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MONTEREY COUNTY CIVIL GRAND JURY

P.O. Box 414
Salinas, CA 93902
Telephone: (831) 883-7553



June 24, 2019

The Honorable Stephanie E. Hulse
Judge, Superior Court of California
County of Monterey
240 Church Street
Salinas, CA 93907

Re: 2018 – 19 Monterey County Civil Grand Jury Final Report

Dear Judge Hulse:

On behalf of my fellow jurors on the 2018-19 Monterey County Civil Grand Jury, I am pleased to present our Final Report. The members of the jury are all civic minded and have dedicated their one-year term of service to evaluating how government is working in Monterey County. The Civil Grand Jury hopes these reports will shine light on and give guidance to the government agencies investigated. The jurors devoted many long hours collaborating, investigating, researching, writing and publishing these reports which we hope will make a difference within our county.

It has been an honor to serve with this dedicated and committed team of fellow jurors. The experience of being on the Civil Grand Jury underscored the important role of citizen oversight in local government. We wish to thank you for your initial charge to us as we began our term and your support throughout the year. A special thank you to Chief Assistant County Counsel Les Girard who helped answer our legal questions, and Sandra Ontiveros, Management Analyst with the Office of the County Counsel, for her dedicated support and guidance in achieving our goals.

We thank you for the privilege of serving our fellow citizens.

Respectfully,

A handwritten signature in black ink, appearing to read "J. Allen Miller".

J. Allen Miller, Foreperson
2018-2019 Monterey County Civil Grand Jury



**IN MEMORIAM OF GREGORY KOLBO
(AUG 21, 1951-MAR 7, 2019)**

The members of the 2018-19 Monterey County Civil Grand Jury dedicate this Final Report to the memory of our fellow juror Gregory Kolbo. Greg epitomized what a juror should be. He was a respectful collaborator and a dedicated, hardworking team player. Greg was always inquisitive, thoughtful, and open minded with a good sense of humor. Proud to serve Monterey County as a juror, Greg was always willing to work on assignments with interest, integrity and enthusiasm. He was also very proud to be a veteran and frequently spoke about his time serving our country. He touched all of us with his keen interest in people and desire to be of service. Greg's death left a vacancy in our jury and a sadness in our hearts. We dedicate this Final Report in memory of this kind, gentle, thoughtful, and respectful juror.

2018-2019 MONTEREY COUNTY CIVIL GRAND JURY ROSTER

OFFICERS

Foreperson	J. Allen Miller
Foreperson Pro Tem	John Mutty
Secretary	Chris Mayhew
Corresponding Secretary	Matthew Schuss
Treasurer	Kathleen Stoudt

JURORS

Paula Alderson	Monterey
Rosemarie Barnard	Prunedale
Duane Borba	Pacific Grove
Andy Cariaga	Salinas
Amy DePaola	Carmel
Linda Lannon	Salinas
Chris Mayhew	Seaside
J. Allen Miller	Monterey
John Mutty	Carmel
Robert Nolan	Marina
Robert Reikes	Pacific Grove
Phillip Richer	Monterey
Joseph Ryan	Monterey
Matthew Schuss	Carmel
Gina Sessions	Monterey
Kathleen Stoudt	Salinas
Howard Timm	Carmel



FRONT ROW (left to right): Rosemarie Barnard, Robert Reikes, Duane Borba, Judge Stephanie E. Hulsey, Chris Mayhew, J. Allen Miller

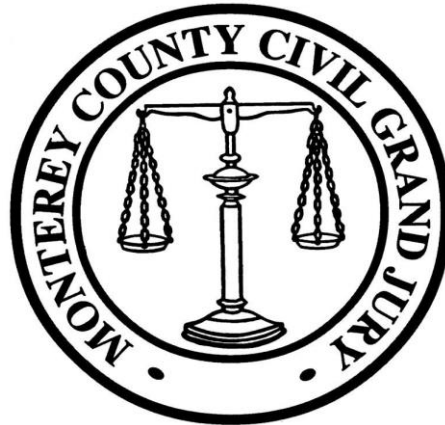
MIDDLE ROW (left to right): Andy Cariaga, Matthew Schuss, Kathleen Stoudt, Paula Alderson, Linda Lannon

BACK ROW (left to right): Gina Sessions, Robert Nolan, Amy DePaola, John Mutty, Joseph Ryan

Not pictured: Howard Timm, Phil Richer

2018-2019 MONTEREY COUNTY CIVIL GRAND JURY

MISSION STATEMENT



The mission of the Monterey County Civil Grand Jury is to conduct independent inquiries and to respond to citizen complaints concerning any government agency, municipality, or special district within Monterey County. The reports of the Civil Grand Jury will provide a clear picture of the functioning of the organizations. Recommendations for improvement will be made, and commendations will be offered when effectiveness, efficiency, or excellence is found.

CIVIL GRAND JURY MISSION AND RESPONSE REQUIREMENTS

The primary mission of a civil grand jury in the State of California is to examine county and city governments, as well as districts and other offices, in order to ensure that the responsibilities of these entities are conducted lawfully and efficiently. The civil grand jury is also responsible for recommending measures for improving the functioning and accountability of these organizations, which are intended to serve the public interest.

Jury Selection

Each year, citizens of the county who apply for civil grand jury service are invited to an orientation session for an overview of the process. The court then interviews them, and approximately 40 names are forwarded for inclusion in the annual civil grand jury lottery. During the lottery, 19 panel members are selected, with the remaining to serve as alternates. Those selected to serve are sworn in and instructed to their charge by the presiding judge. Civil grand jurors take an oath of confidentiality regarding any civil grand jury matters for the rest of their lives.

Investigations

Each civil grand jury sets its own rules of procedures and creates committees to investigate and create reports. California Penal Code section 925 states:

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 ex-officio capacity as officers of the districts.

Additionally, Section 919 prescribes that:

The grand jury shall inquire into the condition and management of the public prisons within the county, including inquiring into willful or corrupt misconduct in office of public officers of every description within the county.

The public may submit directly to the Monterey County Civil Grand Jury complaints requesting that it investigate issues of concern regarding public agencies or official in Monterey County. The public may request complaint forms by contacting the office of the Monterey County Civil Grand Jury at (831) 883-7553 or through the Grand Jury's website address at www.monterey.courts.ca.gov/grandjury or

<http://www.co.monterey.ca.us/government/participate-get-involved/civil-grand-jury>.

Grand juries conduct proceedings behind closed doors, as required by law, primarily for the protection of people who file complaints or who testify during investigations. All who appear as witnesses or communicate in writing with a grand jury are protected by strict rules of confidentiality, for which violators are subject to legal sanction.

Reports

Section 933(a) of California Penal Code declares:

Each grand jury shall submit...a final report of its finding and recommendations that pertain to county government matters during the fiscal or calendar year.

The civil grand jury summarizes its findings and makes recommendations in a public report, completed at the end of its yearlong term. Each report is presented to the appropriate department or agency.

Section 933(b) declares:

One copy of each final report, together with the responses thereto, found to be in compliance with this title shall be placed on file with the clerk of the court and remain on file in the office of the clerk. The clerk shall

immediately forward a true copy of the report and the responses to the State Archivist who shall retain that report and all responses in perpetuity.

