

Calaveras County Civil Grand Jury

Calaveras County Water District

Still Waters Run Deep

June 30, 2024



Photo courtesy of Victor Tarango

SUMMARY

The Calaveras County Civil Grand Jury received over 170 written complaints related to the five-year water and wastewater rate increase proposal from Calaveras County Water District. In general, the complaints centered around the amount of the proposed rate increase, non-compliance with California Proposition 218 (state mandated process for seeking a rate increase), and the perception that employee salaries are exorbitant for the water/wastewater utility industry. It should be noted that complaints were also widespread on social media sites.

Given the volume of complaints, the Calaveras County Civil Grand Jury felt compelled to pursue an investigation into the rate increase proposal. The original inquiry led to the discovery of other areas in need of investigation, such as their vehicle lease program, information technology infrastructure, workplace culture, and employee turnover.

This report is by no means an exhaustive analysis of the operations of Calaveras County Water District, but the content will clarify community concerns related to the rate increase proposal and make recommendations to improve operational deficiencies discovered during the investigation.

GLOSSARY

AMI – Advanced Metering Infrastructure

BOD – Board of Directors

CCCGJ – Calaveras County Civil Grand Jury

CCWD – Calaveras County Water District (The District)

COLA – Cost of Living Adjustment

ERP – Enterprise Resource Planning

LAFCo – Local Agency Formation Commission

MCU – Management and Confidential Unit

MOU – Memorandum of Understanding

SEIU – Service Employees International Union

METHODOLOGY

Calaveras County Civil Grand Jury (CCCGJ) conducted interviews and reviewed online documentation available from numerous sources including but not limited to Calaveras County Water District (CCWD), California Legislative Information, California Special Districts Association, California Secretary of State, and the Calaveras Local Agency Formation Commission (LAFCo).

BACKGROUND

CCWD was formed on August 30, 1946, as an independent special District. CCWD has approximately 13,400 water connections and 5,200 wastewater connections. Nearly all of the wastewater customers are also water customers. CCWD also has two hydroelectric power projects.

As stated on the CCWD website, “The District is a not-for-profit public agency. As a California special District, CCWD’s jurisdiction includes provision of public water service, water supply development and planning, wastewater treatment, and disposal and recycling.

“The District has broad general jurisdiction over the use of water within its boundaries, including the right of eminent domain, authority to acquire, control, distribute, store, spread, sink, treat, purify, reclaim, process and salvage any water for beneficial use, to provide sewer service, to sell treated or untreated water, to acquire or construct hydroelectric facilities and sell the power and energy produced to public agencies or public utilities engaged in the distribution of power, to contract with the United States, other political subdivisions, public subdivisions, public utilities, or other persons, and – subject to Article XIII A of the State constitution – to levy taxes and improvements.”

DISCUSSION

CCWD Proposed Five-Year Rate Plan

CCWD is a local public agency that provides water and wastewater services to customers in portions of Calaveras County. CCWD must collect sufficient revenues to pay the costs to operate and maintain each of its two utilities, water, and wastewater.

California voters approved Proposition 218, also known as the “Right to Vote on Taxes Act” in 1996. This action added Article XIII C and Article XIII D to the California Constitution, restricting the imposition of local taxes or assessments without voter approval. The written complaints received by CCCGJ asserted that CCWD had not followed the required legal process detailed within the California Constitution and associated Government Codes for requesting a service rate increase. CCCGJ came to a similar conclusion after its initial review of the claims made within the written complaints.

CCCGJ would later learn that there is a special exception from the voter approval requirement within Article XIII D, Section 6(c) for fees charged for sewer, water, and refuse collection services and that there is a distinction between a *fee* and an *assessment* in Section 2.

An assessment is a charge levied on property to pay for a public improvement or service that benefits property (e.g., water facilities, sewer facilities, undergrounding of utilities, or landscape improvements) or services (e.g., maintenance of storm water facilities, landscape improvements, or street lighting improvements). An assessment requires a majority affirmative ballot vote of the property owners residing in the affected area.

