



MADERA COUNTY GRAND JURY

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**City “Bogeys” Grand Jury’s Report
2425-11
Released 2025
Prepared by the
2024-2025 Madera County Grand Jury**

SUMMARY

This report by the Madera County Grand Jury (MCGJ) reveals systemic dysfunction, concealment, and a troubling lack of oversight within the City of Madera's (City) government, particularly regarding the operations and management of the Madera Municipal Golf Course (Course). It outlines a pattern of administrative failures, noncompliance with municipal code, and efforts by senior officials to obscure the truth from the Madera City Council (Council) and the public.

Although the City established the Course in 1991, it has never operated it. The City has leased out the management and maintenance of the Course to at least nine different private concerns since the opening. The current operator, since 2009, is SGM, Inc., dba ..Sierra Golf Management, Inc. (Sierra). Sierra has sublet the restaurant, bar and banquet businesses to SPS Madera Group, LLC dba SPS at the Muni (GROUP).

The MCGJ investigation revealed that a City administrator coached a bar operator on how to circumvent the business licensing process, allowing the operator to operate without a formal application.

The 2324-06 Response Team (Team), comprised of the City Manager and City Attorney, collaborated in drafting the City's replies to MCGJ Report 2324-06, which is titled "The City of Madera Fails to Enforce Golf Course Contract Requirements, Revisited" (2324-06). The City refused to investigate those MCGJ findings while denying the existence of any irregular licensing issues at the Course. These Responses were dated August 23, 2024, and adopted by the Madera City Council. On that same day, the third business license was issued; this time it was issued to the GROUP. Thus, the GROUP operated from March 2023 to August 2024 without applying for and obtaining a city business license. Neither the City Administration nor the City Finance Department could explain how this last license was issued without any application; the City Clerk's office provided emails that detail how this license to GROUP was issued.

- The MCGJ's accurate findings are detailed in this report and, contrary to the Team response in Report 2324-06, is incorporated by reference and linked here:
<https://www.maderacounty.com/home/showpublisheddocument/42997/6387806499957700\00>
- The City's official response, drafted by the Team, is incorporated by reference and linked here:
<https://www.maderacounty.com/home/showpublisheddocument/43035/638780653326270000>

Despite this City's response to 2324-06, denying that GROUP was the bar operator, the MCGJ found that many of the original concerns at the Course remain unaddressed, warranting a third consecutive year of review.

Ongoing Irregularities and Deficiencies

1. Business License Discrepancies and Madera City Code of Ordinances (CODE) Violations

After the publication of [2324-06](#), the City Finance Department (Finance) issued and altered three business licenses at the request of the Course bar operator via email without receiving the required applications or any supporting documentation. Potential violations of the Code have been ignored and these issues have not been disclosed to the Council. See *Title VI* of the Code with misdemeanor penalties and fines up to \$500.00 a day. The *Code*, 6-1.90, requires the Finance Department to report to the Council, which has never been done. This suggests that the Council is insulated from the information that city staff should be reporting to the Council.

2. Lack of Oversight and Transparency

The Council has been insulated from the Advisory Committee meetings and the resulting lack of timely reporting. A representative from Parks and Community Services (Park) and a Council member both sit on the Advisory Committee. The Team stated in a response that although the Advisory Committee meets monthly, it is only required to report to the Council on an annual basis. The MCGJ could not locate any information supporting the restriction to report annually and not monthly. Restricting the Advisory to annual reporting, with no monthly updates, frustrates the Advisory Committees purpose to update the Council promptly about conditions at the Course.

3. Concealment of Critical Reports

The annual United States Golf Association (USGA) report, available since November 2024, has never been placed on the Council’s agenda for comment. Although reviewed by the Advisory Committee and the City Parks, it was neither shared with the Council nor posted on the City’s website—raising concerns of intentional suppression. The 2024 USGA report reiterated most of the same problems identified in the previous year’s report. It noted that the sand in the 11 bunkers is so hard that “rototilling” might be required to loosen it. This is unacceptable for any golf course and loudly highlights the lack of maintenance and the City’s oversight of Sierra’s management.

