by Child Welfare Services. The 1999-2000 Humboldt County Grand Jury has examined the services currently provided to clients and offers the following findings and recommendations.

FINDINGS:

1. Staff Training

1.1 According to a Court Appointed Special Advocate (CASA) volunteer, Child Welfare Services (CWS) lacks a training program for social workers working with disabled persons.

1.2 There is no university program based in Humboldt County to train professional CWS workers.

1.3 A CWS official states that 40% of the current professional staff are first-year employees.

PERSONNEL DEPARTMENT'S RESPONSE TO FINDING #1.3:

Partially disagree. As the term "professional staff" is not defined, we assume the term to be inclusive of Child Welfare Services Social Worker I-IV classes, Supervisors and Managers. As of June 30, 2000 (according to Social Services Department statistics), 19% of these classes are filled by first year employees.

2. Recruitment and Retention

2.1 Staffing shortages of trained professionals, as noted in the 1994 Humboldt County Grand Jury Report and since, continue to exist.

2.2 According to a Department of Social Services (DSS) official, the required California State Merit System does not allow for individual county-based recruitment creating serious recruitment problems.

2.3 The building housing CWS becomes more inadequate as additional staff are placed in the same floor space.

SOCIAL SERVICES DEPARTMENT'S RESPONSE TO FINDING #2.3:

Agree. The building housing the Department of Social Services is increasingly inadequate for the growing Department of Social Services staff, including Social Workers. As an interim solution the Department has worked with the County Administrative Officer and the Board of Supervisors to lease additional mobile home space. The new space is approximately 3,960 square feet and will house a portion of Child Welfare Services and new co-located Mental Health staff, Public Health staff and Probation staff. Longer term solutions, including out stationing staff in outlying "Community Resource Centers" as part of interagency teams and the exploring of the possibility of developing a multi-agency campus facility (on a five-year minimum time line) are in the early stages of discussions with the County Administrative Office and the Directors of Mental Health and Public Health.

As the Director of the Department of Social Services, I am supportive of the considerable efforts of the Grand Jury to assess and make recommendations to improve operations, working conditions and services related to the Child Welfare Division of the Department.

In addition to the required responses that follow, the Department has responded to other selected areas of this report in an effort to respond to issues raised by the Grand Jury and provide information to the general public on current Department efforts to address the Grand Jury's findings, recommendations and conclusions.

The Department also encourages the establishment of an ongoing dialogue with the Grand Jury to enhance communication regarding the status of issues raised in this report and others that may arise.

Finally, through the implementation of AB 1259 with its focus on enhancing and integrating human services, it is anticipated that the capacity of the Department to address several of the issues in this Grand Jury report will be increased.

2.4 CWS workers must share desks and other equipment.

SOCIAL SERVICES DEPARTMENT'S RESPONSE TO FINDING #2.4:

Agree. Two extra help Vocational Assistants are currently located in a computer room. They have individual desks, share a phone line, and move about the office using available CMS computers to enter their contacts from visits they supervise.

The two "new" WRAP Coordinators, and the "933" Social Worker have their own desks and phone lines in a trailer, however they have to share available CMS computers with other Social Workers in the main CWS office as the trailer they are occupying is not wired for CMS. Student Interns also share space and equipment when staff are not present on site due to the current limitations related to the Department of Social Services facility.

2.5 Pay scales of CWS workers in Humboldt County are not competitive with other counties resulting in difficulties in recruitment and retention.

PERSONNEL DEPARTMENT'S RESPONSE TO FINDING #2.5:

Partially disagree. Although the term "CWS Workers" does not describe which job classes are included, I agree that our pay scales are not as competitive as we would like in certain County classes. This is one factor in recruiting and retaining employees.

SOCIAL SERVICES DEPARTMENT'S RESPONSE TO FINDING #2.5:

Partially disagree. The Department is not aware of any Merit Systems pay equity studies that have been conducted since 1998 that relate to this issue. However, it is generally accepted that the pay scales of rural Counties cannot compete with those of larger urban areas.

Pay scales (and benefits) are one important factor in recruitment and retention of Social Workers. The Department has been working with Humboldt County Personnel and Merit Systems to create a Social Worker class that will provide equity with Mental Health Clinicians in the County for Masters level (licensed or license track) Social Workers.

In addition, the Department is working with Humboldt County Personnel to develop potential strategies to enhance wages in discussion with the Union and within the Department's ability to fund the County share of such increases. Other strategies such as Board of Behavioral Science's internships supervision and flexible work schedules are also being explored as potential ways to enhance recruitment and retention of Social Worker staff.

Finally, it must be noted that there exists a Statewide shortage of Social Workers severely impacting Humboldt County's ability to recruit Social Workers as discussed in the American Humane Association's SB 2030 Report issued in April of this year.

3. Emergency Response

3.1 According to a CWS official, there are 400 emergency referrals a month. Only twenty CWS professional employees are assigned to emergency response.

SOCIAL SERVICES DEPARTMENT'S RESPONSE TO FINDING #3.1:

Disagree. For the month of May 2000 there were 285 referrals to Child Welfare Services, which is indicative of the average for referrals per month. Emergency Response has 5 Supervisors, 3 Screeners (taking referrals), 8.2 Social Workers assigned to conduct child abuse allegations, 3 Court Intake Social Workers, 1 Social Worker functioning as a liaison with the Juvenile Court, 3 Social Workers assigned to provide voluntary services, and 2 Social Workers providing family preservation services to children and families.

3.2 According to CWS, 70% of Emergency Response Services (ERS) referrals were not assigned to investigation because they did not meet state legal definition, or because they could not be substantiated.

3.3 Mandated reporters for child abuse/neglect indicate they are often given inadequate responses or no responses from the CWS staff.

SOCIAL SERVICES DEPARTMENT'S RESPONSE TO FINDING #3.3:

Disagree. The CMS/CWS application automatically generates a letter for every referral received from a mandated reporter. Child Welfare Services supervisors add additional comments to attempt to clarify the response and mail the letter to the mandated reporter. In addition, Child Welfare Services provides training through Humboldt State University to the community, and mandated reporters are encouraged to call for consultation purposes, to obtain additional information about the Child Welfare Services response or discuss concerns. The Department will continue to monitor this recommendation to assure the process is modified as needed to increase communication.

3.4 A CWS official reports that while 23% of all referrals come from outlying areas, only one case worker is assigned to Southern Humboldt County and only 1 to Eastern Humboldt County.

SOCIAL SERVICES DEPARTMENT'S RESPONSE TO FINDING #3.4:

Partially disagree. The Department reviewed the referrals from January through May 2000, identified by the zip codes the outlying areas and found they represented an average of 34%, with a range from 27% to 43% for that time period. Metro area was considered Eureka, Arcata, McKinleyville, Bayside, and Fortuna. All other areas were defined by Department of Social Services as outlying. This reflects all referrals received by the Department, not just the referrals assigned for investigation. Please note that the 34% the Department speaks of here is different from the 24% that the Grand Jury reports. It is not clear to the Department what the Grand Jury is identifying as an outlying area.

