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Santa Cruz Civil Grand Jury

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Honoring Commitments to the Public

County Agency Actions in Response to 2018–2019 Grand Jury Recommendations

Summary

The 2021–2022 Santa Cruz County Civil Grand Jury reviewed local government responses to three of the four 2018–2019 Grand Jury reports to determine whether local government officials honored their commitments in compliance with California Penal Code 933.05. The Code instructs agencies to either respond to Grand Jury recommendations or to implement those recommendations in the future. The reports reviewed are: *Patron Privacy at Santa Cruz Public Libraries*, *Santa Cruz County Probation*, and *Santa Cruz County's Public Defense Contracts*.

Relative to these reports, the Grand Jury identified several major status updates:

- **Santa Cruz Public Library patrons can trust that their personal information is no longer at risk.**
- **Santa Cruz County Probation Officers are better equipped and safer in carrying out their important work.**
- **Santa Cruz County has replaced a long-standing and unwieldy contract with private sector attorneys with a dedicated Public Defender.**
- **Conflict Attorney contract and compensation issues remain.**

Each report section that follows covers the key findings and recommendations. Each section then describes the local agency commitments and actions taken to address those findings and recommendations. The value of the Grand Jury's reports is realized when government agencies apply the recommendations to improve transparency and efficiency for county residents. We continue to recommend that all organizations create and regularly update formal records of the actions they take to address Grand Jury recommendations, and to share those records with the public.

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Background

Each year the Santa Cruz County Civil Grand Jury (**Grand Jury**) investigates local government operations and issues reports with the goals of improving government efficiency and effectiveness, and promoting accountability and transparency. The Grand Jury reports make recommendations for improvements. When called for in the report, elected local government officials are required to respond to the Grand Jury’s findings and recommendations.

Each investigated organization receives a copy of the Grand Jury’s report and a response packet that includes the instructions shown in Appendix A. They send their responses to the presiding judge of the Superior Court with a copy to the Grand Jury. Elected persons must respond within 60 days and governing bodies are required to respond within 90 days.

Only governing bodies and “elected county officers or agency heads” are **required** to respond to Grand Jury reports by California Penal Code section 933(c).^[1] There is no requirement that any individual other than an **elected** official respond. However, the Grand Jury may **invite** a response from other “responsible officers” such as the chief administrative officer of a government function.

Readers interested in a more comprehensive look at the Grand Jury reports and responses are encouraged to read the original reports and responses. All may be found on the County’s Grand Jury web page in the Reports section.^[2]

Scope and Methodology

For this Honoring Commitments report, the Grand Jury reviewed responses to the following three 2018–2019 reports:

- ***Patron Privacy at Santa Cruz Public Libraries—Trust and Transparency in the Age of Data Analytics***
- ***Santa Cruz County Probation—Officers Inadequately Equipped and At Risk***
- ***Santa Cruz County’s Public Defense Contracts—How Complex Contracts Misled County Leaders***

The Grand Jury has followed up with the responding agencies for the above reports. This report summarizes the government responses to each report's recommendations, with special focus on the responses that fell under the categories “Has Not Been Implemented but Will Be Implemented in the Future” and “Requires Further Analysis.” Without follow-up, these are the most susceptible to falling by the wayside and dropping out of public view.

Investigations

1. Patron Privacy at Santa Cruz Public Libraries

Summary: Santa Cruz Public Libraries (**Libraries or SCPL**) had been utilizing data analytics tools to mine user data. Using these tools in libraries is a potential threat to patron privacy and trust. This report examined the Libraries’ use of third-party data analytics in relation to current California law pertaining to:

- Confidential patron data
- Industry best practices for patron privacy
- Current Libraries’ privacy policy and staff concerns regarding privacy, transparency, and patron consent
- The perceived usefulness of these analytical tools

The Grand Jury’s report concluded with nine findings and eight recommendations.^[3]

The Key Findings and Key Recommendations sections, below, provide context for the Response section. The Response section describes agency responses to the investigation report, including recent agency actions. In some cases, marked with an asterisk (*), information is edited for clarity or brevity. Findings and recommendations where the agencies declined to take action, or which do not seem to the Grand Jury to be critical to improving government functions at this time, are not included.

Key Findings

The use of Gale Analytics On Demand by Santa Cruz Public Libraries was inconsistent with the Libraries’ long-standing policy on Confidentiality of Library Records and was not clearly addressed in Library Policy.*	Findings 1, 2
Santa Cruz Public Libraries did not adequately inform its patrons about the Libraries’ use of Gale Analytics On Demand or obtain their consent for this use.	Finding 3
Santa Cruz Public Libraries used Gale Analytics On Demand without examining the contract for this service, thus raising potential liability issues related to data ownership, data breaches, and patron privacy.	Finding 5
The use of Gale Analytics On Demand by Santa Cruz Public Libraries is inconsistent with best practices in the library community regarding patron privacy.	Finding 7

Key Recommendations

Santa Cruz Public Libraries, in coordination with the Library Advisory Commission (Advisory Commission) and Library Joint Powers Authority (JPA) board, should revisit the Libraries' revised privacy policy (adopted June 6, 2019) to specifically address the use of data analytics and other tools utilizing patron information.	Recommendation 1
Libraries should implement a system for obtaining and managing patron consent for data analytics and other tools that use patron information.	Recommendation 2
Library management and staff, in coordination with the Advisory Commission and the JPA board, should stay abreast of changes to state law, especially as it concerns patron privacy and evolving technology, and update Library policies and practices in response to such changes.	Recommendation 3
Libraries should review the contracts for all third-party digital services used by the Library, including those provided by library consortia.	Recommendation 4

Responses^[4]

Santa Cruz Public Libraries JPA approved a new patron privacy policy at their June 6, 2019, meeting after a six-month consultation process that included staff groups and citizen members of the Advisory Commission, which meets the intent of the Jury's recommendation.	Addresses Recommendation 1
Library staff plan on participating in training prior to making decisions with broad implications on informing patrons and/or requiring their consent.*	Addresses Recommendation 2
Library staff drafted a new policy that was reviewed by several staff groups, the Advisory Commission, and approved by the JPA Board in June of 2019.	Addresses Recommendation 3 New policy ^[5]
Libraries developed a web page which now has the Libraries' policies and a list of third-party vendors and their privacy agreements with the Libraries.	Addresses Recommendation 3 New Policy ^[6]
Libraries implemented a data-breach procedure.	Addresses Recommendation 3
Library IT does privacy audits with all third-party vendors (including those provided by a library consortia) asking each a list of vendor security questions and publishing their privacy statements for the public to review.	Addresses Recommendation 4

2021 Update: Were Commitments Kept?

We commend Santa Cruz Public Libraries' response to the Grand Jury's recommendations. In addition to updating general privacy policies, the Santa Cruz Public Libraries put a moratorium on any additional use of Gale Analytics On Demand software in 2018. Libraries' leadership voted to end use of the product and delete all files in January 2019.^[7]

2. Santa Cruz County Probation—Officers Inadequately Equipped and At Risk

Summary: The role of the Probation Department (**Department**) in Santa Cruz County has changed significantly in recent years due to legislation and voter-approved propositions. As a result, prison inmates with a higher level of criminal sophistication are frequently released on probation. Many of them have prior felony criminal histories. These persons can require probation officer supervision at the community level.

This Grand Jury report identified concerns about the dangers and unnecessary risks Adult Division Deputy Probation Officers (**Probation Officers**) face in supervising some high-risk offenders. The report found that inadequate or faulty safety equipment, lack of training, limited law enforcement support, and lack of an armed unit all contributed to an unsafe working environment.^[8]

The Grand Jury concluded its report with five findings and made four recommendations that required responses.

The Key Findings and Key Recommendations sections, below, provide context for the Response section. The Response section describes agency responses to the investigation report. In some cases, marked with an asterisk (*), information is edited for clarity or brevity.

Key Findings

Probation Officers' lack of safety equipment impedes their ability to do their assigned field visits without jeopardizing their own safety.	Finding 1
The Department collects and stores, but does not track, serious incident reports involving Probation Officers with offenders.	Finding 2
The Department meets the minimum state requirements for annual Probation Officers training, but does not provide sufficient safety training for Probation Officers in the field.	Finding 3

Law enforcement is not always available to accompany Probation Officers in high-risk situations, resulting in fewer contact visits by Probation Officers.	Finding 4
The failure of the Department to include an armed unit supporting Probation Officers increases safety risks to Probation Officers in the field.	Finding 5

Key Recommendations

The Department should provide Probation Officers with standardized safety gear (individually fitted vests, functioning radios, tasers, OC spray, identifiable clothing, and Narcan) for their field visits.	Recommendation 1
The Department should provide all Probation Officers with mandatory initial and ongoing field safety training in collaboration with the Department’s Safety Committee.	Recommendation 2
The Department should coordinate with local law enforcement to develop policies and procedures for law enforcement officers to accompany Probation Officers during field visits.	Recommendation 3
The Department should commission a needs assessment by an independent consultant to ascertain the potential harm to unarmed officers doing field work with high-risk offenders, with a focus on developing an armed unit.	Recommendation 4

Responses^[9]

The Sheriff and the Chief Probation Officer did not agree that sworn staff were inadequately equipped. They added that tasers would be implemented in 2019 and that in FY 19/20, the department will be ordering individually fitted vests over time as fiscally allowable. Narcan is available for checkout as of July 2019.	Addresses Finding 1
The Chief Probation Officer responded that the Incident Report form has been enhanced to include more detailed areas for follow-up and debriefing when needed (with a Strength, Weakness, Opportunity, and Threats analysis model noted for consistency in response).	Addresses Finding 2
In August 2018, the Probation Department implemented a Pilot Field Training Program. This is facilitated by Probation Officer II/III staff who are trained as Field Training Officers.*	Addresses Finding 3

<p>The Sheriff and the Chief Probation Officer stated that law enforcement officers are always available to assist probation officers with high-risk work, but conceded that there may be significant wait times based on other public safety priorities.</p>	<p>Addresses Finding 4</p>
<p>The Chief Probation Officer stated that the Department was not aware of any research supporting the arming of probation officers.*</p>	<p>Addresses Recommendation 4 Additional information^[10]</p>

2021 Update: Were Commitments Kept?

The Sheriff and the Chief Probation Officer agreed to assign a full-time deputy to the Probation Department to assist probation officers with higher-risk assignments. These assignments include searches, arrests, transportation, and other work prioritized by the Probation Department. The County Board of Supervisors approved funding for one additional deputy for this purpose for the 2019–2020 fiscal year budget. The Sheriff and the Chief Probation Officer will work together toward implementation. The assigned deputy was scheduled to start with the Probation Department in September 2019. As of November 15, 2021, the County reports that the Probation Department has a full-time deputy assigned to the department to assist with higher-risk assignments.^[11]

3. Santa Cruz County’s Public Defense Contracts—How Complex Contracts Misled County Leaders

Summary: Santa Cruz County (**County**) has contracts with criminal defense attorneys who in turn represent accused criminal defendants who cannot afford to pay for their own defense. These contracts are called the County’s **public defense contracts**.

This report investigated two closely related topics concerning the administration and fiscal management of the public defense contracts:

- Gaps in management and accountability of public defense contracts for services provided by private sector defense attorneys which have led to excessive costs.
- How County practices and processes for contract creation, tracking, and reporting obscured the scope and cost of complex contracts, such as the public defense contracts.

For almost fifty years the County’s main public defense contract was with the law firm of Biggam, Christensen and Minsloff (**Biggam**). In addition to the contract with Biggam, the County has contracts with two other private law firms that specialize in criminal defense. These additional contracts are needed to avoid conflicts in having Biggam represent multiple defendants charged in the same case (**Conflict Attorneys**).^[12]

The *Santa Cruz County’s Public Defense Contracts* report focused on the cost of the County’s public defense contracts, which had risen more than the rate of inflation over the prior 20 years. The Grand Jury considered whether caseloads, number of felony jury trials, or minimum staffing requirements explained the increase.

The Grand Jury also investigated whether the public defense contracts followed the County’s contract rules and processes and whether the County administered the public defense contracts in accordance with the County’s standard contract practices.

The Grand Jury found that the County’s management of the public defense contracts did not provide adequate oversight of the services and costs. The Grand Jury also found that the Board of Supervisors approved increases to contract payments and provision of complimentary office space without a clear understanding of the true cost of the services, or why the costs were increasing.^[13]

The Key Findings and Key Recommendations sections provide context for the Response section. The Response section describes agency responses to the investigation report. For items marked with an asterisk (*), information has been edited for clarity or brevity. Findings and Recommendations where the agencies declined to take action, or which do not seem to the Grand Jury to be critical to improving government functions at this time, are not included. The investigation produced 12 Findings and 27 Recommendations.

Key Findings

<p>The County Administrative Office (CAO) was responsible for management of the public defense contracts but did not have the resources or expertise to manage them.*</p>	<p>Finding 1</p>
<p>Each of the three contracts had different provisions for compensation and reimbursable expenses, making the total cost of public defense services difficult to track.*</p>	<p>Finding 3</p>
<p>The County’s portrayal of its public defense services is not transparent.</p>	<p>Finding 4</p>
<p>In addition to County payments under the contracts, the County paid separately for some of the public defense contractors’ employer costs (liability and employee health insurance, for example). Because of the manner in which these payments were authorized (outside of the contract), the County’s accounting system did not track these separate payments as part of the contract payments, causing the County to understate the total cost of the County’s public defense contractors in line-item budgets and in reports to the Board of Supervisors.*</p>	<p>Finding 5</p>
<p>The County provided the public defense contractors with free office space in Watsonville without a written agreement for use of the space or limitation that the space be used <i>only</i> for services to County clients. Because there is no written agreement, the County Auditor, responsible for reporting compensation to relevant taxing authorities, may not be correctly reporting the value of complimentary office space to these contractors.*</p>	<p>Findings 6, 7</p>
<p>The County’s policies and contract forms are not coordinated, are difficult to use, and in some cases are poorly written.*</p>	<p>Finding 8</p>

Key Recommendations

<p>The Board of Supervisors should only approve additional or increased compensation to a public defense contractor after receiving evidence called for in the contract or County’s contract policies that justify the increased compensation.*</p>	<p>Recommendation 2</p>
<p>The CAO should enter into a license or lease agreement for the attorneys’ use of County office space and the County’s Auditor should ensure that the office space provided to the contractors is properly reported to the Internal Revenue Service.*</p>	<p>Recommendations 3, 9, 10</p>

In the interest of transparency, the County and its public defense contractors should not use the term “public defender” when referring to these services or attorneys providing these services.*	Recommendation 4
The County should not pay the defense contractors’ employer costs if not required under the applicable contract.*	Recommendation 6
The County’s Auditor should work with County staff to ensure all contract costs are properly tracked and accounted for so the Board of Supervisors understands the total cost of public defense services.*	Recommendation 8
The Board of Supervisors should within the next 90 days instruct the County Administrative Officer to work with the Auditor-Controller, the Purchasing Agent, and County Counsel to propose a timeline for revising the County’s policies and procedures generally, including the implementation of the recommendations in this report concerning contract rules that Board of Supervisors decides to implement.	Recommendation 11
The County’s contract policies and contract forms should be integrated so they provide consistent and clear direction to County staff managing contracts with centralized oversight.*	Recommendations 17, 18
The County’s contract rules should identify, or have a procedure for identifying, an individual who, with respect to each contract, will be responsible for ensuring that the County’s contract rules are followed.	Recommendation 20

Responses

The County CAO took issue with most of the Grand Jury’s findings and recommendations.^[14] The County maintained that:

The CAO had the resources to adequately manage the public defense contracts.* ^[15]	Addresses Finding 1
The CAO will analyze and, if necessary, address the issue of the contractors’ use of free County office space.* ^[16]	Addresses Recommendation 9
The CAO regularly recommends that the Board approve revisions to the County’s contract policies every six months and the accepted recommendations would be handled under this process.* ^[17]	Addresses Recommendation 11
Each County department is responsible for meeting the requirements of the County’s contract policies and the County will continue with decentralized oversight of the contracting policies.* ^[18]	Addresses Recommendation 20

Notable Missing Invited Responses

County Counsel. The County Counsel's Office plays an important role in controlling risks arising from all aspects of contract formation and administration. The County Counsel elected not to respond to recommendations R11, 17, and 18 directed to the County Counsel and referenced above. Filing a response might help the Grand Jury and the public better understand the issues brought to light.

2021 Update: Were Commitments Kept?

Public Defender's Office Created!

Perhaps the most telling and positive outcome from this Grand Jury report is the County's recent decision to create and appoint a Public Defender to provide these vital publicly funded services. This change eliminates the need for the Biggam contract. The County created the Public Defender job classification and the County Board of Supervisors will establish the Office of the Public Defender's annual operating budget.

Heather Rogers has taken on the Public Defender position as of September 2021.^[19] Case management is scheduled to begin in 2022. Ms. Rogers reports directly to the County Board of Supervisors. This appointment will allow the Board to better track the Public Defender's costs and ensure this constitutionally required public service is carried out in a manner appropriate for the clients. The Office of the Public Defender will serve in accordance with these requirements and with the public's interest in cost-effective, publicly funded services.

Also of importance, Public Defender offices can serve an important community role in highlighting issues with police misconduct in a way that private attorneys under contract to the County cannot. Since the Grand Jury's report in 2018–2019, issues around police conduct have risen to the front page of national and local newspapers, indicating an area of concern for many in our community.

Creating this office is a significant step for Santa Cruz County in bringing another voice and perspective to the public discourse around explicit and implicit bias in police activities. All of the Public Defender's clients will be low-income citizens, and likely not in a position to challenge a discriminatory pattern or policy that impacts them. Establishing this Office will give the Public Defender a perspective and position to address such issues that a private contract attorney will not have. The Grand Jury commends the County for taking this important step.

Little improvement in Conflict Attorney contracts and reimbursement procedures

The Conflict Attorney contracts must remain in place even with the new Public Defender's office. If the CAO continues managing these contracts, the problems the Grand Jury identified in 2018–2019 may persist. The CAO's ability to manage the Conflict Attorney contracts is questionable given the County's failure to honor its commitment in the CAO's response to this report. For example,

- The CAO has not yet addressed the Conflict Attorneys' free use of office space in Watsonville.^[20]
- A written agreement for the Conflict Attorneys' use of County property is still outstanding. Such an agreement would also support the Auditor's commitment to correctly report this use of space in total compensation paid to these private attorneys.
- Also outstanding is whether the Conflict Attorneys are being reimbursed for expenses outside their agreements.

While it is important to have a presence in South County, clear contracts are required to ensure wise use of public funds.

Improvements made to contract practices

The County's Policy and Procedures Manual, which governs County staff's solicitation and contracting, has been updated. It now includes a clear statement on how staff may request changes to the manual, and when/how the Board will consider approval of recommended changes.^[21] The contracting policies have been amended several times since the Grand Jury's report. The contracting provisions appear to offer sufficient guidance.^[22]

2021–2022 Honoring Commitments in Review

Findings

- F1.** Government agencies made all **required** responses to the 2018–2019 reports within the requested time frame.
- F2.** The Santa Cruz Public Library system has honored the commitments it made to the Grand Jury's 2018–2019 report, *Patron Privacy at Santa Cruz Public Libraries*.
- F3.** Santa Cruz County honored the commitments it made to the Grand Jury's 2018–2019 report, *Santa Cruz County Probation—Officers Inadequately Equipped and At Risk*.
- F4.** Santa Cruz County honored the commitments it made to the Grand Jury's 2018–2019 report, *Santa Cruz County's Public Defense Contracts—How Complex Contracts Miled County Leaders*, that related to revisions to the County's contract policies.

- F5.** Santa Cruz County considered the Conflict Attorneys' use of the County's Watsonville office space, as committed in its response to the Grand Jury's 2018–2019 report *Santa Cruz County's Public Defense Contracts—How Complex Contracts Misled County Leaders*, but has deferred action to the next round of contract renewal.
- F6.** The County's failure to address the Conflict Attorneys' use of free office space means the value of this benefit may not be apparent to the Auditor and reported to appropriate tax officials, and there is no binding obligation on how the Conflict Attorneys may use this space.
- F7.** Several invited responses to the 2018–2019 reports were not made, most notably from the Santa Cruz County Counsel's Office with regards to the report on the County's Public Defense Contracts.

Recommendations

- R1.** The CAO should enter into a written agreement with private attorneys using County office space outlining the basic understanding of the attorneys' use of this space. (F5, F6)

Required Response

<i>Respondent</i>	<i>Findings</i>	<i>Recommendations</i>	<i>Respond Within/ Respond By</i>
Santa Cruz County Board of Supervisors	F5, F6	R1	90 Days August 15, 2022

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Appendix A—Santa Cruz County Grand Jury Response Packet Instructions for 2018–2019^[23]

Instructions for Individual Respondents:

Instructions for Respondents

California law PC §933.05 (included [below](#)) requires the respondent to a Grand Jury report to comment on each finding and recommendation within a report. Explanations for disagreements and timeframes for further implementation or analysis must be provided. Please follow the format below when preparing the responses.

Response Format

1. For the Findings included in this Response Packet, select one of the following responses and provide the required additional information:
 - a. **AGREE** with the Finding, or
 - b. **PARTIALLY DISAGREE** with the Finding and specify the portion of the Finding that is disputed and include an explanation of the reasons therefore, or
 - c. **DISAGREE** with the Finding and provide an explanation of the reasons therefore.
2. For the Recommendations included in this Response Packet, select one of the following actions and provide the required additional information:
 - a. **HAS BEEN IMPLEMENTED**, with a summary regarding the implemented action, or
 - b. **HAS NOT YET BEEN IMPLEMENTED BUT WILL BE IMPLEMENTED IN THE FUTURE**, with a timeframe or expected date for implementation, or
 - c. **REQUIRES FURTHER ANALYSIS**, with an explanation and the scope and parameters of an analysis or study, and a timeframe for that analysis or study; this timeframe shall not exceed six months from the date of publication of the Grand Jury report, or
 - d. **WILL NOT BE IMPLEMENTED** because it is not warranted or is not reasonable, with an explanation therefore.

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

Instructions for Board or Commission Respondents:

Instructions for Respondents

California law PC §933.05 (included [below](#)) requires the respondent to a Grand Jury report to comment on each finding and recommendation within a report. Explanations for disagreements and timeframes for further implementation or analysis must be provided. Please follow the format below when preparing the responses.

Response Format

1. For the Findings included in this Response Packet, select one of the following responses and provide the required additional information:
 - a. **AGREE** with the Finding, or
 - b. **PARTIALLY DISAGREE** with the Finding and specify the portion of the Finding that is disputed and include an explanation of the reasons therefore, or
 - c. **DISAGREE** with the Finding and provide an explanation of the reasons therefore.

2. For the Recommendations included in this Response Packet, select one of the following actions and provide the required additional information:
 - a. **HAS BEEN IMPLEMENTED**, with a summary regarding the implemented action, or
 - b. **HAS NOT YET BEEN IMPLEMENTED BUT WILL BE IMPLEMENTED IN THE FUTURE**, with a timeframe or expected date for implementation, or
 - c. **REQUIRES FURTHER ANALYSIS**, with an explanation and the scope and parameters of an analysis or study, and a timeframe for that analysis or study; this timeframe shall not exceed six months from the date of publication of the Grand Jury report, or
 - d. **WILL NOT BE IMPLEMENTED** because it is not warranted or is not reasonable, with an explanation therefore.

Validation

Date of governing body's response approval: _____

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Santa Cruz Civil Grand Jury

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Our Water Account Is Overdrawn Beyond Conservation: Achieving Drought Resilience

Summary

Santa Cruz County faces a water crisis. Periodic and sustained drought has become a fact of life. If we don't achieve drought resilience—and make meaningful progress toward achieving it soon—the results may prove to be catastrophic. This report examines our current water situation and proposes achievable steps that can be taken toward drought resilience by our County water districts, city water departments, and groundwater basin agencies. With these steps, residents, businesses, and farms can thrive and avoid economic hardship during times of drought.

We will highlight the important work that is currently planned or completed. This work demonstrates that our water agencies have the means to create a water capture, storage, and transfer system that will go far toward solving our current crisis. Solid, innovative drought plans for drought resilience exist, but are nearly invisible to the public. This consistent lack of transparency has made water a very charged topic, especially with regard to population growth. Residents need to know the facts when deciding issues.

The County has the means to achieve drought resilience. What's been missing is urgency and tightly integrated, cross-agency collaboration to accelerate this work. Although considerable interagency collaboration has been demonstrated, it has not resulted in the leadership needed to turn plans into action. The time to act is now.

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Background

“When the well’s dry, we know the worth of water.” —Benjamin Franklin

Water is the lifeblood of our community; it is essential for residents, businesses, and agriculture. Santa Cruz County relies on several large water suppliers, many smaller water suppliers, and thousands of private wells in rural areas. Agriculture uses about half our water, mostly in South County. For a quick snapshot, see Appendix A.

Santa Cruz County is one of a few counties in California that does not receive any water from outside the County. All of Santa Cruz’s water is locally sourced from rainfall.

Some of our County supply comes from surface water in rivers and creeks; much more comes from groundwater pumped from aquifers. These groundwater basins are replenished by rainwater. Figure 1 shows the primary water supply resources in the County.



Figure 1. **Major Santa Cruz County Water Sources**
 (Source: Santa Cruz County Grand Jury)

Ensuring a consistent water supply for all residents during multi-year droughts is an ongoing challenge. During the years 2012–2015, California suffered the worst drought in almost 450 years.^[1] Santa Cruz County combated the drought through various actions, including implementing a first-time, state-mandated 25% reduction of urban water use.^[2] Since that time, only a small amount of dry season storage has been added.

Climate Change Is Accelerating Water Supply Risks

Santa Cruz County has a Mediterranean climate, with cool, rainy winters and warm, dry summers. Water usage is much higher in the summer, driven mostly by landscaping and agricultural needs. Santa Cruz County has two main rivers—the San Lorenzo River and the Pajaro River—and numerous creeks. River flow varies highly from year to year. Over the last 100 years, the maximum flow in the San Lorenzo River of 91 billion gallons of

water occurred in 1983, and the least flow of three billion gallons occurred in 1977. The average flow is about 30 billion gallons per year.^[3]

The City of Santa Cruz and its neighbors within the City's water service area use less than three billion gallons of water a year (see Table 1 in Appendix A), which is no more than a tenth of the San Lorenzo River's average annual flow. Water storage for the City of Santa Cruz and some neighboring communities is provided by Loch Lomond Reservoir, which can hold about a year's worth of water usage by the City and its neighbors.^[4] Water is diverted from the San Lorenzo River to Loch Lomond Reservoir during the rainy season and this stored water supplements the dry season river flow during the summer months. The water not diverted to Loch Lomond Reservoir or sent to the water treatment plant flows unused to Monterey Bay because we have nowhere to store it. Maintaining high levels at Loch Lomond Reservoir, shown in Figure 2, as a reserve is a critical part of the City's water supply planning.

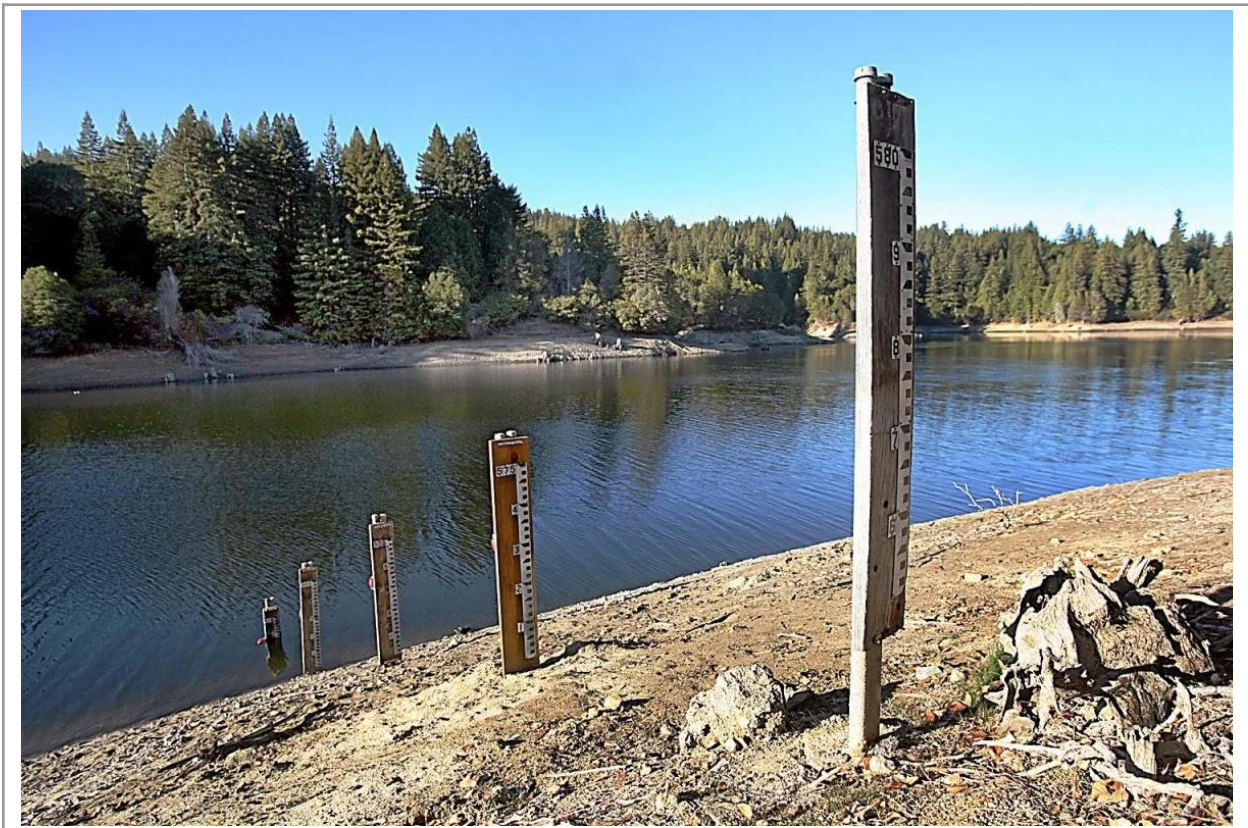


Figure 2. **Half Empty or Half Full? Loch Lomond Reservoir, 2015**
(Credit: Photo Courtesy of the *Santa Cruz Sentinel*)

In California, climate change has resulted in higher year-to-year rainfall variability. This means we have both more frequent drought years and more frequent high-rainfall years. We are also experiencing fewer, heavier storms. This results in more runoff, with less rainfall reaching the aquifers. In mid-County, only about 5 percent of the rainfall replenishes our aquifers.^[5] Population growth and expanded agriculture have increased groundwater pumping. This has caused chronic water shortages and critical

groundwater overdrafts. Unless replenishment of the aquifers improves, this shortage will only worsen with future extended and severe droughts.

