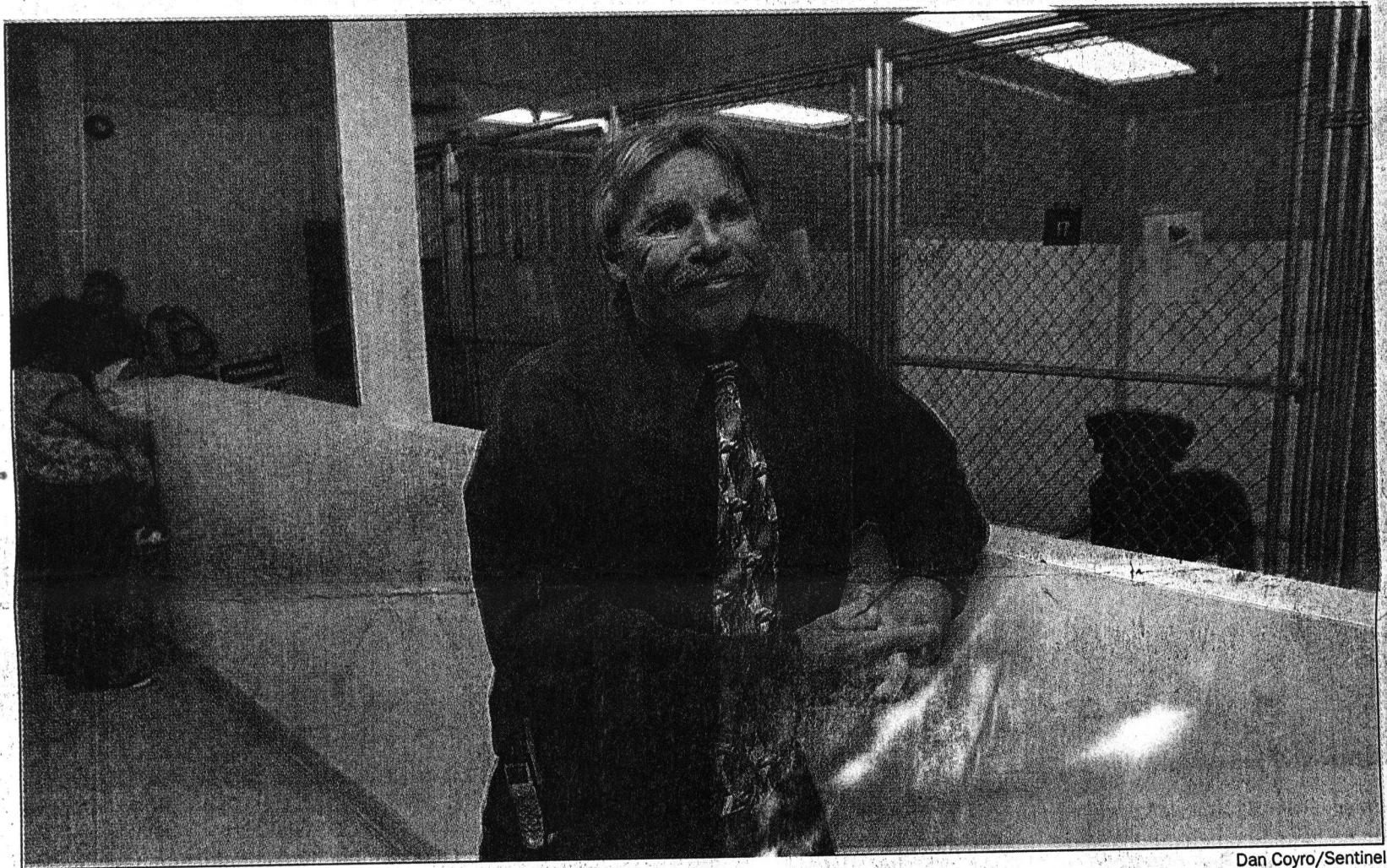


TROUBLED AGENCY LOOKS AHEAD



Dan Coyro/Sentinel

Mike McFarland, general manager of the county-run Animal Services Agency, says the current local animal-welfare situation is a '180-degree turn' from dealing with the SPCA.

Officials hope to resume shelter services

Editor's note: This is the final installment in a three-part series on the collapse of the Santa Cruz SPCA.

By **JEANENE HARLICK**
SENTINEL STAFF WRITER

The sudden demise of the Santa Cruz SPCA, once a model humane society, resounded loudly in the animal business.

IN DEPTH "It was definitely a shock to the animal-welfare world," said Kat Brown, former SPCA operations director. "It was considered a shelter that was very stable and solid."

