

2023-2024 San Luis Obispo County Grand Jury

FINAL REPORT



San Luis Obispo County Grand Jury



P.O. Box 4910
San Luis Obispo, California 93403
(805) 781-5188

<https://www.slo.courts.ca.gov/gi/jury-grandjury.htm>





2023-2024 San Luis Obispo County Grand Jury

Back Row, L-R: Cynthia Raynor; Michael Ursprung; Philip Scott; James Buttery; Roland Haga; Brian Murphy; Foreperson Pro Tem; Vreeland Jones; Paula Lawson; Shawn Barry; Mir Mortazavi

Front Row, L-R: Rita Federman, Presiding Judge; Bonnie McKrell; Grace Hayes; Rahjan Lowe; Daniel Hathaway; Michael Bettencourt; Corine Ellsworth, Foreperson; Reggie Rini, AA

Inserts, L-R: Katherine Breig; David Darrin; Bruce Gadbois

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GRAND JURY APPROVAL

California Penal Code §933(a) states:

"Each grand jury shall submit to the presiding judge of the superior court a final report of its findings and recommendations that pertain to county government matters during the fiscal or calendar year..."

In conformance with the aforementioned Penal Code requirement, the 2023-2024 San Luis Obispo County Grand Jury approves and respectfully submits this report to the Honorable Judge Rita Federman, Presiding Judge, Superior Court of California, County of San Luis Obispo.



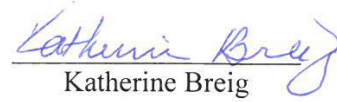
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Avila Beach



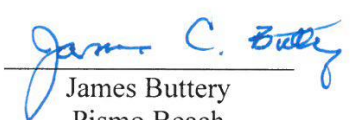
Shawn Barry
Paso Robles



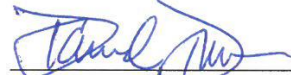
Michael Bettencourt
Templeton



Katherine Breig
Paso Robles



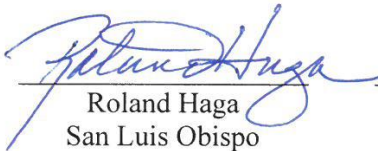
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Pismo Beach



David Darrin
Atascadero



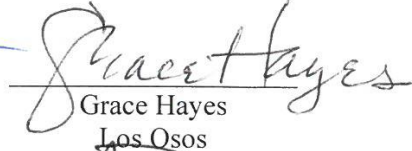
Bruce Gadbois
Los Osos



Roland Haga
San Luis Obispo



Daniel Hathaway
Atascadero



Grace Hayes
Los Osos



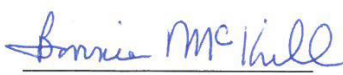
Vreeland Jones
San Luis Obispo



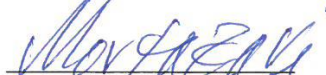
Paula Lawson
Morro Bay



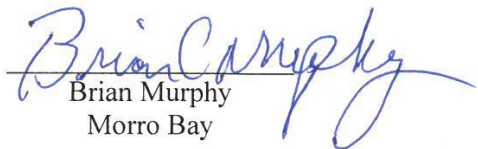
Rahjan Lowe
Atascadero



Bonnie McKrill
Grover Beach



Mir Mortazavi
San Luis Obispo



Brian Murphy
Morro Bay



Cynthia Raynor
Arroyo Grande



Philip Scott
Nipomo



Michael Ursprung
Atascadero

FOREPERSON'S FORWARD

Traditionally the Foreperson of the San Luis Obispo County Grand Jury is charged with writing a commentary to accompany the Jury's Final Report as well as offer insight into the current Grand Jury's service.

This term started out with nineteen members along with five alternates. All, except for four holdovers from the previous year's Jury were chosen at random from a jury pool after being vetted by the Former Grand Jurors' Association as well as members of the Superior Court judiciary. During our term, one member resigned and an alternate was sworn in to replace her. The Jury year starts with training so that jurors can understand and grasp the formal process of investigating and report writing.

The Grand Jury produced five reports. The Jury is mandated by statute to inspect law enforcement detention facilities for both the County and cities. In addition, the Jury inspected the Sheriff-Coroner's Facility, Sheriff's Crime Laboratory, Sheriff's Property Facility, Juvenile Hall, County Psychiatric Health Facility, and the California Men's Colony State Prison. As a result, the Inspection Report for San Luis Obispo County Law Enforcement and Detention Facilities 2023-2024 report was generated.

The San Luis Obispo County Grand Jury acts as a civic watchdog and is tasked with reviewing and reporting on activities of local government entities. What it decides to investigate may come from suggestions from the public as well as topics the jurors themselves have interest in.

The 2023-2024 Jury tackled some huge issues our County is facing, including homelessness which the Board of Supervisors has recognized as being the number one issue facing the County. Likewise, the lack of affordable housing in our community is integral to the homeless issues so the Jury looked into what incentives the cities have to annex County land into their jurisdictions for the building of affordable housing units. This led the Jury to investigate the "Resolution 96-158 Regarding Property Tax Exchange Upon Annexation," which was adopted by the Board of

Supervisors in 1996. The agreement which has not been revised in 28 years was noted as a contributing factor in some cities' reluctance to participate in residential annexations.

A 2023-2024 Continuity Report was generated which provides a summary and status of open recommendations from the previous year's Grand Jury. This is important to do so that the Jury can keep on top of the status of the recommendations given to the various County entities that were investigated.

Finally, the Jury investigated how the cannabis industry has developed in the County and how the County's regulation of the licensing impacts the general fund.

It has been my pleasure to again be the Foreperson for the 2023-2024 Grand Jury. I would like to give my personal thanks to Brian Murphy who served as the Grand Jury Foreperson Pro Tem, as well as Bonnie McKrill who was an excellent recording secretary. And to Reggie Rini, who is the Jury's fabulous administrative assistant, the word "thank you" seems so inadequate. And, of course I thank each and every one of my fellow jurors for their service and dedication.



Corine Ellsworth, Foreperson
2023-2024 San Luis Obispo County Grand Jury

AUTHORITIES FOR GRAND JURY INQUIRIES

The authority for our inquiries is sanctioned by one or more of the following sections of the California Penal Code:

§919(b): “The grand jury shall inquire into the condition and management of public prisons within the county.”

§925: “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”.

§925(a): “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. The grand jury may investigate and report upon the needs of all joint powers agencies in the county, including the abolition or creation of agencies and the equipment for, or the method or system of performing the duties of, the several agencies. It shall cause a copy of any such report to be transmitted to the governing body of any affected agency. As used in this section, "joint powers agency" means an agency described in Section 6506 of the Government Code whose jurisdiction encompasses all or part of a county.”

§928: “Every grand jury may investigate and report upon the needs of all county officers in the county, including the abolition or creation of offices and the equipment for, or the method or system of performing the duties of, the several offices. Such investigation and report shall be conducted selectively each year. The grand jury shall cause a copy of such report to be transmitted to each member of the board of supervisors of the county.”

§933.5: “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.”

§933.6: “A grand jury may at any time examine the books and records of any nonprofit corporation established by or operated on behalf of a public entity the books and records of which it is authorized by law to examine, 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 nonprofit corporation.”

AUTHORITIES FOR AGENCY RESPONSES

The following section of the California Penal Code is cited as the authority under which each agency must respond to the Superior Court:

933.05. Findings and Recommendations

- (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.
- (c) However, if a finding or recommendation of the grand jury addresses budgetary or personnel matters of a county agency or department headed by an elected officer, both the agency or department head and the board of supervisors shall respond if requested by the grand jury, but the response of the board of supervisors shall address only those budgetary or personnel matters over which it has some decision making authority. The response of

the elected agency or department head shall address all aspects of the findings or recommendations affecting his or her agency or department.

- (d) A grand jury may request a subject person or entity to come before the grand jury for the purpose of reading and discussing the findings of the grand jury report that relates to that person or entity in order to verify the accuracy of the findings prior to their release.
- (e) During an investigation, the grand jury shall meet with the subject of that investigation regarding the investigation, unless the court, either on its own determination or upon request of the foreperson of the grand jury, determines that such a meeting would be detrimental.
- (f) A grand jury shall provide to the affected agency a copy of the portion of the grand jury report relating to that person or entity two working days prior to its public release and after the approval of the presiding judge. No officer, agency, department, or governing body of a public agency shall disclose any contents of the report prior to the public release of the final report.

FINAL REPORTS

2023-2024 CONTINUITY REPORT

The Continuity Report provides a summary and status of open recommendations from the 2022-2023 San Luis Obispo County Grand Jury's recommendations.

INTRODUCTION/PURPOSE

The San Luis Obispo County Grand Jury (SLOGJ) is charged with oversight of county functions on behalf of its citizenry. Though it has no enforcement powers, its mission is to shed light on issues that exist inside county boundaries. If an agency agrees to make a change or to pursue a recommendation further, the SLOGJ follows up within a stated timeframe to confirm progress is made.

The Continuity Report reviews the required responses to previously published SLOGJ reports for adequacy, completeness, and timeliness. This informational report provides a summary of the status of responses to recommendations made by the 2022-2023 SLOGJ.

AUTHORITY

California Penal Code section 933.05 prescribes responses to findings and recommendations. Responding agencies are directed to report whether they agree or disagree (either partially or wholly) with a finding and whether a recommendation has been implemented, will be implemented, will not be implemented, or requires further analysis. An agency may reject a Grand Jury recommendation provided they include an explanation of why the recommendation is either unwarranted or unreasonable. If a recommendation requires further analysis, it must be conducted within six months from the date of publication of the Grand Jury report.

All Grand Jury reports and each agency's responses are posted online each year at <https://www.slo.courts.ca.gov/gi/jury-grandjury.htm>

NARRATIVE

The 2022-2023 San Luis Obispo County Grand Jury conducted and completed four investigative reports, which required responses from relevant agencies, as well as an inspection report of county law enforcement and detention facilities.

REPORT 1: Safe Parking? Oklahoma IS NOT Ok!

REPORT 2: Investing In Election Accuracy Has Our Vote.

REPORT 3: Can One Wet Year Wash Away the Paso Robles Basin's Water Worries?

REPORT 4: Are High Schools Making the Grade at Addressing Mental Health?

REPORT 5: Inspection Report for SLO County Law Enforcement and Detention Facilities.

The 2023-2024 SLOGJ reviewed all responses from every agency noted in each of the reports in order to prepare this follow-up Continuity Report. A status of each of the reports is provided below:

SAFE PARKING? OKLAHOMA IS NOT Ok!

The 2022-2023 San Luis Obispo County Grand Jury (SLOGJ) investigated the Oklahoma Avenue Parking Village safe parking site (previously known as Kansas Avenue Safe Parking).

This investigation was prompted by the need to understand what lessons could be learned from this first large-scale safe parking initiative by the County of San Luis Obispo and to ascertain whether it provided an effective intervention for helping unhoused people to get rehoused.

The Grand Jury reviewed the 11 recommendations, R1 through R11, and found ten, R1 through R10, of the 11 responses were implemented in 2023 by the required agencies. The Grand Jury found that recommendation R11 was partially implemented by the Homeless Services Division (HSD) and is still in the process of being implemented at the time of this report.

The outstanding recommendation of R11 was "To facilitate the closure of the Site, relocate running and registered recreational vehicles (RVs) currently at the Oklahoma Avenue Parking

Village to Coastal Dunes RV Park.” In the original response to the recommendation, the Department of Social Services (DSS) and HSD stated they did not have the authority to relocate running and registered RVs currently at the Oklahoma Parking Village to Coastal Dunes RV Park. The HSD agreed to conduct an analysis by August 1, 2023, to determine which RVs were running and registered.

On September 18, 2023, HSD advised the SLOCGJ that the analysis of “running and registered” RVs was completed by the HSD’s site manager for the Oklahoma Avenue Parking Village. On October 4, 2023, HSD implemented a \$1,000 “Relocation Assistance Program” to assist residents in moving off the Oklahoma Avenue Parking Village site. According to media reports, a deadline of October 18, 2023, was given to accept the relocation aid.

On January 10, 2024, the DSS Director provided the SLOCGJ with an update on the status of recommendation R11 and attempts to close the Oklahoma Avenue Parking Village. As of that date, 21 out of the initial 86 residents remained. The Community Action Partnership of San Luis Obispo County (CAPSLO) was providing on-site management and has provided offers of housing for those willing to relocate. Eight residents have refused housing offers and have obtained legal counsel. Nine of the 21 remaining residents are being interviewed for housing associated with the Pismo Terrace project. The DSS is helping with relocation expenses and still intends to close the site in 2024.

For the full report, see <https://www.slo.courts.ca.gov/gi/jury-grandjury.htm>

INVESTING IN ELECTION ACCURACY HAS OUR VOTE

The 2022-2023 San Luis Obispo County Grand Jury (SLOCGJ) investigated the operational performance of the County Clerk-Recorder’s Office as it related to the printed election materials for the 2022 General Election. This investigation was prompted by the omission of two candidate statements in some voter information guides. In addition, the Grand Jury sought to

identify factors that presented challenges to the Clerk-Recorder's Office in its performance of functions vital to election accuracy and integrity.

The Grand Jury reviewed the responses to the four recommendations, R1 through R4, and is satisfied that all recommendations have been implemented.

The Grand Jury issued a commendation to the Clerk-Recorder and staff for their R1 and R2 work product and their service and commitment to ensuring a fair election process in San Luis Obispo County.

It should also be noted that adequate workspace, staffing, and security in the Clerk-Recorder's office should remain a County of San Luis Obispo priority.

For the full report, see <https://www.slo.courts.ca.gov/gi/jury-grandjury.htm>

CAN ONE WET YEAR WASH AWAY THE PASO ROBLES BASIN'S WATER WORRIES?

The 2022-2023 San Luis Obispo County Grand Jury (SLOCGJ) investigated the Paso Basin Groundwater Sustainability Plan (GSP) to determine if it was on track to provide sustainable ground water for future generations.

The Grand Jury reviewed the responses to the nine recommendations - R1, R2, R4 through R8 - and is satisfied that all recommendations have been implemented. The remaining two recommendations and their status follow below:

R3. Implementation of the proposed Multi-Benefit Irrigated Lands Repurposing (MILR) program, to establish voluntary land fallowing needs to be initiated by the 2025 GSP update. If voluntary measures are ineffective, the Paso Basin Cooperative Committee (PBCC) will need to implement a mandatory program.

The MILR program recommendation has not yet been implemented but will be in the future.

The Multi-benefit Irrigated Land Repurposing (MILR) Program Technical Advisory Committee (TAC) was established by the PBCC, via a public process, to develop recommendations to the PBCC for the development and implementation of a MILR program. The MILR program consists of two phases. Phase 1 is a voluntary component that anticipates the adoption of an ordinance to codify a successful MILR program. If Phase 1 is unsuccessful, Phase 2 will be considered which may include a mandatory component that will provide for a groundwater allocation component to contribute to the sustainability of the Paso Basin.

The SLOCGJ has not been provided with evidence that either the first or second phases of the MILR program have been completed. This is of concern because the data that is to be collected from this MILR program is to be used during the January 2025 GSP update.

R9. The SLOCGJ recommended that the PBCC update the 2025 GSP timeline to show a realistic and deliverable set of management actions.

The PBCC has advised that they will perform a GSP evaluation prior to the January 2025 deadline which will provide an analysis of the success of implementation of the GSP, covering projects and management actions, as well as considerations for updating the GSP timeline.

For the full report, see <https://www.slo.courts.ca.gov/gi/jury-grandjury.htm>

ARE HIGH SCHOOLS MAKING THE GRADE AT ADDRESSING MENTAL HEALTH?

The 2022-2023 San Luis Obispo County Grand Jury (SLOCGJ) investigated how well high schools in our county were addressing mental health needs for students. This would include resources available, resources needed, referral processes and best practices. The need for youth mental health interventions increased during COVID-19 with the challenges created by remote learning.

The Grand Jury reviewed the responses to ten (10) recommendations, R1 through R10, and is satisfied that all recommendations have been implemented.

The 2023-2024 San Luis Obispo County Grand Jury commends all respondents for their complete and thorough replies.

For the full report, see <https://www.slo.courts.ca.gov/gi/jury-grandjury.htm>

INSPECTION REPORT FOR SLO COUNTY LAW ENFORCEMENT AND DETENTION FACILITIES

The 2022-2023 San Luis Obispo County Grand Jury completed their mandatory annual inspections of all public prisons within the county which includes California Men’s Colony, county jail, police departments, court holding cells, and juvenile hall.

