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2017-2018 Investigative Reports

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

2017 – 2018 SHASTA COUNTY GRAND JURY
Responses to the 2016 – 2017 Shasta County Grand Jury Reports
Are They Compliant?

SUMMARY

The power of the grand jury lies in its ability to publish fact-based reports that inform and educate both citizens and local government officials. Although the jury has no authority to enforce the recommendations included in such reports, it can determine whether local government agencies and officials have provided reasonable responses. These responses must follow a format and timeline clearly specified by law. The independent work and voice of grand juries is strengthened when local government entities and officials are held accountable and responsible to the will of their constituents.

To that end, the 2017-2018 Shasta County Grand Jury carefully reviewed all responses to the 2016-2017 Shasta County Grand Jury Consolidated Final Report for compliance with the law. This report presents the analysis of that review. The 2017-2018 Shasta County Grand Jury deemed all responses compliant except for the City of Redding City Council's initial response to the *Unfunded Pension Liabilities* report. The City of Redding City Council later provided compliant responses.

The 2017-2018 Grand Jury appreciates the time and attention that all responders devoted to the work of the 2016-2017 Grand Jury. Although invited responders were not required to respond, several did, and the Grand Jury thanks them for their willingness to provide additional feedback.

BACKGROUND

Grand juries are impaneled in June of each year and serve a one-year term. At the end of that term, they publish consolidated final reports on the activities of local government. These consolidated reports include facts, findings and recommendations developed after intensive investigations. The reports also specify which government officials and entities must respond to any findings or recommendations as well as those who are invited, but not required, to respond.

California Penal Code § 933.05 mandates how local governing bodies and elected officials must respond to findings and recommendations that fall under their jurisdictions. It is the responsibility of the succeeding grand juries to monitor compliance.

METHODOLOGY

The Grand Jury reviewed:

- California Penal Code § 933 et seq., which specifies how responses are to be formatted;
- the 2016-2017 Shasta County Grand Jury Consolidated Final Report;
- all responses to the 2016-2017 Shasta County Grand Jury Consolidated Final Report; and

- response reports from prior grand jury reports from Shasta County (2014-2015), Butte County (2015-2016), Napa County (2015-2016), Placer County (2015-2016) and Sonoma County (2015-2016).

DISCUSSION

Any report published by a grand jury must have at least one finding and may have one or more recommendations. There may be commendations as well. The 2016-2017 Shasta County Grand Jury Consolidated Final Report contained nine individual reports with a total of 66 findings, 47 recommendations, and four commendations. According to the Penal Code, elected bodies and officials are mandated responders.

There were 19 required responders identified in the 2016-2017 Consolidated Final Report. All responded to both findings and recommendations. The 2017-2018 Shasta County Grand Jury reviewed the responses to recommendations for compliance with the Penal Code.

According to the Penal Code § 933.05(b), for 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.*

In addition to the requirement to include a timeframe when responding to recommendations as indicated above, Penal Code § 933(c) sets a timeframe of 90 days following submission of *a final report on the operations of any public agency subject to its reviewing authority, the governing body of the public agency shall comment to the presiding judge of the superior court on the findings and recommendations pertaining to matters under the control of the governing body.*

The Grand Jury determined that all responses to recommendations in the 2016-2017 Shasta County Grand Jury Consolidated Report were compliant with the exception of the City of Redding City Council's (RCC) responses to the *Unfunded Pension Liabilities* report. Those responses arrived four weeks after the 90-day deadline. Additionally, RCC's responses to Recommendations 1 and 2 did not specify any timeframe and its response to Recommendation 3 did not provide a timeframe within that required by the Penal Code. As a result, those responses

were deemed non-compliant by the Grand Jury. The RCC was notified and offered the opportunity to send in revised responses. RCC approved revised responses to this report at its regularly scheduled meeting on November 7, 2017. These responses were compliant.

In addition to required responders, there may also be invited responders. An invited responder is usually an appointed official or department head. In the 2016-2017 Shasta County Grand Jury Final Report, there were 16 invited responders who were not required to provide responses. Of those 16 invited responders, four did respond. They included the City of Anderson City Manager, the City of Redding City Manager and the City of Shasta Lake City Manager (all responded to the *Unfunded Pension Liabilities* report) and the Shasta Lake Fire Protection District Fire Chief (*Shasta Lake Fire Protection District* report).

Tables Summarizing Responses Received

The tables on the following pages summarize the responses of each mandated responding agency/entity. To review the complete responses of all respondents, go to the Shasta County Grand Jury's website at **https://www.co.shasta.ca.us/index/gj_index.aspx**.

2017-2018 SHASTA GRAND JURY RESPONSE SUMMARY CHARTS

UNFUNDED PENSION LIABILITIES: SHASTA COUNTY AND THE CITIES OF REDDING, ANDERSON, AND SHASTA LAKE			
THE 2016-2017 SHASTA COUNTY GRAND JURY RECOMMENDED:	**RESPONDENT**	**RESPONSES**	**PENAL CODE COMPLIANT?**
R1. By October 31, 2017, the Shasta County Board of Supervisors, with the Shasta County Auditor-Controller, and the Cities of Redding, Anderson, and Shasta Lake City Councils each look for ways to increase their contributions to CalPERS over the next twelve years with minimal loss of key services. Options could include reducing their current amortization schedules and exploring debt refinancing opportunities.	Shasta County Board of Supervisors	The recommendation has been implemented.	YES
	Redding City Council	The recommendation requires further analysis.	NO[1]
		The recommendation will not be implemented because the timeline is unreasonable.	YES[2]
	Anderson City Council	The recommendation will be considered.	YES
	Shasta Lake City Council	The recommendation will be considered.	YES
	Shasta County Auditor-Controller	The recommendation has already been implemented.	YES
R2. By October 31, 2017, the Shasta County Board of Supervisors, with the Shasta County Auditor-Controller, and the Cities of Redding, Anderson, and Shasta Lake City Councils each look for ways to increase their revenues or reduce other expenditures, with minimal loss of key services, as CalPERS contributions increase.	Shasta County Board of Supervisors	The recommendation has been implemented.	YES
	Redding City Council	The recommendation requires further analysis.	NO[1]
		The recommendation will not be implemented because the timeline is unreasonable.	YES[2]
	Anderson City Council	The recommendation has been implemented.	YES
	Shasta Lake City Council	The recommendation has been implemented.	YES
	Shasta County Auditor-Controller	The recommendation has already been implemented.	YES
R3. By December 31, 2017, the City of Redding City Council establish a five-year financial plan to increase its funded ratio for its CalPERS Safety Plan from 64.5% to 70%, and for its Miscellaneous Plan from 70% to 75%, with minimal loss of key services.	Redding City Council	The recommendation requires further analysis.	NO[3]
		The recommendation will not be implemented because the timeline is unreasonable.	YES[2]

1. Originally non-compliant – no timeframe provided as specified by Penal Code § 933.05 (b).
2. Revised response deemed compliant.
3. Originally non-compliant – not within the timeframe as specified by Penal Code § 933.05 (b).

STILLWATER BUSINESS PARK			
THE 2016-2017 SHASTA COUNTY GRAND JURY RECOMMENDED:	RESPONDENT	RESPONSES	PENAL CODE COMPLIANT?
R1. By December 31, 2017, the Redding City Council contract for an external audit of all funding and expenditures related to Stillwater Business Park. This audit can be paid for by existing funds allocated to Stillwater Business Park.	Redding City Council	This recommendation requires further analysis.	YES
R2. By September 30, 2017, the Redding City Council request Colliers International and the EDC to jointly determine the continued market demand for existing Stillwater Business Park parcels and present their findings to the City Council by November 10, 2017.	Redding City Council	The recommendation has not yet been implemented but will be implemented within the timeline specified.	YES
R3. By September 30, 2017, the Redding City Council direct staff to identify alternative uses of the Stillwater Business Park property and report their findings to the City Council by November 30, 2017.	Redding City Council	The recommendation requires further analysis.	YES
R4. By December 31, 2017, the Redding City Council establish a formal procedure for comprehensively evaluating the viability of the Stillwater Business Park project.	Redding City Council	The recommendation requires further analysis.	YES
R5. By September 30, 2017, the Redding City Council establish a policy directing funds received from any future parcel sales be utilized only for Stillwater Business Park debt repayment or infrastructure.	Redding City Council	The recommendation will not be implemented.	YES
R6. By September 30, 2017, the Redding City Council establish a formal, documented procedure for comprehensively evaluating potential Stillwater Business Park sales using criteria such as financial viability, estimated wage rates, and number of jobs to be created.	Redding City Council	The recommendation requires further analysis.	YES
R7. By September 30, 2017, the Redding City Council appoint an existing City staff member to manage the Stillwater Business Park Project. This person would be responsible for routine evaluation of Stillwater, including supervising marketing coordination, sales negotiations, and fiscal accountability. Further, this City staff member will report on a quarterly basis to the City Council on these Stillwater Business Park evaluations.	Redding City Council	The recommendation will not be implemented.	YES

SHASTA COUNTY SERVICE AREAS – ELK TRAIL WATER IMPROVEMENT PROJECT			
THE 2016-2017 SHASTA COUNTY GRAND JURY RECOMMENDED:	**RESPONDENT**	**RESPONSES**	**PENAL CODE COMPLIANT?**
R1. By September 30, 2017, the Board of Supervisors and Water Agency Board of Directors jointly direct staff to assess and report back on what measures the County could take to stem water losses in all the CSAs. The report should also be forwarded to the CSA CABs.	Shasta County Board of Supervisors	The recommendation has been implemented.	YES
	Shasta County Water Agency Board of Directors	The recommendation has been implemented.	YES
R2. By September 30, 2017, the Board of Supervisors and Water Agency Board of Directors jointly direct staff to assess and report back the financial impact on CSA customers of current or future measures the County can take to stem water losses in the CSAs. The report should also be forwarded to the CSA CABs.	Shasta County Board of Supervisors	The recommendation has been implemented.	YES
	Shasta County Water Agency Board of Directors	The recommendation has been implemented.	YES
R3. By December 31, 2017, the Board of Supervisors and the Water Agency Board of Directors jointly direct staff to appoint a single Public Works engineer solely dedicated to managing all water issues in the County.	Shasta County Board of Supervisors	The recommendation will not be implemented because it is not warranted or not reasonable.	YES
	Shasta County Water Agency Board of Directors	The recommendation will not be implemented because it is not warranted or not reasonable.	YES
R4. By December 31, 2017, the Board of Supervisors direct staff to conduct an audit to determine which special districts pay administrative fees through the CSA Administration Fund – 00060, and the amounts of these fees.	Shasta County Board of Supervisors	The recommendation has already been implemented.	YES
R5. By September 30, 2017, the Board of Supervisors enact a policy stating CSA customers do not pay fines levied against their CSA due to Public Works personnel errors.	Shasta County Board of Supervisors	The recommendation will not be implemented because it is not warranted or not reasonable.	YES
R6. By September 30, 2017, the Board of Supervisors direct Public Works staff to provide clear and concise information to County residents regarding any water sources to fulfill future needs.	Shasta County Board of Supervisors	The recommendation has already been implemented.	YES
R7. By September 30, 2017, the Water Agency Board of Directors rescind Shasta County Water Agency Resolution No: 2008-01, Resolution of Intent to Transfer Water from County Service Area #25 – Keswick Water to County Service Area #6 – Jones Valley Water.	Shasta County Water Agency Board of Directors	The recommendation will not be implemented because it is not warranted or not reasonable.	YES

Table continues on next page.

SHASTA COUNTY SERVICE AREAS – ELK TRAIL WATER IMPROVEMENT PROJECT (CONTINUED)			
THE 2016-2017 SHASTA COUNTY GRAND JURY RECOMMENDED:	**RESPONDENT**	**RESPONSES**	**PENAL CODE COMPLIANT?**
R8. By September 30, 2017, the Water Agency Board of Directors direct staff to immediately reimburse Jones Valley Water Fund – 0377 all monies paid to Keswick CSA under Shasta County Water Agency Resolution No: 2008-01, Resolution of Intent to Transfer Water from County Service Area #25 – Keswick Water to County Service Area #6 – Jones Valley Water.	Shasta County Water Agency Board of Directors	The recommendation will not be implemented because it is not warranted or not reasonable.	YES
R9. By September 30, 2017, the Board of Supervisors direct Public Works staff to open the lines of communication with the Rural Communities Assistance Corporation and report back to the Board of Supervisors on the Corporation's response.	Shasta County Board of Supervisors	The recommendation will not be implemented because it is not warranted or not reasonable.	YES
R10. By September 30, 2017, the Board of Supervisors direct Public Works staff to work with the Jones Valley CSA CAB to establish a mutually agreed upon CAB meeting schedule	Shasta County Board of Supervisors	The recommendation will not be implemented because it is not warranted or not reasonable.	YES
R11. By September 30, 2017, the Board of Supervisors direct staff to determine and report back what specific legal authority exists to allow Public Works to charge CSAs for time spent on a Grand Jury investigation.	Shasta County Board of Supervisors	The recommendation will not be implemented because it is not warranted or not reasonable.	YES
R12. By September 30, 2017, the Board of Supervisors direct staff to provide a public report outlining legal justification for the charges under Project Number 111029 "CSA #6 Jones Valley Grand Jury Investigation" by December 31, 2017, or to refund Jones Valley CSA any and all charges under this project title.	Shasta County Board of Supervisors	The recommendation will not be implemented because it is not warranted or not reasonable.	YES
R13. By September 30, 2017, the Board of Supervisors direct staff to conduct an investigation to determine how much each CSA has been charged for Public Works staff time spent on any Grand Jury investigation. By December 31, 2017, staff publicly report on their findings and the legal justification for the charges, or refund the amounts charged.	Shasta County Board of Supervisors	The recommendation will not be implemented because it is not warranted or not reasonable.	YES
R14. By September 30, 2017, the Board of Supervisors direct Public Works staff to ensure and report back that they are in compliance with California Proposition 218.	Shasta County Board of Supervisors	The recommendation has been implemented.	YES

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SHASTA COUNTY SERVICE AREAS – ELK TRAIL WATER IMPROVEMENT PROJECT (CONTINUED)			
THE 2016-2017 SHASTA COUNTY GRAND JURY RECOMMENDED:	**RESPONDENT**	**RESPONSES**	**PENAL CODE COMPLIANT?**
R15. By September 30, 2017, the Board of Supervisors direct Public Works staff to ensure and report back that they are in compliance with Shasta County Code 13.12.120.	Shasta County Board of Supervisors	The recommendation has been implemented.	YES
R16. By September 30, 2017, the Board of Supervisors direct County Administrative staff to either publicly report the legal justification for charging the CSAs, or create and present a policy ensuring CSAs are not charged for Public Works staff time spent on any Grand Jury investigations.	Shasta County Board of Supervisors	The recommendation will not be implemented because it is not warranted or not reasonable.	YES
R17. By September 30, 2017, the Board of Supervisors direct Public Works staff to comply with Grand Jury confidentiality agreements.	Shasta County Board of Supervisors	The recommendation has already been implemented.	YES

SHASTA COUNTY JOINT AUDIT COMMITTEE			
THE 2016-2017 SHASTA COUNTY GRAND JURY RECOMMENDED:	**RESPONDENT**	**RESPONSES**	**PENAL CODE COMPLIANT?**
R1. By June 25, 2017, the Shasta County Board of Supervisors direct the Chairperson to hold a Joint Audit Committee meeting with the 2016/17 Grand Jury to discuss the committee's ongoing purpose.	Shasta County Board of Supervisors	The recommendation will not be implemented because it is not warranted.	YES
R2. By July 31, 2017, the Shasta County Board of Supervisors direct the Chairperson to schedule Joint Audit Committee meetings with the 2017/18 Shasta County Grand Jury Foreperson.	Shasta County Board of Supervisors	The recommendation will not be implemented because it is not warranted.	YES

SHASTA LAKE FIRE PROTECTION DISTRICT			
THE 2016-2017 SHASTA COUNTY GRAND JURY RECOMMENDED:	**RESPONDENT**	**RESPONSES**	**PENAL CODE COMPLIANT?**
R1. By December 31, 2017, the Shasta Lake Fire Protection District Board direct staff to explore alternative revenue sources. Options may include creating a reasonable fee for service schedule including emergency medical services, and organizing additional community fundraising events.	Shasta Lake Fire Protection District Board of Directors	The recommendation will be implemented.	YES
R2. By September 30, 2017, the Shasta Lake Fire Protection District Board direct staff to ensure that the District's website is updated, a schedule for website updates is implemented, and District matters are advertised on the website.	Shasta Lake Fire Protection District Board of Directors	The recommendation will be implemented.	YES

GPS ANKLE BRACELET MONITORING			
THE 2016-2017 SHASTA COUNTY GRAND JURY RECOMMENDED:	**RESPONDENT**	**RESPONSES**	**PENAL CODE COMPLIANT?**
R1. By July 1, 2018, the Board of Supervisors and the Sheriff-Coroner direct staff to work with the Community Corrections Partnership to jointly determine if additional funding sources will be necessary to expand monitoring programs in anticipation of an increased offender population.	Shasta County Board of Supervisors	The recommendation has already been implemented.	YES
	Shasta County Sheriff-Coroner	The recommendation has already been implemented.	YES
R2. By March 31, 2018, the board of Supervisors direct staff to explore and report back if smartphone applications utilizing facial biometrics would be a cost-effective option for expanding current monitoring programs.	Shasta County Board of Supervisors	The recommendation will not be implemented because it is not warranted or reasonable.	YES
R3. By December 31, 2017, the Board of Supervisors and the Sheriff-Coroner direct staff to jointly explore and report back if contracting 24-hour GPS monitoring services to SHASCOM would be cost-effective and efficient.	Shasta County Board of Supervisors	The recommendation will not be implemented because it is not warranted or reasonable.	YES
	Shasta County Sheriff-Coroner	The recommendation will not be implemented because it is not warranted or reasonable.	YES

RESPONSES TO THE 2015/16 SHASTA COUNTY GRAND JURY CONSOLIDATED REPORT			
THE 2016-2017 SHASTA COUNTY GRAND JURY RECOMMENDED:	**RESPONDENT**	**RESPONSES**	**PENAL CODE COMPLIANT?**
R1. The Shasta County Board of Supervisors ensure its initial responses to any future Shasta County Grand Jury reports are compliant with California Penal Code § 933.05.0	Shasta County Board of Supervisors	The recommendation will not be implemented.	YES
R2. LAFCO ensure its initial responses to any future Shasta County Grand Jury reports are compliant with California Penal Code § 933.05.	Shasta Local Area Formation Commission (LAFCO)	The recommendation has been implemented.	YES
R3. The Shasta County Sheriff-Coroner ensure his initial responses to any future Shasta County Grand Jury reports are compliant with California Penal Code § 933.05.	Shasta County Sheriff-Coroner	The recommendation has already been implemented.	YES

CITY OF REDDING CODE ENFORCEMENT			
THE 2016-2017 SHASTA COUNTY GRAND JURY RECOMMENDED:	**RESPONDENT**	**RESPONSES**	**PENAL CODE COMPLIANT?**
R1. By September 30, 2017, the Redding City Council direct staff to conduct an analysis to clearly define code enforcement responsibilities and determine whether all personnel, supervision, and budgets for code enforcement should be consolidated under a single department, such as the Redding Police Department, with a single supervisor. This analysis is to be completed by December 31, 2017.	Redding City Council	The recommendation requires further analysis.	YES
R2. By June 30, 2018, the Redding City Council end any further short-term "Enhanced Code Enforcement" special funding. The Grand Jury further recommends the Redding City Council direct staff to identify and report on potential long-term funding needs and sources for future City code enforcement activities.	Redding City Council	This recommendation will not be implemented.	YES
R3. By September 30, 2017, the Redding City Council direct staff to begin cross-training all City personnel engaged in code enforcement in responsibilities related to unlawful camp abatement as well as other code enforcement complaints.	Redding City Council	This recommendation will not be implemented.	YES
R4. By September 30, 2017, the Redding City Council direct the Code Enforcement Division and the Redding Police Department to jointly develop a formal process for prioritization of workloads including case files, unlawful camps, problem motels and other code enforcement issues. This process is to be completed by December 31, 2017.	Redding City Council	This recommendation will be implemented by December 31, 2017.	YES
R5. By September 30, 2017, the Redding City Council direct Building/Code Enforcement Division staff to immediately prioritize "occupied without power" lists for enforcement.	Redding City Council	This recommendation will not be implemented.	YES

SHASTA COUNTY SHERIFF'S OFFICE – ANIMAL REGULATION UNIT			
THE 2016-2017 SHASTA COUNTY GRAND JURY RECOMMENDED:	**RESPONDENT**	**RESPONSES**	**PENAL CODE COMPLIANT?**
R1. By September 30, 2017, the Shasta County Sheriff-Coroner direct Animal Regulation Unit supervisors to create and seek legal County Counsel approval of an animal seizure policy and procedures.	Shasta County Sheriff-Coroner	The Sheriff-Coroner agrees with the recommendation to have written policies and procedures for animal seizure.	YES
R2. By December 31, 2017, the Shasta County Sheriff-Coroner direct Animal Regulation Unit Supervisors to create written policies and procedures for record-keeping and case-tracking in the Animal Regulation Unit.	Shasta County Sheriff-Coroner	The recommendation by the Grand Jury will not be implemented at this time.	YES
R3. By September 30, 2017, the Shasta County Sheriff-Coroner direct Animal Regulation Unit Supervisors to discontinue the use of the dedicated Animal Regulation Unit phone line and update its website and voicemail to direct callers to the SHASCOM non-emergency line.	Shasta County Sheriff-Coroner	The Sheriff-Coroner partially agrees with the recommendation. The recommendation by the Grand Jury will not be implemented at this time.	YES
R4. By September 30, 2017, the Shasta County Sheriff-Coroner direct Animal Regulation Unit supervisors to develop, maintain, and enforce comprehensive policies and procedures or delegate this responsibility to an officer in the Animal Regulation Unit.	Shasta County Sheriff-Coroner	This recommendation will not be implemented because it is not warranted or reasonable.	YES
R5. By June 30, 2018, the Shasta County Sheriff-Coroner direct staff to fulfill the provision of the County's Personal Services Agreement with Haven Humane Society that calls for annual evaluations of the Agreement. The results of these annual evaluations should be reported to the Board of Supervisors.	Shasta County Board of Supervisors	The recommendation will not be implemented because it is not warranted.	YES
	Shasta County Sheriff-Coroner	This recommendation will not be implemented because it is not warranted or reasonable.	YES

SHASTA LAKE FIRE PROTECTION DISTRICT			
THE 2016-2017 SHASTA COUNTY GRAND JURY RECOMMENDED:	**RESPONDENT**	**RESPONSES**	**PENAL CODE COMPLIANT?**
R1. By December 31, 2017, the Shasta Lake Fire Protection District Board direct staff to explore alternative revenue sources. Options may include creating a reasonable fee for service schedule including emergency medical services and organizing additional community fundraising events.	Shasta Lake Fire Protection District Board of Directors	The recommendation will be implemented.	YES
R2. By September 30, 2017, the Shasta Lake Fire Protection District Board direct staff to ensure that the District's website is updated, a schedule for website updates is implemented, and District matters are advertised on the website.	Shasta Lake Fire Protection District Board of Directors	The recommendation will be implemented.	YES

END OF RESPONSES

The full set of responses to all of the findings and recommendations in the 2016-2017 Shasta County Grand Jury Consolidated Final Report is available online at:

https://www.co.shasta.ca.us/index/gj_index.aspx

FINDINGS

F1. All mandated responders submitted responses as requested, most within the timeframe specified in Penal Code § 933(c), which allots 90 days for governing bodies to respond and 60 days for elected officials.

F2. Although Redding City Council's original responses to the *Unfunded Pension Liabilities* report were deemed noncompliant with Penal Code § 933(c) and § 933.05(b), it later submitted revised responses that were in compliance.

F3. Four of the 16 invited responders also submitted responses although they were not required to do so.

COMMENDATIONS

The Grand Jury commends:

C1. The City Managers of Anderson, Redding and Shasta Lake for their thoughtful and timely responses to the *Unfunded Pension Liabilities* report. All were invited responders and not required to submit responses.

C2. The Shasta Lake Fire Protection District Fire Chief for his thoughtful and timely responses to the Shasta Lake Fire Protection District report. He was an invited responder and not required to submit responses.

C3. The Cities of Anderson, Redding and Shasta Lake City Councils and the Shasta County Board of Supervisors for scheduling approval of their respective responses during a regular session portion of their meetings, allowing open discussion of those responses and public comment.

When there is a perception of a conflict of interest involving a member of the Grand Jury, that member has been required to recuse from any aspect of the investigation involving such a conflict and from voting on the acceptance of or rejection of that report. No member of the Grand Jury recused from this report.

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

Released January 24, 2018

2017 – 2018 SHASTA COUNTY GRAND JURY

Protecting Those Who Protect Us – Money Well Spent

Shasta County Law Enforcement Vehicle Recalls and Maintenance

SUMMARY

Several news articles and televised news reports regarding safety recalls of the Patrol vehicle prompted the 2017-2018 Shasta County Grand Jury to open an investigation to determine how Shasta County agencies have responded to recent carbon monoxide recalls of law enforcement vehicles. The Shasta County Grand Jury reviewed vehicle records from the Shasta County Sheriff's Office and the police departments of Redding and Anderson from 2011 through 2017. The Shasta County Grand Jury found that the patrol vehicles driven by officers in Shasta County are maintained using specific and comprehensive policies and procedures.

During the course of the investigation, the Shasta County Grand Jury broadened the focus to include vehicle maintenance policies, procedures and records of all Shasta County law enforcement agencies. The Shasta County Grand Jury found that none of the recalled vehicles experienced carbon monoxide leaks. Furthermore, each agency has comprehensive policies and procedures in place for vehicle repairs and maintenance.

BACKGROUND

After reviewing several recent news articles and televised news reports regarding safety recalls of the Ford Explorer Police Interceptor model (patrol vehicle), the 2017-2018 Shasta County Grand Jury (Grand Jury) opened an investigation to determine whether Shasta County law enforcement vehicle recalls were handled in accordance with the recall directive. A 2017 single-vehicle accident involving a Sheriff's Office Patrol vehicle also contributed to the Grand Jury's interest in an investigation.

