

2011/2012

AMADOR COUNTY CIVIL GRAND JURY

FINAL REPORT

JUNE 2012



Amador County Court House, Jackson

Photo courtesy of Amador County Archives



AMADOR COUNTY Grand Jury

MAIL: P.O. Box 249, Jackson, CA 95642 - Phone: (209) 223-2574 - Fax: (209) 257-1471

June 4, 2012

The Honorable Judge David Richmond, Presiding Judge
Amador County Superior Court
500 Argonaut Lane
Jackson, California 95642

Dear Judge Richmond:

The members of the 2011-2012 Amador County Civil Grand Jury are pleased to present you and the citizens of Amador County with this, our final report.

This report represents hundreds of hours spent in interviews, on-site visits, attendance at various board meetings, research, compilation and composition. It contains our findings for seven separate investigations, including several that proved to be highly complex and very time-consuming. One of our investigations required two years to complete, with four dedicated jurors from the 2010-2011 Grand Jury agreeing to remain an extra year in order to finish this task.

It was our goal to provide the citizens of Amador County with cogent and insightful information on the operation of several of their governmental agencies and the performance of their officials. We believe that we have accomplished this goal, and we sincerely hope that you and the public agree.

The Grand Jury would like to thank you, Judge Richmond, for your unwavering encouragement and guidance over the past year. We would also like to acknowledge the invaluable assistance of the Court's Administrative Legal Secretary, Heather Korsgaard, and Deputy County Counsel Jennifer Magee. Our report would not have been possible without their support.

Finally, on a personal note, I would like to thank my fellow Grand Jurors for their diligence, tenacity, and commitment. It was truly an honor to be in the company of such a dedicated group of men and women. Amador County is extremely fortunate to have citizens such as these.

Respectfully submitted,


Frank P. Mehoff

Foreperson

Amador County Grand Jury, 2011-2012



Superior Court of the State of California
County of Amador

CHAMBERS OF
DAVID S. RICHMOND
JUDGE

500 Argonaut Lane
Jackson, CA 95642

June 12, 2012

Frank Mellott, Foreman
Amador County Grand Jury
PO Box 249
Jackson, CA 95642

Dear Mr. Mellott and Members of the 2011-2012 Grand Jury:

Thank you for your significant effort in the preparation of this Grand Jury report. Your report is very concise and well written. The Court knows this has been a demanding experience. We appreciate your insight and expertise. Your willingness to serve strengthens our community. Thank you again for your hard work and dedication.

Sincerely,

A handwritten signature in blue ink that reads "David S. Richmond".

Judge David S. Richmond
Amador Superior Court



Main Street

Plymouth

Photo Courtesy of Amador County Archives

HISTORY OF THE GRAND JURY

The Grand Jury is an investigative body made up of ordinary public-spirited citizens. It was established during the early years of statehood for the protection of society and enforcement of the law. The United States Constitution calls for the yearly creation of the Grand Jury. As constituted today, the Grand Jury is a part of the judicial branch of government, an arm of the court.

It is a privilege and an honor to be selected for the Grand Jury. To be chosen may only occur once in your lifetime. If and when you are asked to serve as a grand juror, you are encouraged to accept this unique opportunity to represent the people of Amador County.

2011/2012 Amador County Civil Grand Jurors

Julie Carrington

Mary Cuneo

Eleanor Dates

Kathleen Delaney

Victor Dowdy

Tom Ellison

Laura Floyd

Mary Ann Fuhs

Donald Hoverson

Kim Kozlowski

Frank Mellott

Robert Mendence

Nancy Morales

Brandi Sackett

Gilbert Schluter

Patricia Scott

Irene Smith

George White

Patricia Woodard

TABLE OF CONTENTS

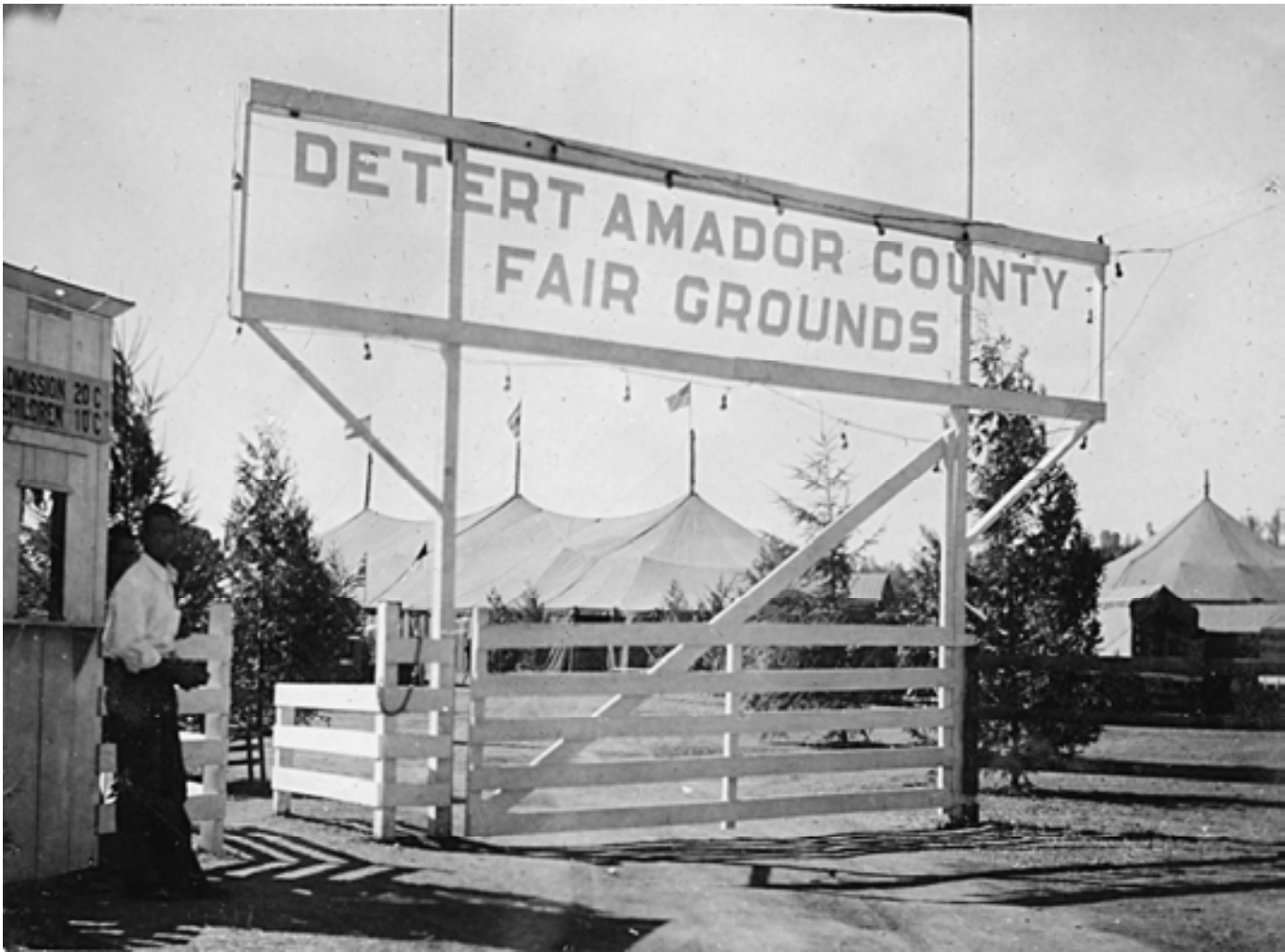
History of the Grand Jury

2011/2012 Grand Juror List

REPORTS

City and County.....	1
• City of Ione.....	3
Criminal Justice.....	11
• Amador County Detention Facility.....	13
• Mule Creek State Prison.....	19
• Pine Grove Youth Conservation Camp.....	25
• Preston Youth Correctional Facility.....	33
Health and Welfare.....	37
• Amador County Conservator's Office.....	39
• Amador County Health and Human Services.....	47
Public Works.....	55
• Amador Water Agency.....	57
○ Reference Materials Index.....	66
Follow-up From 2010/2011 Grand Jury Report.....	67
• Amador County Detention Center	
• Amador County Public Schools	
• Amador County Social Services Department	
• City of Ione	
• City of Sutter Creek	
• Mule Creek State Prison	
• Pine Grove Youth Conservation Camp	

CITY AND COUNTY COMMITTEE



Amador County Fair

Jackson

Photos courtesy of Amador County Archives

CITY OF IONE



Main Street,

Ione

Photo courtesy of Amador County Archives

CITY AND COUNTY**CITY OF IONE****INTRODUCTION:**

The Amador Civil Grand Jury continued with the investigation of the city management and City Council of the City of Ione based on complaints from the citizens of Ione regarding financial mismanagement. The investigation was based on past audits, interviews, financial documents and a forensic investigation implemented last year.

BACKGROUND:

The Ione City Council is responsible for making all final decisions by a majority vote in all matters presented to them by the City Manager. All proceedings are public except for certain confidential matters.

RESPONSIBLE AGENCY:

Ione City Council
1 East Main Street
Ione, CA 95640

JUSTIFICATION/JURISDICTION:

The Grand Jury may at any time examine the books and records of any incorporated city or joint powers agency located in the county. In addition to any other investigatory powers granted by this chapter, the Grand Jury may investigate and report upon the operations, accounts and records of the officers, departments, functions and the method or system of performing the duties of any such city or joint powers agency and make such recommendations as it may deem proper and fit. [California Penal Code §925 (a)].

METHOD OF EVALUATION:

1. Interviews were conducted with city staff and past and current city council members.
2. Grand Jury members attended City Council meetings.
3. The Grand Jury retained Perry-Smith LLP/Crowe Horwath (PS) as experts to perform a forensic investigation concerning 6 consulting firms and the Local Agency Investment Fund (LAIF).

FACTS:

1. The City of Ione spent \$2,291,451.22 on the following 5 wastewater consultants during the time period December 2006 - April 2011.
(Attachment 2 / Exhibit 1)
 - PERC WATER was retained by the City of Ione July 1, 2009.
(Attachment 2 / Exhibit 2)
 - LEE & RO, Inc., a consulting firm, was retained by the City of Ione on December 13, 2006 to perform 5 tasks for the wastewater project.
(Attachment 2 / Exhibit 3)
 - MHA Environmental Consulting, Inc. /RMT, Inc. was retained by the City of Ione December 6, 2006.
(Attachment 2 / Exhibit 4)
 - COASTLAND CIVIL ENGINEERING was retained February 2, 2010.
(Attachment 2 / Exhibit 5)
 - WALLACE & KUHL & ASSOCIATES, INC. was retained May 11, 2007.
(Attachment 2 / Exhibit 6)
2. The law firm of STOEL RIVES, LLP was retained June 2007 - August 2011.
(Attachment 2 / Exhibit 7)
3. LOCAL AGENCY INVESTMENT FUND (LAIF) was reviewed.
(Attachment 2 / Exhibit 8)
4. The City Manager as a paid employee represents both City Council and city employees in bargaining unit contract negotiations.

FINDINGS:

1. The Grand Jury finds that the City Manager for the fiscal period 2007-2011 did not demonstrate that she possessed the proper qualifications and expertise to perform the duties required for that position.
(Facts #1-3) (Attachment 2 / Exhibits 1-8)
2. The Grand Jury finds that the General Plan created by the City Manager and consulting firm PMC was unrealistic based on the financial infrastructure in place at the time.
(Fact #3) (Attachment 2 / Exhibits 1-8)

3. The Grand Jury finds that on many occasions the City Manager provided insufficient or misleading information making it difficult or impossible for the City Council to cast intelligent votes.
(Fact #3)
4. The Grand Jury finds that the City Council failed to ask proper questions regarding many of the votes pertaining to consultants, budgets, and previous audits during the fiscal period 2007- 2011.
(Fact #1)
5. The Grand Jury finds the City Manager solely oversaw the expenditures for consultants and did not maintain proper payment procedures.
(Facts #1-3) (Attachment 2 / Exhibits 1-8)
6. The Grand Jury finds that the money spent on consultants for the wastewater plant was unnecessary because it was based on an unrealistic general plan.
(Facts #1-3) (Attachment 2 / Exhibits 1-8)
7. The Grand Jury finds based on the City Council meetings and interviews, the City Manager and City Council disregarded findings and recommendations of the 2010-2011 Grand Jury report.
8. The Grand Jury finds that the City Manager and City Council ignored complaints voiced by local citizens at City Council meetings concerning financial matters and problems surrounding the proposed wastewater treatment plant.
9. The wastewater treatment plant that was proposed by the City Manager was not sustainable and did not have the financial infrastructure to implement.
(Fact #1) (Attachment 2 / Exhibits 1-6)
10. The Grand Jury finds that based on all the information provided by the city, the forensic investigation and interviews; the financial situation in Ione is the result of poor management and leadership by the City Council in the fiscal period 2007-2011.
(Facts #1-3) (Attachment 1 / Forensic Investigation Report)
11. The Grand jury finds that it is a conflict of interest for the City Manager to represent both the City Council and city employees in bargaining unit contract negotiations.
(Fact #4)

RECOMMENDATIONS:

1. It is recommended that all Municipal Code violations be enforced.
2. It is recommended that the position of Finance Director should require at least a Bachelor's degree in Finance and be a separate position from the City Manager.
3. It is recommended that the City Council members should attend yearly training from the League of Cities.
4. It is recommended that, due to conflict of interest, the City Manager not represent the City Council in bargaining unit contract negotiations.
5. It is recommended that the City Council address all findings of the Internal Auditor in a timely manner.

RESPONSE REQUIRED:

Pursuant to California Penal Code §933 (c) a response to this report is required. No later than 90 days after the Grand Jury submits a final report on the operations of any public agency subject to its reviewing authority, the governing body of the public agency shall comment to the presiding judge of the Superior Court on the finding and recommendations.

INDEX OF ATTACHMENTS

1. Report to the Amador County Grand Jury from Perry-Smith LLP/Crowe Horwath Dated November 23, 2011

**Note - All names in this report are shaded for confidentiality reasons.*

2. Exhibits 1-9 (Summaries of Financial Statements)

1. Summary of Fees Paid to Selected Consultants
2. PERC Water
 - Page 1 / Contract
 - Page 2 / Payment Summary
3. Lee and Ro, Inc.
 - Page 1 / Contract
 - Page 2 / Payment Summary
4. MHA Environmental Consulting
 - Page 1 / Contract
 - Page 2 / Payment Summary
 - Page 3 / Payment Summary
5. Coastland Civil Engineering, Inc.
 - Page 1 / Contract
 - Page 2 / Payment Summary
 - Page 3 / Payment Summary
6. Wallace Kuhl and Associates
 - Page 1 / Contract
 - Page 2 / Payment Summary
7. Stoel Rives, LLP / Payment Summary
8. Local Agency Investment Fund (LAIF)
 - Page 1 / Fund Activity
 - Page 2 / Financial Statement Findings
9. City of Ione / Financial Statement Findings

Report to the Amador County Grand Jury**Dated November 23, 2011**

As requested by you, the Civil Grand Jury for the County of Amador, we, Crowe Horwath LLP (“Crowe” or “we” or “our”) prepared a summary of our findings and recommendations addressing the specific concerns you raised related to the financial operations of the City of Lone (the “City”).

In summary, we have four major observations based on our work: (1) Our review of disbursements from the City to selected consultants providing services for Wastewater Treatment Facilities and other related projects indicates standard procedures related to documentation, approval and oversight were not followed, and we recommend the City properly monitor projects with outside consultants in the future. (2) Our review of disbursements from the City to Stoel Rives, the former acting City Attorney, indicates sufficient documentation and approval; however, we recommend the City consistently monitor the level of spending to outside consultants. (3) While minimal documentation was provided by the City to support Local Agency Investment Fund (LAIF) account activity, it appears restricted funds are properly segregated from LAIF funds. (4) The significant deficiencies noted by the City’s independent auditor in recent years require rectification so the City may obtain an unqualified, or “clean”, audit opinion.

I. Background

During our discussions with the Grand Jury, the members identified specific concerns related to the financial operations of the City. The Grand Jury engaged us to evaluate these concerns effective May 4, 2011. The four areas we are asked to evaluate are as follows:

I. Background (Continued)**1. Analysis and documentation of disbursements from the City to selected consultants providing services for Wastewater Treatment Facilities and other related projects.**

The Grand Jury indicated a specific concern with potentially excessive expenditures to the following consultants providing services for Wastewater Treatment Facilities and other related projects:

- a. PERC Water
- b. Lee & Ro, Inc.
- c. MHA Environmental Consulting, Inc. and RMT, Inc.
- d. Coastland Civil Engineering, Inc.
- e. Wallace Kuhl & Associates, Inc.

2. Analysis and documentation of disbursements from the City to Stoel Rives, LLP.

The Grand Jury indicated a specific concern with potentially excessive expenditures to Stoel Rives, who acted as City Attorney for the City from late-June 2007 until approximately August 2011.

3. Analysis and documentation of deposits to and disbursements from Local Agency Investment Fund account for the City.

The Grand Jury indicated a specific concern with significant withdrawals from, and depletion of, the LAIF account for the City. Further, the Grand Jury expressed concern regarding the possibility that cash activity related to the Community Facility Districts is not properly segregated from other funds, and may be comingled with LAIF funds.

I. Background (Continued)**4. Analysis of findings included in the annual financial statements issued by the independent auditor for the City.**

The Grand Jury indicated a specific concern with numerous findings included in the audit reports issued in recent years by the independent auditor for the City.

The Grand Jury requested we analyze the financial records and provide our findings related to these four concerns. In addition, the Grand Jury requested we provide recommendations to improve the City's current processes related to the financial operations as applicable.

II. Relevant Period

The relevant period of analysis differs for each of the above listed items and is detailed as follows:

The analysis period for disbursements to selected consultants providing services for Wastewater Treatment Facilities and other related projects is from contract inception dates for each project to mid-May 2011. This information request was submitted to the City in mid-May and documents were provided in response to this request a few weeks later.

The analysis period for disbursements to Stoel Rives is from contract inception of June 22, 2007 to late-August 2011. This information request was submitted to the City in early-August and documents were provided in response to this request in mid-September 2011.

The Grand Jury set the analysis period for deposits to and disbursements from the LAIF account from January 1, 2005 to December 31, 2010.

The Grand Jury set the analysis period for review of audit findings to fiscal years ended June 30, 2006 through 2010.

III. Information Considered and Limitations of the Information

The Grand Jury provided various documents related to the City at the commencement of this project. The Grand Jury also submitted three document requests to the City on our behalf. The requests were submitted in mid-May, mid-June and early-August 2011. Documents were provided at various times by the City in response to these requests.

We also had discussions with the Grand Jury throughout the project. The Grand Jury requested we also participate in their interviews with [REDACTED], Finance Manager for the City, and [REDACTED], CPA, the current independent auditor for the City. The interviews with both [REDACTED] and [REDACTED] were conducted on September 26, 2011.

Our analysis of the documents and interview responses provides the foundation for the analysis covered in this report. The documents we relied upon in preparing our report are as follows:

- Copies of cancelled checks, check stubs and supporting documentation for disbursements from the City to PERC Water, Lee & Ro, MHA Environmental Consulting / RMT, Coastland Civil Engineering and Wallace Kuhl & Associates from contract inception to mid-May 2011. The contract dates vary by consultant and project. The earliest contracts started in December 2006.
 - Copies of available contracts and change orders between the City and PERC Water, Lee & Ro, MHA Environmental Consulting / RMT, Coastland Civil Engineering and Wallace Kuhl & Associates from December 2006 to the present.
 - Copies of cancelled checks, check stubs and supporting documentation for disbursements from the City to Stoel Rives from contract inception of June 22, 2007 to late-August 2011.
 - Copy of contract between the City and Stoel Rives dated June 22, 2007.
 - Correspondence to the City from Stoel Rives indicating change in hourly rates dated November 26, 2008.
 - Copies of account statements for the LAIF account for all months beginning January 1, 2005 to December 31, 2010.
-

III. Information Considered and Limitations of the Information (Continued)

- Copies of available supporting documentation for all deposits to and disbursements from the LAIF account for the period January 1, 2005 to December 31, 2010.
- Copies of bank records for US Bank accounts for all months beginning January 1, 2005 to April 30, 2011.
- Annual audited financial statements for the City for fiscal years ended June 30, 2006 through 2010.
- Copies of minutes from City Council meetings for the City for the following dates: September 18, 2007, April 1, 2008, April 7, 2009, June 1, 2010 and August 2, 2011.
- Correspondence from [REDACTED], City Clerk for the City, dated September 14, 2011, drafted in response to items listed in document request #3 to the City.
- Copies of purchasing policies for the City.

IV. Procedures Performed

To evaluate the four areas of concern indicated by the Grand Jury, we performed the following procedures:

1. Analysis and documentation of disbursements from the City to selected consultants providing services for Wastewater Treatment Facilities and other related projects.

- Reviewed the payment information provided by the City for each consultant;
 - Prepared a summary of all payments from the City to each consultant over the relevant period;
 - Analyzed the documentation provided supporting the payments to determine whether there was sufficient support and approval for the payments;
 - Reviewed available contracts and change orders provided by the City for each consultant;
 - Prepared a summary of pertinent information from contracts and change orders for each consultant;
 - Compared the payments for each consultant to the contracts and change orders provided to confirm payments were adequately supported by contracts or change orders;
 - Summarized the findings from the above steps in our report.
-

IV. Procedures Performed (Continued)**2. Analysis and documentation of disbursements from the City to Stoel Rives, LLP.**

- Reviewed the payment and contract information provided by the City;
- Prepared a summary of all payments from the City over the relevant period;
- Analyzed, on a sample basis, the documentation provided supporting the payments and compared the invoices and supporting documents to the contract;
- Summarized the findings from the above steps in our report.

3. Analysis and documentation of deposits to and disbursements from Local Agency Investment Fund account for the City.

- Reviewed LAIF account statements provided by the City;
- Prepared a summary of all LAIF account activity over the relevant period;
- Reviewed US Bank account statements provided by the City;
- Analyzed the documentation provided supporting the LAIF account activity to determine whether there was sufficient support and approval for the transactions;
- Summarized the findings from the above steps in our report.

4. Analysis of findings included in the annual financial statements issued by the independent auditor for the City.

- Read annual audited financial statements over the relevant period;
 - Prepared a summary of audit findings;
 - Discussed audit findings with [REDACTED], CPA;
 - Discussed audit findings with [REDACTED], Finance Manager for the City;
 - Summarized the findings from the above steps in our report.
-

V. Summary of Findings

The findings from our procedures are as follows:

1. **Analysis and documentation of disbursements from the City to selected consultants providing services for Wastewater Treatment Facilities and other related projects.**

Table 1 is a summary of the payment history from contract inception (with earliest contract inception date of December 2006) to mid-May 2011 indicating \$2,291,451.22 was paid to selected consultants providing services for Wastewater Treatment Facilities and other related projects. A summary by project for each consultant and the time period of services is detailed in **Exhibit 1**. Detail of all payments to each consultant is included in **Exhibits 2 through 6**.

Table 1 Payments to Selected Consultants

<u>Consultant Name</u>	<u>Total Payments</u>
PERC Water	\$ 737,054.03
Lee & Ro, Inc.	595,455.65
MHA Environmental Consulting, Inc. / RMT, Inc.	580,237.98
Coastland Civil Engineering, Inc.	258,868.08
Wallace Kuhl & Associates, Inc.	119,835.48
	<u>\$ 2,291,451.22</u>

Our review of available supporting documentation indicates missing contracts or change orders, lack of approval of contracts or change orders and missing or incomplete invoice detail of services performed. Our review of the documentation also indicates minimal oversight of the projects performed by these consultants.

While we did not perform a review of the City's compliance with policies and procedures (as to specific contracts), our general evaluation of compliance is limited to review of the correspondence from [REDACTED], City Clerk. Our recommendations are a general reference to appropriate governance.

V. Summary of Findings (Continued)**1. Analysis and documentation of disbursements from the City to selected consultants providing services for Wastewater Treatment Facilities and other related projects.** (Continued)

Our findings in detail are as follows:

Missing contracts or change orders

The City initially engaged Lee & Ro to provide certain services in December 2006. It appears the City agreed to three change orders with Lee & Ro. Although there is documentation supporting the initial contract and change orders #1 and #3, there was no documentation provided by the City to support change order #2.

The City initially engaged Coastland Civil Engineering to provide certain services in February 2010. It appears the City agreed Coastland Civil Engineering would provide additional services related to various projects. There is documentation supporting the initial contract and two of the additional projects. There is no documentation supporting the remaining projects, while there is evidence of payment to the consultant for other work performed.

In addition, our analysis of available contracts provided by the City indicates certain documents have the appearance of a proposal rather than a valid contract.

We recommend the City obtain sufficient documentation supporting all contracts with outside consultants. The contracts should adequately describe the services the consultant will provide to the City. All amendments and change orders should be adequately supported as well. We also recommend the City prepare a cost/benefit analysis to determine whether the services of the consultant are required and whether there is financing available to fund the project.

V. Summary of Findings (Continued)**1. Analysis and documentation of disbursements from the City to selected consultants providing services for Wastewater Treatment Facilities and other related projects. (Continued)****Lack of approval of contracts or change orders**

Our analysis indicates numerous instances whereby contracts or change orders did not appear to be properly approved by the City. Related to the missing contracts or change orders for Lee & Ro and Coastland Civil Engineering previously described, there is obviously no evidence of approval as well.

The City initially engaged MHA Environmental Consulting / RMT to provide certain services in December 2006. It appears the City agreed MHA / RMT would provide services related to five phases. There are approvals indicated for phases 1, 2 and 5. There is no evidence of approval included in the documentation provided by the City for phases 3 and 4.

As previously described, it appears the City engaged Coastland Civil Engineering to provide services related to various projects. The City provided documentation to support project #1, but there is no evidence of approval included in the documentation provided.

The City initially engaged Wallace Kuhl & Associates to provide certain services in May 2007. It appears the City agreed Wallace Kuhl & Associates would provide services related to four projects. Although there are approvals indicated for projects #1 through #3 and the initial estimate and budget increase #1 for project #4, there is no evidence of approval included in the documentation provided by the City for budget increases #2 and #3 for project #4.

V. Summary of Findings (Continued)**1. Analysis and documentation of disbursements from the City to selected consultants providing services for Wastewater Treatment Facilities and other related projects.** (Continued)

Per correspondence from [REDACTED], City Clerk, dated September 14, 2011, it is our understanding the City issued a Request for Proposal for only one of the projects undertaken by the selected consultants. We did not confirm whether the City followed proper protocol in engaging these consultants as it was outside of the initial scope of our work and also involves legal or governance expertise.

In addition to obtaining sufficient documentation supporting all contracts, we recommend the City ensure proper approvals are obtained for all contracts with outside consultants. Approval of contracts by the City should also be made in accordance with applicable guidelines and regulations.

Missing or incomplete invoice detail of services performed

None of the invoices submitted by any of the consultants to the City include comprehensive detail of the services performed during the periods covering the invoices. Per review of the invoices, it is also unclear what level of progress is made on the projects as of the invoice dates. A limited amount of detail is provided on some of the invoices; however, it is not sufficient to obtain a thorough understanding of the status of the project at any given point in time.

It is beyond our expertise, and thus, we did not confirm whether the City actually received the services from the selected consultants for which payment was made, nor did we determine whether the fees paid were fair and reasonable. The City may choose to engage an outside consultant specializing in wastewater treatment or other applicable expertise to undertake this analysis.

V. Summary of Findings (Continued)**1. Analysis and documentation of disbursements from the City to selected consultants providing services for Wastewater Treatment Facilities and other related projects. (Continued)**

We recommend the City require inclusion of comprehensive detail of services performed on all invoices from outside consultants. This is most significant for higher dollar and longer term projects. We also recommend the City require formal progress reports accompany each invoice.

Minimal oversight of the projects performed by these consultants

Although there is evidence of approval for payment by the City included with the invoices, there is no evidence indicated on the invoices or other supporting documentation that a representative of the City is monitoring the progress of the projects performed by these consultants.

We recommend the City become actively involved in monitoring the progress of projects performed by outside consultants. By requiring that invoices include comprehensive detail of services performed and that progress reports accompany all invoices, the City will have the ability to analyze this information to confirm whether the services performed and status of the project are consistent with current expectations.

2. Analysis and documentation of disbursements from the City to Stoel Rives, LLP.

Table 2 is a summary of the payment history from contract inception on June 22, 2007 to late-August 2011 indicating \$1,118,788.60 was paid to Stoel Rives related to multiple legal matters, including fees for assuming the role of City Attorney. Detail of all payments to Stoel Rives during this period is included in **Exhibit 7**.

V. Summary of Findings (Continued)

2. Analysis and documentation of disbursements from the City to Stoel Rives, LLP. (Continued)

Table 2 Payments to Stoel Rives, LLP

<u>Payment Dates</u>	<u>Total Payments</u>
Oct-Dec 2007	\$ 29,350.86
Jan-Dec 2008	266,947.02
Jan-Dec 2009	363,704.69
Jan-Dec 2010	317,224.42
Jan-Aug 2011	<u>141,561.61</u>
	<u>\$ 1,118,788.60</u>

Review of documentation provided by the City indicates there was an approved contract between the City and Stoel Rives. Review of invoices indicates detailed billing was provided by Stoel Rives in support of their fees. The rates per hour vary by legal matter and range from \$250 to \$425 per attorney hour. Although there is evidence of approval for payment by the City included with the invoices, it is unclear whether the City was monitoring the level of fees incurred by Stoel Rives related to the multiple legal matters for which they were engaged.

Based on discussions with the Grand Jury and [REDACTED], Finance Manager for the City, it is our understanding Stoel Rives is no longer acting as City Attorney for the City. It is our understanding these services are now being provided by another attorney, at a reduced rate.

Consistent with our recommendations in the previous section, we recommend the City monitor the level of spending with all outside consultants. We recommend the City compare actual expenditures to the amounts approved per the annual operating budget.

V. Summary of Findings (Continued)

3. Analysis and documentation of deposits to and disbursements from Local Agency Investment Fund account for the City.

Table 3 details the balance in the account at the end of each year based on review of LAIF account statements for the period January 1, 2005 to December 31, 2010. Detail of all activity in the LAIF account during this period is included in **Exhibit 8**.

Table 3 Balance in Local Agency Investment Fund Account

<u>As of Dec 31</u>	<u>Balance</u>	<u>Change</u>
2004	\$ 5,760,661.78	
2005	6,863,895.83	\$ 1,103,234.05
2006	7,878,987.96	1,015,092.13
2007	5,789,472.05	(2,089,515.91)
2008	4,170,811.53	(1,618,660.52)
2009	2,272,017.76	(1,898,793.77)
2010	1,754,789.84	(517,227.92)

The Grand Jury expressed concern regarding the possibility cash activity related to the Community Facility Districts is not properly segregated from other funds. The City provided copies of bank records from US Bank whereby it appears the cash activity related to the Community Facility Districts is held.

██████████ represented, in our discussion, the City is currently properly segregating and accounting for the cash activity related to the Community Facility Districts. Further, ██████████ indicated the City engages outside consultant David Taussig & Associates, Inc. to oversee this process.

V. Summary of Findings (Continued)**3. Analysis and documentation of deposits to and disbursements from Local Agency Investment Fund account for the City. (Continued)**

While the Community Facility Districts Mello-Roos collections are not comingled with other accounts, review of the audited financial statements and financial statement findings for the past five years indicates significant concern by the auditor with lack of reconciliation of deposits related to the specific Community Facility Districts Mello-Roos payers. It is our understanding the City is in the process of reconciling the deposits and receivables related to the Community Facility Districts to underlying supporting documentation. When issued, the audited financial statements and financial statement findings for the fiscal year ended June 30, 2011 may confirm whether this issue remains a significant deficiency.

The cash and investment accounts are tested as part of the annual audit. Although the auditor was unable to satisfy their testing of the cash and investment accounts for the fiscal year ended June 30, 2009, they were able to satisfy their testing of the accounts for fiscal year ended June 30, 2010. Activity in both the US Bank and LAIF accounts are tested as part of this process. The audit opinion and financial statement findings for fiscal year ended June 30, 2010 do not appear to include any indication these funds are not segregated properly from other non-Mello Roos funds.

Per discussion with [REDACTED], the deposits into the LAIF account primarily represent property tax or sales tax revenues. Disbursements from the LAIF account primarily represent transfers back to the general fund based on the cash flow needs of the City. We requested supporting documentation for all LAIF account activity for fiscal years 2005 through 2010. While we understand the movement of funds as described by [REDACTED], much of the support for the movement of funds is missing or not provided. It is unclear from the documentation provided what process the City undertakes to approve and confirm many of activity in the LAIF account.

V. Summary of Findings (Continued)

3. Analysis and documentation of deposits to and disbursements from Local Agency Investment Fund account for the City. (Continued)

As indicated in **Table 3**, the LAIF account is depleted in recent years. ██████████ confirmed there are reductions in revenues related to the downturn in the economy, which contribute to the recent account depletion. It is also likely spending by the City during this time, including payments to the outside consultants previously described, contributed to the depletion as well.

We recommend the City maintain sufficient supporting documentation for all deposits to and disbursements from the LAIF account. Further, we recommend the City develop a formal process of approving transfers from the LAIF account, which includes confirmation the transfer is adequately justified and supported by detailed cash flow analysis and reconciliation to both budgeted and projected cash flow needs.

4. Analysis of findings included in the annual financial statements issued by the independent auditor for the City.

Table 4 lists the audit opinions issued and the number of financial statement findings for fiscal years ended June 30, 2006 through 2010. Additional detail regarding the audit findings over this period is included in **Exhibit 9**. Note the annual audited financial statements, including detailed explanations of the financial statement findings, are available on the City website.

Table 4 Audit Opinions Issued & Number of Financial Statement Findings

<u>Fiscal Year Ended June 30</u>	<u>Audit Opinion Issued</u>	<u># of Fin Stmt Findings</u>
2006	Qualified & Adverse	41
2007	Qualified & Adverse	(1)
2008	Qualified	21
2009	Disclaimer	27
2010	Qualified	35

(1) Report on Compliance and on Internal Control over Financial Reporting not available.

V. Summary of Findings (Continued)**4. Analysis of findings included in the annual financial statements issued by the independent auditor for the City. (Continued)**

As noted in **Table 4**, the audit opinions for the City deviate from an unqualified, or “clean”, audit opinion in each of the last five years. As discussed previously, lack of reconciliation of deposits to underlying supporting documentation related to the Community Facility Districts Mello-Roos collections contributes to the inability of the City to obtain an unqualified audit opinion.

We spoke with ██████████, CPA, on September 26, 2011 to further discuss the audit findings. ██████████. ██████████ has served as the independent auditor for the City from fiscal year ended June 30, 2006 to the present. ██████████ indicated, based on his experience with other governmental clients, the number of financial statement findings for the City is unusually high. Of the 35 findings listed in the most current audited financial statements for fiscal year ended June 30, 2010, 27 relate to prior year findings not yet resolved and 8 relate to new findings.

██████████ indicated the City changed its chart of accounts in the fiscal year ended June 30, 2009. ██████████ ██████████ indicated he would not have recommended a change in the chart of accounts, as it can result in significant issues if not implemented properly. Unfortunately, this was the case for the City. Finding 09-13 on page 61 of the audited financial statements for fiscal year ended June 30, 2009 reads, “Furthermore the transition to the new accounting chart of accounts was not properly planned or monitored to ensure accuracy in financial reporting in accordance with U.S. generally accepted accounting principles.” This finding was not completely resolved as of fiscal year ended June 30, 2010 and was relisted as finding 10-23 on page 70 of the audited financial statements.

V. Summary of Findings (Continued)**4. Analysis of findings included in the annual financial statements issued by the independent auditor for the City. (Continued)**

██████ also indicated significant concerns related to cash and investment accounts, most notably for the fiscal year ended June 30, 2009. As described in the audit report, the City did not prepare bank reconciliations for cash and investments. Since the City did not have documentation to adequately support cash and investments, along with other accounts, and the auditor was not able to apply other auditing procedures, a disclaimer of opinion was issued. A disclaimer of opinion states the auditor does not express an opinion on the financial statements. Although concerns with reconciliation of cash and investment accounts remain, along with other accounts, the auditor was able to adequately test the accounts in order to issue a qualified opinion for the fiscal year ended June 30, 2010.

It is noted in the financial statement findings for the fiscal year ended June 30, 2010 and through discussions with ██████, that ██████, who was hired in July 2010, is tasked with resolving many of the audit findings. Progress towards this goal was cited by both ██████ and ██████ in our discussions. ██████ and ██████ indicate the desire for the City to receive an unqualified opinion for the fiscal year ended June 30, 2011.

Review of minutes from City Council meetings indicates ██████ discussed the audited financial statements with City Council members. The audited financial statements for fiscal years ended June 30, 2006, 2007, 2008, 2009 and 2010 were discussed at meetings on September 18, 2007, April 1, 2008, April 7, 2009, June 1, 2010 and August 2, 2011, respectively. It is unclear from review of the minutes what questions, comments or concerns the City Council members raised in response to the numerous audit findings noted by ██████ during his audits.

V. Summary of Findings (Continued)**4. Analysis of findings included in the annual financial statements issued by the independent auditor for the City. (Continued)**

██████ also includes recommendations with the financial statement findings based on his extensive experience in performing governmental audits. Based on our experience, and echoed in the recommendations by ██████, we recommend the City develop and implement sufficient policies and procedures to ensure financial information is adequately supported and reliable. Further, we recommend the finance function is adequately staffed and employees are properly trained in performing their job duties. The City should ensure the finance function is not only able to meet its responsibilities related to normal daily operations, but there is also an appropriate level of expertise within the group which can address the more significant financial issues cities face.

We also recommend there is appropriate oversight of the financial operations by the City Council. We also recommend formal updates on financial results are communicated to the City Council on a monthly or quarterly basis.

VI. Other Matters

This report reflects events and circumstances as they currently exist based upon the information received and the procedures we performed through the date of this report. Should additional information become available to us, we reserve the right to update our report accordingly. The procedures we performed do not constitute an audit, review, or compilation of financial statements in accordance with generally accepted auditing standards. None of the contents of this report are intended to provide legal advice. We appreciate the opportunity to serve you in this matter. If you have any questions relating to any matter presented herein, please do not hesitate to contact me.

Sincerely,

Conrad Davis

Partner

Crowe Horwath LLP

**Amador County Grand Jury
City of Lone
Summary of Fees Paid to Selected Consultants**

Exhibit 1

Exhibit Reference	Consultant Name & Project Description	Period of Services		Total Payments
		Beginning	Ending	
2	PERC Water City of Lone Wastewater Treatment Facilities	Jul-09	Apr-11	\$ 737,054.03
3	Lee & Ro, Inc. Wastewater Engineering Assistance Project	Dec-06	Mar-11	595,455.65
4	MHA Environmental Consulting, Inc. / RMT, Inc. Wastewater Treatment Plan Improvement Project	Dec-06	Dec-09	580,237.98
5	Coastland Civil Engineering, Inc.	Feb-10	Mar-11	
	City Engineering			
	City Engineering			21,782.82
	lone - Building Department Services			52,796.75
	lone - City Engineering 2010-11			52,570.67
	Pavement Management Program 2010			20,737.00
	Howard Park Restroom			15,508.30
	Other Engineering Projects			
	City Hall/Police Station Remodel			26,280.06
	Sewer Repair Inventory from I/I Study			19,416.25
	Preston Avenue Sewer Main Rehabilitation			14,188.04
	Wildflower Units 3,4 & 5			10,785.24
	WWTP Annexation			8,511.45
	Sewer Map Update			5,981.50
	Stop Sign Warrant Study			5,750.00
	Energy Grant LED/HVAC Project			3,685.00
	Heath/Samprucci BLA			437.50
	Hambaugh LLA			437.50
				258,868.08
6	Wallace Kuhl & Associates, Inc.	May-07	Apr-09	
	lone WWTP Monitoring Wells			42,711.81
	lone WWTP Pond 5 Clay Liner			7,272.50
	lone WWTP Pond Instrumentation			23,286.98
	lone Offsite Monitoring Wells			46,564.19
				119,835.48
				Total \$ 2,291,451.22

Amador County Grand Jury
City of Ione
PERC Water
Contract Summary

	Asset Management Svcs Agmt	First Amendment to Asset Mgmt Svcs Agmt
Agreement Date:	July 1, 2009	June 21, 2011
Services Provided:	Provide for the operation and maintenance of Wastewater Treatment Facility, Tertiary Treatment Facility and Sewer Collection System	Provide for the operation and maintenance of Wastewater Treatment Facility, Tertiary Treatment Facility and Sewer Collection System
Term of Agreement:	2 years and may be extended for 3 additional 2 year terms	2 years and may be extended for 2 additional 2 year terms
Approved By:	Kim Kerr, City Manager and [name unclear], City Attorney	Kim Kerr, City Manager
Monthly Fees:		
WWTP	\$16,750	\$17,420
COWRP	\$12,833	\$13,346
Collection System	\$3,500	\$3,640
Total	\$33,083	\$34,406
Total Billed Through April 2011:	\$737,054 for 22 months	n/a
Billing Details:	No detail on what services were performed	No detail on what services were performed

**Amador County Grand Jury
City of Ione
PERC Water
Payment Summary**

Check Date	Check #	Cancelled Check	Amount	Payment Voucher (1)	Invoice Information					
					Invoice Date	Invoice Number	Associated Project	Labor	Direct Costs (2)	Invoice Amount
08/31/09	044127	No	\$ 33,083.00	Yes	08/17/09	1981	(3)	\$ 33,083.00		\$ 33,083.00
09/29/09	044185	Yes	33,083.00	Yes	09/14/09	1997	(3)	33,083.00		33,083.00
11/17/09	044303	Yes	33,083.00	Yes	10/14/09	2010	(3)	33,083.00		33,083.00
12/09/09	044356	Yes	33,083.00	Yes	11/11/09	2024	(3)	33,083.00		33,083.00
01/11/10	044445	Yes	33,083.00	Yes	12/16/09	2038	(3)	33,083.00		33,083.00
02/16/10	044557	Yes	33,083.00	Yes	01/07/10	2053	(3)	33,083.00		33,083.00
03/29/10	044638	Yes	33,083.00	Yes	02/09/10	2064	(3)	33,083.00		33,083.00
04/07/10	44660	Yes	33,083.00	Yes	03/10/10	2080	(3)	33,083.00		33,083.00
04/28/10	44749	Yes	33,083.00	Yes	04/09/10	2096	(3)	33,083.00		33,083.00
05/19/10	44788	Yes	33,083.00	Yes	05/11/10	2111	(3)	33,083.00		33,083.00
06/11/10	44846	Yes	33,083.00	Yes	06/04/10	2127	(3)	33,083.00		33,083.00
07/15/10	44987	Yes	33,083.00	Yes	07/07/10	2144	(3)	33,083.00		33,083.00
08/18/10	44961	Yes	33,083.00	Yes	08/03/10	2161	(3)	33,083.00		33,083.00
09/13/10	45144	Yes	33,083.00	Yes	09/03/10	2176	(3)	33,083.00		33,083.00
10/27/10	45239	Yes	33,083.00	Yes	10/07/10	2193	(3)	33,083.00		33,083.00
11/10/10	45270	Yes	33,083.00	Yes	11/02/10	2210	(3)	33,083.00		33,083.00
12/27/10	45362	Yes	33,083.00	Yes	12/02/10	2225	(3)	33,083.00	\$ 3,344.75	36,427.75
01/12/11	45413	Yes	3,344.75	Yes			(3)			
01/27/11	45448	Yes	33,083.00	Yes	01/08/11	2240	(3)	33,083.00		33,083.00
02/24/11	45514	Yes	33,495.78	Yes	02/07/11	2256	(3)	33,083.00	412.78	33,495.78
03/29/11	45560	Yes	33,083.00	Yes	03/04/11	2273	(3)	33,083.00		33,083.00
05/04/11	45647	Yes	33,083.00	Yes	04/04/11	2288	(3)	33,083.00		33,083.00
05/18/11	45689	Yes	38,553.50	No	(4)	(4)				
			<u>\$ 737,054.03</u>							<u>\$ 698,500.53</u>

Scope: All checks to PERC Water from contract inception to mid-May 2011.

Source: Documentation provided by City of Ione.

Notes:

- (1) "Yes" indicates Payment Voucher was approved with one or more signatures.
- (2) Supporting documents for all direct costs are included in check package.
- (3) City of Ione Wastewater Treatment Facilities.
- (4) Invoice information not provided.

Observations:

- Contract established prior to July of 2009
- Contract number 0501-22
- No detailed billing provided.

**Amador County Grand Jury
City of Ione
Lee & Ro, Inc.
Contract Summary**

	Contract	Change Order #1	Change Order #2	Change Order #3
Contract Date:	December 13, 2006	May 11, 2007	??	March 3, 2009
Services Provided:	Task 1: Regulatory Assistance	Task 1: Technical Memoranda (\$35,000) - #1 Influent loading and influent/effluent flows; #2 Treatment options; #3 Wastewater disposal options	??	Task 1: On-Call Wastewater Treatment Support Services (\$78,997)
	Task 2: Environmental Document Assistance	Task 2: Draft and Final Supplemental Wastewater Master Plan (\$25,000)		Task 2: On-Call Wastewater Collection System Engineering Services (\$45,208)
	Task 3: Pond Design Support	Task 3: On-Call Wastewater Engineering Services (\$40,000)		Task 3: Regulatory and Permitting Assistance (\$59,570) - #1 Regulatory assistance; #2 Report of waste discharge; #3 Master water reclamation permit
	Task 4: ARSA Flow Review			Task 4: Owner's Representative - Design Build Team Selection (\$253,980) - #1 Project management; #2 Geotechnical and topographic survey; #3 Request for qualifications documents; #4 Request for proposal documents
	Task 5: On-Call Services			
Approved By:	Jerry Sherman, Mayor	George Lambert, Interim City Administrator	??	No signature - but approved by City Council on March 17, 2009
Estimated Costs:	\$40,000 per contract \$40,000 per billing notes	\$100,000 per contract \$100,000 per billing notes	No contract located \$40,000 per billing notes	\$437,755 per contract \$437,755 per billing notes
Duration per Billing:	Through April 2007	May 2007 through February 2008	March 2008 through October 2008	November 2008 through March 2011
Billed Costs:	\$39,869 through April 2007	\$99,641 through February 2008	\$40,172 through October 2008	\$415,774 through March 2011
Billing Details:	No detail on what services were performed by Lee & Ro consultants, but some detail for subconsultants	No detail on what services were performed by Lee & Ro consultants, but some detail for subconsultants	No detail on what services were performed by Lee & Ro consultants, but some detail for subconsultants	No detail on what services were performed by Lee & Ro consultants, but some detail for subconsultants
Scope of Work:	Assume role of City's wastewater consultant, working closely with your staff and environmental consultant, MHA, to meet City's current and near-term wastewater service obligations	Work that will supplement existing City of Ione Wastewater Master Plan dated November 30, 2006		Proposal for City of Ione Wastewater Treatment Plant Expansion
	Ready to start work immediately to meet existing time constraints	Not intended to be a replacement plan, only a supplement		Task 5: Owner's Representative - Construction Management Services also listed with estimated costs of \$500,000 to \$700,000 but does not appear to have been
	Provide assistance to MHA to complete CEQA process	Supplement is needed so that City may consider treatment and disposal options not considered in earlier document		
	Estimated costs for initial work for approximately 90 days	Also includes on-call services as needed		
	Will provide City with more detailed scope of services for the balance of projected work within 8 weeks of being authorized to begin work			

**Amador County Grand Jury
City of Ione
Lee & Ro, Inc.
Payment Summary**

Check Date	Check #	Cancelled Check	Amount	Payment Voucher	Invoice Information										
					Invoice Date	Invoice Number	Associated Project	Direct Labor	Direct Expense	Invoice Amount	Contract Amount	Previous Inv Amt	Total Invoiced to Date	Balance on Contract	
				(1)					(2)						
04/18/07	040700	Yes	\$ 30,814.31	Yes	04/05/07	730/01	(4)	\$ 30,275.50	\$ 538.81	\$ 30,814.31	\$ 40,000	\$ -	\$ 30,814.31	\$ 9,185.70	
05/16/07	040829	Yes	9,054.52	Yes	05/02/07	730/02	(4)	8,922.00	132.52	9,054.52	40,000	30,814.31	39,868.83	131.18	
06/20/07	040987	Yes	13,329.28	Yes	06/01/07	730/03	(4)	13,120.50	208.78	13,329.28	140,000	39,868.83	53,198.11	86,801.89	
07/16/07	041139	Yes	11,789.57	Yes	07/03/07	730/04	(4)	11,727.00	62.57	11,789.57	140,000	53,198.11	64,987.68	75,012.32	
08/02/07	041317	Yes	11,930.52	Yes	08/02/07	730/05	(4)	11,834.00	96.52	11,930.52	140,000	64,987.68	76,918.20	63,081.80	
10/22/07	041577	Yes	34,955.06	Yes	09/06/07	730/06	(4)	17,132.00	174.60	17,306.60	140,000	76,918.20	94,224.80	45,775.20	
				Yes	10/04/07	730/07	(4)	17,550.00	98.46	17,648.46	140,000	94,224.80	111,873.26	28,126.75	
11/28/07	041771	Yes	7,971.62	Yes	11/02/07	730/08	(4)	7,930.00	41.62	7,971.62	140,000	111,873.26	119,844.88	20,155.12	
01/18/08	041992	Yes	4,704.00	Yes	01/04/08	730/10	(4)	4,704.00	-	4,704.00	140,000	129,357.87	134,061.87	5,938.13	
02/19/08	042109	Yes	2,555.89	Yes	02/04/08	730/11	(3)			2,555.89					
03/06/08	042190	Yes	9,512.99	Yes	12/06/07	730/09	(4)	9,448.00	64.99	9,512.99	140,000	119,844.88	129,357.87	10,642.13	
06/30/08	042660	Yes	13,555.31	Yes	03/06/08	730/12	(4)	2,856.00	36.36	2,892.36	140,000	136,617.76	139,510.12	489.88	
				Yes	07/03/08	730/13	(3)			10,662.95					
08/21/08	042783	Yes	8,300.18	Yes	08/04/08	730/14	(4)	8,232.00	68.18	8,300.18	180,000	150,173.07	158,473.25	21,526.76	
10/10/08	043007	Yes	5,511.74	Yes	10/03/08	730/16	(4)	5,376.00	135.74	5,511.74	180,000	166,062.50	171,574.24	8,425.77	
10/29/08	043062	Yes	7,589.25	Yes	09/05/08	730/15	(4)	7,560.00	29.25	7,589.25	180,000	158,473.25	166,062.50	13,937.50	
11/18/08	043160	Yes	8,107.88	Yes	11/10/08	730/17	(4)	8,064.00	43.88	8,107.88	180,000	171,574.24	179,682.12	317.89	
04/10/09	043673	Yes	37,766.12	Yes	04/06/09	730/18	(4)	37,716.00	50.12	37,766.12	617,755	179,682.12	217,448.24	400,306.76	
06/08/09	043858	Yes	6,848.20	Yes	05/06/09	730/19	(4)	6,736.00	112.20	6,848.20	617,755	217,448.24	224,296.44	393,458.56	
06/12/09	043883	Yes	38,947.80	Yes	06/05/09	730/20	(4)	17,254.00	21,693.80	38,947.80	617,755	224,296.44	263,244.24	354,510.76	
08/21/09	044101	Yes	58,000.15	Yes	08/06/09	730/21a	(4)	39,500.00	18,500.15	58,000.15	617,755	285,240.24	343,240.69	274,514.61	
08/21/09	044100	Yes	21,996.00	Yes	08/06/09	730/21	(4)	21,996.00	-	21,996.00	617,755	263,244.24	285,240.24	332,514.75	
09/17/09	044155	Yes	30,618.55	Yes	09/03/09	730/22	(4)	26,792.00	3,826.55	30,618.55	617,755	343,240.39	373,858.94	243,896.06	
12/09/09	044362	Yes	17,366.12	Yes	10/02/09	730/23	(4)	17,345.50	20.62	17,366.12	617,755	373,858.94	391,225.06	226,529.94	
01/11/10	044448	Yes	28,464.85	Yes	11/06/09	730/24	(4)	28,285.00	179.85	28,464.85	617,755	391,225.06	419,689.91	198,065.09	
01/22/10	044480	Yes	22,716.00	Yes	12/02/09	730/25	(4)	22,716.00	-	22,716.00	617,755	419,689.91	442,405.91	175,349.09	
03/03/10	044594	Yes	12,413.82	Yes	12/30/09	730/26	(4)	12,352.00	61.82	12,413.82	617,755	442,405.91	454,819.73	162,935.27	
04/07/10	44664	Yes	34,462.00	Yes	03/04/10	730/28	(4)	16,928.00	120.00	17,048.00	617,755	472,233.73	489,281.73	128,473.27	
					02/08/10	730/27	(4)	17,337.00	77.00	17,414.00	617,755	454,819.73	472,233.73	145,521.27	
04/28/10	44752	Yes	9,799.44	Yes	04/01/10	730/29	(4)	9,771.00	28.44	9,799.44	617,755	489,281.73	499,081.17	118,673.83	
05/19/10	44791	Yes	7,452.00	Yes	05/06/10	730/30	(4)	7,452.00	-	7,452.00	617,755	499,081.17	506,533.17	111,221.83	
06/11/10	44851	Yes	5,328.23	Yes	06/03/10	730/31	(4)	5,318.00	10.23	5,328.23	617,755	506,533.17	511,861.40	105,893.60	
07/15/10	44981	Yes	6,464.00	Yes	07/01/10	730/32	(4)	6,464.00	-	6,464.00	617,755	511,861.40	518,325.40	99,429.60	
08/18/10	44993	Yes	20,693.00	Yes	08/05/10	730/33	(4)	20,693.00	-	20,693.00	617,755	518,325.40	539,018.40	78,736.60	
09/27/10	45169	Yes	11,435.10	Yes	09/02/10	730/34	(4)	11,250.00	185.10	11,435.10	617,755	539,018.40	550,453.50	67,301.50	
10/14/10	45205	Yes	14,722.50	Yes	10/01/10	730/35	(4)	13,984.00	738.50	14,722.50	617,755	550,453.50	565,176.00	52,579.00	
12/01/10	45306	Yes	11,648.00	Yes	11/05/10	730/36	(4)	11,648.00	-	11,648.00	617,755	565,176.00	576,824.00	40,931.00	
12/27/10	45357	Yes	5,105.00	Yes	12/02/10	730/37	(4)	4,984.00	121.00	5,105.00	617,755	576,824.00	581,929.00	35,826.00	
01/27/11	45443	Yes	4,230.00	Yes	01/06/11	730/38	(4)	4,199.00	31.00	4,230.00	617,755	581,929.00	586,159.00	31,596.00	
02/24/11	45508	Yes	3,916.00	Yes	02/03/11	730/39	(4)	3,916.00	-	3,916.00	617,755	586,159.00	590,075.00	27,680.00	
03/29/11	45557	Yes	3,572.60	Yes	03/03/11	730/40	(4)	3,542.00	30.60	3,572.60	617,755	590,075.00	593,647.60	24,107.40	
05/04/11	45639	Yes	1,808.05	Yes	04/01/11	730/41	(4)	1,780.00	28.05	1,808.05	617,755	593,647.60	595,455.65	22,299.35	
			<u>\$ 595,455.65</u>							<u>\$ 595,455.65</u>					

Scope: All checks to Lee & Ro from contract inception to mid-May 2011.

