

2012-2013 SANTA BARBARA COUNTY GRAND JURY



FINAL REPORT

JUNE 28, 2013

2012–2013 SANTA BARBARA COUNTY GRAND JURY

FINAL REPORT 2012-2013

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June 28, 2013

GRAND JURY SANTA BARBARA COUNTY

Dear Judge Hill:

On behalf of the 2012-2013 Santa Barbara County Grand Jury, I am honored to present this consolidated final report to you and the citizens of the County. Notice of the individual reports will be published in county-wide media. The reports are included in this book in their entirety and will be posted to our website for reference by the public.

The members of the Jury represent a diverse group of dedicated individuals from the five supervisory districts of the County. In addition to complaints submitted by the public, the Jury itself developed topics relevant to current and projected conditions in the County. We visited all of the incorporated cities in the County and have included their logos as dividers in our final report.

This year's reports represent diligent investigations and analysis by the Jury into matters ranging from Annual Property Value Notices, the Sheriff-Coroner's Bureau, the mandated inspection of detention facilities in the County, the Susan J. Gionfriddo Juvenile Justice Center, Local Efforts to Address Graffiti, Taxing Oil, Truancy Prevention and Financing Low-income Housing.

Throughout the year, the Jury pursued timely responses by those officials and entities required to reply to the findings and recommendations of the 2011-2012 Grand Jury. Working with County Counsel, we updated and memorialized the mandated response times for the various respondents for reference by future Juries.

In addition, this Jury completed the new design and updating of the Grand Jury website which went "live" in May. We appreciate the cooperation and collaboration of the County's webmaster Hana Miller. We are proud to submit a revised Grand Jury Manual to next year's Jury for its adoption as an enhanced reference guide to the process required to produce meaningful final reports.

On behalf of the Grand Jury, I want to extend our appreciation to you, Judge Hill, for your support of our Jury's efforts to coalesce into a collegial body and to Martin McKenzie and Gustavo Lavayen of the County Counsel's office for their guidance on legal matters. Throughout the year, we benefited from the on-going support of Gary Blair, Superior Court Executive Officer and Angela Braun, Jury Services Supervisor.

On a personal note, I wish to thank this year's Grand Jury for their continued engagement, diligence and commitment to fulfill the Jury's charge to investigate or inquire into county matters of civil concern. This consolidated final report represents the culmination of this process for the 2012-2013 Santa Barbara County Grand Jury.

Sincerely,

Suzanne Schomer
Foreman

2012-2013 SANTA BARBARA COUNTY

GRAND JURY MEMBERS

Richard Abbott	Montecito
Eugene Bucciarelli	Santa Barbara
Michael Desmond	Santa Barbara
John Dillon	Goleta
Mary Frink	Santa Barbara
Melvin Kimlinger	Lompoc
Justin LeCavalier	Lompoc
Linda Mier	Santa Barbara
Timothy Putz	Santa Barbara
Suzanne Schomer	Santa Barbara
Lorelei Snyder	Santa Barbara
Jacqueline Thiele	Lompoc
Robert Tirado	Santa Barbara
Geoffrey Walter	Santa Ynez
Stephen Weiss	Santa Barbara
Helene Willey	Santa Barbara
Allen Zimmer	Santa Barbara
Claire Zimmer	Lompoc



Photo by Jack Snyder

Front row -Helene Willey, Lorelei Snyder, Michael Desmond, Suzanne Schomer,
Claire Zimmer, Robert Tirado, Justin LeCavalier

Back row -Geoffrey Walter, Timothy Putz, Eugene Bucciarelli, Melvin Kimlinger,
Jacqueline Thiele, Mary Frink, John Dillon, Linda Mier, Allen Zimmer,
Stephen Weiss, Richard Abbott



ANNUAL PROPERTY VALUE NOTICES NOW AVAILABLE ONLINE ONLY

The following Activity Report, prepared in accordance with the *California Penal Code, Sections 925 and 928*, pertains to the annual mailing by the Santa Barbara County Assessor of a “Secured Property Notice of Values” (Notice). The 2012-2013 Santa Barbara County Grand Jury has learned that, as of July 2012, a Notice is no longer being mailed to each property owner, but is available online only. The Notice informs the property owner(s) of the annual value of the parcel that will be used to calculate property tax. Although the County Assessor stated that local media announced this change, not every property owner is aware of it. The change does not apply to valuation determinations made by the County Assessor after a change in property ownership or in the case of new construction. Those determinations will continue to be sent to the property owner by regular mail.

In early July, annual notices are posted. The property owner can access them online, by going to the County Assessor’s [website](#).¹

If the property owner disagrees with the valuation set forth in the Notice, the owner has the right to make a “Request for Informal Review” at no cost. The request form is available on the County Assessor’s website under the “Forms” tab.² The deadline for the return of this completed informal request is September 1. Tax bills are mailed out in early October. The property owner has until November 30 to file a formal appeal of the current property tax assessment, at a current cost of \$65. For a formal appeal application packet and form, contact the Clerk of the Board at (805) 568-2240.

The annual cost to taxpayers for mailing notices was \$25,000 to \$30,000. The State of California no longer requires these notices to be mailed, and the County Board of Supervisors approved providing this information online only.

The 2012-2013 Santa Barbara County Grand Jury is concerned that property owners may not be aware that this information is available to them in a timely fashion. The Assessor agreed and will post information regarding availability of the notices in the local media each year in July.

¹ <http://www.sbcassessor.com/Assessor/AssessorParcelMap.aspx> (last visited May 23, 2013).

² <http://www.sbcassessor.com/Assessor/AssessorForms.aspx> (last visited May 23, 2013).



TAXING OIL

Tapping into Santa Barbara County's Natural Wealth

SUMMARY

One of the responsibilities of each County Grand Jury in the State of California is to inquire into the fiscal health of its county. Most residents of the County of Santa Barbara (County) are aware that the County faces serious financial challenges. Since Fiscal Year (FY) 2007-2008 the County has had a budget gap ranging from \$72 million to approximately \$5 million. The economic climate that has followed the Great Recession of 2008, combined with other long-term funding challenges, has created a new paradigm under which many citizens expect their elected officials to look at new sources of revenue other than property or other taxes and/or fees obtained from the general populace. As one way of carrying out its fiscal responsibility, and of identifying a new and ongoing source of revenue, the 2012-2013 Santa Barbara County Grand Jury inquired into the types of taxes various states, counties, and municipalities levy on oil extraction.

Although California does not have a tax on the production of oil, the Jury found that the vast majority of states do have such a tax and that several states have more than one type of tax on oil. The Jury also found that five counties in Virginia and several cities in California receive revenue from an oil tax. Members of the Jury, like citizens throughout the county, state, and nation, are aware of the changing economic times and the need to consider alternate revenue sources. For example, funding pensions, healthcare and other employee benefits have become an increasing liability. In addition, the County of Santa Barbara is facing the new expense of building and operating the proposed North County Jail. The Jury recommends that the Board of Supervisors of the County of Santa Barbara follow the recommendation of its Chief Executive Officer and put the question of an oil production tax before the voters as an option for raising critical new and ongoing revenue.

BACKGROUND

The County of Santa Barbara (County) had a projected budget gap of \$17 million in Fiscal Year (FY) 2012-2013. The projected gap was closed by using one-time funds, furloughs, and concessions from unions. In other years, there have been hiring freezes and the County's Reserve Fund has been tapped. The proposed budget for FY 2013-2014 recommends Operating Expenditures of \$844.5 million with Operating Revenues of \$839.5 million; the \$5.0 million gap to be funded by Other Financing Sources and/or use of Fund Balance. This gap is expected to widen to \$13.7 million in the FY 2014-2015 Proposed Budget.¹ To close this gap, it is projected the County will implement cuts that will include reductions in services, cost reductions, and reductions in staff.

¹ Santa Barbara County Recommended Operational Plan, Fiscal Years 2013-2014 & 2014-2015, May 2013

Oil Taxes in the United States

Over 30 states impose taxes on oil production; some states have more than one tier. The name of the tax varies by state, but they are all levied on oil taken out of the ground. One of three methods is usually used: a percentage of the value of the oil, a wellhead tax, or a price per barrel tax. The wellhead tax is based on the number of wells, but the calculation is complicated and requires extensive reporting that can be burdensome to oil producers and the county assessor. The percentage and price per barrel taxes are more straightforward.

Oklahoma imposes a variable tax of 1% to 7% depending on the current price per barrel of oil. Kentucky's tax is 4.5% of the market value of the oil extracted. Nine states impose two separate oil taxes. In North Dakota, the Gross Oil and Gas Production Tax (GPT) of 5% and the Oil Extraction Tax (OET) of 6.5% combine for a tax of 11.5%. North Dakota officials estimate that an average oil well, over 37 years, produces 838,000 barrels of oil upon which \$5,478,000 in GPT and OET taxes will be paid to the state.² Alaska imposes a "Petroleum Profit Tax" of 25% to 75%, a conservation tax, and a property tax of 2%.³ Alaska's Petroleum Profit Tax will be replaced in 2014 with a flat 35% rate on the oil companies' net profits. New Mexico imposes two oil taxes totaling 6.9% plus a conservation tax and a property tax. In Virginia, five counties impose a "Local License Tax" on oil at the rate of 0.5% of the gross receipts.

California is one of the few oil producing states that does not impose an oil production tax.

History of Oil Production in California

The oil industry has been active in the State of California (State) since 1865 when the first productive well was drilled in the Central Valley, east of San Francisco. While the strikes in the valley were not as big as the huge strikes in Pennsylvania at the time, they provided enough oil for the needs of the entire City of San Francisco, then the largest population center in the State. In 1923, California was the number one oil producing state in the country. That year, California also had the distinction of being the source of one quarter of the entire world's output of oil.

History of Oil Production in Santa Barbara County

County onshore oil exploration began in Summerland in 1888 and soon moved offshore into coastal waters via piers. In fact, the world's first offshore oil well was drilled off Summerland. During the same period, oil exploration began in the Santa Maria Valley and soon after expanded to large scale production in Orcutt. The Mesa, Goleta, and El Capitan-Ellwood oil and gas fields were discovered in the late 1920s. Beginning in the late 1950s, oil companies began to explore in state tidelands off Carpinteria. Eight platforms were installed in tidelands between 1956 and 1966. In 1969, an uncontrolled blowout occurred in these tidelands. It lasted eight days and spilled 80,000 to 100,000 barrels of crude oil over 40 miles of coastline. This event resulted in the enactment of environmental laws and the creation of the State's environmental review process. In 1986, the price of crude oil dropped to \$6 per barrel and many onshore wells were capped.