The Department has 8.2 Social Workers available to respond to ER investigations at any point in time, with two of those Social Workers designated to the outlying areas, with the percentage assigned to the outlying area(s) being 24%.

3.5 CWS workers state that excessive case loads may often result in perhaps cursory and/or inadequate responses to child abuse/neglect reports.

SOCIAL SERVICES DEPARTMENT'S RESPONSE TO FINDING #3.5:

Partially agree. Recently the State completed a statewide workload study pursuant to SB 2030, which identifies that our caseloads in Emergency Response are higher than the optional standard. With implementation of Structured Decision Making (SDM) processes, the referrals that are being assigned for investigation are receiving adequate response and the SDM guidelines do not allow for case closure in certain categories. With the increased staffing that may occur as a result of the SB 2030 Workload Study our goal will be to assign more referrals for investigation based on designated Structured Decision Making criteria.

4. Placement Issues

4.1 CWS professionals state that there are insufficient Native American homes licensed for placement of Native American children resulting in only 1 of 4 of these children being placed in Native American homes.

4.2 Therapeutic foster care providers state that there are not adequate treatment facilities in Humboldt County for dependent children.

4.3 State laws require each child placed out-of-county to be visited at least once per month by a Humboldt County social worker at taxpayers' expense.

4.4 County implemented client "wraparound" programs, from 1994-95 to 1999, resulted in a decrease of 29 children placed in out-of-county group homes representing a savings of \$1,419,000.

4.5 Only 19 two-bed in-county therapeutic foster care homes exist.

SOCIAL SERVICES DEPARTMENT'S RESPONSE TO FINDING #4.5:

Disagree. As of June, there were 21 Therapeutic Foster Homes with 45 beds available. The Department, in a cooperative partnership with Humboldt County Mental Health and Probation, continues to recruit and train foster parents, including Therapeutic Foster Care parents. This is an ongoing process due to natural matriculation, adoption of Therapeutic Foster Care placed children and other factors.

The development of the Therapeutic Foster Care home was intended to be used as a temporary transitional placement for children who require a more intensive foster care setting due to their emotional needs. For various reasons, including longer than anticipated stabilization needs, long term mental health issues, and lack of alternative placement settings, the initial plan was not adhered to and the beds have been fully utilized.

It must be noted that the Therapeutic Foster Care placement should be seen as one option or strategy related to the needs of Severely Emotionally Disturbed (SED) children. Clearly, the amount of intensive in home services (Wraparound) targeted at preserving families must be enhanced as well as other (local) placement options. The development of the Youth Service Bureau local group home facility and Probation's Regional Facility are examples of alternative placements used to stabilize SED children.

4.6 CWS professionals state that inadequate foster care facilities exist in Humboldt County to meet the need for placement.

4.7 There is a State estimate of \$ 5,003 per month per child for out-of-county therapeutic foster care placement versus \$1,000 for in-county placement.

SOCIAL SERVICES DEPARTMENT'S RESPONSE TO FINDING #4.7:

Disagree. Children placed in an out-of-county Foster Family Agency or foster care placements are placed at a rate of \$1,511.40 per month. The average Therapeutic Foster Care rate for children placed in Humboldt County is approximately \$1,500.00 per month. The \$5,003.00 referred to in the Grand Jury report is the initial rate established for children eligible to participate in the Title IV-E and SB 163 Wraparound programs and represents the costs for a Level 13 Residential Care Placement.

4.8 As of February 1999, 37 children were placed in out-of-county group care homes at an average cost of \$ 4, 653 per child, per month at an annual average of \$2,065,932.

SOCIAL SERVICES DEPARTMENT'S RESPONSE TO FINDING #4.8:

Disagree. Currently we have 7 children placed in out-of-county group homes, with an average monthly rate paid of \$7,213.00. The range in rates paid is from \$4,258.00 per month to \$9,977.00 per month. Between Child Welfare Services and the Probation Department there are a total of 18 children placed in out-of-county group homes.

5. Remaining Miscellaneous Findings

5.1 DSS staffing has doubled in ten years with no proportional increase in administrative staff.

BOARD OF SUPERVISORS' RESPONSE TO FINDING #5.1:

Agree with the following clarification. In fiscal year 1989-90, the Department had approximately 244 employees and six Management staff. The ratio of employees to managers was approximately 40:1. As of the fiscal year 1999-00, the Department had approximately 410 employees and nine "management" staff, yielding a ratio of approximately 45:1. The Department has since worked with the Board of Supervisors and Personnel to add two new management positions and now has a ratio of 37:1.

PERSONNEL DEPARTMENT'S RESPONSE TO FINDING #5.1:

Agree. The Social Services Department provided us with the following statistics. In fiscal year 1989-90, there were approximately 244 employees and six management staff in Social Services. The ratio of employees to managers was approximately 40:1. As of fiscal year 1999-00, the Department had approximately 410 employees and nine management staff, yielding a ratio of approximately 45:1. There have since been two new management positions added with a new ratio of 37:1.

5.2 There are more than 60 private/public organizations in Humboldt County that deal with child welfare.

5.3 Since 1983, child abuse and the service CWS provides have been the subject of eight Humboldt County Grand Jury reports.

5.4 Previous Humboldt County Grand Jury reports found that funding for family maintenance and reunification was inadequate. CWS workers report that funding continues to be inadequate.

SOCIAL SERVICES DEPARTMENT'S RESPONSE TO FINDING #5.4:

Agree. Funding for Child Welfare Services overall is significantly inadequate as reported in the April 2000 American Humane Society SB 2030 Child Welfare Workload Study Report.

Statewide the results of the study indicate the current family maintenance workload standard is 34.97 cases per worker. The study's minimum recommended caseload per worker is 14.18 cases and the optimum recommended caseload per worker is 10.15 cases.

Similarly, the SB 2030 Workload Study's Statewide current family reunification (FR) caseload is 27.0 per worker. The minimum recommended caseload is 15.58 and the optimum caseload recommendation is 11.94.

Specific to Humboldt County, Social Workers' combined family maintenance and family reunification caseload in the "ongoing unit" for the period 12/99 - 5/00 averaged 16 per Social Worker, with a range of 14-18 cases per month.

5.5 The 1998 Humboldt County Board of Supervisors approved the formation of the Oversight Committee for county child welfare services. As of January 2000, no reports have been produced.

BOARD OF SUPERVISORS' RESPONSE TO FINDING #5.5:

Agree. The Oversight Committee has been meeting on a monthly basis for the past year, in addition to an all day meeting that occurred on June 2, 2000. The plan is to present a report to the Board of Supervisors in late summer 2000.

