

ENDORSED FILED

JUN 25 2015

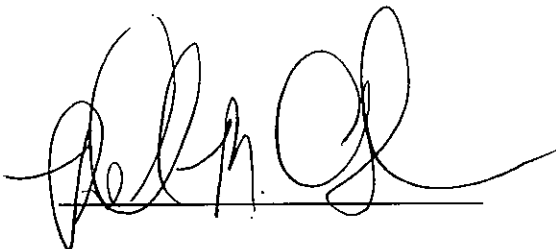
Final Report

SUPERIOR COURT OF CALIFORNIA
COUNTY OF SUTTER
CLERK OF THE COURT
By JACKIE LASWELL Deputy

of the

2014-2015

Sutter County Grand Jury



Rebecca M. Askins

Foreperson



Honorable Brian R. Aronson

Presiding Judge



SUTTER COUNTY GRAND JURY

The Honorable Brian R. Aronson

Sutter County Superior Court

446 Second Street

Yuba City, CA 95991

Judge Aronson,

It is with utmost privilege to submit to you the Final Report of the 2014-2015 Sutter County Grand Jury. The Final Report contains 8 written presentations regarding several County Departments. The Final Report also spans a variety of issues that the Grand Jury discovered during the 2014-2015 term.

To start, the Grand Jury would like to thank every county department, school, or agency that assisted us during the 2014-2015 term. We are grateful for their cooperation and eagerness to assist us by providing tours, interviews, documents and guidance on fact finding inquiries.

The Grand Jury would like to thank the Probation Department for the hospitable use of their facilities and equipment which allows us to perform our duties on behalf of the citizens of Sutter County.

The Grand Jury would also like to thank you for your guidance and open-door whenever the need arises. You have been a true asset to the Grand Jury.

On a personal note, I wish to thank Alan Ludwig for his time served as pro-tem. He attended nearly every event during the 2014-2015 Grand Jury year. His advice was most helpful. I thank him for the dedication he demonstrated throughout the entire year. I would also like to thank Phyllis Phelps for serving as the secretary. She did an excellent job keeping minutes and coordinating meeting times and locations. Both Alan and Phyllis were instrumental in ensuring the year ran smoothly and efficiently.

Serving on the Grand Jury is truly one of the most enjoyable experiences I have encountered. The opportunity to learn more about the County in which you reside as well as the transparency that serving on the Grand Jury provides is truly unique. I am very grateful to have served with each and every member of the 2014-2015 Sutter County Grand Jury. I have found them to be



SUTTER COUNTY GRAND JURY

dedicated and eager to serve the residents of this County. They have shown time and again that they really are invested in making Sutter County a great place to work, live and raise a family. I am honored to have met every one of them. We now have lasting memories that will stay with us beyond a Grand Jury term. I thank them for their trust and confidence in me as the Foreperson. It was my honor.

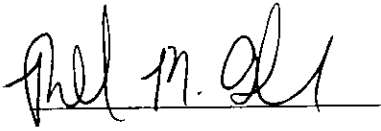
Very Respectfully,

A handwritten signature in black ink, appearing to read "Rebecca Askins".

Rebecca Askins, Foreperson

2014-2015 Sutter County Grand Jury

2014-2015 Signature Page



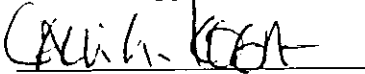
Rebecca M. Askins



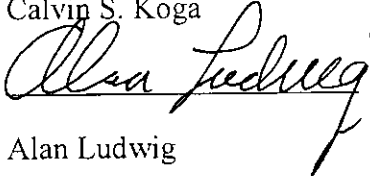
Donna Borrell



Wanda Coggan



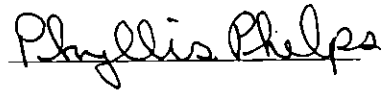
Calvin S. Koga



Alan Ludwig



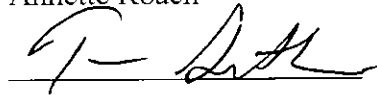
Steven W. Meyer



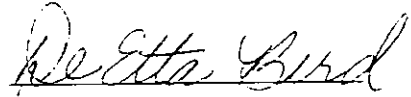
Phyllis Phelps



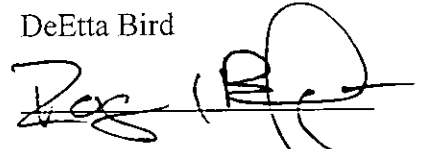
Annette Roach



Terry Smith



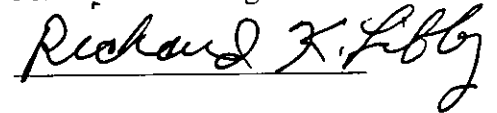
DeEtta Bird



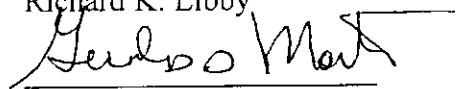
Roger L. Buschmann



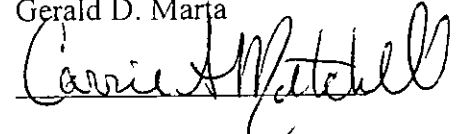
Marianne J. Ethington



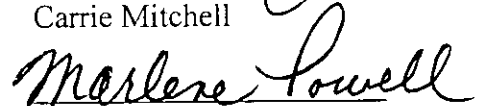
Richard K. Libby



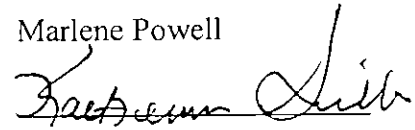
Gerald D. Marta



Carrie Mitchell



Marlene Powell



Katherine Siller

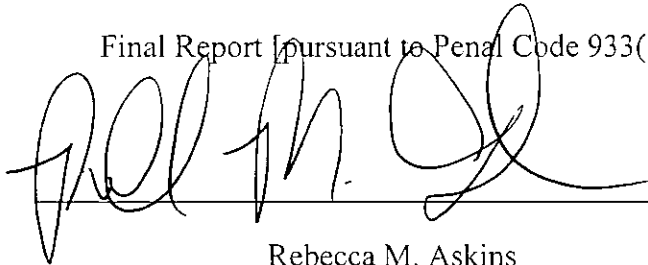
Report

Of the 2014-2015

Sutter County Grand Jury

Rebecca Askins-Foreperson, DeEtta Bird, Donna Borrell, Roger Buschmann, Wanda Coggan, Marianne Ethington, Calvin Koga, Richard Libby, Alan Ludwig, Gerald Marta, Steven Meyer, Carrie Mitchell, Phyllis Phelps, Marlene Powell, Annette Roach, Katherine Siller, Terry Smith

Final Report [pursuant to Penal Code 933(a)]



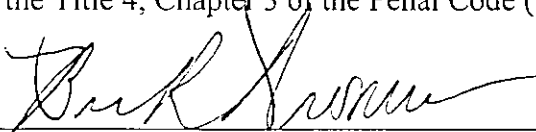
Rebecca M. Askins

2014-2015 Foreperson

4/16/15

Date

Pursuant to Penal Code Section 933(a), the Presiding Judge makes the findings that the foregoing report is in compliance with the Title 4, Chapter 3 of the Penal Code ("Powers and Duties of the Grand Jury").



Honorable Brian R. Aronson, Presiding Judge

Superior Court of California, County of Sutter

May 12, 2015

Date

FIRE AND EMERGENCY COMMITTEE

SUMMARY

Throughout the year, the Sutter County Grand Jury (SCGJ) visited facilities within its committee responsibility including:

- Bi-County Ambulance
- Oswald Tudor Fire Department
- Sutter County Airport
- Sutter Fire Department
- Twin Cities Rifle Range
- Yuba City Police Department
- Yuba City Fire Department

GENERAL OBSERVATIONS

The SCGJ found that all of the departments visited were well operated. The leadership in each department was clear. Each department is working within its budget. Everyone is short of funds, but there was little to no complaining about the budgetary dollars allotted to them. They appeared to understand that there were limitations to their funds and they were working to ensure that they operated within those constraints. Further, the cooperation between departments is exceptional.

BACKGROUND

The SCGJ toured the Oswald Tudor Fire Department. SCGJ inspected the equipment and living quarters.

DISCUSSION

SCGJ observed that the new equipment housed at the Oswald Tudor has outgrown the current facilities. They are unable to properly secure the equipment leading to incidents of theft and vandalism. There have also been instances of intruders entering the facility while the fireman slept as the facilities are not properly secured.

FINDINGS

F1: The southernmost building is in disrepair and is unable to properly house the equipment. Staff is unable to adequately secure the building. There are two fire engines that extend beyond the structure itself.

RECOMMENDATIONS

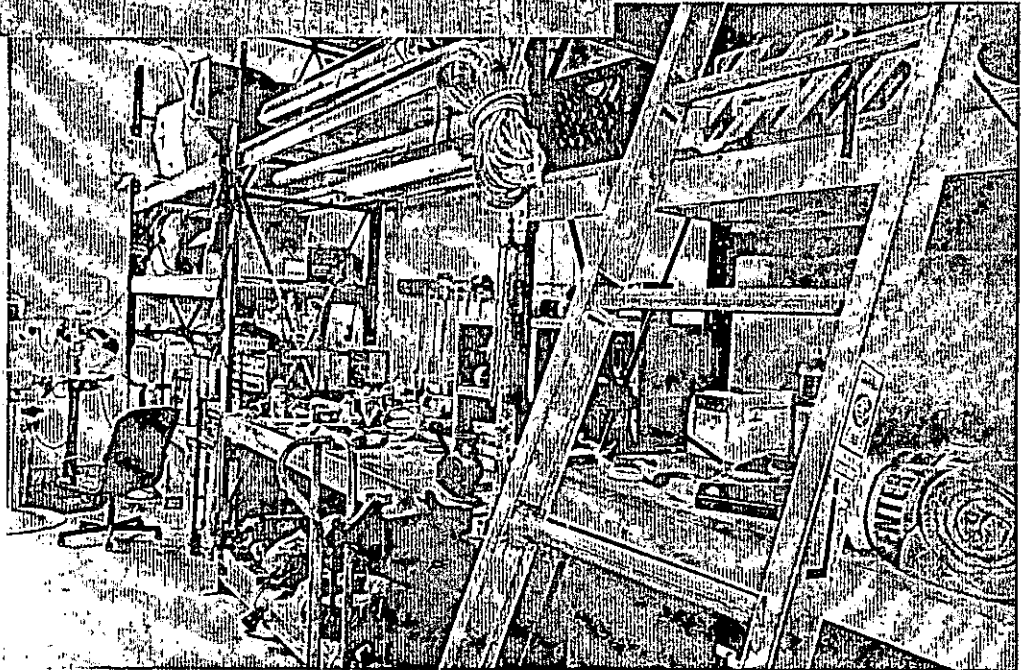
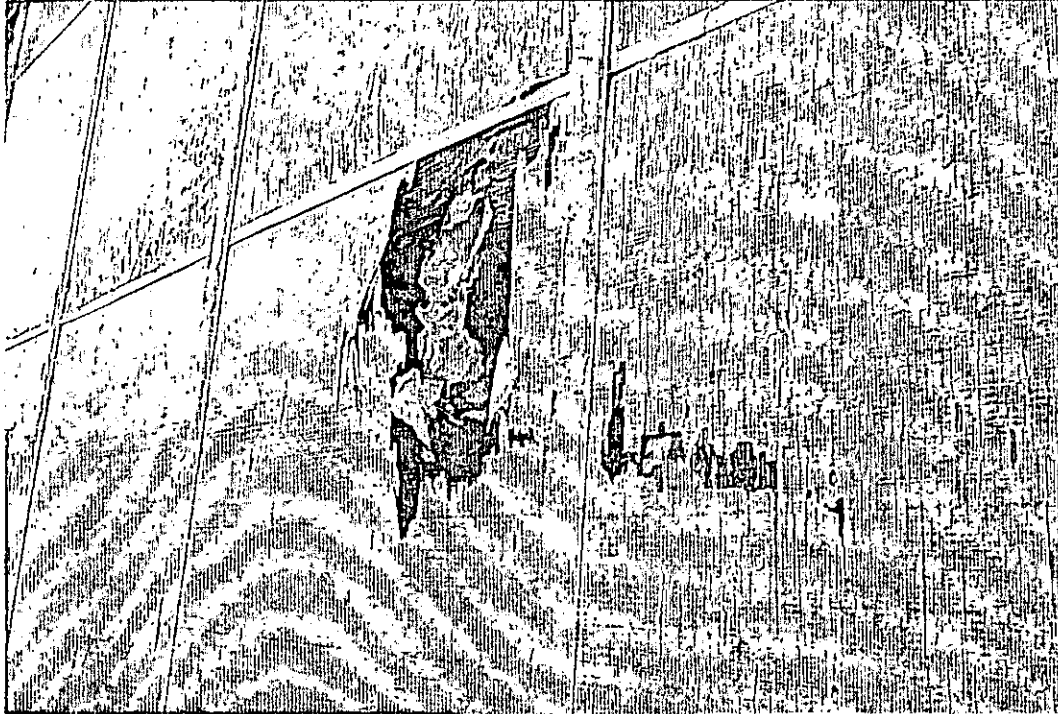
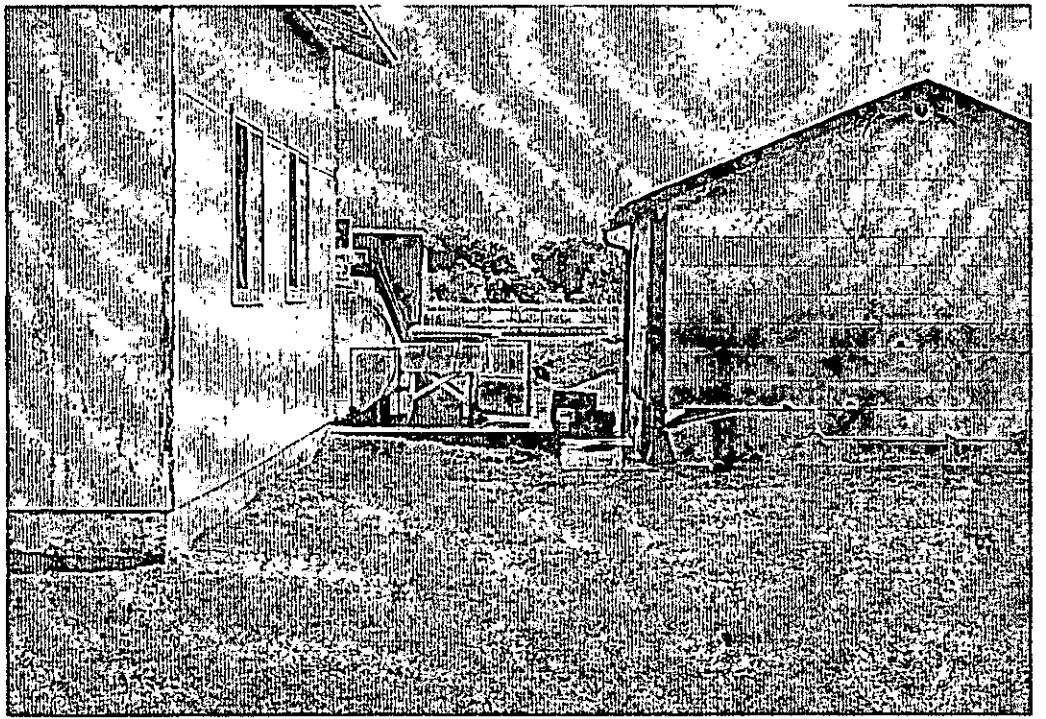
R1: The SCGJ recommends they request budget for a new structure. The SCGJ further recommends that they be granted the budget to replace the structure.

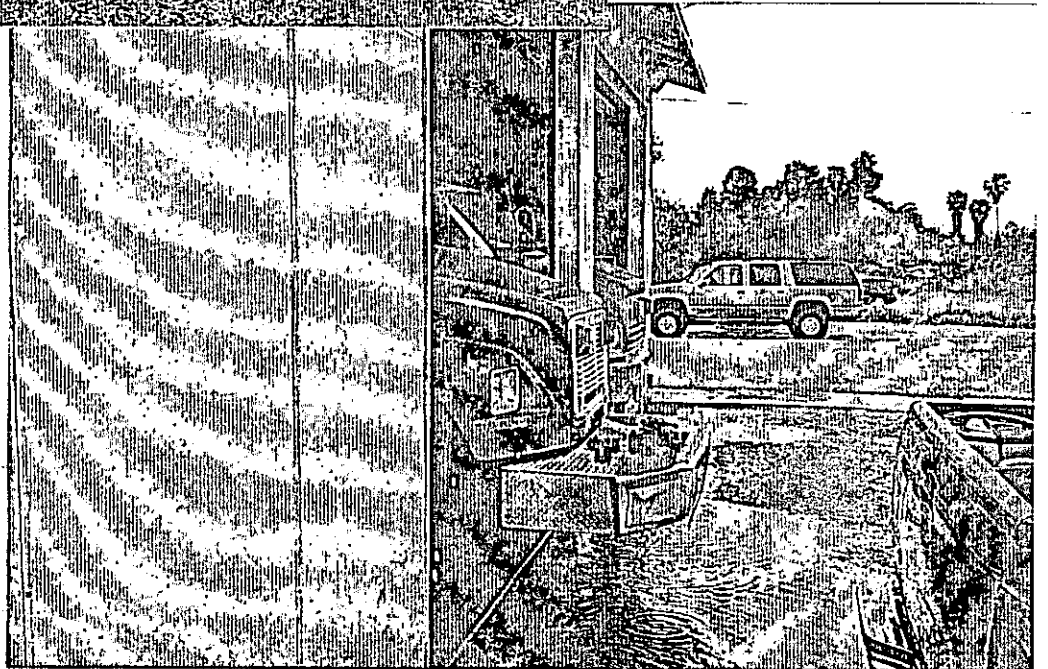
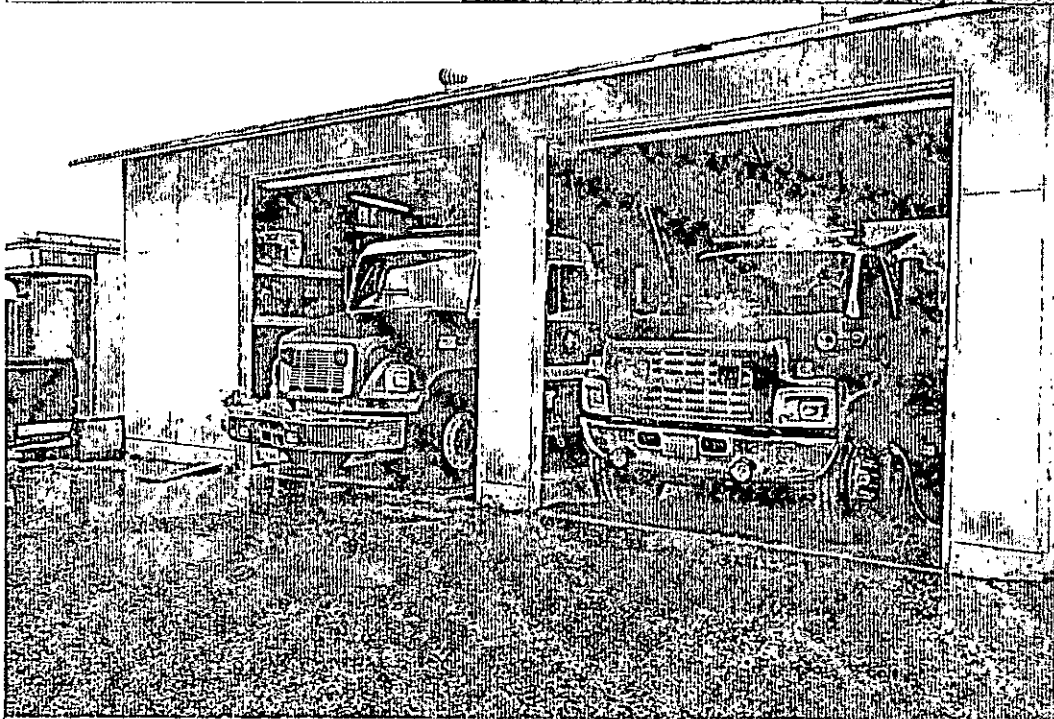
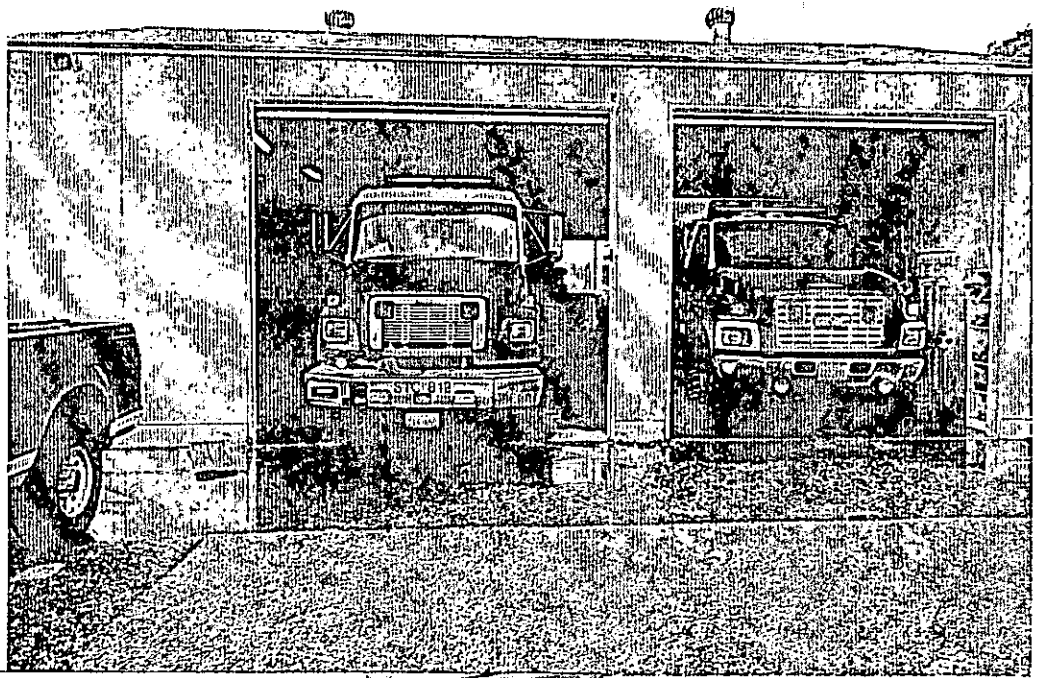
REQUIRED RESPONSES:

1. Dan Yager, Sutter County Fire Chief
2. Board of Supervisors

Exhibit Table of Contents

1. Photographs of the Oswald-Tudor Fire Station





SUTTER COUNTY DISTRICT ATTORNEY

SUMMARY

At the request of Supervisor James Gallagher, the Sutter County Grand Jury (SCGJ) elected to investigate the Sutter County District Attorney's office. A meeting was held with Assistant District Attorney, Jana McClung, our newly elected Assemblyman, James Gallagher, and two interviews with the newly elected District Attorney, Amanda Hopper.

BACKGROUND

The Sutter County District Attorney's Office was audited in July of 2014 by the Governor's Office of Emergency Services and found that funds belonging to the Victim/Witness Assistance Program had been misused. On October 14, 2014; the Board of Supervisors approved the return of \$48,597.18 to the State. Along with returning the misused funds, forthcoming money was denied by the State adding up to total loss for the county of nearly \$80,000. This discrepancy is just one example of inappropriate activity within the District Attorney's office. Additional improprieties included:

- The misuse of California Emergency Management Agency (Cal EMA) Anti-Drug Abuse Enforcement funds amounting to \$46,765.10 by Former District Attorney Carl Adams. These funds were inappropriately used toward the prosecution of Auditor-Controller Robert Stark and his assistant Ronda Putman.
- An out of court settlement of \$155,000 paid by Sutter County to resolve a Federal lawsuit alleging that Adams "*condoned a sexually charged work environment.*"
- Suspicious activity on the part of Adams which caused him to become a possible suspect in an arson fire in July 2013 involving a residence owned by a woman with whom he had a close relationship.

DISCUSSION

Amanda Hopper was elected District Attorney in the November 2014 general election and has only been in office for a few months. Recognizing the need for change, she has dedicated her efforts to create an atmosphere that promotes transparency, ethical behavior and the renewal of confidence in the Sutter County District Attorney's office. In those few months she has accomplished the following:

- Employed a part time accountant who is knowledgeable about the management of grants and government finance.
- Requested an internal audit by the Sutter County Auditor/Controller which would include not only accounting but also focus on how to improve office practices.
- Recognized a need to develop a Policy and Procedure directive that will set standards promoting efficient and ethical practices that her staff will be expected to follow. This is a work in progress and will take time to complete.
- Implemented a training program within her office to improve performance and efficiency in handling an increasingly heavy case load. This training includes conducting “mock trials,” group discussion and critiques as well as State provided quarterly training of her attorneys.
- Reached out to the various law enforcement agencies including the Yuba City Police Department, the Sutter County Sheriff’s office, the California Highway Patrol and the California State Fish and Wildlife Service to establish better communication and a more effective working relationship. This includes encouraging her attorneys to go on “ride-alongs” with these agencies to give them a feel for the environment that our law enforcement officers operate in.
- Emphasized the need for she and her staff to be more transparent and responsive to the community by meeting with groups, returning phone calls and developing an open door policy.
- Relocated staff so that all of the attorneys are working in the same office.
- Met with the State Fish and Wildlife personnel to encourage them to bring violations to her office for prosecution. Not only does this emphasize the importance of protecting a valuable resource but it directs the fines back to the county.
- Posted a copy of Employee Rights, County Regulations and Personnel Standards for her staff.