The Grand Jury reviewed the responses to the six recommendations, R1 through R6, and is satisfied that all recommendations have been addressed or will be implemented at a future date and do not require further follow-up.

For the full report, see <https://www.slo.courts.ca.gov/gi/jury-grandjury.htm>

REQUIRED RESPONSES

This is an informational report. No responses are required.

Presiding Judge	Grand Jury
Presiding Judge Rita Federman Superior Court of California 1035 Palm Street Room 355 San Luis Obispo, CA 93408	San Luis Obispo County Grand Jury P.O. Box 4910 San Luis Obispo, CA 93403

ANNEXATION: A TAXING DILEMMA

Does a tax exchange agreement for annexation adopted in 1996 remain relevant for all concerned parties in 2024?

INTRODUCTION/PURPOSE

The San Luis Obispo County Grand Jury investigated Resolution 96-158 which established a Master Tax Exchange Agreement (MTEA), adopted by the San Luis Obispo Board of Supervisors (BOS) on April 24, 1996. The agreement outlines how property taxes will be allocated between the County and a city when a new area is annexed to a city. The agreement, which has not been revised in 28 years, was noted as a contributing factor in some Cities' reluctance to participate in residential annexations.

The Grand Jury sought to determine whether the resolution detailing the tax split between the County and the Cities might be affecting the Cities' willingness to engage in annexation agreements. The consequence of non-participation could impact the availability of new housing projects, including much-needed affordable and low-income options in the region.

ORIGIN

The Grand Jury received comments and concerns from several city officials regarding the current MTEA. This agreement is perceived as unfairly splitting the property tax revenue between the County and the Cities. Despite years of the Cities requesting to re-examine the agreement, it has not occurred.

METHOD/PROCEDURE

The Grand Jury conducted 11 interviews and reviewed the following pertinent documents:

- Resolution 96-158,
- contracts,
- analyses completed by city officials,
- consultancy reports,
- Local Agency Formation Commission (LAFCO) reports, and
- agreements from other counties.

BACKGROUND

Property tax is a major source of revenue for both counties and cities in California. When a county annexes land to a city, it means that the city assumes the responsibility of providing services such as police, fire, water, sewer, parks and recreation, road maintenance, and in some cases libraries in the annexed area. The county maintains its jurisdiction over the area and still must provide some countywide services, such as public health, social services, county road maintenance, sheriff, fire, judicial system, jails, regional planning, and general government functions. Therefore, an equitable property tax split is important to ensure that both the county and the city have adequate funds to provide services.

According to the California Revenue and Taxation Code, the property tax split between a county and a city is determined by a negotiation process that involves LAFCO, the county auditor, and the affected local agencies. The negotiation must address the fiscal impact of the annexation on the county and the city as well as the level and cost of services that each agency will provide to the annexed area. The negotiation must also comply with the state requirements for the county to remain at a minimum revenue neutral, meaning that the county's net revenues after the annexation should not be less than its net revenues before the annexation.

The tax code allows for jurisdictions to adopt a MTEA which may be between the county and the cities or between the county and each individual city. This document serves as a contract

and specifies how property tax revenues will be shared when the county annexes land to the city. There is no requirement to have an overarching MTEA, however in its absence there must be a tax exchange agreement created for each individual annexation. The importance of having an overarching MTEA is to provide consistency in the process by making it predictable and preventing protracted negotiations. This is desired by both parties and by potential developers as it enables them to understand the dynamics of proposed projects. It should be noted that these agreements are not fully binding. There are provisions that allow for a mediation process if there is disagreement.

NARRATIVE

On April 24, 1996, the BOS adopted Resolution 96-158 establishing an MTEA. The agreement details how the County and Cities will split property tax revenues when annexations are completed. Despite being adopted as a county-wide agreement, the Cities of Paso Robles, Atascadero, and Pismo Beach did not agree to the MTEA.

The resolution, adopted 28 years ago, was based on a 1996 Fiscal Neutrality Study that was contracted by an external consultancy firm. Several City and County representatives have agreed that circumstances have changed, and the calculations currently used are no longer relevant. Several Cities that would consider annexation in their plans for growth informed the Grand Jury that the MTEA would lead to a financial deficit. As a result, they are hesitant to contemplate new annexations.

There have been annexations since the implementation of the MTEA. The City of San Luis Obispo provided an example of how they overcame the financial inability to provide the initial infrastructure and ongoing services to a new development by imposing a Mello-Roos tax. A Mello-Roos tax is defined as a special tax levied on properties in a Community Facilities District (CFD). This tax is used to finance public improvements and services, including roads, parks, schools, and fire protection. Unlike regular property taxes, a Mello-Roos tax is not based on the

property value; rather, it is determined by the benefit received by the property owner from the improvements and services.

In 2019, the San Luis Ranch CFD, was established by the City of San Luis Obispo to fund the necessary infrastructure. In addition to the regular property tax, homeowners in the San Luis Ranch CFD pay an average of \$2,750 per year in a Mello-Roos tax. A City representative suggested that if there were a more equitable MTEA the Mello-Roos tax could possibly be reduced or eliminated. Without a Mello-Roos or more tax sharing, the cost of the development infrastructure and ongoing services would be paid by the entire residents of the city.

The Grand Jury discovered that the 1996 resolution requires the County and Cities to re-examine the “policies at five-year intervals to ensure they remain appropriate and current for all parties.” However, the Grand Jury found no evidence of completed renegotiations for any of the subsequent five-year intervals. In addition, the Grand Jury reviewed documents dating back to 2018 and received statements that indicate the Cities have requested the County to re-examine the agreement as far back as 2014.

In 2019 the County engaged with all Cities to determine their interest in conducting a new property tax-sharing study. The goal was to provide information for the update of the MTEA to account for the many influencing factors that have changed since the original 1996 agreement. Among the seven Cities within the County, four expressed interest: Arroyo Grande, San Luis Obispo, Paso Robles, and Atascadero. The County and the participating Cities collaborated to develop the scope of a fiscal impact study to help formulate a new agreement.

On November 2, 2021, the BOS approved a contract for \$187,400 with a consultant, the Natelson Dale Group, to provide a financial analysis and modeling to inform a revised tax-sharing agreement. Additionally, this contract included an option for each city to contract a unique city-level evaluation. In such cases, the City would be responsible for the cost of their own city-centric study.

The Grand Jury found no evidence that the study was completed per the contract. The original contract, which expired in November 2022, was extended by the County an additional year to be completed by November 2023. The County has advised that the Natelson Dale Group report had not been completed due to the County not providing the data needed for financial modeling. The County Administrators Office advised that they intend to seek approval from the BOS to allow the contract to be extended once again for report completion in 2024. The Grand Jury did ascertain that some Cities engaged and received city-specific information from the contractor. To date the County and Cities have paid approximately \$93,000 for the completion of the study. As of the date of this report, several Cities are still actively attempting to engage with the County.

Since policies are not within the jurisdiction of the Grand Jury, the Grand Jury has made no determination as to the equity of the revenue split. The Grand Jury was able to ascertain that given the changed financial circumstances and priorities of the parties, the revenue split is no longer relevant.

CONCLUSIONS

The Grand Jury has concluded that the County of San Luis Obispo has not met the requirement to re-examine the MTEA every five years as required in Resolution 96-158. The County has not taken substantial action despite all parties agreeing that a re-examination is long overdue. The absence of an updated agreement has been noted by some Cities as a deterrent to complete annexations.

FINDINGS

- F1. Resolution 96-158, the Master Tax Exchange Agreement was adopted by the San Luis Obispo Board of Supervisors 28 years ago, on April 24, 1996. Although the agreement was not agreed to by all seven Cities within the County, the County has continued to use the agreement as the basis for annexation negotiations.
- F2. The County has failed to re-examine the Master Tax Exchange Agreement every five years as required in Resolution 96-158.
- F3. In November 2021, the County of San Luis Obispo along with the Cities of Arroyo Grande, Atascadero, Paso Robles, and San Luis Obispo engaged in a contract with an outside consultancy firm to perform a financial analysis to inform a revised tax sharing agreement. The study, contracted for cost of \$187,400, has not been completed due to the County not providing the modeling information needed by their consultant.

RECOMMENDATIONS

The Grand Jury respectfully recommends the following:

- R1. The Grand Jury recommends that the Board of Supervisors of San Luis Obispo County complete an updated Master Tax Exchange Agreement with the Cities by December 1, 2024.

REQUIRED RESPONSES

The San Luis Obispo County Board of Supervisors is required to respond to R1.

All responses shall be submitted to the Presiding Judge of the San Luis Obispo County Superior Court within 90 days of submission of the report. A paper copy and an electronic version of all responses shall be provided to the Grand Jury.

933.05. Findings and Recommendations

- (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.

Presiding Judge	Grand Jury
Presiding Judge Rita Federman Superior Court of California 1035 Palm Street Room 355 San Luis Obispo, CA 93408	San Luis Obispo County Grand Jury P.O. Box 4910 San Luis Obispo, CA 93403

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INSPECTION REPORT FOR SAN LUIS OBISPO COUNTY LAW ENFORCEMENT AND DETENTION FACILITIES 2023-2024

This report documents the results of the San Luis Obispo Grand Jury's inspections of the County's detention facilities and select public safety facilities.

SUMMARY

The 2023-2024 San Luis Obispo County Grand Jury (SLOGGJ) inspected the Sheriff-Coroner's Facility, Sheriff's Crime Laboratory, Sheriff's Property Facility, San Luis Obispo County Jail, Juvenile Hall, County Psychiatric Health Facility (PHF), all actively used City and County detention facilities and the California Men's Colony State Prison (CMC). During these inspections and in subsequent follow-up communications, supervisory staff gave an overview and addressed jurors' specific questions. Overall, the Grand Jury was satisfied with both the management of the facilities and the professionalism of the staff in their day-to-day operations. Concerns raised in the 2022-2023 SLOGGJ inspection report regarding client / staff safety and security at the PHF have been partially answered through a new contract with Crestwood Behavioral Health to manage the facility.

INTRODUCTION/PURPOSE

The State of California requires county grand juries to inspect all jails, holding cells, and state prisons within their respective counties on a yearly basis. Per this directive, the SLOGGJ visited and inspected all actively used city, county, and state detention facilities within its jurisdiction during the months of September through December 2023. Police department detention facilities not in active use and thus not inspected were in the cities of Arroyo Grande, Atascadero, Grover Beach, and Morro Bay. Additionally, while not required, the SLOGGJ inspected related public safety facilities including the Sheriff's Crime Laboratory, Property Room, Dispatch Center, and the Coroner's Facility. This report compiles the observations, findings, and recommendations resulting from those inspections.

AUTHORITY

The issuance of this report is authorized under the investigative powers of the Grand Jury pursuant to California Penal Code Sections 919, 921, and 925.

METHOD/PROCEDURE

Over the course of four months in late 2023, members of the SLOGJ personally visited and inspected the following sites:

- California Men’s Colony (CMC):
 - East Facility
- County Jail, including:
 - Main Jail
 - West Jail Facility
 - Men’s Honor Farm
 - Women’s Jail (Kansas Facility)
 - Medical Programs Unit
- Juvenile Hall
- Holding cells within*:
 - San Luis Obispo Police Department
 - Pismo Beach Police Department
 - Paso Robles Police Department
 - San Luis Obispo County Courthouse
- San Luis Obispo County Coroner Facility
- San Luis Obispo County Crime Laboratory & Property Room Facility
- San Luis Obispo County Sheriff’s Dispatch Facility
- San Luis Obispo County Psychiatric Health Facility

* The cities of Arroyo Grande, Atascadero, Grover Beach, and Morro Bay do not operate holding cells.

The data for this report came primarily from the inspections conducted at each of the facilities. Grand Jurors interviewed various officials during the site visits and, when necessary, submitted follow-up questions by email. Jurors also reviewed policies, procedures, and statistics from facility records as needed.

The Appendix to this report contains inspection guidelines that were utilized during the site inspections to gather relevant information. The SLOGJ provided a list of written questions to the Command Staff of the County Jail prior to the inspection.

Whether posed in advance, in person, or by follow-up email, all questions to detention facility staff were answered in a timely and complete manner.

The supplementary material reviewed by the SLOGJ included:

- inspection reports and records
- applicable written policies and procedures
- web-based reports and documents posted by inspected agencies.
- local media coverage of the referenced facilities during this time

NARRATIVE

CALIFORNIA MEN'S COLONY (CMC) STATE PRISON

CMC is a medium-security prison housing a current inmate population of approximately 2,150. On the date of the SLOGJ November 9, 2024, site visit, there were 2,000 inmates assigned to the higher-risk East Facility and 150 inmates assigned to the partially closed lower-risk West Facility. Grand Jurors were briefed by the Warden and command staff who gave an overview of CMC's organizational structure, physical layout, and correctional programs.

Physical space at the East facility is divided into four yards -- A, B, C, and D -- surrounded by tiered fencing that includes an electric middle layer. Each yard includes kitchen and eating facilities as well as exercise yards. The East facility has a central plaza with space for religious

practice, a library, and classrooms. Through classes inmates can pursue education up to an AA degree. The East facility houses CMC's mental health and medical units. The Correctional Treatment Center, a 50-bed mental health unit, is located here and serves a variety of inmates. East facility is also home to the Offender Mentor Certification and Substance Use Disorder Treatment Programs, which are operated by the Department of Rehabilitative Programs (DRP.)

The New Life K-9 program is located in the East facility and pairs inmates with dogs from eight weeks to two years old for training as service animals. The service animals are then given to first responders and veterans with PTSD. Grand jurors met with some of the inmates participating in the program and learned how the program had affected them personally. One inmate recalled how his bond with the dog he was training helped him deal with the recent death of one of his children.

The East facility houses the California Prison Industry Authority (PIA) workshops. They provide inmates with opportunities to work and learn job skills which might assist them in transitioning to society upon their release from CDCR. The PIA units the SLOCGJ saw in operation were the Print Shop and Mill Knitting. The Print Shop produces vehicle registration tags for the California Department of Motor Vehicles (DMV). Last year they produced approximately 45 million registration tags for DMV. The supervisor of the Print Shop was highly experienced and motivated. The Print Shop had well-established safety and tool-control procedures that inmate workers appeared familiar with and followed.

The PIA Mill Knitting unit was actively engaged in the production of cloth for various items of clothing. The shop used various heavy machinery to spin and knit cloth which was then manufactured by other machines into inmate T-shirts and socks. Inmates operating this specialized machinery (e.g. "sock iron") were observed monitoring their product. Less than 50% of the shop's machinery was active during our tour compared to the Print Shop, which was fully operational.

At present, each inmate is assigned to a single-occupancy cell within his assigned cell block. All housing units were not available for inspection during the tour. The inspected cells were clean and well-lit.

During the inspection, inmates were seen being escorted to the health facilities as well as moving freely within the yards and classroom areas. In all instances inmates appeared orderly, and there was evidence of mutual respect between inmates and correctional officers. Visiting policies for inmates were well-articulated, and space was allocated for scheduled family and conjugal visitation. CMC leadership reported that gang activity continues to be minimal in the East facility, and they credit continuous monitoring and previous changes to CDCR's gang housing policy.

CMC's West facility is partially closed. The 150 inmates housed there are in specialized programs: Fire Camp, Culinary Program, and facility maintenance. The housing for these programs at CMC West is anticipated to be continued.

The firefighter training program has 55 inmates assigned. Cal Fire coordinates the program which trains inmates in brush clearing, fire suppression, and tasks related to assisting Cal Fire personnel during fire events. Workday credits are given to inmates assisting during fires which reduce an equal number of days from their sentence.

CMC West offers inmates a nine-week Culinary Arts program through Cuesta College. The training includes preparation to work in a commercial kitchen as a chef, cook, food-prep worker, or caterer. Inmates train in a mobile kitchen (i.e., a food truck) which may be deployed with the inmate firefighters to provide meals during their firefighting assignments.

The CMC West facility was not inspected by the 2023-2024 SLOGJ because of the partial closure. As noted in the 2022-2023 SLOGJ report, "Buildings on the West Facility are quite old,

most having been built more than 75 years ago as military barracks during WWII. For their age the buildings appear in reasonable condition and adequately maintained.”