5.6 The occurrence of drug and alcohol abuse in Humboldt County contributing to child neglect/abuse problems notwithstanding, CWS professionals state that the primary cause is a lack of parenting skills in families.

5.7 Many State and Federal programs exist for meeting the needs of children, but each places separate restrictions on the use of funds by the Department of Social Services. These restrictions place additional problems on the Department in meeting needs, according to CWS officials.

CONCLUSIONS:

1. Staff Training

1.1 A lack of professional training programs for social workers in Humboldt County increases the possibility that workers are inadequately trained for their duties.

SOCIAL SERVICES DEPARTMENT'S RESPONSE TO CONCLUSION #1.1:

Disagree. It must be noted that the Department is unclear regarding what the Grand Jury's definition of "training" programs are. The Department concurs with the Grand Jury on urgent need for a local Masters of Social Work program that would serve to increase the level of Social Worker expertise and educational training for recruitment purposes. The Department disagrees with the Grand Jury regarding (possible) references to inadequate Department ongoing training that Social Worker employees received. The Humboldt County Department of Social Services provides numerous professional training opportunities for Child Welfare Services staff. The majority of Child Welfare Services training is provided through contract by the University of California, Davis Extended Education Program, including Child Welfare Services Core Training, Emergency Response Protocol Training, Child Welfare Services Law Training, and many other focus areas. Social Workers within Child Welfare Services have received extensive training through the Structured Decision Making Pilot Project addressing risk and safety assessment, family/child strengths and needs assessment, and reassessment processes. Numerous Social Work staff participated in the Mental Health 2000 training regarding substance abuse. Staff have been involved in training regarding Family Unity, Best Practices, CAST sponsored training, and child interview training. In addition, we provide ongoing in-house staff training for new and experienced Social Workers regarding child abuse and neglect dynamics, emergency response, family maintenance and reunification and permanency planning programs. Further, County Counsel provides ongoing training regarding Child Welfare Services legal issues. The Department will, through the Human Services Cabinet and related to AB 1259, continue to work collaboratively to provide and/or participate in training to enhance Child Welfare Services staff knowledge.

1.2 That same lack of training programs increases the difficulty of recruiting and maintaining professional staff.

SOCIAL SERVICES DEPARTMENT'S RESPONSE TO CONCLUSION #1.2:

Partially Disagree. The need for a local Masters Level Program is an example of "training" that would enhance Social Worker preparation and would increase recruitment potential. However, there are many conditions that affect staff recruitment and retention, including compensation, working conditions, recognition for the difficult and professional job staff performs, caseload issues and support from the community.

2. Recruitment and Retention

2.1 Noncompetitive pay scales, difficult working conditions, and the adherence to the California Statewide Merit System for recruitment puts Humboldt County in a disadvantageous position.

2.2 Staffing shortages have existed for many years leading to less than satisfactory services for many clients.

3. Emergency Response

3.1 Excessive case loads, due to inadequate staffing, result in child abuse referrals not always being adequately managed.

3.2 The narrow scope of State definitions of child abuse and neglect results in many children's real needs not being met.

4. Placement

4.1 The shortage of foster homes of all types in Humboldt County results in children's needs not being adequately met

4.2 The shortage of in-county foster placement facilities results in out-of-county placement causing an extreme financial burden on the DSS and Humboldt County taxpayers.

4.3 Reducing the amount of out-of-county foster care placements could result in significant savings, which might be reallocated to better and more in-county foster care.

4.4 The result of County efforts to increase the number of Native American child placement facilities appears to be inadequate.

5. Miscellaneous

5.1 In spite of continued Humboldt County Grand Jury findings and recommendations over the past decade or more, the improvements in the DSS operations and funding levels are still inadequate.

5.2 Serious questions exist regarding the allocation and apportionment of funds in the operations of the DSS.

5.3 Parent training and family maintenance training are effective measures for the prevention of child abuse, but receive inadequate support in Humboldt County.

5.4 Structures do exist to oversee and implement improvements in the services of the DSS but appear not to function effectively.

RECOMMENDATIONS:

THE HUMBOLDT COUNTY GRAND JURY RECOMMENDS THAT:

1. Child Welfare Services (CWS) establish a training program with the assistance of the Redwood Coast Regional Center for workers servicing disabled persons.

SOCIAL SERVICES DEPARTMENT'S RESPONSE TO RECOMMENDATIONS #1:

Agree. The recommendation has not been implemented at this time. The Redwood Coast Regional Center is a standing member of the Human Services Cabinet's Family Intervention Team Tier II Policy Committee. The Department will initiate, through the Family Intervention Team Tier II, a request for the Redwood Coast Regional Center to develop a targeted training for Mental Health, Probation, Public Health and Child Welfare Services focused on line staff serving Regional Center clients and their families. The curriculum will be developed by the Family Intervention Team Tier II Policy Committee members with a focus that may include access, eligibility, service scope, contact staff and policies and procedures for requesting services. The time frame for implementation of the request to train is six months or less.

2. the Department of Social Services (DSS) work with Humboldt State University to establish professional level programs in social work that are based in Humboldt County.

SOCIAL SERVICES DEPARTMENT'S RESPONSE TO RECOMMENDATIONS #2:

Agree. The recommendation has been implemented. The Department of Social Services Director, in conjunction with the Mental Health Director, initiated contact with the University pertaining to this issue on March 31, 2000. In addition the Department of Social Services presented this issue to the

Board of Supervisors on May 9, 2000, and received a letter of support from the Board toward encouraging the development of such a program. Further, the Department solicited and received Letters of Support from the California Welfare Director's Association and the Northern Welfare Director's Committee for this program. The Department will continue to work with Humboldt State University and other Distance Learning University Programs to increase professional (Masters level) training and degree program access in Humboldt County.

3. the DSS Director promote a pay scale sufficient to recruit, retain and maintain professional staff in Humboldt County.

BOARD OF SUPERVISORS' RESPONSE TO RECOMMENDATION #3:

Agree. The recommendation has been implemented. The Board of Supervisors and the Humboldt County Personnel Department have been supportive of the Director's efforts to implement various strategies to recruit and retain professional staff in Humboldt County. In the past seven months those actions have included but are not limited to: approving a letter from the Board of Supervisors requested that Humboldt State University establish a Masters-level Social Workers Program for training of professional staff; supporting the development of an additional Social Workers class for Masters-level licenses/licensed track staff that has a pay equivalent to Mental Health Clinicians in the County system; and supporting potential increases in pay for several Social Services Department's Merit System classes, including Social Workers.