FINDINGS

F1: The Sutter County District Attorney’s office has a history of scandal, misappropriation of funds and misuse of power. As a result, the county has had to return grant money, pay an out of court settlement because of a poor working environment, misused funds and made headlines for misbehavior.

F2: The County cannot afford a dysfunctional District Attorney's office, especially with a workload of nearly one hundred new cases per week and the passage of Proposition 47 which has increased the office's workload by reopening many old cases in order to reduce felonies to misdemeanors.

RECOMMENDATIONS:

R1: The SCGJ recommends that the Auditor/Controller be allocated the necessary resources to conduct an internal audit of the District Attorney's office at the request of the District Attorney.

R2: In view of the fact that the District Attorney's office derives funding from grants from various agencies which are to be used for specific purposes, the SCGJ recommends that the District Attorney be provided the resources to employ a full time accountant.

R3: With the passage of Proposition 47, the District Attorney's workload has increased tremendously. So much so, that the District Attorney has dedicated one deputy District Attorney to primarily handle these cases. This has shifted that person's workload onto the remaining attorneys. The SCGJ recommends that an additional attorney be hired to handle the increased workload.

R4: In view of the nature of the Victim/Witness Assistance Program and its primary objective which is to protect victims and witnesses, the District Attorney's office may not be the best agency to manage the program. There is the potential for a conflict of interest where the District Attorney is sworn to prosecute to the full extent of the law, and this may not be in the best interest of the victim or witness. The SGCIJ, therefore, recommends that this program be overseen by another agency, e.g., the Probation Department or Health and Welfare.

REQUIRED RESPONSES:

1. Amanda Hopper, District Attorney
2. Nathan Black, Auditor/Controller
3. Board of Supervisors

Exhibit Table of Contents

1. Request by District Attorney to apply for CalEMA funds for Anti-Drug Abuse Program dated 1/17/12
2. Board of Supervisor Meeting Minutes dated 11/12/13. The request for a Gold Resolution for the outgoing District Attorney was removed from the agenda.
3. Board of Supervisor Meeting Minutes dated 4/8/14. Closed session was held to address the Pollard v. County of Sutter et al.
4. Board of Supervisor Meeting Minutes dated 8/13/13. State of California CalEMA grant funding was addressed.
5. Board of Supervisor Meeting Minutes dated 10/14/14. The board approved a total of \$48,597.18 budget amendment be provided to the District Attorney's Office for repayment of disallowed funds from CalOES grant money.



SUTTER COUNTY DISTRICT ATTORNEY
CARL V. ADAMS

446 SECOND STREET
POST OFFICE BOX 1555
YUBA CITY, CALIFORNIA 95992
TELEPHONE: (530) 822-7330
FAX: (530) 822-7337

January 17, 2012

MEMO TO: HONORABLE BOARD OF SUPERVISORS

FROM: CARL V. ADAMS, DISTRICT ATTORNEY

RE: RESOLUTION FOR APPLICATION AND ACCEPTANCE OF GRANT
FUNDS FOR THE SUTTER COUNTY ANTI-DRUG ABUSE PROGRAM

BACKGROUND

Funds are available for fiscal year 2012/2013 from the federal government for the Anti-Drug Abuse Program administered by the California Emergency Management Agency (CalEMA). These funds will allow Sutter County to continue the operation of our Anti-Drug Abuse Program. As in past years, it is required that a resolution be passed indicating the desire of the Board to continue the operation of this program and authorizing the District Attorney to apply for and accept the funds on behalf of Sutter County.

FINANCIAL IMPACT

The CalEMA grant amount is projected to be \$123,737 for FY 2012/2013.

COMMITTEE ACTION

Not required. As a routine grant application for an on-going program, this resolution is presented directly to the Board.

RECOMMENDATION

Your District Attorney requests that the Board approve the attached resolution authorizing my application for and acceptance of grant funds for FY 2012/2013 on behalf of Sutter County for the continued operation of our Anti-Drug Abuse Program.

Respectfully submitted,

A handwritten signature in black ink that reads "Carl V. Adams".

Carl V. Adams

Supervisor Sullenger and carried by those present as appears of record in the office of the Clerk of the Board in Resolution Book 59 at page 73 to which record reference is hereby made for further particulars and by such reference incorporated herein and made a part hereof.

District Attorney's Office

- 14) **REMOVED FROM AGENDA:** Authorization to prepare a Gold Resolution for Carl Adams on the occasion of his retirement as the Sutter County District Attorney on November 15, 2013.

Elections

- 15) Approval of an agreement (A13-170) with Dominion Voting Hardware Maintenance for hardware maintenance services.

General Services

- 16) **RESOLUTION NO. 13-077, A RESOLUTION OF THE BOARD OF SUPERVISORS AUTHORIZING THE CHAIRMAN TO EXECUTE AN EASEMENT DEED TO PACIFIC GAS AND ELECTRIC TO PROVIDE TEMPORARY UNDERGROUND ELECTRICAL SERVICES AT 1500 VETERAN'S CIRCLE** was adopted on motion of Supervisor Cleveland, seconded by Supervisor Sullenger and carried by those present as appears of record in the office of the Clerk of the Board in Resolution Book 59 at page 75 to which record reference is hereby made for further particulars and by such reference incorporated herein and made a part hereof.
- 17) Authorization for the Purchasing Agent to award Master Purchase Agreements for Fiscal Year 2013-14 Pesticides.
- 18) Approval of a Master Agreement (A13-171) with AT&T for an AT&T Opt-E-Man line between Children's System of Care (CSOC), 809 Plumas Street, Yuba City and the Datacenter, 463 Second Street, Yuba City, and authorization for the Director of General Services to sign the agreement.

Human Services – Health Division

- 19) Approval of Agreement #13-20167 (A13-172) for Fiscal Years 2013-16, for the HIV/AIDS Surveillance Program with the California Department of Public Health Office of Aids and authorization for the Assistant Director of Human Services-Health Division to sign the Agreement and Contractor Certification Clause #307.
- 20) **RESOLUTION NO. 13-078, A RESOLUTION OF THE BOARD OF SUPERVISORS AUTHORIZING EXECUTION OF STANDARD AGREEMENT (A13-173) BETWEEN THE CALIFORNIA DEPARTMENT OF PUBLIC HEALTH AND COUNTY OF SUTTER** for Immunization Project Agreement #13-20316 with the California Department of Public Health for Fiscal Years 2013-17, was adopted on motion of Supervisor Cleveland, seconded by Supervisor Sullenger and carried by those present as appears of record in the office of the Clerk of the Board in Resolution Book 59 at page 76 to which record reference is hereby made further particulars and by such reference incorporated herein and made a part hereof; and authorization for the Assistant Director of Human Services – Health Division to sign the agreement and

Human Services – Mental Health Division

- 21) Approval for the addition of a Resource Specialist for Placement Services and deletion of a Supervising Intervention Counselor in the Mental Health Budget.



UNAPPROVED

**BEFORE THE BOARD OF SUPERVISORS
COUNTY OF SUTTER, STATE OF CALIFORNIA
SESSION OF APRIL 8, 2014**

The Board of Supervisors of the County of Sutter, State of California, met on the above date at 5:45 p.m. in Closed Session and at 6:00 p.m. in Regular Session in the Board of Supervisors Chambers located in the Hall of Records Building at 466 Second Street, Yuba City, California.

MEMBERS PRESENT: Supervisors Ron Sullenger, Stan Cleveland, Larry Munger, Jim Whiteaker and James Gallagher

MEMBERS ABSENT: None.

STAFF PRESENT: James M. Arkens, County Administrative Officer; William Vanasek, Assistant County Counsel; and Alicia Draves, Deputy Clerk of the Board

SPECIAL MEETING/CLOSED SESSION

Chairman Cleveland called the Closed Session to order at 5:45 p.m., noting the purpose of the meeting:

CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION

Name of Case: Pollard v. County of Sutter et al.

U.S. District Court, Eastern District of California, Case No. 2:13-CV-02460-GEB-AC

Pursuant to Government Code § 54956.9

The Board adjourned to Closed Session, after which the Chairman announced there was nothing to report.

Chairman Cleveland asked if there was anyone who wished to speak to these matters and there was no one.

REGULAR SESSION

Chairman Cleveland called the meeting to order at 6:05 p.m.

ROLL CALL

The Board Clerk called the roll of the Board, and attendance is shown above.



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Sutter County Board of Supervisors

Regular

8/13/2013 3:00 PM

Hall of Records

Hall of Records 466 2nd Street Yuba City, CA 95991

Downloads:

[Video](#)

Call to Order

Roll Call

Pledge of Allegiance

PRESENTATIONS

- Presentation of a Certificate of Appreciation to Janet Bender, Sutter County Deputy County Counsel, in recognition of 10 years of service to the County
- Presentation of a Certificate of Appreciation to Richard Stout, Sutter County Deputy County Counsel, in recognition of 10 years of service to the County
- Presentation of a Service Plaque to Ron Erickson, Sutter County Counsel, in recognition of 30 years of service to the County

APPROVAL OF MINUTES

- 1) Approval of the Minutes of the July 23, 2013 Regular Session

PUBLIC PARTICIPATION

CONSENT CALENDAR

Agricultural Department

- 2) Approval of an agreement with the California Department of Food and Agriculture for Exotic Pest Detection Services and authorization for the Agricultural Commissioner to endorse the agreement

Child Support Services

- 3) Approval of out-of-state travel for the Director and Deputy Director of Child Support Services to attend the Western Interstate Child Support Enforcement Council conference in Kansas City, Missouri on October 20-24, 2013

Development Services

- 4) Adoption of a resolution appointing the Director of Development Services and the Assistant Director of Development Services for Public Works to execute eight standard agreements
- 5) Adoption of plans and specifications and authorization of solicitation for bids for the Redhall Road Railroad Crossing Improvement Project
- 6) Adoption of plans and specifications and authorization of solicitation of bids for Phase II of the Agricultural Commissioner Facility Expansion and Upgrade Project
- 7) Renewal of General Lease No. 7747.9 with the State Lands Commission for the continued use and maintenance of the Yuba City Boat Launch Facility
- 8) Approval of the reversal of a prior year cancellation of the Road Fund restricted fund balance for land acquisition completed in Fiscal Year 2011-12

Human Services – Mental Health Division

- 9) Approval to increase one half-time Psychiatrist position to full time and approval of the related budget amendment (4/5 vote required)
- 10) Approval of an agreement with JDT Consultants, Inc. for Therapeutic Behavioral Services for the period of July 1, 2013 through June 30, 2016
- 11) Approval of a Licensed Community Care Facility application and agreement with Roberto Ventura, dba Sunrise Garden Residential Care, for Fiscal Years 2013-16

Human Services – Welfare & Social Services Division

- 12) Approval of a Memorandum of Agreement with Children's Hope Foster Care Agency for services under the Transitional Housing Placement Program – Plus Program, to provide financial support for former foster youth for housing assistance and case management services

- 13) Approval of a Memorandum of Agreement with the Sutter County Superintendent of Schools - One Stop, for provision of employment services for Fiscal Year 2013-14

Probation

- 14) Approval to appropriate funds within the Youthful Offender Block Grant program and approval of the related budget amendment for Fiscal Year 2012-13 (4/5 vote required)

Treasurer-Tax Collector

- 15) Approval to set a public hearing to consider adoption of various fees for the Office of Revenue Collection in the Treasurer-Tax Collector's Department; requested time and date: September 10, 2013 at 6 p.m.

Special Districts Consent Calendar

- 16) Approval of the minutes of the July 9, 2013 meeting of the following Special Districts: El Margarita County Drainage District; Sutter County Flood Control and Water Conservation District; Sutter County Water Agency; Water Works District #1

IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY

- 36) Approval of a budget amendment to the Sheriff-Coroner's budget to increase appropriations and revenues in order to spend a SAFE grant (4/5 vote required)
- 37) Approval of contracts with Holycross Memorial Services, Chapel of the Twin Cities, and Ullrey's Memorial Chapel for mortuary-related services

APPEARANCE ITEMS**AL SAWYER, ASSISTANT DIRECTOR OF DEVELOPMENT SERVICES**

- 18) Discussion and possible approval for the replacement of the Brewer Road Pipe Culvert Crossing of Coon Creek and approval of related budget amendment (option 1, 4/5 vote required)

NEAL HAY, SENIOR CIVIL ENGINEER

- 19) Adoption of a resolution, authorization for the Chairman to sign a letter requesting a financing scope change related to the Main Jail Expansion Project, and approval of the related budget amendment (4/5 vote required)

MEGAN GREVE, INTERIM DIRECTOR OF GENERAL SERVICES

- 20) Approval of a Right-of-Entry agreement with Swinerton Builders, Inc.

LORI HARRAH, ASSISTANT DIRECTOR OF HUMAN SERVICES-WELFARE DIVISION

- 21) Approval to add 22 additional positions and approval of the related budget amendment to increase appropriations for Medi-Cal Program Funding, related to the implementation of the Affordable Care Act (4/5 vote required)

CARL ADAMS, SUTTER COUNTY DISTRICT ATTORNEY

- 22) Approval to return Grant Funding to the State of California CalEMA for disallowed costs and approval of the related budget amendment for Fiscal Year 2012-13

JAMES M. ARKENS, COUNTY ADMINISTRATIVE OFFICER

- 23) Discussion and possible approval of additions to the Fiscal Year 2013-14 Recommended Budget to reinstate two eliminated Deputy Sheriff positions, to reinstate funding for the County's membership in the Northern California Water Association, and approval of the related budget amendment (4/5 vote required)

CORRESPONDENCE**OTHER BUSINESS/BOARD OF SUPERVISORS****BOARD CONSIDERATION OF SYMPATHY OR HONOR OF CERTAIN INDIVIDUALS AND AGENCIES****CLOSED SESSION**

A Closed Session may be held anytime during the meeting concerning pending litigation, personnel and/or employee negotiations.

18) Vacating Supp Road Public Right-of Way

This having been heretofore fixed as the date, time and place to hold a Public Hearing regarding the adoption of a resolution vacating the Supp Road Public Right-of-Way and Bridge Crossing the Live Oak Slough, the matter was called to be heard.

Danelle Stylos, Director of Development Services, discussed the item and recommended a continuance of the Public Hearing to the October 28, 2014, Board of Supervisors meeting.

Chairman Cleveland opened the Public Hearing.

The following person spoke on the item:

Landon Little, Attorney for Mr. Baines, spoke in opposition to the vacation of Supp Road.

With no further testimony being heard, Chairman Cleveland continued the Public Hearing to October 28, 2014 at 6:00 p.m.

Supervisor Gallagher asked if there is a difference in procedure when property owners are all in agreement and when they are not all in agreement with a requested road abandonment. He directed staff to research this for the October 28, 2014 Board meeting.

On motion of Chairman Cleveland, seconded by Supervisor Whiteaker and carried as follows: AYES: Supervisors Sullenger, Cleveland, Whiteaker and Gallagher; NOES: None; ABSENT: Supervisor Munger; the Board continued the Public Hearing to vacate the Supp Road Public Right-of-Way and Bridge Crossing the Live Oak Slough to its meeting of October 28, 2014 at 6:00 p.m.

APPEARANCE ITEM

19) CalOES Grant Funding

Jana McClung, Assistant District Attorney, discussed the item and recommended action.

Supervisor Gallagher stated that due to recent issues in the District Attorney's office regarding, the findings of the CalOES Audit, and allegations of a conflict of interest in investigating a claim of domestic abuse; it is his recommendation that these two issues in the department be referred to the Sutter County Grand Jury for review and that their findings be brought back to the Board.

On motion of Supervisor Whiteaker, seconded by Supervisor Sullenger and carried as follows: AYES: Supervisors Sullenger, Cleveland, Whiteaker and Gallagher; NOES: None; ABSENT: Supervisor Munger; the Board approved a Fiscal Year 2014-15 budget amendment of \$48,597.18, from the General Fund Contingency budget (9-900) to the District Attorney's Office budget (2-125),

to enable repayment of disallowed Fiscal Year 2011-12 Victim/Witness Assistance Program grant funds to the Governor's Office of Emergency Services (4/5 vote required), and directed staff to refer the CalOES audit findings, and the allegations of a conflict of interest in handling a domestic violence case to the Sutter County Grand Jury for review.

CORRESPONDENCE

Miscellaneous correspondence was noted and filed.

OTHER BUSINESS – BOARD OF SUPERVISORS

Supervisor Whiteaker invited the public to attend a fundraising event being held by the Yuba-Sutter Regional Arts Council and the Alliance for Hispanic Advancement on October 16, 2014 at Boyd Hall.

With no further business coming before the Board, the meeting was adjourned at 7:03 p.m.

ATTEST:

**DONNA M. JOHNSTON,
CLERK OF THE BOARD**

STANLEY CLEVELAND, JR, CHAIRMAN

**By:
Alicia Draves, Deputy**

(A recording of the meeting can be heard/viewed from the Board of Supervisors webpage at: <http://suttercountyca.igm2.com/Citizens/default.aspx> and DVDs of the meeting are available for citizens to check-out from the Sutter County Library at 750 Forbes Avenue, Yuba City, CA.)

SUTTER COUNTY HEALTH/MENTAL HEALTH/SOCIAL SERVICES

SUMMARY

The Sutter County Grand Jury (SCGJ) toured the Social Services facility located at 1965 Live Oak Boulevard in Yuba City, on March 10, 2015. The committee investigated the conditions of the modular units located at the east side of the property and a multi-complex modular on the north side of the property. We requested copies of the County's lease agreements for these modulars. The CAO for Sutter County supplied us with these copies for review by the Grand Jury.

BACKGROUND

Since 2001 to present day, Sutter County has been leasing modulars from General Electric Capital Corporation (GE Capital Modular Space) to be used as offices for the Social Services facility.

The original lease agreement between Sutter County and GE Capital Corporation was signed on July 25, 2001. Upon expiration of this lease, there have been three amendments stating the new terms and monthly lease payments given to Sutter County Public Works Department for review and approval.

These amendments have covered the periods from March 2008 to present day. The three amendments were approved by Sutter County to continue leasing the modulars.

DISCUSSION

The lease payment on the original lease was \$7,900.00 per month for the modular complex. It was approved by the County's Public Works Director on July 25, 2001. It ran for approximately three years.

Prior to the first lease expiring on March 17, 2004, an amendment to the lease was issued to the county. The county entered into a new lease agreement with GE Capital Corporation for the modulars on February 19, 2004. The terms of this lease was a lease payment of \$7,625 per month for 36 months with a 12-month extension at the same rate.

After this agreement expired on March 21, 2008, another amendment to the lease was entered into by the county. The terms of the new agreement were month-to-month for a period of five years (60 months) to March 21, 2013. The lease payment was set at \$7,625 per month and this was approved by the county on May 30, 2008.

Included with this newest agreement was an option for Sutter County to purchase the modulars for a total sum of \$437,295.00. Upon purchase, the lease agreement would be terminated. This option was not used and another lease agreement was entered into on April 1, 2013.

This agreement is on a month-to-month basis subject to termination by either party with 60 days notice. The new monthly lease payment amount is \$8,388.00. The terms of this new agreement does not

mention an option for the County to purchase the modulars as the previous agreement had.

On March 18, 2015, the SCGJ was notified during an interview that the County has paid over twice what the modulars are worth.

According to the lease, the County is to maintain, at their sole cost, the modulars in good repair and operating conditions, subject to ordinary wear and tear. If ModSpace, the lessor, believes the modulars to be misused, abused or neglected, ModSpace may remove and repossess the modulars at the County's expense. They also have the right to inspect the modulars from time to time until the Return Date.

FINDINGS

F1: Sutter County has spent the following on the leases for the modulars:

| | |
|-----------------|------------|
| 2001 to 2004 | \$ 284,400 |
| 2004 to 2008 | \$ 366,000 |
| 2008 to 2013 | \$ 457,500 |
| 2013 to present | \$ 192,924 |

| | |
|----------------------|-------------|
| Total Lease Payments | \$1,300,824 |
|----------------------|-------------|

F2: If the County had taken the buy-out option offered on the 2008-2013 lease of \$437,295, the County would have saved \$213,129 to date.

F3: The county is not adhering to the lease agreement which states that the County is to maintain the modulars in good repair and operating conditions until the Return Date.

F4: The conditions of the modulars were found to be beyond normal wear and tear. The carpeting in the main traffic areas is worn down to the rubber backing material to the point where the backing is exposed. The offices were not available for inspection. The air quality inside the modulars was found to be of very poor quality. The air smelled musty and stale. The exteriors of the modulars have not been maintained. There are areas of dry rot because the painting has not been properly maintained. There are areas where there is no paint on the wood. The wood is not protected from the elements.

RECOMMENDATIONS

R1: The SCGJ recommends that the lease be terminated as soon as possible

R2: New space should be procured to replace the modulars as soon as possible

REQUIRED RESPONSES:

1. James Arkens, CAO
2. Board of Supervisors

Exhibits Table of Contents

1. GE Capital Modular Space Lease Agreement received 8/14/01
2. GE Capital Modular Space Notice of Renewal dated 2/19/04
3. Amendment to Lease signed 5/30/08
4. Amendment to Lease signed 4/1/13
5. Photographs of the modulares located at 1965 Live Oak Blvd in Yuba City



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LEASE AGREEMENT NO.: 937770

ACCOUNT NO.: 721660

RETURN EQUIPMENT TO GECMS:

SACRAMENTO
2910 RAMCO STREET
WEST SACRAMENTO
CA 95691
Telephone: 916-373-9000
1-800-523-7918
Fax: 916-372-2602

\$7900.-

(Continued)

the proposed modular building on or before 9/30/02. Any delay in the above schedule by the Customer may result in a delay in substantial completion for which GECMS will not be held responsible."

* The building Unit Number, its class, width, length, serial number, and Insurance value shall be submitted under separate cover to Customer once the information becomes available from manufacturer.

* Form US062998A, Section 2(d): delete in its entirety.

* Form US062998A, Section 3(d): add the following to the end of this subsection "Promptly upon GECMS discovering the necessity of any such adjustment GECMS will give Customer notice of such necessity. Customer will have the option of either (i) correcting the necessity to GECMS' and industry standards or (ii) requesting that GECMS proceed with the corrective services at an equitable adjustment in contract value. GECMS and Customer must agree on the amount of such adjustment prior to GECMS agreeing to perform the corrective services. No additional/corrective work shall commence by GECMS until GECMS receives a change order or modification to the contract evidencing such adjustment. In addition, GECMS will be given an adequate extension in time to complete the original contracted services, based on the performance of the additional/corrective work."

* Lease Agreement, Page 3: delete the word "NONE" and replace with "the attached Building Specifications (two pages), Contractual Clarifications (two pages), Technical Clarifications (one page), and Scope-of-Work Definition (four pages)."

* Form US062998A, Section 5: insert the following at the beginning of the first sentence "GECMS will maintain the building(s) in good structural condition throughout the lease term. The Customer will be responsible for normal maintenance such as changing HVAC filters, light bulbs, janitorial services, and minor repairs. GECMS will assign to Customer all warranties on the building(s) from the manufacturer and shall assist Customer in obtaining from the manufacturer of the building(s) the benefits of such warranties. GECMS, for a period of one year from substantial completion, will repair or in its sole discretion replace, including material and labor, pending receipt of written notification by the Customer, any of its on-site work found to be defective and having an adverse impact on the operation and occupancy of the building(s). Except as stated herein above,"

* Form US062998A, Section 5: delete "BOTH AS TO...ON THE EQUIPMENT."

* Form US062998A, Section 9: add the following. "(e) In lieu of providing Commercial General Liability Insurance as required under (b)(i) herein, Customer may self-insure its obligations under this lease, including but not limited to any defense costs that may apply. Evidence of self-insurance must be provided to and approved by GECMS Risk Management prior to the delivery of any buildings to Customer. If such approval is not obtained, Customer will elect and pay for the Optional Insurance set forth in Section 10."

* Form US062998A, Section 8: insert the following before the first sentence "Except to the extent of any negligence or willful misconduct of GECMS or its employees, subcontractors, and agents, or to the extent of any negligence or willful misconduct of the manufacturer of the building, Customer...."

* Contractual Clarifications, Item 13: add the following to the end of the first sentence "during and under GECMS' performance of its contracted scope of work."

* Contractual Clarifications, Item 16: delete

* Contractual Clarifications, Item 18: delete



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Form: US062998A

TERMS AND CONDITIONS OF LEASE AGREEMENT

1. Lease

This transaction is an operating lease and not a sale. Customer does not acquire through this Lease or by payment of rental under this Lease any right, title or interest in or to the Equipment, except the right to possess and use the Equipment so long as Customer is not in default under this Lease.

2. Rental and Other Payments

(a) The start of the lease term is the date on which GECMS substantially completes its scope of work for installation, unless otherwise agreed to among the parties. Monthly rental will accrue through and including the month in which the last of the Return Date or End of the Term occurs. The "Return Date" is the date on which the Equipment is returned to GECMS in accordance with the terms of this Lease. The "End of the Term" is the date on which the term of this Lease is to expire, either originally, under a renewal term or under month-to-month renewals as contemplated by this Lease. Rental and such other charges will be prorated on a daily basis where necessary. Unless otherwise specified in this Lease, charges for delivery and installation, initial month's rent and any applicable initial charges for the Optional Insurance Program and Damage Waiver will be due and payable at the start of the lease term, and charges for tear-down and return will be due and payable at the end of the Return Date or the End of Term. After payment of the initial month's rent, each month's rent thereafter is due and payable without demand and in advance (i) at the end of each thirty (30) day period following the commencement of the lease term, if a rental month is defined on the first page of this Lease as a thirty-day period or (ii) on the first of each month immediately following the month in which this lease commences, if a rental month is defined on the first page of this Lease as a calendar month. All other sums payable by Customer under this Lease are due and payable when invoiced. Unless agreed otherwise, all payments made under this Lease will be made by Customer's check drawn on its regular bank checking account of such other form of payment as is acceptable to GECMS. All payments by Customer will be made without setoff or deduction of any kind.

