



June 8, 2009

Riverside County Grand Jury
Attn: Nikki Harris, Foreperson
P.O. Box 829
Riverside, CA 92502

Re: Coachella Valley Mosquito and Vector Control District (CVMVCD)

Dear Ms. Harris:

This letter shall serve as the City of Indian Wells' response to the April 14, 2009 "2008-09 Grand Jury Report: Coachella Valley Mosquito and Vector Control District, issued pursuant to California Penal Code Section 933 et.seq.

The following responses to the Grand Jury's findings and recommendations are made with the understanding that the City of Indian Wells (CIW) has no direct control over the activities of the CVMVCD but rather appoints one qualified representative to its Board of Trustees.

Grand Jury Recommendation #1

CIW agrees with the Grand Jury's findings and recommendations regarding realistic budgeting. CIW is aware that the preparation of the annual budget for the CVMVCD is subject to an updated procedure with a 5% accuracy goal regarding its projected revenues and expenses. Such change in budgeting practices has yielded the District with a first time certificate award from the California Society of Municipal Finance Officers, for Outstanding Financial Reporting for FY 2007/08. We agree with the Grand Jury's Findings and encourage the City's appointed Trustee to continue to press for accurate accounting methods including the preparation of its annual budget.

The recommendation has been implemented to our satisfaction.

Grand Jury Recommendation #2:

CIW agrees with the Grand Jury's findings and recommendations regarding OPEB liabilities. The District's past practice of pay as you go with regards to OPEB funds is unacceptable and we believe the District is in the process of prefunding this entire liability in an irrevocable trust. We charge our Trustee, Dr. Bruce Underwood to bring our desire for expedient resolution of this issue to the board for their immediate action. Such action will reduce the General Fund Liability of \$1 million.

The city further recommends that the District institute separate reserve accounts as follows:

1. General Operating Fund Reserve to be equal to 60% of annual operating expenditures to assure continued operations pending receipt of funds from annual assessments collected and forwarded by Riverside County Tax Collector.
2. Epidemic Response Reserve to be permanently established and maintained in an amount agreed upon by the Board of Trustees not to exceed the anticipated expenses for control products and aerial applications for no more than three epidemic responses over

the Coachella Valley. This fund should be designated to be used in the event of an epidemic event.

3. Capital Project Reserve should account for the financial resources to be used in the acquisition or construction of major capital facilities and the major maintenance required to maintain such facilities. The development of a 10-year plan is recommended and should be used as a guide as to the necessary balance of funds required for this reserve.

The recommendation has begun to be implemented and the City further gives direction above to our City appointed Trustee to bring forward to the full Board.

Grand Jury Recommendation #3:

CIW agrees with the Grand Jury's findings and recommendations that the District must complete and memorialize financial policies and procedures. The District has begun the process completing some of the tasks involved, and working to complete an entire suite of documents no later than December 2009. The City further recommends that the District institute mandatory annual review for all such policies and procedures, making any required revisions.

The recommendation is in the process of being implemented.

Grand Jury Recommendation #4:

CIW agrees with the Grand Jury's findings and recommendations that the District update and complete personnel policies and procedures quickly. All such documents with revisions should be transmitted regularly to all employees. The City further recommends that District review Personnel Policies and Procedures annually making any required revisions and again transmitting any revisions to all employees.

The recommendation is in the process of being implemented.

Grand Jury Recommendation #5:

CIW agrees with the Grand Jury's findings and recommendation that a permanent general manager be hired as soon as possible.

The recommendation has been implemented.

Grand Jury Recommendation #6:

CIW agrees with the Grand Jury's findings and recommendation regarding the deferral of a LAFCO recommended expansion of the District.

The recommendation has been implemented.

Grand Jury Recommendation #7:

CIW agrees with the Grand Jury's findings and recommendation regarding the discontinuation of the use of Choice a suppression chemical. The District has made a decision to use other available products that yield a control level of 71% to 95% for red imported fire ants and to continue maintenance of the RIFA population in the Coachella Valley.

The recommendation has been implemented.

Grand Jury Recommendation #8:

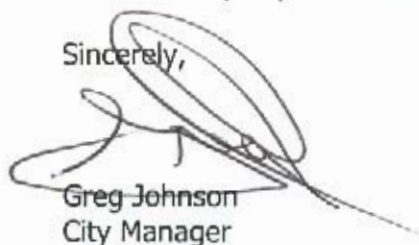
CIW agrees with the Grand Jury's findings and recommendation regarding the retention of an outside consultant for organizational development. It is CIW opinion that the use of a third party consultant is necessary to fully develop policies related to recruitment, training, management structure, systems and procedures, internal and external communication and trustee policies and procedures.

CIW employs a rigorous process for appointment of its representative to the CVMVCD including intense vetting of applicants prior to appointment, thereby guaranteeing the quality and appropriateness of such appointments.

The recommendation requires further analysis and will be the subject of a strategic planning session scheduled for the fall of 2009.

Should you have any further concerns, you may contact my Management Analyst, Susan Weisbart at (760) 346-2489 x 227.

Sincerely,

A handwritten signature in black ink, appearing to read "Greg Johnson", is written over the typed name. The signature is fluid and cursive, with a large loop at the end.

Greg Johnson
City Manager