

This document is an extract of a larger publication.

civilgrandjury.org is a project of UnGovr.org, a US-based 501(c)(3) nonprofit dedicated to government transparency and public accountability.



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 agenda 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.

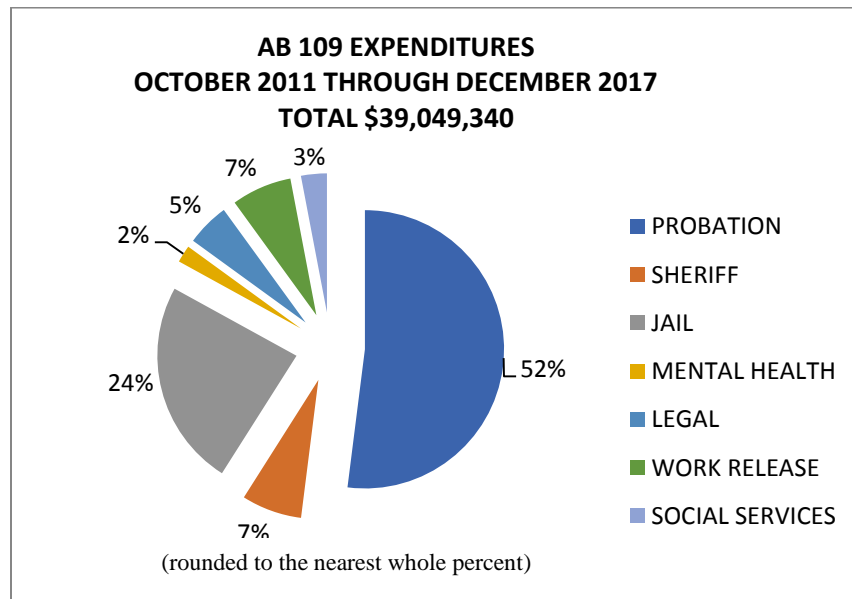


Chart A

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.

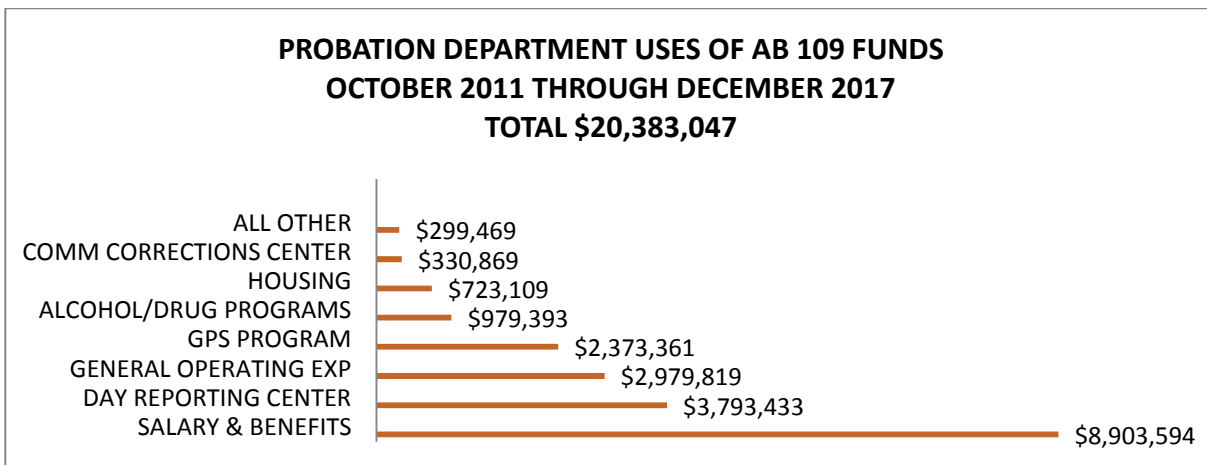


Chart B

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.

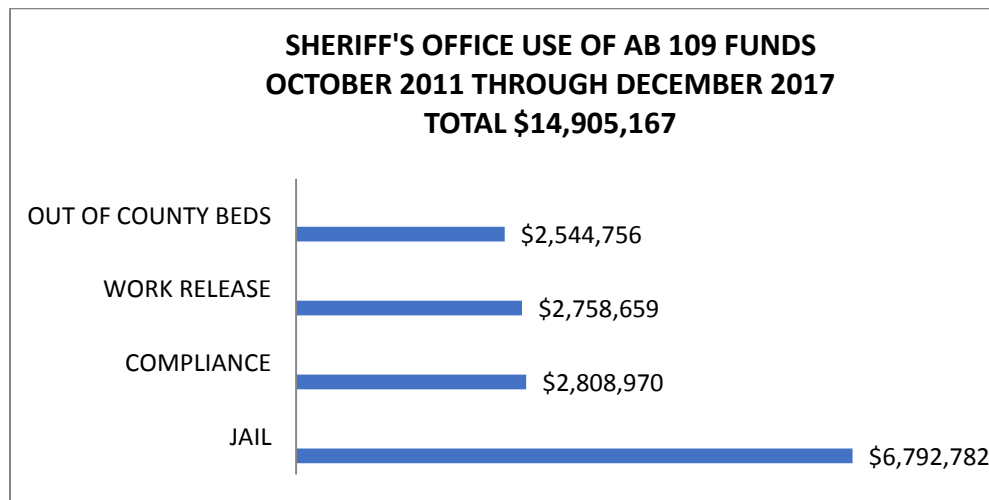


Chart C

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.