CMC Staffing levels for correctional personnel are adequate as reported by CDCR staff, but vacancies for therapeutic staff are significant. For example, CMC is authorized 46 psychologists but has only been able to hire and retain 29. According to CDCR staff, this shortfall is due to market shortages of medical professionals and the difficulty the state system has in keeping up with the rapidly increasing salaries and benefits offered by other sectors in the market. CMC staff also reported a difficulty in hiring and retaining drug and alcohol counselors for similar reasons. Hiring and retention problems experienced by CMC are consistent with countywide feedback received from other employer agencies. CMC staff, who were interviewed by the SLOGJ, seemed to be positive about their workplace and fellow employees.

SAN LUIS OBISPO COUNTY JAIL

The SLO County Jail is comprised of four main sections: the Main Jail, the West Jail, the Men’s Honor Farm, and the Women’s Jail (Kansas Facility). On December 13, 2023, the SLOGJ visited all these sites. Prior to the inspection tour, a briefing of the various operations and programs at each facility was given by the Sheriff’s Custody Bureau Command Staff. At the request of the Sheriff’s Office, the SLOGJ submitted questions before the inspection date. These questions were answered and discussed with grand jury members attending the briefing.

At the time of the inspection, there were approximately 169 sworn peace officers and 27 administrative personnel assigned to the County Jail facilities. Throughout the visit SLOGJ members noted the jail staff appeared to be dedicated to their work and professional in their interactions with inmates. One staffing concern noted in the briefing was the low experience level of the correctional staff. Approximately 62% of the correctional staff have less than five years of experience, and 20% have less than one year of experience working in the jail.

The current inmate population averaged approximately 449 inmates per day from July to October 2023. This has been an 8-10% increase in daily population since the first six months of 2023. Approximately 33% of the daily average inmate population experiences moderate to severe mental illness. One facility where the inmate population has seen a decrease over the past year is the Honor Farm. The Honor Farm relies on the labor contributions and voluntary participation of inmates. This decrease in eligible inmates has caused the various Honor Farm programs to operate at minimal levels. The kitchen, laundry, and bicycle-refurbishment programs are fully staffed; however, nonessential programs (e.g., landscape and gardening) have seen their staffing reduced.

On the date of inspection, the Sheriff's Office bicycle program had recently completed their annual giveaway event. The bicycle program began in 1989 to promote holiday spirit by giving away refurbished bicycles and new helmets to children in need in San Luis Obispo County. SLOGJ members observed over 100 new and refurbished bicycles at the Honor Farm which were awaiting delivery to their new owners.

As noted in last year's 2022-2023 SLOGJ Detention Report, the "Sheriff's Office achieved recognition for exemplary programs and services in their facilities." In October 2022 the Sheriff's health program, including mental health services, received accreditation by the National Commission on Correctional Health Care. In 2023, in support of this accreditation and state law mandate (AB133), the Custody Bureau initiated the Early Access to Stabilization Services (EASS) program in conjunction with the Department of State Hospitals (DSH.) The EASS program added a staff of one Correctional Sergeant, one Senior Correctional Deputy, four Correctional Deputies, and administrative support staff. The Sheriff's Office contracts with DSH to provide additional bed space for mentally incompetent inmates pending trial and awaiting space in overcrowded DSH facilities.

During our inspection the SLOGJ found the four Jail facilities to be clean, well-maintained, and efficiently run. Inmate programs are operated in classrooms, which during the pandemic were

utilized as emergency courtrooms during the court's five-day schedule. With the Superior Court returning to normal pre-pandemic scheduling, the classrooms are once again being used to facilitate educational classes and other programs. These programs are provided for the Sheriff's Office by community-based organizations and service providers. The inmate classes address anger management, substance abuse, community re-entry issues, and other programs.

As a result of a new automated Jail Management System (JMS) launched by the Sheriff's Office in December 2022, staff are able to complete forms and logs electronically. Housing units now contain informational kiosks that electronically communicate jail rules and other information to inmates. Inmate grievances are generated through hard copy and entered into the JMS system. The JMS system is crucial to monitoring and tracking grievances once they are generated. This new automated system reduces the possibility of loss or mishandling of the grievance.

Another issue for Jail staff involves mandated services for inmates. One example of this is the Board of State and Community Correction's requirement for seven additional hours of "out-of-cell time for incarcerated persons." This requirement changed the previous 3 hours-per-week standard to 10-hours-per-week. This has put additional pressure on jail staff working in the housing units to schedule increased "yard time" for inmates. This can be especially difficult in housing with mixed-classification inmates who are not allowed to be in close proximity to each other. An example of this would be rival gang members.

In past SLOCGJ Detention Reports there have been concerns expressed regarding coordination between the Sheriff's Office and County Behavioral Health involving inmates with mental health issues. Command Staff was asked by the 2023-2024 SLOCGJ about the relationship between the Sheriff's Office and Crestwood Behavioral Health, the Psychiatric Health Facility's (PHF) new contract provider. Jail staff recently took a tour of the PHF to observe changes made by Crestwood Behavioral Health. Jail management has continued their monthly coordination meetings with staff of both Crestwood Behavioral Health and Wellpath. Wellpath is the

contracted medical provider for the jail, which includes providing 24/7 mental health staff and an on-site Medical Director 40 hours per week.

As was noted in last year's 2022-2023 SLOCGJ Detention Report, the proximity of the Oklahoma Avenue Safe Parking Site to the Honor Farm caused concern for the safety and security of inmates and staff. This remains an ongoing concern due to continued law enforcement calls for service to the site as well as the problem of contraband being concealed for inmates along the fence line. During the current site visit, the SLOCGJ observed improvements implemented at the Oklahoma Avenue Safe Parking Site by the Sheriff's Office. They included 100 yards of new perimeter fencing with security cameras, installation of bullet-resistant glass, and securing the Honor Farm lobby area.

SAN LUIS OBISPO COUNTY JUVENILE HALL

At the time of the September 26, 2023, SLOCGJ inspection, the Juvenile Hall population consisted of 18 individuals in detention with a maximum capacity of 65 beds. Thirty beds are assigned to the Coastal Valley Academy (CVA) program. The CVA is a residential camp, which has taken the place of the California Youth Authority (CYA), with an average length of stay of 6-12 months.

All juveniles, whether detained or cited and released, are assigned to a Probation Officer upon intake. The Probation Officer utilizes a multi-faceted assessment to ascertain how best to meet the youth offender's needs. One of the tools used is Positive Behavior Intervention Support (PBIS), which is a State program that rewards youth for respectful behavior. Since the 2022-2023 SLOCGJ inspection tour, the PBIS program has emerged as a major focus for implementing constructive change among juvenile offenders. As noted by staff feedback during the current inspection, the PBIS model has been widely adopted by personnel throughout the facility.

Juvenile Hall has experienced staffing issues consistent with other County departments, which were exacerbated by the COVID 19 pandemic. Staffing seems to be sufficient, with

extraordinary effort devoted to youth having difficulty adjusting to the detention environment. These efforts are continual until the detainee understands the facility staff is there to help them and not punish them.

This inspection found the facility to be clean, suitable, and in a safe condition. Dormitory rooms were well furnished. Coastal Valley Academy living areas provide a comfortable environment with kitchens, sofas in common area, reading material, and a television. The bathrooms for CVA residents are being upgraded due to approved funding. Outside the living area is a garden, complete with BBQ, succulent/rock garden, and a raised planter bed where vegetables are grown.

During the day detainees receive a hot meal for breakfast and dinner and a cold meal at lunch. Medical needs are initially assessed at the Nursing station upon intake into the facility. Ongoing medical evaluation and treatment is provided by medical staff to ensure juveniles' needs are met (e.g., birth control, immunizations, et cetera). One nurse on the medical staff indicated that some of the juveniles had never received vaccinations prior to being in custody. Clothing is provided to individual detainees, and it is laundered on a regular schedule.

The classrooms that were examined appeared well-organized and highly functional. Jurors were shown examples of updated Care and Technical Education (CTE) equipment that enhances student achievement. These CTE programs mirror those currently offered in local comprehensive high schools. One classroom visited had a large state-of-the-art computerized touch-screen board for instruction. An instructor was using it to teach students a science class. Student artwork adorned the classroom walls. The instructor reported that youth at the facility fully participated and were engaged in the academic program.

All juvenile detainees are assessed for post-secondary education by determining interest and ability. Four youth are enrolled at Cuesta College via remote distance learning. Per staff, Cuesta College is building a facility to help destigmatize youth who have become involved in the

criminal justice system. The goal is to assist them in transitioning into a college environment by giving them a sense of belonging at that level.

Detainees are allowed two hours of visit time per week. Most visits are conducted via Zoom calls, a practice first implemented during the pandemic. Opportunities for Zoom visits with family are seen as a positive practice. Zoom calls have allowed additional contact with family members which helps reduce stress and contribute to positive outcomes for the individual.

All interactions witnessed between staff and residents during the site visit were mutually respectful. Leadership seemed genuinely engaged with those individuals placed in their facility.

CITY POLICE AND COUNTY COURTHOUSE HOLDING CELLS

The SLOCGJ inspected holding cells maintained by the police departments in the cities of Paso Robles, Pismo Beach, and San Luis Obispo as well as holding cells at the San Luis Obispo County Courthouse. No other cities within the county maintain holding cells which were in current active use. All holding cells inspected were found to be clean, reasonably equipped, and in good working order. As in recent years, no deferred maintenance or unacceptable conditions were noted. In all cases, city police departments reported that their holding cells are used only occasionally and always for brief periods of time (i.e., less than an hour). This reduced demand has led to some holding cells and adjoining infrastructure to be used for non-custody purposes. For example, the City of San Luis Obispo's "sally port" i.e., a secure area used to remove a prisoner from a transport vehicle, has been utilized for long-term storage of a vehicle used in a homicide case.

There is a standard operating procedure of checking every 15 minutes on individuals held in custody. Additionally, individuals are held for no more than two hours for processing before they are either released with a citation or transported to County Jail for booking. Juveniles are kept in separate areas and within the presence of officers during the time they are held. Many

of the facilities inspected had closed-circuit television (CCTV) cameras in the holding areas, which were monitored live by Dispatch personnel.

The San Luis Obispo County Sheriff's Office operates the busiest holding cell facility in the County, which is located in the lower level of the County Courthouse. The space includes nine holding cells with a capacity of approximately 75 inmates waiting for their court appearances. During past years due to the COVID-19 pandemic, in-person courthouse interactions were limited and many court appearances were virtual, decreasing the use of the holding cells. At the time of SLOGJ's site visit on October 3, 2023, the courthouse detention facility had returned to full operational use.

In addition to the inspection of holding cells within police stations, department staff updated SLOGJ members on the status of programs, tools, and issues related to policing in their communities. Of note was Pismo Beach Police Department's newly approved Public Safety facility, which will be built adjacent to the current facility. Consistent with the trend away from smaller police departments holding prisoners for short periods of time, the new building will not have a temporary detention facility.

SAN LUIS OBISPO COUNTY CORONER'S FACILITY

The Coroner's facility is located in an office park near the San Luis Obispo Airport. The location includes a central autopsy room, a break/meeting room that doubles as an autopsy viewing room via an internal window into the autopsy space, an evidence room with storage lockers, a medical examiner's office, desk space for a legal clerk, an office area with cubicles for Sheriff-Coroner deputies, and a refrigerator unit for storing bodies awaiting autopsy or transport to a mortuary.

As a division of the San Luis Obispo County Sheriff's Office, the Coroner's facility is staffed by two Deputies, two Senior Deputies, a Sergeant, and a Legal Clerk who works one day a week. Currently there is no permanent Medical Examiner employed by the County. The Sheriff's Office

contracts with the National Autopsy Assay Group (NAAG), an outside vendor, to conduct all autopsies. The Sheriff's Office has attempted to hire a permanent staff person for this role but has had difficulty attracting applicants based on current pay and benefits. In addition to San Luis Obispo County, NAAG also contracts with other counties (e.g., Tulare, Kings, Imperial, San Diego, and Madera) leading to autopsies being conducted on a limited basis, often one day per week. The Coroner's Office is responsible for determining the cause and manner of death in certain cases. The cause of death is the expert opinion of the Doctor or Medical Examiner. The manner of death is determined by the investigation conducted by the Deputy Sheriff-Coroner.

The Sheriff-Coroner is required to perform an autopsy on deaths involving accident, suicide, homicide, and/or are "unattended," i.e., a person not under the direct care of a doctor. The Coroner's Office has a caseload of approximately 250-265 annual death investigations, including 80 drug overdose deaths which is a decrease from recent years. The 2022-2023 SLOCGJ reported that of the 123 drug-related deaths investigated by deputies in 2022, about 75 were related to fentanyl. The Coroner's facility keeps Narcan® on site for the safety of staff. The 2022-2023 SLOCGJ inspection reported the Narcan® to be expired. During the current inspection on September 27, 2023, the SLOCGJ found the Narcan® supply to now be in-date.

There are four Deputy Sheriff-Coroner Investigators who cover department responsibilities 24-hours-a-day, 7-days-a-week. The office's onsite walk-in refrigerator has a capacity for approximately 19 bodies; nine bodies were present on the date of the inspection. Additional storage space is available, including a 50-foot refrigerated trailer, for large-scale needs. Regional and statewide mutual aid arrangements are in place for emergencies requiring more storage space. The Coroner's Facility, while fully functional, seems small for the number of employees and activity in the office. Prior plans to expand into an upstairs area of the building and become co-located with the Crime Lab have been put on hold.

SAN LUIS OBISPO COUNTY PSYCHIATRIC HEALTH FACILITY

The Psychiatric Health Facility (PHF) is a 16-bed inpatient hospital facility licensed by the California State Department of Health Care Services to provide psychiatric evaluation and treatment to adults who are experiencing mental health emergencies. Law enforcement agencies bring adults from the community for crisis care to the PHF, which is located in the former General Hospital building. The PHF accepts a variety of patients who initially must be medically cleared through one of San Luis Obispo County hospital emergency rooms.

Patients can be held for 72 hours pursuant to Welfare and Institutions Code (WIC) section 5150. The involuntary hold can be extended an additional 14 days. Patients involuntarily detained, under WIC 5150, are generally experiencing a mental disorder(s) that may cause them to be a harm to themselves or others. The PHF also serves persons in custody who have been determined to be incompetent to stand trial, or in need of treatment to restore mental competency, so they may participate in legal proceedings (Penal Code Section 1370.) Additionally, individuals in the public conservator program who are gravely disabled and in need of stabilization may be cared for by PHF staff.

The PHF's 16-bed limitation results in a higher than recommended ratio (i.e. 1:17,500) of bedspace to county residents. The recommended ratio of bed space to county residents is 1:2,000. A 2021-2022 Grand Jury report on mental health noted that additional psychiatric facilities are needed in San Luis Obispo County to address this deficiency.

As of July 1, 2023, San Luis Obispo County Behavioral Health entered into partnership with Crestwood Behavioral Health to manage this facility. Crestwood Behavioral Health, Inc., is accredited by the Commission on Accreditation of Rehabilitation Facilities (CARF). The 2023-2024 Grand Jury reviewed the July 2023 contract between San Luis Obispo County Behavioral Health and Crestwood Behavioral Health (Crestwood) to better understand the roles, responsibilities, and obligations of Crestwood. The contract identifies the Crestwood scope of services including quality assessment and performance metrics. Some metrics were provided to

the Grand Jury via the San Luis Obispo County Behavioral Health Agency. In addition, the health agency provided the Crestwood transition plan which identified the responsibilities and obligations from the county operation of the PHF to Crestwood management.

On September 27, 2023, the 2023-2024 SLOGJ toured the PHF facility. Despite the outdated character of the building, the interior was found to be clean, well-maintained, and to display a welcoming atmosphere. The common rooms, hallways, dormitory-type rooms, and bathrooms all appeared neat and orderly, with no obvious signs of disrepair.

Since taking over management of the PHF, Crestwood has established a new food server for the facility. Citing healthier alternatives and ease of operation, Crestwood utilizes 'Meals That Connect' to provide nutritional meal service for its' patients. Meals That Connect is a program of the national nonprofit, Senior Nutrition Program of San Luis Obispo, CENCAL Health, and the Area Agency on Aging. Another change of note by Crestwood management was the decision to eliminate the 24/7 security coverage provided by Condor Security.

Because Crestwood has operated the PHF for less than one year, at the time of this report, the current Grand Jury recommends the 2024-2025 Grand Jury follow up with the SLO County Behavioral Health and Crestwood to evaluate Crestwood's performance as part of its annual detention facility inspection report.

