

Responses to 2011-2012 Grand Jury Report

Every year, when the annual Santa Cruz County Grand Jury Report is published, designated agencies are requested to respond to the findings and recommendations of the report. These responses may agree or disagree with the findings, and may indicate that recommendations have already been implemented, will be in the future, or will not be implemented, or that further analysis is required.

Comments may also be added to the responses. When a response agrees with a recommendation, further comments are optional. In case of complete or partial disagreement, or in response to recommendations for action, comments should be provided as part of the response.

For each report, the collected responses are published in a separate file on the [grand jury's section of the county's public website](#). Note: The responses are provided as received, and have not been edited, except for minimal formatting to make them appear correctly on this web page.

Report: [The Power and Privilege of Transparency](#)

This report requested responses from the following:

1. City of Watsonville - City Council: findings 1-4, recommendations 1-5
2. City of Watsonville - City Manager: findings 1-4, recommendations 1-4

[Note: The responses received from both parties were essentially identical.]

- **Finding 1: It appears the City of Watsonville does not have a comprehensive, citywide cash handling policy.**
 - Response from City Council: **PARTIALLY DISAGREE**
The Finance Department has cash-handling procedures and best practices in place. Most recently, the City of Watsonville implemented a City-wide Administrative Rule effective August 1, 2012 that consolidates and documents these cash-handling practices and procedures for the entire City.
 - Response from City Manager: **PARTIALLY DISAGREE**
The Finance Department has cash-handling procedures and best practices in place. Most recently, the City of Watsonville implemented a City-wide Administrative Rule effective August 1, 2012 that consolidates and documents these cash-handling practices and procedures for the entire City.
- **Finding 2: In the absence of an overall cash-handling procedure, the handling of large amounts of cash paid out and received during the Strawberry Festival creates an unacceptable risk for misappropriation of funds.**

- Response from City Council: **PARTIALLY DISAGREE**

The City of Watsonville has cash-handling procedures and best practices in place and there has been no evidence of misappropriation of funds related to the Strawberry Festival.

The City of Watsonville implemented a City-wide Administrative Rule documenting cash handling procedures effective August 1, 2012. In addition, the department primarily responsible for the Strawberry Festival, the Parks and Community Services Department, established a department specific cash handling procedure that conforms to the City-wide procedure. These procedures include a section specifically pertaining to the Strawberry Festival. Both policies were in effect prior to the 2012 Strawberry Festival held on August 5th and 6th and staff received adequate training to properly implement the policies and procedures at the Festival.

- Response from City Manager: **PARTIALLY DISAGREE**

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- **Finding 3: The City of Watsonville may have failed to meet U.S. Department of Housing and Urban Development Community Development Block Grant program objectives for the purchase of the fire truck.**

- Response from City Council: **DISAGREE**

The 2011-2012 Community Development Block Grant (CDBG) on-site monitoring was conducted by the U.S. Department of Housing and Urban Development on July 16-18, 2012. Mr. Jason Whitehead, Community Planning and Development Representative who conducted the monitoring, provided an e-mail dated August 13, 2012 stating the following: "As described in the CDBG regulations at section 570.207(b) (1)(ii), the purchase of fire protection equipment, including fire engines,

is considered to be an eligible public facilities and improvements activity [i.e. section 570.201(c)] because the equipment is considered to be an integral part of a public facility. During the monitoring, I did not find evidence of non-compliance with the procurement requirements described in 24 CFR Part 85.” The City was required to update the service area to city-wide and update the activity completion date to reflect the first day the fire truck was placed in service in the CDBG reporting system. These actions have been done and written certification has been sent to HUD to close these findings.

- Response from City Manager: **DISAGREE**

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- **Finding 4: With regards to the Grand Jury investigations reported on here, city staff responses to requests for information from the City Council or the public were too often incomplete, inaccurate, or not provided in a timely manner.**

- Response from City Council: **DISAGREE**

City of Watsonville staff responds to requests from the City Council and the public in a timely and accurate manner. In this finding, the Grand Jury has inaccurately portrayed a few incidents and based on this anecdotal information has jumped to sweeping and incorrect conclusions. The correct manner to investigate this issue would have been for the Grand Jury to conduct a thorough and systematic review of the data on the City’s responses to requests for information and public records requests. Had this been done, the data would show that the City has an exemplary record in this area.

Furthermore, the way the Grand Jury investigation was implemented was uncoordinated with multiple jurors requesting various information

from different departments. These disorganized requests for information that evolved and changed throughout the process contributed to the information being provided at different times and with various documents being produced. Providing a specific list of requested documents to the City and having this centrally coordinated would have improved the timeliness and completeness of the data gathering.

The Grand Jury allegation that the petty cash issue was first raised at the August 23, 2011 City Council meeting but wasn't explained fully until the December 13, 2011 meeting is misleading. This was an ongoing dialogue that began in August and as more questions were raised or clarified, answers were provided on a continual basis via e-mail and telephone most often within days and sometimes weeks. The issue of the handling of petty cash grew to be a significant concern to some Council Members, so it was decided that a more comprehensive explanation be provided to the entire Council to clarify some of the issues that were raised during this time period which is what was provided on December 13, 2011 and later memorialized in a memo dated January 5, 2012. Therefore, it is misleading to imply that a simple question was asked in August and not answered until December.

