



OFFICE OF THE CITY COUNCIL

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Superior Court of California  
County of Butte  
AUG 10 2016  
By Kimberly Elener, Clerk Deputy

August 2, 2016

Honorable Kristen Lucena  
Presiding Judge  
Butte County Superior Court  
One Court Street  
Oroville, CA 95965

Re: FY 2015-16 Butte County Grand Jury Report, City of Chico Responses

Dear Judge Lucena,

The Chico City Council has reviewed the 2015-16 Grand Jury final report, and is providing this response, as attached, pursuant to Penal Code Section 933.

It is the Chico City Council and staff's desire to appropriately address the Butte County Grand Jury's findings and recommendations as related to its FY 2015-16 Annual Report. To reiterate, the City of Chico is committed to maintaining a healthy animal shelter, continuing the City's partnership with other organizations in combating homelessness, and staying the course in addressing long-term employee liabilities. If additional information and clarification is necessary, the City will be more than pleased to respond further.

The City Council wishes to thank the Butte County Grand Jury for its commitment to ensuring oversight of the City of Chico's government activities and evaluating and providing input on the manner in which our government operates so it best serves the needs of our citizens. It is our mission to accept the Grand Jury's report, reflect upon comments received and put into place improvements to ensure efficient and effective governance.

Yours truly,

Mark Sorensen, Mayor  
*On behalf of the City and City Council*

Members of the City Council:  
Sean Morgan, Vice-Mayor  
Andrew Coolidge, Councilmember  
Reanette Fillmer, Councilmember  
Tami Ritter, Councilmember  
Ann Schwab, Councilmember  
Randall Stone, Councilmember

**Responses approved by City Council action on August 2, 2016**

## **Exhibit B**

### **City of Chico Response to 2015-16 Butte County Grand Jury Report**

The 2015-16 Butte County Grand Jury issued 14 findings and recommendations related to three areas of the City of Chico: animal services, unfunded pension liabilities, and homelessness. These responses are intended to fully respond to the findings and recommendations.

#### **ANIMAL SERVICES**

##### **FINDING**

- F2     The Chico Animal Shelter building lacks a separate, hygienic space away from animal contact areas where personnel and volunteers can take scheduled lunch/coffee breaks.**

##### **Response**

**Agree.** The City had already identified and was responding to the need to add a space away from animal contact areas where personnel and volunteers can take scheduled lunch/coffee breaks prior to the Grand Jury report.

##### **RECOMMENDATION**

- R1     Provide a clean, separate space for employees and volunteers to have animal-contact-free lunch/coffee breaks.**

##### **Response**

**Implemented.** The City has authorized and is in the process of purchasing a separate, portable facility for shelter employees with the assistance of a \$25,000 private grant.

#### **GASB GASP!**

##### **FINDING**

- F1     Calculation of the unfunded liability is complex and unique to each municipality.**

##### **Response**

**Agree.** The City agrees with this finding. Any calculation of pension and health care liabilities requires advanced analysis involving employee demographics. In most organizations, the analysis is performed by expert actuaries who specialize in government pension and health care liabilities.

**F2 The five cities in Butte County and the County itself have unfunded liabilities primarily due to CalPERS pension costs.**

**Response**

**Agree.** The City agrees with the finding. Almost the entirety of the City's liability is pension related.

**F3 Additional unfunded liabilities exist for retiree health care, but these are not yet on the balance sheets.**

**Response**

**Disagree.** The City's liability related to "Other Post Retirement Benefits" (OPEB) is included on the City's Statement of Net Assets. As of June 30, 2015, the OPEB liability totaled \$5,315,209 and is included in both "Note E" to the City's Financial Statements and is included in "Long-term liabilities" in the Governmental Activities section of the Statement of Net Assets.

**F4 Increases in a governmental entity's unfunded liability would impact its financial status and credit rating.**

**Response**

**Disagree.** The impact on the City's financial status and credit rating remains to be seen as there is no definitive information from rating agencies as to the impact.

**F5 Municipal contributions to CalPERS are projected to continue to rise which will result in pressure to cut services and/or require additional revenue.**

**Response**

**Agree.** The City agrees with this finding. The continued increase in City pension contributions, when not offset by new revenue sources, will negatively impact the City's ability to provide services to the community.

**F6 The unfunded liability is likely to increase for many years before it begins to decrease.**

**Response**

**Agree.** The City agrees with this finding. Based on the City's latest projections of CalPERS changes and contribution requirements, the percent of pensionable pay required annually appears to increase for approximately another 15 years before it begins to reduce.

## RECOMMENDATION

- R1 The County and Cities should post their CAFR and CalPERS Actuarial Valuations Reports on their websites.**

### Response

**Implemented.** The City has implemented this recommendation. The City posts its CAFR and actuarial valuations on the City website.

- R2 The County and Cities should report on their unfunded liabilities, contribution rates and trend lines.**

### Response

**Implemented.** The City has implemented this recommendation. The City posts information providing the unfunded status of its pension and health care liabilities, contributions, and projections of the same information in reports that are publically available online on the City's website.

- R3 The County and Cities should conduct an analysis similar to the Bartel report and make that information available to the public on their websites.**

### Response

**Implemented.** The City had previously engaged the Bartel and Associates group to perform the report discussed in this recommendation. As a result, the City has already implemented the recommendation.

## HOMELESSNESS

### RECOMMENDATION

- R1 Local Government Committee: Continue the initiative represented by the Homeless Symposium to formulate and coordinate a countywide plan to address the homeless population in Butte County. Utilize the Continuum of Care "10-Year Strategy to End Homelessness" as a starting point.**

### Response

**Implemented.** The Local Government Committee is a committee where the County and the City discuss issues of countywide significance; however, the committee is not a formal governing body and does not have authority to respond on the City's behalf.

The City participated in the Homeless Symposium and is invested in continuing efforts to tackle homelessness. This effort requires partnerships with other organizations including

Butte County and the non-profit support services. On an ongoing basis, the City will continue to pursue a more strategic and coordinated effort while working with its partners to coordinate a countywide plan combating homelessness.

**RECOMMENDATION**

- R3 Local law enforcement agencies should explore more accurate ways to track dispatch calls involving homeless people, so the economic impact of the law enforcement effort can be determined.**

**Response**

**Not Implemented.** The recommendation will be implemented in the future with the upgrade of our Computer Aided Dispatch and Records Management System which is due for completion in June 2017.

- R4 The Chico Police Target Team should work with Behavioral Health to add a professional social services person to the team when they are calling on the homeless.**

**Response**

**Not Implemented.** The Chico Police Department and Butte County Behavioral Health have been in dialogue for several months with regard to a collaboration with the Target Team. Behavioral Health has funded a mental health counselor position to assist the Target Team with their work in the community. Implementation would occur by the end of the calendar year.