Because there is insufficient storage to address periodic droughts, the County’s water agencies have responded by stressing conservation. This has been extremely successful but is reaching practical limits. For example, in the City of Santa Cruz gross daily per capita water use declined from about 127 gallons in 2000 to 70 gallons—almost half—in 2015.^[6] Conservation measures continue to reduce water usage to less than 50 gallons per person in 2020, one of the lowest levels in California.^[7]

During normal rainfall years, the water supply mostly meets County water needs. During droughts, however, demand exceeds supply in parts of the County, resulting in a deficit, particularly through pumping groundwater basins. In the worst case, the projected deficit can reach 1.2 billion gallons in a year.^[8] Over many years, this has led to chronic overdrafting of the basins. The lowering of the groundwater level causes saltwater intrusion to occur near the coast.

Drought Costs Everyone—a Lot!

The entire County lacks an economic impact report on the effects of a sustained drought. However, drought’s economic effects are visible to all.^[9]

The City of Santa Cruz has developed the “2020 Water Shortage Contingency Plan”^[10] that details drought contingency allocations. A Stage 5 drought reduces allocations to 60 percent of normal (40% cut), while the less severe Stage 4 drought limits allocations to 79 percent of normal (21% cut). Stage 4 is somewhat less severe than the 25 percent cut mandated during the 2012–2015 drought.^[2] See Appendix B for more detail.

Encouraging the City to avoid Stage 5 cutbacks should be a high priority for all businesses in the City. Water users should keep in mind that drought contingency fees kick in during droughts. Water infrastructure needs to be paid for whether the pipes are full or not.

The County depends heavily on tourism and the Transient Occupancy Taxes generated to support the general fund. The area’s tourist and restaurant businesses are highly dependent on workers from across the County. Since a Stage 5 drought would limit tourist-oriented commercial water usage, many of those workers could be put out of work. Stage 5 restrictions will cause revenue drops for both the County and City of Santa Cruz.

Beyond the economic impact, our quality of life matters too. From the last sustained drought we remember watching our gardens wilt, driving cars we could not wash, and flushing toilets only when absolutely necessary. Santa Cruz County is a less desirable place to live when our water use is severely restricted. Water-wise appliances, native plant landscaping, and other conservation measures are now normal for our residents, but further cuts in the water supply will adversely impact daily living for all of us.

Forty Years of Single-Agency Efforts Have Shown Limited Results

Recognition of recurring water shortages in our County goes back decades. Originally, a second reservoir at Zayante was planned to store San Lorenzo River water. Due to cost and environmental concerns, it was never built. At the time, the City of Santa Cruz believed they could provide an adequate water supply through several smaller projects.^[11]

In the 1980s, seawater intrusion into the Mid-County aquifers that underlie much of Soquel and Capitola was detected. This intrusion was due to overdrafting, meaning more water was being pumped from the groundwater basin than was being replenished by rainfall, which results in lowering the groundwater level. Monitoring wells were drilled to track the extent of the intrusion and conservation measures were promoted.^[12] Figure 3 illustrates the saltwater intrusion relationship between local aquifers and Monterey Bay.

The focus of conservation was to reduce the demand on the system, and has been very successful. The Mid-County and Santa Margarita groundwater agencies have been chartered to achieve sustainability of the groundwater basin. We have been told that sustainability means, “Don’t make anything worse.” This sentiment refers to critical basin metrics, including groundwater level, groundwater storage reduction, land subsidence, water quality degradation, and seawater intrusion. Sustainability is not the same as resilience, which enlarges supply. For more detail on groundwater sustainability laws, see the section titled, “Laws That Drive Water Agency Actions.”

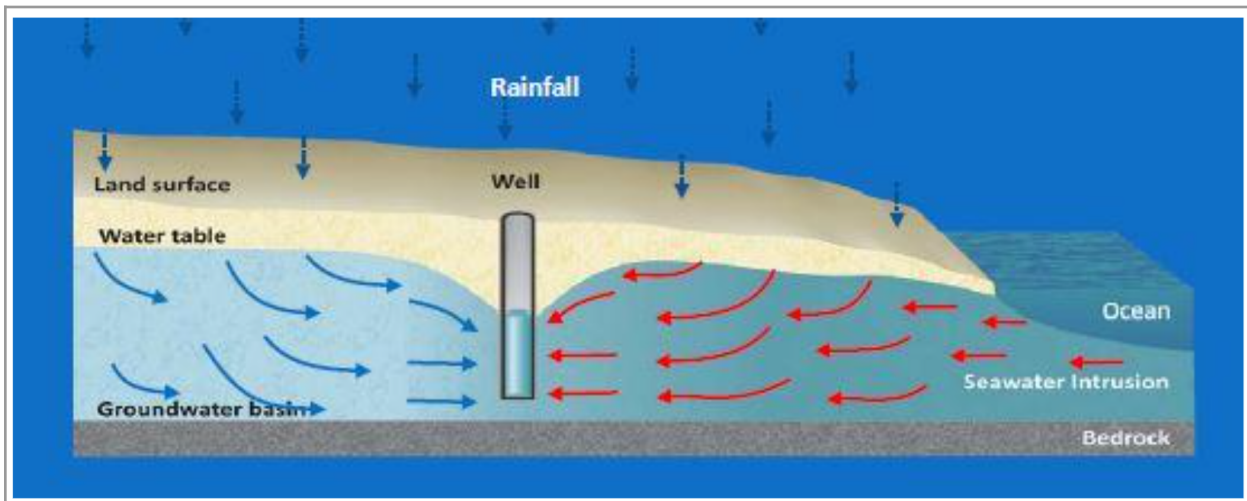


Figure 3. **Saltwater Intrusion Process**^[13]

In 2010, planning began on a desalination plant that would serve the City of Santa Cruz and neighboring communities. The City of Santa Cruz discontinued the plan in 2016 after significant objections were heard from the local community. These objections included high setup and operational costs, insufficient evaluation of alternatives, the need for a more regional approach, a greater focus on conservation, and the likelihood of drought scenarios needing further analysis.^[14]

In the early 2000s, investigations began into the possibility of taking water from the San Lorenzo River during the winter, treating it, and storing it in the neighboring groundwater

basins which have lots of “headroom” due to overdrafting. This stored water would both replenish the basins and provide water that could be returned to the City of Santa Cruz during droughts. The concept of integrated management of surface and groundwater to maximize water storage and availability under changing climate conditions is referred to as conjunctive use. This concept has finally reached the demonstration phase, 20 years later.

The State funded a planning grant through the Integrated Regional Water Management Act (see “Laws,” next section) to study the feasibility of conjunctive water use in Santa Cruz County. The grant funding produced a major report in 2015 that indicated that injecting treated water from the San Lorenzo River into the neighboring groundwater basins and recovering it for later use is feasible.^[15] Integrated Water Resources Management funds were applied to this work because conjunctive use binds local water agencies together to improve the reliability of the regional water supply. Further evaluation, captured in reports from the Santa Cruz Water Supply Advisory Committee, indicate that groundwater storage can equal the three billion gallons stored in Loch Lomond Reservoir.^[4] When at capacity, this groundwater supply could deliver a maximum of one billion gallons in a single year, which is one third of the total capacity of Loch Lomond Reservoir.^[16]

However, water rights are a significant barrier to conjunctive use. The City of Santa Cruz is restricted from transferring San Lorenzo River water to neighboring water agencies. Modifying the water rights requires State Water Resources Control Board approval, and obtaining this approval requires an exhaustive Environmental Impact Report (EIR).^[17] Work on revision of the water rights *alone* began in 2013 and was only completed in late 2021.^[18] With the EIR complete, the change in water rights can be approved by the State. That will allow vastly more flexible water-sharing options between the districts serving the City of Santa Cruz, Mid-County, and North County. Most important among these options is efficiently capturing rainy season flow from the San Lorenzo River to recharge local aquifers.

As stated earlier, wildlife protection is an important aspect of water management. The EIR discusses the potential impacts of conjunctive use on local fish like coho salmon and steelhead trout, which are a threatened species. These fish need sufficient flow for adults to swim upstream during the spawning season, and for the juvenile fish to hatch and swim downstream to the ocean. The conjunctive use described in the EIR would divert water from the San Lorenzo River only during the winter months when sufficient river flow is not an issue. Conjunctive use may help protect the fish by allowing more flexibility in limiting diversions from the river during periods of low flow. For more detail on fish protection, consult the EIR.^[18]

Laws That Drive Water Agency Actions

The State of California has enacted legislation aimed at protecting and preserving its water resources while providing adequate water supply to residents, businesses, and agriculture. The laws guiding our water agencies’ ability to deliver a resilient water supply, and some background on local effects, are listed here:

California Environmental Quality Act (CEQA) of 1970. This law requires that state and local agencies disclose and evaluate the significant environmental impacts of proposed projects and adopt all feasible mitigation measures to eliminate those impacts or at least minimize them. Capital improvement projects such as those described in this report require an Environmental Impact Report (EIR). Feedback from local agency leaders indicates that detailed plans may trigger a CEQA requirement which would be expensive and time-consuming. Many of the plans reviewed for this report deliberately lacked any specificity that might require an EIR. Addressing that problem is outside the scope of the grand jury.

Urban Water Management Planning Act of 1983. The Act promotes efficient water use and conservation. It requires large water suppliers providing water for municipal purposes to prepare and submit an Urban Water Management Plan to the California Department of Water Resources every five years. In response to the expected effects of climate change, recent amendments to the Act require local water agencies to plan for five consecutive drought years.

Integrated Water Resources Management (IWRM) Act of 2002. The Act aims to improve water supply reliability and water quality. It encourages water supply agencies and local governments to work together to more effectively manage water resources regionally.

Sustainable Groundwater Management Act (SGMA) of 2014. This legislation aims to prevent further degradation of the State's essential groundwater supply. It directs the California Department of Water Resources to identify groundwater basins where "continuation of present water management practices would probably result in significant adverse overdraft-related environmental, social, or economic impacts." These identified basins are designated as critically overdrafted, and the Act requires that they be sustainable by 2040. Twenty-one groundwater basins have been designated as critically overdrafted in California. Two of them are in Santa Cruz County. The responsible groundwater management agencies are described in Appendix A.

Scope and Methodology

As residents of Santa Cruz County, we see the impact of drought and share a high level of concern about adequate water supplies. We wanted to understand how water is sourced, stored, and distributed to customers, the limitations inherent in the current water infrastructure, and what can be done to provide a more resilient water supply. We looked at the existing and planned physical infrastructure, the charters of the responsible water agencies, and finally, at the barriers to achieving real drought resilience.

This report focuses on North County where the water storage problem has a solution within reach. South County, the small and minor water suppliers, individual wells, and agriculture areas are not included in this investigation. The limited scope of this report does not diminish the need to address drought resilience in those areas.

This investigation report describes the infrastructure that collects, treats, and distributes water. Our intent is to provide enough information that residents can see the big

picture—that drought resilience is achievable and that population growth need not threaten our access to sufficient water. We also address the systemic barriers to achieving that goal. We had hoped that a succinct drought resilience document already existed, but found only massive documents—some more than 1,000 pages long—sprinkled with disconnected nuggets of useful information.

The investigation included:

- Interviewing local water agencies
- Reviewing reports and plans describing current and future local water infrastructure
- Researching local water agency charters, collaborations, conflicts, and overlaps
- Seeking out best practices from integrated water management
- Considering options for improving county-wide water supply planning and execution
- Examining barriers to achieving county-level drought resiliency

Definitions

This report relies on many information sources that vary in terminology usage. In some cases, terms have specific legal meanings, but this gets lost in everyday conversation. The following terms will be used consistently in this report:

Critically overdrafted groundwater basin: A basin is subject to critical overdraft when continuation of present water management practices would probably result in significant adverse overdraft-related environmental, social, or economic impacts.^[19]

Conjunctive use: The concept of integrated management of surface water and groundwater to maximize water storage and availability under changing climate conditions is referred to as conjunctive use.^[15]

Groundwater sustainability: The development and use of groundwater resources to meet current and future beneficial uses without causing unacceptable environmental or socioeconomic consequences.^[20]

Drought resilience: Groundwater sustainability supports drought resilience, but is not equivalent. Resilience requires storage, recycling, or other methods that bank water or draw it from other areas so that drastic water service reductions are *not* required when severe droughts occur.

Water rights: A water right is a legal entitlement authorizing water to be diverted from a specified source and put to beneficial, non-wasteful use. Current water rights prevent excess water from the San Lorenzo River being sent to the neighboring water agencies, which means that it is discharged into Monterey Bay.

Water augmentation strategy: Augmentation is the process of adding water to an existing source water supply (such as a reservoir, lake, river, wetland, or groundwater basin). The added water may be treated or purified in transit as required by water quality regulations. The goal is to capture water to be used later.

In-lieu recharge: This recharge method indirectly enables aquifers to refill with water by utilizing surface water “in-lieu” of pumping groundwater. The substitution thereby retains an equal amount of water in the groundwater basin. This approach is also termed passive recharge or resting wells. The limitation of this approach in Santa Cruz County is that surface water is most available during the winter, when pumping is less because water usage is less. Active Storage and Recharge, defined below, recharges aquifers when excess surface water is available. The recharge volumes can far exceed simply avoiding pumping.

Aquifer storage and recovery: Aquifer storage and recovery is a water resources management technique for actively storing water underground during wet periods for recovery when needed, usually during dry periods. This approach typically relies on injection wells to push water into the aquifer. The timeframe can range from months to decades.

Investigation

This section describes the key water sources and delivery system elements. Our goal was to understand and report on the capabilities and limitations of the current system, with a focus on agency silos and opportunities for improving resilience.

The City of Santa Cruz Existing Surface-Water System

The City of Santa Cruz water system is the largest in the County, serving close to 100,000 people. The system includes capturing water from the San Lorenzo River or from Loch Lomond Reservoir, moving the water to the treatment plant, treating the water, and distributing it to customers. We describe the system in some detail because it is relevant to the conjunctive use described later in this report. We include a brief description of the water treatment plant because it also contributes to conjunctive use. Figure 4 shows the key elements of the system.

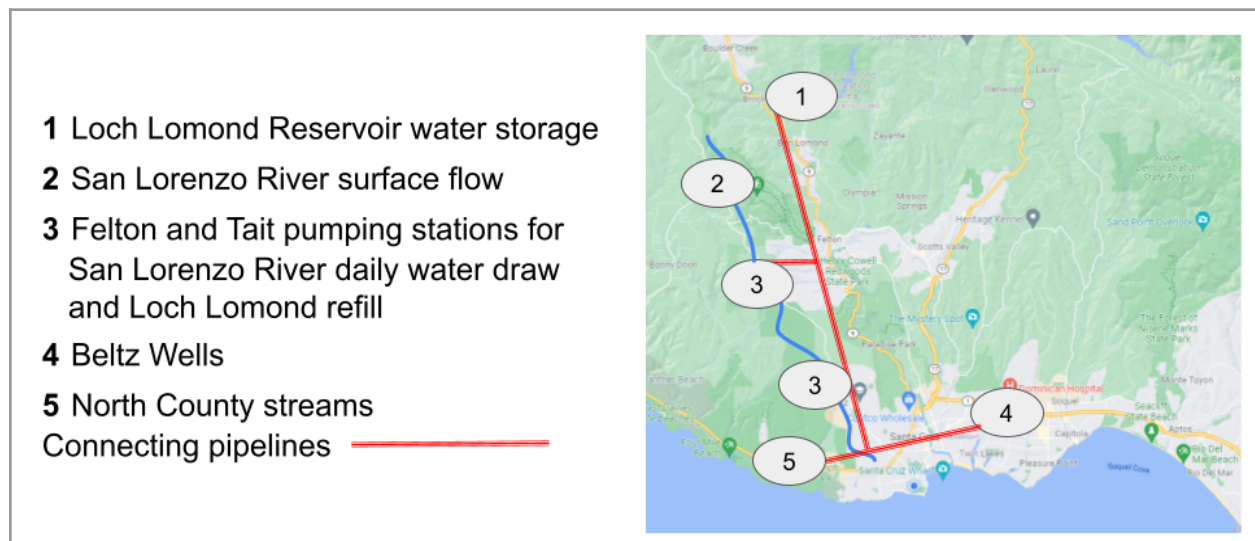


Figure 4. **City of Santa Cruz Water Supply**
 (Source: Santa Cruz County Grand Jury)

The following are the key elements of the City of Santa Cruz water supply:

- *Sourcing water.* The City gets the vast majority of drinking water from the San Lorenzo River. This source is augmented by streams and springs in North County and groundwater wells near Tait Street and 41st Avenue. Newell Creek is an indirect surface water source because it feeds Loch Lomond Reservoir.^[21]
- *Moving surface water.* The City relies on pumping stations and pipelines.
 - North County stream water travels to the City’s Graham Hill Water Treatment Plant by pipeline.
 - San Lorenzo River water is pumped uphill from the Felton Diversion facility to Loch Lomond Reservoir. From there it flows to the Graham Hill plant.
 - River water is also pumped directly to the Graham Hill plant from the Tait Street Diversion.^[22]
- *Storing water.* Loch Lomond Reservoir is the City’s only large water storage reservoir. It has capacity roughly equivalent to the water used by the City in one year.^[23] During the rainy season, there is excess pump capacity to push water to Loch Lomond Reservoir. Water from Loch Lomond supplies the City during low river flow dry months.
- *Treating water.* The Graham Hill Water Treatment Plant prepares water prior to use by customers. Treatment includes eliminating cloudiness in the surface water sources, which is frequent during high-flow winter months.
- *Sharing water with other districts.* The City water system connects to the Soquel Creek Water District. This connecting pipeline was used to transfer water to the Soquel Creek Water District during the pilot demonstration of Aquifer Storage in 2017.^[24]
- *Sewage treatment.* The Santa Cruz Wastewater Treatment facility near Neary Lagoon treats water so it can be safely dumped into the ocean. The plant receives untreated sewage from the City of Santa Cruz along with the City of Scotts Valley and communities such as Capitola in the Mid-County region.^[25] The plant’s treated water will be redirected to saltwater intrusion control wells in the Pure Water Soquel project (described in the next section). This requires additional purification.^[26]

Santa Margarita Groundwater Sources

The Santa Margarita Groundwater Basin (**SMGB**) is a groundwater basin largely contained between Highways 9 and 17, and bounded by Boulder Creek and Lompico in the north and Mount Hermon communities in the south. The SMGB is overseen by the Santa Margarita Groundwater Agency, described in Appendix A. Because of successful conservation efforts, demand and supply have been in balance in the SMGB for the last ten years.^[27]

The Scotts Valley Water District and the Mount Hermon Association get their water from the SMGB. This basin also supplies 13 small water systems and more than 1,100 individual well users. The San Lorenzo Valley Water District receives about half its water from the SMGB.

Finally, 40–50 percent of the flow of the San Lorenzo River leaks into the river from aquifers of the SMGB as the river passes through the Santa Cruz Mountains. The City of Santa Cruz, while reporting that it receives 95 percent of water from the surface, benefits greatly from the same aquifers that the Scotts Valley and San Lorenzo Valley Water districts depend on.^[28]

Santa Cruz Mid-County Groundwater Sources

The Santa Cruz Mid-County Basin (**MCB**) is a groundwater basin that underlies parts of the cities of Santa Cruz and Capitola, and unincorporated parts of Santa Cruz County, including Soquel, Aptos, and La Selva Beach. The Soquel Creek Water District and the Central Water District obtain all their water from the Santa Cruz Mid-County Basin.^[29]

The MCB is overseen by the Santa Cruz Mid-County Groundwater Agency (**MGA**), described in Appendix A. The MCB is designated as in “critical overdraft” because of seawater intrusion at several wells located close to the coast, and a lowering of groundwater levels at wells further inland. A well that is contaminated by saltwater may not be recoverable and may need to be abandoned. Saltwater intrusion still occurs in spite of significant conservation efforts led by the MGA and implemented by the residents.^[30]

The district had been working on achieving a sustainable water supply for several years before the Groundwater Sustainability Plan (**GSP**) was produced. The Pure Water Soquel project, which is intended to prevent further seawater intrusion into the basin, is currently under construction. See the next section, “Agency Collaboration: Pure Water Soquel.”

Agency Collaboration: Pure Water Soquel

The Soquel Creek Water District does not have sufficient water to meet the demands of residents in this service area. All of the supply comes from groundwater pumping and the water quality is at risk from saltwater intrusion. Simply put, the district needs more water to stay afloat. The joint project between the Soquel Creek Water District and the Santa Cruz Water District^[26]—Pure Water Soquel—is a groundwater replenishment and seawater intrusion prevention project. It will provide close to 500 million gallons of recycled water annually to push back the saltwater intrusion along the coast using injection wells.^[31] It is currently under construction with completion expected in 2022 and production starting in 2023.

The Santa Cruz Wastewater Treatment Facility (Neary Lagoon) supplies water for this project. The plant currently treats wastewater in order to discharge it into the ocean. A new pipeline will transfer a portion of this water to the Soquel Creek Water District’s water treatment facility in Capitola for further purification and reuse. The treatment plant ties to existing pipelines that connect to injection wells near the coast which aim to block saltwater intrusion.^[32]

Completing this project will reduce the degree of overdraft in the Mid-County Basin and protect against further seawater intrusion. Importantly, this project demonstrates successful large-scale collaboration between local agencies. It also accelerates the use of recycled water in the County, similar to the use of recycled water from Watsonville to address saltwater intrusion in South County. This use of recycled water is described in the following section titled, “Agency Spotlight: Pajaro Valley College Park Project.” Figure 5 illustrates the evolution of groundwater pumping practices and their relationship to seawater intrusion, which the Pure Water Soquel project is designed to address.

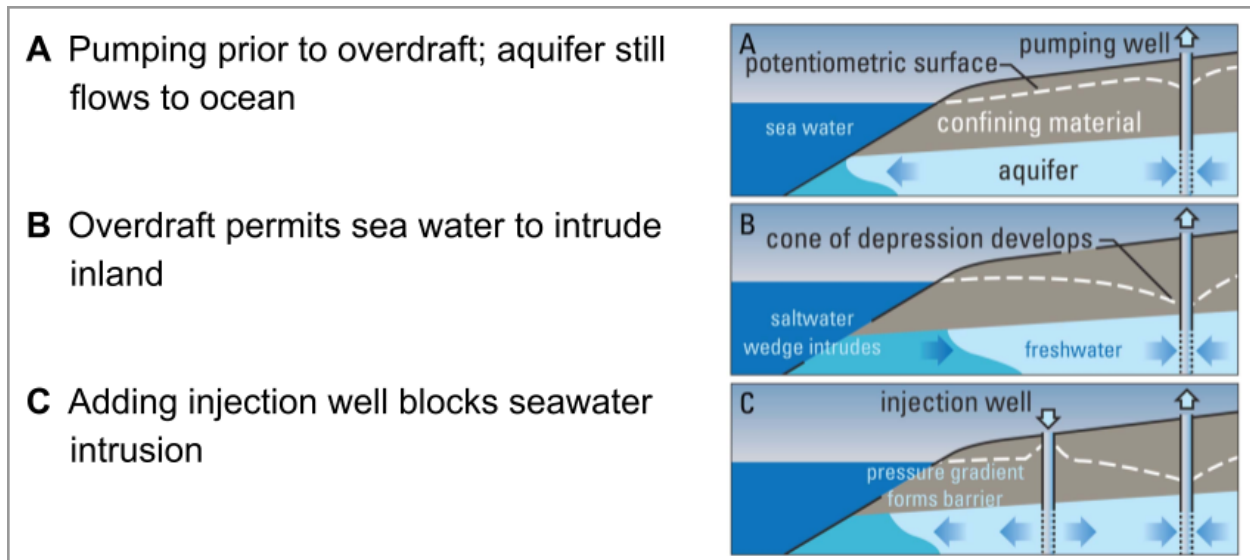


Figure 5. **Stemming the Flow of Seawater Intrusion**^[33]

The Pure Water Soquel project, while a significant step toward basin sustainability, does not build a reserve within the aquifer. More water from the Santa Cruz Wastewater Treatment Plant is available than is being used by the Pure Water Soquel project. That excess water currently flows to the ocean.

The City of Santa Cruz Water Augmentation Strategy

“But if we get to three, four, five dry years in a row the system is just simply not designed to accommodate that.”

—Rosemary Menard

Director, City of Santa Cruz Water Department^[34]

The City has been exploring conjunctive use for many years. Treated water from the San Lorenzo River could be transferred to the San Lorenzo Valley Water District, the Scotts Valley Water District, and the Soquel Creek Water District, initially to allow them to “rest” their wells. This treated water would allow for passive recharge of those districts’ aquifers,^[35] and also be available to those districts to actively inject additional water into the overdrafted Mid-County Basin and the Santa Margarita Basin. The injected water would recharge the aquifer, and allow the City to get some of this water back during times of drought.^[36]

Eventually, the reserve described above would contain roughly one year's worth of water that could be transferred back to the City. The recharged aquifers would effectively become a second "strategic reserve" of water for the City similar in size to Loch Lomond Reservoir. The water would come from improved rainy season water capture and transport. As mentioned previously, in average and rainy winters, total flow far exceeds the actual usage by the City. Figure 6 illustrates the relative volumes.

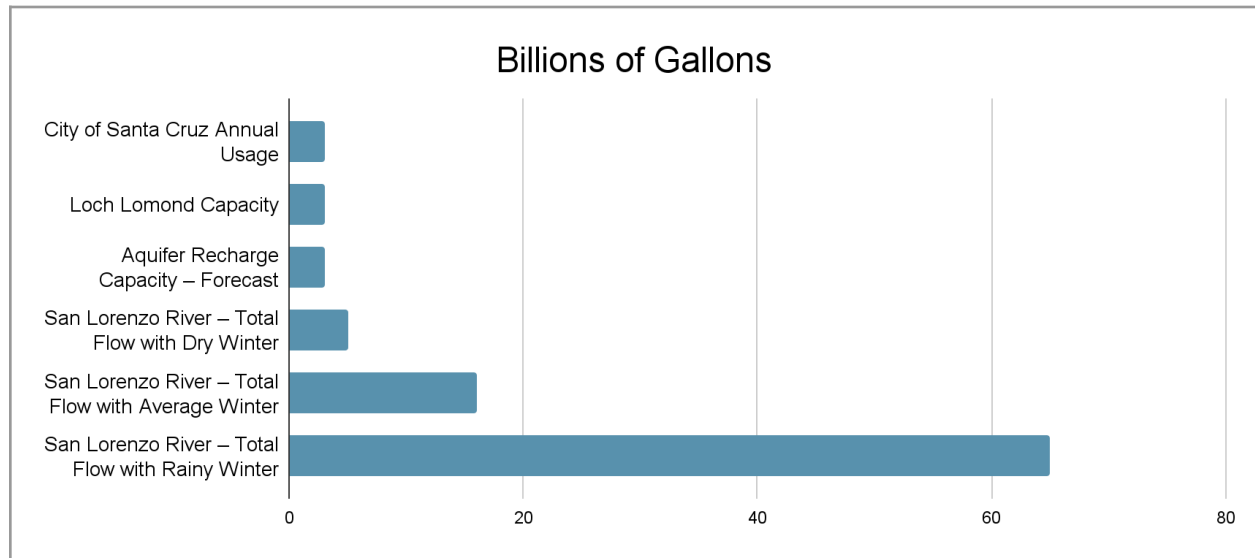


Figure 6. **San Lorenzo River Flow and Local Needs**
(Source: Santa Cruz County Grand Jury)

Current water rights limit the City's flexibility in how San Lorenzo River water can be used. For instance, during the rainy season, the City has pumping capacity to push water to nearby districts where it can be stored. However, current rights do not allow this action because it is not an authorized beneficial use.^[37]

Another water rights issue is that water pumped from the San Lorenzo River, but not directly used by the City, must be sent to Loch Lomond Reservoir. If Loch Lomond is full, then the excess pumping capacity cannot be used. The issue is not the *amount* of water that the City has rights to; it is that the City has very limited flexibility in *how to use* the water. Water flowing to the ocean during the winter rainy season far exceeds amounts that could be redirected to groundwater reserves.^[37]

Changing the City's water rights to allow water transfers to the neighboring water districts is a major undertaking which required an Environmental Impact Report under California Environmental Quality Act rules. The report has been completed and was published in November 2021.^[18] The California Department of Water Resources is expected to approve the EIR in 2022. These are the components of the City of Santa Cruz Water Augmentation Strategy as described in the EIR:

- *Give the City more flexibility to move and store water from existing sources.* This component requires adjusting the City's water rights so that unused rainy season water that the City has rights to can actually be used to increase water storage.^[38]

Specific elements of the revised rights include moving water from the Graham Hill Water Treatment Plant to the neighboring water districts and storing this water in groundwater reservoirs.

- *Develop groundwater storage near Capitola and Scotts Valley.* This component includes injection wells, recovery wells, and pre-injection treatment.^[39] Testing and qualifying the groundwater storage aquifers for quality and capacity has been conducted for both locations.
- *Establish two-way transport to the storage areas.* Pipeline costs have not been published, however laying groundwater pipes is a well-understood engineering and construction project.
- *Obtain water to store from existing pumping stations.* Current upgrade plans for the Felton Diversion, Tait Street Diversion, and the Graham Hill Water Treatment Plant include capacity to push water to the storage sites. They also include upgraded initial treatment so that winter storm water can be redirected to ground storage. This water movement will not interfere with fishery conservation because those issues generally arise during low water periods. This has been documented in the city water rights application materials.^[38]
- *Set new water-sharing agreements with adjacent agencies.* The Mid-County Groundwater Agency and the Santa Margarita Groundwater Agency are responsible for groundwater management in the locations that the city plans to use. Collaboration amongst the agencies is underway and being worked in parallel with the water rights revision.^[40]

Bottom line for the City: Completing this project will provide City residents with a much more drought-resilient water supply—in essence, a *strategic reserve*. Coupled with the conservation measures already embraced by City residents, the City of Santa Cruz will be much better prepared for recurring droughts.

Contribution to drought resilience at the County level: While not called out by local agencies, the Grand Jury believes the following appear to be opportunities to broaden the value of the augmentation project.

- The project could extend access to the previously described strategic reserve for Santa Cruz Mountains residents. Early discussions have been held to connect the City of Santa Cruz and the Scotts Valley water distribution systems. With this connection, water could be supplied to the San Lorenzo Valley Water District through the existing emergency connecting pipeline. The reserve approach appears to be extendable over time; this would further leverage the value of aquifer recharge infrastructure investments.
- The documented contention for groundwater aquifer space between the City of Santa Cruz and the Soquel Creek Water District demonstrates the importance of the Mid-County aquifers. While short term, there is rework to address this contention on both Pure Water Soquel and the City of Santa Cruz aquifer recharge projects. In the long term this effort benefits both districts.^[41]

- The Mid-County Groundwater Agency and the City of Santa Cruz share pipeline capacity that could be used to recharge the Mid-County aquifers beyond the Capitola area. The extra capacity could be used to recharge the aquifers so Mid-County residents gain a reserve beyond the legal requirements for sustainability. Such additional work would maximize recharge and resilience for the Mid-County aquifers.

