

NEVADA COUNTY GRAND JURY

**Final Report
with
Responses**

2011 - 2012



GRAND JURY
COUNTY OF NEVADA
Eric Rood Administration Center
950 Maidu Avenue
Nevada City, California 95959
Phone Number: 530-265-1730
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February 1, 2013

The Honorable Thomas M. Anderson
Presiding Judge of Grand Jury
201 Church Street
Nevada City, CA 95959

Dear Judge Anderson:

It is my pleasure to forward to you the enclosed Consolidated Final Report from the 2011-2012 Grand Jury. This consolidated version includes all specific subject reports issued by that Jury and all responses thereto. This Final Report completes our process of making reports and responses available to the public.

The Jury's review of the responses was limited to determining whether they complied with the requirements for responses in California Penal Code section 933.05. This review was conducted by the successor Jury, due to the fact that the responses were received after the close of the 2011-2012 Jury.

Copies of this Final Report will be placed on file with the Deputy Jury Commissioner, who will forward one copy to the California State Archivist. The Clerk of Nevada County will also receive copies. Additional copies will be placed on file in county libraries and made available to the media. The Report has been published on our website; www.civilgrandjury.com. The Jury will, as required, send a copy to the University of California Government Studies Library in Berkeley.

In closing, the Nevada County Grand Jury wishes to express its appreciation to you and your staff for your valuable assistance and support.

Sincerely,

Keith Overbey, Foreperson
2012-2013 Nevada County Grand Jury

MEMBERS OF THE NEVADA COUNTY GRAND JURY 2011-2012

Robert Coats
Foreman

Diane Callahan
Foreman Pro Tem

Betty Underwood
Secretary

Jeff Spirer
Sergeant-at-Arms

Doug Wight
Business Manager

Tom Borman
Ed Bourne
Tom Brown
Tim Conn
Al Gabler

Dan Gentile
Jim Goetsch
Mike Menzies
Keith Overbey
Linda Pryor

Donald Queen
Bud Springer
Marcena Welker
Ron Wright

RESPONSE REQUIREMENTS

Following are the pertinent excerpts from the current California Penal Code concerning responses to a Grand Jury report:

"Section 933(c) No later than 90 days after the grand jury submits a final report on the operations of any public agency subject to its reviewing authority, the governing body of the public agency shall comment to the presiding judge of the superior court on the findings and recommendations pertaining to matters under the control of the governing body, and every elected county officer or agency head for which the grand jury has responsibility pursuant to Section 914.1 shall comment within 60 days to the presiding judge of the superior court, with an information copy sent to the board of supervisors, on the findings and recommendations pertaining to matters under the control of that county officer or agency head and any agency or agencies which that officer or agency head supervises or controls. In any city and county, the mayor shall also comment on the findings and recommendations. All of these comments and reports shall forthwith be submitted to the presiding judge of the superior court who impaneled the grand jury. A copy of all responses to grand jury reports shall be placed on file with the clerk of the public agency and the office of the county clerk, or the mayor when applicable, and shall remain on file in those offices. One copy shall

be placed on file with the applicable grand jury final report by, and in the control of the currently impaneled grand jury, where it shall be maintained for a minimum of five years.

"Section 933(d) As used in this section, "agency" includes a department.

"Section 933.05(a) For purposes of subdivision (b) of Section 933, as to each grand jury finding, the responding person or entity shall indicate one of the following:

- (1) The respondent agrees with the finding.
- (2) The respondent disagrees wholly or partially with the finding, in which case the response shall specify the portion of the finding that is disputed and shall include an explanation of the reasons therefor.

"Section 933.05(b) For purposes of subdivision (b) of Section 933, as to each grand jury recommendation, the responding person or entity shall report one of the following actions:

- (1) The recommendation has been implemented, with a summary regarding the implemented action.
- (2) The recommendation has not yet been implemented, but will be implemented in the future, with a timeframe for implementation.
- (3) The recommendation requires further analysis, with an explanation and the scope and parameters of an analysis or study, and a timeframe for the matter to be prepared for discussion by the officer or head of the agency or department being investigated or reviewed, including the governing body of the public agency when applicable. This timeframe shall not exceed six months from the date of publication of the grand jury report.
- (4) The recommendation will not be implemented because it is not warranted or is not reasonable, with an explanation therefor.

"Section 933.05(c) However, if a finding or recommendation of the grand jury addresses budgetary or personnel matters of a county agency or department headed by an elected officer, both the agency or department head and the board of supervisors shall respond if requested by the grand jury, but the response of the board of supervisors shall address only those budgetary or personnel matters over which it has some decisionmaking authority. The response of the elected agency or department head shall address all aspects of the findings or recommendations affecting his or her agency or department."

The penal code also requires that the Grand Jury be available to the respondents for 45 days to clarify the recommendations of its report.

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CITY GOVERNMENT

Nevada City Police Services – Benefit of Outsourcing

**Nevada County Grand Jury Report with Responses
2011-2012**

Nevada City Police Services Benefit in Outsourcing

Summary

Members of the City Council of Nevada City requested proposals from the Grass Valley Police Department and the Nevada County Sheriff's Office to provide police services. The Grass Valley Police Department proposal offered a cost savings of \$300,000 annually. The Nevada County Sheriff's Office decided not to respond without a written request from the City Council of Nevada City. The City Council of Nevada City opted not to consider the proposal offered to them by the Grass Valley Police Department.

With no reserves in its general fund, the City of Nevada City is in a weak financial position.

Because of its financial position the City of Nevada City is only able to employ several part-time individuals in key management positions. These positions include the City Manager, the Police Chief, the City Attorney, and the City Engineer. These positions require knowledge and background frequently found only in retired workers with similar experience. Recent changes affecting post-retirement employees in the California Public Employees' Retirement System (CalPERS) may limit the pool of available applicants to fill the key part-time leadership positions.

The Nevada County Grand Jury recommends that the City Council of Nevada City formally request and publicly consider proposals from the Nevada County Sheriff's Office and the Grass Valley Police Department to provide police services.

Reasons for Investigation

The Nevada County Grand Jury (Jury), exercising its oversight responsibilities pursuant to California Penal Code Section 925, reviewed the City of Nevada City's (City) annual budget for fiscal years 2010-11 and 2011-12. The investigation revealed that the City's current budget does not provide for any cash reserves in the General Fund at fiscal year end.

The Jury found that two police officers funded by a grant from the American Recovery and Reinvestment Act were laid off at the end of that funding, reducing the police staff by nearly 20%. This reduction in staff, combined with the need for a part-time Chief of Police, prompted the Jury to investigate whether the City could afford to fund its own police force.

Background

The City covers 2.2 square miles and has a population of approximately 3,000 people. The City supports a full-time police department during a significant downturn in the economy. The City employs a part-time Chief of Police to lead its Police Department. For the past three years the Nevada City Police Department has been augmented by the addition of two officers and a clerk funded by the American Recovery and Reinvestment Act. For the last several years the City has operated on a fiscal budget that has not set aside any reserves in its General Fund.

In the spring of 2011, members of the City Council of Nevada City (Council) requested proposals from the Grass Valley Police Department and the Nevada County Sheriff's Office to provide police services. When the Grass Valley Police Department proposal was presented to the Council, it was reported in the local newspaper, *The Union*, that the Council put it aside without consideration.

Procedures Followed

The Jury

- interviewed City administrative staff, members of the Council, management of the Nevada County Sheriff's Office and of the Grass Valley Police Department,
- reviewed the City's budget for fiscal years 2010-11 and 2011-12,
- reviewed the City's financial statements ending June 30, 2011.

Facts

- F.A.1.** The Council has a fiduciary responsibility to make sound financial decisions for the City.
- F.A.2.** The City's long term outstanding debt for the fiscal year ending June 30, 2011, was \$5,740,396.
- F.A.3.** The City's General Fund expenditures of \$3.38 million exceeded the General Fund revenues of \$3.11 million, a loss of over \$260,000 for the fiscal year ending June 30, 2011.
- F.A.4.** Total City budget for the fiscal year 2011-12 is \$3.23 million.
- F.A.5.** Total expenditure for the Nevada City Police Department for the fiscal year ending June 30, 2011, was \$1.2 million.
- F.A.6.** The Nevada City Police Department's budget for the fiscal year 2011-12 is \$1.02 million.

- F.A.7.** The City's General Fund has no reserves and the 2011-12 budget does not address that situation.
- F.A.8.** The City has adopted Friday furloughs, in departments other than public safety, as a way to lower costs.
- F.A.9.** The grant from the American Recovery and Reinvestment Act funded two City police officers and one clerk from 2009 through 2011.
- F.A.10.** After the expiration of the above-referenced grant, the two police officers were laid off, reducing the staff by nearly 20%.
- F.A.11.** Several key City employees receive half-time wages. These employees are the City Manager, the Police Chief, the City Attorney, and the City Engineer.
- F.A.12.** At least two of the part-time key City positions are filled with California Public Employees' Retirement System (CalPERS) retirees, including the current police chief.
- F.A.13.** During the fiscal year 2010-11, members of the Council requested and received a proposal from the Grass Valley Police Department to provide police services to the City.
- F.A.14.** During the fiscal year 2010-11, the Council did not consider the proposal from the Grass Valley Police Department to provide police services. The item did not appear on any agenda or minutes of the Council.
- F.A.15.** The Grass Valley Police Department proposal submitted to the Council offered an estimated cost savings of \$300,000 annually.
- F.A.16.** Pursuant to Assembly Bill 1028, effective January 1, 2012, amendments were made to the public employees retirement law (Government Code Sections 21224, 21229, and 21221 (h)) concerning employment of CalPERS retirees.

Findings

- F.I.1** With no reserves in the General Fund, the City is in a weak financial position.
- F.I.2** The Grass Valley Police Department proposal indicated they could have maintained the current or a higher level of police services and realized an annual cost savings in the amount of \$300,000.
- F.I.3** Assembly Bill 1028 may limit the ability of the City to continue to fill key positions with CalPERS retirees.

- F.I.4** Currently the City is attempting to balance its budget, in part, by instituting Friday furloughs, hiring key part-time leaders and failing to put aside funds in the City's General Fund reserve.
- F.I.5** The Council did not meet its fiduciary duty when it failed to consider outsourcing police services.

Recommendations

The City Council of Nevada City should:

- R.1.** investigate outsourcing police services. Possible providers would include the Nevada County Sheriff's Office and/or the Grass Valley Police Department.
- R.2.** publicly review and consider any resulting proposals to determine whether there is an opportunity to provide equal or better police services at lower costs.

Responses

City Council of Nevada City: Due Date: August 29, 2012



City of Nevada City

August 13, 2012

The Honorable Thomas M. Anderson
Presiding Judge of the Nevada County Grand Jury
201 Church Street
Nevada City, CA 95959

Re: Response of City Council of Nevada City to Grand Jury Report
Nevada City Police Services Benefit in Outsourcing

Dear Judge Anderson:

On behalf of the City Council of Nevada City, I am transmitting to your attention our response to Findings and Recommendations in the 2011-12 Grand Jury report entitled Nevada City Police Services Benefit in Outsourcing. We appreciate the time and effort put forth by the Grand Jury to provide its recommendations for cost savings in our police department in these challenging economic times. However, outsourcing all police functions is a complex matter and, as reflected in the response, the city is exploring other opportunities for sharing police services and cost savings at this time.

Yours truly,

Duane Strawser
Mayor

cc: Nevada County Civil Grand Jury ✓
Jim Wickham, Police Chief
David Brennan, City Manager
Hal DeGraw, City Attorney

*Rec'd
8/16/2012
[Signature]*

1 CITY OF NEVADA CITY RESPONSE TO THE FINDINGS AND RECOMMENDATIONS OF THE 2011-12
2 NEVADA COUNTY GRAND JURY REPORT NEVADA CITY POLICE SERVICES – BENEFIT IN
3 OUTSOURCING

4 **FINDINGS**

5 **F.I.1** With no reserves in the General Fund, the City is in a weak financial position.

6 The City agrees with this finding.

7 As with numerous cities nationwide, Nevada City has no unobligated general fund reserves and
8 is constantly reviewing sources of revenue, streamlining its operations without reducing the
9 level of service. In recent years, the general fund has experienced improvements in financial
10 position. The City Council has approved placing a three-eighths cent sales tax on the November
11 ballot to help restore the general fund to an appropriate reserve balance over a five year
12 period.

13 **F.I.2** The Grass Valley Police Department proposal indicated they could have maintained the
14 current or a higher level of police services and realized an annual cost savings in the amount of
15 \$300,000.

16 The City partially agrees with this finding:

17 The Grass Valley proposal was a legitimate, cost effective, use of available resources. The
18 proposal eliminated supervisory and management positions within NCPD and consolidated
19 other activities. However, further analysis of the proposal would be necessary to support the
20 statement that it would maintain the current level of service utilizing GVPD current supervisory
21 and management personnel.

22 **F.I.3** Assembly Bill 1028 may limit the ability of the City to continue to fill key positions with
23 CalPERS retirees.

24 The City agrees with this finding.

25 The City agrees that in the best interest of the Police Department, a full-time Police Chief would
26 better serve the community and department. The salient point is that filling the Police Chief
27 position on a part time basis is not a desirable organizational structure and the City is working
28 toward having the financial ability to hire a full time Police Chief.

29 **F.I.4** Currently, the City is attempting to balance the budget, in part, by instituting Friday
30 furloughs, hiring key part-time leaders and failing to put aside funds in the City's General Fund
31 reserve.

32 The City agrees with this finding.

33 As with many small cities in the Nation, the City Council has taken immediate steps in ensure
34 the health, safety and welfare of its residents during the economic downturn. The City has

35 taken the opportunity to hire part-time managers, with a high level of experience and service
36 levels, to assist Council through these economic conditions.

37 **F.I.5** The Council did not meet its fiduciary duty when it failed to consider outsourcing police
38 services.

39 The City strongly disagrees with this finding.

40 The City Council took the initiative to look at all options to maintain city financial stability
41 including considering options for outsourcing police services. This option was not generated by
42 any Grand Jury Report, community outcry to outsource the police department, but by the City
43 Council taking its fiduciary duty seriously. There are many other factors to consider besides
44 saving money when evaluating such a significant restructuring of city services. The
45 consideration of outsourcing police services has resulted in the Nevada City Police Department
46 working closer with Grass Valley Police Department. The two cities have been actively
47 exploring opportunities for sharing resources that would reduce expenditures and enhance
48 services,

49

RECOMMENDATIONS

50 **R.1** Investigate outsourcing police services. Possible providers would include the Nevada County
51 Sheriff's Office and/or Grass Valley Police Department.

52 The recommendation will not be implemented because it is not warranted or is not reasonable.

53 The recommendation is not warranted for reasons that there is no perceived public support for
54 it and the fiscal issue is being addressed in other ways on multiple fronts. At the June 5, 2012,
55 City Council meeting the Police Chief had a public discussion on the Grand Jury report and
56 received public comments on the direction on whether the City Council wanted further
57 research on outsourcing police services. The Chief highlighted some of the critical elements that
58 would need to be analyzed and the significant costs and staff time to address those issues. The
59 Council reiterated they would prefer the current direction the Department was taking as they
60 also recognized to reverse and directed staff to work with the City Manager to meet those
61 objectives. The Nevada City Police Department will continue to explore opportunities for
62 sharing police services which we believe will serve to improve our ability to provide community
63 policing.

64 The Nevada City Police Chief is working closely with Grass Valley Police Department in
65 developing a Joint Operational Agreement (JOA) to cover dispatch, supervision, and share
66 investigative services, evidence and school resource officers. This type of arrangement
67 eventually leads to a higher level of service to the communities, elimination of duplicated
68 services and a cost savings for both communities.

69 We believe the current efforts will achieve the same beneficial results without losing our local
70 police services operations which is highly desirable in Nevada City.

71 R.2. Publicly review and consider any resulting proposals to determine whether there is an
72 opportunity to provide equal or better police services at lower costs.

73 The recommendation will not be implemented because it is not warranted or is not reasonable.

74 We don't foresee receiving any "resulting proposals" because we will not be soliciting any full
75 service outsourcing proposals.

76 The City Council is mostly concerned with providing a high quality public safety program and
77 has directed staff to carry out that objective. The financial status of Nevada City continues to be
78 of paramount concern and we are moving forward on that challenge.

79 As a small municipality we keep a focus on balancing the local services expected by our
80 residents and the costs to provide that level of service.

81

FINANCE AND MANAGEMENT

**Nevada County Resource Conservation District:
Real Estate Acquisition Trumps Mission**

**Nevada County Grand Jury Report with Responses
2011-2012**

Nevada County Resource Conservation District: Real Estate Acquisition Trumps Mission

Summary

The Nevada County Resource Conservation District was established in 1943 to help landowners in Nevada and western Sierra Counties establish a balance between a rural environment, a biologically diverse landscape and a healthy economy.

The Nevada County Grand Jury found that the Nevada County Resource Conservation District office has been co-located with the Natural Resources Conservation Service, a branch of the U.S. Department of Agriculture. That office space has been provided by the Natural Resources Conservation Service rent-free.

In the course of its review, the Nevada County Grand Jury also found that the Nevada County Resource Conservation District purposefully increased its monetary reserves (cash and other assets) over a period of many years to approximately \$750,000, almost four times its annual average expense budget. The increase in its reserves was primarily used to fund the purchase of office space that could house a number of local agricultural-related agencies (e.g., the Natural Resources Conservation Service, the Agriculture Commissioner, the Fire Safe Council, the Farm Bureau, the Farm Advisor, etc.). The intent was to create an agricultural resource center to make it more convenient for people who needed to visit more than one of the agencies and that would accommodate attendees at their monthly seminars.

In February 2011 the Nevada County Resource Conservation District purchased office space for \$455,000 in cash, hoping to establish it as the intended agricultural resource center. However, the General Services Administration has not granted permission to the Natural Resources Conservation Service to relocate, and many of the other related agencies decided to remain in their current locations due to financial considerations. As a result, the office space, purchased in February 2011, remains vacant, and the Nevada County Resource Conservation District continues to pay associated costs. If the other agencies co-locate with the Nevada County Resource Conservation District as planned, the office space would not be large enough to hold monthly seminars.

The Nevada County Grand Jury recommends that the Nevada County Resource Conservation District spend its financial resources on activities and programs that support its mission and on increasing the public's awareness of its services. The Nevada County Grand Jury also recommends that the Nevada County Resource Conservation District not allow its financial resources to increase beyond a reasonable percentage of its average annual expense budget, and certainly no more than an amount equal to its expected average annual expenditures.

Reasons for Investigation

The Nevada County Grand Jury (Jury) received a complaint about the purchase of an office condominium (Building) located in the Whispering Pines Subdivision purchased by the Nevada County Resource Conservation District (NCRCD) in 2011.

Background

The NCRCD, established pursuant to Division 9 of the California Public Resources Code, works to restore and conserve the natural resources in Nevada and western Sierra Counties. It partners with landowners and other organizations to promote a balance between environmental concerns and the economic use of natural resources. NCRCD is funded by local property taxes and successful grant applications. The NCRCD is governed by a five-member Board of Directors (Board), appointed by the Nevada County Board of Supervisors.

Procedures Followed

The Jury interviewed members of the Board and NCRCD staff, reviewed financial statements from fiscal years 2002-03 to 2011-12, examined NCRCD's web site and reviewed Board meeting minutes from 2007 to date.

Facts

- F.A.1.** NCRCD's mission is to help landowners establish a balance between a rural environment, a biologically diverse landscape and a healthy economy for the community.
- F.A.2.** NCRCD is governed by a five-member Board appointed by the Nevada County Board of Supervisors.
- F.A.3.** NCRCD's budget for fiscal year 2011-12 is \$202,550.
- F.A.4.** The Nevada County office of the Natural Resources Conservation Service (NRCS), a part of the U.S. Department of Agriculture, provided office space located on Presley Way, Grass Valley to NCRCD, free of charge.
- F.A.5.** NRCS pays rent of \$23,000 per year on the Presley Way office.
- F.A.6.** The Board intended to acquire office space to serve as an agricultural resources center (Center) to house the NCRCD, NRCS, the Farm Bureau, the Fire Safe Council, the UC Davis Farm Advisor, the Master Gardeners, the 4H Club and the Nevada County Agricultural Commissioner in one location.

- F.A.7.** NCRCD told the Jury that they had letters of intent from the Farm Bureau and the Agricultural Commissioner to join them in the Center but were unable to produce them.
- F.A.8.** The NCRCD purchased the Building to serve as the Center on February 15, 2011, for \$455,000 in cash.
- F.A.9.** The Board's decision to purchase the Building was based, in part, on an assumption that NRCS would occupy a portion of the Building and pay rent to NCRCD.
- F.A.10.** NCRCD proceeded to purchase the Building without knowing whether NRCS would be permitted to co-locate with them.
- F.A.11.** After purchasing the Building the Board learned that NRCS was not able to relocate with NCRCD.
- F.A.12.** The NRCS has not received authorization from the U.S. General Services Administration (GSA) to move from its current office space located on Presley Way. The Jury was told authorization to move could take approximately two years from the date of the purchase agreement.
- F.A.13.** NCRCD pays ongoing condominium association fees of \$500 per month and other expenses to maintain the Building.
- F.A.14.** As of May 1, 2012, the Building remains vacant.
- F.A.15.** The NCRCD holds public seminars on topics related to its mission with an annual attendance of approximately 1,500 people (1,200 attend during the County Fair).
- F.A.16.** The Board intended to hold public seminars in the Center.
- F.A.17.** Only after purchasing the Building, the Board determined the space was inadequate to hold public seminars.
- F.A.18.** The NCRCD collects \$5 to \$10 per person attending the public seminars.
- F.A.19.** According to records of the Local Agency Formation Commission (LAFCo), the population served by NCRCD is approximately 100,000 residing in Nevada County and western Sierra County.
- F.A.20.** The NCRCD mailing list consists of approximately five-hundred people (0.5% of the population).
- F.A.21.** NCRCD's budget for publications, communications and educational materials averaged less than \$2,000 per year, over the last ten years.

- F.A.22.** NCRCD receives revenue from a percentage of the General and Special Property Tax bills paid by each property owner annually. Occasionally, NCRCD solicits and receives grant income from various organizations.
- F.A.23.** NCRCD is unable to change its percentage of the General and Special Property Tax directly.
- F.A.24.** At the end of the 2010-11 fiscal year, NCRCD had assets of approximately \$750,000, including the Building and cash reserves accumulated during the previous seven years.
- F.A.25.** A Board member told the Jury that spending on programs supporting NCRCD's mission has been inadequate.

Findings

- F.I.1.** The Board's decision to spend \$455,000 to purchase the Building does not further the stated mission of NCRCD.
- F.I.2.** The Board's decision to purchase the Building in early 2011 was not well-planned, because:
- prior commitments were not obtained from other potential tenants;
 - the space is not large enough to house multiple agencies and host public seminars.
- F.I.3.** NCRCD allowed its reserves (real estate and cash) to grow to an excessive level, nearly four times its average annual budget.
- F.I.4.** NCRCD expenditures on public outreach have been inadequate.
- F.I.5.** NCRCD expenditures on programs have been inadequate in recent years.

Recommendations

- R.1.** The Nevada County Resource Conservation District should devote more effort and financial resources to increase public awareness of its services.
- R.2.** The Nevada County Resource Conservation District should spend its resources to accomplish its mission rather than allowing its financial reserves to accumulate to an unreasonable level.

- R.3.** The Nevada County Resource Conservation District Board of Directors should ensure that all of the Nevada County Resource Conservation District's goals support its mission.

Responses

Nevada County Resource Conservation District Board of Directors: Findings 1,2,3,4 and 5 and Recommendations 1, 2, and 3 – Due Date: September 12, 2012



**Nevada County
Resource Conservation District**

113 Presley Way, Suite One, Grass Valley, CA 95945 530.272.3417 fax 530.477.8055 www.ncrccd.org

September 12, 2012

The Honorable Thomas Anderson
Presiding Judge of the Grand Jury
201 Church Street
Nevada City, CA 95959

Re: Nevada County Resource Conservation District response to Grand Jury findings

Findings:

1. The Board's decision to spend \$455,000 to purchase the Building does not further the stated mission of NCRCD.

Disagree

- *The ultimate goal for the NCRCD was to generate a return on the investment through rental revenues, thus allowing continued programming to further our mission.*
2. The Board's decision to purchase the Building in early 2011 was not well-planned, because:
 - prior commitments were not obtained from other potential tenants;
 - the space is not large enough to house multiple agencies and host public seminars

Disagree

- *The NCRCD went through the process to secure potential tenants who wanted to know which building would be available before committing to a move.*
- *The NCRCD believed the space was large enough for other agencies; hosting public seminars was not the primary intent of the NCRCD in the purchase of a building.*

3. NCRCD allowed its reserves (real estate and cash) to grow to an excessive level, nearly four times its average annual budget.

Disagree

- *The NCRCD had conserved their reserves and grant administration monies, over many years, for a possible, future Agriculture and Natural Resources Building. This building had been part of the NCRCD Strategic Plan since 2005. Under Division 9 of the Public Resources Code, districts have the "right to own and manage land, easements, and property...Division 9 allows districts to purchase office space as well...they may also purchase land and a building to house the district."*

4. NCRCD expenditures on public outreach have been inadequate.

Disagree

- *The NCRCD has implemented a large number of public outreach events each year, using staff, volunteers, and directors to achieve that goal. Publications, printing, and outreach were done in house as much as possible. Ultimately, the NCRCD worked toward any project in the most cost efficient manner available.*

5. NCRCD expenditures on programs have been inadequate in recent years.

Disagree

- *The NCRCD has consistently maintained very cost effective programming to further the mission and vision of the NCRCD. Many of our programs were funded by grants that were efficiently managed by the NCRCD.*

Recommendations:

1. The Nevada County Resource Conservation District should devote more effort and financial resources to increase public awareness of its services.

The recommendation is being implemented presently

The NCRCD has begun an ad campaign in the Union newspaper, radio ads on KNCO, and implemented numerous seminars throughout the year, and expanded funding to cover these costs.

2. The Nevada County Resource Conservation District should spend its resources to accomplish its mission rather than allowing its financial reserves to accumulate to an unreasonable level.

The recommendation is being implemented

The NCRCD believes a responsible level of financial reserves is a minimum of 1-year operating reserves and reserves for dedicated categories for specific projects.

3. The Nevada County Resource Conservation District Board of Directors should ensure that all of the Nevada County Resource Conservation District's goals support its mission.

The recommendation is being implemented

The NCRCD operates under a 5-year strategic plan that is developed by the NCRCD Board of Directors, NCRCD/NRCS staff, and is frequently assisted by an outside facilitator.

Signe Larson
NCRCD Board President

FINANCE AND MANAGEMENT

**Continuous Improvement in Governmental
Management Practices**

**Nevada County Grand Jury Report with Responses
2011-2012**

Continuous Improvement in Governmental Management Practices

Summary

Ensuring the accountability and efficiency of public entities in Nevada County is the primary mission of the Nevada County Grand Jury. During the summer of 2011, the Nevada County Grand Jury concluded that the management practices employed by public agencies can have a powerful, long-lasting and positive impact on their accountability and efficiency. The term “management practices” refers to the programs and tools that managers use to create and maintain effective operations.

In order to promote this concept, the Nevada County Grand Jury conducted a county-wide survey to create a baseline inventory of management practices currently in use by all tax-supported entities. One hundred fifty-five surveys were mailed and seventy-two were returned (a 46% response rate).

Overall, the survey results indicated that a majority of the survey respondents used most of the key management practices included in the survey. It also found that the respondents scored best in the areas of human resource programs (e.g., compensation and job training) and accountability (e.g., mission statements and policies and procedures). The weakest scores came in the areas of leadership training, customer satisfaction surveys and the measurement of organizational efficiency. After interviewing many county employees and reviewing the survey results, the Nevada County Grand Jury found that there are many well-managed agencies serving the citizens of Nevada County, but that there are also opportunities for improvement.

The Nevada County Grand Jury recommends that the governing bodies and managements of every tax-supported entity within the county evaluate their management practices to ensure that key practices are established and used more effectively. In order to improve its own operations, the Nevada County Grand Jury recommends that all future juries regularly and frequently investigate the management practices used by public agencies in Nevada County.

Reasons for Investigation

During September 2011, the Nevada County Grand Jury (Jury) discussed how it could more proactively fulfill its primary mission of ensuring high levels of accountability and efficiency in local government. The Jury noted that many of the complaints it received had their roots in poor management practices.

As a result of these discussions, the Jury concluded that improved management practices would have a significant, positive influence on the accountability and efficiency of the county's public organizations. The Jury also concluded that it had no systematic, pro-active way to investigate the effectiveness of the management practices in use by the public agencies within the county.

Background

The management of an organization can have a powerful influence on its results for good or ill. The management practices of public agencies are just as important as those of private companies. Their missions, strategies, goals and monitoring systems have a major impact on the results citizens see every day. The way they motivate their employees and how they monitor their success have a lot to do with the every-day experience of citizens who use their services.

These are all issues that should be basic concerns of every county civil grand jury in California. However, very few civil grand juries have a systematic way of reviewing the management practices used by the tax-supported entities they are charged with reviewing.

When the Jury realized that its own operation could be improved by systematically investigating the management practices of the tax-supported entities in Nevada County, it decided to change its operating procedures to embed this kind of activity into its on-going procedures.

Procedures Followed

The Jury interviewed numerous officials serving the county. The Jury also developed a survey that asked each agency in the county if it used specified management practices, whether these practices were current and whether those practices were in writing. The survey also asked the respondents to rate their organizations, on a scale of 1 (Excellent) to 5 (Poor), on their use of these management practices. The survey's purpose was to establish a baseline of the management practices used by local public entities during the 2011-12 fiscal year. The respondents to the survey were primarily those engaged in the day-to-day management of the operations of each entity; however, surveys were also sent to a member of the governing body of some entities.

Facts

General

- F.A.1.** The Jury's mission is to ensure the accountability and efficiency of Nevada County's tax-supported agencies.
- F.A.2.** An organization's management practices can have a lasting, positive impact on its accountability and efficiency.
- F.A.3.** The Jury receives many complaints that have their roots in poor management practices.
- F.A.4.** The Jury has not had a systematic, pro-active method for investigating management practices.
- F.A.5.** A review done by the Jury concluded that the systematic and pro-active review of management practices was performed by few county grand juries in California.
- F.A.6.** The Jury had a committee called "Audit and Finance."
- F.A.7.** The Jury changed the name of the Audit and Finance Committee to the "Finance and Management Committee."
- F.A.8.** The role of the Finance and Management Committee was broadened to include the coordination of the Jury's efforts with regard to the investigation of management practices.
- F.A.9.** The Jury formally charged each its committees with the responsibility to investigate the management practices of the entities under their jurisdiction.
- F.A.10.** The Jury began an investigation of management practices with a county-wide survey that would provide a snapshot of management practices currently in use.
- F.A.11.** The survey would provide a useful baseline against which the results of any future surveys could be compared.
- F.A.12.** The Jury conducted a survey of management practices in use by all tax-supported agencies within Nevada County between November 2011 and March 2012.
- F.A.13.** Surveys were sent to 155 individuals in approximately ninety-five organizations or departments.
- F.A.14.** Seventy-two completed surveys were returned, representing fifty-two organizations or departments.
- F.A.15.** The survey asked the respondents questions concerning eighteen distinct management practices that were separated into four categories: Accountability;

Human Resources; Customer Satisfaction/Communication and Efficiency (see Attachment 1).

- F.A.16.** The survey asked the respondents to indicate which of the various management practices existed within their organization, which were current at the time of the survey and which were in writing.
- F.A.17.** The survey asked the respondents to provide self-ratings with respect to the effectiveness of each management practice on a scale of 1 (Excellent) to 5 (Poor).
- F.A.18.** The survey asked the respondents to provide commentary to explain their answers.
- F.A.19.** The Jury's 2011-12 county-wide survey of management practices investigated only whether certain practices were used by the public agencies. Other than asking the agencies to rate themselves with respect to each management practice, the Jury made no attempt to investigate the quality of the practices in place.

“Accountability” Results

- F.A.20.** Most organizations scored well in the Accountability category.
- F.A.21.** All organizations of size (over twenty employees) had Mission Statements and Policies and Procedures manuals.
- F.A.22.** Only one in twelve (8%) failed to assess the degree to which their organization achieved its objectives.
- F.A.23.** Almost a quarter of all respondents had no strategic plan. Some of these organizations were small and some said that they were developing a strategic plan.
- F.A.24.** One in eight (12%) agencies said that they did not establish goals for their organization.

“Human Resources” Results

- F.A.25.** In the aggregate, the responding agencies scored best in this category.
- F.A.26.** Almost all respondents had current compensation policies and some form of job-related training.
- F.A.27.** One in twelve (8%) respondents had not established objectives for each of their employees and one in eight (12%) had no leadership development program.

“Customer Satisfaction/Communication” Results

- F.A.28.** Almost all organizations responding to the survey said that they had some method for employee and citizen feedback.
- F.A.29.** One-third of the respondents said that they had no formal way of obtaining customer feedback.
- F.A.30.** Most respondents said that they regularly interacted with other public and private organizations.
- F.A.31.** One in nine organizations (11%) said that they had no regular way of communicating with the public.

“Efficiency” Results

- F.A.32.** Almost all respondents said that they had budgets, organizational charts and systems to identify process improvements in place.
- F.A.33.** One in six (16%) said that they did not have a way to measure their organization’s efficiency.

Overall

- F.A.34.** A notable minority of respondents’ practices were neither current nor in writing.
- F.A.35.** A subjective review done by the Jury indicated that about half of the responses contained high-quality commentary and about half contained poor or no commentary.
- F.A.36.** A subjective review done by the Jury indicated that some of the most expansive and insightful comments came from those respondents who gave their organizations the lowest relative ratings.
- F.A.37.** A subjective review done by the Jury indicated that the least expansive and least insightful comments came from those respondents who gave their organizations the highest relative ratings.
- F.A.38.** Some respondents assigned their organizations the highest possible ratings in all categories with no commentary at all.
- F.A.39.** A subjective review done by the Jury indicated that some of the poorest relative ratings were submitted by those organizations with high standards and professional managers.

Findings

- F.I.1.** The Jury should investigate management practices systematically and pro-actively.
- F.I.2.** All county grand juries in California should investigate management practices systematically and pro-actively.
- F.I.3.** While the results of the Jury's 2011-12 county-wide survey demonstrated that many public agencies have most of the key management practices in place, it did not attempt to measure the quality of those practices.
- F.I.4.** The results of the Jury's 2011-12 county-wide survey demonstrated that many public agencies have multiple opportunities to improve their management practices.
- F.I.5.** The public agencies in Nevada County should strive for continuous improvement in their management practices to better serve the county's citizens.
- F.I.6.** The respondents who were the most self-critical provided the most insight into their operations, held the best ideas on how to fix any problems and appeared to be the most honest, best informed and most pro-active managers.

Recommendations

The Jury recommends that:

- R.1.** The governing bodies and management of every tax-supported entity evaluate the management practices for their organizations to ensure that key practices are established and used more effectively.
- R.2.** Future Nevada County Grand Juries regularly and frequently investigate the management practices used by public agencies, including the effectiveness of those practices.

Responses

No responses are required.

HEALTH AND ENVIRONMENT

**Laura's Law in Nevada County – A Model for
Action - Saving Lives and Money**

**Nevada County Grand Jury Report with Responses
2011-2012**

Laura's Law in Nevada County

A Model for Action – Saving Money and Lives

Summary

The Nevada County Grand Jury assessed Nevada County's implementation of California's Assembly Bill 1421, commonly referred to as Laura's Law.

On January 10, 2001, Scott Thorpe went on a shooting rampage in Nevada City and Grass Valley leaving Laura Wilcox, Pearlie May Feldman and Michael Merkel dead. Several others were wounded in the attacks. Mr. Thorpe was mentally ill. When he arrived at the offices of the Nevada County Behavioral Health Department housed in the Health Education and Welfare (HEW) building, he told Ms. Wilcox, who was working as a temporary receptionist, that he wished to see his psychiatrist. When he was unable to see his psychiatrist, he shot Ms. Wilcox and several others in the building.

Nevada County's implementation of Laura's Law has provided an additional option for providing treatment to individuals who are seriously mentally ill and have otherwise refused treatment. Under Laura's Law in Nevada County treatment is provided using existing infrastructure. Nevada County has estimated that during the first two-and-a-half years of the implementation of Laura's Law it realized savings of more than \$500,000 by avoiding hospitalizations and incarcerations. To date Nevada County is the only county that has fully implemented Laura's Law.

The Nevada County Grand Jury commends those who have worked to implement Laura's Law, especially the Nevada County Board of Supervisors, the director and staff of the Nevada County Behavioral Health Department and Turning Point, Providence Center, which contracts with Nevada County to provide mental health services. A special commendation goes to Amanda and Nick Wilcox, Laura's parents, for their tireless efforts and continuing perseverance.

Background

The shooting episodes at the HEW building and later at a local restaurant spurred Laura Wilcox's parents, Nick and Amanda Wilcox of Penn Valley, to push for the passage of legislation authorizing court-ordered outpatient treatment for people with severe mental illness. Assembly Bill (A.B.) 1421, commonly known as Laura's Law, took effect on January 1, 2003. Laura's Law was modeled on a New York Statute referred to as Kendra's Law. Forty-four states have enacted similar laws.

Laura's Law permits counties to provide the option of court-ordered outpatient treatment described as Assisted Outpatient Treatment (AOT) for individuals with serious mental illness when a court finds that the individual's (1) recent history of hospitalization or violent behavior, and (2) noncompliance with a voluntary treatment plan indicates that the individual is or is likely to become dangerous or gravely disabled without AOT.

This option may provide treatment to individuals who have previously refused treatment and who may be a danger to themselves or others, but do not meet the criteria for emergency involuntary hospitalization. It also permits family members, caregivers and others to seek the assistance of the county and the court in providing treatment to their loved ones.

Laura's Law does not include funding for its implementation. In May 2007, the California Department of Mental Health confirmed that Nevada County may use funds from the Mental Health Services Act (Proposition 63) to implement Laura's Law. In April 2008, the Nevada County Board of Supervisors approved implementation of Laura's Law.

The Nevada County Behavioral Health Department began providing services under Laura's Law in April 2008. As of December 31, 2010

- thirty-seven individuals have been referred and evaluated,
- twenty-two individuals have agreed to accept treatment without a court order,
- eleven have received treatment under court orders, and
- four did not accept treatment.

Reason for Investigation

As part of its oversight function, the Nevada County Grand Jury (Jury) chose to assess and report on the implementation of Laura's Law in Nevada County.

Procedures Followed

To gain perspective on the implementation and effectiveness of Laura's Law the Jury interviewed

- Michael Heggarty, Director, Nevada County Behavioral Health Department,
- Nick and Amanda Wilcox, parents of Laura Wilcox,
- Carol Stanchfield, Director, Turning Point, Providence Center,
- Lynn Cameron, Counselor, Turning Point, Providence Center,
- The Honorable Thomas M. Anderson, Presiding Judge, Nevada County Superior Court,

- Keith Royal, Nevada County Sheriff.

The Jury also reviewed the following:

- A.B. 1421 (Laura's Law);
- Materials regarding Assertive Community Treatment (ACT);
- Materials concerning Assisted Outpatient Treatment (AOT);
- Relevant portions of, and materials regarding, the Mental Health Services Act (MHSA);
- Materials regarding Kendra's Law (the New York statute that was one of the models for Laura's Law).

The Jury visited the offices of Turning Point, Providence Center (Turning Point).

