

Board of Directors
Phil Williams, President
Andy Morris, Vice President
Judy Guglielmana, Treasurer
Harvey R. Ryan, Director
W. Ben Wicke, Director



FILE

General Manager
John D. Vega
District Secretary
Terese Quintanar
Legal Counsel
Best Best & Krieger

Our Mission...

EVMWD will provide reliable, cost-effective, high quality water and wastewater services that are dedicated to the people we serve.

September 26, 2013

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

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

Dear Mr. Rapp:

The Elsinore Valley Municipal Water District (EVMWD) has received and reviewed your Grand Jury Report: Riverside County Water and Sanitation District, Compensation and Transparency.

EVMWD respects the function of the Grand Jury to investigate and report on the operations of Special Districts and appreciates the important role it plays as a check and balance against the possible misuses of public funds.

BACKGROUND

The employees of the Elsinore Valley Municipal Water District (EVMWD) do an excellent job of providing safe, reliable and affordable water to our 140,000 customers, and much of that success can be traced to the hard work and leadership of our Board of Directors.

As the saying goes, “an organization is only as good as its people” at all levels and that includes our elected Board of Directors who are the voice of every paying customer. In fact, EVMWD is a strong organization, in large measure, because our Board of Directors takes their commitment to our customers seriously. They work hard and provide the vision and expertise that has helped make EVMWD a leader in the water and wastewater industry.

Over the past several years, our Board has directed EVMWD to implement a number of forward-thinking programs that ultimately benefit every one of our customers. These range from securing \$12 million in federal grant funding for recycled water projects to developing a solar project that saves our customers about \$100,000 in electricity costs every year.

These successes do not just happen. They require an active and engaged Board who dedicate long hours to a myriad of subjects, from overseeing a \$60 million a year budget to ensure EVMWD is on solid financial ground to working with our engineers on new projects to improve local water supplies and reliability, to keeping our local, state and federal leaders informed about water issues.

When agencies like EVMWD have an engaged Board of Directors as part of the overall team, it serves to make the organization stronger and more productive. It is a result of our Board of Directors' leadership and vision that EVWMD enjoys the success it has experienced, and that our District is able to provide safe and reliable service to our customers every day.

Per California Penal Code §933.05, we respectfully submit the following response to the Report's findings and recommendations.

Grand Jury Findings:

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.*

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 manager's contract. The districts shall maintain and update agendas, minutes, and financial reports as issued.*

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.*

For clarification of information published in the Grand Jury Report, EVMWD has 41,600 water and 38,000 sewer connections, which serves nearly 140,000 residents within a 98-square mile region of western Riverside County. To further clarify the information that was provided in the Report, the average annual cost of medical benefits for our Board of Directors for the calendar year 2012 is \$10,565 not \$18,294.

Responses to 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.

EVMWD Response

Elsinore Valley Municipal Water District (EVMWD) compensates its directors consistent with provisions of state law. Specifically, Director's compensation is set forth in the Districts Ordinance 129. Currently, Director's compensation is \$221.43 per meeting, with a maximum of ten meetings per month. A Director shall be compensated for no more than one authorized meeting per day, even if more than one meeting is attended in one day. Under the District's policies, Directors may also receive health benefits for medical, dental and vision, but do not receive any retirement benefits either through the California Public Employees' Retirement System nor by any contributions made by the District to any other retirement accounts on behalf of the Directors.

EVMWD Board members attend as many as 15 meetings per month, including regular Board and Committee meetings, workshops and special sessions. In order to be effective, they also attend various internal committee meetings, community forums, financial and engineering briefings, water supply and reliability briefings, and annual budget study sessions.

It's a tremendous amount of work, especially when one considers that the five members of EVMWD Board of Directors are each self-employed. It's no easy feat to balance the time and energy they provide EVMWD with the obligations of running their own businesses to provide for their families. The long hours they spend on duties for EVMWD is time away from their business or family. Despite these long hours, our Board has, for the past four years, declined the annual 5 percent increase to their compensation, in an effort to help reduce expenses.

EVMWD receives tremendous value for the services of its elected Board and believes the compensation and benefits provided to those Board members is appropriate.

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 manager's contract. The districts shall maintain and update agendas, minutes, and financial reports as issued.

EVMWD Response

Elsinore Valley Municipal Water District has and will continue to be committed to transparency and accountability to our customers. EVMWD's staff and Board member compensation, salary ranges, and benefits information has been available on our website and via link to the State of California Controller's website for over six years, as well as the general manager's salary range. The general manager's employment contract will be added to the EVMWD website by September 5, 2013. EVMWD always maintains and updates agendas, minutes, Board and Committee meetings, annual budget, contracts and all financial reports, as they are issued, on the District website.

EVMWD will be making this information even more accessible in the coming months, by providing viewable PDF documents containing all transparency information in one simple to access and read location on our website.

Recommendation Three

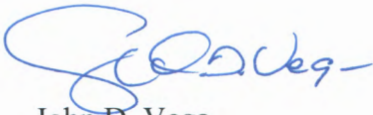
Water and sanitation district boards of directors shall conduct board meetings after 6 pm to ensure maximum participation by ratepayers and generate maximum public attendance.

EVMWD Response

There is no specific information or evidence offered in the Grand Jury Report to suggest that conducting board meetings after 6pm increases public access or participation. On the contrary, EVMWD has determined, through practical experience of conducting its board meetings at 7pm, twice a month over the course of a four year period, which public participation levels did not increase. EVMWD currently holds its board meetings at 4pm in an effort to accommodate the public and reduce the increased costs associated with extended (overtime) hours of operation of the District facilities and staff time.

The EVMWD Board of Directors currently holds four standing Committee meetings, two Board study sessions and two regular board meetings per month. Each Board and Committee meeting is noticed in accordance with Ralph M. Brown Act and all action items considered by the Board include comprehensive staff reports with supporting documents and are available to the public in advance. EVMWD also provides a comprehensive Board calendar for all its Board and Committee meetings at www.evmwd.com.

Sincerely,

A handwritten signature in blue ink, appearing to read "John D. Vega", with a horizontal line extending to the right.

John D. Vega
General Manager