A fee is a charge imposed on an individual or business for a service or facility provided directly to an individual or business. The amount of the fee may not exceed the cost to provide the service.

CCWD did follow the procedural requirements of Proposition 218 for a utility fee rate increase. These requirements include:

1. Noticing Requirement – The District must mail a notice of the proposed rate increases to all affected property owners or ratepayers. The notice must specify the amount of the fee, the basis upon which it was calculated, the reason for the fee, and the date/time/location of a public rate hearing at which the proposed rates will be considered/adopted. In addition, CCWD held three community workshops in 2023 at Ebbetts Pass on August 14th, Copperopolis on August 16th, and Jenny Lind/Valley Springs on August 17th.

- Public Hearing – The District must hold a public hearing prior to adopting the proposed rate increases. The public hearing must be held not less than 45 days after the required notices are mailed. At the public hearing, the proposed rate increases are subject to majority protest. If more than 50% of affected property owners or ratepayers submit written protests against the proposed rate increases, the increases cannot be adopted.

Proposition 218 established substantive requirements that apply to water and wastewater rates and charges, including:

- Cost of Service – Revenues derived from the fee or charge cannot exceed the funds required to provide the service. In essence, fees cannot exceed the “cost of service.”
- Intended Purpose – Revenues derived from the fee or charge can only be used for the purpose for which the fee was imposed.
- Proportional Cost Recovery – The amount of the fee or charge levied on any customer shall not exceed the proportional cost of service attributable to that customer.

The following is from CCWD’s website page for the 2023 Cost of Service Study:

“The base rate is calculated to ensure appropriate cost allocation based on meter size so that those accounts necessitating a larger capacity due to larger meter size are not subsidized by accounts with smaller meters that require a smaller capacity of water from the system.”

At closer inspection, the published rate tables do not reflect *appropriate cost allocation based on meter size*. In the first year of the new rate tables, the 1” meter increases by a mere 65¢, while all meters 1 ½” through 8” decrease in price.

Table 1
Bi-Monthly Water Base Rate Charges by Meter Size

Meter Size	Bi-Monthly Base Rate Charge					Total Fixed Meter Charges (\$/Bi-Month)					
	Jul 16, 2018	Jul 16, 2019	Jul 16, 2020	Jul 16, 2021	Jul 16, 2022	Revenue Adjustment:	12.0%	13.0%	7.0%	7.0%	
5/8"	\$112.28	\$114.23	\$116.22	\$118.26	\$120.35	5/8"	\$136.03	\$152.36	\$172.17	\$184.23	\$197.13
3/4"	\$168.43	\$171.34	\$174.33	\$177.39	\$180.53	3/4"	\$191.20	\$214.15	\$241.99	\$258.93	\$277.06
1"	\$280.71	\$285.57	\$290.55	\$295.65	\$300.89	1"	\$301.54	\$337.73	\$381.64	\$408.36	\$436.95
1.5"	\$561.43	\$571.14	\$581.10	\$591.31	\$601.77	1 1/2"	\$577.39	\$646.68	\$730.75	\$781.91	\$836.65
2"	\$898.28	\$913.83	\$929.76	\$946.09	\$962.83	2"	\$908.41	\$1,017.42	\$1,149.69	\$1,230.17	\$1,316.29
3"	\$1,796.57	\$1,827.66	\$1,859.52	\$1,892.19	\$1,925.66	3"	\$1,791.13	\$2,006.07	\$2,266.86	\$2,425.55	\$2,595.34
4"	\$2,807.14	\$2,855.71	\$2,905.50	\$2,956.54	\$3,008.85	4"	\$2,784.19	\$3,118.30	\$3,523.68	\$3,770.34	\$4,034.27
6"	\$5,614.00	\$5,711.50	\$5,811.00	\$5,913.00	\$6,017.50	6"	\$5,542.69	\$6,207.82	\$7,014.84	\$7,505.88	\$8,031.30
8"	\$8,982.40	\$9,138.40	\$9,297.60	\$9,460.80	\$9,628.00	8"	\$8,852.89	\$9,915.24	\$11,204.23	\$11,988.53	\$12,827.73

Note: Current rates on CCWD’s website do not include the 4” through 8” meters, thus the chart for current rates was taken from the Final Cost of Service Study.

