

CITIES AND JOINT POWERS COMMITTEE



Ken Rafanan

Charlynn McCarthy

Mike Elliott, Chairman

MISSION STATEMENT

The Cities and Joint Powers Committee of the 2017-2018 Kern County Grand Jury has the authority, pursuant to California Penal Code §925(a), to investigate, and publicly report on city governments and joint powers agencies/authorities.

The goal of the Committee for the 2017-2018 Grand Jury session is to inquire/investigate into the operations and management of at least five of the eleven incorporated cities within the County of Kern. When improvements are identified within a report on a city or agency, the Grand Jury will issue recommendations for improvement. The Committee will also inquire into citizens' complaints received by the Grand Jury concerning any city or joint power agreement within the County.

CITIES AND JOINT POWERS COMMITTEE

SUMMARY OF ACTIVITIES

The Committee investigated and published reports approved by the Grand Jury on the following:

- City of Bakersfield, "More to Explore"
- City of California City, "A Tale of a City"
- City of California City, "High Hopes for Cannabis Industry"
- City of Delano, "Celebrating Our Past, Growing Our Future"
- City of McFarland, "Tradition – Unity – Excellence"
- City of Ridgecrest, "An Oasis in the Indian Wells Valley" – Website Only
- City of Shafter, "City of the Future"

The Committee inquired into the following:

- City of Arvin
- City of Maricopa
- City of Taft
- City of Tehachapi
- City of Wasco

The Committee received and inquired into nine (9) citizen complaints.

The Committee conducted over sixty-two (62) interviews.

The Committee traveled over 2,100 miles conducting Grand Jury business.

Members of the Committee were involved in numerous other Committees, and Grand Jury activities and visits:

- Auditor Controllers Office
- Black Sky Emergency Preparedness Activity
- Camp Erwin Owen
- CHP Headquarters
- Condors Night
- Home and Garden Show
- Lamont Public Utility District
- Minter Field Shafter Airport
- Tehachapi California Correctional Institution
- Vineland School District



CITY OF BAKERSFIELD MORE TO EXPLORE

PREFACE:

The City of Bakersfield (City) was first settled in 1858. Bakersfield is a city in California, and the county seat of Kern County (County). It covers about 142 square miles near the southern end of the San Joaquin Valley and the Central Valley region. Bakersfield lies approximately 100 miles north of Los Angeles and 300 miles southeast of the State Capital, Sacramento.

PURPOSE OF INQUIRY:

Pursuant to California Penal Code §925(a), the 2017-2018 Kern County Grand Jury (Grand Jury) inquired into and investigated the operations and management of the City of Bakersfield.

PROCESS:

The Cities and Joint Powers Committee (Committee) of the Grand Jury toured the City, and interviewed the City Manager as well as two Assistant Managers, on November 9, 2017. The Committee attended the City Council, Regular City Council Meeting, on November 1, 2017. A review of the City's website, past Grand Jury reports, and internet resources were used to prepare this report. The last Grand Jury Report for the City of Bakersfield was released in 2012-2013.

BACKGROUND AND FACTS:

The City of Bakersfield was first settled in 1858 by a handful of families traveling north through the El Tejon Pass seeking homesteads, rather than gold in the eastern mountains. Colonel Thomas Baker, an early settler along the Kern River, invited travelers to rest overnight. The travelers would plan to meet and rest their horses in Colonel Baker's "field", thus the town was named "Bakersfield." Colonel Baker formally started the town in 1869 with two stores, newspaper, two boarding houses, one doctor, a wagon shop, one attorney, a saloon, a schoolhouse, and later a telegraph office.

In 1873, Bakersfield was officially incorporated as a City, and by 1874 it officially replaced the dying town of Havilah as the county seat. Alexander Mills was hired as the City Marshal, a man one historian would describe as *"... an old man by the time he became Marshal of Bakersfield, and he walked with a cane. But he was a Kentuckian, a handy man with a gun, and not lacking in initiative and resource when the mood moved him."* Businessmen and others began to resent Mills, who was cantankerous and high-handed in his treatment of them. Wanting to fire him but fearing reprisals, they came up with a scheme to disincorporate, effectively leaving him without an employer. According to local historian Gilbert Gia, the City was also failing to collect the taxes it needed for services. In 1876, the City voted to disincorporate. For the next 22 years, a citizen's council managed the community. The City reincorporated on January 11, 1898. The City of Kern, formerly known as the Town of Sumner, then East Bakersfield, was annexed into the City in 1912.

In 1915, the City adopted a charter making it a Charter City. One other city in Kern County, Shafter, is also a Charter City.

The City is a significant hub for both agriculture and oil production. Kern County is the most productive oil producing county, and the fourth most productive agricultural county (by value) in the United States. Industries include natural gas and other energy extraction, aerospace, mining, petroleum refining, manufacturing, distribution, food processing, and corporate/regional headquarters. The City is also the birthplace of the country music genre known as the "Bakersfield Sound."

By 1880, the City had a population of 801, and by 1890, it had increased to 2,626. Migration from Texas, Louisiana, Oklahoma, and Southern California brought new residents mostly employed by the oil industry.

Between 1970 and 2010, Bakersfield grew 400% (from 70,000 to 347,483), making it one of the fastest growing cities in California. In 2016, Bakersfield's population was approximately 383,512, making it the ninth-most populous city in California and the 52nd-most populous city in the nation. The built-up urban area includes Bakersfield and areas immediately around the City (Metro Bakersfield), such as East Bakersfield and Rosedale, had a population of approximately 543,400. The median age of Bakersfield's population is 30.2 years, giving it a younger population than either California (35.6) or the United States (37.4).

Bakersfield is the most affordable housing market among California's largest cities. The table below shows the state's ten most affordable large cities relative to housing. Nationally, Bakersfield is ranked 38th.

Rank	California City	Ave Closing Cost	Annual Property Tax	Annual Home Insurance	Ave Annual Mortgage Payment	Median Income	Affordability Index
1	Bakersfield	\$2,568	\$2,440	\$530	\$ 9,381	\$57,095	60.00
2	Modesto	\$2,509	\$1,634	\$490	\$ 8,676	\$48,577	57.00
3	Moreno Valley	\$2,668	\$2,211	\$553	\$ 9,790	\$54,590	54.00
4	Stockton	\$2,460	\$1,886	\$458	\$ 8,108	\$44,797	52.00
5	Fontana	\$2,906	\$3,260	\$712	\$12,601	\$64,824	46.00
6	Fresno	\$2,480	\$1,737	\$471	\$ 8,343	\$41,531	45.00
7	San Bernardino	\$2,410	\$1,440	\$424	\$ 7,511	\$37,047	45.00
8	Riverside	\$2,879	\$2,143	\$694	\$12,286	\$57,196	43.00
9	Sacramento	\$2,788	\$2,093	\$633	\$11,210	\$50,739	40.00
10	Oxnard	\$3,005	\$3,136	\$918	\$16,253	\$60,621	27.00

<https://smartasset.com/mortgage/quicken-loans-review#california>

The Bakersfield Californian reports “*Bakersfield has one of the nation’s lowest home vacancy rates.*” This trend is due to high demand and low supply, according to a new study based on data from the U.S. Census Bureau 2016 American Community Survey. The chart below shows the top 10 cities in the nation with the lowest vacancy rates, ranked from lowest to highest.

CITY	STATE	RATE
Santa Ana	CA	1.6%
San Jose	CA	2.4%
Anaheim	CA	2.7%
Plano	TX	2.9%
Long Beach	CA	3.1%
Aurora	CO	3.1%
Madison	WI	3.3%
Bakersfield	CA	3.4%
Lincoln	NE	3.5%
Riverside	CA	3.7%

Bakersfield's close proximity to mountain passes, primarily the Tejon Pass on Interstate 5 (I-5) between the Los Angeles metropolis and the Central San Joaquin Valley, has made the City a regional transportation hub.

Top Employers:

According to the Greater Bakersfield Chamber of Commerce, the top employers in Kern County based in Bakersfield are:

1. County of Kern
2. The Giumarra Companies
3. Grimmway Farms
4. Bolthouse Farms
5. Bakersfield Memorial Hospital
6. City of Bakersfield
7. Mercy Hospitals of Bakersfield

8. ARB
9. Kern Medical
10. State Farm Insurance
11. Sun World
12. Chevron
13. Clinica Sierra Vista
14. San Joaquin Community Hospital
15. Andrews Ag
16. Sun Pacific
17. Wonderful Farms
18. California State University, Bakersfield
19. Aera Energy
20. Kaiser Permanente

A new pedestrian oriented, master-planned, mixed-use community, Bakersfield Commons (Commons), is being planned in the heart of Bakersfield. The 260-acre project will include office, retail, residential, recreational and industrial space, as well as a wellness campus.

- The master-planned community received Bakersfield City Council approval with a unanimous vote in December 2016. The fully approved conditional use permit for the Commons includes:
 - 400,000 square feet of office
 - 300,000 square feet of retail
 - 280,000 square feet of light industrial
 - More than 1,000 residential units
 - A 200-bed hospital
- Phase I plans include:
 - 220,000 square feet of retail
 - 120,000 square feet of Class A office space
 - 325 resort style residential units
 - 130-key national branded hotel
 - 2.2 miles of walking paths
- The Commons project is embracing passive retention for storm water management. Landscape areas will naturally filter rainfall. Each area of the project is connected by walking paths, flanked by drought tolerant plants, creating a walkable, livable, master-planned community.

Education:

Two of the earliest schools founded in Kern County were Mrs. Thomas Baker's School, opened in 1863 at the Baker home; a Catholic parochial school opened in 1865, by Reverend Father Daniel Dade, in Havilah. In 1880, Norris School was established. The land for this school was donated by William Norris, a local farmer. Bakersfield City School District is the State's largest elementary school district. The first high school in Bakersfield, Kern County Union High School, opened in 1893. After World War II, it was renamed Bakersfield High School.

The Kern County Union High School campus, at California Avenue and F Street, was also the location of the first campus of Bakersfield College, established in 1913. Bakersfield College was relocated in 1956 to its current location overlooking the Panorama Bluffs in Northeast Bakersfield. Bakersfield College has an enrollment of over 18,000 students.

To serve the growing baby-boomer population after World War II, the Kern High School District has steadily expanded to nineteen campuses and more than 35,000 students, making it the largest high school district in the State.

In 1965, a university in the California State University System (System) was founded in Bakersfield. California State University Bakersfield (CSUB) opened in 1970 on a 375 acres campus, becoming the 19th school in the System. CSUB offers 31 bachelors' and 22 masters' degree programs at either the main campus in Bakersfield or the satellite campus, Antelope Valley Center, in Lancaster, California. CSUB has approximately 7,800 students. It was an NCAA Division II sports powerhouse in the California Collegiate Athletic Association (CCAA). CSUB has become a Division I athletic school, joining the Big West Conference on July 1, 2020, and will immediately be eligible for Big West titles, awards and honors.

In 1982, Santa Barbara Business College founded and opened a campus in Bakersfield. National University and University of Phoenix both maintain a campus in Bakersfield, while the University of LaVerne, Fresno Pacific University, and Point Loma Nazarene University all have branch campuses within the city. San Joaquin Valley College provides certificate and associates' degree programs.

FINDINGS:

- F1. The City of Bakersfield is a Charter City that offers a full range of city services including:
- Fire and Police Protection
 - Streets and Infrastructure Maintenance
 - Planning and Community Development
 - Recreation and Parks Services
 - Agricultural and Domestic Water Services
 - Municipal Airpark - General Aviation
 - Refuse Collection
 - Wastewater Treatment
- F2. The City has plans to enhance the Downtown Area, collaborating with the Downtown Business Association and other businesses.

- F3. The City has actively developed the Downtown Area at Mill Creek, providing housing for veterans and low income residents. Other improvements include the Federal Court Building, and upgrading street lighting to LED lights.
- F4. The California High Speed Rail, when in operation, will bring future commercial development to the Downtown Area.
- F5. The City employs approximately 1,500 personnel. Appreciation Awards include:
- a. Annual Appreciation Breakfast
 - b. Certificates of Appreciation and “Extra Mile” awards
 - c. “High Five” tickets to City events
- F6. Bakersfield Police Department:
- a. In the last five years, the department has endured a turnover rate of 55% (See Appendix A)
 - b. Average salaries for officers are approximately 30% below other comparable California cities
 - c. Ongoing training is offered to sergeants and ranks below:
 - i. Enhancing the level of law enforcement service to the public
 - ii. Increasing the technical expertise and overall effectiveness of personnel
 - iii. Providing for continued professional development of department personnel
 - iv. Conducting sensitivity training in dealing with the public
 - d. Body worn cameras are being considered for patrol officers as a safety tool for both officers and the public
 - e. ShotSpotter Gunfire Detection and Location System purchased with a \$450,000 grant should be in operation soon:
 - i. Triangulates and identifies the location of gunshots within 10 feet
 - ii. Validates gunshots within 30-45 seconds of being fired
 - iii. Pilot program will cover an area of approximately 2 1/2 square miles
- F7. The Bakersfield Fire Department (BFD) provides fire suppression, emergency medical services, heavy and technical rescue, hazardous materials mitigation, water rescue, and other life safety services around-the-clock to a growing community of over 360,000 citizens. As an Insurance Service Office (ISO) rated Class 2 Fire Department, the BFD is the highest rated firefighting agency in Kern County and ranks in the top 1.5% of fire departments nationwide:
- a. 240 sworn, support, and reserve personnel
 - b. Fourteen fire stations

- c. Operates under a Joint Powers Agreement with the Kern County Fire Department to coordinate response times

- F8. The City's Recreation and Parks Department (Department) manages 59 parks and other various athletic facilities. The Department is one of 79 agencies in the nation (the second in California) to receive national accreditation from the Commission for Accreditation of Park and Recreation Agencies (CAPRA). National accreditation requires park and recreation agencies to respond to 156 standards representing elements of effective and efficient park and recreation operations:
 - a. Operates four swimming pools and nine spray parks
 - b. Playground equipment has been up-dated to handicap accessible
 - c. Tree replacement (removal of old redwoods) and reduction in irrigation is used to alleviate drought concerns
 - d. Mesa Marin Sports Complex was renamed the "Tarina Homes Sports Complex at Mesa Marin," and will be expanding their programs

- F9. Keep Bakersfield Beautiful (KBB) works with the City of Bakersfield General Services Division Anti-Graffiti program in local schools, to educate students about the negative impacts of graffiti, as well as, teaching students about laws regarding graffiti. Volunteers are encouraged to help the City in their efforts to clean up graffiti. Graffiti Abatement Volunteers may:
 - a. Adopt a wall that is vandalized regularly
 - b. Paint over graffiti on United States Postal Service community mailboxes
 - i. Requires special permission from the federal government
 - ii. KBB provides paint kits to volunteers for the Adopt A Mailbox program
 - c. Call 32-ERASE (323-7273) to volunteer to adopt a wall or mailbox, clean up graffiti, or report graffiti, that needs to be painted over by volunteers or City staff

General Services Division:

- a. Uses a Paint Tracks Power Wash truck to remove graffiti, seven days a week
 - b. Strives to remove all graffiti within 24 hours of receiving report

- F10. Water purveyors providing domestic water within the City (See Appendix B):
 - City of Bakersfield
 - California Water Service
 - Casa Loma Water Company
 - East Niles Community Services District
 - Greenfield County Water District

- North of the River Mutual Water Company
- Stockdale Annex Mutual Water Company
- Stockdale Mutual Water Company
- Vaughn Water Company

F11. In July 2017, the State Water Resources Control Board, Division of Drinking Water, established maximum containment level (MCL) for the synthetic chemical known as 1,2,3-Trichloropropane (TCP). TCP is a chemical previously used as a cleaning and degreasing solvent, and is associated with pesticide products. TCP is commonly found in groundwater throughout the Central Valley, and is present in Bakersfield. The implementation schedule for the new regulation requires water purveyors to begin sampling for TCP in their groundwater wells during the first quarter of 2018.

The City operates 64 groundwater wells, in which 41 currently exceed the new MCL for TCP. The City is currently in the process of equipping an initial group of 27 wells with treatment facilities to remove the TCP from the groundwater prior to delivery of the treated water into the domestic water system. This project is known as the TCP Mitigation Project. The City is currently in litigation with the chemical companies responsible for the contamination.

In May 2017, the City Council approved an emergency resolution, which allowed the City to dispense with bidding for the TCP Mitigation Project, in accordance with Section 3.20.060 of the Bakersfield Municipal Code. This resolution allowed the City to procure wellhead treatment vessels, granular activated carbon (GAC), engineering services, contractor and installation services, design/building contractor, construction management, and miscellaneous ancillary support and equipment related to procurement and installation of TCP treatment facilities and other related project facilities:

- a. The City's engineer's estimate for the GAC was \$2.1 million
- b. The City entered into agreements with the three GAC suppliers for the amounts as shown in the table below:

Supplier	Carbon Type	Price (per vessel)	Recommended Vessels Filled	Subtotal
Jacobi	Aquasorb 12x40 CX	\$20,372.14	20	\$407,442.80
Evoqua	AC1240CAT	\$42,608.45	2	\$ 85,216.90
Evoqua	AC1230C	\$23,065.11	16	\$369,041.76
Calgon	Filtrisorb400	\$22,642.00	16	\$362,272.00
Calgon	HPC830	\$17,872.00	32	\$571,904.00
Jacobi			20	\$407,442.80
Evoqua			18	\$454,258.66
Calgon			48	\$934,176.00
			86	\$1,795,877.46

c. The total amount of GAC purchased is \$1,795,877.46. Funds were previously budgeted within the Domestic Water Fund for this purchase and therefore an appropriation is not required. There is no impact to the General Fund.

F12. The City of Bakersfield operates and maintains an up-to-date website, www.bakersfieldcity.us. Many portals are available on the homepage; Government, How Do I, Business, Residents, Visitors, and sub-portals including:

- City Council Agenda
- Bid Opportunities
- Accident Reports
- Social Media Hub
- Open Budget
- Pay Bills
- City Jobs
- Adopt A Pet
- Service Requests
- City Maps
- Municipal Codes
- Traffic Conditions
- Documents Search

- Latest News
- Most Popular
- Upcoming Events
- TCP Updates

F13. The City is improving public accessibility with its innovative Bakersfield mobile phone application (App). Through the App, users are able to report service related issues for the City to address; damaged parks equipment, illegal dumping, graffiti, streetlights, traffic signals, and potholes. A recent update to the App now provides users with the ability to report code enforcement related items directly to City staff, including overgrown lawn or weeds, junk, trash and/or debris in a yard, abandoned furniture, algae in swimming pools, and vehicles parked on a lawn. Issues can be reported through photos, video, audio, or e-mail messages.

F14. The City of Bakersfield is committed to providing its residents and the general public with a user-friendly, transparent tool to learn more about the City's annual budget. The Open Budget platform is designed to allow users to easily locate, review, and retain current revenue and expenditure data at any time throughout the fiscal year. The proposed 2018 Operating Budget is \$419,817,854. (See Appendix C)

The Open Budget portal on the City's website is broken down into three sections: Revenues, Expenditures, and Capital Improvements. Each section provides data for the Adopted Budget, Amended Budget, and Actual Year-to-Date data for the fiscal year selected. Each section is presented through a visual interface for ease of use.

F15. The City proactively supports the growth of new businesses. After eleven years of negotiations, a Bass Pro Shop will open in Bakersfield, providing employment opportunities for the community and revenues for the City. In February 2018, the City is expecting a response from Amazon, to the City's proposal to locate their Western Distribution Center in Bakersfield.

COMMENTS:

The Cities and Joint Powers Committee of the 2017-2018 Kern County Grand Jury would like to thank the City Staff for their cooperation in providing information for this report. The City's website was very useful and user-friendly in locating important information.

RECOMMENDATIONS:

R1. The City of Bakersfield should examine methods for retaining law enforcement personnel in an effort to reduce the high turnover rate among patrol officers in the Bakersfield Police Department. (Finding 6)

R2. The City of Bakersfield should continue to encourage, recognize, and reward outstanding City employees. Employee recognition builds morale, productivity, and aids in employee retention. (Findings 5 and 6)

NOTES:

- The City of Bakersfield should post a copy of this report where it will be available for public review.
- Persons wishing to receive an email notification of newly released reports may sign up at: www.kerncounty.com/grandjury.
- Present and past Kern County Grand Jury Final Reports and Responses can be accessed on the Kern County Grand Jury website: www.kerncounty.com/grandjury.

RESPONSE REQUIRED WITHIN 90 DAYS

**PRESIDING JUDGE
KERN COUNTY SUPERIOR COURT
1415 TRUXTUN AVENUE, SUITE 212
BAKERSFIELD, CA 93301**

**CC: FOREPERSON
KERN COUNTY GRAND JURY
1415 TRUXTUN AVENUE, SUITE 600
BAKERSFIELD, CA 93301**

APPENDIX A:



Indiana University of Pennsylvania
[Northeastern Association of Criminal Justice Sciences](#)
Criminal Justice Policy Review

Rates and Patterns of Law Enforcement Turnover A Research Note

Article Information

Volume: 26 issue: 4, page(s): 345-370

Article first published online: December 23, 2013; **Issue published:** June 1, 2015

<https://doi.org/10.1177/0887403413514439>

[Jennifer Wareham](#), [Brad W. Smith](#), [Eric G. Lambert](#)¹

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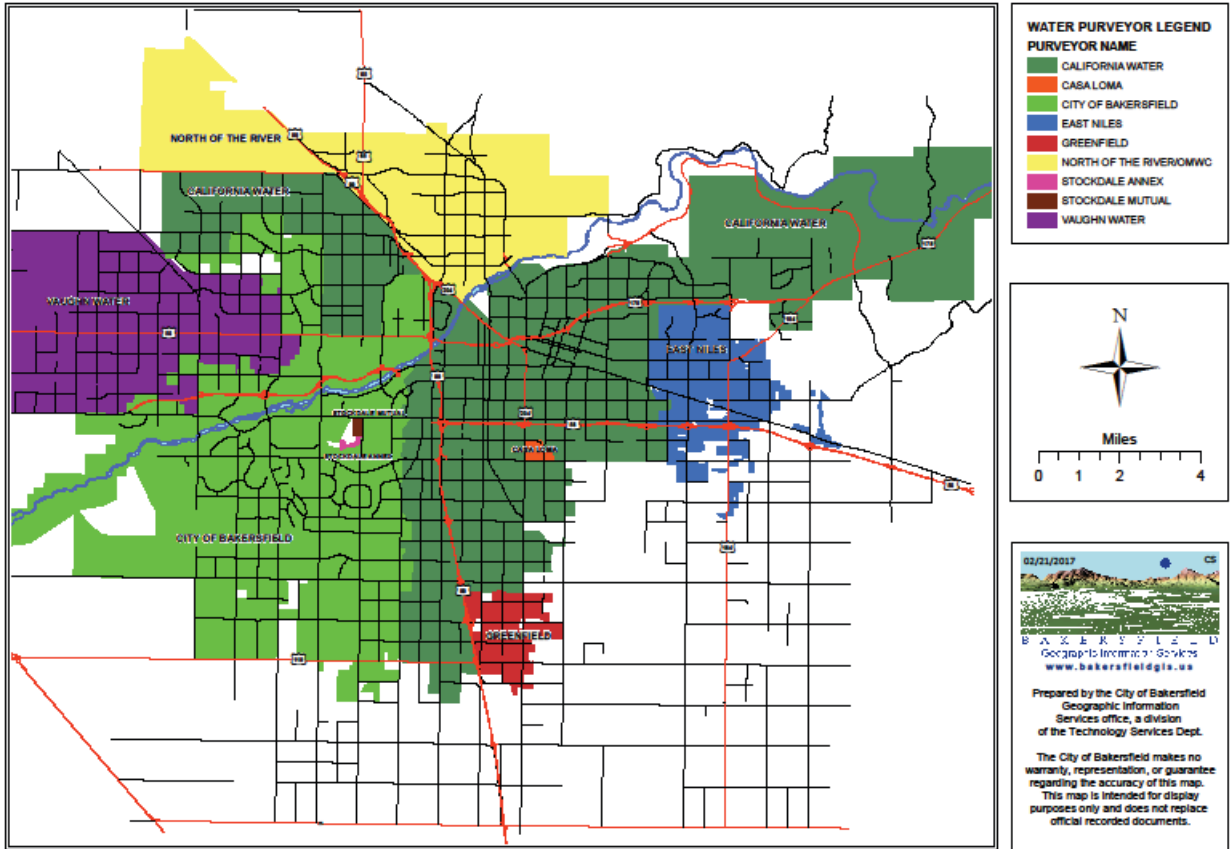
Corresponding Author: Jennifer Wareham, Department of Criminal Justice, Wayne State University, 3278 Faculty Administration Building, Detroit, MI 48202, USA. Email: jwareham@wayne.edu

Abstract

Law enforcement agencies invest substantial resources to recruit, hire, and train new police officers. Reducing officer turnover can save significant resources, yet little is known about the rates and patterns of turnover in law enforcement. Using data from the Law Enforcement Management and Administrative Statistics (LEMAS) survey in 2003 and the Census of State and Local Law Enforcement Agencies (CSLLEA) in 2008, this study establishes baseline rates of employee turnover for sworn police officers. In addition to national rates, variations in turnover were compared across states, regions, urbanity, agency size, and agency type. Nationally, the total turnover rate was 10.8% in both 2003 and 2008. There was much consistency in turnover rates between survey years. Turnover rates, however, were higher in smaller agencies, municipal agencies, those in southern regions, and those in rural areas. The turnover rate benchmarks reported here serve to inform future research on law enforcement turnover and retention.

