



**2024**

**2025**

Stanislaus County Civil Grand Jury

# CONSOLIDATED REPORT

**FRONT COVER:** The new Stanislaus County Courthouse in the final stages of construction in May 2025. Occupancy date: 2026.  
Photography by Carolyn Neumann. ©2025

**BACK COVER:** Stanislaus County at sunset.  
Photography by Carolyn Neumann. ©2025

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## Stanislaus County Civil Grand Jury

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Post Office Box 3387 • Modesto, California 95353 • (209) 525-4252 • Fax (209) 558-8170

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June 25, 2025

The Honorable Sonny S. Sandhu  
Presiding Judge of the Superior Court of California  
800 Eleventh Street  
Modesto, California 95354

Dear Judge Sandhu,

As the Foreperson for the 2024-2025 Stanislaus County Civil Grand Jury (SCCGJ), this past year has been a rewarding experience in affecting real change in our community while enhancing public awareness of countywide operations. This year's SCCGJ engaged in the democratic process for the purpose of representing a collective voice depicted in our Consolidated Report by investigating citizen complaints in a collaborative manner. It is our hope, as the SCCGJ, that each report promotes an increased public awareness of how residents can work effectively to foster change throughout Stanislaus County. When Government succeeds, its citizens all benefit and ideally, a well-functioning society evolves. Every juror had a role in our work this year that led to this Consolidated Report; we also reorganized and updated official SCCGJ Policies and Procedures Manual that we offer to future juries. The SCCGJ's Consolidated Report is an opportunity in assuring that each final report represents the voice of the entire grand jury.

The 2024-2025 SCCGJ Consolidated Report is the outcome of a dedicated panel of citizens and the product of our collective voice. During our term, the jurors completed five countywide investigations, completed a number of county facilities tours, and observed the November General Election at voting centers across Modesto. As well, the jurors provided an implementation report from a previous SCCGJ. Additionally, in our work, we identified areas that may be of interest and have forwarded those complaints for consideration by next year's jurors.

A citizen-led democracy has proven to be the most effective form of government throughout the State of California's 58 counties. The civil grand jury is a fundamental element of the Superior Court as it serves as an investigative "watchdog" over local government entities, including cities, counties, and special districts. It aims to ensure that public funds are handled responsibly, governmental operations are efficient, and public officials are acting in the best interests of the public. We urge citizens throughout our county to consider participating in the democratic process of the Civil Grand Jury to ensure, as citizens, that local government officials along with taxpayer-funded entities are accountable to the people they represent under the Constitutions of the United States and the State of California.

We extend our gratitude to our numerous Legal Advisors who guided and supported our work and were consistently available whenever their assistance and insight was warranted. As ordinary citizens, this assistance was foundational to our success this past year. We thank the Stanislaus County District Attorney's Office, the Sheriff's Office, the Chief Executive Officer, the County Clerk-Recorder, the Fire Warden, and the Public Defender's Office for their presentations and hospitality during our term. The insight gained from these county leaders enriched our understanding of vital county services.

On behalf of the entire Civil Grand Jury, I would like to thank you, Judge Sandhu, the Honorable Judge Carrie M. Stephens, and the Superior Court for the opportunity to affect change and accountability in our community. It has been an honor to serve as the Foreperson for this Civil Grand Jury.

Respectfully,

A handwritten signature in black ink that reads "Charlene Cano". The script is fluid and cursive, with the first name "Charlene" and last name "Cano" clearly distinguishable.

Charlene Cano

Foreperson

2024-2025 Stanislaus County Civil Grand Jury



# STANISLAUS COUNTY CIVIL GRAND JURY

## CITIZEN COMPLAINT FORM

Post Office Box 3387 - Modesto, California 95353 (209) 525-4252, Fax (209) 558-8170

### CONFIDENTIAL

#### THIS COMPLAINT IS AGAINST

Name/Title

Organization

Address

City, State, Zip Code

Telephone Number

#### CIVIL GRAND JURY OFFICE USE ONLY

Date Received

Grand Jury Case Number

Committee Assignment

#### MY COMPLAINT AGAINST THE ABOVE IS

#### OTHER PERSONS OR AGENCIES CONTACTED

#### DESCRIBE THE ACTION YOU WANT THE GRAND JURY TO TAKE

#### COMPLAINANT INFORMATION (Optional)

Name

Address

City/State

Zip Code

Home Phone Number

Work Phone Number

Cell Phone Number

The information in this form is true, correct and complete to the best of my knowledge.

Signature

Date

ALL COMMUNICATIONS TO THE GRAND JURY ARE CONFIDENTIAL

## **2024 – 2025 Stanislaus County Civil Grand Jurors**

Charlene Cano, Modesto  
Wende Feller, Modesto  
Dan Freeman, Modesto  
Ernie Garcia, Modesto  
Andy Harless, Modesto  
Melissa Kelly, Modesto  
Janet Kenworthy, Modesto  
Gary McAlister, Modesto

Carolyn Neuman, Modesto  
William Paul, Turlock  
Sherryl Price, Turlock  
Amy Rockwood, Modesto  
Donald Strangio, Modesto  
Sandy Sutton, Modesto  
Phil Swearingen, Modesto  
Paul Troop, Oakdale



### **Join the Stanislaus County Civil Grand Jury!**

If you are interested in becoming a juror  
for the 2026-2027 term, call (209) 525-4252  
for information on how to apply  
or scan this QR code.

If you have a complaint you would like the  
Stanislaus County Civil Grand Jury to consider,  
please complete a Complaint Form by clicking on this link:  
[encrypt\\_1\\_complaint-form-rev-102518.pdf](#)  
or copy the form on the previous page and mail it in  
as per the instructions.

# **What is a Civil Grand Jury?**

## **What are Its Duties?**

### **MISSION STATEMENT:**

The primary function of the civil grand jury is to provide unbiased oversight and to investigate complaints from citizens about the operations of county and city government, school districts and special districts, as required by law. The grand jury assures citizens that government is operating efficiently and in an ethical, honest manner. The grand jury investigates policies and procedures and makes recommendations to improve local governmental operations.

### **AUTHORITY:**

Civil grand juries are mandated by Article 1, section 23 of the California Constitution. They operate under Title 4 of the California Penal Code, sections 3060-3074 of the California Government Code, and section 17006 of the California Welfare and Institutions Code. All 58 counties in California are required to have civil grand juries.

In California, civil grand juries have several functions:

1. to act as the public watchdog by investigating and reporting on the affairs of local government;
2. to make an annual examination of the operations, accounts and records of officers, departments or functions of the county, including any special districts;
3. to inquire into the condition and management of jails and prisons within the county;
4. to weigh allegations of misconduct against public officials and determine whether to present formal accusations requesting their removal from office; and
5. to weigh criminal charges and determine if indictments should be returned.

Additionally, the grand jury has the authority to investigate the following:

1. all public records within the county;
2. books and records of any incorporated city or joint powers authority located in the county;
3. certain housing authorities;
4. special purpose assessing or taxing agencies wholly or partly within the county;
5. nonprofit corporations established by or operated on behalf of a public entity;
6. all aspects of county and city government, including dozens of special districts; and



7. the books, records and financial expenditures of any government agency including cities, schools, boards, and commissions.

## **INVESTIGATIONS:**

The civil grand jury conducts three types of investigations.

- **Mandatory investigations**--those that the California Penal Code requires the grand jury to undertake.
- **Discretionary investigations**--those over which the legislature has given the grand jury jurisdiction but has stated it is not required.
- **Citizen complaints**--those complaints within the jurisdiction of the grand jury received from a citizen. The statutes preclude the grand jury from considering complaints on matters imminently before the court, matters that are the subject of litigation, matters involving agencies located outside the county, matters involving privately held companies and matters involving the fiscal and administrative operations of the Superior Court.

## **ACCEPTANCE:**

Anyone may ask the grand jury to investigate. Whether the jury chooses to investigate such a complaint is entirely in its discretion. Deciding factors include such things as determining if the complaint falls within the jurisdiction of the grand jury, if the facts warrant an investigation, whether the jury has sufficient time to conduct a proper investigation, and if a previous grand jury has already reviewed the topic of the complaint.

## **FINAL REPORTS:**

The findings and recommendations of those complaints and issues the jury chooses to study are published in a final report. Reports are distributed to public officials and to the community at large through the media, public libraries and the Internet. Statutes require the entities reported on to respond.

## **CONFIDENTIALITY:**

In all its proceedings and investigations, the grand jury is sworn to maintain complete secrecy. The members of the grand jury apply the same objective standard of conduct and responsibility to all persons and entities, and are not influenced by sentiment, conjecture, sympathy, public feelings, passion, or prejudice.

## **TERM OF SERVICE:**

The grand jury's term of service begins July 1st and ends June 30th of the following year.



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**2024-2025  
Stanislaus County  
Civil Grand Jury**

# **Oakdale Police Department Mandated Training Implementation Report**

**Case #25-19GJ**  
Release Date: June 25, 2025





# Oakdale Police Department Mandated Training Implementation Report

**Case Number #25-19GJ**

Release Date: June 25, 2025

## SUMMARY

The 2022-2023 Stanislaus County Civil Grand Jury made findings and recommendations in Case #23-10C related to the ongoing mandated training requirements for law enforcement officers in the Oakdale Police Department. Those findings and recommendations included timelines for bringing the department into compliance with statewide standards, including certain tasks being completed by December 31, 2024. Correspondence with Oakdale Police Department leadership, plus specific documents requested and received, were reviewed by members of the Criminal Justice Committee of the 2024-2025 SCCGJ. It has been determined that the Oakdale Police Department has complied with the recommendations made and that its officers are currently in compliance with mandated training requirements. Recommendations are made in order to maintain the improved management and implementation of mandatory training requirements.

View the original report here: [cgj-final-report-2022-2023.pdf](#)

View the response here: [response-oakdale-police-department-23-10c.pdf](#)

## GLOSSARY

*POST.* An abbreviation for *State of California Commission on Peace Officer Standards and Training*

*SCCGJ.* An abbreviation for the *Stanislaus County Civil Grand Jury*.

## BACKGROUND

The 2022-2023 SCCGJ in its final report, made findings and recommendations related to the ongoing mandated training requirements for law enforcement officers in the Oakdale Police Department. Those findings and recommendations included timelines for bringing the department into compliance with statewide standards, including certain tasks being finalized by December 31, 2024.

Responding on behalf of the City of Oakdale to the 2022-2023 SCCGJ Report in a letter dated August 22, 2023, Cher Bairos, Mayor of the City of Oakdale, wrote in part:

"Oakdale Police Management takes training seriously and is enforcing its own training policy. Every police officer that is capable of attending training has already attended the POST-mandated training or is scheduled to attend the training prior to December 31, 2024." (page 2).

Additionally, the 2022-2023 SCCGJ Report referenced issues related to the OPD Training Coordinator being current in attending Training Manager's Workshops and updating and maintaining the Master Training Plan.

## **METHODOLOGY**

Following review of the 2022-2023 SCCGJ Report members of the Criminal Justice Committee of the 2024-2025 SCCGJ sent a letter dated November 26, 2024, to the Oakdale Police Department requesting the following information be provided by December 31, 2024, related to compliance issues.

- 1) 2023 and 2024 Officer Training logs showing a record of each officer in the department's attendance and completion dates of mandated trainings, indicating if there are any officers not fully compliant and anticipated completion dates.
- 2) Documentation of the dates of the Oakdale Police Department Training Coordinator's attendance at Training Manager's Workshops in 2023 and 2024.
- 3) A copy of the most recent version of the Oakdale Police Department Master Training Plan.

The Oakdale Police Department responded and provided the requested information prior to the December 31, 2024 deadline.

Their response included Officer Training logs showing records for 21 of the department's 24 personnel posted on the Agency Roster Report. Additionally, POST (State of California Commission on Peace Officer Standards and Training) documentation was provided related to individual officer's training records and a Compliance Analysis Report.

Documentation was also provided related to the Oakdale Police Department Training Coordinator's attendance at the Training Manager's Workshops in 2023 and 2024.

Included in the written response was a copy of the department's current Master Training Plan.

In reviewing the documentation submitted it was found that the training records for three officers on the Agency Roster Report were missing and that an inconsistency, likely due to a typographical error, was noted concerning one officer's date of hire.

A written follow-up request was made to the Oakdale Police Department on January 14, 2025 requesting clarification on the one officer's hiring date and the missing three officer's training logs to be provided by January 31, 2025. The Oakdale Police Department responded almost immediately to this follow-up request and corrected the one officer's hiring date and provided the three training records that were omitted from the first submission.

## DISCUSSION

In reviewing the POST Compliance Analysis Report for the period January 1, 2023 to December 31, 2024 Individual Profile Reports submitted for each officer on the agency roster it was found that all Oakdale Police Department officers are current on mandatory training requirements and/or have waivers related to a grace period for their recent dates of hire and training received in the academy that qualifies for the current training cycles.

The requested documentation for the Training Coordinator's attendance at the Training Manager's Workshops contained in the sign-in sheets from the California Police Training Managers Association was reviewed and indicates that the Oakdale Police Department's Training Coordinator did attend the Training Manager's Workshops on February 1, 2023, and December 17, 2024. The Oakdale Police Department's Master Training Plan was reviewed and found to have been updated to include mandatory training in Domestic Violence consistent with mandatory training requirements, as recommended in the 2022-2023 SCCGJ Report.

## FINDINGS

**F1.** The Oakdale Police Department is found to be in compliance with deadlines recommended in the 2022-2023 SCCGJ Report related to mandatory Peace Officer Training.

**F2.** Oakdale Police Department officers are current in statewide standards for training required by the California State Commission on Peace Officer Standards and Training or have legitimate waivers related to recent dates of hire and training received in the academy within the training cycle.

**F3.** The Oakdale Police Department Training Coordinator is in compliance with recommendations included in the 2022-2023 SCCGJ Report related to attendance at the Training Manager's Workshops in 2023 and 2024.

**F4.** The Oakdale Police Department's Master Training Plan is in order and up to date.

## COMMENDATION

Leadership at the Oakdale Police Department was fully cooperative and transparent in their participation in this implementation review process having responded promptly and thoroughly to all inquiries. Indicators are that measures have been successfully implemented to ensure department compliance with state mandates related to Peace Officer Training and that all officers

within the department are currently fully compliant. As a result, Oakdale community members are better served and protected. The ongoing maintenance of these significant improvements remains important.

Leadership at the Oakdale Police Department should conscientiously maintain the current improved management and implementation of the training aspect of the department's operation by regularly reviewing, updating, and implementing changes in state regulations and closely monitoring each officer's training requirements and completion dates, assuring that the Training Coordinator at least annually attends the Training Manager's Workshops, and by holding regularly scheduled meetings of the training committee to keep the Master Training Plan up to date.

## **REQUEST FOR RESPONSES IN 90 DAYS**

### **REQUIRED RESPONSE:**

The following response is required pursuant to California Penal Code §933 and 933.05.

The SCCGJ compels a response from the following governing body within ninety days:

- City of Oakdale City Council: F1, F2, F3, F4.

### **INVITED RESPONSE:**

SCCGJ invites the following official to respond within sixty days:

- The City of Oakdale Chief of Police: F1, F2, F3, F4.

Responses are to be submitted to:

**Honorable Sonny Sandhu, Presiding Judge  
Superior Court of California, County of Stanislaus  
P.O. Box 3488  
Modesto, CA 95353**

Reports issued by the Grand Jury do not identify individuals interviewed. Penal Code section 929 requires that reports of the Grand Jury not contain the name of any person or facts leading to the identity of any person who provides information to the Grand Jury.



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**2024-2025  
Stanislaus County  
Civil Grand Jury**

**Review of the  
Annual Financial  
Audit Report  
For the Fiscal Year Ended June 30, 2023**

**Case #25-15GJ**  
Release Date: June 25, 2025





# Review of the Annual Financial Audit Report for the Fiscal Year Ended June 30, 2023

**Case Number #25-15GJ**

Release Date: June 25, 2025

## SUMMARY

The Stanislaus County Office of the Auditor-Controller is now in its third year of struggle with implementation of a new software system. As a result, required financial reporting is delayed. While this reporting is substantially adequate, the external auditor found material weaknesses that could lead to real errors over time.

## GLOSSARY

***accounting principles.*** Best practices that assure uniformity, accuracy, and compliance with state and federal laws. An ACFR relies on Generally Accepted Accounting Principles (GAAP) as interpreted by the Government Accounting Standards Board (GASB).

***ACFR.*** An abbreviation for *Annual Comprehensive Financial Report*. Analogous to a corporate “annual report,” it provides a detailed annual summary of local government revenue, spending, and resources.

***CA PC §.*** An abbreviation for the *California Penal Code section*.

***CFR.*** An abbreviation for *Code of Federal Regulations*. These are rules published in the Federal Register for federal agencies.

***ERP.*** An abbreviation for *Enterprise Resource Planning* system: Software used to manage and interpret data gathered from many parts of the organization. This includes financial and accounting data.

***material weakness.*** The accounting process lacks important controls and oversight. This lack is severe enough that there is a reasonable possibility of an important error being overlooked.

***present fairly.*** The term used when an external auditor concludes that an organization's financial report uses appropriate accounting principles, is reasonably informative, and is acceptably accurate.

***SEFA.*** An abbreviation for *Schedule of Expenditures of Federal Awards*. An internal document used to track the spending of funds given by the federal government. This document is not included in the ACFR but is used to prepare it.

***significant deficiency.*** Some portion of the accounting process lacks necessary controls, leading to errors. These errors are less severe than a material weakness.

***Single Audit:*** An assessment, by an external auditor, of whether the financial systems used to prepare the ACFR have adequate controls to prevent and detect mistakes.

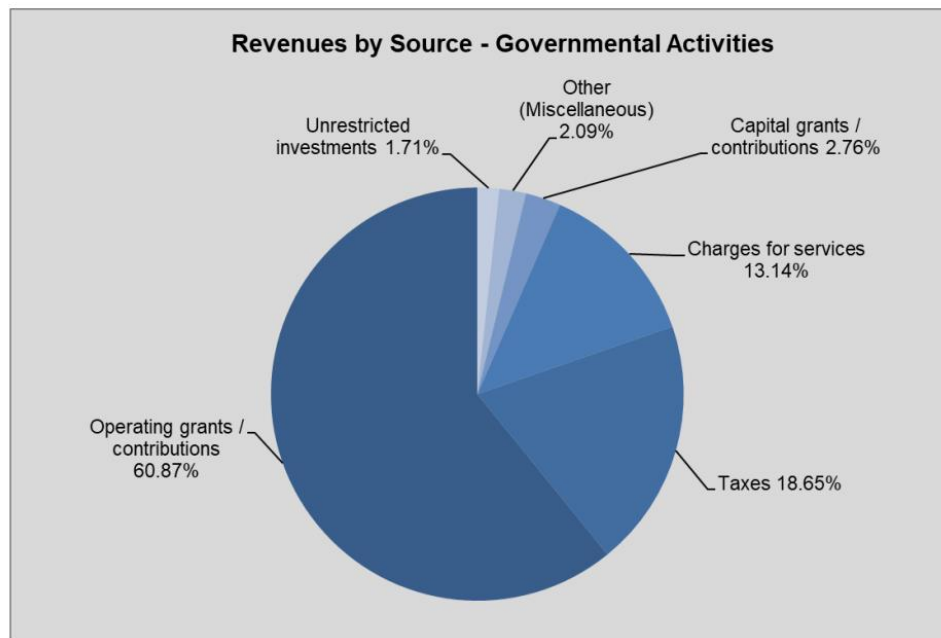
## BACKGROUND

Accountability in spending tax dollars is a vital component of government. As a result, there are legal requirements for accountability. One is that the Board of Supervisors must annually publish a report summarizing the revenue, spending, and financial condition of the county (CA Govt Code Code § 25253 (2024)). This is the Annual Comprehensive Financial Report. In addition, because Stanislaus County receives more than \$1,000,000 in federal funds, it must submit an annual Single Audit performed by an external auditor (2 CFR § 200.500 (2025)).

This pair of documents answers two related questions:

- ACFR: How did the county use the money available to it?
- Single Audit: Does the county have adequate systems for keeping track of where the money goes?

The ACFR covers the operations of Stanislaus County government and some closely related entities, such as lighting districts. It does not address the finances of any of the incorporated or unincorporated cities, the school districts, or the Stanislaus County Superior Court. The ACFR provides a comprehensive look at where money comes from and where it goes. One sample is this breakdown of revenue sources. It shows the importance of money from state and federal government (operating grants and contributions).



**Figure 1: Stanislaus County AFCR Fiscal Year Ending 2023**

In the Single Audit, the external auditor evaluates the county's financial systems and reporting methods in order to evaluate two major issues:

- Do financial systems have good controls to prevent mistakes? These can be understood as checks and balances. Are policies followed? Is there sufficient oversight? Are there processes for preventing or correcting mistakes?
- Are the finances in compliance with specific rules for federal funding programs?

The Single Audit is to be submitted to the Federal Audit Clearinghouse within nine months after the end of the fiscal year. At the same time, the ACFR is also submitted to the California Office of the Controller. Since the county's fiscal year ends on June 1, the 2022-23 package should have been submitted by March 31, 2024. It did not reach the Federal Audit Clearinghouse until January 10, 2025. The prior year's package had also been late by more than 90 days.

The responsibility of a civil grand jury under CA PC §925 is to review the most recent ACFR and Single Audit, which is the 2022-23 package.

## **METHODOLOGY**

Before the pattern of delays began, the review of the ACFR and Single Audit typically started with an entrance meeting with the external auditor. This would take place in autumn, when the audit began. The investigation would end with an exit meeting with the external auditor, in the spring.

Significant delays in producing the ACFR, spreading the process across multiple CGJ terms, made this process unavailable to us. When we began our term, in July 2024, the 2022-23 ACFR and Single Audit were 90 days overdue.

We instead spoke with key staff at the office of the Stanislaus County Auditor-Controller, as well as members of the Stanislaus County Board of Supervisors. We also consulted the state and federal regulations and guidelines for submitting an ACFR and Single Audit, as well as the Government Finance Officers Association's best practices. The Office of the Auditor-Controller provided us with the 2022-23 ACFR and Single Audit in November 2024.

## **DISCUSSION**

In late 2022, the Office of the Auditor-Controller started its move to a new ERP with a steep learning curve. The impact of this move thus started with the 2021-22 reports and continued into the 2022-23 reports. The resulting training needs and workload strain led to six staff members leaving for other local government agencies.

In August 2024, shortly after the end of the 2023-24 fiscal year, the elected Stanislaus County Auditor-Controller suddenly retired. This Auditor-Controller had been a champion of the new system, particularly for configuring it to reconcile accounts at a high level of precision.

The belated 2021-22 ACFR was awarded a Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association. This award is based on a detailed checklist of what financial data is provided, in what format. It speaks to the comprehensiveness and care in presentation of the ACFR.

What an award like this does not cover—and the Single Audit does—is the robustness of the system that produces the detailed and carefully presented numbers. While the external auditor concluded that the 2022-23 ACFR did present fairly the financial situation of Stanislaus County, it also found two material weaknesses.

One material weakness involves a missing step in preparation of the SEFA document. The county omitted from the SEFA its \$10 million standard revenue-replacement allowance. The money is not missing from the general ledger or otherwise imperiled. Both the county's official response to the auditor's finding and our interviews confirmed that this was a one-time mistake that will not affect the county's ability to obtain American Rescue Plan Act (ARPA) funds.

The second material weakness was a repeat from the prior 2021-22 Single Audit. The auditor found a pattern of errors in how the county accounted for revenue that is 180 or more days late in arriving. This "unearned revenue" is typically funds due from other government agencies, rather than bad debt. Being late does not mean that it will never arrive. Until it arrives, it belongs on the balance sheet as a liability. Accounting for this money as if it had already arrived is an error that makes a fund look like it has more money in the bank than it does.