SAN LUIS OBISPO COUNTY CRIME LABORATORY

The Crime Lab is located at the San Luis Obispo County Sheriff's Office complex off Highway 1 on Kansas Avenue. Crime Lab personnel conduct crime scene investigations for the Sheriff's Office and as requested by other county law enforcement agencies. The Crime Lab consists of the following units: Forensic Alcohol Unit, Chemistry/Toxicology Unit, Forensic Services Crime Scene Unit, and the CAL-ID Program. The Forensic Alcohol Unit analyzes DUI-related biological samples, maintains, and calibrates the county's alcohol breathalyzers, and trains San Luis Obispo County Sheriff's Deputies in proper breathalyzer use. The Chemistry/Toxicology Unit analyzes

narcotics and other controlled substances using gas chromatography and other tools. As of the September 27 inspection the two most analyzed controlled substances tested by the crime lab in 2023 year-to-date were methamphetamine (40%) and fentanyl (23%.)

The Forensic Services Crime Scene Unit collects and analyzes crime scene evidence in criminal cases. Evidence can consist of fingerprints, biological fluids, hair, and fibers, along with tire and footprint impressions. The unit processes physical evidence collected from crime scenes, suspects, or other involved parties. The workload is heavy for the two full-time staff due to the varied aspects of their job function. These activities include crime scene processing, evidence booking and analysis, report writing, and court testimony. The nature of the unit's work requires at least one staff member to be on call after hours. The unit has been rightfully praised for their work during the Kristen Smart cold-case homicide investigation.

The CAL-ID Program operates the County's Automated Fingerprint Identification System and maintains mobile fingerprint identification devices. The program also oversees the ANDE® rapid DNA system that facilitates the timely testing of DNA samples for identification of suspects, victims, or unidentified persons. This automated system aids in early identification of DNA profiles in a matter of hours, as opposed to the days or months-backlog once experienced by the State Crime Lab system.

The San Luis Obispo County Crime Lab building is 70 years old and shows its age. The work areas were clean and fully utilized as space was limited. A recent plan to relocate the Crime Lab with the Coroner's Office has yet to occur.

SAN LUIS OBISPO COUNTY SHERIFF'S DISPATCH CENTER

The San Luis Obispo County Sheriff's Dispatch Center and Watch Commander Office are located at the Sheriff's Office complex adjacent to Highway 1 in San Luis Obispo. These functions are staffed continuously on a 24/7 basis. The current building, housing the dispatch facility is shared with the San Luis Obispo County Office of Emergency Services (OES). Much of the OES space sits

empty but is utilized as the County Operations Center in the event of a major emergency. A new Dispatch Center with an estimated completion in 2024-2025 is being constructed in Templeton.

The Dispatch Center operates three law enforcement radio channels, providing dispatch services for the Sheriff's Office, Morro Bay, and Arroyo Grande Police Departments. Other dispatch responsibilities include county ambulance service, San Luis Obispo County Probation Office, and Sheriff's Special Enforcement Detail. Dispatchers answer 911 emergency calls for service and non-emergency business lines while monitoring their assigned primary radio channel throughout their shifts.

At the time of the inspection on October 11, 2023, the Dispatch Center had three of their sixteen positions vacant, with four personnel in field training. Dispatcher training includes formal classroom training, but the majority of the training is on-the-job (OJT) with another experienced dispatcher. Additional instruction includes CPR and Emergency Medical Dispatch training, which enables dispatchers to offer limited emergency medical assistance and first aid instructions over the telephone.

Low Dispatch Center staffing has necessitated dispatchers working overtime and having supervisors and other qualified Sheriff's Office staff working dispatcher shifts. Hiring of dispatchers can take months because of the various application requirements, which may include a psychological exam, financial review, polygraph, and law enforcement background investigation. Despite the staffing shortage and ongoing OJT, the SLOGJ observed the Dispatch Center running in a seamless professional manner.

SAN LUIS OBISPO COUNTY SHERIFF'S OFFICE PROPERTY ROOM

The Property Room, inspected on October 11, 2023, is in a secured, locked warehouse facility on Sheriff's Office Property. The staff in the property room consists of two fulltime and two part-time employees.

The facility is nearing capacity with evidence items often stored for long periods of time. Most of the building is not temperature controlled which creates issues for employees during the coldest and warmest times of the year. Plans to begin construction and complete enhancements to the building's climate-control system are scheduled to be completed in 2024. The facility has a walk-in refrigerated room to store perishable evidence. The refrigeration equipment is aging, causing concerns for staff during the summer months. The refrigerated room is also nearing full storage capacity.

Items stored in the property room are tagged with a bar code and indexed in the department's records management computer database for easy location and chain of custody. Items related to homicides are held in perpetuity. Other items are disposed of according to policy, usually within 90 days following a case disposition. Firearms are held until cleared by the California Department of Justice per state law. The staff focuses on purging evidence and property that can be legally disposed of, destroyed, or returned to create space for new property.

CONCLUSIONS

Public safety personnel in San Luis Obispo County continue to do excellent work despite the challenges of a recent pandemic and significant staffing, budget, and space limitations.

FINDINGS

SAN LUIS OBISPO COUNTY JAIL

- F1. The location of the Oklahoma Avenue Safe Parking Site next to the Honor Farm continues to create a safety hazard to inmates and staff. Despite increased physical security, illegal substances are still placed in close proximity to the Honor Farm perimeter.
- F2. Honor Farm programs are operating at minimal levels due to the current low inmate population which may affect the ability to provide the benefits traditionally associated with inmate vocational training.

CITY POLICE AND COUNTY COURTHOUSE HOLDING CELLS

F3. Despite waiting for progress by the State to build a new courthouse, the current holding cells are functioning well and meeting the needs of the inmate population.

SAN LUIS OBISPO COUNTY CORONER'S FACILITY

F4. Physical space at the County Coroner's facility is limited, thus negatively impacting the overall work atmosphere.

SAN LUIS OBISPO COUNTY PROPERTY ROOM

F5. The need for improved climate control at the County Property Room continues to cause concern for staff well-being and preservation of evidence.

F6. Property room evidence storage capacity for the walk-in refrigerator and the overall facility is of concern.

SAN LUIS OBISPO COUNTY PSYCHIATRIC HEALTH FACILITY

F7. The transfer of management of the PHF from the County to Crestwood Behavioral Health has been in operation for a limited time, therefore it is premature to conduct a thorough analysis of their performance at this time.

COMMENDATION[S]

The recent implementation of Positive Behavior Intervention Support (PBIS) at the San Luis Obispo County Juvenile Hall has shown early indications of constructive change among youth offenders. The adoption of PBIS by Juvenile Hall staff rewards youth for respectful behavior and is demonstrating a model for success within Juvenile Hall.

RECOMMENDATIONS

SAN LUIS OBISPO COUNTY JAIL

R1. The San Luis Obispo County Sheriff should continue to work with the Homeless Services Division regarding closing the Oklahoma Safe Parking site in 2024.

SAN LUIS OBISPO COUNTY PROPERTY ROOM

R2. The San Luis Obispo County Sheriff should complete property room climate control enhancements in 2024.

R3. The San Luis Obispo County Sheriff should develop a plan by January 1, 2025, to deal with evidence storage reaching maximum capacity levels.

SAN LUIS OBISPO COUNTY PSYCHIATRIC HEALTH FACILITY

R4. The San Luis Obispo County Behavioral Health Department should forward all performance and assessment reports (outlined in the operating agreement) regarding PHF's management by Crestwood Behavioral Health to the 2024-2025 San Luis Obispo Grand Jury by November 1, 2024.

REQUIRED RESPONSES

The San Luis Obispo County Sheriff is required to respond to: R1, R2, R3.

The San Luis Obispo County Behavioral Health Department is invited to respond to: R4.

All responses shall be submitted to the Presiding Judge of the San Luis Obispo County Superior Court within 90 days of submission of the report. A paper copy and an electronic version of all responses shall be provided to the Grand Jury.

933.05. Findings and Recommendations

- (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.

Presiding Judge	Grand Jury
Presiding Judge Rita Federman Superior Court of California 1035 Palm Street Room 355 San Luis Obispo, CA 93408	San Luis Obispo County Grand Jury P.O. Box 4910 San Luis Obispo, CA 93403

APPENDICES

INSPECTION GUIDELINES

The following summarizes (but is not limited to) the types of data considered by the Grand Jury prior to or during each inspection:

- Population
 - Current census
 - Average daily census
 - Capacity
 - Average time a person is held
 - People held without charges
 - Significant changes in inmate population
- Disciplinary actions taken against staff for inmate-related issues
- Escapes
 - Details
 - Remedial actions
- Use of force incidents
- Health Services
 - How services are delivered
 - Common medical problems
 - Public health concerns
- Injuries
 - Injuries to inmates due to aggression/agitation
 - Accidental injuries to inmates requiring medical attention greater than first aid
 - Injuries to staff by inmates due to assault or managing inmate aggression/agitation
- Suicide
 - Suicide attempts/deaths
 - Serious self-injury requiring medical attention beyond first aid
- Drugs

- Drug overdoses
- Drug deaths by overdose

- Deaths
 - Other deaths
- Inmate violence management
- Mental health behavioral management
- Response to drug and alcohol-related problems

QUESTIONS SUBMITTED TO SLO COUNTY JAIL LEADERSHIP IN ADVANCE OF SITE VISIT:

Have there been any significant inmate population changes within the last year?

Have there been any changes with the approximately 160 sworn and administrative personnel?

Are programs still functioning at a minimal level due to low inmate population at the Honor Farm?

Have there been any budgetary or staff changes (increases) in the last year because of the accreditation received by the National Commission on Correctional Health Care?

Do severely mentally ill (SMI) inmates still make up approximately 28% of the population, or has that number increased as it did in 2021 from 26%?

Despite the announcement of impending closure, are there still safety and security concerns due to the proximity of the Oklahoma Safe Parking Site and the Honor Farm?

What changes within the last year have affected programs or services provided for inmates?

Are there recruitment difficulties in maintaining adequate, qualified staff within the County Jail?

What current issues are associated with Gang culture within the Jail?

What is the current relationship between the Sheriff's office and the Crestwood management team at the PHF?

What are some of the most recent challenges that have arisen in the last year?

MOVING SAN LUIS OBISPO COUNTY FROM HOMELESSNESS TO HOPEFULNESS

Homelessness is not just a statistic; it is a human experience affecting our entire community. The County of San Luis Obispo Board of Supervisors (BOS) has recognized homelessness as the number one issue in the County, releasing a plan in 2022 to mobilize resources to combat the issues head on.

SUMMARY

The San Luis Obispo County Grand Jury (SLOCGJ) investigated the actions taken by the County and Cities to address homelessness as outlined in the “San Luis Obispo Countywide Plan to Address Homelessness 2022-2027” (The County’s Plan). The plan calls for a “whole-of-community effort to address homelessness to reduce the number of people experiencing homelessness by 50% of the current levels within 5 years.”

INTRODUCTION/PURPOSE

Homelessness is a serious issue that affects many people in the United States. According to the latest data from the Department of Housing and Urban Development (HUD), there were more than 653,000 people experiencing homelessness in the U.S. and 181,400 in California on a single night in January 2023. This was a 12% increase from 2022. Homelessness can have negative impacts on the health, well-being, and dignity of individuals and families as well as on the social and economic fabric of communities.

In San Luis Obispo County, homelessness increased by 32% from 2017 to 2019, reaching a total of 1,483 people as cited in the County’s 2022-2027 Homeless Plan. An updated Point-In-Time Count was conducted in January 2024; preliminary results released on May 6, 2024, indicate that the count has declined to 1,171. The Point-In-Time counts are an estimate based on a one-day blitz count of the visibly unhoused. Eighty percent of the homeless identified were unsheltered, meaning they lived in places not meant for human habitation such as streets,

parks, cars, or encampments. The main causes of homelessness in the County were lack of affordable housing, unemployment and underemployment, substance abuse, mental illness, and domestic violence.

The County has developed a multifaceted five-year plan to address homelessness which includes six Lines of Effort:

1. creating affordable and appropriate housing and shelter options,
2. reducing barriers to housing stability,
3. improving data management,
4. streamlining funding and resources,
5. strengthening regional collaboration, and
6. building public engagement.

The County's Plan states it best:

“Making incremental increases in uncoordinated efforts to reduce homelessness is no longer an option for our region. This plan outlines a bold, housing-centric strategy to reduce the number of people experiencing homelessness to 50% of the current level within 5 years. Achieving this goal will require a whole-of-community effort that includes increasing the availability of non-congregate shelters; reexamining and diversifying funding sources; strengthening regional partnerships; and modernizing the data systems and structures that address homelessness.”

Homelessness means living in a state of constant insecurity, uncertainty, and vulnerability. The unhoused face many challenges such as lack of shelter, food, health care, education, and employment opportunities. They also experience social stigma, discrimination, and isolation from mainstream society. Homelessness can have negative impacts on their physical and mental well-being as well as their sense of dignity and self-worth.

Homelessness is a complex and multifaceted issue that affects our larger community which has implications for housed citizens. Some are concerned, frustrated, or angry about this issue, wondering why it is not being addressed. Some community members deal with issues such as litter, crime, or safety in their neighborhoods. Others may see the struggles of the homeless and may feel compassion, empathy, or sympathy for them. They may have to confront their own perceptions about the homeless and question their own values, beliefs, or responsibilities as members of the community.

As previously stated, the goal of The County's Plan is to reduce the number of people experiencing homelessness by 50% by 2027. The SLOCGJ examined the County's progress toward this goal.

ORIGIN

Last year's 2022-2023 SLOCGJ investigated the Oklahoma Safe Parking and found the San Luis Obispo County program was not working as intended. Addressing the problems at this site was essential due to safety concerns, County liability, and the need for better planning for any future safe parking initiatives. The 2023-2024 SLOCGJ was concerned that the unfavorable press regarding this specific site and some of its residents perpetuated an unfairly negative image of people caught in homelessness. As a result, the SLOCGJ sought to look broadly at the County's overarching plans and programs to address homelessness.

METHOD/PROCEDURE

The SLOCGJ used the following methods for its investigation:

- conducted interviews of City and County leadership,
- conducted interviews with other stakeholders related to affordable housing,
- spoke to several frontline homeless relief executives, workers, and volunteers in the County,
- toured various facilities and non-profits throughout the County, and

- reviewed documents including State, County and City Plans, Commission Reports, Non-profit Annual Reports, Program Reports, and various published reports and articles throughout the nation.

BACKGROUND

The first Line of Effort of The County’s Plan for the first year was to find locations and start the building of nontraditional interim supportive housing with the goal of creating 300 units within three years. As of April 2024, the SLOGJ was able to confirm the following new units/beds are operational, in the process of being built, or in the planning phase toward the 300-unit goal:

Interim Housing	New Units / Beds	City	Status
Five Cities Homeless Coalition – Cabins for Change 16th Street	20	Grover Beach	Operational
Sun Street Recuperative Care	6	San Luis Obispo	Operational
El Camino Homeless Organization - ECHO	20	Paso Robles	Operational
Five Cities Homeless Coalition – Cabins for Change 4th Street	30	Grover Beach	Operational
Welcome Home Village	34	San Luis Obispo	Planned Opening 2025
Pine Street Project	20	Paso Robles	Planned Opening – Late 2024
Total	130		

Note: This list does not include pre-existing units/beds or units designated for permanent housing.

The SLOGJ was unable to confirm if the County is on track to meet the 300-bed goal by August 2025 as the County’s Plan lacks specific benchmarks toward achievement of the Plan.

NARRATIVE

CHAPTER 1: THE COUNTY’S STRATEGIC PLAN LACKS QUANTIFIABLE GOALS

The “San Luis Obispo Countywide Plan to Address Homelessness 2022-2027” is a five-year plan containing general time frames for the plan completion to reduce homelessness by 50%. The SLOGJ determined that The County’s Plan lacks quantifiable goals that are needed to address the specific strategies being implemented in The County’s Plan. Without specific metrics and conditions that relate to timelines and schedules, it is difficult to know whether The County’s Plan is on track for success. Quantifiable goals are useful to inform the public and elicit public engagement.

CHAPTER 2: COUNTY LEADERSHIP AND TURNOVER

Multiple interviewees reported that staffing changes and vacancies within the County leadership created challenges in terms of completing actions required to support the implementation of The County’s Plan on homelessness. The plan lacks specificity, and although the high-level goals were discussed, details were notably absent and noted as needing to be developed by incoming staff.