Each report is distributed to public officials, libraries, the news media and any entity that is the subject of any of the reports. The public may also view each year's final report through the Monterey County Civil Grand Jury's website at

<http://www.co.monterey.ca.us/government/participate-get-involved/civil-grand-jury> or

www.monterey.courts.ca.gov/grandjury.

Content of Responses

Section 933.05 of the California Penal Code declares:

- (a) For purposes of subdivision (b) of Section 933, as to each grand jury finding, the responding person or entity shall indicate one of the following:
 1. The respondent agrees with the finding.
 2. The respondent disagrees wholly or partially with the finding, in which case the response shall specify the portion of the finding that is disputed and shall include an explanation of the reasons therefor.
- (b) For purposes of subdivision (b) of Section 933, as to each grand jury recommendation, the responding person or entity shall report one of the following actions:
 1. The recommendation has been implemented, with a summary regarding the implemented action.
 2. The recommendation has not yet been implemented, but will be implemented in the future, with a timeframe for implementation.
 3. The recommendation requires further analysis, with an explanation and the scope and parameters of an analysis or study, and a timeframe for the matter to be prepared for discussion by the officer or head of the agency or department being investigated or reviewed, including the governing body of the public agency when applicable. This timeframe shall not exceed six months from the date of publication of the grand jury report.
 4. The recommendation will not be implemented because it is not warranted or is not reasonable, with an explanation therefor.

Timeline of Responses

Section 933(c) states:

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 pertaining to matters under the control of the governing body, and every elected county officer or agency head for which the grand jury has responsibility pursuant to Section 914.1 shall comment within 60 days to the presiding judge of the superior court, with an information copy sent to the board of supervisors, on the findings and recommendation pertaining to matter under the control of that county officer or agency head any and agency or agencies which that officer or agency head supervises or controls...All of these comments and reports shall forthwith be submitted to the presiding judge of the superior court who impaneled the grand jury.

Address for Delivery of Responses

The Honorable Stephanie E. Hulse
Judge of the Superior Court
County of Monterey
240 Church Street
Salinas, CA 93901

A REVIEW OF THE CITY OF MONTEREY'S NEIGHBORHOOD IMPROVEMENT PROGRAM

SUMMARY

The City of Monterey Neighborhood Improvement and Community Program, more commonly known as the Neighborhood Improvement Program (NIP), was established in 1985 by the Monterey City Council. In 1988, the voters approved Measure B, now included as section 6.6 of the Monterey City Charter, which states that at least 16% of the Transient Occupancy Tax (TOT) is to be set aside for improvements to the residential neighborhoods of Monterey. The original NIP budget in 1986 was \$2 million. The estimated budget for 2017-18 was \$4 million. The NIP has accomplished many beneficial projects in the years since it was established and is generally seen in a positive light by the residents of the City of Monterey.

This investigation began as a result of a citizen's concern that the NIP wasn't adequately serving the neighborhoods. This report will show that the City of Monterey has followed the original intention of the voters for the most part but there are some exceptions detailed below.

This report will identify that the City of Monterey and/or the NIP Committee:

- a) failed to diligently review, and update, the Policies and Procedures Manual (NIP Manual) to currently reflect changes within the NIP operations and structure;
- b) included and funded projects in an entity called Citywide, which is not specified as a neighborhood in the NIP Manual, and which should be funded from the City's General Fund; and
- c) provided inadequate Public Notices for NIP publicly held meetings.

For the above reasons, updated written policies and procedures should be drafted and approved reflecting the current protocols utilized by the NIP. The Monterey County Civil Grand Jury (MCCGJ) recommends that the Monterey City Council in collaboration with the NIP Committee address this matter and:

- a) review the NIP Manual annually and make appropriate changes;
- b) define Citywide and differentiate it from Community-wide (terminology used in the City Charter to describe use of the NIP funds);
- c) avoid using NIP funds for Citywide projects that should be funded through the General Fund; and,

A REVIEW OF THE CITY OF MONTEREY'S NEIGHBORHOOD IMPROVEMENT PROGRAM

- d) adopt a protocol to better inform the residents of Monterey, as well as the public at large, when NIP Public Meetings are being held.

BACKGROUND

The MCCGJ began this investigation as a result of a citizen's complaint. The complaint focused on the NIP in the City of Monterey. The three main concerns of the complainant were:

- 1) The lack of term limits for NIP representatives creates an atmosphere that supports vote trading and cronyism;
- 2) The NIP budget is used for projects not included under Measure B, which is described on page 6 of the Manual;¹ and,
- 3) The processes by which the NIP projects are prioritized and by which the funds are allocated do not provide equal treatment for all the neighborhoods' projects.

The MCCGJ began the inquiry into the NIP specifically focused on the three issues brought to our attention by the complaint. During the investigation, several other issues were uncovered that called into question whether the government of the City of Monterey was transparent in its policies, procedures, and finances as they relate to the NIP. In order to better understand the issues, the MCCGJ researched the following:

- a) the organization of the City of Monterey's government;
- b) the history of the City of Monterey; and
- c) the genesis of the NIP.

The following information was obtained from the NIP Policies and Procedures Manual;² interviews conducted by the MCCGJ; review of City of Monterey public documents located on the City website using the tool I-SEARCH³; and documents provided by City officials, NIP members, and residents.

¹ <https://monterey.org/Portals/0/Reports/NIP/NIP-Policies-and-Procedures-Manual.pdf>

² <https://monterey.org/Portals/0/Reports/NIP/NIP-Policies-and-Procedures-Manual.pdf>

³ <http://isearchmonterey.org/home.html>

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The Government Structure

The City of Monterey is a charter city that operates under a charter (essentially its own constitution) that has been adopted by local voters. The City of Monterey operates under a Council-Manager form of government. This is a government in which the Monterey City Council governs legislative issues and the City Manager is responsible for all administrative and everyday functions. The Monterey City Council is composed of five councilmembers, one of which is the mayor. Councilmembers are all elected positions and serve staggered four-year terms. The Monterey City Council meets the first and third Tuesday of each month. The city's fiscal year is from July 1st through June 30th. Each Monterey City Council meeting has a predetermined agenda. The City Manager has final approval of the Monterey City Council agenda and has responsibility over the functions of the NIP. Appendix A shows the Organizational chart of the City of Monterey.

A Brief History of the City of Monterey

The City of Monterey, which was incorporated in 1850, has come a long way from being initially known for its fishing industry in the early to mid-1900s. Due to its strategic location, it was identified as a key military outpost and was the home to an active military base, the Presidio. The City of Monterey is presently a well-known tourist destination due to several attractions, most notably the Monterey Bay Aquarium. As the area's popularity grew, the negative impact to the natural surroundings and the infrastructure, mainly caused by the increase of automobile traffic, raised great concerns to the residents of the neighborhoods of the city.

In 1985, then Mayor Clyde Roberson introduced a proposal for a system in which a portion of the TOT, charged by lodging establishments, would be diverted to support the needs of the neighborhoods. This system was officially amended into the Monterey City Charter and approved by voters in the General Election of November 8, 1988, as Measure B, Monterey City Charter Amendment Neighborhood and Community Projects Program.⁴ The major aspects of Measure B are:

⁴ <https://monterey.org/Residents/Neighborhoods/Neighborhood-Improvement-Program>

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1. At least 16% of the annual TOT revenue is to be budgeted for capital projects to improve the residential neighborhoods or projects of community-wide benefit; and
2. The Monterey City Council may, by a four-fifths vote, reduce said budget below 16%.