Source: Documentation provided by City of Ione.

Notes:

- (1) "Yes" indicates Payment Voucher was approved with one or more signatures.
- (2) Supporting documents for all direct expenses are included in check package.
- (3) Invoice information not provided. Cover letter for invoice included in the package.
- (4) Wastewater Engineering Assistance Project - Supplement to Wastewater Master Plan and On-Call Services.

Observations:

- Original contract established prior to April of 2007.
- Amendment to the contract (Change Request) in May of 2007. Contract amount changes from \$40,000 to \$140,000.
- Note in 041577 check package notes that detailed billing is needed. Does not appear that vendor was ever required to provide detailed billing.
- Amendment to the contract (Change Request) in July of 2008. Contract amount changes from \$140,000 to \$180,000.
- Amendment to the contract (Change Request) between Nov 2008 - Apr 2009. Contract amount changes from \$180,000 - \$617,755.
- No consistent approval authorization for Payment Vouchers.

Amador County Grand Jury
City of Ione
MHA Environmental Consulting, Inc. / RMT, Inc.
Contract Summary

	Phase 1	Phase 2	Phase 3	Phase 4	Phase 5
Contract Date:	November 30, 2006	March 7, 2007	April 16, 2007	March 5, 2008	March 9, 2009
Services Provided:	Prepare Environmental Impact Report for Proposed Upgrade and Expansion of Ione's WWTP - Exploratory Work ("Phase 1")	Hydrologic Studies and Project Definition for Environmental Impact Report for Proposed Ione WWTP Improvement Project ("Phase 2")	Preliminary Wetland and Special Status Species Assessment ("Phase 3")	Preparation of Environmental Impact Report for Ione's Wastewater Treatment Master Plan ("Phase 4")	Budget Augmentation for Preparation of Environmental Impact Report ("Phase 5")
Approved By:	Jerry Sherman, Mayor	George Lambert, Interim City Manager	No signature	No signature	Kim Kerr, City Manager
Estimated Costs:	\$23,616	\$73,044	\$20,316	\$292,500	\$162,868
Cumulative Costs:	\$23,616	\$96,660	\$116,976	\$409,476	\$572,344
Billed Costs:	Total billed for all Phases is \$580,238	Total billed for all Phases is \$580,238	Total billed for all Phases is \$580,238	Total billed for all Phases is \$580,238	Total billed for all Phases is \$580,238
Billing Details:	Detail provided on some invoices regarding services performed	Detail provided on some invoices regarding services performed	Detail provided on some invoices regarding services performed	Detail provided on some invoices regarding services performed	Detail provided on some invoices regarding services performed
Scope of Work:	Task 1: Review Background Data and Conduct Site Visit	Task 1: Project Definition and Preliminary Identification of Project Alternatives (work with City and Lee & Ro)	Preliminary Biological Site Reconnaissance and Biological Studies	Element 1: Scoping Meetings and Project Definition (\$10,993)	Additional costs to complete project primarily due to delays in schedule
	Task 2: Begin Project Description Definition	Task 2: Hydrologic Data Collection (with assistance from Balance Hydrologics)	Total Budget Estimate = \$20,316	Element 2: Administrative Draft EIR (\$206,497)	Delay that focused on definition of project and identification of pipeline route
	Task 3: Begin Baseline Data Collection and Definition of Setting	Total Budget Estimate = \$73,044		Element 3: Draft EIR (\$20,253)	Delay related to extended timeline for installation of off-site monitoring wells
	Task 4: Define the Scope of the EIR			Element 4: Administrative Final EIR, Final EIR, Mitigation Monitoring and Reporting Program, CEQA Findings (\$38,761)	
	Total Budget Estimate = \$23,616			Element 5: Meetings and Communications (\$15,997)	
				Total Budget Estimate = \$292,500	
Project Duration:	Estimated to require 6 weeks to complete	Completion dates of May 1 and June 1	Completion date of June 1	Propose to deliver Administrative Draft EIR 13 weeks from receiving City's notice to proceed	Changes to dates based on delays - end date now assumed to be August 24, 2009
Comments:	n/a	n/a	n/a	n/a	Draft change orders proposed as of September 29, 2008, February 4, 2009 and February 23, 2009 - Final agreed change order as of March 9, 2009

**Amador County Grand Jury
City of Ione
MHA Environmental Consulting, Inc. / RMT, Inc.
Payment Summary**

Check Date	Check #	Cancelled Check	Amount	Payment Voucher (1)	Invoice Information									
					Invoice Date	Invoice Number	Associated Project	Labor	Direct Costs (2)	Invoice Amount	Supporting Docs (3)	Budget Amount	Total Invoiced to Date	Budget Remaining
03/07/07	040469	Yes	\$ 11,860.68	Yes	02/21/07	1/07-1160	(6)	\$ 11,507.50	\$ 353.18	\$ 11,860.68	No	\$ 23,616.00	\$ 11,860.68	\$ 11,755.32
03/21/07	040554	Yes	5,005.72	Yes	03/13/07	2/07-1160	(6)	4,988.75	16.97	5,005.72	No	23,616.00	16,866.40	6,749.60
05/02/07	040748	Yes	17,648.88	Yes	04/17/07	3/07-1160	(6)	17,490.00	158.88	17,648.88	No	96,659.70	34,515.28	62,144.42
06/20/07	040984	Yes	30,444.44	Yes	05/15/07	4/07-1160	(6)	6,876.50	23,568.19	30,444.44	No	(4) 96,659.70	64,959.72	31,699.98
08/08/07	041232	Yes	4,779.69	Yes	07/12/07	138565	(6)	1,195.00	3,584.69	4,779.69	Yes	96,659.70	71,592.40	25,067.30
08/22/07	041316	Yes	9,442.10	Yes	08/06/07	139045	(6)	4,381.25	5,060.85	9,442.10	No	(4) 96,659.70	81,034.50	15,625.20
09/07/07	041382	Yes	1,852.99	Yes	06/04/07	137032	(6)	1,843.75	9.24	1,852.99	No	96,659.70	66,812.71	29,846.99
10/22/07	041584	Yes	24,590.42	Yes	09/04/07	140504	(6)	352.50	20,712.99	21,065.49	No	(4) 96,659.70	102,099.99	(5,440.29)
				Yes	10/08/07	141538	(6)	2,840.00	684.93	3,524.93	No	(4) 116,975.94	105,624.92	11,351.02
12/12/07	041827	Yes	2,794.72	Yes	11/05/07	142639	(6)	2,786.25	8.47	2,794.72	No	116,975.94	108,419.64	8,556.30
12/31/07	041914	Yes	6,523.03	Yes	12/06/07	143779	(6)	6,095.00	428.03	6,523.03	No	116,975.94	114,942.67	2,033.27
01/22/08	042009	Yes	9,358.89	Yes	01/09/08	144857	(6)	1,560.00	7,798.89	9,358.89	No	(4) 116,975.94	124,301.56	(7,325.62)
03/06/08	042192	Yes	2,017.37	Yes	02/08/08	0145859	(6)	2,006.25	11.12	2,017.37	No	116,975.94	126,318.93	(9,342.99)
06/04/08	042511	Yes	33,952.82	Yes	05/14/08	0149018	(6)	6,267.50	5,935.35	12,202.85	No	(4) 409,475.94	176,344.49	233,131.45
				Yes	04/15/08	0148049	(6)	20,643.00	1,106.97	21,749.97	No	(4) 409,475.94	164,141.64	245,334.30
06/24/08	042576	Yes	34,034.61	Yes	06/05/08	0149888	(6)	9,189.75	8,772.12	17,961.87	No	(4) 409,475.94	194,306.36	215,169.58
				Yes	03/03/08	0146555	(6)	15,837.25	235.49	16,072.74	No	(4) 409,475.94	142,391.67	267,084.27
06/30/08	042707	Yes	26,886.64	Yes	07/15/08	0150956	(6)	4,637.50	22,249.14	26,886.64	No	(4) 409,475.94	221,193.00	188,282.94
09/17/08	042889	Yes	10,083.73	Yes	08/06/08	0151793	(6)	4,097.50	5,986.23	10,083.73	No	(4) 409,475.94	231,276.73	178,199.21
09/26/08	042935	Yes	1,608.75	Yes	09/02/08	0152577	(6)	1,608.75	-	1,608.75	N/A	409,475.94	232,885.48	176,590.46
10/29/08	043064	Yes	26,813.21	Yes	10/20/08	0153952	(6)	20,635.75	6,177.46	26,813.21	No	409,475.94	259,698.69	149,777.25
12/05/08	043234	Yes	22,877.59	Yes	11/19/08	0154932	(6)	14,407.25	8,470.34	22,877.59	No	409,475.94	282,576.28	126,899.66
12/19/08	043333	Yes	13,084.69	Yes	12/03/08	0155496	(6)	12,406.25	678.44	13,084.69	Yes	409,475.94	295,660.97	113,814.97
03/05/09	043553	Yes	49,310.16	Yes	02/26/09	0158077	(6)	49,179.00	131.16	49,310.16	No	409,475.94	369,447.31	40,028.63
04/16/09	043692	Yes	68,726.78	Yes	04/02/09	0158984	(6)	25,941.25	18,309.35	44,250.60	Yes	(4) 572,343.73	413,697.91	158,645.82
				Yes	01/22/09	0156998	(6)	15,313.50	9,162.68	24,476.18	No	(4) 409,475.94	320,137.15	89,338.79
06/08/09	043851	Yes	58,815.55	Yes	05/14/09	0159903	(6)	4,461.50	43,352.92	47,814.42	No	(4) 572,343.73	461,512.33	110,831.40
				Yes	05/26/09	0160465	(6)	9,581.25	1,419.88	11,001.13	No	(4) 572,343.73	472,513.46	99,830.27
06/30/09	043961	Yes	21,850.50	Yes	06/22/09	0161257	(6)	11,439.25	10,411.25	21,850.50	No	(4) 572,343.73	494,363.96	77,979.77
08/21/09	044093	Yes	11,265.75	Yes	08/07/09	0162334	(5)	22,090.00	2,069.80	24,159.80	No	(4) 572,343.73	518,523.76	53,819.97
08/21/09	044094	Yes	12,894.05	Yes			(6)							
10/01/09	044206	Yes	43,240.53	Yes	09/10/09	0163095	(6)	6,272.25	36,968.28	43,240.53	No	(4) 572,343.73	561,764.29	10,579.44
11/17/09	044294	Yes	4,274.44	Yes	10/13/09	0163908	(6)	3,797.25	477.19	4,274.44	No	572,343.73	566,038.73	6,305.00
12/09/09	044353	Yes	2,914.20	Yes	11/06/09	0164730	(6)	2,882.75	31.45	2,914.20	No	572,343.73	568,952.93	3,390.80
01/11/10	044441	Yes	1,124.00	Yes	12/04/09	0165518	(6)	1,124.00	-	1,124.00	N/A	572,343.73	570,076.93	2,266.80
03/03/10	044587	Yes	10,161.05	Yes	01/13/10	0166459	(6)	5,600.50	4,560.55	10,161.05	No	(4) 572,343.73	580,237.98	(7,894.25)
			<u>\$ 580,237.98</u>							<u>\$ 580,237.98</u>				

Scope: All checks to MHA Environmental Consulting / RMT from contract inception to mid-May 2011.

Source: Documentation provided by City of Ione.

Notes:

- (1) "Yes" indicates Payment Voucher was approved with one or more signatures.
- (2) Includes direct costs, reimbursables and subcontractor services.
- (3) "Yes" indicates supporting documents for all direct costs, reimbursables and subcontractor services are included in check package.
- (4) All supporting documents for subcontractor expenses included in check package.
- (5) MHA Environmental Consulting, Inc. changed name to RMT.
- (6) Wastewater Treatment Plan Improvement Project.

Observations:

- Original contract amount was \$23,616.00 and was established prior to January of 2007.
- Contract amount was changed to \$96,659.70 in April - May of 2007
- Contract amount was changed to \$116,975.94 in Sep - Oct 2007
- Contract amount was changed to \$409,475.94 in Feb - May 2008
- Contract amount was changed to \$572,343.73 in Mar - April 2009
- Started receiving detailed billings in August 2007.
- Outside services/consultants used by MHA has a 15% markup on the charges.

Amador County Grand Jury
City of Ione
Coastland Civil Engineering, Inc.
Contract Summary

	Agreement	Project #1	Project #2	Additional Projects
Date:	February 2, 2010	May 18, 2010 (approved)	October 19, 2010 (approved)	??
Services Provided:	City Engineering and Other Miscellaneous Engineering Services	Update City's Pavement Management Program	Howard Park Prefab Restroom Project	Various Other Engineering Projects
Term of Agreement:	Expires June 30, 2015 and may extend up to 3 additional years	n/a	n/a	n/a
Approved By:	Kim Kerr, City Manager	No signature	Kim Kerr, City Manager	??
Estimated Costs:	Only lists billing rates in agreement	\$15,750 + \$5,000 optional per contract \$20,737 per billing notes	\$10,850 per contract \$10,850 increased to \$13,500 per billing notes	?? ??
Billed Costs:	\$127,150	\$20,737	\$15,508	\$95,473
Billing Details:	Some detail regarding services performed	Some detail regarding services performed	Some detail regarding services performed	Some detail regarding services performed
Scope of Work:	Extensive list per Exhibit A - general (not specific)	Task 1: Street Segmentation	Task 1: Background Information	City Hall/Police Station Remodel (\$26,280)
		Task 2: Field Distress Survey	Task 2: Topographic Survey	Sewer Repair Inventory from I/I Study (\$19,416)
		Task 3: StreetSaver Software Upgrade	Task 3: 85% Submittal	Preston Avenue Sewer Main Rehabilitation (\$14,188)
		Task 4: Data Entry	Task 4: Final Documents	Wildflower Units 3, 4 & 5 (\$10,785)
		Task 5: Budget Scenarios Analysis	Task 5: Bid and Contract Support	WWTP Annexation (\$8,511)
		Task 6: Electronic PMP Base Maps	Estimated Costs = \$10,850	Sewer Map Update (\$5,982)
		Task 7: Final 2008 PMP Update Report/Deliverables		Stop Sign Warrant Study (\$5,750)
		Optional Task: Storm Drain System Data Collection		Energy Grant LED/HVAC Project (\$3,685)
		Estimated Costs for Tasks 1-7 = \$15,750		Heath/Samprucci BLA (\$438)
		Estimated Costs for Optional Task = \$5,000		Hambaugh LLA (\$438)
				Total Billed Costs = \$95,473

**Amador County Grand Jury
City of Ione
Coastland Civil Engineering, Inc.
Payment Summary**

Check Date	Check #	Cancelled Check	Amount	Payment Voucher	Invoice Information									
					Invoice Date	Invoice Number	Associated Project	Labor	Reimburse	Invoice Amount	Contract Amount	Total Invoiced to Date	Budget Remaining	
				(1)					(2)					
03/29/10	044645	Yes	\$ 4,289.92	Yes	02/28/10	30989	(7)	\$ 1,522.50	\$ 20.67	\$ 1,543.17		\$ 1,543.17		
					02/28/10	30988	(8)	2,746.75	-	2,746.75	\$ 6,500.00	-	\$ 4,902.50	
04/28/10	44760	Yes	10,811.02	Yes	03/31/10	31066	(7)	2,203.75	-	2,203.75		3,746.92		
					03/31/10	31006	(9)	4,007.75	70.69	4,078.44		4,078.44		
					03/31/10	31056	(8)	4,483.75	45.08	4,528.83	6,500.00	1,910.00 (3)	4,590.00	
05/19/10	44803	Yes	16,854.91	Yes	04/30/10	31138	(7)	5,561.50	-	5,561.50		9,287.75		
					04/30/10	31139	(9)	2,968.25	92.30	3,060.55		7,138.99		
					04/30/10	31107	(8)	4,577.50	6.72	4,584.22	9,000.00	6,494.22	2,505.78	
					04/30/10	31118	(10)	437.50	-	437.50		437.50		
					04/30/10	31140	(11)	3,185.00	26.14	3,211.14		3,211.14		
06/25/10	44930	Yes	10,600.53	Yes	05/31/10	31227	(9)	261.25	-	261.25		7,400.40		
					05/31/10	31262	(11)	253.75	-	253.75		3,464.89		
					05/31/10	31261	(7)	7,562.50	17.25	7,579.75		16,888.17		
					05/31/10	31257	(8)	10,101.25	73.87	2,505.78 (4)	9,000.00	14,365.58	-	
07/15/10	44974	Yes	8,253.65	Yes	06/30/10	31367	(7)	4,852.00	42.65	4,894.65		21,782.82		
					06/30/10	31344	(9)	108.75	-	108.75		7,508.99		
					06/30/10	31346	(8)	520.00	-	520.00		14,885.58		
					06/30/10	31345	(11)	2,077.75	157.50	2,235.25		5,700.14		
					06/30/10	31368	(12)	495.00	-	495.00	20,737.00	495.00	20,242.00	
08/18/10	45064	Yes	13,063.48	Yes	07/31/10	31432	(9)	181.25	-	181.25		7,690.24		
					07/31/10	31431	(8)	375.00	-	375.00	9,895.00	9,895.00 (3)		
					07/31/10	31430	(12)	5,283.00	-	5,283.00	20,737.00	5,778.00	14,959.00	
					07/31/10	31381	(13)	175.00	-	175.00		175.00		
					07/31/10	31453	(11)	3,218.00	7.00	3,225.00		8,925.14		
					07/31/10	31429	(14)	3,799.25	24.98	3,824.23		3,824.23		
09/27/10	45163	Yes	23,656.40	Yes	08/31/10	31519	(9)	362.50	-	362.50		8,052.74		
					08/31/10	31537	(11)	3,228.75	3.86	3,232.61		12,157.75		
					08/31/10	31521	(12)	10,717.50	704.02	11,421.52	20,737.00	17,199.52 (3)	3,537.48	
					08/31/10	31554	(14)	2,470.00	6.22	2,476.22		6,300.45		
					08/31/10	31484	(15)	3,658.00	30.30	3,688.30		3,688.30		
					08/31/10	31522	(16)	2,405.00	70.25	2,475.25		2,475.25		
10/27/10	45230	Yes	12,635.25	Yes	09/30/10	31637	(11)	2,066.25	-	2,066.25		14,224.00		
					09/30/10	31636	(12)	761.00	-	761.00	20,737.00	17,960.52 (3)	2,776.48	
					09/30/10	31642	(14)	6,957.50	-	6,957.50		13,257.95		
					09/30/10	31643	(16)	1,976.25	-	1,976.25	4,451.50	4,451.50	-	
					09/30/10	31644	(17)	300.00	-	300.00		300.00		
					09/30/10	31638	(18)	574.25	-	574.25	5,750.00	574.25	5,175.75	
12/01/10	45300	Yes	21,997.86	Yes	10/31/10	31722	(9)	725.00	-	725.00		8,777.74		
					10/31/10	31724	(12)	2,520.00	-	2,520.00	20,737.00	20,480.52 (3)	256.48	
					10/31/10	31726	(16)	1,530.00	-	1,530.00	5,981.50	5,981.50	-	
					10/31/10	31728	(18)	-	3,312.14	3,312.14	5,750.00	3,886.39	1,863.61	
					10/31/10	31696	(19)	780.00	-	780.00	10,000.00	780.00	9,220.00	
					10/31/10	31727	(17)	1,475.00	-	1,475.00		1,775.00		
					10/31/10	31723	(11)	4,405.50	56.00	4,461.50		18,685.50		
					10/31/10	31725	(14)	7,138.25	55.97	7,194.22		20,452.17		
12/27/10	45344	Yes	27,939.59	Yes	11/30/10	31781	(9)	1,137.50	-	1,137.50		9,915.24		
					11/30/10	31782	(8)	217.50	-	217.50		15,478.08		
					11/30/10	31783	(11)	7,380.00	59.50	7,439.50		26,125.00		
					11/30/10	31784	(12)	4,160.00	-	256.48 (5)	20,737.00	20,737.00	-	

**Amador County Grand Jury
City of Ione
Coastland Civil Engineering, Inc.
Payment Summary**

Check Date	Check #	Cancelled Check	Amount	Payment Voucher (1)	Invoice Information									
					Invoice Date	Invoice Number	Associated Project	Labor	Reimburse	Invoice Amount	Contract Amount	Total Invoiced to Date	Budget Remaining	
					11/30/10	31818	(14)	8,928.75	-	8,928.75		29,380.92		
					11/30/10	31756	(13)	87.50	-	87.50		262.50		
					11/30/10	31786	(17)	3,406.25	-	3,406.25		5,181.25		
					11/30/10	31787	(18)	326.25	1,836.00	1,863.61 (6)	5,750.00	5,750.00	-	
01/27/11	45436	Yes	21,336.25	Yes	11/30/10	31796	(20)	1,526.25	3,076.25	4,602.50	10,850.00	4,602.50	6,247.50	
					12/31/10	31834	(9)	253.75	-	253.75		10,168.99		
					12/31/10	31851	(8)	2,060.00	-	2,060.00	11,895.00	10,395.00 (3)	1,500.00	
					12/31/10	31849	(17)	475.00	-	475.00		5,656.25		
					12/31/10	31896	(20)	5,104.50	-	5,104.50	10,850.00	9,707.00	1,143.00	
					12/31/10	31852	(11)	8,575.00	-	8,575.00		34,700.00		
					12/31/10	31848	(14)	4,620.50	28.75	4,649.25		34,030.17		
					12/31/10	31846	(15)	218.75	-	218.75		3,907.05		
02/24/11	45503	Yes	37,079.48	Yes	01/31/11	31944	(8)	3,360.75	10.00	3,370.75	13,018.25	13,018.25 (3)	-	
					01/31/11	31905	(13)	175.00	-	175.00		437.50		
					01/31/11	31906	(15)	2,243.75	-	2,243.75		6,150.80		
					01/31/11	31940	(17)	11,192.50	-	11,192.50		16,848.75		
					01/31/11	31939	(20)	3,279.25	400.73	3,679.98	13,500.00	13,386.98	113.02	
					01/13/11	31943	(11)	10,069.25	-	10,069.25		44,769.25		
03/29/11	45553	Yes	21,371.92	Yes	01/31/11	31942	(14)	6,348.25	-	6,348.25		40,378.42		
					02/28/11	32036	(8)	1,618.25	93.10	1,711.35	14,729.60	14,729.60	-	
					02/28/11	32037	(11)	3,087.50	-	3,087.50		47,856.75		
					02/28/11	32038	(14)	7,458.75	-	7,458.75		47,837.17		
					02/28/11	31997	(15)	2,025.00	-	2,025.00		8,175.80		
					02/28/11	32039	(17)	2,567.50	-	2,567.50		19,416.25		
					02/28/11	32025	(19)	1,540.00	-	1,540.00	10,000.00	2,320.00	7,680.00	
					02/28/11	32040	(20)	-	108.82	108.82	13,500.00	13,495.80	4.20	
					02/28/11	31986	(21)	2,873.00	-	2,873.00	19,051.00	2,873.00	16178	
05/04/11	45625	Yes	28,977.82	Yes	03/31/11	32100	(9)	616.25	-	616.25		10,785.24		
					03/31/11	32101	(8)	3,546.00	113.88	3,659.88	15,593.23	15,593.23 (3)	-	
					03/31/11	32102	(11)	4,940.00	-	4,940.00		52,796.75		
					03/31/11	32103	(14)	4,733.50	-	4,733.50		52,570.67		
					03/31/11	32127	(15)	300.00	35.65	335.65		8,511.45		
					03/31/11	32104	(19)	1,365.00	-	1,365.00	10,000.00	3,685.00	6,315.00	
					03/31/11	32105	(20)	2,012.50	-	2,012.50		15,508.30		
					03/31/11	32173	(21)	6,823.50	4,491.54	11,315.04	19051	14,188.04	4,862.96	
			<u>\$ 258,868.08</u>							<u>\$ 258,868.08</u>				

Scope: All checks to Coastland Civil Engineering from contract inception to mid-May 2011.

Source: Documentation provided by City of Ione.

Notes:

- | | |
|---|--|
| (1) "Yes" indicates Payment Voucher was approved with one or more signatures. | (12) Pavement Management Program 2010. |
| (2) Supporting documents for all reimbursables are not included in check package. | (13) Hambaugh LLA. |
| (3) Includes only those billings against maximum. | (14) Ione - City Engineering 2010-11. |
| (4) Billing adjustment of \$7,669.34 due to Contract Max. | (15) WWTP Annexation. |
| (5) Billing adjustment of \$3,903.52. | (16) Sewer Map Update. |
| (6) Billing adjustment of \$298.64. | (17) Sewer Repair Inventory from I/I Study. |
| (7) City Engineering. | (18) Stop Sign Warrant Study. |
| (8) City Hall/Police Station Remodel. | (19) Energy Grant LED/HVAC Project. |
| (9) Wildflower Units 3,4 & 5. | (20) Howard Park Restroom. |
| (10) Heath/Samprucci BLA. | (21) Preston Avenue Sewer Main Rehabilitation. |
| (11) Ione - Building Department Services. | |

Amador County Grand Jury
City of Ione
Wallace Kuhl & Associates, Inc.
Contract Summary

	Project #1	Project #2	Project #3	Project #4
Contract Date:	May 11, 2007	August 23, 2007	August 23, 2007	May 28, 2008
Budget Increase #1:	n/a	n/a	n/a	September 23, 2008
Budget Increase #2:	n/a	n/a	n/a	March 18, 2009
Budget Increase #3:	n/a	n/a	n/a	May 5, 2010
Services Provided:	Installation of Monitoring Wells at the Ione WWTP	Design of Partial Liner for Ione WWTP Pond 5	Install and Monitor Five Sensors to Collect Hydrogeologic Data to Support the On-going CEQA Permitting Process	Install Network of Monitoring Wells Off-Site of the Ione WWTP
Approved By:	Jerry Sherman, Mayor	Kim Kerr, City Manager	Kim Kerr, City Manager	Kim Kerr, City Manager for Original Contract and Budget Increase #1; No signatures for Budget Increases #2 and #3
Estimated Costs:	\$44,800	\$7,500	\$23,600	\$34,400
Budget Increase #1:	n/a	n/a	n/a	\$5,800
Budget Increase #2:	n/a	n/a	n/a	\$5,700
Budget Increase #3:	n/a	n/a	n/a	\$665
Total Estimated Costs:	\$44,800	\$7,500	\$23,600	\$46,565
Billed Costs:	\$42,712	\$7,273	\$23,287	\$46,564
Billing Details:	Some detail regarding services performed	Some detail regarding services performed	Some detail regarding services performed	Some detail regarding services performed
Detailed Budget Estimate:	Task 1: Workplan Revision (\$900)	Task 1: Document Review (\$1,200)	Task 1: Purchase Sensors, Datalogger and Software (\$14,000)	Task 1: Site Reconnaissance and USA (\$1,400)
	Task 2: Site Reconnaissance (\$1,400)	Task 2: Geotechnical and Hydrogeological Analysis (\$4,500)	Task 2a: Install Sensors and Dataloggers (\$1,200)	Task 2: Process & Obtain Well Permits (\$2,600)
	Task 3: Clear Exploration Locations with USA (\$2,400)	Task 3: Letter-Report Preparation (\$1,800)	Task 2b: Collect/Disseminate Data (\$700/month = \$8,400)	Task 3: Drill and Install Wells (\$26,800)
	Task 4: Process & Obtain Well Permits (\$2,800)	Total Budget Estimate = \$7,500	Total Budget Estimate = \$23,600	Task 4: Report Preparation (\$3,600)
	Task 5: Drill and Install Wells (\$26,000)			Budget Estimate Tasks 1-4 = \$34,400
	Task 6: Well Development (\$7,700)			Task 5: CVRWQCB Workplan (\$2,000)
	Task 7: Report Preparation (\$3,600)			Task 6: Well Development (\$3,800)
	Total Budget Estimate = \$44,800			Budget Estimate Tasks 5-6 = \$5,800
				Task 7: Transducer Replacement (\$1,300)
				Task 8: Overall Cost to Install MW08-2b (\$2,100)
				Task 9: Senior Geologist Consultation (\$2,300)
				Budget Estimate Tasks 7-9 = \$5,700
				Task 10: Transducer Repair (\$200)
				Task 11: Data Review (\$465)
				Budget Estimate Tasks 10-11 = \$665
				Total Budget Estimate = \$45,565

**Amador County Grand Jury
City of Ione
Wallace Kuhl & Associates, Inc.
Payment Summary**

**Exhibit 6
Page 2 of 2**

Check Date	Check #	Cancelled Check	Amount	Payment Voucher	Invoice Information							Supporting Docs	Budget Amount	Total Invoiced to Date	Budget Remaining
					Invoice Date	Invoice Number	Associated Project	Labor	Misc. Chrgs/ Outside Svcs	Invoice Amount					
				(1)							(2)				
08/08/07	041218	Yes	\$ 2,430.00	Yes	07/12/07	200703071	(3)	\$ 2,430.00	\$ -	\$ 2,430.00	N/A	\$ 44,800.00	\$ 2,430.00	\$ 16,370.00	
08/22/07	041306	Yes	2,505.25	Yes	08/09/07	200703920	(3)	1,177.50	1,327.75	2,505.25	Yes	44,800.00	4,935.25	39,864.75	
09/21/07	041459	Yes	30,239.06	Yes	09/11/07	200704678	(3)	9,455.00	20,784.06	30,239.06	No	44,800.00	35,174.31	9,625.69	
10/22/07	041571	Yes	28,134.91	Yes	10/11/07	200704994R	(3)	3,777.50	3,180.00	6,957.50	No	44,800.00	42,131.81	2,668.19	
				Yes	10/11/07	200705299	(4)	1,350.00	13,744.91	15,094.91	No	23,600.00	15,094.91	8,505.09	
				Yes	10/11/07	200705300	(5)	6,082.50	-	6,082.50	N/A	7,500.00	6,082.50	1,417.50	
12/12/07	041820	Yes	3,411.75	Yes	11/12/07	200705953	(5)	1,190.00	-	1,190.00	N/A	7,500.00	7,272.50	227.50	
				Yes	11/12/07	200705952	(4)	2,160.00	61.75	2,221.75	Yes	23,600.00	17,316.66	6,283.34	
12/31/07	041898	Yes	466.75	Yes	12/06/07	200706256	(4)	405.00	61.75	466.75	Yes	23,600.00	17,783.41		
02/19/08	042105	Yes	1,000.25	Yes	01/08/08	200706820	(4)	945.00	55.25	1,000.25	Yes	23,600.00	18,783.66	4,816.34	
03/18/08	042224	Yes	580.00	Yes	03/05/08	200800523	(3)	580.00	-	580.00	N/A	44,800.00	42,711.81	2,088.19	
10/17/08	043035	Yes	2,090.50	Yes	10/07/08	200804381	(4)	360.00	-	360.00	N/A	23,600.00	19,143.66	4,456.34	
				Yes	10/07/08	200804382	(6)	1,667.50	63.00	1,730.50	Yes	34,400.00	1,730.50	32,669.50	
11/18/08	043154	Yes	3,733.75	Yes	11/10/08	200805241	(6)	3,662.50	71.25	3,733.75	Yes	34,400.00	5,464.25	28,935.75	
01/06/09	043381	Yes	465.86	Yes	12/15/08	200805701	(6)	440.00	25.86	465.86	Yes	34,400.00	5,930.11	28,469.89	
02/03/09	043443	Yes	7,027.65	Yes	01/16/09	200806196	(6)	6,330.00	697.65	7,027.65	Yes	34,400.00	12,957.76	21,442.24	
03/05/09	043545	Yes	11,012.96	Yes	02/17/09	200900181	(6)	9,812.50	1,200.46	11,012.96	No	34,400.00	23,970.72	10,429.28	
04/10/09	043672	Yes	2,576.65	Yes	04/07/09	200901390	(4)	145.00	2,431.65	2,576.65	Yes	23,600.00	21,720.31	1,879.69	
04/22/09	043724	Yes	22,158.47	Yes	03/16/09	200901242	(6)	985.00	20,553.47	21,538.47	Yes	34,400.00	45,509.19	(11,109.19)	
				Yes	04/14/09	200901621	(6)	620.00	-	620.00	N/A	34,400.00	46,129.19	(11,729.19)	
05/29/09	043839	Yes	2,001.67	Yes	05/08/09	200901895	(6)	435.00	-	435.00	N/A	34,400.00	46,129.19	(11,729.19)	
					05/04/09	200901678	(4)	145.00	1,421.67	1,566.67	No	23,600.00	23,286.98	313.02	
			<u>\$ 119,835.48</u>							<u>\$ 119,835.48</u>					

Scope: All checks to Wallace Kuhl & Associates from contract inception to mid-May 2011.

Source: Documentation provided by City of Ione.

Notes:

- (1) "Yes" indicates Payment Voucher was approved with one or more signatures.
- (2) "Yes" indicates supporting documents for all miscellaneous charges and outside services are included in check package.
- (3) Ione WWTP Monitoring Wells.
- (4) Ione WWTP Pond Instrumentation.
- (5) Ione WWTP Pond 5 Clay Liner.
- (6) Ione Offsite Monitoring Wells.

Observations:

- Started receiving detailed billing in Sep of 2007
- No changes in contract amounts once contracts were established.
- Outside services/consultants used or supplies purchased by Wallace, Kuhl & Assoc has a markup of (20%?) on the charges.

**Amador County Grand Jury
City of Ione
Stoel Rives, LLP
Payment Summary**

Exhibit 7

<u>Check Date</u>	<u>Check Number</u>	<u>Check Amount</u>
10/05/07	041538	\$ 29,350.86
01/28/08	042039	37,341.97
03/18/08	042232	18,910.07
04/07/08	042303	4,693.52
06/04/08	042509	23,486.10
06/04/08	042510	51,343.78 (1)
06/30/08	042763	35,100.87
09/23/08	042901	9,647.90
10/10/08	043008	14,874.74
11/18/08	043163	20,343.48
12/22/08	043352	51,204.59
01/06/09	043388	46,033.50
03/05/09	043552	37,367.95
03/11/09	043573	40,761.83
04/22/09	043733	33,842.96
06/12/09	043879	32,814.23
06/30/09	043964	42,470.16
07/10/09	043984	25,347.58
08/05/09	044032	27,269.21
08/21/09	044090	2,994.68
10/01/09	044201	35,808.16
10/26/09	044254	16,431.61
11/20/09	044333	22,562.82
01/22/10	044471	19,570.56
02/16/10	044552	34,287.00
03/17/10	044612	18,641.50
04/15/10	044698	11,054.64
04/15/10	044699	24,455.11
06/16/10	044904	24,573.47
06/25/10	044940	38,037.12
08/18/10	044957	75.00
08/30/10	045117	11,710.88
11/15/10	045284	89,265.40
12/27/10	045370	45,553.74
01/12/11	045420	2,968.33
01/27/11	045455	16,829.35
03/29/11	045569	22,917.75
05/04/11	045656	35,178.37
05/18/11	045696	20,784.31
06/08/11	045753	16,491.50
06/27/11	045801	11,200.00
08/24/11	045939	15,192.00
		\$ 1,118,788.60

Scope: All checks to Stoel Rives from contract inception to late-August 2011.

Source: Documentation provided by City of Ione.

Notes:

(1) No check copy or supporting documentation provided.

Comments:

- Charges begin in June 2007, which correlates to Legal Services Agreement date.
- Charges billed by matter, with varying rates.

**Amador County Grand Jury
City of Ione
Local Agency Investment Fund (LAIF) Activity**

<u>Effective Date</u>	<u>Deposit</u>	<u>Withdrawal</u>	<u>Balance</u>
Beginning Balance			\$ 5,760,661.78
01/14/05	\$ 27,691.61		5,788,353.39
04/15/05	33,922.69		5,822,276.08
05/24/05	350,000.00		6,172,276.08
07/01/05	200,000.00		6,372,276.08
07/05/05	200,000.00		6,572,276.08
07/05/05		\$ (200,000.00)	6,372,276.08
07/15/05	42,338.78		6,414,614.86
07/21/05		(202,000.00)	6,212,614.86
09/14/05	800,000.00		7,012,614.86
10/14/05	51,280.97		7,063,895.83
11/17/05		(200,000.00)	6,863,895.83
01/13/06	63,637.97		6,927,533.80
04/14/06	68,829.67		6,996,363.47
05/11/06	1,500,000.00		8,496,363.47
07/14/06	88,348.07		8,584,711.54
09/07/06		(300,000.00)	8,284,711.54
09/21/06		(153,000.00)	8,131,711.54
10/13/06	105,276.42		8,236,987.96
11/08/06		(200,000.00)	8,036,987.96
12/11/06		(158,000.00)	7,878,987.96
01/12/07	103,873.00		7,982,860.96
03/27/07		(500,000.00)	7,482,860.96
04/13/07	101,346.52		7,584,207.48
06/20/07		(300,000.00)	7,284,207.48
07/13/07	98,222.83		7,382,430.31
07/16/07		(175,000.00)	7,207,430.31
08/06/07		(340,000.00)	6,867,430.31
09/18/07		(182,000.00)	6,685,430.31
10/15/07	92,041.74		6,777,472.05
10/26/07		(237,000.00)	6,540,472.05
12/13/07		(300,000.00)	6,240,472.05
12/14/07		(350,000.00)	5,890,472.05
12/17/07		(37,000.00)	5,853,472.05
12/24/07		(64,000.00)	5,789,472.05
01/04/08		(146,000.00)	5,643,472.05
01/11/08		(500,000.00)	5,143,472.05
01/11/08	500,000.00		5,643,472.05
01/14/08	500,000.00		6,143,472.05
01/15/08	80,358.01		6,223,830.06
01/28/08	455,000.00		6,678,830.06
02/20/08		(848,000.00)	5,830,830.06
03/11/08		(200,000.00)	5,630,830.06
04/01/08		(108,000.00)	5,522,830.06
04/04/08		(117,000.00)	5,405,830.06
04/15/08	62,701.61		5,468,531.67
04/30/08	1,535,000.00		7,003,531.67
05/05/08		(120,000.00)	6,883,531.67
05/14/08	644,000.00		7,527,531.67
06/02/08		(120,000.00)	7,407,531.67
06/13/08		(120,000.00)	7,287,531.67
06/18/08		(120,000.00)	7,167,531.67
06/30/08		(830,000.00)	6,337,531.67
07/14/08		(125,000.00)	6,212,531.67
07/15/08	51,607.99		6,264,139.66

**Amador County Grand Jury
City of Ione
Local Agency Investment Fund (LAIF) Activity**

<u>Effective Date</u>	<u>Deposit</u>	<u>Withdrawal</u>	<u>Balance</u>
08/13/08		(300,000.00)	5,964,139.66
08/27/08		(125,000.00)	5,839,139.66
09/15/08		(571,000.00)	5,268,139.66
09/30/08		(345,000.00)	4,923,139.66
10/15/08	41,671.87		4,964,811.53
11/05/08		(603,000.00)	4,361,811.53
11/13/08		(200,000.00)	4,161,811.53
11/26/08	400,000.00		4,561,811.53
12/18/08		(125,000.00)	4,436,811.53
12/23/08		(266,000.00)	4,170,811.53
01/05/09	1,000,000.00		5,170,811.53
01/15/09	29,342.99		5,200,154.52
01/15/09		(150,000.00)	5,050,154.52
02/24/09		(600,000.00)	4,450,154.52
03/06/09		(300,000.00)	4,150,154.52
03/17/09		(400,000.00)	3,750,154.52
04/15/09	21,787.18		3,771,941.70
04/16/09		(400,000.00)	3,371,941.70
06/30/09		(500,000.00)	2,871,941.70
07/15/09	12,897.24		2,884,838.94
09/03/09		(500,000.00)	2,384,838.94
10/15/09	6,178.82		2,391,017.76
11/16/09		(119,000.00)	2,272,017.76
01/15/10	3,553.08		2,275,570.84
01/22/10	600,000.00		2,875,570.84
02/16/10		(150,000.00)	2,725,570.84
03/03/10		(150,000.00)	2,575,570.84
03/11/10		(250,000.00)	2,325,570.84
04/02/10		(200,000.00)	2,125,570.84
04/15/10	3,510.84		2,129,081.68
07/15/10	2,954.62		2,132,036.30
10/07/10		(150,000.00)	1,982,036.30
10/15/10	2,753.54		1,984,789.84
11/16/10		(100,000.00)	1,884,789.84
12/09/10		(130,000.00)	1,754,789.84
Total	\$ 9,880,128.06	\$ (13,886,000.00)	\$ 1,754,789.84

Scope: All deposits to and disbursements from LAIF account from January 1, 2005 to December 31, 2010.

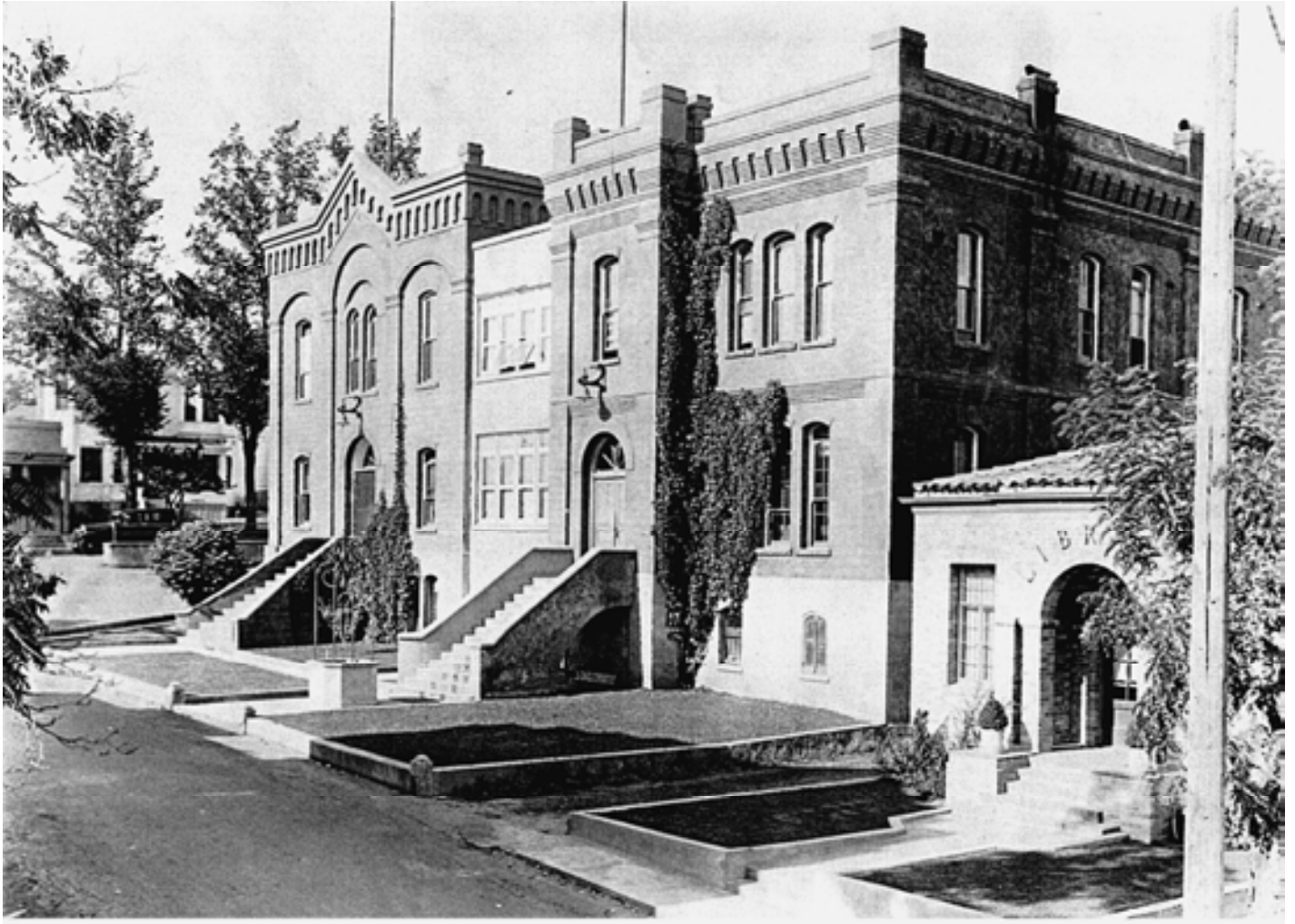
Source: Documentation provided by City of Ione.

**Amador County Grand Jury
City of Ione
Financial Statement Findings**

Exhibit 9

	Fiscal Year Ended June 30,				
	2006	2007	2008	2009	2010
Audit Opinion Issued:		(1)			
Qualified opinion			✓		✓
Qualified and adverse opinions	✓	✓			
Disclaimer of opinion				✓	
Issues Impacting Audit Opinion:					
Capital assets and depreciation expense not recorded	✓	✓		✓	
Did not maintain summary of amounts recorded in accounts receivable	✓	✓	✓	✓	
Did not maintain summary of amounts recorded in deposits from others liability account	✓	✓	✓	✓	✓
Backdating of checks after fiscal year end			✓		
Did not prepare bank reconciliations for cash and investments				✓	
Did not maintain summary of amounts recorded in compensated absences				✓	
Did not maintain summary of amounts recorded in deferred revenue				✓	
Did not maintain summary of amounts recorded in accrued payroll					✓
Did not maintain summary of amounts recorded in due from developer trust fund accounts					✓
Report on Compliance and on Internal Control over Financial Reporting:					
Non-compliance detected	✓	(a)	✓	✓	
Reportable conditions/significant deficiencies detected	✓	(a)	✓	✓	✓
Material weaknesses detected	✓	(a)	✓	✓	✓
Scope: Annual audited financial statements for the City of Ione for fiscal years ended June 30, 2006 through 2010.					
Source: Documentation obtained from City of Ione website.					
Notes:					
(1) Report on Compliance and on Internal Control over Financial Reporting not available.					

CRIMINAL JUSTICE COMMITTEE



Amador County Court House, circa 1935

Jackson

Photo courtesy of Amador County Archives

AMADOR COUNTY DETENTION FACILITY



County Courthouse

Jackson

Photo courtesy of Amador County Archives

CRIMINAL JUSTICE

AMADOR COUNTY DETENTION FACILITY

INTRODUCTION:

The 2011/2012 Amador County Civil Grand Jury conducted the required inspection and review of the Amador County Detention Facility (ACDF) on November 15, 2011.

BACKGROUND:

The ACDF is operated and maintained by the Amador County Sheriff's Office (ACSO). Historically, the County Jail was housed in the old court house building in Jackson, California. The current jail was built in 1954 as a separate facility and is part of the ACSO headquarters. The planned useable life span of this facility was 20 years. It outlived this term in 1974. A new facility is being planned to house more inmates with modern technology.

The ACDF is a Type II facility used for the detention of adults pending arraignment, during trial, awaiting transfer to other facilities and serving court-ordered sentences to County Jail.

The Corrections and Standards Authority (CSA), the California State Fire Marshal, the local Jackson Fire Department and Public Health and Environmental Health Departments inspect the jail every other year. The Amador County Grand Jury inspection takes place each year.

The CSA inspection is held pursuant to Penal Code §6031.1 for compliance with Titles 15 and 24 of the California Code of Regulations. The holding facility at the court house has a capacity of 29 inmates. This includes five holding cells, one group cell and one attorney-client cell. The CSA inspects the holding facility at the time that it inspects the detention facility.

RESPONSIBLE AGENCY:

Amador County Sheriff's Department
700 Court Street
Jackson, California 95642

JUSTIFICATION/JURISDICTION:

The Grand Jury shall inquire into the condition and management of the public prisons within the county, California Penal Code §919 (b).

METHOD OF EVALUATION:

Interview with ACSO Sheriff and Staff

Interview with ACSO Lieutenant

TOUR OF FACILITY:

Power Point presentation with hard copies provided.

Jail Manual, Amador County Sheriff's Office:

Grievance Policy and Procedure
Telephone Guidelines
Correspondence
Medical Receiving Screening
Inmate Discipline
Felony Release Criteria

FACTS:

1. Staff and population levels for 2011/2012:
There are 29 total staff positions filled at this time. A typical shift is 1 sergeant and 2-3 officers. This is 3 officers to 86 inmates, based on 11/15/11 population.
2. Staffing includes a Correctional Officer Classification. Besides working in the jail, a correctional officer handles transportation of inmates to court and other appointments. The education requirements for this classification are a high school diploma, attendance at a Correctional Officer Academy, and on-the-job training.
3. The facility capacity is 65 males and 11 females. There are currently 74 males and 14 females. Two are on an electronic monitoring system.
4. The existing site is too small to allow the current facility to be expanded. Overcrowding has forced the Sheriff to place bunks in dayrooms. The required separation of inmates by classification cannot occur.
5. Limited jail capacity has made it necessary for the Sheriff's Office to use alternative release programs. Non-violent felons are reviewed for release on Agreement to Appear, Sheriff's Parole and Home Electronic Monitoring.
6. Misdemeanants are reviewed for release by citation. They must have been arrested for non-violent violations, have no outstanding warrants, and meet the Penal Code §853.6 criteria.
7. Title 15 of the California Code of Regulations for the safekeeping of inmates has added to the staff's responsibilities by requiring hourly cell checks, suicide prevention, sobering cell checks, medical treatment and protective custody for inmates.

8. The Inmate Welfare Fund is used to conform to Penal Code §4025. Income is produced from inmate purchases of telephone cards and commissary products. These funds can be used for programs, services, repairs from inmate vandalism, and for facility maintenance.
9. No one under the age of 18 can be housed at ACDF. Juvenile custodial arrests are handled through the County Probation Department. When a minor is arrested, the probation officer responds and takes custody.
10. Video arraignments are conducted on Monday, Tuesday, Wednesday and Friday in the Video Conferencing Station at the jail.
11. The County facility has been operating over capacity since 2003.
12. Booking fees are set by state law. The fees are reimbursed to the County by the State once a year. The State is not currently reimbursing the County for the full amount due.
13. AB900 authorizes \$7.7 billion (\$7.3 billion in bonds and \$350 million from the State's general fund) to fund the addition of 53,000 state prison and local jail beds to relieve severe overcrowding, improve conditions and reduce the threat of federal court intervention.
14. AB109 is legislation to reduce California State Prison inmate population.
15. As per 2008 recommendations ACSO has continued to pursue funding for a new facility through matching funds legislation. The county received a conditional award of up to \$22,712,000.00. The conditions of this award require that the county raise matching funds of approximately \$7-\$8 million. Property has been purchased for the new facility.

FINDINGS:

1. The philosophy of the current administration is to treat inmates with dignity and to provide a safe and secure environment.
2. Inmate classes are currently being held in the library and facility hallways. Some activities are no longer available because of staffing constraints.
3. Due to AB109 more Electronic Monitoring will be done to compensate for the projected over-crowding. (Facts #5 & #14)
4. Since 2001, the ACDF inmate population has increased due to community growth and the reintroduction of state prisoners to the county.

RECOMMENDATIONS:

1. The Grand Jury recommends the ACSO pursue matching funds for AB900.
2. The Grand Jury recommends the ACSO continue its plans for new technology and a modern facility to enhance its current high level of treating inmates with dignity while maintaining a safe and secure environment.