(b) Customer will pay GECMS for any and all sales and use taxes, other direct taxes and registration fees imposed by any city, county, state, or federal government or other taxing authorities and related directly or indirectly to the Equipment or its use, excluding federal or state taxes relating to income (all of the foregoing that Customer is to pay, "Taxes"). Taxes may be allocated by GECMS on either an individual or prorated basis for any item of Equipment based on purchase price, value, possession, use, location, rental, delivery or operation of such Equipment. Taxes may include an allocation on a state-wide basis of locally imposed taxes. Customer's obligations under this Subsection will survive the termination of this Lease.

(c) For Customer's convenience, GECMS intends to issue invoices for amounts due under this Lease. If Customer fails to pay any amounts due within forty (40) days of the due date, GECMS may impose a charge on such amount at one and one-half percent (1-1/2%) per month or the highest rate permitted by law, whichever is lower, from the due date until payment in full is received by GECMS.

(d) When the Lease term exceeds twelve (12) months, the rental charge may, at GECMS's option, be adjusted upward, based upon the Consumer Price Index, All Urban Consumers, U.S. City Average, All Items ("CPI") (United States Bureau of Labor Statistics or such other index as may succeed the CPI), as follows:

For each change of one percent (1%) in the CPI from the CPI as available immediately prior to the start date of this Lease, the rental rate will be adjusted by a factor of one percent (1%). Any adjustments will take effect in six (6) months following the start date of this Lease and will be further adjusted each six (6) months thereafter. The adjustment will be based on the most recent CPI index available prior to the invoice in which an adjustment is made.

3. Delivery and Installation

(a) Customer will provide free and clear access for delivery of the Equipment by standard mobile transport vehicles. Customer will be solely responsible, at its cost, for preparation of the site on which the Equipment is to be used (the "Site"), including any required structural or grade alterations and installation of utility lines. Customer will provide firm and level ground on no more than a six-inch (6") slope from one end to the other for safe and unobstructed installation for the Equipment. Site selection is the sole responsibility of Customer. GECMS ASSUMES NO LIABILITY NOR OFFERS ANY WARRANTY FOR THE FITNESS OR ADEQUACY OF, OR THE UTILITIES AVAILABLE AT THE SITE.

(b) Customer will have sole responsibility, at Customer's cost, to obtain any and all licenses, titles, building and other permits and any other approvals and certificates as may be required by law or otherwise for the installation and placement of the Equipment and Customer's lawful operation, possession or occupancy of the Equipment. Customer agrees that all certificates of title or registration applicable to the Equipment will reflect GECMS's ownership of the Equipment.

(c) GECMS's delivery of the Equipment is subject to delay in manufacturing, modification, delivery or installation due to fire, flood, windstorm, riot, civil disobedience, strike or other labor actions, acts of God, or any circumstances beyond GECMS's control (including but not limited to breaches by GECMS's sub-contractors or manufacturers) which delay the manufacturing or modification of products or the making of deliveries in the normal course of business.

(d) The prices for delivery, installation, tear-down, return delivery and other "one-time" charges, the due dates of such charges and the start date of this Lease assume accuracy of the information given to GECMS with respect to Site conditions and location and are subject to adjustment to the extent that the timing of or physical nature of access to the Site is or becomes limited, the Site does not have adequate load bearing or topographic qualities or is otherwise not properly prepared, utilities are not correctly located, provision of utilities is not timely or applicable licenses or permits are not provided in a timely manner or Customer otherwise delays completion of GECMS's scope of work.

(e) GECMS may suspend work at the Site if GECMS deems the Site to be unsafe.

4. Maintenance of Equipment

(a) Customer will not move or in any way modify the Equipment without written consent of GECMS. Notwithstanding GECMS's consent to Customer's modification of the Equipment, Customer is liable for the cost of the removal of such modification or restoration of the Equipment upon the termination of this Lease for the modified Equipment. GECMS may place its name on the Equipment, and Customer will assure that such name is not removed or concealed in whole or in part.

(b) Customer, at Customer's sole cost, will keep the Equipment at all times until the Return Date in good repair and operating condition, subject to ordinary wear and tear, and free of any and all liens and encumbrances. GECMS will have the right to inspect the Equipment from time to time until the Return Date and if GECMS believes the Equipment to be misused, abused or neglected, GECMS may summarily remove and repossess the Equipment at Customer's cost.

(c) Customer will perform, execute and comply with all laws which in any way affect the use, operation, maintenance, or storage of the Equipment. "Laws" means all laws, rules, regulations or orders of any governmental agency of instrumentality of the United States, Canada, any state, province, municipality or other local government and all orders, writs and decrees of any court, tribunal or administrative agency, in any case which now exist or hereafter arise (including but not limited to laws governing Hazardous Substances and other environmental risks and the Americans with Disabilities Act). Customer will not make or permit any unlawful use or handling of the Equipment.

(d) **HAZARDOUS SUBSTANCES.** (i) "Hazardous Substances" means hazardous, toxic, radioactive or bio-hazardous substances or petroleum products. (ii) Customer will not use or store Hazardous Substances in the Equipment, except such substances and in such quantities as would be normal in the operation of a commercial office. Customer will not locate the Equipment in a neighborhood of nuclear site or use the Equipment for medical laboratory testing. (iii) Ordinary wear and tear does not include contamination by Hazardous Substances. If any returned Equipment is found to have been contaminated by Hazardous Substances during Customer's possession, GECMS may charge Customer for the clean up or may require Customer to purchase the Equipment at the then current market price charged for a comparable unit.

(e) Customer agrees that the Equipment leased hereunder will not be occupied by any person other than Customer or its agents, employees or invitees. The Equipment will not be used for residential or dormitory purposes.

5. NO WARRANTY FOR MERCHANTABILITY OR FITNESS

THERE ARE NO WARRANTIES, EXPRESS OR IMPLIED, AND ALL WARRANTIES OF ANY KIND, INCLUDING ANY EXPRESS OR IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR PURPOSE, ARE HEREBY EXCLUDED BOTH AS TO THE EQUIPMENT AND AS TO ANY INSTALLATION, MAINTENANCE OR REPAIR WORK PERFORMED BY GECMS ON THE EQUIPMENT.

6. Limitation of Damages

Customer does hereby expressly waive any and all claims and demands for loss of profits or other alleged consequential, incidental or punitive damages arising out of or in connection with this Lease. GECMS is not liable for any loss or damage to any property stored, located or transported in, upon, under or around any Equipment and Customer does hereby waive any and all claims and demands for any such loss or damage.



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Form: US062998A

TERMS AND CONDITIONS OF LEASE AGREEMENT

7. End of Lease

- (b) Unless specified otherwise, Customer must give GECMS sixty (60) days' prior written notice of the date on which the Equipment is to be returned.
- (c) If Customer, without any further written agreement, continues to possess or occupy the Equipment after the expiration of the initial and any renewal term of Lease, with or without consent of GECMS, Customer will then be deemed to have renewed this Lease on a month-to-month basis subject to such rate as GECMS declares to be in effect (and in the absence of such declaration at the last monthly rate applicable to the Equipment), and GECMS may terminate such month-to-month continuation at any time.
- (d) If, at any time after the initial or any renewal term (or at GECMS's request at any time this Lease is on a month-to-month basis), GECMS requests the return of the Equipment, Customer will return the Equipment to GECMS, within five (5) days, at GECMS's designated address, at Customer's sole cost. Missing accessories, attachments or other items, repairs of any kind and restoration to original specifications (whether due to Customer alterations or otherwise) will remain the sole responsibility of Customer, normal wear and tear excepted.
- (e) Customer may terminate this Lease prior to the expiration of the Minimum Lease Period, subject to all terms and conditions of this Lease, and the Customer will pay (in addition to tear-down and return charges) the following termination charges:
 - (i) If Customer is the first user of the Equipment: the remaining unpaid rental charges for the Minimum Lease Period;
 - (ii) If Customer is not the first user: (A) if the Minimum Lease Period ("MLP") is less than three (3) rental months, four (4) times the Adjusted Weekly Lease Charge ("AWLC"); (B) if the MLP is between three (3) rental months and six (6) rental months, inclusive, eight (8) times the AWLC; if the MLP is more than six (6) rental months but one (1) year or less, twelve (12) times the AWLC; if the MLP exceeds one (1) year, sixteen (16) times the AWLC for each year, or portion thereof, of the portion of the MLP cancelled.
 - (iii) The "Adjusted Weekly Lease Charge" or "AWLC" means the Weekly Lease Charge less that portion representing amortization of any delivery, set-up, tear-down, return or similar one-time charges and customer-requested modifications not provided as a separate charge under the terms of this Lease (the "Amortized One-Time Costs"). In addition, Customer will pay in full the unpaid Amortized One-Time Costs. In no case will the termination charges be in excess of the rental charge for the remainder of MLP.

8. Indemnification

Customer hereby specifically indemnifies, agrees to defend and holds harmless GECMS, its employees and agents from any and all loss, claims, liabilities, damages, fines, forfeitures, seizures, penalties and expenses (including attorney's fees and investigative costs) (collectively "Losses") that may arise from or in connection with:

- (a) The loss of or damage to the Equipment prior to the Return Date because of collision, fire, lightning or theft, flood, windstorm or explosion, civil disturbance or riot or any other peril or casualty;
 - (b) The death of or injury to, including but not limited to, damage to the property of, any person (other than the Equipment) as a result of, in whole or in part, the use or condition prior to the Return Date of the Equipment;
 - (c) Any act or omission of Customer in violation of this Lease;
 - (d) The actual or alleged storage, maintenance, use, handling, repair, or operation of the Equipment, prior to the Return Date, including but not limited to any failure to use proper wraps, any work done on, or any materials supplied to or in connection with the operation, maintenance, possession or storage of the Equipment and any loss of damage to anything stored in any of the Equipment;
 - (e) Any damage to Customer's property or the property of any third party incurred during or in connection with the fulfillment of Customer's obligations by or on behalf of GECMS or the possession or return of Equipment by GECMS in accordance with the terms of this Lease.
- The obligations contained in this Section 8 will survive expiration or termination of the term of this Lease and the Return Date. The indemnifications contained in this Section 8 will apply to any Losses whether they are asserted before or after the Return Date.

9. Insurance

(a) Customer, at Customer's sole cost, will procure and keep in full force and effect, from the initial delivery date until the return of all Equipment the following policies of insurance satisfactory to GECMS as to the insurer and as to the form and amount of coverage, with premiums prepaid:

- (i) Commercial General Liability Insurance with a minimum combined single limit of \$1,000,000 per occurrence, written on an occurrence form, including coverage for premises, operations, contractual liability, broad form property damage, independent contractors and personal injury liability, naming GECMS as an additional insured;
- (ii) Commercial Property Insurance protecting against all loss and damage, at full replacement cost, sustained or suffered due to the loss of or damage to the Equipment as a result of collision, fire, lightning, theft, flood, windstorm or explosion or any other casualty, naming GECMS as a loss payee.

(b) Customer will deliver certificates evidencing all such insurance to GECMS within fourteen (14) days after delivery of the Equipment to Customer's site, time being of the essence, except that, if Customer elects to enroll in the Optional Insurance Program or the Damage Waiver Option, Customer will not have to deliver certificates of insurance to GECMS for the type of risks covered by the Optional Insurance Program or Damage Waiver Option as elected by Customer. Each certificate will state that such insurance will not terminate or be materially changed without thirty (30) days' prior written notice to GECMS.

(c) If Customer fails to deliver the insurance certificates as required by paragraph (b) on the date required, Customer will be in default under this Lease. In addition to all the other remedies for default under this Lease, GECMS may (i) impose upon Customer a one-time fee for insurance processing of One Hundred Dollars (\$100) and (ii) assert as additional rent an amount equal to one percent (10%) of the monthly rental from the start of the lease term until the required insurance certificate is delivered to GECMS.

(d) Obtaining insurance as described above, including the Optional Insurance Program, will not affect Customer's obligations and indemnities under this Lease, and the loss, damage to, or destruction of any of the Equipment will neither terminate this Lease nor, except to the extent that GECMS is actually compensated by insurance paid for by Customer, relieve Customer of any of Customer's liability under this Lease.

10. Optional Insurance and Damage Waiver

(a) In certain circumstances, Customer may choose (i) to enroll in an Optional Insurance Program to cover general liability risks (the "Optional Insurance Program") or (ii) to accept a Damage Waiver Option to cover damage to the Equipment (the "Damage Waiver Option") or (iii) in effect both options. If the Optional Insurance Program or the Damage Waiver Option is available and Customer, in writing prior to delivery of the Equipment to the site, elects to enroll in the Optional Insurance Program or accept the Damage Waiver Option, then Section 10(b) will apply. If Customer elects to enroll in the Optional Insurance Program and, Section 10(c) will apply if Customer accepts the Damage Waiver Option.

(b) The Optional Insurance Program is fully described in an Outline of Coverage ("the Outline of Coverage") which Customer has received and reviewed prior to any election to enroll in the Optional Insurance Program. All questions regarding the Optional Insurance Program will be answered by the qualified licensed insurance agent identified in the Outline of Coverage. If Customer properly elects to enroll in the Optional Insurance Program, so long as such coverage is still in full force and effect, Customer will not be required, under this Lease, to carry additional commercial liability insurance as required by Section 9(a)(i).

(c) If the Damage Waiver Option is properly elected and so long as Customer timely pays the additional fee specified for such Damage Waiver Option, Customer will not be required, under the terms of this Lease, to carry any additional commercial property insurance as required by Section 9(a)(ii) and Customer will not be liable to GECMS in excess of \$500 per unit of Equipment for loss or damage specified in Section 8(a), except Customer will not be relieved of liability if Customer violates any other provision of this Lease. **THE DAMAGE WAIVER IS NOT INSURANCE COVERAGE.**

(d) Customer's coverage under the Optional Insurance Program or acceptance of the Damage Waiver Option may be cancelled by either party and rates for coverage under the Optional Insurance Program or fees for the Damage Waiver Option may be changed upon thirty (30) days' prior written notice. If the Optional Insurance Program or Damage Waiver Option is, for any reason, cancelled, Customer will provide to GECMS evidence of policies of insurance as set forth in Sections 9(a)(i) or 9(a)(ii), as appropriate, within ten (10) days prior to the effective date of such cancellation.

(e) The coverage provided under the Optional Insurance Program and the limitation of liability under the Damage Waiver Option does not extend to the transportation of Equipment or its contents and, only extends to Equipment located on ground level.

(f) The Damage Waiver Option will not be binding upon GECMS unless any loss, damage, injury or claim is reported to GECMS in writing within seventy-two (72) hours of the occurrence of any such event. Customer will also provide any information in regard to such event that GECMS reasonably requests.



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TERMS AND CONDITIONS OF LEASE AGREEMENT

11. Default

The occurrence of one or more of the following in clauses (a) - (g) below will constitute an Event of Default under this Lease:

- (a) Customer fails to pay when due any rental payment or any other payment due under this Lease or fails to perform its obligations under Section 9 of this Lease;
- (b) Customer fails to perform or observe any other term or condition under this Lease and such failure remains unremedied for more than ten (10) days after such failure to perform or observe;
- (c) Customer or any person or entity which controls more than fifty percent (50%) of Customer's equity (a "Control Person") or any guarantor of any of Customer's obligations hereunder (a "Guarantor") (i) becomes insolvent, (ii) becomes subject to any voluntary or involuntary bankruptcy or reorganization proceedings, (iii) commits an act of bankruptcy, (iv) makes an assignment for the benefit of creditors, (v) appoints or submits to the appointment of a receiver for all or any of its assets, (vi) admits in writing its inability to pay its debts as they become due or (vii) enters into any type of voluntary or involuntary liquidation or dissolution;
- (d) Customer, any Control Person or any Guarantor defaults under any other agreement with GECMS or any affiliate of GECMS; and
- (e) Any letter of credit, guaranty or other security given to secure the performance of Customer's obligations under this Lease expires, terminates or in the reasonable opinion of GECMS becomes worthless.

Upon the occurrence of an Event of Default, GECMS will have the option to declare the entire balance of rent for the remainder of the stated lease term immediately due and payable and to accelerate and make immediately due and payable any other amounts owing under this Lease. GECMS will also have the option to seize and retain any or all of the Equipment free of all rights of Customer without any further liability or obligation to redeliver any of the Equipment to Customer, and Customer hereby grants GECMS the right to enter upon any premises where all or any of the Equipment is located in order to take possession of and remove such Equipment. (Notwithstanding the foregoing, if an Event of Default occurs under clause (c) above, such accelerations will occur automatically without the need for declaration.) Customer will pay to GECMS on demand all fees, costs and expenses incurred by GECMS in enforcing its rights under this Lease, including without limitation reasonable attorneys' fees. The remedies provided in favor of GECMS will be cumulative and in addition to all other remedies provided in this Lease or existing at law or in equity. No action taken by GECMS pursuant to this Section 11 or Section 13 will release Customer from Customer's covenants, obligations and indemnities provided under this Lease, including but not limited to Customer's obligation for the payment of rentals provided in this Lease.

If GECMS retakes possession of the Equipment or any part of the Equipment and there is at the time of such retaking, in, upon or attached to such repossessed Equipment, any other property, goods or things of value owned by Customer or in the custody or control of Customer, GECMS is authorized to take possession of such other property, goods or things and hold the same for Customer, at Customer's sole cost, either in GECMS's possession or in public storage, at GECMS's sole discretion.

12. GECMS' Right To Cure

If Customer defaults in any of its obligations under this Lease, whether or not an Event of Default then exists, GECMS may pay all amounts or perform or cause to be performed all obligations required to be paid or performed by Customer under this Lease and recover from Customer at additional rent all amounts so paid or the reasonable value of all services so performed.

13. Set-Off

Without limiting any other provision of this Lease, upon the occurrence of an Event of Default, GECMS will have the immediate right, without notice, demand or other action, to set-off against Customer any amounts GECMS may hold as prepayments or deposits for GECMS liabilities to Customer whether or not then due to Customer. Unless otherwise prohibited by law, GECMS will be deemed to have exercised such right to set-off and to have made a charge against any such sums immediately upon the occurrence of any Event of Default by Customer.

14. Assignment, Amendment, Modification, Alterations

(a) Customer will not have the right to assign this Lease or to sublet, rent or otherwise hire out or transfer possession of any of the Equipment to any person or entity other than GECMS, without the prior written consent of GECMS. GECMS may assign this Lease and the rentals reserved under this Lease. If GECMS makes such an assignment, the assignee will acquire all rights and remedies possessed by or available to GECMS under this Lease.

(b) This Lease contains the entire agreement between the parties pertaining to the subject matter of this Lease. No agreement, representation or understanding not specifically contained in this Lease will be binding upon any of the parties hereto unless reduced to writing and signed by the parties to be bound thereby. Any amendment, modification or addendum to this Lease will not be binding on GECMS unless signed by an authorized officer of GECMS. This Lease will be governed as to its construction, interpretation and effect by the laws of the Commonwealth of Pennsylvania without regard to principles of choice of laws.

**GE Capital Modular Space**
modspace.com

LEASE AGREEMENT NO.: 937770

ACCOUNT NO.: 721660

RETURN EQUIPMENT TO GECMS:

SACRAMENTO
2910 RAMCO STREET
WEST SACRAMENTO
CA 95691
Telephone: 916-373-9000
1-800-523-7918
Fax: 916-372-2602

(Continued)

* Form US062998A, Section 14(b): delete "Commonwealth of Pennsylvania" and insert "State of California"

See attached building specifications, contractual clarifications, technical clarifications, and scope of work delineation. The attached page (Form No. US062998A) contains Terms and Conditions that form an integral part of this Lease. Those terms and conditions include but are not limited to disclaimers of warranties of merchantability and fitness and limitations on damages. The only other documents that form a part of this lease are: NONE

Signed by duly authorized agents, with the intent to be legally bound, this 25th day of July, 2001.By _____
GE CAPITAL MODULAR SPACE AUTHORIZED AGENTName DAVE HENDRICKSONSIGN
HEREBy Robert E. Barrett
CUSTOMER OR AUTHORIZED AGENTName Robert E. BarrettPublic Works Director
(please print)

Accepted and Del. By: _____

Freight Vendor

Date: _____

Remarks: _____

Received and Accepted By: _____

Date: _____

Name: _____

(please print)



GE Capital 04-040
Modular Space

General Electric Capital Corporation
2910 Ramco Street, West Sacramento, CA 95691
916 373-9000, Fax: 916 372-2602

February 19, 2004

Sutter County
1909 Live Oak Blvd.
Yuba City, CA 95991
Attn Walt Cassi

RE: Notice of Renewal Lease number # (937770 Modular Complex at the Mental Health Department

Our records indicate that your current lease will expired as of 3/17/04. This letter will serve as authorization to extend your lease. All other terms and conditions of the lease agreement remain the same. Return delivery and tear out will be billed at prevailing rates at time of return. Prices do not include any local or state sales tax.

Lease Extension Per Lease Agreement:

36 month lease renewal at \$7,625.00/month plus a 12 month extension at the same rate.

Signature - Sutter County

Signature - GE Modular Space

Please respond by either mailing or faxing your authorization at 916 372 2602. Your attention to this matter is greatly appreciated. Do not hesitate to call me should you have any questions or comments. My office number is (916) 373 9000.

Sincerely,

David Hendrickson II
Territory Manager

James E. Lewis



**AMENDMENT TO LEASE FOR MODULAR COMPLEX
LEASE NUMBER 245058 / 937790**

THE LEASE FOR MODULAR COMPLEX (hereinafter "Lease"), a copy of which is attached hereto as Exhibit 1 and incorporated herein by this reference, by and between MODULAR SPACE CORPORATION, a California corporation, hereinafter referred to as "Modspace" and County of Sutter, hereinafter referred to as "Customer", is hereby amended as follows:

For valuable consideration, including their mutual promises, receipt of which is hereby acknowledged, the parties agree as follows:

1. The term of the lease which was set to expire on March 21, 2008 and was amended on a month to month basis shall be extended for the period of five years (60 months) to March 21, 2013.
2. Effective May 21, 2008, the rental amount shall be \$7,625.00 per month. This amount does not include any applicable local or state sales tax.
3. Customer shall have the option to purchase the modular complex at any time during the term of the lease for the total sum of \$437,295.00. Upon purchase, the lease agreement shall terminate by operation of law.

All other terms and conditions of the Lease shall remain in full force and effect.

In the event of any conflict or inconsistency between the provisions of this Amendment and the Lease, it shall be resolved such that the provisions of this Amendment shall control in all respects.

CUSTOMER:

Charles A. Hault
County of Sutter

By: Director, Sutter County Public Works Department

Date: 5/30/08
Per Board of Supervisors
Approval 5-20-08

MODSPACE:

David Hendrickson II
DAVID HENDRICKSON, II
Territory Manager, Modular Space Corporation

Date: _____

Approved
County Counsel
Sutter County, California

By *W. J. [Signature]*



08-047



AMENDMENT TO LEASE FOR MODULAR COMPLEX
LEASE NUMBER 245058

THE LEASE FOR MODULAR COMPLEX (hereinafter "Lease"), a copy of which is attached hereto as Exhibit 1 and incorporated herein by this reference, by and between MODULAR SPACE CORPORATION, a California corporation, hereinafter referred to as "Modspace" and County of Sutter, hereinafter referred to as "Customer", is hereby amended as follows:

For valuable consideration, including their mutual promises, receipt of which is hereby acknowledged, the parties agree as follows:

1. The term of the lease which is set to expire on March 21, 2008 shall be extended for the period of one year to March 21, 2009.
2. Effective March 21, 2008, the lease shall be on a month-to-month basis subject to termination by either party upon 30 days written notice.
3. Effective March 21, 2008, the rental amount shall be \$8,820.00 per month. This amount does not include any applicable local or state sales tax.
4. Customer shall have the option to purchase the modular complex at any time during the term of the lease for the total sum of \$437,295.00. Upon purchase, the lease agreement shall terminate by operation of law.

All other terms and conditions of the Lease shall remain in full force and effect.


In the event of any conflict or inconsistency between the provisions of this Amendment and the Lease, it shall be resolved such that the provisions of this Amendment shall control in all respects.

CUSTOMER:


County of Sutter
By: Director, Sutter County Public Works Department

Date: 3/25/08
Per Board of Supervisors
Approval 3/18/08

MODSPACE:

 II
DAVID HENDERICKSON, II
Territory Manager, Modular Space Corporation

Date: 3/13/08

**TERMS AND CONDITIONS OF LEASE AGREEMENT****1. Lease**

This transaction is an operating lease and not a sale. Customer does not acquire through this Lease or by payment of rental under this Lease any right, title or interest in or to the Equipment, except the right to possess and use the Equipment so long as Customer is not in default under this Lease.

2. Rental and Other Payments

(a) The start of the lease term is the date on which Modspace substantially completes its scope of work for installation, unless otherwise agreed to among the parties. Monthly rental will accrue through and including the month in which the later of the Return Date or End of the Term occurs. The "Return Date" is the date on which the Equipment is returned to ModSpace in accordance with the terms of this Lease. The "End of the Term" is the date on which the term of this Lease is to expire, either originally, under a renewal term or under month-to-month renewals as contemplated by this Lease. Rental and such other charges will be prorated on a daily basis where necessary. Unless otherwise specified in this Lease, charges for delivery and installation, initial month's rent and any applicable initial charges for the Optional Insurance Program and Damage Waiver will be due and payable at the start of the lease term, and charges for teardown and return will be due and payable at the earlier of the Return Date or the End of Term. After payment of the initial month's rent, each month's rent thereafter is due and payable without demand and in advance (i) at the end of each thirty (30) day period following the commencement of the lease term, if a rental month is defined on the first page of this Lease as a thirty-day period or (ii) on the first of each month immediately following the month in which this lease commences, if a rental month is defined on the first page of this Lease as a calendar month. All other sums payable by Customer under this Lease are due and payable when invoiced. Unless agreed otherwise, all payments made under this Lease will be made by Customer's check drawn on its regular bank checking account or such other form of payment as is acceptable to ModSpace. All payments by Customer will be made without setoff or deduction of any kind.

