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September 18, 2013

RIVERSIDE COUNTY GRAND JURY
PO Box 829
Riverside, CA 92502

REPLY TO THE 2012-2013 RIVERSIDE COUNTY GRAND JURY REPORT: RIVERSIDE COUNTY WATER AND SANITATION DISTRICTS, COMPENSATION AND TRANSPARENCY

Honorable Members of the Riverside County Grand Jury:

In accordance with the transmittal letter sent to Western Municipal Water District June 28, 2013, our agency respectfully submits the response to the 2012-2013 Grand Jury Report: Riverside County Water and Sanitation Districts, Compensation and Transparency. We are responding to the applicable recommendations in accordance with the specific request of compliance, Penal Code Section 933 et. seq.

In summary, based on review of the Report, Western would like to clarify that some of the statistical data regarding population served by Western appears to be incomplete.

Upon more in-depth analysis of the Report, including the information that was initially provided to the Grand Jury by our agency, Western serves not only 23,000 retail water customers and 8,500 sewer customers directly (population of approximately 55,000 people and 20,000 people, respectively), but also serves a population of nearly 1 million residents within a 527-square mile region of western Riverside County with imported water supplies. Western has a myriad of services and responsibilities – for example, water supply (both imported and local) for both retail customers and eight wholesale agencies, which in turn serve thousands of water customers. Further, Western serves as court-appointed Watermaster for the Santa Ana River Watershed; handles wastewater collection and treatment, recycled water distribution, administration of a Joint Powers Authority and operation of a groundwater desalter.

Additionally, the information that was initially provided at your request, the average annual compensation for stipends for our Board of Directors for the calendar year 2012 is \$21,820, not \$28,880. \$28,880 is the maximum amount any Director can receive in any year. \$21,820 is the actual average for all Directors in 2012.

FINDINGS

Per Report, Section 933 of the California Penal Code, Response to the 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.

(a) (1) The respondent agrees with the finding. Although we do not disagree, our agency cannot speak to the actions of other noted districts in the Report. Western does provide health insurance benefits (medical, dental and vision) for our directors, but unlike full-time employees, directors do not receive the full-time benefits of CalPERS retirement, short- or long-term disability, retiree medical or other benefits.

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...This "prompt public accessibility to water and sanitation district public documents is achieved through district websites."

(a) (1) The respondent agrees with the finding. Although we do not disagree, our agency cannot speak to the actions of other districts noted in the Report.

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.

(a) (1) The respondent agrees and disagrees with the finding. In a specific effort to increase customer opportunities to engage the Board of Directors in District matters, Western has held Public Hearings on rates and important related matters at 6 p.m. since 2007. Our agency cannot speak to the actions of other districts noted in the Report.

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

Per Report, Section 933 of the California Penal Code, Response to the Grand Jury Recommendations.

(a) (4) The recommendation will not be implemented because it is not warranted or is not reasonable, with an explanation thereof. Western does not provide full-time benefits to our part-time directors. The benefits Western's directors receive are medical, dental and vision insurance, unlike full-time employees who also receive CalPERS retirement, short- and long-term disability, retiree medical and other benefits. In 2002, the District Board voted to eliminate providing retirement medical benefits for Directors.

Western's board members represent the District at bimonthly Western Board Meetings, monthly committee meetings as well as on additional regional agency boards such as the Metropolitan Water District of Southern California, the Western Riverside Council of Governments, the Santa Ana Watershed Project Authority and the

Chino Basin Desalter Authority. All of these meetings require preparation and travel time in addition to the meetings themselves. Furthermore, Board members attend District and outside meetings, conferences and events for the purpose of performing their Board responsibilities for the District for the benefit of our ratepayers. Meetings, conferences and other community interaction opportunities attended by directors help create greater agency efficiency and add value for customers. These responsibilities require a significant time commitment by the board members above and beyond attendance at Board meetings.

Per adopted Western policy, the Board of Directors receive a stipend per meeting each month (up to 10) for representing the District; this number includes bimonthly Board of Director meetings. The District has not increased this compensation amount since 2004.

RECOMMENDATION TWO

Each water and/or sanitation 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 general manager's contract. The districts shall maintain and update agendas, minutes, and financial reports as issued.

RESPONSE

Per Report, Section 933.05 of the California Penal Code, Response to the Grand Jury Recommendations.

(b) (1) The recommendation has been implemented, with a summary regarding the implemented action. Western has, and will continue to be, committed to transparency and accountability to our ratepayers. Western's employee and Board member compensation and benefit information has been available via link from our website (wmwd.com) to the State of California Controller's website for several years. The general manager's contract was posted to our website in August 2013. Additionally, Western will be making this information even more accessible with viewable PDF documents containing pertinent information. Western maintains and updates agendas, minutes and financial reports as issued on the District website.

CONCLUSION

In closing, Western is committed to responsibly managing our ratepayers' money; being continuously accountable in our business and transactions; attracting and retaining a high-quality workforce; and working with our Board of Directors for the strategic planning and vision in order to secure the water supply to our region. We respect the Grand Jury process and value the opportunity to address the findings and recommendations.

Sincerely,



THOMAS P. EVANS
Board President

Cc: Western Board of Directors
Western General Manager