RESPONSE REQUIRED:

Pursuant to California Penal Code §933 (c) a response to this report is required. No later than 90 days after the Grand Jury submits a final report on the operations of any public agency subject to its reviewing authority, the governing body of the public agency shall comment to the presiding Judge of the Superior Court on the findings and recommendations.

MULE CREEK STATE PRISON



Prison Site

Ione

Photo courtesy of Mule Creek State Prison

CRIMINAL JUSTICE
MULE CREEK STATE PRISON

INTRODUCTION:

The 2011/2012 Amador County Civil Grand Jury conducted the required inspection and review of the Mule Creek State Prison (MCSP) on October 4, 2011.

BACKGROUND:

MCSP is located in the City of Lone adjacent to the CDF / CALFIRE Academy. The prison opened on June 10, 1987. It is considered a minimum, medium, and maximum security prison, with Custody Levels I through IV. It has close custody capability. There are three facilities: A, B, and C. Facility B is for Sensitive Needs Inmates.

Although the design capacity of MCSP is 1,700 inmates, the average inmate count at the time of the Grand Jury visit was 3,605. Current total staffing numbers 1,289, which includes 571 non-custody and 718 custody personnel. There are 1,637 inmates serving life terms with possibility of parole and 206 inmates serving life terms without possibility of parole. Of these, 24 inmates are considered high-notoriety Public Interest Cases (PICs).

Inmates have the opportunity to work in coffee roasting and textiles programs. Inmates also have access to self-help groups.

The annual operating budget for fiscal year 2011/2012 is \$161,784,143.00 of which \$3,102,518.00 is for education and \$38,243,015.00 is for health care.

RESPONSIBLE AGENCY:

Mule Creek State Prison
California Department of Corrections & Rehabilitation
Division of Adult Institutions
4001 State Highway 104
P.O. Box 409099
Lone, CA 95640

JUSTIFICATION / JURISDICTION:

The Grand Jury shall inquire into the condition and management of the public prisons within the county, California Penal Code §919(b).

METHOD OF EVALUATION:

INTERVIEWS & TOUR

Pre-inspection briefing was provided by the Warden, Chief Deputy Warden, Public Information Officer, and Program Heads and Managers. The tour was provided by the Public Information Officer.

TOUR OF FACILITY (C)

Exercise Yard
Chapel
Cafeteria
Meat Processing
Laundry
Kitchen
Gymnasium

DOCUMENTS REVIEWED:

FACTS:

1. Gymnasiums have been converted into inmate housing with dormitory-style living arrangements.
2. The inmate's medical needs are accommodated by either in-house services for less serious conditions or by transportation to regional hospitals and clinics. In-house medical resources cover medical, dental, pharmaceutical, and psychiatric needs. Interpreters are provided for the hearing impaired and the non-English speaking population.
3. The inmates are provided access to formal religion from several denominations in the MCSP chapels, and sacred religious grounds in the yard.
4. The inmates are provided access to a legal library at the prison.
5. Counseling, academic, and educational programs are part of MCSP rehabilitation efforts.

6. Currently MCSP offers academic programs of K through 12, and GED with the successful completion of high school equivalency requirements. MCSP also offers independent studies and "distance learning" for those who wish to continue their education.
7. Vocational programs include Welding, Auto Mechanics, Office Services, Electronics, Small Engine Repair and Meat Cutting.
8. The Prison Industry Authority (PIA) program offers the inmates an opportunity to learn a vocation while earning money. PIA programs include; Textiles, Coffee Roasting, Laundry, Administration Support, Warehouse Work and Meat Cutting. These positions require an interview and resume from each inmate interested and are sought after jobs. All inmate's earnings are placed in their trust account.
9. There is a long waiting list for inmates wishing to participate in any of the Educational, Vocational and PIA programs.
10. Many of the inmates at MCSP are designated "Sensitive Needs". Sensitive Needs Inmates are defined as those inmates who may be subject to harm or have "enemy situations." They include high notoriety cases, highly publicized cases, those convicted of heinous crimes and those considered high risk. These inmates are provided safe-housing facilities to prevent inmate interaction.
11. There are two family units used for conjugal visits. These visits are very hard to earn and are thoroughly monitored by staff.
12. Inmate records are in the process of being converted to electronic format.
13. There is absolutely no smoking allowed on the prison's premises, either by inmates or staff.
14. The Mule Creek Fire Department is responsible for incidents that occur at the prison. Staff and inmate firefighters also participate in mutual aid assistance in the community. The Mule Creek Fire Chief cooperates with the Lone City Fire Department, the Amador County Fire Chief's Association, the Amador County Disaster Council and the Amador County Sheriff's Office of Emergency Services.
15. There are two perimeter posts manned 24 hours a day. On each of the three yards inside the perimeter there is an armed observation post. Each housing unit has an armed correctional officer manning the Control Booth 24 hours a day. There is a lethal electric fencing surrounding A, B and C yards.
16. Budget-related legislation in January 2010 forced MCSP to reduce its staff. In preparation for the anticipated cutbacks, the prison initiated many precautionary measures in 2009 to compensate for the staff cutbacks.

FINDINGS:

1. AB 109 will be implemented this year and will reduce its Institutional Count by about 700 prisoners and will be eliminating the overcrowding in the gymnasiums by March 2012.
(Fact #1)
2. Overcrowding continues to be a problem at MCSP. This is complicated by budget issues. An early release program for inmates has become necessary.
(Fact #1)
3. As programs are eliminated, opportunities for rehabilitation are lost and will have a negative effect on inmates.
(Facts #5, 6, 7)

RECOMMENDATIONS:

The Grand Jury understands the difficulties in operating a facility of this size during these times of budget constraints and AB 109 implementation. We recommend that the Mule Creek State Prison continues its superb job of running this facility during these difficult times.

RESPONSE REQUIRED:

Pursuant to California Penal Code §933 (c) a response to this report is required. No later than 90 days after the Grand Jury submits a final report on the operations of any public agency subject to its reviewing authority, the governing body of the public agency shall comment to the presiding Judge of the Superior Court on the findings and recommendations.

Pine Grove Youth Conservation Camp



Photo courtesy of Pine Grove Youth Conservation Camp

CRIMINAL JUSTICE

PINE GROVE YOUTH CONSERVATION CAMP

INTRODUCTION:

The 2011/2012 Amador County Civil Grand Jury conducted the required inspection and review of the Pine Grove Youth Conservation Camp (PGYCC) on November 22, 2011.

BACKGROUND:

PGYCC is located two miles east of Pine Grove on Aqueduct-Volcano Road. It was built in the 1930's as a Civilian Conservation Corps facility. When the California Youth Authority acquired the camp in 1945, it became the first of three Youth Conservation Camps in the state. PGYCC is a division of the California Department of Corrections and Rehabilitation, Division of Juvenile Justice (CDCR-DJJ), and is operated in conjunction with the California Department of Forestry and Fire Prevention (CALFIRE). It is dedicated to the rehabilitation and education of incarcerated young men and to conservation of California's natural resources. PGYCC is the oldest continuously operated Youth Conservation Camp in California.

PGYCC is a privilege-based program. Qualifying youths must meet strict criteria before placement in the camp. The youths receive training in wildland firefighting by CALFIRE. They are required to advance their education and participate in programs designed to improve community services. The program prepares the young men for successful re-entry into society.

The housing, education, health care and youth programs are funded by CDCR-DJJ.

Fire fighting and "Grade Projects" (Facts #16,17) are funded by CALFIRE, which is responsible for its maintenance and water supply.

RESPONSIBLE AGENCY:

Pine Grove Youth Conservation Camp
California Department of Corrections & Rehabilitation
Division of Juvenile Justice
13630 Aqueduct-Volcano Road
P.O. Box 1040, Pine Grove, CA 95665

JUSTIFICATION/JURSDICTION:

The Grand Jury shall inquire into the condition and management of the public prisons within the county. California Penal Code §919 (b).

METHOD OF EVALUATION:

Interview with CDCR-DJJ Assistant Superintendent
Calfire Chief
Calfire Administrative Captain

TOUR OF FACILITY:

A tour of the facility was given by the Assistant Superintendent and the Calfire Chief. The following areas were visited:

Visiting areas
Living Barracks
School Rooms
Infirmary
Kitchen and Dining room
Yard
Garages

FACTS:

1. At the time of the Grand Jury visit, 88 youths were enrolled. The facility is capable of housing 120. Their ages range from 18-25. Occasionally a young man can begin at age 17 providing he will reach his 18th birthday by the time his fire training is completed. No one under the age of 18 is allowed to participate in the fire suppression activities with CALFIRE. Average age at the facility at this time is 19.4.
2. Juveniles at PGYCC must have been convicted of a crime prior to the age of 18. They are granted the privilege of coming to PGYCC from other institutions because of good behavior.
3. Crimes that disqualify a candidate from PGYCC include sexual offenses, arson and most Category 1 offenses, such as murder.
4. The wards at PGYCC must be California residents.
5. Certain mental and physical health requirements must be met. Medical problems can be an obstacle to being placed at PGYCC. A case management worker from the Intake Unit determines an individual's competence in advance.

6. PGYCC's Limitation Parole Requirements document specifies that an individual must have between 6 to 36 months remaining before release.
7. There is zero tolerance of gang activity at PGYCC. Each young man must make a commitment to stop all gang involvement at the time of his assignment.
8. The average stay for a ward of PGYCC is 13 months. Most are expected to be on a CALFIRE crew after an extensive training program. Others are there for support services.
9. The CDCR-DJJ has a four-point program:

GROUP LIVING

Individuals learn respect for the rules, staff and how to improve interaction with others.

COUNSELING

Participation is required. Each individual is assigned a Youth Correctional Counselor who ensures the Ward gets the counseling appropriate to his needs. The average youth-to-counselor ratio is less than 7 to 1. Case conferences are held every 30 days.

EDUCATION

The high school diploma program is administered by NA Chaderjian High School located at the Stockton facility. Graduation is the number one goal. Higher education can be obtained through college courses designed for incarcerated students.

EMPLOYABILITY SKILLS

The needs of an individual are identified and a plan is set up based upon those needs. Upon parole, each youth is provided with 3 to 7 job referrals.

10. Staff receives training in violence prevention and control and the use of force. Mental health problems are quickly identified and a counselor referral is made. There are no psychotropic or behavior control drugs administered.
11. A youth count is conducted every 30 minutes, whether they are participating on strike teams, in community crews, or at the facility.
12. Privileges are given on a phase system; those at a higher phase get more privileges. This system encourages them to work harder, attain their educational goals, and be more productive members of their crews. Any credits or points earned on the phase system may contribute to an early parole.

13. The daily Physical Training (PT) program requires each individual to run, work out in the weight room and participate in evening sports. All are encouraged to participate in competitive athletic programs. A sport field is under construction and the staff hopes that other entities in the community will hold sporting events at the camp. At this time, PGYCC participates in the Pine Grove Softball and Jackson Baseball Leagues.
14. An individual "Corrective Action Plan" is developed for each youth to help him adjust to his program. If he is unable to adapt to PGYCC requirements, he can be returned to a higher security level institution.
15. The primary responsibility of PGYCC is to assist in fire fighting. CALFIRE supervises a total of four Type1 Hand Crews, consisting of 15 individuals per crew and a Captain. CALFIRE takes strike teams throughout California.
16. The PGYCC employability training is conducted in partnership with CALFIRE. Each youth is given a year-round employment assignment. During the summer, hand crews participate in statewide fire suppression. In winter, the crews perform tasks at the county and city level, referred to as Grade Projects.
17. Grade Projects are community services work. These include brush removal, creek maintenance, and other contracted projects. The community work crew can only benefit small city and county government entities.
18. Some agencies using the community work crew are charged for their services, but no more than \$ 200/day. That amount helps PGYCC to re-coup its cost.
19. Crew members are paid by voucher system. One half of any money earned goes toward victim restitution.

FINDINGS:

1. At PGYCC, members of the various gangs are required to live and work together. No gang activity is tolerated. A youth will be immediately transferred to another institution if this policy is violated. (Fact #7)
2. Both the CDCR-DJJ and CALFIRE staff work to build a good relationship with each youth, using professional courtesy when addressing them. As a result, PGYCC has evolved from a strict military atmosphere to a more interactive one. (Fact #9)
3. The youths placed at PGYCC are considered the "cream of the crop". Staff feels responsible for assisting each one succeed in the program. A low rate of recidivism at PGYCC (28%) compares favorably to national figures (60%-70%). (Facts #2,3, & 5)

4. Youths learn a strong work ethic. Many of them have grown up on the streets without an opportunity to acquire social and work-related skills. PGYCC focuses on helping them become productive members of society. (Facts #9,10,12,13,14 &16)
5. A concerted effort is made to find job opportunities for each young man. Case managers keep in touch with them through phone follow-ups. (Fact #9)
6. The State of California benefits significantly from PGYCC's low cost, high quality firefighting resources. (Facts #15,16,17 & 18)

RECOMMENDATIONS:

The Grand Jury understands the difficulties in operating a state run facility during these times of budget constraints. We realize the closing of the Preston Facility along with other camps will put a strain on Pine Grove's operations. The Grand Jury recommends and feels confident that PGYCC working with CALFIRE will continue its superb job of running this facility.

RESPONSE REQUIRED:

Pursuant to California Penal Code 933 §(c) a response to this report is required. No later than 90 days after the grand jury submits a final report on the operations of any public agency subject to its reviewing authority, the governing body of the public agency shall comment to the presiding judge of the Superior court on the findings and recommendations.

PRESTON YOUTH CORRECTIONAL FACILITY



Preston Castle

Ione

Photo courtesy of Amador County Archives

CRIMINAL JUSTICE

PRESTON YOUTH CORRECTIONAL FACILITY

California Penal Code Section 919(b) provides that “The Grand Jury shall inquire into the condition and management of the public prisons within the county”, and for several decades one of the prisons Amador County Grand Juries have been tasked to investigate was the Preston Youth Correctional Facility in Lone. However, that all changed on June 30th, 2011, when the California Department of Corrections deemed it was not feasible to maintain operations at the facility and officially closed it down. That day, when the last ward was transferred to another California Youth Authority, marked the first time in 117 years that Preston was not serving the county and state by housing young offenders of the law.

Preston not only housed these young men, but made every attempt with Educational and Vocational Programs to turn their lives around and rehabilitate them. Staff at the facility conscientiously followed the mission handed down by administration to treat each ward with respect and aid them with their re-entry into society. Over the many years of operation there were innumerable successes with such notables as: Country singer Merle Haggard, , actor Rory Calhoun, writer Ernest Booth, Eddie Anderson, best known for his role as "Rochester" on Jack Benny's radio and television programs, and tennis great Pancho Gonzales, to name a few.

Before Preston was built, male offenders as young as fifteen years old were incarcerated at San Quentin State Prison, placing them in direct contact with some of the most hardened criminals in the state. Under these conditions, there was little hope for rehabilitation. In 1888, the State Board of Prison Directors issued a report calling for a reform school for youthful offenders. Through the efforts of Senate Bills authored by Senators Edward Preston and Anthony Caminetti, the cornerstone of the Preston Castle was laid in Lone on December 23, 1890. This started the long and rich history of Preston School of Industry, later to be known as Preston Youth Correctional Facility.

Over the years, Preston served not only as a place of refuge and hope for the troubled youths who were detained there, but also provided a livelihood for countless Amador County residents. In many cases, several generations of family members made their living working in Administration, Education, Vocations, Counseling, Medical, and Security at the facility.

This brief commemoration from the Grand Jury cannot begin to recognize the many contributions that Preston has made to our County. Nevertheless, we would like, in a small way, to acknowledge these contributions. Accordingly, the Amador County Grand Jury dedicates our final report to the many administrators, staff and youths who over the years have been such an important part of our community.

The 2011/2012 Amador County Grand Jury

HEALTH & WELFARE COMMITTEE



Amador County Hospital

Jackson

Photo courtesy of Amador County Archives

AMADOR COUNTY CONSERVATOR'S OFFICE



Snow in South Jackson

Jackson

Photo courtesy of Amador County Archives

HEALTH AND WELFARE
AMADOR COUNTY CONSERVATOR'S OFFICE

INTRODUCTION:

The 2011-2012 Amador County Civil Grand Jury elected to review the Amador County Conservator's Office.

BACKGROUND:

In Amador County, the Public Administrator/Public Conservator/Public Guardian operate under the supervision of the Department of Social Services. This office prepares, reviews, and signs all legal documents and other papers necessary in the guardianships and conservatorships of the person and estates of minors and incapacitated adults. The responsibilities include legal requirements to marshal, protect, inventory, appraise, and dispose of real and personal property in conservatee estates, and to act on behalf of minors, adults with mental disorders, aged and/or handicapped conservatees.

RESPONSIBLE AGENCY:

Public Conservator's Office
10877 Conductor Blvd., Ste. 300
Sutter Creek, CA 95685-9682

JUSTIFICATION/JURISDICTION:

"The grand jury shall investigate and report on the operations, accounts, and records of the officers, departments, or functions of the county including those operations, accounts, and records of any special legislative district or other district in the county created pursuant to state law for which the officers of the county are serving in their ex officio capacity as officers of the districts. The investigations may be conducted on some selective basis each year, but the grand jury shall not duplicate any examination of financial statements which has been performed by or for the board of supervisors pursuant to *Section 25250 of the Government Code*; this provision shall not be construed to limit the power of the grand jury to investigate and report on the operations, accounts, and records of the officers, departments, or functions of the county. The grand jury may enter into a joint contract with the board of supervisors to employ the services of an expert as provided for in Section 926." [California Penal Code § 925]

METHOD OF EVALUATION:

The 2011-2012 Grand Jury's review consisted of the following:

Individuals Interviewed:

Program Manager

Finance Assistant II

Deputy Conservator

Two Representative Payee Clients

Three Public Conserved Clients

Bonded Agent

Documents Reviewed:

County of Amador, State of California Budget Unit Financing Uses Detail from 2008/2009 to 2011/2012

2011/2012 Fiscal Budget

Job Descriptions

Mission Statement

Amador County Internal Control Manual

Active/Inactive Case Roster

Organizational Management Chart

Audit prepared by Gallina LLP for Fiscal year ending June 2010 and drafted April 2011

Sites Toured:

Public Conservator's Office

Two Public Conserved Clients' Residences

FACTS:

1. According to Amador County Superior Court documents on August 10, 2004, the Senior Deputy Conservator Director, at the time, pled guilty to embezzling \$782,000 of department funds.
2. Staffing has been reduced from six employees in 2008 to the current level of two.
 - As of this writing the office is never staffed by more than two staff members and frequently by only one.
3. The Conservator's Office consists of three staff positions:
 - Program Manager
 - Finance Assistant II (vacant at this writing)
 - Deputy Conservator
4. The Conservator's Office is comprised of three types of clients:
 - Public Administrator
 - Public Conserved
 - Representative Payee
5. The Public Administrator preserves and protects the assets of the estates of persons who die without a will or an appropriate person willing to act as an administrator.
6. The Public Guardian acts as a legally appointed guardian for unmarried minors that are found by the Superior Court to be incapable of properly caring for themselves, their finances, and/or who are unable to resist undue influence or fraud.
7. The Public Conservator is appointed to provide for the personal care, treatment, and/or financial needs of an individual who is physically or mentally incapable of caring for themselves.
8. The Public Conservator consists of three types of conservatorships:
 - Person
 - Estate
 - Both
9. In Conservatorship of the Person, the Conservator
 - manages the client's care including scheduling doctor's appointments when necessary.
 - provides transportation for client's medical or court appointments.
 - arranges for housekeeping services and recreational transportation, if necessary.
 - determines, according to the needs of the client, where the client will live.

10. In Conservatorship of the Estate, the Conservator with court approval
 - manages the client's finances.
 - controls the assets of the client.
 - collects income for the client.
 - pays bills for the client.
 - invests the client's money.
 - protects the assets of the client.
 - employs a bonded agent to inventory, sell, and/or dispose of a client's assets within their residence when the client is no longer able to reside in or return to their residence.

11. An independent audit to review the department finances is completed yearly.
 - The most recent audit prepared by Gallina LLP and drafted April 2011 states as follows: "Written policies and procedures do not adequately address control standards governing deposit procedures and monthly bank reconciliations."

12. According to the Internal Control Manual which was created in 2004, "Access to resources shall be limited to authorized personnel only due to the confidentiality of the clients, safety of the client's assets, and safety of the staff."

13. The Internal Control Manual mandates that a separation of duties shall be in effect so that no one individual controls all phases of an activity or transaction.
 - The audit states: "The risk of misappropriation of cash is increased because duties related to the processing of cash, record keeping, and bank reconciliations are not properly segregated."

14. According to the Internal Control Manual, "Qualified and continuous supervision shall be provided to assure that approved procedures are followed."

15. The Conservator's Office has two vans to transport their clients. These vehicles do not have wheelchair access and only one van is equipped with a security cage.

16. Clients are transported only by one staff member.

17. At this writing, 14 of the 54 clients are out-of-county placements.

FINDINGS:

1. The Grand Jury finds that following the 2004 embezzlement, security measures have not improved and the potential still exists for further financial loss either by misappropriation of funds or accident. (Facts #1, 2, 11, 12, 13, 14)

2. The Conservator's Office is inadequately staffed. (Facts #2, 3)

3. Due to inadequate staffing, it is difficult to adhere to proper procedures for the verification of a client's assets. (Facts #11,12,13,14)
4. The Conservator and Behavioral Health offices share two unsecured hallways which creates a lack of security. (Fact #12)
5. Transportation, including out-of-county placements, is provided by a single staff member which creates a potential risk for both client and staff member. (Facts #15, 16, 17)
6. Clients who are transported may have behavioral health issues and can be dangerous. (Fact #16, 17)

RECOMMENDATIONS:

1. At a minimum, in order to reduce the risk of physical injury and/or financial loss, the Conservator's Office should hire two more staff members.
2. All transportation of clients should be provided by two staff members. Clients that pose a risk should be transported in a vehicle with a security cage.
3. A secured separation should exist between the Conservator and Behavioral Health offices.
4. The Amador County Internal Control Manual, as it pertains to the Conservator's Office, needs to be updated.
5. The 2007/2008 Amador County Grand Jury recommended, "To avoid out-of-county placements for Amador County clients, it is recommended the Board of Supervisors actively pursue new facilities within the county." Since the board has not addressed this situation, we resubmit the recommendation.

RESPONSE REQUIRED:

Pursuant to California Penal Code §933 (c) a response to this report is required. No later than 90 days after the grand jury submits a final report on the operations of any public agency subject to its reviewing authority, the governing body of the public agency shall comment to the presiding judge of the Superior court on the findings and recommendations.

AMADOR COUNTY HEALTH AND HUMAN SERVICES



Stage Office, National Hotel

Jackson

Photo courtesy of Amador County Archives

HEALTH AND WELFARE

AMADOR COUNTY HEALTH AND HUMAN SERVICES

INTRODUCTION:

The 2011/2012 Amador County Civil Grand Jury elected to investigate the Amador County Health Services Department. This investigation was based on numerous complaints from employees against the Amador County Health Services Director of the Behavioral Health and Public Health Departments.

BACKGROUND:

Under general policy direction, the Health Services Director (HSD) plans, organizes, coordinates and directs the activities and programs of the County's Health Services Department; provides expert professional assistance to county management staff in areas of responsibility; and performs related work assigned.

This is an at-will department head position within the Management Unit reporting to the Chief Administrative Officer (CAO). This class has a department head level of responsibility for the direction and administration of the County's Health Services Department. The incumbent is responsible for the overall policy development, program planning, fiscal management, administration and operation of the Health Services Department. The incumbent is responsible for accomplishing departmental goals and objectives, administering the department's budget, and supervising professional and other support staff. Assignments allow for a high degree of administrative discretion in their execution.

RESPONSIBLE AGENCIES:

Amador County Department of Health Services
10877 Conductor Boulevard
Sutter Creek, CA 95685

Amador County Department of Social Services
10877 Conductor Boulevard
Sutter Creek, CA 95685

JUSTIFICATION/JURISDICTION:

The grand jury shall investigate and report on the operations, accounts, and records of the officers, departments, or functions of the county including those operations, accounts, and records of any special legislative district or other district in the county created pursuant to state law for which the officers of the county are serving in their ex officio capacity as officers of the districts. The investigations may be conducted on some selective basis each year, but the grand jury shall not duplicate any examination of financial statements which has been performed by or for the board of supervisors pursuant to Section 25250 of the Government Code; this provision shall not be construed to limit the power of the grand jury to investigate and report on the operations, accounts, and records of the officers, departments, or functions of the county. The grand jury may enter into a joint contract with the board of supervisors to employ the services of an expert as provided for in Section 926. [California Penal Code § 925]

METHOD OF EVALUATION:

Interviewed Health and Human Services Staff
 Interviewed County Staff
 Researched California Code of Regulations (CCR)
 Reviewed and Researched Health Services Director's resume and attachments.

FACTS:

1. The California Code of Regulations, Title 9, Rehabilitative and Development Services, Division 1, Chapter 3, Article 8, Professional and Technical Standards, where the local Mental Health Director is other than the local Health Officer or Medical Administrator of the county hospital, *in part states* that he or she shall be one of the following:
 - A clinical social worker who shall possess a Master's Degree in social work or higher and shall be a licensed clinical social worker under provisions of the California Business and Professions Code, and shall have had at least five (5) years mental health experience, two (2) years of which shall have been administrative experience.
 - An administrator who shall have a Master's Degree in hospital administration, public health administration, or public administration from an accredited college or university, and who shall have at least three (3) years experience in hospital or health care administration, two (2) of which shall have been in the mental health field. Additional qualifying experience may be substituted for the required education on a year-for-year basis with the approval of the Department of Mental Health.

2. The California Code of Regulations Title 16, Division 18, Article 3, Requirements For Supervisors (in Behavioral Science) *in part states*:
- Any person supervising an intern (hereinafter "supervisor") within California shall comply with the requirements set forth in this section.
 - Prior to the commencement of any counseling or supervision, the supervisor shall sign under penalty of perjury the "Responsibility Statement for Supervisors of a Professional Clinical Counselor Intern" (Form No. 1800 37A-643), requiring that:
 - The supervisor possesses and maintains a current valid California license as either a professional clinical counselor, marriage and family therapist, licensed clinical social worker, licensed psychologist, or physician who is certified in psychiatry as specified in Section 4999.12 (h) of the Code and has been so licensed in California at least two (2) years prior to commencing any supervision.
 - A supervisor, who is not licensed as a professional clinical counselor, shall have sufficient experience, training, and education in professional clinical counseling to competently practice professional clinical counseling in California.
 - The supervisor keeps himself or herself informed of developments in professional clinical counseling and in California law governing the practice of professional clinical counseling.
 - The supervisor has and maintains a current license in good standing and will immediately notify the intern of any disciplinary action, including revocation or suspension, even if stayed, probation terms, inactive license status, or any lapse in licensure that affects the supervisor's ability or right to supervise.
 - The supervisor has practiced psychotherapy or provided direct supervision of trainees, interns, or associate clinical social workers who perform psychotherapy for at least two (2) years within the five (5) year period immediately preceding any supervision.
 - The supervisor has had sufficient experience, training, and education in the area of clinical supervision to competently supervise interns.
 1. Persons licensed by the board who provide supervision shall complete a minimum of six (6) hours of supervision training or coursework in each renewal period while providing supervision. This training or coursework may apply towards the continuing education requirements set forth in Sections 4980.54, 4996.22, and 4999.76 of the Code.
 2. Persons licensed by the board, who provide supervision and who have not met the requirements of this subsection, shall complete a minimum of six (6) hours of supervision training or coursework within sixty (60) days of commencement of supervision.

3. Over the past year, Human Resources received many employee complaints in regards to the HSD.
4. The Amador County CAO implemented an investigation regarding this matter.
5. California Government Code 87407. No public official shall make, participate in making, or use his or her official position to influence, any governmental decision directly relating to any person with whom he or she is negotiating, or has any arrangement concerning prospective employment.
6. Section 1090 of the Government Code codifies the common law prohibition and the general policy of this state against public officials having a personal interest in contracts they make in their official capacities.
7. Amador County Department Heads are allowed to oversee their own expenses.
8. While acting as interim HSD and Chief Financial Officer (CFO) and applying for the HSD license, she wrote a letter to the state on her own behalf requesting that educational requirements be waved in lieu of experience.

FINDINGS:

1. The Grand Jury finds that based on the CCR and her resume, the current HSD does not have the required education to oversee these departments.
(Facts# 1, 2)
2. The Grand Jury finds that based on the CCR and her resume, the current HSD did not have the required medical experience in each of the departments to qualify for this position.
(Facts# 1, 2)
3. The Grand Jury finds that the previous CAO did not properly research the current HSD before recommending this position to the Board of Supervisors.
(Facts# 1, 2)
4. The Grand Jury finds that the HSD was allowed to oversee her own expenses without CAO approval.
(Fact# 7)
5. The HSD wrote a letter to the State on her own behalf despite existing codes 87407 and 1090.
(Facts# 5, 6, 8)

RECOMMENDATIONS:

1. The Grand Jury recommends that the CAO maintain a tighter control over the expenses of the department heads.
2. The Grand Jury recommends that the Public Health and Behavioral Health should remain as separate departments with separate Directors.

RESPONSE REQUIRED:

Pursuant to California Penal Code §933 (c) a response to this report is required. No later than 90 days after the Grand Jury submits a final report on the operations of any public agency subject to its reviewing authority, the governing body of the public agency shall comment to the presiding judge of the Superior Court on the finding and recommendations.

PUBLIC WORKS COMMITTEE



Mule Team Logging

Dewdrop

Photos courtesy of Amador County Archives

AMADOR WATER AGENCY



Main Street 1930

Jackson

Photo courtesy of Amador County Archives

PUBLIC WORKS**AMADOR WATER AGENCY****INTRODUCTION:**

The 2011/2012 Amador County Civil Grand Jury conducted an investigation of the Amador Water Agency, (hereinafter referred to as AWA or the Agency) based on complaints received from ratepayers and citizens of Amador County. These complaints included:

- Financial mismanagement
- Lack of transparency and availability of information
- Lack of concern by the Board of Directors for the overall financial condition
- Long-term debt

BACKGROUND:

The Amador Water Agency is a Special District created in 1959 by the California State Legislature. The Agency is a Public, Non-Profit Special District. The purpose of the Amador Water Agency is to provide water, wastewater, and storm drain services to Amador County.

RESPONSIBLE AGENCY:

Amador Water Agency
12800 Ridge Road
Sutter Creek, CA 95685
Phone: 209-223-3018
Website: amadorwater.org (<http://www.amadorwater.org/>)

JUSTIFICATION/JURISDICTION:

“A Grand Jury may at any time examine the books and records of any special-purpose assessing or taxing district located wholly or partly in the county or the local agency formation commission in the county, and, in addition to any other investigatory powers granted by this chapter, may investigate and report upon the method or system of performing the duties of such district or commission”.

California Penal Code § 933.5

METHOD OF EVALUATION:

- Interviewed past and current members of the Agency's Board of Directors
- Interviewed ratepayers and citizens of Amador County
- Interviewed various personnel of the Agency
- Reviewed documentation and information posted on the Agency's website
- Reviewed other pertinent websites (see Reference Materials)
- Attended public meetings, including those of the Board of Directors and their various sub-committees
- Toured several agency facilities and inspected equipment

FACTS:

1. The Agency consists of four major water districts:
 - Central Amador Water Project (CAWP)
 - Amador Water System (AWS)
 - Lake Camanche (LVC)
 - La Mel Heights
2. The Agency serves both retail and wholesale customers.
 - Retail Customers include individual businesses and citizens.
 - Wholesale customers include cities of: Jackson, Pine Grove, and Sutter Creek.
3. The Agency has four water treatment plants:
 - Buckhorn
 - Tanner
 - Lake Camanche
 - Lone
4. The Agency is responsible for eleven wastewater districts.
5. The Agency's Mission Statement is, "To enhance the quality of life in Amador County by providing safe, reliable water, wastewater, conservation and reclamations services. We will accomplish this as a professional team dedicated to public transparency, community partnerships and excellent customer service."
6. The Agency is governed by a Board of Directors.
 - The Board consists of five members that represent the same geographical districts as the Board of Supervisors.
 - The Directors are elected to 4 year terms that overlap in order to ensure continuity.
 - The Directors are assigned to various committees.
 - Notice of committee meetings are posted on the Agency's website and are sent out by request via email notifications.
 - The Board of Directors meetings are scheduled for the second and fourth Thursday of each month. These meetings are open to the public.

7. The day-to-day operations of the Agency are directed by a General Manager.
 - The General Manager answers to the Board of Directors.
 - The General Manager oversees 39 employees, reduced from a high of 66 employees in 2005.
8. The Agency maintains a website.
 - The website is maintained by Agency staff.
 - The website includes a sample bill.
 - The website includes a single phone number for contact.
9. The current controller was hired by the Agency in 2011.
10. The operating budget for fiscal year 2011-2012 is \$10,196,450.00.
11. Restricted funds have been intermingled within other accounts.
 - Restricted funds are legally required to be used for a specific purpose.
12. Prior to 2010, interest bearing loans made between the Agency's water districts were not recorded.
(Reference item #1)
13. The Agency contracts with Leaf & Cole LLP, an independent auditor, to conduct a yearly audit.
14. According to the audit prepared by Leaf and Cole LLP for fiscal year 2010-2011, the Agency's long-term debt is \$35,716,330.00 and the total liabilities are \$38,314,288.00.
 - On March 22, 2012, the audit was rejected by the Board of Directors.
15. The Agency requested a one-hundred fifty thousand dollar grant from the Board of Supervisors for the Camanche Water District.
 - The Board of Supervisors made this grant contingent on a rate increase.
16. The Agency applied for a grant of over five million dollars and a low-interest loan exceeding eight million dollars from the United States Department of Agriculture (USDA) for the Gravity Supply Line (GSL) Project.
(Reference item #3)
 - There are conditions that must be met before the money can be released, according to a USDA Rural Development Letter of Conditions dated July 30, 2010.
 - The conditions must be completed by September 30, 2012.
 - On April 9, 2012, the Agency applied for and was granted an extension to September 30, 2013.
(Reference item #4)

17. On May 13, 2010, the Agency obtained a loan for the GSL Project of nine-hundred thousand dollars from the Amador County Board of Supervisors with a due date of December 31, 2010.
(Reference item #2)
 - The recitals for the loan state the Agency intends to use the money from the loan to reimburse itself for past work and to complete certain tasks before a funding agreement can be completed with the USDA.
 - On November 30, 2010, the Board of Supervisors extended the due date for this loan to August 31, 2011.
 - The Board of Supervisors subsequently agreed to a second extension, moving the due date to September 30, 2012.
 - If the USDA grant is received, the Agency is required to use these funds to repay the loan to the Board of Supervisors.
 - If the USDA grant is not received, the loan will be in default, which will require the Agency to seek other funding sources.
(Reference item #2, section 5, "Repayment Obligations")

18. The funds expended for the GSL Project have come from interdepartmental loans, Agency general funds, and a nine-hundred thousand dollar loan from the Board of Supervisors.
 - On April 30, 2012, the Board of Directors voted unanimously to give another fifty thousand dollars from general funds to the General Manager for the GSL Project.

19. The ratepayers have rejected GSL projects in the past.

20. Per Resolution No. 2012-04, the Agency modified how it would accept Proposition 218 rate protests from the rate payers.
(Reference item #5)
 - The Howard Jarvis Taxpayers Association sent a letter protesting the Agency's Proposition 218 resolution.
(Reference item #6)

21. The Agency is in the process of creating two Community Facilities Districts (CFD).
 - A CFD district must be approved by an election of two-thirds of the registered voters.
 - If the CFD has fewer than twelve registered voters, approval by two-thirds of property-owners is required.
 - The CFD for the AWS district will:
 - Provide immediate funds to decrease the Amador Transmission Pipeline (ATL) debt.
 - Provide immediate funds to assist in future upgrades of water treatment plants.
 - Guarantee developers who participate a future connection regardless of water system capacity.

- Be strictly voluntary.
- The CFD for the CAWP Water District will fund the GSL project and will be levied on all properties improved or unimproved located in the CAWP CFD boundaries.

22. Charges for water usage vary from district-to-district.

FINDINGS:

1. The Grand Jury finds the Agency does not demonstrate commitment to public transparency. (Facts # 5,11-13, 20-22)
2. Questions, concerns, and emergencies are all routed through a single phone number. (Fact # 8)
3. The Agency is in the process of developing a method to consolidate billing charges. (Facts# 8, 21, 22)
 - Current charges on billing statements include:
 - Service charge
 - Volumetric charge
 - New charges proposed are:
 - Service charge
 - Debt service charge
 - Volumetric charges
 - The CAWP district will have a pumping charge associated with their bill unless or until the GSL project is finished.
4. The Grand Jury finds that currently there is no contingency plan to manage any of the following:
 - Emergency Funds
 - Debt Service
 - Current Projects
 - Future Projects
 (Facts# 10-12, 14-18, 20,21)
5. The Grand Jury finds through direct observation during the Board of Directors meetings that a contentious and adversarial relationship frequently exists between the Board and the public. (Fact # 6)
6. Due to the complexity of the budget, the Grand Jury finds it difficult for the public to understand. (Facts # 10-14)
7. The independent auditor found that due to the difference in data between the Agency's budget and the audit, the Agency's bank accounts have not been "truly reconciled." (Facts # 13,14)

8. The practice of making interdepartmental loans increases the Agency's overall debt.
(Fact# 14)
9. The Grand Jury finds that cost-cutting measures, including the reduction of staff and the cancellation of Board meetings, have had little-to-no effect on the long-term debt or the total liabilities of the Agency.
(Facts# 7,14)
10. The Agency has been working on the GSL Project since at least the late 1980's.
(Facts# 16-19)
11. The Agency cannot give an accurate accounting of monies spent to date on the GSL Project and can only estimate it to be one million four-hundred thousand dollars.
(Facts# 17,18)
12. The USDA extension specifies that the CAWP CFD would be the boundaries of the CAWP service area. Both the Agency and its legal counsel have stated that the CAWP CFD boundaries are being worked on and will not necessarily conform to the CAWP service area as outlined in the USDA letter.
(Facts# 16, 21)
13. The Grand Jury finds that the Agency continues to make financial commitments to the GSL Project despite inadequate funding, ratepayers' objections, and a Proposition 218 defeat in May 2010.
(Facts# 16-19)
14. The CFD for the CAWP district may not be completed in time to have the grant funds available to repay the loan received from the Board of Supervisors, thus requiring a third extension of the loan's due date.
(Facts# 16, 21)
15. The Grand Jury finds that the Agency has not effectively managed finances.
 - The practice of making interdepartmental loans, borrowing money from the Board of Supervisors to repay those loans, and applying for grants from the USDA to repay the Board of Supervisors; creates a continuous cycle of borrowing and repayment without reducing the Agency's overall indebtedness.
(Facts# 15-18)
 - The Agency commits to projects without adequate funding in place and without consent of ratepayers, which is detrimental to the financial stability of the Agency.
(Facts# 16-19, 20)
 - The Agency's long-term debt is approaching a level that is unmanageable.
(Fact# 10, 14, 17, 18)
16. The CFD proposed for the AWS appears only to be beneficial to a select number of developers and may not make any substantial decrease in the ATL loan debt, contrary to Agency's claims.
(Fact # 21)

17. The Grand Jury finds the Agency employs hardworking personnel who are dedicated to the highest level of customer service.
(Fact #7)

RECOMMENDATIONS:

1. The Grand Jury recommends that the Agency strive for improved public relations and transparency with the ratepayers by providing clear and consistent information.
2. The Grand Jury recommends that the Agency cease the practice of lending money from one district to another.
3. The Grand Jury recommends that the Agency allocate additional resources to the website in order to enhance transparency.
4. The Grand Jury recommends that the Agency consider future projects only when there is adequate financing and funding available. This is critical to the stability of the Agency.
5. The Grand Jury recommends that the Agency focus on lowering long-term debt and liabilities before spending money they do not have.
6. The Grand Jury recommends that the Agency recognize its fiduciary responsibility to the ratepayer by standardizing its accounting and budgeting practices.
7. The Grand Jury recommends that the Agency develop a contingency plan for:
 - Emergency Funds
 - Debt Service
 - Current Projects
 - Future Projects

COMMENTS:

Due to the complexity of the budget and multiple ongoing projects, the current Grand Jury recommends that the 2012-2013 Grand Jury continue to investigate the Amador Water Agency.

RESPONSE REQUIRED:

Pursuant to California Penal Code §933 (c) a response to this report is required. No later than 90 days after the Grand Jury submits a final report on the operations of any public agency subject to its reviewing authority, the governing body of the public agency shall comment to the presiding judge of the Superior Court on the finding and recommendations.

REFERENCE MATERIALS:

1. <http://www.amadorwater.org>
2. <http://cgja.org>
3. <http://www.csda.net>
4. <http://amadorwatchdog.org>
5. Reference item #1 – Interdepartmental loans
6. Reference item #2 – \$900,000 loan from Board of Supervisors with 1st and 2nd amendments.
7. Reference item #3 - Original grant conditions from USDA
8. Reference item #4 - Extension agreement to USDA conditions
9. Reference item #5 - Resolution No. 2012-4
10. Reference item #6 - Howard Jarvis letter to the Agency

10/11 CONSOLIDATED DEBT SCHEDULE

	YEAR	BEGIN BALANCE	APPLIED TO PRINCIPAL	xx 56914.15 INTEREST	ANNUAL PAYMENT	ENDING BALANCE	ACCRUED INTEREST PAYABLE
		-				-	
WDF							
21231.06	CAWP 1980	10/11	-	-	-	-	-
21231.06	0656912.15 CAWP 1985	10/11	201,666.86	29,351.56	10,890.01	40,241.57	172,315.30
21231.06	0656912.15 GSL-Short Term	10/11	900,000.00	-	18,000.00	18,000.00	900,000.00
DWR/SWRCE							
21233.04	0456918.15 Ridge	10/11	1,661,031.71	70,593.85	49,825.67	120,419.52	1,590,437.86
21233.20	2056925.15 PineGroveWW	10/11	171,970.75	13,565.69	4,815.18	18,380.87	158,405.06
21234.04	0456917.15 Hillside	10/11	28,845.37	2,026.78	859.48	2,886.26	26,818.59
2006 COP							
21235.04	0456921.15 Series A	10/11	22,495,000.00	485,000.00	1,047,225.00	1,532,225.00	22,010,000.00
USDA							
21233.06	0656913.15 Buckhorn #1	10/11	4,670,000.00	65,000.00	197,093.75	262,093.75	4,605,000.00
21233.06	0656913.15 Buckhorn #2	10/11	794,000.00	10,000.00	34,518.75	44,518.75	784,000.00
21233.09	0956913.15 La Mel	10/11	202,679.85	2,551.46	8,360.54	10,912.00	200,128.39
21236.04	0456913.15 Plymouth #1	10/11	2,970,000.00	30,000.00	132,975.00	162,975.00	2,940,000.00
21236.04	0456913.15 Plymouth #2	10/11	1,980,000.00	20,000.00	81,262.50	101,262.50	1,960,000.00
			-				
		36,075,194.54	728,089.34	1,585,825.88	2,313,915.22	35,347,105.20	184,951.15

INTERFUND

21500.14	0112400.04	From AWS to CAWP Retail (Riverview)	10/11	32,817.07	7,629.15	1,640.85	9,270.00	25,187.92
21500.20	0112400.04	From AWS to PGWW (WWGen)	10/11	120,656.21	6,778.87	4,621.13	11,400.00	113,877.34
21501.09	0112400.04	From AWS to ID 3 (Lamel)	10/11	200,000.00	4,930.00	4,000.00	8,930.00	195,070.00
21501.13	0112400.04	From AWS to ID 7 (Camanche Water)	10/11	780,000.00	19,227.00	15,600.00	34,827.00	760,773.00
21501.14	0112400.04	From AWS to CAWP Retail	10/11	855,185.00	21,080.30	17,103.70	38,184.00	834,104.70
21501.20	0112400.04	From AWS to WWGen	10/11	500,000.00			-	500,000.00
21501.20	0112400.04	From AWS to WWID 1 (WWGen)	10/11	510,000.05	12,571.46	10,200.00	22,771.46	497,428.59
21501.20	0112400.04	From AWS to WWID 1 (WWGen)	10/11	160,000.00	3,943.00	3,200.00	7,143.00	156,057.00
21501.20	0112400.05	From AG to WWID 1 (WW Gen)	10/11	135,500.00			-	135,500.00
21501.21	0112400.22	From WWID 12 to WWID 11	10/11	545,000.00	13,434.00	10,900.00	24,334.00	531,566.00
21501.21	0112400.22	From WWID 12 to WWID 11	10/11	760,000.00			-	760,000.00
				4,599,158.33	89,593.78	67,265.68	156,859.46	4,509,564.55

09/10 CONSOLIDATED DEBT SCHEDULE

	YEAR	BEGIN BALANCE	APPLIED TO PRINCIPAL		INTEREST	ANNUAL PAYMENT	ENDING BALANCE		ACCRUED INTEREST PAYABLE		
WDF	21231.06 CAWP 1980	09/10	52,785.08	52,785.08		1,583.56	54,368.64	-	1,451.60		
	CAWP 1985	09/10	229,514.64	27,847.78	80,632.86	12,393.79	40,241.57	201,666.86	201,666.86	-	1,451.60
									-	-	
DWR/SWRCB	21233.04 RIDGE	09/10	1,729,533.21	68,501.50	68,501.50	51,918.02	120,419.52	1,661,031.71	1,661,031.71	14,614.55	14,614.55
	21233.20 PGWW	09/10	185,166.95	13,196.20	13,196.20	5,184.67	18,380.87	171,970.75	171,970.75	3,456.45	3,456.45
	21234.04 HILLSIDE	09/10	30,819.38	1,966.71	1,966.71	919.55	2,886.26	28,852.67	28,852.67	276.45	301.66
2006 COP	21235.04 SERIES A	09/10	22,965,000.00	470,000.00	470,000.00	1,066,025.00	1,536,025.00	22,495,000.00	22,495,000.00	89,752.08	89,752.08
USDA	21233.06 BUCKHORN #1	09/10	4,730,000.00	60,000.00		199,750.00	259,750.00	4,670,000.00		34,708.33	
	21233.06 BUCKHORN #2	09/10	804,000.00	10,000.00	70,000.00	34,956.25	44,956.25	794,000.00	5,464,000.00	6,066.67	40,775.00
	21233.09 LA MEL	09/10	205,227.15	2,446.38	2,446.38	8,465.62	10,912.00	202,780.77	202,780.77	2,186.25	2,186.25
	21236.04 PLYMOUTH # 1	09/10	3,000,000.00	-	-	30,259.00	-	3,000,000.00			
	21236.04 PLYMOUTH # 2	09/10	2,000,000.00	-	-	27,741.00	-	2,000,000.00	5,000,000.00		
INTER-COMP	21400.14 RIVERVIEW	09/10	40,082.92	7,265.85	7,265.85	2,004.15	9,270.00	32,817.07	32,817.07	1,169.09	1,169.09
	21400.20 PGWW FROM AWS	09/10	127,185.02	6,528.81	6,528.81	4,871.19	11,400.00	120,656.21		405.93	405.93
	21401.20 WWGEN FROM AWS	09/10	500,000.00	-		-	6,528.81	500,000.00	620,656.21	-	
			36,599,314.35	720,538.31	720,538.31	1,446,071.80	2,115,138.92	35,878,776.04	35,878,776.04	154,087.39	154,112.61
NOTES	22100.04 HWY 49/CALTR	09/10	445,827.70	-		-	-	445,827.70	445,827.70	-	-
	22100.05 La Salle 2006	09/10	105,140.93	105,140.93	105,140.93	2,155.37	107,296.30	-	-		
			445,827.70	825,679.24	825,679.24	1,448,227.17	2,222,435.22	36,324,603.74	36,324,603.74	154,087.39	-

08/09 CONSOLIDATED DEBT SCHEDULE

		YEAR	BEGIN BALANCE	APPLIED TO PRINCIPAL		INTEREST	ANNUAL PAYMENT	ENDING BALANCE
WDF	21231.06 CAWP 1980	08/09	104,032.56	51,247.48		4,613.63	55,861.11	52,785.08
	CAWP 1985	08/09	255,935.68	26,421.04	77,668.52	13,820.53	40,241.57	229,514.64
	21231.14 MLACRES	08/09	-	-		-	-	-
	NEW TANK	08/09	-	-		-	-	-
	PINE ACRES	08/09	-	-	-	-	-	-
CSDA	21232.05 CSDA Z	08/09	290,000.00	150,000.00	150,000.00	11,450.00	161,450.00	140,000.00
DWR/SWRCB	21233.04 RIDGE	08/09	1,796,113.55	66,580.34	66,580.34	53,839.18	120,419.52	1,729,533.21
	21233.20 PGWW	08/09	198,003.72	12,836.77	12,836.77	5,544.10	18,380.87	185,166.95
	21234.04 HILLSIDE	08/09	32,729.78	1,910.40	1,910.40	975.86	2,886.26	30,819.38
2006 COP	21235.04 SERIES A	08/09	23,240,000.00	275,000.00	275,000.00	1,077,025.00	1,352,025.00	22,965,000.00
USDA	21233.06 BUCKHORN #1	08/09	4,790,000.00	60,000.00		202,300.00	262,300.00	4,730,000.00
	21233.06 BUCKHORN #2	08/09	814,000.00	10,000.00	70,000.00	35,393.75	45,393.75	804,000.00
	21233.09 LA MEL	08/09	207,576.61	2,349.46	2,349.46	8,562.54	10,912.00	205,227.15
INTER-COMP	21400.14 RIVERVIEW	08/09	47,002.78	6,919.86	6,919.86	2,350.14	9,270.00	40,082.92
	21400.20 PGWW FROM AWS	08/09	133,473.00	6,287.98	6,287.98	5,112.02	11,400.00	127,185.02
	21401.20 WWGEN FROM AWS	08/09	500,000.00	-		-	6,287.98	500,000.00
				32,408,867.68	669,553.33	669,553.33	1,420,986.75	2,096,828.06
NOTES	22100.04 HWY 49/CALTR	08/09	445,827.70	-		-	-	445,827.70
	22100.05 La Salle 2006	08/09	309,128.91	203,987.98	203,987.98	10,604.62	214,592.60	105,140.93
			-					
			445,827.70	873,541.31	873,541.31	1,431,591.37	2,311,420.66	32,290,282.98

07/08 CONSOLIDATED DEBT SCHEDULE

	YEAR	BEGIN BALANCE	APPLIED TO PRINCIPAL		INTEREST	ANNUAL PAYMENT	ENDING BALANCE		ACCRUED INTEREST PAYABLE		
WDF	21231.06 CAWP 1980	07/08	153,787.39	48,305.66		6,062.80	54,368.46	105,481.73	5,557.57		
	CAWP 1985	07/08	281,003.08	23,783.12	72,088.78	16,458.45	40,241.57	257,219.96	362,701.69	-	5,557.57
	21231.14 MLACRES	07/08	-	-		-	-	-	-		
	NEW TANK	07/08	3,880.16	3,767.17		229.42	3,996.59	112.99	57.36		
	PINE ACRES	07/08	2,734.55	2,652.46	6,419.63	161.73	2,814.19	82.09	195.08	40.43	97.79
								362,896.77			
CSDA	21232.04 CSDA Z	07/08	175,707.00	47,250.00	47,250.00	10,383.75	57,633.75	128,457.00	128,457.00	2,192.02	2,192.02
	21232.14 CSDA Z	07/08	214,293.00	57,750.00	57,750.00	12,691.25	70,441.25	156,543.00	156,543.00	4,818.75	4,818.75
								285,000.00			
DWR/SWRCB	21233.04 RIDGE	07/08	1,860,493.03	62,589.35	62,589.35	57,830.02	120,419.37	1,797,903.68	1,797,903.68	14,614.55	14,614.55
	21233.20 PGWW	07/08	210,490.85	12,147.01	12,147.01	6,233.86	18,380.87	198,343.84	198,343.84	4,155.91	4,155.91
	21234.04 HILLSIDE	07/08	34,572.23	1,796.07	1,796.07	1,089.05	2,885.12	32,776.16	32,776.16	276.45	301.66
2006 COP	21235.04 SERIES A	07/08	23,240,000.00	-	-	1,077,025.00	1,077,025.00	23,240,000.00	23,240,000.00	89,752.08	89,752.08
USDA	21233.06 BUCKHORN #1	07/08	4,845,000.00	55,000.00		207,081.25	262,081.25	4,790,000.00		34,708.33	
	21233.06 BUCKHORN #2	07/08	823,000.00	9,000.00	64,000.00	36,203.13	45,203.13	814,000.00	5,604,000.00	6,066.67	40,775.00
	21233.09 LA MEL	07/08	209,833.00	2,167.00	2,167.00	8,745.00	10,912.00	207,666.00	207,666.00	2,186.25	2,186.25
								31,080,689.68			
								31,728,586.45			
INTER-COMP	21400.07 RIVERVIEW	07/08	53,593.12	6,276.52	6,276.52	2,993.48	9,270.00	47,316.60	47,316.60	1,746.20	1,746.20
	21400.20 PGWW FROM AWS	07/08	139,529.03	5,832.65	-	5,567.35	11,400.00	133,696.38		463.95	
	21401.20 WWGEN FROM AWS	07/08	500,000.00	-	5,832.65	-	-	500,000.00	633,696.38	-	463.95
			693,122.15						681,012.98		
		32,747,916.44	338,317.01	338,317.01	1,448,755.54	1,787,072.55	32,409,599.43	32,409,599.43	166,636.50	166,661.71	
NOTES	22100.04 HWY 49/CALTR	07/08	445,827.70	-	-	-	-	445,827.70	445,827.70	-	-
	22100.05 La Salle 2006	07/08	-	-	-	-	-	-	-	-	-
			445,827.70	338,317.01	338,317.01	1,448,755.54	1,787,072.55	32,855,427.13	32,855,427.13	166,636.50	-

06/07 CONSOLIDATED DEBT SCHEDULE

	YEAR	BEGIN BALANCE	APPLIED TO PRINCIPAL		INTEREST	ANNUAL PAYMENT	ENDING BALANCE		ACCRUED INTEREST PAYABLE		
WDF	21231.06 CAWP 1980	06/07	202,093.05	48,305.66		6,062.80	54,368.46	153,787.39		5,557.57	
	CAWP 1985	06/07	304,786.20	23,783.12	72,088.78	16,458.45	40,241.57	281,003.08	434,790.47	16,458.45	22,016.02 *
	21231.14 MLACRES	06/07	7,013.69	7,013.69		237.04	7,250.73	-		118.52	
	NEW TANK	06/07	7,647.33	3,767.17		229.42	3,996.59	3,880.16		57.36	
	PINE ACRES	06/07	5,387.01	2,652.46	13,433.32	161.73	2,814.19	2,734.55	6,614.71	40.43	216.31 *
CSDA	21232.04 CSDA Z	06/07	222,957.00	47,250.00	47,250.00	10,383.75	57,633.75	175,707.00	175,707.00	4,672.69	4,672.69
	21232.08 CSDA Z	06/07	272,043.00	57,750.00	57,750.00	12,691.25	70,441.25	214,293.00	214,293.00	6,980.19	6,980.19
DWR/SWRCB	21233.04 RIDGE	06/07	1,923,089.92	62,589.35	62,589.35	57,830.17	120,419.52	1,860,500.57	1,860,500.57	15,079.68	15,079.68
	21233.20 PGWW	06/07	222,637.86	12,147.01	12,147.01	6,233.86	18,380.87	210,490.85	210,490.85	4,156.11	4,156.11
	21234.04 HILLSIDE	06/07	36,368.30	1,796.07	1,796.07	1,089.05	2,885.12	34,572.23	34,572.23	289.63	289.63
2006 COP	21235.04 SERIES A	06/07	23,240,000.00	-	-	1,077,025.00	1,077,025.00	23,240,000.00	23,240,000.00	-	-
USDA	21233.06 BUCKHORN #1	06/07	4,900,000.00	55,000.00		207,081.25	262,081.25	4,845,000.00		49,542.55	
	21233.06 BUCKHORN #2	06/07	832,000.00	9,000.00	64,000.00	36,203.13	45,203.13	823,000.00	5,668,000.00	8,663.11	58,205.65
	21231.09 LA MEL	06/07	212,000.00	2,167.00	2,167.00	8,745.00	10,912.00	209,833.00	209,833.00	3,643.75	3,643.75
INTER-COMP	21400.07 RIVERVIEW	06/07	59,869.64	6,276.52	6,276.52	2,993.48	9,270.00	53,593.12	53,593.12	1,920.55	1,920.55
	21400.20 PGWW FROM AWS	06/07	145,361.68	5,832.65	-	5,567.35	5,567.35	139,529.03		445.33	
	21400.20 WWGEN FROM AWS	06/07	500,000.00	-	5,832.65	-	5,832.65	500,000.00	639,529.03	-	445.33
			33,093,254.68	345,330.70	345,330.70	1,448,992.73	1,794,323.43	32,747,923.98	32,747,923.98	117,625.90	117,625.90
NOTES	22100.04 HWY 49/CALTR	06/07	445,827.70	-		-	-	445,827.70	445,827.70	-	-
	22100.05 La Salle 2006	06/07	600,000.00	94,996.30	94,996.30	12,300.00	107,296.30	505,003.70	505,003.70	7,175.00	7,175.00
			-								
			34,139,082.38	440,327.00	440,327.00	1,461,292.73	1,901,619.73	33,698,755.38	33,698,755.38	124,800.90	124,800.90

AGREEMENT FOR REPAYMENT OF LOAN

THIS AGREEMENT FOR REPAYMENT OF LOAN (this "Agreement") is entered into as of May 13, 2010 by and between the COUNTY OF AMADOR, a political subdivision of the State of California ("County") and AMADOR WATER AGENCY, a public agency created by the Amador Water Agency Act (Chapter 95 of the California Water Code-Appendix), a special act of the Legislature of the State of California ("AWA").