PERSONNEL DEPARTMENT'S RESPONSE TO RECOMMENDATION #3:

Agree. The County, Social Services Department and the Union representing professional staff in the Social Services Department have agreed to increase salaries in the Eligibility Workers and Social Workers series in an effort to recruit and retain staff in these classes. We are also working with the Social Services Department to develop an additional Social Workers class for Masters-level licensed staff, with higher pay and a potential further career track for Social Workers.

SOCIAL SERVICES DEPARTMENT'S RESPONSE TO RECOMMENDATION #3:

Agree. The recommendation has been implemented. The Board of Supervisors and the Humboldt County Personnel Department have been supportive of the Director's efforts to implement various strategies to recruit and retain professional staff in Humboldt County. In the past seven months those actions have included but are not limited to: Approving a letter from the Board of Supervisors requesting that Humboldt State University establish a Masters level Social Worker Program for training of professional staff; supporting the development of an additional Social Worker class for Masters level licensed/license track staff that has a pay equivalent to Mental Health Clinicians in the County system; and supporting potential increases in pay for several Department of Social Services Merit System classes including Social Workers.

4. the DSS Director establish improved working conditions for staff as a top priority.

BOARD OF SUPERVISORS' RESPONSE TO RECOMMENDATION #4:

Agree. The recommendation has been implemented. See Department response to findings 2.3 and 2.4. The Department will continue to work with the County Administrative Officer and Risk Manager on enhancing conditions within the current Social Services site, as well as exploring alternative site development strategies, including, but not limited to, the establishment of Community Resource Centers, and the development of centralized campus facilities.

PERSONNEL DEPARTMENT'S RESPONSE TO RECOMMENDATION #3:

Agree.

SOCIAL SERVICES DEPARTMENT'S RESPONSE TO RECOMMENDATION #4:

Agree. The recommendation has been implemented. See Department response to findings 2.3 and 2.4. The Department will continue to work with the County Administrative Officer and Risk Manager on enhancing conditions within the current Social Service site, as well as exploring alternative site development strategies including but not limited to, the establishment of Community Resource Centers and the development of centralized campus facilities.

5. the DSS Director and CWS administration work with legislators to modify current state criteria and regulations with more workable and responsive definitions and regulations.

SOCIAL SERVICES DEPARTMENT'S RESPONSE TO RECOMMENDATION #5:

Agree. The recommendation has been implemented. Through AB 1259, the Department has accomplished the critical first step in accessing the State agencies toward addressing needed changes in legislation and associated regulations. In addition, through the California Welfare Directors Association, the Director has participated in a response to the American Humane Association's SB 2030 Child Welfare Work Load Study titled Can California Keep Its Promise to Its Children published in April 2000. Within these two documents, the issues critical to creating and funding a more workable Child Welfare Services System are discussed and recommendations are formulated. The Director will continue to work with State officials toward enhancing services and funding sources.

6. the DSS and the Department of Mental Health promote an increase in Humboldt County foster care homes of all types through appropriate recruitment, training, screening and support.

SOCIAL SERVICES DEPARTMENT'S RESPONSE TO RECOMMENDATION #6:

Agree. The recommendation has been partially implemented. The Department supports enhancing the availability of local placement alternatives when placement is needed to maintain child safety. In conjunction with increasing strength based family preservation services to reduce the number of children requiring removal, the Department will continue to support the development of various levels of foster care placements in a collaborative effort with Probation and Mental Health.

The Department of Social Services will also establish a method in conjunction with Probation and Mental Health (through the Family Intervention Team Policy Committee) to increase dialogue and mutually agreed upon support services to the Foster Parent Association. The Department will, through discussion at Family Intervention Team II and the Human Services Cabinet, assess the need for additional Foster Care homes and other strategies related to this recommendation.

7. CWS work in Humboldt County communities to establish more parent training and family maintenance training programs as tools for child abuse prevention.

SOCIAL SERVICES DEPARTMENT'S RESPONSE TO RECOMMENDATION #7:

Agree. The recommendation has been implemented. Most recently the Department of Social Services Child Welfare Division has partnered with Humboldt County Mental Health, Children Youth and Family Services (CYFS) to develop a voluntary family maintenance program, called the Voluntary Intervention Program (VIP), for families needing Child Welfare Service intervention, and whose children can safely remain in the family home. The VIP will strengthen parenting capacity through a combination of mental health counseling, rehabilitative and case management services and social work services from the Child Welfare Division.

Since 1996 the Department of Social Services has partnered with the Humboldt County Public Health Department in providing early intervention services to families through the Alternative Response Team (ART). ART provides up to six months of services utilizing a Public Health nursing team to enhance parenting, health and daily living skills to strengthen families.

The Humboldt County Department of Social Services sponsors the NET, a community-based collaboration comprised of agencies, schools, nonprofit organizations, community members and consumers from all communities in Humboldt County. The purpose of the NET is to develop community resources to provide a variety of prevention needs within their communities including parenting and support resources to assist families.

The Humboldt County Department of Social Services contracts with the Humboldt County Child Care Council to provide Family Preservation Family Support services to families and parenting education in the community. In addition, Department of Social Services partners with Humboldt County Child Care Council to provide Child Welfare Service Family Preservation services to families who enter the Child Welfare system.

The Humboldt County Department of Social Services, Child Welfare Service division has membership on the Community HUBS, working together with other agencies and communities to develop resources for parents in a variety of ways.

8. CWS identify and eliminate barriers to effective emergency response.

SOCIAL SERVICES DEPARTMENT'S RESPONSE TO RECOMMENDATION #8:

Agree. The recommendation has been implemented. Child Welfare Emergency Response Supervisors and Program Managers have begun an ongoing process of meeting with Law Enforcement Agencies in the County, including the District Attorney's Office, to discuss development of a common understanding of the definition of child abuse and neglect across agencies to increase the capacity for joint investigations, enhance cross reporting practices, and develop inter-agency protocols.

Child Welfare Services has been a pilot County PROJECT with the Structured Decision Making process since March of 1999. This structured process is a cornerstone of our improved emergency response system and provides Child Welfare Services with standardized data across time related to the Division's actions. The implementation of Structured Decision Making is through a phased in process, with the final phase occurring June 1, 2000, with the implementation of Structured Decision Making in the Family Reunification program. In addition, over the past seven months, the addition of a second Program Manager position focused on Emergency Response, a Deputy Director of Programs overseeing Child Welfare Services and CalWORKs, an evaluator, a Community Education Specialist, a "legal" Clerk position, increased technology and co-located Mental Health, Probation and Public Health staff should also serve to enhance the effectiveness of the Child Welfare Services Emergency Response system.

Finally, Child Welfare Services will continue to work with Mandated Reporters through enhanced community training to enhance their understanding of the role of Child Welfare Services and the information needed by the agency related to the reporting of child abuse.

