Background

In its oversight role, the 2012-2013 Riverside County Grand Jury had the opportunity to inspect the operations of water and sanitation districts in Riverside County. The Grand Jury is responsible to ensure that local government is serving the best interests of County citizens. This report is an evaluation of the districts regarding their transparency and compensation. During visits to many of these districts, the Grand Jury discovered wide variations among the compensation practices for boards of directors and general managers. These special districts are independent government agencies generally run by an elected board of directors who hire their general manager. These districts have the same powers as counties and cities. They can sign contracts, employ workers, and acquire real property through purchase or eminent domain. Following constitutional limits, they can also issue bonds, impose special taxes, levy benefit assessments, and charge service fees. Like other governments, special districts can sue and be sued. They also have corporate and tax powers.

These districts oversee a combined annual revenue of over $1.1 billion. Given the recent excesses in local government, the potential for serious problems exist. These districts dealing with water and/or sanitation are the focus of this report.

General managers of special districts conduct the day-to-day business and report to the board of directors. The board of directors (usually five members) report to, and are elected by, the voters within their special districts boundaries.

State Law defines a special district as “any agency of the state for the local performance of governmental or proprietary functions with limited boundaries.” A special district is a separate local government that delivers a limited number of public services to a geographically limited area. Special districts have four distinguishing characteristics: they are a form of government, they have governing boards, they provide services and facilities, and they have defined boundaries. Special districts deliver highly diverse services. Most special districts serve just a single purpose, others respond to a wide range of needs, as in the case of a Community Service District (CSD), which can deliver up to 32 services. This report will focus only on those CSDs which provide water and/or sewage disposal to customers within a CSD’s boundaries. There are two types of special districts, enterprise versus non-enterprise. Enterprise districts deliver services that are run like business enterprises; they charge for their customers’ services, for example, water districts charge water rates to their customers. All of
the water and sanitation districts are enterprise districts. Non-enterprise special
districts provide services which do not lend themselves to fees (fire protection
districts, mosquito abatement districts, and park districts).

Investigation revealed, in general, the water and sanitation districts were found to
be efficient in providing services to the citizens of Riverside County. However,
the following issues were addressed. While compensation for meeting
attendance (stipends) by board of directors are limited by State statute, there is
no limitation of benefits paid to the directors. Some directors have chosen to
provide themselves with full, limited, or no benefits. There are some instances of
full-time benefits being paid to board members who work part-time. The cost of
providing benefits directly affects the cost of providing water and/or sanitation
services.

The Grand Jury also found wide variation among the districts studied, in the
ability of the general public to obtain compensation, financial, and meeting
information. Almost any record of a government agency that operates using tax
dollars is considered public information such as budgets, contracts, operating
policies, billing rates, meetings and minutes, financial statements, and audits.
These types of documents are universally expected to be open and available to
the public. Websites are the generally accepted means of providing this
information. This openness of providing information results in accountability to
the public and transparency of the government entity. As a result, the Grand
Jury has recommended minimum standards for information accessed on district
websites.

Due to recent excesses in local government compensation and the mounting
financial burden created by public pension obligations, the Grand Jury reviewed
the compensation received by the boards of directors and general managers of
the water and sanitation special districts within Riverside County. Beyond just
providing compensation data, the Grand Jury also examined how that information
is conveyed to the public that is vital for a government entity such as a special
district which receives funding from county property taxes.

Excluded from the study are non-special districts such as private water
companies and city water providers. Also excluded was Tenaja CSD, which was
chartered to provide sewage collection treatment and disposal; however, at this
time the district provides services related only to the improvement and
maintenance of streets.

Special districts must make certain reports to the State of California. For
example, special districts must send their annual financial reports to the State
Controller's Office. Districts must also follow state laws for special taxes, bonded
debt, public hearings, public records, and elections.

Water districts were formed in Riverside County as early as 1918 (Coachella
Valley Water District). Increased population growth, coupled with intermittent
droughts and El Nino conditions generated a new way of thinking for the water districts in Riverside County. A renewed focus began to be placed on conservation, groundwater management, and water recycling. Although not all areas of Riverside County use water from special districts, some communities have their own water sources and are operated by either city governments or private water companies.

For board members serving on more than one committee, sub-committee or appointed committees, the completion of the FPPC (Fair Political Practices Commission) Form 806 is required to report this additional compensation that officials receive when appointing themselves to positions on committees. Boards or commissions of a public agency, special district, or joint powers agency or authority must report these incomes even if the official is a member of the board or commission and if the official receives a stipend of $250 or more for serving on the standing or adhoc committees. Several board members of the water and sanitation districts reviewed in this report received more than $250 per meeting stipends and reported the higher stipends on the FPPC Form 806. FPPC Regulation 18705.5 also requires that the agency making the appointments must "post the form to its website on a form provided by the Commission," thus requiring these special districts provide a website for posting the 806 forms.

Methodology

The decision was made at the study's inception to review all special districts in Riverside County dealing in water and/or sanitation, regardless of their size or function. This approach combined water retailers, water wholesalers, as well as wastewater treatment agencies. Water retailers provide water directly to individual users while water wholesalers provide water to water retailers, thus the complexity of operations differ.

Various documents were reviewed including the following:

- "What's So Special About Special Districts?," Fourth edition, October 2010
- "Special Districts: Relics of the Past or Resources for the Future?" by Richard Terzian, chairman of the Little Hoover Commission, Cal-Tax Digest, July 2000
- Several Local Area Formation Commission (LAFCO) reports

Each district was sent a questionnaire soliciting compensation and benefits information for the board of directors and the general manager position. Other documents requested included most recent annual reports, district by-laws, financial statements and budgets, organization charts, as well as any employment contract for the general manager, population data, board membership and annual revenue information. Follow-up contacts were made to
clarify data or seek additional information. The Grand Jury is relying solely on the districts for the accuracy and information provided.

