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SHASTA COUNTY GRAND JURY FINAL REPORT

2004/2005

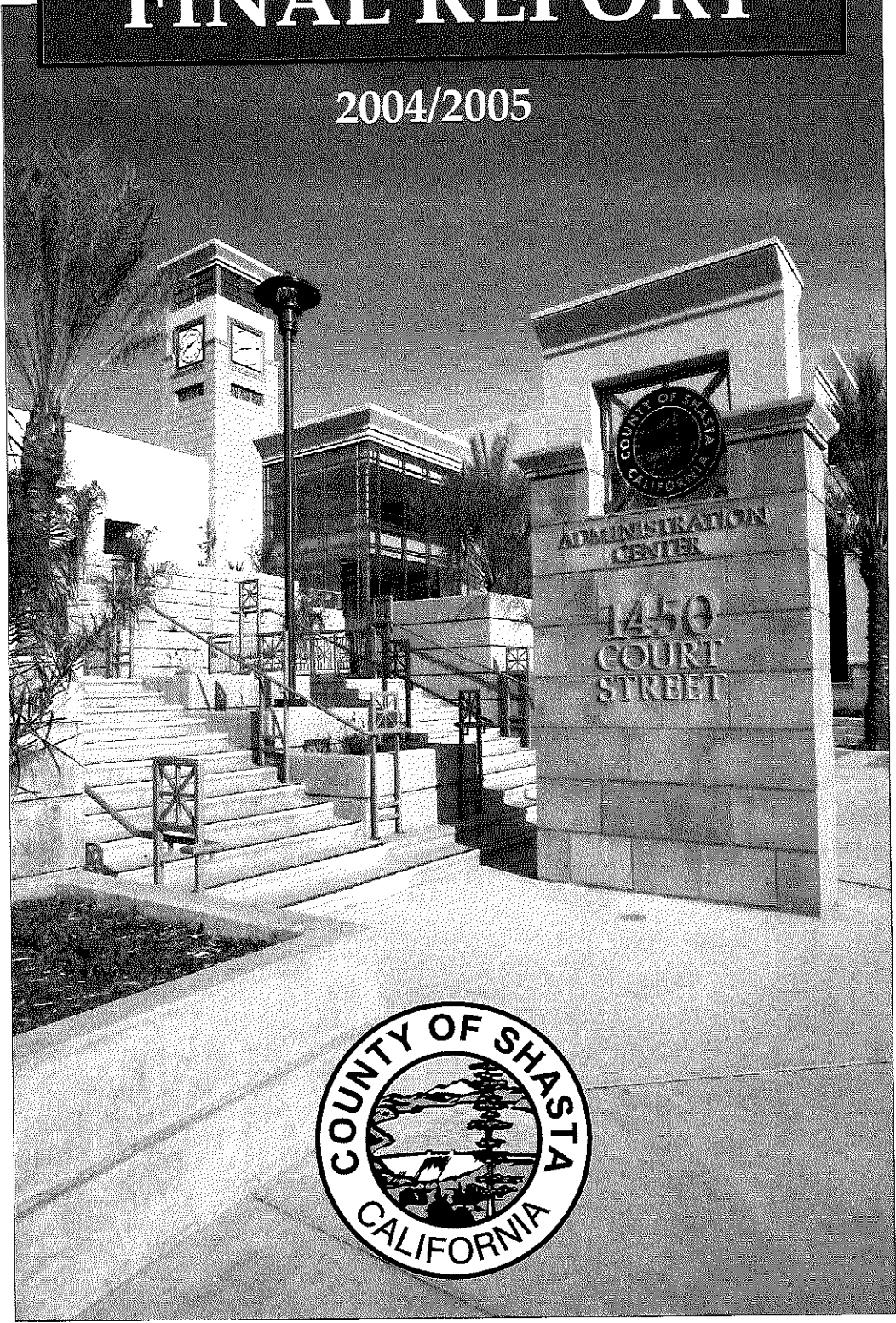


Photo courtesy of T.A. Schmidt & Associates



SHASTA COUNTY

GRAND JURY

June 27, 2005

P. O. BOX 992086
REDDING, CA 96099-2086
VOICE MAIL: (530) 225-5098

The Honorable William Gallagher, Presiding Judge
Shasta County Superior Court
1500 Court Street
Redding, CA 96001

Dear Judge Gallagher:

On behalf of the 2004/2005 Shasta County Grand Jury, and in accordance with the laws of the State of California, I respectfully submit this Final Report. The Grand Jury has spent several thousand hours researching, investigating, interviewing, writing and publishing a report it believes to be factual, accurate and in compliance with the law.

As Foreperson, I would like to express my heartfelt thanks to my fellow Grand Jurors for their diligence, integrity, dedication, professionalism and all the energy they have devoted to this important community service.

It would have been impossible to have completed this work without the assistance of County Counsel Karen Jahr; Senior Deputy County Counsel, John Loomis; District Attorney, Gerald Benito; County Administrative Officer, Doug Latimer and his staff, especially Kathy Altermatt; Budget Officer, Kim Pickering; and the Superior Court Administrative Staff including Susan, Melissa and Pam. We would also like to thank the many local government officials and employees who have patiently and generously provided documents, information and helped in so many ways. Thank you one and all!

The Grand Jury thanks you, your Honor for working with us by reviewing our individual reports and for moving the date up for empanelling a new jury. This will enable additional training for the incoming jury, which could not have otherwise been accomplished. We feel that this extra training will allow the incoming jury to be more effective earlier.

It has been an honor and a fantastic learning opportunity to serve on the Shasta County Grand Jury. I sincerely hope our efforts will have a positive impact on local agencies.

Sincerely yours,

Harry T. Tully, Foreperson
Shasta County Grand Jury

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2004/2005

Shasta County Grand Jury

Harry Tully, Foreperson	Jim Holdridge
Sharon Carelli	Tom Hull
Lee Cohen	Eleno Marquez
Mel Coster	Lee McCulloch
Joan Day	Carole Quick
Cynthia Ephland	Paul Scipione
Jean Hall	David Stone
Bob Hammar	Chris Veal

Polli Webb

Grand Jury Committees

Audit and Finance
City Government
Continuity
County Government
Criminal Justice/Public Safety
and Detention
Editorial
Local Districts and Agencies

Summary of 2004/2005

Grand Jury Activities

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NOTES

At the time the reports included in this Final Report were compiled, the information they contain was accurate to the best of the Grand Jury's knowledge. However, some facts may have changed since the original compilations. Whenever possible, the reports have been updated.

Whenever even the perception of a conflict of interest on the part of a member of the Grand Jury, that member has abstained from any investigation involving such a conflict and from voting the acceptance or rejection of any related subject.

Any communication with the Grand Jury is treated in strict confidence. This applies to written documents as well as the testimony of witnesses and participants. All minutes and records of Grand Jury meetings are confidential.

The Grand Jury final report contains findings and recommendations regarding governmental agencies. Some findings and recommendations are the result of citizen complaints. Every citizen is urged to study this report.

RESPONSES TO THE GRAND JURY FINAL REPORT

Penal Code section 933.05 requires that public agencies respond to the final report of the grand jury no later than 90 days if a governing body or 60 days if an elected official. The responses must be sent to the presiding judge of the superior court. The respondents are required to comment on the findings and recommendations contained in the report. The respondent must indicate whether the respondent agrees with the finding, disagrees wholly or partially with the finding, has implemented the recommendation, plans to implement the recommendation in the future, will further analyze and study the recommendation, or will not implement the recommendation, and, if not, provide an explanation thereof.

...To act as the public's "watchdog" by investigating and reporting on the affairs of the local government

Penal Code 919, 925 et seq.

YOUR SHASTA COUNTY GRAND JURY

Authorization for a Grand Jury

The Grand Jury's role has its basis in the Fifth Amendment to the U. S. Constitution, in Article I, Section B, of the California Constitution, and in numerous other state statutes. It functions as an arm of the Judicial Branch of the Government, and at the local level operates under the guidance and protection of the Presiding Judge of the Superior Court.

To be a Grand Juror

The Grand Jury is composed of nineteen concerned county citizens. Each prospective juror applies in early April for the fiscal year beginning July 1st. The Presiding Judge selects thirty names. Nineteen of these are randomly chosen to serve on the Grand Jury. Each member is required to be a U. S. citizen, at least eighteen years of age, be a resident of Shasta County for at least one year, and have a command of the English language. A Grand Juror may not serve as a trial juror, be an elected official, or have been convicted of a felony.

The Grand Jury is Empowered in Three Areas

1. The Grand Jury investigates aspects of county and city government's functions and duties, county and city departments, county and city officials, service districts, and special districts funded in whole or in part by public monies.
2. The Grand Jury reviews criminal investigations and returns indictments for crimes committed in the county. When an indictment has been voted, the case proceeds through the Criminal Justice System.
3. The Grand Jury may bring formal accusations against public officials for willful misconduct or corruption in office. These accusations can lead to removal from office.

Citizen Complaints

The Grand Jury reviews all complaints and investigates when appropriate. Each complaint is treated confidentially. The complainant may be asked to appear as a witness. A complaint form may be obtained by contacting:

Shasta County Grand Jury
P. O. Box 992086
Redding, CA 96099-2086
(530) 225-5098
www.co.shasta.ca.us

Prospective Grand Jurors

An application to serve on the Grand Jury may be requested at the following address:

Shasta County Superior Court
Courthouse Room 205
1500 Court Street
Redding, CA 96001
www.shastacourts.com

SAFETY FIRST

Burney Fire Protection District
37072 Main St.
Burney, CA 96013
(530) 335-2212

REASON FOR INQUIRY:

Section 933.5 of the California Penal Code authorizes a Grand Jury to examine the books and records of any special district located wholly or partly within the county and investigate and report upon the method or system of performing its duties. The Shasta County Grand Jury (SCGJ) investigated a complaint regarding some of Burney Fire Protection District's practices and procedures.

BACKGROUND:

The Burney Fire Protection District (BFPD) was formally organized in 1927 to provide fire protection and other ancillary services. In 1939 it began ambulance services. The BFPD charges fees for ambulance services to recipients of those services. The services provided by the BFPD for fire protection and ancillary services are primarily funded by property tax assessments. The District has as paid employees, one full-time chief, two part-time secretaries and two part-time fire fighters. In addition, there are 20 paid volunteers of which 12 are emergency medical technicians or paramedics. The BFPD operates Station #17 in Burney (staffed daily) and Station #18 in Johnson Park (staffed only part time). The area covered in eastern Shasta County is 35 square miles for fire protection and 1,600 square miles for ambulance services.

In the Johnson Park area of the BFPD, the California Department of Forestry and Fire Protection (CDF) operates Station #14 which is staffed 24 hours a day, seven days per

In the Johnson Park area of the BFPD, the California Department of Forestry and Fire Protection (CDF) operates Station #14 which is staffed 24 hours a day, seven days per week during fire season (usually June through October). In addition to fire suppression, CDF personnel are qualified and equipped to handle all types of emergencies. CDF Station #14, when staffed, is occasionally unavailable for emergency responses because of other demands. With the exception of the cities of Anderson and Redding, CDF dispatches all fire and emergency services throughout Shasta County.

METHOD OF INQUIRY:

The SCGJ attended a BFPD board meeting on September 15, 2004. Additionally, the following documents were collected and reviewed:

- Agendas and minutes of the April 14 through September 15, 2004, Board of Commissioners' meetings
- Agreement between County Service Area No.1 (CSA #1) and the BFPD dated July 28, 1998
- 2004 Annual Operating Plan between California Department of Forestry and Fire Protection (CDF) and the BFPD
- Audits of the BFPD for fiscal years 2002/2003 and 2003/2004
- Budget for fiscal year 2004/2005
- The BFPD's Board of Commissioners Policy Manual adopted August 8, 2001
- Section 13916 a-f of the California Health and Safety Code
- CDF dispatch logs dated June 1 through October 31, 2004

- Eight e-mails between CDF and representatives of the BFPD dating from April 19, 2004 to September 1, 2004
- Ordinance BFPD 2004-01
- Record Searchlight article dated September 27, 2004
- Copies of Explanation of Benefits (EOBs) from Medicare and a private health insurance carrier
- Copy of a pre-hospitalization ambulance form

The SCGJ interviewed the following persons:

- The BFPD Fire Chief
- A member of the BFPD Board of Commissioners
- The fire chief of another local fire protection district
- Three CDF officials
- Two residents within the BFPD
- An accountant working on the BFPD audit

FINDINGS:

1. A properly noticed ambulance fee increase ordinance (BFPD 2004-01) was introduced at the August 11, 2004, Commissioners' meeting. California Health and Safety Code #13916 dictates that fee increases can only be made to cover increased costs. At the meeting the BFPD's Fire Chief stated that fee increases were necessary because of rising fuel and worker's compensation insurance costs. In fact, worker's compensation costs were reduced because BFPD became self-insured. Therefore, fee increases that

were adopted were not supported by the prescribed requirement. The one study done to justify the ambulance fee increase was a fee comparison with other ambulance service providers both in and out of the County.

At the same August 11, 2004 Commissioners' meeting, the billing agency for the BFPD also recommended raising ambulance rates to increase payments from both Medicare and Medi-Cal. The billing agency benefits from any fee increase since it is compensated on a percentage of collections.

As reported in the BFPD audits, actual ambulance expenses did not reflect all costs. According to the Fire Chief, expenses, such as his salary, are not pro-rated between fire protection and ambulance services. The ambulance service is a separate entity from fire protection since it is supported by its fee collections and grants, not taxes. The Board of Commissioners received a letter dated January 28, 2004, from its auditor stating that the ambulance service is a proprietary one, *i.e.*, a separate cost center. The auditor recommended fire protection and ambulance expenses and income be reported separately. This has not been done. Consequently, the annual audit figures do not accurately reflect the allocation of costs between fire protection and ambulance service. Before the ambulance fee increase, as reported to the BFPD Board of Commissioners, the projected ambulance fee net income for FY 2004/2005 was \$59,000. Without clarification, this profit is in violation of CaH&S Code #13916 because it far exceeds costs as

currently identified. The BFPD Fire Chief stated that BFPD has neglected to charge for and recover costs for some medical supplies and other expenses. Nonetheless, BFPD Ordinance #04-01 was passed at the September 15, 2004 Commissioners' meeting.

2. The BFPD has, via e-mail dated April 19, 2004, and later, demanded that CDF not respond to any fire or medical emergencies within BFPD boundaries, even when CDF is closer and may respond more quickly. However, CDF is mandated by law to respond to any wildland fire on private property. The BFPD Fire Chief informed the SCGJ that he is unconcerned about any liability resulting from the above. Assuming there is no liability, it is still in the public's best interest to have CDF also respond to calls in the BFPD because they often can respond quicker.
3. The Grand Jury found that on at least one occasion, BFPD's ambulance service billed Medicare and a private insurance carrier for services not rendered and medical supplies not utilized.

RECOMMENDATIONS:

1. The BFPD should accurately and completely allocate expenses to the ambulance and fire protection activities. All billable charges should be reevaluated to increase revenue before increasing fees.
2. The BFPD should follow section 13916 of the California Health and Safety Code and document all cost increases used to justify the 2004 raise in ambulance fees. If this cannot be done, BFPD Ordinance 04-01 should be repealed.

