



San Bernardino Valley Municipal Water District
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September 25, 2013

FILE

Hon. Mark A. Cope, Presiding Judge
 Riverside County Superior Court
 Executive Office
 4050 Main Street
 Riverside, CA 92501

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

Dear Judge Cope:

The San Bernardino Valley Municipal Water District (Valley District) has received and reviewed the 2012-2013 Riverside County Grand Jury Report: Riverside County Water and Sanitation District, Compensation and Transparency, and is responding in accordance with the specific request of compliance, pursuant to California Penal Code Section 933, et seq.

GRAND JURY FINDINGS

1. *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."

Response to Finding No. 1: This respondent agrees with the finding.

2. *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*

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DOUGLAS D. HEADRICK
 General Manager

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)*
- *Fem 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 of 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.*

Response to Finding No. 2: This respondent agrees with the finding.

3. *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:*

- *Chirlaco Summit Water District (CSWD)*
- *Coachella Valley Water District (CVWD)*
- *Desert Water Agency (DWA)*
- *Eastern Municipal Water District (EMWD)*
- *San Bernardino Valley Municipal Water District (SBVNWD)*
- *Elsinore Valley Municipal Water District (EVMWD)*
- *San Gorgonio 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)*

Response to Finding No. 3: This respondent agrees with the finding.

GRAND JURY RECOMMENDATIONS

Recommendation One: *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.*

Response: This recommendation will not be implemented because it is not warranted or is not reasonable.

Valley District's Board Members do not receive all of the benefits provided to full-time employees. The compensation provided to Valley District's Board Members covers not only attendance at the regular Board meetings, but preparation and travel to other regional meetings as necessary, as well as conferences and other community interaction opportunities. Board membership involves a substantial time commitment above and beyond attendance at the regular Board meetings. Moreover, the compensation costs are only a nominal percentage of Valley District's costs of operation. Eliminating the current benefits provided to Board Members would have a negligible impact on rate adjustments.

Recommendation Two: *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 contract. The districts shall maintain and update agendas, minutes, and financial reports as issued.

Response: The recommendation has not been implemented, but is currently being implemented. Valley District is committed to transparency and accountability and is in the midst of working to overhaul and update its entire website to fully comply with ACWA standards. It is anticipated the overhaul will be completed within the next six months.

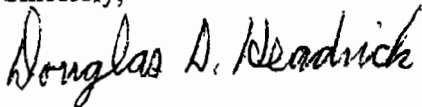
Recommendation Three: *Water and sanitation district Boards of Directors shall conduct board meetings after 6 pm to ensure maximum participation by ratepayers, and generate maximum public attendance.*

Response: This recommendation will not be implemented because it is not warranted or is not reasonable.

Valley District appreciates the Grand Jury's input on this issue, but Board meetings are held at the time determined by the Board under the authority given to them by state law. The Grand Jury's findings did not provide any information showing that evening meetings resulted in more public participation. The customers directly served by Valley District are almost all public agencies or business entities, and as such Board meetings are most appropriately held during normal business hours.

If you wish to discuss these responses further, please contact me at (909) 387-9226.

Sincerely,



Douglas Headrick, P.E.
General Manager