4. Inadequate Tracking of Capital Improvements and Financial Accountability

The City has failed to track capital improvements at Course and has forgiven Sierra’s payments owed for maintenance without question and sufficient documentation or justification. This undermines both the terms of the contract and fiscal stewardship of public assets. Cleaning solar panels was written off five times as a capital improvement (Capital). Equipment used to maintain the Course has been credited as Capital if it became City property.

Lease Section 16.-16.4 spells out in precise detail Sierra’s mandatory maintenance responsibilities:

*“16. **Equipment and Materials.** Sierra shall, at its own cost and expense, furnish, maintain, and repair all necessary equipment, supplies, and materials of good quality and in the amounts necessary to comply with this Agreement. These equipment, supplies, and materials shall include, but not be limited to:*

16.1. All equipment necessary or appropriate for the performance of services under this Agreement, together with all necessary gas, oil, and spare parts for all equipment used and maintained by Sierra”;

[This section is consistent with *Agreement Section 7.1 (Exhibit B)*, which explains that Sierra may **use** the City owned equipment on the 2009 Lease, so long as Sierra maintains and repairs the listed equipment.]

“16.2. All necessary top dressing, seed, fertilizers, fungicides, insecticides, irrigation materials and supplies and herbicides;

16.3. Bunker rakes, trash receptacles, and other similar golf course equipment, which shall be maintained and/or replaced as needed, as outlined in the Technical Maintenance Specifications; and

16.4. Sand for bunkers to maintain an appropriate sand depth.”

5. Confusion about Personal Property shows a lack of understanding of the Lease

The City's [response to 2324-06](#) claimed that all personal property was sold in 2009 and offered Exhibit B, the Equipment Inventory list (List), as evidence. This listed 3 utility vehicles and dozens of other items. However, the referenced Section 7.1 of the lease states that this was to be used by, not sold to Sierra and Sierra was to pay for the repairs and maintenance. The City has no records regarding the repairs and maintenance that have been done or for the personal property that still exists, as the City Team incorrectly claimed that this property was sold in 2009.

The MCGJ 2324-06 report states:

“F2: The MCGJ finds there is no current Inventory list of City-owned personal property and fixtures located at the MMGC.

Response 2: The City agrees with this finding. However, there is no list of personal property as all City-owned property not part of the physical structures was

sold when SGM began leasing the facility (i.e., the inventory does not belong to the City). Additionally, a list is not needed for insurance, as it is not required to ensure content values. The property was appraised for the City's insurance program in 2023 and the appraisal determined scheduled values for real property and personal property, as defined by the policy documents. It should be noted that as part of Amendment 1 to the agreement between City and SGM, the City agreed to sell equipment to SGM (see Exhibit A)."

The last statement of the response is in direct conflict with *Section 7.1* of the Agreement cited as authority by the Team.

6. Subtenant Identity and Oversight Gaps

There is continuing confusion regarding the identity of subtenants operating the Course kitchen and bar. The City claims that the Lease does not permit inquiries into subtenant identities. This is incorrect. The Code imposes duties on the City to conduct such oversight—yet it has failed to do so. The City emails provided to the MCGJ in four Public Records Act (PRA) requests revealed that the City Manager advised the MMGC subtenant business owner to change the city business license name to match the name "GROUP" on its liquor license. The Team response denied any duty to identify Sierra's subtenants, except for Smokehouse on Cleveland Avenue. However, Smokehouse # 1⁽¹⁾ ceased doing business and sold its liquor license to the Mountain Oaks Cafe in Oakhurst. The other Smokehouse # 2⁽²⁾ allegedly operating at the Course, is an unregistered DBA of SPS Madera Group, LLC (GROUP), and GROUP never did any business on Cleveland Avenue. Smokehouse # 2 obtained its first City business license on February 29, 2024, one year after operating businesses at the Course.

(1) **Smokehouse # 1** - Sugar Pine Smokehouse, established in 2018 at 1830 W. Cleveland Avenue, Madera. See footnote #1.

(2) **Smokehouse # 2** - a part of GROUP, formed on November 11, 2022. See footnote # 2. Obtained its first business license one year after operating as Sugar Pine Smokehouse at the Course on February 29, 2024.