9. CWS ensure that all geographic areas of Humboldt County are equally and adequately served. This would include an assurance that services are provided with consideration for cultural and ethnic needs.

SOCIAL SERVICES DEPARTMENT'S RESPONSE TO RECOMMENDATION #9:

Agree. The recommendation has been partially implemented but will require substantial additional resources, study and involvement from all County human services agencies and the community to fully implement. The planning for enhanced County presence in outlying areas is a primary goal in the Human Services Cabinet AB 1259 Strategic Plan and assessing and increasing the County's capacity to deliver culturally appropriate and relevant services is a goal of the Human Services Cabinet Strategic Plan. The Cabinet has an established Cultural Competency Committee of which the Department of Social Services is a member, and through this Committee has provided and/or supported various training for County staff and other entities. The complexity of the recommendation will require ongoing efforts from County as well as Private Non Profit agencies, schools and the community. The Department of Social Services supports and will continue to participate in planning and eventual implementation of an enhanced County presence in outlying areas and the enhancement of culturally relevant services. In addition, the Department will continue to engage in the recruitment of Native American foster homes, homes in outlying areas and other efforts relating to the Indian Child Welfare Act.

The Department will also continue to assess increasing various methods of enhancing services to parents and foster parents in relation to the AB 1259 Strategic Plan and in cooperation with other local collaborative and funding sources such as Proposition 10.

RESPONSES:

THE FOLLOWING RESPONSES TO REPORT 00-12 ARE REQUIRED IN ACCORDANCE WITH P.C. 933 AND THE STANDARD FORMAT FOR RESPONSES.

1. The Department of Social Services will respond to findings 2.3, 2.4, 2.5, 3.4, 4.5, 5.4, and all recommendations.

2. The Humboldt County Board of Supervisors will respond to findings 5.1, 5.5, and to recommendations 3 and 4.

3. The Personnel Department will respond to findings 1.3, 2.5, 5.1, and to recommendations 3 and 4.

00-13 ARCATA RECYCLING

INTRODUCTION:

The City of Arcata (the city) began a formal contract with the Arcata Community Recycling Center (ACRC) on August 1, 1997. This contract was formally signed by both entities by September 2, 1997. The city is a legally incorporated municipality under California law. ACRC is a private, nonprofit enterprise formed to improve and increase recycling in Arcata. The city's garbage collector, Arcata Garbage Company, Inc. contracted with the city to deliver recyclables to ACRC. Subsequently, ACRC has asked the city for revision of contract provisions. The Humboldt County Grand Jury has received formal written complaints from several Arcata citizens/taxpayers regarding the relations between the city and the ACRC.

At the end of this report is a glossary defining many of the terms used in this report.

FINDINGS:

1. Despite contract provision to the contrary, the city allowed ACRC to charge the city more for receiving, processing, and marketing recyclables than ACRC charges other entities.

CITY COUNCIL'S RESPONSE TO FINDING #1:

PARTIALLY DISAGREE. On September 20, 1997, the City and ACRC entered into a contract under the terms of which ACRC agreed to process and market recyclables curbside and delivered by self-haulers to ACRC's 9th Street facility. That contract, under

Section 6.04(b), required ACRC to maintain parity, i.e. to charge other persons or entities using its 9th and 10th Street facilities the same amount charged to the City of Arcata under the contract. Initially, ACRC enforced the parity requirement, and charged all persons using 9th Street a fee approximating the fee charged to self-hauling recyclers under the City's contract. However, it met with great difficulty in collecting this fee and, in addition, many long-term users of 9th Street threatened to stop using the facility and to recycle elsewhere if ACRC continue to collect the fee. Accordingly, maintaining the parity fee at 9th Street was predicted to adversely affect the revenues ACRC generates from the sale of recyclables collected from non-Arcata residents. The income from the sale of these recyclables was an important component in establishing the rate structure charged to the City for the use of the 9th Street and 10th Street facilities. Any significant decline in these outside revenues would adversely affect contract rates, to the detriment of both ACRC and the city of Arcata. Additionally, ACRC complaint that it was inequitable to require that it collect the parity fee from recyclers using its 9th Street facility, inasmuch as the City did not require other recycling center with whom the City does business and with whom Arcata customers are allowed to recycle under the City's program to maintain a similar parity fee.

The matter was considered at four public meetings, the first a special meeting of the Council held on September 8, 1999; the second a regular public meeting of the Council on September 15, the third a special meeting of the Council held on September 22. The focus of the September 22 meeting was exclusively the parity requirement issue. The fourth meeting at which the parity issue was discussed was held on February 16, 2000. After considering the matter and hearing public testimony and comment from concerned citizens, the parity requirement was eliminated from the ACRC contract by the City council.

Accordingly, with respect to Finding No. 1, there is no contract provision between the City and ACRC that requires that ACRC maintain a parity between the rate charged the City and City customers and the rate charged other users of its recycling facilities. The parity requirement contained in the 1997 contract was eliminated by the City based on evidence presented at public meetings that the parity requirement was inequitable, and was predicted to adversely affect rates charged to the City under the ACRC contract.

2. In 1998 and 1999 the city and ACRC conducted a survey to determine the number of Arcata self-haulers without curbside service, Arcata self-haulers with curbside service, and non-Arcata customers and the amounts of recyclables each delivered to ACRC.

CITY COUNCIL'S RESPONSE TO FINDING #2:

AGREE.

3. For its service the city paid ACRC \$68, 227 in 1996, \$97,184 in 1997, and \$190,481 in 1998, an increase each of these successive years.

CITY COUNCIL'S RESPONSE TO FINDING #3:

AGREE, SUBJECT TO THE FOLLOWING EXPLANATORY NOTE. In 1996, the voters of the State of California adopted Proposition 218. At that time, the City's recycling program was funded on the basis of AB 939 fees charged to all City utility customers. This fee could no longer be collected under Proposition 218. As a result, the City of Arcata was required to substantially modify its recycling program, so that a direct relationship could be established between the fee charged and the service rendered to the customer paying the fee. This requirement is an essential component of Proposition 218. In this context, the City negotiated new contracts with both Arcata Community Recycling Center ("ACRC"), and Arcata Garbage Company ("AGC") in September 1997 to bring the City into compliance with Proposition 218. Under these contracts, both entities were required to provide services not previously required, for which both were paid additional compensation. The new contract rates for ACRC's services under the amended contract are the reason for the above contract revenue increases in 1997 and 1998.

4. The original contract provided for the city to conduct and pay for an operational audit, which has not been accomplished to date.