Facts

- F.A.1.** Many individuals with serious mental illnesses are not aware of their disorders and do not recognize that they are ill or might benefit from treatment.
- F.A.2.** AOT is court-ordered intensive outpatient treatment for a seriously mentally ill individual when a court finds that the individual's (1) recent history of hospitalization or violent behavior, and (2) noncompliance with a voluntary treatment plan indicates that the individual is, or is likely to become, dangerous or gravely disabled without AOT.
- F.A.3.** Under Laura's Law a petition for an order authorizing AOT may be filed by the county mental health director or his designee. In Nevada County the Director of Behavioral Health may file such a petition.
- F.A.4.** Under Laura's Law a request may be made to Nevada County's Department of Behavioral Health for the filing of a petition concerning an individual by, among others, (1) any person eighteen years of age or older with whom such individual resides, or (2) any person who is the parent, spouse, or sibling or child eighteen years of age or older of such individual.
- F.A.5.** Laura's Law does not provide funding for its implementation.
- F.A.6.** In May 2007 the California Department of Mental Health confirmed that Nevada County may use funds from the Mental Health Services Act (Proposition 63) to implement Laura's Law.
- F.A.7.** In April 2008 the Nevada County Board of Supervisors approved implementation of Laura's Law.

- F.A.8.** The Nevada County Behavioral Health Department began providing services under Laura's Law in April 2008.
- F.A.9.** Turning Point is a nonprofit organization that provides evidence-based ACT, which uses a client-centered, recovery-oriented and multidisciplinary approach to provide comprehensive services to individuals and their families.
- F.A.10.** Nevada County's Department of Behavioral Health contracts with Turning Point.
- F.A.11.** Turning Point provides intensive outpatient services 24 hours a day, seven days a week at a clinician-to-client ratio of one to ten.
- F.A.12.** Turning Point service plans are highly individualized and include concrete goals. Clients are encouraged to be actively involved in their treatment to build their sense of self-worth and independence.
- F.A.13.** The services provided by Turning Point include psychotherapy, medication management, crisis intervention, nursing, substance abuse counseling and support for housing, benefits, education and employment.
- F.A.14.** Treatment under Laura's Law is voluntary although it is provided under a court-order or a court-sanctioned settlement agreement.
- F.A.15.** The Turning Point facility is a welcoming and supportive environment provided in an open, unlocked setting.
- F.A.16.** Since the implementation of Laura's Law in Nevada County, the majority of the individuals who have been referred and evaluated have received treatment without a court order. As of December 31, 2011, of the thirty-seven individuals who have been referred and evaluated, court orders have been entered for eleven and twenty-two have entered into settlement agreements.
- F.A.17.** The Nevada County Behavioral Health Department has calculated savings of over \$500,000 for the first 2.64 years of implementation (see Attachment). This analysis indicates that for each dollar Nevada County "invested" in providing services under Laura's Law it saved \$1.81.
- F.A.18.** Research has confirmed that AOT may be successful in treating severe and persistent mental illness. In addition to Nevada County's experience, reviews of New York's Kendra's Law, during the first five years after adoption, found there was
- an increase in engagement of services,
 - an increase in adherence to prescribed medications,
 - a reduction in hospitalizations,
 - a decrease in homelessness,

- a decrease in arrests and incarcerations.

F.A.19. Laura's Law is currently subject to a sunset date of January 1, 2013.

F.A.20. California's AB 1569 would extend the sunset date to January 1, 2019.

F.A.21. On April 10, 2012, the Nevada County Board of Supervisors adopted a resolution supporting AB 1569.

Findings

- F.I.1.** As a result of the implementation of Laura's Law, Nevada County has realized substantial savings since hospitalizations and incarcerations for individuals receiving treatment under Laura's Law have been reduced.
- F.I.2.** Implementation of Laura's Law has enabled family members and caregivers of seriously mentally ill individuals to request treatment for their loved ones.
- F.I.3.** Since many severely mentally ill individuals do not believe they will benefit from treatment, they do not readily seek or accept treatment.
- F.I.4.** Many individuals assent to a court-sanctioned settlement agreement when faced with a court hearing.
- F.I.5.** Laura's Law has allowed Nevada County to provide ACT in an environment that encourages and enables individuals receiving treatment to live and work independently in the community.
- F.I.6.** Laura's Law has allowed Nevada County to provide AOT as a treatment option that may be utilized before the condition of a seriously mentally ill individual deteriorates to the point where the criteria for emergency involuntary hospitalization are met.

Recommendations

- R.1.** The Jury commends those who have worked to implement Laura's Law, especially the Nevada County Board of Supervisors, the Directors and staff of the Nevada County Behavioral Health Department and of Turning Point, Providence Center.
- R.2.** The Jury recommends that Nevada County continue to serve as a model for other California counties.

Responses

No responses are required.

Calculation of Cost Savings

Calculated savings are based on data collected by the Nevada County Behavioral Health Department from April 28, 2008, (the date the first individual entered into AOT) through December 31, 2010.

- Calculation based on the first 2.64 years of implementation.
- Of the 19 individuals that entered into AOT, data was collected on 17 individuals. Of the two omitted, one was active for 17 days and the other was active for 7 days.

Cost of providing services to 17 participants for 2.64 Years: (\$ 482,443) (A)
(This is the actual amount paid by the Nevada County Behavioral Health Department to Turning Point.)

Aggregate costs incurred by the each of the 17 participants during the year prior to the participants entering AOT:

- Hospitalizations (514 days @ \$675 per day) \$ 346,950
 - Incarcerations (521 days @ \$150 per day) \$ 78,150
- Total cost prior to AOT: \$ 425,100

Projected cost for 2.64 years that might have been incurred if the 17 individuals had not entered AOT: \$ 1,122,264 (B)

Actual Hospitalization and Incarceration Costs for 17 individuals during 2.64 years after entering AOT:

- Hospitalizations (198 days @ \$675 per day) (\$ 133,650)
- Incarcerations (17 days @ \$150 per day) (\$ 2,550)

Total cost after AOT: (\$ 136,200) (C)

TOTAL COST SAVINGS ((A) + (B) + (C)): \$ 503,621

LAW ENFORCEMENT

**Chief Probation Officer Reporting Structure –
Who's in Charge Here?**

**Nevada County Grand Jury Report with Responses
2011-2012**

Chief Probation Officer Reporting Structure Who's In Charge Here?

Summary

The Nevada County Grand Jury investigated the Nevada County Probation Department's reporting relationship to the Nevada County Board of Supervisors and to the Nevada County Superior Court. The Nevada County Probation Department is responsible for the preparation of pre-sentencing reports for the Nevada County Superior Court and the supervision of adult and juvenile offenders.

California Penal Code Section 1203.6 provides that the Nevada County Superior Court Judges appoint and may remove the Chief Probation Officer. It further provides that the Nevada County Board of Supervisors sets the salary for the Chief Probation Officer.

The Nevada County Grand Jury finds that the Nevada County Superior Court and Nevada County must work closely together to ensure the Probation Department is run effectively. The Nevada County Grand Jury further finds that the Chief Probation Officer has not been receiving effective supervision from the Presiding Judge of the Nevada County Superior Court. Further, the Presiding Judge of the Nevada County Superior Court and the Nevada County Chief Executive Officer have not been communicating about the Chief Probation Officer's job performance. Finally, there is no formal agreement in place between the Nevada County Superior Court and Nevada County about how the Chief Probation Officer should be supervised. This situation allows the Chief Probation Officer to act without proper professional oversight.

The Nevada County Grand Jury recommends that Nevada County and the Nevada County Superior Court enter into a formal agreement which defines roles and responsibilities and establishes effective communication regarding the supervision of the Nevada County Chief Probation Officer. The agreement should facilitate measurement of the Chief Probation Officer's job performance against established job goals and objectives in annual performance reviews.

Reasons for Investigation

In response to complaints, the Nevada County Grand Jury (Jury) exercised its oversight responsibilities pursuant to California Penal Code Section 925 and investigated the reporting structure relating to the Nevada County Probation Department (NCPD) and the Chief Probation Officer (CPO).

Background

The NCPD is responsible for the preparation of pre-sentencing reports for the Nevada County Superior Court (Court) and for the supervision of juvenile offenders and adult felons and misdemeanants to ensure their adherence to court-ordered conditions of their probation.

California Penal Code (CPC) Section 1203.6 provides that the CPO is appointed by the Court and may be removed from that position only by the Court. It further provides that the CPO's salary and the budget for the NCPD are set by the Nevada County Board of Supervisors (BOS).

Procedures Followed

The Jury interviewed the former CPO, NCPD management and staff, a representative of the Probation Peace Officers Association (PPOA), the Nevada County Chief Executive Officer (CEO), the Nevada County Director of Human Resources and the Presiding Judge of the Nevada County Superior Court (Presiding Judge).

The Jury reviewed documents including the CPC, the California Welfare and Institutions Code (WIC) and a draft version of the NCPD Policy and Procedure Manual (P&P).

Facts

- F.A.1.** The NCPD is a county probation department within the State of California.
- F.A.2.** CPC Section 1203.6 states that the adult probation officer shall be appointed and may be removed for good cause in a county with more than two Superior Court Judges by a majority of the Judges of that county.
- F.A.3.** Nevada County has more than two Superior Court Judges.
- F.A.4.** CPC Section 1203.6 states that the salary of the adult probation officer shall be established by the BOS.
- F.A.5.** In Nevada County, the adult probation officer has the title Chief Probation Officer .
- F.A.6.** The CPO is responsible for the day-to-day operations of the NCPD.
- F.A.7.** CPC Section 1203.6 states that the CPO shall appoint and may remove all assistants, deputies and other persons employed in the Probation Department, and their compensation shall be established, according to the merit system or civil service system provisions of the county.

- F.A.8.** All employees of the NCPD other than the CPO are Nevada County employees and are subject to Nevada County personnel policies and procedures.
- F.A.9.** The former CPO resigned his position effective April 1, 2012.
- F.A.10.** The Jury was advised that by agreement among the Judges of the Nevada County Superior Court, the Presiding Judge has primary responsibility for providing day-to-day supervision of the CPO.
- F.A.11.** The BOS and the CEO have no legal authority to supervise the activities of the CPO.
- F.A.12.** The Presiding Judge never met with the former CPO for the specific purpose of giving job performance feedback and guidance.
- F.A.13.** The Presiding Judge never set performance goals and objectives for the former CPO.
- F.A.14.** The Presiding Judge never prepared an annual performance evaluation of the former CPO.
- F.A.15.** The CEO prepared multiple annual performance reviews of the former CPO's job performance.
- F.A.16.** The CEO rated the former CPO below average or unacceptable on annual performance evaluations for the past three years.
- F.A.17.** The Jury was advised that the CEO e-mailed the annual performance evaluations of the former CPO to the Presiding Judge.
- F.A.18.** The Jury was advised that the Presiding Judge never reviewed the annual performance evaluations of the former CPO prepared by the CEO.
- F.A.19.** The Jury was advised that the Presiding Judge never provided any comments to the CEO regarding the annual performance evaluations of the former CPO.
- F.A.20.** There is no agreement between Nevada County and the Court concerning the supervision of the CPO.
- F.A.21.** The current P&P is dated effective July 1, 2003.
- F.A.22.** Probation Department staff testified that the existing P&P lacked sufficient guidelines in numerous categories, including means to complain effectively about the conduct of the CPO since he reports to the Superior Court and not to Nevada County as they do.

- F.A.23.** In late 2009, as a result of a negotiated settlement of an employee grievance, an agreement was made between Nevada County management and the PPOA that the former CPO must produce an updated P&P and put it into effect.
- F.A.24.** As of March 31, 2012, in violation of the terms of the negotiated settlement, the former CPO had not produced and put into effect a revised P&P.

Findings

- F.I.1.** As of March 28, 2012, Nevada County and the Court had no formal agreement regarding their respective roles and responsibilities concerning the evaluation and supervision of the CPO.
- F.I.2.** As of March 28, 2012, there had been no communication between Nevada County and the Court to define their roles and responsibilities with respect to the supervision of the CPO.
- F.I.3.** There is a lack of effective communication between the CEO and the Presiding Judge with respect to the evaluation and supervision of the CPO.
- F.I.4.** The California Penal Code does not clearly define the roles and responsibilities of Nevada County and the Court in the supervision of the CPO.
- F.I.5.** The Court, as represented by the Presiding Judge, has not provided effective supervision of the CPO.
- F.I.6.** Without effective supervision by the Court and with no formal agreement in place between Nevada County and the Court, the CPO position is self-managed.
- F.I.7.** The employment status of the former CPO was not affected by the annual performance reviews written for that individual by the CEO.
- F.I.8.** The BOS, represented by the CEO, was unable to affect the employment status of the CPO.
- F.I.9.** The failure of the NCPD to produce an updated P&P Manual places Nevada County in the position of violating a negotiated settlement of an employee grievance.

Recommendations

- R.1.** The Nevada County Board of Supervisors and the Nevada County Superior Court should develop and adopt a formal agreement which

- defines the roles and responsibilities of the Nevada County Board of Supervisors and the Nevada County Superior Court with respect to the supervision of the Chief Probation Officer,
 - establishes an effective communication process between the Nevada County Board of Supervisors and the Nevada County Superior Court, related to the supervision of the Chief Probation Officer,
 - provides measurement of the job performance of the Chief Probation Officer against established job goals and objectives in annual performance reviews.
- R.2.** The Nevada County Probation Department should implement a comprehensive policy and procedures manual consistent with existing state and local laws and regulations.

Responses

Nevada County Board of Supervisors: Findings 1 through 8 and Recommendation 1 – Due Date: September 17, 2012

Nevada County Superior Court: Findings 1 through 7 and Recommendation 1

Nevada County Chief Probation Officer: Finding 9 and Recommendation 2– Due Date: August 17, 2012



**NEVADA COUNTY SUPERIOR COURT
OFFICE OF THE JURY COMMISSIONER
201 CHURCH STREET, SUITE 6
NEVADA CITY, CA 95959**

Thomas M. Anderson
*Presiding Judge of the
Grand Jury*

Audrey M. Golden
Deputy Jury Commissioner

(530) 265-1475

August 14, 2012

Keith Overbey Foreman
Nevada County Civil Grand Jury
950 Maidu Avenue
Nevada City, CA 95959

Dear Keith:

This is the response to Nevada County Grand Jury Report, Chief probation Officer Reporting Structure Who's in Charge. I have asked the Deputy Jury Commissioner to forward this response on to you.

Thanks to you and the other members of the Grand Jury.

Sincerely,

A handwritten signature in black ink, appearing to read "T. Anderson", written over a horizontal line.

Thomas M. Anderson
Presiding Judge of the
Civil Grand Jury

*Rec'd
8/14/12*

**Response to:
Nevada County Grand Jury Report
Chief Probation Officer Reporting Structure
Who's in Charge Here**

RESPONSE OF THE NEVADA COUNTY SUPERIOR COURT ("The Court")

F.I.1 As of March 28, 2012, Nevada County and the Court had no formal agreement regarding their respective roles and responsibilities concerning the evaluation and supervision of the CPO. (F.A.# 20)

The Court agrees. No "formal" agreement is in place; however, see response to F.I.2 and Attachment A in further response.

F.I.2 As of March 28, 2012, there had been no communication between Nevada County and the Court to define their roles and responsibilities with respect to the supervision of the CPO. (F.A.# 10 - 20)

The Court partially agrees. Prior to County CEO Haffey raising the issue in mid-2011, the County and Courts for many, many years operated under an informal agreement which required little discussion. Pursuant to this informal understanding, the Courts supervised the professional role of the CPO as it related to the CPO's duties to the Courts, and the County supervised the administrative functions of the Probation Office. Some discussion that would typically occur took place in connection with the hiring of a replacement CPO, as was the case with the hiring of CPO John Wardell and CPO Doug Carver. The nature of the discussion was a collaborative working of two independent branches of government. In mid-2011, in response to then pending administrative issues concerning the CPO, Mr. Haffey suggested a fundamental structural change wherein either the County or the Courts would assume full responsibility for the hiring, firing, evaluation and performance of the CPO. Since March 28, 2012, the Courts and County have engaged in additional conversation concerning the issue of roles and responsibilities.

As a separate, additional response, Finding F.I.2 references the Grand Jury's factual findings F.A #10-20. To the extent that these findings are incorrect factual and legal conclusions, they do not support Finding F.I.2. Specifically, as to:

F.A.10. Supervision of the CPO's performance in providing probation services to the Courts is not something the full bench delegates to the Presiding Judge. It is a duty inherent to the job of Presiding Judge, who is selected by the judges to serve at will in that capacity. The Presiding Judge, on behalf of the full bench, has primary responsibility for the supervision of the CPO's delivery of professional probation services and to ensure that they meet the needs of the Courts and the requirements of law. The Presiding Judge is not, and has not historically been,

responsible for the administration of the Probation Department as to matters that are not related to the delivery of probation department services. That has been a County function.

- F.A.11.** The CPO is a county employee and a county department head. The BOS and the CEO have legal authority to supervise the administrative activities of the CPO, especially in areas relating to human resources, employee relations, budget and financial management. Until recently (when the Board of Supervisors included appointment authority within the County's merit system) the ultimate authority to hire, suspend, restrict professional services, or fire the CPO is vested with the Courts. Stated somewhat differently, the only prior restriction on County authority was that it could not terminate the CPO, unless the measure was either approved or taken by the Court itself. Moving forward, while the County has assumed the authority to terminate the CPO, other disciplinary measures may be taken, but they must not conflict with the CPO's duties to the Courts.
- F.A.12** The Court is not aware of either the CEO or the Presiding Judge requesting any meeting for the specific purpose of evaluating CPO job performance, feedback and guidance, except for discussions initiated in mid-2011 to the present.
- F.A.13.** Performance goals and objectives for the Probation Department were not set by the Presiding Judge. That has been a County function. The Presiding Judge, either individually, or through the Criminal Courts Committee, has continuously monitored the professional performance of the CPO, making recommendations and giving directives as required. It is correct that this task was not performed on a point-in-time basis, but was ongoing, a process that better meets the needs of the Courts.
- F.A.14.** The Courts' current draft of the pending MOU includes annual joint performance reviews by the Courts and County, each of them being focused on their respective areas of control.
- F.A.15-19.** Following the release of the Grand Jury report, the Courts requested copies of evaluations and transmittals of the evaluations. The County provided various documents. With the exception of documents received in 2011, relevant to the event precipitating the report, the Courts have not previously been privy to nor received any such evaluations or reports. The information in the Grand Jury report in that regard appears to be an incorrect statement or misunderstanding of the facts. Not having received the CEO's performance reviews, the Courts cannot comment on them.

F.A.20-22. The P & P would typically concern issues of internal department management, not the delivery of probation services to the Courts. The issues that called for a revision of the P & P did not relate to the delivery of probation services, but to personnel matters for which the County had historically asserted control and responsibility. If specifically requested for input on an issue such as the P&P, the Courts would have likely responded.

F.I.3 There is a lack of effective communication between the CEO and the Presiding Judge with respect to the evaluation and supervision of the CPO. (F.A.# 12, 16 - 19)

The Court partially agrees. Prior to the appointment of the current CEO, the Court and County communicated as needed with respect to the CPO. Absent an MOU, the County CEO apparently was unaware of when communication with the Courts was necessary or desirable concerning CPO issues.

F.I.4 The CPC does not clearly define the roles and responsibilities of Nevada County and the Court in the supervision of the CPO. (F.A.# 2, 4, 8, 10, 11)

The Court agrees. The California Penal Code provides a framework for the appointment of the CPO, but it does not specifically define County and Court roles as related to funding, personnel policies, office management and the like.

F.I.5 The Court, as represented by the Presiding Judge, has not provided effective supervision of the CPO. (F.A.# 12 - 14, 17 - 19)

The Court strongly disagrees. The Presiding Judge, either individually, or through the Criminal Courts Committee, has continuously monitored the professional performance of the CPO, making recommendations and giving directives as required. It is correct that this task was not performed on a point-in-time basis, but was ongoing, a process that better meets the needs of the Courts.

F.I.6 Without effective supervision by the Court and with no formal agreement in place between Nevada County and the Court, the CPO position is self-managed. (F.A.# 6, 7, 10 - 19)

The Court disagrees. The Court provided ongoing supervision for the CPO's professional duties to the Court. The CEO provided annual evaluations covering county functions.

F.I.7 The employment status of the former CPO was not affected by the annual performance reviews written for that individual by the CEO. (F.A.# 15 - 19)

The Court partially agrees. The CEO did not include the Courts in the CPO evaluation process. Further, the CEO could not terminate the CPO. The CEO could and did impose other disciplinary measures. Prospectively, the BOS/CEO has

amended the County's merit system to include authority to impose a terminating sanction on a CPO.

F.I.8 The BOS, represented by the CEO, was unable to affect the employment status of the CPO. (F.A.# 8, 15 - 20)

The Court partially agrees. The CEO could not terminate the CPO. The CEO could and did impose other disciplinary measures. Prospectively, the BOS/CEO has amended the County's merit system to include authority to impose a terminating sanction on a CPO.

F.I.9 The failure of the NCPD to produce an updated P&P Manual places Nevada County in the position of violating a negotiated settlement of an employee grievance. (F.A.# 21 - 24)

The Court neither agrees nor disagrees. The Court was not involved in the prior settlement.

Recommendations

R.1. The Nevada County Board of Supervisors and the Nevada County Superior Court should develop and adopt a formal agreement which

- defines the roles and responsibilities of the Nevada County Board of Supervisors and the Nevada County Superior Court with respect to the supervision of the Chief Probation Officer,
- establishes an effective communication process between the Nevada County Board of Supervisors and the Nevada County Superior Court, related to the supervision of the Chief Probation Officer,
- provides measurement of the job performance of the Chief Probation Officer against established job goals and objectives in annual performance reviews. (F.I.# 1 - 8)

The Court agrees. Negotiation of an MOU is in process.

R.2. The Nevada County Probation Department should implement a comprehensive policy and procedures manual consistent with existing state and local laws and regulations. (F.I.# 9)

The Court agrees.

COUNTY OF NEVADA
STATE OF CALIFORNIA
BOARD OF SUPERVISORS



Nathan Beason, 1st District
Ed Scofield, 2nd District
Terry Lamphier, 3rd District
Vice Chair Wm. "Hank" Weston, 4th District
Chair Ted S. Owens, 5th District
Donna Landi, Clerk of the Board

November 15, 2012

The Honorable Thomas Anderson
Presiding Judge of the Nevada County Grand Jury
Nevada County Courthouse
201 Church Street
Nevada City, CA 95959

Re: Board of Supervisors' Amended Responses to the 2011-12 Nevada County Civil Grand Jury Report, *Chief Probation Officer Reporting Structure – Who's in Charge Here?*

Dear Judge Anderson:

Attached herewith please find the Board of Supervisors' amended responses to the Grand Jury's report, entitled *Chief Probation Officer Reporting Structure – Who's in Charge Here?*

The Board's responses to Findings were unchanged from the original responses dated August 14, 2012. The Board's responses to Recommendations R.1 and R.2 were amended to comply with California Penal Code §933.05(b)(2). These responses were approved at the Board of Supervisors' November 13, 2012 meeting.

Sincerely,

Ted S. Owens
Chairman, Board of Supervisors

cc: Keith Overbey, Foreman, Grand Jury
Rick Haffey, County Executive Officer

County of Nevada's Grand Jury Response
Chief Probation Officer Reporting Structure

Who's in Charge Here?

Findings

F.I.1. As of March 28, 2012, Nevada County and the Court had no formal agreement regarding their respective roles and responsibilities concerning the evaluation and supervision of the CPO.

Agree

F.I.2. As of March 28, 2012, there had been no communication between Nevada County and the Court to define their roles and responsibilities with respect to the supervision of the CPO.

Partially agree. There had been discussions regarding the Department's Policy and Procedures Manual and numerous communications over the manner in which the CPO would be transitioned before the CPO resigned. During the course of those discussions roles and responsibilities were touched on. Since March 28, 2012 after the transition to an interim CPO, there have been ongoing communications with the Superior Court regarding roles and responsibilities.

F.I.3. There is a lack of effective communication between the CEO and the Presiding Judge with respect to the evaluation and supervision of the CPO.

Partially agree. There have been times in the past when communication was sporadic and less than effective. Of late, communication has substantially improved.

F.I.4. The California Penal Code does not clearly define the roles and responsibilities of Nevada County and the Court in the supervision of the CPO.

Partially Agree

The Welfare and Institutions Code and Penal Code provide for various methods of appointing a Chief Probation Officer, including a provision which allows the County to make the appointment. Utilizing the County appointment process provides for a more streamlined and coherent method for appointment, supervision and retention of the Chief Probation Officer.

F.I.5. The Court, as represented by the Presiding Judge, has not provided effective supervision of the CPO.

Partially Agree

The lack of alignment between authority and responsibility for the CPO and fiscal responsibility and supervision of the Probation Department creates a very challenging environment for the supervision of the CPO.

F.I.6. Without effective supervision by the Court and with no formal agreement in place between Nevada County and the Court, the CPO position is self-managed.

Agree

F.I.7 The employment status of the former CPO was not affected by the annual performance reviews written for that individual by the CEO.

Agree

F.I.8 The BOS, represented by the CEO, was unable to affect the employment status of the CPO.

Agree

F.I.9 The failure of the NCPD to produce an updated P&P Manual places Nevada County in the position of violating a negotiated settlement of an employee grievance.

Agree

Recommendations

R.1. The Nevada County Board of Supervisors and the Nevada County Superior Court should develop and adopt a formal agreement which defines the roles and responsibilities of the Nevada County Board of Supervisors and the Nevada County Superior Court with respect to the supervision of the Chief Probation Officer; establishes an effective communication process between the Nevada County; Board of Supervisors and the Nevada County Superior Court, related to the supervision of the Chief Probation Officer; provides measurement of the job performance of the Chief Probation Officer against established job goals and objectives in annual performance reviews.

The recommendation has been partially implemented, and it is the County's intent to fully implement this recommendation in the future

The Chair and Vice Chair of the Board of Supervisors met with the Presiding Judge and another Superior Court Judge on July 10 to initiate discussions regarding the roles and responsibilities of the County and the Court. On July 17, the Board of Supervisors amended the County's Personnel Code providing for the appointment of the Chief Probation Officer consistent with Welfare and Institution Code section 271 and Penal Code section 1203.5. The Chief Probation Officer will be selected in a similar manner to the method used for other County Senior Executives, with input from the Court. Additionally the Chief Probation Officer will be regularly supervised and evaluated by the County annually like other County Senior Executives, with input from the Court.

There are plans to have further meetings to formalize all of the above. By March 15, 2013, it is the County's intent to develop and adopt a formal agreement between Nevada County Board of Supervisors and the Nevada County Superior Court which defines the roles and responsibilities with respect to the supervision, communication, and job performance of the Chief Probation Officer.

R.2. The Nevada County Probation Department should implement a comprehensive policy and procedures manual consistent with existing state and local laws and regulations.

The recommendation has been implemented.

With assistance from the County's Human Resource Director, the interim Chief Probation Officer has implemented effective August 10, 2012 a comprehensive policy and procedures manual consistent with existing state and local laws and regulations.

LAW ENFORCEMENT

Nevada County Holding Facilities in Truckee

**Nevada County Grand Jury Report with Responses
2011-2012**

NEVADA COUNTY HOLDING FACILITIES IN TRUCKEE

Summary

The Nevada County Grand Jury is statutorily required to inspect public prisons annually within Nevada County. The Nevada County Sheriff's Office has responsibility for the management of county correctional facilities, including inmate holding facilities at the Nevada County Sheriff's Office, Truckee Sub-Station and at the Nevada County Superior Court, Truckee Branch.

The Truckee Sub-Station was built in the early 1960s and has an inmate capacity of 12. It is used to house persons arrested in the Truckee area and inmates who are transported daily from the Wayne Brown Correctional Center for court appearances. There is also an inmate holding area in the Nevada County Superior Court, Truckee Branch used to hold inmates awaiting court appearances.

The Nevada County Grand Jury is concerned about officer safety as surveillance cameras do not monitor all inmate areas and does not completely monitor the exterior of the Nevada County Sheriff's Office, Truckee Sub-Station. The Nevada County Grand Jury finds that employees and inmates may be exposed to dangerous situations as inmate workers are not always searched on return to the Nevada County Sheriff's Office, Truckee Sub-Station.

The Nevada County Grand Jury is also concerned about officer and public safety, as well as potential prisoner escape, when inmates are moved between transportation vehicles and the Nevada County Superior Court, Truckee Branch through an unsecured area.

The Nevada County Grand Jury recommends the following improvements be made as soon as possible:

- Install additional cameras to better observe the activities of inmates, both inside and outside of the facilities.
- Replace the evidence/property lockers currently in use at the Truckee Sub-Station.
- Always search inmates on their return to the Sub-Station.
- Construct high-security fenced enclosures at the Nevada County Superior Court, Truckee Branch.

Reasons for Investigation

California Penal Code section 919(b) requires, "The grand jury shall inquire into the condition and management of the public prisons within the county." The Nevada County Grand Jury (Jury) defines public prisons as any adult or juvenile correction or detention facility within the county.

Background

The Nevada County Sheriff's Office (NCSO) is a county sheriff's department within the State of California as defined by the California Penal Code. The NCSO is responsible for the management of the county correctional facilities located at the Truckee Sub-Station (Sub-Station) and the Nevada County Superior Court, Truckee Branch (Court). The Grand Jury recognizes the Sub-Station also houses the NCSO law enforcement operations in the Truckee area, including dispatch services for the Truckee Police Department.

The Court is housed within a government administrative building, commonly known as the Joseph Center. The Joseph Center also houses Nevada County departmental offices. The Jury recognizes the that operation of the Joseph Center is governed by a Joint Occupancy Agreement between Nevada County and the Judicial Council of California, Administrative Office of the Courts.

The Sub-Station and the Court are Type 1 facilities as defined by the Corrections Standards Authority, a sub-agency of the California Department of Corrections and Rehabilitation. The Sub-Station and the Court holding facilities are low security risk, temporary holding facilities. Inmate confinement is limited to ninety-six hours. The Sub-Station holding facility is used to house persons arrested in the Truckee area and inmates who are transported daily from the Wayne Brown Correctional Center for court appearances. The Court holding facility is used to hold inmates awaiting court appearances.

Procedures Followed

On September 27, 2011 and on January 9, 2012, the Jury inspected the Sub-Station located at 10879 Donner Pass Road, Truckee, California and a holding area within the Court, located in the Joseph Center, 10075 Levon Avenue, Truckee, California. The Jury toured the facilities, interviewed representatives from the NCSO and reviewed documentation received from the following public agencies:

- Nevada County Sheriff's Office

- California Department of Corrections and Rehabilitation, Corrections Standards Agency

Facts

Nevada County Sheriff's Truckee Sub-Station

- F.A.1.** The existing surveillance camera system at the Sub-Station,
- does not completely monitor all inmate housing areas,
 - does not completely monitor the exterior of the Sub-Station.
- F.A.2.** The evidence/property lockers are made of wood, a porous material, and are located in a wall between a hallway used by inmates, staff and the public, and a locked office.
- F.A.3.** The evidence/property lockers have a non-keyed locking system on the hallway side.
- F.A.4.** There are usually two inmate workers housed in the Sub-Station.
- F.A.5.** One inmate worker, a Placer County inmate, is transported to Placer County facilities by Placer County Sheriff's Office personnel each morning and returned to the Sub-Station each evening.
- F.A.6.** The Placer County inmate is not always searched for contraband by Sub-Station personnel on return to the Sub-Station.
- F.A.7.** The second inmate worker is a Nevada County inmate responsible for meal preparation, general cleaning and other duties as assigned.
- F.A.8.** The Nevada County inmate worker has unsupervised access to the outside area adjacent to the Sub-Station, including the public library, the Court and the common parking areas.
- F.A.9.** The Nevada County inmate worker is not always searched for contraband on his return from the area outside of the Sub-Station.
- F.A.10.** Inmates and persons arrested are transported to the Sub-Station in a secure vehicle by an armed peace officer.
- F.A.11.** Inmates and persons arrested are moved from the secure vehicle and taken into the Sub-Station within a secure fenced enclosure, commonly known as a sally port.

Nevada County Superior Court, Truckee Branch (Court)

- F.A.12.** Nevada County is the owner of certain real property located in the Town of Truckee and having a street address of 10075 Levon Avenue, commonly known as the Joseph Center.
- F.A.13.** The Court is located within the Joseph Center.
- F.A.14.** During 2008, Nevada County and the Judicial Council of California, Administrative Office of the Courts (AOC), entered into the following agreements:
- Transfer of Responsibility for Court Facility Agreement (TOR);
 - Joint Occupancy Agreement (JOA);
 - Memorandum of Joint Occupancy Agreement.
- F.A.15.** Under the JOA and the TOR, Nevada County and AOC agreed that:
- A portion of the Joseph Center is for the exclusive use of the Court.
 - A portion of the Joseph Center is for the exclusive use of Nevada County.
 - A portion of the Joseph Center is designated as “common area” to be utilized non-exclusively and in common by Nevada County and the Court.
- F.A.16.** The common area includes:
- The driveways, walkways and other means of access to the portion of the Joseph Center that is for the exclusive use of the Court.
 - The adjacent parking area.
- F.A.17.** Under the JOA and the TOR, Nevada County is responsible for the operation of the common area.
- F.A.18.** Inmates are transported from the Wayne Brown Correctional Center and the Sub-Station to the Court in a secure vehicle by an armed correctional officer.
- F.A.19.** At the Court inmates are removed from the secure vehicle in an outdoor, unsecured, public parking area.
- F.A.20.** This unsecured area is located in close proximity to a public library and offices frequented by the public.
- F.A.21.** Inmates are moved into the Court through an outdoor, unsecured, open walkway utilized by Court employees, Nevada County employees and the public.

Findings

Nevada County Sheriff's Office, Truckee Sub-Station (Sub-Station)

- F.I.1.** The Grand Jury is concerned about officer and public safety because surveillance cameras do not monitor all inmate areas and do not completely monitor the exterior of the Sub-Station.
- F.I.2.** Employees and inmates may be exposed to dangerous situations because inmate workers are not always searched on return to the Sub-Station.
- F.I.3.** The use of wood in the construction of the Sub-Station evidence/property lockers may potentially lead to the contamination, degradation, loss and/or destruction of evidence.
- F.I.4.** The lack of secure storage and control may potentially lead to contamination, degradation, loss and/or destruction of evidence/property.
- F.I.5.** The Grand Jury finds that officer and public safety are addressed as inmates are moved from vehicles and into the Sub-Station within a fenced secure area commonly known as a sally port.

Nevada County Superior Court, Truckee Branch (Court)

- F.I.6.** The Grand Jury is concerned about officer and public safety, as well as potential prisoner escape, when inmates are moved between transportation vehicles and the Court through an unsecured area.
- F.I.7.** Nevada County is responsible both for the area where inmates are removed from the secure vehicle and for the unsecured walkway leading to the Court.

Recommendations

The Nevada County Sheriff should:

- R.1.** Upgrade the existing surveillance camera system to ensure monitoring of all appropriate inmate areas within the Sub-Station.
- R.2.** Upgrade the existing surveillance camera system to ensure monitoring of the entire outside of the Sub-Station.

- R.3.** Always search inmate workers for contraband upon their return from outside of the Sub-Station.
- R.4.** Replace the existing wooden, non-keyed lockers with metal lockers with a keyed locking system.
- R.5.** In conjunction with the Nevada County Board of Supervisors, secure the open inmate loading/unloading area at the Court with a fenced enclosure, commonly known as a sally port.
- R.6.** In conjunction with the Nevada County Board of Supervisors, secure the open walkway area used to transport inmates into the Court with a fenced enclosure.

The Nevada County Board of Supervisors, in order to provide for the safety of the officers and the public, should:

- R.7.** Provide funding to secure the open inmate loading/unloading area at the Joseph Center with a fenced enclosure, commonly known as a sally port.
- R.8.** Provide funding to secure the open walkway area at the Joseph Center, used to transport inmates into the Court, with a fenced enclosure.

Responses

Nevada County Sheriff: Findings 1, 2, 3, 4 and 5 and Recommendations 1, 2, 3, 4, 5 and 6 –
Due Date: August 6, 2012

Nevada County Board of Supervisors: Findings 6 and 7 and Recommendations 7 and 8 – Due
Date: September 5, 2012

COUNTY OF NEVADA
STATE OF CALIFORNIA
BOARD OF SUPERVISORS



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Terry Lamphier, 3rd District
Vice Chair Wm. "Hank" Weston, 4th District
Chair Ted S. Owens, 5th District
Donna Landi, Clerk of the Board

July 18, 2012

The Honorable Thomas Anderson
Presiding Judge of the Nevada County Grand Jury
Nevada County Courthouse
201 Church Street
Nevada City, CA 95959

Re: Board of Supervisors' Responses to the 2011-12 Nevada County Civil Grand Jury Report,
Nevada County Holding Facilities in Truckee

Dear Judge Anderson:

As required by California Penal Code Section 933, the Board of Supervisors hereby submits its responses to the 2011-2012 Nevada County Civil Grand Jury Report, dated June 7, 2012, entitled *Nevada County Holding Facilities in Truckee*.

These responses to the Grand Jury's Findings and Recommendations were approved by the Board of Supervisors at their special meeting on July 17, 2012. The Responses are based on either personal knowledge, examination of official County records, information received from the Sheriff, the County Executive Officer, or the Board of Supervisors and County staff members.

The Board of Supervisors would like to thank the members of the 2011-2012 Grand Jury for their participation and effort in preparing their Reports, and their participation in the Grand Jury process.

Sincerely,

Ted S. Owens
Chairman, Board of Supervisors

cc: Keith Overbey, Foreman, Grand Jury
Keith Royal, Sheriff
Rick Haffey, County Executive Officer

950 Maidu Avenue, Suite 200, Nevada City CA 95959-8617
phone: 530.265.1480 fax: 530.265.9836 toll free: 888.785.1480 | email: bdofsupervisors@co.nevada.ca.us
website: <http://www.mynevadacounty.com/nc/bos>

NEVADA COUNTY BOARD OF SUPERVISORS RESPONSES TO

2011-2012 Nevada County Civil Grand Jury Report

DATED July 6, 2012

Responses to findings and recommendations are based on either personal knowledge, examination of official county records, review of the responses by the County Executive Officer, or testimony from the Board of Supervisors and county staff members.

A. RESPONSES TO FINDINGS 6 and 7

Nevada County Superior Court, Truckee Branch (Court)

F.I.6. The Grand Jury is concerned about officer and public safety, as well as potential prisoner escape, when inmates are moved between transportation vehicles and the Court through an unsecured area.

Disagree

The Sheriff is committed to providing the highest level of safety and security to employees, the public and inmates and is committed to mitigating risk at every opportunity within the County's existing resources.

F.I.7. Nevada County is responsible both for the area where inmates are removed from the secure vehicle and for the unsecured walkway leading to the Court.

Agree

B. RESPONSES TO RECOMMENDATIONS 7 and 8

R.7. Provide funding to secure the open inmate loading/unloading area at the Joseph Center with a fenced enclosure, commonly known as a sally port.

The recommendation will not be implemented because it is not reasonable in the current fiscal environment.

R.8. Provide funding to secure the open walkway area at the Joseph Center, used to transport inmates into the Court, with a fenced enclosure.

The recommendation will not be implemented because it is not reasonable in the current fiscal environment.