Agency Spotlight: Pajaro Valley College Lake Project

Aquifers along the coast in the Pajaro Valley region are heavily overdrafted. Resting wells used by local agriculture helps to slow the rate of saltwater intrusion but does not reverse the intrusion.^[42] The Pajaro Valley College Lake Project shows local expertise and serves as an example of approaches that can be applied in North County and Mid-County.

Project

The project extends the use of College Lake, a seasonal lake in the Pajaro Valley near Watsonville. By raising the maximum lake level with a small adjustable dam, commonly known as a weir, additional water can be stored. Besides storage, a pipeline has been built to transport water from the lake to the Pajaro Valley Coastal Distribution System, which already receives recycled wastewater from the City of Watsonville. The project adds to the surface water resource available for farming. Wells in the area can be rested, which aids in countering saltwater intrusion.

Annual water transfer capability

College Lake can store up to 600 million gallons, approximately 20 percent of Loch Lomond Reservoir. It can deliver between 600 to 750 million gallons in typical years, with a maximum of one billion gallons. Monthly usage of water varies from five million gallons to 150 million gallons.

History of College Lake

Historically, College Lake formed naturally during the wet season. Since 1920, draining has been authorized to free up the land for farming. Making the water available to the Coastal Distribution System has been discussed for many years and was documented in 2014.^[43] However, the project is still not complete. This delay reflects the slow pace of water project development when only a single agency with limited resources is responsible for its execution.

Contribution to drought resilience at the County level

As with the Pure Water Soquel project, this project's end goal is to gain supplemental water in order to rest the wells that are at risk for saltwater intrusion. In the same way as the Pure Water Soquel project, the College Lake project does not optimize water use to reflect water availability.

Wet weather surplus simply overflows into Monterey Bay. There are opportunities to:

- Use wet weather surplus for active injection in threatened agricultural areas
- Apply surplus in areas that are not directly threatened to improve groundwater levels
- Transfer water to adjacent districts if additional surplus exists or a water emergency arises.

The Role of Wastewater Recycling

As previously mentioned, wastewater recycling is practiced in both South County and Mid-County. In both cases, the water is used to counter saltwater intrusion. Direct potable reuse is another emerging option. Less than half of the wastewater from the City of Santa Cruz Wastewater Treatment Facility (Neary Lagoon) will be used by the Pure Water Soquel project. The remainder of the wastewater will still be available to improve drought resilience, for instance, in countering saltwater intrusion.

There are other examples of wastewater recycling in California. Orange County Water District’s Groundwater Replenishment System (GWRS) became operational in 2008. It has since produced more than 365 billion gallons of drinking water from wastewater.^[44]

Additionally, Santa Clara Valley Water District expects to produce eight billion gallons of potable water from wastewater per year beginning in 2025, with a target of increasing production to 15 billion gallons per year.^[45]

Limitations on Resilience Posed by District and Agency Charters

As mentioned previously, Santa Cruz County lacks external water resources. Multiple independent agencies, as well as individual well owners, share groundwater and surface resources. While there is meaningful cooperation and collaboration among agencies, periodically district-centric objectives and strategies come into conflict. During interviews on district priorities, phrases such as “protect our districts” surfaced. However, water in Santa Cruz County need not be viewed as a zero-sum game.

This report points to many opportunities for collaborations that share water and improve water security for all residents. Unfortunately, there is no oversight agency or organizational structure in place to resolve conflicts and ensure that outcomes serve the greater good of the entire County. The end result is delay. Decades are spent on seemingly straightforward and beneficial projects, such as:

- Projects addressing saltwater intrusion have been a multi-district issue since the 1980s.
- The Santa Cruz City Water Department, along with the San Lorenzo Valley Water District and the Scotts Valley Water District, has been evaluating San Lorenzo River water-sharing since the early 2000s.

Collaboration is not the same as leadership. Our interviewees made it clear that an agency taking a leadership position would imply they had the funding to implement projects. Individual water districts are not tasked with a county-wide focus and they lack

both the funds and authority to address this void in leadership. The groundwater agencies are chartered only for aquifer sustainability. As discussed previously, sustainability is only one component of drought resilience. With no consistently funded leadership, the districts cannot align for the greater good.

Achieving a Resilient Future

While Santa Cruz County's water resources are vulnerable to unpredictable climatic conditions, there is a clear path forward to drought resilience. The key to creating a resilient water future for Santa Cruz County residents is storing more of the surface water that falls as rain during the winter. The overdrawn condition of the Mid-County and Santa Cruz Mountains aquifers has created ample headroom for stashing surface water during the rainy season. Only a small percentage of the San Lorenzo River's rainy season flow is captured. The vast majority flows into Monterey Bay.

If Santa Cruz County is to attain water security in the presence of climate change and droughts, developing a strategy to capture, move, and store our rainy season surplus is essential. We found there are well-documented proposals for capturing and storing excess rainy season surplus water to provide water security for the future. The problem is execution. Management of the County's water is controlled by numerous independent agencies. While these agencies share a common goal of providing their own customers with abundant clean water, they are not resourced or chartered to plan, fund, and build a cohesive water capture and supply infrastructure to deliver regional drought resiliency. Examples of district-centric execution are well-documented in the previous sections. Notably:

- Pure Water Soquel: Saltwater intrusion and well resting
- College Lake: Wet season water capture and distribution

Specific benefits of adopting a more integrated and regional agency structure include:

- Improving credibility when requesting grant funds for large infrastructure projects such as pipelines. These projects all improve flexibility and resiliency but are expensive to build.
- Improving flexibility and reaction time when moving water across district boundaries. This change can provide better service to residents as well as protection against saltwater intrusion.
- Simplifying the planning and project execution: this is necessary to make full use of recycled water, such as could be sourced from Watsonville and Santa Cruz.

In short, it is time to recognize that the medley of collaboration and cooperation at the interdistrict level has not delivered resiliency. Figure 7 shows the current set of connecting pipelines between districts.



Figure 7. **Interdistrict Water Supply Connecting Pipelines**
(Source: Santa Cruz County Grand Jury)

It is time to move toward a more integrated set of agencies that can achieve the following:

- Create a wet-weather runoff capture system, strategic aquifer-based water reserve, and a robust connecting pipeline fabric between districts to optimize water use.
- Demonstrate broad consensus to strengthen the case for major infrastructure funding from state and federal sources.
- Embrace innovative approaches to improving resilience. For example, establishing a continuous chain of saltwater intrusion protection wells along the existing railway right of way. This change could leverage recycled wastewater from Santa Cruz and Watsonville.
- Deliver County residents water security that will support economic prosperity despite expected droughts.

Figure 8 shows the key elements required to achieve drought resilience. It is based on proposals that have existed for years but have not yet been addressed as a unit. The approval of the EIR opens the door for this work to be done.

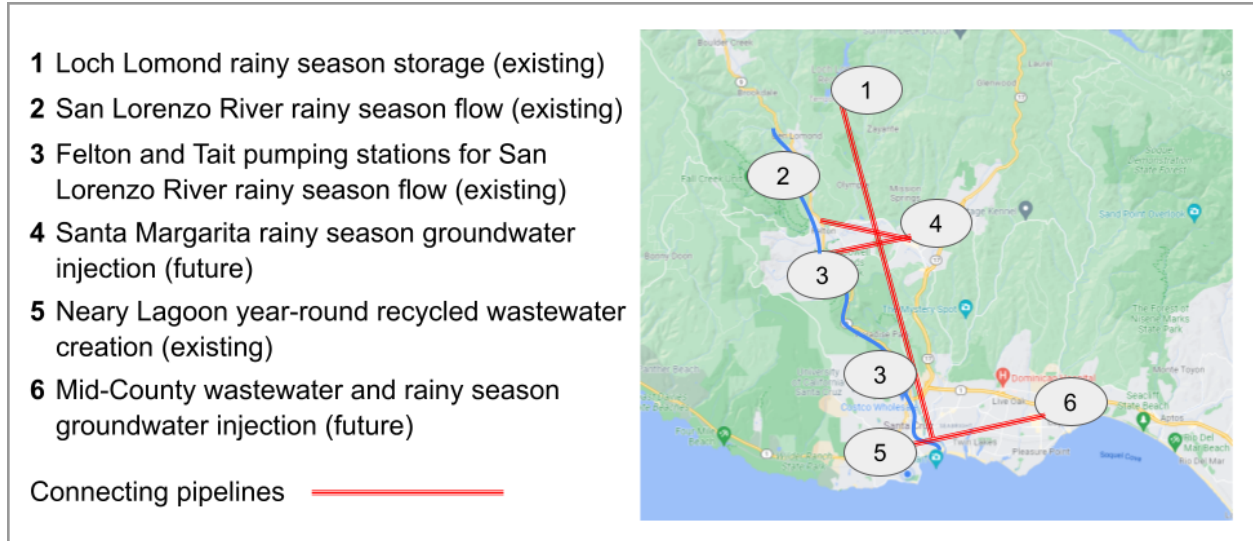


Figure 8. **Drought Resilience Components**
(Source: Santa Cruz County Grand Jury)

The Mid-County and North County regions both have groundwater management agencies. The City of Santa Cruz is a member of each agency. Each agency is a Joint Powers Authority (**JPA**) and both are currently chartered to only address aquifer sustainability. As such, any activity to support drought resilience is currently out of scope.

The agreements forming these JPAs can be amended by the member agencies that formed them. A new amendment could be added to support drought resilience. Such a move could upgrade drought-resilience proposals (such as the City of Santa Cruz Water Augmentation Strategy) to the regional level. This revision is not a complex process requiring state-level approval.^[46] The Amendment form appears as Appendix D.

Conclusion

Severe, multi-year droughts are part of our future. Conservation is not sufficient because the reduced water supply during Stage 5 droughts will cause severe economic hardship across residences, businesses, and farms. The existing patchwork of agencies has not shown vision and initiative to knit their individual plans together. Some of the most ambitious plans are barely known to the public.

The most critical next step is delivering major new water storage by reclaiming unused aquifer space in Mid-County and North County. This step creates the strategic groundwater reserve described in the City of Santa Cruz Water Rights Project and Augmentation Strategy. Beyond storage, a fabric of pipelines should be created to enable water sharing between districts. Figure 9 identifies the elements of an integrated approach.

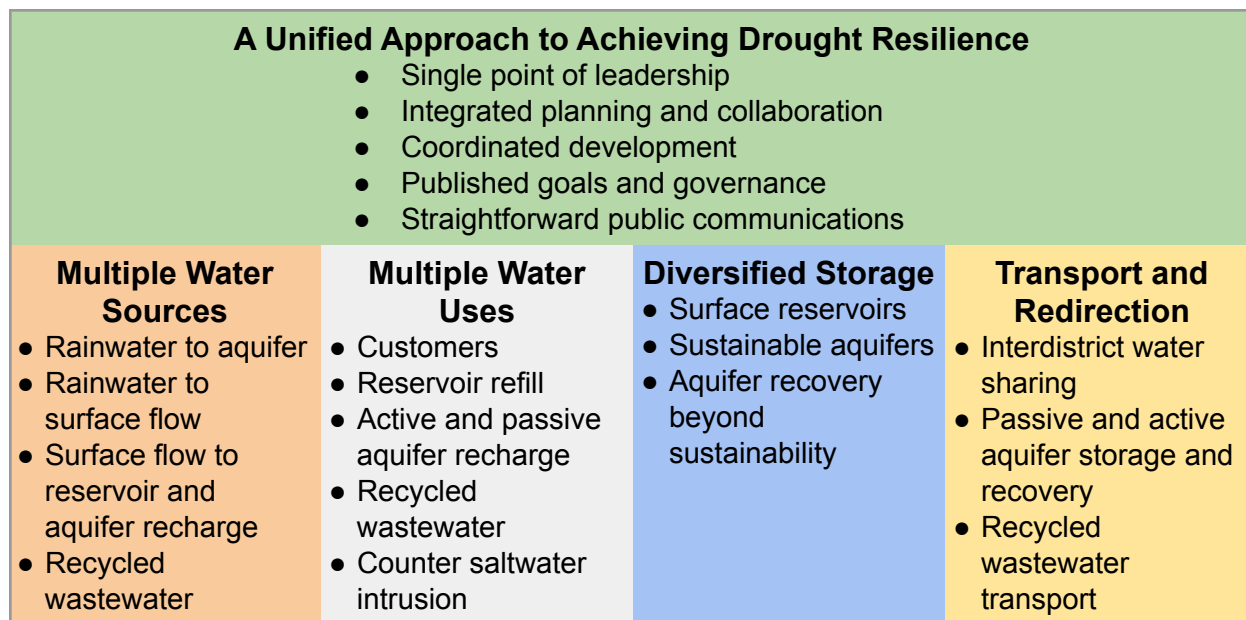


Figure 9. **A Unified Approach to Achieving Drought Resilience**
 (Source: Santa Cruz County Grand Jury)

Consistent access to water through drought resilience supports County residents and the economy. The combination of surface and groundwater storage, wastewater recycling, and pipelines will deliver the drought resilience that the County requires to thrive and prosper. Now is the time for agencies to work together to deliver drought resilience to residents.

Findings

Findings describe the “so what” of the facts evaluated by the Grand Jury. They provide support for the Recommendations.

Current Situation

- F1.** If extended drought conditions lead the City of Santa Cruz to execute Stage 5 of its Water Shortage Contingency Plan, it will have extreme economic impacts on all residents throughout the County.
- F2.** There is an urgent need to create a county-wide drought-resilient water storage and delivery infrastructure.
- F3.** Interdistrict water-sharing plans spanning North County and Mid-County that could benefit all residents have existed since 2015 and deserve to be accelerated.

Elements of a Solution

- F4.** Establishing a strategic groundwater reserve, as described in documents from the City of Santa Cruz, is a well-understood and achievable first step.
- F5.** The City of Santa Cruz’s completion of the water rights revision project is a critical element of enabling district collaboration in support of county-level drought resilience.

- F6.** Limited interdistrict water transfers have been achieved and serve as proof of concept.
- F7.** Existing City of Watsonville and City of Santa Cruz wastewater resources are only partially utilized to address passive well resting and saltwater intrusion issues.

Agency Capabilities

- F8.** Each agency described in this report communicates well with neighboring agencies, but collaboration is limited and narrow in scope.
- F9.** Agency communications to the public emphasize conservation and sustainability while downplaying agency planning to achieve drought resilience.
- F10.** The individual water supply districts lack funding, resources, and charters to develop county-centric drought-resilience infrastructure.
- F11.** The Groundwater Sustainability Management agencies lack the charters, staff, and resources to plan or execute a county-wide drought-resilience strategy.
- F12.** There is no county-level agency chartered to plan, propose, or build regional district-spanning drought-resilience infrastructure.

Recommendations

Recommendations reflect the “now what?” conclusions drawn by the Grand Jury, and are based on the Findings. They frame expectations for how the agencies can improve their service to County residents.

- R1.** By December 31, 2022, the Boards of the Santa Margarita Groundwater Management Agency and the Mid-County Groundwater Management Agency should extend their charters to include and proactively deliver drought-resilience project planning and execution. (F1–F6, F8–F12)
- R2.** By December 31, 2022, local water districts should jointly publish an integrated drought-resilience action plan that includes essential infrastructure improvements, estimated costs and schedule to complete improvements that will deliver drought resilience to the Mid-County Groundwater Basin, the City of Santa Cruz, and the Santa Margarita Basin by December 31, 2029. Agencies to respond are the San Lorenzo Water District, the Scotts Valley Water District, the City of Santa Cruz Water Department, the Soquel Creek Water District, the Santa Margarita Groundwater Management Agency, and the Mid-County Groundwater Management Agency. (F1–F6, F8–F10, F12)

R3. By December 31, 2022, local water districts should jointly publish an integrated recycled wastewater action plan that specifies the infrastructure improvements, expected costs, and construction schedule that will fully utilize existing wastewater sources by December 31, 2026. Responding agencies are the Scotts Valley Water District, the City of Santa Cruz Water Department, the Soquel Creek Water District, the Central Water District, the Mid-County Groundwater Management Agency, the Pajaro Valley Water Management Agency, and the City of Watsonville Water Division. (F1, F6–F9, F12)

Commendations

- C1.** The City of Santa Cruz Water Department, the Santa Margarita Groundwater Agency, and the Mid-County Groundwater Agency have shown strong collaboration and innovation toward partially defining the water reserve plan.
- C2.** The Soquel Creek Water District and the City of Santa Cruz Water Department have shown strong collaboration to deliver the Pure Water Soquel project.

Required Responses

Responses are the opportunity for agency boards and leaders to advise County residents on how or whether they will address the Findings and Recommendations. Those responses can guide residents to better understand the priorities and values of those boards and their leaders. The Grand Jury will publish those responses later this year and may do a followup report in three years.

<i>Required Respondent</i>	<i>Findings</i>	<i>Recommendations</i>	<i>Respond Within/ Respond By</i>
City Council, City of Santa Cruz	F1, F3, F4, F5, F6, F7, F8, F9, F10, F11, F12	R1, R2, R3	90 Days August 22, 2022
Board of Directors, Mid-County Groundwater Management Agency	F6, F8, F9, F10, F11, F12	R1, R2, R3	90 Days August 22, 2022
Board of Directors, Santa Margarita Groundwater Management Agency	F8, F9, F10, F11, F12	R1, R2	90 Days August 22, 2022
Board of Directors, Scotts Valley Water District	F2, F3, F4, F6, F8, F9, F10, F11, F12	R1, R2, R3	90 Days August 22, 2022
Board of Directors, San Lorenzo Valley Water District	F2, F3, F4, F6, F8, F9, F10, F11, F12	R1, R2	90 Days August 22, 2022

Board of Directors, Soquel Creek Water District	F1, F2, F3, F4, F5, F6, F7, F8, F9, F10, F11, F12	R1, R2, R3	90 Days August 22, 2022
Board of Directors, Pajaro Valley Water Management Agency	F6, F9	R3	90 Days August 22, 2022
City Council, City of Watsonville	F6, F9	R3	90 Days August 22, 2022

Invited Responses

<i>Invited Respondent</i>	<i>Findings</i>	<i>Recommendations</i>	<i>Respond Within/ Respond By</i>
Director, City of Santa Cruz Water Department	F1, F2, F3, F4, F5, F6, F7, F8, F9, F10, F11, F12	R1, R2, R3	90 Days August 22, 2022
Point of Contact, Mid-County Groundwater Management Agency	F2, F4, F6, F7, F8, F9, F10, F11, F12	R1, R2, R3	90 Days August 22, 2022
Point of Contact, Santa Margarita Groundwater Management Agency	F2, F3, F4, F8, F9, F10, F12	R1, R2	90 Days August 22, 2022
General Manager, Scotts Valley Water District	F1, F2, F4, F7, F8, F9, F10, F11, F12	R1, R2, R3	90 Days August 22, 2022
District Manager, San Lorenzo Valley Water District	F1, F2, F3, F4, F8, F9, F10, F11, F12	R1, R2	90 Days August 22, 2022
General Manager, Soquel Creek Water District	F1, F2, F3, F4, F6, F7, F8, F9, F10, F11, F12	R1, R2, R3	90 Days August 22, 2022
Executive Officer, Santa Cruz County Local Area Formation Commission	F10, F11, F12,	R1	90 Days August 22, 2022
General Manager, Pajaro Valley Water Management Agency	F6, F9, F12	R3	90 Days August 22, 2022
Operations Supervisor, City of Watsonville Water Department	F6, F9, F12	R3	90 Days August 22, 2022

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Disclaimer

This report was issued by the Grand Jury with the exception of one juror who disclosed a perceived conflict of interest. This juror was excluded from every aspect of the investigation, including interviews, deliberations, and the writing and approval of this report.

Appendix A—Who Is Involved with Water in Santa Cruz County?

Residents of Santa Cruz County obtain water from a variety of sources—from city water departments to private wells. The geography and rural nature of the County has generated fragmented water delivery and management agencies. This report considers only the larger agencies that are within the oversight granted to the jury.

Water Delivery Agencies

Water is provided to the residents of Santa Cruz County by five large (greater than 1,000 connections), four small (200–1,000 connections), and 115 minor water suppliers. Additionally, there are some 8,000 private wells. Each of these suppliers effectively operates independently, although there is significant communication and cooperation among the agencies. As described in the Background section, water is sourced from rivers and creeks (surface flow), and groundwater basins underlying much of the County. Table 1 catalogs the major water suppliers and the sources of their water. This table is based on a more comprehensive version found in the *Santa Cruz County Water Resources Management Status Report for 2020* (page 24)^[47] and repeated in Appendix B.

It is immediately apparent from the table that most of the County’s water comes from groundwater. The City of Santa Cruz Water Department is the exception, obtaining nearly all of its water from surface flow, specifically the San Lorenzo River and creeks in the northern part of the County. In contrast, the City of Watsonville and the Soquel Creek Water District get their water from groundwater. Overall, the County receives about 75 percent of its water from groundwater and 25 percent from surface water.

Groundwater Management Agencies

Under the Groundwater Sustainability Act, groundwater management agencies are charged with achieving groundwater sustainability. Capital projects are generally undertaken by the individual water agencies to support the objectives of the groundwater management agency.

Santa Margarita Groundwater Agency (SMGWA). The SMGWA operates through a Joint Powers Authority (JPA), with members from the San Lorenzo Water District, the Scotts Valley Water District, and Santa Cruz County. Under the SGMA, the Groundwater Sustainability Plan for the Santa Margarita Groundwater Basin was completed ahead of the statutory requirement in November 2021.^[48]

Mid-County Groundwater Agency. The MGA operates through a Joint Powers Authority, with members from Santa Cruz County, the City of Santa Cruz, the Soquel Creek Water District, and the Central Water District.^[49] The State designated the Mid-County Basin as being critically overdrafted in 2015. Under the SGMA, this designation required production of the *Santa Cruz Mid-County Groundwater Sustainability Plan* by January 2020.^[49] This plan was produced by the MGA and is intended to achieve and maintain groundwater stability over a 50-year planning and implementation horizon.

Table 1. Water Sources and Water Agencies

Entity	Population	Annual Usage (Billion Gallons)	Water Source (percentage)	
			Ground	Surface / (Other)
Santa Cruz City Water Department	97,417	2.7	5	95
Watsonville City Water Service	65,966	2.3	100	0
Soquel Creek Water District	40,632	1.1	97	3
San Lorenzo Valley Water District	23,700	0.6	53	47
Scotts Valley Water District	10,709	0.4	87	13 (recycled)
Other Residential Water Districts	16,017	0.8	80	20
Private Wells	21,000	0.8	100	0
Total Residential / Commercial	275,441	8.8 Billion Gallons	6.2 Billion Gallons	2.6 Billion Gallons
Pajaro Agriculture		7.2	92	17 (recycled)
Mid- and North County Agriculture		0.8	90	10
Total Agricultural Billion Gallons		8.0	7.5	0.5
Total Annual Surface and Groundwater Usage Billion Gallons		16.8	13.7	3.1

Source: *Pajaro Valley Water Management Agency (PVWMA)*. The PVWMA operates independently and is responsible for agricultural water delivery in its service region. The Pajaro Valley Basin is rated as “critically overdrafted.” Under the SGMA, this designation required production of a Groundwater Sustainability Plan by January 2020. This plan was produced by the PVWMA and is intended to achieve and maintain groundwater stability over a 50-year planning and implementation horizon.^[50]

The Other Players

The following are several local and state agencies that shape local projects and agencies and could contribute to developing county-wide drought resilience.

Resource Conservation District (RCD). In the area of drought resilience, the RCD has programs in South County that help farmers develop percolation systems. Percolation systems assist with groundwater recharge. These programs appear to be available

when requested by farmers. The agency does not seem to be participating with water districts directly on drought resilience.

Local Agency Formation Commission (LAFCO). LAFCO provides guidance when new special-purpose districts are formed. They also review district performance on a five-year cycle. All of the water supply districts and groundwater management agencies were formed under LAFCO guidance.

California Department of Water Resources (DWR). The DWR oversees execution of state laws that affect water delivery. This oversight includes approving the Water Supply Contingency plans and Groundwater Sustainability Management plans created by local agencies. The DWR is authorized to step in and manage groundwater basins if the local agencies do not meet state requirements.

Appendix B—Water By the Numbers

Table 2. Water Use in Santa Cruz County, 2020

(data for smaller systems is from 2019)

Water Supplier	Connections	Population	Water Use (acre-feet /year)	Ground Water	Surface Water	Recycled Water	Imported from Outside County
Santa Cruz City Water Department	24,561	97,417	8,375	5.0%	95.0%		
Watsonville City Water Service	14,855	65,966	7,201	100.0%	0.0%		
Soquel Creek Water District	14,479	40,632	3,312	96.7%	3.3%		
San Lorenzo Valley Water District	7,900	23,700	1,953	53.0%	47.0%		
Scotts Valley Water District	3,807	10,709	1,339	87.0%		13.0%	
Central Water District	823	2,706	411	100.0%			
Big Basin Water Company	605	1,694	205	37.0%	63.0%		
Mount Hermon Association	494	2,850	155	100.0%			
Forest Lakes Mutual Water Company (Felton)	326	1,076	40	100.0%			
Smaller Water Systems (5–199 connections.)	2,616	7,691	1,552	91.0%	6.0%		3.0%
Individual Users*	8,000	21,000	2,400	95.0%	5.0%		
Pajaro Agriculture (Santa Cruz County-only)**†			22,250	92.0%	1.0%	7.2%	
Mid- and North-County Agriculture*			2,400	90.0%	10.0%		
Totals	78,466	275,441	51,593	78%	19%	3%	0.1%
Summary by Water Source (acre-feet/year)				40,027	9,788	1,776	47
Summary of Non-Agricultural Use (acre-feet/year)				26,943	17,397	9,326	47

* Values are estimates. ** Includes a small number of water systems.

† Recycled water source is the City of Watsonville.

Source: Santa Cruz County Water Resources Management Status Report for 2020 (page 24)^[47]

Drought Stages and Water Consumption Reduction for the City of Santa Cruz

The following chart shows how business use of water is cut back as drought severity increases.

Sample Business Allocation Example

Customer Class	Normal Demand (Million Gallons) Jun-Nov	Stage 1	Stage 2	Stage 3	Stage 4	Stage 5
		Delivery (%)	Delivery (%)	Delivery (%)	Delivery (%)	Delivery (%)
		Volume (MG)	Volume (MG)	Volume (MG)	Volume (MG)	Volume (MG)
Business	297	95%	90%	85%	79%	60%
Total Business Use		282	267	252	234	178

Source: *Updated Interim Water Shortage Contingency Plan* (Table 12, page 23), City of Santa Cruz Water Department, February 5, 2021.^[10]

Appendix C—Supporting Reports

Key Documents

The Grand Jury reviewed the major published documents from numerous water agencies to determine how they plan to improve drought resilience. Most available plans are written to support the application for grants from state and other agencies. These agencies specify the content and the format of the documents. Typically, these plans intentionally lack the specificity that would require preparing an Environmental Impact Report. These documents are updated, usually on a five-year schedule. Progress from the previous plan is often required in each update.

Local Hazard Mitigation Plan. This class of document is not a plan to mitigate local hazards such as drought. Rather, it is a catalog of local hazards, with commentary on how they could be addressed. It is in place so agencies can apply for grants to address issues as they arise, or to receive state or federal funds after a disaster.

Water Shortage Contingency Plan. This documents how water restrictions are applied during drought conditions. It reflects local priorities for residential and commercial use and agriculture.

Groundwater Sustainability Plan. This plan is a requirement of the Sustainable Groundwater Management Act (SGMA, 2014), and it documents current groundwater supplies, usage patterns, and approaches to maintain the current aquifer levels. Recovery beyond the current depleted state is not addressed. Both the Santa Cruz Mid-County Groundwater Agency and the Santa Margarita Groundwater Agency have Groundwater Sustainability plans.


Urban Water Management Plan. This is a requirement under the Urban Water Management Act. The Scotts Valley Water District and the San Lorenzo Valley Water District prepared a joint Urban Water Management Plan. The cities of Santa Cruz and Watsonville and the Soquel Creek Water District have these plans.

Santa Cruz Water Rights Project Environmental Impact Report 2021. The EIR is required to address the necessary changes to the historical water rights on the San Lorenzo River. The current rights do not allow sending surplus water to neighboring water districts.

Final Report, Conjunctive Use and Water Transfers Phase II—(Task 6), 2015. This report documents the results of studies conducted to demonstrate the feasibility of storing excess San Lorenzo River water in the Santa Margarita and Mid-County groundwater basins.

Appendix D—Amendment of a Joint Powers Agreement

Amending the charter for a JPA requires the following application form.

 **State of California**
Secretary of State

AMENDMENT OF A JOINT POWERS AGREEMENT
(Government Code section 6503.5)

Instructions:

1. Complete and mail to: Secretary of State, P.O. Box 942870, Sacramento, CA 94277-2870.
2. Include filing fee of \$1.00.
3. Do not include attachments.
4. A copy of the full text of the joint powers agreement and amendments, if any, must be submitted to the State Controller's office. For address information, contact the State Controller's office at www.sco.ca.gov.

FILE NO. _____

(Office Use Only)

Date of filing initial notice with the Secretary of State: _____

File number of initial notice: _____

Name of the agency or entity created under the agreement and responsible for the administration of the agreement: _____

Agency's or Entity's Mailing Address: _____

Title of the agreement: _____

Complete one or more boxes below. The agreement has been amended to:

Change the parties to the agreement as follows: _____

Change the name of the administering agency or entity as follows: _____

Change the purpose of the agreement or the powers to be exercised as follows: _____

Change the short title of the agreement as follows: _____

Make other changes to the agreement as follows: _____

RETURN ACKNOWLEDGMENT TO: (Type or Print)

NAME	_____	Date	_____
ADDRESS	_____	Signature	_____
CITY/STATE/ZIP	_____	Typed Name and Title	_____

SEC/STATE NPSF 404B Rev 04/2015

Figure 10. Amendment of a Joint Powers Agreement^[51]

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Santa Cruz Civil Grand Jury

701 Ocean Street, Room 318–I, Santa Cruz, CA 95060
(831) 454–2099 <grandjury@scgrandjury.org>

Words Matter

Did Measure G Mislead Voters?

“The problem [with ballot proposals] is that local officials are so vested in the outcome that they are frequently incapable of providing voters the impartial descriptions they deserve.”

