

APPROVED
BOARD OF SUPERVISORS

For the Agenda of:
September 18, 2007
Time: 3:00 p.m.

OCT 25 2007
By Cindy H. Turner
Clerk of the Board

To: Board of Supervisors
From: County Executive
Subject: Response To The 2006-2007 Grand Jury Final Report
Contact: Mary Anne Dann, 874-2507

Overview

The 2006-2007 Grand Jury Final Report identified issues involving several County departments as well as other cities and entities within the Sacramento region. This report responds only to those issues involving departments within Sacramento County. The attached report responds to the findings and recommendations of the Grand Jury.

Recommendations

1. Adopt this report as Sacramento County's response to recommendations contained in the 2006-2007 Grand Jury Final Report.
2. Instruct the Clerk of the Board to forward a copy of this response to the Presiding Judge of the Superior Court.
3. Instruct the Clerk of the Board to forward copies of this response to the Administrators of Countywide Services Agency and Municipal Services Agency and to the Sheriff's Department.

Measures/Evaluation

Not applicable.

Fiscal Impact

The costs of responding to this report are approximately \$7,000. Staff from the County Executive's Office, Department of Water Resources, Planning and Community Development Department, Department of Economic Development, Department of Health and Human Services, and Sheriff's Department contributed to this effort. The costs were absorbed by each entity.

BACKGROUND:

Each year the Sacramento County Grand Jury concludes its work and releases its Final Report, typically the last week in June. The report, which can address a variety of activities, functions, and responsibilities of government, typically contains findings and recommendations. State law requires the affected governing bodies to respond to each of these findings and recommendations with a response specifically directed to the Presiding Judge of the Superior Court. This response is required by October 1, 2007.

The form of the County's responses as required by law is as follows:

As to each Grand Jury finding, the responding person or entity shall indicate one of the following:

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

As to each Grand Jury recommendation, the responding person or entity shall report one of the following actions:

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

The responses contain all the applicable components as defined above.

DISCUSSION:

The Grand Jury Final Report for the fiscal year 2006-2007 required several responses from Sacramento County on the following topics:

1. **Sacramento County Sheriff's Department Work Release Division** - Findings 1-2 seeks to determine whether the department is efficient, properly staffed and sufficiently promoted in the community. This response was prepared by the Sacramento County Sheriff's Department.
2. **Sacramento County Sheriff's Department Rio Cosumnes Correctional Center (RCCC)** - Findings 1-2 aims to determine whether Rio Cosumnes Correctional Center is operating efficiently and is properly staffed. This response was prepared by the Sacramento County Sheriff's Department.

3. **The Flood Risk in Sacramento County** - Findings 1–2 relate to continuing to allow development in Sacramento’s high flood risk areas before the flood risk is reduced. The Grand Jury focused on three items for discussion. Those items are the level of flood protection being sought, temporary cessation of development in the floodplain and flood insurance in at-risk areas. This response was prepared by Sacramento Area Flood Control Agency, Sacramento County Department of Water Resources, Sacramento County Department of Planning and Community Development and Sacramento Department of Economic Development.
4. **County Heat Emergency Response** – Findings 1-4 assess how Sacramento County Department of Health and Human Services (DHHS) responded to the July 2006 heat emergency. This response was prepared by Sacramento County Department of Health and Human Services- Senior and Adult Services Division.
5. **The Sacramento County Primary Care Clinic** – Findings 1–3 reviews the quality and availability of medical services at the Sacramento primary Care Clinic. This response was prepared by Sacramento County Department of Health and Human Services – Primary Health Services.

RESULTS/MEASURES:

Not applicable.

FINANCIAL IMPACT:

The estimated costs of responding to this report are \$7,000. Staff from the County Executive’s Office, the Sacramento County Sheriff’s Department, the Sacramento Area Flood Control Agency, the Sacramento County Department of Water Resources, the Sacramento County Planning and Community Development Department, Sacramento County Economic Development and Intergovernmental Affairs, and the Sacramento County Department of Health and Human Services, contributed to this effort. These costs were absorbed by each entity.

