

This document is an extract of a larger publication.

civilgrandjury.org is a project of UnGovr.org, a US-based 501(c)(3) nonprofit dedicated to government transparency and public accountability.





**Amador County
Civil Grand Jury
Final Report
2018-2019**

Cover Photo: Fall in Amador County's Shenandoah Valley



AMADOR COUNTY CIVIL GRAND JURY

MAIL: P. O. Box 249, Jackson, CA 95642 – Phone: (209) 223-2574

Email: grandjury@amadorgov.org

May 31st, 2019

The Honorable Judge Renee C. Day, Presiding Judge
Amador County Superior Court
500 Argonaut Lane
Jackson, CA 95642

Your Honor,

On behalf of members of 2018-2019 Amador County Civil Grand jury, I am pleased to submit to you and the citizens of Amador County our Final Report. I was honored to have this opportunity to serve as the foreperson for this Grand Jury.

This year's Grand Jury inspected our three correctional facilities, investigated county administrative operations and a county agency, as well as citizen complaints. These grand jurors spent many hours conducting interviews, obtaining and reviewing documents.

The 2018-2019 Grand Jury would like to thank everyone who was interviewed and provided invaluable background information.

Lastly, we would like to thank you for your support and guidance. We also appreciate the support we received from Court's Administrative Legal Secretary, Heather Korsgaard and Sheryl Brown. We would like to thank Deputy District Attorney, Grace Pak, for her legal assistance throughout the year.

Respectfully,

Meredith Marlin, Foreperson
Amador County Civil Grand Jury, 2018-2019



Superior Court of the State of California
County of Amador

500 Argonaut Lane • Jackson, California 95642 • (209) 257-2681

June 4, 2019

Meredith Marlin, Foreperson
Amador County Grand Jury
PO Box 249
Jackson, CA 95642

Re: Amador Grand Jury 2018-2019

Dear Foreperson Marlin, Shani Alviso, Carol Kinsey, Knute Allmindinger, James Daughtee, Laurie Dietrich, Steve Eddy, Otto Fox, Terri Houseman, Marianne Jim, Paul Kovacik, Crystal Meneely, Chuck Polley, Steve Reyes, Jr., Einar Ronningen, Carol Sjoberg and Lisa Watson:

Thank you all for your service on the 2018-2019 Amador County Grand Jury. The citizens of Amador County can be assured of your dedication to all as demonstrated by the hours and effort that you have expended in this service. Those members who served last term and held over to assist this term's jurors in navigating the parameters of their duties deserve an extra note of appreciation for serving above and beyond their required term. All of you working together as a team made this report possible.

Thank you Ms. Marlin for leading this committed team. The time and effort you so graciously gave are well noted.

I wish each of you the best in the coming years.

Sincerely,

A handwritten signature in blue ink, appearing to be "Renée C. Day", with a long, sweeping flourish extending to the right.

Judge Renée C. Day

Table of Contents

Forward

Notice to Respondents	ii
Final Report Response Format.....	iii
2018-19 Grand Jury Panel Members	iv

Grand Jury Reports

Public Agency Committee Report Amador Water Agency, Whack-A-Mole	1
Criminal Justice Committee Reports Amador County Sheriff's Office Jail Inspection	69
CA Department of Corrections Mule Creek State Prison.....	81
CA Department of Corrections and Rehabilitation Pine Grove Youth Conservation Camp	89
County Administrative Committee Reports Voluntary Furloughs, Pension Liability and Facilities Maintenance, A Review of Amador County Administrative Departments	99
Public Works and Transportation, Road Maintenance Issues	113
Law Enforcement - Amador County Jail and Sheriff's Department, Excessive Overtime in the Jail.....	129
2018-19 Complaint Log	141

NOTICE TO RESPONDENTS

Response Requirements

The legal requirements for responses to the Grand Jury findings and recommendations are contained in California Penal Code (PC) 933.05. Each respondent should become familiar with these legal requirements and, if in doubt, should consult legal counsel before responding.

For assistance to all respondents, PC 933.05 is summarized as follows:

Responding to Findings

The responding person or entity shall indicate one of the following:

1. The respondent agrees with the finding.
2. The respondent disagrees wholly or partially with the finding. The response shall specify the portion of the finding that is disputed and shall include an explanation of the reasons for the disagreement.

Reporting Action in Response to Recommendations

Recommendations by the Grand Jury require action. The responding person or entity must report action on all recommendations in one of four ways:

1. The recommendation has been implemented, including a summary of the implemented action.
2. The recommendation has not been implemented, but will be implemented in the future. This response should include a timeframe for implementation.
3. The recommendation required further analysis. The law requires a detailed explanation of the analysis or study and the timeframe not to exceed six months. In this response, the analysis or study must be submitted to the officer, director, or governing body of the agency being investigated.
4. The recommendation will not be implemented because it is not warranted, or is not reasonable, with an explanation.

FINAL REPORT RESPONSE FORMAT

The following standard format is to be used when responding to the Grand Jury's report and is to be used by all agencies when responding:

Title of Report _____

Responding Agency _____

Response by _____
(Governing Body, Department Head)

Finding number one: State the finding as written in the Grand Jury Report. Include your detailed response to the finding. Attach any supporting documentation.

Recommendation number one: State the recommendation as written in the Grand Jury report.

Include your detailed response to the recommendation. Response should include progress on your planned action. Attach any supporting documentation.

Follow the same procedures for each finding and recommendation as written in the Grand Jury report for this agency.

2018-2019 AMADOR COUNTY GRAND JURORS

Officers

Meredith Marlin	Jury Foreperson
Shani Alviso	Pro Tempore
Shani Alviso	Corresponding Secretary
Shani Alviso	Recording Secretary
Carol Kinsey	Treasurer

Members

Knute Allmindinger	Paul Kovacik
James Daughetee	Crystal Meneely
Laurie Dietrich	Chuck Polley
Steve Eddy	Esteban Reyes, Jr.
Otto Fox	Einar Ronningen
Terri Houseman	Carol Sjoberg
Marianne Jim	Lisa Watson

Public Agency Committee
Amador Water Agency

This Page Intentionally Left Blank

WHACK-A-MOLE

AUTHORITY

Under Penal Code §925, the Grand Jury shall investigate and report on the operations, accounts, and records of the officers, departments, or functions of the county.

SUMMARY

Knowledge is a precursor to understanding. Observing that the Amador Water Agency (hereinafter referred to as AWA or the Agency) has raised water rates eighteen times in twenty years, the 2018/19 Amador County Civil Grand Jury dedicated considerable resources in an effort to learn how AWA operations function. And to understand why it is necessary to raise water rates so frequently. The cost of all goods and services will inevitably increase. Water rates will increase again.

We wanted to understand not just the business drivers that affect cost increases but how the agency is managed. What we found is an organization facing systemic management issues that result in financial distress, frequent and substantial rate increases; low employee morale with a management structure that fosters resentment, confusion, and an overall lack of the most fundamental aspects of public accountability.

The recommendations resulting from our investigation address fundamental management issues in the following areas:

- Rate Increases
- Transparency
- Salary Trends
- Work Environment
- Finance
- Capital Projects

GLOSSARY

Conventions

The fiscal year is from July through June. In order to simplify the presentation of a fiscal year, budget years will be represented by the ending year, i.e. 2017/18 will be stated as 2018.

Acronyms

AC	Amador County
AGM	Assistant General Manager
ATL	Amador Transmission Pipeline
AWA	Amador Water Agency
AWAEA	Amador Water Agency Employee Association

CAFR	California Annual Finance Report
CAWP	Central Amador Water Project
CBA	Cost Benefit Analysis
CDBG	Community Development Block Grants
CIP	Capital Improvement Plan
COLA	Cost of Living Allowance
COP	Certificate of Participation
CPA	Certified Public Agency
EM	Engineering Manager
ENGR	Engineer
FM	Finance Manager
GFOA	Government Finance Officers Association
GSL	Gravity Supply Line
GM	General Manager
HJTA	Howard Jarvis Taxpayers Association
HR	Human Resources/Office Manager
IT	Information Technology
MOU	Memorandum of Understanding
NPV	Net Present Value
PM	Project Manager
ROI	Return on Investment
SCO	California State Controller Office

Definitions

66013 Report. Reports required by California Government Code 66013 for funds that have legal restrictions on how they can be used.

Action Minutes. Action Minutes record any "action" or votes that were taken at the meeting. This allows citizens to easily see what happened at a meeting in a short time frame, without having to wait until the minutes of a meeting are approved and sealed.

Ad Hoc. Created or done for a particular purpose as necessary.

Amador County 2006 General Plan. A roadmap leading to a better future for Amador County. Contained within this roadmap is a description of Amador County today, a vision of a desirable future, and a path, expressed through goals, policies and implementation, to achieve the vision.

Amador Transmission Pipeline. A pipeline built by AWA to transport water from Lake Tabeaud to the water treatment plant on Ridge Road.

Amador Water System. A service area within the Amador Water Agency which is comprised of Ione, Eagles Nest, Sutter Creek, Ridge Road, Sutter Hill, New York Ranch, Running Gold, Amador City, and parts of Martell.

Board. The Amador Water Agency Board of Directors.

Capital Project. A project that helps maintain or improve an asset, often called infrastructure. It is a new construction, expansion, renovation, or replacement project for an existing facility or facilities.

Consumer Price Index. An index of the variation in prices paid by typical consumers for retail goods and other items.

Fair Political Practices Commission. A five-member independent nonpartisan commission that has primary responsibility for the impartial and effective administration of the Political Reform Act of 1974.

Pay as you go. A system of meeting costs as they arise or paying for a service before it is used.

Project Cost Management. A method that uses technology to measure cost and productivity through the full lifecycle of enterprise level projects.

Salary Survey. A tool specifically for remuneration specialists and managers to define a fair and competitive salary for the employees of a company.

BACKGROUND

Eight years ago, the Amador County Civil Grand Jury conducted an investigation of the Amador Water Agency based on complaints received from ratepayers and citizens of Amador County.

Complaints included:

- Financial mismanagement
- Lack of transparency and availability of information
- Lack of concern by the Board of Directors for the overall financial condition
- Long-term debt

...these issues persist to this day.

Water is notably the most precious resource to the citizens of Amador County. The AWA Board of Directors has the responsibility to ensure that the ratepayers can rely on safe, reliable drinking water as well as the long-term financial stability of the agency.