² nd.gov

³ alaska.gov

Oil Taxes in California

Historically, the principal vehicle for taxing oil production in the State was through property taxes, levied on reserves of oil and gas. This yielded a significant revenue stream until the passage of Proposition 13 in 1978. According to *A Severance Tax on California Oil*:⁴

Proposition 13 changed all that, lowering our property tax rate to 1/3 or so of its previous level, while also rolling back and freezing assessed valuations of property. (The property tax levy is the product of the rate times the base. Proposition 13 lowered *both* the rate and the base. 1/3 the original rate times 1/2 the original base equals 1/6 the original tax revenue).

Losing 83.3% of the taxes once garnered from oil production was a significant decline in revenue for California counties.

Although California has no statewide oil production tax, there is a conservation tax on oil, described on the State's website: "There is a small statewide assessment on oil and gas produced in California. This assessment goes to support the Department of Conservation's Division of Oil, Gas, and Geothermal Resources (DOGGR) and is levied pursuant to Article 7, Division 3, of the Public Resources Code".⁵ The assessment rate for FY 2012-2013 is \$0.1406207 per barrel of oil.

Oil producers, like all companies in the State, are also subject to state and federal income taxes and are assessed property taxes that are based, in part, on their proven oil reserves. In California the only taxes unique to oil and gas producers, as opposed to other industries, are the DOGGR assessment and property taxes on proven oil reserves. The Jury acknowledges that imposing a new severance tax on oil producers could reduce their economic incentive for operating in the County.

Oil Taxes in Santa Barbara County

The Jury found that no county governments impose an onshore oil production tax. Although this report does not cover offshore oil production, it is interesting to note that the County does receive funds from the Coastal Resource Enhancement Fund (CREF)⁶, applicable to offshore oil production. The Santa Barbara County Board of Supervisors (BOS) established CREF to mitigate possible environmental impacts of offshore oil production. From 1988 to 2012, the County collected a total of \$20,379,573 from CREF. CREF fees now provide approximately \$600,000 in annual revenue to the County. The Jury found no comparable onshore fund.

Oil Taxes in California Cities

The Jury found that at least five cities in California impose taxes on oil production. The City of Signal Hill covers only 2.2 square miles and is surrounded by the City of Long Beach. In 1924 Signal Hill separated from Long Beach to keep the oil tax for itself. Between 1923 and 1980, the Signal Hill oil fields produced over 900 million barrels and are

⁴ Mason Gaffney, Economist, University of California, Riverside, July 2006

⁵ conservation.ca.gov

⁶ sbcountyplanning.org/energy/CREF/CREF.asp

considered the most productive fields per acre in the world. Its oil tax is \$0.60 per barrel. In 2011, Signal Hill collected \$804,000 in oil production taxes. The oil production tax in Long Beach is \$0.40 per barrel. In Seal Beach, it is \$0.58 per barrel. Torrance has a \$0.30 per barrel tax. In Beverly Hills, the tax is \$0.388 per barrel on the first 10,000 barrels and \$0.36 on each additional barrel.⁷

METHODOLOGY

The Jury interviewed County officials who assess and collect property taxes, set and collect various permit fees from County oil producers, and project budget gaps. The Jury also reviewed documents provided by County officials. In addition, the Jury interviewed executives of oil companies active in the County and elsewhere. The Jury researched severance and other types of oil production taxes collected in other states, counties, and cities.

OBSERVATIONS AND ANALYSIS

County Budget Gaps

According to the *Executive Summary of the Recommended 2012-2013 County Budget* (Executive Summary)⁸, “Santa Barbara County continues to face significant internal challenges such as increases in employee retirement and healthcare costs, reliance on one-time funding solutions, deferred maintenance of critical infrastructure, funding of a new North County Jail, increasing cost of Fire Department operations, and lack of new revenues”. The current estimate for operating the proposed North County Jail is \$17.3 million per year.

To solve the budget gap, the Executive Summary reported the Chief Executive Officer’s (CEO) office had “explored strategies for revenue enhancement including an oil production tax, economic development, fee adjustments and increasing the Transient Occupancy Tax (TOT)”. On February 14, 2012, the CEO recommended to the BOS that they allow the voters of the County to decide if they agreed with an oil production tax by having staff draft “a ballot measure that identifies the tax methodology and the nature of the tax, general or special, with a plan to proceed with placing it on the November 2012 ballot”. However, the BOS chose not to implement the recommendation at that time and no ballot proposal on an oil production tax was presented.

During the past four years, significant staffing and service level reductions have been required to balance the budget. In addition to furloughs initiated in FY 2008-2009, the County lost over 450 full-time-equivalent employees. Up to 32.5 additional positions may be lost in the FY 2013-2014 budget cycle. As a result of available revenues and the expected increases to expenditures, it will be necessary to reduce service levels by \$8.3 million in FY 2013-2014. Service reductions include, among other things, many losses in

⁷ Rates as of this writing; many locales have inflation-adjusted rates, exemptions, incentives and other modifications that, where applicable, will change the per barrel rates found in municipal and other codes

⁸ Presentation by County CEO to the Santa Barbara County Board of Supervisors on May 15, 2012

the Public Health Department and the elimination of the targeted gang intervention program in the Probation Department and the Juvenile Justice Program in the Alcohol, Drug and Mental Health Services Department. Also included in the effort to balance the budget are the loss of three firefighter positions and seven Sheriff Deputy positions.

The projected service reductions will help fund expected increases in several areas including employee salaries and pay increases (estimated at \$3.6 million), the annual “set aside” for the proposed North County Jail (\$3.3 million), and an increase in the contribution to the Santa Barbara County Employee Retirement System (SBCERS) of \$8.1 million over FY 2012-2013. It should be noted that the County’s Deferred Maintenance Backlog, which is unfunded, is estimated at \$292 million and it continues to grow. According to the *Santa Barbara County Recommended Operational Plan, Fiscal Years 2013-14 and 2014-2015*:⁹

However, it is critical to note that the ongoing cycle of service reductions is not sustainable and therefore the County must consider revenue enhancement strategies resulting from increased economic activity and resident supported tax increases.

County Oil Production

Onshore oil production in the County is experiencing a resurgence. From an all-time high in 1964 of 8,950,404 barrels, oil production fell to a low of 1,913,093 barrels in 2005. This number has risen steadily to 3,388,668 barrels extracted in 2012, as reported by DOGGR. The Jury learned that this resurgence is influenced by three major factors. First, the production of oil is currently economically feasible. Unlike the 1980s, when the price of a barrel of oil dropped to single digits, the price of oil has hovered between \$90 and \$100 for some time. Using the Midway-Sunset Price per barrel of \$95.50¹⁰, the 3,388,668 barrels extracted last year in the County were worth \$334,250,000. With the world’s energy needs increasing, the price is expected to stay in this range in the near future. Secondly, a part of the Monterey Shale Formation is in the County. (See map in Appendix A.) Although oil companies have drilled in the formation for over 100 years, it is only fairly recently that the reserves residing there have been estimated to contain 15.4 billion barrels of oil.¹¹ Lastly, today’s oil companies are using technology not available years ago such as hydraulic fracturing, or “fracking”. Fracking utilizes steam and chemicals under extreme pressure to crack the rock and allow natural gas and oil to flow to the surface. Based on the current economics of oil production, the vast availability of the resource, and the use of ever newer and more efficient technologies, oil exploration and production in Santa Barbara County are here to stay.

Currently, the onshore oil in the County comes from approximately 13 active oil fields with over 4,050 active wells, operated by approximately 20 companies. (See Appendix B.)

⁹ Executive Summary, Page B-20, May 2013

¹⁰ Presentation by County Assessor and County Counsel to the Santa Barbara County Board of Supervisors on August 14, 2012

¹¹ eia.gov *Review of Emerging Resources: U.S. Shale Gas and Shale Oil Plays*, U.S. Energy Information Administration, July 8, 2011

According to the presentation to the BOS referenced above, there were over 40 proposed projects in the prior three years.

Each proposed project is subject to a lengthy and extensive permitting process. Primary permitting jurisdictions include the County's Planning and Development Department for land use, building, grading, and petroleum permits; the Santa Barbara County Air Pollution Control District for air permits; and DOGGR for well permitting. The BOS also passed new regulations for companies working in the County that require them to obtain an oil drilling and production plan permit for fracking in new or existing wells. In addition, the State's Senate Committee on Natural Resources and Water and Environmental Quality is studying legislation meant to regulate and control the practice of fracking. An important part of the permitting process for many projects is the Environmental Impact Report (EIR). These are voluminous, extensive documents that can cost the oil company upwards of \$1,000,000. The review process for the reports attempts to cover every aspect of the potential impacts of a project and allows for public comment at each stage. One element of many EIRs is addressing potential adverse impacts to federally-listed and/or state-listed endangered or threatened species, such as the California Tiger Salamander and the California Red Legged Frog. Projects will commence only after all potential environmental impacts have been addressed and permits have been obtained. Relying on the aforementioned regulatory agencies to thoroughly evaluate all projects for safety and environmental issues before issuing permits, the Jury takes no position on future onshore oil production.

Two concerns raised about an oil production tax are job losses in the County and a possible rise in the price of gasoline at the pump. In its *Oil Production Tax Proposal*, County staff concluded that neither of these would be meaningful.¹²

Current Santa Barbara County Tax Assessments on Oil Producing Properties

The primary tax imposed on oil producers, pursuant to California state law, is the property tax. The process of assessing property used for oil production is complicated. Counties assess property taxes on oil producers pursuant to the State's Revenue and Taxation Code.¹³ Subject to various limits including those enacted as part of Proposition 13, the property tax is calculated annually, starting with the "base year value of the property" and continuing according to the "discounted cash flow" estimated from future production of proven reserves.¹⁴ If a production tax applies in a city or county, an oil company can deduct the tax, as it can also deduct permit fees.¹⁵

¹² Presentation by County CEO to the Santa Barbara County Board of Supervisors on February 14, 2012; *Oil Production Tax Proposal*, pages 5-6

¹³ <http://www.boe.ca.gov/proptaxes/pdf/ah566.pdf> As specialized appraisal techniques are required according to Property Tax Rule 468(c), county assessors may also consult the "Assessment of Petroleum Properties" portion of the State Board Equalization's (SBE) handbook. It was developed in 1966 with input by industry representatives, county assessors, and petroleum experts.