Errors in unavailable revenue were found in three funds, both in the current year and in the prior year. In both cases, the external auditor attributed the problem to confusion caused by the new ERP system. The Auditor-Controller's office is working with the departments to get their paperwork in order to receive their funds.

Everyone we spoke with assured us that the 2023-24 ACFR and Single Audit would be completed by the March 31, 2025 deadline. We believe that our sources were speaking from their best knowledge at the time and had no intent to mislead us. However, the report was not submitted on time, and we have since been informed that the new target is June 30, 2025.

Of California's 58 counties, 41 submitted their 2023-24 Single Audits to the federal clearinghouse on time. Excluding the six counties that are too small to consistently be required to do the Single Audit, 79% of counties were timely. Stanislaus and Kern counties are the only two among the twenty largest counties to be consistently and significantly late over the past three years.

## **FINDINGS AND RECOMMENDATIONS**

**F1.** The implementation of a new ERP system has created a persistent problem of delays and material weaknesses in financial reporting.

**R1.** The SCCGJ recommends that the County Board of Supervisors instruct the Office of the Auditor-Controller to reorganize the end-of-year accounting processes, as well as provide more training to departments on how to use the ERP accurately, in line with the findings of the external auditor. This process should be completed by October 31, 2025, in time to prepare the reports for the current fiscal year.

**R2.** The SCCGJ recommends that the County Board of Supervisors direct the Office of the Auditor Controller to complete its ACFR and Single Audit by June 30, 2025.

## **REQUIRED RESPONSES WITHIN 90 DAYS**

The following responses are required pursuant to CA PC §§933 and 933.05:

Stanislaus Board of Supervisors; F1, R1, R2.

## **INVITED RESPONSES WITHIN 90 DAYS**

Stanislaus County Auditor-Controller; F1, R1, R2.

Responses are to be submitted to:

**Honorable Sonny Sandhu, Presiding Judge  
Superior Court of California, County of Stanislaus  
P.O. Box 3488  
Modesto, CA 95353**



Reports issued by the Grand Jury do not identify individuals interviewed. Penal Code section 929 requires that reports of the Grand Jury not contain the name of any person or facts leading to the identity of any person who provides information to the Grand Jury.

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**2024-2025  
Stanislaus County  
Civil Grand Jury**

# **Public Safety Facility Tours**

Release Date: June 25, 2025





# Public Safety Facility Tours

## 2024 - 2025 Stanislaus County Civil Grand Jury

Release Date: June 25, 2025

### SUMMARY

The 2024-2025 Stanislaus County Civil Grand Jury (SCCGJ) fulfilled its statutory duty to inquire into the condition and management of local detention facilities, as well as information obtained during tours of other adjunct public safety facilities, subsequent follow-up interviews of staff members, and reviews of program statistics, written policy, and procedures.

### GLOSSARY

*BHRS.* An abbreviation for *Behavioral Health and Recovery Services*.

*CAD.* An abbreviation for *Computer Assisted Dispatch*.

*CA PC §.* An abbreviation for the *California Penal Code section*.

*CGJA.* An abbreviation for *Civil Grand Juror's Association of California*.

*JBCT.* An abbreviation for *Jail Based Competency Treatment*.

*JPA.* An abbreviation for *Joint Powers Authority*.

*PTSD.* An abbreviation for *Post Traumatic Stress Disorder*.

*REACT.* An abbreviation for *Re-Entry Enhanced Alternatives to Custody Training Center*.

*RTCC.* An abbreviation for *Real Time Crime Center*, a division of the Modesto Police Department.

*SCCGJ.* An abbreviation for *Stanislaus County Civil Grand Jury*.

*SR911.* An abbreviation for *Stanislaus Regional 911 Emergency Dispatch Center*.

## BACKGROUND

CA PC §919(b) obligates the civil grand jury to “inquire into the condition and management of the public prisons within the county.” In 2022, the California Attorney General issued an opinion (No. 18-103) stating the term “public prisons” includes “local detention facilities,” and that a county or city jail is a typical example of such a local detention facility.

There are two local detention facilities within Stanislaus County, both of which are operated by the county: the Stanislaus County Sheriff’s Detention Center and the Stanislaus County Juvenile Detention Facility. In addition to touring these facilities, several in-depth follow-up interviews of facility staff members took place as well as a review of written documentation supplied by various departments. The 2024-2025 SCCGJ members also toured other public safety facilities including the Stanislaus County Coroner’s Office, the Modesto Police Department’s Real Time Crime Center, the Stanislaus County Court Holding Facility, and the SR911 Emergency Dispatch Center.

## METHODOLOGY

### Stanislaus County Sheriff’s Detention Center

The 2024-2025 SCCGJ was briefed and trained on the process of conducting jail inspections during the early part of its term in July and August 2024. This included a review of how prior civil grand juries conducted jail inspections and the current guidelines provided in training materials by the California Grand Juror’s Association of California. On September 18, 2024, eleven members of the SCCGJ toured the adult detention facilities located at 200 E. Hackett Road, Modesto, California. The campus of the Stanislaus County Sheriff’s Office and Detention Center consists of multiple, large, one- and two-story buildings set in a spacious rural setting south of Modesto, California. The tour was led by leaders of various units within the facility and lasted for almost 3 hours.

Included in the tour of the 1,754-bed capacity jail was the Classification holding area where intake assessment, medical and mental health screening, body scanning, risk assessment, orientation, and assignment initially take place. The Classification unit includes safety cells for disruptive and/or impaired inmates and holding cells for inmates awaiting classification and placement. The jail’s outpatient hospital unit with a sixteen-bed capacity and staffed by contracted medical professionals was viewed as were the “M” and “B” mental health units staffed by personnel trained in mental health issues. The mental health units also have safety cells available. Behavioral Health and Recovery Services staff members are imbedded within some jail programs as are contracted psychiatrists and

psychologists. The tour also included both the East and West wings where general population and protective custody population inmates are housed in various units. The Jail Based Competency Treatment program (JBCT) is located in the East wing of the jail. The unit has a capacity of eighteen inmates who have been adjudicated to be incompetent to stand trial and whose criminal cases are temporarily suspended pending restoration of their competency to understand the charges against them and to be able to assist in their own defense. This is a co-ed educational program which includes mental health treatment, psychotropic medications when indicated, and training on the aspects of the criminal justice system focused on the inmates' understanding of their charges, the process, and working with their legal advisors related to their case. It is a partnership between the California Department of State Hospitals, Stanislaus County Sheriff's Office, and Stanislaus County contracted medical mental health providers. Formerly, these services were provided at out-of-county State Hospital facilities which had months long waiting lists. The program now operating within the Stanislaus County Adult Detention Facility is currently functioning at 97% of bed capacity and has an 81% restoration of competency to stand trial rate, achieved in an average of 75 days.

The Re-Entry Enhanced Alternatives To Custody Training (REACT) program is housed in a separate building on the detention facility campus adjacent to the jail and has a capacity for up to 288 inmates (average unit population is 212) who must apply to become part of the rehabilitative and educational training program. Acceptance into the REACT unit is based partially upon demonstration of motivation and good behavior which must be maintained in order to remain in the program while incarcerated. Components of the REACT unit include educational programs such as computer skills training, GED test preparation, welding, landscaping, sewing, janitorial skills, livestock care, employment seeking skills, and job readiness. Self-help aspects of the program include cognitive awareness classes, principles and values development, substance abuse treatment, and PTSD coping mechanisms. A special unit for military veterans is available.

In depth follow-up interviews by SCCGJ members were arranged with Detention Facility senior staff members. On November 13, 2024, a two-hour Power Point presentation and interview took place with a ranking officer from the REACT program. On January 23, 2024, three one-hour interviews took place with unit leaders and administrators from various jail units. On January 29, 2024, a one-hour follow-up interview took place with a ranking officer from the JBCT program. In addition to the detailed Power Point presentation on the REACT program various documents provided by detention center staff including statistics, policy and procedure on the classification process, and policy and procedure for the JBCT program were reviewed.

## **Stanislaus County Juvenile Detention Facility**

On October 2, 2024, eight members of the SCCGJ toured the Stanislaus County Probation Department's Juvenile Division facilities located at 2215 Blue Gum Avenue in Modesto, California. The Stanislaus County Juvenile Court, Juvenile Hall, and Juvenile Detention Facility are located adjacent to the West Campus of Modesto Junior College on the rural western edge of Modesto, California. The tour was led by Probation Department administrators and by leaders of various units within the Juvenile Detention Facility and lasted for more than two hours. A round table discussion which included a question-and-answer period took place following the tour and included SCCGJ members and multiple detention facility staff members.

In-depth follow-up interviews by SCCGJ members were arranged with Juvenile Detention Facility senior staff members. On January 23, 2025, two one-hour interviews took place with two senior staff members and a one-hour interview took place with an administrator. Written materials requested and received concerning program statistics, policies, and procedures, were subsequently reviewed. A follow-up interview took place with a department administrator on April 1, 2025.

The Juvenile Detention Facility has spaces designated as Units 1 through 8 with a current capacity of 150 beds and Camps A, B, and C with a current capacity of 60 beds. In recent years, with changes in California state laws and closures at the California Youth Authority the population of the local county facility has dropped and now averages between 60 and 70 youths ranging in age from 13 to 25. The average stay for adjudicated youths is 110 days while the average stay for prejudicated youths is 14 days. Unit 1 is used for booking and release. Unit 3 is used for the co-ed general population shorter stays, first time offenders, and younger juveniles. Unit 5 is utilized for maximum security for youths involved in more serious crimes. Camp A is reserved for Court Committed Sentenced youths with a release date. Camp C is utilized as a secure track for youths anticipating a longer stay. Units 2, 6, and 7 are currently closed. Unit 4 has been converted to a library and game room. Unit 8 has been converted into a vocational culinary area. Camp B is currently closed. In addition to the unit cell areas the facility includes classrooms, day rooms, a library/game room, multipurpose gym areas, visiting rooms, offices, health care area, and kitchen. The grounds include fenced secured outdoor recreation areas and playing fields.

Touring SCCGJ members met with the facility's head cook in the facility kitchen area. Statewide guidelines concerning dietary regulations are followed and menus are planned



on a five-week rotational basis with an emphasis on diversity. Special arrangements are made for dietary needs due to medical conditions and for religious reasons. Youths are served three meals per day, plus daily snacks. Additional snacks and special foods are offered as incentives. Health care is provided to the youths daily by an in-house nurse and weekly or as needed by a visiting physician. Dental care, if needed, is handled at off facility private locations. Mental health and substance abuse treatment services are provided as needed. Youths are allowed two one-hour visits per week on Thursdays and Sundays. Telephone access with a list of up to five pre-approved people is allowed daily. Youths are provided with access to the outdoor recreational areas for at least one hour on school days and at least two hours on non-school days, weather permitting. When weather prohibits outdoor recreation, then recreational time takes place inside in the gym areas.

There is a strong emphasis within the youth detention facility on rehabilitation. A behavior modification point system involving the allocation of 32 points daily to each youth is utilized to assist in managing behavior within the facility. Incentives such as increased privileges are utilized to encourage good behavior. Loss of points for infractions of rules and/or disruptive behavior results in loss of privileges. A Judge's Honor Roll is connected to a points system and consistently good behavior can reduce the length of sentences. The Stanislaus County Office of Education staffs the educational components within the facility and the classrooms are staffed by credentialed teachers. Classes are held five days a week, year-round, with the exception of holidays and a short summer break. Youths have the opportunity to earn school credits toward graduation. In addition to traditional academic subject areas vocational training is also available for truck driving, computers, electronics, and culinary skills.

### **Stanislaus County Court Holding Facility**

On December 11, 2024, four members of the SCCGJ toured the Stanislaus County Court Holding Facility operated by the Stanislaus County Sheriff's Department within the former downtown Stanislaus County Jail building in Modesto at Twelfth and H streets. The former county jail building was constructed in the early 1950s and no longer houses inmates since the expansion of the current detention facility on Hackett Road. Currently, inmates incarcerated at the Stanislaus County Public Safety Center on Hackett Road who have scheduled in-person Court appearances are transported by armored specialty vehicles or secure Sheriff Department vans to and from the downtown Modesto Courthouse.

The inmates upon arrival at the Court Holding Facility in the fenced sallyport are under guard in secured vehicles then escorted by deputies inside to holding cells on the first floor and in the basement. The old jail building is connected to the existing Stanislaus County Courthouse by an underground tunnel. Inmates are shuttled back and forth by deputies from the holding cell area through the tunnel to the courtrooms and back again. Sack lunches are provided to the inmates at lunch time. Fortunately, the new Stanislaus County Courthouse is scheduled for opening in mid-2026 and the current outdated building will be closed.

### **Stanislaus County Sheriff's Office Coroner's Facility**

On January 15, 2025, seven members of the SCCGJ toured the Coroner's Facility located at 921 Oakdale Road in Modesto, California. The facility is a complex of offices, multiple autopsy areas (some with observation decks for law enforcement and legal personnel), a special area for donor networks to retrieve and/or harvest donated organs and tissue, a forensic laboratory, and two rooms for grieving families. Large onsite refrigerated storage areas are used to store up to approximately 70 bodies and there are back-up capabilities for a mass casualty incident. The facility is equipped with emergency back-up electric generators and utilizes an advanced air filtration system. The facility is staffed by two forensic pathologists, autopsy technicians, detectives, investigators, administrators, and clerical staff.

The Stanislaus Coroner's office contracts to provide some services for Tuolumne, Amador, and Mariposa counties. There were 3,426 deaths reported to the Coroner's office in 2024. In addition to reviewing medical records related to deaths, chart reviews, and providing toxicology reports, 492 full autopsies were performed at the facility in 2024. The current annual budget for the operation of the facility is approximately \$3 million.

### **Modesto Police Department's Real Time Crime Center**

On February 5, 2025, seven members of the SCCGJ toured the Modesto Police Department's Real Time Crime Center (RTCC) housed on the second floor of the former MPD headquarters located on Eleventh Street in downtown Modesto. The tour was led by a Police Department Civilian Manager and lasted approximately one hour and fifteen minutes. A brief presentation was made about the purpose, operations, functioning, and staffing of the center. The center is housed in a large dimly lit room resembling a mission

control center with walls of computer monitors and big screen televisions displaying multiple live camera images broadcast from hundreds of cameras mounted throughout the City of Modesto, street maps, and computer-generated tracking images of law enforcement vehicle whereabouts, all in real time, constant motion, and ever changing. Staff members monitoring the live feeds sit in rows of consoles with computer keyboards and wear headsets with earphones and microphones allowing them communications with officers in the field. The system is able to connect with officers' body cameras as well. The camera images are able to track both pedestrian and vehicle movements and include license plate reader capability. In many cases, technology has helped in locating stolen vehicles and finding missing persons. SCCGJ observers were able to watch and listen to the monitoring and dispatch processes live. Many questions by the SCCGJ members were fielded by various staff members.

RTCC leverages technology to assist police units from all divisions within the Modesto Police Department to perform virtual-directed patrol during initial stages of response and during preliminary investigation calls for service or significant events. In addition to virtually responding to in-progress calls for service using available surveillance camera platforms. RTCC also conducts proactive observation of crime hot spots, engages in criminal intelligence research, and communicates vital intelligence information to field units and/or specialized units. This function enables law enforcement field supervisors to direct deployment and resource management during priority or critical events.

### **Stanislaus Regional 911 Emergency Dispatch Center**

On January 22, 2025, six members of the SCCGJ toured the Stanislaus Regional 911 Emergency Dispatch Center (SR911) located at 3705 Oakdale Road in Modesto, California. The dispatch center is a single story, ground level, suite of individual offices and a conference room connected to a large office space resembling a mission control room with several rows of computer console workstations with multiple large video monitors at stations and around the perimeter of the room. Multiple call takers and dispatchers staff the workstations at the computer consoles wearing communication headsets and operating computer keyboards. There is constant motion, movement, sound, and visual stimulation in the room as personnel perform their job tasks. The center shares the building with the Office of Emergency Services and the County Fire Warden.

SR911 staff differentiate and prioritize emergency and non-emergency calls and dispatch needed services from the appropriate agencies. Dispatch functions can be hindered by an obsolete CAD system which is in the process of being replaced and is anticipated to be up

and running in September 2025. The center answers on average 90 to 100 calls per hour, took 49,000 calls in December 2024, and approximately 600,000 calls last year.

The Center is a JPA involving Stanislaus County and the City of Modesto. The current governing board consists of two members of the Board of Supervisors, the Mayor of Modesto and a Modesto City Council member. The center takes calls for 22 various law enforcement and fire agencies, and the probation department. The annual budget is \$11.2 million. The 58 employees of the center are technically County employees.

## **CONCLUSIONS**

The 2024-2025 SCCGJ's legal obligation to inquire into the condition and management of each local detention facility within the county was satisfied by touring the Stanislaus County Sheriff's Adult Detention Facility and the Probation Department's Juvenile Detention Facility. Other adjunct public safety related facilities were also toured. Additionally, in depth follow-up interviews took place with multiple agency personnel and written materials requested and received concerning statistics, budgets, policy, and procedures were reviewed.

## **COMMENDATIONS**

Sincere thanks are given to the Offices of the Stanislaus County Sheriff, the Modesto Police Department, SR911, and the Probation Department for providing ready access to their facilities and personnel. All staff member encounters were experienced as being personable, knowledgeable, dedicated, informative, professional, and of high quality.

Special acknowledgement is made of the rehabilitative efforts being achieved at the REACT program at the Sheriff's Office Adult Detention Facility as demonstrated by the significantly lower recidivism rate of inmates who complete that program as compared to inmates who have not participated in that program.

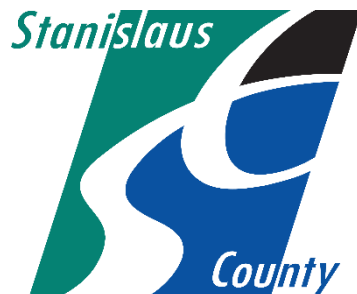
Additionally, the innovative and effective restoration efforts being provided locally by the JBCT program within the Sheriff's Office Adult Detention Facility is a vast improvement over historically difficult to access services in the State Hospital system.

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**2024-2025  
Stanislaus County  
Civil Grand Jury**

**First, Do No Harm:  
Preventing Disaster from  
Stanislaus 2030's  
\$5 Million Small Business  
Loan Program**

**Case #25-01GJ  
Release Date: June 25, 2025**





# First, Do No Harm: Preventing Disaster from Stanislaus 2030's \$5 Million Small Business Loan Program

Case Number #25-01GJ

Release Date: June 25, 2025

## SUMMARY

The Stanislaus 2030 Investment Blueprint offers an appealing vision of a prosperous future for Stanislaus County. However, individual elements invite closer scrutiny for how they will be implemented. One of these elements is the \$5 million small-business loan fund, which as described has an unacceptably high projected 80% loan loss ratio and promises weak lending standards.

Our investigation determined that plans for this loan fund would benefit from more aggressive and comprehensive review and oversight during the planning phase. The Stanislaus County Civil Grand Jury (SCCGJ) therefore recommends greater involvement from local Community Development Financial Institutions, as well as a meaningful update on the entire Stanislaus 2030 initiative.

## GLOSSARY

The terms below are defined specifically in the context of business lending.

**charge off.** The act of removing a loan from the balance sheet because it is unlikely to ever be repaid. The **loan loss reserve**, defined below, is intended to cover charge-offs.

**CDFI.** An abbreviation for *Community Development Financial Institution*. A bank, credit union, or venture capital fund that has a mission of helping underserved communities and that is certified by the U.S. Department of Treasury's Community Development Financial Institutions Fund.

**CDLF.** An abbreviation for *Community Development Loan Fund*. A pool of money available to loan to local small businesses that would not qualify for conventional bank loans. These

loans typically also have low interest rates. They are offered by CDFIs and may be funded from the Department of Treasury's CDLF.

***grant.*** A sum of money given to the business without any expectation of repayment.

***loan.*** A sum of money given to the business with the expectation of repayment on specific terms, which include payment dates and interest.

***loan loss reserve.*** A fund set aside by a lender to cover the risk of defaulted loans. The size of this fund, in relation to the loans, is based on analysis of the loan portfolio.

## **BACKGROUND**

"Our best hope for a booming economy rests with bold Stanislaus 2030 initiative," touted a *Modesto Bee* headline in December 2021. The Stanislaus 2030 visioning process, spearheaded by the Stanislaus Community Foundation (SCF), gathered community leaders to work with the Brookings Institute of Washington, D.C., on identifying problems and potential solutions for Stanislaus County's economy.

In 2021 and 2022, an executive committee of more than 30 elected officials, business leaders, and representatives of various communities held a series of meetings to gain input and to hear the Brookings Institute's insights. More than 200 community members were invited to additional discussions. Four workgroups focused on specific issues of small business and entrepreneurialism, talent development, barriers to jobs and training, and bioproduction from agricultural waste. The Brookings Institute's contracting arm, Cities GPS, was paid \$300,000 for its work, of which \$200,000 was funded by Stanislaus County.

The outcome of this process was the Stanislaus 2030 Investment Blueprint. The Investment brochure summarizes the economic challenges facing Stanislaus County and outlines a high-level, conceptual approach to solutions.

The challenges stem from Stanislaus County's job growth being largely in low-paying jobs in industries that primarily serve the local population. According to the report, 74% of job growth since 2011 has come from local-serving industries. More than half of families struggle economically. Only one-third of the county's jobs pay enough to offer hope of upward mobility.

Solutions proposed by the Investment Blueprint fall into five categories:

- Entrepreneurship and small business dynamism: \$8.05 million



- Talent development: \$4.5 million
- Address non-skill barriers to jobs and training: \$2.1 million
- Bioindustrial manufacturing: \$57.6 million
- Governance and capacity building: \$3.5 million

The budget numbers above represent money that needs to be raised, not money that is already available. In May 2023, Stanislaus County committed \$18 million in American Rescue Plan Act (ARPA) funds to Stanislaus 2030 implementation.

After the Investment Blueprint was completed, the original Stanislaus 2030 visioning project was disbanded. BEAM Circular, a private-public partnership, was created to coordinate the bioindustrial manufacturing effort. This effort is in its early stages of developing “incubators” for innovative small businesses.

Finding funding and leadership for the remaining initiatives is coordinated by a repurposed Stanislaus 2030 public-private partnership. While this organization has the same name and URL as the visioning process, it is a distinct organization with its own executive director and independent advisory board. Its executive director told the *Modesto Bee* in June 2023, “Collective action of this magnitude requires a neutral convener to provide leadership, hold partners accountable to the shared vision, and align resources around strategies that demonstrate results.”

Its quarterly reports show that the Stanislaus 2030 public-private partnership has been making substantial progress at finding funding and at recruiting partners to implement various initiatives. One important launch in 2024 was a 12-week app-based program for educating and licensing childcare providers. This program, spearheaded by First 5 Stanislaus in collaboration with the Nurture app, also provides a \$2,500 grant to successfully licensed graduates, using ARPA funds.

Stanislaus 2030 also hired Chicago-based business development consultants Next Street to develop a more detailed roadmap for jobs and entrepreneurship initiatives. Next Street was paid \$250,000 for concept development that now appears on Stanislaus 2030's site as the Small Business Implementation Plan. This plan includes the Small Business Vision: “By 2030, any person who wants to start, sustain, or scale a business in Stanislaus County will have the support they need to be successful.”

This roadmap contains a number of activities. Most of these activities involve more processes for getting input from the community. However, two are concrete tasks with tangible outcomes. These are:

- Design and launch **loan fund** structure and products
- Design and build a one-stop shopping platform with relevant stakeholders

The loan fund is a \$5 million element of the \$8.05 million Entrepreneurship & Small Business Dynamism initiative. It is intended to give business development loans of up to \$50,000 to small businesses. On the surface, this sounds similar to the Small Business Administration (SBA) microloan program, which provides loans up to \$50,000 via approved community lenders. The key difference from the SBA program is that the Investment Blueprint specifies, on page 19, \$4 million “for loss reserves.”

