City of Sonora
"Queen of the Southern Mines"
94 North Washington Street
Sonora, California 95370

City Hall
Administration 532-4541
Community Development . 532-3508
Finance 532-4541
Human Resources..... 588-8946
Opera Hall 532-7725
Special Programs 532-7725
Fire..... 532-7432
Police..... 532-8143
Public Works..... 532-2922
Cemetery..... 532-4492

Area Code 209
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MEMORANDUM

DATE: August 20, 2018

TO: Honorable Mayor, City Council members

FROM: Timothy A. Miller, City Administrator

SUBJECT: 2017-2018 Grand Jury Report

DISCUSSION:
Attached is a letter drafted by the City Administrator, and reviewed and edited by the City Attorney, responding to the findings and recommendations contained in the 2017-2018 Tuolumne County Grand Jury Report as requested by the Grand Jury and required by law. In the letter, the City affirms the need for a management audit of the TCEDA; and, agrees to conduct a public meeting regarding a sales tax increase for road maintenance. In addition, the City is recommending that a separate and independent audit of the TCEDA's financial records be conducted.

RECOMMENDATION:
That the City Council, by motion, authorize the City Administrator to sign the 2017-2018 Grand Jury Report response letter on behalf of the City as drafted, or as may be amended by the City Council.

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DRAFT

August 20, 2018

The Honorable Kate Powell Segerstrom
Tuolumne County Superior Court
60 North Washington Street
Sonora, CA 95370

Re: 2017-2018 Tuolumne County Grand Jury Report

Dear Judge Segerstrom:

As required by California Penal Code section 933.05, the City of Sonora (the "City") submits to you the following responses to the findings and recommendations received from the Tuolumne County Civil Grand Jury regarding the above-referenced Civil Grand Jury Report.

TUOLUMNE COUNTY ECONOMIC DEVELOPMENT AUTHORITY

FINDINGS

F2. TCEDA's refusal to disclose the specific nature of its activities or the identities of business clients does not allow for independent oversight or auditing and may impact Brown Act compliance.

F3. TCEDA does not follow best practices for public agencies with regard to transparency in the use of public funds.

F4. TCEDA Board fails to provide operational oversight and does not verify or monitor the accuracy presented to the public.

F5. TCEDA lacks both the internal and public transparency regarding the appropriateness of budget expenditures.

F7. TCEDA lacks sufficient metrics and procedures to evaluate its effectiveness.

Response: The City disagrees partially with these findings. The City provides this qualified response as it is unaware of the scope of documentation or information the Civil Grand Jury considered in reaching these findings. The City does agree there needs to be more transparency regarding the TCEDA activities and identities of its clients (without violating their right of privacy); and, its use of public funds and budget expenditures. The City also agrees there should be more oversight by the Board and measures established to evaluate the effectiveness of the organization.

RECOMMENDATION

R2. The County Auditor retain an independent firm to perform a Management Audit of TCEDA operating policies and practices. The Board of Supervisors and the City Council of Sonora fund the County Auditor in retaining an independent firm. (F2, F3, F4, F5, F7)

The audit will include:

a. Best practice for comparable agencies with specific recommendations on implementing a check and balance system for pre-approval and post-approval of travel and entertainment.
b. A set of minimum disclosure requirements that includes the purpose of each meeting/trip/meal, specific entertainment participants and their organizations, who accepted a meal.
c. Performance metrics and management reporting.
d. Identification of a process for specific independent review and approval of exceptions to policies.
e. Policies in regard to TCEDA interactions and disclosures with private businesses.
f. Policies regarding meals and alcohol.
g. Identifying whether the CEO is correctly identifying work time on time cards.

Response: The City has not implemented the recommendation but will do so within the next fiscal year. In coordination with the County of Tuolumne, the City will implement this recommendation during FY 2018-2019 by retaining a mutually agreeable firm to conduct a Management Audit addressing the areas of concern identified by the Grand Jury. It is the City's position that the funding for this audit should come from the existing TCEDA budget and/or existing TCEDA reserves. It is also the City's position that as part of this Management Audit, a separate and independent audit of the TCEDA's financial records be conducted for the prior two fiscal year(s). The requested audit of TCEDA's financial records should be separate and apart from any obligation TCEDA has to conduct a financial audit as required by law.

DRAFT

TUOLUMNE COUNTY'S DETERIORATING ROADS

FINDINGS

F1. Funding for road maintenance (including the new SB1 funds) remain inadequate to reverse the deterioration of the City and County system, particularly the Minor Collector and Local community roads. Current Tuolumne County funding for maintenance will be about $9 million per year when fully receiving the new SB1 funds. An additional $4 million per year for 20 years is needed to catch up for all roads.

F2 – F6 Applicable to Tuolumne County

Response: The City agrees with the finding. Available funding for roads (Gas Tax, LTF, RSTP, and, etc.), even with the addition of the SB1 funds, are not adequate to maintain the City's arterial, major/minor collector and local roads.

RECOMMENDATION

R2. Tuolumne County and the City of Sonora to conduct a public discussion regarding a sales tax increment for Minor Collector and Local Roads, following the successful approach offered by the Self-Help Counties Coalition (the existing 24 county sales tax programs throughout the State of California).

Response: The City has not implemented the recommendation but will conduct a public meeting prior to the end of FY 2018-2019 to ascertain the level of community support for a sales tax increase dedicated to the maintenance of local roads. Should there be sufficient support, the City staff will present a sales tax ballot measure to the City Council to consider for an election in 2020.

You may contact me directly if there are any additional questions or concerns.

Sincerely,

Timothy A. Miller
City Administrator

DRAFT