The same inequity appears in the consumption rate charges. Previously there were four tiers of usage rates for Residential customers. In the new five-year rate plan, there are three tiers of usage charges. The first-tier range increased by 50% (a positive for customers), but the second-tier range decreased by 50% (a negative impact on large households/heavy users). At the end of the five-year rate increase period, Residential customers will have experienced a 158% increase at the first-tier usage rate when compared to the rate prior to October 16, 2023. During the same period, Non-Residential customer usage rates will increase by 113% and Irrigation/Landscape accounts by 74%, neither of which are subject to tiered pricing.

BI-MONTHLY WATER CONSUMPTION RATES			
\$ PER 100 CF			
Residential	Water Use (cf)		Increase
October 15, 2023	0-1,000	\$1.57	
July 16, 2027	0-1500	\$3.02	158%
Non-Residential	Flat Rate		
October 15, 2023		\$1.57	
July 16, 2027		\$3.34	113%
Irrigation/Landscape/Other	Flat Rate		
October 15, 2023		\$1.91	
July 16, 2027		\$3.32	74%

Residential customers are paying more than their fair share of the five-year rate plan increase. It defies logic for CCWD to apply a discount, to what are typically commercial accounts, and at the same time tell their customers, "We need a generational investment in our water and wastewater infrastructure, and we ask for your understanding."

Complaints were raised because tenants with CCWD services were not allowed to submit protest letters. Article XIII D, Section 2(g) stipulates, "Property ownership shall be deemed to include tenancies of real property where tenants are personally liable to pay the assessment, fee, or charge in question." CCWD holds the parcel owner financially liable for default on the account; therefore, tenants with CCWD services are unable to protest the rate increase proposal since they are not *personally liable*.

The greater portion of the rate increase is based on capital improvement projects and an increase in operating expenses. These facts have to be accepted in good faith, as there is no way for customers of CCWD or this body to verify the stated financial figures or urgency of the capital improvement projects. Interviewees did express skepticism about the ability to complete the slated projects, given the engineering, design, and regulatory hurdles required to reach a shovel-ready status. A contractor capable of this specialized construction must also be available.

A rate proposal Public Hearing was held by the CCWD Board of Directors (BOD) on September 13, 2023, at 5 P.M. at the CCWD Boardroom, 120 Toma Court, San Andreas. There was a large community effort to collect enough protest letters to stop the rate increase, but it fell short.

Vehicle Lease Program

In an effort to justify and rationalize the need for rate increases for its customers, CCWD offered a written and slide presentation titled CALAVERAS COUNTY WATER DISTRICT PROPOSED FIVE-YEAR RATE PLAN. Within that presentation, under the heading of COST SAVING

IMPROVEMENTS AND EFFICIENCIES, was a reference to a VEHICLE LEASE-TO-OWN PROGRAM that was implemented in 2019.



A few comments from the presentation referencing that program caught the attention of CCCGJ.

1. “Since 2019 CCWD lease-to-own program has resulted in the purchase of 28 vehicles in a very cost-effective program.”
2. “This program allows the District to improve the reliability, fuel economy, safety and efficiency of the fleet while spreading the purchase expense out over a five-year period.”
3. “The above slide illustrates the expense in year one (2019) of the lease-to-own program, when the District received ten service trucks to replace the oldest trucks in the fleet for less than the cost of purchasing one new service truck outright.”
4. An \$83,000/year figure was also stated, suggesting that figure was the annual cost to own ten new vehicles vs. purchasing two new vehicles.

