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COUNTY OF SONOMA

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August 16, 2019

[Hand Delivered]
Honorable, Gary Nadler
Sonoma County Superior Court
600 Administration Drive
Santa Rosa, CA 95403

READ AND CONSIDERED
DATE 8/24/19 BY [Signature]

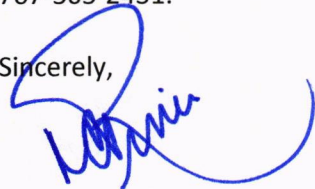
RE: Response to the 2018-19 Sonoma County Civil Grand Jury Report

Dear Honorable Judge Nadler,

Thank you for the opportunity to respond to the above stated Civil Grand Jury Report. The following are the County Administrator's Office responses to the Report titled "Managing Public Properties in Sonoma County" and "The Behavioral Health Budget – A Perfect Storm."

If you have any questions, or require additional information, please do not hesitate to contact me at 707-565-2431.

Sincerely,

 for CAO Bratton

Sheryl Bratton
Sonoma County Administrator

Cc (via email): Ronald Chestnut, 2019-20 Grand Jury Foreperson

Response to 2018-19 Grand Jury Report

Report Title: Managing Public Properties in Sonoma County

Report Date: June 2019

Response By: Sheryl Bratton **Title:** County Administrator

Agency: Sonoma County Administrator's Office

FINDINGS

We agree with these findings:

F3. There is no formal requirement that County departmental administrators inform the Board of Supervisors regarding current-year deferred maintenance decisions on capital assets including cost to the County budget.

F7. Facility maintenance is persistently underfunded, at levels substantially below recommended industry standards.

We disagree wholly or partially with these findings:

F4. Real asset records are scattered over an excessive number of record keeping and asset management systems.

We disagree partially with this finding. All physical/financial asset records are maintained in the EFS Asset Management (AM) module. EFS AM has been implemented county-wide. Some departments use other systems to maintain data not needed for financial reporting of assets, such as maintenance planning for buildings.

F5. General Services, as well as other departments, have yet to take advantage of integrating with the Enterprise Financial System's (EFS) Asset Management module which provides asset tracking, acquisition, maintenance, inventory, and cost-sharing.

We disagree partially with this finding. The County purchased and implemented PeopleSoft Asset Management in July 2014 to provide a centralized system to track capital assets for the purpose of financial accounting. EFS Asset Management is currently the centralized system of record for recording and reporting all asset acquisitions, transfers, cost adjustments, retirements and depreciation for all County departments. Maintenance and work orders are tracked in a separate module called PeopleSoft Maintenance Management. The Maintenance module was not purchased by the County.

F6. The true cost of maintaining the County's facilities has been substantially understated for over a decade by deferring needed maintenance.

We disagree partially with this finding. As the amount of funding for maintenance had remained flat since the economic downturn of 2006, unfunded maintenance projects have been identified and valued in the Annual Capital Improvement Plan (CIP).

F10. Public and employee safety are adversely affected by deteriorating building conditions brought about by deferred maintenance.

We disagree partially with this finding. Building conditions are not the only factor in public and employee safety. In large part, worn or outdated finishes are merely aesthetic issues. However, there may be some cases where health and safety of employees and the public could potentially be compromised by deteriorating building conditions, such as leaking roofs or tripping hazards.

F12. The County lacks in-house capabilities for determining and setting deferred maintenance valuations.

We disagree wholly with this finding. General Services Facilities Development and Management includes staff who are licensed architects, engineers and general contractors that have extensive experience in cost estimating.

RECOMMENDATIONS

R2. The County Administrator obtain an independent cost analysis and justification of deferred maintenance on capital assets from each department head and present to the Board of Supervisors by March 2020, and following on an annual basis. [F3]

Response: The recommendation has been implemented.

An independent cost analysis performed by VFA associates has been completed, which will be updated in FY 2020/21. In addition, General Services and Regional Parks staff have evaluated Government Facilities located on County-owned properties including the Marinas. Staff provided a report on deferred maintenance needs during the Fiscal Year 2019-20 Budget Hearings and further discussion with the Board of Supervisors will begin in the fall of 2019.