7. Misleading Team Responses to the 2324-06 as Adopted by the Council

The City's responses⁽³⁾ to Report 2324-06 were crafted in a way that either downplayed or entirely ignored the findings and evidence presented by the MCGJ. The

City's narrative conflicts with the documented facts uncovered during this investigation, raising serious concerns about the credibility of the City's leadership.

“Rec. 9: The MCGJ recommends that the City seek the maximum fines and penalties against GROUP within seven days of publication of this report”.

“Response 9: The recommendation will not be implemented because it is not warranted or unreasonable The facilities operated with both a valid ABC License and a business license”.

(3) This Response is not true because GROUP was issued its first business license on August 23, 2024. The City Manager had already advised the Smokehouse #2 owner to change the name on the business license to match the name on the liquor license, which was done outside of City policy and not in accordance with the usual practice, which requires a business license application and planning department approval.

ABBREVIATIONS

ABC - California Alcoholic Beverage Control

ADA - Americans with Disabilities Act

Advisory - City Golf Course Advisory Committee

BOE - Board of Equalization

Capital - Capital Improvements

City - City of Madera, an incorporated city

Code - City of Madera Code of Ordinances

Council - City of Madera City Council - 6 council members and the Mayor

Exhibit B – Equipment Inventory list of City-owned personal property in 2009

FTB - Franchise Tax Board

GCAC - City Golf Course Advisory Committee

GROUP - SPS Madera Group, LLC dba SPS at the Muni formed with California Secretary of State on November 11, 2022, aka Sugar Pine Smokehouse [# 2]. It is impossible that this LLC formed in 2022 was issued a city business in 2018 as the Team responded

Lease - All references to the 2009 Madera Municipal Golf Course Agreement and the 9 amendments

List - Equipment Inventory list, aka Exhibit B to original 2009 Lease

MCGJ - Madera County Grand Jury

MCR - Madera County Recorder

Park(s) - Parks and Community Services Department and/or Director

PRA - Public Records Act – Government Code sections 7920 - 7931

Sierra - SGM, Inc., doing business as Sierra Golf Management, Inc., and

dba Madera Municipal Golf Course - City tenant operating the Course

Smokehouse # 1 - Sugar Pine Smokehouse, established in 2018 at 1830 W.

Cleveland Avenue, Madera. See footnote #1

Smokehouse # 2 - a part of GROUP, formed on November 11, 2022. See footnote # 2.

Obtained its first business license one year after operating as Sugar Pine Smokehouse at the Course on February 29, 2024.

Team - Response Team - City Manager and City Attorney

USGA - United States Golf Association

1. This establishment never conducted business at the MMGC. It was initially operated in 2018 by GQ Investment Group, Inc., doing business as Sugar Pine Smokehouse. This business ceased operations and sold its ABC liquor license to Mountain Oaks Café in Oakhurst.

2. Following advice from the City Manager (after the publication of 2324-06), the Sierra sublessee operating the bar changed the business license name from Smokehouse to match the GROUP name on its ABC liquor license. Behind the scenes, two additional licenses were issued to Smokehouse # 2 on August 22, 2024. On August 23, 2024, the finance department issued the first business license to GROUP, doing business as Sugar Pine Smokehouse, without a license application or mandatory planning department analysis. The Team stated that this Smokehouse [#2] was issued a business license on December 5, 2023 (nine months after operating at the Course), which is incorrect. That date was the date it applied for a business license, which was issued 90 days later, on February 29, 2024. Madera Code 6-0.03 requires a business license to be issued to operate. It is a misdemeanor to operate without a city license.

BACKGROUND

The Course is a publicly owned facility established in 1991 and has been operated by Sierra since 2009. The original agreement has undergone nine amendments, with the most recent one signed in June 2023, extending the contract through 2028.

The City of Madera operates through a traditional council-manager system. City operations are led by the City Manager and divided among various departments, each led by a director or supervisor and staffed accordingly. These departments fall under the oversight of the City Manager, who serves as the chief administrative officer. The City Manager is responsible for hiring, coordinating communication and directing the work of all departments.