(b) Customer will pay ModSpace for any and all sales and use taxes, other direct taxes and registration fees imposed by any city, county, state, or federal government or other taxing authorities and related directly or indirectly to the Equipment or its use, excluding federal or state taxes relating to income (all of the foregoing that Customer is to pay, "Taxes"). Taxes may be allocated by ModSpace on either an individual or prorated basis for any item of Equipment based on purchase price, value, possession, use, location, rentals, delivery or operation of such Equipment. Taxes may include an allocation (b) Customer will pay ModSpace for any and all sales and use taxes, other direct taxes and registration fees imposed by any city, county, state, or federal government or other taxing authorities and related directly or indirectly to the Equipment or its use, excluding federal or state taxes relating to income (all of the foregoing that Customer is to pay, "Taxes"). Taxes may be allocated by ModSpace on either an individual or prorated basis for any item of Equipment based on purchase price, value, possession, use, location, rentals, delivery or operation of such Equipment. Taxes may include an allocation on a statewide basis of locally imposed taxes. Customer's obligations under this Subsection will survive the termination of this Lease.

(c) For Customer's convenience, ModSpace intends to issue invoices for amounts due under this Lease. If Customer fails to pay any amount due within twenty (20) days of the due date, ModSpace may impose a charge on such amount at one and one-half percent (1-1/2%) per month or the highest rate permitted by law, whichever is lower, from the due date until payment in full is received by ModSpace.

(d) When the Lease term exceeds eleven (11) months, the rental charge may, at ModSpace's option, be adjusted upward, based upon the Consumer Price Index, All Urban Consumers, U.S. City Average, All Items ("CPI") (United States Bureau of Labor Statistics or such other index as may succeed the CPI), as follows: For each change of one percent (1%) in the CPI from the CPI as available immediately prior to the start date of this Lease, the rental rate will be adjusted by a factor of one percent (1%). Any adjustments will take effect at six (6) months following the start date of this Lease and will be further adjusted each six (6) months thereafter. The adjustment will be based on the most recent CPI indices available prior to the invoice in which an adjustment is made.

3. Delivery and Installation

(a) Customer will provide free and clear access for delivery of the Equipment by standard mobile transport vehicles. Customer will be solely responsible, at its cost, for preparation of the site on which the Equipment is to be used (the "Site"), including any required structural or grade alterations and identification of utility lines. Customer will provide firm and level ground on no more than a six-inch (6") slope from one end to the other for safe and unobstructed installation for the Equipment. Site selection is the sole responsibility of Customer. **MODSPACE ASSUMES NO LIABILITY NOR OFFERS ANY WARRANTY FOR THE FITNESS OR ADEQUACY OF, OR THE UTILITIES AVAILABLE AT THE SITE.**

(b) Customer will have sole responsibility, at Customer's cost, to obtain any and all licenses, titles, building and other permits and any other approvals and certificates as may be required by law or otherwise for the installation and placement of the Equipment and Customer's lawful operation, possession or occupancy of the Equipment. Customer agrees that all certificates of title or registration applicable to the Equipment will reflect ModSpace's ownership of the Equipment.

(c) ModSpace's delivery of the Equipment is subject to delays in manufacturing, modification, delivery or installation due to fire, flood, windstorm, riot, civil disobedience, strike or other labor actions, acts of God, or any circumstances beyond ModSpace's control (including but not limited to breaches by ModSpace's sub-contractors or manufacturers) which delay the manufacture or modification of products or the making of deliveries in the normal course of business.

(d) The prices for delivery, installation, teardown, return delivery and other "one-time" charges, the due dates of such charges and the start date of this Lease assume accuracy of the information given to ModSpace with respect to Site conditions and locations and are subject to adjustment to the extent that the timing of or physical nature of access to the Site is or becomes limited, the Site does not have adequate load bearing or topographic qualities or is otherwise not properly prepared, utilities are not correctly located, provision of utilities is not timely or applicable licenses or permits are not provided in a timely manner or Customer otherwise delays completion of ModSpace's scope of work.

(e) ModSpace may suspend work at the Site if ModSpace deems the Site to be unsafe.

4. Maintenance of Equipment

(a) Customer will not move or in any way modify the Equipment without written consent of ModSpace. Notwithstanding ModSpace's consent to Customer's modification of the Equipment, Customer is liable for the cost of the removal of such modification or restoration of the Equipment upon the termination of this Lease for the modified Equipment. ModSpace may place its name on the Equipment, and Customer will assure that such name is not removed or concealed in whole or in part.

(b) Customer, at Customer's sole cost, will keep the Equipment at all times until the Return Date in good repair and operating condition, subject to ordinary wear and tear, and free of any and all liens and encumbrances. ModSpace will have the right to inspect the Equipment from time to time until the Return Date and if ModSpace believes the Equipment to be misused, abused or neglected, ModSpace may summarily remove and repossess the Equipment at Customer's cost.

(c) Customer will perform, execute and comply with all Laws which in any way affect the use, operation, maintenance, or storage of the Equipment. "Laws" means all laws, rules, regulations or orders of any governmental agency or instrumentality of the United States, Canada, any state, province, municipality or other local government and all orders, writs and decrees of any court, tribunal or administrative agency, in any case which now exist or hereafter arise (including but not limited to laws governing Hazardous Substances and other environmental risks and the Americans with Disabilities Act). Customer will not make or permit any unlawful use or handling of the Equipment.

(d) **HAZARDOUS SUBSTANCES.** (i) "Hazardous Substances" means hazardous, toxic, radioactive or bio-hazardous substances or petroleum products. (ii) Customer will not use or store Hazardous Substances in the Equipment, except such substances and in such quantities as would be normal in the operation of a commercial office. Customer will not locate the Equipment at a remediation or nuclear site or use the Equipment for medical laboratory testing. (iii) Ordinary wear and tear does not include contamination by Hazardous Substances. If any returned Equipment is found to have been contaminated by Hazardous Substances during Customer's possession, ModSpace may charge Customer for the clean up or may require Customer to purchase the Equipment at the then current market price charged for an uncontaminated unit.

(e) Customer agrees that the Equipment leased hereunder will not be occupied by any person other than Customer or its agents, employees or invitees. The Equipment will not be used for residential or dormitory purposes.

5. NO WARRANTY FOR MERCHANTABILITY OR FITNESS

THERE ARE NO WARRANTIES, EXPRESS OR IMPLIED, AND ALL WARRANTIES OF ANY KIND, INCLUDING ANY EXPRESS OR IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR PURPOSE, ARE HEREBY EXCLUDED BOTH AS TO THE EQUIPMENT AND AS TO ANY INSTALLATION, MAINTENANCE OR REPAIR WORK PERFORMED BY MODSPACE ON THE EQUIPMENT.

6. Limitation of Damages

Customer does hereby expressly waive any and all claims and demands for loss of profits or other alleged consequential, incidental or punitive damages arising out of or in connection with this Lease. ModSpace is not liable for any loss or damage to any property stored, located or transported in, upon, under or around any Equipment and Customer does hereby waive any and all claims and demands for any such loss or damage.

**TERMS AND CONDITIONS OF LEASE AGREEMENT****7. End of Lease**

- (a) Unless specified otherwise, Customer must give ModSpace sixty (60) days' prior written notice of the date on which the Equipment is to be returned.
- (b) If Customer, without any further written agreement, continues to possess or occupy the Equipment after the expiration of the initial and any renewal term of Lease, with or without consent of ModSpace, Customer will then be deemed to have renewed this Lease on a month-to-month basis subject to such rate as ModSpace declares to be in effect (and in the absence of such declaration at the last monthly rate applicable to the Equipment), and ModSpace may terminate such month-to-month extensions at any time.
- (c) If, at any time after the initial or any renewal term (or at ModSpace's request at any time this Lease is on a month-to-month basis), ModSpace requests the return of the Equipment, Customer will return the Equipment to ModSpace, within five (5) days, at ModSpace's designated address, at Customer's sole cost. Missing accessories, attachments or other items, repairs of any kind and restoration to original specifications whether due to Customer alterations or otherwise will remain the sole responsibility of Customer, normal wear and tear excepted.
- (d) Customer may terminate this Lease prior to the expiration of the Minimum Lease Period, subject to all terms and conditions of this Lease, and the Customer will pay (in addition to tear-down and return charges) the following termination charges:
- If Customer is the first user of the Equipment: the remaining unpaid rental charges for the Minimum Lease Period;
 - If Customer is not the first user: (A) if the Minimum Lease Period ("MLP") is less than three (3) rental months, four (4) times the Adjusted Weekly Lease Charge ("AWLC"); (B) if the MLP is between three (3) rental months and six (6) rental months, inclusive, eight (8) times the AWLC; if the MLP is more than six (6) rental months but one (1) year or less, twelve (12) times the AWLC; if the MLP exceeds one (1) year, fourteen (14) times the AWLC for each year, or portion thereof, of the portion of the MLP cancelled.
 - The "Adjusted Weekly Lease Charge" or "AWLC" means the Weekly Lease Charge less that portion representing amortization of any delivery, set-up, teardown, return or similar one-time charges and customer-requested modifications not provided as a separate charge under the terms of this Lease (the "Amortized One-Time Costs"). In addition, Customer will pay in full the unpaid Amortized One-Time Costs. In no case will the termination charges be in excess of the rental charge for the remainder of MLP.

8. Indemnification

Customer hereby specifically indemnifies, agrees to defend and holds harmless ModSpace, its employees and agents from any and all loss, claims, liabilities, damages, fines, forfeitures, seizures, penalties and expenses (including attorneys' fees and investigative costs) (collectively "Losses") that may arise from or in connection with:

- (a) The loss of or damage to the Equipment prior to the Return Date because of (a) The loss of or damage to the Equipment prior to the Return Date because of collision, fire, lightning or theft, flood, windstorm or explosion, civil disturbance or riot or any other peril or casualty;
- (b) The death of or injury to, including but not limited to, damage to the property of, any person (other than the Equipment) as a result of, in whole or in part, the use or condition prior to the Return Date of the Equipment;
- (c) Any act or omission of Customer in violation of this Lease;
- (d) The actual or alleged storage, maintenance, use, handling, repair, or operation of the Equipment, prior to the Return Date, including but not limited to any failure to use anchor straps, any work done on, or any materials supplied to or in connection with the operation, maintenance, possession or storage of the Equipment and any loss or damage to anything stored in any of the Equipment; and
- (e) Any damage to Customer's property or the property of any third parties incurred during or in connection with the fulfillment of Customer's obligations by or on behalf of ModSpace or the repossession or return of Equipment by ModSpace in accordance with the terms of this Lease.
- The obligations contained in this Section 8 will survive expiration or termination of the term of this Lease and the Return Date. The indemnifications contained in this Section 8 will apply to any Losses whether they are asserted before or after the Return Date.

9. Insurance

- (a) Customer, at Customer's sole cost, will procure and keep in full force and effect, from the initial delivery date until the return of all Equipment the following policies of insurance satisfactory to ModSpace as to the insurer and as to the form and amount of coverage, with premiums prepaid:
- Commercial General Liability Insurance with a minimum combined single limit of \$1,000,000 per occurrence, written on an occurrence form, including coverage for premises, operations, contractual liability, broad form property damage, independent contractors and personal injury liability, naming ModSpace as an additional insured.
 - Commercial Property Insurance protecting against all loss and damages, at full replacement cost, sustained or suffered due to the loss of or damage to the Equipment as a result of collision, fire, lightning, theft, flood, windstorm, explosion or any other casualty, naming ModSpace and Bank of America N.A. as a loss payee.
- (b) Customer will deliver certificates evidencing all such insurance to ModSpace within fourteen (14) days after delivery of the Equipment to Customer's site, time being of the essence; except that, if Customer elects to enroll in the Optional Insurance Program or the Damage Waiver Option, Customer will not have to deliver certificates of insurance to ModSpace for the type of risks covered by the Optional Insurance Program or Damage Waiver Option as elected by Customer. Each certificate will state that such insurance will not terminate or be materially changed without thirty (30) days' prior written notice to ModSpace.
- (c) If Customer fails to deliver the insurance certificate as required by paragraph (b) on the date required, Customer will be in default under this Lease. In addition to all the other remedies for default under this Lease, ModSpace may (i) impose upon Customer a one-time fee for insurance processing of One Hundred Dollars (\$100) and (ii) assess as additional rent an uninsured lessee fee of ten percent (10%) of the monthly rental from the start of the lease term until the required insurance certificate is delivered to ModSpace.
- (d) Obtaining insurance as described above, including the Optional Insurance Program, will not affect Customer's obligations and indemnities under this Lease, and the loss, damage to, or destruction of any of the Equipment will neither terminate this Lease nor, except to the extent that ModSpace is actually compensated by insurance paid for by Customer, relieve Customer of any of Customer's liability under this Lease.

10. Optional Insurance and Damage Waiver

- (a) In certain circumstances, Customer may choose (i) to enroll in an Optional Insurance Program to cover general liability risks (the "Optional Insurance Program") or (ii) to accept a Damage Waiver Option to cover damage to the Equipment (the "Damage Waiver Option") or (iii) to elect both options. If the Optional Insurance Program or the Damage Waiver Option is available and Customer, in writing prior to delivery of the Equipment to the site, elects to enroll in the Optional Insurance Program or accept the Damage Waiver Option, then, Section 10(b) will apply if Customer elects to enroll in the Optional Insurance Program and, Section 10(c) will apply if Customer accepts the Damage Waiver Option.
- (b) The Optional Insurance Program is fully described in an Outline of Coverage ("the "Outline of Coverage") which Customer has received and reviewed prior to any election to enroll in the Optional Insurance Program. All questions regarding the Optional Insurance Program will be answered by the qualified licensed insurance agent identified in the Outline of Coverage. If Customer properly elects to enroll in the Optional Insurance Program, so long as such coverage is still in full force and effect, Customer will not be required, under this Lease, to carry additional commercial liability insurance as required by Section 9(a)(i).
- (c) If the Damage Waiver Option is properly elected and so long as Customer timely pays the additional fee specified for such Damage Waiver Option, Customer will not be required, under the terms of this Lease, to carry any additional commercial property insurance as required by Section 9(a)(ii) and Customer will not be liable to ModSpace in excess of \$500 per unit of Equipment for loss or damage specified in Section 8(a), except Customer will not be relieved of liability if Customer violates any other provision of this Lease.
- THE DAMAGE WAIVER IS NOT INSURANCE COVERAGE.**
- (d) Customer's coverage under the Optional Insurance Program or acceptance of the Damage Waiver Option may be cancelled by either party and rates for coverage under the Optional Insurance Program or fees for the Damage Waiver Option may be changed upon thirty (30) days' prior written notice. If the Optional Insurance Program or Damage Waiver Option is, for any reason, cancelled, Customer will provide to ModSpace evidence of policies of insurance as set forth in Sections 9(a)(i) or 9(a)(ii), as appropriate, within ten (10) days prior to the effective date of such cancellation.
- (e) The coverage provided under the Optional Insurance Program and the limitation of liability under the Damage Waiver Option does not extend to the transportation of Equipment or its contents and, only extends to Equipment installed on ground level.
- (f) The Damage Waiver Option will not be binding upon ModSpace unless any loss, damage, injury or claim is reported to ModSpace in writing within seventy-two (72) hours of the occurrence of any such event. Customer will also provide any information in regard to such event that ModSpace reasonably requests.

**TERMS AND CONDITIONS OF LEASE AGREEMENT****11. Default**

The occurrence of one or more of the following in clauses (a) - (e) below will constitute an Event of Default under this Lease:

- (a) Customer fails to pay when due any rental payment or any other payment due under this Lease or fails to perform its obligations under Section 9 of this Lease;
- (b) Customer fails to perform or observe any other term or condition under this Lease and such failure remains unremedied for more than ten (10) days after such failure to perform or observe;
- (c) Customer or any person or entity which controls more than fifty percent (50%) of Customer's equity (a "Control Person") or any guarantor of any of Customer's obligations hereunder (a "Guarantor") (i) becomes insolvent, (ii) becomes subject to any voluntary or involuntary bankruptcy or reorganization proceedings, (iii) commits an act of bankruptcy, (iv) makes an assignment for the benefit of creditors, (v) appoints or submits to the appointment of a receiver for all or any of its assets, (vi) admits in writing its inability to pay its debts as they become due or (vii) enters into any type of voluntary or involuntary liquidation or dissolution;
- (d) Customer, any Control Person or any Guarantor defaults under any other agreement with ModSpace or any affiliate of ModSpace; and
- (e) Any letter of credit, guaranty or other security given to secure the performance of Customer's obligations under this Lease expires, terminates or in the reasonable opinion of ModSpace becomes worthless. Upon the occurrence of an Event of Default, ModSpace will have the option to declare the entire balance of rent for the remainder of the stated lease term immediately due and payable and to accelerate and make immediately due and payable any other amounts owing under this Lease. ModSpace will also have the option to retake and retain any or all of the Equipment free of all rights of Customer without any further liability or obligation to redeliver any of the Equipment to Customer, and Customer hereby grants ModSpace the right to enter upon any premises where all or any of the Equipment is located in order to take possession of and remove such Equipment. (Notwithstanding the foregoing, if an Event of Default occurs under clause (c) above, such accelerations will occur automatically without the need for declaration.) Customer will pay to ModSpace on demand all fees, costs and expenses incurred by ModSpace in enforcing its rights under this Lease, including without limitation reasonable attorneys' fees. The remedies provided in favor of ModSpace will be cumulative and in addition to all other remedies provided in this Lease or existing at law or in equity. No action taken by ModSpace pursuant to this Section 11 or Section 13 will release Customer from Customer's covenants, obligations and indemnities provided under this Lease, including but not limited to Customer's obligation for the payment of rentals provided in this Lease.

If ModSpace retakes possession of the Equipment or any part of the Equipment and there is at the time of such retaking, in, upon or attached to such repossessed Equipment, any other property, goods or things of value owned by Customer or in the custody or control of Customer, ModSpace is authorized to take possession of such other property, goods or things and hold the same for Customer, at Customer's sole cost, either in ModSpace's possession or in public storage, at ModSpace's sole discretion.

12. ModSpace' Right To Cure

If Customer defaults in any of its obligations under this Lease, whether or not an Event of Default then exists, ModSpace may pay all amounts or perform or cause to be performed all obligations required to be paid or performed by Customer under this Lease and recover from Customer as additional rent all amounts so paid or the reasonable value of all services so performed.

13. Set-Off

Without limiting any other provision of this Lease, upon the occurrence of an Event of Default, ModSpace will have the immediate right, without notice, demand or other action, to set-off against Customer any amounts ModSpace may hold as prepayments or deposits for ModSpace liabilities to Customer whether or not then due to Customer. Unless otherwise prohibited by law, ModSpace will be deemed to have exercised such right to set-off and to have made a charge against any such sums immediately upon the occurrence of any Event of Default by Customer.

14. Assignment, Amendment, Modification, Miscellaneous

- (a) Customer will not have the right to assign this Lease or to sublet, rent or otherwise hire out or transfer possession of any of the Equipment to any person or entity other than ModSpace, without the prior written consent of ModSpace. ModSpace may assign this Lease and the rentals reserved under this Lease. If ModSpace makes such an assignment, the assignee will acquire all rights and remedies possessed by or available to ModSpace under this Lease.
- (b) This Lease contains the entire agreement between the parties pertaining to the subject matter of this Lease. No agreements, representation or understandings not specifically contained in this Lease will be binding upon any of the parties hereto unless reduced to writing and signed by the parties to be bound thereby. Any amendment, modification or addendum to this Lease will not be binding on ModSpace unless signed by an authorized officer of ModSpace. This Lease will be governed as to its construction, interpretation and effect by the laws of the Commonwealth of Pennsylvania without regard to principles of choice of laws.



LEASE AGREEMENT NO.: 245058
RENEWAL AGREEMENT NO.: 023437
ACCOUNT NO.: 721660
CUSTOMER NO.: 661859

RETURN EQUIPMENT TO ModSpace:

SACRAMENTO
2910 RAMCO STREET
WEST SACRAMENTO
CA 95691
Telephone: 916-373-9000
1-800-523-7918
Fax: 916-372-2602

Modular Space Corporation, a Delaware corporation ("ModSpace") hereby leases the equipment specified below (the "Equipment") to:

SUTTER COUNTY
PO Box 1535
YUBA
CA 95992
Customer Contact: Matthew J. Lieberenz
Telephone: 530 822 7410
Fax: 530 822 7249
P.O. #: Temporary Metal Health Facility. (Modular)

The Equipment will be located at (subject to Section 4 on attached page):

1909 Live Oak Blvd
YUBA CITY
CA 95991

Customer hereby leases Equipment from ModSpace for a minimum period of 36 months (the "Minimum Lease Period") from the start of the lease term in accordance with the terms and conditions of this Lease Agreement including the terms and conditions set forth on the attached page (this "Lease"). Rental month is defined as a thirty-day period.

Customer agrees to pay ModSpace without demand and in advance the monthly rental and other charges on the due dates set forth in this Lease. This lease is hereby renewed as of the 21st day of March, 2008.

| Unit | Class | Width | Length | Serial No. | Monthly | Weekly | Daily | Insurance Value |
|--------|-------|-------|--------|-------------------|----------|----------|---------|-----------------|
| 572940 | MULT | 12' | 64' | 09011260S1429021 | \$492.18 | \$113.27 | \$16.18 | \$47,889 |
| 572941 | MULT | 12' | 64' | 09011260S1429022 | \$492.18 | \$113.27 | \$16.18 | \$47,889 |
| 572942 | MULT | 12' | 64' | 09011260S1429023 | \$492.18 | \$113.27 | \$16.18 | \$47,889 |
| 572943 | MULT | 12' | 64' | 09011260S1429024 | \$492.18 | \$113.27 | \$16.18 | \$47,889 |
| 572944 | MULT | 12' | 64' | 09011260S1429025 | \$492.18 | \$113.27 | \$16.18 | \$47,889 |
| 572945 | MULT | 12' | 64' | 09011260S1429026 | \$492.18 | \$113.27 | \$16.18 | \$47,889 |
| 572946 | MULT | 12' | 64' | 09011260S1429027 | \$492.18 | \$113.27 | \$16.18 | \$47,889 |
| 572947 | MULT | 12' | 64' | 09011260S1429028 | \$492.18 | \$113.27 | \$16.18 | \$47,889 |
| 572948 | MULT | 12' | 64' | 09011260S1429029 | \$492.18 | \$113.27 | \$16.18 | \$56,106 |
| 572949 | MULT | 12' | 64' | 09011260S14290210 | \$492.18 | \$113.27 | \$16.18 | \$56,106 |
| 572950 | MULT | 12' | 64' | 09011260S14290211 | \$492.18 | \$113.27 | \$16.18 | \$56,106 |
| 572951 | MULT | 12' | 64' | 09011260S14290212 | \$492.18 | \$113.27 | \$16.18 | \$56,106 |
| 572952 | MULT | 12' | 64' | 09011260S14290213 | \$492.18 | \$113.27 | \$16.18 | \$56,106 |
| 572953 | MULT | 12' | 64' | 09011260S14290214 | \$492.18 | \$113.27 | \$16.18 | \$56,106 |
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| 572955 | MULT | 12' | 64' | 09011260S14290216 | \$492.30 | \$113.30 | \$16.19 | \$56,106 |

ONE TIME CHARGES

RETURN DELIVERY

BUILDING RETURN* (Qty: 1)

DISMANTLING

UNBLOCK* (Qty: 1)

Total \$0.00
Sales Tax(One Time) \$0.00
Grand Total(OneTime) \$0.00

MONTHLY CHARGES

COMPLEX

Total \$7,875.00
Sales Tax(Monthly Lease Items) \$570.93
Grand Total(Monthly) \$8,445.93

DAILY: \$258.89
WEEKLY: \$1,812.35

** Billed at Termination

*** Billed at current rate at Termination

#Tax rates will vary with delivery address. Taxes are subject to change by tax authorities without notice.



LEASE AGREEMENT NO.: 245058
RENEWAL AGREEMENT NO.: 023437
ACCOUNT NO.: 721660
CUSTOMER NO.: 661859

RETURN EQUIPMENT TO ModSpace:

SACRAMENTO
2910 RAMCO STREET
WEST SACRAMENTO
CA 95691

Telephone: 916-373-9000
1-800-523-7918
Fax: 916-372-2602

(Continued)

No agent, employee or representative of ModSpace has any authority to make any representation or warranty concerning the Equipment that is not specifically included in this Lease. Unless specifically identified in this Lease, this Lease supersedes all prior negotiations, proposals and documents. This Lease will not be subject to any additional provision that may be contained in the Customer's purchase order, although Customer's purchase order number may be used by the parties as a convenient reference for invoicing purposes.

Units are subject to availability.

Quote is based on customer signing standard ModSpace Lease Agreement, Sale Agreement, or Finance Lease Agreement.

THE FOLLOWING HEREBY MODIFIES THIS AGREEMENT, ITS FORM US062998A, AND ANY OTHER REFERENCED ITEM OR PORTION OF THE GECMS PROPOSAL. IN THE EVENT OF CONFLICT BETWEEN THE FOLLOWING MODIFICATIONS AND ANY PROVISION CONTAINED WITHIN THE ABOVE NAMED CONTRACT DOCUMENTS, THE FOLLOWING SHALL SUPERSEDE AND GOVERN:

* Modular complex is provided in accordance with GECMS response to the Sutter County RFQ.