This grand jury investigation necessitated intensive research to gain a working knowledge of AWA operations and administrative responsibilities. We now have a true understanding of the complexities that impact decisions made by the AWA Board of Directors, decisions that affect the quality of life for more than 35,600 citizens. The Board needs a working knowledge of AWA operations, infrastructure, finances, staffing, and capital planning to effectively evaluate recommendations made by AWA staff. Decisions that determine water quality and delivery, as

well as the overall financial stability of the agency, fall on the shoulders of these five Board members.

The average pay of the Board members in 2017 was less than \$7,000. Compensation is based on participation in bi-monthly and special meetings of the Board of Directors, and AWA standing and ad hoc committee meetings. That is four or more meetings a month. Where is the incentive to spend the hours required to evaluate hundreds of pages of technical documents, financial budgets, and operational status reports? Do we count on an altruistic sense of civic responsibility? It brings to mind the adage, “You get what you pay for.”

As the grand jury began reviewing the business drivers for the 2017 through 2021 rate increases, an attempt was made to limit the scope of the investigation to the previous three to five years. It rapidly became apparent that it would be necessary to understand the evolution of rate increases in terms of revenue requirements. These requirements are dependent on fluctuations in water use, as well as past business decisions related to growth and the associated capital spending, and debt acquired to provide anticipated capacity. Thus, a limited scope was ill advised.

Growth and the Acquisition of Debt

From 2000 to 2006, Amador County realized additional growth of 2,733 new residents, a growth of 8.6%.¹ Housing units during that same period increased by 1,815.²

It was logical that AWA would focus on developing capital projects to increase capacity to accommodate the influx. A growth posture was established. In 2002, the Amador Transmission Pipeline (ATL) project began with reported expenditures of \$840,014. In 2006, Revenue Certificates of Participation, 2006 Series A were issued totaling \$27,937,278.65 to finance \$22,140,000 for the ATL; \$2,124,300 for the Ione Water Treatment Project Fund; and \$3,672,978 for debt refunding, land acquisition, and various fees and fund deposits.

In 2005, the debt was \$10,073,632. The following year, the debt grew to \$32,736,632. Since then, AWA has continued to amass debt. In the last five years, the average annual cost of debt servicing has been more than \$2,800,000.

The focus on capital spending to accommodate additional capacity became ingrained at AWA. The economic crisis of 2008 inhibited expected growth. From 2006 to 2010, the population actually fell by 0.11%. Population projections developed by the State Department of Finance, as stated in the Amador County 2006 General Plan, forecast that Amador County’s population would increase to approximately 42,257 residents by 2020, representing an increase of approximately 4,124 people. This forecast was no longer reliable, and the AWA Board and agency management failed to make a shift in strategy based on the slow growth business climate. The easy solution was to continue to build and increase water rates.

Over the past two decades, the AWA has faced a number of challenging circumstances that placed a high demand on proper planning and execution. The financial crisis impacted growth. The drought of 2007/08 prompted then Governor Schwarzenegger to take action to address water

¹ US Census Bureau

² Amador County 2006 General Plan & US Census Bureau

conservation.³ Although these were indicators that gross water sales were at risk of falling and growth was stagnant, AWA continued to invest in capital projects that resulted in continuing debt.ⁱ

The business climate described here is challenging. No one has a crystal ball that can tell us when it will rain or when the economy might collapse. But there are business strategies that can minimize exposure in uncertain times. This report will identify areas where improvements can minimize the impact of those uncertain times.

METHODOLOGY

The 2018/19 grand jury has spent countless hours in an effort to understand AWA's core business as stated in the mission statement, "providing safe, reliable water, wastewater, conservation and reclamation services." The following highlights how those hours were spent:

- Conducted over forty-five extensive in-depth interviews with past and present AWA personnel, current and past members of the Board, industry consultants and Amador County ratepayers.
- Utilized search tools and techniques to examine over 12,000 files, many containing multiple documents.
- Reviewed various government regulatory agency policies, procedures and reports, as well as additional California agencies such as legislative and financial accounting.ⁱⁱ
- Reviewed documentation and information posted on the AWA website
- Extensively reviewed various financial documents, budgets and reports provided by AWAⁱⁱⁱ
- Reviewed labor agreements in Memorandums of Understanding (MOUs), covering 07/01/2001 through 06/30/2021 negotiated by the Amador Water Agency Employees' Association (AWAEA)

- Attended multiple AWA Board of Director public meetings
- Toured several agency facilities and viewed associated equipment
- Reviewed the 2011/12 and 2012/13 grand jury reports on AWA

DISCUSSION

Introduction

This grand jury embarked on an effort to document the how and why of rate increases. In order to do this, we had to understand the business environment as well as AWA finances. This effort required immense patience due to the fact that financial documents at this agency are confusing and difficult to follow. Many documents include contradictory and incorrect information. Efforts to cross check information exposed many such contradictions. It seemed that wherever the grand jury looked, another area in need of investigation became apparent. We found ourselves engaging in a perpetual game of Whack-A-Mole.

³ Executive Order S-06-08 06/04/2008

Day-to-day operations, maintenance requirements, and capital spending to improve and enhance quality and capacity, are primary cost elements. The core business of AWA is delivery of water to the ratepayers of Amador County. However, the Operations Department does not have a defined budget dedicated to and managed by the Operations Manager. A significant portion of operational expenses are budgeted to capital projects.

It's not clear how spending decisions are evaluated or how capital projects are approved. Due to the fact that capital project costs cannot be clearly identified, this grand jury was unable to accurately associate capital cost elements to rate increases. Projects are poorly documented and business assumptions are vague or misleading. The line between non-operating revenues and expenditures (much of which should be relegated to capital improvements), and operational costs, is vague and difficult to distinguish.

The AWA workforce are the people that enable the simple act of turning on the water. Their skill and dedication are apparent to this grand jury. They have endured reduced pay and benefits while reporting to a management staff that has enriched itself, inhibited collaboration, dampened enthusiasm and fostered an overall hostile work environment resulting in the loss of qualified, experienced personnel.

The following highlights our findings.

Rate Increases

Water rates have increased eighteen times in the past twenty years. Since 2001, the monthly bill for an Amador Water System (AWS) customer has risen from \$26.68 to \$63.32, a 129% increase. Over the same period, the Personal Consumption Expenditures Index⁴ rose 41.04%.

Much of the rate increases are attributable to debt servicing. Since 2006, ratepayers have paid over \$28,500,000 in interest and \$44,250,000 in principal. The debt is currently \$37,698,230. AWA has 7,264 connections in service with an average debt of \$5,190 per metered service connection. On a monthly water bill for a typical home, 26% is to pay debt.

As stated previously, the 2007/08 drought should have been a wakeup call for taking definitive action to address the potential reduction in revenues. Within three years, California would experience the beginning of one of the longest droughts in its history, finally ending March 5th, 2019. The most intense drought period occurred October of 2014.

In 2015, the Reed Group submitted a study entitled "FY 15-16 Water Rate Update and Water Shortage Financial Strategy." (Appendix A) This was an effort to establish additional discretionary increases above and beyond existing rates and increases. The proposed water shortage rate surcharge was to address anticipated reductions in sales and would be based on the drought level as declared by Governor Brown. Drought levels were identified as D1 – D4 with water use reductions of up to 20%, 30%, 40%, and 50%, respectively. Water rate surcharges were set at 18%, 34%, 54%, and 75% for each level of drought. These increases were

⁴ The personal consumption expenditure price index (PCEPI) is one measure of U.S. inflation, tracking the change in prices of goods and services purchased by consumers throughout the economy. Of all the measures of consumer price inflation, the PCEPI includes the broadest set of goods and services.

implemented at the discretion of the Board. So, it's clear that AWA reacted to potentially reduced sales by putting in place a contingency with commodity rate increases that would minimize revenue shortfalls. It is unclear when this strategy was approved, but it was rescinded by the Board on May 16, 2016.

An alternate and effective strategy used by water agencies is to maintain a reserve account. As stated in the "Special District Reserve Guidelines"^{iv} published by the California Special District Association:^v

"Reserves are the foundation of the sustainable delivery of core services. Through prudent reserves, special districts offer taxpayers and ratepayers significant benefits including:

1. Savings to balance budgets
2. Emergency preparedness
3. Stable rates
4. Well-maintained infrastructure
5. Investment in the future"

The following text is from the AWA 2019 budget:

"Operating and Capitals Reserve accounts have been established with provisions in the budget for funding. The Water Operating budget assumes \$100,000 will be transferred to the Operating Reserve Fund and \$50,000 will be transferred to the Capital Reserve Fund. Wastewater assumes \$10,000 will be transferred to the Operating Reserve Fund and \$5,000 will be transferred to the Wastewater Capital Reserve Fund."

This budget reflects two transfers associated with Operating Reserves but there is not a line item that reflects the Operating Reserve balance. There are reserve requirements associated with the USDA loan for the Gravity Supply Line. But that is the only required reserve and we learned that no operating reserve policy exists today. Accordingly, there has not been a 'formal' reserve in prior years and there is not a reserve budget line item currently. The Agency is 'pay as you go.'

The lack of an operating reserve policy creates a condition where decisions become reactive in the near term rather than planning for the long term. Volatility can be managed. For example, the Western Municipal Water District established a cash reserve policy in 2013 which states "These funds are established by action of the Board to safeguard the financial flexibility, liquidity, and stability of the District, and to maintain stable customer charges and rates from year to year."

Without an operating reserve in place, the AWA Board restricts their options in a downturn. This limits their options to internal loans of restricted funds intended for capital improvements or to turn to the ratepayers and demand higher rates.

Ratepayers in La Mel Heights received notice of a 43% increase in 2009. In 2010, Comanche customers received a notice of a 23% increase and CAWP/Uppcountry customers were notified of a 23% increase due to the GSL project. All three of these increases were successfully protested.

The Reed Group recommended in 2012 that AWA adopt new system-wide water rates for all water service areas and adopt a debt service charge to be applied to individual service areas.

Among the benefits identified were accurate cost of providing service, improved equity for all customers, and to support more efficient budgeting and accounting practices. One negative aspect of this change in policy is that individual service areas could no longer protest effectively. It is much more difficult for ratepayers to protest a rate increase and engage the Board to reexamine their decisions.