Critically, the City Manager also functions as the primary conduit of information to the Madera City Council (MCC), which is composed of part-time elected officials, including Council members and the Mayor. In 2024, the City operated on a \$216 million budget. Council members, who maintain separate full-time occupations or business responsibilities, are tasked with reviewing complex and often voluminous documents, including contracts, policies, and staff reports. Due to their part-time roles, they must rely extensively on the guidance and summaries provided by the City Manager.

This structure places considerable authority and influence in the hands of the City Manager, who effectively filters and frames the information presented to the Council. The City Manager's interpretations often shape how the Council understands and acts on City matters.

It is within this context that the MCGJ uncovered a troubling incident. A city email revealed that the City Manager coached a bar operator at the MMGC on how to obtain a business license without following City policy for applying for one. At the same time, the City Manager, alongside the City Attorney, the Team, co-authored the City's official response to MCGJ Report 2324-06.

The Team asserted that Smokehouse #2, the GROUP's dba, was actually Smokehouse #1, formed in 2018. When the Team denied the existence of the GROUP in the formal response to 2324-06, it raised serious concerns about the integrity of executive leadership and the reliability of the information presented to the Council. The incident illustrates how the City's organizational structure, while efficient in theory, can obscure misconduct or negligence when key figures exploit their central roles for purposes contrary to transparency and accountability.

METHODOLOGY

To conduct a comprehensive, fact-based investigation into the operations and oversight of the Course, the MCGJ employed a broad and meticulous methodology as described below.

The MCGJ's investigation included the following steps:

- **Interviews**

Conducted interviews with key City personnel and other individuals with direct knowledge of MMGC operations, contractual obligations, business licensing, and City practices.

- **Document and Contract Review**

Reviewed the 2009 operating lease between the City and SGM, including all nine subsequent amendments—most recently the June 2023 amendment extending the contract to 2028.

- **Reviewed Emails**

Between the Bar owner and the Finance Department

- **Budget and Financial Oversight**

Examined the City's annual budget and noted that the golf course debt was officially retired in 2023. Reviewed three years of SGM's monthly payment reports, revenue and expense statements and tracked capital improvement expenditures and maintenance costs. Equipment inventories (e.g., Exhibit B of the lease), financial obligations, and payment histories were cross-referenced for consistency.

- **Public Records and Licensing Inquiries**

Issued Public Records Act (PRA) requests to obtain business license applications, licenses and communications related to the operators of the golf course kitchen and bar. Despite the City Finance Department issuing a business license to SPS Madera Group, LLC (GROUP) on August 23, 2024, no department could produce a corresponding application. In January 2025, the City eventually provided liquor license documentation—sourced not internally but from ABC's public database.

- **Site Visits and Observations**

Conducted in-person inspections of the Course property, including signage, infrastructure conditions, bar and dining areas, banquet rooms, restrooms and customer notices. Noted deferred maintenance issues such as damaged entry doors and irrigation system concerns flagged in prior reports. Photographic and observational evidence was gathered to support these findings.

- **Regulatory and Legal Checks**

Investigated websites and regulatory databases, including:

- City of Madera
- Sierra Golf Management (SGM)
- Sugar Pine Smokehouse #1 and #2
- SPS Madera Group, LLC (GROUP)
- Alcoholic Beverage Control (ABC)
- California Secretary of State
- Madera Tribune articles and interviews with Smokehouse # 1 General Manager and the founder of GROUP.
- North Fork Rancheria Casino project Environmental Impact Review (EIR)

Verified ownership history and status of liquor licenses associated with MMGC since 1991, including ABC records on the transfer of Sierra’s license to GROUP and Smokehouse # 1 ABC license transfer to Mountain Oaks cafe. Searched fictitious business name filings with the Madera County Recorder, discovering that GROUP was the only entity to file as “doing business as SPS at the Muni.” No filing for either Smokehouse was found.

- **Zoning, Infrastructure, and Permitting**

Reviewed the City’s zoning maps, building permits (only three MMGC-related permits since 2009), and City infrastructure documents, including MMGC’s water and sewer systems. Investigated irrigation system issues that were addressed during Sierra’s first-year capital improvement efforts and many times thereafter.

- **Intragovernmental Communications**

Sought documentation of interdepartmental communications through links and other digital records. These records were either non-existent or incomplete, particularly those between the Finance and Planning Departments, further hindering transparency and accountability.