A copy of Section 6.6 of the Monterey City Charter is attached as Appendix B

The Neighborhood Improvement Program

To provide guidance to the NIP Committee on how to conduct its business, the NIP Manual was developed.⁵ The Council Approved Edition of the NIP Manual, currently in use by the NIP, is dated December 4, 2012.

The NIP includes 16 neighborhoods. The Monterey City Charter defines the appropriate use of NIP funds as targeted for neighborhoods and community-wide capital projects. For clarification purposes of the NIP Manual and this report, the Merriam-Webster Dictionary defines “neighborhood” as “the people living near one another” or “a section lived in by neighbors and usually having distinguishing characteristics.”⁶ “Community”⁷ is defined as “people with common interests living in a particular area” and Citywide as “including all parts of the city.” The MCCGJ believes community-wide projects benefit the residents within the neighborhoods and Citywide projects benefit the residents of the entire city. A map of the 16 neighborhoods is attached as Appendix C.

Each neighborhood chooses one representative and an alternate to serve on the NIP Committee. Each representative is then approved and appointed by the Monterey City Council. The NIP Committee chooses a Spokesperson and an Alternate Spokesperson to represent the NIP Committee in meetings with the Monterey City Council and other committees. There are no representatives for Citywide.

A neighborhood, as defined in the City Charter, has an identified and distinct boundary. Each neighborhood has a base allocation for funding projects. The base allocation⁸

⁵ <https://monterey.org/Portals/0/Reports/NIP/NIP-Policies-and-Procedures-Manual.pdf>

⁶ <https://www.merriam-webster.com/dictionary/neighborhood>

⁷ <https://www.merriam-webster.com/dictionary/community>

⁸ <https://monterey.org/Portals/0/Reports/NIP/NIP-Policies-and-Procedures-Manual.pdf>

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(funding allocation) is set by the per capita formula per year and is based on the population of each neighborhood. Citywide has no base allocation.

There is a designated City of Monterey NIP Coordinator who is appointed by the City Manager⁹ and is responsible for coordinating development and execution of the NIP. The NIP Coordinator's immediate supervisor is the Director of the Public Works Department. Each NIP representative is responsible for submitting resident suggested projects to the NIP Coordinator for review. City staff frequently submit city projects for consideration by the NIP committee at the request of the City Manager, the majority of which are Citywide. These projects are then reviewed by the NIP Coordinator, evaluated as to completion cost, and presented for review by the NIP Committee during Voting Night (as described below).

Each year within the first quarter, NIP representatives meet to vote on projects within their own neighborhoods. During the NIP prioritization meeting, NIP members can support other projects outside of their neighborhoods by lending their allocation of monies to other projects. Approved projects are reviewed by the Monterey City Council for approval or rejection. Once the Monterey City Council approves projects, they return the list of approved projects to the NIP Coordinator for scheduling with the City Engineer, Parks and Recreation Department, and the Public Works Department.

APPROACH

The MCCGJ interviewed several NIP Spokespersons, NIP representatives, and residents of several neighborhoods. The cross section of interviewees included more recently appointed representatives and representatives who have over 15 years of experience on their respective NIP Committees. The MCCGJ also interviewed senior officials within the City of Monterey who had knowledge of the NIP functions and procedures. The interviews included staff members and senior and middle management officials, including elected officials. These interviews provided information that prompted the MCCGJ to research City documents, public meeting minutes, and the finances of the City of Monterey Budget.

⁹ <https://monterey.org/Residents/Neighborhoods/Neighborhood-Improvement-Program>

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Relevant documents, City Minutes, City Agendas, and financial data were collected from the City of Monterey staff and the on-line search engine, I-SEARCH. The I-SEARCH tool allows the user to access on-line activities to review City Public Meetings, including videos and minutes. The search engine allows the user to search by date, month, and year.

The MCCGJ also reviewed:

- NIP Budgets
- City of Monterey Budgets
- NIP website information¹⁰, and
- NIP Projects submitted to the NIP from the Public

DISCUSSION

NIP Representatives and Term in Office

The MCCGJ, in its efforts to address the complainant's concerns regarding term limits, interviewed a NIP Spokesperson elected from the representatives, several representatives and residents as well as City Staff and senior officials and found:

- The position of NIP representative is time-consuming and requires a great deal of work and dedication.
- The long serving members reported that they were in their positions due to lack of interest from other neighborhood residents to serve in the position.
- Certain NIP representatives had no alternate to assist them with their NIP tasks.
- Each year, the NIP representatives are voted in by their respective districts.
- Although previous knowledge is valuable, it is not necessary in the position.

¹⁰ <https://monterey.org/Residents/Neighborhoods/Neighborhood-Improvement-Program>

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- NIP representatives cooperated with each other and voted for, as well as, used funds from their neighborhoods to assist other neighborhood projects.

The NIP Neighborhoods and Budget

The NIP Manual¹¹ addresses the neighborhoods within the City of Monterey and those neighborhoods are identified by a district name. A map showing the boundaries of each neighborhood is included in Appendix C. There are 16 separate and distinct neighborhoods. The funding allocation of each designated neighborhood is determined by a per capita formula each year and is based upon the population of each neighborhood. The term used by the City of Monterey is “base allocation”. Base allocation is calculated by the number of residents in each neighborhood multiplied by \$7.50 per resident. The population numbers are based upon the 2010 United States Census. The number of residents in their respective neighborhoods is included in Appendix D. Each neighborhood can use its base allocation solely at its discretion and does not need NIP Committee approval for projects covered by this allocation. The funds from the TOT not used for base allocations are used for projects in the prioritization process explained above.

The MCCGJ found, upon reviewing the City Budget 2017-2019,¹² that an entity called Citywide was listed under the heading of Neighborhoods. There is no reference within the City Charter for Citywide. The NIP Manual mentions Citywide projects but does not define them.

The MCCGJ reviewed the NIP budgets from 2008-2018 and found that overall, Citywide received substantially more funding from the NIP Budget than any of the 16 neighborhoods. A copy of the 10-Year Budget numbers by neighborhood is attached as Appendix E. Over the 10 years ending in 2018, Citywide received 30.8% of the NIP budget. During the same years, the next highest was New Monterey with 15.7%, then Monterey Vista with 11%. The rest of the neighborhoods were all under 7% of the

¹¹ <https://monterey.org/Portals/0/Reports/NIP/NIP-Policies-and-Procedures-Manual.pdf>

¹² https://monterey.org/Portals/0/Reports/Finance/Budget/Adopted-Budget-2017-2019-Biennium_FINAL.pdf

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budget. In 8 of the 10 years, Citywide received more than any of the 16 approved neighborhoods. While it is true that Citywide projects were voted on and approved by the NIP Committee, by using NIP funds for Citywide projects, less was left for individual neighborhood projects.

It is clear that some of these Citywide projects should have been in the General Fund. City departments are asked to provide project ideas to submit to the NIP Committee. These projects probably have merit but may actually be more appropriately covered by the General Fund. Citywide also appears in the General Fund budget. For example, in Budget year 2014 supplemental Budget requests, there is a line request for Citywide listed under General Fund. Additionally, there is a line item entry during the years 2014-2015 for Capital Improvement Projects in which "Citywide Street Repair" is listed under the heading General Fund.