Julie Morris, senior vice president of shelter outreach for the national SPCA, based in New York, agreed. She visited the Santa Cruz SPCA four years ago.

"This is a loss for Santa Cruz," she said. "Regardless of where the fault lies, it was a very nice shelter. ... They were seen as progressive in terms of their politics, spay and neuter programs, and adoption policies."

But the SPCA is still limping along. Led by a new board, the agency is determined to again become a refuge for county strays. The board plans to eventually — if it can rebuild its donor base — operate a small no-kill shelter that would work in conjunction with the county, much like the San Francisco SPCA.

The agency faces an uphill battle. Fallout from

its financial fiasco includes distrust by community members. Donations over the past six months, at \$103,600, are less than half the \$215,500 they were a year ago, before the scandal broke.

The agency also faces possible legal action by the county and area cities to recoup the \$761,000 in taxpayer money the county auditor says the SPCA misspent. County supervisors have been debating what action to take in closed session and may discuss the issue publicly at their board meeting today.

County Auditor Gary Knutson wants the county to take a hard line with the agency. To him, the issue is black and white — the SPCA's

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'They stopped asking ... what's best for the animals'

By JEANENE HARLICK
SENTINEL STAFF WRITER

SANTA CRUZ — The Santa Cruz SPCA board, some argue, was done in by a hubris that stretched decades.

Blinded by a sense of purpose almost religious in nature, volunteer board members failed to see their actions were leading them to financial ruin. The SPCA would eventually run up a \$761,000 debt to county government, at which point county leaders opted to set up their own animal-control agency.

"Jo (Storsberg) and Brian (Taylor) made some huge errors financially, but the board of directors was responsible for overseeing the finances and directions that were pursuing," said Claudia Schlachter, former SPCA operations director, referring to the executive team that launched the SPCA on its financial free fall. "Jo and Brian became the scapegoats for poor management on the part of the board."

Former board member William Coaker said the SPCA's "adversarial" attitude toward the county was a factor leading to his resignation in September 1999.

"It doesn't surprise me at all that the county terminated the contract," he said. "They were willing to pay more for less headache."

Coaker said the board consistently denied the county's request for data backing up its claim that SPCA employees were poorly paid, even though it was in the agency's best interest to show the county what it was up against.

Many former staff and board members agreed with Coaker's assessment, saying the SPCA sealed its fate by failing to notify the county earlier about its financial ills. Instead, the agency board waited until about a year ago when it was more than \$300,000 in debt and needing to double its budget just as the county was facing its own budget crunch.

Recently departed board member Joan DeNeffe denies the agency communicated poorly with the county, saying the SPCA told the county about its executive team's misconduct and kept it fully informed of financial problems once they were discovered.

Other recent board members declined to comment.

Kat Brown, former operations director, painted a picture of a board high in compassion but low in fiduciary constraint. "It was dif-

About the series

SUNDAY: The Sentinel examines mismanagement within the Santa Cruz SPCA, including a controversial spending binge by a former executive team, which led to the eventual collapse of the once-model nonprofit group.

MONDAY: How the SPCA failed to control its spending, even after a huge debt was discovered.

TODAY: What the SPCA is up to now and how it's accounting for its spotted past.

difficult for the board to understand the government works under a totally different mind-set, that in the end, things have to balance and you have to pay people you owe money. I think they lost sight of that."

Good-intentioned volunteers lacking hands-on experience is a perennial problem of nonprofit boards, said Kit Salisbury, former Santa Cruz SPCA development director.

"It's the I-love-my-dog people," she said. "I think (board members) were entirely sincere and thought they were doing the best for the animals, but they were clueless."

Other former employees were less understanding, painting a picture of an old boys' club — or, in this case, an old girls' club — that took compassion for animals to an extreme, engendering a self-righteousness that justified spending money as members saw fit.

In fact, the language of former employees and board members sounded almost biblical as they described their efforts.

"It was like righteous work," former finance manager Carrie Ruio said of her time at the SPCA.

Along with that dedication came a sense of power board members were loathe to relinquish, former staff and board members said.

"There was never any new blood," said Jay Gunter, former SPCA maintenance supervisor. "The people in control kept control."

It's a mind set that appears to have had its genesis with Jody Cramer, who came on as SPCA executive director in 1991. A strong advocate for animal rights, Cramer led a successful campaign for a mandatory spay-neuter ordi-

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contract outlined allowed expenses in great detail, and the SPCA flouted the restrictions.

"If it was any other organization, the district attorney would be pounding on their door," he said. "We're not going to give them a blank credit card."

But county supervisors so far have taken a more measured stand, with

IN DEPTH

only Supervisor Tony Campos demanding the county go after the \$761,000.

