



SANTA CRUZ  
COUNTY  
GRAND JURY

Grand Jury <grandjury@scgrandjury.org>

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## City of Watsonville Response to Grand Jury Report

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'Irwin Ortiz' via Santa Cruz Grand Jury <grandjury@scgrandjury.org>

Thu, Sep 7, 2023 at 12:16 PM

Reply-To: Irwin Ortiz <irwin.ortiz@watsonville.gov>

To: "grandjury@scgrandjury.org" <grandjury@scgrandjury.org>, "syda.cogliati@santacruzcourt.org" <syda.cogliati@santacruzcourt.org>

Dear Grand Jury and Honorable Judge Cogliati,

I hope this email finds you in good health. At our August 29, 2023, City Council Meeting, the City Council unanimously approved the response packet to the Grand Jury Report received by the City. We thank you for your patience and your good work. Please see the response packet as approved by our City Council attached to this email.

If you have any questions, please feel free to contact me.



**Irwin I. Ortiz, CMC**  
City Clerk



Office: (831) 768-3040  
Direct: (831) 768-3048  
Fax: (831) 761-0736

275 Main St, Suite 400, Watsonville, CA 95076

Irwin I. Ortiz, City Clerk  
City Clerk's Office (831) 768-3048  
[275 Main Street, Suite 400, Watsonville, CA 95076](https://www.watsonville.gov)  
FAX: 831-761-0736  
E-mail: [irwin.ortiz@watsonville.gov](mailto:irwin.ortiz@watsonville.gov)  
Open Monday - Friday 8:00 AM to 5:00 PM

\*\*Public Records Requests (PRR) submitted via email, fax, USPS, or dropoff after 5:00 p.m. on a business day, Saturday, Sunday, holidays, will be processed as received on the next open business day. The 10-day response period begins when the PRR is received.

Please note: Our website domain and emails have changed on 4/17/23 to [watsonville.gov](https://www.watsonville.gov)

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 **Item 9.b. Civil Grand Jury Housing & Cyber Response.pdf**  
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# Agenda Report

**MEETING DATE:** Tuesday, August 29, 2023

**TO:** City Council

**FROM:** COMMUNITY DEVELOPMENT DIRECTOR MERRIAM  
INNOVATION & TECHNOLOGY DIRECTOR GILL

**THROUGH:** CITY MANAGER MENDEZ

**SUBJECT:** CITY RESPONSE TO THE SANTA CRUZ COUNTY CIVIL GRAND  
JURY'S INVESTIGATION OF HOUSING OUR WORKERS AND  
CYBER THREAT PREPAREDNESS

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## RECOMMENDED ACTION:

It is recommended that the City Council by Motion approve the response packets prepared for the 2022-2023 Santa Cruz County Grand Jury's Investigation on two specific topics: 1) Cyber Threat Preparedness: Phishing and Passwords and Ransomware, Oh My! and 2) Housing Our Workers: Essential Workers Need Affordable Housing!

## BACKGROUND:

Each year the Santa Cruz Civil Grand Jury (Grand Jury) issues reports and requires certain agencies and departments to respond. In many cases, the respondents are department heads and administrators. In other cases, the respondent is an agency itself. This year the Grand Jury is requiring a response to the reports on Cyber Threat Preparedness and Housing Our Workers from the Watsonville City Council.

## DISCUSSION:

The Santa Cruz County Civil Grand Jury prepared two reports addressing issues in the Watsonville community and requested that the Council prepare responses to several findings and recommendations in each report. The County and all four cities within the County received these reports and were compelled to respond.

The Grand Jury looks for contact information, budget data, policies, and procedures, etc. to conduct their investigation. The reports contain findings by the 2022-2023 Grand Jury and offer recommendations for consideration and ongoing improvement of operations.