The NIP budget can be used to fund projects other than improvements in the neighborhoods. The City Charter also allows funds for community-wide capital projects. The City Charter indicates that the Monterey City Council "may, by a four-fifths vote reduce the NIP budget" and further states that this can be done if the "Monterey City Council determines that there are insufficient funds for the ordinary and necessary services in any budget year....". There are no guidelines for what is meant by "ordinary and necessary services". Protocols, policies, and procedures to identify instances in which there is an urgent need to use NIP funds outside of what they were intended for do not exist. The MCCGJ wondered how the Monterey residents can be assured that the Monterey City Council is being transparent when they adopt a budget utilizing NIP funds for Citywide projects instead of neighborhood projects.

Document review and interviews with City Staff, Senior City Management, and NIP representatives could not provide a reasonable explanation for the Citywide entity. Some NIP representatives and members were not even aware of the existence of Citywide. In the Monterey City Council minutes dated February 6, 2018, Mayor Clyde Roberson stated, "Going forward, the City needs to find another revenue source to continue to fund Citywide projects outside the NIP".¹³ Mayor Roberson also stated he is "not comfortable blessing individual projects, and ideas should be coming from the NIP

¹³ <http://isearchmonterey.org/mtgviewer.aspx?meetid=3887&doctype=MINUTES>

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Committee and residents.”¹⁴ The MCCGJ agrees with this statement. We believe the funding of some projects outside of the pre-described 16 neighborhoods is not abiding by the intent of the City Charter. It appears that funds extracted from the NIP budget for Citywide projects are to enhance the General Fund of the City of Monterey to complete General Fund Projects.

Confusion Regarding the NIP Manual

The purpose of the NIP Manual is to provide guidance to the NIP representatives on how to conduct its business and provide information to the public. The NIP Committee is currently using a Council Approved Edition dated December 4, 2012. The NIP Committee made numerous attempts to update the NIP Manual as documented below.

There are three members from the 16 NIP neighborhoods who sit on the Policy Manual Subcommittee. This Subcommittee is responsible for drafting revisions and additions to the NIP Manual as directed by the NIP Committee. The Mayor represents the Monterey City Council on this Subcommittee.

Over a two-year period (2014-2015), several meetings were held regarding changes, revisions, and deletions to the NIP Manual.¹⁵ These meetings were attended by the NIP Coordinator and NIP Committee. These meetings yielded no progress. The NIP Manual clearly states, “All revisions and additions are discussed and voted on (and).... are taken to the NIP Committee for review and approval prior to being taken to the City Manager to be placed on the agenda for Monterey City Council”¹⁶.

The most currently used edition of the NIP Manual is dated December 4, 2012 and is available for the public on the NIP website¹⁷. Between July 2013 and December 2015, issues continued to be raised at NIP meetings regarding changes, deletions, and additions without any actionable outcomes. Discussion related to the revision of the NIP Manual was usually moved to the next meeting. No consensus was reached for any action.

¹⁴ <http://isearchmonterey.org/mtgviewer.aspx?meetid=3887&doctype=MINUTES>

¹⁵ <http://isearchmonterey.org/meetings.html>

¹⁶ <https://monterey.org/Portals/0/Reports/NIP/NIP-Policies-and-Procedures-Manual.pdf>

¹⁷ <https://monterey.org/Residents/Neighborhoods/Neighborhood-Improvement-Program>

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The MCCGJ found that in December 2015 the matter of “Changes to the NIP Policies and Procedures Manual” was placed on the Monterey City Council agenda. The documents to support the agenda item included a strike through version of the NIP Manual. The motion to “approve Policies and Procedures Manual revisions for the Neighborhood Improvement Program for calendar year 2016 (Plans & Public Works 808-01)” was continued on a 5-0 vote to the next Monterey City Council Meeting in January 2016. The issue never appeared on succeeding agendas. As of the writing of this report, the 2012 approved edition of the NIP Manual remains in use.

The NIP held 11 public meetings in 2016, 8 public meetings in 2017, and 9 public meeting in 2018¹⁸. Revisions to the NIP Manual were never brought forward for a vote by the NIP Committee. In spite of frequent comments about the importance of making changes to reflect the current status of NIP Committee functioning, the issue was never resolved. All the proposed changes, additions, and deletions to the NIP Manual can be found within the City of Monterey’s I-Search website¹⁹. All public meetings, minutes, and videos can be accessed on this website.

Over a period of four years, no formal action was taken to change, update, or revise the NIP Manual for Monterey City Council approval. A request by the Mayor dated October 16, 2018,²⁰ to the NIP Manual Subcommittee and City personnel to review and make changes to the current processes for efficiencies was never completed.

Public Meetings Notices

One of the many important functions of city government is to inform its residents of public meetings. Residents have the absolute right to attend meetings and voice their concerns, approval, or displeasures of action taken or not taken by the city government officials.

¹⁸ <http://isearchmonterey.org/meetings.html>

¹⁹ <http://isearchmonterey.org/home.html>

²⁰ <http://isearchmonterey.org/mtgviewer.aspx?meetid=3904&doctype=MINUTES>

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The California Brown Act (Government Code Section 54950 et. Sec) requires notice of public meetings and agendas to be posted 72 hours prior to the meeting.²¹ The NIP Manual ²² states that NIP public meetings will be advertised in “local newspapers”.

Notices of NIP public meetings are posted only on the City of Monterey website and the bulletin board outside of City Hall. This meets the letter of the law in the Brown Act but not the spirit of public notice. The MCCGJ requested copies of newspaper postings from the City of Monterey for NIP meetings. None were provided. The City of Monterey is not following the guidelines in the NIP Manual for meeting notice publication.

The City of Monterey does not make use of instant technology and messaging platforms for meeting notices. By using the bulletin board at City Hall to post upcoming meetings, citizens must travel to City Hall to see what is posted, rather than using the latest technology.

FINDINGS

NIP Committee Members

- F1) NIP Representatives are a reliable and hardworking group of volunteers elected annually by their neighborhoods without term restrictions.
- F2) NIP Representatives work cooperatively with each other to prioritize and fund projects. There is no evidence of “cronyism” or vote trading.
- F3) Term limits would likely lead to numerous vacancies on the NIP Committee.

NIP Manual

- F4) The December 4, 2012 Edition of the NIP Manual does not reflect the current processes and practices of the NIP.
- F5) From 2012 to the present, the NIP Committee has continued to discuss changes to the 2012 NIP Manual without subsequent city council approval, thereby not having up to date practices documented.
- F6) The NIP Coordinator and the City Manager failed to advance the revision of the NIP Manual over a period of six years.

