

FOREMAN'S STATEMENT

"The time has come, the Walrus said,
To talk of many things;
Of shoes and ships and sealing wax
Of cabbages and kings
And why the sea is boiling hot
And whether pigs have wings."

Lewis Carroll
Through the Looking Glass

The 1999-2000 San Bernardino County Grand Jury is pleased to present this final report to the Presiding Judge of the Superior Court, to the San Bernardino County Board of Supervisors and to the citizens of San Bernardino County.

What follows are the observations of a Foreman seeking to internalize, to integrate, and to evaluate what has been for myself and the entire Jury, an impressive learning experience. I considered myself moderately sophisticated in governmental and public affairs, but the Grand Jury experience was another ball game. It may be too soon to be definitive about the experience. I sincerely hope that future grand jurors and the interested public will find these comments informative and helpful for understanding the Grand Jury process.

I begin with a declaration of gratitude, affection, and respect for the 18 unacquainted, inexperienced individuals who first came together last July as the 1999-2000 San Bernardino County Grand Jury. As it turned out, they were 18 independent, strong-willed, intelligent, hard-working and dedicated individuals. Over time, with a few rough bumps and ups and downs, they developed into a cohesive, productive and self-governing group who hold their conflicts in abeyance. As Foreman, the 19th member, I bask in their reflected glory.

The growth of all of us was aided by two "adjunct jurors": Susan Shuey, Grand Jury Assistant, and Clark A. Hansen, Jr., Deputy District Attorney/Legal Advisor. Their knowledge of what the Grand Jury was and is, their good common sense and their wise judgment guided all of us, and especially me, through some difficult times.

We would also like to express our gratitude to the Judges of the Superior Court for granting us the honor of serving on the 1999-2000 Grand Jury, and for providing us with the opportunity and challenge to serve our County. We especially thank Presiding Judge John W. Kennedy, Jr. who "baptized" us as Grand Jurors by giving us our oath and reading our Charge as officers of the

Superior Court, and who guided and counseled us during the first half of our term. Our special thanks to Presiding Judge Roberta McPeters who skillfully completed the final half of our term.

THE GRAND JURY

The California Grand Jury system has historical roots in the old English jury whose purpose was to protect citizens from the arbitrary power of the King. The California system continues to retain the goal of protecting residents from alleged abuses by local governments. In civil matters, the jury performs oversight (“watchdog”) activities; in criminal matters it serves the indictment process. Indictment proceedings inquire into alleged violations of the law to ascertain whether the evidence is sufficient, i.e., probable cause, to warrant recommending a trial in Superior Court.

As a temporary microcosm of society with a one-year life, each Jury is predominantly composed of neophytes in the subjects dealt with. Consequently, Juries organize themselves differently, go about their business in different ways, and study different problems. Each Jury defines to what degree it remains an independent body. Each Jury then creates itself and its outcomes, in its own image.

The California Constitution and the California Penal Code establish the structure and procedures under which the Grand Jury operates. Although it has some degree of independence, the Jury is under the governance of the County and is administered by the Superior Court. Consequently, the Jury interacts directly with other governmental units and operates in the environment of County government, which changes even during its term. For example, governmental budget woes influence the acceptance or rejection of Jury recommendations.

COMPLAINTS

Any private citizen, city/county official, or city/county employee may present a complaint in writing to the Grand Jury. The Jury limits its investigations to possible felonies and to charges of malfeasance or misfeasance of a public official. Any request for an investigation must include detailed evidence supporting the complaint. If the Jury believes that the evidence submitted is sufficient, a detailed investigation is made. The 1999-2000 Grand Jury has answered approximately 21 such requests. A Complaints

Committee, with the assistance of the legal advisor from the District Attorney's Office, conducts the initial investigation of the complaint and makes recommendations for the disposition to the various committees of the Grand Jury.

Some complaints develop into full-scale Jury investigations. In many cases we have to rely upon internal investigations by agencies alleged to have committed wrongdoing or upon the District Attorney's investigation. For others, we judge whether or not proper procedures and due process were followed. In all instances, the Jury acts as a court of last chance for complaint, with some assurance to the petitioner that they had a proper day in court.

CIVIL INQUIRIES

Whatever degree of success this Grand Jury may have achieved in the area of civil oversight, is due primarily to the outstanding performance of the various committees and respective chairpersons who provided the momentum and direction necessary to bring their findings to a productive conclusion. We hereby acknowledge each committee chairperson for their perseverance and dedication, and thank them for "a job well done."

These investigations consume about 80 percent of our time and most of our discretionary budget. How does the Grand Jury go about deciding what to study and how to do it? The process is analogous to a group entering a kitchen with a potpourri of raw food and collecting and selecting what and how to prepare an elegantly served gourmet dinner plus wine. Somehow, though, it was done in an organized and judicious manner. We conducted a thorough review of what previous Juries had done, had discussions with local government people at different levels, read newspapers and reports, made site visits, and drew on the special interests of some of the Jurors. The final report covers both the external audit, as well as our own findings and recommendations.

FOREMAN'S OBSERVATION

I was impressed with the number of dedicated, efficient, and effective public employees in all the governmental units we dealt with.

As the Jury's investigations developed, I became increasingly aware of the ubiquitous occurrence of drugs and alcohol, low income and poverty, and family deterioration. These problems originate both within and outside the County. Local governments can do better than they are doing with "safety

nets." County programs are budget-driven, as they should be, but outputs and outcomes should have at least as much emphasis as inputs, i.e., dollars. Current problems always seem to eliminate longer range thinking, whether it be building maintenance or prenatal care; prevention, seemingly, is always displaced by dealing with a current crisis. The present value of a future dollar, perhaps as well as the present value of a future vote, is not given much worth.

CONCLUSION

I return to the beginning: the mandate that the Grand Jury protect the individual against the tyranny of his government, i.e., make a difference. Has the 1999-2000 San Bernardino County Grand Jury met this criterion? In my judgment the answer is a resounding "YES." The Jury performed well. The impact of our civil investigations will become evident after a period of time. Public policy and government operations do not lend themselves to rapid change. Some of our recommendations will be accepted, others will not. And what more should any rational person expect?

To my fellow Grand Jurors, I can only say that serving with each of you has been one of the most intense joys of my career. For your wisdom, diligence and search for truth, I enthusiastically commend you for your advice, criticism, patience, and support. For allowing me the privilege to serve with you and for giving me the opportunity along side you to "do our duty," I sincerely thank you.

Respectfully submitted,

JESSE D. LASSWELL, Foreman
1999-2000 County Grand Jury

ADMINISTRATIVE AND AUDIT/FISCAL COMMITTEE

It was the responsibility of the Administrative and Audit/Fiscal Committee to review the following boards, departments and agencies:

- Board of Supervisors
- Clerk of the Board of Supervisors
- County Administrative Office
- County Counsel
- Assessor
- Auditor/Controller-Recorder
- Treasurer-Tax Collector
- Information Services Department
- Superintendent of Schools
- County Fire Department
- Redevelopment Programs
- Special Districts
- Local Agency Formation Commission

Committee members attended the weekly meetings of the Board of Supervisors and reported on agenda topics to the full Grand Jury. These reports were sources of additional information for the Grand Jury.

Two complaints were received, reviewed, and acted upon.

The Administrative and Audit/Fiscal Committee was responsible for interviewing and selecting an outside audit firm to conduct any audits deemed necessary by the Grand Jury. Two firms were interviewed and a selection made. The Harvey M. Rose Accountancy Corporation conducted a limited scope management audit of the County Vehicle Services Department and Other User Departments. The Executive Summary of that audit is included in this final report.

The Administrative and Audit/Fiscal Committee established subcommittees to review the functions and operations of selected departments. Key staff members were interviewed and investigations were completed. The Administrative and Audit/Fiscal Committee makes the following findings and recommendations.

ASSESSOR

BACKGROUND

The County Assessor values all property that is not exempt by State or Federal law. The types of property assessed are vacant land, improved real estate, business property, manufactured homes, boats, aircraft and, as of May 13, 1999, certain electric generating plants that were deregulated, which are now assessed by the County of San Bernardino.

Proposition 13 (June 1978) requires the Assessor to appraise real property as of the date of the change in ownership or as of the date of completion of any new construction.

Since 1991 the San Bernardino County Assessor's Office has had to deal with budget reductions and economic recession that produced declining real estate values and increased assessment appeals.

FINDINGS

Since 1996 the State-County Property Tax Administration Program (PTAP), which is a State-administered loan program for county assessor's offices, has provided funds to fill the gap between inadequate resources and increased workload. This loan has totaled \$2,139,938 every year since 1996. The County entered into a loan agreement, or contract, with the State Department of Finance to enhance its property tax administration system, reduce backlogs of reassessments, maximize assessment capabilities, and accept limitations on use of the funding. Each contract has performance measures that must be met in order to have the loan amount forgiven. The Board of Supervisors elected to participate in PTAP, which was approved by the State Assembly to begin in 1996 and to end June 30, 2000. The State Legislature has not yet taken action to continue the PTAP, which would end June 30, 2001. Within County memos, this program is referred to as AB 818.

The loan of \$2,139,938 annually by the PTAP program has made it possible for the Assessor's Office to generate additional property tax revenues over the four-year period, for a total of \$9.3 million to the County General Fund.

The Assessor's Office has met the performance criteria as specified in the loan agreement every year, and the loans have been considered repaid.

Other financial benefits generated by this program include funding 29 new staff positions, upgrading of the computer system, and paying for operating costs of the Property Tax Administration Program.

Another benefit of PTAP was the funding of the Assessor's automated Property Information Management System (PIMS) which helps to manage the functions within the Assessor's office. The program continues to generate interest (\$200,000 to date) which the County has used to supplement the County General Fund. Other revenue is derived from added administrative fees collected by the County from local agencies (\$2.25 million to date).

The existing property tax computer system is a COBOL-based database, which originated in the 1970's and is both difficult and expensive to modify. The unsecured and secured assessment rolls are extracted separately from this database. The County maintains a Wide Area Network (WAN) for all County departments, and each of the Assessor's district offices has a Local Area Network (LAN) system. The database is currently being rewritten to accommodate the year 2000 and to enhance various assessment functions such as value input, property characteristics entry, building permit tracking, and declines and increases in value.

A combination of methods is used to assess real property including direct enrollment of the purchase price, some low value construction, desk reviews, computer assisted valuation analysis, and complete appraisals, including field inspections.

There is a 6 to 18 month period (10-month average) for the completion of the assessment roll. This time period is because of the calendar due dates, but some delays appear to be related to the age of the computer system and lack of personnel. Appraisal of new construction ranges from one to 15 months (seven-month average) and new decline in value assessment is one to seven months (three-month average).

Electric generating plants have been deregulated and it is now the task of the County Assessor to reassess these properties for their true value. San Bernardino County has four of these plants to evaluate and assess. The State Board of Equalization previously had the responsibility for placing a value on these plants. The County will conduct a study to determine the true assessed values of the properties.

RECOMMENDATIONS

- 00-01 BUDGET ADDITIONAL FUNDS FOR THE ASSESSOR'S OFFICE TO REPLACE MONIES EXPECTED TO BE LOST BY THE EXPIRATION OF THE PROPERTY TAX ADMINISTRATION PROGRAM (PTAP).
- 00-02 AGGRESSIVELY UPDATE THE ASSESSOR'S ENTIRE COMPUTER SYSTEM TO REDUCE DELAYS IN THE ASSESSMENT PROCESS.
- 00-03 REDUCE THE TIME IT TAKES FOR THE ASSESSMENT EVALUATION PROCESS.
- 00-04 FUND AND IMPLEMENT A PLAN TO PROMPTLY AND ACCURATELY ESTABLISH THE ASSESSED VALUE OF ELECTRIC GENERATING PLANTS WITHIN THE COUNTY.

COUNTY FIRE DEPARTMENT

BACKGROUND

The San Bernardino County Fire Department is responsible for fire protection and suppression in various County areas encompassing all unincorporated land within the County. In addition, 64 communities that have no independent fire departments contract with the County for their fire protection services. These entities are charged a fee for the services provided, which is negotiated between the city and County. The "Fire-Rescue Service Contract" shall provide for services that include fire prevention, fire investigation, fire suppression, and rescue services.

The department may provide fire suppression to other areas of the County or state when there is an emergency condition. All fire departments within the County have reciprocal agreements for assistance if the fire cannot be suppressed by one entity. California law mandates the conditions that provide for the reciprocal agreement.

On August 28, 1999 the County experienced a major fire which started in the San Bernardino National Forest. This fire was named the Willow Fire.

At the time the fire began many of the fire-fighting resources in the area had already been committed to assist with fires in Northern California. Some of the remaining resources in Southern California were committed to numerous other fires that also occurred on the same day.

FINDINGS

Agencies involved in fighting the Willow Fire were the California Department of Forestry, Bureau of Land Management, San Bernardino County Fire Department, and other Southern California county and city departments. All agencies were supported by the Southern California Operations Coordination Center. Fire officials have stated their fire fighting objectives were to give priority to humans and structures first and other property second. Fire fighting resources, including aircraft, tank engines, and fire crews were used.

The Grand Jury made a partial inspection of the Willow Fire area to ascertain the conditions and results of fire suppression. Observations made were:

- Many roads in the area were not identified by street signs or addresses.
- No firebreaks were visible in the area.
- Roads in many areas lacked proper maintenance.
- Some standpipes were not easily located.

The area observed varied from complete devastation to properties suffering little or no damage. Most of the dwellings spared by the fire had been cleared of debris surrounding the buildings, in accordance with local abatement programs.

Some roads in the area were too narrow to allow safe passage of automobiles or fire engines, endangering firefighters and causing potential loss of equipment.

Some of the strike teams were comprised of city fire engines designed primarily for use on paved roads. The engines with four-wheel drive and off-road capabilities were suited for mountain terrain.

Water availability was a critical issue in this fire. A review of several areas revealed that their systems are 40 years old, with many having water access from standpipes, not fire hydrants. Standpipes have to be accessed through a street valve that is located in a main line several feet into the roadway. Water is released into the standpipe when a special long-handled

tool is used to open a valve below the surface of the ground. In areas where hydrants have replaced standpipes, water is turned on at the top of the hydrant with a special standard wrench used by all fire departments.

The out-of-area fire departments do not routinely carry the special tool used to turn on the standpipes. Some units could not access the water and replenish their tankers or engine tanks.

Fifty percent (50%) of all County fire engines have exceeded the recommended operational life. Statements were made to the Grand Jury that the optimum operating life of engines is 15 to 20 years. Some vehicles in the County have been in operation for 30 years.

RECOMMENDATIONS

- 00-05 MARK OR PAINT ALL COUNTY HYDRANTS AND STANDPIPES WITH FLUORESCENT REFLECTIVE MATERIALS FOR EASIER IDENTIFICATION.
- 00-06 DEVELOP A PLAN TO ASSURE ALL FIRE UNITS RESPONDING TO A FIRE HAVE ACCESS TO ALL NON-STANDARD FIRE SUPPRESSION WATER SOURCES.
- 00-07 STRONGLY ENFORCE COMPLIANCE WITH THE PROPERTY ABATEMENT PROGRAMS.
- 00-08 GRADE ALL COUNTY ROADS IN HIGH FIRE-RISK AREAS PRIOR TO THE FIRE HAZARD SEASON.
- 00-09 INSTALL ROAD SIGNS AT CORNERS OF COUNTY ROAD INTERSECTIONS.
- 00-10 BUDGET FOR TIMELY REPLACEMENT OF FIRE ENGINES IN EXCESS OF THEIR USEFUL OPERATIONAL LIFE.

INFORMATION SERVICES

DEPARTMENT

BACKGROUND

The Information Services Department (ISD) provides computer services, local area network (LAN), wide area network (WAN), radio communication systems, and telephone systems for the 40-plus departments and the approximately 15,000 employees of the County of San Bernardino.

ISD provides all or some of the following computer systems services to all or some of the County departments: support of computer hardware and software, central computer room operation and support on a 24-hour basis, "Help Desk" support, desktop support, database management, application development and maintenance, computer systems security, and a number of related services.

The 1999-2000 County Budget and a departmental survey conducted by the Grand Jury indicates ISD is staffed with approximately 355 personnel. Most departments also have their own computer technical personnel.

FINDINGS

Not all County departments use the technical services of ISD. Most departments use LAN, WAN, and the central computer room services.

Many departments may, and do, purchase software directly from the vendor.

While most departments utilize Microsoft Windows as their basic operating system, numerous other software systems are installed on departmental equipment. ISD technical personnel may not be familiar with these systems and do not maintain them.

There is no standardized time schedule for computer equipment upgrades or purchases. Budgetary considerations appear to be the controlling factor for such expenditures. Many departments upgrade or purchase computer equipment without input from the Information Services Department.

There is a wide variety of computer hardware equipment within the County departments due to the absence of a centralized purchasing policy. Many departments purchase hardware from a selection of three or four

computer manufacturers that have been recommended by the County Purchasing Department.

The above findings indicate an overall lack of Countywide policy direction and technical requirement needs for computer systems utilized in County departments.

Some departments use outside contractors, on long-term contracts, to maintain their computer equipment/software systems, without utilizing the Request for Proposal (RFP) process.

- There is no Countywide information technology plan that addresses the County's requirements for equipment, software, and technical personnel for the next three to five years.
- There is no Countywide computer training program, facility, or staff to train County personnel in basic computer systems and/or departmental software systems.
- There is no Countywide standardized equipment-purchasing plan to ensure the lowest price per unit costs are obtained when purchasing equipment and/or software.
- There is no Countywide data information access security plan.

Most departments have their own computer personnel that have no direct reporting responsibility to the Information Services Department. They do participate with ISD technical personnel on a given project.

Of the 40-plus County departments, there are three that are mostly independent of ISD – the Sheriff's Department, Arrowhead Regional Medical Center and Human Services System.

RECOMMENDATIONS

00-11 ESTABLISH AN INFORMATION TECHNOLOGY POLICY BOARD, COMPOSED OF SENIOR COUNTY MANAGERS AND ONE REPRESENTATIVE FROM THE BOARD OF SUPERVISORS TO DEVELOP STANDARDS APPLICABLE TO ALL DEPARTMENTS, FOR THE CURRENT AND FUTURE USE OF THE COUNTY GOVERNMENT.

- 00-12 ESTABLISH A TECHNICAL POLICY COMMITTEE COMPOSED OF SENIOR TECHNICAL MEMBERS FROM THE MAJOR DEPARTMENTS AND THE INFORMATION SERVICES DEPARTMENT. THIS COMMITTEE WILL DETERMINE AND RECOMMEND TO THE TECHNOLOGY POLICY BOARD, THE REQUIREMENTS REGARDING HARDWARE AND SOFTWARE ACQUISITIONS, SYSTEMS DEVELOPMENT NEEDS, AND MAINTENANCE REQUIREMENTS AND OTHER RELATED MATTERS.
- 00-13 DEVELOP A THREE TO FIVE YEAR INFORMATION TECHNOLOGY PLAN FOR EQUIPMENT, SOFTWARE AND PERSONNEL REQUIREMENTS TO BE USED BY THE COUNTY GOVERNMENT.
- 00-14 ESTABLISH A PROCUREMENT POLICY FOR THE ACQUISITION OF COMPUTER EQUIPMENT HARDWARE AND SOFTWARE TO ENABLE THE COUNTY'S BUYING POWER TO EFFECT COST REDUCTIONS.
- 00-15 ESTABLISH A REQUEST FOR PROPOSAL (RFP) PROCESS FOR THE USE OF OUTSIDE VENDORS THAT PROVIDE COMPUTER SYSTEMS DEVELOPMENT OR MAINTENANCE.
- 00-16 DEVELOP AND IMPLEMENT A COUNTYWIDE DATA INFORMATION ACCESS SECURITY PLAN.
- 00-17 ESTABLISH A COUNTYWIDE TRAINING PROGRAM FOR BASIC SOFTWARE AND DEPARTMENT-SPECIFIC SOFTWARE PROGRAMS.
- 00-18 ESTABLISH A WORKING RELATIONSHIP BETWEEN THE INFORMATION SERVICES DEPARTMENT AND EACH DEPARTMENT'S TECHNICAL PERSONNEL TO PROVIDE ISD WITH THE KNOWLEDGE OF DEPARTMENT-SPECIFIC PROGRAMS.
- 00-19 INCORPORATE ALL DEPARTMENTS INTO THE SCOPE OF THE POLICY BOARD AND TECHNICAL COMMITTEE RECOMMENDATIONS, REGARDLESS OF FUNDING SOURCE OR SPECIALIZED NATURE OF THEIR OPERATIONS (I.E., SHERIFF'S DEPARTMENT, ARROWHEAD REGIONAL MEDICAL CENTER, AND THE HUMAN SERVICES SYSTEM).

INLAND VALLEY DEVELOPMENT AGENCY SAN BERNARDINO INTERNATIONAL AIRPORT AUTHORITY

BACKGROUND

The Inland Valley Development Agency (IVDA) was created in 1989 and the San Bernardino International Airport Authority (SBIAA) was created in 1992 in anticipation of the closing of Norton Air Force Base.

SBIAA is a joint powers authority and is made up of San Bernardino County and the cities of San Bernardino, Colton, Highland, and Loma Linda. Each agency gets one vote on the governing board, with the exception of the City of San Bernardino, which gets two votes. SBIAA was established to operate, maintain, and develop the economic use of the airport. SBIAA operates the airport under the jurisdiction of the Federal Aviation Administration. Seventy-five percent (75%) of the former base is part of the current airport. The boundaries under the SBIAA include the airport facility itself and some adjacent base property. Under the terms of the agreement with the Air Force, the airport itself can only be used as an airport. Only the United States Department of Justice can modify this original agreement.

IVDA is also a joint powers authority and is made up of the above agencies, with the exception of Highland. Each agency gets two votes on the governing board, with the exception of the City of San Bernardino, which gets three votes. The IVDA was established to develop and redevelop the closed Norton Air Force Base, and to create jobs and an economic base for the community. This agency has a specific life of 40 years. The IVDA has jurisdiction over all the land that is not part of SBIAA. The boundaries of the IVDA extend three miles from the perimeter of Norton Air Force Base and include approximately 14,000 acres of land in the member agencies.

FINDINGS

Many of the IVDA structures are unusable and roads are obsolete, and they do not meet state or local codes. Portions of the property have been transferred to the San Manuel Indians, some to San Bernardino Valley College, the City of San Bernardino, and Loma Linda University Medical Center. The chapel building was given to a local church that provides services to the homeless. All of these were public benefit transfers. The U.S. Forest Service has a fire-fighting base on the airport property and pays landing fees comparable to surrounding areas.

Since the inception of IVDA and SBIAA, the two agencies have been having financial problems and have had to request that their participating members advance them monies to meet their operating costs, including payroll.

There has been little increase in the value of the IVDA properties, resulting in little increase in the tax increment. There has been no new building, and the old buildings continue to decay.

Prior years of financial performance have indicated SBIAA's inability to obtain sufficient operating revenues to cover its operating expenses. Funding has been limited to lease revenues, Federal grants, and loans from the IVDA/Authority members.

As of June 30, 1999 the accumulated deficit was \$9,935,437. The Authority plans to recoup this deficit by projected increased income from the rents and leases of buildings, and aircraft-related fees.

Of the total expenses of \$1,731,008 for the year ending June 30, 1999, a major provision for bad debts of \$382,723 was taken. This amount was the result of accrued unpaid rent due from a previous tenant. Estimated projections provided by the Authority indicated substantial increases in revenues and decreases in operating expenses as noted below:

	<u>Actual FY 98-99</u>	<u>Projected FY 99-00</u>	<u>Projected FY 00-01</u>
Total Revenues	\$1,913,359	\$2,526,400	\$3,081,196
Total Expenses	<u>3,007,072</u>	<u>2,443,354</u>	<u>2,032,622</u>
Net Deficit/Income	(\$1,093,713)	\$83,046	\$1,048,574

The primary increases in revenues between FY 1998-1999 and 1999-2000 are in two areas: leases of hangars and leases of warehouse/offices.

Lease income has primarily come from one major tenant at a time. Loss of that tenant precipitated major financial difficulties. The second time this happened it resulted in member cities and the County being assessed to cover the shortfalls. As of the end of FY 1998-1999, approximately 40 percent of the operational income is from one tenant. If the premises were vacated, it would again put the operational budget in a negative position.

In the past, there has been no in-depth financial investigations done of applying lessees to insure long-term stability of the applicants.

There is presently no marketing director involved in promoting IVDA and SBIAA resources on a full-time basis. There has been no organized active marketing program in place since the inception of the agencies. Marketing efforts have been hampered by the lack of a unified focus between the governing boards of the two agencies. There is no long-range overall marketing strategy.

Through March 31, 2000 a small business incubator program has reported expenses of \$144,353 and revenue of \$62,982. This resulted in a loss of \$81,371, which is absorbed by IVDA. No comprehensive analysis of this program has ever been done to determine if it is cost-effective.

There is adequate space for expanded storage, manufacturing, or commercial activities. There are no commercial airline carriers currently using the airport facilities. Although there has been interest in passenger and/or cargo service that could increase the income for the facility, there have been no objective studies done that would support this activity.

Inland Valley Development Agency Tax Allocation Bonds (issue of 1997 for \$44,485,000) were issued to enable the IVDA to refund their Redevelopment Tax Allocation Notes (Issue of 1993) and its \$15,000,000 School Districts Tax Allocation Notes (Issue of 1993). The Redevelopment Notes and the School District Notes were used to finance a portion of its costs of the redevelopment within the Project Area. The bonds have the following redemption dates:

<u>(March 1)</u> <u>Year</u>	<u>Amount</u>	<u>(March 1)</u> <u>Year</u>	<u>Amount</u>
2002	980,000	2015	1,665,000
2003	1,020,000	2016	1,735,000
2004	1,060,000	2017	1,805,000
2005	1,105,000	2018	1,885,000
2006	1,150,000	2019	1,965,000
2007	1,195,000	2020	2,045,000
2008	1,250,000	2021	2,135,000
2009	1,300,000	2022	2,225,000
2010	1,355,000	2023	2,315,000
2011	1,415,000	2024	2,410,000
2012	1,470,000	2025	2,515,000
2013	1,535,000	2026	2,620,000
2014	1,600,000	2027	2,730,000

The above figures are principal only and do not reflect interest on the bonds.

IVDA made a series of loans totaling \$6.2 million (including unpaid accrued interest) to SBIAA to fund the operations of the SBIAA and to meet certain matching fund requirements. The ultimate collectibility of the loans to the SBIAA is dependent upon the ability of the SBIAA to generate income from its leasing and other operations of the airport. During 1997-98, SBIAA reported expenditures in excess of income and no funds were available to meet debt service payments on these notes. A reasonable uncertainty existed at the balance sheet date of June 30, 1998 as to the ability of SBIAA to generate adequate income to amortize these notes.

The two agencies employ the services of a lobbyist in Washington, D.C. at a cost of \$79,000 a year. Because of the final transition of the properties from the Air Force to the two agencies, most Air Force involvement in the airport, other than FAA, has been phased out.