Both Grand Jury reports are included as Attachments 1 through 4; below is a summary of the areas of interest for each issue reviewed and some highlights of the recommendations made by the Grand Jury:

### **Cyber Threat Preparedness: Phishing and Passwords and Ransomware, Oh My!:**

This report sought to evaluate the overall level of preparedness for a cyber incident against the county or city networks. It performed research across federal and state resources, top cyber security sites, and reputable media sources to build an understanding of the current cyber landscape and a foundation for cyber preparedness. Based on interviews with subject matter experts and resources available from the Cybersecurity and Infrastructure Security Agency (CISA) at the Department of Homeland Security (DHS) and the National Institute of Standards and Technology (NIST) in the U.S. Department of Commerce, the jury delineated key elements of strong cyber hygiene, the security and health of the information systems, and best practices for local governments. They recommend that the cities and county hire staff that focus specifically on cybersecurity, develop a cybersecurity plan, and develop an incident response plan. With the resourcing of the IT department that began a couple of years ago, staff have been proactively working to make improvements system wide. One of the areas has been an increased focus on security to protect against cyber threats. For example, the City recently implemented a double authentication process and as is articulated in the report while some of the recommendations are not yet fully implemented, they are underway and many will be implemented over this current 2-year budget cycle.

### **Housing Our Workers: Essential Workers Need Affordable Housing!**

This report investigated the reasons that housing scarcity and cost has increased over the last 5 years, and its impact on Santa Cruz County works that earn between \$35,000-\$99,999 per year. Specifically, the Grand Jury considered:

- What affordable housing options are available in Santa Cruz County to support middle class workers?
- Are employers offering housing support to their employees?
- What can local city and county planning departments do to provide more housing for these workers?
- What changes are needed in the planning and permit process to make it easier to build more workforce housing in our cities and unincorporated areas?
- How can local jurisdictions leverage recent state bills and initiatives to encourage more housing here?
- How can local agencies work together to help support housing for local workers?
- What changes are needed to plan for the future housing needs of our workforce?
- What is UCSC doing to help house its students, faculty, and staff?

The Grand Jury found that Watsonville should have been more proactive in implementing state regulatory changes, however Watsonville was also commended for being the jurisdiction that continued to build housing in years that other jurisdictions were not.

The Grand Jury found that local jurisdictions should implement local preference policies for both housing projects and construction. The City of Watsonville does have a local preference policy in for-sale ownership projects by way of a lottery system in which local residents or workers get additional entries into the lottery to purchase affordable units. We do not currently have a local preference policy for rental projects. Further, the City adopted

a local hiring procedure (WMC 7-15) in 2002 that requires contractors who enter into contracts for Public Works projects over \$600,000.

The Grand Jury recommended that the City of Watsonville reestablish regular meetings with planners from all agencies in the county to regularly meet to share ideas on housing development and develop joint projects. In addition, it was recommended that Watsonville give local preference to those contractors developing affordable housing.

The answers to these Findings and Recommendations are listed in Attachment 4.

**STRATEGIC PLAN:**

The response to the Grand Jury 2023 report aligns with Goal 7 of the 2023-2025 Strategic Plan: Efficient and High Performing Government.

**FINANCIAL IMPACT:**

There is no financial impact associated with filing responses to the Grand Jury report.

**ALTERNATIVE ACTION:**

The Council may choose not to approve the Response Packet, or to modify the responses, however the responses are due to the Grand Jury no later than August 31, 2023.

**ATTACHMENTS AND/OR REFERENCES (If any):**

1. Report: "Cyber Threat Preparedness: Phishing and Passwords and Ransomware, Oh My!"
2. Watsonville response to "Cyber Threat Preparedness: Phishing and Passwords and Ransomware, Oh My!"
3. Report: "Housing Our Workers: Essential Workers Need Affordable Housing!"
4. Watsonville response to "Housing Our Workers: Essential Workers Need Affordable Housing!"



The 2022–2023 Santa Cruz County Civil Grand Jury  
Requires the

## Watsonville City Council

to Respond by August 31, 2023

to the Findings and Recommendations listed below  
which were assigned to them in the report titled

## Housing Our Workers

Essential Workers Need Affordable Housing!

Responses are **required** from elected officials, elected agency or department heads, and elected boards, councils, and committees which are investigated by the Grand Jury. You are required to respond and to make your response available to the public by the California Penal Code [\(PC\) §933\(c\)](#).

Your response will be considered **compliant** under [PC §933.05](#) if it contains an appropriate comment on **all** findings and recommendations **which were assigned to you** in this report.

Please follow the instructions below when preparing your response.