In September 2015, Amador County Elections certified a petition titled “Referendum Against a Resolution Passed by The Amador Water Agency Board of Directors” and signed by over 2,300 voters. AWA, citing that a referendum protesting rates is beyond the power of the voters, disallowed the petition. In March of 2016, the Howard Jarvis Taxpayers Association (HJTA) filed a lawsuit against AWA asking for the court to order the clerk and Board of AWA to process a voter referendum and place it on the ballot. AWA prevailed but the case has been on appeal. In a similar appeal in another county, the plaintiff prevailed. It is unknown what the impact will be if HJTA prevails.

In an effort to quash the public’s effort to get enough signatures, the AWA Board of Directors spent approximately \$9,487 to design, print and mail a letter to ratepayers. “The letter individually named each member of the AWA Board of Directors, and was sent in concert with the AWA Board of Directors. The AWA letter was sent during the qualification drive for the referendum, and referred to the subject matter of the referendum: to overturn the temporary surcharge on water use. And by urging the AWA ratepayers to not sign the referendum petition, the AWA letter contained express words of advocacy against the qualification of the referendum. So by producing and sending the August 12, 2015 letter, AWA violated Government Code Section 89001, and Regulations 18901 and 18901.1.”⁵

The Fair Political Practices Commission fined the Board \$3,000 for violating the government code. (FPPC -AWA STIPULATION, DECISION and ORDER) This action cost the ratepayers over \$12,000 plus legal fees. In the end ratepayers paid for the letter, the \$3,000 fine, and legal fees, in addition to the proposed rate increase.

Transparency

The AWA’s “Mission Statement” resides within the AWA’s “Administrative Policy Manual” (Policy Manual). The Policy Manual available on the AWA website includes the following Mission Statement:

“Mission Statement – To enhance the quality of life in Amador County by providing safe reliable water, wastewater, conservation, and reclamation services. We will manage our resources with fiscal and environmental responsibility. We will accomplish this as a professional team, dedicated to public transparency, community partnerships and excellent customer service.”

Of note, this phrase is included, with the emphasis added:

“We will accomplish this as a professional team, *dedicated to public transparency*, community partnerships and excellent customer service.”

⁵ FPPC No. 15/1355

At the March 8, 2018 Board Meeting, the following Mission Statement was approved:

“Mission Statement -To enhance the quality of life in Amador County by providing safe reliable water, wastewater, conservation, and reclamation services.”

While it can be argued that a more succinct “Mission Statement” is somehow “superior”, this grand jury notes that the removal of any reference to fiscal responsibility and transparency is actually in accordance with the AWA’s management philosophy and is a detriment to the ratepayers.

Having the vital responsibility of being Amador County’s supplier of drinking water, it is essential that transparency be a core value of the AWA. Information is made available on their website, but much of it is either incomplete, confusing, in error, or illegible.

The AWA Budget document is an example of fundamental information that should be transparently presented. However, during interviews with AWA staff and Board members, most people when asked could not state what the AWA annual budget actually is, even when presented with a copy of the budget. The grand jury asks the question: “If the AWA itself does not know what its budget is, how can a ratepayer understand it?” As the grand jury continued its investigation, much more significant issues of financial transparency were uncovered.

The AWA also modifies the format of their budget on an almost annual basis, having modified the format every year but one since 2010. This makes reviewing the budget over time confusing even to individuals with experience in reviewing budgets.

This grand jury also investigated salary trends and noted that significant increases were given to management in recent years (discussed below). A Salary Survey completed in August of 2018 is posted on the AWA website and is intended to provide justification for management salary adjustments...but it is illegible, making it nearly impossible for a ratepayer to understand what possible justification exists for such significant salary increases.

In summary, during every aspect of this investigation, this grand jury found that the gathering of pertinent information that should be publicly available was either confusing, in error or difficult to understand.

Salary Trends

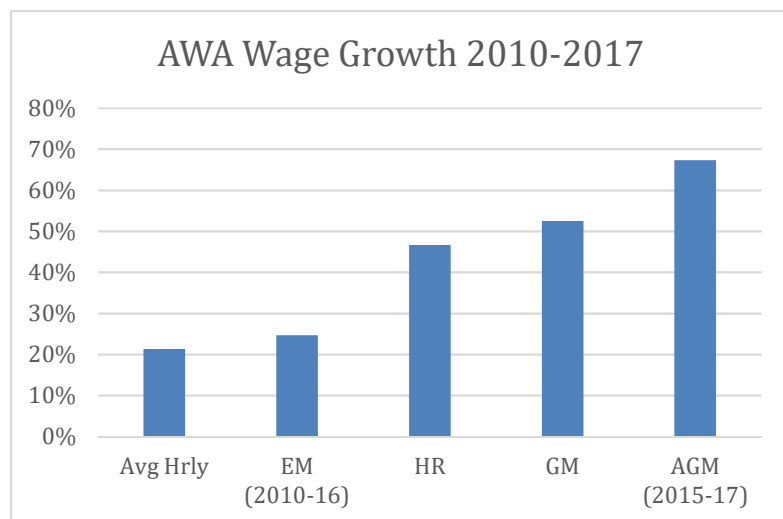
The grand jury reviewed budgets, wage data reported to the State, Board documents, and MOU’s between the AWA and the AWA Employee Association. This gave the grand jury an understanding of:

- how staffing cuts were implemented after the economic downturn of 2008;
- how hourly wages stagnated during the downturn;
- how wages and salaries have changed over time.

Wage data from 2010 to 2017 was collected from the SCO’s office for analysis, with 2017 data being the most recent data available.^{vi} The investigation compared the salaries of upper management against the earnings of hourly wage earners, and how the respective groups’ compensation changed over time. Frequent changes in position titles and organizational structure

complicated the review process. The grand jury used Utility II, Distribution II, and Customer Service Rep II positions as representative of the hourly wage earners because those positions were filled full-time⁶ during every year of the investigation.

The management positions chosen for comparison were the General Manager (GM), Assistant General Manager (AGM), Engineering Manager (EM) and Human Resources/Office Manager (HR). The AGM position wasn't filled until 2014, with 2015 being the first full year available for comparison. The EM was not filled full-time in 2017, so only data through 2016 was included.



Missing is the Finance Manager (FM), but this position was only intermittently filled during the review period.

The investigation revealed that hourly wage earners at the AWA saw their pay increase by 21% from 2010 through 2017. However, Management salaries increased on average of 48%, over twice the rate of hourly employees. The GM and AGM salaries both increased over 50% during the review period.

Salary Survey

Noting that the management salaries were rising at a much higher rate than the hourly workers' pay, the grand jury studied how the disparate raises were justified by AWA management.

As part of the justification for management pay raises, and with agreement from the AWA Employee Association, a Salary Survey was conducted in 2018 and was presented to the Board in August of 2018. When the grand jury questioned how these large raises could be justified after just implementing a five-year rate increase, the GM cited two reasons: 1) a two month 'trend' in revenues exceeding expectations and, 2) employee retention.

Revenues for the months of July and August 2018 were reported to have exceeded expected revenues by \$61,265⁷ with a high likelihood for the trend to continue into September. According to the GM this would just about cover the cost of proposed salary increases for AWA employees.

On September 17, 2018, members of the grand jury attended the Board Personnel Committee Meeting. The agenda for this meeting was to discuss the results of the salary survey conducted by Bryce Consulting. AWA management was represented by the General Manager, and the

⁶ For any given year, the grand jury only considered individuals who made more than the minimum amount for that position: compensation less than the minimum indicated that the position was not filled for the entire year.

⁷ See the Finances section for a discussion which raises questions about the reliability of financial information reported to the Board

Finance and HR Managers. Also in attendance were Personnel Committee Board members and AWAEA representatives.

The grand jury expected to hear a discussion on the salary survey results as well as a discussion on options for implementing salary increases, as indicated in the meeting agenda. However, AWA management discounted presenting the results of the salary survey and pressed for a rapid decision by the Board, with emphasis on 100% implementation of management salary increases as soon as possible. Their recommendation was to take the proposed increases to the full Board for approval at the next Board meeting, just two days away.

The HR and Finance managers were in attendance (2 of the 5 managers to receive proposed salary increases) and would stand to realize a combined \$70,872 annual salary increase, representing 57% of the total raises, and more than the combined raises for all non-management employees. The annualized distribution of the proposed raises across the AWA, excluding benefits, are as follows:

- Total proposed increase: \$170,616 100%
- Management increase (5 individuals): \$112,740 66%
- Supervisors/hourly (15 individuals): \$ 57,876 34%

When questioned about the long-term impact, the GM indicated this was not part of the study. The financial impact presented was for the remainder of the budget year only (approximately nine months) providing \$127,963 for salary and \$25,592 for benefits.⁸ Only a limited, partial-year financial impact of \$153,555 was presented for consideration.

Looking at annualized cost, we now have two numbers to consider. Assuming a 20% benefit cost multiplier, the total annual increase would be \$204,739 or \$1,023,695 over a five-year period, which is the term of the current rate increase. If a 44% benefit cost multiplier is assumed, the total cost is \$1,228,435 over five years. It's important to point out that the cost of benefits over and above the salary increases was minimized by AWA management, and management would get the primary benefit of salary increases resulting in part from increased water rates.

The grand jury's more robust examination of the impact of the salary increases provides two additional perspectives: a more realistic view of the cost of the raises; and, the distribution of raises across the workforce.

Another item of concern to the grand jury is the statement made that "two months of higher than expected revenues" is cited as one of the rationales. To be clear, AWA does not know what to expect. The managers that would have received the majority of the raises are responsible for the financial viability of AWA, but neglected to fully analyze or inform.

⁸ Benefits were estimated at \$25,592 which would equate to 20% of the salary increase. A review of the benefit cost as stated in the 2019 budget equated to 44% excluding Calpers discount rate and employee benefits.

If one takes a look at actual revenues and expenses, only one of the past five years produced a net profit. The five-year average is a negative \$2,110,752. Two months of revenue increases is not a reasonable justification.⁹

The second rationale was employee retention. The GM indicated that he was aware of two employees who left because of wages. In over forty-five interviews of past and current employees, the grand jury was only able to identify one employee who left for wages. Most others left due to the work environment which will be discussed in the next section.

During the Personnel Committee meeting, the AWAEA representatives voiced objection to taking the recommendations to the full Board for consideration indicating they had just received the salary study that morning. The Personnel Committee Board members agreed and the recommendation to the full Board was postponed until further research could be concluded. Over the next few weeks, the final recommendation was presented to the Board with reduced increases for some management employees.