The County was able to provide information and progress on filling the vacant positions which included organizational changes that will introduce qualified individuals to the management team. Hiring efforts do not address future turnover, which could adversely impact the implementation of The County’s Plan in the future.

CHAPTER 3: PLACING FACILITIES IN COMMUNITIES

“We need the dirt,” meaning real estate. This was a common refrain heard repeatedly during the SLOGJ investigation. “We need to move the homeless from unacceptable encampments and into more suitable and sustainable approved locations” was another.

The County’s Plan calls for rapidly creating and supporting low cost, nontraditional interim housing solutions. To meet the goal, the County has been working with the Cities as well as several non-profits. While there have been successes, which are discussed in this report, there are still significant challenges in finding suitable sites for shelters, non-congregate transitional housing, affordable housing, and warming centers.

The SLOGJ investigation revealed that the locations selected for these sites are often fraught with difficulties:

1. Zoning and Ordinance Complexities: The County as well as the Cities grapple with intricate zoning regulations and local ordinances when identifying suitable land for homeless shelters. Zoning laws dictate land use, density, and activities that are permitted within an area. These regulations often clash with the urgent need for shelter

spaces. The County's efforts to establish shelters have encountered roadblocks due to zoning restrictions that limit where such facilities can be located.

2. Public Opposition and NIMBY Syndrome: Many public officials advised that the "Not In My Backyard" (NIMBY) issue poses a significant challenge. When proposed shelter sites emerge, local residents often express resistance due to potential impacts on property values, safety, crime, and neighborhood aesthetics. While these concerns often have merit, Cabins for Change (CFC) and El Camino Homeless Organization (ECHO) demonstrate that well-managed shelter housing can be successfully integrated as part of a neighborhood.

The prolonged process of vetting land for shelter sites comes with a significant financial burden. Environmental assessments, legal consultations, and community-engagement efforts require financial resources. Additionally, delays caused by zoning disputes, public opposition, and bureaucratic hurdles prolong the process, sometimes jeopardizing funding.

For example, the County of San Luis Obispo received a \$13.4 million grant from the State to develop interim and permanent very low-income housing. The County's first site slated for these facilities was to be located near Prado Road and South Higuera Street. Due to neighborhood concerns and zoning, the County had to look for a new site before funding expires in 2026. The longer it takes to establish shelters, the more taxpayers bear the burden of emergency services, law enforcement, clean-up efforts, and healthcare costs associated with the unsheltered homeless.

The SLOCGJ's investigation determined that the County as well as some Cities have not placed an emphasis on implementing Line of Effort 6, "Building public engagement through information and partnership." During the investigation, the SLOCGJ learned that the communication effort had been delayed due to County staff turnover. It is critical for the County to engage in transparent communication and form partnerships between County officials, non-profits, and the community at large. Communication efforts including advising and educating

the public about the benefits of well-managed shelters, addressing misconceptions, and developing plans to address public concerns are key elements of the County's five-year plan.

Every SLOGJ interviewee advised how addressing homelessness is a complex challenge and finding suitable sites for shelters, affordable housing, or warming centers has met with various obstacles. Examples of specific San Luis Obispo County sites experiencing setbacks and outcomes are as follows.

1. Prado Day Center Expansion (2019):

- The Prado Day Center in San Luis Obispo provides services to homeless individuals during the day. There were plans to expand its capacity to accommodate more people.
- Setback: The proposed expansion faced public opposition from nearby residents and businesses due to concerns regarding safety, property values, and neighborhood impact.
- Result: Despite efforts to address concerns, the project was eventually halted due to community resistance.

2. Higuera Street Parking Lot (2020):

- The City of San Luis Obispo explored using a vacant parking lot on Higuera Street as a temporary homeless shelter.
- Setback: The proposal faced legal challenges related to zoning regulations and land use.
- Result: The legal complexities and opposition led to delays, and the site was not utilized as planned.

3. South Higuera Street (2021):

- Another site on South Higuera Street was considered for a permanent homeless shelter.
- Setback: The proposal encountered resistance from neighboring businesses concerned about the impact on their operations.

- Result: Despite efforts to address concerns, the project faced neighborhood opposition and financial challenges and was not implemented.
4. Paso Robles Emergency Warming Center (2022):
- The City of Paso Robles sought to establish an emergency warming center for homeless individuals during cold weather.
 - Setback: The proposed site faced zoning issues and concerns about its proximity to residential areas.
 - Result: The city struggled to find an alternative location that satisfied both safety requirements and community acceptance. The City is currently working on a grant to fund a community building that will also serve as a warming center.
5. Grover Beach Safe Parking Program (2023):
- Grover Beach explored a safe parking program for people living in their vehicles.
 - Setback: Identifying suitable parking lots and obtaining necessary permits proved challenging.
 - Result: A lack of available sites and bureaucratic hurdles hindered the program's implementation. In the end, the city determined that Safe Parking was not a viable solution as it does not move people into permanent living solutions.
6. 40 Prado (2023):
- The original plan, announced in 2020, was to add 40 tiny homes on its property to provide 90-day transitional housing for its clients.
 - Setback: In 2023 residents and businesses near the center expressed concerns about the potential impacts of the tiny homes on the neighborhood such as increased traffic, noise, crime, and decreased property values. They have also argued that the project does not comply with the zoning and land-use regulations of the area and have filed appeals and lawsuits to stop it.
 - Result: Despite efforts to address concerns, the project was eventually halted due to community concerns and zoning issues. The County is currently working to develop an alternate site near Johnson Avenue.

CHAPTER 4: COUNTY & CITY PARTNERSHIPS WITH NON-PROFITS FIND SUCCESS

The development of The County's Plan included the need to partner with various agencies and stakeholders, including non-profits. The SLOGJ chose to focus on one of the identified groups, Homeless Service Providers. To support these efforts, the SLOGJ interviewed representatives from the seven incorporated cities in the County and a member of the County BOS. Site visits were conducted at:

- Cabins for Change (CFC), operated by 5 Cities Homeless Coalition (5CHC),
- El Camino Homeless Organization (ECHO), and
- 40 Prado Homeless Services Center (40 PRADO), operated by the Community Action Partnership of San Luis Obispo (CAPSLO).

Of interest is how these non-profits are helping meet the goals of The County's Plan.

The BOS representative as well as all city representatives interviewed expressed their reliance on, and confidence in, these non-profit organizations. Without hesitation they acknowledged the importance of their working relationships with these non-profits in the successful outcome of a viable plan to address homelessness in the County.

A challenge for 5CHC, ECHO, and CAPSLO is their reliance on donations, fundraising, and grants, which comprise a large portion of their annual budgets. These funding sources are not on-hand in advance of operations but are raised throughout the year. These organizations are budgeted at levels they believe to be achievable but not sustainable for the long term. In addition, these organizations rely heavily on volunteers and donations of food and other supplies. Sustaining or increasing these funds to allow for expansion is challenging as grants and donations are not predictable year over year.

Different models exist for shelters. Non-congregate shelters differ from traditional communal shelters by providing individualized spaces for residents. Instead of large dormitory-style accommodations, non-congregate shelters offer private rooms or cabins, allowing each person,

couple, or family to have their own space. The County's Plan calls for an increase in non-congregate shelters.

Programs offering a 90-day model are an innovative approach to addressing homelessness. These programs are designed to transition the individual into permanent housing rather than just providing temporary nightly shelter. Currently, both 5CHC and ECHO operate under a 90-day model. With 40 Prado's recent conversion to a 90-day model, there is currently no nightly drop-in shelter in the County.

Under the 90-day model, shelter residents are required to participate in programs designed to address their individual needs, foster stability, and facilitate transitions into permanent housing. Case managers are assigned to individuals to assess their needs, create personalized plans, and connect them with required resources. Case managers assist individuals with:

- securing identification documents,
- providing employment assistance
- training in life-skills, and
- accessing medical care, mental health support, substance abuse treatment, and social services.

The goal is to address the entirety of the situation, meeting each individual where they are in their life and transitioning them into permanent housing.

The County's Citizens' Homeless Accountability Commission (CHAC) 2023 Annual Report focusing on the goals and execution of the County's 5-Year Plan acknowledged that much of the data comes from nongovernmental service providers that may have a financial interest in positive reporting. The CHAC verified reports from these service providers and concluded that most are "performing extraordinarily well within the limits placed on them."

5 Cities Homeless Coalition (5CHC) / Cabins for Change (CFC)

Since opening its first 20 cabins in Grover Beach on December 23, 2022, and through mid-March 2024, the total number of individuals housed was 94. The program’s goal is to obtain housing success within 90 days of entry. To date, 5CHC has achieved a 71% success rate of clients graduating to permanent housing. The average stay through March 2024 is 109 days due to a lack of available permanent supportive housing. As of May 2024, there were 310 individuals wait-listed for cabin shelter. The facility provides residents with private shelter and the opportunity to utilize available resources to take their next steps toward sustainable housing. The 5CHC problem-solving approach provides computer access, internet, phone, mailing address, food, and hygiene supplies in addition to basic shelter. The 5CHC also prevented 103 at-risk community members from losing their existing housing and entering homelessness with rapid financial assistance. A warming center is opened as needed during inclement weather. The 5CHC Outreach Team has specialized knowledge and serves as a bridge to community services such as housing, medical care, behavioral health, and substance abuse treatment. The 5CHC Outreach Team serves the south County.

On May 3, 2024, 5CHC opened an additional 30-unit non-congregate shelter facility in Grover Beach. The City of Grover Beach purchased the land and offered the 5CHC a 55-year lease for the shelter. The Balay Ko Foundation donated approximately \$2.6 million to the project, and Dignity Moves, a Santa Barbara-based company, is the developer for the cabins.



Cabins for Change, Grover Beach
Location 1



Cabins for Change, Grover Beach
Location 2

El Camino Homeless Organization (ECHO)

ECHO began in an Atascadero church in 2001 and has grown over time. They currently have a total of 130 beds with 125 beds allocated to their 90-day shelter program and five night-by-night beds for emergencies. Of the 130 beds, 110 are located in Atascadero in a residential neighborhood with schools nearby. This placement within the community has been successful because ECHO prioritizes their responsibility as a good neighbor. The Atascadero location has congregate shelter beds designated for men, women, and families.



Converted Motel 6, Paso Robles

The newest addition to ECHO's program has been 20 beds in Paso Robles at a converted Motel 6. This location is operated in partnership with HASLO. ECHO operates the shelter beds while the Housing Authority of San Luis Obispo (HASLO) operates low-income permanent housing within the previous Motel 6 location. This partnership has allowed many who are sheltered at the location to move to a permanent bed while continuing to live within this supportive community. Those in permanent housing then become a hopeful demonstration of program success for new entries into the 90-day shelter beds. ECHO reports a success rate of 60% for moving people into permanent housing compared to



Representative Handprints on
ECHO's Wall of Success

progress in increasing the inventory of affordable housing, the national average of 10%. ECHO's most successful year was 2023 with 201 people becoming housed. At the time of the SLOGGJ visit in mid-March 2024, 62 people had become housed. Their waitlist for housing is approximately 330 individuals comprising the 130 people in their shelter program and an additional 200 unhoused that they interact with through their outreach program. Those 200 are often also waitlisted for a shelter bed. Occasionally, through the outreach team's efforts, permanent housing can be found before a shelter bed opens.

ECHO behavioral health case workers for both the shelter and the outreach program take a multifaceted and individualized approach to preparing their clients to successfully transition into permanent housing. Through these efforts their clients have a high success rate at staying permanently housed. Some of these efforts include teaching life skills for employment, financial literacy, health care management, and parenting.

Services offered through ECHO include:

- overnight shelter,
- meals,
- showers,
- laundry,
- mail/phone services, and
- access to case management.

The meal program is central to the ECHO operation. Meals are offered free of charge to anyone. The program serves their shelter clients and also the larger community. Homeless individuals hesitant to engage with the ECHO outreach team can come for meals and gradually develop trust that may lead to future engagement. Clients that have been successfully housed continue to be welcomed for meals to maintain their connection to this supportive community. Additionally, the meal program provides some homeless prevention when income levels put someone in the position of having to choose between rent and food.

40 PRADO HOMELESS SERVICES CENTER / CAPSLO

The Homeless Services Division of CAPSLO serves the unhoused community of San Luis Obispo County, utilizing funds in three major programs:

- Sheltering at 40 Prado which includes Safe Parking and a warming center as needed,
- Recuperative Care Program, and
- Case Management, which supports the unhoused and links them to needed resources.

Since 1989, CAPSLO's Homeless Services Division has provided programs aimed to help homeless individuals and families achieve economic stability and overcome obstacles to successful permanent housing.

The 40 Prado Homeless Service Center aids individuals and families to help move them to self-sufficiency. The total capacity is 128 beds, 95 of which are for adults. Services include:

- overnight shelter,
- meals,
- showers,
- laundry,
- mail/phone services,
- access to case management,
- primary medical care, and
- animal kennels.

In addition to the sheltering program at 40 Prado, the unhoused community is offered a Safe Parking Program allowing individuals to have a safe place to park their vehicles onsite overnight. An onsite warming center is opened during inclement weather.

40 Prado services includes a Recuperative Care Program which provides 10 beds and a safe place to convalesce for individuals who would otherwise be discharged to the streets. This program provides around-the-clock staffing, case management, and a registered nurse. Intake to this program is from local hospitals and skilled nursing facilities.

Since implementing the 90-day shelter program in September 2023 through February 2024, there have been 132 participants. Of those 82 have been successfully housed, and 104 remain on a wait list. The average length of stay was 94 days.

CHAPTER 5: FUNDING FOR NON-PROFITS

There are several funding sources available for homeless programs in San Luis Obispo County. These include funding from government agencies including federal, state, County and City, as well as grants and private contributions. The SLOCGJ reviewed operations of three nonprofit organizations that provided homeless services for the County: Five Cities Homeless Coalition (5CFC), El Camino Homeless Organization (ECHO), and CAPSLO (40 Prado).

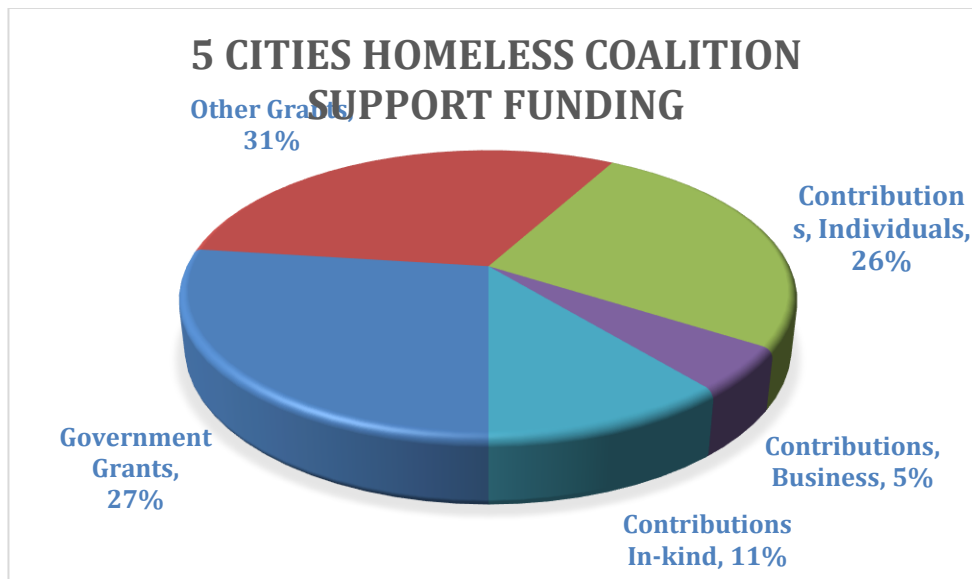
Cabins for Change (CFC) / 5 Cities Homeless Coalition (5CHC)

Five Cities Homeless Coalition, Inc., (5CHC) classifies funds as Revenue (77%) and Support (23%). The sources of the funding for Revenue Category are:

- Government Contracts 99%
- Special Events and other fundraising 1%

The sources of the funding for Support Category are:

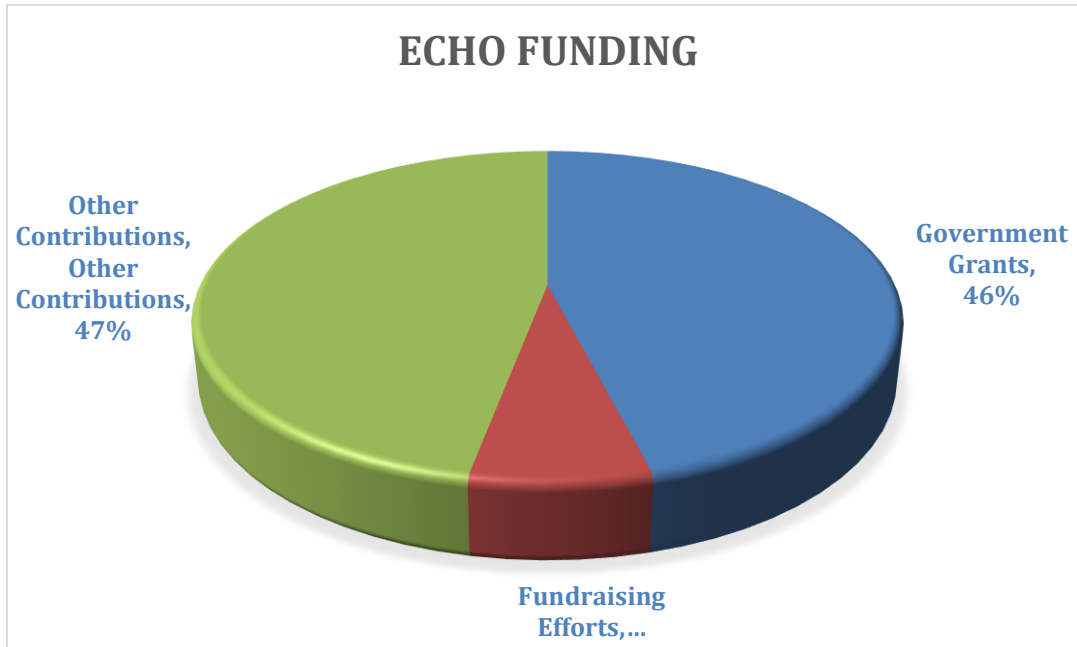
- Government Grants 27%
- Other Grants 31%
- Contributions from Individuals 26%
- Contribution from Businesses 5%
- Contributions in-kind 11%



El Camino Homeless Organization (ECHO)

El Camino Homeless Organization (ECHO) funding is sourced from three different monetary categories:

- Fundraising Events 7%
- Government Grants 46%
- All other contributions 47%



40 PRADO HOMELESS SERVICES CENTER / CAPSLO

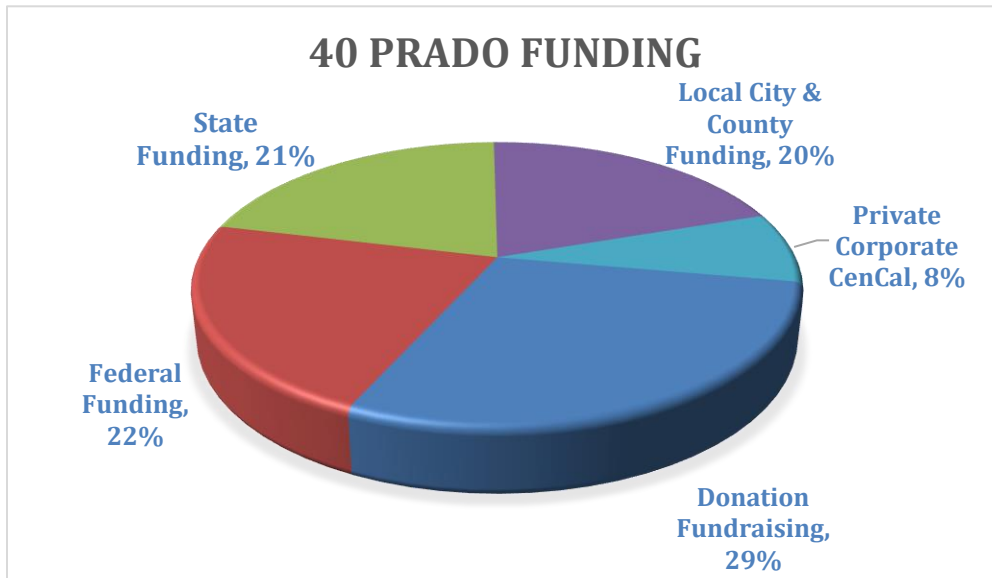
Homeless Division of CAPSLO (40 Prado) funds three major programs:

1. Shelter, Safe Parking, and Warming Center,
2. Recuperative Care, and
3. Case Management.

1. The Shelter, Safe Parking, and Warming Center percentages of the funding are:

- Donation/Fundraising 29%
- Federal Funding 22%
- State Funding 21%
- Local County and City 20%

- Private/Corporate-CenCal Health 8%



2. Recuperative Care funding comes from Private / Corporate-CenCal Health.

3. The Case Management percentages of funding are:

- Federal Funding 34%
- State Funding 22%
- Local County and City Funding 1%
- Private / Corporate-CenCal Health 43%

Overall, for these non-profits, the SLOGJ found government grants range from 40% to 60% of the total funding. These grants have stipulations on funding resources and specific time periods and may not be relied upon as a permanent source of income to the organizations. The private contributions range from 35% to 50% and play a major role in the operations of these organizations.

Local governments rely on non-profits for full implementation of The County's Plan. The challenge for our local government is to help secure ongoing funding for these vital partners.

CHAPTER 6: OUTREACH EFFORTS

The County and Cities deal with the lack of beds for the homeless through the use of outreach teams sometimes known as a Community Action Team or a CAT Team. These teams often consist of a police officer, a mental health worker, and a social worker. It is not uncommon for a medical professional or a firefighter to join a team. The purpose of the CAT Teams is to go into the community and develop a trust-building relationship with homeless individuals to create a path to services and ultimately to permanent housing.

Many of the homeless suffer from mental health issues, addictions, or physical disabilities that can be factors into them being unhoused. The comprehensive make-up of the CAT Teams allows most issues of the homeless to be addressed. The mental health worker and the social worker have access to many services provided throughout the County and will develop a plan tailored to the individual that will assist them in getting them off the street. The police officer acts as a liaison between the homeless and the legal system. The police have specialized training in engaging with the homeless and offering options that minimize the risk of incarceration.

The County has a full-time Behavioral Health Community Action Team (BHCAT) which includes a specially trained deputy and members of the County's Behavioral Health staff. This County team has formalized partnerships with the Paso Robles and the Atascadero Police Departments.

The City of San Luis Obispo has two outreach teams dealing with homelessness -- the Homeless Outreach Team (HOT) and the Projects for Assistance in Transitions from Homelessness (PATH). HOT is the action team that goes into the community to respond to those experiencing a mental health crisis. This team consists of a nurse, a psychiatric technician, a behavioral health therapist, a Transitions-Behavioral Health Association (TMHA) peer support specialist, two TMHA outreach workers, and a TMHA Case Manager. This team interacts with approximately 200 people yearly. PATH is the outreach service that engages with the homeless that are not currently connected to the services available to them.

ECHO is also heavily involved with outreach to the homeless in Paso Robles and Atascadero. ECHO Atascadero is contracted with the City of Atascadero to provide behavioral health workers for the team. The team in Paso Robles includes a police officer, a case manager, and County behavioral worker. An administrator for ECHO reported that these outreach teams have been very successful in interacting with the homeless and leading them to the help they need.

Morro Bay's representative indicated that their City does not have an official CAT Team, but there are police officers and firefighters with special training to assist with the needs of the homeless.

The Five Cities Homeless Coalition (5CHC) provides trained outreach support from Avila Beach to the Santa Barbara County border with the goal of guiding the homeless to appropriate services.

CHAPTER 7: LACK OF TRANSITIONAL AND AFFORDABLE HOUSING

The availability of affordable housing and its effect on homelessness are continually identified as priority concerns by residents as well as County and City officials. The issues of homelessness and affordable housing are intertwined. First, to successfully transition the unhoused, there must be permanent housing options available to them. Second, affordable housing is necessary to prevent people from becoming unhoused. The County of San Luis Obispo has recognized this by creating the Homeless and Affordable Housing Division of the Department of Social Services in 2023.

The following table extracted from a report by the California Housing Partnership and data from the California Department of Housing and Community Development illustrates the Housing Cost Burden by income levels.

HOUSING COST BURDEN BY INCOME LEVEL		
Income Level as Percentage of Area Median Income (AMI)	Percent With Housing Cost Greater Than 30% of Income	Percent With Housing Cost Greater Than 50% of Income
Extremely Low Income <30% of AMI (\$25,319)	87%	83%
Very Low Income 30% to 50% of AMI (\$25,319 - \$42,199)	77%	43%
Lower Income 50% to 80% of AMI (\$42,199 - \$67,518)	63%	16%
Moderate Income 80% to 120% of AMI (\$67,518 – \$101,277)	39%	5%
Above Moderate Income >120% of AMI (\$101,277)	7%	1%

Access to affordable housing disproportionately impacts the lowest income earners, earning less than 80% of the AMI. In San Luis Obispo County, only 8% of the housing units would be

affordable to households earning less than 30% of the AMI. As a result, this places these households at an increased risk of becoming homeless or living in overcrowded conditions. For very low and low-income earners, 70% reside in overcrowded housing conditions.

Seniors (age 62 and older) are a growing population in the County. Seniors represent more than a third of households earning less than 80% of the AMI. A significant number of seniors have housing cost burdens greater than 30% of their income, and a large percentage face housing costs greater than 50%.

The lack of affordable housing has broader impacts on employment and the economy. During the SLOGJ's investigation, many County department heads expressed a lack of staffing in their departments as a major concern. One impediment to recruiting qualified candidates is the cost of housing in the County. Private industries and other professional services such as medical providers, educators, and others have experienced difficulty in procuring housing at affordable levels. Due to the high cost of housing in San Luis Obispo County, businesses and industries that could provide head of household jobs are reluctant to locate in the County.

The Regional Housing Needs Assessment (RHNA) identifies the need for 3,256 new housing units in the County. Of those units, 1,891 were identified as needed for moderate and below moderate-income earners. Since January 1, 2019, the County has permitted 368 units, and 239 of the 1,891 have been built. The County has recognized the critical nature of this issue and has addressed it in the Housing Element (HE) of the 2020 General Plan. The HE lists more than 30 strategies regarding housing. The County staff prepared "The 2020-2024 Consolidated Plan and 2020 Action Plan" which provides a thorough analysis of affordable housing in the County. Organizations such as REACH, The California Housing Project, Road Map Home 2030, and others have done an extensive review of the issue.

Although slow, progress in increasing the inventory of affordable housing is occurring. Many non-profit agencies have worked to fill the gap. People's Self-Help Housing, CAPSLO, HASLO, and

Habitat for Humanity have all been integral in providing housing units. The County has identified sites and approved projects in Templeton, Nipomo, and San Miguel.

In 2023 the County dedicated \$11.1 million to the development of Affordable Housing and Permanent Supportive Housing projects. The Planning and Building Department identified the following anticipated projects.

In 2024, an estimated total of 381 units are planned:

- Atascadero – 75 units
- Morro Bay - 35 units
- Nipomo – 10 units
- Paso Robles – 79 units
- Pismo Beach – 76 units
- San Luis Obispo – 106 units

In 2025 (and beyond), an estimated total of 691 units are planned:

- Arroyo Grande – 63 units
- Atascadero – 114 units
- Cambria – 33 units
- Grover Beach – 53 units
- Paso Robles – 78 units
- San Luis Obispo – 322 units
- Templeton – 28 units

Additionally, the Dana Reserve Project which includes affordable housing components was approved by the BOS on April 24, 2024.

Several factors have been identified that contribute to the slow progress. These include:

- Length and cost of permitting process,
- Environmental Impact Reports,
- High builder fees,
- Community concerns,

- Lack of land inventory, and
- Infrastructure resources including water, sewer, transportation.

CONCLUSIONS

This investigation concentrated on the “San Luis Obispo Countywide Plan to Address Homelessness 2022-2027,” and examined not only the County’s responsibilities under that plan, but the mutual responsibilities of our cities and the critical role played by nonprofit organizations. Specific challenges included recruitment and retention of personnel essential to addressing homelessness, the difficulty in securing sites for transitional and permanent housing, finding secure annual funding for ongoing and new programs, providing education to the unhoused and to community residents alike, and the lack of affordable housing. The report also cites examples of successful transitional housing efforts in San Luis Obispo County. During these inquiries, the SLOGJ met many knowledgeable and concerned individuals who have accepted leadership and operational roles in solving the issues of homelessness in our communities. The challenges are daunting, and progress is never enough, but the collective efforts of San Luis Obispo County’s leaders, nonprofit partners, benefactors and dedicated professional staff are showing promise toward our goals.

FINDINGS

- F1. There is an absence of predictable year-over-year funding for homeless programs. The “San Luis Obispo Countywide Plan to Address Homelessness 2022-2027” relies heavily on partner agencies without providing adequate ongoing funding to those agencies.
- F2. The County’s staffing turnover and reorganization of its homeless services has caused the overall progress of the implementation of the “San Luis Obispo Countywide Plan to Address Homelessness 2022-2027” to be slower than projected and is at risk of not meeting County goals.

- F3. The County’s selection and vetting process for homeless services site selection has not always been successful due to zoning, ordinances, and public perception of the homeless.
- F4. The County has failed to implement a cohesive public awareness plan on homeless issues resulting in insufficient public engagement.
- F5. The “San Luis Obispo Countywide Plan to Address Homelessness 2022-2027” lacks quantifiable details and specificity to track progress toward meeting their stated goals.

RECOMMENDATIONS

- R1. The San Luis Obispo County Grand Jury recommends that the County revise its plan to include more specific and quantifiable timelines for implementing the “San Luis Obispo Countywide Plan to Address Homelessness 2022-2027” by December 31, 2024.
- R2. The San Luis Obispo County Grand Jury recommends that the County implement effective knowledge transfer management and succession planning practices to minimize the impact of staff turnover on completing the required tasks to ensure performance to the “San Luis Obispo Countywide Plan to Address Homelessness 2022-2027” by December 31, 2024.
- R3. The San Luis Obispo County Grand Jury recommends that the County aggressively implement its plan for a comprehensive public awareness campaign to advise the community on homelessness issues. It is further recommended that the County and Cities work together to provide a cohesive voice. The San Luis Obispo County Grand Jury recommends completion by December 31, 2024.

REQUIRED RESPONSES

The Board of Supervisors is required to respond to R1 – R3. All responses shall be submitted to the Presiding Judge of the San Luis Obispo County Superior Court within 90 days of submission of the report. A paper and an electronic version of all responses shall be provided to the Grand Jury.

933.05. Findings and Recommendations

- (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 therefore.
- (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 therefore [sic].

Presiding Judge	Grand Jury
Presiding Judge Rita Federman Superior Court of California 1035 Palm Street Room 355 San Luis Obispo, CA 93408	San Luis Obispo County Grand Jury P.O. Box 4910 San Luis Obispo, CA 93403

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GROWING PAINS: THE CANNABIS INDUSTRY IN SAN LUIS OBISPO COUNTY

SUMMARY

In this report the San Luis Obispo County Grand Jury (SLOCGJ) examined how the cannabis industry has developed in San Luis Obispo County (the County). Specifically, this inquiry is focused on the unincorporated area of the County where the Board of Supervisors (BOS) has sole jurisdiction. We have obtained information from municipalities within the County and from neighboring counties to use for comparison purposes where appropriate. An examination of ordinances for each local jurisdiction is beyond the scope of this investigation.

The SLOCGJ does not condone the use of illegal cannabis nor does it endorse the legal use of cannabis. The intent of this investigation and report is to examine issues relating to the County's regulation of cannabis licensing and its impact on the General Fund.

BACKGROUND

Cannabis Legislation in California

In November 2016 California voters approved Proposition 64 (Prop 64) which legalized cannabis for cultivation and recreational use. The passage of this proposition was met with both anticipation and trepidation. Some local jurisdictions saw an opportunity for increased tax revenue. Potential operators saw a means to legitimize their businesses. Law enforcement saw a possible increase in criminal activity. Some community activists saw it as a means to eliminate illegal cannabis activity. Others interpreted it as the demise of societal norms. Some consumers viewed it as a means to legally access a product that they were already using. When using a wide-angle lens, all of these things have and have not occurred. The legal cannabis industry in California has had its successes, but it has had its challenges as well. In response, the State has enacted legislation and made modifications to its compliance program. The cannabis industry and regulations have evolved over the years, but there have been plenty of “growing pains.”