In 2016 and 2017, the Ford Motor Company issued recalls for 1.3 million Ford Explorers for carbon monoxide leaks. These recalls included all Police Interceptor models from 2011 through 2017. Ford received nearly 400,000 complaints of exhaust fumes in these vehicles. The National Highway Transportation Safety Administration (NHTSA) noted that, despite the lack of conclusive and documented linkage between injury reports and carbon monoxide poisoning, carbon monoxide levels "…may be elevated in certain driving scenarios."

METHODOLOGY

The Grand Jury reviewed:

- National Highway Transportation Safety Administration (NHTSA) website: https://**www.nhtsa.gov**
- National Highway Transportation Safety Administration recall notices 2011-2017
- May 12, 2017 accident report prepared by the California Highway Patrol (MAIT report)

- Center for Auto Safety 2017 recall notices
- Notices distributed by the Ford Motor Company 2016-2017
- Motor Trend Magazine, June 2016
- ABC13 Eyewitness News:
  http://www.13abc.com/home/headlines/Several-auto-recalls-issued-Monday morning379619791.html
  http://abc13.com/automotive/ford-issues-4-recalls-affecting-14m-vehicles/85110/.

Anderson Police Department:

- Policies and Procedures of Vehicle Inspection
- Vehicle check list form
- Photo of grease board for reporting vehicle repairs
- Vehicle rotation policy
- Reserve vehicle policy
- Replacement of damaged vehicles policy
- New vehicle budget 2015
- Fleet Manager records 2016-2017
- Vehicle incident reports 2014-2017.

Redding Police Department:

- Repair order request form
- Listing of patrol vehicles 2006 - 2017
- Peace Officer Standards and Training (POST) Patrol Vehicle Operations Bulletin (POST.BTB. 2003-01, October 2015)
- Police Fleet Vehicle Operations Emergency Vehicle Operation Policy (F-19.7 General Order revised 3/22/17)
- Traffic Collision Investigation Policy (F-43.15 General Order revised 10/24/16)
- Vehicle incident reports 2014-2017.

Shasta County Sheriff's Office:

- Patrol Vehicle Operations Procedures
- Vehicle Service Request Form
- Patrol Vehicle listing 2014-2017
- Vehicle incident reports 2014-2017
- Vehicle Safety Recall Notices
- Accident Reports Parts 1 and 2
- Traffic Collision Report, May 2017
- Multidisciplinary Accident Investigation Team (MAIT) Report May 2017
- Vehicle incident reports 2014-2017.

The Grand Jury interviewed personnel from:

- Anderson Fleet Management
- Anderson Police Department
- Redding Fleet Management
- Redding Police Department
- Shasta County Fleet Management
- Shasta County Sheriff's Office.

DISCUSSION

The Grand Jury determined that Shasta County law enforcement agencies use only one type of Ford vehicle under recall, the Ford Explorer Police Interceptor model (patrol vehicle). Those agencies included the Anderson Police Department (APD), the Redding Police Department (RPD), and the Shasta County Sheriff's Office (SCSO). Documents received from those entities indicated that 38 vehicles had been affected by the recalls. This report focuses on the carbon monoxide issues of the patrol vehicles.

Vehicle Repair and Maintenance: Policies and Procedures

Although the names of policies, forms, and documentation are different, the processes are similar for all agencies. Before the start of each patrol shift, officers and deputies are responsible for checking their assigned vehicles using a checklist. If there is a maintenance concern that may affect safety, the vehicle is immediately taken out of service and a substitute patrol vehicle is assigned. Records show that the vast majority of repaired vehicles are returned to service within one working day.

Recalled Vehicles

Recalled vehicles are removed from service and taken to an authorized repair station. This procedure is followed even if the agency did not experience the problem for which the recall was issued. No carbon monoxide leaks were found in any of the vehicles examined.

After-Market Modifications

According to Ford Motor Company reports, the after-market installation of police equipment made by some companies across the United States was the cause of the carbon monoxide issues in patrol vehicles. Sometimes this occurred when holes were drilled in the chassis. These holes, if not properly sealed, allowed carbon monoxide to enter the cabin of the vehicle.

The Grand Jury noted that all after-market modifications of the patrol vehicles used by APD, RPD, and SCSO were installed by a contracted installer of after-market equipment. None of the Shasta County agency law enforcement vehicles modified by the contracted company experienced any carbon monoxide leaks. After-market modifications were properly completed as indicated by the lack of leaks found during the recall inspection process.

Collision Reports

On May 12, 2017, a single-vehicle accident involving a SCSO patrol vehicle occurred on Highway 273 south of Redding. The Multidisciplinary Accident Investigation Team (MAIT) investigated the accident. MAIT consists of specially trained personnel of the California Highway Patrol and includes a representative of Caltrans. The investigation determined the accident was not due to carbon monoxide poisoning.

FINDINGS

F1. The Grand Jury found that law enforcement officers are driving vehicles with properly installed after-market equipment, resulting in no carbon monoxide leaks that may put officers and the general public at risk.

F2. The Grand Jury found that all three agencies follow carefully specified, detailed and comprehensive policies and procedures for vehicle maintenance and repairs which significantly increases the safety of law enforcement officers.

COMMENDATIONS

NONE

RECOMMENDATIONS

NONE

REQUEST FOR RESPONSES

NONE

INVITED RESPONSES

NONE

DISCLAIMERS

When there is a perception of a conflict of interest involving a member of the Grand Jury, that member has been required to recuse from any aspect of the investigation involving such a conflict and from voting on the acceptance of or rejection of that report. No member of the Grand Jury recused from this report.

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

Released June 28, 2018

2017 – 2018 SHASTA COUNTY GRAND JURY
City of Anderson 2014 Tax Measures A and B
A Promise Made, A Promise Kept

SUMMARY

An investigation by the 2017-2018 Shasta County Grand Jury into the City of Anderson's Measure A (a sales tax increase), and Measure B (a tax spending advisory), showed the City of Anderson's City Council has fulfilled its promise to spend 50% of the tax revenues generated from Measure A on the Police Department. The Grand Jury decided to study this issue in order to hold government accountable and inform citizens whether their Measure B advisory vote was being followed.

The Grand Jury found the elected officials of the City of Anderson had honored the voters' advisory measure by spending over 50% of sales tax dollars on the Police Department. They also designated additional tax monies to support parks, to increase the General Fund Reserves and to support other general City services. The Grand Jury commends the City of Anderson's elected officials for keeping the promise they made to the voters.

This investigative report provides Shasta County citizens with information as to how the City officials have used the funds in a way that reflects accountability, transparency, and the promise made.

BACKGROUND

The Shasta County Grand Jury (Grand Jury) investigated the City of Anderson (Anderson) to determine whether the funds generated from Measure A have been allocated as specified in Measure B. Measure A was a one-half cent sales tax for essential general City services. As stated in the argument in favor of Measure A, "Measure A is intended to prevent significant cuts to general City services…this sales tax would be a 'general tax' meaning that revenues raised from the tax would go into the City's general fund to fund any lawful City program, improvement, or service". The Anderson City Council (City Council) recognized that in order for Measure A to pass, the City voters needed assurance that the sales tax collected from Measure A would be expended as promised. Therefore, a spending advisory was placed on the ballot. Measure B advised that 50 percent of the sales tax dollars collected would be expended on the Anderson Police Department (APD) and the remainder would be used to "support parks, code enforcement, restore general fund reserves, and on other general city services." This spending advisory measure is an opinion expressed by the voters and not a legally binding decision.

In June of 2014, both Measures A and B successfully passed. Those ballot results are shown in Table A.

Election Results for Measures A and B, June 10, 2014

Measure A	Measure B
YES = 638 votes or 53%	YES = 776 votes or 66.72%
NO = 558 votes or 47%	NO = 387 votes or 33.28%

Table A

Measure A tax passed by a 6% margin, while Measure B advisory passed by a 34% margin, showing strong support for Measure A money being used primarily for the APD.

METHODOLOGY

The Grand Jury interviewed:

- Anderson City Council members
- City of Anderson Administrative personnel
- City of Anderson Police Department personnel

The Grand Jury visited:

- City of Anderson parks: Volonte Park and Anderson River Park

The Grand Jury reviewed:

- Ballot Measures A and B, June 2014
- Anderson Police Department Annual Reports for 2014, 2015, 2016 and 2017
- City of Anderson budgets for FY 2014/2015, FY 2015/2016 and FY 2016/2017
- Staff Reports Measure A and B updates, Anderson City Council 2013 – 2017
- Sales Tax Updates 2014 - 2017
- City of Anderson's General Reserve Policy
- City of Anderson's Priority Programs and Projects List 2017 – 2019
- "Law Enforcement Staffing in California" (2016), Public Policy Institute of California
- "K9 Units Play Valuable Role" (2013), Pennlive, newsprint article
- "The Effectiveness of Visible Police Patrol" (1998), Saint Joseph's College
- Uniform Crime Reporting – Part I Crimes definitions (2017).

DISCUSSION

This report will answer the following questions regarding the Anderson 2014 Tax Measures A and B:

- What are the sales tax dollar amounts generated since passage of Measure A?
- How does the budget reflect allocations of sales tax dollars stipulated in Measure B?
- Has Anderson expended 50% or more of the funds generated by Measure A for the Anderson Police Department?

- How have Anderson police services changed as a result of the infusion of Measure A funds?
- How has Anderson distributed sales tax revenues to support its parks, code enforcement and restore General Fund Reserves?

Sales Tax Dollars Generated

Tax revenues generated since Measure A passed are shown in Table B:

Measure A Tax Revenues, July, 2014 through June, 2017

Fiscal Year	Amount
2014/2015	$ 902,000
2015/2016	$ 1,341,849
2016/2017	$ 1,412,634
TOTAL	**$ 3,656,483**

Table B

What the Budget Shows

Since Measure A funds are general use funds, there is no line item in the budget identifying Measure A revenues. Measure A revenues and expenditures are accounted for in total revenue received and total dollars expended as explained in the argument for Measure A, "The tax would be paid in addition to current sales taxes and would be collected at the same time and in the same manner as existing sales taxes." For the purpose of keeping the City Council and citizens of Anderson informed as to the collection and expenditure of sales tax, a Measure A sales tax revenue and expenditure report is periodically presented at City Council meetings and is available on the City website. The most recent "Sales Tax Update" (2017) is currently available on the City's website.

50% or More for the Anderson Police Department?

Since the passage of Measure A, expenditures from this sales tax for the APD have exceeded 50% of revenues received as stipulated in Measure B. The ballot measure does not specify whether the 50% spending must occur annually or cumulatively over time. The first year, the tax was implemented part-way through the fiscal year. Expenditures did not total 50%. In each of the succeeding years, however, more than 50% has been expended on the APD. Cumulatively, July 1, 2014, through June 30, 2017, APD expenditures were 54.4% of revenues received, exceeding the 50% promise as shown in Chart A.

City of Anderson Budget Report
Measure A Revenues and Police Department Expenditures
FY 2014/2015 – FY 2016/2017

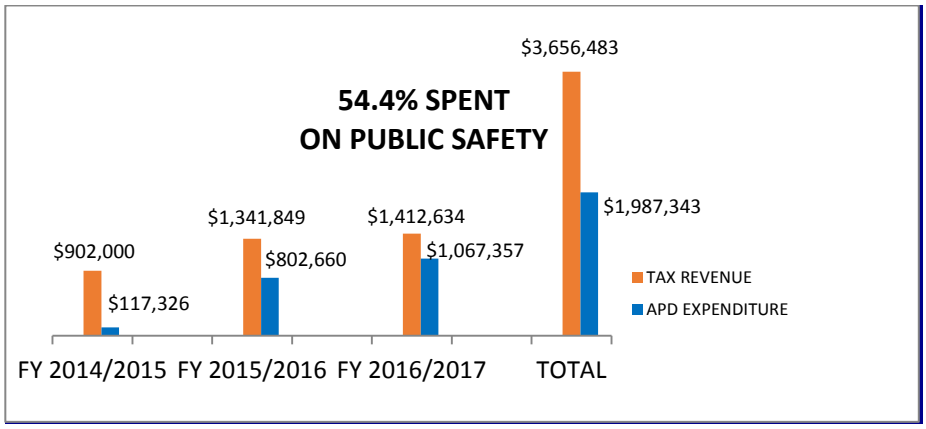


Chart A

Anderson Police Department Expenditures

The APD has used its allocated sales tax dollars to improve its department and provide the City of Anderson with more police on the streets.

Beginning July 1, 2014, APD had 15 sworn officers, including the Chief. As of June 30, 2017, APD has increased to 20 sworn officers. This increase has changed the ratio of police officers to Anderson residents from 1.5 per 1,000 in July, 1 2014, to 2.0 per 1,000 as of June 30, 2017. As of June 30, 2017, the number of patrol units per shift increased from two to four. Those interviewed stated that additional patrol units have increased the department's ability to answer **c**alls, maintain a police presence to deter crime, and be proactive in preventing crime. The K9 unit has increased from two to three dogs utilizing community fund raising supplemented by increased sales tax revenues. A canine unit provides added safety to officers on the streets. Research and interviewees indicated that criminals are less apt to be non-compliant while a canine unit is on the scene.

APD has expanded its support staff to include: One full-time non-sworn Public Service Officer hired in 2015 and a part-time Records Clerk hired in 2016. A Code Enforcement Officer was assigned solely to the APD.

APD has purchased six new vehicles. All patrol vehicles are now model year 2014 or newer. These acquisitions have brought the APD emergency response vehicle count to 15. Additional purchases included non-lethal weapons and general operational equipment.

According to those interviewed, without the additional revenues, the above listed changes would not have been implemented.

New Programs

Measure A funds allowed the following two new programs to be implemented:

- City of Anderson Criminal Justice Student Sponsorship Program. This is a cadet program which provides candidates with a stipend during their training prior to being hired by APD.
- Problem Oriented Policing (POP): POP is an analytic method used by police to develop strategies that prevent and reduce crime. According to those interviewed, the additional time and manpower required to implement this program would not have been possible without the additional revenues from Measure A.

Measure A Tax Spending and Crime Reduction

Since 2014, Anderson has seen a reduction in Part I Crimes (see Glossary for definition). The Grand Jury interviewees attribute this reduction to an increased number of police officers, increased K9s, increased support personnel, a filled full-time Code Enforcement Officer position exclusively allocated to APD, and the purchase of new and/or upgraded equipment. This reduction in Part I crimes is illustrated in Chart B.

Anderson Police Department 2016 Annual Report
Five Year Comparison: Total Part I Crimes

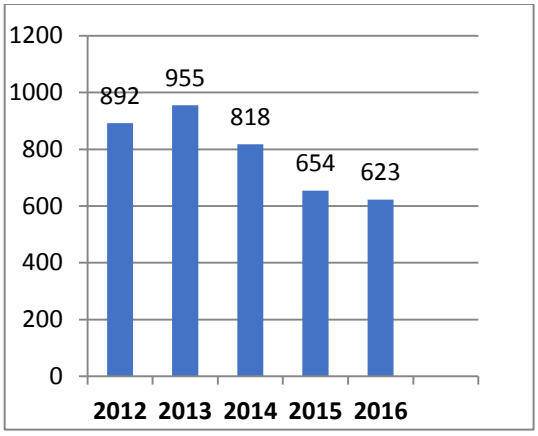


Chart B

Other Measure A Allocations

In addition to the sales tax revenues allocated to the APD, the following expenditures have been implemented:

- Anderson City Park Expenditures

  Measure A funding has provided for enhanced park facilities, adding one new restroom facility, remodeling another, as well as other necessary facility upgrades. These funds have allowed for one additional park maintenance staff position. With the increased

number of APD officers, regular patrols are now assigned to parks and enhanced police presence.

- City of Anderson Reserves

  Measure A taxes have successfully replenished the Anderson's General Fund Reserves. Measure A has enabled the City to increase its General Fund Reserves from 9% to 37%. The Reserve Fund is used to manage unforeseen expenditures and fiscal emergencies and may be used for capital expenditures to expand City facilities per City of Anderson's Reserve Policy.

FINDINGS

F1. The City of Anderson's City Council has followed the intent of advisory Measure B by increasing funds to the APD, resulting in an increase in staffing, the implementation of programs to reduce crime and increase public safety.

F2. The City of Anderson's City Council has followed the intent of advisory Measure B by allocating funds to support City parks, code enforcement, and restore General Fund Reserves and other general City services resulting in improved park facilities and greater fiscal security.

COMMENDATION

The Grand Jury commends the City of Anderson's City Council for keeping the promise they made to the voters by fulfilling the intent of Advisory Measure B.

RECOMMENDATIONS

NONE

REQUEST FOR RESPONSES

NONE

The Grand Jury recommends that all governing bodies place their responses to all Grand Jury Reports on their Regular Calendars for public discussion, not on their Consent Calendars.

INVITED RESPONSES

NONE

GLOSSARY

City of Anderson Criminal Justice Student Sponsorship Program: The City pays for the Basic Police Officer Standards and Training academy and in addition, provides a $1,500 signing bonus, approximately every 6 weeks during the academy (4 times) a $1,000 stipend is provided

to the student for living expenses. Also, the student may earn a $1,000 bonus if they finish in the top 5 of their class.

Measure A (ballot text): "Shall the City of Anderson Ordinance No. 785, authorizing the City of Anderson to collect a one-half cent sales tax for essential general city services, be approved?"

Measure B (ballot text): "Should the City of Anderson allocate 50% of the tax revenue collected from the one-half cent sales tax to the Police Department to mitigate impacts of Prison Realignment (AB 109) and increase Police Department staffing to implement programs to reduce crime and increase public safety, and allocate the remainder to support parks, code enforcement, restore general fund reserves, and other general city services?"

Part I Crimes: Department of Justice, Federal Bureau of Investigation:

"The Uniform Crime Reports program collects data about **Part I** offenses in order to measure the level and scope of crime occurring throughout the Nation. The Program's founders chose these offenses because they are serious crimes, they occur with regularity in all areas of the country, and they are likely to be reported to police. Those offenses include:

- Homicide
- Rape
- Robbery
- Aggravated Assault
- Burglary
- Motor Vehicle Theft
- Larceny Theft
- Arson."

Police Officer to Resident Ratio: "This calculation is 1 officer for every 1,000 residents. The most recent credible research finds that an additional police officer reduces crime by 1.3 violent crimes and 4.2 property crimes per year. Other recent evidence estimates that the crime-reducing benefits of hiring an additional police officer exceed $300,000 per year, much more than the annual cost of an additional officer".

Policing Services: These services are performed by a body of government employees who are trained in law enforcement, crime prevention, and detection and authorized to maintain peace, safety and order.

Problem Oriented Policing (POP): Problem-oriented policing (POP) is an analytic method used by police to develop strategies that prevent and reduce crime. Under the POP model, police agencies are expected to systematically analyze the problems of a community, search for effective solutions to the problems, and evaluate the impact of their efforts. POP represents police-led efforts to change the underlying conditions at hot spots that lead to recurring crime problems. It also requires police to look past traditional strategies and consider other possible approaches for addressing crime and disorder.

Public Safety: Public Safety refers to the welfare and protection of the general public. The primary goal is prevention and protection of the public from dangers affecting safety such as crimes or disasters.

Support Personnel: Non-sworn staff assigned to assist with records, documentation, and code enforcement.

DISCLAIMERS

When there is a perception of a conflict of interest involving a member of the Grand Jury, that member has been required to recuse from any aspect of the investigation involving such a conflict and from voting on the acceptance of or rejection of that report. No member of the Grand Jury recused from this report.

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

Released May 15, 2018

2017 – 2018 SHASTA COUNTY GRAND JURY

Shasta County Jail: Funding and Capacity
A Public Safety Crisis Deepens

SUMMARY

The Shasta County Board of Supervisors has recently sought to address the chronic shortage of Shasta County Jail beds. This shortage was significantly exacerbated when Assembly Bill 109 was passed in 2011 followed by Proposition 47 in 2014 and Proposition 57 in 2016. The 2017-2018 Shasta County Grand Jury's review of County documents and records revealed that the Shasta County Jail had a reduction in available inmate beds beginning in the early 1990s.The Shasta County Grand Jury discovered that the percentage of funds that Shasta County is contributing from the General Fund to its own Jail is at a ten-year low.

This is partly due to Assembly Bill 109 funds replacing historical funding sources for the Shasta County Jail. According to public meetings, these funds are being used to fund two out of three inmate detention levels at the Jail. The Shasta County Board of Supervisors has approved this funding for the Shasta County Jail from Assembly Bill 109 funds without increasing capacity above pre-Assembly Bill 109 levels. Interviewees and a review of documents indicate that County officials and administrators are unsure how current Jail operations will be funded over the next several fiscal years.

According to a May 7, 2018 update to the "Shasta County Jail Facilities Needs Assessment", the need for inmate beds has risen over the last five years due to Assembly Bill 109 legislation. The report states that the Shasta County Jail is currently 135 beds below needed capacity. One result is that, in order to accommodate incoming offenders, an average of 30 currently housed inmates per day need to be released early.

The Shasta County Board of Supervisors and the Shasta County Sheriff have publicly stated the need for additional jail beds. The Shasta County Grand Jury recommends the Shasta County Board of Supervisors determine how many additional Jail beds are needed, both now and in the future, and identify operational Jail funding to match Jail capacity need.

The Shasta County Grand Jury recommends the Shasta County Board of Supervisors adopt a plan for both short-term and long-term Jail capacity needs and funding sources for the operational costs associated with any expansion.

BACKGROUND

The 2017-2018 Shasta County Grand Jury (Grand Jury) determined the need for an investigation into funding for the Shasta County Jail (Jail) during an investigation of other public safety funds.

The Jail was completed in 1984 with 237 single bed units. The Jail was originally designed for pre-AB 109 incarcerated misdemeanor and felony offenders sentenced to less than one year. Over the first ten years, Shasta County was authorized by what is now known as the Board of

State and Community Corrections (BSCC) to raise the Jail's capacity to 381. The Sheriff accomplished this by double bunking inmates. From 1984 until 1992, Shasta County also operated two other detention facilities, the Northern California Regional Rehabilitation Center (Crystal Creek) with a capacity of 84 beds and the Detention Annex (Annex) with a capacity of 66 beds. This gave Shasta County a total of 531 inmate beds in the three facilities.

Shasta County's inadequate jail housing has been a concern since 1992, when Crystal Creek closed because of State and County budget constraints. In 1993, a Superior Court of Shasta County (Superior Court) Order No. 11528, stipulated a maximum jail population of 381 inmates and authorized the early release of inmates when the jail population grew within 10% of that capacity, to 343. In January 2003, as a result of serious staffing shortages, the Sheriff closed the Detention Annex. This action allowed staff from the Annex to be reassigned to the Jail and Sheriff's Patrol, leaving the Jail with its 381 beds as the only incarceration facility in the County. In 2009, due to financial strains related to the recession, one of the three detention levels (floors) of the Jail was closed, leaving a new total County inmate capacity of 253 beds at the Jail. In 2012, the previously closed floor was reopened restoring the Jail capacity to 381 beds.

Chart A illustrates the changes in Jail incarceration capacity from 1990 to 2018.

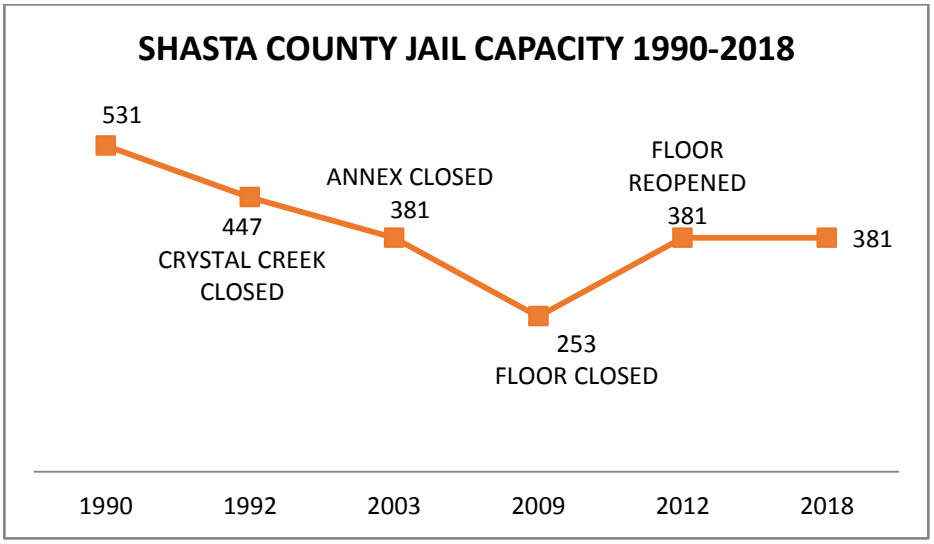


Chart A

As shown in Chart A, Jail capacity began to decline before the passage of California's 2011 Public Safety Realignment Act. This legislation, commonly known as AB 109, was in response to a 2011 United States Supreme Court decision that ordered the reduction of the California State Prison population. With the implementation of the criminal justice realignment in 2011, people convicted of lower level felony offenses, or who violated the conditions of their parole, were mandated to serve their sentences locally instead of in State prisons. To address prison over-crowding cited by the Supreme Court, AB 109 created a new criminal classification: non-violent, non-sexual, non-serious felony offenders. If offenders were in a State prison at the time of implementation, they were sent back to their county to complete their sentences and, if they were newly arrested for these crimes, they stayed in the county to serve their time.

On November 4, 2014, California Proposition 47 (The Safe Neighborhood and Schools Act) was passed. This legislation reclassified certain non-violent felonies as misdemeanors. This legislation was created in part to reduce county jail crowding produced by AB 109 realignment.

On November 8, 2016, California Proposition 57 (The Public Safety and Rehabilitation Act) was passed. This legislation allows parole consideration for non-violent felons by reclassifying what crimes are termed violent (see Appendix) and changed policies on juvenile prosecution and authorized sentence credits for rehabilitation, good behavior and/or education.

