



September 17, 2013

Riverside County Grand Jury  
Barbara Schlegel, Foreperson  
PO Box 829  
Riverside, CA 92502

Dear Ms. Schlegel:

The Board of Mission Springs Water District appreciates the work of the Grand Jury in compiling its 2012-2013 Report: *Riverside County Water and Sanitation Districts, Compensation and Transparency*.

In accordance with Section 933.05 of the California Penal Code, Mission Springs Water District (MSWD) hereby submits its response to the recommendations of the report as they pertain to MSWD.

MSWD has responded to each of the recommendations in the report with an explanation of its position as well as its intention, if any, to implement changes in policy or practice.

**Grand Jury Recommendation 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.

**MSWD Response:**

The District encourages the Grand Jury to consider the impact of total compensation against total operational expenses, the various forms that compensation may take, and the inevitable impact of that compensation on rates.

The Grand Jury report did not make recommendations as to per diem stipends for board members even though Table C reflects a wide range in stipend amounts paid. Whether compensation is in the form of a stipend or outlay for insurance benefits, the impact of compensation on operational expenses must be recovered through rates.

As stated, stipends are set by statute (CWC Section 20200); however, annual increases in stipends are not required, though allowed (CWC Section 20202) under statute. It should be noted that Mission Springs Water District has held its per diem compensation rate to \$100 for about the last 30 years. Section 20202 reads as follows:



In any ordinance adopted pursuant to this chapter to increase the amount of compensation which may be received by members of the governing board of a water district above the amount of one hundred dollars (\$100) per day, the increase may not exceed an amount equal to 5 percent, for each calendar year following the operative date of the last adjustment, of the compensation which is received when the ordinance is adopted.

The budgetary impact of insurance benefits for directors in 2011 was 0.16% (less than two tenths of one percent) of operating expenses. If the policy of the Board would have been compensation through stipend alone, and the annual allowable increases of 5% were applied over the past 30 years, the current budgetary impact would have been just over 2%—12.5 times more costly to the District. The practice of compensation through insurance benefit rather than stipend has kept the impact of board compensation to a minimum in the case of MSWD.

If the grand Jury is advocating for reducing the cost of total Board compensation prior to rate actions, the makeup of compensation—including stipends—must be considered. In the case of MSWD, the current model is more fiscally prudent. Further, beginning in FY 2013, the MSWD Board took action that required both Board and staff members to contribute to health insurance costs. Notwithstanding, MSWD will revisit its compensation policy as part of any future rate consideration.

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

**MSWD Response:**

MSWD agrees with the recommendation. MSWD regularly posts extensive information on its website, including agendas, minutes and extensive financial information—which includes the full register of demands citing every check issues to board members for stipends and/or reimbursement of allowable expenses. Not included at the date of the Grand Jury report was consolidated compensation information for the Board or the employment contract of the General Manager. The GM contract has since been posted and staff will address consolidated reporting of annual Board compensation by years end.

**Grand Jury Recommendation 3:**

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

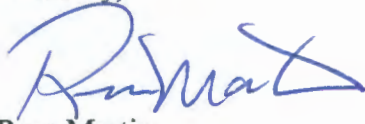
**MSWD Response:**

MSWD has long practiced a policy of extensive public information and outreach, particularly when rate issues were being considered. In 2010, the last date of a rate action, MSWD sponsored two "town hall" meetings at 6p.m. to ensure full access to the public. Further, the public hearing for the rate action was held at 7 p.m. Notices of the public hearing were mailed to every account

to ensure full disclosure. Statute only requires that the public hearing be duly noticed in a publication of general circulation. MSWD has incorporated a practice of exceeding minimum legal disclosure requirements pertaining to public hearings regarding rate actions.

Regular meetings of the Board of Directors are historically sparsely attended. Over the past 20 years, meetings have been held at 9 a.m., 5 p.m. and 3 p.m. The changes of time did not impact attendance though evening meetings can have a negative impact on the operating budget. Since the district holds study sessions and regular meetings on a monthly basis, staff overtime costs would likely be incurred. This practice would be counterintuitive to the idea of minimizing the impact of staff and board expenses on the rate payers. As necessary, MSWD will schedule meetings to maximize public participation.

Sincerely,



Russ Martin  
President