**NEVADA COUNTY
SHERIFF'S OFFICE**



**KEITH ROYAL
SHERIFF/CORONER
PUBLIC ADMINISTRATOR**

July 5, 2012

Honorable Judge Tom Anderson
Presiding Judge of the Grand Jury
201 Church Street
Nevada City, Ca. 95959

RE: Response to 2011-2012 Nevada County Sheriff's Office Truckee Sub-station and Superior Courthouse Holding Facility.

Dear Honorable Judge Anderson:

Please accept my response to the Grand Jury Report dated June 7, 2012 on the Nevada County Sheriff's Office Truckee Sub-Station and Superior Courthouse Holding Facility, as follows:

FINDINGS:

1. The Grand Jury is concerned about officer and public safety because surveillance cameras do not monitor all inmate areas and do not completely monitor the exterior of the Sub-station.

Partially Agree

We are unable to completely monitor inmate housing areas due to privacy issues with cameras as the cells incorporate toilet commodes. These housing areas are visually monitored and checked by Sheriff's Office personnel hourly.

Added Surveillance cameras on the exterior of the building could assist Sheriff's Office personnel in monitoring the inmate workers while they are outside the facility.

2. Employees and inmates may be exposed to dangerous situations because inmate workers are not always searched on return to the Sub-Station.

Partially Agree

ADMINISTRATION: 950 MAIDU AVENUE, NEVADA CITY, CA 95959 - (530) 265-1471
ANIMAL CONTROL, 14647 MCCOURTNEY ROAD, GRASS VALLEY, CA 95949 (530) 273-2179
CORRECTIONS: P.O. BOX 928, NEVADA CITY, CA 95959-0928 - (530) 265-1291
TRUCKEE: P.O. BOX 699, TRUCKEE, CA 96160 - (530) 582-7838
KEITH.ROYAL@CO.NEVADA.CA.US

*Rec'd
7/11/2012
KR*

Sheriff's Office personnel randomly search inmate workers and their housing areas. Additionally, there are cameras that monitor areas common to inmate workers and general inmate population to ensure no contraband is being held or passed between the inmates.

3. The use of wood in the construction of the Sub-Station evidence/property lockers may potentially lead to the contamination, degradation, loss and/or destruction of evidence.

Disagree

The Sheriff's Office is not aware of any successful challenges to the evidence chain of command in the Sub-Station. The facility is access controlled as to who is allowed within the facility. Additionally, the lockers are in full view and monitored by dispatch via CCTV. Dispatch is staffed with Sheriff's Office employees 24 hours a day and the likelihood of an evidence locker breach is extremely unlikely.

However, should funding become available in the future, the Sheriff's Office would consider remodeling of the lockers.

4. The lack of secure storage and control may potentially lead to contamination, degradation, loss and/or destruction of evidence/property.

Disagree

The patrol sergeant assigned to the Truckee Sub-Station is responsible for the timely transfer of booked evidence from Truckee to the main evidence storage facility in Nevada City. The Truckee patrol sergeant is the only one who has access to the Truckee lockers once evidence is placed into them. The Sheriff's Office is not aware of any successful challenges to the evidence chain of command in the Sub-Station. The facility is access controlled as to who is allowed within the facility. Additionally, the lockers are in full view and monitored by dispatch via CCTV. Dispatch is staffed with Sheriff's Office employees 24 hours a day and the likelihood of an evidence locker breach is extremely unlikely.

However, should funding become available in the future, the Sheriff's Office would consider remodeling of the lockers.

5. The Grand Jury finds that officer safety and public safety are addressed as inmates are moved from vehicles and into the Sub-Station within a fenced area commonly known as a sally port.

Agree

As stated, inmates are brought from vehicles into the Sub-Station through the use of the vehicle sally port.

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RECOMMENDATIONS:

1. Upgrade the existing surveillance camera system to ensure monitoring of all appropriate inmate areas within the Sub-Station.

The Sheriff's Office will look into increasing the number of surveillance cameras within the Sub-Station should a future funding source be identified in the future. Additionally, with the upgraded cameras installed at the Wayne Brown Correctional Facility, we will look into the feasibility of using the replaced cameras to supplement the Sub-Station as a cost saving measure.

2. Upgrade the existing surveillance camera system to ensure monitoring of the entire outside of the Sub-Station.

The Sheriff's Office will look into increasing the number of surveillance cameras on the exterior of the Sub-Station should a future funding source be identified in the future. Additionally, with the upgraded cameras installed at the Wayne Brown Correctional Facility, we will look into the feasibility of using the replaced cameras to supplement the Sub-Station as a cost saving measure.

3. Always search inmate workers for contraband upon their return from outside of the Sub-Station.

This recommendation will not be implemented as it is not reasonable to search the inmate worker every time they enter any the Truckee Sub-Station. We simply do not have the staff to implement this procedure. Sheriff's Office staff randomly search inmate workers and their housing areas. The inmate workers assigned to the Truckee Sub-station are low-level offenders and therefore a low security risk.

4. Replace the existing wooden, non-keyed lockers with metal lockers with a keyed locking system.

The recommendation will not be implemented as it is not reasonable as referenced in our response to the grand jury findings. We feel our current evidence procedures and storage facilities are adequate to maintain the chain of custody. At such time as new lockers rise to the level of priority that can be accommodated by our allocated budget, we will consider ordering new evidence lockers for the Truckee Sub-Station.

5. In conjunction with the Nevada County Board of Supervisors, secure the open inmate loading/unloading area at the court with a fenced enclosure, commonly referred to as a sally port.

The recommendation will not be implemented because it is not reasonable in the current fiscal environment.

6. In conjunction with the Nevada County Board of Supervisors, secure the open walkway area at the Joseph Center, used to transport inmates into the court, with a fenced enclosure.

Letter of Response to Grand Jury Report on Nevada County Holding Facilities in Truckee
July 5, 2012
Page 4

The recommendation will not be implemented because it is not reasonable in the current fiscal environment.

The Sheriff's Office would like to thank the members of the 2011-2012 Grand Jury for their participation and effort in preparing their reports. We are committed to providing the highest level of safety and security to our employees, the public, and inmates.

Sincerely,

A handwritten signature in black ink, appearing to read 'Keith Royal', written in a cursive style.

Keith Royal
Sheriff-Coroner

cc: CEO's Office
Board of Supervisors

424

SCHOOLS AND LIBRARIES

**Grass Valley School District Superintendent
and Board of Trustees**

**Nevada County Grand Jury Report with Responses
2011-2012**

Grass Valley School District Superintendent and Board of Trustees

Summary

The Grass Valley School District is a public elementary school district responsible for educational services in Grass Valley, California. The Grass Valley School District is governed by a Board of Trustees elected by the district's voters.

The Nevada County Grand Jury received a citizen's complaint regarding the Grass Valley School District. The complainant asked for an investigation into salary increases given to the former superintendent and to the former superintendent's administrative assistant.

The Nevada County Grand Jury finds that the former superintendent of the Grass Valley School District received a salary increase which was not authorized by the former superintendent's employment contract and another salary increase which was not approved by the Board of Trustees. The Nevada County Grand Jury finds that the superintendent's unauthorized salary increases should not have been included in the calculations of his retirement compensation. This has resulted in the former superintendent receiving retirement benefits to which he is not entitled and increased retirement fund liabilities to the Grass Valley School District.

The Nevada County Grand Jury finds that the Board of Trustees created the positions of Administrative Assistant I in 2007 and Administrative Assistant II in 2009 and has not approved defined job duties and responsibilities for these positions as of April 15, 2012.

The Nevada County Grand Jury finds that the Board of Trustees failed to exercise financial responsibility when it promoted an administrative assistant, with an accompanying salary increase, retroactive for one year, one week prior to the employee's retirement date. The Nevada County Grand Jury finds that promotions and salary increases given to employees concurrently with their retirement gives the impression of "pension spiking."

The Nevada County Grand Jury recommends that the Grass Valley School District Board of Trustees notify the California State Teachers' Retirement System of the unauthorized salary increases that were included in the calculations of the former superintendent's retirement compensation. The Nevada County Grand Jury also recommends that the Board of Trustees annually reconcile the salaries approved by the Board of Trustees with salaries actually being paid by the Grass Valley School District and ensure that all positions have defined duties and responsibilities. The Nevada County Grand Jury further recommends that the Board of Trustees ensure that future salary increases do not give the appearance of "pension spiking."

Reasons for Investigation

The Nevada County Grand Jury (Jury) received a complaint regarding the Grass Valley School District (GVSD). The Complainant requested the Jury review the actions of the GVSD Board of Trustees (Board) and the past Superintendent.

Pursuant to California Penal Code Section 933.5 the Jury has the authority to investigate public school districts in Nevada County.

Background

The Jury received a citizen's complaint that questioned the propriety of certain Board actions, including possible "pension spiking," which occurred during 2007-2009. During the course of the Jury's investigation, irregularities were found in the conduct of Board meetings, in the procedures for Board approvals and in a variety of human resource areas, including the administration of benefits, the former Superintendent's contracts, position descriptions, promotions and salary increases.

Procedures Followed

The Jury interviewed past and present personnel from the GVSD and members of the Board. The Jury reviewed related GVSD documents, including Board agendas, Board minutes, memoranda and staff reports. The Jury also reviewed information from the California State Teachers Retirement System (CalSTRS). The Jury's investigation focused on the time period from 2004 to date.

Facts

- F.A.1.** The GVSD is governed by a five-member Board.
- F.A.2.** The GVSD superintendent is selected and appointed by the Board and is accountable to the Board.
- F.A.3.** The superintendent administers the policies and procedures of the GVSD as set forth by the Board.
- F.A.4.** The GVSD superintendent is responsible for the day-to-day operations of the GVSD.
- F.A.5.** The previous superintendent (Superintendent) was in the position for sixteen years, including the period of July 1, 2004 until June 30, 2010, at which time he retired.

- F.A.6.** The current GVSD superintendent was selected by the Board and assumed the duties and responsibilities of superintendent on July 1, 2010.
- F.A.7.** The *Ralph M. Brown Act* (Brown Act) is the California state law which outlines the responsibilities and requirements of open public meetings held by the governing board of a public agency, which includes:
- defining a public school district as a public agency,
 - requiring notice to the public of the agenda of a meeting at least seventy-two hours in advance;
 - requiring publication of approved minutes of a meeting;
 - allowing closed or executive sessions for specified items;
 - requiring a report in open session of any action taken in closed or executive session;
 - requiring the notation in the meeting minutes of any action taken in closed session.

Superintendent's Contract and Income Increases:

- F.A.8.** The Superintendent and the Board entered into an employment contract entitled *Superintendent's Contract*, on June 1, 2004.
- F.A.9.** The *Superintendent's Contract* was in effect from July 1, 2004 through June 30, 2007.
- F.A.10.** The *Superintendent's Contract*, Section 4, Fringe Benefits, states:
- “The SUPERINTENDENT shall be afforded all fringe benefits of employment (family health, vision and dental) which are granted to the DISTRICT'S employees. The SUPERINTENDENT may, at the SUPERINTENDENT'S discretion, elect not to purchase the above mentioned benefit package and apply the equivalent amount to a DISTRICT approved Tax Shelter Annuity program (TSA).”
- F.A.11.** On June 21, 2006, the GVSD Business Manager received an e-mail from the Superintendent instructing her to discontinue his medical benefits and instead to pay him \$5,613.60 yearly in lieu of receiving medical benefits. The Business Manager followed the Superintendent's instructions.
- F.A.12.** The cash-in-lieu of medical benefits was included in the Superintendent's salary.
- F.A.13.** The cash-in-lieu amount was considered as salary for the purpose of calculating the Superintendent's retirement compensation.

- F.A.14.** The *Superintendent's Contract* did not allow for the Superintendent to receive cash-in-lieu of receiving medical benefits.
- F.A.15.** There is no record in Board meeting agendas of a request for authorization by the Board to allow the Superintendent to receive cash-in-lieu of receiving medical benefits.
- F.A.16.** There is no record in the approved minutes of the Board's meetings of authorization by the Board to allow the Superintendent to receive cash-in-lieu of receiving medical benefits.
- F.A.17.** There is no record of a renewal of the *Superintendent's Contract* which expired on June 30, 2007.
- F.A.18.** The Superintendent continued in his position after the expiration of the *Superintendent's Contract* on June 30, 2007.
- F.A.19.** The Superintendent and the Board entered into an agreement entitled, *Contract Addendum*, dated June 12, 2007, which raised the Superintendent's annual salary to \$116,720, retroactive to July 1, 2006.
- F.A.20.** The Board meeting agenda for June 10, 2008 includes item LL, which states:
"LL. Consideration/Approval Of Proposal To Add The Equivalent Of A 4% Salary Increase Applied To The Superintendent's Contract Retroactive To July 1, 2007."
- F.A.21.** The approved Board meeting minutes for June 10, 2008 includes an item LL, which states:
"LL. Consideration/Approval Of Proposal To Add The Equivalent Of A 4% Salary Increase Applied To The Superintendent's Contract Retroactive To July 1, 2007.
(Board Member) made a motion to add the equivalent of a 4% salary increase applied to the Superintendent's contract retroactive to July 1, 2007, seconded by (Board Member).
Motion passed 5-0."
- F.A.22.** The Superintendent and the Board entered into an agreement entitled *Contract Addendum*, dated June 10, 2008, which raised the Superintendent's annual salary to \$121,388.80. This *Contract Addendum* bears the signatures of the Board President and the Superintendent.
- F.A.23.** The Superintendent and the Board entered into a second agreement entitled *Contract Addendum*, dated June 10, 2008, which raised the Superintendent's annual salary to \$134,227.00. This *Contract Addendum* bears the signatures of the Board President and the Superintendent.

- F.A.24. Both *Contract Addendum* documents reference Item LL on both the agenda for, and the approved minutes of, the Board's meeting on June 10, 2008.
- F.A.25. The Board President signed the two *Contract Addendum* documents dated June 10, 2008. A Board member identified the signatures on both documents. No Board member could offer any explanation as to why both documents were signed.
- F.A.26. There is no record in Board meeting agendas of a request for authorization by the Board to raise the Superintendent's salary to \$134,227.00. (See Attachment)
- F.A.27. There is no record in the approved minutes of the Board's meetings of authorization by the Board to raise the Superintendent's salary to \$134,227.00
- F.A.28. None of the Board members recalled discussing, granting and/or voting on the Superintendent's salary increase to \$134,227.00.
- F.A.29. On July 10, 2008, the Business Manager processed the *Contract Addendum* raising the Superintendent's annual salary to \$134,227.00. (See Attachment)
- F.A.30. The Superintendent retired on June 30, 2010.
- F.A.31. The Superintendent's retirement is administered by the California State Teachers' Retirement System (CalSTRS).
- F.A.32. The Superintendent's retirement compensation is determined by CalSTRS using a formula partially based on the Superintendent's highest year's salary.

Administrative Assistant's Promotion, Salary Increase and Retirement:

- F.A.33. There is a document within the GVSD entitled *Confidential/Supervisory Salary Schedule 2008/2009 and 2009/2010* (Salary Schedule).
- F.A.34. The Salary Schedule includes the job positions of Superintendent's Secretary, Administrative Assistant I (AAI) and Administrative Assistant II (AAII).
- F.A.35. The Salary Schedule stated the job position of Superintendent's Secretary had a salary range of five step increments from \$20.14-\$23.58 per hour.
- F.A.36. The Salary Schedule stated the job position of AAI had a salary range of five-step increments from \$23.77-\$29.01 per hour.
- F.A.37. The Salary Schedule stated the job position of AAII had a salary range of five-step increments from \$26.76-\$32.36 per hour.
- F.A.38. In 2006, the GVSD employed an individual in the position of Superintendent's Secretary.
- F.A.39. The Board meeting agenda for June 12, 2007, includes an item MM, which states:

“MM. Consideration/Approval Of The Addition Of Administrative Assistant To The Confidential/Supervisory Salary Schedule”.

F.A.40. The Board meeting agenda for June 12, 2007, includes an item NN, which states:

“NN. Consideration/Approval To Reclassify The Superintendent’s Secretary As An Administrative Assistant On The Confidential/Supervisory Salary Schedule Effective To July 1, 2006”.

F.A.41. The approved Board meeting minutes for June 12, 2007 includes items MM and NN, which state:

“Items MM through OO. (Board Member) made a motion to combine Items MM through OO, seconded by (Board Member). Motion passed 5-0.”

F.A.42. The GVSD does not have a document which describes the job duties and responsibilities of the AAI.

F.A.43. There is no record of the Board considering or approving any document which describes the job duties and responsibilities of the AAI.

F.A.44. The Board meeting agenda for June 23, 2009 includes an item B which states, in part:

“B. Adjourn To Closed Session...Placement Of Public School Employee Administrative Assistant II”

F.A.45. The approved Board meeting minutes for June 23, 2009 includes item E which states, in part:

“E. Announcement Of Action Taken In Closed Session If Any. Superintendent (Name) announced the retirement of (the Superintendent’s administrative assistant)”.

F.A.46. The approved Board meeting minutes for June 23, 2009 includes item R which states, in part:

“R. Announcement Of Action Taken In Closed Session, If Any...On motion of (Board Member) and seconded by (Board Member) the Board of Trustees approved the following:

- Accepted the resignation of (the Superintendent’s administrative assistant) effective June 30, 2009.
- The Board of Trustees made a motion to place (the Superintendent’s administrative assistant) on the Confidential Salary Schedule as an Administrative Assistant II: Step 5 retroactive to July 1, 2008.”

F.A.47. The GVSD does not have a document which describes the job duties and responsibilities of the AAI.

- F.A.48.** There is no record of the Board considering or approving any document which describes the job duties and responsibilities of the AAI.
- F.A.49.** The newly-promoted Superintendent's administrative assistant retired from the GVSD effective June 30, 2009.
- F.A.50.** The Superintendent's administrative assistant's retirement is administered by the California Public Employees Retirement System (CalPERS).
- F.A.51.** The Superintendent's administrative assistant's retirement compensation is determined by CalPERS using a formula partially based on the Superintendent's administrative assistant's highest year's salary.

Findings

- F.I.1** The Superintendent's income was improperly increased by:
- The unauthorized payment of cash-in-lieu of health benefits beginning in 2006.
 - The unauthorized salary increase in 2008.
- F.I.2** The Superintendent's income increases, described in F.I.1, were not approved by the Board.
- F.I.3** The Superintendent's unauthorized income increases, described in F.I.1, should not have been included in calculations of his retirement compensation.
- F.I.4** The failure by the Board to reconcile the salaries approved by the Board with the salaries actually being paid resulted in increased retirement fund liabilities to the GVSD.
- F.I.5** The Board failed to require written job descriptions or to otherwise document the job duties and responsibilities of the AAI and AAI job positions.
- F.I.6** The lack of defined job duties and responsibilities prevents the individual's supervisor from effectively evaluating job performance and eligibility for promotion.
- F.I.7** The promotion of and increase in salary for an individual into an undefined position demonstrates a lack of management and fiscal responsibility by the Board.
- F.I.8** The Board failed to exercise financial responsibility when it promoted an individual, with an accompanying salary increase, retroactive for one year, one week prior to the individual's retirement.

- F.I.9** Promotions and salary increases given to individuals concurrent with their retirement gives the impression of “pension spiking,” potentially damaging the credibility of the Board.
- F.I.10** The Board’s failure to renew the *Superintendent’s Contract* when it expired in 2007 showed a lack of engagement and responsibility by the Board.

Recommendations

- R.1.** The Board should notify CalSTRS of the unauthorized income increases which were included in calculations of the Superintendent’s retirement compensation.
- R.2.** The Board should annually reconcile the salaries approved by the Board with salaries actually being paid by the GVSD.
- R.3.** The Board should ensure that all job positions have defined duties and responsibilities.
- R.4.** The Board should not award salary increases that could reasonably be perceived as “pension spiking.”
- R.5.** The Board should ensure that the superintendent’s contract is current and accurate.
- R.6.** The Board should develop a procedure to ensure that any change to the superintendent’s compensation is approved by the Board prior to implementation.

Responses

Grass Valley School District Board of Trustees: Due Date: September 4, 2012



Grass Valley School District

Eric Fredrickson
Superintendent

10840 Gilmore Way, Grass Valley, CA 95945 (530) 273-4483 Fax (530) 273-0248

August 29, 2012

Honorable Judge Thomas Anderson
Presiding Judge of the Grand Jury
201 Church Street
Nevada City, CA 95959

Re: Grass Valley School District's Response to the June 4, 2012 Nevada County Grand Jury Report

Dear Judge Anderson:

Pursuant to California Penal Code sections 933 and 933.05, the Board of Trustees for the Grass Valley School District ("Board" or "Trustees") hereby submits this formal response to the 2011-2012 Nevada County Grand Jury Report ("Report") regarding "Grass Valley School District Superintendent and Board of Trustees."

OVERVIEW OF DISTRICT RESPONSE

The Board of the Grass Valley School District ("Board") shares the Grand Jury's commitment to managerial and fiscal responsibility. To that end, the Board has seriously considered the Grand Jury's findings and recommendations; has communicated with the District's administration and either has implemented or will implement responsive measures that address the Grand Jury's findings and recommendations.

The Trustees do, however, strongly disagree with the Grand Jury's characterization of the Board as failing to exercise its financial responsibilities. The Board is vigilant in monitoring and maintaining the District's fiscal well-being; but, it is not the role of the Board to verify employee salaries. Determining the accuracy of salary payments made to the District's 241 employees is the type of activity inherent to the District's day-to-day operations and, as such, is necessarily delegated to the District's administrative staff.

In addition, the Board wants to be very clear that it has always had, and continues to have, the utmost respect for and trust in the District's former Superintendent. The former Superintendent faithfully discharged his duties and for more than two decades, dedicated himself to the students of Grass Valley School District. The Board has never doubted the former Superintendent's honesty and is convinced that the issues outlined in the Grand Jury's report regarding the former Superintendent's salary resulted from an inadvertent lapse in the District's protocol for obtaining Board approval of changes in the terms of an employment agreement.

While we respectfully disagree with some of the Grand Jury's findings, we agree that improvements can be made and have implemented or will implement the vast majority of the Grand Jury's recommendations.

Rec'd
9/11/2012
[Signature]

DISTRICT'S RESPONSE TO GRAND JURY'S FINDINGS

Finding No. F.I.1:

The Superintendent's income was improperly increased by:

- The unauthorized payment of cash-in-lieu of health benefits beginning in 2006.
- The unauthorized salary increase in 2008.

Response to Finding No. F.I.1:

The Board respectfully disagrees in part with Finding No. F.I.1.

A. The Board agrees that the increase in the Superintendent's income, beginning in 2006 by way of the payment of cash-in-lieu of health benefits, was not authorized to the extent that the Superintendent's contract did not specifically provide for such payment and the Governing Board did not take official action to approve it.

However, the Board also notes that in its Report at F.A.10, the Grand Jury quotes from Section 4 of the former Superintendent's 2004-2007 contract which states that "The SUPERINTENDENT may, at the SUPERINTENDENT's discretion, elect to not purchase the above mentioned benefit package and apply the equivalent amount to a DISTRICT approved Tax Shelter Annuity program (TSA)."

Because the contract gave the former Superintendent complete discretion regarding whether to take District provided fringe benefits or not, the Board was not required to formally approve the Superintendent's ultimate decision on that issue. In addition, although, the former Superintendent's contract was specific as to the dollar equivalent of the fringe benefit cost being deposited in a TSA, the Board does not believe that the former Superintendent's decision to take cash-in-lieu was ever motivated by an intention to enhance his retirement income, but rather, because he must have mistakenly misinterpreted the contract terms as permitting the cash-in-lieu payment.

B. However, the Board disagrees with Finding No. F.I.1 in stating that the Superintendent's income was improperly increased by "the unauthorized salary increase in 2008." There were two increases to the Superintendent's salary in 2008. Contrary to Finding No. F.I.1, the first increase in the Superintendent's salary from \$116,720.00 to \$121,388.80 was specifically authorized by the Governing Board. The matter of this increase was properly included as Item LL on the consent agenda for the June 10, 2008 meeting; was approved by unanimous vote of the Board and was recorded in the Board's official minutes.

C. The Board agrees that the second increase in the Superintendent's salary from \$121,388.80 to \$134,227.00 was not listed the June 10, 2008 agenda, nor is there a record of any action by the Board approving such increase in the Board meeting minutes for the June 10, 2008 meeting.

Although he has no specific recollection of signing the Contract Addendum that reflects this increase, the Board President at that time has always acknowledged the signature on that document as his own. In addition, one Board member has given the matter of the increase to \$134,227.00 considerable thought in the months since appearing before the Grand Jury and has some recollection of a discussion between the former Superintendent and the Board regarding a multi-year increase to the Superintendent's salary.

However, the Board understands that there is no documentation to support any recollection of this nature. From the Board's perspective, the failure to include the increase in the former Superintendent's income to \$134,227.00 on the June 8, 2008 agenda for a formal vote was a mistake and as a result, there is no record of a vote by the Board approving the increase.

Finding No. F.I.2:

The Superintendent's income increases, described in the Report as F.I.1, were not approved by the Board.

Response to Finding No. F.I.2:

The Board respectfully disagrees in part with Finding No. F.I.2 and hereby incorporates its Response to Finding No. F.I.1 by reference as if fully set forth herein.

The Board agrees with this finding to the extent that neither the 2006 increase in the Superintendent's income by way of cash payment in lieu of health benefits, nor the June 2008 increase in the Superintendent's salary from \$121,388.80 to \$134,227.00, were included on any Board agenda or voted on by the Board. The Board is convinced that the failure to include these items on an agenda for a formal vote was the result of an unintentional lapse in the District's longstanding procedure for authorizing changes in the Superintendent's compensation.

However, as stated above, the increase in the Superintendent's salary from \$116,720.00 to \$121,388.80 was included on the June 10, 2008 Board agenda and was approved by a formal vote of the Board.

Finding No. F.I.3:

The Superintendent's unauthorized income increases, described in F.I.1, should not have been included in calculations of his retirement compensation.

Response to Finding No. F.I.3:

The Board respectfully disagrees in part with this finding based on the reasons stated above in response to Findings Nos. F.I.1 and F.I.2 and specifically, with respect to the June 2008 increase in the Superintendent's salary from \$116,720.00 to \$121,388.80, which was included on the June 10, 2008 Board agenda and was approved by a formal vote of the Board.

It is the Board's understanding that for compensation to be included in calculating an individual's retirement benefit, it must be "creditable compensation" as defined by the laws administered by the California State Teachers Retirement System ("CalSTRS"). Thus, while the

Board is responsible for establishing the Superintendent's compensation and authorizing any changes in the Superintendent's salary and benefits, CalSTRS is responsible for calculating retirement benefit compensation.

CalSTRS has notified the District that it is reviewing the former Superintendent's retirement benefit entitlement and will be notifying the former Superintendent of its determination.

Finding No. F.I.4:

The failure by the Board to reconcile the salaries approved by the Board with the salaries actually being paid resulted in increased retirement fund liabilities to the GVSD.

Response to Finding No. F.I.4:

The Board respectfully disagrees with this finding. However, the Board does acknowledge its responsibility for establishing the Superintendent's salary and approving the salary schedules governing the compensation paid to the District's management, certificated and classified personnel.

With respect to the 2006 increase in the Superintendent's income by way of cash payment in lieu of health benefits and the June 2008 increase in the Superintendent's salary from \$121,388.80 to \$134,227.00, the Board's responses to Finding No. F.I.1 and F.I.2 clearly establish that neither of these increases in the Superintendent's compensation were ever presented to the Board as part of an agenda or approved by a formal vote of the Board.

The Board did not vote to approve the cash payment in lieu of health benefits or the salary increase to \$134,277.00 and therefore, had no knowledge that the amounts being paid to the former Superintendent were anything other than the amounts the Board had specifically approved by formal action at duly noticed public meetings.

As stated previously, the Board is responsible for overseeing the management of the District's major systems and the administration is responsible for the day to day operations of the District, including reconciling the amount of the salaries actually paid to employees with amounts approved by the Board. In June 2012, the Board acted to establish a new Personnel Technician position in order to provide the administration with the assistance necessary to maintain accurate personnel information for all its employees and to reconcile employee salaries on a regular basis. On August 6, 2012, the District hired a Personnel Technician who is responsible for the management of all personnel information in the District.

While the addition of a Personnel Technician is an important step in the overall management of the District's personnel processes and procedures, the Board nevertheless cannot agree to Finding No. F.I.4 considering the lack of any information evidencing that the District's retirement fund liabilities increased as a result of the Board's alleged failure to reconcile the former Superintendent's salary.

Finding No. F.I.5:

The Board failed to require written job descriptions or to otherwise document the job duties and responsibilities of the AAI and AAI job positions.

Response to Finding No. F.I.5:

The Board respectfully disagrees in part with Finding No. F.I.5. The Board must maintain a level of flexibility in responding to the District's staffing needs particularly when as a result of a gradual accretion of job duties, an existing position evolves into a separate and distinct position as occurred in connection with the Administrative Assistant I and Administrative Assistant II positions. In these circumstances, the duties of the new position are already being performed before those duties can be memorialized in a new job description. The District is nonetheless still able to adequately assess the work performance of the employee who has experienced this type of change in job functions because the new duties represent an evolution in the employee's existing work load or level of responsibility as opposed to an entirely new field of endeavor.

Thus, while employees often begin performing duties of what will ultimately become a new position before the job description for that new position is presented to the Board for approval, the Board acknowledges the importance of ensuring that specific job descriptions exist in order that both management and labor understand what is required for each position in terms of the work to be performed and the training/experience necessary to perform that work. Accordingly the Board agrees that the District should have written job descriptions documenting the duties and responsibilities required of the Administrative Assistant I and II positions.

In an effort to ensure that job descriptions exist or are ultimately created for every position in the District, the Board created a new Personnel Technician position and hired an individual to fill that position on August 6, 2012. One of the primary duties required of the Personnel Technician is to "revise and maintain job descriptions for administrative, certificated and classified positions."

Report Finding No. F.I.6:

The lack of defined job duties and responsibilities prevents the individual's supervisor from effectively evaluating job performance and eligibility for promotion.

Response to Finding No. F.I.6:

The Board respectfully disagrees in part with this finding for the reasons set forth in its response to Finding No. F.I.5 and on that basis, incorporates its response to Finding No. F.I.5 as if fully set forth at this point.

Without waiving the reasons for its partial disagreement with Finding No. F.I.6, the Board again acknowledges the importance of having written job descriptions to enhance employee performance and to facilitate supervisory oversight. Consistent with this acknowledgment and as stated above, the Board has hired a Personnel Technician who will be responsible for creating and maintaining accurate, up-to-date job descriptions for all positions in the District.

Finding No. F.I.7:

The promotion of and increase in salary for an individual into an undefined position demonstrates a lack of management and fiscal responsibility by the Board.

Response to Finding No. F.I.7:

The Board respectfully disagrees with this finding and for the sake of brevity, generally incorporates by reference its responses to Findings No. F.I.5 and No. F.I.6 above.

In addition, the Board disagrees with Finding F.I.7 on the basis that decisions regarding employee promotions, and resulting increases in salary, depend on the particular circumstances of each case, and as a result, these decisions must necessarily be made on a case by case basis. A blanket conclusion that the Board automatically demonstrated a lack of management and fiscal responsibility simply because it promoted an employee to a position prior to the development of a job description for that position, ignores the specific facts and circumstances relevant to that promotion decision.

Notwithstanding the above, the Board shares the Grand Jury's commitment to managerial responsibility and fiscal oversight. The strength of the Board's commitment can be measured by the fact that it created an entirely new Personnel Technician position for the purpose of reviewing all of the District's personnel practices, including those related to the creation of new positions and the promotion of existing employees.

Finding No. F.I.8:

The Board failed to exercise financial responsibility when it promoted an individual, with an accompanying salary increase, retroactive for one year, one week prior to the individual's retirement.

Response to Finding No. F.I.8:

The Governing Board respectfully disagrees with this finding and for the sake of brevity, incorporates its responses to Finding Nos. F.I.5, F.I.6, and F.I.7 above as if fully set forth herein. In deciding whether to promote an employee, the Governing Board is obligated to analyze specific facts and consider the particular circumstances relevant to an employee's job duties, work history and performance. The Grand Jury would have the Governing Board ignore this obligation and automatically reject the promotion at issue based first, as stated in Finding F.I.7, on the lack of a job description, and now, as stated in this finding, on the timing of the employee's ensuing retirement.

However, automatically rejecting the promotion on either of these two grounds without further inquiry into the nature and extent of the actual duties performed by the employee in question during the prior school year would have been arbitrary. In addition, an automatic rejection would have left the District vulnerable to a claim from the employee for "out of class" pay and interest.

In addition, it is important to note that school districts in California have a mandatory duty to negotiate with employee unions regarding salary, benefits and other terms and conditions of employment. Collective bargaining is a time consuming process and more often than not, it will take months for the parties to reach final agreement. As a result, it is not uncommon for school districts to be retroactively increasing employee salaries at the end of the school year. Because most school districts treat represented and unrepresented employee groups alike in terms of salary increases, management and confidential employees will also receive increases on a retroactive basis back to the beginning of the school year.

But, regardless of the exigencies that result in the need for retroactive salary increases, the Board shares the Grand Jury's commitment to managerial responsibility and fiscal oversight and to that end, the Board will ensure that the Personnel Technician reviews the District's personnel practices and procedures to ensure that all promotional decisions are reasonable and can be supported by the specific facts relevant to each particular case.

Report Finding No. F.I.9:

Promotions and salary increases given to individuals concurrent with their retirement gives the impression of "pension spiking," potentially damaging the credibility of the Board.

Response to Finding No. F.I.9:

The Board respectfully disagrees in part with this finding. For the sake of brevity, the Board incorporates its responses to Finding Nos. F.I.5, F.I.6, F.I.7 and F.I.8 as if fully set forth herein.

Without waiving its objections to this finding as set forth in the above-listed responses, the Board acknowledges unless the factual basis supporting the decision to promote an employee who is about to retire is either well known or can legally be disclosed, such a promotion is susceptible to being characterized as "pension spiking" and has the potential of damaging the Board's credibility. Accordingly, the Board intends to seriously consider the Grand Jury's observation as set forth in Finding F.I.9 in an effort to foreclose the possibility for public misapprehension in connection with employee promotions in the future.

Finding No. F.I.10:

The Board's failure to renew the *Superintendent's Contract* when it expired in 2007 showed a lack of engagement and responsibility by the Board.

Response to Finding No. F.I.10:

The Board respectfully disagrees with this finding on the basis that the Board did, in fact, act to extend the former Superintendent's contract prior to its expiration date of June 30, 2007. The Board's June 12, 2007 agenda included as Item PP the approval of a Contract Addendum increasing the former Superintendent's salary to \$116,720.00. This Contract Addendum was approved by the Board in open session at the June 12, 2007 meeting and remained in effect through June 30, 2008.

Moreover, as stated above in the responses to Finding Nos. F.I.1 and F.I.2, the agenda for the Board meeting of June 10, 2008 included as Item LL approval of a Contract Addendum increasing the former Superintendent's salary from \$116,720.00. This Contract Addendum was approved by the Board in open session at the June 10, 2008 meeting and recorded in the Board's official minutes.

Based on the foregoing, the Board did take action consistent with its contractual obligations to extend the term of the former Superintendent's contract.

DISTRICT'S RESPONSE TO GRAND JURY'S RECOMMENDATIONS

Recommendation No. 1:

The Board should notify CalSTRS of the unauthorized income increases which were included in calculations of the Superintendent's retirement compensation.

Response to Recommendation No. 1:

The Board will not implement this recommendation because it is not warranted. CalSTRS has already initiated communication with the District regarding the former Superintendent's retirement compensation, and therefore, no notification from the District to CalSTRS is necessary.

Recommendation No. 2:

The Board should annually reconcile the salaries approved by the Board with salaries actually being paid by the GVSD.

Response to Recommendation No. 2:

While the Board agrees with this recommendation, the Board itself cannot implement it. As stated previously, the Board oversees the management of the District's major systems. The administration is charged with directing the District's day-to-day operations, including such tasks as annually reconciling the salaries paid to individual employees with amounts approved by the Board. For this reason, the Board created a new Personnel Technician position and the employee serving in that position will implement Recommendation No. 2 by establishing a procedure for reconciling employee salaries on an annual basis.

Recommendation No. 3:

The Board should ensure that all job positions have defined duties and responsibilities.

Response to Recommendation No. 3:

Although the Board generally agrees that the District's jobs should have defined duties and responsibilities, the Board itself is unable to implement this recommendation as the Board manages the District's major systems, not its day-to-day operations.

Moreover, as set forth in the response to Finding No. F.I.5, the Board must maintain a level of flexibility in responding to the District's staffing needs particularly when as a result of a gradual accretion of job duties, an existing position evolves into a separate and distinct position and the duties of that new position are already being performed before the administration can memorialize those duties in a new job description.

Based on these reasons, the Board will not implement Recommendation No. 3, but instead, has hired a Personnel Technician who, under the Superintendent's supervision, will analyze whether the District currently has any positions not covered by job descriptions and if so, will prepare the necessary job descriptions and establish the timeline for their implementation.

Recommendation No. 4:

The Board should not award salary increases that could reasonably be perceived as "pension spiking."

Response to Recommendation No. 4:

While the Board agrees that as a general rule, salary increases that can be perceived as "pension spiking" should be avoided, the District cannot implement this recommendation as written without abandoning its responsibility to decide matters of employee compensation and/or promotion on a case by case basis, consistent with all applicable facts and circumstances. Moreover, the Board must maintain ability to provide employees with salary increases when factually warranted regardless of any pension spiking perception.

Recommendation No. 5:

The Board should ensure that the Superintendent's contract is current and accurate.

Response to Recommendation No. 5:

The Board has implemented Recommendation No. 5 to the extent of ensuring that the existing Superintendent's contract is current. The term of the Superintendent's contract was recently extended by formal action of the Board taken in open session consistent with the agenda for June 12, 2012 meeting and that action was recorded in the official minutes for that meeting.

As to the recommendation that the Board ensure the Superintendent's contract is "accurate," the Board will not implement this recommendation itself; but as set forth in response to Recommendation No. 2, will ensure that on an annual basis, the Personnel Technician reconciles the amount of salary actually paid to employees with the salaries as approved by this Board.

Recommendation No. 6:

The Board should develop a procedure to ensure that any change to the superintendent's compensation is approved by the Board prior to implementation.

Response to Recommendation No. 6:

While we agree with this recommendation that any change in the Superintendent's compensation must be approved by the Board prior to implementation, there is no need for the Board to develop a procedure in this regard. Government Code section 53262(a), as well as the Ralph M. Brown Act, Government Code section 54950 et seq., already require that superintendent contracts be approved by the school district's governing board in open session at a properly noticed public meeting and that the Board's action be memorialized in the Board's official minutes.

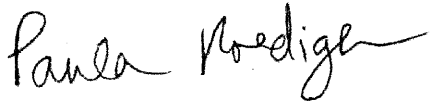
CONCLUSION

The Board of Trustees of the Grass Valley School District appreciates the time and dedication of the Grand Jury members in providing the District with its report and recommendations. The Board will implement the Grand Jury's recommendations to the extent and in the manner set forth above.

In closing, the Board wishes to reemphasize its conviction that during the former Superintendent's 21 years of dedicated service, he always acted with integrity and in the best interests of the Grass Valley School District. As the Grand Jury knows from its exhaustive review of the Board's agendas and minutes from 2004 to the present, the District has consistently met its Brown Act obligations with respect to employment contracts and that the two incidents outlined in the Report regarding the former Superintendent's salary were procedural failures in otherwise a strong record of compliance.

If you have any questions, please do not hesitate to contact me. Thank you.