METHODOLOGY

The Grand Jury reviewed:

- California Assembly Bill 109 (2011)
- California Proposition 47 (2014)
- California Proposition 57 (2016)
- Shasta County Board of Supervisors meeting minutes from 1999 through May 22, 2018
- Shasta County Jail budgets (2007-2018)
- Supreme Court Order U. S. Supreme Court order, BROWN v. PLATA (No. 09-1223), May 23, 2011
- California Proposition 47, "Reduced Penalties for Some Crimes Initiative (2014)", Ballotpedia.com
- "Crystal Creek Northern California Regional Rehabilitation Center", June 1977, Shasta County, John Balma, former Shasta County Sheriff
- "Crystal Creek Regional Boys Camp (California Penal Code § 919 mandate)", 2001-2002, Shasta County Grand Jury Report
- "Detention Annex (California Penal Code § 919 mandate)", 2002-2003, Shasta County Grand Jury Report
- Original Court Order, Complaint for Declaratory Relief, County of Shasta Plaintiffs v. Sheriff Jim Pope, Defendant; No. 115258, filed March 10, 1993 in the Superior Court of the State of California in and for the County of Shasta
- "Proposition 57, The Public Safety and Rehabilitation Act of 2016", California Department of Corrections and Rehabilitation
- "Public Safety Blueprint Study, Redding and Shasta County", December 3, 2015, Matrix Consulting Group
- "RC of Type II, III, IV, Local Adult Detention Facilities (December 2006-March 2018; last update 4/25/2018), Board of State and Community Corrections report
- "Shasta County Jail Facilities Needs Assessments", January 23, 2018 and update, May 7, 2018, DSA Planning, Inc.
- "Shasta County Main Jail, Catch and Release", 2005-2006, Shasta County Grand Jury Report
- "Shasta County loses out on Prop. 47 money", June 9, 2017, Record Searchlight
- "Third floor at Shasta County Jail reopens", July 23, 2012, Record Searchlight

- "Understanding County Budgeting after Proposition 47", September 2016, Californians for Safety and Justice
- "What you need to know about Proposition 47", California Department of Corrections and Rehabilitation
- Various Record Searchlight articles relating to the Jail from 1991 to 1999.

The Grand Jury interviewed:

- Shasta County Board of Supervisors members
- Shasta County Administrative personnel
- Shasta County Finance personnel
- Shasta County Sheriff's Office personnel.

The Grand Jury attended meetings of the:

- Shasta County Board of Supervisors Public Safety Workshop, Wednesday, February 7, 2018
- Redding City Council Public Safety Committee Special Meeting, Thursday, February 22, 2018
- Community Corrections Partnership Executive Committee, October 2017 through April 2018
- Community Corrections Partnership, October 2017 through April 2018.

DISCUSSION

The2017-2018 Shasta County Grand Jury chose to focus on Shasta County Jail's current and future capacity and current and future funding. Other aspects of Jail operations have not been examined by the Grand Jury for this report.

Current Shasta County Jail Capacity

At current capacity, the Shasta County Jail has a total of 381 beds. The Jail is built in a cloverleaf style with three main detention levels. Each detention level has four two-story dayrooms with a capacity ranging from 19-32 beds in each. The dayrooms are sometimes referred to as housing units or "pods". These pods are separated into inmate classifications by State law for the protection of prisoners. There are also ten medical beds next to the medical unit.

Jail facility description provided by Sheriff's Office personnel:

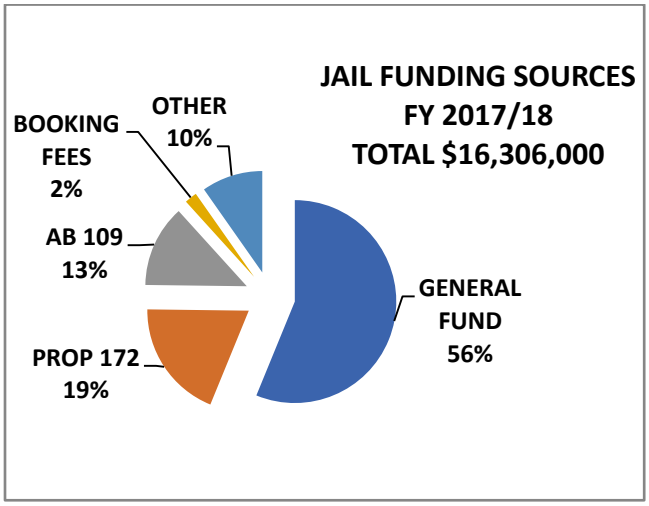
- 1st floor: kitchen/laundry, staff dining/storage and mechanical uses.
- 2nd floor: medical/booking/visiting/lobby/intake/garage and conference rooms – includes ten medical beds next to the medical unit
- 3rd floor: mechanical gap
- 4th/5th floor: first detention level (four two-story inmate detention pods with a total approximately 125 beds)

- 6th/7th floor: second detention level (four two-story detention pods with a total of approximately 125 beds)
- 8th/9th floor: third detention level (four two-story detention pods with a total of approximately 125 beds)
- 10th/11th floor: provides roof access.

The Shasta County Jail has a maximum inmate capacity of 381. A 1993 Superior Court order authorized the Sheriff to release prisoners when the jail population reaches 90% of its total capacity or 343 inmates. Although it appears that 38 beds a day remain unfilled, this 10% allowance is essential to accommodate inmate classification separation and daily influx of new prisoners. In order to balance the volume of daily bookings and maintain the 10% buffer, the Jail is required to release approximately 30 inmates a day who would otherwise remain incarcerated.

Shasta County Jail Funding

Three main sources of revenue contribute 88% of Shasta County Jail funding. These include the Shasta County General Fund (General Fund), Proposition 172 and Assembly Bill 109 (AB 109) State funds, as illustrated in Chart B.



(Rounded to the nearest percentage) **Chart B**

General Fund

According to California law, jails are a county responsibility and are under the jurisdiction of the Sheriff. The Jail has primarily been funded by the General Fund. While the amount the General Fund provides for the Jail has increased over the years, the percentage of the Jail budget contributed by the General Fund has decreased because other sources of funding are now replacing the General Fund monies given to the Jail. As of 2017, the General Fund contributed 56% of the Jail's budget, in contrast to 69% in 2011.

California Proposition 172

California Proposition 172 (Prop 172) funds currently comprise 19% of Jail funding. These funds have been used since FY 1993-1994 and come from Proposition 172 revenues which are derived from a ½ cent State sales tax, designated for county public safety uses. By law, the Shasta County Auditor-Controller designates the use of this funding. According to the legislation, this funding must add to, rather than replace, existing funding sources. The dollar amount allocated to the Jail has remained unchanged but as a percent, the Jail's budget from Prop 172 has decreased from 24% to 19% over the last seven years.

Assembly Bill 109

AB 109 funds currently provide 13% of Jail funding. AB 109 funds are California State funds given to each county in order to compensate for the additional costs to California counties. Some of these funds were used to open a detention level of the Jail which had been closed in 2009, due to lack of Shasta County General Funds. An additional AB 109 allocation was used to prevent closure of a detention level of the Jail in 2017, when the Sheriff was given a flat budget by the Shasta County Board of Supervisors which did not match increases in budgeted expenses. Both of these funding decisions were made after a request from the Sheriff to the Community Corrections Partnership Executive Committee, distributors of AB 109 funding in Shasta County. These budget requests were ultimately approved by the BOS. The use of AB 109 funds for the Jail did not create any new capacity post-AB 109. Instead, those funds were used to recover and retain capacity previously funded by the Shasta County General Fund.

The AB 109 unspent fund balances (sometimes called reserves) will be depleted by the end of FY 2020-2021, creating a 25% reduction in this revenue source. It is unknown at this time whether this reduction in revenue source will affect AB 109 funding available to the Jail since future budget allocations have not yet been decided.

Challenges to Current Jail Funding

The greatest challenge to Jail funding is that Shasta County revenues have not kept pace with the rise in operational Jail costs. Over the last ten years, Shasta County adopted budgets have increased by approximately 20%.

Meanwhile, over the same ten years, Jail personnel expenses (including overtime) have increased by 30% and Jail services and supplies expenses have increased by 50%. The Grand Jury did not investigate Jail budgets to assess why these increases have been significantly above inflationary levels.

In contrast to these sharply rising costs, the percentage of General Funds allocated to the Jail has steadily decreased. Over the last seven years, that percentage has gone from 69% in FY 2011/12 to 56% in FY 2017-2018. In other words, the BOS has approved increases in funding, but as a percentage of the total cost, the amount allocated has not kept up with rising costs. It is important to note that the General Fund dollar amounts allocated to the Jail have been consistent over time. But, as Jail budgets have continued to rise, the percentage of the General Fund allocated to the Jail's budget has not risen proportionately. The percentage of the Jail budget being supplied by

General Funds has decreased, while AB 109 funds have filled the resulting gap in funding. Together these sources now make up the 69% of the Jail budget previously supplied by just the General Fund, as shown Chart C.

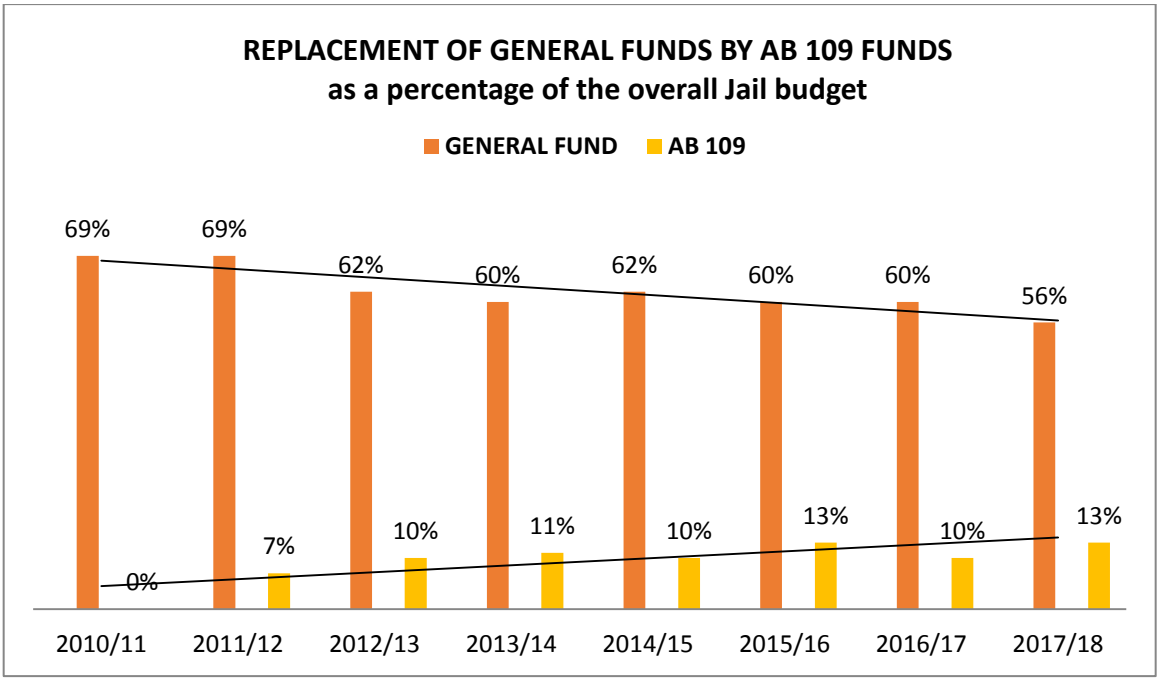


Chart C

No one interviewed indicated the existence of any type of long-term plan to prepare for the projected decrease in funding available to operate the Jail at current capacity or to provide funding for increased capacity at the Jail.

Shasta County Jail Capacity Needs

In a presentation by the Shasta County Sheriff to the Board of Supervisors in February 2018, the Sheriff did not state the number of Jail beds currently needed. To determine this number, the Grand Jury reviewed the "Shasta County Jail Facilities Needs Assessment" (Jail Needs Assessment). The Jail Needs Assessment was first completed in 2013 and has been updated in 2018. The 2018 update to the Jail Needs Assessment shows a current Jail bed capacity shortage of 135 beds. It also shows this capacity increasing by only 21 more beds over the next ten years. Chart D illustrates the capacity increases needed.

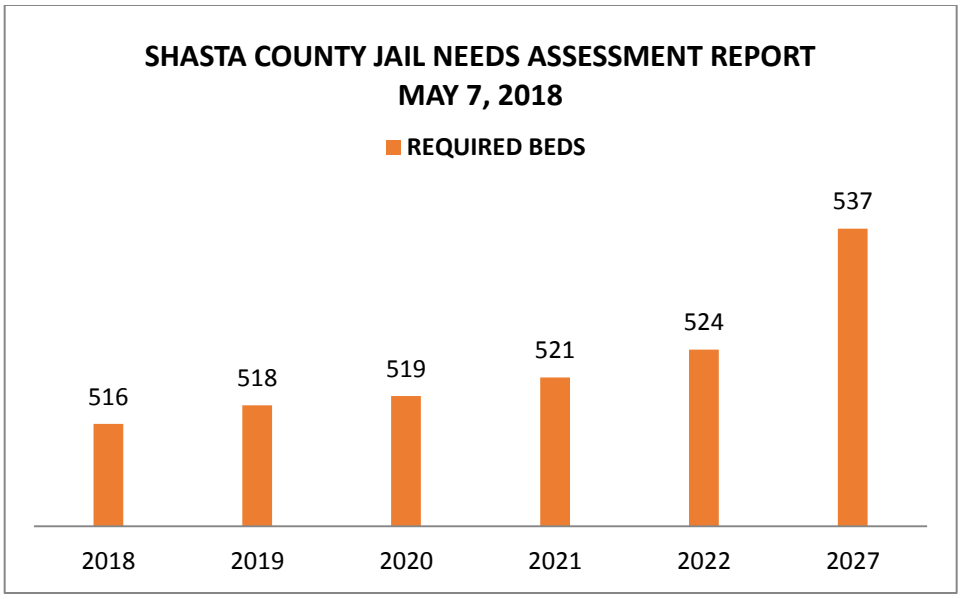


Chart D

According to interviewees, the number of additional beds needed to meet current capacity needs at the Jail is 120. The Grand Jury notes that this does not match the 2018 Jail Needs Assessment provided by the Sheriff's Office which, as previously stated, shows a deficit of 135 beds. Without knowing the number of Jail beds needed in the County, there is no way for the Board of Supervisors to identify operational funding for this capacity.

Not knowing the actual number needed, any capacity expansion plans are unlikely to match that need. Jail expansions and funding discussions must be driven by capacity need based on accurate modeling and projections and open communication between the BOS, Probation Department and the Sheriff's Office.

The Grand Jury reviewed the "Public Safety Blueprint Study" (Blueprint), dated December 3, 2015. The Blueprint was a study paid for cooperatively by Shasta County and the City of Redding at a cost of $155,000 to provide public safety solutions for the region. The Blueprint did not make an independent assessment of Jail capacity needs and instead agreed with Shasta County's Jail Needs Assessment (2013):

> *...the assessment...repeatedly stated the need for additional jail space based upon detailed population projection analysis. Our project team agrees with these projections after reviewing the complex methodology used.*

The Blueprint made the following recommendation:

> *The County/City and related partners should develop a thorough criminal justice system master plan with comprehensive sections dedicated to custody services.*

Jail Capacity Comparisons

The Grand Jury included all California counties with populations between 150,000-200,000 to compare the number of jail beds of Shasta County's Jail capacity relative to other counties of similar size. The results are highlighted in Table A.

COUNTY	POPULATION	JAIL BEDS	BEDS/100,000
KINGS	151,662	373	245
SHASTA	**178,271**	**381**	**213**
EL DORADO	188,399	461	244
MADERA	158,894	560	352
IMPERIAL	190,624	590	309

Table A

In Table A, the listing is in order of the total number of jail beds currently available (lowest to highest). In comparison with similarly-sized counties, Shasta County currently ranks last in the number of jail beds available per 100,000 in County population.

Out-of-County Beds

According to the Shasta County Jail Needs Capacity Assessment 2018 update, a factor affecting capacity in the Jail is the use of out-of-county inmate beds. Shasta County, together with the Community Corrections Partnership, has allocated a total of $300,000 in FY 2017-2018 to fund out-of-county jail beds. Currently, there are approximately 25 inmates placed in out-of-county beds. Use of out-of-county beds is less expensive than housing inmates in Shasta County. Qualification for out-of-county housing is based on sentencing, length of custody, medical needs and other factors. Only about 5% of Shasta County Jail inmates qualify for out-of-county custody.

Funding for Increased Capacity

Significant efforts have been made by the Shasta County Sheriff's Office and the BOS to increase capacity at the Jail. Shasta County has applied for, and received, California State funds, first in 2012 and again in 2017. These funds were returned to the State because the BOS, in conjunction with Shasta County Chief Executive Officer (CEO) and the Shasta County Auditor-Controller (Auditor), determined there was not sufficient funding for operational costs for these facilities, once built. Lack of funding for operational costs is the consistent theme running throughout Shasta County's efforts for both Jail funding and Jail expansion. In March 2018, Shasta County administrators provided details of Jail expansion updates as directed by the BOS in February. Increased operational costs for the 60-bed expansion were estimated to be between $500,000 and $600,000 per year. The CEO recommended to the BOS that funding currently used to pay for a Shasta County Courthouse bond totaling $530,000 per year, which will be repaid in 2023, be used to fund these ongoing operational costs after the bond is paid off. In the interval between the completion of the expansion and 2023, it was suggested that perhaps monies from the General Reserve Fund could be used to pay those added operational costs. On May 22, 2018,

the BOS approved the release of a request for proposals for construction of a 64-bed expansion. The BSCC, in a letter dated May 18, 2018, approved the plans for the expansion. It is expected to be completed by the end of 2018.

The BOS, along with County officials, are also publicly considering a renovation project to the existing Shasta County Courthouse courtrooms, attached to the current Jail, to place between 60-128 inmate beds in that space once it's vacated upon completion of the new Shasta County Courthouse. That renovation cost is estimated at between $7 and $9 million. This project would likely reduce the Shasta County reserve which, as of May 2018, is $10.6 million. It is estimated that this project could begin three years from now. Interviews and a review of documents have yielded no estimate for the annual operational costs of this renovated facility, or how those costs would be funded.

FINDINGS

F1. Shasta County Jail capacity began declining after Crystal Creek Work Camp closed in 1992, despite continued need for capacity. Assembly Bill 109, Proposition 47 and inadequate increases in Shasta County revenues have only exacerbated a long-term capacity deficit at the Shasta County Jail.

F2. Compared to five similarly-sized counties in California, Shasta County's ratio of jail beds to population is the lowest, indicating the need for additional Shasta County Jail bed capacity.

F3. A comparison of Shasta County's Jail capacity prior to Assembly Bill 109 and current Jail capacity shows that Shasta County has fewer jail beds but a higher number of offenders' This indicates the need for additional Jail beds.

F4. The percentage of the Shasta County Jail budget provided from the Shasta County General Fund has steadily declined over the last seven years while the Shasta County Jail's operating costs have risen. This has resulted in increased reliance on unsustainable sources of funding.

F5. While revenue from Proposition 172 fluctuates, the amount allocated to the Shasta County Jail by the Shasta County Auditor-Controller has varied little over the last ten years, making this funding source relatively stable and predictable.

F6. AB 109 has provided funding to the Shasta County Jail since 2011, however this funding is not a stable or predictable source due to projected budgetary decreases of 25% in the next two years.

F7. Out-of-county beds increase Shasta County's incarceration capacity and do so at a lower cost than adding jail beds to the Shasta County Jail. Because of restrictions, it is a limited option that cannot be relied upon for contributing significantly to Shasta County inmate capacity.

F8. The Shasta County Board of Supervisors has not publicly accepted assessment data that forecasts current and future capacity needs at the Jail. Without knowing that capacity, it is

impossible for the Shasta County Board of Supervisors to accurately develop capital cost and operating budgets for jail expansions.

F9. The Shasta County Board of Supervisors has not developed a short or long-term plan to match Shasta County Jail capacity needs with identified operational funding sources, despite multiple assessments showing a critical jail bed shortage in Shasta County.

F10. In 2012 and 2017, California State funds were available for expansion of the Shasta County Jail but were rejected due to the Shasta County Board of Supervisor's inability to fund operational costs of an expanded facility. This continues to leave Shasta County without adequate Jail capacity.

RECOMMENDATIONS

The Grand Jury Recommends:

R1. By September 30, 2018, the Shasta County Board of Supervisors, based on available or newly solicited information, agree on needed capacity at the Shasta County Jail both now and in five, 10, 15 and 20 years. These capacity needs should be reviewed and updated annually based on new legislation or other pertinent changes.

R2. By March 31, 2019, the Shasta County Board of Supervisors adopt a 10-year funding plan for Shasta County Jail capacity expansion including capital and operational costs. This plan should be reviewed annually at a public meeting.

R3. By March 31, 2019, the Shasta County Board of Supervisors identify on-going new sources of revenue to meet current and projected Jail capacity needs.

REQUEST FOR RESPONSES

Pursuant to Penal Code section 933.05, the grand jury requests responses as follows:

From the following governing bodies (within 90 days):

- **Shasta County Board of Supervisors: F1, F2, F3, F4, F5, F6, F7, F8, F9, F10 and R1, R2, R3**

Pursuant to Penal Code Section 933.05, the following response/s is/are required:

From the following elected county officer/s (within 60 days):

NONE

INVITED RESPONSES

NONE

GLOSSARY

Operational Capacity – Number of inmates that can be accommodated based on a facility's staff, existing programs and services.

Rated Capacity – The number of beds or inmates assigned by a rating official to institutions within the jurisdiction

APPENDIX: LEGISLATION

CALIFORNIA ASSEMBLY BILL 109 (2011) – Realignment AB 109 transfers responsibility for supervising certain kinds of felony offenders and state prison parolees from state prisons and state parole agents to county jails and probation officers. Counties receive funding through the AB 109 realignment funds based on their success in reducing recidivism. AB 109 has dedicated funding from a percentage of State sales tax and portion of the Vehicle License Fee.

CALIFORNIA PROPOSITION 47 (November 4, 2014) – The Safe Neighborhood and Schools Act recategorized some non-violent, non-sexual and non-serious felonies as misdemeanors unless the defendant has prior convictions for murder, rape, certain sex offenses, or certain gun crimes. Felony thresholds for previous theft crimes (i.e. shoplifting; grand theft; forgery, check fraud; writing a bad check; receiving stolen property) were raised to $950.00. Personal use of most illegal drugs is also a misdemeanor. The law also allowed people already in prison for these crimes to apply for resentencing and those who were released to apply to change the category of their crime. No one was to be automatically released from prison. After successful petitions by inmates they were either released for time served or sent back to the counties to complete their sentences in jail and/or receive probation. The ability to petition for a change in an individual's crime category was to expire November 4, 2017 but was extended by legislation till November 4, 2022.

CALIFORNIA PROPOSITION 57 (November 8, 2016) – The Public Safety and Rehabilitation Act. This Proposition allows parole consideration for non-violent felons, changes policies on juvenile prosecution and authorizes sentence credit for rehabilitation, good behavior and education. The California voters passed this proposition to enhance public safety and to stop revolving door of crime by emphasizing rehabilitation. This bill allowed for earlier than anticipated release of some prisoners. This legislation did not distinguish legally between violent and non-violent felony offenders. Only violent felons can go to prison for their full prison term. If it is considered a non-violent felony, The California Department of Corrections can grant them a parole date after only serving the base term of their offense. The County District Attorney's offices must check penal codes to distinguish violent from non-violent offenses. For a list of violent and non-violent felonies refer to:

https://www.co.shasta.ca.us/index/da_index/proposition-57

CALIFORNIA PROPOSITION 172 (November 2, 1993) – In 1992 facing serious budget deficits the California Legislature and Governor Wilson instructed the county auditors to shift allocation of local property tax from local government to Educational Revenue Funds. As a partial mitigation to the counties and cities now decreased revenue source, Proposition 172

(statewide half-cent sales tax increase) was proposed by the California Legislature and Governor Wilson. The Local Public Safety Protection and Improvement Act of 1993 was passed by 58% of the voters. The Act established a permanent source of revenue. Public safety services include, but are to limit to sheriffs, police, fire protection county district attorneys, county corrections and ocean lifeguards and does not include courts. Each city or county is required to deposit revenue from Proposition 172 in a Public Safety Augmentation Fund to be allocated by the County Auditor to the cities and county. Maintenance of Effort (MOE) language was adopted by Legislature to insure local jurisdiction were unable to supplant their general fud contribution to public safety services with Proposition 172 funds.

DISCLAIMERS

When there is a perception of a conflict of interest involving a member of the Grand Jury, that member has been required to recuse from any aspect of the investigation involving such a conflict and from voting on the acceptance of or rejection of that report. One member of the Grand Jury recused from this report.

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

Released June 4, 2018

2017 - 2018 Shasta County Grand Jury

Green Rush…Up in Smoke?

Legal Cannabis in the City of Shasta Lake

SUMMARY

In August 2017, the City of Shasta Lake became the first city in Shasta County to sanction the legal recreational cannabis industry to operate within the City limits. Measure A was put to the voters to allow the recreational cannabis-related industry to start effective January 1, 2018. The 2017-2018 Shasta County Grand Jury investigated the circumstances surrounding the planning, implementation and follow-up of Measure A. The Grand Jury sought to determine what planning took place prior to the vote, and what steps were taken following passage of the measure.

In its rush to become the first Shasta County city to permit recreational cannabis businesses, the City of Shasta Lake ineffectively planned for the increase of cannabis businesses in the City. This resulted in multiple unexpected changes in planning and permitting procedures based upon infrastructure demands, which was exacerbated when the City chose to zone the Shasta Gateway Industrial Park for cannabis-related businesses.

Additionally, all planned development should stop in the Shasta Gateway Industrial Park until the City of Shasta Lake adds a secondary access road to meet its legal and safety obligations. Further, the City of Shasta Lake should increase code enforcement staffing and create safe and effective methods of collecting and transporting the cash it collects.

The Shasta County Grand Jury recommends the City of Shasta Lake complete a secondary access road into the Shasta Gateway Industrial Park and immediately institute safeguards for the handling, accounting and transportation of cash.

The Shasta County Grand Jury focused on six key areas and how the City of Shasta Lake would handle:

- Laws and regulations that should be passed to oversee the new businesses
- The plans for law enforcement needs
- The proposed collecting and safeguarding of cannabis-related tax monies
- Preventing misuse of cash transaction funds by City officials and employees
- Planned additional city services for the incoming businesses

- The conflict between state and federal law relating to the cannabis industry.

BACKGROUND

On November 8, 2016, the voters of California passed Proposition 64, the Adult Use of Marijuana Act. Subsequently, Senate Bill 94 (2018) combined medical and recreational adult marijuana use with one set of regulations. The term marijuana was replaced with cannabis as the legal term. The California Legislature established rules, procedures and laws to govern the industry, but authorized California counties and cities to establish their own laws and regulations governing the manufacturing, distribution, retail sales and use of recreational cannabis. The cities and counties could establish more stringent and restrictive codes and ordinances but not less than those mandated by State laws and regulations.