* Contractual Clarifications, Item 5: delete in its entirety and replace with "Assuming an execution of contract by the Customer on or before _____, GECMS will deliver manufacturer's drawings for approval on or before _____. Based upon drawing approval by the Customer and all regulatory agencies on or before _____, GECMS will deliver and install the proposed modular building on or before _____. Any delay in the above schedule by the Customer may result in a delay in substantial completion for which GECMS will not be held responsible."

* The building Unit Number, its class, width, length, serial number, and insurance value shall be submitted under separate cover to Customer once the information becomes available from manufacturer.

* Form US062998A, Section 2(d): delete in its entirety.

* Form US062998A, Section 3(d): add the following to the end of this subsection "Promptly upon GECMS discovering the necessity of any such adjustment GECMS will give Customer notice of such necessity. Customer will have the option of either (i) correcting the necessity to GECMS' and industry standards or (ii) requesting that GECMS proceed with the corrective services at an equitable adjustment in contract value. GECMS and Customer must agree on the amount of such adjustment prior to GECMS agreeing to perform the corrective services. No additional/corrective work shall commence by GECMS until GECMS receives a change order or modification to the contract evidencing such adjustment. In addition, GECMS will be given an adequate extension in time to complete the original contracted services, based on the performance of the additional/corrective work."

* Lease Agreement, Page 3: delete the word "NONE" and replace with "the attached Building Specifications (two pages), Contractual Clarifications (two pages), Technical Clarifications (one page), and Scope-of-Work Delineation (four pages)."

* Form US062998A, Section 5: insert the following at the beginning of the first sentence "GECMS will maintain the building(s) in good structural condition throughout the lease term. The Customer will be responsible for normal maintenance such as changing HVAC filters, light bulbs, janitorial services, and minor repairs. GECMS will assign to Customer all warranties on the building(s) from the manufacturer and shall assist Customer in obtaining from the manufacturer of the building(s) the benefits of such warranties. GECMS, for a period of one year from substantial completion, will repair or in its sole discretion replace, including material and labor, pending receipt of written notification by the Customer, any of its on-site work found to be defective and having an adverse impact on the operation and occupancy of the building(s). Except as stated herein above."

* Form US062998A, Section 5: delete "BOTH AS TO....ON THE EQUIPMENT."

* Form US062998A, Section 9: add the following, "(e) In lieu of providing Commercial General Liability Insurance as required under (a)(i) herein, Customer may self-insure its obligations under this lease, including but not limited to any defense costs that may apply. Evidence of self-insurance must be provided to and approved by GECMS Risk Management prior to the delivery of any buildings to Customer. If such approval is not obtained, Customer will elect and pay for the Optional Insurance set forth in Section 10."

* Form US062998A, Section 8: insert the following before the first sentence "Except to the extent of any negligence or willful misconduct of GECMS or its employees, subcontractors, and agents, or to the extent of any negligence or willful misconduct of the manufacturer of the building, Customer....."

* Contractual Clarifications, Item 13: add the following to the end of the first sentence "during and under GECMS' performance of its contracted scope of work."



LEASE AGREEMENT NO.: 245058
RENEWAL AGREEMENT NO.: 023437
ACCOUNT NO.: 721660
CUSTOMER NO.: 661859

RETURN EQUIPMENT TO ModSpace:

SACRAMENTO
2910 RAMCO STREET
WEST SACRAMENTO
CA 95691
Telephone: 916-373-9000
1-800-523-7918
Fax: 916-372-2602

(Continued)

- * Contractual Clarifications, Item 16: delete
- * Contractual Clarifications, Item 18: delete
- * Form US062998A, Section 14(b): delete "Commonwealth of Pennsylvania" and insert "State of California"

Return and teardown charges will be billed at prevailing rate at time of return.

The attached page contains Terms and Conditions that form an integral part of this Lease. Those terms and conditions include but are not limited to disclaimers of warranties of merchantability and fitness and limitations on damages. The only other documents that form a part of this lease are: US062998A, NONE

Signed by duly authorized agents, with the intent to be legally bound, this _____ day of _____, 20_____.

By _____
Modular Space Corporation AUTHORIZED AGENT

By _____
CUSTOMER OR AUTHORIZED AGENT

Name DAVE HENDRICKSON

Name _____
(please print)

Accepted and Del. By: _____
Freight Vendor

Date: _____

Remarks: _____

Received and Accepted By: _____
Name: _____
(please print)

Date: _____

**AMENDMENT TO LEASE FOR MODULAR COMPLEX
LEASE NUMBER 245058**

THE LEASE FOR MODULAR COMPLEX (hereinafter "Lease"), a copy of which is attached hereto as Exhibit 1 and incorporated herein by this reference, by and between MODULAR SPACE CORPORATION, a California corporation, hereinafter referred to as "Modspace" and County of Sutter, hereinafter referred to as "Customer", is hereby amended as follows:

For valuable consideration, including their mutual promises, receipt of which is hereby acknowledged, the parties agree as follows:

1. The term of the lease which was set to expire on March 21, 2013, shall be extended.
2. Effective March 21, 2013, the lease shall be on a month-to-month basis subject to termination by either party with 60 days' notice.
3. Effective March 21, 2013, the rental amount shall be \$8,388.00 per month. This amount does not include any applicable local or state sales tax.

All other terms and conditions of the Lease shall remain in full force and effect.

In the event of any conflict or inconsistency between the provisions of this Amendment and the Lease, it shall be resolved such that the provisions of this Amendment shall control in all respects.


CUSTOMER:


County of Sutter
By: Sutter County Purchasing Agent

Date:

4/1/13

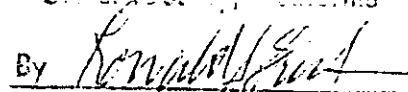
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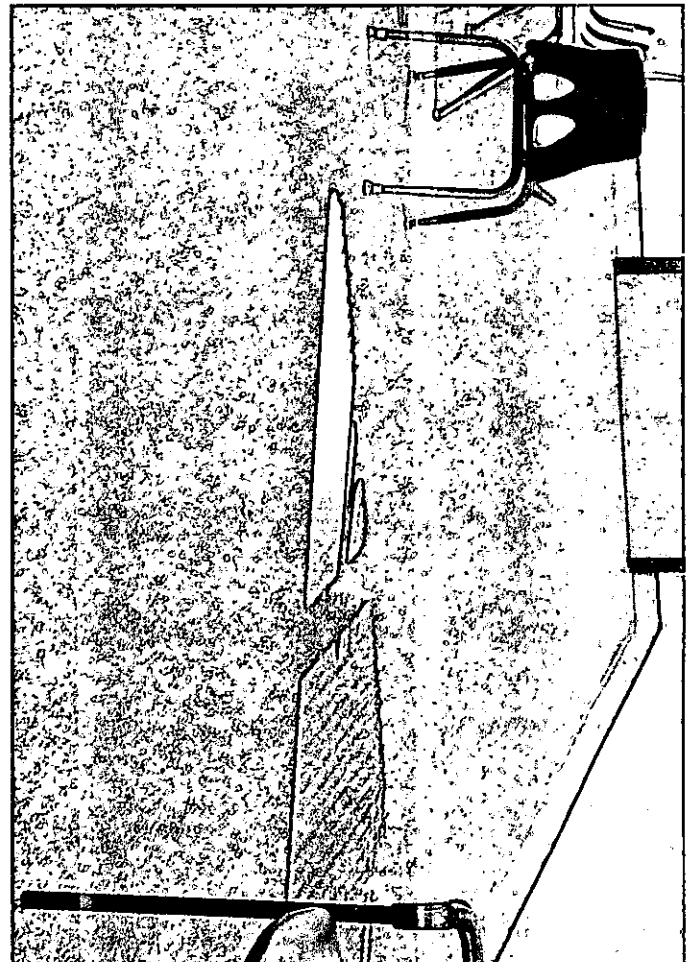
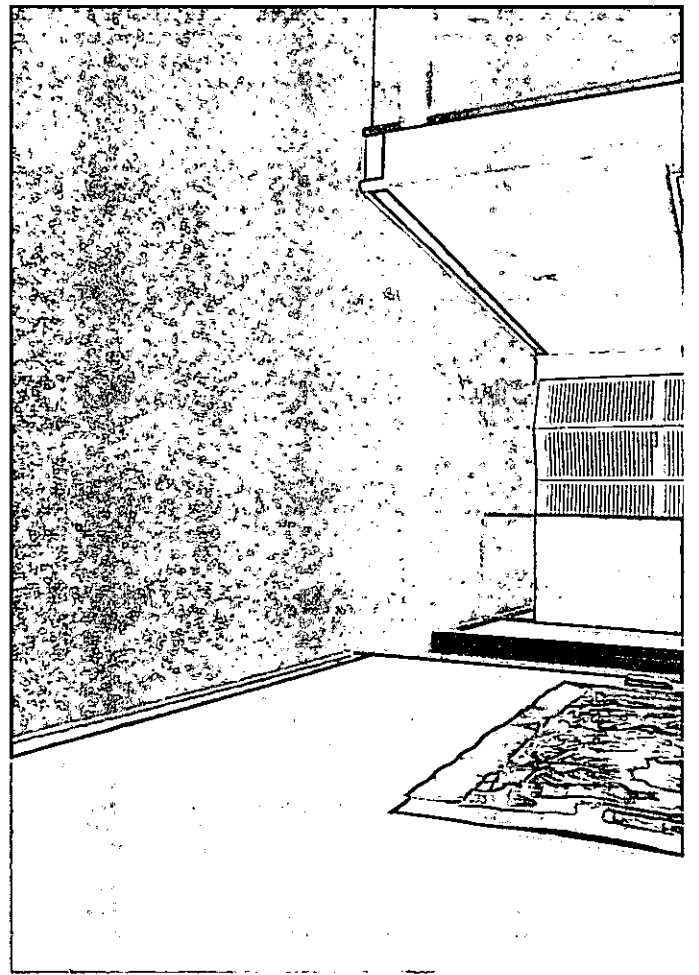
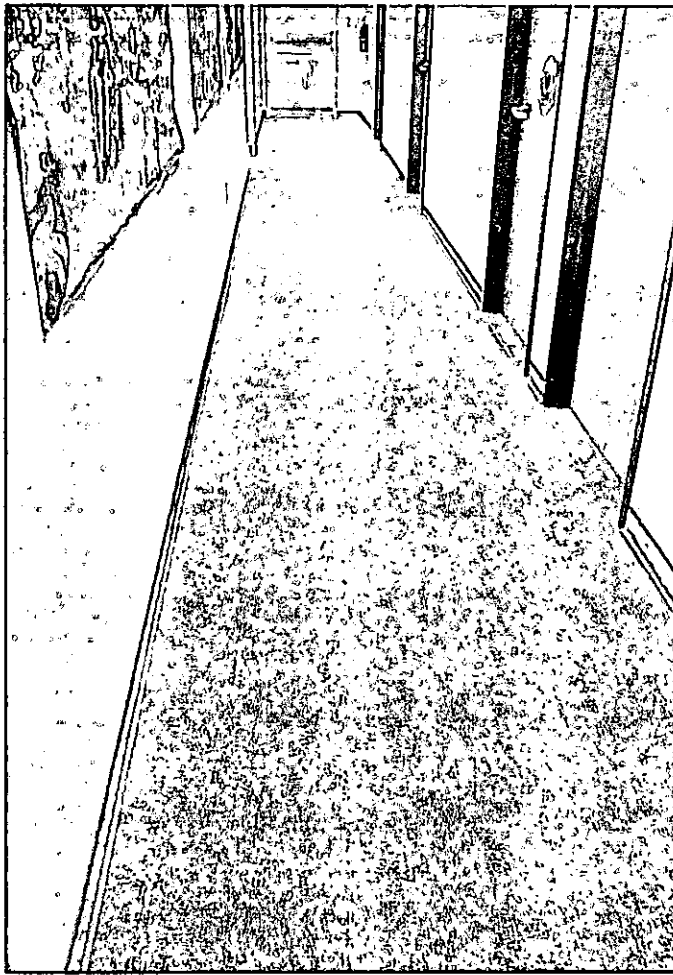

DAVID HENDRICKSON, II
Territory Manager, Modular Space Corporation

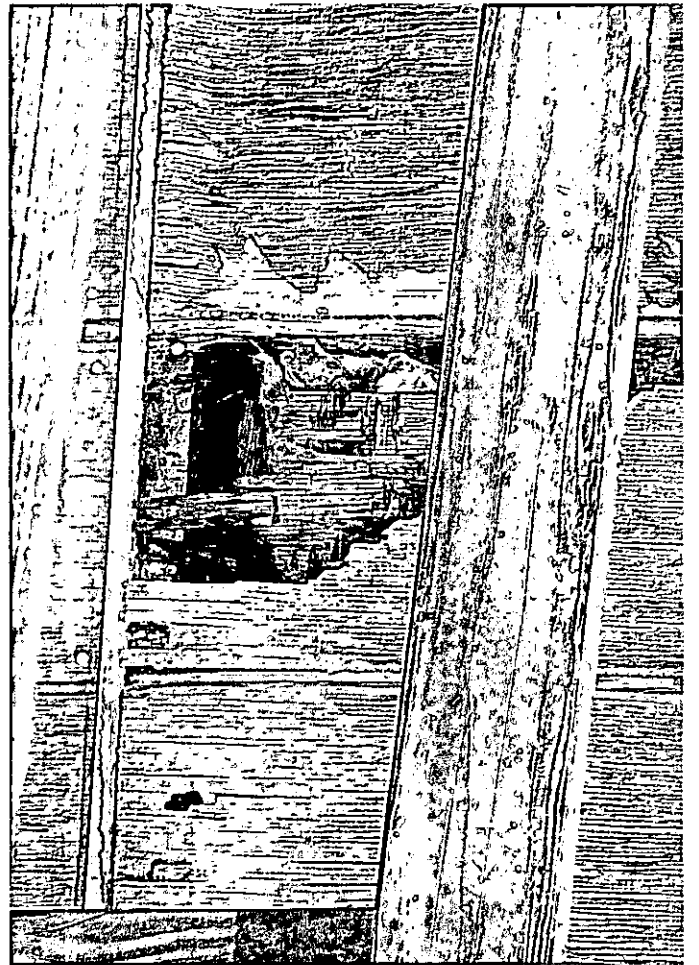
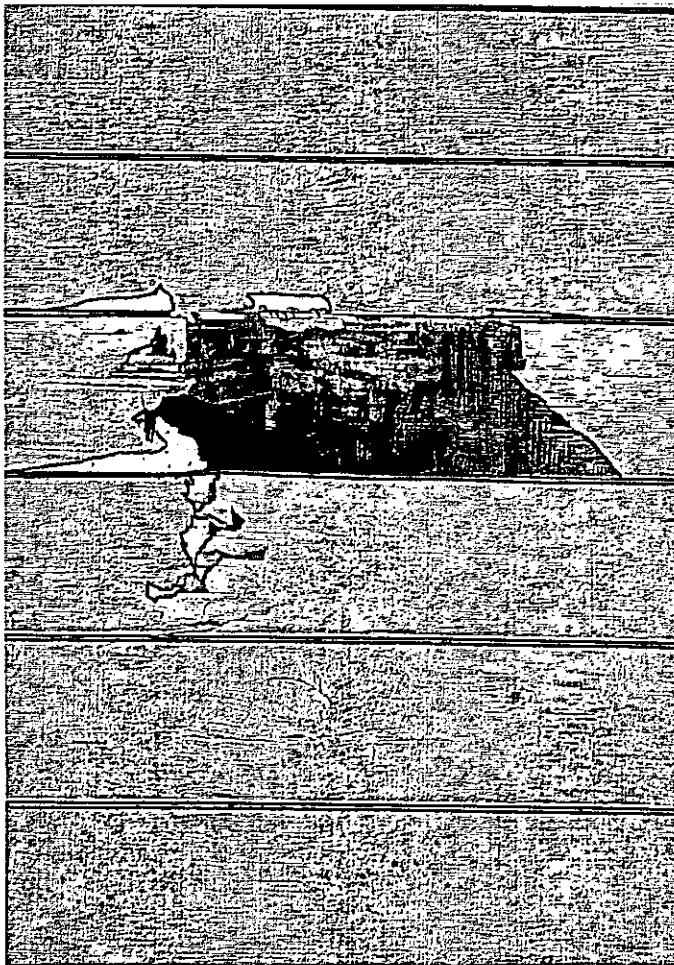
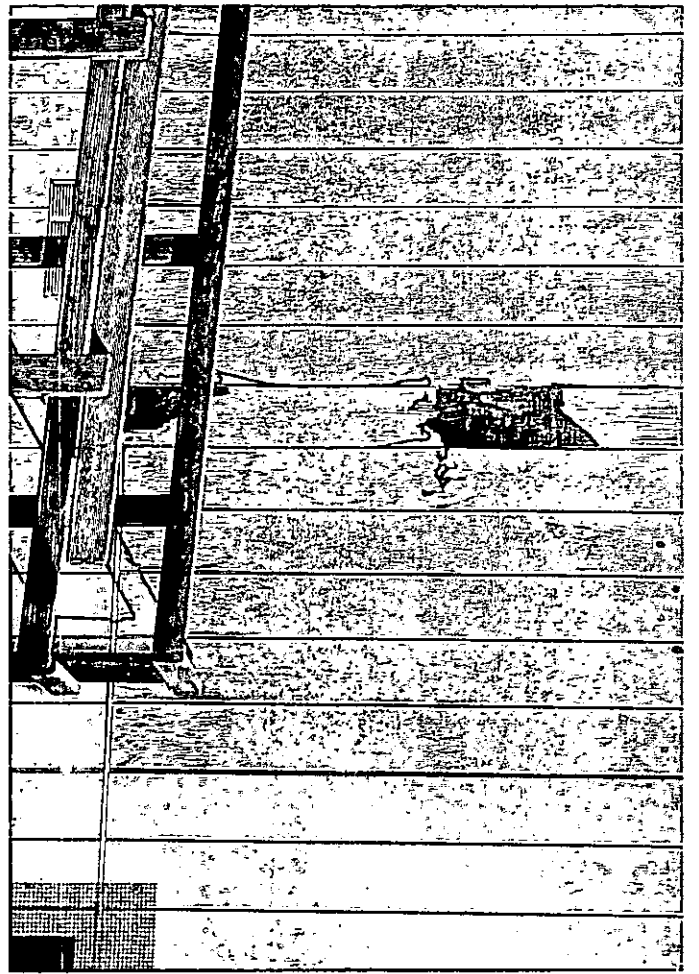
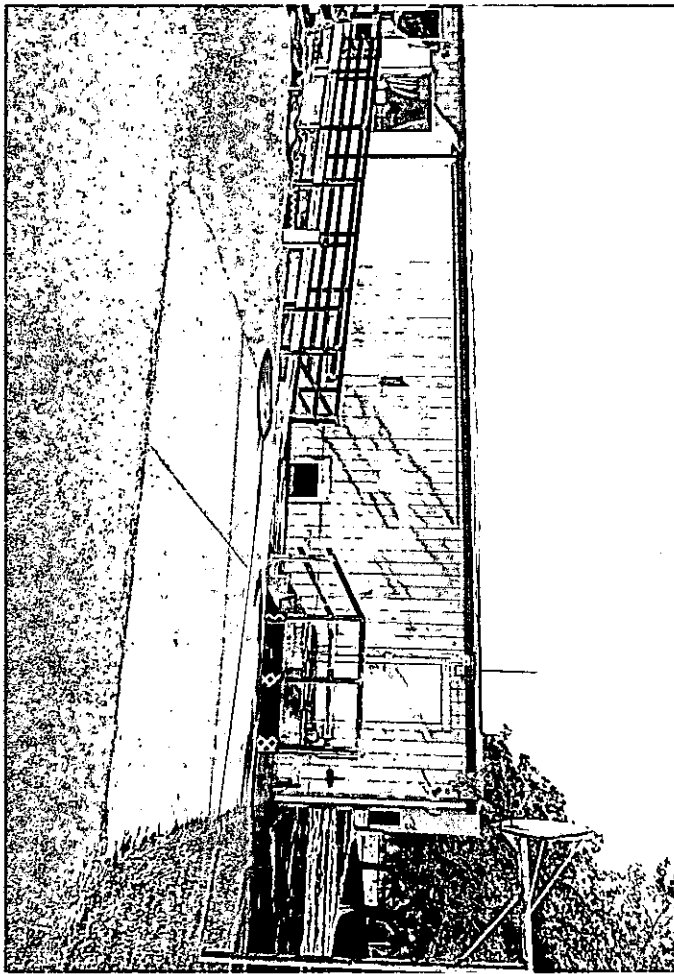
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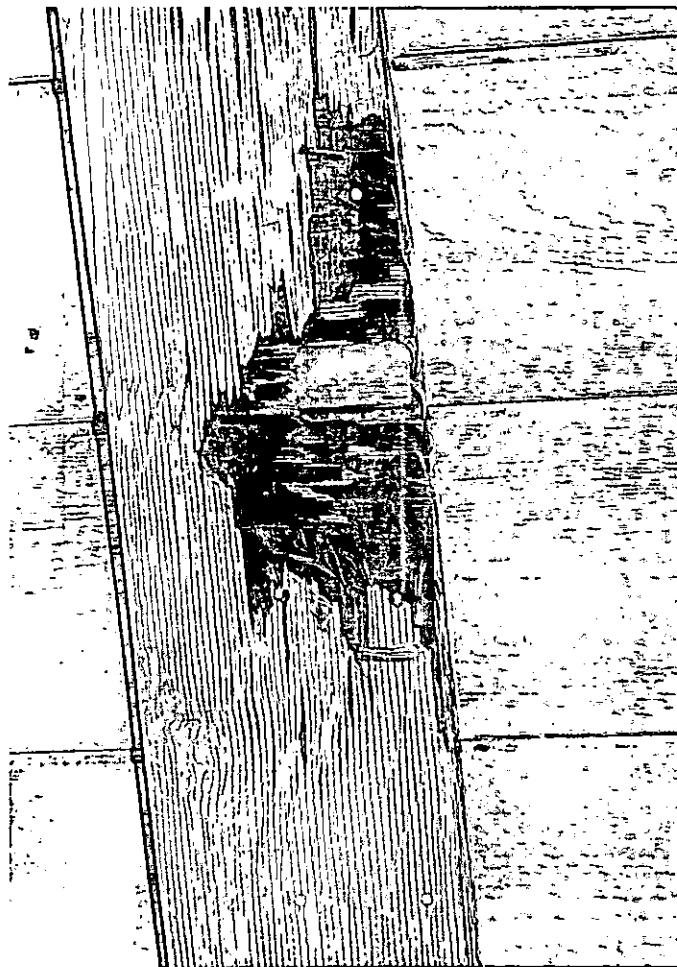
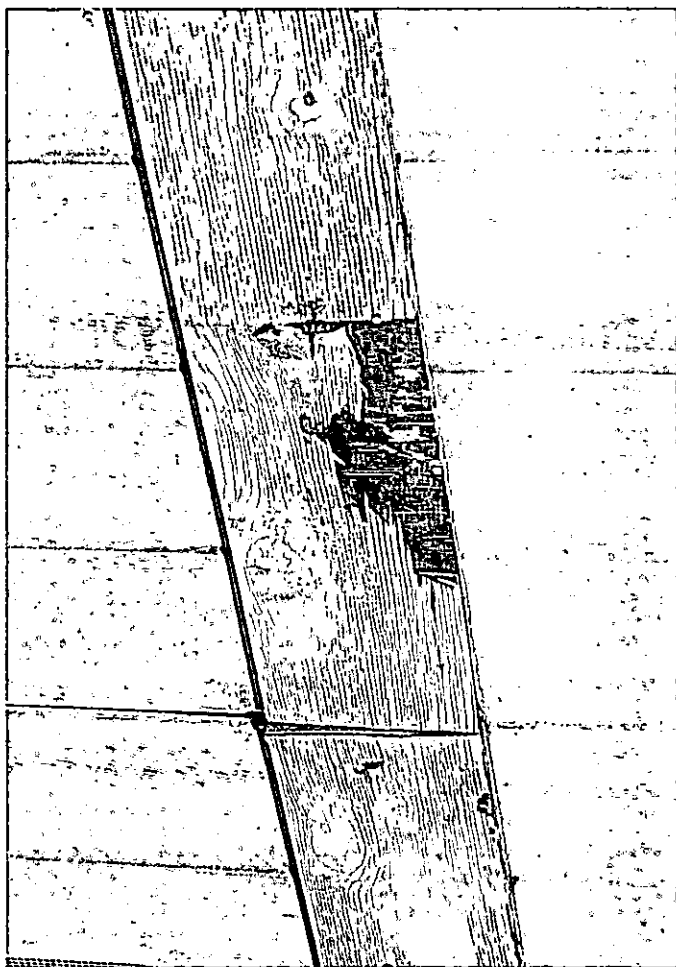
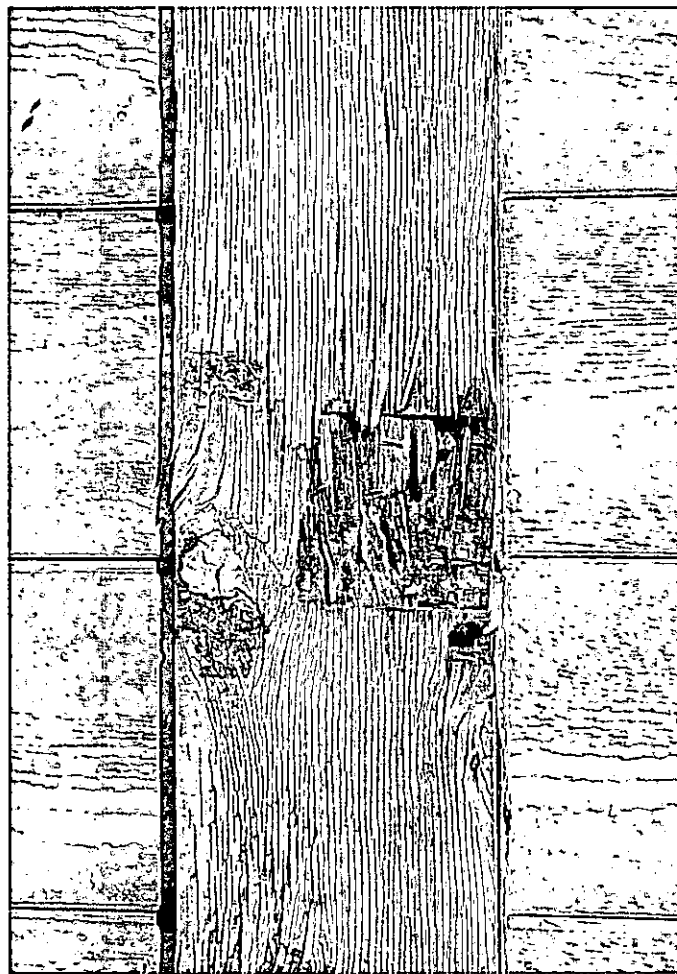
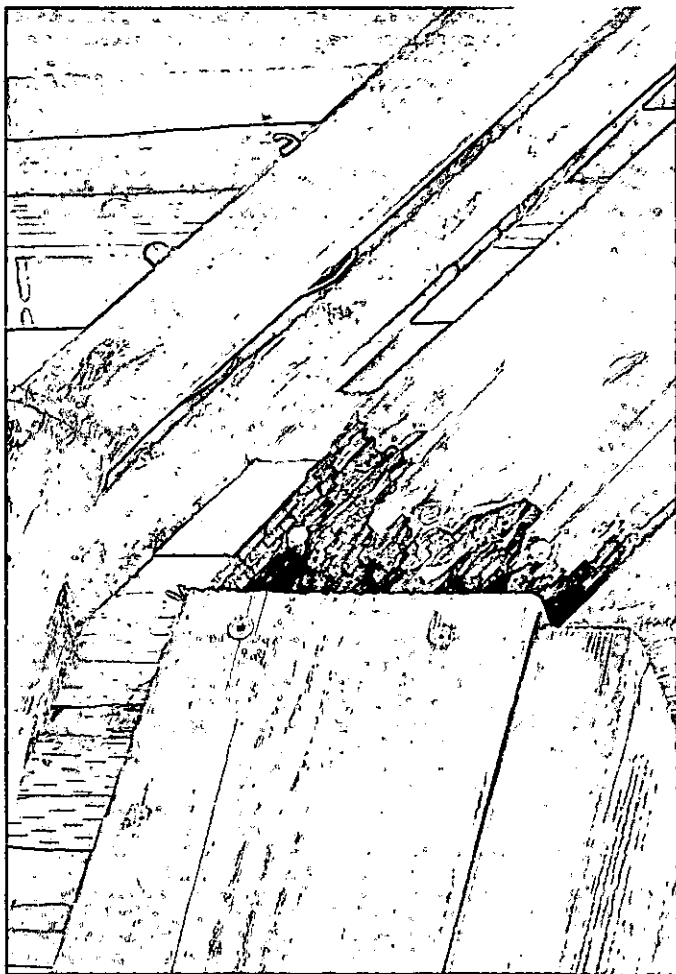
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By