Sincerely,



President, Governing Board

SCHOOLS AND LIBRARIES

Schools Efficiency

**Nevada County Grand Jury Report with Responses
2011-2012**

Schools Efficiency

Summary

The Nevada County Grand Jury reviewed the current organization of public schools in western Nevada County and the demographic and financial trends that impact the overall health of the public school system. Based on observed trends, public schools in western Nevada County are likely to face a near-term future of declining enrollments and per-pupil funding.

Residents of western Nevada County need to increase their understanding of the financing and organization of public schools. With the limited resources available and the demographic realities facing Nevada County, the Nevada County Grand Jury recommends that elected and school system officials and residents be open to, and supportive of, changes that could result in system-wide efficiencies and improved educational opportunities for the children of western Nevada County.

As a result of its review, the Nevada County Grand Jury found that the public schools in western Nevada County need to become even more efficient if the educational experience is to stabilize or improve. The Nevada County Grand Jury also found that further efficiencies could be realized through school district consolidation, increased sharing of services and better coordination of school calendars.

While many actions have been taken in the past few years to increase the efficiency of the school system, including school closures and further sharing of services, more needs to be done. Many of the decisions represent hard choices for school officials and others, but for the sake of the overall quality of education in western Nevada County, those choices need to be made.

California state law created a County Committee on School District Organization. These County Committees have the responsibility, when petitioned, to review the current organization of school districts in each county. The Nevada County Grand Jury recommends that

- various local leaders petition the County Committee on School District Organization to formulate plans for the consolidation of local elementary school districts in western Nevada County,
- the board of trustees for each local elementary school district in western Nevada County explore opportunities for improving school efficiency, including possible consolidations,

- all school districts actively pursue potential savings from an increase in shared services,
- all school districts better coordinate school calendars for greater efficiency,
- school districts apply the savings from all such efforts to enhance or restore the quality of the educational experience in western Nevada County, and
- residents of western Nevada County review the Nevada County Grand Jury's report in its entirety to learn more about the status and probable future of our schools.

The Nevada County Grand Jury recognizes that a discussion has been initiated between the Grass Valley School District and the Nevada City Elementary School District regarding potential consolidation. The Nevada County Grand Jury also recognizes that the Union Hill School District is pursuing the idea of becoming a charter school district. The recommendations contained in this report take these developments into consideration.

Reasons for Investigation

The past and continuing decrease in school-age population and public funding led the Nevada County Grand Jury (Jury) to investigate how the public school system in western Nevada County could achieve greater efficiency. The Jury believes that this is one of the most important issues facing the residents of western Nevada County.

Pursuant to California Penal Code Section 933.5, the Jury has the authority to investigate public school districts in Nevada County.

Background

The population of Nevada County is significantly older than average for California. The percentage of the county population over the age of sixty-five is much higher than the state average, and the percentage of the county's population under the age of eighteen (public school age) is significantly lower than the state average. These population distributions are expected to continue into the foreseeable future. Most importantly, student enrollment in all public schools in western Nevada County has been in decline for seventeen years and that trend is expected to continue. The population of each grade in western Nevada County declines by grade level from twelfth through first grade. One result of these demographic changes is that only about two-thirds of the local elementary school capacity is being used despite the recent closure of three schools. Capacity utilization is expected to continue to decline.

Also, the funding for public schools has been reduced significantly over the recent past:

- Local property taxes have declined due to lower real estate valuations;
- State contributions have decreased significantly due to the state's fiscal problems; and
- Federal money has decreased since stimulus money evaporated almost two years ago.

Finally, western Nevada County has ten local school districts serving 9,746 students (2010-11 school year). The average size of a local elementary school district is 681 students, almost 70% smaller than the state average of 2,227 students. While the geographic features of Nevada County (rural and hilly, with winding roads) may justify a greater-than-average number of schools, they do not explain the need for so many school districts.

Procedures Followed

The Jury interviewed many officials involved with the western Nevada County public school system. The Jury also reviewed

- the State Education Code,
- the California Department of Education *District Organization Handbook*,
- the Schools Services of California report entitled *Analysis of the Revenue Impacts of School District Consolidations*,
- the Legislative Analyst's Office report entitled *An Analysis of School District Consolidation*, dated May 2, 2011, and
- data from the 2010 U. S. Census, the County Superintendent of Schools and Ed-Data from EdSource.com.

Facts

General

F.A.1. The 2010 U.S. Census shows the population of Nevada County is approximately 98,000. The population of western Nevada County is approximately 80,000.

F.A.2. The 2010 U.S. Census shows 19% of the population of Nevada County is under the age of eighteen, compared to 25% in California as a whole.

- F.A.3.** The 2010 U.S. Census shows 19% of the population of Nevada County is over the age of sixty-five, compared to 11% in California as a whole.
- F.A.4.** There are nine local elementary school (grades K-8) districts in western Nevada County.
- F.A.5.** Local elementary school district enrollment in western Nevada County has decreased from 8,991 during the 2000-01 school year to 6,132 during the 2010-11 school year, a decline of almost 32%.
- F.A.6.** As of the 2011-12 school year, the population of each grade in western Nevada County declines by grade level from twelfth through first grade.
- F.A.7.** The nine local elementary school districts vary in student population. The largest, Grass Valley School District, has an enrollment of 1,679, while the smallest, Twin Ridges School District, has an enrollment of 102 for the 2011-12 school year.
- F.A.8.** The average size of a local elementary school district in western Nevada County is 681 students, almost 70% smaller than the state average of 2,227.
- F.A.9.** Three public elementary schools in Nevada County have closed since the 2009-10 school year.
- F.A.10.** The nine local elementary school districts in western Nevada County have the physical capacity to accommodate an estimated 8,500 students (2011-12). The on-site enrollment is 5,904, only 69% of capacity.
- F.A.11.** School districts in Nevada County receive funding from federal, state and local sources.
- F.A.12.** Most school districts receive their general purpose funding under the “Revenue Limit” formula. The Revenue Limit is essentially calculated by taking a set amount of dollars per student, as determined by the State of California, and multiplying that figure by each district’s Average Daily Attendance (ADA).
- F.A.13.** Some school districts receive their general purpose funding under the “Basic Aid” formula. Basic Aid, also known as “local funding,” essentially occurs when the local property tax revenue in a district exceeds the total general purpose funding the state would have provided. In other words, there is no need to factor in any state funding because the local property taxes alone surpass the minimum funding level established by the state.
- F.A.14.** Twin Ridges School District, Ready Springs Union School District and Nevada City Elementary School District are currently the only Basic Aid districts in Nevada County.

- F.A.15.** The total cost of the salaries and benefits for the nine local elementary school district administrative and clerical staffs in western Nevada County during the 2011-12 school year is approximately \$2,775,000.
- F.A.16.** For the 2011-12 school year, the total current cost of the salaries and benefits for the staffs at two of the smallest local elementary school districts (Clear Creek Elementary School District and Chicago Park School District) is almost one-third of their Revenue Limit income.
- F.A.17.** At the request of the Nevada County Office of Education, in April 2011, School Services of California (SSC) prepared a report entitled, Analysis of the Revenue Impacts of School District Consolidations (Analysis).
- F.A.18.** The Analysis found that California General Fund revenues have fallen more than 14% since the fiscal year 2007-08, affecting funding for Nevada County schools.
- F.A.19.** The Analysis also found that kindergarten-through-grade-twelve schools have seen funding for general purpose functions decrease by more than 10%, and funding for “Categorical” (specialized) programs has decreased by 20% since fiscal year 2007-08.
- F.A.20.** State funding, per pupil, in western Nevada County local elementary school districts that are funded via the Revenue Limit formula declined from an average of \$5,710 in the 2006-07 school year to \$5,248 in the 2010-11 school year, a decrease of 8%.
- F.A.21.** Based on the Jury’s interviews, local elementary school districts are anticipating further decreases in state funding in the 2012-13 school year.
- F.A.22.** Some local elementary districts are recruiting students from other local elementary districts.
- F.A.23.** There is a non-partisan agency of state government called the Legislative Analyst’s Office (LAO).
- F.A.24.** The LAO published a report entitled An Analysis of School District Consolidation on May 2, 2011 (LAO Report).
- F.A.25.** The LAO Report indicated that, although the state historically has encouraged school district consolidation, it now encourages schools and school districts to remain small by providing them with substantial funding advantages, while providing disincentives to consolidation through loss of funding and additional costs.
- F.A.26.** The LAO Report defines school district sizes as follows: (a) Very Small (6-100); (b) Small (100 - 1,000); (c) Midsize (1,001-5,000 and 5,001-10,000); (d) Large (10,001-40,000) and (e) Very Large (40,001 +).

- F.A.27.** The LAO Report indicated that smaller school districts tend to have slightly lower student achievement compared to mid-size districts, although the differences are not large.
- F.A.28.** Of the almost 1,000 school districts in California, about 400 (40%) are considered “small,” having an ADA of less than 1,000.
- F.A.29.** Of Nevada County’s nine local elementary school districts one would be considered “Very Small,” five “Small” and three “Midsize” in the LAO Report.
- F.A.30.** The LAO Report cited a number of other states (e.g., Arkansas, Maine and Vermont) that are either mandating or encouraging school district consolidation.
- F.A.31.** The LAO Report found that, while small districts find ways to economize, they still face fiscal and personnel challenges.
- F.A.32.** The LAO Report found that smaller school districts dedicate a larger share of their budgets to overhead, including “classified” staff such as clerical and maintenance, although the differences are not large.
- F.A.33.** The LAO Report found that, while larger school districts are able to dedicate almost half of their budgets to “certificated staff” (teachers), smaller districts dedicate only a little more than a third of their budgets to teachers.
- F.A.34.** The LAO Report also found that it is much harder to hold very small districts accountable for overall student outcomes due to the decreasing statistical accuracy of reduced sample size.
- F.A.35.** The LAO Report also found that local communities often prefer small districts, despite the fiscal advantages and enhanced curricular offerings that are more often available within larger school districts. The LAO Report noted that this is often the case because of the important role the district plays within the community, particularly in rural communities.

Union Hill School District and Grass Valley School District

- F.A.36.** The Union Hill School District (UHSD) has an enrollment of approximately 675 students for the school year 2011-12.
- F.A.37.** Approximately 70% of the students enrolled at UHSD are from outside of UHSD’s geographical boundary and attend the school as a result of inter-district transfer agreements.

- F.A.38.** At the beginning of the 2011-12 school year, the Grass Valley School District (GVSD) stopped approving inter-district transfers for students residing within the GVSD.
- F.A.39.** Without inter-district transfers, UHSD estimates that its enrollment will decline from approximately 675 to approximately 250 students within eight years.
- F.A.40.** UHSD is geographically surrounded by the GVSD.
- F.A.41.** UHSD owns two school buses and is not a part of the Joint Powers Agency (JPA) which provides student transportation services to most of the other school districts in western Nevada County.
- F.A.42.** Buses transporting GVSD students to and from school pass through UHSD.
- F.A.43.** The Analysis stated that a consolidation of UHSD and GVSD would result in an 8.0% increase in state-funded revenue.

Ready Springs Union School District and Pleasant Valley Elementary School District

- F.A.44.** The Ready Springs Union School District (RSUSD) and the Pleasant Valley Elementary School District (PVESD) currently share district administrative staff including the position of superintendent.
- F.A.45.** The responsibilities of the shared administrative staff of RSUSD and PVESD include:
- preparation of two school district budgets;
 - negotiation of two sets of district employee contracts;
 - preparation of two sets of required federal, state and local district reports;
 - negotiation of two sets of business contracts, e.g., student transportation;
 - staff attendance at two boards of trustees meetings.
- F.A.46.** District administrative staff at RSUSD and PVESD have less time to lead educational programs due to the duplication of administrative duties required to maintain two school districts.
- F.A.47.** There is a document, Consolidation Plan Review for PVESD and RSUESD (Plan). This document was prepared in March 2010.
- F.A.48.** The Plan noted that in 1995 a consolidation commission facilitated by the Nevada County Superintendent of Schools developed a report on the consolidation of RSUSD and PVESD. The report did not recommend consolidation at that time.

- F.A.49.** The Plan noted that since 1995 RSUSD and PVESD have experienced significant declines in student enrollment.
- F.A.50.** RSUSD and the PVESD remain separate school districts, each with its own board of trustees and budget.
- F.A.51.** The Analysis stated that a consolidation of RSUSD and PVESD would result in a 7.9% increase in state-funded revenue.

County Committee on School District Organization

- F.A.52.** Pursuant to State Education Code, Section 35720, Nevada County has a County Committee on School District Organization (CCSDO).
- F.A.53.** According to Chapter 3 of the California Department of Education District Organization Handbook (Handbook), the CCSDO is responsible, in part, to “hold hearings and formulate plans and recommendations for the unification or other reorganization of the districts in the county...” and “pursuant to a petition by local electors...” (Education Code Sections 35720-35724).
- F.A.54.** The CCSDO has eleven members. Each of the ten local school districts (including the high school district) nominates a committee member. There is one at-large member.
- F.A.55.** The County Board of Supervisors can initiate the type of petitions referred to in the Handbook for all or a portion of school districts within its jurisdiction.
- F.A.56.** A City Council can initiate the type of petitions referred to in the Handbook for all or a portion of school districts within its jurisdiction.
- F.A.57.** A school district board of trustees can initiate the type of petitions referred to in the Handbook for its school district and/or for all or a portion of a school district within its school district.
- F.A.58.** No such “local electors” (Education Code Sections 35729-35724) have petitioned the CCSDO to review the organization of school districts in Nevada County.
- F.A.59.** District consolidations do not require schools to be closed.
- F.A.60.** School closures happen without district consolidations (e.g., Nevada City Elementary, Pleasant Ridge and Gold Run).

Shared Services

- F.A.61.** Most western Nevada County local school districts share many services, including food preparation, computer services, resource specialists and student transportation.
- F.A.62.** Some services, such as curriculum coordinators, business and payroll services, and maintenance are shared by few, if any, western Nevada County school districts.
- F.A.63.** Elementary school district calendars in western Nevada County vary as to instructional days.
- F.A.64.** Transportation costs increase and scheduling for families becomes more difficult with differences in school district calendars.

Findings

- F.I.1.** The school age population of western Nevada County is declining and will continue to decline for the foreseeable future.
- F.I.2.** Revenues received by school districts in western Nevada County are declining and will continue to decline for the foreseeable future.
- F.I.3.** The utilization of school facility capacity in western Nevada County is low and will continue to decline.
- F.I.4.** Larger school districts can devote proportionately more of their budgets to classroom instruction.
- F.I.5.** Public elementary schools in western Nevada County need to increase their efficiency if the educational experience is to stabilize or improve.
- F.I.6.** School district consolidation can increase Revenue Limit income, decrease costs and enhance educational programs.
- F.I.7.** Due to geography and the number of inter-district transfers, UHSD is currently a de facto part of GVSD.
- F.I.8.** Due to geography, the number of inter-district transfers and the projected increase in revenue, a consolidation of GVSD and UHSD is logical and desirable.
- F.I.9.** Most of the administrative staff in the RSUSD and the PVESD are working two jobs, which is unsustainable and detracts from the educational programs.

- F.I.10.** The efficiency of local western Nevada County school districts can be increased by sharing or centralizing more services.
- F.I.11.** There is a major opportunity to increase the coordination of school district calendars.
- F.I.12.** Standardization of school district calendars would result in cost savings and allow families to plan for school closures and vacations.

Recommendations

The Jury recommends that:

- R.1.** Residents of western Nevada County review the Nevada County Grand Jury's report in its entirety.
- R.2.** The boards of trustees for all local elementary school districts in western Nevada County consult with the other local elementary school districts to identify opportunities for consolidation with a view to petitioning the County Superintendent of Schools pursuant to Education Code Section 35700.
- R.3.** The County Committee on School District Organization formulate plans for the consolidation of local elementary school districts in western Nevada County, pursuant to Education Code Section 35720.
- R.4.** The boards of trustees for all local elementary school districts in western Nevada County adopt and deliver to the County Committee on School District Organization, a resolution proposing consideration of consolidation of such district with one or more other districts in western Nevada County, pursuant to Education Code Section 35721(c).
- R.5.** The Nevada County Board of Supervisors adopt and deliver to the CCSDO a resolution proposing consideration of consolidation of local elementary school districts in western Nevada County, pursuant to Education Code Section 35721(c).
- R.6.** The Boards of Trustees of the Grass Valley School District and the Union Hill School District begin, or continue, discussions regarding the consolidation of the two districts.
- R.7.** The Boards of Trustees of the Ready Springs Union School District and the Pleasant Valley Elementary School District begin, or continue, discussions regarding the consolidation of the two districts.

R.8. The County Superintendent of Schools, the boards of trustees of all local elementary school districts in western Nevada County and the Board of Trustees of the Nevada Joint Union High School District actively pursue increased shared services in the following areas:

- Maintenance, particularly a centralized, mobile service that can be rotated through each school site, including electrical, HVAC, plumbing and landscaping;
- More centralization of curriculum experts;
- More centralization of enrichment programs, including those in music and the arts;
- Increased sharing and centralization of administrative services, including business and payroll services;
- Student transportation.

R.9. All local elementary school districts in western Nevada County and the Nevada Joint Union High School District coordinate their school-year calendars for greater efficiency and publicly report their conclusions.

Responses

Nevada County Board of Supervisors: Recommendation 5 – Due Date: September 10, 2012

Nevada County Committee on School District Organization: Recommendation 3 – Due Date: September 10, 2012

Nevada County Superintendent of Schools: Recommendation 8 – Due Date: August 10, 2012

Chicago Park School District, Board of Trustees: Recommendations 2, 4, 8, 9 – Due Date: September 10, 2012

Clear Creek Elementary School District, Board of Trustees: Recommendations 2, 4, 8, 9 – Due Date: September 10, 2012

Grass Valley School District, Board of Trustees: Recommendations 2, 4, 6, 8, 9 – Due Date: September 10, 2012

Nevada City Elementary School District, Board of Trustees: Recommendations 2, 4, 8, 9 – Due Date: September 10, 2012

Nevada Joint Union High School District, Board of Trustees: Recommendations 8, 9 –
Due Date: September 10, 2012

Pleasant Ridge Union Elementary School District, Board of Trustees: Recommendations
2, 4, 8, 9 – Due Date: September 10, 2012

Pleasant Valley Elementary School District, Board of Trustees: Recommendations 2, 4,
7, 8, 9 – Due Date: September 10, 2012

Ready Springs Union Elementary School District, Board of Trustees: Recommendations
2, 4, 7, 8, 9 – Due Date: September 10, 2012

Twin Ridges Elementary School District, Board of Trustees: Recommendations 2, 4, 8, 9
– Due Date: September 10, 2012

Union Hill School District, Board of Trustees: Recommendations 2, 4, 6, 8, 9 – Due
Date: September 10, 2012

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Nevada City School District, Board of Trustees

Nevada Joint Union High School District, Board of Trustees

**Pleasant Ridge Union Elementary School District,
Board of Trustees**

**Pleasant Valley Elementary School District,
Board of Trustees**

**Ready Springs Union Elementary School District,
Board of Trustees**

Twin Ridges Elementary School District, Board of Trustees

Union Hill School District, Board of Trustees

COUNTY OF NEVADA
STATE OF CALIFORNIA
BOARD OF SUPERVISORS



Nathan Beason, 1st District
Ed Scofield, 2nd District
Terry Lamphier, 3rd District
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Chair Ted S. Owens, 5th District
Donna Landi, Clerk of the Board

August 28, 2012

The Honorable Thomas Anderson
Presiding Judge of the Nevada County Grand Jury
Nevada County Courthouse
201 Church Street
Nevada City, CA 95959

Re: Board of Supervisors' Responses to the 2011-12 Nevada County Civil Grand Jury Report,
Schools Efficiency.

Dear Judge Anderson:

As required by California Penal Code Section 933, the Board of Supervisors hereby submits its responses to the 2011-2012 Nevada County Civil Grand Jury Report, dated June 11, 2012, entitled *Schools Efficiency.*

These responses to the Grand Jury's Findings and Recommendations were approved by the Board of Supervisors at their regular meeting on August 28, 2012. The Responses are based on either personal knowledge, examination of official County records, information received from the County Executive Officer, or the Board of Supervisors and County staff members.

The Board of Supervisors would like to thank the members of the 2011-2012 Grand Jury for their participation and effort in preparing their Reports, and their participation in the Grand Jury process.

Sincerely,

Ted S. Owens
Chairman, Board of Supervisors

cc: Keith Overbey, Foreman, Grand Jury
Rick Haffey, County Executive Officer

950 Maidu Avenue, Suite 200, Nevada City CA 95959-8617
phone: 530.265.1480 | fax: 530.265.9836 | toll free: 888.785.1480 | email: bdofsupervisors@co.nevada.ca.us
website: <http://www.mynevadacounty.com/nc/bos>

Handwritten initials and date: "Hed 8/10/12"

County of Nevada's Grand Jury Response

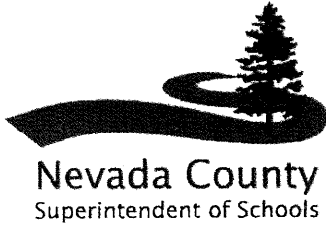
Schools Efficiency

Findings

R.5. The Nevada County Board of Supervisors adopt and deliver to the County Committee on School District Organization (CCSDO) a resolution proposing consideration of consolidation of local elementary school districts in western Nevada County, pursuant to Education Code Section 35721 (c).

The recommendation will not be implemented at the present time.

Education Code Section 35720, et seq, authorizes a number of public agencies to propose consideration of consolidation of local elementary school districts, including the County Committee on School District Organization ("CCSDO") itself. One of the CCSDO's primary functions is to formulate plans and make recommendations to the State Board of Education regarding changes in the organization of existing school districts. Due to the unique issues associated with educational funding and the delivery of educational services, the CCSDO is in the best position to consider and act on any consolidation proposals.



HOLLY A. HERMANSEN, SUPERINTENDENT

112 NEVADA CITY HIGHWAY
NEVADA CITY, CA 95959
530-478-6400 • fax 530-478-6410

August 10, 2012

The Honorable Judge Tom Anderson
Presiding Judge of the Grand Jury
201 Church Street
Nevada City, CA 95959

Dear Judge Anderson,

This letter serves as my response to the June 5, 2012 Grand Jury Report on **Schools Efficiency**.

Findings:

1. The school age population of Western Nevada County is declining and will continue to decline for the foreseeable future.

Partially Agree

The school age population has been declining for the last decade at least. It appears that it will continue to decline, but we also know that there are signs of the decline leveling out as well as at least one district that has seen slight increases in kindergarten enrollment.

2. Revenues received by school districts in western Nevada County are declining and will continue to decline for the foreseeable future.

Partially Agree

Education revenues have been reduced for the last five years. While there is no sign of improvement in the near future, we cannot anticipate what the state budget will look like for education in the next year or two, nor do we know the outcome of the Governor's tax initiative on the ballot.

3. The utilization of school facility capacity in western Nevada County is low and will continue to decline.

Partially Agree

While many schools have seen declining enrollment and may have capacity for more students, the four schools that have closed in the last 3 years are now occupied by charter schools, three of which were previously in other non-school facilities.

4. Larger school districts can devote proportionately more of their budgets to classroom instruction.

Partially Agree

In May 2011 the Legislative Analyst's office released a report on School District Consolidation. In the report they concluded that while small districts (under 1,000 students, of which we have 6 in Nevada County) tend to spend more on overhead costs, the differences are not large. However, very small districts (under 100 students, of which we have 1), tend to spend significantly larger portions of their budgets on overhead costs which results in less funding for classroom instruction. I believe that this holds true in Nevada County as well.

5. Public elementary schools in western Nevada County need to increase their efficiency if the educational experience is to stabilize or improve.

Agree

We continue to find as many ways as possible to increase efficiencies and reduce costs in these times of economic crisis.

6. School district consolidation can increase Revenue Limit income, decrease costs and enhance educational programs.

Partially Agree

The statement above assumes that consolidation increases revenue limit funding. While that is true in some cases, the increased revenue limit is for the purpose of leveling up salaries in a newly formed district. There are cases where the cost to level up salaries may be higher than the increase in revenues, resulting in increased costs to districts. In addition, there are some cases where consolidation will result in lower revenues due to loss of categorical funds and other factors. There have been no recent studies conducted to determine whether consolidation will result in decreased costs. A study of this type needs to be specific to individual school districts and the structure they would create in a newly organized district.

In the Legislative Analyst's report mentioned above it was concluded that there is no evidence that consolidating small districts would necessarily result in substantial savings or in better educational outcomes for students. However, individual districts may conclude that they can offer better educational programs and realize cost savings or increased revenues should they consolidate, and in these cases they are encouraged to pursue this action. In agreement with the Legislative Analyst report, it should remain up to local constituencies to decide how to best structure their local districts.

7. Due to geography and the number of inter-district transfers, UHSD is currently a de facto part of GVSD.

Disagree

While it is true that geographically UHSD is surrounded by the Grass Valley School District and that there are a large number of inter-district transfer students attending Union Hill, I disagree that "for all intents and purposes" UHSD is part of GVSD. Each school district is governed by a separate governing board with a separate and unique school culture, educational structure and history.

8. Due to geography, the number of inter-district transfers and the projected increase in revenue, a consolidation of Union Hill and Grass Valley School Districts is logical and desirable.

Partially Agree

Consolidation is a local decision. The school boards of each of the districts and the local constituents should make the decision of whether consolidation is logical and desirable. However, it is the responsibility of each of the districts to consider the possibility, including fiscal and educational benefits.

9. Most of the administrative staff in the RSUSD and the PVESD are working two jobs, which is unsustainable and detracts from the educational programs.

Partially Agree

While it is true that many of the administrative staff are serving two districts, this structure was created with the intention of sharing services, something that we strive to do across the county in many areas. However, after several years of implementation of this model, it certainly creates a challenging workload for the staff. I have no evidence that the model detracts from the educational programs.

10. The efficiency of local western Nevada County school districts can be increased by sharing or centralizing more services.

Agree

We continue to look for more ways to share services and increase efficiencies. This is a frequent discussion at school board meetings and the superintendents' council.

11. There is a major opportunity to increase the coordination of school district calendars.

Partially Agree

Each year the school districts in Nevada County attempt to increase coordination of calendars. However, this is a negotiated item and needs agreement with bargaining units to implement.

12. Standardization of school district calendars would result in cost savings and allow families to plan for school closures and vacations.

Partially Agree

Cost savings would only be realized for those districts sharing transportation. The impact on families would be for those families who have students attending more than one school district.

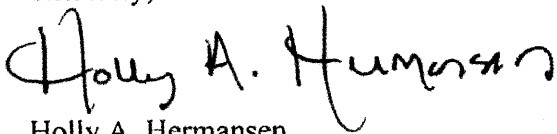
Recommendations:

8. The Nevada County Superintendent of Schools, the boards of trustees of all local elementary school districts in western Nevada County and the board of trustees of the Nevada Joint Union High School District actively pursue increased shared services in the following areas:
 - Maintenance, particularly a centralized, mobile service that can be rotated through each school site, including electrical, HVAC, plumbing and landscaping;
This recommendation has been partially implemented. The topic of shared maintenance has been discussed at the superintendents' council. Continued discussions will be held regarding possibilities in this area and implications for collective bargaining.
 - More centralization of curriculum experts;
This recommendation will not be implemented. Currently, only the county superintendent of schools employs a position specifically designated as a curriculum expert. This position provides countywide support and planning for math training, assistance in program improvement, staff development opportunities and other curriculum assistance. The position also provides coordination of regional curriculum activities. Information is shared at monthly superintendents' council meetings and at countywide principals meetings. Ideally, the county office would be able to increase the coordination and provision of curriculum support to districts, but it is not possible during this fiscal crisis.
 - More centralization of enrichment programs, including those in music and the arts;
This recommendation has been implemented. Currently the county superintendent of schools office provides countywide support in music through partnerships with the Music in the Mountains education program, InConcert Sierra and the Center for the Arts. The county office provides transportation for Nevada County students to many activities and coordinates the events. In addition, the county superintendent of schools office coordinates a county-wide art docent program including providing materials and training volunteers to provide art lessons in elementary classrooms. The county office is willing to consider other opportunities to coordinate countywide programs in these areas.

- Increased sharing and centralization of administrative services, including business and payroll services;
This recommendation has been partially implemented. The county office is currently providing some form of business services to three school districts. We will continue to explore ways to share services in these areas.
- Student transportation;
This recommendation has been implemented. There is currently a JPA with Durham Transportation Services with the four largest school districts. We will continue to explore ways to share services in this area, however the uncertainty of the transportation funding in the state budget makes it an inappropriate time to make any revisions or additions to current programs in place for student transportation.

The County Superintendent of Schools and the School Districts in western Nevada County are committed to continuously improving educational opportunities for students, pursuing efficiencies and being responsive to our communities as we continue through this economic crisis. The findings and recommendations in this report will be considered as we move forward.

Sincerely,



Holly A. Hermansen
Nevada County Superintendent of Schools

County Committee on School District Organization
112 Nevada City Highway Nevada City, CA 95959
• 478-6400 • fax: 478-6410 •

August 16, 2012

The Honorable Judge Tom Anderson
Presiding Judge of the Grand Jury
201 Church Street
Nevada City, CA 95959

Dear Judge Anderson,

This letter serves as the response from the Nevada County Committee on School District Organization (CCOSDO) to the June 5, 2012 Grand Jury Report on **Schools Efficiency**.

Findings:

1. The school age population of Western Nevada County is declining and will continue to decline for the foreseeable future.

Partially Agree

According to preliminary figures from the beginning of the 2012-13 school year, there have been some increases in enrollment noted in the lower grades. In addition, there is less decline than anticipated. However, the total school age population continues to decline.

2. Revenues received by school districts in western Nevada County are declining and will continue to decline for the foreseeable future.

Partially Agree

While there has been decline in revenues for the last five years, and we have no idea how long we will continue to face lower revenues, there have been cases in the past where financial situations have turned around.

3. The utilization of school facility capacity in western Nevada County is low and will continue to decline.

Partially Agree

While there might be some capacity in existing schools, there are currently no empty schools. In some instances, charter schools, which are public schools, have leased available space when previously they had leased non-school facilities.

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4. Larger school districts can devote proportionately more of their budgets to classroom instruction.

Partially Agree

This issue would require further study. However, in their report dated May 2011, the Legislative Analyst's Office concluded that while small districts (under 1,000 students of which we have 6 in Nevada County) tend to spend more on overhead costs, the differences are not large. However, very small districts (under 100 students, of which we have 1) tend to spend significantly larger portions of their budgets on overhead costs which results in less funding for classroom instruction.

5. Public elementary schools in western Nevada County need to increase their efficiency if the educational experience is to stabilize or improve.

Disagree

The educational experience provided to students in Nevada County is exceptional. The school districts in Nevada County are already demonstrating efficiency in many areas. It is in the nature of our schools/teachers/parents to consistently look for ways to improve.

6. School district consolidation can increase Revenue Limit income, decrease costs and enhance educational programs.

Partially Agree

The recent study provided to Nevada County schools by School Services of California concluded that in some cases there can be an increase in revenue limit when school districts consolidate, but this is not always the case. The determination of decreased costs can't be made until further studies are conducted. Other factors play into decisions to consolidate than simply funds alone. Both the State of California and Nevada County have demonstrated this by the significant number of consolidations throughout history. Individual districts should make the decisions about conducting further studies to look at expenses. In agreement with the Legislative Analyst's report, it should remain up to local constituencies to determine how to best structure their local school districts.

7. Due to geography and the number of inter-district transfers, UHSD is currently a de facto part of GVSD.

Disagree

It is true that geographically Union Hill sits in the middle of Grass Valley School District. However, Union Hill has its own educational history and unique school culture. Union Hill also provides a k-8 environment not provided by the GVSD. Union Hill obviously is doing something that attracts many parents who reside in Grass Valley. We do not believe that this adds up to the conclusion that UHSD is a de facto part of the Grass Valley School District.



Chicago Park School District
15725 Mt. Olive Road, Grass Valley, CA 95945
(530) 346-2153 Fax (530) 346-8559

Dan Zeisler Superintendent/Principal

August 17, 2012

The Honorable Judge Tom Anderson
Presiding Judge of the Grand Jury
201 Church Street
Nevada City, CA 95959

Dear Judge Anderson,

Please find attached, Chicago Park School District's Board of Trustees response to the June 5, 2012 Grand Jury Report on Schools Efficiency.

Respectfully submitted,

Dave Davis
President, Chicago Park School Board

Response to Grand Jury Recommendations

Chicago Park School District

2. The boards of trustees for all local elementary school districts in western Nevada County consult with the other local elementary school districts to identify opportunities for consolidation with a view to petitioning the County Superintendent of Schools pursuant to Education Code Section 35700.

The recommendation has been implemented.

In 2010, two members of the CPSD School Board attended a meeting held at the Nevada Union High School cafeteria which included board member representatives from all western Nevada County schools to learn about and discuss the advantages and disadvantages of consolidation. Four current school board members attended an informational meeting on February 17, 2011 conducted by School Services of California where an "Analysis of the Revenue Impact of School District Consolidations in Nevada County" study was shared. In the study (p. 11) it shows that if Grass Valley School and Union Hill School District were to consolidate, there would be an increase per ADA of 7.99% per student. However, if Chicago Park School consolidated with both of these Districts, the increase in ADA for all students would .09% less.

In addition, there would be increased costs in providing transportation to our rural campus. Chicago Park currently does not provide transportation. If consolidation occurs and CPS is no longer serves K-8 students, those that live within a five minute bike ride of our campus, may be put on a bus for up to 45 minutes one-way to get to and from school.

The CPSD Board of Trustees is knowledgeable of the benefits and disadvantages of consolidation and finds that the disadvantages far outweigh the advantages at this time.

4. The boards of trustees for all local elementary school districts in western Nevada County adopt and deliver to the County Committee on School District Organization, a resolution proposing consideration of consolidation of such district with one or more other districts in western Nevada County, pursuant to Education code Section 35721(c).

The recommendation will not be implemented at this time.

The only district bordering CPSD is Grass Valley School District. The CPSD Board of Trustees is not interested in preparing a resolution proposing the consideration of consolidation with the Grass Valley School District at this time.

8. The County Superintendent of Schools, the boards of trustees of all local elementary school districts in western Nevada County and the Board of Trustees of the Nevada Joint Union High School District actively pursue increased shared services in the following areas:

- Maintenance, particularly a centralized, mobile service that can be rotated through each school site, including electrical, HVAC, plumbing and landscaping – **CPS currently employs one part-time person to conduct all grounds keeping and general maintenance duties on campus. His knowledge of our site (electric panels, water and gas shut offs, irrigation valves, etc.) make it imperative for safety purposes, that we have someone familiar with our site here as much as possible while students are in attendance. We would readily consider consolidating specialized services such as HVAC, plumbing and electrical jobs beyond the scope of what our one person can manage.**
- More centralization of curriculum experts – **We are not really sure what you mean by this and request more information on what this configuration would look like. Our Superintendent does attend monthly Curriculum Leaders Council meetings which is a collaborative effort among all district superintendents and the County Schools Office to stay updated on cutting edge changes such as Common Core Standards.**

- More centralization of enrichment programs, including those in music and the arts – **We already share a music teacher with another district and subscribe to our local art docent curriculum. After school and summer enrichment programs are open to students from any district when space is available.**
- Increased sharing and centralization of administrative services, including business and payroll services – **CPSD has found that the most efficient way to handle our business needs is through a part-time individual who is housed on-site.**
- Student Transportation – **CPSD does not provide transportation to or from school, therefore there is no need to explore shared service options.**
- Other – **In addition, Chicago Park School also shares nursing services with Union Hill School.**

This recommendation has been partially implemented, and will continue to be whenever it benefits cost savings to the District.

9. All local elementary school districts in western Nevada County and the Nevada Joint Union High School District coordinate their school-year calendars for greater efficiency and publically report their conclusions.

The recommendation has been implemented.

For the past several years, CPSD has aligned their school-year calendar with the high school's in the following key areas:

- **First day of school**
- **Fall Break**
- **Winter Break**
- **President Day Holidays**
- **Spring Break**

CPSD will continue to align our calendar with the high school whenever possible.

August 14, 2012

To the Honorable Thomas Anderson, Presiding Judge of the Grand Jury:

We, the Board of Trustees of the Clear Creek Elementary School District, wish to express our appreciation for the efforts you have made examining the issue of school district consolidation in Nevada County. We agree that in times such as now, with the unprecedented pressures placed upon schools and their budgets, all angles should be explored in order to protect our students and their educational future. We also believe that great care must be taken so that in our endeavors, we don't apply a blanket solution that might turn out to be more harmful than beneficial. Therefore, in our exploration of the recommendations made by the Grand Jury, we have found some to be quite helpful, so much so that we have been in the process of implementing them for some time now. Others, we feel, while worth keeping in mind, might have the opposite effect and be detrimental to the students and district we have been elected to serve. Thank you for taking the time to consider our responses.

GRAND JURY REPORT

RECOMMENDATIONS:

2. The boards of trustees for all local elementary school districts in western Nevada County consult with the other local elementary school districts to identify opportunities for consolidation with a view to petitioning the County Superintendent of Schools pursuant to Education Code Section 35700

The recommendation has been implemented.

Nevada County School District boards meet last year with the purpose of reviewing consolidation. It was found to not be beneficial, educationally or financially, by the Clear Creek School Board at that time. Consultation with other schools will continue in the future as circumstances dictate.

4. The boards of trustees for all local elementary school districts in western Nevada County adopt and deliver to the County Committee on School District Organization, a resolution

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[Signature]

proposing consideration of consolidation of such district with one or more other districts in western Nevada County, pursuant to Education Code Section 35721(c).

The recommendation will not be implemented at the present time.

The Clear Creek School Board of Trustees feels this would not make sense for our district due to a number of factors. First, in contrast to most other districts in the county, we have seen a student increase of 68% since 2000. Second, we are one of the only districts in Nevada County to project a positive fund balance next school year even if the November education ballot fails. Third, 58% of our student population comes from other districts. We are a school district of choice for these students and their families. If we consolidated with our neighboring districts, it is highly unlikely these students would want to be part of a system they left. That would most likely result in them going to charter schools or home school situations. Either case is not going to help the traditional public schools in Nevada County. Fourth, the LAO report quoted in the Grand Jury Report states that a school district should not consider consolidation if it has a negative impact on the district (p. 7). Since our enrollment is up, our budget is sound, and we are a district of choice, combining with another district that does not meet that criteria, would only have a negative impact upon the students of our school district. If any or all of the above factors were to change, Clear Creek School would reconsider consolidation.

8. The County Superintendent of Schools, the board of trustees of all local elementary school districts in western Nevada County and the Board of Trustees of the Nevada Joint Union High School District actively pursue increased shared services in the following areas:

- Maintenance, particularly a centralized, mobile service that can be rotated through each school site, including electrical, HVAC, plumbing and landscaping;
- More centralization of curriculum experts;
- More centralization of enrichment programs, including those in music and the arts;
- Increased sharing and centralization of administration services, including business and payroll services;
- Student transportation.

This recommendation has been implemented.

For the past 21 years, Clear Creek School has looked to shared services to reduce overhead costs as long as there is not a negative impact on the student body. For instance, in the 2011-2012 school year we shared a music teacher with Chicago Park School District, a nurse and business services with the Nevada County Superintendent of Schools office, and a speech/language pathologist and psychologist with Auburn Union Elementary School District in Placer County. We will continue to look at all opportunities for shared services where they make educational and financial sense.

9. All local elementary school districts in western Nevada County and the Nevada Joint Union High School District coordinate their school-year calendars for greater efficiency and publicly report their conclusions.