CCCGJ found these statements to be incongruous and somewhat contradictory. We chose to attempt to qualify these statements and determine what lease program existed and whether it was a “cost-effective” approach to procuring the District’s vehicles. Based on our inquiry and that the information that we received was confirmed by sources deemed accurate and reliable, we have concluded the following:

A vehicle lease is a contractual arrangement by which a company (Lessee) can rent vehicles from a leasing firm (Lessor) for a specific term, when upon expiration, the vehicles are returned. The vehicles remain the property of the lessor while the lessee assumes no ownership stake but pays for the right to use the vehicles for a predetermined length of time.

Within a lease document, such as a Lease-To-Own, there may be options to purchase or continue to lease a vehicle thereafter, but not without further financial obligations, which may include, but are not limited to, a form of down payment, monthly lease charges, or an amortization of the full purchase costs. A lease-to-own program may be considered a misnomer as the lessee never owns the vehicle at the expiration of the initial term. Also included in commercial leases are excess mileage charges and the responsibility to return the vehicle in proper acceptable condition. Leasing

to own is always a more expensive alternative to a financed or outright purchase and is often an option when a down payment isn't available.

It is apparent that CCWD has committed to modified Open-End Leases, which consists of rental terms of five years, an excessive mileage surcharge, responsibility for return condition, and additional cost of contracted maintenance, but with the possibility of a small percentage of an equity share. The potential equity is based on the performance of a predetermined residual amount and is granted only if the vehicles were purchased or a new lease was generated after having been rented for five years, but there is no guaranteed or implied accrued ownership.

CCCGJ contends that the program assertions by CCWD in their public RATE PLAN presentation were inaccurately expressed and could easily be misconstrued. CCWD's choice of wording in their presentation, intermingling the terms "lease" and "purchase," did not accurately describe a financial arrangement in which a vehicle is leased (rented) for five years, then somehow becomes a purchased asset of the company without further contractual or financial obligations. The inference that the "lease-to-own program has resulted in the purchase of 28 vehicles in a very cost-effective program" may be misrepresented as is the claim of "spreading the purchase expense out over a five-year period."

CCWD has leased 28 vehicles, ten of which have either expired or soon will expire and be returned, presumably to be replaced with ten more new leased vehicles. Neither the ten replaced trucks, nor the ten replacement trucks, will result in any substantial equity to the District because no purchase has ensued and therefore no equity ownership has been gained.

CCWD received ten leased service trucks to replace the oldest trucks in the fleet, but not at the cost of purchasing one or two new service trucks outright. What the District received was the temporary use of ten leased (rented) trucks for one year at the unaudited expense of \$ 83,000.00, which would have been adequate to purchase or finance at least one new vehicle.

What wasn't stated was that had the trucks been financed to purchase at a slightly higher cost per month for a similar term, they could have been utilized by CCWD for more than five years, become assets of the District, and continued to perform indefinitely without monthly finance or lease or mileage charges after the loans had been satisfied. Since the vehicles would have then become company owned assets, they could have later been sold to the benefit of the District whenever and by whatever parameters they deemed appropriate. The useful lifespan of a commercial vehicle is rarely considered to be concluded at five years. Some municipalities expect to utilize their vehicles for 10 to 25 years.

The options that were available to CCWD at the expiration of their initial five-year lease term were:

- to return the trucks and replace them with new, leased vehicles at an even greater expense while understanding that this strategy will never culminate in the ownership of any of them.
- to continue leasing the same vehicles indefinitely at similar or higher expense, again continuing without any ultimate ownership of any vehicles.

- to purchase the trucks from the lessor, either paying a full residual cash price or financing, resulting in the trucks becoming company assets, although they already incurred rental costs for the vehicles over the prior five years.

CCCGJ proposes that none of these options were, or now are, the most cost effective or advantageous manner to procure vehicles for the operations of CCWD. It is not apparent that any vehicle has ever become owned by CCWD, nor has any equity ever been gained in any vehicle as a result of the current leasing program.

If a company is to operate a commercial vehicle for an anticipated period of five years or more, employs mechanics, has a maintenance facility, utilizes specialized (upfit) equipment, accrues moderate to high mileage, and has a staff member that can assist in the sale of an asset at the end of its most useful life, it is always an economic advantage to purchase that vehicle. CCWD's operations satisfies all the aforementioned criteria.

