

COST OF OUTSIDE LEGAL COUNSEL FOR SHASTA COUNTY

2023-2024 Shasta County Grand Jury
May 30, 2024

SUMMARY

The Shasta County Grand Jury received a complaint alleging the Shasta County Board of Supervisors spent an excessive amount of money for contracted outside legal counsel. The complaint was based on comments made during a Shasta County Board of Supervisors meeting on September 26, 2023, indicating the board had spent \$16,426,293.80 for outside legal counsel over 31 months.

The comment immediately raised concerns from members of the public, who did not believe that the board could spend \$12,000 per day for outside legal services. The complainant suggested this type of spending might be an indication of corruption and requested the grand jury provide information to the residents of Shasta County about how and why the board had spent this money.

The grand jury found the actual amount of funding by the county for outside legal counsel was in fact less than reported in the board meeting, and the time span for the reported expenditures was longer than was stated. There were a series of errors in the data collection and the reporting of that data to the board, which resulted in an overstatement of the costs of outside legal counsel. This report presents the data over a four-year period and dispels the misconception that the board spent \$16.4 million on outside legal counsel over 31 months.

METHODOLOGY

Documents

During its investigation, the grand jury reviewed numerous documents, including:

- The Shasta County Board of Supervisors meeting video, agenda, and minutes of September 26, 2023.
- Emails of various Shasta County departments.
- Budget documents and data compiled by the office of the chief executive officer.

Interviews

The grand jury interviewed three people, including the subject of the complaint and two county employees knowledgeable about Shasta County budgets.

DISCUSSION

During the Shasta County Board of Supervisors meeting on September 26, 2023, a supervisor stated the county spent over \$16.4 million on outside legal counsel over a 31-month period from January 1, 2021, through July 31, 2023. This information was the result of a request from a concerned citizen under the Public Records Act (PRA).

The grand jury found that the original data that staff collected regarding the cost of outside legal counsel had two main errors that created misinformation.

The first issue was that the PRA request asked for data over a 31-month period, but the actual data provided and reported by the county was for 43 months, and the total funding was for a full year longer. This discrepancy was discovered after the board meeting, and a press release was issued to correct the misinformation. The press release noted that \$16.4 million was spent on outside legal counsel over 43 months, one more year than was reported at the September 26, 2023, meeting.

The second issue was that total costs reported by county departments for outside legal counsel were wrong. The dollar amount reported during the board meeting incited the curiosity of a county employee who has knowledge about county budgeting. The employee chose to analyze the data again, because they knew from past experience that costs are often charged to different line items by departments. Additionally, the analyst determined that some of the same costs for outside legal services were reported by multiple departments.

Once completed, fiscal control staff reviewed the second analysis of the costs for outside counsel and agreed this deeper query resulted in better data.

During the investigation, the grand jury discovered that the county utilizes outside legal services for many different purposes, such as labor union contract negotiations, public hearings or appeals, workers' compensation issues, and conflict public defender services, to name a few. These types of legal services are part of the annual budget but are not discretionary on the part of the board. They are normal and customary legal costs. Outside legal services are also contracted for litigation of specialty issues the board directs, such as the Fountain Wind Project, the Record Searchlight lawsuit, or ongoing negotiations with the Redding Rancheria. These types of outside legal services are often for advice that requires expertise beyond county counsel's normal legal guidance.

The chart on the following page outlines the funding spent on outside legal counsel over four fiscal years. The county fiscal year is from July 1 through June 30. The cost for outside counsel for four years from July 1, 2019, through June 30, 2023, was \$12,765,577.69.

OUTSIDE LEGAL COUNSEL COSTS: 7/1/2019 – 6/30/2023

INCIDENT NAME/ LABEL	2019/2020	2020/2021	2021/2022	2022/2023	TOTAL
Complaint Investigations	0	0	0	\$28,338.50	\$28,338.50
Conflict Public Defender	\$1,878,232.17	\$1,888,327.50	\$1,946,791.33	\$2,011,307.52	\$7,724,658.52
Dept Specific Matters	\$27,228.37	\$6,506.29	\$3,096.51	\$325.26	\$37,156.43
Elections	0	\$3,664.00	\$45,581.18	\$7,253.00	\$56,498.18
Fountain Wind	0	0	\$2,226.78	\$12,494.00	\$14,720.78
Impact Fees	\$1,463.67	0	\$7,196.39	\$853.81	\$9,513.87
Labor Negotiations	\$95,467.01	\$74,795.64	\$91,707.52	\$176,681.00	\$438,651.17
Other Agencies	\$36,148.68	\$21,953.55	\$9,252.00	\$12,213.92	\$79,568.15
Personnel	\$2,360.19	0	\$255.00	\$80,923.59	\$83,538.78
PRA	0	\$35,091.50	0	\$364.00	\$35,455.50
Public Hearings/Appeals	\$14,526.17	\$7,990.50	\$18,489.56	\$13,727.50	\$54,733.73
Record Searchlight	0	0	0	\$125,837.69	\$125,837.69
Redding Rancheria	\$58,574.50	\$25,334.50	\$31,141.00	\$32,987.00	\$148,037.00
Risk Management	\$419,457.18	\$614,482.41	\$1,090,614.49	\$1,804,315.31	\$3,928,869.39
Grand Total	\$2,533,457.94	\$2,678,145.89	\$3,246,351.76	\$4,307,622.10	\$12,765,577.69

The county budget is large and complex, which can make it difficult to be sure all of the parameters are equal when different departments report expenses that have not been reconciled until the close of the fiscal year. Departments may account for outside legal costs in different budget line items, which is acceptable, but can make it difficult to quickly identify all of the expenses in a specific category. Departments may also duplicate some costs, because some report their budget amount and others report their actual expenditures.

The grand jury is pleased to report the amount of spending for outside legal counsel over a four-year period by the county was less than reported. The grand jury was also able to define the types of services that are paid in this budget category and found many of them are normal and customary expenses in the approved budget and are not just under the discretion of the board.

This report does not attempt to determine if the amount of funding spent by Shasta County on outside legal expenses is excessive, insufficient, or appropriate. Instead, the goal is to get the correct information into the public record.

While this instance appears to be related to budget spending, it is also an example of how misinformation can create public mistrust. Over the past few years, some in the community have become skeptical about many board decisions and discussions. The board can demonstrate integrity by ensuring the information shared with the public is accurate and transparent.

FINDING

F1. The amount of funding spent by Shasta County for contracted outside legal services was overstated in a Shasta County Board of Supervisors meeting which elicited strong reactions from the public and further undermined public confidence in the board's judgements.

RECOMMENDATION

The 2023-2024 Shasta County Grand Jury recommends:

R1. The Shasta County Board of Supervisors identify and enroll in an annual training program focused on improving communication and transparency during board meetings. The first annual training is to be completed by January 31, 2025.

REQUIRED RESPONSES

Pursuant to Penal Code sections 933 and 933.05, the following responses are required from the following governing body within 90 days of this report:

- The Shasta County Board of Supervisors as to F1.
- The Shasta County Board of Supervisors as to R1.

DISCLAIMERS

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

When there is a perception of conflict of interest involving a member of the Grand Jury, that member has been required to recuse from any aspect of the investigation involving such a conflict and from voting on the acceptance of or the rejection of that report. Two members of the Grand Jury recused themselves from all aspects of the investigation.