In addition to the direct information supplied by the districts, the Grand Jury also reviewed whether a district had a current website. Of the 29 districts reviewed, 23 water and sewer districts websites were evaluated to judge accessibility, the type of the information provided to the public, as well as, to provide data for some of the statistical analysis contained in this report.

The State of California Controller’s website contains annual Local Government Compensation Reports that include reported annual compensation paid by special districts to employees, including most general managers and board members. Currently, the data presented on the Controller’s website is for the calendar year of 2011 and thus may be at variance with values stated in this report.

Quantifying compensation for a district’s board of directors presented some challenges. First, the basic compensation (stipend) for a director is dependent upon the number of meetings attended by a given director, and considerable variation was observed. Further, different insurance health packages, when offered, were selected by various directors leading to large spreads in insurance costs on individual boards and many times amongst members of a single board. The Grand Jury presentation of board member compensation was determined using an averaging method. To accomplish this, the actual annual total district expenditures for board of directors’ stipends, health insurance, and retirement amounts were divided by the number of directors on the district’s board, giving an “average compensation” for directors of a district. Some directors were compensated above this average value, some less, and some equally. While some accuracy was diminished, the averaging method provided a valuable benchmark for comparison.

**Glossary of Terms:**

“Compensation,” as used in this report, referred to base salaries, bonuses, and stipends as reported by the districts. “Total compensation” included both taxable and non-taxable income.

“Retirement benefits,” as used in this study, included those amounts that the employer was normally required to pay as the employer’s standard share of pension contributions. However, if the employer was paying all or some of the amount an employee would normally be expected to pay (the “employee’s share”), and the district paid that amount, this was also included as additional compensation to the employee in the calculations. In all cases, retirement benefits included any type of defined benefit retirement plan, retirement health accounts, or any other deferred compensation contributions the employer was making on the employee’s behalf.
“Insurance” included any combination of the following: medical, dental, vision, life and accidental death, short-term disability, long-term disability, and long term care insurance. These numbers included only the cost paid by the district; they did not include any premiums paid by the employee. If an employee elected to take cash in lieu of insurance coverage, that dollar amount was captured in the insurance calculations.

“Other compensation” included:

- “Car allowance” may be either an actual cash payment to the employee or the imputed value of using a district supplied vehicle. If the general manager used a district vehicle for daily work, it was not included as car allowance.

- “Housing Allowance” may be either an actual cash payment to the employee or the imputed value of the provided residence.

Focusing on the larger picture and major elements of compensation, the Grand Jury did not quantify benefits for less expensive categories, such as cell phone allowances. Likewise, job-related reimbursable expenses, such as conferences, travel, and training, were excluded.

Board of Directors Compensation

Board of directors do not receive a salary, rather they are compensated for attending meetings related to district business. These stipends are set by State of California government statute and contain inflation escalation clauses. The statute also limits the number of meetings for which a board member may collect fees in any given month.

District Descriptions and Background

Table A contains demographic data describing each of the districts, with particular emphasis on various measures of size. These districts have an annual combined total revenue of approximately $1.1 billion. The data in Table A was acquired from a number of sources, the majority from the districts themselves, financial reports, district contracts and direct contact, and their annual reports. “Annual Revenue” generally reflects the total income received from all sources by each district for the most recently submitted financial fiscal statement. This can differ from a district’s operating budget, which may exclude amounts for debt servicing or capital projects.
The following descriptions provide a brief overview of each of the special districts included in this report. Features or operations unique to each district are mentioned.

**Beaumont-Cherry Valley Water District** *(Water only)*

In March of 1919, the Beaumont Irrigation District was formed under the Wright Act of 1897. (California Water Code Section 50910-50914). Over many decades, the water system of the Beaumont-Cherry Valley Water District (BCVWD) has evolved from a small privately owned company that was started to support development in the district's service area, to the system today that serves over 44,000 people in the City of Beaumont, the community of Cherry Valley, and portion of southeastern Calimesa. BCVWD provides drinking water and non-potable water for irrigation. The district pumps water from two sources: the Beaumont Basin and Edgar Canyon. The primary source is from the Basin, located hundreds of feet below ground level. In the early 1970's, the Beaumont Irrigation District's name was changed to the Beaumont-Cherry Valley Water District.
Cabazon County Water District \textit{(Water only)}

The Cabazon County Water District (CCWD) provides water service to a population of approximately 2,100 people within its 7,040 acre service area located in the eastern portion of Riverside County. The District encompasses the town of Cabazon and some of the unincorporated areas of Riverside County. CCWD was established and incorporated in 1954. Residential customers are approximately 97% of the District's customer base and consume approximately 90% of the water annually. The District currently has a total of two groundwater wells with a maximum product capacity of 2,500 gallons per minute.

Chiriaco Summit Water District \textit{(Water only)}

When Chiriaco Summit Water District (CSWD) was formed in 2000, its water system was in a poor condition. The purpose of becoming a public agency was to be eligible for State grants needed to replace its existing substandard facilities. CalTrans had terminated its agreement with the Metropolitan Water District of Southern California (MWD) to provide water services to the unincorporated area of Chiriaco Summit. Consequently, CSWD was formed to continue providing water services to Chiriaco Summit. To secure the water sources of its predecessor, CSWD entered into an agreement with MWD for 100 acre feet per year of water from the Colorado River Aqueduct. In 2003, the District upgraded its water system and added a water treatment plant. No state grants were obtained by the District. There are approximately 26 connections to CSWD's water system, including 20 dwelling units, two museums and a motel.