RECOMMENDATIONS

- 00-20 ANALYZE PAST FINANCIAL PLANS TO IDENTIFY ACTIVITIES THAT WERE NOT SUCCESSFUL. ESTABLISH A LONG-RANGE REALISTIC FINANCIAL AND OPERATIONAL PLAN, CONSISTENT WITH THE AVAILABILITY OF CAPITAL.
- 00-21 ANALYZE PAST PERFORMANCE OF THE INCUBATOR PROGRAM TO DETERMINE IF IT MEETS THE ORIGINAL CONCEPT. REVIEW THEIR LONG-RANGE PLANS TO MAXIMIZE ECONOMIC POTENTIAL FOR THE INLAND VALLEY DEVELOPMENT AGENCY.
- 00-22 ESTABLISH AN AGGRESSIVE MARKETING PLAN, WHICH INCLUDES HIRING A QUALIFIED MARKETING DIRECTOR OR CONTRACTING WITH A PROFESSIONAL MARKETING FIRM. THIS POSITION WOULD BE RESPONSIBLE FOR MARKETING BOTH INLAND VALLEY DEVELOPMENT AGENCY AND SAN BERNARDINO INTERNATIONAL AIRPORT AUTHORITY PROPERTIES.
- 00-23 ACTIVELY SOLICIT THE TENANCY OF MORE ESTABLISHED SMALL AND MEDIUM BUSINESSES TO BETTER UTILIZE UNOCCUPIED SPACE THAT WOULD ENSURE A MORE DEPENDABLE CASH FLOW, MINIMIZING RELIANCE ON A SINGLE TENANT.

- 00-24 DEVELOP A DEFINED PROGRAM TO ANALYZE ANY POTENTIAL LESSEES AS TO THEIR ECONOMIC ABILITY TO PERFORM LONG-TERM UNDER THE LEASE TERMS.
- 00-25 DEVELOP AN OBJECTIVE PLAN TO ESTABLISH FREIGHT AND/OR PASSENGER SERVICE AT THE SAN BERNARDINO INTERNATIONAL AIRPORT.
- 00-26 DEVELOP A PLAN TO SET ASIDE ADEQUATE FUNDING TO RETIRE THE BOND INDEBTEDNESS.
- 00-27 ELIMINATE THE POSITION OF LOBBYIST FOR THE INLAND VALLEY DEVELOPMENT AGENCY (IVDA) AND THE SAN BERNARDINO INTERNATIONAL AIRPORT AUTHORITY (SBIAA) IN WASHINGTON, D.C.

SUGGESTION AWARDS PROGRAM

BACKGROUND

The investigation of the County's Suggestion Awards Program was prompted by a former employee who complained that he had not received proper treatment for suggestions he had submitted.

The current program responsibility and staff support for the Suggestion Awards Program is part of the Human Resources Department. The stated purpose of the program is that it *"encourages employee participation in improving the efficiency and effectiveness of County operations. It is intended to motivate employees toward problem identification, and to stimulate creativity in problem solution. The program demonstrates, through employer recognition and reward, the high value County management places on constructive ideas."*

The bylaws for the Suggestion Awards Program were first adopted on September 2, 1958. There are written roles and responsibilities that describe the duties of administrators and department heads, committee members, and staff support. The eleven (11) person Suggestion Awards Committee consists of representatives from the Board of Supervisors, County Administrative

Office, and many of the major departments. There are also written descriptions for the Terms and Conditions of Awards, Eligibility of Suggestions and Suggestors, and Resubmission and Appeals.

FINDINGS

The Suggestion Awards Program has been assigned to an employee who handles the program in addition to his regular assignment. When a suggestion is received, the current procedure is as follows:

- The suggestion form is date stamped.
- A letter is sent to the suggestor acknowledging receipt of the suggestion.
- Pertinent data is entered into a self-developed computer-tracking program by the staff support person.
- The suggestion is sent to the affected department for evaluation, analysis, and comment. The bylaws say the suggestion is to be evaluated within three months, but this isn't always followed.
- The affected department evaluates the suggestion and, if it is recommended for approval, the Suggestion Awards Committee meets and takes an action. If not recommended for approval, action will be postponed until there are other matters for consideration. Sometimes the Suggestion Awards Committee will request that the suggestion be sent back to the department for further evaluation.
- Meetings of the Suggestion Awards Committee are to be held on a quarterly basis (currently calendared monthly) to determine the suggestion's eligibility/ awards based on their evaluation, and/or to hear appeals of suggestion award decisions.

The amount of awards in fiscal year 1999 totaled between \$20,000 and \$25,000; one of the awards was for \$5,000. The bylaws state that the award for a suggestion is ten percent (10%) of the total net savings and/or revenue of County, State and/or Federal funds for the first year's projection, with a minimum award of \$100 and a maximum of \$5,000.

A random selection of Suggestion Award files was reviewed to observe how the program was being administered. Three files from fiscal year 1997 and three files from fiscal year 1999 were selected. The program was under different staff support during these two periods. Each of the six files demonstrated serious weaknesses in program administration. The findings can be summarized as follows:

- A suggestion was received on May 5, 1997. Requests for evaluations were sent to two separate departments on May 13 and responses were received on June 13 and June 19. The letter to the suggestor notifying him that the suggestion was not going to be implemented was dated August 24, 1998. This was 14 months after the departments had responded.
- A suggestion was received August 13, 1997. Requests for evaluations to two separate departments were sent on August 19. One evaluator returned the completed form on September 11, 1997 but the other department never completed the evaluation. No suggestion was awarded because the estimated annual tangible savings was less than \$1,000 so the award would have been less than the minimum \$100. There is no evidence in the file to indicate that the suggestor was ever informed of the final disposition.
- A suggestion was received on March 4, 1998. A request for evaluation was sent on May 29, nearly three months later. The evaluator completed the form on June 9, but the department head did not sign off until October 26, four and one-half months later. The letter from the department head to the Suggestion Awards Program staff support person stating the reasons for not recommending approval, was inappropriately sent to the suggestor directly by the department head. On February 18, 1999 the program staff support person notified the suggestor by letter that his suggestion had not been recommended and on February 17, 1999, the suggestor appealed the decision. In light of the appeal, on February 23, 1999 the staff support person requested the department head complete a reevaluation of the suggestion no later than March 23, 1999. More than 12 months had passed without a response from the department head. The program staff support person sent a follow-up request on March 1, 2000. A response from the department was received on March 22, 2000 and the suggestor was notified on April 7, 2000 that the appeal was denied.

- A suggestion was received on February 3, 1999. The suggestor was notified of receipt of the suggestion on February 9 and the evaluation by the department head was requested on the same date. The department head responded with a negative recommendation on April 6, 1999 but the suggestor was not notified of the rejection until February 24, 2000. No explanation was evident in the file for the ten-month delay.
- A suggestion was received on June 28, 1999. The suggestor was notified of receipt of the suggestion on June 28 and the evaluation by the department head was requested on the same date. Nine months later the department head still has not responded, in violation of the written procedures.
- A suggestion was received September 23, 1999. The suggestor was notified of receipt of the suggestion on September 27, and the evaluation by the department head was requested on the same date. Six months later the department head still has not responded, in violation of the written procedures.

In addition to the above examples, it was reported that many old files lack sufficient documentation to accurately determine the final disposition. Some files dating back to 1994 have never been closed out. In the past, some requests to department heads for evaluations were never answered and any follow-up by support staff was sporadic, if at all.

Currently the program receives only 50 to 60 suggestions per year, which means less than 0.5 percent of the approximate 15,000 County employees submit suggestions. The Suggestion Awards Program has sound written procedures that were last updated in March, 1994, but program management has failed to comply with these procedures. Without adequate staff support, routine tasks such as timely responses and follow up to suggestions are often left undone.

RECOMMENDATIONS

- 00-28 COMMIT ADEQUATE MANPOWER, FUNDING, ENCOURAGEMENT, AND OVERSIGHT TO THE SUGGESTION AWARDS PROGRAM SO THAT IT IS MANAGED IN THE MANNER INTENDED.
- 00-29 PLACE RENEWED PROGRAM EMPHASIS ON ALL DEPARTMENT HEADS SO THAT THEY ENCOURAGE PARTICIPATION AND ENDORSE AND SUPPORT THE PROGRAM THROUGH TIMELY

RESPONSES TO REQUESTS FOR EVALUATION OF ANY SUGGESTION SUBMITTED.

- 00-30 REVAMP THE SUGGESTION AWARDS COMMITTEE WITH NEW, FRESH FACES THAT WILL BE UNHINDERED BY PAST HABITS AND PRACTICES, AND ESTABLISH A MAXIMUM NUMBER OF TWO-YEAR TERMS THAT A PERSON CAN SERVE.
- 00-31 PROVIDE SUFFICIENT MANPOWER FOR THE STAFF SUPPORT SO THAT SUGGESTORS RECEIVE A TIMELY RESPONSE TO THEIR SUGGESTIONS.
- 00-32 ENCOURAGE EXPANDED EMPLOYEE PARTICIPATION THROUGH A NEW COUNTYWIDE PUBLICITY EFFORT, PROFESSIONAL ADMINISTRATION BY ALL PARTIES TO THE PROGRAM, TIMELY DECISIONS BASED ON THE MERITS OF THE SUGGESTIONS, AND A MORE LIBERAL INTER- PRETATION OF THE TANGIBLE SAVINGS TO BE GAINED.

TREASURER-TAX COLLECTOR

BACKGROUND

The Treasurer-Tax Collector is an elected position that heads up a department consisting of three divisions. The Treasurer-Tax Collector functions are:

- Tax Collection Division is responsible for the collection and accounting of taxes for all taxing entities of the County. The division collects secured taxes, unsecured taxes, transient occupancy taxes, and racehorse taxes, and also conducts tax sales and processes senior citizen applications for postponement of real estate taxes.

- The Treasurer Division provides banking services, including payment of all warrants and depositing of receipts for all County departments, school districts, and special districts. The division also invests these agencies funds, which total more than \$1.5 billion. Other functions of the division are to provide cash management for County funds and issuance of temporary borrowing, when necessary.

- The Central Collections Division provides Countywide collection service, which reduces bad debts to the County and thereby increases revenue. Central Collections handles court ordered fines, fees, victim restitution, Public Defender fees and juvenile maintenance, some County hospital debts and various debts for other County departments. Beginning in 2000, Central Collections will also handle the Court collections, including traffic fines.

FINDINGS

The Tax Collection Division is the most visible part of the Treasurer-Tax Collector function because it has a financial impact on each County citizen who owns property. About 774,000 secured and unsecured tax bills are sent out annually, with tax collections of about \$989 million. The tax bill asks that checks for payment be made out to Dick Larsen, Treasurer-Tax Collector. There is no regulatory reason to include the name of the Treasurer-Tax Collector. The public may infer that a check made payable to an individual is less secure than a check made payable to the Treasurer-Tax Collector.

A sophisticated remittance processing system capable of processing 32,000 transactions per hour handles the processing of tax collections. This system enables payments to be processed the same day, "images" the check received and the billing statement, compares the amount received to the amount owed, credits payment to the proper taxpayer, and deposits the funds in the County bank account. The system also records the correct allocation of the funds received to any of the numerous separate taxing agencies.

A June 30, 1999 Report of Delinquencies by County for Fiscal Year 1998-1999 Tax Collections shows San Bernardino County has a 5.0% delinquency rate (\$45.4 million) on its secured tax collections. Only six other counties in California have a higher delinquency rate: Sierra at 7.5%, Yuba at 7.2%, Calaveras at 6.4%, Lake at 6.3%, Mariposa at 5.2% and Modoc at 5.1%. The median for all counties is 3.1%. The state of the economy affects the rate of delinquency. Also, many of the parcels in San Bernardino County with delinquent taxes are small mountain or desert pieces of land and/or small parcels in rough terrain, as well as parcels within special districts with water or sewer bonded indebtedness. The same report shows San Bernardino County has a 7.7% delinquency rate (\$5.1 million) on its unsecured tax collections. Only four other counties have a higher rate: Sierra at 16.7%, Los Angeles at 13.7%, Mariposa at 10.0% and El Dorado at 9.5%. The median for all counties is 4.0%. San Bernardino has set an overall delinquency goal for the future of 4.0% or less.

If taxes are not paid on a timely basis, penalties are imposed as follows:

	<u>If paid after Dec. 10</u>	<u>If paid after Apr. 10</u>	<u>If paid after June 30</u>
Dec. 10 Installment	10% of the tax owed	10% of the tax owed \$10.00 fee	10% of the tax owed \$10.00 fee 1.5% per month of tax owed \$15.00 redemption fee
April 10 Installment	n/a	10% of the tax owed \$10.00 fee	10% of the tax owed \$10.00 fee 1.5% per month of tax owed \$15.00 redemption fee

The first notice of delinquent unpaid taxes for both December 10 and April 10 installments is not mailed until May. Once the December 10 installment is missed there is no incentive to paying the past due taxes until June 30 (except for the additional \$10 fee after April 10). After a property tax has been delinquent for five years, the property is listed for tax sale sometime within the following two years. Tax sales are held once a year. There were about 8,500 parcels for tax sale in March 2000. In 1999 there were 4,500 parcels eligible, but only 3,500 were ready for sale and only 442 were sold.

Currently, when taxes are delinquent on a parcel, the procedure is to print on the tax bill the message *"There are unpaid taxes on this parcel."* As this statement is inconspicuous, it is easy to miss.

Presently the Tax Collector does not accept partial payments of taxes. A change in the policy to accept partial payments requires approval by the Board of Supervisors. This request for approval will be submitted when the computer and accounting system is set up to handle partial payments.

In July 1999 a \$348,000 embezzlement by an employee was uncovered in the tax sale function. An outside audit firm was immediately brought in to conduct an audit and to review all department policies and procedures. Numerous operational recommendations were made, including a recommendation to create an ethics policy and require each employee to understand and sign such a document as a condition of employment. The County Sheriff is expected to turn the embezzlement matter over to the U.S. Attorney for prosecution. Another outside audit is finishing its work to develop and recommend revised department policies and procedures.

The County Auditor/Controller is required to conduct an audit of the Treasurer's function once a year. A complete audit has not been done for 6-8 years, except for periodic surprise cash audits. An annual audit by the Auditor, or by staffing an internal audit function within the department, would

likely have picked up or prevented the recent embezzlement in the Tax Collector function.

The cash management and investment function maintains an investment pool of about \$1.5 billion for the County, school districts, Board-governed districts, special districts and other members of the pool. The portfolio obtained the highest rating available from Standard and Poors, Moody's, and Fitch Investor Service. There is monthly monitoring by these agencies to insure continuation of the AAA rating. The County utilizes various advisory services to assist with investment decisions. By law the County is restricted to investments with less than five years maturity. Allowable investments include U.S. Treasury notes, U.S. agency bonds, high quality commercial borrowing, Certificates of Deposit, and Repurchase Agreements.

Central Collections was established in fiscal year 1996-97 following the merger of the Division of Collections, San Bernardino County Medical Center, and Probation Accounting. Central Collections collects all past due accounts with the exception of past due property taxes and District Attorney's child support collections. It functions in the same manner as a collection agency in the private sector, except it has broader investigative powers. In fiscal year 1998-99 a total of \$18.6 million was collected. Reports show that a substantial amount of debt to the County is charged off for a variety of reasons, including weaknesses in the billing process.

Central Collections uses a commercially developed computer program called Columbia Ultimate Business System (CUBS) to manage and process collection information. An automated call system is used by the collection officers to increase the number of calls made. Management can adjust the parameters to concentrate calls to a selected group of payees. A Computerized Automatic Dialing (CAD) system is also used to monitor all calls being made and to evaluate the productivity of the collection officers.

The State Controller's office audited Central Collections in January 1998 for the period July 1, 1993 through June 30, 1996 to determine if remittances to the State were accurate and timely. The audit has not yet been finalized.

RECOMMENDATIONS

00-33 MAIL A NOTIFICATION OF TAX DELINQUENCY WITHIN 30 DAYS OF MISSING THE DECEMBER 10 INSTALLMENT, IN ADDITION TO MAILING THE NOTIFICATION OF TAX DELINQUENCY IN MAY.

- 00-34 REDUCE THE APPROXIMATELY \$50 MILLION IN DELINQUENT TAXES BY DEVELOPING MORE AGGRESSIVE COLLECTION AND TAX SALE PRACTICES.
- 00-35 ENLARGE, COLOR, MAKE BOLD AND PROMINENTLY DISPLAY THE NOTICE "THERE ARE PRIOR YEAR TAXES DUE" ON ANY TAX BILL WHERE THERE IS A DELINQUENT TAX OWING.
- 00-36 CONTINUE WITH THE REQUIRED COMPUTER PROGRAM DEVELOPMENT AND BOARD OF SUPERVISORS' APPROVAL THAT WOULD PERMIT THE COUNTY TO ACCEPT PARTIAL PAYMENTS FOR TAXES DUE.
- 00-37 IMPLEMENT THE CODE OF ETHICS AS RECOMMENDED IN THE 1999 OUTSIDE AUDIT CONDUCTED AS A RESULT OF THE EMBEZZLEMENT OF FUNDS.
- 00-38 DEVELOP AND IMPLEMENT A NEW SET OF DEPARTMENT POLICIES AND PROCEDURES TO INSURE A SYSTEM OF INTERNAL CONTROLS ARE IN PLACE TO ACHIEVE CONSISTENT AND PROFESSIONAL PERFORMANCE OF THE DEPARTMENT RESPONSIBILITIES.
- 00-39 REQUIRE THE COUNTY AUDITOR/CONTROLLER, OR AN OUTSIDE AUDIT FIRM, TO CONDUCT A FULL-SCALE PERFORMANCE AND FISCAL AUDIT OF THE ENTIRE TREASURER-TAX COLLECTOR DEPARTMENT ONCE A YEAR, AS A ROUTINE BUSINESS PRACTICE.
- 00-40 CHANGE THE PRACTICE OF HAVING TAX PAYMENT CHECKS MADE PAYABLE TO "DICK LARSEN, TREASURER-TAX COLLECTOR", AND HAVE THEM MADE PAYABLE TO "TREASURER-TAX COLLECTOR".
- 00-41 DEVELOP A MORE DETAILED AND SOPHISTICATED REPORTING SYSTEM, USING DOLLAR CRITERIA TO JUSTIFY THE DECISION, TO BE USED WHENEVER MAJOR DEBTS OWING THE COUNTY ARE TO BE CHARGED OFF.
- 00-42 ESTABLISH A FOLLOW-UP SYSTEM TO ASSURE THAT ANY AUDIT REPORT FROM THE STATE CONTROLLER'S OFFICE BE RECEIVED IN A TIMELY MANNER SO THAT PREVENTATIVE OR CORRECTIVE ACTION CAN BE TAKEN.

UNCLAIMED PROPERTY TAX REFUND PROGRAM

BACKGROUND

The collection of taxes in San Bernardino County involves a three-step process:

- County Assessor is responsible for creating the Assessment Roll.
- County Auditor/Controller-Recorder is responsible for assigning all of the tax rates for the numerous taxing agencies, and thereby creates the Tax Roll.
- County Treasurer-Tax Collector sends out all of the tax bills and receives the tax payments.

As funds are received, the Auditor/Controller distributes the funds to the various taxing agencies.

The County Assessor is responsible for the assessment of all taxable property within the County, except State-assessed property. It is largely the changes made to the assessed value and the Assessment Roll that creates the Unclaimed Property Tax Refund Program.

FINDINGS

When the Assessor changes the assessed value on a property, a notice is sent to the taxpayer. This notification is a standard form that shows either a positive or negative number. If the value is a negative number, the taxpayer is entitled to a tax refund. In small print on the reverse side of the form it states *"If the supplemental assessment results in a negative amount, the auditor shall make a refund of a portion of taxes paid on assessments made on the current roll or the roll being prepared or both"*. This statement does not call attention to the full significance of a tax refund.

The Assessor also sends a Roll Correction to the manager of the Property Tax Division in the Auditor's office, where a calculation is made as to the amount of tax refund that is potentially owed by the County. The Property Tax Division sends out a form to the property owner if the refund is less than \$1,000 (if the amount of the refund is less than \$10 there is no notification form sent). If the amount of refund is \$1,000 or more, the Property Tax

Division researches who actually paid the tax, i.e., bank through an escrow account, etc., and then the form is mailed to the party who actually made the payment.

Only one notification of a tax refund due is normally sent to the taxpayer. The notice is a simple one-page form that identifies the parcel number, tax year, amount and address of the property. It states the reason for the refund and the person named is to sign the form and return it to the Property Tax Division. Frequently the form is returned due to addressee unknown. In that case research is done through the Assessor's system, to re-mail to a better address. In many cases the form is just not returned by the taxpayer. Sometimes a form will be received several years after it was mailed – presumably it was laid aside and finally found by someone who signed it and sent it back to the Property Tax Division.

The following chart shows amounts in the Unclaimed Tax Refund Program.

	<u>All Unclaimed Refunds As of February 24, 2000</u>	<u>Unclaimed Refunds Over \$1,000 As of March 8, 2000</u>
1984	\$29,376	\$ 1,403
1985	40,939	7,051
1990	256	0
1991	1,251	0
1992	338,825	141,582
1993	637,020	355,692
1994	1,679,995	1,274,231
1995	1,379,226	789,226
1996	1,451,963	821,286
1997	1,865,983	997,753
1998	2,199,447	982,668
1999	2,307,384	968,567
2000	<u>1,850,534</u>	<u>1,380,996</u>
TOTAL	\$13,782,198	\$7,720,456

The vast majority of refunds are for relatively small dollar amounts. In total, there are approximately 29,000 unclaimed tax refunds, of which about 1,500 are for amounts of \$1,000 or more. Some of these represent large dollar amounts owed to businesses. In the \$1,000 or larger category, unclaimed tax refunds to a person or business ranged from \$1,000 to as high as \$350,000. Many banks and savings and loans in Southern California are on the list, as well as numerous real estate developers and major businesses. Some city,

County, and Federal government agencies are also listed, including departments of San Bernardino County.

A study made of the 1998-1999 fiscal year showed that the Property Tax Division sent out about 46,700 form notices that year. Thirty-two thousand four hundred (32,400) forms were signed and returned and refunds were sent; 5,000 were returned as the addressees were unknown; and 8,300 had not responded at the time of the study. The reasons taxpayers do not respond are varied: people sell property; people move to a different address or out of state; people don't understand the workings of the tax process; large commercial businesses give the form to an employee who doesn't understand it so it is not returned; businesses hire another firm to handle business matters, so the form gets lost in the shuffle; and some just think it is too much trouble to research it.

The State Revenue and Taxation Code provides that if a refund is not claimed by the taxpayer within four years, it may be claimed for the County General Fund on order of the Board of Supervisors. The last Board approved transfer to the General Fund was about \$1,200,000 in June 1998 for fiscal years 1984-85 to 1991-92. Through 1995 there is now about \$4,100,000 eligible for transfer, if the request is made to the Board of Supervisors.

The same notification is given to each taxpayer because the County makes every effort to treat all taxpayers equally. The fact that so many taxpayers (including many major businesses) fail to sign the form and return it indicates the present system is not effective. The current process may comply with the Revenue and Taxation Code, but the transfer into the General Fund of such a large dollar amount of unclaimed tax refunds would demonstrate a lack of conscientious pursuit to reach the taxpayer due the refund.

RECOMMENDATIONS

- 00-43 INCLUDE A SEPARATE SHEET WHEN THE ASSESSOR MAILES THE NOTICE OF REDUCTION IN ASSESSED VALUE THAT CLEARLY AND SIMPLY STATES IN LARGE, "EYE-CATCHING" PRINT ***"THIS IS A REDUCTION IN ASSESSED VALUE AND YOU MAY BE ELIGIBLE FOR A REFUND OF TAXES PAID. THE TAXPAYER WILL RECEIVE A FORM IN THE NEAR FUTURE FROM THE COUNTY PROPERTY TAX DIVISION"***.
- 00-44 INCLUDE A SEPARATE SHEET WHEN THE PROPERTY TAX DIVISION MAILES THE CLAIM FOR REFUND FORM, THAT CLEARLY AND SIMPLY STATES IN LARGE, "EYE-CATCHING" PRINT ***"THIS***

IS A FORM TO FILE FOR A REFUND OF TAXES ALREADY PAID. NO REFUND WILL BE PAID UNTIL THIS FORM IS COMPLETED, SIGNED, AND RETURNED TO THE PROPERTY TAX DIVISION".

- 00-45 ADD WORDING TO THE TAX BILL THAT IS MAILED ANNUALLY BY THE TREASURER-TAX COLLECTOR STATING THAT AN UNCLAIMED TAX REFUND IS DUE UNDER THIS PARCEL NUMBER.
- 00-46 MAKE A CONSCIENTIOUS SEARCH BY THE PROPERTY TAX DIVISION OF BUSINESSES AND INDIVIDUALS OWED TAX REFUNDS AND MAKE A SECOND MAILING TO NOTIFY THOSE TAXPAYERS THEY ARE ELIGIBLE FOR AN UNCLAIMED TAX REFUND.
- 00-47 PLACE A NOTICE IN ALL OF THE MAJOR COUNTY NEWSPAPERS BY THE PROPERTY TAX DIVISION ALERTING THE PUBLIC THAT THERE ARE ONLY 30 DAYS REMAINING TO CLAIM THEIR TAX REFUND, PRIOR TO REQUESTING TRANSFER TO THE GENERAL FUND.
- 00-48 REQUEST THE AUDITOR ANNUALLY SUBMIT TO THE BOARD OF SUPERVISORS FOR APPROVAL THE TIMELY TRANSFER OF THE ELIGIBLE UNCLAIMED TAX REFUNDS TO THE GENERAL FUND.

COMPLAINTS COMMITTEE

An important function of California Grand Juries is to consider bona fide complaints concerning local government operations submitted by members of the public. In San Bernardino County, complaints must be submitted in writing using the Grand Jury's standard complaint form.

As the Grand Jury has no assigned staff of investigators, public input is of vital importance if government oversight is to be effective. The identity of the complainant, the actions taken by the complainant to solve the problem, the subject and target of the complaint, and supporting data and information

are essential if the Grand Jury is to investigate properly and recommend appropriate actions. All complaints are handled in the strictest confidence as required by the law.

The 1999-2000 Grand Jury received 21 complaints. Each complaint was reviewed by the Complaints Committee for the appropriate action to be taken by the Grand Jury. There were nine complaints that were determined not to be within the jurisdiction of the Grand Jury. A letter was sent to each complainant informing him or her of that fact. There were five complaints that fell within the jurisdiction of the Grand Jury and those complaints were forwarded to the appropriate committee for action.

The assigned Grand Jury committee investigated each complaint received from the Complaints Committee and may have included the results of its investigation in its final report. The fact that the investigation was based on a complaint will remain confidential, as well as the source of the complaint.

There were seven complaints that were returned to the complainants stating that the Grand Jury would take no action; usually this was because the complainants may not have provided enough supporting data.