RECITALS

A. AWA, a public agency created by the California Legislature, has applied for a grant (the "Grant") from the United States Department of Agriculture for the purpose of construction of a gravity supply line (the "Project").

B. In order to continue progress on the Project before receiving funds from the Grant, AWA desires to obtain money to reimburse AWA for past work and to complete certain tasks before a funding agreement can be completed with the USDA. Those tasks include without limitation such items as engineering, design, surveying, right of way acquisition, and environmental review (the "Preliminary Tasks"). Costs to AWA of performing the Preliminary Tasks is anticipated to be reimbursed by the USDA from Grant funds when a funding agreement with the USDA is signed.

C. AWA desires to receive a loan from County to reimburse AWA for past work and to perform the Preliminary Tasks pending receipt of Grant funds, and County desires to make such a loan to AWA, in accordance with the terms more particularly set forth below.

NOW, THEREFOR, for valuable consideration, receipt of which is acknowledged, the parties agree as follows:

1. LOAN. County hereby agrees to loan to AWA an amount not to exceed Nine Hundred Thousand and No/100ths Dollars (\$900,000) (the "Loan"). County will provide the Loan to AWA upon execution of this Agreement by both parties.
2. INTEREST. The Loan shall bear interest at two percent (2%) per annum or the County pooled rate, whichever is greater, compounded annually, from the date of disbursement until repaid.
3. USE OF FUNDS. The funds provided by the Loan shall be used for the sole purpose of reimbursing AWA for past performance of and paying for additional Preliminary Tasks, and for no other purpose.
4. TERM OF LOAN. AWA shall repay to County the entire amount of the Loan (including without limitation principal and accrued but unpaid interest)

upon receipt of funds from the Grant sufficient to retire the debt contemplated herein, but in no event later than December 31, 2010 (the "Maturity Date").

5. REPAYMENT OBLIGATION. The parties acknowledge as follows:

(a) This Agreement for Repayment of Loan and extension of the Loan contemplated hereunder is entered into by the parties with the expectation that the Loan will be repaid with funds from the Grant; however, AWA's obligation to repay the Loan is in no way limited by or conditioned upon receipt of the Grant.

(b) AWA as a whole is obligated to repay the Loan, notwithstanding failure to receive the Grant or any individual default by AWA's constituents or others in the payment to AWA of taxes, assessments, tolls, or other charges levied by AWA, and the Board of Directors of AWA shall provide for the punctual payment to County of all amounts as they become due under this Agreement.

(c) The Board of Directors of AWA shall, if necessary, levy upon all property in the district not exempt from taxation a tax, assessment, toll or charge, or combination thereof, sufficient to provide for all payments due under this Agreement, and shall enforce and collect all taxes, assessments, tolls, or charges levied and/or assessed for the purpose of providing such payments, in the event of non-receipt of the Grant.

(d) In the event of failure, neglect, or refusal of any officer of AWA to levy any tax, assessment, toll, or charge, or combination thereof, necessary to provide for payment of amounts due under this Agreement, to enforce or to collect such taxes, assessments, tolls, or charges, or to pay over to County any money collected on such taxes, assessments, tolls or charges necessary to satisfy any amounts due under this Agreement, County may take such action in a court of competent jurisdiction as it deems necessary to compel the performance in their proper sequence of all duties relating to the levying and collection of the taxes, assessments, tolls or charges, and the payment of the money collected therefrom to the County. Action taken pursuant to this paragraph shall not deprive County of, or limit the application of, any other remedy provided by law or by this Agreement.

6. INCORPORATION OF AGREEMENTS AND AMENDMENTS. This Agreement contains all agreements of the parties with respect to any matter mentioned herein. No other agreement or understanding pertaining to any such matter shall be effective, unless in writing signed by the party to be charged.

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7. CONSTRUED PURSUANT TO CALIFORNIA LAW. The parties hereto agree that the provisions of this Agreement shall be construed pursuant to the laws of the State of California.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

COUNTY OF AMADOR

AMADOR WATER AGENCY

BY: _____
Chairman, Board of Supervisors

BY:  _____
Title: General Manager

ATTEST:
JENNIFER BURNS, Clerk of the Board of Supervisors

ATTEST:
Clerk of the Board of Directors

BY: _____

BY:  _____

APPROVED AS TO FORM:
Office of the County Counsel

APPROVED AS TO FORM:
Counsel for Amador Water Agency

BY: _____
Martha J. Shaver

BY:  _____

FIRST AMENDMENT TO AGREEMENT FOR REPAYMENT OF LOAN

THIS FIRST AMENDMENT TO AGREEMENT FOR REPAYMENT OF LOAN (this "First Amendment") is made as of 11/13/10, 2010 by and between COUNTY OF AMADOR, a political subdivision of the State of California ("County") and AMADOR WATER AGENCY, a public agency created by the Amador Water Agency Act (Chapter 95 of the California Water Code-Appendix), a special act of the Legislature of the State of California ("AWA").

RECITALS

A. County and AWA executed an agreement (the "Agreement") dated as of May 13, 2010 whereby County agreed to loan the sum of \$900,000 (the "Loan") to AWA to continue work on construction of a gravity supply line (the "Project"), and AWA agreed to repay the Loan upon the terms and conditions set forth in the Agreement.

B. County and AWA desire to modify the Agreement as set forth in this First Amendment.

NOW, THEREFOR, the parties agree as follows:

1. Section 4, TERM OF LOAN, shall be modified to read as follows:

4. TERM OF LOAN. AWA shall repay to County the entire amount of the Loan (including without limitation principal and accrued but unpaid interest) upon receipt of funds from the Grant sufficient to retire the debt contemplated herein, but in no event later than August 31, 2011 (the "Maturity Date"). Notwithstanding the foregoing, the Maturity Date shall be advanced at the option of County to the date that is 75 days after the occurrence of any of the following:

- a. The AWA Board of Directors takes any action to delay or terminate the Project in any fashion; or
- b. County determines in its sole discretion that AWA has elected to delay or terminate the Project, or cease to pursue obtaining the Grant for the Project; or
- c. County determines in its sole discretion that any other act has occurred that will prevent AWA from receiving funds from the Grant, including any acts or

omissions occurring prior to the execution of this First Amendment.

2. Capitalized terms not defined in this First Amendment shall have the meaning given to them in the Agreement.

3. Except as set forth in this First Amendment, the Agreement shall remain unmodified and in full force and effect.

IN WITNESS WHEREOF, the parties have executed this First Amendment as of the date first set forth above.

COUNTY:
COUNTY OF AMADOR

AWA:
AMADOR WATER AGENCY

BY: Brian Chute
Chairman

BY: Rid W/M 11/23/2010
President

ATTEST:
CLERK OF THE BOARD OF
SUPERVISORS, COUNTY OF AMADOR

ATTEST:
CLERK OF THE BOARD OF
DIRECTORS, AMADOR WATER AGENCY

BY: Sheri Robinson
Deputy

BY: Quatey

APPROVED AS TO FORM:
OFFICE OF THE COUNTY COUNSEL
COUNTY OF AMADOR

APPROVED AS TO FORM:
COUNSEL FOR AMADOR WATER
AGENCY

BY: Martin J. Phauer
—Deputy—

BY: _____

SECOND AMENDMENT TO
AGREEMENT FOR REPAYMENT OF LOAN

THIS SECOND AMENDMENT TO AGREEMENT FOR REPAYMENT OF LOAN (this "Second Amendment") is made as of August 25, 2011 by and between COUNTY OF AMADOR, a political subdivision of the State of California ("County") and AMADOR WATER AGENCY, a public agency created by the Amador Water Agency Act (Chapter 95 of the California Water Code-Appendix), a special act of the Legislature of the State of California ("AWA").

RECITALS

A. County and AWA executed an agreement (the "Agreement") dated as of May 13, 2010 whereby County agreed to loan the sum of \$900,000 (the "Loan") to AWA to continue work on construction of a gravity supply line (the "Project"), and AWA agreed to repay the Loan upon the terms and conditions set forth in the Agreement. The Agreement was modified by that certain First Amendment to Agreement for Repayment of Loan dated as of November 30, 2010.

B. County and AWA desire to further modify the Agreement as set forth in this Second Amendment.

NOW, THEREFOR, the parties agree as follows:

1. Section 2, INTEREST, shall be modified to read as follows:

2. INTEREST.

a. The Loan shall bear interest at two percent (2%) per annum or the County pooled rate, whichever is greater, compounded annually, from the date of disbursement until repaid.

b. AWA shall pay all accrued but unpaid interest on June 30, 2012 and on each June 30 thereafter until the Maturity Date (defined below).

2. Section 4, TERM OF LOAN, shall be modified to read as follows:

4. TERM OF LOAN. AWA shall repay to County the entire amount of the Loan (including without limitation principal and accrued but unpaid

interest) forthwith upon receipt of funds from the Grant sufficient to retire the debt contemplated herein without impeding the progress of the work funded by the Grant, but in no event later than September 30, 2012 (the "Maturity Date"). Notwithstanding the foregoing, the Maturity Date shall be advanced at the option of County to the date that is 75 days after the occurrence of any of the following:

- a. The AWA Board of Directors takes any action to delay or terminate the Project in any fashion; or
- b. County determines in its sole discretion that AWA has elected to delay or terminate the Project, or cease to pursue obtaining the Grant for the Project; or
- c. County determines in its sole discretion that any other act has occurred that will prevent AWA from receiving funds from the Grant, including any acts or omissions occurring prior to the execution of this Second Amendment.

3. Capitalized terms not defined in this Second Amendment shall have the meaning given to them in the Agreement.

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4. Except as set forth in this Second Amendment, the Agreement shall remain unmodified and in full force and effect.

IN WITNESS WHEREOF, the parties have executed this Second Amendment as of the date first set forth above.

COUNTY:
COUNTY OF AMADOR

AWA:
AMADOR WATER AGENCY

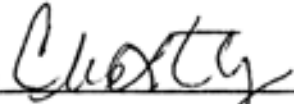
BY: 
Chairman

BY: 
President

ATTEST:
CLERK OF THE BOARD OF
SUPERVISORS, COUNTY OF AMADOR


ATTEST:
CLERK OF THE BOARD OF
DIRECTORS, AMADOR WATER AGENCY

BY: 
Deputy

BY: 

APPROVED AS TO FORM:
OFFICE OF THE COUNTY COUNSEL
COUNTY OF AMADOR

APPROVED AS TO FORM:
COUNSEL FOR AMADOR WATER
AGENCY

BY: 

BY: 



Committed to the future of rural communities

United States Department of Agriculture
Rural Development
California
www.rurdev.usda.gov/ca

6.P.1

Original letter

LETTER OF CONDITIONS

ATTN. GENE MANCEBO
GENERAL MANAGER
AMADOR WATER AGENCY
12800 RIDGE ROAD
SUTTER CREEK CALIFORNIA 95685-9630

July 30, 2010

SUBJECT: Application for USDA Rural Development's Water and Waste Disposal Program
For Funding To Design And Construct The Central Amador Water Project Gravity
Supply Line Project.

Dear Gene:

This letter, with attachments, establishes conditions that must be understood and agreed to by the applicant before further consideration may be given to their application. Any changes in project cost, source of funds, scope of services or any other significant change in the project or applicant must be reported to and approved by USDA Rural Development by written amendment to this letter. Any change not approved by USDA Rural Development will be cause for discontinuing processing of the application.

This letter is not to be considered as loan/grant approval or as representation to the availability of funds. The application can be processed on the basis of a **USDA Rural Development loan not to exceed \$8,330,000.00 and grant not to exceed \$5,070,000.00**. Funds for this project are provided by the Rural Utilities Service (RUS). The loan and grant will be considered approved on the date Form RD 1940-1, "Request for Obligation of Funds," is mailed by USDA Rural Development. This is also the date that the interest rate is established.

Please complete and return the attached Form RD 1942-46, "Letter of Intent to Meet Conditions," and Form RD 1940-1, "Request for Obligation of Funds," within the next ten (10) days, if you desire that we give further consideration to your application. The execution of these and all other documents required by USDA Rural Development must be authorized by appropriate resolutions of the applicant's governing body.

The interest rate will be the lower of the rate in effect at the time of loan approval or the time of loan closing, whichever is less, unless you choose otherwise.

855 Nordic Place, Manteca, California 95336-3774
Phone: (916) 425-4768 • Fax: (209) 823-0248 • TDD: (530) 792-5848

Committed to the future of rural communities

Rural Development is an Equal Opportunity Lender, Provider, and Employer. Complaints of discrimination should be sent to USDA, Director, Office of Civil Rights, Washington, D. C. 20250-9410

The loan will be repayable over a period not to exceed 40 years from the date of loan closing at the **intermediate interest rate**. The first interest installment will be due no later than six months from the date of loan closing. The first combined principal and interest payment will be due no later than one (1) year following loan closing.

You may be required to refinance (graduate) the unpaid balance of the RD loan, in whole or in part, if at any time RD determines your entity is able to obtain a loan for such purposes from responsible cooperative or private sources at reasonable rates and terms for loans for similar purposes and periods of time.

Based on Standard Form 424, "Application for Federal Assistance," the project cost and funding will be as follows:

a. **Project Cost**

Geotechnical Ser. & Testing	\$	210,000.00
Engineering & Planning	\$	900,000.00
Engineering-Survey/Staking	\$	150,000.00
Construction Inspection	\$	410,000.00
Construction Management	\$	550,000.00
Land & Rights	\$	250,000.00
Environmental	\$	210,000.00
Construction	\$	9,280,000.00
Legal Services	\$	100,000.00
Contingencies	\$	1,340,000.00
TOTAL:	\$	<u>13,400,000.00</u>

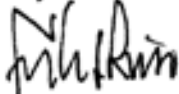
b. **Source of Funds**

USDA Loan	\$	8,330,000.00
USDA Grant	\$	5,070,000.00
TOTAL:	\$	<u>13,400,000.00</u>

Section I of the attached conditions Items 1-18 will be satisfied prior to loan & grant closing or before construction begins, whichever occurs first, in either case not later than one (1) year from the date of this letter. **In the event the project has not advanced to the point of construction within one (1) year, USDA Rural Development reserves the right to discontinue the processing of the application.**

If you have any questions, feel free to call me at 916-425-4768.

Sincerely,



FRANK J RISSO
Community Programs Specialist

cc: Janice Waddell, Community Programs Director, USDA Rural Development, Davis, CA.
w/o attachments
Dave Hartwell, Community Programs Specialist, USDA Rural Development, Davis, CA.
w/o attachments
Erik Christenson, P.E., Interim Manager of Engineering & Planning, Amador Water Agency,
Sutter Creek, CA. w/o attachments
Michael Lee, Financial Services Manager, Amador Water Agency, Sutter Creek, CA. w/o
attachments
Stephen Kronick, Agency's Legal Counsel, Bartkiewicz, Kronick, & Shanhan, Sacramento,
CA. w/o attachments
James Boyd, Bond Counsel, Bartkiewicz, Kronick, & Shanahan, Sacramento, CA. w/o
attachments
Steven Northcore, Leaf & Cole, LLP, Certified Public Accountants, San Diego, CA. w/o
attachments

I. CONDITIONS TO BE SATISFIED PRIOR TO LOAN/GRANT CLOSING OR BEFORE CONSTRUCTION BEGINS, WHICHEVER OCCURS FIRST

1. **Reserves**—The applicant will establish a separate debt service reserve in an amount at least equal to an average annual loan installment. This reserve will be accumulated at the rate of at least one-tenth of that average installment each year until the required level is reached, which is one average annual loan installment.

In addition, you must fund a depreciation reserve for short-lived assets by depositing a minimum sum of \$21,975.00 annually. This amount should be evaluated each year and budgeted for based on the need to provide for timely replacement of short-lived assets.

2. **Disbursement of Funds**

- a. Interim loan financing during construction **will not be required**. USDA Rural Development funds will not be provided before the execution of a construction contract.
- b. You must establish a separate account, to be known and hereafter referred to as the Construction Account. All project funds will be deposited into this account and must be in a bank with Federal Deposit Insurance Corporation (FDIC) insurance coverage. The account shall be used solely for the purpose of paying authorized costs of the project as outlined in the project budget. Once the funds are deposited into the Construction Account, they become your responsibility.

3. **Security Requirements**

- a. At loan closing the applicant will execute the attached RUS Bulletin 1780-27, "Loan Resolution (Public Bodies)". Please note the refinancing provision in paragraph 2. Also, on page 3 there is a certification to be executed at loan closing.
- b. The applicant will be required to execute a completed RUS Bulletin 1780-12, "Water Or Waste System Grant Agreement", United States Department of Agriculture, Rural Utilities Service at the time of loan and grant closing.
- c. The applicant is a legally organized Public Body pursuant to the laws/requirements of the State of California within the Government Code of the State of California. The loan will be secured by a first lien and pledge of revenues. The Security Instrument(s) must be prepared in accordance with RUS Instruction 1780 Subpart D, and State law. The assistance and opinion of a recognized bond counsel must be obtained.
- d. The loan will be secured by a first lien and pledge of revenues generated from the CAWP water system. **The proposed loan must be on parity with all outstanding loans secured by revenues generated from the CAWP domestic water enterprise.**

4. **Applicant Certifications**

- a. The applicant will certify that 2,984 EDU's (Equivalent Dwelling Unit's) are currently connected to the system.
 - b. The Amador Water Agency, Board of Directors is to provide a binding authorization/resolution identifying which individual (s) are authorized to sign on behalf of the Amador Water Agency all USDA Utility Program documents, and any other required documents to properly close and secure the USDA loan and grant financing.
 - c. The applicant's attorney will provide his opinion that rate increases required for this project have been adopted in accordance with Section 6 of Article XIII D of the California Constitution as well as other requirements of California law. The applicant will provide a copy of the minutes from the public meeting. All voter approval requirements under state law must be obtained before the issuance of the USDA Offer to Purchase Certificates of Participation (COP's).
6. **Insurance and Bonding Requirements**—The applicant must provide evidence of adequate insurance and fidelity bond coverage by loan closing or start of construction, whichever occurs first. Adequate coverage, in accordance with USDA Rural Development's regulations must then be maintained for the life of the loan. It is the responsibility of the applicant and not that of USDA Rural Development to assure that adequate insurance and fidelity bond coverage is maintained. Applicants are encouraged to review coverage amounts and deductible provisions with their attorney, consulting engineer, and/or insurance provider(s).
- a. **Property Insurance**—Fire and extended coverage will be required on all above-ground structures, including applicant-owned equipment and machinery housed therein. This requirement does not apply to water reservoirs, stand pipes and elevated tanks. Provide USDA Rural Development with proof of coverage and attach Lender's Loss Payable Endorsement (438 BFU or equivalent) naming the UNITED STATES OF AMERICA as lender.
 - b. **Workers' Compensation Insurance**—The applicant will be required to carry Workers' compensation insurance for all employees in accordance with California law. Provide USDA Rural Development with proof of coverage.
 - c. **General liability and vehicular coverage must be maintained**—Provide USDA Rural Development with proof of coverage

Insurance and Bonding Requirements—(Continued)

- d. Fidelity Bond—Persons who have access to the funds and custody to any property will be covered by a fidelity bond. Coverage may be provided either for all individual positions or persons, or through “blanket” coverage providing protection for all appropriate employees and/or officials. The amount of coverage required by USDA Rural Development will be sufficient to cover the total annual debt and reserve service requirements for the loan. The United States of America will be named as co-obligee on the bond. A certified power-of-attorney with effective date will be attached to each bond. Provide USDA Rural Development with a copy of the bond and the power of attorney.
7. **Civil Rights & Equal Opportunity**—You should be aware of and will be required to comply with other Federal statute requirements including but not limited to:
 - a. Section 504 of the Rehabilitation Act of 1973.
 - b. Civil Rights Act of 1964.
 - c. The Americans with Disabilities Act (ADA) of 1990.
 - d. Age Discrimination Act of 1975.

Rural Development financial programs must be extended without regard to race, color, religion, sex, national origin, martial status, age, or physical or mental handicap.

The applicant is subject to a pre-loan closing civil rights compliance review by USDA Rural Development.

8. Written Agreements for Professional Services

- a. A bond counsel services agreement must be submitted to USDA for review and approval and be determined satisfactory to USDA Rural Development.
- b. A legal service agreement must be submitted to USDA by your legal counsel and determined to be satisfactory to USDA Rural Development. An example of an acceptable Legal Services Agreement can be provided to you by USDA.
- c. The required format of the USDA engineering agreement will have to be submitted and approved by USDA Rural Development.

9. **Land and Rights-of-Way**—The applicant must present satisfactory evidence that they have obtained, or can obtain, any and all lands, rights-of-way, easements, permits and franchises which are required by the engineering plan. Acquisitions of necessary land and rights must be accomplished in accordance with the Uniform Relocation and Real Property Acquisition Act. The following forms, copies of which are attached, may be used for these purposes:
 - a. Form RD 442-21, "Right-of-Way Certificate" (with map attached)
 - b. Form RD 442-22, "Opinion of Counsel Relative to Rights-of-Way"

10. **Permits**—All permits involving/required by Federal, State, and/or local agencies must be obtained and evidence thereof must be provided to USDA Rural Development as soon as permit is obtained. Provide written approval and a copy of the appropriate permit(s) issued by the U. S. Army Corps of Engineers, Sacramento District pertaining to wetlands delineation for the proposed pipeline project and for any construction that would have impacts to wetland. Provide documentation of payment for any wetland disturbance "in-lieu" fee that may be required to be paid by the U. S. Army Corps of Engineers.

11. **Environmental Reviews**—USDA Rural Development projects are subject to NEPA environmental reviews. **During any stage of project development, including construction, should environmental issue(s) develop which require mitigation measures, USDA Rural Development applicants are required to notify USDA Rural Development and comply with such mitigation measure(s). Failure by an applicant to implement mitigation measures may disqualify the project from Agency funding.** Mitigation measures identified or prepared by you as part of the CEQA and NEPA environmental process must be implemented. **The preparer of the USDA Rural Development's Environmental Report listed the project mitigation measures affecting the proposed project and are attached as Attachment A.**

12. **Engineering and Construction**
 - a. USDA Rural Development must approve any agreements or modifications to agreements for professional design services. The agreement for engineering services should consist of the EJCDC documents as indicated in RUS Bulletin 1780-26, "Guidance for the Use of EJCDC Standard Documents on Water and Waste Projects with USDA Financial Assistance" or other approved form of agreement
 - b. All construction will be completed under contract. The planning, bidding, contracting, and construction must comply with RUS Instruction 1780 Subpart C, and any additional requirements of California law and the requirements of other County, State, or Federal agencies.

Engineering and Construction (Continued)

- c. The following must be reviewed and approved by USDA Rural Development in the sequence indicated:
 - i. Preliminary Engineering Report
 - ii. Agreement for Engineering Services
 - iii. Final Plans and Specifications for the project
 - iv. Bid Award Information.
 - v. Executed Contract Documents
 - d. Affirmative steps should be taken to assure that small, minority, and women businesses are utilized as a source of supplies, equipment, construction, and services.
 - e. The Plans & Specifications must be reviewed and approved, when applicable, by any regulatory or other agencies that are required to review these documents.
 - f. A representative of USDA Rural Development will attend all pre-construction conferences in connection with this project. These conferences must be held prior to the issuance of the Notice to Proceed to the contractors. **The applicant's engineering representative will conduct the conference and document the discussions and agreements.**
13. **Electronic Funds Transfer**—All loan funds will be transferred to borrowers via Electronic Funds Transfer/Automated Clearinghouse Systems (EFT/ACH). Normal transfers will be ACH; with money being placed in Borrower's account two days after the USDA processing office approves the pay request. The applicant must submit the Electronic Funds Transfer Form containing the banking (ACH) information to the USDA Servicing Office at least 30 days prior to the date of loan closing. Failure to do so could delay loan closing.
14. **Automatic Payments**—The applicant is required to participate in the Pre-Authorized Debit (PAD) payment process for all new and existing indebtedness to USDA Rural Development. It will allow for the applicant's payment to be electronically debited from its account on the date their payment is due. **Completion of Form RD 3550-28, "Authorization Agreement for Pre-Authorized Payments," is required.** Please fill out and sign your "Individual/Company Information" section, then have your financial institution/bank fill out the bottom portion prior to submitting the form to the USDA Rural Development service office.

15. **Loan Closing**—All applicable bond closing documents must be submitted to the following persons, by the Bond Counsel, at least 30 days prior to the planned closing date: Dave Hartwell, Community Programs Specialist, Davis, CA. dave.hartwell@ca.usda.gov; and to Frank J. Risso, Community Programs Specialist, 855 Nordic Place, Manteca, CA. 95336, frank.risso@ca.usda.gov.

16. **Operating Budget**

- a. Any change in the present rate structure required to balance the USDA Rural Development approved Operating Budget the rate schedule must be in effect at the time of loan closing. Once the rate structure has been approved by Amador Water Agency's governing body, provide USDA Rural Development with a copy of the adopted ordinance.

17. **Vulnerability Assessments (VA) and Emergency Response Plans (ERP)**—Rural Development requires all financed water and wastewater systems to have a vulnerability assessment (VA) and an emergency response plan (ERP) in place. New water or wastewater systems must provide a certification that an ERP is complete prior to the start of operations. A certification that a VA is complete must be submitted within one year of the start of operations. All other borrowers must provide a certification that a VA and ERP are completed prior to bid authorization. **DO NOT SUBMIT COPIES OF THE ACTUAL VA OR ERP DOCUMENTS TO USDA RURAL DEVELOPMENT.**

USDA Rural Development staff has arranged for the California Rural Water Association (CRWA) or the Rural Community Assistance Corporation (RCAC) to assist borrowers with the preparation of their VA and ERP. CRWA or RCAC should be contacted to obtain more information and their technical assistance in the preparation of the VA & ERP, so that the required CERTIFICATION STATEMENT can be provided to USDA. Please contact Dustin Hardwick (CRWA) at (760) 920-0842 or Jean Thompson at RCAC (916) 447-9832.

18. **Provide the following documents to USDA Rural Development prior to closing:**

- RD Instruction 1940-Q Exhibit A-1 OR SF-LLL, Disclosure of Lobbying Activities"
- Form AD-1047 "Certification Regarding Debarment, Suspension, and Other Responsibility Matters-Primary Covered Transactions"
- Form AD-1049 "Certification Regarding Drug-Free Workplace Requirements (Grants) Alternative I-For Grantees Other Than Individuals"
- Form RD 1910-11 "Applicant Certification Federal Collection Policies For Consumer Or Commercial Debts"

The applicant is subject to the provisions of the Civil Rights Act and must execute:

- Form RD 400-1 "Equal Opportunity Agreement"
- Form RD 400-4 "Assurance Agreement"

II. LOAN & GRANT CONDITIONS TO BE SATISFIED DURING CONSTRUCTION

1. **Disbursement of Grant Funds**—USDA Rural Development funds will be advanced as they are needed in the amount(s) necessary to cover the Rural Development proportionate share of obligation due and payable to the Grantee. Interest earned on grant funds in excess of \$250 for Nonprofits and \$100 for Public Bodies per year will be submitted to Rural Development at least quarterly, as required in 7CFR3019 / 7CFR3016 as applicable.
2. **Inspections**—A resident inspector is required during construction. The inspection reports must be available to USDA Rural Development for review at any time. These reports must be kept at the project site or borrower's office, if near by.
3. **Monthly Reporting**—The applicant must monitor and provide a monthly report to USDA Rural Development on actual performance during construction for each project financed, or to be financed, in whole or in part with USDA Rural Development funds, to include Forms RD 1924-18, "Partial Payment Estimate"; RD 1924-7, "Contract Change Order"; SF-271, "Outlay Report and Request for Reimbursement for Construction Programs"; and Project Daily Inspection Reports.
4. **Final Inspection**—A final inspection will be made by USDA Rural Development on the component USDA is financing before final payment is made.
5. **Excess Funds**—Any remaining funds must be utilized for approved purposes within 60 days following the final inspection or the funds will be canceled without further notification from USDA Rural Development.

III. LOAN CONDITIONS TO BE SATISFIED AFTER PROJECT COMPLETION

1. **Financial Statements**—To be submitted on an annual basis in accordance with generally accepted accounting principles (GAAP) and shall comply with the following:
 - a. OMB Circular A-133 annual audits are required when Federal Financial Assistance of \$500,000 or more per year is expended. An audit per OMB Circular A-133 must be provided to the USDA Rural Development on an annual basis.
 - b. An audit, in accordance with State or local law or regulation or regulatory agency and Water and Waste audit requirements, must be submitted when you expend less than \$500,000 in Federal financial assistance per fiscal year and the unpaid loan balance is \$1,000,000 or more.
 - c. A management report, in lieu of an audit report, may be submitted with the USDA Rural Development approval when you expend less than \$500,000 in Federal financial assistance per fiscal year and the unpaid loan balance is less than \$1,000,000.
2. **Audit agreement**—If you are required to obtain the services of a licensed Certified Public Accountant (CPA), you must enter into a written audit agreement with the auditor. The audit agreement may include terms and conditions that you and auditor deem appropriate; however, the agreement should include the following:
 - a. A statement that the auditor will perform and document the audit work in accordance with GAGAS and the professional standards of the AICPA;
 - b. A statement that the auditor will submit the completed audit and accompanying letters to the borrower's governing body 30 days prior to the date the audit is due to USDA Rural Development;
 - c. A statement that the auditor will make all audit-related documents, including work papers, available to the Agency Rural Development or its representatives, upon request; and
 - d. A statement that the auditor will immediately report, in writing, all irregularities and illegal acts to the borrower's governing body and the Agency Rural Development.

3. **Compliance Reviews**—Rural Development will be required to periodically conduct compliance review of this facility and operation. You will need to provide the local office the statistical information as requested.
4. **Pacific Gas & Electric Rebate**- Rural Development must be notified of any rebate or reimbursement paid by Pacific Gas & Electric paid to the Amador Water Agency pertaining to the Gravity Supply project are to be used to pay project design and/or construction costs of the Gravity Supply Line Project. The rebate/reimbursement monies are to be deposited into the construction account for the Gravity Supply Line Project and verification of deposit provided to Rural Development. Any rebate/reimbursement is to be shown on the USDA Monthly Outlay Report.
5. **Security Inspections**—Rural Development is required to conduct an inspection of the facility a minimum of once every three years.
6. **VA/ERP**—You will also be required to provide a **certification that the VA and ERP is complete and is current every three years after the start of operations.** RD does not require or want a copy of the VA or ERP. The requested certification will be sufficient to meet our needs.



Committed to the future of rural communities.

**United States Department of Agriculture
Rural Development
California
www.rurdev.usda.gov/ca**

SECOND AMENDED LETTER OF CONDITIONS

ATTN GENE MANCEBO, PE
GENERAL MANAGER
AMADOR WATER AGENCY
12800 RIDGE ROAD
SUTTER CREEK CALIFORNIA 95685-9630

April 11, 2012

Subject: Gravity Supply Line Project
Second Amended USDA Rural Development Letter Of Conditions

Dear Gene,

The sole purpose of this letter is to amend, add, or delete only the sections referenced below, all other conditions contained in the initial USDA Rural Development Letter Of Conditions dated July 30, 2010 remain in effect. The primary purpose of USDA Rural Development's Letter Of Conditions is to establish conditions that must be satisfied prior to closing of loan and/or grant financing provided by USDA Rural Development and prior to the start of construction of the above referenced project.

Your request for an extension in time to meet the conditions contained in the initial USDA Rural Development Letter Of Conditions dated July 30, 2010, on behalf of the Amador Water Agency in your letter dated April 9, 2012 pertaining to the Gravity Supply Line Project has been approved. **The time to meet the conditions listed in the initial USDA Rural Development Letter Of Conditions dated July 30, 2010 is hereby extended through September 30, 2013.** In addition to the extension in the time to meet conditions, the following are additional reasons that require that revisions/modifications, additions and/or deletions be made to the initial USDA Rural Development Letter of Conditions. They are 1) security and repayment of the Rural Development Loan is to be by a special tax levied in connection with the formation of a Community Facilities District (CSD) and 2) recent program instructions require that USDA Rural Development Letters Of Conditions include requirements pertaining to Central Contractor Registration (CCR) and Universal Identifier Requirements (DUNS).

855 Nordic Place, Manteca, California 95336-3774
Phone: (916) 425-4768 • Fax: (209) 823-0248 • TDD: (530) 792-5848

Committed to the future of rural communities

Rural Development is an Equal Opportunity Lender, Provider, and Employer. Complaints of discrimination should be sent to USDA, Director, Office of Civil Rights, Washington, D. C. 20250-9410

The following conditions contained in the initial USDA Rural Development Letter Of Conditions dated July 30, 2010 are hereby revised/amended, added, or removed/deleted as follows:

The last paragraph on page 2, "Letter Of Conditions" is hereby changed as follows: Section I of the attached conditions Items 1-19 are to be satisfied prior to loan and grant closing or on or before the start of construction, whichever occurs first, in either case not later than September 30, 2013. In the event the proposed project has not advanced to the point of construction by the date of September 30, 2013, USDA Rural Development reserves the right to discontinue the processing of the application.

Letter of Conditions – Attachment No. 1A

Section I. 3. Security Requirements

- c. The applicant is a legally organized Public Body pursuant to the laws/requirements of the State of California within the Government Code of the State of California. The loan will be secured by a lien and pledge of the revenues collected by the special tax levied in connection with the formation of a Community Facilities District covering the existing Central Amador Water Project (CWAP) water rights service area. Security Instruments must be prepared in accordance with State Law and RUS Instruction 1780 Subpart D. The assistance and opinion of appropriate consultants is to be obtained.
- d. The loan is to be secured by a first lien and pledge of revenues collected by the special tax levied in connection with the formation of a Community Facilities District covering the existing CAWP water rights service area. The proposed USDA loan must be on a parity position with all outstanding loans that would be paid from the revenue generated by the special tax.
- e. Repayment of the USDA Rural Development loan is to be secured by a special tax levied in connection with the formation of a Community Facilities District covering the existing CAWP water rights service area (CAWP CFD). The CAWP CFD is to be formed pursuant to the California Government Code sections 53311, et seq. The AWA must provide documentation that the special tax was approved by at least two-thirds of the registered voters within the CAWP CFD casting votes on the question of the levy of the special tax (Government Code Section 53328). The special tax, if approved, is to be imposed on all land within the CAWP CFD, including improved and unimproved lands. The lien of the special tax is to have the same priority as that of County real property taxes and will be collected in the same manner as such taxes per the Government Code Section 53340(e.). Rural Development must review and approve the final CFD document.

Section I 4. Applicant Certifications

- c. Removed/Deleted

Letter of Conditions - Attachment No. 1A (Continued)

Section L 19 (ADDED)

19. Central Contractor Registration and Universal Identifier Requirements

Requirement for Central Contractor Registration (CCR)

You as the recipient must ensure and maintain that your information is current in the CCR data base until you submit the final financial report required under this award and all grant funds under this award have been disbursed or de-obligated, whichever is later.

This requires that you review and update the information at least annually after the initial registration and more frequently if required by changes in your information or another award term. Recipients can register on-line at (<https://www.bpn.gov/ccr/>).

You as the recipient may not make a sub-award to an entity unless the entity has provided its Data Universal Numbering System (DUNS) number to you. Sub-recipients with sub-awards of \$25,000.00 or more must also have and maintain current CCR registration.

Recipient Reporting –

You as the recipient must report each first tier sub-awards of \$25,000.00 or more in non-Recovery Act funds to <http://www.fsrs.gov> no later than the end of the month following the month the obligation was made.

As part of your registration profile at <http://www.ccr.gov>, you must report the total compensation of the 5 most highly compensated executives (if the award was \$25,000.00 or more, 80% or more of annual gross revenues subject to Transparency Act, and \$25 Million of annual gross revenues subject to Transparency Act) by end of month following the month in which award was made.

This requirement also pertains to sub-recipients (if the award was \$25,000 or more, 80% or more of annual gross revenues subject to Transparency Act, and \$25 Million of annual gross revenues subject to the Transparency Act).

There are no other revisions/amendments to any other portions of the initial USDA Letter of Conditions dated July 30, 2010 and all other parts of that letter remain unchanged.

If you have any questions, please do not hesitate to call me at (916) 425-4768.

Sincerely,

/s/

FRANK J RISSO
Community Program Specialist

cc: Janice L. Waddell, Community Programs Director/Native American Coordinator,
USDA Rural Development, Davis, CA.
Dave Hartwell, Community Programs Specialist, USDA Rural Development, Davis, CA.
Anita Lopez, Community Programs State Office Specialist, USDA Rural Development,
Davis, CA.
Mike Starinsky, Civil Engineer, USDA Rural Development, Davis, CA.
Stephen Kronick, Amador Water Agency Legal Counsel, Bartkiewicz, Kronick, & Shanhan,
Sacramento, CA.

RESOLUTION NO. 2012-04

**A RESOLUTION OF THE BOARD OF DIRECTORS OF
THE AMADOR WATER AGENCY ADOPTING NOTICE,
HEARING, AND PROTEST PROCEDURES FOR
COMPLIANCE WITH PROPOSITION 218**

WHEREAS, California Constitution Article XIII D, Section 6, added by Proposition 218, sets forth the procedural and substantive requirements relating to the adoption and increase of property-related fees and charges ("Section 6");

WHEREAS, the water and sewer rates and charges of the Amador Water Agency ("Agency") are property-related fees or charges subject to certain procedural and substantive requirements set forth in Section 6;

WHEREAS, the notice, hearing, and protest requirements set forth in Section 6 do not provide sufficient detail regarding the provision of such notice and the conduct of such hearing and protest;

WHEREAS, the Agency Board of Directors ("Board") desires to implement notice, hearing, and protest procedures pursuant to Section 6 to provide greater clarity regarding Section 6's requirements, inform property owners and Agency water and sewer customers of the proper procedures relating to the imposition and increase of water and sewer rates and charges, and protect the integrity of the Agency's rate-setting processes.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Amador Water Agency as follows:

1. Adoption of Procedures. The Board hereby adopts these notice, hearing and protest procedures to govern Agency proceedings for the consideration and approval of water and sewer rates and charges imposed on Agency water and sewer service customers. In adopting this resolution, it is the Board's intention to adopt procedures that are consistent with and fairly implement Section 6. It is not the intention of the Board to vary in any way the requirements of the California Constitution, the Proposition 218 Omnibus Implementation Act (commencing with West's Annotated Water Code section 53750), the Amador Water Agency Act (commencing with Water Code Appendix section 95-1), or any other federal or state law. If there is any inconsistency between a provision of this resolution and a requirement of federal or state law, the federal or state law shall govern.

2. Notice, Hearing, and Protest Procedures. These notice, hearing and protest procedures are adopted for the purpose of assuring compliance with the requirements of Section 6 and in furtherance of providing notice to interested persons as to the procedures the Board intends to follow with respect to the (i) identification of parcels required to receive the public hearing notice; (ii) mailing of the public hearing notice; (iii)

filing of written protests; (iii) conduct of the public hearing; and (iv) counting of written protest forms following the close of the public hearing to determine whether a majority protest exists.

(a) Identified Parcels Subject to Water and Sewer Rates and Charges. Section 6(a)(1) requires the Agency to identify "the parcels upon which a fee or charge is proposed for imposition" (the "Identified Parcels"). Section 6 does not provide further guidance as to whether "parcels upon which a fee or charge is proposed for imposition" means only those parcels currently receiving water and/or sewer service from the Agency, or includes all parcels within the Agency's service area to which water and/or sewer charges may be applied in the future. The California Supreme Court stated in *Bighorn Desert View Water Agency v. Verjil* (2006) 39 Cal.4th 205, 217 that "once a property owner or resident has paid the connection charges and has become a customer of a public water agency, all charges for water delivery incurred thereafter are charges for a property-related service" For purposes of identifying parcels on which a property-related service charge is proposed for imposition, this language suggests that only parcels actually receiving water and/or sewer service from the Agency currently should be identified. With respect to a parcel that may receive water and/or sewer service in the future, the owner of that parcel may voluntarily accept the water and/or sewer charges as they then exist when the owner or the tenant of that parcel begins receiving water and/or sewer service from the Agency. Further, Government Code section 53755 authorizes an agency to provide notice of a proposed increase of an existing charge for a property-related service being provided to a parcel by including the charge in the agency's regular billing statement to the address to which the agency customarily mails the billing statement (i.e., mailed only to current water and/or sewer users). Section 53755 thus supports the conclusion that the only persons entitled to notice are owners and tenants of the parcels that currently receive water and/or sewer service from the Agency or have informed the Agency that they wish to receive any such service. Therefore, for purposes of Section 6(a)(1), the Identified Parcels shall include (i) parcels that currently receive the service to which the proposed rates and charges apply, plus (ii) any additional parcels that, at the time of mailing the notice described in subsection (b) below, have applied for such service.

(b) Recipients of the Section 6 Notice.

(1) Section 6(a)(1) provides that the Agency "shall provide written notice by mail of the proposed fee or charge to the record owner of each identified parcel upon which the fee or charge is proposed for imposition." Government Code section 53750(j) defines "record owner" to mean "the owner of a parcel whose name and address appears on the last equalized secured property tax assessment roll, or in the case of any public entity, the State of California, or the United States, means the representative of that public entity at the address of that entity known to the agency." Therefore, the written notice required under Section 6(a)(1) ("Section 6 Notice") shall be provided by mail to the owner of an Identified Parcel, described in subsection (a) above, whose name and address appears on the last equalized secured county property tax assessment roll (the "Assessment Roll") or, in the case of a government-owned parcel,

to the representative of that government agency at the address of that entity known to the Agency.

(2) California Constitution article XIID, section 2(g) defines "property ownership" to include "tenancies of real property where tenants are directly liable to pay the assessment, fee, or charge in question." Such definition raises the issue of whether tenants also are entitled to receive the Section 6 Notice. In tenant situations, the water and/or sewer charge billing statement may be, and often is, paid by the tenant even though the property owner remains primarily liable for the water and/or sewer charges. The Agency intends to continue this practice. Tenants that are listed as customers of the Agency may be directly liable to pay the water and/or sewer charges. Therefore, tenants of Identified Parcels, if they are customers, shall receive the Section 6 Notice. In addition to mailing the Section 6 Notice to the record owner of each Identified Parcel, such notice shall be mailed by the Agency to the tenant or customer address to which the Agency customarily mails the billing statement as shown on the Agency's billing records.

(c) Contents of the Section 6 Notice. Each mailed Section 6 Notice shall contain all of the following:

(1) A protest form bearing the name of the record owner and/or tenant of the Identified Parcel and that parcel's Assessor Parcel Number ("APN"), as described in section (e) below.

(2) A reference to the filing of any rate study with the Board and information about where any such rate study and related materials may be reviewed and obtained.

(3) The date, time and place of a public hearing before the Board at which the Board shall consider the proposed water or sewer rates and charges, receive and consider public comments and protests, and consider adoption of the proposed water or sewer rates and charges ("Public Hearing").

(4) The amount of the proposed water or sewer rates and charges to be imposed upon the Identified Parcel covered by the Section 6 Notice with the rates and charges presented so as to allow the property owner or tenant to determine the expected or estimated amount chargeable to the owner's particular Identified Parcel.

(5) The basis upon which the amount of the proposed water or sewer rates and charges were calculated; and an explanation of the reasons for the proposed rates and charges.

(6) Such other information as determined by the General Manager.

(d) Mailing of Section 6 Notice. The General Manager or his or her designee shall mail the Section 6 Notice in accordance with this resolution at least 45 days prior to the Public Hearing date. A Section 6 Notice also shall be mailed to any interested party

who has filed a written request with the Agency for mailed notice of Board hearings on new or increased fees and charges. The General Manager or his or her designee shall certify the proper mailing of the Section 6 Notice by declaration, which shall constitute conclusive proof of mailing in the absence of fraud. Failure of any person to receive such notice shall not invalidate the proceedings with respect to the adoption and imposition of the proposed water or sewer rates and charges.

(e) Filing a Written Protest. Section 6(a)(2) provides that: "At the public hearing, the agency shall consider all protests against the proposed fee or charge. If written protests against the proposed fee or charge are presented by a majority of owners of the identified parcels, the agency shall not impose the fee or charge." The following rules shall govern the Agency in accepting and evaluating written protests:

(1) The Agency shall provide with the mailed Section 6 Notice a protest form bearing the name of the record owner and the tenant, if the tenant is the customer, of the Identified Parcel and that parcel's APN. The Agency shall provide a copy of the protest form for each Identified Parcel to the owner and the tenant, if the customer, of the Identified Parcel. For purposes of determining the existence of a majority protest, however, only one completed protest form for each Identified Parcel that complies with the requirements of section (g) below shall be counted. Any property owner or tenant of an Identified Parcel who objects to the Board's adoption of the proposed water or sewer rates and charges and the imposition of such charge on the Identified Parcel must complete the protest form and return it to the Agency prior to the close of the Public Hearing. If the protest form provided by the Agency is lost or misplaced, the owner or tenant, if the customer, of the Identified Parcel may contact the Agency for a replacement form.

(2) The Assessment Roll shall be presumptive evidence of ownership of an Identified Parcel for written protest purposes. If a person asserts that he, she or it is the owner of an Identified Parcel but is not shown as the owner on the Assessment Roll, then such person may seek to establish eligibility to file a written protest for such parcel by filing with the General Manager evidence of ownership. If the submitted evidence of ownership is satisfactory to the General Manager, then the Agency shall provide the person with a protest form showing the person's name and address and the parcel's APN. Any such evidence must be received by the General Manager prior to the close of the Public Hearing.

(3) When an Identified Parcel is held by a partnership, as community property, in joint tenancy, or as a tenancy in common, any partner, spouse, joint tenant, or tenant in common, as the case may be, may file the written protest for such parcel by completing the Agency-provided protest form.

(4) When an Identified Parcel is held by a corporation, company, unincorporated association, or local government agency, a written protest may be filed by resolution of the board of directors or other governing board, by the chief executive officer of the entity, or by any other person authorized in writing by the board of directors or trustees

or other governing board to take such actions. If the protest is filed by a person other than the chief executive officer on behalf of the entity, then the corporation, unincorporated association or local government agency must file written authorization satisfactory to the General Manager. Any such written authorization must be filed with the General Manager prior to the close of the Public Hearing.

(5) Government Code section 53755(b) states that "[o]ne written protest per parcel, filed by an owner or tenant of the parcel, shall be counted in calculating a majority protest to a proposed new or increased fee or charge subject to the requirements of Section 6" Based on this section, the Agency shall accept a protest form completed by an owner or a tenant, if the customer, of an Identified Parcel. The owner or tenant must use the protest form provided by the Agency for the Identified Parcel. If the tenant is other than a natural person, then the rules above shall apply to determine the authority of a person to act on behalf of the tenant.

(6) Each completed protest form returned to the Agency must bear the original signature of the property owner or tenant or authorized representative. The completed protest form may be mailed or sent by other courier or delivery service to the General Manager (Amador Water Agency, 12800 Ridge Road, Sutter Creek, CA 95685), hand-delivered to the same address, or hand-delivered at the Public Hearing. A protest form delivered via e-mail or fax shall not be counted as a written protest for purposes of determining whether a majority protest exists. However, the Board may consider such e-mail or fax comment in determining whether to approve the proposed water or sewer rates and charges.

(7) No completed protest form received by the Agency after the close of the Public Hearing shall be counted in determining the existence of a majority protest.

(8) A written protest may be withdrawn in writing at any time prior to the close of the Public Hearing by the person who completed the Agency-provided protest form.

(9) All completed protest forms received by the Agency and not withdrawn prior to the close of the Public Hearing shall be considered public records.

(f) Conduct of the Public Hearing.

(1) At the time, date and place fixed for the Public Hearing, the Board shall hear a staff presentation pertaining to any applicable rate study and the proposed water or sewer rates and charges, hear all persons interested in the matter or any aspect of any such rate study or the proposed rates and charges, and receive all completed protest forms and other comments regarding the rate study and the proposed rates and charges. The Public Hearing may be continued from time to time as determined by the Board. If it is not possible to tabulate all of the protests on the day of the Public Hearing, then the Public Hearing may be closed but action on the proposed water or sewer rates and charges shall be continued until after tabulation of the written protests is finished.

(2) If the Board determines, after the close of the Public Hearing, that written protests have been presented, and not withdrawn, by owners, tenants or authorized representatives of a majority of the Identified Parcels (i.e., there is a majority protest as determined pursuant to subsection (g)), the proposed water or sewer rates and charges shall not be approved.