R3. The County Administrator work with department heads to evaluate and take advantage of the EFS Capital Asset Management module to avoid duplication, consolidate data, provide cost savings, and report updates to the Board of Supervisors by December 31, 2019. [F4, F5]

Response: The recommendation requires further analysis.

The County purchased and implemented EFS Asset Management county-wide in July 2014 in order to provide a centralized accounting system to track capital assets. Additional asset management modules for IT, Maintenance Management, and Real Estate tracking were not purchased or implemented. The County Administrator will direct the General Services Director to work with ACTTC staff to determine if additional services are needed. Staff will provide an update to the Board of Supervisors through the Budget development process by June 30, 2020.

R4: The County Administrator and the Board of Supervisors budget regularly for facility maintenance at levels consistent with recommended industry standards by December 31, 2019. [F6, F7]

Response: The recommendation has been implemented.

In order to avoid significant increases in deferred maintenance costs for County facilities, the Board of Supervisors adopted a Facility Maintenance and Investment/Deferred Maintenance Funding policy during the Fiscal Year 2017-18 Budget Hearings. As the policy states, the Board of Supervisors will appropriate, for a 5 year period commencing with Fiscal Year 2017-2018, forty percent (40%) of all new property tax growth, which is above the growth needed to keep up with inflation for existing levels of general fund services, to the Capital Projects Budget to be used towards addressing deferred maintenance of County facilities. Following Board adoption of the policy, the County Administrator's Office established a process for General Services to request use of the Deferred Maintenance fund. Since the creation of this fund, a number of critical deferred maintenance projects have been mitigated.

In light of the current status of deferred maintenance on the County campus, the Board of Supervisors have directed staff to evaluate options to replace existing County buildings or relocating to a new location. Funding in support of this project has been appropriated from both the annual Capital Budget and in the Facility Maintenance fund over multiple fiscal years.

R5. The Director of Health Services reduce employee and public exposure to hazards, minimize risks of OSHA and liability exposure by enforcing a higher level of maintenance by December 31, 2019. [F10]

Response: The recommendation will not be implemented because it is not warranted.

General Services has been working closely with the Risk Management Division of Human Resources Department to identify and mitigate employee and public exposure to hazards, minimize risks of OSHA and liability exposure. Risk Management and not Health Services is responsible, in addition to General Services, to track and monitor to resolution all OSHA complaints and consults and informs Health Services staff of issues, resolution and completion.

R6. The County Administrator and the General Services Director assign resources such as sufficient staffing for determining and setting deferred maintenance valuations by December 31, 2019. [F12]

Response: The recommendation requires further analysis.

General Services Facilities Development and Management includes staff who are licensed architects, engineers and general contractors that have extensive experience in cost estimating. Because General Service's staff are 100% cost recoverable, other projects have been prioritized over updating deferred maintenance valuations. Further analysis will be needed to determine how many staff hours would be required to update and maintain deferred maintenance valuations, and how that would impact other projects. The County Administrator and General Services will continue to annually evaluate resource needs and report to the Board of Supervisors by June 30, 2020 as part of the FY 2020-21 Budget recommendations.

Response to 2018-19 Grand Jury Report

Report Title: Behavioral Health Budget – A Perfect Storm

Report Date: June 2019

Response By: Sheryl Bratton **Title:** County Administrator

Agency: Sonoma County Administrator's Office

FINDINGS

We agree with these findings:

F1 - The Department of Health Services Fiscal Department lacked formal, written policies and Procedures congruent with industry-standard budget development

F3 - BHD [Behavioral Health division] failed to establish and audit all CBO performance requirements.

RECOMMENDATIONS

R1. The CAO's office create and maintain policy and procedure manuals for each DHS department, and desk manuals for all positions in Fiscal and Behavioral Health Divisions by Dec. 31, 2019 [F1]

Response: Recommendation has not been implemented but will be implemented in the near future.

The Department of Health Services (DHS) has recently developed DHS-specific budget policies and procedures that document its internal budgeting processes and is working to finalize and implement these documents by September 30, 2019. The CAO will continue to work closely with DHS during the budget development process to ensure the Department is following all CAO established budget-related policies and guidelines.