## Instructions for Respondents

Your assigned [Findings](#) and [Recommendations](#) are listed on the following pages with check boxes and an expandable space for summaries, timeframes, and explanations. Please follow these instructions, which paraphrase [PC §933.05](#):

1. ***For the Findings, mark one of the following responses with an “X” and provide the required additional information:***
  - a. **AGREE with the Finding**, or
  - b. **PARTIALLY DISAGREE with the Finding** – specify the portion of the Finding that is disputed and include an explanation of the reasons why, or
  - c. **DISAGREE with the Finding** – provide an explanation of the reasons why.
2. ***For the Recommendations, mark one of the following actions with an “X” and provide the required additional information:***
  - a. **HAS BEEN IMPLEMENTED** – provide a summary of the action taken, or
  - b. **HAS NOT YET BEEN IMPLEMENTED BUT WILL BE IN THE FUTURE** – provide a timeframe or expected date for completion, or
  - c. **REQUIRES FURTHER ANALYSIS** – provide an explanation, scope, and parameters of an analysis to be completed within six months, or
  - d. **WILL NOT BE IMPLEMENTED** – provide an explanation of why it is not warranted or not reasonable.
3. ***Please confirm the date on which you approved the assigned responses:***

**We approved these responses in a regular public meeting as shown in our minutes dated August 29, 2023.**

4. ***When your responses are complete, please email your completed Response Packet as a PDF file attachment to both***

The Honorable Judge Syda Cogliati [Syda.Cogliati@santacruzcourt.org](mailto:Syda.Cogliati@santacruzcourt.org) and

The Santa Cruz County Grand Jury [grandjury@scgrandjury.org](mailto:grandjury@scgrandjury.org).

***If you have questions about this response form, please contact the Grand Jury by calling 831-454-2099 or by sending an email to [grandjury@scgrandjury.org](mailto:grandjury@scgrandjury.org).***

## Findings

**F1.** While all city and county planning departments have demonstrated a good understanding of the new State housing laws and the need to facilitate more housing, the failure to do so in a timely manner has served to further decrease the availability of housing and further increase the need and cost of more housing.

**AGREE**

**PARTIALLY DISAGREE**

**DISAGREE**

**Response explanation** (required for a response other than **Agree**):

With housing a priority at the state level, the state legislature has passed a slew of new housing regulations each year that require in-depth review and legal interpretation prior to local adoption. The City strives to adopt local ordinances that comply with state law as soon as possible, however we are cautious to wait to adopt regulations until we are confident that they follow the intent of state law.

This is partially why these state laws override local zoning control until such time that cities do adopt their own local ordinances in compliance with state regulations. For example, if a local jurisdiction has not updated their Density Bonus ordinance to comply with new state regulations, then a developer would simply utilize the state law rather than the local ordinance.

Finally, government does not build housing. The role of local government is to ensure that there is land available to build housing and to ensure that we have regulations that promote the development of quality housing for residents. We are dependent on private sector developers and property owners to build housing.

**F12.** While all local municipalities have voiced support for prioritizing housing for local workers, only some of them have clear local preference guidelines that give some priority to local workers. Without clear guidelines and incentives, new housing is more likely to be purchased by those who do not live and work here.

**AGREE**

**PARTIALLY DISAGREE**

**DISAGREE**

**Response explanation** (required for a response other than **Agree**):

The City provides local preference in the purchase of below-market-for-sale housing developments in Watsonville, because these projects do not utilize state or federal funding that would prohibit the practice. The Affordable Housing Program requires the creation of a lottery for the affordable units in a new subdivision, whereby tickets are given to those that:

1. Live in the City of Watsonville (1 ticket)
2. Work in the City of Watsonville (1 ticket)
3. Live and work in the City of Watsonville (3 tickets)

The City also requires local and bilingual marketing efforts. To the extent allowed by applicable law, developers are required to make reasonable efforts to sell affordable units to buyers who live or work within the Watsonville City limits. To the extent necessary to ensure compliance with State and Federal fair housing laws, developers are required to employ bilingual staff to market the affordable units and prepare and use bilingual sales and marketing materials for the affordable units.

The City also provides greater financial assistance to assist eligible homebuyers to purchase homes in the City of Watsonville in accordance with the requirements of the City of Watsonville's Affordable Housing Ordinance. Applicants must provide valid evidence that they reside and/or are employed within the Watsonville City limits at the time of loan application, to be eligible for the higher loan limits.