County officials have said they want to avoid a legal fight and instead work out a deal perhaps involving a swap of the SPCA's empty 7th Avenue shelter. An appraiser hired by the agency recently valued the property at \$2.1 million. The county is interested in using the shelter after its three-year lease in Scotts Valley ends.

Chances of a deal appear good, in part because of new leadership on the SPCA board, which in recent months has pledged a more cooperative, open relationship with the county.

The attitude adjustment came in December with the election of Lisa Carter as SPCA board president. She said in an interview that she has always disagreed with the SPCA's "combative approach" with the county. Carter joined the board in 1999, but was in the minority until recently.

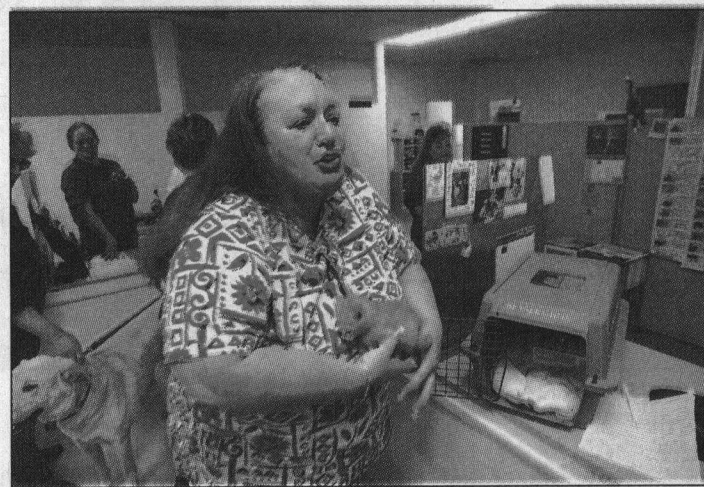
Three board members, including Joyce Nordquist and Doreen Lozano — who ran the agency on an interim basis twice during the past three years — resigned upon Carter's

nance. Her emphasis on animal rights over animal control and welfare sparked an almost-farical power struggle on the board in 1995.

Fired by the board in March of that year, Cramer staged a coup that put animal-rights supporters back in power two days later. The board rehired her and voted animal control and welfare supporters off the board in one fell swoop.

Said board member Thomas Graves after the scuffle: "This is a triumph of good over evil."

Ruo and Salisbury refer to the incident as the "first revolution," and Cramer's permanent dis-



Dan Coyro/Sentinel

Foster caregiver Mimi Vonmelchert helps take charge of three kittens at the county's animal shelter.

election. Lozano said she resigned to return to work in the private sector.

Longtime board members Marcy Albert and Joan DeNeffe, meanwhile, were forced off by term limits, while Jennifer McHale resigned to see to professional commitments.

The five members were part of the board's core group when the debt was run up.

County officials say the new and old boards are like "night and day."

"If I had been dealing with this board in July, I would not be sitting here in Scotts Valley," said Mike McFarland, general manager of the county Animal Services Agency. The agency was formed by the county last year to handle area animal control after negotiations with the SPCA collapsed.

"The financial situations would have been worked out in time, and we could have been sitting in the (SPCA) shelter, operating it with everybody satisfied," he said. "The people

I'm working with now are a 180-degree turn from the ones I worked with (last summer)."

Under the new leadership, the SPCA has negotiated the lease of its cat kennels and vet clinics to county animal services, and is selling the county supplies at low cost. The two organizations also have partnered to relaunch the SPCA's "Snip Ship," a mobile, low-cost spay and neuter service.

The agency has been paying off the \$221,000 in license fees kept from area governments. Through monthly payments, the debt has been whittled to \$177,000.

The new SPCA board, in contrast to the previous one, has also apologized for the mistakes of the past three years and the tumult that ensued.

Carter believes former agency directors should join in.

"An apology is needed before we can heal and go on," she said.

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missal three years later as the "second revolution."

"It was like Camelot coming to an end," Salisbury said.

But the "first revolution" seemed to usher in a period of political infighting among power-hungry board members that continued unchecked until the very end.

Board member Frieda Sherman, fed up, resigned in 1995 because of the politicking. Sherman said when she announced her departure that a "struggle for control has displaced the need to function effectively."

Many former staffers say core board leaders stopped caring about

the animals in their efforts to maintain a grip on power. As evidence, employees point to the SPCA's uncompromising attitude in contract negotiations with the county last summer. The agency played hardball with its 7th Avenue shelter, forcing the county to open its current shelter in a former high-tech warehouse that many former staff feel is inappropriate.

"They stopped asking the most important question they could," Ruio said. "And that's what's best for the animals."

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