HEALTH CARE SERVICES COMMITTEE

As the 1999-2000 Grand Jury began its term of service, the Health Care Services Committee had three departments within its scope of responsibility:

Arrowhead Regional Medical Center (ARMC)
Department of Behavioral Health (DBH)
Public Health Department (PHD)

During the structural reorganization by the County Administrative Office, the latter two departments (DBH and PHD) became a responsibility of the Human Services System. For the purpose of this Grand Jury's investigating and reporting, all were retained within the Health Care Services Committee.

The Health Care Services Committee submits the following findings and recommendations.

ARROWHEAD REGIONAL MEDICAL CENTER

PHYSICAL PLANT

BACKGROUND

The Arrowhead Regional Medical Center (ARMC) was opened to the public on approximately March 1, 1999. It has been criticized by many as being too expensive. One reason given for the high cost is that it will withstand an earthquake of 8.2 magnitude.

An inspection of the physical facility was made by the Grand Jury.

FINDINGS

Base isolation bearings separate the building from the foundation. After a significant earthquake two or three bearings are torn down and inspected for damage. Results of the inspection could trigger the replacement of the rest of the bearings.

In addition to the bearings, there is a viscous damper device. This apparatus acts like a huge shock absorber, dampening the effects of an earthquake and keeping the buildings from moving too quickly or too far. The device shown to the Grand Jury had attaching pin(s) installed with the shoulder of the pin on the bottom side, facing the ground. There are tabs at the top and bottom of the pins, which provide the primary means of securing the pins in the device. A special tool is required to remove the pins.

The hospital has its own electrical substation. The main feed is 12,000 kilovolts, provided by the City of Colton. Colton provides a preferred and emergency circuit for the hospital. If the preferred circuit fails, an automatic reclosure changes to the other circuit in seconds. At the request of the

hospital staff, the city alternates the preferred circuit to assure the hospital of the reliability of both circuits. In the event of both circuits failing, the hospital has seven back-up diesel generators. Each of these 2,000 Kilovolt amps units is tested weekly at 5:30 a.m. The test is conducted with a full load from the hospital. Change over to the emergency generator can be made within 10 seconds. While these generators are equipped with huge muffler systems, there has never been a test of the noise output.

Water is pumped from a well owned by the County, which is located on the hospital property. There is a large tank that holds a three-day supply of water. While the water is considered good, it is very "hard". This condition is causing rust, scale, and other problems with plumbing equipment. There is a separate system for the water used for plants, grounds, and other agricultural uses. Again, the City of Colton provides backup with a "standby" valve.

Three natural gas boilers provide heat and hot water for the hospital. The rate provided by the Gas Company was negotiated and is considered very reasonable. The Gas Company bases this rate upon ARMC's back-up system being available in case of shut down. There is a liquid propane storage tank for emergency use. The liquid is turned into a gas and mixed with oxygen for use in the boilers.

The boilers also operate a vacuum system. There is a waste separator within the process, which incinerates all particles not caught in the vacuum.

Problems exist in the boiler/heat systems where modifications of the equipment placement were made during installation, causing extreme heat. Last summer the fire sprinkler system activated due to heat within a confined area. An air conditioning duct was opened to blow cool air on the equipment in the room.

Hard water causes the corrosive property of return steam, water, or other byproducts after use. Current piping may need replacement within the next five years.

There is a sewage holding tank on the property. It is for emergency use in case of a sewer failure. The existing tank is designed to hold a three-day supply of effluent.

At the rear of the property is an industrial microwave oven that converts bio-medical hazardous waste into common household waste.

It was noted by the Grand Jury during its inspection that there was a lack of signs for fire extinguishers and eye wash stations.

RECOMMENDATIONS

- 00-49 PROVIDE WATER SOFTENING EQUIPMENT TO ELIMINATE OR REDUCE CORROSIVE PROBLEMS WITH PIPING AND PLUMBING EQUIPMENT.
- 00-50 UPDATE ENGINEERING SPECIFICATIONS REGARDING THE CORROSIVE EFFECTS OF UNTREATED WATER AND THE NEED TO REPLACE PIPING AHEAD OF SCHEDULE.
- 00-51 REVIEW EQUIPMENT IN HEAT-PRONE AREAS FOR RELOCATION, IMPROVE VENTILATION, OR PROVIDE COOLING SYSTEMS FOR EACH PIECE OF EQUIPMENT TO ELIMINATE FIRE SPRINKLER SYSTEMS BEING ACTIVATED.
- 00-52 CONTACT APPROPRIATE COUNTY SAFETY AGENCY FOR PROPER TYPE/KIND OF FIRE EXTINGUISHER AND EYEWASH STATION SIGNS.

ARMC CASH COLLECTIONS

BACKGROUND

As a result of a major embezzlement of cash receipts from the County Medical Center (CMC), the 1996-97 San Bernardino County Grand Jury investigated the Fiscal Services Division and found the management practices, policies, and procedures were not in compliance with County standards. The Grand Jury recommended the County take numerous steps to eliminate future non-compliance and possible embezzlement of funds. In response, the Board of Supervisors and CMC administrators established new and revised management policies and procedures.

The 1999-2000 Grand Jury wanted to know if these practices, procedures, and policies were being followed at the new Arrowhead Regional Medical Center (ARMC) and, if so, what steps are being taken to insure their continued compliance.

FINDINGS

Administrators and supervisors in the ARMC Finance Department stated that their cash collection system at the time of the embezzlement was good but, since then, they have improved procedures to prevent a reoccurrence. At the same time, they commented that a very intelligent person, bent on embezzling, could find a way.

A ten-page narrative outlines a step-by-step procedure for the collection, posting, and deposit of receipts, including cash, from all ARMC departments, cafeteria and vending machines. Grand Jury members observed all steps in these procedures from collection to deposit in the safe within the vault.

The segregation of duties prohibits any one person from having access to both patient accounts and processing of cash receipts. This was a major factor in the aforementioned embezzlement.

New procedures give only four (4) individuals access to the safe. The safe and vault are locked at all times.

ARMC's banking procedure is part of the County's Consolidated Banking System. When ARMC deposits daily receipts, a coded deposit slip identifying the department is prepared. Receipts are taken by Brink's Armored Carrier to a Bank of America specialized vault in Ontario. The Ontario location is designed to accommodate armored carriers with maximum security. Deposits start earning interest immediately. County departments are notified and have access to their funds in two (2) days. The Auditor/Controller-Recorder's office (Supervising Accountant) has ultimate responsibility for reconciling all discrepancies.

At the present time ARMC cannot accept credit card payments on accounts. The accountant stated that it could be beneficial and cost effective to do so.

RECOMMENDATIONS

00-53 CONTINUE TO CLOSELY MONITOR ARMC COLLECTION POLICIES AND PROCEDURES, ESPECIALLY IN THE AREA OF CASH RECEIPTS. REMAIN CONSTANTLY ALERT FOR IMPROVEMENT IN INTERNAL CONTROLS TO PREVENT ANY POSSIBILITY OF EMBEZZLEMENT.

00-54 CONDUCT A STUDY AND, IF FEASIBLE, IMPLEMENT A SYSTEM TO ACCEPT CREDIT CARD PAYMENTS AT THE ARROWHEAD REGIONAL MEDICAL CENTER AND ITS AFFILIATED CLINICS.

PUBLIC HEALTH DEPARTMENT

DIVISION OF

ENVIRONMENTAL HEALTH SERVICES

FOOD PROTECTION PROGRAM

BACKGROUND

The mission of the Division of Environmental Health Services (DEHS) is to prevent, eliminate, or reduce environmental hazards that could harm the health, safety, and quality of life of the citizens of this County. The Retail Food Protection Program consists of activities required to ensure food provided for human consumption is of good quality, safe, free of adulteration, wholesome, and properly labeled and advertised. The program also strives to ensure food has been produced, stored, and transported under conditions and practices that are safe, clean, and sanitary.

The program is responsible for the inspection of all places where food is eaten, processed, sold, or stored (restaurants, markets, food stands, carnivals, schools, nursing homes, etc.) for sanitation and food safety, including manufacturers and wholesalers.

The program investigates complaints of suspected food poisoning, unsanitary conditions, and other problems. The program also provides education and training in proper sanitation and food safety techniques to the food workers/servers, operators/managers, and owners of food facilities. The DEHS issues public health permits to all food facilities.

The 1997-98 Grand Jury recommended a return to public posting using the "A-B-C" rating system or to a simple placard of certification. Neither of these systems has been implemented. In the response from the Board of

Supervisors, it states: *"The department is planning to require posting a card or placard at the entry to restaurants that will state that the facility has been inspected and has been issued a permit to operate consistent with Health and Safety Code requirements."*

FINDINGS

In meetings with the Division Chief and Food Program Manager, the Grand Jury learned that the DEHS has 60 employees to cover over 10,000 establishments in the County. The Food Protection Program has 39 inspectors and each is responsible for about 350 accounts. An inspection usually takes from one to one and one-half hours. A written report is left at the facility. If there are minor violations, the owner is to correct them in a specified length of time, and a re-inspection is required. Any facility receiving less than 60 out of 100 points could be temporarily shut down, depending on the nature of the violation.

The DEHS cannot levy a fine to an establishment for repeated noncompliance. Only the environmental court in Redlands can levy monetary fines. If a facility is closed by DEHS, the owner can sue in court. In 1999 DEHS closed 586 miscellaneous facilities. They included restaurants, supermarkets, drug stores, recreational facilities, etc., and a large number of unpermitted establishments (no license or health permit).

Two teams of two Grand Jurors each accompanied DEHS inspectors – one team to a restaurant and one to a grocery market. The inspections were unannounced and the owners did not know in advance of the visits.

The restaurant was a very busy coffee shop-style facility located near a freeway offramp and catered to truckers and law enforcement personnel. The inspector very carefully and thoroughly inspected all areas of the facility, inside and out, with special attention given to those items that needed follow-up from the previous inspection. He noted much improvement in pest control procedures. The inspection file on this restaurant dated from 1983 and the single-most ongoing problem, repeatedly, has been with maintaining adequate temperature control of both hot and cold foods. This visit was no exception. A worker was asked to adjust temperature controls on food warmers and also refrigerated units. Numerous minor violations were found in the kitchen area, dry storage area, exterior dumpster area, and leaky plumbing. Both restrooms were clean and bright. This restaurant received a score of 56 and was reinspected two weeks later, at which time very good compliance was observed by the inspector. A copy of this re-inspection report was provided to the Grand Jury. No inspection certificate or placard was issued for display.

The grocery market was a recently opened independent store in a building that formerly housed a chain supermarket. There were three separate health permits: one each for the deli, bakery, and meat/grocery department. This facility had many violations in all areas, that involved improper temperature control (no thermometers), condemned food that had to be discarded due to contamination, inadequate vector control of flies, improper food storage containers, galvanized cooking utensils, inadequate floor drains, electrical hazards, plumbing problems, etc.

The deli scored 36 points, the meat department scored 43, and the bakery scored 87 of a possible 100 points each. None of the employees, including the on-site manager, had the required food handler cards. The inspector gave the owner information for obtaining the cards through the Food Handlers class at San Bernardino Valley College. There was an occasional language problem, and a Grand Jury member acted as an interpreter. The inspection was thorough, in spite of the language barrier.

At reinspection, some compliance of previous violations was observed, but the inspector noted new violations. A third inspection was required. A copy of the subsequent inspection report was sent to the Grand Jury.

When the Grand Jury questioned why the facilities were not shut down because of their low scores (below 60), the DEHS program manager stated that closure comes only in the event of an immediate and dangerous threat to public health and safety, or when a violation cannot be corrected within a reasonable length of time.

RECOMMENDATIONS

- 00-55 ESTABLISH A PUBLIC NOTIFICATION DISPLAY PLACARD THAT CERTIFIES A FACILITY HAS BEEN INSPECTED AND MEETS COUNTY HEALTH AND SAFETY CODES. SHOW THE DATE OF INSPECTION, EXPIRATION DATE AND SIGNATURE OF THE INSPECTOR. PLACARDS SHOULD ONLY BE ISSUED TO FACILITIES THAT ARE IN COMPLIANCE. THIS RECOMMENDATION IS A MODIFICATION OF THE RECOMMENDATION BY THE 1997-98 GRAND JURY WHICH, TO DATE, HAS NOT BEEN IMPLEMENTED.
- 00-56 MONITOR FACILITIES WITH A HISTORY OF REPEATED VIOLATIONS MORE FREQUENTLY. ESTABLISHMENTS THAT ARE CONSISTENTLY IN COMPLIANCE MAY REQUIRE AN ANNUAL INSPECTION ONLY.

- 00-57 REQUIRE FOOD HANDLER CARDS FOR ON-SITE FOOD ESTABLISHMENT OWNERS AND MANAGERS, AS WELL AS WORKERS AND SERVERS. VERIFY NAMES ON FOOD HANDLER CARDS AGAINST CURRENT PAYROLL RECORDS.
- 00-58 MAKE AVAILABLE BILINGUAL INSPECTORS, OR INTERPRETERS, AT ALL FACILITIES WHERE ENGLISH IS NOT THE PRIMARY LANGUAGE OR CANNOT BE SPOKEN AND CLEARLY UNDERSTOOD. FULL COMPLIANCE WITH HEALTH CODES CANNOT BE OBTAINED WITHOUT COMPLETE COMPREHENSION IN THEIR LANGUAGE.

MEDICAL CARE AVAILABILITY

BACKGROUND

Within the County's organizational structure, the Public Health Department and the Department of Behavioral Health are under the administration of the Human Services System, and the Arrowhead Regional Medical Center (ARMC) is directly under the County Administrative Officer. The ARMC opened its new Colton location in early spring 1999 with a license for 373 beds. The ARMC has within its facility a number of "specialty clinics," with the primary care or Family Practice Clinics being located offsite at multiple locations.

With concern for this County's growing population of medically indigent, homeless, uninsured and under-insured working poor, the Grand Jury researched the availability of free or low-cost medical services. Special focus was on the availability of services for walk-in, urgent-care, and immediate needs.

FINDINGS

ARMC has been averaging 91 percent of bed capacity. The departments responsible for the delivery of medical care, mental health care, and public health care services are under different administrations and management,

expressing different philosophies, and at totally different locations throughout the County. There is duplication of clinic-type facilities, nursing staff, patient appointment staff, and possible lab, x-ray or pharmacy services.

There are no "free" or "low-cost" outpatient County clinic services available for the uninsured or under-insured "working poor". Services available at ARMC's affiliated Family Practice Clinics are by "pre-scheduled" appointments at a usual and customary fee. While payment schedules can be arranged, a \$20 deposit is expected at the time of appointments, with the balance to be billed in approximately 45 days.

Currently, when a patient seeks a medical appointment for a particular immediate medical need, a pre-scheduled daytime appointment is made for an amount of time that allows for a full evaluation. Scheduling of lengthy appointments limits the number of patients that can be seen on any given day.

There is no "walk-in" or "urgent-care" type of service available daytime or evening, other than the Emergency Room. ARMC Administration advised that this would be the available source for services for an uninsured individual with an immediate need. Emergency Room services are a costly method of delivering walk-in care.

RECOMMENDATIONS

- 00-59 BRING ALL DEPARTMENTS DELIVERING HEALTH CARE SERVICES UNDER ONE ADMINISTRATION AND LEADERSHIP, FOR A TOTAL PACKAGE OF HEALTH CARE DELIVERY.
- 00-60 CENTRALIZE CLINIC LOCATIONS WHERE POSSIBLE, WITH THE SHARING OF CLINIC FACILITIES, NURSING STAFF, PATIENT APPOINTMENT STAFF, EQUIPMENT, LABS, X-RAY, AND PHARMACY SERVICES.
- 00-61 OPEN ADDITIONAL OUTPATIENT CLINICS TO PROVIDE SERVICES FOR PATIENTS WITH "WALK-IN," "URGENT," OR "IMMEDIATE" NEED, ESPECIALLY IN MORE REMOTE AREAS OF THE COUNTY.
- 00-62 PROVIDE WALK-IN "SHORT APPOINTMENTS" TO FOCUS ON THE PATIENTS' CHIEF MEDICAL COMPLAINT, RESERVING FULL EVALUATIONS FOR PRE-SCHEDULED EXAM APPOINTMENTS.
- 00-63 UTILIZE EXISTING CLINIC FACILITIES FOR "AFTER HOURS" SERVICES.

00-64 DEVELOP PUBLIC INFORMATION PACKETS, NEWSPAPER ARTICLES, AND ADVERTISEMENTS TO ALERT THE PUBLIC TO THE AVAILABILITY OF SERVICES OTHER THAN THE MORE COSTLY EMERGENCY ROOM FOR WALK-IN SERVICES, INCLUDING CLINIC LOCATIONS AND HOURS AVAILABLE.

MENTAL HEALTH SERVICES

BACKGROUND

San Bernardino County provides mental health services through two distinctly separate departments. They work in a collaborative partnership to provide full mental health services to County residents. This Grand Jury has combined the investigation into one report.

- Inpatient Mental Health care is provided at the Arrowhead Regional Medical Center (ARMC) in a separate building on the grounds of the ARMC. The director and his staff are under the ARMC administration.
- Outpatient Mental Health care, including substance abuse services, is provided by the Department of Behavioral Health (DBH) in multiple clinic locations throughout the County. The director of DBH and his staff are under the administration of the Human Services System.

FINDINGS - INPATIENT MENTAL HEALTH

At the time of its opening, the new Inpatient mental health facility was budgeted for the same 58 beds that had been licensed at the old County Medical Center. The opening of an additional 32 beds has since been approved.

The Department of Behavioral Health may contract to place a patient into the Inpatient Treatment Program at Arrowhead Regional Medical Center. DBH then becomes responsible to provide the funds for treatment. Family members bring some patients to the Inpatient facility; others are brought by law enforcement, and some are walk-ins.

Mental health services come under Federal regulations that require a medical evaluation by a physician before treatment by a mental health doctor may begin. The average length of an inpatient stay is 7.5 days. About 60 percent are covered by Medi-Cal and approximately 80 percent are repeat patients. For those who are unable to pay, the State provides mental health realignment funds.

With the ARMC's higher visibility and closer freeway access, an increased number of clients now appear at the Inpatient facility seeking services. Statistics have shown many are only in need of prescription refills to maintain or stabilize their condition. There has been no outpatient service to expedite these clients' requests and needs at the ARMC.

FINDINGS - OUTPATIENT BEHAVIORAL HEALTH

Most of the DBH clients have either a severe or chronic mental illness. Treatment includes teaching basic living skills, including money management. Most are on some form of social security and/or State aid and receive Medi-Cal benefits. No one is turned away because of an inability to pay.

DBH clinics are maintained in San Bernardino at Gilbert Street, in Upland, Fontana, Rancho Cucamonga, Chino and Rialto. Contract facilities are located in Needles, Victorville, Trona, and the Morongo Basin.

A crisis walk-in clinic at the old Ward B on Gilbert Street is now closed. The Director of Behavioral Health is working to establish a Crisis Unit at the Behavioral Health Resource Center (BHRC) in Rialto. He is also working in cooperation with the ARMC to open a similar unit at the Inpatient facility that would include staff from the DBH.

In addition to the clinic services, the Gilbert Street location houses the administrative offices of the DBH. All of these buildings are old and require excessive maintenance, and some have major structural problems. There are reports of leaking water lines, overflowing toilets, and electrical outages that interrupt the normal work schedule. All of this affects not only employee health and morale but patient care as well.

DBH has two trust funds totaling approximately \$30 million. These funds have accumulated from unspent realignment (when the State changed its method of funding for mental health services) and inpatient managed care funds. These funds are earmarked by the State for mental health services and are accessible by DBH only (unless overruled by the Board of Supervisors).

The antiquated and inadequate DBH computer system needs replacement. Because there has been no other identifiable funding source available, part of the trust fund account might be used for this purpose.

The newest and largest DBH facility is the Behavioral Health Resource Center (BHRC) in Rialto. BHRC combines and houses over 15 programs under one roof. One of the major services is the Perinatal Substance Abuse Treatment Program. One hundred percent (100%) of participating mothers are substance abusers. This program focuses on outpatient counseling and recovery services for pregnant and parenting mothers and their children. A licensed childcare facility and transportation are provided for participants. Data has shown that 70 percent of these women fail to stay substance-free and return to the program within two years. This program is funded through Medi-Cal and the State's General Fund, with the County matching the General Fund portion.

Because of the terms of the BHRC building lease, County policy prohibits its Facilities Management Department from providing needed maintenance services at that location. All work, including such items as door locks, requires obtaining three price quotes. According to the administrators at BHRC, more money is spent on management and professional staff time to process a request than an item itself might cost.

RECOMMENDATIONS

- 00-65 OPEN A MENTAL HEALTH CRISIS STABILIZATION UNIT (WALK-IN CLINIC) AT THE ARROWHEAD REGIONAL MEDICAL CENTER TO PROVIDE IMMEDIATE PRESCRIPTION RENEWALS AND OTHER EMERGENCY SERVICES NECESSARY TO MAINTAIN AND/OR STABILIZE A CLIENT'S CONDITION.
- 00-66 UPGRADE OR REBUILD THE GILBERT STREET DEPARTMENT OF BEHAVIORAL HEALTH FACILITIES TO PROVIDE A SAFER, MORE WORKER-FRIENDLY ENVIRONMENT.
- 00-67 CONTINUE SUPPORTING THE PERINATAL SUBSTANCE ABUSE TREATMENT PROGRAM, PLACING GREATER EMPHASIS IN REDUCING THE PERCENTAGE OF WOMEN FAILING TO REMAIN SUBSTANCE-FREE AND RETURNING TO THE PROGRAM.
- 00-68 CONTINUE TO ALLOW THE DEPARTMENT OF BEHAVIORAL HEALTH TO CONTROL ITS TRUST FUNDS. THESE FUNDS SHOULD BE

HELD IN RESERVE TO PROVIDE NEEDED SERVICES FOR WHICH NO OTHER FUNDING SOURCE IS AVAILABLE.

00-69 IMPLEMENT MORE COST-EFFECTIVE AND EFFICIENT PROCEDURES TO FACILITATE REPAIR, PURCHASE, AND INSTALLATION OF NEEDED ITEMS AT THE RIALTO BEHAVIORAL HEALTH RESOURCE CENTER (BHRC).

HUMAN SERVICES COMMITTEE

The Human Services Committee reviewed the functional and operational procedures of all departments within the Human Services System, with the exception of the departments of Behavioral Health and Public Health. These two departments were a part of Health Care Services during the early part of our term, and were reviewed by that committee.

The Human Services System coordinates the activities of the following County departments:

- Aging and Adult Services
- Children's Services
- Community Services
- Jobs and Employment Services
- Preschool Services
- Transitional Assistance
- Veterans Affairs

The Human Services System also provides fiscal and technical support to both the Children's Network and the Children's Fund.

The Human Services Committee established subcommittees to review the function of each of the above departments. All department heads were interviewed. Further interviews were held to investigate compliance with County policies. Suggested areas of concern by previous Grand Juries were considered.

Grand Jurors went on ride-alongs with welfare fraud field investigators, attended the Homeless Coalition Faire and the grand opening of the Children's Assessment Center, observed the functioning of the Child Abuse Hotline, and went on visits to Head Start sites.

The Human Services Committee makes the following findings and recommendations.

DEPARTMENT OF AGING AND ADULT SERVICES

IN-HOME SUPPORTIVE SERVICES PROGRAM

BACKGROUND

The In-Home Supportive Services Program (IHSS) within the Department of Aging and Adult Services (DAAS) allows low income elderly, blind, and disabled persons to remain in their own homes when they become unable to care for themselves. Program recipients receive services that are less expensive for the County than out-of-home care. Because of this program, recipients avoid institutionalization.

Under this program care providers come into the recipient's home, providing domestic, personal, and protective care on an assigned basis.

The 1998-99 Grand Jury, in its final report, made recommendations to improve the personal security of the recipients. The Board of Supervisors' official response was brief and appeared to summarily dismiss the Grand Jury's recommendations. For that reason, this Grand Jury reviewed the IHSS program.

The Grand Jury's primary concern was for the health and well being of the recipient, as well as possible County liability in the event of abuse at the hands of a County-recommended provider.

FINDINGS

The IHSS program is federally, state, and county funded. It is administered by County DAAS and governed by the California Welfare and Institutions Code and directives of the State Department of Social Services.

Care providers are selected and hired by the care recipient. Approximately 62 percent of care providers are either a relative or friend of the recipient. When the recipient has no relative or friend available to act as his/her care provider, a County-recommended and maintained list of providers is given to the recipient from whom a selection is made. Not being a friend or relative, the providers on this list are relatively unknown to both the County and recipient. To be placed on this list, potential providers must only submit positive identification, pass an interview by a County social worker, and sign a declaration vouching for their past and present legal compliance.

The governing statutes do not provide the County with the authority to request background fingerprint checks on care providers from the Department of Justice. A local public records background check is permissible. The recipient may, at his/her own expense, obtain a Department of Justice background check on a potential or existing care provider.

County Counsel provided the following legal opinion on this state-directed program. Under the new statutes (Assembly Bill 1682 and Senate Bill 710), effective January 1, 2000, pertaining to the establishment of an employer of record, the County is held harmless in an abuse situation of a recipient by a care provider if the County has followed all governing statutes/directives in its administration of the program. Specifically, the governing Welfare and Institutions Code (affected by the new legislation) now provides immunity for the state and counties from liability resulting from their implementation of the Code.

When initially contacted by the Grand Jury, DAAS understood that the new legislation required background checks of care providers. The following information was obtained from a legal opinion requested of County Counsel. The new legislation does not alter the current inability of counties to require a Department of Justice background check of IHSS providers. This legislation added Section 12302.25 to the Welfare and Institutions Code and requires each county to be in conformance by January 1, 2003. It effectively requires each county to act as, or establish, an employer of record for care providers for the purpose of establishing a collective bargaining agency for providers. This agency will be responsible for investigating the background or qualifications of potential providers. In the Foster Parents Program, foster

parents are required to undergo a criminal background investigation. In the IHSS program, care providers are not investigated.

There are thousands of cases of elder abuse reported in San Bernardino County each year. Currently, about 200,000 seniors reside in the County. DAAS projects 369,000 seniors by the year 2010 and 500,000 by the year 2020. DAAS also estimates that one-fourth of the County's population will be seniors in 2020. Currently, there are approximately 9,200 recipients in the program and 38 percent of their providers came from the County provided list. If the population grows by the above estimates, by the year 2020 there will be approximately 23,000 recipients in the program and about 8,700 of this number will come from the County's list of providers. With no background checks of care providers, these numbers are reason for alarm today and present increased concern for the future.

Findings support the primary concern of the Grand Jury. More can be done to ensure the health and well being of IHSS recipients. County liability is tempered by the legislation, but not forgotten. If the County has not followed the Welfare and Institutions Code to the letter and an abusive care provider surfaces, the County stands to lose.

RECOMMENDATIONS

- 00-70 PROVIDE LOCAL PUBLIC RECORDS CHECKS OF ALL PROSPECTIVE CARE PROVIDERS AT COUNTY EXPENSE.