—Daniel Borenstein, *The Mercury News*

Summary

In November of 2018, Santa Cruz County residents passed Measure G, a one-half cent sales tax increase on transactions in the unincorporated area of the County for a period of 12 years. After the election, members of the public expressed concern that Santa Cruz County government was not honoring provisions contained in the ballot question.

The Grand Jury investigated whether the public concern was warranted. We found that there was a significant disconnect between how some voters interpreted the ballot question for Measure G and what the Santa Cruz County administration thought it meant.

The Grand Jury concluded that the ballot language was misleading. Specifically, Santa Cruz County staff could not provide consistent explanations as to why the provisions for annual audits and independent citizens oversight were included in the ballot question. Through our interviews, we learned that County staff had no intention of providing special accountability provisions for Measure G. We also determined that the County Counsel’s impartial analysis of Measure G did not address the ballot spending priorities or how the audit and oversight provisions would operate.

For future revenue measures, the Grand Jury encourages the County Board of Supervisors to review this report and consider adopting a policy requiring County staff to provide clearer, more succinct language explaining the nature of each tax and how it may be spent. If provisions are attached to promote accountability or other assurances, the County Counsel should explain to voters in the impartial analysis how they will operate. County voters deserve no less.

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Background

On November 6, 2018, Santa Cruz County voters were asked to approve Measure G, as posed in this ballot question:

To continue funding 9-1-1 emergency response, paramedic, sheriff, fire, emergency preparedness, local street repairs, mental health services, homelessness programs, parks, economic development and other general county services, shall the County of Santa Cruz be authorized to increase by ordinance the sales tax on retail transactions in the unincorporated area of the County by one-half cent for 12 years, providing approximately \$5,750,000 annually, subject to annual audits and independent citizens oversight?

Measure G passed, with just under 66 percent approval.^[1]

Prompted by a citizen’s complaint, the 2021–2022 Santa Cruz County Civil Grand Jury investigated the reasons County staff recommended that the County Board of Supervisors place Measure G on the ballot. We reviewed the language of the ballot question, and the promises voters might have thought the Board made with Measure G.^[2]

Santa Cruz County’s Structural Deficit

As the Santa Cruz County Administrative Office prepares for each annual budget cycle, the same challenge looms—how to generate sufficient revenue to pay for the ongoing essential services that residents expect, as well as newly identified critical needs. While the County Board of Supervisors is responsible for directing available tax revenue to the County’s various programs, the County Administrative Office and other County staff are responsible for carrying out the Board’s direction. County staff must let the Board know when County revenues are not sufficient to meet the identified needs. Collectively, we refer to the County Board of Supervisors and County staff as “the **County Government**.” The persistent gap between the County’s general revenue and the cost of essential services causes a fundamental imbalance in the County’s budget known as a structural deficit.^[3]

Santa Cruz County’s persistent structural deficit was created in large part by Proposition 13 (**Prop 13**), a 1978 voter-approved initiative.^[4] Prop 13 rolled back property tax rates and limited their increase to no more than two percent per year. A lesser known effect, which is particularly challenging to Santa Cruz County, is that Prop 13 also froze each California county’s share of property taxes.

At the time Prop 13 was enacted, the County’s share of property taxes in the unincorporated areas of Santa Cruz County was much lower than in most California counties.^[4] Prop 13 locked in the County’s modest share of property taxes. County staff said that after distribution to the State and other local agencies with a share in *ad valorem* property taxes, the County’s share of every property tax dollar is very low compared to other California counties.^[4] Because Prop 13 is an amendment to the Constitution of California, this imbalance cannot easily be changed. County Government must look to other revenue tools to address the basic needs of its residents.

Adding to this revenue strain on the County budget, Santa Cruz County has a relatively large percentage of its population living in the unincorporated area.^[4] The County Government must provide these residents with the same or similar municipal services that city residents enjoy such as parks, libraries, and transportation infrastructure. The County Government must also deliver countywide services that all residents expect (mental health, services to the homeless, healthcare, and safety net services).

Ballot Measures As a Way to Address Budget Shortfalls

If a local government's revenues are insufficient to pay for essential government services, let alone newly arising concerns due to a pandemic or bankrupt local hospital, voters may be asked to approve increased revenue through a ballot measure.

The County Government has a limited toolkit for addressing revenue shortages that are not funded by property taxes. First, the County must consider revenue options, either general revenue or special revenue.

Revenue Options

- **General Revenue:** Income from a tax imposed for general governmental purposes. In California, ballot measures seeking general tax revenue must be approved by a majority of voters (50 percent plus one vote).^[5]
- **Special Revenue:** Income from a tax imposed for the limited purpose specified in the ballot. Ballot measures seeking a special purpose tax revenue have a higher threshold for approval—two-thirds of the vote (66.7 percent).^[6]

Then the County Government must consider the type of tax that will meet the identified need. The County's tax options are defined as follows.

Tax Definitions

- **General Tax:** Any tax imposed for general governmental purposes. In California, ballot measures seeking general tax revenue must be approved by a majority of voters (50 percent plus one vote).^[5]
- **Special Purpose Tax:** Any tax imposed for a specific purpose. Ballot measures seeking a special purpose tax revenue have a higher threshold for approval—two-thirds of the vote (66.7 percent).^[6]
- **Sales Tax:** A tax levied on the sale of goods and services.^[7]
- **Transient Occupancy Tax (TOT):** A tax paid on temporary occupancy of hotels, motels, and short-term rentals.^[8]
- **Property Tax:**
 - *Ad valorem tax* (based on a property's assessed value). The largest source of a county's discretionary revenue.^[9]
 - *Parcel tax* is a form of property tax assessed at a rate based on the characteristics of a parcel—or unit of property—rather than a rate based on the assessed value of the property.^[10]

The types of taxes proposed to voters may vary but the ballot measures must be concise, accurate, and unbiased.

California’s Elections Code Section 13119 (c) provides that in all local government ballot measures:

The statement of the measure shall be a true and impartial synopsis of the purpose of the proposed measure, and shall be in language that is neither argumentative nor likely to create prejudice for or against the measure.^[11]

While there is a requirement of impartiality, those who prepare ballot measures have a natural bias toward crafting the ballot to ensure the revenue measure will pass.^[12] After all, governments would not propose tax increases if they did not think they were necessary.

With this bias in mind, the Grand Jury examined several aspects of the Measure G ballot language. These topics included whether the wording of the ballot question might have misled some voters in understanding how the funds would be spent, and how the accountability provisions of an annual audit and citizens oversight (**Accountability Provisions**) would operate.

Scope and Methodology

This investigation focused on:

- Reasons for Santa Cruz County’s structural deficit
- Origins of the Measure G ballot language
- Discrepancies between the proposed use of Measure G funds stated in the ballot language and other Santa Cruz County Board of Supervisors (**Board**) funding priorities stated outside the voter materials
- Why the revenue measure is limited to 12 years when the essential services are ongoing
- Implementation of the Accountability Provisions of an annual audit and citizens oversight

We then compared aspects of Measure G with other local government revenue measures to determine whether the Santa Cruz ballot language was unique. We examined:

- Other California tax measures with elements comparable to Measure G, including a similarly worded ballot measure presented to Santa Cruz County voters in 2016
- How other city and county governments implemented similar Accountability Provisions
- How the required impartial analysis in voter materials can help voters understand a local government agency’s intentions
- Whether the County Government has the ability to offer voters visibility regarding proposed and actual Measure G expenditures

We interviewed current and retired County officials with responsibility for the County's budget, audit, and legal services. We interviewed people inside and outside County government with experience and expertise in revenue measures. Our research included reviews of:

- Santa Cruz County budget and audit documents
- Contracts with consultants that advised County staff on revenue measures
- Meeting minutes and recordings of Board of Supervisors meetings
- Other California ballot measures
- Articles on local government finance and the business of ballot measures
- The Grand Jury's independent research and analysis of California ballot measures

Investigation

This investigation began with the County staff's reasons for recommending that the Board submit Measure G to voters. The Grand Jury then:

1. Analyzed each provision of Measure G and its potential purpose
2. Compared these provisions to other local and California revenue measures
3. Evaluated the similarities in the wording—and the differences in how they were implemented
4. Considered whether key aspects of Measure G might be implemented
5. Explored the risk the 12-year expiration of the tax increase may pose to the County's future fiscal health

The Genesis of Measure G

In late 2017 and early 2018, the County Administrative Office held meetings to discuss the County's structural deficit and ways the Board could meet the needs of the 2018–2019 budget.^[13] County staff knew that balancing the 2018–2019 budget was going to require increased revenue.^[14] In order to weigh the pros and cons of the different types of revenue, the County retained TBWBH Props and Measures (**TBWBH**), a consulting firm that specializes in revenue measure strategy and communications for California local governments. In February 2018, TBWBH began work on a ballot revenue feasibility assessment, including a survey of voters to test different funding options for the November 2018 ballot.^[15] TBWBH subcontracted the survey work to EMC Research, a public opinion pollster.

The County's consultant polled voters regarding two types of tax revenues for the November ballot:

- A special purpose tax for parks, polled as an annual parcel tax at both a \$16 and \$48 level
- A general revenue sales tax increase

The telephone survey of 502 likely voters in the unincorporated areas of Santa Cruz County was completed in March 2018.^[16] In addition to questions on specific revenue sources, the poll also asked about voter priorities and trust in County revenue and/or expenditure issues.

There are important takeaways from the EMC Research poll results:

- Parks ranked at the bottom of essential services for which potential voters might be willing to tax themselves.
- There was little likelihood that a special purpose tax for parks would secure the required two-thirds voter approval.
- A slight majority of the polled voters did not trust the County Government to properly manage tax revenue.

EMC Research went on to note that 67 percent of likely voters had a favorable opinion of the draft ballot language for a sales tax increase. See excerpts from the EMC Research Draft Telephone Survey in [Appendix A](#).

The EMC Research poll results prompted County staff to recommend that the Board have voters consider a sales tax increase for transactions in the unincorporated area of the County.

The sales tax ballot question that was presented to the survey respondents is shown in Figure 1.^[17]

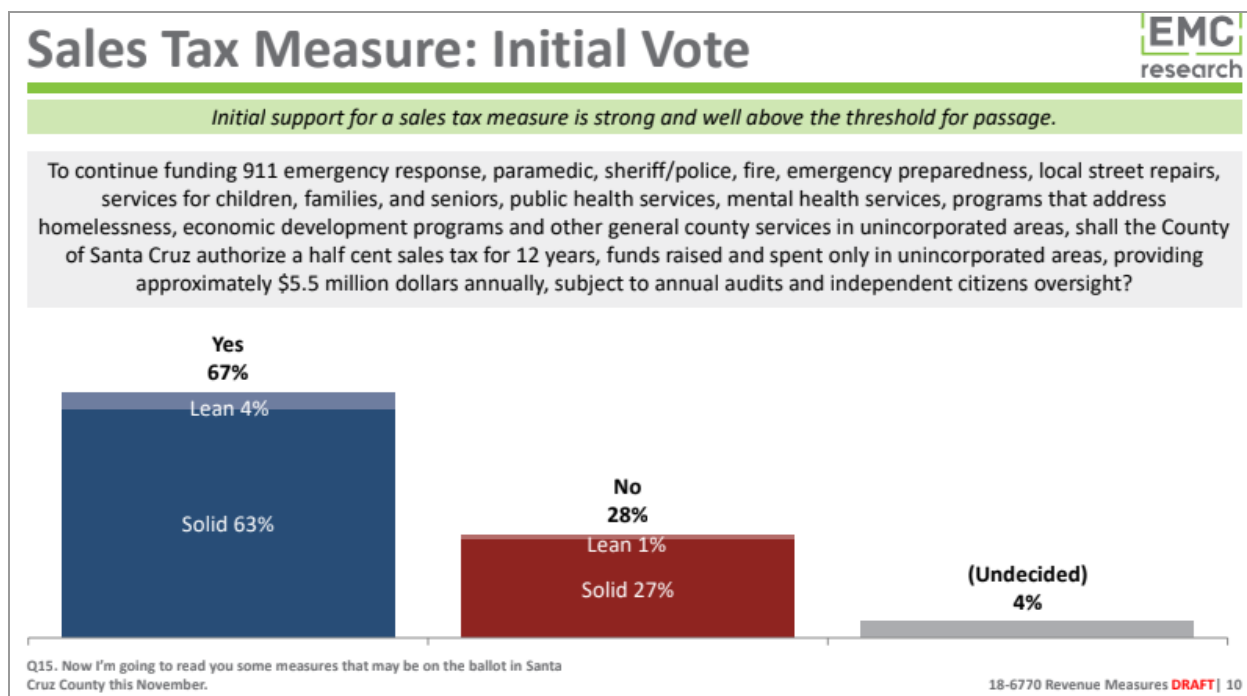


Figure 1. **Sales Tax Measure: Initial Vote (Telephone Survey of Likely November 2018 Voters Unincorporated Santa Cruz County March 2018)**^[18]

Setting the Stage for Board Approval—Placing Measure G on the 2018 Ballot

At its August 7, 2018, meeting, the Board approved the placement of Measure G on the November ballot with Resolution 181-2018.^[19] County staff’s recommended language for the ballot measure was remarkably similar to the ballot question used in the EMC Research poll. There was one notable exception: County Government removed the limitation on expenditure of the funds “only in unincorporated areas,” where the tax was being collected. In a companion action, the Board adopted Resolution 182-2018, which expressly stated the Board’s budget priorities for use of Measure G funds should the ballot question pass, as noted in Table 1.

Table 1. Board’s Measure G Priorities^[20]

List of Critical Unmet Needs: Resolution 182-2018	
Parks Critical Capital Improvements One-Time Costs	Ongoing Unmet Needs Approximate Annual Costs
<ul style="list-style-type: none"> Chanticleer Park: \$1,125,000 Simpkins Family Swim Center Pool Renovation: \$1,350,000 Heart of Soquel Linear Parkway Phase II: \$530,000 The Farm Park: \$235,000 Felton Nature Park: \$400,000 Aptos Park Facility: \$435,000 	<ul style="list-style-type: none"> Homeless Navigation Center: \$590,000 Improved Parks Operations and Maintenance: \$250,000 Focused Deterrence Initiative: \$1,000,000

Measure G was not a special purpose tax. The Board’s budget priorities were not mentioned in the ballot question, nor were they highlighted in the voter information guide. Instead, voters relied on the language of the Measure G ballot question and the broad array of government services listed in Table 2.

Table 2. Ballot List of Measure G Ballot Priorities

Measure G Ballot Question List of Government Services	
<ul style="list-style-type: none"> 9-1-1 Emergency response Sheriff Fire, paramedic services Emergency preparedness Street repairs 	<ul style="list-style-type: none"> Mental health services Homelessness programs Parks Economic development Other general county services

The sales tax measure—Measure G—was approved by 66 percent of the voters on November 6, 2018.^[1]

The Ballot Measure Language—Getting to “Yes”

The notable similarity between the EMC Research poll question in Figure 1 and the Measure G question that voters considered shows that Measure G was substantially drafted in March 2018. Our analysis of a number of similar ballot questions determined that the County Government incorporated several elements that are commonly used to encourage voter approval:

- Detailing County services and programs that voters like or need
- Assuring that the revenue would be subject to an annual audit
- Assuring that the revenue would be subject to independent citizens oversight
- Providing that the tax increase would expire in 12 years

It is important to include these provisions in a ballot measure if the provisions are promising something beyond what the agency is required to do, as in the case of the audit or citizens oversight. It is also important to express the agency’s intentions regarding the permitted use of the revenue or expiration of the tax.

It is quite another matter when the agency’s intention behind the language is not clear or does not relate to the agency’s need for the revenue. Voters may pull the “yes” lever, only to realize the County Government intended something entirely different.

What Did the Measure G Ballot Language Mean?

The text of Measure G shares a recipe followed by other ballot measures across the State of California. We found the similarities striking. The ballot questions commonly begin with a list of important government services that the tax could fund. If the tax is a general purpose tax, that important fact will be indicated—after the long list of popular government services—by use of such catch-all terms as “and general city services,” “other city services,” or “other essential services.”^{[21] [22]} See [Appendix B](#).

The list of possible uses of the tax revenue serves to remind voters what their government does. Accountability Provisions follow the list of uses to assure voters that these needs will be met. Together, these assurances build voter trust. If there is no follow-through, the agency may lose the voters’ trust. With this assurance in mind, we compared the ballot question for Measure G with that of another Santa Cruz County sales tax measure—Measure D—which voters passed in November of 2016. We have added emphasis to highlight the similarities in expiration dates, oversight committees, and audit provisions.

Table 3. Ballot Comparison: Measure G and Measure D

Santa Cruz County Sales Tax Measure G (November 2018)	Santa Cruz County Transportation Sales Tax Measure D (November 2016)
<p>To continue funding 9-1-1 emergency response, paramedic, sheriff, fire, emergency preparedness, local street repairs, mental health services, homelessness programs, parks, economic development and other general county services, shall the County of Santa Cruz be authorized to increase by ordinance the sales tax on retail transactions in the unincorporated area of the County by one-half cent for 12 years, providing approximately \$5,750,000 annually, subject to annual audits and independent citizens oversight?</p>	<p>In order to improve children’s safety around schools; repair potholes; repave streets; improve traffic flow on Highway 1; maintain senior/disabled transit; reduce global warming pollution by providing transportation options like sidewalks, buses, bike lanes, trails; preserve rail options; shall Santa Cruz County voters adopt an ordinance establishing a half-cent sales tax for 30 years, raising approximately \$17 million annually, requiring citizens oversight, independent audits, and funds spent locally?</p>

Given the similarities in these two ballot questions—in both wording and structure—one might think that they were both **special purpose taxes** with identical Accountability Provisions of an audit and citizens oversight. This assumption is incorrect.

Measure G is a *general revenue tax* that does not need to be spent on any of the listed purposes. Measure D, on the other hand, is a *special purpose tax* that only funds the listed specific transportation-related needs. The Regional Transportation Commission has established a citizens oversight committee to review Measure D expenditures and provides audit information specific to Measure D revenue readily available for review on its website.^[23] Understanding these differences is critical to informed voting. It is the role of the County Counsel’s impartial analysis to ensure voters have a clear understanding of ballot measures.

The Role of the Impartial Analysis Is to Inform Voters

Every year the County’s Registrar of Voters publishes a Voter Information Guide to aid voters in understanding what and who is on the ballot. (See [Appendix C](#).) A key resource within the guide is the impartial analysis. Following the requirements of California’s Elections Code, the County Board of Supervisors directed the County Counsel to prepare an impartial analysis of Measure G.^[19] According to the code, the analysis should explain “the effect of the measure on the existing law and the operation of the measure.”^[24]

In the case of Measure G and Measure D, the audit and citizens oversight provisions were written with similar phrasing in the ballot questions, but were implemented in very

different ways. Neither impartial analysis offers an explanation as to how the audit or citizens oversight would operate (see Table 5). For the full text of the impartial analyses of Measures G and D, see [Appendix D](#) and [Appendix E](#).

Absent an explanation in the impartial analysis, in the case of the County’s Measures D and G, the voter needed to know:

- The phrase “for general County operations and services” means it is general revenue that can be used for **any** legal purpose—from census outreach to ballot consultants—and not just those listed on the ballot.
- A statement that funds will be “deposited into the general fund” means it is **general fund**, and the Board is not limited by its own stated budget priorities or the ballot’s stated uses.
- The difference in how general and special revenues are audited.
- That the term “independent citizens oversight” may be interpreted quite differently from measure to measure.

Voters in the City of Sacramento had a different experience when they voted for Measure U in 2018, which was a general revenue sales tax worded much the same as Measure G:

Shall the measure to protect and enhance essential public safety services, including 911 response, fire protection, community neighborhood policing, **and other essential services**, including homeless supportive services, affordable housing, libraries, park maintenance, high-wage job promotion, and youth programming, by enacting a one-cent sales tax generating \$95 million annually that is legally required to stay in the City's General Fund, **until ended by voters**, with **independent annual financial audits and citizens oversight**, be adopted?^[25] (Emphasis added.)

Table 5 shows how the Sacramento City Attorney sought to assist voters with more detailed information about the meaning of the ballot’s terms. For the full text, see [Appendix F](#). Note that Measures G and D analyses fell short compared to Measure U.

Table 5. Comparison of Ballots' Impartial Analyses

	Santa Cruz County Measure G November 2018 ^[26]	Santa Cruz County Measure D November 2016 ^[27]	City of Sacramento Measure U November 2012 ^[25]
Does the impartial analysis specify general or special revenue?	Implied: "Will be deposited into the general fund to pay for county general operations."	No	Yes , "could be used for any municipal government purpose," including services referenced in the ballot.
Is the spending plan or budget priorities noted in the analysis?	No	Yes	Not applicable: There are no spending plans or priorities.
Explains citizens oversight?	No	No	Yes , a committee will review revenue and expenditures.
Explains how it will be treated in an audit?	No	No	Yes , to be audited the same as other general revenue.

The impartial analysis is an opportunity and a tool to aid voters in understanding how these Accountability Provisions will operate. Whether there should be such stark differences in the meaning and operation of the ballot Accountability Provisions may be debatable. In the case of Measure G, the County Counsel missed an opportunity to properly inform County voters.

Is It Too Late to Honor the Accountability Provisions of Measure G?

Regardless of the County Government's reasons for including audit and oversight provisions, the Grand Jury wanted to know whether these Accountability Provisions could or should be implemented beyond what the law requires.

Annual Audit

Government audits are a highly regulated process that are all designed to ensure that taxpayer funds are fully accounted for. This accounting means the auditor verifies all revenue coming in, all revenue paid out, and balances remaining.^[28] The County's elected Auditor-Controller-Treasurer-Tax Collector (**Auditor**) prepares the County's audit, which is summarized in the Annual Comprehensive Financial Report (**ACFR**). The ACFR covers all County funds.^[29]

The County’s adopted budget is the County’s spending plan for Fiscal Year 2021–22.^[30] In the world of government finance, budgets are planning documents that project future intentions; audits are an assessment of what actually occurred.

The County’s ACFR does not report specifically on Measure G revenues, expenditures, or balance remaining.^[31] Because Measure G is general revenue, the County staff considers current practice to be fully compliant with the legal requirement to audit its general revenue. The Grand Jury agrees with the County’s assessment, but the fact remains: The assurance of an annual audit had no special meaning with regard to Measure G. Measure G was not a special revenue tax that required an audit. Voters, however, might not have understood that distinction.

Independent Citizens Oversight

The County Government’s promise to provide for independent citizens oversight is another matter. Many California cities and counties have formed citizens oversight committees to ensure that tax revenues were used as voters intended. However, in the opinion of County staff, the Measure G oversight language promised nothing beyond what the law already provides regarding public expenditures. The law requires a public record of planned expenditures adopted or approved at a public meeting, as well as the publicly available audit, also discussed in a public meeting.^[32] ^[33] Beyond this existing obligation, County staff believed that citizens oversight had no special meaning with regard to Measure G.

Other California cities and counties that have passed general revenue tax measures with a provision for citizens oversight have met their obligation to the voters quite differently. The City of Milpitas offers a good example as described below.

City of Milpitas Measure F Citizens Oversight Committee

In 2020, voters in the the City of Milpitas passed Measure F, a general revenue sales tax measure with a provision for a “citizens oversight committee.”^[34] Prior to the election, the Milpitas City Council adopted a resolution to establish the Measure F Oversight Committee subject to voter approval of the measure. The seven-member advisory body serves on the Committee for up to a maximum of three, three-year terms.

Members of the Committee are required to be residents of Milpitas and it is preferred they possess areas of expertise and/or are advocates for:

1. Business and/or residential community
2. Municipal or governmental services operations
3. Municipal finance, taxation, budgeting, and/or accounting

The Committee meets four times per year to review projected revenues, programs, and services funded by the proceeds of Measure F.^[35]

Other examples of citizens oversight committees formed subsequent to the passage of general revenue sales taxes include:

- City of San Leandro Measure HH Citizens Oversight Committee^[36]
- City of Sacramento Measure U Community Advisory Committee^[37]
- City of San Mateo Measure S Oversight Committee^[38]

Can the County Propose and Track Measure G Expenditures to Aid an Oversight Committee?

The ballot language informed voters that the Measure G revenue would fund:

9-1-1 Emergency response, paramedic, sheriff, fire, emergency preparedness, local street repairs, mental health services, homelessness programs, parks, economic development **and other general county services**.^[39] (Emphasis added.)

But as noted above, the Board of Supervisors adopted a resolution that established the **Board's** budget priorities for Measure G that were much more specific.^[20] The County Administrative Office has tracked Measure G expenditures with enough detail to inform the Board that its budget priorities for Measure G are being addressed.^[40] With the 2021–22 fiscal year, the County Administrative Office began including a Financial Summary of Measure G in its proposed budget document (see Figure 2). However, this Measure G Financial Summary lacks the detail required for an annual audit or independent citizens oversight. Figure 2 shows that of the approximately \$8 million of Measure G revenue projected for Fiscal Year 2021–22, \$2 million (25 percent of the revenues) will be spent on the big bucket of “other county essential services.”^[41] The only detail in the Measure G Financial Summary relates to the **Board's** budget priorities for Measure G:

- The Office of Response, Recovery & Resilience, budgeted to receive just over \$1 million
- The Focused Intervention Team (“FIT” in Figure 2) (about \$1 million)
- Housing for Healthy Santa Cruz (about \$3.5 million)

This detail indicates that the Board could direct the County staff to provide a similar breakdown of “other county essential services.” This additional detail would provide citizens with a more complete picture of how Measure G has benefited County residents.

	Actual 2018-19	Actual 2019-20	Adjusted Budget 2020-21	Actual 2020-21	Adopted 2021-22	Change from Adjusted 2020-21	
Measure G funded programs							
Revenues							
Sales Tax	1,875,003	6,437,641	5,998,254	7,816,443	8,092,293	2,094,039	34.9%
Total Revenues	1,875,003	6,437,641	7,112,851	7,112,851	8,092,293	2,094,039	29.4%
Expenditures							
Salaries & Benefits	719,297	1,538,832	2,848,396	1,598,451	4,534,818	1,686,422	59.2%
Services & Supplies	0	390,038	1,439,047	681,624	1,435,886	(3,161)	-0.2%
Fixed Assets (Park Improvements)	1,000,000	90,000	0	0	0	0	0.0%
Other County Essential Services*	155,706	4,418,771	1,710,811	5,536,368	2,121,589	410,778	24.0%
Total Expenditures	1,875,003	6,437,641	5,998,254	7,816,443	8,092,293	2,094,039	34.9%
Staffing							
Sheriff's Office	4.00	4.00	4.00	4.00	4.00	0	0.0%
Parks Department	2.00	3.00	3.00	3.00	3.00	0	0.0%
Health Services	3.00	3.00	3.00	3.00	3.00	0	0.0%
Housing for Healthy Santa Cruz		2.00	12.00	12.00	16.00	4	0.0%
Office of Response, Recovery, Resilience			4.00	4.00	4.00	0	0.0%
Total Staffing	9.00	12.00	26.00	26.00	30.00	4.00	15.4%
Program Details							
	Actual 2018-19	Actual 2019-20	Adopted 2020-21	Actual 2020- 21	Adopted 2021-22	Change from Adopted 2020-21	
Revenues							
Half Cent Transaction Tax	1,875,003	6,437,641	5,998,254	7,816,443	8,092,293	2,094,039	34.9%
Total Revenues	1,875,003	6,437,641	5,998,254	7,816,443	8,092,293	2,094,039	34.9%
Expenditures							
Sheriff's Office FIT Program	366,372	557,748	732,743	0	573,431	(159,312)	-21.7%
Health Services FIT Program	217,658	435,316	435,316	0	435,316	0	0.0%
Park Improvements & Maintenance Staff	1,135,268	270,536	281,357	281,357	298,238	16,881	6.0%
Housing for Healthy Santa Cruz	0	755,270	1,994,783	1,189,774	3,488,966	1,494,183	74.9%
Office of Response, Recovery, Resilience	0	0	843,244	808,944	1,174,753	331,509	39.3%
Other County Essential Services*	155,706	4,418,771	1,710,811	5,536,368	2,121,589	410,778	24.0%
Total Expenditures	1,875,004	6,437,641	5,998,254	7,816,443	8,092,293	2,094,039	34.9%
* Other County Essential Services are included as part of the General Fund contribution to the Departments also known as the "Net County Cost" or "General Fund contribution". FIT program discontinued during COVID-19. Homeless Services expanded to Housing for Health Santa Cruz in 2020-21 and Emergency Services expanded to Office of Response, Recovery and Resilience. Parks and Cultural Services includes funding for staff and park improvements.							

Figure 2. **County of Santa Cruz 2021–22 Measure G Financial Summary**
(Source: Santa Cruz County Adopted Budget Fiscal Year 2021–22^[41])

To be clear, the Measure G Financial Summary (Figure 2) is not an audit. More detailed financial tracking would also address another Measure G concern: the 12-year expiration of the tax.

The Measure G Twelve-Year Time Limit

The County’s ballot consultant recommended including a fixed time limit on the collection of Measure G revenue to make the tax measure more likely to pass. There are significant ramifications to this decision. The first section of the Measure G Financial Summary, called *Measure G funded programs* (Figure 2), indicates that over 50 percent of Measure G funds (\$4,534,818) are projected to be spent on salaries for “essential county services” staff. Salaries are an ongoing expense. Unless voters permanently extend the sales tax increase, a financial risk looms for Santa Cruz County residents. This risk is best depicted in Figure 3, a County staff presentation to the Board of Supervisors in February 2022 that shows, in orange, the increased revenue from Measure G compared to the County’s share of sales tax without Measure G, shown in blue.