This 80% loan loss provision is strikingly out of step with responsible banking practices. The SBA's direct microloan program has had a loan loss ratio of less than 1% for the past decade. Data from the Federal Reserve Bank of St. Louis shows that the charge-off rate for the riskiest category of loans, credit cards, peaked in the 2009 recession at about 10.5%. The charge-off rates for business loans peaked just above 2.5%.

Obtaining a pool of money for this loan fund will be difficult if the funder should expect to lose 80% of their investment. Lending without adequate guard rails can also damage the businesses who borrow. Defaulting on a loan damages the borrower's credit. Struggles to keep up with payments can lead to a spiral of bad decisions, possibly ending in bankruptcy. While a Commerce Institute report, using U.S. Office of Labor Statistics data, shows that about half of small businesses fail within their first five years, surely the goal of Stanislaus 2030 is to do *better*, not worse.

## **METHODOLOGY**

The SCCGJ's official introduction to Stanislaus 2030 was in September 2024, when the Stanislaus County CEO gave a presentation to the full panel about the Investment Blueprint. That presentation focused on ambitions of becoming a hub for bioindustrial manufacturing, converting agricultural waste products to plastics, energy, and other useful products.

As we asked questions and did basic news research, we determined that many elements of the Investment Blueprint framework were in very early stages of planning or seeking funding. While citizens should reasonably have questions about implementation, these early-stage elements are not yet ripe for inquiry.

The loan program, however, was both near its moment of pollination and a critical piece of the plan. While \$5 million seems small in relation to the \$57.6 million estimate for bioindustrial manufacturing, it is a substantial financial sum. A successful \$5 million loan fund, if properly structured, could become the seed of a larger fund that is able to serve more entrepreneurs.

We therefore interviewed people in leadership positions in the Small Business and Entrepreneurship workgroup of the original Stanislaus 2030 visioning project, Stanislaus Community Foundation, the Stanislaus 2030 public-private partnership, Stanislaus County Government, and Valley First Credit Union. We also spoke with staff from Next Street.

## DISCUSSION

Interviews showed three consistent patterns:

- No one interviewed could provide any information about the progress regarding the design of the \$5 million loan program, other than that it does not exist yet.
- Every interviewee with any banking or finance knowledge believed the “\$4 million loan loss” language was inappropriate.
- No one interviewed could account for why the \$4 million loan loss language was in the Investment Blueprint brochure or why they themselves had overlooked how it implied an 80% loan loss ratio.
- No one interviewed could state who wrote or reviewed the language in the Investment Blueprint brochure.

Interviewees’ efforts to explain the “\$4 million for loss reserves” language were consistent. They believed that the hypothetical \$5 million program would involve \$1 million for grants and \$4 million for loans. This plan is, on the face of it, reasonable. However, this is not a situation that is accurately described as a \$4 million loss reserve; rather it is a \$4 million community development loan fund.

Misusing banking jargon creates a misleading impression and chips away at the credibility of the Stanislaus 2030 endeavor. As the *Modesto Bee* recognized in its December 2021 editorial, long-time residents remember how past similar initiatives—Stanislaus Countywide Visioning, Forward Modesto, and an earlier, different blueprint project—petered out. The public has a reasonable expectation that participants in Stanislaus 2030 will bring their A-game to creating and promoting the project.

In this context, the stated goal, on page 13 of the Investment Blueprint of “using an easy application process, where loans can be funded quickly” raises questions about what guidelines will be used to qualify for a loan. Putting too much emphasis on speed and ease opens the door to fraud and poor planning.

While Next Street has won a contract for workforce development initiatives and creating a one-stop shopping hub for business permitting, they deny any ongoing connection to the loan program.

Valley First Credit Union, the financial institution frequently mentioned as most likely to administer any loan fund, is a certified community development financial institution (CDFI) which currently operates two community loan pools, one for the City of Modesto and one for the City of Stockton. These pools are funded by outside sources separate from the credit union's capital, and the credit union has no skin in the game. The City of Modesto fund, which is most similar to the fund described in the glossy Investment Blueprint, consists of \$500,000 for beautification projects and \$500,000 for scalable growth. Valley First has existing templates for setting up this type of program and looks forward to being approached to create one for Stanislaus 2030.

## **FINDINGS & RECOMMENDATIONS**

- F1.** The Stanislaus 2030 loan program and Blueprint are confusing and misunderstood, even by people who were involved with it.
  - R1.** The Stanislaus County Board of Supervisors and the Stanislaus 2030 public-private partnership should issue a comprehensive update that distinguishes the various participants, identifies which initiatives are being pursued, and shows progress on those initiatives. This update need not be as big-budget as the Investment Blueprint. It should be comprehensively discussed with the officials and community leaders who promote Stanislaus 2030 by November 30, 2025.
  
- F2.** The loan program described in the Investment Blueprint as currently presented represents opportunities for better loan management, as it emphasizes "easy process" to the point of accepting a loan loss ratio that is dramatically higher than expected or historical banking benchmarks.
  - R2.** This model of high losses for the sake of easy process should be revised in a manner consistent with accepted banking benchmarks typically seen in similar programs by November 30, 2025.

- F3.** The SCCGJ has identified Valley First Credit Union, a CDFI whose name is invoked regularly in discussion of the loan fund, as a local lending organization with the necessary expertise and experience to design a responsibly managed community development loan fund.
- R3.** Next Street does not appear to be the right entity to advise on running the small business loan fund. Rather the Board of Supervisors and Stan 2030 should spearhead discussions with **local** lenders about how to design a responsibly managed community development loan fund with a loan loss ration more in line with the US Small Business Administration by November 30, 2025.

## **REQUIRED RESPONSES WITHIN 90 DAYS**

The following responses are required pursuant to Penal Code sections 933 and 933.05:

From the following governing bodies:

- Stanislaus County Board of Supervisors: R1, R2, R3.

## **INVITED RESPONSES WITHIN 90 DAYS**

Responses are invited from:

- Executive Director of Stanislaus 2030: R1, R2, R3.
- Chief Executive Officer of Stanislaus County: R1, R2, R3.
- President of Valley First Credit Union: R2, R3.

Responses are to be submitted to:

**Honorable Sonny Sandhu, Presiding Judge  
Superior Court of California, County of Stanislaus  
P.O. Box 3488  
Modesto, CA 95353**

Reports issued by the Grand Jury do not identify individuals interviewed. Penal Code section 929 requires that reports of the Grand Jury not contain the name of any person or facts leading to the identity of any person who provides information to the Grand Jury.

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**2024-2025  
Stanislaus County  
Civil Grand Jury**

**Computer Assisted  
Emergency Dispatch in  
Stanislaus County:  
Fraught with Divisive  
Controversy Resulting in  
Public Safety Vulnerability**

*It is not what you want; it is how you go about getting it.*

**Case #25-23GJ**

**Release Date: June 25, 2025**





# **Computer Assisted Emergency Dispatch in Stanislaus County:**

## **Fraught with Divisive Controversy**

## **Resulting in Public Safety Vulnerability**

***It is not what you want; it is how you go about getting it.***

**Case Number #25-23GJ**

Release Date: June 25, 2025

### **SUMMARY**

The years-long contentious conflict concerning the replacement and implementation of an obsolete Computer Assisted Dispatch (CAD) system in Stanislaus County has consumed an inordinate amount of costly staff time and government resources. Factions with strongly held polarized positions have developed with the Sheriff's Office being the outlier among the multiple stakeholders. The ongoing conflict has been centered around the choice of product and provider, implementation details, as well as decision making power and control. The situation has deteriorated to the point of threatened lawsuits involving what are normally aligned, cooperative governmental departments. Due to the ongoing conflicts, decision making related to solutions going forward were postponed and delayed. This resulted in the currently outdated and unsupported system continuing to be utilized pending replacement which has resulted in vulnerabilities within the community related to emergency response. Recent directives issued by County leadership have moved forward the purchase and implementation of an updated CAD system while the Sheriff's Office insists on continuing its pursuit of an alternative dispatch system which combines a records management and jail management plan.

## GLOSSARY

**Call Takers.** Entry level emergency personnel who receive 911 calls and non-emergency calls but do not work radios or dispatch.

**CEDAC.** An abbreviation for *Consolidated Emergency Dispatch Agency Commission*.

**Central Square.** A widely used Computer Assisted Dispatch software company.

**CEO.** An abbreviation for *Chief Executive Officer*.

**CLETS.** An abbreviation for *California Law Enforcement Telecommunications System*.

**Dispatchers.** Emergency personnel who receive 911 calls, non-emergency calls, operate radio systems and dispatch first responders.

**JPA.** An abbreviation for *Joint Exercise of Powers Agreement*.

**OES.** An abbreviation for *Office of Emergency Services and Fire Warden*.

**PSAP.** An abbreviation for *Public Safety Answering Point*.

**RFP.** An abbreviation for *Request for Proposal*.

**SCCGJ.** An abbreviation for *Stanislaus County Civil Grand Jury*.

**SR911.** An abbreviation for *Stanislaus Regional 911 Emergency Dispatch*.

**Stakeholders.** In this report, the stakeholders are community first responders in law enforcement, fire protection, and emergency medical agencies.

## BACKGROUND

The City of Modesto and Stanislaus County have jointly contracted for emergency dispatch services since 1978. A Joint Exercise of Powers Agreement (JPA) between the City and County was formed in 1999 dedicated to ensuring optimum essential emergency services support throughout the County. Multiple amendments to the JPA agreement have been made over the years. The governing body for the JPA is the Consolidated Emergency Dispatch Agency Commission (CEDAC) currently consisting of two representatives of the Stanislaus County Board of Supervisors and two representatives from the Modesto City Council. Liaisons and advisory groups to the JPA consist of multiple stakeholders in the law

enforcement, fire protection, and emergency medical response communities. Stanislaus Regional 911 (SR911) operates a multi-disciplinary dispatch center currently serving twenty-two law enforcement, fire, and medical first responder agencies in the County. Currently, SR911 answers an average of 1,500 calls per day with 75% resulting in a dispatch. SR911 has operated with varying degrees of success over the years including a history of high turnover of staff and management resulting in high job vacancy rates. During the last three years a positive turnaround at SR911 has been observed with improved staff retention, improved staff morale, and low job vacancy rates. County leadership has remained supportive of SR911 over the years and maintains support for emergency dispatch services in a centralized, consolidated model.

SR911 currently operates using a Computer Assisted Dispatch (CAD) system originally purchased in 2008 and fully implemented in 2010. The original developers of the system sold their product to another company and over the years the product has been sold several times. This has resulted in problems with obtaining support to keep the system updated and fully functional. The existing system is at least two versions behind the current version now available and technical support for the old system was scheduled to end in 2021. Patch work maintenance, updates, and repairs have been able to keep the system marginally operational. Recently addressed glitches included a breach of regulations governing California Law Enforcement Telecommunications System (CLETS) information related to Fire personnel having access to unauthorized law enforcement data. Demand for a CAD system replacement has been evident among the multiple stakeholders for several years.

Members of the 2024/2025 SCCGJ were initially made aware of the problems surrounding the future of emergency dispatch in Stanislaus County through articles in The Modesto Bee in December 2024. Members of the Criminal Justice Committee of the 2024/2025 SCCGJ attended Stanislaus County Board of Supervisors' meetings as observers in January, February and March of 2025. Six members of the 2024/2025 SCCGJ toured the SR911 facility on January 22, 2025, observed Call Takers and Dispatchers in action, and then met with staff members in a round table discussion format concerning the operations of the center. On January 23, 2025, the day following the tour of the facility, the SCCGJ office received a telephone call from the SR911 Director inquiring about any connection between the prior day's tour by the SCCGJ at the SR911 facility and her being summoned to the Sheriff's office the following morning. A Teams Meeting video call was scheduled for the next day on January 24, 2025, which included the SR911 Director and members of the 2024/2025 SCCGJ during which the members of the Criminal Justice Committee assured the SR911 Director that there was no connection between the SCCGJ's tour and the Sheriff's

office contacting her. The SR911 Director advised that a Sheriff's detective was present at the SR911 facility asking questions.

The SCCGJ subsequently voted to commence an investigation.

## **METHODOLOGY**

SCCGJ in-person interviews were scheduled and conducted during the months of February, March, April and May 2025. These interviews, conducted by members of the Criminal Justice Committee, totaled 20.5 hours and included four members of the Board of Supervisors, County administrative staff, Sheriff's Office staff members including members of leadership and a detective assigned to the SR911 investigation, a retired employee of the Sheriff's Office, leadership from the Modesto Police Department, leadership from SR911, and leadership from the OES. Sacramento County officials including the Inspector General and members of the Sheriff's Oversight Board were consulted.

Multiple documents were requested, received, and reviewed by members of the Criminal Justice Committee of the SCCGJ including:

- Board of Supervisors Agenda Items
- Correspondence between the County CEO's office and the Sheriff's office
- Correspondence between the Chairperson of the Board of Supervisors and the Sheriff's office
- Correspondence between the City of Ceres and the Sheriff's Office
- The September 1999 JPA agreement for Emergency Dispatch Services and six amendments through December 10, 2024, between the County and City of Modesto
- An SR911 User Agencies list
- A Power Point slide presentation by the CEO's office concerning the CAD controversy
- Requested correspondence from the Sheriff's Office concerning suggestions for an RFP process and recommendations concerning governance and structure of the JPA going forward
- A copy of the search warrant utilized by the Sheriff's Office in their investigation of SR911 dated 1/24/2025
- Written policies on search and seizure, investigations, computer and digital evidence, and applicable law provided by the Sheriff's Office

- An informational report by the Sheriff's Office concerning their investigation of SR911 for violations related to CLETS data dated 4/23/2025
- Correspondence from the Sheriff's Office concerning reinstatement of the SR911 CAD Engineer's access to the computer system dated 4/21/2025
- A summary of the Sheriff's Office interactions with SR911 prepared by SR911 staff

Various news articles from The Modesto Bee related to the CAD controversy were reviewed. Internet research focusing on the history of Oracle's track record in development and delivery of services was conducted and several articles were reviewed. An internet search focusing on CAD systems and in particular the history of the Central Square product was conducted, and several articles were reviewed.

An internet search was conducted concerning the history, development, and implementation of AB 1185 and then codified in 2021 as Government Code 25303.7 related to Civilian Oversight Boards for County Sheriffs was reviewed. Follow-up research on Civilian Oversight Boards for Sheriffs was conducted including contacts with counties in California utilizing these boards and written materials from the Sacramento County Sheriff's Community Review Commission and Inspector General's Office.

## **DISCUSSION**

The resolution for the future of emergency dispatch in Stanislaus County is a dynamic process currently in a state of flux with the details of deployment and implementation taking place in real time on a weekly, if not daily basis. The reader should keep in mind that elements of this process are constantly changing and details in this investigation report are provided as of the writing of this report in May 2025. The status of the situation detailed in this report by the time of the publishing and distribution of this report may no longer be current.

### **Elements of the Controversy**

The current controversy involving the replacement of the CAD system was triggered in October 2021 when the City of Modesto indicated their desire to pull out of SR911 to develop alternative emergency dispatch services, effectively giving two years' notice. Shortly thereafter, the Sheriff's Office had a chance meeting with a representative of the software company Oracle. Oracle indicated that they were interested in developing a suite of public safety systems software and were seeking design partners. A new Director was hired at SR911 in September 2022. The Director received notice one week later that the

existing CAD system was at the end of its life. The Director commenced research on replacement CAD systems while working to turn around the work culture and personnel difficulties at SR911. Eventually, with the obvious improvements at SR911 taking shape, the City of Modesto backed away from their intent to exit SR911. A positive, supportive, complimentary working relationship between SR911, the Sheriff's Office, Modesto Police Department, and the Office of Emergency Services (OES) developed.

As the various stakeholders separately pursued alternatives for future CAD products, a division between the stakeholders became apparent with all but the Sheriff's Office aligned with the purchase of the new CAD from Central Square. In June 2024, CEDAC approved purchasing the Central Square Computer Assisted Dispatch system. The Sheriff's Office gave written notice to the Board of Supervisors in August 2024 with the expectation that the department would no longer be part of the SR911 JPA for dispatch services citing the department's partnership with Oracle to develop a new Public Safety Suite including a Records Management System and a Jail Management System. Subsequent information indicated that the Sheriff's Office was working with the City of Ceres on a plan to collaboratively provide dispatch services.

At the Stanislaus Board of Supervisors' meeting on December 10, 2024, the Sheriff requested funds to obtain independent legal counsel to represent his department's interests related to dispatch and records management services asserting that County Counsel's Office had a potential conflict of interest. The Sheriff's request in this regard was denied by the Board of Supervisors and instead the Sheriff was requested and subsequently agreed to return to the January 28, 2025 Board of Supervisors' meeting to present a comprehensive plan including total costs, expected funding sources, service implementation, and a transition plan. Meanwhile, as a result of preparation for the utilization of an alternative dispatch system and/or a whistle blower's claim, the Sheriff's Office opened an investigation and served a search warrant on the SR911 center alleging that confidential CLETS data intended for law enforcement only was accessible to fire personnel in violation of the law. At the direction of the Sheriff's Office investigation team, the sole SR911 CAD engineer's access to the CAD system operation was restricted pending the investigation.

At the January 28, 2025 Board of Supervisors' meeting the Sheriff and his staff, plus a representative from Oracle, presented a Power Point slide presentation and fielded questions. Despite a written request, the Sheriff's Office declined to provide information contained in their presentation in advance. Thus it was presented without prior review by Board Members, stakeholders, staff, or the public. This is inconsistent with normal processes of information being available in advance of meetings. Representatives from the City of Ceres also were in attendance and attempted to answer questions. The presentation



was later criticized by County staff as not fully addressing the required elements of a comprehensive plan and containing incomplete and inaccurate information. The Board of Supervisors authorized the Sheriff's Office to negotiate a police dispatch services agreement with the City of Ceres and requested that the Sheriff's Office and City of Ceres return to the Board of Supervisors with that detailed proposal and any final proposals for an alternative dispatch system at the February 25, 2025 scheduled meeting.

At the February 4, 2025 Board of Supervisor's meeting, SR911 staff presented an update on dispatch call processing and the ongoing project to upgrade the CAD system. Responsive comments made by the Sheriff's Office and its supporters were critical of the current services provided by SR911, SR911 leadership, and the Central Square CAD system. Other comments made by SR911 staff and multiple stakeholders were positive and supportive of SR911 functioning and planning. While the CAD system conversion process languished, a discount available for the expense of purchasing the licensing for the various potential users of the Central Square CAD system expired on February 19, 2025, resulting in increased costs to the County.

Multiple meetings between the Sheriff's Office and City of Ceres took place during the month of February related to developing the details of a partnership for providing an alternative dispatch entity. On February 20, 2025, four members of the Board of Supervisors participated in debriefing sessions with the Sheriff's Office and City of Ceres concerning the developing details of their plan. However, on February 21, 2025, a memo from the City of Ceres to the Sheriff's Office stated that the budget numbers were inaccurate and providing them to the Board of Supervisors would be knowingly giving false information. As a result, the potential working relationship between the City of Ceres and the Sheriff's Office completely broke down. The agenda item for the February 25, 2025 Board of Supervisors' meeting concerning the Sheriff's Office and City of Ceres alternative dispatch plan was pulled from the Board of Supervisors' agenda.

In early March 2025, several meetings took place which included members of the Board of Supervisors, County and City of Modesto staff, and the Sheriff's Office seeking a "compromise" solution to the dispute concerning the future of dispatch in the county. At the Board of Supervisors' meeting on March 11, 2025, the Board approved the continuance of SR911's implementation of the latest version of the Central Square CAD, including purchasing of needed licensing for various departments including the Sheriff's Office. The Board also approved the Sheriff's Office continuing to develop a system with Oracle provided that dispatch functions take place under one roof with SR911 and dependent upon the feasibility of a CAD to CAD bridge being developed allowing the separate systems to work together. The Board issued a detailed letter to the Sheriff's Office listing the requirements for the Sheriff's Office to bring back any alternative dispatch proposal

including the input of subject matter experts, all stakeholders, accurate fiscal analysis, as well as input by County Counsel and the County Purchasing Agent.

Although the “compromise” was initially seen as a positive move forward, much skepticism has been expressed concerning the viability of the stated startup date of September 15, 2025. Contention continues within several of the key working relationships. The details of the structure of the combined dispatch center, leadership, and control remain volatile issues. Many serious doubts have been expressed about the development, timeline, and viability of a CAD to CAD connection bridge between a Central Square System and an Oracle system still under development. Estimates for developing a functional bridge for a CAD to CAD connection range from three months to more than one year. It is widely anticipated that there will be many glitches in implementing the two systems working in tandem.

On April 21, 2025, the Sheriff’s Office sent a letter to the SR911 Director detailing requirements for the reinstatement of CLETS access for the SR911 CAD Engineer previously suspended from the system pending the investigation. The CAD Engineer was required to complete CLETS training and certification and fulfill background requirements before obtaining access to the system. The CAD Engineer, the primary person at SR911 with the capabilities of keeping the obsolete system functional and implementing the new authorized CAD system, was suspended by the Sheriff’s Office as a result of their investigation and therefore incapable of performing job duties beginning on January 24, 2025 and continuing for more than 3 months.

On April 28, 2025, the Sheriff’s Office released an information report related to their SR911 investigation of improper access to CLETS data. The investigation found that computer software glitches existing since as early as 2012 resulted in the ability of fire personnel accessing confidential law enforcement data. Several patch work software repairs on the antiquated system were initiated with the software company Emerus by the SR911 Director the day following notification by the Sheriff’s Office of the problem. It took approximately one month to fully implement the several fixes needed without the assistance of the CAD Engineer who was not allowed access to work on the system. The report summarizes that at this time no criminal violations have been found under California Penal Code Section 502. Further, the information report recommends that the case remain open to continue to look for potential criminal information contained in the SR911 servers copied and taken during the execution of the search warrant.

## **Division, Factions, and Interpersonal Dysfunction**

Information obtained during approximately 20 hours of interviews and review of documentation described above reveals within the community deep divisions of alignments, positions, opinions, and perceptions. The current atmosphere surrounding the multiple stakeholders, officials, members of the community, and observers is one which includes mistrust, accusations, isolated refusals to work cooperatively, collusion, hurt feelings, frustration, anger, and resentment. Several individuals revealed having felt threatened and intimidated due to retaliation, aggression, personal disregard and disrespect.

The division largely falls into two factions. In general, representatives of the County of Stanislaus, City of Modesto, SR911, the Probation Department, Fire Department First Responders, and Medical First Responders are aligned and are on board with embracing a model wherein dispatch in Stanislaus County remains centralized and are more than ready to implement an updated CAD system utilizing a product produced by Central Square which is widely used throughout California and many other states. The other faction is the Stanislaus County Sheriff's Office, backed by a uniformly loyal staff, who are critical of the Central Square product and insistent upon partnering in the development of a product still under development as a Public Safety Suite by Oracle. Critics have concerns that the Oracle product is untested, unproven, and not ready for deployment, having only been utilized in four or five venues, all significantly smaller and less complicated than the needs present in Stanislaus County. The Sheriff's Office points to significant financial savings advantages by partnering in the development of the Oracle system and that it is an integrated system which includes records management and jail management capabilities. Despite multiple requests by County officials, the Sheriff's Office has yet to provide comprehensive, vetted financial details for utilizing the Oracle system. The Sheriff's Office envisions a revised decentralized dispatch system tailored to independent agency needs and describes Central Square as an outdated, "one size fits all" product, and a waste of money. The most commonly used adjectives by both factions when talking about the implementation of the Oracle product in Stanislaus County is that we are their "Guinea Pig."

The due diligence process of researching and testing possible CAD system replacements was conducted in a fragmented fashion. While there was some overlap in efforts by the Modesto Police Department, SR911, and OES to learn about, research, test, and check references of available products, it was not conducted in a highly coordinated manner. SR911 looked into six different products during an eighteen-month period. The Sheriff's Office did their own version of due diligence mostly focused upon planning and development with Oracle. While there were invitations made to preliminary

demonstrations held at SR911, it was not until later in the process that representatives from the Sheriff's Office attended some of the presentations. Fairly early on in the process, the Sheriff's Office communicated their interest in only focusing upon the development of a product with Oracle.