APPENDIX B:

City of Bakersfield Water Purveyors



www.bakersfieldcity.us

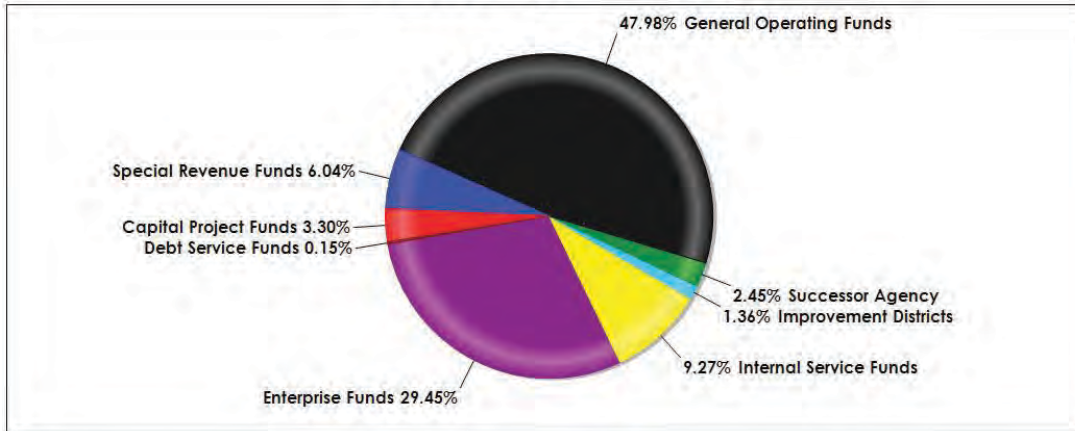
APPENDIX C:

www.bakersfieldcity.us

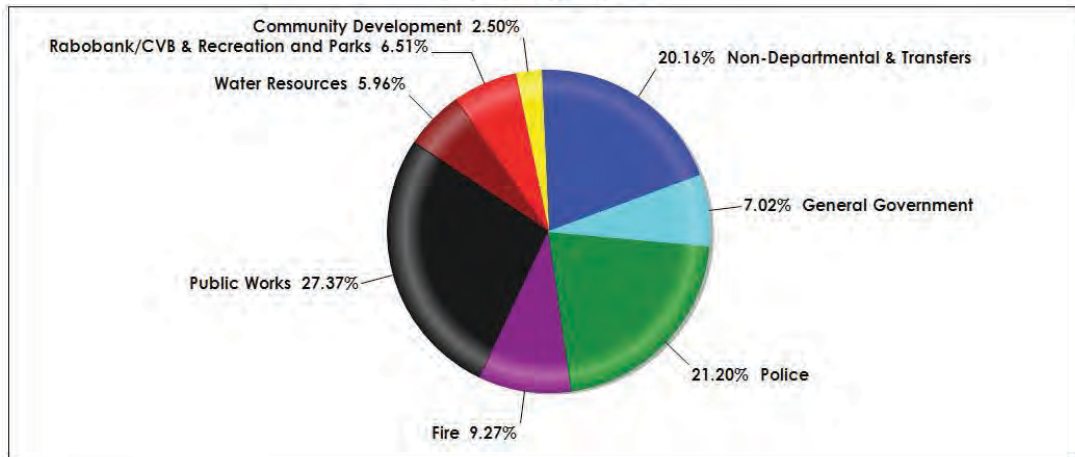
CITY OF BAKERSFIELD

RESOURCES AND APPROPRIATIONS

Where it comes from



Where it goes



CITY OF BAKERSFIELD

OPERATING BUDGET - ALL FUNDS

Sources by Type	Actual 2015-16	Adopted 2016-17	Proposed 2017-18
Resources			
Capital Project Funds	\$ 15,419,118	\$ 13,563,415	\$ 13,835,840
Economic Stimulus	-	-	-
Special Revenue Funds	24,147,410	24,617,515	25,342,969
General Operating Funds	200,173,218	195,975,000	201,435,000
Successor Agency Funds*	11,921,868	10,421,894	10,274,816
Improvement Districts	7,442,319	5,750,650	5,703,073
Internal Service Funds	36,882,636	36,754,535	38,930,882
Enterprise Funds	121,440,058	119,683,145	123,650,218
Debt Service Funds	742,742	653,046	645,056
Total	\$ 418,169,369	\$ 407,419,200	\$ 419,817,854
Appropriations			
General Government	\$ 28,913,137	\$ 28,821,367	\$ 29,487,085
Police	88,643,393	88,461,335	89,017,942
Fire	37,560,332	37,697,202	38,933,944
Public Works	109,958,196	110,187,933	114,889,282
Water Resources	25,467,809	25,376,290	25,024,456
Recreation and Parks	26,295,608	26,682,040	27,323,170
Community Development	10,076,699	10,329,060	10,499,977
Non-Departmental & Transfers	91,254,195	79,863,973	84,641,998
Total	\$ 418,169,369	\$ 407,419,200	\$ 419,817,854

* Formerly Redevelopment Agency Funds



February 22, 2018

The Honorable Charles R. Brehmer, Presiding Judge
Kern County Superior Court
1415 Truxtun Ave
Bakersfield, CA 93301

Dear Judge Brehmer:

The City is in receipt of the Kern County Grand Jury Report for FY 2017-18 as it pertains to the City of Bakersfield. On February 21, 2018, the City Council reviewed and authorized the transmittal of the responses to the Grand Jury's findings and recommendations as outlined below.

FINDINGS:

F1. The City of Bakersfield is a Charter City that offers a full range of city services including:

- Fire and Police Protection
- Streets and Infrastructure Maintenance
- Planning and Community Development
- Recreation and Parks Services
- Agricultural and Domestic Water Services
- Municipal Airpark - General Aviation
- Refuse Collection
- Wastewater Treatment

City agrees with findings.

F2. The City has plans to enhance the Downtown Area, collaborating with the Downtown Business Association and other businesses.

City agrees with findings.

F3. The City has actively developed the Downtown Area at Mill Creek, providing housing for veterans and low-income residents. Other improvements include the Federal Court Building, and upgrading street lighting to LED lights.

City agrees with findings.

F4. The California High Speed Rail, when in operation, will bring future commercial development to the Downtown Area.

City agrees with findings.

F5. The City employs approximately 1,500 personnel. Appreciation Awards include:

- Annual Appreciation Breakfast
- Certificates of Appreciation and "Extra Mile" awards
- "High Five" tickets to City events

City agrees with findings. The High Five program is an internal program to recognize fellow City employees for providing excellent service to fellow employees and the general public.

F6. Bakersfield Police Department:

- a. In the last five years, the department has endured a turnover rate of 55% (See Appendix A)
- b. Average salaries for officers are approximately 30% below other comparable California cities
- c. Ongoing training is offered to sergeants and ranks below:
 - i. Enhancing the level of law enforcement service to the public
 - ii. Increasing the technical expertise and overall effectiveness of personnel
 - iii. Providing for continued professional development of department personnel
 - iv. Conducting sensitivity training in dealing with the public
- a. Body worn cameras are being considered for patrol officers as a safety tool for both officers and the public
- b. ShotSpotter Gunfire Detection and Location System purchased with a \$450,000 grant should be in operation soon:
 - i. Triangulates and identifies the location of gunshots within 10 feet
 - ii. Validates gunshots within 30-45 seconds of being fired
 - iii. Pilot program will cover an area of approximately 2 1/2 square miles

City agrees partially with findings, but wishes to clarify item a. Approximately 55 percent of the department from the rank of Sergeant and below (Sergeant, Detective, Senior Police Officer and Police Officer) have been hired since 2013. Generally, as senior ranking staff retire, promotions occur, which creates a domino effect of vacancies typically at the ranks of Sergeant and below. Although employees may separate from the department for a variety of reasons, many of the police officers move up in the organization as vacancies occur. This promotional pattern makes it appear as though there is a significant turnover issue with the rank of police officer. However, it is more a product of upward mobility due to retirements within the senior ranks of the department who have served the department for a significant tenure.

F7. The Bakersfield Fire Department (BFD) provides fire suppression, emergency medical services, heavy and technical rescue, hazardous materials mitigation, water rescue, and other life safety services around-the-clock to a growing community of over 360,000 citizens. As an Insurance Service Office (ISO) rated Class 2 Fire Department, the BFD is the highest rated firefighting agency in Kern County and ranks in the top 1.5% of fire departments nationwide:

- a. 240 sworn, support, and reserve personnel
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City agrees with findings.

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- c. Tree replacement (removal of old redwoods) and reduction in irrigation is used to alleviate drought concerns
- d. Mesa Marin Sports Complex was renamed the "Tarina Homes Sports Complex at Mesa Marin," and will be expanding their programs

City agrees with findings.

F9. Keep Bakersfield Beautiful (KBB) works with the City of Bakersfield General Services Division Anti-Graffiti program in local schools, to educate students about the negative impacts of graffiti, as well as, teaching students about laws regarding graffiti. Volunteers are encouraged to help the City in their efforts to clean up graffiti. Graffiti Abatement Volunteers may:

- a. Adopt a wall that is vandalized regularly
- b. Paint over graffiti on United States Postal Service community mailboxes
 - i. Requires special permission from the federal government
 - ii. KBB provides paint kits to volunteers for the Adopt A Mailbox program
- c. Call 32-ERASE (323-7273) to volunteer to adopt a wall or mailbox, clean up graffiti, or report graffiti, that needs to be painted over by volunteers or City staff

General Services Division:

- a. Uses a Paint Tracks Power Wash truck to remove graffiti, seven days a week
- b. Strives to remove all graffiti within 24 hours of receiving report

City agrees with findings.

F10. Water purveyors providing domestic water within the City (See Appendix B):

- City of Bakersfield
- California Water Service
- Casa Loma Water Company
- East Niles Community Services District
- Greenfield County Water District
- North of the River Mutual Water Company
- Stockdale Annex Mutual Water Company
- Stockdale Mutual Water Company
- Vaughn Water Company

City agrees with findings.

F11. In July 2017, the State Water Resources Control Board, Division of Drinking Water, established maximum containment level (MCL) for the synthetic chemical known as 1,2,3-Trichloropropane (TCP). TCP is a chemical previously used as a cleaning and degreasing solvent, and is associated with pesticide products. TCP is commonly found in groundwater throughout the Central Valley, and is present in Bakersfield. The implementation schedule for the new regulation requires water purveyors to begin sampling for TCP in their groundwater wells during the first quarter of 2018.

The City operates 64 groundwater wells, in which 41 currently exceed the new MCL for TCP. The City is currently in the process of equipping an initial group of 27 wells with treatment facilities to remove the TCP from the groundwater prior to delivery of the treated water into the domestic water system. This project is known as the TCP Mitigation Project. The City is currently in litigation with the chemical companies responsible for the contamination.

In May 2017, the City Council approved an emergency resolution, which allowed the City to dispense with bidding for the TCP Mitigation Project, in accordance with Section 3.20.060 of the Bakersfield Municipal Code. This resolution allowed the City to procure wellhead treatment vessels, granular activated carbon (GAC), engineering services, contractor and installation services, design/building contractor, construction management, and miscellaneous ancillary support and equipment related to procurement and installation of TCP treatment facilities and other related project facilities:

- a. The City's engineer's estimate for the GAC was \$2.1 million
- b. The City entered into agreements with the three GAC suppliers for the amounts as shown in the table below:

Supplier	Carbon Type	Price (per vessel)	Recommended Vessels Filled	Subtotal
Jacobi	Aquasorb CX 12x40	\$20,372.14	20	\$407,442.80
Evoqua	AC1240CAT	\$42,608.45	2	\$ 85,216.90
Evoqua	AC1230C	\$23,065.11	16	\$369,041.76
Calgon	Filtrisorb400	\$22,642.00	16	\$362,272.00
Calgon	HPC830	\$17,872.00	32	\$571,904.00
	Jacobi		20	\$407,442.80
	Evoqua		18	\$454,258.66
	Calgon		48	\$934,176.00
			86	\$1,795,877.46

c. The total amount of GAC purchased is \$1,795,877.46. Funds were previously budgeted within the Domestic Water Fund for this purchase and therefore an appropriation is not required. There is no impact to the General Fund.

City agrees with findings. The City recently settled its lawsuit with Dow and Shell as it relates to the TCP mitigation work. The City's net proceeds from the settlement is \$54 million. The settlement allows the City to fund the capital costs associated with outfitting 35 wells for TCP treatment. Additionally, the settlement allows the City to eliminate water rate increases that were previously approved for 2018 and 2019.

F12. The City of Bakersfield operates and maintains an up-to-date website, www.bakersfieldcity.us. Many portals are available on the homepage; Government, How Do I, Business, Residents, Visitors, and sub-portals including:

- City Council Agenda
- Bid Opportunities
- Accident Reports
- Social Media Hub
- Open Budget
- Pay Bills
- City Jobs
- Adopt A Pet
- Service Requests
- City Maps
- Municipal Codes
- Traffic Conditions
- Documents Search
- Latest News

- Most Popular
- Upcoming Events
- TCP Updates

City agrees with findings.

F13. The City is improving public accessibility with its innovative Bakersfield mobile phone application (App). Through the App, users are able to report service related issues for the City to address; damaged parks equipment, illegal dumping, graffiti, streetlights, traffic signals, and potholes. A recent update to the App now provides users with the ability to report code enforcement related items directly to City staff, including overgrown lawn or weeds, junk, trash and/or debris in a yard, abandoned furniture, algae in swimming pools, and vehicles parked on a lawn. Issues can be reported through photos, video, audio, or e-mail messages.

City agrees with findings.

F14. The City of Bakersfield is committed to providing its residents and the general public with a user-friendly, transparent tool to learn more about the City's annual budget. The Open Budget platform is designed to allow users to easily locate, review, and retain current revenue and expenditure data at any time throughout the fiscal year. The proposed 2018 Operating Budget is \$419,817,854. (See Appendix C) The Open Budget portal on the City's website is broken down into three sections: Revenues, Expenditures, and Capital Improvements. Each section provides data for the Adopted Budget, Amended Budget, and Actual Year-to-Date data for the fiscal year selected. Each section is presented through a visual interface for ease of use.

City agrees with findings.

F15. The City proactively supports the growth of new businesses. After eleven years of negotiations, a Bass Pro Shop will open in Bakersfield, providing employment opportunities for the community and revenues for the City. In February 2018, the City is expecting a response from Amazon, to the City's proposal to locate their Western Distribution Center in Bakersfield.

City agrees with findings. The City wishes to clarify at the time of this response, staff was notified that Bakersfield was not selected to move forward in the Amazon HQ2 location process.

RECOMMENDATIONS:

R1. The City of Bakersfield should examine methods for retaining law enforcement personnel in an effort to reduce the high turnover rate among patrol officers in the Bakersfield Police Department. (Finding 6)

As discussed in the response to Finding No. 6a, approximately 55 percent of the department from the rank of Sergeant and below (Sergeant, Detective, Senior Police

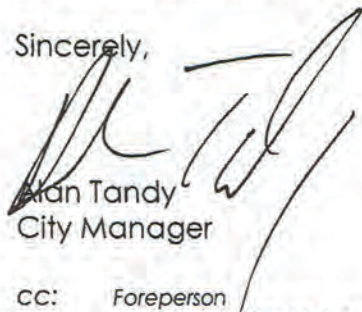
Officer and Police Officer) have been hired since 2013. Generally, as senior ranking staff retire, promotions occur, which creates a domino effect of vacancies at the ranks of Sergeant and below. This promotional pattern makes it appear as though there is a significant turnover issue with the rank of police officer – however it is more a product of upward mobility due to retirements within the senior ranks of the department. When taking into account promotional movement, the turnover rate (employees actually separating from the department) specifically for the police officer position is relatively in line with comparable agencies. The City does conduct exit interviews with employees who are separating from the organization to determine reasons for leaving the organization and to receive feedback on ways to reduce turnover.

R2. The City of Bakersfield should continue to encourage, recognize, and reward outstanding City employees. Employee recognition builds morale, productivity, and aids in employee retention. (Findings 5 and 6)

This recommendation will continue to be implemented through the various employee recognition programs that are overseen by the City's Employee Incentive Team and the City Manager's Office. Individual departments also recognize employees throughout the year. Staff is currently evaluating opportunities to make improvements to components of the City's incentive program to ensure merited employee recognition occurs throughout the organization.

The City wishes to express its sincere thanks to the members of the Grand Jury's Cities & Joint Powers Committee for their thorough review, findings and recommendations as it relates to operations of the City of Bakersfield. Please do not hesitate to reach out to my office should you have any questions.

Sincerely,



Alan Tandy
City Manager

CC: Foreperson
Kern County Grand Jury
1415 Truxtun Ave, Suite 600
Bakersfield, CA 93301

City of California City

“A Tale of a City”

PREFACE:

“It was the best of times, it was the worst of times,” as the story goes. The City of California City (City) is a tale of a City. Depending on whom you want to believe, or which social media you watch, the government of the City is working to improve it, or they are working to destroy it.

PURPOSE OF INQUIRY:

The 2017-2018 Kern County Grand Jury (Grand Jury) received numerous complaints about the management and governance of the City, and the lack of code enforcement on unoccupied businesses. The Cities and Joint Powers Committee (Committee) of the Grand Jury visited to inquire and investigate the operations and management of the City, pursuant to California Penal Code §925(a).

PROCESS:

The Committee conducted at least 50 interviews with employees, residents, and the complainants from the City. Interviews were conducted at the Grand Jury Office, City Police Department, City Fire Department, and via conference calls. The Committee met with each complainant, to better understand the situations and the problems within the City.

The Committee first visited the City on November 14, 2017, followed by eight more visits to conduct interviews and inquire into various important locations. The Committee visited and inquired into the operation of a permitted Cannabis growing operation within the City, on March 20, 2018. The Fire Chief provided a tour of the new California City Fire Station Number 19.

Online research of the City ordinances and policies were reviewed to obtain vital information. The California Medical Marijuana Regulation and Safety Act was helpful to better understand the Medical Marijuana (Cannabis) business. Newspapers articles were useful to understand the current events of the City.

BACKGROUND AND FACTS:

The City of California City was the *dream* of a private land developer in 1958. He bought 80,000 acres of open land in the northern Antelope Valley in Kern County, California, 65 miles southwest of the Death Valley National Park in the

Mojave Desert. The *dream* was to build a master-planned city that would rival Los Angeles in scope and size.

A total of 203,631 square miles now makes the City the third largest city, by area, in California. The City has over 54,000 parcels with marked roads, most with available water and sewer.



Provided by: https://en.wikipedia.org/wiki/California_City,_California

In 1965, the City incorporated as a General Law City, with an elected mayor and four city council members elected at large. The population grew from 617 in 1965, to 14,120 (United States 2010 Census). Today's population includes inmates at the California City Correctional Center (CAC), a California Department of Corrections and Rehabilitation State Prison.

One advantage for this desert city is that it lies over an extensive aquifer that provides virtually an unlimited supply of fresh water. In the 1960s, the initial developers built the water transmission system. They used 4 inch and 10 inch uncoated steel water mainlines from World War II surplus, with an estimated life of thirty years. Expecting immediate rapid growth, the infrastructure of water and sewer lines, plus miles of paved and unpaved roads, were laid out all at once. The expected growth never occurred. This idle infrastructure is now showing signs of deterioration, thus the City has a significant number of old waterlines in need of repair and/or replacement.

Just north of the City is the Desert Tortoise Research Natural Area. This is an area of 39.5 square miles of prime natural habitat, set aside for the Desert Tortoise, the official California State Reptile. The preserve boasts a rich flora and fauna representative of the intricate Mojave Desert ecosystem. (See Appendix A)

The City has a golf course, a prison, a municipal airport, and is home to the California City Whiptails, an independent professional baseball team associated with the Pecos League.

Much of the City's workforce travels to Edwards Air Force Base, which is located just south of the City. Other major sources of employment include CAC; Mojave Air and Space Port and its flight test operations; the Hyundai/Kia Proving Grounds, located in the rural southwestern part of the City. The Honda Proving Grounds of California, located north of the City, has recently reopened.

State Highway 14 serves the City to the west and State Highway 58 to the south (See Appendix A). Kern Transit District provides inter-regional bus service to other areas in Kern County. Within the City, California City Dial-A-Ride Transit provides transportation on a demand-response basis on weekdays.

As an incorporated city, the City has its own Police, Fire, and Public Works Departments.

The economic recession, starting around 2007, hit the City hard, leaving many houses, malls, and businesses unoccupied (See Appendix B). The City offers a permit process for property owners to notify the Police, Fire, and Code Enforcement Departments that houses and businesses are unoccupied.

FINDINGS:

F1. The Mayor and Council Members stated in their respective interviews that they visit City Hall on a regular basis, outside the scheduled City Council meetings:

- Mayor 40 plus hours per week
- Council Member One 20 hours per week
- Council Member Two 20-30 hours per week
- Council Member Three 20-30 hours per week
- Council Member Four 1 to 2 visits per month

F2. The Mayor and Council Members met with the previous City Manager on a weekly basis to inquire into City business. This action would be a violation of the Ralph M. Brown Act (California Government Code §54950 et seq.), if the same discussion is shared among the other Council Members. The previous City Manager stated that, it was standard procedure to discuss issues and answer agenda questions with each of the Council Members, prior to each City Council meeting.

The current City Manager stated that most inquiries are now phone calls rather than frequent office visits.

F3. The City of California City, Code of Ordinances, Administration, CHAPTER 1. – CITY COUNCIL, ARTICLE 1. – ROLE OF THE COUNCIL establishes the policies of the City Council.
(See Appendix C)

“Except as otherwise provided by the Code, the Mayor and individual Council members shall deal with the administrative services of the City only through the City Manager. Except for the purposes of inquiry, the Mayor and individual Council members shall not give orders or instructions to any subordinate of the City Manager. The City Manager shall take orders and instructions from the Council only when sitting in a duly held meeting of the Council. Neither the Mayor nor any individual Council member shall separately give any orders or instructions to the City Manager, except for the purposes of inquiry.”

- F4. The City has two Code Enforcement Officer positions; one was vacant at the time of the visit. The Code Enforcement Department is now under the jurisdiction of the City Fire Chief. Over the past ten years, the Police Chief and the City Manager have supervised this Department. The Code Enforcement Department is responsible for overseeing existing buildings, homes, and parcels within the City, for violations of City and State codes.
- F5. The Building and Planning Department is responsible for all new construction and business permits, including the initial Cannabis permits.
- F6. Code Enforcement Officers, Fire Marshall, and/or Building Inspectors are authorized to place a Red Tag on a building when it is not properly permitted or safe to occupy. The Red Tag should not be removed until the situation is corrected.
- F7. An unoccupied building, located at a local mall, was Red Tagged on August 20, 2017, because of a citizen complaint concerning activities at this location. Inspectors found two males working and living in the building; the Fire Marshal placed a Red Tag on the building because he found living quarters. City Officials removed the Red Tag after the owner complained to the City Manager and the living quarters were removed. Other possible violations (electrical, fire sprinklers, safety concerns, storage of items throughout the building) were not addressed, because the Fire Marshall was denied access to the entire building. Code Enforcement Officers and the Fire Marshal were directed by City Officials not to return to that location.
- The Committee visited the location more than ten times, over a five month period and observed people and vehicular activity
 - Photos provided to the Committee, showed vehicular activities during the entire day and late nights for several months; on many occasions water (or other liquids) were brought into the building on a regular basis
 - Interviewees stated that the building was used as a church, nursery, storage area, and office

- Interviewees stated that during the first week of April 2018, activity has ceased and the building may be vacant at this time
- F8. On June 12, 2017, the Code Enforcement Officer started a case for Open Violations: graded lot, unlawful temporary property use, activity, or business on a vacant lot. This lot is ten acres, owned by a City Council Member with a Cannabis permit for this property. The last case entry was made on June 28, 2017, "Waiting on response from Chief" (Fire). The Committee was informed that this case was given to the California Department of Fish and Wildlife for further investigation, for environmental concerns.
- F9. According to the Fire Department, the City has over 500 commercial buildings, and most are in need of inspections.
- F10. Approximately 7,000 of the 54,000 parcels in the City, are owned, managed, or under the control of one person and/or his companies. Code Enforcement officers were again given a directive by City Officials not to inspect some of these parcels.
- F11. The Interim City Manager, hired November 2017, was confirmed as the full time City Manager on March 16, 2018.
- F12. The City Clerk has held the position since March 2006. The Clerk is hired by, and reports to, the City Council. Duties of the Clerk include:
- Preparing Council meeting agendas with background information
 - Preparing Council meeting minutes for approval
 - Maintaining all City records with original contracts and documentation
 - Handling public request for information
 - Issuing business permits, including Cannabis
 - Issuing yearly business licenses
- F13. City Council meetings minutes are not approved by the City Council in a timely manner. Minutes for the August 8, 2017, City Council Meeting, and the September 26, 2017, City Council Meeting were not approved until March 13, 2018. Another example of delayed approval of meeting minutes: at the December 28, 2017, Special City Council Meeting, the Council approved the minutes for 3-14-17, 3-28-17, 4-11-17, 5-2-17, 5-9-17, 5-23-17, 6-13-17, and 9-12-17 with one consent item vote. The Committee found approved minutes to have many inaccuracies in the voting record of the Council Members.
- F14. The January 11, 2018, City of California City, City Council Meeting Agenda: has a resolution to place a ballot item on the April 10, 2018 election, to extend the special parcel tax for six years (See Appendix D):

“To prevent cuts in police, fire, drug enforcement and emergency 9-1-1 response, to fix potholes, improve streets, and improve park and recreation services, shall the existing special parcel tax be extended for six years (through the tax year 2023-2024) at a rate not to exceed the existing rate \$150 per lot or parcel, potentially generating approximately \$7.5 million annually with such funds only to be used for police, fire, code enforcement, parks, and roads?”

Without approved minutes, it is not possible for the Committee to verify the above action. The City Manager and City Council Members indicated that if this ballot fails, employee pink slips would be issued.

- F15. The City is lacking public transparency:
- Mayor and Council Members’ City contact information is not readily available to the public
 - The City’s website is not up-to-date with photos or contact information of Council Members
 - Council meeting minutes are not published in a timely manner
 - Last minutes available - July 2017 meeting (not on the website)
 - The Council does not approve minutes on a regular basis, due to the lack of preparation of the minutes
 - Most citizens wanting to view the results of the meetings, will view the video and/or comments on social media

- F16. Stated on the City Council Meeting March 13, 2018, Agenda, New Business,
NB 1. – FY 2016-17 Financial Audit Report Prepared by Price Paige and Company, Certified Public Accountants,
Recommendation: Council Discuss, and File:
(See Appendix E)

Listed in Appendix E, Section II Financial Statement Findings, are findings 2017-001, 2017-002, 2017-003, 2017-004, 2017-005, and Corrective Action Plan, June 30, 2017. The Corrective Action Plan, for 2017 findings has Anticipated Completion Date June 30, 2018, and Responsibilities given to City Council, City Manager, Financial Director, and City Accountant.

- F17. Because approved City Council meeting minutes of most recent meetings are not available to verify, witnesses reported to the Committee, that many votes of the Council’s actions were a 3-2-0 or a 2-2-1 vote, for the past year.