Work Environment

As the grand jury interviewed both current and former salaried and hourly employees regarding work processes at the AWA, we learned something we were neither looking for nor expected. Over 80% of both past and present employees described a hostile working environment.

Employees described an environment where there was:

- Offensive, abusive and persistent discourteous treatment of employees, characterized by degrading, demeaning and rude remarks
- Taking credit for other employee's ideas
- Little to no positive reinforcement
- Lack of confidentiality regarding employee issues

They also felt overworked and were unhappy about the creation of the AGM position and the salary raises that went with it. Especially after all the concessions they made in the MOUs.

Employees talked about hating to come to work and only staying because the pay and benefits were good. They stated that they were sometimes brought to tears and a few cried during the interviews. An historical look at the work environment will help clarify the employee perspective.

AWA went through a difficult financial period from 2009 through 2011. The scramble was on to cover debt servicing.

After the departure of the GM in 2009, the Engineering Manager assumed the acting GM position and was promoted to the position the following year. He was facing the challenge of an

⁹This number is based on 2018 budget actuals and compared against several budget years, though reported data is inconsistent. See the Finance section for further discussion on reported numbers.

economic downturn, drought, growing debt and reduced fees. In order to control expenses, the following steps were taken:

- The Agency eliminated 25 positions in 2011, going from 66 to 41 employees.
- Four critical positions eliminated were managers in finance, construction, engineering and IT.
- Between 2010 and 2012, remaining employees made wage and benefits concessions, including unpaid furloughs and forfeited salary increases. A summary of employee wage and benefits changes is included in Appendix B.

By 2014, the GM was unable to keep up with management responsibilities and convinced the Board that he needed additional help because he was filling in for previously eliminated managers. He argued that the Executive Secretary/Clerk of the Board was already performing the duties of many of the eliminated positions.

The new AGM position was approved by the Board on May 8, 2014. It was reported in interviews that the board meeting designated to discuss and approve the new AGM position was placed in recess prior to addressing the issue. After the public had left the room, the session was reconvened and the position approved without public or employee comment. Since Board meeting minutes are “action minutes”, there is no detailed written record available to refute corroborated testimony.

The grand jury also learned that the job description was changed to fit the internal candidate instead of drafting the job description to match the needs of the organization.

AWA went through a variety of finance managers and consultants from 2012 through early 2016. As a result, the finance manager position was vacant as of June 2015. AWA utilized a consultant and a CPA on a part-time basis to assist in the audit process and month-end procedures. During that time, the AGM helped with the heavy financial workload despite having no financial education. After being vacant for approximately 9 months, a new FM position was filled by the temporary bookkeeper on March 10, 2016.

As mentioned previously, AWA employees agreed to modify the 2008 to 2012 MOU and accept substantial wage and benefits concessions after the downsizing, and again from 2014 to 2016. The drought and state-mandated 24% reduction in water use caused another reduction in revenue and more employee concessions. While these concessions were in place, the AGM’s salary was increased by 24.2% in 2016 and another 34.7% in 2017.

Employees took notice of these increases. Due to perceived manipulation of management job descriptions and raises, distrust of AWA management became pervasive. At the request of AWAEA, the MOU dated September 28, 2017 between the Agency and AWAEA for the fiscal year July 1, 2017 through June 30, 2018 included a new “Meet and Confer Obligation” which states the following:

“The Agency agrees to meet and confer over pay increases in the event a non-AWA Employee Association employee gets a raise, COLA, salary adjustment or any pay increase provided it is greater than the terms negotiated within this MOU, with the exception of contract employees,”

As employees reacted negatively to these increases to the AGM's salary, given their multi-year wage and benefits concessions, the Board took notice. An Ad Hoc Organizational Study Committee was appointed by the Board in September 2017 to "look at the whole AWA organization for improvements in efficiencies and effectiveness." Two appointed directors interviewed both management and staff and invited their comments.

The Ad Hoc Committee released its report on February 2, 2018. The following findings are from this report: (Appendix C)

- The EM position was filled in January 2018 which improved the management team, reducing the load on the GM, AGM and OM.
- The need for the AGM to provide supervision to finance, operations and engineering has diminished to the point of extinction.
- The structure and line of authority beneath the GM contributed to misunderstandings of the role, responsibilities, and authority of the GM and AGM.
- The duties and responsibilities of managers and employees are not distinct and need to be clarified to improve morale, trust, and respect for management. Better leadership from the GM and management is needed.
- It is recognized that there is a lack of respect for the GM. The GM needs to have closer contact with managers, and be visible and respected by employees.

The HR/Office Manager position had created a no-win situation for office workers. If an employee had issues with the Office Manager they reported to, they were in the absurd position of having to address any grievance with that same boss who doubled as the HR manager. There was no recourse other than to ignore the issue or report it to the AWAEA leaders.

In the latter case, the issue might be presented to the GM for resolution. This rarely resulted in resolution as the AGM was likely to get involved which only aggravated issues. In corroborated testimony, it was reported that the GM takes a hands-off approach to employee problems and exhibits an inability to stand up to the AGM, FM and HR. The AGM occupies an office next to the GM and confidential conversations overheard have resulted in consequences for employees.

The Ad Hoc Committee recommended the following organizational changes, including but not limited to:

Create an Administrative Manager for Grant Acquisition & Administration

- The committee recommended that an Administrative Manager position be created to be responsible for grants.
- Currently, the AGM is heralded as the person that creates and manages grants. However, testimony has indicated that the AGM is unable to perform this task in an efficient way. Engineering and operations staff are required to shift operational priorities and provide assistance to complete applications on time.

Eliminate the AGM Position

- Replace the AGM position with Administrative Manager/Executive Secretary/Clerk of the Board. It was recommended that this be a non-supervisory role.

Other Ad hoc Committee recommendations:

- The GM should manage by walking around and visiting different work sites monthly and check-in more frequently with members of the Management Team.
- Encourage employees to find and report improvements and cost savings.
- Move the oversight of the Customer Service staff from the HR manager to the FM; move the Safety Coordinator responsibilities to HR and adjust salaries accordingly.

The Board decided that they were responsible for oversight of operational matters and that meant not telling the GM how to run the agency. As a result, the Board asked the GM to implement the report's recommendations as he deemed necessary, which was communicated only to senior staff. He has done so incrementally. Some of the Ad Hoc Committee's recommendations have been implemented, however many have not.

Employees indicated they were unheard and undervalued as a result of the lack of action taken. This has also contributed to an overall atmosphere of low morale.

On February 12, 2018, the AWAEA sent a letter signed by 30 of its 33 members to the Board. (Appendix D) "As you know, AWA is in the midst of a morale crisis." Members expressed their willingness to work with the agency to keep it afloat in both the letter and multiple interviews. However, they stated that "an agency like ours cannot provide the best possible service to our community when morale issues are not addressed." In their closing sentence, they asked that the Board reconsider the reorganization outlined in the Ad Hoc Committee recommendations.

Based on the letter sent to the Board by the AWAEA in concert with grand jury interviews there can be no doubt the Ad hoc Committee members were fully cognizant of the work environment. Yet no mention of these issues was in their report. The full Board chose to ignore one of the most important aspect of AWA core resources: the employees that provide the services provided to AWA ratepayers.

In interviews with Board members, it was apparent that issues identified by employees were discounted. A follow up email from one Board member to the grand jury clearly reflects the lack of concern. It stated that employees just went along to show solidarity and felt the comments should be taken with a grain of salt.

Finances

A Financially Confused Organization

During interviews and while attending Board meetings, the grand jury observed that the AWA puts an inordinate amount of effort into their "Annual Audit." An organization with properly managed finances should not need to divert such an apparently extensive amount of resources for this effort.

What became apparent is that the AWA confuses their "Annual Audit" with their Comprehensive Annual Financial Report (CAFR).

Every governmental agency in California is required by law to produce a document that details the financial status of that agency, and to make that document readily available to the public.

This is typically called the CAFR,¹⁰ but can be called something similar like “Annual Report” or “Audited Financial Statements.”¹¹

Emphasizing the importance of the CAFR, not only is every public agency statutorily required to produce a CAFR, and each CAFR is required to be independently audited to confirm the accuracy of the financial data it contains. The audit also provides a level of legitimacy for the financial methods used to produce the CAFR. Note that an “annual audit” is an *activity* conducted to verify the accuracy and legitimacy of the CAFR, and the results of the audit are included (typically as a letter from the auditor) within the CAFR.

However, the AWA operates in the complete reverse. Instead of operating in a way that their financial information can be easily assembled into an accurate CAFR which can then be audited, they operate using incorrect financial information. They then must place an inordinate amount of resources to come up with true-and-accurate financial information that can survive the scrutiny of an audit.

In fact, the AWA does not provide a CAFR or an “Annual Financial Report” on their website...they provide what they term an “Annual Audit”. More glaringly, a thorough review of Board meeting agendas did not find that staff ever presented the CAFR to the Board: only the results of the audit were presented (by the auditor).

This is significant because it is apparent that the AWA Board and management pay no heed to the factual financial status of their organization: the most accurate financial information that should be used to manage the AWA is apparently passed off as just something done to survive the audit.

A Financially Blind Organization

In reviewing how the AWA manages their finances, the grand jury initially utilized their budgets, which are readily available on the AWA website. Based on attendance at the Board meetings and discussions during interviews, it seemed as though the budgets contained the financial information that serves as the basis for financially managing the organization.

Given the limited resources of the grand jury, this segment of the investigation focused on Operating Revenues and Expenses as an indicator of how the AWA is managed.

Because the grand jury considers transparency as a significant weakness for the AWA, the transparency of the financial information was investigated. The AWA, like all public agencies, is required to report financial information to the State Controller’s Office (SCO) and the SCO makes that reported information available to the public on their website.

¹⁰ These agencies respective reports were reviewed, and they all use the term “Comprehensive Annual Financial Report” El Dorado Irrigation District, Florin Resource Conservation Water District, Fair Oaks Water District, Nevada Irrigation District, Sacramento Suburban Water District, San Juan Water District, and South Tahoe Public Utility District.