- **Interviewed Finance and Planning Departments personnel.**

The Finance Department believes the Planning Department ensures that a business serving alcohol has an ABC license. However, the Planning Department states that they approve businesses moving within proper zones without always requiring proof of an ABC license if they have previously held a city license. No ABC license has been on file for either Smokehouse in the City.

- **USGA Reports**

Reviewed the United States Golf Association assessments submitted in August 2023 and November 2024, which documented ongoing issues with irrigation, weed control and bunker maintenance. The 2024 report was never agendaized for Council review or posted publicly.

- **Tax and Licensing History**

Checked business license applications and issued licenses for GQ Investment Group, Inc., dba Sugar Pine Smokehouse, [# 1] and SPS Madera Group, LLC (GROUP) dba Sugar Pine Smokehouse [# 2]. Analyzed business classifications (corporation vs. LLC/sole proprietorship) and the timeline of filings. Reviewed Madera County Assessor's Office for Sierra's personal property tax filings related to property located at the Course. Prior year filings combine personal property at Sierra's Chowchilla golf course and the City's Course.

This layered investigative approach enabled the MCGJ to identify mismanagement, information suppression and policy noncompliance - particularly surrounding business

licensing requirements, as outlined in the Code and contractual obligations. The findings demonstrate how City leadership exploited their central roles as Team to conceal operational failures from the Madera City Council and the public.

DISCUSSION

This report identifies and examines significant discrepancies in the City of Madera's management of the Course, revealing systemic failures in oversight, accountability and transparency.

Most notably, the Madera County Grand Jury (MCGJ) discovered that the City Manager directly coached the bar operator on how to obtain a business license without going to the window at City Hall and submitting a formal application—an action in direct conflict with the City's own ordinances. Simultaneously, the City Manager and City Attorney collaborated as a Team in drafting the City's formal response to MCGJ Report 2324-06, denying that any business license irregularities existed. This contradiction not only undermines the integrity of the City's administrative processes but also raises serious concerns about deliberate efforts to conceal the truth from both the Madera City Council (MCC) and the public.

Further concerns detailed in this report include:

- **Improper Issuance and Modification of Business Licenses**

The City issued and modified business licenses without receiving the required applications or supporting documentation. Public Records Act (PRA) requests confirmed that licenses were granted to entities - such as SPS Madera Group, LLC—despite no corresponding application being located in any City department.

- **Failure to Enforce Municipal Code Provisions**

The City did not enforce provisions of the Code, particularly those governing business licenses, contract oversight and reporting requirements. Violations of the Code were neither investigated nor reported to the Council.

- **Inadequate Tracking of Capital Improvements**

The City failed to monitor or account for capital improvements made at Course adequately. Expenditures were inconsistently documented and no clear mechanism exists to verify compliance with the management agreement's improvement obligations. Normal maintenance and repairs have been charged against the limited Capital improvement budget.

- **Forgiveness of Maintenance Expenses**

Upon reviewing SGM's financial records, the MCGJ found that the City forgave 13 years without USGA reports and substantial maintenance costs without proper oversight or justification, further eroding public confidence and fiscal accountability.

- **Failure to Enforce Contractual Duties**

The City did not enforce key responsibilities outlined in the management agreement with Sierra. The agreement requires active oversight of subtenant operations and performance metrics, yet the City accepted incomplete or inconsistent reports and failed to follow up on material deficiencies.

- **Failure to Maintain or Repair**

In particular, the November 2023 interim Fire Marshal report identified serious deferred maintenance and safety issues at the Course - issues that remain unaddressed. One example is the persistent malfunction of the main double-entry doors, which have remained in disrepair since at least November 2023 despite repeated attention. After an Advisory meeting, a Council member didn't read the paper signs on the entry/exit doors, opened the wrong door and could not shut the broken door. Within minutes, the business operator placed a 4-wheel cart blocking the broken door. The Council is not aware of these ongoing problems because its Advisory meets monthly but only reports to the Council annually. These unresolved hazards not only jeopardize public safety but also expose the City to unnecessary liability.