Coachella Valley Water District \textit{(Water and Sewer)}

Coachella Valley Water District's (CVWD) service area formed in 1918, covers approximately 1,000 square miles from the San Gorgonio Pass to the Salton Sea within the Coachella Valley in Riverside County and small portions of Imperial and San Diego counties, including the Salton Sea coastline. It meets the water and sewer disposal needs of more than 106,000 homes and sanitation services for 91,000 businesses. CVWD first began providing drinking water to valley residents in 1961, taking over the operations of two privately owned water companies. Groundwater pumped from an underground aquifer is delivered to customers and requires minimal treatment to meet state and federal water quality standards. The District provides domestic and irrigation water, storm water protection, agricultural drainage, sanitation, ground water recharge and water conservation services within its boundaries.
Desert Water Agency *(Water only)*

Desert Water Agency (DWA) formed in 1961, to import water from the State Water Project to create a reliable water supply, now serves an estimated population of 85,000. About 95 percent of the District's water is pumped from deep wells located throughout the service area. DWA pumps 29 active wells into its water system, which includes about 22,000 connections throughout 369 miles of pipeline. The Agency serves an area of 325 square miles, which includes outlying county areas, portions of Desert Hot Springs, Palm Springs, and Cathedral City. Groundwater replenishment is supplemented with Colorado River water imported through the Colorado River Aqueduct.

**Eastern Municipal Water District *(Water and Sewer)***

Eastern Municipal Water District (EMWD) was formed in 1950. It is a water retailer and wholesaler. The population, as of June 2011, within the current 555-square-mile service area is about 768,000. It imports water to Riverside County and is a member of the Metropolitan Water District of Southern California. The EMWD operates five wastewater treatment plants with a combined capacity of 63 million gallons per day. The district provides service to a majority of retail customers located within the cities of Moreno Valley, Menifee, Murrieta, and Temecula and the unincorporated communities of Good Hope, Homeland, Lakeview, Nuevo, Mead Valley, Murrieta Hot Springs, Quail Valley, Romoland, Valle Vista and Winchester. The District also supplies water on a wholesale basis to the Cities of Hemet, San Jacinto and Perris, Lake Hemet Municipal Water District, Nuevo Water Company, Elsinore Valley Municipal Water District, Western Municipal Water District and Rancho California Water District.

**Edgemont Community Services District *(Sewer only)***

Edgemont Community Services District (ECSD) formed in 1957, a 1,504 acre district, provides two authorized services for its residents and property owners. The first service is providing wastewater services, specifically, the collection and transportation of effluent from approximately 2,500 residences and commercial establishments. Wastewater treatment services are currently being provided through an inter-agency contract with the City of Riverside. The second service is street lighting for 261 residences within the district. ECSD is split between the City of Riverside and Moreno Valley and between Eastern and Western Municipal Water Districts.
Elsinore Valley Municipal Water District (Water and Sewer)

Elsinore Valley Municipal Water District (EVMWD) was created in 1950, under the Municipal Water District Act of 1911. The District currently has over 35,000 water, wastewater and agricultural service connections. EVMWD is a customer of the Western Municipal Water District, a member agency of the MWD. It maintains the EVMWD’s 97 square-mile service area including the cities of Lake Elsinore, Canyon Lake, Wildomar, Murrieta, and several unincorporated communities. EVMWD currently has 310 miles of sewer pipeline. The pipelines are angled and sloped to benefit from gravity flow conveyance and move the wastewater to depths beneath ground surface. The District maintains a standby charge program, which recognizes that along with current users, unimproved property within the District’s water and sewer service areas bear some financial responsibility of maintaining and replacing the systems for their future use. In July 2011, Elsinore Water District was dissolved and merged with the EVMWD. As a condition of the dissolution, the EVMWD retained the right to place the former District’s existing standby charges on the tax roll. These charges are utilized by the District to pay for Capital Improvement Projects within the former service area to help improve the water service to these customers.

Fern Valley Water District (Water only)

Located in Idyllwild, Fern Valley Water District (FVWD) was formed in 1958. The raw water supply for the District comes from the nearby sources of Strawberry Creek and Tahquitz Creek. The district serves a community of 900, reaching a seasonal maximum population of 2,500 people with 1,178 connections.

High Valleys Water District (Water only)

High Valleys Water District (HVWD) was developed to serve the residents of the Twin Pines and Poppet Flats communities. Having no natural water resource, HVWD pumps the water purchased from the City of Banning, 8 miles up the mountain through three separate booster stations, into three storage tanks and 40 miles of pipe, to deliver this resource to its approximately 200 customers.

The HVWD does not treat its water, as it is delivered already treated from its source; however, the District performs monthly water sampling and system testing through an outside laboratory, to ensure the safety and quality of the water that is being delivered to its customers. Also, yearly backflow testing is completed for those residents on well-systems, to further ensure that the water source for HVWD is exceeding local standards.
Home Gardens County Water District *(Water only)*

Home Gardens County Water District (HGCWD) was formed in 1978 and has a service area of 232 acres and a population of 3,000 and provides potable water service to 800 connections. The district has 2 wells, however, one is dry and the other is contaminated. The district now purchases all its water from the City of Riverside.

Home Gardens Sanitary District *(Sewer only)*

Home Gardens Sanitary District (HGSD) formed in 1957 for the purpose of collection and disposal of sewage under Health and Safety Code §6400. HGSD provides wastewater collection and treatment within a 672-acre service area with 2,438 wastewater connections. The area of jurisdiction is the Home Gardens unincorporated area of the County of Riverside. The sewer collection system is entirely gravity flow and the District owns one wastewater treatment plant, which is operated by the Western Riverside County Regional Wastewater Authority.