This recommendation has been implemented.

We always try to coordinate our calendar with the high school district and neighboring school districts. Roadblocks in the past have included the varying school days due to furlough days in other districts and the prolonged negotiations at the high school district regarding the school calendar. We have every intention to continue our efforts to coordinate the school calendar with all districts in the future.

Thank you for providing Clear Creek School district another opportunity and perspective under which to examine potential consolidation.

Respectfully,

Clear Creek Elementary School District Board of Trustees



November 13, 2012

Honorable Judge Thomas Anderson
Presiding Judge of the Grand Jury
201 Church Street
Nevada City, CA 95959

Re: Re-submittal of Grass Valley School District's Response to the June 5, 2012 Report of the Nevada County Grand Jury on the subject of Schools Efficiency.

Dear Judge Anderson:

As directed by Keith Overbey, Foreperson of the 2012-2013 Nevada County Grand Jury, the Board of the Grass Valley School District hereby re-submits this formal response to the Grand Jury's Report on Schools Efficiency. The Board's September 5, 2012 response has been revised, consistent with the requirements of Penal Code section 933.05(b), that the Board provide the timeframe for implementation for each Grand Jury recommendation or an explanation why a recommendation will not be implemented.

Findings:

- 1. The school age population of western Nevada County is declining and will continue to decline for the foreseeable future.**

Partially agree

It is true that the school age population has been declining since 1994, but there are signs that kindergarten enrollments are beginning to increase. In 1994 Grass Valley School District's enrollment was 2,416 students. This year our district's enrollment is 1,697. Although this is a significant drop in enrollment over the last 18 years, there are some signs of hope. This year's enrollment is up by 20 students from last year and we currently have 15 more kindergarten students enrolled this year than we did at this time last year. The challenge with determining the impact of declining enrollment of school age children in the county is the number of students attending other districts on inter-district transfers and students attending charter schools, private schools and home school programs.

- 2. Revenues received by school districts in western Nevada County are declining and will continue to decline for the foreseeable future.**

Partially agree

We agree that State revenues have been declining since 2008, and districts that have been facing declining enrollment have experienced an additional reduction in revenues. Although the future outlook looks grim, even with the governor's tax initiative on the

ballot for November, we can't anticipate what the state budget will look like in the upcoming years. We also can't predict whether student enrollment will continue to decline, which has an impact on the amount of revenue a district receives. One of the biggest issues negatively effecting school districts at the present time is the impact on cash flow due to the state deferring payments to districts.

- 3. The utilization of school facility capacity in western Nevada County is low and will continue to decline.**

Partially Agree

Although we agree that most districts in the county have been declining in enrollment and have more capacity, with the reconfiguration of the Grass Valley School District programs last year, the district has experienced an overall increase in district enrollment and the current facilities are being used efficiently.

- 4. Larger school districts can devote proportionately more of their budgets to classroom instruction.**

Partially Agree

There are too many unique circumstances that impact a district that can influence the amount of funding that is dedicated to classroom instruction. If a large district that is experiencing declining enrollment is compared to a smaller district that is not experiencing declining enrollment or is experiencing increased enrollment, the smaller district would be able to dedicate more funding to classroom instruction. There are too many variables to consider to adequately respond to this finding any further.

- 5. Public elementary schools in western Nevada County need to increase their efficiency if the educational experience is to stabilize or improve.**

Partially Agree

The Grass Valley School District has made a concerted effort to examine its operational practices and school configurations to improve efficiency and maximize its educational delivery and have made substantial changes in achieving that goal. Although efficiency is a desirable outcome, it is not a guarantee for educational success.

- 6. School district consolidation can increase Revenue Limit income, decrease costs and enhance educational programs.**

Partially Agree

There are many factors and variables that determine whether consolidation would increase the Revenue Limit income, decrease costs and enhance educational programs. The consolidation of some school districts in our county could produce an increase in the Revenue Limit that would be worth considering, while other combinations would be minimal. (See the School Services of California 2011 Study" Analysis of the Revenue

Impact on School District Consolidations in Nevada County”). Even if a consolidation of some districts could generate an increase in the Revenue Limit, there are other funding factors that could have a negative impact, such as a reduction in state and federal categorical funds that are determined by student populations e.g., students that qualify for free and reduced lunch.

Whether costs could be decreased by consolidation, a more detailed analysis would have to be conducted. It stands to reason, that each school district’s governing board has the fiduciary responsibility to examine whether consolidation is a viable consideration for their school community.

- 7. Due to geography and the number of inter-district transfers, UHSD is currently a de-facto part of GVSD.**

Partially Agree

Geographically speaking, it makes total sense that the Union Hill School District should be part of the Grass Valley School District. The impact on families that live in the Grass Valley School District and must drive by Union Hill School to reach their school of residence in the Grass Valley School District places an illogical demand on families, and puts the Grass Valley School District in a very tenuous situation with parents who question this logic. It also prohibits the ability of the Grass Valley School District to create a neighborhood school environment in that area of the district. Geographically, if the Union Hill School District were part of the Grass Valley School District, it would provide the opportunity for the Grass Valley School District to establish a school closer to the families residing on the Hwy. 174 corridor.

As far as the impact of inter-district transfers, approximately 70% of the students who attend the Union Hill School District are attending on an interdistrict agreement, with the majority of those students coming from the Grass Valley School District. Of the 70% of the students on inter-district transfers, between 200-300 of those students, or nearly 60%, of the students on inter district contracts are from the Grass Valley School District.

Although Union Hill School District’s boundary lines are surrounded on each side by the Grass Valley School District, and geographically it makes sense for the Union Hill School District to be part of the Grass Valley School District, the Union Hill School District is its own distinct school district, with its own governing board, and there are many other factors that have to be considered besides the geographic location.

- 8. Due to geography, the number of inter-district transfers and the projected increase in revenue, a consolidation of GVSD and UHSD is logical and desirable.**

Partially Agree

Although we believe there would be many positive benefits to the consolidation of the Grass Valley School District and the Union Hill School District, further analysis needs to be conducted to determine the actual cost benefit and impact that consolidation would have on the two districts. The Grass Valley School District encourages the Union Hill

School District's governing board and its stakeholders to engage in examining the possible consolidation of the two districts.

9. **Most of the administrative staff in the RSUSD and the PVESD are working two jobs, which is unsustainable and detracts from the educational programs.**

No Response

Since the Grass Valley School District has no oversight over these two districts and does not know the specifics of each district's operations, we do not feel qualified to respond to this finding.

10. **The efficiency of local western Nevada County school districts can be increased by sharing or centralizing more services.**

Agree

Although there has been a concerted effort over the years to share and centralize services such as transportation, food services, staff development, and special education services, there is always room for increased efficiency.

11. **There is a major opportunity to increase the coordination of school district calendars.**

Agree

Because each school district determines its own calendar, it would stand to reason that by districts consolidating there would be less likelihood of conflicting calendars. Over the years, the Grass Valley School District has made the effort to align its calendar as closely with the Nevada Joint Union High School calendar as possible. Given the fact that the calendar must be negotiated with various employee groups as well as the need for each district to align its calendar with its specific strategic plans, it is not always feasible to align calendars.

12. **Standardization of school district calendars would result in cost savings and allow families to plan for school closures and vacations.**

Partially Agree

With a standardized calendar there would be a cost saving for districts that share transportation. Families that have children in both an elementary school district and the high school district would benefit from a standardized calendar. Families that have children attending only one district would not be impacted by a standardized calendar.

A standardized calendar would improve the opportunity of school districts to coordinate professional development opportunities, which could lead to better learning opportunities for staff and could reduce of the cost of professional development.

Recommendations:

- R 2. The boards of trustees for all local elementary school districts in western Nevada County consult with the other local elementary school districts to identify opportunities for consolidation with a view to petitioning the County Superintendent of Schools pursuant to Education Code Section 35700.**

This Recommendation has been partially implemented with respect to the Nevada City School District; however, implementation with regard to Union Hill School District and the other elementary districts is not currently reasonable.

During the 2010/11 school year, the Nevada County Superintendent of Schools contracted with School Services of California to complete an "Analysis of the Revenue Impact on School District Consolidations in Nevada County". Following the completion of this report a joint meeting of the school boards in western Nevada County was held at the Nevada City Council Chambers to review the study and discuss the findings.

The Grass Valley School District Governing Board directed the District's Superintendent to inquire with the other superintendents in the county to see if their boards were interested in having a conversation regarding consolidation.

At several monthly superintendent meetings, the District's Superintendent expressed his desire to meet with the other elementary school governing boards and has on numerous occasions made it clear that the District was open to having a discussion with any other school districts' governing boards in western Nevada County.

In response to these overtures, Nevada City School District's superintendent expressed interest in discussing consolidation. As a result, Grass Valley School District is currently working with Nevada City to identify consolidation opportunities. However, because the issues related to consolidation are numerous and complex, Grass Valley cannot assert with any reasonable certainty whether its discussions with Nevada City will result in an agreement to formally pursue consolidation, nor can Grass Valley provide a timeframe for implementing consolidation should both districts agree to move forward. In addition, because the Grass Valley School District is governed by an elected board of trustees accountable to the voters of the District, continued discussion with Nevada City is crucial for the Board to determine whether pursuing consolidation is in best interests of its District's students and families.

Aside from Nevada City, the other local elementary school districts in western Nevada County have not responded affirmatively to Grass Valley's good faith attempt to discuss consolidation, and Union Hill's superintendent specifically informed Grass Valley's Superintendent that Union Hill had no interest pursuing consolidation. Thus, consistent with Penal Code section 933.05(b)(4), implementation of Recommendation No. 2 with respect to the Union Hill School District and the other districts in Western Nevada County is not reasonable, based upon the fact that the recommendation requires the cooperation of each of these other districts. Other than Nevada City School District, none of the other school districts have expressed any interest in discussing consolidation

with Grass Valley and Grass Valley has no authority to require these other districts to consider consolidation.

- R.4. The boards of trustees for all local elementary school districts in western Nevada County adopt and deliver to the County Committee on School District Organization, a resolution proposing consideration of consolidation of such district with one or more other districts in western Nevada County, pursuant to Education Code Section 35721(c).**

This Recommendation cannot be implemented at this time

The Grass Valley School District is in the process of discussing consolidation with the Nevada City School District, and, in conjunction with the Nevada City School District, has invited the other districts in western Nevada County to participate.

As stated in the District's response to Recommendation No. 2, other than Nevada City, none of the other elementary districts have been willing to discuss consolidation. In addition, it is important to note that while Grass Valley and Nevada City are working together to explore consolidation, the issues are numerous and complex. As a result, Grass Valley cannot assert with any reasonable certainty whether its discussions with Nevada City will result in the presentation of a resolution for consolidation to the County Committee on School District Organization, nor can Grass Valley provide a timeframe for the adoption of a resolution for consolidation should Nevada City agree to move forward. Since the Grass Valley School District is governed by an elected board of trustees accountable to the voters of the District, continued discussion with Nevada City is crucial for the Board to determine whether pursuing consolidation is in best interests of its District's students and families.

Therefore, pursuant to Penal Code section 933.05(b)(4), the District responds that Recommendation No. 4 will not be implemented, based upon the fact that the recommendation requires the cooperation of all the elementary school districts in western Nevada County, and other than Nevada City, none of the districts have agreed to discuss consolidation, much less present a resolution for consolidation to the County Committee on School District Organization.

- R.6. The Boards of Trustees of the Grass Valley School District and the Union Hill School District begin, or continue, discussions regarding the consolidation of the two districts.**

The Grass Valley School District has made good faith efforts to implement this recommendation, but without the cooperation of Union Hill implementation of this recommendation is not reasonable.

As set forth in the District's responses to Recommendation Nos. 2 and 4, Grass Valley School District has openly offered to meet with the other school districts in western Nevada County, and has specifically invited the superintendent and governing board members of the Union Hill School District to discuss the benefits of consolidation. Grass Valley's efforts in this regard began in early 2011 after attending a meeting sponsored by

the Nevada County Superintendent of Schools and the Nevada County School Boards Association on the "Analysis of the Revenue Impact on School District Consolidation" report conducted by School Services of California, in 2011.

As part of this outreach effort, the Union Hill School District's governing board and superintendent attended the August 28, 2012, consolidation discussion between the Grass Valley School District and the Nevada City School District. Although the Union Hill School District governing board chose to not officially participate in the discussion, they did attend the meeting. During this meeting the Grass Valley School District Governing Board continued to encourage the Union Hill School District to participate in the process.

However, after the August 28, 2012 meeting, Grass Valley School District's Superintendent received an email from Union Hill's superintendent stating that Union Hill was not interested in even discussing consolidation.

Therefore, pursuant to Penal Code section 933.05(b)(4), the District is unable to implement Recommendation No. 6, because implementation is not reasonable in the absence of any interest or cooperation on the part of the Union Hill School District.

R.8. The County Superintendent of Schools, the boards of trustees of all local elementary school districts in western Nevada County and the Board of Trustees of the Nevada Joint Union High School District actively pursue increased shared services in the following areas:

- Maintenance, particularly a centralized, mobile service that can be rotated through each school site, including electrical, HVAC, plumbing and landscaping;
- More centralization of curriculum experts;
- More centralization of enrichment programs, including those in music and the arts;
- Increased sharing and centralization of administrative services, including business and payroll services;
- Student transportation.

This Recommendation has been partially implemented, and Grass Valley is committed to continuing its discussions with all western Nevada County school districts on sharing services where feasible.

The superintendents of each school district meet monthly for the Superintendents' Council meeting, hosted by the Nevada County Superintendent of Schools. During these meetings the superintendents frequently strategize with one another regarding ways to share services.

Maintenance, particularly centralized, mobile services: This is an area that the Grass Valley School District is willing to have further discussion. However, it is a very complicated issue, as most of the employees that provide these services in the various districts are represented by the California School Employees Association (CSEA) and each district has its own specific collective bargaining agreement that defines the terms and conditions of employment for the classified employees serving in maintenance and grounds classifications.

Centralized curriculum experts: The Nevada County Superintendent of Schools employs an assistant superintendent, who serves in the capacity of a countywide curriculum expert. This position provides countywide support and planning for math training, assistance in Program Improvement (PI), and other professional development and curriculum support.

As part of the current discussions being held between the Grass Valley School District and the Nevada City School District regarding consolidation, one of the positives of consolidating would be the possibility of creating a position to coordinate curriculum and professional development for a combined district, thus enhancing the opportunities for students and staff.

Centralized enrichment programs: The Nevada County Superintendent of Schools provides countywide support in music through partnerships with the Music in the Mountains education program, In Concert Sierra, and Center for the Arts. The County Superintendent of Schools office also coordinates a county-wide art docent program which includes providing materials and training to volunteers who are deployed to give art lessons in elementary classrooms.

As part of the current discussions being held between the Grass Valley School District and the Nevada City School District regarding consolidation, an additional benefit of consolidating would be the possibility of offering a richer elective program for students in both of these districts.

Increased sharing and centralization of administrative services: The Nevada County Superintendent of Schools is currently providing various forms of services for three school districts. Because of the unique nature of each school district's operation it is very challenging to share services. The most efficient method of centralizing administrative services is through consolidation or unification of districts.

Transportation: For many decades, the Grass Valley School District, Nevada Joint Union High School District, Pleasant Ridge School District, and the Nevada City School District have been parties to a Joint Powers Agreement (JPA) for transportation and have contracted with Durham Transportation for home to school transportation services. In addition, Durham provides coordinated transportation services for western Nevada County special education students who are part of the Nevada County Special Education Program. These cooperative efforts between the school districts in western Nevada County have resulted in cost savings for these districts.

Food Services: For many decades, the Grass Valley School District has provided food services for the majority of the school districts in western Nevada County. Currently, the Grass Valley School District's Central Kitchen is providing food services for nine districts in western Nevada County.

The foregoing demonstrates that the school districts of western Nevada County have made considerable efforts to share services. However, while this recommendation has been partially implemented, and while Grass Valley School District has every intention to

continue to explore additional ways to share services, Recommendation No. 8 cannot be fully implemented in that it requires the cooperation of all of the local school districts, each of which has its own unique needs and contractual obligations with exclusive bargaining representatives such as CSEA and/or pursuant to the Transportation JPA.

R.9. All local elementary school districts in western Nevada County and the Nevada Joint Union High School District coordinate their school-year calendars for greater efficiency and publicly report their conclusions.

This Recommendation has been partially implemented.

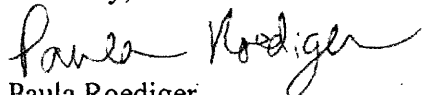
As stated in response to Findings Nos. 11 and 12, the Grass Valley School District has made an effort to coordinate its school year calendar with Nevada Joint Union High School District, but due to the requirements in collective bargaining agreements applicable to both certificated and classified employees in each district, as well as the specific individual interests of each district, it is not always possible to totally align the calendars. The Grass Valley School District distributes copies of its approved calendar to all stakeholders and publishes the calendar on the District's website.

Therefore, pursuant to Penal Code section 933.05(b)(4), the District responds that it is not reasonable to fully implement Recommendation No. 9 based upon the fact that it not only requires the cooperation of all the school districts in western Nevada County, but also agreement with the unions representing certificated and classified employees in each district.

The Board of Trustees of the Grass Valley School District appreciates the time and dedication of the Grand Jury members in providing the District with its report and recommendations. The Board will implement the Grand Jury's recommendations to the extent and in the manner set forth above.

If you have any questions, please do not hesitate to contact me. Thank you.

Sincerely,



Paula Roediger
President, Governing Board

Nevada City School District

To: Grand Jury, County of Nevada

Attention: Honorable Judge Tom Anderson
Robert T. Coats, Grand Jury Foreperson

From: Roxanne Gilpatric, Superintendent

Date: **October 2, 2012**

Re: Response to School Efficiency letter dated June 5, 2012

Thank you your interest in gathering facts and responses from school districts in western Nevada County concerning school efficiency. I will use reorganization and/or consolidation in place of efficiency. I appreciate the opportunity to respond to your findings and recommendations. I would like you to know that the NCS D met with the GVSD in a publicized and public board meeting on June 19, 2012. The two districts plan to continue conversations around district reorganization/consolidation at a second public meeting on August 28, 2012. Please note that my responses to your findings and recommendations are from the lens of the Nevada City School District.

To make the responses easier to read, I first placed the statements from the Grand Jury in *italicized bold font* and directly underneath the Nevada City School District's responses in regular font.

Findings

F.1.1 The school age population of western Nevada County is declining and will continue to decline for the foreseeable future.

Agree. The Nevada City School District has been in declining enrollment since 1993/94.

F.1.2 Revenues received by school districts in western Nevada County are declining and will continue to decline for the foreseeable future.

Partially Agree. My response is for the Nevada City School District only. Our revenues are declining due to:

- Lower property taxes (local revenue)
- Less Federal and State categorical funds received

F.1.3 The utilization of school facility capacity in western Nevada County is low and will continue to decline.

Partially agree. The Nevada City School District is utilizing all of its facilities by:

- Educating our students
- Educating students who attend our district on Interdistrict Attendance Agreements
- Increasing the enrollment of both Seven Hills and Deer Creek school through school closure
- Leasing of Nevada City Elementary School; Gold Run School; and 215 Washington Street

Nevada City School District

F.1.4 Larger school districts can devote proportionately more of their budgets to classroom instruction.

Disagree: The State of California has approximately 1,700 Local Education Agencies (LEA/districts) each district set their goals and determines their budget priorities based upon their student population therefore disagree with your statement.

F.1.5 Public elementary schools in western Nevada County need to increase their efficiency if the educational experience is to stabilize or improve.

Disagree. The Nevada City School District continues to provide an outstanding education balanced with enrichment and health; after school activities; before and after school child care; preschool; community service via the Bicycle Recycle Shop.

F.1.6 School district consolidation can increase Revenue Limit income, decrease costs and enhance educational programs.

Disagree: Requires further study of:

- Adequate number of pupils
- Equitable division of property/facilities
- Substantial increases in State costs
- State school facilities costs
- Effect on fiscal status and management
- Community identity
- Discrimination/serration issues
- Soundness of the educational program
- Effect on property values

F.1.7 Due to geography and the number of inter-district transfers, UHSD is currently a de facto part of GVSD.

Partially agree. For the 2011/12 school year, NCSD approved 85 Interdistrict Attendance Agreements for students to attend Union Hill.

F.1.8 Due to geography, the number of inter-district transfers and the projected increase in revenue, a consolidation of GVSD and UHSD is logical and desirable.

Disagree: It is not warranted or is not reasonable for the Nevada City School District to expend resources on a consolidation between Grass Valley School District and Union Hill School District.

F.1.9 Most of the administrative staff in the RSUSD and the PVESD are working two jobs, which is unsustainable and detracts from the educational programs.

Disagree: Knowledge of only two administrators that work in both the RSUSD and the PVESD. They are the Superintendent and the Business Manager.

F.1.10 The efficiency of local western Nevada County school districts can be increased by sharing or centralizing more services.

Partially agree. Currently, the NCSD shares the following services:

- Transportation
- Central Kitchen

Nevada City School District

- NCSOS
- SELPA
- NCSO students feed into the NJUSD
- School nurse shared with Union Hill and the county sponsored charters
- Our Coordinator of Students Services has oversight our NCSO Special Education students at Milhous
- Regionalized special education services

Recommendations

R. 2. The boards of trustees for all local elementary school districts in western Nevada County consult with the other local elementary school districts to identify opportunities for consolidation with a view to petitioning the County Superintendent of Schools pursuant to Education Code 35700

>The recommendation has been implemented. Please see below.

February 17, 2011: The Nevada County Superintendents of Schools commissioned School Services of California to complete an "Analysis of the Revenue Impact of School District Consolidations in Nevada County". On February 17, 2012 a joint meeting of the Nevada County school district governing boards was held at the Nevada City Council Chambers for a presentation and discussion of the findings.

Addendum A - Analysis of the Revenue Impact of School District Consolidations in Nevada County

June 6, 2011: Superintendent Gilpatric sent a letter to the chair of the county committee requesting that the county committee issue a Request for Proposal to address school organization, unification, and/or consolidation.

Addendum B – Letter from Superintendent Gilpatric to county committee chairperson

June 18, 2012: Paula Campbell, NCSO board president sent out an email to all governing board presidents of Nevada County School Districts.

Addendum C – Email from Paula Campbell, NCSO board president along with two agendas; one from NCSO and one from Grass Valley School District

June 19, 2012: NCSO and Grass Valley School districts held a public meeting to discuss consolidation. All school districts within Nevada County were notified and extended an invitation to attend. The meeting was held at NCSO.

Addendum D – Minutes from the June 19, 2012 meeting

Additionally, the Nevada County School boards meet annually with the purpose improving education and services to students. One topic is the review of consolidation.

Nevada City School District

R. 4. The board of trustees for all local elementary school districts in western Nevada County adopt and deliver to the County Committee on School District Organization, a resolution proposing consideration of consolidation of such district with one of more other districts in western Nevada County, pursuant to Education Code Section 35721

>The recommendation will not be implemented at the present time. NCSd governing board continues to hold public meetings with GVSD governing board to consider consolidation. The NCSd governing board and has invited every Local Education Agency (district) to come to the meetings and or join in the process.

Education Code Section 35721 – Public hearing following receipt of petition; grant or denial of petition

Creating a resolution would be premature as the actions needed to happen described in Education Ed Code 35720 and Ed Code 35720.5 have not taken place.

R. 8. The County Superintendent of Schools, the boards of trustees of all local elementary school districts in western Nevada County and the Board of Trustees of the Nevada Joint Union High School District actively pursue increased shared services areas:

>The recommendation has been implemented. Please see below.

- ***Maintenance, particularly a centralized , mobile service that can be rotated to each school site, including electrical, HVAC, plumbing and landscaping;***
- Maintenance and custodial services are classified positions that are protected by the labor (bargaining) group, Classified Employee Services Association (CSEA #390)
- At times there is a need to contract out for electrical, HVAC, plumbing and landscaping, the district requests bids from outside vendors
- ***More centralization of curriculum experts;***
- NCSd participates in the Special Education Local Planning Area (SELPA) Consortium which includes all the school districts and charter schools within Nevada County
- ***More centralization of enrichment programs, including those in music and the arts;***
- Our after school enrichment programs are self-supporting as they are fee based. Classroom teachers K – 6 provide music and art (dance; music; drama; and visual art) at grades seven and eight, music is provided by a .40% FTE certificated teacher
- ***Increased sharing and centralization of administrative services, including business and payroll services;***
- NCSd contracts with the NCSOS office to provide payroll services and business services
- ***Student transportation***
- NCSd is part of the Joint Powers Agreement with Durham Transportation. The Joint Powers Agreement is between NCSd, NJUSD, Grass Valley, and Pleasant Ridge school districts

Nevada City School District

The Nevada City School District will continue to share services to reduce overhead cost as long as there is not a negative impact on our students, families, and school district.

R. 9. All local elementary school districts in western Nevada County and the Nevada Joint Union High School District coordinate their school-year calendars for greater efficiency and publicly report their conclusions.

>The recommendation has been implemented. Please see below.

Each year the school districts in Nevada County every attempt to increase coordination of calendars. However, this is a negotiated item and needs agreement with bargaining units to implement. I understand that this is a concern in our school community. I will participate in any discussions on this issue with my superintendent colleagues and encourage discussions with the teachers' labor unions, as well.

June 6, 2012: Received an email from NJUSD Superintendent that contained an attachment of their 2012/13 negotiated and adopted academic calendar

Addendum E – 2012/13 NCSD negotiated and adopted academic calendar

Addendum F - 2012/13 NJUSD negotiated and adopted academic calendar

Addendum A

Analysis of the Revenue Impact of School District Consolidation In Nevada County

Analysis of the Revenue Impact of School District Consolidations In Nevada County

FEBRUARY 17, 2011

Prepared By:

ROBERT D. MIYASHIRO
VICE PRESIDENT

LEWIS W. WILEY, JR.
DIRECTOR, MANAGEMENT CONSULTING SERVICES

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SCHOOL SERVICES OF CALIFORNIA, INC.

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Executive Summary

Nevada County (County) is located in the foothills of the Sierra Nevada Mountains, about 60 miles northeast of Sacramento. The County's territory includes its western border, which touches Yuba County, and its eastern boundary, which reaches to Washoe County in Nevada. The County stretches across 974 square miles of foothills, valleys, and mountain peaks. It shares its northern border with Sierra County and its southern border with Placer County. The Nevada County Superintendent of Schools (NCSOS) provides support to the ten school districts throughout this region, which serve approximately 12,400 students.

Nevada County School Districts

Chicago Park School District	Pleasant Ridge Union School District
Clear Creek School District	Pleasant Valley School District
Grass Valley School District	Ready Springs Union School District
Nevada City School District	Twin Ridges School District
Nevada Joint Union High School District	Union Hill School District

The NCSOS provides instructional programs, including charter school, community day school, child development, special education, foster youth, independent living programs, and Indian education programs. In addition, the NCSOS serves districts with the following:

- ✦ Curriculum and Instructional leadership, including staff development, special activity coordination, and technology training and support
- ✦ Fiscal oversight and business services, including payroll, accounting and budget, purchasing, risk management, and facilities
- ✦ Technology services and support
- ✦ Human Resources, including credentialing services and other support

Recognizing the need to explore options to promote greater efficiencies in school district operations and to bring additional state aid into the region, the NCSOS contracted with School Services of California, Inc. (SSC) to analyze various options to consolidate the school districts within the County.

The analysis was designed to examine numerous district consolidations and unifications options and determine the additional state funding that would be provided under each combination of districts. Under current law, the state provides additional, ongoing revenue limit aid to newly reorganized school districts in recognition of the differences in personnel costs that usually exist among the districts included in a reorganization. The analysis is not intended to identify a

specific consolidation proposal, but rather to present the revenue impacts of many potential configurations.

The SSC analysis evaluated 22 separate district configurations, ranging from consolidations involving all nine elementary districts to consolidations that encompass all nine elementary school districts and the high school district. Furthermore, the analysis included several configurations in which specific school sites were transferred to neighboring districts.

This analysis identifies (1) the size of the new district, as measured by average daily attendance (ADA), (2) the “blended” or cost neutral revenue limit, after adjusting for the statewide deficit factor, (3) the increase in state aid (total annual funding, per ADA increase and percent change), and (4) the new revenue limit, after adjusting for the increase in state aid.

Some of the key findings are as follows:

- ✦ The five district unification options considered yielded revenue increases ranging from 7.12% to 10% (the statutory limit)
- ✦ Consolidating all nine elementary districts would result in a single elementary district of just under 6,100 ADA, but essentially no higher level of revenue limit funding than is currently provided for the nine individual districts
- ✦ Consolidating Grass Valley, Chicago Park and Union Hill would result in a single elementary district serving approximately 2,470 ADA and yield a 7.9% increase in revenue limit funding, or slightly more than \$920,000
- ✦ Consolidating the four districts in the western region of the County—Clear Creek, Pleasant Valley, Pleasant Ridge, and Ready Springs—would result in a single elementary district serving approximately 2,430 ADA and result in an increase in revenue limit funding of just more than \$820,000, or a 7.12% increase
- ✦ Consolidating the two eastern elementary districts—Twin Ridges and Nevada City—would encompass the largest geographic area and serve just under 1,200 ADA, but would yield a small increase in funding of approximately \$85,200, or a 1.49% gain

The figures in the Analysis and Findings Section summarize all of the computations for each of the 22 school district combinations.

It is important to note that, while the state provides additional, ongoing revenue limit income to facilitate school district consolidations in recognition of the likelihood that there will be disparities in compensation levels among the staff of the different districts, state law does not require that these funds be used solely for salary and benefit adjustments. Thus, local priorities will determine how these funds should be allocated.

Also, it is important to point out that this analysis did not examine the actual differences in salary and benefit costs should staff be moved to the highest compensation schedule among the districts involved in the consolidation or unification. The state provides additional funding based on differences in average compensation expenditures, but the actual expenditures following a district consolidation may be either higher or lower than the funding provided by the state, depending upon the distribution of staff on the schedule (i.e., the specific placement of staff on the schedule based on years of service and educational levels). This would be a subsequent step in the evaluation of district reorganization options within the County.

Similarly, a more thorough review of other expenditure-related impacts should be completed before any final decision on district consolidation is made. This review could include an examination of opportunities for greater administrative efficiencies, reduction or reassignment of facilities currently serving administrative functions, transportation costs, maintenance and operations savings, and other district expenditures.

The review should also examine the impact of district consolidation on the resulting educational program. A consolidation may present opportunities to expand successful programs to serve more students and to assign staff to school sites that best meet their professional strengths.

Proposed district consolidations or unifications should also recognize the impact any changes might have on the broader community. State law recognizes "community identity" as an important factor in evaluating reorganization proposals, and any effort to reorganize districts within the County should take this into consideration, as well.

In summary, this analysis identifies numerous district combinations that could be viable candidates for reorganization within the County on the basis of new revenue generation. Some combinations provide considerably more revenue than others and this analysis may assist educational leaders in the County to narrow the options to be considered. In the end, however, there will be many other factors that should influence any decision on district reorganization, with the revenue impacts being just one.

State Board of Education's Ten Reorganization Criteria

In addition to fiscal considerations, district reorganizations must also focus on the educational program, the integration of communities, facility requirements, and other considerations. State law assigns the responsibility for ensuring that the broad interests of the community are met to the local school boards, the county committee on district organization, the county superintendent of schools, and other local agencies. In addition, the State Board of Education (SBE) provides a crucial oversight role, reviewing the proposed reorganization against ten reorganization criteria specified by the Legislature [Education Code Section (E.C.) 35753(a)].

The SBE is authorized to approve a proposed reorganization, provided that the SBE finds that the proposal “substantially” meets the ten specified criteria. The board has broad discretion in determining whether each criterion is met. (Note: There are nine specified criteria, with the tenth being any other criterion deemed important and adopted by regulation by the board.)

The following are the SBE's ten reorganization criteria:

1. *Adequate District Size.* The reorganized districts will be adequate in terms of number of pupils enrolled.
2. *Community Identity.* The districts are each organized on the basis of a substantial community identity.
3. *Division of Property.* The proposal will result in an equitable division of property and facilities of the original district or districts.
4. *Racial or Ethnic Discrimination or Segregation.* The reorganization of the districts will preserve each affected district's ability to educate students in an integrated environment and will not promote racial or ethnic discrimination or segregation.
5. *State Costs.* Any increase in costs to the state as a result of the proposed reorganization will be insignificant and otherwise incidental to the reorganization.
6. *Educational Program.* The proposed reorganization will continue to promote sound education performance and will not significantly disrupt the educational programs in the districts affected by the proposed reorganization.
7. *School Facilities.* Any increase in school facilities costs, as a result of the proposed reorganization, will be insignificant and otherwise incidental to the reorganization.
8. *Property Values.* The proposed reorganization is primarily designed for purposes other than to significantly increase property values.

9. *Fiscal Management.* The proposed reorganization will continue to promote sound fiscal management and not cause a substantial negative effect on the fiscal status of the proposed district or any existing district affected by the proposed reorganization.

10. *SBE's Criteria.* Any other criteria that the SBE may, by regulation, prescribe.

State law recognizes that not all of the criteria may be applicable to the proposed reorganization or that the criteria may be met as a practical matter. In addition, local circumstances prevailing at the time of the proposed reorganization may result in "an exceptional situation sufficient to justify approval of the proposals" by the SBE [(E.C. 35753(b)]. Therefore, a reorganization proposal may ultimately secure approval of the SBE even if it does not meet threshold of the literal requirements of E.C. 35753(a).

Introduction and Background

Financial Incentives to Promote District Consolidation

Since the 1950s, state policy makers have encouraged school district unification and consolidation, providing varying levels of increased state aid to facilitate these efforts. In 1950, state law provided five years of increased state funding for local transportation costs that stemmed from unification, including the cost of busses. Per pupil funding levels were also increased on a temporary basis to cover operational costs. As a result, between 1935 and 1994, the number of school districts in California decreased from 3,500 to 1,000.

With the pace of school district consolidations slowing, the Legislature in 1994 enacted Senate Bill (SB) 1537 (Chapter 1186, Statutes of 1994), which established the specific procedures for determining a newly reorganized district's blended revenue limit and its revenue limit adjustment (Appendix A and B). While the blended revenue limit is simply the weighted-average (as determined by ADA) revenue limit of the districts involved in the reorganization, the revenue limit adjustment is an increase to the blended revenue limit. Specifically, the revenue limit adjustment is computed based on the differences in average salaries and benefits for certificated and classified staff of the districts included in the reorganization, again weighted by the ADA of their district employer. The SB 1537 adjustment, unlike the transportation and operations adjustments adopted in the 1950s, is a permanent increase to the blended revenue limit.

Since the enactment of SB 1537, the number of school districts has continued to fall as elementary and high school districts join together to form unified districts and small elementary districts combine to form single larger elementary districts. Currently, there are 334 unified districts statewide, an increase of 29 districts since the enactment of SB 1537. During this same period, the number of high school districts has fallen from 106 to 83 and the number of elementary districts has fallen from 590 to 547. In total there are 963 school districts statewide.

Declining State Support for K-12 Education

In recent years, state support of K-12 public education has been cut back severely as a result of the recession's effect on state General Fund tax collections. Prior to the onset of the recession, which began in December 2008, General Fund revenues in 2007-08 totaled \$101 billion. For 2010-11, General Fund revenues, which include higher receipts due to temporary tax increases, are forecast to be \$90 billion, an 11% drop from the level just three years ago.

Similarly, state support for K-12 education has declined at an unprecedented rate over the same period. For example, in 2007-08 the statewide average funded revenue limit for unified districts was \$5,821 per ADA compared to \$5,239 per ADA in 2010-11, a drop of 10%, or \$582 per ADA.

The prospects for 2011-12 offer little hope for improvement. According to the Governor's Budget Proposal, revenue limit funding would drop \$19 per ADA in 2011-12, provided voters approve a five-year extension of temporary taxes that are set to expire in 2010-11. If the voters reject the extension of the temporary taxes, K-12 education funding under Proposition 98 would drop \$2 billion and school districts could face an additional \$330 per ADA reduction, if funding is cut to the minimum Proposition 98 guarantee level.

Because the broader state and national economies have shown little improvement, with the state unemployment rate hovering at 12.5% as of January 2011, the forecast is for weak revenue growth for the next several years. Consequently, school districts must plan for little, if any, new revenues from the state, even though local expenditures for employee compensation, benefits, materials and supplies, utilities, and other operational costs will continue to rise.

In this environment, a well designed district reorganization plan may be one of the few options available to local educational agencies (LEAs) to secure additional, ongoing revenues to support educational programs. In addition, consolidations offer opportunities to secure greater operational efficiencies, as some administrative activities may be shared or consolidated and duplicative functions eliminated. Taken together, the new revenues provided by the state and the operational savings that follow from economies of scale may provide the opportunity to maintain educational programs that might otherwise have to be eliminated due to budget cuts or to expand effective programs to serve more students.

Nevada County Superintendent of Schools Study

It is in this context that the NCSOS requested SSC to analyze various configurations of school district consolidations and unifications within the County. Unlike prior studies conducted by SSC, which focused on a previously defined consolidation or unification proposal, this study sought to examine many different district configurations.

This study examines 22 specific school district consolidation or unification arrangements within the County. The new hypothetical arrangements were not constrained other than that the districts had to be contiguous. The study examined (1) logical elementary combinations, (2) unification options, and (3) geographic arrangements.

The table below shows the three-letter symbol used to represent each school district in the analysis that follows.

Figure 1: Nevada County School Districts

District	Symbol
Chicago Park School District	CHP
Clear Creek School District	CLC
Grass Valley School District	GRV
Nevada City School District	NVC
Nevada Joint Union High School District	NJU
Pleasant Ridge Union School District	PLR
Pleasant Valley School District	PLV
Ready Springs Union School District	RDS
Twin Ridges School District	TWR
Union Hill School District	UNH

To perform the analysis, we relied on data provided by NCSOS, including information for each school district regarding ADA, base revenue limits, salary and benefit costs for certificated employees, salary and benefit costs for classified employees, and the number of employees in each group. Figure 2 displays the baseline data provided by NCSOS.

Figure 2: Baseline School District Data for Fiscal Year 2009-10

District	Symbol	ADA	Funded Base Revenue Limit	Certificated Employees		Classified Employees	
				Total Salary & Benefits	FTE	Total Salary & Benefits	FTE
Chicago Park	CHP	136.88	\$4,727.63	\$627,474	8.00	\$238,696	5.20
Clear Creek	CLC	149.23	\$4,808.54	\$629,166	8.40	\$281,331	6.00
Grass Valley	GRV	1,612.48	\$4,745.75	\$6,832,789	86.45	\$2,755,123	70.20
Nevada City (BA)	NVC	1,094.40	\$4,731.51	\$5,552,936	66.00	\$1,819,491	47.00
Pleasant Ridge	PLR	1,512.39	\$4,725.11	\$7,994,828	87.30	\$1,911,976	38.40
Pleasant Valley	PLV	507.50	\$4,808.18	\$2,450,780	29.60	\$911,226	15.90
Ready Springs (BA)	RDS	257.03	\$4,733.30	\$954,742	13.50	\$346,985	9.40
Twin Ridges (BA)	TWR	93.83	\$5,930.32	\$629,934	8.50	\$530,806	11.00
Union Hill	UNH	717.49	\$4,723.93	\$3,061,777	37.00	\$803,031	17.00
Nevada Joint Union High School District	NJU	3,492.64	\$5,746.21	\$19,000,135	189.40	\$6,234,044	115.80

Under current law, a newly reorganized district's revenue limit is based on the revenue limits of the districts included in the reorganization. Because the reorganization effort can take several years from initial planning to implementation, the revenue impact must be estimated from current data. Figure 2 summarizes the key data elements used to estimate the revenue impacts of the various consolidation options developed in this study.