2014 - 2015 SUTTER COUNTY GRAND JURY FINAL REPORT: INVESTIGATION

Sutter County Human Services: Welfare & Social Services Division

SUMMARY

The 2014-15 Sutter County Grand Jury (SCGJ) received complaints against the Sutter County Human Services: Welfare & Social Services Division. The 2013-14 SCGJ also received formal complaints against the division. The 2013-14 SCGJ was able to initiate preliminary inquiries and complete formal interviews at the end of its term. The scope of the complaints led the current SCGJ to form an ad hoc committee to complete a thorough and detailed investigation into all complaints.

- Welfare & Social Services is the County's largest divisional agency. It is organized into four major service branches: Eligibility Services, Social Services, CalWORKS & Employment Services, and the Administrative Branch. Each branch is overseen by a program manager or a staff service manager, who each in turn either report to the Assistant Director of Human Services: Welfare & Social Services Division or the Deputy Director.

The complaints presented a broad range of issues, including: mismanagement, bad behavior, poor leadership and uneven administration of County policies and procedures.

The SCGJ received multiple complaints regarding divisional promotion practices alleging:

- That promotional recruitments were conducted in an unfair manner resulting in promotions based on favoritism rather than merit.
- That morale among employees had deteriorated within the Welfare & Social Services Division because of perceived favoritism and failure of division managers and Human Resources (HR) to address these concerns.

The SCGJ learned that the County had been made aware of some of these issues and had conducted interviews and investigations into complaints regarding the department. Internal investigations lacked the necessary depth, because they had confidentiality issues, thus preventing employees from speaking openly and freely in response to inquiries. During the SCGJ investigation, most interviewees testified under subpoena and were assured of the confidentiality of the investigation process.

In addition to issues raised by the original complaint, the SCGJ also found favoritism,

management by intimidation, ineffective training and a Welfare & Social Services Division burdened by poor morale.

BACKGROUND

The SCGJ received complaints regarding the Sutter County Human Services, Welfare & Social Services Division asking the SCGJ to investigate:

- Whether division management has shown undue favoritism toward those with whom they have friendships.
- Whether division management has inappropriately retaliated with adverse employment actions against employees who made complaints against, disagreed with, or otherwise displeased them.
- Whether health and safety concerns brought to management's attention are promptly investigated and resolved.

DISCUSSION

During the investigation, the SCGJ interviewed a member of the Sutter County Board of Supervisors (BOS), current staff and managers from the Welfare & Social Services Division and staff from Human Resources (HR) Department.

In addition to interviews of witnesses, the SCGJ reviewed the following documents:

- Sutter County Rules & Regulations.
- Sutter County Rules Governing Employee Compensation, Benefits & Working Conditions.
- Sutter County Board of Supervisors' Agenda & supporting materials: January 16, 2001; November 6, 2012; March 12, 2013; August 13, 2013; February 25, 2014; May 20, 2014; July 15, 2014.
- Sutter County 2013-2014 Budget: Pages E-20 - E23; 2014-2015 Budget: Page C-26
- Police report from July 7, 2014
- Passpoint System records
- The County Welfare Directors Association of California: 2006 Turnover Study

In addition, the SCGJ conducted a site visit and an employee survey.
The last interview was conducted on March 26, 2015.

This report is issued by the 2014-2015 SCGJ, with the recusal of one juror. This juror did not participate in any part of the investigation, which included interviews, deliberations, and the preparation and acceptance of this report.

During the investigation, the SCGJ identified several areas of concern with the division management practices. The effects of these practices and the areas of concern are described below:

Favoritism and Preferential Treatment

On March 26, 2014 the division management began a second recruitment for Public Assistance Specialist III position. Merit System Services had just completed a recruitment for the same position a week earlier. Management testified that they wanted a larger pool of applicants, so they requested that Merit repost the position. On March 25, 2014 a Public Assistance Specialist Supervisor position became open for an indefinite amount of time, when the employee currently occupying the position left on medical leave. Instead of following the same recruitment process that they did for the Public Assistance Specialist III position, management chose to use a prior recruitment list from September 2013 to fill the position. When management was questioned about why they chose to handle recruiting of the two positions differently, no justification was provided. It should also be noted that management was in possession of a recruitment list from September 2013 for the Public Assistance Specialist III position. Yet they still chose to have two internal competitive recruitments for that position

On April 8, 2014 division management promoted a probationary lead worker (Public Assistance Specialist III), into the vacant supervisor position. This caused much consternation within the division. Management and staff expressed vastly different views concerning this decision. Both management and staff did agree the decision was unprecedented. Prior to this selection there had never been an incidence of a lead worker on probation being promoted to supervisor.

In consultation with Merit System Services, the SCGJ did a thorough analysis of the supervisor position. After review, we found it difficult to believe that the promotion was based on merit. The employee in question had no experience in staff development, appellate hearings, or managing statewide automated systems.

We find that line staff made a persuasive argument that the promotion was based on a favorable personal relationship with the Program Manager. Work in that unit had been compromised due to the Program Manager spending great sums of time with this employee. It should also be noted, no supervisor of this employee was consulted about this promotion.

Numerous line staff personnel reported that management doesn't address disciplinary issues consistently, and that certain employees are extended fringe benefits. With the allegations raised

by staff members, the SCGJ requested Passpoint Access records from the General Services Department.

The SCGJ learned the division has an unwritten policy concerning employees who drop from payroll. When an employee drops from payroll, they are placed in a leave without pay status. This could indicate that the employee has insufficient time accrued, such as sick leave, vacation leave, comp time, holiday leave, etc..to cover a leave of absence from work. When an employee's leave of absence is approved in the leave without pay status, divisional management has a history of revoking employees current alternate work schedule and replacing them with a standard straight eight schedule.

An alternative work schedule is one that allows employees to work two possible alternative schedules. One is a 4/10 work schedule, the other a 9/80 work schedule. The 4/10 schedule allows the employee to work 4, 10 hour days and receive one day off per week. The 9/80 allows the employee to work 80 hours in 9 working days and have a day off bi-weekly.

The SCGJ found many different forms of deviation from this policy. Some employees had sufficient leave in a different category to cover the absence, and even though county policy approved of the use, management within the division would still deny the request. Additionally, management also revoked the alternate work schedule from certain employees. The SCGJ did take notice that one employee was able to fall off payroll several times, with no adverse action taken against the work schedule.

The SCGJ found that management's administration of alternative work schedule policy was capricious, arbitrary and punitive. Department management acknowledged that alternative work schedules are considered an employee benefit. This benefit is used to recruit and retain employees. The SCGJ found numerous instances where alternative work schedules were revoked for no apparent legitimate reason, and with no change in employee duties. Employees believe the revocations were in response to displeasing management for illegitimate and petty reasons, such as raising concerns, complaints, and discussion of other management decisions. In regards to alternate work schedules, the inconsistent administration of flexible alternative work schedules was never explained.

Another example of favoritism and preferential treatment that contributed to low morale is a Public Assistance Specialist Supervisor that was frequently seen sleeping while on duty. This supervisor was known to sleep at work prior to being promoted to the current position. Line staff stated to the SCGJ that employees had to go elsewhere for guidance or information for fear of waking the supervisor. When employees have raised concerns about this situation, these employees feel they faced retaliation, rather than the problem being addressed. The retaliation consisted of revocations of alternate work schedules, undesired work assignments, and the failure to receive promotions. The program manager of this supervisor does not feel there is a problem. The most recent information the SCGJ had was that, rather than correcting this problem,

management is grooming this supervisor for a better assignment. This whole situation impugns the credibility of management with employees and the SCGJ.

Management by Intimidation

The Sutter County Discriminatory Workplace Harassment Policy defines the expectations for behavior in the workplace. The policy states, “The work environment should be businesslike and assure fair, courteous treatment for employees and the public we serve. All employees should treat each other with dignity and respect. It is the responsibility of every employee, supervisor and manager to make sure there is no discriminatorily harassing behavior in the work place.”

- Once a selection was made for the aforementioned supervisor position, line staff members informed the union and management about concerns they had with the promotion. Line staff testified that, based upon management behavior, the perception was that adverse action would be taken against any employee reporting any misgivings. The SCGJ found employees are reluctant to report concerns to the union for fear of reprisal.
- Three different witnesses testified about occurrences during staff meetings. A Program Manager for the Eligibility Service Branch was heard ridiculing supervisors. In addition, it was testified the same manager used derogatory language in interactions with line staff, and during one meeting was heard informing line staff and supervisors that “they need to appreciate their jobs, and if they can’t they should start looking for a new line of work.”
- Unbeknownst to the author of the post, the SCGJ was informed that a staff member had written a post on Facebook. Management had been alerted to the post and, without the explicit consent of the employee, management printed the Facebook post with the comments and placed the printout in the employee’s personnel file kept by the employee’s supervisor. The SCGJ subpoenaed the personnel file to attempt to verify that the document was currently present in the employee’s file. During an interview on February 9, 2015, the SCGJ was informed the subpoena had been ignored, but there was still a copy of the Facebook post in the employee’s personnel file kept by the employee’s supervisor. During the SCGJ’s investigation it was discovered that the employee was unaware the Facebook post was in the file. The SCGJ finds this to be one of the more egregious acts by management. Management has exposed the country to a potential liability; under the Stored Communications Act Sutter County can be held liable for violating this employee’s privacy rights. The SCGJ also discovered, while reviewing the issue of the aforementioned file, that there are several different “types” of “personnel files” kept on each employee. As to these unofficial files, there is no formal policy as to who keeps these files, what is placed in these files and for how long the information in these files are kept.

- A supervisor testified that a Program Manager (Eligibility Service Branch) berated and humiliated her in front of two leads (Public Assistance Specialist III) and a group of new employees. When the SCGJ further assessed the claims, we were provided with corroborating testimony. In addition, the manager poorly communicated with the supervisor about unit activities, and had curtailed any authority and direction the supervisor had over the unit. The supervisor requested a transfer to the other eligibility services branch, so as to mitigate the adverse working conditions. The director took no action, and thereby let the hostile situation continue.
- The SCGJ received numerous statements during staff testimony that management threatens staff with demotion for not adhering to a set agenda. The perception of promotions in the division during our investigation was, that if an employee were to complain to the union, such employee would never have the opportunity for promotion. It would appear that some program management staff lacks the necessary skills to effectively communicate and motivate employees. This apparent deficiency has resulted in management using promotions as leverage to gain staff compliance.

Health and Safety Issues

- The SCGJ was informed that on the weekend of July 5 – 6, 2014, a staff entrance door window was shattered. When staff inquired about the situation, management informed employees that a rock was thrown at the door and broke the window. When the SCGJ made inquiries into the situation, a police report noted a bullet was retrieved from the entrance hallway wall.
- On March 12, 2013 the Sutter County Board of Supervisors approved a facility remodel at 190 Garden Hwy. On April 19, 2013 the general services department began the remodel of the facility. During this time a group of employees were concerned they were exposed to asbestos. The SCGJ investigated the validity of this concern and received a report completed by the contractor. Based on the report, it appears as though all necessary safeguards were taken.
- Staff members testified that not all division facilities are secure with a Passpoint Access System. The SCGJ toured all the facilities, and found one high traffic area without the system. Staff members testified that management has conveyed to employees that the division simply lacks the funding to have the system installed.

Promotion Practices

The SCGJ investigated complaints from the Sutter County Human Services: Welfare & Social

Services Division, that the departmental promotion practices were unfair and based on favoritism rather than merit. These complaints prompted the SCGJ to review countywide rules and practices pertaining to departmental promotions.

The SCGJ discovered that Sutter County does not have any written policies or procedures in place for merit departments to follow, once the Merit System Services (CPS HR Consulting) sends them a list of employees eligible for promotion. Each county department is entrusted to develop its own methods for handling promotions. The Welfare & Social Services Division, has informal, inconsistent practices that have led to a perception that the promotion process in that department is biased and unfair.

Conclusion

In the opinion of the SCGJ this division is suffering from low morale, with the department administration taking no action to address serious grievances. While the majority of staff reported being generally happy in their jobs, they also reported that the environment within the division has turned hostile. In addition, staff reported the managers of this division do not apply rules and policies fairly and consistently to all employees. The deteriorating morale has led to increased staff turnover and potentially can have a negative effect on services provided to the public.

FINDINGS

F1. Favoritism and preferential treatment of employees have adversely affected employee morale of the Sutter County Welfare & Social Services Division. These practices by management staff involved work schedules, promotion, assignments and discipline. Evidence has shown promotional practices within the division are not solely based upon merit. Division managers give special assignments and promotions to those who seemingly curry personal favor. In addition, evidence has also shown disciplinary actions are not applied fairly and consistently to all employees.

F2. The department has inconsistently administered alternate work schedules, negatively impacting morale.

F3. During the SCGJ's investigation of the asbestos exposure concern due to the remodeling at 190 Garden Hwy, it was determined the remodeling was done appropriately/safely with no exposure to asbestos; however, it was also determined that staff were not informed in a timely manner of the construction to take place.

F4. Management inappropriately printed out an employee's post on Facebook and placed it in

that employee's personnel file kept by the supervisor. The monitoring of an employee's off-duty social media communications, and subsequently posting the information in the employee's personnel file is not only potentially unlawful, but in the opinion of the SCGJ an abuse of power.

F5. There is no proper documentation or accountability of hours worked within the Welfare & Social Services Division, which is apparently the case in all county departments.

RECOMMENDATIONS

R1. The HR Department will annually review leadership practices in the Welfare & Social Services Division. Such a review shall ensure ethical standards are established and a procedural firewall exists to insure equity in the quality of management. The Human Service Director in conjunction with HR staff shall ensure employees selected for promotion have demonstrated the necessary skills and abilities for the position they seek. The HR department will insure any and all performance issues are addressed in a fair consistent manner.

R2. Sutter County Department of Human Resources take a more active role in overseeing and regulating the county promotion process. This should include the development of specific policies as part of its Personnel Rules & Regulations. Further, improve training of hiring managers and others who sit on promotional interview panels. The SCGJ would also recommend that Human Resources disseminate information to division staff about the process by which complaints about personnel issues, such as unfairness in promotion practices, could be raised by employees and resolved.

R3. The HR Department should ensure only employees, who are not in a supervisory position within the division and are deemed eligible, shall have the opportunity to work on an alternate work schedule. The Human Services Director along with the HR department shall monitor the negating or granting of alternate work schedules for staff within the division.

R4. The Human Services Director should immediately review all supervisory personnel files. HR should determine whether information kept in these files is appropriate. The HR Department should provide guidelines as to what type of information, if any, can be kept in these files. All items prior to the employees' last evaluation should be removed and destroyed.

R5. The Human Service Director should ensure the division adheres to county policy concerning lunch periods. The HR department shall institute a time accountability system to insure accountability for hours worked.

R6. SCGJ recommends an internal audit be conducted of the Welfare and Social Services Division. Leadership practices as well as fair and impartial implementation of policies should be

reviewed to ensure staffs are treated fairly and consistently. Time management of management staff should be reviewed. Best practices and morale in this department should be taken under advisement.

REQUEST FOR RESPONDENTS

- Sutter County CAO/HR Director
- Sutter County Human Service Director

Exhibit Table of Contents

1. Employee Facebook Wall Post

I normally do not use this forum to speak out but I need some opinions from whoever wants to give them. It is in regards to work, for awhile now we keep getting told we need to appreciate that we have jobs and that we need to determine if this is going to be our careers or if not maybe we need to look into another line of work. Well this upsets me as I have always from the first day I started working have appreciated my job and have looked at it as my career. It is challenging, demanding and some days I leave wanting to pull my hair out, but I come back every day.

I love my co-workers as family and believe I could depend on them at a moment's notice, do we always agree and get along, NO, but what family does.

I am not going to say anything negative except about changes. Changes are wonderful most of the time, life always changes and you have to be able to change with it. We have had a lot of changes in the last couple of years but we no longer seem to work as a team for the one goal to serve the ones who depend on us. It feels as though we are isolated, different rules for different buildings even though all the rules are the same. Striving to do our best but always feeling as though we are falling short of our goals. We use to be able to help each other, laugh and cry together but always able to accomplish the goals at hand. I understand there is more to do now than ever before but without working together we will never accomplish the work at hand.

I grew up in this community and greatly appreciate working at this career and being a part of the community. I would like to go back to a time when I could take a moment to smile, say hi to someone without feeling as though I am waisting time. It is important to let someone know they matter especially when they are having a crazy day.

Share

Yes, as said, thanks I too miss the days of teamwork and of feeling as though our opinion matters.

Sadly with the small narrow minded people that run the department where you work that will not happen. In the land of micro management decisions are always changing so a good job can never be detected. Hang in there kid know that I think you you are doing a good job. Maybe they should spend less on directors and program managers and more on line staff, would probably get better results.

Wow! from what I recall, during the short while I was there, one specific person moved into that building, and out went the value of the bull pen resident opinions/thoughts, the right to support/help one another, the right to have any fun, and smiles did get banned & considered a waste of time. It may have been a process that was under way, or the rules before, & may have been sheltered from it till near the end our my time there, but it's how I saw it.

SUTTER COUNTY INTERNAL AUDITOR

SUMMARY

On January 28, 2015 members of the Sutter County Grand Jury (SCGJ) met with the newly elected Sutter County Auditor/Controller regarding financial practices of this office. Internal audits of county departments are not currently being conducted. The SCGJ recommends a consistent system of departmental accounting reviewed by an internal audit; therefore the Auditor/Controller's office should be assigned the responsibility of conducting internal audits.

BACKGROUND

The Auditor/Controller's office receives reports from Sutter County departments and provides them to the Treasurer's office. The Treasurer's office deposits funds into different accounts based on these reports. In view of the extensive variety of income sources, there needs to be an internal auditing system put in place.

As previously recommended by the 2012/2013 SCGJ, the need for an internal auditor is paramount. In order to prevent errors, fraud, and misappropriation of funds, an internal audit would insure our taxpayer funds are better protected and utilized.

DISCUSSION

The SCGJ has discovered several reasons for an internal auditor.

They are as follows:

- The Institute of Internal Auditors (IIA) and Governmental Accounting Standards Board (GASB) highly recommends internal audits done for county governments that have \$50 million annual budgets. Sutter County has an annual budget of approximately 3 times this amount.
 - Most other counties of moderate size all have internal audit programs with at least one internal auditor. Counties that have internal auditors are Glenn, Nevada, Placer, Yolo, Butte, and Sacramento (city and county). All have at least one staff if not a team of internal auditors.
 - There have been known embezzlements in Sutter County including the Sheriff's department and the Treasurer's office. There has also been misuse of funds in other county departments.
 - Timely reports from the county departments would be ready for the outside auditing firm, avoiding extra cost for the delay.
 - Without internal audits there is an increased risk of fraud, errors, omissions, unauthorized transactions, misuse and misappropriations of funds.
-

- The recommendation by the 2012/2013 SCGJ that an internal audit be conducted each year has not been implemented.
- There is not a consistent policy for conducting an audit of inventories in various county departments.
- Departments should be evaluated for best practices.

FINDINGS

F1: There are currently no internal audits being conducted.

F2: There have been known embezzlements, as much as \$90,000 from the sheriff's office and \$10,000 from the treasurer's office.

F3: Not all county departments conduct inventories.

F4: Previously, department records were not ready at time of yearly scheduled audit. The county incurred additional costs as a consequence.

RECOMMENDATIONS

R1: The SCGJ most strongly recommends an internal auditor position be funded.

REQUIRED RESPONSES:

1. Nathan Black, Auditor/Controller
2. James Arkens, CAO
3. Board of Supervisors

Exhibit Table of Contents

1. Meeting of the Joint Audit Committee Agenda dated 9/2/14
2. Joint Audit Committee Special Meeting Minutes dated 4/2/14
3. Excerpts of Law pertaining to an internal audit function

**NOTICE AND CALL OF SPECIAL MEETING
of the
JOINT AUDIT COMMITTEE
of the
SUTTER COUNTY BOARD OF SUPERVISORS
and the
SUTTER COUNTY GRAND JURY**

As Chairman of the Sutter County Board of Supervisors, I have called a special meeting of the Joint Audit Committee of the Sutter County Board of Supervisors and the Sutter County Grand Jury to be held on September 2, 2014 at 3:00 p.m. in the Large Conference Room at the County Administrative Office, 1160 Civic Center Blvd, Yuba City, CA 95993.

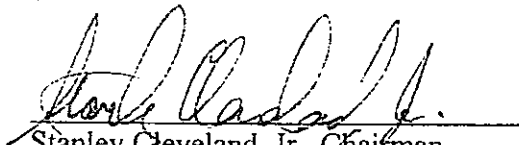
The purpose of the meeting shall be:

SEE ATTACHED AGENDA

The public shall be provided an opportunity to directly address the Committee concerning items to be discussed before the Committees consideration of the item.

Date of call: August 25, 2014

Time of Call: 9:00 a.m.


Stanley Cleveland, Jr., Chairman
Sutter County Board of Supervisors



**Meeting of the Joint Audit Committee
of the
Sutter County Board of Supervisors
and the
Sutter County Grand Jury**

**Tuesday, September 2, 2014
3:00 p.m.**

County Administrative Office
Large Conference Room
1160 Civic Center Boulevard
Yuba City, California

AGENDA

1. Call to order and introductions
2. Acceptance of the Minutes of the Special Meeting of April 2, 2014
3. Overview of Audit Report for Sutter County from Gallina, LLP
4. Public Comment: Members of the public will be allowed to address the Committee with respect to the items listed on the agenda only. The law requires that business not appearing on the agenda may not be discussed at a special meeting
5. Adjournment

APPROVAL OF PRIOR MEETING MINUTES:

On motion of Committee Member Dulay, seconded by Committee Member Estevan, with Chairman Gallagher and Committee Member Sullenger abstaining, the Joint Audit Committee unanimously approved the Minutes of June 18, 2013 and June 24, 2013.

DISCUSSION ITEMS

Audit Contract Amendment

Sandy Sup, Audit Manager, Gallina LLP, stated that Gallina came to Sutter County to begin their year-end field work in November anticipating they would audit capital assets; however, when they arrived, the capital assets records were not complete. Gallina gave the County two options: 1) they would issue a report with a qualified opinion; 2) they would give the County time to reconcile its records and Gallina would complete the audit at a later date. The County chose option two and hired Barbara Kinnison to reconcile the records. Ms. Kinnison found an additional \$3 million dollars in capital assets that had previously not been audited. In light of these findings, Gallina has requested an amendment to the contract because they could not have accounted for the additional \$3 million in capital assets they would be required to audit when submitting their original bid.