- F18. The City has a website, www.californiacity-ca.gov/. It is lacking City Council meeting minutes, contact information for the Council Members, a portal for public comments; not regularly updated, and difficult to navigate.
- F19. The Committee has verified that two or more e-mails from City employees to other employees or their supervisors, have disappeared from the City's e-mail server. Several e-mails from City employees to the Grand Jury have also been deleted or disappeared from the server. Records of the e-mails from the sent and/or inbox, and the contact list, have been deleted or disappeared.
- F20. After interviewing several present and past City employees, at least 8 out of 21 stated that they have filed a grievance, complaint, or a concern about the working conditions. The Human Resource Director was involved in the resolution of most of these complaints resulting in promotions, resignations, placement on administrative leave for over a year, or reassignment to another supervisory position.
- F21. City employees shared concerns that they were harassed by supervisors at work and/or written up for what appears to be minor details, after interviewing with the Committee.
- F22. The City has adopted an ordinance with several amendments to allow the cultivation, manufacturing, and transporting of Cannabis. The permitting process has several steps with many fees that must be paid. Planning/Building, Public Works, Fire, and Police Departments are all involved in the permitting process. Not just one department or assigned personnel is responsible for the collection of fees and/or needed documents.

Several City employees working the front window in the City Hall may receive and receipt funds and fees. This process may lead to inaccurate accounting. Budget funding codes were changed to allow for a better method of tracking fees.

The nonrefundable Cannabis fee schedule is as follows:

Phase 1: Preliminary determination of eligibility	\$3,258
Phase 2: Initial ranking	\$ 701
Phase 3: Second ranking	\$1,790
Phase 4: Public Meeting and City Council final selection	\$1,937

To date, four Cannabis businesses have been approved.

It is unclear, due to conflicting statements given to the Committee, as to how many funds have actually been receipted for the Cannabis businesses. Approximately 185 applicants have started the process

and paid some fees. Not all of the fees were receipted in the same object code of the budget, making it difficult to reconcile. (See Appendix E)

The approved Cannabis Tax will not take effect until July 1, 2018, for all permitted businesses.

- F23. Account Clerks staff the payment window in City Hall. Clerks collect payments for water bills, business licenses, Cannabis permits, and other funds for the City in the form of cash, check, or credit card. Direct supervision is sometimes lacking; refund checks and credits have been issued on the same account, and receipt coding to accounts were entered incorrectly. (See Appendix E)
- F24. Not all Council Members were completely accurate on their Form 700, submitted in September 2017.
- F25. Community perception that the Mayor has hired friends as City employees, dismissed employees that oppose the Mayor, and issued Cannabis business permits to friends is unsubstantiated.

In actuality, the Mayor and Council Members, working as a body, only hire the City Clerk and City Manager. The City Manager hires, dismisses, and disciplines all City employees. The City Council is involved in the appeal process for employee discipline.

The City Council as a unit, will issue Cannabis permits after all phases and vetting processes are completed.

- F26. The Special Parcel Tax measure on the April 10, 2018 Ballot, failed to receive the required 2/3 vote:
- Yes – 957 votes, 57.31%,
 - No – 711 votes, 42.57%.

COMMENTS:

The previous and current City Managers were very cooperative and helpful in providing needed information about the City, Cannabis production requirements, and future activities. Many interviewees provided much needed input and contact information.

The City government is in need of guided directions. It appears that many employees and Council Members believe they are in full control of the City business. But actually, personal bias appears to be in charge of the City. Most decisions seem to be made based on personalities, which are not necessarily good for the City.

An interviewee stated that the attitude of the residents is, "If we are to be friends, then you MUST hate the same people that I hate."

The Special Parcel Tax is a major concern for the City. Without these funds, it will be very difficult for the City to continue to operate in the current manner. These funds are needed to provide police and fire services, as well as road improvements.

RECOMMENDATIONS:

- R1. The City of California City's Mayor and Council Members should refrain from meeting with the City Manager outside scheduled City Council Meetings. This appears to be a violation of the City Code of Ordinance and/or the Ralph M. Brown Act. (Findings 1, 2, and 3)
- R2. The City Manager, Mayor, and Council Members should allow the Code Enforcement Officers, Fire Marshall, and Building Inspectors to perform their assigned duties, regardless of property ownership. (Findings 4, 5, 6, 7, 8, 9, and 10)
- R3. The City should post approved meeting minutes in a timely manner (by the next meeting date), to allow the public an opportunity to review the Council's actions. The posting of minutes should be on the City's website and at City Hall. (Findings 12, 13, 14, 15, and 16)
- R4. The City should update their website to include contact information for City Officials and City Government. (Finding 18)
- R5. The City should assure that **all** e-mails sent and/or received be archived. (Finding 19)
- R6. The City Manager, Department Heads and Supervisors should be trained on how to become better leaders, to effectively supervise their staff, and to successfully resolve conflicts in the work place. The City should cease and desist any harassment of City employees who act as whistleblowers, and/or shared information with the Grand Jury. (Findings 20 and 21)
- R7. The City should hire an outside auditing firm to perform a forensic audit of all financial transactions for the past two years. (Findings 16, 22, and 23)
- R8. The City Council should take the lead role and responsibility to see that the City completes the Corrective Action Plan from the June 30, 2017 Financial Audit Report, by the end of the 2017-2018 Fiscal Year. (Finding 16)

NOTES:

- The City of California City should post a copy of this report where it will be available for public review.
- Persons wishing to receive an email notification of newly released reports may sign up at: www.kerncounty.com/grandjury.
- Present and past Kern County Grand Jury Final Reports and Responses can be accessed on the Kern County Grand Jury website: www.kerncounty.com/grandjury.

RESPONSE REQUIRED WITHIN 90 DAYS TO:

**PRESIDING JUDGE
KERN COUNTY SUPERIOR COURT
1415 TRUXTUN AVENUE, SUITE 212
BAKERSFIELD, CA 93301**

**CC: FOREPERSON
KERN COUNTY GRAND JURY
1415 TRUXTUN AVENUE, SUITE 600
BAKERSFIELD, CA 93301**

APPENDIX A: MAP

City of California City

Desert Tortoise Research Natural Area and Interpretive Center



Provided by: www.tortoise-tracks.org/wptortoisetracks/visiting-the-dtrna/

APPENDIX B: CONSTRUCTION BUILDING PERMITS

City of California City:

1998:	3 buildings	average cost:	\$102,400
1999:	7 buildings	average cost:	\$140,600
2000:	8 buildings	average cost:	\$124,600
2001:	7 buildings	average cost:	\$120,200
2002:	9 buildings	average cost:	\$125,600
2004:	146 buildings	average cost:	\$133,000
2005:	385 buildings	average cost:	\$124,800
2006:	479 buildings	average cost:	\$143,900
2007:	241 buildings	average cost:	\$121,500
2008:	23 buildings	average cost:	\$149,500
2009:	4 buildings	average cost:	\$151,800
2010:	1 building	cost:	\$169,200
2011:	1 building	cost:	\$190,000
2014:	1 building	cost:	\$275,300

www.city-data.com/city/California-City-California.html#ixzz58tfqg2M6

APPENDIX C: CODE OF ORDINANCES

City of California City

CHAPTER 1. - CITY COUNCIL

ARTICLE 1. - ROLE OF THE COUNCIL

Sec. 2-1.101. - General.

The Council is responsible for establishing the policies of the City and ensuring the policies are implemented.

(Ord. No. 14-725, § 1, 10-21-2014)

Sec. 2-1.102. - Council Relationship with Management.

Except as otherwise provided by this Code, the Mayor and individual Council members shall deal with the administrative services of the City only through the City Manager. Except for the purposes of inquiry, the Mayor and individual Council members shall not give orders or instructions to any subordinate of the City Manager. The City Manager shall take orders and instructions from the Council only when sitting in a duly held meeting of the Council. Neither the Mayor nor any individual Council member shall separately give any orders or instructions to the City Manager, except for the purposes of inquiry.

(Ord. No. 14-725, § 1, 10-21-2014)

Sec. 2-1.103. - Council Relationship with Commissions.

The Council may seek the advice of the City's various commission on a variety of subjects for the purpose of assisting in the formulation of policies.

(Ord. No. 14-725, § 1, 10-21-2014)

Sec. 2-1.104. - Presiding Officer.

(a) The Mayor shall be the presiding officer for the meetings of the Council. In the absence of the Mayor, the Mayor Pro Tempore shall preside over meetings of the Council.

(b) Each time a Mayor is seated, the most senior member of the Council who has not yet served as Mayor Pro Tempore shall serve as Mayor Pro Tempore. The council member who has received the most votes during the most recent election shall serve as Mayor Pro Tempore if two council members have equal seniority. The council member who declines to serve as Mayor Pro Tempore shall be deemed to have served for the purpose of determining succession. Mayor Pro Tempore shall serve at the pleasure of the council and may be removed by the affirmative vote of majority of the council, in which event a majority of the council shall select a successor.

Provided by: www.californiacity-ca.gov/.

APPENDIX D: CITY COUNCIL MEETING AGENDA JANUARY 11, 2018

Resolutions:

ORIGINAL

RESOLUTION NO. 01-18-2718

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CALIFORNIA CITY, CALIFORNIA CALLING A SPECIAL MUNICIPAL ELECTION TO BE HELD ON TUESDAY, APRIL 10, 2018 FOR THE PURPOSE OF SUBMITTING A SPECIAL PARCEL TAX MEASURE TO THE VOTERS OF THE CITY; REQUESTING THE ASSISTANCE OF THE COUNTY OF KERN IN CONNECTION WITH THAT ELECTION AND CONSOLIDATING THAT ELECTION WITH ANY OTHER ELECTIONS HELD ON THAT DATE

WHEREAS, in 2007 the voters of the City of California City approved a special parcel tax on all property in the City; and

WHEREAS, in 2012, following the sunset of the special parcel tax approved in 2007, the voters again approved a special parcel tax; and

WHEREAS, the parcel tax approved in 2012 will sunset as of tax year 2017-18; and

WHEREAS, the City's general tax revenues remain insufficient to fully fund all City services unless some services are funded by a special tax; and

WHEREAS, a continuation of the special parcel tax will help the City to continue to provide essential public safety services; and

WHEREAS, the City Council desires to submit a special parcel tax measure to the voters of the City at a Special Municipal Election to be held on Tuesday, April 10, 2018 and to be consolidated with any countywide election to be held on that date; and

WHEREAS, the proposed tax (the "Special Parcel Tax") is more completely described in the ordinance attached hereto as Exhibit "A" and incorporated herein by reference (the "Tax Ordinance"); and

WHEREAS, this resolution was adopted following a public hearing that was noticed as a special meeting as required by Section 54956 of the Government Code and applicable law.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF CALIFORNIA CITY AS FOLLOWS:

Section 1. Recitals. The City Council hereby finds and determines that the foregoing recitals are true and correct.

Section 2. Proposal. Pursuant to Section 50077 of the Government Code, the City Council hereby proposes the Special Parcel Tax.

Section 3. Election. The City Council hereby calls a Special Municipal Election for Tuesday, April 10, 2018 (the “Election”) and orders, pursuant to Section 9222 of the Elections Code, that the Tax Ordinance be submitted to the voters at that election.

Section 4. Ballot Question. The question submitted by Section 3 of this Resolutions shall appear on the ballot as follows:

To prevent cuts in police, fire, drug enforcement and emergency 9-1-1 response, to fix potholes, improve streets, and improve park and recreational services, shall the existing special parcel tax be extended for six years (through tax year 2023-2024) at a rate not to exceed the existing rate of \$150 per lot or parcel, potentially generating approximately \$7.5 million annually with such funds only to be used for police, fire, code enforcement, parks and roads?	YES	
	NO	

Section 5. Approval. Pursuant to Section 4 of Article XIII A of the Constitution, this measure requires approval by a two-thirds vote of those casting ballots on the measure.

Section 6. Consolidation. Pursuant Section 10400 et seq. of the Elections Code, the Board of Supervisors of Kern County is requested to consolidate the Election with other elections held on the same day in the same territory or in the territory that is in part the same.

Section 7. Canvass. The Board of Supervisors is authorized to canvass the returns of the Election pursuant to Section 10411 of the Elections Code.

Section 8. Conduct of Election. Pursuant to Section 10002 of the Elections Code, the Board of Supervisors is requested to permit the County Clerk to render all services specified by Section 10418 of the Elections Code relating to the election, for which services the City agrees to reimburse the County, in accordance with current County pro-rations and allocation procedures.

Section 9. Filing with County. The City Clerk shall file a certified copy of this Resolution with the County Clerk.

Section 10. Analysis and Argument. The City Attorney shall prepare an impartial analysis of the measure. The argument shall be included with other ballot materials. Any person may prepare an argument against the measure not exceeding 300 words in length. If more than one argument is submitted against the measure, the City Clerk shall select the argument against the measure to be included with the ballot materials. Rebuttal arguments shall be permitted.

APPROVED and ADOPTED this 11th day of January 2018 by the following roll call vote:

AYES: McGuire, Parris, Gomez, Wood
NOES: None
ABSENT: Stump
ABSTAIN: None


Jennifer Wood, Mayor

ATTEST:


Denise Hilliker, City Clerk

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APPENDIX E: INDEPENDENT AUDITOR'S REPORT

2016-2017 Fiscal Year



PRICE PAIGE & COMPANY
Accountancy Corporation

The Place to Be

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Honorable Mayor and Members of the City Council
of the City of California City
City of California City, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of California City (the City) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 27, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs identified as item 2017-001 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs identified as items 2017-002 and 2017-003 to be significant deficiencies.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2017-004 and 2017-005.

City's Response to Findings

The City's responses to the findings identified in our audit are described in the Corrective Action Plan. The City's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion in them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Price Page & Company

Clovis, California
December 27, 2017

CITY OF CALIFORNIA CITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

SECTION I – SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	<u>Unmodified</u>
Internal control over financial reporting:	
Material weaknesses identified?	<u> X </u> Yes <u> </u> No
Significant deficiencies identified that are not considered to be material weaknesses?	<u> X </u> Yes <u> </u> None reported
Noncompliance material to financial statements noted?	<u> X </u> Yes <u> </u> No

**CITY OF CALIFORNIA CITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017**

SECTION II – FINANCIAL STATEMENT FINDINGS

Finding 2017-001

Year-End Closing Process (Material Weakness)

Condition:	During the audit of the City's financial statements, we identified material misstatements in the City's general ledger account balance which necessitated the proposal of audit adjustments. Additionally, the City identified numerous misstatements to the general ledger account balances subsequent to providing us with a final trial balance.
Criteria:	A strong system of internal controls and management review requires that general ledger account balances be properly reconciled to a subsidiary ledger or other adequate supporting documentation on a periodic basis, as well as during the year-end financial close process in order to accurately and completely close the current year general ledger in a timely manner. Management is responsible for maintaining its accounting records in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).
Cause:	Although significant improvements were made from the 2015-2016 fiscal year financial statements audit, there were still various adjusting journal entries necessary to determine that the financial statements were free of material misstatement.
Effect:	Various areas of the financial statements, including fund balance/net position, intergovernmental receivables, utilities accounts receivable, accounts payable, grant revenues and overhead allocations were materially misstated, which required journal entries to be either posted by the City (13 entries) or proposed by us (10 entries) subsequent to receiving the City's final trial balance.
Recommendation:	<p>We recommend that the City perform the following steps in order to address the matters described above:</p> <ol style="list-style-type: none"> 1) Create a closing checklist to assist with the preparation of audit schedules that are complete, accurate, and reconcile to the City's general ledger account balances. Additionally, ensure that a system is in place to allow the City to perform this in a timely manner. 2) Provide additional assistance to the Finance Department through the hiring of additional competent personnel. 3) Provide additional training in accounting specific to government entities to Finance Department staff in order to ensure that they are current with all financial accounting and reporting requirements as directed by the Governmental Accounting Standards Board.

**CITY OF CALIFORNIA CITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017**

SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)

Finding 2017-002	Overhead Cost Allocations (Significant Deficiency)
Condition:	The City is using an overly complex method of allocating overhead costs that has not been updated to address the current operations of the City. Additionally, the allocation methodology included at least two employees with unreasonable payroll allocations and at least one employee who is no longer employed by the City.
Criteria:	A strong system of internal control requires that a reasonable methodology for allocating overhead costs throughout the City's functions should be reviewed and updated periodically to reflect the current operations and personnel of the City.
Cause:	The City has not reviewed and/or updated its cost allocation schedule for multiple years to ensure that it accurately reflects the current operations and personnel of the City.
Effect:	Expenditures and/or expenses may be materially overstated or understated though the City's accounting records, adversely affecting the fund balance and/or net position in several funds.
Recommendations:	We recommend that the City establish a reasonable methodology to allocate overhead costs and it is reviewed and updated periodically by management, but at least on an annual basis. Updates to the overhead allocation schedule should be reviewed and approved through formal action the City Council.
 Finding 2017-003	 Accounting Oversight (Significant Deficiency)
Condition:	The Finance Department does not have adequate oversight over all aspects of the accounting functions, including cash management and the development of internal control.
Criteria:	A strong system of internal control and management review requires that there is adequate oversight of the financial and accounting activity and maintenance of all financial records throughout the City.
Cause:	The Finance Department does not have adequate control over the general accounting and grant-related accounting functions, including the collection of cash and development of internal control, for the Off-Highway Vehicles program. Rather, much of the accounting and development of internal control over this program is maintained within the Police Department.
Effect:	Inadequate Finance Department oversight over all aspects of the City's accounting, including the collection of cash and the development of internal control, could result in a misappropriation of assets, material accounting errors, and/or noncompliance with grant agreements.
Recommendation:	We recommend that Finance Department be provided the responsibility for the accounting, development of internal control, and cash management over all aspects of City's fiscal operations.

**CITY OF CALIFORNIA CITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017**

SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)

Finding 2017-004	Timely Preparation of Minutes (Compliance)
Condition:	Through the date of issuance of the City's financial statements in December 2017, numerous minutes of the City Council meetings had not been prepared, approved by the City Council, and distributed to the public in a timely manner. Additionally, a review of the City's website shows that the last minutes which were made publicly available on the website were for the March 3, 2015 City Council meeting.
Criteria:	Proper municipal governance provides for transparent communication of significant City Council decisions to the City's citizens. The most effective way of accomplishing this is by the timely preparation and distribution of minutes from the City Council meetings.
Cause:	City management has not set policies and procedures mandating the timely preparation and distribution of minutes of the City Council meetings to the public.
Effect:	The untimely preparation and distribution of the minutes does not provide for transparency with the public. Additionally, formal actions adopted by the City Council may not be adequately communicated to the appropriate personnel, resulting in the untimely implementation of the City Council's decisions.
Recommendation:	We recommend that City management develop and implement policies and procedures related to the timely preparation of minutes of the City Council meetings. Minutes should be prepared no later than the following regular meeting and the distribution of the minutes to the public shortly thereafter.
 Finding 2017-005	 Loan Conditions (Compliance)
Condition:	We found that the City is not in compliance with conditions of a loan received from the United States Department of Agriculture during the 2004-2005 fiscal year. The conditions that the City is out of compliance with include the following: <ol style="list-style-type: none"> 1) The City must adopt an operating budget for the water system that should rely on standby fees only to the extent that it is permitted by Resolution No. 7-93-1510. 2) The City will establish a restricted fund for standby fees in accordance with Resolution No. 7-93-1510. The City should comply with the Resolution in the use of these funds. 3) The City will establish a separate debt service reserve account that must be maintained as directed in the loan agreement for the remainder of the loan.
Criteria:	A strong system of internal controls and management review should ensure compliance with all loan conditions.
Cause:	Since this loan is currently being paid semiannually without any notifications from the grantor, Management had not considered any debt covenants from preexisting loans with which the City may not be in compliance.
Effect:	By not being in compliance with conditions set forth the loan, the City risks negative consequences from Federal and State granting agencies.
Recommendations:	We recommend that the City review all debt agreements to ensure that they are in compliance with all loan conditions and debt covenants.

**CITY OF CALIFORNIA CITY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2017**

FINANCIAL STATEMENT FINDINGS

Finding 2016-001

Year-End Closing Process (Material Weakness)

Condition:	During the audit of the City's financial statements, we identified material misstatements in the City's general ledger account balance which necessitated the proposal of numerous audit adjustments. Additionally, the City identified an excessive amount of misstatements to the general ledger account balances subsequent to providing us with a final trial balance.
Criteria:	A strong system of internal controls and management review requires that general ledger account balances be properly reconciled to a subsidiary ledger or other adequate supporting documentation on a periodic basis, as well as during the year-end financial close process in order to accurately and completely close the current year general ledger in a timely manner. Management is responsible for maintaining its accounting records in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).
Cause:	The City's Finance Director and Accountant, although competent, were relatively new to the City and, in addition to the demands of closing a City's general ledger, there were numerous other financial statement, compliance, and control environment matters to resolve that were inherited from accounting errors and decisions made in previous fiscal years. Additionally, the fiscal year 2014-2015 financial statement audit was not completed until fourteen months after the fiscal year-end, making it especially difficult to close the general ledger accounts in a complete and timely manner given the matters described.
Effect:	Almost all areas were misstated resulting in 78 adjusting journal entries, many of them related to prior year misstatements, which were required to be either posted by the City (41 entries) or proposed by us (37 entries) subsequent to receiving the City's final trial balance.
Recommendation:	We recommend that the City perform the following steps in order to address the matters described above: <ol style="list-style-type: none">4) Create a closing checklist to assist with the preparation of audit schedules that are complete, accurate, and reconcile to the City's general ledger account balances. Additionally, ensure that a system is in place to allow the City to perform this in a timely manner.5) Provide additional assistance to the Finance Department through the hiring of additional competent personnel.6) Provide additional training in accounting specific to government entities to Finance Department staff in order to ensure that they are current with all financial accounting and reporting requirements as directed by the Governmental Accounting Standards Board.
Status:	Partially Implemented (See 2017-001)

**CITY OF CALIFORNIA CITY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2017**

FINANCIAL STATEMENT FINDINGS (Continued)

Finding 2016-002	Journal Entries (Material Weakness)
Condition:	During a review of the City's general ledger, we noted that an excessive amount of journal entries were recorded in the accounting system. Additionally, we noted that journal entries were being posted to the accounting system prior to being adequately reviewed.
Criteria:	A strong system of internal control and management review is necessary in order to ensure that the City transactions are correctly recorded into the City's accounting system and do not require additional subsequent adjustments.
Cause:	Controls, although designed appropriately, were not being adhered to in order to ensure that all transactions or journal entries were reviewed in a timely manner and correctly posted to the City accounting system, requiring an excessive amount of corrective journal entries.
Effect:	Posting more journal entries than would normally be necessary, or have not been properly reviewed by appropriate personnel, increases the risk of material misstatements due to error or fraud.
Recommendation:	We recommend that the City perform the following steps in order to address the matters described above: <ol style="list-style-type: none">1) Adhere to its current internal control policies and ensure all transactions and journal entries are reviewed and approved by appropriate personnel prior to being posted to the City's accounting system.2) Provide additional assistance to the Finance Department through the hiring of additional competent personnel.3) Provide training to all department heads responsible for authorizing disbursements on methods to accurately classify all disbursements to the appropriate budget line items.
Status:	Implemented

**CITY OF CALIFORNIA CITY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2017**

FINANCIAL STATEMENT FINDINGS (Continued)

Finding 2016-003	City of California Housing Corporation (Material Weakness)
Condition:	The City of California Housing Corporation (Housing Corporation), which owns and operates the Desert Jade Senior Complex, was not identified as a component unit of the City and included in the City's financial statements.
Criteria:	Governmental Accounting Standards Board Statement No. 61 states that a legally separate entity must be included as a component unit of another government if the nature and significance of the relationship between the two is such that excluding the former would render the latter's financial statements misleading.
Cause:	When the Housing Corporation formed in 1992, the City did not include its balance sheet and financial activity in the City's financial statements. Given the relationship between the City and Housing Corporation, its balance sheet and financial activity should have always been included within the City's financial statements.
Effect:	The City's nonmajor governmental funds fund balance and governmental activities net position were understated by \$756,976.
Recommendation:	We recommend that City management take a more proactive approach in overseeing the accounting of the Housing Corporation by integrating the Housing Corporations financial accounting activities and accounting records maintenance with those of the City.
Status:	Implemented
Finding 2016-004	Successor Agency Accounting Oversight (Material Weakness)
Condition:	There were numerous accounting errors identified in the Successor Agency of the former Redevelopment Agency's (Successor Agency) accounting records and no oversight over its financial and accounting activity.
Criteria:	A strong system of internal control and management review requires that there is adequate oversight of the financial and accounting activity and maintenance of all financial records of entities in which the City has a fiduciary responsibility.
Cause:	The accounting records of the Successor Agency were maintained outside of City Hall by personnel without adequate accounting experience and training.
Effect:	Almost all balance sheet and current year activities accounts in the Successor Agency's accounting system were materially misstated including, among others, a prior year understatement of land held for resale totaling \$5,162,378 and Restricted Cash with Fiscal Agents totaling \$862,082.
Recommendation:	We recommend that City management take a more proactive approach in overseeing the accounting of the Successor Agency by integrating the Successor Agency's financial and accounting activities and accounting records maintenance with those of the City's.
Status:	Implemented

**CITY OF CALIFORNIA CITY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2017**

FINANCIAL STATEMENT FINDINGS (Continued)