- 00-71 SPONSOR A LEGISLATIVE CHANGE/AMENDMENT TO THE CALIFORNIA WELFARE AND INSTITUTIONS CODE REQUIRING DEPARTMENT OF JUSTICE BACKGROUND CHECKS BE CONDUCTED ON ALL PROSPECTIVE CARE PROVIDERS. THE RIGHT TO HIRE, FIRE, AND SUPERVISE THE CARE PROVIDER WOULD REMAIN WITH THE RECIPIENT. THE EXPENSE OF THE BACKGROUND CHECK WOULD BE BORNE BY THE STATE AND COUNTY.

- 00-72 INFORM RECIPIENTS OF THEIR RIGHT TO REQUEST A DEPARTMENT OF JUSTICE BACKGROUND CHECK ON ANY POTENTIAL OR EXISTING CARE PROVIDER. IF RECIPIENTS DECLINE THIS OPPORTUNITY TO BE INFORMED AS TO WHOM THEY ARE ENTRUSTING THEIR FUTURE WELL-BEING, REQUIRE RECIPIENTS TO SIGN A DISCLAIMER. IF THE RECIPIENT ELECTS TO ORDER THIS BACKGROUND CHECK, HE/SHE MUST SIGN A STATEMENT TO THAT EFFECT.

PRESCHOOL SERVICES DEPARTMENT

BACKGROUND

The Head Start program is funded by the U.S. Department of Health and Human Services' Administration for Children and Families (ACF). The Preschool Services Department (PSD) and its employees operate under Federal guidelines.

In April 1996 the ACF conducted an on-site review of Head Start and found non-compliance of the regulatory and policy requirements governing the program. The County acts as the grantee and was found to have under-expended the grant by over two million dollars in each of the last two budget periods, despite the need for classroom materials, facilities, equipment, and expansion. The program was reviewed again in January 1999 by ACF and several areas of serious concern were found.

The 1998-99 Grand Jury investigated the Federal findings, but was unable to make recommendations at that time due to non-jurisdiction. In March 1999 the Preschool Services Department and 105 administrative and support staff became County employees, under the Human Services System. Personnel at the Head Start sites work under contracts ranging from 9 to 12 months in duration.

FINDINGS

During routine visits to some Head Start sites, the Grand Jury was made aware of deficiencies in the hiring process. A letter was sent to the rest of the sites requesting information regarding vacancies since September 1999, how and when requests were made, and when vacancies were filled, if they were. Twenty-two (22) responses were received out of the 30 sites contacted, and this information was combined with information received during three site visits. Many sites reported having long-standing vacancies. Vacancies included teachers, teacher's aides, custodians, food service workers, and clerical. Teachers and aides were performing custodial and clerical chores in addition to their teaching responsibilities, causing extremely low morale over the long-term at some sites. No temporary or substitute employees were available to cover the vacancies.

Vacancies in staff positions occurred at 21 of the 25 Head Start sites from which we have data. These vacancies were unfilled for periods of time ranging from two weeks to six months. At the time this report was written, there were 46 vacancies unfilled.

Personnel requests by site supervisors to fill vacancies were made in a number of different ways: by telephone, written memos, personal conversations with administrators, field visits, area manager visits, weekly reports, letters, written lists, area meetings, requisitions, and field reports.

Here are three randomly selected examples:

- A teacher position became vacant in September 1999 and was filled in March 2000. Requests to fill the position were made by telephone and through personal conversation with the area coordinator.
- One site was short one clerk and one teacher and in October another teacher resigned. The clerk position was filled in November and both teaching positions were filled in January. The site supervisor notified her supervisor of the vacancy three times – once by phone and twice with written memos.
- At another site a teaching position had been vacant since January and was not filled as of March 31, 2000.

Applicants who live in outlying areas can apply for positions by mail. However, they must report to San Bernardino for testing and interview.

RECOMMENDATIONS

- 00-73 CREATE A STANDARD PROCEDURE FOR HEAD START SITE SUPERVISORS TO USE WHEN REQUESTING PERSONNEL, TO INCLUDE DOCUMENTATION OF WHEN THE REQUEST IS MADE, TO WHOM, AND THE DATE THE VACANCY IS FILLED.
- 00-74 EDUCATE ALL SITE SUPERVISORS IN THE NEED TO FOLLOW THE PROCEDURE FOR REQUESTING PERSONNEL, AND TO DOCUMENT THEIR REQUESTS.
- 00-75 BEGIN RECRUITING NEW PERSONNEL DURING THE SUMMER MONTHS IN ORDER TO CREATE A POOL FROM WHICH TO FILL VACANCIES THAT WILL OCCUR WHEN THE NEW SCHOOL YEAR BEGINS AND THROUGHOUT THE YEAR.
- 00-76 ESTABLISH A POOL OF AVAILABLE SUBSTITUTE EMPLOYEES FOR ALL POSITIONS.

- 00-77 FILL VACANCIES AT HEAD START SITES AS SOON AS THEY OCCUR.
- 00-78 CONDUCT TESTING AND INTERVIEWING AT SITES CLOSE TO THE LOCAL COMMUNITIES WHERE THE JOBS WILL BE PERFORMED.

TRANSITIONAL ASSISTANCE DEPARTMENT

BACKGROUND

Under the Human Services System, the Transitional Assistance Department (TAD), with an annual budget of \$124.3 million, is responsible for the administration of the financial support programs that assist the needy with basic services. Of this appropriated budget, \$113.9 million is from Federal and State revenue, with a local cost share of \$10.4 million. The TAD is budgeted for a staff of 1,914. The primary services provided include Transitional Assistance to Needy Families, food stamps, Medi-Cal, childcare, and general assistance. The goals of TAD are to meet the basic needs of families and individuals while working to help them attain self-sufficiency, and to promote work and personal responsibility.

One program within TAD is the Fraud Prevention Bureau (FPB). The mission of the FPB's Special Investigations Unit (SIU) is to detect and deter incidents of welfare fraud by persons deemed ineligible by law for public assistance. This mission is accomplished by thorough investigation of allegations, false claims, or misrepresentation of fact in compliance with due process of law without infringing upon the constitutional rights of applicants or recipients.

This report focuses on the overall Transitional Assistance Department and the Special Investigations Unit of the Fraud Prevention Bureau and their coordinated efforts in providing services to applicants and recipients.

FINDINGS

The classifications of the approximately 1,000 Eligibility Workers (EW) within TAD are as follows:

- EW Trainee - Approximate monthly salary of \$1,387. Requires high school diploma or GED, plus 2 years full-time public contact employment. Following completion of an 8-week orientation/training class, the entry level Trainee advances to the next level.
- EW I - Approximate monthly salary of \$1,726. Requires completion of a 6-month, closely supervised on-the-job training program, and requires a passing satisfactory performance evaluation before being eligible for advancement.
- EW II - Approximate monthly salary of \$2,047 to \$2,616. Requires completion of additional six month probationary period before becoming "regular status" and being eligible to apply for EW III level.
- EW III - Approximate monthly salary of \$2,207 to \$2,815. Requires bidding, applying, testing, and qualifying.

Approximately 80 new Eligibility Worker Trainees are hired each quarter. Newly hired EWs cannot transfer until after completion of the 8-week orientation/training class and a one-year probationary period. After the investment of training newly hired EWs in the multiple programs criteria, eligibility, and regulations for a period of 14 months, a significant number of these employees transfer to other departments/positions within the County at a higher rate of pay. The turnover rate has been running 15 to 22 percent over the past several years.

The file notes that Eligibility Workers provide to SIU Fraud Investigators are not always up-to-date at the time of field investigations. Unnecessary visitations are often made due to the inadequate or outdated information provided in the Fraud Investigators' files. This situation was verified by ride-alongs of Grand Jury members with Fraud Investigators. In several instances, information reported by the recipient to an Eligibility Worker was not in the file. The field investigators indicated that this situation occurs repeatedly.

Development of the new Consortium IV Welfare Computer System (counties of San Bernardino, Merced, Riverside and Stanislaus) is expected to ultimately resolve the aforementioned issue. This new system will provide all-encompassing paperless records that will be viewable on-screen to all involved agencies. Field investigators, case managers, and eligibility workers would all have access to view each other's notes up-to-the minute, eliminating the time-lag problem of written notes being in the Field Investigators' field files. It is

anticipated that the development and implementation phases of this computer system will not be completed for four years (year 2004).

The SIU is currently budgeted for 49 fraud investigators and five supervisors. Of these positions, there are four investigator vacancies, two are currently on "light duty," and the retirement of 4 or 5 is expected this year. This creates an extreme hardship in the unit because of a backlog of investigations to be completed.

RECOMMENDATIONS

- 00-79 DEVELOP A STRATEGY FOR RETAINING ENTRY-LEVEL ELIGIBILITY WORKERS WITHIN THE TRANSITIONAL ASSISTANCE DEPARTMENT THROUGH RETENTION INCENTIVES TO REDUCE TURNOVER AND LOSS OF TRAINING COSTS.

- 00-80 DEVELOP AND IMPLEMENT AN INTERIM SYSTEM TO ASSURE TIMELY PROCESSING OF PERTINENT INFORMATION FROM ELIGIBILITY WORKERS INTO RECIPIENTS' FILES FOR USE BY FRAUD INVESTIGATORS.

- 00-81 IMPLEMENT AN AGGRESSIVE AND TIMELY RECRUITMENT PROCESS TO FILL CURRENT AND ANTICIPATED VACANCIES OF FRAUD INVESTIGATORS IN THE FRAUD PREVENTION BUREAU'S SPECIAL INVESTIGATIONS UNIT.

INTERNAL SERVICES COMMITTEE

The Internal Services Committee reviewed the operations and functions of the County's Internal Services Group, which included the following departments:

- Architecture and Engineering
- Facilities Management
- Human Resources (now under County Administrative Office)
- Purchasing
- Real Estate Services
- Vehicle Services

Subcommittees were formed based on perceived investigative needs. All County departments within this group were investigated by subcommittees, except Architecture and Engineering.

The Purchasing and Vehicle Services subcommittees joined forces to produce a single report under Vehicle Services (Central Stores). The Facilities Management subcommittee's findings and recommendations were absorbed by the Ad Hoc Committee on Public Safety. A separate outside audit of Vehicle Services and user departments was completed under the direction of an ad hoc committee.

Subcommittee efforts led to the following final reports.

PERSONNEL POLICIES

BACKGROUND

In 1998 a County employee was investigated and pleaded guilty to three misdemeanor counts of failing to disclose a gift or loan from a supplier, and was sentenced to 30 days in the county jail. The employee was directly involved in overseeing the performance and continuation of the contract with this supplier. During the investigation, conviction, and commencement of the jail sentence, the employee was placed on paid administrative leave by the appointing authority for approximately ten months.

Two areas of the County Personnel Policy were investigated by the Grand Jury: the use and cost of paid administrative leave and the appointing authority's powers and responsibilities. These particular policies were selected for investigation because of perceived abuses as they related to the above-referenced employee.

FINDINGS

The use of paid administrative leave is a long-standing practice in the County, although there is no written guidance in the Personnel Rules or the Consolidated Memorandum of Understanding for appointing authorities to follow. The most commonly used reason for placing an employee on paid

administrative leave is the perceived need to separate the employee from the workplace while a disciplinary, medical, and/or criminal investigation is being conducted. While on paid administrative leave, the employee is to be reachable by phone during designated hours. The employee need only report in by phone each morning by 8:00 a.m. and is not required to report to any workplace.

The matter of placing an employee on paid administrative leave is important in the matter of civil service employees due to the property rights to which they are entitled by law. A civil service employer cannot deprive an employee of those property rights without going through due process. That due process usually requires administrative leave with pay where the allegation being investigated may harm public service in some manner. The law requires the department to conduct an investigation to determine if wrongdoing occurred and then, if so determined, undertake the appropriate discipline.

The Grand Jury requested information as to the amount of paid administrative leave granted for 1997, 1998, and 1999, the direct cost to the County for this leave, and the reason for the leave. The County payroll system does not code paid disciplinary administrative leave separately. The payroll department specifies that employees use the same code for travel time, conference time, and paid administrative leave. A new payroll system was installed in 1999 but the same coding was continued. Further, not all departments accurately and consistently used the proper code. A manual process that relied on the memories of the appointing authorities was necessary to gather the requested information because most instances lacked written documentation. As a result, the information provided may not be 100 percent accurate.

Use of paid administrative leave for all reasons (travel time, conference time, and disciplinary time) shows the following trend:

<u>Year</u>	<u>No. of Cases</u>	<u>Hours of Paid Leave</u>	<u>Direct Cost</u>
1997	309	16,420	\$307,239
1998	342	18,829	\$368,815
1999	<u>354</u>	<u>18,463</u>	<u>\$383,687</u>
Total	1,005	53,712	\$1,059,741

Usage of paid administrative leave ranged from as little as a few hours per person to a high of:

- One employee with 1,232 hours and a direct cost of \$56,114 in 1999

- One employee with 1,690 hours and a direct cost of \$36,485 in 1998
- One employee with 1,946 hours and a direct cost of \$22,093 in 1997

There is no consolidated reporting process by the various County departments to a central location showing the number of employees on paid administrative leave, the length of time on this leave, the reason, the cumulative cost, nor the current status. According to several appointing authorities, the trend, cost, and reasons for placing employees on paid administrative leave has not been a matter of importance to the County. Additionally, training in Standards of Conduct to emphasize the expected ethical behavior of employees has not been a priority item.

The appointing authority is a term used in the Personnel Rules and the Memorandum of Understanding. An appointing authority refers to a department head. It includes any person who is designated as acting department head, employees acting for the department head during absence, and/or an employee delegated all authority to act on behalf of the appointing authority on a regular basis.

The appointing authority has unlimited authority to handle all personnel actions within County guidelines, civil service rules, and state's rights, even if the appointing authority and the employee are personal friends. The appointing authority can grant paid administrative leave without any oversight or monitoring. The length of time an employee may be on paid administrative leave also is without oversight or monitoring, as evidenced by an instance where an employee remained on paid administrative leave after pleading guilty, being sentenced by the court, and while serving a portion of the jail time. The appointing authority also decides the extent of any disciplinary action against an employee and makes the interpretation of violations of Rule X of the Personnel Rules regarding disciplinary action, subject to the employee's appeal rights.

RECOMMENDATIONS

00-82 IMPLEMENT A SPECIAL PAYROLL CODING SYSTEM THAT WILL IDENTIFY AND TRACK ALL INSTANCES OF PAID ADMINISTRATIVE LEAVE FOR DISCIPLINARY REASONS, MEDICAL EVALUATIONS ETC. TO INCLUDE START DATE, DATE ENDED, DIRECT COST, AND REASON FOR BEING PLACED ON PAID LEAVE. RE-CATEGORIZE

TRAVEL AND CONFERENCE TIME TO REFLECT ITS PROPER USE AS WORK TIME.

- 00-83 DEVELOP COUNTYWIDE, WRITTEN PROCEDURES FOR USE BY THE APPOINTING AUTHORITY WHENEVER CONSIDERATION IS BEING GIVEN TO USING PAID ADMINISTRATIVE LEAVE.
- 00-84 DEVELOP A CONSOLIDATED, MONTHLY REPORTING SYSTEM BY ALL DEPARTMENTS FOR THE COUNTY ADMINISTRATIVE OFFICER, HUMAN RESOURCES, COUNTY COUNSEL, AND THE AUDITOR/CONTROLLER-RECORDER THAT WOULD LIST ALL EMPLOYEES (OR POSITIONS) ON PAID ADMINISTRATIVE LEAVE, START DATE, DATE ENDED, CUMULATIVE DIRECT COST, AND REASONS FOR BEING PLACED ON PAID ADMINISTRATIVE LEAVE.
- 00-85 PROVIDE A QUARTERLY AND AN ANNUAL CONSOLIDATED SUMMARY REPORT BY DEPARTMENT TO THE BOARD OF SUPERVISORS SHOWING THE NUMBER OF EMPLOYEE HOURS ON PAID ADMINISTRATIVE LEAVE AND THE TOTAL DEPARTMENTAL DIRECT COST.
- 00-86 ESTABLISH AN OVERSIGHT PROCESS CONSISTING OF REPRESENTATIVES FROM HUMAN RESOURCES, COUNTY COUNSEL, AND AUDITOR/CONTROLLER DEPARTMENTS WHEN GRANTING PAID ADMINISTRATIVE LEAVE AND ANY DISCIPLINARY ACTION BY THE APPOINTING AUTHORITY.
- 00-87 ASSIGN A DEFINITE RESPONSIBILITY TO THE APPOINTING AUTHORITY TO PURSUE PROMPT COMPLETION OF ANY NECESSARY INVESTIGATION SO AS TO QUICKLY RESOLVE THE MATTER THAT CREATED THE NEED FOR PAID ADMINISTRATIVE LEAVE, THEREBY SHORTENING THE LENGTH OF PAID ADMINISTRATIVE LEAVE.
- 00-88 REQUIRE APPOINTING AUTHORITIES TO FREELY SELECT ANOTHER PERSON TO ACT IN THEIR BEHALF AFTER CONSIDERING WHETHER THEIR RELATIONSHIP WITH THE EMPLOYEE UNDER CONSIDERATION FOR PAID ADMINISTRATIVE LEAVE CAN BE HANDLED WITHOUT A REAL OR PERCEIVED BIAS.
- 00-89 REQUIRE WRITTEN JUSTIFICATION AND DOCUMENTATION TO BECOME PART OF THE EMPLOYEE'S PERMANENT PERSONNEL FILE, WHENEVER PAID ADMINISTRATIVE LEAVE IS GRANTED AND AN EMPLOYEE IS GIVEN ANY DISCIPLINARY ACTION.

- 00-90 PUBLISH ADDITIONAL WRITTEN EXPLANATION REGARDING RULE X OF THE PERSONNEL RULES THAT DESCRIBES THE REASONS WHY AN EMPLOYEE MAY BE SUBJECT TO DISCIPLINARY ACTION.
- 00-91 REQUIRE STANDARDS OF CONDUCT TRAINING BE PROVIDED FOR ALL EMPLOYEES ONCE EACH YEAR COVERING TOPICS IN RULE I OF THE PERSONNEL RULES.
- 00-92 PROHIBIT PAID ADMINISTRATIVE LEAVE AFTER ANY EMPLOYEE IS CONVICTED FOR ANY BREACH OF COUNTY EMPLOYMENT RULES.

REAL ESTATE SERVICES DEPARTMENT

BACKGROUND

The Real Estate Services Department is one of several functions under the Internal Services Group. Its mission statement is *"To provide the most professionally responsive and highest quality real estate services enabling our clients to deliver the needed facilities and services to the citizens of San Bernardino County that will enhance their quality of life."*

Real Estate Services consists of two main functions:

- The Property Management Division is responsible for all County leasing functions with the exception of some special districts and the Superintendent of Schools. It also handles surplus property sales and some revenue leases.
- The Right-of-Way Division is responsible for the acquisition of property, appraisal of both owned and leased property, and relocation assistance. The acquisition work is primarily for the Transportation Department, Flood Control, special districts, San Bernardino Associated Governments (SANBAG), etc.

FINDINGS

The County has about 15,000 employees that require office space or work facilities so as to efficiently accomplish their jobs. There is need for long-range planning because the staffing level this fiscal year is projected to increase about 1,000 employees, requiring an estimated 100,000 to 125,000 square feet of added space. Today most of the office space needs are leased instead of purchased. The County has been criticized in past Grand Jury reports because of charges of political cronyism or intervention involving leasing of office space and appropriate facilities to conduct its business operations (1998-99 Grand Jury Final Report). A County work group is currently studying the whole Real Estate function.

Presently, the array of functions comprising the overall management of office space and facilities is spread over numerous departments and staff within the County. The Real Estate Services Department has certain responsibilities as noted above. In addition, an Administrative Analyst in the County Administrative Office has been delegated the responsibility for administering buildings that are owned by the County. Facilities Management is a separate department that provides the building maintenance and custodial care for these buildings. The Community and Cultural Resources Department, within the County's Public Services Group, is another department that provides grounds and maintenance care.

The inventory of County-owned or leased buildings is monitored through two software programs titled Building Inventory Data System (BIDS) and Land Inventory Data System (LIDS). When leased building information was requested by the Grand Jury, reports were received from two different sources using the BIDS program. The two reports were not the same even though they were both covering properties leased by the County (possibly because different query parameters were used).

A change was made to the County policy on March 30, 1999 when the Board of Supervisors adopted a new *Policy and Standard Practice for Leasing Space for County Use*. A Request for Proposal (RFP) is now required for leases of 5,000 square feet or more with a term of five (5) years or more, unless it is waived because it would "unreasonably interfere with the financial and programmatic needs of the County". The RFP process has been waived 10-12 times in the first five months since the policy was adopted. Only the Board of Supervisors can approve waiving the RFP process.

When a department makes a request for leased space, the following steps are to be followed:

- A Capital Improvement Program Request form outlining the requirements is to be submitted to the CAO's Administrative Analyst who acts as a "traffic director". If the RFP process is to be waived, the need must be justified on the request form. The CAO's Administrative Analyst logs in the request, reviews it, and sends it to the CAO Budget Analyst who handles budget matters for the requesting department.
- The Budget Analyst has to sign off on the request as to the need for the space, availability of funds, program needs, staffing levels, etc.
- Copies of the request, together with the assessment from the CAO's office, are then to be circulated to the Board of Supervisors' office for a 10-day comment period. Procedures do not require Real Estate Services to be officially involved and they may be unaware of a space need request.
- At the end of the 10-day period, the CAO's Administrative Analyst is to review the Supervisors' comments and either:
 - (a) Direct the Real Estate Services Department to prepare an RFP and a Board agenda item to approve the RFP, or
 - (b) If the RFP process is to be waived, the requesting department (perhaps in conjunction with Real Estate Services) is to prepare a Board agenda item requesting approval of the waiver of the RFP process.
- At this point Real Estate Services is made aware of the need for office space.
- If the RFP is approved by the Board, Real Estate Services is to advertise the RFP in newspapers and contact the general public, brokers and others to reasonably generate sufficient interest in leasing facilities in the County.
- A 5-7 person Review Committee is to be formed to review the proposals, typically with representation from the requesting department, Architecture and Engineering, Real Estate Services, the CAO's office, the Board of Supervisors' office, and the Supervisor's office in whose district the building is to be located.

- The results of the RFP, together with Real Estate Services' recommendation, are to be reported to the Board of Supervisors for approval.

If the Board approves a waiver of the RFP process, the Real Estate Services Department is then to be instructed to locate and initiate lease negotiations for suitable space. However, someone from the requesting department may have already identified the desired space and started negotiating the terms of the lease.

If the RFP process is waived, the lease negotiations are to be conducted by Real Estate Services and the recommendation is to be submitted to the Board of Supervisors for approval.

The County is one of the largest tenants in San Bernardino County. Presently there are an estimated 202 leases for land and facilities. The monthly lease payments total approximately \$2,220,000 or about \$26.6 million annually. The five departments with the most leases and leasing the largest amount of space are shown as follows, together with the average cost per square foot.

Human and Social Services*	49 leases	806,000 sq. ft.	\$1.39 / sq. ft.
Behavioral Health Department	18 leases	219,200 sq. ft.	\$1.14 / sq. ft.
Preschool Services Department	27 leases	179,700 sq. ft.	\$0.68 / sq. ft.
District Attorney	11 leases	171,100 sq. ft.	\$1.22 / sq. ft.
Public Health Department	22 leases	117,600 sq. ft.	\$1.30 / sq. ft.

* Currently Human Services

Human Services is the largest lessee of County office space, with 49 leases covering 806,000 square feet. The County has 65 leases in excess of \$1.25 per square foot, and 34 of these leases are in Human Services. Human Services typically pays a higher monthly lease rate and, as a result, its \$1.39 per square foot is the highest cost of any of the County departments.

Of the 65 leases at rates of \$1.25 or greater, 18 of them are on facilities located in the High Desert portion of the County where land values are generally lower compared to the valley area.

RECOMMENDATIONS

00-93 DEVELOP A COUNTYWIDE 2 TO 4-YEAR LONG-RANGE PLAN TO IDENTIFY AND ASSESS THE MOST LIKELY SPACE NEEDS BY DEPARTMENTAL AND GEOGRAPHICAL LOCATION.

- 00-94 ASSIGN REAL ESTATE SERVICES DEPARTMENT TO BE THE FOCAL POINT FOR ALL REQUESTS FOR LEASED AND OWNED SPACE AND ALSO TO BE RESPONSIBLE FOR HANDLING ALL PHASES OF NEGOTIATIONS FOR LEASING OUT PROPERTY THAT IS OWNED BY THE COUNTY.
- 00-95 REMOVE THE BOARD OF SUPERVISORS AND THEIR STAFFS FROM ALL MANAGEMENT FACETS IN THE REAL ESTATE LEASING, PURCHASING OR MAINTENANCE PROCESSES, BUT CONTINUE THE REQUIREMENT FOR FINAL APPROVAL BY THE BOARD OF SUPERVISORS.
- 00-96 COMBINE ALL RELATED REAL ESTATE FUNCTIONS, INCLUDING CAO ADMINISTRATIVE ANALYST OVERSIGHT, INTO A REORGANIZED REAL ESTATE SERVICES DEPARTMENT. THIS DEPARTMENT WOULD COVER NEW LEASED BUILDINGS, SPACE PLANNING, OWNED BUILDING ADMINISTRATION, FACILITIES MANAGEMENT, GROUNDS AND MAINTENANCE, AND LEASING OF COUNTY-OWNED PROPERTY. THE CURRENT FACILITIES MANAGEMENT HOME IMPROVEMENT PROGRAM SHOULD BE TRANSFERRED TO A MORE APPROPRIATE DEPARTMENT.
- 00-97 INSURE THAT REAL ESTATE SERVICES IS INVOLVED IN ALL LEASE ARRANGEMENTS FROM INCEPTION TO AVOID PAYING ABOVE-MARKET LEASE RATES AND/OR UNFAVORABLE LEASE TERMS. TRANSACTIONS MUST BE CAREFULLY AND COMPLETELY HANDLED BY PERSONS WHO ARE QUALIFIED REAL ESTATE PROFESSIONALS.
- 00-98 ASSIGN SOLE RESPONSIBILITY FOR MAINTAINING AN ACCURATE LIST OF COUNTY-OWNED AND LEASED PROPERTIES TO THE REAL ESTATE SERVICES DEPARTMENT THROUGH ITS "BIDS" AND "LIDS" COMPUTER PROGRAMS.
- 00-99 DEVELOP AN ADDENDUM AND AN EXHIBIT (SIMILAR TO CHILD SUPPORT COMPLIANCE) TO THE STANDARD LEASE AGREEMENT TO REQUIRE LANDLORDS TO DISCLOSE ALL RELATIONSHIPS AND CONFLICTS OF INTEREST (BOTH INDIVIDUAL OWNER AND CORPORATE) WITH THE BOARD OF SUPERVISORS, COUNTY MANAGERIAL STAFF, AND COUNTY EMPLOYEES. FAILURE OF LANDLORDS TO FULLY DISCLOSE SHALL CONSTITUTE A DEFAULT OR WARRANT A MONETARY PENALTY AT THE DISCRETION OF THE COUNTY.