²¹ <https://www.jdsupra.com/legalnews/ab-2257-new-brown-act-requirements-for-35346/>

²² <https://monterey.org/Portals/0/Reports/NIP/NIP-Policies-and-Procedures-Manual.pdf>

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NIP Projects

- F7) NIP has a well worked out method of prioritizing neighborhood projects.
- F8) The City of Monterey gives appropriate procedural support to the NIP projects.
- F9) The funding of some projects outside of the pre-described 16 neighborhoods is not abiding by the intent of the City Charter.
- F10) There is confusion about Citywide projects that can be found in both NIP and General Fund budgets. The citizens of Monterey don't have but need transparency when it comes to the NIP funding of Citywide projects.
- F11) The practice of City Officials submitting Citywide projects from their respective departments and presenting them to the NIP for approval gives the appearance that Citywide projects belong in the NIP budget but may actually belong in the General Fund budget.
- F12) Funds used from the NIP budget for Citywide projects are to enhance the General Fund of the City of Monterey to complete General Fund Projects.
- F13) Citywide has been erroneously identified as a neighborhood and is included in project assignments but has no base allocated budget.
- F14) Over a ten-year period, the NIP budget shows that Citywide received substantially more funding than any of the true 16 neighborhoods.

Public Meeting Notices

- F15) NIP public meetings are not communicated effectively to the residents of Monterey or to the general public.
- F16) The City of Monterey is not following the NIP Manual's guidelines by failing to post public meeting announcements in local newspapers.

RECOMMENDATIONS

- R1) Immediately, the Monterey City Council should coordinate with the NIP Representatives to update the 2012 Edition of the NIP Manual to reflect the current operations and policies of the NIP and to annually update the NIP Manual.
- R2) No later than the end of the 2019-2020 fiscal year, the Monterey City Council should hold the office of the City Manager accountable for the process of

A REVIEW OF THE CITY OF MONTEREY'S NEIGHBORHOOD IMPROVEMENT PROGRAM

updating the NIP Manual and having it placed on the agenda for a vote by the Monterey City Council.

- R3) By the end of the 2019-2020 fiscal year, the Monterey City Council should develop protocols, policies, and procedures to identify instances in which there is an urgent need to use NIP funds outside of what they were intended.
- R4) By January 2020 the Monterey City Council should clearly define Citywide and differentiate it from Community-wide as it relates to NIP projects and funding.
- R5) Immediately the Monterey City Council should develop criteria to differentiate General Fund projects that qualify for NIP funds from those projects that do not.
- R6) Immediately after finalizing R5, the Monterey City Council should ensure that City Staff, including elected officials, do not submit projects to the NIP when those projects are within the purview of the General Fund.
- R7) By January 2020, the Monterey City Council should adopt and implement broader and more modern methods of informing the residents of Monterey when and where public meetings of the NIP are to be held.

REQUIRED RESPONSES

Pursuant to Penal Code sections 933 and 933.05, the grand jury requests a response to the Findings and Recommendations as follows:

From the following governing body within 90 days:

- The Monterey City Council
Findings: F4), F5) F7), F8), F9), F10) F11), F12), F13), F14), F15), F16), and
Recommendations: R1), R2), R3), R4), R5), R6), R7)

INVITED RESPONSES

- The Monterey City Mayor
Findings: F4), F5) F7), F8), F9), F10) F11), F12), F13), F14), F15), F16), and
Recommendations: R1), R2), R3), R4), R5), R6), R7)

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- The City Manager of the City of Monterey
Findings: F4), F5), F6), F7), F8), F9), F10), F11), F12), F13), F14), F15) and F16)
Recommendations: R1), R2), R3), R6) and R7)
- NIP Spokesperson
Findings: F1), F2), F3), F4), F5), F7), F8), F9), F10), F11), F12), F13), F14), F15) and F16)
Recommendations: R1), R2), R7)

Reports issued by the Civil Grand Jury do not identify individuals interviewed. Penal Code section 929 requires that reports of the Civil Grand Jury not contain the name of any person or facts leading to the identity of any person who provides information to the Civil Grand Jury

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APPENDICES

Appendix A: City of Monterey Organizational Charter

Appendix B: Section 6.6 of the Monterey City Charter

Appendix C: Map of Monterey's 16 Neighborhoods (from Policy and Procedure Manual
p. 10)

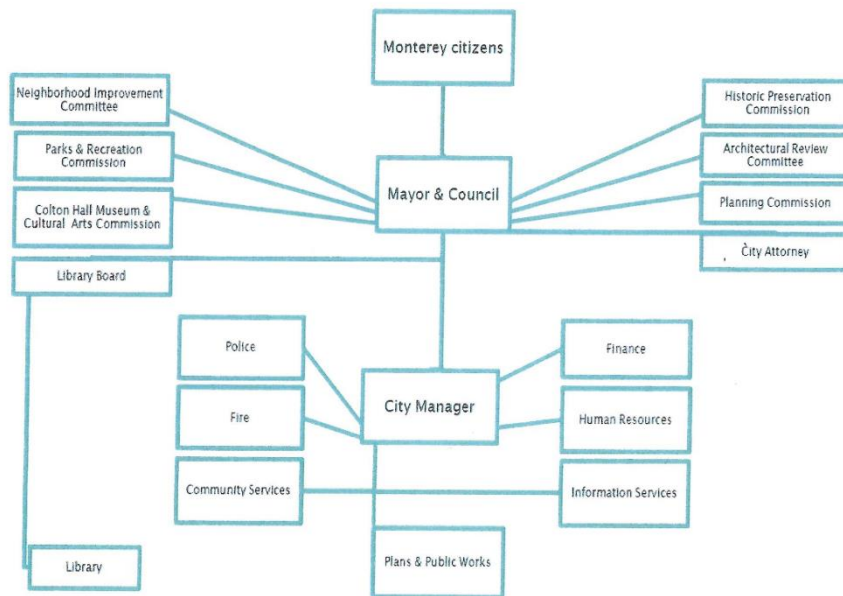
Appendix D: NIP Neighborhoods (from NIP Policy and Procedures Manual)

Appendix E: Funding by Neighborhood 2008-2018

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Appendix A: City of Monterey Organizational Charter

Organizational Chart



A REVIEW OF THE CITY OF MONTEREY'S NEIGHBORHOOD IMPROVEMENT PROGRAM

Appendix B: Section 6.6 of the Monterey City Charter

Sec. 6.6 Neighborhood and Community Improvement Program.

a) Purpose: The purpose of the Neighborhood and Community Improvement Program is to insure that a minimum portion of the City's annual budget is expended to improve the residential neighborhoods of the City and to provide for capital projects of community-wide benefit.

b) Capital Projects Defined: Capital Projects include, but are not limited to, streets, storm drains, sewers, sidewalks, lighting, traffic control devices, landscaping and beautification, parks, recreational facilities and other public buildings. Capital Projects do not include ordinary services.