Respectfully submitted,

TERRY SCHUTTEN
County Executive

Attachment: 2006-2007 Grand Jury Final Report

cc: Paul Hahn, Administrator, Municipal Services Agency
Penelope Clarke, Administrator, Countywide Services Agency
Keith DeVore, Director, Department of Water Resources
Robert Sherry, Director, Planning and Community Development Department
Robert Leonard, Interim Director, Department of Economic Development
Lynn Frank, Director, Department of Health and Human Services
Sheriff John McGinnis, Sheriff’s Department

COUNTY OF SACRAMENTO
CALIFORNIA

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APPROVED
BOARD OF SUPERVISORS

For the Agenda of:

June 12, 2007

11:00 a.m.

JUN 12 2007

Cindy H. Turner
By _____
Clerk of the Board

To: Board of Supervisors

From: Department of Economic Development and Intergovernmental Affairs

Subject: Report Back To The 2007 Grand Jury Special Report On The Arena Issue

Contact: Paul J. Hahn, Director, 874-5889

Overview

The Sacramento County Grand Jury issued a report in March of 2007 which examined last November's Measures Q and R requesting a ¼ cent sales tax increase to help fund a variety of quality of life projects in the cities within Sacramento County and in the unincorporated area of Sacramento County. Included in that possible list of projects was a question asking voters their intent regarding the possible use of these funds to build a new sports and entertainment complex to replace the Arco Arena. The Sacramento County Grand jury conducted an investigation of this matter and issued findings and recommendations contained in an Interim Report. As legally required, this item responds to those recommendations. Of the five recommendations contained in the report, two were specific to the City of Sacramento. The County will respond only to the recommendations over which the Board of Supervisors have jurisdiction.

Recommendation

1. Adopt this report as Sacramento County's response to Findings and Recommendations one, three and four in the Sacramento County Grand Jury report entitled The Kings and the City and County of Sacramento: Betrayal in the Kingdom?
2. Instruct the Clerk of the Board to forward a copy of this response to the Presiding Judge of the Superior Court and the grand jury Foreman.

Measures/Evaluation

Not Applicable

Fiscal Impact

None

BACKGROUND:

In July of 2006, the Sacramento County Board of Supervisors placed two measures (Measures Q and R) before the voters regarding increasing the sales tax by ¼ cent to fund a variety of quality of life projects, including a possible new sports and entertainment facility to replace the Arco Arena. These two measures were voted upon by Sacramento County voters in November and were defeated.

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In March of this year, the Sacramento County Grand Jury issued a report investigating Measures Q & R entitled "The Kings and City and County of Sacramento: Betrayal in the Kingdom?" The report criticized the actions of city and county staff and elected leaders accusing them of being "not aboveboard with the citizens of Sacramento." In addition, the Report also accused county and city staff and elected leaders of "pandering" to the Kings by proposing public subsidies for a new arena.

ANALYSIS:

As is required, the County of Sacramento is responding to the three findings and recommendations that were directed by the Grand Jury specifically to the County. Further, it is recommended that the Board reject the entire premise of the Grand Jury's findings: that the County and City of Sacramento were not forthcoming with the public in regards to Measures Q and R. While one can disagree with the intent of Measures Q and R, it is difficult to perceive the city or county misled the public or withheld information given the vast extent of discussion, news coverage (both straight news coverage and editorials) and public dissection of this matter. Staff and elected officials commented on the proposal daily for several months, and at least one article was published each day in the region's daily newspaper. In addition, contrary to what the Grand Jury Report states, every document pertaining to the proposed transaction between the County and Maloof Sports Enterprises was published on the County's website, as well as numerous other media websites,

As for the accusation that the public, through the city and county, should not subsidize in any manner the NBA franchise, staff believes that the report fails to recognize the manner in which every other city of comparable size with an NBA team has dealt with similar situations. Public reports from staff to the Board demonstrated that the recommended financial terms of the new sports and entertainment facility were comparable with the financial terms of the four most recent completed small market public financings (Memphis, San Antonio, Indianapolis and Charlotte).

RESPONSE:

Finding No.1

Government officials often have to make unpopular and tough decisions; however they should be made publicly and in good faith. Sacramento County breached the good faith of honest and open communication by placing Measures Q and R on the ballot asserting a deal that did not exist.

Recommendation No.1

Sacramento County should not put matters on the ballot without first explaining the details sufficiently in writing and making them available to the public and posting them on the Sacramento County website. This allows the public to make an informed decision.