¹⁴ More information can be obtained from Title 18, Sec 468 (SBE Rule 468) at ca.gov and from the Assessors' Handbook, Section 566, titled "Assessment of Petroleum Properties", *ibid*

¹⁵ Assessors' Handbook, Section 566, page 5-10, *ibid*

Oil producers are currently assessed approximately \$12,250,000 in property taxes by the County both on proven oil or gas reserves and other taxable property. Often, these assessments are appealed. Resolution of a dispute can take years before the money is released to the County’s General Fund. If an oil production tax, similar to those in at least five California cities, were to be enacted in the County, staff stated any reduction to property taxes on oil producing properties likely would be minimal. The cost and complexity of assessing oil producing properties has not deterred those interested in the production of minerals. The Jury learned that over 200 documents were recorded in the County in 2011 transferring leasehold mineral rights interests in over 20,000 acres.

New Revenue Source

Keeping in mind the County’s ongoing budget gap, the Jury urges elected officials to identify new sources of revenue. The majority of oil producing states engaged in oil extraction has a production or severance tax. The chart below, the information in the “Background” section of this report and the chart in Appendix C include examples from the Jury’s research of these taxes.

Calculated Oil Tax Revenue Using Sample Rates		
Rate/Barrel	2012 Santa Barbara Production/Barrels	Calculated Revenue
\$1.00 Proposed by County Staff	3,388,668	\$3,388,668
\$1.44 Measure O Ballot in Los Angeles	3,388,668	\$4,879,682

It is evident that a new source of revenue could be raised. It is important to note that the charts illustrate the revenue that would have been raised if the production taxes used in other locations were applied to the number of barrels extracted in the County in 2012. The Jury notes that oil taxation is constantly changing across the country. At this writing, there were over 40 pieces of legislation under consideration, including SB241 in the California State Senate,¹⁶ to implement new oil taxes and/or to change elements of existing taxes in various states. For the County, implementing the tax per barrel would be the simplest way to tax oil production as there is already a requirement to report to the State of California the number of barrels extracted. An oil production tax would represent a new source of revenue, not imposed on the general populace, such as a sales tax would be. An oil production tax could garner additional ongoing revenues for the County.

¹⁶ SB241, *The California Education and Resources Reinvestment Act (CERRA)*, if passed, would impose a 9.9% severance tax on the extraction of oil from the earth or water within California’s jurisdiction. Ninety-three percent of the proceeds would go to the University of California, California State University, and Community College systems. Seven percent of the proceeds would go to the California Department of Parks and Recreation.

CONCLUSION

The County of Santa Barbara, like many government entities, found its financial wellbeing severely compromised by the Great Recession of 2008. This exacerbated the County's existing financial challenges. It is critical for elected officials to identify new sources of revenue. The Jury is fully aware of the debates concerning the environmental ramifications of drilling for oil. These include, but are not limited to, the effects on endangered species and the safety of technologies like hydraulic fracturing. The Jury is also aware, given the experience of the 1969 Santa Barbara oil spill and the history of environmentalism in the area, that some residents would prefer that **no** oil be extracted from land in the county or offshore waters. These are complicated issues with devoted advocates on both sides. **The Jury takes no stand on these environmental issues in this report.** However, as this nonrenewable energy resource continues to be extracted from the ground in the county, the 2012-2013 Santa Barbara County Grand Jury recommends that the Santa Barbara County Board of Supervisors follow the recommendation of the Chief Executive Officer of the County of Santa Barbara and allow the voters to decide if an oil production tax will be implemented.

FINDINGS AND RECOMMENDATIONS

Finding 1

The principal vehicle for taxing oil production in California, the property tax, was lowered substantially with the passage of Proposition 13 in 1978.

Finding 2

The County of Santa Barbara is facing estimated budget gaps of \$5 million in Fiscal Year 2013-2014 and \$13.7 million in Fiscal Year 2014-2015.

Finding 3

Once the proposed North County Jail opens, its operating cost is projected to deplete the Santa Barbara County General Fund by \$17.3 million annually.

Finding 4

An oil production tax could generate essential new and ongoing revenue for the County.

Recommendation 1

That the members of the Santa Barbara County Board of Supervisors follow the recommendation of the Chief Executive Officer of the County of Santa Barbara and allow the voters to decide if an oil production tax will be implemented by putting this issue on the next county-wide ballot.

REQUEST FOR RESPONSE

In accordance with *California Penal Code Section 933 (c)*, each agency and government body affected by or named in this report is requested to respond in writing to the findings

and recommendations in a timely manner. The following are the affected agencies for this report, with the mandated response period for each.

Santa Barbara County Supervisor, 1st District, Salud Carbajal – 90 days
Finding 1, 2, 3, 4
Recommendation 1

Santa Barbara County Supervisor, 2nd District, Janet Wolf – 90 days
Finding 1, 2, 3, 4
Recommendation 1

Santa Barbara County Supervisor, 3rd District, Doreen Farr – 90 days
Finding 1, 2, 3, 4
Recommendation 1

Santa Barbara County Supervisor, 4th District, Peter Adam – 90 days
Finding 1, 2, 3, 4
Recommendation 1

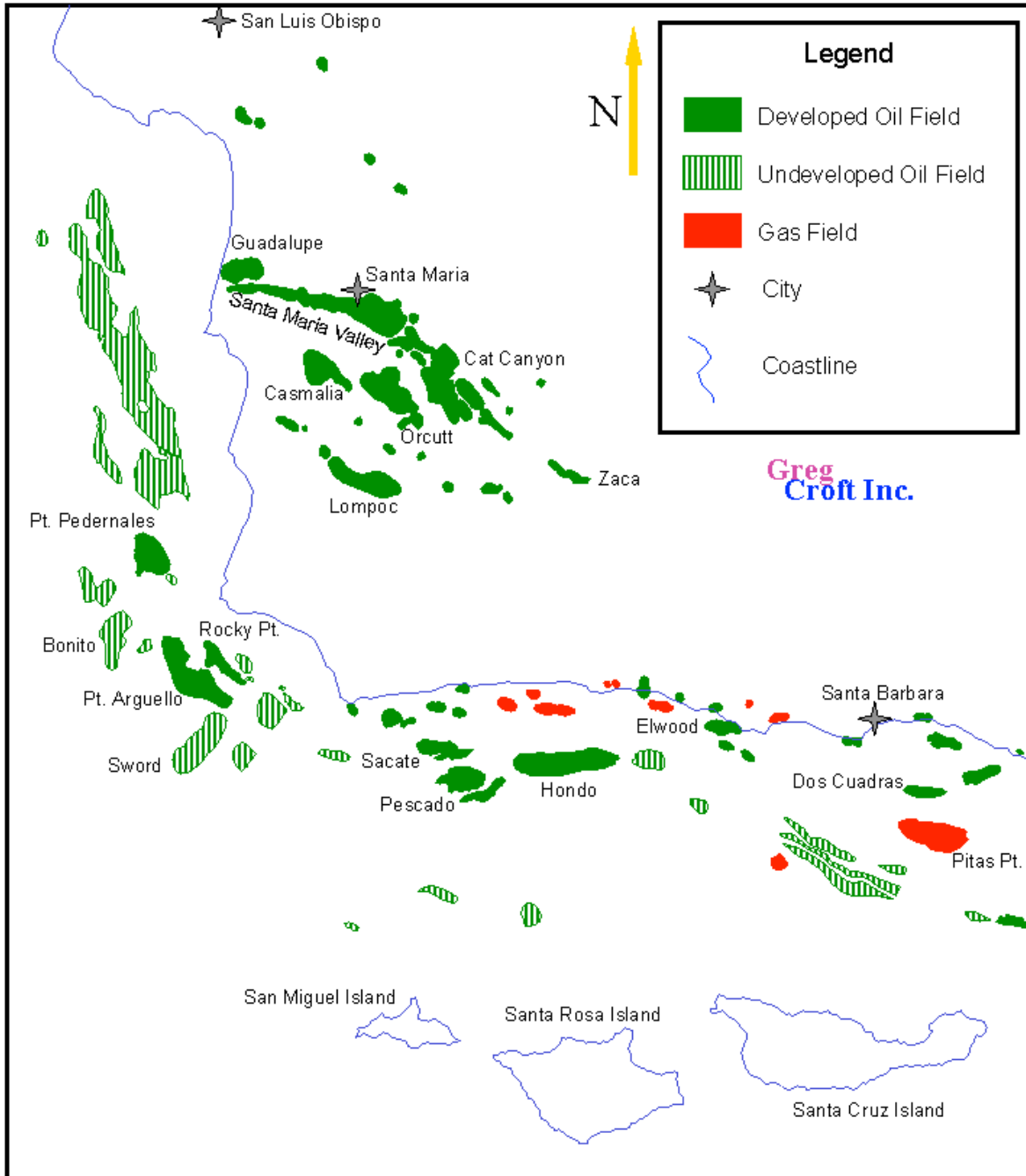
Santa Barbara County Supervisor, 5th District, Steve Lavagnino – 90 days
Finding 1, 2, 3, 4
Recommendation 1

Appendix A

The Monterey Shale Formation Outlined Source: N Y Times February 3, 2013



Oil Fields of The Santa Maria Basin and Adjacent Offshore Areas, California



Appendix C

Calculated Oil Tax Revenue Using Rates from Other Locales

Locale	Rate**	Law	2012 Santa Barbara County Production	Midway- Sunset \$/Barrel*	Calculated Revenue **
Kentucky	4.5%	Ky.Rev.Stat§ 143A.020	3,388,668 BBL		\$ 14,562,801
North Dakota	11.5%	N.D. Code § 57-51.1-01	3,388,668 BBL		\$ 37,216,046
Oklahoma	7.0%	Okla.Stats.§ 68-1001	3,388,668 BBL		\$ 22,653,246
5 Virginia Counties	0.5%	(various)	3,388,668 BBL		\$ 1,618,089

Municipal Codes

Beverly Hills, CA	\$ 0.36 BBL	§ 3-1-219	3,388,668 BBL	n/a	\$ 1,219,920
Long Beach, CA	\$ 0.40 BBL	§ 3.80.221	3,388,668 BBL	n/a	\$ 1,355,467
Seal Beach, CA	\$ 0.58 BBL	§ 5.55.015	3,388,668 BBL	n/a	\$ 1,965,427
Signal Hill, CA	\$ 0.60 BBL	§ 5.12.010	3,388,668 BBL	n/a	\$ 2,033,201
Torrance, CA	\$ 0.30 BBL	§ 228.2.1	3,388,668 BBL	n/a	\$ 1,016,600