Several categories of cannabis businesses are legally allowed in California. Broadly, these are cultivation, manufacturing and processing, testing, transportation, and retail sales. The State has established compliance guidelines for each type of operation for State-licensed businesses. A local jurisdiction may enact stricter requirements than the State, but they may not reduce them. Some jurisdictions have prohibited all cannabis businesses while others have allowed one or more of the various operations. All state-licensed cannabis operators must undergo a background check and submit their operations to inspections on a regular basis to ensure compliance with state requirements. The cost of compliance monitoring is funded by the licensing fees charged to the operators by the State. These fees are paid upon initial application and annual renewal of licenses. The State also generates revenue through the collection of sales and excise taxes.

Proposition 64 and subsequent legislation largely deferred to local jurisdictions whether to, and how to, implement cannabis regulations. Cities and counties were given latitude to create ordinances to control cannabis in their own jurisdictions. Often, local jurisdictions require licensing and compliance requirements that parallel the State requirements. Local jurisdictions set their own fees for licensing and permitting in addition to those charged by the State. While it is necessary to maintain this local control, it has contributed to the complexity and cost of the licensing process and a duplication of some requirements. One example is background checks that are required by the State in addition to those required by a local jurisdiction.

Federal Cannabis Laws

Federal Law classifies controlled substances into five schedules (I through V) with Schedule I being the most restrictive. Schedule I controlled substances, as defined by the Federal Government, are considered to have the highest potential for abuse with no recognized medical use in the United States. Schedule V substances are identified as having the least potential for abuse. The federal government classifies cannabis as a Schedule I controlled substance. While

many states have “legalized” cannabis for personal or recreational use, possession and use remains illegal under federal law.

The US Department of Justice (DOJ) does not prosecute most cannabis users or businesses that follow state and local cannabis laws as long as they do not conflict with other federal requirements. The difference in state and federal law regarding cannabis does create issues for the cannabis industry, including obtaining services from the financial sector. Most banks rely on federal regulatory agencies for oversight and access to funding / payment systems. Financial institutions may deny banking services to cannabis businesses because of potential criminal and civil liability under federal law.

REASON FOR STUDY/ORIGIN

“Adult” or “recreational” use of cannabis was legalized in California in 2016, and cannabis licensing became effective on January 1, 2018. Since that time a variety of cannabis businesses have been licensed and have commenced operation in the County. These cannabis businesses vary from retail storefronts in some incorporated cities to limited cultivation and mobile delivery in unincorporated areas of the County. Another area of interest to the SLOCGJ was determining the impact of the cannabis industry on the County’s General Fund.

The SLOCGJ believes this investigation will heighten public awareness as to potential benefits or burdens to taxpayers associated with this new industry.

METHOD OF STUDY

To conduct this investigation, a variety of sources were utilized to acquire information. These included a review of the SLO County Budget, County ordinances, documents from the Planning and Building Department, and documents from the Sheriff’s Office. Interviews were conducted with individuals or representatives of the following:

- California Department of Cannabis Control (DCC),
- San Luis Obispo County Board of Supervisors (BOS),

- City of Grover Beach,
- Cannabis Business Consultant, and
- San Luis Obispo Sheriff's Office.

The SLOGJ also reviewed websites from various County departments and neighboring counties. Fees charged by the State and nearby counties were also reviewed to determine how they have met the financial challenge of regulating the cannabis industry.

INVESTIGATION AND ANALYSIS

Cannabis licensing and monitoring in San Luis Obispo County

The BOS has reviewed and continues to review and revise ordinances regulating legal cannabis in the County. This was done with input from County staff, outside consultants, and the public. In September 2016, the BOS adopted an urgency ordinance to initially address the passage of Prop 64. This ordinance allowed for adult recreational use of cannabis in the County. Indoor personal cultivation of less than six cannabis plants was also allowed under this ordinance. However, this ordinance prohibited all commercial cultivation of cannabis in the unincorporated areas of the County. At that time there were more than 400 cannabis cultivators in the County operating under Proposition 215 (Medicinal Use) provision.¹ These cultivators were allowed to continue under the condition they registered with the County prior to November 2016. Cultivators who registered would be allowed to continue operation until a permanent ordinance was adopted by the BOS. This temporary ordinance was extended several times until 2021.¹ To assist in the development of a permanent ordinance, the BOS commissioned the consulting firm MGT to conduct an analysis of the County's Cannabis Program. This report was presented to the BOS in August 2022. Further analysis was provided from Planning and Building staff in September 2023.²

County ordinances currently only allow for cultivation and retail sales via mobile delivery. Businesses are restricted to only operating one of the permitted activities. Retail sales are

¹ San Luis Obispo County, Administrative Office Featured News, August 31, 2021

² Planning and Building Staff Report to the BOS, September 23, 2023

currently prohibited in the unincorporated areas of the County. Cultivators in the unincorporated areas must transport their products outside the County for processing. To be in compliance, operators must obtain a local license in addition to the State license prior to commencing operations. Additionally, cultivators must first obtain property, obtain the required land-use permits, submit and receive approval of an Environmental Impact Report, and complete all requirements of any other new business in the County. An additional fee for the Cannabis Tax Compliance is also imposed.

Fees are imposed from three County departments and offices. The fees are paid to the Auditor-Controller-Treasurer Tax Collector (ACTTC), the Planning and Building Department, and the Sheriff-Coroner’s Office. A list of estimated Cannabis fees by County departments for 2024-2025 with projected fee revenues and general fund support is included below. For the fiscal year 2024-2025 budget, the BOS projected the following total projected costs, fee revenues, General Fund Support needed for the Cannabis Program.

Figure 1

Legal Cannabis Fee Estimated Budget FY 2024-25			
	FY 2024-25 Projected Expense*	FY 2024-25 Fee Revenue**	General Fund Support
ACTTC	\$123,882	\$123,882	\$0
Planning and Building	\$122,056	\$106,333	\$15,723
Sheriff-Coroner	\$1,809,229	\$865,471	\$943,758
Total	\$2,055,167	\$1,095,686	\$959,481

*This does not include illegal Cannabis expenses

**This does not include Cannabis Business Tax

In September 2022, the BOS established the Sheriff’s Office Cannabis Compliance Unit (SOCCU). This unit was structured to be responsible for both legal and illegal cannabis enforcement in the County. The creation of the SOCCU transferred oversight of legal cannabis licensing and monitoring from the Planning and Building Department to the Sheriff’s Office. This includes conducting background checks for applicants and their employees, conducting site visits and inspections, and addressing citizen complaints. As noted, the SOCCU is also responsible for illegal cannabis enforcement. Illegal activities can be either criminal or civil. Illegal cannabis operations include unpermitted operators and individuals not in compliance with state and local

ordinances. An example of a civil violation would be a homeowner growing marijuana plants outdoors for personal consumption.

The SOCCU is comprised of the following personnel:

Position	Full-Time Equivalent (FTE) Employees
Sergeant	1.0
Deputy Sheriff	2.0
Accountant	1.0
Admin. Serv. Officer	1.0
Program Manager	1.0
Sen. Inf. Tech. Spec.	1.0
Senior Planner	1.0
Res. Protection Spec.	3.0
TOTAL	11.0

The projected allocation in the 2023-2024 County Budget for the SOCCU was \$1.9 million with revenue generated through the collection of fees in the sum of \$1.5 million. For comparison, Monterey County has 23.5 FTE staff assigned to their cannabis program with a total cost of \$6.3 million. Of the total number of staff, two are assigned from the Sheriff’s Office.³ In fiscal year 2020-2021, cannabis generated \$20 million in tax revenue for Monterey County. It should be noted that those revenues have been in decline over the last two years.⁴

In September of 2022, the BOS approved a new fee structure for cannabis licensing. The Cannabis Compliance Program is deemed to be a service provided by the County that is only of benefit to its participants. For programs that are deemed to be beyond tax-supported services, the BOS policy is to recover all costs of a program from the beneficiaries of that program. The cost of these services that are provided beyond the basic County services are supported by the collection of fees. The fee structure for the Cannabis Compliance Program was implemented

³ Monterey County Cannabis Program

⁴ Monterey County Cannabis Program Indicators, Monterey County Cannabis Program

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with the goal of achieving cost neutrality without support from the County’s General Fund. Cannabis licensing fees paid by applicants were intended by BOS policy to fund the entire cost of the Cannabis Compliance Program.

Based on the 2023-2024 fee structure, a new cannabis cultivation business applicant pays in excess of \$36,500 for the SOCCU licensing fees. The majority of this first year’s fee consists of \$24,930 for a background check and \$11,570 for site inspections. Continuing cannabis operators are also required to undergo an annual background check at a cost of \$18,000. Prior to 2022 there was no fee charged for a background check. The BOS revised the fee schedule on February 27, 2024. In regard to new applicants, this revision was more of a recharacterization of the fees and modification of the timing of the payment of these fees. Two tables with the complete Sheriff’s Office fee structure (as updated on 2-27-24) are included below:

Figure 2

Sheriff's Office Cannabis Fees				
Fee Description	Current Fee	Proposed Fee	Fee Amount Increase	Percent Increase
Cannabis Business Application (Cultivation) Phase 1	\$12,600	\$14,142	\$1,542	12.2%
Cannabis Business Application (Cultivation) Phase 2	\$12,030	\$12,311	\$281	2.3%
Cannabis Business Application (Non-Cultivation) Phase 1	\$12,600	\$14,142	\$1,542	12.2%
Cannabis Business Application (Non-Cultivation) Phase 2	\$10,991	\$11,204	\$213	1.9%
First Year Site Visits (Cultivation)	\$11,570	\$12,884	\$1,314	11.4%
First Year Site Visits (Non-Cultivation)	\$9,423	\$9,640	\$217	2.3%
Cannabis Business License Background for Added Partner	\$3,079	\$3,973	\$894	29.0%
Annual Cannabis Business Fee (Cultivation)	\$18,702	\$20,493	\$1,791	9.6%
Annual Cannabis Business Fee (Non-Cultivation)	\$15,441	\$16,214	\$773	5.0%
New Location Background (Cultivation)	\$18,804	\$16,675	(\$2,129)	-11.3%
New Location Background (Non-Cultivation)	\$16,931	\$15,223	(\$1,708)	-10.1%
Cannabis Business Employee Background	\$628	\$764	\$136	21.7%
Cannabis Labor Contractor Background	\$3,302	\$3,542	\$240	7.3%
Major Violation	\$16,396	\$19,483	\$3,087	18.8%
Minor Violation	\$4,958	\$5,436	\$478	9.6%
Notice of Nuisance	\$1,244	\$1,397	\$153	12.3%

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Figure 3

Sheriff's Office New Cannabis Fees		
Fee Description	Current Fee	Proposed Fee
First Year Site Visits (Testing Facility)	\$0	\$2,818
Annual Cannabis Business Fee (Testing Facility)	\$0	\$4,784

These above licensing fees do not include the fees required by the Planning and Building Department, and the Tax Collector. The fee schedule for those services is included below:

Figure 4

Auditor-Controller-Treasurer-Tax Collector Cannabis Fees				
Fee Description	Current Fee	Proposed Fee	Fee Amount Decrease	Percent Decrease
Cannabis Tax Compliance Program	\$3,918	\$3,097	(\$821)	-21.0%

Figure 5

Planning and Building Cannabis Fees				
Fee Description	Current Fee	Proposed Fee	Fee Amount Increase	Percent Increase
Amendment to Approved Land Use Permit - Cannabis Deposit (R26cn)	\$8,662	\$9,587	\$925	10.7%
Appeal (Cannabis) - Approval / Denial of a Cannabis-Related Land Use Permit, or Request for Review of an Environmental Determination (A30cn)	\$850	\$850	\$0	0%
Business License Review - "Cannabis" (L01cn)	\$300	\$307	\$7	2.3%
Zoning Review - "Cannabis" (L04cn)	\$404	\$409	\$5	1.2%
Conditional Use Permit / Development Plan - "Cannabis" (RTB Deposit plus Processing Costs) (L45cn)	\$13,455	\$14,921	\$1,466	10.9%
Minor Use Permit - Tier II - "Cannabis" (RTB Deposit plus Processing Costs) (L31cn)	\$11,266	\$12,187	\$921	8.2%
Minor Use Permit -Tier III - "Cannabis" (RTB Deposit plus Processing Costs) (L32cn)	\$12,496	\$13,755	\$1,259	10.1%
Pre-Application Meeting - "Cannabis" (L52cn)	\$1,443	\$1,581	\$138	9.6%
Pre-Application Meeting with Site Visit - "Cannabis" (L53cn)	\$1,652	\$1,818	\$166	10.0%
Environmental - Exemption (Cannabis) (EX01cn)	\$1,588	\$1,756	\$168	10.6%
Environmental - Initial Study - Cannabis (RTB deposit plus processing costs) (IS01cn)	\$12,907	\$13,940	\$1,033	8.0%
Cannabis Greenhouse - Plan Check	\$.56 per sq foot	\$.98 per sq foot	\$0.42	75.0%
Cannabis Greenhouse - Inspection	\$.42 per sq foot	\$.68 per sq foot	\$0.26	61.9%
Cannabis Hearing Docket Fee (H10cn)	\$365	\$404	\$39	10.7%

Growing Pains: The Cannabis Industry in San Luis Obispo County

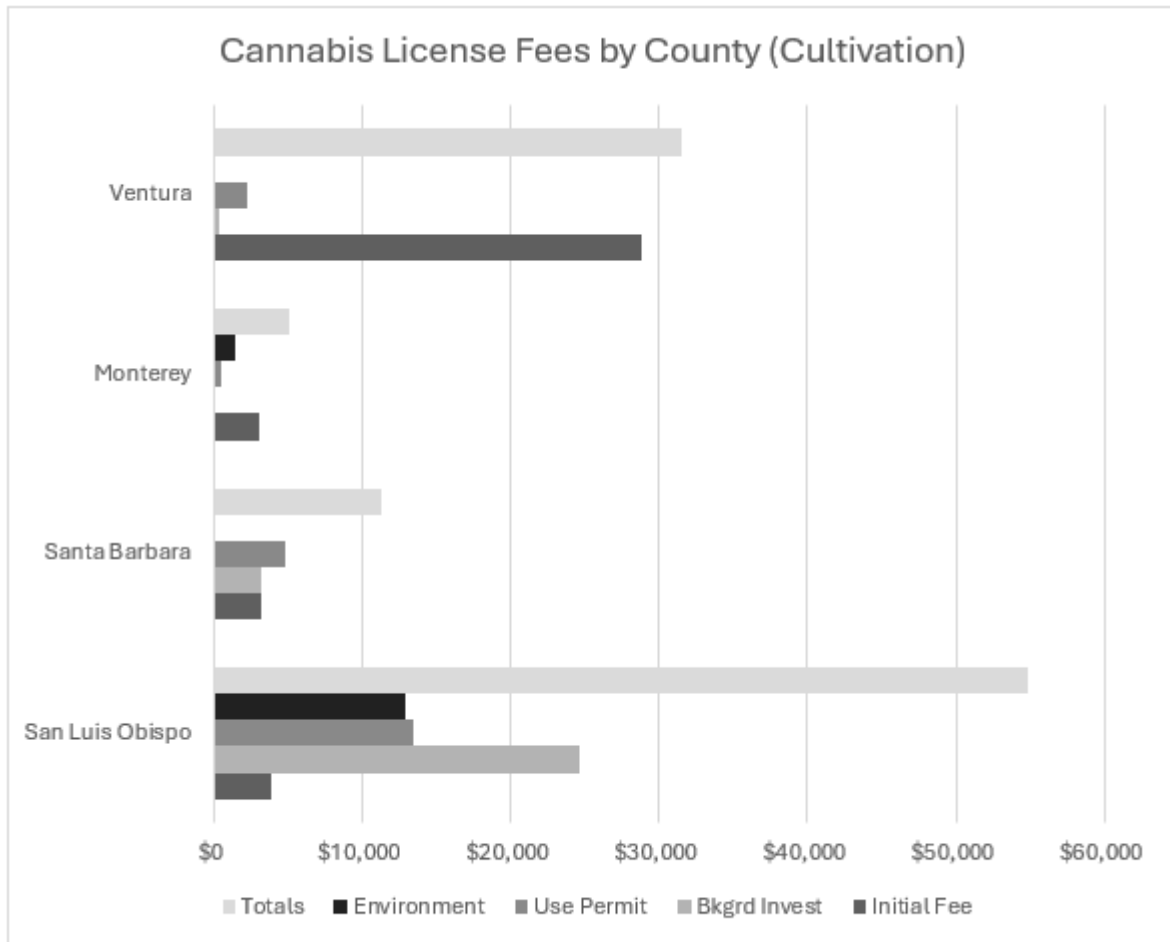
In determining the fee structure for the SOCCU, the BOS considered the number of new and continuing cannabis businesses and anticipated new applicants. Those projections were used to estimate anticipated revenues and to establish the staffing needs for the SOCCU. As previously noted, when the BOS passed a temporary urgency ordinance in 2016 there were more than 400 cannabis cultivators operating under Prop 215. By 2021 this number decreased to approximately 140.⁵ In 2023 the number of legal cannabis operations decreased to approximately 25. From July 1, 2023, to February 29, 2024, there have been no new applications for cannabis business licenses in the unincorporated areas of the County. These figures are markedly below what was projected by the BOS in the 2022 report from MGT.