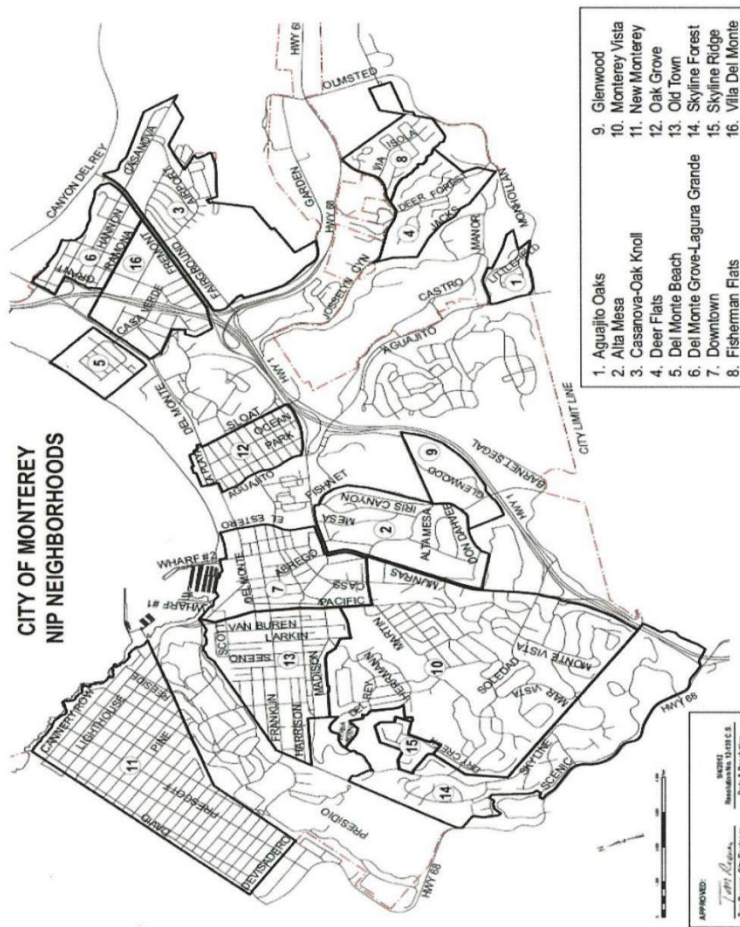
c) Annual Budget: As part of the annual budget, the Monterey City Council shall appropriate at least sixteen percent (16%) of the Transient Occupancy Tax estimated to be collected during the fiscal year to be expended on Neighborhood and Community Improvements. If the Council determines that there are insufficient funds available to provide for the ordinary and necessary services in any budget year, they may, by an affirmative vote of four (4) members of the Monterey City Council, reduce the amount to be appropriated for Neighborhood and Community Improvements.

d) Neighborhood Improvement Program Committee: The Monterey City Council shall appoint at least one (1) resident from each residential neighborhood to the Neighborhood Improvement Program Committee. The Committee shall recommend a list of capital improvements desired to be accomplished in each neighborhood. Recommendations may include multi-year projects and funding.

e) Council Action: From the recommendations of the Neighborhood Improvement Program Committee the Council shall include a Neighborhood Improvement Program in the annual budget. The determination of the projects, priorities and expenditures shall be within the sound discretion of the Monterey City Council.

A REVIEW OF THE CITY OF MONTEREY'S NEIGHBORHOOD IMPROVEMENT PROGRAM

Appendix C: Map of Monterey's 16 Neighborhoods (from Policy and Procedure Manual p. 10)



A REVIEW OF THE CITY OF MONTEREY'S NEIGHBORHOOD IMPROVEMENT PROGRAM

Appendix D: NIP Neighborhoods (from NIP Policy and Procedures Manual)

IV. NEIGHBORHOOD IMPROVEMENT PROGRAM COMMITTEE

- A. What is a Neighborhood? Webster defines a neighborhood as "the people living near one another" or "a section lived in by neighbors and usually having distinguishing characteristics." For NIP purposes, an area must be eligible for NIP-funded projects within its boundaries to qualify as a neighborhood. Currently, Monterey has sixteen (16) distinctive neighborhoods. These neighborhoods are:

<u>NEIGHBORHOOD</u>	<u>POPULATION - 2010</u>
1. Aguajito Oaks	97
2. Alta Mesa	290
3. Casanova-Oak Knoll	1,713
4. Deer Flats	451
5. Del Monte Beach	525
6. Del Monte Grove-Laguna Grande	1 ,243
7. Downtown	287
8. Fisherman Flats	447
9. Glenwood	993
10. Monterey Vista	3,806
1 1. New Monterey	5,091
12. Oak Grove	1 ,642
13. Old Town	3,105
14. Skyline Forest	1 ,098
15. Skyline Ridge	151
16. Villa Del Monte	2,212