¹¹ Calaveras County uses the title “Audited Financial Statements”

Table 1 was prepared to compare the “actual” Total Operating Revenues as indicated in the AWA budgets with the information the AWA reports to the SCO. Compared to the SCO data, AWA budget information overstates revenues every year. In fact, since 2009, the AWA budget information indicates over **\$27.7 million more** than the revenues reported to the SCO. Calling this difference “alarming” is not overstating this disparity in revenues.

Table 1

	Total Operating Revenues, AWA Budget vs Reported to SCO, in millions of dollars								
	2009	2010	2011	2012	2013	2014	2015	2016	2017
In AWA Budgets	\$14.5	\$17.8	\$13.1	\$10.5	\$11.5	\$11.6	\$10.7	\$9.5	\$10.8
Reported to SCO	\$8.7	\$8.8	\$8.4	\$8.7	\$9.6	\$11.3	\$9.0	\$9.1	\$9.0
Difference	\$5.8	\$9.1	\$4.7	\$1.8	\$2.0	\$0.3	\$1.7	\$0.4	\$1.8
Total Difference Budget minus SCO				\$27.7					

Confounded by the magnitude of these errors, the information contained in the CAFRs (a.k.a., “Annual Audits”) was retrieved from 2009 through 2017 and was then compared to the information reported to the SCO. Table 2 compares these two sources of information. Given that the CAFR should be the definitive and accurate accounting of the finances of the AWA, the errors in this table, while small in comparison to Table 1, are extreme. The reported data is only accurate for one third of the years being considered: if an organization is well-managed, accurate information should be the norm, not the outlier.

Table 2

	Total Operating Revenues, Reported to SCO vs Annual Financial Report in \$ million								
	2009	2010	2011	2012	2013	2014	2015	2016	2017
Reported to SCO	\$8.7	\$8.8	\$8.4	\$8.7	\$9.6	\$11.3	\$9.0	\$9.1	\$9.0
Annual Financial Report	\$8.7	\$8.8	\$9.7	\$10.2	\$9.2	\$9.1	\$8.7	\$9.0	\$9.0
Difference	\$0.0	\$0.0	(\$1.3)	(\$1.5)	\$0.4	\$2.2	\$0.4	\$0.2	\$0.0

So far, the comparisons have been outward-looking, which led to reviewing what the AWA is telling themselves: how does the “real” information contained in the CAFRs compare to the contradictory data contained in the budgets? Table 3 answers this question, and the answer is disturbing.

As shown in Table 3, according to the AWA’s own audited financial statements, the budgets indicate that the AWA has received over \$28 million in Operating Revenues from 2009 through 2017 that simply were never generated.

Table 3

	Total Operating Revenues, Budget vs Annual Financial Report in \$ million								
	2009	2010	2011	2012	2013	2014	2015	2016	2017
In AWA Budgets	\$14.5	\$17.8	\$13.1	\$10.5	\$11.5	\$11.6	\$10.7	\$9.5	\$10.8
Annual Financial Report	\$8.7	\$8.8	\$9.7	\$10.2	\$9.2	\$9.1	\$8.7	\$9.0	\$9.0
Difference	\$5.8	\$9.1	\$3.5	\$0.4	\$2.4	\$2.6	\$2.1	\$0.6	\$1.8
Total False Surplus					\$28.1				

Devastatingly to the ratepayers, if the AWA is being managed using data contained in the budgets, the AWA has potentially spent over \$28 million more than what they have actually taken in as revenues.

However, revenues are only half of the story, and the investigation continued into expenses, again using operations as an indicator.

Note that the budget data used in this investigation is “in arrears”: in other words, given that there is obvious difficulty in finalizing the current year’s data while preparing the next year’s budget, only the “actual” data from two or more years in arrears was used assuming that, for example, in a budget prepared in June, 2019, the actual revenues and expenses for FY 2016/17 would be well established. The grand jury was disappointed that what should have been well-established information was observed to change inexplicably 3 or even 4 years in arrears in the budget documents. (Appendix E)

It should also not be unreasonable to expect that information in budget documents be at least close to the corresponding data in the CAFRs.

Table 4 is a comparison of the Total Operating Revenues vs Total Operating Expenses as represented in the budget documents. Using data only from the budgets, the AWA Board and management would see that Operating Revenues exceeded Operating Expenses in every year but two, and that in this time frame, there was an excess of over \$11 million in revenues compared to expenses.

Table 4

Operating Revenues vs Expenses in Budgets in \$ million									
	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues	\$14.5	\$17.8	\$13.1	\$10.5	\$11.5	\$11.6	\$10.7	\$9.5	\$10.8
Expenses	\$11.7	\$11.6	\$12.1	\$10.4	\$10.8	\$11.3	\$11.0	\$10.1	\$10.3
Difference	\$2.8	\$6.2	\$1.0	\$0.1	\$0.7	\$0.4	(\$0.2)	(\$0.6)	\$0.5
Total False Surplus	\$11.0								

Again, much to the detriment of the ratepayers, the audited CAFRs tell a completely different story. Table 5 contains what should be the “actual” financial information for the AWA, as contained in their audited CAFRs.

Table 5

Operating Revenues vs Expenses in Annual Financial Reports in \$ million									
	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues	\$8.7	\$8.8	\$9.7	\$10.2	\$9.2	\$9.1	\$8.7	\$9.0	\$9.0
Expenses	\$12.0	\$11.5	\$12.5	\$10.6	\$11.0	\$10.8	\$10.9	\$11.4	\$12.3
Difference	(\$3.3)	(\$2.7)	(\$2.8)	(\$0.5)	(\$1.9)	(\$1.7)	(\$2.2)	(\$2.5)	(\$3.4)
Total Actual Shortfall	(\$20.9)								

Without exception, Table 5 shows that the AWA operated “in the red” every year included in this investigation. While the budgets show an \$11 million “surplus” of revenues compared to expenses, the actual, audited finances indicate that the AWA has seen a shortfall of almost \$21 million in this timeframe. This is a difference of over \$30 million.

Comparing Other Water Agencies

The grand jury reviewed the CAFRs from the water agencies chosen by the AWA as “comparable agencies” that were used for comparisons in the Salary Study and a published Rate Comparison. Most of these agencies received a “Certificate of Achievement for Excellence in Financial Reporting” that is issued by the Government Finance Officers Association (GFOA). The grand jury reviewed the GFOA website and found that many resources are available for assisting with properly managing and reporting finances. Table 6 shows the agencies the AWA used for comparisons, their auditor, and that a majority of these agencies received the GFOA award.

**Table 6
Comparable Agencies**

Reference	Agency	Auditor	GFOA Awards?
SS	Calaveras County	Richardson & Co, LLP	
SS	Elk Grove	Badawi & Associates	YES
SS	Fair Oaks	Richardson & Co, LLP	YES
SS	Sac Suburban	Richardson & Co, LLP	YES
SS	San Juan	Richardson & Co, LLP	
SS	South Tahoe	Mann, Urita, et al	YES
RC	Nevada ID	Richardson & Co, LLP	YES
RC	El Dorado ID	Hudson Henderson & Co	YES
RC	Tuolumne Utility Dist	Richardson & Co, LLP	

SS = Salary Survey

RC = Rate Comparison (Stockton East WD info not available)

Examples of Financial Errors

AWA implemented a new finance system (Springbrook) in 2016. The management at AWA took on this effort without the benefit of implementation expertise. Detailed requirements for how the system should be configured to accommodate AWA business practices, reporting requirements, system integration and data migration were not developed. As a result, the system is not used to its full potential.

There is not a single source of data for developing budgets and financial reports. Budgets and financial reports are generated primarily with the use of spreadsheets. It's unclear how data for these reports is sourced but the result is frequent error and inconsistency. To compound the problem, when errors are detected the "correct" number is placed in a cell with no regard for upstream or downstream dependencies. It doesn't take many iterations of this practice to create the problems previously identified.

Here are some examples:

- 66013 Reports do not correlate with budgets. One example from 2018 reports:
 - Budget indicates total beginning value of internal loans is over \$5 million
 - 66013 indicates total beginning value of internal loans is about \$3.8 million
- When errors are corrected in financial reports, they are not disclosed per Audit Standard 154
 - 66013 report for 2017 was changed in 2019 to include a Board referendum from February 2018, but there is no discussion or indication within the so-called "Post Audit" version of what errors were corrected, which is not in accordance with the Standard.

- Audit standard 154, paragraph 26 states:
 - “When financial statements are restated to correct an error, the entity shall disclose that its previously issued financial statements have been restated, along with a description of the nature of the error.”
- AWA might argue that 66013 are not true “financial statements,” but the grand jury believes that financial reports required by state law should conform to the same recognized accounting standards as other “financial statements.”
- “Actual” values of Total Operating Revenues reported in budget documents have changed in arrears.
 - “Actual” Total Operating Revenues reported for FY 2010/11 in the FY 2012/13 budget are different from the actuals reported in the FY 2013/14 budget.
- A lawsuit based on the 2011/12 grand jury report on internal loans and the use of restricted accounts prompted an audit of loan practices and associated interest payments. Based on the results of this audit, AWA retroactively corrected previous 66013 reports and simply replaced the old reports without explanation. This grand jury acquired copies of some of the original reports and found that the 2010 through 2012 reports available on AWA’s website do not match the originals.

Capital Projects

In order to effectively plan for the future, it is necessary to know the past and understand the present. AWA has maintained two initiatives to help steer capital planning over the next five years, The Capital Improvement Plan and the Strategic Plan 2018-2023. In interviews with AWA Board members and management, the grand jury reviewed the content of the five-year strategic plan questioning if it was a plan or was it more of a plan to make a plan.

In April of this year, the Board adopted major changes to the Administration Policy Manual that reduces the strategic planning period from five years to three years and introduces four specific goals and actions to obtain these goals. (Appendix F)

- Maintain Fiscal Stability
- Safe Reliable Water and Wastewater Service
- Maintain AWA’s Positive Community Interaction
- Actively Participate in Watershed Protection

This grand jury commends the AWA and the Board of Directors for this crucial step of focusing on the planning process.

The fiscal stability of AWA is the most critical aspect of a planning cycle and is dependent on clearly understanding the capital budget and how it impacts operational imperatives. A review of capital spending as reported in AWA budgets and reported to the SCO by AWA indicates a lack of controls. Non-operational expenditures (primarily projects) reported to the SCO equates to 12% of overall expenditure from 2009 to 2016. AWA budgets for the same period show 29%. A significant difference that brings knowledge of past and present capital spending into question.