(3) If the Board determines, after the close of the Public Hearing, that no majority protest exists, the Board may adopt the proposed water or sewer rates and charges or rates and charges that are lower than those proposed.

(g) Counting of Written Protests; Determination of Majority Protest.

(1) Written protests (as evidenced by completed Agency-provided protest forms) shall be reviewed and tabulated by the General Manager or his or her designee. The review and tabulation shall be in an open and public setting. Any interested member of the public may observe the tabulation process.

(2) The Agency shall not count a protest that (i) is not on the Agency-provided protest form; (ii) is not signed by the property owner, tenant or authorized representative; and (iii) is not from an owner or tenant of an Identified Parcel. The cause for the rejection of a written protest shall be written on the face of the protest form.

(3) For purposes of determining whether a majority protest exists, only one completed Agency-provided protest form per Identified Parcel shall be counted in accordance with Government Code section 53755(b). In order to be counted in determining whether a majority protest exists, a completed protest form must be timely received by the Agency in accordance with subsection (e).

(4) A completed protest form from any person having an ownership or tenancy interest or representing a person having such an interest in an Identified Parcel will result in having that Identified Parcel counted among the Identified Parcels for which a written protest has been received, irrespective of the possibility that one or more other persons having an ownership or tenancy interest in the same Identified Parcel do not join in such written protest.

(5) In calculating the majority protest, the numerator shall be the number of proper and timely written protests (one protest per Identified Parcel) and the denominator shall be the total number of Identified Parcels (determined pursuant to subsection (a).) If the calculated percentage is greater than fifty percent (50%), then a majority protest exists. If the calculated percentage is fifty percent (50%) or less, then there shall not be a majority protest.

3. **Effective Date of Resolution; Amendment.** This resolution shall take effect immediately upon its adoption. These procedures may be amended from time to time by subsequent resolution of the Board.

4. **Severability.** If any provision of this resolution or application thereof to any person or circumstances is held invalid, no other provision of this resolution shall be affected thereby.

5. **Inconsistency.** To the extent that the terms and provisions of this resolution may be inconsistent or in conflict with the terms or conditions of any prior ordinance, resolution, rule or regulation, the terms of this resolution shall prevail and any such inconsistent and conflicting provisions of prior ordinances, resolutions, rules or regulations are hereby repealed.

The foregoing Resolution was duly passed and adopted by the Board of Directors of the Amador Water Agency at a regular Board meeting held this 8th day of March, 2012, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

Gary Thomas, President
Board of Directors

Attest: _____
Cris L. Thompson
Clerk of the Board of Directors

HOWARD JARVIS
TAXPAYERS
ASSOCIATION



HOWARD JARVIS, Founder (1903-1986)
ESTELLE JARVIS, Honorary Chairwoman
TON COUZAL, President
TREVOR CRÉMIE, General Counsel
MARTIN BITTLE, Director of Legal Affairs

March 20, 2012

Board of Directors
Amador Water Agency
12800 Ridge Road
Sutter Creek, CA 95685

Re: Resolution 2012-04

Dear Directors,

One of our members sent us a copy of Resolution 2012-04, the procedures your Board adopted for a proposed water and sewer rate increase. She asked, "Can AWA lawfully refuse to count written protests that do not appear on its official form?"

We believe the answer to that question is no. A signed written protest that contains information sufficient to identify the signer as an affected property owner or tenant subscriber must be counted whether it appears on an official form or not.

Proposition 218's article 13D, section 6(a)(2) states: "At the public hearing, the agency shall consider *all protests* against the proposed fee or charge. If written protests against the proposed fee or charge are presented by a majority of owners of the identified parcels, the agency shall not impose the fee or charge."

When construing the term "all protests," to determine whether it means "all protests" or "all protests presented on an official form," a court will be influenced by Proposition 218's Findings and Declarations Clause and its Liberal Construction Clause which provide in turn, "This measure protects taxpayers by limiting the methods by which local governments exact revenue from taxpayers without their consent," and "The provisions of this act shall be liberally construed to effectuate its purposes of limiting local government revenue and enhancing taxpayer consent."

The interpretation which enhances taxpayers' ability to grant or withhold their consent, and which is therefore the preferred interpretation, is the one that does not limit protesters to use of the official form.

There may be individuals in your district who, because they cannot afford the proposed increases, are motivated to ask relatives, friends and neighbors to help them defeat the proposal. They have a constitutional right to petition; that is, to solicit signed protests from others to add to their own protest. Requiring each person to use only the form that was mailed to him by the Agency places an unreasonable burden on the right to petition.

Board of Directors
March 20, 2012
Page 2 of 2

Moreover, there may be individuals in your district who cannot read, or cannot read English. A letter from you in English instructing them to use your form cannot be the basis for denying them their right under article 13D, section 6(a)(2) to have their protest counted if they submit it by ~~some other means~~.

The purpose of this letter is twofold: (1) To put the Board on notice that the Howard Jarvis Taxpayers Association expects every valid protest to be counted, whether it is presented on an "official" form or not; and (2) To request, under the California Public Records Act, copies of all records produced during and after the hearing at which protests are counted, showing whether any protests were not counted, and why.

Thank you for your cooperation. If you have any questions, you may call me at the Sacramento telephone number above.

Sincerely,



Timothy A. Bittle
Director of Legal Affairs

FOLLOW-UP COMMITTEE



Old Highway 49

Drytown

Photos courtesy of Amador County Archives

Amador County Detention Center 2010/2011 Follow-up



Hall of Records circa 1893

Jackson

Photo courtesy of Amador County Archives



August 1, 2011

The Honorable David S. Richmond
Judge, Superior Court of California
County of Amador
500 Argonaut Lane
Jackson, CA 95642



Re: 2010 / 2011 Grand Jury Report Response

Dear Judge Richmond,

This letter serves as the official Amador County Sheriff's Office response to the 2010 / 2011 Amador County Grand Jury Report concerning the Amador County Sheriff's Office Detention Facility (Amador County Jail).

Finding #1

The philosophy of the current administration is to treat inmates with dignity and to provide a safe and secure environment.

Response to Finding #1

Respondent agrees with Finding #1.

The Amador County Sheriff's Office strives to treat all citizens within Amador County, whether incarcerated in the Amador County Jail or not with dignity and respect, thereby adhering to our "Organizational Values" of "S.I.T.E." (Service, Integrity, Teamwork, Excellence).

Amador County Jail personnel continue to provide a safe and secure environment for inmates who are incarcerated within the Amador County Jail.

Finding #2

Because of overcrowding, the safety and security of staff, inmates, and visitors are at risk.

SERVICE • INTEGRITY • TEAMWORK • EXCELLENCE

Response to Finding #2

Respondent **agrees** with Finding #2.

The Average Daily Population, (ADP), of the Amador County Jail for the fiscal year 2010 / 2011 was 80.33 inmates. This ADP exceeds the state's 76 bed rated capacity of the Amador County Jail. These conditions require personnel to place inmates in portable beds within each housing block dayroom. These conditions may increase anxiety for all inmates within the block, thus increasing the risk of an inmate assault on personnel, inmates or visitors. The Amador County Sheriff's Office continues to utilize all overcrowding mitigation programs at our disposal for those inmates qualified to participate in such programs.

Finding #3

The house monitoring equipment is so antiquated that it is increasingly difficult to find repair personnel.

Response to Finding #3

Respondent **agrees** with Finding #3.

The Amador County Jail was originally built in 1984. The current monitoring system for the facility to assist in monitoring the safety and security of the inmates, personnel and visitors is outdated and many of the functions of the system have failed. Due to the antiquated equipment, it has been difficult at best to find qualified repair personnel or replacement parts to work on/or repair this system. Several of the current video cameras have failed and are no longer operational.

During the fiscal year of 2010 / 2011 the Amador County Sheriff's Office collaboratively worked with the Amador County IT Department, as well as the Amador County General Service Administration in the preparation of "Requests for Proposals" (RFP) from qualified vendors for professional services to develop a video surveillance system that will provide Jail personnel with video access throughout the interior and exterior of the Jail.

The RFP was published and a tour of the Amador County Jail was provided to 15 vendors in response to the RFP. Upon completion of the tour and subsequent submissions of RFP's only four (4) vendors provided written proposals in response to the RFP. The Amador County Sheriff's Office is working cooperatively with the Amador County General Service Administration on moving forward with this project.

Finding #4

There is no effective means to keep track of an inmate once released from custody.

Response to Finding #4

Respondent **partially agrees** with Finding #4.

Amador County Jail personnel are not responsible for monitoring inmates who have been released from our custody. Jail personnel continue to monitor inmates who have qualified for an alternative sentencing program, such as Home Electronic Monitoring (HEM), since they are technically still in our custody.

There are effective means to track those HEM qualified inmates who have been released from physical custody of the Amador County Jail, however, our current electronic monitoring system does not provide total coverage through out Amador County due to it's varied terrain. However, HEM has proven to be a relatively effective means to track those inmates who have been placed on this program.

The Amador County Jail has conducted research into utilizing a GPS based monitoring system through our current HEM provider; however we found this system to be less than acceptable in performance. Personnel from the Amador County Jail have been evaluating other systems in an effort to find one that meets our needs.

Finding #5

Inmate classes are currently being held in the library and in hallways. Some activities are no longer available because of staffing constraints.

Response to Finding #5

Respondent **partially agrees** with Finding #5.

The Amador County Jail began to annually exceed its maximum rated bed capacity in 2003 and in 2004 exceeded the life span of the jail facility. Due to the fact that space for today's required programming was not factored into the original 1984 jail design, inmate programs are being provided in the halls and library as well as in the visiting area of the Amador County Jail.

Regardless of space and/or staffing issues, the State of California, Corrections and Standards Authority (CSA), requires the Amador County Jail to provide certain services and programs to inmates as mandated by the California Code of Regulations, Title 15 and Title 24.

The men and woman who work within the Amador County Jail not only ensure that we meet the required standards of Title 15; they continually strive to exceed those standards. No state mandated services or programs for inmates have been discontinued due to staffing constraints.

Finding #6

There is no longer a Community Work Crew because of staffing shortages.

Response to Finding #6

Respondent **partially agrees** with Finding #6.

In the recent past, due to budget constraints and staffing issues, the Amador County Sheriff's Office was required to allocate all jail personnel to the daily operations of the Amador County Jail; therefore the "Community Work Crew" program was suspended.

During the 2010 / 2011 fiscal year, the Amador County Sheriff's Office worked cooperatively with the Amador County Board of Supervisors, as well as the CAO, to hire additional Jail personnel. Several key positions were filled within the Amador County Jail, thus the Amador County Sheriff's Office was able to provide over 40 hours of "Community Work Crew" service to several community groups, as well as provide over 100 hours of "Community Work Crew" service to the Amador County Facilities Department, assisting them with a multitude of different projects throughout Amador County.

As time and staffing levels permit, it is the intent of the Amador County Sheriff's Office to re-establish the "Community Work Crew" program, making it fully operational and beneficial for the community, as well as the inmates.

Finding #7

As per 2008 recommendation, ACSO has continued to pursue funding for a new facility through matching funds legislation. The County received a conditional award of up to \$22,712,000.00. The conditions of this award require that the county raise matching funds of approximately \$7 - \$8 million. Property has been purchased for the new facility.

Response to Finding #7

Respondent **agrees** with Finding #7.

On November 13, 2008 Amador County received a conditional award of \$22.7 million dollars from the State of California, California Department of Corrections and Rehabilitation, Corrections and Standards Authority Board, towards the construction of a new 165 bed jail facility.

The conditional state award requires that Amador County, pursuant to Assembly Bill 900, provide \$2,565,346.00 in Cash Match (8.47% of the total project cost) plus ongoing staffing costs.

On October 19, 2009, Amador County, using the 2004 imposed Capital Facilities Fee funds, purchased in full, a 200+ acre parcel for the future site of the new jail facility.

On July 23, 2010, the Corrections Standards Authority noticed all AB900 Conditionally Awarded Counties – Sheriff's through Bulletin 10-LJCFP 04, "Cash Match Reduction" "AB900 Local Jail Construction Financing Program" of action which they took on July 15, 2010.

This notice states in part "... The Board's action provides the opportunity for all affected counties, as needed; to reduce their cash match contribution to the minimum levels previously established in this jail construction financing process... This action means all of the following: ...Small and medium counties must still provide at least five percent cash match. Counties must still maintain their original project scope as submitted to CSA in the project proposal. We recognize this CSA Board action may assist some project budgets more than others. However, we encourage your county to review the cost and budget summary submitted with your AB900 proposal to assess whether you can benefit from the CSA Board's action."

The Amador County Sheriff's Office continues to move forward on this project and is working with the Amador County General Service Administration in reviewing our initial space needs assessment relative to the new jail, as well as the space needs assessment for the build-out of a new 165 bed jail facility.

The Amador County Sheriff's Office continues to work with the Amador County Board of Supervisors in an attempt to identify and obtain the matching funds to pursue the construction of a new jail facility on the parcel of land which was purchased for this project.

Finding #8

The morale of the staff is better due to efforts to move forward with AB900. (Fact #16)

Response to Finding #8

Respondent **agrees** with Finding #8.

The morale of Amador County Jail personnel continues to be positive due to the continued efforts by and between the Amador County Sheriff's Office, the General Services Director, the Amador County CAO and the Amador County Board of Supervisors in providing personnel to safely operate the Amador County Jail during these tough economic times. Jail personnel still remain cautiously optimistic with regard to the eventual construction of a new jail facility.

Finding #9

Sheriff's Deputies with Law Enforcement Officer Classification are forced to work in the correctional facility to make up for understaffing. As a result, there are fewer officers on patrol. (Facts #1, #2)

Response to Finding #9

Respondent **disagrees** with Finding #9.

The Amador County Sheriff's Office **has not** and **does not** utilize Deputy Sheriff Personnel from patrol to supplement the staffing needs of the Amador County Jail. There have been no reductions in Patrol services as a result of jail staffing deficiencies. Rarely, the Corrections staff

will request assistance from Patrol to address a single incident in the jail. However, these incidents have been very few in numbers over the past few years and are not impactful to Patrol operations.

Finding #10

Felony Release Criteria have been used for the early release of non-violent felons due the overcrowding of the jail facility. This program has not been very successful because ACSO is unable to keep track of persons once they are released from custody.

Response to Finding #10

Respondent **disagrees** with Finding #10.

It is not the responsibility of Amador County Jail personnel to monitor inmates who have been released from our custody as previously stated in the response to Finding #4.

A non-violent felon can be released on his/her own recognizance, pursuant to Superior Court of California, County of Amador, General Order No. 06-004 upon completion of booking if the arrestee is evaluated by Amador County Jail personnel and they determine the subject meets the 12 terms of the "Felony Release Criteria" program. Many of the arrestees fail to qualify for this program, as they have previously been arrested for a felony within the last 12 months, or they are on probation or parole. All which are disqualifications to participate in the program.

To state "This program has not been very successful because ACSO is unable to keep track of persons once they are released from custody" could lead one to believe that the program is a failure, when in fact it is not. The program is successful; however very rarely used because of the disqualification of an arrestee to participate in the "Own Recognizance Felony Pre-Trial Releases" due to their prior criminal history.

Finding #11

Booking fees reimbursed by the state do not adequately offset costs. (Fact #15)

Response to Finding #11

Respondent **agrees** with Finding #11.

The guidelines in which fees may be imposed for reimbursement of county expenses incurred with respect to the booking or processing of persons arrested and where the person arrested is brought to the county jail for booking, is outlined in §29550 - §29550.4 of the California Government Code.

If the State of California appropriates \$35,000,000.00 dollars for Jail Booking Fees statewide, the police departments within the incorporated cities, as well as other law enforcement entities are not to be billed for booking fees at the county Jail.

If the State of California appropriates less than \$35,000,000.00 dollars for Jail Booking Fees, then the county may choose to bill those law enforcement entities a reasonable fee as outlined in the aforementioned statute.

The associated costs of time spent by jail personnel to obtain the data necessary to bill those entities who have booked an arrestee into the Amador County Jail, outweighs the actual revenues recovered through this billing process.

The Amador County Jail receives booking reimbursement fees from the State of California on a Quarterly basis. During the fiscal year 2010 / 2011 the Amador County Jail received a combined Booking Fee reimbursement in the amount of \$15,653.03. This amount did not fully compensate for the staffing time and costs actually required by the booking process.

Recommendation #1

Pursue matching funds for AB900.

Response to recommendation #1

The Amador County Sheriff's Office continues to work with the Amador County Board of Supervisors in an attempt to identify and obtain the "reduced" matching funds to pursue the construction of a new jail facility on the parcel which was purchased on October 19, 2009.

Recommendation #2

Petition the State to reimburse the total amount of booking fees due to the ACDF.

Response to recommendation #2

With the continued economic downturn and the State of California budget crisis, it is highly unlikely the State of California will be forthcoming with any additional monies for total compensation for booking fees in the foreseeable future therefore; this recommendation will not be acted upon at this time.

Respectively submitted,



MARTIN A. RYAN
Sheriff-Coroner

MAR/ds

Cc: John Plasse, Chairman, Amador County Board of Supervisors

Amador County Public Schools 2010/2011 Follow-up



Main Street

Plymouth

Photo courtesy of Amador County Archives



AMADOR COUNTY PUBLIC SCHOOLS

A.C.U.S.D./A.C.O.E.
GRAND JURY
REPORT RESPONSE
2010/2011

AMADOR CO. GRAND JURY	
RECEIVED	
DATE	9/23/2011
FILE	

Amador County Grand Jury
P.O. Box 249
Jackson, CA 95642

Amador County Unified School District

RECOMMENDATIONS/RESPONSES:

Recommendation #1.

ACUSD should review its policies and procedures for providing counseling services and consider pursuing counseling resources available possibly through college or university intern/externships to provide increased emotional/behavioral counseling services for the students (Facts #7, #8, #9; Findings #5 and #6)

Response #1.

We did have a counseling intern for one year, a year ago. We have pursued college internships, however most credentialing programs have seriously diminished paid internships. For onsite practicum's that are part of a university program we are somewhat removed geographically. It is too expensive, in time and transportation, for interns to drive to Amador County when there are needy sites much closer to where undergraduate students live and work.

Last year we formed a partnership with the Amador Tuolumne Community Action Agency to work in our schools to help provide Too Good for Drugs, DARE, anger management and such programs. This is an evolving partnership that involves both behavioral and emotional support services.

Recommendation #2.

ACUSD should review its policies and procedures for providing counseling services and consider reinstating peer-counseling programs. (Fact #9)

Response #2.

The peer-counseling class has never been eliminated. Elective classes like this become a reality only if students request that class. Electives are selected by students and parents.

We have peer mentoring/counseling in the form of a LEADS class at one of the comprehensive high schools. It has earned a national award and recognition. Peer counseling/mentoring at the other comprehensive high school is less formal and based on student need.

Recommendation #3.

ACUSD should review its policies and procedures for standardizing technology on all sites (Fact #11; Findings #7).

Response #3.

We are working towards standardizing technology. We use the Aeries database system. For the past few years teachers have taken roll via the database; this year all secondary teachers are using the same Aeries based computer gradebook with a parent access portal rolling out this fall. We age out computers and technology on a rotating basis.

Recommendation #4.

ACUSD should review its policies regarding bathroom visibility/safety issues. (Fact #12; Findings #8 and #9)

Response #4.

Principals will be asked to review bathroom visibility/safety issues on their respective campuses. As the Grand Jury has likely surmised restroom doors are left ajar for safety reasons. There are portions of every restroom that are completely blocked from view. We have had no student or parent complaints regarding this question for at least three years.

Recommendation #5.

ACUSD should take steps to ensure all parents are aware of correct procedures during emergencies. (Facts #13; #14)

Response #5.

ACUSD agrees with this recommendation. The safety plans are annually updated.

Recommendation #6.

ACUSD should continue to support ongoing parent/community involvement in the schools. (Fact #16, Finding #15)

Response #6.

ACUSD wholeheartedly and enthusiastically agrees with this recommendation. The sites have many booster groups and parent faculty clubs. As the Grand Jury notes these are quite active and involved. Additionally the Superintendent has an Advisory Council of parents that meet with him monthly.



Richard F. Glock, Superintendent

September 22, 2011
Date

Amador County Social Services 2010/2011 Follow-up



Main Road

Martell

Photo courtesy of Amador County Archives

James A. Foley
Director Social Services
10877 Conductor Ave.
Sutter Creek, CA 95685

February 23, 2012

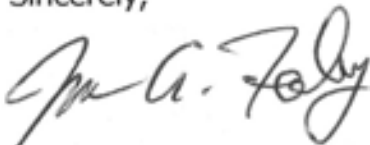
Amador County Civil Grand Jury Follow up Committee

This letter is in response to your letter received on February 22, 2012 indicating that the Social Services Department has not responded to the final report 2010/2011 issued June 30, 2011.

Since the issuance of that final report the Social Services department has had multiple changes in leadership. The acting director, who had undoubtedly received the report, resigned without responding and an interim director was in place until January 30, 2012 at which time I assumed the position. We cannot find the Grand Jury's final report but the interim director responded to the CAO via e-mail regarding a report and her e-mail is included in this response.

We apologize for the delayed response and hope that this addresses the items in the report. If any further response is required please inform me and include the original report and I will personally work on it promptly. jfoley@amadorgov.org

Sincerely,

A handwritten signature in black ink, appearing to read "James A. Foley". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

James A. Foley, LCSW
Director of Social Services

From: Chuck Iley [mailto:ciley@amadorgov.org]
Sent: Tuesday, August 30, 2011 11:22 AM
To: Watts, Anne@CWS-CMS

Subject: Re: Grand Jury Report Thanks, Anne - I will let you know if we need anything further. Chuck
On Fri, Aug 26, 2011 at 2:59 PM, Watts, Anne@CWS-CMS

<Anne.Watts@cws.state.ca.us> wrote:

Chuck, Joan informed me this week that she had not yet responded to the Grand Jury Report. It appears our Department's response to the Board is due now. Here's what Joan told me: Fact #8 should read "12% Social Services realignment dollars" instead of "12% Health realignment dollars." The Department agrees with all of the findings. In regards to the recommendations, #2 and #3 impact Social Services. My understanding is that the website will be updated to reflect the current Department structure, but I don't know who is doing that or within what time frame. Joan also informed me that the building lease situation has been under discussion, but I am unaware of the current status. Please let me know what you need from me on this. Thanks. Anne

-- Chuck Iley
County Administrative Officer
Amador County, California
810 Court Street
Jackson, CA 95642
voice: (209) 223-6470
fax: (209) 257-0619
www.co.Amador.ca.us Reply Forward

Click here to Reply or Forward
Watts, Anne@CWS-CMS
anne.watts@cws.state.ca.us

City of Ione 2010/2011 Follow-up



Photo courtesy of Amador County Archives



CITY OF IONE
P.O. BOX 398
1 E. MAIN STREET
IONE, CA 95640
(209) 274-2412
FAX (209) 274-2830



September 20, 2011

Honorable David S. Richmond
Presiding Judge
Amador County Grand Jury
P.O. Box 249
Jackson, CA 95642

RE: 2010-11 Amador County Grand Jury Report: City Administration, City of Ione

Judge Richmond and Grand Jurors:

We write in response to the 2010-2011 Amador County Grand Jury Report promulgated in June 2011. The City looks forward to cooperating with the Grand Jury and has been producing emails for review by the Grand Jury on an almost weekly basis during the month of August. Additionally, the documents requested in "Document Request No. 3" were mailed to Perry Smith LLP on Thursday, September 15, 2011.

This response was drafted by the City's Executive Team including Interim City Manager Jeff Butzlaff, City Attorney James Maynard, City Planner Christopher Jordan, the City's Finance Director Jane Wright, and former City Manager Kim Kerr.

NEW EXECUTIVE TEAM

Jeff Butzlaff, the Interim City Manager, and James Maynard, as the new City Attorney, both joined Ione in early July 2011. Suffice it to say the depth and breadth of issues facing the City was greater than either of our new executive staff had anticipated in their interview. Fortunately for the City, Mr. Butzlaff has over 30-years of experience in City Management, most recently with Shasta. Mr. Butzlaff has faced dire budget situations in the past and has successfully navigated the financial storms of the last 30-years inevitably leaving his municipality in better shape than when he arrived. Mr. Butzlaff is serving as a retired annuitant, however, which limits his service. The City will embark on a search for a permanent City Manager sometime in the near future and plans to hire someone with executive-level experience and a demonstrated track record of success.

The City has also retained Maynard Law, a Sacramento firm that specializes in municipal

advice counsel services. Mr. Maynard formerly advised statewide Boards and Commissions at the Department of Consumer Affairs. Mr. Maynard's clients operated under the Open Meetings Act, the Public Records Act, and other relevant provisions of the Government Code and Public Contract Code. After leaving Consumer Affairs in 2010, Mr. Maynard joined Cota Cole LLP where he served as Assistant City Attorney for the cities of Oroville, Chowchilla, and Taft. Mr. Maynard also served as Assistant General Counsel to the Monterey Peninsula Airport District. Mr. Maynard has previously worked for Downey Brand LLP, the Alameda Superior Court Office of Planning and Research, and as an extern for Judge Frank C. Damrell in the federal District Court for the Eastern District of California.

The Council has great faith in the City's new executive team as this team emphasizes transparency and openness with both public and Council. This team begins with a presumption that almost all City documents are public unless they fall within one of the exceptions outlined by Government Code section 6254 or are exempt under some other specific Civil Code or Penal Code provision. The City Manager and City Attorney have met, or are scheduled to meet, with Ione's various stakeholders and, rather than imposing pre-conceived notions on Ione residents, the City is soliciting ideas and input from all groups in the community including the broader community of Amador County. Transparency is not just a watchword; the Council believes it the only way to regain and restore public trust.

GENERAL PLAN ADOPTION AND LAND USE ELEMENT

On August 26, 2009, the City adopted a new General Plan. As described on page 1-2 of the General Plan, the Plan is "a long-range planning document that provides the City a policy framework for land-use planning based on the City's long-term vision for growth. The General Plan contains the community's desires and visions of Ione through 2030. The General Plan achieves the community's vision by setting Goals, Policies, and Actions to preserve Ione's history and create a viable and flourishing community that current and future generations will be glad to call home." As described in this statement, the General Plan looks not *to 2030* but *through 2030*, meaning that this Plan is intended to last for an indefinite, long-term period.

The Land Use Element establishes land use categories and allowed levels of development for the General Plan Planning Area discussed throughout the Plan. In this Element, Table 3-1 (Policy Area Development Potential) describes the maximum development potential for various areas of the City and the larger General Plan Planning Area using the land use policies and land use categories described in the Element. It does not assign this development to just a 2009-2030 time. Rather, in the spirit of the intent statement on page 1-2, it is intended to last for a "long-term" period.

There is no discussion within the General Plan regarding growth rates. As part of the development of the General Plan, the use of growth rates was discussed with the General Plan Advisory Committee and it was determined that a growth rate need not be identified. Rather, market forces and landowner desire should determine when property is developed

to its highest and best use as articulated through the General Plan policies.

Ultimately, the City, through the City Council, has the authority to determine the land use plan for the community. There are no requirements in the California Government Code (section 65350, et seq.) requiring specific growth rates or levels of development, or mandating a specific land use plan. Rather, State law respects the authority of the local legislative body (the City Council) to determine the policies for the City. Further, the 2003 State General Plan Guidelines do not make any mention of growth rates or the concept of growth rates.

Further, any amendments to the General Plan to reduce the amount of development would necessitate discussion with various property owners in the area. Many owners were involved in the General Plan process and requested specific land use designations and the ability to pursue certain development types as part of a land use permit application to the City at a future date. Property owners made requests to the City for what they wanted for their property and the Council considered and made a determination on each.

Expenses of the City are based upon current service demands and existing obligations. Prior land use approvals (e.g., Castle Oaks, Wildflower), and the requirements of the Regional Water Quality Control Board, have obligated the City to address wastewater issues. The General Plan simply reflects these prior land use approvals. The City has not adopted growth rate limits and must therefore plan for full build out of these projects in a timely manner. Topic-specific Master Plans (such as the Wastewater Master Plan) may use a growth rate in order to determine timing of facilities, provided they maintain consistency with the General Plan by not assuming more growth than what is discussed in the General Plan.

Government Code section 65400 requires the City to report, on an annual basis, the implementation of the General Plan to the Office of Planning and Research (OPR) and the Department of Housing and Community Development (HCD). Since the adoption of the General Plan in August 2009, annual reports have been filed for the period from adoption to December 2009 (the 2009 report) and the period from January 2010 through December 2010 (the 2010 report). The 2009 report covers a partial year because the timing of the report must be correlated with the City's portion of the Regional Housing Needs Plan/Regional Housing Needs Allocation as set forth in the requirements for the Housing Element in section 65584. The 2009 report was filed with OPR and HCD on March 18, 2010 and the 2010 report was filed March 29, 2011, consistent with the required filing date of April 1 of each year as provided in section 65400. Copies of these reports are on file with the City and are available to the public.

Finding #1: Audit reports for 2006, 2007, 2008, and 2009 report significant financial shortcomings. (Facts #1, #6)

Agree.

Finding #2: Required Bank reconciliations have not been made in the last two years. (Facts 2b, 6, and 12)

Partially Agree. As of August 15, 2011, the Bank reconciliations are current for F/Y 2010-11.

Findings #3: Cash transfers between accounts are not properly documented as required (Facts 2c, 6, and 12)

Disagree. All cash transfers are appropriately documented and verified during reconciliation of the bank accounts.

Finding #4: Monthly Treasurer's Reports had not been prepared since 2003. (Facts #4 b., #6, and 12)

Partially agree. Between 2003 and July 2010, the Monthly Treasurer's Reports were not prepared. For Fiscal Year 2010-11, however, the Monthly Treasurer's Reports are up-to-date through August 30, 2011.

Finding #5: The City Treasurer, who is under the direction of the City Council, has failed to prepare monthly bank reconciliations as required by Ordinance. (Fact 3 b, 6, and 12)

Partially agree. The City Treasurer is a separately elected office for the City of Ione. Prior to July 2010, the Monthly Treasurer's Reports have not been prepared. For Fiscal Year 2010-11, the Monthly Treasurer's Reports are up to date through June 30, 2011. Over the past seven years, six different finance personnel were responsible for posting in the system and producing reports that would allow reconciliation. Until 2010, the City did not have a competent financial manager resulting in an inability to produce reports so that reconciliation of accounts could not be completed. The current finance manager is a former auditor is working with City Manager Butzlaff to update the City's financial records and processes. One of those updates was to ensure that postings are made in a timely manner within the finance system so all Treasurers' reports can be completed on time and accurately. The Treasurer's report was previously delayed due to internal system posting inaccuracies. The Treasurer was unable, therefore, to perform the duties mandated by Ordinance until she received information from the City Finance Department. This has been corrected by staff and all reports are current.

Finding #6: The fact that monthly treasurer reports are not currently being prepared means the City Council does not have sufficient information in order to make intelligent financial decisions. (Fact 6)

Partially agree. The City Council has a budget and other financial information to assist it with making financial decisions. The budgeted to actual budget reporting numbers are the most effective tool for the Council to make financial decisions, along with other financial reports, as those reports are updated and verified. The City is currently revamping the format of its financial reports consistent with the budget practices of other Cities in which the City Manager and City Attorney have formerly worked. The new format will be much more easily understood by Council and public.

Finding #7: The City of Ione's General Plan is being used to justify expenditures at a growth rate that has not been realized. (Fact 6, 11)

Disagree. The City Council makes expenditures based on an annual budget and the funds available to it. Further, every Councilmember is aware of the Ione budget situation and each expenditure is carefully scrutinized by staff and Council.

Finding #8: The General Plans annual status report has not been reported. (Fact 12)

Disagree. The City has filed annual status reports in 2009-2010 and in 2010-2011

Finding #9: The City is outspending its current income and has been heavily dipping into the LAIF account. (Fact 2, 6)

Partially agree. The City receives the majority of the revenues in January (six months after the start of the fiscal year) and May (the last month of the fiscal year) of each year and uses the LAIF to cover cash flow during those periods. This is a standard and acceptable practice for state, county and city government to operate. In addition, the City has received deposits and Impact Fees from Developers that are placed into LAIF until those monies are drawn down for infrastructure projects.

Finding #10. At the current rate of depletion, the LAIF account will be fully depleted in the next year or two. (Fact 2, 6)

Disagree. The City has completed many major projects over the last several years and fund monies from the LAIF account have been converted into capital assets.

Finding #11. When the LAIF account is fully depleted, the City will be unable to meet current obligations from current revenue. (Fact 2, 6)

Disagree. The City's only debt is the Fire Station loan on which the debt service is

less than \$44,000 per year. The City can support City operations with revenues received during the fiscal year as needed and by adjusting staffing, services, and supplies, etc.

Finding #12. The failure to reconcile bank statements promptly enhances the possibility that embezzlement would go undetected.

Partially agree. Reconciliation of the City's bank statements is one of many Internal Controls. As indicated above, the City Treasurer is working with the Finance Department to ensure the reconciliation is completed monthly.

Recommendation #1: The City should immediately stop using the growth rates predicted in the General Plan in making financial decisions and actual growth rates should be used instead. Ideally, the General Plan should be revised using more accurate population figures and anticipated growth rates.

The recommendation has been implemented as evidenced by the City's adopted Wastewater Master Plan, p. 2-6:

Although the City's General Plan does assume very rapid growth, especially for commercial and industrial development, the City has abandoned that projection in practice as the growth rate is based on City zoning and does not necessarily reflect actual growth that will occur in the next twenty years. As a result, the Wastewater Master Plan uses a reduced rate of development although the City intends to provide the maximum amount of flexibility in wastewater service planning and may increase or decrease the rate of development so long as the overall wastewater service is adequate.

The City acknowledged that the GP growth projection was aggressive and used a slower growth projection in the Master Plan. Then City also indicated it would adjust it as necessary, as long as we provide adequate wastewater service. The City did not use the GP growth rate and there is nothing in the Master Plan that requires the WWTP to accommodate any specific growth rate. In fact, the City is looking only at how to accommodate existing ratepayers and growth under two existing Development Agreements. The City is not using an inflated growth rate to accommodate future construction for which there are no current contractual obligations.

Recommendation #2: The City Council should immediately require the City Treasurer and City Manager have all bank accounts reconciled on a monthly basis.

The recommendation has been implemented. The City implemented this

recommendation in March 2011 and continues to reconcile bank accounts monthly.

Recommendation #3: The City Council should recommend that the City Manager should stop all further projects until bank reconciliations are completed and it is determined that sufficient funds are available to meet obligations as they are incurred.

The recommendation will not be implemented because it is not warranted and is not feasible as the City's first responsibility is to ensure the health and safety of its citizens by compliance with all state and federal law. The City Council must make project determinations on a case-by-case basis but always has the City's financial condition foremost in mind when making such decisions.

Recommendation #4: The City Manager should immediately require the appropriate employee prepare the Financial Reports on a monthly basis.

The recommendation has been implemented. The City implemented this recommendation and continues to reconcile bank accounts monthly, which results in monthly Financial Reports prepared by the Finance Manager. The Treasurer does not have access to the internal financial system and was unable to independently create monthly reports until the postings were brought up-to-date by the new Finance Manager and a baseline was established. Once the monthly Financial Report is produced by the Finance Manager, it is provided to the City Treasurer who can then perform reconciliation of the balances.

Recommendation #5: The City Council should immediately require the City Manager prepare a written report to the Council regarding each deficiency noted in the Audit Reports for the last three years stating what was being done to correct each deficiency and when it would be corrected.

The recommendation has been implemented. Each Audit Report has Findings and the City's Response to those Findings including an update on the prior year's Findings. In addition, the prior City Manager has prepared an update to the current Findings along with a schedule to implement the corrections.

Recommendation #6: The City's wastewater plant proposal should be revised based upon a more accurate growth rate, not at 6% growth as projected in the current general plan.

The recommendation has been implemented as evidenced by the City's adopted Wastewater Master Plan, p. 2-6, adopted in December 2009:

The [General Plan] projection shown in the table above assumes very rapid growth especially for commercial and

industrial development. This development is based upon City zoning and does not necessarily reflect the actual development that will occur in the next twenty years. As a result, this Master Plan will look at a reduced rate of development based upon annual growth of 5 percent, which is significantly greater than historical growth. Presented in Table 2.4-2 (Master Plan Development by 2030) are the revised growth projections based on the reduced rate of development. City intends to provide the maximum amount of flexibility in wastewater service planning and may increase or decrease the rate of development so long as the overall wastewater service is adequate."

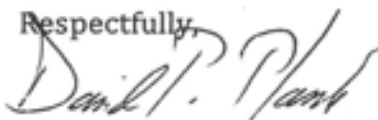
Lastly, and perhaps most importantly, the City has recently stepped back to evaluate the merits of less expensive wastewater treatment plants or projects and will compare the numbers to see if there are less expensive options than have previously been presented to the City by PERC Water. To that end the City has retained independent project manager, Art O'Brien of RBI Engineering, who operated Roseville's Wastewater Utility for 12 years and has built two wastewater treatment plants for Roseville, and an independent financial advisor from CSG Advisors in San Francisco to assist the Council and public with understanding the project and to advise on public bond or other financing. The team is designed to ensure continuity and transparency through completion of the project in October 2013 as mandated by the Central Valley Regional Water Quality Board's Cease and Desist Order.

Recommendation #7: The Grand Jury recommends that the 2011-2012 Grand Jury continue the investigation on the City of Ione.

The City has no opinion on this issue.

Again, we look forward to cooperating closely with the Grand Jury over the upcoming year.

Respectfully,



David Plank
Mayor, City of Ione

DP/jdnm

cc: City Council
City Manager
City Attorney

City of Sutter Creek 2010/2011 Follow-up



Stage Stop

Sutter Creek

Photo courtesy of Amador County Archives

City of Sutter Creek



February 6, 2012

Amador County Grand Jury
PO Box 249
Jackson, CA 95642

Honorable Grand Jury Members,

The Sutter Creek City Council is pleased to present this final update to the City's original response to the 2009/2010 Amador County Grand Jury Report. As you will note, the City has made great strides in the past 18 months to rectify the issues in the Grand Jury's report and the City Council believes all of the issues raised in the report have been addressed throughout this timeframe.

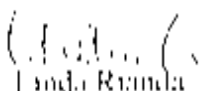
Attached to this cover letter please find the following documents:

1. The City's final update to the original response, dated February 6, 2012
2. An updated Matrix of Tasks Related to Financial Control Issues, dated February 6, 2012
3. The final report from IRM / WL Troxel And Associates on the Sutter Creek Wastewater Treatment Plant and WWTP Process Evaluation (dated June 28, 2011)
4. The City's second update to the original response, dated January 18, 2011
5. The City's first update to the original response, dated December 6, 2010
6. The City's original response to the Grand Jury report, dated September 1, 2010

As noted in the cover letter attached to the original response (dated September 1, 2010), the City Council acknowledges that the final overall responsibility for all aspects of City operations lies with the Council itself. The Citywide changes undertaken in the past two years have firmly cemented that responsibility.

Finally, the Sutter Creek City Council wishes to thank the Grand Jury for all of its hard work.

Sincerely,


Linda Runkle
Mayor

UPDATE #3 February 6, 2012 – FINAL UPDATE

Text in **bold** indicates the City of Sutter Creek's original response to the 2009/2010 Amador County Grand Jury Report recommendations and/or findings (as indicated). The text in **bold italic** indicates the City's updates to the recommendations or findings listed in the report. Only those recommendations with outstanding responses are included in this update. See Update #1 (dated December 6, 2010) and Update #2 (dated January 18, 2011) for recommendations or findings that have already been addressed. Those updates and the City's Final Response to the 2009/2010 Amador County Grand Jury Report are attached for reference.

FINANCE, ADMINISTRATION AND POLICY

FINDINGS:

8. City Ordinances and Municipal Codes are out-of-date by 4 to 5 years, according to the Deputy City Clerk. (Fact #14)

THE CITY COUNCIL AGREES IN PART WITH THIS FINDING:

The City Council agrees that some of the codes are out of date.

However, disagrees with the implication that all of the codes are out dated.

The Council acknowledges that a thorough review of all City policies, codes and records is needed. A detailed review will be completed within 120 days of this response.

January 18, 2011: The City's Municipal Code is scheduled to be codified during fiscal year 2011-2012. Other policies are being revised on an ongoing basis as needed and should be completed by the end of fiscal year 2010-2011.

February 6, 2012: The City is in the process of codifying the Municipal Code at this time.

RECOMMENDATIONS:

6. Place a *Policy Manual* in each department and make City employees and City Council members aware of its location. (Fact #7, Finding #13)

THE CITY AGREES WITH AND WILL IMPLEMENT THIS RECOMMENDATION.

Updated copies of the City's administrative policy and procedure manual will be prepared, distributed and reviewed by each employee within 120 days of the date of this report.

January 18, 2011: The Personnel Handbook is currently being reviewed and revised by the City Attorney and will be updated by February 2011. Staff is preparing a City Administrative Manual as well, which should be completed by the end of fiscal year 2010-2011.

February 6, 2012: A draft revision to the Personnel Handbook has been prepared and is currently being reviewed. The revision will be presented to the Council by the end of the fiscal year.

16. Remove outdated leave-of-absence references from the *Policy Manual* and *Employee Handbook*.

UPDATE #3 February 6, 2012 – FINAL UPDATE

(Fact #9)

THE CITY AGREES WITH AND WILL IMPLEMENT THIS RECOMMENDATION.

Updated copies of the City's administrative policy and procedure manual will be prepared, distributed and reviewed by each employee within 120 days of the date of this report.

January 18, 2011: The Personnel Handbook is currently being reviewed and revised by the City Attorney and will be updated by February 2011. The City Manager will review the revised handbook with all City employees once it is completed.

February 6, 2012: A draft revision to the Personnel Handbook has been prepared and is currently being reviewed. The revision will be presented to the Council by the end of the fiscal year.

18. Add a written Workers' Compensation procedure to the *Policy Manual* and *Personnel Handbook*. (Fact #6)

THE CITY AGREES WITH AND WILL IMPLEMENT THIS RECOMMENDATION.

Updated copies of the City's administrative policy and procedure manual will be prepared, distributed and reviewed by each employee within 120 days of the date of this report.

January 18, 2011: The Personnel Handbook is currently being reviewed and revised by the City Attorney and will be updated by February 2011. The City Manager will review the revised handbook with all City employees once it is completed.

February 6, 2012: A draft revision to the Personnel Handbook has been prepared and is currently being reviewed. The revision will be presented to the Council by the end of the fiscal year.

19. Adopt a policy of promptly transcribing and presenting the Council meeting minutes to the City Council for approval. (Fact #14, Finding #7)

THE CITY AGREES WITH AND WILL IMPLEMENT THIS RECOMMENDATION.

The City Council will adopt a formal policy regarding the preparation of official City documents such as meeting minutes, resolutions and ordinances within 60 days of the date of this report.

December 6, 2010: A formal policy regarding the preparation of official City documents will be completed by and presented to the City Council by the first meeting in January 2011.

January 18, 2011: The minutes policy was approved at the January 3 City Council meeting. The associated resolution is on the Consent Agenda for the January 18, 2011 meeting.

February 6, 2012: The resolution was formally approved at the January 18, 2011 City Council meeting.

20. Update and provide revision dates for the *Policy Manual* and *Personnel Handbook* to reflect

UPDATE #3 February 6, 2012 – FINAL UPDATE

current laws. Index and number the pages properly for easy reference. This will avoid confusion and establish a tracking mechanism for compliance with California State Laws and/or the Fair Political Practices Commission (Fact #7, Finding #13)

THE CITY AGREES WITH AND WILL IMPLEMENT THIS RECOMMENDATION.

Updated copies of the City's administrative policy and procedure manual will be prepared, distributed and reviewed by each employee within 120 days of the date of this report.

January 18, 2011: The Personnel Handbook is currently being reviewed and revised by the City Attorney and will be updated by February 2011. The City Manager will review the revised handbook with all City employees once it is completed.

February 6, 2012: A draft revision to the Personnel Handbook has been prepared and is currently being reviewed. The revision will be presented to the Council by the end of the fiscal year.

SANITARY SEWER MANAGEMENT PLAN (SSMP)

RECOMMENDATIONS:

1. Complete the SSMP in a timely manner to minimize future spills. (Facts #1, #2, #3, and Finding #1)

THE CITY COUNCIL AGREES WITH AND WILL IMPLEMENT THIS RECOMMENDATION.

The City is currently in the process of considering one or more professional contracts to implement and manage the SSMP. A final decision regarding the contract will be completed 120 days from this report.

January 18, 2011: The City is anticipating making a final decision on the contract by February.

February 6, 2012: The SSMP document was finalized by City Sewer Engineer Grant Reynolds, and was certified as complete in May, 2011.

The City released a Request for Proposals (RFP) for the operations and management of the SSMP and the sewer treatment plant during July 2010. After proposals were received, the Council in June 2011 opted to not contract out these functions to a private company. Instead, the Council opted to contract out for management services for the SSMP and sewer treatment plant. That contract was approved in October 2011. The contractor (HydroScience Operators) has since been working with existing City staff to ensure the SSMP is being implemented in a timely basis.

2. Update the SSMP on a yearly basis, and keep in compliance with it. (Facts #1, #2, #3)

THE CITY COUNCIL AGREES WITH AND WILL IMPLEMENT THIS RECOMMENDATION.

The city is currently in the process of considering one or more professional contracts to implement and manage the SSMP. A final decision regarding the contract will be completed 120 days from this report.

UPDATE #3 February 6, 2012 – FINAL UPDATE

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3. Implement an inspection and maintenance program to regulate the FOG issue. (Fact #4, Finding #2)

THE CITY COUNCIL AGREES WITH THIS RECOMMENDATION.

The City adopted a new FOG ordinance (Ordinance 331) in May of 2009, which provides the City authority to inspect and maintain grease interceptors.

THE CITY COUNCIL AGREES WITH AND WILL IMPLEMENT THIS RECOMMENDATION.

The City is currently in the process of considering one or more professional contracts to implement and manage the SSMP. A final decision regarding the contract will be completed 120 days from this report.

January 18, 2011: The City is anticipating making a final decision on the contract by February.

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4. Complete video inspections as specified in the SSMP to reduce raw sewage spills in the City. (Fact #5, Finding #3)

THE CITY COUNCIL AGREES WITH AND WILL IMPLEMENT THIS RECOMMENDATION.

The City is currently in the process of considering one or more professional contracts to implement and manage the SSMP. A final decision regarding the contract will be completed 120 days from this report.

January 18, 2011: The City is anticipating making a final decision on the contract by February.

UPDATE #3 February 6, 2012 – FINAL UPDATE

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7. Repair or replace collection system piping, per the SSMP, to prevent raw sewage overflows at the WWTP storage basin and contamination of natural waterways (“riparian zones”). (Finding #6)

THE CITY COUNCIL AGREES WITH AND WILL IMPLEMENT THIS RECOMMENDATION.

The City is currently in the process of considering one or more professional contracts to implement and manage the SSMP. A final decision regarding the contract will be completed 120 days from this report.

January 18, 2011: The City is anticipating making a final decision on the contract by February.

February 6, 2012: The SSMP document was finalized by City Sewer Engineer Grant Reynolds, and was certified as complete in May, 2011.

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Capital expenditures will be coordinated through the SSMP program and will be completed as required dependent on funding.

8. Implement a System Evaluation and Capacity Assurance Plan (SECAP) to anticipate future growth in Sutter Creek. Install flow meters in each branch of the sewage collection system to help identify infiltrations.

THE FOLLOWING RECOMMENDATION REQUIRES FURTHER INVESTIGATION PRIOR TO RESPONDING:

The City is currently in the process of considering one or more professional contracts to implement and manage the SSMP and WWTP. A final decision regarding this issue will be completed 120 days from this report.

January 18, 2011: The City is anticipating making a final decision on the contract by February.

February 6, 2012: The SSMP document was finalized by City Sewer Engineer Grant Reynolds, and was certified as complete in May, 2011.

The City released a Request for Proposals (RFP) for the operations and management

UPDATE #3 February 6, 2012 – FINAL UPDATE

of the SSMP and the sewer treatment plant during July 2010. After proposals were received, the Council in June 2011 opted to not contract out these functions to a private company. Instead, the Council opted to contract out for management services for the SSMP and sewer treatment plant. That contract was approved in October 2011. The contractor (HydroScience Operators) has since been working with existing City staff to ensure the SSMP is being implemented in a timely basis.

WASTEWATER TREATMENT PLANT

FACTS:

8. The WWTP effluent is currently exceeding Regional Water Quality Control Board standards. Reports dated 3/03/10 to 4/28/2010 reveal failure in either one or more of the three testing categories; total suspended solids (TSS), biochemical oxygen demand (BOD), and total coliform bacteria (TCB). *HDR* was hired to modify the WWTP and resolve the TSS, BOD, and TCB problems. The modifications did not establish compliance.

THE CITY COUNCIL AGREES IN PART WITH THIS FACT.

The City Council agrees that at the time of this report the WWTP was not operating as planned. There are operational as well as technical issues affecting the plant effectiveness which are currently being addressed.

The City Council disagrees with the implication that the WWTP upgrade was a failure. The final response to this finding will require completion of the ongoing review of the plant operations, expected within 90 days of this report.

December 6, 2010: The City's recently-hired consultant is continuing to improve the operational and technical issues at the plant. As of this update the plant is in full compliance with State standards. A final report from the consultant is due by February.

January 18, 2011: See comment above.

February 6, 2012: The Consultant's final report is attached to this update. The consultant continued to work with City staff to improve the operational and technical issues at the plant through October 2011. HydroScience Operations (HSo) has continued working to implement the recommendations made in the final report. These improvements are ongoing.

9. Wastewater treatment depends on biological organisms in both the aeration basin and the "Klargester" (container) to process the wastewater. The *HDR* design for the City's WWTP has organisms in the aeration basin that conflict with the Klargester organisms. If these organisms come into contact with each other, the organisms from the aeration basin could kill off the organisms in the Klargester, which could result in a complete shutdown of the treatment process. Upon discovery of this error, water flow to the aeration basin was shut off on 4/30/2010.

THE CITY COUNCIL AGREES IN PART WITH THIS FACT.

The City Council agrees that at the time of this report the WWTP was not operating

UPDATE #3 February 6, 2012 – FINAL UPDATE

as planned. There are operational as well as technical issues affecting the plant effectiveness which are currently being addressed.

The City Council disagrees with the implication that the WWTP upgrade was a failure. The final response to this finding will require completion of the ongoing review of the plant operations, expected within 90 days of this report.

December 6, 2010: The City's recently-hired consultant is continuing to improve the operational and technical issues at the plant. As of this update the plant is in full compliance with State standards. A final report from the consultant is due by February.

January 18, 2011: See comment above.

February 6, 2012: The Consultant's final report is attached to this update. The consultant continued to work with City staff to improve the operational and technical issues at the plant through October 2011. HydroScience Operations (HSo) has continued working to implement the recommendations made in the final report. These improvements are ongoing.

FINDINGS:

4. Sub-contractors and City staff hired to work on the WWTP were poorly managed, which caused long delays in the completion of the upgrade.

THE CITY COUNCIL AGREES IN PART WITH THIS FINDING.

The City Council agrees that the project was not effectively managed. However, disagrees with the statement that city staff were hired to work on the project. Performance of the contractors is the subject of an ongoing review, due in 90 days of this report.

December 6, 2010: The City's recently-hired consultant is continuing to improve the operational and technical issues at the plant. As of this update the plant is in full compliance with State standards. A final report from the consultant is due by February. The recently-hired City Attorney and City Manager will begin reviewing the performance of the contractors when the final report is completed.

January 18, 2011: See comment above.

February 6, 2012: The Consultant's final report is attached to this update. The consultant continued to work with City staff to improve the operational and technical issues at the plant through October 2011. HydroScience Operations (HSo) has continued working to implement the recommendations made in the final report. These improvements are ongoing. The City Attorney and City Manager are continuing to look at potential legal remedies regarding the performance of the contractors used for the project.

7. There has been a 300% increase in power demand since installation of the new aerators. Prior to the installation, the PG&E bill averaged \$1,256 per month. Since powering up the aerators, the bill has averaged \$4,914 per month. (Fact #7)

THE CITY COUNCIL AGREES

Initially this was true. The aerators have recently been shut off for the

UPDATE #3 February 6, 2012 – FINAL UPDATE

majority of the day, depending on the biological needs of the pond. The long term costs are unclear and are being addressed through an outside consultant as part of the overall upgrade project review due in 90 days.

December 6, 2010: The City's recently-hired consultant is continuing to improve the operational and technical issues at the plant. As of this update the plant is in full compliance with State standards. A final report from the consultant is due by February.

January 18, 2011: See comment above.

February 6, 2012: The Consultant's final report is attached to this update. The consultant continued to work with City staff to improve the operational and technical issues at the plant through October 2011.

HydroScience Operations (HSo) has continued working to implement the recommendations made in the final report. These improvements are ongoing. The City Attorney and City Manager are continuing to look at potential legal remedies regarding the performance of the contractors used for the project.

8. The City spent \$2.25 million dollars on HDR engineering studies and equipment upgrades to the WWTP. This upgrade has not brought the plant into BOD compliance. While the basin lining, sledge press and new electrical panel were necessary and successful improvements, these improvements did not rectify the problem for which the emergency was declared. They did not require expensive engineering studies.