- 00-100 DEVELOP A COUNTYWIDE STANDARD FOR A SIMPLIFIED REQUEST FOR PROPOSAL (RFP) PROCESS FOR INTERMEDIATE SIZE OR DURATION LEASES THAT REDUCES THE AMOUNT OF TIME AND EFFORT NEEDED TO ACHIEVE A FUNCTIONING LEASE. ALSO, DEVELOP A COUNTYWIDE STANDARD FOR A STRUCTURED REQUEST FOR QUOTES (RFQ) PROCESS FOR THOSE LEASE REQUESTS THAT ARE OF A SMALL SIZE OR SHORT DURATION. THESE STEPS WOULD SHORTEN THE TIME REQUIRED TO COMPLETE A LEASE AND THEREBY REDUCE THE LIKELIHOOD OF DEPARTMENTS SEEKING SHORTCUTS OR BYPASSING COUNTY POLICY.
- 00-101 REQUIRE ALL DEPARTMENTS TO ADHERE TO THE COUNTY'S LEASE PROCEDURES REGARDLESS OF THE FUNDING SOURCE, I.E. STATE OR FEDERAL FUNDING.

VEHICLE SERVICES DEPARTMENT

CENTRAL STORES

BACKGROUND

The Central Stores function was placed under the Vehicle Services Department in January of 1995. Prior to that it had been the responsibility of the Purchasing Department.

This is the most traditional of warehouse functions. Items are purchased in bulk at the best possible price, warehoused, and then "resold" to the user departments, with a mark-up for overhead costs. Central Stores stocks supplies and delivers stationery, forms, janitorial, and other high volume items used by County departments for daily operations. Current inventory includes 1,200 items valued at approximately \$650,000.

A Request for Proposal (RFP) was issued by the Purchasing Department to secure an auctioneer to dispose of surplus medical equipment and furniture from the County Medical Center complex on Gilbert Street in San Bernardino.

At the same time, a separate flyer announcing the sale of surplus material was distributed from County Surplus Property. One of the features listed was "medical equipment". To be sure that the RFP was not being bypassed, a review of the medical equipment mentioned in the flyer was to be observed as to quantity and type.

FINDINGS

There is a contract between Central Stores and Office Depot, which offers a limited number of office supply items that can be ordered by County departments, through the Central Stores warehouse, from Office Depot, which delivers the items directly to the customer. This service is referred to as "Pack Wrap."

The Central Stores warehouse processes about 150 requisitions a day, of which about 35 to 50 are "Pack Wrap" requisitions for Office Depot.

The central warehouse has a Central Stores Catalog listing assets in both the warehouse and from Office Depot. The catalog is published every two years and updated in quarterly newsletters generated by Central Stores. This catalog does not include current cost information and is not totally descriptive of the items listed. A catalog is published by Office Depot on an annual basis and includes retail cost information and a picture or clear description of the items listed.

Customers fill out a standard requisition form based on what is available in the Central Stores catalog. Once received by Central Stores, the requisition is processed and items are pulled from the warehouse and prepared for delivery the next day.

Evaporative coolers that service the Central Stores warehouse building were noted as being non-operational. Stores personnel stated the coolers had not been in operation for several years and personnel in the work area complained about the heat during the summer.

Surplus material is stored both indoors and outdoors. Because of insufficient space, electronic equipment has to be stored outdoors and is susceptible to weather conditions.

The number of medical items on the bid line listed in the flyer was minimal, not of great value, and not part of the RFP.

An inquiry was made as to how departments within the County could find out about any surplus property available for reuse. The response was that there are no procedures in place that would let departments know what is in the surplus area, other than a telephone call from a department looking for a specific item.

The Board of Supervisors developed a policy to allow community-based organizations access to surplus materials valued at less than \$1,000. Guidelines were not developed at the time the policy was approved. No input or feedback on written procedures, policies, or processes was requested from the employees currently doing this job. Concerns were expressed about establishment of priorities, who would have access, how much could they have, and could they take anything even if the material requested was not associated within their mission statement.

When asked who makes the determination of a successful bid, the Grand Jury was informed that Purchasing handles all questions, awards, and money. Purchasing provides the expertise in assigning values to material for sale. A point of contention was noted: Surplus is associated with Central Stores, which is a part of Vehicle Services, yet Purchasing provides all the support for this operation.

Some items of surplus are sent to Surplus Property from County departments without proper documentation. Inventory tag numbers are the only link for salvage credits to be applied to the originating department. A user department may not miss an item until an inventory is conducted. Without identification tags, Surplus Property is usually unable to locate missing items.

RECOMMENDATIONS

- 00-102 ELIMINATE DUPLICATION OF OFFICE SUPPLIES AVAILABLE IN THE CENTRAL STORES WAREHOUSE AND FROM THE CONTRACT VENDOR. OBTAIN ALL OFFICE SUPPLIES FROM THE CONTRACT VENDOR.

- 00-103 DEVELOP A COMPUTER PROGRAM TO ORDER OFFICE SUPPLIES USING THE SAME FORMAT AS THE CONTRACT VENDOR REQUISITION. PROVIDE COMPUTERIZED ORDER FORMS TO ALL DEPARTMENTS ON THE COUNTY INTRANET.

- 00-104 PROVIDE A COPY OF THE CENTRAL STORES CATALOG ON THE COUNTY INTRANET, TO INCLUDE CURRENT PRICES AND BETTER DESCRIPTIVE INFORMATION.
- 00-105 EXPAND THE SURPLUS STORAGE AREA TO THE WEST OF THE EXISTING AREA. USE THIS AREA TO STORE ELECTRONIC EQUIPMENT INDOORS.
- 00-106 REPAIR OR REPLACE THE EXISTING EVAPORATIVE COOLERS TO PROVIDE A HEALTHIER AND MORE COMFORTABLE WORK AREA FOR EMPLOYEES AND VISITORS.
- 00-107 ESTABLISH A SITE ON THE COUNTY INTRANET FOR THE POSTING OF AVAILABLE SURPLUS PROPERTY.
- 00-108 ESTABLISH WRITTEN DETAILED INSTRUCTIONS TO COVER SURPLUS PROPERTY DISPOSAL. COUNTY DEPARTMENTS SHOULD HAVE FIRST OPPORTUNITY TO ACQUIRE THIS PROPERTY, FOLLOWED BY SALES TO THE GENERAL PUBLIC. THEN, COMMUNITY-BASED ORGANIZATIONS MAY ACQUIRE PROPERTY IN LINE WITH THEIR ESTABLISHED PURPOSE OF EXISTENCE.
- 00-109 TRANSFER SURPLUS AND CENTRAL STORES TO THE PURCHASING DEPARTMENT.
- 00-110 EMPOWER STORES PERSONNEL TO REFUSE SHIPMENT OF SURPLUS PROPERTY WITHOUT THE APPROPRIATE DOCUMENTATION.

LAW AND JUSTICE COMMITTEE

The Law and Justice Committee had responsibility for functional oversight of the following County departments:

- District Attorney
- Probation
- Sheriff/Marshal
- Public Administrator/Coroner/Public Guardian
- Public Defender / Indigent Defense

The committee reviewed each department's current activities and looked at the Grand Jury reports for the previous three years to help determine the areas in which inquiries should be directed. The committee decided the District Attorney's department did not warrant any investigative time. During the period of this report, the Sheriff's Department absorbed the County Marshal's Department.

Subcommittees were formed to make inquiry into the operations of each department to ensure adherence to the applicable laws, ordinances, and procedures.

The following reports encompass a brief background, address findings and offer recommendations that, if accepted, will allow these departments to operate more efficiently and effectively.

CONSERVATORSHIPS

BACKGROUND

Section 2340 of the California Probate Code states, *"No superior court may appoint a private professional conservator or private professional guardian, or permit any person to continue to serve as a private professional conservator or private professional guardian ... unless the conservator or guardian has filed the information required by Section 2342 and 2343 with the county clerk."*

As a result of the State Probate Code, the County Clerk's office has the responsibility of keeping up-to-date the annual filing fees paid by private conservators and guardians.

FINDINGS

The 1997-98 Grand Jury made a recommendation that all conservators and guardians who do not have current filings be notified and given 30 days to bring their annual filings up-to-date to comply with the State Probate Code.

Of the 34 listed conservators, only 19 have current filings and of 19 guardians, only nine (9) have current filings.

With the passing of AB 925, effective January 1, 2000, the California Attorney General's Office requires a current monthly listing of conservators and guardians filing within the State of California. It is the responsibility of the County Clerk's office to send to the Attorney General the information on a monthly basis.

All records and filings pertaining to conservators and guardians within the County are now on a computer program at the County Clerk's office.

Some of the conservator and guardian files are lacking required documentation such as fingerprint cards and receipts of fees paid.

RECOMMENDATIONS

- 00-111 REQUIRE THE COUNTY CLERK'S OFFICE TO NOTIFY CONSERVATORS AND GUARDIANS, IN WRITING, AT LEAST 30 DAYS IN ADVANCE OF THE EXPIRATION DATE OF THEIR FILINGS.

- 00-112 REQUIRE THE COUNTY CLERK'S OFFICE TO PROVIDE THE COURTS WITH A MONTHLY LISTING OF CONSERVATORS AND GUARDIANS WHO HAVE VALID FILINGS AND FEES PAID.

- 00-113 REQUIRE THE COUNTY CLERK'S OFFICE TO BRING ALL DELINQUENT FILES UP-TO-DATE AND DROP FROM THE LISTING ALL THOSE CONSERVATORS AND GUARDIANS WHOSE STATUS IS NOT CURRENT.

PROBATION DEPARTMENT

BACKGROUND

The County Probation Department is comprised of an Administrative Services Bureau, Detention Corrections Bureau, and the Community Corrections Bureau (which provides juvenile and adult court related services in the area of investigations and probation supervision). The mission statement of the department is *"To protect the community through assessment, treatment and control of adult and juvenile offenders by providing a range of effective services based on legal requirements and recognized professional standards."*

The Probation Department is currently staffed with 394 full-time employees in the Administrative Services and Community Corrections Bureaus, and 430 full-time employees in the Detention Corrections Bureau. There are presently seven (7) probation officers in the Pre-Trial Unit. An increase of 88 personnel was requested for Fiscal Year 1999-2000. There are over 100 part-time employees in the Probation Department.

FINDINGS

Currently, the emphasis for funding and for the allocation of probation officers to the number of "clients" has been strongly directed to the juvenile probationer. Most grant funding at the State or Federal level is devoted to the juvenile side of probation. As a result, the County Probation Department emphasizes the juvenile programs.

The County written reporting system requires only quarterly submissions by the adult probationer. This is not consistent with the monthly reporting requirements of adjacent counties. The Adult Probation program is badly understaffed. There are over 14,000 adults in the probation program at this time. The activities of these adults are monitored by 24 field probation officers, plus seven (7) probation officers, and five (5) clerks in the General Services Unit (GSU). The GSU monitors over 13,000 adult probationers via computer tracking of the probationers' submission of written reports.

It is estimated that 80 percent of those in Adult Probation had one or more criminal convictions prior to the one for which they are currently on probation. An estimated 45 percent of those presently on adult probation will

commit additional crimes before their present probation term has been completed.

In the Adult Probation program there is the opportunity for educational programs that can qualify the probationer for a GED high school certificate and a junior college program that is tuition free. Both programs are intended to prepare the probationer for job placement opportunities. The County has located employment for 80 percent of those that participate in these programs. There is a direct correlation between those probationers that take advantage of these educational programs and the incidents of repeat offenses, i.e., education and jobs significantly reduce repeat offenses.

Only ten percent (10%) of the total probation officers are devoted to Adult Probation supervision. The caseload is about 550 cases per probation officer, exclusive of those tracked by the GSU personnel. The Probation Department has a need for additional personnel and funding from the County for the Adult Probation programs. There is an urgent need to develop grant funds for adult probation programs at the State and Federal levels.

RECOMMENDATIONS

- 00-114 SUBMIT AN IMMEDIATE REQUEST TO THE BOARD OF SUPERVISORS FOR THE FUNDING AND HIRING OF A MINIMUM OF 75 PROBATION OFFICERS DEDICATED TO THE ADULT PROBATION PROGRAM.

- 00-115 RESEARCH ALL SOURCES OF FUNDING TO DETERMINE IF GRANT FUNDS ARE AVAILABLE FOR ADULT PROBATION PROGRAMS.

- 00-116 UNDERTAKE AN AGGRESSIVE PROGRAM THROUGH PROFESSIONAL ORGANIZATION AFFILIATES AND POLITICAL CHANNELS, AT THE STATE AND FEDERAL LEVELS, TO DEVELOP GRANTS FOR ADULT PROBATION PROGRAMS.

- 00-117 ESTABLISH A MONTHLY REPORTING PROCEDURE FOR ALL ADULT PROBATIONERS TO KEEP BETTER TRACK OF THEIR ACTIVITIES.

- 00-118 ENCOURAGE GREATER PARTICIPATION BY PROBATIONERS TO ENROLL IN THE ADULT EDUCATIONAL PROGRAMS THAT QUALIFY THEM FOR JOBS.

PUBLIC ADMINISTRATOR/ CORONER

BACKGROUND

The Public Administrator's office has the responsibility to investigate and to administer estates of decedents placed under its jurisdiction. As part of this responsibility, the Public Administrator inventories the deceased's property and locates heirs, if any. It also inventories personal and real property, checks property ownership, supervises business affairs, manages rented property, pays expenses, and collects estate income, benefits, and insurance due to the estate.

FINDINGS

Two deputy public administrators take initial inventory of personal property at the residence of the deceased.

Two County warehouse employees take a second inventory after the personal property has been transported to the Public Administrator's Warehouse in San Bernardino. A random check of several Public Administrator files showed that the inventory sheets written by the warehouse personnel had only one signature instead of the required two.

All unclaimed personal property of a decedent is taken to the County warehouse for storage. Only about 50 percent of the total warehouse space is available for use by the Public Administrator, which is inadequate for the storage of these goods.

Currently, all personal property is stacked in lots and identified by signs that are nailed to the warehouse walls.

At the present time there is no computer program to help identify personal effects of the deceased.

RECOMMENDATIONS

00-119 REQUIRE TWO SIGNATURES ON ALL INVENTORY SHEETS TO INSURE TOTAL ACCOUNTABILITY OF DECEDENT'S PROPERTY.

- 00-120 SEEK ADDITIONAL SPACE TO HOLD PERSONAL PROPERTY TO ENSURE THE SEPARATION OF EACH LOT.
- 00-121 DEVELOP A COMPUTER PROGRAM TO LINK PERSONAL EFFECTS BY LOT NUMBERS FOR EASIER IDENTIFICATION.

PUBLIC DEFENDER / INDIGENT DEFENSE

BACKGROUND

The Public Defender's office provides legal representation for persons who are charged with a criminal offense and whom the Courts have found to be financially unable to employ private counsel.

The County Administrative Office established the County Indigent Defense Program as a County function independent from the Court. The program consists of a staff analyst and a fiscal clerk who is responsible for accounts payable for appointed private attorneys and their staff of investigators and experts.

FINDINGS

Contract and/or ad hoc attorneys are appointed for a client as the result of either a conflict of interest or an excessive caseload on the part of the Public Defender's office. Contract attorneys are under contract to the Court and ad hoc attorneys are hired on a case-by-case basis when the case is beyond the capabilities of the Public Defender or the private attorney.

In the last three years in the San Bernardino District, the average cost of a contract attorney is \$950 per case and an ad hoc attorney \$4,000 to \$5,000 per case. The cost of a case to the Public Defender's office is \$534 per case.

There are no reporting requirements to the County Administrative Office or the Board of Supervisors for expenditures incurred by the Public Defender's office or the Indigent Defense office.

The Public Defender's central office in San Bernardino tried 38 felony and misdemeanor jury trials in 1999. The Indigent Defense Program of private attorneys tried 93 felony and misdemeanor jury trials in the San Bernardino district.

In 1999 the Public Defender's central office was assigned 3,839 felony cases, of which 938 had conflicts of interest. Conflict cases accounted for 24.43 percent of all assigned felony cases. This percentage is more than double the 11.40 percent of conflicted cases over the past five years.

The Public Defender's office and the County Indigent Defense Program have different computer programs for collecting data and cost figures. As a consequence, there is no consistent method of collecting caseload data and cost information for all providers of indigent defense in San Bernardino County.

There is no one in the County to provide overall leadership in coordinating indigent defense services or in evaluating and implementing measures to control costs between the Public Defender's office and the Indigent Defense Program.

The Public Defender's office does not have a written policy that outlines what constitutes a conflict of interest and what situations would require withdrawing from a case.

The Court determines if a client is eligible for the services of a Public Defender. The Court does not require a financial background report on the client to determine the client's ability to pay.

RECOMMENDATIONS

00-122 DEVELOP A WRITTEN POLICY THAT OUTLINES THE CONFLICT OF INTEREST PROCESS AND THE SITUATIONS THAT WOULD REQUIRE WITHDRAWING FROM A CASE.

00-123 DEVELOP A COMPUTER-BASED PROGRAM FOR COMPILING DATA ON COST INFORMATION AND CASELOAD FACTS THAT ENCOMPASSES BOTH THE PUBLIC DEFENDER'S OFFICE AND THE COUNTY INDIGENT DEFENSE PROGRAM.

- 00-124 PROVIDE THE COURTS WITH A WRITTEN FINANCIAL BACKGROUND CHECK ON THE CLIENT'S ABILITY TO PAY PRIOR TO THEIR COURT APPEARANCE.
- 00-125 ESTABLISH SEMI-ANNUAL REPORTS TO THE BOARD OF SUPERVISORS THAT DOCUMENT THE PRODUCTIVITY OF THE PUBLIC DEFENDER'S OFFICE. THE REPORTS ARE TO INCLUDE TOTAL NUMBER OF CASES BROUGHT TO TRIAL (MISDEMEANOR AND FELONY), NUMBER HANDLED BY THE PUBLIC DEFENDER'S OFFICE, NUMBER HANDLED BY PRIVATE ATTORNEYS, AND THE TOTAL COST OF THESE TRIALS BY BOTH THE PUBLIC DEFENDER'S OFFICE AND THE INDIGENT DEFENSE OFFICE.
- 00-126 ESTABLISH A STAFF POSITION THAT HAS THE RESPONSIBILITY TO COORDINATE AND EVALUATE SERVICES AND COSTS BETWEEN THE PUBLIC DEFENDER'S OFFICE AND THE INDIGENT DEFENSE PROGRAM.

SHERIFF'S DEPARTMENT

BACKGROUND

According to the Sheriff's Department, their mission is *"to provide prevention, protection, and public safety services with their partners, to diverse communities in the nation's largest county. The cornerstones of their service are commitment, innovation, and pride. Their vision is to be a high performance, inclusive department with high professional standards of integrity, ethics, and behavior guided by the letter and spirit of the law, and the law enforcement code of ethics. The department will relentlessly investigate criminal acts and arrest those guilty of violating the law, while building positive relationships with those they serve."*

At present, the Sheriff's Department has contracts to provide law enforcement for 13 cities. The department has many patrol vehicles, of which a number are unmarked. The unmarked vehicles are used for investigations. The Sheriff's Department serves half of the incorporated cities and all of the unincorporated communities in the County, resulting in a regional approach to crime fighting and public safety.

FINDINGS

San Bernardino County uses a competitive sealed bidding system when purchasing new vehicles for various departments. Proposals are referred to as Requests for Proposal (RFP). A committee of six County departments, including a representative of the Sheriff's Department, evaluates competitive sealed proposals. At the public bid opening, only the vendor name is read aloud. Neither price nor other information is made public until after a notice of intent to award is given.

Used vehicles are included in the department's budget for the purchase of vehicles, which requires the Board of Supervisors' approval. After the approval, the Sheriff's Department determines the number, models, and types of vehicles to purchase.

The department's Automotive Supervisor, who has the final decision as to ultimate price, purchases all used vehicles at auctions. These vehicles are purchased primarily for undercover law enforcement activities. Identity may place the safety of officers in jeopardy.

All used vehicles are purchased through the same agency with a fee of \$400 on each unit.

Dealer used auto auctions require bidders to have a current auto sales license. This license allows the holder to purchase or sell vehicles. The Automotive Supervisor has established his relationship through a dealership located in Barstow. He acts as the vendor's agent in all transactions, in addition to being a Sheriff's Department employee. This supervisor offers services as a "fleet" sales agent to employees of the County. As a salesman for the dealership, he has sold vehicles and received commissions from the agency.

Contemporaneous employment is noted in San Bernardino County's purchasing manual (Section 4, page 2) as *"... an employee cannot be employed or perform services for a vendor that sells goods or services to that employee's department. Such vendors are barred from submitting bids or proposals to that department."*

RECOMMENDATIONS

00-127 AVOID ANY TRANSACTION BETWEEN A COUNTY EMPLOYEE AND A VENDOR THAT CONFLICTS WITH COUNTY POLICY OR ANY OTHER

CIRCUMSTANCE CAUSING A BREACH OF CONFIDENCE IN THE ACQUISITION PROCESS.

- 00-128 DEVELOP DEFINED GUIDELINES FOR THE PURCHASE OF USED VEHICLES AT AUCTIONS, AVOIDING POSSIBLE IMPLICATIONS OF CONFLICT OF INTEREST.
- 00-129 ESTABLISH A RELATIONSHIP BETWEEN VENDORS AND THE COUNTY PURCHASING DEPARTMENT, WHICH ACTS INDEPENDENTLY OF THE SHERIFF'S DEPARTMENT PERSONNEL WHEN PURCHASING USED VEHICLES.
- 00-130 PROVIDE A WRITTEN CONTRACT BETWEEN THE COUNTY AND VENDOR THAT COVERS THE RESPONSIBILITIES OF PURCHASING USED VEHICLES.

PUBLIC SERVICES COMMITTEE

Fiscal year 1999-2000 brought several changes to the organizational structure for San Bernardino County employees. During the last year the Public Services Group was renamed Economic Development/Public Services Group and several departments were added that cover many services to the public.

Departments carried over from the Public Services Group include:

- Agriculture/Weights and Measures
- Airports
- Community and Cultural Resources
- Economic and Community Development
- Land Use Services
- Library
- Registrar of Voters
- Transportation/Flood Control/GIMS/Surveyor
- Waste System Division

As a result of reorganization, the following departments were added to the Group:

County Fire
Redevelopment Agency
Special Districts

While subcommittees were established to review limited aspects of selected departments, only the original nine departments were included in this report.

AGRICULTURE/ WEIGHTS AND MEASURES DEPARTMENT

WEIGHTS AND MEASURES DIVISION

BACKGROUND

It has been several years since any Grand Jury looked into the operations of the Agriculture/Weights and Measures Department. A subcommittee was formed to look into several areas of the department.

The Agriculture group and the Weights and Measures group recently were combined, and they are in the process of merging the job classifications of both groups into one journeyman classification. The Agriculture personnel can operate within the Weights and Measures group without any problems. The Weights and Measures personnel have to be licensed, and have five levels of State test certifications.

FINDINGS

Fees are collected from businesses based on the number and type of measuring devices installed. Typical devices include grocery scales, gasoline pumps, taximeters, and mobile home electric, gas, and water meters. Some

fees are billed on an annual basis and others are a one-time initial inspection charge. Any callbacks due to failure may or may not be billed.

The Weights and Measures inspector whom the Grand Jury accompanied conducts about 1,000 inspections annually. Inspections are done on a rotating basis. The inspector relies on information from the administrative group, which tracks new applicants, to keep files updated. The inspector uses his personal home computer to develop a database of clients for the annual inspections. If the inspector is not available and someone else does an initial inspection, a client could "fall through the cracks" and not be checked again. The inspector said when inspectors drive to and from assignments they watch for openings of new gas stations and stores. If not given data on the new operation, an inspector makes a call on the facility to be sure that all permits, inspections, and approvals have been obtained.

A ride-along stop was made at a gas station. This stop was the result of a complaint. The process of sealing and what happens when a seal is broken for repairs, maintenance, or tampering was explained. These require verification and have to be resealed. A pump was found to be out of tolerance. It was shut down, red tagged (sealed off and declared out of service), and the employee on duty was notified. Another dispenser from this cluster was tested and found to be within tolerance.

There is a fee for re-inspection. If not notified that the infraction has been repaired within 30 days, a second visit is made and a warning is issued. If not repaired within 60 days, an order can be issued to take legal action, which could result in administrative, civil, or criminal actions.

The second stop on the ride-along was a routine inspection and testing of a scale at a grocery outlet. Weights were put on the scale in various combinations. The scale was the type that calculates the dollar amount to be charged when a price per pound was entered. Variances allowed were based on weight amounts being tested; the smaller the weight, the smaller the allowable variance. Equipment exceeding tolerances is immediately taken out of service. All calculations were correct.

There are two County inspectors who test grocery store scanners in the valley. Each inspector has about 700-750 clients. The inspector involved in the ride-along relies on a manual 4 x 6-card system for the data listing on his clients.

Grand Jurors accompanied an inspector on a review of a large chain grocery store. At least two items were taken from each aisle. In a large store this would amount to about 40 items. The selection of items was made on a

50/50 basis – sale priced and regular priced items. Of particular interest were displays at the end of aisles and items that were labeled by hand.

A device that scans Universal Product Codes (UPC) was used. It tracks descriptions and prices and produces a tape of the data, item by item, including a bar code. The tape was passed over the scanner at the checkout stand and the information was recorded on the register tape. An item-by-item comparison was made. Deviations were reviewed with the store manager and verified at the shelf. No violations were found and the manager was given a copy of the Scanner Sales Price Report.

Penalties for a violation are based on the severity of the problem. Taken into account are the number of items reviewed, the number of errors, and the dollar amount as a percent of the total over and under charges of the correct total price. There are three levels of penalties: serious, moderate, and minor.

It was noted during both ride-along visits that each of the inspectors had their own record-keeping system. There is yet another system, which is used by administration for billing purposes for annual fees. When the Grand Jury inquired about using one database, we were advised that there is a database, but some in the office felt that it was old and hard to maintain. Others felt comfortable with it as opposed to getting something new and having to learn a new system.

RECOMMENDATIONS

- 00-131 CONSULT WITH THE INFORMATION SERVICES DEPARTMENT ON A DATABASE PROGRAM THAT COULD BE USED FOR AGRICULTURE/WEIGHTS AND MEASURES, ALONG WITH THE ADMINISTRATIVE PROCESS OF ANNUAL BILLINGS. MERGE AND COMPARE EXISTING FILES FOR REVIEW BY MANAGEMENT FOR APPROPRIATE STAFFING LEVELS, WORK ASSIGNMENTS, AND WORK LOCATIONS.