CCCGJ further questioned the necessity of assigning leased or owned company vehicles to management personnel since there is no apparent need to do so in their job descriptions. These vehicles are being used for commuting to and from their homes, some of which are outside the county, but are seemingly not being used in any significant manner in the daily performance of their employment responsibilities. The use of company vehicles in this inefficient manner obligates the District to monthly lease payments, adds to return condition responsibility and excess mileage surcharges, possible theft, or damage, but most crucially, it exposes CCWD to added legal liability. It is uncertain if these vehicle benefits are being accurately described by the District or are appropriately being declared as income by the employee. It is evident that the practice of providing exclusive personal use of vehicles to some employees and not others, contributes to perceived compensation inequities and an "us versus them" mindset.

Enterprise Resource Planning Software Migration

The CCCGJ inquiry brought to light internal concerns with the financial expense and operational deficiency of CCWD's Enterprise Resource Planning (ERP) software platform. ERP is a software system that integrates a corporation's management of essential business processes, e.g., accounting, billing, payroll, and operations.

CCWD was operating with an older software version from their existing ERP solution provider, designated here as Vendor A. An internal committee was formed to research the option to update with their existing vendor and also evaluate solutions from competitive ERP providers. Under consideration were the integration of the ERP solution with a project to expand their advanced metering infrastructure (AMI) from a few accounts to all customers and collecting real-time metrics for operations and required statistical reporting by California regulators.

During the committee's exploratory process, a second vendor, designated here as Vendor B, became the favored solution provider by a majority of the committee members. However, strong concerns were raised by some of the stakeholders in the committee who believed that Vendor B's application would not meet the requirements to perform daily operational duties. Discussion ensued about the complexity of implementing an entirely new ERP platform versus upgrading the

existing system. Despite their objections, the dissenting committee members were not given sufficient opportunity to express their views, and the decision to move forward with Vendor B's platform passed.

What ensued were decisions that led to a flawed transition to the Vendor B platform:

1. Vendor B recommended that financial services should be implemented first, and after a successful trial period, follow with migrating the billing process. CCWD's management team, however, decided to lead with the billing process migration instead. Their decision was driven in part by installation and financial deadlines related to the AMI project.
2. Billing and AMI, two major business functions, were implemented during the same time period.
3. Vendor B offers several versions of their ERP software, which allows them to provide business sector specific solutions. CCWD staff members, current and former, have expressed concern that the Vendor B software suite selected and installed at CCWD may not be the best fit for a utility provider business.

In the autumn of 2021, the Vendor B application went into operation, resulting in a significant negative impact on CCWD's labor and fiscal operations.

1. The usage data from the automated metering system and the Vendor B billing module have not been successfully integrated. In order to complete a billing cycle, an estimated 40 to 80 labor hours are required each month to reconcile data from the two systems.
2. Neither financial services, nor any other business function at CCWD, have migrated to the Vendor B platform. This defeats the goal of managing the corporation with an integrated business solution. In addition, other business services like payroll and outside plant work orders are hosted on unique software applications and should be migrated to the ERP platform.
3. CCWD financial services are still hosted on the Vendor A platform; therefore, there is not an integrated connection between the billing and accounting processes.
4. CCWD has incurred the additional expense of paying two ERP vendors for over two and one-half years.
5. The implementation expense of Vendor B's solution is approximately 50% higher than a similar solution from Vendor A.
6. Issues from the initial implementation of the Vendor B platform have yet to be resolved.
7. Vendor B requires their customers to use a specific credit card processing vendor; therefore, CCWD cannot shop for a more economical solution. The 3.9% processing fee is passed on to the CCWD customer.
8. Delinquent payment notifications and fees were suspended by California emergency State mandate during the COVID crisis. Although the mandate was lifted on June 30, 2021, late fees are not being collected by CCWD due to the ongoing billing issues.