The reorganization statutes specify that the data used to compute the new district's revenue limit shall be based on data two prior years from the effective date of implementation (E.C. 35735[a]). Therefore, the baseline data in Figure 2 would be applicable for a district reorganization that would become effective in 2011-12. Similarly, a 2012-13 implementation would rely on data from 2010-11. The baseline computations are then adjusted for statewide policy changes during the intervening years, including cost-of-living adjustments (COLAs), revenue limit deficits, and equalization aid (if provided).

Figure 2 shows that in 2009-10, the ten school districts in the County range in size from Nevada Joint Union High School District at 3,492 ADA to Twin Ridges School District at 93 ADA.



Figure 3: Nevada County School Districts

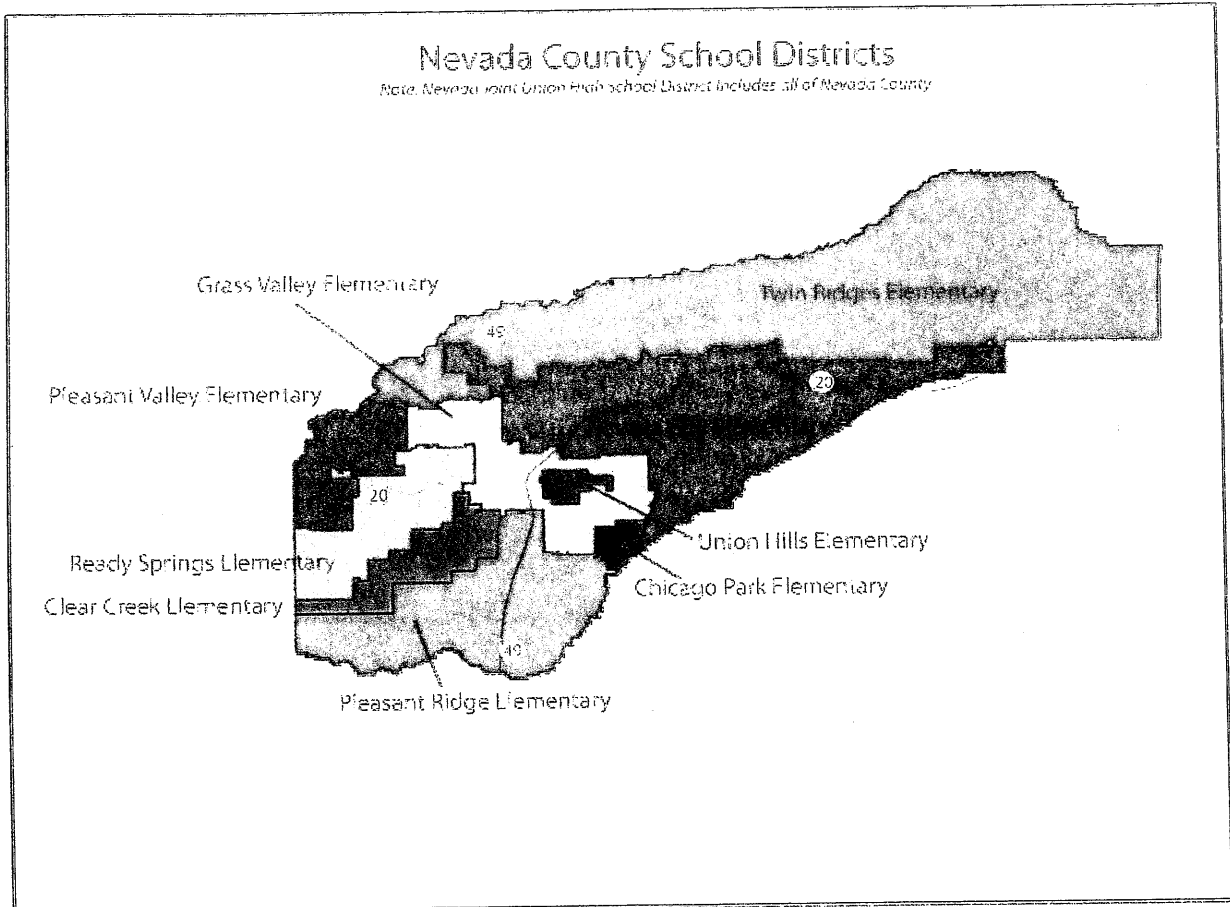


Figure 2 also displays the funded base revenue limits for the districts in 2009-10. It is important to note that in recent years state support for K-12 education has actually declined on a per ADA basis, as revenue shortfalls have forced reductions in all state programs. For K-12 school districts, commencing in 2008-09, deficits have again been imposed on revenue limits. In that year, the Legislature imposed a deficit factor of 7.844%. For 2009-10, the deficit factor was increased to 18.355%, resulting in the cumulative loss of COLAs for both years (5.66% for 2008-09 and 4.25% for 2009-10) and real cuts to the revenue limit for both years, as well (2.315% in 2008-09 and 7.936% for 2009-10). The Governor has continued the 17.963% deficit factor into 2010-11 and proposes a deficit factor of 19.608% for 2011-12.

Finally, Figure 2 displays the total salary and benefit expenditures for both certificated and classified full-time equivalents (FTEs). These expenditures and position totals correspond roughly with the size of the district as measured by ADA.

Analysis and Findings

This section presents the revenue impacts of consolidating various school districts within the County. The analysis follows current law provisions governing the recalculation of the revenue limit, utilizing data provided by NCSOS for 2009-10. In total the revenue impacts for 22 district combinations were computed.

The district combinations are presented in three tables: (1) logical elementary combinations, (2) unification options, and (3) geographic arrangements.

Each of the three figures display the following characteristics associated with the consolidation of districts in the County:

- ✦ The ADA of the new district
- ✦ The blended base revenue limit
- ✦ The increase in state funding (total increase, per ADA increase and percent change)
- ✦ The resulting new base revenue limit

ADA of New District—The ADA of the new district is the sum of the 2009-10 Second Principal Apportionment (P-2) ADA for each district in the consolidation.

Blended Base Revenue Limit—The blended base revenue limit is a function of the base revenue limits of all districts in the consolidation. The base revenue limits are weighted by ADA to ensure that there is no financial advantage due to a member of the consolidation possessing a high base revenue limit. Please note that the blended base revenue limit has been adjusted to reflect the 18.355% deficit factor imposed in 2009-10. In other words, these figures represent the funding level that would have been received by the proposed districts, after taking into account the cut in K-12 general apportionment aid imposed by the Legislature.

State Funded Increase to Level-Up Salaries—To address the salary and benefit cost difference among the districts in the consolidation, current law specifically provides an extra increment of funding in order to facilitate the combinations of staff onto a single salary schedule. This adjustment is based on average compensation levels for certificated and classified personnel and weighted on the basis of the ADA of the districts involved in the consolidations. (Note: Current law does not require that these additional funds be used solely for salary and benefit cost adjustments.)

New Base Revenue Limit—The new base revenue limit is the sum of the blended revenue limit and the additional dollars from the state for salaries converted to a per ADA basis. Like the blended base revenue limit, this figure has been adjusted for the 18.355% deficit factor.

Logical Elementary Combinations

Figure 4 displays ten reorganization options that are logical elementary combinations. From this analysis, dividing the nine elementary districts into two new districts – one that includes all of the elementary districts except Pleasant Valley and Ready Springs and another that includes Pleasant Valley and Ready Springs alone—generates the greatest overall revenue gain. The combination of all elementary districts except Pleasant Valley and Ready Springs (5,317 ADA) yields the maximum 10% increase in new funding, or just over \$2.5 million, and the combination of Pleasant Valley and Ready Springs alone (765 ADA) generates \$355,000 in new funds, a 9.7% gain.

On the other hand, combining all nine elementary districts into one elementary district provides only \$241,000 in additional state funding, a 0.83% gain, to serve a district of 6,081 ADA.

Figure 4: Logical Elementary Combinations

Districts Combinations	Size/ ADA	Blended Base Revenue Limit *	State Funded Increase			New Base Revenue Limit *
			Total	Per ADA	% Change	
All Elementary Districts	6,081	\$4,759.57	\$240,763.99	\$39.59	0.83%	\$4,799.17
All Elementary Districts excluding PLV + RDS	5,317	\$4,756.20	\$2,528,731.07	\$475.62	10.00%	\$5,231.82
PLV + RDS	765	\$4,783.01	\$354,739.44	\$464.00	9.70%	\$5,247.00
NVC + TWR	1,188	\$4,826.17	\$85,216.85	\$71.72	1.49%	\$4,897.89
NVC + Washington School (TWR)	1,106	\$4,744.51	\$10,898.46	\$9.85	0.21%	\$4,754.36
CHP + UNH	854	\$4,724.52	\$41,468.85	\$48.54	1.03%	\$4,773.06
CHP + GRV + UNH	2,467	\$4,738.40	\$923,403.09	\$374.32	7.90%	\$5,112.73
CLC + PLR	1,662	\$4,732.60	\$157,510.51	\$94.79	2.00%	\$4,827.39
GRV + UNH	2,330	\$4,739.03	\$881,934.24	\$378.52	7.99%	\$5,117.55
GRV + CHP	1,749	\$4,744.34	\$4,825.73	\$2.76	0.06%	\$4,747.09

* Deficit by 18.355%.

Reorganizing the Nevada City School District to include Washington School, which is currently in the Twin Ridges School District, would result in the second smallest increase in funding above the blended revenue limit. This district configuration would serve 1,106 ADA, with a funding

increase of 0.21%, or \$10 per ADA. New, ongoing funding for this combination would be just under \$11,000.

Figure 4 also displays several district combinations that attempt to address the geographic anomaly created by the nesting of the Union Hill School District within the Grass Valley School District. This unique feature within the County constrains the options to consolidate Union Hill with other districts because state law requires that consolidations or unifications involve contiguous districts. Therefore, even though it might be a logical combination, the consolidation of Union Hill and Chicago Park would not be allowed because these two districts are not contiguous. As such, any combination that involves Union Hill School District would also have to include Grass Valley School District.

Figure 4 shows that Union Hill School District when combined with either Grass Valley School District alone or with Grass Valley School District and Chicago Park School District yields an increase in state aid of almost 8%. The combination of Union Hill School District and Grass Valley School District generates an addition \$882,000 to serve a district of 2,330. Adding the small district of Chicago Park to this combination generates \$923,000 in new income, a 7.9% increase, to serve 2,467 total ADA.

On the other hand, combining Grass Valley School District and Chicago Park School District but leaving Union Hill School District as an independent district within the boundaries of the newly formed district would generate essentially no additional state aid.

We would also note that pursuant to E.C. 42280 et seq., only districts with 2,500 or fewer ADA are eligible for necessary small school (NSS) funding. Therefore, if school districts in the County currently receive funding based on the NSS formula and are subsequently combined into a district whose ADA exceeds 2,500, the benefit of the NSS funding adjustment would be lost.

Unification Options

Figure 5 displays six district unification options. These options include the Nevada Joint Union High School District and various combinations of feeder elementary districts. Of the six combinations considered, three result in the maximum state funding increase of 10%, while the other three generate roughly 7% in new funds.

Combining all ten districts in the County into a single unified school district would result in a \$4.9 million increase in ongoing state aid (i.e., the 10% maximum revenue limit adjustment) to serve a total ADA of 9,574. This translates into an increase in the funded base revenue limit of \$512 per ADA, bringing the adjusted base revenue limit up to \$5,631 per ADA, after applying the deficit factor.

Figure 5: Unification Options

Districts Combinations	Size/ ADA	Blended Base Revenue Limit *	State Funded Increase			New Base Revenue Limit *
			Total	Per ADA	% Change	
All Elementary Districts + NJU	9,574	\$5,119.51	\$4,901,349.86	\$511.95	10.00%	\$5,631.46
GRV + CHP + UNH + NJU	5,959	\$5,329.04	\$3,175,836.05	\$532.90	10.00%	\$5,861.94
GRV + NJU	5,105	\$5,430.21	\$2,772,186.95	\$543.02	10.00%	\$5,973.23
CLC + PLV + PLR + NJU + RDS	5,919	\$5,337.23	\$2,250,560.24	\$380.24	7.12%	\$5,717.47
NJU + NVC+ TWR	4,681	\$5,512.66	\$2,062,892.30	\$440.71	7.99%	\$5,953.37
PLR + Bear River H.S. (NJUHSD)	2,655	\$5,164.63	\$918,161.30	\$345.77	6.70%	\$5,510.41

* Deficit by 18.355%.

The second largest unification to be analyzed involved Nevada Joint Union High School District and the County's centrally located elementary districts of Grass Valley, Chicago Park, and Union Hill. This combination would serve 5,959 ADA and like the all-district combination would generate the maximum increase in revenue limit income of 10%, or \$533 per ADA, yielding a total funding increase of just under \$3.2 million. Similarly, the combination of Grass Valley School District and Nevada Joint Union High School District also generated the maximum 10% increase in state aid.

A unified district that includes Nevada Joint Union High School District and the western elementary districts (Clear Creek, Pleasant Valley, Pleasant Ridge, and Ready Springs) yields an increase in revenue limit income of 7.12% (\$2.25 million) to serve 5,919 ADA, while a unification involving the high school district and the two eastern elementary districts (Nevada City and Twin Ridges) results in a 7.99% revenue increase (\$2.1 million) to serve a district of 4,681 ADA.

The reorganization of the Pleasant Ridge Union School District to include Bear River High School, which is currently in the Nevada Joint Union High School District would serve 2,655 ADA, with a funding increase of 6.7%, or \$345.77 per ADA. The new ongoing funding for this combination is just under \$920,000.



Geographic Consolidations

Figure 6 displays six consolidations that are generally clustered either north or south of Highway 20 or east or west of Highway 49 in the County. These configurations reflect combining districts in the western region of the County (for example Clear Creek, Pleasant Valley Pleasant Ridge, and Ready Springs) or the central region including Grass Valley and its neighboring districts.

Figure 6 shows that the consolidation of Chicago Park School District, Grass Valley School District, Pleasant Ridge School District, and Union Hill School District generates the maximum percentage increase in state funding of 10%, or \$1.9 million, to serve a new district of 3,979 ADA. This consolidation would increase the funded base revenue limit by \$473 to \$5,206.68 per ADA.

Figure 6: Geographic Consolidations

Districts Combinations	Size/ ADA	Blended Base Revenue Limit *	State Funded Increase			New Base Revenue Limit *
			Total	Per ADA	% Change	
CHP + GRV + PLR + UNH	3,979	\$4,733.35	\$1,883,512.90	\$473.33	10.00%	\$5,206.68
CLC + PLV + PLR + RDS	2,426	\$4,748.48	\$820,084.83	\$338.02	7.12%	\$5,086.50
CLC + PLV + RDS	914	\$4,787.18	\$437,433.09	\$478.72	10.00%	\$5,265.89
CLC + PLR + RDS	1,919	\$4,732.69	\$560,132.76	\$291.94	6.17%	\$5,024.63
CLC + PLR	1,662	\$4,732.60	\$157,510.51	\$94.79	2.00%	\$4,827.39
CLC + RDS	406	\$4,760.94	\$150,185.23	\$369.68	7.76%	\$5,130.62

* Deficit by 18.355%.

The small district combination of Clear Creek School District, Pleasant Valley School District, and Ready Springs School District also provides the maximum 10% increase in state aid, generating almost \$440,000 in new funds to serve 914 ADA.

We would note that the consolidation of Clear Creek School District and Pleasant Ridge Union School District, which are located on the southern end of the County, yields only 2% increase in additional state dollars.

Lastly, we would note that any newly formed district from these geographic arrangements could have significant transportation implications due to the school locations.

Election Requirements

In general, state law governing district reorganization requires that the reorganization proposal be submitted to a vote of the residents in the territory of the districts affected by the reorganization. Certain exceptions to the vote requirement are made, however, for the transfer of uninhabited territory, provided the governing boards of the districts consent to the transfer (E.C. 35709).

For the majority of unifications and district consolidations an election is required (E.C. 35710). The Education Code specifies that upon receipt of a reorganization petition, the county committee on school district organization shall evaluate the proposal against the ten criteria listed in E.C. 35753 (e.g., district size, community identity, racial or ethnic discrimination or segregation, educational program, etc.). If the petition substantially meets these criteria, the county committee is to notify the county superintendent of schools who in turn shall call an election in the territory of the districts as determined by the county committee.

After receiving the notification from the county committee, the county superintendent of schools has 35 days to call an election, which is to be conducted at the next available regular election (E.C. 35710.51).

State law, however, also grants the SBE broad waiver authority over non-apportionment related provisions of the Education Code, including sections governing the reorganization of school districts (E.C. 33051). In fact, state law directs the SBE to approve “any and all requests for waivers” except in those cases in which the board specifically finds any of the following:

- ✦ The educational needs of the pupils are not adequately addressed
- ✦ A program which includes a school site council would be affected and the school site council did not approve the request
- ✦ The appropriate councils or advisory committees did not have an adequate opportunity to review the request and the request does not include a written summary of the councils’ or advisory committees’ objections
- ✦ Pupil or school personnel protections are jeopardized
- ✦ Guarantees of parental involvement are jeopardized
- ✦ Substantial increases in state costs would occur, or

- * The exclusive representative of employees was not a participant in the development of the waiver

Based on its authority under E.C. 33051, the SBE in recent years has granted several requests to waive the election requirements pertaining to school district reorganizations. According to staff of the Department of Education, a key element in determining whether the request will be granted is the level of local opposition, if any, to the reorganization and request to waive the election requirement.

Staff indicate that it is not necessary that the waiver request be free of any local opposition in order to secure SBE approval. Instead, the SBE will weigh the local interests in moving forward with the reorganization against the need for an election. Supplemental materials to the waiver request could include the local districts' board agenda item in which the resolution seeking the SBE waiver is approved and minutes or transcripts of community meetings, including the board hearing, in which the waiver is discussed.

Nevada County Enrollment

According to the "2010 California Public K-12 Graded Enrollment Projections Tables" published by the Department of Finance (DOF), the County has experienced a year-to-year enrollment decline averaging 0.10% from 2005 to 2010. The DOF data excludes charter schools.

The DOF also reported that it expects K-12 enrollment in the County to decline by 5% by the end of fiscal year 2013-14. This decline compares to the projected increase in statewide K-12 enrollment of 0.7% for the same period.

The County is surrounded by Sierra County on its northern side, Yuba County on its western side, with Sutter and Placer Counties completing the south and southeast side. It is surrounded by growing-enrollment counties. The DOF projections indicate that through 2013-14 K-12 enrollment in Sutter County is expected to grow 14.6%, followed by Placer County at 13.7%. Enrollment in Sierra County is expected to increase just 5.7% and Yuba County is expected to see enrollments increase 4.1% over this period.

School districts are the only public agencies in California that are funded based upon the population they serve. City and county municipalities, as well as special districts, do not receive more or less income because of a change in their population; only public schools have a variable in total funding based upon population. As a consequence, a district experiencing enrollment growth will also receive a corresponding increase in its total revenue limit income. On the other hand, a district whose enrollment is falling must cope with the associated loss in revenue limit income.

The importance of ADA is twofold: ADA drives a district's revenue limit income, and more importantly, each day a student is in school is one more day of instruction, leading that student closer to reaching his/her educational goals.

Next Steps

The focus of this study was to evaluate many combinations of school districts within the County and to compute the potential increase in ongoing, general purpose funding for each combination. Under current law, a newly reorganized school district composed of several previously existing school districts would have its revenue limit based on (1) the weighted average of the revenue limits of the existing districts, plus (2) an adjustment based on the differences in average salary and benefit costs of the districts' employees. It is this second adjustment that provides new funds to the district.

Other Factors to Consider

In addition to the increase in revenues that could be available under certain district consolidation options, there are other considerations that should influence any reorganization proposal. Chief among these considerations would be the educational program to be offered to students in the newly constituted district. District consolidations may present opportunities to expand effective educational programs to more students, as coordination and communication improves under a single district administration. In addition, a consolidation of several districts may provide greater opportunities for staff to be assigned to school sites that best meet their professional strengths and take full advantage of their areas of expertise.

Bringing together several school districts into a single district should also consider the interests of the community at large. Are there certain geographic, land use, cultural, or other factors that might shape the community? Are there historical factors that need to be considered that would help build community identity? These and other nonfiscal considerations should be a part of the discussions to reorganize the districts within the County.

Members of the community and education leaders throughout the County will have to engage these issues as part of any initial exploration of district consolidation options. The ten criteria for evaluating reorganization proposals specified in the Education Code provides a good starting point for this discussion.

Expenditure Issues

Once the local community or communities have narrowed the options to a specific consolidation proposal or proposals, a more detailed analysis of the fiscal impact would be in order. This

analysis would examine the budgets of the specific districts involved in the consolidation. A detailed expenditure analysis would include the cost of moving the existing staff to a single salary schedule, although current law does not require that this necessarily follow a district reorganization. The highest salary schedule among the districts involved in the consolidations is often used as the schedule for the newly formed district. Employees whose current compensation exceeds the compensation specified on the schedule could see their compensation frozen, while others could experience an increase if their current compensation falls short of the amount paid under the more generous schedule.

The expenditure analysis could also examine the potential for administrative savings following a consolidation, as some functions may be duplicative after the merging of the districts. Opportunities to achieve administrative savings, however, will be dependent upon the staffing levels prior to the consolidation and how efficiently the districts had been operating. In some cases, administrative functions could be understaffed prior to a consolidation, and the consolidation could provide opportunities for improved oversight and administration, rather than expenditure reductions.

It is important to note that E.C. 45121 provides for certain protections for classified employees. Specifically, nonmanagement classified employees are provided a two-year guarantee of continued employment at the same salary and benefit level for school district unifications. Therefore, a new unified district would not be able to eliminate classified positions to achieve savings during the initial years of the reorganization; however, options for long-term savings should not be overlooked. This employment protection, however, does not apply to district consolidations that involve the same type of district (e.g., elementary districts alone).

Like the potential to achieve administrative savings related to personnel expenditures, a district consolidation could present opportunities to reduce facility costs or reassign certain facilities for other purposes, including instructional services. These options would be dependent upon the location, age, and current configuration of the administrative structures.

Finally, the expenditure analysis could include a detailed forecast of enrollment for the reorganized district. These forecasts would assist administrators in planning for the number of students that the district would have to serve and the expected level of future revenues that would be available to meet the staffing and facility costs.

Summary

In summary, the next steps in the consideration of consolidating school districts within the County would be (1) to involve the broader community in the discussions of district consolidation, (2) specifically define one or several consolidation options, taking into consideration the revenue impacts identified in this report, as well as other criteria deemed important to the community, and (3) evaluate the potential impact on expenditures within the proposed district, including personnel costs, facilities, transportation, and other expenditures.

Appendix A: *Fiscal Implications of School District Reorganization*

Note: This Appendix is an updated version of a chapter in the California Department of Education's "School District Reorganization Handbook," originally written by Paul Goldfinger.

Introduction

Given the state's troubled fiscal outlook, many school administrators are exploring every possible option for reducing expenditures and increasing revenues. One option that holds the potential of accomplishing both goals—reducing duplicative expenditures and increasing state aid—is school district consolidation. By consolidating school districts, it is often possible to reduce expenditures through the elimination of duplicative services. Also, state law provides an increase in total revenue limit for a district that has consolidated in recognition of the need to have a common salary and benefit schedule for all of the employees of the new district.

OVERVIEW OF REVENUE LIMIT CHANGES

When districts reorganize—whether through unification, unionization, annexation, or transfer of territory¹—the revenue limit for the newly reorganized district is calculated in two steps: (1) the blending of base revenue limits of the component districts and (2) the calculation of an adjustment for salary and benefit differentials. The blending of the base revenue limits of the former component districts uses a weighted average approach that is revenue neutral and does not yield any increased funding to the new district.

It is only the adjustment for salary and benefit differentials that yields new revenues. The calculation of this adjustment starts with the determination of the average cost of certificated salaries and benefits per full-time equivalent employee (FTE) and then identifies the cost of increasing the certificated employees in the component districts with low average costs up to the level of the district with the highest average costs. A second, parallel calculation is performed for classified employees. The sum of these changes for both certificated and classified employees, divided by the total ADA for the newly reorganized district, is added to the new district's base revenue limit.

¹ Unification is the formation of a new K-12 district from elementary and high school districts, while unionization is the formation of a new district from districts of the same level—elementary, high school, or unified. Annexation is when one district is merged into another district that continues to operate. The impact of the transfer of a 7th/8th-grade program from an elementary district to a high school district (or vice versa) is covered through a different provision of law, and is discussed separately later in this chapter.

This revenue limit increase for salaries and benefits is the only increased funding for a newly reorganized district. Special education funding is now calculated based only on the ADA for a special education local plan area (SELPA) as a whole, not for an individual district, and is not affected by district reorganization.² And all other state categorical funding for a newly reorganized district is calculated on a revenue neutral basis. For those categorical programs that are funded on a per-pupil (or per-ADA) basis, such as instructional materials, the funding for a newly reorganized district is based upon the sum of the enrollment from its component districts. And for those categorical programs where funding in one year is based on the funding in the prior year, such as state aid for transportation, the funding for a newly reorganized district is simply based on the sum of the funding for the component districts.

REVENUE LIMIT INCREASE VERSUS COST INCREASE

It is important to understand that the calculation of the revenue limit increase for salaries and benefits is not directly related to the actual cost increase that a newly reorganized district may incur when moving to a common salary and benefit schedule—for two reasons. First, a reorganized district may negotiate any salary schedule and benefit package; that is, there is no legal requirement that the newly reorganized district use the highest salary schedule of its component districts, even though the salary/benefit add-on is based on the cost to “level up” to the highest-cost agency. And, second, the additional revenue limit funding is based on a calculation involving the average costs per FTE of salaries and benefits for all certificated employees—and all classified employees—not on the actual cost of shifting employees to a common salary and benefit schedule.

To make this latter point clear, consider two examples involving the unification of two school districts. As a first example, if both districts had identical salary and benefit schedules, but one district had more senior staff than the other, the district with more senior staff would have a higher average cost for salaries and benefits per FTE. Even though there would be no cost of moving to a common salary schedule, the revenue limit calculation would, nevertheless, result in additional funding because of the difference in average costs.

As a second example, suppose that these two districts had different salary and benefit schedules, but the district with the lower schedule had a higher level of seniority and its average cost per FTE turned out to be exactly the same as the other district. Although there would be a cost of moving the lower-paid employees to the higher salary schedule, the revenue limit calculation would result in no additional funding for salaries and benefits, simply because the average cost per FTE was identical. Districts facing a scenario of similar costs per FTE—and which would therefore receive little extra funding from the revenue limit calculations—should consider delaying a reorganization until the difference in average costs per FTE is greater.

² The only exception would be in the unusual case where a school district reorganization results in a change in SELPA configuration. But under state law, any SELPA reorganization must be fiscally neutral.

Although these two examples highlight the inconsistency between the revenue limit calculation and the cost of moving to a common salary and benefit schedule, as a practical matter the additional revenue limit funding is usually close to the amount needed to move all employees to the highest schedule.

Another point is that the calculation of the revised revenue limit is based on data for the component districts two years prior to the effective date of the reorganization. For example, for a reorganization that will become effective in 2011-12, the calculations shall be based upon revenue limits, ADA, and salary and benefit costs per FTE in 2009-10. The use of data two years prior to the effective date of the reorganization is intended to use "known" data and data that cannot be manipulated by making salary or benefit changes just before the effective date of the reorganization.

BLENDED BASE REVENUE LIMIT

The first step in calculating the base revenue limit for the newly reorganized district is the calculation of the blended base revenue limit. In simplest terms, this calculation is equal to the total base revenue limit for all the component districts divided by the total ADA for the newly reorganized district.

WEIGHTED AVERAGE CALCULATION

Example 1 is for a reorganization that becomes effective in 2011-12 and which uses 2009-10 data for the revenue limit calculation.

The steps used in the blending calculation using 2009-10 data are as follows:

- Step 1: For each affected district, multiply the district's 2009-10 base revenue limit by the number of 2009-10 ADA. If a district is wholly included in the newly reorganized district, then this calculation will be based on the district's revenue limit ADA (i.e., the greater of current or prior-year ADA). If only a portion of a district is to be included in the reorganization, the law stipulates that the county superintendent is to make the determination of the number of ADA that will be included in the proposed school district. For instance, in Example 1, only part of the high school district is unifying with three of its feeder elementary districts and the balance of the high school district will continue to exist. As indicated in this example, 1,200 of the high school district's 3,000 ADA will become part of the newly unified district, equal to 40% of the district's ADA.
- Step 2: Add the sum of the amounts determined in Step 1 for each affected school district to obtain the total base revenue limit for the component districts.

Step 3: Divide the sum determined in Step 2 by the total ADA in the newly reorganized school district. The total ADA used here is equal to the sum of the ADA of the component districts used in Step 1.

The result of Step 3 is the blended base revenue limit per ADA for the newly reorganized district.

This example shows that the weighted average calculation is revenue neutral since it yields the same total base revenue limit as for the sum of the component districts. That is, as shown in the calculation at the end of Example 1, the blended base revenue limit of \$6,574.34 per ADA times the 3,800 ADA of the newly reorganized district yields the same total revenue limit as the sum of the base revenue limits for the component districts (to within a small round-off error).

SALARY AND BENEFIT ADJUSTMENTS

The second part of the revenue limit calculation for a newly reorganized district is the calculation of the adjustments for the salary and benefit differentials. As discussed earlier, this calculation is based solely on the difference in average costs per FTE, and not on the cost increase that a district may incur in shifting to a common salary and benefit schedule.

EXAMPLE 1: BLENDED BASE REVENUE LIMIT USING 2009-10 DATA FOR A REORGANIZATION EFFECTIVE 2011-12

District	2009-10 Base Revenue Limit per ADA (A)	2009-10 Revenue Limit ADA (B)	Affected ADA (C)	Percent of District in Reorganization (D) = (C) / (B)	Computed Total Base Revenue Limit (E) = (A) x (C)
Elementary District #1	\$6,180	900	900	100%	\$5,562,000
Elementary District #2	\$6,175	1,500	1,500	100%	\$9,262,500
Elementary District #3	\$6,210	200	200	100%	\$1,242,000
High School District #1	\$7,430	3,000	1,200	40%	\$8,916,000
Totals			3,800		\$24,982,500

Blended Base Revenue Limit per ADA = \$24,982,500 divided by 3,800 affected ADA = \$6,574.34
 Check: \$6,574.34 times 3,800 = \$24,982,500 (or the same amount to within a \$2 round-off error)



AVERAGE SALARIES AND BENEFITS PER FTE

The first step in computing the salary and benefit adjustments is the determination of the average costs of all salaries and benefits per FTE for certificated staff and the corresponding amount for classified staff. The components of this calculation are as follows:

4. Determine the total for salaries and benefits for all certificated employees for each affected district, including both part-time and full-time employees³. Perform a similar calculation for classified employees.
4. Divide the total certificated salaries and benefits by the number of certificated FTE and divide the total classified salaries and benefits by the number of classified FTE.

Note that this calculation includes all certificated staff—teachers, counselors, administrators, etc.—in the certificated calculation and all classified staff—from aides to associate superintendent for business (if a classified employee)—in the classified calculation.

HIGHEST AVERAGE COST PER FTE AND 25% STANDARD

The next step in computing the salary and benefit adjustments is to determine the highest average certificated (and highest average classified) cost per FTE among the component districts. Part of this determination, as required by state law, is the additional condition that only those component districts with 25% or more of the total ADA of the reorganized district are eligible to be considered as having the highest average cost used as the target to “level up” the other districts. This provision avoids the situation where a small district with high salary/benefit costs becomes the “level up” target for all of the other districts.

Prior to 1998, as a result of what many people considered to be a technical error in law, districts with less than 25% of the total ADA of the reorganized district were not only prohibited from being the “level up” target, but also were completely excluded from the “level up” calculation. After state law was amended in 1998, districts with less than 25% of the total ADA are still excluded from being the “level up” target, as noted above, but all districts, regardless of size, are included in the “level up” calculation.

10% CAP ON SALARY AND BENEFIT ADJUSTMENTS

Statutory law also stipulates that the amount of the add-on for salary and benefits adjustments per ADA cannot exceed 10% of the blended base revenue limit per ADA (ref. Education Code Section 35735.1(a) (4) (A).

³ Collecting the data for both total expenditures and FTE counts for certificated and classified staff is often the hardest part of these calculations. The section below titled “Collecting Salary, Benefit, and FTE Data” gives guidelines for where to look (and not look) for this data.

State law specifies that the resultant base revenue limit per unit of ADA for the newly reorganized district cannot exceed the amount set forth in the proposal for reorganization that was approved by the State Board of Education (ref. Education Code Section 35735.1(c)). However, this Code section goes on to state that the Superintendent of Public Instruction may make technical adjustments to the calculation of the new base revenue limit, "if necessary to cause those apportionments to be consistent with this section," without further State Board of Education action. That is, even though the data used for the reorganization calculations are from the second year prior to the effective date of the reorganization, the State Board of Education generally approves a reorganization proposal before that second prior year is over. As a result, the data presented to the State Board of Education is typically still estimated data, and the calculations must be updated when actual data is finalized. Thus, approval of a reorganization proposal by the State Board of Education is no guarantee of any specific revenue limit level.

BRINGING THE NEW BASE REVENUE LIMIT UP TO DATE

Since the calculation of the base revenue limit for the reorganized district is performed using data for the second year prior to the effective date of the reorganization, it is necessary to bring it up to date by adjusting it for:

The inflation increases that the reorganized district would have received for the fiscal year prior to the reorganization and for the fiscal year of the reorganization.

Any other adjustments to the base revenue limit that the reorganized district would have been eligible to receive had it been reorganized two years earlier. For example, if equalization aid is funded in the effective year of the reorganization or the prior year, the newly reorganized district would be eligible for the funded level of equalization aid in that year based on its recomputed base revenue limit. However, the actual level of equalization aid received by the component districts in the year prior to the reorganization would not be used.

DEFICITS

In 2008-09, school districts were dealt another challenge in the form of a deficit equal to 7.844%. In 2009-10, the deficit was increased to 18.355%. A reorganized district's new base revenue limit is subject to the deficit factor in effect at that time.

Appendix B:

California Education Codes, Computation of Revenue Limits

California Education Code
Chapter 4. Reorganization of School Districts
Article 3. Contents of Plans and Recommendations

35735. (a) Each proposal for the reorganization of school districts shall include a computation of the base revenue limit per unit of average daily attendance for the districts. That computation shall be an integral part of the proposal and shall not be considered separately from the proposal. The computation of the base revenue limit for the newly organized school districts shall be based on the current information available for each affected school district for the second principal apportionment period for the fiscal year two years prior to the fiscal year in which the reorganization is to become effective. The computation of any adjustments for employee salaries and benefits shall be based on information from the fiscal year two years prior to the fiscal year in which the reorganization is to become effective. For the purposes of this article "affected school district" means a school district affected by a reorganization because all or a portion of its average daily attendance is to be included in the newly organized school districts.

(b) The county superintendent of schools shall compute the base revenue limit per unit of average daily attendance pursuant to Section 35735.1 for a school district involved in an action to reorganize and in an action to transfer territory.

(c) The State Department of Education shall use information provided pursuant to subdivision (a) by the county superintendent of schools in each county that has a school district affected by an action to unify or by an appeal of a transfer of territory to compute the base revenue limit per unit of average daily attendance for a newly organized school district pursuant to Section 35735.1.

(d) This section shall not apply to any reorganization proposal approved by the State Board of Education prior to January 1, 1995.

(e) Any costs incurred by the county superintendent of schools in preparing reports pursuant to this section or Section 35735.1 or 35735.2 may be billed to the affected school districts on a proportionate basis.

35735.1. (a) The base revenue limit per unit of average daily attendance for newly organized school districts shall be equal to the total of the amount of blended revenue limit per unit of average daily attendance of the affected school districts computed pursuant to paragraph (1), the amount based on salaries and benefits of classified employees computed pursuant to paragraph (2), the amount based on salaries and benefits of certificated employees calculated pursuant to paragraph (3), and the amount of the inflation adjustment calculated pursuant to paragraph (4). The following computations shall be made to determine the base revenue limit per unit of average daily attendance for the newly organized school districts:

(1) Perform the following computation to arrive at the blended revenue limit:

(A) Based on the current information available for each affected school district for the second principal apportionment period for the fiscal year, two years prior to the fiscal year in which the

reorganization is to become effective, multiply the base revenue limit per unit of average daily attendance for that school district by the number of units of average daily attendance for that school district that the county superintendent of schools determines will be included in the proposed school district.

(B) Add the amounts calculated pursuant to subparagraph (A).

(2) For each affected school district in the newly organized school districts, the following computation shall be made to determine the amount to be included in the base revenue limit per unit of average daily attendance for the newly organized school districts that is based on the salaries and benefits of full-time equivalent classified employees:

(A) For each of those school districts, make the following computation to arrive at the highest average amount expended for salaries and benefits for classified full-time employees by the districts:

(i) Add the amount of all salaries and benefits for classified employees of the district, including both part-time and full-time employees.

(ii) Divide the amount computed in clause (i) by the total number of full-time equivalent classified employees in the district.

(B) Among those school districts that will make up 25 percent or more of the average daily attendance of the resulting newly organized school district, compare the amounts determined for each of those school districts pursuant to subparagraph (A) and identify the highest average amount expended for salaries and benefits for classified employees.

(C) For each of the school districts with salaries and benefits that are below the highest average amount identified in subparagraph (B) and that are included, in whole or in part, in the newly organized district, subtract the amount determined for the district pursuant to subparagraph (A) from the amount identified pursuant to subparagraph (B).

(D) For each of those school districts, multiply the amount determined for the district pursuant to subparagraph (C) by the number of full-time equivalent classified employees employed by the district, and then multiply by the percentage of the district's average daily attendance to be included in the new district.

(E) Add the amounts computed for each school district pursuant to subparagraph (D).

(3) For each affected school district in the newly organized school districts, the following computation shall be made to determine the amount to be included in the base revenue limit per unit of average daily attendance for the newly organized school districts that is based on the salaries and benefits of full-time equivalent certificated employees:

(A) For each of those school districts, make the following computation to determine the highest average amount expended for salaries and benefits for certificated full-time employees:

(i) Add the amount of all salaries and benefits for certificated employees, including both part-time and full-time employees.

(ii) Divide the amount determined in clause (i) by the total number of full-time equivalent certificated employees in the district.

(B) Among those school districts that will make up 25 percent or more of the average daily attendance of the resulting newly organized school district, compare the amounts determined for each school district pursuant to subparagraph (A) and identify the highest average amount expended for salaries and benefits for certificated employees.

(C) For each of the school districts with salaries and benefits that are below the highest average amount identified in subparagraph (B) and that are included, in whole or in part, in the newly

organized school district, subtract the amount determined for the district pursuant to subparagraph (A) from the amount identified pursuant to subparagraph (B).

(D) For each of those school districts, multiply the amount determined for the district pursuant to subparagraph (C) by the number of full-time equivalent certificated employees of the school district, and then multiply by the percentage of the district's average daily attendance to be included in the new district.

(E) Add the amount calculated for each school district identified pursuant to subparagraph (D).