An audit of capital revenues and spending would clarify and quantify the true state of capital revenues and expenditures. In addition to financial consideration, there are other critical areas that should be addressed.

Project Planning

AWA has had a couple of decades of capital spending without ever developing standard processes and procedures for capital planning. The four primary categories of capital planning are:

- Financial Planning
- Project Identification and Prioritization
- Project Management
- Monitoring and Reporting

Issues with some of the financial aspects of AWA were covered in the previous Finance section. This discussion will address the remaining categories.

The primary document for project identification and prioritization is the Capital Improvement Plan (CIP). This report is frequently reviewed at Board meetings. It contains a list of projects identified by department heads and contains estimated cost, grant and loan availability, priority, and until 2019, a return on investment¹² (ROI).

It should be stated that many projects are required by federal or state guidelines and are identified as such in the CIP. Approximately 24% of 247 projects listed from 2010 to 2018 were identified as required.

A Cost Benefit Analysis (CBA) is a critical tool for evaluating any capital investment. A CBA will usually include all aspects of the cost of developing and executing the project including ROI and NPV. Recurring maintenance cost is usually included as well. The payback is usually monetized and represented in years. Other benefits such as operational efficiencies, maintenance cost reductions and benefits for the ratepayers are considered as well.

AWA produces extensive documentation for projects. These can include such information as engineering specifications, cost, contracts, etc. A search of Board meeting agendas, minutes and supporting documentation from 2016 to 2019 found no reference to ROI other than those included in CIP reports. NPV was found associated with the hydroelectric projects only. These numbers are critical to making sound business decisions yet are vacant in the decision making process.

Project management is a program that is determinant. It requires that a Project Manager (PM) be assigned to oversee the project and all of its elements. The PM is responsible for meeting with all the internal and external stakeholders, i.e. contractors, operations, engineering, finance, personnel, etc., in order to develop a detailed project plan with all tasks and dependencies

¹² The ROI included was of little value in analyzing cost/benefit. Values used were High, Medium and Low. In many cases the ROI field was vacant.

required to execute the project. If a task is late or exceeding cost, the implications of all dependent tasks can be immediately identified, and action can be taken in the most efficient manner.

AWA does not have processes and procedures in place for project management. Project schedules have been produced, but these are high level timelines that estimate engineering and design, bid, construction, and closeout. The day-to-day project status is managed with various status reports, but there is no mechanism to track the impact to the overall project.

Project management is a skill set that requires training and a commitment to detail. AWA management adheres to the notion that engineering and/or operations personnel are designated as project managers of a given project. In one case, the GM provided the Tanner Hydroelectric project documentation produced by an outside engineering firm only two hours prior to release for bid. Once the bid was awarded, the engineering department was given full responsibility to manage the project despite their concerns about the design.

AWA projects can be large and complex. In order to fully understand the implementation of a project, an understanding of what went right and what went wrong is critical. This is known as a post-mortem. A project post-mortem determines which elements of a project were successful or unsuccessful. This analysis identifies process improvements which will mitigate future risk and promote best practices. AWA does not do a project post-mortem.

And last, but certainly not least, is the importance of monitoring and reporting. It is impossible to understand if the financial or operational benefits identified to approve a project are realized. A perfect example is the Tanner Hydroelectric project.

A press release from the AWA posted July 2017 states, "A hydroelectric generator at the Tanner Water Treatment Plant is providing net energy benefits of more than \$85,000 annually." This is at the very least a misleading statement.

The contractor that sold this project to AWA provided all of the business case conclusions based on faulty assumptions. The annual benefit was based on the generators running twenty-four hours a day. Due to the inline design, the generators only generate power when the treatment plant is treating water.

In addition, there have been numerous issues, such as software problems, that control the bypass valves that route water through the generators. One generator has been offline much of the time. Generator bearings that should last years have already failed and been replaced and wiring termination problems have required extensive repair. Operations personnel spend an estimated twenty to thirty hours per month on maintenance issues that are charged to operations. This obscures the actual cost of the project.

Another hydro project is in the works and AWA has failed to honestly evaluate the efficacy of the Tanner project. It is imperative that complete and honest monitoring and reporting of post implementation results be conducted. For the Tanner Hydro project, a simple evaluation of pre and post electric bills could inform the viability of the Ione project.

Project Information Requests

In order to develop a basic understanding of AWA capital project development and execution, the grand jury acquired over 5,400 documents for two projects, the Gravity Supply Line and Tanner Hydroelectric projects. This effort was to understand the components of capital projects as well as the overall process of identifying, designing, approving, and implementing multimillion-dollar projects for the benefit of ratepayers. Of concern was the fact that, according to witness testimony, AWA rarely if ever completes projects on time and on budget.

The files provided insight into the difficulty of auditing an AWA project. Consolidated documents such as project expenditures, project plans, or project status reports were not found. Most of this information existed in the files but was scattered across hundreds of files. It would take untold hours to seek out and consolidate details that should be easily available.

In order to get a more accurate assessment of how capital dollars are managed, the grand jury attempted to review capital projects from 2009 to present. Detailed summarized information was not readily available. Given our time constraints, reviewing thousands of documents was not feasible.

CIP files are maintained by the Engineering Department. These files list all potential capital projects as identified by the engineering department. It was apparent that reviewing projects listed in the CIP would require a monumental effort. We reviewed a file containing all project grants received since 2009 and decided to focus on eleven projects.

All of the projects selected were funded either in part or whole by grants provided by state and federal agencies. It was thought that grant funded projects, that have state and federally mandated reporting requirements, would be more accurately documented and thus easier to compile the data. AWA has provided limited data for four projects.

As discussed earlier in this report, much of the financial data generated by AWA was not available due to the fact that data was not converted from the old to the new finance system. Engineering has some data available in job cost files; some electronic and some paper files. Much of the data has been stored as microfiche. No source for consolidated historical information exists.

It was assumed by the grand jury that the project data would be readily available. A common method to track projects is via a project number that provides a link across disparate sources. We since learned that a job number or project code is assigned but will often differ from one source document to the next making cost consolidation cumbersome. Using string and substring searches on job numbers and cost elements produced some results. But, there was no way to know if all the applicable information could be found.

For example, the Small Diameter Pipeline project is referenced in the 2010 budget with a general ledger acct# 57103. The 2013 budget references proj# 40426 and in the 2016 budget it is referenced under line item System 04 and lastly, combined with the Tanner Hydro project, under account number 57203 and identified as Transmission (E).

The following is a summary of project documents with a summary of findings:

Tanner Hydroelectric Project

The grand jury researched various reports, budgets, and the available projects files with the following total cost identified.

- Actual cost per the AGM \$1,596,063.98
- Project files \$1,717,621.14
- 66013 Reports \$1,224,403.07
- 2016 & 2017 Budgets \$1,642,061.00
- CIP files \$1,504,321.57

The delta between high and low cost reported is \$493,218.07.

Comanche Tank

The results for cost data search.

- Actual cost per the AGM \$1,824,092
- 2017 Budget for Capital Projects \$1,729,929
- 2018 Budget for Capital Projects \$1,652,723
- 2016 through 2018 66013 Reports Total \$1,985,222

Pioneer Phase 1 – CDBG

This is actually a three phase project with Phase 1 shown in the CIP to have been completed in 2016. The 2017 and 2018 amounts listed below were included due to the fact that the Job number reported was used for Phase 1, but may have been associated with a different phase.

- Actual cost per the AGM \$1,544,581 Job# 140170
- 2016 Budget for Capital Projects \$1,171,410 Job# 140170
- 2017 Budget for Capital Projects \$1,483,261 Job# 140170
- 2017 Budget for Capital Projects \$ 998,695 Buckhorn Ridge/Carson CDBG
- 2015 CIP \$ 710,263 Job# 140170
- 2016 CIP \$1,420,000 Job# 140170 Shown as complete
- 2018 CIP \$ 998,565 Job# 140170

As demonstrated in the examples above, it is difficult to quantify the cost of any project. Issues with identifying project cost were discussed with AWA staff. A spreadsheet for the ATL project was reviewed that identified all of the job cost accounts, their purpose, and expenditures on a fiscal year basis and the grant total cost of the project costs from inception to completion, with the exception of financing cost. It was admitted that this may not be available for all projects.

Project cost management is not subject to rigorous reporting and tracking practices and procedures. The spreadsheet that was reviewed identified the cost of the ATL at \$25,199,743. In the 2014 Municipal Services Review published by the Local Agency Formation Commission, the ATL cost was identified as \$1,200,000 and the Small Diameter Pipeline (phase II of the pipeline

project) at \$1,100,000. A “Big Picture” Capital Improvement Plan reflected ATL cost of \$20,000,000. No date or other identifying information was present on this document.

There were grant monies and a contract with PG&E for water purchase to offset the cost of the ATL, but those figures were not reflected in the documents reviewed. In addition, there have been millions of dollars in participation fees collected, much of which was to pay the developer’s fair share of the project.

Phase II, small diameter pipe project, spent well over \$1.1 million and has been under siege by ratepayers since inception. This project was canceled, and grant monies transferred to a different project. The ratepayers don’t know what the overall project cost was.

The ratepayers have a right to know what they are paying for and how much it cost. AWA has failed to provide consistent and unambiguous information to the ratepayers on capital project cost and benefit, partly due to the fact that AWA does not know. Ongoing analysis of project cost/benefit is not being conducted.

FINDINGS

- F1. The AWA has lost sight of transparency as a core value as demonstrated by the way AWA publishes information for the ratepayers.
- Information is made available on their website, but much of it is either incomplete, confusing, erroneous, or illegible.
 - Efforts to check and cross-check data found consistent discrepancies and errors.
 - Established published reports were modified and prior reports replaced with no explanation of the changes.
- F2. The AWA is not sufficiently transparent with its ratepayers about the costs of current employee compensation. From 2010 through 2017, management salaries increased on average of 48%, over twice the rate of hourly employees. The practice of annually granting relatively substantial increases will impact rate increases for ratepayers in the future.
- The GM and AGM salaries both increased over 50% during the review period.
 - While employee concessions were in place, the AGM’s salary was increased by 24.2% in 2016 and another 34.7% in 2017.
 - The increases in the management salaries significantly exceed what would be expected by economic variables, decreases in revenues and the increased debt.
- F3. The AWA financial reporting and auditing process is not done according to industry standards.
- The AWA publishes an “Annual Audit” on its website in lieu of a Comprehensive Annual Financial Report.
 - The title on the published document is “Audited Financial Statements.”