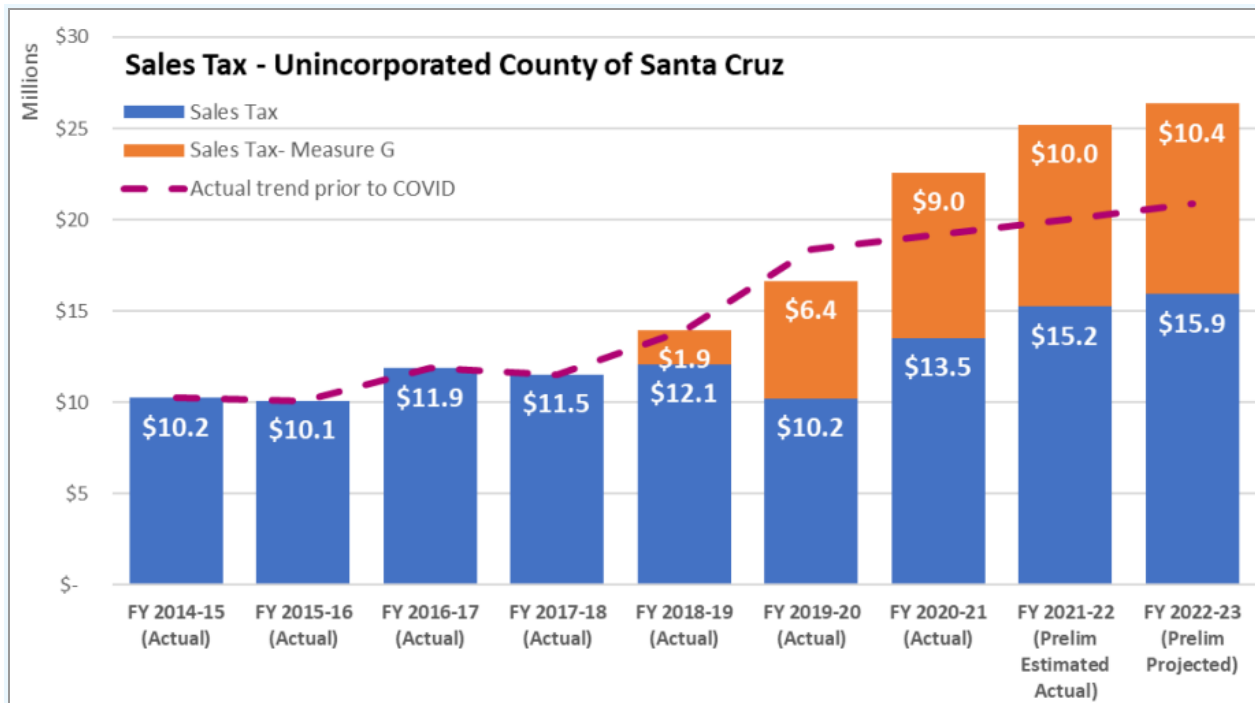


Figure 3. Sales Trend: Exceeding Pre-Pandemic Levels
Santa Cruz County 2021–22 Mid-Year Report^[42]

There is no guarantee that future voters will be inclined to renew the tax. Political winds often blow in unexpected directions. Based on our analysis, Santa Cruz County’s structural deficit will persist, and is currently the justification of yet another general revenue measure that was put before the voters in the unincorporated Santa Cruz County in June 2022, Measure B—the TOT Ballot Measure.^[43] The TOT Ballot Measure does not include an audit, citizens oversight, or an expiration date. Estimated revenues from this proposed Transient Occupancy Tax is about 25 percent of the current level of Measure G revenues. Clearly, this tax supplements Measure G. It does not replace Measure G.

If the upward trendline of County expenditures continues, County Government will need to propose additional tax measures in the future. Tax fatigue could set in. Failure to renew Measure G in 2030 could create a major shortfall for County finances. This shortfall could result in employee layoffs and impact essential services.

As the Grand Jury was processing this report, County Government introduced its proposed FY 2022–23 Budget^[44] through an online budget tool that the County claimed will provide greater transparency. The Grand Jury examined the tool in light of the issues raised in this report.

We found that the tool offers less transparency for citizens oversight as to how the County Government proposes to spend Measure G revenues. The Measure G Financial Summary shown in Figure 2 is absent. All general fund revenues are grouped together for the purpose of showing expenditures. The tool misstates Measure G as a “one-quarter cent” sales tax, but eventually you can navigate to see Measure G projected revenues. However, the navigation path was convoluted and difficult to repeat. Citizens will be less informed about proposed Measure G revenues and expenditures under this budget tool.

Conclusion

A ballot measure represents a promise to the voters. The County Government did not take the care it should have in crafting Measure G. County Government relied on a tax measure consultant to draft the ballot question and this language was accepted with minimal changes. The result was the inclusion of the accountability provisions “annual audits,” and “independent citizens oversight” that voters found misleading. Even County staff conceded in Grand Jury interviews that they could see how voters could have been confused by what those terms meant in the context of Measure G. The County staff is clear about what it believes these provisions of Measure G called for, but it did not consider what the wording might have meant to voters. If County Government continues to ignore how voters may interpret tax measures, voters may lose confidence and trust in the County.

County staff proposed Measure G for the legitimate purpose of addressing the County’s structural deficit and an extensive list of ongoing critical needs and essential services. The need for these services will remain strong. The Grand Jury understands and values the important leadership role the County should play in addressing critical issues such as homelessness, fire prevention, and drought resilience. This report is written in support of the County and with the intention of highlighting the critical need for County services, and the intelligence of County voters in being able to recognize the need and act accordingly.

That said, the County Government should write future ballot questions and the accompanying voter information carefully so that residents know exactly what they are voting for.

Findings

Ballot Language

- F1. Measure G's ballot language made the tax appear to be a special tax: the language emphasized multiple services that Measure G could be used for, which overshadowed the final clause, "and other general county services."
- F2. County staff did not have compelling reasons to include several provisions contained in its consultant's proposed Measure G ballot language—specifically the annual audit, citizens oversight, and 12-year expiration date—which also made Measure G appear to be a special tax.
- F3. The Santa Cruz County Board of Supervisors approved the Measure G ballot language at its August 7, 2018, meeting without seeking clarification as to how the provisions for an "annual audit" and "independent citizens oversight" would operate.

Impartial Analysis

- F4. The impartial analysis did not plainly state that the Measure G funds would be general revenue that could be used for ***any*** legal government purpose.
- F5. The impartial analysis did not inform voters that the County Board of Supervisors had adopted a resolution setting budget priorities for the use of Measure G revenue that was quite narrow compared to the broad range of proposed uses stated in the ballot.
- F6. The impartial analysis failed to explain how the "annual audit" or the "independent citizens oversight" would be carried out.

Citizens Oversight

- F7. The Measure G Financial Summary, which is included in the County's Adopted Budget for Fiscal Year 2021–22, can be expanded with detail showing Measure G revenues and expenditures to support the Measure G independent citizens oversight provisions.
- F8. The County Government's current reliance on over 50 percent of Measure G revenue to support ongoing and recurring expenses for the County's provision of essential services means the Measure G 12-year expiration date may present a serious risk to the County's future fiscal health.
- F9. Other California cities and counties have demonstrated that Santa Cruz County can honor its promise for citizens oversight of Measure G expenditures.

Recommendations

- R1.** The County’s ballot language for a revenue measure should clearly state whether the County Government’s use of the funds will be restricted to certain uses (special revenue), or is available for any legal purpose (general revenue). (F1)
- R2.** The County’s ballot language for general revenue measures should only include accountability provisions when the provisions will provide transparency beyond what the law already requires. (F2, F3)
- R3.** The County Counsel’s impartial analysis of a revenue measure should clearly state whether the County Government’s use of the funds will be restricted to certain uses (special revenue), or is available for any legal purpose (general revenue). (F4)
- R4.** The County Counsel’s impartial analysis of a revenue measure should explain how all aspects of the ballot measure will operate, including provisions for an annual audit or independent citizens oversight. (F6)
- R5.** If the Santa Cruz County Board of Supervisors has formally established budget priorities for an upcoming revenue measure, the County Counsel’s impartial analysis should state this fact and note that the Board’s budget priorities are subject to change. (F5)
- R6.** By January 1, 2023, the Santa Cruz County Board of Supervisors should require that the County Administrative Office use its financial and budget tracking tools to provide more detail on the planned and actual use of Measure G funds than is shown in the Measure G Financial Summary of the County’s Adopted Budget for Fiscal Year 2021–22. (F7)
- R7.** By January 1, 2023, the Santa Cruz County Board of Supervisors should appoint a citizens oversight committee to oversee, review, and advise the Board on a more detailed Measure G report, showing Measure G revenues and expenditures as described in Finding 7 on a periodic basis (semiannually or quarterly). (F7, F8, F9)

Commendation

- C1.** The Grand Jury commends the County Administrative Office staff for its work in presenting the challenges of—and possible solutions to—the County’s persistent structural deficit.

Required Response

<i>Respondent</i>	<i>Findings</i>	<i>Recommendations</i>	<i>Respond Within/ Respond By</i>
Santa Cruz County Board of Supervisors	F1, F2, F3, F7, F8, F9	R1, R5, R6, R7	90 Days September 19, 2022

Invited Responses

<i>Respondent</i>	<i>Findings</i>	<i>Recommendations</i>	<i>Respond Within/ Respond By</i>
Santa Cruz County Counsel	F4, F5, F6	R2, R3, R4	90 Days September 19, 2022
Santa Cruz County Administrative Officer	F1, F2, F3, F7, F8, F9	R1, R5, R6, R7	90 Days September 19, 2022

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Appendix A—Excerpts from the EMC Research Draft Telephone Survey of Likely November 2018 Voters

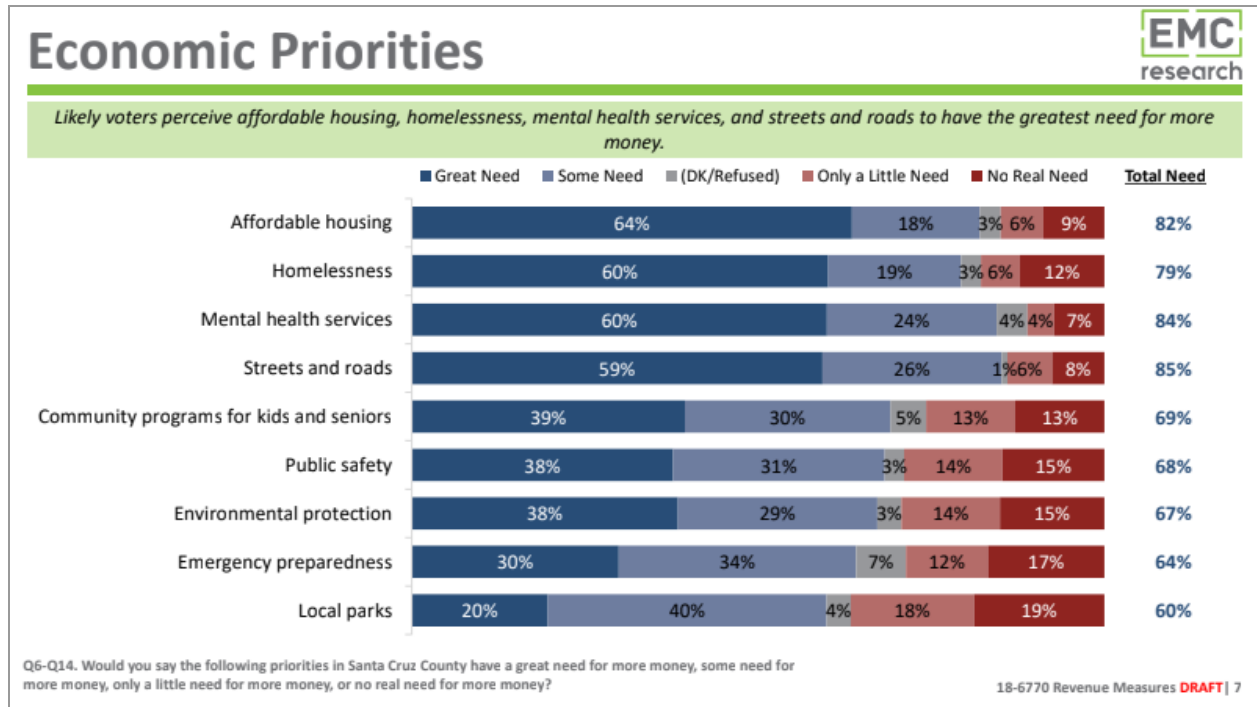


Figure 4. Economic Priorities^[45]

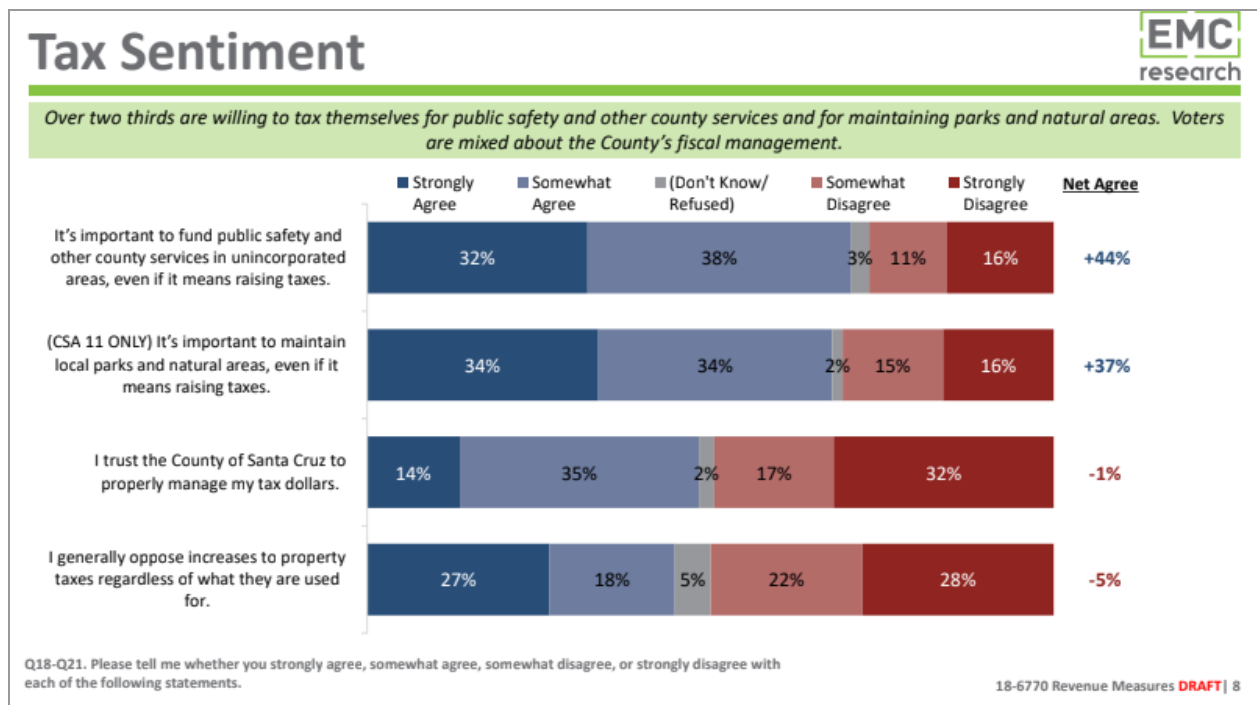


Figure 5. Tax Sentiment^[46]

Appendix B—Examples of Sales Tax Measure Ballot Questions

City of Milpitas Public Services Measure, 2020 ^[34]	City of San Mateo Measure S, 2016 ^[22]	City of Sacramento Measure U, 2018 ^[25]
<p>To provide funding to maintain the City's finances and services, including: police and fire protection, 9-1-1 emergency response, and natural disaster preparation; youth, senior, and recreation services; repairing park equipment and maintaining parks and recreation centers; and attracting and retaining location businesses; shall the measure, establishing a 1/4¢ sales tax, providing approximately \$6,500,000 annually for 8 years, requiring independent audits, citizens oversight committee, all funds spent locally, be adopted?</p>	<p>To continue locally controlled funding to maintain services and improve infrastructure, including: police patrols and gang prevention; street, sidewalk, and pothole repair; 9-1-1 response times and emergency medical services, fire prevention; senior, teen, and children's programs; parks, paths and playfields, library hours; and other city services; shall San Mateo extend the existing voter-approved quarter-cent sales tax for 30 years without increasing current tax rates with citizens oversight of how proceeds are spent?</p>	<p>Shall the measure to protect and enhance essential public safety services, including 9-1-1 response, fire protection, community neighborhood policing, and other essential services, including homeless supportive services, affordable housing, libraries, park maintenance, high-wage job promotion, and youth programming, by enacting a one-cent sales tax generating \$95 million annually that is legally required to stay in the City's General Fund, until ended by voters, with independent annual financial audits and citizen oversight, be adopted?</p>

Appendix C—Summary of the Contents of the Voter Information Guide for Measure B, June 2022 Ballot^[47]

Ballot Question

Measure B—County Transient Occupancy Tax

SANTA CRUZ COUNTY UNINCORPORATED AREA VACATION RENTAL / OVERNIGHT LODGING TAX - To fund Santa Cruz County essential public services including wildfire prevention, emergency response/recovery, street repair, public/mental health services, homelessness programs, and affordable housing, shall Santa Cruz County increase its existing Transient Occupancy Tax, paid by tourists and others staying overnight at lodging facilities in unincorporated areas, from 11% to 12% for hotels/motels/inns, and to 14% for vacation rental properties, providing approximately \$2,300,000 annually, until ended by voters?

Argument for Measure B: Citizen arguments in favor of a “yes” vote for the Measure. The citizens endorsing the Measure are listed below the argument.

Rebuttal to Argument for Measure B: Citizen arguments against the Measure. The citizens opposing the Measure are listed below the argument.

Impartial Analysis of Measure B: The County Counsel’s explanation of the changes in existing law if the Measure is approved, and how the Measure will operate.

Fiscal Impact Statement for Measure B: The Auditor-Controller/Treasurer-Tax Collector’s analysis of how much revenue will be generated from the increased tax.

Full text of Measure B: If a majority vote “yes” to Measure B, this is a draft of how the Measure would be incorporated into the County’s Code of Ordinances.

County Transient Occupancy Tax Resolution: Board of Supervisors Resolution calling for the Ballot question to be put before voters in the June 2022 election.

Appendix D—Impartial Analysis of Measure G

The following impartial analysis of the measure was prepared by the office of the Santa Cruz County Counsel.^[26]

If this measure is approved by a majority of those voting on it, the Board of Supervisors of the County of Santa Cruz will be authorized to adopt an ordinance enacting a temporary increase to the retail transactions and use tax (“sales tax”) on retail transactions in the unincorporated area of the County. The sales tax increase would be imposed for a period of 12 years at the rate of one-half of one percent on retail transactions in the unincorporated area only. The current sales tax rate in the County of Santa Cruz is eight and one-half percent. Accordingly, if this measure is approved, the sales tax rate would increase to nine percent for 12 years. If approved, this measure is expected to take effect in or around April of 2019.

The revenue generated by this measure would be deposited in the County’s general fund and used by the County to pay for general County operations and services including emergency response, sheriff, fire, parks, street maintenance, mental health services, affordable housing, homelessness programs, youth and senior programs and economic development.

This measure was placed on the ballot by the Board of Supervisors of the County of Santa Cruz.

A “yes” vote on Measure G is a vote to approve the increase in the sales tax.

A “no” vote on Measure G is a vote against the increase in the sales tax.

Appendix E—Impartial Analysis of Measure D

The following impartial analysis of the measure was prepared by the office of the Santa Cruz County Counsel.^[27]

If this measure is approved by at least two-thirds of those voting on it, it will enact ordinance no. 2016-01 of the Santa Cruz County Regional Transportation Commission. The ordinance will cause the retail transactions and use tax rates (“sales tax”) imposed within Santa Cruz County to increase by half of one percent for a thirty-year period in order to pay for the transportation projects described in the ordinance and its expenditure plan which are printed in the ballot pamphlet. If approved, it is expected to take effect in or around April 2017.

The ordinance sets out accountability requirements, as well as exemptions and exclusions from the new tax. It also establishes that the constitutional appropriations limit will include the taxes which are collected. The sales tax increment proposed by this measure would apply within the cities as well as the unincorporated areas of the County. Those jurisdictions have differing sales tax rates for the transactions within their boundaries. Currently and prior to this proposed increase, the sales tax rates are: 8.75% within the cities of Capitola, Santa Cruz, and Scotts Valley; 9.0% within the City of Watsonville; and 8.25% in the unincorporated areas of the County. Following this election, the rates would be subject to further change as might be permitted or required by State law.

This election was requested by the Santa Cruz County Regional Transportation Commission, and was called by the Santa Cruz County Board of Supervisors as requested by the Commission.

A “yes” vote is to adopt the ordinance and approve the increase in the sales tax.

A “no” vote is against the increase in the sales tax.

Appendix F—City of Sacramento’s 2012 Impartial Analysis of Measure U

The following impartial analysis of the measure was prepared by the Sacramento City Attorney.^[25]

Measure U, if approved by a majority of the voters, would enact an ordinance that provides for a ½-cent tax on each dollar of taxable sales of goods within the City of Sacramento, and on the taxable storage, use, or consumption in the city of goods purchased from a retailer. This is commonly referred to as a “sales tax” and technically referred to as a “transactions and use tax.” As a general tax, the revenues would be deposited into the city’s general fund and could be used for any municipal government purpose, including police and fire services, 911 response, park maintenance, gang and youth violence prevention, youth services, senior services, libraries, and other programs.

The ½-cent tax would be in addition to the existing sales tax, and would be collected at the same time and in the same manner as the existing sales tax. Currently, the combined state and local sales tax rate in the City of Sacramento is 7.75%. If this measure is approved by the voters, the combined rate would be 8.25%.

If approved, the ½-cent tax would go into effect on April 1, 2013, and expire on March 31, 2019. After that time, the ½-cent tax authorized by this measure would no longer be imposed.

The revenues resulting from this tax would be subject to the same independent annual audit as other general fund revenue. Additionally, the ordinance requires the establishment of a citizens oversight committee to review the revenue and expenditure of funds from the tax.

State law authorizes the city to levy this ½-cent tax following approval of the ordinance by two-thirds of the city council and a majority of the voters voting on the issue. The Sacramento City Council approved the ordinance on July 24, 2012.

A “yes” vote is in favor of approving the ordinance establishing the tax. A “no” vote is against approving the ordinance establishing the tax.



Santa Cruz Civil Grand Jury

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How a Community Center Became a “Library” The Transformational Power of Measure S Funds

Summary

In 2016, residents within the Santa Cruz Public Libraries’ service system approved Measure S, a special tax that, over time, would raise \$67 million. As a special tax, Measure S funds were restricted for use in modernizing, upgrading, and repairing local library branches. The Santa Cruz County Board of Supervisors elected to use Measure S funds to complete a Santa Cruz County Parks project which they call the “Live Oak Library Annex.”

The Annex (currently being constructed) is about one mile from the existing Live Oak Branch Library. The Annex is, in essence, a collection of study and education spaces with publicly available computers and internet that will be managed by County Parks staff. Santa Cruz Public Libraries (**SCPL**) will not have librarians or books for loan at this location.

This report explores the SCPL’s development of a master plan for the improvement of its ten library branches, which led to the need for a funding source, Measure S. The SCPL’s effort to obtain the cooperation of elected officials in urging their constituents to support Measure S led to a shift away from SCPL’s priorities. The result was the County’s unchallenged decision to use library funds to expand a nearby community center.

The Grand Jury has concluded that the Annex is an expansion of the Live Oak Community Center and not an expansion of the Live Oak Branch Library. Following the State’s elimination of redevelopment agencies, County Parks was left without a ready source of capital funds needed to complete the vision of the Community Center. Measure S filled the void. The Grand Jury recommends that the County Board of Supervisors reassess its decision to use Measure S funds to improve the Live Oak Community Center and restore the voters’ trust.

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Background

The Santa Cruz County Civil Grand Jury investigated Santa Cruz County’s decision to use Measure S funds to complete an addition to the Live Oak Community Center (**Community Center**). The project is called the Live Oak Library Annex (**Annex**). The Grand Jury decided to investigate after reading an opinion letter published in the *Santa Cruz Sentinel* suggesting that this was an inappropriate use of library funds.^[1]

This section of the report will explore the:

- Measure S ballot language and why spending decisions are in question
- History and purpose of the Santa Cruz Public Libraries (**SCPL**) plan that drove Measure S
- SCPL’s governance and funding that separates decisions about branch construction from branch operation
- Prior County investments in Live Oak that laid the groundwork for the issues the County sought to address with the Annex
- Purpose and scope of the proposed Annex

Measure S Ballot Language

In June 2016, the SCPL asked voters within its service area to approve Measure S:

To modernize, upgrade, and repair local libraries in Santa Cruz, Aptos, Live Oak, Scotts Valley, Boulder Creek, Capitola, Felton and La Selva Beach—replace failing roofs, outdated bathrooms, electrical systems, structurally damaged facilities; support growing use by children, seniors, veterans, and others; expand access to modern technology; and construct/expand facilities where necessary; shall Santa Cruz Libraries Facilities Financing Authority issue \$67,000,000 in bonds for Santa Cruz Libraries Facilities Financing Authority Community Facilities District No. 2016-1; levy a special tax annually on parcels within the Community Facilities District; establish an initial appropriations limit; and assure mandatory accountability?^[2]

Just over 70 percent of voters approved Measure S.^[3] Property owners within the SCPL service area (now the Communities Facilities District No. 2016-1^[4]) are assessed an annual parcel tax that will yield \$67 million in library funds. These funds may be used **only** for the purposes stated in the ballot question.^[2] This limitation on use makes Measure S a special tax, requiring two-thirds voter approval.^[5]

For ballot revenue measures, the two-thirds voter approval requirement is a risky venture. It is estimated that 25 percent of voters will vote “no” on any tax proposal, so a general tax requiring voter approval of only fifty percent plus one is the easier path forward.^[6] On the other hand, a special tax provides voters with the assurance that their tax dollars will be spent on the specific purpose stated in the ballot. If the proposed use of the tax is popular with voters, the risk is acceptable. In the case of Measure S, polling

was favorable. The SCPL spent almost \$570,000 on consultants and legal advice needed to get Measure S on the ballot.^[7] The SCPL's investment in Measure S paid off at the ballot box, but some voters are left wondering what they agreed to pay for.

Preparation for Measure S: Facilities Master Plan

In 2013, the SCPL's operating budget was recovering from a significant funding loss resulting from the 2008 recession. The SCPL was starting to restore services, hours, and staffing under a Compromise Service Model.^[8] This service model:

- Reduced library staff at the branch level to concentrate on movement of materials and answering patron questions
- Organized library professionals with special knowledge to work in teams and float among branches (not dedicated to a branch)
- Assumes self-checkout service available to reduce demand on staff
- Assumes a single point-of-contact for patrons (only one service desk)

Not all library branches had the facilities to support this service model. Minimal staffing requires self-service stations and a centrally located service desk. An investment in facility upgrades to support efficiency could save operating funds over time.

Addressing substandard building needs would also redirect scarce operating funds to staff and programming, rather than leaky roofs and high utility bills.^[8] The SCPL needed to formally assess its library branch facility needs in order to estimate this required financial investment.

A 2013 SCPL building assessment found that most of the library branches were in a state of disrepair.^[9] From this assessment, the SCPL developed—and in April 2013 its governing board approved—the Santa Cruz Public Libraries *Facilities Master Plan 2014–2023 (Master Plan)*. The Master Plan is still featured as the reference point for Measure S on the SCPL website. The SCPL staff summarized its building consultant's findings for the SCPL Board in 2013:

- Library facilities were, on average, 40 years old and there was a pent-up demand for capital repairs.
- The population served by the ten library branches is very mobile and all branches are used by all SCPL patrons.
- Overall, the size of libraries was adequate, although some would benefit from additional space.
- In addition to issues with the Felton and Capitola branches, the Downtown Branch Library needed major rehabilitation or replacement (this branch also houses SCPL's administration).
- Upgrades were needed in all branches to enable library operation under the new service model that would provide much-needed operational efficiencies.^[10]

The SCPL Governance: Building and Operations Are Completely Separate

The SCPL does not own any of the ten library branches that it operates, nor does SCPL collect or control the operating funds it uses to operate its ten library branches. The SCPL leases its library branch buildings from the city or County in which the branch is located (**Member Agencies**).^[11] The SCPL uses funds received from the Operating Authority to pay for the operation and maintenance of its leased facilities. The SCPL’s governance is explained in Table 1 and [Appendix A](#).

Table 1. Santa Cruz Public Libraries Governance

Libraries Governance		
Library Joint Powers Authority (SCPL JPA)	Library Facilities Financing Authority (SCPL LFFA)	Library Financing Authority (Operating Authority)
Oversees SCPL operations, sets policies and library branch service levels, hires and supervises the Library Director.	Collects and distributes the Measure S parcel tax to the Member Agencies for library modernization or repair.	Distributes operating revenue (taxes and general fund contributions) to the two library systems in Santa Cruz County.
Member Agencies: Santa Cruz County (unincorporated) City of Capitola City of Santa Cruz City of Scotts Valley	Member Agencies: Santa Cruz County (unincorporated) City of Capitola City of Santa Cruz City of Scotts Valley	Member Agencies: Santa Cruz County (unincorporated) City of Capitola City of Santa Cruz City of Scotts Valley City of Watsonville
Excludes City of Watsonville	Excludes City of Watsonville	

Source: Generated from Grand Jury Interview data.^[11]

The Live Oak Branch Library is an example of SCPL’s dependence on its Member Agencies’ building funds. In 1989, the County established the Live Oak Library in a local shopping center (see [Appendix B](#)). This was one of the ten libraries SCPL began operating upon its formation in 1996. In 1998, Santa Cruz County’s Redevelopment Agency bought the former Albatross Restaurant for use as the Live Oak Interim Library.^[12] In 2006, the Redevelopment Agency expanded the Live Oak Interim Library to its current size of 13,500 square feet and it became the Live Oak Branch Library.^{[13] [14]} Along with the Community Center and dozens of parks, the County’s Redevelopment funds proved to be a flexible and ready source of funds that improved the lives of Live Oak residents.^[15] The SCPL benefited as well.

While SCPL commissioned the Master Plan to serve as the blueprint for the use of Measure S funds, the branch owner—the County—had the discretion on how Measure S funds would be used to improve its library branches, including the Live Oak Branch Library. Although there is coordination between the SCPL and the Member Agency in the design and features of a library building, ultimately the Member Agency, as the library building’s owner, dictates what will be built.^[16] If a Member Agency runs short of cash for construction, the Member Agency is expected to make up the difference with other funds. The SCPL, on the other hand, is expected to come up with the operating funds. Given the County Redevelopment Agency’s upgrade and expansion seven years earlier, the Master Plan called for relatively little work at the Live Oak Branch Library.

The Annex Project: Concept and Vision

The SCPL’s branches vary greatly in age and size, and in how well they support modern library service. However, the Master Plan stated that the number of library branches was sufficient.^[17] In the Master Plan, the SCPL “confirmed that the current network of libraries will be maintained without adding, consolidating, or eliminating facilities in any communities.”^[17] One feature that all ten SCPL branches had in common when voters considered Measure S was the presence of SCPL library staff and books for checkout.

In the same year that the County Redevelopment Agency relocated the Live Oak Interim Library to its current location, the Redevelopment Agency completed a County Parks project, the Simpkins Family Swim Center & Live Oak Community Center **less than a mile away**.^{[18] [19]} The County affirmed its belief in the Live Oak Branch Library location with the 2006 expansion and renovation. These public investments, specifically their distance and resulting lack of synergy, will prove to be important to the County’s use of Measure S funds for the Annex.