The several years long process to remedy the dispatch issues in Stanislaus County has been hampered by significant interpersonal difficulties among key members of stakeholder leadership.

There is wide consensus among stakeholders that the current leadership at SR911 has, since 2022, dramatically turned around a problematic work environment previously described as "a snake pit." This is demonstrated by a job vacancy rate once at 47% now reduced to 7%. Given that Dispatchers take between 12 to 18 months of training and experience to be fully functional, there is a large financial investment made in each employee retention, not to mention their skill set. Multiple observers' comments include that the morale among staff is more positive than ever. Staff members indicate feeling supported and have been given skills and support in dealing with the highly stressful job responsibilities related to answering an average of 1,500 calls each day, most of which are emergencies.

The Director at SR911, with almost 20 years' experience in the field, is involved professionally at both the state and national levels in leadership positions in professional dispatch organizations. There is wide agreement among public safety stakeholders law enforcement, fire prevention and medical first responders in Stanislaus County, except by members of the Sheriff's Office, that the SR911 Director is a subject matter expert in dispatch. The Sheriff's Office and some allies have made derogatory comments about the Director and SR911 including that "dispatch is not rocket science," "dispatch is a glorified answering service," and "what comes out of SR911 is garbage." The Sheriff's Office has also stated the position of not liking to use or deal with subject matter experts instead preferring to rely upon Sheriff's Office staff internally to "just do their jobs."

In past years, the Sheriff was publicly supportive of the current SR911 Director and communicated his insistence that she be tapped for leadership of future dispatch plans. That support ended when the SR911 Director took a position in support of the Central Square CAD and not the Oracle CAD insisted upon by the Sheriff's Office. It was reported by multiple witnesses that the Sheriff's position is that he refuses to work with the SR911 Director going forward because he does not trust her. Upon inquiry by members of the Criminal Justice Committee of the 2024/2025 SCCGJ, the Sheriff was clear in his position that he does not intend to work with the SR911 Director based upon his belief that she has lied, he does not trust her, and their working relationship cannot be repaired. In contrast,

representatives from the Modesto Police Department, the Office of Emergency Services, and the Probation Department, have good working relationships with the SR911 Director, view her as a subject matter expert, and they expressed instead that “she is the best thing that has ever happened at SR911.”

The Association of Public-Safety Communications Officials (APCO) is an international organization, the world’s oldest and largest organization of public safety communications professionals. The northern California APCO chapter honored SR911 at its May 2025 meeting by naming them “Team of the Year.” The Modesto Police Department posted on their official Facebook page to celebrate this achievement hailing the exceptional performance of the communication center’s staff mentioning that “seamless communication can mean the difference between life and death.”

The Sheriff originally started working as a patrol deputy for the Stanislaus County Sheriff’s Office in 2007 following a military career as an officer and being a West Point graduate. He was initially elected as Sheriff to a four-year term in 2018 and then was reelected to his current six-year term. He has enjoyed support and success in the community and is especially popular among a highly loyal staff. He is recognized for his development of the Sheriff’s Office complex and expansion of the Detention Facility. While he has had a history of public friction with the County CEO’s office, he has had a workable relationship with the Board of Supervisors until recently.

Multiple shared concerns have been expressed about the Sheriff’s decision making and related behavior connected to the dispatch controversy as being out of character for him. Descriptors of his approach, decisions, and behavior in this regard used by multiple stakeholders include “intimidating,” “threatening,” inflexible,” “off the rails,” “unprecedented,” “retaliatory,” “vindictive,” “surrounds himself with loyalists,” “Jekyll and Hyde,” “a bully,” “his way or the highway,” and “all about power and control for him,” The Sheriff himself explained that he’s learned that “being stubborn and combative works in getting what I want.”

Several individuals reported concerns having observed the Sheriff making derogatory comments about the County CEO and members of the Board of Supervisors as a speaker at a meeting of influential members of the local business community and soliciting their support to contact decision makers to support his position about the CAD system. When an inquiry was made of the Sheriff about his comments in this regard, he offered that that had not been his intention when agreeing to speak at the meeting but admitted that he did make the comments and sought support in response to inquiries from the audience justifying it as “I call it like I see it.” He later added that his characterizations of the County CEO “were not tactful.”

Much shock and concern were expressed by County leadership upon learning that the Sheriff's Office had initiated an investigation of SR911 personnel and restricted the CAD system engineer from system access due to alleged misuse of law enforcement CLETS information being available to firefighters. The optics of the search warrant being served on Friday, January 24, 2025, before the Sheriff's Office presentation scheduled for the Board of Supervisors on the following Tuesday, January 28, 2025, were perceived as suspicious by several members of the public safety community and were criticized; and should have been handled differently and not so heavy handed. The Sheriff's Office defended its actions in this regard as being necessary for DOJ compliance and that it "was conducted appropriately by the book." While the Sheriff described the investigation as fully justified and expressed no regret about the investigation taking place, the perceptions of other stakeholders about the timing and circumstances resulted in multiple negative reactions including the comment that "he did it to shut her up."

The Sheriff's Office on April 23, 2025, issued a report on its investigation that found that no criminal violations have been found under California Penal Code 502. Apparently, the system flaw has existed since at least 2012 and possibly as early as 2008 and had been discussed at various times over the years by previous staff members and leaders. The report conveys that the current SR911 Director and CAD Engineer knew or should have known about the problem and hadn't taken it seriously enough to fix it. The report further implies that the SR911 Director did not follow directives to not speak about the investigation to staff members. The investigation reveals that the Sheriff's Office lack of required CLETS audits was also brought up as an issue and the question was raised of why any prior audits had not uncovered the problem. The investigation report recommends that the case remain open to continue to look through potential criminal information contained in the SR911 copied computer servers. The SR911 CAD Engineer was reinstated with conditions after a more than three-month restriction from access to the system.

On February 20, 2025, during debriefing meetings with a few Sheriff's Office staff and members of the Board of Supervisors (in preparation for the Sheriff's proposal in conjunction with the City of Ceres for dispatch services), two members of the Board of Supervisors understood the Sheriff to say in his closing remarks a statement along the lines of "if we can just go with Oracle, the 911 investigation stuff can all just go away." These two members of the Board of Supervisors shortly after that meeting expressed shock to one another about what they interpreted to be a "quid pro quo." When questioned about making this statement by members of the SCCGJ, the Sheriff acknowledged making a similar statement but insisted that he was misunderstood and in no way engaged in a "quid pro quo." He instead explained that if the Oracle system was in place and being used, there wouldn't be a breach of CLETS information that necessitated an investigation.



The Sheriff's Office has expressed legitimate needs not only for an updated emergency dispatch system but also for updated records management and jail management systems. The Oracle system suite is intended to address and integrate all three areas. Other purported advantages in going with the Oracle system are described as free use for a five-year period and a list of costly hardware components provided free of charge. Details of the comprehensive costs of implementation, maintenance, additional hardware requirements, and costs for operation after the five-year introductory period have not been provided by the Sheriff's Office to the satisfaction of the Board of Supervisors.

A scheduled Board of Supervisors' agenda item in February 2025 for presentation of this detailed information was pulled from the agenda following the collapse of the Sheriff's proposed partnership with the City of Ceres. The City of Ceres had informed the Sheriff's Office that the proposed budget numbers were inaccurate and that providing them to the Board of Supervisors would be knowingly providing misinformation.

In an attempt at a "compromise" solution, the Board of Supervisors authorized the Sheriff's Office to continue its work with Oracle while at the same time moving forward with implementation of the Central Square CAD system. This includes licensing for the Sheriff's Office, contingent upon the successful creation of a CAD-to-CAD connection bridge that would allow the Oracle system and Central Square to work in tandem under the same roof at SR911. The JPA partner, City of Modesto, has been insistent that the new Central Square CAD system for which they have a three-million-dollar federal grant should be implemented by September 15, 2025. Multiple stakeholders have concerns that the timeline to accomplish the "compromise" is unrealistic, that the CAD-to-CAD bridge will be problematic, and further delays put public safety at risk. The Sheriff's Office has been directed by the County to proceed to implement their use of Central Square while the details are worked out and the CAD-to-CAD bridge is developed and tested as there is confidence that the proven Central Square system will suffice pending the development of the CAD-to-CAD connection. The Sheriff remains optimistic that the Oracle system will be ready and has expressed resistance to implementing Central Square threatening to go back to radio, paper, and pencil if necessary. The Sheriff's Office has not taken the possibility of initiating legal action against the Board of Supervisors off the table based upon its position that the Board of Supervisors does not have authority over his department in dealing with investigative functions which he contends includes dispatch. The Sheriff has reportedly stated, in multiple settings, that he will get his compromise or there will be an "ugly fight," implying that he will initiate legal action against the Board of Supervisors and the County.

The Sheriff has expressed his strong opinion that the process of selecting a new CAD system has been flawed from the beginning. His position is based upon a belief that there should have been a full RFP process jointly involving all of the stakeholders. Instead, a

“piggyback” RFP approach was utilized with incomplete, outdated information from another county rather than creating a comprehensive RFP criteria and structure specifically for the stakeholders in Stanislaus County. He stressed the need for all JPA participating agencies’ unique requirements and challenges to be considered and emphasized that an RFP could have ensured competitive pricing for a cost-effective solution. Other stakeholders have expressed concerns about the time-consuming aspects of an RFP process. Given that the current controversy has now stretched for years, perhaps a comprehensive RFP process (including agreed upon criteria, rating scales, and binding decision-making processes) could have avoided the current problem. The SCCGJ concurs that utilizing a “piggyback” RFP process was an early flaw in the process and endorses the development and inclusion of a detailed RFP process to be included in any updated modification to the JPA used in future major purchases. However, this should in no way be interpreted as a recommendation to halt or impede the current implementation of the Central Square CAD system which is overdue.

In addition, the Sheriff also takes the position that the governance and structure of the JPA needs to be restructured to provide for movement to a decentralized dispatch model independently designed for needs of separate agencies and away from a one-size-fits-all model. The SR911 Director also desires modifications to the JPA to address the Director’s authority. The SCCGJ concurs with the need for examining and updating the JPA specifically focusing on the duties and authority of the SR911 Director and the development of a detailed RFP process going forward.

## **Oversight**

The crux of the apparent power struggle between the Sheriff’s Office and the Board of Supervisors, resulting in the Sheriff’s Office threats of taking legal action against the Board of Supervisors, is related to both the Sheriff and Supervisors being elected officials who derive their authority through the California Constitution. These officers can only be removed from their positions through voter recall election and a legal process involving charges of misfeasance, malfeasance, and/or dereliction of duty. The Board of Supervisors does have overall budgetary oversight of the Sheriff’s Office but from an operations perspective, the Board of Supervisors does not have oversight of the Sheriff’s Office. As provided in law, the Board of Supervisors may opt to conduct audits of the Sheriff’s Office as a means to ensure the lawful expenditure of funds.

The residents of Stanislaus County expect and deserve to have the most transparent and accountable government possible. A responsible government must create mechanisms for public voices to be heard. To this end, it is incumbent upon elected and appointed officials to adopt the necessary policies and practices to make government accountability and



transparency a reality. During the past few years, the Sheriff's Office has generated strong negative reactions from related stakeholders in the community, local officials, and members of the public. The means by which the Sheriff's Office attempted to navigate its course to achieve their own goals has been damaging and can be perceived as the Sheriff's Office not acting in unison as one county department among many other governmental agencies with competing crossover interests which should be working cooperatively together. Relationships with stakeholders whose work responsibilities require them to work hand-in-hand with the Sheriff's Office have been damaged as they have felt intimidated, manipulated, retaliated against, and demeaned, and their ability to work productively and cooperatively have been impaired by inappropriate, aggressive actions of the Sheriff. There is within Stanislaus County currently a very apparent lack of confidence in the possibility of working with the Sheriff's Office productively in the area of emergency dispatch.

Assembly Bill-1185 was introduced in February 2019 in the California Assembly and titled "An act to add Section 25303.7 to the existing Government Code, relating to counties." This bill was passed into law on November 18, 2020. It authorizes any county to establish a Sheriff Oversight Board, either by action of the Board of Supervisors or through a vote of county residents. It authorizes a Sheriff Oversight Board to issue a subpoena or *subpoena duces tecum* when deemed necessary to investigate a matter within the jurisdiction of the board. Further, it authorizes a county to establish an office of the Inspector General to assist the board with its supervisory duties, as provided. The purpose of this law is to establish transparency and accountability while rebuilding trust between law enforcement and the communities they serve. Currently, twelve counties representing 60% of California's population have established Sheriff Oversight Boards and/or an office of the Inspector General.

Operationally, a Sheriff Oversight Board and/or Inspector General would serve as independent entities to address public concerns relative to the Sheriff's Office. How a commission meets is as important as with whom it meets. Meetings should generally be open, involve the public, law enforcement, and hear testimony from subject matter experts and consumers. One significant Sheriff's Oversight Board outcome could be the facilitation of better communication and cooperation between the Sheriff's office and other public safety officials. This could also help minimize negative interactions between the parties involved.

## **Conclusions**

An inordinate amount of costly staff time and government resources have been consumed over a three-year period as the result of a flawed process in implementing overdue changes to the emergency dispatch system in Stanislaus County. Multiple officials from both factions have indicated that they have spent more time on this controversy during the past three years than any other single item. The independent and competing due diligence efforts of various factions within the emergency response community for selecting a CAD replacement system was not well coordinated. It has resulted in a long, drawn-out political power struggle. Utilizing a “piggyback” approach involving another organization’s outdated RFP rather than starting from scratch emphasizing the current needs of local emergency responders as a bases was an early mistake in the process of replacing the obsolete CAD system. Conflict has become personal and critical working relationships and trust badly damaged.

Despite multiple requests by Stanislaus County officials, including directly from the Board of Supervisors, the Sheriff’s Office has yet to provide comprehensive, accurate, and fully vetted budgetary details for an alternative emergency dispatch system to officials and/or the public for review and evaluation. Multiple significant hurdles continue to exist in carrying this project forward to completion.

The 1999 SR911 JPA lacks adequate policy details related to the Director’s authority and a workable, comprehensive RFP process for major expenditures which includes input by all stakeholders with potential for utilizing services in the future.

## **FINDINGS AND RECOMMENDATIONS**

**F1.** The 1999 SR911 JPA is outdated and lacks adequate content, detail, definitions, and policy necessitating major revisions with input from City of Modesto, Stanislaus County, SR911, plus stakeholders in the law enforcement, fire, and medical first responder community.

**R1a.** The SCCGJ recommends that the County Board of Supervisors and Modesto City Council implement the necessary actions to complete the following recommendation: The SR911 CEDAC in a leadership role should assemble a multidisciplinary task force from the City of Modesto, Stanislaus County, and include members of the emergency response community in Stanislaus County to comprehensively update the SR911 JPA. This revision task force

should be formed by October 31, 2025, with a target completion date for the JPA revisions of April 30, 2026.

- R1b.** The SCCGJ recommends that the County Board of Supervisors and Modesto City Council implement the necessary actions to complete the following recommendation: The JPA revision task force should make necessary revisions, including but not limited to detailed policy for the role and authority of the SR911 Director by April 30, 2026.
- R1c.** The SCCGJ recommends that the County Board of Supervisors and Modesto City Council implement the necessary actions to complete the following recommendation: The JPA revision task force, with assistance from the City of Modesto and Stanislaus County legal and purchasing departments, should develop their own comprehensive, detailed RFP process for future use when making major purchases by April 30, 2026.
- R1d.** The SCCGJ recommends that the County Board of Supervisors, Modesto City Council, and Stanislaus County Sheriff's Office implement the necessary actions to complete the following recommendation: The JPA revision task force and the Sheriff's Office should address and develop written policy concerning the responsibility for maintaining compliance with CLETS regulations including designating responsibility for performing recurring required audits of security of the CLETS information by April 30, 2026.
- F2.** The Board of Supervisor's letter to Sheriff Jeff Dirkse dated March 11, 2025, (See Appendix) is a detailed description of the history and chronology of the emergency dispatch issues in Stanislaus County and is highly consistent with the findings of this investigation. The letter reiterates the steps necessary for the consideration of any future proposal for an alternative dispatch system including response time analysis, the inclusion of subject matter experts and stakeholders' input, fiscal analysis, and review by County Counsel and County Purchasing Agent.
- R2a.** The SCCGJ recommends that the County Board of Supervisors and Stanislaus County Sheriff's Office implement the necessary actions to complete the following recommendation: It is recommended that both the Sheriff's Office and County Officials strictly adhere to the requirements included in the letter of March 11, 2025, going forward in order to prevent any further misunderstandings or miscommunications that have resulted in delays in the past.

- R2b.** The SCCGJ recommends that the County Board of Supervisors and Stanislaus County Sheriff's Office implement the necessary actions to complete the following recommendation: It is recommended that the Sheriff's Office adhere to usual and customary practices requested by county officials for providing information in advance of public meetings so that information can be reviewed by officials and the public prior to meetings.
- F3.** The Stanislaus County Sheriff's Office is the outlier among all of the other stakeholders in the emergency dispatch controversy. Political tactics, threats of litigation, personal attacks, refusal to work with key operatives, and the appearance of intimidation by the Sheriff's Office faction in this dispute has damaged both personal and working relationships with interrelated government agencies and personnel.
- R3a.** The SCCGJ recommends that the County Board of Supervisors, Modesto City Council, and Stanislaus County Sheriff's Office implement the necessary actions to complete the following recommendation: Stanislaus County, City of Modesto, and the Sheriff's Office officials should utilize independent outside intervention in the form of professional mediators and/or subject matter experts to process interpersonal damages in working relationships of key figures and to provide unbiased information related to product efficacy. The use of outside professional mediators and subject matter experts should commence by October 31, 2025.
- R3b.** The SCCGJ recommends that the County Board of Supervisors, Modesto City Council, and Stanislaus County Sheriff's Office implement the necessary actions to complete the following recommendation: The Sheriff's Office needs to take a lead role in reconciliation with the other stakeholders and acknowledge that it is only one county department among many with competing interests and must function in a more cooperative, collaborative manner.
- F4.** Stanislaus County-based oversight of the Sheriff's Office is inadequate given the potential impact its policies and the actions taken could have on the communities it serves. Opportunities exist to improve accountability, transparency, understanding, tolerance, and trust between all parties. The Stanislaus County Board of Supervisors has the option under Government Code §25303.7 to establish a Sheriff's Oversight Board consisting of citizens appointed by the Board of Supervisors and/or an Office of

Inspector General to assist in overseeing the Sheriff's Office to enhance the Sheriff's Office accountability and transparency.

- R4.** The SCCGJ recommends that the County Board of Supervisors implement the necessary actions to complete the following recommendation: The Stanislaus County Board of Supervisors should initiate action to create a Stanislaus County Sheriff's Oversight Commission and/or an Office of Inspector General pursuant to Government Code §25303.7. This can be accomplished by either an action by the Board of Supervisors or through a vote of county residents. This recommendation should be accomplished by December 31, 2025.

## REQUIRED RESPONSES IN 90 DAYS

The following responses are required pursuant to Penal Code sections 933 and 933.05:

From the following governing bodies:

- CEDAC of SR911: F1, F2, F3, R1a, R1b, R1c, R1d, R2a, R2b, R3a, R3b.
- Stanislaus County Board of Supervisors: F1, F2, F3, F4, R1a, R1b, R1c, R1d, R2a, R2b, R3a, R3b, R4.
- Stanislaus County Sheriff's Office: F1, F2, F3, F4, R1a, R1b, R1c, R1d, R2a, R2b, R3a, R3b, R4.
- Modesto City Council: F1, F2, F3, F4, R1a, R1b, R1c, R1d, R2a, R2b, R3a, R3b, R4.

## INVITED RESPONSES IN 90 DAYS

- Stanislaus County Chief Executive Officer's Office: F1, F2, F3, F4, R1a, R1b, R1c, R1d, R2a, R2b, R3a, R3b, R4.
- City Manager's Office, City of Modesto: F1, F2, F3, R1a, R1b, R1c, R1d, R2a, R2b, R3a, R3b.
- SR911: F1, F2, F3, R1a, R1b, R1c, R1d, R2a, R2b, R3a, R3b.
- Modesto Police Department: F1, F2, F3, R1a, R1b, R1c, R1d, R2a, R2b, R3a, R3b.
- Office of Emergency Services/Fire Warden Stanislaus County: F1, F2, F3, R1a, R1b, R1c, R1d, R2a, R2b, R3a, R3b.

Responses are to be submitted to:

**Honorable Sonny Sandhu, Presiding Judge  
Superior Court of California, County of Stanislaus  
P.O. Box 3488  
Modesto, CA 95353**

Reports issued by the Grand Jury do not identify individuals interviewed. Penal Code section 929 requires that reports of the Grand Jury not contain the name of any person or facts leading to the identity of any person who provides information to the Grand Jury.
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## **APPENDIX**

Stanislaus County Board of Supervisor's letter to the Stanislaus County Sheriff dated March 11, 2025.

## **DISCLAIMER**

Internet subject matter research referenced earlier in this report was conducted as information gathering probes resulting in the review of multiple articles and were not comprehensive, in- depth searches of subject matter related literature.



## BOARD OF SUPERVISORS

**Buck Condit**, District 1  
**Vito Chiesa**, District 2  
**Terry Withrow**, District 3  
**Mani Grewal**, District 4  
**Chance A. Condit**, District 5

March 11, 2025

Sheriff Jeff Dirkse  
Stanislaus County Sheriff's Office  
250 E. Hackett Road  
Modesto, CA 95348

Sheriff Dirkse:

This letter serves as a follow-up to the Board of Supervisors meetings held on December 10, 2024, and January 28, 2025. During these meetings, the Board reviewed and discussed your expressed interest in establishing an alternative dispatch system for the Stanislaus County Sheriff's Department, separate from Stanislaus Regional 911 (SR 911). The purpose of this correspondence is to clarify the necessary steps and elements to achieve potential Board support for a viable alternative dispatch system, should you choose to pursue this concept further, and to confirm immediate actions necessary to ensure ongoing dispatch operations.

On August 13, 2024, you initially communicated your intent to establish an alternative dispatch system in a memo to the Board. However, this memo and subsequent discussions did not provide a concrete plan needed for evaluating the fiscal and operational impacts of separating from SR 911. In the absence of a detailed proposal, the Board scheduled a public discussion on December 10, 2024, where the Board requested that you develop a comprehensive plan that would include:

- A total cost analysis (short-term and long-term)
- Expected funding sources, including impacts on contract cities
- Service implications for transferring fire and emergency medical services calls
- A transition plan for implementing the new model

During the meeting, you welcomed this request and agreed to present a comprehensive plan on January 28, 2025.

However, ahead of the January 28, 2025, Board meeting, your department did not submit a formal plan. Instead, the Board received a slide presentation delivered during the meeting without prior review by Board Members, stakeholders, or the public. This delivery was inconsistent with the normal process, which includes ensuring all information necessary for a complete understanding of the issue is available in advance of the Board meeting. The content of your presentation did not fully address the required elements of a comprehensive plan and,



in some instances, contained incomplete or inaccurate information. The Board's only action on January 28, 2025, was to authorize you to negotiate a police dispatch services agreement with the City of Ceres and for your department to bring that proposal to the Board for consideration in accordance with the County's Purchasing Policy.

On February 4, 2025, at the Board's request, SR 911 staff provided an update on dispatch call processing and the ongoing project to upgrade the existing Computer-Aided Dispatch (CAD) system. As you know, the current CAD system requires replacement, and SR 911 is actively working toward an upgraded system, with implementation planned for September 2025. Following this update, Board Members expressed concerns about the timing of these various initiatives and requested that the Sheriff's Department return at a subsequent Board meeting with any final proposals for an alternative dispatch system. To date, the Sheriff's Department has not provided the requested information necessary for the Board to consider the plan, and it has come to our attention that substantial differences remain between the Sheriff's Office and the City of Ceres in order to form a negotiated agreement.