Idyllwild Water District *(Water and Sewer)*

The Idyllwild Water District (IWD) was formed in 1955, managing both water and wastewater, and services 1,600 water connections in a 700-acre area. It also handles 578 sewer connections. Idyllwild is located in the San Bernardino Mountains, an area that receives 28 inches of rain per year. The District replenishes Foster Lake and an underground reservoir every year by capturing run-off. The District's service area is approximately 2,100 acres with 30 miles of water lines, 10 miles of sewer lines, and 23 wells, a 250,000 gallons-per-day treatment plant that handles 110 acre feet of wastewater per year. Treated water is pumped into percolation ponds.

Jurupa Community Services District *(Water and Sewer)*

The Jurupa Community Services District (JCSD) was founded in 1956, provides potable water and sewer. As a community service district, JCSD also provides street lights, graffiti abatement and park services for over 107,000 residents. The District pumps its wastewater via the Jurupa Force Main Pipe to the City of Riverside’s Regional Treatment Plant for treatment and disposal. The water supply comes from groundwater.
Lake Hemet Municipal Water District (*Water only*)

Lake Hemet Dam was constructed in 1887 and formed Lake Hemet. The Lake Hemet Water Company was formed and eventually was sold in 1955 when the Lake Hemet Municipal Water District (LHMWD) was formed and organized under the provision of the Municipal Water District Act of 1911 and incorporated in 1955. The District was created for the purpose of importing and delivering water to retail customers in its service area. The District serves nearly 14,500 connections in a 26-square-mile area that includes portions of Hemet, San Jacinto and adjacent unincorporated areas of Riverside County. LHMWD also provides services to the Garner Valley community. The District receives its water supply from four sources: (1) local ground water, (2) Lake Hemet, (3) stream flow when available, and (4) Eastern Municipal Water District, who in turn purchases water from MWD.

Lee Lake Water District (*Water and Sewer*)

In the foothills of the Cleveland National Forest is Lee Lake Water District (LLWD), which provides potable and reclaimed water for residents within the Temescal Valley area. The District also provides wastewater collection, treatment, and disposal for the Temescal Valley residents and encompasses about 6,700 acres including the Butterfield Estates and California Meadows communities. LLWD obtains its water from the MWD that imports its water from Northern California. The water is then treated at the Henry J. Mills Water Filtration Plant in Riverside, California.

LLWD was formed in 1965. Many changes have taken place in the Temescal Valley. What was once land farmed for citrus crops is now home to numerous residential communities, businesses, and industrial parks.

Mission Springs (*Water and Sewer*)

The Mission Springs Water District (MSWD) was formed in 1953 with only 100,000 feet of pipelines, five water wells and two reservoirs. MSWD covered one square mile. Later MSWD absorbed parts of the Coachella Valley County Water District, the West Palm Springs Village and San Gorgonio Mutual Water Company systems and today has 1.25 million feet of pipeline, 14 water wells and 24 reservoirs, serving an area of 135 square miles. MSWD serves a population of approximately 30,000 in Desert Hot Springs and surrounding areas, and water connections of approximately 13,000, and sewer connections of approximately 7,000. In 1954 local citizens petitioned for sewer service, but costs were prohibitive. They had to wait until 1972 to build the Alan L. Horton Wastewater Treatment Plant and have expanded four times to a treatment capacity of two million gallons of wastewater per day.
Palo Verde Irrigation District (*Water only*)

The Palo Verde Irrigation District (PVID), formed in 1923, occupies about 189-square-miles of land in Riverside and Imperial Counties and serves a population of approximately 22,000 plus 8,000 inmates in two state prisons. The District contains approximately 131,298 acres, 26,798 acres of which are on the Palo Verde Mesa. A portion of the Mesa area lies within boundaries of the Palo Verde Irrigation District. Colorado River water, supplied through Palo Verde Irrigation District canals, is lifted onto the Mesa by private pumps to irrigate a portion of the acreage in the District. The remaining Mesa irrigated acreage is irrigated from deep wells developed by the landowners. The Colorado River, which is the boundary between Arizona and California, forms the eastern and southern boundaries of the District.

Pine Cove Water District (*Water only*)

Pine Cove Water District (PCWD) was formed in 1956, to provide potable water services to the mountain community of Pine Cove. In 1984, the then current Local Area Formation Commission (LAFCO) established a sphere of influence for PCWD that extended beyond its boundaries to the north. The District's service area is approximately 4,200 acres. PCWD provides approximately 125 acre feet of potable water from local groundwater sources to local residences and to the Forest Service to control fires on an annual basis. PCWD also provides wholesale water to Stonewood Canyon Property Owners Water Company and Stone Creek Water Company located within the District's northern sphere area.

Pinyon Pines County Water District (*Water only*)

Pinyon Pines County Water District (PPCWD) was formed in 1969. The District was created for the purpose of providing a domestic water supply to the Pinyon Pines area of Riverside County. The District office is located in Mountain Center and serves an area of approximately 320 acres with an estimated population of 120. It also provides water to two U.S. Forest Service campgrounds (Pinyon Flats and Ribbonwood Equestrian campgrounds) as well as to Riverside County Fire Department #30. Its water source is exclusively groundwater. The District's water comes from a horizontal well drilled 85 feet into an underground source of water and is located south of Pinyon Pines at the 6200 foot elevation, 2,000 feet above the Pinyon Pines community in the Santa Rosa Mountains. The U.S. Forest Service owns the land around these wells and restricts any activity that could contaminate them.
Rancho California Water District *(Water and Sewer)*

The development of the Temecula/Rancho California community began in 1965. The developers of Temecula/Rancho California formed the original Rancho California Water District (RCWD) over the easterly area of the Temecula/Rancho California development. After several sizeable annexations and the addition of powers to collect, treat and dispose of wastewaters, RCWD consolidated with the Santa Rosa District under the name Rancho California Water District.