Finding 2016-005	Water and Sewer Fund Accounts Receivable (Material Weakness)
Condition:	Opening and ending accounts receivable balances and cash in the Water Fund and Sewer Fund were materially misstated.
Criteria:	A strong system of internal controls and management review requires that appropriate personnel have adequate knowledge of the accounting software used by the City in order to ensure that all transaction modules have been correctly set up to provide accurate information. Additionally, accounting personnel should be able to identify when accurate information is not being provided.
Cause:	The utilities billing module in the City's accounting system was inaccurately set up when the City initially changed accounting software in the 2006-2007 fiscal year. Since it was initially set up incorrectly, it has not been fixed in subsequent years.
Effect:	As a result of this condition, accounts receivable was materially overstated and cash was materially understated in the Water Fund. Additionally, accounts receivable were materially understated and cash was materially overstated in the Sewer Fund by the same amounts.
Recommendation:	We recommend that the City identify the cause of the error in its accounting software's utilities billing module and make the appropriate corrections. Additionally, we recommend that Finance Department personnel receive additional training of the City's accounting software in order to fully utilize the capabilities of the system and better understand its outputs.
Status:	Partially implemented (See 2017-001)
Finding 2016-006	Garage Operations Costs (Material Weakness)
Condition:	Excess garage operating costs were allocated to enterprise funds and a restricted fund by the General Fund.
Criteria	Proposition 218 specifies that no property-related fee may be used levied to pay for general government services. Additionally, externally restricted revenue sources may only be used for the express stated purpose of the revenue.
Cause:	The City used an allocation methodology created in a prior year that did not accurately reflect current actual costs incurred for the purpose of the allocation.
Effect:	The City allocated \$146,835 from the Street Maintenance Fund (a restricted fund) and the Water Fund, Sewer Fund and Airport Fund (enterprise funds) in excess of actual related costs incurred by the General Fund. Accordingly, the City was not in compliance with laws requiring the allowable usage of certain revenue sources.
Recommendation	We recommend the City evaluate the methodology of recovering the costs of fleet services to ensure that restricted and enterprise funds are only reimbursing the General Fund for actual costs. The City should periodically review this methodology, preferably annually. We also recommend the City consider creating an internal services fund for services provided to multiple City funds.
Status:	Implemented

**CITY OF CALIFORNIA CITY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2017**

SECTION II - FINANCIAL STATEMENT FINDINGS (Continued)

Finding 2016-007	Police and Fire Department Timesheets (Significant Deficiency)
Condition:	We noted numerous instances where timesheets completed by Police and Fire Department personnel were either not approved by a direct supervisor or were incorrect and/or incomplete.
Criteria:	A strong system of internal controls and management review requires that all timesheets are accurate and approved by the appropriate personnel.
Cause:	An emphasis has not been placed on ensuring that all timesheets completed by police department personnel are reviewed, complete and in line with City policy.
Effect:	Although we did not identify errors resulting in a material misstatement in the City's financial statements, inadequate controls over the accuracy of timesheets in accordance with City policies significantly increase the risk of misstatement due to error or fraud.
Recommendation:	We recommend that the internal controls the City has designed are strictly adhered to by all departments, including the Police and Fire Departments. We also recommend that the City consider providing additional training to Police and Fire Department personnel to ensure they are aware of all payroll policies and their responsibilities to be in compliance with these policies.
Status:	Implemented
 Finding 2016-008	 Loan Conditions (Compliance)
Condition:	We noted that the City is not in compliance with conditions of a loan received from the United States Department of Agriculture during the 2004-2005 fiscal year. The conditions that the City is out of compliance with include the following: <ol style="list-style-type: none"> 1) The City must adopt an operating budget for the water system that should rely on standby fees only to the extent that it is permitted by Resolution No. 7-93-1510. 2) The City will establish a restricted fund for standby fees in accordance with Resolution No. 7-93-1510. The City should comply with the Resolution in the use of these funds. 3) The City will establish a separate debt service reserve account that must be maintained as directed in the loan agreement for the remainder of the loan.
Criteria:	A strong system of internal controls and management review requires that it ensures that it is in compliance with all loan conditions.
Cause:	Since this loan is currently being paid semiannually without any notifications from the grantor, management had not considered any debt covenants from preexisting loans with which the City may not be in compliance.
Effect:	By not being in compliance with conditions set forth the loan, the City risks negative consequences from the grantor.
Recommendations:	We recommend that the City review all debt agreements to ensure that they are in compliance with all loan conditions and debt covenants.
Status:	Not Implemented (See 2017-005)

**CITY OF CALIFORNIA CITY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2017**

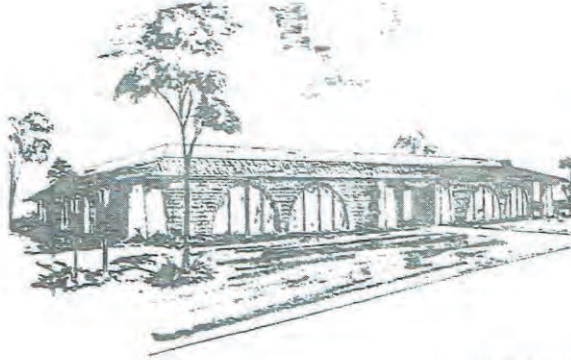
SECTION II - FINANCIAL STATEMENT FINDINGS (Continued)

Finding 2016-009	Construction in Progress (Significant Deficiency)
Condition:	During our review of the City's prior year financial statement and current year trial balance, we noted that although the City had ongoing projects, it had not tracked related expenditures and capitalized them as construction in progress.
Criteria:	A strong system of internal controls and management review requires that all disbursements related to ongoing construction projects are accumulated, maintained on the City's depreciation schedule and properly reported on the City's financial statements.
Cause:	The City did not have a system in place to accumulate all prior year expenditures related to ongoing projects.
Effect:	The City's construction in progress was materially understated.
Recommendation:	We recommend that the City design and implement a system to track expenditures related to all ongoing construction projects and ensure that they are properly capitalized and included on the City's depreciation schedule.
Status:	Implemented
Finding 2016-010	Investment Policy (Compliance)
Condition:	During our review of the City's investment policy, we noted that the City is noncompliant with the City's investment policy in regards to money market funds not exceeding 20% of their investment portfolio.
Criteria:	A strong system of internal controls and management review requires that all policies created by the City or mandated by State or Federal law be adhered to on a consistent bases.
Cause:	This was a finding that the City received during its 2014-2015 financial statements audit, which was not completed until after June 30, 2016. Accordingly, management was not aware of this condition until after they were capable of correcting it.
Effect:	The City was out of compliance with its investment policy.
Recommendations:	Although the City has since corrected this deficiency, we recommend that City review its investments statements monthly to ensure that it is always in compliance with its investment policies.
Status:	Implemented

CITY OF CALIFORNIA CITY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2017

SECTION II - FINANCIAL STATEMENT FINDINGS (Continued)

Finding 2016-011	Schedule of Expenditures of Federal Awards (Material Weakness)
Condition:	The Schedule of Expenditures of Federal Awards (SEFA) initially provided by the City was materially incomplete. There were Federal grants for which City made expenditures that were not included on the SEFA.
Criteria:	A strong system of internal controls and management review requires that expenditures for all Federal grants are accumulated and included on the SEFA in compliance with 2 CFR 200, <i>Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards</i> .
Cause:	The Finance Department did not maintain a file that includes all City grants so its personnel was unaware of funding source of certain grants. Additionally, the Finance Department did not have a system in place to track all Federal expenditures necessary for inclusion to the SEFA.
Effect:	The expenditures included on the SEFA initially provided by the City were materially understated.
Recommendation:	We recommend that the Finance Department maintain a file of all City grants and create a system to develop an annual grant reconciliation for these grants that identifies the funding source and can be reconciled to the trial balance.
Status:	Implemented



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City of California City

City Hall



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**CALIFORNIA CITY
CORRECTIVE ACTION PLAN
June 30, 2017**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2017-001	<ul style="list-style-type: none"> We will work on developing a more comprehensive closing check list in an effort to streamline the closing process. We will ask City Council for funding to add another accountant to the Finance Department. We recognize that there is room for improvement; however, we do not have the appropriate staff to be able to better review all transactions in a timely manner. We will request to keep funding in the budget for annual CPE training for the Finance Director and Accountant to be able to keep current in GASB changes and updates. 	6/30/2018	Accountant
		6/30/2018	City Council
		6/30/2018	City Council
2017-002	We are reviewing our allocations based on time and effort. Rather than a budgeted allocation, we are using the percentages/hours and basing the allocation on actual numbers rather than budgeted numbers.	1/30/18	Fin. Director
2017-003	We have now brought all accounting, internal control and cash management into the Finance Department. This should help to ensure proper accounting and controls over all functions, including cash management.	11/30/2017	Fin. Director
2017-004	We will develop and implement policies and procedures related to the timely preparation of minutes of the City Council meetings. This will include having minutes prepared no later than the following regular meeting and the distribution of the minutes to the public shortly thereafter.	1/30/2018	City Manager
2017-005	We will review all debt agreements to ensure that we are in compliance with all loan conditions and debt covenants.	6/30/2018	Fin. Director

Robert Stockwell
Interim City Manager

Jeanie O'Laughlin
Finance Director/Assistant City Manager



CITY HALL
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COUNCIL MEMBERS
Jennifer Wood
MAYOR
J. Carlos Gomez
MAYOR PRO TEM
Chuck McGuire
Donald Parris
Eugene Stump

Robert Stockwell
CITY MANAGER

June 28, 2018

Presiding Judge
Kern County Superior Court
1415 Truxtun Avenue, Suite 212
Bakersfield, CA 93301

Foreperson
Kern County Grand Jury
1415 Truxtun Avenue, Suite 600
Bakersfield, CA 93301

Re: Response to 2017-2018 Grand Jury Report, "*A Tale of a City*" April 18, 2018

This letter is the formal response of the City of California City to the April 18, 2018 Kern County Grand Jury report entitled City of California City "*A Tale of a City*". After reviewing the Findings and Recommendations it is apparent that they are based mostly upon unattributed statements and there was no apparent attempt to ascertain a factual basis for the findings or the basis of the recommendations. One is hard pressed to respond, given the limitation of asking those who were bound to silence about anything said or provided to the Grand Jury. Nonetheless, the following is offered for your consideration.

FINDINGS:

F 1. Disagree. The Mayor and Council visit City Hall as needed in their official capacity at varying times. The table detailing frequency of visits is only partially accurate. The Mayor likely does put in 40 plus hours per week in performing her duties but only a very small portion of this time is spent at City Hall. The Mayor represents the City and the City Council in a broad range of local boards, regional boards and commissions. Given the requirement of the Mayor as the signatory on many official documents and co-signer on checks she is at City Hall several times each week.

The other members of the Council visit City Hall on an irregular basis. Some visit a few times each week others a few times each month. The variation is based upon specific Council assignments to represent the City.

F 2. Disagree. This finding asserts that Council Members meeting with the City Manager weekly could be a violation of the Ralph M. Brown Act (California Government Code Section

54950 et seq.) if the same discussion is shared among the other Council Members. In the normal course of conducting the City's business the City Manager is free to meet with anyone desiring to do so, whether the public or Council Members. Unless the purpose of meeting with the Council Members is to divide them into non-quorum sized groups to "poll them" on an issue they would be deciding on, there is no violation of the Brown Act. There is no indication that the former City Manager "polled" the Council at any of the meetings where they would "discuss issues and answer agenda questions". The current City Manager has not seen the reported level of involvement from Council members and has not in any way violated the Brown act as the Grand Jury warns of. It seems to have escaped the Grand Jury that a well-informed Council Member would take full advantage in gaining insights to the decisions that would come their way by gathering all available information before a Council meeting. Talking with the City Manager would be one effective way of preparing themselves to make the best possible decisions for the City.

F 3. Agree.

F 4. Agree.

F 5. Agree.

F 6. Agree.

F 7. Disagree. Since the Grand Jury provides no attributable statements it is difficult to put this matter into perspective. The reality is that the portion of the building that was the subject of the red tag is the subject of litigation between a former tenant and the owner. The former tenant has waged a campaign to use the city code enforcement resources to bolster his claims in the litigation. He has produced a myriad of photos and his attendant notes. This ongoing civil tort action has never involved the City as a party. The interior space that is not occupied may have various code violations, as do many unoccupied buildings in the City. When such violations do not present an imminent hazard, no action will be taken until the space is to be occupied. The unattributed statements in the report contain partial truths and many errors. Since portions of the building are being used as church, it is not surprising that on the visits by the Grand Jury Committee, people and vehicular activity were observed. Due to the ongoing litigation and the past efforts of the prior tenant to use the City as a tool to harass the owner, code enforcement officers have been directed to only respond to complaints that would indicate a real danger. Management must at all times balance the demands for service - with the financial and operational capacity of any city operation in allocating time and resources. Consequently, it is sometimes necessary to place complaints on a hierarchy of response.

F 8. Agree.

F 9. Agree.

F 10. Disagree. We can find no record of any individual or business owning, managing or controlling 7,000 parcels in the City. Again, without attribution the claims of the Grand Jury cannot be corroborated.

F 11. Agree.

F 12. Disagree. The City Clerk is hired by and reports to the City Manager. The stated duties are correct.

F 13. Disagree. At the time of the Grand Jury investigation there was a backlog of City Council meeting minutes. This backlog has been reduced and progress continues. Minutes of Council Meetings are always set on the Consent Calendar and any member of the Council, citizens, or staff may request to have an item removed from consent for discussion before a vote is considered.

F 14. Agree.

F 15. Agree.

F 16. Agree.

F 17. Disagree. How could someone report on the results of the Council's actions being 3-2-0, or 2-2-1 if they could not access the minutes?

F 18. Agree.

F 19. Disagree. We cannot find any indication that emails have been removed from the City servers. None of the employees who manage the email servers or the contractor who diagnoses and repairs the City management information system has heard of this issue or are aware of any deletion of emails as described in the report. Again, without a time, place, or person to contact to verify which email accounts were affected there is no way to investigate and resolve any concerns.

F 20. Agree.

F 21. Disagree. There have been no instances where an employee has been written up after interviewing with the Grand Jury. No employees have filed complaints of harassment after interviewing with the Grand Jury or providing documents to the Grand Jury.

F 22. Disagree. The fee structure for the Cannabis permits is clearly stated and has been implemented as drafted. The city uses a central point of collecting fees and payments. This ensures funds are properly receipted and accounted for. There are no indications that funds for Cannabis permits have not been accounted for correctly. The Committee spoke to individuals away from the workspace and expected each to have a detailed memory of the questions which were asked of them. There does not appear to be any effort on the part of the Grand Jury Committee to conduct even a cursory check on the statements they use to make a finding. All people in the chain of collecting funds from Cannabis and other fees report that they understand the coding for receipting these funds.

F 23. Disagree. Account clerks are like all people. They make mistakes whether directly supervised or not. Staffing for the cashier area is adequate for the resources of the City and the margin of errors is well within any reasonable standard for similar operations.

F 24. Agree.

F 25. Disagree. The City Council only hires the City Attorney and City Manager. The City Clerk is hired by the City Manager. All other parts of this finding are correct. It is interesting to note the Grand Jury Committee in this finding can draw the conclusion that the Community's perceptions about the Mayor are "unsubstantiated" while allowing many equally unsubstantiated comments and assertions throughout their report to go forward without the same conclusion.

F 26. Agree.

RECOMMENDATIONS:

R 1. This recommendation runs counter to the statutory responsibilities of both the City Council and the City Manager. There is nothing the Ralph M. Brown Act that precludes or limits the individual Councilmembers and the Manager from meeting outside of City Council meetings. It would be unlikely that a Council member could do an adequate job of representing their constituents without meeting as needed with the City Manager to enquire about issues of concern to their constituents or in preparations for Council meetings.

R 2. The City Manager, with oversight by the City Council, is tasked with directing and managing all the operations of the City. In our City Municipal Code, Sec. 2-1.102., it clearly identifies that the City Council does not control or direct the actions of any city employee except for the City manager. Having said that, the City Manager has not directed any of the listed employees to take any actions based upon who the affected property owner may be.

R 3. The completion and posting of minutes by the City Clerk has been addressed and will continue to be monitored for timeliness and accuracy.

R 4. Updates to the City web site are ongoing and the goal of the City is to continue improving this tool to communicate with the citizens.

R 5. The security of the city's email processing has been reviewed and found to be in line with records retention regulations.

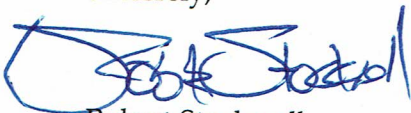
R 6. The City Manager, department heads, and supervisors will continue to be trained in all aspects of effective supervision, conflict resolution, and harassment. There have been no reported instances of harassment or whistleblowing retaliation for sharing information with the Grand Jury.

R 7. The City's most recent audits do not indicate any reasons for the costly forensic audits recommended. Indeed, the unattributed accusations, rumors, and inaccurate conclusions of the City's finances and controls have been shared regularly with the State Auditor and District Attorney. Had there been any merit to these allegations, both would have initiated investigations and filed charges. Consequently, the City will not be ordering forensic audits of its financial transactions.

R 8. The responsibility to Complete the Correction Action Plan for the June 30, 2017 Financial audit is the responsibility of the City Manager (who is doing so) and not the City Council. Should the City Council assume these responsibilities they would be violating their own ordinance, State statutes on general law cities, and the basic role of the legislative body to oversee the financial management of the City by holding the City Manager accountable.

It is unfortunate that the Grand Jury has been used as a bludgeon by individuals and groups to air their unfounded grievances. The effect of cloaking these grievances in the secrecy required of the Grand Jury process simply adds fuel to the fire and does little to engender faith in either local government or the Grand Jury itself. We apologize for our citizens and critics (sometimes they are the same people) wasting your valuable time.

Sincerely,



Robert Stockwell
City Manager

CITY OF CALIFORNIA CITY

Code Red

PREFACE:

CODE RED, an emergency notification, when seconds count, keeps the residents informed. This is happening in the City of California City (City), Fire Department (CCFD), and Police Department (CCPD), due to past practices, overtime abuse, and the economic deficits (failure of the Special Parcel Tax) for next year's budget. The residents and City employees have raised health and safety concerns within the community, with the Medical Marijuana (Cannabis) Industry, and a loss of fire and police protection without the Special Parcel Tax. All City Departments will have extra assignments, with the implementation of the Cannabis Ordinance, and a reduction in City staff, due to proposed budget cuts.

PURPOSE OF INQUIRY:

Pursuant to California Penal Code §925(a), the 2017-2018 Kern County Grand Jury (Grand Jury) inquired into and investigated the operations and management of the City.

PROCESS:

The Cities and Joint Powers Committee (Committee) of the Grand Jury interviewed over 40 City employees. The Committee also reviewed social media, news articles, internet research, City Council meeting agendas, and past Kern County Grand Jury reports, in preparing this report.

BACKGROUND AND FACTS:

The City is located in the western Mojave Desert, 75 miles east of Bakersfield, sprawling over 204 square miles, which makes the City the third largest in California, by area. Anticipated expansion of the City has not developed, due to the lack of infrastructure. There is neither industry nor agriculture in the area, to contribute to city growth.

The City is home to a vast ultra-terrain complex for off-highway vehicles (OHV). The OHV Program is funded and operated through the California State Parks, by OHV funds from Green Sticker Fees, issued by the State of California DMV, and the City OHV permits. The CCPD has also created the Desert Incident Response Team (DIRT), to patrol these areas, and to deploy resources for off road incidents. DIRT also maintains Borax Bill Park, located along the historic Twenty Mule Team Parkway. Since the DIRT Program began in 2000, the team has responded to over 10,000 incidents.

In recent months, the City has experienced an increase in illegal growing of marijuana. The CCPD has shut down at least 50 growing operations in residential neighborhoods, resulting in an increase in overtime hours.

The CCFD began as a part of the Kern County Fire Department, in 1959. The fire station was staffed with volunteers to serve the unincorporated part of Kern County, which later became California City. In 1965, the City was incorporated, and a need for increased fire protection was identified. In 1969, the first City Fire Station on Hacienda Boulevard was constructed and staffed with paid firefighters consisting of four employees: one firefighter per 24-hour shift, and a Chief. The current CCFD Fire Station #19 was opened on July 1, 2017, after many years of planning and construction, and operates a four-man shift.

FINDINGS:

- F1. The Committee has interviewed and communicated with no less than 40 City employees, City Officials, and City residents in the preparation of the Grand Jury Reports on the City. It was brought to the Committee's attention that City Officials allegedly are harassing and retaliating against the interviewees that shared information with the Grand Jury. City Officials have reportedly demanded that documents provided to the Committee by the interviewees be turned over to said officials.**

The official opinion cited as authoritative, dated June 6, 2003, No. 02-1108, from the Office of the Attorney General, State of California, states:

“A Grand Jury, sitting in its civil “watchdog” capacity has the authority to admonish a witness not to disclose what the witness learns in a grand jury room regarding the subject of the grand jury inquiry.”

**Each interviewee, including the City Officials, signed an Admonition Form, acknowledging they were instructed not to discuss their interview with anyone outside of the interview room.
(See Appendix A)**

The Grand Jury continues to receive reports that City Officials are still harassing City employees, and creating a hostile work environment.

- F2. CCFD operates three shifts, consisting of a four-man firefighter/paramedic team. It is undermanned for the coverage area (204 sq. mi.), to respond to medical, fire, and citizen calls. The firefighters are certified paramedics, and are the first responders for all medical aid calls.**
- F3. The CCFD has two fire engines and two off-pavement fire/medical vehicles. At the time of this report, one engine was inoperable and the other engine often**

breaks down, forcing the CCFD to borrow a fire engine from Edwards Air Force Base.

- F4. The Fire Marshal is currently covering several positions, due to the lack of personnel and budget limitations. These positions include: Safety Officer, Fire Investigator, Sworn Officer, and Code Enforcement Supervisor.
- F5. The newly established Cannabis Industry poses numerous health and safety concerns when handling chemicals (pesticides, fertilizers, propane, CO₂) used in growing and processing; specialized training is essential to both the firefighters and law enforcement personnel.
- F6. The lack of an adequate work force creates problems when scheduling vacations, training, sick days, and time off. Overtime is also a problem; selected CCPD officers were paid premium-time, earning as much as 60 overtime hours in a two-week pay period, while working the OHV area.
- F7. There are issues with fees being collected and stored in an unsecured manner in the OHV area. At times large sums of money (\$40,000) can be collected on holiday weekends when City Hall is closed. The cash would be locked up on site.
- F8. At the City Council Meeting, May 22, 2018, the City Manager proposed the following cuts to the 2018-2019 City Budget:
 - A. No funding is available to maintain the Parks and Recreation programs for the coming summer season, therefore:
 - The swimming pool will not open this year
 - Central Park will be closed
 - Neighborhood parks will receive minimal maintenance
 - Irrigating Central Park, the Par 3 Golf Course and Tierra Del Sol Golf Course will only be done with available tertiary water, and maintenance will be minimal, in an attempt not to lose the turf during the summer months
 - B. However, the most significant impact will be the layoff of 41.5 employees effective July 1, 2018. These positions are as follows:
 - 1 Human Resource Director
 - 1 Airport Manager
 - 1 Airport Maintenance Worker
 - 1 Facilities & Grounds Worker
 - 1 Utility Billing Supervisor
 - 1 Account Clerk III
 - 1 Account Clerk I
 - 1 Code Enforcement Officer
 - 1 Fire Marshall
 - 1 Fire Department Administrator

- 2 Firefighter/Paramedics
 - 1 Recreation Supervisor
 - 1 Recreation Assistant
 - 6 Police Community Service Officers
 - 1 Police Lieutenant
 - 1 Police Administrator
 - 1 Police Administrative Clerk
 - 7 Police Officers
 - 1 Police Special Investigator
 - 1 Dispatch Supervisor
 - 1 Dispatcher
 - 2.5 Animal Control Officers
- C. In addition to the full-time positions, 14 Parks and Recreation seasonal workers, 4 On-call Firefighters, and 2 Police Cadet Positions, will be eliminated.

F9. According to the Mojave Desert News, May 31, 2018, *“After three plus hours of debate and discussion, the Cal City Council agreed late last night to keep all city employees on the payroll until after the July election. Should Measure C pass then, there will be no layoffs at all and most everyone currently employed will remain so. A Hail Mary pass to be sure but the sheer weight of laying off 41 co-workers was simply too much to bear and Council sought and found another way through this juncture the city finds itself in yet again over the Parcel tax. Good news for city employees and their families for the moment.*

Several of the No voters expressed a willingness to change their vote to a yes this time out after a sunset clause was added and the cost lowered back to \$153/Yr. or .42 cents a day. The Council was seeking \$183.00/Yr or .50 cents a day, but that was rejected by enough to change it to make sure the measure passes on this third try at it which costs the city \$52,000.00.

Many obviously tired and concerned city employees all waited with baited breath as to their fate at the hands of Council during last nights meeting and they at least went home with a reprieve for now. Passing Measure C is everything now and all hands on deck are rolling out to get out the vote this time. Of the near 5 thousand registered voters in Cal City only about 1400 actually voted in the last election when the Parcel Tax failed for the second time this year.”

COMMENTS:

The Committee thanks the City Manager(s), City Council, City employees, and residents for their input and cooperation. The loss of the Special Parcel Tax funds will necessitate major cuts into the services that the City will be able to provide. Major discussion with City employees and the community are a must to resolve these issues. No one wants to see the City fall into greater financial disorder, therefore community support is necessary to save the City.

City employees and individuals who have been harassed, retaliated against, or feel threatened by City Officials or community members, should follow protocol to see that it stops.

RECOMMENDATIONS:

- R1. California City Officials must cease and desist from harassing or retaliating against anyone who has shared information and/or concerns with the 2017-2018 Kern County Grand Jury, Kern County District Attorney, or the State Attorney General. The California City Council must direct City Officials to cease any harassment of employees. (Finding 1)**
- R2. The City should continue to train firefighters to be certified paramedics (first responders) including the proper handling of hazardous materials used by the Cannabis Industry. (Finding 2)
- R3. The City should consider ways to staff the OHV area, to eliminate excessive overtime, and allow all CCFD and CCPD staff the opportunity to work in the area. (Finding 6)
- R4. The City should find a secure method for handling OHV fees and safely depositing cash on the weekend. (Finding 7)
- R5. To maintain safety within the community, the City Council should work with the residents to find a solution for the lack of funding for the CCFD and CCPD. (Findings 8 and 9)

NOTES:

- The City of California City should post a copy of this report where it will be available for public review.
- Persons wishing to receive an email notification of newly released reports may sign up at: www.kerncounty.com/grandjury
- Present and past Kern County Grand Jury Final Reports and Responses can be accessed on the Kern County Grand Jury website: www.kerncounty.com/grandjury.

RESPONSE REQUIRED WITHIN 90 DAYS TO:

**PRESIDING JUDGE
KERN COUNTY SUPERIORCOURT
1415 TRUXTUN AVENUE, SUITE 212
BAKERSFIELD, CA 93301**

**CC: FOREPERSON
KERN COUNTY GRAND JURY
1415 TRUXTUN AVENUE, SUITE 600
BAKERSFIELD, CA 93301**

APPENDIX A:

KERN COUNTY GRAND JURY

ADMONITION

“You are admonished not to discuss or impart at any time (outside of this room) the questions that you have been asked in regard to this matter and your answers until authorized by this Grand Jury or the Court.