Response To No. 1:

The County went to every effort possible to make the written reports, from staff to the Board of Supervisors, regarding Measures Q and R available to the public, including pre-releasing the reports to the media. The reports were posted on the County's website (as are all agenda items). In this particular case, the approval of the ballot measures being placed on the November 2006 ballot was premised upon a term sheet signed by an authorized representative of the Sacramento Kings, which spelled out the business terms of the agreement between the City, County and the

Kings in a high level summary. This term sheet was also posted not only on the County's website, but on every major news media website that serves the Sacramento Region, as well as being published in its entirety in both the Sacramento Bee and Sacramento Business Journals.

The intent of all parties concerned was to arrive at a more detailed agreement prior to the election date. However, because state law limits general tax measure elections to General Elections only, had the County waited until the more detailed agreement was finalized and available, before placing the measures on the ballot, the next opportunity to put the measures on the ballot would have been the next General Election, two years later, in 2008. It should be noted that Board of Supervisor's was not unanimous in its decision to place this item before the voters, and that the Grand Jury did not mention this in its report.

This particular issue was one of intense press reportage. Not only was every public hearing televised on Cable Channel 14, but press from every major visual, audio, and print medium was present. The County believes that this was one of the most visible, discussed and analyzed proposal in recent years. The County placed ALL the information it had before the public regarding the proposal and was completely forthcoming, including the fact that future negotiations would provide greater clarity on the specific terms. The fact that the City and County were unable to come to those terms with Maloof Sports and Entertainment was unfortunate but certainly was not done in bad faith as was alleged in the Grand Jury's report.

Finding No. 3

The judicially determined unlawful withholding of the documents from the public before the election does not build confidence in government.

Recommendation No. 3

Except when not (sic) restricted by law, the City and County should make all information relating to the determination of important public policy available to the citizens of Sacramento.

Response To No. 3:

This recommendation was apparently referencing an alleged withholding of documents by the City of Sacramento pertaining to the City's loan to the Kings. The County has not engaged in withholding of any documents from the public. During the course of negotiations between the parties, which concerned real estate, the best interests of all parties concerned dictated the discussions be kept private until there was a specific recommendation (agreement) ready to be considered by the Board of Supervisors in public session.

We reiterate that the County was completely forthcoming in regards to all documents and information at its disposal.

Finding No. 4

The City and County of Sacramento keep pandering to the Kings. The Kings are going to make whatever business decision they are going to make. If they want to move, they have that option under the terms of the current 1997 loan. The Kings and the Monarchs play only a limited number of games each year. If local government decides to build a new entertainment center, there is no justification for allowing one private group to deprive the City and County of Sacramento of the revenue generated and control the development.

Recommendation No. 4

If the City and County of Sacramento want a first class entertainment facility, then build it. Build it with public funds, e.g. redevelopment funds, bonds, etc., and let the City and County of Sacramento derive the revenue stream. Make the facility a truly first class facility that can handle big name entertainment and other events. Let the facility be a draw to Sacramento and surrounding communities on a year round basis. If the private sector wants to participate, then make a deal, such as swapping the current undersized convention center in return for private participation. Stop worrying about the Kings.

Response To No. 4:

In the County's judgment, the only way the public entities in this County can afford a new entertainment facility for the Sacramento region (including the citizens of all cities within the County) is with an additional revenue stream dedicated for that purpose. Without a major anchor tenant, such as the Kings, to provide a large number of guaranteed events, that draw large attendance, it would be impractical for our community to build such a facility in the first place. Concerts, ice-shows, the circus and tractor-pulls alone are insufficient to provide the ticket revenue base to finance a "first-class entertainment facility". The economics of professional sports are such that small-market teams require a public subsidy in some manner, usually provided through allowing the teams to keep most/all of the game-day revenue from the arena.

Sacramento is not New York City, Chicago, or even San Francisco, where large corporate business bases and large television markets provide sports teams with significant non-public revenues. A look at cities comparable to Sacramento across the country demonstrates that in cities such as Memphis, San Antonio, Indianapolis, and Charlotte, similar subsidies were required to build and operate an Arena, as well as to maintain an NBA franchise. We believe a close comparison of such recent transactions would reveal that the proposal put forth to the voters (in Sacramento) would have resulted in a lesser subsidy than the cities of Memphis, Charlotte, and Indianapolis and a comparable subsidy to that of San Antonio.

FINANCIAL ANALYSIS:

Not applicable

Respectfully submitted,

APPROVED

PAUL J. HAHN, Director
Department of Economic Development
And Intergovernmental Affairs

TERRY SCHUTTEN
County Executive