These findings suggest not only dysfunction within City departments but also a pattern of deliberate obfuscation by senior officials. The City's reliance on informal channels and undocumented decisions allowed critical issues to be concealed from the part-time City Council and the public, ultimately compromising the stewardship of one of Madera's most valuable public assets.

CONCLUSION

The Madera County Grand Jury finds that the City of Madera has failed to uphold its legal and administrative responsibilities in managing the Madera Municipal Golf Course. These failures extend beyond simple oversight and reflect a pattern of neglect, misrepresentation and non-compliance with City ordinances.

The City's claim that it has no duty under the lease to inquire into the identity of subtenants operating under Sierra is directly contradicted by the Madera Code of Ordinances, Title VI, which mandates that all business operators obtain a valid City business license. Despite the MCGJ questioning who was operating the bar, the MCGJ found that senior City officials facilitated the operation of a bar and restaurant concession without requiring a formal business license application. At the same time, these same officials co-authored the City's official response to MCGJ Report 2324-06, falsely denying the existence of any licensing irregularities. The City admitted in response to 2324-06 that GROUP never applied for a business license and that Sierra stated Smokehouse [#2] was the only subtenant. The Team's response and repetitive course problems mandated this inquiry. Somehow, Smokehouse [# 2] and GROUP operated at the City Course without a business license and avoided examination under Code enforcement of Title VI.

This dual role, in which a subtenant is coached on how to sidestep compliance while publicly denying the subtenant's wrongdoing, reflects a serious breach of public trust and a willful disregard for transparency and accountability. City departments not only failed to investigate who was operating the restaurant and bar concessions but also ignored multiple opportunities to enforce the City's own ordinances.

The MCGJ discovered emails stating that a City Administrator instructed Smokehouse to contact a Financial Officer to change the business license into GROUP's

name. Council, relying on Team's input, denied last year's jury report that GROUP had operated the golf course bar. This indicates the City Administrator initiated the GROUP business license. Email records from the City confirm this was done without any application filed by the bar operator. Regardless, neither GROUP nor Smokehouse #2 complied with the City ordinance requiring a valid business license before operating at the MMGC in March 2023, which may be considered a misdemeanor offense. (See Code Title VI, 6-0.03 and the bold type sentence on the City business license applications.) Essentially, the City Administrator guided Smokehouse on who to contact in the finance department to obtain the GROUP license on August 23, 2024, without submitting a formal application.

Madera, CA 93637

billing address is:

[REDACTED]

Madera, CA 93638



Thank you so much for your help

On Thu, 22 Aug 2024 at 13:04, [REDACTED]@madera.gov> wrote:

If the business has the same tax id #, I can make the change and issue you a new license.

What is the physical address and the mailing address, if different?

[REDACTED]



[REDACTED] Financial Services [REDACTED]

City of Madera | Finance Department

205 West 4th Street, Madera, CA 93637

p (559) [REDACTED] | f (559) [REDACTED]

[REDACTED]@madera.gov

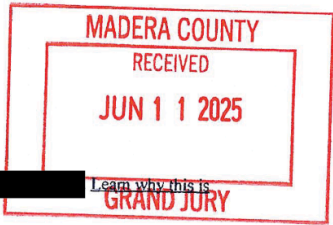


From: [REDACTED]@gmail.com>

Sent: Thursday, August 22, 2024 12:49 PM

To: Business Licens [REDACTED]@madera.gov>

Subject: Name on license change



Some people who received this message don't often get email from [REDACTED]
[important](#)
Hello,

My name is [REDACTED] and I own Sugar Pine Smokehouse. I guess I made a few mistakes when setting up our business and Arnoldo suggested I reach out to you. The name on our liquor license is our company name which is SPS Madera Group, LLC. While filling out the license paperwork, I wrote Sugar Pine Smokehouse, which I guess should be our DBA.

What would be the steps I would need to get the business license name to match the liquor license name?

Thank you for your time.

--

Cheers,

[REDACTED]

SPS Group Madera, LLC

Sugar Pine Smokehouse

Owner

559 [REDACTED]

--

Cheers,

[REDACTED]

SPS Group Madera, LLC

SPS Group Madera, LLC
Sugar Pine Smokehouse
Owner
559 [REDACTED]



On Thu, Aug 22, 2024 at 2:28 PM [REDACTED]@madera.gov> wrote:

I guess what I'm asking is if you need both names on the license.