A violation of these instructions on your part may be the basis for a charge against you of contempt of court. This admonition does not preclude you from discussing your legal rights with a legally employed attorney should you feel your own personal rights are in jeopardy. Please understand that this admonition does not preclude you from discussing this matter with the District Attorney, Deputy Attorney General, or his or her investigators who are making further inquiry into this matter on behalf of the Kern County Grand Jury.”

Do you have any questions whatsoever about this admonition?

Witness: _____

Date: _____

Committee Chair: _____

Date: _____



CITY HALL
21000 Hacienda Blvd.
California City, CA 93505

760-373-8661
www.californiacity-ca.gov

COUNCIL MEMBERS

Jennifer Wood
MAYOR

J. Carlos Gomez
MAYOR PRO TEM

Chuck McGuire
Donald Parris
Eugene Stump

Robert Stockwell
CITY MANAGER

June 28, 2018

Presiding Judge
Kern County Superior Court
1415 Truxtun Avenue, Suite 212
Bakersfield, CA 93301

Foreperson
Kern County Grand Jury
1415 Truxtun Avenue, Suite 600
Bakersfield, CA 93301

Re: Response to 2017-2018 Grand Jury Report – “Code Red”

For the third time this year the City is writing to respond to yet another Grand Jury report. As has been the case with the two prior reports, there is little more than unsupported and/or attributed allegations that form the basis of the report. Nonetheless we are fulfilling our obligation to respond.

FINDINGS:

F 1. Disagree. There have been no verified reports of any harassment or retaliation against any interviewees. Any city document that an interviewee provided to the Grand Jury is available to the public and city officials. No City Officials would have the need to “demand” that City documents be turned over to said officials. They have access to these documents whenever needed.

F 2. Agree.

F 3. Disagree. At the time of this report the City had two fire engines that were operable. In the past it was necessary to borrow an engine from Edwards Air Force Base.

F 4. Agree. It is standard practice for fire departments the size of CCFD to assign multiple duties to various staff. The Fire Marshall will continue to manage these functions until the department grows to the size where additional personnel would be added and the work load justified allocating some of these functions to another officer.

F 5. Partially Agree. The cannabis industry does present potential health and safety hazards. Actual experience shows that these hazards are well within the capacity of a normally trained fire department. The CCFD has a five-person Hazardous Materials Team, comprised of two HAZMAT Specialists and three HAZMAT Technicians. Their ongoing hazardous materials training includes any issues unique to the cannabis to their training schedule.

F 6. Disagree. Overtime is a basic element of any public safety operation. No agencies can afford to budget for staffing to ensure adequate staff will be available to answer every potential incident without calling back off-duty staff on overtime. The City has a grant from the State to manage the OHV areas surrounding the City. This grant provides the payment of overtime to those officers who choose to work at OHV. The schedule for OHV work is posted and all officers can sign up for the shifts they would like to work. A secondary benefit of the OHV project is that in emergencies officers working OHV can be called upon to respond to calls in the City. The City is examining using only part-time retired law enforcement officers in the next grant cycle.

F 7. Disagree. All issues involving the receipting and handling of cash at OHV were addressed in 2017 and continue to be managed correctly.

F 8. Agree.

F 9. Partially Agree. Yes, that is what was reported. However, the information about the proposed parcel tax is partially incorrect. The proposed ballot measure would impose a parcel tax at a rate of up to 50 cents per day. But if it is approved by the voters, the city council has the discretion to impose the tax at a lower rate.

RECOMMENDATIONS:

R 1. To this date the City has no evidence that the purported harassment or retaliation has occurred. Nevertheless, the City has begun an investigation into these allegations and will take the appropriate steps once this investigation is completed.

R 2. The City will continue to train its firefighters in all skills needed to respond to calls for service which includes the proper handling of hazardous materials.

R 3. As noted in the response to F 6, the OHV grant is written expressly to pay overtime to those CCPD and CCFD personnel who choose to work at OHV. If some officers, choose not work available shifts then others will step up to work those shifts. The current process used to staff the OHV area already includes the opportunity for all appropriately certified CCPD and CCFD personnel to work.

R 4. The City implemented a secure method for handling OHV fees and depositing cash on weekends back in 2017. That process is still being used.

R 5. The City Council has already done this by scheduling a special election for July 31, 2018 to consider the adoption of a Special Police and Fire Parcel Tax to be used only for police and fire operations. This is the only tax available to California City that would be able to generate sufficient revenue to fund current and future police and fire operations.

This report, "Code Red" has been based on incorrect facts, on unsubstantiated allegations and on innuendo. It is a mystery how the City is expected to investigate any of the issues raised in the report without talking to all the employees with knowledge of the areas of concern or examining the purported documents supporting the allegation, without violating the non-disclosure agreement required by the Grand Jury, which clearly restricts the confronting of employees who have been interviewed by the Grand Jury Committees.

In many cases there are only one or two employees who would have the knowledge of the alleged incidents and it is likely that any investigation would entail talking to each employee. Hiring outside investigators for the allegations made in the three Grand Jury Reports is beyond the City's capacity to reasonably fund at this time. We will continue to encourage our citizens and employees to bring their concerns to our attention so we may respond quickly and start finding solutions.

Regards,



Robert Stockwell
City Manager

CITY OF CALIFORNIA CITY

“High Hopes for Cannabis Industry”

PREFACE:

When the City of California City (City) invited the commercial medical Cannabis Industry to their City, they may have gotten more than they bargained for. Illegal grow houses seemed to have sprouted up overnight. The resources of the Police, Fire, and Code Enforcement Departments are stretched almost to their limits. Concerned citizens, frustrated by what they perceived as government misconduct, reached out to the 2017-2018 Kern County Grand Jury (Grand Jury). City Council (Council) Meetings were described as chaotic and unproductive.

PURPOSE OF INQUIRY:

The Grand Jury received several citizen complaints expressing their concerns in regard to the legalization of the Cannabis Industry in California City. The complainants alleged favoritism and possible conflicts of interest by the Council. In response to these complaints, pursuant to California Penal Code §925(a), the Cities and Joint Powers Committee (Committee) inquired into the process used by the Council to issue permits to the Cannabis Businesses.

PROCESS:

The Committee visited the City on nine different dates to meet with the City Officials, Staff, and local residents. Additional interviews were conducted in the Grand Jury offices in Bakersfield. City records and personnel documents were subpoenaed and reviewed. Additional documents were supplied by interviewees. The Committee observed an inspection of a Cannabis Cultivation site by the City Police Department. Citizen complaints, the City's website, and other internet sources were also reviewed. Previous Kern County Grand Jury reports, media accounts, the California Medical Marijuana Regulation and Safety Act (MMRSA), and City ordinances were studied in depth.

BACKGROUND AND FACTS:

California City was built on speculation. The ill-fated land rush of the 1950s and 1960s was the dream of developers who hoped to create an “oasis in the desert.” The City is now facing financial crisis and the possibility of disincorporation. The lack of industry and jobs contribute to the diminished tax base. The Special Election held on April 10, 2018, to extend the Special Parcel Tax beyond June 2018, did not receive the mandatory two-thirds vote and failed. The revenue generated by this tax would have funded essential services including, fire, police,

and road maintenance. City Officials hope the projected revenue from the Cannabis Industry will be the solution to their current budget crisis.

In October 2015, the Governor of California signed MMRSA into law. In June 2016, the California City Council directed the City Manager and the City Attorney's Office to research, and to provide recommendations regarding the establishment of regulations for cultivating, manufacturing, selling, and testing of medical Cannabis.

The ordinances to regulate Cannabis continues to change and adapt as the industry develops. City Officials stated, "We are doing something that has never been done before." The City is developing rules and regulations for a business that has never existed, so there are no guidelines. State guidelines are constantly changing, so the City has to keep up with the times. Adding to the confusion, MMRSA is now called Medicinal and Adult-Use Cannabis Regulation and Safety Act (MAUCRSA). (See Appendix A)

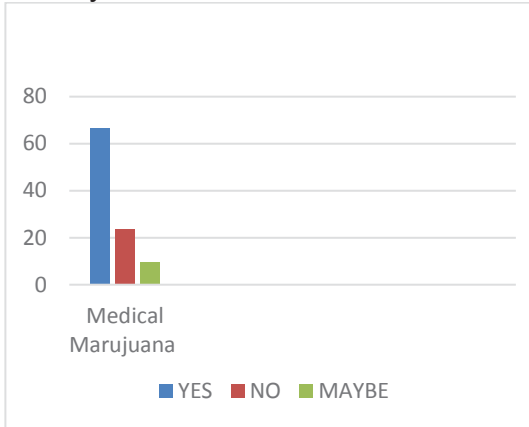
Interviewees commented that the medical marijuana business was being "crammed down our throats, whether we want it or not." No one interviewed could remember voting to legalize Cannabis, despite voting to regulate and tax the industry. So, when asked if residents were given the opportunity to vote to legalize Cannabis, the official City response was always, "They voted to tax it."

The Committee inquired into the process used by City Officials to determine whether to allow the Cannabis Industry to begin operations. According to City Officials, a survey was conducted using the website "Survey Monkey" to determine if the community wanted to legalize the Cannabis Industry. The following survey question was posted on the website:

<https://www.surveymonkey.com>

"In October 2015 Governor Brown signed into law a legislative package of bills that seeks to provide regulations for California's medical cannabis industry. The Medical Marijuana Regulation and Safety Act (MMRSA) created a new state agency within the Department of Consumer Affairs to develop rules and licensing procedures for authorized medical cannabis dispensaries. The new law took effect on January 1, 2016. However, regulations under the new law are not expected until early 2017 and licensing is not anticipated to begin until early 2018. Companies and individuals have approached several municipalities in California to locate their operations that would include nurseries, cultivation and manufacturing of medical marijuana products to fill the demand this industry will produce. Nurseries provide the plant stock for use in cultivation that would be sold to other cultivation sites. Another possible aspect of commercial medical marijuana is research and development. If California City were approached by commercial medical marijuana cultivators and provided a revenue stream into the General Fund that would reduce or eliminate the need for a special or general tax, would this be an industry that you would accept in the community? Answered: 195 Skipped: 0"

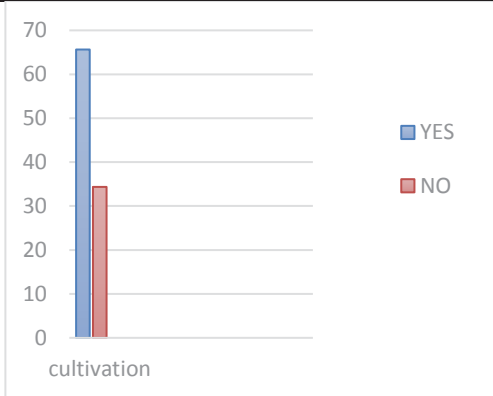
Survey results:



Answer Choices	percentages	Actual number
YES	66.67	130
NO	23.59	46
MAYBE	9.74	19
TOTAL		195

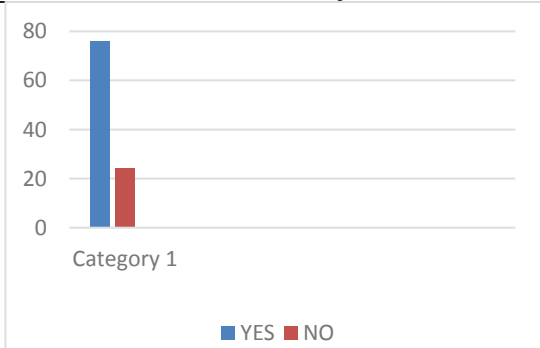
Other examples of questions on the survey:

Would you accept commercial cultivation of medical marijuana if the plants or products produced were only exported out of California City?



Answer choices	Percentages	Actual number
YES	65.64	128
NO	34.36	67
TOTAL		195

Would you accept commercial cultivation, nursery operations and manufacturing if there were strict security measures enforced at these facilities.



Answers		
YES	75.9	148
NO	24.1	47
TOTAL		195

According to the 2016 United States Census records, the population of the City was 14,707 (including inmates). Only 1.4% of the population responded to the survey.

On June 6, 2017, City voters passed a Cannabis Business Tax (CBT). Proceeds of the CBT would be deposited in the City's General Fund and would be available for any legal municipal purpose. Police, Fire, Urgent Care, roads, and recreation services are examples of General Fund services that may be funded with tax proceeds.

The CBT would be paid by all businesses using Cannabis products, ancillary products, and/or accessories. Including all business activities such as:

- Cultivating
- Transporting
- Distributing
- Manufacturing
- Compounding
- Converting
- Processing
- Preparing
- Storing
- Packaging
- Delivering
- Testing
- Dispensing
- Retailing
- Wholesaling

The CBT applies only to persons or businesses engaging in the Cannabis Industry. It does not apply to personal cultivation, or use of Cannabis, as those terms are defined under State law.

The CBT will apply to these businesses and any other Cannabis Businesses that are allowed under future revisions of the California City Municipal Code (Municipal Code), or that otherwise exist. The Municipal Code provisions regulating the number or type of Cannabis Businesses can be amended by the Council. Payment of the tax does not authorize a business that is otherwise not permitted under the Municipal Code.

The initial tax rates for the CBT are:

- For cultivation:
 - Seven dollars (\$7.00) annually per square foot of canopy space in a facility that uses exclusively artificial lighting
 - Five dollars (\$5.00) annually per square foot of canopy space in a facility that uses a combination of natural and supplemental artificial lighting
 - One dollar (\$1.00) annually per square foot of canopy space in a facility that uses no artificial lighting
 - Fifty cents (\$0.50) annually per square foot of canopy space for any nursery
- For testing laboratories: two percent (2%) of gross receipts
- For all other Cannabis Businesses: six percent (6%) of gross receipts

The CBT would take effect July 1, 2018. The Council can adjust the rates at any time. Commencing on July 1, 2021, the maximum permissible rates for cultivation businesses will increase annually according to an inflation index. Except for this permitted inflation adjustment, the Council may not set any rate exceeding those set forth above. Estimates are that the initial annual proceeds from the CBT will be approximately \$3.4 million per year. Actual proceeds will vary depending on the number, size, and gross receipts of Cannabis Businesses.

The Municipal Code, Chapter 6, Medical Cannabis, Articles 1 through 15, currently allows an unlimited number of Cannabis Businesses. Only Medical Cannabis Businesses are currently allowed, and they must be located, on property zoned M-1 (Light Industrial) or M-2 (Heavy Industrial). Recreational marijuana businesses are not allowed.

The application process for a permit to operate a Medical Cannabis Business takes between eighteen months and two years to complete. Each phase requires a specific fee, which must be paid before proceeding:

The evaluation and selection process shall consist of the following four phases:

- Phase 1: Determination of Eligibility and Application (\$3,258)
 - Each Principal (primary business owner) must undergo a criminal history check including Live Scan Report
 - Verify zoning requirements of proposed location
 - Execute an agreement indemnifying the City from liability
- Phase 2: Initial Ranking based on pre-determined point values (\$701)
 - Description of proposed location
 - Business Plan
 - Neighborhood Compatibility Plan
 - Safety and Security Plan
- Phase 3: Second Ranking based on pre-determined point values (\$1,790)
 - Prior to the scheduling of the interviews in Phase 3:
 - ✓ Proposed site will be inspected by the assigned City designee, if there is an existing building structure, to ascertain current conditions of the facility
 - ✓ One Principal may be required to pass a Medical Cannabis Expertise Examination, demonstrating a working knowledge of state and local compliance standards as well as the Attorney General's Guidelines on Medicinal Cannabis
 - The second ranking will be scored based on the following criteria:
 - ✓ Final location (proof of ownership or a signed and notarized statement from the property owner)
 - ✓ Business Plan
 - ✓ Community Benefits
 - ✓ Enhanced Product Safety
 - ✓ Environmental Benefits
 - ✓ Labor and Employment

- ✓ Local Enterprise
- ✓ Neighborhood Compatibility Plan
- ✓ Qualifications of Principals
- ✓ Safety and Security Plan
- Phase 4: Steps to be followed (\$1,937)
 - Public Meeting to address public concerns
 - Selection Committee's final review and evaluation
 - City Staff prepares and presents final report to the Council
 - Council makes final selection

Before operations can proceed, according to Municipal Code, each proposed location is required to have a detailed safety plan:

“This plan should describe the fire prevention, suppression, HVAC, and alarm systems the facility will have in place. It should include assessment of the facility’s fire safety by a qualified fire prevention and suppression consultant. An appropriate plan will have considered all possible fire, hazardous material, and inhalation issues/threats and will have both written and physical mechanisms in place to deal with each specific situation.”

Cannabis Businesses are subject to mandatory building inspections and must obtain all permits and approvals required for any other business of the same size. This includes:

- Building Permits
- Fire Department approvals
- Health Department approvals
- Other zoning and land use permits or approvals
- Outdoor cultivation is prohibited; in no case shall Cannabis plants be visible to the public

A permitted Cannabis Business is required to provide sufficient security measures to deter and prevent the unauthorized entrance into areas containing Cannabis products, and to deter and prevent the theft of products. These security measures include, but are not limited to, all of the following:

- Preventing individuals from remaining on the premises if they are not engaging in an activity directly related to the permitted operations
- Establishing limited access areas accessible only to authorized personnel
- Except for live growing plants, which are being cultivated, all medical Cannabis products shall be stored in a secured and locked room, safe, or vault
- All medical Cannabis shall be kept in a manner as to prevent diversion, theft, and loss, except for limited amounts of Cannabis used for display purposes or for immediate sale at a dispensary
- Installing 24-hour security surveillance cameras to monitor all entrances and exits, all interior spaces within the business which are open and accessible to the public, and all interior spaces where Cannabis, cash, or

currency, are being stored. Video recordings shall be maintained for a minimum of ninety (90) days

- Sensors shall be installed to detect entry and exit from all secure areas
- Panic buttons shall be installed in all medical Cannabis Businesses
- Professionally installed, maintained, and monitored alarm systems
- Bars installed on the windows or the doors shall be installed only on the interior of the building
- Security personnel must be licensed by the State of California Bureau of Security and Investigative Services, and shall be subject to prior review and approval by the City Manager
- Businesses are required to have the capability to remain secure and operational during a power outage, and ensure that all access doors are not solely controlled by an electronic access panel, to guarantee that locks are not released during a power outage
- Businesses will identify a designated security representative/liason to the City, who shall be reasonably available to meet with the City Manager, the Police Chief, or their designees, regarding any security related measures and/or operational issues
- Businesses shall have a storage and transportation plan, which describes in detail the procedures for safely and securely storing, transporting all Cannabis products, and any currency
- Businesses shall cooperate with the City, whenever the City Manager or his designee makes a request, upon reasonable notice to the business, to inspect or audit the effectiveness of any security plan
- Businesses shall notify the City Manager or his/her designee(s) within twenty-four (24) hours after discovering any of the following:
 - Significant discrepancies identified during inventory
 - Diversion, theft, loss, or any criminal activity involving the business or any agent or employee
 - Loss or unauthorized alteration of records related to Cannabis, registering qualifying patients, primary caregivers, or employees or agents
 - Any other breach of security

The Bureau of Cannabis Control (Bureau) is the lead agency in regulating Cannabis licenses for medical and adult use in California. The Bureau is responsible for licensing retailers, distributors, testing labs, microbusinesses, and temporary Cannabis events. This license is required before a local permit can be issued. The State gave cities authority to completely ban or regulate the trade as they see fit. The State estimates that Cannabis will generate a billion-dollar revenue stream. If local municipalities did not pass regulations, they risked the possibility of companies obtaining State Licenses and none of that revenue would come to the city or county. If a business is operating inside a city, it must adhere to that municipality's rules, or the State will not issue a license.

The Code Enforcement Division works under the direction of the City Fire Department, and has been given the responsibility to enforce laws related to the safety, health, public welfare, neighborhood enhancement, and quality of life. The most common issues that Code Enforcement responds to are:

- Dangerous and abandoned buildings
- Fire hazards
- State housing law violations
- Zoning requirements
- Unpermitted construction
- Illegal businesses

Determining how to best utilize the resources of the Fire Department is a concern for citizens and Council Members. Cannabis manufacturing requires various hazardous materials, such as CO₂. Cultivation or grow operations use materials similar to that of other indoor botanical and greenhouses; including pesticides, fungicides, nutrients, and fertilizers. The chemicals involved can range from benign to toxic. The former Fire Chief prepared a Medical Marijuana Impact Report, available at:

<https://www.calcityfire.us/issues/entry/ccfd-mmj-impact-report>

The report outlined recommendations for fire safety and suppression measures that the City should have implemented. This report was not well received or adopted by the Council.

In October and November 2017, multiple complaints were received by the City, regarding suspicious activity around an unoccupied building in a local mall, which is not zoned for Cannabis. The building had been red tagged by Code Enforcement. A red tag means that the building is not up to code and not suitable for occupancy. The complaints alleged a conflict of interest may exist because the owner of the mall is a local business owner with ties to the Council. Additionally, the interviewees stated, *“There seems to be an apparent erosion of code compliance and record keeping on the part of the city:”*

- Interviewees and the Committee experienced:
 - Heavy foot traffic in and out of the abandoned building
 - Multiple vehicles in the parking lot at all hours of the day and night
 - A truck transporting barrels of water to the location (See Appendix B)
 - The red tag was removed without follow-up inspection
- According to Code Enforcement:
 - The building was not permitted for occupancy
 - The building was red tagged because someone appeared to be living in a commercially zoned building
 - Subsequently, the red tag was removed and Code Enforcement was told to stay away
 - A strong smell of marijuana emitted from the building

- According to firefighters, during a training exercise, they were on the roof of an adjoining building and noticed a strong smell of marijuana coming from the building
- The owner of the property stated:
 - No illegal activities were allowed on the properties
 - Mall businesses are permitted for use as a church, nursery, and offices
 - Marijuana is not grown in that building
 - Growing only hemp for Cannabidiol (CBD) oil
 - Tenant was testing different genes of CBD from seedlings
 - Breeding program for hemp is a trade secret

The Interviewees and the Committee observed that, as of April 18, 2018, the building had been vacated and all activity had ceased.

The Committee received additional complaints about a hemp farm located in the middle of the desert, which seems to be connected to the abandoned building at the mall. The older ambulance that had been previously parked in front of the building at the mall had been relocated to the hemp farm. The interviewee saw several possible code violations including an 8-foot chain link fence topped with barbed wire, an assortment of trash, propane tanks, and gasoline cans. Code Enforcement also indicated that they were not aware of any permitted hemp farms in the City, but were told by City Officials to leave it alone, it is only hemp.

(See Appendix C)

The United States Agricultural Act of 2014 (Farm Bill), Section 7606, authorizes institutions of higher education (e.g., universities) and State Departments of Agriculture, to grow and cultivate 'industrial hemp' (defined under the Act as marijuana with a THC content of 0.3 percent or less) for agricultural research purposes, where permitted under State law.

While legal Cannabis growers are beginning to establish their businesses, illegal growers have tried to circumvent the licensing process and have descended upon the City. The Police Department, acting on tips from the community, and complaints of the strong smell of marijuana coming from houses, has conducted raids on illegal residential grow houses. The following has occurred:

- Shut down over 50 illegal grow houses
- Arrested over 20 suspects
- Determined approximately 47 of the properties were rentals; only three were owner occupied
- Most grows were being tended by Chinese immigrants who speak only Mandarin
- Water Department records indicated that a high percentage of new applications had Asian surnames
- Organized crime may be involved
- Most paid six months' rent, in cash, in advance

- Initial raids revealed that some of the growers commuted from the Bay Area to tend to plants a couple of times a week, leaving the houses unattended the rest of the week
- Recent raids indicate growers may have given up, as properties now appear abandoned
- Stealing power by illegally bypassing electrical meters
- The interiors of the houses were gutted and illegally rewired to facilitate the growing process, and the walls were covered in mold (See Appendix D)
- Seized approximately 1,640 pounds of illegal marijuana plants, which were disposed of pursuant to California Health and Safety Code §11479 (See Appendix E)

Inadequate infrastructure, mainly the lack of adequate power lines coming into the City, generates a major problem for developers. Southern California Edison (SCE) estimates that only 13 to 15 new businesses could be added to the grid. Local investors are working with SCE to construct a \$6 million power improvement project by the airport. This project is oversized and allows for future growth and expansion, at no cost to the City.

Banks are regulated by the Federal Government, and marijuana remains illegal at the federal level, creating potential legal issues for banks that receive money from Cannabis Businesses. As a result, most financial institutions may not service the Cannabis Businesses. The City contacted a consulting firm, West Coast AML Service LLC, (an anti-money laundering service in business for over 20 years) regarding their options in handling funds (fees and taxes) obtained from the Cannabis industry. The City has reached an agreement with a local bank to accept tax revenues generated by Cannabis. It is still unclear whether banks will accept cash deposits directly from the businesses themselves.

Despite the initial challenges, the first Cannabis Business has begun operating in the City. Described as a state of the art indoor cultivation facility, the new business is being closely monitored by City Officials and residents. In contrast to the illegal grows in residential areas, the legally licensed Cannabis Business appears to be an asset to the community. Operating under strict regulation and tight security, the facility is expecting their first harvest in May 2018. Since there are no manufacturing facilities in the City, the product will be processed outside of the City.

Other major investors who expressed interest in the Cannabis Industry included major sports figures, who promised to bring state of the art manufacturing facilities to the area. On January 12, 2018, the Mojave Desert News article titled, *“NBA Star Brad Miller and Mountain Chief/CHC break ground in Cal City.”* Reported, *“California City and Mountain Chief have an opportunity to make history in California’s cannabis market by providing the purest, healthy, pesticide free*

cannabis product on the market. We look forward to bringing jobs and contributing to the local community.” The project is yet to come to fruition.