The CCWD BOD received an update in November 2021 on a plan to improve customer service. This plan included the creation of a new management position and was dependent on the migration of finance and payroll to the Vendor B platform. This "phase two" of the data migration was stated to be in progress. The position was created and filled, but to date finance is still running on the Vendor A platform and payroll is still being processed by a third-party vendor.

CCWD Employee Turnover and Workplace Culture

Initially, the premise regarding what might be the cause of the reportedly high CCWD employee turnover rate was pursuit of a higher salary and/or the termination of retiree health benefits (vested employees are still eligible for retiree health benefits). In interviews with current and former employees, these issues were cited but not as top of mind. Negative workplace culture was frequently stated first as the reason for the high employee turnover rate at CCWD.

Interviewees repeatedly stated that a company's workplace culture begins at the top. In examining the top, what immediately stands out is that CCWD has had 14 or more General Managers since the year 2000. The high turnover rate at the General Manager level seems to have set the tone for the rest of the organization. It was suggested that CCWD's General Manager position has been a springboard into upper management at other agencies. The same occurrence plays out with the Service Employees International Union (SEIU) employees who apparently stay with CCWD long enough to get a few certifications before they begin to apply elsewhere, which raises the question of what prompted them to look around for options while they were completing certifications and gaining experience at CCWD.

In general, the top reasons cited for leaving CCWD were:

- The negative workplace culture.
- Poor employee management
- Seeking a higher salary
- The termination of retiree health benefits

Looking at the commonalities of responses from interviewees, it became clear that rank-and-file employees fear retaliation for expressing their opinion about any aspect of operations to CCWD managers. Also, the perception exists that direct communication from any employees to CCWD's BOD was not only discouraged, but there would be repercussions, forcing employees to take drastic measures in order to communicate with a BOD member. This violates California labor code section 1102.5 and CCWD Board Resolution number 2003-67 Policy of Open Communication Between Board Members and Staff.

With the exception of the General Manager position, all employees at CCWD are represented by a bargaining unit. The managers are represented by the Management & Confidential Unit (MCU), and the office staff and field employees are represented by the SEIU. A separate Memorandum of Understanding (MOU) exists for both bargaining units and they are both effective July 1, 2021, through June 30, 2026.

Productive employees are disheartened by the lack of performance accountability at all levels. In general, MCU and SEIU members do not receive regular performance evaluations, with a possible exception during an employee's probationary period. A few interviewees shared that they had not received a performance evaluation in a number of years. Both bargaining units negotiate fixed income steps per job title and cost of living adjustments (COLA), which contributes to the complacency of performing employee evaluations. This compensation structure offers a limited

merit increase component, but without an evaluation, an employee merit increase cannot be justified. Without regular employee evaluations, documentation does not exist for recognition, setting goals and objectives, confidential feedback, or disciplinary action. This has led to a workplace perception that some employees get away with doing the minimum—or less. It should be noted that the SEIU MOU references an employee evaluation policy, however, there is no reference to employee evaluations within the MCU MOU.

During the COVID crisis, employees were allowed to work from home if their job function could be performed remotely. Post-COVID, this practice is still being utilized by MCU and SEIU office employees on a limited basis. The majority of CCWD employees work in the field and are therefore ineligible to work from home. The SEIU office and field employees have the perception that employees working from home are not being monitored for productivity, hence contributing to the perception of a lack of accountability for non-performers.

Given the ratio of field versus office staff employees, there is a perception of a “top-heavy” management structure by the employees performing the operational functions of CCWD and the SEIU office staff. This situation contributes to what has come to light as an “us versus them” workplace culture, with some not feeling as valued as others. The lack of respect is palpable and creates a generalized fear of retaliation. In addition, there is a perception of a management clique, implying that those members receive special privileges.

Positions held by MCU members have a nine-step wage increase structure, as opposed to the five-step structure of SEIU members. The classification of job titles to either MCU or SEIU can be arbitrary. Also, the reclassification of job titles from SEIU to MCU has been exercised as a retention and/or promotion tool. These are more actions that feed the us versus them workplace culture perception.