FURTHER REVIEW AND TESTING IS REQUIRED PRIOR TO RESPONDING.

There are a range of issues, some design and some operational, which need to be resolved prior to responding. Response pending review by outside professional contractor, due in 90 days of this report.

December 6, 2010: The City's recently-hired consultant is continuing to improve the operational and technical issues at the plant. As of this update the plant is in full compliance with State standards. A final report from the consultant is due by February. The recently-hired City Attorney and City Manager will begin reviewing the performance of the contractors when the final report is completed.

January 18, 2011: See comment above.

February 6, 2012: February 6, 2012: The Consultant's final report is attached to this update. The consultant continued to work with City staff to improve the operational and technical issues at the plant through October 2011.

HydroScience Operations (HSo) has continued working to implement the recommendations made in the final report. These improvements are ongoing. The City Attorney and City Manager are continuing to look at potential legal remedies regarding the performance of the contractors used for the project. Research by the Finance Director presented to the City Council on September 19, 2011 provided the true cost of the sewer treatment plant upgrade and where

UPDATE #3 February 6, 2012 – FINAL UPDATE

that funding came from. That staff report and supplemental materials are attached.

9. Changes in PH balancing, chlorination or ultra violet and trickling filter water application will make the treatment process much more efficient, with a potential two-fold increase in plant capacity. (Fact #2)

FURTHER REVIEW AND TESTING IS REQUIRED PRIOR TO RESPONDING.

There are a range of issues, some design and some operational, which need to be resolved prior to responding. Response pending review by outside professional contractor, due in 90 days of this report.

December 6, 2010: The City's recently-hired consultant is continuing to improve the operational and technical issues at the plant. As of this update the plant is in full compliance with State standards. A final report from the consultant is due by February.

January 18, 2011: See comment above.

February 6, 2012: The City is currently in the process of completing a Master Plan update for the City's wastewater treatment plant. The Master Plan will provide direction on the treatment plant's operation and potential future improvements.

10. HDR did not follow through with its Quality Control/Quality Assurance obligations.

FURTHER REVIEW AND TESTING IS REQUIRED PRIOR TO RESPONDING.

There are a range of issues, some design and some operational, which need to be resolved prior to responding. Response pending review by outside professional contractor, due in 90 days of this report.

December 6, 2010: The City's recently-hired consultant is continuing to improve the operational and technical issues at the plant. As of this update the plant is in full compliance with State standards. A final report from the consultant is due by February. The recently-hired City Attorney and City Manager will begin reviewing the performance of the contractors when the final report is completed.

January 18, 2011: See comment above.

February 6, 2012: February 6, 2012: The Consultant's final report is attached to this update. The consultant continued to work with City staff to improve the operational and technical issues at the plant through October 2011. HydroScience Operations (HSo) has continued working to implement the recommendations made in the final report. These improvements are ongoing. The City Attorney and City Manager are continuing to look at potential legal remedies regarding the performance of the contractors used for the project.

11. HDR's trial and error approach to resolving the TSS, BOD, and TCB issues should not have been at the expense of the City. HDR was hired because of its highly regarded reputation and expertise.

UPDATE #3 February 6, 2012 – FINAL UPDATE

FURTHER REVIEW AND TESTING IS REQUIRED PRIOR TO RESPONDING.

There are a range of issues, some design and some operational, which need to be resolved prior to responding. Response pending review by outside professional contractor, due in 90 days of this report.

December 6, 2010: The City's recently-hired consultant is continuing to improve the operational and technical issues at the plant. As of this update the plant is in full compliance with State standards. A final report from the consultant is due by February. The recently-hired City Attorney and City Manager will begin reviewing the performance of the contractors when the final report is completed.

January 18, 2011: See comment above.

February 6, 2012: The Consultant's final report is attached to this update. The consultant continued to work with City staff to improve the operational and technical issues at the plant through October 2011. HydroScience Operations (HSo) has continued working to implement the recommendations made in the final report. These improvements are ongoing. The City Attorney and City Manager are continuing to look at potential legal remedies regarding the performance of the contractors used for the project.

12. HDRs design for the WWTP has several deficiencies:

- Bacteriologic incompatibility
- No PH control
- High operating costs, especially in summer
- High chlorine demand
- Unresolved high BOD levels
- Overbuilt due to Gold Rush considerations
- No process manual
- No follow-through on Quality Control/Quality Assurance

FURTHER REVIEW AND TESTING IS REQUIRED PRIOR TO RESPONDING.

There are a range of issues, some design and some operational, which need to be resolved prior to responding. Response pending review by outside professional contractor, due in 90 days of this report.

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UPDATE #3 February 6, 2012 – FINAL UPDATE

January 18, 2011: See comment above.

February 6, 2012: February 6, 2012: The Consultant's final report is attached to this update. The consultant continued to work with City staff to improve the operational and technical issues at the plant through October 2011.

HydroScience Operations (HSo) has continued working to implement the recommendations made in the final report. These improvements are ongoing. The City Attorney and City Manager are continuing to look at potential legal remedies regarding the performance of the contractors used for the project.

13. The City Treasurer provided the Grand Jury with documents which suggest that Sewer Enterprise Funds have been transferred to the General Fund, once in the amount of \$24,250, another in the amount of \$220,000. There is no evidence that either of these transfers were paid back, as required by Article 13D § 6(b) of the California State Constitution (Fact #12)

FURTHER REVIEW IS REQUIRED PRIOR TO RESPONDING.

This issue has been referred to the new finance director to research and respond within 90 days of this report.

December 6, 2010: Due to ongoing issues within the Finance Department, this issue has not been addressed by the new Finance Director. The Finance Director will research and respond to this issue by the first meeting in January.

January 18, 2011: Continuing issues within the Finance Department have delayed this issue from being addressed. The Finance Department will research and respond to this issue by February.

February 6, 2012: Research by the Finance Director presented to the City Council on September 19, 2011 showed that the \$24,250 transfer was categorized as a loan and has since been paid back. The Finance Director's research shows no evidence that a transfer of \$220,000 had occurred.

RECOMMENDATIONS:

1. Hire separate individuals to fill the positions of WWTP Manager and City Manager

THIS RECOMMENDATION REQUIRES FURTHER REVIEW PRIOR TO RESPONDING:

The City is currently in the process of soliciting bids by outside contractors to provide a wide range of WWTP and SSMP operational, planning and supervisory services. This is a complicated process which will require months to complete. The City Manager will continue to be responsible for the staff and operations of the WWTP. A final response will need to wait until this process is completed, expected to be within 120 days. It is important to note that, as mentioned above, the City Manager is not the WWTP Manager and that all WWTP operations are handled by appropriately licensed staff and/or outside consultants.

January 18, 2011: The City is anticipating making a final decision on the contract by February.

February 6, 2012: The City released a Request for Proposals (RFP) for the operations

UPDATE #3 February 6, 2012 – FINAL UPDATE

and management of the SSMP and the sewer treatment plant during July 2010. After proposals were received, the Council in June 2011 opted to not contract out these functions to a private company. Instead, the Council opted to contract out for management services for the SSMP and sewer treatment plant. That contract was approved in October 2011. The contractor (HydroScience Operators) has since been working with existing City staff to ensure the SSMP is being implemented in a timely basis.

3. Hire a Grade 5 wastewater treatment engineer to correct plant equipment and processing deficiencies. The return on this investment would be realized within 6 months from PG&E savings alone. The consultant should provide an operations manual and all necessary training to the operators. The knowledge and expertise of a Grade 5 consultant will ensure compliance and increased efficiency at the WWTP. (Facts #8, #9, #10, #11 and Finding #5)

THIS RECOMMENDATION REQUIRES FURTHER REVIEW PRIOR TO RESPONDING:

The City is currently in the process of soliciting bids by outside contractors to provide a wide range of WWTP and SSMP operational, planning and supervisory services. This is a complicated process which will require months to complete. A final response will need to wait until this process is completed, expected to be within 120 days.

January 18, 2011: January 18, 2011: The City is anticipating making a final decision on the contract by February.

February 6, 2012: The City released a Request for Proposals (RFP) for the operations and management of the SSMP and the sewer treatment plant during July 2010. After proposals were received, the Council in June 2011 opted to not contract out these functions to a private company. Instead, the Council opted to contract out for management services for the SSMP and sewer treatment plant. That contract was approved in October 2011. The contractor (HydroScience Operators) has since been working with existing City staff to ensure the treatment plant is operating efficiently. It should be noted that HydroScience staff includes a wastewater engineer and a Grade 4 operator to oversee City staff.

4. Retain a Grade 5 wastewater treatment engineer to consult with operations staff for at least the next 4 to 5 years. Doing so will allow plant operators access to the solutions needed to keep the WWTP in compliance and avoid possible fines against the City.

THIS RECOMMENDATION REQUIRES FURTHER REVIEW PRIOR TO RESPONDING:

The City is currently in the process of soliciting bids by outside contractors to provide a wide range of WWTP and SSMP operational, planning and supervisory services. This is a complicated process which will require months to complete. A final response will need to wait until this process is completed, expected to be within 120 days.

January 18, 2011: January 18, 2011: The City is anticipating making a final decision

UPDATE #3 February 6, 2012 – FINAL UPDATE

on the contract by February.

February 6, 2012: The City released a Request for Proposals (RFP) for the operations and management of the SSMP and the sewer treatment plant during July 2010. After proposals were received, the Council in June 2011 opted to not contract out these functions to a private company. Instead, the Council opted to contract out for management services for the SSMP and sewer treatment plant. That contract was approved in October 2011. The contractor (HydroScience Operators) has since been working with existing City staff to ensure the treatment plant is operating efficiently. It should be noted that HydroScience staff includes a wastewater engineer and a Grade 4 operator to oversee City staff.

5. Repair or replace sewage collection system pipes to protect the WWTP's aeration basin from potential overflow.

THIS RECOMMENDATION REQUIRES FURTHER REVIEW PRIOR TO RESPONDING:

The city is currently in the process of soliciting bids by outside contractors to provide a wide range of WWTP and SSMP operational, planning and supervisory services. This is a complicated process which will require months to complete. A final response will need to wait until this process is completed, expected to be within 120 days.

January 18, 2011: The City is anticipating making a final decision on the contract by February.

February 6, 2012: The City released a Request for Proposals (RFP) for the operations and management of the SSMP and the sewer treatment plant during July 2010. After proposals were received, the Council in June 2011 opted to not contract out these functions to a private company. Instead, the Council opted to contract out for management services for the SSMP and sewer treatment plant. That contract was approved in October 2011. The contractor (HydroScience Operators) has since been working with existing City staff to ensure the SSMP is being implemented in a timely basis.

Capital expenditures will be coordinated through the SSMP program and will be completed as required dependent on funding.

6. Launch an immediate investigation of the "errors and omissions" clause as described in the *General Terms and Conditions for Engineering and Environmental Services* of the HDR contract. (Findings #10, #11, #12)

THE CITY COUNCIL FULLY AGREES WITH THE FOLLOWING RECOMMENDATION:

Vendor compliance with the recent WWTP upgrade contract is being reviewed. A final report is due within 90 days.

December 6, 2010: The City's recently-hired consultant is continuing to improve the operational and technical issues at the plant. A final report from the consultant is due by February. The recently-hired City Attorney and City Manager will begin reviewing the performance of the contractors when the

UPDATE #3 February 6, 2012 – FINAL UPDATE

final report is completed.

January 18, 2011: See comment above.

February 6, 2012: The Consultant's final report is attached to this update. The consultant continued to work with City staff to improve the operational and technical issues at the plant through October 2011. HydroScience Operations (HSo) has continued working to implement the recommendations made in the final report. These improvements are ongoing. The City Attorney and City Manager are continuing to look at potential legal remedies regarding the performance of the contractors used for the project.

**City of Sutter Creek
Sewer Plant Funds
Cash Flow Recap 2006-07 to 2009-10**

	2006-07	2007-08	2008-09	2009-10	2010-11	Totals Four Years
Sewer Wastewater Capital Replacement Fund 11						
Beg Cash Balance	778,046	769,054	152,604	(530,775)	(565,821)	
Receipts	90,690	26,615	215	37,017	5,300	
Other Disbursements	(20,919)	43,142	(44,498)	(10,738)	0	
Sewer Plant Improvements	(153,763)	(763,507)	(639,096)	(99,970)	(30,107)	
Transfers In Sewer Operating Fund	75,000	77,300	0	38,650	0	
Ending Cash Balance	769,064	152,604	(530,775)	(565,821)	(590,623)	
						Total Plant Improvements \$ 1,686,438
Sewer Operating Fund 10						
Beg Cash Balance	(385,605)	(261,752)	(481,989)	(430,141)	(384,291)	
Receipts	904,939	1,224,127	1,167,107	1,075,408	1,346,427	
Disbursements	(345,694)	(1,239,344)	(1,039,279)	(932,908)	(986,597)	
Transfers Out	(435,392)	(205,000)	(76,000)	(76,650)	0	
Ending Cash Balance	(261,752)	(481,989)	(430,141)	(354,291)	(4,461)	
Sewer Line Replacement Fund 12						
Beg Cash Balance	974,672	887,405	776,834	598,440	503,499	
Receipts	54,239	25,277	4,961	6,059	0	
Other Disbursements	0	(62,581)	(74,022)	0	0	
Sewer Line Projects	(104,215)	(281,129)	(100,333)	0	0	
Transfers In Sewer Operating Fund	80,300	82,700	0	0	0	
Transfers Out	(117,591)	0	0	0	(45,000)	
Ending Cash Balance	887,405	776,834	598,440	603,499	558,499	
Year End Cash All Sewer Funds	1,394,707	447,469	(362,476)	(326,613)	(36,585)	
	2006-07	2007-08	2008-09	2009-10	2010-11	

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Matrix of Tasks Related to Financial Control Issues

Updated February 2012

Task	Responsible	Status	Date to be Completed
1. Modify current credit card policy to clarify process and timing related to credit card use documentation (all expenses require documentation within 30 days of billing); establishment of formal expense tracking system	Sean/Finance Director (FD)	Expense tracking system completed 5/1/10. Others in progress. COMPLETE	August 1, 2010
2. Ensure written policy wherein any contract over \$5,000 \$,2500 must have City Council approval. Update Title 3 Municipal Code.	Sean/Natalie	COMPLETE	Sept. 1, 2010 Sept. 6, 2010
3. Ensure all staff responsible for contracts is aware of contract policy and process.	Sean/FD	COMPLETE	Feb. 1, 2010
4. Creation of Project Approval form	Sean/FD	COMPLETE	Sept. 1, 2010 Sept. 6, 2010
5. Creation of a spreadsheet with status of each city contract.	Sean/Mary	In progress	Sept. 1, 2010 Oct. 4, 2010 Ongoing
6. Process in place for placement of spreadsheet on monthly agenda for City Council review/ discussion/ update.	Sean	In progress	Sept. 1, 2010 Oct. 4, 2010 Ongoing
7. Reiterate current policy for emergency projects. Ensure criteria well defined. Ensure process in place for review by City Council and placement on project spreadsheet.	Sean/Mary	In progress COMPLETE	Sept. 1, 2010
8. Ensure Personnel Handbook includes clear procedure for processing all forms of absences from work.	Sean	In progress COMPLETE	Sept. 1, 2010
9. Ensure Personnel Handbook clearly defines sick leave benefits, and options available when employee no longer has those benefits	Sean	COMPLETE	June 1, 2010

10. Create Sick Leave Audit Committee, to meet every two weeks to review employee sick leave usage/balances and options.	Sean/Linda	Meets 1st and 3rd Mondays of month COMPLETE	June 1, 2010
11. Ensure Sick Leave Audit Committee reports once a month to Personnel/Budget Committee.	Sean/Linda	Report 1st Monday of month COMPLETE	June 7, 2010
12. Identify a Grants Coordinator, responsible for tracking all city grants	Sean	COMPLETE	June 1, 2010
13. Ensure city policy mandates review by City Council on grant proposals prior to formal City approval.	Sean	COMPLETE	Sept. 1, 2010 Sept. 6, 2010 Oct. 4, 2010
14. Creation of Grants spreadsheet with monthly status report to City Council, to include deadlines and audit timeframes.	Sean	In progress	Sept. 1, 2010 Oct. 4, 2010 Ongoing
15. Ensure City policy prohibits the city from paying for studies done on behalf of developers, without a formal reimbursement agreement and pre-approval by City Council.	Sean/Dennis	COMPLETE	June 1, 2010
16. Creation of Accounting Policies and Procedures Manual for Sutter Creek; to include firm policy to ensure prompt reporting and resolution of any budget variances	FD	In progress	Dec. 1, 2010 Ongoing
17. Any ARSA issues that might impact city budget need to be brought forward to council for discussion and/or approval prior to ARSA Board action.	Sean	In progress COMPLETE	Sept. 1, 2010
18. Start budgeting a contingency fund.	Budget Committee	In progress COMPLETE	July 1, 2010
19. City Council Minutes need completed.	City Clerk/City Council	In progress	Ongoing
20. Depreciation Expenses for governmental activities.	FD	In progress	Dec. 1, 2010
21. Journal entries in excess of 10.	FD	In progress COMPLETE	Dec. 1, 2010
22. Update Personnel Handbook	Sean	In progress	June, 2012

FINAL REPORT

June 28, 2011

City of Sutter Creek

Wastewater Treatment Plant
WWTP Process Evaluation

Aerated Lagoon Upgrade

prepared by:

IRM/WL TROXEL & ASSOCIATES

Submitted to:

CITY OF SUTTER CREEK

FINAL REPORT

Table of Contents

Introduction	2
Background	2
Summary of Findings	3
Summary of Key Engineering Reports	6
<i>Sutter Creek WWTP/ARSA System Title 22 Engineering Report – Thompson-Hysell Engineers, 2004</i>	6
<i>Estimate of Wastewater Treatment Plant Capacity – HDR Engineers, 2006</i>	11
<i>Preliminary Design Report – HDR Engineers, 2007</i>	17

FINAL REPORT

Introduction

This reports summarizes observations, findings and comments regarding certain aspects and features at the City of Sutter Creek wastewater treatment plant. Specifically, it addresses the performance, utilization, apparent concepts and limitations of the recent upgrade designed by HDR Engineers. The core process of concern has been the use, function and need for the aerated lagoon. Other features are important, but the focus is on the applicability, usability, operating cost and capacity of the aerated lagoon.

The upgrade project included major improvements to the sludge handling and dewatering system, and conveyance of influent grit and screenings. These systems have generally performed satisfactorily. The sludge pumping system designed by HDR did not perform well. However, the City has replaced the pump and the system now performs quite well. These features are not addressed further in this report.

Background

The City engaged in a process of evaluating and upgrading the existing treatment plant in about 2004. The process began with an evaluation of the system by Thompson-Hysell Engineers, titled " Sutter Creek Wastewater Treatment Plant/ARSA System Title 22 Engineering Report." This report characterized the current conditions, reliability features and apparent capacity of the system at that time. This provided a basis for selecting and designing upgrades to the facility.

Later, the City selected HDR Engineers (HDR) to provide further study of the facility and to prepare a Preliminary Design Report (PDR). HDR prepared and submitted a draft "Estimate of Wastewater Treatment Plant Capacity" on November 14, 2006. Subsequently, the "Preliminary Design Report – Interim Treatment Facility Design, 2007."

These three reports have been reviewed. Appropriate sections have been quoted in this report and form a basis of evaluating objectives and related design. The quoted passages are *italicized* for clarification. A summary of findings is presented at the beginning of this report to facilitate quick understanding of our findings. This is followed by supporting reference and comment of appropriate sections of the references and fieldwork.

FINAL REPORT

Summary of Findings

The following is a list of key issues and findings developed from review of the three reports and from repeated inspection and adjustment of the processes at the Sutter Creek WWTP.

- The flow and loading analysis prepared by HDR was flawed and incorrect and lead to the recommendation to build additional treatment capacity.
 - The analysis looked only at influent water quality, not process efficiencies. Raw sewage values were applied directly to trickling filter loading.
 - It did not account for organic removal efficiency of the roto-strainers (likely to be about 30%), and presumed all influent BOD and TSS must be treated by the trickling filter. This lead to an incorrect observation that the trickling filter was overloaded organically.
 - There were errors in calculation and listing of hydraulic capacity of the clarigester clarifiers and digesters, which artificially reduced apparent capacity by half and lead to erroneous recommendations for added hydraulic capacity.
 - HDR did not account for the trickling filter to be a high-rate unit fitted with recirculation; this lead to an understatement of treatment capacity.
 - Based upon prior work and reported values, the corrected hydraulic capacity values appear adequate, as summarized in the following table:

Process	Unit	ADWF	MM	Peak	Comment
<i>Fine Screens</i>	<i>mgd</i>	<i>n.a.</i>	<i>n.a.</i>	<i>1.8</i>	<i>Firm capacity</i>
<i>High-Rate Trickling filter with recirculation</i>	<i>mgd</i>	<i>0.47</i>	<i>0.61</i>	<i>0.96</i>	<i>High rate organic loading (40 lb/kcf/d) or greater</i>
<i>Clarigester Clarifier</i>	<i>mgd</i>	<i>0.90</i>	<i>1.2</i>	<i>1.95</i>	<i>Equalized</i>
<i>Clarigester Digester</i>	<i>mgd</i>	<i>0.52</i>	<i>0.66</i>	<i>-</i>	<i>30 d HRT, 40 lb VSS/kcf/d</i>
<i>Chlorine Contact Basin</i>	<i>mgd</i>	<i>n.a.</i>	<i>n.a.</i>	<i>1.44</i>	<i>30 min peak</i>

- The issue of pursuing reduction of excess flow from Inflow and Infiltration was not addressed or recommended; rather than abating excess flow, HDR opted to recommend expanding treatment capacity. Ultimately, treating I/I is less costly than processing the extra flow and expanding treatment plant capacity.

FINAL REPORT

- The analysis of treatment in the proposed aerated lagoon was not performed. The critical aspect of this is the failure to estimate the character and loading to the clarifiers after treatment in the lagoon. HDR did not address the conflicting biological issue of adding nitrified activated sludge directly to the clarifiers, where it would mix with non-nitrified trickling filter effluent. The blend would result in denitrification (gassing) and flotation of sludge in the clarifier. This would (and has) lead to overflow and pass-through of TSS and BOD into the chlorine contact basin, and violation of limits for total coliform. The biology of the activated sludge from the aerated lagoon is not compatible with the trickling filter and clarifier functions.
- HDR did not provide an estimate of the operating cost of the aerated lagoon. Continuous operation of the aerators for treatment would cost \$6,000 or more per month in electricity demand alone.
- The aerated lagoon cannot be used effectively for continuous treatment due to the problem(s) noted above. It can be used for emergency storage and treatment. Yet, even when used periodically, care must be taken to avoid pass-through of nitrified activated sludge. This requires special operation analysis and attention. The system is not automated and control is difficult as currently designed. It's best use and benefit is during cold, winter months when the biology is less active.
- HDR did not pursue or recommend lesser cost options noted in their initial reports.
 - The City has tested some of these options and found them to be useful and effective, and minimized the need and cost of operating the aerated lagoon.
 - The City is investigating the retro-fitting of the Trickling Filter with motorized rotor controls. This will provide added treatment capacity equivalent to that suggested by HDR with the aerated lagoon.
 - The City is implementing addition of polymer feed to the clarifier influent to better control effluent TSS and BOD.
 - The City is investigating the feasibility of fitting the lagoon aerator controls with time-clock controls to semi-automate their use and to manage energy consumption when the process is needed.

Overall, the aerated lagoon provides value to the WWTP, but does not inherently increase its capacity, except for extreme high flows during wet weather events. The ambient capacity of the treatment plant appears to be adequate for current conditions without the aerated lagoon.

The best benefit and use of the aerated lagoon is for emergency storage and treatment during intense wet-weather events. Even then, great care must be taken to process the water from the lagoon through the clarifiers to avoid upset, pass-through and violation of discharge standards.

FINAL REPORT

In the future, should additional capacity be needed, it is recommended that the aerated lagoon not be used for routine, continuous treatment without additional features and modifications. More reliable and less costly capacity can be gained through minor modifications to the trickling filter and clarigester clarifiers. The major hydraulic constraint appears to be the chlorine contact tank, not biological treatment capacity.

FINAL REPORT

Summary of Key Objectives, Recommendations and Comments of Engineering Reports

SUTTER CREEK WASTEWATER TREATMENT PLANT/ARSA SYSTEM TITLE 22 ENGINEERING REPORT – THOMPSON-HYSELL ENGINEERS, 2004

This report, prepared by Thompson-Hysell Engineers, provides information and analysis required by the State of California to comply with a Cleanup and Abatement (C&A) Order and Notice of Violation (NOV) issued by the RWQCB on September 9, 2004. The purpose was to describe the treatment of wastewater at the Sutter Creek facility to secondary levels and the application of secondary effluent for pasture irrigation. The following are excerpts of that report (italicized) and comments as they apply to subsequent design of the interim upgrade provided by HDR.

GENERAL

The Sutter Creek Wastewater Treatment Plant (WWTP) is located west of the City of Sutter Creek adjacent to Sutter Creek.... The original portions of the WWTP were constructed in 1949. Subsequent additions and modifications to the WWTP result in the current plant layout.... [reference to drawings].

The recycled water produced by the WWTP is "disinfected secondary-23 recycled water" defined by Title 22 as "recycled water that has been disinfected so that the median concentration of total Coliform bacteria in the disinfected effluent does not exceed the most probable number (MPN) of 23 per 100 milliliters.... Secondary effluent produced by the WWTP is discharged to the Amador Regional Outfall System, operated by ARSA...."

Comment: The bulk of this section of the report provides detailed description and notes how the existing WWTP met the requirements and regulations of the permits.

TREATMENT PROCESSES

The Sutter Creek WWTP treats domestic wastewater to secondary levels.... The treatment plant consists of an automatic bar screen, four roto-strainers for primary solids removal, a rock-media trickling filter, secondary clarification via two clarigesters,

FINAL REPORT

and sodium hypochlorite disinfection. Filtration is not included in the treatment process. The design capacity of the WWTP is 0.48 MGD Average Dry Weather Flow (ADWF).

Comment: The description appears accurate. The basis of design capacity rating is not addressed.

Primary Treatment

Influent from the 15-inch interceptor...passes through the mechanical bar screen. Wastewater from the bar screen is routed through a flow meter to four parallel roto-strainers....

Primary solids collected at the roto-strainer are removed by a doctor blade and discharged to a dumpster by a shaftless screw conveyor for gravity dewatering and transport...and disposal.... The slot width on the cylindrical strainer screens is 0.010 inches. Decant, after treatment is returned to the WWTP.

Comment: Capacity and removal efficiency of the roto-strainers is not addressed. Typically, related to TSS removal, BOD reduction would be expected to be about 30%.

Biological Treatment

Effluent from the roto-strainers gravity flows to the trickling filter for application to a 70-foot diameter rock media filter....[reference to drawings]

The rock filter media depth is approximately 5 feet. The trickling filter rotary distribution arms are hydraulically driven by the influent flow up to a capacity of 0.57 MGD. Effluent collected in the underdrains of the trickling filter is routed through the secondary pump station to the recirculation pumps. Recirculation pumps provide for flow recycling back to the trickling filter at up to 200% average flow.

Comment: The organic load capacity of the high-rate trickling filter is not addressed. By calculation, the hydraulic capacity (Peak – see page 4) of the trickling filter and pump system would be 0.96 MGD.

FINAL REPORT

Secondary Sedimentation and Coagulation

...The secondary pump station pumps effluent to two clarigesters....

The clarigesters combine secondary sedimentation and coagulation in a single unit process for secondary treatment. The top portion of the clarigester is the clarifier section with a depth of approximately 6 feet. Both clarigesters operate in parallel to settle and digest solids from the trickling filter effluent stream. The digester tanks located beneath the clarifier provide anaerobic digestion of accumulated solids. Digester solids are drawn off the subgrade digesters and conveyed to the covered sludge drying beds for thickening/drying prior to transport and disposal....[more description of sludge handling, chemical feed and drying]

Secondary treated effluent from the clarigester is routed to the chlorine contact chamber for disinfection.

Comment: The term "coagulation" in the sedimentation system is neither described nor defined. There is no provision for chemical coagulation. Therefore, the author may mean "biological coagulation," which is inappropriate. This could be misinterpreted relative to Title 22, which can require "chemical coagulation" to meet disinfection standards. This is not the case here. Most important, there is no comment regarding this configuration compared to original design. Originally, this system performed *primary sedimentation* in the clarifiers, with *raw sludge* settling into the digesters. The system was subsequently modified to be used as *secondary clarifiers*, with settled *secondary sludge* feeding the subgrade digesters. This is a unique application and presents challenges in meeting secondary effluent standards.

Disinfection

The WWTP uses bulk sodium hypochlorite to disinfect the effluent at the chlorine contact chamber prior to discharge at the outfall. The chlorine contact basin consists of five chambers, controlled by weirs, to approximate plug flow....

The total volume of the contact chamber is 4,000 ft³. At the required 30-minute detention time, the capacity of the chlorine contact chamber is 1.44 MGD....[reference to drawings]

Comment: The unusual, linear design of the contact chamber is not noted. The issue of potential short-circuiting via unmixed surface flow in the last 4 chambers

FINAL REPORT

is not noted. The method of metering and mixing the chlorine bleach into the system is not noted.

PLANT RELIABILITY FEATURES

Plant reliability features at the WWTP include emergency short-term storage, alarms, redundant pumps, standby-replacement equipment, multiple treatment units, and back-up power for a design capacity of 0.48 MGD....[added details and staffing]

Comment: Reliability at peak wet-weather flows is not addressed.

Emergency Storage

An emergency storage pond located west of the treatment plant provides short-term retention in case of operational failure in treatment process....

The emergency storage pond capacity is 0.55 MG, which equates to approximately 1.15 days of storage at 0.48 MGD ADWF....[references to drawings]

Comment: The original pond configuration is described. The prior use of the pond, before modifying the clarifiers to secondary treatment, is not addressed.

Redundant Pumps

Redundant pumps are provided at the secondary pump station, recirculation pump station, and emergency pump station. In the event of failure of the recirculation pumps, the emergency pumps can be utilized to provide recirculation. In case of failure of the secondary pumps, effluent will overflow to the emergency chamber and be pumped to the emergency pond.

Comment: The feature of emergency overflow and pumping to the emergency pond is not carried forward in the HDR design. This could have provided additional treatment in the upgrade.

FINAL REPORT

Biological Treatment

The trickling filter is equipped with a total of four rotary arms for flow distribution to the rock media. Only two rotary arms are utilized to distribute flows up to a flow rate of 300 gpm (0.42 mgd). Above the average design flow of 0.48 MGD, all four rotary arms are used to distribute flows. In the event of failure of the rotary arms equipment, the WWTP is equipped with standby replacement equipment, including a back-up rotary arm bearing.

Comment: 300 gpm equates to a flow of 0.42 MGD. With all four arms, the hydraulic capacity is easily twice that, or 0.84 MGD. It should be understood that while this was standard design for the 1940-50's, upgrades have been developed to retro-fit this type of trickling filter with mechanically driven rotation. This would provide added organic treatment capacity to the system to complement the existing hydraulic capacity.

Secondary Sedimentation and Coagulation

The WWTP is equipped with two clarifiers, each with a capacity of 0.45 MGD. With one unit inoperable, there is almost enough capacity to treat the design flow.... [description of manual controls] In the event the clarifier is inoperable due to equipment failure, the plant operator will manually divert flows to the emergency storage pond and repairs will be made as necessary....[description of sludge and polymer feed]

Comment: The basis of the design flow of 0.48 MGD is not addressed. However, assuming this to be true, the combined capacity of the two clarifiers is 0.90 MGD. This should be remembered when reviewing the HDR design rating.

FINAL REPORT

ESTIMATE OF WASTEWATER TREATMENT PLANT CAPACITY – HDR ENGINEERS, 2006

This technical memorandum (TM) was prepared by HDR Engineers in 2006. It is presumed that the authors had access to and reviewed the Title 22 Engineering Report prepared by Thompson-Hysell Engineers. This TM provides a characterization of the treatment capacity of the Sutter Creek WWTP prior to upgrade. The follow excerpts (in italics) highlight key assumptions and issues relative to the future design and operation of the aerated lagoon and related processes. Comments are provided to characterize issues of concern.

(Introduction/Purpose)

...To provide interim wastewater treatment capacity, both the Martell area (CSA#4) and the Amador County Water Agency (AWA) have inquired as to the wastewater treatment capacity of the existing plant and the estimated construction cost to expand its capacity to treat flows until a regional wastewater treatment plant can be constructed.

Due to the limited influent wastewater characteristic data (BOD5 and suspended solids), determining the capacity of the existing wastewater treatment plant is problematic. The biological modeling of the plant must rely on typical characteristics and cannot be readily calibrated to the Sutter Creek WWTP influent data. Also, the WWTP includes some unconventional treatment facilities. One of these is the "clarigesters" which combine secondary clarification and solids digestion in single process. As a result, neither process operates as efficiently as if they were operated separately.

Comment: HDR recognizes the problem of using the clarigesters for secondary sedimentation. Their concern is focused on the potential for blending secondary effluent with digester supernatant. There is no further mention of this issue, but it later becomes critical to plant performance with the advent of effluent from the aerated lagoon.

Treatment Objectives

The discharge of effluent to the ARSA system...[permit references]...has the following discharge specifications....:

FINAL REPORT

Table 1.
WDR Order NO. 94-152 Discharge Specifications

Constituent	Units	Monthly Average	Daily Maximum
Flow	MGD	0.47	
BOD5	mg/L	30	60
Settleable Matter	mL/L	0.1	0.5
Suspended Solids	mg/L	30	60
Total Coliform Organisms	MPN	23	500

Current Influent Loading – Sutter Creek WWTP

As previously described, there is limited data available to characterize the raw influent contaminant concentrations. Table 2 shows a summary of the available data. Influent wastewater BOD5 and total suspended solids (TSS) concentrations are more diluted than typical domestic wastewater, which would be 228 and 250 mg/L for BOD5 and TSS respectively.

Table 2

Constituent	Units	Average	ADWF	MM	Peak	Comment
Flow	MGD	0.37	0.32	0.53	1.42	2003-2005data
Flow peak factor	-	1.0	0.85	1.42	3.80	
BOD5	mg/L	180				2 samples
Suspended Solids	mg/L	126				2 samples

The peak influent flow ratios are relatively high with ratios of 3.8 Peak hour/average annual) and 1.42 (maximum month/average annual). More typical peaking factors for "tight" sewers and similar capacity treatment plants would be on the order of 3.0 to 3.5 and 1.1-1.3 for peak hour and maximum month ratios, respectively.

The data indicates a low TSS concentration. Comparison of the BOD5 and TSS concentrations implies a relatively high soluble BOD5 which is unexpected for a domestic wastewater. Due to the limited number of samples, this data should be used with caution. The data indicates that a relatively high degree of inflow/infiltration may be occurring which causes the higher peaking factors and relatively low pollutant strengths.

FINAL REPORT

Comment: The age and location (mountain foothills) of the sewer should indicate the high probability of significant I/I; add to this the City's budget and efforts to control I/I. This should have been a chief priority, ahead of designing more capacity. Also, the low BOD5 and TSS values should not be a surprise. It would lead one to believe that the plant may be underloaded with regard to BOD5 and TSS.

Table 3 shows a comparison of the estimated design flows and the current measured flows. These values show that the plant is presently at 85% of its capacity for maximum month and over capacity for peak flow....

Comment: HDR establishes the argument that hydraulic capacity is needed for the WWTP (the issue of I/I is not addressed). HDR does not discuss organic loading (which is below capacity). Further, in subsequent discussion, HDR suggests that the maximum month is the controlling parameter. For the analysis, they elevate the assumed BOD5 and TSS values. This may be a fallacious assumption, as the flow for the maximum months is due to precipitation, not population. (Why build treatment capacity if the flow can be eliminated?) Therefore the BOD5 and TSS concentrations would not increase, but would decrease due to dilution. The HDR analysis establishes a somewhat arbitrary and high value for assumed loading.

Estimated Treatment Capacity

Fine Screens

The plant has four roto-strainers, with an unknown hydraulic capacity.... Based on and internet search HDR estimates that 2 of the Roto Strainers have a capacity of about 0.8 mgd each (1.6 mgd total) and the other 2 units have a capacity of about 0.5 mgd each (1.0 mgd total). Therefore, they should have a firm capacity of about 1.8 mgd....

Comment: The capacity of the headworks is not flow limiting. The removal efficiency of the roto strainers is not discussed. This should have been considered in determining the organic and solids load capacity of the Trickling Filter. This was a major oversight.

FINAL REPORT

Trickling Filter

The current organic loading rate to the trickling filters is estimated at 38 lb/kcf/d (lb BOD5 per thousand cubic feet per day) under maximum month (MM) loading conditions.... Odor generation becomes problematic at loading rates approaching 40 lb/kcf/d. Odor has not been reported as a nuisance at this plant. The performance of the trickling filter is good since the plant is presently meeting the permit requirements....

Comment: The basis for this calculation is not noted. There must be a metric or assumption regarding removal rate of the roto-strainers, yet it is not provided. Therefore, there is no means of verifying this assumption. Yet, it establishes a basis for HDR's claim for the need for additional treatment capacity. At the same time, HDR notes that the plant is operating well and no problems are apparent. This would likely suggest that the process is being loaded within normal limits (most likely due to removal efficiency of the roto-strainers), if not below design criteria. The HDR comments appear contrary and conflicting. All observations suggest that the plant has been under loaded, not overloaded. They continue with the comment:

Based on the present operation being acceptable from an odor perspective, and historical performance from the trickling filter, the maximum organic loading to the trickling filter is likely on the order of 45 lbs/kcg/d. This would provide a capacity of 0.61 mgd MM or 0.47 mgd ADWF. The rated ADWF is equal to the original design capacity of 0.47 mgd.

Comment: Again, they fail to recognize the probable benefit of the roto-strainers relative to loading of the Trickling Filter. HDR fails to mention that with this assumption, the apparent loading is less than 70% of rated capacity. This is significant, as an upgrade or building moratorium must be planned once the loading exceeds 75% of capacity. This fact would suggest that an upgrade of the biological system was not warranted.

Secondary Clarifier

Final clarification is achieved in two 28-foot diameter "clarigesters." The clarifier section is only 6 ft deep....[further description] Using an estimated overflow rate of 300 gdp/sf at MM conditions, the MM capacity of the clarifier is 0.37 mgd, or 0.22 mgd ADWF. At peak, allow...0.88 mgd capacity each (1.96 total).

FINAL REPORT

Comment: This analysis is not reflected accurately in the subsequent summary of estimated treatment capacity. It appears, based on the above analysis, that the capacity of the clarifiers is 1.96 mgd at peak flow. See comments below.

Chlorine Contact Basin

One 30,000 gal chlorine contact basin is available. At an HRT of 30 min at peak flows, this provides 1.44 mgd capacity. The basin will have to be expanded if the plant capacity is increased.

Comment: The CCT capacity becomes the limiting hydraulic factor.

Summary of Estimated Treatment Capacity

...HDR estimates that the current plant is at, or near its rated capacity.

Table 5. Unit Process Capacity

Process	Unit	ADWF	MM	Peak	Comment
<i>Fine Screens</i>	<i>mgd</i>	<i>n.a.</i>	<i>m.a.</i>	<i>1.8</i>	<i>Firm capacity</i>
<i>Trickling filter</i>	<i>mgd</i>	<i>0.47</i>	<i>0.61</i>	<i>n.a.</i>	<i>High organic loading (40 lb/kcf/d) with potential for odor</i>
<i>Clarigester Clarifier</i>	<i>mgd</i>	<i>0.30</i>	<i>0.37</i>	<i>0.88</i>	<i>Equalized</i>
<i>Clarigester Digester</i>	<i>mgd</i>	<i>0.26</i>	<i>0.33</i>	<i>-</i>	<i>60 d HRT, 40 lb VSS/kcf/d</i>
<i>Chlorine Contact Basin</i>	<i>mgd</i>	<i>n.a.</i>	<i>n.a.</i>	<i>1.44</i>	<i>30 min peak</i>

Comment: This summary is not consistent with the data. The values for the trickling filter are not consistent with the previous narrative analysis and the capacity for the clarigester clarifiers is only for one clarifier, not both. Further, it appears that the trickling filter, especially with further evaluation of the roto-

FINAL REPORT

strainer removal rate, may provide more than adequate organic treatment capacity.

Capacity Expansion Options

...Some options for expanding plant capacity without major construction include the following:

- *Add polymer to secondary clarifiers to enhance performance (remove TSS) and allow higher flows. The secondary clarifier (clarigester) is the final barrier to meet permit. Removing additional solids will improve performance....[cost estimate]*
- *The trickling filter is the heart of the treatment plant....[explanation of redundancy]. One option is to construct a parallel treatment unit, such as a lagoon system in the current emergency storage basin....[cost estimate]*
- *The trickling filter performance can be enhanced by installing a motor operated drive to control the flushing rate of the media by slowing down the trickling filter arms. Long term, them media can be replaced....[cost estimate]*
- *Replace the rock media with plastic media....[further discussion & cost estimate]*

...these improvements probably could handle flow over the next 3 to 4 years.

Comment: With the exception of replacing the rock media, these are all good, practical recommendations; they are currently being pursued by the City. All of these options are less costly than the "solution" that was constructed.

The issue with replacing the rock media with plastic media is not inherently bad, but requires diligent study and assessment. Simply adding media will not necessarily increase capacity. In many facilities, loss of temperature has more than off-set the potential for increased treatment surface area.

To provide capacity to treat wastewater flows until the regional plant is construct, the following options could be considered:

- *Raise the trickling filter walls and replace the rock media with synthetic media....*
- *Construct a trickling filter/solids contact (TF/SC) process by adding an aeration basin after the existing trickling filters...would require a secondary clarifier....*
- *Construct an above grade, sequencing batch reactor (SBR) for a portion of the flow....*

FINAL REPORT

Comment: Interestingly, none of the recommendations include an aerated lagoon. Only one (TF/SC) addresses the apparent clarifier capacity issue.

PRELIMINARY DESIGN REPORT – HDR ENGINEERS, 2007

Basis of Design

This...presents the design assumptions, hydraulics, process calculations, and project specific criteria that will serve as the basis for the design of the Interim Treatment Facility Improvements.

Influent Flows and Loads

The current influent flow conditions were determined in the Sutter Creek Wastewater Master Plan by analyzing flow data from 2004 through 2006. The maximum capacity allowed by the City's permit is 0.48 mgd ADWF. Therefore interim improvements would need to provide capacity for the difference between the permitted and current flows....[discussion of flow conditions]

Table 1. Flow Conditions

Flow Conditions	Current (mgd)	Permitted (mgd)	Interim (mgd)
Average Annual	0.37	0.56	0.19
Average Dry Weather Flow	0.32	0.48	0.16
Maximum Month	0.74	1.11	0.37
Maximum Day	1.58	2.37	0.79
Peak Hour	2.16	3.24	1.08

...The projected BOD5 and TSS loads are shown in Table 5.

FINAL REPORT

Table 5. BOD5 and TSS Loads

Loading	Current (lb/d)	Permitted (lb/day)	Interim (lb/day)
BOD5 Load			
Average Annual, lb/day	1,015	1,732	717
Maximum Month, lb/d	1,634	2,788	1,154
Maximum Day, lb/d	2,598	4,433	1,835
TSS Load			
Average Annual, lb/day	1,297	2,146	849
Maximum Month, lb/d	2,464	4,077	1,613
Maximum Day, lb/d	4,630	7,661	3,031

Comment: Sampling provided influent quality data that was higher than previously assumed. It is important to note that HRD again fails to recognize removal efficiency of the roto-strainers ahead of the Trickling Filter. Also, the measured values used in this analysis decreased subsequent to the testing reflected in this loading analysis. Even so, the analysis seems to indicate that load capacity exists. That said, the analysis does not account for dilution of loading during wet-weather periods. During rain and snow, no additional BOD should enter the facility, except briefly when sediments in some of the sewer sections are scoured. Also, tourism likely decreases during wet weather and the sewage contribution to the sewers is likely to be less. This is not addressed at all.

FINAL REPORT

Existing Treatment Capacity

...The updated capacity assessment was based on the current flows and loads shown in Table 1 and Table 3. Based on these analyses, the current plant is at or near its rated capacity due to the recent high BOD5 and TSS loadings.

Comment: As before, the analysis is flawed and incomplete. The same values were used as those in the Capacity Analysis and include and forward the same errors.

Process Alternatives

Aerated Lagoon

This alternative would involve converting the existing emergency storage basin...to an aerated lagoon to provide biological treatment for flow and loads exceeding the existing plant capacity....

...The aerated lagoon will need to have treatment capacity and storage volume to handle the peak wet weather flows. ... about 1.1 MG would be required in the lagoon....

Oxygen will be supplied to the lagoon by three surface aerators... for the removal of BOD5. Surface aerators are mechanical devices that entrain oxygen required for the biological treatment from the air in the atmosphere. The agitating action of the aerators also keeps the content of the lagoon mixed. The surface aerators float on the water surface and are anchored with cables.

Treated flow from the lagoon would be pumped to the existing clarifiers by the two existing 5HP pumps. The existing piping from the emergency pumps to the distribution box which distributes flows between the two clarifiers would remain and be used to convey flows from the aerated lagoon....

Comment: The discussion about treatment does not include any consideration for the fate of ammonia, which becomes nitrate in the effluent to be discharged from the lagoon. This should have been considered, especially with respect to the likely hydraulic detention time of the lagoon, which would intuitively conclude with full nitrification except perhaps in the coldest periods of winter. This was a significant oversight. The nitrate and active biological floc created in the lagoon will denitrify in the clarifiers when mixed with non-nitrified trickling filter

FINAL REPORT

effluent. This will cause disruption of the clarigester clarifiers and will likely lead to violation of BOD, TSS and Total Coliform limits.

Recommended Biological Treatment Alternative

Any interim improvements made will only be used for the next few years while the permanent plant is constructed...Therefore, the City would like to minimize the capital costs of the interim improvements....the aerated lagoon is the least cost option. Also, not all of the capital costs are sunk costs. The aerated lagoon can be used for flow equalization at the new WWTP. Therefore, the aerated lagoon alternative is recommended to provide interim treatment capacity.

Comment: Of the options, the aerated lagoon was the least expensive, yet the design concepts were incomplete. Additional consideration should have been given to enhancing controls to eliminate problems with nitrate and activated sludge circulating to the clarigesters. This feature would have still been less expensive; it was an oversight.

UPDATE #2 January 18, 2011

Text in **bold** indicates the City of Sutter Creek's original response to the 2009/2010 Amador County Grand Jury Report recommendations and/or findings (as indicated). The text in **bold italic** indicates the City's updates to the recommendations or findings listed in the report. Only those recommendations with outstanding responses are included in this update. See Update #1 (dated December 6, 2010) for recommendations or findings that have already been addressed.

FINANCE, ADMINISTRATION AND POLICY

FINDINGS:

8. City Ordinances and Municipal Codes are out-of-date by 4 to 5 years, according to the Deputy City Clerk. (Fact #14)

THE CITY COUNCIL AGREES IN PART WITH THIS FINDING:

The City Council agrees that some of the codes are out of date.

However, disagrees with the implication that all of the codes are out dated.

The Council acknowledges that a thorough review of all City policies, codes and records is needed. A detailed review will be completed within 120 days of this response.

January 18, 2011: The City's Municipal Code is scheduled to be codified during fiscal year 2011-2012. Other policies are being revised on an ongoing basis as needed and should be completed by the end of fiscal year 2010-2011.

RECOMMENDATIONS:

6. Place a *Policy Manual* in each department and make City employees and City Council members aware of its location. (Fact #7, Finding #13)

THE CITY AGREES WITH AND WILL IMPLEMENT THIS RECOMMENDATION.

Updated copies of the City's administrative policy and procedure manual will be prepared, distributed and reviewed by each employee within 120 days of the date of this report.

January 18, 2011: The Personnel Handbook is currently being reviewed and revised by the City Attorney and will be updated by February 2011. Staff is preparing a City Administrative Manual as well, which should be completed by the end of fiscal year 2010-2011.

16. Remove outdated leave-of-absence references from the *Policy Manual* and *Employee Handbook*. (Fact #9)

THE CITY AGREES WITH AND WILL IMPLEMENT THIS RECOMMENDATION.

Updated copies of the City's administrative policy and procedure manual will be prepared, distributed and reviewed by each employee within 120 days of the date of this report.

UPDATE #2 January 18, 2011

January 18, 2011: The Personnel Handbook is currently being reviewed and revised by the City Attorney and will be updated by February 2011. The City Manager will review the revised handbook with all City employees once it is completed.

18. Add a written Workers' Compensation procedure to the *Policy Manual* and *Personnel Handbook*. (Fact #6)

THE CITY AGREES WITH AND WILL IMPLEMENT THIS RECOMMENDATION.

Updated copies of the City's administrative policy and procedure manual will be prepared, distributed and reviewed by each employee within 120 days of the date of this report.

January 18, 2011: The Personnel Handbook is currently being reviewed and revised by the City Attorney and will be updated by February 2011. The City Manager will review the revised handbook with all City employees once it is completed.

19. Adopt a policy of promptly transcribing and presenting the Council meeting minutes to the City Council for approval. (Fact #14, Finding #7)

THE CITY AGREES WITH AND WILL IMPLEMENT THIS RECOMMENDATION.

The City Council will adopt a formal policy regarding the preparation of official City documents such as meeting minutes, resolutions and ordinances within 60 days of the date of this report.

December 6, 2010: A formal policy regarding the preparation of official City documents will be completed by and presented to the City Council by the first meeting in January 2011.

January 18, 2011: The minutes policy was approved at the January 3 City Council meeting. The associated resolution is on the Consent Agenda for the January 18, 2011 meeting.

20. Update and provide revision dates for the *Policy Manual* and *Personnel Handbook* to reflect current laws. Index and number the pages properly for easy reference. This will avoid confusion and establish a tracking mechanism for compliance with California State Laws and/or the Fair Political Practices Commission (Fact #7, Finding #13)

THE CITY AGREES WITH AND WILL IMPLEMENT THIS RECOMMENDATION.

Updated copies of the City's administrative policy and procedure manual will be prepared, distributed and reviewed by each employee within 120 days of the date of this report.

January 18, 2011: The Personnel Handbook is currently being reviewed and revised by the City Attorney and will be updated by February 2011. The City Manager will review the revised handbook with all City employees once it is completed.

UPDATE #2 January 18, 2011

SANITARY SEWER MANAGEMENT PLAN (SSMP)

RECOMMENDATIONS:

1. Complete the SSMP in a timely manner to minimize future spills. (Facts #1, #2, #3, and Finding #1)

THE CITY COUNCIL AGREES WITH AND WILL IMPLEMENT THIS RECOMMENDATION.

The City is currently in the process of considering one or more professional contracts to implement and manage the SSMP. A final decision regarding the contract will be completed 120 days from this report.

January 18, 2011: The City is anticipating making a final decision on the contract by February.

2. Update the SSMP on a yearly basis, and keep in compliance with it. (Facts #1, #2, #3)

THE CITY COUNCIL AGREES WITH AND WILL IMPLEMENT THIS RECOMMENDATION.

The city is currently in the process of considering one or more professional contracts to implement and manage the SSMP. A final decision regarding the contract will be completed 120 days from this report.

January 18, 2011: The City is anticipating making a final decision on the contract by February.

3. Implement an inspection and maintenance program to regulate the FOG issue. (Fact #4, Finding #2)

THE CITY COUNCIL AGREES WITH THIS RECOMMENDATION.

The City adopted a new FOG ordinance (Ordinance 331) in May of 2009, which provides the City authority to inspect and maintain grease interceptors.

THE CITY COUNCIL AGREES WITH AND WILL IMPLEMENT THIS RECOMMENDATION.

The City is currently in the process of considering one or more professional contracts to implement and manage the SSMP. A final decision regarding the contract will be completed 120 days from this report.

January 18, 2011: The City is anticipating making a final decision on the contract by February.

4. Complete video inspections as specified in the SSMP to reduce raw sewage spills in the City. (Fact #5, Finding #3)

THE CITY COUNCIL AGREES WITH AND WILL IMPLEMENT THIS RECOMMENDATION.

The City is currently in the process of considering one or more professional contracts to implement and manage the SSMP. A final decision regarding the contract will be completed 120 days from this report.

UPDATE #2 January 18, 2011

January 18, 2011: The City is anticipating making a final decision on the contract by February.

7. Repair or replace collection system piping, per the SSMP, to prevent raw sewage overflows at the WWTP storage basin and contamination of natural waterways (“riparian zones”). (Finding #6)

THE CITY COUNCIL AGREES WITH AND WILL IMPLEMENT THIS RECOMMENDATION.

The City is currently in the process of considering one or more professional contracts to implement and manage the SSMP. A final decision regarding the contract will be completed 120 days from this report.

January 18, 2011: The City is anticipating making a final decision on the contract by February.

8. Implement a System Evaluation and Capacity Assurance Plan (SECAP) to anticipate future growth in Sutter Creek. Install flow meters in each branch of the sewage collection system to help identify infiltrations.