A REVIEW OF THE CITY OF MONTEREY'S NEIGHBORHOOD IMPROVEMENT PROGRAM

Appendix E: Funding by Neighborhood 2008-2018

Project/Type	Proposed		Overall 5 Years										Past 5 Years					10 Year
	FY 17/18	FY 18/19	FY 15/16	FY 14/15	FY 13/14	FY 12/13	FY 11/12	FY 10/11	FY 09/10	FY 08/09	FY 07/08	Total	%					
ADA-Related	\$ 313,000	\$ 801,000	\$ -	\$ 280,000	\$ 292,000	\$ 448,000	\$ 74,700	\$ 63,800	\$ 60,000	\$ 60,000	\$ 60,000	\$ 2,065,500	8.2%					
Damage	\$ 345,000	\$ 262,000	\$ 385,000	\$ 325,000	\$ 428,000	\$ 621,700	\$ 786,820	\$ 85,000	\$ 145,000	\$ 235,000	\$ 148,350	\$ 3,755,870	13.5%					
Facilities & Equipment	\$ 165,000	\$ 95,000	\$ 348,750	\$ 140,500	\$ 301,200	\$ 98,500	\$ 156,100	\$ 463,590	\$ 459,090	\$ -	\$ 250,000	\$ 2,487,730	9.0%					
Historic, Museum & Art-Related	\$ 468,000	\$ 64,000	\$ 275,000	\$ 145,000	\$ 140,000	\$ -	\$ 53,300	\$ 38,000	\$ 38,000	\$ 288,500	\$ 5,000	\$ 1,526,800	5.5%					
Other/Misc	\$ -	\$ 13,000	\$ 153,200	\$ -	\$ 75,000	\$ 40,000	\$ 15,400	\$ 200,000	\$ 227,000	\$ 12,000	\$ 45,500	\$ 733,100	2.8%					
MPS/D	\$ -	\$ -	\$ -	\$ 305,000	\$ 40,000	\$ -	\$ -	\$ 14,000	\$ 14,000	\$ 12,000	\$ -	\$ 495,000	1.8%					
Parks & Park-Related	\$ 341,000	\$ 883,975	\$ 1,044,000	\$ 171,575	\$ 1,222,000	\$ 669,500	\$ 221,500	\$ 511,800	\$ 441,700	\$ 612,500	\$ 628,380	\$ 6,753,240	24.5%					
Sidewalks/Walkways	\$ 347,000	\$ 228,000	\$ 411,000	\$ 8,700	\$ 133,000	\$ 640,000	\$ 15,700	\$ -	\$ 65,000	\$ 631,000	\$ 150,190	\$ 2,829,590	9.5%					
Streets	\$ 813,000	\$ 338,000	\$ 450,000	\$ 515,000	\$ 40,000	\$ 19,000	\$ -	\$ 328,140	\$ 168,500	\$ -	\$ -	\$ 2,889,640	9.7%					
Traffic Calming & Traffic Safety	\$ 971,000	\$ 303,000	\$ 388,000	\$ 540,000	\$ 182,000	\$ 279,000	\$ 634,700	\$ 71,800	\$ 72,840	\$ 155,000	\$ 823,000	\$ 4,387,140	15.8%					
Total	\$ 3,781,000	\$ 2,893,975	\$ 3,442,950	\$ 2,449,875	\$ 2,793,200	\$ 2,775,700	\$ 1,978,220	\$ 1,710,130	\$ 1,710,130	\$ 1,972,000	\$ 2,170,430	\$ 27,777,610	100%					
Contingency	\$ 450,000	\$ 450,000	\$ 966,133	\$ 332,000	\$ -	\$ 16,515	\$ 200,000	\$ -	\$ 205,347	\$ 200,000	\$ 150,000	\$ 2,771,987						
Neighborhood																		
Aquatic Oaks	\$ -	\$ -	\$ 7,000	\$ -	\$ -	\$ 22,700	\$ 1,600	\$ -	\$ -	\$ -	\$ -	\$ 31,300	0.1%					
Ale Mesa	\$ 50,000	\$ 82,175	\$ 41,000	\$ 2,175	\$ 25,000	\$ 78,000	\$ 25,000	\$ 40,000	\$ 40,000	\$ 25,000	\$ 25,000	\$ 413,350	1.5%					
Casanova Oakknoll	\$ 487,000	\$ 140,000	\$ 208,700	\$ 12,000	\$ 92,000	\$ 280,500	\$ -	\$ 21,500	\$ 21,500	\$ 61,000	\$ 123,850	\$ 1,446,050	5.2%					
Citywide	\$ 730,000	\$ 1,317,000	\$ 993,750	\$ 148,000	\$ 925,200	\$ 793,500	\$ 518,420	\$ 805,730	\$ 805,730	\$ 559,500	\$ 715,000	\$ 8,553,830	30.8%					
Deer Flats	\$ -	\$ 31,000	\$ -	\$ 8,700	\$ -	\$ 51,500	\$ -	\$ -	\$ -	\$ 10,000	\$ 10,000	\$ 111,200	0.4%					
Del Monte Beach	\$ 63,000	\$ -	\$ 35,000	\$ 95,000	\$ 190,000	\$ 7,500	\$ 80,000	\$ 10,000	\$ 10,000	\$ 191,500	\$ -	\$ 655,000	2.4%					
Del Monte Grove/ Laguna Grande	\$ 478,000	\$ 250,500	\$ 169,800	\$ 290,000	\$ 240,000	\$ 44,000	\$ 65,200	\$ -	\$ -	\$ 97,000	\$ 16,000	\$ 1,689,700	6.1%					
Downtown	\$ -	\$ 175,000	\$ 22,000	\$ 50,000	\$ -	\$ -	\$ 17,000	\$ -	\$ -	\$ 5,000	\$ -	\$ 270,190	1.0%					
Farmers/Rats	\$ 65,000	\$ 25,000	\$ 18,000	\$ 250,000	\$ 85,000	\$ 91,000	\$ 26,500	\$ 80,000	\$ 60,000	\$ 50,000	\$ 2,590	\$ 753,000	2.8%					
Glenwood	\$ 265,000	\$ 146,000	\$ -	\$ -	\$ -	\$ -	\$ 20,000	\$ -	\$ -	\$ 5,000	\$ 9,330	\$ 403,330	1.5%					
Monterey Vista	\$ 416,000	\$ 357,500	\$ 421,000	\$ 295,000	\$ 93,000	\$ 282,000	\$ 356,100	\$ 203,500	\$ 203,500	\$ 256,500	\$ 191,000	\$ 3,045,100	11.0%					
New Monterey	\$ 798,000	\$ 156,800	\$ 300,000	\$ 480,000	\$ 497,000	\$ 572,000	\$ 285,700	\$ 319,400	\$ 319,400	\$ 484,500	\$ 149,000	\$ 4,355,800	15.7%					
Oak Grove	\$ -	\$ 20,000	\$ 450,000	\$ -	\$ -	\$ 94,000	\$ 38,200	\$ -	\$ -	\$ 6,000	\$ -	\$ 563,200	3.4%					
Old Town	\$ -	\$ 94,000	\$ 160,000	\$ 180,000	\$ 180,000	\$ 138,000	\$ 245,000	\$ 95,000	\$ 95,000	\$ 128,000	\$ 191,500	\$ 1,468,500	5.4%					
Skyline Forest	\$ 125,000	\$ 100,000	\$ 200,000	\$ 375,000	\$ 335,000	\$ 288,000	\$ 142,000	\$ 110,000	\$ 110,000	\$ 125,000	\$ 57,000	\$ 1,954,000	7.1%					
Skyline Ridge	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%					
Villa Del Monte	\$ 313,000	\$ 110,000	\$ 242,500	\$ 130,000	\$ 130,000	\$ 128,000	\$ 157,500	\$ 45,000	\$ 45,000	\$ -	\$ 329,000	\$ 1,629,000	5.9%					
Total	\$ 3,781,000	\$ 2,893,975	\$ 3,442,950	\$ 2,449,875	\$ 2,793,200	\$ 2,775,700	\$ 1,978,220	\$ 1,710,130	\$ 1,710,130	\$ 1,972,000	\$ 2,170,430	\$ 27,777,610	100%					

City of Monterey 2017-19 Biennial Budget

DISCLOSING PUBLIC EMPLOYEE SALARY COMPENSATION DATA IN MONTEREY COUNTY

SUMMARY

In the aftermath of the financial scandal that rocked the City of Bell, California in 2010, State Controller John Chiang ordered cities, counties, and special districts, under Government Code (GC) sections 12463¹ and 53892² to submit public employee salary compensation data to the State Controller's Officer (SCO). The data was part of their Financial Transaction Reporting (FTR) requirements and was published on the Government Compensation in California (GCC) website established by the SCO that same year to promote government transparency. In 2015, subsection (l) was added to GC 53892, making reporting mandatory for all cities, counties, and special districts; and changing the filing deadline from April 1st to April 30th. Failure to submit the required data by the deadline can result in a penalty.

In 2018, the Civil Grand Jury read an article in the Carmel Pine Cone newspaper, that the Monterey County Office of the Auditor-Controller failed to meet the deadline for submitting public employee salary compensation data for the past three years; 2015-2017. The article also stated that in 2015 and 2016, the county submitted reports that were "non-compliant", meaning they were either incomplete, filed in a different format than required by the state, or were submitted after the reporting deadline. The Monterey County Civil Grand Jury decided to investigate to determine if the County Office of Auditor-Controller did, in fact, miss the deadlines, the reason(s) for missing the deadlines, and if the county incurred a penalty for late filing during the three years in question.

The Civil Grand Jury found that the Office of Auditor-Controller indeed failed to meet deadlines for the years 2015, 2016, and 2017. They were late, they were non-compliant, and they have no policy in place to avoid future late filings. A penalty was not assessed by the SCO.

Public employee salary compensation is, by far, the single largest expense of the county budget; and taxpayers deserve to have an accurate and transparent accounting of the data. Since the inception of the reporting mandate in 2010 and state law in 2015, the Monterey County Office of Auditor-Controller has not had written policies and

¹ http://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=GOV§ionNum=12463

² https://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=GOV§ionNum=53892

DISCLOSING SALARY COMPENSATION DATA IN MONTEREY COUNTY

procedures for submitting the data on time to the SCO. The Civil Grand Jury believes future late filings can be avoided by creating and instituting written policies and procedures that include calendar driven protocols for timely filing.

BACKGROUND

In July 2018, the Carmel Pine Cone newspaper published an article stating that the Office of Auditor-Controller neglected to file the public employee salary compensation and pension data as prescribed by law for 2015, 2016, and 2017.³

Failure to disclose public employee salary compensation information by the deadline prescribed by law undermines the processes that have been put in place by the SCO for accountability and transparency.