Calculated Oil Tax Revenue Using Sample Rates

Santa Barbara	@ \$1.00/ BBL ***		3,388,668 BBL	n/a	\$ 3,388,668
Santa Barbara	@ \$1.44 / BBL ****		3,388,668 BBL	n/a	\$ 4,879,682

NOTE:

- * To simplify the presentation, the base is assumed to be market value, although some locales use a different base for calculating the tax. Midway-Sunset price is from the Presentation by County Assessor and County Counsel to the Board of Supervisors on August 12, 2012
- ** Most locales have inflation-adjusted rates, exemptions, incentives and other modifications that, where applicable, will change the calculated revenue amount.
- *** Rate proposed by Santa Barbara County Staff in 2012
- **** Rate proposed in Measure O for Los Angeles in 2011



LOCAL EFFORTS TO ADDRESS GRAFFITI Preserving Our Magnificent Garden

The following Activity Report of the 2012-2013 Santa Barbara County Grand Jury (Jury), prepared in accordance with the *California Penal Code, Sections 925 and 928*, pertains to the problem of graffiti in Santa Barbara County (County). The Santa Barbara region has deservedly been given the title of the “American Riviera” for a simple reason: It is a magnificent garden in which imaginative architecture recalls its Spanish origins. Many of the buildings, particularly within the City of Santa Barbara itself, seem to make one feel as if they were truly in Barcelona. However, there is another commonality between Barcelona and Santa Barbara that is much less attractive—the unfortunate presence of graffiti.

Much of the graffiti in Spain and other European countries consists of political and social statements, continuing a tradition that has existed for millennia. We who live in the County see very little political graffiti, but too often the kind we do see has a more sinister aspect—gang activity.

Graffiti is the malicious defacement of real or personal property with “any unauthorized inscription, word, figure, mark, or design, that is written, marked, etched, scratched, drawn, or painted” on property (*California Penal Code, Section 594*). It can range from a simple word or phrase to artistic and elaborate depictions. One increasingly common type of graffiti, normally done in one color, is usually a sign of gang activity that is designed as a warning to members of other gangs that an area is “our territory,” not to be entered with impunity.

Graffiti is more than an aesthetic problem. It is a blight that affects the desirability of a community and, if left unchecked, it becomes a symbol of defiance. The factors giving rise to graffiti are multi-faceted and vary from place to place and time to time. Local communities take the issue seriously and are making strides to address it. It is important to be aware of these efforts and the Jury summarizes them in this Activity Report. This report also provides contact information for reporting graffiti in various jurisdictions around the County. As with any crime, the public is encouraged to call 911 to report an act of graffiti or other vandalism in progress.¹

CITY OF BUELLTON

When graffiti is reported to the Buellton Police Department, the City’s Public Works Department is notified and removes it. Expenses are paid out of the City’s General Fund. The public is encouraged to report graffiti concerns by calling the Buellton Police Department at (805) 686-8150.

CITY OF CARPINTERIA

At one time, Carpinteria had as many as 350 incidents of graffiti activity per month. Now, however, that number has been reduced to 20 to 25 per month. This decrease is

¹Referenced phone numbers can be found in the table at the end of this report.

attributed to a variety of economic and demographic factors as well as the prevention and eradication efforts of the City and its citizens. All vehicles are equipped with graffiti removal kits and workers have been trained in their use. Carpinteria has a rewards program for the arrest and conviction of perpetrators. The public is encouraged to report graffiti concerns by calling the City's Graffiti Hotline at (805) 684-5405, Extension 511.

CITY OF GOLETA

Goleta has mobilized an informal group of volunteers who, for the last 15 years, have made it their responsibility to remove 2,000 instances of graffiti per year from private and commercial properties within the City. The paint used is donated by volunteers. The key to the success of the volunteer crew is that they quickly clean up graffiti on all surfaces, including under bridges. The public is encouraged to report graffiti by calling the Graffiti Hotline at (805) 968-6769.

CITY OF GUADALUPE

Guadalupe recognizes that it has a problem with graffiti, especially during summer months when school is not in session. Typically, five to ten acts of graffiti per week are reported and responsibility for removal is shared among City departments, depending upon where the graffiti is found. On private property, the owner is notified to remove graffiti. The Police Department photographs and keeps track of the graffiti and seeks restitution when the offender is apprehended. The public is encouraged to report graffiti concerns by calling the Guadalupe Public Works Department at (805) 343-1340, Extension 5.

CITY OF LOMPOC

An employee of Lompoc's Police Department looks for and documents graffiti, which a Sanitation Department employee then removes. If graffiti is located on private property, the Sanitation Department removes it if the owner does not. Local religious and service organizations also remove graffiti at their own expense. The public is encouraged to report graffiti by calling (805) 736-2341, Extension 6143. More information on the City's graffiti removal program is available at cityoflomdoc.com².

CITY OF SANTA BARBARA

The City of Santa Barbara receives approximately 30 to 40 calls each day reporting graffiti. The Public Works Department uses one full-time employee and one part-time employee to remove graffiti from City property. This team has a truck supplied with high-pressure water equipment for graffiti removal and with most city paint colors for repainting. For graffiti reported on private property, the property owner is notified of an obligation under an ordinance³ to remove it.

Citizens can also assist in efforts to address graffiti by joining the Adopt-A-Block Program through an organization called "Looking Good Santa Barbara" which can be reached at lookinggoodsb.com⁴.

²<http://www.cityoflomdoc.com/SW/Graffiti.htm> (last visited April 18, 2013)

³ Santa Barbara Municipal Code chapter 9.66

⁴ <http://www.santabarbaraca.gov/Recycling-Trash/clean-community/index.html> (last visited April 18, 2013)

The City has a memorandum of understanding with the Union Pacific Railroad for the clean-up of graffiti on the railroad's right of way. The graffiti crew is responsible for removal in a timely manner and the City invoices the railroad for the cost of this work. The graffiti crew costs over \$100,000 per year to operate and about one-third of this cost is recovered from Union Pacific.

The public is encouraged to report graffiti by calling the City's Graffiti Hotline at (805) 897-2513.

CITY OF SANTA MARIA

Graffiti removal is the responsibility of the Parks Department and the costs are paid out of the General Fund. One employee works 32 hours per week exclusively in removing graffiti, including from private property with the owner's permission. The City contracts with a comprehensive web-based system provider called "Graffiti Tracker" which records all graffiti. It costs \$3,000 annually for this system, which is designed to help identify, track, prosecute and seek restitution from graffiti vandals. The public is encouraged to report graffiti problems by calling the City at (805) 925-0951, Extension 667.

CITY OF SOLVANG

The City's Maintenance Department removes graffiti on public buildings. When a perpetrator is convicted, restitution is required. Private property owners are responsible for graffiti removal. The public is encouraged to report graffiti by calling the Sheriff's Department Substation at (805) 686-5000.

COUNTY OF SANTA BARBARA

The County has a graffiti abatement ordinance, which is codified in Santa Barbara County Code chapter 47. The California Department of Transportation coordinates graffiti removal and schedules coordination with other projects along U.S. Highway 101. Citizens residing in the unincorporated areas of the County are encouraged to report graffiti by calling the County Public Works Department at (805) 568-3000.

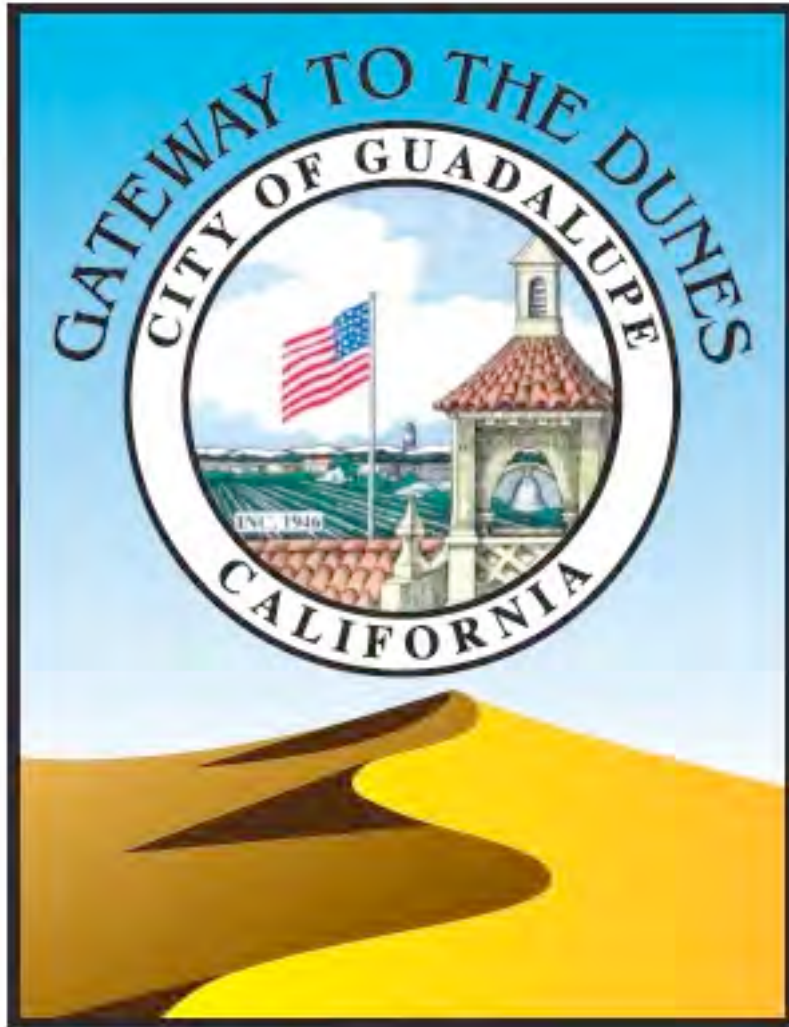
CONCLUSION

Even minor occurrences of graffiti must be handled immediately or they will compound and become a larger problem that can have a significant negative effect on the quality of life in the area. Many communities struggle with this continuing problem, but we in Santa Barbara County need not. We need only support local programs to combat graffiti, and with the public's assistance, we can diminish this societal problem.