3. A “closest responder” memorandum of understanding between BFPD and CDF should be established for when the CDF Station (Station #14) is staffed. Because the citizens of California (including residents of the BFPD) support CDF through tax dollars, they should not be denied a service when available. Any other policy ill serves the people in the District. As part of this policy, CDF should notify BFPD when CDF is unavailable to respond.

RESPONSES REQUIRED:

1. The BFPD Board of Commissioners as to all of the Recommendations

HASTE MAKES WASTE

Shasta County Mental Health
2640 Breslauer Way
Redding, CA 96049
(530) 225-5200

REASON FOR INQUIRY:

Section 925 of the California Penal Code empowers the Grand Jury to investigate and report on the operations, accounts and records of the officers, departments or functions of the county. The Shasta County Grand Jury examined Shasta County Mental Health (SCMH) departmental services with an emphasis on the ramifications of the closure of its inpatient psychiatric care facility.

BACKGROUND:

County mental health services began in 1965 at the Shasta County General Hospital. After closure of that hospital in the late 1980s, SCMH independently operated both inpatient and outpatient psychiatric services at the same location. In 1985, the State of California de-institutionalized mental health treatment and offered to pay counties to care for the persistently and severely mentally ill. The Bronzan-McCorquodale Act, passed by the State Legislature in 1986, established Mental Health Advisory Boards statewide to oversee county mental health programs. With Realignment legislation in 1991, the California Legislature further shifted the burden of most mental health delivery from the State to the counties. In 1993, the State amended its Medi-Cal plan to include rehabilitative

mental health services adding transitional and crisis residential treatments in an attempt to reduce hospitalizations.

The Shasta County Psychiatric Hospital Facility (PHF), an inpatient center, was established after the closure of the Shasta County General Hospital. PHFs are state licensed acute care facilities for the mentally ill and are supported, in part, by state funding and are strictly regulated regarding staffing levels and support services. In 1989, SCMH sought, and was granted a Medicare acute care designation for this psychiatric facility. This “super” PHF designation is one of three in the State of California and provides a level of care above a “basic” PHF but below that of a full-service hospital. Medicare reimbursement for inpatient mental health care exceeds that of Medi-Cal and most insurance companies. However, federal regulations associated with a super PHF significantly increase administrative oversight, staffing levels and the overall cost of care by nearly 100% compared to a basic PHF. Until mid-2004, SCMH operated its inpatient super PHF serving a yearly patient census approaching 1,000 adults at a cost of over \$4 million per year.

PHFs and super PHFs serve as “locked” facilities for individuals designated a 5150 status (California Welfare and Institutions Code 5150). Individuals are declared 5150 when they are determined to be seriously impaired and “a danger to themselves or to others.” These individuals may be involuntarily detained for up to 72 hours for evaluation and initial treatment, and up to 14 days for intensive treatment.

Estimates of the mentally ill who carry a secondary diagnosis of substance abuse (dual diagnosis) range from 30 to 60%. The signs and symptoms of persistent alcohol and drug abuse are often interchangeable with those of severe mental illness. Scientific evidence supports combined treatment, but there are substantial gaps in what society allows. For example, PHFs and super PHFs are not licensed to serve as detoxification centers and detoxification centers cannot treat the mentally ill. The Shasta County Alcohol and Drug Program, a division of SCMH, provides services to individuals impacted by substance abuse.

Mental illnesses are neuropsychiatric disorders characterized by alterations in thinking, mood and behavior and changes associated with distress and/or impaired functioning. Mental illness affects up to 20% (60 million) of the general population and the nature of the illness is often long-term and relapsing. Five percent of U.S. adults have a severe mental illness such as schizophrenia, bipolar disease (manic-depressive disorder) or major depression. A severe mental illness is defined as a disorder characterized by substantial interference with basic daily living skills (e.g., eating and bathing), instrumental living skills (e.g., managing money or maintaining a household) and functioning in social contexts. Roughly half the adults with severe mental illness are between the ages of 25 and 45. Many people experience milder neuropsychiatric disorders where the distress one feels is expressed through anxiety, phobia and depression. Mental health diagnoses are becoming more prevalent at either end of the age spectrum, such as ADHD (Attention Deficit/Hyperactivity Disorder) in children and Alzheimer's in the elderly.

Roughly 10% of children and adolescents show signs of mental illness significant enough to cause impairment. According to the Surgeon General's Conference on Children's Mental Health (1999), the nation lacks a "unified infrastructure" to treat patients under age 18. Up to two-thirds of children with a serious mental disorder do not receive mental health treatment. Early intervention and treatment of adolescents with mental illness helps prevent more serious problems later in life. The California Children's Mental Health Services Act (1992) forms the backbone of services available to severely impaired children identified through various social and educational programs. There are no inpatient services for these children in Shasta County.

Stigmatization of the mentally ill is manifested by bias, distrust, stereotyping, fear and avoidance. The mentally ill are often perceived as being poor, uneducated, homeless, and from the criminal element of society. While mental impairment pervades all segments of society, across all age ranges and socioeconomic classes, a diagnosis of mental illness reduces a patient's access to both resources and opportunities; it can lead to low self-esteem and hopelessness.

Mental illness is generally treated as a second-rate disease by the government, private health insurers, health care providers and the general public. As overall national health care spending during the 1990s increased 15%, expenditures for mental health and substance abuse treatment declined 17%. Conversely, the number of individuals treated for mental illness since 1990 has increased by 15%. The number of short-term, acute care psychiatric hospitals

(public and private) as well as psychiatric units within full-service hospitals also declined significantly.

In 2000, there were 30 acute psychiatric hospital beds in Shasta County whereas, today, there are none. The utilization rate for mental health services in Shasta County is more than twice the statewide average and the number of patients treated by SCMHS has increased from 4,600 in 1997 to over 7,600 in 2003.

Medicare, Medicaid and most private insurers reimburse for the diagnosis and short-term treatment of mental illness. However, coverage for ongoing treatment is usually limited. Despite a documented need, both inadequate reimbursements and state budget reductions contribute to the limited supply of acute inpatient psychiatric care facilities in many communities.

Mental health care services are provided by a wide range of clinicians. A psychiatrist is a medical doctor specializing in the diagnosis and treatment of mental disorders and is licensed to prescribe medications to improve the functioning of the mentally impaired. Psychologists cannot prescribe medication, but perform clinical assessment and diagnosis, therapy, psychological testing and research. Many types of therapists with varying training and education such as social workers, marriage and family therapists, and professional counselors also provide mental health treatment. Their services range from clinical assessment, psychotherapy, advocacy and organizational and administrative activities. A primary care practitioner (family practice doctor) is a physician trained in the general practice of medicine.

Acute psychiatric care is short-term in nature, with the goal of linking the patient back to community services and resources. *Acute Ambulatory Care* services that include partial hospitalization or full-day programs can stabilize some acutely ill patients. *Acute Inpatient Care* is offered when medication and psychiatric services can help patients who need more intensive intervention than an outpatient environment provides. *Crisis Residential Centers* function to assess and treat patients by providing short-stay, supervised residential care and access to psychosocial services. *Detoxification Centers* allow abusers a secure environment in which to normalize from acute substance intoxication. Outpatient therapy and social rehabilitative services are adequate for the vast majority of the mentally ill including those with chronic and less severe conditions.

Care of the mentally ill consists of two basic treatment modalities that usually compliment, but at times, confound one another. The “social rehabilitative” model is provided mostly by therapists and focuses on returning the patient to a normal level of social functioning. The “medical” model emphasizes medication and intensive physician-based psychotherapy. Each model contributes to the successful treatment of any given patient but not always on an equal basis. Recent advancements in neuroscience and the understanding that all mental illness has an underlying, dysfunctional biochemical basis, has prompted a third, or “integrated care” model, of treatment. This model substitutes a primary care physician instead of a psychiatrist as the initial treating practitioner. Proponents of this model believe that integrating mental health treatment within a primary care setting allows the evaluation and treatment of

both a patient's behavioral and physical needs. Many clinical manifestations of mental illness can be caused by factors resulting from other disease processes like diabetes, hypothyroidism, cancer, and dementia. Adding behavioral health evaluations to routine physical examinations in the primary care setting may reduce the anxiety and stigma associated with mental illness. Primary care physicians occupy a setting where mental health can be routinely assessed in both children and older adults. A major strategy for effective overall psychiatric care is the coordination of these treatment modalities by case managers who arrange follow-up medical appointments, ensure medication availability and compliance, and structure family support with available social, vocational and educational programs.

Under California Welfare and Institutions Code 5650, the Shasta County Board of Supervisors (BOS) contracts annually with the State of California to provide mental health services to the citizens of Shasta County through SCMHI. The Mission Statement of SCMHI is to "promote healing and sustained recovery from mental illness." The SCMHI Department is overseen by the Deputy Director of Mental Health, the Mental Health Director, the County Administrative Officer, and ultimately the County Board of Supervisors.

California Welfare and Institutions Code 5604 establishes a Mental Health Advisory Board (MHAB) to oversee the operation of county mental health departments. In Shasta County, the MHAB is comprised of 10-15 members appointed to staggered, three-year terms by the BOS. Fifty percent of the members must be actual consumers, or related to consumers, of county mental

health services. No MHAB member can be an employee of the County.

Advisory Boards shall in part:

- Review and evaluate community mental health needs, services, facilities, and special problems
- Review any contracts entered into on behalf of mental health departments
- Advise and submit an annual report on the needs and performances of the county mental health system to the governing body
- Approve procedures used to ensure citizen and professional involvement in all stages of the planning process for mental healthcare delivery

SCMH revenues for 2004/2005 were projected at \$19,908,778. The majority of funding comes from Medi-Cal reimbursement for services (53%) and State of California Realignment Funds (30%). Other revenues include federal and state grants (8%), state allocations (5%), private insurance payments (2%), and Medicare (<1%). In prior years, Medicare funding comprised five percent of revenues. The Shasta County General Fund contributes a state-mandated \$266,000; this represents less than one percent of the total SCMH yearly budget. Budgeted expenditures for 2004/2005 are \$21,397,385, and exceed revenues by \$1,488,670. This deficit will be funded by a SCMH reserve fund that currently exceeds \$3 million.

SCMH employs a clinical staff of 100 people including 31 therapists, 24 case managers, 16 psychologists, 12 nurses, nine mental health workers and eight psychiatrists. Clinical salaries and benefits consume 46% of budgeted revenues. An additional 30-40 personnel perform administrative duties.

California State Proposition 63, passed in 2004, will provide about \$400 million of yearly funding under the Mental Health Services Act for statewide mental health services beginning in 2005/2006. This funding is not intended to supplant existing services, but to expand and support a wide range of community-suggested mental health programs. Funding is based on the merit of submitted proposals by individual or joint county/regional mental health programs.

METHOD OF INQUIRY:

The Grand Jury reviewed the following documents:

- SCMH Organizational Chart and Mission Statement
- SCMH Staffing and Patient summaries 2003/2004 and 2004/2005
- SCMH actual budget for 2003/2004 and final budget for
2004/2005
- Butte County Mental Health Department final budget for 2004/
2005
- California Welfare & Institution Codes 5150, 5604 and 5650
- National Alliance for the Mentally Ill (NAMI) information brochure
and newsletters
- Elpida Recovery Center information brochure
- Proposition 63 information brochure
- MHAB 2004/2005 membership roster
- MHAB “Community Committee Meeting” minutes from 2/2/04,
2/9/04, 2/16/04, 2/23/04 and 3/1/04

- 2004 and 2005 MHAB Annual Reports to the Shasta County BOS
- Shasta County BOS Meeting minutes from 2003, 2004 and 2005
- Shasta County BOS Resolutions 89-273, 2003-84, 2004-04, 2004-49, 2004-51, 2004-75, 2004-83 and 2004-109
- SCGJ Reports on Shasta County Mental Health Services (1993/1994, 2001/2002) and Alcohol and Drug Program (1997/1998)
- Mental Health: A Report of the Surgeon General (1999)
- A Tale of Two Settings: Institutional and Community-Based Mental Health Services in California Since Realignment in 1991 (2003) – Michael Stortz, California Protection & Advocacy, Inc.
- *Facts on Children's Mental Health* (2004) - Judge David L. Bazelon Center for Mental Health Law
- *Measuring Mental Health in California Counties: What can we learn?* (2004) – report of a 2001 survey by R.M. Scheffler, PhD, The C. Petris Center on Health Care Markets And Consumer Welfare, UC Berkeley School of Public Health
- *Children's Mental Health Services Task Force Committee Report* (2005), SCMH
- *Agreement to Provide Residential Alcohol and Other Drug Detoxification Services* (2005) – a draft document proposing a collaborative venture among local government, hospital and philanthropic entities for the support of a County Detoxification Center
- Correspondence from SCMH consumers

- www.co.shasta.ca.us

The Grand Jury conducted the following interviews:

- Director, local chapter of NAMI
- Shasta County Drug/Alcohol Administrator
- Eight local physicians including five psychiatrists
- Local hospital administrators
- Ex-employee, Shasta County Psychiatric Hospital Facility
- Program Director, Elpida Crisis Recovery Center
- Administrator, Crestwood Treatment Center
- Division Director, Shasta County Department of Probation
- Division Director, Shasta County Juvenile Hall
- Captain, Shasta County Sheriff's Office
- Registered Nurse, Butte County Psychiatric Hospital Facility
- Director, Butte County Mental Health
- MHAB member
- Deputy Director, SCMH
- Director, SCMH
- Shasta County Budget Officer
- Shasta County Administrative Officer
- Two members, Shasta County Board of Supervisors

The Grand Jury attended the following meetings:

- MHAB meetings on 12/1/04, 1/5/05, 2/2/05, 3/9/05 and 4/6/05
- County Board of Supervisors meeting on 4/5/05

- Community “Focus Group” meeting for Mental Health Services

Act on 4/12/05

The Grand Jury conducted the following site visits:

- Butte County Psychiatric Facility
- Elpida Crisis Recovery Center
- Northern California Rehabilitation Center

FINDINGS:

- 1). All individuals interviewed for this report unanimously support the integration of mental health care into mainstream medical care, although there is disagreement on how this should be accomplished. There is unanimous agreement that mental illness is treated as a second-class disease process by the government, insurers and general public; both increased expenditures and public education efforts are needed.
- 2). Nineteen interviewees with health care expertise were asked to rate the overall level of Shasta County mental health services on a scale of 1 (poor) to 10 (excellent). Administrators and psychiatrists employed by the County ranked overall mental health services as near excellent. Local hospital administrators and private practice physicians were more critical, citing examples where services are sorely lacking. Except for the SCMH Director and Deputy Director, the level of inpatient services consistently ranked below outpatient services. Most experts felt inpatient psychiatric services were negatively affected by the closure of the County PHF.

- 3). The SCMH Department holds the State contract to provide mental health services to all Medi-Cal eligible county residents. SCMH must provide care for the severely and persistently mentally ill; this represents less than five percent of the Medi-Cal eligible population in the County. Because of the insufficient number of psychiatrists in the private sector, the bulk of mental health care services for the underinsured in Shasta County are provided by primary care physicians and local clinics (e.g., Shasta Community Health Center and Anderson Health Clinic). Under its contract with the State, SCMH is the only managed care provider for all Shasta County Medi-Cal patients requiring inpatient psychiatric care. Therefore, reimbursement from Medi-Cal for inpatient mental health treatment does not come directly from the State, but must pass through SCMH. This pass through does not occur for other medical illnesses. Being the managed care provider affords SCMH control over other local Medi-Cal providers of mental health services. This monopoly results in non-clinicians at SCMH having control over the direction and scope of all inpatient mental health services provided in the County.
- 4). Both SCMH Directors stated they had warned the Shasta County BOS during a May, 2003 “Workshop on Mental Health” that the psychiatric inpatient facility would most likely have to close by June, 2004. The Grand Jury review of those minutes from May, revealed a discussion by the SCMH Director about the hospital operations and its “unique solution to a nationwide mental health crisis;” there was no mention of closure.