The RCWD provides potable water, wastewater collection and treatment services, and recycled water within its 99,435-acre service area. The District pumps nearly half of its annual demand (30,000 acre-feet per year) from groundwater with the remaining water demands met with imported water purchased from MWD and the Eastern Municipal Water District (EMWD). The District serves the City of Temecula, portions of the City of Murrieta and surrounding unincorporated areas of Riverside County, for an estimated population of 145,000.

Rubidoux Community Services District *(Water and Sewer)*

In December 1952, Rubidoux Community Services District (RCSD) held its first Board meeting, thus becoming California's first Community Services District to serve a population of 4,000 with expanded services to include trash collection and disposal, street lighting, weed abatement, and fire prevention program. Currently, the RCSD provides both potable and agricultural water treatment and distribution services, wastewater collection, treatment and disposal services to an 8.5-square-mile service area with a service population of approximately 26,500.

In June 1956, through the elective process, RCSD authorized vital water supply and fire protection services as a permanent responsibility of the District. The District's water supply and distribution system provides the community with over 8 million gallons a day of potable water, providing water from existing groundwater supplies. The District delivers 2 million gallons a day to the Regional Wastewater Treatment Plant located in the City of Riverside. The service area includes a portion of the City of Jurupa Valley, unincorporated areas of Riverside County and a small portion of San Bernardino County.

San Bernardino Valley Municipal Water District *(Water and Sewer)*

The San Bernardino Valley Municipal Water District (SBVMWD), formed in 1954 under the Municipal Water Act as a regional agency to plan long range water supply for San Bernardino Valley, encompasses about 352 square-miles in southwestern San Bernardino County and a portion of Riverside County, and serves a combined population of 661,500. Its incorporation includes a broad range of powers to provide water, as well as, waste water and storm water disposal, recreation, and fire protection services. It spans the eastern two-thirds
of the San Bernardino Valley, the Crafton Hills, and includes the cities and communities of San Bernardino, Colton, Loma Linda, Redlands, Rialto, Bloomington, Highland, East Highland, Mentone, Grand Terrace, Yucaipa and some unincorporated areas of Riverside County. The District imports State Water Project water and monitors groundwater storage in the San Bernardino and Colton-Rialto basins as well as maintaining flows at Riverside Narrows on the Santa Ana River. The District does not deliver water directly to retail water customers. The majority of the District’s service area is within San Bernardino County.

**San Gorgonio Pass Water Agency (Water only)**

The San Gorgonio Pass Water Agency (SGPWA) was founded in 1961 and is a regional water agency and is responsible for paying its share of the debt service on the State Water Project. While most of this construction occurred in the 1960’s and 1970’s, construction is still going on today with both capital projects and major operation and maintenance projects under construction at any given time. Each contractor is responsible for the importation of water from Lake Oroville and the Sacramento-San Joaquin River Delta through the State Water Project into its service area. The East Branch Extension, the pipeline that brings State Project Water into the Agency’s service area, was completed in 2003. The Agency sells this water to local water retailers. Currently, the Agency is selling water to the Yucaipa Valley Water District, the Beaumont Cherry Valley Water District (BCVWD) and the City of Banning.

**Santa Ana Watershed Project Authority (Water only)**

The Santa Ana Watershed Project Authority (SAWPA) was formed in 1968 as a planning agency, and reformed in 1972 with a mission to plan and build facilities to protect the water quality of the Santa Ana River Watershed (Watershed). SAWPA is a Joint Powers Authority, classified as a special district in which it carries out functions useful to its member agencies. The agreements formalizing the current Agency were signed in 1974 and went into effect in 1975. The Authority is comprised of the five largest water agencies in the Watershed: Eastern Municipal Water District (EMWD), Inland Empire Utilities Agency, Orange County Water District, San Bernardino Valley Municipal Water District (SBVMWD), and Western Municipal Water District (WMWD).

The Watershed spans approximately 2,650 square-miles, and covers San Bernardino and Riverside Counties, and most of Orange County, as well as a small portion of Los Angeles County. The Watershed, and the State as a whole, is facing many challenges in guaranteeing sufficient, high-quality water for the ever-growing population of the region. The Authority works with planners, scientists, water experts, design and construction engineers, and other government agencies to identify issues and develop innovative solutions to resolve many water-related problems.
The Authority's enterprise includes ownership and operation of the Inland Empire Brine Line (Brine Line). The 73-mile long regional Brine Line is designed to convey 30 million gallons per day of non-reclaimable wastewater from the upper Santa Ana River Basin to the Pacific Ocean for disposal after treatment. This 35-year old utility was built as the fundamental method of salt export for the region. Historic import of water for agricultural purposes has increased the salinity of many groundwater basins within the Watershed area. Salt is removed from brackish groundwater by reverse osmosis desalters, which discharge the concentrated brine into the Brine Line. The treated water from the desalters is delivered for consumption as potable water. Brine disposal will be essential to support water recycling efforts and economic growth within the Watershed area.

**Valley Sanitary District (Sewer only)**

The District was originally formed as the Indio Sanitary District in 1925. The name changed to Valley Sanitary District (VSD) in 1965. The Valley Sanitary District (VSD) collects, treats, and disposes of wastewater for an estimated population of 77,500. The District was founded in 1925 and is regulated by the California Sanitary Act of 1923. In 1925, there were about 1,000 residents in Indio with the largest employers being citrus, date ranching and the railroad.