Discussion was held regarding responsibility for completing the capital assets records. Jim Arkens, County Administrator, stated that it was the Department of Public Work's responsibility. He further stated that the County has taken steps to correct the problem.

Gallina left the meeting.

Committee Member Dulay inquired if approving the amendment will be a violation of the bidding process.

Shawne Corley, Assistant County Administrator, stated that it is not a violation because the recommendation was for the Audit Committee to approve an auditor based on qualifications

not on cost of services. She further stated that it is a professional services contract which is not subject to the same type of bidding rules.

On motion of Committee Member Dulay, seconded by Committee Member Kostlivy and unanimously approved the Joint Audit Committee approved an amendment to the audit contract with Gallina LLP, Certified Public Accountants, to increase compensation for Independent Auditing Services by \$1,500.00 for the audit year ending June 30, 2013.

PUBLIC COMMENT

No public comment.

ADJOURNMENT

Chairman Gallagher adjourned the meeting at 3:38 p.m.

From State of California:

http://www.leginfo.ca.gov/pub/05-06/bill/sen/sb_1451-1500/sb_1452_cfa_20060404_171239_sen_comm.html

3. Modifies an existing provision of law that requires all state and local agencies with an aggregate spending of \$50 million or more annually to consider establishing an ongoing internal audit function and instead applies this provision to local agencies only. (This provision essentially separates existing state and local government requirements - state government requirements are added in Section 6 of this bill.)

Website: http://www.coso.org/FFR-Analysis_Summary.htm

Implications Related to the Nature of the Control Environment (Top Management and the Board)

2. The concentration of fraud among companies with under \$50 million in revenues and with generally weak audit committees highlights the importance of rigorous audit committee practices, even for smaller organizations. In particular, the number of audit committee meetings per year and the financial expertise of the audit committee members may deserve closer attention.

This is speaking only to audit committees, but is part and parcel to the Internal Audit function as a whole.

SUTTER COUNTY JAIL MEDICAL

SUMMARY

This report highlights the 2014-15 Sutter County Grand Jury's (SCGJ) inquiries into the condition and management of the public detention facility of the Sutter County Jail operated by the Sutter County Sheriff's Office.

In the fall of 2014, members of the Jury visited the facility listed in this report. Deputies and staff on site at the time of the visits were interviewed and the facility was inspected. The Jury reviewed previous detention facility reports prior to inspections in order to confirm that issues raised by previous Juries were addressed.

The California Public Safety Realignment Act of 2011, Assembly Bill 109 (referred to as AB109) now requires county jails to accept responsibility for selected inmates previously sent to state prisons. Some of these inmates will be serving terms far longer than those for which the Jail was designed. Before AB109, stays in county jail were generally under a year; now they may be considerably longer.

BACKGROUND

Sutter County Jail

The Main Jail houses pre-trial detainees as well as sentenced inmates. It is a facility with male and female offenders housed separately. While the Jail population fluctuates, on February 4, 2015, the jail had a rated capacity of 355. The Jail currently has an average daily population of 247. The Jail receives offenders from the Sheriff's Department, Yuba City Police Department and the California Highway Patrol.

Population Growth

As in past years, the Jury has observed an increasing population within the Jail. Passage of AB 109 in October 2011, which forced the transfer of inmates from overcrowded state prisons to county jails, has adversely affected the entire jail environment within California. In addition to housing parole violators who would have gone to state prison before realignment, the jail now houses offenders convicted of felonies, some of whom are serving substantially longer sentences than the pre-realignment county maximum of one year.

Liability Exposure

The legal basis for the intervention of the federal court in jail matters is Title 42, Section 1983 of the Federal Civil Rights Act of 1871. The law provides that *“Any person acting under the color of law who deprives anyone of a right secured by the Constitution or laws of the United States shall be liable to the injured party.”*

AB 109 has already led to lawsuits against jails in several other counties. These lawsuits allege overcrowding, and inadequate medical, dental, and mental healthcare in the county jail. Sutter County has settled two federal lawsuits for a total of \$1.6 million, with another suit filed on March 5, 2015 awaiting litigation.

The following table summarizes the facts reported concerning the in-custody deaths:

Sutter County Jail In-Custody Deaths 1/1/10 to 4/17/15

| Name | Age | Date of Death | Time in Custody |
|-----------------------|------------|----------------------|------------------------|
| Rodney Bock | 56 | 4/29/10 | 28 days |
| Nathan Prasad | 30 | 1/28/11 | 6 days |
| Erica Ness | 52 | 9/13/11 | 2 days |
| Nelson Figueira-Silva | 38 | 3/7/13 | 3 days |

To help put this information in perspective, consider the statistics of the 2011 nationwide local jail deaths compiled by the U.S. Department of Justice:

- A total of 885 jail deaths occurred nationally in 2011. The vast majority of jails reported zero deaths; 13% reported a single death; 6% reported two or more deaths. Sutter County recorded 2 deaths during a nine month period spanning 2010-2011.
- More than a third (39%) of deaths nationally occurred within the first week of admission to a jail facility. Since 2010 75% of the Sutter County jail deaths occurred within the first week of custody.
- Heart disease and suicide were listed as the leading causes of jail deaths nationally during this period, accounting for more than half of all jail deaths. 50% of Sutter County jail deaths were due to suicides.

JAIL MEDICAL DISCUSSION

Medical Services Standards

The Sutter County Jail maintains high standards for medical care to inmates. In contrast, the minimum level of care set by regulation in the California Code of Regulations, Title 15, Crime Prevention and Corrections is low. Article 8, beginning with Section 3350, governs medical and

dental services. Article 9, beginning with Section 3360, governs mental health services. Regulations are not statutes enacted by a legislature, but they have the force of law. They are generally authorized by statute and written by an administrative agency with input from the public.

Jails are only required to provide medically necessary services. Section 3350 (a) provides, in part:

The department shall only provide medical services for inmates, which are based on medical necessity and supported by outcome data as effective medical care.

This is not a high standard. Similarly, Section 3360 (a) provides, in part:

The department will provide a broad range of mental health services to inmates and parolees by assessing the needs of its population and developing specialized programs of mental health care, to the extent resources are available for this purpose.

The Sutter County Jail has chosen to meet a higher standard and to measure that higher level by gaining accreditation for its medical, dental and mental health services. Accreditation would mean the Jail would need to meet standards for these services higher than those minimum standards mandated by the state. It would also carry with it additional levels of review. The Sutter County Jail is accredited by the National Commission on Correctional Health Care (NCCHC).

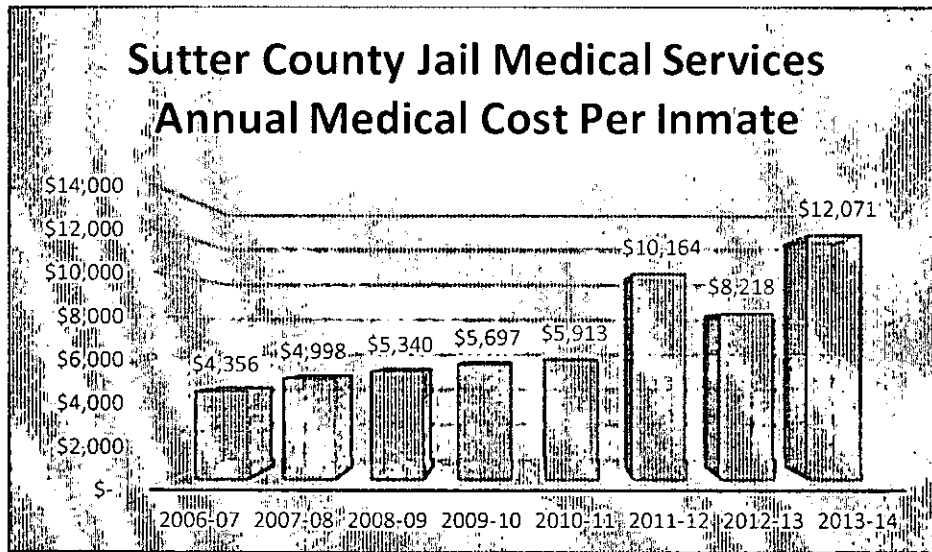
By meeting the NCCHC benchmarks, the Sutter County Jail is better able to evaluate the adequacy of both current medical services administered by county employees as well as those provided by outside correctional medical providers, should an alternate provider be sought.

Increasing Cost of Health Care

Prior to AB 109, the average inmate stay at Sutter County Jail was less than two months. The medical goal for such short-term inmates was to stabilize their medical condition. With the arrival of longer-term AB 109 inmates, there has been a need to address chronic healthcare issues, such as cardiac diseases, acute respiratory failure, AIDS, dialysis, and the general needs of an aging population. Not only will there be an increase in pharmacy costs, but also some conditions may require additional resources.

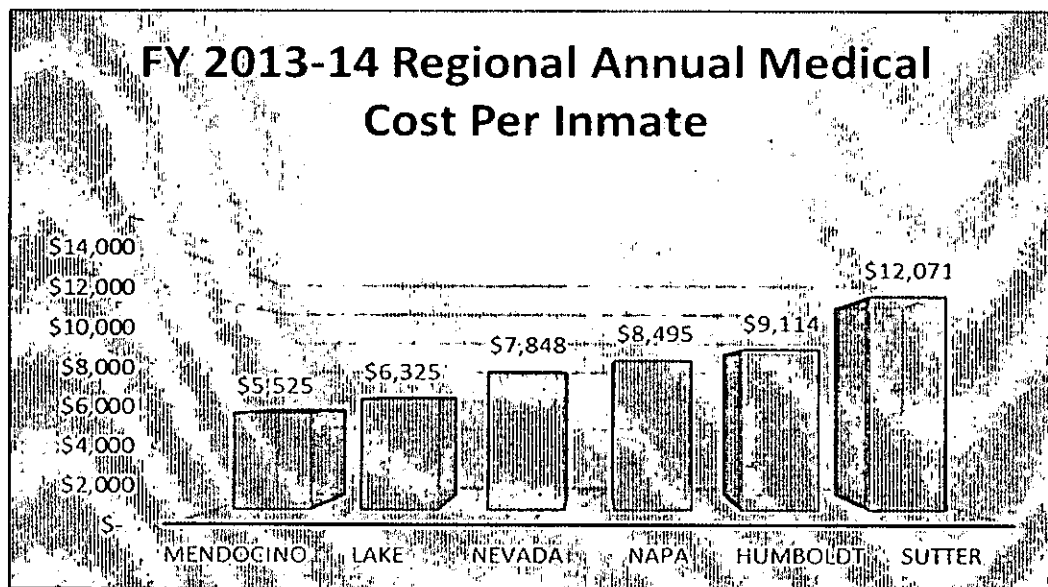
The Public Health division has had to respond to the need for additional services in the jail, while reducing the county overtime cost. In FY 2012-13, two additional Supervising Nurse positions were added to the Sutter County Department of Health and Human Services (HHS) budget.

Medical costs are a moving target and extremely difficult to predict, if the upsurge in cost continues on the current trend the county will be spending 10% of general fund revenues on jail medical services in 4 years if not less. From 2007 – 2011 Sutter County spent on average 1.9% on jail medical, the adjusted budget on April 30, 2014 had the county spending over 5.5%.



While privatization is an attractive cost saving measure, we must caution that Sutter County would not divest themselves from the legal liability burden for medical services provided in the jail. Since 2011 California Forensic Medical Group, the largest private correctional health care provider in the state has been partied to over 30 lawsuits. Currently, 30 counties contract with private providers for correctional health care services in the State of California.

This is a critical time for our correctional health system. AB109 has put longer-term inmates with more demanding health needs into the Sutter County Jail. These inmates also come with a higher expectation of correctional health based on experience with the state prison medical system.



The State allocates annual funds to support AB 109 programs, as well as activities and training related to AB 109. In Fiscal Year 2013-14, Sutter County received an AB 109 funding allocation of \$2,974,724.20, with an additional \$154,793.90 included for growth from FY12-13. The expenses incurred from AB 109 were \$2,465,144.39 that year, of which \$823,826.10 was spent of jail medical related purposes.

PROP 47 DISCUSSION

Summary

Proposition 47, which was approved by voters in November 2014, requires misdemeanors instead of felony sentences for certain non-serious, non-violent crimes, like petty theft and drug possession and creates the Safe Neighborhoods and Schools Fund that provides funding for grants for mental health treatment, substance abuse treatment, and diversion programs for people in the criminal justice system.

Prop 47 Impact

The relative newness of Prop 47 makes it difficult to gauge the full effect it will have on the community. As of March 25, 2015 there are 30 cases eligible for reclassification in Sutter County. Many counties in the state are reporting significant reductions in the jail population, at this time we have no correlating information that supports Sutter County will experience the same level of reduction.

However, if the county were to experience even a mild jail population reduction, this would have a mitigating effect not only on jail medical, but other inmate supportive services cost. The California Legislative Analyst's Office (LAO) report found, *“Jails that are not overcrowded will have reduced operating costs because they will have fewer inmates under their supervision. At a minimum, these counties will realize savings from purchasing less food, clothing, and other items used daily by inmates.”*

CONCLUSION

The SGCJ would like to commend Assistant Director of Health and Human Services, the correctional and jail medical staff. The jury is fully cognizant of the new and growing challenges the county jail is facing. The steadfast dedication and professionalism of staff reflects well on the members, agencies, and our community.

FINDINGS

F1: The soaring cost of jail medical, will have a negative impact on other critical county services.

RECOMMENDATIONS

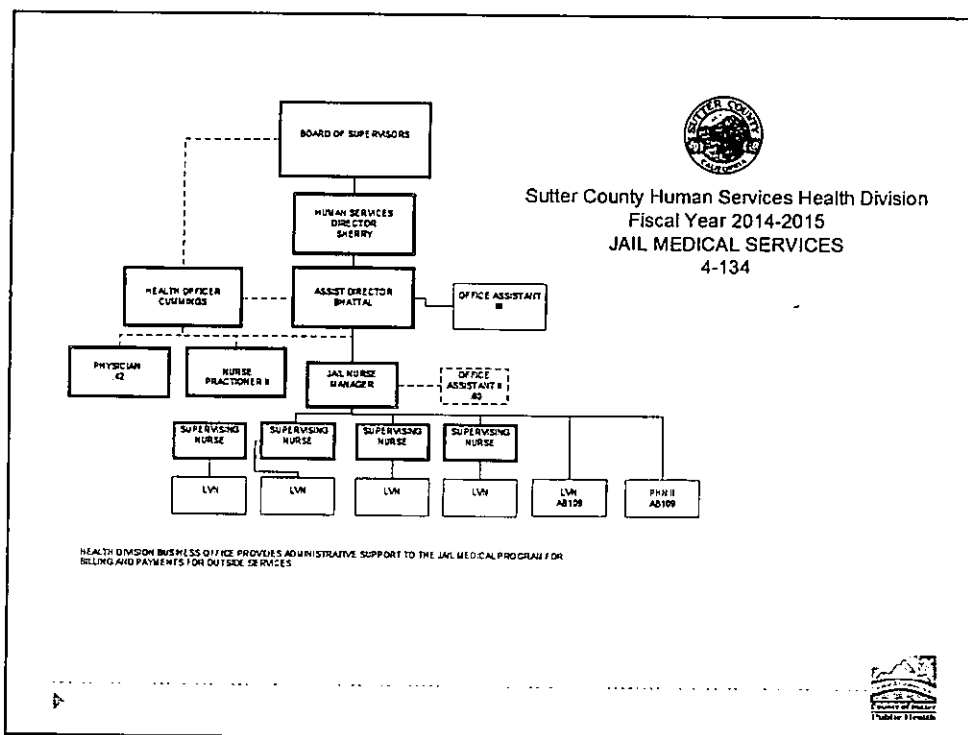
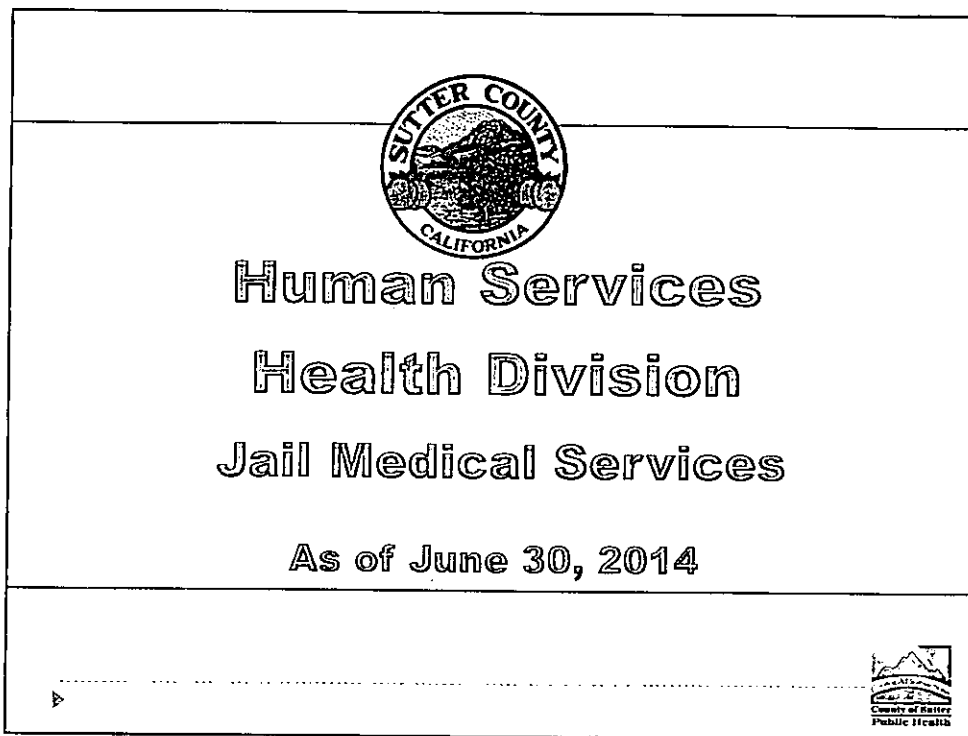
R1: Pursuant to Penal Code §4011.2, the Sutter County Sheriff shall charge inmates a co-pay of \$3.00 for each inmate-initiated medical visit. The Sheriff in conjunction with the Assistant Director for Health shall assess a fee for over-the-counter medications per dose.

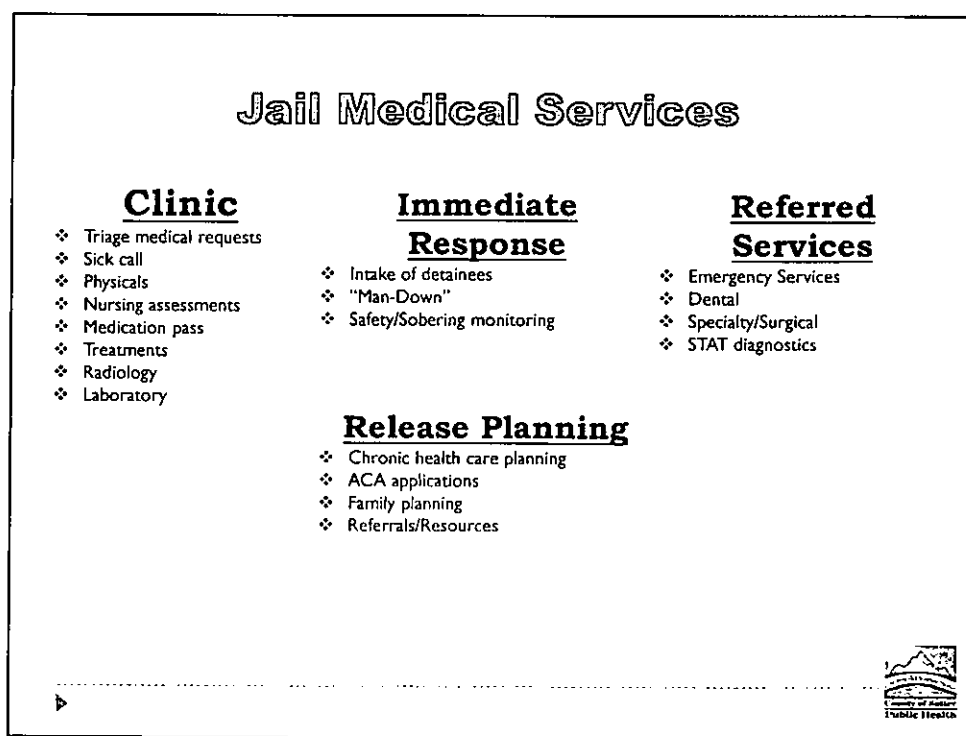
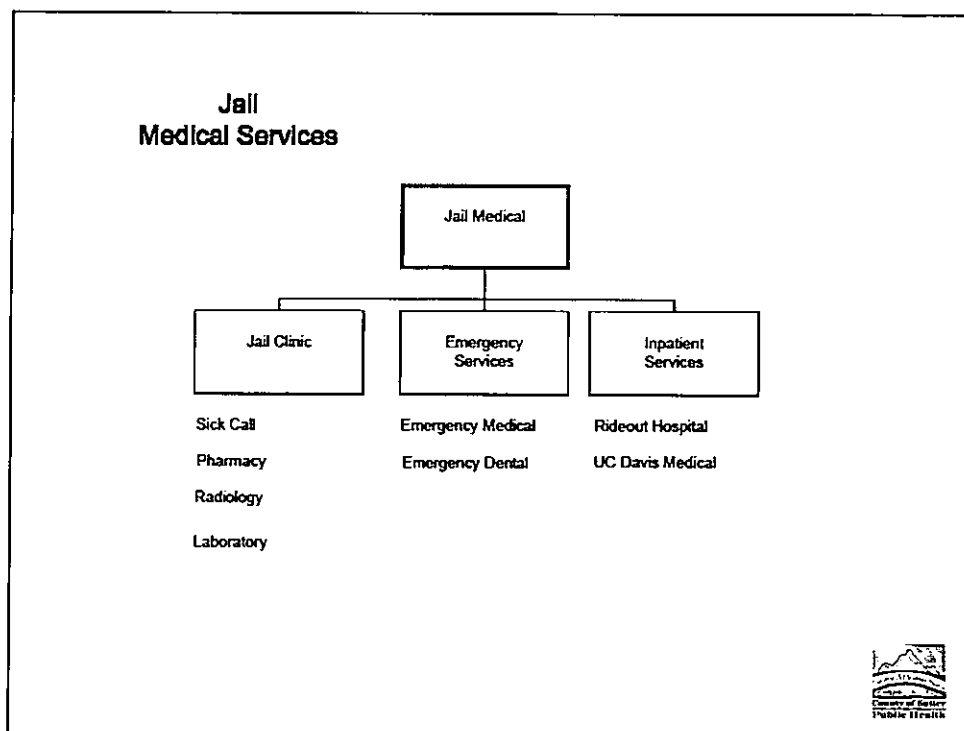
REQUIRED RESPONSES:

1. J. Paul Parker, Sutter County Sheriff

Exhibit Table of Contents

1. Jail Medical Services presentation dated 6/30/14





Jail Medical Services Planned Projects

Accreditation

- ❖ National Commission on Correctional Health Care
- ❖ Gives industry recognized "Stamp of Approval"
- ❖ Access to grants/funding/training support
- ❖ Certification of staff in correctional specialty

Jail Expansion

- ❖ Medical space part of full Jail expansion project
- ❖ In planning/design phase
- ❖ Designing for future needs
 - ❖ In-house dental
 - ❖ De-centralized exam spaces

Program Improvements

- ❖ Quality Assurance/Utilization Review
- ❖ Training/Competency
- ❖ Chronic Care/Pain Management/Self Care
- ❖ Commissary



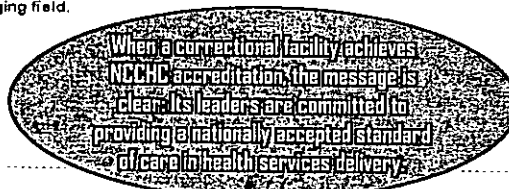
National Commission on Correctional Health Care

NCCHC NCCHC's leadership in setting standards for health services in correctional facilities is widely recognized. Established by the health, legal and corrections professions, NCCHC's *Standards* are recommendations for the management of a correctional health services system.... the *Standards* cover the areas of care and treatment, health records, administration, personnel and medical-legal issues. These essential resources... increase the efficiency of health services delivery, strengthen organizational effectiveness and reduce the risk of adverse legal judgments.