Given the absence of a viable alternative dispatch plan, and the imminent installation of the Central Square CAD system, the Board must take action to secure software licenses necessary to maintain dispatch services. As a result, mobile licenses are needed to ensure all safety departments, including the Sheriff, have connectivity to the software selected and approved by SR 911. As you know, Consolidated Emergency Dispatch Agency Commission (CEDAC), the governing body for SR 911, selected and approved the procurement of the Central Square CAD system on April 24, 2024, and June 26, 2024. While you have expressed a preference for developing an alternative system with Oracle, the Board must now proceed with purchasing licenses for the previously approved Central Square CAD system to ensure continuity of dispatch services for all essential public safety departments.

Throughout multiple public meetings, the Board has received inconsistent and incomplete information regarding current and proposed dispatch services. Public meetings intended to bring clarity to this important issue have instead generated growing uncertainty regarding the future direction of the 911 delivery system. Subject matter experts need to be included in any future analysis to ensure we have accurate information to support fully informed decision-making. Additionally, the Board has received correspondence from the City of Patterson providing input on potential solutions and the City of Riverbank has expressed interest in being included in these important decisions.

Moving forward, consideration of any future proposal for an alternative dispatch system must first include the following key elements:

**Response Time Analysis:** The Board will not support any initiative that degrades response times for law enforcement, fire, and/or emergency medical services (EMS). Subject matter experts and stakeholders need to be included in any response time analysis, specifically:

- Stanislaus County Fire Warden/Director of Emergency Services
- Executive Director of Stanislaus Regional 911



- Fire Chiefs of jurisdictions served by the Sheriff
- Representatives from contract cities (Riverbank, Patterson, Waterford, and Hughson) and any city proposed for a dispatch contract
- EMS providers (American Medical Response, etc.)

**Fiscal Analysis:** Given the complexity of forecasting future costs for a newly designed alternative system, a thorough and accurate fiscal analysis must involve:

- Stanislaus County Chief Executive Office
- Stanislaus County Auditor-Controller
- Executive Director of Stanislaus Regional 911
- Representatives from contract cities (Riverbank, Patterson, Waterford, and Hughson) and any city proposed for a dispatch contract

**Contract Development & Review:** As required for all agreements presented to the Board of Supervisors, contract development and review must include:

- County Counsel
- County Purchasing Agent

During the January 28, 2025, Board meeting, you reiterated your commitment to developing the Oracle public safety system, including Computer-Aided Dispatch (CAD), Jail Management System (JMS), and Records Management System (RMS). While the Board acknowledges your intent to integrate all Sheriff operations into a single system, a comprehensive plan remains necessary to achieve this objective. The Board encourages you to advance the development of the JMS and RMS components and seek approval for their implementation when ready. Given Oracle's system configurability, we recommend leveraging this flexibility to align with immediate needs while continuing to explore long-term dispatch solutions in accordance with the requirements outlined in this letter.

In conclusion, the Board of Supervisors is committed to working collaboratively with the Sheriff's Office and our community partners to maintain a robust public safety system that supports law enforcement, fire, and EMS. We recognize the vital role of technology in delivering critical public safety services and encourage continued exploration, collaboration, and strategic planning to ensure the best outcomes for the residents of Stanislaus County.

Sincerely,



Supervisor Buck Condit, Chairman  
Stanislaus County Board of Supervisors  
District 1



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**2024-2025**

**Stanislaus County  
Civil Grand Jury**

**Transportation and Funding  
for the People:  
Is the StanCOG Planning Agency  
Mismanaging Funding  
and Their Own People?**

**Case #25-06C**

Release Date: June 25, 2025





# **Transportation and Funding for the People: Is the StanCOG Planning Agency Mismanaging Funding and Their Own People?**

**Case Number: 25-06C**

June 25, 2025

## **SUMMARY**

In 2024 the Stanislaus County Civil Grand Jury received a complaint concerning the administration of funds at StanCOG. Recent excessive turnover of over 50% has led to late payments made to our local agencies of Measure L funds, as well as late reports to public agencies and being delinquent in completion of its annual single audit. We believe all of the above have major implications and all have merit.

The purpose and duty of a Metropolitan Planning Organization (MPO) like the Stanislaus Council of Governments (StanCOG) is to cooperate with regional cities and the county to pursue funding from the state via Caltrans, federal transportation funding, and grants with the intent to build, improve, and repair our means of transit, including roads, bicycle lanes, trains, buses, and the like.

StanCOG has proven over the years to be an effective MPO in its interactions at the local, state, and federal levels. Where it has shown to be less effective is in the management of the organization. It has policy manuals for its planning and transportation departments and policies for its finance department, but none for the Administrative Services department. Rather the administrative policies are scattered throughout the policies of the aforementioned departments and an Employee Handbook seemingly developed for the benefit of the Executive Director and other senior management.

In 2017, StanCOG amended its Joint Powers Agreement (JPA) to remove all county oversight, which was well before the citizen complaint of 2024 that triggered this investigation. Stanislaus County employees, even at the highest level, must reimburse the county if they exceed spending limitations, even less than one dollar. This is how closely the county oversees its employees. Conversely, StanCOG has no effective oversight within their organization. This has led to excessive charges made by the Executive Director on the StanCOG credit card for travel, lodging, and meals, all of which are borne by the taxpayers. Lack of external oversight by Stanislaus County Treasurer and Auditor-Controller that was

previously in the JPA prior to 2017 has led to a poorly functioning organization. StanCOG's internal oversight has been weak under the guidance of the Executive Director.

It is difficult to expect transparency and stability in a chaotic environment like the one that exists at StanCOG. It should come as no surprise then, that as the Jury examined receipts and credit card charges, administrative discrepancies, questionable legal advice from their general counsel, and analyzed high employee turnover, that significant and meaningful concerns were discovered.

## **GLOSSARY**

***Caltrans.*** California Department of Transportation is the state agency responsible for distributing funds for many transportation projects, including those funded by Measure L. Caltrans has a non-voting representative on ***StanCOG's Policy Board***.

***Executive Director.*** The employee with the highest authority at ***StanCOG*** holds the title of Executive Director. This role answers only to the ***Policy Board***.

***JPA.*** A Joint Powers Authority establishes, via formal agreement, a local government agency that extends across existing local government agencies, such as cities or counties. An ***MPO*** is often a ***JPA***, but ***JPA***s can exist for many other purposes.

***Jurisdiction.*** In the context of ***StanCOG***, jurisdiction is used as a blanket term for the members of the ***JPA***: Stanislaus County, its nine incorporated cities, and its transportation agencies.

***MFC.*** An abbreviation for the Management and Finance Committee. It is a committee consists of one representative from each incorporated city, often the city manager or ranking Finance official, plus a ranking member of Stanislaus County finance.

***MPO.*** An abbreviation for *Metropolitan Planning Organization*. A federally mandated transportation policy-making organization.

***Policy Board.*** StanCOG's primary governing entity is the Policy Board, which consists of one representative from each incorporated city, plus all of the Stanislaus County Board of Supervisors.

***StanCOG.*** The Stanislaus Council of Governments, usually called StanCOG, is the ***JPA*** that handles planning and policy making for Stanislaus County's regional transportation projects. Its responsibilities and authority are defined by a number of state and federal programs.

***SCCGJ.*** The Stanislaus County Civil Grand Jury, used interchangeably with "the Jury".

## **BACKGROUND**

### **The Operations of StanCOG**

The Stanislaus Council of Governments (StanCOG) is a council of city and county governments comprised of the Cities of Ceres, Hughson, Modesto, Newman, Oakdale, Patterson, Riverbank, Turlock, Waterford, and the County of Stanislaus that was established in 1971 by a Joint Powers Agreement (JPA) to address regional transportation issues. Members of the Policy Board, the primary governing entity, are comprised of Mayors, Councilmembers, and Supervisors. Additionally, there is a designated Public Transportation Provider representative that operates public transit and a California Department of Transportation (Caltrans) representative as an "ex-officio" member on the Policy Board.

StanCOG is the MPO for the Stanislaus region, and as a federally mandated transportation policy-making organization; it is responsible for planning and prioritizing transportation projects in urbanized areas with populations greater than 50,000. The MPO creates and governs a short-range, four-year program of transportation designated by the federal government to receive funding that is channeled to and distributed through StanCOG known as the Transportation Improvement Program (TIP) throughout the region. After the November 2016 General Election, StanCOG amended their JPA to become a sales tax authority when Measure L was adopted by county voters. This amendment also removed financial oversight by the Stanislaus County Treasurer and Auditor-Controller and assigned it to the StanCOG Financial Manager.

The Regional Transportation Planning Agency (RTPA) is a state-designated regional transportation planning agency for the Stanislaus County region and prescribed by law to have lead responsibility for the development of the region's transportation plans and to coordinate the transportation planning process as designated by the State of California and the Local Transportation Authority (LTA), i.e. the Stanislaus Regional Transit Authority or StaRT.

Combined, the MPO/RTPA/LTA is an essential public organization working with local governments and residents in its region by addressing issues and needs that cross city and county boundaries such as public transportation, transportation funding, transportation planning, transportation projects and studies, and transportation modeling/mapping/demographics.

StanCOG maintains a Transportation Model to assist decision makers with questions about travel patterns, transportation investments, land use decisions and matters regarding air quality. The StanCOG Transportation Model Program supports key planning activities in the region including the Regional Transportation Plan, Air Quality Conformity Analysis, the

Congestion Management Program, the San Joaquin Valley Blueprint and other regional transportation planning studies, general plans, land use and traffic impact studies.

In a Brookings Institute study, published in May 2011, Modesto ranked 10th among the nation's top one hundred metropolitan areas for how well households are connected to jobs via transit. Four transit operators currently provide public transit service to the Stanislaus region.

- a) Stanislaus Regional Transit Authority (StaRT)
  - i) StaRT StanRTA operates thirty-two fixed route transit services, intercity shuttle services, Commuter Shuttles, Median Service, as well as Americans with Disabilities Act (ADA) complementary Paratransit. A large portion of StanRTA's service area is located within the Modesto-Ceres-Turlock area along California State Route 99; however, they also provide exclusive service to the more rural areas in the region and other areas outside the city limits.
- b) Turlock Transit
  - i) The City of Turlock operates Turlock Transit which offers both fixed route and Dial-A-Ride services.
- c) Commuter rail
  - i) Altamont Commuter Express (ACE) commuter train that runs between Stockton and San Jose with stations in Stockton, Lathrop-Manteca, Tracy, and various stops in the San Francisco Bay Area,
  - ii) The Bay Area Rapid Transit (BART) has trains running from Dublin-Pleasanton to various Bay Area locations. Commuters can drive, carpool or vanpool, or take commuter buses to BART,
  - iii) Amtrak is a train that runs through the San Joaquin Valley and throughout the United States,
- d) MOVE, the Consolidated Transportation Services Agency CTSA is a train that runs through the San Joaquin Valley and throughout the United States.

StanCOG also serves as the Abandoned Vehicle Authority (AVA) as designated by the Stanislaus County Board of Supervisors. It receives funding from the State Department of Motor Vehicles, with a surcharge of one dollar per vehicle registered in Stanislaus County, at the time of registration, renewal, or when renewal becomes delinquent, except on vehicles that are expressly exempted from the payment of registration fees to fund the abandoned vehicle abatement program. These fees are deposited in the Abandoned Vehicle Trust Fund (AVTF) administered by the state Department of Public Works (DPW).

Measure L, the Transportation Ordinance and Expenditure Plan was approved by Stanislaus County voters on November 8, 2016. The measure raised the sales tax in



Stanislaus County starting on April 1, 2017, by one-half cent for a total period of twenty-five years to improve local streets and roads, improve connectivity, and reduce congestion.

The JPA maintaining StanCOG is a vital and essential organization coordinating all issues of transportation.

## **METHODOLOGY**

### ***The process of using written and approved policies as a foundation for the findings during the investigation of StanCOG***

The Stanislaus County Civil Grand Jury (SCCGJ) received a citizen complaint in March of 2024 pointing out that StanCOG was delinquent in its financial reports and was on track to be delinquent with the upcoming Single Audit. Additionally, the complainant suggested there was a high rate of employee turnover in the last two to three years that deserved examination. The audit in question was examined by the jury's Financial Oversight Committee, which confirmed there were findings of material weaknesses in StanCOG's financial processes, as well as a high rate of employee turnover.

The jury considered its jurisdiction, the organization's responsibilities, and the parameters of the complaint and found it to be within the scope of the jury's authority. Thus, the SCCGJ initiated an investigation of StanCOG on October 30, 2024.

The jury began its investigation with interviews of current and past employees and requested documents including policy manuals, the Executive Director's most recent contract, and the current amended JPA of 2017.

StanCOG is governed by a decision-making body of sixteen elected officials from StanCOG's member agencies called the Policy Board. This includes five representatives from the Stanislaus County Board of Supervisors, three representatives from the Modesto City Council, and one representative from each of the other eight City Councils in Stanislaus County. Within the Policy Board is an Executive Committee of five members (two County Supervisors, one from the City of Modesto and two from cities chosen by the Policy Board). As of this writing the Policy Board is chaired by the County Supervisor representing County District 1.

According to the Policy Board bylaws, the Policy Board chair shall perform such other duties as necessary to carry out the work of the Policy Board such as:

- Review and accept the annual audit

- Authorize administrative expenses for travel, lodging, meals, education and training including seminars and conferences
- Hear grievance process appeals
- Act as hearing official for an employee termination and may act as the final authority of an employee termination
- Annually review and evaluate the performance of the Executive Director
- Review, negotiate, and develop a new contract between the StanCOG Policy Board (employer) and the Executive Director (employee) every three years

## **Administrative Policies and Procedures**

### **The Rules**

StanCOG provided the Jury with the StanCOG Policy Board Bylaws, the Executive Director's most recent contract, the Employee Handbook, and the manuals of the Finance Department. The Stanislaus County Freedom of Information department provided the most current amended JPA at our request. We reviewed all of the documents prior to initiating our interviews beginning with the Executive Director's contract. The three-year contract for the Executive Director was entered into on February 16, 2024, by and between the Stanislaus Council of Governments, a JPA organized under the laws of the State of California, and hereinafter called "**Employer,**" and the Executive Director hereinafter called "**Employee**" and is effective August 19, 2024.

After studying the contract, the Jury concluded that the word "Employee" was intended by the Policy Board to include the Executive Director. The Executive Director as both an official and employee is obligated to follow the travel and expenses policy for elected and appointed officials *as well as* the employee travel and expenses policy in the StanCOG Accounting Policies Manual, Section 9. There is no discussion of travel and expenses or how to apply for reimbursement in the StanCOG Employee Handbook. The evidence suggests that she is bound by all of the same rules as any other employee of StanCOG.

The following is a list of StanCOG policies reviewed and cited during the investigation of StanCOG, the Executive Director, and her management team:

- StanCOG JPA last amended November 13, 2018
- Executive Director Employment Contract February 16, 2024
- StanCOG Policy for travel and expenses for elected and appointed officials
- Accounting Policies updated on 06/01/21

- Accounting Policies Section 9: travel expenses and employee reimbursements, updated version (created after a \$25,000 investigation into the travel expenses of StanCOG on August 13, 2024)
- Accounting procedures updated April 5, 2022
- StanCOG Employee Policies and Procedures Handbook adopted on November 17, 2021 (otherwise known as the Employee Handbook)
- StanCOG Policy Board bylaws

StanCOG and all other California JPAs and special districts are bound by California Penal Code §925a, which authorizes a civil grand jury access to examine the books and records of any incorporated city or JPA agency located in the county at any time with or without cause. We pursued obtaining more documents while expanding our interviews to more than a dozen witnesses who have been involved with the organization. Initially, we were partially or wholly denied documents for most of our requests. The policies and documents requested were primarily from the Financial Services department which dictates StanCOG employees “shall exercise prudent judgement and show proper discretion for accountable and economic use of public funds”. The existing policies covered authorization and reimbursement for transportation, lodging, meals, and credit card use by StanCOG employees.

The StanCOG Policy Board set forth the travel and expenses reimbursement policies for StanCOG on June 21, 2021, in the Accounting Policies Manual, Section 9, which “promotes and endeavors to protect public resources and foster public trust in the use of those resources, as well as comply with state law requirements regarding reimbursement of expenses.” The following paraphrases the authorized expenses:

1. All anticipated conferences, conventions and professional meetings shall be budgeted for the current operating budget.
2. Expenses incurred in the connection of the following types of activities which generally constitute authorized expenses as long as the other requirements of this policy are met:
  - a. Communicating with representatives of local, regional, state, and national government on StanCOG adopted policy positions
  - b. Attending educational seminars designed to improve officials’ skill and information levels
  - c. Participating in local, regional, state and national organizations whose activities affect StanCOG interests
  - d. Recognizing service to StanCOG
  - e. Attending StanCOG events

- f. Meetings such as those listed above for which meeting stipend is expressly authorized.
3. All other expenditures require prior approval by StanCOG.

The following paraphrases the description of expenses for transportation, lodging and meals are those that require prior budgeting and approval by the Policy Board.

### Transportation

1. Airfares that are reasonable and economical shall be eligible for purposes of reimbursement.
2. Car Rental rates that are reasonable and economical shall be eligible for purposes of reimbursement.
3. Taxis or shuttle fares may be reimbursed, including a 15% gratuity per fare, when the cost of such fares is equal or less than the cost of rentals, gasoline and parking combined, or when transportation is necessary for efficiency.

### Lodging

Lodging expenses will be reimbursed or paid for when travel on official StanCOG business reasonably requires an overnight stay. If such lodging is in connection with a conference, lodging expenses must not exceed the group rate published by the conference sponsor for the meeting in question if such are available at the time of booking.

### Meals

A local reimbursement policy identifying a “per diem” of reasonable rates for meals was not adopted by the Policy Board. Receipts for expenses for meals shall be required. Actual expenses shall be reimbursed subject to maximum per diem for meals as set in the IRS rate in effect at the time of the meal.

The policy update of August 13, 2024, for Section 9 of the Accounting Policies was created in response to a written complaint and a Policy Board-initiated \$25,000 investigation regarding credit card charges of rental cars by the Executive Director of StanCOG. The Jury was only made aware of the investigation during an interview; the investigation was kept confidential and not reported to the public. The following are enhancements to the original policy:

- StanCOG employees shall receive prior approval from their supervisor for all hotel and lodging expenses. A Travel Authorization Form shall be completed by the employee prior to making any hotel or lodging arrangements. The supervisor shall review and authorize the travel request. The Travel Authorization Form will be attached to any reimbursement request or credit card receipts for the trip. Financial Services shall document that the expenditure is a “prudent and economic use of public funds”.
- An Expense Reimbursement Form must be signed by the employee and approved by the supervisor. In-county meals are allowable when in conjunction with a StanCOG business meeting for agency purposes.
- StanCOG employees shall receive prior approval from their supervisor for all airfare and car rental expenses. A Travel Authorization Form shall be completed by the employee prior to making any flight or rental car arrangements. The supervisor shall review and authorize the travel request.

Section 9 of the Accounting Policies (updated August 13, 2024) covering travel expenses and Employee Reimbursements states in detail the expenses **not** authorized by the Policy Board.

- The personal portion of any trip.
- Family expenses, including partner’s expenses when accompanying an official on agency-related business, as well as children or pet-related expenses.
- Entertainment expenses, including theater, movies (either in room or at the theater, sporting events, including gym, massage and/or golf-related expenses), or other cultural events.
- Alcohol/personal bar expenses.
- Personal losses incurred while on StanCOG business.

Once all of the required forms have been completed, they are submitted to the StanCOG Finance FS I/II employee who oversees and verifies that finance received a signed Travel Authorization Form by the manager of the employee.

The Financial Services division uses the term “reconciliation” when credit card statements are matched with itemized receipts received at the moment of purchase. The Missing Receipt Form is used if it is not possible to request a lost, damaged, or missing receipt from the original vendor. These must accompany an authorized Travel Authorization Form. Then, the StanCOG FS I/II employee processes the credit card transactions into a spreadsheet. If there are any missing receipts that cannot be requested from the vendor, finance *requires* a detailed and signed Missing Receipt Form.

## **DISCUSSION**

### **The Who, What, Where, When, and Why**

This section of the report is separated into four areas. First will be the fiscal abuse and evident lack of adherence to policy by the upper management of StanCOG. The next will be the organization and administration of StanCOG. Third is the establishment and implementation of employee salaries and vacation. The final area will be the high employee turnover leading to discrepancies of allocated funds to cities for their transportation projects.

This investigation's roots lie in the amended JPA of 2017 which is well before the citizen complaint of 2024. With the "declared" JPA, "on January 26, 2017, and on March 15, 2017, the StanCOG Policy Board approved the amendment of the JPA and Bylaws designating the StanCOG Financial Services Director or his/her designee, as the Auditor-Controller and Treasurer of StanCOG." From this moment on there was no outside oversight of StanCOG other than periodic external audits required by state and federal agencies. The most frequent of these, and the one accessible to the public, is the annual external Single Audit of financial statements.

StanCOG provided the Jury with the StanCOG Policy Board Bylaws and the Executive Director's most recent contract. The Jury subsequently concluded that the definition in the contract of the word "**Employee**" is attributed to the Executive Director by the Policy Board. Thus the Executive Director is obligated to follow both the rules of the travel and expenses for elected and appointed officials policy as well as employee travel and expenses policy in the StanCOG Accounting Policies Manual, Section 9. There is no discussion about travel and expenses or how to apply for reimbursement in the Employee Handbook.

It is difficult to expect transparency and stability in a chaotic environment like the one that exists at StanCOG. It should come as no surprise then, that as the Jury examined the receipts and credit card charges, administrative discrepancies, questionable legal advice from their general counsel, and high employee turnover, significant and meaningful concerns were discovered.

## **The Facts**

### **Rampant and Lavish Spending**

#### Rental Cars

To begin with, the Jury reviewed credit card statements and receipts for the Executive Director's credit card for a sample seven-month period. During this time frame, 62 transactions were missing receipts. A single month had a high of nineteen missing receipts. During the seven months examined, 15% of all spending lacked itemized receipts, totaling more than \$10,000 of missing receipts. We recently learned that there are no hotel or restaurant receipts for Jan 2020-Feb 2020, Jul 2022-Sep 2023, and May 2024 to present. Going back five years, lists of missing receipts by the Executive Director were commonplace and remains an ongoing problem.

For context, in 2014 the Modesto Bee reported an audit by the Auditor-Controller's Office of the District Attorney which found only seven missing receipts over one year, all for the same trip, and totaling \$1400. The DA's office found some of the missing receipts, yet this was still noted as a significant concern by the Auditor-Controller's office, the Modesto Bee, and residents.

After reviewing subpoenaed documents from Enterprise Auto Rental and the Jury's discovery of a Policy Board-initiated \$25,000 investigation of the Executive Director's lavish spending, the Jury determined the Executive Director drove in rented cars virtually non-stop from mid-2021 to the end of 2024 at a cost of more than \$100,000. During this 3 ½ year period, there were only forty days when the Executive Director did not have a rental car from the Elk Grove Enterprise rental office. According to policy, rental vehicles are only to be used for long-distance meetings outside of the county. The Executive Director resides in San Joaquin County and is "very busy," which seems to be a justification for traveling from Stockton to the Elk Grove Enterprise Auto Rental office, essentially using the rental as a commute vehicle from Stockton (home) to Elk Grove (Enterprise) to Modesto (work) and back to Stockton (home).

The Executive Director's rental history shows that more than half of local rental days from 2018 to 2024 were in elite, premium, and luxury vehicles, such as a BMW, Mercedes Benz, and Jeep Grand Cherokee. The Executive Director claimed that these high-end rentals were free upgrades and not at her request. However, in November 2020, notes on Enterprise's internal documentation, obtained directly from Enterprise, state that the Executive Director will no longer be offered cars above their intermediate class. Any higher category rentals must be charged at full price, with no government discount. Nonetheless, 95% of the Executive Director's rental days from December 2020 to December 2024 were in cars classified above intermediate class.