Graffiti Reporting Phone Numbers

Location	Contact	Phone number
Buellton	Police Department	805-686-8150
Carpinteria	Graffiti Hotline	805-684-5405 x511
Goleta	Graffiti Hotline	805-968-6769
Guadalupe	Public Works	805-343-1340 x5
Lompoc	Graffiti Hotline	805-736-2341 x6143
Santa Barbara	Graffiti Hotline	805-897-2513
Santa Maria	Graffiti Hotline	805-925-0951 x667
Solvang	Sheriff's Department	805-686-5000
Unincorporated County	County Public Works	805-568-3000

Under *California Penal Code Section 933.05* this report does not require a response.



SHERIFF-CORONER'S BUREAU
The Manner of Death—A Final Diagnosis

SUMMARY

Frequently, when citizens learn of an accidental death or one of unknown or suspicious cause, the report often ends with the statement that the cause of death is “under investigation” by the coroner or medical examiner’s department. Immediately, people conjure up the Hollywood version of a sterile surgical morgue facility with the latest technology and forensic pathologists informing the detectives as to the cause and manner of death. Operating at the nexus of medicine and criminal justice, these death detectives manage to thoroughly investigate each suspicious fatality, complete with toxicology results, and do it within the hour. The reality of these investigations is much different, with dedicated personnel working in difficult conditions to accomplish an unglamorous but critical public service.

The 2012-2013 Santa Barbara County Grand Jury (Jury) undertook an investigation into the reality of the daily work done by the Santa Barbara County Sheriff-Coroner’s Bureau (Bureau). While death under any circumstance is difficult, those citizens who must face the matter of death at the Bureau deserve to receive competent and professional service in a high-quality facility. Likewise, those county employees who perform this most difficult but necessary work must be provided the professional education needed to develop the required specialized skills while also acquiring a sensitivity for the cultural, ethnic and religious backgrounds of the people they serve. These skilled employees also deserve high-quality resources necessary to successfully perform their jobs in a safe, healthy and efficient working environment.

During this investigation, the Jury learned that there are some 2,300 coroner/medical examiners’ facilities in the United States with a wide range of standards and competence. In California’s 58 counties, the government adopts one of three general models: medical examiner, sheriff-coroner or lay coroner. All staff operate under the statutory authority of the *California Government Code: Section 27491* and the *California Health and Safety Code: Section 102850*. In some of the larger counties, including Ventura County, the medical examiner model has been adopted. Since 1947, Santa Barbara County uses the model of sheriff-coroner, who is an elected officer.

While the Jury finds the Bureau to be in compliance with the law, the Bureau’s physical facility is in immediate need of significant improvements and merits a long-range strategic plan by the Santa Barbara County Board of Supervisors for the development of an accredited medical examiner department in an industry-standard facility with the capability of being accredited by the National Association of Medical Examiners.

It's difficult for people to spend money on medical examiners systems. They see it often as wasting money on the dead, without realizing that everything that is done in a medical examiner office or a coroner office, is truly done for the living. We try to protect society. We look for deaths that are premature, or that should not have happened, so that we can go forth and correct those errors in society.¹

BACKGROUND

Santa Barbara County has had a sheriff-coroner since 1947 when the Santa Barbara County Board of Supervisors (BOS) adopted the sheriff-coroner model. With the adoption of this model, the County joined 39 other counties using the sheriff-coroner model. In the remaining counties, 13 have a lay coroner model and 5 have a medical examiner model. The sheriff-coroner model does not work independently from law enforcement supervision nor is it subject to mandatory state or national accreditation. However, a medical examiner model operates under more stringent regulations and must meet national accreditation and quality assurance standards.

Originally the Coroner's office was located in the Santa Barbara County Historic Courthouse. Later, it was moved to the new Sheriff's headquarters on Calle Real. The coroner utilized local hospitals and mortuaries for autopsies under contract with a local pathology medical group. In 1987, the Sheriff-Coroner requested that the BOS provide emergency funds to construct a stand-alone coroner's facility.² This facility was intended to handle all aspects of investigating the cause and manner of death that California law requires, as well as to provide independent office space for the coroner's staff.

Upon approval of the emergency need, the BOS directed the construction of a facility to be built on County-owned property on San Antonio Road, adjacent to the former women's honor farm. There is no record of a building permit on file, indicating the building never went through the normal review and approval process. The building was constructed by inmate labor from the County Jail, at a cost of less than \$100,000.²

A review of the few available building plans revealed that the facility was originally designed to have two autopsy rooms, a refrigeration unit and two offices for the staff. The second autopsy room was never utilized, but eventually became a toxicology lab and currently is used as a storage and break room. Later, the main staff office was divided to provide a grieving room for

¹ Thompson, A.C., "Medical Examiners In America: A Dysfunctional System", ProPublica 2011

² Santa Barbara News-Press, February 5, 1989 "High Tech Morgue" by Woody Behrens

consulting with next of kin. The only other major upgrade to the main building has been the installation of an emergency backup generator. As more staff was assigned to the Bureau, an existing portable building on-site provided additional office space. A Conex box (shipping container) was installed adjacent to the front of the main building to provide additional storage space.

In the early 2000s, autopsies continued to be performed by the contracted pathology medical group until the Sheriff-Coroner hired its own full-time forensic pathologist.

METHODOLOGY

In the course of the Jury's mandated annual inspection of the Bureau, the Jury noted conditions that prompted further investigation. The Jury:

- Toured the Bureau's facility on multiple occasions
- Reviewed historical documents relating to the building of the facility
- Researched records at the County Building Department
- Interviewed former and current forensic pathologists
- Interviewed past and present staff, including senior officers at the Sheriff's Office
- Interviewed County employees and contract employees who work or service the Bureau
- Interviewed staff from The Goleta Sanitary District
- Researched current industry standards for this type of facility
- Reviewed websites of several California county coroners and medical examiners
- Reviewed the "Post Mortem" video co-produced by ProPublica and PBS Frontline³

OBSERVATIONS AND ANALYSIS

Bureau Staff

The staff includes a Sergeant, a Forensic Pathologist, an Office Assistant and four Deputy Detectives (Coroner Detectives). In 2011, there were 2,871 deaths in the county with 1,476 requiring an investigation. The Bureau detectives have the highest caseload in the Sheriff's Office, conducting all the required death investigations within the County regardless of law enforcement agency jurisdiction. If the deceased has not been under the care of a medical

³ PBS.org/frontline2011

professional within 20 days of death, by law the death becomes a coroner case.⁴ Approximately 150 autopsies are performed annually. From interviews at every level of the Sheriff Office, the Jury learned the Bureau is understaffed and in need of a full-time forensic technician to assist the pathologist during autopsies. Currently this position is being filled by retired personnel from the Bureau on a part-time basis.

Any detective can be dispatched to a death scene. However, the Jury was told that detectives not assigned to the Bureau may not be adequately trained in death-scene investigation. This lack of training could unknowingly compromise important evidence.

All new Bureau staff receive a dedicated two week coroner training course and the Jury was assured all staff were current on the POST (Police Officer Standards Training, State of California) Training. Among the Jury concerns were conflicting and inconsistent answers given by various employees regarding any specialized training, its documentation and who is responsible for monitoring that employees receive it. According to Centers for Disease Control (CDC) recommendations, the public and the staff would be better served if the staff received more specialized training in areas such as infection control and blood-borne pathogens.⁵

Bureau Facilities – Santa Barbara

The physical facility consists of three structures: the main building, a portable structure and a Conex box. The public area of the main building includes a reception area, the Sergeant's office and a grieving room. The employee area of the building includes a break room, a storage room and a small computer work space. These two areas are connected via a corridor that passes by the walk-in refrigeration unit for the deceased and goes through the autopsy room. The arrangement of these rooms exposes the entire working environment to noxious odors and possibly to airborne contaminants.

During interviews and visits, the Jury learned that the interior walk-in refrigeration unit is designed to accommodate 16 bodies and is connected to a backup generator. There is also an outside refrigeration unit where the deceased can be placed temporarily.

The Jury was informed by staff that the current ventilation system is 25 years old and since no building permit could be located, the system may not have been designed to provide adequate

⁴Santa Barbara County Sheriff's Office, 2011 Annual Report

⁵<http://www.cdc.gov/mmwr/preview/mmwrhtml/rr5308a1.htm> (CDC.gov Recommendations and Reports June 11, 2004, /53(RR08) Medical Examiners, Coroners, and Biologic Terrorism)

ventilation to this type of facility. Adequate ventilation which includes negative air pressure^{6,5} is a necessary requirement for the control of infection, removal of noxious odors, dilution and expulsion of contaminants. Conducting autopsies in an area with inadequate ventilation presents a risk of circulating airborne pathogens. The ventilation system is not equipped with a filtration component to prevent the spread of airborne bacterial, viral or other organisms. This system presents a potential health and safety risk for employees. To provide for the safety of the staff and visiting public, a code-compliant ventilation system, must be installed to ensure contaminated air is exhausted from all rooms and not redistributed into other areas of the building.

The Jury was informed that on warm days the autopsy room, which has a window mounted air conditioner unit, is not adequately cooled to create a comfortable working environment.

The Bureau's facility is not equipped with an isolation room suitable for working on high-risk cases. An isolation room is needed and must be provided with its own autopsy table and sink, to protect staff from contagious diseases. The ventilation system for this room must be separate from the rest of the facility and, according to industry standards, provide for negative air pressure.⁶ Air from this isolation room must be filtered and exhausted directly to the outside, separated from supply-air intakes and populated areas.

The Goleta Sanitary District (GSD) failed to re-issue an Industrial Wastewater Permit under its Ordinance No. 77, which also covers hospitals and mortuaries, although the Bureau submitted the correct paperwork. The Jury was informed that medical and infectious waste from the facility is being discharged into the sanitary system during autopsies without the proper permit from GSD.

Temperature logs are not being kept for the refrigerator which holds blood samples in the autopsy room. The Jury is concerned that temperature fluctuations could compromise evidence.

The American National Standards Institute and Occupational Safety & Health Administration (OSHA) recommend an eye wash station for employees who are exposed to hazardous materials.⁷ There was no eye wash station at the facility.