Although California voters approved recreational cannabis, it remains a Schedule 1 drug under the Federal Controlled Substances Act and is considered without any medical benefit under federal statutes. This designation creates a conflict between state and federal law. While California cannabis businesses may operate without fear of criminal prosecution from State law enforcement, federal law enforcement can enforce and prosecute those same businesses under federal statutes. In addition, as a federally illicit activity, cannabis businesses cannot utilize federally-insured banking services. As such, all cannabis interactions must be conducted as cash only transactions. The government agencies receiving cannabis industry taxes and fees accept thousands of dollars in cash, creating safety and logistics issues for the collecting agencies, as well as potential for misuse of cash transaction funds.

METHODOLOGY

The Grand Jury interviewed:

- City of Shasta Lake Administrative personnel
- City of Shasta Lake Council members
- SCI Consulting personnel
- City of Shasta Lake Planning Commission members
- Shasta County Treasurer-Tax Collector-Public Administrator Office personnel
- Shasta County Sheriff's Office personnel
- Shasta Lake Fire Protection District Board of Directors
- Shasta Lake Fire Protection District personnel.

The Grand Jury reviewed:

Legislation:

- Assembly Bills 266 (2015) and 243 (2015)
- City of Shasta Lake Ballot Measure A (2017)
- Proposition 64 (November 8, 2016)
- Senate Bills 94 (2018), 643 (2015) and 1262 (2014).

Correspondence:

- Letter from Shasta Dam Area Public Utility District, April 21, 1993
- Response letter from Shasta Lake Fire Protection District dated April 21, 1993 indicating no lot splits, parcel maps, etc. will be allowed until completion of the secondary access road
- Letter from Shasta Lake Fire Protection District to the City of Shasta Lake, stating no further development can occur until the secondary access road is complete, September 23, 1993
- Letter from the City of Shasta Lake, requesting requirements of a secondary access road, October 26, 2015
- Letter from Shasta Lake Fire Protection District, responding to request for secondary road requirements, December 16, 2015
- Letter from Shasta Dam Area Public Utility District outlining what it would cost to do an environmental impact report permitting proposal, November 5, 1991
- Letter from Shasta Lake Fire Prevention District to the City of Shasta Lake Planning Department stating no further development can occur until the secondary access road is built, May 23, 2017
- Letter from Shasta Lake Fire Protection District to the City of Shasta Lake Planning Department referring to prior correspondence prohibiting any further development, including Lot 14, until the secondary road is completed, July 11, 2017
- Email RE_Lot 14 Approval JK,JD,FM 8-30-17, indicating the City of Shasta Lake would not enforce the directive in the letters regarding the secondary access road, from the Shasta Lake Fire Protection District, May 23, 2017 and July 11, 2017
- Letter from the City of Shasta Lake, to existing and proposed cannabis permit holders regarding water, wastewater and electric demands, February 12, 2018
- Letter from City of Shasta Lake to Western Area Power Administration, requesting a study of a new substation, February 21, 2018.

City of Shasta Lake Documents:

- Amendment to City of Shasta Lake Municipal Code Title 5 and replaced with 5.05
- Amendment to City of Shasta Lake Municipal Code Title 17 changing the Land Use Table
- Cannabis Business Application Packets
- "Cannabis Business Standard Requirements WWTP Final"
- City Manager Letter and Utility Information February 12, 2018
- City of Shasta Lake Initial Study Environmental Checklist Form Project Rezone Z 07-03
- City of Shasta Lake Municipal Code-Zoning Chapter 17.10.20 Land Use Table
- City of Shasta Lake Planning Commission Meeting Staff Report, September 20, 2007
- Commercial Cannabis Land-Use Map March 22, 2017
- Contract between City of Shasta Lake and SCI Consulting
- Contract between the City of Shasta Lake and the Shasta County Sheriff Department
- Draft of Negative Declaration Z 07-03, Shasta Gateway Industrial Park August 2007

- Existing City of Shasta Lake procedures and regulations related to Measure A
- General Industrial Use Permits Chapter 17.58
- Informal cash handling procedure of marijuana deposits received from a COSL employee
- International Fire Code Chapter 5, Section 503
- Non-Volatile, Semi-Volatile, or Volatile: Redefining Volatile for Volatile Organic Compounds Uyen-Uyen T. Vo, Michael P. Morris
- Ordinance 97-1 Uniform Fire Code, Section 902.2.2 (c)(d)
- Ordinance CC-17-86, Tract 1777, Shasta Dam Area Public Utility District, section 14 requiring access/egress route, date unknown
- Resolution CC-16-107, December 20, 2016, agreement with SCI
- Resolution CC-17-73, October 17, 2017, agreement with SCI
- Resolution Number PC 07-09, September 20, 2007
- Rezone Z 07-03 creating a Planned Development Zone District to Shasta Gateway Industrial Park
- Shasta Area Safety Communications Agency (SHASCOM) logs of calls for service at cannabis collectives (2017)
- Shasta Lake Fire Protection District Comments on Lot Splits-Second Access
- South Coast Air Quality Management District Abstract
- Statement of Conditions Tract 1777 Shasta Dam Area Public Utility District
- Statement of Conditions Use Permit 47-92 Shasta Dam Area Public Utility District
- Summary Report County of Shasta Official Final Report, August 29, 2017
- Use Permit 47-92 Shasta Dam Area Public Utilities District, Statement of Conditions, March 12, 1992
- Water and Wastewater Capacity Form
- Water and Wastewater Capacity Information Required for Cannabis Rev. 2.12.18.

Professional Publications:

- California Public Utilities Commission Policy and Planning Division: "Energy Impacts of Cannabis Cultivation Workshop Report and Staff Recommendations", April 20, 2017
- League of California Cities Online Ethics Course
- U.S. Department of Justice Cole Memo, February 14, 2014
- *State and Local Government Guide Series*
- Book: *Highly Competent Cashiers*
- Book: *Cash Management and Investments Self-Paced Training Program*

Media Articles and Televised Shows:

- LIVE: Redding City Council talks commercial pot, October 17, 2017
- "UPDATE: Redding to Craft Rules Allowing Commercial Pot", October 17, 2017 Sean Longoria, Record Searchlight
- The Profit: "The Profit in Marijuana Country", aired January 8, 2018 on CNBC

- Weediquette: "Going Legit", April 20, 1018, originally aired September 28, 2016 on VICE.

The Grand Jury researched:

- "An Overview Of California's New (And Improved) Medical Marijuana Laws", https://abovethelaw.com/2015/10/an-overview-of-californias-new-and-improved-medical-marijuana-laws/
- Bureau of Cannabis Control http://bcc.ca.gov/
- California Cannabis Portal https://cannabis.ca.gov/
- "CBD: Marijuana Compound Has No High, But Relieves Pain": https://www.tokeofthetown.com/2011/10/cbd_marijuana_compound_has_no_high_but_relieves_pa.php/
- CEQAnet Database Search www.ceqanet.ca.gov
- California Environmental Quality Act - California State Lands Commission: slc.ca.gov
- California Environmental Quality Act (CEQA, 2014, Statute and Guidelines): http://resources.ca.gov/ceqa/docs/2014_CEQA_Statutes_and_Guidelines.pdf)
- "Harvesting Energy Savings in Cannabis Cultivation Facilities Quick Wins for Cultivators and Utilities", September 11, 2015, David Podorson: https://www.esource.com/TAS-F-18/CannabisCultivation
- "Is Your Utility Ready for Commercial Marijuana Growers? Pot Legalization and the Grid", November 18, 2016, Bryan Jungers: https://www.esource.com/Blog/ESource/11-18-16-Marijuana-Grid
- California Legislative Information, AB-903 California Marijuana Tax Fund: California Highway Patrol: http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201720180AB903
- CalCannabis August 16 survey results: https://www.cdfa.ca.gov/is/mccp/news/36
- League of California Cities Proposition 64: Priorities for Finance Officers, December 14, 2017 https://www.cacities.org/
- Bureau of Cannabis Control Licensing: http://www.bmcr.ca.gov/meetings/index.shtml
- California Department of Food and Agriculture Licenses: Cultivation https://www.cdfa.ca.gov/is/mccp
- California Department of Public Health Licenses: Manufacturing: https://www.cdph.ca.gov/
- Programs/CEH/DFDCS/Pages/OMCS.aspx http://www.cdtfa.ca.gov/
- Rocky Mountain HIDTA (High-Intensity Drug Trafficking Areas): https://www.ncjrs.gov/ondcppubs/publications/enforce/hidta2001/rocky-fs.html
- Implementing Prop 64: New White Paper Sheds Light on Challenges of State's New Marijuana Law: https://law.stanford.edu/2017/04/17/
- San Diego County Office of the Public Defender Proposition 64 (Marijuana Offenses) FAQ https://www.sandiegocounty.gov/content/sdc/public_defender/prop_64_faq.html
- City of San Diego Office of the City Attorney Proposition 64 Funds Audit September 30, 2009 https://www.sandiego.gov/sites/default/files/proposition_64_report.pdf

- California Proposition 64, Marijuana Legalization (2016): https://ballotpedia.org/California_Proposition_64,_Marijuana_Legalization_(2016)
- The Cannifornian: www.thecannifornian.com
- "Bay Area Cities, Counties Confront Legal Pot": https://www.sfchronicle.com/bayarea/article/Bay-Area-cities-counties-confront-legal-pot-11264649.php
- Prop. 64 and Responsible Adult Use of Marijuana: http://publichealth.lacounty.gov/sapc/Prop64/Proposition64.htm
- "What Cities Should Know About Proposition 64, the Adult Use of Marijuana Act", Western City, February 2017: www.cacities.org
- California Proposition 64, Marijuana Legalization Act (2016): https://ballotpedia.org/California_Proposition_64,_Marijuana_Legalization_(2016)
- Bureau of Cannabis Control: http://bcc.ca.gov/
- California Cannabis Portal: https://cannabis.ca.gov/
- Above the Law: "An: Overview of California's New (And Improved) Medical Marijuana Laws": https://abovethelaw.com/2015/10/an-overview-of-californias-new-and-improved-medical-marijuana-laws/
- Decriminalization of non-medical cannabis in the United States: https://en.wikipedia.org/wiki/Decriminalization_of_non-medical_cannabis_in_the_United_States
- U.S. Marijuana Laws: Laws for each state: http://www.usmarijuanalaws.com/
- California Marijuana Policy: http://calmarijuanapolicy.org/ordinances?f[0]=field_cultivation%3A1054&f[1]=field_agency%3A587
- California Building Standards Commission: http://www.bsc.ca.gov/Codes.aspx
- Record Searchlight August 31, 2017 http://reddingne.ws/2gmzkaT
- California Department of Food and Agriculture: Cal Cannabis Cultivation Licensing, November 2017: calcannabis.cdfa.ca.gov
- NFPA 1, 2018 "Sneak Peek: New Requirements for Marijuana Growing, Processing, and Extraction Facilities": http://community.nfpa.org/community/nfpa-today/blog/2017/05/12/nfpa-1-2018-sneak-peek
- California Legislative Information Health and Safety Code http://leginfo.legislature.ca.gov/faces/codes_displayText.xhtml?lawCode=HSC&division=20.&title=&part=&chapter
- National Institute on Drug Abuse: Advancing Addiction Science: https://www.drugabuse.gov/publications/research-reports/marijuana/how-does-marijuana-use-affect-school-work-social-life
- National Fire Protection Association Journal, September October 2016: "Welcome to the Jungle": https://www.nfpa.org/News-and-Research/Publications/NFPA-Journal/2016/September-October-2016/Features/Growing-Pains

- "What You Need to Know About Cannabis Extraction Methods", date unknown, Mark Sanders: https://www.myhydrolife.com/what-you-need-to-know-about-cannabis-extraction-methods/2/1657
- "Hash Oil is Blowing Up Across the U.S. – Literally", Alison Hallett (2013-02-20): https://wired.com/3013/02/hash-oi-explosion/
- "What is Closed-Loop Extraction?": https://www.massroots.com
- Closed-Loop Extraction: https://www.myhydrolife.com/definition/1291/closed-loop-extraction
- California Natural Resources Agency: http://resources.ca.gov/ceqa/more/faq.html
- Effects of legalization of recreational cannabis in Colorado, Washington, and Oregon (web search of multiple sources)
- Efforts of other governmental jurisdictions to implement Proposition 64 (web search of multiple sources).

The Grand Jury visited:

- Cannabis dispensaries (formerly medical cannabis dispensaries) in the City of Shasta Lake
- City of Shasta Lake Administrative Offices
- Shasta County Planning Division office
- Shasta County Treasurer-Tax Collector-Public Administrator's Office
- Shasta Gateway Business Park.

The Grand Jury attended:

- City of Shasta Lake City Council meetings (2017-2018)
- "Marijuana: The California Conundrum", 2017 California Grand Jury Association Annual Conference (October 27, 2017), keynote speaker Mendocino District Attorney David Eyster
- Shasta Lake Planning Commission meetings (2017-2018).

DISCUSSION

Proposition 64 in the City of Shasta Lake

On August 29, 2017, in response to the new procedures outlined in Proposition 64, the City of Shasta Lake (COSL) held a special election and the voters passed Measure A, the "Commercial Cannabis Business Tax". The measure legalized the budding cannabis industry from propagation to sales and allows cannabis businesses to operate within the City. The measure and the accompanying ordinance (CC-17 August 29, 2017) set specific zoning requirements, tax methods, permitting procedures, and licensing requirements. The measure allowed various portions of the City, including the entire Shasta Gateway Industrial Park (SGIP), to be zoned for cannabis-related businesses.

The Grand Jury investigated the existing and developing cannabis industry in the City of Shasta Lake. Recognizing the complex and multifaceted issues surrounding Proposition 64 and the City's Measure A, the Grand Jury investigation focused on six variables:

1. **Ordinances and regulations passed to oversee the new businesses**: With the passage of Measure A, the City implemented a series of new ordinances to regulate the cannabis industry. Those ordinances cover business zoning, licenses, permits and taxes.
2. **Plans for law enforcement needs:** The Grand Jury sought to determine what law enforcement issues City law enforcement had encountered, and what they anticipated. This issue was particularly critical in that Measure A specifically creates revenues to provide funding for law enforcement/code enforcement services.
3. **The proposed collecting and safeguarding of cannabis-related tax monies:** Measure A created several new tax categories for the cannabis industry. The Grand Jury examined how those taxes would be collected and utilized to support designated City services. Because of federal banking regulations, tax collection is mainly done in cash. The procedures for cash handling were examined. Included in that examination was the security of the cash and receipts. The safety of personnel handling and transporting cash was also investigated.
4. **Preventing the misuse of cannabis related transactions by City officials and employees:** The Grand Jury investigated what steps the City had taken to guard against the potential misuse of cannabis related transactions.
5. **Planned additional City infrastructure and services for the incoming businesses**: The Grand Jury examined select City services to determine the extent to which the cannabis industry would impact demand on City services.
6. **The conflict between state and federal law:** With the passage of Proposition 64, California approved legal recreational cannabis use, putting the State laws at odds with the federal laws. The Grand Jury examined how the City of Shasta Lake dealt with that conflict.

Ordinances and Procedures – Regulating the Green Rush

Shortly after passage of Proposition 64, the COSL officials began to examine the advantages of allowing legal cannabis businesses to operate in the City. The exploratory process included attendance at cannabis conferences and site visits to other California cities that authorized and

adopted ordinances relating to cannabis businesses. In addition, City officials created an ad hoc group to discuss whether to expand legal cannabis in the COSL. That ad hoc group was made up of two City Council members, City officials, potential stakeholders, and cannabis industry representatives. The City entered into a contract with SCI Consulting Group (SCI), a public financing consulting service to assist the City in drafting Measure A and the accompanying city ordinance. Following the passage of Measure A, the City entered into an agreement with SCI to conduct monitoring services for incoming cannabis-related business applicants and for continuing oversight of those businesses as they begin to function within the City.

The ordinances approved by the City of Shasta Lake, concurrent with Measure A, set up a series of new taxes for cannabis businesses. Some of those taxes concerned cultivation, cannabis extracts (oils), distribution and sales. In addition, ordinances were set in place to establish expanded zoning for new cannabis businesses in the City. It should be noted that, during the course of this investigation, the City of Shasta Lake City Council changed and/or amended the ordinances. One amendment involved lowering tax rates for cannabis businesses. City officials related that the reason for this change was to allow the legal cannabis businesses to fairly compete with black market operators.

Plans for Law Enforcement Needs – A New Paradigm?

The COSL has contracted for law enforcement services with the Shasta County Sheriff's Office (SCSO) since the City incorporated in 1992. The law enforcement contract is currently set at $2.5 million a year, approximately 26% of the City's entire budget expenditures. The contract is reviewed annually and budgeted every two years. Currently, the SCSO assigns a station commander, supervisors, and patrol staff to provide full-time law enforcement services (24/7) to the COSL.

One area of concern regarding potential future law enforcement needs is the cannabis black market. According to the official Voter Information Pamphlet, the "Argument for Measure A", written by the City of Shasta Lake Mayor Rick Kern, Vice Mayor Larry Farr, and City Manager John Duckett, one of the goals listed is to "Reduce and eliminate the black market for cannabis." This illegal market attracts criminal enterprises that circumvent existing legitimate businesses, laws, and regulations. Currently, the City of Shasta Lake has no written plans, ordinances or procedures to address the black market as stated in the Voter Information Pamphlet**.**

While there is no history of law enforcement calls related to the medical cannabis industry in COSL which would necessitate increased law enforcement services, this does not preclude the potential of increased criminal activity due to the expansion of recreational cannabis businesses. With the addition of cultivation, extraction, and distribution, the potential for law enforcement services will likely increase. Colorado, the first state to allow cannabis to be sold to anyone over 21, has a comprehensive data base documenting increased illegal activity, primarily driving-under-the-influence and blackmarket cannabis. The result is an extra strain on law enforcement. Interviews and document research has revealed little planning between the COSL and SCSO regarding future law enforcement needs due to the expanding recreational cannabis industry

The citizens of the COSL voted to approve Measure A which states:

CITY OF SHASTA LAKE COMMERCIAL CANNABIS BUSINESS TAX. Shall an ordinance be adopted imposing a cannabis business tax…to provide funding for law enforcement/code enforcement within the City of Shasta Lake?

There is no consensus between COSL officials interviewed by the Grand Jury as to how the money will be disbursed between code enforcement and law enforcement. It is unclear whether law and/or code enforcement funds will be increased, although interview responses indicate it will not. The Argument in Favor of Measure A states that "All programs funded by Measure A will be subject to oversight and review. All the funds will be fully audited each year."

Measure A does not state if law/code enforcement will be increased or maintained at the current level. Interviews revealed divergent opinions regarding future law enforcement needs and whether the revenues from Measure A will increase or maintain those services. The Sheriff's Office personnel indicated that the COSL contracts for a specific level of service. If the need for these services increases due to the cannabis industry, it will be incumbent upon City officials to renegotiate the contract. At the present time, there are no plans for increased law enforcement services. This decision is the sole responsibility of the City of Shasta Lake City Council.

(Banner posted on Shasta Gateway Industrial Park Website)

Taxes and Banking - the Cash Dilemma

Cannabis is a Schedule 1 federally controlled substance. Funds from any cannabis business fall under restrictive federal banking laws. Impacted banking services include: checking accounts, savings accounts, credit cards, ATM services, loans, and mortgages. As a result of existing laws, tax monies received from cannabis proceeds can result in the mixing of cannabis cash and other city cash payments. The City of Shasta Lake receives cash payments from a variety of sources, which are commingled with cannabis revenues. This commingling of federally acceptable cash payments such as utility bills, city fees, and taxes with federally illegal cannabis proceeds and depositing them in a federally insured bank may result in a violation of federal banking regulations.

The Grand Jury toured and researched tax-collection departments in other jurisdictions to determine policies and procedures for cash handling that are already successfully in place. Based upon that research, it appears that the COSL is not following generally accepted practices as it applies to the intake of cannabis sales generated cash. As of the writing of this report, no formal, approved written procedures on how to process cash generated by cannabis businesses were provided to the Grand Jury by the employees of the COSL. City employees interviewed

indicated there are informal procedures in place to count money received from any and all sources. The Grand Jury reviewed documentation from a COSL employee detailing how cash should be handled. A summary of the email states that one or more employees count the cash, a receipt is given to the customer, another employee does a second count and the money is put into the safe until deposited in the bank.

The City of Shasta Lake's procedures for transporting cash to the bank for deposit put employees at potential risk. Armored car services are available, but the City of Shasta Lake has chosen to allow the transport of the cash deposits to the bank by one employee in a City vehicle, claiming an armored car would draw undue attention.

The Shasta Gateway Industrial Park

The Shasta Gateway Industrial Park was formed by the Shasta Dam Area Public Utility District (SDAPUD) before the City incorporated. Following the City's incorporation in 1992, the SDAPUD was taken over lock, stock and encumbrances by the City. From 1992 until 2017, limited sales were made at the SGIP. Following the passage of Measure A, all available lots in the SGIP were sold to cannabis-related businesses**.**

...and The Road

As these properties begin to be developed, long-known ingress and egress deficits on the property may begin to pose a more significant safety hazard. A secondary access road is needed to ensure the safety of the employees and general public in the SGIP and surrounding areas. Currently, there is only one paved designated road in and out of the SGIP. In the case of an explosion, fire, or natural disaster, the road may be blocked. This necessitates a secondary access road for people to exit the area and first responders to enter the area.

The COSL considers a narrow dirt lane to be an adequate secondary access, with a gate that may or not be locked This lane does not meet the criteria to be termed a secondary access according to the Shasta Lake Fire Protection District (SLFPD) and the Uniform Fire Code. During tours, another identified possible way out is through Knauf property, which is blocked by a locked gate. In order for a person to evacuate through that exit, the person would need to either wait for an employee of Knauf to unlock the gate or attempt to crash through the metal gate with a vehicle.

If a fire, explosion, or natural disaster occurred at or near the intersection of Shasta Gateway Drive and Ashby Road, a safe exit from the SGIP is not readily available. The Uniform Fire Code grants the lead agency, in this case, the Shasta Lake Fire Protection District (SLFPD), the authority to require the secondary road before plot splits or development can occur. According to the SLFPD, a secondary access road would be a paved road used daily as part of the public road structure in the City of Shasta Lake. This would not be any kind of emergency or temporary road that is not open to general use by members of the public 24 hours a day.

The Grand Jury interviewed officials from the COSL and the SLFPD. All of those interviewed regarding the requirement for a secondary road agreed that it was necessary. Since 1992, the SLFPD has notified governing agencies (SDAPUD and COSL) numerous times that a secondary access road must be built to ensure the safety of the employees and general public in the SGIP as well as the public in the COSL and surrounding areas. The responses from the governing agencies have varied. On April 21, 1993, the SDAPUD advised the fire agency that the required secondary access road would be built before occupancy of a building (other than the incubator building) would be allowed.

During a Shasta Lake Planning Commission meeting on July 20, 2017, a commissioner stated the commission would have to eventually establish a permanent secondary access for the Shasta Gateway Industrial Park.

On July 11, 2017, the COSL was advised by the SLFPD Fire Marshal that no lots may be used, developed, or expanded in the SGIP until the secondary access road is completed. As of the writing of this report, no plans to build this secondary access road have been made.

Ensuring Integrity - Ethics 101

Since most cannabis transactions to the City are paid in cash, and many utility payments (approximately 75%) are made in cash, there exists the opportunity for misuse and/or theft. The Grand Jury inquired as to the procedures of the COSL for avoiding or mitigating these potential situations. The COSL could not provide a formal written set of policies and/or procedures, other than an informal email, after multiple requests. During interviews, the Grand Jury asked City officials and employees what precautions are currently taken to avoid the potential of misuse of funds. Those interviewed indicated they had not discussed the issue and felt there was no reason to as they had confidence in their existing system, which is only taking a two-hour on-line ethics course provided by the League of California Cities. Those interviewed felt this course was sufficient training to avoid situations involving unethical or illegal conduct.

City Infrastructure - What's Next?

The City of Shasta Lake is not prepared for the sudden proposed build-out of the Shasta Gateway Industrial Park. The City is required to provide electricity, water, sewer, and code enforcement to all residents within its jurisdiction.

Following the passage of Measure A in August 2017, the City immediately enacted permit procedures for cannabis-related businesses and rushed through zoning changes but failed to take some important stakeholders into consideration. Those stakeholders were personnel in charge of the City's public works and code enforcement. As recently as December 2017, many of those employees had not been provided with adequate usage studies to allow them to properly plan for increased infrastructure needs. The sudden influx of building permit applications has revealed a need for additional planning on the part of City staff. The requirement of additional data regarding the proposed demands on the electric, water and sewer systems for the proposed businesses resulted in a letter sent from the COSL to all current permit holders and applicants demanding specific use estimate surveys.

The infrastructure issues include:

- **Electricity –** The COSL indicated there is little tangible data as to the utility needs of cannabis businesses. The California Public Utilities Commission Policy and Planning Division published a report titled "Energy Impacts of Cannabis Cultivation", which does provide tangible and useful data. Depending upon the usage type, electricity requirements could be minimal to overwhelming. Cultivation businesses require enormous amounts of power. Lighting for "Mixed Lighting" green houses are especially dependent upon a stable source of electricity. Mixed lighting includes the use of traditional translucent roofs for natural lighting augmented by artificial lighting (flood lamps). This is especially important as too little lighting can cause a cannabis plant to mature too soon. In addition, airflow and temperature control is imperative. Should the City experience brown or black outs during triple digit summer days, entire crops could be destroyed because of lack of fans for airflow and cooling.

  None of the utility infrastructure employees have the experience to adequately determine the electricity needs of these businesses. One interviewee answered a question about whether the City can provide the electricity needs of business applicants by stating, "We have seen applications with unheard of electrical loads." Some of the larger operations may require substations to provide adequate electricity for their needs. Substations are expensive (estimates range in the millions of dollars) and take up to two years to build. Further, none of those interviewed could adequately explain who would pay for the additional facilities. The question was asked, "Who pays for the substation if the business owner goes out of business?" None of those interviewed could provide a definitive answer to how the encumbered expenses would be paid. The inability to determine future electricity requirements of these businesses may be a significant issue for the COSL.