FINDINGS:

- F1. The “Monkey Survey” may have been an inadequate indicator of the will of the people. Residents were only given 3 days to reply to the survey, and the small number of responses was not proportionate to the size of the population.
- F2. Conflicting information provided by City Officials regarding fees collected during the permitting process raised questions of improper accounting practices. However, reports range from 180 to 200 or more issued permits, with only four completed applications. There is a discrepancy in the terminology used by City Officials, as well as in the actual accounting of fees. One City Official stated we only collected about \$55,000 in fees.
 - a. Total fees owed for each issued permit is \$7,636
 - b. 180 issued permits equals \$1,375,020 in fees collected
 - c. Recent documents obtained from the City: (See Appendix F)
 - 1) Revenues totaling \$2,344,305.25
 - 2) Direct bills totaling \$792,916.21
 - 3) Balance of \$892,574.51
- F3. Interviewees and employees were uncertain about who was in charge of the permitting process, and which department was collecting the fees.
- F4. Due to lack of adequate power and paved roads, the infrastructure of the City is insufficient to handle the demands of the anticipated growth of the Cannabis Businesses.
- F5. The only accurate way to determine if a plant is marijuana or hemp is through lab testing; making it impossible to determine by sight which product is being cultivated.
- F6. The already short-staffed and overworked Police Department is overburdened by demands placed on them by the onslaught of illegal growers that invaded the City.
- F7. Law Enforcement Officers from various Federal, State, County, and other agencies assisted the Police Department in carrying out the raids on the illegal grow houses.
- F8. Houses raided by the Police have been red-tagged by Code Enforcement for health and safety violations.

- F9. The cost in property damages, per each illegal grow house, has been estimated at between \$30,000 and \$40,000 per house. This leaves the property owners as victims of these illegal activities. (See Appendix D)
- F10. Interviewees expressed mixed opinions on the legalization of medical marijuana. Some examples of responses:
- The City is expecting too much out of it, trying to push it through, and cutting corners to get medical marijuana businesses
 - No problem with it as long as it is all legal and well regulated
 - I'm open-minded, I support it. It is all legal. I like it because it is a source of revenue
 - Don't oppose it. It is a positive issue for the City. I see it as helping the City's finances, and benefits the community
- F11. Ignoring the alleged illegal activities at the mall property may give the business owner an unfair advantage, or a head start toward establishing a legal business in the future. The permitting process was scheduled to begin in January 2018, so commercial cultivation was not yet legal.
- "A facility or entity that is operating in compliance with local zoning ordinances and other state and local requirements on or before January 1, 2018, may continue its operations until its application for licensure is approved or denied pursuant to this chapter." AB 266, Section 19321(c)*

COMMENTS:

The Committee thanks City Officials and Staff for their co-operation in providing information used in this report. The City seems to be divided into two opposing groups. One group is in favor of allowing the Cannabis Businesses to be located in the City, and the other is against it. The temptation to cut corners and take short cuts may cloud the issue, and give the appearance of misconduct. As a result, the division within the City is magnified.

RECOMMENDATIONS:

- R1. The City of California City should conduct an independent audit that accounts for all fees collected from Cannabis applications and permits. (Finding 2)
- R2. The City should consolidate the Cannabis permitting process into one department and under one supervisor. (Finding 3)
- R3. The City should contract with a testing lab to verify whether plants are Cannabis or hemp. (Finding 5)

- R4. The Grand Jury recommends that City Officials search for programs or grants that may be available to property owners, who have incurred losses due to damages by illegal growers. (Findings 8 and 9)
- R5. The City should establish a timeline for the clean-up of illegal grow houses, and assist the property owners in the process due to health and safety concerns. (Findings 8 and 9)
- R6. The City should enforce all Cannabis ordinances equally. All rules and regulations must be equally adhered to by all applicants. (Finding 11)

NOTES:

- The City of California City should post a copy of this report where it will be available for public review.
- Persons wishing to receive an email notification of newly released reports may sign up at: www.kerncounty.com/grandjury
- Present and past Kern County Grand Jury Final Reports and Responses can be accessed on the Kern County Grand Jury website: www.kerncounty.com/grandjury.

RESPONSE REQUIRED WITHIN 90 DAYS TO:

**PRESIDING JUDGE
KERN COUNTY SUPERIOR COURT
1415 TRUXTUN AVENUE, SUITE 200
BAKERSFIELD, CA 93301**

**CC: FOREPERSON
KERN COUNTY GRAND JURY
1415 TRUXTUN AVENUE, SUITE 600
BAKERSFIELD, CA 93301**

APPENDICES

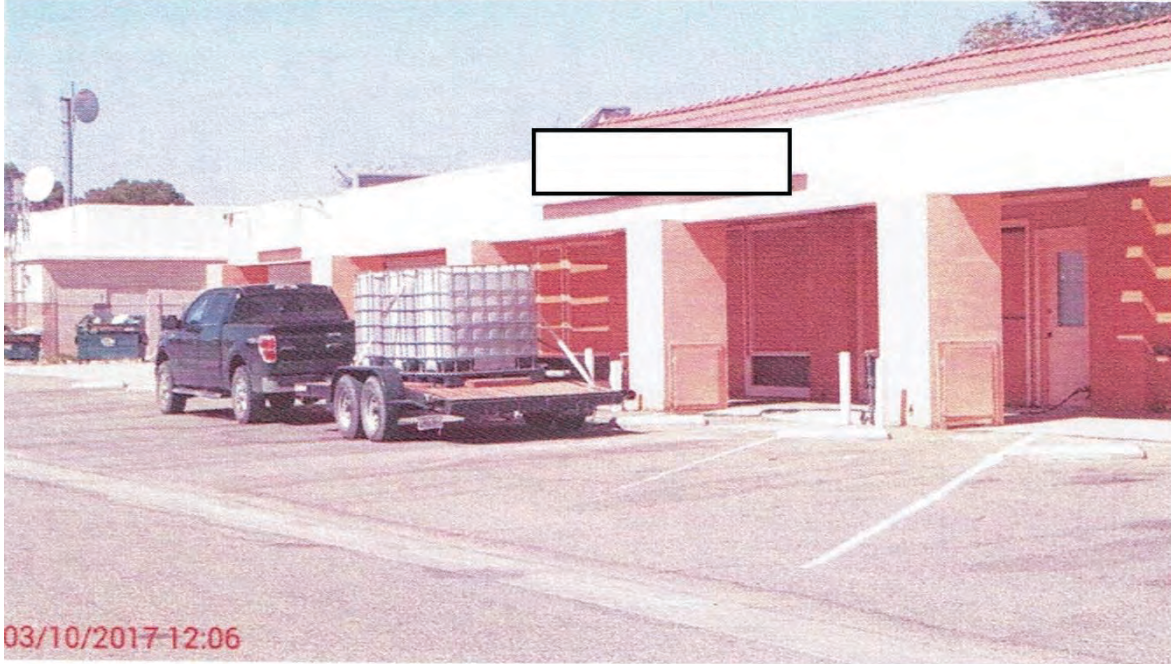
Appendix A:

Sec. 5-6.102. - Legal Authority.

Pursuant to Sections 5 and 7 of Article XI of the California Constitution, and the provisions of the "Medicinal and Adult-Use Cannabis Regulation and Safety Act" ("MAUCRSA") (and as the same may be amended from time to time), the City of California City is authorized to adopt ordinances that establish standards, requirements and regulations for local licenses and permits for cannabis and cannabis-related activity. Any standards, requirements, and regulations regarding health and safety, security, and worker protections established by the State of California, or any of its departments or divisions, shall be the minimum standards applicable in the City of California City to cannabis, and/or cannabis-related activity.

Appendix B:

Photos supplied by Interviewees



Truck appears to be delivering water to the building.



Ambulance parked outside of Red Tagged building.

Appendix C:

Pictures provided by Interviewees



Ambulance parked inside fence at Hemp Farm.



Appendix D:

Pictures provided by California City Police Department.



Pictures provided by California City Police Department



Appendix E:

State of California HEALTH AND SAFETY CODE Section 11479

Notwithstanding Sections 11473 and 11473.5, at any time after seizure by a law enforcement agency of a suspected controlled substance, except in the case of growing or harvested cannabis, that amount in excess of 10 pounds in gross weight may be destroyed without a court order by the chief of the law enforcement agency or a designated subordinate. In the case of growing or harvested cannabis, that amount in excess of two pounds, or the amount of cannabis a medicinal cannabis patient or designated caregiver is authorized to possess by ordinance in the city or county where the cannabis was seized, whichever is greater, may be destroyed without a court order by the chief of the law enforcement agency or a designated subordinate. Destruction shall not take place pursuant to this section until all of the following requirements are satisfied:

(a) At least five random and representative samples have been taken, for evidentiary purposes, from the total amount of suspected controlled substances to be destroyed. These samples shall be in addition to the 10 pounds required above. When the suspected controlled substance consists of growing or harvested cannabis plants, at least one 2-pound sample or a sample in the amount of medicinal cannabis a medicinal cannabis patient or designated caregiver is authorized to possess by ordinance in the city or county where the cannabis was seized, whichever is greater, shall be retained. This sample may include stalks, branches, or leaves. In addition, five representative samples of leaves or buds shall be retained for evidentiary purposes from the total amount of suspected controlled substances to be destroyed.

(b) Photographs and videos have been taken that reasonably and accurately demonstrate the total amount of the suspected controlled substance to be destroyed.

(c) The gross weight of the suspected controlled substance has been determined, either by actually weighing the suspected controlled substance or by estimating that weight after dimensional measurement of the total suspected controlled substance.

(d) The chief of the law enforcement agency has determined that it is not reasonably possible to preserve the suspected controlled substance in place, or to remove the suspected controlled substance to another location. In making this determination, the difficulty of transporting and storing the suspected controlled substance to another site and the storage facilities may be taken into consideration.

Subsequent to any destruction of a suspected controlled substance pursuant to this section, an affidavit shall be filed within 30 days in the court that has jurisdiction over any pending criminal proceedings pertaining to that suspected

controlled substance, reciting the applicable information required by subdivisions (a), (b), (c), and (d) together with information establishing the location of the suspected controlled substance, and specifying the date and time of the destruction. In the event that there are no criminal proceedings pending that pertain to that suspected controlled substance, the affidavit may be filed in any court within the county that would have jurisdiction over a person against whom those criminal charges might be filed. (Amended by Stats. 2017, Ch. 27, Sec. 154. (SB 94) Effective June 27, 2017.)

APPENDIX F:

Schedule of MMB Direct Bills for FY 16-17 and FYTD 2-28-18				
FY18 YTD 2-28-18 Direct Bills				
Vendor	Date	Amount	GL Account	Description
West Coast AML Services, LLP	11/17/2017	36,112.50		
West Coast AML Services, LLP	12/4/2017	100,012.50		
West Coast AML Services, LLP	2/28/2018*	77,067.00		
	Total	213,192.00	10-4171-493	Phase 3
<i>*Estimate sent on 3/7/18; will book once invoice received.</i>				
Vendor	Date	Amount	GL Account	
Petty Cash - Finance	9/13/2017	27.17		
	Total	27.17	10-4171-494	Phase 4
Vendor	Date	Amount	GL Account	
HDL	7/10/2017	37,500.00		
Staples Advantage	7/22/2017	511.42		
HDL	8/14/2017	337,500.00		
Jones & Mayer	9/30/2017	19,485.39		
U S Bank Corporate Payment	10/25/2017	1,089.00		
Jones & Mayer	10/31/2017	14,110.84		
Jones & Mayer	11/30/2017	8,541.51		
Jones & Mayer	12/31/2017	9,182.54		
Jones & Mayer	1/31/2018	11,579.22		
Jones & Mayer	1/31/2018	7,277.50		
	Total	446,777.42	10-4171-495	Round 2
		659,996.59	Total MMB Direct Bills FYTD 2-28-18	
		792,916.21	Total MMB Direct Bills FY17 & FYTD 2-28-18	

Summary Schedule of MMBs Revenues and Expenses for FY16-17 and FYTD 2-28-18			
	Totals	FY16-17	FYTD 2-28-18
MMB Revenues	2,344,305.25	752,416.00	1,591,889.25
(Less) Live Scan Fees and Zoning Verification	(67,850.00)	(36,244.00)	(31,606.00)
MMB Rev's after Live Scan & Zoning Verification Alloc's	2,276,455.25	716,172.00	1,560,283.25
(Less) Payroll Allocations (using % allocation in cost determination)	(590,964.53)	(268,063.18)	(322,901.35)
MMB Rev's after Payroll Allocations	1,685,490.72	448,108.82	1,237,381.90
(Less) Total Direct Bills	(792,916.21)	(132,919.62)	(659,996.59)
MMB Rev's (less) MMB Direct Bills	892,574.51	315,189.20	577,385.31



CITY HALL
21000 Hacienda Blvd.
California City, CA 93505

760-373-8661
www.californiacity-ca.gov

COUNCIL MEMBERS

Jennifer Wood
MAYOR

J. Carlos Gomez
MAYOR PRO TEM

Chuck McGuire
Donald Parris
Eugene Stump

Robert Stockwell
CITY MANAGER

June 28, 2018

Presiding Judge
Kern County Superior Court
1415 Truxtun Avenue, Suite 212
Bakersfield, CA 93301

Foreperson
Kern County Grand Jury
1415 Truxtun Avenue, Suite 600
Bakersfield, CA 93301

Re: Response to 2017-2018 Grand Jury Report "High Hopes of Cannabis Industry".

Once again, we are responding to a Grand Jury Report raising additional unattributed allegations and misinformation – this time relating to the Cannabis Industry. Before even making findings, the narrative of the report in the section titled Background and Facts, starts building a foundation based upon supposition and innuendo. It is in this context the City responds to the findings and recommendations contained in the report.

With the approval of 75.06% of the city voters, who voted in favor of the various taxes to be levied on the cannabis industry, California City ventured into the cannabis industry in full compliance with all governing state statutes and regulations. There was nothing in the state statutes or regulations requiring a vote of the citizens of California City to allow the City Council could enact the required enabling ordinances. The City Council held public meetings and gathered input from many who attended these meetings as well as hearing from their constituents throughout the process. The entire process garnered heavy media attention and was a topic of discussion throughout the city. Following adoption of the required ordinance the Council placed the ordinance assessing the Cannabis Taxes on the ballot to be considered by the voters. All parties understood that the final decision on bringing the Cannabis Industry was dependent upon voter approval of the taxes and again, 75.06% said yes.

FINDINGS:

F 1. Disagree. The online survey tool used was "Survey Monkey" not, "Monkey Survey". It was never intended to be a definitive tool for assessing citizen support or opposition to the proposed cannabis industry. As noted above the voters were given the opportunity to block the cannabis industry by rejecting the ballot measure setting the cannabis taxes. There was significant debate in the community leading up to the vote and 75.06% of voters approved the cannabis taxes.

F 2. Disagree. The fees set and collected were well documented and all funds are accounted for. There has never been a discrepancy as to how the funds were collected and tracked. Expecting various city officials who may or may not have been involved in setting and collecting the fees to, at any given time, be able to accurately recite totals collected is unreasonable.

F 3. Disagree. The responsibility for the permitting process was distributed to existing managers and staff, given the complexity of the work. Those not dealing with the permitting but who may have had strong personal opinions opposing the legalization of cannabis and the City embracing it, have openly criticized the work in a thinly veiled attempt to derail the venture.

F 4. Disagree. Power and paved roads in many areas of the City are adequate to handle the initial cannabis developments. For the longer term, there needs to be significant reinvestment in all city infrastructure as would be the case with any industry. This finding seems to be more directed toward making the case that the City should not have pursued this industry until it had a built-out infrastructure to accommodate it. It is difficult to not read into this and other findings an expression of distaste by the Grand Jury Committee, that the City has pursued the cannabis industry.

F 5. Disagree. This is a myth perpetuated by the internet. Its intent seems to point to concerns raised about the industrial hemp operation to suggest it should be held to the same regulations as cannabis. No one has shown any evidence that what is being grown at this location is anything other than hemp.

F 6. Disagree. In the context of this report the impact on the Police Department dealing with the illegal cannabis growers has no nexus. The illegal cannabis grow houses were a national phenomenon and totally unrelated to the legalization of cannabis cultivation in California City. Trying to draw a link between the two, again points to an assumption that legalizing cannabis was the wrong decision and this purported impact was a consequence.

F 7. Disagree. For the same reasons stated in F 6.

F 8. Disagree. For the same reasons stated in F 6.

F 9. Disagree. For the same reasons stated in F 6.

F 10. Disagree. Not having access to the statements made by interviewees we cannot form an opinion.

F 11. Disagree. There have been no illegal activities ignored at the mall property, nor has there been any evidence of cultivating cannabis at the mall property. The first cannabis permits in California City were issued in December 2017 and could have been issued earlier.

COMMENTS:


In the "Comments" section there is the following statement, "The temptation to cut corners and take short cuts may cloud the issue and give the appearance of misconduct." The Grand Jury Committee is again making a supposition based upon unproven allegations and assuming that this forms a basis for a "temptation to cut corners and take short cuts". There is nothing in the actual practices at California City to support the allegations of cutting corners and taking short cuts while applying City ordinances and regulations to the cannabis industry or any other businesses.

RECOMMENDATIONS:

- R 1. The annual Financial Audit of the city was conducted during the time the Committee was completing its work and the funds collected and expenses from cannabis fees were part of that audit. No findings relating to cannabis fees were made by the Auditor. The City is satisfied with the results of this audit. The upcoming FY 2018 audit will also focus on cannabis revenues and expenditures so there is no need do a separate audit of cannabis fees.
- R 2. The current process for permitting cannabis businesses is working to the City's satisfaction and there have been no supported issues raised that would trigger any need to organize this process differently.
- R 3. The City has the capacity to have any suspected illegal cannabis analyzed by a testing lab.
- R 4. The damage to those properties, where illegal growing of cannabis was found, is covered by standard property insurance that all landlords should have in place.
- R 5. The cleanup of the "illegal grow houses" follows the standard timeframe for "out of compliance" properties to be secured and have repairs done before the red tag can be removed allowing occupancy.
- R 6. The City already enforces all cannabis ordinances equally and was doing so when the Grand Jury Committee was doing it's "investigation".

While the City recognizes that the Grand Jury must investigate allegations that are presented, this report is a prime example of what happens when there is no serious or respectful attempt to ascertain between facts, distortions, and rumors. It is a serious waste of tax payer's money to have given any validity or time to these allegations for both the Grand Jury and California City being required to answer these unattributed or supported allegations.

Regards,



Robert Stockwell
City Manager

CITY OF DELANO

Celebrating Our Past, Growing Our Future



PREFACE:

The City of Delano (City) began as a railroad stop in 1869, surrounded by agriculture. It is now the second largest incorporated city in Kern County and a major business hub for northern Kern County. Agricultural businesses still supply most of the employment opportunities for the City: Wonderful Citrus, Wonderful Halos, and Railex.

The City has plans for growth; relocating the airport, taking ownership of the Voice of America (VOA) facility, opening a recreation center with a swimming pool, and expanding shopping opportunities. The increase in sales tax has given the City greater flexibility while meeting the needs of the community.

PURPOSE OF INQUIRY:

Pursuant to California Penal Code §925(a), the 2017-2018 Kern County Grand Jury (Grand Jury) inquired and investigated the operations and management of the City of Delano.

PROCESS:

The Cities and Joint Powers Committee of the Grand Jury toured the City, and interviewed the City Manager and Department Heads, on August 17, 2017. The Committee attended two meetings on August 21, 2017; Delano City Council as Successor Agency to the Former Community Redevelopment Agency of the City of Delano and the Regular City Council Meeting. A review of the City's website, past Grand Jury reports, and internet resources were used to prepare this report.

BACKGROUND and FACTS:

The City of Delano is located 31 miles north-northwest of Bakersfield at an elevation of 315 feet. The population of the City was 52,707 in 2016, up from 38,824 in 2000. It is Kern County's second largest city after the City of Bakersfield.

The City was founded on July 14, 1869, as a railroad town, not because the railroad passed through the town, but because the railroad coming down from San Francisco and areas north, terminated at the City of Delano. The name Delano was officially given by the Southern Pacific Railroad in honor of Columbus Delano, who at the time was the United States Secretary of the Interior. The first post office opened in 1874. There was an obvious need to provide schooling for the growing number of children in the new city, thus the Delano School District was formed in 1888. The City was incorporated April 13, 1915.

The City became a major hub of farmworker organization efforts, and the politically motivated Chicano movement. Filipino immigrants, Philip Vera Cruz and Larry Dulay Itliong, were instrumental in shaping the direction of farm worker movement in the 1950s. On September 8, 1965, Larry Itliong and other Filipino leaders led the predominantly Filipino Agricultural Workers Organizing Committee in a "walk off" from table grape farms, now known as "The Delano Grape Strike." The strikers' goal was to improve farmworkers' wages and working conditions. The National Farm Workers' Association, a largely Hispanic union led by Cesar Chavez, joined the strike within a week. During the strike, the two groups joined forces and formed the United Farm Workers of America (UFW). By 1970, the UFW won a contract with major grape growers across California.



Photos by Grand Jury

Agriculture continues to be the City's major industry. The area is well known as a center for growing premium table grapes. The City is home to North Kern State Prison and Kern Valley State Prison.

The Voice of America once operated its largest, most powerful shortwave broadcast facility outside of the City. The VOA ceased broadcasting in October 2007, citing a changing political mission, reduced budgets, and changes in technology.

The City has its own police department and contracts with the Kern County Fire Department for fire services. Emergency Medical Services are provided by a locally owned private company.

- A. Major farm employers in the City include: Wonderful Citrus, Wonderful Halos, Columbine Vineyards, Munger Farms, Lucich Farms, and Hronis.

Other major employers include Delano Regional Medical Center, Railex, Walmart, Vallarta Supermarkets, Delano Joint Union High School District, Delano Union Elementary School District, Sears Logistics, Kmart, two State Prisons, and the North Kern-South Tulare Hospital District.

- B. The City's two public school districts (Delano Union High School District and Delano Union Elementary School District) currently operate eight elementary schools, three middle schools, three comprehensive high schools, and two alternative high schools. The Wonderful College Prep Academy, a charter school, also serves the children within the City.
- C. The Delano Campus of Bakersfield College provides the community with local access to college programs and services. Most of the students live in Delano and the rural communities of northern Kern and southern Tulare counties.
- D. The 2010 United States Census recorded the population of the City as 53,041 (10,979 prison inmates).
- E. Effective January 1, 2017, the sales tax rate in the City is 8.25% (7.25% for the State and 1% for the City).
- November 2007, Measure "I" was passed by the residents which enacted a sales tax increase of 1%, which will sunset April 2018
 - An oversight committee was established in conjunction with Measure "I"
 - Proceeds shall be used for essential general services including, but not limited to, police and fire protection, streets, parks and recreation, and other general fund services
 - November 2016, Measure "U" passed, extending the current sales tax rate of 1% for an additional ten years, until March 2028
 - The additional 1% sales tax is effective only within the City limits
 - The increase in sales tax brought in \$5.5 million last year

- F. From October 2015 through September 2016, the top 25 Sales and Use Tax contributors generated 74.5% of the City's total sales and use tax revenue: (alphabetical order)
- ARCO AM/PM Mini Marts
 - AutoZone
 - Berchtold Equipment Company
 - Central Valley Office Supply
 - Chevron Service Stations
 - CNCO Manos
 - Crop Production Services
 - DACO Farm Supply
 - Delano Chevrolet – Buick – GMC
 - Fastrip Service Stations
 - Greg's Petroleum Service
 - Home Depot
 - JC Penney Company
 - K Mart Stores
 - McDonalds's Restaurants
 - North Kern Machinery
 - Panda Express
 - Rite Aid Drug Stores
 - Ross Stores
 - Shell Service Stations
 - Smart & Final
 - Taco Bell
 - Vallarta Supermarkets
 - Walmart Stores
- G. The City's sphere of influence filed with the Local Agency Formation Commission (LAFCo), is County Line Road to the north, Peterson Road to the south, Zachary Avenue to the east, and State Highway 43 to the west.
- H. The City of Delano is a General Law City. General Law City regulations are found in the State Government Code, which enumerates the powers and the structure for the city.
- I. The Delano Police Department follows guidelines outlined by the Standardized Emergency Management System (SEMS), for emergency response and disaster management in multi-agency and multi-jurisdiction emergencies.
- California Government Code §8607(a), local governments **must** use SEMS in emergency response and disaster management to be eligible for any available disaster reimbursement funding for its personnel related costs provided through state disaster assistance programs.

FINDINGS:

- F1. The Committee traveled around the City on August 17, 2017, and observed the following:
- Very little graffiti on private or public property
 - New construction is taking place:
 - Community Recreation and Aquatic Center
 - Rebuilding the Community Center
 - Wonderful College Prep Academy
 - Maya Cinemas
 - IHOP restaurant
 - Expansion to the shopping center
- F2. The City's General Plan was last completely updated in 2000. Parts of the plan have been addressed only when needed. The budgets for 2017-2018 and 2018-2019 allocate \$400,000 each year, for a complete update of the General Plan.
- F3. All City Council Members, city officials, and required staff have completed Form 700, and AB1234 required ethics training.
- F4. The California National Guard Armory building (725 South Lexington Street) is owned and maintained by the City. It is being used for public events because no other facility is currently available within the City. Plans include converting the building into a vehicle and equipment facility for fleet services.
- F5. The City is in the application phase with U.S. General Services Administration (GSA) to obtain ownership of the former Voice of America property of 800 acres (an antenna field covering 640 acres and 160 acres of open ground with buildings). When the process is completed, plans are to relocate the current airport to that property, and name it "VOA Delano Airport." The current airport would be converted to industrial use. The Federal Aviation Administration will not approve the relocation until the City has jurisdiction over the VOA property.



Photos by Grand Jury

- F6. The City is providing services outside the city limits to businesses located in Tulare County just north of County Line Road. These businesses pay a 25% increase in usage fees. A Joint Powers Agreement with Tulare County provides the City with a portion of their sales tax revenue.
- F7. The State of California is seeking water from the City for a small community of 12-15 homes in Tulare County. The State will fund this project.
- F8. The City owns and operates a Modified Community Correctional Facility (MCCF) prison, which has a contract with the California Department of Corrections and Rehabilitation (CDCR). There is approximately 100 staff employed at the facility. The CDCR pays a monthly facility fee, plus \$37.25 per day per inmate.
- F9. The City maintains a website with information about the city's departments, history, council meeting agendas and minutes, past Grand Jury reports, and how to pay utility bills. However, the website is NOT current with all information, and does not have the 2015-2016 Kern County Grand Jury Report and the City's Response.
- F10. The City is operating 14 water wells to provide drinking water; 11 of the wells were pumping arsenic-tainted water. The City borrowed \$20 million over a 20 year period to correct this problem. The new system has mitigated the arsenic problem to meet State standards.
- F11. New water meters are added to existing connections at the expense of the City. Currently about 2/3 of all connections are metered. The City plans to meet the State meter requirement by 2025.
- F12. Semi-truck traffic is a city-wide problem. Some businesses are asked to direct truck traffic to Pond Road, Driver Road, and Schuster Road. Trucks are directed not to use the Woollomes Avenue exit from State Highway 99.
- F13. The City Council Meeting on August 21, 2017, was well-run. The public was given many opportunities to make comments on agenda items and during

the public comment session. City staff and Department Heads were present to answer questions and make presentations. Votes taken by the council members were not always announced immediately, or with a vote count. Resolutions were passed without a recorded vote of the council members.