THE FOLLOWING RECOMMENDATION REQUIRES FURTHER INVESTIGATION PRIOR TO RESPONDING:

The City is currently in the process of considering one or more professional contracts to implement and manage the SSMP and WWTP. A final decision regarding this issue will be completed 120 days from this report.

January 18, 2011: The City is anticipating making a final decision on the contract by February.

WASTEWATER TREATMENT PLANT

FACTS:

8. The WWTP effluent is currently exceeding Regional Water Quality Control Board standards. Reports dated 3/03/10 to 4/28/2010 reveal failure in either one or more of the three testing categories; total suspended solids (TSS), biochemical oxygen demand (BOD), and total coliform bacteria (TCB). HDR was hired to modify the WWTP and resolve the TSS, BOD, and TCB problems. The modifications did not establish compliance.

THE CITY COUNCIL AGREES IN PART WITH THIS FACT.

The City Council agrees that at the time of this report the WWTP was not operating as planned. There are operational as well as technical issues affecting the plant effectiveness which are currently being addressed.

The City Council disagrees with the implication that the WWTP upgrade was a failure. The final response to this finding will require completion of the ongoing review of the plant operations, expected within 90 days of this report.

December 6, 2010: The City’s recently-hired consultant is continuing to improve the

UPDATE #2 January 18, 2011

operational and technical issues at the plant. As of this update the plant is in full compliance with State standards. A final report from the consultant is due by February.

January 18, 2011: See comment above.

9. Wastewater treatment depends on biological organisms in both the aeration basin and the “Klargester” (container) to process the wastewater. The HDR design for the City’s WWTP has organisms in the aeration basin that conflict with the Klargester organisms. If these organisms come into contact with each other, the organisms from the aeration basin could kill off the organisms in the Klargester, which could result in a complete shutdown of the treatment process. Upon discovery of this error, water flow to the aeration basin was shut off on 4/30/2010.

THE CITY COUNCIL AGREES IN PART WITH THIS FACT.

The City Council agrees that at the time of this report the WWTP was not operating as planned. There are operational as well as technical issues affecting the plant effectiveness which are currently being addressed.

The City Council disagrees with the implication that the WWTP upgrade was a failure. The final response to this finding will require completion of the ongoing review of the plant operations, expected within 90 days of this report.

December 6, 2010: The City’s recently-hired consultant is continuing to improve the operational and technical issues at the plant. As of this update the plant is in full compliance with State standards. A final report from the consultant is due by February.

January 18, 2011: See comment above.

FINDINGS:

4. Sub-contractors and City staff hired to work on the WWTP were poorly managed, which caused long delays in the completion of the upgrade.

THE CITY COUNCIL AGREES IN PART WITH THIS FINDING.

The City Council agrees that the project was not effectively managed. However, disagrees with the statement that city staff were hired to work on the project. Performance of the contractors is the subject of an ongoing review, due in 90 days of this report.

December 6, 2010: The City’s recently-hired consultant is continuing to improve the operational and technical issues at the plant. As of this update the plant is in full compliance with State standards. A final report from the consultant is due by February. The recently-hired City Attorney and City Manager will begin reviewing the performance of the contractors when the final report is completed.

January 18, 2011: See comment above.

7. There has been a 300% increase in power demand since installation of the new aerators. Prior to the installation, the PG&E bill averaged \$1,256 per month. Since powering up the aerators, the bill has averaged \$4,914 per month. (Fact #7)

UPDATE #2 January 18, 2011

THE CITY COUNCIL AGREES

Initially this was true. The aerators have recently been shut off for the majority of the day, depending on the biological needs of the pond. The long term costs are unclear and are being addressed through an outside consultant as part of the overall upgrade project review due in 90 days.

December 6, 2010: The City's recently-hired consultant is continuing to improve the operational and technical issues at the plant. As of this update the plant is in full compliance with State standards. A final report from the consultant is due by February.

January 18, 2011: See comment above.

8. The City spent \$2.25 million dollars on HDR engineering studies and equipment upgrades to the WWTP. This upgrade has not brought the plant into BOD compliance. While the basin lining, sledge press and new electrical panel were necessary and successful improvements, these improvements did not rectify the problem for which the emergency was declared. They did not require expensive engineering studies.

FURTHER REVIEW AND TESTING IS REQUIRED PRIOR TO RESPONDING.

There are a range of issues, some design and some operational, which need to be resolved prior to responding. Response pending review by outside professional contractor, due in 90 days of this report.

December 6, 2010: The City's recently-hired consultant is continuing to improve the operational and technical issues at the plant. As of this update the plant is in full compliance with State standards. A final report from the consultant is due by February. The recently-hired City Attorney and City Manager will begin reviewing the performance of the contractors when the final report is completed.

January 18, 2011: See comment above.

9. Changes in PH balancing, chlorination or ultra violet and trickling filter water application will make the treatment process much more efficient, with a potential two-fold increase in plant capacity. (Fact #2)

FURTHER REVIEW AND TESTING IS REQUIRED PRIOR TO RESPONDING.

There are a range of issues, some design and some operational, which need to be resolved prior to responding. Response pending review by outside professional contractor, due in 90 days of this report.

December 6, 2010: The City's recently-hired consultant is continuing to improve the operational and technical issues at the plant. As of this update the plant is in full compliance with State standards. A final report from the consultant is due by February.

UPDATE #2 January 18, 2011

January 18, 2011: See comment above.

10. HDR did not follow through with its Quality Control/Quality Assurance obligations.

FURTHER REVIEW AND TESTING IS REQUIRED PRIOR TO RESPONDING.
There are a range of issues, some design and some operational, which need to be resolved prior to responding. Response pending review by outside professional contractor, due in 90 days of this report.

December 6, 2010: The City's recently-hired consultant is continuing to improve the operational and technical issues at the plant. As of this update the plant is in full compliance with State standards. A final report from the consultant is due by February. The recently-hired City Attorney and City Manager will begin reviewing the performance of the contractors when the final report is completed.

January 18, 2011: See comment above.

11. HDR's trial and error approach to resolving the TSS, BOD, and TCB issues should not have been at the expense of the City. HDR was hired because of its highly regarded reputation and expertise.

FURTHER REVIEW AND TESTING IS REQUIRED PRIOR TO RESPONDING.

There are a range of issues, some design and some operational, which need to be resolved prior to responding. Response pending review by outside professional contractor, due in 90 days of this report.

December 6, 2010: The City's recently-hired consultant is continuing to improve the operational and technical issues at the plant. As of this update the plant is in full compliance with State standards. A final report from the consultant is due by February. The recently-hired City Attorney and City Manager will begin reviewing the performance of the contractors when the final report is completed.

January 18, 2011: See comment above.

12. HDRs design for the WWTP has several deficiencies:

- Bacteriologic incompatibility
- No PH control
- High operating costs, especially in summer
- High chlorine demand
- Unresolved high BOD levels
- Overbuilt due to Gold Rush considerations
- No process manual
- No follow-through on Quality Control/Quality Assurance

UPDATE #2 January 18, 2011

FURTHER REVIEW AND TESTING IS REQUIRED PRIOR TO RESPONDING.

There are a range of issues, some design and some operational, which need to be resolved prior to responding. Response pending review by outside professional contractor, due in 90 days of this report.

December 6, 2010: The City's recently-hired consultant is continuing to improve the operational and technical issues at the plant. As of this update the plant is in full compliance with State standards. A final report from the consultant is due by February. The recently-hired City Attorney and City Manager will begin reviewing the performance of the contractors when the final report is completed.

January 18, 2011: See comment above.

13. The City Treasurer provided the Grand Jury with documents which suggest that Sewer Enterprise Funds have been transferred to the General Fund, once in the amount of \$24,250, another in the amount of \$220,000. There is no evidence that either of these transfers were paid back, as required by Article 13D § 6(b) of the California State Constitution (Fact #12)

FURTHER REVIEW IS REQUIRED PRIOR TO RESPONDING.

This issue has been referred to the new finance director to research and respond within 90 days of this report.

December 6, 2010: Due to ongoing issues within the Finance Department, this issue has not been addressed by the new Finance Director. The Finance Director will research and respond to this issue by the first meeting in January.

January 18, 2011: Continuing issues within the Finance Department have delayed this issue from being addressed. The Finance Department will research and respond to this issue by February.

RECOMMENDATIONS:

1. Hire separate individuals to fill the positions of WWTP Manager and City Manager

THIS RECOMMENDATION REQUIRES FURTHER REVIEW PRIOR TO RESPONDING:

The City is currently in the process of soliciting bids by outside contractors to provide a wide range of WWTP and SSMP operational, planning and supervisory services. This is a complicated process which will require months to complete. The City Manager will continue to be responsible for the staff and operations of the WWTP. A final response will need to wait until this process is completed, expected to be within 120 days. It is important to note that, as mentioned above, the City Manager is not the WWTP Manager and that all WWTP operations are handled by appropriately licensed staff and/or outside consultants.

January 18, 2011: January 18, 2011: The City is anticipating making a final decision on the contract by February.

UPDATE #2 January 18, 2011

3. Hire a Grade 5 wastewater treatment engineer to correct plant equipment and processing deficiencies. The return on this investment would be realized within 6 months from PG&E savings alone. The consultant should provide an operations manual and all necessary training to the operators. The knowledge and expertise of a Grade 5 consultant will ensure compliance and increased efficiency at the WWTP. (Facts #8, #9, #10, #11 and Finding #5)

THIS RECOMMENDATION REQUIRES FURTHER REVIEW PRIOR TO RESPONDING:

The City is currently in the process of soliciting bids by outside contractors to provide a wide range of WWTP and SSMP operational, planning and supervisory services. This is a complicated process which will require months to complete. A final response will need to wait until this process is completed, expected to be within 120 days.

January 18, 2011: January 18, 2011: The City is anticipating making a final decision on the contract by February.

4. Retain a Grade 5 wastewater treatment engineer to consult with operations staff for at least the next 4 to 5 years. Doing so will allow plant operators access to the solutions needed to keep the WWTP in compliance and avoid possible fines against the City.

THIS RECOMMENDATION REQUIRES FURTHER REVIEW PRIOR TO RESPONDING:

The City is currently in the process of soliciting bids by outside contractors to provide a wide range of WWTP and SSMP operational, planning and supervisory services. This is a complicated process which will require months to complete. A final response will need to wait until this process is completed, expected to be within 120 days.

January 18, 2011: January 18, 2011: The City is anticipating making a final decision on the contract by February.

5. Repair or replace sewage collection system pipes to protect the WWTP's aeration basin from potential overflow.

THIS RECOMMENDATION REQUIRES FURTHER REVIEW PRIOR TO RESPONDING:

The city is currently in the process of soliciting bids by outside contractors to provide a wide range of WWTP and SSMP operational, planning and supervisory services. This is a complicated process which will require months to complete. A final response will need to wait until this process is completed, expected to be within 120 days.

January 18, 2011: The City is anticipating making a final decision on the contract by February.

6. Launch an immediate investigation of the "errors and omissions" clause as described in the

UPDATE #2 January 18, 2011

General Terms and Conditions for Engineering and Environmental Services of the HDR contract. (Findings #10, #11, #12)

THE CITY COUNCIL FULLY AGREES WITH THE FOLLOWING RECOMMENDATION:

Vendor compliance with the recent WWTP upgrade contract is being reviewed. A final report is due within 90 days.

December 6, 2010: The City's recently-hired consultant is continuing to improve the operational and technical issues at the plant. A final report from the consultant is due by February. The recently-hired City Attorney and City Manager will begin reviewing the performance of the contractors when the final report is completed.

January 18, 2011: See comment above.

UPDATE #1 December 6, 2010

Text in **bold** indicates the City of Sutter Creek's original response to the 2009/2010 Amador County Grand Jury Report recommendations. The text in ***bold italic*** indicates the City's first update to the recommendations listed in the report. Only those recommendations with responses due by December 31, 2010 are included in this update.

FINANCE, ADMINISTRATION AND POLICY

5. Ensure that all City Council members and City employees are aware of responsibilities regarding Sutter Creek's vital programs by providing each with a copy of the *Personnel Handbook*. (Fact #7, Finding #13)

THE CITY AGREES WITH AND WILL IMPLEMENT THIS RECOMMENDATION.

Updated copies of the personnel handbook will be provided prepared, distributed to each department and reviewed with each employee within 90 days of the date of this report.

December 6, 2010: Each employee has been provided with updated copies of the City's Personnel Handbook. The City Manager reviews the policies in the handbook with employees on an ongoing basis.

11. Conduct ethics training for all new hires within 90 days of employment, with refresher courses every 2 years. (Fact #10)

THE COUNCIL AGREES WITH AND HAS IMPLEMENTED THE APPROPRIATE CORRECTIVE ACTIONS.

Ethics training has been required for each Council person and staff for several years, and will be provided to each new employee within 90 days of hire.

December 6, 2010: The City has scheduled ethics training for December 15, 2010. All City staff is required to attend. Elected officials must either attend the training or complete online ethics training that fulfills the requirements under AB1234 by January 1.

19. Adopt a policy of promptly transcribing and presenting the Council meeting minutes to the City Council for approval. (Fact #14, Finding #7)

THE CITY AGREES WITH AND WILL IMPLEMENT THIS RECOMMENDATION.

The City Council will adopt a formal policy regarding the preparation of official City documents such as meeting minutes, resolutions and ordinances within 60 days of the date of this report.

December 6, 2010: A formal policy regarding the preparation of official City

UPDATE #1 December 6, 2010

documents will be completed by and presented to the City Council by the first meeting in January 2011.

WASTEWATER TREATMENT PLANT

FACTS:

8. The WWTP effluent is currently exceeding Regional Water Quality Control Board standards. Reports dated 3/03/10 to 4/28/2010 reveal failure in either one or more of the three testing categories; total suspended solids (TSS), biochemical oxygen demand (BOD), and total coliform bacteria (TCB). *HDR* was hired to modify the WWTP and resolve the TSS, BOD, and TCB problems. The modifications did not establish compliance.

THE CITY COUNCIL AGREES IN PART WITH THIS FACT.

The City Council agrees that at the time of this report the WWTP was not operating as planned. There are operational as well as technical issues affecting the plant effectiveness which are currently being addressed.

The City Council disagrees with the implication that the WWTP upgrade was a failure. The final response to this finding will require completion of the ongoing review of the plant operations, expected within 90 days of this report.

December 6, 2010: The City's recently-hired consultant is continuing to improve the operational and technical issues at the plant. As of this update the plant is in full compliance with State standards. A final report from the consultant is due by February.

9. Wastewater treatment depends on biological organisms in both the aeration basin and the "Klargester" (container) to process the wastewater. The *HDR* design for the City's WWTP has organisms in the aeration basin that conflict with the Klargester organisms. If these organisms come into contact with each other, the organisms from the aeration basin could kill off the organisms in the Klargester, which could result in a complete shutdown of the treatment process. Upon discovery of this error, water flow to the aeration basin was shut off on 4/30/2010.

THE CITY COUNCIL AGREES IN PART WITH THIS FACT.

The City Council agrees that at the time of this report the WWTP was not operating as planned. There are operational as well as technical issues affecting the plant effectiveness which are currently being addressed.

The City Council disagrees with the implication that the WWTP upgrade was a failure. The final response to this finding will require completion of the ongoing review of the plant operations, expected within 90 days of this report.

December 6, 2010: The City's recently-hired consultant is continuing to improve the operational and technical issues at the plant. As of this update the plant is in full compliance with State standards. A final report from the consultant is due by February.

UPDATE #1 December 6, 2010

FINDINGS:

4. Sub-contractors and City staff hired to work on the WWTP were poorly managed, which caused long delays in the completion of the upgrade.

THE CITY COUNCIL AGREES IN PART WITH THIS FINDING.

The City Council agrees that the project was not effectively managed. However, disagrees with the statement that city staff were hired to work on the project. Performance of the contractors is the subject of an ongoing review, due in 90 days of this report.

December 6, 2010: The City's recently-hired consultant is continuing to improve the operational and technical issues at the plant. As of this update the plant is in full compliance with State standards. A final report from the consultant is due by February. The recently-hired City Attorney and City Manager will begin reviewing the performance of the contractors when the final report is completed.

7. There has been a 300% increase in power demand since installation of the new aerators. Prior to the installation, the PG&E bill averaged \$1,256 per month. Since powering up the aerators, the bill has averaged \$4,914 per month. (Fact #7)

THE CITY COUNCIL AGREES

Initially this was true. The aerators have recently been shut off for the majority of the day, depending on the biological needs of the pond. The long term costs are unclear and are being addressed through an outside consultant as part of the overall upgrade project review due in 90 days.

December 6, 2010: The City's recently-hired consultant is continuing to improve the operational and technical issues at the plant. As of this update the plant is in full compliance with State standards. A final report from the consultant is due by February.

8. The City spent \$2.25 million dollars on HDR engineering studies and equipment upgrades to the WWTP. This upgrade has not brought the plant into BOD compliance. While the basin lining, sledge press and new electrical panel were necessary and successful improvements, these improvements did not rectify the problem for which the emergency was declared. They did not require expensive engineering studies.

FURTHER REVIEW AND TESTING IS REQUIRED PRIOR TO RESPONDING.

There are a range of issues, some design and some operational, which need to be resolved prior to responding. Response pending review by outside professional contractor, due in 90 days of this report.

December 6, 2010: The City's recently-hired consultant is continuing to improve the operational and technical issues at the plant. As of this update the

UPDATE #1 December 6, 2010

plant is in full compliance with State standards. A final report from the consultant is due by February. The recently-hired City Attorney and City Manager will begin reviewing the performance of the contractors when the final report is completed.

9. Changes in PH balancing, chlorination or ultra violet and trickling filter water application will make the treatment process much more efficient, with a potential two-fold increase in plant capacity. (Fact #2)

FURTHER REVIEW AND TESTING IS REQUIRED PRIOR TO RESPONDING.

There are a range of issues, some design and some operational, which need to be resolved prior to responding. Response pending review by outside professional contractor, due in 90 days of this report.

December 6, 2010: The City's recently-hired consultant is continuing to improve the operational and technical issues at the plant. As of this update the plant is in full compliance with State standards. A final report from the consultant is due by February.

10. HDR did not follow through with its Quality Control/Quality Assurance obligations.

FURTHER REVIEW AND TESTING IS REQUIRED PRIOR TO RESPONDING.

There are a range of issues, some design and some operational, which need to be resolved prior to responding. Response pending review by outside professional contractor, due in 90 days of this report.

December 6, 2010: The City's recently-hired consultant is continuing to improve the operational and technical issues at the plant. As of this update the plant is in full compliance with State standards. A final report from the consultant is due by February. The recently-hired City Attorney and City Manager will begin reviewing the performance of the contractors when the final report is completed.

11. HDR's trial and error approach to resolving the TSS, BOD, and TCB issues should not have been at the expense of the City. HDR was hired because of its highly regarded reputation and expertise.

FURTHER REVIEW AND TESTING IS REQUIRED PRIOR TO RESPONDING.

There are a range of issues, some design and some operational, which need to be resolved prior to responding. Response pending review by outside professional contractor, due in 90 days of this report.

December 6, 2010: The City's recently-hired consultant is continuing to improve the operational and technical issues at the plant. As of this update the plant is in full compliance with State standards. A final report from the

UPDATE #1 December 6, 2010

consultant is due by February. The recently-hired City Attorney and City Manager will begin reviewing the performance of the contractors when the final report is completed.

12. HDRs design for the WWTP has several deficiencies:

- Bacteriologic incompatibility
- No PH control
- High operating costs, especially in summer
- High chlorine demand
- Unresolved high BOD levels
- Overbuilt due to Gold Rush considerations
- No process manual
- No follow-through on Quality Control/Quality Assurance

FURTHER REVIEW AND TESTING IS REQUIRED PRIOR TO RESPONDING.

There are a range of issues, some design and some operational, which need to be resolved prior to responding. Response pending review by outside professional contractor, due in 90 days of this report.

December 6, 2010: The City's recently-hired consultant is continuing to improve the operational and technical issues at the plant. As of this update the plant is in full compliance with State standards. A final report from the consultant is due by February. The recently-hired City Attorney and City Manager will begin reviewing the performance of the contractors when the final report is completed.

13. The City Treasurer provided the Grand Jury with documents which suggest that Sewer Enterprise Funds have been transferred to the General Fund, once in the amount of \$24,250, another in the amount of \$220,000. There is no evidence that either of these transfers were paid back, as required by Article 13D § 6(b) of the California State Constitution (Fact #12)

FURTHER REVIEW IS REQUIRED PRIOR TO RESPONDING.

This issue has been referred to the new finance director to research and respond within 90 days of this report.

December 6, 2010: Due to ongoing issues within the Finance Department, this issue has not been addressed by the new Finance Director. The Finance Director will research and respond to this issue by the first meeting in January.

UPDATE #1 December 6, 2010

RECOMMENDATIONS:

6. Launch an immediate investigation of the “errors and omissions” clause as described in the *General Terms and Conditions for Engineering and Environmental Services* of the HDR contract. (Findings #10, #11, #12)

THE CITY COUNCIL FULLY AGREES WITH THE FOLLOWING RECOMMENDATION:

Vendor compliance with the recent WWTP upgrade contract is being reviewed. A final report is due within 90 days.

December 6, 2010: The City’s recently-hired consultant is continuing to improve the operational and technical issues at the plant. A final report from the consultant is due by February. The recently-hired City Attorney and City Manager will begin reviewing the performance of the contractors when the final report is completed.

CITY OF SUTTER CREEK SUTTER CREEK POLICE DEPARTMENT

RECOMMENDATIONS:

4. Recruit volunteers to work as office staff and for parking enforcement. (Finding #8)

THIS RECOMMENDATION REQUIRES FURTHER REVIEW PRIOR TO RESPONDING.

This issue will be referred to the new police chief for further review, specifically regarding safety and confidentiality issues. Response due in 90 days.

December 6, 2010: The City is proactively recruiting volunteers to work as Community Service Officers and for parking enforcement. Community Service Officers will also work as office staff.

5. Update the office computers. (Fact #12)

THIS RECOMMENDATION REQUIRES FURTHER REVIEW PRIOR TO RESPONDING.

This issue will be resolved as part of the FY 2010-11 general fund budget process, to be completed by September.

December 6, 2010: Some funding was included in the 2010/2011 budget for new computers. However, ongoing fiscal issues may cause delay in purchasing of new computers. It should be noted that each patrol vehicle now has a new laptop that can be disconnected and used as an office computer as well.



City of Sutter Creek

Amador County Grand Jury
Attn: Foreman
Post Office Box 249
Jackson, CA 95642

September 1, 2010

Dear Foreman,

Please find attached to this cover letter the City of Sutter Creek's response to the 2009/2010 Amador County Grand Jury Report.

The Sutter Creek City Council appreciates the seriousness of the issues raised in the 2009 Civil Grand Jury Report, and acknowledges that the City Council has the final overall responsibility for all aspects of the City operations. This includes the responsibility to assure that staff charged with implementing the City Council's directions does so in compliance with all applicable public standards and laws. Failure by staff to comply with proper procedure constitutes a failure of the City Council's duty to direct and oversee the staff. The effective operation of the City requires close team work between the Council members, staff, consultants and public. The body of this response includes specific responses to each finding and recommendation of the Grand Jury Report.

In addition to mandated responses, the City Council feels very strongly that it must respond to a comment included in the Introduction of the Grand Jury Report. The Grand Jury report states that the "City Council should have been aware of the issues and taken action prior to the start of this investigation". This implies that if it were not for the Grand Jury Report many of these issues would never have been revealed or corrected. This is incorrect, especially regarding the Finance, Administration and Personnel section of the report. The City Council has taken very significant actions to correct many of these issues long before they were referred to the Grand Jury.

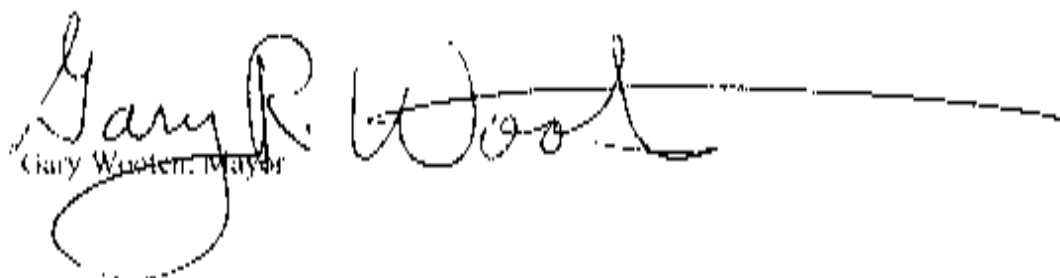
For example:

1. Findings 1, 2, 3, 4, 5 and 9 (in the Finance, Administration and Policy portion of the report) related to the Musetti house, hiring practices and contracting. The Mayor and Councilman Murphy met with the City Manager immediately after these issues were discovered in March 2008. All agreed that these actions had not been handled properly, and extra effort would be made to assure greater involvement by the entire Council in such decisions.
2. Findings 10, 11, 13, 14, 18 and 19 (in the Finance, Administration and Policy portion of the report) related to compliance with personnel policies, the use of credit cards and conflict of interest. These issues were brought to the Council's attention in September 2009. The City Personnel Committee immediately met with the appropriate staff to discuss these concerns. This was followed by a series of closed session discussions with the City Manager concerning the need to address these issues. The Council prepared a detailed checklist of the issues and plan of correction in December 2009, well before we were aware of any interest by the Grand Jury. This checklist and other summaries of financial and organizational issues being addressed by the City Council, were developed over the period of October - December 2009 and presented by Council Person Rianda at the January 10, 2010 City Council meeting. Copies of these three documents are attached. Prior to this presentation it is understandable that the public were not fully aware of the actions taken by the City to resolve these issues since many of the actions were part of confidential personnel performance discussions.

However, the City Council's efforts to address these issues are a matter of public record which the Grand Jury should have considered prior to beginning their investigation.

Again, the Sutter Creek City Council wishes to thank the members of the Grand Jury for their hard work.

Sincerely,

A handwritten signature in black ink that reads "Gary R. Wooten". The signature is written in a cursive style with a long horizontal flourish extending to the right. Below the signature, the name "Gary Wooten, Mayor" is printed in a smaller, sans-serif font.

Gary Wooten, Mayor

FINANCE, ADMINISTRATION AND POLICY

FACTS:

1. California Public Contract Codes § 20162 and 20168 set forth requirements pertaining to the bidding process for public projects and the proper procedure for declaring emergencies. The CM, after consulting only one City Council member, without approval from the full Council, entered into an “emergency” contract agreement to upgrade the Sutter Creek Wastewater Treatment Plant (WWTP).

THE CITY COUNCIL AGREES

2. The CM declared an “emergency” on the city-owned Musetti House because of an eroding foundation. A remodel of the interior of the house was begun without an RFB and without approval of the City Council. The CM did not follow proper procedure to begin construction. The Sutter Creek Planning Commissioner reports the project has cost over \$59,000. The foundation work was ultimately stopped due to lack of funds. It has not been completed.

THE CITY COUNCIL AGREES

3. Sutter Creek does not maintain inventory records. Movable and fixed assets owned by the City are unaccounted for. These assets include, but are not limited to, City vehicles, computers, and smart communications devices.

THE CITY COUNCIL AGREES

4. The City Council has been advised annually, by an outside finance auditor, to track depreciation of capital assets. This has not been done.

THE CITY COUNCIL AGREES

5. The *Employee Handbook*, § 5C1 and §5F1, states that City employment opportunities should be advertised, tested and reviewed.

THE CITY COUNCIL AGREES

6. A police officer left work on medical leave in November 2008. A Workers’ Compensation claim, filed in January 2009, was denied April 14, 2009. The COP/CM approved continuation of pay to the officer at full salary including accumulation of vacation and sick leave, on the assumption

City of Sutter Creek 2009/2010 Civil Grand Jury Report Response

that denial of the Workers' Compensation claim would be reversed, and without the approval of City Council.

THE CITY COUNCIL AGREES

7. Sutter Creek has a *Policy Manual* and a *Personnel Handbook*. The policies are not dated and the pages for both documents are not numbered consistently or consecutively.

THE CITY COUNCIL PARTIALLY AGREES

The pages in the City's *Personnel Handbook* are numbered.

8. The *Policy Manual* defines the steps for purchasing equipment, office supplies, and all office procedures.

THE CITY COUNCIL AGREES

9. Both the *Policy Manual* and the *Personnel Handbook* refer to leaves-of-absence that are in conflict with the Family Medical Leave Act of 1993.

THE CITY COUNCIL AGREES

10. According to Government Code § 53235, ethics training by the City Attorney is required every two years.

THE CITY COUNCIL AGREES

11. The *Policy Manual* states *when a City credit card is used, the employee will make a notation on the front of the charge slip stating the purpose of the charge and, in the case of meals charges, the names of the persons for whom meals were purchased.*

THE CITY COUNCIL AGREES

City of Sutter Creek 2009/2010 Civil Grand Jury Report Response

12. Finance Reports are not “user friendly”, making it difficult to interpret the City’s financial standing. City Council has asked the Finance Department on several occasions to simplify reports.

THE CITY COUNCIL AGREES

13. Because of the economic downturn, the 49 Bypass and the loss of tax revenues from the sale of new automobiles in Sutter Creek, revenue from sales tax decreased by over 50%. Sutter Creek tourism has decreased substantially and Transient Occupancy Taxes (TOTs) from hotels, motels, and bed & breakfasts has decreased. The Sutter Creek budget for Fiscal Year 2009/2010 is operating under a deficit.

THE CITY COUNCIL AGREES

14. The City Clerk, an elected official, is responsible for producing minutes of City Council meetings. Minutes are to be written and then approved at the next regular meeting. The City Clerk is also responsible for updating the Ordinance and Municipal Code book.

THE CITY COUNCIL AGREES

15. Sutter Creek employee contracts currently pay 100% of the Public Employees Retirement System (PERS) and Social Security contributions.

THE CITY COUNCIL PARTIALLY AGREES WITH THIS FACT.

The City does not pay the employee share of Social Security for the police employees. At the time of this report the City did pay 100% of Social Security and PERS for the Miscellaneous Employee unit.

16. A bridge in Sutter Creek was dedicated to a City Council member’s daughter. The dedication ceremony was funded in part by a fund-raising event sponsored by Gold Rush employees. Sutter Creek was in active negotiations with Gold Rush Development at the time.

THE CITY COUNCIL AGREES IN PART WITH THIS FINDING

The City Council disagrees with the assertion that the dedication was sponsored by Gold Rush employees. No fundraising event was held by Gold Rush Development or any other entity. The City Council agrees that the City was in active negotiations with Gold Rush Ranch at the time of the dedication. For clarification purposes, the bridge was dedicated to the memory of the Councilmember’s deceased daughter.

City of Sutter Creek 2009/2010 Civil Grand Jury Report Response

17. Four positions: COP, CM, Director of Amador Regional Sanitation Authority (ARSA), and Wastewater Treatment Plant (WWTP) Manager are held by the same person.

THE CITY COUNCIL DISAGREES WITH THIS FACT:

There is no such position as WWTP Manager within the city. The City Manager, like all City Managers, is heavily involved in the WWTP. The operations of the plant are performed by appropriately licensed staff. All planning, design and technical analyses were performed by outside professional service contracts.

18. In December 2007, the City Council authorized the cash purchase of a Toyota Hybrid. In April 2008, a loan was secured against the vehicle, without the approval of City Council. In December 2008, the vehicle was sold without advertising or RFBs.

THE CITY COUNCIL AGREES

FINDINGS:

1. California Public Contract Code § 20168 states:
In case of an emergency, the legislative body may pass a resolution by a four-fifths vote of its members declaring that the public interest and necessity demand the immediate expenditure of public money to safeguard life, health, or property. Upon adoption of the resolution, it may expend any sum required in the emergency without complying with this chapter. If notice for bids to let contracts will not be given, the legislative body shall comply with Chapter 2.5 (commencing with Section 22050).

The CM was out of compliance with California Public Contract Code § 20162 and 20168. (Facts #1, #2)

THE CITY COUNCIL AGREES

2. Further specifications of the California Public Contract Code §22050 concerning emergencies include:

In the case of an emergency, a public agency, pursuant to a four-fifths vote of its governing body, may repair or replace a public facility, take any directly related and immediate action required by that emergency and procure the necessary equipment, services and supplies for those purposes, without giving notice for bids to let contracts.

Before a governing body takes any action pursuant to paragraph (1), it shall make a finding, based on substantial evidence set forth in the minutes of its meeting, that the emergency will not permit a delay resulting from a competitive solicitation for bids, and that the action is necessary to respond to the emergency

Neither of these specifications was taken into account by the CM. (Fact #2)

THE CITY COUNCIL AGREES

City of Sutter Creek 2009/2010 Civil Grand Jury Report Response

3. Section 20150.4 of the California Public Contract Code cites the following requirements relative to the cost of public projects:

Public projects between four thousand dollars (\$4,000) and ten thousand dollars (\$10,000) shall be let to contract by informal or formal bidding procedures. Public projects of ten thousand dollars (\$10,000) and more shall, in all instances, be let to contract by formal bidding procedure. These requirements were not observed by the CM. (Fact #2)

THE CITY COUNCIL AGREES

4. California Public Contract Code, §100 states:
The Legislature finds and declares that placing all public contract law in one code will make that law clearer and easier to find. Further, it is the intent of the Legislature in enacting this code to achieve the following objectives:
- *To clarify the law with respect to competitive bidding requirements*
 - *To ensure full compliance with competitive bidding statutes as a means of protecting the public from misuse of public funds.*
 - *To provide all qualified bidders with a fair opportunity to enter the bidding process, thereby stimulating competition in a manner conducive to sound fiscal practices*
 - *To eliminate favoritism, fraud and corruption in the awarding of public contracts*

Section 100 of the California Public Contract Code was ignored. (Facts #1, #2)

THE CITY COUNCIL AGREES

5. When the remodel was begun on the Musetti House, proper procedure for RFBs was not followed. Repair of the foundation should have been subject to the procedures cited in California Public Contract Code §100b. The foundation repair remains unfinished and the building is now occupied. (Fact #2)

THE CITY COUNCIL AGREES

6. Inventory Control Systems maintain records of movable and fixed assets. Sutter Creek has a *Fixed Assets Capitalization and Inventory Control Policy* adopted October 21, 2002. However, this policy is not being followed. (Fact #3)

THE CITY COUNCIL AGREES

City of Sutter Creek 2009/2010 Civil Grand Jury Report Response

7. Though City Council meetings are recorded, hard copies of the minutes are months out-of-date, the *Minutes Book* is out-of-date, and the minutes have not been approved by the City Council . (Fact #14)

THE CITY COUNCIL AGREES

8. City Ordinances and Municipal Codes are out-of-date by 4 to 5 years, according to the Deputy City Clerk. (Fact #14)

THE CITY COUNCIL AGREES IN PART WITH THIS FINDING:

The City Council agrees that some of the codes are out of date.

However, disagrees with the implication that all of the codes are out dated.

The Council acknowledges that a thorough review of all City policies, codes and records is needed. A detailed review will be completed within 120 days of this response.

9. Job openings for Public Works and Sewer Plant Heavy Equipment Operator were not properly advertised, tested and reviewed. CM hired two employees without following proper procedure. The City Council knew of these placements and did not intervene. (Fact #5)

THE CITY COUNCIL AGREES

10. When City Council became aware of the police officer's continued pay while on medical leave, legal counsel was consulted regarding legal remedies to correct the situation. City Council did not, however, stop the payments. (Fact #6)

THE CITY COUNCIL AGREES

11. California Labor Code § 4850.3 defines the eligibility for continued payment while a worker is on leave. It is unclear whether there was a final determination made that the cause of the medical leave arose from a work-related injury or not. If it was not, the payment was a misuse of public funds. (Fact #6)

THE CITY COUNCIL AGREES

City of Sutter Creek 2009/2010 Civil Grand Jury Report Response

12. The Finance Department is required to provide the City Council with financial status reports. Figures in these reports are inconsistent. Figures were questioned by the City Council; the explanation was that they had been entered incorrectly. Corrections were made and additional inconsistencies were found. During the investigation of the Finance Department, the 2009/2010 Grand Jury also found inconsistencies and the changing of figures. (Fact #12)

THE CITY COUNCIL AGREES

13. During interviews, it was determined that most employees and City workers were unaware of the *Employee Handbook* and *Policy Manual*. The *Personnel Handbook* has an acknowledgement form to be signed by the employee upon receipt of the handbook. The CM is responsible for assuring that employees and City workers are aware of these manuals. (Facts #7, #8, #9)

THE CITY COUNCIL AGREES

14. *Personnel Handbook, § L, page 47 states:*

An employee on an extended (medical) absence must apply for any other compensation and benefits, such as Workers' Compensation or disability insurance. Any leave of absence without pay exceeding fifteen (15) calendar days shall cause the employee's salary anniversary date to be postponed the number of calendar days equal to the number of days of the unpaid leave. Benefits accruals such as vacation, sick leave or holiday benefits will be suspended during the leave and will resume upon return to active employment.

This directive was not followed by the COP/CM in relation to the Police Officer's medical leave. (Fact #6)

THE CITY COUNCIL AGREES

15. The City Council has made efforts to reduce spending. Job positions have been either eliminated or bundled. Hours have been reduced and wages decreased. The City's share of PERS for new hires has been reduced from 100% to 50%. Some assets have been sold to reduce expenditures and some construction has been halted pending improvement to the financial situation. (Facts #2, #15, #18)

THE CITY COUNCIL AGREES

16. The Sutter Creek Business Association is partnering with the Amador Council of Tourism to promote tourism not only for the City of Sutter Creek but also Amador County. This partnership eases the burden of cost to Sutter Creek and its advertising reaches a wider market.

THE CITY COUNCIL AGREES

City of Sutter Creek 2009/2010 Civil Grand Jury Report Response

17. Government Code § 87301, 87302, "Conflict of Interest" law prohibits gifts from individuals or entities to a government agency, city, county or public official that could result in the financial gain of the individual or entity. (Fact #16)

THE COUNCIL DISAGREES WITH THIS FINDING:

This finding does not apply to "Fact 16", which the Council feels did not create a conflict of interest.

18. Record-keeping of the City's credit card charges is poor. Receipts are not always provided. Documentation of the reason for charges is incomplete. When meals are charged, the attendees are not listed. (Fact #11)

THE CITY COUNCIL AGREES

19. Sutter Creek officials use City credit cards to pay for meals with consultants and contractors, and then invoice reimbursement from the consultants or contractors. This practice has been seen as a conflict of interest, it also delays reimbursement to the city, presenting a cash flow problem. (Facts #7, #11)

THE CITY DISAGREES WITH THIS FINDING:

The City Attorney advised the Council in 2009 that this did not create a conflict of interest or constitute a gift of public funds. This practice has been discontinued.

20. On occasion, COP/CM must make decisions that require an opinion from both positions. These decisions may conflict with each other. This conflict may also exist between the interests of CM ARSA Director, and WWTP Manager. (Fact #17)

THE CITY COUNCIL AGREES

21. When asked about the Toyota hybrid transaction, none of the City Council members were aware of the loan. (Fact #18)

THE CITY COUNCIL AGREES

This issue is currently being researched by the City's Finance Director.

22. The CM has, on several occasions, not followed the policies and procedures of Sutter Creek City government. (Facts #1, #2, #3, #5, #6, #7, #8, #11, #18)

THE CITY COUNCIL AGREES

City of Sutter Creek 2009/2010 Civil Grand Jury Report Response

23. City Council has, on several occasions, not followed the policies and procedures of Sutter Creek City government. (Facts #1, #2, #3, #4, #5, #6, #7, #8, #11, #18)

THE CITY COUNCIL AGREES

24. Grand Jurors attending City Council meetings observed some members of the City Council managing by intimidation and being unresponsive to citizens' concerns.

THE COUNCIL AGREES IN PART WITH THIS FINDING:

The City Council agrees that there have been occasions when members of the Council, staff and public have spoken in anger and/or let frustration get the better of them. Such occasions certainly can be intimidating.

However, the City Council does not agree that there has been any deliberate pattern of intimidation of the public by any member of the Council. The entire Council recognizes that we are responsible to set the tone of the meeting and interactions with the public and that anything less than common courtesy is unacceptable.

RECOMMENDATIONS:

THE CITY COUNCIL HAS ADDRESSED MANY OF THE FINDINGS AND RECOMMENDATIONS DISCUSSED IN THIS SECTION OF THE REPORT OVER THE PAST SEVERAL YEARS. THESE ACTIONS INCLUDED STAFF DIRECTION GIVEN IN CLOSED SESSION, STAFF PERFORMANCE REVIEWS, AS WELL AS PRESENTATIONS PROVIDED DURING REGULARLY SCHEDULED CITY COUNCIL MEETINGS.

To the SUTTER CREEK CITY Council:

1. Emergencies, as defined by Public Contract Codes §1101-1104, should not be declared without City Council approval and a 4/5ths vote. (Facts #1, #2 and Findings #1, #2, #3, #4, #5)

THE COUNCIL AGREES WITH AND HAS IMPLEMENTED THE APPROPRIATE CORRECTIVE ACTIONS.

This was discussed and agreed to in discussions between the City Manager, Mayor and Councilman Murphy in March 2008 and again in formal City Manager performance evaluation meetings in late 2009 and early 2010.

City of Sutter Creek 2009/2010 Civil Grand Jury Report Response

2. Direct the City Manager to follow procedure for contracting projects, including those specified by the California Public Contract Code. (Facts #1, #2 and Findings #1, #2, #3, #4, #5, #22, #23)

THE COUNCIL AGREES WITH AND HAS IMPLEMENTED THE APPROPRIATE CORRECTIVE ACTIONS.

This was discussed and agreed to in discussions between the City Manager , Mayor and Councilman Murphy in March 2008 and again in formal City Manager performance evaluation meetings in late 2009 and early 2010.

3. Develop a procedure to ensure the City Council is aware of all decisions made by the CM concerning financial disbursements. These decisions should be made by the entire City Council. (Facts #1, #2, #6,#11, #18 and Findings #1,#2, #3, #10, #11, #14,#15, #18, #21)

THE COUNCIL AGREES WITH AND HAS IMPLEMENTED THE APPROPRIATE CORRECTIVE ACTIONS.

This was discussed and agreed to in discussions between the City Manager , Mayor and Councilman Murphy in March 2008 and again in formal City Manager performance evaluation meetings in late 2009 and early 2010.

4. Follow proper procedure when hiring new employees. (Fact #5, Finding #9)

THE COUNCIL AGREES WITH AND HAS IMPLEMENTED THE APPROPRIATE CORRECTIVE ACTIONS.

This was discussed and agreed to in discussions between the City Manager, Mayor and Councilman Murphy in March 2008 and again in formal City Manager performance evaluation meetings in late 2009 and early 2010.

5. Ensure that all City Council members and City employees are aware of responsibilities regarding Sutter Creek's vital programs by providing each with a copy of the *Personnel Handbook*. (Fact #7, Finding #13)

THE CITY AGREES WITH AND WILL IMPLEMENT THIS RECOMMENDATION.

Updated copies of the personnel handbook will be provided prepared, distributed to each department and reviewed with each employee within 90 days of the date of this report.

City of Sutter Creek 2009/2010 Civil Grand Jury Report Response

6. Place a *Policy Manual* in each department and make City employees and City Council members aware of its location. (Fact #7, Finding #13)

THE CITY AGREES WITH AND WILL IMPLEMENT THIS RECOMMENDATION.

Updated copies of the City's administrative policy and procedure manual will be prepared, distributed and reviewed by each employee within 120 days of the date of this report.

7. Require that the Finance Department report directly to the City Council, not just the CM. (Facts #12, #18 and Findings #12, #21)

THE CITY COUNCIL REJECTS THE FOLLOWING RECOMMENDATION AS DISCUSSED BELOW:

The City Council rejects the idea of having the finance director report directly to the City Council based on the following considerations:

- 1. The City Manager must be responsible for the reporting and management of the City finances. Having the Finance Director report to the City Council could undermine the City Manager's ability to control this key aspect of their job responsibilities, and frequently leads to inappropriate delegation of this key function.**
- 2. The City Council prefers the current system where the City Council provides direction to the City Manager regarding the reporting and management of the City finances. The City Manager works cooperatively with the finance team to carry out those directions. The finance director is responsible to provide the City Manager and City Council with the information and expertise they need to manage the City's finances. This includes the prompt reporting of any concerns regarding financial practices or system problems to the City Manager and the City Council.**

8. Follow the policy in the *Policy Manual* regarding inventory control and depreciation of capital assets. (Facts #3, #4 and Findings #6, #12)

THE CITY AGREES WITH AND WILL IMPLEMENT THIS RECOMMENDATION.

Inventory control and capital asset management systems will be brought into compliance with all appropriate public accounting standards as part of the ongoing overhaul of the City's financial management systems to be completed in FY 10-11.

City of Sutter Creek 2009/2010 Civil Grand Jury Report Response

9. Discontinue immediately the practice of paying for or accepting meals or gifts from consultants. Discontinue immediately the practice of “billing back” to the consultant for meals during business hours. These meals should be paid for by each individual involved. (Facts #11, #16 and Findings #13, #17, #18)

THE COUNCIL AGREES WITH AND HAS IMPLEMENTED THE APPROPRIATE CORRECTIVE ACTIONS.

This practice was discussed in the series of City Manager performance evaluations held in late 2009 and has been discontinued.

10. Submit all contract agreements to the City Council for review and approval. (Facts #1, #2, #18 and Findings #1, #2, #3, #4, #5, #21)

THE COUNCIL AGREES WITH AND HAS IMPLEMENTED THE APPROPRIATE CORRECTIVE ACTIONS.

This was discussed and agreed to in discussions between the City Manager, Mayor and Councilman Murphy in March 2008 and again in formal City Manager performance evaluation meetings in late 2009 and early 2010.

11. Conduct ethics training for all new hires within 90 days of employment, with refresher courses every 2 years. (Fact #10)

THE COUNCIL AGREES WITH AND HAS IMPLEMENTED THE APPROPRIATE CORRECTIVE ACTIONS.

Ethics training has been required for each Council person and staff for several years, and will be provided to each new employee within 90 days of hire.

12. Re-negotiate contracts so that only the employer’s portion of PERS and Social Security are paid by the City of Sutter Creek. (Fact #15, Finding #15)

THE CITY COUNCIL REJECTS THE FOLLOWING RECOMMENDATION AS DISCUSSED BELOW:

The City Council feels that although there is significant support for this issue, the benefit package of City employees is a matter for collective bargaining process rather than the grand jury.

City of Sutter Creek 2009/2010 Civil Grand Jury Report Response

13. Adhere to the *Policy Manual* concerning receipts by including required documentation with each receipt prior to submission for payment. (Facts #8, #11 and Finding #13)

THE COUNCIL AGREES WITH AND HAS IMPLEMENTED THE APPROPRIATE CORRECTIVE ACTIONS.

The importance of complying with this policy has been reemphasized to the previous and the current City Manager and appropriate finance staff.

14. Establish a policy regarding any special event, such as the bridge dedication, regarding conflict-of-interest. (Fact #16)

THE COUNCIL AGREES WITH AND HAS IMPLEMENTED THE APPROPRIATE CORRECTIVE ACTIONS.

A formal procedure was established addressing memorial dedications in March 2010. Conflict of interest is addressed in regular ethic training sessions.

15. Make use of the Inventory Control function in the current accounting system to track and report the value and location of Sutter Creek assets. (Facts #3, #18 and Findings #6, #21)

THE CITY AGREES WITH AND WILL IMPLEMENT THIS RECOMMENDATION.

Inventory control and capital asset management systems will be brought into compliance with all appropriate public accounting standards as part of the ongoing overhaul of the City's financial management systems to be completed FY 10-11.

16. Remove outdated leave-of-absence references from the *Policy Manual* and *Employee Handbook*. (Fact #9)

THE CITY AGREES WITH AND WILL IMPLEMENT THIS RECOMMENDATION.

Updated copies of the City's administrative policy and procedure manual will be prepared, distributed and reviewed by each employee within 120 days of the date of this report.

City of Sutter Creek 2009/2010 Civil Grand Jury Report Response

17. Take action to ensure that the City Clerk fulfills the obligations of the office. Remedies may include recall or changing the elected position to an appointed one. (Fact #14 and Findings #7,#8)

THE FOLLOWING RECOMMENDATION REQUIRES FURTHER STUDY PRIOR TO A FINAL DECISION:

The issue of converting the City Clerk position from an elected to an appointed position will require public hearing and further discussion prior to possibly putting the issue to public vote. The City Council supports the recommendation to convert the position from elected to appointed; however, the final timeline and decision will be driven by the public election process, which the City Council can not control.

18. Add a written Workers' Compensation procedure to the *Policy Manual* and *Personnel Handbook*. (Fact #6)

THE CITY AGREES WITH AND WILL IMPLEMENT THIS RECOMMENDATION.

Updated copies of the City's administrative policy and procedure manual will be prepared, distributed and reviewed by each employee within 120 days of the date of this report.

19. Adopt a policy of promptly transcribing and presenting the Council meeting minutes to the City Council for approval. (Fact #14, Finding #7)

THE CITY AGREES WITH AND WILL IMPLEMENT THIS RECOMMENDATION.

The City Council will adopt a formal policy regarding the preparation of official City documents such as meeting minutes, resolutions and ordinances within 60 days of the date of this report.

20. Update and provide revision dates for the *Policy Manual* and *Personnel Handbook* to reflect current laws. Index and number the pages properly for easy reference. This will avoid confusion and establish a tracking mechanism for compliance with California State Laws and/or the Fair Political Practices Commission (Fact #7, Finding #13)

THE CITY AGREES WITH AND WILL IMPLEMENT THIS RECOMMENDATION.

Updated copies of the City's administrative policy and procedure manual will be prepared, distributed and reviewed by each employee within 120 days of the date of this report.

City of Sutter Creek 2009/2010 Civil Grand Jury Report Response

21. Do not allow one person to hold multiple positions if those positions have inherent conflicts (CM and COP, ARSA Director and WWTP Manager). (Fact #17, Finding #20)

THE COUNCIL DISAGREES WITH THIS RECOMMENDATION, AS DISCUSSED BELOW.

The City Council agrees that employees should not have inherently conflicting responsibilities; however, disagrees that duties listed above inherently constitute a conflict. It is entirely appropriate for a manager to be required to balance conflicting priorities and duties as long as there is appropriate direction from the Council.

22. Protect the City's funds and maintain awareness of all expenditures and decisions being made on behalf of Sutter Creek. Do not leave these decisions to the CM or Finance Department personnel alone. (Facts #1, #2, #6, #18 and Findings #21, #22, #23)

THE COUNCIL AGREES WITH AND HAS IMPLEMENTED THE APPROPRIATE CORRECTIVE ACTIONS.

The Council is actively engaged in all aspects of City finances and is currently in the process of a major review of the City financial systems.

23. Act immediately to correct a situation in which policy has not been followed, putting the best interests of Sutter Creek first, both financially and ethically.

THE COUNCIL AGREES WITH AND HAS IMPLEMENTED THE APPROPRIATE CORRECTIVE ACTIONS.

The Council has always "put the best interests of Sutter Creek first". Recent and ongoing improvements to the management systems will assure prompt attention to any significant operational challenges.

To the CITIZENS of SUTTER CREEK:

24. Become actively involved with the City Council to ensure positive change, without being intimidated by any individual member. This commitment will help City government avoid defaulting to continued mismanagement.

Since the Councilpersons are also citizens of Sutter Creek; Sutter Creek has a long history (well beyond the Grand Jury's recent interest) of public participation in City Council and Planning Commission meetings and issues. Active participation by the public is critical to the local democratic process and as such is welcome. The closing sentiment that the public needs to "help the City government avoid defaulting to continued mismanagement" is unwarranted.

SANITARY SEWER MANAGEMENT PLAN

INTRODUCTION:

In response to complaints regarding the quality and effectiveness of the City of Sutter Creek's (City) sewer systems, the 2009/2010 Amador County Civil Grand Jury investigated the City's Sanitary Sewer Management Plan (SSMP).

BACKGROUND:

The City has a history of raw sewage spills due to the age of the sewer system. The state requires that an SSMP be established for every City in California. To comply with the State Water Resources Control Board (SWRCB), the Central Valley Regional Water Quality Control Board (RWQCB) and the statewide General Waste Discharge Requirements (WDR) Order No. 2006-003-DWQ, The City established a SSMP. The City retained the services of *HDR*, a national engineering and consulting firm, and *Weatherby/Reynolds/Fritson* to assist in becoming compliant with the regulations.

RESPONSIBLE AGENCY:

CITY of SUTTER CREEK
18 Main Street
Sutter Creek, CA 95685

FACTS:

1. The City complied with state requirements by submitting a certified SSMP in April 2008. The SSMP was comprised of 11 separate elements (see REFERENCES).

THE CITY COUNCIL AGREES

2. By November 2009, within the required timeline, the City Manager had completed elements 1-6 of the SSMP.

THE CITY COUNCIL AGREES

3. Elements 7-11 of the SSMP, due in May 2010, have not been completed.

THE CITY COUNCIL AGREES

4. Element 7 of the SSMP deals specifically with Fats, Oils, and Grease (FOG) in the system.

THE CITY COUNCIL AGREES

City of Sutter Creek 2009/2010 Civil Grand Jury Report Response

5. Due to the budget crisis in the City, much of the SSMP work has been neglected. As recently as April 2010, two raw sewage spills occurred in the City.