CITY COUNCIL'S RESPONSE TO FINDING #4:

DISAGREE. At the City's insistence, the 1997 contracts between ACRC and AGC referred to under Finding #3 above contained identical provisions on the subject of an operational audit (See Section 6.11 of the ACRC contract and Section 15.12 of the AGC contract). These provisions were included in both contracts for the benefit of the City. The operational audit allowed the City to have the City's recycling system reviewed in July of 1998 by an independent third party. The City was required to pay for the operational audit and, at the City's discretion, it could accept or reject any recommendation made. Finally, assuming the City accepted a recommendation, that recommendation would only take effect if agreed to by the affect contractor (AGC or ACRC). If no agreement was reached, the arbitration provisions of the contract could be invoked by the City and, in the context of such arbitration, rates would be adjusted as appropriate to pay for any increase in operational costs that resulted from implementation of any recommendation made in the operational audit. In short, the operational audit required ACRC and AGC to accept reasonable contract changes that would improve the system, provided the City paid adequate compensation for any increase in costs.

In lieu of conducting an operational audit by an outside entity, the City conducted an internal assessment of its recycling program over a period of 18 months with numerous public meetings. This internal assessment culminated in a report to the City Council made by City staff at a regular public meeting held on February 11, 2000. In response to Finding No. 4, a comprehensive assessment of recycling has been conducted, and the changes recommended have been accepted by the contracting entities and by the City.

All appropriate contract amendments have been made pursuant to that assessment. The City waived its right to have any further assessment of the system conducted as an unnecessary expenditure of public funds. This decision was made only after public hearings on the matter and was based on the staff's internal assessment of the City's recycling program and recommendations for improving it.

5. The purpose of this audit was to determine if any recommendations for modification of original contract terms should be made for any or all of the three entities involved in recycling; the city, ACRC, or the Arcata Garbage Co. Inc.

CITY COUNCIL'S RESPONSE TO FINDING #5:

AGREE. The City reiterates from its response to Finding #4 above that all of the recommended changes contained in the staff report of February 11, 2000, have been accepted by the City, ACRC, and AGC and have been fully implemented.

6. On September 21, 1999, the Arcata City Council authorized the "Working Group" comprised of two city council persons and other city employees to develop a second amendment to the recycling contract. No member of the general public was included in the "Working Group."

CITY COUNCIL'S RESPONSE TO FINDING #6:

DISAGREE. The City of Arcata did not authorize the Working Group or any other person or entity to take any action on September 21, 1999. However, at three of the meetings referred to in response to Finding #1, that is on September 8, September 15 and September 22, the City Council authorized the City Manager of the City of Arcata to execute an amendment to the ACRC 1997 contract (the Second Amendment) based on proposed contract language that had been submitted to, considered and approved by the Council at those meetings.

7. The "second amendment," subsequently developed, became effective December 23, 1999.

CITY COUNCIL'S RESPONSE TO FINDING #7:

DISAGREE IN PART. The City Manager, on behalf of the City of Arcata, executed the Second Amendment on December 23, 1999, pursuant to authorization given by the City Council at public meetings held on September 8, 15 and 22.

8. The amended contract deleted the provision requiring parity of rates charged the city with those charged to "others," who are non-Arcata self-haulers.

CITY COUNCIL'S RESPONSE TO FINDING #8:

AGREE. The City's agreement is subject to the comments contained in response to

Finding #1.

9. The contract provides for a financial evaluation to assess the accuracy of contract base rates.

CITY COUNCIL'S RESPONSE TO FINDING #9:

AGREE. The City's agreement is subject to the following clarification.

The 1997 ACRC contract at Section 6.13 provided a mechanism for evaluating "through-put costs." Under its provisions, ACRC was to have an independent third party acceptable to the City evaluate through-put costs of its 1996 operations. The purpose of this evaluation was to assess the accuracy of certain rates set forth in the contract referred to as the "Base Rates." In the contract, there is a Base Rate for each recyclable material handled on behalf of the City by ACRC. Derived from these Base Rates are rates known as the "Blended Rates." As with the Base Rate, there is a Blended Rate for each recyclable material handled. The Blended Rates are derived entirely from the Base Rates. The summation of the Blended Rates for each material handled is the amount per ton paid to ACRC for its services under the contract.

ACRC, in compliance with contract terms, employed an independent third party acceptable to the City (Hunter, Hunter & Hunt, CPAs - "HH&H") to conduct the through-put evaluation. HH&H concluded that the overall amount paid to ACRC by means of the "Blended Rate" was reasonable based on its 1996 costs of operation data. HH&H also concluded that it was not possible to verify the Base Rates contained in the contract according to acceptable accounting principles. Instead, HH&H determined that the Base Rates had been derived from estimates which could not be verified, and accordingly, made no recommendation concerning the reasonableness of the Base Rates. The City accepted all of the HH&H through-put evaluation conclusions, with one exception. That exception had to do with net scrap value of recyclables. "Net scrap value" refers to the net price received by ACRC for each recyclable material it markets in any calendar year, reduced only by the cost of marketing that material. It was the City's contention that net scrap value should have been included in the through-put audit and considered in the context of the overall evaluation of the reasonableness of money paid by the City each year to ACRC for its services. It was ACRC's contention that it was not reasonable to include net scrap value. This dispute was resolved and City staff conducted its own independent evaluation of the reasonableness of contract rates and, in that evaluation, included consideration of net scrap value.

10. The contract allows the "Working Group," composed entirely of city officials and personnel, to establish if the net-scrap value should be included in determining the base rates.

CITY COUNCIL'S RESPONSE TO FINDING #10:

DISAGREE. At the meetings held on September 8, 15 and 22, the City approved contract amendments and authorized the City Manager to execute the Second Amendment to the ACRC contract. The Council's approval was conditional upon City staff conducting an independent assessment of the reasonableness of contract amounts paid to ACRC that included consideration of the effect of net scrap value. ACRC agreed to allow net scrap value to be considered by City staff in its independent assessment and provided City staff with all relevant financial information concerning net scrap value. However, ACRC required that this information be treated as proprietary. Under Section 8.10 of ACRC's contract with the City, ACRC has the right to prevent disclosure of financial information that is proprietary in nature. ACRC allowed the City's finance director to review the relevant proprietary financial information germane to the net scrap value issue and the City agreed that this information was proprietary and perfected by the provisions of Section 8.10. Accordingly, the finance director is allowed to disclose only her conclusions, but not any specific proprietary information pertaining to net scrap value.

Based on her review, and based on consideration of other financial information provided by ACRC from its 1997 and 1998 tax returns, City staff determined that total contract revenue paid to ACRC under the contract was reasonable. City staff, like HH&H, also determined that the Base Rates cannot be verified.

The conclusions of City staff's independent evaluation of contract revenues was presented to the City Council at a public meeting held on February 16, 2000. On the basis of the staff recommendations, contract revenue were determined to be reasonable. The Council also determined that because the Base Rate could not be verified, there was no legal basis for the City to reduce that compensation paid to ACRC under the contract. The Council's decision were consistent with the findings and conclusions of staff.