According to the Supervisors interviewed, they first heard about the super PHF closure from the SCMH Director in December, 2003. Both Supervisors were told the PHF was closing for financial reasons. One thought patient safety concerns also played a role. The Grand Jury found the earliest recorded mention of the PHF closure in the BOS Meeting minutes of January 13, 2004, along with a proposed SCMH budget reduction plan. Acting as the Governing Board of the Shasta Psychiatric Hospital later that month, the BOS heard a formal argument for the super PHF closure based on patient safety, financial and resource data. The SCMH Director also presented a transition proposal for closure of the hospital. The BOS empanelled a "Community Committee" and chartered the MHAB to examine the issue of the PHF closure. At the urging of the SCMH Directors, but against the advice of the MHAB and Community Committee, the BOS voted to close the PHF at its March 23, 2004 meeting. The Grand Jury discovered no independent, outside verification of PHF expenditures and revenues either prior to, or after, its closure.

- 5). A majority of people interviewed believed that the County super PHF was closed too quickly, without adequate planning and that the closure was driven by the SCMH Director. Most felt SCMH underestimated the impact of the PHF closure on local hospital emergency rooms. The SCMH Director and Deputy Director disagreed and insisted adequate planning was in place prior to the PHF closure. The Grand Jury learned that emergency room physicians are unable to efficiently transfer acutely

mentally ill patients to out-of-county mental health hospitals. This results in extended lengths of stay (up to 48 hours) for some of the critically mentally ill. Since emergency rooms have limited bed space, prolonged occupancy by mentally ill patients awaiting transfer results in a reduced availability of emergency beds for other critically ill patients. Logistical problems associated with transfer delays can include the closing of emergency rooms to air and auto ambulance services and/or transferring critically ill patients to other hospitals. A common factor adding to lengths of stay is that most accepting mental health facilities require that patients be fully detoxified prior to transfer. At least 50 percent of the critically mentally ill in Shasta County also abuse alcohol and other drugs. Moreover, local area hospitals are not licensed to care for the acutely mentally ill and are prohibited from housing critically mentally ill patients in locations outside the emergency room. Local area hospitals also incur costs for additional nursing and security personnel and lose income from closing their doors to other patients.

- 6). The Grand Jury is critical of the lack of communication between County psychiatrists and their physician colleagues in local hospital emergency rooms prior to and during the transition period surrounding the closure of the super PHF. Although input from local hospital administrators and emergency room physicians was solicited by SCMH, there was no direct discussion between the two physician groups. Direct communication would have led to a better understanding of one another's apprehensions

and logistical problems, as well as provide better patient care. Indeed, the emergency room physicians interviewed by the Grand Jury felt their input went unappreciated. All people interviewed agreed that the “integrated” medical treatment of the mentally ill is a desirable goal. The SCGJ finds little evidence of “integration” at the physician level.

- 7). SCMHC created “crisis intervention teams” to facilitate the transfer of mentally ill patients requiring hospitalization to out-of-county mental health care facilities. These teams, available around-the-clock, are comprised of therapists or psychiatric nurses under the supervision of a County psychiatrist. When called to emergency rooms, they evaluate patients and determine disposition. However, serious delays and transfer problems continue. The Grand Jury has learned that supervising County psychiatrists rarely, if ever, directly attend to mentally ill patients while they are undergoing emergency room treatment. Indeed, less than a third of county psychiatrists even have clinical privileges at local hospitals.
- 8). The closure of the County super PHF has mostly affected those Shasta County patients in direct need of hospitalization since they now must be transferred to an out-of-county mental facility. Stabilization of the acutely mentally ill usually takes from three to five days. Often, local medical records do not accompany the patient, psychiatrists at accepting facilities do not consult with local physicians, and medications are not always coordinated. Families must travel long distances to visit, disrupting the most vital support component of integrated treatment. All interviewees

expressed regret regarding the impact such transfers have on the continuity of care for these patients and the hardships imposed on their families.

- 9). After recommending closure of the County super PHF, SCMNH agreed to incur all costs for out-of-county inpatient care. However, the Grand Jury discovered that not all costs are paid from SCMNH revenues. The Shasta County Jail, Juvenile Hall and Probation Department and other agencies in need of inpatient services for their mentally ill patients have been requested to contribute to out-of-county treatment fees with SCMNH. Uniformly, representatives from these agencies indicated dissatisfaction with SCMNH services following the closure of the County PHF.
- 10). Lack of accessibility to mental health services in Shasta County is a recurring complaint heard by the Grand Jury. SCMNH usually accepts and treats acutely mentally ill patients that arrive at its facility during working hours. After-hours and weekend access can only be obtained through local emergency rooms. Often, less seriously ill patients are referred to SCMNH by family or by County agencies, only to find a four to six week wait for an appointment. Short-term resolution of problems and follow-up care is generally unavailable to these patients.
- 11). SCMNH served 7,654 total patients in 2002/2003. Fifty-four percent of the patients were classified as adult, 42% as youth (under 18 years), and 4% as older adult. Over 60% of patients (581 out of 938) admitted to the Shasta County PHF were involuntarily committed. The average length of stay was three to five days for a total of 4,300 patient days. At a projected

cost of \$1,000 per patient day, the cost of operating the PHF would have approached \$4.3 million per year. Since the PHF closure, costs for out-of-county care currently average \$750 per day and do not include transportation costs. Given a similar number of patient days, current yearly cost for out-of-county inpatient care is about \$3.2 million, resulting in a net savings of \$1.1 million per year. Another \$900,000 in Medicare reimbursements has been shifted to out-of-county healthcare providers by the closure. According to SCMHI, out-of-county transportation costs were estimated at \$75,000 per year following the PHF closure. Although supportive documentation of transportation expenses was requested by the Grand Jury, none was received.

- 12). The average cost per day at PHFs without a Medicare hospital designation (e.g., the Butte County basic PHF) is only \$450 because of lower staffing requirements. If SCMHI operated its inpatient facility as a basic PHF, and not a super PHF, it could treat patients at a cost of \$450 per day instead of \$1,000 per day. Assuming the same 4,300 inpatient days, this would cost SCMHI about \$1.93 million per year versus \$4.3 million. SCMHI paid a \$300,000 fine after allegations of Medicare fraud at its PHF by the Office of Inspector General in 2000. Improper billing practices, increased patient risk and an increased cost of daily care should have led to a consideration of removing the County super PHF's Medicare designation by the BOS. The Grand Jury found no evidence of any such consideration in the previous five years.

- 13). According to the SCMH Director, there are now more acutely mentally ill patients being treated in out-of-county-care facilities than were treated at the County PHF prior to its closure. The Grand Jury has learned that between June and December, 2004, the BOS authorized SCMH contracts for inpatient care totaling \$1.61 million through June, 2005. Resolutions authorizing SCMH to seek inpatient care at PHFs in Butte, El Dorado and Stanislaus counties and at several private facilities were passed by the BOS. In addition, SCMH has reached an agreement with a new inpatient facility in Yuba City. Services begin in July, 2005, at a cost of \$550 per patient day.
- 14). At its September 28, 2004 meeting, the BOS, on the recommendation of the SCMH Director and County Chief Administrative Officer, awarded a \$1.3 million/year, no-bid contract to a private firm to establish a Crisis Residential Center. The center, named *Elpida* (a Greek word for "hope") is located at the site of the recently closed County PHF. County renovation funding in the amount of \$50,000 for Elpida infrastructure was also approved. The average length of stay is 10 days at a daily cost of \$284. A unique shared-cost concept for operating this facility was established with a private care provider. The Elpida Program Administrator directs a staff of 12 including mental health care technicians, case managers, administrators and maintenance workers. The center lacks a credentialed medical staff, but SCMH psychiatrists and nursing personnel provide consultation services as needed. There is no

formal lease between the County and the private organization that operates the center. The Grand Jury is still awaiting receipt of a copy of Elpida's Policy and Procedures Manual.

- 15). The Grand Jury visited the Elpida Crisis Residential Center which now occupies the closed PHF facility. According to the SCMH Director, a crisis residential center creates a safe environment for the chronically mentally ill in acute crisis who do not require hospitalization, but who cannot function independently. Elpida management describes its residential center as a "15 bed-program serving consumers with psychiatric disorders who experience severe disturbances in thought, mood, behavior or social relationships." Program goals "facilitate appropriate assessment, stabilization, and short-term treatment with connection to follow-up services" through a series of courses entitled WRAP (*w*ellness, *r*ecovery, *a*ction and *p*lan). Surprisingly, both County Supervisors interviewed and non-County mental health providers were unaware of the services provided by this center. The Grand Jury believes "crisis" is a misnomer in that Elpida is a voluntary facility without lockdown, full-time nursing staff, physician coverage or injectable medications. Elpida does house some stabilized patients directly from local emergency rooms. The Grand Jury finds that the BOS awarded this three-year contract without adequate knowledge about crisis residential center services and benefits.
- 16). The Grand Jury calculates that a significant amount of yearly income

has been redirected to out-of-county facilities by closing the County super PHF. Since closure, \$1.6 million in SCMH funds have been awarded to out-of-county providers for inpatient care. An additional \$900,000 per year in Medicare inpatient reimbursement will be similarly transferred. Yet another \$1.3 million per year of SCMH funding for the Elpida residential center has also been shifted to the private sector. A significant revenue stream is lost to the local economy.

- 17). The eight psychiatrists employed by SCMH are some of the highest salaried employees in the County. According to data released by a local newspaper, half of the 14 top-paid public officials in Shasta County and the City of Redding in 2004 were SCMH psychiatrists with yearly salaries ranging between \$142,099 and \$177,004. Only the Redding City Manager and Electric Utility Director are more highly paid than six of the SCMH senior psychiatrists. The Grand Jury has learned that compensation for psychiatrists can exceed \$250,000 per year counting vacation, benefits and malpractice coverage. Although county psychiatrists make up only six percent of the SCMH workforce, they consume 10% of the SCMH total budget and more than 20% of the yearly clinical budget. County psychiatrists work a 40-hour week and are available to support the crisis intervention teams. Their average patient caseload is 400-500. They treat mostly outpatients in conjunction with registered nurses and social workers. One psychiatrist acts as the SCMH Medical Director and has designated administrative functions in addition to clinical duties. The

BOS also allocated \$357,000 for temporary psychiatrists to augment services for fiscal year 2004/2005.

- 18). Because of reimbursement inadequacies in both the private and public sectors, psychiatry is an undersupplied specialty. It is very difficult and expensive to attract qualified psychiatrists to rural communities. The Grand Jury has learned that most adult and some child psychiatric problems can be managed by primary care physicians. With appropriate backup by a psychiatrist, primary care practitioners, whose compensation is \$40,000 to \$65,000 less per year, could treat more of the mentally impaired. One physician interviewee likened the psychiatrist to the “brain” of psychiatry, and the primary care doctor to its “muscle.”
- 19). According to the SCMH Deputy Director, the department terminated 35 non-physician staff with the closure of the PHF. An additional 40 positions have remained unfilled over the past two years because of State budget cuts. The Grand Jury finds that with the closure of the super PHF and the loss of its 1,000 patients and 4,300 patient days to out-of-county care, there have been almost no reductions in the costly psychiatric physician staff. In the midst of a financial crisis and in a setting of reduced patient contacts, one would also expect some attrition at the physician level.
- 20). The necessity for involuntary confinement, or “lockdown,” of the mentally ill patient in crisis is agreed to by most mental health providers and all law enforcement personnel. With the closure of the County PHF, the only

lockdown facility now available to house an individual declared 5150 in Shasta County is the County Jail. The jail is chronically overcrowded and lacks the health facilities to manage the acutely mentally ill. Mentally ill patients given a 5150 designation are now held in unlocked emergency rooms while they await transfer to out-of-county, locked mental health facilities. The Grand Jury learned that 5150 patients cannot legally be detained by local hospital emergency room staff. Indeed, some patients declared 5150 and awaiting transfer, leave emergency rooms of their own volition. The Grand Jury finds that the lack of a local lockdown facility jeopardizes public safety.

- 21). Since a 5150 designation is a legal issue and not a medical one, law enforcement personnel may assign an individual a 5150 status. The BOS grants the SCMH Director the power to issue 5150 privileges to clinicians. Currently, the only clinicians in Shasta County who have this authority are the physicians, nurses and therapists associated with SCMH. In the past, emergency room physicians and private-practice psychiatrists also had this authorization; the 5150 authority for these clinicians was retracted upon the closure of the County PHF. According to the Mental Health Director, the rationale for this retraction was that emergency room and non-county psychiatrists do not need this power since they can legally hold patients in emergency rooms for eight hours. The Grand Jury believes that even though a 5150 designation is a legal issue, both emergency room physicians and board certified psychiatrists can determine if a patient is

suicidal or homicidal. Both physician groups had this authority in Shasta County between 1989 and 2004 until the SCMH Director revoked it for all but SCMH personnel and law enforcement. Private practitioners have told the Grand Jury that it is very frustrating and unnecessary to first await the arrival of, and then the patient evaluation by, a nurse or therapist to certify a 5150 designation.

- 22). The Grand Jury is aware of a collaborative community effort to establish a County detoxification facility with a private entity. Participants in this proposal include two local full-service hospitals, Shasta County, City of Redding, City of Anderson, City of Shasta Lake and Redding Rancheria. Currently, detoxification services are provided primarily on an outpatient basis through the Shasta County Alcohol and Drug Program, a Division of SCMH. Hospitals would provide funding, physician consultative services and on-site nursing. In addition to psychiatric consultative services, the County would provide both funding and administrative oversight through its Alcohol and Drug Program. Municipalities would provide funding, law enforcement and emergency medical services. The Grand Jury applauds this collaborative effort, especially in a county with a higher than average substance abuse problem.
- 23). Since the closure of the local super PHF, the Grand Jury has identified an increased private sector interest in providing mental health services in Shasta County. Recently increased Medicare-reimbursement (January, 2005) for inpatient hospitalization is most likely the driving force behind

this interest. Indeed, the Grand Jury has learned that one area hospital still retains both a licensure and physical plant for a 15-bed locked, inpatient psychiatric unit. This hospital has over 100 credentialed physicians on staff and offers a variety of supportive medical services. As mentioned previously, SCMH itself, partners with a variety of private behavioral health entities. The Grand Jury supports further privatization of mental healthcare services, preferably at the local level.

24). As a follow-up to the 2000/2001 Grand Jury's evaluation of mental health services, it is noted that the Mental Health Advisory Board (MHAB) has complied with the recommendation that it submit a mandated yearly report to the BOS. Regarding MHAB leadership shortcomings as noted in that Grand Jury report, the current Jury is less concerned about any lack of focus and direction than it is about the MHAB's ability to convincingly demonstrate and defend community needs to the BOS. With five of the 15 appointees having resigned in the past year, the Grand Jury finds that the MHAB was less effective in overseeing the activities of SCMH.

