

FY 2009/10 Grand Jury Report Omochumne-Hartnell Water District Response

Recommendation 1.1 Directors should review their by-laws every four years to assure compliance with applicable laws, ethical practices, and appropriate behavior.

OHWD Board of Directors last up-dated its by-laws occurred in 1993. It is clear there have been many State statute changes since that time. Over the next two years the District will undertake another up-date.

Recommendation 1.2 Directors should limit compensation to reasonable meeting stipends and necessary costs of professional activities. All ISD boards should ensure that their compensation practices conform to the principles of Section 5.1 of this report.

OHWD provides its directors with a stipend of \$100 per meeting with a provision that no more than three meetings per month will be honored. This policy is in the District's by-laws. Meetings are defined as meetings of the Board and meetings on behalf of the District. Annual Board member stipend varies significantly with one member receiving as little \$200 during one year and the Chairman, as much as \$2,800 during one year. Three of the Board members, including the Chairman, also hold positions on the Sacramento County Agricultural Water Authority, a JPA established in part by the District to gain a scale of economy in dealing with recently enacted State law and to gain better representation with Sacramento County and the State of California; these meetings are important to the District. Additionally, one Director was appointed to the ACWA insurance JPA to represent the District; again the function important to the District. The Chairman was appointed to the Sacramento Central Groundwater Authority to represent the District's interests. The Chairman also represents the District at the South Area Water Council, an organization created to develop, and possibly operate a groundwater management plan within the southern portion of Sacramento County which again is important for the District. The average stipend received by Board members during the past three years is approximately \$1050. This amount is well below the average delineated in the Figure 2 of "Background & Facts" section of the report. The Chairman also attends many other meetings and interface activities on behalf of the District (District's engineers, District's secretary, District's attorneys, FEMA, CalEMA, local land owners, other water agencies, etc.) that are not compensated. The Chairman also, without compensation, prepares almost all communications documents, contracts, and performs other tasks that would normally be accomplished by a general manager, if the District had one.

Recommendation 1.3 Directors should limit the use of consent calendars according to the principles in section 5.1 of this report.

In the past OHWD has lumped the adoption of the agenda, the financial statement, and the past meeting minutes into a consent item. However, before approving a motion to

adopt, each item was individually discussed and subject to modification. However, since last spring the District ceased combining these items and handles each item separately.

Recommendation 2.1 All ISDs should encourage education and training, but should not make direct monetary (cash) awards for educational achievement.

This is not applicable. OHWD does not have any employees.

Recommendation 2.2 All ISDs should recognize educational degrees and certificates only if they meet the criteria listed in Section 5.3.1.

This is not applicable. OHWD does not have any employees.

Recommendation 3.1 All ISDs should adopt pension and OPEB plans that are fair, affordable and sustainable.

This is not applicable. OHWD does not have any employees.

Recommendation 3.2 To minimize unfair pension boosting, all ISDs should ensure that calculations of employees' base pension awards are on actual base salary earnings over their highest 36 months of earnings and urge CalPERS to promote this standard.

This is not applicable. OHWD does not have any employees.

Recommendation 3.3 All ISD pension/OPEB changes should be made only after analysis and full disclosure to all parties of the fiscal ramifications.

This is not applicable. OHWD does not have any employees.

Recommendation 3.4 All ISD pension/OPEB benefits should have an employee contribution component.

This is not applicable. OHWD does not have any employees.

Recommendation 4.1 Every ISD in Sacramento County should establish and adhere to a goal of minimizing no-bid purchasing. Essentially all purchases except utilities and emergency construction should be contracts awarded to the lowest responsive responsible bidders.

Some time ago OHWD adopted as policy a purchasing procedure fashioned from the State of California's. There are stated amount limits where items may be purchased

without bids, stated amounts where three oral bids are necessary and stated amounts where formal written bids are required. These amounts are somewhat less than the State of California utilizes.

Upon examining the Grand Jury's questionnaire, the Board of OHWD decided not to continue using the services of the Auditor it had been using for many years without bidding and to seek, via the RFP processes, the services of an Auditor for the future audits. We were successful in finding a new Auditor; however, our cost has more than doubled.

The Board is currently attempting to secure the services of a part-time general manager also utilizing the RFP process.

All of the District's dam repair construction projects have been compressively bid.

Selections of the District's engineers and attorneys have not been accomplished via a competitive process. These relationships have existed for a number of years and without the in-house services of knowledgeable personnel, it has always been difficult to develop and conduct the necessary processes. Also, the knowledge base gained by years of relationships is critical to outcomes.

Recommendation 5.1 All ISDs must complete and file the required annual Independent Financial Audit.

The legal counsel for the OHWD years back informed the Board that it was only required to complete and file an audit ever five years for the preceding five year period. However, earlier this year the Board adopted as policy producing an audit every other year for the preceding two-year period. The Chairman of Board has discussed this change with the County supervisor who represents the District's portion of the County and he is preparing a letter to the Board of Supervisors requesting their concurrence.

Recommendation 5.2 All ISDs should commission a thorough periodic management audit. These audits should be competed by a multi-disciplinary team qualified to examine a district's management practices. This audit should be done in fiscal year 2011, and every four years thereafter.

The OHWD is currently a land-owners district with tax income less than \$100,000 per year with it focus being groundwater recharge and the protection or riparian water rights of its land owners.

From research into the intent and scope of a "Management Audit" it appears the cost/benefit of utilization would not be a proper use of the District's very limited financial resources considering the current functions of the District.

However, two conditions will be effecting the future operations of the District. At that time management audits may become practical and useful. One of those conditions is

the District is examining the concept of engaging in the business of water banking. The second condition relates to the District's location; it is located near a growing community and is likely to be impacted by that growth and its need for domestic water services. Anticipating both of these changes the District has budgeted for, and is currently soliciting for the services of a part-time general manager utilizing an RFP process.