CCWD provides its employees with one of the highest compensation packages within Calaveras County. The wage and salary schedules at CCWD are within the range of the regional water and wastewater industry. With the exception of limited local opportunities within the East Bay Municipal Utility District, there are few local options to pursue a higher income. CCWD employees are faced with relocation or long commutes if they seek higher income within their industry specialty. For this reason, income is not the top reason for leaving employment with CCWD.

The elimination of retiree health benefits for life has provided substantial savings to CCWD. This benefit and high compensation had contributed to employee longevity—for better or worse. The loss of this benefit has contributed to the employee turnover rate and a loss of institutional knowledge. The effect of this benefit change will be felt until the last vested employee retires.

FINDINGS, RECOMMENDATIONS, RESPONDENTS

Pursuant to Penal Code §933 and §933.05, the Calaveras Civil Grand Jury requires responses within 60 days from elected county official(s), and within 90 days from governing bodies. In order to be included and published in the next CCCGJ report, invited responses must be received within

90 days. After conducting interviews and reviewing reference documents the CCCGJ findings and recommendations are as follows:

F1. The five-year rate increase is disproportionately spread by meter size and usage, which has caused the 5/8" and 3/4" meter customers to bear a greater percentage of the overall rate increase.

R1. Calaveras County Civil Grand Jury recommends that, by December 31, 2024, Calaveras County Water District follow their own policy and recalculate the base and usage rates so that the smaller meter customers are not subsidizing the larger meter customers.

Required Response

Calaveras County Water District Board of Directors

Invited Response

None.

R1a. Calaveras County Civil Grand Jury recommends that the Calaveras County Board of Supervisors request that the California State Controller conduct a review of CCWD's internal control system to determine the adequacy of CCWD's controls for conducting its operations, preparing financial reports, safeguarding of assets, and ensuring proper use of public funds. Government Code Section 12422.5 authorizes the State Controller to "audit any local agency for purposes of determining whether the agency's internal controls are adequate to detect and prevent financial errors and fraud."

Required Response

Calaveras County Water District Board of Directors

Invited Response

Calaveras County Board of Supervisors

F2. The Lease-To-Own Program has not resulted in the purchase ownership of any vehicles, despite what was stated in Calaveras County Water District's community presentations.

R2. Calaveras County Civil Grand Jury recommends that, by December 31, 2024, Calaveras County Water District publish a correction to the statement made in their community presentations.

Required Response

Calaveras County Water District Board of Directors

Invited Response

None.

R2a. Calaveras County Civil Grand Jury recommends that the Calaveras County Board of Supervisors request that the California State Controller conduct a review of CCWD’s internal control system to determine the adequacy of CCWD’s controls for conducting its operations, preparing financial reports, safeguarding of assets, and ensuring proper use of public funds. Government Code Section 12422.5 authorizes the State Controller to “audit any local agency for purposes of determining whether the agency’s internal controls are adequate to detect and prevent financial errors and fraud.”

Required Response

Calaveras County Water District Board of Directors

Invited Response

Calaveras County Board of Supervisors

F3. Vehicle Lease-To-Own programs are not always the most effective use of funds.

R3. Calaveras County Civil Grand Jury recommends that the management of Calaveras County Water District, by December 31, 2024, re-evaluate the effectiveness of the Lease To-Own Program by initiating a study that compares the cost of leasing and subsequently returning vehicles, versus the ownership of vehicles throughout a reasonably expected useful lifespan.

Required Response

Calaveras County Water District Board of Directors

Invited Response

None.

R3a. Calaveras County Civil Grand Jury recommends that the Calaveras County Board of Supervisors request that the California State Controller conduct a review of CCWD’s internal control system to determine the adequacy of CCWD’s controls for conducting its operations, preparing financial reports, safeguarding of assets, and ensuring proper use of public funds. Government Code Section 12422.5 authorizes the State Controller to “audit any local agency for purposes of determining whether the agency’s internal controls are adequate to detect and prevent financial errors and fraud.”

