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September 5, 2013

Don Rapp, Foreperson
2012-13 Riverside County Grand Jury
PO Box 829
Riverside, CA 92502

Re: Response to Grand Jury Report: Riverside County Water and Sanitation Districts,
Compensation and Transparency

Dear Mr. Rapp:

West Valley Water District ("WVWD") has received and reviewed the Riverside County Grand Jury ("Grand Jury") Report: Riverside County Water and Sanitation Districts, Compensation and Transparency ("Grand Jury Report").

WVWD respects the function of the Grand Jury to investigate and report on the operations of water and sanitation districts operating in the County of Riverside California ("Special Districts") and appreciates the important role the Grand Jury plays as a check and balance against the possible misuses of public funds.

California Penal Code §933.05(a) requires WVWD to (1) agree with the findings of the Grand Jury, or (2) disagree, in whole or in part, with the findings of the Grand Jury, in which case WVWD is required to indicate what is in dispute and the reasons for such dispute. The Grand Jury Report contained three (3) separate findings. The following sets forth the Grand Jury's findings and WVWD's response thereto:

Grand Jury Finding #1:

Finding #1 of the Grand Jury reads as follows:

"The Grand Jury, in its review of water and sanitation districts servicing Riverside County, found that 15 out of 29 districts provided benefit packages to some boards of directors. These packages may have included such medical benefits as dental, vision and

life insurance (See Table C); in some cases retirement benefits were paid for by the districts. Some of these insurance benefits were offered to the spouses and/or families of board members. It must be noted that these benefits given to the directors are voted on by the directors themselves. These are benefits that are generally given to full-time employees of the districts.

“State law established the amount of stipend a director may receive for attending meetings; however, there are no regulations on the amount of benefits a director may receive. This has resulted in some districts having an average director total compensation in excess of \$40,000 (See Table C). The review of district financial data indicated these benefits were added to the district's direct operating cost and were ultimately passed on to the rate payer as ‘cost of doing business’.”

WVWD Response to Grand Jury Finding #1:

With the exception of California Government Code §53208.5, which provides a limit of benefits for members of legislative bodies of all Special Districts, WVWD agrees with the finding.

Grand Jury Finding #2:

Finding #2 of the Grand Jury reads as follows:

“The California Public Records Act (CPRA) was passed in 1968, requiring inspection and/or disclosure of governmental records to the public upon request, unless exempted by law. The CPRA is currently codified as California Government Codes §6250 through § 6276.48. The legislature enacted CPRA, and §6250 expressly declared that ‘access to information concerning the conduct of the people's business is a fundamental and necessary right of every person in this state’ and emphasized that maximum disclosure of the conduct of governmental operations [is] to be promoted by the act.’ By promoting prompt public access to government records, the CPRA is ‘intended to safeguard the accountability of government to the public.’ (CBS v. Block, 42 Cal. 3d 646 n.5, 230 Dal.Rptr.362, 725 P.2d370 (1986). This ‘prompt public’ accessibility to water and sanitation district public documents is achieved through district websites.

“Of the 29 water and sanitation districts studied, 6 districts had no website available to their ratepayers:

- Cabazon County Water District (CCWD)
- Fern Valley Water District (FVWD)
- Chiriaco Summit Water District (CSWD)
- Edgemont Community Services District (ECSD)
- Home Gardens County Water District (HGCWD)
- Home Gardens Sanitary District (HGSD).

“Those districts which had websites available provided varying amounts of public documents as guided by the California Public Records Act.

“While some districts had created and maintained websites, not all websites remained current to reflect public meeting changes, updated minutes and agendas, and updated financial reports and audits.

“During the investigation, the Grand Jury utilized a number of sources to acquire data. One very important source of public documents was the best practice of providing websites which are operated by the 23 districts themselves. There was a wide disparity in the availability of data, its ease of finding, and the timeliness of the information. This did not necessarily correlate with the size of the district. Some large, sophisticated districts had limited online access to compensation and financial data, while some smaller districts excelled. A keystone in improving public confidence in local government operation is to make operating information easily available and demonstrate nothing is hidden.

“District websites were reviewed for inclusion of the following items of transparency:

- Clearly labeled link or links on the website's home page to all financial and compensation information
- Compensation data for the board of directors and general manager listing all types of compensation (salary and other benefits) in a clear, understandable manner.
- If the general manager had a contract, then a copy of the current contract should be posted on the district's website.
- The current and previous fiscal year budgets, Comprehensive Annual Financial Reports, and latest County audits.
- Public meeting information, including dates, times, locations, agendas and minutes.
- Rate structure and rate history of water and sanitation services.
- Other public documents, including water quality reports.”

WVWD Response to Grand Jury Finding #2:

WVWD agrees with the finding.