The mileage on these rental cars was greater than what one would expect for travel within the central valley. There were no entries in the Executive Director's calendar to account for this amount of driving. In one of the most egregious examples, from December 16, 2023 to January 17, 2024, one month in total, the car was driven for 7,081 miles. That is more than the distance from San Francisco to New York City and back.

It should be noted that none of the Enterprise documents include any additional drivers on any of these rentals.

Other internal Enterprise notes state that phone calls to the Executive Director often went unanswered and the voicemail box was full. Emails and texts were also sent. This lack of communication was significant such that Enterprise began the paperwork necessary to repossess the vehicle four times. The cars were not repossessed because she finally responded to their many attempts at communication. The internal notes also state that the email for Enterprise receipts was changed from an official StanCOG email to a private Yahoo email address as early as August 2023.

Vehicles rented in California were not returned prior to out-of-state trips, and some of these trips included a rental car. That means that the Executive Director was renting two cars at the same time. Between 2022-2025, of fifteen trips with rental cars at the destination, there was also a local rental car still *out in every circumstance*. Some of these trips used Uber rides as well. Worse yet, in one instance, while the Executive Director was on a foreign cruise, the taxpayers were paying Enterprise for a Volkswagen Atlas Cross Sport for two weeks sitting in California.

The rental cars usage was in addition to the Executive Director's annual \$4800 stipend for use of a personal vehicle for StanCOG business, as per her contract.

The Executive Director's calendar, as presented to us, lacks documentation of the required meetings, conferences, seminars, etc. While there are notations in her calendar of various employee's time-off requests, the calendar does not have any of the Executive Director's time off noted, including the aforementioned two-week foreign cruise in September 2023.

### Flights

Many witnesses had concerns about upgraded and first-class flights taken by and purchased at the direction of the Executive Director, including those for certain Policy Board Members. On one occasion, six people traveled to Washington, D.C.: four board members' flights cost \$1000 for each round trip, while a councilmember from Modesto and the Executive Director had slightly different flight times and upgrades which cost \$2000 for each round trip.



A separate round trip taken by that same Modesto councilmember to Detroit had two layovers and somehow cost \$4000.

In one instance, a Policy Board member was shocked to discover that a first-class round-trip flight had been purchased on his behalf. The Jury was informed that in a closed-door office, he loudly confronted the Executive Director about these purchases, how inappropriate they are, and how inappropriate they look to the taxpayers. He demanded the flights be rebooked as economy class. It was too late to rebook the flight, so he wrote a personal check to the organization to pay for the flight, after verbally warning the Executive Director to never do it again. The excessive cost of subsequent flights and myriad upcharges which seem to be upgrades suggests that this wasteful behavior continued.

On February 27, 2024, flights for a Seattle trip were booked for the Executive Director. These same flights were also booked for the Executive Director's spouse at a cost of \$614.58. When questioned about these purchases, the Director of Administrative Services stated the spouse's flights were fraudulent, and that StanCOG was in contact with the credit card company.

These charges were credited back to the card on January 16, 2025, nearly a year later and only after the SCCGJ investigation began. The next month, the bank reversed the provisional credit and the \$614.58 was rebilled to the card. In such instances StanCOG would be required to assist the bank with its investigation. StanCOG provided no evidence that the Executive Director reimbursed the organization for these charges.

The Executive Director and her spouse also flew on August 12, 2022, to Las Vegas on Southwest Airlines, which was booked on August 9th for a cost of \$71 per person.

The Executive Director chose to fly from Sacramento, with a layover in Los Angeles, to Monterey for a conference (which will be discussed in greater depth later on). The drive would have been faster, especially since the taxpayers were already paying for the rental of a 2022 Mercedes-Benz GLC300.

### Hotels

It must be stated that the Executive Director and the Director of Administrative Services have signed most of the documentation for the receipts, missing receipts, and credit card statements. The Jury was provided with no evidence that the Director of Administrative Services was officially acting as the Financial Services Manager/Director, as the Jury was refused access to the employee's file. Former finance employees informed the Jury that the documentation for the Executive Director's expenses was frequently withheld until the last minute for other submissions and audits. The only other people to see these receipts were

the Executive Assistants and Executive Analyst. Witnesses allege that one Executive Assistant was fired for questioning these receipts.

Contrary to the Director of Administrative Service's assertions, many hotel rentals were at non-conference hotels, and the rates were vastly higher than what the conference hotels charged. The Executive Director's credit card was used to book hotel stays at Ritz-Carlton Hotels in five cities, with charges exceeding \$33,000.

**Figure 1.**

<b>Ritz-Carlton Hotel Stays</b>				
<b>Check In</b>	<b>Check Out</b>	<b>Number of Nights</b>	<b>Total Amount</b>	<b>Hotel</b>
2/8/2020	2/12/2020	4	\$2,012.11	Ritz-Carlton Washington DC
9/17/2022	9/19/2022	2	\$1,938.48	Ritz-Carlton Washington DC
1/20/2023	1/23/2023	3	\$2,426.24	Ritz-Carlton Washington DC
4/14/2023	4/17/2023	3	\$3,106.86	Ritz-Carlton Washington DC
9/10/2023	9/14/2023	4	\$3,901.79	Ritz-Carlton Washington DC
2/10/2024	2/14/2024	4	\$2,727.51	Ritz-Carlton Washington DC
3/6/2024	3/10/2024	4	\$2,790.01	Ritz-Carlton Washington DC
7/25/2023	7/26/2023	1	\$1,029.68	Ritz-Carlton Marina Del Rey
10/11/2022	10/14/2022	3	\$2,348.66	Ritz-Carlton Goleta
8/3/2022	8/6/2022	3	\$3,681.84	Ritz-Carlton Chicago
8/3/2022	8/6/2022	3	\$3,277.41	Ritz-Carlton Chicago
3/19/2023	3/21/2023	2	\$1,663.69	Ritz-Carlton Chicago
5/8/2023	5/11/2023	3	\$2,167.35	Ritz-Carlton Atlanta
Totals:		39	\$33,071.63	

*Location, Cost, and Duration of Ritz-Carlton Stays; StanCOG 2025  
SCCGJ 2024-2025*

Furthermore, the cost of the Ritz-Carlton D.C. was double the cost of the host hotels. At a Washington D.C. conference in February 2024, hotel rates at the host hotel, Hyatt Capitol Hill, were \$309 a night, compared to the Ritz-Carlton's rate of \$600 per night. For the March 2024 WTS Symposium also in Washington D.C., she stayed at the Ritz-Carlton D.C. for \$600 a night while the conference at Marriott Capitol Hill was \$289 a night. The itemized receipts, when provided, often also include room service. For at least one Ritz-Carlton Washington D.C. stay booked for a board member, only the confirmation was provided, not the itemized receipt. The prices on the receipt and the credit card charge were not the same.

The same credit card was used at other luxury hotels such as the Hotel del Coronado and Vespera on Ocean. There were other conferences nearby, and after analyzing a random sample of these conferences' social media, it was determined that the hotel hosting the conference was advertising they still had rooms available when the luxury reservations were made. This means that the Executive Director had the ability to book the lower cost rooms.

Some of these reservations included one for policy board members, such as the aforementioned Ritz-Carlton DC stays for a Modesto councilmember.

Mobility21 is a one-day seminar on mobility and transportation issues often hosted at the Disneyland Resort in Anaheim. The Executive Director stayed on property for this seminar at least twice. Inasmuch as the receipts provided for this trip were not receipts but hotel confirmations, there is not even evidence of a final itemized bill other than receipts for a Disney gift shop purchase and restaurant bill. Conversely, there is no calendar entry for a one-night stay at the Disney resort in Orlando, Walt Disney World on August 3, 2021, nor any receipt.

While attending the National Association of Regional Councils Executive Directors Conference (NARC) in Idaho in October 2023, the Executive Director arrived two days prior to the conference. There was an extended stay for directors to have additional conference training; however, the conference program states that the director's extended stay was for two days *after* the conference. The Jury was unable to determine why the Executive Director arrived two days early, which included a rental car for *only* these early two days.

### Meals and Restaurants

Most folks in the public and private sectors can agree that a good deal of work can be accomplished during a meal, and there is an ethical way to do this. However, most meal receipts submitted to the Jury were only the total charge receipt which is improper. Policy requires itemized bills/receipts which include each item ordered, notations on the meeting/conference/purpose, who was there, and how many were served. No alcohol can be included in the purchase.

The Brown Act encourages public participation in public meetings, requiring proper and timely announcement for the public, and prohibits meetings that reach a quorum. Interpretations of the Brown Act must favor public access to meetings of officials. There are exceptions for larger gatherings like ribbon cuttings, festivals, parades, conferences, and the like. The Executive Director sits on many boards local, regional, and across the state. The StanCOG Policy Board is particularly large, at sixteen members. So, when a receipt is marked "board meeting" with no itemized receipt to allow us to count the entrees, no

handwritten notes regarding who was in attendance, and no notes about what was discussed, citizens should be suspicious of the purpose of such meetings.

Most meal receipts submitted to the Jury were only the credit card slip, lacking the itemized bill which is required by policy to assure that food costs were reasonable, no alcohol was purchased, and to document how many attendees were served. The receipts are labeled with the meeting, conference, or other purpose, and little else. Therefore, all receipts that were labeled as “meetings” and in excess of the IRS per diem rate, and/or a total over \$280, (a quorum is eight people for a board of sixteen), have the potential to be a violation of the Brown Act. And if they are not a violation of the Brown Act, these expensive receipts could be an expensive and wanton abuse of public funds, with few people eating very expensive dinners at fancy steak and seafood establishments. And these receipts might still include purchases for spouses or friends, which is disallowed. Since 2020, forty-two receipts are more than \$280, and as high as almost \$1500, none of which are the required itemized bills, with two receipts missing outright, all for a total more than \$21,100 in possible Brown Act violations.

At the aforementioned conference in Monterey, the CalCOG Regional Leaders Forum began on February 7<sup>th</sup> and ended midday February 9<sup>th</sup>. The Executive Director attended, including one board member. The first night, they dined at the Chart House restaurant and spent \$790. The conference hosted “A Night at the Aquarium,” a \$200 per person reception-style dinner from 6:30pm to 9:30pm. After that, they went to the Sardine Factory for a \$565 dinner. The total for food alone on this three day/two-night trip was more than \$2200 for two *known* people. Additionally, the \$1290 hotel receipt is missing and there is no line entry for this receipt on the Missing Receipts Form for this month.

#### Conferences and Notable Expenditures

The Executive Director, Deputy Executive Director of Planning, and a board member attended the NARC Annual Conference from February 10-14, 2024. The only documentation for the Modesto City Council/StanCOG Policy Board member’s Ritz-Carlton hotel room is a confirmation, not a receipt, and the confirmation does not match the credit card statement. While the paperwork for the Executive Director’s credit card is difficult to parse in every instance, on this occasion, we can see that the Deputy Director’s paperwork is impeccable and largely aligns with the StanCOG policies and procedures, including itemized receipts and travel authorization. The Executive Director’s credit card indicates a visit to Joe’s Seafood, where the credit card receipt specifies that there are only two guests with a total bill of \$226. The Executive Director and the Modesto City Council/StanCOG Policy Board member took an Uber Black on the same day and time that the Deputy Director took a standard Uber, with the same starting and ending destinations, and arriving

at the same time, which makes the extra Uber ride redundant. Furthermore, the Uber Black cost \$45 while the standard only cost \$16.

Less than a month later, the Executive Director and the Modesto City Council/StanCOG Policy Board member returned to Washington DC, staying at the Ritz-Carlton Hotel to attend the 2024 WTS Symposium at the Washington Marriott Capitol Hill held on March 7<sup>th</sup> and 8<sup>th</sup>. Other than Uber rides to and from the conference hotel, there is scant evidence that the Executive Director or board member attended the symposium, except for a single official event photo of the Executive Director. Over 350 photos were taken by the official event photographer of both the presenters and the audience for the event. The event was held in a single modest conference room with a capacity for approximately 150 people, with no more than 80 people in the room at any time. The Executive Director checked out of the Ritz-Carlton on March 10, two days after the symposium; there are no other calendar appointments during this period.

Other concerning credit card charges include, but are not limited to the following:

- A “laptop bag” that was purchased to replace her damaged personal carryon on one of her trips. The receipt for the bag shows it was purchased at a Southern California outlet mall. The bag was a Tumi rolling carry-on suitcase, discount priced at over \$560, plus a \$19 cord pouch and \$165 noted only as accessories.
- More than \$1900 over seven months in recurring charges to scam companies, likely the result of credit card skimming (an electronic method of stealing credit card information). The false charges continued for eight months and were never challenged with the credit card company for business entities such as “Outstanding Magnificent,” “Stable Unvarying Even,” and “Systematic Handy Suite.”
- An Uber ride in Euros coinciding with a personal vacation to Europe.
- More than \$400 in charges for a pontoon boat rental during a conference. This was not listed as an event in the conference program.
- Several scanned receipts were folded over obscuring the description of the items purchased.
- A \$600 United Airlines Annual VIP Lounge Access Pass.

In comparison, in 2004 it was reported by the Modesto Bee that the CEO of Stanislaus County spent taxpayer money on the luxuries of expensive hotels, fancy meals, and massages for him and a companion. He forfeited \$20,000 of his backpay for the personal expenses he charged. The parallels of that situation and StanCOG are unmistakable. This event was scandalous and a betrayal of the people’s trust and a waste of taxes. He resigned his office and reimbursed the county in part for the unauthorized expenses.

## **Administrative Acrobatics**

### **Bending the rules in unexpected ways**

This section of the report addresses the administration of StanCOG. The Jury's first request for documents was on October 14, 2024, and as of this date many of our requests have been honored if the requested documents could be found. One of our first requests was for the operating manuals of the Finance Services Department and Administrative Services. From what we are able to glean from the documents, Administrative Services is a one-person department operated and supervised by the Director of Administration. We received the Accounting Policies and the Procedures Manuals for the Finance Services Department. HR submitted no manual or central repository of policies. We resubmitted a second request to Administrative Services and received the Employee Handbook (adopted November 17, 2021). In the Introduction to the Handbook, the employee is informed, "the handbook is intended to help employees become acquainted with StanCOG...and describing in general terms, some of the employment guidelines, and is designed to be a working guide for employees and supervisors in the day-to-day administration of StanCOG".

Indeed, it is a general handbook, so general in fact that there is no mission statement or code of ethics as is typical with most organizations. These are not stated in either the Employee Handbook or on its website. The introduction discusses Equal Opportunity Employment, at will employment, and its policy on harassment, discrimination, and retaliation.

The following are statements from former employees recorded during interviews regarding the Executive Director's behaviors and tactics:

- She screams at individual staff members in the hallway.
- She singles out staff members for humiliation at staff meetings.
- She tells staff members they are stupid both publicly and privately.
- She instructs individuals what to do one day and changes those directions the next.
- She demands that internal communications are to be in-person or on the phone only, no emails or texts. On occasion, this lack of documentation was followed with contradictory orders in the immediate subsequent days.
- She resorts to name-calling and demeaning staff.
- She focuses on punishment rather than training.
- She makes openly hostile statements to and about staff members.
- She divulges protected information about individuals in their personnel records.
- She creates false narratives about a member of staff or manager and relays those narratives to other staff.
- She makes threats or issues write-ups for responsibilities that were beyond the scope of that person's position description.



- Staff walk on “eggshells” to avoid upsetting the Executive Director.
- Staff are instructed not to speak to any of the policy board members for *any* reason outside of regular public meetings.
- Staff are shamed for researching facts or figures for accuracy in lieu of their immediate recall, including telling people to “use your head.”
- An employee’s achievement did not reduce the potential for verbal assault.
- She orders and enacts secrecy and division among staff and management.
- She discourages collegiality and tells staffers not to socialize outside of work.
- She reminds staff and management that they are “at-will” employees and can be fired at any time.
- Members of staff admitted to crying in and out of office, having nightmares, and seeking therapy and medication, all unique to their tenure with StanCOG.

In Article 6 of the Handbook Section 6.1.2, the rules of conduct are as follows: “Employees are expected to observe certain standards of job performance and conduct. When performance or conduct does not meet StanCOG standards, StanCOG will endeavor, when it deems appropriate, to provide the employee reasonable opportunity to correct the deficiency.”

Section 6.1.4 states, “StanCOG will not tolerate harassment of its employees, by managers, supervisors, co-workers or other persons with whom StanCOG employees have a business, service, or professional relationship.” Judging from the above-listed comments, the Executive Director/Management does appear to follow the standards endorsed in the Employee Handbook, and spears to have created a hostile working environment where supervisors have to shield their staff from upper management interactions.

The handbook, though specific, is written with a negative tone of “thou shalt not” rather than a positive one that would encourage each employee to adopt and support the mission and ethics of StanCOG.

Also absent from the handbook are pathways to promotion (monetary) and job enhancement (standardized in-house education or outside continuing education) leading to promotional opportunities.

Employee onboarding is the process of welcoming and integrating new hires into an organization. It is a structured approach that helps new employees become productive, engaged and confident in their roles. At StanCOG, former employees reported there was little on-the-job training. They were told to attend departmental meetings and learn through exposure. Any staff communicating with outside organizations for guidance and attempting to build effective working relationships with other agencies were swiftly met

with verbal or written contempt by upper management and admonished for their “embarrassing” behavior.

Beginning in 2023, the longest serving members of management lacked the necessary time in office and/or expertise in applicable subject matter to be able to give meaningful instruction to new employees.

In early 2023, the Manager of Financial Services retired and another member of Financial Services quit. This left only one employee in the department to perform the duties of both of the aforementioned positions until a Director of Financial Services was hired three months later. As per Section 2.1.9 of the Handbook, “...if an employee is assigned to perform job tasks of a higher paid position for longer than one pay period (ten working days), that employee shall receive the pay for the higher paid position for all the time worked...” Frequently, employees have been denied compensation in the past and not recognized for their service. Too often, lower titled staffers also work above their “pay grade” without proper compensation.

The hours of work in the Handbook Section 4.1 are normally Monday through Friday from 8 a.m. to 5 p.m., with a current practice of every other Friday off. After Covid restrictions were lifted, some capacity for work from home remained. Additionally, some staff were offered company cell phones and equipment for their home. Former employees consistently reported working longer hours than their five eight-hour days or four ten-hour days, usually to finish a project. They were called on weekends, vacation days, sick days, and once during a family funeral for a child, even though prior notice had been given and permission granted for time off.

Multiple employees said that while performance reviews were done, they were presented as an ambush. Reviews were delivered without warning, good reviews were ignored and re-written by other leadership, and goals were contradictory within the same document. Management of StanCOG told us that the staff signatures on these performance reviews were indicative of those staffers endorsing their review. This is contrary to the Handbook which states, “The signature of the employee does not necessarily indicate agreement with the evaluation.” Many staffers were intimidated by the aforementioned bullying, and so they did not offer a written response to these evaluations, as is their right, fearing retribution.

In addition to the Handbook, there is an internal server known as the V drive with more specific information for employees that we were not made aware of by the Director of Administrative Services. The submitted Handbook made references to salary scales being available to reference in Appendix A. The initial version we received did not have Appendix



A. When we did receive it, it did not have salary scales, only the 2020 benefits package and the vacation tables. We then submitted a second request for Appendix A.

On page 54 of the Employee Handbook is an Employee Acknowledgement of Receipt of the Handbook. We requested a site visit to have spot checks of random employee personnel files to see if this required form, and many other forms had been placed in the employee's file. We were refused any access to the building, disregarding our legal right as a Jury granted under PC § 925a of "free access to examine books and records of any... JPA." We eventually received Appendix A dated 1/1/25 of the Employee Handbook with a section for vacation accrual but no salary ranges.

The Jury requested position descriptions of all former and current employees in order to determine how many employees were and are working at StanCOG with respect to how many positions are and have been included in the annual budget. In all communications between the Jury and StanCOG, the Director of Administration has been the person to receive the Jury requests and return the documents within the required time frame. Until outside counsel took over document production, the Director of Administration determined which documents to deny, which do not exist, and which to return incomplete. Most position descriptions have not been assigned a file number and have no dates as to initial approval and none have evidence of being updated. StanCOG's General Counsel informed the Jury that the SCCGJ subpoenas would not be honored.

Another administrative issue is the lack of an Administrative Services Manual that would centralize administrative policies, all forms such as missing receipt forms, vacation requests, changes in benefits, position descriptions, phone and auto allowances, and what forms and documentations are available on the V drive. Authorization requests for travel, education, and acknowledgement of employee receipt of the handbook are some of the forms expected to be in a sample employee personnel file reflecting an actual employee's file. Currently, there is a printed Employee Handbook, finance policies for travel and education, and the V drive, alas there is no centralized manual. Earlier in this report, the policies for travel were enumerated in three different documents.

All travel and lodging must be approved by a supervisor for employees or the Policy Board for the Executive Director. A record of all expenses incurred in the line of duty, typically a supervisor-approved authorization form, a supervisor-approved reimbursement form, and the missing receipts on the V drive is submitted to the Finance Department with the Executive Director's signature. Traditionally, the original or a copy of these should be kept in the employee's personnel file after Finance has recorded them.

The Jury did not find evidence that the rule of prior authorization (Accounting Policies, Travel and Expenses updated August 13, 2024) for travel and lodging, submission of

itemized receipts to the Policy Board, and written documentation for missing receipts has been adhered to by the Executive Director.

The Accounting Policy of June 1, 2021, Section 10 states the responsibilities of the card holder.

“Cardholder shall:

- Comply with all provisions of this policy
- Maintain security of the card and card number
- Obtain credit from merchants on returned goods
- Assist in resolving dispute charges on the credit card
- Maintain receipts for all agency credit card transactions
- Match the receipts to the credit card statement
- Provide account and work element coding for each charge appearing on the statement and
- Include a copy of the travel authorization for overnight travel”

Section 10 also states, “the card holder should contact the vendor to request a copy of the receipt before submitting a Missing Receipt Form. The Missing Receipt Form must have approval from the Executive Director (or in this case the Policy Board). At the Executive Director’s discretion, repeated claims submitted on missing receipt forms could be denied and the Executive Director (or the Policy Board) should request immediate reimbursement from the employee or offset the unauthorized charges through payroll deduction. The Executive Director (or the Policy Board) will determine necessary disciplinary action for frequent abuse of the receipt requirements [by a StanCOG employee].” There was never evidence of any disciplinary action as the abuse of this policy by the Executive Director was the most prolific offender.

## **Compensation**

### **High salaries and benefits, but only for a select few**

Our third administrative issue regards the salaries and vacation schedule for the employees. The Employee Handbook details the procedures for use of annual vacation and sick leave. According to Appendix A dated 1/1/25, after twelve years a StanCOG employee will accrue nine weeks of vacation per year. StanCOG’s General Counsel informed the Jury that the vacation policy was in the Employee Policies and Procedures Handbook, last adopted by the Policy Board in open session on Nov. 17, 2021, via Resolution 21-13 which calls for five weeks after 12 years.

The Jury requested the StanCOG vacation policy. We received Appendix A (2025) which states that at 12+ years of service, an employee earns 360 hours or nine weeks of vacation.

In contrast, a Stanislaus County employee must work 21 years to earn five weeks of paid vacation.

The Jury then asked Chair of the Policy Board how was Appendix A (dated 1/1/25) developed, and by whom, and when was it approved by the Policy Board. He in turn forwarded the request to the StanCOG General Counsel. She responded on May 1, 2025, that it was in the Employee Handbook that was first developed by the Stanislaus Area Association of Governments (SAAG) in 2000 and based on the Stanislaus County Handbook.

It has been updated and revised several times over twenty-four years, mainly to conform with Federal and State laws. She did confirm (again on May 1, 2025) that the most current policy was approved by the Policy Board on Nov. 17, 2021, with an Appendix A (2021).