During an autopsy, the Forensic Pathologist dictates his findings into a microphone that is strung through a ceiling tile that hangs over the autopsy table. This dictation is fed into a cassette

⁶ http://www.nrctraining.com/air_force.htm (National Resource Center, Department of the Air Force, Medical Facility Ventilation)

⁷ <http://webstore.ansi.org/RecordDetail.aspx?sku=ANSI%2FISEA+Z358.1-2009>

system that then has to be transcribed into electronic form for retention and distribution. For efficiency and preservation of information gathered during an autopsy, digital equipment is needed to replace the obsolete equipment currently in use. The Centers for Disease Control and Prevention current standards state that, “mechanisms should be in place to ensure that electronic death investigation data can be shared with public health authorities, law enforcement agencies, and other death-investigation agencies while providing for appropriate confidentiality and control of the release of information to authorized personnel or organizations only”.⁸

The Conex storage unit is located in the parking lot. It holds the records of closed cases and other evidence. The paper files are being scanned electronically when time permits, usually when the Sheriff’s Office has personnel on light duty due to injury.

The portable building was once used as a classroom for the inmates of the women’s honor farm. Now it serves as the office for the four detectives and the forensic pathologist. This separation of the staff is not an efficient arrangement due to continual travel between buildings. During the hot months of the year, the air conditioning unit in the portable building is not sufficient which makes working conditions difficult.

The entire area that immediately surrounds the three structures is poorly maintained, as evidenced by abundant weeds, untended shrubs, bushes and ground rodents. The space between the main building and the portable building is full of holes and weeds. Staff has attempted to address this issue, including trying to maintain the outside area on their own time. The condition of the grounds still presents fire and safety hazards.

A More Centralized Location

A refrigeration unit near the Santa Maria Sheriff’s facility holds the deceased from this area, until they can be transported to Santa Barbara. This transport time subtracts from the coroner detective’s investigation time. A more centralized Bureau within the county would improve this issue. In the early 1960’s, the population of Santa Barbara County was less than 200,000. The 2010 census revealed that Santa Barbara County has grown to a population of 423,900. The greater population growth has occurred in the north. Former and current staff of the Bureau suggested that the County might be better served with a more centralized location, since 55% of their caseload growth is now in the north.

⁸ Department of Health and Human Services Centers for Disease Control and Prevention.

CONCLUSION

The Jury finds that the Bureau requires an immediate upgrade to the existing facilities to correct serious inadequacies which may jeopardize the health and safety of the staff and the public. Despite the inadequacies in the physical facilities, every staff member interviewed reported that even with an increasing caseload, they work in a cooperative and collegial manner as they carry out their complex responsibilities.

Although the California Constitution requires each county to have a coroner, each county board of supervisors may establish and provide for a specialized department. The Jury recommends that in all future strategic planning the Santa Barbara County Board of Supervisors adopt the goal of establishing a facility and staff that are eligible for full accreditation by the National Association of Medical Examiners. A new, fully accredited facility would provide greater capability to address the challenges of twenty-first century America due to deaths related to natural disasters, man-made mass emergencies, issues related to Homeland Security and even perform a positive role in the burgeoning field of organ and tissue donation.

FINDINGS AND RECOMMENDATIONS

Finding 1

The continuing use of part-time retired staff is not adequate to assist during autopsies.

Recommendation 1

That the Sheriff-Coroner employ a full-time forensic technician within the next two years.

Finding 2

Specialized training of the staff in the areas of infection control and blood-borne pathogens is inconsistent.

Recommendation 2a

That the Sheriff-Coroner implement policies and procedures that require training of each Coroner's Bureau employee in areas of infection control and blood borne pathogens on an annual basis.

Recommendation 2b

That the Sheriff-Coroner provide for employee training records to be maintained on site at the Coroner's Bureau and to be updated annually.

Finding 3a

The presence of lingering noxious odors in the Coroner's Bureau indicates that the existing ventilation system is not adequate.

Finding 3b

A code compliant ventilation system is necessary to control and prevent the potential of infectious agents affecting the health of Bureau staff and the public.

Recommendation 3a

That the Santa Barbara County Board of Supervisors allocate the funds to retain a mechanical engineering firm to study and make design recommendations for the Coroner facility ventilation system.

Recommendation 3b

That the Santa Barbara County Board of Supervisors allocate the funds to implement the design recommendations for the ventilation system in the Coroner's facility.

Finding 4

Currently there is no isolation area in the Coroner's Bureau suitable for performing autopsies on high-risk cases.

Recommendation 4

That the Sheriff-Coroner provide an isolated area in the Coroner's Bureau suitable for performing autopsies on high-risk cases.

Finding 5

The current autopsy room air conditioner is not adequate to provide an efficient, comfortable working environment.

Recommendation 5

That the Sheriff-Coroner upgrade the air conditioning system in the current autopsy room to provide an efficient, comfortable working environment until the engineering study is completed and recommendations are implemented.

Finding 6

The Goleta Sanitary District failed to issue the correct Industrial Wastewater Permit under its Ordinance No. 77, to the Coroner Bureau.

Recommendation 6

That The Goleta Sanitary District issue the appropriate permit consistent with the Bureau's application for discharge of medical waste from autopsies.

Finding 7

There is no log to record the internal temperature of the autopsy room evidence refrigerator.

Recommendation 7

That the Sheriff-Coroner require that a daily refrigeration internal temperature log be maintained on the autopsy room evidence refrigerator.

Finding 8

The Coroner's Bureau does not have an eye wash station.

Recommendation 8

That the Sheriff-Coroner install an eye wash station in each autopsy room.

Finding 9

Inefficient and obsolete dictation equipment is currently used during autopsies.

Recommendation 9

That the Sheriff-Coroner purchase and install digital dictation equipment for efficiency in preservation of and access to the pathologist's findings.

Finding 10

The air conditioning unit in the portable building is not sufficient to provide a comfortable working environment on warm days.

Recommendation 10

That the Sheriff-Coroner provide an air conditioning system sufficient to cool the portable building.

Finding 11

The landscape area surrounding the Coroner's Bureau is a weed patch overrun by rodents.

Recommendation 11

That within the next six months the Sheriff-Coroner install landscaping, provide rodent removal and implement a regular maintenance schedule.

Finding 12

A Coroner's Bureau is not required to be accredited.

Recommendation 12

That the Board of Supervisors include in all long-range strategic planning the goal of establishing and staffing a more centrally located facility that is eligible for full accreditation by the National Association of Medical Examiners.

REQUEST FOR RESPONSE

In accordance with *California Penal Code Section 933.05*, each agency and government body affected by or named in this report is requested to respond in writing to the findings and recommendations in a timely manner. The following are the affected agencies for this report, with the mandated response period for each.

Santa Barbara County Board of Supervisors – 90 days

Finding 3a, 3b, 12

Recommendation 3a, 3b, 12

Santa Barbara County Sheriff-Coroner – 60 days

Finding 1, 2a, 2b, 3a, 3b, 4, 5, 6, 7, 8, 9, 10, 11

Recommendation 1, 2a, 2b, 3a, 3b, 4, 5, 6, 7, 8, 9, 10, 11

The Goleta Sanitary District – 90 days

Finding 6



LAW ENFORCEMENT AND DETENTION FACILITIES REPORT

Under *California Penal Code Section 919(b)*, county grand juries... “shall inquire into the condition and management of the public prisons within the county”. This report contains results of inspections of the jails, detention facilities, and coroner facilities, by the 2012-2013 Santa Barbara County Grand Jury (Jury). These facilities include the following categories:

Santa Barbara County Sheriff’s Office:

- Coroner’s Bureau
- Isla Vista Foot Patrol Station
- Lompoc Court Holding Facility, Cypress Avenue
- New Cuyama Station
- Santa Barbara Court Holding Facility, Figueroa Street
- Santa Barbara Main Jail
- Santa Maria Court Services Holding Facility, Cook Street
- Santa Maria Station
- Santa Ynez Valley Station

Santa Barbara County Probation Department:

- La Posada Juvenile Hall, Santa Barbara
- Los Prietos Boys Camp
- Susan J. Gionfriddo Juvenile Justice Center, Santa Maria

Municipal Police Departments:

- Lompoc Police Department
- Santa Barbara Police Department
- Santa Maria Police Department

METHODOLOGY

The Jury visited each of these facilities one or more times. Deputies and staff members who were on duty were interviewed.

OBSERVATIONS AND ANALYSIS

Coroner’s Bureau

In 1987 the Board of Supervisors identified an “emergency need” to build a Coroner’s Bureau. The facility was built by County inmate labor in 1988. Other than a new emergency generator, there has been no significant upgrade to the main building since that time. The four Coroner’s Bureau detectives have a caseload of 1,200-1,500 per year, the largest in the Sheriff’s Office, resulting in approximately 150 autopsies performed annually. Interviews with staff members revealed they work well together despite an environment with antiquated equipment and a poorly functioning ventilation system posing a risk for exposure to airborne pathogens. The Jury finds the Coroner’s Bureau understaffed and in need of an upgrade.

Isla Vista Foot Patrol Station

This station is a relatively new facility; it is well kept and strategically located in the community. It serves as a holding facility, with transportation to Santa Barbara County Jail as needed. There are 20 Sheriff's Office staff members assigned to the Station, including two deputies on bike patrol. California Highway Patrol Officers and University of California, Santa Barbara (UCSB) Campus Police collaborate there on a daily basis.

Friday and Saturday nights, the Isla Vista community can be responsible for as much as 50% of all Sheriff's case numbers reported in the County and 25% of all reported cases in a year. One of the busiest times for the Station is the weekend after midterms.

The Jury finds the Sheriff's Office and their staff to be professional and patient in doing a difficult job.

Lompoc Court Holding Facility, Cypress Street

This facility is usually staffed with two to four deputies. Five holding cells have a toilet and sink, and can hold up to five inmates in each cell. Three isolation cells are available for dangerous inmates. Inmates are separated by gender and classification. Juveniles are held by the Probation Department in a different area. All inmates are provided food and drinks if needed.

Inmates are transported in and out of this facility, sometimes twice per day, to await their court appearances. The existing bus port creates a potentially unsafe environment for employees and the general public. The Jury finds this is unacceptable.

New Cuyama Station

This station, which serves the largest geographic area in the County, is staffed with two deputies who are on call 24 hours a day, seven days a week. One officer is a resident deputy. Although few arrests are made each month, the deputies respond to the same issues that the other Sheriff's Office Deputies respond to throughout the County.

There is one holding cell with a toilet.

The Jury learned that the Sheriff's Office is working with the County Fire Department to enhance their local communication system.

The Jury finds this facility to be very clean and well managed.