- **Water –** The City of Shasta Lake draws water directly from Shasta Lake. City personnel claimed there were sufficient water supplies for the additional businesses, but they were

unable to provide documentation to that effect. There is no clear data to indicate what future water requirements will be for the cannabis businesses. Regardless of quantity of water; however, the distribution system for that water system was first laid down in the 1940's and is in need of updating. According to personnel from the water department, the underground pipes may not provide adequate water for the businesses' basic needs and it is unclear whether the supply will be within the standards for "fire flow." Fire flow is defined as the quantity of water available for fire-protection in excess of that required for other purposes. The inability to determine on-site water needs of each business may become a significant issue for the COSL.

- **Sewer –** The COSL has a robust wastewater treatment system. The City recently transitioned from a traditional chlorine-based system to a more natural bacteria/enzyme system. While there does not appear to be a potential for excessive amounts of discharge from the cannabis businesses, the City does not, at present, have plans for any monitoring for pesticides or fungicides that could be washed into the treatment pools. Those chemicals could conceivably kill the bacteria in the pools, creating a situation in which the system would be taken out of production and thus impact the entire City. The City has mandated "sampling stations" for all the new facilities being constructed; however, there is no requirement that those stations be monitored, and the City has no plans to require adequate testing of the waste coming from the buildings. Should harmful discharges be released into the waste-water treatment system, there would be no way to hold the responsible party accountable. The lack of plans for monitoring discharges from these businesses may become a significant issue for the COSL.

Code Enforcement – Whose Job Is It?

Measure A specifically highlighted City code enforcement as a recipient of cannabis tax revenues. City Council Members, City law enforcement officials, City administration and staff, and cannabis industry members were interviewed to ascertain the current and future needs for code enforcement within the City. Although there exists a policy regarding the issuing of citations and the subsequent fines, there is no follow-up regarding suspected cannabis violations

There is a disagreement as to what should be done with complaints about outdoor grows and noxious odors from those grows. Some of those interviewed believed this was a code enforcement officer function. Others believed it was a law enforcement issue. City employees interviewed who are involved with or knowledgeable about code enforcement reported that complaints regarding cannabis grows are not investigated. All of those interviewed for this report, who were asked if current code enforcement staffing was adequate for future projected needs, responded that code enforcement staffing was lacking. There are no plans in place to augment the current levels of staffing. It is incumbent upon the City to clearly state code enforcement and who is responsible for it. Current code enforcement activity, especially as it pertains to cannabis-related complaints is nonexistent.

The Conflict Between State and Federal Law

There is a common thread in the disparity between federal and state cannabis laws with regards to the cannabis industry. The current United States Attorney General (USAG) has signaled a willingness to prosecute the cannabis industry in states with medical or recreational cannabis statutes in place. In January 2018, the USAG rescinded the previous administration's 2014 "Cole Memo," which ordered federal prosecutors in states with legal cannabis statutes to focus only on selected illegal cannabis activities, such as trafficking into other states or cultivation and use on federal property. This remains an issue that would significantly impact the City as well as the cannabis businesses.

The Grand Jury explored the possible consequences should the Federal Government shut down all cannabis-related activities in the City of Shasta Lake. Were it to happen, the City could face severe financial consequences due to the loss of tax and fee revenues. This loss would limit the City's ability to meet its financial obligations. The Grand Jury examined how projects with financial obligations, such as electrical substations, water distribution projects, or additional roads, could leave the City at risk should the permit holders go out of business or bankrupt. All the individuals interviewed were asked about the federal versus state law issue and how it would impact the COSL. None of the people interviewed expressed concern regarding this issue. Most interviewees related that federal action would not have any legal impact on the City, or that a federal crackdown would happen at all. Responses ranged from a laissez-faire posture in which they believed the City would wait and see what would happen to a belief that California lawmakers would protect them from federal overreach.

FINDINGS

F1. The City of Shasta Lake has not planned for an increase in law enforcement services that may be required because of an increase in cannabis-related businesses. Without such planning, law enforcement and the City of Shasta Lake will be reacting rather than being prepared as additional cannabis-related businesses become operational within the City limits.

F2. Since the passage of Proposition 64, code enforcement has been in a state of flux, leaving the citizens of the City of Shasta Lake with little recourse regarding cannabis complaints, except for civil litigation.

F3. The City of Shasta Lake is not following generally accepted cash management standards, such as those set forth by the California Auditors Association. Mismanagement of cash could lead to serious accounting errors or criminal activity.

F4. The City of Shasta Lake's procedures for transporting cash deposits to the bank is unsafe and may place employees at risk.

F5. A secondary access road in the Shasta Gateway Industrial Park is required by the Uniform Fire Code, which the City of Shasta Lake has adopted. The City is out of compliance and has ignored the Fire Marshall's mandate, resulting in possible hazardous conditions in case of an emergency.

F6. The Shasta Lake Fire Protection District and its predecessor (prior to 1992) have not done all they can within its legal purview to ensure that the secondary access road be built, resulting in possible hazardous conditions in case of an emergency

F7. The City of Shasta Lake's on-line ethics training is insufficient to deal with possible ethics violations raised by the rapidly expanding cannabis industry. City employees do not have clear direction on how to deal with unethical or criminal situations.

F8. The City of Shasta Lake's current infrastructure is not adequate to handle the sudden proposed build-out of the Shasta Gateway Industrial Park. Unless the City planners collect and evaluate accurate data, they may not be able to provide needed electricity, water, and/or sewer services to the City of Shasta Lake.

F9. There is currently one half-time position assigned to code enforcement. This is insufficient to handle cannabis-related code administration. Adequate training has not been provided regarding these codes. This may allow misinterpretation of City codes and ordinances, by cannabis businesses resulting in violations.

F10. The City has not planned for infrastructure needs and has been reacting to issues as they arise. The City did not research and gather the information needed to effectively plan for issuing permits for this new industry. This has resulted in confusion to permit applicants, resulting in delays in building.

F11. The cash received from cannabis-related businesses loses its identity when the City commingles it with the cash receipts from other sources such as utility payments. If the Federal Government asserts its authority regarding cannabis being federally illegal, the City of Shasta Lake could face severe financial consequences.

F12. The City of Shasta Lake's cannabis business permits require a sampling station in all manufacturing and cultivation facilities for testing discharge to wastewater. There are no procedures in place to require the City to conduct frequent and random testing to ensure viability of the wastewater treatment system. Should a business release harmful substances into the system, the City would have difficulty locating the source of the release and hold those responsible accountable.

RECOMMENDATIONS

The Grand Jury Recommends:

R1. By September 30, 2018, the City of Shasta Lake City Council, Shasta County Sheriff's Office and other stakeholders begin planning sessions to discuss future law enforcement needs of cannabis-related businesses within the City.

R2. By November 30, 2018, the City of Shasta Lake City Council determine how to address cannabis-related code enforcement. This should include written procedures delineating when a law enforcement presence is needed during a code enforcement response.

R3. By September 30, 2018, the City of Shasta Lake City Council direct the City Manager to write a policy that clearly details the handling of cash payments. The policy should be presented to the City Council in a public forum by November 30, 2018. The policy should require all funds from different sources maintain fiscal integrity and separate accounting. The City of Shasta Lake City Council should contact other cities and states who have expertise in successfully handling cannabis payments in order to ensure best practices are being followed.

R4. Within one week of the publishing of this report, the City of Shasta Lake City Council institute a safe method of transporting cash deposits, such as entering into a contract with an armored car service for the secure transportation of cash Funds for this expense can come from permits, fees, and taxes from Measure A.

R5. By December 31, 2018, the City of Shasta Lake City Council approve the construction of the required secondary access road in the Shasta Gateway Industrial Park. The funding options may include performance bonds, grants, assessments, and fees/tax increases.

R6. By August 31, 2018, the City of Shasta Lake City Council direct the City Manager to notify all current permit holders and applicants that no further plot splits or building can continue or commence until the Shasta Lake Fire Protection District authorizes further activities in the Shasta Gateway Industrial Park.

R7. By December 31, 2018, the Shasta Lake Fire Protection District Board explore all legal avenues to require the City of Shasta Lake to meet its legal obligation to complete the secondary access road in the Shasta Gateway Industrial Park.

R8. By September 30, 2018, the City of Shasta Lake City Council direct the City Manager to write and implement procedures clearly stating the legal, civil, and administrative consequences of violating City policies regarding ethical conduct, such as employee theft, influence peddling, and/or special permitting exceptions for friends or associates. City employees and City officials should be trained annually on these procedures. The Grand Jury recommends these procedures be updated annually, include what steps employees should follow if actual criminal or ethical violations occur or are suspected, and detail the protections afforded to whistleblowers.

R9. By August 30, 2018, the City of Shasta Lake City Council direct the City Manager to inform all permit holders and applicants in the Shasta Gateway Industrial Park that no further development will be allowed or approved until all required data and surveys have been submitted by businesses to and approved by the involved City infrastructure departments.

R10. By December 31, 2018, the City of Shasta Lake City Council shall direct the City Manager to determine code enforcement needs and begin the hiring and training in cannabis specific code enforcement process for staff. As stated in Measure A, this money should come from cannabis-related permit fees and taxes.

R11. By August 30, 2018, the City of Shasta Lake City Council direct the City Manager to create and approve written procedures to require City staff to conduct sampling at the discharge stations of the wastewater for each cannabis-related manufacturing or cultivation facility. Random inspections should occur weekly for the first year after initiation of the businesses' production activities, in order to show consistency that harmful discharges are not occurring. These random inspections should continue afterward on a monthly basis. Staff services could be paid from Measure A fees.

REQUIRED RESPONSES

Pursuant to Penal Code §933.05, the following response/s is/are required:

From the following governing body/ies (within 90 days):

- **The City of Shasta Lake City Council F1, F2, F3, F4, F5, F7, F8, F9, F10, F11, F12 and R1, R2, R3, R4, R5, R6, R8, R9, R10, R11**
- **The Shasta Lake Fire Protection District Board of Directors F5, F6 and R7**

The Grand Jury recommends that all governing bodies place their responses to all Grand Jury Reports on their Regular Calendars for public discussion, not on their Consent Calendars.

INVITED RESPONSES

The Grand Jury invites the following response/s:

From the following governmental official (within 60 days):

- **City of Shasta Lake City Manager F1, F2, F3, F4, F5, F7, F8, F9, F10, F11, F12 and R1, R2, R3, R4, R5, R6, R8, R9, R10, R11**

DISCLAIMER (S)

When there is a perception of a conflict of interest involving a member of the Grand Jury, that member has been required to recuse from any aspect of the investigation involving such a conflict and from voting on the acceptance of or rejection of that report. No member/s of the Grand Jury recused from this report.

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

Released June 11, 2018

2017 – 2018 SHASTA COUNTY GRAND JURY

Community Corrections Partnership – AB 109 Funds

$45.7 Million for Public Safety – Where Has it Gone?

SUMMARY

Since 2011, Shasta County has received Assembly Bill 109 funding from the State of California for use in dealing with persons formerly incarcerated in State prisons and reassigned to County responsibility. The 2017-2018 Shasta County Grand Jury found that the Shasta County Community Corrections Partnership has received over $45.7 million from October 2011 through December 2017 for this purpose. This money was specifically designated to compensate Shasta County for the additional costs incurred due to California Assembly Bill 109 (2011). Until January 2018, over $39 million of these funds had already been distributed –without use of a standardized system to evaluate and approve funding requests.

The intent of Assembly Bill 109 funding is to add to and create rehabilitative programs and services to reduce recidivism. Review of County budgets show the monies have, at times, been used for programs previously funded by the County general fund. This reduces the opportunities for new rehabilitative programs and services.

This is evidenced by the Shasta County Jail where funded jail beds have not increased above 2008 levels, despite an influx of Assembly Bill 109 funding. Jail beds are currently at capacity. Two thirds of this capacity has been provided using Assembly Bill 109 funds. Shasta County General Funds could have been used, as previously allocated to provide funding for all three detention levels at the Jail. This would have allowed over $2 million in Assembly Bill 109 funds to still be available for the operational costs of expanded Jail capacity. The Grand Jury found that the County should be using General Funds to fund current capacity. Assembly Bill 109 funds could be used for operational costs of the expansion of Jail facilities.

The Community Corrections Partnership has also recently begun funding ongoing Shasta County public safety programs using unspent fund balances, which will be depleted by the end of FY 2020-2021. This depletion of funds will leave a $2 million budget shortfall. The majority of this budget funds programs and services for the Shasta County Probation Department and the Shasta County Jail. The Shasta County Grand Jury also found that the Community Corrections Partnership does not routinely collect evaluative data or require program evaluations to show that current spending is effective in reducing recidivism, the intent of Assembly Bill 109 legislation. Of all funded programs, the Day Reporting Center is the only program that voluntarily provides such data.

The Shasta County Board of Supervisors has not appointed a member or designee to sit on the Community Corrections Partnership, as required by law. This is significant because the Board of Supervisors is responsible for approving the Community Corrections Partnership plans and budgets. Without regular attendance at its meetings, the Board of Supervisors risks making

decisions on approximately $9 million in public safeties monies annually, without being fully informed.

This investigation was undertaken by the Shasta County Grand Jury after routine reviews of Shasta County budgets indicated that County funding appeared, at times, to have been replaced by Assembly Bill 109 funding. The Shasta County Grand Jury recommends that the Board of Supervisors identify alternate funding sources to offset the 25% decrease in available Assembly Bill 109 funding that will occur in the next two to three years. The Shasta County Grand Jury also recommends that the Board of Supervisors review information on how spending of Assembly Bill 109 funds has reduced recidivism before approving future budgets.

Additionally, the Shasta County Grand Jury recommends that the Board of Supervisors ensure that Assembly Bill 109 funds allocated to the Shasta County Jail be used to support increased capacity above pre-Assembly Bill 109 levels or redirected to other purposes consistent with Assembly Bill 109 objectives.

BACKGROUND

The 2017-2018 Shasta County Grand Jury (Grand Jury) investigated the use of Assembly Bill 109 (AB 109) funds after noting areas of the Shasta County budget, including long-term public safety costs, are currently partially funded by AB 109 funds. AB 109 funding was previously studied by the 2011-2012 Shasta County Grand Jury in a report titled "All Talk and NO Action".

In October 2009, Senate Bill 678 added Penal Code § 1230(b)(2)(A-M), which, among other things, created the Community Corrections Partnership (CCP).

By statute this Partnership shall be composed of:

- *The chief probation officer.*
- *The presiding judge of the superior court, or his or her designee.*
- *The head of the county department of employment.*
- *A county supervisor or the chief administrative officer for the county or a designee of the board of supervisors.* [the only position not currently filled]
- *The district attorney.*
- *The public defender.*
- *The sheriff.*
- *A chief of police.*
- *The head of the county department of social services.*
- *The head of the county department of mental health.*
- *The head of the county alcohol and substance abuse programs.*
- *The head of the county office of education.*
- *A representative from a community-based organization with experience in successfully providing rehabilitative services to persons who have been convicted of a criminal offense.*
- *An individual who represents the interests of victims.*

The Community Corrections Partnerships were assigned an advisory role to each county's community corrections program, developed and implemented by probation departments as specified in the Penal Code § 1230(b)(1).

In 2011, the California State Legislature passed AB 109 and Assembly Bill 117 (AB 117). These two pieces of legislation, known as 2011 Public Safety Realignment (Realignment), became the cornerstone of California's solution to the U.S. Supreme Court 2011 order, BROWN v. PLATA (No. 09-1233), which mandated a reduction in the number of inmates in the State's 33 prisons. The goals of these Assembly bills included a reduction of prison overcrowding and a correlated reduction in costs, and a reduction of recidivism (return to criminal activity). These reductions were to be achieved by transferring inmates to county detention facilities and probation departments.

Under Realignment, newly convicted low-level offenders without serious or violent offenses, either current or prior, would stay in county jails to serve their sentences rather than be sent to State prison.

AB 109 specified how sentencing, custody, probation, and funding would be changed through the development of county-specific implementation plans. Its companion bill, AB 117, stated that county Community Correction Partnerships (CCPs) would be responsible for designing and implementing these county-specific plans and submitting them to the California Board of State and Community Corrections (BSCC).

AB 117 also created a seven-member Community Corrections Partnership Executive Committee (CCP Executive Committee) from the existing CCP members. By statute, this Executive Committee is comprised of the following members of the CCP:

- *the chief probation officer*
- *a chief of police*
- *the sheriff*
- *the District Attorney*
- *the Public Defender*
- *the presiding judge of the superior court (or his/her designee)*
- *one department head from either the county department of social services, mental health, employment or alcohol and substance abuse programs, as designated by the county board of supervisors.*

CCP Executive Committees are charged with making recommendations to their boards of supervisors about their local implementation plans and the boards of supervisors may reject those plans. The CCP Executive Committees are also charged with overseeing and managing those plans.

AB 109 funds consist of proceeds from vehicle license fees and a portion of State sales tax. These funds are allocated to counties to deliver corrections services no longer provided by the State. They are distributed in each county, in accordance with its CCP implementation plan.

METHODOLOGY

The Grand Jury reviewed:

- "All Talk and NO Action," 2011-2012 Shasta County Grand Jury Report
- Allocations from the State of California: California State Controller, Community Corrections, from 2011 to December 2017
- Assembly Bills 94 and 111 (2011), "Criminal Justice Realignment"
- Assembly Bills 109 and 117 (2011), "Public Safety Realignment"
- Assembly Bill 118, "Local Revenue Fund 2011"
- Senate Bill 678 (2009), "Criminal Recidivism"
- Senate Bill 87 (2011), "Public Safety: Omnibus"
- Senate Bill 89 (2011), "Vehicles: Vehicle License Fee and Registration Fee"
- Senate Bill 85 (2015), "Public Safety"
- Proposition 30 (2012), "Temporary Taxes to Fund Education. Guaranteed Local Public Safety Funding. Initiative Constitutional Amendment."
- Proposition 172 (1993), "Local Public Safety Protection and Improvement Act of 1993. Legislative Constitutional Amendment."
- Board of State and Community Corrections, "2011 Public Safety Realignment Act Annual Reports" for 2013 through 2017
- Board of State and Community Corrections," RC of Type II, III, IV Local Adult Detention Facilities, December 2006-April 2018"
- Shasta County Adopted Budgets from FY 2011-2012 through FY 2017-2018 for all Shasta County departments receiving AB 109 funding
- Shasta County Public Safety Realignment Implementation Plans for 2011, for FY 2012-2013 (revised), and for March 5, 2014
- Minutes of the Shasta County Community Corrections Partnership Executive Committee, from 2011 through March 2018
- Minutes of the Shasta County Community Corrections Partnership, from 2011 through March 2018
- Minutes of the Shasta County Board of Supervisors from 2011 through March 2018
- Periodic reports about the Day Reporting Center provided to the Shasta County Community Corrections Partnership Executive Committee from 2013 through January 2018
- "Evaluating the Effects of California's Corrections Realignment on Public Safety", August 2012, Public Policy Institute of California
- "Final Recommendation of Realignment Allocation Committee (RAC)", October 2014, County Administrative Officers Association of California
- "Realignment AB 109 in California," date of publication unknown, Shouse California Law Group
- Various local media articles on public safety

- Complaint for Declaratory Relief, County of Shasta, Plaintiffs v. Sheriff Jim Pope, Defendant: No. 115258. Filed March 10, 1993, in the Superior Court of the State of California in and for the County of Shasta.

The Grand Jury interviewed:

- Redding Police Department personnel
- Shasta County Administrative Office personnel
- Shasta County Auditor-Controller Office personnel
- Shasta County Board of Supervisors members and support personnel
- Shasta County District Attorney Office personnel
- Shasta County Health and Human Services Agency personnel
- Shasta County Probation Department personnel
- Shasta County Public Defender Office personnel
- Shasta County Sheriff's Office personnel
- Shasta County Superior Court of California personnel.

The Grand Jury attended:

- Meetings of the Shasta County Community Corrections Partnership Executive Committee and the Shasta County Community Corrections Partnership, October 2017 through April 2018

DISCUSSION

Both the Shasta County Community Corrections Partnership (CCP) and its CCP Executive Committee have been meeting regularly since June 8, 2011.

Role of the Shasta County Community Corrections Partnership

A review of existing minutes and Grand Jury interviews with some CCP members indicates that this larger group functions as a means for key community stakeholders to provide input to the CCP Executive Committee, especially during development of implementation plans. The CCP does not present reports at CCP Executive Committee meetings. While law allows the CCP to vote on agendized items, it is unknown whether such votes have been held. The CCP has had a quorum at only 11 of their 21 meetings since 2012.

Role of the Shasta County Community Corrections Partnership Executive Committee

The CCP Executive Committee has three fundamental roles as defined by State legislation:

1. Create and update as needed (with input from the CCP) a local implementation plan for the allocation of AB 109 funding for the purpose of supervision and custody of offenders, custody alternatives, assessments, and programs and services.

2. Designate the use of AB 109 funding to pay for specific programs and services that meet the intent of AB 109 legislation and the County's implementation plan.

3. Present both the plan and the budget for approval by the board of supervisors before allocation of funds.

The Shasta County Community Corrections Partnership Executive Committee is composed of:

- Shasta County Chief of Probation
- Shasta County's District Attorney
- Shasta County's Sheriff
- Shasta County Health and Human Service Director
- Shasta County Chief Public Defender
- Redding Chief of Police
- A designee of the Presiding Judge of Shasta County's Superior Court.

It is important to note that while the Chief of Probation is designated as the chair of this committee, this official has no more or less power than any other voting member. The chair may not act unilaterally to institute policies or procedures for the Partnership. Thus, the responsibility for decisions made by the Community Corrections Partnership is shared equally by all seven members.

Shasta County Community Correction Partnership's Implementation Plan

One of the requirements of AB 109 and AB 117 was for county Community Corrections Partnerships to develop and implement local plans. The CCPs would develop a plan with a focus on county public safety issues and ways of addressing them, with the intent to reduce recidivism. These county-specific plans were to outline supervision, incarceration and service needs of the newly-released offender population and develop programs and services to meet those needs.

Counties are required to submit an annual report detailing their progress in implementing their plans to the Board of State and Community Corrections (BSCC). These reports are subsequently published in an annual report by the BSCC.

The Shasta County Public Safety Realignment Plan of 2011 was approved September 27, 2011, by the Shasta County Board of Supervisors (BOS) and subsequently updated twice, once in October 2012, and again in March 2014. The guiding principles as outlined in the plan are to:

- Develop an approach to criminal offenders by using research and evidence-based practices
- Enhance community safety by reducing recidivism
- Identify offenders with highest risk to re-offend using evidence-based risk assessment tools and providing intensive supervision within the community
- Use research and evidence-based needs assessment tools to identify criminogenic needs and find, create or contract for targeted interventions to address those needs
- Increase offender accountability
- Focus resources on providing alternatives to criminal behavior
- Regularly measure and assess offender outcomes and modify programs, services, supervision and other elements of AB 109 with the goal of reducing recidivism.

State Funding for Community Corrections Partnership – AB 109 Funds

AB 109 funds come from State sales taxes and vehicle license fees. Proposition 30 (2012), created a constitutional amendment prohibiting the Legislature from reducing or removing realignment funding from the counties. Total allocations of AB 109 funds to all California counties increased from $400 million in FY 2011-2012 to over $1 billion in FY 2016-2017.

Shasta County Community Corrections Partnership Funding Totals

Since AB 109 became law in 2011, the Shasta County CCP has received State funding as noted in Table A:

AB 109 Receipts

Fiscal Year	Amount Received
2011-2012	$3,392,656
2012-2013	$6,583,181
2013-2014	$7,697,249
2014-2015	$7,362,179
2015-2016	$9,990,847
2016-2017	$7,839,982
2017-2018(1/2 year)	$2,916,257
TOTAL	**$45,782,351**

Table A

Purpose of Community Corrections Partnership Funding

According to Penal Code § 1228(d), the primary purpose of AB 109 monies is to provide funding for probation by providing rehabilitation and other alternatives to incarceration, thereby reducing returns to State prison and continuing to provide funding back to the counties. This section reads:

> *(d) Providing sustainable funding for improved, evidence-based probation supervision practices and capacities will improve public safety outcomes among adult felons who are on probation. Improving felony probation performance, measured by a reduction in felony probationers who are sent to prison because they were revoked on probation or convicted of another crime while on probation, will reduce the number of new admissions to state prison, saving taxpayer dollars and allowing a portion of those state savings to be redirected to probation for investing in community corrections programs.*

The legislation does not mandate specifically how any California county is to meet its public safety realignment goals. It does require implementing evidence-based strategies that increase public safety while holding offenders accountable. According to Penal Code § 1230:

(3) *Funds allocated to probation pursuant to this act shall be used to provide supervision and rehabilitative services for adult felony offenders subject to local supervision, and shall be spent on evidence-based community corrections practices and programs . . .*

According to Penal Code §§ 1229 and 1230, those strategies include, but are not limited to:

- Electronic monitoring
- Mandatory community service
- Home detention
- Work furlough programs
- Restorative justice programs
- Day reporting
- Incarceration in county jail for up to 90 days.

The law also states that AB 109 funds shall not be used to replace existing County public safety funding, according to the California Government Code § 30026.5(e)(6): "The funds deposited . . . shall not be used by local agencies to supplant other funding for Public Safety Services."

Shasta County Community Corrections Partnership Use of Funds

The Shasta County CCP has spent $39,049,340 for public safety in Shasta County between 2011 and December 2017. As of December 2017, the unspent fund balance was $6,733,011.

The majority of Shasta County's AB 109 funding has been allocated to two departments: Probation and the Sheriff's Office, as illustrated in Chart A. For the purposes of this report, the Grand Jury focused on the two departments which account for 90% of this funding.