THE CITY COUNCIL DISAGREES WITH THIS FACT:

The City “budget crisis” relates to the general fund and therefore has no impact upon the SSMP progress. Delays are more accurately related to the very significant reorganization and reduction in force of City management staff.

6. The City retained the services of *HDR Consulting* to prepare a Gap Analysis (a study that compares the in-compliance parts of the sewer collection system with the parts that are out-of-compliance). The City paid \$18,156 for this analysis.

THE CITY COUNCIL AGREES

7. Sutter Creek Municipal Codes § 14.04.070, 14.08.080, 1.16 and 14.08.090, pertain to the flushing of materials that are considered hazardous to the sewer collection system and/or the WWTP.

THE CITY COUNCIL AGREES

FINDINGS:

1. The Sutter Creek Sewer Committee (SCSC) stated that over the last 24 months, weather has prevented the completion of the maintenance program which was submitted. (Fact #3)

THE CITY COUNCIL DISAGREES WITH THIS FACT

The city “budget crisis” relates to the general fund and therefore has no impact upon the SSMP progress. Delays are more accurately related to the very significant reorganization and reduction in force of City management staff.

2. The City has not addressed the FOG issue. (Fact #4)

THE CITY COUNCIL DISAGREES WITH THIS FINDING

The City adopted a revised FOG ordinance (Ordinance 321) in May of 2009.

3. One of the raw sewage spills in April 2010 was caused by a root ball which would have been discovered by the video surveillance required by Element #4 of the SSMP. (Fact #5)

THE CITY COUNCIL AGREES

4. At the time of this report, the Gap Analysis had not been completed. (Fact #6)

THE CITY COUNCIL DISAGREES WITH THIS FINDING:

The Gap Analysis was completed in February 2008.

City of Sutter Creek 2009/2010 Civil Grand Jury Report Response

5. Many businesses in the City are not using grease interceptors, which violates Sutter Creek Municipal Codes § 14.04.070, 14.08.080, 1.16 and 14.08.090, and causes high biochemical oxygen demand (BOD) levels in the system. (Fact #7)

THE CITY COUNCIL DISAGREES WITH THIS FINDING

The City has a grease trap ordinance, which requires grease traps for specific types of businesses. The City Council is not aware of any business which is required to have a grease trap which does not.

6. The pipe deficiencies in the City's antiquated sewage collection system will adversely affect the City's future growth.

THE CITY COUNCIL DISAGREES WITH THIS FINDING

The condition of the existing collection system will not affect future growth because any significant new growth will be required to provide the necessary expanded capacity. The more important issue is the leakage of sewerage from the pipes into the environment. The SSMP is more of a public health issue than WWTP growth/capacity issue.

RECOMMENDATIONS:

1. Complete the SSMP in a timely manner to minimize future spills. (Facts #1, #2, #3, and Finding #1)

THE CITY COUNCIL AGREES WITH AND WILL IMPLEMENT THIS RECOMMENDATION.

The City is currently in the process of considering one or more professional contracts to implement and manage the SSMP. A final decision regarding the contract will be completed 120 days from this report.

2. Update the SSMP on a yearly basis, and keep in compliance with it. (Facts #1, #2, #3)

THE CITY COUNCIL AGREES WITH AND WILL IMPLEMENT THIS RECOMMENDATION.

The city is currently in the process of considering one or more professional contracts to implement and manage the SSMP. A final decision regarding the contract will be completed 120 days from this report.

3. Implement an inspection and maintenance program to regulate the FOG issue. (Fact #4, Finding #2)

THE CITY COUNCIL AGREES WITH THIS RECOMMENDATION.

The City adopted a new FOG ordinance (Ordinance 331) in May of 2009, which provides the City authority to inspect and maintain grease interceptors.

THE CITY COUNCIL AGREES WITH AND WILL IMPLEMENT THIS RECOMMENDATION.

The City is currently in the process of considering one or more professional contracts to implement and manage the SSMP. A final decision regarding the contract will be completed 120 days from this report.

City of Sutter Creek 2009/2010 Civil Grand Jury Report Response

4. Complete video inspections as specified in the SSMP to reduce raw sewage spills in the City. (Fact #5, Finding #3)

THE CITY COUNCIL AGREES WITH AND WILL IMPLEMENT THIS RECOMMENDATION.

The City is currently in the process of considering one or more professional contracts to implement and manage the SSMP. A final decision regarding the contract will be completed 120 days from this report.

5. Require businesses within the City to install and maintain properly sized grease interceptor traps, and conduct quarterly inspections of the traps. (Fact #7, Finding #5)

THE CITY COUNCIL AGREES WITH AND HAS IMPLEMENTED THIS RECOMMENDATION.

The City adopted a new FOG ordinance (Ordinance 331) in May of 2009, which provides the City authority to inspect and maintain grease interceptors. Enforcement of the ordinance will be enhanced through the ongoing reorganizations of WWTP and SSMP services.

6. Provide written notices to City businesses and households that identify the hazards to the City's sewer collection system (diapers, paper towels, feminine hygiene products) and the potential for fines, penalties, and forfeitures as cited by Government code 36901.

THE CITY COUNCIL AGREES WITH AND WILL IMPLEMENT THIS RECOMMENDATION.

Notices have been included in the regular sewer billing process, and will continue to be included.

7. Repair or replace collection system piping, per the SSMP, to prevent raw sewage overflows at the WWTP storage basin and contamination of natural waterways ("riparian zones"). (Finding #6)

THE CITY COUNCIL AGREES WITH AND WILL IMPLEMENT THIS RECOMMENDATION.

The City is currently in the process of considering one or more professional contracts to implement and manage the SSMP. A final decision regarding the contract will be completed 120 days from this report.

8. Implement a System Evaluation and Capacity Assurance Plan (SECAP) to anticipate future growth in Sutter Creek. Install flow meters in each branch of the sewage collection system to help identify infiltrations.

THE FOLLOWING RECOMMENDATION REQUIRES FURTHER INVESTIGATION PRIOR TO RESPONDING:

The City is currently in the process of considering one or more professional contracts to implement and manage the SSMP and WWTP. A final decision regarding this issue will be completed 120 days from this report.

WASTEWATER TREATMENT PLANT

INTRODUCTION:

In response to complaints regarding the quality and effectiveness of the City of Sutter Creek's (City) sewer systems, the 2009/2010 Amador County Civil Grand Jury evaluated its Wastewater Treatment Plant (WWTP).

BACKGROUND:

The sewer system of the City, especially the WWTP, has been the subject of controversy both before and after an upgrade was started in late 2007. *HDR*, a national engineering and consulting firm, was eventually hired to design the upgrade. A reported \$1.5 million was spent for this upgrade. City officials have not agreed on the cost, condition, or efficiency of the WWTP since the upgrade began.

RESPONSIBLE AGENCY:

CITY of SUTTER CREEK
18 Main Street
Sutter Creek, CA 95685

FACTS:

1. The current WWTP Manager is also the Sutter Creek Chief of Police (COP), Director of Amador Regional Sanitation Authority (ARSA), and Sutter Creek City Manager (CM).

THE CITY COUNCIL DISAGREES WITH THIS FACT

The City Manager exerts the same control over the plant as other local city managers. All onsite services are performed by appropriately licensed staff. Outside professional consultants are responsible for the technical planning, problem solving and rate setting. There is no such position as WWTP Manager within the city.

2. The City Manager/WWTP Manager does not hold a State Wastewater Treatment Certification or the engineering degrees necessary to understand the biological, PH, or disinfection process needed to maintain quality process control.

THE CITY COUNCIL DISAGREES WITH THIS FACT:

The City Manager is not required to hold any specific certifications regarding WWTP. However, this is not a problem. The City Manager exerts the same control over the plant as other local managers. All onsite services are performed by appropriately licensed staff. Outside professional consultants are responsible for the technical planning, problem solving and rate setting. Therefore this fact is irrelevant.

City of Sutter Creek 2009/2010 Civil Grand Jury Report Response

3. California Public Contract Code § 20168 sets forth requirements for the identification of Emergencies, including the need for a four-fifths vote from the City Council when approving certain expenditures, and when a Request for Bids (RFB) is necessary. The City Manager declared an emergency and began an upgrade of the WWTP without a four-fifths vote or an RFB, both of which were out of compliance with California Contract Code § 20168.

THE CITY COUNCIL AGREES

4. Engineering and construction has cost \$2,250,000.00.

THE CITY COUNCIL AGREES

5. The City acted as the General Contractor for the WWTP upgrade. The WWTP Manager/City Manager, on behalf of the City, conducted the hiring of sub-contractors and City staff to work on the WWTP.

THE CITY COUNCIL AGREES

6. An estimate for the drying beds and other *HDR* designed equipment was \$83,000. The City Building Inspector informed the City Manager that the cost for the items should be considerably less. The City Manager authorized the City Building Inspector to proceed with a modified design for \$14,000.

THE CITY COUNCIL AGREES

7. There was no electrical cost analysis completed prior to the installation of three new aerators at the WWTP.

THE CITY COUNCIL AGREES

8. The WWTP effluent is currently exceeding Regional Water Quality Control Board standards. Reports dated 3/03/10 to 4/28/2010 reveal failure in either one or more of the three testing categories; total suspended solids (TSS), biochemical oxygen demand (BOD), and total coliform bacteria (TCB). *HDR* was hired to modify the WWTP and resolve the TSS, BOD, and TCB problems. The modifications did not establish compliance.

THE CITY COUNCIL AGREES IN PART WITH THIS FACT.

The City Council agrees that at the time of this report the WWTP was not operating as planned. There are operational as well as technical issues affecting the plant effectiveness which are currently being addressed.

The City Council disagrees with the implication that the WWTP upgrade was a failure. The final response to this finding will require completion of the ongoing review of the plant operations, expected within 90 days of this report.

City of Sutter Creek 2009/2010 Civil Grand Jury Report Response

9. Wastewater treatment depends on biological organisms in both the aeration basin and the “Klargester” (container) to process the wastewater. The *HDR* design for the City’s WWTP has organisms in the aeration basin that conflict with the Klargester organisms. If these organisms come into contact with each other, the organisms from the aeration basin could kill off the organisms in the Klargester, which could result in a complete shutdown of the treatment process. Upon discovery of this error, water flow to the aeration basin was shut off on 4/30/2010.

THE CITY COUNCIL AGREES IN PART WITH THIS FACT.

The City Council agrees that at the time of this report the WWTP was not operating as planned. There are operational as well as technical issues affecting the plant effectiveness which are currently being addressed.

The City Council disagrees with the implication that the WWTP upgrade was a failure. The final response to this finding will require completion of the ongoing review of the plant operations, expected within 90 days of this report.

10. The Waste Water Collection System is experiencing “infiltration and inflow” problems during periods of rain. Infiltration dramatically increases the level of the aeration basin. One hour from commencement of rain there is a significant spike in the inflow of the WWTP. This spike creates a capacity storage problem to the plant. Raw sewage could spill into the natural waterways (“riparian zones”), or complete WWTP failure could occur as a result of limited basin storage capacity.

THE CITY COUNCIL DISAGREES THIS FACT.

The recent WWTP upgrade included the expansion of the overflow reservoir projected to handle infiltration as well as storm water flows.

11. *HDR* did not provide an operations manual for the newly upgraded WWTP.

THE CITY COUNCIL AGREES

12. The City collects sewer fees and deposits these fees into an account designated “Sewer Enterprise Fund”. Proper dispensation of these fees is defined by Article I 3D § 6 (b) (2) of the California State Constitution, which states “Revenues derived from the fee or charge shall not be used for any purpose other than that for which the fee or charge was imposed.”

THE CITY COUNCIL AGREES

FINDINGS:

1. The WWTP Manager is not qualified to hold the position. PH balance is critical to plant operations as it directly influences disinfection (chlorine demand). Without the required training or experience, the WWTP Manager is unaware of the current and most efficient WWTP equipment and processes. (Fact #2)

THE CITY COUNCIL DISSAGREES WITH THIS FINDING

The City Manager exerts the same control over the plant as other local managers. The City Manager does not need any special certifications in order to supervise the operations of the WWTP staff and operations. All onsite services are performed by appropriately licensed staff. Outside professional consultants are responsible for the technical planning, problem solving and rate setting.

2. The City Manager is not qualified to be the General Contractor on the project. (Fact #2)

THE CITY COUNCIL AGREES

3. By declaring an emergency, the CM /WWTP Manager intended to avoid the time-consuming process of a formal Request for Proposals/Bids (RFPs, RFBs). The upgrade took over three years. (Fact #3)

THE CITY COUNCIL AGREES

4. Sub-contractors and City staff hired to work on the WWTP were poorly managed, which caused long delays in the completion of the upgrade.

THE CITY COUNCIL AGREES IN PART WITH THIS FINDING.

The City Council agrees that the project was not effectively managed. However, disagrees with the statement that city staff were hired to work on the project. Performance of the contractors is the subject of an ongoing review, due in 90 days of this report.

5. A person knowledgeable in construction would have recognized the need for a licensed contractor to manage the project. The WWTP operators have since located a highly qualified Grade 5 engineer to consult with the plant operators and get the plant into compliance at a cost of less than \$14,000. (Fact #6)

THE CITY COUNCIL AGREES

6. The motor control center (electrical panel) was placed in a bad location and is in a potentially hazardous condition. HDR found the electric panel to be undersized for the added load of the 10, 15 and 20 horsepower aerators. (Fact #7)

THE CITY COUNCIL AGREES

City of Sutter Creek 2009/2010 Civil Grand Jury Report Response

7. There has been a 300% increase in power demand since installation of the new aerators. Prior to the installation, the PG&E bill averaged \$1,256 per month. Since powering up the aerators, the bill has averaged \$4,914 per month. (Fact #7)

THE CITY COUNCIL AGREES

Initially this was true. The aerators have recently been shut off for the majority of the day, depending on the biological needs of the pond. The long term costs are unclear and are being addressed through an outside consultant as part of the overall upgrade project review due in 90 days.

8. The City spent \$2.25 million dollars on HDR engineering studies and equipment upgrades to the WWTP. This upgrade has not brought the plant into BOD compliance. While the basin lining, sledge press and new electrical panel were necessary and successful improvements, these improvements did not rectify the problem for which the emergency was declared. They did not require expensive engineering studies.

FURTHER REVIEW AND TESTING IS REQUIRED PRIOR TO RESPONDING.

There are a range of issues, some design and some operational, which need to be resolved prior to responding. Response pending review by outside professional contractor, due in 90 days of this report.

9. Changes in PH balancing, chlorination or ultra violet and trickling filter water application will make the treatment process much more efficient, with a potential two-fold increase in plant capacity. (Fact #2)

FURTHER REVIEW AND TESTING IS REQUIRED PRIOR TO RESPONDING.

There are a range of issues, some design and some operational, which need to be resolved prior to responding. Response pending review by outside professional contractor, due in 90 days of this report.

10. *HDR* did not follow through with its Quality Control/Quality Assurance obligations.

FURTHER REVIEW AND TESTING IS REQUIRED PRIOR TO RESPONDING.

There are a range of issues, some design and some operational, which need to be resolved prior to responding. Response pending review by outside professional contractor, due in 90 days of this report.

City of Sutter Creek 2009/2010 Civil Grand Jury Report Response

11. HDR's trial and error approach to resolving the TSS, BOD, and TCB issues should not have been at the expense of the City. *HDR* was hired because of its highly regarded reputation and expertise.

FURTHER REVIEW AND TESTING IS REQUIRED PRIOR TO RESPONDING.

There are a range of issues, some design and some operational, which need to be resolved prior to responding. Response pending review by outside professional contractor, due in 90 days of this report.

12. *HDRs* design for the WWTP has several deficiencies:

- Bacteriologic incompatibility
- No PH control
- High operating costs, especially in summer
- High chlorine demand
- Unresolved high BOD levels
- Overbuilt due to Gold Rush considerations
- No process manual
- No follow-through on Quality Control/Quality Assurance

FURTHER REVIEW AND TESTING IS REQUIRED PRIOR TO RESPONDING.

There are a range of issues, some design and some operational, which need to be resolved prior to responding. Response pending review by outside professional contractor, due in 90 days of this report.

13. The City Treasurer provided the Grand Jury with documents which suggest that Sewer Enterprise Funds have been transferred to the General Fund, once in the amount of \$24,250, another in the amount of \$220,000. There is no evidence that either of these transfers were paid back, as required by Article 13D § 6(b) of the California State Constitution (Fact #12)

FURTHER REVIEW IS REQUIRED PRIOR TO RESPONDING.

This issue has been referred to the new finance director to research and respond within 90 days of this report.

RECOMMENDATIONS:

1. Hire separate individuals to fill the positions of WWTP Manager and City Manager

THIS RECOMMENDATION REQUIRES FURTHER REVIEW PRIOR TO RESPONDING:

The City is currently in the process of soliciting bids by outside contractors to provide a wide range of WWTP and SSMP operational, planning and supervisory services. This is a complicated process which will require months to complete. The City Manager will continue to be responsible for the staff and operations of the WWTP. A final response will need to wait until this process is completed, expected to be within 120 days. It is important to note that, as mentioned above, the City Manager is not the WWTP Manager and that all WWTP operations are handled by appropriately licensed staff and/or outside consultants.

2. Discontinue the practice of acting as a General Contractor for City projects. (Fact #5 and Findings #2, #3, #4, #5)

THE CITY COUNCIL REJECTS THE FOLLOWING RECOMMENDATION:

The City acknowledges that the city should not have served as contractor for projects such as the recent WWTP upgrade. However, the city feels it is essential that it retains the right to serve as general contractor for selected minor projects.

3. Hire a Grade 5 wastewater treatment engineer to correct plant equipment and processing deficiencies. The return on this investment would be realized within 6 months from PG&E savings alone. The consultant should provide an operations manual and all necessary training to the operators. The knowledge and expertise of a Grade 5 consultant will ensure compliance and increased efficiency at the WWTP. (Facts #8, #9, #10, #11 and Finding #5)

THIS RECOMMENDATION REQUIRES FURTHER REVIEW PRIOR TO RESPONDING:

The City is currently in the process of soliciting bids by outside contractors to provide a wide range of WWTP and SSMP operational, planning and supervisory services. This is a complicated process which will require months to complete. A final response will need to wait until this process is completed, expected to be within 120 days.

City of Sutter Creek 2009/2010 Civil Grand Jury Report Response

4. Retain a Grade 5 wastewater treatment engineer to consult with operations staff for at least the next 4 to 5 years. Doing so will allow plant operators access to the solutions needed to keep the WWTP in compliance and avoid possible fines against the City.

THIS RECOMMENDATION REQUIRES FURTHER REVIEW PRIOR TO RESPONDING:

The City is currently in the process of soliciting bids by outside contractors to provide a wide range of WWTP and SSMP operational, planning and supervisory services. This is a complicated process which will require months to complete. A final response will need to wait until this process is completed, expected to be within 120 days.

5. Repair or replace sewage collection system pipes to protect the WWTP's aeration basin from potential overflow.

THIS RECOMMENDATION REQUIRES FURTHER REVIEW PRIOR TO RESPONDING:

The city is currently in the process of soliciting bids by outside contractors to provide a wide range of WWTP and SSMP operational, planning and supervisory services. This is a complicated process which will require months to complete. A final response will need to wait until this process is completed, expected to be within 120 days.

6. Launch an immediate investigation of the "errors and omissions" clause as described in the *General Terms and Conditions for Engineering and Environmental Services* of the HDR contract. (Findings #10, #11, #12)

THE CITY COUNCIL FULLY AGREES WITH THE FOLLOWING RECOMMENDATION:

Vendor compliance with the recent WWTP upgrade contract is being reviewed. A final report is due within 90 days.

7. Adopt a policy requiring clear and legal justification of all transfers from the Sewer Enterprise Fund into the General Fund (or any other unqualified City funds) to prevent violation of the Constitution. (Fact #12, Finding #13)

THE CITY COUNCIL REJECTS THE FOLLOWING RECOMMENDATION:

This issue is addressed in existing public accounting standards; therefore no city policy is required.

**CITY OF SUTTER CREEK
SUTTER CREEK POLICE DEPARTMENT**

INTRODUCTION:

After an investigation of animal control issues in the City of Sutter Creek (City) and complaints regarding City administration, the 2009/2010 Amador County Grand Jury elected to investigate the Sutter Creek Police Department (SCPD) to examine communication, policies & procedures, and morale within the agency.

BACKGROUND:

SCPD handles police-related calls within the City.

RESPONSIBLE AGENCY:

SUTTER CREEK POLICE DEPARTMENT
18 Main Street
Sutter Creek, CA 95685

FACTS:

1. The projected Fiscal Year 2009/2010 budget for SCPD is \$951,000. Of this amount, \$560,000 is expected to come from the General Fund. The remaining allocation is derived in part from the following grants: State grants \$182,000; grant for Amador County Combined Narcotics Enforcement Team (ACCNET) \$84,000; School Resource Officer (SRO) grant \$57,000.

THE CITY COUNCIL AGREES

2. The current Sutter Creek COP was hired in June 1999.

**THE CITY COUNCIL AGREES AT TIME OF REPORT. HOWEVER A
NEW COP WAS HIRED JULY 1, 2010.**

3. By the year 2000, the COP was serving in the following additional capacities:
 - Sutter Creek CM, October 1999
 - Sutter Creek Wastewater Treatment Plant Manager, December 2000
 - Amador Regional Sanitation Authority (ARSA) Director, December 2000

THE CITY COUNCIL AGREES WITH PART OF THIS FACT.

The COP/City Manager has never served as the WWTP Manager.

City of Sutter Creek 2009/2010 Civil Grand Jury Report Response

4. At the time this investigation began, there were six full-time officers including: the COP; a day sergeant; a night sergeant; a corporal; an SRO; and an officer assigned to the ACCNET.

THE CITY COUNCIL AGREES

5. ACCNET is a drug enforcement task force which includes a Jackson Police Department Officer, a District Attorney Investigator, and officers from Mule Creek State Prison and the Sheriff's Department. The positions are funded by a grant from the State of California. The officer's paycheck is issued by the City and reimbursed quarterly. ACCNET covers 100% of wages and benefits.

THE CITY COUNCIL AGREES

6. The wages for the SRO during the school session are funded by the Amador County Unified School District. The City covers all other costs and benefits, including the officer's vehicle, medical coverage, and retirement. During vacations and holidays, the City absorbs the wages.

THE CITY COUNCIL AGREES

7. Since the start of the investigation, the SRO accepted employment elsewhere. Another officer is temporarily filling the SRO position.

THE CITY COUNCIL AGREES

BUDGET ISSUES:

As a consequence of funding shortfalls:

8. There are no plans to hire a replacement SRO; this position will be vacant by the end of school session in June 2010.

THE CITY COUNCIL AGREES

9. There is only one officer on duty during each shift. Backup is available through mutual aid from the Jackson Police Department, Lone Police Department, Amador County Sheriff's Department, California Highway Patrol, and Amador County Animal Control. Off-Duty SCPD officers are called in case of an emergency.

THE CITY COUNCIL AGREES

10. All SCPD officers have taken a reduction in pay and are required to incur furlough hours.

THE CITY COUNCIL AGREES at the time of the report however furloughs have been discontinued since.

City of Sutter Creek 2009/2010 Civil Grand Jury Report Response

11. SCPD does not employ an office clerk. Administrative duties normally performed by office staff are now being handled by the officers.

THE CITY COUNCIL AGREES

12. Office computer equipment is outdated.

THE CITY COUNCIL DISAGREES WITH THIS FINDING.

All of the equipment is operational. Some units should be upgraded as soon as the budget permits.

NEGOTIATION:

13. April 30, 2008, SCPOA attempted to initiate negotiations with the City Council for the Fiscal Year 2008/2009 MOU by submitting a proposal. On February 2, 2009, the City officially began negotiations with SCPOA for the MOU that should have been in effect July 2008.

THE CITY COUNCIL AGREES

14. February 24, 2009, the SCPOA formally accepted a 2.5% work furlough program.

THE CITY COUNCIL AGREES

15. March 2, 2009, the City Council approved an MOU for FY 2008/2009 that included the 2.5 % furlough.

THE CITY COUNCIL AGREES

16. March 9, 2009, all City employees were sent a draft memo proposing impasse and unilateral implementation procedures. The SCPOA rejected the proposal.

THE CITY COUNCIL DISAGREES WITH THIS FINDING

According to the city attorney, at the time, the SCPOA did not have the right to “reject” or accept the procedure. They did have the right, which they exercised, to comment. Their comments were considered by the City Council during its deliberation of the item.

City of Sutter Creek 2009/2010 Civil Grand Jury Report Response

17. April 6, 2009, the City Council ignored SCPOA's request to "meet and confer." The impasse proposal went before City Council and passed, despite City employee objections.

THE CITY COUNCIL DISAGREES WITH THIS FINDING

The City Manager did not ignore a request to "meet and confer" regarding the impasse procedure.

The City Manager discussed the issue with the unit, and suggested they attend the City Council meeting to discuss their concerns. The City Attorney stated that the impasse procedure was not subject to meet and confer since it was merely a description of a process not a new condition of employment.

18. The SCPOA hired union representatives to negotiate with the City Personnel Committee and negotiations started for the FY 2008/2009 MOU.

THE CITY COUNCIL AGREES

19. September 28, 2009, the City Council voted unilaterally to implement an MOU which included the last and best City offer, per the City's impasse procedures. An improvised agreement titled *Wages, Hours, and Other Terms and Conditions of Employment* was implemented. SCPOA was not allowed to go to arbitration as outlined in the 2008/2009 MOU.

THE CITY COUNCIL AGREES

20. The SCPD does not currently operate under an MOU.

THE CITY COUNCIL DISAGREES WITH THIS FACT.

At the time the Grand Jury report was written this was true. However, a MOU was approved 8-16-10.

FINDINGS:

1. There is a morale problem inside the SCPD precipitated by:
- Reductions in pay
 - Lack of support by the City Council /COP
 - Lack of leadership and communication by COP
 - Breakdown in negotiations
 - Lack of job security due to the City's financial situation
 - Personnel evaluations not being completed in a timely manner

THE CITY COUNCIL AGREES

2. Officers have the perception that the COP is an "absentee chief." The officers attempt to manage themselves. (Fact #3)

THE CITY COUNCIL AGREES

City of Sutter Creek 2009/2010 Civil Grand Jury Report Response

3. Duties of the COP conflict with the duties performed for the positions of CM, WWTP Manager, and ARSA Director. (Fact #3)

THE CITY COUNCIL PARTIALLY AGREES

The COP/City Manager was not the WWTP Manager, as stated previously.

4. The two sergeant positions have created difficulties in the chain of command. Sergeants have equal authority and decisions are often conflicting. (Fact #4)

THE CITY COUNCIL AGREES

5. One of the City Council Members has publicly stated that the City should lay off its COP and police officers, eliminating the SCPD.

THE CITY COUNCIL AGREES

6. Continued staff reductions will make 24-hour shift coverage by SCPD highly questionable.

THE CITY COUNCIL AGREES

7. Staff shortages make it necessary for officers to be reactive, rather than proactive. Investigations are compromised due to lack of available time.

THE CITY COUNCIL DISAGREES WITH THIS FINDING.

There is not evidence to support this finding. The SCPD has a long history of effective investigations and successful prosecution of major crimes.

8. Infractions such as parking violations are not being enforced because of the officers' additional duties.

THE CITY COUNCIL AGREES

RECOMMENDATIONS:

1. Eliminate the dual position of COP and CM, and appoint a full-time COP. (Fact #3, Finding #3)

THE CITY COUNCIL AGREES AND HAS IMPLEMENTED THIS RECOMMENDATION.

This was accomplished with the recent reorganization and appointment of a dedicated Police Chief.

City of Sutter Creek 2009/2010 Civil Grand Jury Report Response

2. Eliminate one of the sergeant positions and re-establish a tiered chain of command. (Finding #4)

THE CITY COUNCIL AGREES AND HAS IMPLEMENTED THIS RECOMMENDATION.

This was accomplished with the recent reorganization and appointment of a dedicated Police Chief.

3. Hire a full-time office clerk for SCPD when funds are available. (Fact #11, Finding #8)

THE COUNCIL AGREES WITH THIS RECOMMENDATION

This will be implemented as funding becomes available, hopefully in FY 2011-12.

4. Recruit volunteers to work as office staff and for parking enforcement. (Finding #8)

THIS RECOMMENDATION REQUIRES FURTHER REVIEW PRIOR TO RESPONDING.

This issue will be referred to the new police chief for further review, specifically regarding safety and confidentiality issues. Response due in 90 days.

5. Update the office computers. (Fact #12)

THIS RECOMMENDATION REQUIRES FURTHER REVIEW PRIOR TO RESPONDING.

This issue will be resolved as part of the FY 2010-11 general fund budget process, to be completed by September.

6. If the SRO position is not filled, the individual schools should be contacted to set up protocol for handling criminal activity on campus.

THE COUNCIL AGREES WITH AND WILL IMPLEMENT THIS RECOMMENDATION.

This is underway and will be accomplished prior to the start of the 2010-11 academic year by direct contact with the schools in the Jackson-Sutter Creek area and with the School District Administrative staff.

7. Negotiate a MOU for Fiscal Year 2010/2011 in a timely manner. (Facts #18 through #25, Finding #1)

**THIS RECOMMENDATION HAS BEEN IMPLEMENTED.
A MOU was formally approved August 16, 2010.**

**CITY OF SUTTER CREEK
ANIMAL ISSUES WITHIN CITY LIMITS**

INTRODUCTION:

The 2009/2010 Amador County Civil Grand Jury, in response to a citizen's complaint regarding reasonable kennel size, elected to review the policies and procedures of the Sutter Creek Police Department (SCPD) regarding animal-related issues.

BACKGROUND:

Prior to December, 2008, most animal control issues within the City of Sutter Creek were handled by Amador County Animal Control (ACAC).

The Sutter Creek Chief of Police is also the Sutter Creek City Manager. In December, 2008, it was decided by the Sutter Creek Chief of Police (COP)/Sutter Creek City Manager (CM) that SCPD should handle its own animal-related calls inside the City limits of Sutter Creek. SCPD would follow the procedures specified in the Animal Control Services Agreement (Agreement) between Amador County and the City, and ACAC would be called in for assistance when necessary.

RESPONSIBLE AGENCIES:

SUTTER CREEK POLICE DEPARTMENT
18 Main Street
Sutter Creek, CA 95685

FACTS:

1. The most recent Agreement between the County of Amador and the City of Sutter Creek is dated May 24, 2005.

**THE CITY COUNCIL AGREES
However the agreement remains in effect.**

2. The terms of this Agreement included the following:
 - *City shall investigate and attempt to solve all violations, complaints and problems governed by said ordinance within City's jurisdiction., utilizing procedures provided by the following attached documents: Bat Calls, Wild Animal Encounters, When to Call Animal Control, and Bite Report/Rabies Suspect Form.*
 - *The County provides services including rabies quarantine, inspections, investigation, euthanasia, feed and care for sheltered animals, bite holds, vaccinations, veterinary care, and disposal of dead animals upon the request of City. The City pays for these services in accordance with fees established in attached Exhibit A, the Animal Control Services Fee*

City of Sutter Creek 2009/2010 Civil Grand Jury Report Response

Schedule.

- *The City pays the County for each animal boarded at the County Animal Shelter, whether delivered by a private citizen, police officer, or Animal Control Officer, including strays picked up within City limits.*
- *The contract can be terminated by either party with 180 days written notice. The Agreement is valid for a period of one year, and shall be automatically extended on an annual basis unless notice [is given] to the non-canceling party at its regular business address.*

THE CITY COUNCIL AGREES

3. An attachment provided that ACAC was to be called under the following circumstances:

- If an animal has bitten a person and is still on the loose
- If an animal attacks another animal and the attacking animal's owner is unknown or unavailable
- If an animal is hit by a vehicle
- If there is livestock on the roadway

THE CITY COUNCIL AGREES

FINDINGS:

1. SCPD does not refer to any applicable laws when dealing with animal control issues in Sutter Creek. When kenneling an animal on private property, there are standards for kennel size set by a formula in California Penal Code § 597, which states: "Every person who keeps an animal confined in an enclosed area shall provide it with an adequate exercise area." This requirement is interpreted to mean that the kennel must be of adequate size for an animal to be able to assume all normal body positions, such as standing and sleeping.

THE CITY COUNCIL DISAGREES WITH THIS FINDING.

The SCPD enforces applicable codes as necessary to ensure public safety.

2. Regarding the citizen's complaint, the kennel size was judged to be adequate by SCPD. However, the complainant was never contacted.

THE CITY COUNCIL AGREES

3. SCPD frequently requested ACAC assistance for animal-related calls within Sutter Creek City limits between May, 2005 and November, 2008.

THE CITY COUNCIL AGREES

City of Sutter Creek 2009/2010 Civil Grand Jury Report Response

4. In December, 2008, in accordance with the Agreement, ACAC billed Sutter Creek for services rendered during the previous 15-month period in the amount of \$4,310.

THE CITY COUNCIL AGREES

5. Argument was successfully made before the Board of Supervisors by COP/CM, acting in his capacity as City Manager, to forgive these charges. Any levies for services rendered to the City of Sutter Creek thus began in December, 2008. ACAC Director learned of this decision not from the Board of Supervisors but from the General Services Administration.

THE CITY COUNCIL PARTIALLY AGREES TO THIS FINDING

The City of Sutter Creek does not have information regarding what occurred outside of its jurisdiction and does not have knowledge of who informed the ACAC Director.

6. COP/CM contacted ACAC and advised that he, in his capacity as COP, must approve all calls requiring assistance from ACAC. Without said approval, ACAC could not come within the City limits. Furthermore, the County Animal Shelter was not to accept animals delivered there by private citizens from Sutter Creek. He stated that the City could no longer afford the services provided by ACAC, but that all other aspects of the Agreement would still be valid.

THE CITY COUNCIL AGREES.

7. SCPD officers were not informed of this change in policy, either by written memo or verbal announcement.

THE CITY COUNCIL DISAGREES WITH THIS FINDING.

The SCPD officers were informed of this policy.

8. The Amador County Sheriffs Dispatcher was not informed of this change in policy.

THE CITY COUNCIL AGREES

9. When an animal-related emergency arose, the responding SCPD officer requested assistance from ACAC through the Sheriffs Dispatcher. The Dispatcher contacted ACAC and was informed that ACAC could not be dispatched into Sutter Creek without pre-approval by the COP/CM . The Dispatcher then informed the SCPD officer of this new policy.

THE CITY COUNCIL AGREES

City of Sutter Creek 2009/2010 Civil Grand Jury Report Response

10. SCPD officers are required to obtain permission from the Chief of Police before contacting ACAC. The COP/CM is often difficult to reach. In an emergency, the lag time could be dangerous.

THE CITY COUNCIL AGREES

This policy was corrected in July 2010. The officer on duty does not need the COP's permission to take whatever actions are appropriate to assure public safety.

11. Pursuant to the direction of the COP/CM, ACAC stopped accepting animals from Sutter Creek private citizens. This resulted in a citizen's complaint to the Board of Supervisors. ACAC was instructed by GSA to resume taking animals from within Sutter Creek City limits without charge to the city.

THE CITY COUNCIL AGREES

12. There are no livestock restrictions on private property within Sutter Creek City limits. SCPD now takes all livestock calls within the city. When necessary, a request for assistance from another law enforcement agency is made, particularly when livestock is on roadways. ACAC has not been called regarding livestock issues since December, 2008.

THE CITY COUNCIL DISAGREES WITH THIS FINDING.

City codes restrict the keeping of livestock depending upon the size and location of the lot.

13. Citizens have four means by which to make animal-related complaints:
- Call the SCPD and leave a message on the answering machine, which is checked twice during each 12-hour shift
 - Call the non-emergency line to the Sheriff's Dispatcher and wait until an officer is dispatched
 - Call ACAC and wait for a memo to be forwarded to SCPD
 - Call 911 in case of emergency

THE CITY COUNCIL AGREES

14. Most stray dog and animal nuisance calls directed to SCPD are handled informally. The municipal code for stray dogs in Sutter Creek is enforced only if a dog is causing a serious problem. Stray dogs are picked up and returned to their owners. The owners of barking dogs are verbally warned. Unlicensed dogs (owner unknown) are brought to ACAC. When SCPD transports animals to ACAC there is no charge to the city. Citations are occasionally issued.

THE CITY COUNCIL AGREES

Officers appropriately use their discretion to enforce this city ordinance.

City of Sutter Creek 2009/2010 Civil Grand Jury Report Response

15. Stray dog and nuisance call issues are frequently not logged and reports are not written.

THE CITY COUNCIL AGREES

Officers appropriately use their discretion to enforce this city ordinance.

16. Calls forwarded from ACAC are logged and assigned to the duty officer. ACAC is informed of the resolution.

THE CITY COUNCIL AGREES

17. The more serious animal-related incidents are logged and a report is written. These incidents are infrequent.

THE CITY COUNCIL AGREES

18. SCPD officers state that there are no policies or parameters under which animal-related incidents are handled. They have received no formal training in animal control. As ACAC is no longer involved in most cases, the basis for their decisions is situational.

- In case of an injured domestic animal, the duty officer determines whether a veterinarian should be called or the animal put down. ACAC is not contacted.
- In case of a threatening animal, the duty officer attempts to control the animal with a snare, noose, pepper spray, or side arm. The officer must receive pre-approval from the COP/CM before contacting ACAC.
- In case of animal bite involving a human, medics would be dispatched if necessary. If the owner is known and the animal's shots are current, it would be quarantined for 10 days in the owner's home. SCPD Officers assess the animal after 10 days. Under certain circumstances, it may be brought to ACAC for quarantine. In some cases, ACAC is not immediately informed about dog bite incidents.
- In case of suspected rabies, the responding officer would use deadly force, if necessary, to contain the animal.
- In case of animal abuse, a SCPD officer would investigate. ACAC would be notified.
- SCPD handles most wildlife issues, although Fish & Game is sometimes called for assistance.
- Officers stated that they did not know ACAC's policies regarding animal bites or rabies and that they were not aware of California's regulations pertaining to the handling of rabid animals.

THE CITY COUNCIL AGREES

City of Sutter Creek 2009/2010 Civil Grand Jury Report Response

19. The City of Sutter Creek does not have a budget for animal control.

THE CITY COUNCIL AGREES

There is no line item budget for animal control; however, the expenses are covered as necessary.

20. The City of Sutter Creek does not collect fees and fines for animal-related violations.

THE CITY COUNCIL DISAGREES WITH THIS FINDING.

Citations are seldom issued, however they do carry a penalty.

21. Equipment available to SCPD for animal control includes a dog snare, nooses, and leashes for transporting strays in their vehicles. SCPD officers have used pepper spray to control dangerous animals. They will use deadly force if necessary.

THE CITY COUNCIL AGREES

22. Continuity does not exist between the policies and procedures of ACAC and SCPD when dealing with animal-related issues.

THE CITY COUNCIL AGREES

This was true at the time of this report. However, this issue has been resolved.

23. The City of Sutter Creek has interfered with the ability of ACAC to function as a county authority within its City limits.

THE CITY COUNCIL DISAGREES WITH THIS FINDING

The role of ACAC within the City is defined by contract. ACAC has no other authority within the City. There was significant confusion regarding the respective contractual roles and procedures of SCPD and ACAC within the City; however, when ACAC services had been requested and provided within the City they did so according to their standard practices without interference by City staff.

24. SCPD now responds to all emergency and non-emergency animal-related calls.

THE CITY COUNCIL AGREES

RECOMMENDATIONS:

1. Renegotiate annually, in writing, the *Animal Control Services Agreement* between the County of Amador and the City of Sutter Creek (Fact #1).

THE COUNCIL DISAGREES WITH THIS RECOMMENDATION.

The contract is self renewing and does not need to be renegotiated annually, and has been in force continually since 2005.

2. Inform SCPD officers by written memo of all changes in policy, when made. (Finding #7)

THE COUNCIL AGREES AND HAS IMPLEMENTED THIS RECOMMENDATION.

The SCPD offices have been informed of recent changes to the animal control procedures.

3. Inform the Sheriffs Dispatcher by written memo of all changes in policy that may affect their ability to properly dispatch incoming emergency and non-emergency calls. (Finding #8)

THE COUNCIL AGREES WITH THIS RECOMMENDATION

The Sheriff's Office will be kept informed of any future changes.

4. Eliminate the SCPD policy of pre-approval by the COP/CM before ACAC can be called for assistance. In emergencies, SCPD needs immediate access to ACAC through the Sheriffs Dispatcher. (Findings #9, #22, #23)

THE COUNCIL AGREES WITH AND HAS IMPLEMENTED THIS RECOMMENDATION

The new COP has changed this policy and communicated it to all applicable parties.

5. Provide SCPD officers with a copy of the *Animal Control Services Agreement*, so that they can acquaint themselves with ACAC polices for Bat Calls, Wild Animal Encounters, and Rabies Encounters. (Finding #18)

THE COUNCIL AGREES WITH AND HAS IMPLEMENTED THIS RECOMMENDATION

The new COP has changed this policy and communicated it to all applicable parties.

City of Sutter Creek 2009/2010 Civil Grand Jury Report Response

6. Provide SCPD with training in ACAC policies and all California codes and regulations regarding animal control. ACAC and the County Public Health Officer are available to provide training. (Finding #18)

THE COUNCIL AGREES WITH AND WILL IMPLEMENT THIS RECOMMENDATION

ACAC is scheduled to provide training to the SCPD officers at the September SCPD training session.

7. Inform ACAC immediately of all animal bite incidents involving humans.

THE COUNCIL AGREES WITH AND HAS IMPLEMENTED THIS RECOMMENDATION

The SCPD will continue to inform ACAC of animal bites.

8. Enforce Municipal Code related to animal control and collect fees and fines for violations.

THE COUNCIL AGREES WITH AND HAS IMPLEMENTED THIS RECOMMENDATION

SCPD officers will continue to exercise discretion in this issue as necessary to maintain public safety.

9. Inform all citizens making animal-related complaints how the complaint was resolved.

THE COUNCIL AGREES WITH AND HAS IMPLEMENTED THIS RECOMMENDATION

Existing practice requires reporting the resolution/status of all complaints to the complainant. This is an area which requires constant attention by all city staff regarding a wide range of issues. The City will continue to address the importance of “closing the loop” on all issues and concerns brought to the City by the public.

ATTACHMENT 1

AUDIT COMMITTEE PRELIMINARY REPORT

The City Council has been made aware of some financial control and personnel concerns. Mr. Marcello, Marcello & Company, Certified Public Accountants, has been given a copy of those concerns and is in the process of assisting the City in determining what may be needed to eliminate potential issues. Although the City's audit is not yet complete, discussion between the Audit Committee and Mr. Marcello has resulted in some preliminary recommendations by the Audit Committee to the City Council.

It is believed that the City Council has to be more participatory in its oversight of current city policies and/or ensuring that city staff are aware of those policies, and in compliance with them. There have been improvements since the last financial audit, but more improvements are needed, especially in the area of ongoing monitoring of current policy.

Some current accounting and personnel policies need reviewed and updated; new policies may need created. Mr. Marcello has already forwarded a copy of an Accounting Policies and Procedures Manual from the Town of Monticello, and Jeff Gardner is working on a similar manual for Sutter Creek. All city employees need to be accountable for review of those policies and in compliance with them. Accounting monitoring systems will be increased.

Reports/spreadsheets need to be maintained on all city projects, including those proposed, and brought to the City Council once a month for public review and/or discussion. Any projects over \$5,000 require City Council approval and must comply with applicable competitive bidding policies. A Grants Coordinator should be established. Current hiring practices must be followed. Current expense policies must be closely monitored.

Management Overrides need to cease. There can be no spending beyond what has been approved in the budget. The Council needs a firm policy on this and must ensure that all staff are adhering to the policy.

Communication between ARSA and the City Council needs to be improved. Any issues that might impact the city budget need to be brought forward to the council for discussion and/or approval.

Additional recommendations by the Audit Committee may be forthcoming when the audit is complete. The Finance Committee and Personnel Committee continue to meet to discuss possible efficiencies in the City's budget, both short term and long term, and to begin work incorporating the recommendations made by the Audit Committee, and approved by City Council.

ATTACHMENT 2

Tasks Related to Financial Control Issues

Updated May 2010 (previous 1/10 and 2/10)

Task	Responsible	Status	Date Completed
1. Establishment of formal Expense Account system.	Finance Director (FD)/Sean		
2. Modify current credit card policy to clarify process and timing related to credit card use documentation. Specifically, all expenses require documentation within 30 days of billing.	Sean/FD		
3. Establish a formal monitoring system to identify and submit to the Budget Committee, any city credit card expense over 30 days old from statement date that is without a receipt.	FD		
4. Ensure written policy wherein any contract over \$5,000 must have City Council approval. Update Title 3 Municipal Code.	Sean/Natalie		
5. Ensure all staff responsible for contracts are aware of contract policy and process.	Sean/FD		
6. Creation of Project Approval form.	Sean/FD	Draft written	
7. Creation of a spreadsheet with status of each city contract.	Sean/Mary	To be completed by 7/2010	
8. Process in place for placement of spreadsheet on monthly agenda for City Council review/discussion/update.	Sean	To begin 7/2010	
9. Reiterate current policy for emergency projects. Ensure criteria well defined. Ensure process in place for review by City Council and placement on project spreadsheet.	Sean/Mary		

City of Sutter Creek 2009/2010 Civil Grand Jury Report Response

10. Ensure Personnel Handbook includes clear procedure for processing all forms of absences from work.	Sean		
11. Ensure Personnel Handbook clearly defines sick leave benefits, and options available when employee no longer has those benefits.	Sean		
12. Create Sick Leave Audit Committee, to meet every two weeks to review employee sick leave usage/balances and options.	Sean/Linda	Meets 1 st and 3 rd Mondays of month	June 7, 2010
13. Ensure Sick Leave Audit Committee reports once a month to Personnel/Budget Committee.	Sean/Linda	Report 1 st Monday of month	June 7, 2010
14. Identify a Grants Coordinator, responsible for tracking all city grants.	Sean		
15. Ensure city policy mandates review by City Council on grant proposals for review/approval.	Sean		
16. Creation of Grants spreadsheet with monthly status report to City Council, to include deadlines and audit timeframes.	Sean		
17. Ensure City policy prohibits the city from paying for studies done on behalf of developers, without a formal reimbursement agreement and pre-approval by City Council.	Sean/Dennis		
18. Creation of Accounting Policies and Procedures Manual for Sutter Creek.	FD		
19. Accounting Policies and Procedures Manual to include firm policy to ensure prompt reporting and resolution of any budget variances	FD		
20. Any ARSA issues that might impact city budget need to be brought forward to council for discussion and/or approval prior to ARSA Board action.	Sean		
21. Start budgeting a contingency fund.	Budget Committee	Proposed April 2010	
22. City Council Minutes need completed.	City Clerk/City Council	Currently being addressed	

City of Sutter Creek 2009/2010 Civil Grand Jury Report Response

23. Depreciation Expenses for governmental activities.	FD		
24. Journal entries in excess of 10.	FD		
25. Update Personnel Handbook	Sean		

ATTACHMENT 3

Improvements Required as a Result of Audit

Issue 1: Management override of internal controls with regard to entering construction contracts and agreements beyond the scope of the city manager's position without competitive bids, without city council approval and ratification of contracts/agreements, and without amendment to budget.

Solution: On Task Spreadsheet dated 1/10 (# 4, 5, 6, 7, 19) to ensure tight financial controls in place to ensure there are no management overrides.

Issue 2: Management override of hiring city employees outside the accepted city hiring practices.

Solution: Hiring Policy in place and most recent hiring completed per policy.

Issue 3: No documentation for written cost reimbursement developer agreement.

Solution: On Task Spreadsheet dated 1/10 (#5, 6, 7, 17, 18)

Issue 4: No written loan agreement between city and developer.

Solution: On Task Spreadsheet dated 1/10 (#4, 5, 6, 7, 18)

Issue 5: With change of finance director, ensure name removed as check signer.

Solution: Completed immediately after change took place.

Issue 6: Needs to be segregation of duties re signature on cash accounts.

Solution: Finance working on.

Issue 7: Clarify amount due Amador County for dispatch services.

Solution: Identified on Budget spreadsheet.

Issue 8: Number of journal entries in excess of 10.

Solution: Interim finance director will address (on Task Spreadsheet #24)

Issue 9: Sewer fund invoices billed every 3 months. (Earliest this could be implemented is FY 2011/2012.)

Solution: Will be reviewed by Budget Committee and Interim Finance Director.

City of Sutter Creek 2009/2010 Civil Grand Jury Report Response

Issue 10: Send out RFPs for various consultants such as city attorney and city engineer.

Solution: RFP was sent out for City Attorney. Other RFPs for city functions in the process of being developed.

Issue 11: No depreciation expenses for governmental activities (on Task Spreadsheet #23).

Solution: Interim finance director will be asked to advise.

Issue 12: City Council Minutes not completed.

Solution: Minutes and process currently being addressed (on Task Spreadsheet #22).

MULE CREEK STATE PRISON

2010/2011 Follow-up



Prison Site

Ione

Photo courtesy of Mule Creek State Prison

**DEPARTMENT OF ADULT INSTITUTIONS
MULE CREEK STATE PRISON**

P.O. Box 909099
Ione, CA 95640



August 1, 2011

John Pretto
Foreperson
2010-2011 Grand Jury

RE: Mule Creek State Prison - Response to the 2010/2011 Amador County
Grand Jury Report

Findings in the Grand Jury Report 2010/2011 for Mule Creek State Prison:

1. Overcrowding continues to be a problem at Mule Creek State Prison (MCSP). This complicated by budget issues. An early release program for inmates has become necessary.

The Grand Jury's Recommendation for Mule Creek State Prison:

Maintain academic and vocational programs by soliciting help from community to keep them viable.

Mule Creek State Prison's Response:

In recent months the California Department of Corrections and Rehabilitation (CDCR) - Office of Correctional Education (OCE) has been revising the way in which educational services are provided to the inmate population. As part of these revisions Mule Creek State Prison (MCSP), Creekside Adult Education is in the process of implementing a Voluntary Education Program. The purpose of the Voluntary Education Program is to offer inmates access to alternative educational programming as a supplement to traditional education with opportunities for improvement in literacy and academic skills. Improvements in the ability to read, write, compute and use technology will help inmates prepare for transition back into the communities. The Voluntary Education Program is designed to utilize a literacy coordinator in addition to community volunteers to provide educational support services to inmates participating in the program. Although not fully implemented yet, the Voluntary Education Program shows promise of additional community resources and volunteers being utilized to assist in the development of inmate literacy.

In addition to educational assignments, inmates may also participate in self-help programs offered at MCSP. These programs consist of Alcoholic Anonymous

(AA), Narcotics Anonymous (NA), Veteran's Support groups, Victim's Awareness Offender Program, Juvenile Diversion Program and other Inmate Leisure Time Activity Groups (ILTAGs). Mule Creek State Prison's ILTAG's have increased significantly through staff sponsors and community volunteers and currently offer over sixty groups to the inmate population.

Findings in the Grand Jury Report 2010/2011 for Mule Creek State Prison:

2. As programs are eliminated, opportunities for rehabilitation are lost and will have a negative effect on inmates.

The Grand Jury's Recommendation for Mule Creek State Prison:

Prison Industry Authority (PIA) programs should not be eliminated because they are cash positive.

Mule Creek State Prison's Response:

The California Prison Industry Authority (CALPIA) was created by statute in 1982 as a semiautonomous State agency to operate prison industries in a manner similar to private industry. CALPIA is self-supporting through the sale of products and services and does not receive an appropriation from the Legislature.

California Prison Industry Authority (CALPIA) enterprises at Mule Creek State Prison are meat cutting, coffee roasting, fabric products, laundry, and enterprise support services. CALPIA has no plan to eliminate current enterprises at Mule Creek State Prison, and is considering expanding its food enterprise at the institution.

Please feel free to contact me at (209) 274-5000 if you have any questions.

Sincerely,



WILLIAM KNIPP
Warden (A)
Mule Creek State Prison

Pine Grove Conservation Camp 2010/2011 Follow-up



Camp Site

Pine Grove

Photo courtesy of Pine Grove Youth Conservation Camp

DIVISION OF JUVENILE JUSTICE
PINE GROVE YOUTH CONSERVATION CAMP
P.O. Box 1040
13630 Aqueduct-Volcano Road
Pine Grove, CA 95665
209-296-7581



August 1, 2011

The Honorable David S. Richmond Presiding Judge
Amador County Grand Jury
500 Argonaut Lane
Jackson, CA 95642

Re: 2010-2011 Grand Jury Report June 28, 2011

Pursuant to Penal Code 933.05 I am required to respond to this Grand Jury report. The Amador County Grand Jury inspected Pine Grove Youth Conservation Camp on October 19, 2010. During the inspection they took an extensive tour of the facility and interviewed me as well as other PGYCC staff. In their report they made no recommendations.

If you have any questions or concerns, please contact me at (209) 296-7581.

Sincerely,

A handwritten signature in black ink, appearing to read "Mike Roots".

Mike Roots
Superintendent
Pine Grove Youth Conservation Camp