Santa Barbara Court Holding Facility, Figueroa Street

This facility has eight holding cells. During the day, while awaiting their court appearances, inmates are separated by gender and classification. The cells are monitored by camera and equipped with a toilet and sink. In addition, there are four isolation cells for dangerous inmates. Food and drinks are provided if needed.

In 2012, 45 percent of the time, the facility exceeded its capacity of 60 inmates for which it was designed.

Some inmates are escorted by deputies to cross the street from the holding facility to the courtrooms in full view of the general public. The Jury finds that this facility is inadequate and the location presents a potential public safety hazard.

Santa Barbara Main Jail (County Jail)

The Jury visited the Main Jail on several occasions and found it severely overcrowded and understaffed. Sections of the facility, built in 1961, are outmoded.

Prior to the enactment of AB109¹ in October 2011, the average length of incarceration was 20 days. Now the jail will retain inmates with sentences in excess of one year. The staff is faced with the need to provide services for these longer term inmates. These additional challenges relate to providing adequate living space, extensive medical services, expanded exercise yards, educational programs and dietary requirements.

The Jury learned that the “Sheriff’s Treatment Program²” is designed to provide support services to inmates prior to being released. These services include individual and group counseling, addiction control and educational opportunities.

After several interviews with staff, the Jury learned the Main Jail is inadequate to currently handle the challenges of AB109 inmates.

Santa Maria Court Services Holding Facility, Cook Street

This facility is located in the basement of the Santa Maria Court Building. It has 17 cells and is capable of holding 110 inmates while they wait for their court appearances during the day. Deputies isolate inmates who are considered dangerous to themselves or others. Since this is a holding facility only, meals are brought in as necessary and medical care is provided by a local hospital.

The Jury finds that the lack of cameras on the cell level makes this facility unsafe.

Santa Maria Station

Prior to 2012, this facility was used as an additional jail facility, supplementing the Main Jail. Due to staffing constraints, it is currently used as a holding facility. At this time, it is open nightly from 7 p.m. to 7 a.m. Arrestees are booked there and transported to the Main Jail, Santa Maria Court, or released each morning.

The facility contains eight cells, capable of holding up to 36 arrestees. Each cell has a toilet and sink. The Jury finds this facility clean and efficiently managed.

The Jury recommends that the Sheriff extend the hours of this jail facility to remain open 24 hours a day, seven days a week.

¹ Public Safety Realignment Act (AB109) transfers responsibility for supervising certain kinds of felony offenders and state prison parolees from state prison and state parole agents to county jails and probation officers

² As described in the 2011 Annual Report by the Sheriff’s Office of Santa Barbara County

Santa Ynez Valley Station

This station has one holding cell and is used until the person in custody can be transported to the Main Jail. When in use, the cell can be continuously observed through a window. Juveniles are held in a separate room with supervision. The Jury finds this station clean and well managed.

La Posada Juvenile Hall, Santa Barbara³

Currently this facility is used as a receiving and booking station as well as a courtroom. There are seven staff members and a director. Following booking, all detainees are transported for detention to the Susan J. Gionfriddo Juvenile Justice Center in Santa Maria and returned to La Posada for court appearances.

The Jury finds the staff to be professional and experienced with sensitivity to the age of the youth.

Los Prietos Boys Camp³

During the Jury's visit in September 2012, 78 boys were at the camp which has a capacity of 96. The Jury found the camp to be in an attractive setting in the Los Padres National Forest. The 30 dedicated staff members care about the welfare of the boys. They work three shifts covering 24 hours a day, seven days a week. The boys are separated by age into two groups. The average length of stay is 5½ months and some may be referred back to repeat the program. Their educational needs are met by the Santa Barbara County Education Office which employs three teachers at the camp.

The Jury had lunch with the boys and found the food adequate. The Jury commends the work furlough program and the fact the boys wrote and self-published a book of poetry. The camp was clean, well organized and maintained.

Susan J. Gionfriddo Juvenile Justice Center, Santa Maria³

This is a 24-hour maximum security facility for youthful offenders, both male and female, ranging from 12 to 18 years of age. The facility has six units with a total capacity of 140. At the time of the Jury's visit, there were 94 minors in custody with an average age of 16 years, with an average stay of 30 days. Medical services are available seven days per week. Mental health services are provided as needed. The facility has an extensive surveillance system that is controlled centrally by a deputy who also controls the movement at each doorway.

The Jury inspected some units, had lunch with the inmates and visited a classroom with teachers provided by the Santa Barbara County Education Office. The Jury finds this facility clean and efficient.

Lompoc Police Department

This facility operates 24 hours a day, seven days a week with a capacity of 23 and an average of seven detainees at a time. The maximum stay is 96 hours with an average stay of 48 hours. Three meals are provided per day. Males, females and juveniles are held separately.

³In 2012, the Santa Barbara County Juvenile Probation Department processed 526 juveniles, 70% from the North County and 30% from the South County.

Staff advised the Jury that there have not been any major incidents in custody in over a decade.

The facility is old, but the Department appears to have adopted security features that have contributed to the safety record of the jail. The Jury finds the facility clean and adequately staffed.

Santa Barbara Police Department

The Santa Barbara Police headquarters building has two holding cells, monitored by camera. Arrestees are booked in this facility and then transported to the Main Jail. These cells are also used to allow those arrested on public drunkenness charges to sober up prior to being released.

Santa Maria Police Department

The Santa Maria Police headquarters building has one small (approximately 4' by 4') cell with no toilet, sink or space to lie down. After booking, arrestees are transported either to the Main Jail, or if booked after 7 p.m., to the Santa Maria Sheriff's Station.

CONCLUSION

The 2012-2013 Santa Barbara Grand Jury wishes to express its appreciation to the law enforcement officers and support personnel for their service within Santa Barbara County. The Jury finds that Santa Barbara county law enforcement and detention facilities are staffed with professional and dedicated personnel.

FINDINGS AND RECOMMENDATIONS

Lompoc Court Holding Facility, Cypress Avenue

Finding 1

That the existing bus port creates a potential safety hazard for court officials and employees, as well as the public, because in the process of loading and unloading, the detainees can visually observe the vehicles in the parking lot.

Recommendation 1

That the existing bus port be modified so that detainees cannot visually observe the parking lot.

Santa Barbara Court Holding Facility, Figueroa Street

Finding 2a

That the holding cells in the basement of the Santa Barbara Court Holding Facility, Figueroa Street, do not have enough cells to house the detainees whose cases are before the courts that day.

Finding 2b

That the detainees are handcuffed to railings in the corridors due to the lack of holding cell space.

Finding 2c

That this overcrowding creates a dangerous environment for both deputies and detainees.

Finding 2d

That shackled detainees have to be escorted across Figueroa Street to courtrooms by deputies in full view of the passing public. Such a procession is a potential security and safety hazard.

Recommendation 2

That the Santa Barbara County Board of Supervisors and the Sheriff support all efforts to address these potential hazardous situations.

Santa Maria Court Services Holding Facility, Cook Street**Finding 3**

That the holding cell level lacks cameras.

Recommendation 3

That the Sheriff fund and install cameras to be placed on the cell level, for the safety of all detainees and deputies.

Santa Maria Station**Finding 4**

That the facility is currently open only from 7 p.m. until 7 a.m. daily.

Recommendation 4a

That the Sheriff fund this location to be open and operating 24 hours a day, seven days a week.

Recommendation 4b

That the Sheriff hire and staff this location to allow it to stay open and be operating 24 hours a day, seven days a week.

REQUEST FOR RESPONSE

In accordance with *California Penal Code Section 933.05*, each agency and government body affected by or named in this report is requested to respond in writing to the findings and recommendations in a timely manner. The following are the affected agencies for this report, with the mandated response period for each:

Santa Barbara County Board of Supervisors - 90 Days

Findings: 2a, 2b, 2c, 2d

Recommendation: 2

Santa Barbara County Sheriff - 60 Days

Findings: 1, 2a, 2b, 2c, 2d, 3, 4

Recommendations: 1, 2, 3, 4a, 4b



SUSAN J. GIONFRIDDO JUVENILE JUSTICE CENTER

The following constitutes an Activity Report issued by the 2012-2013 Santa Barbara County Grand Jury (Jury) regarding a visit to the Susan J. Gionfriddo Juvenile Justice Center.

The Susan J. Gionfriddo Juvenile Justice Center (Center) is a maximum security facility located in Santa Maria. In October 2012, the Jury made a scheduled visit to the Center as part of its charge under *California Penal Code, Section 919(b)*, to “inquire into the condition and management of public prisons within the county”.

The Probation Department of Santa Barbara County operates the Center for youthful offenders, both male and female, between the ages of 12 and 18. Several expansions to the Center raised its capacity to 140. These youthful offenders are considered wards of the court and detained at the Center for varying periods of time. Youthful offenders are referred to as “wards” in this Activity Report.

OBSERVATIONS

Following an orientation from the staff, jurors were given a tour of the Center, which has six living sections. In the newer section, there are four identical units, each with 20 cells: 10 single person and 10 two-person cells. In the older section, two units are used for programs, but may be used for housing wards when needed. At the time of the Jury’s visit there were 94 wards in custody, with an average age of 16 years.

In each unit in the newer section the cells surround an open space, which contains a dining area, entrances to two classrooms and an indoor recreation area that leads to an outdoor recreation area. In the middle of the open space, the staff uses a raised platform to monitor activities in the unit.

The Center has an extensive video surveillance system capable of retaining all recordings. The system is monitored by a deputy at all times.

The Jury inspected one of the four units and had lunch with the wards. The jurors explained their reason for the visit and asked questions about the wards' experiences at the Center. Their responses ranged from how they felt about the Center to their plans upon release. Some wards talked about how they were trying to make up credits toward their high school graduation while at the Center. Almost all stated that they wanted to return home. Some, however, were concerned about the influence of their home environments and their friends on their future behavior. Many wards seemed to have a lack of awareness of what choices are available to them upon their release. Staff expressed concern about these issues as well.

PROGRAMS

The Jury visited one of several classrooms at the Center. The classroom atmosphere was relaxed and the students were engaged in their lessons. Reading is encouraged and a substantial number of books are available. Computers are available to access educational programs that do not require the internet. The staff encourages the wards to complete their high school credits and to enroll in Allan Hancock College or other college programs while at the Center.

A visitation program called "Baby Elmo" has been developed by the Center's staff for those wards who have children. A nicely decorated area has been set aside for the ward and his or her child or children to interact. The program is designed to encourage bonding between the parent and child during the custody period. The staff talked about this program with great pride and stated they felt it has a positive effect on the participants.

