



County of San Diego

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February 6, 2008

Elaine M. Howle
State Auditor
555 Capitol Mall, Ste. 300
Sacramento, CA 95814

Dear Ms. Howle:

SECOND RESPONSE TO RECOMMENDATIONS IN JULY 2007 REPORT 2006-036

The cover letter transmitting Report 2006-036 (Audit of Indian Gaming Special Distribution Fund) requests that we respond within 60 days, 6 months and one year on the San Diego Indian Gaming Local Community Benefit Committee's (Committee) efforts to implement recommendations within its statutory authority. On September 11, 2007, the County sent the first of the requested three responses. This response constitutes the second or six-month response.

A. GENERAL COMMENT

The Governor has eliminated funding for grants to local governments from the Budget therefore any required actions by the Benefit Committee discussed in the next section of this report will not be considered for implementation until funding is restored and the Benefit Committee meets again.

B. RECOMMENDATIONS WITHIN BENEFIT COMMITTEES' STATUTORY AUTHORITY

The responses below indicate the timetable for implementing the applicable BSA Recommendations.

The person responsible for implementation of the BSA Recommendations or bringing the BSA Recommendations to the Committee for consideration is Ms. Chantal Saipe. Her contact information is shown below.

Ms. Chantal Saipe, Tribal Liaison
County of San Diego
1600 Pacific Highway, Rm. 212
MS A-6
San Diego, CA 92101
Phone: (619) 685-2542
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1. Require local governments to submit supporting documentation that clearly demonstrates how proposed projects will mitigate the effects of casinos.

Since the beginning of the Special Distribution Fund Grant Program in FY03-04, the Committee has adopted an Application Form that requires applicants to include a discussion of the impacts on their jurisdiction associated with the particular casino(s) from which account(s) the project would be funded; and an explanation of how the proposed project will mitigate impacts of casino(s). In FY06-07, applicants were also required to present their projects at a public meeting so the Committee could ask questions of the applicants on their projects before their approximately 45-day review period of the applications.

In the next cycle of grants, the Application Form will be amended to add a requirement that if a project proposes in part to mitigate impacts unrelated to casinos, funding for the portion of the project that provides benefits unrelated to impacts from casinos be found from another source. Additionally, applicants will be reminded to fully describe the impacts on their jurisdiction from tribal casinos and explain how their project will mitigate those impacts.

2. Ensure local governments spend the interest earned on project funds only on mitigation projects, or return the money to the county for allocation to future mitigation projects.

County of San Diego restates that Government Code Section 53647 provides that interest on all money belonging to the County must be paid into the general fund unless otherwise directed by law or the governing body. Neither State law, gaming compacts nor the Board of Supervisors directed that interest earned on unspent grant funds be used as grant funds, Section 53647 requires the interest to be separated from the principal.

In the next cycle of grants, the Committee will be asked to include a directive to applicants, if state law allows their jurisdictions to do so, to either spend the interest earned on projects that mitigate impacts of tribal

casinos, or return the money to the County for allocation to future mitigation projects.

3. Grant distribution fund money only to eligible entities.

The Committee will continue to screen applicants to ensure that only eligible entities – county, cities and special districts – receive grant funding.

4. Ensure that all benefit committee members follow the political reform act and file the required statements of economic interests, and inform the appropriate agency if they fail to do so.

Committee Members will be reminded to submit the required statements on time and the Clerk of the Board of the County of San Diego will continue to send reports to the State of failure to file the statements.

Thank you for the opportunity to respond to the recommendations in the Report. If you have any questions, please call me, at (619) 685-2542.

Sincerely,



CHANTAL SAIPE

Tribal Liaison and County staff to the Benefit Committee

Cc: *VIA E-MAIL*

Committee Members

Sarah Aghassi, Strategy & Intergovernmental Affairs, MS A247

Claudia Anzures, County Counsel, MS A12

Ken Mory, Auditor, MS O305