(4) The base revenue limit per unit of average daily attendance shall be adjusted for inflation as follows:

(A) Add the amounts determined pursuant to subparagraph (B) of paragraph (1), subparagraph (E) of paragraph (2), and subparagraph (E) of paragraph (3), and divide that sum by the number of units of average daily attendance in the newly organized school districts. The amount determined pursuant to this subparagraph shall not exceed 110 percent of the blended revenue limit per unit of average daily attendance calculated pursuant to paragraph (1).

(B) (i) Increase the amount determined pursuant to subparagraph (A) by the amount of the inflation adjustment calculated and used for apportionment purposes pursuant to Section 42238.1 for the fiscal year immediately preceding the year in which the reorganization becomes effective.

(ii) With respect to a school district that unifies effective July 1, 1997, and that has an average daily attendance in the 1996-97 fiscal year of more than 1,500 units, increase the amount determined pursuant to subparagraph (A) by an amount calculated as follows:

(I) For each component district of the newly unified district, multiply the amount of revenue limit equalization aid per unit of average daily attendance determined pursuant to Sections 42238.41, 42238.42, and 42238.43, or any other sections of law, for the 1996-97 fiscal year by the 1996-97 second principal apportionment units of average daily attendance determined pursuant to Section 42238.5 for that component district.

(II) Add the results for all component districts, and divide this amount by the sum of the 1996-97 second principal apportionment units of average daily attendance determined pursuant to Section 42238.5 for all component districts.

(C) Increase the amount determined pursuant to subparagraph (B) by the amount of the inflation adjustment calculated and used for apportionment purposes pursuant to Section 42238.1 for the fiscal year in which the reorganization becomes effective for all purposes.

(D) Increase the amount determined pursuant to subparagraph (C) by any other adjustments to the base revenue limit per unit of average daily attendance that the newly organized school districts would have been eligible to receive had they been reorganized in the fiscal year two years prior to the year in which the reorganization becomes effective for all purposes.

(b) The amount determined pursuant to subparagraph (D) of paragraph (4) of subdivision (a) shall be the base revenue limit per unit of average daily attendance for the newly organized school districts.

(c) The base revenue limit per unit of average daily attendance for the newly organized school district shall not be greater than the amount set forth in the proposal for reorganization that is approved by the state board. The Superintendent may make adjustments to base revenue limit apportionments to a newly organized school district, if necessary to cause those apportionments to be consistent with this section.

(d) If the territorial jurisdiction of any school district was revised pursuant to a unification, consolidation, or other reorganization, occurring on or before July 1, 1989, that resulted in a

school district having a larger territorial jurisdiction than the original school district prior to the reorganization, and a reorganization of school districts occurs on or after the effective date of the act that added this subdivision that results in a school district having a territorial jurisdiction that is substantially the same, as determined by the state board, as the territorial jurisdiction of that original school district prior to the most recent reorganization occurring on or before July 1, 1989, the revenue limit of the school district resulting from the subsequent reorganization shall be the same, notwithstanding subdivision (b), as the revenue limit that was determined for the original school district prior to the most recent reorganization occurring on or before July 1, 1989.

(e) The average daily attendance of a newly organized school district, for purposes of subdivision (d) of Section 42238, shall be the average daily attendance that is attributable to the area reorganized for the fiscal year two years prior to the fiscal year in which the new district becomes effective for all purposes.

(f) For purposes of computing average daily attendance pursuant to subdivision (d) of Section 42238 for each school district that exists prior to the reorganization and whose average daily attendance is directly affected by the reorganization, the following calculation shall apply for the fiscal year two years prior to the fiscal year in which the newly reorganized school district becomes effective:

(1) Divide the 1982-83 fiscal year average daily attendance, computed pursuant to subdivision (d) of Section 42238, by the total average daily attendance of the district pursuant to Section 42238.5.

(2) Multiply the percentage computed pursuant to paragraph (1) by the total average daily attendance of the district calculated pursuant to Section 42238.5, excluding the average daily attendance of pupils attributable to the area reorganized.

(g) This section shall not apply to any reorganization proposal approved by the state board prior to January 1, 1995.

(h) Notwithstanding any other provision of law, this section shall not be subject to waiver by the state board pursuant to Section 33050 or by the Superintendent.

TABLE 1: NEW REQUEST

Districts in Consolidation	Size / ADA	Blended Base Revenue Limit *	State Funded Increase			New Base Revenue Limit *
			Total	Per ADA	% Change	
GV + NC	2,707	\$4,739.99	\$465,822.83	\$172.09	3.63%	\$4,912.08
GV + NC + UH	3,424	\$4,736.63	\$517,055.40	\$150.99	3.19%	\$4,887.62

Addendum B

Letter from Superintendent Roxanne Gilpatric to the County
Committee Chairperson

Dated June 6, 2011

NEVADA CITY SCHOOL DISTRICT

June 6, 2011

County Committee
112 Nevada City Highway
Nevada City, CA. 95959

Dear Mr. Boothby, Chair of the County Committee,

On behalf of the Governing Board of the Nevada City School District, I am requesting that the County Committee issue a Request for Proposal (RFP) to address school organization, unification, and/or consolidation within Nevada County not limited to revenues. We request that the RFP include a study of all aspects of district organization and/or consolidation: projected salary and benefit costs; consolidation or division of assets and liabilities; and other unification issues that the County Committee may be aware of within Nevada County.

We appreciate the efforts of NCSOS to have School Services of California issue a report on school consolidation and organization within Nevada County. The findings of the report were presented to the Governing Boards of Nevada County. The results focused on revenues of different configurations of Nevada County districts excluding charter schools.

Members of our Governing Board would be happy to appear at the County Committee meetings were the request to issue the RFP is considered. Please advise me when it is scheduled for consideration.

Thank you for your consideration of our request. I can be reached by telephone 265.1820 or by email at rgilpatrick@ncsd.k12.ca.us

In education,



Roxanne Brown Gilpatrick

- CC: Members of the County Committee- Mr. Dale Boothby, Mr. McGarr; Ms. Napier; Mr. Steuer; Mr. Pharis; Mr. Pommerrenck; Ms. Loberg; Ms. Getz; Mr. Boyd; Mr. Weisberg;
- Governing Board Members and Superintendents of the following school districts:
Clear Creek School District;
Grass Valley School District; Nevada City School District;
Nevada Joint Union High School District;
Pleasant; Ridge Union School District;
Pleasant Valley School District; Ready Springs
School District; Twin Ridges School District;
Union Hill School District;
Chicago Park School District

Addendum C

- Email -Paula Campbell, NCSB Board President – July 23, 2012
- Grass Valley School District Agenda - June 19, 2012
- Nevada City School District Agenda – June 19, 2012

Roxanne Gilpatric

From: Annette McTighe
Sent: Monday, July 23, 2012 12:25 PM
To: Roxanne Gilpatric
Subject: FW: GVSD/NCSD joint meeting 6/19
Attachments: 06-19-12 Spec Agenda-NCE Consolidation GV agenda.pdf; 2012 06-19 Special MeetingNCagenda.pdf; Analysis of the Revenue Impact Of School District Consolidations FINAL2011.pdf; LAOdistrict_consolidation_050211.pdf

From: Paula Campbell [<mailto:paulacampbell@pacbell.net>]
Sent: Monday, June 18, 2012 1:14 PM
To: Annette McTighe
Subject: FW: GVSD/NCSD joint meeting 6/19

I forgot to copy you on this! Thank, Paula

From: Paula Campbell [<mailto:paulacampbell@pacbell.net>]
Sent: Monday, June 18, 2012 1:13 PM
To: paula.rodiger@hotmail.com; Roxanne Gilpatric; Eric Fredrickson; holly@nevco.k12.ca.us; Amanda Wilcox (awilcox@pennvalleyschools.k12.ca.us); Clear Creek School (jennifer.cc@nevco.k12.ca.us); daved@tounet.net; James Berardi (jberardi@tresd.k12.ca.us); kschwarz@nuhsd.k12.ca.us; sbany@uhsd.k12.ca.us; Scott Hopper (shopper@prsd.k12.ca.us); Teresa Eckerling (teckerling@pennvalleyschools.k12.ca.us)
Subject: GVSD/NCSD joint meeting 6/19

Board members and superintendents,

The Grass Valley School District and the Nevada City School District are having a joint board meeting tomorrow night, 6/19, in order to begin discussions about consolidating our two school districts. It is my impression that the other districts in our county are not interested in participating in these discussion.

I have attached the two meeting agendas as well as the back-up for the board packet.

My interest in sending this is two-fold. First, these discussions need to be very open, transparent, and accessible to the public and while the normal posting and distribution routes satisfy Brown Act requirements, my opinion is that the other districts in the county have an interest here and should be kept informed. My second, related interest is more personal: if two districts other than my own were having these discussion, I would want to know what they were talking about! So, thinking that you might as well, I have sent this to you.

In a couple of instances, I was not able to find trustee e-mail addresses on your web sites so ask that you forward this to your board president. In other instances, I may have gotten the name of the board president wrong, so if you could pass this along, that would be great.

This is an open meeting, of course, and all are invited to attend. Though there is a section of the meeting for public input, it will be short but if the two boards decide to proceed with these discussions (and that has not been decided yet), future meetings will provide more opportunity for public input.

Thanks for all you do for the students in our county.

Grass Valley School District
 10840 Gilmore Way
 Grass Valley, CA 95945
 Special Meeting of the Board of Trustees

5:30 p.m. Open Session
 Nevada County Superintendent of
 Schools Office – Houser Room
 112 Nevada City Hwy.
 Grass Valley, CA 95945

Date: June 19, 2012

Agenda

Paula Roediger, Board President
 Frank Bennallack, Board Clerk
 Thomas J. Pettitt, Board Member
 Jeanne Michael, Board Member
 Bonnie Taylor, Board Member

- | | |
|---|-----------------------|
| A. Call To Order (5:30 p.m.) | |
| B. Establish a Quorum | |
| C. Pledge of Allegiance | Pledge |
| D. Adoption Of The Agenda | ACTION |
| E. Introduction And Purpose Of The Meeting: Consolidation Of Nevada City School District And Grass Valley School District (Paula Campbell) | Information |
| F. Introduction Of The Process (Holly Hermansen) | Information |
| G. Superintendent's Presentations | Information |
| H. Board Discussion | Discussion/
ACTION |
| I. Public Input | |
| J. Next Steps | Discussion/
ACTION |
| K. Adjournment | |

This agenda was posted at least 24 hours in advance of the meeting at the Grass Valley School District Administrative Offices, 10840 Gilmore Way, Grass Valley, CA 95945. It was also posted at each school sites: Lyman Gilmore Middle School, Margaret G. Scotten School, Hennessy School, Grass Valley Charter School. Materials prepared in connection with an item on the public meeting agenda are available for public inspection at the meeting.

Writings that are public records, part of this regular meeting's Open Session, and distributed to all or a majority of the Governing Board less than 72 hours prior to this meeting will be made available to the public during regular business hours at the District Office, and may be posted on the District's website at www.gvsd.k12.ca.us.

If you need a disability-related modification or accommodation, including auxiliary aids or services, to participate in the public meeting, contact the District Office at (530) 273-4483 at least 48 hours before the scheduled Board meeting so that we may make every reasonable effort to accommodate you. [Government Code § 54953.2; Americans with Disabilities Act of 1990, § 202 (42 U.S.C. §12132).]

**NEVADA CITY SCHOOL DISTRICT
SPECIAL MEETING OF THE BOARD OF TRUSTEES
Tuesday, June 19, 2012**

AGENDA

MEETING PLACE:

Nevada County Superintendent of Schools Office
Houser Room, 112 Nevada City Hwy. Nevada City, CA
Open Session 5:30 p.m.

PLEASE NOTE - DESIGNATED TIMES FOR AGENDA ITEMS ARE ESTIMATES

In compliance with the Americans with Disabilities Act, for those requiring special assistance to access the Board meeting room, to access written documents being discussed at the Board meeting, or to otherwise participate at Board meetings, please contact Annette McTighe at 530-265-1827 for assistance. Notification at least 48 hours before the meeting will enable the District to make reasonable arrangements to ensure accessibility to the Board meeting and to provide any required accommodations, auxiliary aides or services.

1. OPEN SESSION:

A. Meeting called to Order at _____ p.m. by President _____.

A quorum was established with _____ members present.

2. ADOPTION OF THE AGENDA:

A. Pledge of Allegiance

B. Under Adoption of the Agenda, item order may be changed

C. If the Governing Board determines it wishes to add items to the Agenda, this would be the appropriate time

Motion by Trustee _____, 2nd by Trustee _____ Vote _____ Action

3. INFORMATION/DISCUSSION/ACTION:

- A. Introduction: Consolidation Of Nevada City School District And Grass Valley School District - Board President, Nevada City School District, Paula Campbell Information
- B. Introduction of the Process - Nevada County Superintendent of Schools, Superintendent, Holly Hermansen Information
- C. Superintendent's Presentations -Roxanne Gilpatric (NCSD) and Eric Fredrickson (GVSD) will each make a presentation regarding programs in their districts. Information
- D. Board Discussion - Consolidation of the Grass Valley School District and the Nevada City School District to form a new school district. Discussion/Action
- E. Public Input Discussion/Action
- F. Next Steps Discussion/Action
 - 1. Is the board willing to proceed with discussion and planning of consolidation of the GVSD and NCSD?
 - 2. What are the next steps?

4. ADJOURNMENT

Next Regular Board Meeting: June 26, 2012 at 10:00 a.m. in the District Office, Conference Room

Writings that are public record, part of this regular meeting's Open Session, and distributed to all or a majority of the Governing Board less than 72 hours prior to this meeting will be made available to the public during regular business hours at the District Office, and may posted on the District's website at www.ncsd.k12.ca.us This agenda was posted at least 24 hours in advance of the meeting at the Nevada City School District Administrative Offices, 800 Hoover Lane, Nevada City. It was also posted at each school site: Deer Creek Elementary School, Seven Hills Middle School, and Nevada City Charter School/Gold Run Campus

Addendum D

Joint Board Meeting GVSD and NCSD Nevada County Superintendent of Schools Draft Minutes

June 19, 2012

**NEVADA CITY SCHOOL DISTRICT
GRASS VALLEY SCHOOL DISTRICT
JOINT BOARD MEETING NOTES
Tuesday, June 19, 2012 5:30 PM**

Location

Nevada County Superintendent of Schools Office
Houser Room, 112 Nevada City Hwy. Nevada City, CA

A. Introduction: Consolidation Of Nevada City School District And Grass Valley School District
– Paula Campbell, Board President, Nevada City School District

GVSD President Campbell opened the meeting and emphasized that a discussion on consolidation should always have at its base the following question:

Will student learning improve by consolidation of the Grass Valley School District and the Nevada City School District?

President Campbell introduced the following framework questions for consolidation criteria:

1. What are student's needs?
2. Are we willing to operate differently and create something new?
3. Can we find the resources and create structure to make that happen?

B. Introduction of the Process - Nevada County Superintendent of Schools, Holly Hermansen

Supt. Hermansen began her presentation with the following points:

1. The County Committee on School District Organization and/or the State Board of Education may approve petitions or proposals for reorganization if the following conditions are met:
 - a. Adequate size
 - b. Substantial community identity
 - c. Equitable division of property
 - d. No promotion of racial or ethnic segregation
 - e. No substantial increase in state costs
 - f. No significant disruption of educational programs
 - g. No significant increase in housing
 - h. No primary reason to significantly increase property values
 - i. No substantial negative effect on fiscal status of affected districts
 - j. Any other criteria as the board, by regulation, may prescribe
2. In reviewing the history of reorganizations: Prior to 2011 only 4 occurred in the 10 years prior; In 2011, three (3) unifications took place across the state; In 2012, one (1) consolidation, one (1) unification, and one (1) lapsation took place.
3. Previous discussions on consolidation in Nevada County have included the following:
 - a. School District Organization Workshop for Board Members and Administrators by Larry Shirey of the California Department of Education – February 18, 2010
 - b. School District Organization Forum: A joint board discussion – April 22, 2010
 - c. Analysis of the Revenue Impact of School District Consolidations In Nevada County

4. Categories were provided to help board members formulate discussion:
- a. What additional information is needed?
 - b. Questions
 - c. Next Steps

Superintendents' Presentations -Roxanne Gilpatric (NCSD) and Eric Fredrickson (GVSD) presented information regarding programs in their districts.

A matrix was presented by Supt. Gilpatric and used as a template for each superintendent to identify program excellence in the following areas within their district:

- Student Learning
- Quality Instruction
- Professional Development
- Systematic Use of Data
- Facilities and Family and Community Involvement

Programs were identified by each district including the NCSD's Bicycle Recycle Shop and enrichment programs. GVSD's new Dual Immersion Academy; a recent technology grant that will enable students in 5th and 6th grades to have technology devices to improve student learning; and Olweus & Second Step Training in both districts.

Transitional Kindergarten would benefit from both districts consolidating.

Declining enrollment and continued cuts from state allocations continue to be an issue for both districts.

C. Board Discussion - Consolidation of the Grass Valley School District and the Nevada City School District to form a new school district.

Both school boards opened a dialog and the following topics were discussed and identified:

Questions?

- Would a new district be Basic Aid?
- Would a new district be eligible for necessary small school funding? (2,500 ADA?)
- What would geographical area of the new district look like and how might this affect attendance and grade level configuration?
- What are the timelines?
- Would any other districts be interested in joining the discussions?

What additional information is needed?

- Finance information and funding
- How are districts of 2,500 ADA commonly configured? (Grade levels, etc.)
- How would grade level numbers look in a new district?
- What costs might be associated with CEQA?
- What resources might be needed to move forward? (Professional assistance; expenditure study; etc.)
- How would categorical funding and programs be affected?
- Clarification of protected groups will need to be identified

Next Steps

- Who might be able to help with moving forward? How much would that cost and who would pay?
- Conduct a PMI/T chart or other process to look at positives/negatives
- Each board to meet separately first; then come together in a facilitated meeting
- Communication to the public
- The statement/notice of each boards action will be posted on each district website
- Send notes from the meeting out after each board approves
- Inform other districts and superintendents of the action taken tonight and invite them to indicate their interest in the consolidation process
- Superintendent Hermansen will research who might facilitate and help the organization process and what would it cost
- Tuesday, August 28, 2012 at 5:30 p.m. at the Nevada County Superintendent of Schools both the Grass Valley and Nevada City School Districts will hold their next joint meeting. This meeting is where other districts interested in joining the consolidation discussion are encouraged to attend and declare their interest.
- Information to be posted on each of the district and county websites
- Create a calendar timeline for the next step meetings

D. Public Input – Consolidation

The following person's addressed the board:

- Stan Miller, Nevada County Superintendent of Schools Employee; Sarah Campbell, former GVSD employee and parent; Mary Zezulak, NCSD employee; Michelle Albanese, NCSD employee all expressed positive input in the districts consolidating.
- Sherry Chargin, NCSD teacher, parent and Nevada City School Foundation's Chair extended an invitation for shared community events (Moms', Bike and Hike)
- Susie Barry, UHSD Supt., Requested calendar timeline for next step meetings

E. Board Approval for Next Steps

In a thoughtful, student focused, great discussion, a historic moment took place as GVSD and NCSD Boards moved and approved a motion to proceed with discussion and planning of consolidation of the Grass Valley School District and the Nevada City School District

Addendum E

2012-2013 Nevada City School District Negotiated and Adopted Academic Calendar

Nevada City School District

Deer Creek, Seven Hills, NC Charter, and Preschool
Board Approved May 22, 2012

2012-2013 School Year

July 2012							August 2012							September 2012							October 2012						
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S
1	2	3	H	5	6	7				1	2	3	4							1		1	2	3	4	5	6
8	9	10	11	12	13	14	5	6	7	8	9	10	11	2	H	4	5	6	7	8	7	8	9	10	11	12	13
15	16	17	18	19	20	21	12	13	T	15	16	17	18	9	10	11	12	13	14	15	14	B	B	B	B	B	20
22	23	24	25	26	27	28	19	20	21	22	23	24	25	16	17	18	19	20	21	22	21	22	23	24	25	26	27
29	30	31					26	27	28	29	30	31		23	24	25	26	27	28	29	28	29	30	31			
														30													

November 2012							December 2012							January 2013							February 2013						
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S
				1	2	3							1			H	B	B	B	5						1	2
4	5	6	7	8	9	10	2	3	4	5	6	7	8	6	7	8	9	10	11	12	3	4	5	6	7	8	9
11	H	13	14	15	16	17	9	10	11	12	13	14	15	13	14	15	16	17	18	19	10	11	12	13	14	H	16
18	19	20	M	H	H	24	16	17	18	19	20	M	22	20	H	22	23	24	25	26	17	H	19	20	21	22	23
25	26	27	28	29	30		23	H	H	B	B	B	29	27	28	29	30	31			24	25	26	27	28		
							30	H																			

March 2013							April 2013							May 2013							June 2013						
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S
					1	2			2	3	4	5	6				1	2	3	4							1
3	4	5	6	7	8	9	7	8	9	10	11	12	13	5	6	7	8	9	10	11	2	3	4	5	6	7	8
10	11	12	13	14	15	16	14	15	16	17	18	19	20	12	13	14	15	16	17	18	9	10	11	12	13	14	15
17	18	19	20	21	22	23	21	22	23	24	25	26	27	19	20	21	22	23		25	16	17	18	19	20	21	22
24	B	B	B	B	B	30	28	29	30					26	H	28	29	30	31		23	24	25	26	27	28	29
31																					30						

School Breaks and Holidays	
August 1 to 13, 2012	Teacher Flex Day
August 14, 2012	Teacher Work Day
August 15, 2012	First Day of School
September 3, 2012	Labor Day Holiday
October 15-19, 2012	October Break
November 12, 2012	Veterans Day Holiday (observed)
November 21, 2012	Minimum day
November 22-23, 2012	November Break (Thanksgiving Holidays)
December 21, 2012	Minimum day
Dec. 24, 2012-Jan. 4, 2013	Winter Break
January 21, 2013	King Holiday
February 15 & 18, 2013	Presidents Holidays
March 25-29, 2013	Spring Break
April 1 & May 24, 2013	Snow Make up Days
May 27, 2013	Memorial Day Holiday
TBD	Last Day of School - minimum day
TBD	Professional Development (staff only, no school)

Key to Symbols:
PD- Professional Development
M - Minimum day
T - Teacher Work Day
H- Holiday
S- Snow Day Make-up

District Office Closed
 July 2, 3, 4, 5, 6
 October 15, 16, 17, 18, 19
 December 24, 25, 26, 27, 28
 March 25, 26, 27, 28, 29

Addendum F

- 2012-2013 Nevada Joint Union School District
Negotiated and Adopted Academic Calendar
- Email Correspondence – Superintendent Marianne Cartan to
NCFA President Joy Haggart

Nevada Joint Union High School District --Tentative Student Calendar Subject to Negotiations

Nevada Union, Bear River, Silver Springs, Sierra Mountain, Ghidotti, 4/24/2012
 Sierra Foothill, Earle Jamieson, Pioneer & NU Tech High School
 2012-2013 School Year

July 2012							August 2012							September 2012							October 2012						
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S
1	2	3	H	5	6	7				1	2	3	4							1		1	2	3	4	5	6
8	9	10	11	12	13	14	5	6	7	8	9	10	11	2	H	4	5	6	7	8	7	8	9	10	11	12	13
15	16	17	18	19	20	21	12	13	14	15	16	17	18	9	10	11	12	13	14	15	14	B	B	B	B	B	20
22	23	24	25	26	27	28	19	20	21	22	23	24	25	16	17	18	19	20	21	22	21	22	23	24	25	26	27
29	30	31					26	27	28	29	30	31		23	24	25	26	27	28	29	28	29	30	31			
														30													

November 2012							December 2012							January 2013							February 2013						
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S
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March 2013							April 2013							May 2013							June 2013						
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31																					30						

School Breaks and Holidays	
August 15, 2012	First Day of School
September 3, 2012	Labor Day Holiday
October 15-19, 2012	October Break
November 12, 2012	Veterans Day Holiday (observed)
November 22-23, 2012	November Break (Thanksgiving Holidays)
Dec. 22, 2011-Jan. 4, 2013	Winter Break
January 21, 2013	King Holiday
February 2013 - TBD	Presidents Holidays
March 25-29, 2013	Spring Break
TBD	Snow Make up Days
May 27, 2013	Memorial Day Holiday
TBD	Last Day of School
TBD	Professional Development (staff only, no school)

1st Quarter Ends - TBA
 2nd Quarter Ends - TBA
 3rd Quarter Ends - TBA
 4th Quarter Ends - TBA

180 days of student instruction
 183 day teacher contract ,

Key to Symbols:
PD - Professional Development
H - Holiday
S - Snow Day Make-up
B - School Break

Roxanne Gilpatric

From: Roxanne Gilpatric
Sent: Friday, June 08, 2012 2:24 PM
To: Joy Haggart
Cc: Joe Limov; Kathy Newton
Subject: FW: NJUHSD calendar for 2012-2013
Attachments: calendar - 2012-13 final 6-1-2012.xls

FYI

From: Marianne Cartan [<mailto:marcartan@njuhsd.com>]
Sent: Wednesday, June 06, 2012 11:49 PM
To: Britta Skavdahl; Dan Zeisler; Debra Sandoval; Eric Fredrickson; Holly Hermansen; James Berardi; Roxanne Gilpatric; Scott Lay; Stan Miller; Susie Barry
Cc: Richard Baker; Wayne Klauer; Georgie Coulter; Jim Adams; Katy Schwarz
Subject: NJUHSD calendar for 2012-2013

Dear all,

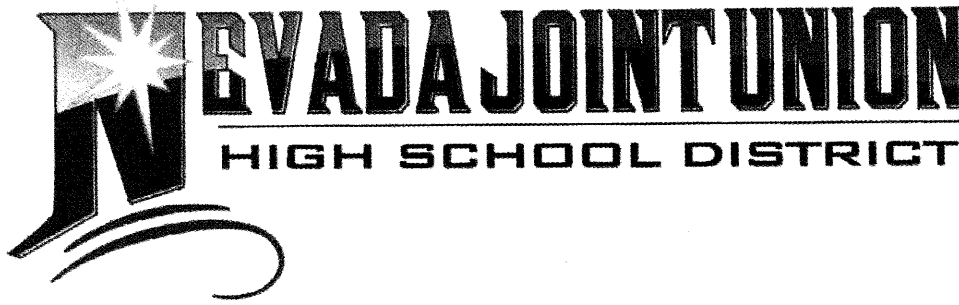
We have a calendar!

FYI: The current plan is that NUHS will be having Collaboration Days on Mondays and all of the other sites will plan on Fridays (same as this year), ending the students' day one hour early.

Please see attachment.

--Marianne

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November 13, 2012

The Honorable Judge Tom Anderson
Presiding Judge of the Grand Jury
201 Church Street
Nevada City, CA 95959

Dear Judge Anderson,

I respectfully submitted the response to the Grand Jury's findings and recommendations in a timely and complete manner. I was notified by the foreman that our responses that were, for the most part, aligned with the County Superintendent's responses, were not satisfactory. I have re-responded below from only the high school district's perspective and not through the whole 'school community lens' as was done in the previous letter.

Our district's earlier submission was thoughtful and accurately reflected our position. However, I am sending this updated and revised response. As Superintendent, I am responding as the representative of the District, and have provided the following.

Regarding the findings, my position, on behalf of our staff and our Board of Trustees, is that I support and echo the 'bigger-picture' responses that Holly Hermansen, Nevada County Superintendent of Schools, provided to the Jury. Her responses were factual, and I concurred with her positions. I have responded below, focusing on NJUHSD and, again, responding from our district's perspective.

Findings:

1. The school age population of Western Nevada County is declining and will continue to decline for the foreseeable future.

Partially Agree

The high school district closely monitors enrollment and projects enrollment from the local elementary school districts. The District has been in declining enrollment since 1999 and is projected to continue this decline. However, internal efforts are in place to attract students who are not currently enrolled in the District, and there are signs that the decline may be slowing.

2. Revenues received by school districts in western Nevada County are declining and will continue to decline for the foreseeable future.

Partially Agree

Now that the Governor's budget has passed, we should not see further cuts to per-student revenues. However, we continue to receive funding below our statutory revenue limit and there are indicators that difficult fiscal times will continue for schools for at least three more years.

3. The utilization of school facility capacity in western Nevada County is low and will continue to decline.

Partially Agree

NJUHSD has experienced declining enrollment and we have adequate space for increased enrollment. We have no plans to close any schools in the District at this time.

4. Larger school districts can devote proportionately more of their budgets to classroom instruction.

Partially Agree

That may be the case (evidence?), and we are aware that some of the local elementary school districts are looking at the benefits and challenges of consolidation. There are currently no discussions regarding unification. The high school district continues to direct as much funding for student class sections as possible.

5. Public elementary schools in western Nevada County need to increase their efficiency if the educational experience is to stabilize or improve.

Agree

Although this finding refers to local elementary schools, the high school district believes that it is incumbent upon all school districts to do so.

6. School district consolidation can increase Revenue Limit income, decrease costs and enhance educational programs.

Partially Agree

Again, the finding may be true. Some of the local elementary school districts are looking at the benefits and challenges of consolidation. The high school district is not involved in consolidation.

7. Due to geography and the number of inter-district transfers, UHSD is currently a de facto part of GVSD.

The high school district is not able to respond to this finding other than agreeing with the county superintendent's response.

8. Due to geography, the number of inter-district transfers and the projected increase in revenue, a consolidation of Union Hill and Grass Valley School Districts is logical and desirable.

The high school district is not able to respond to this finding other than agreeing with the county superintendent's response.

9. Most of the administrative staff in the RSUSD and the PVESD are working two jobs, which is unsustainable and detracts from the educational programs.

The high school district does not have information that allows it to respond to this assumption.

10. The efficiency of local western Nevada County school districts can be increased by sharing or centralizing more services.

Agree

The county superintendent and the school district superintendents meet monthly and often explore ways to share services and increase efficiencies.

11. There is a major opportunity to increase the coordination of school district calendars.

Partially Agree

The school calendars are negotiated separately in each district, and if any county-wide calendar was to be developed, it would need agreement with all bargaining units in order to be implemented.

12. Standardization of school district calendars would result in cost savings and allow families to plan for school closures and vacations.

Partially Agree

Cost savings would be realized for those districts sharing transportation. Families that are affected are those with multiple students attending different schools. The High School District and/or feeder districts may experience loss of revenue (ADA) when vacation periods are different from feeder districts when parents choose to take their students out of school to enjoy a family vacation.

Recommendations:

8. The Nevada County Superintendent of Schools, the boards of trustees of all local elementary school districts in western Nevada County and the board of trustees of the Nevada Joint Union High School District actively pursue increased shared services in the following areas:

- Maintenance, particularly a centralized, mobile service that can be rotated through each school site, including electrical, HVAC, plumbing and landscaping;

Partially implemented

The topic of shared maintenance has been discussed at the superintendents' council. Continued discussions will be held regarding possibilities in this area and implications for collective bargaining. High School District personnel manage maintenance for the largest campuses in our county. While the High School District has an efficient, cost effective system, with the cutbacks over the last five years, to even plan to extend services to elementary school districts would be expensive and time-consuming for staff that can barely manage current responsibilities.

- More centralization of curriculum experts;

No regional plan for implementation

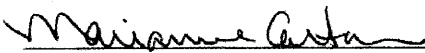
Since 2005, when a vacancy occurred in the position of NJUHSD Assistant Superintendent of Curriculum and Instruction because of retirement, the responsibility for Curriculum and Instruction (C & I) for the high school district has been assigned to the Superintendent. In July, 2012, the District partially restored this administrative position to assist the Superintendent with this critical area of work. New state academic standards are in the process of being integrated into our courses and state assessments are changing. There is a need for a full time position to serve the high school district, but the District's current budget situation does not allow for this additional support.

- More centralization of enrichment programs, including those in music and the arts; This recommendation will be implemented as necessary. NJUHSD will continue to consider the sharing of a teacher(s) should full-time assignment no longer be sustainable.
- Increased sharing and centralization of administrative services, including business and payroll services This recommendation has been partially implemented. NJUHSD provides internet access and email hosting to the majority of our local elementary school districts and the county schools office. The District also provides access to the SIS (Student Information System) for four local elementary school districts. NJUHSD collects developer fees for all of the school districts in the county.
- Student transportation This recommendation has been implemented. There is currently a JPA with Durham Transportation Services with the four largest school districts. NJUHSD is one of the member districts in the Transportation JPA and is responsible for the administration of the JPA. We will continue to explore ways to share services in this area; however the uncertainty of the transportation funding in the state budget makes planning difficult at this time.

9. All local elementary school districts in western Nevada County and the Nevada Joint Union High School District coordinate their school-year calendars for greater efficiency and publicly report their conclusions.

Each year the school districts in Nevada County attempt to increase coordination of calendars. However, this is a negotiated item and needs agreement with bargaining units to implement. I will participate in any discussions on this issue with districts in Western Nevada County and with our local teachers' union (NJUHSTA).

Respectfully submitted by:


Marianne Cartan
Superintendent


Katy Schwarz
President, Board of Trustees

Pleasant Ridge Union School District

22580 Kingston Lane, Grass Valley, CA 95949 • (530) 268-2800 • FAX (530) 268-2804

Britta M. Skavdahl, Superintendent

October 8, 2012

The Honorable Thomas Anderson
Presiding Judge of the Grand Jury
201 Church Street
Nevada City, California 95959

Dear Judge Anderson,

This letter serves as the response to the Grand Jury Report of June 5, 2012 on **School Efficiency**.

FINDINGS:

1. The school age population of western Nevada County is declining and will continue to decline for the foreseeable future.

Partially disagree

In the Pleasant Ridge Union School District, the sizes of grade level cohorts entering Kindergarten continue to be smaller than those graduating from eighth grade. However, the Kindergarten class entering school for the 2012-13 school year reflects approximately a 30% enrollment increase as of July 23, 2012. Should this trend continue the District would begin to experience increases in enrollment starting with the 2014-15 school year.

2. Revenues received by school districts in western Nevada County are declining and will continue to decline for the foreseeable future.

Partially agree

Revenues for schools and across the State of California have declined due to sagging revenues brought on by the global recession. At this time the Legislature has charged a subcommittee to develop a new system for funding K-12 education in California and bring it forward for legislative action. At this time we have no way of knowing the level of funding for school districts in the state or how it will be calculated.

3. The utilization of school facility capacity in western Nevada County is low and will continue to decline.

Partially disagree

The Pleasant Ridge Union School District is not able to comment on issues related to facility utilization in other districts. However, for the 2012-13 school year the district anticipates no less than a 90% utilization rate. As of this writing Alta Sierra School is slated to be at 89% of capacity with Cottage Hill



and Magnolia Intermediate schools at 96% and 85% of capacity respectively. Should the need to add class sections arise, as anticipated, the utilization would increase. Likewise, based on trending we anticipate increases in the utilization rate in the 2013-14 school year.

4. Larger school districts can devote proportionately more of their budgets to classroom instruction.

Partially disagree

In the Pleasant Ridge Union School District no less than 89% of the unrestricted revenue stream is directed to classroom instruction. School districts with high poverty, immigrant, second language learner, and other at-risk subgroups may have additional revenue streams that could be directed to classroom instruction. Without an in depth study, based on a statistically valid random sample of California school districts that controls for all revenue and function coding variables, it would be impossible to arrive at any valid conclusion.

5. Public elementary schools in western Nevada County need to increase their efficiency if the educational experience is to stabilize or improve.

Disagree

The Pleasant Ridge Union School District is not able to comment on issues related to operational efficiency in other districts. With respect to the Pleasant Ridge Union School District numerous positions have been eliminated with job functions reviewed and either eliminated or restructured into remaining positions. Accordingly, administrative staffing has decreased by 30% with classified and certificated positions being reduced by 15% and 13% respectively. At the same time our class sizes have remained low in comparison to many, if not most, districts, test scores have been consistently high, and all co-curricular and extra-curricular student programs remain in place. With the economic downturn exceeding historical cyclical timelines and additional global issues hindering an already sputtering recovery our choices are increasingly limited. Further, solutions at this juncture are not an issue of efficiency, though we continue to look for additional strategies. In observing that school districts of all sizes across California are struggling with fiscal issues it would appear that district size is not the issue. Instead, the key issue is that school districts across the state have no real solutions without firm, defensible, decisive, long term fiscal decisions being made by the State Legislature who appear to lack the will and/or ability to perform their constitutional duties.

6. School district consolidation can increase Revenue Limit income, decrease costs, and enhance educational programs.

Partially disagree

The District would agree that public agencies should always be vigilant in seeking and implementing measures to make the most efficient use of funding streams. Further, the District would agree that increased revenue limit funding can occur as a result of consolidation. It should also be noted that achieving cost savings is not a reason to embark on a consolidation. In fact, at the Spring 2010 meeting on school district consolidation sponsored by the Nevada County Superintendent of Schools' Office, the presenter clearly stated that cost savings rarely, if ever, result from school district consolidations. The presenter went on to state that the best reasons to consider such an action would be those that result in providing a service more efficiently or enhancing program quality.

7. Due to geography and the number of inter-district transfers, UHSD is a de facto part of GVSD.

Disagree

The Union Hill School District is a legal entity charged with providing educational services to students within their geographic boundaries. The fact that, over time or by other circumstance, the geographic boundaries of the Grass Valley School District have surrounded the territory serving the Union Hill District does not diminish Union Hill's standing as a school district. Further, an inter-district transfer is an agreement between two school districts in which students are allowed to attend school in a district other than the district serving the geographic area in which the student resides. The use of this process, nor a district that has a high volume of incoming transfers, in no way diminishes its standing as a school district. Certainly, it could not be argued that by accepting a high volume of incoming transfers the receiving district becomes a "de facto" subsidiary of the district students are seeking to exit.

8. Due to geography, the number of inter-district transfers and the projected increase in revenue, a consolidation of the GVSD and UHSD is logical and desirable.

Disagree

While increased revenues may occur due to a consolidation of the Grass Valley School District and the Union Hill School District, it is unlikely that there would be an offset in costs. Moreover, geography is not the reason families seek inter-district transfers to the Union Hill School District. Rather, families opt to attend Union Hill School District because they feel the smaller K-8 setting is desirable, other services available at the site allow for all children to be in one geographic location, and/or they believe the educational program best meets the needs of their children. A consolidation may serve only to drive those families who attend Union Hill to other districts, charter school, or private school options.

9. Most of the administrative staff in the RSUSD and the PVESD are working two jobs, which is unsustainable and detracts from the educational programs.

Partially disagree

The Pleasant Ridge Union School District is not able to comment on issues related to how the sharing of administrative services between two districts, other than the Pleasant Ridge District, detracts from educational programs. However, if this issue refers to site administrators taking responsibility for district level functions such as assessment, coordination of programs, and issues of that nature, the Pleasant Ridge School District's experience is that such practices allow for administrators to have growth experiences that in turn set them up for career advancement opportunities. In the event that by the term "working two jobs" the practice of two small districts sharing a Business Manager or Superintendent is what is being referenced we would note that there are examples in many districts where this practice is both effective and sustainable.

10. The efficiency of local western Nevada County school districts can be increased by sharing or centralizing more services.

Partially disagree

The Pleasant Ridge Union School District is open to exploring ideas for sharing or centralizing services when such an action will lead to cost efficiency or produce a higher level of service for our customers. However, central to taking such an action would be the realization of an attached cost savings.

Moreover, in many respects this action would potentially result in a single employee being responsible for multiple functions or the same function over multiple districts which the Grand Jury appears, based on Finding 9, to find as an unsustainable practice.