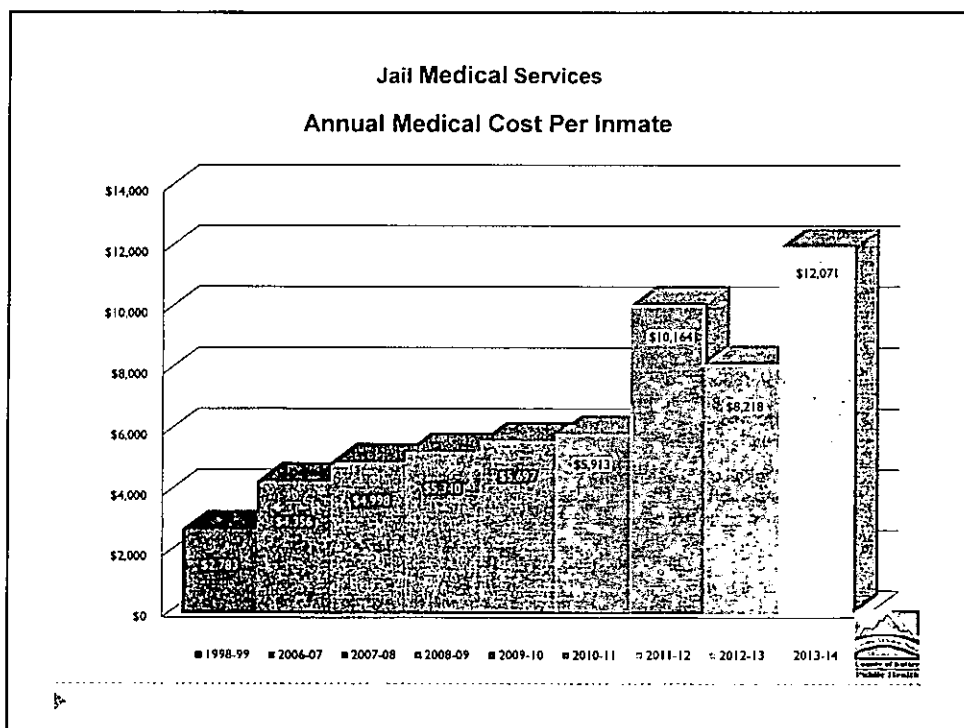
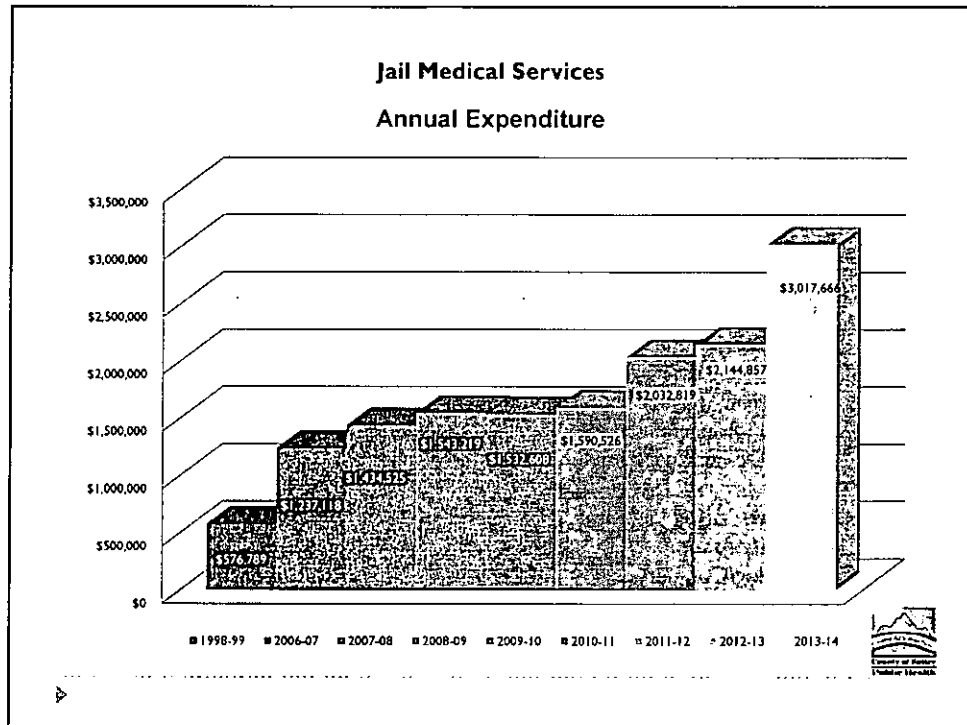


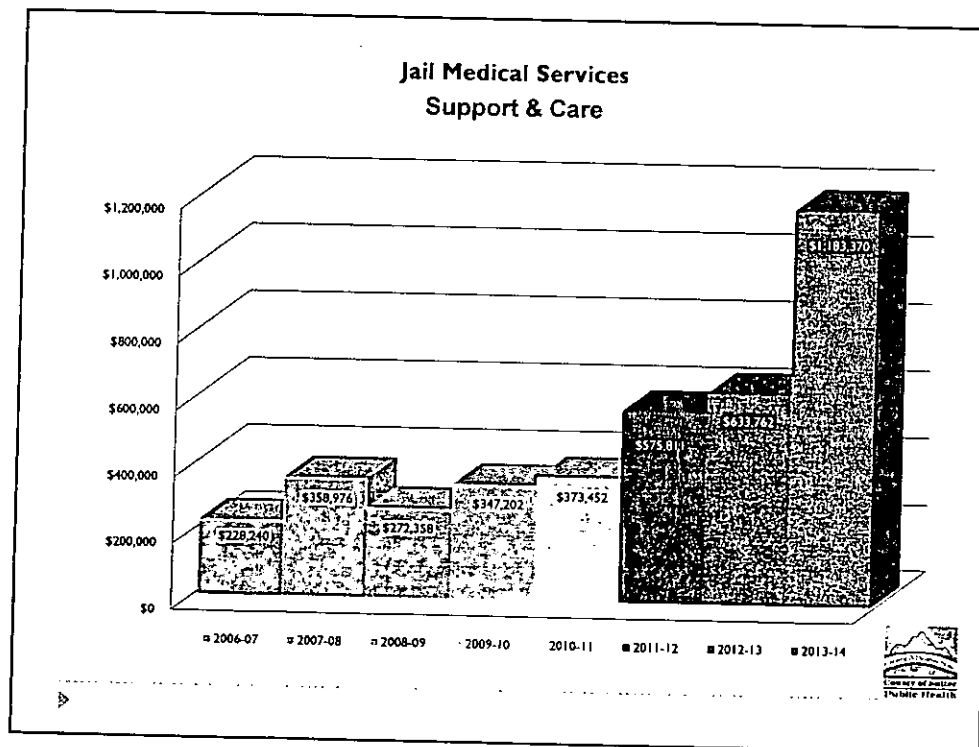
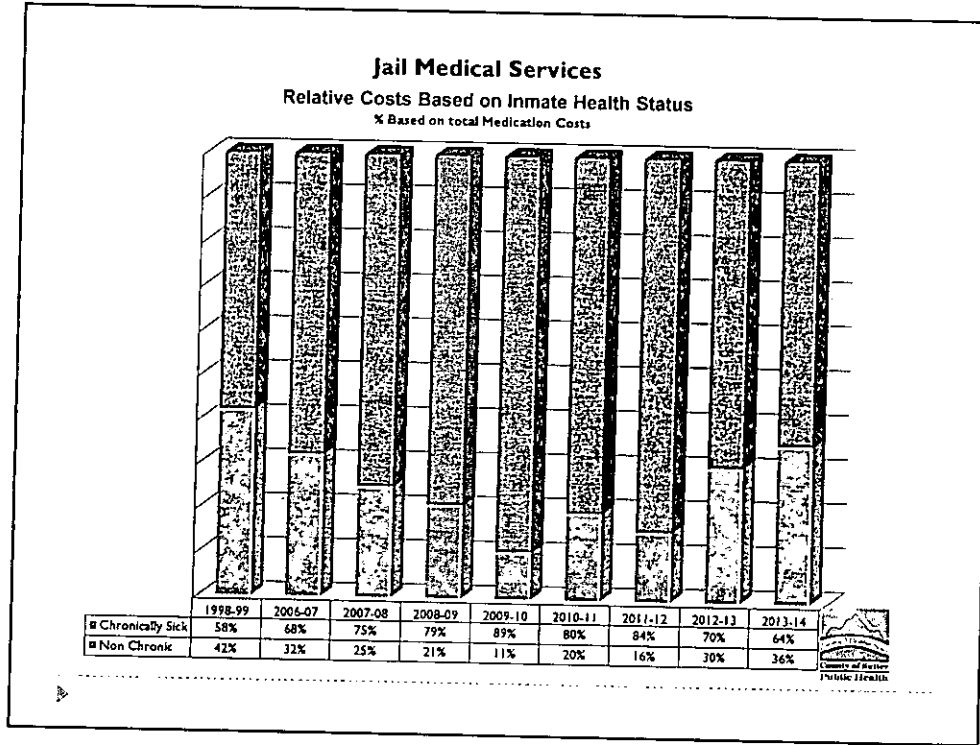
Accreditation Based on its *Standards*, the process uses external peer review to determine whether correctional institutions meet these standards in provision of health services. NCCHC renders a professional judgment and assists in the improvement of services provided. NCCHC is the only accrediting body authorized by the Substance Abuse and Mental Health Services Administration that focuses on corrections.

Certification The Certified Correctional Health Professional program recognizes... mastery of national standards and the special knowledge and skills expected of leaders in this complex and ever-changing field.



Source: www.ncchc.org





SUTTER COUNTY HUMAN SERVICES-HEALTH DIVISION
MAJOR JAIL INMATE COSTS PER DIAGNOSIS
7/1/13 through 6/30/14

| AMOUNT | DIAGNOSIS |
|------------------|--|
| \$24,632 | Possible Sepsis |
| 57,769 | Chest pain, acute MI. Stent placement and angioplasty |
| 20,156 | Clotted AV Fistula in left forearm |
| 10,959 | Chest pain. Hypertension, IV Drug Use, GERD, Chronic back pain |
| 61,862 | Chest Pain. Cardiac monitoring |
| 24,110 | Hemodialysis Full Care |
| 14,464 | Severe pelvic pain |
| 16,985 | Hemodialysis Full Care |
| 11,672 | Infection in hand |
| 19,367 | Dizziness, syncopal episodes w/possible seizure |
| 10,056 | Severe decreased mentation and weak wobbly gait |
| 15,871 | Abnormal Vital signs low BP and abnormal behavior |
| 62,280 | Altered mental status/possible seizure/acute respiratory failure |
| 45,883 | Chest pain |
| 16,718 | Further evaluation of chest pain |
| 33,621 | Cardiology & Observation |
| 13,316 | Hematoma to head, on Plavix and asa. Can't feel L side of face and chestpain |
| 37,982 | Pain and swelling of lower lip |
| 20,653 | Routine x-ray of thumb - had seizure and was admitted |
| 9,499 | Ankle injury |
| 20,832 | r/o CVA |
| 17,481 | Fell down flight of stairs. Numbness & tingling of extremities & neck pain. |
| 25,582 | Acute respiratory failure. Altered mental status. Convulsion disorder vs seizure vs others |
| 11,013 | Tachycardia. |
| 21,814 | Chest pain |
| 14,153 | Left inguinal hernia |
| <u>\$638,727</u> | Total Support & Care Per Diagnosis (Acct 53100) |
| <u>1,183,370</u> | Less Expenditures As of 6/30/14 Appropriation/Revenue |
| <u>\$544,643</u> | Net Expenditures-All Others Support & Care |



A

END



County of Sutter
Public Health

A

COMMUNICATION AND PROMOTIONAL OPPORTUNITIES

SUTTER COUNTY SHERIFF'S OFFICE

SUMMARY

The Sutter County Grand Jury (SCGJ) conducted several interviews with staff from the Sutter County Sheriff's Office. The staff ranged throughout various ranks within the department. The SCGJ was seeking to understand the communication between staff and management as well as discover any common issues within the department. The interviews completed led to the discovery of a few issues that will be addressed in this report.

BACKGROUND

The SCGJ completed several interviews with staff in various ranks, job duties and departments within the Sheriff's Office; excluding the corrections department. SCGJ also reviewed the Police Officer's Bill of Rights, promotional practices with the department, the Internal Affairs Manual as well as the Policies and Procedures for the Sheriff's Office. There were two set questionnaires that the SCGJ utilized; one for line staff and one for management. This ensured that staff was asked the same consistent questions in an effort to appropriately gauge any recurring concern. The SCGJ also reviewed promotional practices for several law enforcement agencies in the surrounding area.

DISCUSSION

The SCGJ found two common themes while conducting staff interviews:

1. Communication:

While most staff reported that they had a good working relationship with their immediate supervisor, there was hesitation to address issues and/or concerns to the next level of command. Many staff stated that unless permission is received, they are not permitted to take any concerns, issues, or observations any further than their first line of supervision. Staff also relayed that although their immediate supervisor, and possibly the next level of supervision, is aware of their job ability/performance, that upper management appears to be removed from the day to day operation. They do not feel as though there is an open-door policy for communication.

2. Promotion Opportunities:

While conducting interviews, the SCGJ discovered that most line staff as well as a few supervisorial staff was unable to provide the SCGJ with the requirements/practices for promotion. Staff stated that they often do not know what the expectations are to promote nor were they aware of what steps the promotion process will take. Staff relayed that most times they neither were aware of what the passing grade for the written test was nor were they informed of their actual grade after completing the written exam. Staff reported that if a particular employee had a more personal relationship with their immediate supervisor, they would be better prepared for promotion. Other staff, which perhaps did not have as close a relationship with the supervisor, would be less prepared for what is required. It did not appear to be common knowledge as to what management was looking for while promoting.

The SCGJ believe that the two issues are not mutually exclusive. Better communication between all levels of employees can ensure that expectations are well known by all staff. This can also ensure that information is fluid and not stored or suppressed within one level of management.

Additionally, as the economy is such that it does not appear to be an option to add more staff or provide higher pay for current staff, improving communication can ensure that the current staff feels valued. Also, making promotions more accessible and transparent could inspire more qualified staff to remain employed with Sutter County and not utilize the Sheriff's Office as more of a "foot in the door" to a career in law enforcement.

While reviewing the promotional practices of surrounding agencies, many list the promotional process as well as what constitutes a passing grade on the job announcement. Most include four, if not five, steps. The steps are as follows: 1-a written test with a passing grade of 70% along with 2-a practical exercise that the staff can expect to encounter should they promote. If successful, 3-an oral interview along with an additional 4-practical exercise. For the oral interview, some agencies utilize a "Community Oral Board." This panel consists of the Chief of Police from surrounding counties, Captains from the hiring agency and surrounding counties and the Sheriff from the hiring county.

FINDINGS

F1: Communication between the ranks is viewed as not permissible

F2: Staff appears unclear as to the expectations required to promote throughout the Sheriff's Office

RECOMMENDATIONS

R1: Upper Management should avail themselves to line staff. This could include regular meetings with staff of various ranks, periodic checking in within each department by physically visiting each area within the department and reminding all staff that they can speak to any level of management without the fear of reprisal.

R2: Promotional Policies, including the necessary steps, should be uniform and disseminated to all staff. This includes what methods, written, oral or practical exercises will be utilized for the selection of staff. Staff should also be aware of what constitutes a passing grade.

R3: Sutter County should consider implementing the “Community Oral Board.” This will help eliminate the appearance of any bias during selection. This will also help solidify the idea that the promotion practice is fair as the panel contains outside members.

REQUIRED RESPONSES:

1. J. Paul Parker, Sutter County Sheriff
2. Sutter County Board of Supervisors

WASTEWATER TREATMENT PLANTS

SUMMARY

The Sutter County Grand Jury (SCGJ) visited both the Live Oak and Yuba City wastewater treatment plants. The differences between the two facilities were obvious. Live Oak's facility was new, modern and produces a high quality effluent that is clear and cleaner than the water in the drainage canal in which it is discharged. The Yuba City plant, on the other hand, is a much older plant, which at the time of the visit was partially shut down for repairs. The effluent is brownish in color and is sent to a holding pond for evaporation or to be released into the soil on the east side of the Feather River. Both plants appeared to be well managed and meet the requirements of the State.

BACKGROUND

The Live Oak wastewater treatment plant was completed within the last few years. The facility cost approximately \$21.6 million. The State Water Resources Control Board provided a ten million dollar "forgiveness loan" and a six million dollar loan to be paid back at one percent over a thirty year period. The balance of the money came from local funds.

The plant is fitted with a highly efficient filtration system, ultraviolet treatment of the waste water and is capable of processing 1.4 million gallons of water per day. The Central Valley Regional Water Quality Control Board issues the permit for the facility to operate. It is also the agency that sets the standards for that facility to continue to operate. So far, the Live Oak plant has met all requirements and is in full compliance within permit limits.

The Yuba City plant is a much older plant that was brought on line many years ago. It operates an older technology using a pure oxygen treatment procedure to produce an effluent that meets State standards. This effluent is tested five days a week and must meet specific limits. In one instance, recently, a secondary clarifier had failed, putting pressure on the remaining clarifiers which caused the particulates of the effluent to rise above allowed limits. The problem existed for ten days resulting in the County being fined \$30,000. The mechanical problem was corrected and the plant once again was able to meet State standards. Normally, the plant successfully treats six million gallons of wastewater per day. This is more than adequate for Yuba City and has substantial capacity to handle growth.

DISCUSSION

Permits to discharge effluent into the Feather River or its environ are issued for a five year period by the Regional Water Quality Board. The Yuba City plant was issued a permit in

September 2013 and is already beginning the permit process for the next five years beginning in 2018. New requirements are being implemented by the State which makes meeting agency standards even more difficult. Sacramento was recently required to upgrade their facility in order to satisfy the higher standards.

Yuba City is currently operating a wastewater treatment plant with old equipment and old technology. Higher standards are being set by the regulatory agencies due to increased population, better research on the long term effects of pollution and reduced water flow which increases the concentration of contaminants in the environment. For example, research is being conducted to determine the buildup of toxins in a certain species of fresh water mussels. It is not known, at this time, what the results will be from this research or what new requirements will have to be met as a result of the findings. The cost of upgrading the Yuba City Waste Water Plant will be expensive. One estimate by staff is \$65 million.

FINDINGS

F1: The Yuba City Waste Water Plant has, on occasion, failed to meet water quality standards as set by the State. The reason for the failure is that the older equipment is antiquated and is wearing out.

F2: The State is setting higher standards for wastewater discharge into our rivers and their environs.

F3: Management of the older Yuba City Plant appears to be excellent. However, it is challenging keeping the older equipment operating in an efficient manner. There is always the possibility of exceeding limits which contaminate the environment and create a financial loss to Yuba City.

RECOMMENDATIONS

R1: The Yuba City wastewater treatment plant is due for an upgrade. Planning for the inevitable upgrade will require local funds. Money should be set aside in the city budget for the upgrade.

R2: Yuba City needs to research the possibility of obtaining grant money or loans for the purpose of upgrading the wastewater treatment plant

R3: Yuba City is currently in another dry year with limited fresh water available. A feasibility study should be conducted to determine how to use the treated discharge from the plant for landscaping or agriculture.

REQUIRED RESPONSES:

1. Mike Paulucci, Deputy Public Works Director
2. Yuba City Council

Exhibit Table of Contents

1. City of Live Oak, Wastewater Treatment Plant minutes

ITEM: 13

SUBJECT: City of Live Oak, Wastewater Treatment Plant, Sutter County

BOARD ACTION: Consideration of NPDES Permit Renewal *and Order amending Cease and Desist Order (CDO) No. R5-2009-0012-01*

BACKGROUND: The City of Live Oak (Discharger) is the owner and operator of the Wastewater Treatment Plant (Facility) that serves a population of approximately 8,000. The Facility consists of aerated lagoons, oxidation ponds, disinfection by chlorine, and dechlorination. The Facility has the capacity to discharge up to 1.4 million gallons per day of secondary-level treated effluent to Reclamation District 777 Lateral Drain No. 1, a tributary to Sutter Bypass via Wadsworth Canal. The Discharger has planned a number of Facility upgrades including tertiary filtration and activated sludge treatment systems, and an ultraviolet disinfection system. The 2011 monthly sewerage fee for a single family residence is \$59.65.

The proposed NPDES Permit includes new effluent limitations for the California Toxic Rule (CTR) constituents 4,4'-DDE, alpha BHC, alpha endosulfan, cadmium, copper, endrin aldehyde, dibromochloromethane, dichlorobromomethane, mercury, to implement the State Water Board's State Implementation Policy (SIP). In addition, the proposed NPDES Permit includes new effluent limitations for aluminum and ammonia implementing the Basin Plan's narrative toxicity objective; and for arsenic, electrical conductivity, iron, manganese, nitrate, and total trihalomethanes implementing the Basin Plan's narrative chemical constituents objective. The Discharger is unable to immediately comply with most of these new limits and, therefore, a separate Order is proposed amending the existing CDO to provide time schedules for some of these constituents and to extend the time schedules for others. The proposed amended CDO also includes a compliance schedule for construction of tertiary filtration.

ISSUES: Public comments were received from the Discharger, California Sportfishing Protection Alliance (CSPA), and Central Valley Clean Water Association (CVCWA). The following is a summary of the comments on the major permitting issues and Central Valley Water Board staff responses. Detailed comments and responses are included in the Staff Response to Comments document included in this agenda item.

Municipal and Domestic Water Supply (MUN) Beneficial Use Designation.

The Discharger's previous NPDES Permit does not apply the MUN designation to the receiving waters; however, the proposed NPDES Permit does based on State Water Board's Resolution No. 88-63, which establishes that all waters should be considered potentially suitable for municipal or domestic supply. The Discharger and CVCWA disagree and comment that the exception in Resolution No. 88-63 for agricultural drains applies to this discharge, and that the Central Valley Water Board only need to find that the exception for agricultural drain applies to this discharge. Central Valley Water Board staff does not concur. Although the agricultural canal and slough, which serve as the receiving waters,

may qualify for an exception to Resolution No. 88-63, the Central Valley Water Board may only grant such an exception through a formal Basin Plan Amendment process. Thus, the newly interpreted MUN designation of the receiving waters must be applied in the proposed NPDES Permit until the Basin Plan is amended.

Arsenic Effluent Limit. The Discharger and CVCWA disagree with the establishment of the arsenic effluent limitation expressed as a monthly average instead of as an annual average. They comment that since the arsenic limit is for the human health protection, and not for protection of aquatic life, the SIP is not applicable. Central Valley Water Board staff does not concur. Arsenic is a CTR constituent. The SIP procedures must be used in establishing effluent limitations for CTR constituents in NPDES Permits. Therefore, the arsenic effluent limitation was calculated in accordance with section 1.4 of the SIP as a monthly average effluent limitation and maximum daily effluent limit.

Hardness Dependent Metals Effluent Limits. The Discharger comments that the copper and cadmium effluent limits, based upon the lowest upstream receiving water hardness values, are over-protective, and that, instead, these limits should be based upon the reasonable worst-case estimated ambient hardness as in the 2006 Emerick Study. Central Valley Water Board staff does not concur. Hardness values used to calculate metal criterion must be protective under all flow conditions. In this case, elevated copper and cadmium concentrations in the receiving water exceed the CTR criteria. The Emerick Study approach does not address the hardness to be used for discharge into receiving waters that exceed the metals criteria. Therefore Central Valley Water Board staff used the lowest upstream receiving water hardness to calculate the CTR criteria for copper and cadmium. Based on the site-specific conditions for this discharge, this approach is reasonable and necessary to protect the beneficial uses of the receiving water.

Receiving Water Temperature Limit. The Discharger disagrees with establishment of the receiving water temperature limitation that prohibits the temperature of the waters to be increased more than 5°F. The Discharger comments that since the receiving water is a constructed agricultural drainage system that has no natural temperature, it is inappropriate to include this receiving water limit. Central Valley Water Board staff does not concur. The Basin Plan states, in part, *"The natural receiving water temperature of intrastate waters shall not be altered unless it can be demonstrated to the satisfaction of the Regional Water Board that such alteration in temperature does not adversely affect beneficial uses."* Therefore, the proposed NPDES Permit must include the receiving water temperature limit until the Discharger conducts a site-specific temperature study to justify modification of the receiving water temperature limit.

Ammonia Compliance Schedule. The Discharger requests an additional two years beyond the proposed ammonia compliance schedule, which is based on implementation of the new treatment systems. The Discharger is concerned that they'll need additional time to construct improvements if the new system cannot comply with the final ammonia limit. However, the Discharger must first demonstrate that the time needed to implement specific actions is as short as

practicable, and thus, an additional 2 years is not warranted at this time. But after construction of the new treatment systems, the Discharger can re-evaluate the need for additional treatment, if needed, and submit an infeasibility analysis and any other supporting documentation necessary.

Ammonia Interim Effluent Limits. The tentative Order had contained the compliance schedule and interim limit for the newly imposed more stringent ammonia limit. However, State Water Board's Compliance Schedule Policy states that interim limits in NPDES permits must be the more stringent of either a performance-based or the existing permit limit. The Discharger's existing permit contains an ammonia floating limit that is more stringent than a performance-based limit. But the Discharger cannot comply with the ammonia floating limit; consequently, the time schedule and interim limit must be addressed through an enforcement action. Therefore, the proposed Order amends the existing CDO to extend the time schedule for the Discharger to comply with the final ammonia effluent limitation to 5 years from the date of the adoption. The interim limit is unchanged in the existing CDO.

Aluminum Effluent Limits. CSPA argues that USEPA's recommended chronic criterion (87µg/L) for aluminum should be applied to this discharge. Central Valley Water Board staff does not concur. The receiving water is effluent dominant year-round, and only receives upstream flows from agricultural and storm water runoff during part of the year. The Arid West Technical Report is based on studies conducted on streams similar to this receiving water and concluded that the application of the chronic criteria (87µg/L) is overly protective. Therefore, using best professional judgment, only USEPA's recommended acute criterion (750 µg/L) was applied in the proposed NPDES Permit.

Ground Water. CSPA comments that the proposed permit must require groundwater monitoring, because it includes groundwater limits. Central Valley Water Board staff does not concur. The Discharger is nearing completion of a new treatment facility and will no longer be using treatment ponds. The new facility includes wastewater structures that are lined, so there will be no threat to groundwater. The Discharger plans to maintain one pond as an emergency storage basin that has the potential to discharge to groundwater. However, the emergency storage basin will only be used intermittently and wastewater will be drained as soon as possible. Therefore, there is insufficient threat to groundwater to require groundwater monitoring.

CSPA comments further that there are insufficient findings regarding compliance with California Code of Regulations Title 27. Central Valley Water Board staff concurs and have modified the permit fact sheet to include justification for the exemption from Title 27.

Mgmt. Review _____
Legal Review _____
February 3, 2011
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