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August 27, 2019

Honorable Stephanie E. Hulsey
Judge, Superior Court of California
County of Monterey
240 Church Street
Salinas, CA 93901

SUBJECT: 2018-2019 Monterey County Civil Grand Jury Final Report – “A Review of the City of Monterey’s Neighborhood Improvement Program”

Dear Judge Hulsey:

Pursuant to California Penal Code section 933.05, this letter responds to the 2018-2019 Monterey County Civil Grand Jury Final Report, “A Review of the City of Monterey’s Neighborhood Improvement Program.”

This letter serves as the collective response to the report from the Monterey City Council, Monterey City Mayor, and Monterey City Manager (collectively, the “City of Monterey”). The responses contained in this correspondence were approved by the City of Monterey City Council at its regular meeting of September 3, 2019, and are approved by the Mayor and City Manager.

Our comments follow in the order that the report presents them. The actual report language is displayed in **bold type** for readability.

FINDINGS

F4. The December 4, 2012 Edition of the NIP Manual does not reflect the current processes and practices of the NIP.

Response: The City of Monterey partially disagrees with this finding. While there are opportunities to update the Manual, the vast majority of the document reflects current processes and practices. Furthermore, the City Council adopted changes to the NIP’s voting processes and procedures at its meeting on July 16, 2019.

F5. From 2012 to the present, the NIP Committee has continued to discuss changes to the 2012 NIP Manual without subsequent city council approval, thereby not having up to date practices documented.

Response: The City of Monterey partially disagrees with this finding. Few changes have been made to the NIP Manual, and the City Council has been reviewing changes to the NIP voting process, most recently on July 16, 2019.

F6. The NIP Coordinator and the City Manager failed to advance the revision of the NIP Manual over a period of six years.

Response: The City of Monterey disagrees with this finding. The City believes that there has not been an urgent need for the NIP Coordinator and City Manager to advance revisions to the NIP Manual since its adoption in December 2012. The City has been working toward changes to the current NIP voting process to comply with the California Political Reform Act and the Ralph M. Brown Act.

F7. NIP has a well worked out method of prioritizing neighborhood projects.

Response: The City of Monterey agrees with this finding.

F8. The City of Monterey gives appropriate procedural support to the NIP projects.

Response: The City of Monterey agrees with this finding.

F9. The funding of some projects outside of the pre-described 16 neighborhoods is not abiding by the intent of the City Charter.

Response: The City of Monterey disagrees with this finding. Measure B, the ballot measure which created the NIP, was titled "Neighborhood and Community Projects Program." Section 6.6 of the City Charter states that the purpose of the program "is to improve the residential neighborhoods of the City and to provide for capital projects of community-wide benefit." The intent of the City Charter has always been to support projects in neighborhoods *and* projects that have community-wide benefit. Use of the term "citywide" has been used interchangeably with "community-wide"; the City intends to use "community-wide" more consistently to eliminate any confusion.

F10. There is confusion about Citywide projects that can be found in both NIP and General Fund budgets. The citizens of Monterey don't have but need transparency when it comes to the NIP funding of Citywide projects.

Response: The City of Monterey partially disagrees with this finding. The City believes there are opportunities to provide further clarification about community-wide (also known as citywide) projects that are supported by both NIP and other sources. However, the City disagrees that there is a lack of transparency. Members of the NIP canvass neighborhoods where projects are proposed. All NIP and City Council meetings, where NIP projects and budgets are discussed, are publicly noticed, advertised, promoted, and televised on the City's outreach methods, which include print, in-person, and digital media.

F11. The practice of City Officials submitting Citywide projects from their respective departments and presenting them to the NIP for approval gives

the appearance that Citywide projects belong in the NIP budget but may actually belong in the General Fund budget.

Response: The City of Monterey disagrees with this finding. City staff will submit a community-wide (citywide) projects to an NIP Committee member for consideration. As stated previously, it is appropriate for community-wide projects to be funded by the NIP if they have a community-wide benefit and are supported by the NIP Committee. Community-wide benefit projects have included enhancements to the Monterey Public Library, Monterey Sports Center, Dennis the Menace Playground as well as the construction of an Emergency Operations Center.

F12. Funds used from the NIP budget for Citywide projects are to enhance the General Fund of the City of Monterey to complete General Fund Projects.

Response: The City of Monterey disagrees with this finding. As stated in the City's response to Finding #9, the NIP is designed to support projects in neighborhoods *and* projects that have community-wide benefit. It is more than appropriate for community-wide (citywide) projects to be funded by both the NIP budget and other sources, such as General Fund. There is no definition of "General Fund Projects" because projects receive funding from a variety of sources, including grants, Measure S, General Fund, NIP, and others. NIP funding of community-wide benefit demonstrates neighborhood leaders' support of projects that support the greater community.