COMMENTS:

The Grand Jury would like to thank the City's Staff for their cooperation in providing information in preparation for this report. The Staff is to be commended for their vision and planning for future growth. The City is very business-friendly.

RECOMMENDATIONS:

- R1. The Grand Jury recommends that the City of Delano considers assigning a staff member to maintain their website, so it can be up-to-date. (Finding 9)

- R2. The City Council should follow California Government Code §36936, which states, "Resolutions, orders for the payment of money, and all ordinances require a recorded majority vote of the total membership of the city council." A **recorded vote** is a vote in which the vote (for or against) of each member of the assembly is recorded (and often later published). (Finding 13)

NOTES:

- The City of Delano should post a copy of this report where it will be available for public review.

- Persons wishing to receive an email notification of newly released reports may sign up at: www.kerncounty.com/grandjury.

- Present and past Kern County Grand Jury Final Reports and Responses can be accessed on the Kern County Grand Jury website: www.kerncounty.com/grandjury.

RESPONSE REQUIRED WITHIN 90 DAYS

**PRESIDING JUDGE
KERN COUNTY SUPERIOR COURT
1415 TRUXTUN AVENUE, SUITE 212
BAKERSFIELD, CA 93301**

**CC: FOREPERSON
KERN COUNTY GRAND JURY
1415 TRUXTUN AVENUE, SUITE 600
BAKERSFIELD, CA 93301**



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COUNCIL MEMBERS

Liz Morris
MAYOR

Grace Vallejo
MAYOR PRO TEM

Joe E. Aguirre, Jr.
Ruben "Ruby" Hill
Rueben Pascual

Maribel G. Reyna
CITY MANAGER

November 30, 2017

Presiding Judge
Kern County Superior Court
1415 Truxtun Avenue, Suite 212
Bakersfield, CA 93301

Foreperson
Kern County Grand Jury
1415 Truxtun Avenue, Suite 600
Bakersfield, CA 93301

Re: Response to 2017-2018 Grand Jury Report on the City of Delano

The City of Delano appreciates the report provided following the Grand Jury's August 17, 2017 and August 21, 2017 visits to our community. Below is the City's response to the findings and recommendations contained in the Grand Jury Final Report.

The City of Delano agrees with the findings as we are proud of our accomplishments and work daily to provide quality service to our citizens and our staff. Although F9 and F13 remained accurate at the time of your visit, these items were noticed and actions were being implemented to improve in these areas.

Finding 9.

The City maintains a website with information about the city's departments, history, council meeting agendas and minutes, past Grand Jury reports, and how to pay utility bills. However, the website is NOT current with all information, and does not have the 2015-2016 Kern County Grand Jury Report and the City's Response.

Finding 13.

The City Council Meeting on August 21, 2017, was well-run. The public was given many opportunities to make comments on agenda items and during the public comment session. City staff and Department Heads were present to answer questions and make presentations. Votes taken by the council members were not always announced immediately, or with a vote count. Resolutions were passed without a recorded vote of the council members.

CITY OF DELANO

The City of Delano will continue the efforts in satisfying these recommendations. Each recommendation and response is listed below.

Recommendation 1.

*The Grand Jury recommends that the City of Delano considers assigning a staff member to maintain their website, so it can be up-to-date.
(Finding 9)*

R1. Response:

The City will assign a staff person to update its website and will add the 2015-2916 Kern County Grand Jury Report and the City's Response to the website.

Recommendation 2.

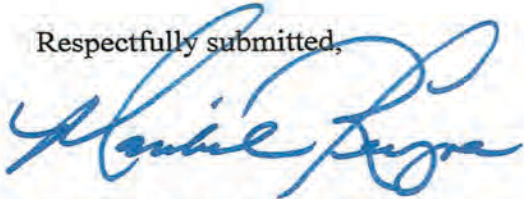
*The City Council should follow California Government Code §36936, which states, "Resolutions, orders for the payment of money, and all ordinances require a recorded majority vote of the total membership of the city council." A **recorded vote** is a vote in which the vote (for or against) of each member of the assembly is recorded (and often later published). (Finding 13)*

R2 Response:

The City Clerk will announce votes taken by the City Council after each vote and will include a vote count. The City Clerk will record the votes in favor and against resolutions.

The City appreciates the opportunity to respond to the Grand Jury's Report. Should you have any questions regarding our written response to the report, please do not hesitate to contact me at 661-720-2222 via telephone or at mreyna@cityofdelano.org via email.

Respectfully submitted,



Maribel Reyna, City Manager



PREFACE:

The City of McFarland (City) is a farming community 26 miles north of Bakersfield. With “tradition and unity”, the city government is working toward excellence for its citizens. The community has many events and programs, for the young and mature alike.

The City Council has five elected members each serving four year terms. A City Manager is appointed to conduct the day-to-day business of the City. Conserving general funds through the addition of grant awards helps the City to stay financially stable and prepared for the future. McFarland’s financial condition is closely monitored by the City Manager. The grants department is guided at the City Manager’s direction, to ensure the needs of the City are met.

The City has received grant funds for many projects. An application with the Regional Surface Transportation Program (RSTP) from Kern Council of Governments, will be filed for street improvements and assistance in complying with the Americans with Disabilities Act (ADA) requirements. The City requested funds through the Congestion Mitigation and Air Quality (CMAQ) program, to construct an Alternative Electric Vehicle Charging Station.

PURPOSE OF INQUIRY:

Pursuant to California Penal Code §925(a), the 2017-2018 Kern County Grand Jury (Grand Jury) investigated the operations and management of the City.

PROCESS:

The Cities and Joint Powers Committee (Committee) visited the City and interviewed the City Manager and department heads. The Committee attended two City Council meetings. Information was also collected from the Kern County Auditor Controller’s Office and the Kern County Fire Department (KCFD). A review of the City’s website, prior Grand Jury reports, newspapers, and internet resources provided information used in the preparation of this report.

BACKGROUND AND FACTS:

The area which became McFarland was first homesteaded in the 1860s. In 1874, the Southern Pacific and Central Pacific Railroads extended tracks from Delano to Sumner, east of Bakersfield.

James Boyd McFarland discovered the area in 1907, when it was called Hunt's Siding. The town was mostly made up of families and some livestock pens. McFarland came to California from Zanesville, Ohio, and liked the area's thriving agriculture. He enlisted William Laird, a prominent real estate businessman and banker in Bakersfield, to facilitate the purchase of the original town site, which was subsequently named McFarland. James McFarland later served as a member of the Kern County Board of Supervisors and the Kern County Grand Jury.

The City is rooted in agriculture; cotton, sugar beets, potatoes, and roses are some of the leading crops. It is located in the heart of the San Joaquin Valley farming region. There is an almond hulling facility and winery located in the City.

The Committee observed members of the community attending the September 14, 2017, City Council meeting. The citizens expressed their appreciation to the City Council for their support of local activities.



The Disney movie, *McFarland USA*, released in 2015, inspired the annual McFarland USA 1K, 5K, 10K, and half marathon event. The movie tells the story of a championship cross-country team, set against the backdrop of a largely agricultural, Hispanic community. The race winds its way through city outskirts, grape fields, almond fields, flat surfaces, and short uphill sprints.

The annual Menudo Cook-off is sponsored by the McFarland USA Foundation. The event also features a jalapeño eating contest, silent auction, and live entertainment. Proceeds benefit the McFarland Museum.

An application with the Regional Surface Transportation Program (RSTP) from Kern Council of Governments will be filed to do the improvements from West Perkins Avenue to West Kern Avenue, and the 2nd Street Landscape Project. This project was



awarded state Community Development Block Grant program (CDBG) funds (\$1.3 million) the engineer cost estimate for the 2nd Street improvements is approximately \$1.7 million. Thus, RSTP will cover the funding gap and assist with ensuring 2nd Street complies with the ADA requirements.

The City is requesting \$551,200 through the CMAQ program, to construct an Alternative Electric Vehicle Charging Station on Industrial Avenue (South of the Kaboom Playground).

- The proposed project is the first phase in the City's project to construct a transit station, which will include a terminal for persons waiting for:
 - Dial-A-Ride
 - Greyhound buses
 - Kern Regional Transit buses
- The total anticipated project cost is \$623,000
- McFarland will provide \$71,800 in matching funds

The City has its own police department and contracts with the KCFD for fire services. The City takes a proactive approach towards crime prevention and gang violence. The McFarland Police Department uses a hands-on approach to deter gang participation. The Public Works Department obtained a grant from CDBG to purchase a graffiti removal truck.

- Studies show that quick removal of graffiti is an effective crime prevention tool
- The objective will be to remove graffiti within 24 hours after being reported
- The graffiti removal truck is equipped with a computerized paint matching system. This allows the City to match the color on any surface they repaint, removing any signs of the graffiti, without having it look like it was covered up or patched
- The Police Department holds Town Hall style meetings to encourage community involvement in an effort to deter gang activities
- Citizen Volunteers play an important role in the operations of the Police Department and the City. These volunteers donate hundreds of hours every year, acting as the eyes and ears of the department, and assisting sworn personnel during patrol and special events.
- Other community outreach programs:
 - Coffee with a Cop
 - Cops and Candy Fall Festival

The City recently signed a two-year contract with the KCFD for fire services. Within two years, the City will need to obtain the means to pay for future fire services. Funds need to be procured, whether or not the City establishes its own fire department.

- A measure will appear on the November 2018 ballot, to allocate funds for fire services
- The annual direct operating cost to maintain a fire station is approximately:
 - \$1.8 million for staffing and supplies; including at least nine firefighters; three firefighters per shift, for three shifts

- Equipment costs are approximately:
 - \$700,000 for a fire engine
 - Over \$1 million for a ladder truck
- The City plans to build transparency and public support by:
 - Holding workshops, town hall meetings and open forums
 - The City Council approved hiring a polling consultant to go into the community (door-to-door), to explain to the citizens why they should support and pass the fire tax

McFarland Unified School District (District) has five elementary schools, one middle school, and two high schools, one of which is a continuation school. The District completed a demographic study in 2015. This study was prepared using a state-of-the-art Geographic Information System Program. According to the report:

- The District was projected to grow in enrollment by 3.03% (105 students) for the 2015-2016 school year
- The District is projected to continue growing over the next six years with a projected enrollment of 3,993 students in the 2020-2021 school year. This is a total growth of 524 students, which is an increase of 15.11%



School
City of McFarland



District



Parks and Recreation

The McFarland Tri-Agency Partnership (MTAP) is a Joint Powers Agreement that was formed by the public agencies within the City of McFarland. These agencies are the McFarland Unified School District, McFarland Recreation and Parks District, and the City of McFarland. MTAP was created so that all agencies can work together to eliminate redundant use of resources, and improve the City for the good of the citizens. One advantage of the agency is that they can qualify for larger grants when they work together, rather than if they applied as individual departments. Some of the completed projects and goals of the agency:

- Created drop-off zones for Kern Avenue Elementary School
- Working on proposed drop-off zone for Browning Road Elementary School
- The City is writing a grant for a community garden. Funds from the grant will utilize the City owned Community Center, to prepare and market produce at local farmers market

The City has a well-maintained and up-to-date website providing information about local government and services. The following information can be found on the website:

“The City is seeking citizens to serve on the City of McFarland Planning commission. Currently the city is working on several projects that will have long-term benefits for the community including a possible new interchange at Hanawalt Ave and SR99, a growth plan for the area south of E. Sherwood Ave to Whisler Road and development standards on what new buildings located in McFarland will need to meet.

“Conserving general funds through the addition of grant awards helps the city stay financially stable and prepared for the future; the city's financial condition is closely monitored by the city manager and the grants department is guided by his directions to ensure the needs of the city are met. The city has received grant funds for many projects. Some are listed below:

- Infrastructure such as streets, sidewalks, drive approaches, street lights and walking paths*
- Software, which includes a new operating system and fully automated services for residents*
- Police officers and safety equipment*
- Transit improvements*
- Training for employees*
- Housing development funds for first time homebuyers at Vila del Caribe*
- Housing programs*
- New wells, including treatment for water quality*
- Electric vehicles and motorcycles*
- Parks, including Discovery Park*
- Transit services and capital improvements*
- Pedestrian improvements at Kern Avenue Overpass*
- Planning documents, such as the General Plan Update, Local Hazard Mitigation Plan, Master Storm Drain Plan, and many others*

“The City of McFarland Public Works Department is responsible for refuse collection, street, maintenance, water, wastewater, and the public transit system. In addition, the Public Works Department oversees Refuse and Graffiti Removal. The Public Works Department is comprised of the following divisions:

- Streets*
- Sewer*
- Refuse*
- Water*
- Transit*

“The City of McFarland owns, operates, and maintains the domestic water system within the City of McFarland. The City water system presently consists of four (4) water wells and one (1) storage tank equipped with booster pumps. Monthly service fees are established to provide the city necessary funding to cover current operational expenditures, the replacement of existing equipment, and required additions to capacity. The Water Division provides the following:

- *Domestic and firefighting water service to the McFarland community*
- *Continuous monitoring of water for pollutants, contaminants, and bacteria in conformance with health and safety standards*
- *Monitoring and implementation of water-related laws and codes”*

Medical services for the community are provided by a local physician and Clinica Sierra Vista (Clinica). The website for Clinica states, “*Clinica Sierra Vista serves a geographically dispersed, low-moderate-fixed income, ethnically diverse, frontier-rural-urban-migrant-homeless patient population. It has grown to be one of the largest comprehensive migrant/community health center systems in the state.*”

The nearest hospital providing emergency services to the citizens of McFarland is in Delano. The 2014-2015 Kern County Grand Jury recommended that the City create its own hospital district, however, it has been more difficult than the City anticipated.

FINDINGS:

- F1. The Committee traveled around the City September 9, 2017, and observed the following:
- No graffiti on private or public property
 - New business now open include
 - Rite-Aid
 - Dollar General
 - Auto Zone
 - New Taco Bell under construction
 - McDonalds is being remodeled
 - Clean up projects on Kern Avenue
- F2. The City encourages a high level of public involvement, and strives to do what the citizens are asking for, while building transparency in government.
- F3. The City has approved hiring a polling consultant, and is holding Town Hall Meetings to keep the citizens informed about their plans to fund fire services in the future.
- F4. The City has been negotiating with Clinica to expand their medical services within the community. Plans to create a hospital district are currently at a stand-still.
- F5. The nearest hospital to McFarland is the Delano Regional Medical Center. Ambulance service is provided by Delano Ambulance Service
- Service is housed in Delano and takes 8 minutes to get to McFarland
 - McFarland is currently in discussion with Delano Ambulance Service to have a station in the City
 - According to City staff, the Delano Ambulance Service analysis indicated there are currently not enough calls to justify the station

- F6. Due to the increased enrollment at McFarland High School, parking has become an issue for both the school and the City. When the school parking lots fill up, the students will park on City streets around the school. Some students park in the Community Center parking lot, creates a problem for anyone using or visiting:
- The Community Center only has 13 spaces, two of which are designated as handicapped parking
 - The Parks and Recreation Department has a parking lot at 100 South Street, directly behind the high school. This lot is rarely used during the day
- F7. Pedestrian traffic and student safety is an issue on South 2nd Street leading to the Highway 99 overpass. Students cross the street wherever they choose and climb the embankment to access the overpass. Driver visibility is obstructed by the curves in the road, creating a dangerous situation.
- F8. The City Council Meeting on August 21, 2017, was well conducted. The public was given many opportunities to make comments on agenda items and during the public comment session:
- City Staff and department heads were present to answer questions and made presentations
 - Resolutions were voted on using roll call vote and results were immediately announced
- F9. Posting financial information on the City's web site is one of the many things that the City Staff and City Council are doing, to be transparent to the community. Additional information is available regarding:
- History
 - Departments
 - City Council meeting agendas and minutes
 - Past Grand Jury reports
- F10. The City employs two full time grant writers. In addition:
- The McFarland Unified School District has a dedicated grant writer
 - The McFarland Recreation and Parks District has its grants written by the District Manager
- Funds from these grants are an asset to the City and help to preserve the general funds.

COMMENTS:

The Committee would like to thank the City Staff for their cooperation in providing information to prepare this report. City Officials are to be commended for their forward thinking and proactive attitude toward solving City problems.

RECOMMENDATIONS:

- R1. The City should continue to encourage public support of their efforts to fund fire services. The City should also thoroughly investigate cost and risk factors involved, before deciding to fund their own fire department. (Findings 2 and 3)
- R2. The City should continue their efforts to improve health care services by continuing negotiations with Clinica Sierra Vista for expanded services. (Finding 4)
- R3. Discussions should continue with Delano Ambulance Services to house a station within the City. (Finding 5)
- R4. The Grand Jury recommends that the Tri-Agency Partners work together to resolve the parking issues between the Community Center, the City, and McFarland High School. The parking lot at the Recreation and Parks building could serve as an interim parking site for the high school, until the School District moves forward with other plans. (Finding 6)
- R5. A flashing stop sign should be placed on South 2nd Street. This may help resolve the safety issues caused by students crossing the street to use the overpass. (Finding 7)

NOTES:

- The City of McFarland should post a copy of this report where it will be available for public review.
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RESPONSE REQUIRED WITHIN 90 DAYS

**PRESIDING JUDGE
KERN COUNTY SUPERIOR COURT
1415 TRUXTUN AVENUE, SUITE 212
BAKERSFIELD, CA 93301**

**CC: FOREPERSON
KERN COUNTY GRAND JURY
1415 TRUXTUN AVENUE, SUITE 600
BAKERSFIELD, CA 93301**

DISCLAIMER:

This report was issued by the Grand Jury with the exception of a juror(s) pursuant to PC §916.2(a). This juror was excluded from all parts of the inquiry/investigation, including interviews, deliberations, and the writing and approval of this report.

November 29, 2017

FINDINGS:

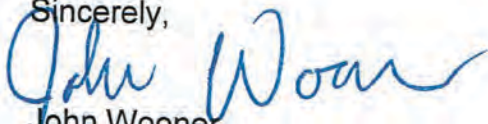
- F1. The Committee traveled around the City September 9, 2017, and observed the following: **The respondent agrees with the finding**
- No graffiti on private or public property
 - New business now open include
 - Rite-Aid
 - Dollar General
 - Auto Zone
 - New Taco Bell under construction
 - McDonalds is being remodeled
 - Clean up projects on Kern Avenue
- F2. The City encourages a high level of public involvement, and strives to do what the citizens are asking for, while building transparency in government. **The respondent agrees with the finding**
- F3. The City has approved hiring a polling consultant, and is holding Town Hall Meetings to keep the citizens informed about their plans to fund fire services in the future. **The respondent agrees with the finding**
- F4. The City has been negotiating with Clinica to expand their medical services within the community. Plans to create a hospital district are currently at a stand-still. **The respondent agrees with the finding**
- F5. The nearest hospital to McFarland is the Delano Regional Medical Center. Ambulance service is provided by Delano Ambulance Service **The respondent agrees with the finding**
- Service is housed in Delano and takes 8 minutes to get to McFarland
 - McFarland is currently in discussion with Delano Ambulance Service to have a station in the City
 - According to City staff, the Delano Ambulance Service analysis indicated there are currently not enough calls to justify the station
- F6. Due to the increased enrollment at McFarland High School, parking has become an issue for both the school and the City. When the school parking lots fill up, the students will park on City streets around the school. Some students park in the Community Center parking lot, creates a problem for anyone using or visiting: **The respondent agrees with the finding**

- The Community Center only has 13 spaces, two of which are designated as handicapped parking
 - The Parks and Recreation Department has a parking lot at 100 South Street, directly behind the high school. This lot is rarely used during the day
- F7. Pedestrian traffic and student safety is an issue on South 2nd Street leading to the Highway 99 overpass. Students cross the street wherever they choose and climb the embankment to access the overpass. Driver visibility is obstructed by the curves in the road, creating a dangerous situation. **The respondent agrees with the finding**
- F8. The City Council Meeting on August 21, 2017, was well conducted. The public was given many opportunities to make comments on agenda items and during the public comment session: **The respondent agrees with the finding**
- City Staff and department heads were present to answer questions and made presentations
 - Resolutions were voted on using roll call vote and results were immediately announced
- F9. Posting financial information on the City's web site is one of the many things that the City Staff and City Council are doing, to be transparent to the community. Additional information is available regarding: **The respondent agrees with the finding**
- History
 - Departments
 - City Council meeting agendas and minutes
 - Past Grand Jury reports
- F10. The City employs two full time grant writers. In addition:
- The McFarland Unified School District has a dedicated grant writer
 - The McFarland Recreation and Parks District has its grants written by the District Manager
- Funds from these grants are an asset to the City and help to preserve the general funds. **The respondent agrees with the finding**

RECOMMENDATIONS:

- R1. The City should continue to encourage public support of their efforts to fund fire services. The City should also thoroughly investigate cost and risk factors involved, before deciding to fund their own fire department. (Findings 2 and 3) **The recommendation has not yet been implemented, but will be implemented in the future, with a timeframe for implementation.**
- R2. The City should continue their efforts to improve health care services by continuing negotiations with Clinica Sierra Vista for expanded services. (Finding 4) **The recommendation has not yet been implemented, but will be implemented in the future, with a timeframe for implementation.**
- R3. Discussions should continue with Delano Ambulance Services to house a station within the City. (Finding 5) **The recommendation will not be implemented because it is not reasonable. Amount of usage along with associated cost is not reasonable.**
- R4. The Grand Jury recommends that the Tri-Agency Partners work together to resolve the parking issues between the Community Center, the City, and McFarland High School. The parking lot at the Recreation and Parks building could serve as an interim parking site for the high school, until the School District moves forward with other plans. (Finding 6) **The recommendation has not yet been implemented, but will be implemented in the future, with a timeframe for implementation.**
- R5. A flashing stop sign should be placed on South 2nd Street. This may help resolve the safety issues caused by students crossing the street to use the overpass. (Finding 7) **The recommendation has not yet been implemented, but will be implemented in the future, with a timeframe for implementation.**

Sincerely,



John Wooner
City Manager
City of McFarland

CITY OF RIDGECREST

AN OASIS IN THE INDIAN WELLS VALLEY



Photo from: www.ridgecrest-ca.gov/

PREFACE:

There is a “bright light” of an oasis in the northeast portion of Kern County, the City of Ridgecrest (City). Unlike some other small cities in Kern County, the City seems to be heading in a positive direction. New shopping centers, hotels, and businesses have come into the City, and are serving surrounding communities in Inyo and San Bernardino Counties. Since 2016, an additional one percent sales tax was added to previously generated funds, to be used to operate and maintain a strong Police Department, and for needed road repairs. A local Indian tribe is also proposing to open a casino – hotel complex that will also add to the City’s revenue. The 2017-2018 Kern County Grand Jury (Grand Jury) found the City to be functioning efficiently and financially sound.

PURPOSE OF INQUIRY:

After receiving several citizen Complaints, the Cities and Joint Powers Committee (Committee) of the Grand Jury, pursuant to Penal Code §925(a), conducted an inquiry into the operation and management of the City of Ridgecrest.

PROCESS:

On April 18, 2018, the Committee met with the City Manager and City Attorney, conducted interviews, and attended the City Council meeting that evening. The purpose of the interviews and visit was to receive current information concerning the management and building expansions within the City. Past Kern County Grand Jury reports and internet searches were also used to prepare this report.

BACKGROUND and FACTS:

The City, formerly known as Crumville, began as a farming community in 1912, honoring two local dairymen. The first post office in the area opened in 1941. By 1943, the community had grown to 196 residents. The Naval Ordnance Test Station was established in November 1943, providing a strong job base for years to come. The City was incorporated in 1963, as a General Law City.

The City is located in the southern end of the Indian Wells Valley in northern Kern County, and is surrounded by four mountain ranges: the Sierra Nevada on the west, the Cosos on the north, the Argus Range on the east, and the El Paso Mountains on the south. The City is within a two-hour drive of the highest and lowest points in the conterminous United States.

According to the United States Census Bureau, the City has a total area of 21.4 square miles. The 2010 United States Census reported a population of 27,616, with the 2016 estimate being 28,701 (3.9% growth).

The largest employer in the area is the Naval Air Weapons Station China Lake (NAWS China Lake). This is an airborne weapons testing and training range, adjacent to the City, operated by the United States Navy and its contractors.

The City has its own Police Department, as well as a Kern County Sheriff's Office regional sub-station. The Kern County Fire Department provides fire protection and emergency medical services, along with the Ridgecrest Regional Hospital, and two medical clinics.

The Ridgecrest Branch Library, of the Kern County Library system, serves the City, Inyokern, China Lake, Trona, and other surrounding communities. Cerro Coso Community College, established in 1973, has an enrollment of approximately 2,500 full-time students. This college is a part of the Kern Community College District, and serves the surrounding communities.

The City is approximately 115 miles from the cities of Bakersfield and San Bernardino, and 82 miles from Lancaster or Palmdale. Limited air travel in and out of the City is provided through the Inyokern Airport. The Ridgerunner Transit (a flex-route bus system covering the City) is working with Kern Transit (operator of mass transportation in Kern County) to operate an intercity public transit service between the City to California City and Mojave. The Eastern Sierra Transit Authority offers the Inyo-Mono County Bus service, which also connects with Kern Transit.

