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# ADMINISTRATIVE/FINANCE COMMITTEE



**ADMINISTRATIVE/FINANCE COMMITTEE**

**MEMBERS**

**Brad Kuiper, Chair**

**Julie C. Crites**

**William E. Howard**

**Lydann Lord**

**Jesus C. Morga**

**Melinda O'Connor**

**Denise Powell**

**Bill Rorick**

**Dr. James Willingham**

## **ADMINISTRATIVE/FINANCE COMMITTEE**

The Administrative/Finance Committee had the responsibility for investigating the following County departments and/or agencies:

- Assessor
- Auditor Controller/Recorder
- Board of Supervisors
- County Administrative Officer
- Human Resources
- Treasurer-Tax Collector

Additionally, in conjunction with specific investigations, the Administrative/Finance Committee also visited the following County Departments and Agencies:

- Arrowhead Regional Medical Center (ARMC)
- Information Services Department
- Inland Counties Emergency Medical Agency (ICEMA)
- Public Health Department

Subcommittees were established to review these departments or consulted with them on other issues the Committee was dealing with. The Board of Supervisors (Board), the County Administrative Officer (CAO), department directors and principle office personnel were interviewed during the investigations. This activity resulted in final reports and recommendations for the Board of Supervisors.

Three and sometimes four committee members regularly attended the Board of Supervisors' weekly Tuesday meetings. Board decisions on agenda items were reported to the full Grand Jury each week.

During the 2009-2010 tenure of the Administrative/Finance Committee, the County Administrative Officer was terminated without cause. A replacement was appointed effective February 15, 2010. He is the seventh CAO since 2001.

The findings and recommendations in final reports for the Board of Supervisors and the CAO follow.

## **BOARD OF SUPERVISORS**

### **DISCRETIONARY FUNDS**

#### **SUMMARY**

Government Code 26227 allows that “the Board of Supervisors of a County may appropriate and expend money from the general fund of the county to establish county programs or to fund other programs deemed by the Board of Supervisors to be necessary to meet the social needs of the population of the county, including **but not limited** to, the areas of health, law enforcement, public safety, rehabilitation, welfare, education, and legal services, and the needs of physically, mentally and financially handicapped persons and aged persons.”

“The Board of Supervisors may contract with other public agencies, private agencies, or individuals to operate those programs which the Board of Supervisors determines will serve public purposes. In the furtherance of those programs, the board of supervisors may make available to a public agency, nonprofit corporation, or nonprofit association any real property of the county which is not and, during the time of possession, will not be needed for county purposes, to be used to carry out the programs, upon terms and conditions determined by the board of supervisors to be in the best interests of the county and the general public, and the board of supervisors may finance or assist in the financing of the acquisition or improvement of real property and furnishings to be owned or operated by any public agency, nonprofit corporation, or nonprofit association to carry out the programs, through a lease, installment sale, or other transaction, in either case without complying with any other provisions of this code relating to acquiring, improving, leasing, or granting the use of or otherwise disposing of county property.”

“A program may consist of a community support program including a charitable fund drive conducted in cooperation with one or more nonprofit charitable organizations if the Board of Supervisors deems a program will assist in meeting the social needs to the

population of the county. If the board establishes a program, the officers and employees of the county shall have the authority to carry out the program, using county funds and property if authorized by the board. During working hours, a program may include direct solicitation by county officers and employees and the assignment of officers and employees to attend or assist in the administration of program activities if authorized by the board.”

## **BACKGROUND**

Since 1999, the County of San Bernardino Board of Supervisors has had “Discretionary Funds” in their budget. These have been referred to as “Priority Policy Needs” funding. Each District Supervisor receives this money in their budget each year. The amount varies each year between a low of \$400,000.00 per district in 2005-2006 to a high of \$750,000.00 per district in 2009-2010. Any unused funds are carried over to the next year’s budget. The total at the start of the 2009-2010 budget year was \$6,519,645.00. In 2007 the Board of Supervisors created a new line of funds called “Board Elective Projects.” They received a total of \$10,000,000.00 (\$2,000,000.00 per supervisor) in their 2007-2008 budgets. In 2008-2009 they received \$1,000,000.00 per district and no funding for the 2009-2010 budget. At the start of the 2009-2010 budget year, there was a total of \$9,605,250.00 in the Board Elective Projects budget. Thus, for the 2009-2010 budget year, the two “Discretionary Funds” had a balance of \$16,124,895.00.

The primary difference between the two funds is that expenditures from the Priority Policy Needs fund requires approval of the Board of Supervisors. For the Board Elective projects, it only requires Board approval if the contract exceeds \$100,000.00.

Up until September of 2009, there was no written policy for administration of the Board Discretionary Funds. On September 15, 2009, the Board of Supervisors adopted policy 02-18, establishing a written policy and implementing procedures regarding the administration of Board Discretionary funding allocations.

It should be noted that in these new policies and procedures it clearly states that money from these funds can be used for County Department projects as well as other governments within the County and community projects of all kinds.

## **FINDINGS**

1. At the start of the 2009-2010 budget year, there was a total of \$16,124,895.00 budgeted for Priority Policy Needs and Board Elective Projects.
2. Over the last several years, Supervisors have transferred hundreds of thousands of dollars from their Discretionary Funds to fund additional staffing of their Districts.
3. For the Final 2009-2010 Budget, the five Supervisors transferred \$2,671,810.00 from their Priority Policy Needs Allocations to fund additional staffing in their Districts.
4. During the first 6 months of the current budget year, the Supervisors spent a total of \$1,570,665.00 from Priority Policy Needs funds. However, only \$321,357.00 (21%) was spent on Priority Policy Needs projects, but \$1,249,308.00 (79%) on their office staffing.
5. Funding for the Board of Supervisors' additional staffing taken from the "Priority Policy Needs" allocations appear with the code "Budgeted PPN Offset." It is difficult to know this line is for Supervisors' staff.
6. One District transferred \$765,499.00 from the 2009-2010 Budget to fund additional staff, which is \$15,499.00 more than the amount the District was allocated from the Priority Policy Needs budget.

7. Since the 2003-2004 Budget, the number of Supervisor’s budgeted staff has increased from 39.5 to 65 in 2009-2010, a 63.5% increase.
8. According to the Secretary of State, since 2004, the County population has only increased by 5.85%, from 1,946,993 to 2,066,950 at the beginning of 2010, an increase of 113,957.
9. There are no guidelines or specific written documentation which states how many staff a Supervisor may hire.
10. All Supervisors’ staffs are contract employees.
11. For the 2009-2010 Budget year, the Districts’ budgeted staff size, including the Supervisor, are

District 1	16
District 2	11
District 3	13
District 4	17
District 5	10

Currently, District 1 has one vacancy and District 4 has four vacancies, so there are only 62 staff and Supervisors.

12. With the current state of the economy and the County facing a \$90 million budget shortfall for the 2010-2011 budget, the County will undoubtedly have to make considerable cutbacks in all departments and services.

**RECOMMENDATIONS**

- 10-01            Transfer remaining balance from both Priority Policy Needs and Board Elective Projects discretionary funding back into the County general fund for the next couple of years to help offset the County budget shortfall, and especially to help fund necessary improvements. (Findings 1, 11)
- 10-02            Budgeting for all Board of Supervisors’ staffing should be included in the general budget and coded the same as all county personnel costs. (Finding 5)

<b><u>RESPONDING AGENCY</u></b>	<b><u>RECOMMENDATIONS</u></b>	<b><u>DATE</u></b>
Board of Supervisors	10-01 through 10-02	09-30-2010