- 00-132 INITIATE A PROGRAM WITH ALL AGENCIES THAT ISSUE BUSINESS LICENSES OR FINAL PERMITS TO NOTIFY THE COUNTY AGRICULTURE/WEIGHTS AND MEASURES DEPARTMENT BEFORE FINAL PERMITS OR APPROVALS TO OPEN A NEW BUSINESS ARE GIVEN.

- 00-133 PROHIBIT COUNTY FILES AND DATA FROM BEING PLACED ONLY ON PERSONAL HOME COMPUTERS.

PESTICIDE REGULATORY DIVISION

BACKGROUND

A review of reports from previous Grand Juries noted that it had been some time since the Agriculture/Weights and Measures Department had been reviewed. Since there are diverse groups within the department, reviews were made of several major areas of activities.

The Pesticide Regulatory Division is responsible for pest management/eradication and pesticide enforcement, and has a pesticide formulation program that has been in existence since 1966. Regulations over environmental concerns about both animals and poisons have reduced the overall mission of this group.

FINDINGS

Current pesticide production includes two rodent baits and the sale of "gas bombs" to eradicate ground squirrels. Annually, 35,000 to 45,000 pounds of bait is produced based on the weather patterns. Rainfall increases rodent population, while dry weather maintains "normal" population. Last year 42,278 pounds of bait were sold. Bait is available in 2½, 5, and 25-pound bags. The smaller size bags are usually sold to homeowners. There are many warnings covering the use of bait and the types of animals to watch for because of the potential affect on endangered species. Anyone purchasing 100 pounds or more must prove they are in the agricultural business.

Cost to make the bait was broken down into package size. A 50 cent (\$.50) per pound fee is sent to the State for the use of the State seal on the product, and is included in the price. The fee covers testing for standard adherence to State mandated formulas. An "overhead" dollar amount calculated by the Auditor/Controller for the Pesticide Group is also included in the price.

	<u>2½ lb. bag</u>	<u>5 lb. bag</u>	<u>25 lb. bag</u>
Product Cost	\$1.27	\$2.34	\$10.19
Administration	\$.80	\$1.49	\$ 6.43
State Surcharge	\$1.25	\$2.50	\$16.50
Total Cost	\$3.32	\$6.33	\$29.12
Sales Price	\$3.25	\$6.25	\$29.00

The Agricultural Commissioner's office calculates the amount owed to the Franchise Tax Board. The sales price includes the tax amount. Selling amounts have been rounded off for simplicity. The Auditor/Controller has accepted this practice.

Baits and gas bombs are stored in a building at the rear of the Agriculture Department at the Rialto Avenue complex in San Bernardino. The baits are controlled substances and access to the storage area is limited. Keys to the storage facility are logged out to the employees. A physical count of the inventory is made every month and is verified by using the formula and the amount of product used.

The main ingredient in the pesticide bait is oat groats (whole grain without hulls). This mill product is purchased in 50-pound bags under a Request for Proposal (RFP). Due to limited availability, the same supplier has been used over the last several years.

These products are usually sold to farmers and ranchers. There are no commercial products they can procure as economically. This provides a benefit to an industry within the County. Most counties no longer make these products. Due to environmental problems, other counties have planned no new facilities. In addition to sales to other counties and cities, the department has a contract with Caltrans to perform their rodent control program on the freeway corridors in Riverside and San Bernardino counties.

Since the formulation of the bait is based on a State mandate, there are no commercial products available with the same formulation. Any commercial package that is similar in composition could cost 4-5 times more than prices charged by the County. Increased costs of development, research, and testing would have to be passed along to consumers.

Drivers of weed control equipment along County highways are assigned to mix the product on days they cannot work on the roads. These are the people who apply the product. As a condition of employment they must have a certificate for "pesticide application." The County does not pay for these certificates.

The storage building is divided into four main areas. Three areas are accessible from a main entry. Mixing of poisons and groats is performed in the first area. Masks, gloves and other safety equipment are provided for use by the employees. A sewing machine used to seal paper sacks is in this area, along with a scale used to measure the product (calibrated by Weights and Measures). Sheets of cardboard placed over the mixer act as a curtain to

capture dust and fumes to be exhausted to the outside. The other two areas are for storage.

A small room contains the smaller packages of product and baits formed into blocks. The larger storage area contains the 50-pound bags of groats and 25-pound bags of bait. The area must be fumigated every other month. There are damage holes in the ceiling. Due to risks related to poisons and fumigation, Facilities Management responds to requests very quickly. When necessary, Risk Management is called upon for assistance. Neither exterior nor interior doors have warning signs regarding poisons.

The fourth storage area is on the south end of the building and has a separate entrance. Gas bombs are placed in this area. Each carton has a warning label that the product is an explosive (Class 1.4). The passage door does not have any warning signs regarding poisons or explosives, and an overhead garage-type door does not fit tightly.

RECOMMENDATIONS

- 00-134 INCREASE PRICING TO COVER ALL COSTS, INCLUDING AMOUNTS PAID TO THE STATE FRANCHISE TAX BOARD, FOR ALL ITEMS BEING SOLD BELOW COST.
- 00-135 INSTALL CLEAR PLASTIC SHEETING AT THE MIXING MACHINE, FOR GREATER VISIBILITY AND FOR CONTROL OVER DUST AND FUMES IN THE WORK AREA.
- 00-136 POST BILINGUAL SIGNS ON ALL EXTERIOR AND INTERIOR DOORS ANNOUNCING THE PRESENCE OF POISONS AND EXPLOSIVES FOR THE SAFETY OF ALL EMPLOYEES, ESPECIALLY EMERGENCY RESPONSE PERSONNEL.
- 00-137 ASSURE REQUIREMENTS FOR THE STORAGE OF EXPLOSIVES ARE FOLLOWED.

CHINO AIRPORT WASTE MANAGEMENT BOND

BACKGROUND

In June 1996 San Bernardino County issued two revenue bonds (Series A for \$25,390,000 and Series B for \$90,000,000). The bonds were waste management bonds and the funds were to be used for completion of landfill site closures and the expansion of landfills. Security for the two issues was the Chino Airport. The 1998-99 Grand Jury noted that *"Federally funded portions of the airport, such as runways, taxiways and control towers are inappropriately included in the encumbrance."*

FINDINGS

In July 1999 a letter was sent to the Federal Aviation Administration (FAA) requesting that it review the documents relating to the bond issues as to the County's compliance with Federal Assurances, and requested any corrective action needed in the event the County may have failed to comply with those Assurances. The FAA responded that to remedy the compliance problem, the County must unencumber the airport. In August 1999 the County considered several alternatives to resolve the matter. Subsequently, it was concluded that the best alternative was a combination of collateral substitution for the Series A issue and a refinancing of the debt using different collateral for the Series B issue.

In September 1999 approval by the Board of Supervisors resolved the matter as to the remaining \$17,020,000 of Series A bonds by releasing the Chino Airport property and substituting certain County-owned property, identified as the Glen Helen Rehabilitation Center, the Glen Helen Academy, and 469 acres. All other terms remained unchanged, including the maturity in the year 2003. The only cost to the County was the policy of title insurance, estimated to be no more than \$25,000.

In November 1999 approval by the Board of Supervisors was given to refinance the entire \$92,000,000 Series B tax-exempt, fixed-rate bond with a new taxable, variable-rate issue with the same year 2016 maturity, using the Mid-Valley Landfill as the security, and releasing the Chino Airport property. The reason given for refinancing a tax-exempt issue with a taxable issue is to meet current Internal Revenue Service requirements. Because interest rates have declined since 1996, the new taxable, variable-rate is projected to reduce

the total principal and interest outlay over the life of the bond, thereby saving the County an estimated \$10,000,000. In addition, the taxable issue series is approximately \$92 million compared to \$107 million for a tax-exempt issue and by using a taxable issue, the proceeds can now be used by Solid Waste for any project within the system.

The estimated costs associated with the refinancing are shown below. None of the providers of services shown below were involved in the original bond issue, except for Seidler-Fitzgerald Public Finance, which is the County's financial advisor.

<u>Payee Name</u>	<u>Purpose of Obligation</u>	<u>Est. Cost</u>
Letter of Credit Bank (HVB)	Expenses	\$10,000
Letter of Credit Bank (HVB)	Legal Expenses	35,000
Standard & Poor's	Rating Agency Fee	30,000
Moody's	Rating Agency Fee	30,000
U.S. Trust	Trustee	6,000
Quint & Thimmig	Disclosure Counsel Fee	25,000
Quint & Thimmig	Special Counsel Fee	154,000
Seidler-Fitzgerald Public Finance	Financial Advisor	95,000
Merrill Corporation	POS and NOS Printing	30,000
California Municipal Statistics	Overlapping Debt Statement	500
Lawyer's Title	Title Insurance	40,000
Appraiser	Appraisal	32,000
Grant Thornton	Verification	<u>8,000</u>
	TOTAL	\$495,500

Because interest rates have declined since 1996, the County expects to save an estimated \$10 million over the life of the Series B bond. Even though the costs to refinance the Series B bond are less than normal, the whole matter of improperly using airport property as bond collateral raises the question of accountability.

It was reported that the original plan was to use the landfills as collateral for the bonds, but at the last minute Financial Securities Assurance didn't want to use the landfill as collateral. At no place in the original bond issue documentation presented to the Board of Supervisors was the collateral identified by name. This allowed the collateral to be switched without the Board of Supervisors, County staff or the public being made aware of the conflict. That was when the former County Administrative Officer (CAO) decided to use the Chino Airport property. A representative from the CAO's office was clearly informed that airport properties had Federal Assurances which restricted placing a lien on it. In fact, the Director of Airports was unaware that a lien had ever been placed on Chino Airport until mid-1999. As

a matter of sound business practice, the lien on collateral should always tie to the purpose or use of the borrowed funds.

There were no recorded FAA deed restrictions on the Chino Airport property. The County Counsel reviews the documents as to form; the financial advisor looks at it from a financial perspective; bond counsel is there to provide a tax opinion only; and the underwriter's counsel is there to protect the bondholders. The policy of title insurance did not note any restrictions as a result of it being airport property.

RECOMMENDATIONS

- 00-138 REQUIRE COUNTY COUNSEL TO HAVE GREATER ACCOUNTABILITY FOR THE TERMS, CONDITIONS, COLLATERAL AND DOCUMENTATION OF ANY FUTURE BOND OFFERINGS.
- 00-139 RECORD A DOCUMENT WHEREIN THE FEDERAL ASSURANCES, WHICH PLACE RESTRICTIONS ON EACH COUNTY AIRPORT PROPERTY, ARE ACKNOWLEDGED AS A MATTER OF PUBLIC RECORD.
- 00-140 REQUIRE THAT COLLATERAL PLEDGED FOR FUTURE BOND ISSUES BE DIRECTLY RELATED TO THE USES OF THOSE BORROWED FUNDS.
- 00-141 RESEARCH WHETHER ANY OF THE PARTIES INVOLVED IN THE INITIAL BOND ISSUE HAVE A RESPONSIBILITY UNDER THEIR PROFESSIONAL LIABILITY INSURANCE TO REIMBURSE THE COUNTY FOR THE COSTS OF REFINANCING.
- 00-142 IDENTIFY THE PROPERTY BEING PLEDGED AS SECURITY FOR ALL BOND ISSUES WHEN DOCUMENTATION IS SENT TO THE BOARD OF SUPERVISORS FOR THEIR APPROVAL.

COMMUNITY AND CULTURAL RESOURCES DEPARTMENT

GLEN HELEN BLOCKBUSTER PAVILION

BACKGROUND

In 1992 the County approved a 25-year lease with Amphitheater Entertainment Corporation to operate an entertainment pavilion at Glen Helen Regional Park. Construction of the pavilion and certain infrastructure was completed in June 1993 and was financed using Certificates of Participation (COP). Construction of a freeway overpass was financed using Certificates of Participation and was completed in 1995.

Previous Grand Jury reports (1996-97 and 1997-98) cited the County's unsatisfactory history of attempting to generate revenue sources by entering into commercial business ventures. Because of these reports, the Grand Jury investigated the present status and future outlook of the Glen Helen Blockbuster Pavilion.

FINDINGS

The original Amphitheater Entertainment Corporation (now Pavilion Partners) lease has been amended twice to reflect different ownership as the companies have merged. The fixed minimum annual rent in the lease agreement is based on a sliding scale beginning at \$300,000 per year in year 1 and increasing to \$1,400,000 in year 19. In lieu of the fixed minimum rent, the lessee pays 7.75 percent of annual ticket sales, if that exceeds the fixed minimum rent. For the year 2000, ticket sales would have to be over \$9.67 million for the percentage rent to exceed the \$750,000 fixed minimum rent. Since inception in 1994, the highest ticket sales year was \$5,960,000.

The lessee also pays as additional rent, 25 percent of the total Other Revenue (concessions, parking, merchandise sales, etc.) that exceeds a sliding schedule in the lease document. For the year 2000, total Other Revenue would have to be over \$3,450,000 before the County would receive additional rent from this source. Since inception in 1994, the highest Other Revenue year was \$3,273,000.

The County provided the past history of lease income and expenses as shown below:

<u>Fiscal Year</u>	<u>Fixed Minimum Annual Rent</u>	<u>Actual Annual Rent</u>	<u>Actual Other Revenue</u>	<u>Actual Annual Expenses</u>	<u>Cash Flow Gain(Loss)</u>
1993	0	0	2,026,604 *	0	2,026,604
1994	300,000	458,083	296,199	0	754,282
1995	350,000	350,000	2,320,165 *	2,106,517	563,648
1996	400,000	400,000	122,794	2,016,251	-1,493,457
1997	450,000	461,951	208,094	1,847,121	-1,177,076
1998	500,000	500,000	45,068	1,852,415	-1,307,347
1999	700,000	700,000	17,014	2,023,102	-1,306,088

* Special payments by the lessee of \$2,000,000 each in 1993 and 1995 per the lease contract.

Actual performance shows that the fixed minimum annual rent was paid in four of the previous seven years. In the other three years, the rent paid exceeded the fixed minimum annual rent. The actual expenses represent variable interest and principal repayment on the three COPs in the original amount of \$26,330,000. During the past four years, the annual negative cash flow to the County has averaged \$1,320,000.

Using data provided by the County Administrative Office, the projected performance for the next ten years is estimated as follows, assuming no significant changes in the operation or the lease by either the County or the lessee:

<u>Fiscal Year</u>	<u>Fixed Minimum Annual Rent</u>	<u>Expected Annual Rent</u>	<u>Expected Other Revenue</u>	<u>Estimated Annual Expenses</u>	<u>Cash Flow Gain(Loss)</u>
2000	750,000	750,000	0	1,906,600	-1,156,600
2001	800,000	800,000	0	1,904,100	-1,104,100
2002	850,000	850,000	0	1,905,300	-1,055,300
2003	900,000	900,000	0	1,899,900	-999,900
2004	1,000,000	1,000,000	0	1,908,300	-908,300
2005	1,050,000	1,050,000	0	1,904,400	-854,400
2006	1,100,000	1,100,000	0	1,904,000	-804,000
2007	1,150,000	1,150,000	0	1,901,800	-751,800
2008	1,200,000	1,200,000	0	1,897,700	-697,700
2009	1,250,000	1,250,000	0	1,901,700	-651,700

10 year loss \$8,983,800

The above estimates show the County will take a loss each year for the next ten years totaling nearly \$9.0 million. The assumption is made that the only income received will be the fixed minimum annual rent because it is unlikely ticket sales will increase sufficiently to have the 7.75 percent of ticket

sales exceed the minimum. For the County to receive Other Revenue, the level of sales would have to more than double compared to the past three years. It is assumed the variable interest rate will remain as it was in March, 2000.

The annual cash outlay by the County includes payment of both principal and interest on the COPs. The amount of principal being repaid will equal or exceed the annual cash flow loss of about \$750,000, beginning in the year 2007.

Paid attendance figures since inception are:

<u>Fiscal Year</u>	<u>Paid Attendance</u>
1994	225,294
1995	187,159
1996	161,882
1997	254,363
1998	74,804
1999	71,723
2000 (thru Oct. 99)	149,237
Average Annual Attendance	160,637

At the onset of this amphitheater project, documentation stated that *“the facility, when constructed, will provide a recreational service to the public and generate revenue for the County.”* Further, it was stated *“the estimated average annual revenue to the County General Fund over a twenty-five (25) year period will be \$280,000, producing \$7,000,000 in total additional revenue to the County through the term of the lease. This is over and above the annual debt service associated with repayment of the bonds utilized to construct the facility and infrastructure improvements. The total project budget is \$15 million.”*

Hindsight shows the initial projections for attendance, income, sales, etc. were wildly optimistic.

Since the fixed minimum annual rent stated in the lease agreement is increasing and the threshold of Other Revenue is increasing, it is likely the only source of future income will come from the fixed minimum rent. Annual attendance would now have to be in the range of 450,000 to 500,000 to generate sufficient ticket sales such that the percentage rent would be greater than the current fixed minimum rent. This is about double the highest yearly attendance since inception.

Article 6 of the lease agreement states *“Operator agrees to operate and manage the services and facilities offered in a professional, businesslike manner. Operator shall appoint an Operating Manager who shall be the person with whom the County, through the Director, shall deal on a regular basis regarding the use and operation of the Premises by the Operator. Any person selected by Operator as its Operating Manager shall be skilled in management of businesses similar to the amphitheater. In the event the Operating Manager shall fail, to any material degree, to meet the reasonable expectations of County with respect to this lease, County shall notify Operator of such shortfalls and Operator shall take reasonable action to remedy such shortfalls.”* The lessee has not met the reasonable expectations of the County with respect to the lease.

In the past, the County has considered a sale of the facility to rid itself of the large annual cash flow drain. The lease can only be terminated for nonpayment of the rent, so a sale of the facility could only be made if it was sold to the current lessee or was sold subject to the existing lease. The County owes about \$25.7 million on the COPs used for the improvements. Additionally, the County owns the underlying land (parks land) and occasionally uses the facility for County-sponsored functions.

In March 1999 the County contracted with a consulting company, AC Consulting LLC, to attempt to renegotiate the Blockbuster Pavilion lease. An initial payment of \$15,000 was made but there is no evidence that any change to the lease contract will be forthcoming.

RECOMMENDATIONS

- 00-143 EVALUATE PERIODICALLY WHETHER THE THREE CERTIFICATES OF PARTICIPATION CAN BE REFINANCED AT TERMS MORE FAVORABLE SO AS TO REDUCE THE INTEREST RATE AND ANNUAL CASH OUTLAY.

- 00-144 NOTIFY THE LESSEE THAT PAST PERFORMANCE HAS NOT MET THE REASONABLE EXPECTATIONS OF THE COUNTY AND THE LESSEE SHALL TAKE REASONABLE ACTION TO REMEDY SUCH SHORTFALLS AND TO INCREASE THE USE OF THE FACILITY.

- 00-145 REMAIN ALERT TO ANY REASONABLE OFFER TO SELL THE FACILITY SO THE COUNTY COULD RID ITSELF OF INVOLVEMENT IN A SPECIALIZED ENTREPRENEURIAL BUSINESS.

00-146 DETERMINE WHAT VALUE, IF ANY, THE COUNTY RECEIVED FOR THE \$15,000 SPENT ON THE AC CONSULTING LLC CONTRACT AND WHETHER ANY OF THIS MONEY SHOULD BE RETURNED TO THE COUNTY.

ECONOMIC AND COMMUNITY DEVELOPMENT DEPARTMENT

RENAISSANCE VILLAGE PROJECT

BACKGROUND

The purpose of this investigation was to follow-up on the suggestion of the prior Grand Jury to monitor the progress of the rehabilitation at the Renaissance Village housing complex project. The County has substantial monies dedicated to the project located at 220 North Glenwood Avenue in Rialto.

Renaissance Village was formerly a complex called Glenwood Avenue Apartments, which consisted of 160 units of four-plexes owned by absentee landlords. The complex was neglected and allowed to deteriorate to the point where units were not rentable. The complex fell into foreclosure. Only nine units remained occupied, and transients primarily inhabited those.

In partnership, the County, the City of Rialto, the Southern California Housing Development Corporation (SCHDC), area financial institutions, and local residents designed and implemented a comprehensive strategy to renovate and revitalize the Glenwood Avenue Apartments. The name was changed to Renaissance Village. The plan was to increase the supply of decent, safe and sanitary housing by creating attractive residential units with one, two and three bedrooms, available at affordable rents. The primary purpose was to provide housing to eligible households earning 80 percent, or less, of the area median income as established by the Department of Housing and Urban Development (HUD).

During the renovation process all buildings were completely gutted and stripped, including roofs. Debris was cleared away and the grounds

completely landscaped and gated. The buildings were painted, inside and out, and new appliances were installed. The total number of units was reduced to 144.

San Bernardino County contributed \$536,000 toward the total cost of \$7.5 million to complete the project, which included acquisition of land and dwelling units, rehabilitation of all units, marketing and general administration.

FINDINGS

In November 1999 Grand Jurors visited Renaissance Village and found it to be an attractive and pleasant-looking neighborhood, complete with perimeter fencing and security gate. The complex now has 24-hour security. The grounds are professionally landscaped and maintained. There are covered carports, swimming and wading pools, playgrounds, basketball court, and laundry facilities. Tenants have access to a spacious community center where numerous activities and self-development classes are held. The Rialto City Parks and Recreation Department provides after school activities for children aged 5 to 17, with games and arts and crafts. Teen after-school tutoring began on the same day of the Jury's visit. There were JTPA (Job Training Partnership Act) classes last summer, and there are plans for a job resource center, with computers, in the near future.

All units are four-plexes. While renovation was underway, a small remnant of tenants was temporarily relocated, then moved back during the first phase after completion. Tenants pay for gas and electricity. Water and sewer fees are included in the rent. Each unit is equipped with built-in appliances, forced air heating and air conditioning. Units were not available for interior inspection as all units were occupied, and there is a waiting list.

Renaissance Village is under the direction of Southern California Housing Development Corporation (SCHDC). The full-time on-site staff includes office manager, assistant office manager, leasing agent, three maintenance people (supervisor, technician, and groundskeeper), and security person. Tenants are members of an association, and their input is encouraged.

While touring the grounds, the Jury found them to be well maintained. Several buildings needed exterior painting of wood siding and/or fascia boards which showed peeling paint. Maintenance scheduling and priorities were being reviewed to get painting done before winter rains began.

The Jurors were shown a video that pictured "before" and "after" views of the complex. Renaissance Village is an excellent model of successful

neighborhood revitalization, and SCHDC received the National Association of Counties Community and Economic Development award in 1996. Renaissance Village turned a blighted slum area into a clean, attractive neighborhood, for a minimum County investment.

RECOMMENDATIONS/COMMENDATIONS

- 00-147 MAINTAIN REGULAR COUNTY CONTACT WITH SOUTHERN CALIFORNIA HOUSING DEVELOPMENT CORPORATION AND CONDUCT PERIODIC ON-SITE INSPECTIONS AT THE RENAISSANCE VILLAGE COMPLEX TO INSURE THE APARTMENTS ARE APPROPRIATELY MAINTAINED.
- 00-148 CONTINUE THIS PROGRAM WHEN OTHER OPPORTUNITIES BECOME AVAILABLE TO THE COUNTY THROUGH THE HOME INVESTMENTS PARTNERSHIPS (HOME) PROGRAM.

SENIOR HOME REPAIR PROGRAM

BACKGROUND

Previous Grand Juries have looked into operations within the Economic and Community Development Department. Background investigations have not mentioned the Senior Home Repair Program. This program provides a one-time grant of up to \$3,500 to help eligible homeowners correct code violations and/or health and safety problems. The Grand Jury investigated the effectiveness and acceptance of this program.

Telephone calls to clients were made, rather than field visits. If repairs or problems had been corrected to the client's satisfaction and the problem did not reoccur or create more problems, it was considered completed satisfactorily.

A list of questions regarding the program was compiled. Exceptions to these questions would generate a field visit by the committee.

FINDINGS

All clients contacted lived within the areas served by the program.

Information regarding the program came from mixed sources that included newspapers, owners or managers of mobile home parks, friends, a real estate seminar, and a referral from the Gas Company.

Repairs were widely varied:

Leaky kitchen sinks	Replace cracked/broken windows
Smoke alarms	Steps to mobile homes
Water heater	Wall heater (w/thermostat)
Carbon monoxide detector	Roof repair
Sliding doors	Port supports replaced/repared
Showerhead (w/hose)	Install ramp (for wheelchair access)
Repair toilet	Repair electric space heater
Repair roof and ceiling leaks	Kitchen flooring

No follow-up field investigations were required. Comments resulting from the calls made follow:

- When asked if the cost of repairs was known, the clients responded no.
- Work completed was based upon immediate needs and/or safety issues.
- Most clients surveyed requested additional work.
- One client did make note of the excessive time it took from processing the request to the actual start of the work.

It should be noted that all persons contacted by the Grand Jury had praise for the employees they dealt with.

RECOMMENDATIONS

- 00-149 IMPROVE COMMUNICATION WITH PROGRAM CLIENTS. PROVIDE A BETTER EXPLANATION OF THE ONE-TIME GRANT PROGRAM.
- 00-150 PROVIDE A DETAILED ESTIMATED COST OF EACH REQUESTED ITEM SO CLIENT COULD MAKE CHOICES ON WHICH REPAIRS WOULD BE PERFORMED.

00-151 REVIEW WITH EACH CLIENT THE TIMING FROM PROGRAM APPLICATION TO THE START OF THE PROJECT. PROVIDE CLIENT WITH INFORMATION ON PROJECT START DATE AND MAKE THEM AWARE OF ANY PROJECT DELAYS.

COUNTY LIBRARY

BACKGROUND

The San Bernardino County Library System consists of 28 libraries, 13 of which are owned by the County and 14 of which are leased. A new program of cooperation with school districts has been developed at Kaiser High School in Fontana where a new library was recently opened. The Library furnishes books, periodicals, tapes, videos and Internet access to the public. The bookmobile program is available to aid residents who are unable to travel to the library.

The Library system is completely computerized. All transactions are entered on the computer system. The branches are linked and on the Internet. Sixteen (16) branches allow Internet access to the public, free of charge. The larger libraries make deposits of funds received daily and the smaller libraries make deposits at least every two days. Each transaction is entered into the computer system daily and reconciled at the main office monthly.

FINDINGS

The County Librarian expressed a preference for Library ownership of buildings over leasing, for efficiency in managing the branches. There is no building fund for County libraries, which makes it necessary to seek funds from bonds or grants, neither of which has been available. Cities have impact fees to offset the cost of growth. The County does not have these fees. Because the County does not have building funds available, it is difficult, or impossible, to utilize grant programs such as the one that Proposition 14 stipulates.

Proposition 14, approved on the March 2000 ballot, provides \$350 million statewide for libraries on a 65/35 percent cost sharing basis between the State and the library district. It is anticipated that the County Library will apply for some of these funds.