In addition, the City has local preference requirements for rental projects; to wit, affordable rental units shall be marketed exclusively to existing City of Watsonville residents for two (2) weeks before any marketing to other persons (Watsonville Municipal Code, Chapter 14-46.140(g)(4)); and for projects requiring a five (5%) percent set aside for Section 8 vouchers, those Section 8 units must first be made available to the County of Santa Cruz Housing Authority for at least one-month period from the date of marketing for a new unit ((Watsonville Municipal Code, Chapter 14-46.040(a)(1)).

For 100% affordable rental housing projects, preferences are dictated by the funding sources for the project. For instance, the Joe Serna Fund is earmarked for the provision of units for farmworkers, whereas there are other funds for kids aging out of foster-care, or housing for homeless. However, even in these projects, local preference is not allowed to be used because it is considered a discriminatory practice.

**F13.** All municipalities are trying to identify and facilitate the building of housing projects, but most of that is done independently of the other municipalities or with outside partners. Since workforce housing and transportation gridlock is a county-wide problem, all county municipalities need to work more closely together and with property owners to develop housing solutions.

**AGREE**

**PARTIALLY DISAGREE**

**DISAGREE**

**Response explanation** (required for a response other than **Agree**):

Planning staff have opportunities to regularly meet with planners from other jurisdictions through a variety of different agencies, including the Regional Transportation Commission (RTC), the Association of Monterey Bay Area Governments (AMBAG), the Housing for Health Partnership, and the Monterey Bay Economic Partnership (MBEP). AMBAG holds regular meetings for planning directors and senior planning staff. The Housing for Health Partnership is a county-wide collaboration of agencies focused on addressing homelessness. In addition, the planning directors from all Santa Cruz agencies meet several times a year to collaborate and share ideas. Ad-hoc collaboration occurs across agencies as well in an effort to share knowledge and best practices.

Santa Cruz County abuts the City of Watsonville, and there have been two affordable housing projects that the two agencies have coordinated to bring to fruition, known as Pippin 1 and Pippin 2. Pippin 1 was a 46-unit project that included 26 units in the County and 20 units in the City of Watsonville. Both jurisdictions had to coordinate permitting and inspection authority for the project, which the City annexed after completion. Pippin 2 is the 80-unit extension of this project built entirely within the County, however the City is expected to annex this project as well after completion. The project has been designed to meet City standards for streets, sidewalks, solid waste, etcetera, as the housing project will be ultimately serviced by the City.

## Recommendations

**R19.** By the end of 2023 the City of Watsonville should demonstrate that they have reestablished regular meetings of a workgroup or other entity that would allow planners from all 5 county jurisdictions to share ideas on housing development and develop joint projects. (F13)

- HAS BEEN IMPLEMENTED** – summarize what has been done
- HAS NOT YET BEEN IMPLEMENTED BUT WILL BE IN THE FUTURE** – summarize what will be done and the timeframe
- REQUIRES FURTHER ANALYSIS** – explain the scope and timeframe (not to exceed six months)
- WILL NOT BE IMPLEMENTED** – explain why

### Required response explanation, summary, and timeframe:

As stated in R13, planning directors and staff regularly collaborate in a variety of regular and one-off meetings, through AMBAG, RTC, MBEP, Housing for Health, and on projects that involve multi-jurisdiction coordination, such as Pippin 1 and 2. Additionally, the planning directors for every jurisdiction in the county meet at least 5 times a year to collaborate and share information. Please note that state law requires that housing development applications be approved only by the jurisdiction in which they are located, and this prevents jurisdictions from developing joint projects outside of those described previously.

**R20.** By the end of 2023, the City of Watsonville should develop clear, measureable guidelines to ensure that local preference is given to local workers in the construction of low income housing. (F12)

- HAS BEEN IMPLEMENTED** – summarize what has been done
- HAS NOT YET BEEN IMPLEMENTED BUT WILL BE IN THE FUTURE** – summarize what will be done and the timeframe
- REQUIRES FURTHER ANALYSIS** – explain the scope and timeframe (not to exceed six months)
- WILL NOT BE IMPLEMENTED** – explain why

**Required response explanation, summary, and timeframe:**

In 2002, the City of Watsonville adopted a local hiring ordinance (WMC Chapter 7-15) that requires contractors who receive City public works construction contracts in excess of \$600,000 to hire local residents. Under this regulation, at least 15% of each contractor's construction workforce, including subcontractors, shall live within the boundary of the Pajaro Valley Water Management Agency. Additionally, at least 50% of the workforce must live within the Tri-County area (Santa Cruz, Monterey, San Benito).