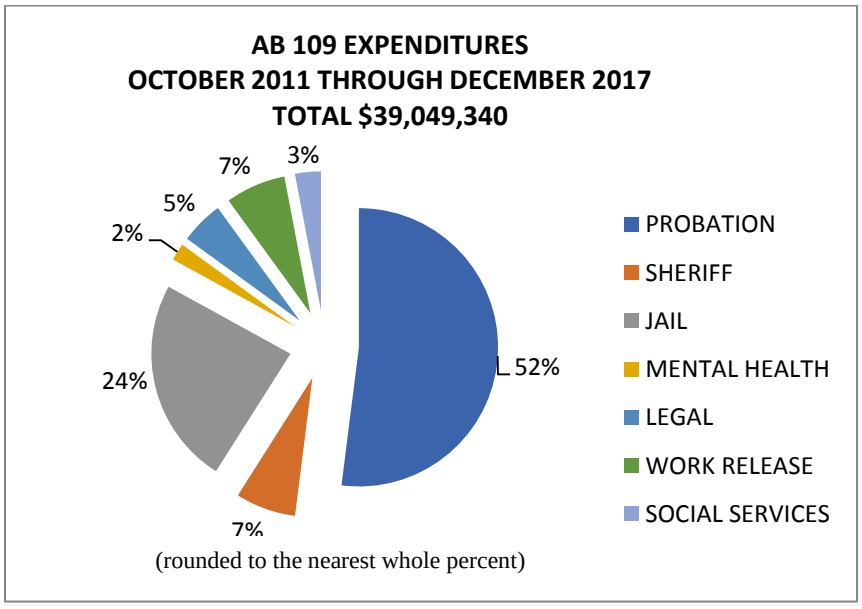


Chart A

Probation Department's Use of CCP Funds

The Probation Department (Probation), by virtue of the responsibilities imposed on it by the 2011 realignment, receives 52% of AB 109 funding which, in turn, provides 45% of this Department's budget. This funding has been used to more than double probation staff from 25-55. Probation now supervises AB 109 offenders who used to be under the supervision of State Parole officers. AB 109 probation funds also support a variety of programs, activities and services designed to assist in the successful re-entry of offenders into the community. Probation activities directed towards AB 109 offenders include but are not limited to:

- Successful Transitions on Probation and Parole (STOPP) – A single mandatory meeting for recently released probationers to provide access to mandated post-release services
- Supervision of convicted felons granted probation and placed on Post Release Community Supervision (PRCS)
- Drug and alcohol abuse counseling
- Mental health services
- Step-Up program – assists offenders with obtaining trade skills or earning an AA degree
- PATH Program – dedicated to assisting offenders with finding and keeping, safe and affordable housing
- Day Reporting Center (DRC) – provides intensive behavioral services to high-risk offenders
- Supervised Own Recognizance Program (SOR) – supervises select pre-sentenced offenders via GPS monitoring.

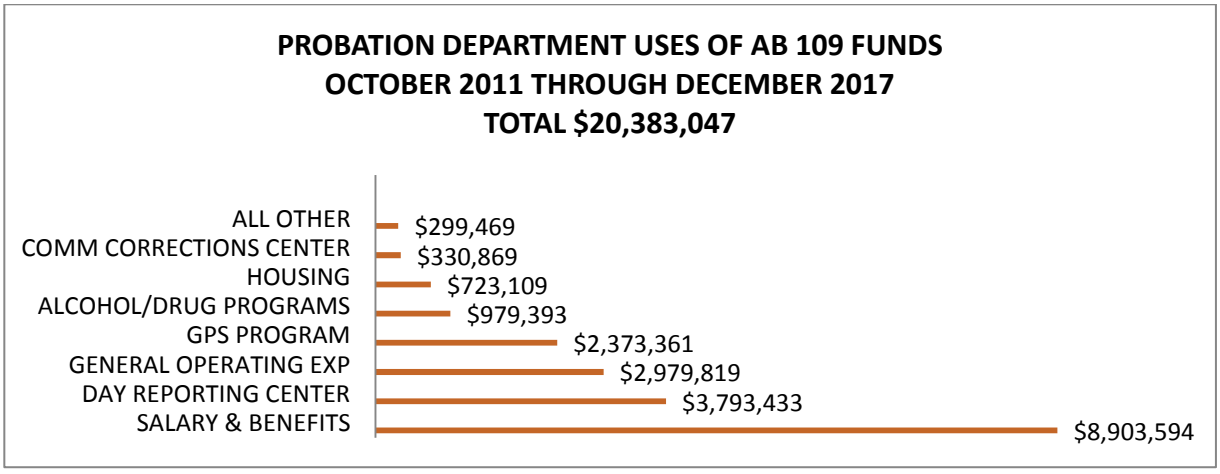


Chart B

Sheriff's Office Use of CCP Funds

The Sheriff's Office is the second largest recipient of AB 109 funds in Shasta County. The Sheriff's Office receives funding for the Shasta County Jail (Jail), the Work Release program and Compliance as well as out-of-county jail beds.

- The Jail has received $6,792,782 in AB 109 funds since FY 2011-2012. According to CCP minutes, this funding is currently used to pay for two of the three detention levels at the Jail.
- Work Release, a form of alternative incarceration, has received $2,758,659. Since FY 2011-2012, this program has been 97% funded by CCP Funds. Prior to 2011, this program was funded principally by participating inmates and Proposition 172 funds.
- In addition to these two programs, the Sheriff has received $2,808,970 to pay for costs associated with staff participation in the interdepartmental Compliance Team.
- AB 109 monies totaling $2,544,756 have been used to fund out-of-county jail beds in several other counties. These funds pay for contracted care of Shasta County inmates by other counties using their excess jail capacity.

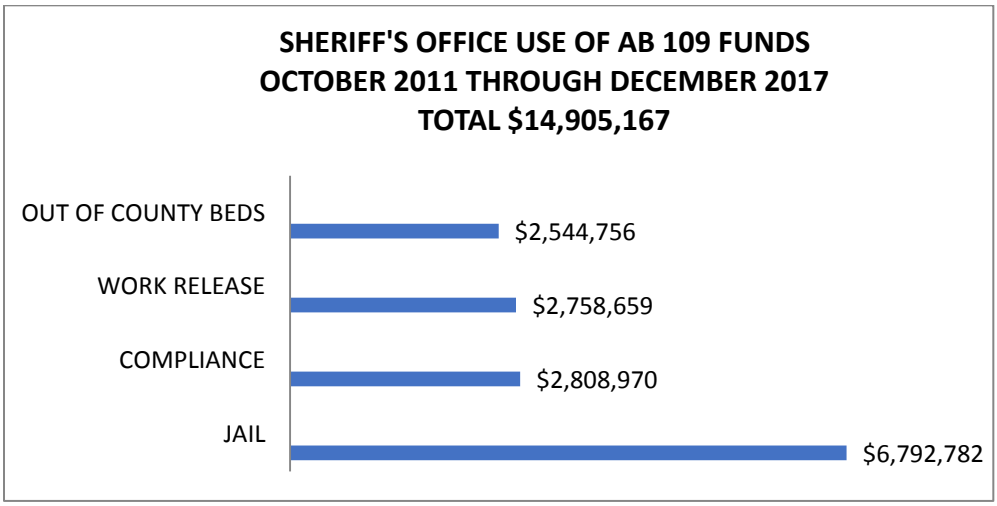


Chart C

CCP Unspent Fund Balances

Over the first three years of AB 109 funding, Shasta County's CCP spent significantly less than its revenues, partly due to a lack of established programs and services in place to support realignment. Over time, a considerable cash balance, totaling approximately $8 million accumulated. Beginning in FY 2014-2015, as programs and services were developed, annual expenditures began to match revenues. In FY 2016-2017, the CCP began using its unspent balance to support spending for added programs and services.

These funds were allocated to ongoing expenses, rather than one-time expenses. Given the current rate of spending, CCP documents shared at its regular meetings indicate that the unspent balance will be expended during FY 2019-2020 as shown in Chart D. This decrease in available funding will necessitate reductions in currently funded programs.

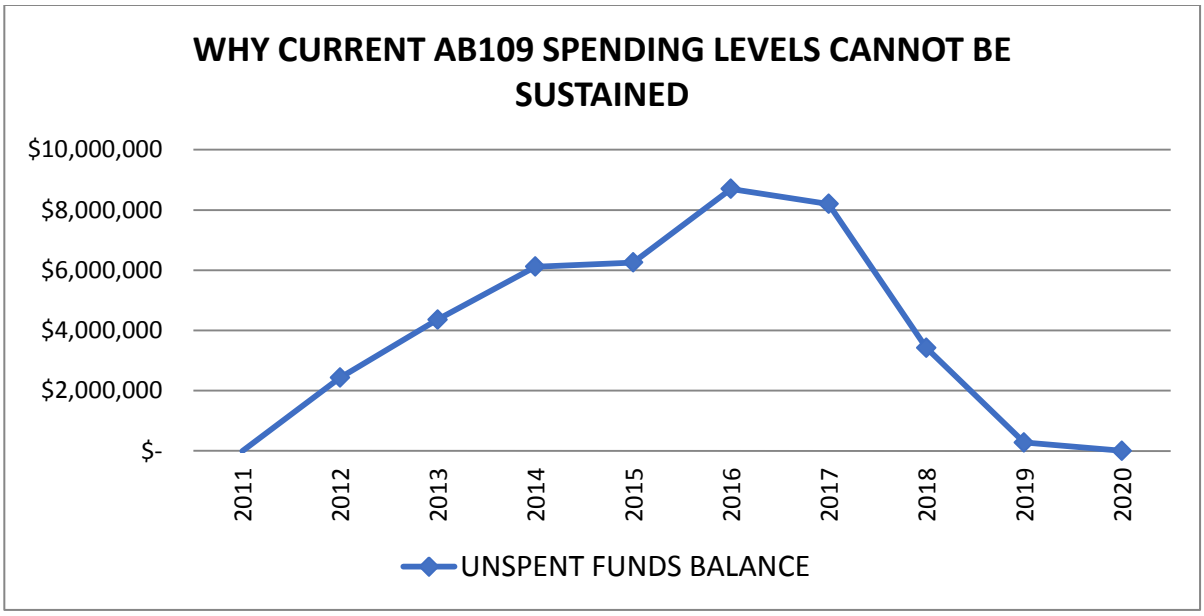


Chart D

As evidenced by Chart D, AB 109 unspent funds balances will be expended in 2020, at currently approved funding levels.

Role of the Shasta County Board of Supervisors

The BOS's main role in the use of AB 109 funds, mandated by law, is to accept or reject the CCP implementation plan and budgets. According to Penal Code § 1230.1(c)," the implementation plan is deemed accepted by the county board of supervisors unless the board rejects the plan by a vote of 4/5 of the board."

The current implementation plan was approved in 2014 and is the second revision of the original plan. Once the plan is approved, it remains in effect until revised by the CCP Executive Committee and accepted by the BOS.

The CCP Executive Committee develops an annual budget to support the implementation plan and submits that budget to the BOS for approval. Unlike the plan, the annual CCP Executive Committee budget requires only a majority vote to be approved.

The BOS is also mandated to provide a member, or designee, to sit on the CCP. According to Penal Code § 1230(b)(2)(B), "a county supervisor, the chief administrative officer for the county, or a designee of the board of supervisors" must be a member of the CCP. Since the BOS has not met this mandate, BOS members do not regularly attend CCP meetings. The BOS instead relies on minimal reports from Probation in determining its approval of the implementation plan and use of funds. In 2012, the BOS requested monthly written reports from the CCP. Only two such reports were ever submitted, one in 2012 and the other in 2013. No further requests were made of the CCP.

Role of the Shasta County Auditor-Controller

The Shasta County Auditor-Controller (Auditor) is an elected official. The Auditor's primary mission is to ensure the fiscal integrity of the County's financial records and to provide service, assistance and information to the public, the BOS, the County Administrative Office and County departments and employees. The Auditor-Controller is not a member of the CCP nor its Executive Committee but is a regular attendee and contributor at both CCP and CCP Executive Committee meetings. The Auditor has provided insight to the CCP regarding the use of unspent balances. The Auditor does not conduct audits of AB 109 funded agencies to assure that AB 109 funds do not replace Shasta County funding.

How Does the CCP Determine Its Allocation of Funds?

Funding requests made to the CCP, until January 2018, did not require any standardized format. Many requests for funding were made to the CCP only verbally, without any detailed analysis of how these funds met the goals of their implementation plan, or of how they have been or would be evaluated for effectiveness. Accordingly, CCP's decisions to make requests to the Board of Supervisors for budget approval did not contain detailed analysis of how proposed allocation of AB 109 funds met the goals of their implementation plan, or of how they have been or would be evaluated for effectiveness. Responsibility for funding decisions is equally shared by all seven members of the CCP Executive Committee

In January 2018, the CCP Executive Committee instituted by-laws that require funding requests, only if new or changed from the previous year, be in writing and include a description of the program or activity, the requested dollar amount and a "justification" for the request. It is unclear what is meant by the term "justification" in the by-laws. These new by-laws do not specifically require evaluation of how the funding would meet the purposes of the CCP's Implementation Plan, what data, if any, would be collected, or how the use of funding would be evaluated. There also is no requirement for any follow-up report to the CCP Executive Committee detailing the use of funds received.

In addition, according to the new by-laws, if the funding amount requested remains unchanged from the previous budget, no request for continued funding is needed. This is particularly significant because nearly all of available CCP funding is currently allocated to existing programs.

How is the Use of Community Corrections Partnership Funds Evaluated in Shasta County?

Use of CCP funds vary widely across California's counties. The specific use of funds is a policy decision made by local CCPs and, therefore, is not under the jurisdiction of the Grand Jury.

Instead, the Grand Jury sought to determine whether the Shasta County CCP has taken reasonable steps to evaluate how its programs, policies and use of AB 109 funds are contributing to Shasta County's public safety. The reduction of overcrowding in State prisons and the reduction of recidivism through evidenced-based rehabilitation programs is the primary goal of AB 109.

The Grand Jury notes that the CCP has allocated less than 20% of its funding for evidence-based programming, based on annual reports it submits to the Board of State and Community Corrections (BSCC). These reports do not comment on recidivism data. With few exceptions, the CCP does not collect data which would allow it to conduct evaluations of the effectiveness of its funded programs.

While some data for CCP programs is collected, most programs provide only administrative data, if any. An example of administrative data would include how many people are in the program. This data can be useful in evaluating baseline use of funding, such as number of people served, but will not accurately translate to meaningful discussions about which funded programs are able to provide the best use of CCP safety funds based on the stated use of AB 109 funds to reduce recidivism.

Only one program funded by the CCP collects and submits significant evidence-based data. The Day Reporting Center (DRC), a rehabilitation program operating under Probation, currently receives approximately 12% of Shasta County CCP funding to serve a population of 150 probationers. During Grand Jury interviews of various personnel for this report, the DRC was almost universally cited as the most successful use of CCP funds. It is worth noting that the DRC is an evidence-based, data-driven, contractor-run program which submits regular reports to the BOS. The DRC voluntarily tracks participant recidivism rates and provides them to both the BOS and the CCP in public reports.

While some programs show significant success, as evidenced by reducing recidivism, these programs may not receive additional funding for expansion of services due to competition for existing funds. Without data-driven outcome evaluation as a measure for funding decisions, the CCP is unable to direct allocation of funding towards programs which are shown to be more effective.

A key example of evidence-based programming being rejected in favor of funding for non-evidence-based programming is the possible expansion of DRC to the Burney Area or East Redding. Even though a number of potential participants are located in those areas, the expansion was voted down in 2013, and again in both 2017 and 2018.

The CCP has not determined what it considers to be “success” or “effectiveness” when it comes to use of funds, although these terms are used in report information submitted to the BSCC. Interviews conducted by the Grand Jury reflect a significant lack of clarity among responders about what “success” or “effectiveness” might mean when it comes to the use of AB 109 funds.

Recent surveys submitted by the CCP to the BSCC do mention program evaluation as a key goal. In order to meet this goal, over the last two years, Probation has spent more than $15,000 to train Probation and Sheriff personnel in the Dr. Edward Latessa Evidence-Based Correctional Checklist Program and Evaluations Protocol. The purpose of this training was to provide staff with the tools necessary to determine the efficacy of rehabilitative programs so that funds could then be directed to those programs with proven successful outcomes.

Without outcome-based data of the various AB 109-funded programs and services, the BOS, which ultimately is responsible for approving the CCP's budget, is at a disadvantage when considering that budget.

Evaluations and Recidivism

Shasta County and CCP personnel encountered difficulty in providing the Grand Jury with reliable data on recidivism due to complexities in their ability to collect the data and accurately compile it. Evaluation of the use of AB 109 funds should include documentation of recidivism rates County-wide. Although, as previously stated, annual reports to the BSCC do not require reporting of recidivism rates. Reduction in recidivism is cited in the legislation as the major goal of AB 109 funding.

The Grand Jury determined that Shasta County CCP uses a different definition of recidivism than used by the BSCC due to the data on recidivism available in the County's case management system. Shasta County defines recidivism as a "subsequent adjudication or conviction for a misdemeanor or felony offender after being placed on a grant of supervision." This varies from the BSCC's recidivism definition which is a conviction of a new felony or misdemeanor committed within three years of release from custody or committed within three years of placement on supervision for a previous criminal conviction.

Are AB 109 Funds Used to Replace or Supplement Current County Public Safety Funding?

Another important measure of the effective use of AB 109 funds in Shasta County is whether those funds have been used in addition to (supplemented) Shasta County public safety funding or have replaced (supplanted) that funding. Since AB 109 legislation created new demands on county public safety needs, unless AB 109 funding is used in addition to Shasta County public safety funding, the overall effect on the County will be a greater demand on existing services. AB 109 funding is clearly designated for services which augment county services that existed before AB 109.

Government Code § 30025(f)(11) states: "This funding shall not be used by local agencies to supplant other funding for Public Safety Services." This is reiterated by Government Code § 30026.5(e)(6), which reads, "The funds deposited into a County Local Revenue Fund 2011 shall not be used by local agencies to supplant other funding for Public Safety Services."

Shasta County's allocation of AB 109 funding is sometimes problematic in this regard. In particular, the CCP, from September 2011 through December 2017, has allocated $9,337,538 for the Shasta County Jail, including "Out-of-County beds" funding. In 2012, a significant amount of funding was designated, according to CCP Executive Committee minutes, to reopen the second detention level (floors 4 and 5) of the Jail after its closure in 2009, during the height of the recession. This funding has continued annually. Additional funding was designated to keep the third detention level (floors 8 and 9) of the Jail open in 2017, when the Shasta County Board of Supervisors approved a flat budget which would not cover anticipated increases in costs for the Jail. At that time, AB 109 funds were designated to replace money previously provided by the Shasta County General Fund. Shasta County CCP now provides approximately 13% of the

Shasta County Jail budget annually. AB 109 funds have been used to maintain the capacity of the Jail as County budgets remained flat, rather than increase the number of beds post-realignment. Capacity at the Jail is no higher than it was in 2008, despite two out of three detention levels being funded by AB 109.

While use of funds for Jail costs is not necessarily problematic, any AB 109 funds allocated should be used for the operational costs of increasing the capacity of the jail to above pre-AB 109 levels. This would impact public safety issues pushed back to the counties with AB 109 legislation. Currently, increasing capacity at the Jail is not possible, due to the constraints of the current facility. Two opportunities for State funding to increase Jail space have been turned down by the BOS due to lack of operational funds. Had the County used General Funds to provide pre-AB 109 capacity, AB 109 funds of approximately $2 million would have been and would be available for operational costs of any expansion of the Jail. Currently, the BOS have identified no more than $600,000 annually as available for operational costs of a Jail expansion.

Another example of potentially problematic funding is AB 109 monies for the Sheriff's Office Work Release program. Prior to AB 109, this program was fully funded for 150 inmates through contributions from offenders combined with other Shasta County revenues. At the present time, it is still fully funded for 150 inmates, but all funding now comes from AB 109 funds. Since 2011, the CCP has spent $2.8 million on Work Release.

While most officials interviewed by the Grand Jury agreed that AB 109 legislation prohibits the use of AB 109 funding to supplant current County funding, there are no policies or procedures in place by the CCP to avoid or prohibit such funding. Shasta County is currently allowing AB 109 funds to be used in lieu of County funds at the Jail. No audit has been conducted to assure that line item and actual uses of funds are expended as approved.

Projections for Future Funding Deficits

The Shasta County CCP faces a budget deficit beginning in FY 2020-2021, based on projected expenditures. Current AB 109 spending is $2 million over revenues and is based on the use of unspent fund balances, which will be depleted in two years. Grand Jury interviewees revealed a serious concern about future funding for the Jail and Probation, based on this looming deficit. An overall 25% reduction in AB 109 spending will be needed by FY 2020-2021 unless other sources of revenues become available.

AB 109 BUDGET DETAIL Proposed Budgets						
DEPARTMENT	**FY 18/19**	**FY 19/20**	**FY 20/21**	**FY 21/22**	**FY 22/23**	**FY 23/24**
Sheriff	$ 4,137,564	$ 4,137,564	$ 4,137,564	$ 4,137,564	$ 4,137,564	$ 4,137,564
HHSA	360,294	360,294	360,294	360,294	360,294	360,294
Public Defender	294,884	294,884	294,884	294,884	294,884	294,884
District Attorney	550,076	550,076	550,076	550,076	550,076	550,076
Probation	6,062,314	6,062,314	5,320,415	5,320,415	5,320,415	5,320,415
Totals	$11,405,132	$11,405,132	$10,663,233	$10,663,233	$10,663,233	$10,663,233
Beginning Fund Balance	6,493,649	3,349,003	204,357	(2,198,390)	(4,601,137)	(7,003,884)
Estimated Revenue	8,260,486	8,260,486	8,260,486	8,260,486	8,260,486	8,260,486
Ending Fund Balance	$ 3,349,003	204,357	(2,198,390)	(4,601,137)	(7,003,884)	(9,406,632)

Table B

This deficit will exacerbate the CCP's inability to fund needed evidence-based programs. It will also compel the CCP to use a clear, data-driven measure for evaluation of funded programs to determine which ones will receive continued funding. There has been no discussion regarding the impact of this shortfall, so the Grand Jury is unable to determine the impact on programs and services currently funded by AB 109.

FINDINGS

F1. The Shasta County Board of Supervisors has not complied with Penal Code § 1230(b)(2)(B) which requires "a county supervisor, the chief administrative officer for the county, or a designee of the board of supervisors" to be a member of the Community Corrections Partnership. The Board of Supervisors has routinely approved Community Corrections Partnership Assembly Bill 109 budgets of $8-10 million annually, without this involvement.

F2. The Shasta County Board of Supervisors has the authority to veto the Community Corrections Partnership budget, but its members have not requested regular written reports from the Community Corrections Partnership since 2012. The Board of Supervisor's lack of information related to this significant source of public safety funds creates a potential risk for effective budget decision-making.

F3. The Community Corrections Partnership does not require all programs and services to collect outcome-based data or program evaluations to show whether current spending is effective in reducing recidivism. The Shasta County Board of Supervisors routinely approves Assembly Bill 109 budgets without review of the effectiveness of their programs, which creates a potential for less effective budget decisions.

F4. The $45,782,351 received by the Shasta County Community Corrections Partnership has not increased capacity at the Shasta County Jail or in the Shasta County Sheriff's Office Work Release program above 2008 levels. This means that State Assembly Bill 109 funding is being used to meet the pre-existing incarceration needs of Shasta County instead of providing additional incarceration capacity to serve the Assembly Bill 109 population.

F5. Based on current funding and program spending, a 25% reduction in Assembly Bill 109 budgets will be required in FY 2020-2021 once unspent balances are depleted. Unless the Shasta County Board of Supervisors finds an alternate funding source, Shasta County will be unable to maintain current levels of public safety services.

F6. There has been no audit to determine whether Assembly Bill 109 funds are being allocated as designated by Assembly Bill 109. Budgets and minutes of the Board of Supervisors and Community Corrections Partnership indicate that Assembly Bill 109 funds have been used to replace rather than add to Shasta County General Funds for public safety, indicating the need for such an audit.

F7. Shasta County Community Corrections Partnership has distributed $39,049,340 of its $45,782,351 in California State Assembly Bill 109 funds without using any standardized format for funding requests or the review or approval of the requests. This has contributed to subjective funding distributions.

RECOMMENDATIONS

The Grand Jury recommends:

R1. By September 30, 2018, the Shasta County Board of Supervisors designate one of its members, the chief administrative officer for the county, or a designee of the Board of Supervisors to sit on the Community Corrections Partnership, as required by Penal Code § 1230(b)(2)(B).

R2. By September 30, 2018, the Shasta County Board of Supervisors begin requiring quarterly written reports from the Community Corrections Partnership that include information on Shasta County recidivism rates and the percentage of programs that are evidence-based.

R3. By December 31, 2019, the Shasta County Board of Supervisors review program evaluations that demonstrate the effectiveness of budgeted services and programs before approving Community Corrections Partnership budgets.

R4. By FY 2019-2020, the Shasta County Board of Supervisors ensure, prior to approving Community Corrections Partnership budgets, that any funds allocated to the Shasta County Jail and the Shasta County Sheriff's Office Work Release Program are used to support increased capacity above pre-Assembly Bill 109 levels or be redirected to another use consistent with Assembly Bill 109's objectives.

R5. By June 30, 2019, the Shasta County Board of Supervisors create a funding plan to address the 25% reduction in public safety services that will occur in FY 2020-2021, after the depletion of unspent fund balances.

R6. By June 30, 2019, the Shasta County Auditor-Controller conduct a focused audit to determine whether Assembly Bill 109 funds have been used to replace existing Shasta County funding and present the results to the Community Corrections Partnership and the Shasta County Board of Supervisors at a public meeting. This process should occur annually.

REQUEST FOR RESPONSES

Pursuant to Penal Code § 933.05, the following response/s is/are required:

From the following governing body (within 90 days):

- **Shasta County Board of Supervisors: F1, F2, F3, F4, F5, F7 and R1, R2, R3, R4, R5**

From the following elected county officers (within 60 days):

- **Shasta County Auditor-Controller: F6 and R6**

The Grand Jury recommends that all governing bodies place their responses to all Grand Jury Reports on their Regular Calendars for public discussion, not on their Consent Calendars.

INVITED RESPONSES

The Grand Jury invites the following responses:

From the following county official (within 60 days):

- **Shasta County Chief Probation Officer: F1, F2, F3, F4, F5, F6, F7and R1, R2, R3, R4, R5, R6**

GLOSSARY

ALLOCATION – The approved division of an amount (usually of an appropriation) to be expended for a particular purpose during a specified time period.

ARREST - A short term event followed by custody if approved of by a legal judicial authority.

BUDGET - A budget is a plan used as a tool for deciding which activities will be chosen for funding for a future time period.

CALIFORNIA'S PUBLIC SAFETY REALIGNMENT – An initiative which represents an attempt by the State of California to reduce its prison population by shifting much of that population to probation and county jails. It was the result of a court-order in response to shortfalls in medical and mental health care for the State's prison population.

COMPLIANCE TEAM – The Compliance Team consists of members of the Shasta County Sheriff's Office, the Shasta County Probation Department and the Redding Police Department. This interdepartmental task force checks for compliance of individuals on Post-Release Community Supervision to see if they are following the terms of their release.