Grand Jury Finding #3:

Finding #3 of the Grand Jury reads as follows:

“Some water and sanitary district boards of directors’ meetings are conducted during the day rather than in the evening when working ratepayers are able to attend. These included:

- Chiriaco Summit Water District (CSWD)
- Coachella Valley Water District (CVWD)
- Desert Water Agency (DWA)
- Eastern Municipal Water District (EMWD)
- San Bernardino Valley Municipal Water District (SBVMWD)

- Elsinore Valley Municipal Water District (EVMWD)
- San Geronio Pass Water Agency (SGPWA)
- Lake Hemet Municipal Water District (LHMWD)
- Valley Sanitary District (VSD)
- Mission Springs Water District (MSWD)
- Rubidoux Community Services District (RCSD)
- West Valley Water District (WVWD)
- Lee Lake Water District (LLWD)
- Santa Ana Watershed Project Authority (SAWPA)”

WVWD Response to Grand Jury Finding #3:

WVWD agrees with the finding.

As to each of the recommendations set forth in the Grand Jury Report, California Penal Code § 933.05(b) requires WVWD to report whether the recommendation (1) has been implemented; (2) has not been implemented, but will be implemented; (3) will not be implemented; or (4) requires further analysis. The Grand Jury Report contained three (3) recommendations which pertain to WVWD. The following sets forth the Grand Jury recommendations applicable to WVWD and WVWD’s response thereto:

Grand Jury Recommendation One:

Recommendation #1 of the Grand Jury reads as follows:

“Before raising any water and/or sewer rates, water and sanitation districts providing insurance and/or retirement benefits to its directors shall reduce or eliminate these full-time benefit packages for part-time directors.”

WVWD Response to Grand Jury Recommendation One:

WVWD has taken a look at the benefit package to the Board of Directors of WVWD (“Board”) in comparison to the benefit package of the Special Districts. The benefit package must also be analyzed in comparison to other special districts across the State of California. When such comparisons are made, the benefit package received by WVWD Board members does not appear to be out of line.

In addition, WVWD has analyzed the effect of the WVWD benefit package for Board members on the WVWD budget. In the current fiscal year for WVWD, the annual WVWD benefit package for the entire Board is approximately two-tenths percent (0.20%) of the WVWD budget. Reduction of Board member benefits would have a negligible effect on the rate structure of WVWD.

Notwithstanding the foregoing, the Board considers on an annual basis the benefits of all employees and Board members. WVWD will be mindful of the Grand Jury

recommendation at the annual review of benefits. More importantly, the Board has committed to review and analyze the Board benefit package prior to vote on any future rate increase.

Grand Jury Recommendation Two:

Recommendation #2 of the Grand Jury reads as follows:

“Each water and sanitary district shall provide a district website to provide access to public documents including financial, contractual, budgetary and compensation information for board of directors and general managers. These documents shall include benefits paid by the district on behalf of board members and general managers, and include the general managers [sic] contract. The districts shall maintain and update agendas, minutes, and financial reports as issued.”

WVWD Response to Grand Jury Recommendation Two:

WVWD has implemented Grand Jury Recommendation #2 materially in the form of Grand Jury Finding #2.

Grand Jury Recommendation Three:

Recommendation #3 of the Grand Jury reads as follows:

“Water and sanitation district Boards of Directors shall conduct board meetings after 6 p.m. to ensure maximum participation by ratepayers, and generate maximum public attendance.

WVWD Response to Grand Jury Recommendation Three:

Grand Jury Recommendation Three requires further analysis. WVWD has conducted evening meetings at times believed to be more convenient to ratepayers. During the years 1952-1980, the Board conducted its regularly scheduled board meetings in the evening. Records of the meetings conducted during that time period indicated that twenty-four (24) members of the public attended board meetings during that twenty-eight (28) year period, which was less than one (1) member of the public attending a Board meeting per year.

Since 2006, WVWD has conducted six (6) evening study workshops. The purpose of these meetings was to encourage greater attendance and input on proposed rate adjustments. Four (4) of the foregoing evening meetings were unattended by the public. The other two (2) evening meetings were attended by three (3) and five (5) members of the public, respectively. There was no significant difference in attendance by the public during the foregoing evening meetings and study workshops during the day for the same purpose.


WVWD has not found any empirical data which concludes that meeting in the evening increases attendance of ratepayers. WVWD commissioned a study in 2009. The focus of the study was not on whether WVWD should conduct evening meeting, but covered issues which were important to the public. One of the finding of the study indicated that the public prizes accessibility to WVWD staff which was rated by the public at ninety-one percent (91%). WVWD continues to ensure that WVWD staff, including senior staff, is accessible to the public including, but not limited to, through the WVWD website, e-mail, regular mail and in person at WVWD headquarters on business days.

Notwithstanding the foregoing, the Board will continue, at future Board meetings, to analyze how best to ensure maximum participation by ratepayers including discussion of Board meeting times.

If you have any questions, please call WVWD's General Manager, Anthony "Butch" Araiza at (909) 875-1804.

WEST VALLEY WATER DISTRICT

By



Earl Tillman
President of the Board of Directors for
West Valley Water District