Public employee compensation is the largest expense in the budget of Monterey County,⁴ according to the “Budget End of Year Report” for 2017-2018.⁵ Taxpayers have the right and a responsibility to know how and what is spent in this budgetary category.

The Monterey County Civil Grand Jury investigated to determine if the Monterey County Office of Auditor-Controller was remiss in filing, and if it was, the reason(s) for late filing, and if the county incurred fines for late filing during the three years in question.

The law supporting public employee compensation disclosure went into effect as a result of the revelation of the misappropriation of public funds and high salaries for several City of Bell employees. In the aftermath of this financial scandal exposing payroll malfeasance, California State Controller John Chiang began requiring all cities, counties, and special districts to submit public employee salary information to the SCO. When the law first went into effect in 2010, cities, counties, and special districts were required to submit only summary information to the SCO including revenues and expenditures. Payroll information was part of that data, but it was hidden in the summary. The 2015 law requires all cities, counties, and special districts to supply all compensation data including compensation for elected officials such as mayors and

³ <http://pineconearchive.fileburstdn.com/180713PCA.pdf>

⁴ <http://www.co.monterey.ca.us/home/showdocument?id=71673>, Page 5

⁵ [Monterey County Annual Report/Expenses](#)

DISCLOSING SALARY COMPENSATION DATA IN MONTEREY COUNTY

other officials, including city managers and county administrators. The compensation data is now completely visible to all taxpayers in a separate category.

The goal of the new law is to provide complete transparency of public employee salary, pension, and other compensation data. After conducting an audit of the City of Bell, Chiang explained, “The absence of transparency is a breeding ground for waste, fraud, and abuse of taxpayer dollars. A single website with accessible information will make sure that excessive pay is no longer able to escape public scrutiny and accountability.”⁶ The revelation of the corruption and ultimately, the conviction of some City of Bell public employees led to the passage of the salary disclosure laws we have today.

While providing the taxpayer with public employee salary compensation information is the law in California, delivering it on time, as prescribed, creates an additional layer of transparency and trust among those who serve the interests of the public. The timely publication of the information is the responsibility of the Office of Auditor-Controller. The information is necessary and foundational to an informed electorate.

APPROACH

The Civil Grand Jury researched the reasons why these laws were enacted. We interviewed staff from the Monterey County Office of Auditor-Controller to understand the processes and procedures involved with submitting the required data to the SCO. Additionally, the Civil Grand Jury spoke to and corresponded with staff from the State Controller’s office on multiple occasions. We reviewed the salary data for 5,875 Monterey County public employees. We reviewed pension and health care costs for retired public employees, all of which must be reported to the public through the SCO. The Civil Grand Jury also reviewed and analyzed budgets for Monterey County between the fiscal years 2014 and 2019 to determine the percentage of the budget that is allocated to employee wages, salaries, and compensation.⁷ In addition to using these primary sources, the Civil Grand Jury reviewed the State Controller’s Government Compensation in California website, the Monterey County Annual Report website, and several non-governmental websites, including news outlet organizations for whom the Office of Auditor-Controller annually provides salary data information. These news

⁶ https://www.sco.ca.gov/eo_pressrel_controller_requires_salary_reporting.html

⁷ <http://www.co.monterey.ca.us/government/departments-a-h/administrative-office/budget-analysis>

DISCLOSING SALARY COMPENSATION DATA IN MONTEREY COUNTY

organizations included Transparent California the Salinas Californian Bay Area News Group, the Monterey Herald, and the Monterey County Weekly.

DISCUSSION

The facts in this report are the result of multiple interviews conducted by the Civil Grand Jury during the investigation process or in documentation footnoted separately.

- In 2010, under the authority of GC sections 12463 and 53892 the SCO required the compensation data from cities, counties, and special districts as a component of their financial transaction reports. The compensation data was published as “The Government Compensation in California Report.”⁸
- The current law requires counties, cities, and special districts to submit salary compensation data to the SCO by April 30 each year for the previous calendar year.⁹ The SCO is specific as to the date, format, and method, the salary data must be submitted.
- Penalties for late filing, or if the data are deemed false, incomplete or incorrect, range from \$1,000-\$5,000.¹⁰
- Monterey County did not incur penalties for late filing during the years in question.
- The newly elected Auditor-Controller has weekly meetings to discuss upcoming calendar deadlines.
- Of the 58 California counties, Monterey County was not the only county that missed the salary compensation data filing deadline for the years 2015, 2016, and 2017. In 2015, 13 counties missed the deadline; in 2016, 7 counties missed the deadline; and in 2017, 11 counties missed the deadline.
- Monterey County salary compensation data was submitted late in years 2015, 2016, and 2017.

⁸ http://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=GOV§ionNum=12463

⁹ http://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?sectionNum=53895.&lawCode=GOV

¹⁰ http://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?sectionNum=53895.&lawCode=GOV

DISCLOSING SALARY COMPENSATION DATA IN MONTEREY COUNTY

- The Monterey County Office of Auditor-Controller was required to clarify certain salary compensation anomalies to the SCO for 2015 and 2016 before data could be posted online. These anomalies related to special compensation practices.

Salary compensation for Monterey County for the years 2015 and 2016 were not posted to the State website until July 2018 pending clarification of the salary compensation anomalies.

Monterey County was late in filing salary compensation data as follows:

Government Compensation in California Reporting Year	Submittal Date
2015	08/22/2016
2016	06/28/2017
2017	07/13/2018

- Public employee compensation is the single largest expense of the Monterey County budget.
- Nine years after the law was enacted, Monterey County Office of Auditor-Controller still does not have written policies and procedures for filing salary compensation data to the SCO.
- The salaries for Monterey County public employees can be viewed on the SCO website.¹¹
- The Monterey County Office of Auditor-Controller must provide all public employee pension information annually to the SCO.

¹¹ <https://publicpay.ca.gov/Reports/Counties/County.aspx?entityid=27&year=2017>

DISCLOSING SALARY COMPENSATION DATA IN MONTEREY COUNTY

FINDINGS

- F1) Monterey County taxpayers should have an accurate accounting of public employee salary and pension compensation.
- F2) Monterey County Office of Auditor-Controller did not submit salary information to the State Controller's Office as required by law thereby depriving the public of timely information.
- F3) Monterey County did not proactively address salary anomalies as identified by the SCO.
- F4) Monterey County could have been penalized up to \$5,000 for missing the filing deadline.

RECOMMENDATIONS

- R1) By fiscal year 2019-2020, the Monterey County Auditor-Controller should create written policies and procedures for the timely filing of public employee salary compensation data to the SCO.
- R2) The Monterey County Auditor-Controller should file the data required by law to the State Controller's Office, by the deadline each year, in a manner and format specified in the law.

REQUIRED RESPONSES

Pursuant to Penal Code sections 933 and 933.05, the Civil Grand Jury requests responses to Findings: F1) - F4) and to Recommendations: R1) - R2) from the following elected county official within 60 days:

- Monterey County Auditor-Controller

Reports issued by the Civil Grand Jury do not identify individuals interviewed. Penal Code section 929 requires that reports of the Grand Jury not contain the name of any person or facts leading to the identity of any person who provides information to the Grand Jury.