VSD’s funding for capital improvements comes from two sources. One source of funding is from funds obtained through the annual sewer use fee and the other is from the connection capacity fee that is paid to the District when a development is connected to the District’s sewer system. In 2000, a wetlands was constructed to provide the VSD with 1 million gallons daily of wastewater treatment capacity. The constructed wetlands also double as a habitat for the Coachella Valley Wild Bird Center.

**West Valley Water District (Water only)**

The West Valley Water District (WVWD), formed in 1952, provides retail water service to a service area that encompasses 19,000 acres with an estimated population of 66,600. Only 310 acres are within Riverside County. The District relies on imported, ground, surface and recycled water for its supply. The District currently provides drinking water to customers in portions of Rialto, Colton, Fontana, Bloomington, and portions of the unincorporated area of San Bernardino County, and a portion of the City of Jurupa Valley in Riverside County. Currently they have five treatment plants, 360 miles of pipeline, 25 reservoirs, 23 wells, and 20,000 service connections.
Western Municipal Water District (Water and Sewer)

Western Municipal Water District (WMWD), formed in 1954, supplies both wholesale and retail water, and recycled water. It serves as the wastewater treatment system operator for two organizations within its service areas, the Western Riverside County Regional Wastewater Authority and March Air Reserve Base. The District plant is a tertiary facility, providing reclamation water for reuse or for discharge through an outfall to the Santa Ana River. It has design capacity for eight million gallons per day with the capability for expansion to 32-million gallons per day.

Today, the District serves roughly 23,000 retail and eight wholesale customers with water from the Colorado River, State Water Project and groundwater. As a member agency of the MWD, WMWD provides supplemental water to the cities of Corona, Norco, and Riverside and the water agencies of Box Springs Mutual, Eagle Valley Mutual, Elsinore Valley Municipal Water District (EVMWD), Lee Lake Water District (LLWD) and Rubidoux Community Services District (RCSD). WMWD serves customers in Orangecrest, Mission Grove, El Sobrante, Eagle Valley, Temescal Canyon, Woodcrest, Lake Mathews, portions of Mead Valley and Perris, and March Air Reserve Base.

Yucaipa Valley Water District (Water and Sewer)

The Yucaipa Valley Water District (YVWD) was formed in September 1971, serving a population of 60,000 and providing a variety of services to residential, commercial and industrial customers of the cities of Yucaipa and Calimesa. The primary function of the District is to provide water service and sewer service. The District's local water is supplied from groundwater via local wells, and surface water collected from Birch Creek, Oak Glen Creek, Adams Tunnel and Clark Tunnel. Additionally, the District purchases imported water from the State Water Project through the San Bernardino Valley Municipal Water District (SBVMWD) and the San Gorgonio Pass Water Agency (SGPWA) for direct filtration, recycled water use and for recharge of the groundwater basin.

Board of Directors Compensation

Total compensation among the districts varied based on their size and decisions made by their boards concerning their benefits. Some districts have chosen to increase per meeting director stipend regularly, while others have not. This has resulted in a wide disparity in meeting compensation between districts ranging from $0 per meeting up to $386 per meeting. Per FPPC Form 806 filed in water districts, additional stipend amounts are reported to the State of California.

In addition to meeting compensation, State statutes also limit the maximum number of compensable meetings to 10 monthly for water districts and 6 monthly for sanitation districts. Some districts hold very few meetings per month, while
others approach the maximum allowed, due to extensive subcommittee meetings or qualifying meetings with outside agencies, thus annual director compensation for meetings varies amongst the districts.

While stipends are set by statute, benefits such as medical insurance and retirement are not. Benefits paid to special district directors are set solely by the board of directors themselves. Four districts provide retirement benefits and ten districts provide insurance benefits to their directors. Board members elected after 1994 are prohibited from participating in the CalPERS retirement program. Investigation indicated four of the districts studied still have some sitting board members elected before the CalPERS prohibition was implemented in 1994. There is no restriction against the participation of board members in other types of retirement programs, such as other defined benefit plans or deferred compensation plans. The average benefits for directors ranged from $0 to over $25,000 per year. The cost of these benefits is passed on to the ratepayers.

Chart B shows the average annual fiscal year compensation received by board members of the special districts studied and analyzed as discussed in the “Methodology” section. After the graph, follows a Table C showing a breakdown of director compensation in more detail.
# Director Average Annual Compensation