11. A new section was added by the second amendment to the contract, pre-paying \$28, 458.50 to ACRC for city's share of improvements to 10th Street facilities, plus a loan of \$51,466 to build the mechanized sort line, and \$46,702.44 per year to operate a sort line.

THE CITY COUNCIL'S RESPONSE TO FINDING #11:

DISAGREE. The Second Amendment to the ACRC contract, was executed on December 23, 1999, and included all of the contract provisions that had been approved by the City Council at public meetings held on September 8, 15 and 22. Specifically, it included pre-payment of \$28,458.50 to ACRC for the City's share of improvements to 10th Street, plus a loan of \$51, 466.00 to build the mechanized sort line and \$46,702.44 per year to be paid to ACRC to operate the sort line as approved by the Council at those meetings.

12. Additions to the contract under the second amendment created favorable financial terms to the ACRC, including a low interest of 5.5% for the loan, and monthly payments of 1/12 of the yearly estimated loan repayment for the 10th street improvements.

CITY COUNCIL'S RESPONSE TO FINDING #12:

DISAGREE. The Second Amendment was approved by the City Council at public meetings held on September 8, 15 and 22, and was executed by the City Manager on December 23 pursuant to the authority vested in him by the City Council at those meetings. The Second Amendment did not create favorable financial terms for ACRC, but for City rate payers. At the time of the Second Amendment ACRC had agreed to purchase, install and operate a new sort line. It did so on the condition that all of its costs would be paid ultimately by City rate payers, including loan amortization costs. ACRC had arranged institutional financing for the purchase and installation of the sort line. Under the Second Amendment, all of the costs of financing these purchases and installation would be passed on to City rate payers. The City, in reviewing ACRC's proposal, determined that it was more economical for rate payers if the City made a direct loan to ACRC in place of its proposed institutional loan. The City was able to lend money from its enterprise funds at a rate of 5.5%, a rate substantially below the rate the institutional lender would have charged ACRC. To this extent, rate payers are the direct beneficiaries of this below-market-rate loan.

13. The amended contract states that the parties intend to settle the four described "disputes," but no evidence of progress has been provided.

CITY COUNCIL RESPONSE TO FINDING #13:

DISAGREE. The Second Amendment to the contract specifically states that by it the parties are resolving certain disputes, including the throughput audit, the parity requirement dispute, the market price adjustment dispute, and the net CRV at 9th Street dispute. The staff reports presented to the City Council dated September 3, September 15, September 17 and

February 11 included detailed discussion of all matters in dispute, including the above disputes with ACRC and matters in dispute between the City and AGC. All of these disputes were resolved: the ACRC disputes by means of the Second Amendment and the AGC disputes

pursuant to action taken at the public meeting held on February 16, 2000.

14. "Periodic Weight Reports" based on a survey conducted for the city department of Environmental Services are provided for in the amended contract, and are being conducted by a Humboldt State University group.

CITY COUNCIL'S RESPONSE TO FINDING #14:

AGREE.

15. Recyclables, according to the amended contract, are to be collected from single family residences by the Arcata Garbage Company, Inc., and separated at the curb by the company.

CITY COUNCIL'S RESPONSE TO FINDING #15:

AGREE.

16. The city is to separate recyclables collected in bins and to provide for their delivery to the 10th Street processing facility.

CITY COUNCIL'S RESPONSE TO FINDING #16:

DISAGREE. Under the 1997 ACRC and AGC agreements, the City was required to separate recyclables collected in bins, as well as recyclables collected curbside, and to provide for their delivery to the ACRC 10th Street processing facility. However, under the Second Amendment to the AGC contract, which was entered into between the City and AGC on March 8, 2000, after approval by the City Council at the Council meeting held on February 16, 2000, recycled materials are separated by customers into separate totes or separate compartments of bins, and are transported by AGC to ACRC's 10th Street facility. The City does no sorting of recyclables.

17. "CRV Adjustments" are revised in the amended contract with city to receive all value from ACRC 9th Street facility. To date, the ACRC maintains this is not possible.

CITY COUNCIL'S RESPONSE TO FINDING #17:

DISAGREE. Under the Second Amendment to the ACRC contract, the dispute between ACRC and the City concerning CRV was resolved as follows:

a. At ACRC's 9th Street facility, signs are now posted that have been approved by the City, which indicate to Arcata customers using 9th Street that they may designate their California Redemption Value (CRV) to the City's account. All recyclables so designated are accurately weighed on a certified scale by ACRC and are credited to the City.

b. This credit is presented periodically by ACRC to the City and appropriate adjustments are made to the payment from the City to ACRC for recycling services.

c. To settle the dispute between the City and ACRC concerning CRV value for 9th Street that had not been paid for the 24-month period from 1997 until the date of the Second Amendment, it was agreed that for the 24-month period following the Second Amendment, the amount of credit to which the City is entitled pursuant to paragraph a above will be doubled.

18. ACRC has not charged non-Arcata self-haulers for processing since 1998.

CITY COUNCIL'S RESPONSE TO FINDING #18:

AGREE. The City Council's agreement is subject to the clarifications set forth in response to Finding # 1 above.

19. The amended contract also provides for "Market Price Adjustments," going back to September 4, 1997, including adjustments not made since the beginning of the contract.

CITY COUNCIL'S RESPONSE TO FINDING #19:

AGREE. The City Council's agreement is subject to the following clarification. The survey being conducted at 9th Street referred to in Finding #2 above will assist the City and ACRC in accurately calculating the market price adjustment retroactively to 1997.

20. The 1997-1998 Humboldt County Grand Jury investigated this issue and made several recommendations.

- a. The city closely monitor compliance of the terms of the contract.
- b. The city demand timely and accurate monthly weight reports from ACRC.
- c. The city and ACRC fine tune the recycling process and make every effort to make it user friendly.

CITY COUNCIL'S RESPONSE TO FINDING #20:

AGREE.

CONCLUSIONS:

1. Changes in the contractual arrangements have systematically benefited the ACRC.

CITY COUNCIL'S RESPONSE TO CONCLUSION # 1:

DISAGREE. As set forth in the responses to the findings of fact, changes have been made in the contractual relations with ACRC that have systematically benefited the City. The fact that there might be mutual benefit to ACRC from those changes is consistent with fundamental principles applicable to all agreements; that is, unless there is mutual benefit to a contractual arrangement, there would be no incentive to enter into it. The important point in connection with the changes concerning the City's recycling system is that all changes were considered by the City Council in public meetings in which the City Council carefully considered a variety of options and the opinions of the public, and, based on those considerations, authorized amendments to the ACRC and AGC contracts consistent with the recommendations of City staff.