General Counsel also provided the Jury with the November 21, 2021, resolution stating that all previous versions are repealed. Appendix A (2021), states that at 12+ years an employee is eligible for 200 hours of paid vacation, or five weeks annually, and the Executive Director's 2024 contract affirms this.

The Jury asked Henderson CPAs, who performed the last Single Audit, to provide us with the vacation accrual given to him by StanCOG and the accruals he used to document his financial statement liabilities. The SCCGJ Financial Oversight Committee analyzed the accrual pages he provided confirming the vacation accrual numbers he used increased by about 30% from 6/30/22 to 6/30/23, and included a listing of all employees with their vacation accrual factors next to their name. He was using the Appendix A dated 1/1/25. The Executive Director's vacation accrual was set for nine weeks, rather than five weeks, as of the 6/30/23 for the Single Audit which increased by 29% over the figure from 6/30/22.

So, the question becomes: when was the 2025 Appendix A, provided by the Director of Administrative Services, approved by the Policy Board? There is only the November 2021 Resolution 21-13 with the 2021 Appendix A provided by the StanCOG General Counsel. Apparently, the General Counsel has not been kept up to date by the Director of Administrative Services. There is no documentation of any other policy, nor amendment, nor correction to this policy being approved.

Page nine of the Employee Handbook, Section 3.2.8 states "management employees may submit requests to the Executive Director for cash conversion of vacation twice in any fiscal year (non-management may only do this once a year) or at the discretion of the Executive Director."

The Executive Director's contract states "the employee shall accrue vacation at the same rate and in the same manner as other management employees and is granted one additional week of vacation annually." This would award the Executive Director with ten weeks of vacation a year according to Appendix A. We have asked the Director of

Administrative Services how many weeks of vacation the Executive Director has converted into cash. The question has not been answered.

We learned from interviews that the Executive Director rarely takes a vacation. In reviewing her calendar for the previous five years, no vacations were noted. Management is allowed to request a cash conversion twice a year which would give her \$27,864 every six months. The Director of Administrative Services would receive nine weeks of vacation per year. StanCOG does not have published current pay rates for employees, per their outside legal counsel, thus we may only assume it is close to the rate of the Executive Director's.

It must be noted that as of June 30, 2022, the outside auditor documented accrued vacation time for the annual audited financial statement at a much lower vacation rate than the current StanCOG vacation policy. The accrued vacation time increased sharply during the next year, as the same CPA auditor was documenting accrued vacation time per pay period, which was approximately 30% or more than the previous accrual figure, and only then approximated the new policy.

Of particular concern is the high salaries of the three senior managers, two of whom have served for 12+ years and are eligible for nine weeks of vacation each year according to Appendix A of the Employee Handbook. The following graphs have been developed by the Jury to document how much the StanCOG Executive Director earns compared to other central valley councils of government using 2022 data, the most recent available for comparison. The similarity ends there. StanCOG is the smallest agency with fourteen employees, while the Sacramento area agency is the largest with sixty-one employees, yet the StanCOG Executive Director's total compensation is \$138,200 greater. StanCOG has 17 member agencies whereas Sacramento has 31. This is also evident in the size of each agency's Overall Work Program as Sacramento has more than double the budget at \$43,240,057 as compared to only \$20,730,863 for StanCOG. The Policy Board has been led to believe that StanCOG salaries are based on comps from other counties with similar COGs.

Comparative data from other Central Valley COGs is from Transparent California, using 2022 data because that is the most recent year for which data is complete. Historic salary data for the Executive Director and the Director of Administrative Services were provided to us by StanCOG.

**Figure 2.**

<b>Executive Director Compensation: Comparison to Other Central Valley COGs</b>						
<b>Local agency</b>	<b>Staff Size</b>	<b>Voting Board Size</b>	<b>Exec Dir Base Salary</b>	<b>Other</b>	<b>Benefits</b>	<b>Exec Dir Total Compensation</b>
Stanislaus COG	14	16	\$246,553	\$71,447	\$166,156	<b>\$484,156</b>
San Joaquin COG	37	12	\$256,735	\$86,659	\$55,800	<b>\$399,194</b>
Sacramento COG	61	30	\$293,124	\$1,474	\$51,359	<b>\$345,957</b>
Fresno COG	20	16	\$226,514	\$6,000	\$59,951	<b>\$292,465</b>
Merced CAG	32	11	\$201,601	\$10,053	\$66,473	<b>\$278,127</b>
Kern COG	18	13	\$195,826	\$7,200	\$19,745	<b>\$222,771</b>
Tulare CAG	26	17	\$175,709	\$7,302	\$45,339	<b>\$228,350</b>

Comparing Central CA Counties MPOs in size of staff, board, and Executive compensation; Transparent California 2025  
SCCGJ 2024-2025

**Figure 3.**

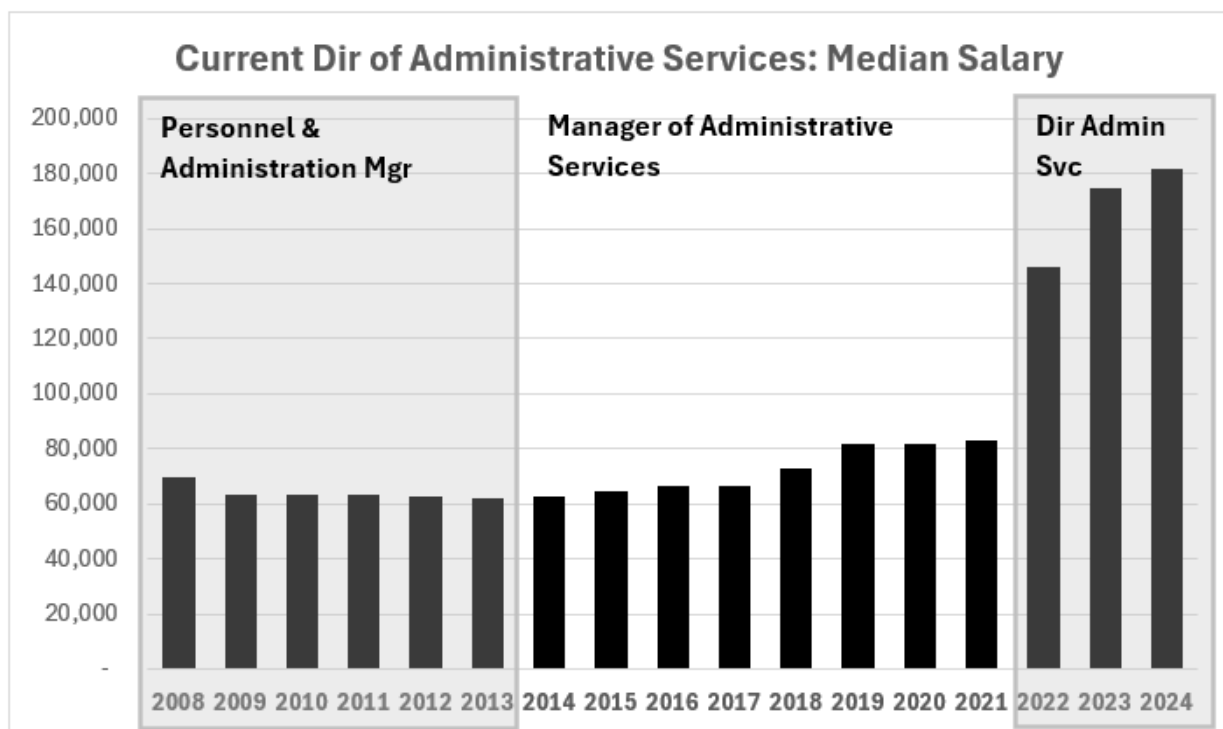


*Evolution of Titles and Compensation for Current Executive Director; StanCOG Salaries 2025  
SCCGJ 2024-2025*

What is more revealing is the steady increase in salary each year with no change in responsibilities that would normally be documented in a position description. The Jury requested Position Descriptions for a five-year period. We received only one description for each of the top three directors leading us to conclude there had been no changes in duties. Based upon our interviews, the Director of Administrative Services has not had any material change in her Position Description. The Jury requested all past Position Descriptions as none of those submitted had any dates of approval. Thus, there was no way to confirm the Director of Administrative Service's statement.

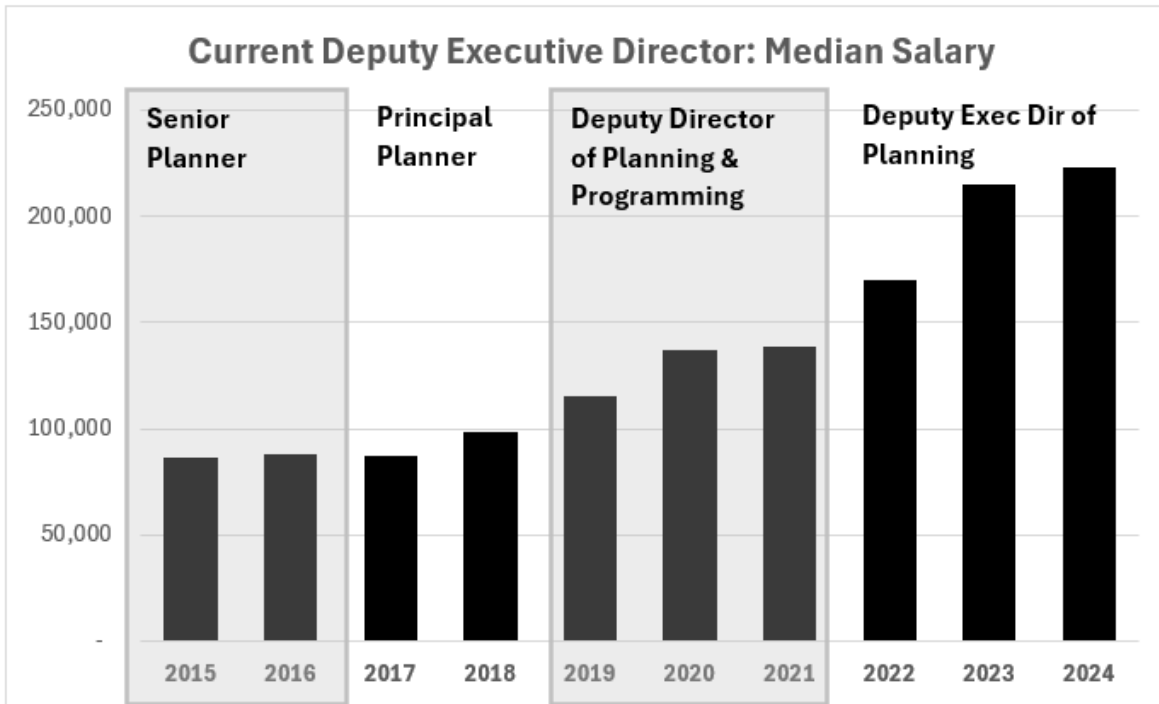
The increase in compensation could also be monetary awards each year for exceptional performance, but again, StanCOG has not allowed the Jury to examine any documents of an employee personnel record that would contain a commendation or a certificate of appreciation.

**Figure 4.**



*Evolution of Titles and Compensation for Current Director of Administrative Services; StanCOG Salaries 2025  
SCCGJ 2024-2025*

**Figure 5.**



*Evolution of Titles and Compensation for Current Deputy Executive Director, StanCOG Salaries 2025  
SCCGJ 2024-2025*

**Figure 6.**

<b>Top Administrative Employee: Comparison to Other Central Valley COGs</b>				
<b>Local Agency: Title</b>	<b>Base Salary</b>	<b>Other</b>	<b>Benefits</b>	<b>Top Admin Total Compensation</b>
StanCOG: Dir of Admin Services	\$146,150	\$43,494	\$91,330	<b>\$280,974</b>
San Joaquin: Deputy Dir Fin & Admin	\$166,877	\$38,569	\$58,169	<b>\$263,615</b>
Sacramento Area: Admin & HR Lead	\$115,884	\$1,440	\$117,324	<b>\$234,648</b>
Fresno County: Communication & Planning Svc. Mgr	\$119,037	N/A	\$37,366	<b>\$156,403</b>
Merced: HR & Risk Mgmt Mgr	\$121,450	\$993	\$50,893	<b>\$173,336</b>
Tulare County: Admin Supervisor	\$80,308	N/A	\$19,873	<b>\$100,181</b>

Kern County is omitted due to lack of comparable position.

*Evolution of Titles and Compensation for Current Deputy Executive Director; Transparent California 2025  
SCCGJ 2024-2025*



## **Employee Turnover**

We asked StanCOG for a list of employees for the last three years. Over the course of our investigation, we discovered at least ten additional employees had not been disclosed. That means that in three years, an organization that hovers between eleven and fifteen active staff at any point in time has lost at least twenty-four people:

- eight of eleven Financial Services staff
- eleven of sixteen Planning and Programming hires
- five of eight Administrative Assistants/Analysts

These metrics indicate a “revolving door” environment wherein more money and time is being spent on hiring new staff rather than management doing the required work to retain employees with strong performance and capability.

We interviewed former staff and current employees of StanCOG. Witnesses all concurred that while both exempt and non-exempt employees were expected to work beyond their scheduled hours, they found the work challenging, rewarding, and satisfying. The mix of work from home and in-office work hours, plus the potential travel for meetings, conferences, and seminars are largely viewed positively. Yet the external single audits were not completed on time. As of this writing, there is every indication to believe that employee turnover has been a primary cause of the financial chaos within StanCOG.

## **Single Audit**

### **Poor management by StanCOG has led to insufficient staff to complete critical tasks**

The Code of Federal Regulations (2 CFR § 200.500 (2025)) requires that local governments receiving more than \$1,000,000 in federal funds must submit an annual Single Audit performed by an external auditor. This audit must be submitted to the federal government within nine months of the end of the fiscal year. Since StanCOG’s fiscal year ends on June 30, the due date for the Single Audit is March 31 of the following calendar year.

The Federal Audit Clearinghouse reports that, from the fiscal year ending June 30, 2016, to the fiscal year ending June 30, 2022, StanCOG submitted its Single Audit on time. These Single Audits had no “findings” of any problems with StanCOG’s financial processes. Because the Single Audit is based on sampling financial records, these audits did not catch—and were not intended to catch—some of the financial oversight issues discussed in other sections of this report. These Single Audits show an organization that was allocating money to the correct accounts and maintaining compliance with federal requirements.

The Single Audit for the fiscal year ending June 30, 2023, is another story. It was submitted more than four months late. The external auditor found “material weaknesses” in both



StanCOG's financial systems and its compliance with federal requirements. In accounting jargon, a "material weakness" means that there is something wrong with how the process is done and monitored, to the point that serious mistakes are likely to be overlooked.

The Single Audit states on page 64:

"During the audit of the Council's financial statements, we [the auditor] encountered significant delays in the commencement and completion of the audit as the Council was unable to produce financial statements in a timely manner. In addition, we identified several material misstatements in the Council's account balances which required material audit adjustments. Additionally, the Council required an excessive number of year-end closing journal entries to complete the financial close process. In addition, the material adjustments made significantly delayed the audit process."

When this statement was read aloud to the Executive Director during a Jury interview, we were told that these were not the official audit findings. The Executive Director could not explain how the Single Audit, posted both on StanCOG's official website and at the Federal Clearinghouse, could contain text that did not accurately represent the external auditor's findings.

The Single Audit attributes the problems to high staff turnover. The Single Audit concluded with a management response acknowledging the findings and provides a remedial plan for hiring staff, implementing training, and improving processes. This plan was signed by the Interim Director of Finance.

As of May 2025, the Single Audit for the fiscal year ending June 30, 2024, is also delinquent. The Financial Services Department continues under the leadership of an Interim Director. The Senior Financial Specialist hired in April 2024 resigned, leaving the department staffed by only a Financial Services Specialist I and a Financial Services Specialist II. StanCOG began the selection process for a new external auditor later than best practices dictate. They then had difficulty finding an auditor with availability and the willingness to work with the organization, and thus they started the audit several months late.

It is fair to conclude that the remediation plan from the prior year has qualitatively and quantitatively not been implemented. A pattern of late Single Audits with negative findings can jeopardize access to state and federal funds.

## **Measure L**

### **Our local transportation tax**

In 2016, Stanislaus County voters approved Measure L, the Local Roads First Transportation Funding Measure. Measure L calls for implementing a half-cent increase in

sales tax within Stanislaus County for the purpose of funding local street and road improvements. The increase began in April 2017 and will last for 25 years.

Measure L is the largest program that StanCOG administers, with typical annual funding in the \$60 million range. Measure L's funding is divided into two broad categories:

- Regional projects, which are managed by StanCOG itself
- Local control projects, which are managed by each city or transit agency within the county

For local control projects, StanCOG receives the funds from Caltrans and deposits it in a "fiduciary" account for the jurisdiction (city or county) it belongs to. The fiduciary account is similar to an escrow account: money is held there until the jurisdiction it belongs to demonstrates that it is current and compliant on paperwork.

StanCOG has a Policies & Procedures Manual that outlines how Measure L funds are to be processed and monitored.

One requirement is that cities upload their reports to the ABILA system, which allows StanCOG to show on the Measure L web site how money is being spent (<https://stanislausmeasurel.com/>). The Jurisdiction pages on the Measure L site should give a list of every document submitted by each jurisdiction; however, the most recent posting of project documents is December 31, 2022. Since Measure L requires monthly and quarterly reporting, even when a city is stockpiling funds for a future project, it is irresponsible that there have been no posted documents in more than two years. Thus, we have to conclude that this required website is out of date.

At the April 2, 2025, Management and Finance Committee (MFC) meeting, members discussed the Public Participation Plan and its underwhelming performance, including the long-awaited update of the Measure L website. A contractor was hired and began work nearly a year ago, at a cost of \$250,000, with no tangible results. Additionally, the in-person meetings with the members had not happened as promised and instead of the contractor, a StanCOG staffer was collecting photos of the projects for the website.

Measure L also requires that each jurisdiction receiving funds provide an annual report on Measure L projects. This report is separate and distinct from StanCOG's Single Audit or the jurisdictions' comprehensive annual financial reports. As of late April 2025, there are no jurisdiction-level reports for the fiscal year ending June 30, 2024, which had a deadline of March 31, 2025.

StanCOG also produces its own Measure L Annual Report, which notes that it uses unaudited numbers. This becomes obvious when the Measure L Annual Report for the

fiscal year ending June 30, 2023, has a math error in its presentation of revenues (stating \$61,142,226 when the itemized list sums to \$61,148,226). These unaudited numbers are close to, but do not match, the audited numbers in the annual Single Audit. At the previously mentioned Management and Finance Committee meeting, members pointed out that the figures presented to them from a different funding source did not add up.

StanCOG has the right to withhold funds if jurisdictions are not up to date on their required Measure L monthly reports. Prior to 2023, disbursements were issued two weeks after the 10<sup>th</sup>, because they are obligated to deliver funds monthly. The Policy & Procedures Manual for Measure L states that if the jurisdiction's required reporting is more than ninety days late, StanCOG may withhold funds until they come into compliance. At that point, they have 30 days to disburse all funds in arrears, but StanCOG retains the bank-earned interest as a penalty.

In Ordinance 16-01 that created Measure L, Section 20.02 states that in the event that jurisdictions need to return funds to StanCOG, the bank interest earned on allocated funds must be returned with the funds to StanCOG. This suggests, but does not state outright, that the bank interest earned on the funds always travel with the funds, both ways. Prior to February 2023, StanCOG did disburse the interest with the monthly funds to the member jurisdictions. However, after that month, interest was no longer disbursed, with no discernable announcement by the leadership of this policy or procedural change.

In April 2023, StanCOG informed the City of Turlock that it would start withholding funds because Turlock was out of compliance with paperwork. However, the City's records show funds from StanCOG continuing to arrive monthly until December 2023. When Turlock provided the required documentation in January 2024, StanCOG waited until May to clarify additional requirements. Once Turlock was deemed to be in compliance, payments continued to be sporadic and delayed, with at least one dispute over whether StanCOG was paying the correct amount. In addition, while in early 2023 StanCOG had paid interest if funds stayed in their fiduciary accounts long enough to earn any, after this point, interest does not appear to be paid to Turlock.

At the Management and Finance Committee meeting on May 7, 2025, these matters were addressed. Two member jurisdictions said that they were up to date on all of their obligatory reporting, but StanCOG had not disbursed funds for three months or more. Additionally, members stated that they believe they are owed interest on those late funds. They then questioned if they have ever received the bank interest on funds allocated to them.

We note that the Management and Finance Committee has had a higher rate of cancelled meetings in 2023 and 2024 than in years prior. Historically, up to two monthly meetings were cancelled in a calendar year. In 2022, three were cancelled, but four special meetings

were added. In 2023, seven of eleven meetings were cancelled and in 2024, four of eleven were cancelled.

To complete this report, it is best to remember that it started with a citizen's complaint pointing out that StanCOG was likely underperforming in its own financial reporting and on track to be delinquent with the upcoming Single Audit, all of which was correctly predicted. Additionally, the complainant suggested there was a high rate of employee turnover in the last two to three years that deserved examination.

This report has not only confirmed these concerns but was also able to confidently document mismanagement by its Executive Director and the Director of Administrative Services along with the unfortunate lack of oversight by the elected officials of our county and cities.

During interviews with the upper management of StanCOG, the Jury was told that it is difficult for them to attract new employees to come to Modesto and work at StanCOG and retain those already employed. The consensus of the Stanislaus County Civil Grand Jury is that the problem was not attracting people to the city of Modesto, rather it was the mismanagement of StanCOG.

It was not lost on us that though these problems have been long known, it was not until we, the Jury, were able to confront and examine them, that they were brought to light. In a perfect world, no problem should ever get this big, and more so, it should not be a civil grand jury discovering these facts. Rather, the obvious and continuous weaknesses and underperformance should be the triggers for a meaningful response from members of the governing oversight bodies.

## **FINDINGS AND RECOMMENDATIONS**

- F1.** StanCOG is not responsive to their obligations with respect to the authority of the Civil Grand Jury and the Policy Board.
- R1a.** StanCOG General Counsel is expected to be familiar with the California Penal Codes illustrating the rights of the Civil Grand Jury and its responsibility as a government watchdog. The Policy Board should require proof that the General Counsel has completed continuing education or other training in civil grand jury rights should be completed no later than December 31, 2025.
- R1b.** The Policy Board is strongly encouraged to review this report with a critical eye on how both StanCOG upper management and its General Counsel responded to the Civil Grand Jury in both written responses and verbal interviews.
- F2.** StanCOG has no significant oversight by its Policy Board.
- R2a.** StanCOG should amend their November 2018 JPA to include the County Auditor-Controller. This should be completed with the anticipated upcoming JPA amendment process, which currently lacks a completion date.
- R2b.** StanCOG should revise its policy board bylaws to reduce the overall responsibility of oversight from the Chair and distribute it among the other members keeping in mind the responsibilities of all members outside of their StanCOG duties, particularly members of the Stanislaus County Board of Supervisors who carry greater responsibilities. This should be completed by December 31, 2025.
- R2c.** StanCOG's Policy Board should create a system of monthly, quarterly, and annual reviews of travel expenditures, project funds, accounting, and policies. This should be completed by December 31, 2025.
- R2d.** Revise the JPA so that all Management and Financial matters are reviewed and approved by the MFC prior to presentation before the Executive Committee and Policy Board in order to provide guidance, insight, and recommendations on the improvements required. This should be completed by December 31, 2025.