## TABLE C

<table>
<thead>
<tr>
<th>District Name</th>
<th>Stipends</th>
<th>Retirement</th>
<th>Insurance</th>
<th>Other Comp</th>
<th>Total Benefits</th>
<th>Total Compensation</th>
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<tbody>
<tr>
<td>Beaumont-Cherry Valley Water District</td>
<td>4,610</td>
<td>0</td>
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<td>0</td>
<td>4,610</td>
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<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>11,300</td>
</tr>
<tr>
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<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
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<td>0</td>
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<tr>
<td>Coachella Valley Water District</td>
<td>13,051</td>
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<td>7,002</td>
<td>1,800</td>
<td>8,802</td>
<td>21,853</td>
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<td>9,446</td>
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<td>3,283</td>
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<td>1,917</td>
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<td>18,294</td>
<td>43,404</td>
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<td>0</td>
<td>0</td>
<td>1,200</td>
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<td>3,786</td>
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<td>6,835</td>
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<td>0</td>
<td>600</td>
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<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>600</td>
</tr>
<tr>
<td>Pinyon Pines County Water District</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
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<tr>
<td>Rancho California Water District</td>
<td>11,350</td>
<td>851</td>
<td>17,508</td>
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<td>18,359</td>
<td>29,709</td>
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<td>0</td>
<td>0</td>
<td>2,140</td>
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<tr>
<td>San Bernardino Valley Municipal Water District</td>
<td>35,254</td>
<td>4,353</td>
<td>14,864</td>
<td>4,808</td>
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<td>0</td>
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<td>0</td>
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<td>Santa Ana Watershed Project Authority</td>
<td>1,425</td>
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<td>1,425</td>
<td>2,850</td>
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<td>20,625</td>
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<td>Western Municipal Water District</td>
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<td>12,093</td>
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<td>5,689</td>
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<td>1,619</td>
<td>8,109</td>
<td>9,728</td>
<td>15,418</td>
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</table>
There is a significant variance in the benefits paid to boards of directors of the special districts studied. In some cases, benefits constituted a significant portion of a director’s total compensation. For example, Elsinore Valley Municipal Water District (EVMWD), Lake Hemet Municipal Water District (LHMWD), and West Valley Water District (WVWD), the benefits make up 70% of their directors’ total compensation.

Since board meetings are usually held only once a month (sometimes more are scheduled per month), they are effectively part-time jobs. In many cases these part-time jobs come with full-time benefits. There is no statutory prohibition against providing full-time benefits to board members for part-time duties. The situation has arisen due to the fact that the cost of health benefits were much less expensive at the time they were first provided, than they are today. As a result they were provided the same standard benefit as many employees and the directors elected to include themselves in the employee benefit pool. As costs for these types of benefits have dramatically risen, districts may not have considered the appropriateness of their provision for what are essentially part-time members.

Some smaller districts spent little or no revenue on salaries and compensation. Some seldom meet more than once a month, even though permitted to do so. Further, their directors receive no benefits and in some cases receive no stipend. In the case of some small districts, the board sets policy whereby board members rarely go to outside meetings and collect any additional meeting stipends. The Fern Valley Water District (FVWD), for example, normally meets once a month, even though more are permitted. Their directors receive no benefits beyond the basic stipend.

Some board of directors are paid nothing in stipends while others have increased the amount of their stipends to the maximum allowed. Some districts limit the number of meetings they can attend during a month; other districts do not.

General Manager Compensation

All of the special districts studied were operated by general managers. The board of directors sets general policy for each district and approves budgets and expenditures, while the general manager runs the day-to-day operations and manages the staff of a district. For the districts studied, most of the general managers' compensation fell into a relatively uniform range. There were a few exceptions, both on the low end and the high end. Chart D summarizes the general manager's compensation and the Table E breaks it down in to more detail.
<table>
<thead>
<tr>
<th>District Name</th>
<th>Salary</th>
<th>Retirement</th>
<th>Insurance</th>
<th>Other Compensation</th>
<th>Total Benefits</th>
<th>Total Compensation</th>
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<tr>
<td>Beaumont-Cherry Valley Water District</td>
<td>164,631</td>
<td>43,705</td>
<td>16,606</td>
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<td>Cabazon County Water District</td>
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<td>0</td>
<td>0</td>
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<td>0</td>
<td>0</td>
</tr>
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<td>Coachella Valley Water District</td>
<td>177,213</td>
<td>40,096</td>
<td>1,275</td>
<td>1,961</td>
<td>43,332</td>
<td>220,545</td>
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<td>Desert Water Agency</td>
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<td>19,941</td>
<td>23,000</td>
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<td>Eastern Municipal Water District</td>
<td>257,575</td>
<td>8,232</td>
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<td>48,479</td>
<td>74,701</td>
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<td>0</td>
<td>0</td>
<td>39,975</td>
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<tr>
<td>Elsinore Valley Municipal Water District</td>
<td>205,840</td>
<td>41,245</td>
<td>18,752</td>
<td>8,400</td>
<td>68,397</td>
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<td>Fern Valley Water District</td>
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<td>17,184</td>
<td>1,000</td>
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<td>0</td>
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<td>6,000</td>
<td>31,916</td>
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<td>10,471</td>
<td>13,983</td>
<td>43,451</td>
<td>280,909</td>
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<tr>
<td>Lake Hemet Municipal Water District</td>
<td>180,728</td>
<td>32,196</td>
<td>4,428</td>
<td>4,000</td>
<td>40,624</td>
<td>221,352</td>
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<td>Lee Lake Water District</td>
<td>216,320</td>
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<td>0</td>
<td>0</td>
<td>0</td>
<td>216,320</td>
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<tr>
<td>Mission Springs Water District</td>
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<td>0</td>
<td>2,682</td>
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<tr>
<td>Rancho California Water District</td>
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<td>43,507</td>
<td>108,280</td>
<td>308,888</td>
</tr>
<tr>
<td>Rubidoux Community Services District</td>
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<td>66,626</td>
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<td>26,999</td>
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<td>391,821</td>
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<tr>
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<td>233,016</td>
<td>64,434</td>
<td>20,723</td>
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<td>50,738</td>
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<td>70,558</td>
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<tr>
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<td>10,080</td>
<td>17,500</td>
<td>43,954</td>
<td>216,204</td>
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</tbody>
</table>
Car allowances were not uncommon, but were not a benefit restricted to only the larger, well-funded districts. Several smaller districts provided their general managers with car allowances, yet a number of larger districts did not. However often larger districts maintained a fleet of district vehicles, which a general manager may use. In these cases, the use of a district vehicle was not reported as compensation.