[REDACTED]



[REDACTED] CPA | Financial Services [REDACTED]
City of Madera | Finance Department
205 West 4th Street, Madera, CA 93637
p (559) [REDACTED] | f (559) [REDACTED]
[REDACTED]@madera.gov

From: [REDACTED]@gmail.com>
Sent: Thursday, August 22, 2024 1:28 PM
To: [REDACTED]@madera.gov>
Subject: Re: Name on license change

You don't often get email from [REDACTED]@gmail.com. [Learn why this is important](#)
Tax ID is the same and the physical address is:
23200 Ave 17



From: [Redacted]
To: [Redacted]
Subject: Re: Name on license change
Date: Friday, August 23, 2024 9:11:10 AM
Attachments: [image002.png](#)
[image004.png](#)
[image003.png](#)
[image001.png](#)

This is perfect, thank you so much!

On Fri, Aug 23, 2024 at 7:59 AM [Redacted]@madera.gov> wrote:

Here you go.

[Redacted]



[Redacted] | Financial Services [Redacted]

City of Madera | Finance Department

205 West 4th Street, Madera, CA 93637

p (559) [Redacted] | f (559) [Redacted]

[Redacted]@madera.gov



From: [Redacted]@gmail.com>
Sent: Thursday, August 22, 2024 5:00 PM
To: [Redacted]@madera.gov>
Subject: Re: Name on license change

I believe I just need SPS madera group, LLC. Arnoldo had mentioned that it should match the liquor license and that's what we have on the liquor license

Cheers,

[Redacted]

MCGJ Findings and Recommendations

City Administrator's Involvement:

A City Administrator instructed Smokehouse to contact a Financial Officer, regarding how to correct the business license to reflect GROUP's name. The Finance Officer issued three different business licenses within 24 hours. This action contradicts the City's denial of last year's jury report that Smokehouse [# 1 or # 2] had been operating the golf course bar with a current business license. The ABC liquor license at the Course is issued to SPS Madera Group, LLC dba SPS at the Muni. The word 'Smokehouse' is not on the said ABC license. The GROUP was only formed on November 11, 2022, and it never did business at 1830 W. Cleveland Avenue, Madera.

1. **GROUP Business License:** The GROUP business license was initiated by a City Administrator. Email records from the city confirm that this was done outside of the ordinances, without planning department approval and without any application being filed by GROUP.

Business License Discrepancies:

The City Manager instructed Smokehouse to contact a Financial Officer to correct the business license to reflect GROUP's name. This action contradicts the City Manager's denial in last year's jury report that GROUP Smokehouse operated the golf course bar. Email records from the City Clerk's office confirm that this name correction was done without providing any documents or application by GROUP.

FINDINGS

F1. The MCGJ finds that a City Administrator instructed Smokehouse to contact a Financial Officer, regarding how to change the business license to reflect GROUP's name.

F2. The MCGJ finds The GROUP business license was initiated by a City Administrator. Email records from the city confirm that this was done without any application filed by GROUP.

F3. The MCGJ finds Lack of Documentation: There is a lack of proper documentation and transparency in the process of issuing and modifying business licenses.

F4. The MCGJ finds Non-compliance with Ordinances: The issuance of the business license to GROUP did not comply with the Madera Code of Ordinances (MCO) Title VI, Chapter 1.

F5. The MCGJ finds Potential Conflict of Interest: A City Manager's involvement in the business license issuance process raises concerns about conflicts of interest, especially in light of the Team Responses.

F6. The MCGJ finds Public Scrutiny: The actions taken by city officials in issuing and modifying business licenses should be documented and made available for public scrutiny.

F7. The MCGJ finds impact on public trust: The irregularities in the business license issuance process harm public trust in city officials and the administration.

F8. The MCGJ finds the Council does not read the findings, recommendations, and City responses to MCGJ reports.

F9. The MCGJ finds the equipment inventory, Exhibit B, is outdated.