Required Response

Calaveras County Water District Board of Directors

Invited Response

Calaveras County Water District Director of Operations
Calaveras County Board of Supervisors

F4. The practice of assigning district vehicles to management personnel is unnecessary to operations and creates additional expense and liability.

R4. Calaveras County Civil Grand Jury recommends that, by December 31, 2024, all Calaveras County Water District vehicles be used by personnel only within the scope of their job descriptions during business hours with exceptions of after-hours by on-call and emergency response personnel.

Required Response

Calaveras County Water District Board of Directors

Invited Response

Calaveras County Board of Supervisors

R4a. Calaveras County Civil Grand Jury recommends that the Calaveras County Board of Supervisors request that the California State Controller conduct a review of CCWD’s internal control system to determine the adequacy of CCWD’s controls for conducting its operations, preparing financial reports, safeguarding of assets, and ensuring proper use of public funds. Government Code Section 12422.5 authorizes the State Controller to “audit any local agency for purposes of determining whether the agency’s internal controls are adequate to detect and prevent financial errors and fraud.”

Required Response

Calaveras County Water District Board of Directors

Invited Response

Calaveras County Board of Supervisors

F5. The Enterprise Resource Planning software integration issues cause unnecessary inefficiencies in day-to-day operations.

R5. Calaveras County Civil Grand Jury recommends that, by December 31, 2024, Calaveras County Water District contract with an information technology firm that has the expertise to identify and provide an action plan to resolve the current system integration issues.

Required Response

Calaveras County Water District Board of Directors

Invited Response

Calaveras County Water District Business Services Manager
Calaveras County Water District General Manager
Calaveras County Board of Supervisors

R5a. Calaveras County Civil Grand Jury recommends that the Calaveras County Board of Supervisors request that the California State Controller conduct a review of CCWD’s internal control system to determine the adequacy of CCWD’s controls for conducting its operations, preparing financial reports, safeguarding of assets, and ensuring proper use of public funds.

Government Code Section 12422.5 authorizes the State Controller to “audit any local agency for purposes of determining whether the agency’s internal controls are adequate to detect and prevent financial errors and fraud.”

Required Response

Calaveras County Water District Board of Directors

Invited Response

Calaveras County Water District Business Services Manager
Calaveras County Water District General Manager
Calaveras County Board of Supervisors

R5b. Calaveras County Civil Grand Jury recommends that, by December 31, 2024, a process and timeline be created for the migration of other standalone applications at Calaveras County Water District into their Enterprise Resource Planning platform.

Required Response

Calaveras County Water District Board of Directors

Invited Response

Calaveras County Water District Business Services Manager
Calaveras County Water District General Manager

F6. Given the fear of retaliation, rank and file employees at Calaveras County Water District do not feel they can express their concerns to their superiors.

R6. Calaveras County Grand Jury recommends that, by December 31, 2024, an outside human resource consultant be contracted to address the root of workplace culture issues with all Calaveras County Water District management and employees.

Required Response

Calaveras County Water District Board of Directors

Invited Response

Calaveras County Water District Human Resources Manager

F7. Regularly scheduled employee performance reviews are not being completed in a timely or consistent manner, causing a lack of accountability at all levels of the workforce.

R7a. Calaveras County Grand Jury recommends that all employees in a supervisory level position review the District employee performance evaluation policy and comply with that policy by December 31, 2024.

Required Response

Calaveras County Water District Board of Directors

Invited Response

Calaveras County Water District Human Resources Manager

Calaveras County Water District General Manager

R7b. Calaveras County Civil Grand Jury recommends that, by December 31, 2024, the Calaveras County Water District Human Resources Department document and enforce the execution of regularly scheduled employee performance reviews.

Required Response

Calaveras County Water District Board of Directors

Invited Response

Calaveras County Water District Human Resources Manager

Reports issued by the Grand Jury do not identify individuals interviewed. Penal Code §929 requires that reports of the Grand Jury not contain the name of any person or facts leading to the identity of any person who provides information to the Grand Jury.

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Various Agendas, Agenda Packages, and Minutes from past Calaveras County Water District Board Meetings