The earliest mention of a Live Oak Branch Library **annex** in a public memo that we found is in an update to the Board of Supervisors on the Felton Branch Library dated July 6, 2016—**after** the vote on Measure S.^[20] The County did not share the Annex concept and vision until October 2017, over a year after voters approved Measure S. The County’s community outreach fleshed out the concept as “a new learning center–library annex.”^[21] A County staff memorandum to the County Board of Supervisors outlines the synergy the Annex would create among Shoreline Middle School, the nearby Boys & Girls Club of Live Oak, and “the County facility (Simpkins Family Swim Center & Live Oak Community Center).” All three of these facilities are immediately adjacent to each other.

The staff memorandum to the Board went on to describe how library funds might be used to improve the County’s Park facility:

Measure S funded facilities could include a flexible, centrally located space that could be used by both small groups and individuals for reading and conversation with access to a small collection of library materials and technology; a **classroom program** space for story time, meetings, trainings and classes; **small group study rooms**; access to a **flexible**

outdoor space for gatherings, performances and other classes;
places for regular visits of the book mobile and bike mobile...

...It is also proposed that feasibility studies and planning for the library annex include other upgrades to the existing facility to **further activate the community center concept**. These include the opportunity for an enterprise kitchen in the existing commercial kitchen, perhaps operated by the Boys & Girls Club, offering food in conjunction with a small indoor and/or outdoor café space; a child care center; a room for exercise equipment; covering the warm water pool; and covering the Boys & Girls Club basketball court. Staff proposes to develop funding strategies for these ideas as part of a feasibility study and concept plan for the overall concept. (Emphasis added.)

Except for the “small collection of library materials,” this concept underlies the Annex being constructed today. The County’s Public Works website describes the vision for the Annex “to create a community gathering and learning hub.” Public Works describes the project as “flexible program space, a classroom, study rooms, public computers and laptop bar, and a new plaza integrated into Simpkins Swim and Community Center.”^[22] The Annex project plans describe the added space as a library lobby, children’s area, library learning center, group study area, and an active learning room.^[23] Even the SCPL January 27, 2022, update calls the Annex “a new addition to the Simpkins Center providing a classroom and study rooms—a community learning center to complement existing uses.”^[24]

The Community Center’s total added area is about 2,000 square feet, which approximates the size of the Live Oak Branch Library’s remodeled children and teen area^[25] (see [Appendices C and D](#)). But, while the Live Oak Branch Library continues to have library staff and books for checkout, the Annex will have Parks staff and computers.

Scope and Methodology

This report focuses only on the County’s distribution of funds among its library branches because only the County proposed to use Measure S funds to improve a community center.

The Grand Jury investigated:

- How SCPL’s vision for Measure S expressed in the Master Plan was impacted by its governance model and the political process
- How the State’s elimination of redevelopment agencies in 2012 impacted the development of park and recreational facilities in Live Oak
- The existing Live Oak Branch Library’s shortcomings that may have led to the decision to create the Annex
- Why library staff cannot be assigned to the Annex, and why the Annex will not have the most basic elements of a library—library staff or books for checkout
- Information available on the resources that will be available for the public in the

Annex, and how the area and equipment will be operated and maintained (without library staff)

The Grand Jury also looked into:

- Opinions on the changing roles of libraries
- The design and funding challenges presented at several of the branches and the role of elected officials in meeting their constituents' needs
- The challenges yet to come in meeting the financial demands of expanded library branches across the County

The Grand Jury interviewed:

- Library patrons and Friends of the Santa Cruz Public Libraries
- Library staff (former and present)
- County officials (former and present) in a range of county functions: Administration, Redevelopment, Parks, and Public Works

The Grand Jury also reviewed the SCPL website, Measure S ballot materials, the meeting minutes of several agencies involved in the approval of Measure S and the Annex project, the Live Oak Branch Library and Annex floor plans, and the draft Memorandum of Understanding between the Santa Cruz County Parks Department and the SCPL for operation of the Annex.

Both the Live Oak Branch Library and the Simpkins Family Swim Center & Live Oak Community Center are currently closed for renovation, but we toured the area of both facilities to better understand the opportunities and constraints of each site and how these might impact service delivery.

Investigation

This investigation explored how SCPL communicated its vision to Measure S voters, and how that vision was derailed by political influence. The Grand Jury identified SCPL's limitations in embracing an eleventh library branch, as well as the Live Oak Branch Library and Community Center's limitations in meeting the needs of the Live Oak community. The result is the County's investment of library funds in a Community Center that is, in essence, a building addition providing technology and educational resources—not library staff or books.

Did Political Influence Change the Priorities of the Master Plan?

With the Master Plan complete, the SCPL polled voters to determine the level of tax that voters would tolerate to yield the most money to support the Plan.^[26] [7] The SCPL's next focus was getting the measure approved. This effort required the influence of elected officials.

There are strict rules about using public resources (staff) and funds to prepare a measure for the ballot. Public agencies may use public funds to test whether the measure might pass, craft ballot language that meets State law requirements, and obtain legal advice. But the Courts draw the line at using public resources for a campaign. Once the County Board of Supervisors approved Measure S for the June

2016 ballot, SCPL staff could not campaign for Measure S.^[27] The SCPL needed elected officials to urge their constituents to vote “yes” on Measure S.

To secure their support, the SCPL JPA Board leadership reached out to elected officials.^[28]^[29] The JPA’s request for support became what we concluded were essentially negotiations for the future use of Measure S funds. Library staff was not involved in these discussions.^[30]

One outcome of these discussions was that the County Board of Supervisors set aside \$5 million in Measure S funds for Live Oak.^[31]^[28] This was not an expenditure identified in the Master Plan. With Redevelopment’s 2006 investment in the Live Oak Branch Library, the Master Plan called for only \$1 million of capital maintenance improvements for this branch.

On December 15, 2015, the Santa Cruz County Board of Supervisors approved the distribution of Measure S funds among all of the SCPL Member Agencies. The Board committed \$5 million of the County’s share for “Live Oak.”^[31] The staff memorandum recommending this Board action offered no explanation as to how the sum of \$5 million was calculated, or how it would be spent in Live Oak. The Live Oak Branch **Library** was not called out as the target of the Board’s decision. The Board did not reference or take note of the SCPL Master Plan, which did not propose this level of expenditure on the Live Oak Branch Library. This Board action posed more questions than it answered.

The Master Plan As a Guard Rail for Measure S Expenditures

If voters outside of Live Oak missed the County’s December 15, 2015, Board of Supervisors meeting, they would not have known of this dedication of Measure S funds for Live Oak. The County’s Live Oak commitment did not appear in the Measure S ballot materials.^[32] Nor was the commitment referenced on the SCPL website, which notes the bond measure would address the “most urgent needs” of library branches and offers the Master Plan as the defining statement of those needs.^[33] Should voters have reasonably expected that Measure S funds might be used to expand a community center one mile from an existing library branch?

There were limitations in using the Master Plan as the spending plan for Measure S. The 2013 Master Plan’s cost estimates were out of date by June 2016 due to rising construction costs. The Master Plan was developed without the community outreach that has become customary for today’s public projects.^[10] But the Master Plan was SCPL’s vision to bring all library branches to a common service level and model. And, the Master Plan was clear in stating the SCPL’s intention to modernize and improve its existing ten library branches.

People feel betrayed when they see their voter-approved tax dollars being spent on something they did not anticipate. A prime example is the ongoing and robust discussion in the *Sentinel’s* Letters to the Editor regarding the relocation of the Downtown Branch Library.^[34] While there are several aspects to that controversy—which are outside the scope of this report—all proposed alternatives for the downtown library would use Measure S funds on a structure that will house library staff and books. Also, the library branch existed at the time voters approved Measure S. The Annex, on the

other hand, will be a newly constructed space within an existing community center that will have no assigned library staff and no library books for checkout.^{[35] [36]}

If voters understood that the SCPL had no effective way to control its Member Agencies' use of Measure S funds, would Measure S have passed?

The Importance of Librarians

Not only is the SCPL a bystander without direct say in how Measure S funds are spent, the SCPL is expected to staff and maintain whatever the SCPL Member Agency builds with Measure S funds. Because of the SCPL's short supply of operating funds, the Annex will have computers and wireless internet, but no library staff or library books available for checkout.^{[35] [36] [37]}

The traditional idea of a quiet library with professionally trained staff and books for checkout is expanding to include outdoor meeting space and books available through a computer application. However, the role of the librarian in facilitating its patrons' learning is still needed. Even the County's commissioned Annex study notes that "Librarians have increasingly become mentors and facilitators within their community as opposed to navigators within a library. They can serve an important role to help people navigate the abundance of resources among us and help turn information into knowledge."^[38]

Given the Annex's proposed synergy with nearby Shoreline Middle School, the Grand Jury takes note of a downward trend in schools being able to afford library teachers.^[39] Research shows school librarians positively impact student achievement at all grade levels, but they are not as readily available as they once were. Library teachers are needed to help students learn the differences between online resources, for example, assessing credibility and bias in various media which is critical in today's online environment.

Instead of librarians, County Parks staff will be responsible for day-to-day operations of the Annex, including public use of the computer equipment.^{[40] [41]} Library staff will be on site **only** when they have a program in the building, just as SCPL sometimes uses the London Nelson Community Center in downtown Santa Cruz.

Regardless of the SCPL's actual use of the Annex, SCPL will have to use its limited operating revenue for the Annex's proportional share of the Community Center's utilities and janitorial services. Should the SCPL no longer wish to use the Annex (or cannot afford to pay for upkeep of the Annex and equipment), a current draft agreement (Memorandum of Understanding) between the SCPL and Santa Cruz County Parks provides that either party may terminate the agreement and Santa Cruz County Parks will retain the benefit of the Measure S improvements.^{[36] [37]}

The Annex is still under construction, so SCPL is not yet incurring the Annex's additional operating costs. The same goes for other Measure S projects still under construction. The SCPL JPA has not discussed or dealt with the increased operating costs from all of the Measure S library expansions.^{[42] [43]} This failure is concerning as the ten original branches are expected to have library staff. The SCPL Operating Budget for Fiscal Year 2022–2023 (FY 23) notes that staff is just over 45 percent of their

overall budget.^[44] The JPA has not yet established overall branch staffing to meet the needs of the branches that will soon be reopening. These plans and impacts will fall outside the FY 23 budget process. Voters should stay tuned on how SCPL’s budget challenges will be resolved.

The Annex will likely improve the lives of Live Oak residents. The central location of the Community Center and adjacency to Shoreline Middle School offer a unique opportunity to address the after-school needs of middle-school students who have aged out of formal after-school care programs. The learning center can also be used for adult and senior education programs. The Annex will help bridge the gap for those who may not have access to the internet and computers at home. But without librarians or a selection of library books, the Annex is a departure from the SCPL’s other ten branches. The grand jury is of the opinion that the County did not have the discretion to use Measure S funds for the improvement of a County Parks facility.

Why Couldn’t the Live Oak Branch Library Be Improved to Fulfill the County’s Vision for the Annex?

The short answer is location, location, location.^[24] The Live Oak Branch Library site is limited by natural features that restrict the ability to increase the building or the parking lot size, which are both needed to allow for larger programming events.^[45] But, the SCPL could always access the Community Center’s existing Community Room, which offers ample parking and meeting space for library programs (see [Appendix C](#)).

The Live Oak Branch Library’s most limiting factor was the library’s location relative to the County’s primary intended Annex users: students. While the library building may have scenic vistas, it is not located close to the Community Center or the students who need continued learning opportunities after school. The Live Oak Branch Library does have a separate area for children and teens that is almost the same size as the entire Annex (1,953 square feet; see [Appendix D](#)), but Shoreline Middle School students would have to walk about a mile to get there.^[46] And, it appears the County’s main objective was to create an after-school study area and/or evening adult education space, not a library facility consistent with the rest of the SCPL system.

The Redevelopment Agency’s Impact on County Parks

In government budgets, there is an important distinction between money needed for one-time uses, such as buying land or constructing a building (capital funds), and money needed on an ongoing basis to operate the facility (staff, utilities, maintenance, etc.). The County’s Redevelopment Agency was a source of flexible capital funds that could be used for any public project within Live Oak. The Agency paid for an impressive array of good public projects that benefit the Live Oak community today. But, in 2012, California abolished redevelopment agencies and so this ready source of capital funding was no longer available to the County.^[47]

Santa Cruz County Parks benefited greatly from redevelopment for capital investments in new parks and facilities.^[48] With the Redevelopment Agency's demise, County Parks was left without capital funds to remodel the Community Center to address the neighborhood's need for public computer and internet resources. The County used Measure S to fill the void. The Board of Supervisors' December 2015 Measure S commitment to Live Oak has since grown. The Board delegated authority for the Director of Public Works to award the construction contract for the Annex based on the following sources of funds:

- Measure S funding of \$5,750,600
- County Library Fund funding of \$302,340
- County Parks funding of \$500,000

The total project cost is projected to be \$6,552,940.^[49]

The Annex's Impact on the SCPL Operating Budget

The SCPL prepared for Measure S by taking stock of the condition of its branches and developing a service model that would provide system-wide improvements to all patrons that use all branches. Despite SCPL's intentions, political interests won out over the Master Plan without regard for the impact on SCPL's operating budget.

The SCPL will soon be responsible for maintaining a new location, and replacing lost or damaged equipment in the Annex. This responsibility will be competing with the costs of staff and operation for the ten branch libraries. As noted, SCPL's operating budget challenges are yet to be resolved. The Operating Authority, with a different set of Member Agencies than the SCPL, doles out SCPL's operating budget. The makeup of the Operating Authority, shown in Table 1, shows the complexity in addressing the issue. The Operating Authority collects revenue from various sources to support both the SCPL and the Watsonville Public Library system—sales tax, property taxes, and general fund contributions from some Member Agencies (whose residents don't pay a property tax).^[31] Whether resolution of SCPL's operating budget will further complicate this organizational and financial quagmire is yet to be seen.

Conclusion

The Grand Jury acknowledges that the Live Oak Community Center is ideally located to serve the Live Oak community. The resources that the Annex will offer seniors, adults, children, and teens will fulfill the promise of the former Redevelopment Agency in creating the Live Oak Community Center by offering space and resources for after-school study and adult education.

That being said, the Annex has little in common with the SCPL's ten existing library branches. The Annex is also likely to become a concern for Santa Cruz County Parks staff that will soon have a new responsibility: keeping the learning spaces, internet, and computer resources in the Annex operational and available for the people who need them. Similarly, SCPL now has a new fiscal responsibility to pay for an eleventh "library" branch.

The Board of Supervisors' use of Measure S funds for the Annex contradicts one of the conclusions of the Master Plan—that all patrons use all libraries—and focuses only on the neighborhood branch and voters. Could this \$5.75 million have been used elsewhere in the system for improvement of an already existing library branch? Probably so, but we may never know.

The SCPL could have offered more transparency on its website and in its voting materials as to how the Measure S \$67 million total was estimated and how it would be spent among the library branches. The SCPL's lack of transparency could mean that the next call for a special tax may be rejected for lack of trust. This would be an unfortunate outcome given the unique and special role that libraries, parks, and community centers provide. These public facilities improve our quality of life, and if left to compete for general revenue contributions, they may lose again.

Findings

Measure S Voter Information

- F1.** The plain language of Measure S required use of Measure S funds for the modernization, upgrade, and repair of the existing local library branches—not community centers.
- F2.** The Santa Cruz Public Libraries website states that Measure S funds would be used to address the “most urgent needs” identified in the *Facilities Master Plan*, which stated no new library branches were needed and focused only on the needs of the existing ten library branches—likely misleading voters.
- F3.** Voter materials disclosed how Measure S funds would be divided among the Santa Cruz Public Libraries' Member Agencies, but did not disclose the allocation of \$5 million to a Live Oak Library Annex within the Live Oak Community Center—likely misleading voters.

The Annex Is Not a Library

- F4.** Following the dissolution of redevelopment agencies in California, County Parks was left without a ready source of capital funds needed to fulfill the vision of the Live Oak Community Center as the heart of Live Oak, and Measure S filled the void.
- F5.** The Annex is an expansion of the Live Oak Community Center and not an expansion of the Live Oak Branch Library.
- F6.** The County's decision to use Measure S funds for the Live Oak Library Annex in the Live Oak Community Center will impact the Santa Cruz Public Libraries operating budget.

Recommendations

- R1.** By December 31, 2022, the Santa Cruz County Board of Supervisors should reassess its decision to use Measure S funds to improve the Live Oak Community Center and either reimburse the Library Facilities Financing Authority or commit additional funds to establish the Annex as a library resource consistent with other SCPL branches. (F1, F4, F5, F6)
- R2.** In the case of any future ballot measures, the Santa Cruz Public Libraries should inform voters of prior commitments of ballot funds, such as the County Board of Supervisors' commitment of Measure S funds to Live Oak. (F2, F3, F5)
- R3.** In the case of any future ballot measures, the Santa Cruz Public Libraries should inform voters of the impact of facility expansion on its future operating budgets. (F6)

Required Responses

<i>Respondent</i>	<i>Findings</i>	<i>Recommendations</i>	<i>Respond Within/ Respond By</i>
Santa Cruz County Board of Supervisors	F1, F4–F6	R1	90 Days September 20, 2022
Santa Cruz Public Libraries Joint Powers Authority	F1–F3, F5, F6	R1, R2, R3	90 Days September 20, 2022

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Websites

Santa Cruz Public Libraries Website

www.santacruzpl.org/

Santa Cruz Public Libraries Measuring Measure S

www.santacruzpl.org/measure_s/

Santa Cruz Public Libraries Boards

www.santacruzpl.org/library_boards/

Santa Cruz County Redevelopment Agency

sccounty01.co.santa-cruz.ca.us/red/

Site Visits

The following sites are closed for renovations, but the Grand Jury members visited their locations to apprise their vicinities, parking, surrounding neighborhoods, and general features of interest:

Live Oak Branch Library, 2380 Portola Dr., Santa Cruz, CA 95062

Simpkins Family Swim Center & Live Oak Community Center, 979 17th Ave.,
Santa Cruz, CA 95062

Appendix A—Libraries Governance Governance Flowchart

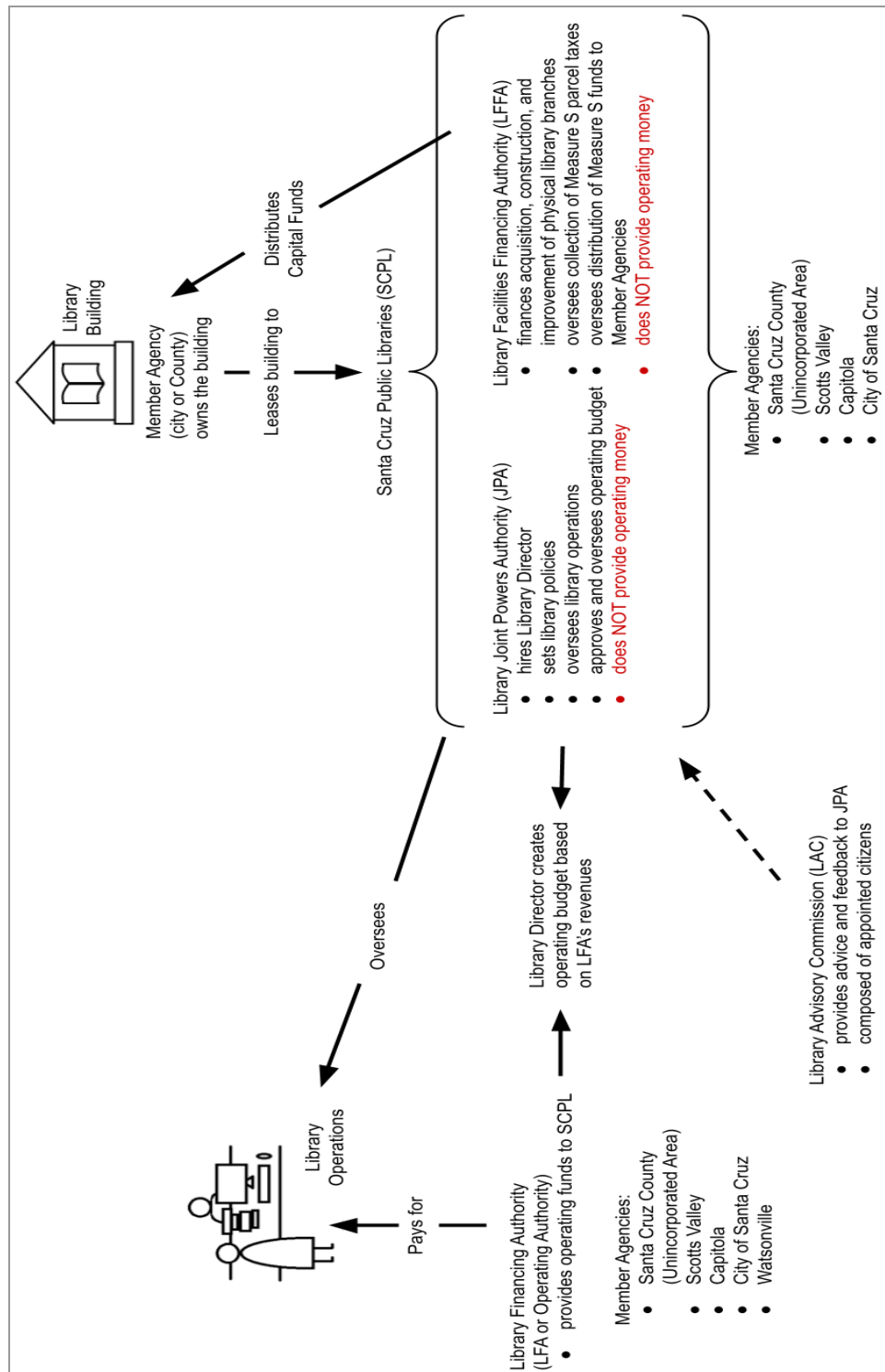


Figure 4. Library Governance^[50]

Appendix B—Live Oak Branch Library Timeline of Events

Date	Event
April, 1989	The Live Oak Library opens at East Cliff Village Shopping Center. From its inception, the main focus of the Live Oak Library was to "orient it toward the greatest single need for Live Oak..." which was children's services. ^[14]
1996	The Santa Cruz Public Libraries (SCPL) system is created, consisting of a network of ten neighborhood library branches distributed countywide, a web-based digital library, a bookmobile, and community-based programs. ^[51]
February, 1998	Live Oak Library Expansion—this “interim” branch library thrived at its location under redevelopment by the Santa Cruz Redevelopment Agency. ^[12]
Summer of 1998	The Simpkins Family Swim Center opened to the public. ^[19]
January 17, 2006	The Santa Cruz Redevelopment Agency remodeled the Live Oak Branch Library and reopened it to the public. ^[13]
Fall, 2009	The Santa Cruz Redevelopment Agency upgraded the Simpkins Swim Center with energy-efficiencies and brought it into compliance with current accessibility and safety regulations. ^[48]
February, 2012	All redevelopment agencies in the State of California were dissolved. ^[47] Redevelopment projects in the Live Oak neighborhood were impacted.
March 28, 2013	Santa Cruz Public Libraries publishes Facilities Master Plan (<i>Santa Cruz Public Libraries Facilities Master Plan 2014–2023</i>). ^[17]
December 15, 2015	The Santa Cruz County Board of Supervisors approved the allocation of Measure S funds between all of the SCPL Member Agencies, and dedicated \$5 million of the County’s share for Live Oak. ^[31]

Date	Event
June 7, 2016	Voters approve Measure S. With 70 percent approval, the voters agreed to fund Measure S, the Library Improvement Bond Measure. ^[52]
November, 2016	County Supervisor John Leopold leads a group of interested citizens to explore adding library spaces to the Boys & Girls Club or Simpkins Family Swim Center in Live Oak. ^[53]
October 24, 2017	The Santa Cruz County Board of Supervisors received a report on the Live Oak Library Annex Project and approved the concept and location for the Live Oak Library Annex Project as described. ^[53]
December 10, 2019	The Santa Cruz County Board of Supervisors accepts the Noll & Tam Architects' <i>Live Oak Library Annex Study and Concept Plan</i> . ^[45]
November 18, 2021	The Santa Cruz County Board of Supervisors approve the plans and specifications for the construction of the Annex, identify the sources of funds for the construction contract, and delegate authority to the Director of Public Works to award the construction contract to the lowest qualified bidder. ^[49]

Appendix C—Live Oak Library Annex Floor Plans

Live Oak Library Annex Floor Plans

Existing Scope Area

Prepared by Noll & Tam Architects, Berkeley, California

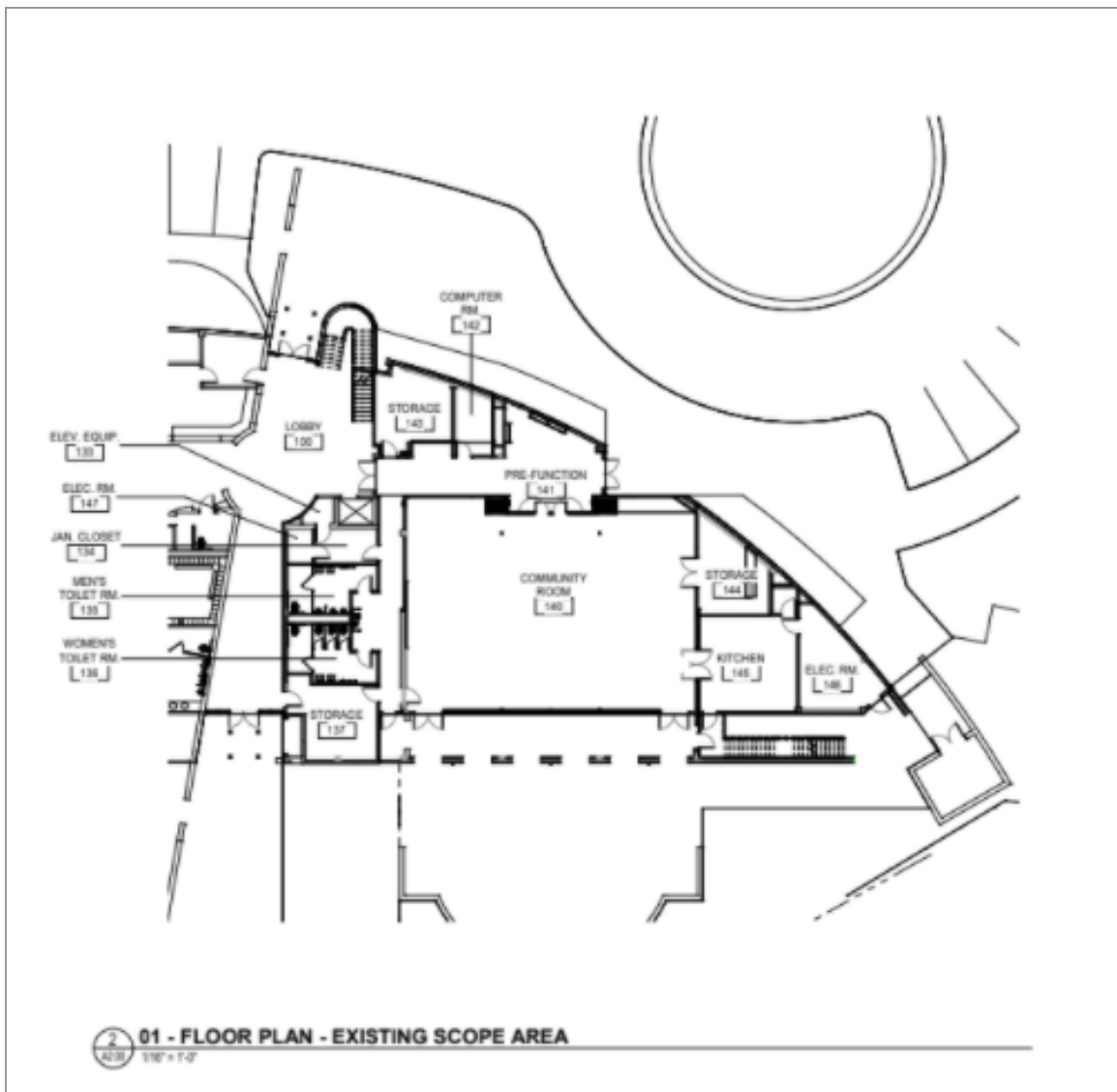


Figure 2. Live Oak Library Annex Project Scope Area^[23]

Live Oak Library Annex Floor Plans

Project Scope Area

Prepared by Noll & Tam Architects, Berkeley, California

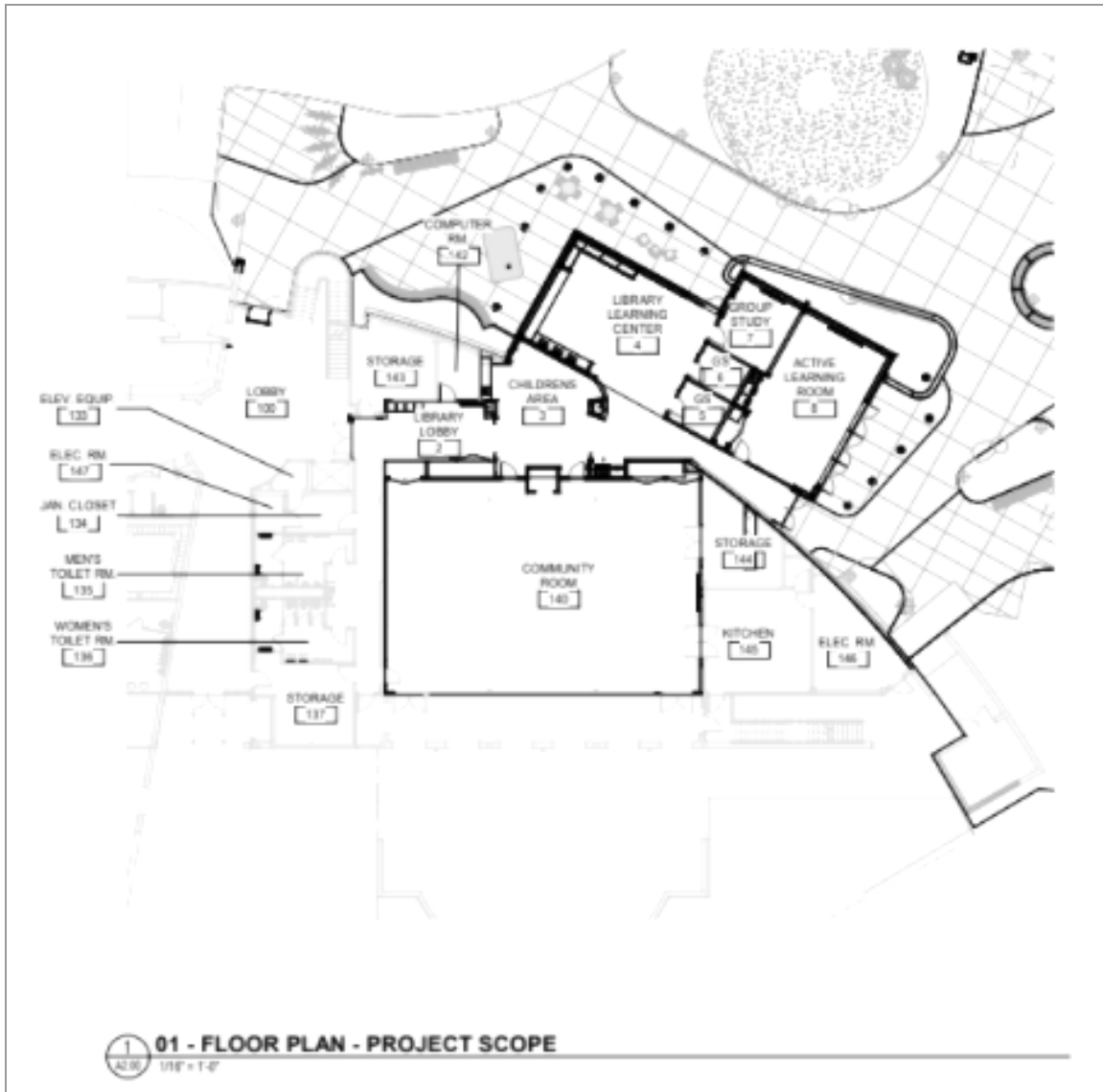


Figure 3. Live Oak Library Annex Project Scope Area^[23]