The allegation that disbursement questions made during Council meetings that required additional research but were never answered as promised is not accurate. Responses were provided to the Council within a week of the Council meeting usually via e-mail thus providing a response sooner than the next Council meeting.

The City has implemented a trial period of providing the Report of Disbursements with the City Council agenda packet beginning with the July 10, 2012 meeting. This may result in vendors receiving payment on a delayed basis at least in the beginning; however, it is hopeful that this change will provide Council Members with additional time to review the report and ask any questions prior to taking action.

The City would like to emphasize that relying only on Strawberry Festival petty cash and disbursement issues to make the allegation that the City has issues of transparency, is lacking in process and controls, and does not provide adequate information is unjustified. The City of Watsonville conducts over 50 public meetings per year including those of the City Council, Oversight Board of Successor Agency, Planning Commission, Parks and Recreation Commission, Board of Library Trustees, and Personnel Commission. Additional meetings to garner community input on potential city actions are also held when the need arises. All of these meetings are properly noticed with the agenda posted at both physical

locations and on the City website. City Council packets are always available on-line on the Thursday prior to the meeting. All City Council meetings are broadcast live on television and the minutes and audio recordings are posted on the website. Many other important documents are readily available on the City's website including multiple years of the City budget, Comprehensive Annual Financial Reports, the draft General Plan update and other important planning documents, the City Charter, and the Municipal Code. In addition, all City employee salary information is available on-line as well as Memoranda of Understanding for every bargaining group and a summary of all employee benefits. Staff is asked questions on a daily basis from the public and from City Council members in public meetings, in person, on the telephone, and via e-mail. If answers are not known immediately, staff makes it a priority to get the information to the requestor as soon as possible. In addition, the City receives an increasing number of public record requests each year which are responded to within the legal time-frame despite the extensive staff time required. From July 2009 to December 2009, the City responded to 10 public records requests. In 2010, this number grew to 73. In 2011, it is estimated that the City responded to 135 requests and to date in 2012, the City has received and responded to 70 public record requests.

Therefore, given the large amount of publicly available information, the commitment of staff to respond to inquiries of the public and elected officials, and the tradition of having an extensive public process for making important city decisions, the City has an exemplary record of transparency and provides adequate and accurate information in a timely manner despite staffing shortages and reduced work-weeks.

- Response from City Manager: **DISAGREE**

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- **Recommendation 1: The City of Watsonville should develop comprehensive citywide cash handling policies and procedures. (The City of San Luis Obispo Cash Handling Policy is an excellent resource.)**
 - Response from City Council: **HAS BEEN IMPLEMENTED**
The Finance Department has cash-handling procedures and best practices in place. Most recently, the City of Watsonville implemented a City-wide Administrative Rule effective August 1, 2012 that consolidates and documents these cash-handling practices and procedures for the entire City.
 - Response from City Manager: **HAS BEEN IMPLEMENTED**
The Finance Department has cash-handling procedures and best practices in place. Most recently, the City of Watsonville implemented a City-wide Administrative Rule effective August 1, 2012 that consolidates and documents these cash-handling practices and procedures for the entire City.

- **Recommendation 2: The City of Watsonville should immediately implement interim procedures, in writing, for the handling and tracking of cash, prior to the 2012 Strawberry Festival.**
 - Response from City Council: **HAS BEEN IMPLEMENTED**

The City of Watsonville implemented a City-wide Administrative Rule documenting Cash Handling procedures effective August 1, 2012. In addition, the department primarily responsible for the Strawberry Festival, the Parks and Community Services Department, established a department specific Cash Handling procedure that conforms to the City-wide procedure. These procedures include a section specifically pertaining to the Strawberry Festival. Both policies were in effect prior to the 2012 Strawberry Festival held on August 5th and 6th and staff received adequate training to properly implement the policies and procedures at the Festival.
 - Response from City Manager: **HAS BEEN IMPLEMENTED**

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- **Recommendation 3: The City of Watsonville should comply with U.S. Department of Housing and Urban Development requirements for the use of Community Development Block Grants.**
 - Response from City Council: **HAS BEEN IMPLEMENTED**

The City complies with the U.S. Department of Housing and Urban Development requirements for the use of Community Development Block Grants. This was recently verified in the 2011-2012 on-site monitoring conducted by Mr. Jason Whitehead, Community Planning and Development Representative, who stated in an August 13, 2012, e-mail regarding the purchase of the fire truck, "During the monitoring, I did not find evidence of non-compliance with the procurement requirements described in 24 CFR Part 85." The minor administrative corrections have been completed making the City in full compliance with its grant funding.
 - Response from City Manager: **HAS BEEN IMPLEMENTED**

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- **Recommendation 4: The City of Watsonville should improve the accuracy, completeness, and timeliness of information provided to the City Council and the public.**
 - Response from City Council: **HAS BEEN IMPLEMENTED**
The City of Watsonville will continue to provide accurate, complete, and timely responses to requests for information.
 - Response from City Manager: **HAS BEEN IMPLEMENTED**
The City of Watsonville will continue to provide accurate, complete, and timely responses to requests for information.

- **Recommendation 5: The City Council should stipulate date specific response deadlines on requests to City staff for information.**
 - Response from City Council: **REQUIRES FURTHER ANALYSIS**
The City Council will consider stipulating date specific deadlines on a case-by-case basis when the Council believes this might be helpful.