2. There has been very limited public input on recycling issues, despite increased costs to Arcata taxpayers.

CITY COUNCIL'S RESPONSE TO CONCLUSION #2:

DISAGREE. As set forth above, there have been numerous public meetings and study sessions on the proposed changes to the City's recycling system. The Grand Jury's position seems to be that because a citizen's advisory group was not constituted by the City Council to advise the City on the proposed changes to the ACRC and AGC contracts, the City is somehow derelict in its duties. Nothing could be further from the truth. The City is not required by state law to constitute advisory committees, and, in fact, is ill-advised to do so where the subject matter is of a technical nature. In the case of the City's recycling system, the matter is further complicated by the fact that it involves contractual relations with two entirely separate, independent entities. The contracts are not up for renewal; instead, negotiations are occurring in the context of changes in state law mandating that the city alter its recycling program. All bargaining has been strictly at arm's length. Notwithstanding the limitations the City faced, it is the opinion of City staff that the current changes in the ACRC and AGC are beneficial to the rate-payers and citizens of Arcata and have resulted in a vast improvement to the system.

3. The city has largely ignored recommendations of the 1997-1998 Humboldt County Grand Jury.

a. The city, though agreeing with the recommendation, appears not to closely monitor compliance.

- b. The city, though agreeing with the recommendations, appears not to demand weight reports from ACRC.
- c. The city disagreed with the recommendation to fine tune the process and make it user friendly.

CITY COUNCIL'S RESPONSE TO CONCLUSION # 3:

DISAGREE. The City's position is that recycling in Arcata is more user-friendly. Recyclables are now collected curbside on the same day each week from each residential customer. Previously, different recyclables were picked up each week of the month for these customers, which resulted in confusion and underutilization. Adapting to this more user-friendly system required extensive modification of the receiving facilities located at ACRC's 10th Street facility. The City is closely monitoring ACRC's contract compliance, and does demand and receive periodic weight reports from ACRC.

RECOMMENDATIONS:

THE HUMBOLDT COUNTY GRAND JURY RECOMMENDS THAT:

- 1. the city make a concerted effort to publicly explain and clarify all future matters relating to recycling.

CITY COUNCIL'S RESPONSE TO RECOMMENDATION #1:

This recommendation has been implemented, as evidenced by the numerous public meetings that have been held by the City of Arcata, during which all matters relating to recycling have been explained and clarified, including without limitation the public meetings held on September 8, September 15, September 22 and February 16. In addition to these meetings, the City held several study sessions at which members of the public were invited to attend and comment on proposed changes to the City's recycling system.

- 2. the city involve its concerned citizenry in all future decisions between itself and its recycling contractors.

CITY COUNCIL'S RESPONSE TO RECOMMENDATION #2:

The recommendation has been implemented as part of Arcata's continuing commitment to involve its citizens in all decisions that affect the public interest. As stated above in response to Recommendation #1, the City has held numerous public meetings and study sessions on the subject of changes to the City's recycling system.

3. "Any future "Working Group" or advisory committee concerning recycling have a substantial representation of private citizens to avoid the criticism of the city's relations with the ACRC.

CITY COUNCIL'S RESPONSE TO RECOMMENDATION #3:

This recommendation has not been implemented because it is not warranted and is unreasonable. The Brown Act, or "Open Meetings Law," requires that all meetings of the City Council and any "commission, committee, board or other body of a local agency, whether permanent or temporary, decision-making or advisory, created by charter, ordinance, resolution or formal action of the legislative body..." (Government code§ 54952) comply with the notice and other rules concerning the conduct of public meetings as set forth in the Brown Act. The analysis and evaluation of the City's recycling system has been completed, all of the recommendations have been presented to the City Council at public meetings, and pursuant to the authorization granted by the City Council at those public meetings, contracts have been entered into between the City of Arcata and ACRC and AGC. Accordingly, there is no need for any future action concerning recycling.

In the event the City, in the future, does constitute a "working group" or "advisory committee" by "charter, ordinance, resolution, or formal action..." pursuant to Section 54952 of the Government Code, such body will comply with all of the requirements of the Brown Act and all of its meetings will be open to the public. The composition of such advisory committee would be up to the discretion of the City Council at that time. In particular, whether private citizens would be represented on the committee or not would be the decision of a future City Council, which this City Council is not permitted to commit to.

With respect to the "Working Group," this group was not a "commission, committee, board or other body of a local agency, whether permanent or temporary, decision-making or advisory, created by charter, ordinance, resolution or formal action of a legislative body..." within the meaning of the Brown Act.

Accordingly, its meeting were not subject to the Brown Act and did not require notice or an opportunity for the public to attend and comment.

4. the City of Arcata either firmly enforce its contract with the ACRC, or provide the service itself.

CITY COUNCIL'S RESPONSE TO RECOMMENDATION #4:

This recommendation will not be implemented because it is unwarranted and unreasonable. The decision of the City as to how it will administer its contracts is a matter within its sound discretion. The City may elect to waive or strictly enforce provisions of a contract, and, provided it is reasonable to do so, the discretion to make this decision is solely vested with the City. The ACRC contract which awarded ACRC the exclusive right to process recyclables in the City, expires in 2004. Until then the City has no legal right to provide recycling services in the City of Arcata, even if it wants to, unless there were a material breach of the ACRC contract. Since the contract with ACRC was entered into in 1997, there has been no material breach of the ACRC contract which would have given the City the right to cancel the contract and provide the service itself. None is expected between now and 2004.

RESPONSES:

THE FOLLOWING RESPONSES TO REPORT 00-13 ARE REQUIRED IN ACCORDANCE WITH P.C. 933 AND THE STANDARD FORMAT FOR RESPONSES.

1. The City of Arcata will respond to all findings and recommendations.

GLOSSARY:

1. "CRV" - California Redemption Value. Primarily payment for certain glass and plastic beverage containers for which a deposit is paid at stores.

2. "Periodic Weight Reports" - In May of each year, weight prior to shipping of each recyclable material received at the 9th Street station from self-hauling customers.
3. Mechanized Sort Line - Facility at 10th Street for acceptance of delivery from city's collector of curbside recyclables.
4. "Market Price Adjustment" - Report to be furnished to city by contractor by July 1, showing average market price received for each class of recyclables during the year.
5. "Parity Requirement" - contract clause to assure that City would pay no more than non-Arcata customers for "ACRC's recycling processing services."
6. "Net CRV at 9th Street" - Value of recyclables received at 9th Street to accrue to City on weight basis. Contractor contends this cannot be determined.
7. "Operational Audit" - Ordered for 1998. A complete accounting of recyclable operations to be paid for by City to show all costs of operations. Had not, to date, been accomplished.
8. "Net-Scrap Value" - money received after deductions for handling and shipping.
9. "Disputes"
 - a. Through-put audit
 - b. Parity Requirement
 - c. Market Price Adjustment
 - d. Net CRV at 9th Street