FINDINGS:

- F1. In 1978, the United States Congress enacted the Indian Self-Determination Act, 25 U.S.C. §450, *et seq.*, to encourage tribal self-sufficiency and self-determination, and in 1988, Congress enacted the Indian Gaming Regulatory Act, 25 U.S.C. §2701, *et seq.*, to provide for tribal gaming, again emphasizing the federal priority of tribes becoming self-sufficient.
- F2. On June 1, 2016, the City entered into a Municipal Service Agreement with the Timbisha Shoshone Tribe (Tribe) to acquire land in a trust, in order for the Tribe to build a casino and entertainment center to achieve economic self-sufficiency.
- F3. In the Municipal Service Agreement with the Tribe:
- a. The City will support the Tribe's request with the Bureau of Indian Affairs to take the land into a trust.
 - b. The Tribe's action is not a City project.
 - c. The City is capable of, and willing to provide a full range of municipal services, for use on the Tribe's trust land.
 - d. The Tribe will use the land exclusively for the operation of a facility for Class II and Class III Gaming, and other gaming related uses.
 - e. The Tribe agrees to contract with the City to provide planning, building and safety, fire prevention, and public works personnel to review construction plans, and inspect construction improvements on the land, to ensure compliance with adopted codes.
- F4. Payments for Critical Municipal Services to the City from the Tribe:
- a. The City and Tribe recognize the gaming facility will necessitate an increase of critical municipal services. The Tribe shall make the following payments to the City:
 - i. One-time payment of \$80,000 for a new police patrol car
 - ii. Annual fees of \$128,000 for additional critical municipal services
 1. Increased to \$260,000 per year upon completion of the construction of a hotel and/or arena
 2. Increased to \$388,000 per year upon the completion of the construction of an entertainment complex
 - b. It is estimated that when operating at full capacity, this project could generate at least \$1.2 million per year for the City.
- F5. Exhibit B of the Municipal Service Agreement with the Tribe lists other activities, which may be developed on the land. (See Appendix A)
- F6. On August 22, 2016, the City's Planning Commission Staff approved a resolution amending Tentative Parcel Map No. 11790, Wal-Mart Stores, Inc., as follows:

- a. In 2009, approved Tentative Parcel Map No. 11790 for 29.28 acres divided into four parcels for commercial use.
 - i. Parcel 1 (approximately 21.24 acres) for Wal-Mart store and parking
 - ii. Parcel 2 (approximately 1.68 acres) for a proposed gasoline dispensing station
 - iii. Parcels 3 and 4 (approximately 4.06 acres) developed as commercial land uses at a later time
 - b. Parcel 1 is complete and open for business. Development of the other parcels is on hold pending redrawing of parcel boundaries and approval of the tract map by the City Council.
- F7. As a General Law City, the City Council hires the City Manager and City Attorney. The City Manager hires, disciplines, dismisses City employees, and oversees the operation and management of the City, under the policies and guidelines of the City Council, as follows:
- The current City Manager e-mails the Council as a whole on the activities and concerns of the City
 - The City Mayor is elected for a two year term
 - The City Council Members are elected to a four year term on a staggered basis
 - To verify residency for the City Council Members and City Mayor, California Driver's License are used with a declaration of "penalty of perjury under the law" that statements are true and correct
 - City Elections are conducted, under the State Elections Code, in conjunction with the Kern County Elections Office
- F8. Total Revenue for the City is approximately \$15.8 million per year from the following sources:
- Sales Taxes and Measure V Tax
 - Transit Occupancy Tax – TOT (hotel tax of 10%)
 - Property Taxes
- F9. The City has spent approximately \$2.3 million to install a "Smart Irrigation System" that will automatically control the irrigation in the parks. The system will only water when the soil moisture reaches the desired level. The system controllers estimate soil moisture, or specific water needs of plants, so excess water use is minimized.
- F10. The City provides the following services for the residents:
- Police protection services
 - Waste Water and treatment plant
 - Located on NAWS China Lake
 - Operated by the City
 - Services the NAWS China Lake's needs

- Public Works
 - Road maintenance and improvements
 - Transportation (bus service, Dial-a-Ride)

- F11. The City does not appear to have a visible graffiti problem. Graffiti is mitigated by a group of volunteers who remove graffiti weekly; approximately 300-500 sites per year are removed.
- F12. The City is experiencing a growth in population, with today's estimates exceeding 30,000 residents. NAWA China Lake is projecting to add 700 new contracted engineers in the next two years, who will need civilian housing. Current available City housing is very limited.
- F13. The City is a member of the Indian Wells Valley Groundwater Authority. The City Manager is also the General Manager for this agency.
- F14. The City voters passed Measure L in 2012 and Measure V in 2016. Measure V extended Measure L for 8 years, and increased the sales tax within the City an additional one percent. The revenues generated are to be used for police protection and road maintenance.
- F15. The Committee attended the City Council - Redevelopment Successor Agency - Housing Authority - Financing Authority Meeting, held Wednesday April 18, 2018. On the meeting's agenda, *Item 1. Fiscal Year 2018-2019 Road Program*, was a presentation and discussion to prepare a final draft to spend approximately \$1.5 million for road improvements and maintenance. The Council Members discussed several plans with the Public Works Department, and allowed public input on how to allocate the Measure V Funds.
- F16. The Police Department utilizes NIXLE®, which is a new technology information program to inform the community of issues and alerts, using social media.

COMMENTS:

The Committee thanks the City Manager and the City Attorney, for their input and cooperation. The City is a thriving "Oasis" and a major business hub for the Indian Wells Valley. People travel from neighboring communities such as Bishop, Independence, Lone Pine, Big Pine, Trona, and other communities in eastern Kern County, to shop within the City, thus contributing to the economy.

RECOMMENDATIONS:

None

NOTES:

- The City of Ridgecrest should post a copy of this report where it will be available for public review.
- Persons wishing to receive an email notification of newly released reports may sign up at: www.kerncounty.com/grandjury.
- Present and past Kern County Grand Jury Final Reports and Responses can be accessed on the Kern County Grand Jury website: www.kerncounty.com/grandjury.

RESPONSE REQUIRED WITHIN 90 DAYS TO:

**PRESIDING JUDGE
KERN COUNTY SUPERIOR COURT
1415 TRUXTUN AVENUE, SUITE 212
BAKERSFIELD, CA 93301**

**CC: FOREPERSON
KERN COUNTY GRAND JURY
1415 TRUXTUN AVENUE, SUITE 600
BAKERSFIELD, CA 93301**

APPENDIX A

EXHIBIT B

The following uses may be developed in conjunction with the gaming facility specifically authorized under this agreement. All uses shall be supportive uses to the gaming facility and shall include but are not limited to:

- Hotel
- Small-scale Amusement Park, including video arcades and miniature golf
- Bowling Center
- Restaurants/Coffee Shops/Snack Bars
- Night Clubs or Bars (includes live entertainment)
- Entertainment Venue
- Tribal Gaming Commission Offices
- Tribal Government Offices

The following uses are expressly prohibited at the Tribal Lands, unless otherwise consented to in writing by the Ridgecrest City Council:

- Gas stations
- Retail establishments
- Residential housing
- Other uses not related to or furthering Tribe's gambling activities at the Tribal Lands

FROM: Municipal Service Agreement, June 1, 2016, City of Ridgecrest and Timbisha Shoshone Tribe



CITY OF RIDGECREST

Telephone 760 499-5000

FAX 760 499-1500

100 West California Avenue, Ridgecrest, California 93555-4054

September 24, 2018

The Honorable Charles Bremer, Presiding Judge
Kern County Superior Court
1415 Truxtun Avenue, Suite 212
Bakersfield, CA 93301

Reference: City of Ridgecrest Grand Jury Report 2017-2018 – Response to Findings

Honorable Judge Bremer,

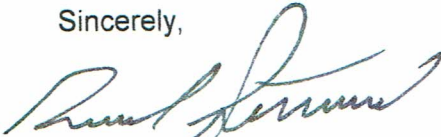
The City of Ridgecrest would like to thank the members of the Kern County Grand Jury for taking the time to visit Ridgecrest. We agree with them that Ridgecrest is an "Oasis in the Indian Wells Valley." Ridgecrest is a safe and friendly community to live and work and is home to NAWS China Lake one of the most important military installations in the nation.

City staff reviewed the Grand Jury's findings and following is our response:

- F1. The City agrees with the finding.
- F2. The City agrees with the finding.
- F3. The City agrees with the findings (subsections a-e).
- F4. The City agrees with the findings (subsections a-b).
- F5. The City agrees with the finding.
- F6 (a). The City partially disagrees with the finding. On August 22, 2017, the Planning Commission considered Amended Tentative Parcel Map No. 11790 but did not approve it. Instead, the Planning Commission referred the item to the City Council for decision. It was never heard by Council because Wal-Mart withdrew its request. Since that time, Wal-Mart's tentative map has expired. Any sale of individual parcels will require compliance with the State Subdivision Map Act.
- F6 (b). The City agrees with the finding.
- F7. City agrees with the finding.
- F8. City agrees with the finding with one correction: The word should read "Transient" Occupancy Tax (TOT).
- F9. The City disagrees partially with the finding. The City installed a Smart Water System during the recent renovation of the Kerr McGee Sports Complex to reduce water usage. Unfortunately, the City does not have the funds to install a Smart Water System throughout our park system.
- F10. The City agrees with the finding.
- F11. The City agrees with the finding.
- F12. The City agrees with the finding, except the City's population is estimated at 28,000.
- F13. The City agrees with the finding.
- F14. The City agrees with the finding.
- F15. The City agrees with the finding.
- F16. The City agrees with the finding.

If you have any questions, please let me know.

Sincerely,



Ronald Strand
City Manager
760) 499-5001



City of the Future

PREFACE:

Located in Kern County, the City of Shafter (City) is a strong community that is committed to its 18,000 plus residents by offering them an affordable and comfortable place to reside. The City was incorporated for the first time on January 11, 1938, and established as a charter city on June 6, 1995. Shafter is a progressive community, providing a variety of services to residents. The moniker, “City of the Future,” is fitting for this fast growing little city. Over the past two decades, the City has aggressively welcomed new well-organized development, and offered many new services that are now generating much-needed funds.

PURPOSE OF INQUIRY:

The 2017-2018 Kern County Grand Jury (Grand Jury) inquired into the operation and management of the City, pursuant to California Penal Code §925(a).

PROCESS:

The Cities and Joint Powers Committee (Committee) attended the City’s Regular Meeting of the Shafter City Council, Tuesday, September 19, 2017, and met with the City Manager on October 10, 2017, at City Hall, 336 Pacific Avenue, Shafter, California. The Committee read prior Grand Jury reports, searched the internet, reviewed the City’s website, and toured the City to prepare this report. City Council agendas and minutes were also reviewed from the City’s website.

BACKGROUND AND FACTS:

The City of Shafter is named for General William Rufus “Pecos Bill” Shafter, commanding general of the American forces in Cuba during the Spanish-American War, in 1898. This was the year the railroad was completed in the area and a siding was named in his honor. The Kern County Land Company

sold lots for the town of Shafter at this site in 1914. Some of General Shafter's personal effects are on display at the Depot Museum in Shafter.

The first post office opened in 1898, moved to a new location in 1902, then closed in 1905. A new postal service reopened in 1914, and is still in operation today. The City was incorporated in 1938.

Historical note: The City is home to Minter Field, which began operations in June 1941, as a training airfield, and saw heavy use during World War II. Approximately 7,000 troops were stationed at the airfield, which also housed up to 600 prisoners of war. Today the airfield is publicly owned and administered by the Minter Field Airport District, which serves as an industrial center and airport for crop dusters and private aircraft. The Minter Field Museum is maintained on location as well. The first truly successful human powered airplane, the Gossamer Condor, which won the Kremer Prize on August 23, 1977, took flight at Minter Field. A California State Monument honoring this event is located there. Future plans for the airfield include expansion of the runway and a solar farm.



Photo from www.minterfieldairmuseum.com

The Shafter Historical Society maintains two other museums within the City. The Green Hotel and the Shafter Depot Museum emphasize various aspects of the daily lives in early Shafter. Both structures are listed on the National Register of Historical Places and the California Points of Interest. The Green Hotel is located in the downtown area and is fully restored. The Kern County Land Company built the hotel in 1913 to provide lodging for prospective land buyers of the new town. The City supports the Historical Society financially (\$20,000 annually), joint promotions of activities, and prints newsletters for the Society.



Photos from www.shafter.com

- A. The City is located in the County of Kern Supervisorial District 1, California Senate District 14, California Assembly District 32, and Congressional District 21.
- B. The governance for the City is a Charter City organization. A charter city is not required to pay prevailing wages (unless State or Federal funds are used), has a greater degree of control over municipal affairs, and may enact legislation, as long as the legislation does not violate State or Federal Constitutions.
- C. In 2016, the City completed Annexations 83 and 86, increasing the land size to 38 square miles. Kern County and the City of Shafter have agreed on other new land that may be annexed. The City's sphere of influence is about one mile north, butting against the City of Wasco, one mile east of Highway 99, one mile west of the City, and butts against the City of Bakersfield to the south at 7th Standard Road.
- D. The population of the City was at 16,989 in the 2010 United States Census, up from 12,736 in the year 2000, and projected to be 18,800 to date.
- E. The City's core is located along State Route 43 and the Burlington Northern Santa Fe (BNSF) Railway, 18 miles northwest of the City of Bakersfield, and the city limits include outlying suburbs of Meyrick's Corner, North Shafter, Smith's Corners, and Thomas Lane.
- F. Historically, much of the City's economy has been based on agriculture and ag-related industry. Local crops include almonds, pistachios, cotton, grapes, alfalfa, as well as some carrots, potatoes, and other vegetables.

Cotton and potatoes have a special historical significance for the City, as the leading industries in different periods of the City's development. The United States Department of Agriculture (USDA) Cotton Research Station was established in 1917, two miles north of the City. This station is now operated by the University of California, and continues to be the center for cotton and plant research in the San Joaquin Valley.

Shafter's sandy loam soil is excellent for growing early spring potatoes. The potato variety of choice, the Shafter Long White, became known throughout the country. By the 1940s, the City had 23 potato packing sheds, shipping hundreds of rail cars daily during harvest season.



Photo from www.shafter.com

- G. More recently, the City has become a hub for a variety of economic endeavors including manufacturing, logistics, and energy.

Company	Year Established
City of Shafter	1913 Incorporated 1938
Richland School District	1914
Kern High School District	1928 Shafter High School
The Garlic Company	1986
Bidart Brothers	1993
GAF	1993
The Hillman Group	2000
State Farm	2001
Target Logistics	2002
GMC Roofing	2002
Performance Food Group	2005
MRC Global Fabricators	2006
Formica	2006
American Tire Distributors	2007
Cemex	2008
Williams-Sonoma	2008
Weatherford	2012
Baker Hughes	2012
MI Swaco/Schulmberger	2012
California Paper	2013
Ross Dress for Less	2015
FedEx Ground	2015
DMSI	2016
Grimmway Enterprises	Unknown
JD Rush Company	Unknown

- H. The City is home to the Wonderful Industrial Park (WIP) (formerly known as the International Trade and Transportation Center); built to facilitate Central Valley access to ports in Long Beach and Los Angeles, via the BNSF Railway. Shafter will likely continue to grow economically as the WIP continues to develop.



Photo from www.shafter.com

- One reason for the growth at WIP is the City's rail facility with more than 10,000 feet of track owned and operated by the City's Public Works Department
 - Connects the BNSF Railway to the tenants at WIP
 - Only locally owned rail facility serving an industrial park, in the San Joaquin Valley
- I. In 2006, the City began construction on a 25 mile fiber-optics system, to serve the businesses with a reliable internet connection. Within four years, the system paid for itself and is generating a profit for the City. This is a 10 gigabyte Ethernet network system, through the Shafter Connect Network. Since the system began operation in 2007, a near-zero unscheduled downtime has been maintained. The City is the only municipality in the Central Valley that offers fiber-optic connections. The network currently serves several areas:
- City Core
 - Downtown municipal offices
 - Educational community
 - Law enforcement
 - Minter Field Airport and Industrial Park along Lerdo Highway to Highway 99
 - Wonderful Industrial Park at 7th Standard Road
 - Future development on 7th Standard Road to Calloway Drive
- J. After a two-year closure, the City reopened the Shafter Modified Community Correctional Facility (MCCF) in 2013. The MCCF is in the fourth year of a five year contract to house a maximum of 640 inmates, with the California Department of Corrections and Rehabilitation (CDCR). The City employs a full-time department head to supervise the MCCF.

Profits from the MCCF directly benefit the public safety programs, and the Shafter Educational Partnership.

- K. In 2010, the City, the Richland School District, and Shafter High School (Kern High School District) formed the “Shafter Educational Partnership” to support educational excellence in Shafter. Since that time, the partnership focused its efforts in three areas: challenging advanced students, forming a strong foundation in reading, and building a community for learning.
- L. The Shafter Educational Partnership, in conjunction with the Kern County Library and the Richland School District, opened the Shafter Learning Center in June 2014. The Shafter Branch of the Kern County Library (Library) was remodeled to accommodate two classrooms and a computer lab. Currently, about 1/3 of the building is the Library and the remaining is the Learning Center. The City is responsible for the maintenance of the building and allocates over \$900,000 per year to support the Learning Center.
- County operates the Library 32 hours per week, with assistance from the City, the Library is open 40 hours per week
 - The Learning Center is open 68 hours per week, with a hired director
 - Classes are offered to students in the 3rd to 12th grades
 - Subjects offered are Math Lab, Keyboarding, French, English, Calculus
 - Books are provided for the students to take home
 - Computers are available to the public
 - Classes to challenge advanced students
 - Afterschool and early development reading programs
 - Expanded summer programs may employ over 30 staff
 - Charges for classes range from \$1 to \$5 per session (fee waivers are available)

FINDINGS:

- F1. The Committee attended the Regular Meeting of the Shafter City Council on Tuesday, September 19, 2017, and noted the following:
- Well planned agenda
 - Well organized and ran smoothly
 - Motions were read completely by the maker of the motion, and roll call votes followed
 - Complete financial information with all account balances were provided with the agenda
 - Minutes of the Tuesday, September 5, 2017 Regular Meeting, were written with details

- F2. After visiting the City, the Committee noted very little graffiti. This was due to the quick removal as a priority of the City, to have it removed within 24 hours. Residents are encouraged to call City Hall or use the website to report graffiti as soon as possible.
- F3. The City offers water, waste, refuse, police, streets, and lighting services to the residents. Fire protection services are contracted with the Kern County Fire Department.
- Water:
 - 50% metered, spending about \$1 million a year to meet the 2025 State goal
 - 1,2,3-TCP removal is on the 3rd year of filtering all wells (using funds from a settlement)
 - Conservation is running about 15% at this time
 - Water is provided to Maple School District and three small communities (Smith's Corner, Mexican Colony, Cherokee Strip) outside the City Limits
- F4. After twenty years of planning, the City has a sound 2017-2018 budget (\$58 million) with approximately \$60 million in reserves:
- General Fund revenues \$28 million
 - Enterprise Fund revenues \$ 6.6 million
 - MCCF revenues \$14.9 million
 - Special Revenues (lighting) \$ 3.4 million
- F5. The MCCF's current contract with CDCR provides \$62 a day per inmate, with a guaranteed minimum number of inmates. New contract negotiations are taking place.
- F6. The County of Kern and the City have been negotiating the transfer of the Shafter Veterans Hall to the City of Shafter. The Kern County Board of Supervisors should complete the transfer of ownership on October 26, 2017.
- F7. The City has a well-organized website (www.shafter.com) with good information for its citizens. Portals include: Government, Services, Community, Business, and How Do I.... Online Payments, Notifications and Alerts, Service Request, and Job Opportunities are also options. Citizens may participate in the citywide blog. The IT Department Head maintains and controls information on the website.
- F8. After more than three years of court litigation, the City and the High Speed Rail System of California are negotiating agreements for the route and grade separations for the City. California Environmental Quality Act (CEQA) impacts are also being considered.

COMMENTS:

Since the 2014-2015 Kern County Grand Jury Report, the City of Shafter has addressed the recommendations made in that report. The Committee is pleased with the progress and business friendly community. The City Manager was very cooperative and helpful in providing needed information about the City and future activities.

RECOMMENDATIONS:

None

NOTES:

- The City of Shafter should post a copy of this report where it will be available for public review.
- Persons wishing to receive an email notification of newly released reports may sign up at: www.kerncounty.com/grandjury.
- Present and past Kern County Grand Jury Final Reports and Responses can be accessed on the Kern County Grand Jury website: www.kerncounty.com/grandjury.

RESPONSE REQUIRED WITHIN 90 DAYS

**PRESIDING JUDGE
KERN COUNTY SUPERIOR COURT
1415 TRUXTUN AVENUE, SUITE 212
BAKERSFIELD, CA 93301**

**CC: FOREPERSON
KERN COUNTY GRAND JURY
1415 TRUXTUN AVENUE, SUITE 600
BAKERSFIELD, CA 93301**

DISCLAIMER:

This report was issued by the Grand Jury with the exception of a juror(s) pursuant to PC §916.2(a). This juror(s) were excluded from all parts of the inquiry/investigation, including interviews, deliberations, and the writing and approval of this report.



RECEIVED

MAR 5 2018

By _____ *Cities*

March 1, 2018

336 Pacific Avenue · Shafter, California 93263

The Honorable Charles Brehmer, Presiding Judge
Kern County Superior Court
1415 Truxtun Avenue, 2nd Floor
Bakersfield, CA 93301

Re: Final Report: City of Shafter City of the Future

Dear Honorable Judge Brehmer

In response to the 2017-2108 Kern County Grand Jury Final Report on the City of Shafter, the following is provided as recommended corrections to the Background and Facts section and responses to each of the grand jury findings:

BACKGROUND AND FACTS

- A paragraph in the report incorrectly references, “The Shafter Historical Society maintains two other museums with the City. The Green Hotel and the Shafter Depot Museum emphasize...the City supports the Historical Society financially (\$20,000 annually), joint promotions of activities, and prints newsletters for the Society.” The Green Hotel Restoration Foundation maintains the Green Hotel. The City supports the Green Hotel financially and does not provide financial support to the Shafter Historical Society.
- Item B in the report incorrectly references, “A charter city is not required to pay prevailing wages (unless State or Federal funds are used).”. The prevailing wage exemption is no longer true for Charter Cities.
- Item C in the report incorrectly references, “Kern County and the City of Shafter have agreed on other new land that may be annexed.” The City of Shafter and the County of Kern have not agreed on new land that may be annexed but do have a tax sharing agreement that affects future annexations.
- Also, Item C in the report incorrectly references, “The City’s sphere of influence is about one mile north, butting against the City of Wasco, one mile east of Highway 99, one mile west of the City, and butts against the City of Bakersfield to the south at 7th Standard Road.” The Sphere of Influence boundary was set as part of the Municipal Services Review for Annexations 83 and 86. A map of the SOI is included in this reply.
- Item E in the report incorrectly references, “...the city limits include outlying suburbs of Meyrick’s Corner, North Shafter, Smith’s Corners, and Thomas Lane.” The areas commonly referred to as Smith’s corner and Thomas Lane are outside the City Limit.

- Item F in the report incorrectly references, “This [Cotton Research Station] is now operated by the University of California...”. The Cotton Research Station is operated by the San Joaquin Valley Quality Cotton Growers Association (www.shafter-research.com).
- Item G in the report should identify that “GAF(Elk)” was established in 1993.
- Item I in the report incorrectly references, “...the system paid for itself and is generating a profit for the City.” The reference to generating profit should be generating revenue.
- Also, Item I in the report incorrectly references, “...Future development on 7th Standard Road to Calloway Drive.” The reference to future development should be “residential” development.
- Item L in the report incorrectly references, “The City is responsible for the maintenance of the building and allocates over \$900,00 per year to support the Learning Center.” The City allocates \$900,000 per year to the Education Partnership Program including the Learning Center.

FINDINGS:

- F1. **Response:** The City of Shafter agrees with Finding 1: The Committee attended the Regular Meeting of the Shafter City Council on Tuesday, September 19, 2017, and noted the following:
- *Well planned agenda*
 - *Well organized and ran smoothly*
 - *Motions were read completely by the maker of the motion, and roll call votes followed*
 - *Complete financial information with all account balances were provided with the agenda*
 - *Minutes of the Tuesday, September 5, 2017 Regular Meeting, were written with details*
- F2. **Response:** The City of Shafter agrees with Finding 2: After visiting the City, the Committee noted very little graffiti. This was due to the quick removal as a priority of the City, to have it removed within 24 hours. Residents are encouraged to call City Hall or use the website to report graffiti as soon as possible.
- F3. **Response:** The City of Shafter agrees with Finding 3 as corrected: The City offers water, waste, refuse, police, streets, and lighting services to the residents. Fire protection services are contracted with the Kern County Fire Department.
- *Water:*
 - *50% metered, spending about \$1 million a year to meet the 2025 State goal*
 - *1,2,3-TCP removal is on the 3rd year of **implementing** filtering ~~all wells~~ (using funds from a settlement)*
 - *Conservation is running about 15% at this time*
 - *Water is provided to Maple School District and three small communities (Smith's Corner, Mexican Colony, Cherokee Strip) outside the City Limits*

- F4. **Response:** The City of Shafter agrees with Finding 4: *After twenty years of planning, the City has a sound 2017-2018 budget (\$58 million) with approximately \$60 million in reserves:*
- *General Fund revenues* \$28 million
 - *Enterprise Fund revenues* \$ 6.6 million
 - *MCCF revenues* \$14.9 million
 - *Special Revenues (lighting)* \$ 3.4 million
- F5. **Response:** The City of Shafter agrees with Finding 5: *The MCCF's current contract with CDCR provides \$62 a day per inmate, with a guaranteed minimum number of inmates. New contract negotiations are taking place.*
- F6. **Response:** The City of Shafter agrees with Finding 6: *The County of Kern and the City have been negotiating the transfer of the Shafter Veterans Hall to the City of Shafter. The Kern County Board of Supervisors should complete the transfer of ownership on October 26, 2017.*
- F7. **Response:** The City of Shafter agrees with Finding 7: *The City has a well-organized website (www.shafter.com) with good information for its citizens. Portals include: Government, Services, Community, Business, and How Do I... Online Payments, Notifications and Alerts, Service Request, and Job Opportunities are also options. Citizens may participate in the citywide blog. The IT Department Head maintains and controls information on the website.*
- F8. **Response:** The City of Shafter agrees with Finding 8: *After more than three years of court litigation, the City and the High Speed Rail System of California are negotiating agreements for the route and grade separations for the City. California Environmental Quality Act (CEQA) impacts are also being considered.*

Thank you for your consideration. Should you have further comments or suggestions please do not hesitate to contact me.

Sincerely,



Scott Hurlbert
City Manager

cc: Renn Amstead, Fore Person, 2017-2018 Kern County Grand Jury