25). Throughout the course of this investigation it has become apparent that, contrary to what was widely publicized and believed, the increasing cost of maintaining the County PHF was not the determining factor in its closure. The SCMH Director, Deputy Director and local psychiatrists have testified that patient safety (with the associated liability) was the driving force behind the closure. The Grand Jury discovered that the Shasta County super PHF, despite the lack of credentialing as a

detoxification center, had at times, admitted mentally ill patients under the influence of toxic substances. Many of the mentally ill requiring hospitalization have co-morbidities (medical problems such as cardiac or pulmonary disease, hypertension and diabetes). Estimates of mentally ill adults with a significant medical co-morbidity begin at 30% and approach 80% as the age of the patient increases. Older and sicker mentally ill patients at the County's super PHF were increasingly at risk of a significant, life-threatening cardiac or pulmonary event. Even super PHFs are not sufficiently staffed to handle such catastrophes. Specialists such as cardiologists, pulmonologists and internists are not readily available to recognize and treat medical emergencies. Life support equipment may be inadequate and nursing personnel specializing in mental illness may be unfamiliar with current resuscitative techniques. Radiology and laboratory support services are also unavailable.

These factors lead the Grand Jury to believe that the closure of the County's super PHF was appropriate unless SCMH either made expensive changes to increase staffing and support services, or moved to drop its Medicare hospital designation and adopt stricter admission criteria. Implementing the latter choices would have allowed SCMH to maintain a functioning PHF since both per diem rates of care and patient safety risks would be reduced. Strict admission criteria would include obtaining medical clearance and detoxification prior to admission, and denying access to both Medicare patients and patients with unstable medical

problems. A decision to transfer Medicare-eligible patients to out-of-county mental facility care, although still regrettable, would have less of an impact than transferring all patients. Moreover, even if closing the super PHF was ultimately unavoidable, conversion to a basic PHF would have enabled it to remain open while transition planning was less abruptly instituted.

- 26). The SCMH Director is a knowledgeable, experienced, well-spoken and passionate advocate for mental health. For the most part, the Director is well respected by community physicians, local mental health providers, other county mental health directors and the BOS. However, some interviewees described conflicting communications and a confusing chain of command at SCMH. The Director has expressed unwillingness to use Mental Health Services Act (Proposition 63) funding for inpatient psychiatric services in Shasta County, preferring to treat the acutely mentally ill in full-service hospitals or PHFs in other counties. He remains a strong proponent for enhanced outpatient and preventative services. The Grand Jury agrees with the need for inpatient psychiatric beds within full-service hospitals, (preferably local) especially for patients with medical co-morbidities. However, licensure and accreditation hurdles are significant and require up to 36 months to complete. The Grand Jury determined that the Director exerts too much influence on the BOS regarding both operations and funding priorities at SCMH. It is evident that SCMH administrators have chosen a direction away from

publicly provided inpatient services because of an inability to safely and adequately deliver them. Local access to a critical component of mental healthcare need not be denied residents until solutions to improve patient safety are first attempted. Reopening a basic PHF is one such solution. Instead, SCMH is focused on enhancing preventative and outpatient services while delegating its inpatient care to the private sector. This Grand Jury is concerned that unless accessibility and unified delivery of outpatient services improves, the availability of mental health services in the County will further deteriorate.

RECOMMENDATIONS:

- 1). The County BOS, the MHAB and SCMH should increase public education about mental impairment. This should concentrate on understanding the disease, reducing its stigma, procuring a diagnosis and accessing treatment. County Government and SCMH should focus on improving public education through grants, requesting volunteer media exposure and improvements in the ineffective SCMH website. SCMH and the BOS should support and promote Mental Health Awareness Week each October. The Grand Jury recommends the MHAB institute a regularly reporting, public education subcommittee.
- 2). SCMH needs to improve its relationship with the local medical community by encouraging input from private-practice psychiatrists, emergency room physicians and primary care practitioners involved in

treating the mentally impaired. A more collaborative interaction with local hospitals and area clinics is further recommended. We find that improved communication between SCMH and community physicians could be the foundation for future cooperation. The Grand Jury strongly suggests that, like other physician specialists, all psychiatrists employed by the County obtain clinical privileges at local hospitals and directly attend to patients in the emergency room. SCMH should reinstate 5150 authority to non-county psychiatrists and emergency room physicians. Accomplishing the above would promote the integration of mental health care into mainstream medicine.

- 3). SCMH should hire some primary care practitioners or physician assistants in lieu of more costly psychiatrists and incorporate these front line providers into the SCMH structure. SCMH should focus on the critical role case managers play in maintaining continuity of care for out-of-county inpatients once their acute care is completed and they return to Shasta County.
- 4). The Shasta County BOS should consider privatizing, in part or in total, the delivery of mental health services to the citizens of the county. With proper oversight, this would offer a more efficient overall operation. Assurances that all patients requiring treatment actually receive treatment would be necessary. The Grand Jury feels an extensive and well-planned transition program, with input from the general public and all providers of

mental healthcare delivery, must precede any transfer from public to private operation.

- 5). The Grand Jury recommends the SCMH Director improve lines of communication to ensure that SCMH policies affecting the medical community and other public agencies are uniform and consistent. We encourage SCMH to continue to improve access to its crisis intervention teams to reduce emergency room transfer delays. Moreover, to improve the continuity of patient care, we suggest that SCMH expedite the transfer of medical information (history, diagnosis and prescriptions) along with patients requiring out-of-county care. Conversely, SCMH should demand that discharge summaries accompany its patients returning from out-of-county facilities. Additionally, the Grand Jury discourages the indiscriminate delegation of 5150 authority by the SCMH Director.
- 6). SCMH should establish written cost-sharing policies with the County Jail, Juvenile Hall, Probation Department and other agencies for inpatient care and transportation of their mentally impaired inmates or clients. SCMH should improve its service to county agencies affected by the PHF closure e.g., attend to inmates at the Main Jail and Juvenile Hall.
- 7). The BOS and SCMH should closely monitor the costs (including all transportation costs) of out-of-county inpatient care. The Grand Jury offers the following options for reestablishing inpatient psychiatric services for which the County still holds State licensure:
 - Reopen the 15-bed PHF at the previous site on Breslauer Way

by deleting its Medicare designation and adopting strict admission criteria for adult inpatients. This would reduce the average daily cost of care by 50 percent (to \$2 million per year) and also minimize patient safety issues. Medicare patients requiring hospitalization would be cared for at other facilities.

- Open a 15-bed basic PHF on Breslauer as a combined adult/child inpatient care facility by designating ten beds for adults and five for children.
- Open a 15-bed basic PHF on Breslauer as the only north state child inpatient facility. Costs would be more manageable and there is a very low risk of associated physical co-morbidity in this age group.

The BOS should obtain sufficient information to determine whether or not to renew the SCMH \$1.3 million yearly contract for the Elpida Crisis Residential Center. Any option to reopen a PHF would necessitate either closing or relocating this center. The Grand Jury recommends closure. In that event, inpatient psychiatric services could be funded using current SCMH revenues generated by increasing efficiency, reducing out-of-county inpatient care, substituting primary care practitioners for some psychiatrists and eliminating costly Medicare staffing. Moreover, additional funding may become available beginning in 2005/2006 through the Mental Health Services Act. The Grand Jury believes that County residents could, and should, have local access to both inpatient and outpatient mental health services.

Inpatient child psychiatric services have been identified as woefully inadequate for decades and the Grand Jury invites Shasta County to take the initiative and establish a child/adolescent inpatient facility. A north state regional, multi-county proposal for Mental Health Services Act funds (perhaps orchestrated by the SCMH Director) could establish a geographically centered, acute care facility for children with mental impairment. Benefits of such a facility to the overall mental health of children include earlier recognition and treatment of impairment and an improved continuity of care. Enhanced case management, better social rehabilitative services, access to intensive family psychotherapy and recruitment of more child psychiatrists could result from a successful program. This is an opportune time for Shasta County to address the psychiatric needs of north state children.

- 8). Other inpatient psychiatric services could include:
 - The reopening of inpatient services for Medicare patients at a local rehabilitation facility.
 - A truly collaborative effort between SCMH and the local medical community to begin laying the groundwork for an inpatient psychiatric unit in one of the local full-service hospitals.
- 9). In addition to regulatory oversight by governmental agencies, SCMH should periodically undergo outside efficiency evaluations to help streamline its business and management operations. Although the \$20 million SCMH yearly budget is audited annually, it is internally monitored

and controlled by SCMH Directors. While any SCMH expenditures exceeding \$10,000 must be approved by the BOS, the County Budget Officer is only responsible for the minimum, State-mandated, General Fund allotment of \$266,000 per year for mental health services. The balance of the SCMH budget (\$21,131,385) is managed without County oversight. The Grand Jury recommends that SCMH more clearly define the cost savings associated with the closure of the super PHF. There needs to be a more detailed accounting that confirms savings or losses.

- 10). The Grand Jury suggests that the BOS pay a site visit to the County-contracted Elpida Crisis Residential Center and closely evaluate the benefits of the contract's automatic renewal after fiscal year 2004/2005. Should Elpida remain open, the Grand Jury also recommends adoption of a formal lease between the County and Elpida's private sponsor and establishment of an Elpida Policies and Procedures Manual.
- 11). The Grand Jury recommends the County BOS and SCMH consider both financial and staffing support of a proposed County Detoxification Center. This center would afford opportunity for an improved collaboration between SCMH and both the local medical community and city governments. Establishment of a detoxification center would reduce congestion in local hospital emergency rooms. Mental Health Services Act (Proposition 63) funding could be an additional source of financial support.

- 12). The Grand Jury recommends that County and City Government guarantee public safety at all times by ensuring law enforcement personnel attend to 5150-designated patients while they are treated in, and until they are transferred from, local “unlocked” emergency rooms.
- 13). The MHAB needs broader community representation. Private physician, local hospital and clinic, and law enforcement inclusion would strengthen the MHAB role as the community advocate for mental health issues. The Grand Jury encourages the BOS to improve the MHAB composition and strongly urges the MHAB to carefully review all major contracts entered into by SCMH.
- 14). Citizens of Shasta County can take advantage of a new source of state funding for expanded mental health services through the Mental Health Services Act. Similar to new library construction funding a few years ago, this Act awards state tax revenues to individual or joint county proposals for services based on the merits of the plans submitted. Shasta County citizens rallied impressively to support the library and the Grand Jury strongly recommends the BOS encourage a similar community effort. This is an excellent opportunity for increasing access to local services that are both desperately needed and chronically underfunded. Mental health services should be prioritized through the public input sessions sponsored by SCMH. The BOS and MHAB should incorporate this community input into any proposal being submitted.
- 15). The BOS should not rely entirely on staff recommendations when

considering future funding and direction of mental health policy in Shasta County. Assigning large, long-term, no-bid contracts for untried services (Elpida) and closing the super PHF against the recommendations of the MHAB and a citizen's Community Committee do not represent the best interests of County residents. Since the prior BOS (with the exception of one member) felt economic considerations superceded community recommendations to maintain an inpatient facility, the Grand Jury encourages the current BOS (with two new members) to reexamine the issue. From the data presented in this report, the Grand Jury recommends the BOS reconsider the economic factors that led to the decision to close the PHF. We fully appreciate the patient safety issues of the inpatient facility as it was configured prior to its closure. However, our investigation indicates that reopening a basic PHF (non-Medicare) with strict admission criteria, is an economically viable and safe alternative to having no local locked inpatient facility at all. Establishing appropriate and affordable local inpatient hospital services would improve patient access and care and alleviate the problems generated by the closure of the PHF. In conclusion, the Shasta County Grand Jury asks the BOS to examine all the facts and govern for the benefit of its constituents, and not for what benefits SCMH.

RESPONSES REQUIRED:

Board of Supervisors: As to Recommendations 1,4,7,8,10,11,12,13,14,15

The City Councils of Anderson, Redding, and Shasta Lake: As to Recommendation 12

RESPONSES INVITED:

Shasta County Mental Health Director: As to Recommendations 1, 2, 3, 5, 6, 7, 8, 11, 14

RECOGNITION:

The Grand Jury applauds the collaborative community effort to address the growing problem of substance abuse, recognize its connection to mental impairment and take action through a proposed County detoxification center. We hope this collaboration serves as a model for future community endeavors towards improving mental health for all citizens.

INNOVATIVE EDUCATION

Shasta Union High School District
2200 Eureka Way, Suite B
Redding, Ca 96001
(530) 241-3261

REASON FOR INQUIRY:

Section 933.5 of the California Penal Code provides that the Grand Jury may investigate and report on the operations of any special purpose assessing or taxing district located wholly or partly within the County. The Grand Jury investigated three charter schools within the Shasta Union High School District: Redding School of the Arts, Shasta Secondary Home School, and University Preparatory School.

BACKGROUND:

A charter school is a form of public school that may be established and operated by individuals or organizations outside the traditional school district system. Charter schools were adopted to encourage the use of innovative and different teaching methods that increase learning opportunities for students. This provides parents and students with more choices regarding the type of education available outside the direct control of the conventional school district. Charter schools are generally exempt from most laws that apply to regular public schools. As a result, administrators, faculty, staff, and parents have considerable autonomy in designing educational programs, facilities, and budgets.

The Charter Schools Act of 1992 (beginning at section 47600 of the Education Code), provided for the establishment of charter schools in California. The intent of the act is to:

- (a) Improve learning and increase opportunities for pupils
- (b) Encourage the use of innovative teaching methods

- (c) Create new professional opportunities for teachers including the responsibility for the learning program
- (d) Provide parents and pupils with expanded educational choices not available in a conventional public school
- (e) Hold the schools established under this act accountable for meeting mandated and measurable pupil outcomes
- (f) Provide vigorous competition within the public school system to stimulate continual improvement in all schools

Charter schools receive state and local funding on a per pupil basis. This funding is based on statewide averages, depending on the grade level of the student and the average daily attendance. Many charter schools also receive other forms of state and federal funding. In addition, charter schools receive contributions from individuals and private foundations. Unlike private schools, charter schools are not allowed to charge tuition.

Generally, to create a charter school in California, a "charter petition" must be developed, circulated, and signed by the required number of parents or teachers, and submitted to a sponsoring district. Anyone can circulate a petition to start a charter school. Charter petitions must contain 16 specific elements that describe the school's structure, its expectations for student performance, and formalized procedures for resolving disputes between the charter school and its sponsoring district. The sponsoring district must review a description of the school's facilities and administrative services and procedures to be used if the charter school closes. Additionally, potential civil liability must be addressed by both entities. Sponsors must grant the charter unless they make

written findings arguing that petitioners have proposed an unsound educational program, are demonstrably unlikely to implement the charter, or do not meet the statutory requirements.

The Shasta Union High School District is the sponsoring district for:

1. Redding School of the Arts (chartered August 23, 1999) Enrollment-270 pupils with 170 on a waiting list (Kindergarten through 8th grade)
2. Shasta Secondary Home School (chartered August 8, 1999) Enrollment-250 pupils (6th through 12th grade)
3. University Preparatory School (chartered August 1, 2004) Enrollment-257 pupils (currently 6th through 9th grade)

Redding School of the Arts (RSA) places a special emphasis on visual and performing arts. Small classes and individualized attention to students are emphasized. One educational approach used by RSA is that all students are immersed in a theme-based curriculum throughout the school year regardless of grade level. The theme for the current school year has been U.S. History. RSA recently held a "Theme Day" where the students learned about The Civil War. RSA's facility, which is shared with University Preparatory School (UPS), is located at the Shasta Learning Center, with student artwork displayed throughout. Enrollment at RSA is limited to 270 students; new students are accepted on a lottery basis.