Chart F shows the total general manager salary and benefit packages for each district, ranked by the population data obtained from each district. The smallest district, Chiriaco Summit Water District (CSWD), is at the top, and the most populous district, Santa Ana Watershed Protection Agency (SAWPA) is at the bottom. Generally, it appears district population bears no significant relationship to salary and benefits paid to the general manager.
General Manager Compensation Ranked by Population
(population in parentheses)

CHART F

- Chiriaco Summit Water District (66)
- Pinyon Pines County Water District (120)
- High Valleys Water District (458)
- Pine Cove Water District (1,000)
- Cabazon County Water District (2,100)
- Fern Valley Water District (2,500)
- Edgemont Community Services District (2,500)
- Home Gardens County Water District (3,000)
- Idyllwild Water District (4,000)
- Home Gardens Sanitary District (11,000)
- Lee Lake Water District (16,000)
- Palo Verde Irrigation District (22,000)
- Western Municipal Water District (23,000)
- Rubidoux Community Services District (26,500)
- Mission Springs Water District (30,000)
- Beaumont-Cherry Valley Water District (44,000)
- Lake Hemet Municipal Water District (50,000)
- Yucaipa Valley Water District (60,000)
- West Valley Water District (86,600)
- Valley Sanitary District (77,500)
- San Gorgonio Pass Water Agency (85,000)
- Desert Water Agency (85,000)
- Jurupa Community Services District (107,000)
- Elsinore Valley Municipal Water District (130,000)
- Rancho California Water District (145,000)
- Coachella Valley Water District (300,000)
- San Bernardino Valley Municipal Water District (661,500)
- Eastern Municipal Water District Agency (768,000)
- Santa Ana Watershed Project Authority (2,000,000)
The General Manager of the Rubidoux Community Services District is the highest compensated general manager of all districts studied. Considering the size, both in moderate population, small geographical area, and a moderate budget, the level of compensation is notable.

If it could be said that there are any fiscal standouts among these districts, then perhaps they would be the Pine Cove Water District (PCWD) and Home Gardens County Water District (HGCWD). The frugality previously displayed in their board of directors’ compensation continues with their general managers. The general managers’ compensation are significantly less than other, smaller-populated districts.

Some general managers’ compensation is quite substantial. For example, Rubidoux Community Services District (RCSD) pays their general manager a total compensation in excess of $390,000 per year. This manager supervises 120 employees, works with a budget of about $120 million, serves a population of 23,000 and reports to a district board of directors. Alternately, the Riverside County Executive Officer earns about $365,000 total compensation per year. The County Executive Officer supervises over 22,500 employees, serves a population of approximately 2,220,000, works with a budget of $4.4 billion and reports to the County’s Board of Supervisors.

Two websites reviewed by the Grand Jury were Eastern Municipal Water District and Coachella Valley Municipal Water District. The “Information Transparency” and “Government Transparency” links on the district website provided access to home pages their general manager’s contract. At the time of this writing, the following districts did not provide the general manager’s contract on the website.

- Beaumont-Cherry Valley Water District
- Desert Water Agency
- Elsinore Valley Municipal Water District
- High Valleys Water District (under construction)
- Idyllwild Water District
- Jurupa Community Services District
- Lake Hemet Municipal Water District
- Lee Lake Water District
- Mission Springs Water District
- Palo Verde Irrigation District
- Pine Cove Water District
- Pinyon Pines County Water District
- Rancho California Water District
- Rubidoux Community Services District
- San Bernardino Valley Municipal Water District
- San Gorgonio Pass Water Agency
- Santa Ana Watershed Project Authority
- Valley Sanitary District
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.”

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 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 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.
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:

- 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 (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)

Recommendation One

Coachella Valley Water District (CVWD)
Desert Water Agency (DWA)
Eastern Municipal Water District (EMWD)
Elsinore Valley Municipal Water District (EVMWD)
Jurupa Community Services District (JCSD)
Lake Hemet Municipal Water District (LHMWD)
Mission Springs Water District (MSWD)
Rancho California Water District (RCWD)
San Bernardino Valley Municipal Water District (SBVMWD)
San Gorgonio Pass Water Agency (SGPWA)
Santa Ana Watershed Project Authority (SAWPA)
Valley Sanitary District (VSD)
West Valley Water District (WVWD)
Western Municipal Water District (WMWD)
Yucaipa Valley Water District (YVWD)

1. 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.
Recommendation Two

Beaumont-Cherry Valley Water District (BCVWD)
Cabazon County Water District (CCWD)
Chiriaco Summit Water District (CSWD)
Desert Water Agency (DWA)
Edgemont Community Services District (ECSD)
Elsinore Valley Municipal Water District (EVMWD)
Fern Valley Water District (FVWD)
High Valleys Water District (HVWD)
Home Gardens County Water District (HGCWD)
Home Gardens Sanitary District (HGSD)
Idyllwild Water District (IWD)
Jurupa Community Services District (JCSD)
Lake Hemet Municipal Water District (LHMWD)
Lee Lake Water District (LLWD)
Mission Springs Water District (MSWD)
Palo Verde Irrigation District (PVID)
Pine Cove Water District (PCWD)
Pinyon Pines County Water District (PPCWD)
Rancho California Water District (RCWD)
Rubidoux Community Services District (RCSD)
San Bernardino Valley Municipal Water District (SBVMWD)
San Gorgonio Pass Water Agency (SGPWA)
Santa Ana Watershed Project Authority (SAWPA)
Valley Sanitary District (VSD)
West Valley Water District (WVWD)
Western Municipal Water District (WMWD)
Yucaipa Valley Water District (YVWD)

2. 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.
Recommendation Three

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 (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)

3. 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:

- 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 (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)