Appendix D—Live Oak Branch Library Floor Plan

Live Oak Branch Library Floor Plan

Prepared by Ripley Scoggin Partners, San Francisco, California

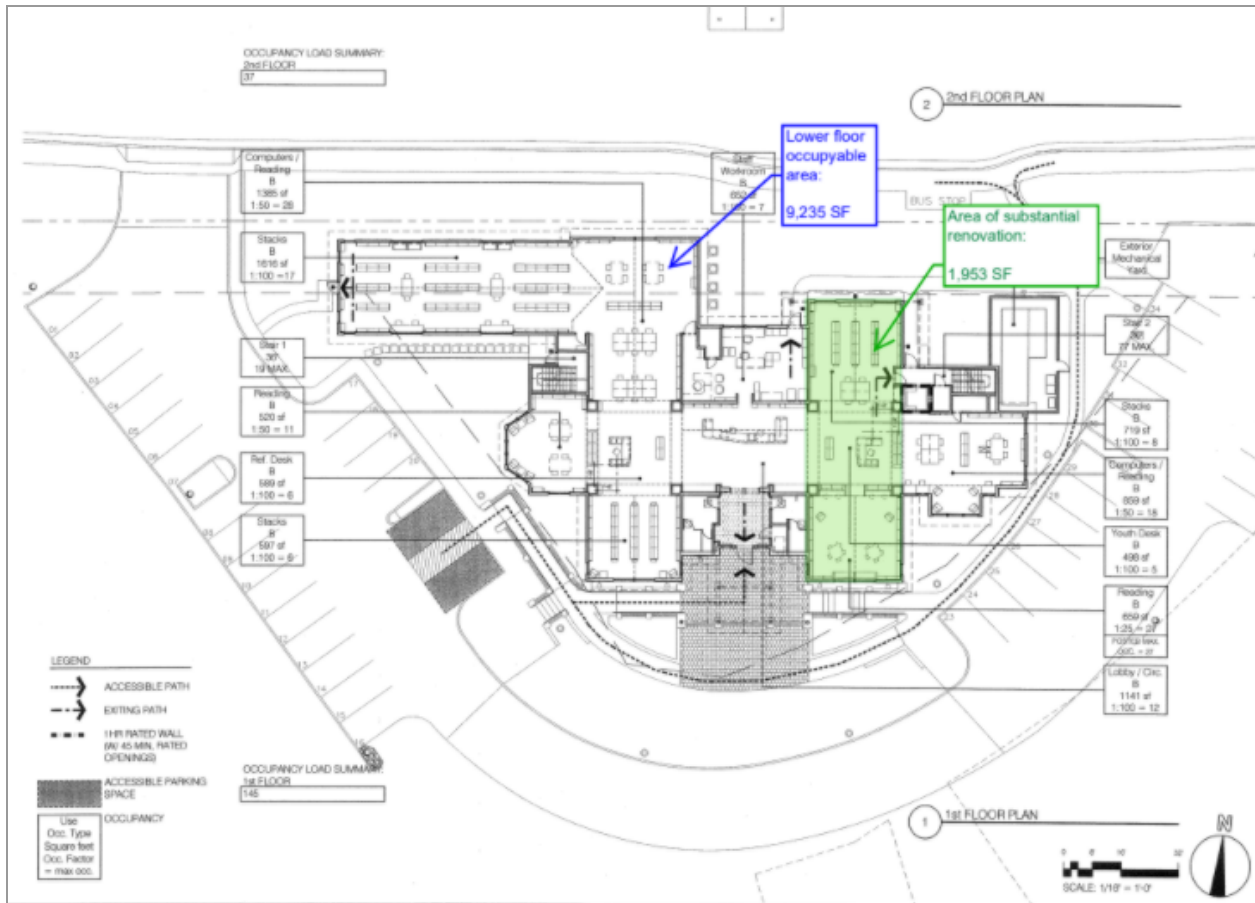


Figure 1. Live Oak Branch Library Floor Plan^[46]

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Santa Cruz Civil Grand Jury

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Reducing Our Community's Risk from Wildfire It Will Take Money, Time, and Serious Cooperation

Santa Cruz and San Mateo are 100 years behind in fuels management efforts—that is, reducing the brush and other burnable material that can fuel devastating fires.

“If we don’t start reducing the fuels around our communities and protecting them, it’s only a matter of time before we have another catastrophic event.”

Ian Larkin, retired CAL FIRE Chief,
Good Times, November 2, 2021

Summary

The August 2020 CZU Lightning Complex Fire was the most destructive fire to ravage Santa Cruz County in more than a century. It was a disaster waiting to happen, and it won't be our last calamitous wildfire.

Preventing future wildfires from seriously damaging our forest communities will require a major reduction of hazardous vegetation. We must prioritize vegetation reduction to protect residences, utility infrastructure, access and egress routes, and critical buildings such as schools and hospitals.

This report calls out concrete, achievable steps that will limit the harm done by recurring wildfires to forest communities. Our report identifies major impediments that exist to taking those steps. The Grand Jury recommends that the Board of Supervisors commission a strategic investment plan for reducing wildfire risk. The Grand Jury further recommends that the agencies critical to producing that plan report directly to the Board of Supervisors. Finally, those agencies should update the public annually on progress toward creating a more wildfire-resilient habitat for County residents.

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Background

The History of Wildfire in Santa Cruz County

Wildfires have always occurred in Santa Cruz County (**County**). Every few years, a wildfire burns from hundreds to a few thousand acres, and a few structures are destroyed. The 2020 CZU Lightning Complex Fire (**CZU Fire**) changed everything. The fire burned more land in Santa Cruz County than had been burned by *all* wildfires in the previous 70 years combined. The following chart shows the four most destructive fires since World War II in comparison with the CZU Fire.

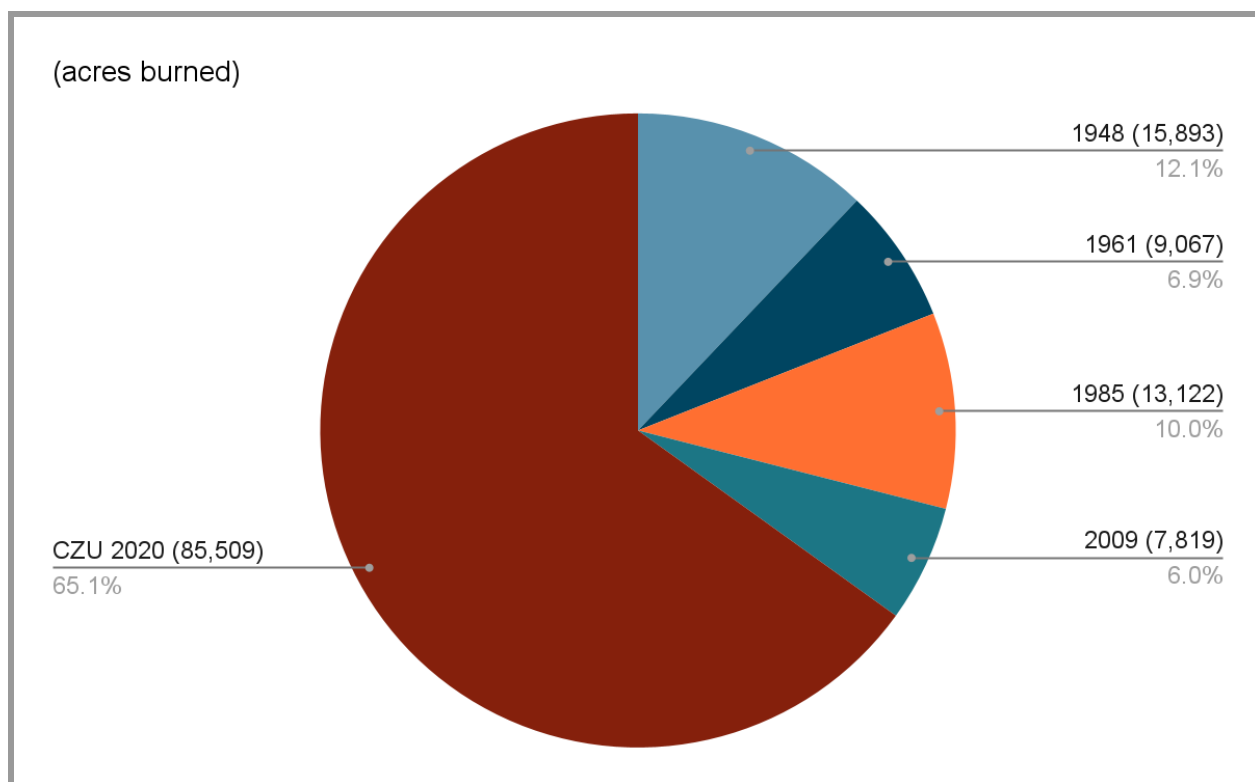


Figure 1. Largest Historical Wildfires in Santa Cruz County^[1]

CZU Fire Effect on People, Communities, and Infrastructure

The CZU Fire started with an unusual lightning event in the early morning hours of August 16, 2020 that ignited multiple fires in Santa Cruz and San Mateo counties. The fires eventually joined, and the resulting megafire destroyed approximately 1,430 structures and damaged another 134 structures. The preliminary estimate of total damage, including public infrastructure, was \$340 million.^[2]

More than 45,000 people were successfully evacuated from areas threatened by the fire,^[2] and one person tragically lost his life.^[3] Interviewees reported that resources were not adequate to fight the fire. At one point, 27 separate fires were burning, but there were only 13 fire engines available to fight them.

The lightning strikes and the resulting fires damaged communications infrastructure and utilities. Battery backup systems lasted no more than 24 hours and power could not be reestablished due to the ongoing fire. Reverse 9-1-1 notification systems, social media, text messages, and so on, that might have alerted residents to the wildfire threat were inaccessible because of damaged and burned communications infrastructure.^[4] Many of the evacuations were coordinated through California Highway Patrol officers and County Sheriff's deputies, who drove through threatened neighborhoods with loudspeakers encouraging evacuation. This response was dependent on clear evacuation routes.^[5]

Climate Change Sets Up Extreme Wildfires

In California, climate change is causing hotter, drier fire seasons and more drought years, increasing wildfire risk and worsening those that occur. The number of wildfires and the area burned is expected to increase. In 2020, nearly 10,000 fires burned over 4.2 million acres, which is more than four percent of the state's roughly 100 million acres of land. In 2020, the most land burned in California's recorded history.^[6]

Santa Cruz County is likely to experience higher temperatures and generally drier conditions in the years to come due to climate change. Moreover, a recent analysis predicts longer, deeper droughts, but with occasional extremely wet winters. Threats such as Sudden Oak Death, pine bark beetles, and other diseases cause massive tree mortality and further contribute to fire risk.^[7]

In 2007, the California Department of Forestry and Fire Protection (**CAL FIRE**) mapped wildfire hazards across the County.^[8] The resulting map is shown in Figure 2. Note that this map is 15 years old, and most of the County was already in the moderate and high fire severity zone. Since then, climate change and repeated drought have increased wildfire risk throughout the County. The State Responsibility Area (**SRA**) is the area of the County where CAL FIRE is the primary emergency response agency responsible for fire suppression and prevention.

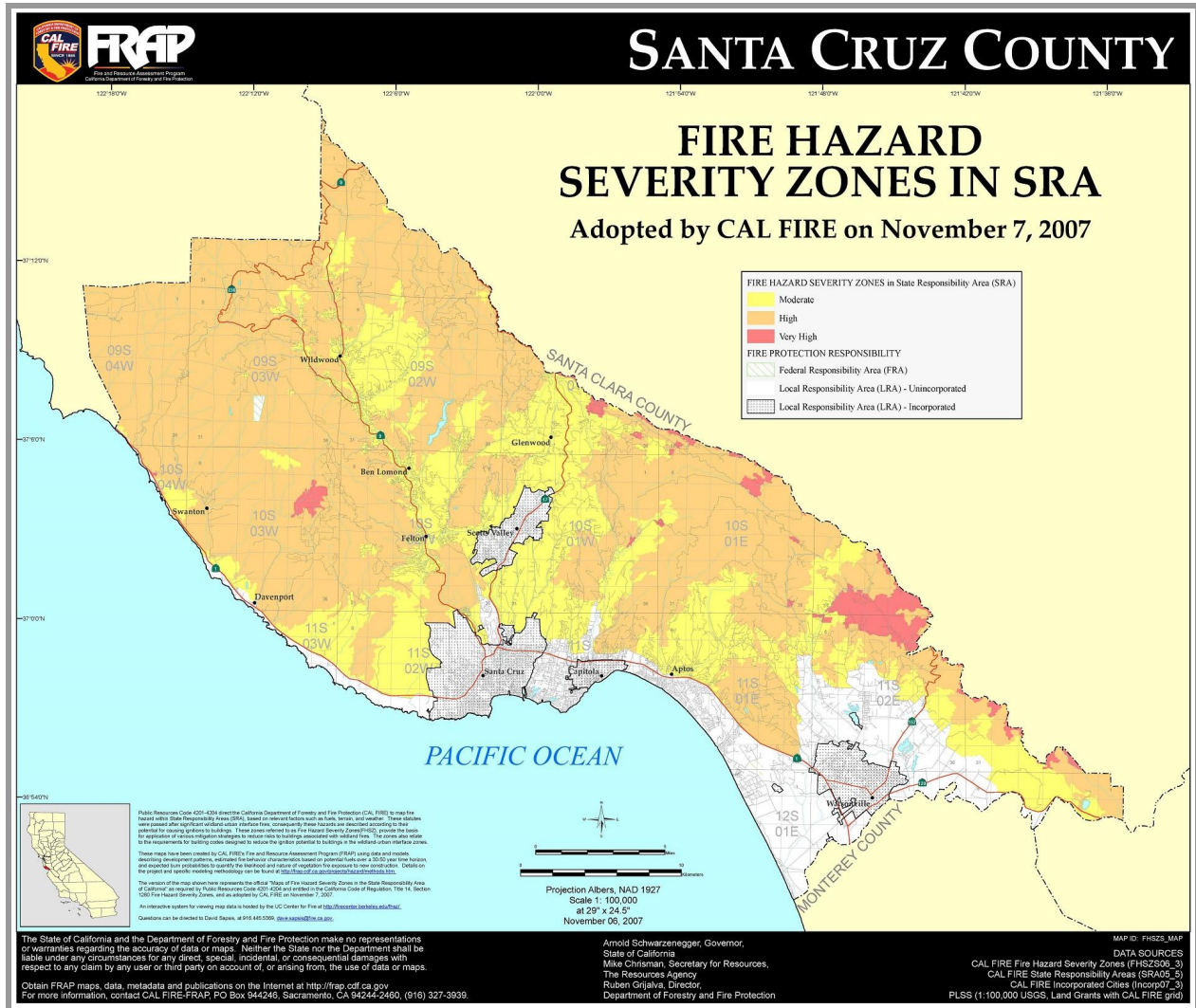


Figure 2. Fire Hazard Severity Zones in Santa Cruz County

(An enlargeable version is available at osfm.fire.ca.gov/media/6768/fhszs_map44.pdf.)

Wildfire Suppression

Throughout most of the 20th century, fire-management policies have focused on protecting watersheds, communities, and the timber supply by suppressing all wildfires.^[9] This has led to a massive increase in the available fuel at ground level, making wildfires that get out of control much more devastating. Prior to wildfires being suppressed, natural fires, usually sparked by lightning, burned forests every 5–15 years. These frequent fires burned dead wood and vegetation under trees, and limited the accumulation of flammable materials.

Today we face the consequences of our fire-management policies. There is just too much inhabited forested land to broadly execute prescribed burns. The costs—not to mention the risks—are too high. Presently, a number of methods are employed to reduce excessive vegetation to reduce the risk of destructive wildfires.

People, Fire, and the Forest

Beyond the effects of climate change, what makes wildfires different today—as compared to the early part of the last century—is the number of people living in rural areas, or the Wildland Urban Interface (**WUI**). A 2010 survey of counties in the western United States by Headwaters Economics, an independent, nonprofit research group, states that Santa Cruz County has 61 square miles of WUI, 59 percent of which is developed with residences. There were then 20,858 homes in the Santa Cruz County WUI, and that number has increased since. These homes represent 20 percent of all residences in the County.^[10]

According to the CAL FIRE 2021 Strategic Fire Plan, developed for the San Mateo–Santa Cruz Unit,^[11] the increasing population in the WUI has caused fire agencies to change their approach. The agencies have shifted from focusing primarily on fighting fires to protecting roads, structures, and people. There are not enough firefighters or fire apparatus to protect every home during a wildfire. As a result, communities and government are asked to take greater responsibility for making homes, neighborhoods, and the larger community more defensible from wildfire.^[12]

In 2019–2020, the Santa Cruz County Civil Grand Jury investigated wildfire preparedness. The report, *Ready? Aim? Fire! Santa Cruz County on the Hot Seat*,^[13] was published just before the CZU Fire erupted. The report included Findings on the County’s vegetation-management activities, and on the lack of a risk management strategy for wildfire. Excerpts are included here together with the Board of Supervisors’ responses.

Vegetation Management

Finding 1: Vegetation/fuel management and abatement are not receiving the attention nor funding needed from the County of Santa Cruz Board of Supervisors, and therefore are not adhering to California Government Executive Order 1.8.19-EON-05-19.

Board of Supervisors’ Response to Finding 1: PARTIALLY DISAGREE: Vegetation/fuel management and abatement is the responsibility of the property owner not the County of Santa Cruz. The County could do more to improve the clearing or removal of vegetation along County maintained roadways, more than just the sight line clear that may or may not occur annually. The removal of vegetation is expensive and labor intensive for a county that provides many services to the community. Funding is available through different grant opportunities to assist with fuel reduction and the County has benefited from such grants. An example of such grant funding is the fuel reduction project that was approved as part of the 35-statewide project as outlined in Governor Newsom’s 45-day report and the Executive Order 1.8.19-EON-05-19 that was issued regarding fuel reduction in California. This project is in the unincorporated area of the County within the CSA 48 area of Aptos Creek and Buzzard Lagoon roads near Corralitos. The project consisted of treating 225 acres to improve existing and create additional fuel breaks to protect vulnerable communities. Of the 225 treated acres, 150 acres is a shaded

fuel break and has allowed for the use of prescribed fire to be used to help clear and maintain the area.

Recommendation 9: Each year, during the budget presentation, the County Board of Supervisors should require County Fire to provide a vegetation-management plan, including a priority list of projects and a timeframe for their completion.

Board of Supervisors’ Response to Recommendation 9: REQUIRES FURTHER ANALYSIS: There is currently no funding for a vegetation-management plan for the County Fire Department. We currently coordinate with CAL FIRE on a priority list of projects that have timelines related to available funding. In order to implement such a process will require additional analysis and potential funding.

To summarize the position of the Board of Supervisors two years ago:

1. Property owners are responsible for vegetation reduction on their property, not the County.
2. The County could improve its vegetation reduction activity on County-maintained roads.
3. County Fire does not have a plan. It coordinates with CAL FIRE to identify priority projects.
4. Because there is no funding for vegetation-management planning, the planning isn’t being done.
5. Priority projects are only done after grant funding has been obtained.

Santa Cruz County Fire (**County Fire**) is Santa Cruz County’s fire department, discussed later in this report. CAL FIRE is the California Department of Forestry and Fire Protection, also discussed later in this report. The Grand Jury determined that vegetation reduction along roadways is a major problem that the County must lead in solving. We wanted to understand what is really needed to protect our community from future wildfires, who is responsible for achieving it, and the County’s role in ensuring this work gets done.

Protecting Communities from Wildfires

The highest priority areas for vegetation reduction are those that are located within, or are adjacent to, the WUI, especially high-density, special needs, or disadvantaged communities.^{[14] [15]} Within the WUI, vegetation reduction addresses the following high-priority community protection elements:

- Costly and difficult to rebuild public infrastructure
 - Above-ground utility transmission lines for water, gas, and electricity
 - Communications infrastructure, such as cell towers
 - Water infrastructure, such as pump stations, water tanks, pipelines, and water treatment plants

- Communities
 - Schools, hospitals, and government or commercial buildings
 - Homes and agricultural buildings
- Transport and natural resources
 - Ridges, truck trails, access roads, and evacuation routes
 - Areas where fires pose a considerable threat to water supply and water quality

Beyond the WUI, where infrastructure supporting nearby communities exists, that infrastructure must be protected. During the CZU Fire, communications infrastructure failed, limiting the ability to warn residents to evacuate. Protecting this infrastructure is critical.^[4] The San Lorenzo Valley Water District also suffered significant damage to above-ground pipelines.^[16] Much other essential infrastructure was damaged, slowing recovery operations.

Creating fuel breaks is a well-understood and commonly applied vegetation reduction method. There are two types of fuel breaks:

- A fuel break is a gap in vegetation created by removing most of the vegetation in an area to prevent the spread of a fire, as shown in Figure 3.
- A *shaded* fuel break is created by the thinning of dense tree cover and removal of lower-level vegetation. Less material is removed than a full fuel break, as shown in Figure 4.

Fuel breaks are more effective than shaded fuel breaks, but are generally used away from residential areas because of their aesthetics. Fuel breaks are often employed to protect critical infrastructure. A large fuel break constructed by the University of California at Santa Cruz enabled firefighters to halt the advance of the CZU Fire and protected the campus.^[17] Another large fuel break was constructed during the CZU Fire in Henry Cowell State Park along a heavily forested ridge to prevent the fire from reaching San Lorenzo Valley High School and Highway 9.

Shaded fuel breaks are frequently used along roadways, particularly those that may become evacuation routes in the event of a wildfire. Shaded fuel breaks are cheaper and easier to maintain, are less detrimental to sensitive habitat, and often have more community support.^[18]

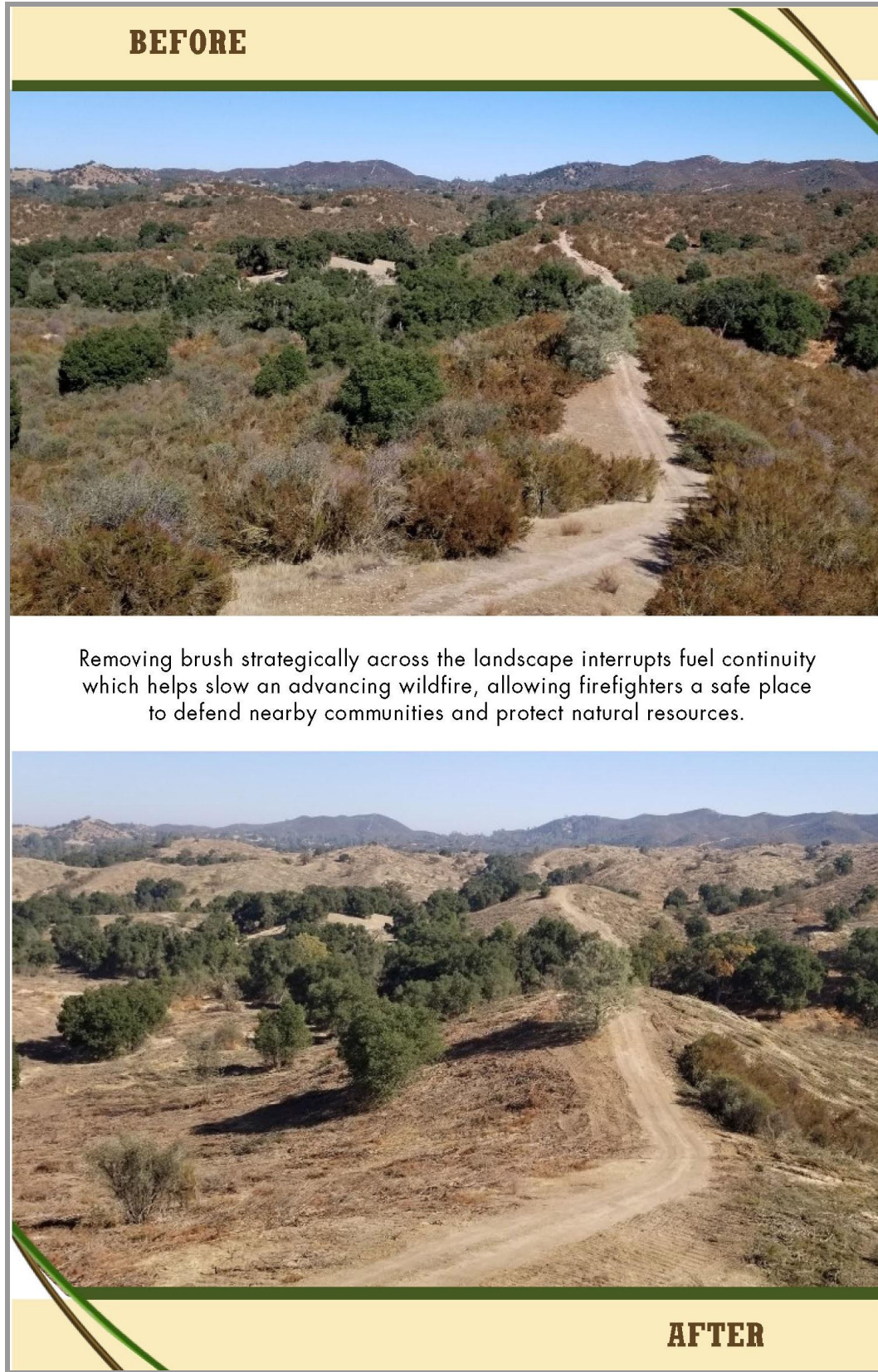


Figure 3. Construction of a fuel break along a ridge^[19]



Figure 4. Construction of a shaded fuel break along an existing road^[19]

Two Major Elements to Protecting Our Communities

Ensuring Safe Movement During Wildfires

Providing safe evacuation routes, shelter-in-place locations, and access routes for fire crews enables safe movement for affected residents and emergency services. Safe movement is the responsibility of the state and local agencies described in [Appendix A](#).

Statewide, over 95 percent of wildland fires are started by human activity, and of those, 90 percent start within ten feet of a road or trail. Overgrown vegetation on or adjacent to roads makes access difficult for firefighters and equipment. Additionally, roadside vegetation—including tree limbs, brush, and grass—is the fuel that is ignited first. There are many overgrown, narrow, one-lane roads in the County. These road conditions often make it difficult for emergency vehicles to access a fire area at the same time that residents are leaving.^[20] Much of the vegetation reduction work described later in this report provides shaded fuel breaks along important ingress and egress routes.

Alert systems are also essential for safe evacuation, but are not considered in this report. Alert systems are explored in the 2019–2020 Grand Jury report, *Ready? Aim? Fire! Santa Cruz County on the Hot Seat*.^[13] The reader is encouraged to sign up for one of the alert systems, such as Code Red, to receive notifications and updates from official agencies of potential threats. Information on alert systems is provided at the end of the Investigation section.

Hardening Property and Infrastructure

Ensuring that residences are resistant to wildfires is generally the responsibility of the property owner. Since the CZU Fire, there is increased interest in what homeowners can do to reduce the impact of a wildfire on their property. Homeowners living in the WUI should maintain defensible space around all structures on their property. Defensible space generally refers to the area within 100 feet of structures or to the property line, whichever is closer.^[21] Within this area, there should be no dead or dying vegetation, no vegetation overhanging the structure, no highly flammable trees—such as eucalyptus—and no combustible materials. Additionally, the structures should be as non-combustible as practical, especially roof shingles.^[22] Flying embers and fuels that were too close to buildings caused most of the structure destruction in the CZU Fire. Home-hardening and reducing fuel around structures could have prevented many of these losses.^[23]

While home-hardening and the creation of defensible space is strongly encouraged, veteran firefighters caution that creating a defensible space does not mean that firefighters will be able to save every home. During the CZU Fire there were not enough resources available to save many structures, but hardened structures surrounded by defensible space fared better.^{[24] [25]}

CAL FIRE and our local fire protection districts perform home-hardening and defensible space inspections. Educational materials may be distributed to residents during inspections, including a pamphlet focusing on defensible space and a document called

“Living with Fire in Santa Cruz County.”^[26] These inspections are well received; CAL FIRE often has difficulty keeping up with their demand so local fire districts are being encouraged to perform inspections.^[27] However, the number of these inspections by CAL FIRE has varied considerably. In the best recorded year, CAL FIRE performed 9,000 inspections, but managed only 1,000 inspections in the worst recorded year.^[28]

Many other local organizations provide extensive materials and advice on home-hardening and defensible space. Any reader living in a forested neighborhood is encouraged to research and implement home-hardening and defensible space measures for their property. At the end of the Investigation section, several resources are provided on home-hardening and defensible space creation.

Infrastructure protection is the responsibility of the utility company, public entity, business, or local agency, as appropriate. Infrastructure hardening for structures employs similar techniques as home-hardening, but usually on a larger scale. For instance, burying utility lines protects them from high winds, falling trees, and fire.^[29] Pacific Gas and Electric has a major program for “undergrounding” its power lines to both prevent spark ignition and to protect power lines from fire damage.^[30] Further discussion on infrastructure-hardening is outside the scope of this investigation.

Who Oversees Fire Risk Reduction in Santa Cruz County?

There is a plethora of agencies and organizations—many with overlapping responsibilities—providing different aspects of fire prevention throughout the County. The list is below, with brief descriptions given in [Appendix A](#).