Funding for the Library is a combination of a percentage (about 1.4%) of the County tax base and monies raised through fines, fees, and rentals charged by the libraries. In 1999 the Library received \$300,000 from the County General Fund. A \$500,000 supplement had been recommended by the 1996-97 Grand Jury. This recommendation was prompted by the reevaluation of property, which started in 1993. This reevaluation lowered the tax base and reduced the monies available to the Library budget by about 40 percent. According to the County Librarian the budget is the biggest problem and, especially, the lack of building improvement funds.

The Historical Records Commission and two previous Grand Juries (1995-96 and 1997-98) have recommended that the Archives be transferred to the County Recorder instead of being the responsibility of the County Librarian. When the Archives was established, it was placed under the Library without recognizing the added cost to the Library. Later, studies determined that the Archives should be under the direction of the County Recorder. Neither the County Recorder nor the County Librarian objects to the move, which has yet to be accomplished.

The County Librarian sees the need for a Library Advisory Board. Because the County is so large, volunteers focus more on other local needs. An advisory board would be able to furnish community input, which is now lacking in the system.

RECOMMENDATIONS

- 00-152 ESTABLISH A BUILDING FUND FOR THE COUNTY LIBRARY SYSTEM.
- 00-153 MOVE THE ARCHIVES FUNCTION FROM THE COUNTY LIBRARY TO THE COUNTY RECORDER'S CONTROL, AS PREVIOUSLY RECOMMENDED BY PRIOR GRAND JURIES AND THE HISTORICAL RECORDS COMMISSION.
- 00-154 ESTABLISH AN ADVISORY BOARD FOR THE LIBRARY.

REGISTRAR OF VOTERS

BACKGROUND

Due to the large number of elections held this year, greatly restricting the Registrar's time, Grand Jury members considered it more appropriate to interview the Registrar through a number of written questions. The Registrar responded promptly and with considerable detail.

All committee members were involved in this year's election process, including poll workers, official observers of the ballot counting, and observers of the election certification process. The actual ballot counting procedure was observed in the computer room. A great number of computer checks are made before and after the actual count, to verify computer accuracy. Grand Jury members observed these checks.

FINDINGS

High school students are used at polling locations. They are selected by the schools and paid at the same rate as other workers. Inspectors at locations where student workers are used report satisfactory results.

Grand Jurors were official observers at recent elections. Members noted an efficient, well-run process for receiving and counting ballots at the Rialto Avenue location. The use of student volunteers was noted, and those in charge expressed satisfaction with the work performed. Members present at the Rancho Cucamonga remote processing location noted a lack of training/preparation of student workers at that location.

A major problem in the election process is obtaining adequate polling places. Many polling places are in public schools. The school locations do not charge the County. Normally, \$50 is paid to those providing a polling site.

Grand Jurors have observed that school locations allow adults to enter the school campus without supervision. This opens the possibility of someone wishing harm to children having unlimited access to school grounds on Election Day. Concern for the safety of children is real.

It was noted that a large number of duplicate names and names of deceased voters were listed in the *Roster of Voters*, which could lead to voter fraud.

Grand Jurors are concerned about the number of vehicles rented from outside vendors for each election. The Registrar of Voters states that these vehicles are not available from County Vehicle Services. Further investigation confirms that Vehicle Services does not have the needed vehicles available and verifies that they should be secured from an outside vendor. In addition, Central Stores trucks run defined routes that would prohibit them from delivering inspector training materials prior to elections.

RECOMMENDATIONS

- 00-155 CONTINUE THE USE OF STUDENT AND VOLUNTEER WORKERS. IMPROVE VOLUNTEER TRAINING TO MAKE STUDENT PARTICIPATION IN THE VOTING PROCESS MORE EFFICIENT.
- 00-156 DISCONTINUE THE USE OF PUBLIC SCHOOL LOCATIONS AS POLLING SITES, WHERE UNKNOWN PERSONS HAVE FULL ACCESS TO SCHOOL GROUNDS DURING SCHOOL HOURS.
- 00-157 INCREASE COMPENSATION TO INDIVIDUALS, CHURCHES, AND BUSINESSES THAT PROVIDE ADEQUATE POLLING SITES, TO OFFSET THE LOSS OF SCHOOL POLLING SITES.
- 00-158 PURGE DUPLICATE NAMES AND NAMES OF DECEASED VOTERS FROM THE ROSTER OF VOTERS PRIOR TO EACH ELECTION.

WASTE SYSTEM DIVISION

WASTE MANAGEMENT

BACKGROUND

The 1989-90 session of the California Legislature added Division 30 (commencing with Section 40000) to the Public Resources Code, relating to solid waste. Section 41780 mandated that:

- (1) The city or county will divert 25 percent of all solid waste from landfill or transformation facilities by January 1, 1995 through source reduction, recycling, and composting activities.
- (2) The city or county shall divert 50 percent of all solid waste from landfill or transformation facilities by January 1, 2000 through source reduction, recycling, and composting activities.

In 1997 the Legislature, realizing that many cities and counties in California may not meet the January 1, 2000 mandate of 50 percent reduction, amended Section 41785 of the Public Resources Code. The amendment authorized the California Integrated Waste Management Board (CIWMB) to grant one or more single or multi-year time extensions from the diversion requirements, if the city or county made specified demonstrations to the Board.

FINDINGS

The CIWMB reviews waste reduction every two years. The Grand Jury was advised that a review of the amount of waste reduction to the County landfills for 1997 and 1998 had not been conducted for the jurisdictions in San Bernardino County. It is anticipated the figures will be available in August of 2000.

Following is a table provided to the Grand Jury by CIWMB showing the percentage of solid waste diversion rates for 1995 and 1996:

COUNTY / CITIES	1995	1996
County-Unincorporated	44%	44%
San Bernardino City	23	35
Barstow	25	33
Chino	24	37
Chino Hills	34	41
Grand Terrace	30	38
Montclair	28	39
Needles	24	24
Ontario	17	17
Twentynine Palms	40	39
Upland	23	29
Victorville	22	22
Yucaipa	38	31
Yucca Valley	58	64

By the figures provided, it is noted that the majority of the cities, as well as the County, did meet the first mandate of 25 percent reduction by January 1, 1995.

The CIWMB advised the Grand Jury that *"...the 50% diversion requirement is for calendar year 2000, specifically by the end of that year, and a jurisdiction's report containing their 2000 diversion rate is due August 1, 2001. There is currently no requirement for a jurisdiction to request an extension if the jurisdiction's diversion rate is below 50% at that time. However, the board is currently conducting workshops around the state to obtain input from cities and counties on the process to be followed for jurisdictions that voluntarily request an extension to the 50% goal for 2000. Current legislation allows for multiple extensions, but unless a jurisdiction meets the definition of a "rural" jurisdiction, the extension may not go beyond 2006."*

Public Resources Code Section 41813(a) states, *"After conducting a public hearing pursuant to Section 41812, the board may impose administrative civil penalties of not more than ten thousand dollars (\$10,000) per day on any city or county ... which fails to submit an adequate element or plan in accordance with the requirements of this chapter."* The CIWMB provided the following circumstances in which it would assess the \$10,000 a day fine: *"The board will conduct a biennial review, possibly considering the years 1999/2000, or 2000/2001, to determine whether adequate diversion programs have been implemented to achieve the 50% goal. As a result of that biennial review, current statute requires the Board to first issue to a*

jurisdiction a compliance order if it determines the jurisdiction has not adequately implemented diversion programs for achieving the 50% goal for 2000. By the ending date of that compliance order, the Board is required to hold another hearing to consider whether the jurisdiction has complied with the order, or has made a good faith effort to comply with the order to achieve the diversion goals of AB 939. If the Board determines the jurisdiction has failed to comply with the order, the Board may consider levying a fine of up to \$10,000 a day against the offending jurisdiction."

Based on interviews conducted, it is unlikely that many of the cities will meet the required reduction of 50 percent by January 1, 2000. They have active programs to reduce, and continue to provide a good faith effort to reduce the flow of waste to the landfills.

Comments were made to the Grand Jury that an added way to encourage recycling and to make the program more effective is to place greater emphasis in the schools, especially at the elementary school level, on the importance of recycling and the effect recycling has on the environment.

Advertising is a tool in educating the public on the importance of recycling. In some areas, such as the high desert, booklets are provided informing citizens on how to recycle. Classes on composting are also available.

In Hesperia there is a Material Recycling Facility (MRF) that processes 175 to 180 tons of material a day at a cost of \$24-25 per ton for 18,000 residential customers. All waste arrives at the MRF before going to the landfill. The waste material received in the Hesperia MRF has not been sorted for recyclable material. Of the total tonnage received, 27 percent is recycled and diverted from the landfills.

The waste material received in the Victorville MRF has already been sorted for recyclable material. All other waste goes directly to the landfill and the tonnage received does not reflect the total waste tonnage generated by households within the community. The MRF in Victorville processes 80 to 100 tons per day at a cost of \$37 per ton for an estimated 42,500 households. Of the total tonnage received, 75 percent is recycled.

There is small demand for recyclable materials due to the limited number of companies using these materials.

RECOMMENDATIONS

- 00-159 ENCOURAGE WASTE MANAGEMENT COMPANIES TO PROVIDE GREATER INFORMATION TO ELEMENTARY SCHOOLS ON THE ADVANTAGES OF RECYCLING.

- 00-160 PROVIDE ADVERTISING ON PUBLIC ACCESS TELEVISION (CABLE PROVIDERS) AND RADIO TO INFORM THE PUBLIC OF CURRENT WAYS TO RECYCLE AND ENCOURAGE THEIR PARTICIPATION.

- 00-161 DEVELOP POLICIES TO ENCOURAGE MORE COMPANIES IN SAN BERNARDINO COUNTY TO USE RECYCLABLE MATERIALS.

AD HOC COMMITTEE ON GROUP HOMES

BACKGROUND

When children, for many different reasons, are not able to live at home, alternatives are needed. It has become the responsibility of the counties to provide out-of-home placements for many of these children. Consequently, some children are placed in foster care. Group homes come under the heading of specialized foster care. Small residential group homes have a maximum of six beds and are manned by a house manager and staff workers. Homes must meet requirements of the California State Welfare and Institutions Codes and are licensed by the State Community Care Licensing (CCL).

FINDINGS

The Probation Department, Children's Services Department, and the Department of Behavioral Health place children in these homes. The types of children placed in group homes include dependent children, juvenile wards, developmentally disabled, and seriously emotionally disturbed (SED). The SED require out-of-home placement in order to benefit from an educational

program. Top level placements incur costs up to \$9,700 per month per child for placement, education, and related mental health services.

San Bernardino County youth are also placed in group homes in other counties and states.

The California State Department of Social Services, through its CCL Division, licenses group homes. The homes must have an AFDC-FC (Aid to Families with Dependent Children-Foster Care) rating established by the California Department of Social Services. Higher rates provide more services and receive more funding. Levels range from RCL-1 (Residential Care Level) to RCL-14, with the RCL-14 level requiring the highest level of care. This highest level is for the most seriously emotionally disturbed children. The mental health portion of the group home contracts are authorized and monitored by the Department of Behavioral Health (DBH).

Funding for group home residential care and treatment is a combination federal/state/county function.

As of June 1999 available San Bernardino County beds for the highest three levels were:

- RCL-11 216
- RCL-12 274
- RCL-14 36

There is no classification for RCL-13

There are twelve RCL-11 providers, more than 20 RCL-12 providers, and one RCL-14 provider.

Only one-third of the total group home beds in San Bernardino County are filled by children from this County and children from other counties fill two-thirds. An average of 540 San Bernardino County youth, at any given time, are placed out of the County or out of the state.

The approval process for new group homes can take up to two years to satisfy all requirements. After approval, a provider can open additional facilities without another application.

With a sole contractor providing RCL-14 beds, there is no alternative placement for level 14 children. With additional support services, lower level homes could be upgraded to accommodate the need for additional RCL-14 beds.

The State of California publishes a pamphlet containing guidelines for staff workers of group homes concerning inappropriate physical and sexual contact with clients. Group homes have used and adapted these guidelines. There is no comparable educational material directed toward the parents or guardians of clients to alert them to potential abuse or exploitation situations.

Daily interactions among disturbed children in group settings frequently exacerbate their behavioral problems.

In seeking alternatives to RCL-14 placements, social workers have stated that early intervention and support services to troubled families may divert some high-risk children from the need for placement, or allow them to be placed in lower level facilities.

Social workers visiting some facilities have complained that they are routinely denied unannounced access to their clients. Explanation given is that unannounced visits from social workers disrupt the activities of the home.

There is a computer database that is used to track the locations of children in placements. Reports are regularly generated by this system that identify the clients in a particular home. This information is easily available to the directors, deputy directors, and managers. Social workers and supervisors, who might need this information immediately, cannot as easily access it even though it falls within their area of responsibility.

A crisis situation necessitated the potential alternate placement of 36 seriously disturbed juveniles. That crisis was averted, but no contingency plan was available for emergency placements of this number of clients.

RECOMMENDATIONS

- 00-162 ACTIVELY ENCOURAGE THE APPLICATIONS OF ADDITIONAL LEVEL 14 GROUP HOME PROVIDERS, AND ENCOURAGE EXISTING PROVIDERS TO UPGRADE THEIR PROGRAMS TO QUALIFY FOR LEVEL 14 STATUS.

- 00-163 SPONSOR LEGISLATION THAT WOULD CONTROL UNRESTRICTED GROWTH OF ADDITIONAL HOMES BY EXISTING PROVIDERS AT ALL LEVELS.

- 00-164 DEVELOP EDUCATIONAL MATERIALS DIRECTED TOWARD PARENTS AND GUARDIANS THAT WOULD ALERT THEM TO INAPPROPRIATE PHYSICAL AND SEXUAL CONTACT WITH THEIR

CHILD BY ADULTS WHO ARE CHARGED WITH THEIR CARE OR SUPERVISION.

- 00-165 DEVELOP ALTERNATIVES THAT WOULD PLACE CLIENTS IN HOME SETTINGS AWAY FROM REGULAR CLOSE CONTACT WITH OTHER DISTURBED CHILDREN. USE PILOT PROGRAMS TO STUDY ALTERNATIVES.
- 00-166 DEVELOP, FUND, AND IMPLEMENT FAMILY INTERVENTION STRATEGIES FOR HIGH-RISK CHILDREN TO AVOID PLACEMENT OR TO FACILITATE PLACEMENT IN LOWER LEVELS.
- 00-167 PROVIDE OPEN DOOR ACCESS FOR CASEWORKERS TO VISIT THEIR CLIENTS.
- 00-168 DEVELOP A SOFTWARE PROGRAM THAT PROVIDES FOR TRACKING OF CHILDREN BY NAME AND BY PLACEMENT WITHIN THE GROUP HOME SYSTEM, THAT IDENTIFIES RESIDENTS OF PARTICULAR HOMES, AND WHICH IS AVAILABLE TO ALL AUTHORIZED USERS.
- 00-169 DEVELOP AND MAINTAIN CONTINGENCY PLANS FOR THE MASS EMERGENCY RELOCATION OF CLIENTS FROM ALL GROUP HOME SETTINGS.

AD HOC COMMITTEE ON PUBLIC SAFETY

BACKGROUND

The 1996-97 Grand Jury expressed concern with safety in the San Bernardino Courthouse. Noting that most concerns were still not resolved, the 1999-2000 Grand Jury expanded the investigation into the courthouse and other emergency services regarding the welfare of the public.

FINDINGS - SAN BERNARDINO COURTHOUSE

The elevators in the main courthouse building did not have current annual inspection certificates displayed. Elevator access near the Jury Assembly Room in the annex has inordinate delays. Impaneled juries use the annex elevators to get to courtrooms on the upper floors. The stairwell in the southeast corner of the annex does not have an opening into the jury assembly area. An exit to the parking lot is labeled as "closed for security reasons" and is used as an emergency exit only.

Other typical safety item concerns include:

- Fire extinguisher locations were not marked
- Fire hose locations were not marked
- A bicycle was stored in a hallway
- Exit signs with arrows were missing
- Emergency evacuation route signs were not posted in all public areas
- Inadequate emergency lighting in the stairwells
- Routine safety inspections are not performed on a regular basis.

These infractions led to a telephone call to Risk Management. Part of their mission statement concerns the responsibility for "public liability". Grand Jurors asked who was responsible for the safety of the public while in the courthouse. Risk Management stated that it is the responsibility of each department to have all necessary safety items in each individual work area corrected.

Contact was made with several departments within the courthouse. Grand Jurors were informed that these safety items were a part of the building. While the court, which is State funded, would pay for remodeling of some non-public areas, most items were considered public areas (halls, stairways, elevators, restrooms, etc.) and were the responsibility of the County.

Grand Jurors requested a safety tour of the courthouse. A meeting to review the courthouse facility was arranged with a Safety Specialist from Risk Management. A member of Court Administration joined the tour.

The representative from Risk Management took notes of unsafe or problem areas. He asked that the Grand Jury inspection be stopped, and conceded that it would take a long time to conduct an inspection of the entire building. A "safety inspection" would be completed but it would have to take

place over several days. The results would be given to the Grand Jury. This process was agreed upon.

Copies of previous safety inspections requested were to be provided to the Grand Jury. The 1996-97 Grand Jury noted that the City of San Bernardino Fire Department conducted inspections in the past and violations were turned over to the County Safety Officer.

The safety inspection report dated February 28, 2000 made by the Safety Specialist, was received by the Grand Jury. The response emphasized employee work areas, lacked concern for the general public, and omitted the most basic violations observed by the Grand Jury. Several attachments to the report made reference to policies concerning safety of employees, work areas and management responsibilities.

The safety inspection report listed the following problems (some observations may have included general hazards within specific work areas):

General Hazards 9 separate problem items occurring throughout the building and/or at one or more than one location or floor

Annex Ground Floor - 7 problems covering three main zones
First Floor - 6 problems located within one section
Second Floor - 5 problems located in two areas
Third Floor - 12 problems within five departments
Fourth Floor - 2 problems
Fifth Floor - General hazards

Main Courthouse First Floor - 17 problems
Second Floor - 7 problems*
Third Floor - 11 problems

*This report listed only the Grand Jury area and offices in the north part of the building. There were other items observed by the Grand Jury such as emergency lighting not working, stairwell not marked on two existing evacuation plans, fire extinguisher and hose locations not marked, etc. in other areas of the second floor.

The 77 violations of the California Code of Regulations listed above speak generally to the safety of the employees, not the general public.

This list of infractions was sent to Risk Management, Facilities Management, and Court Administration asking who was responsible for having the violations corrected. Responses reflected the following:

- **Risk Management** - Plays a consultant role and does not actively participate in the physical abatement of hazards or safety violations. They listed the Courts and Facilities Management as responsible for most items. They also included the Sheriff's Department as being responsible for some corrections.
- **Facilities Management** - Stated everyone is responsible for safety: the occupants of the building, the public who can report safety concerns to the occupants, Risk Management and the Facilities Management Department.
- **Court Administration** - Cited the County, as per Government Code Section 68073.

As of April 29, 2000 little, if anything, had been done to correct any problems in the public areas.

Since this investigation began, the Marshal and Sheriff's Offices have been combined.

Safety and Policy Manuals have not been updated.

The listing of Safety Coordinators is outdated.

There is no one person responsible for the coordinated effort for the maintenance of public safety for the entire building.

RECOMMENDATIONS

- 00-170 PERFORM THE ANNUAL INSPECTION OF THE ELEVATORS AND POST A COPY OF THE APPROVED SAFETY CERTIFICATE IN EACH ELEVATOR CAR ON A TIMELY BASIS.
- 00-171 CONSTRUCT A DOORWAY INTO THE STAIRWELL IN THE JURY ASSEMBLY ROOM SO JURORS CAN USE THE STAIRS TO ACCESS COURTROOMS ON UPPER FLOORS, AND EASE THE BURDEN ON ELEVATOR TRAFFIC.
- 00-172 CONDUCT AN INSPECTION OF THE COURTHOUSE USING AN AGENCY THAT WILL UNDERTAKE THE REVIEW WITH THE TOTAL USAGE OF THE ENTIRE BUILDING AS THE MAJOR CONSIDERATION.

- 00-173 IDENTIFY ONE PERSON OR DEPARTMENT TO BE RESPONSIBLE FOR THE COORDINATED EFFORT FOR MAINTENANCE OF THE SAFETY OF THE GENERAL PUBLIC IN THE COURTHOUSE.
- 00-174 IDENTIFY WHO IS RESPONSIBLE FOR THE COST TO REPAIR, REPLACE, OR INSTALL EQUIPMENT FOR THE SAFETY OF THE GENERAL PUBLIC IN THE COURTHOUSE.
- 00-175 REPAIR, REPLACE, OR INSTALL EQUIPMENT, SIGNS OR OTHER ITEMS AS NEEDED TO PROTECT OR INFORM THE GENERAL PUBLIC IN CASE OF EMERGENCY.
- 00-176 TAG, DATE, AND INITIAL ANY SAFETY DEFECTS NOTED FOR FUTURE FOLLOW-UP.

FINDINGS - VICTORVILLE DISPATCH CENTER

The facilities of the Victorville Sheriff's Dispatch Center are situated in the same building as the jail facility and the Sheriff's substation. Dispatch workers leave the building through a door that is adjacent to the door used by recently released inmates, and then must walk to a shared parking lot. Employees who leave late at night have expressed fear regarding their safety and security.

This problem was also addressed by the 1996-97 Grand Jury who recommended a stand-alone dispatch center, away from the jail facility. At that time, the Sheriff's response was that the cost of a stand-alone Dispatch Center would be almost twice that of an expansion of the building where the Dispatch Center is now housed. The Dispatch Center itself is now being renovated and enlarged. The problem of employee safety and security, particularly late at night, remains.

RECOMMENDATION

- 00-177 PROVIDE A FENCED AND LOCKED PARKING AREA FOR EMPLOYEE VEHICLES. PROVIDE ACCESS TO THE DISPATCH CENTER PARKING AREA THROUGH A FENCED-OFF PEDESTRIAN WALKWAY.

AD HOC COMMITTEE ON VEHICLE SERVICES

EXECUTIVE SUMMARY

As authorized by California Penal Code Section 926, the 1999-2000 San Bernardino County Grand Jury requested that the Harvey M. Rose Accountancy Corporation conduct a limited scope Management Audit of the San Bernardino County Vehicle Services Department and County Vehicle Policies. This audit was conducted during the months of February through April 2000. A full description of the scope and methodology is included in the full audit report, which is available from the Grand Jury. The audit responds to the Grand Jury's request to:

- Review operations of the San Bernardino County Vehicle Services Department related to light-duty (i.e. less than one ton) vehicles, including its vehicle maintenance function, its management and replacement program for County motor pool vehicles, internal controls to protect vehicles and related assets from misuse and theft, and the adequacy of the computer system used to track and manage vehicle use and maintenance.
- Review Countywide policies for vehicle use and care.
- Review the adequacy of vehicle user departments' systems of control for managing vehicles, and the business justification for the current assignment of vehicles to County employees.

The Vehicle Services Department (VSD) operates under policies of the Board of Supervisors to provide work-related transportation to County employees, primarily through operation of a central Motor Pool and garage. The department finances its services by operating as an Internal Service Fund, charging customer departments for its services. For Fiscal Year 1999-2000, the two funds comprising the Vehicle Services Department had budgeted appropriations of approximately \$25.5 million, and staffing of 126.1 full-time equivalents. At the time of the audit, the department was responsible for managing and maintaining 1,573 light-duty vehicles, as well as maintaining heavy equipment owned and operated by other departments.

The methodology for this audit, conducted according to standards included in the United States General Accounting Office's *Government Auditing Standards, 1994 Revision*, prepared by the Comptroller General of the United States, included: 1) an initial entrance conference with department managers; 2) a review of all aspects of department operations, based on a variety of information sources; 3) review of survey data gathered by the Grand Jury on vehicle user department vehicle policies and practices; 4) interviews of ten County departments identified by Vehicle Services as its largest customers; 5) preparation of a draft report; 6) an exit conference with the Vehicle Services Department and reviews of selected issues with some user departments, and; 7) preparation of the final report.

Based on these steps, nine findings and 36 recommendations were developed which we believe will improve user departments' management of their vehicles, improve oversight of vehicle use by the Board of Supervisors, and improve operations of the Vehicle Services Department. Summaries of these findings and recommendations follow.

FINDINGS - DEVELOPING DEPARTMENTAL VEHICLE PROCEDURES

While Countywide policies and procedures exist for vehicle usage, a Grand Jury survey and interviews with selected departments found only 18 of 41 departments had formal written procedures to implement County policies in areas such as tracking vehicle use and mileage, and determining when employees would be assigned vehicles on a 24-hour basis. As a result, procedures vary from department to department, may not be clear to employees and may not be adequate to identify and prevent unauthorized vehicle use. Furthermore, it is not clear that the justification for all 24-hour vehicle assignments is clearly documented to reflect the duties of the employees assigned these vehicles. By developing clear written procedures to implement the County Vehicle Policies and Standard Practice, vehicle requirements will be clear to employees, and sufficient information will be available to properly track vehicle use. Further, requiring vehicle take-home assignments to be submitted to the Vehicle Services Committee for approval would also ensure that employees are permitted to take vehicles home only when justified.

RECOMMENDATIONS

IT IS RECOMMENDED THAT THE COUNTY ADMINISTRATIVE OFFICE:

- 00-178 REQUIRE ALL DEPARTMENTS TO DEVELOP FORMAL WRITTEN INTERNAL POLICIES AND PROCEDURES FOR VEHICLE USE, IN ORDER TO IMPLEMENT COUNTY VEHICLE POLICIES. DEPARTMENTAL PROCEDURES SHOULD INCLUDE METHODS TO TRACK VEHICLE USAGE ON A PER TRIP OR PER DAY BASIS, INFORMATION ON HOW CARS ARE TO BE RESERVED BY EMPLOYEES AND ISSUED TO THEM, INSTRUCTIONS ON WHERE CARS AND THE KEYS TO THEM ARE TO BE STORED, AND CRITERIA FOR WHEN CARS WILL BE ASSIGNED EXCLUSIVELY TO AN INDIVIDUAL EMPLOYEE'S USE, EITHER DURING THE REGULAR WORK-DAY ONLY, OR ON A 24-HOUR TAKE-HOME BASIS.

- 00-179 REINSTITUTE THE VEHICLE SERVICES COMMITTEE FOR PURPOSES OF APPROVING 24-HOUR VEHICLE ASSIGNMENTS AS REQUIRED UNDER COUNTY POLICY.

- 00-180 DEVELOP MORE SPECIFIC CRITERIA TO DETERMINE WHEN 24-HOUR ASSIGNMENT OF A VEHICLE TO AN EMPLOYEE IS APPROPRIATE, INCLUDING DETAILED ASSESSMENT OF AN EMPLOYEE'S DUTIES, HOW OFTEN THOSE DUTIES REQUIRE RESPONSE OUTSIDE OF NORMAL WORK HOURS, AND A DETAILED ASSESSMENT OF SECURITY ISSUES JUSTIFYING PROVIDING CARS ON A TAKE-HOME BASIS, ALONG WITH CERTIFICATION BY EMPLOYEES OF THEIR ABILITY TO GARAGE A VEHICLE AND THEIR RESPONSIBILITY FOR ITS DAMAGE OR THEFT IF THEY ARE NOT ABLE TO SECURE IT.