CONVICTION – A formal declaration that someone is guilty of a criminal offense, made by the verdict of a jury or the decision of a judge in a court of law.

CUSTODY – Detention of a person by lawful authority or process.

DETENTION – In a detention, the police need only reasonable suspicion to stop an individual, and a reasonable person would feel as though they could leave in a short amount of time.

EVIDENCE-BASED PRACTICES – "Evidence-based practices" refers to supervision policies, procedures, programs, and practices demonstrated by scientific research to reduce recidivism among individuals under local supervision. Evidence-based practices are a combination of the best research, clinical experience and the client's desires.

INCARCERATION – The state of being confined in prison.

OUT-OF-COUNTY BEDS– Shasta County contracts with other counties to place inmates in those counties' jails.

PAROLE – The release of a prisoner temporarily (for a special purpose) or permanently before the completion of a sentence, on the promise of good behavior. State Department of Prisons funded.

PROBATION – The release of an offender from detention, subject to a period of good behavior under supervision. County Probation Department funded.

RECIDIVISM – The act of reengaging in criminal offending despite having been punished. There are several different measures of recidivism: re-arrest, reconviction, and return to custody. Definition from Board of State and Community Corrections: Recidivism is defined as conviction of a new felony or misdemeanor committed within three years of release from custody or committed within three years of placement on supervision for a previous criminal conviction.

RESTORATIVE JUSTICE – This term refers to programs that emphasize the rehabilitation of offenders by working with both the victim and offender to address accountability and restitution to the benefit of the community at large.

SUPPLEMENT VS SUPPLANT – Supplement means to add. Supplant means to replace.

WORK RELEASE – This program, provided by the Sheriff's Office in conjunction with the Probation Department, provides an alternative to incarceration. Offenders who qualify for Work Release live at home and during the week report to various worksites to perform public services.

APPENDIX: LEGISLATION

CALIFORNIA ASSEMBLY BILL 94 (2011 Realignment Legislation Addressing Public Safety) - Came into effect upon the passage of AB 111. Authorizes counties that have received a conditional award under a specified jail facilities financing program to relinquish that award and reapply for a conditional award under a separate financing program. It lowered the county's required contribution from 25 percent to 10 percent and, in addition, requires the California Department of Corrections and Rehabilitation and the Corrections Standard Authority to give funding preference to those counties that relinquish local jail construction conditional awards and agree to continue to assist the state in siting re-entry facilities.

CALIFORNIA ASSEMBLY BILL 109 (2011) - Transferred responsibility for supervising certain kinds of felony offenders and state prison parolees from state prisons and state parole

agents to county jails and probation officers. Counties receive funding through the AB 109 realignment funds based on their success in reducing recidivism. Also known as "Realignment".

CALIFORNIA ASSEMBLY BILL 111 - Gave counties additional flexibility to access funding to increase local jail capacity for the purpose of implementing Realignment.

CALIFORNIA ASSEMBLY BILL 118 - Outlined the financial structure for allocating funds to a variety of accounts for realignment. It established the Local Revenue Fund 2011 for receiving revenue and appropriates from that account to the counties. It directed the deposit of revenues associated with 1.0625 percent of the state sales tax rate to be deposited in the Fund. It established a reserve account should revenues come in higher than anticipated. The reallocation formulas would be developed more permanently using appropriate data and information for the 2012-13 fiscal year and each fiscal year thereafter. It implemented sufficient protections to provide ongoing funding and mandated protection for the state and local government. The smallest of counties that benefitted from the minimum grant each received approximately $77,000 in 2011-12.

CALIFORNIA SENATE BILL 87 - Provided counties with a one-time appropriation of $25 million to cover costs associated with hiring, retention, training, data improvements, contracting costs, and capacity planning pursuant to each county's AB 109 implementation plan.

CALIFORNIA SENATE BILL 89 - Dedicated a portion ($12) of the Vehicle License Fee to the Local Revenue Fund 2011. Stipulated that revenue would come from two sources: freed-up VLF previously dedicated to DMV administration and VLF that was previously dedicated to cities for general purpose use. Estimated total amount of VLF revenue dedicated to realignment was $354.3 million in 2011-2012.

CALIFORNIA SENATE BILL 678 - An act to add Section 1203.83 to the Penal Code, relating to probation. Created the Corrections Performance Incentives Fund (CCPIF) and authorized the State to annually allocate money into a State Corrections Performance Incentives Fund to be used for specified purposes relating to improving local probation supervision practices and capacities, as specified. In addition, this bill authorized counties, for purposes of providing evidence-based practices and supervision, to convene community corrections multidisciplinary teams engaged in providing community corrections supervision and evidence-based rehabilitation programs.

PROPOSITION 30 (2012) - One of the impacts of this sales/income tax increase proposal ("Temporary Taxes to Fund Education. Guaranteed Local Public Safety Funding. Initiative Constitutional Amendment.") approved by California voters was that "Cities and counties are guaranteed ongoing funding for public safety programs such as local police and child protective services." for a period of seven years, expiring on January 1, 2019.

PROPOSITION 172 (1993) - The title of this proposition was "Local Public Safety Protection and Improvement Act of 1993. Legislative Constitutional Amendment". "By approving Proposition 172 at the November 1993 statewide special election, California voters established a permanent statewide half-cent sales tax for support of local public safety activities. Proposition

172 was placed on the ballot by the Legislature and the Governor to partially replace the $2.6 billion in property taxes shifted from local agencies to local school districts as part of the 1993-94 state budget agreement."

DISCLAIMERS

When there is a perception of a conflict of interest involving a member of the Grand Jury, that member has been required to recuse from any aspect of the investigation involving such a conflict and from voting on the acceptance of or rejection of that report. One member of the Grand Jury recused from this report.

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

Released June 7, 2018

Shasta County

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NOLDA SHORT
ASST. AUDITOR-CONTROLLER

July 24, 2018

The Honorable Gary Gibson
Presiding Judge, Shasta County Superior Court
1500 Court Street, Room 205
Redding, CA 96001

Re: Response of the Auditor-Controller to Fiscal Year 2017-2018 Grand Jury Report – Community Corrections Partnership – AB 109 Funds

Dear Judge Gibson:

The Auditor-Controller appreciates the dedication of the Grand Jurors as well as the courtesy and professionalism shown in completing their work.

Finding

F6. There has been no audit to determine whether Assembly Bill 109 funds are being allocated as designated by Assembly Bill 109. Budgets and minutes of the Board of Supervisors and Community Corrections Partnership indicate that Assembly Bill 109 funds have been used to replace rather than add to Shasta County General Funds for public safety, indicating the need for such an audit.

Response The Auditor-Controller disagrees partially with the finding. I agree that there has been no audit to determine whether Assembly Bill 109 funds are being allocated as designated by the legislation. The legislation does not require such an audit. I disagree that budgets and minutes of the Board of Supervisors and Community Corrections Partnership indicate that Assembly Bill 109 funds have been used to replace rather than add to Shasta County General Funds for public safety, indicating the need for such an audit. The Grand Jury's concern centers around Jail funding. The Assembly Bill 109 funds designated for the County Jail did not replace the General Fund's contribution as evidenced by the fact that General Fund contributions have not decreased and actually increased in each of the last three fiscal years. The table below shows General Fund contributions to the jail budget by fiscal year:

FY 10/11	FY 11/12	FY 12/13	FY13/14	FY 14/15	FY 15/16	FY16/17
$8,003,747	$8,251,295	$8,251,295	$8,251,295	$8,498,834	$8,753,799	$9,162,475

Recommendation

R6. By June 30, 2019, the Shasta County Auditor-Controller conduct a focused audit to determine whether Assembly Bill 109 funds have been used to replace existing Shasta County funding and present the results to the Community Corrections Partnership and the Shasta County Board of Supervisors at a public meeting. This process should occur annually.

Response. The recommendation will not be implemented. Assembly Bill 109 funds are allocated through a public process at meetings of the Community Corrections Partnership. The allocation is subsequently reviewed and approved by the Board of Supervisors in a public meeting. Auditor-Controller staff review all payments to ensure they comply with State law and County code. The Auditor-Controller has limited staff time available for internal audits and must endeavor to give citizens the best value for their tax dollar. Accordingly, since there is no evidence of supplanting Assembly Bill 109 funds, no focused audit will be undertaken at this time. The Auditor-Controller will monitor future Assembly Bill 109 allocations and conduct an audit if needed.

Sincerely,

Brian Muir
Shasta County Auditor-Controller

cc: Shasta County Board of Supervisors
Shasta County Grand Jury

Shasta County

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July 24, 2018

The Honorable Gary Gibson
Presiding Judge, Shasta County Superior Court
1500 Court St., Rm. 205
Redding, CA 96001

Dear Judge Gibson:

Re: Response of Board of Supervisors to Fiscal Year 2017-2018 Grand Jury Report: Community Corrections Partnership – AB 109 Funds

The Shasta County Board of Supervisors appreciates the time and dedication which the 2017-2018 Grand Jurors contributed to their charge. The following findings and recommendations are under serious consideration and discussions are being held regarding solutions to any unresolved problems.

FINDINGS

The Grand Jury findings:

F1. ***The Shasta County Board of Supervisors has not complied with Penal Code Section 1230(b)(2)(B) which requires "a county supervisors, the chief administrative officer for the county, or a designee of the board of supervisors" to be a member of the Community Corrections Partnership. The Board of Supervisors has routinely approved Community Corrections Partnership Assembly Bill 109 budgets of $8-10 million annually, without this involvement.***

Response: The Board of Supervisors partially disagrees with the finding in that the Board of Supervisors requires involvement when approving any budget. The Community Correction Partnership had its first meeting on June 8, 2011, and has continued to meet on a regular basis. Since the first meeting, an Administrative Analyst from the County Administrative Office assigned to Public Safety has been in attendance as a voting member or alternate on behalf of the Board of Supervisors and has relayed information to the County Executive Officer. On June 26, 2018, the Board of Supervisors at ratified the appointments of the attending Administrative Analyst

retroactive to June 8, 2011 and appointed a member and an alternate beginning June 26, 2018 with four-year terms.

F2. ***The Shasta County Board of Supervisors has the authority to veto the Community Corrections Partnership budget, but its members have not requested regular written reports from the Community Corrections Partnership since 2012. The Board of Supervisors' lack of information related to this significant source of public safety funds creates a potential risk for effective budget decision-making.***

Response: The Board of Supervisors wholly disagrees with the finding. The Board of Supervisors can reject a Community Corrections Partnership Plan, *not* the annual Community Correction Partnership budget, by a 4/5 vote. The generalization that there is a lack of information due to the Board of Supervisors as a whole not requesting regular written reports is unwarranted. Individual Board members can access the online Community Correction Partnership and Community Corrections Partnership Executive Committee agendas and minutes. The Board members have immediate access to the Chief Probation Officer, Chair of both the Community Correction Partnership and Community Correction Partnership Executive Committee, should any questions or concerns arise. Realignment 2011 AB109 revenue for each applicable department is included in the Shasta County Recommended Budget which the Board members review each fiscal year.

In addition, on June 17, 2014, the Probation Department provided a presentation of Public Safety Realignment Programs to the Board of Supervisors. Three subsequent presentations were made to the Board. The presentations were made on June 23, 2015, June 7, 2016, and June 20, 2017. While these three presentations focused on the Day Reporting Center, information was presented on the realigned population. In addition, the Probation Department presents several treatment service contracts funded by the Community Correction Partnership to the Board of Supervisors for Board review and approval. Within the Board reports, the Probation Department reports on the benefits of the program, number of offenders served, and outcome measures.

F3. ***The Community Corrections Partnership does not require all programs and services to collect outcome-based data or program evaluations to show whether current spending is effective in reducing recidivism. The Shasta County Board of Supervisors routinely approves Assembly Bill 109 budgets without review of the effectiveness of their programs, which creates a potential for less effective budget decisions.***

Response: The Board of Supervisors partially disagrees with the finding. The Board of Supervisors reviews effectiveness of programs including those paid from Assembly Bill 109 funds prior to approving budgets. On August 17, 2016, the Community Correction Partnership Executive Committee approved the expenditure of $10,500 from Community Corrections Partnership Planning Dollars to pay for staff to be trained by UC Corrections Institution on Dr. Edward Latessa Evidenced-Based Correctional Program Checklist and Evaluation Protocol. The Correctional Program Checklist allows for the development of internal capacity to sustain long-term program evaluation and improvement processes. The Correctional Program Checklist allows for program evaluation to assure interventions are being provided with fidelity to the models that have been proven to be effective with the offender population. In addition to assuring fidelity, this process will provide information about where improvements can be made and assist with development of an improvement plan when needed. Seven Probation Department Staff and one Sheriff's Department staff were certified in the Correctional Program Checklist in September 2017.

The Community Corrections Partnership budget for fiscal year 2018/19 includes $17,000 to train the same group of staff in Correctional Program Checklist-Group Assessment. The Correctional Program Checklist-Group Assessment is a tool for assessing groups offered to offenders to assure the principles of effective interventions are being met. The training is planned for October 2018. Once completed, Shasta County will have eight staff trained in program and group evaluations and will conduct a minimum of two program/group Correctional Program Checklists annually.

In addition, the Probation Department presents several treatment service contracts funded by the Community Correction Partnership to the Board of Supervisors for approval. Within the board reports presented to the Board of Supervisors, the Probation Department reports on the benefits of the program, number of offenders served, and outcome measures. To be most effective, only a few programs can be evaluated in-depth at one time and this utilizes staff resources to conduct the evaluations.

F4. ***The $45,782,351 received by the Shasta County Community Corrections Partnership has not increased capacity at the Shasta County Jail or in the Shasta County Sheriff's Office Work Release program above 2008 levels. This means that State Assembly Bill 109 funding is being used to meet the pre-existing***

incarceration needs of Shasta County instead of providing additional incarceration capacity to serve the Assembly Bill 109 population.

Response: The Board of Supervisors wholly disagrees with the finding. There is no legal requirement for the Community Corrections Partnership to recommend using AB109 funds to increase jail or work release program capacity. Penal Code section 1230.1.(d) states *"Consistent with local needs and resources, the plan may include recommendations to maximize the effective investment of criminal justice resources in evidence-based correctional sanctions and programs, including, but not limited to, day reporting centers, drug courts, residential multiservice centers, mental health treatment programs, electronic and GPS monitoring programs, victim restitution programs, counseling programs, community service programs, educational programs, and work training programs."* The Community Correction Partnership Executive Committee determines how the AB109 funding will be used each fiscal year.

In 2009, one of the three detention levels of the jail closed which reduced the jail capacity to 253. In 2012, Community Correction Partnership dollars were allocated to the Sheriff's Department to reopen the closed floor of the jail increasing capacity to 381. During the Community Correction Partnership Executive Committee planning process for Fiscal Year 2017/18, the Sheriff voiced concern about funding and closing one of the three detention levels of the jail due to budget shortfalls. The Sheriff requested additional Community Correction Partnership dollars to maintain all floors of the jail. These dollars were allocated to prevent a reduction in jail capacity. The Community Correction Partnership has funded out of county jail beds beginning in Fiscal Year 2012/2013. As of December 31, 2017, $2,544,755.90 has been spent on out of county jail beds allowing for an increased capacity.

F5. ***Based on the current funding and program spending, a 25% reduction in Assembly Bill 109 budgets will be required in FY 2020-2021 once unspent balances are depleted. Unless the Shasta County Board of Supervisors finds an alternate funding source, Shasta County will be unable to maintain current levels of public safety services.***

Response: The Board of Supervisors wholly disagrees with the finding. The timing of the actual depletion of community corrections AB109 reserves is unknown at this time. The Community Corrections Partnership Executive Committee, which is the entity that administers the community corrections AB109 budget, has projections that are dependent on actual spending of the AB109 funds each fiscal year. Unspent funds

"roll over" and may be available for the following fiscal year. The Community Corrections Partnership Executive Committee will determine how to address any declining AB109 reserves and adjust their future budgets accordingly.

Additionally, the Board of Supervisors held a series of Special Meetings to discuss Public Safety and funding needs and opportunities. On July 10, 2018, the Board of Supervisors directed staff to determine how much funding is needed to increase public safety services which may include a special sales tax allocated to public safety.

F6. ***There has been no audit to determine whether Assembly Bill 109 funds are being allocated as designed by Assembly Bill 109. Budgets and minutes of the Board of Supervisors and Community Corrections Partnership indicate that Assembly Bill 109 funds have been used to replace rather than add to Shasta County General Funds for public safety, indicating the need for such an audit.***

Response: The Board of Supervisors wholly disagrees with the finding. Legislation does not require an audit. The Auditor-Controller staff reviews all payments received from all sources to ensure they comply with State law and County Code.

Assembly Bill 109 fund allocations listed below are in compliance with the design of the legislation.

EXPENDITURES**	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	7/1 to 12/31/2017	Total
Public Defender (207)	$0.00	$56,186.00	$97,549.07	$159,894.00	$207,514.30	$209,973.23	$151,034.05	$882,150.65
Conflict Public Defender (203)	$0.00	$10,000.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
District Attorney (227)	$22,161.11	$84,626.04	$107,201.43	$156,587.42	$181,731.28	$379,338.32	$172,240.11	$1,103,885.71
Sheriff (235)	$61,412.25	$293,193.11	$479,738.20	$570,807.86	$565,686.59	$573,308.24	$264,823.00	$2,808,969.25
Work Release (246)		$261,311.48	$581,168.35	$601,067.31	$583,527.83	$479,725.79	$251,858.00	$2,758,658.76
Victim Witness (256)	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$44,658.42	$44,658.42
Jail (260)	$51,419.69	$1,477,071.42	$1,626,314.00	$1,630,553.30	$1,657,426.00	$1,713,527.06	$1,181,227.00	$9,337,538.47
Probation (263)	$837,578.75	$2,033,176.23	$3,135,467.04	$3,622,361.00	$3,748,811.98	$4,782,070.32	$2,223,581.85	$20,383,047.17
Mental Health (410)	$29,803.88	$76,926.53	$72,555.22	$217,495.70	$130,947.03	$115,682.03	$61,556.88	$704,967.27
Social Services (501)	$0.00	$73,211.00	$203,519.10	$77,531.51	$13,763.00	$31,804.00	$20,489.00	$420,317.61
County Indigent Cases (540-54	$73,358.50	$78,340.11	$63,567.00	$128,382.33	$119,878.43	$46,864.64	$29,469.00	$539,860.01
Courts				$55,287.00				$55,287.00
Expenditures	$1,075,734.18	$4,444,041.92	$6,367,079.41	$7,219,967.43	$7,209,286.44	$8,332,293.63	$4,400,937.31	$39,039,340.32
								$45,532,989.32
								$6,493,649.00

The Board of Supervisors disagrees wholly that the budgets and minutes of the Board of Supervisors and Community Correction Partnership indicate that Assembly Bill 109 funds have been used to replace rather than add to Shasta County General Fund

for public safety. General Fund allocations for the jail budget have increased over the past seven years.

FY 10/11	FY 11/12	FY 12/13	FY 13/14	FY 14/15	FY 15/16	FY 16/17
$8,003,747	$8,251,295	$8,251,295	$8,251,295	$8,498,834	$8,753,799	$9,162,475

F7. ***Shasta County Community Corrections Partnership has distributed $39,049,340 of its $45,782,351 in California State Assembly Bill 109 funds without using any standardized format for funding requests or the review or approval of the requests. This has contributed to subjective funding distributions.***

Response: The Board of Supervisors wholly disagrees with the finding. The Community Corrections Partnership Executive Committee, which votes on the funding distribution, and other meeting attendees are provided handouts showing the requested increases/decreases of AB109 funds compared to the previous fiscal year's Community Correction Partnership Executive Committee approved budget. For example, this same format was used the past three years and occurred at the January 17, 2018, February 14, 2018, January 25, 2017, February 8, 2017, January 13, 2016, and February 17, 2016 Community Correction Partnership Executive Committee meetings. The Community Correction Partnership Executive Committee discusses the requests and considers taking action to approve them.

RECOMMENDATIONS

The Grand Jury recommends:

R1. ***By September 30, 2018, the Shasta County Board of Supervisors designate one of its members, the chief administrative officer for the county, or a designee of the Board of Supervisors to sit on the Community Corrections Partnership, as required by Penal Code Section 1230(b)(2)(B).***

Response: The recommendation has been implemented. An Analyst from the County Administrative Office has been a member of the Community Corrections Partnership since the first meeting on June 8, 2011. Unfortunately, there was no record of these appointments under the previous Chief Probation Officer. The Board of Supervisors remedied this issue. On June 26, 2018, the Board of Supervisors retroactively appointed the County analysts back to June 8, 2011, and appointed a member and alternate effective June 26, 2018 for four-year terms.

R2. ***By September 30, 2018, the Shasta County Board of Supervisors begin requiring quarterly written reports from the Community Corrections Partnership that include information on Shasta County recidivism rates and the percentage of programs that are evidence-based.***

Response: The recommendation will not be implemented because it is not warranted or is not reasonable. However, beginning Fiscal Year 2018-19, the Chief Probation Officer will recommend that the Community Corrections Partnership Executive Committee author a formal fiscal year-end report and submit it to the Board of Supervisors. Participation for the report will depend on collaborative efforts of the entire Community Correction Partnership Executive Committee. Data collection needed to determine rates, determination of recidivism rates, and to determine the percentage of programs that are evidence-based requires staff resources from each applicable agency/entity and they would all need to agree to participate to yield accurate results.

R3. ***By December 31, 2019, the Shasta County Board of Supervisors review program evaluations that demonstrate the effectiveness of budgeted services and programs before approving Community Corrections Partnership budgets.***

Response: The recommendation will not be implemented because it is not warranted or not reasonable. The Board of Supervisors does not approve Community Corrections Partnership budgets. The Community Corrections Partnership Executive Committee approves or denies budget requests from Community Correction Partnership Executive Committee members.

R4. ***By FY 2019-2020, the Shasta County Board of Supervisors ensure, prior to approving Community Corrections Partnership budgets, that any funds allocated to the Shasta County Jail and the Shasta County Sheriff's Office Work Release Program are used to support increased capacity above pre-Assembly Bill 109 levels or be redirected to another use consistent with Assembly Bill 109's objectives.***

Response: The recommendation will not be implemented because it is not warranted or not reasonable. The Board of Supervisors does not approve Community Corrections Partnership budgets, the Community Corrections Partnership Executive Committee approves or denies budget requests from Community Correction Partnership Executive Committee members. The Shasta County Auditor-Controller provides an independent review of how AB109 funds are used by the County of Shasta.

R5. ***By June 30, 2019, the Shasta County Board of Supervisors create a funding plan to address the 25% reduction in public safety services that will occur in FY 2020-2021, after the depletion of unspent find balances.***

Response: The recommendation will not be implemented because it is not warranted or is not reasonable. The timing of the actual depletion of community corrections AB109 reserves is unknown at this time. The Community Corrections Partnership Executive Committee, which is the entity that administrates the community corrections AB109 budget, has projections that are dependent on actual spending of the AB109 funds each fiscal year. Unspent funds "roll over" and may be available for the following fiscal year. The Community Corrections Partnership Executive Committee would determine how to address any declining AB109 reserves and adjust their future budgets accordingly.

R6. ***By June 30, 2019, the Shasta County Auditor-Controller conduct a focused audit to determine whether Assembly Bill 109 funds have been used to replace existing Shasta County funding and present the results to the Community Corrections Partnership and the Shasta County Board of Supervisors at a public meeting. This process should occur annually.***

Response: The recommendation will not be implemented because it is not warranted or is not reasonable. The Auditor-Controller staff reviews all payments received from all sources to ensure they comply with State law and County Code. The Community Corrections Partnership allocates Assembly Bill 109 funds at a properly noticed public meeting. The Board of Supervisors reviews and approves the Assembly Bill 109 allocation at a properly noticed public meeting. The additional cost associated with a focused annual audit regarding Assembly Bill 109 funds are not the best use of tax payer dollars. Should the Auditor-Controller determine a focused audit is necessary, he may do so at that time.

This concludes the responses of the Shasta County Board of Supervisors to the FY 2017-2018 Grand Jury Report entitled "Community Corrections Partnership – AB 109 Funds."

Sincerely,

LES BAUGH, Chairman
Board of Supervisors
County of Shasta

Shasta County

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July 24, 2018

The Honorable Gary Gibson
Presiding Judge, Shasta County Superior Court
1500 Court St., Rm. 205
Redding, CA 96001

Dear Judge Gibson:

Re: Response of Board of Supervisors to Fiscal Year 2017-2018 Grand Jury Report: Shasta County Jail: Funding and Capacity

The Shasta County Board of Supervisors appreciates the time and dedication which the 2017-2018 Grand Jurors contributed to their charge. The following findings and recommendations are under serious consideration and discussions are being held regarding solutions to any unresolved problems.

FINDINGS

The Grand Jury findings:

F1. ***Shasta County Jail capacity began declining after Crystal Creek Work Camp closed in 1992, despite continued need for capacity. Assembly Bill 109, Proposition 47 and inadequate increases in Shasta County revenues have only exacerbated a long-term capacity deficit at the Shasta County Jail.***

Response: The Board of Supervisors agrees with the finding. The adult Crystal Creek Work Camp closed due to County budget constraints. Legislation and propositions have impacted Jail bed needs, and County public safety reserves. However, the Board of Supervisors is addressing the need for additional Jail beds. Unfortunately, previous State grants for new facilities only addressed construction related costs but failed to address the on-going annual operating costs for those additional Jail beds. Once the annual costs were quantified, there was no identified funding to support those costs. The Board is already moving forward with capital improvements in the current Jail to

increase capacity and is working on a Special Tax to provide long-term revenue to support operational costs for additional Jail beds.

F2. ***Compared to five similarly-sized counties in California, Shasta County's ratio of jail beds to population is the lowest, indicating the need for additional Shasta County Jail bed capacity.***

Response: The Board of Supervisors agrees with the finding. However, basing the need for jail capacity solely on County population is too simple; the reality is more complex. In the October 2013 Nichols, Melburg, Rossetto (NMR) "Shasta County Jail Facilities Needs Assessment" report and the May 7, 2018 "Jail Needs Assessment Update" by DSA Planning, Inc., both entities considered average daily populations, average length of stay, historical trends, and annual arrests and bookings to estimate current and future Jail bed needs. The NMR report indicates that "...the "right types" of beds need to be developed in support of new and expanded AB109 inmate programs to break the "book and build cycle" and successfully implement AB109 in Shasta County..." Certainly other counties of similar population may have already implemented numerous diversion programs, intensive in-custody services/programs, and other services/programs to address criminogenic needs, which could reduce their need for in-custody beds.