- F3.** As used in the Accounting Policy in Section 9, “reasonable” is not a specific enough spending limit to be employed responsibly with respect to travel.
- R3.** With advisement from the Management and Finance Committee, the Policy Board should craft a travel policy with specific spending limits for rental cars, hotels, dinners, flights, and other related expenditures. This should be completed by December 31, 2025.
- F4.** StanCOG lacks a Director of Financial Services, and that position is subject to the authority of the Executive Director.
- R4a.** StanCOG’s Policy Board, not the Executive Director, should take over and expedite the hiring of a Director of Financial Services. This should be completed by October 31, 2025.
- R4b.** The Executive Director position should be abolished and establish an information officer for jurisdiction and political engagement, and an operations officer to oversee the daily operation of the organization. This should be completed by March 31, 2026.
- R4c.** The Director of Financial Services should *only* be answerable to the Policy Board, not the Executive Director. This should be completed by December 31, 2025.
- R4d.** The operations officer should oversee the Financial Services department and approve all of the expenditures of the newly created information officer position. This should be in addition to the Policy Board’s oversight. This should be completed by March 31, 2026.
- F5.** StanCOG’s absence of a Director of Financial Services resulted in several members of upper management undertaking that role’s responsibilities. The substandard performance of these duties led to delinquent audits with material findings.
- R5a.** In the event that the Executive Director position is retained or the position of operations officer is created, these positions and any other leadership roles engaged with the Single Audit should have training in Generally Accepted Accounting Principles. This should be completed by December 31, 2025.
- R5b.** The Policy Board should establish a separate audit committee. This should be completed by December 31, 2025.

- F6.** The Employee Handbook as stated is a “working guide for Employees and supervisors.” It is out of compliance with the current practices of StanCOG.
- R6a.** The Policy Board should review and compare its StanCOG Policies with Stanislaus County’s HR policies.
- R6b.** The Employee Handbook should be consolidated with all applicable policies and procedures, position descriptions, and all other documents into one central manual. This should be completed by December 31, 2025.
- R6c.** The Employee Handbook and all applicable policies and procedures, position descriptions, and other documents should be centrally located for any employee to access at any time. A hard copy of the aforementioned documents should be kept in Administrative Services, and digital copies should be available on the V drive. This should be completed by October 31, 2025.
- F7.** The Jury found that the StanCOG Single Audit, dated June 30, 2023, had material weaknesses that caused the report to be issued late.
- R7a.** The Executive Director or the newly created position of operations officer should be involved with the audit process from start to finish and should receive training in Generally Accepted Accounting Principles. This should be completed by December 31, 2025.
- R7b.** The Policy Board should establish a separate audit committee. This should be completed by December 31, 2025.
- F8.** There are two published Appendix A documents for full-time employee benefits. Appendix A (1/1/25) provided by the director of Administrative Services allows for nine weeks paid vacation at twelve years and Appendix A (11/17/21) provided by the General Counsel allows for only five weeks at twelve years and more.
- R8a.** The Policy Board should determine which document they approved and purge the system of the inaccurate document, preferably the Appendix A dated 1/1/25 allowing for nine weeks of vacation. This should be completed by October 31, 2025.
- R8b.** The Policy Board should investigate how this unapproved change of Appendix A occurred and shall report the findings in an open session at a Policy Board meeting. This should be completed by December 31, 2025.



- F9.** The Executive Director has used rental cars extensively and excessively rather than her personal vehicle due to vague policies and lack of oversight.
- R9a.** StanCOG should contract with the county motor pool to reduce unwarranted rental car expenses. This was proposed to the County CEO, and he said it would be possible. This should be completed by December 31, 2025.
- R9b.** Subtract the cost of a rental vehicle from the yearly auto allowance of \$4,800 each time a rental is used in lieu of a personal vehicle. This should be completed by October 31, 2025.
- R9c.** In the event that it is necessary to use a rental vehicle, an authorization from the Policy Board must be issued. This should be completed by October 31, 2025.
- F10.** The policy on missing receipts is not being adhered to by the Executive Director due to the lack of appropriate oversight by the Policy Board.
- R10a.** The policy on receipts should be followed by all employees including the Executive Director. This should be implemented immediately.
- R10b.** All employees, including the Executive Director, should be held accountable by the Policy Board for adherence to the credit card rules as documented in the StanCOG Accounting Policies updated 6/1/21. This should be completed by December 31, 2025.
- R10c.** The Policy Board should investigate how the Executive Director was able to charge the Executive Director's husband's plane fare (in the amount of \$614.58) to the StanCOG credit card. They should also review the fraud report related to this charge submitted by the Director of Administrative Services to the credit card company. They shall report the findings in an open session at a Policy Board meeting. This should be completed by December 31, 2025.
- R10d.** The Policy Board should initiate an investigation of both the unrestrained "Education and Training" expenses and the inordinate and inappropriate use of the StanCOG credit card by the Executive Director and all staff from January 1, 2020 to June 30, 2025. This investigation should be conducted by an outside accounting firm/forensic auditor and should focus on:
- a) credit card reimbursements, especially when receipts were missing or inappropriately itemized
  - b) reimbursement requests submitted late, and



c) unauthorized expenses as per Section 9 of the Accounting Policies.

This investigation should begin no later than December 31, 2025. A report of this investigation should be presented in an open session of the Policy Board by March 31, 2026.

**R10e.** The Jury recommends full reimbursement by the Executive Director of **ALL** missing receipts and unauthorized expenditures. This should be completed by December 31, 2025.

**F11.** The expenditure category “training and education” is too broad.

**R11.** StanCOG should amend policies to create additional expense categories that will provide greater transparency for expenditure purposes. This should be completed by December 31, 2025.

## **REQUIRED RESPONSES IN 90 DAYS**

The following responses are required pursuant to Penal Code sections 933 and 933.05:

- StanCOG’s Policy Board: All Findings and Recommendations

## **INVITED RESPONSES**

The following organizations and officials are invited to respond to any and all Findings and Recommendations:

- Mayors of member cities of StanCOG
- City Managers of member cities of StanCOG
- Councilmembers of member cities of StanCOG
- Directors of Finance of member cities of StanCOG
- Chief Executive Officer of Stanislaus County
- Auditor-Controller of Stanislaus County
- Caltrans – California Department of Transportation
- StanCERA – Stanislaus County Employee’ Retirement Association
- San Joaquin Valley Council of Governments
- CalCOG – California Council of Governments
- StanRTA – Stanislaus Regional Transportation Agency
- MOVE CTSA – Consolidated Transportation Services Agency
- CalVans – California Vanpool Authority

Responses are to be submitted to:

**Honorable Sonny Sandhu, Presiding Judge  
Superior Court of California, County of Stanislaus  
P.O. Box 3488  
Modesto, CA 95353**

## **RECUSAL DISCLAIMER**

Case #25-06C is issued by the 2024-2025 Stanislaus County Civil Grand Jury with the following exception: A juror recused due to potential conflict of interest. Recused jurors are always excluded from all phases of the investigation including interviews, deliberations, voting, writing, and approval of this report. None of the information included in this report was obtained from the recused juror to prevent any potential bias in this report.

Reports issued by the Grand Jury do not identify individuals interviewed. Penal Code section 929 requires that reports of the Grand Jury not contain the name of any person or facts leading to the identity of any person who provides information to the Grand Jury.

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**2024-2025  
Stanislaus County  
Civil Grand Jury**

**City of Turlock:  
Rehab In  
Housing Department  
Passes Inspection**

**Case #25-08C  
Release Date: June 25, 2025**





# City of Turlock: Rehab in Housing Department Passes Inspection

Case Number #25-08C

Release Date: June 25, 2025

## SUMMARY

During more than a decade and waning by the end of 2023, the City of Turlock's Housing Department experienced a lack of structure due to excessive employee turnover. While trying to manage one problem, others were developing in different areas, much like a home that needs constant and comprehensive maintenance to function properly.

Because of changing federal regulations and governmental procedures, repairs in the way of updated Policies and Procedures Manuals for multiple HUD agencies took months. Because of employee turnover, the ability to ensure the continuity of service to Turlock's lower-income population was compromised, and for a time, stalled. The City of Turlock contracted with independent consultants to help repair the struggling department.

Despite this troubled period, Turlock's Housing Department has rebuilt, reorganized and strengthened its commitment to serve the community.

## GLOSSARY

**CDBG.** An abbreviation for the Community Development Block Grants. This **HUD** program provides annual grants on a formula basis to states, cities, and counties to develop viable urban communities by providing decent housing and a suitable living environment, and by expanding economic opportunities, principally for low- and moderate-income persons.

**CFR.** An abbreviation for *Code of Federal Regulations* that outlines the eligible rehabilitation and preservation activities for **CDBG** funds.

**Cloudburst.** An agency hired by the City of Turlock to help produce new Policy and Procedure Manuals, and to be a resource for **HUD** reporting concerns.

**CohnReznick.** An external auditing agency hired by the City of Turlock.

**FTHB.** An abbreviation for First Time Home Buyer as well as a **HUD** program designed to make loans, incentives, and financial assistance available to those who have not owned a home in the past three years.

**HOME.** An abbreviation for Home Investment Partnerships Program. A **HUD** program that provides formula grants to states and localities that communities use - often in partnership with local nonprofit groups - to fund a wide range of activities including building, buying, and/or rehabilitating affordable housing for rent or homeownership or providing direct rental assistance to low-income people.

**HUD.** An abbreviation for the United States Department of Housing and Urban Development.

**IDIS.** An abbreviation for *Integrated Disbursement and Information System*. It is a nationwide database used by **HUD** to track program activities and funding.

**monitoring report.** In this report, it refers to an investigation by **HUD** to check for compliance with an entity's reporting to **HUD**.

## BACKGROUND

The United States Department of Housing and Urban Development (HUD) provides funds to counties and cities from taxpayer revenues to help low- and moderate-income persons and families, as well as at-risk populations such as survivors of domestic violence, homeless persons and families, and those at risk of becoming homeless. Every county and city that receives funds must ensure that they are complying with a multitude of federal regulations through the monitoring process. HUD conducts these week-long remote investigations for the City of Turlock generally every two years.

Turlock's Housing Department, a division of the Development Services Department, is responsible for administering funds from what has been publicly described as "an alphabet soup" of state and federal programs: CDBG, HOME, FTHB, PLHA, and NSP. They are also responsible for initiating NOFO's and producing (or assisting in some instances) the AAP, the CON Plan, and CAPER reports. For reference, this non-comprehensive list of alphabet soup programs and reports are: Community Development Block Grants (CDBG,) HUD Home Investment Partnerships Program (HOME), First Time Home Buyer (FTHB), Permanent Local Housing Allocation Program (PLHA), Neighborhood Stabilization Program (NSP), Notice of Funding Opportunity (NOFO), the Annual Action Plan (AAP), 5-year Consolidated Plan (CON Plan), and the Consolidated Annual Performance and Evaluation Report (CAPER).



At the Turlock City Council meeting on April 23, 2024, the Acting Director of Development Services released an independent audit of the Housing Department produced by CohnReznick, an independent firm offering “real-time advice from subject matter experts” on federal policy. While the Acting Director addressed each finding and provided explanations for many of the deficiencies mentioned, issues still existed from previous HUD monitoring reports dating back more than a decade.

This report prompted a citizen to file a complaint with the Stanislaus County Civil Grand Jury (SCCGJ) requesting an investigation into alleged procedural problems that included possible misuse of HUD funds, violation of city policies and HUD regulations, and insufficient documentation of compliance with HUD procedures. The SCCGJ determined that the matter was within its jurisdiction and began an investigation.

## **METHODOLOGY**

For this investigation, the City Committee conducted interviews with a City Council member, the City Manager, the Director of Development Services (Planning, Building, and Housing), the Housing Department Manager, the Finance Manager, a member of the CDBG Selection Committee, an Acting City Manager, and the complainant.

Documents were requested regarding policies and procedures, contracts, HUD monitoring reports, and other communications with HUD. We asked for job turnover data in all departments.

Online research was conducted on HUD’s CDBG and HOME programs and wage comparisons in the county.

The following documents were compiled and reviewed: the City’s budget documents, CAPER (Consolidated Annual Performance and Evaluation Reports) reports, Annual Action Plans, 5-year Consolidated Plans, newspaper articles, and City Council meeting minutes from January 2022 to present day. Online videos of City Council meetings were reviewed when information pertinent to this report was presented by staff.

The SCCGJ would like to express our appreciation to the City of Turlock and its staff for prompt responses to our requests and for honest, candid, and thorough interviews.

## DISCUSSION

### **HUD and HUD Monitoring Reports**

HUD Monitoring Reports are the means by which the government examines its grants and funding awards and all the procedures required to abide by federal regulations. The August 23, 2022, HUD Monitoring Report conducted from May 31, 2022, to June 14, 2022, issued six new findings and restated seven open findings: three from a 2010 monitoring report, one from 2014, and three from 2019.

***Finding 2022-1: The City had incorrectly classified IDIS Activity ID 799 – Temporary Relocation (CDBG) 2019 – 2020 as a relocation activity instead of a housing rehabilitation delivery cost, which is eligible under 24 CFR Section 570.202.***

***Corrective Action: Within 60 days of this letter, the City must take these two corrective actions: (1) return the funds charged under IDIS Activity ID 799 and then apply them to the CDBG activity it provided the homeowner housing rehabilitation assistance along with its justification as a necessary delivery costs, and (2) develop and submit to HUD a housing rehabilitation program policy for providing similar services, such as renting storage, so that the City delineates the level of service available to all prospective clients.***

***Finding 2022-2: The City lacks a current Residential Anti-displacement and Relocation Assistance Plan [RARAP].***

***Corrective Action: The City must update its current “Displacement Plan” to reflect the RARAP requirements. The City must provide the updated Displacement Plan to HUD within 60 days of this letter to clear this finding.***

***Finding 2022-3: There is an absence of dated signatures of all parties on the beneficiary written agreement for the IDIS Activity ID 827- Ceres 2020 FTHB 001 RIC [Homebuyer] project as well as a lack of HOME program policies and procedures to ensure written agreements include dated signatures of all parties. This was the case for the IDIS Activity ID 797-City 2018 Avena Bella Phase II [Rental – new construction only] project as well.***

***Corrective Action: To resolve this finding, the City shall revise its HOME policies and procedures to include a provision on HOME Agreements and committing HOME funds that specifically requires that written agreements include dated signatures of all parties. Please provide the requested documentation within 60 days of the date of this letter.***

**Finding 2022-4:** *There is an absence of many federally required provisions in the City's loan agreement with the owner, Avena Bella II, L.P., for the IDIS Activity ID 827- Ceres 2020 FTHB 001 RIC [Homebuyer] project including the following:*

- a) a date next to each party's signature;*
- b) a detailed project schedule and a complete budget that includes all sources and uses;*
- c) designation of HOME-assisted units as fixed or floating;*
- d) sets forth all obligations to impose on the owner to meet the Violence Against Women Act (VAWA) requirements; and*
- e) specifies that the owner cannot request disbursement of funds under the agreement until funds are needed for payment or eligible costs and such requests are limited to the amount needed.*

**Corrective Actions:** *To resolve this finding, the City must take the following corrective actions:*

- 1. amend the loan agreement with Avena Bella II, LP., to include the requirements listed above;*
- 2. the owner must amend the current leases with tenants to include the correct VAWA addendum and begin using the updated VAWA addendum for all future leases;*
- 3. revise policies and procedures that conforms with all current HOME written agreement requirements; and*
- 4. develop a project compliance checklist to be used by City staff to ensure that all HOME requirements are met including applicable record keeping requirements pursuant to 24 CFR 92.508(a)(3)(i).*

*Within 60 days of this letter, please provide documentation demonstrating that the corrective actions listed above have been addressed including the amended loan agreement, assurance that the owner is using the correct VAWA addendum, revised policies and procedures, and a project compliance checklist.*

**Finding 2022-5:** *The amount of HOME funds invested in the IDIS Activity ID 797- City 2018 Avena Bella Phase II [Rental – new construction only] project was not at or below the applicable maximum per-unit HOME subsidy limit as required under 24 CFR Section 92.250(a). The limit was exceeded by \$133,625.*

**Corrective Action:** *To address this finding, the grantee is requested to take the following action(s): repay the \$133,615, which is the amount that the City exceeded the maximum subsidy limit for this project, to its HOME Investment Trust Fund local account and provide documentation of the*

*repayment from non-federal funds to this office within 60 days from the date of this letter. Specifically, the City must submit to HUD a canceled check, a copy of deposit slip, or a copy of a bank ledger documenting the repayment and create a repayment to the local account (IU) receipt in IDIS. The repaid IU funds may be committed to other eligible HOME projects consistent with the City of Turlock's annual action plan.*

***Finding 2022-6:*** *The City does not have comprehensive written policies and procedures as required under HOME regulation 24 CFR Section 92.504(a). Specifically, the following areas of the City's draft Turlock/Stanislaus County HOME Consortium Policies and Procedures Manual, dated May 15, 2018, related to rental were found to not meet the requirements:*

- 1. Tenant Selection. The City's draft policies and procedures do not ensure project owners have written tenant selection policies and criteria required under 24 CFR Section 92.253(d) that address the following:*
  - a. Policies and criteria that do not exclude an applicant as required under 24 CFR Section 92.253(d)(3)(i) because the applicant is a holder of a certificate or voucher under the Section 8 Tenant-based assistance or Housing Choice Voucher program, or comparable HOME TBRA document.*
  - b. Policies and criteria that comply with the Violence Against Women's Act (VAWA) prescribed under 24 CFR 92.359.*
- 2. Income Determination. The City's draft policies and procedures does not include a provision that income determination of a household is conducted no more than six months before the execution of the lease as required under 24 CFR Section 92.203(d)(2).*
- 3. Lease Compliance. The City's draft policies and procedures does not include a provision ensuring that applicable rental leases incorporate the VAWA lease addendum required in accordance with 24 CFR Section 92.359(e) and 24 CFR Section 92.253(a). This is required for projects with a HOME funding commitment date that was after November 16, 2016.*

***Corrective Action:*** *To resolve this finding, the City shall revise its HOME policies and procedures to meet all the requirements at 24 CFR Section 92.504(a) including those applicable to rental and provide them to HUD within 60 days of the date of this letter.*

The Housing Department responded to these findings on September 22, 2022, by stating that revising policies and procedures to the extent required above would require "additional time to create thorough policies."

## **The CohnReznick Report**

The City of Turlock engaged CohnReznick on March 17, 2023, to perform consulting services based on the following tasks:

1. “Obtain an understanding of the following policies and procedures:
  - a. Procurement and purchasing, including purchase order and contract approval.
  - b. Accounts Payable, including invoice approval.
  - c. Vendor acceptance and maintenance.
2. Obtain an understanding of the City of Turlock’s Community Development Block Grant Program and the HOME Investment Partnerships Program.
3. Obtain and review any management letters or internal control weakness reports issued in connect [sic] with the City of Turlock’s financial statement audit.
4. Select a sample of Housing Department expenditures and perform testing to verify compliance with the applicable policies and procedures.
5. Select a sample of properties to perform testing to verify rehabilitation costs agree to contracted and approved amounts.”

The report was based on analyses from March 17, 2023, through September 30, 2023.

The global findings included:

- Lack of documented policies and procedures with respect to investing HUD funds.
- Lack of documentation demonstrating that buyers of properties sold by the City of Turlock were on an approved first-time homebuyer list.
- The Housing Department was unable to provide support regarding the qualification and approval process for buyers of its properties.
- No documentation demonstrating that the contractors submitting bids for rehabilitation work were previously vetted and/or included on an approved vendors list.
- The city waived a buyer's inspection as part of purchase documentation.
- None of the property testing files reviewed included documented support from the housing rehabilitation specialist demonstrating review and approval of the work performed by the rehabilitation contractor prior to approving progress payments.
- Many contractor invoices contained in the property testing files lacked specific detail regarding actual work performed.
- While escrow accounts were established for most properties purchased and rehabilitated by the housing department, there was inconsistent use of these

accounts and multiple expenditures were paid directly from the general fund via the city's purchasing system.

The CohnReznick report confirms the Housing Department's dysfunction and vulnerabilities before and during the review period. Consequences included rehabilitation delays, cost overruns, and vacant properties on the books.

### **Employee Turnover**

The first item in the Executive Summary of the CohnReznick report states, "The City [of Turlock] has experienced a significant amount of turnover in recent years, impacting the administrative staff, including several changes in the City Manager position, and the Development Services Department. Within the Housing Department, the roles of Housing Program Services Director, Housing Finance Specialist, and Housing Rehabilitation Specialist have all turned over several times."

We verified this statement with documentation from the Human Relations Department confirming twenty employee changes over six positions mentioned above from January 1, 2020, to April 11, 2025. In comparison, the rest of the more than 70 employees at the City of Turlock had 24 turnovers over the same time period. Employee changes were described as Promotions, Voluntary [resignations], Retired Annuitant, Assignment Ended (for Acting positions), and Probation. At the May 13, 2025, City Council meeting, a new Acting City Manager was introduced due to retirement.

The salaries of similar positions were compared throughout Stanislaus County. Based on salary alone, the City of Turlock has a two percent to eight percent higher pay scale. Employment packages differ in vacation, health care, retirement packages, continuing education incentives, signing bonuses and such. The SCCGJ did not explore in depth the overall advantages or disadvantages of being a City of Turlock employee.

### **The Rehabilitation**

The City of Turlock and its Housing Department acted efficiently and responsibly to the findings mentioned above.

- They entered into a contract with Cloudburst (a provider of HUD training and technical assistance) who helped update a HUD-approved policies and procedures manual. Cloudburst is currently on retainer with the City of Turlock to consult with them when concerns arise about HUD reports. Currently, the City of Turlock is in compliance with HUD procedures. The updated HUD Policies and Procedures

Manual was approved by the Turlock City Council in April, 2024, which addresses all issues mentioned in the 2022 findings.

- Turlock resigned the leadership position in the Consortium (a group of Stanislaus County cities and rural areas, excluding Modesto) which awards HUD grants. Stanislaus County now has the lead role. This action freed the housing staff to complete annual HUD monitoring of the City's properties and move toward compliance with HUD regulations.
- The City of Turlock transitioned from escrow accounts to pay invoices to a batch payment system which allows them to pay several invoices all at once. They also required the information on invoices to be more specific so that processing was more efficient and accountable.
- The Housing Department developed Policies and Procedures Manuals specifically for each of its three positions: Housing Finance Specialist, Housing Program Specialist, and the Housing Rehabilitation Specialist. These manuals detail each step, authorization, required document, process and/or inspection required to complete the multiple functions each employee performs to the letter of HUD regulations. When there is employee turnover, the new employee has a blueprint to fulfill the job requirements.

The employee turnover situation in the Housing Department appears to have stabilized. None of the employees who represented the work produced during the HUD monitoring reports (from 2022 and earlier) and the CohnReznick report are current employees. A new Director of Development Services and Housing Department Manager represent the department professionally at City Council Meetings. This managerial pair both claim to work well with each other and their well-qualified staff and have created a productive and supportive work environment. As a result, CDBG awards are being issued again and a new plan for the FTHB program should be presented to the City Council by the end of July 2025.

On July 31, 2024, the City of Turlock received their most recent HUD Monitoring report based on a review conducted from May 20-24, 2024. It has not been released to the public. It indicates that the seven previous findings from 2010, 2014, and 2019 were all closed as were eight more recent findings.



## **FINDINGS AND RECOMMENDATIONS**

- F1.** The City of Turlock's Housing Department has experienced turmoil in recent years and has been held accountable. New policies and procedures, a decline in job turnover, and attention to detail have helped the department fix problems of the recent past.
- R1.** The SCCGJ recommends the Turlock City Council instruct the Housing Department to release the HUD Monitoring Report dated July 31, 2024, to the public on or before November 15, 2025, as a model of transparency between the City of Turlock and the community it serves.

## **REQUIRED RESPONSES IN 90 DAYS**

The following responses are required pursuant to Penal Code sections 933 and 933.05:

- Turlock City Council: F1, R1

Responses are to be submitted to:

**Honorable Sonny Sandhu, Presiding Judge**  
**Superior Court of California, County of Stanislaus**  
**P.O. Box 3488**  
**Modesto, CA 95353**

Reports issued by the Grand Jury do not identify individuals interviewed. Penal Code section 929 requires that reports of the Grand Jury not contain the name of any person or facts leading to the identity of any person who provides information to the Grand Jury.
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