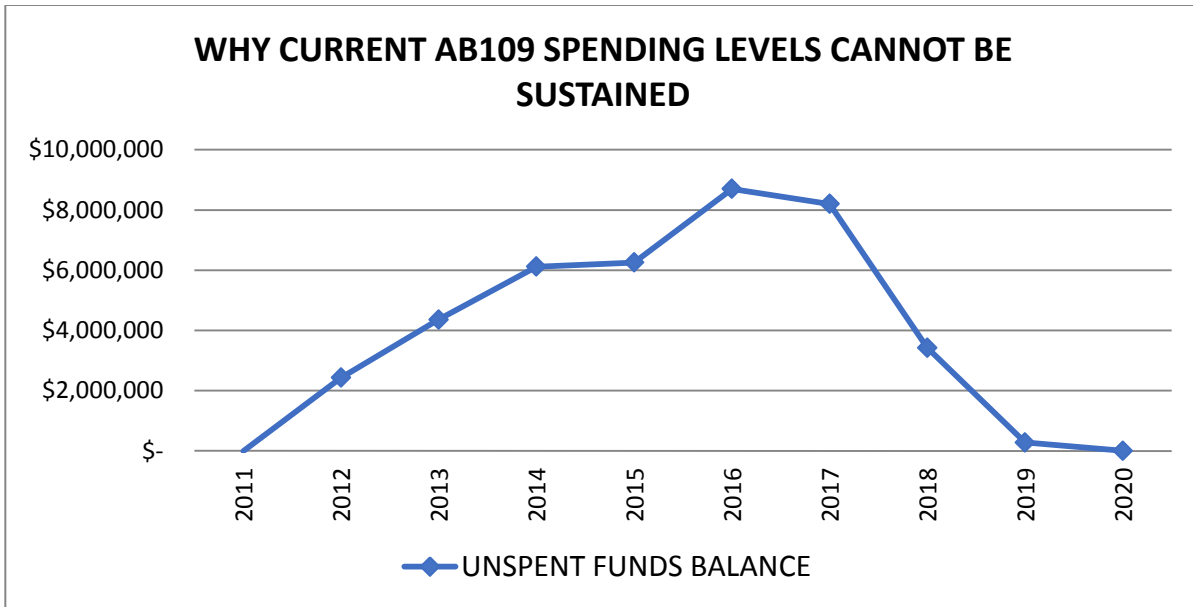


Chart D

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, F7 and 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

OFFICE OF THE AUDITOR-CONTROLLER

1450 Court Street, Suite 238
Redding, California 96001-1671
Phone (530) 225-5771

BRIAN MUIR
AUDITOR-CONTROLLER

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:

<u>FY 10/11</u>	<u>FY 11/12</u>	<u>FY 12/13</u>	<u>FY13/14</u>	<u>FY 14/15</u>	<u>FY 15/16</u>	<u>FY16/17</u>
\$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

BOARD OF SUPERVISORS

1450 Court Street, Suite 308B
Redding, California 96001-1680
(530) 225-5557
(800) 479-8009
(530) 225-5189-FAX

DAVID A. KEHOE, DISTRICT 1
LEONARD MOTY, DISTRICT 2
MARY RICKERT, DISTRICT 3
STEVE MORGAN, DISTRICT 4
LES BAUGH, DISTRICT 5

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

The Honorable Gary Gibson
Shasta County Superior Court
July 24, 2018
Page 2

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.*

The Honorable Gary Gibson
Shasta County Superior Court
July 24, 2018
Page 3

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.

FA. *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 (301)	\$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 (340-34)	\$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	\$6,267,079.41	\$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.

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

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.

The Honorable Gary Gibson
Shasta County Superior Court
July 24, 2018
Page 8

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

BOARD OF SUPERVISORS

1450 Court Street, Suite 308B
Redding, California 96001-1680
(530) 225-5557
(800) 479-8009
(530) 225-5189-FAX

DAVID A. KEHOE, DISTRICT 1
LEONARD MOTY, DISTRICT 2
MARY RICKERT, DISTRICT 3
STEVE MORGAN, DISTRICT 4
LES BAUGH, DISTRICT 5

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:

FI. 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:

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

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*

The Honorable Gary Gibson
Shasta County Superior Court
July 24, 2018
Page 5

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.

The Honorable Gary Gibson
Shasta County Superior Court
July 24, 2018
Page 6

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



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 previously 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.

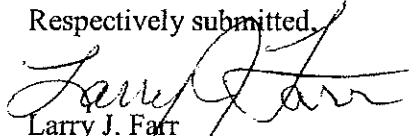
R10: The recommendation has been implemented. The City has already budgeted for expanded code enforcement during the fiscal year 2018/19 budget process.

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
4126 Ashby Court Shasta Lake, CA 96019-9215 ~ (530) 275-7474 ~ fax (530) 275-6502 ~ www.shastalakefiredistrict.com

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:

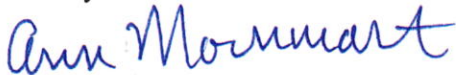
By December 31, 2018, the Shasta Lake Fire Protection District Board explore all legal avenues to require the City of Shasta Lake to meet its legal obligation to complete the secondary access road in the Shasta Gateway Industrial Park.

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
Chairperson
Shasta Lake Fire Protection District