Shasta Secondary Home School (SSHS) emphasizes home schooling education, provides individualized attention to students, and offers classes onsite. Students of SSHS also attend classes at Shasta College and local high schools. This charter school has

purchased a facility, unlike RSA and UPS, which must rely on the sponsoring district to provide space.

University Preparatory School (UPS) is growing like the other two charter schools in the District. UPS currently enrolls students, grades 6-9, and will be adding 10th grade in the coming school year. In the following two years, 11th and 12th grades will be added. UPS is unique in its special emphasis on preparing students for college and encouraging participation in performing arts, community services, clubs, and athletics.

Petitions for these schools were approved by Shasta Union High School District (SUHSD) and each was granted a five-year charter. A Memorandum of Understanding (MOU), defining the relationship between the District and each charter school, is reviewed annually.

Typically, charter schools rely heavily on the sponsoring district for business and administrative services. There are two main categories of services that the sponsoring district provides for charter schools as referenced in the MOU's:

1. Supervisorial Oversight (as used in Education Code Section 47613) includes:
 - (a) All activities related to charter renewal and revocation processes, as described in Section 47607
 - (b) Activities relating to monitoring the performance and compliance of the charter school with respect to the terms of its charter, related agreements, and all applicable laws
 - (c) Review and response to the annual school performance report and related processes as outlined in the school's charter

- (d) Participation in the dispute resolution process as described in the MOU of the charter
 - (e) Major facility space and maintenance costs
2. Administrative and other services, including:
- (a) Accounting and payroll
 - (b) Accounts receivable and accounts payable
 - (c) Fiscal planning, budget development, and oversight
 - (d) Student data information management
 - (e) Insurance
 - (f) Student assessment and testing
 - (g) Personnel services
 - (h) Health services

Charters are reviewed for renewal every five years. A sponsoring district may revoke a charter for the following reasons:

1. A material violation of the conditions, standards, or procedures set forth in the charter
2. Failure to meet or pursue the pupil outcomes identified in the charter
3. Failure to meet generally accepted accounting principles, or engaging in fiscal mismanagement
4. Violations of the law

METHOD OF INQUIRY:

The Grand Jury reviewed the following documents:

- Memoranda of Understanding (RSA, SSHS, and UPS)
- 2004 Internal Audits (RSA, SSHS, UPS, and SUHSD)
- 2004 Outside Audit (RSA)
- List of the 16 elements required for a charter school
- The Charter Schools Act of 1992 (commencing at section 47600 of the Education Code)

The Grand Jury conducted the following interviews:

- Superintendent of the Shasta County Office of Education
- Employee of the Shasta County Office of Education
- Directors/Superintendents of the three charter schools
- Superintendent of another Shasta County school district
- Principal of a private school in Shasta County
- Chief Business Official of the Shasta Union High School District
- Superintendent of the Shasta Union High School District

The Grand Jury toured the following facilities:

- Redding School of the Arts
- Shasta Secondary Home School
- University Preparatory School

The Grand Jury attended board meetings on February 8, 2005 and March 8, 2005:

- Shasta Union High School District

FINDINGS:

1. There are currently five school districts in Shasta County that are the sponsoring districts for ten different charter schools.
2. The sponsoring district for all charter schools in Shasta County is a school district.
3. Similar to public schools, charter schools receive per-pupil and block grant funding and are audited annually.
4. Anyone may petition to establish a charter school, but must have a sponsoring district.
5. The curricula for charter schools are diverse and not always the same as public schools. However, State Standards and the Education Code are followed with regard to attendance and standardized testing.
6. Each charter school has an independent governing board of directors.
7. Changes to the MOU between a charter school and the sponsoring district cannot be made unless both parties agree.
8. Each of the charter schools currently operating within the SUHSD is highly dependent on the District for oversight and business/administrative services. They also rely on the District for their facilities. Costs vary based on the services and facilities provided (for example, SSHS provides its own upkeep and maintenance, while UPS is provided with food services).
9. The District charges each charter school the following percentages of the annual school Block Grant revenues for "Supervisory Oversight" based on their MOU:
 - (a) Redding School of the Arts: 3%

(b) Shasta Secondary Home School: 1%

(c) University Preparatory School: 3%

10. The District charges each charter school the following percentages of its annual school revenues for “Administrative and Other Services” based on their MOU:

(a) Redding School of the Arts: 7%

(b) Shasta Secondary Home School: 7%

(c) University Preparatory School: 9% (12% once enrollment reaches 400)

11. RSA has advised the SUHSD Board of Directors at a recent meeting that it is concerned about its relationship with the District. RSA representatives feel the school is being overcharged for services the District provides. Further, RSA representatives believe the school is not being kept informed of costs incurred and any changes with regard to those costs. RSA funds have been reduced substantially and unexpectedly because of these charges.

12. A lack of communication between RSA and the District has placed the relationship in turmoil. RSA is exploring a change of its business and administrative services to another entity. If this were to occur, the District could raise the RSA oversight fee to cover the loss of revenue from the administrative fee.

13. Both SSHS and UPS have a strong and satisfactory relationship with the District. The District has concerns regarding the financial viability and management of RSA.

14. The continued growth of charter schools could have a negative financial impact on public schools and could cause declining enrollment in non-chartered schools.
15. A reduction of district fees charged to the charter schools would have a negative financial impact on the District's non-chartered school funds.
16. There is a public perception of a conflict of interest with regard to the spousal relationship between the Superintendent of the District and the Principal of UPS. This relationship could influence the objectivity of decisions regarding UPS as well as the allotment of classroom space for RSA and UPS at Shasta Learning Center.
17. The charter schools in the SUHSD provide educational opportunities for students with unique talents and needs that may not be met by traditional public schools. The charter schools also provide a sense of competition between the schools, which could have a strong positive impact.

RECOMMENDATIONS:

1. Each charter school should obtain financial/business training and expertise with regard to the operation of a charter school and its financial relationship with the sponsoring district. One form of training can be provided by the California Association of School Business Officials (CASBO). An outside consultant could also be considered.

2. The District and RSA need to improve communication. Total revenue, supervisory changes, and which specific funds the District should have access to, should be jointly reviewed and fully understood by both parties.
3. The Superintendent and/or Chief Business Official of the District should attend board meetings of the charter schools at least two to three times per year.

RESPONSES REQUIRED:

RSA governing board: As to Recommendations 1, 2

SUHSD governing board: As to Recommendations 2, 3

UPS governing board: As to Recommendation 1

RECOGNITION:

The Grand Jury applauds these three charter schools for their academic focus and individualized attention toward students.

Memory Park Subdivision:

Playing Monopoly with the City of Redding

City of Redding
777 Cypress Avenue
Redding, Ca 96049-4325
(530) 225-4500

REASON FOR INQUIRY:

Section 925a of the California Penal Code provides that the Grand Jury may examine the books and records of any incorporated city located in the county.

BACKGROUND:

The laws of the State of California require all cities and counties to prepare long range plans that address such issues as land use, transportation, health and safety, noise, housing, open space and land conservation. The General Plan for the City of Redding (City) establishes basic policies for development and zoning in the City. The General Plan benefits the community since it establishes the basic guidelines for future development. These guidelines include such things as how the City should grow, where development may occur, where future parks and trails may be located, and ensuring that municipal services levels are maintained. The City's new General Plan became effective on November 2, 2000.

The Memory Park Subdivision was a proposed development in the City on Pioneer Lane to subdivide about five acres to create 17 new home lots. Pioneer Lane is located in a developed area that has a wide mix of home types ranging from single-family houses on several acres to buildings on 10,000 square foot lots. The new General Plan zoning designation in the Pioneer Lane area is Residential which allows 2.0 to 3.5 units per acre. The zoning for this five-acre parcel allows three units per acre, or a total of 15 units.

In December of 2001, a "Planned Development" designation was placed on the property as part of the citywide rezoning effort to address "Infill Development" issues within the City. According to the City's General Plan, "A Planned Development is a proposed unified development, consisting of a minimum of a map and adopted ordinance setting forth the regulations governing, and the location and phasing of all proposed uses and improvements to be included in the development". Infill Development is the development of vacant land (usually individual lots or leftover properties) in areas that are already largely developed. A Planned Development designation allows for a maximum density of 3.5 units per acre. Thus, the proposal for Memory Park Subdivision allowed for 17 units, instead of 15.

In 2002, prior to the Memory Park Subdivision proposal, the five acre parcel on Pioneer Lane was offered for sale to neighboring property owners. The offer listed a potential for 15 lots on the property.

The Memory Park Subdivision/Planned Development was similar to the City's approved Parkview Neighborhood Revitalization Plan. Both were Infill Projects with single-family houses, parking and detached garages off rear alleys, a pedestrian friendly orientation, traditional styles, and ample common open space.

The City Planning Department strongly recommended approval of the Memory Park Subdivision project to the Planning Commission, which then approved the project application on April 27, 2004. Because of the project's high density and perceived incompatibility with the character of the area, there were strong objections to the project by organized neighborhood residents. One of the residents is a retired City employee and McConnell Foundation Board Member. This resident appealed the Planning Commission

action to the City Council. After hearing the Planning Department recommendation for approval, and considering the City Manager's and neighbors' concerns, the City Council voted on June 21, 2004 to deny approval of the Memory Park Project. In support of this action, the City Council on July 20, 2004 voted to adopt the Planning Department's revised findings to uphold the appeal and deny the Memory Park Project.

METHOD OF INQUIRY:

The Grand Jury collected and reviewed the following documents:

- The property offer dated August 7, 2002 to neighboring landowners for the sale of approximately five acres on Pioneer Lane
- Agendas, minutes, recordings, and transcripts of the City Planning Commission Meetings of March 27, 2004 and April 27, 2004
- Agendas, minutes, recordings, and transcripts of City Council Meetings of June 21, 2004 and July 20, 2004
- The City Planning Department's file and correspondence related to Tentative Subdivision Map S-9-03, Planned Development Application PD-3-03, and Memory Park Subdivision and Planned Development
- The City's Ombudsman report, "Recommended Service Enhancements For The Development Review Process", dated October 2004

The Grand Jury conducted the following interviews:

- Five City Council Members
- Newly elected City Council Member
- Two Planning Commission Members

- City Manager
- City Administrative Services Director
- Deputy City Manager
- City Development Services Director
- City Senior Planner
- Two local developers
- Original land owner
- Neighboring land owner

FINDINGS:

1. City Council adopted the current General Plan after a four-year study by a 35 member public commission.
2. The Memory Park Subdivision was supported by both the City's Planning Department and Planning Commission because it was an Infill and Planned Development of well-designed homes that meet the City's General Plan goals for quality design.
3. Developers must expend substantial amounts of time and money on planning, engineering, and environmental studies to meet City requirements before a project is approved. These development costs have increased substantially in the last year alone and are often passed on to future homebuyers.
4. Projects resubmitted to meet the City's recommended changes may result in a developer's partial or total loss of investment.

5. Neighborhood opposition, when submitting projects of approval should not under estimated.
6. The proposed Memory Park subdivision met the General Plan requirements; however, the application and approval process took almost two years to complete.
7. In an attempt to resolve neighborhood concerns, the City Manager met with the Memory Park Developer several days before the City Council meeting of June 21, 2004.
8. Strong political influence was exerted on the Planning Commission and City Council to disapprove this project.
9. The City's Ombudsman report on recommended process changes was presented to the City Council for consideration on October 25, 2004. Some of the recommendations include:
 - Computerized project tracking system
 - Document and distribute results of scheduled meetings with applicants
 - Recap key points and distribute the information in a timely manner
 - Accelerate the evaluation "for completeness process" for use permits and site development permits
 - Have early face-to-face discussions on projects
 - Schedule meetings in a timely fashion for the resolution of issuesSome of these recommendations are being implemented by the City's Development Services Department.

RECOMMENDATIONS:

1. The City Council should not derail well designed Infill and Planned Developments.
2. The Planning Department should attempt to expedite the permit approval process. The City's Ombudsman report on recommended process changes should continue to be implemented.
3. Political influence should not override sound planning decisions.

RESPONSES REQUIRED:

1. The Redding City Council as to all Recommendations.

READY TO RESPOND

Cottonwood Fire Protection District
3271 Brush Street
Cottonwood, CA 96022
530-347-4737

REASON FOR INQUIRY:

Section 933.5 of the California Penal Code provides that the grand jury may investigate and report on the operations of any special purpose assessing or taxing district located wholly or partly within the county.

BACKGROUND:

Several devastating fires are recorded in Cottonwood's history. In 1902, all buildings on the south side of Front Street were lost to fire, although the north side of the street was saved by a bucket brigade. The following January brought another loss of three important Cottonwood buildings: the John Munter Mercantile Company, the United States Post Office, and the Cottonwood Herald newspaper plant. Two large fires in 1904 and 1909 destroyed several more establishments in the business district.

A Volunteer Fire Department was formed in 1931, followed five years later by the establishment of the current special district, Cottonwood Fire Protection District (CFPD). The District is charged with providing fire protection and life safety services to the community of Cottonwood and adjacent areas of Shasta County. The District serves a population of approximately 3,000 residents and covers an area of roughly thirty-six square miles, reaching from Moonbeam Lane at the west to Coleman Fish Hatchery at the east, and Lone Tree Road at the north to the Shasta/Tehama County line at the south. Additionally, the District responds to traffic accidents within the District and along the I-

5 corridor through Cottonwood; and has a mutual assistance agreement with Tehama County covering the northern-most areas of Tehama County adjacent to the CFPD.

Currently, CFPD has two paid fulltime employees (a Chief and Captain), one authorized but unfilled officer position, and 13 volunteer firefighters. The Cottonwood station is manned by the Chief and Captain, on a rotational basis 24 hours a day, 7 days a week. The five Directors of the CFPD Board serve four-year terms, and meet monthly. Interested persons are invited to attend and participate in the meetings.

The District depends on property taxes as its principal source of revenue. In addition, some parcels are assessed an annual fee of \$30 (mostly those in the older sections of the District). Wages for paid employees of the district come from property tax revenues and private donations. Parcel fees and grants are used for equipment purchases. CFPD owns four fire engines, including a still-active 1951 International pumper. The District has a water-tender and a rescue unit. A new Type II/III engine (capable of handling wildland as well as structure fires) has been ordered for delivery in the spring of 2005.

CFPD responds to over 800 requests for emergency services each year (57% emergency medical calls, 19% fire, 11% traffic collision/accident, 5% public assist, 3% hazardous materials, 3% false alarms, and 2% other).

METHOD OF INQUIRY:

The Grand Jury reviewed the following documents:

- District policies, procedures and memoranda
- 1997, 1998 and 1999 General Purpose Financial Statements (combined)

- 2000 and 2001 General Purpose Financial Statements (combined)
- 2004/2005 Budget
- Historical account by Dottie Smith, a local historian
- Local newspaper articles

The Grand Jury conducted the following interviews:

- Fire Chief
- Chairman of the Board of Directors
- Two Volunteer Firefighters
- Shasta County Fire Marshal

The Grand Jury attended Board meetings held on 9/13/04 and 12/2/04 and toured the fire station in February 2005.