- The “Audited Financial Statements” do not contain a cover letter that indicates the report was transmitted to the Board
 - i. A transmittal letter is a feature of all “GFOA-awarded” CAFRs
 - There is no evidence that the “Audited Financial Statements” are reviewed by, or formally transmitted to, the Board
- F4. The AWA’s finances are grossly mismanaged, with numerous errors identified in the millions of dollars.
- Total Operating Revenues and Expenses reported to the SCO do not match the amounts contained in the “Audited Financial Statement.”
 - Total Operating Revenues and Expenses indicated in AWA Budgets do not reflect the amounts indicated in the correlated “Audited Financial Statement.”
 - From 2009 through 2017, Total Operating Revenues vs Expenses show a surplus of \$11.0 million according to AWA budgets. Yet the “Audited Financial Statements” for the same period indicate that there was actually a shortfall of \$20.9 million, a difference of over \$30 million.
 - The 66013 reports do not match data reported in the annual budgets.
 - When errors are corrected in financial reports, they are not disclosed per Audit Standard 154.
 - “Actual” values of Total Operating Revenues reported in budget documents are one example of budget data that has changed in arrears.
 - Erroneous reports and frequently changing formats inhibit AWA management’s ability to manage the budget and the debt.
- F5. The AWA converted to a new finance system without in-house expertise. Requirements were not specified and data from the old system was not migrated and is now unavailable. There is not a single repository for financial data.
- F6. Departments do not have a defined budget dedicated to and managed by the department head, leaving managers with no budget control or reporting mechanism to inform the decision process.
- F7. A significant portion of capital project costs are budgeted to operational expenses. This creates a condition where the implementation and ongoing cost of a project are obscured from the ratepayers.
- F8. A ‘formal’ operations reserve has not existed in prior years and there is not a reserve currently reflected in the budget. Although there is a stated goal of contributing \$100,000 per year to the reserve, there is no formal process to assure compliance.
- F9. The lack of an operating reserve policy creates a condition where decisions become reactive in the near term rather than proactive planning for the long term.
- F10. The AWA employs hardworking personnel who are dedicated to the highest level of customer service.

- F11. A number of the recommendations cited in the 2018 Ad Hoc Organizational Study Committee report were of high value. The GM was not held accountable for resolving issues raised in the ad hoc report.
- F12. Hourly employees agreed to modify the 2008 to 2012 MOU and accepted substantial wage and benefits concessions after the downsizing and again from 2014 to 2016 in an effort to help AWA maintain financial viability while management salaries increased.
- F13. The AWA failed to adequately communicate management raises and responsibilities.
- F14. The May 2014 Board meeting, designated to discuss and approve the new AGM position, was placed in recess prior to addressing the issue. The meeting reconvened after the public and employees had left the Board room. Board members dispute this account. Since Board meeting minutes are “action minutes” there is no detailed written record available to refute corroborated testimony.
- F15. The Clerk of the Board does not produce and publish detailed minutes of board meetings. Action minutes are produced but there is no follow up to provide details to the public.
- F16. The job description for the AGM was created to fit the internal candidate instead of drafting the job description to match the needs of the organization. The job description was changed at least twice more as the perceived role and responsibilities changed. The need for the AGM position and the corresponding responsibilities remains in a state of flux.
- F17. The AWA has a work environment where there exists offensive, abusive and persistent discourteous treatment of employees, characterized by degrading, demeaning and rude remarks; taking credit for other employee’s ideas; little to no positive reinforcement; and a lack of confidentiality regarding employee issues.
- F18. The AWA does not have standard processes and procedures for capital planning and project management.
- F19. Ongoing analysis of project cost and benefit to assure original assumptions is not conducted.
- F20. Project cost tracking is not subject to rigorous reporting and tracking practices and procedures.
- Capital projects are not assigned and tracked by a single general ledger account number. Projects are identified by account number, job number, job name, funding source or any combination thereof.
- F21. The AWA does not perform a project post-mortem.
- F22. The AWA does not accurately track and report project cost, benefit or operational effectiveness.

- F23. The AWA has failed to provide consistent and unambiguous information to the ratepayers on capital project cost and benefit due in part to the fact that AWA management does not know.
- F24. The AWA does not adhere to a standard for capital project evaluation. Business case development is not consistent and does not address a cost benefit analysis.
- F25. The AWA does not have processes and procedures in place for project management. Project schedules have been produced, but these are high level timelines that estimate engineering and design, bid, construction and closeout. The day-to-day project status is managed with various status reports, but there is no mechanism to apply the impact of delays and changes to the overall project.
- F26. AWA management adheres to the notion that engineering and/or operations personnel are designated as project managers of a given project.

RECOMMENDATIONS

- R1. The AWA Board should determine if the AWA is currently being managed to their satisfaction. The Board should evaluate:
- if the magnitude of the errors identified by the grand jury in published AWA financial documents are deemed ‘acceptable.’
 - if the work culture endured by AWA employees allows them to best serve the ratepayers.
 - if the lack of accurate capital spending and reporting is detrimental to the financial health of the organization.
- [F1, F3, F4, F5, F7, F10, F11, F12, F13, F14, F17, F20, F22, F23]
- R2. The AWA Board should consider engaging a Business Analyst in a contract or permanent role by January 1, 2020. This type of position is primarily responsible for process analysis, generating new ideas and essentially implementing them to insure proper functioning across all departments. The analyst’s responsibilities would include but not be limited to:
- Strategic Planning – Evaluation of strategic activities
 - Business / Operation Model Analysis – Identification and evaluation of policies and procedures of the organization
 - Process Definition & Design – This analysis includes business process modeling, often the outcome of process definition and design
 - IT & Technology Business Analysis – Encompasses the rules as well as needs for technical systems and integration
- [F5, F6, F18, F19, F20, F21, F22, F23, F24, F25, F26]
- R3. The AWA Board should commission a forensic financial audit of the Agency by October 1, 2019. The financial mismanagement outlined in this report makes it clear that a fundamental review of the financial status of the agency is necessary for the protection of the ratepayers. A thorough review is also necessary to assure conformance with both

accounting and legal standards. The magnitude of the financial errors uncovered far exceeds the cost of an audit. [F1, F3, F4, F6]

- R4. By January 1, 2020, the AWA should engage financial and/or legal professionals to determine if erroneous financial data historically reported to the SCO needs to be corrected. If it does need to be corrected, staff should work with SCO staff to correct erroneous historical data in accordance with SCO processes. [F1, F3, F4, F6]
- R5. The AWA should standardize all of their financial processes to conform to standard accounting practices by January 1, 2020. The problems with accounting and budgeting practices are persistent as evident by similar recommendations made by the 2011/12 grand jury and the failure to make proper disclosures when financial reports are modified. [F3, F4]
- R6. The grand jury recommends that the Springbrook financial system be fully evaluated and re-implemented after developing detailed requirements. A Business Analyst is best suited to oversee this activity. AWA does not have the required expertise on-staff. [F1, F3, F4, F5, F6, F7]
- R7. The AWA Board should oversee the development of the CAFR with guidelines as follows, when preparing the next annual report:
- Day-to-day AWA finances should be managed based on audited/auditable information.
 - At the end of the fiscal year, the financial status of the AWA should be finalized.
 - The finalized financial data should be compiled and submitted for audit.
 - After the audit is completed, the results of the audit, along with the audited financial information, are compiled into a Comprehensive Annual Financial Report.
 - The audit results are presented to the Board.
 - The CAFR is formally transmitted and presented to the Board.
 - Soon after transmittal to the Board, the CAFR should be posted on the AWA website. [F3, F4]
- R8. The AWA Board should require the staff to present the CAFR annually, including a comparison of information between the Budgets and the CAFR. The currently available document should be presented to the Board by August 1, 2019; annual presentations should become a standard practice. [F3, F4]
- R9. The AWA should acquire membership in the GFOA by October 1, 2019, implement GFOA standards for compiling the CAFR and strive to be awarded the GFOA's "Certificate of Achievement for Excellence in Financial Reporting" to improve transparency in financial reporting. [F3, F4]
- R10. This grand jury recommends that the Board revisit the February 2018 Ad hoc Organizational Study Committee report and recommendations.
- The Board should take authority and responsibility to assure an effective way of managing conflict is implemented, which is vital to the continued health of AWA.

- The AWA Board should evaluate the benefit of in-house versus outsourcing the human resources and payroll functions pursuant to modern business practices. The standard ratio of HR to employees is one for every 150 employees.
 - The Board should consider placing the safety coordinator position in Operations
 - The management team should be re-evaluated in terms of competence, roles and responsibilities, and activities that don't correspond to AWA's core business.
- [F10, F11, F12, F13, F14, F15, F16, F17]
- R11. The AWA Board should consider the use of a professional grant management consultant to oversee Agency grants. [F11]
- R12. Establish practices and procedures for Capital Project development, funding, implementation and tracking. This should at a minimum include:
- Business case development including ROI and/or NPV and a threshold for what is an acceptable timeframe to realize benefit.
 - Evaluation of business cases including validation of cost assumptions.
 - Critical evaluation of grants to ensure grant funds are used to advance AWA's core business and/or regulatory requirements.
 - Project management processes including detailed project plans with dependencies identified.
 - Acceptance testing criteria.
 - Post mortem evaluation and reporting.
 - Ongoing tracking and reporting of project effectiveness and cost
- [F18, F19, F20, F21, F22, F23, F24, F25, F26]
- R13. The grand jury recommends suspension of all capital projects until such time as finances are reviewed, corrected and evaluated, and capital project processes and procedures can be developed and implemented. Projects in process should be evaluated in light of apparent misreporting of cost and benefit to ensure that the needs of the business and ratepayer investment is properly addressed. Exceptions should include only those projects required by state or federal agencies to meet regulatory compliance. [F18, F19, F20, F21, F22, F23, F24, F25, F26]
- R14. The grand jury recommends that the Clerk of the Board produce complete and clear minutes of Board meetings. Board meetings are recorded and should be transcribed to provide a complete and permanent record to the public. [F14, F15]
- R15. The grand jury recommends that the Board's complete response to these findings and recommendations be posted on the AWA website at the same time as they are transmitted to the presiding judge and grand jury, as a demonstration of the AWA's commitment to transparency. [F1, F2]

REQUIRED RESPONSES

Pursuant to Penal Code sections 933 and 933.05, the grand jury requests responses as follows:

From the following governing body within 90 days:

- Amador Water Agency Board of Directors is required to respond no later than 90 days after the Grand Jury submits a Final Report to Findings F1-F26 and to Recommendations R1-R15.