11. There is a major opportunity to increase the coordination of school district calendars.

Partially agree

The Pleasant Ridge Union School District would prefer more coordination of school district calendars. Whether or not a "major opportunity" to increase the coordination of school calendars exists rests with level of willingness by the certificated bargaining units to either remove calendar from the negotiations process or present a menu of coordinated, jointly agreed upon calendar options that will be forwarded for review and selection by the Superintendents of the county's school districts.

12. Standardization of school district calendars would result in cost savings and allow families to plan for school closures and vacations.

Partially disagree

The cost savings realized by coordination of district calendars would be limited at best. There may be cost reductions in the area of Home-to-School transportation by those districts that currently share services in that area. A second area of savings would be in the area of itinerant staff that services the needs of Special Education students across the county. In order for there to be increased planning on the part of families or allow for the scheduling of family vacations a calendar would have to be in place by January of the year before the school term was to start. Additionally, to maximize the family planning benefit there would have to be a "black out" of high school sports practices and activities.

RECOMMENDATIONS:

2. The boards of trustees for all local elementary school districts in western Nevada County consult with the other local elementary school districts to identify opportunities for consolidations with a view to petitioning the County Superintendent of Schools pursuant to Education Code Section 35700.

The recommendation has been implemented.

In the spring of 2010 elected representatives from all districts in western Nevada County participated in a presentation by the California Department of Education that oversees school district consolidations. Additionally, in the spring of 2010 elected as well as appointed officials, members of the public, and the 2009-10 Grand Jury participated in a facilitated round-table dialogue on this issue. Further, in the spring of 2011 these same parties met again to hear a report generated by School Services of California which examined only the revenue side of this issue. Lastly, the Pleasant Ridge School District Governing Board continually seeks opportunities in which services can be shared between districts.

The Pleasant Ridge Union School District and Clear Creek School District reviewed the consolidation study done by the two districts in 1989. The study was updated with regard to revenue limit figures, educational design, costs, and transportation. The result, using the enhanced revenue limit provided by the 2011 study on school district revenue commissioned by the Nevada County Superintendent of Schools' office, was a decrease of approximately \$400,000.00 in revenue. This decrease resulted in the fact that the new revenue limit is lower than the existing revenue limits of both districts. Further, we found that the cost of equalizing the salary schedules for certificated staff alone would be \$70,000.00

before equalizing benefit packages. Moreover, the cost of providing an equal level of educational services across the newly formed district would generate new costs in excess of \$250,000.00. Lastly, with the continuation of home-to-school transportation funding being uncertain layering on the additional cost of at least two additional bus routes was financially unfeasible.

The message delivered by the spokesperson for the California Department of Education at the spring 2010 presentation was clear that cost savings virtually never materialize in a consolidation scenario and thus the best reason to consider such a move would be improved program. Hence the District would posit that in the event that the Nevada Joint Union High School District should decide to close Bear River High School it would be in the best interests of the South Nevada County students and community to reform the Pleasant Ridge Union School District as a K-12 agency to assure a quality educational product though it does not reduce the number of school districts in the county.

4. The boards of trustees for all local elementary school districts in western Nevada County adopt and deliver to the County Committee on School District Organization, a resolution proposing consideration of consolidation of such school district with one or more other districts in western Nevada County, pursuant to Education Code Section 35721(c)

The recommendation will not be implemented because it is not warranted or reasonable.

The Pleasant Ridge Union School District and the Clear Creek School District revisited and updated a 1989 study on consolidation of the two districts. The findings indicated a loss of revenue and significantly increased costs. Therefore, the process will not move forward. The potential consolidation with Clear Creek was, and has been, the most logical pairing for students residing in southern Nevada County. All other pairings would result in significantly extended travel times and merging with school districts whose academic offerings and successes may not provide a parallel experience.

8. The County Superintendent of Schools, the boards of trustees of all local elementary school districts in western Nevada County and the Board of Trustees of the Nevada Joint Union High School District actively pursue increased shared services in the following areas:

- Maintenance, particularly a centralized, mobile service that can be rotated through each school site, including electrical, HVAC, plumbing and landscaping;
- More centralization of curriculum experts;
- More centralization of enrichment programs, including those in music and the arts;
- Increased sharing and centralization of administrative services, including business and payroll services;
- Student transportation

The recommendation has been implemented.

At this time a number of western Nevada County school districts, including the Pleasant Ridge Union School District, are in the initial phases of studying a Food Service Joint Powers Agency with an eye toward increased efficiency in this area. This would be the most productive area to focus on at this time with other issues related to maintenance and landscaping being addressed at a later date.

Currently, and for many years, the Pleasant Ridge Union School District in collaboration with three other western Nevada County school districts have a Joint Powers Agreement (JPA) for the purpose of

operating a common home-to-school transportation system. At any time additional districts are welcome, and encouraged, to become members of the JPA.

Further, fiscal oversight and business services such as payroll are currently centralized with the Nevada County Superintendent of School's office. While documents are prepared for processing at the District level, the actual processing occurs through a centralized fashion which also serves as an additional layer of checks and balances.

The Pleasant Ridge Union School District is unclear as to how enrichment programs could be centralized. Currently we offer a wide range of electives as well as sports and a comprehensive Band program for students in grades 4-8 as well as Choir and classroom music curriculum for all students in grades K-8. We have the needed staff to provide these services for our clients and no additional time to share with other districts.

The centralization of curriculum experts is designed to rest within the Nevada County Superintendent of Schools' office. Currently, that office has an Assistant Superintendent for Instruction. In response to this area being recommended as an area of need, the Pleasant Ridge Union School District would posit that the issue of centralized service is not the integral factor in need of attention.

Moreover, the Pleasant Ridge Union School District may, arguably, be the K-8 educational system in western Nevada County most aggressively and proactively readying staff and students for the new Common Core curriculum slated to be the basis for high stakes achievement testing in the 2014-15 school year. To that end we have consistently invited surrounding districts to trainings in this area, at no cost, and had no participants. Further, we are always open to sharing information and practices in the area of technology with other districts and do so on a frequent basis.

9. All local elementary school districts in western Nevada County and the Nevada Joint Union High School District coordinate their school calendars for greater efficiency and publicly report their conclusions.

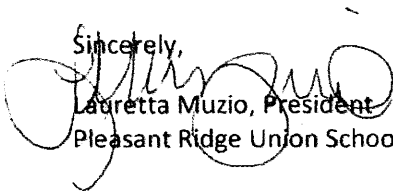
This recommendation has been implemented.

For the 2012-13 school year our calendar aligns for all the following school breaks:

Fall Break, Winter Break and Spring Break and all legal holidays

We always try to coordinate our calendar with the high school district and neighboring school districts. Roadblocks in the past have included the varying school days due to furlough days in other districts and the prolonged negotiations at the high school district regarding the school calendar. We have every intention to continue our efforts to coordinate the school calendar with all districts in the future.

Sincerely,


Laretta Muzio, President

Pleasant Ridge Union School District

**READY SPRINGS UNION ELEMENTARY SCHOOL DISTRICT
PLEASANT VALLEY ELEMENTARY SCHOOL DISTRICT**

**RESPONSE TO NEVADA COUNTY GRAND JURY
REPORT DATED JUNE 5, 2012
SCHOOLS EFFICIENCY**

Approved by the Ready Springs Board of Trustees: August 7, 2012
Approved by the Pleasant Valley Board of Trustees: August 14, 2012

FINDINGS

F.I.1 The school age population of western Nevada County is declining and will continue to decline for the foreseeable future.

Agree

F.I.2 Revenues received by school districts in western Nevada County are declining and will continue to decline for the foreseeable future.

Agree

F.I.3 The utilization of school facility capacity in western Nevada County is low and will continue to decline.

Agree

F.I.4 Larger school districts can devote proportionately more of their budgets to classroom instruction.

Partially Agree

This would depend on a variety of factors including, but not limited to, actual staffing costs, negotiated employee contracts, number of school sites, the size of a campus, litigation, etc. Consolidation does not necessarily reduce the number of employees; it might just mean that some titles and responsibilities are changed.

- F.I.5 Public elementary schools in western Nevada County need to increase their efficiency if the educational experience is to stabilize or improve.

Partially Agree

We can only speak for Ready Springs and Pleasant Valley School Districts. When our two districts established the Shared Management Team in 2004 it was done to improve the educational experience in each school by ensuring that there could be a principal instead of a Superintendent-Principal in each district. Also, the Boards at that time felt that it was very difficult to not just hire entry level management. By sharing services the Districts would be in a better position to hire staff with more experience who could focus on specific areas that would improve student learning. Ready Springs knew that their District needed a full-time principal. Also this arrangement allowed the Districts to provide specialized support for students in areas that were lacking: for example, Director of Special Education, Director of Curriculum and Instruction, and Maintenance Supervisor. It also helped the two districts be more efficient.

The Leadership and Budget Committees for both districts have acknowledged that a real benefit educationally might be the combining of our middle school programs which would allow us to offer more electives and sports. This could ease the transition for Penn Valley students into the high school. However, it might also mean that we would lose some of our students to other districts such as Grass Valley. Community conversations will need to be held regarding this.

- F.I.6 School district consolidation can increase Revenue Limit income, decrease costs and enhance educational programs.

Disagree

This is a very complex issue. Although on the surface it would seem that this should be the case, an increase in Revenue Limit income through consolidation is only one of the financial factors that must be examined. When districts consolidate there is a process that must be followed to adjust the salary schedule of the districts to the same level. Funding resources other than revenue limit may change, decrease, or actually be eliminated (transportation funds, federal and state funding (i.e. Title I, Title II, Rural Education Achievement Program, After School Education and Safety Program, eRate funding) which are based on socio-economic levels of students, categorical block grants, etc.). For example, if we were consolidated we might not be able to receive the \$150,000 in After School funding for Ready Springs or provide universal breakfast to all students at Ready Springs School.

It should also be noted that while there might be an increase in revenue limit for the consolidated districts, that income might be allocated to changes in compensation packages in the newly formed district through the collective bargaining process. It is a reasonable assumption that the negotiating units in the district with the higher salary scale and benefit package would be unwilling to negotiate a lower salary scale for their employees in the consolidated district.

The Districts are interested in finding out what the actual effect to the revenue would be through consolidation but we understand there could be a huge cost involved in getting this additional information. To verify that revenue would increase and costs be decreased would have to be examined further. The Districts are open to learning more and would appreciate any financial assistance with this.

Enhancement of educational programs depends on what the staff and program do, not just the level of funding. "Who" you have is what is most important. The Districts have been able to hire more experienced and well trained staff through the shared management team than they would have as single districts.

F.1.7 Due to geography and the number of inter-district transfers, UHSD is currently a de facto part of GVSD.

Not applicable to Ready Springs and Pleasant Valley School Districts.

F.1.8 Due to geography, the number of inter-district transfers and the projected increase in revenue, a consolidation of GVSD and UHSD is logical and desirable.

Not applicable to Ready Springs and Pleasant Valley School Districts.

F.1.9 Most of the administrative staff in the RSUSD and the PVESD are working two jobs, which is unsustainable and detracts from the educational programs.

Partially Agree

Our administrative staff do work very hard as each principal administers two schools, and district level staff (Director of Special Ed/School Psychologist, Superintendent, Business Manager, Administrative Assistant, Nurse, Technology Coordinator, and Clerical/Technicians) support both districts. The original design of this shared staffing was sustainable. However, with state budget cuts and declining enrollment, administrative staff has been reduced (i.e. Director of Curriculum and Instruction, one principal position, Maintenance Supervisor, technology and library support, and school site office staffing) which has increased the duties of each administrator and shared staff. There has also been an

increase in the Superintendent's and Administrative Assistant's responsibilities due to the turnover in the business department (six business managers in four years). This stretching of staff resources means that staff do not always have time to dig as deep or investigate ways to do things better.

Our conversations have focused on whether or not this design is sustainable. Over the past four years we have tried to streamline the responsibilities. There is a difference between a staff member doing two different jobs and doing the same job twice. For example, the accounts payable technician's job is more standardized since she only had to learn the tasks once and completes it separately for each district. Whereas the human resources and payroll staff have different salary schedules and different employee contracts to maintain for each district.

If we did not have the shared management, we would not be able to financially provide enough support staff. The Superintendent would need to be a principal also and the Business Manager would handle all of the technician duties for the district. The inefficiencies that we have now center around double reporting (time, money, and sanity); different negotiated contracts for the four employee organizations; different medical and liability insurance carriers; different versions of board policies and administrative regulations; double school board meetings; and double memberships in education support organizations.

We do not agree that our shared management team has detracted from or harmed our educational programs. The Grand Jury Report may be missing the benefits we have gained through our good leadership team. When the Districts work together, it benefits our students whether we are consolidated or not. We have actually seen benefits to our program through more experienced and trained leadership; more staff development options; and a greater focus on improvements in instruction and learning. Plus the shared management allows the Districts to maintain the needs of the individual populations and schools and communities we serve. The challenges of raising and educating children and preparing them for NJUHSD is universal.

F.I.10 The efficiency of local western Nevada County school districts can be increased by sharing or centralizing more services.

Agree

F.I.11 There is a major opportunity to increase the coordination of school district calendars.

Agree

F.I.12 Standardization of school district calendars would result in cost savings and allow families to plan for school closures and vacations.

Agree

RECOMMENDATIONS

R.2. The boards of trustees for all local elementary school districts in western Nevada County consult with the other local elementary school districts to identify opportunities for consolidation with a view to petitioning the County Superintendent of Schools pursuant to Education Code Section 35700.

The recommendation has been partially implemented.

The Nevada County Superintendent of Schools Office arranged two workshops related to consolidation for Nevada County School Boards during the past four years. Members of the Ready Springs and Pleasant Valley Boards participated in both workshops. The first workshop was presented by a representative from the California Department of Education. During the second workshop our two boards were able to have a lengthy discussion about the successes of our collaboration and other areas we could explore for expanding our shared services/programs.

The Nevada County Superintendent of Schools Office also initiated the conversation with School Services of California to conduct an initial study of consolidation in Nevada County. Through the report prepared by School Services of California, districts were provided with information about the effect various consolidation options would have on the revenue limits. However, this report addressed each district as if it was funded by revenue limit with no adjustment for those districts funded through basic aid. A further analysis would need to be made to determine if overall a specific consolidation would benefit the districts programmatically as well as financially. At this time the Ready Springs and Pleasant Valley Districts must be very conservative with expenses of time and money. The Districts would be open to pursuing this analysis if it is not cost prohibitive. The Districts want to build on the gains we have made through our shared services. The Districts will pursue discussions with our community related to further collaboration between these two districts and possible consolidation.

- R.4. The boards of trustees for all local elementary school districts in western Nevada County adopt and deliver to the County Committee on School District Organization, a resolution proposing consideration of consolidation of such district with one or more other districts in western Nevada County, pursuant to Education Code Section 35721(c).

The recommendation has been partially implemented.

At this time, this response can only address the Ready Springs and Pleasant Valley Districts. Before the release of the Schools Efficiency Grand Jury Report, the Ready Springs and Pleasant Valley Boards had informed their superintendent in their respective public board meetings that they wanted her to facilitate discussions between the two districts related to greater collaboration and/or consolidation options. In June, the RSUESD/PVESD Superintendent let the County Superintendent of Schools know that the districts would like more information on the fiscal effects of consolidation.

- R.7. The Boards of Trustees of the Ready Springs Union School District and the Pleasant Valley Elementary School District begin, or continue, discussions regarding the consolidation of the two districts.

The recommendation has been partially implemented.

As mentioned above, these discussions have started. Community input will be sought and an analysis (dependent on cost) will be conducted to determine whether or not this is feasible, fiscally sound and beneficial to the educational programs.

- R.8. The County Superintendent of Schools, the boards of trustees of all local elementary school districts in western Nevada County and the Board of Trustees of the Nevada Joint Union High School District actively pursue increased shared services in the following areas:
- Maintenance, particularly a centralized, mobile service that can be rotated through each school site, including electrical, HVAC, plumbing and landscaping;
 - More centralization of curriculum experts;
 - More centralization of enrichment programs, including those in music and the arts;
 - Increased sharing and centralization of administrative services, including business and payroll services;
 - Student transportation.

The recommendation has been partially implemented.

During the past three years, all superintendents have participated in discussions related to shared services and programs. At this time, this response can only address the Ready Springs and Pleasant Valley Districts. Any joint services and programs that we offer are carefully analyzed to ensure that they benefit our students.

- Maintenance options will be explored if allowed through our collective bargaining agreements. RSUESD and PVESD had a shared Maintenance Supervisor until that position was eliminated due to budget cuts. Equipment, expertise, and assistance are still shared across the two district boundaries.
- Options will be explored for curriculum experts. RSUESD and PVESD had a shared Director of Curriculum and Instruction until that position was eliminated two years ago due to budget cuts. These responsibilities are now shared across the two districts by the two Principals, the Superintendent, and the Director of Special Education. Staff from the two districts have participated in joint staff development in several topics including but not limited to autism spectrum disorder; Explicit Direct Instruction; Olweus Bully Prevention; training of instructional aides; Systematic Supervision; blood borne pathogens; child abuse prevention; sexual harassment; technology; transitional kindergarten; first aid/CPR, and special education.
- Options will be explored for enrichment programs. RSUESD and PVESD both offer after school programs and we try to coordinate enrichment opportunities and training. The Penn Valley Family Resource Center also provides special opportunities for students from both districts and parenting classes. The two districts have worked cooperatively to implement a new program this year for middle school students from both districts, the Phoenix Academy. This program emphasizes academic improvement and helps these students achieve their full potential.
- Ready Springs and Pleasant Valley already have centralized administrative services, including business and payroll. We have utilized our joint purchasing power for numerous contracts including propane, transportation, office and instructional supplies, technology, and transportation.
- During the spring of 2012, Ready Springs and Pleasant Valley explored transportation options through Durham Transportation, but determined that it would not be a cost savings during the 2012-13 school year. This will be re-examined in the spring of 2013.

- R.9. All local elementary school districts in western Nevada County and the Nevada Joint Union High School District coordinate their school-year calendars for greater efficiency and publicly report their conclusions.

The recommendation has been implemented.

Ready Springs and Pleasant Valley have adopted a 2012-13 calendar that has a common start day, Fall Break, Winter Break, and Spring Break with Nevada Joint Union High School District. Both Districts examine the NJUHSD calendar which must be negotiated by the NJUHSD employee associations. In the past couple years the NJUHSD calendar negotiations have been completed very late in the school year. Also in recent years some districts, including NJUHSD, have negotiated furlough days. Ready Springs and Pleasant Valley have not had any furlough days and are not interested in reducing instructional time unless it becomes a fiscal necessity.



Twin Ridges Elementary School District

P.O. Box 529
North San Juan, CA 95960

(530) 265-9052
FAX (530) 265-3049

August 24, 2012

The Honorable Judge Tom Anderson
Presiding Judge of the Grand Jury
201 Church Street
Nevada City, CA 95959

Dear Judge Anderson,

This letter serves as my response to the June 5, 2012 Grand Jury Report on **Schools Efficiency**.

Recommendations:

2. The boards of trustees for all local elementary school districts in western Nevada County consult with the other local elementary school districts to identify opportunities for consolidation with a view to petitioning the County Superintendent of Schools pursuant to Education Code Section 35700.

The recommendation has been implemented. The discussion of consolidation has taken place on multiple occasions within the regular Superintendent's meetings. The Twin Ridges Elementary School District Superintendent has also attended the meeting between the GVSD and NCSd as well as the individual district meetings when they were discussing consolidation. At this time the TRESd does not feel that it is our best interest to consolidate with any other district within Nevada County.

4. The boards of trustees for all local elementary school districts in western Nevada County consult with the other local elementary school districts to identify opportunities for consolidation with a view to petitioning the County Superintendent of Schools pursuant to Education Code Section 35700.

The recommendation will not be implemented at this time.

The only district bordering Twin Ridges Elementary School District is the Nevada City School District. The TRESd Board of Trustees is not interested in consideration of consolidation with the Nevada City School District at this time. A resolution stating that fact will be sent to the County Committee on School District Organization.

8. The Nevada County Superintendent of Schools, the boards of trustees of all local elementary school districts in western Nevada County and the board of trustees of the Nevada Joint Union High School District actively pursue increased shared services in the following areas:

- Maintenance, particularly a centralized, mobile service that can be rotated through each school site, including electrical, HVAC, plumbing and landscaping;

This recommendation will not be implemented at this time. The Twin Ridges Elementary School District currently has two full time maintenance personnel at this time. These two people are responsible for maintaining four sites within the district. Two of these sites are currently not being used as schools but house a variety of other operations. The district feels that our staff has local knowledge that is unique to our sites. A rotating mobile service would not meet our needs. It is our best interest to have someone immediately available in case of emergencies. If there were an emergency we could not expect to get someone to our rural isolated site(s) in a

timely manner. Our Facilities/maintenance people are our first responders when the alarm system goes off. They need to be able to get to the school in a timely manner. The district is also obligated to maintain these positions as they are negotiated union positions. However, continued discussions will be held regarding possibilities that might arise in the future.

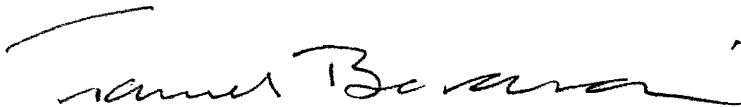
- More centralization of curriculum experts;
This recommendation will not be implemented at this time. Currently, only the county superintendent of schools employs a position specifically designated as a curriculum expert. This position provides countywide support and planning for math training, assistance in program improvement, staff development opportunities and other curriculum assistance. The position also provides coordination of regional curriculum activities. Information is shared at monthly superintendents' council meetings and at countywide principals meetings. The Superintendent/Principal currently acts as the curriculum director for the TRESA. At this time it is not economically viable for our small district to hire a designated curriculum expert.
- More centralization of enrichment programs, including those in music and the arts;
This recommendation will not be implemented at this time. Due to our geographic isolation within the county, the sharing of staff is not economically viable. The cost of transportation to and from other districts will only increase the cost. Travel time is also a consideration that does not fit our district.
- Increased sharing and centralization of administrative services, including business and payroll services;
This recommendation has been partially implemented. Twin Ridges Elementary School District has already eliminated some administration by combining the Superintendent and Principal position. Currently the Superintendent/Principal acts as the sole administrator to both the schools in the district. TRESA's business and payroll services are sent to the Nevada County Superintendent of Schools office for back-up and internal control.

Student transportation;

This recommendation will not be implemented at this time. Due to our geographic isolation within the county we are not included in the JPA that several other districts utilize. Washington School does not offer any bus services at this time because the school is located within walking distance to all students. Our second school, Grizzly Hill, does contract out with Durham Transportation. When our current contract with them expires at the end of the 2012-2013 year, we will be looking into a variety of alternatives.

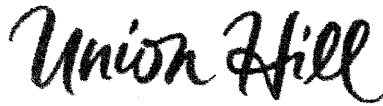
9. All local elementary school districts in western Nevada County and the Nevada Joint Union High School District coordinate their school-year calendars for greater efficiency and publicly report their conclusions.
This recommendation will not be implemented at this time. Calendars are an negotiated item. The Twin Ridges Teachers Association put forth the current calendar that was adopted for the 2012-2013 school year. This item will be put up for consideration next year.

Sincerely,



James Berardi
Superintendent/Principal
Twin Ridges Elementary School District

Susan Barry, Superintendent



SCHOOL DISTRICT
A Tradition of Excellence Since 1969

10879 Bartlett Drive Grass Valley, CA 95945 Ph. 530.273.0647 Fax 530.273.5626
www.uhsd.k12.ca.us

September 5, 2012

The Honorable Judge Tom Anderson
Presiding Judge of the Grand Jury
201 Church Street
Nevada City, CA 95959

Dear Judge Anderson,

This letter serves as Union Hill School District's Board of Trustee's response to the June 5, 2012 Grand Jury Report on **Schools Efficiency**.

Findings:

F.I.1 The school age population of western Nevada County is declining and will continue to decline in the foreseeable future.

Partially Agree

The school age population of western Nevada County has been declining over the past decade. It seems speculative to predict that there is a foreseeable future of declining enrollment, as the local economy, job market, and affordable housing are key factors relating to local school enrollment.

F.I.2 Revenues received by school districts in western Nevada County are declining and will continue to decline in the foreseeable future.

Partially Agree

State and federal education revenues have been reduced over the last five years. At this time future funding for education is unclear as we wait to see the outcome of the Governor's tax initiative on the November ballot.

*Rec'd
9/10/2012*

- F.I.3 The utilization of school facility capacity in western Nevada County is low and will continue to decline.

Partially Agree

Although Union Hill School has experienced declining enrollment, we maximize the use of our facilities by expanding our charter school program and by leasing classrooms to house students from the county special education programs.

- F.I.4 Larger school districts can devote proportionately more of their budgets to classroom instruction.

N/A

- F.I.5 Public elementary schools in western Nevada County need to increase their efficiency if the educational experience is to stabilize or improve.

Partially Agree

Efficient school operations are *one of many* factors that contribute to improvements of educational experiences.

- F.I.6 School district consolidation can increase Revenue Limit income, decrease costs and enhance educational programs.

Partially Agree

Increased revenues due to consolidation may or may not occur, depending on the combination of districts consolidating. Costs associated with consolidation may or may not decrease, depending on the combination of the districts consolidating.

- F.I.7 Due to geography and the number of inter-district transfers, UHSD is currently a de facto part of GVSD.

Disagree

Although Union Hill School District shares boundaries with Grass Valley School District, UHSD has been a separate established school district since 1868. The high number of inter-district transfer requests from families seeking attendance with the Union Hill School District exemplify that the two districts are perceived to have separate and unique school climates, philosophical foundations, and educational practices.

F.I.8 Due to geography, the number of inter-district transfers and the projected increase in revenue, a consolidation of GVSD and UHSD is logical and desirable.

Disagree

The process for consolidating school districts depends upon local initiation and approval. Local stakeholders are the appropriate bodies to determine the merits of a potential consolidation.

F.I.9 Most of the administrative staff in the RSUSD and the PVEST are working two jobs, which is unsustainable and detracts from the educational program.

N/A

F.I.10 The efficiency of local western Nevada County school districts can be increased by sharing or centralizing more services.

Agree

F.I.11 There is a major opportunity to increase the coordination of school district calendars.

Partially Agree

The school districts in Nevada County attempt to develop aligned school calendars, however, the school calendar is a negotiated item and total alignment may not be feasible due to the unique issues of each district.

F.I.12 Standardization of school district calendars would result in cost savings and allow families to plan for school closures and vacations.

Partially Agree

Cost savings through the standardization of school calendars has not been determined. Standardization of district calendars would assist families in planning for vacations and child care for school closure times.

Recommendations:

- R.2. The Boards of Trustees for all local elementary school districts in western Nevada County consult with the other local elementary school districts to identify opportunities for consolidation with a view to petitioning the County Superintendent of Schools pursuant to EC 35700.

The recommendation has been implemented.

Union Hill School District's Board of Trustees will attend the August 28, 2012 joint meeting between Nevada City School District and Grass Valley School District where district consolidation will be discussed.

- R.4. The Boards of Trustees for all local elementary school districts in western Nevada County adopt and deliver to the County Committee on school District Organization, a resolution proposing consideration of consolidation of such district with one or more other districts in western Nevada County, pursuant to EC 35721(c).

The recommendation will not be implemented.

On February 17, 2011, the Nevada County Superintendent of Schools in conjunction with School Services of California, presented a forum, Analysis of the Revenue Impact of School District Consolidations in Nevada County. While this forum addressed the revenue impact, it did not address the costs or multitude of other educational issues associated with consolidation. The Union Hill School District Board of Trustees feel that at this time there is not factual evidence to support school district consolidation in our county.

- R.6. The Boards of Trustees of the Grass Valley School District and the Union Hill School District begin, or continue, discussions regarding the consolidation of the two districts.

The recommendation has been implemented.

Union Hill School District's Board of Trustees will attend the August 28, 2012 joint meeting between Nevada City School District and Grass Valley School District where district consolidation will be discussed.

R.8. The County Superintendent of Schools, the Boards of Trustees of all local elementary school districts in western Nevada County and the Board of Trustees of the Nevada Joint Union High School District actively pursue increased shared services in the following areas:

- Maintenance, particularly a centralized, mobil service that can be rotated through each school site, including electrical, HVAC, plumbing and landscaping;
- More centralization of curriculum experts;
- More centralization of enrichment programs, including those in music and the arts;
- Increased sharing and centralization of administrative services, including business and payroll services;
- Student transportation.

The recommendation has been implemented.

Union Hill School District currently shares services with other school districts whenever it is economically feasible and supportive of the educational and fiscal needs of the district.

R.9. All local elementary school districts in western Nevada County and the Nevada Joint Union High School District coordinate their school-year calendar for greater efficiency and publicly report their conclusions.

The recommendation has been implemented.

The school districts in Nevada County attempt to develop aligned school calendars, however, the school calendar is a negotiated item and total alignment may not be feasible due to the unique issues of each district. School calendars are publically adopted at a Board of Trustees meeting.

Sincerely,



Susan Barry
Superintendent
Union Hill School District

SPECIAL DISTRICTS

Truckee Donner Public Utility District

**Nevada County Grand Jury Report with Responses
2011-2012**

TRUCKEE DONNER PUBLIC UTILITY DISTRICT

Summary

The Truckee Donner Public Utility District is an independent special district providing electrical power and water services in and around Truckee, California. The Truckee Donner Public Utility District is governed by a Board of Directors elected by the district's voters.

On April 19, 2011, the Nevada County Grand Jury received a complaint from a member of the public. The complainant asked the Nevada County Grand Jury to review the eligibility of a Director of the Truckee Donner Public Utilities District to serve on the Board of Directors.

The Nevada County Grand Jury finds the Truckee Donner Public Utilities District does not have written policy outlining procedures for an investigation of a complaint concerning a member of the Board. The Nevada County Grand Jury finds there was a lack of responsiveness to the complaint by the General Manager and the Board of Directors. The Nevada County Grand Jury finds;

- the General Manager failed to advise the Board of Directors of the complaint;
- the Board of Directors, when it learned of questions concerning the eligibility of the Director, failed to give direction to the General Manager or to seek advice from its legal counsel.

The Nevada County Grand Jury recommends the Truckee Donner Public Utilities District Board of Directors develop written policy which outlines procedures clearly defining the roles and responsibilities of the General Manager, the Truckee Donner Public Utility District's legal counsel and the Board in response to a complaint concerning a member of the Board. The Nevada County Grand Jury also recommends the Truckee Donner Public Utilities District improve communication among management, legal counsel and the Board of Directors of the Truckee Donner Public Utilities District.

Reasons for Investigation

On April 19, 2011, the Nevada County Grand Jury (Jury) received a complaint regarding a member of the Truckee Donner Public Utility District (TDPUD) Board of Directors (Board). The complaint requested the Jury review the eligibility of a Director to serve on the Board at the time of the November 2010 election or the date of the complaint.

The Jury has the authority to investigate special purpose assessment or taxing districts, including those commonly known as special districts, in Nevada County.

Background

Special districts are a form of local government created by a community to meet specific needs. Most of California's special districts perform a single function such as sewage treatment, water services, fire protection, pest management or cemetery management. There are approximately 2,300 independent special districts in California, each governed by an independent board of directors elected by the voters of their district or appointed to a fixed term of office by either a city council or a county board of supervisors. There are approximately thirty independent special districts in Nevada County.

The TDPUD is an independent special district responsible for providing electrical power and water services in and around Truckee, California. The TDPUD is a non-profit, publicly owned utility. The TDPUD is governed by a five-member Board. The Board is elected by district voters during the general elections held in November. In the general election to be held in November 2012, three of the five Directors will stand for election. The members of the Board serve four-year terms.

The Board is responsible for setting policy and general administrative procedures. The Board selects and appoints a General Manager (GM). The GM is responsible for the day-to-day operations of the TDPUD and is accountable to the Board.

The Board meets in regular session every month. These meetings are scheduled at 6:00 P.M. on the first and third Wednesday of each month and are open to the public.

Procedures Followed

The Jury interviewed TDPUD staff, four members of the Board, the TDPUD's legal counsel, United States Postal Service (USPS) personnel and residents of the TDPUD. The Jury also reviewed related documents provided by the TDPUD and the USPS.

During the review of the complaint, the Jury also reviewed the policies and procedures of the TDPUD. The Jury's inquiry focused on the time period between August 2010 and June 2011.

Facts

F.A.1. The TDPUD is governed by a five-member Board elected by the voters of the TDPUD.

F.A.2. Only residents of the TDPUD who are registered voters are eligible to serve as TDPUD Directors (*California Public Utilities Code section 15952*).

- F.A.3.** There is a governing document for the TDPUD titled *District Code*.
- F.A.4.** The *District Code* provides that;
- the GM is selected and appointed by the Board and is accountable to the Board;
 - the GM administers the policies and procedures of the TDPUD as directed by the Board;
 - the GM is responsible for the day-to-day operations of the TDPUD;
 - the Board is responsible for establishing policy, approving plans and programs and delegating authority to the GM;
 - the GM is responsible for responding to citizens' complaints and requests for information;
 - the GM is to keep the Board informed of customer complaints;
 - the GM will inform the Board of significant problems so the Board can provide necessary direction to District staff.
- F.A.5.** There is no written policy in the *District Code* outlining the roles and responsibilities of the GM, the TDPUD's legal counsel or the Board when a complaint is made concerning a member of the Board.
- F.A.6.** On December 15, 2010, the TDPUD legal counsel received a complaint questioning the residency of a member of the Board (Director).
- F.A.7.** The Board met in a regularly scheduled meeting on December 15, 2010.
- F.A.8.** At the December 15, 2010 Board meeting, the Director made a public statement and said he was aware of questions regarding his residency status. He further stated he was a resident of Truckee.
- F.A.9.** Prior to the Director's public statement, the GM was aware of the complaint which questioned the residency of the Director.
- F.A.10.** The GM met with the Director and TDPUD legal counsel prior to the Director's public statement. At that time, the Director told the GM that he was a resident of Truckee.
- F.A.11.** The GM accepted the Director's statement that the Director was a resident of Truckee
- F.A.12.** The GM did not further investigate the complaint.
- F.A.13.** The GM did not advise the Board of the complaint or of any actions taken to investigate the complaint in any open or closed session of the Board.
- F.A.14.** After the Director's public statement at the December 15, 2010 Board meeting, the Board failed to seek advice from its legal counsel regarding the issues raised by the Director's statement.

- F.A.15.** After the Director's public statement at the December 15, 2010 Board meeting, the Board failed to give direction to the GM regarding the issues raised by the Director's statement.
- F.A.16.** The Board met in a regularly scheduled meeting on February 16, 2011
- F.A.17.** At the February 16, 2011 Board meeting, the Director made a public statement that he still considered himself a resident of Truckee.
- F.A.18.** At the February 16, 2011 Board meeting, after the Director's public statement, the President of the Board stated the Board was glad to keep the Director on the Board, "as long as we can."
- F.A.19.** After the Director's public statement at the February 16, 2011 Board meeting, the Board again failed to seek advice from its legal counsel regarding the issues raised by the Director's statement.
- F.A.20.** After the Director's public statement at the February 16, 2011 Board meeting, the Board again failed to give direction to the GM regarding the issues raised by the Director's statement.
- F.A.21.** The *District Code* does not require the Board or the GM to notify the complainant of the disposition of a complaint made concerning a member of the Board.
- F.A.22.** The TDPUD did not notify the complainant of any disposition of the complaint.
- F.A.23.** The Director resigned from the Board on June 22, 2011.

Findings

- F.I.1** The *District Code* does not specifically address the process for responding to a complaint concerning a member of the Board.
- F.I.2** The *District Code* does not specifically require the GM to keep the Board informed of a complaint concerning a member of the Board.
- F.I.3** The GM's failure to notify the Board of the complaint regarding the Director denied the Board an opportunity to address the complaint.
- F.I.4** After the Director's public statements at the December 15, 2010 and February 16, 2011 Board meetings, the Board showed a lack of engagement and responsiveness by failing to address the issues raised by the Director's statement.
- F.I.5** The *District Code* does not require the complainant be notified of the disposition of a complaint made concerning a member of the Board.

Recommendations

The Nevada County Grand Jury recommends:

- R.1.** All members of the Board should seek out and attend training regarding the roles and responsibilities of Board members in special districts.
- R.2.** The Board should develop written policy which clearly defines the roles and responsibilities of the GM, the TDPUD legal counsel and the Board in response to a complaint concerning a member of the Board.
- R.3.** The Board should amend the *District Code* to require the complainant be notified of the disposition of a complaint made concerning a member of the Board.
- R.4.** The Board should develop written policy that requires the GM to keep the Board informed of a complaint concerning a member of the Board.
- R.5.** The Board should improve communication among TDPUD management, TDPUD legal counsel and the Board.

Responses

Truckee Donner Public Utility District Board of Directors: Date : August 21, 2012



Truckee Donner Public Utility District

June 8, 2012

The Honorable Thomas Anderson
Presiding Judge of the Grand Jury
201 Church Street
Nevada City, CA 95959

Directors
Joseph R. Aguera
Jeff Bender
J. Ron Hemig
Tony Laliotis
Vacant Position
General Manager
Michael D. Holley

Subject: 2012 Grand Jury of Nevada County report on the Truckee Donner Public Utility District

Grand Jury Findings

Note: **TDPUD Response in Bold**

F.I.1. *The District Code does not specifically address the process for responding to a complaint concerning a member of the Board. **Agree.***

F.I.2. *The District Code does not specifically require the GM to keep the Board informed of a complaint concerning a member of the Board. **Agree.***

F.I.3. *The GM's failure to notify the Board of the complaint regarding the Director denied the Board the opportunity to address the complaint. **Disagree. The Board was given the opportunity to address the issue when Director Hillstrom made his statements in open session. Additionally, there is no requirement, regulation, or law for the GM to notify the Board in this circumstance.***

F.I.4. *After the Director's public statements at the December 15, 2010 and February 16, 2011 Board meetings, the Board showed a lack of engagement and responsiveness by failing to address the issues raised by the Director's statement. **Disagree. Director Hillstrom addressed the question of his residency multiple times in open session, indicated that he had consulted with legal counsel on this issue, and the Board was satisfied with his statements. The Board and GM were aware of their responsibilities regarding this issue, followed District code and State law, and took appropriate actions. The State of California, Office of the Attorney General and the courts, have jurisdiction regarding issues relating to residency requirements for local government officials.***

F.I.5. *The District Code does not require the complainant be notified of the disposition of a complaint made concerning a member of the Board. **Agree.***

Grand Jury Recommendations

Note: TDPUD Response in Bold

R1. *All members of the Board should seek out and attend training regarding the roles and responsibilities of Board members in special districts.* **The recommendation has been implemented. The District has an on-going program to train Board members.**

R2. *The Board should develop written policy which clearly defines the roles and responsibilities of the GM, the TDPUD legal counsel and Board in response to a complaint concerning a member of the Board.* **The recommendation has not yet been implemented, but will be implemented within 120 days.**

R3. *The Board should amend the District Code to require the complainant be notified of the disposition of a complaint made concerning a member of the Board.* **The recommendation has not yet been implemented, but will be implemented within 120 days.**

R4. *The Board should develop written policy that requires the GM to keep the Board informed of a complaint concerning a member of the Board.* **The recommendation has not yet been implemented, but will be implemented within 120 days.**

R5. *The Board should improve communications among TDPUD management, TDPUD legal counsel and the Board.* **This recommendation will not be implemented because it is not warranted. See the District's response to F.I.3 and F.I.4. The District strives to continually improve communications among the TDPUD management, TDPUD legal counsel and the Board.**

Feel free to contact me if I can be of any assistance.

Regards,



Tony Laliotis
Board President
Truckee Donner Public Utility District