FINDINGS:

1. The CFPD has undergone several changes in leadership style over the past several decades. At times, morale has waxed and waned due to the use of 'good ole boy' special arrangements. Currently, high morale is recognized as necessary for good firefighting cooperation and maintaining sufficient personnel. The present administration stresses efficiency and teamwork; it strives to ensure fair treatment for all, and values open and honest communication at all levels.
2. The Chief and Captain are responsible for all the District's administrative and operational duties. These two perform overall administration, operations, training, and fire prevention duties. Combined with the everyday emergency response

workload, the ability to maintain the attention necessary to every area of responsibility is compromised.

3. Past administrations failed to maintain appropriate recordkeeping and seek annual financial audits. CFPD is now committed to correcting the gaps in accounting documentation. The Board has recently mandated that annual audits be performed and has contracted with a Certified Public Accountant. Lack of a clerical employee in the CFPD contributes to the poor record keeping and associated financial accountability.
4. The District's policies and procedures material, as presented to the Grand Jury, is a compilation of disorganized documents. Much of the material consists of handwritten memoranda from prior chiefs dating back more than fifteen years. A person seeking information regarding a particular policy or procedure would find it difficult to locate, and if located, confusing as to its current relevance.
5. Lack of public interest, coupled with the cost of holding elections for unopposed candidates, has resulted in Board membership turnover without election. Board members have been appointed, not elected, for the last seventeen years.
6. The CFPD's operating budget as presented to the Grand Jury, for the fiscal year July 1, 2004, to June 30, 2005, is \$408,780. Revenues are anticipated at \$393,175, plus a transfer of \$15,605 from the Capital Projects Fund. A FEMA (Federal Emergency Management Agency) grant of \$201,600 was secured for the new fire engine. Without the transfer from the Capital Projects Fund, CFPD would have a deficit for the year. Revenues since 1997 have risen roughly fifteen percent, which has not kept

pace with rising costs. The District annexed an additional 15 square miles in 1998, which brought increased responsibility but did not help the financial situation.

7. The Board of Directors meets with the CFPD Volunteer Association monthly for a round table discussion of plans and needs. Beyond that, there is little, if any, formalized planning for the District. Lack of a formal strategic plan, coupled with the needs of an increasing population and changing demographics, threatens CFPD's ability to remain viable long-term. CFPD is exposed in several areas:
 - a. Restricted tax revenues – tax rate and overall funding sources
 - b. Expanding population without increased revenue to cover growing responsibilities
 - c. A large, sometimes remote, and diverse geographical area
 - d. Aging apparatus, inadequate facilities, and out-dated equipment
 - e. Lack of community knowledge of fire district operations resulting in weak community support
 - f. A fluctuating volunteer pool – not unique to CFPD are the mounting challenges to recruiting and retaining volunteers due to ever-increasing regulations and legal standards
8. CFPD lacks a formal capital improvement plan, leaving the district exposed in two areas:
 - a. Apparatus – The equipment owned by CFPD consists of structural and wildland firefighting apparatus as well as an emergency medical response vehicle. After delivery of the new Type II/III fire engine, three of the four

engines will still be older than 25 years. The normal life expectancy of active fire engines is less than 25 years.

- b. Facilities – CFPD needs a new fire station. In addition to having too few bays, the floor has been raised to mitigate flooding problems, thereby leaving the ceiling too low to accommodate the height of newer apparatus. There is a separate garage behind the station that houses the water tender and the oldest engine. The new engine will take one of those spaces, and the oldest engine will be parked outdoors. CFPD owns a parcel of land on the southeast corner of Brush and Fourth streets in Cottonwood, but lacks sufficient funds needed to construct a new station.
9. Community awareness of the District's operations and needs is poor, and therefore support is not adequate. By contrast, the Cottonwood Beautification Committee and community volunteers have recently raised significant funds for a series of life-size cowboy sculptures along Main Street, clearly demonstrating that public support can be marshaled for well-presented and well-communicated initiatives.

RECOMMENDATIONS:

1. The CFPD should make it a priority to find at least part-time clerical personnel, whether paid or volunteer. This would help mitigate the poor recordkeeping and general lack of organization found by the Grand Jury. More importantly, it would allow time for the Chief and Captain to focus on CFPD's emergency response responsibilities while addressing matters discussed in recommendations 2, 3, and 4.

2. Effective policies and procedures are needed to comply with legal mandates and to promote good practice generally. It is not enough to just have policies and procedures. "Effective" means well-defined policies (statements that provide managerial guidance) and procedures (operational reflections of those policies), that are written, well-organized, crystal-clear, and well-communicated. CFPD should begin the process of developing and writing its policies and procedures and set a date by which they will be completed.
3. Board elections are prescribed by state law and CFPD's by-laws. The Grand Jury finds that elections are preferable to appointments to ensure that the Board does not stagnate and become ineffective. Simply posting the required legal notices when a board seat becomes vacant is insufficient. CFPD should take steps necessary to generate publicity and enthusiasm for Board service.
4. A formal strategic planning process should be created and then implemented. A planning team should be established and team members should be drawn from local business people, District Board members, fire personnel, and especially, residents. A strategic plan would review all areas and issues necessary to set the future direction of CFPD. The results can be formulated into a clear vision, with mission and value statements, that would be a guide for many years. This collaborative effort would greatly improve CFPD's relationships and communications with the business community and residents. Public support for funding initiatives necessary to execute the plan would follow.

RESPONSES REQUIRED:

The CFPD governing board as to all recommendations

RECOGNITION:

It is admirable that CFPD has provided protection to the Cottonwood community for almost 70 years with volunteers and meager budgets.

REDDING LAND PURCHASES

City of Redding
777 Cypress Avenue
Redding, Ca 96001
(530) 225-4500

REASON FOR INQUIRY:

California Penal Code Section 925a empowers a grand jury to examine the books and records of any city or joint powers agency located in the county. A grand jury may also investigate and report upon the operations, accounts, and records of the officers, departments, and functions and the method or system of performing the duties of any city and make such recommendations as it may deem proper and fit.

BACKGROUND:

The City of Redding (City) has purchased real property in Shasta County for a number of years. In the last year or so this activity has increased. For example:

1. On March 16, 2004, the City Council approved the Vacant Land Purchase Agreement to buy 82 acres (parcel B on map) located between I-5 and the Sacramento River. This parcel is at the terminus of Adra Road on the north side of Smith Road and is outside the City's limits. The purchase price was \$1.5 million. About two-thirds of the parcel is in the 100 year flood plain and all of it is in the 500 year flood plain. The official reasons given by the City Manager and City Council members for this purchase were to provide a buffer between Redding and Anderson, to provide river access to citizens and to provide an aesthetic appearance for the City's entry. The City already owns some fifty acres just west of I-5 at Knighton Road which serves as a buffer. Many people interviewed by the Shasta

County Grand Jury (SCGJ) believe the City wanted the recently purchased 82 acre parcel for an auto mall. The largest single source of sales tax revenue to the City is the \$2 million generated by auto sales each year. Funds for the purchase of the land came in the form of a loan from Redding Electric Utility's (REU) reserve fund. The REU is an enterprise department and currently has a \$42 million reserve fund. These monies are being accumulated in part for capital improvements and equipment replacement.

At the same time as the purchase of parcel B, a 152 acre parcel of vacant land (parcel A on map) abutting and to the north of the City's land was in escrow for \$1.7 million by a local non-profit organization. One half of this property is in the 100 year flood plain. The City had a back-up offer of \$1.8 million in case escrow was cancelled. However, the original purchaser closed escrow.

2. The City has also purchased a building in the Downtown Redevelopment District with \$495,000 of Redevelopment funds. The reason given by the City for the purchase was that it facilitated a theatrical company's future housing. The verbal agreement is that the company will buy the building and improve it by approximately \$1.25 million. If the theatrical company is unable to fulfill its obligation, the City will still own the building.
3. The City recently purchased 5.8 acres on Churn Creek Road near South Bonneyview Road. Originally, the plan was to buy a small piece (0.6

acre) of it in order to realign and widen Churn Creek Road. The reason for purchasing the entire parcel is unclear to the Grand Jury.

METHOD OF INQUIRY:

The Grand Jury collected and reviewed the following documents:

- Assembly Bill 1290 (Isenberg) 1993
- Agendas and minutes of Redding City Council meetings of March 2 and 16, 2004
- Agendas and minutes of Redding Redevelopment Agency meeting of September 20, 2004
- Purchase offer and escrow papers on the 82 acre parcel
- Purchase offer and escrow papers on the downtown building

The Grand Jury conducted the following interviews:

- Director, Redding Electric Utility
- President, local theatrical company
- Realty Director, local non-profit organization
- Redding Administrative Services Director
- Redding City Council members (five)
- Redding City Manager
- Redding Financial Director
- Redding Deputy City Manager
- Shasta County Chief Administrative Officer
- Three Realtors/Brokers

- Two Land Appraisers
- Two Redding Senior Redevelopment Coordinators

FINDINGS:

1. The \$1.5 million used to buy the 82 acre parcel B was loaned to the City by the REU @ 3.5% (below market, but at the same rate the money had been earning) for a ten year term. Repayment does not start for four years (beginning in 2008) and the City Council has the right to forgive the loan at any time.
2. The appraisal on the less desirable parcel B was \$18,300/acre versus the appraisal on the immediately adjacent 152 acre parcel A at \$11,200/acre. The appraisers on parcel B said this discrepancy was due in part to a back-up offer the main realtor said he had in his possession. Surprisingly, the realtor told the Grand Jury that the seller refused to sell to the non-profit organization making the alleged back-up offer. The realtor did not substantiate this offer. The Grand Jury talked to a representative of the organization who supposedly made the back-up offer. This representative stated that no opportunity to make an offer had been forthcoming. In fact, there was no back-up offer.
3. The SCGJ can find no justification for the City's purchase of the 82 acres, other than an attempt to increase property values in the area.
4. The Churn Creek Road property purchased with Redevelopment Funds could have been developed by private parties. The City purchased this property for development, not redevelopment as defined in Assembly Bill 1290.

Therefore, Redevelopment Funds should have been used only for buying right-of way, if at all. As for realigning Churn Creek Road, the three alternative alignments the Grand Jury reviewed do little to improve the current route. Other areas such as South Bonneyview Road have a much more urgent need for improvement.

5. When the City buys a piece of property, it removes that parcel from the property tax rolls.

RECOMMENDATIONS:

1. The City Council needs to be more forthright in letting the public know why it is accumulating property for development and/or speculation in competition with private parties.
2. Redevelopment Funds should be used for redevelopment only, not development.
3. Borrowing of REU reserve funds for speculative land acquisition is an unsound business practice. When used for such purposes, these funds are unavailable for use by the utility for years. The Grand Jury recommends that the City Council utilize excess funds to lower electric rates instead of making real estate purchases.
4. The City Council must ensure full and timely repayment of the loan to Redding Electric Utility. Fees charged by public entities may not exceed the cost of providing the service. If the debt is forgiven by the City Council, then the rate payers will have paid in excess of the cost of electricity.

RESPONSES REQUIRED:

The Redding City Council as to all Recommendations.

WATER, WATER EVERYWHERE

Anderson-Cottonwood Irrigation District
2810 Silver Street
Anderson, CA 96007
530-365-7329

REASON FOR INQUIRY:

California Penal Code Section 933.5 empowers the Grand Jury to investigate and report on the operations of any special purpose district in the county. The Grand Jury received two citizens' complaints regarding Anderson-Cottonwood Irrigation District (A.C.I.D.).

BACKGROUND:

A.C.I.D. was formed in 1914 to provide irrigation water to farms in the district. The District operates under the authority of Division 11 of the California Water Code. The area served extends from the A.C.I.D. diversion dam facility on the Sacramento River near Caldwell Park in Redding, south into the northern edge of Tehama County; a second pumping facility is located on the river at South Bonnyview Road. From April through October, the District provides water to 885 paying customers, irrigating approximately 7,000 acres via two canal systems. It is estimated that an additional 6,600 acres benefit from canal seepage although no fees are paid.

The District operates under contract with the United States Bureau of Reclamation (USBR) to receive water stored behind Shasta Dam for use during drier months. Beginning in 2002, A.C.I.D. and the USBR began renegotiating the terms of their 40-year contract initiated in 1964. Customers of the District (subscribers) expressed concern that information affecting future water usage was being kept secret, as

negotiations were held during closed-door sessions of the Board of Directors. An informational meeting was held August 31, 2004, to present facts supporting the proposed contract. To better understand the contractual changes, it is necessary to review certain definitions. USBR considers two categories of appropriated water for contract purposes:

1) Base Supply (non-Central Valley Project Water) - water that would be available for appropriation from the Sacramento River if Shasta Dam did not exist. This water may be diverted by A.C.I.D. during the months of April through October without payment to the USBR, and

2) Project Water - water that is stored behind Shasta Dam for which fees are charged to A.C.I.D. by the USBR.

Under the 1964 contract, A.C.I.D. diverted Sacramento River water from a claimed Base Supply of 165,000 acre-feet/year, but was obligated to pay for an additional 10,000 acre-feet of Project Water annually. An acre-foot is the volume of irrigation water that would cover one acre to a depth of one foot (325,900 gallons). The new contract specifies that the USBR will buy back 3,000 acre-feet of Project Water at \$700.00 per acre-foot.

Therefore, A.C.I.D. is obligated to pay 75% of the cost of storage and maintenance for 7,000 acre-feet rather than 100% of 10,000 acre-feet as in the past. A.C.I.D. can offset this fee by selling water to other districts. Additionally, under the proposed contract the Base Supply is reduced to 121,000 acre-feet.

Many subscribers believe that they (or the District) have riparian rights and/or uncontested rights to Sacramento River water, and therefore, a contract with USBR may not be necessary. It should be noted that California operates under a dual or hybrid

system of water rights which recognizes the doctrines of both riparian rights and appropriative rights. Riparian rights refer to the usage of water which flows past an owner's land, for example, the Sacramento River. Riparian water cannot be diverted for use upon non-riparian land. By contrast, the appropriation doctrine recognizes that one (such as a water district) who actually diverts and uses water has the right to do so, provided the water is used for reasonable and beneficial uses. Further, appropriation of water does not permit reservation of water for future needs. Therefore, A.C.I.D., under an appropriative right claimed prior to the enactment of the California Water Commission Act of 12/19/14, diverts and delivers, but does not store Sacramento River water. This appropriative right has never been adjudicated (tested in court). One factor influencing the District's decision to enter into a new contract with USBR was concern that some exposure to a challenge regarding this historical right may exist. An appropriative right can be maintained only by continuous beneficial use of water. Regardless of the amount claimed in the original notice of appropriation or at the time diversion and use first began, the amount which can now be claimed under an appropriative right prior to the 1914 Act, is fixed by actual beneficial use as to both historical amount and season of diversion. An analysis of water usage throughout the District during the past 40 years contributed to the new contract terms. University of California at Davis was involved in performing this water needs analysis in 2003. Significant findings include the District's reduction from 23,000 acres of irrigated crop land to 13,900 acres. Land usage has steadily moved from ranching and agriculture to subdivisions, schools, and community enterprises which do not require irrigation. Prior to 1989, water diversion by the District averaged 150,000 acre-feet per year. From 1989 through 2002, diversions averaged 118,000 acre-feet per

year (calculations excluded 1993, an exceptionally wet year). Therefore, the reduction of Base Supply water from 165,000 acre-feet to 121,000 acre-feet conforms to actual usage as required to maintain appropriative rights.