By adopting the recommendations in this section, vehicle policies and procedures will be clear to all employees, better information will be available to track vehicle use and identify improper use, and 24-hour vehicles will be assigned to employees only when appropriate.

FINDINGS – MOTOR POOL RATES

The Vehicle Services Department (VSD) charges Motor Pool users a fixed monthly rate and a variable mileage rate for use of motor pool vehicles. County Policy 02-05 requires the Auditor/Controller-Recorder to establish procedures for departments to follow in establishing rates, and provides for the Auditor/Controller-Recorder to provide oversight in the rate process. However, VSD is responsible to develop its fees and to forward its recommendations to the Board of Supervisors for approval. The Auditor/Controller-Recorder office would normally conduct a detailed review of the VSD proposed rates. However, due to staff reductions, it has not conducted a detailed review for four years. During this period, VSD has only changed its rates in FY 1999-00 by one cent for fuel and oil charges in all vehicle size categories.

Based upon our review of the monthly fee, it appears that user departments are being overcharged by VSD. Our analysis of the most recent purchase order to replace 238 Motor Pool vehicles found that VSD had recovered \$633,000 more in replacement fees than the cost of new vehicles. Further, in FY 1998-99, VSD collected almost \$800,000 more from user departments for insurance charges than the department was charged by Risk Management for insurance. Even though the department has been aware of the reduced insurance charges since at least 1998, no action was taken to adjust this fee. As of June 30, 1999, the Motor Pool Fund had a \$2.8 million surplus, which may be due in part to the overcharges identified.

RECOMMENDATIONS

IT IS RECOMMENDED THAT THE DIRECTOR OF VEHICLE SERVICES:

- 00-181 IMPROVE THE UNDERSTANDING OF VEHICLE SERVICES DEPARTMENT RATES, BY PREPARING AN INFORMATIONAL HANDOUT EXPLAINING THE RATES. THIS HANDOUT SHOULD BE PRESENTED TO ALL COUNTY MANAGEMENT PERSONNEL.

- 00-182 CONDUCT A DETAILED FEE STUDY ADDRESSING THE ISSUES CONTAINED IN THIS REPORT, INCLUDING THE BASIS ON WHICH REPLACEMENT AND INSURANCE FEES ARE CHARGED TO USER DEPARTMENTS FOR MOTOR POOL VEHICLES, HOW VARIABLE PER MILE RATE CHARGE CAN BE MADE MORE REFLECTIVE OF ACTUAL COSTS BY VEHICLE TYPE, AND HOW THE MOTOR POOL FUND \$2.8 MILLION SURPLUS SHOULD BE UTILIZED. THIS STUDY

SHOULD PROVIDE THE BOARD OF SUPERVISORS WITH INFORMATION ON THE IMPACT OF RETURNING THE UNRESTRICTED FUNDS TO VEHICLE SERVICES DEPARTMENT CUSTOMERS THROUGH ONE-TIME REBATES, OR OVER SEVERAL YEARS THROUGH THE REDUCTION OF FEES CHARGED BY THE DEPARTMENT, OR THROUGH ADDITIONAL VEHICLE REPLACEMENTS.

Implementation of the recommendations in this section will ensure that fees for the use of Motor Pool vehicles are consistent with the costs of providing services.

FINDINGS – CUSTOMER SERVICE ISSUES

In interviews with representatives of ten County departments that are significant Vehicle Services Department customers, seven departments, 70 percent, complained about the service provided by the Vehicle Services Garage. Most of these complaints dealt with excessive turnaround time for repairs, and poor communication between Vehicle Services and customer departments. Furthermore, a sample of 70 work orders for basic servicing completed during July 1999 found 22 work orders, 31 percent, which required two days or more to complete.

Because of dissatisfaction with VSD's service, two of the 10 departments stated they would prefer to manage their own vehicles and arrange for maintenance through private contractors, if allowed to do so.

RECOMMENDATIONS

IT IS RECOMMENDED THAT THE VEHICLE SERVICES DEPARTMENT:

- 00-183 DEVELOP ADVANCE RESERVATION PROGRAMS AT ALL REPAIR LOCATIONS TO PROVIDE BASIC SERVICE OF AN OIL CHANGE, VEHICLE LUBRICATION AND SAFETY CHECK TO CUSTOMERS WHILE THEY WAIT.

- 00-184 DEVELOP METHODS TO BETTER COORDINATE COMMUNICATION AMONG THE MOTOR POOL DISPATCHER, SERVICE WRITERS, AND DEPARTMENT CUSTOMERS, SO THAT CUSTOMERS WHO NEED LOANER VEHICLES DUE TO VEHICLE SERVICING RECEIVE, TO THE EXTENT POSSIBLE, A LOANER THAT IS EQUIVALENT TO

THEIR REGULAR VEHICLE. SUCH STEPS COULD INCLUDE INSTRUCTING SERVICE WRITERS TO ROUTINELY ASK CUSTOMERS CALLING TO ARRANGE SERVICE ABOUT THEIR NEED FOR A LOANER VEHICLE, AND TRANSFERRING THOSE CUSTOMERS AUTOMATICALLY TO THE MOTOR POOL DISPATCHER TO ARRANGE FOR THE LOANER.

- 00-185 DEVELOP A CUSTOMER HANDBOOK, BASED ON ADDING INFORMATION TO THE EXISTING HANDBOOK NOW PROVIDED IN VEHICLES, THAT INCLUDES DESCRIBING HOW EMPLOYEES MAY ARRANGE FOR VEHICLE REPAIRS, HOW TO ARRANGE FOR A LOANER CAR, AND OTHER KEY INFORMATION. THIS HANDBOOK SHOULD BE PROVIDED TO ALL COUNTY EMPLOYEES, AND PLACED IN EVERY VEHICLE ISSUED BY THE VEHICLE SERVICES DEPARTMENT.
- 00-186 DEVELOP A FORM FOR USE AT ALL REPAIR CENTERS BY CUSTOMERS TO DESCRIBE IN WRITING ANY PROBLEMS THEY WANT CHECKED ON THEIR VEHICLE.
- 00-187 TRACK, EITHER ON COMPUTERIZED WORK ORDERS OR SEPARATELY, ALL ATTEMPTS BY THE VEHICLE SERVICES DEPARTMENT STAFF TO ADVISE CUSTOMERS WHEN THEIR VEHICLE IS READY TO BE PICKED UP.
- 00-188 DEVELOP A CUSTOMER SATISFACTION SURVEY OF VEHICLE SERVICES DEPARTMENT CUSTOMERS, BASED ON SURVEYS THAT WOULD BE SENT MONTHLY TO A RANDOM SAMPLE OF CUSTOMERS BASED ON COMPLETED WORK ORDERS. SURVEY RESULTS WOULD BE USED TO IDENTIFY AND CORRECT CUSTOMER SERVICE PROBLEMS.
- 00-189 ESTABLISH A COMMITTEE TO HOLD QUARTERLY MEETINGS BETWEEN THE VEHICLE SERVICES DEPARTMENT AND DEPARTMENTS THAT ARE ITS MAJOR CUSTOMERS. THESE MEETINGS COULD BE CONDUCTED BY A RECONSTITUTED VEHICLE SERVICES COMMITTEE, UNDER THE COUNTY ADMINISTRATIVE OFFICE, OR BY A SEPARATE COMMITTEE FORMED BY THE VEHICLE SERVICES DEPARTMENT.

Following the recommendations in this section should improve communication between the Vehicle Services Department and customers, improve customer satisfaction, reduce customer complaints, and reduce the

likelihood that customers will pursue alternative arrangements for vehicle repairs, such as using private contractors.

FINDINGS – PREVENTATIVE MAINTENANCE OF MOTOR POOL VEHICLES

The Vehicle Services Department (VSD) is responsible to establish maintenance standards for all Motor Pool vehicles, and can schedule the required services. And, while VSD takes various steps to remind departments of required maintenance, VSD management does not have the authority to bring vehicles in for servicing when required. The department has established preventative maintenance standards of 4,000 miles or six months, whichever comes first. Our review of a total of 5,627 vehicle preventative maintenance services performed between July 1, 1998 and March 16, 2000, using a 4,250-mile/200-day maintenance criteria, found that only 40 percent of the vehicles serviced in this 20-month period were serviced in a timely manner.

RECOMMENDATION

IT IS RECOMMENDED THAT THE DIRECTOR OF VEHICLE SERVICES:

00-190 DEVELOP A POLICY FOR APPROVAL BY THE VEHICLE SERVICES COMMITTEE TO SCHEDULE PREVENTATIVE MAINTENANCE WHEN DEPARTMENTS ARE NOT IN COMPLIANCE WITH CURRENT PREVENTATIVE MAINTENANCE STANDARDS, INCLUDING SANCTIONS TO ENFORCE THE PROCEDURE.

Implementing such a procedure will ensure that all 1,573 Motor Pool vehicles for which VSD is responsible are properly serviced within the preventative maintenance period established by VSD. The continued maintenance of Motor Pool vehicles is important, since it is generally recognized that regular preventative maintenance will keep down the overall cost of maintaining a vehicle over its useful life.

FINDINGS – VEHICLE MAINTENANCE COSTS AND PRODUCTIVITY

Although the Vehicle Services Department contends its maintenance charges are lower than the private sector, based on hourly labor rates, the department cannot explain how its rates are determined, and documentation

to determine whether all costs were included is lacking. Furthermore, the department does not have a formal system to evaluate repair productivity by comparing actual repair times to industry norms, even though department procedures state that such standards will be followed. An analysis of 42 repair operations on 18 work orders obtained from Vehicle Services found 13 cases, 31 percent, where work required longer than industry norms, although these differences may partly result from how mechanics report their time. This lack of management information prevents Vehicle Services from properly evaluating its own performance, and from competing for repair business from the Sheriff's Department and other County vehicle users that do not use its services.

RECOMMENDATIONS

IT IS RECOMMENDED THAT THE VEHICLE SERVICES DEPARTMENT:

- 00-191 CONDUCT A RATE STUDY, WITH THE ASSISTANCE OF THE AUDITOR/CONTROLLER-RECORDER'S OFFICE, TO DETERMINE THE BASIS FOR ITS LABOR CHARGES AND ENSURE THAT ALL COSTS ARE PROPERLY INCLUDED IN THAT CHARGE.
- 00-192 SUBMIT A BID FOR THE NEWLY PROPOSED COUNTYWIDE REQUEST FOR PROPOSAL (RFP) FOR VEHICLE REPAIR SERVICES, BASED ON THE LABOR CHARGE INFORMATION THE DEPARTMENT HAS DEVELOPED.
- 00-193 DIRECT MECHANICS TO REPORT VEHICLE REPAIR IN ONE-TENTH OF AN HOUR INCREMENTS.
- 00-194 DIRECT MECHANICS TO PROVIDE ADDITIONAL DETAIL ON VEHICLE REPAIRS, AND TO ELIMINATE THE INDEX-CARD SYSTEM FOR TRACKING VEHICLE REPAIRS CURRENTLY MAINTAINED IN THE AUTO SHOP.
- 00-195 DEVELOP A FORMAL SYSTEM TO COMPARE ACTUAL AUTO REPAIR WORK ORDERS TO INDUSTRY STANDARDS, BY TAKING A RANDOM SAMPLE OF ACTUAL WORK ORDERS ON A MONTHLY BASIS. INCLUDE THE RESULTS OF THESE TESTS AS PART OF MECHANICS' PERFORMANCE EVALUATIONS, AS REQUIRED BY DEPARTMENT POLICY.

IT IS RECOMMENDED THAT THE PURCHASING DEPARTMENT:

- 00-196 NEGOTIATE, AS PART OF THE RFP PROCESS FOR VEHICLE REPAIRS, STANDARD PRICES FOR STANDARD REPAIRS OR SERVICE, SUCH AS AN OIL CHANGE, VEHICLE LUBRICATION AND SAFETY CHECK. IDEALLY, ONE PRICE SHOULD BE NEGOTIATED WITH ALL VENDORS IN A GIVEN GEOGRAPHIC AREA. AT A MINIMUM, A FLAT PRICE FOR THIS WORK SHOULD BE NEGOTIATED FOR EACH VENDOR, WITH COUNTY DEPARTMENTS DIRECTED TO USE THE LOWEST PRICE VENDOR WHENEVER POSSIBLE WITHOUT DELAYING THE RETURN OF THE VEHICLE TO COUNTY SERVICE.
- 00-197 REVISE CURRENT REQUIREMENTS FOR THE REQUEST FOR PROPOSAL FOR VEHICLE REPAIR SERVICES TO PERMIT MECHANIC PROFICIENCY TO BE CERTIFIED EITHER THROUGH ASE CERTIFICATION OR OTHER DOCUMENTATION OF MECHANIC EXPERIENCE AND QUALIFICATIONS.

By implementing the recommendations in this section, the Vehicle Services Department would have adequate documentation of its rates for repair services, and would be able to compete for new business from County departments now using private contractors on a competitive basis. By developing mechanic productivity information as described, the department would ensure that repairs are done efficiently, within industry standards. By negotiating flat rates for standard repairs as part of the RFP process, the Purchasing Department would ensure that the County was not overcharged for a given service, and would give departments an easy method to determine which vendors to use for routine service.

FINDINGS – AUTO PARTS INVENTORY

The Vehicle Services Department's vehicle parts inventory is tracked by an on-line inventory system. To ensure the on-line system is accurate, it is supplemented by daily physical counts of high value or high turnover parts, and an annual physical inventory observed by the Auditor/Controller-Recorder. However, data entry errors during the Fiscal Year 1998-99 year-end physical inventory made by contractors hired by the Information Services Department, make the accuracy of that inventory questionable.

As a result, the physical count that was supposed to verify the accuracy of the department's on-line inventory system instead may have introduced

errors into the on-line inventory. Problems with the year-end physical inventory are magnified by the extent to which the inventory interferes with the department's regular functioning.

The Vehicle Services Department and the Auditor/Controller-Recorder should take additional steps to ensure that data entry for the physical inventory is accurate, by ensuring during inventory planning that only qualified staff is used for this work, and by spot checking the work. In addition, the inventory should be scheduled to give Vehicle Services staff maximum time to research inventory discrepancies. To further ensure that the on-line inventory is accurate, and to protect against theft, the Parts Room Manager should randomly select 25 items from its stock each month, comparing the physical inventory to the on-line inventory, researching and correcting any discrepancies. In addition, Auto Shop supervisors should inspect worn parts replaced during all repairs to ensure that replacement did in fact occur.

RECOMMENDATIONS

IT IS RECOMMENDED THAT THE VEHICLE SERVICES DEPARTMENT, THE INFORMATION SERVICES DEPARTMENT AND THE AUDITOR/CONTROLLER-RECORDER'S OFFICE:

00-198 ENSURE THAT COMPUTER DATA ENTRY ON THE ANNUAL PHYSICAL INVENTORY IS ACCURATE, BY MAKING SURE DATA ENTRY STAFF IS QUALIFIED, AND BY SPOT-CHECKING THEIR WORK. METHODS TO IMPLEMENT THIS RECOMMENDATION SHOULD BE DEVELOPED IN AN ADVANCE INVENTORY PLANNING PROCESS BETWEEN THE THREE DEPARTMENTS PRIOR TO EACH YEAR'S INVENTORY.

00-199 EXPEDITE THE ANNUAL PHYSICAL INVENTORY TO BE COMPLETED OVER A WEEKEND, IN ORDER TO DISRUPT THE REGULAR FUNCTIONS OF THE VEHICLE SERVICES DEPARTMENT AS LITTLE AS POSSIBLE.

IT IS RECOMMENDED THAT THE VEHICLE SERVICES DEPARTMENT:

00-200 ESTABLISH A MONTHLY SYSTEM OF SELECTING A RANDOM SAMPLE OF 25 ITEMS FROM THE DEPARTMENT'S ON-LINE INVENTORY AND CHECKING ON-LINE INVENTORY LEVELS AGAINST A PHYSICAL COUNT OF THE ITEMS, AND RESEARCHING AND CORRECTING ANY DISCREPANCIES.

00-201 ESTABLISH A SYSTEM WHEREBY THE AUTO SHOP SUPERVISOR EXAMINES ALL WORN PARTS REPLACED DURING REPAIRS, TO VERIFY THAT REPLACEMENT WAS NEEDED AND PROVIDE A CONTROL AGAINST PARTS THEFT.

By adopting the recommendations of this section, the Vehicle Services Department and the Auditor/Controller-Recorder's Office will have greater assurance that the annual physical inventory is conducted properly, with minimal disruption to regular functions of the Vehicle Services Department. The Vehicle Services Department will also have greater assurances that its on-line inventory is accurate, and will provide additional measures to protect against parts theft.

FINDINGS – MOTOR POOL REPLACEMENT AND MANAGEMENT

The Vehicle Services Department (VSD) is responsible to maintain the Motor Pool fleet and to replace Motor Pool vehicles. However, VSD does not have the authority to review the justification for a vehicle or to transfer vehicles between departments in order to equalize maintenance costs and mileage. VSD does not have written procedures specifying how it will go about the process of replacing vehicles each year. The primary criteria that VSD uses to determine whether a vehicle should be replaced is if the vehicle has earned replacement fees (excluding inflation replacement fees) greater than the original purchase price. VSD does not consistently consider the maintenance costs and mileage of all vehicles to determine the optimum vehicles to be replaced each year. Of 238 vehicles being replaced in FY 1999-00, 57 vehicles have relatively low maintenance costs and mileage when compared to other Motor Pool vehicles. Our analysis found 175 vehicles with higher maintenance costs and mileage than the 57 vehicles identified to be replaced. In addition, our analysis found that approximately 27 percent of the Motor Pool fleet is driven less than 500 miles per month. An additional 43 percent of the fleet is driven less than 1,000 miles per month.

The Vehicle Services Department should develop a basis for vehicle replacement in addition to the replacement fees earned by each vehicle, such as the vehicle's mileage and maintenance costs. Furthermore, VSD should be given broader authority over the entire Motor Pool fleet, including the ability to review requests for new vehicles, continued justification for current vehicles and the transfer of vehicles between departments. Using this authority, VSD should review the justification for low mileage vehicles and determine the appropriate fleet size to meet the County's needs. These steps will ensure

that the Motor Pool fleet is of the optimal size, and that mileage and maintenance costs are equalized over all vehicles in the fleet. In addition, vehicles with higher maintenance costs and mileage will be replaced sooner.

RECOMMENDATIONS

IT IS RECOMMENDED THAT THE COUNTY ADMINISTRATIVE OFFICER:

00-202 REVISIONS TO THE VEHICLE SERVICES COMMITTEE TO ALLOW THE VEHICLE SERVICES DEPARTMENT TO REVIEW AND MAKE RECOMMENDATIONS ON: 1) USER DEPARTMENT JUSTIFICATION FOR NEW VEHICLES; 2) THE CURRENT NUMBER OF VEHICLES NEEDED FOR EACH DEPARTMENT, AND; 3) THE NEED TO TRANSFER VEHICLES BETWEEN DEPARTMENTS.

IT IS RECOMMENDED THAT THE DIRECTOR OF VEHICLE SERVICES:

00-203 DEVELOP A MULTI-YEAR PLAN FOR APPROVAL OF THE VEHICLE SERVICES COMMITTEE TO PRIORITIZE VEHICLES FOR REPLACEMENT IN THE MOTOR POOL FLEET. THIS PLAN SHOULD INCLUDE ISSUES IN ADDITION TO THE REPLACEMENT FEES EARNED, SUCH AS CONSIDERATION OF MILEAGE LEVELS AND MAINTENANCE COSTS. ADDITIONALLY, THIS PLAN SHOULD INCLUDE THE APPROPRIATE REPLACEMENT CYCLE FOR VEHICLES EVEN IF THAT VEHICLE IS NOT EARNING REPLACEMENT FEES. ALTERNATIVELY, CONSIDERATION SHOULD BE GIVEN TO CHARGING USER DEPARTMENTS THE ACTUAL MAINTENANCE COSTS FOR THESE VEHICLES, RATHER THAN THE CURRENT AVERAGE RATE PER MILE.

00-204 REVIEW USER DEPARTMENT JUSTIFICATIONS FOR ALL VEHICLES IN THE MOTOR POOL AND RECOMMEND TO THE VEHICLE SERVICES COMMITTEE THE APPROPRIATE NUMBER OF VEHICLES PER DEPARTMENT. IN ADDITION, TO EQUALIZE THE MILEAGE DRIVEN PER VEHICLE, THIS REPORT SHOULD CONSIDER THE TRANSFER OF VEHICLES BETWEEN DEPARTMENTS AND THE SIZE OF THE LOANER FLEET. THIS WOULD ENSURE THAT THE MILEAGE AND CONDITION OF VEHICLES ARE SIMILAR AT THE END OF THE REPLACEMENT CYCLE.

The implementation of these recommendations will result in an optimal size for the Motor Pool and ensure that vehicle maintenance costs and mileage are equalized throughout the fleet. In addition, implementation of these

recommendations will ensure that the replacement policy is cost effective by ensuring that vehicles with higher maintenance costs and mileage will be replaced sooner.

FINDINGS – GASOLINE AND CREDIT CARD USAGE

The Vehicle Services Department (VSD) is responsible to oversee the efficient operation of Motor Pool vehicles, including the issuance and oversight of gasoline credit cards and management of Countywide fueling stations. A review of this function found that County policy relating to use of credit cards is not being followed. User departments are not submitting all credit card slips to VSD. Therefore, VSD cannot accurately verify payments for credit card gasoline purchases before they are made or properly monitor credit card usage. Additionally, VSD does not spot check purchases for indiscriminate use, as required by County policy. Further, the current VSD process for issuing fuel credit cards and for making payments related to purchases on those cards lacks adequate internal controls.

The Vehicle Services Department should enforce County policy and departmental procedures related to the use and issuance of fuel credit cards, and implement appropriate sanctions for departments that do not comply with the policy. Finally, internal controls in this area should be strengthened. Implementing these recommendations will ensure that credit card transactions are appropriate, and that payments made for these purchases are proper.

RECOMMENDATIONS

IT IS RECOMMENDED THAT THE COUNTY ADMINISTRATIVE OFFICER:

00-205 REQUIRE THAT THE DISTRICT ATTORNEY, PUBLIC DEFENDER AND PROBATION DEPARTMENTS PROVIDE THE REQUIRED ODOMETER READINGS WHEN DEPARTMENT EMPLOYEES FUEL THEIR VEHICLES.

IT IS RECOMMENDED THAT THE DIRECTOR OF VEHICLE SERVICES:

00-206 RE-EVALUATE THE CREDIT CARD PROGRAM IN TERMS OF THE NUMBER OF CARDS OUTSTANDING, WITH CONSIDERATION TOWARD REDUCING THE NUMBER OF CREDIT CARDS BY ISSUING THEM AT THE DEPARTMENT LEVEL. FURTHER, APPROPRIATE

PROCEDURES SHOULD BE DEVELOPED TO CONTROL THESE CARDS AT THE DEPARTMENT LEVEL.

- 00-207 SUBMIT A REPORT TO THE VEHICLE SERVICES COMMITTEE ON DEPARTMENTS THAT ARE NOT COMPLYING WITH DOCUMENTATION REQUIREMENTS FOR CREDIT CARDS, AND DEVELOP A POLICY FOR SANCTIONS FOR NON-COMPLIANCE.
- 00-208 IMPLEMENT A MILEAGE AUDIT PROGRAM THAT WOULD GIVE THE COUNTY FURTHER VERIFICATION THAT FUEL IS BEING APPROPRIATELY USED FOR COUNTY PURPOSES.
- 00-209 UPDATE VEHICLE SERVICES DEPARTMENT STANDARD PROCEDURE 3-07 TO REFLECT THE CURRENT CREDIT CARD PROGRAM, AND CHANGE THE PROCEDURE TO INCORPORATE A SIGNATURE CARD SYSTEM TO ENSURE THAT CREDIT CARD APPLICATIONS RECEIVED FROM THE DEPARTMENTS ARE APPROVED BY APPROPRIATE DEPARTMENT PERSONNEL.
- 00-210 DISCONTINUE THE USE OF STATION CREDIT CARDS BECAUSE OF THE INHERENT LACK OF CONTROL OVER WHO IS USING THESE CARDS.
- 00-211 DEVELOP A PROCEDURE TO COMPLY WITH THE COUNTY STANDARD PRACTICE 12-04SP REQUIREMENT THAT CREDIT CARD PURCHASES ARE SPOT-CHECKED FOR INDISCRIMINATE USE, INCLUDING A REVIEW FOR TRANSACTIONS ON CANCELED CREDIT CARDS, A PERIODIC REVIEW OF THE FREQUENCY AND VOLUME OF CREDIT CARD PURCHASES ON INDIVIDUAL CARDS, AND A METHODOLOGY TO TAKE APPROPRIATE ACTIONS TO RESOLVE ANY ISSUES IDENTIFIED.
- 00-212 DEVELOP PROCEDURES SO THAT STAFF RESPONSIBLE FOR THE ISSUANCE AND CANCELLATION OF CREDIT CARDS ARE SEPARATE FROM STAFF RESPONSIBLE FOR THE PAYMENT PROCESS FOR CREDIT CARDS TO INCREASE INTERNAL CONTROLS IN THIS AREA.

Implementation of these recommendations will give further verification that County fuel is being appropriately used for County purposes and will ensure that credit card transactions are appropriate, and that payments made for these purchases are proper.

FINDINGS – VEHICLE SERVICES COMPUTER SYSTEM

The current VSD computer system is comprised of a number of independent systems that provide the department's information needs. The current system is in need of replacement as it relies upon old technology that is difficult to maintain and lacks the ability to provide ad-hoc reporting. There are also current manual processes that need to be automated. Replacement of the VSD computer system is critical for the department to ensure that it has the ability to efficiently and effectively manage its staff and the Motor Pool. According to VSD staff the department has accumulated approximately \$250,000 over the last two years for the replacement of its computer system. However, while the department has recognized the need to upgrade its computer system, it has not taken sufficient steps to begin this replacement in a timely manner.

VSD should coordinate with the Information Services Department (ISD) the completion of a requirement study to determine its information needs. This study would document the various business processes of the department and the most efficient way to perform these functions. Based upon this study, VSD should decide if a packaged system will meet its information needs or if ISD should develop a new computer system.

RECOMMENDATION

IT IS RECOMMENDED THAT THE VEHICLE SERVICES DEPARTMENT:

00-213 COMPLETE A REQUIREMENT STUDY FOR A NEW COMPUTER SYSTEM. BASED UPON THIS STUDY DETERMINE IF A PACKAGED SYSTEM SHOULD BE USED TO MEET THE VEHICLE SERVICES DEPARTMENT'S NEEDS, OR HAVE THE INFORMATION SERVICES DEPARTMENT DEVELOP THE SYSTEM.

The implementation of a requirement study will ensure that VSD goes forward in the most cost and time effective manner in the development of a new computer system.