According to the DCC, as of March 12, 2024, the current amount of acreage approved for cannabis cultivation in the unincorporated areas of SLO County is 19.78 acres (861,602.8 square feet). Presently DCC does not have information as to the number of these acres that are currently producing cannabis. These numbers coincide with data provided by the SOCCU. The DCC reports that there are 17 applications under review which, if approved, would increase this amount by another 8.38 acres (364,850 square feet).

Cannabis businesses and advocates for the industry have cited several barriers to conducting business in the County. One area of concern is the high cost of the licensing fees. An analysis of neighboring counties and local municipalities revealed that cannabis licensing fees in San Luis Obispo County are significantly higher. For comparison, the fee for a background check in the County is approximately \$24,000 whereas in Santa Barbara County it is approximately \$5,000. The State license fee for a medium size outdoor cultivation site is approximately \$14,000. A table that compares other jurisdictions is included below:

⁵ San Luis Obispo County, Administrative Office Featured News, August 31, 2021

Figure 6



(Source: 2023 – 2024 SLO Grand Jury open-source research)

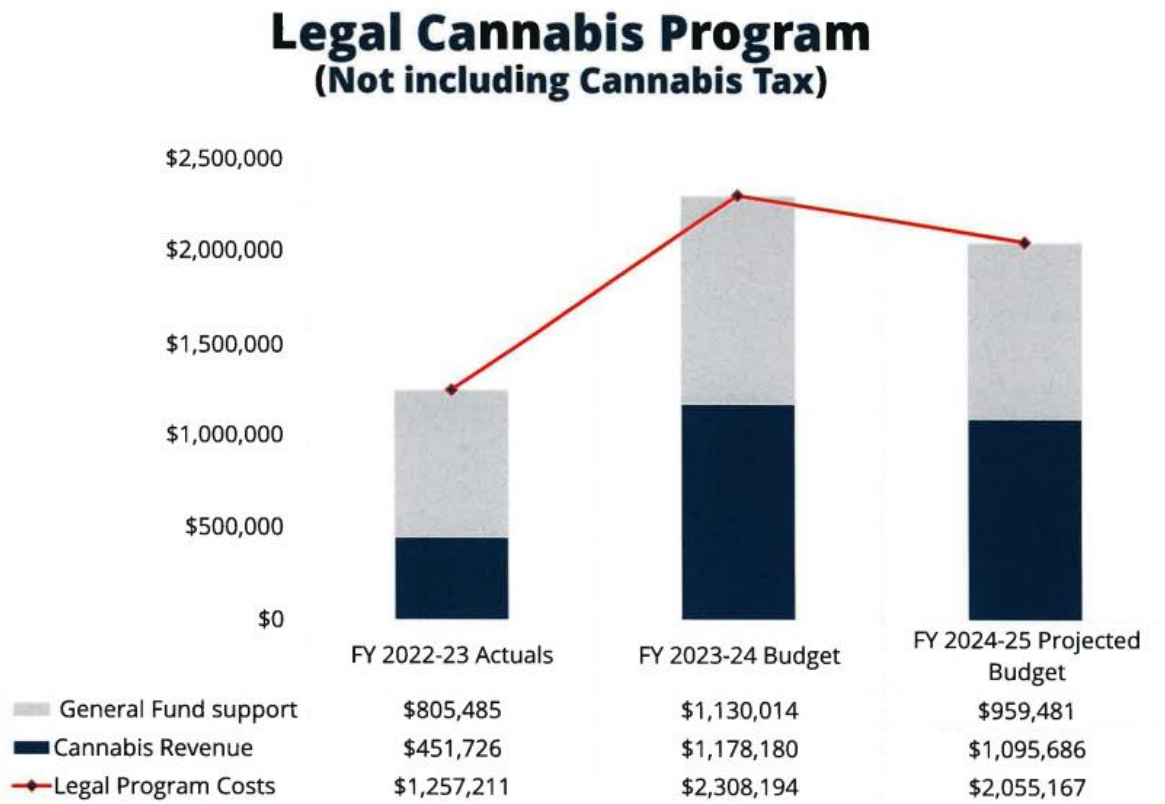
Members of the cannabis industry view ordinances as being restrictive and profit limiting. For example, cultivators are prohibited from processing product on site and their product must be transported outside of San Luis Obispo County for further processing. Additionally, mobile deliveries are restricted to the hours of 8:00 A.M. to 8:00 P.M. in unincorporated areas of SLO County. In contrast, mobile deliveries are allowed from Santa Barbara County to cities within San Luis Obispo County as well as the unincorporated areas of this County until 10:00 P.M.

Impact to General Fund

As currently structured, legal cannabis has not provided financial benefit to San Luis Obispo County. It has not been cost neutral as intended by BOS rule, requiring financial support from the General Fund. The majority of the cost for the cannabis program incurred to the County was

funding the SOCCU. The final budget allocation in 2023-2024 for that unit was \$2.3 million whereas revenues for that year were projected to be \$1.2 million. In 2024 -2025, the County is recommending a budget allocation of \$2 million for the Cannabis Program. The County is projecting revenues of \$1.1 million from the collection of cannabis fees. This has created a deficit each year that requires financial support from the General Fund. The General Fund support for the Cannabis Program was \$800,000 in 2022-2023, \$1,1 million in 2023-2024, and is projected to be \$950,000 in 2024-2025. The BOS projected an additional revenue of \$370,000 from cannabis business taxes. A table that compares the County’s Legal Cannabis Program over three fiscal years is included below:

Figure 7



During this investigation, the SLOGCJ gathered data from other jurisdictions pertinent to cannabis regulation. Within the County, the cities have taken a variety of approaches to implementing legal cannabis. Some cities including Arroyo Grande, Atascadero, and Paso Robles

have restricted cannabis activities exclusively to mobile delivery. These restrictions have a minimal impact on those cities' budgets. Conversely, there is little tax revenue generated.

By comparison, Grover Beach has fully embraced the cannabis industry. In that city not only does the program cover the cost of licensing and compliance, but sales taxes have generated more than a million dollars in revenue annually for that city's general funds. At the State level, based on information provided by the State's DCC, licensing and monitoring of legal cannabis operate at a net gain to the State budget.

The advent of legalized cannabis has not eradicated illegal cannabis activity. In January of 2024, a large amount of illegal cannabis was seized by law enforcement in Santa Barbara County.⁶ In that same month in San Bernardino County there was a multiple-murder case that was determined to be connected to illegal cannabis.⁷ These recent events underscore the continued need for law enforcement involvement in the cannabis industry. As reported in the 2022 San Luis Obispo Sheriff's Annual Report, the SOCCU responded to five criminal cannabis sites, eradicated 6,700 illegal cannabis plants, and seized 2,000 pounds of illegal processed cannabis. In 2022-2023, the combined cost for the County of illegal cannabis enforcement was \$270,000. The cost of this enforcement cannot legally be recouped via fees paid by legal cannabis operators. In the past the County has used grants to conduct aerial surveillance of illegal cannabis cultivation sites. For enforcement of legal cannabis compliance in 2022-2023, the SOCCU issued 17 code violations and responded to 28 cannabis complaints.

The BOS has been reviewing the state of the cannabis industry in SLO County. As previously mentioned, there has been a revision of the licensing fee schedule. The Cannabis Business Tax was reduced to 6% to encourage new businesses. The BOS has been exploring the option of licensing retail locations in specific unincorporated areas of the County. As of the date of this

⁶ Santa Barbara County Sheriff's Office Website, January 25, 2024

⁷ "5 Suspects Charged With Murder in Southern California Desert Killings in Dispute Over Marijuana," US News, Associated Press, January 30, 2024

report, the BOS has not made a final determination. There has also been discussion of expanding the hours for mobile deliveries to increase sales.

The 2024-2025 BOS budget proposal does not appear to address staffing levels for the SOCCU that were recommended to the County by MGT in their August 2022 report to the BOS.⁸ In the staff report prepared for the BOS, the SOCCU presented an analysis of the Cannabis Compliance Program. This analysis included a description of the operational needs and responsibilities in order to conduct the program. As discussed more fully in the following paragraph, that analysis did not evaluate whether the SOCCU was overstaffed or if the process is overly complex.

As noted above, the BOS recently addressed the County's budget for cannabis licensing when it was setting fees for the upcoming 2024-2025 fiscal year. The staff report concluded that based on this analysis the SOCCU staff was able "to recognize all operational needs and obligations to run a successful and safe Cannabis program."⁹

As stated in the staff report, "the proposed fees are due to an increase in salaries and the department's indirect cost rates, along with an overall reduction in the number of units for each fee."¹⁰ The conclusion is then provided that "if fees are not approved, it is anticipated that the amount of General Fund support required to fund the existing departmental operations would increase..." What is missing from the staff report and BOS consideration was whether the SOCCU was appropriately staffed and, more specifically, whether it was, in fact, overstaffed. Rather, the analysis justifying the budget funding presumes that the level of staffing is correct. That same analysis was then used to adjust the funding upward because of an increase in salaries. The failure to examine the level of staffing of the SOCCU was a fundamental omission.

⁸ MGT Countywide Cannabis Program Report of Findings Study, page 3-4

⁹ *ibid*

¹⁰ Staff Report to the BOS dated February 6, 2024, page 6

The recharacterization of the Cannabis Licensing fees is best demonstrated by a comparison of the data contained in two staff reports to the BOS—one dated September 26, 2023 and the second dated February 6, 2024.

The Sheriff’s Office Fees in 2023 are set out on page 3 of Attachment 2 of the Staff Report to the BOS dated September 26, 2023, as follows:

Fee Description	Fee
Cannabis Business License Background (Cultivation)	\$24,630
Cannabis Business License Background (Non-Cultivation)	\$23,591

Sheriff’s Office Fees proposed for fiscal year 2024-2025 are described on page 6 of the Staff Report to the BOS dated February 6, 2024.

Fee Description	Current Fee	Proposed Fee
Cannabis Business Application (Cultivation) Phase 1	\$12,600	\$14,142
Cannabis Business Application (Cultivation) Phase 2	\$12,030	\$12,311
TOTAL*	\$24,630	\$26,453
Cannabis Business Application (Non-Cultivation) Phase 1	\$12,600	\$14,142
Cannabis Business Application (Non-Cultivation) Phase 2	\$10,991	\$11,204
TOTAL*	\$23,591	\$25,346

As these tables reflect, the description of the fee was changed from “background” in connection with licensing fees and replaced with “application.” Moreover, the payments were segmented

into Phase 1 and Phase 2. When looking at total fees, this resulted in the BOS approving an overall increase of approximately 7%.

CONCLUSION

During this investigation, the SLOGJ evaluated a number of issues and concerns regarding the legal cannabis industry. The SLOGJ noted that in jurisdictions where cannabis programs generate revenue, they treat cannabis businesses in the same manner as any other legitimate business. This may include streamlining the licensing process, reducing fees, and lowering excise taxes.

A statewide trend that impacts the ability of jurisdictions to determine cannabis policy is the unpredictability of the revenue generated by the legal cannabis industry. In short, revenues have not been constant from year to year. In several locations cannabis revenue seems to have peaked and is now in decline.

Legal cannabis in San Luis Obispo County has not proven a financial windfall to the County and in fact has had a negative impact to the County's General Fund. Legal cannabis can and should be economically viable and provide benefit to communities where it is allowed. To achieve this, governing boards may consider adapting and modifying ordinances and fees as the cannabis industry evolves. Ordinances and policies should be done in consideration with the needs of all stakeholders. No one group should bear the greater burden of cost nor unduly benefit either. Ultimately, governing boards must ensure that the cannabis industry is conducted in a manner that is safe, responsible, and responsive to the needs of the community.

In March 2024 the California State Auditor (CSA) released an audit report (#2023-116) titled "Local Cannabis Permitting: Cities and Counties Can Improve Their Permitting." The audit involved "cannabis-permitting processes" of the counties of Monterey, Santa Barbara, and the cities of Fresno, Sacramento, San Diego, and South Lake Tahoe. Although the report did not specifically examine San Luis Obispo County, the key findings and recommendations could be

applicable to the County’s Cannabis Program. In this report the CSA issued “Key Points,” one of which discussed cannabis business fees:

“Local jurisdictions charge applicants fees—that varied widely in amount for the six jurisdictions we reviewed—to apply for and complete the cannabis-permitting process.”

The CSA report made the following observation regarding high cannabis business fees examined during their audit:

“Local jurisdictions charge fees to recoup the costs of administering a permitting process, though such fees can present a barrier to entry if costs are high.”

Finally, the CSA audit report contained “Recommendations,” one of which described increasing “the transparency of the cannabis-permitting process for potential applicants and for the public:”

Publish permit-related ordinances, permit information, and permit application forms on the relevant public website.

Create supplemental communications about the cannabis-permitting policies and procedures, such as step-by-step guides and frequently asked questions.

Develop a web application through which applicants can apply.

Publish cannabis-related fees on the relevant public websites.

FINDINGS

- F1. The current fee revenue from the Cannabis Program in San Luis Obispo County is insufficient to support the SOCCU at its current level, preventing the program from being cost neutral as required by Board of Supervisors’ policy.

- F2. The fees necessary to obtain a cannabis license in the County are significantly higher than surrounding jurisdictions, contributing to fewer than anticipated new license applications.
- F3. The Board of Supervisors has not conducted a review of staffing levels needed for the Cannabis Compliance Program to determine if the SOCCU is overstaffed relative to the number of active cannabis cultivators and applications for licenses.
- F4. The limited number of new applications in this fiscal year will not generate sufficient revenue to offset the cost of the SOCCU in the County budget, resulting in the program continuing to operate at a deficit.

RECOMMENDATIONS

- R1. The Board of Supervisors should conduct a review of staffing levels in the SOCCU relative to the number of licensed businesses and new applicants by December 31, 2024.
- R2. The Board of Supervisors should conduct an analysis of the current fee structure with the goal of becoming more competitive with neighboring jurisdictions by December 31, 2024.
- R3. The Sheriff's Office should conduct an analysis of its background-check process to identify areas where cost savings could be realized to reduce the background-check fee and be in alignment with other counties by December 31, 2024.

RESPONSES

The San Luis County Board of Supervisors is required to respond to R1 & R2 within 90 days.

The San Luis Obispo County Sheriff's Office is required to respond to R3 within 90 days.

All responses shall be submitted to the Presiding Judge of the San Luis Obispo County Superior Court. A paper copy and an electronic version of all responses shall be provided to the Grand Jury.

933.05. Findings and Recommendations

- (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.

Presiding Judge	Grand Jury
Presiding Judge Rita Federman Superior Court of California 1035 Palm Street Room 355 San Luis Obispo, CA 93408	San Luis Obispo County Grand Jury P.O. Box 4910 San Luis Obispo, CA 93403

GLOSSARY

ACTTC	Auditor Controller Treasurer Tax Collector, San Luis Obispo County
BOS	Board of Supervisors, San Luis Obispo County
Cannabis	“Cannabis” refers to a group of three plants with psychoactive properties known as Cannabis sativa, Cannabis indica, and Cannabis ruderalis. Also referred to as marijuana.
County	County of San Luis Obispo
CSA	California State Auditor
DCC	Department of Cannabis Control, State of California
DOJ	Department of Justice, United States
General Fund	San Luis Obispo County General Fund
Proposition 64	California ballot initiative passed in 2016, aka “The Adult-Use of Marijuana Act”
SLOGJ	San Luis Obispo County Grand Jury
SOCCU	Sheriff’s Office Cannabis Compliance Unit, San Luis Obispo County
State	State of California
Unlicensed	Business not licensed or legally authorized to sell cannabis products to the public. Also known as “illegal” or “black market.”

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