The A.C.I.D. delivery system has inherent flaws, such as earthen-lined canals subject to significant seepage. A substantial amount of "lost" water returns to the Sacramento River and benefits the local water table. In addition, seepage irrigates parcels owned by non-subscribers who have no control over the amounts or times of water flow. Loss of water from the system necessitates the diversion of larger amounts from the river to fulfill irrigation needs than is required of more efficient systems, such as those in other counties. However, lining the canals would be a prohibitive undertaking both financially and operationally. Budgetary concerns are further strained by the increasing loss of subscribers over the years and a reduction of property tax revenue. The new USBR contract specifies that A.C.I.D. will pay \$24.43/acre-foot, adjusted annually, while the rate in the past was fixed at \$2.00/acre-foot. Of that new amount, \$6.00/acre-foot will be credited toward reducing a debt in the amount of \$820,960, which has accumulated since the 1980's when A.C.I.D.'s payment for stored Project Water did not cover actual expenses incurred by USBR for the operation of Shasta Dam.

Grand Jury reports issued in 1994/1995 and 1996/1997 describe a poor relationship between A.C.I.D. and its subscribers. Some subscribers continue to claim that the District makes little effort to allay their concerns or to solve problems associated with water delivery to particular parcels. In addition, complaints have been made that board meetings have not followed recognized parliamentary procedure and violations of the Ralph M. Brown Act (Brown Act) may have occurred.

METHOD OF INQUIRY:

The Grand Jury reviewed the following documents:

- Rules and Regulations Governing the Distribution of Water in the Anderson-Cottonwood Irrigation District
- Civil Code Sections 654-663
- Minutes of Board Meetings held 7/8/04 and 8/12/04
- A.C.I.D. Revised Water Needs Analysis Documentation dated June 6, 2003
- A.C.I.D. Staff Report for August 12, 2004 - Comparison of Existing Sacramento River Settlement Contract with Proposed Renewal Contract
- Contract No. 14-06-200-3346A-R1 (R.O. Draft 08/19-2004)
Between The United States and Anderson-Cottonwood Irrigation District
- Fiscal Year 2005 Budget
- Redding Basin Water Resources Management Plan, Phase 2C Report, dated August 2003
- The New Robert's Rules of Order, 1993, Edited by John Sherman, Article VII, Section 43 Decorum in Debate
- Brown Act Open Meeting Requirements (Government Code Sections 54950-5462), as of July 1, 2004
- 2004 Schedules of Water Rates of three local water districts
- Citizen Complaints
- Local newspaper articles

The Grand Jury conducted the following interviews:

- General Manager, A.C.I.D.
- President of the Board of Directors, A.C.I.D.
- Legal counsel for A.C.I.D.
- Two subscribers
- A retired certified parliamentarian

The Grand Jury attended one informational meeting regarding the proposed Bureau of Reclamation contract (8/31/04), four Board of Directors meetings (11/11/04, 12/9/04, 2/10/05, 3/10/05), and one Budget Workshop (12/9/04).

FINDINGS:

1. The importance of water, coupled with the complexity and obscurity of water law, has underscored the public's concern regarding A.C.I.D. The Grand Jury found that the most problematic matters were related to water rights, water contracts and possible violations of the Brown Act.

2. The diversion and delivery of water by A.C.I.D. is accomplished using a non-adjudicated appropriative right, not a riparian right. The contract with USBR strengthens the District's position against challenges to its appropriative right, as the arrangement enables A.C.I.D. to be part of a coalition of over 140 water districts that have joined with USBR for protection against protests by environmentalists.

3. The water needs analysis revised in 2003, confirmed that over the past 40 years, the District diverted a substantially lower amount of water than the claimed 165,000 acre-feet/year. Therefore, to comply with the requirement of appropriative right

regarding continuous beneficial use, a lowering of the claimed Base Supply was necessary and appropriate.

4. The Brown Act allows a governing board to meet in closed session for negotiations ". . . concerning the purchase, sale, exchange, or lease of real property." The courts have stated that by extension of California Civil Code Sections 654-663, rights to use water are "real property." Therefore, A.C.I.D. and USBR conducted their closed-session negotiations in compliance with the Brown Act.

5. The District has adjusted the hours and amounts of water delivery to better ensure continued compliance with water rights law as well as contractual arrangements. Long-time subscribers of A.C.I.D. who have used the flooding style of irrigation over the years, are finding these changes in water delivery difficult. Less water over shorter periods results in unsatisfactory saturation at outer-most sections. Some users, however, are considering and implementing water-saving methods of irrigating including the use of large sprinkler and drip systems.

6. The subscriber rate for water delivery to A.C.I.D. users at \$69.00 per irrigated acre is competitive with those charged by other districts. In spite of the significant increase in cost to the District for Project Water, rates have not been increased for subscribers. New this year is an alternative charge of \$10.00/acre-foot, available for those in the Churn Creek bottom area who wish to use drip or sprinkler irrigation systems monitored by a meter. This is a pilot program designed to give those with sandy soil an opportunity to irrigate in a manner anticipated to be more effective than flood irrigation.

7. Because of seepage from the canals, there are landowners benefiting from A.C.I.D. water who are not subscribers. In other cases, unwelcome water from flood irrigation overflows onto non-subscribers' property.

8. Relations between subscribers and the District, as well as the Board of Directors for A.C.I.D., have been contentious for many years. This discord has been observed by Grand Juries as far back as 1994. Although Grand Jury 2004/2005 observed that some effort is made to resolve issues, the District and its Board appear unwilling or unable to foster mutual cooperation with subscribers. Adding to the disharmony are lengthy delays in reaching solutions to complaints and failure to announce definitive decisions to act, or not act, upon requests. Some issues currently before the Board have been open items for months, with no solution evident in the near future.

9. The Grand Jury witnessed arguing between Board members and rudeness toward public attendees during Board meetings; some members of the public retaliated in kind. However, two of the five Board members maintained professional decorum throughout all proceedings. Although the public was allowed to speak prior to the start of the general business portion of the meetings attended by Grand Jury, public input was not encouraged during the consideration of agenda items and was usually denied prior to the Board voting on issues. During the February 2005 meeting, Counsel for the District instructed the Board regarding the portion of the Brown Act pertaining to public participation.

RECOMMENDATIONS:

1. The District and its Board should expediently and thoroughly research the facts surrounding subscribers' expressed concerns, and announce solutions and/or decisions at the earliest possible board meeting.

2. A.C.I.D. Board of Directors should review the Brown Act with regard to public participation. The public must be allowed to comment on agenda items as they are being considered prior to a vote; this is in addition to the Public Participation portion of the meeting reserved for discussion of non-agenda items.

3. All members of the Board of Directors should adopt and maintain a professional demeanor during public meetings. In addition, a review of the Decorum in Debate section of The New Robert's Rules of Order could be helpful in establishing Board debate protocol.

4. The District should publish via newsletter, billing insert, or website, explanations of issues about which subscribers express confusion. Such repeated education could result in less friction and time-consuming discussion during board meetings.

RESPONSES REQUIRED:

The Board of Directors of A.C.I.D. as to Recommendations 1-4

RECOGNITION:

The A.C.I.D. and its Board of Directors are to be commended for the thorough and diligent attention applied to the consideration of, and the ultimate renegotiation, of the contract with the United States Bureau of Reclamation.

WEST NILE VIRUS REACHES THE NORTHSTATE

Shasta Mosquito & Vector Control District
19200 Latona Road
Anderson, CA 96007
530-365-3768

REASON FOR INQUIRY:

California Penal Code Section 933.5 provides that the Grand Jury may investigate and report on the operations of any special district within the county. Of particular interest to the Grand Jury was Shasta Mosquito & Vector Control District's response to the arrival of West Nile Virus in Shasta County

BACKGROUND:

The organization of mosquito abatement districts was authorized by legislation in 1915 as part of the California Health and Safety Code. At that time, malaria transmitted by mosquitoes was a major health threat in the Redding, Anderson, Clear Creek and Cottonwood areas. Beginning in 1919, four separate abatement districts were formed to protect those areas. In the 1950's these districts were consolidated to become the Shasta Mosquito & Vector Control District (SMVCD). Over time, additional area was annexed, bringing the current total to approximately 387 square miles. Protection from mosquito-borne diseases in Shasta County is shared by SMVCD, Pine Grove Mosquito Abatement District in McArthur, and the Burney Basin Mosquito Abatement District (see map). Areas not included in the districts are mostly uninhabited; however, as population increases, residents can petition for annexation. Under the authority of the California Health & Safety Code, such districts have the right of access to any and all areas where there is standing water.

SMVCD is governed by a five-member Board of Trustees and financed by a combination of property taxes and assessment charges. A contract with Shasta County yields some funds to cover inquiries and services outside the annexed boundaries. Even though the most recent California state budget specifies lesser funding for local services, SMVCD received a two-year exemption from these reductions. In addition to these budgetary issues, the interpretation of a 2001 federal court decision requiring mosquito and vector control districts to acquire and comply with a National Pollutant Discharge Elimination System (NPDES) permit remains in question. The permit regulations, specifying extensive water-testing and monitoring procedures, would nearly double the District's budget requirements, if enforced. Alternatively, the U.S. Environmental Protection Agency has issued an opinion that mosquito control agencies using legally registered products for their intended purpose are exempt from acquiring the permit. The issue remains unresolved, however, due to a differing opinion held by the California State Water Resources Control Board. Both agencies have jurisdiction over SMVCD and other such districts. SMVCD, along with over 40 other California mosquito and vector control districts, has successfully negotiated less stringent terms for compliance, although additional clarification is anticipated.

West Nile Virus

SMVCD has been monitoring the spread of West Nile Virus (WNV) since 1999, when the disease was reported in New York City. Before that date, known cases were confined to Africa, West Asia, and the Middle East. WNV is a type of encephalitis (inflammation of the brain) which severely affects horses and certain types of birds. Humans are also susceptible, and although symptoms are often undetected or very mild, death can occur. Since its arrival in the United States, the virus has spread westward over the past five

years, finally reaching southern California in 2003. That year, cases were confirmed in wild birds, monitored chicken flocks (referred to as sentinel chickens), one horse, and three people. Also in 2003, there were 9,186 known human cases of WNV throughout the United States, of which 231 resulted in death. In 2004, Shasta County experienced the arrival of WNV with confirmed cases in birds (90), sentinel chickens (5), horses (30) and humans (6). One human death from encephalitis caused by WNV occurred in adjacent Tehama County. Birds, especially crows, jays, ravens and magpies, act as reservoir hosts. They acquire the disease from infected mosquitoes and pass it on to other mosquitoes. Infection in humans and horses can result from the bite of an infected mosquito. In addition, it is possible for an infected human donor to pass the disease through a blood transfusion or an organ transplant.

Human fatalities due to WNV are relatively rare, but in areas where protection is poor, cases of encephalitis and death increase significantly. As an example, during a year when mosquito and vector control was minimal in the State of Colorado, 2,947 cases of WNV were reported to the Centers for Disease Control and Prevention of which 63 resulted in death. Similarly, analysis of outbreaks in Michigan indicated that citizens living outside of mosquito control jurisdictions had 10.5 times increased risk of WNV infection compared to those living within the jurisdictions. For up-to-date information on WNV throughout the United States, see the Centers for Disease Control website at www.cdc.gov/ncidod/dvbid/westnile.

Extensive preparation for the inevitable arrival of WNV in Shasta County has been a priority with SMVCD since the first reported New York case. An important control measure is the killing of mosquito larvae in water sources before they become adults. All known mosquito-breeding sources are mapped and regularly surveyed for breeding

activity. Mosquitoes hide from natural predators in weeds along canals, making weed eradication a vital part of abatement. Spraying is often done in early morning hours in areas where large numbers of adult mosquitoes are noted, and traps are set throughout the district for the identification and tabulation of mosquitoes by species and number. Blood samples of sentinel chicken flocks placed in strategic areas of the district are also monitored by SMVCD personnel. Because of the threat of WNV, control activities have been increased during the past year. Immediately after the first infected bird in Shasta County was confirmed in July 2004, a bird collection and testing service was utilized to monitor the spread of infection. By September 2004, 89,000 acres had been sprayed, compared to 8,700 acres sprayed the previous year. SMVCD also works closely with the University of California at Davis and the California Department of Health Services to accurately monitor the presence of encephalitis virus in sentinel chicken blood samples and adult mosquito samples. SMVCD meets monthly with ten or more other districts, including participants from the Sacramento Valley region, to share information.

Because WNV has a history of increasing in intensity during its second year in an area" SMVCD is anticipating that 2005 may bring additional challenges. As part of the preparation for the 2005 season, as well as for long-range planning, SMVCD sent 14,000 surveys to residents both within and outside the District. Parcels targeted for the survey were selected randomly by a professional firm specializing in such inquiries. The purpose of the surveys was to explore the willingness of property owners to consider approving a fee increase for services already being delivered, and to determine if outlying areas would be interested in paying for protection.

Continued modernization of SMV CD's operations includes exploration of the possible future use of laptop computers in the field. If implemented, comprehensive mapping

software would pinpoint and track mosquito sources and treatment.

The other two protection districts in Shasta County have a different focus than SMVCD, as they concentrate solely on mosquito abatement, while SMVCD also handles vector control such as yellow jackets and other disease-carrying pests. Burney Basin Mosquito Abatement District (BBMAD) encompasses an area of 75 square miles located in and around the community of Burney. It has been in existence since 1931. Pine Grove Mosquito Abatement District (PGMAD), formed in 1970, is responsible for 205 square miles of territory in the northeast corner of the county. Both of these districts are governed by five-member Boards of Trustees appointed by the Shasta County Board of Supervisors.

METHOD OF INQUIRY:

The Grand Jury toured the SMVCD facility, conducted interviews, and reviewed documentation as follows:

Documents reviewed:

- The SMVCD Operations Manual dated November 21,2003
- 2001/2002 Shasta County Grand Jury (SCGJ) Report and Responses
- The SMVCD 2003 Annual Report
- Shasta County 2004/2005 Property Tax Apportionment for Special Districts
- Local media publications
- Materials published by SMVCD
- California WNV Surveillance Information Center website
(www.westnile.ca.gov)
- Centers for Disease Control and Prevention web site

(www.cdc.gov/ncidod/dvbid/westnile)

- PGMAD Audited Financial Statement for Fiscal Year Ended June 30, 2004

Maps and materials prepared by PGMAD

- BBMAD Adopted Budget for Fiscal Year 2004-05

Interviews conducted:

- The SMVCD Manager
- The SMVCD Biologist
- The PGMAD Manager
- The BBMAD Manager

The Grand Jury attended SCMVD Board meetings on 11/16/04 and 12/21/04.

FINDINGS:

1. In response to 2001/2002 Grand Jury recommendations, SMVCD developed an Operations Manual.
2. The NPDES permit issue initiated in 2001 has not yet been completely resolved, but the significant budget threat from this federal requirement has been substantially reduced.
3. The State of California has granted a two-year moratorium on a budget reduction of funds for SMVCD.
4. The SMVCD facility was found to be well organized, exceptionally clean, and operationally efficient.
5. SMVCD personnel interviewed were knowledgeable about their areas of responsibility and well-informed about the operations of the facility in general.
6. SMVCD maintains detailed maps, aerial photos, and extensive documentation

regarding known areas of infestation. Mosquito breeding sources are closely monitored and coordinated with activities of control and eradication.