Fire Protection

- Santa Cruz County Fire Department (**County Fire**)
- Thirteen separate Fire Protection Districts
- California Department of Forestry and Fire Protection (**CAL FIRE**)

Local Agencies

- Office of Response, Recovery & Resilience (**OR3**)
- Resource Conservation District of Santa Cruz County (**RCD**)

Community and Industry Groups

- Fire Districts Advisory Commission (**FDAC**)
- Santa Cruz Fire Safe Council
- Santa Cruz Mountains Stewardship Network (**SCMSN**)
- Firewise Councils

Some of these organizations have published reports or plans on fire protection; these are briefly described in [Appendix B](#).

We know that wildfires like the CZU Lightning Complex Fire can happen in our County, and will happen again. The Santa Cruz County Civil Grand Jury investigation focused on what it will take to provide resilience to future wildfires, and how Santa Cruz County

agencies are preparing to prevent the loss of life, and to reduce damage to residences and critical infrastructure.

Scope and Methodology

This investigation examined the planning, strategy, leadership, and funding to effectively implement a countywide vegetation-reduction program. The goal is to improve safety for residents and minimize damage resulting from the next major wildfire. We also tried to identify systemic shortcomings that create barriers to achieving wildfire resilience in Santa Cruz County.

The investigation included:

- A review of forest management, fire prevention, and containment literature
- An examination of strategic plans for fuel reduction
- An evaluation of resources for fire protection
- Numerous interviews with fire agency leaders, local government officials, and private organizations
- A review of previous Grand Jury reports on wildfire

Investigation

This report evaluates local agencies, budgeting, and operational processes as they relate to protecting residents and communities from future wildfire damage. In the course of our research and interviews, three key questions surfaced.

1. How are vegetation-reduction projects prioritized, funded, and executed?
2. Is the County sufficiently proactive and providing the leadership needed to achieve adequate wildfire protection for the future?
3. Are County residents sufficiently informed of progress toward wildfire resilience?

Vegetation-reduction projects to reduce community risk from wildfire are, in essence, taxpayer-funded public works projects. When viewed that way, residents deserve to understand why specific projects were selected, and what benefit they will provide. As with other public works investments, vegetation reduction projects should be tracked relative to predefined goals, and progress toward those goals should be reported periodically. The Grand Jury investigated how vegetation-reduction projects are prioritized, selected, and tracked so that residents can seek improvement where needed.

Strategic Planning for Vegetation Reduction

This section looks at the many agencies tasked with vegetation reduction and the strategic plans for vegetation reduction they are implementing—or, in some cases, not implementing. We examine how projects are prioritized, funded, and implemented, along with work actually being accomplished. Finally, we analyze the scope of necessary vegetation reduction against the level of funding available for achieving the reduction.

Cross-Agency Strategic Planning for Vegetation Reduction

The many countywide entities tasked with aspects of wildfire resilience were listed previously. In addition to these local organizations, CAL FIRE is the major player in wildfire protection. It participates in many of the local organizations.^[31] Also involved are California State Parks and the California Coastal Commission.

The Grand Jury tried to understand how all these entities are working together to create wildfire resilience for the County. We learned that both the Resource Conservation District of Santa Cruz County (**RCD**) and the Office of Response, Recovery & Resilience (**OR3**) often coordinate the planning and implementation of projects. However, being regarded as a lead agency comes with the expectation of reliable funding and the ability to manage large projects, which these two agencies lack.^{[32] [33]} Coordination is not the same as leadership.

Over several interviews, the Grand Jury gained some appreciation of the enormous complexity of the required permitting for large vegetation-reduction projects. We were told that some of the plans described in [Appendix B](#) of this report intentionally lack the kind of specificity that would trigger the requirement for an Environmental Impact Report (**EIR**). However, when an individual project needs an EIR—as many of them will—that requirement makes it slow to execute and hampers obtaining funding.

In Santa Cruz County, there are multiple, overlapping efforts to produce a strategic plan for vegetation reduction. However, no strategic plans appear to have been completed at present—much less made available to the public. The Grand Jury also came to understand that the various organizations have differing priorities for vegetation reduction.

What follows is a summary of individual agency plans. The list illustrates the fragmented nature of wildfire risk-reduction planning in the County.

County Fire and the Fire Department Advisory Commission

The Fire Department Advisory Commission (**FDAC**) is working with County Fire on updating its Santa Cruz County Fire Department Master Plan for the first time since 2015.^[34] The requirement for the County Fire Department Master Plan is listed as the first item on the FDAC's website.^[35] The goals that are driving the Master Plan update, and that have been approved by the Board of Supervisors (**Board**), include evacuation maps, potential debris flows, Code Red notification, vegetation management, fire surveillance (cameras), and increasing the number of volunteer firefighters. We were told that this is the first time there have been objectives approved by the Board for County Fire.^[36] The Master Plan update has become a priority since the CZU Fire almost two years ago, but is still apparently a work in progress, although the goals listed above are included in the County Operational Plan.^[37] We found broad support for a County Fire Department Master Plan and the need for buy-in from the local community.^{[35] [38] [39] [40]}

California Department of Forestry and Fire Protection

The California Department of Forestry and Fire Protection (CAL FIRE) has produced the Community Wildfire Prevention Plan (**CWPP**) and its companion document, the CAL FIRE Strategic Plan. They are both described in [Appendix B](#). These documents identify hazards and mitigation strategies, and also support the grant application process. The CAL FIRE Strategic Plan includes considerable information on local firefighting capabilities. Neither document describes actual vegetation-management projects, although the CWPP includes maps showing high wildfire risk areas across the County as well as lists of roads and communities that are high priority for vegetation reduction. CAL FIRE is the only governmental agency that has vegetation-management specialists on staff. CAL FIRE tracks vegetation-reduction projects internally,^[41] ^[42] ^[43] but that data is not consistently provided to the media or to the public to demonstrate progress.

Santa Cruz Mountains Stewardship Network (SCMSN)

The SCMSN does not have a strategic plan, but has completed a significant vegetation mapping project that is being used to categorize the wildfire risk level across the County.^[44] CAL FIRE is leading the development of a project prioritization matrix using this map to rank potential projects, with participation from OR3, the Fire Safe Councils, and SCMSN.^[45] The objective is to build collaboration between jurisdictional entities, private landowners, and timber companies to more effectively obtain state and federal grants for vegetation reduction.^[46]

The Resource Conservation District's Public Works Plan

This Public Works Plan aims to facilitate approval of multiple essential forest health and fuel reduction projects within significant wildfire risk areas of the Coastal Zone over the next ten years. The Coastal Zone includes much of the area north and west of Santa Cruz, some of which was burned in the CZU Fire. The effort will use CAL FIRE Fire Hazard Severity Zone maps and new high-resolution vegetation maps developed by the SCMSN to create a list of high-priority projects for implementation. Work will be conducted in collaboration with CAL FIRE, the SCMSN, the Fire Safe Councils, the California Coastal Commission, and the California State Coastal Conservancy. Achieving cooperation with local landowners will also be essential.^[47] This Public Works Plan is a real attempt at strategizing vegetation reduction, but it applies only to the Coastal Zone north and west of the City of Santa Cruz, and does not include the high wildfire risk areas of the Santa Cruz Mountains.

The California Board of Forestry and Fire Protection

The Board of Forestry and Fire Protection has created a new approach to address California Environmental Quality Act (**CEQA**) compliance for large and complex vegetation reduction and forest health projects by releasing the Programmatic Environmental Impact Report for the California Vegetation Treatment Program.^[48] Individual projects are not described, but the intent is that they will not require an EIR provided they meet the requirements of the California Vegetation Treatment Program.

Santa Cruz County Fire Safe Council

We were told that the Santa Cruz County Fire Safe Council has recently completed a strategic plan.^[49] The “Strategic Plan” on their website is an 11-page presentation describing the mission and goals for the organization—not for vegetation reduction.^[50]

Office of Response, Recovery & Resilience (OR3)

Originally, the OR3 planned to publish a strategic plan on their website in the first quarter of this year.^[37] Currently, the County Operation Plan includes the statement, “OR3 will develop coordinated strategy on hazardous fuel reduction with strategic prioritization of egress from single-road access communities,” with a completion date amended from June to December 2022.^[51]

In summary, the completed plans from CAL FIRE do not list individual projects, and the RCD’s Public Works Plan (**PWP**) applies only to the Coastal Zone. The OR3 seems most likely to produce and execute a vegetation reduction plan. We do not know to what extent the OR3’s plan will be coordinated with the RCD’s PWP, or the plan from County Fire and the FDAC.

Grant Funding for Community Protection Projects

Vegetation-management projects conducted in Santa Cruz County are mostly funded through grants obtained from state or federal agencies. By far the largest source of grants is CAL FIRE, which funds projects in the categories of Wildfire Prevention, Forest Health, Forestry Improvement, Forest Legacy, and Forest Research, among others. The 2021–2022 Wildfire Prevention Grants Program funded \$120 million and Forest Health Grants another \$120 million.^[52] ^[53] Other entities funding grants for vegetation reduction include the California Fire Safe Council, the U.S. Forest Service, the California Coastal Commission, and Pacific Gas and Electric. CAL FIRE has produced an extensive manual on how to apply for its grants.^[54]

Ongoing Vegetation-Reduction Work

Significant grants have been awarded to Santa Cruz County for vegetation reduction. In 2020–2021, CAL FIRE’s Forest Health Program awarded just over \$3 million to the RCD to improve forest health and fire resiliency on 454 high-priority acres in the County.^[55] This project is in partnership with members of the SCMSN, including California State Parks, University of California at Santa Cruz, the San Lorenzo Valley Water District, the Land Trust of Santa Cruz, and private landowners.

The same year, Cal Poly Corporation received a \$4.7 million grant from the same CAL FIRE program for reforestation on 930 acres at Cal Poly’s Swanton Pacific Ranch and at the Soquel Demonstration State Forest.^[55] Also in 2020–2021, the RCD obtained a \$1.3 million grant from the CAL FIRE Early Action California Climate Investments Program for shaded fuel breaks along Summit Road.^[56] The willingness of the agencies to partner with others, and to publish long-term property management plans, were factors in getting the awards.^[57] This is not an exhaustive list of grants awarded to our County, but we calculated that Santa Cruz County received at least \$9 million in CAL FIRE grants in the 2020–2021 year.

In winter months, CAL FIRE runs the “two-truck program” to conduct vegetation-reduction projects. This program both keeps the crews employed during the winter and maintains their availability for off-season fires.^{[43] [41] [58]} Among the projects they have completed are shaded fuel breaks on Bonny Doon Road and the City of Santa Cruz drainages.^[59] Also funded by CAL FIRE, Firewise communities along Summit Road are working with RCD independently to create shaded fuel breaks.^[60]

Santa Cruz County recently purchased a masticator, a device that “chews up” low-growing vegetation complete with roots and topsoil. The resulting mixture of soil and plant material is noncombustible and grows back fairly slowly.^[61] The masticator is seeing use outside of projects funded by grants.^[62] RCD runs chipping programs to facilitate creation of defensible space around buildings.^{[63] [64]}

Vegetation-Reduction Projects Are Cumbersome and Expensive!

The Grand Jury wanted to understand the scale of vegetation-reduction projects needed to treat all the occupied WUI. The Santa Cruz County WUI is 61 square miles, of which 59 percent has residences on it.^[10] There are 640 acres in a square mile, so there are $61 \times 0.59 \times 640 \approx 23,000$ acres of occupied WUI in the County.

Last year, two grants totalling \$7.7 million (\$3 million + \$4.7 million) funded vegetation-reduction projects on 1,384 acres (454 + 930).^[55] (also see “Ongoing Vegetation-Reduction Work” above), which works out to about \$5,600 per acre. If these projects are representative of the cost of vegetation reduction per acre, **then treating 23,000 acres would cost about \$130 million.**

Note that this estimate includes vegetation reduction only on the occupied WUI. The estimate does not allow for critical infrastructure or access and egress routes located outside the occupied WUI but that are essential to protecting the community and providing safe movement. The survey that determined Santa Cruz County has 61 square miles of WUI *and* 59 percent has residences is now 12 years old. There has been a significant increase in people living in the WUI since the survey was done. It may be that some of the occupied WUI does not need vegetation reduction, but it is more likely this estimate is low.

As noted above, Santa Cruz County received at least \$9 million in CAL FIRE grants last year. If the County received a similar amount in grant funding each year, it would take about 14 years to complete high-priority vegetation reduction. Thus it is imperative that the highest risk areas receive treatment first and not wait until the end of the 14 years. Also during this time, vegetation will be growing back; hence, after 14 years, it will be time to start over. The County’s success in obtaining grant funding means it is able to make *some* progress in vegetation reduction. It would certainly be preferable to complete the work in less time. However, we don’t know how much more grant money the County could effectively manage each year.

Both the RCD’s PWP and the California Board of Forestry and Fire Protection’s Programmatic EIR for the California Vegetation Treatment Program have the goal of streamlining the grant acquisition process, but these plans do not cover all of the high-priority areas that require vegetation reduction.^[65] RCD has achieved real success

obtaining grants for vegetation reduction. The OR3 is also assisting with the difficult grants process. Their Climate Action Strategy, together with the Local Hazard Mitigation Plan, described in [Appendix B](#), will meet some pre-requirements for obtaining grants.

The SCMSN has a fire-and-forest-health team that shares information and coordinates fuel reduction grant acquisition in cooperation with CAL FIRE.^[66]^[67] The SCMSN tries to coordinate grant applications to avoid competition within the County.^[68] Because it has a proven track record, the SCMSN has been able to get large projects approved. They can also put together more effective grant proposals because members' organizations can contribute staff to the proposal development.^[69]

As described above, the permitting process for grants is cumbersome. Consequently, projects that are easier to permit are more likely to be completed.^[70]^[68] The Grand Jury was also told that better-written grant proposals receive preference for funding.^[71]^[72]

Private Forested Lands Can Increase Community Risk

A further complication to vegetation reduction is that much of the high wildfire risk land is privately owned, and cooperation from the landowner is required before work can be done.^[73]^[74] It may also be more difficult to get grant money to work on private land.^[75] CAL FIRE specifically states that their grants may only be awarded for projects on private land if there is an imminent threat to public rights of way or public infrastructure.^[19] A wildfire does not respect land ownership; a fire may start on private land and quickly spread to a nearby community or critical infrastructure. The SCMSN is the major player in advocating for vegetation-management work on private land.

Santa Cruz County's Role in Wildfire Prevention

The Santa Cruz County Fire Department (**County Fire**) serves unincorporated Santa Cruz County, including the communities of Bonny Doon, Davenport, Loma Prieta, Corralitos, Las Cumbres, and the wider South Skyline area. This area is County Service Area 48 (**CSA 48**) and it overlaps almost entirely with the State Responsibility Area. County Fire is governed by the Santa Cruz County Board of Supervisors. It operates ten fire stations; five are staffed by a combination of local professional and volunteer firefighters and five are staffed by CAL FIRE firefighters.^[76]

Organization

The Grand Jury sought to understand County Fire's organization and placement within the County government structure. The County Fire Chief also serves as the local CAL FIRE Chief. This person holds similar roles with nearby counties.^[77] We learned further that the CAL FIRE/County Fire Chief reports to the General Services Department, with only indirect access to the Board of Supervisors. We are concerned that this reporting relationship does not give sufficient visibility and priority to fire prevention.

In neighboring San Mateo County, the CAL FIRE chief is a department head within the County government structure. San Mateo has about three times the population of Santa Cruz County, but even accounting for this, the San Mateo County Fire Department is considerably larger.^[78] County Fire's organization is discussed more fully in the 2019–2020 Grand Jury report, *Ready? Aim? Fire! Santa Cruz County on the Hot Seat*.^[13]

CAL FIRE has just announced the formation of a new division to assist local communities to prepare for wildfires.^[79] Quoting from its press release “...the new Division will be expanding its local technical assistance it provides to cities and counties to ensure they have the best available measures, practices, support, and funding to prepare their communities against wildfires.” Hopefully, this new division will be able to assist County Fire in providing improved wildfire prevention and mitigation.

Amador Contract

CAL FIRE has a complex relationship with County Fire. The basic outline is given below. A 1948 contract model, known as the Amador Contract, details responsibilities of CAL FIRE and County Fire.^[80] CAL FIRE has statutory responsibility for State Responsibility Areas within the County year round, but they are only fully staffed during the fire season. The County pays for 24 seasonal firefighters working on CAL FIRE engines for up to seven months when they would normally be laid off in the winter.^{[81] [82]} These are the employees from the five fire stations operated by CAL FIRE. Under the Amador Contract, the County pays for CAL FIRE to manage the volunteer firefighter system year round, emergency response for the winter months, plus maintenance of fire engines, water tenders, utility vehicles, and rescue vehicles.^{[83] [84]}

Due to climate change, the number of months defined as winter under the contract has decreased. The fire season used to be defined as the five months from June through October, with a seven-month winter, or non-fire season. This seems to be reversing, with seven months of fire season and five months of winter season becoming the new normal.^[85] Since the County pays for the 24 firefighters for the months defined as winter under the Amador Contract, the County is paying significantly less. CAL FIRE is effectively subsidizing the County. However, CAL FIRE sets priorities during the period of time that it is paying for fire-protection service. Those priorities could include firefighters and engines being sent to another fire out of County even when there is a fire within the County.^{[83] [86] [87]} In comparison to Santa Cruz County, San Mateo County funds 58 full-time firefighters^[88] and eight fire engines.^[89]

Staffing is no longer covered under the Amador Contract because it does not meet current labor law. There is a three-year contract for staffing, and this is the second year of that contract. When the contract comes up for renewal in 2023, County Fire cannot rely on CAL FIRE continuing an arrangement in which it subsidizes the County.^{[78] [90]}

Funding

Santa Cruz County Fire protection funding comes from 0.5 percent of local property taxes, plus the CSA 48 fee collected with property tax for those residents, and inspection and plan-review fees.^[91] The total County Fire budget last year was \$10.8 million. The budget provides for the purchase of two new fire engines to replace ones that had been deployed far beyond their expected life.^[92]

Santa Cruz County has an ongoing budget challenge as described in the 2021–2022 Santa Cruz County Grand Jury report, *Words Matter—Did Measure G Mislead Voters?*^[93] It is unrealistic to expect the County to allocate significant additional funds to wildfire prevention, even though this is sorely needed. Ideally, the County would pay for sufficient staff and fire engines, which would then be under its control and not subject to state priorities.

Although the County does not directly fund any ongoing vegetation-reduction projects, as noted earlier, it did make a one-time purchase of a masticator.^[94] This is intended to work outside the grants process described above, especially on projects that would not easily secure grant funding, such as on private land. The masticator is used by CAL FIRE personnel because they have the training and required insurance.^[62] The County is planning to increase the number of remote cameras from seven to nine to provide improved wildfire detection.^[95]

Volunteer Firefighters

Volunteer fire departments everywhere have difficulty maintaining their workforce—due in part to significant and often onerous training requirements—and our County is no exception. This lack of staff frequently results in inadequate fire protection for rural communities. The Grand Jury was told that about 100 volunteer firefighters would be ideal, but only a small fraction of that number is able to maintain the training requirements and respond to a call.^{[96] [97]} Unfortunately, the County budget shortfall noted above means that reliance on volunteer firefighters will continue.

Community Outreach

Other than a great deal of information on defensible space creation, home-hardening, and chipping programs, the Grand Jury found little evidence of outreach to the community on what the County is doing to mitigate wildfire risk. There is also little information for residents on what their individual risk is. There does seem to be some recognition within County Fire that more needs to be done to provide the community with more information on wildfire prevention and mitigation work.^[38]

Resources

The websites below, from CAL FIRE and local organizations, provide useful information on home-hardening and defensible space.

www.readyforwildfire.org

www.firesafesantacruz.org/home-hardening-events-2019

www.cityofsantacruz.com/government/city-departments/fire-department/reducing-wildfire-risks

lookout.co/santacruz/guides/story/2021-05-17/wildfire-season-prep-before-get-ready-santa-cruz-county

The following website has comprehensive information on how to subscribe to Code Red and other alert systems that warn residents of potential hazards including wildfires and earthquakes.

www.santacruzcounty.us/OR3/Response/PlanandPrepare/AlertNotificationApplication.aspx

Conclusion

The 2020 CZU Lightning Complex Fire changed our understanding of wildfire risk for Santa Cruz County. Devastating wildfires can happen, and, with climate change, will happen again. The Grand Jury's investigation sought to understand the vegetation-reduction problem, and to quantify its magnitude. We found vegetation reduction is the biggest challenge to achieving adequate fire resilience, and that dealing with it will take both resources and high prioritization from the County. The bulk of vegetation reduction to enable safe movement is the responsibility of the County, local fire protection districts, CAL FIRE, or a utility company such as Pacific Gas and Electric.

Within the Wildland Urban Interface, home-hardening—together with the creation and maintenance of defensible space around a property—is normally the responsibility of the homeowner. Through the Resource Conservation District, the Office of Response, Recovery & Resilience, Firewise communities, Fire Safe Councils, and CAL FIRE, a good deal of information and support for home-hardening and defensive space creation is available.

Our review of the many County organizations addressing wildfire protection did not find any published plans describing the prioritization process for vegetation-reduction projects. The large number of agencies tasked with fire protection complicates the situation, although we did find clusters of collaboration among the agencies.

We investigated the grants process and found that it is unwieldy and complex, and that grants may be awarded to projects that do not have the highest priority for wildfire mitigation. However, the County is almost entirely dependent on grants. Due to effective work by local agencies, the County is receiving much of what it needs to complete sufficient vegetation-reduction projects to eventually provide wildfire resilience.

We looked at the County Fire Department, its organization, budget, contract with CAL FIRE, and its reliance on volunteer firefighters. None of these aspects are ideal, and, taken together, are suboptimal for delivering adequate fire protection to rural communities in the Wildland Urban Interface. Additional funds would be of benefit, but the Grand Jury recognizes that the County's overall budget challenges mean this is not likely to happen without significant effort. The budget limitations also mean the reliance on volunteer firefighters will continue. County Fire would benefit from increased visibility and priority within the County government structure, and should report directly to the Board of Supervisors. County Fire should be doing much more to inform residents of their wildfire risk, and what the County is doing to mitigate it.

The Grand Jury has issued a number of investigative reports on fire protection over the past few years. A recurrent theme of these reports is the lack of attention that

community protection and safe movement receives from the County government. This Grand Jury echoes that observation.

Findings

Wildfire Risk and Mitigation

- F1. Vegetation reduction must become a major priority for the County to adequately protect communities, critical infrastructures, and ingress/egress routes from increasing wildfire risk.
- F2. Currently, there is not a countywide strategy for prioritizing vegetation-reduction projects.
- F3. County residents are not sufficiently informed of vegetation-management strategy, planning, and implementation.
- F4. No single agency guides the County vegetation-reduction programs and projects, a situation that contributes to the observed lack of strategic planning.

Funding Vegetation Reduction through the Grants Process

- F5. The grants process is competitive, fragmented, and opaque, and lacks the published priorities and governance to ensure the money is well spent.
- F6. Santa Cruz County is obtaining significant vegetation reduction funding through the grants process but not sufficient to complete high-priority vegetation reduction areas in a reasonable time.
- F7. County residents do not have easy access to grant prioritization and project selection criteria.

County Fire Organization

- F8. Neither County Fire nor the Office of Response, Recovery & Resilience have staff or funding that are charged with creating, managing, and reporting on vegetation-reduction strategy, planning, and execution for the benefit of County residents.
- F9. The County Fire/CAL FIRE Chief reporting to General Services does not give vegetation reduction sufficient priority and visibility.
- F10. The Office of Response, Recovery & Resilience reporting to the County Administrative Officer does not give vegetation reduction sufficient priority and visibility.

Recommendations

- R1.** By September 30, 2022, the Board of Supervisors should designate the appropriate lead agency to work with other local fire agencies to produce and publish the County Strategic Plan for Safe Movement and Community Protection in the Wildland Urban Interface by June 30, 2023. This document should include up-to-date wildfire risk levels across the County, along with prioritization and selection criteria for projects, and how completing them will reduce the wildfire risk to County residents. The criteria should emphasize public safety, including safe movement, community protection, and infrastructure fire resilience. (F1, F2, F4, F6, F8)
- R2.** The production of the strategic plan for vegetation management should be visible to County residents, and public opinion should be sought and included in the final document. (F3, F5, F7)
- R3.** By December 31, 2022, the Board of Supervisors should require County Fire to report directly to the Board of Supervisors on vegetation reduction planning and execution every six months. (F1, F9)
- R4.** By December 31, 2022, the Board of Supervisors should require the Office of Response, Recovery & Resilience to report directly to the Board of Supervisors on vegetation reduction planning and execution every six months. (F1, F10)
- R5.** By December 31, 2022, the Board of Supervisors should allocate funding for the strategic plan and community outreach recommended in this report. (F1, F2, F3, F4, F8)
- R6.** By December 31, 2022, the Board of Supervisors should direct County Fire, with support from the Resource Conservation District and the Office of Response, Recovery & Resilience, to report annually to the public on progress toward published goals for improving safe movement and community protection. The first report should be published by June 30, 2023. (F3, F7, F8)

Commendation

- C1.** The Resource Conservation District of Santa Cruz County is commended for its successful efforts in obtaining significant grants for vegetation reduction.

Required Response

<i>Respondent</i>	<i>Findings</i>	<i>Recommendations</i>	<i>Respond Within/ Respond By</i>
Board of Supervisors	F1, F2, F3, F4, F5, F6, F7, F8, F9, F10	R1, R2, R3, R4, R5, R6	90 Days September 22, 2022

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Appendix A—Agencies Involved in Fire Protection

Office of Response, Recovery & Resilience

Following the 2020 CZU Lightning Complex Fire disaster, the Board of Supervisors established the Office of Response, Recovery & Resiliency (OR3) in the County Administrative Office (CAO) to coordinate the County’s response to the CZU Lightning Complex Fire, respond to future disasters, and increase resiliency of the County’s overall response to climate change. Because of the interdependency in responsibilities, OR3 is combined with the County’s existing Office of Emergency Services.^[98]

OR3 primarily acts as an emergency management office including response to disasters for the County. It additionally provides a support role in recovery, and liaison between the County Planning Department, the Environmental Health Department, and the Recovery Permit Center. The Office is seeking grant funding at the state and federal level both to support recovery efforts and to promote wildfire resiliency. The OR3 is also updating the County’s Climate Strategy document, which will then serve to define goals for the Office. The OR3 staff are being trained to prepare for future disasters, including, but not limited to wildfire.^{[99] [100] [101]}

Santa Cruz County Fire Districts

There are 13 fire districts in Santa Cruz County.

1. Aromas Tri-County Fire Protection District
2. Ben Lomond Fire Protection District
3. Boulder Creek Fire Protection District
4. Branciforte Fire Protection District
5. Central Fire District
6. County Service Area 4
7. County Service Area 48
8. Felton Fire Protection District
9. Pajaro Valley Fire Protection District
10. Santa Cruz City Fire Department
11. Scotts Valley Fire Protection District
12. Watsonville City Fire Department
13. Zayante Fire Protection District

CAL FIRE/County Fire

The California Department of Forestry and Fire Protection (CAL FIRE) is a state agency tasked with fire protection for some 31 million acres of State Responsibility Area in California. It also provides other emergency services in many counties.^[102] The San Mateo–Santa Cruz Unit of CAL FIRE includes the counties of San Mateo, Santa Cruz, and San Francisco. CAL FIRE also manages the County Fire Department for both San Mateo and Santa Cruz counties.^[103] Within Santa Cruz County, CAL FIRE and County Fire have responsibility for fire protection in County Service Area 48 (**CSA 48**) and

County Service Area 4. The CSA 48 covers a significant portion of the County, including much of the Santa Cruz Mountains and North County.

Resource Conservation District

The Resource Conservation District of Santa Cruz County (RCD) is a special district tasked with coordinating efforts to protect the County's natural resources. Its mission includes water management and conservation, fish protection, erosion control, soil and forest health, and fire resiliency. It operates by applying for and obtaining grants from mostly state and federal agencies.^[104]

Fire Department Advisory Commission

The Fire Department Advisory Commission (FDAC) is tasked with the preparation and implementation of the County Fire Department Master Plan. It advises the County Fire Department on methods for improving the cost-effectiveness and delivery of the County's fire protection, as well as its rescue and emergency medical services programs. FDAC reviews the County Fire Department's budget priorities and specific budget recommendations, and advises on the mission and requirements of each of the volunteer fire companies.^[105]

Fire Safe Councils

The Fire Safe Santa Cruz County aims to educate and mobilize the people of Santa Cruz County to protect their community, homes, and environment from wildfire. They foster collaboration between local Fire Safe councils, CAL FIRE, local government, water districts, non-profit organizations, industry, and the RCD.^[106]

Santa Cruz Mountains Stewardship Network

The Santa Cruz Mountains Stewardship Network is a wide-ranging collaboration of diverse organizations from lumber companies to tribal groups. It has 21 members, including CAL FIRE, Big Creek Lumber, California State Parks, and Peninsula Open Space Trust.^[107]

Firewise Councils

Firewise is a national program that helps communities work together to reduce wildfire risk through education and collaboration. Local Firewise councils in Santa Cruz County reduce their local wildfire risk through encouraging neighbors to work together on defensible space, home-hardening, and evacuation planning.^[108]

Appendix B—Fire Prevention Plans

Below are the major plans that detail aspects of strategic planning for wildfire protection.

Community Wildfire Prevention Plan

The Community Wildfire Prevention Plan (CWPP), prepared by CAL FIRE and last updated in 2018, categorizes wildfire risk throughout Santa Cruz and San Mateo counties. The plan provides mitigation strategies aimed both at preventing destructive wildfires and at promoting healthy forests, while protecting human life and property. Grant funding for wildfire protection projects is easier for communities to obtain when there is a current CWPP in place. Individual wildfire prevention projects are not described in the document, as this might require an Environmental Impact Report.^[109]

CAL FIRE Strategic Plan 2021

This is a companion document to the CWPP described above. It includes descriptions of the County’s firefighting capabilities and wildfire mitigation strategies.^[11]

Local Hazard Mitigation Plan

This document describes the potential hazards that may affect our County, from earthquakes to droughts. It includes a section on wildfires, describing both the risks and mitigation strategies. The Local Hazard Mitigation Plan (LHMP) is updated on a five-year cycle, with the current plan produced in 2021. Each update includes progress from the previous plan. As with the CWPP, a major purpose of the document is to facilitate obtaining state and federal grants. Each project for which funding is sought should be listed as a mitigation strategy in the LHMP.^[110] Thus the current LHMP includes a “high-priority” item for vegetation reduction.^[111]

Santa Cruz County Forest Health and Fire Resilience Public Works Plan

The RCD produced the Santa Cruz County Forest Health and Fire Resilience Public Works Plan in 2021 to facilitate approval of fire protection projects in areas where a Coastal Development Permit is required. The document is intended to replace the requirement for each project to obtain an individual permit.^[112] Further description of the Public Works Plan is found in the Strategic Planning for Vegetation Reduction section of this report.