F3. ***A comparison of Shasta County's Jail capacity prior to Assembly Bill 109 and current jail capacity shows that Shasta County has fewer jail beds but a higher number of offenders' (sic) This indicates the need for additional Jail beds.***

Response: The Board of Supervisors agrees with the finding. Numerically, the finding is correct, however, the types of offenders is critical to consider, not just the number. If the majority of offenders have issues such as, disabilities, mental health and alcohol and other drug abuse, and/or other criminogenic needs and those issues are not being addressed on an individual basis, it should not be presumed that just additional jail beds will solve the problem.

F4. ***The percentage of the Shasta County Jail budget provided from the Shasta County General Fund has steadily declined over the last seven years while the Shasta County Jail's operating cost have risen. This has resulted in increased reliance on unsustainable sources of funding.***

Response: The Board of Supervisors wholly disagree with the finding in that the General Fund contributions for the jail were stable through fiscal years 11/12, 12/13, and 13/14 while the General Fund contributions for the jail increased in fiscal years from 10/11

to 11/12 and again in 14/15, 15/16, and 16/17. While the Jail's operating cost have risen, according to the Auditor-Controller, the General Fund contributions to the jail budget the last seven fiscal years are as follows:

FY 10/12	*FY 11/12*	*FY 12/13*	*FY 13/14*	*FY 14/15*	*FY 15/16*	*FY 16/17*
$8,003,747	*$8,251,295*	*$8,251,295*	*$8,251,295*	*$8,498,834*	*$8,753,799*	*$9,162,475*

F5. ***While revenue from Proposition 172 fluctuates, the amount allocated to the Shasta County Jail by the Shasta County Auditor-Controller has varied little over the last ten years making this funding source relatively stable and predictable.***

Response: The Board of Supervisors partially disagrees with the finding in that the funding is not allocated by the Auditor-Controller. The Shasta County Board of Supervisors has the authority by way of the annual budget to determine allocations, not the Auditor-Controller.

F6. ***AB 109 has provided funding to the Shasta County Jail since 2011, however this funding is not a stable or predictable source due to projected budgetary decreases of 25% in the next two years.***

Response: The Board of Supervisors partially disagrees with the finding in that it is unknown whether there will be budgetary decreases in the next two years. The timing of the actual depletion of community corrections Assembly Bill 109 reserves is unknown at this time. The Community Corrections Partnership Executive Committee, which is the entity that administrates the community corrections Assembly Bill 109 budget, has projections that are dependent on actual spending of the Assembly Bill 109 funds each fiscal year. Unspent funds "roll over" and may be available for the following fiscal year. The Community Corrections Partnership Executive Committee will determine how to address any declining Assembly Bill 109 reserves and adjust their future budgets accordingly.

F7. ***Out-of-county beds increase Shasta County's incarceration capacity and do so at a lower cost than adding jail beds to the Shasta County Jail. Because of restrictions, it is a limited option that cannot be relied upon for contributing significantly to Shasta County inmate capacity.***

Response: The Board of Supervisors agrees with the finding.

F8. ***The Shasta County Board of Supervisors has not publicly accepted assessment data that forecasts current and future capacity needs at the Jail. Without knowing***

that capacity, it is impossible for the Shasta County Board of Supervisors to accurately develop capital cost and operating budgets for jail expansions.

Response: The Board of Supervisors wholly disagrees with the finding. County staff has the assessment report completed in 2013 and the recent update from May 2018. This information is utilized to present options to the Board of Supervisors to increase Jail capacity and develop capital and operating budgets. The Board is already moving forward with adding local Jail beds as funding resources are identified.

F9. ***The Shasta County Board of Supervisors has not developed a short or long-term plan to match Shasta County Jail capacity needs with identified operational funding sources, despite multiple assessments showing a critical jail bed shortage in Shasta County.***

Response: The Board of Supervisors wholly disagrees with the finding. The Board of Supervisors have discussed short and long-term plans over the years. Most recently, the short-term and long-term plans as it relates to Shasta County Jail capacity needs and funding were discussed at the Board of Supervisors Public Safety Workshop in February and subsequently discussed and presented at the Board of Supervisors Public Safety Workshop in June as well as other Board of Supervisors Meetings.

F10. ***In 2012 and 2017, California State funds were available for expansion of the Shasta County Jail but were rejected due to the Shasta County Board of Supervisors' inability to fund operational costs of an expanded facility. This continues to leave Shasta County without adequate Jail capacity.***

Response: The Board of Supervisors partially disagrees with the finding in that the State funds were not rejected *due to the Shasta County Board of Supervisors' inability to fund operation costs* but rather financial resources and revenue were not available without significantly impacting County resources thus reducing and/or impacting other critical services.

RECOMMENDATIONS

The Grand Jury recommends:

R1. ***By September 30, 2018, the Shasta County Board of Supervisors, based on available or newly solicited information, agree on needed capacity at the Shasta County Jail both now and in five, 10, 15 and 20 years. Theses capacity needs***

should be reviewed and updated annually based on new legislation or other pertinent changes.

Response: The recommendation has been implemented. Such studies and investigations have been undertaken and reviewed for updates routinely and will continue to do so.

The Board of Supervisors approved an immediate addition of 64 Jail beds which has been approved by the State. In addition, the County is in the process of obtaining approval from the State for an additional 38 Jail beds for a total of 102 Jail beds added to the current Jail facility.

The County's Mid-Term Action Plan includes remodeling Justice Center Departments 1 and 2 into 64 Jail beds. This idea is in the design phase and as soon as the Court moves to their new location, the County will further consider having the additional space re-purposed to Jail bed space.

The County's Long-Term Action Plan can occur after the Court vacates the current Courthouse. The County is considering the remodel and conversion of Department 12 into a minimum of 102 additional beds. The building may become multi-story should future needs and funding become available.

R2. ***By March 31, 2019, the Shasta County Board of Supervisors adopt a 10 year funding plan for Shasta County Jail capacity expansion including capital and operational costs. This plan should be reviewed annually at a public meeting.***

Response: The recommendation will not be implemented because it is not warranted or is not reasonable. Each year, the Shasta County Board of Supervisors adopts an annual budget at a properly noticed public hearing. Contained in the County's annual budget is narrative to address capital improvement costs and operational costs in context with available revenue which includes issues relating to jail capacity, expansion, and operational costs.

R3. ***By March 31, 2019, the Shasta County Board of Supervisors identify on-going new sources of revenue to meet current and projected Jail capacity needs.***

Response: The recommendation has already been implemented. Shasta County has always looked for and identified new sources of revenue to meet current and projected needs for all County Departments.

On July 10, 2018, at the Board of Supervisors Special Meeting, the Board received a report regarding potential revenue options to fund public safety operations through local taxes, assessments or fees. The Board of Supervisors voted to move forward with working with the Cities to propose a Public Safety Special Tax. Tax dollars generated from a Public Safety Special Tax may include:

1. Construction, repair, maintenance, and operation resulting in the expansion of and additions to existing County jail and adult detention facilities;
2. Construction, repair, maintenance, and operation of new of additional County jail and adult detention facilities; and
3. Expansion of law enforcement services in the unincorporated area of the County of Shasta.

Description Estimated Annual Operating Costs:
Add 38 Beds in Main Jail $713,749
Add 64 Beds in Dept. 1 and 2 (Justice Center) $3,293,441
Add up to 102 Beds in Dept. 12 (Estimate is for 102 Beds at the current modular site) $4,302,248
Fund positions for 24-hour patrol coverage in Shasta County $3,976,960

Additionally, the Health and Human Services Agency and the Housing and Community Action Programs Department have identified a "Jail Diversion" program working to identify and address the crimes committed by those in the community that are homeless. Should the Jail Diversion program come to fruition it is anticipated to be funded by grants.

This concludes the responses of the Shasta County Board of Supervisors to the FY 2017-2018 Grand Jury Report entitled "Shasta County Jail: Funding and Capacity."

Sincerely,

LES BAUGH, Chairman
Board of Supervisors
County of Shasta

CITY OF SHASTA LAKE California

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www.cityofshastalake.org

July 17, 2018

Honorable Gary Gibson
Presiding Judge, Shasta County Superior Court
1500 Court Street, Room 205
Redding, CA 96001

Re: 2017/18 Shasta County Grand Jury Report: Green Rush...Up in Smoke? Legal Cannabis in the City of Shasta Lake

The City of Shasta Lake City Council provides the following required responses to the Findings (F) and Recommendations (R) contained in the 2017/18 Shasta County Grand Jury report entitled: Green Rush...Up in Smoke? Legal Cannabis in the City of Shasta Lake.

Required Findings Responses:

F1: The City of Shasta Lake wholly disagrees with the finding. The City worked with the local Shasta County Sheriff's office staff and consultants to complete a comprehensive Commercial Cannabis Business Regulatory Ordinance regarding onsite security measures. With this input, all commercial cannabis businesses are required by ordinance to comply with a number of security items prior to receiving a permit to operate including: Interior and exterior locations of the business property shall be monitored at all times by closed circuit cameras, and all points of ingress/egress and point of sale areas must have fixed cameras. Recordings shall be maintained unaltered in a secure onsite location for a period of not less than fourteen (14) days, and be available for inspection at any time. The City also requires all owners to be live scanned as a part of the application background check. In discussions with the Sheriff's Department, they do not see a need for an increase in the current allocated positions which are believed to be adequate to handle the expected growth of the cannabis industry for the next few years.

F2: The City of Shasta Lake partially disagrees with the finding. It is unclear exactly what is meant that the "Since the passage of Proposition 64, code enforcement has been in a state of flux." It has been discussed with the City Council during budget meetings and at Council meetings that code enforcement complaints exceed the limited resources of the City to adequately respond for both cannabis complaints during the cultivation season and for general code compliance complaints which far exceed cannabis complaints. Code enforcement has been a priority for the City as demonstrated by the inclusion of this activity when Measure A was drafted in February and March of 2017, a few months after the Proposition 64 was approved. Further, although the City has not received any additional cannabis tax from the passage of Measure A to date, the City's Finance Committee on May 22, 2018, reviewed and recommended within the City's two-year fiscal year budget additional funding for code enforcement activities. This recommendation was included in the two-year fiscal year budget forwarded to the City Council and subsequently adopted on June 5, 2018.

In addition, Proposition 64 only became effective on January 1, 2018. The proposition allows up to six cannabis plants to be cultivated per residence. Prior to the passage of Proposition 64, the City allowed outdoor cannabis cultivation. On February 21, 2018, the City held a Cannabis Ad Hoc Committee meeting, which was open to the public, to discuss the future of outdoor cannabis cultivation. Subsequently, on April 17, 2018, the City Council adopted the intent of Proposition 64 to limit cultivation to six plants per residence. In many instances, this is a cultivation quantity less than what the City previous allowed on some parcels simplifying the code enforcement process. The outdoor cultivation season typically begins at the end of April with any formal complaints received in the months of August and September.

F3: The City of Shasta Lake partially disagrees with the finding. The City agrees that mismanagement of cash could lead to serious accounting errors and criminal activity at any business. However, the City strongly disagrees that it does not follow generally accepted cash management standards. The City follows accounting principles set forth by the Governmental Accounting Standards Board (GASB). GASB is the standard for accounting for California governmental agencies. The City has internal control policies in place such as segregation of duties, timely processing and deposit of receipts, timely reconciliation of ledgers, and the use of integrated receipt and accounting systems. Staff has previously implemented and uses the California State Controllers Internal Control guidelines for internal controls related to cash receipts, cash disbursements, and payroll. The City also employs two Certified Public Accountants on staff that are trained in fraud detection and prevention, internal controls, ethics, and regulatory issues as part of their bi-annual 80 hours of continuing education to maintain their licenses.

Further, the City has a financial statement audit conducted annually by an independent 3rd party auditor, and the City's financial statements have been found to be clear of any material issues according to GASB accounting standards. The City's 3rd party auditors also conduct an internal fraud assessment each year that includes the interview of management and clerical employees. The City has received the Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting for its Comprehensive Audited Financial Report for each of the last four years.

F4: The City of Shasta Lake partially disagrees with the finding. The transport of cash to the bank of any business that accepts cash places employees at risk. This is not a unique situation to the City of Shasta Lake. Keeping the cash handling process confidential for any business is key in safe guarding employees that handle cash. The City has made great strides to limit the intake of cash by implementing alternative methods to pay. These methods included drafting customer bank accounts, accepting credit/debit cards and accepting payments online through the City's website.

F5: The City of Shasta Lake partially disagrees with the finding. In coordination with the Shasta Lake Fire Protection District, the City constructed and improved a secondary emergency access road in 2010. The City agrees that a permanent secondary access road into the Shasta Gateway Industrial Park needs to be constructed, and it has been working on the matter for many years. However, a permanent secondary access road is no simple matter. The City has identified a proposed route. The cost of the road construction would be in the neighborhood of $12 million. Right of way, if not donated by property owners, would be an additional and considerable expense. In the meantime, the City has been restricting the Park to low density uses. The commercial cannabis uses permitted in the Park are all low density. It is anticipated these uses

would contribute right-of-way dedications as well as financially to a permanent secondary access as a condition of development. All applications for development in the Park will continue to be submitted to the Fire District for review.

F7: The City of Shasta Lake wholly disagrees with the finding. Ethical violations can occur in any business. The City employs separation of duties to discourage unethical or criminal activities for most accounting functions. The City also performs background and credit checks on new employees during the hiring process. Additionally, California cities are required by law to provide in person ethics training to their local officials as outlined in California Assembly Bill 1234.

F8: The City of Shasta Lake partially disagrees with the finding. As with any development in the City, be it residential, commercial, or industrial, information is required from the applicant to determine their impact of development on City infrastructure as well as to determine any improvements required. In many instances, the developer would be required to pay for infrastructure improvements that would allow their project to operate and not place a burden on existing rate payers. This is a normal function of land use development. The City is not in the practice of overbuilding infrastructure years ahead of time in the hope that a development(s) may occur sometime in the future. Often, development agreements are required to outline a developer's requirement to fund water, wastewater, drainage, or electric infrastructure improvements. The City at that time may make the determination to upsize certain utilities if it is in the best interest of the City and its rate payers to do so. The City has been collecting utility usage estimate information for all proposed cannabis development. However, the information is either not being provided on a timely basis, or is in no way uniform, making accurate system modeling almost impossible.

F9: The City of Shasta Lake partially disagrees with the finding. The City agrees that code enforcement is inadequately staffed and funded which is not uncommon for small cities. The City disagrees that codes and ordinances are misinterpreted. The City has held numerous public workshops to receive comments and provide information to the public and potential commercial cannabis businesses. Input was also received from the Shasta Cannabis Industry Association related to the drafting of commercial cannabis regulations. The City also employs a robust online presence. The City's website provides a great deal of information to anyone interested in commercial cannabis business opportunities in the City. Each commercial cannabis applicant must complete a detailed application which outlines the specifics of their individual operations including how they will comply with the City's comprehensive commercial cannabis regulations before they are permitted to operate. The City also collects a fee from the applicant that pays for the regulatory inspection(s) of their facility to assure compliance with the City's regulatory ordinance. If the applicant cannot provide sufficient information in the commercial cannabis permit application packet process, the applicant is notified that they do not comply and must provide the requested information before moving forward to be permitted. This process is far and above what the City requires of any other type of business applicant. The City also placed Measure A on the ballot to levy a tax on commercial cannabis operations to fund future code enforcement activities.

F10: The City of Shasta Lake wholly disagrees with the finding. The City plans for its infrastructure improvement based on data provided to the City by the applicants for utility services. Applications must be complete, must be accurate, and must itemize all utility usage levels at the applicant's specific proposed service location. Since applicants are uniquely situated to determine

their utility usage levels based on their building design and business plans, all data are prepared and submitted by the applicant. The applications are required of all customer groups seeking new services and changes to existing services, including all commercial cannabis operations. Not one building project has been delayed due to developers not providing the City with accurate information.

Applications for electric service apply to all electric rate classes (residential, commercial & industrial, subdivision and multi-family) can be found on the city's website. The application facilitates the transfer of electric load information, load calculations, improvements, electric and plot site plans to the City of Shasta Lake electric department. After an application is received, the electric department will work with the applicant and the applicant's technical support staff to evaluate the accuracy of the applicant's data identify any necessary upgrades to city-owned electric infrastructure attributable to the applicant's request. The application and review process must be completed before an occupancy permit is issued.

For water and wastewater utilities, usage volumes for cannabis businesses are solely determined by the means and methods used by the specific businesses and the rate of irrigation recovery achieved. The City requests this usage information for every cannabis business developer; however, because of the variability of the irrigation systems used for these businesses, 'standardized' usage information does not exist, and many developers are ill-prepared to provide accurate usage information to the City. This makes accurate modeling of the City's utility systems to determine the impacts and improvements required by specific businesses very difficult. The whole analysis process is driven by data provided by applicants to the city to ensure city utility infrastructure is adequate to meet applicants' needs. In addition, it allows the city to identify costs attributable to the request so funding arrangements can be made with the applicant. This reduces cost impacts to other customers and supports the long-term viability of the city infrastructure departments.

F11: The City of Shasta Lake partially disagrees with the finding. The City agrees that if the Federal Government asserts its authority, the City of Shasta Lake, many other cities, counties, and the State of California, as well as other states across the nation could find themselves in a confusing situation. However, funds are accounted for separately by funding source. The City operates approximately 27 wholly separately accounted for funds, each with their own cash account and chart of accounts. These individual funds are reported separately in the City's Comprehensive Annual Financial Report each year. It is not uncommon for agencies to commingle funds in a single bank account for all operations as long as funds can be tracked separately. The City's financial accounting software allows for the tracking of any funds received by the City. Cash received from cannabis businesses is tracked in a separate account and is detailed by transaction. It is rather simple for the City to determine how much governmental, utility or cannabis related revenue has been received daily, weekly, monthly or yearly at any give time.

F12: The City of Shasta Lake wholly disagrees with the finding. With any new business, the City requires the completion of an Industrial Wastewater Discharge form detailing the prospective wastewater discharge related to the specific operation of the business. In some instances, based on the stated discharge, the City may require pretreatment prior to the release of any discharge to the City's wastewater treatment plant. Cannabis operations use a batch discharge process where wastewater is discharged on a scheduled basis. The City employs a State of California certified

Grade V Wastewater Superintendent as well as two other certified wastewater operators. These individuals are highly trained to monitor and conduct wastewater treatment operations. Sampling stations are not installed to provide continuous monitoring. They are to assist with the collection of data if a problem is found that is impacting the City's wastewater collection or treatment systems. It is a standard installation in industrial waste discharge locations wherever staff believes the business has the potential to cause issues in the wastewater system. The standard detail is outlined in the City of Shasta Lake's Construction Standards (380.60).

Required Recommendation Responses:

R1: The recommendation will not be implemented because it is not warranted or is not reasonable. This recommendation has already been implemented. The City of Shasta Lake has, prior to the beginning of the regulation of commercial cannabis businesses in the City, consulted with the Shasta County Sheriff's Department and other stakeholders regarding law enforcement needs. Any proposed changes or amendments to the City's cannabis regulations have been discussed with the Sheriff's Department. The Sheriff's Department has been forthright and helpful formulating the City's regulations. The communications with the Sheriff's Department is such that in the event the need for change occurs, the Sheriff's Department will communicate and work with the City to implement necessary changes.

R2: The recommendation has been implemented. The City has already budgeted for additional code enforcement. The cannabis-related code enforcement deals primarily with personal, outdoor cultivation. The City has not experienced code enforcement problems with other related cannabis businesses. The City has already addressed the issue of law enforcement's participation in code enforcement. In consultation with the Sheriff's Department, the City has concluded that code enforcement is a civil function. Law enforcement does not play a role in this enforcement other than to provide civil standby service if requested by code enforcement.

R3: The recommendation will not be implemented because it is not warranted or is not reasonable. The City already has in place policies and procedures for handling cash deposits. The City has been handling cash deposits for years. The City has on staff two certified public accountants and its annual audits include review and evaluation of the City's cash-handling procedures. No recent audit has identified any cash-handling deficiency. The auditing has also verified the City's procedures in maintaining fiscal integrity of various accounts. The Grand Jury Report identifies no cash handling deficiency. The City's procedures are in compliance with general public accounting procedures. For security reasons, the City would be ill-advised to make public the details of its cash handling.

R4: The recommendation has been implemented. Since the publishing of the Grand Jury Report, the City has instituted a procedure for all cash deposits to be transported by law enforcement personnel.

R5: The recommendation will not be implemented because it is not warranted or is not reasonable. The construction of a secondary access will not be and cannot be approved by December 31,2018. No project work has been completed, right-of-way has not been secured, the roadway has not been designed, environmental review has not been completed, and permits have not been obtained. The majority of these activities are contingent on the availability of funding, and no source of funding

has been secured or identified. The suggestion that funding can be achieved through "performance bonds, grants, assessments, and fees/taxes" is of little help. Performance bonds are not a source of funding for construction projects. Grants are seldom free money. Grants are normally given for a specific purpose and are awarded through a lengthy, competitive process. Assessments and taxes are subject to the strict constraints of Article 13 of the State Constitution and both require elections. There is not always a source of funding for every desired public project. Finding funding for public projects is seldom a simple matter. The City's goal is to have the secondary access paid for by the people who benefit from it...i.e., the new users of Park. Construction of the secondary access road and discussions with the Shasta Lake Fire Protection District were disclosed during the sale of the expansion area of the Shasta Gateway Industrial Park.

R6: The recommendation will not be implemented because it is not warranted or is not reasonable. The City has already implemented a procedure requiring lot splits and building development in the Shasta Gateway Industrial Park to be submitted to the Shasta Lake Fire Protection District for review and recommendation.

R8: The recommendation will not be implemented because it is not warranted or is not reasonable. The City of Shasta Lake already has procedures in place for addressing embezzlement, misappropriation of funds, and conflicts of interest. There is already in place a large body of law dealing with conflicts of interest and other ethical issues. This is regulated by state law. The City provides and maintains of all necessary training pursuant to Government Code Section 53235. These laws apply to all public agencies. An attempt to rewrite or amend state law would not be considered wise or fruitful.

R9: The recommendation will not be implemented because it is not warranted or is not reasonable. Applicants have already been advised that permits will not be issued unless the City is assured it can provide the necessary infrastructure required of the applicant. The City's application form, which the Grand Jury listed as documents reviewed, requires applicants to give detailed information provided by competent professionals setting forth the anticipated infrastructure demand. If the demand cannot be met, the permit will not be approved. If a permit is approved, it is approved on condition that the infrastructure demands will not be exceeded, or that the applicant will upgrade required infrastructure to provide for any increased demands. The City will continue this practice for all future applicants or any existing permit holder which may want to expand its business.

R10: The recommendation has been implemented. The City has already budgeted for expanded code enforcement during the fiscal year 2018/19 budget process.

R11: The recommendation will not be implemented because it is not warranted or is not reasonable. The City has a process in place to obtain information from potential businesses by requiring the completion of an Industrial Wastewater Discharge Application. The application details the prospective wastewater discharge related to the specific operation of the business. If the business's discharge is a Categorical Industrial User (CIU), the business would be subject to pretreatment standards as specified. Although Cannabis operations are not listed as a CIU, the City took the precaution of requiring commercial cannabis businesses to install sampling ports at any potential discharge points. To date, cannabis businesses have indicated that wastewater discharges will be small or in batches if at all. The City is confident that its existing sampling and

testing procedures at the wastewater treatment plant (WWTP) are sufficient to detect any issues related to cannabis discharges. If necessary, the sampling ports installed by the cannabis businesses would aid the City in identifying the source. The City has the authority to require any business found to be causing treatment issues at the WWTP to install pretreatment equipment to eliminate the issue. Funding for sampling port inspections, when necessary, would come from user fees collected in the wastewater utility operating fund. This is not an authorized funding category under Measure A.

If there are any questions regarding the above responses, please contact John Duckett, City Manager, at 530-275-7411.

Respectively submitted,

Larry J. Farr
Mayor, City of Shasta Lake

cc: City File – Grand Jury Reports

SHASTA LAKE FIRE PROTECTION DISTRICT
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July 2, 2018

The Honorable Gary Gibson
Presiding Judge, Shasta County Superior Court
1500 Court Street
Redding, CA 96001

Dear Judge Gibson:
The Shasta Lake Fire Protection District ("District") would like to thank the Grand Jurors for all of their hard work and dedication, as well as the courtesy and professionalism shown in completing their work. As required under Penal Code Section 933.05, the District would like to offer the following response to the report titled, "Green Rush . . . Up in Smoke? Legal Cannabis in the City of Shasta Lake" (the "Report"):

Finding F5:
A secondary access road in the Shasta Gateway Industrial Park is required by the Uniform Fire Code, which the City of Shasta Lake has adopted. The City is out of compliance and has ignored the Fire Marshall's mandate, resulting in possible hazardous conditions in case of an emergency.

Response:
The District agrees with the finding.

Finding F6:
The Shasta Lake Fire Protection District and its predecessor (prior to 1992) have not done all they can within its legal purview to ensure that the secondary access road be built, resulting in possible hazardous conditions in case of an emergency.

Response:
The District disagrees partially with the finding. The District agrees that the lack of secondary access road results in possible hazardous conditions in case of an emergency. The District disagrees that it has not done all that it can within its legal purview to ensure that secondary access be built. As provided in the Report, "Since 1992, the SLFPD has notified government agencies (SDAPUD and COSL) numerous times that a secondary access road must be built to ensure the safety of the employees and general public in the SGIP as well as the public and in the COSL and surrounding areas." (see page 49.) By issuing the demands to the controlling government agencies, the District met its legal obligations for compliance.

Recommendation 7:
By December 31, 2018, the Shasta Lake Fire Protection District Board explore all legal avenues to require the City of Shasta Lake to meet its legal obligation to complete the secondary access road in the Shasta Gateway Industrial Park.

Response:
The recommendation requires further analysis, with the opportunity for the District to meet with legal counsel and discuss potential options, including the possibility of pursuing litigation to enforce the Uniform Fire Code. The District will prepare the matter for discussion by December 1, 2018.

The Shasta Lake Fire Protection District appreciates this opportunity to respond to relevant portions of the 2016-2017 Shasta County Grand Jury Final Report.

Sincerely,

Ann Morningstar

Ann Morningstar
Chairperson
Shasta Lake Fire Protection District