



**ADMINISTRATION
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July 5, 2006

Honorable Judge Rodney Melville
Superior Court
312-M East Cook Street
Santa Maria, CA 93455-5165

Santa Barbara County Grand Jury
Attention: Foreman
1100 Anacapa Street
Santa Barbara, CA 93121

Dear Judge Melville,

The purpose of this letter is to respond the Santa Barbara Grand Jury Report for 2005-2006. This response was presented to the Guadalupe City Council on July 11, 2006. The actions set forth below have been put in place

Response to Findings and Recommendations:

1. CONSTRUCTION CONTRACTS:

The City of Guadalupe has Ordinance No. 2003-362 controlling the bidding process. Section 4.04.160 (Award of Contract) states, "all contracts resulting from Sections 4.04.070 (Competitive Sealed Bidding), 4.04.080 (Competitive Sealed Proposals), 4.04.090 (Contracting for Designated Professional Services), 4.04.100 (Informal Quotes and Small Purchases), 4.04.110 (Sole Source Procurement), 4.04.130 (Cooperative and Piggyback Purchases), 4.04.140 (Standardization) and Article V (Procurement of Public Projects, Architect-Engineer and Land Surveying Services) shall be awarded as follows:

- (1) Award by City Council. Purchases exceeding the amount fixed by City Administrator through Council resolution for solicitation of formal bids shall be awarded by the City Council after receiving the recommendation of the purchasing agent, or designee, as forwarded through the City Administrator.

(2) Award by City Administrator. The City Administrator may award purchases of less than the amount that requires award by City Council after receiving the recommendation of the purchasing agent or requesting department director. The City Administrator may execute contracts and other necessary related documents on behalf of the City for purchases within its awarding authority. (\$5,000.00)

The City's Ordinance was adhered to in all respects with one exception. The O'Connell Park Barbeque facility proposal exceeded the amount set by Council for the approval by the City Administrator under Section (2) above. Section (1) above was the appropriate course of action under this contract. The project received a 5/0 vote of approval in favor of building the facility. The project met the approved guidelines of the State Parks and Recreation Grant-funded projects. The City Engineer and City Administrator paid a financial penalty back to the city's Park Development Fund. It is anticipated the State will fully reimburse for the Barbeque.

2. FINANCIAL MANAGEMENT:

The position of Finance Director is key to ensuring complete, accurate and up-to-date financial records. The Finance Director is responsible for this function and the City Administrator holds the Finance Director accountable. The position has been revamped to a Full-Time contract employee with a negotiable salary. The former job specifications conflicted with the other management positions in this regard and the city wants to be clear on aligning management positions with assigning responsibility based on job descriptions. It is important to classify management employees separate from others and under the former classification for Finance Director, the salary range and pay-scale were tied to the same range as line staff employees. A Human Resources expert has been hired and provided this recommendation during a recruitment process for a new Finance Director.

3. INTERNAL CONTROLS:

The City of Guadalupe is committed to strong internal controls. Management has implemented new controls on an ongoing basis and the goal is to achieve optimum protection of the city's assets. Hiring effective management employees and holding them accountable for ensuring the efficiency and effectiveness of the controls is key to maintaining a strong control environment.

4. COST OF PUBLIC WORKS PROJECTS:

The Public Works projects are under prevailing wage laws. The State of California Parks and Recreation made a site visit to the O'Connell Park Barbeque facility and indicated to city staff that the cost of this project was in line with similar projects throughout the state. It was not considered a high-priced project by comparison. The facility is a concrete slab that includes deep concrete footings, welded wire fabric, anchor bolts, trusses, decking, beams and

connectors, framed-roof, masonry, plumbing, electrical and grill. The bathroom complex at the park cost \$200,000 and the landscape at the park cost \$450,000 in prior years.

5. STAFF EXPERTISE:

The City has hired a Human Resource expert to review and update the Personnel Policy Manual (1986). All aspects of hiring and related personnel issues are under review. This policy is the city's only source related to management discipline and lacks concise rules that are subject to interpretation. Unclear and outdated rules will be replaced. For example, probation periods vary from six months under the 1986 Personnel Policy to one year under the SEIU Memorandum of Understanding. Management employees who are under contract have set probation periods but if not under contract, fall under some other guideline. Mixed up rules to follow are unfair for all parties, especially management. A new Personnel Policy manual will set out clear and concise rules to solve this problem

6. IMPLEMENTATION OF PROGRAMS:

Better communication between staff and Council related to personnel is part of the goal in hiring a Human Resource expert to review the ongoing problems and find solutions.

7. DECISION MAKING:

The City's form of government is a City Administrator as opposed to a City Manager form. Decisions, other than day-to-day operations, are made at the Council level. Management measures must conform to the city's form of government. Political battles affect staff and are a disappointment when politics prevent staff from working in the best interest of the public

8. CONSULTANTS VERSUS PERMANENT EMPLOYEES:

There are many advantages to hiring full-time employees. One significant advantage is that the employee is present and on the job during business hours. A strong internal control environment is more effective under this situation. The City is committed to hiring full-time employees versus consultants. It cannot be achieved until the city's revenue position improves. We anticipate this to be the case within the next five years.

9. PLANNING FOR FUTURE DEVELOPMENT:

The City of Guadalupe has hired an experienced contract Planner with a high degree of experience in development projects and municipal planning. This position is key to the future growth of the community. The Planner will give direction regarding the General Plan and Sphere of Influence. The Planner will work with staff to navigate through the development process. The expectation is to have a strong understanding of new developments and to protect the city in all aspects. The experience and education of this Planner is sufficient to carry the city through the process. (See Resume of Planner attached).

CONCLUSION:

Our goal is to earn the respect of our citizens and gain credibility with our community. The City respects the Grand Jury's recommendations and we hope this response demonstrates our desire to maintain policies and procedures to protect the financial interests of our citizens. Please accept our sincere thanks and appreciation.

Sincerely,

Carolyn Galloway-Cooper, CPA
City Administrator

Enclosures

c: file

File: wp/grand jury response to report dated 5 22 03