F10. The MCGJ finds the cleaning of the solar panels has been paid by SGM from the Capital Improvement fund and not the maintenance costs.

F11. The MCGJ finds that the Advisory Committee monthly meeting reports are not made available to the Council.

F12. The MCGJ finds insufficient training regarding business license applications and issuance requirements.

RECOMMENDATIONS

R1. The MCGJ recommends Transparency and Accountability: The City should ensure transparency and accountability in the issuance and modification of business licenses. All actions taken by city officials should be documented and made available for public scrutiny within 60 days of this report being published.

R2. The MCGJ recommends the city administration hire an independent agency to conduct a thorough review and audit of the business license issuance process to identify any irregularities and ensure compliance with city ordinances within 90 days of receiving this report.

R3. The MCGJ recommends improving communication between city departments and the City Council to ensure that all relevant information is shared, discussed and documented within 30 days. This recommendation should be implemented within 30 days of receiving this report.

R4. The MCGJ recommends enforcement of ordinances: Enforce the Madera Code of Ordinances Title VI, Chapter 1, to ensure that all businesses operating in the city have the necessary licenses and comply with city regulations within 30 days of receiving this report.

R5. The MCGJ recommends implementing a conflict of interest policy to ensure that city officials do not have any personal or financial interests in the businesses they regulate within 30 days of receiving this report.

R6. The MCGJ recommends launching a public awareness campaign to inform residents and business owners about the importance of compliance with city ordinances and the procedures for obtaining business licenses within 30 days of receiving this report.

R7. The MCGJ recommends that the entire MCGJ report be read to the Council members in an open public meeting within 30 days of receiving this report.

R8. The MCGJ recommends hiring an outside expert to check the City's property and equipment records and also to do regular checks within the City. The list of items the City owns (Exhibit B) needs to be brought up-to-date within 90 days.

R9. The MCGJ recommends conducting regular audits of SGM's business expenses in regards to capital improvements vs maintenance obligations. Within 90 days of receiving this report.

R10. The MCGJ recommends improving the documentation process for issuing and modifying business licenses to ensure that all actions are properly recorded and transparent. Within 90 days of receiving this report.

R11. The MCGJ recommends engaging with stakeholders, including business owners and residents, to gather feedback and improve the business license issuance process within 90 days of receiving this report.

R12. The MCGJ recommends that the Advisory Committee reports be agendaized monthly and read to the Council in an open meeting within 90 days of this report.

REQUIRED RESPONSE

Pursuant to Penal Code sections 933 and 933.05, the Madera County Grand Jury requires responses from the following: within 60 days:

Mayor of the City of Madera
Madera City Hall
205 West 4th Street
Madera, CA 93637

Pursuant to Penal Code sections 933 and 933.05, the Madera County Grand Jury requires responses from the following: within 90 days:

Madera City Council
Madera City Hall
205 West 4th Street
Madera, CA 93637

Madera County District Attorney
300 South G Street
Madera, CA 93637

INVITED RESPONSES

Pursuant to Penal Code sections 933 and 933.05, the Madera County Grand Jury invites responses from the following within 60 days:

City of Madera City Manager
Madera City Hall
205 West 4th Street
Madera, CA 93637

City of Madera Director of Parks and Community Services
John W. Wells Youth Center
701 East 5th Street
Madera, CA 93638

City of Madera Finance Department
Madera City Hall
205 West 4th Street
Madera, CA 93637

City of Madera Planning Department
Madera City Hall

205 West 4th Street
Madera, Ca 93637

City of Madera Code Enforcement
330 C Street
Madera, CA 93637

City of Madera Golf Course Advisory Committee
Madera City Hall
205 West 4th Street
Madera, CA 93637

Reports issued by the Civil Grand Jury do not identify individuals interviewed. Penal Code Section 929 requires that reports of the Grand Jury not contain the name of any person or facts leading to the identity of any person who provides information to the Civil Grand Jury. The California State Legislature has stated that it intends the provisions of Penal Code Section 929 prohibiting disclosure of witness identities to encourage full candor in testimony in Grand Jury investigations by protecting the privacy and confidentiality of those who participate in any Civil Grand Jury investigation.

* Note: This report was prepared using current information available on the websites listed.
