



CITY OF COLUSA

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August 16, 2022

The Honorable Jeffrey A. Thompson
Presiding Judge
Superior Court of California, County of Colusa
532 Oak Street
Colusa, California 95932

Dear Judge Thompson,

As required by law, this letter is the City of Colusa City Council's official response to the 2021-2022 Colusa County Civil Grand Jury report dated June 15, 2022, entitled "Misuse of Public Funds and Multiple Code and Policy Violations for the City of Colusa". The Colusa City Council has taken this report seriously, and appreciates the time the Grand Jury took investigating and reporting on this topic. Please accept our responses and take into consideration that some corrective measures are still in process. The Colusa City Council is agreeable to updating this response if and when policies pertinent to the subject are adopted.

Council Responses to Grand Jury Findings

F1. Council acknowledges that the City failed to obtain proper permits which may have posed health, safety and liability exposure. Council has instituted policies that set protocols for event permitting on November 2, 2021.

F2. Council acknowledges that the City failed to obtain proper permits which may have posed health, safety and liability exposure. Council has instituted policies that set protocols for event permitting on November 2, 2021.

F3. Council acknowledges that the City provided inaccurate information on the applications to the Department of Alcoholic Beverage Control (ABC) by underestimating the anticipated number of attendees for each event.

F4. Council acknowledges that the City sold and served alcohol at the Country in Colusa and Fourth of July events without valid special daily beer, wine and liquor permits – which violated ABC codes, posed health and safety risks to the public and may have introduced liability to the City. Council also acknowledges that City staff purchased alcohol from a local grocery store using public monies withdrawn from the City's bank account. Updated Credit Card Use Policy specifies alcohol purchases are not allowed. (Should Council consider adopting an alcohol purchasing and sales policy, or consider prohibiting?)

F5. Council acknowledges that the City violated its Purchasing Policy by making large monetary purchases related to the City sponsored summer of 2021 events without attempting to get at least three (3) competitive quotes for qualified items or utilizing local businesses first. The City's purchasing policy was amended on November 2, 2021.

F6. Council acknowledges that the City violated its Purchasing Policy by making non-allowable purchases using City issued credit cards and cash including alcohol. Council has instituted and/or updated policies that set protocols for City credit card use November 2, 2021.

F7. Council acknowledges that the City violated its Credit Card Use Policy using a former employee's credit card, which should have been deactivated upon the former employee's departure from City employment. Council has instituted an updated policy that sets protocols for City credit card use on August 24, 2021.

F8. Council acknowledges that the City disregarded and violated multiple City, County and State policies and procedures, which may have exposed the City to increased liability. Council has instituted new and updated policies which set protocols for event permitting, purchasing, and credit card use.

F9. Council acknowledges that the Council's and the City's limited staff oversight and lack of accountability resulted in excessive spending and misuse of public funds during the planning and implementation of its summer 2021 events. Council has instituted updated policies which set protocols for event permitting, purchasing, and credit card use.

F10. Council acknowledges that public dissemination of financial information was delayed by the City following the events, and records with the cost breakdowns of the expenditures and revenues generated for each event were not detailed. With new policies and procedures in place for events, purchasing and credit card use, dissemination of financial information will be timely and transparent.

F11. Council acknowledges that the new City-Sponsored and Co-Sponsored Events and Tourism Policy adopted by City Council on November 2, 2021 shows a good-faith effort on behalf of the City to address previous issues with hits sponsored events planning, budgeting and accountability. These new policies are being closely adhered to for the Events of Summer 2022.

F12. Council agrees that the City is understaffed in multiple departments, with some City staff fulfilling the duties and roles of multiple vacant high-level management positions, which may hinder the City's ability to operate effectively and efficiently. Council has begun the process of exploring options to finance filling vacant positions.

F13. Council acknowledges that the City was delinquent in completing its CDBG CV-1 Grant Application, which was submitted after the statewide COVID-19 restrictions had been lifted and the 2021 City-sponsored events had all occurred. Council also acknowledges that the City has delayed preparing its asset inventory list of all the equipment purchased during the summer of 2021 intended to assist local restaurants and businesses with outdoor operation during the COVID-19 pandemic. By September 30, the City will complete the inventory list of all equipment purchased during the summer of 2021, intended to assist local restaurants and businesses.

F14. Council is also unclear if local businesses have utilized or have been made aware of the City's purchased outdoor equipment. The City has created an inventory list of outdoor equipment purchased with CDBG CV-1 funds for 2021 events. This list and information regarding the process to make the public and local businesses aware of the equipment and how to benefit from its use will be mailed out to businesses on August 18, 2022.

Council Response to Grand Jury Recommendations

R1 Response

Part of the City of Colusa's recently adopted policies ensures that a complete report, including ABC Licensing be presented to council prior to any event.

R2 Response:

Part of the City of Colusa's recently adopted policies ensures that a complete report, including Temporary Food Facility Permits be presented to council prior to any event.

R3 Response:

The City Council has received a complete asset list of all CV1 purchases, and protocols for public use. This information will also be publicized through city website.

R4 Response:

The City recently adopted a Donation Policy. However, that Policy does not prohibit direct City Staff Solicitations, or mandate public posting.

R5 Response:

The City Council has requested an agenda item to discuss vacant positions, as well as strategy to fill for the August 16th meeting. Until consensus is reached, the Council cannot further report at this time.

R6 Response:

The City Council has requested an agenda item to discuss vacant positions, as well as strategy to fill for the August 16th meeting. Until consensus is reached, the Council cannot further report at this time.

R7 Response:

The City Council and Staff receive mandatory annual training which includes Brown Act, Ethics, and Governmental functions. The City Council acknowledges the need for better transparency and communication between all city staff and elected officials, and has initiated public outreach as appropriate.

R8 Response:

The City Council recently updated its Purchase Policy and Credit Card Policy. **With Council Consensus, there can be a workshop scheduled with staff to review policies.**

R9: Response:

The City is required to conduct an annual audit by 3rd party. Any further action would require Council approval, and therefore cannot be commented on further at this time, but will be taken under advisement.

R10 Response:

The City Council has requested an agenda item to discuss vacant positions, as well as strategy to fill for the August 16th meeting. Until consensus is reached, the Council cannot further report at this time.

In closing, we, the City Council, take pride in our community and consider ourselves very fortunate to be living in such a great city. We greatly appreciate our hard-working staff and employees. We have learned valuable lessons from the events of summer 2021, and we are putting the lessons learned into policies and procedures that will ensure the mistakes won't be repeated. The summer 2022 events are proving the new and updated policies are working. The City of Colusa City Council appreciates Your Honor's consideration of this letter

Respectfully,

Thomas Reische, Mayor
City of Colusa