7. SMVCD cooperates with state agencies and other districts to insure up-to-date information is available to all, to minimize risks to people and animals.

8. Public information about WNV was plentiful during the high-risk months in 2004. The media emphasized individual protection methods, but provided little information regarding activities of the county abatement and vector control districts.

Because these taxpayer-funded special districts are specifically focused on protecting the public from serious disease threats, the measures undertaken are of utmost interest.

9. The SMVCD has been preparing for the arrival of WNV in Shasta County since the first reported

case in New York (1999). Abatement spraying increased ten-fold in 2004 over that performed during

the 2003 mosquito season.

10. The SMVCD has monitored and treated areas outside its normal jurisdiction when such areas were suspected to be possible pockets of infestation.

11. The SMVCD engages in extensive long-range planning and preparation to protect the public from vector-borne disease. The SMVCD researches and utilizes new technology in a continuing effort to improve operations.

12. The two northeastern districts, BBMAD and PGMAD, have not made significant changes in preparation for WNV as both have few resources with which to expand services or operations. Due to Proposition 13, the percentage of property tax provided for these special districts is fixed and cannot be increased.

13. Based on the 2004-2005 Shasta County property tax apportionment factors, the three mosquito abatement districts will receive the following revenue from each \$100

of assessed property value: SMVCD \$7.23, BBMAD \$0.82, and PGMAD \$0.52.

14. The BBMAD, with 75 square miles to cover (population approximately 4,200), is anticipating revenue of approximately \$135,800 for 2004-2005. The manager works alone during the winter months, and is only able to hire two seasonal workers when mosquitoes are prevalent. The District owns three each, pickup trucks, all-terrain vehicles, and aging fogging machines.

15. The PGMAD, with 205 square miles to cover (population approximately 3,000), operates on an annual budget of \$66,000 with only one employee, the manager. He has use of two older vehicles (1986 & 1988) with which to perform his duties. One vehicle is equipped with a fogger.

16. Risk analysis indicates that citizens in areas unprotected against mosquito and vector-borne disease are at significantly greater risk of West Nile Virus infection than those within such areas. The Grand Jury finds that Shasta County residents outside protection districts should seriously consider availing themselves of these important services, even if an assessment or parcel fee should result.

17. Results of a survey conducted to explore possible expansion of SMVCD's jurisdiction are pending.

RECOMMENDATIONS:

1. The Shasta Mosquito & Vector Control District is encouraged to regularly educate the public about the varied protection activities and in-depth research endeavors undertaken by the District. Of great interest to the public would be such topics as survey results, areas considering annexation and new treatments and technologies being implemented.

2. Since BBMAD and PGMAD cannot increase their respective shares of revenue from Shasta County property taxes, the Boards of Directors of both Districts should consider pursuing other avenues of funding, e.g. assessments or parcel fees separate from property taxes.

RESPONSES REQUIRED:

1. The SMVCD Board of Trustees as to Recommendation #1
2. The Boards of Trustees of BBMAD and PGMAD as to Recommendation #2

COMMENDATION:

Shasta Mosquito & Vector Control District is commended for its thorough and efficient protection services. The extent of expertise is highly evident in the consistent and ongoing responses to mosquito and vector-borne threats in Shasta County.

Pine Grove and Burney Basin Mosquito Abatement Districts are commended for providing valuable protection with extremely limited resources.

AND.....

JURISDICTION:

Section 888 of the California Penal Code requires the grand jury to investigate matters of civil concern. Section 925 states the grand jury shall investigate and report upon the operations, accounts and records of the officers, departments or functions of the county. Section 925a empowers a grand jury to investigate and report upon the operations, accounts, and records of the officers, departments, functions, and the method or system of performing the duties of any city or joint powers agency and make such recommendations as it may deem proper and fit. Section 933.5 provides that the grand jury may investigate and report on the operations of any special purpose assessing or taxing district located wholly or partly within the county.

BACKGROUND:

Each year the Grand Jury begins investigations of several entities, but sometimes finds that an inquiry does not merit an extensive report. However, there are often facts discovered which are important or enlightening and should be brought to the public's attention. In addition, for the past few years responses to the previous jury's reports have not been included in the current jury's report because of the expense. This year, the Shasta County Grand Jury (SCGJ) will summarize last year's responses and briefly report on seven other investigations.

REQUIRED RESPONSES TO THE 2003/2004 GRAND JURY RECOMMENDATIONS:

All required responses to the 2003/2004 SCGJ recommendations have been received and may be reviewed at the Shasta County Clerk's Office at 1643 Market Street (in the Downtown Mall).

- a) Office of the Auditor-Controller: Both the Board of Supervisors and the Auditor-Controller responded that the recommendations made in the 2004 "Management Audit of the Auditor/Controller's Office" were being implemented. The recently completed

Shasta County audit confirmed that the Auditor/Controller's Office has implemented these recommendations.

- b) Fall River Mills Community Services District: There were many recommendations made to the District. New management of the District reports that some, but not all, have been implemented. A future grand jury should revisit the District in the next year or two to ensure that the rest of the recommendations have been adopted.
- c) Shasta Community Services District: The District responded that it did not intend to correct a board member's non-repayment for services rendered by that member's lock service in violation of section 1090 of the Government Code. After consultation with County Counsel and the District Attorney, the SCGJ decided against asking that criminal charges be filed to force repayment of the \$142 at issue. The conflict of interest issue (the spouse of the Fire Chief serving on the Board of Directors) was resolved when the board member resigned. Most of the other recommendations have either been addressed or are in the process of being resolved. An updated Insurance Services Office Report, with a much higher rating, will reduce insurance costs for District customers.
- d) Credit Card Usage: The previous Grand Jury sent out questionnaires to all districts in Shasta County asking about credit card policies and procedures for those that used them. There were eight which did not initially respond to the questionnaire; all have now complied with the request. No irregularities were found.
- e) Shasta Area Safety Communications Agency (SHASCOM): The previous Grand Jury criticized SHASCOM for not posting notices and not meeting in an open public place in violation of the Brown Act. The Board of Directors of SHASCOM has indicated that it

will meet in a more accessible setting for the public. The Board also indicated that it will not add a fifth director as was recommended. Further, the recommendation to offer a higher signing bonus was rejected.

Current 2004/2005 Shasta County Grand Jury Investigations:

1. REDDING OFFICIALS' TRAVEL to LAS VEGAS:

The SCGJ was requested to investigate whether the five city officials who traveled to Las Vegas on the inaugural Allegiant Airlines flight on August 6, 2004, paid their own way. The SCGJ found that they did not accept complimentary services.

2. DETENTION FACILITIES:

California Penal Code Section 919 mandates that the Grand Jury inquire into the condition and management of all public prisons located within the County. The Grand Jury inspected all the detention facilities in the County: Crystal Creek Regional Boys' Camp, Juvenile Hall, Main Jail, Sugar Pine Conservation Camp and the Sheriff's Work Release Program. As found in previous years, all these institutions are clean and being operated in a professional manner. One fact to note is that the sally port project for Juvenile Hall, mentioned in last year's report, had to be scaled back due to a lack of funds.

3. IN-CUSTODY DEATH:

The Grand Jury received a complaint regarding the in-custody death of a mentally disturbed person. The complainant had two concerns:

- a. That special training in treatment of mentally ill persons should be given.
- b. That a "ride-along" chaplaincy program should be initiated.

The Grand Jury learned that such programs already exist.

4. RADIO TOWERS:

A local not-for-profit radio station purchased about 40 acres in the Jones Valley area of Shasta County in order to erect two 187 foot transmission towers. The Grand Jury received a complaint stating that many residents did not get notification from the County Planning Department of the radio station's application for a use permit. The towers have been erected, but as of the date of this report, no electrical service has been established. The Grand Jury attempted to contact the owners of five parcels abutting the subject property; only four responded. Three of the four said that they had not received notification of the use permit application to which they are entitled. In the course of its investigation, the Grand Jury found that in order to appeal a use permit, one must submit \$400 and respond within five business days of the use permit being granted. These requirements make it difficult for some to raise the money and prepare an adequate appeal in such a short time.

5. USE OF COUNTY CARS:

The Grand Jury received a complaint regarding the possible inappropriate use of County cars after working hours at night, on holidays and week-ends. After a lengthy and thorough investigation into the methodology used to purchase, assign usage, fuel, and maintain cars and other equipment, the Grand Jury found no evidence of misuse.

6. SHASTA COUNTY ANIMAL SHELTER:

The Grand Jury received a complaint regarding the care of animals and also the treatment of personnel and the public at the Shasta County Animal Shelter. Members of the Jury conducted an unannounced visit to the Animal Shelter and received full cooperation from the staff. While the shelter is old and needs replacing, the members found it clean and not malodorous.

7. GOT BIDS? (GATEWAY UNIFIED SCHOOL DISTRICT):

The buildings on the nine school campuses comprising Gateway Unified School District (GUSD) were built at various times between the 1920's and the 1960's. Over time, major problems such as deteriorating roofs, inadequate heating and air conditioning systems, and aging portable classrooms became evident at several of the older sites. In 2002, a \$22 million bond issue was passed for repair and modernization of facilities throughout the District. Over the past two years, GUSD has utilized a variety of contractual arrangements for these projects. These arrangements have been scrutinized by contractors and others in the community. The Grand Jury received a complaint regarding the method by which the contracts for HVAC (heating, ventilation & air conditioning) replacement and upgrading were awarded for a large project involving several sites. Specifically, it was alleged that bids were not sought.

The Grand Jury learned that GUSD contracted for HVAC upgrading using an instrument known as an Energy Services Agreement (ESA). Under California Government Code sections 4217.10-4217.18, school districts are allowed to enter into such agreements with companies that guarantee a percentage of resultant energy savings. The work is not required to be offered for bid. However, the contractor must include a guaranteed maximum price in the agreement and assume responsibility for the project until completed. This type of contract includes a negotiated contingency amount of 15%-20% and any unused difference is refunded. This arrangement avoids multiple problems such as cost overruns and project completion delays which cause undue expense.

With school construction, timing is of utmost importance as classrooms must be ready for children during a specific time of year. Another challenge for school construction is the many state and federal regulations. Not all contractors specialize in working within these constraints. It should be noted that the GUSD projects have involved demolition, asbestos removal and the

redesign of oddly shaped rooflines, as well as the installation of energy-efficient equipment.

The Grand Jury found that throughout the State, more and more districts are utilizing a maximum price guarantee to ensure the expected outcome. While GUSD did not go to bid on all of its HVAC work, there were some definite advantages that the selected contractor brought to the project.

RECOMMENDATIONS:

RE GARDING RADIO TOWERS:

1. That the Shasta County Board of Supervisors reduce the fee for appeal of use permits and lengthen its appeal period.

RESPONSE REQUIRED:

The Shasta County Board of Supervisors shall respond to recommendation # 1.



Grand Jury Investigative Reports
1993 - 2005

<u>City of Redding</u>	<u>Year</u>
<u>Development Services Department</u>	
Housing Division	96/97
Land Purchases	04/05
Zoning & Planning	04/05
Electric Utility Department	94/95
Peaking Power Project	94/95
<u>Finance Department</u>	
Assessment Districts (General)	99/00
Police Department	01/02
<u>Public Works Department</u>	
RABA Staging Facility	95/96
Solid Waste Utility	98/99
<u>City of Shasta Lake City</u>	
Electric Utilities Department	95/96
<u>County of Shasta</u>	
Auditor/Controller's Office	01/02
Audit & Management Reports	92-03
Consolidation: Auditor/Tax Collector	96/97
Employee Orientation/Training	00/01
Management Audit	03/04
Private Payroll Services	94/95
Audit - Retired Senior Volunteer Program	02/03
<u>Board of Supervisors</u>	
Written Complaint Policy	94/95
<u>County Clerk's Office</u>	
Registrar of Voters	00/01, 03/04
County Fire Department	97/98
County Library	96/97, 99/00
Mental Health Department	93/94, 97/98, 01/02, 04/05
<u>Probation Department</u>	
Juvenile Assessment Center	00/01
<u>Public Health Department</u>	
Hepatitis "A" Epidemic	95/96
Small Pox Vaccination Program	02/03
Water Fluoridation Ballot Measure	03/04
<u>Public Works Department</u>	
Fall River Mills & Shingletown Airports	00/01
<u>Sheriff/Coroner's Office</u>	
Animal Shelter	04/05
Boating Safety	93/94
Burney Station	93/94
Evidence Locker	93/94
Knighton Road Station	93/94
Major Crimes ~ Special Accounts	97/98
Shasta Lake City Station	93/94
Training-Handling the mentally ill	04/05
<u>Social Services Department</u>	
Public Guardian	02/03
Treasurer/Tax Collector's Office	93/94
Investment Pool Loss	95/96
Tax Roll Reconciliation	95/96
Use Permits	04/05
Vehicle Usage	04/05
Veterans Service Office	93/94

Crystal Creek Boy's Camp	93-05
Shasta County Detention Annex	93-04
Shasta County Jail	93-05
~ Jail Inmate Welfare Fund	97/98
Shasta County Juvenile Hall	93-05
Sugar Pine Conservation Camp	93-05
Work Release Program	03/05
<u>Miscellaneous</u>	
Clandestine Drug Lab Cleanup	97/98
Credit Cards - Usage by Public Entities	96/97, 03/04
Drug Asset Seizures/Forfeitures	94/95
Duration of Independent Audit Contracts	99/00
Gangs/Gang Activity (SAGE)	92/93
Group Homes in Shasta County	97/98
Homeless - Caring for in Shasta County	98/99
Investment of Public Funds	94/95
Juvenile Crime Statistics	93/94
Law Enforcement Preparedness: Schools	00/01
Municipal Leasing/Participation	93/94
Non-Voter Approved Long Term Debt	94/95
Private Industry Council	94/95
Railroad Operations in Shasta County	01/02
Redevelopment in Shasta County	98/99
Shasta Area Safety Communications Agency	95/96, 00/01, 03/04
Shasta Interagency Narcotics Task Force	03/04
Sobriety Check Points	93/94
Special Districts In Shasta County	96/97
<u>Schools</u>	
Anderson Union High School District	93/94, 02/03
Black Butte School District	99/00
Gateway Unified School District	04/05
Grant Elementary School	03/04
Mountain Union School District	94/95
Oak Run Elementary School District	93/94
Pacheco Union School District	95/96
Shasta County Office of Education	94/95
~ Camp Latieze	99/00
Shasta Union High School District	94-96, 04/05
Whitmore Union Elementary District	93/94
<u>Special Districts</u>	
Anderson/Cottonwood Irrigation District	94/95, 96/97, 04/05
Burney Cemetery District	95/96
Burney Fire Protection District	00/01, 04/05
Burney Water District	94/95
Cottonwood Fire Protection District	04/05
Fall River Mills Community Services District	03/04
Halcumb Cemetery District	98/99
Redding Area Bus Authority (RABA)	97/98
Shasta Community Services District	94/95, 96/97, 03/04
Shasta Mosquito & Vector Control District	01/02, 04/05
Shasta Lake Fire Protection District	02/03
Summit City ~ Fire Department	93/94
Western Shasta Conservation District (WSRCD)	02/03