F13. Citywide has been erroneously identified as a neighborhood and is included in project assignments but has no base allocated budget.

Response: The City of Monterey disagrees with this finding. The NIP Committee, City Council, and staff understand that "Citywide" is not a neighborhood but is used as an identifier for capital projects of community-wide benefit. It should continue to be categorized as such (and renamed to "community-wide") and continue to not have a base-allocated budget.

F14. Over a ten-year period, the NIP budget shows that Citywide received substantially more funding than any of the true 16 neighborhoods.

Response: The City of Monterey agrees with this finding. As stated in prior responses, the NIP has always meant to support projects with community-wide benefit, and it is appropriate for the NIP budget to support these efforts.

F15. NIP public meetings are not communicated effectively to the residents of Monterey or the general public.

Response: The City of Monterey disagrees with this finding. Neighborhood Associations have newsletters and e-mail communications which notify residents of NIP meetings as well. All NIP and City Council meetings, where NIP and budgets are discussed, are publicly noticed, advertised, promoted, and televised on the City's outreach methods, which include print, in-person, and digital media.

The NIP meeting draw a large turnout of residents with hundreds of applications received each year.

F16. The City of Monterey is not following the NIP Manual's guidelines by failing to post public meeting announcements in local newspapers.

Response: The City of Monterey agrees with this finding.

RECOMMENDATIONS

R1. Immediately, the Monterey City Council should coordinate with the NIP Representatives to update the 2012 Edition of the NIP Manual to reflect the current operations and policies of the NIP and to annually update the NIP Manual.

Response: This recommendation has not yet been implemented, but will be completed by the end of the 2019/20 year. The City Council has been reviewing changes to the NIP voting process, most recently on July 16, 2019. NIP procedures and processes will continue to be further defined.

R2. No later than the end of the 2019-2020 fiscal year, the Monterey City Council should hold the office of the City Manager accountable for the process of updating the NIP Manual and having it placed on the agenda for a vote by the Monterey City Council.

Response: The recommendation will not be implemented because it is not warranted as explained in the City's Response to Finding 6. As stated in Recommendation No. 1, NIP processes will continue to be updated by the end of 2019/20.

R3. By the end of the 2019-2020 fiscal year, the Monterey City Council should develop protocols, policies, and procedures to identify instances in which there is an urgent need to use NIP funds outside of what they were intended.

Response: This recommendation will not be implemented because it is not warranted. As stated in the Response to Finding No. 9, NIP funds are consistently used for its intent: "to improve the residential neighborhoods of the City and to provide for capital projects of community-wide benefit." Only twice in the NIP's 34-year history has the City had to use NIP funds outside of its intent. In both of these cases, it required City Council and NIP approval, as well as extensive public budget hearings outlining the fiscal emergency.

R4. By January 2020 the Monterey City Council should clearly define Citywide and differentiate it from Community-wide as it relates to NIP projects and funding.

Response: This recommendation will not be implemented because it is not warranted. There is no differentiation between Citywide and Community-wide, and the City will begin to use the term "Community-wide" to reduce confusion or any perception that NIP funds are not being used appropriately.

R5. Immediately the Monterey City Council should develop criteria to differentiate General Fund projects that qualify for NIP funds from those projects that do not.

Response: This recommendation will not be implemented because it is not warranted. As stated in earlier responses, use of the term "General Fund projects" is a misnomer. Some community-wide projects are appropriate to be fully or partially-funded by the NIP, and no additional criteria is necessary.

R6. Immediately after finalizing R5, the Monterey City Council should ensure that City Staff, including elected officials, do not submit projects to the NIP when those projects are within the purview of the General Fund.

Response: This recommendation will not be implemented because it is not warranted. As stated in earlier responses, use of the term "General Fund projects" is a misnomer. It is appropriate for City officials to request that an NIP representative submit a project for the NIP.

R7. By January 2020, the Monterey City Council should adopt and implement broader and more modern methods of informing the residents of Monterey when and where public meetings of the NIP are to be held.

Response: This recommendation will not be implemented because it is not warranted. The City already utilizes modern methods of informing Monterey residents when and where public meetings of the NIP are held. Meetings are publicly noticed, advertised, and promoted to the public through print, in-person, and digital (website, social media) methods. As stated earlier, Neighborhood Associations have newsletters and e-mail communications which notify residents of NIP meetings as well.

The City of Monterey appreciates the work of the Civil Grand Jury in preparing this report on this important topic. We recognize members of the Civil Grand Jury for its many hours of work to make our community better. We hope that this information addresses the Grand Jury's findings and recommendations. Please contact us if you have further questions.

Respectfully,



Clyde Roberson

Mayor



Hans Uslar

City Manager