The Center has a medical team under contract with Corizon Correctional Healthcare to provide a physician, registered nurses, a licensed vocational nurse and a medical assistant. Wards needing mental health services are referred to Santa Barbara County's Alcohol, Drug and Mental Health Services Department. The Center's medical record system tracks inoculations, along with individual medical history, until the ward turns 18. Video presentations covering drugs and other health issues are available for wards that are deemed to need the information.

The staff is concerned that mental health issues are not being addressed adequately before some wards leave the Center. Often, both physical and emotional traumas have contributed to the conduct resulting in a ward's detention. When necessary, wards who may be dangerous to themselves or others, can be isolated from the Center's population. Due to the age of the wards, they can only be isolated for a short period of time. If a longer isolation time is needed and safety issues cannot be resolved, the ward is transferred to a facility better equipped to deal with

those needs.

CONCLUSION

The Susan J. Gionfriddo Juvenile Justice Center, Santa Maria Juvenile Hall, is a modern, well-designed and maintained facility, with professional staff that is trained to be sensitive to the age of their wards. The 2012-2013 Santa Barbara County Jury commends the staff and administration for their outstanding efforts.

Under *California Penal Code Section 933.05* this report does not require a response.



TRUANCY PREVENTION—A CLASS ACT Off to a Good Start

In 2011, the Santa Barbara County Grand Jury (Jury) issued a report asking, “Where is the Truancy Program in Santa Barbara County”? From 2008, when a successful truancy prevention program was cancelled as the funding expired, the truancy rate in the County increased by 47%. The Jury recommended the Santa Barbara County Office of Education (SBCOE), in partnership with the District Attorney’s office and all school districts, immediately reinstate a countywide program to reduce truancy and include funding for such a program. The overall response to the recommendation was categorized as “unreasonable”. The responses explained that school budgets had been cut to the bone and no additional money was available. The District Attorney requested the Board of Supervisors (BOS) fund one full-time position dedicated to truancy enforcement. The request was denied.

However, the BOS organized an ad hoc committee made up of two supervisors and representatives from the District Attorney’s office, the SBCOE, Probation, the Sheriff’s Department and several school districts to develop a program to reduce truancy countywide. This committee worked diligently throughout the year and finalized a flexible program that could be implemented in each district using in-place systems and personnel. The District Attorney committed to funding for one attorney and a half-time legal assistant to support the program. A Memorandum of Understanding was developed and signed by all school districts as well as the offices above and Alcohol, Drug and Mental Health Services, the Public Health Department, the Department of Social Services and the Council on Alcoholism and Drug Abuse. The 2011-2012 Jury monitored these meetings throughout the year and was gratified when the Board of Supervisors, in June, 2012, approved funding for the requested positions to oversee the implementation of the new program.

The new truancy program became known as Community Leadership in Achieving Student Success (CLASS). Appendix A outlines the five main components of CLASS which conforms to the California Education Code requirements.¹ Everyone involved with CLASS is enthusiastic about its focus: to identify and help address the problems of the children who do not come to school. This is the heart of CLASS.

The 2012-2013 Jury has continued to monitor the implementation of the CLASS program in its start-up year. It conferred with the new program personnel in the District Attorney’s office, with district representatives, and with school attendance personnel. Although the Jury found it has taken the better part of the year to put all the components in place, the District Attorney’s office reports that all five School Attendance Review Boards (SARB) are operational and meeting as needed. However, the Santa Ynez Valley SARB has yet to receive a referral. During interviews with the Jury, all school personnel stated the program appears to be working as designed.

Some schools are experiencing difficulties, but these are unique to specific schools and not a systemic problem. Individual administrators are well aware of these problems and are actively finding ways to address them. The only negative common factor identified by the Jury is the

¹ Education Codes §§ 48260-48273.

time-consuming paperwork which is required by law if the District Attorney is to prosecute any chronic truants and/or their parents.²

To address the recordkeeping challenge, the Lompoc Unified School District entered into a two-year contract with School Innovations and Achievement (SIA) to implement a letter-generating program called Attention to Attendance (A2A). After the letters are reviewed by the schools, SIA sends them to the families of truant children as required by law. SIA maintains the data base and is in close communication with the schools. This leaves the attendance personnel free to work directly with students and their families. After one year, using the A2A, the program has contributed to 9,957 increased learning days over the previous year, or the equivalent of 55 more students in class every day. Because state funding for Lompoc is based on attendance, the original \$45,000 investment resulted in a funding increase to this District from the State of California of \$242,374.

Countywide truancy figures for the 2012-2013 school year are not yet complete. With nine of 21 districts in the County reporting, an estimated 665 letters were sent informing parents of their child's three days of truancy, only 167 students and their parents have been referred to SARBs. Of these, 25 were referred to Probation for review and 14 parents were cited for truancy law infractions.

The Board of Supervisors, the District Attorney's Office, the school districts and the various support agencies are to be commended for their dedication in developing and implementing the CLASS program and for their ongoing efforts to support the educational success of all students.

This is a status report and no response is required.

² Ibid.

Appendix A
Santa Barbara County
CLASS Program

Community Leadership in Achieving Student Success

	Description of Intervention	Number of Unexcused Absences
Beginning of the School Year	<u>District Attorney Informational Letter</u> A letter sent to welcome all families into the new school year, reminding them of the importance of education and informing them that school attendance is required by law.	0
Step 1	<u>Notification Letter #1</u> A letter informing parents of their child's unexcused absences and the relevant laws regarding school attendance.	3 days Or 18 periods (*12 periods block schedule)
Step 2	<u>After School Meeting (ASM)</u> A group meeting focusing on parent and student accountability, social and legal consequences of truancy, and information regarding county and community resources.	6 days Or 36 periods (*24 periods block schedule)
Step 3	<u>Administrator Meeting (AM)</u> A meeting with an administrator focusing on addressing individual attendance needs, and where a contract may be signed.	9 days Or 54 periods (*36 periods block schedule)
Step 4	<u>Truancy Mediation Team (TMT)</u> A meeting with a team comprising of representatives from the school, the District Attorney's Office, Law Enforcement, Probation, Mental Health, Public Health and various community organizations.	12 days Or 72 periods (*48 periods block schedule)
Step 5	<u>School Attendance Review Board (SARB)</u> A meeting with an independent panel of district, county and community participants with possible referral to Probation or the District Attorney.	14 days Or 84 periods (*56 periods block schedule)

Referral to Probation or the District Attorney



FINANCING LOW-INCOME HOUSING

SUMMARY

In its report, “A Failure of Oversight”¹, the 2011-2012 Santa Barbara County Grand Jury criticized the Lompoc Housing Community Development Corporation (LHCDC), the County of Santa Barbara and the City of Lompoc for failing to protect the citizens of Santa Barbara County against mismanagement of affordable housing facilities and financial loss.

The reputations of other low-income housing providers may have suffered by association. After reviewing several complaints, the 2012-2013 Santa Barbara County Grand Jury (Jury) finds no basis for the allegations. The Jury is impressed by the dedication and good work by many of these organizations.

These complaints appear to be based on the difficulty in understanding the complex structure of these organizations. This results from the cumbersome statutory environment that has evolved over 75 years of congressional experimentation with funding of low-income housing. This activity report attempts to bring some historical perspective and a better understanding of the financing of low-income housing.

BACKGROUND

In 1937, Congress enacted the Wagner-Steagall Act (Housing Act of 1937) to encourage the states to set up local housing agencies to develop public housing funded with Federal subsidies. In California, these housing authorities are extensions of the State, similar to special districts.

The Santa Barbara County Board of Supervisors (BOS) formed the Housing Authority of the County of Santa Barbara (HACSB) in 1941. There are two other Housing Authorities in the County: the Housing Authority of the City of Santa Barbara was formed in 1969 to address city-specific issues, and in 1970 the All Mission Indian Housing Authority was

¹See Santa Barbara County Grand Jury website (<http://www.sbcgj.org>), Final Reports, 2011-2012

formed to serve the Chumash Reservation. The HACSB oversees most low-income housing projects in the other areas of Santa Barbara County. Non-governmental providers include People's Self-Help Housing and Good Samaritan Services.

A seven-member Board of Commissioners, appointed by the BOS, manages the HACSB. Each supervisor appoints one commissioner, while the remaining two are selected from applications submitted by current tenants. Board independence is assured by its diverse composition. Board meetings are held monthly and are open to the public in accordance with the Brown Act (*Government Code, Section 54950*).

The process by which low-income housing development and management takes place is quite complicated. In the early 1970s, when the Federal government began to withdraw from the business of constructing subsidized housing, Congress created a series of laws to entice private enterprise to invest in the construction of low-income housing.

As an example, when a housing authority issues Requests for Proposals (RFP), respondents are often financial institutions interested in lending to or investing in the project to obtain Community Reinvestment Act (CRA) compliance. The CRA is intended to encourage banks to help meet the credit needs of the community in which they operate, including low- and moderate-income neighborhoods.

Regulations that govern tax credit financing require that a not-for-profit corporation be a general partner with the project developer. The not-for-profit corporation must manage the day-to-day operations of each project in order for it to qualify for tax credit financing. It is common for the not-for-profit to enter into an agreement with the Housing Authority for use of its staff to perform the work necessary to meet requirements for low-income housing tax credits.

The process of planning, building and occupying an individual project is subject to several hurdles, each of which requires a period of due diligence and critical review. The process has 34 major steps.

Another source of confusion is that many of the housing providers have a for-profit entity parallel to their not-for-profit partner. Although seldom used, this structure is based on the governing statutes and regulations and does not necessarily suggest any impropriety or misuse of funds.

The housing authority, the not-for-profit and the for-profit corporations are audited annually, and their audit reports are available to the public. The annual audit is necessary to validate compliance with Low-Income Housing Tax Credit requirements and HUD requirements. Additional audits are performed annually and independently for investors and lenders. Each will audit any project in which it is involved to validate compliance with IRS and California Tax Credit Allocation Committee guidelines. The reason for this is simple: non-compliance carries adverse financial consequences for investors and lenders.

CONCLUSION

After interviewing numerous low-income housing and service providers, reviewing hundreds of pages of documents as well as readily-available financial statements, the Jury finds that LHCDC was an outlier and that the dedicated employees of other low-income housing organizations in the county competently perform their functions, and do so largely outside the public limelight. The Santa Barbara County Grand Jury believes that public funding of these organizations is well invested and commends these organizations for the ongoing service they provide.