ADDRESS RESPONSE TO:

- The Presiding Judge - Amador County Superior Court
500 Argonaut Lane
Jackson, CA 95642
- Amador County Civil Grand Jury
PO Box 249
Jackson, CA 95642

Reports issued by the Grand Jury do not identify individuals interviewed. Penal Code section 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.

End notes

ⁱ Additional reading on the 2007-2008 drought can be found at <https://water.ca.gov/-/media/DWR-Website/Web-Pages/Water-Basics/Drought/Files/Publications-And-Reports/Californias-Drought-of-200709An-Overview.pdf>

ⁱⁱ California State Controller Office: <https://www.sco.ca.gov/>;
California Legislative Information: <http://leginfo.legislature.ca.gov/faces/codes.xhtml>

ⁱⁱⁱ Amador Water Agency financial information: <https://amadorwater.org/financial-information/>

^{iv} Special District Reserve Guidelines published by the California Special Districts Association can be found at http://www.californiacityfinance.com/2013_csda_reserve_guidelines_special_districts.pdf

^v California Special District Association: <https://www.csda.net/home>

^{vi} Government Compensation in California: <https://publicpay.ca.gov/Reports/SpecialDistricts>

Proposed Temporary Water Shortage Rate Surcharges

California is now in its fourth year of drought. The Amador Water Agency and all of California are confronting limited water supplies. In January 2014, California's Governor called for a 20 percent voluntary reduction in water use. On April 1, 2015, the Governor called for a 25 percent mandatory statewide reduction in water use. The State Water Resources Control Board adopted an emergency regulation requiring all urban water suppliers, including the Agency to impose significant reductions in their customers' water usage.

In response to the continuing drought, the Agency adopted four stages of water supply shortage and has developed specific water use restrictions and other actions that apply to each stage. These stages are defined as follows:

Normal supply conditions	No water use restrictions ¹
Stage 1 - Water Alert	Up to 20% use reduction goal
Stage 2 - Water Warning	21% to 30% use reduction goal
Stage 3 - Water Crisis	31% to 40% use reduction goal
Stage 4 - Water Emergency	41% to 50% use reduction goal

Reduced water sales inevitably reduce the Agency's water rate revenues. The Agency's finances are affected in several ways by water shortage conditions, including (1) reduced water sales and water sales revenue; (2) reduced pumping and other water production and treatment costs; and (3) increased water conservation program costs.

Based on the Agency's revenue and cost structures, any reduction in operating and maintenance costs from reduced water sales will likely be offset by increased conservation program costs, and a financial deficit will be created because of reduced water sales revenue. In response to water shortage conditions, and the financial deficit created, the Agency can take several actions, including:

- Using money from the Agency's Operating Reserve² intended, in part, for rate stabilization;
- Supplementing water rate revenues through imposition of water shortage surcharges; and/or
- In the more severe stages of shortage, reducing the annual funding of capital improvement projects to preserve cash for operations.

Drought conditions and reduced water sales have largely depleted the Agency's financial reserves, and the funding of the Operational Reserve is a goal at present. As the Agency enters the fourth year of drought, the current financial situation is unsustainable. While the Agency has cut costs wherever possible and is relying on its limited reserves to meet financial obligations, State-mandated restrictions on water use is necessitating supplemental water rate revenue. As a result, proposed temporary water rate surcharges are required to help cover the Agency's ongoing cost of providing water service during periods of declared water shortage. **Exhibit III-6**, on page 19 of this report, presents proposed temporary water shortage surcharges

¹ Waste and unreasonable use of water is always prohibited.

² On May 28, 2015, the Agency's Board of Directors adopted a policy to formally establish an Operating Reserve and a Capital Replacement Reserve. The Agency will strive to maintain in its Operating Reserve an amount equal to two months of annual operating and maintenance costs.

for each stage of water shortage, as they would be overlaid on the Agency's normal water rates for FY 15-16. No changes to the water rates would occur under normal conditions. The water shortage surcharges are incremental increases only in the water usage rates. The amount (percentage) of increase would vary with each stage of shortage. The Agency's monthly service charges and monthly debt service charges would be unaffected by the water shortage surcharges.

Once adopted, the temporary water shortage rate surcharges would be implemented when the Agency's Board of Directors declares a water shortage condition, and the surcharges would be terminated as soon as the shortage conditions end. Because the Board of Directors has already declared Stage 2 - Water Warning conditions for 2015, the proposed water shortage rate surcharges would be implemented effective on August 1, 2015, if adopted following the public hearing on July 21.

The proposed water shortage rates are intended to help eliminate the financial deficit created by reduced water sales. These surcharges are both appropriate and necessary in the current financial environment, with limited financial reserves. In the long-term, the Agency should establish and fund a Rate Stabilization Reserve, which could be utilized to help bridge the deficit gap.

Under the proposed temporary water shortage rate surcharges, customers that achieve or exceed water use reduction goals, in general, will have similar or slightly lower water bills than they normally pay. Customers that do not reduce water usage or do not reach use reduction goals will see their water bills increase, relative to normal bills. Details of the financial and water rate analyses are presented in the body of this report. This includes examples of how the proposed water shortage surcharges would affect various customers including those that do reduce water usage and those that do not.

SUMMARY OF WAGE AND BENEFIT CONCESSIONS

Benefit Inception Date	COLA	Merit	Furlough (unpaid days off per year)	Employee Benefits & Changes
7/1/2008	2 – 5%	0 – 5%	n/a	<ul style="list-style-type: none"> • Medical: 100% paid for employees 90% paid for dependents • CalPERS: All employee contributions paid by AWA • 457 Deferred Compensation: Up to \$3,000 match/yr • Compensated Time Off option in lieu of overtime pay
7/1/2009	2 – 5%	0 – 5%	n/a	No Changes
11/1/2010	Forfeited	Forfeited	8	7/1/2010 MOU modified to eliminate raises and institute unpaid furlough program
7/1/2011	Forfeited	Forfeited	12	No Changes
7/1/2012	Forfeited	Forfeited	12	<ul style="list-style-type: none"> • 457 Deferred Compensation: Employer match program eliminated • Compensated Time Off: eliminate paying out except on separation
7/1/2013	2.9%	0 – 5%	n/a	<ul style="list-style-type: none"> • Medical: 95% paid for employees hired before 7/1/11 80% paid for employees hired after 7/1/11 • CalPERS: employees hired before 7/1/11 pay 2% of wages employees hired after 7/1/11 pay full contribution • Compensated Time Off program eliminated
7/1/2014	2.4%	0 – 5%	n/a	<ul style="list-style-type: none"> • CalPERS: employees hired before 7/1/11 pay 3.5% of wages employees hired after 7/1/11 pay full contribution
7/1/2015	2 – 3%	0 – 5%	n/a	<ul style="list-style-type: none"> • Medical: 87.5% paid for dependents • CalPERS: employees hired before 7/1/11 pay 5% of wages employees hired after 7/1/11 pay full contribution
7/1/2016	2%	1%	n/a	<ul style="list-style-type: none"> • CalPERS: employees hired before 7/1/11 pay 7% of wages employees hired after 7/1/11 pay full contribution

Benefit Inception Date: Memorandums of Understanding are employee bargaining agreements with varying durations that typically cover multiple fiscal years. Changes to benefit terms are usually instituted at the beginning of the fiscal year.

COLA: Cost of Living Adjustment

Merit: Indicates the allowable increase in salary based on performance

Furlough: A program instituted to save money by having employees take a number of unpaid days off each year. The employee does not lose any associated benefits, like time in service.

Employee Benefits & Changes: Select modifications to employee benefits, as dictated by the MOU's. Benefits listed for 2008 are included as a baseline, with subsequent concessions listed.

AWA AD HOC ORGANIZATIONAL STUDY COMMITTEE REPORT

Directors Farrington and Molinelli

February 7, 2018

EXECUTIVE SUMMARY

The Committee recommends the following organizational changes, subject to the Agency's Meet and Confer requirements,

- 1) Create a new Administrative Manager/Executive Secretary/Clerk of the Board position using the attached job description (Exhibit A); review and adjust the salary commensurate with like positions in similar water agencies;
- 2) Abolish the Assistant General Manager/Clerk of the Board Position;
- 3) Create and fill a new Customer Service Rep. (CSR) II by spring;
- 4) Increase the Finance Manager (FM) salary by approximately 25% to be commensurate with the Agency's salary survey;
- 5) Reassign the Customer Service Staff from the Human Resource Coordinator/Office Manager (HR/OM) to the FM starting July 1; revise the FM Job Description; review and adjust the salary commensurate with like positions in similar water agencies;
- 6) Reclassify the current HR/Office Manager to HR Manager/Safety Coordinator, eliminating the Office Manager duties after moving Customer Service under the FM; review and adjust the salary commensurate with like positions in similar water agencies;
- 7) Reclassify the Administrative II in the CS Dept. to a CSR I with pay protection;
- 8) Refill the GIS/CAD Technician in FY 2018-19.

INTRODUCTION

President Thomas appointed Directors Farrington and Molinelli to an Ad Hoc Organizational Study Committee in September 2017 to "look at the whole AWA organization for improvements in efficiencies and effectiveness." The Committee developed a plan for the Organizational Study with the General Manager (GM). The work was divided into 3 phases: fact-finding, analysis, and recommendations. The Committee held 8 meetings with the GM. It also interviewed the Management Team (AGM, FM, HR/OM, and Operations Manager -- OM) once in a group and twice individually, once without the GM and once with the GM. The Committee interviewed the HR/OM, FM and GM twice as a group to evaluate the feasibility of moving the

Customer Service Department to the FM from the HR/OM. The Committee met twice with the AGM and GM, and once with the Administration II with the Employee Association Representative and HR/OM.

Following a notice sent to all employees on October 26, 2017 (attached as Exhibit B/1-5; B-6 identified in December), the Committee held two group meetings with non-management employees. The notice described the issues the Committee planned to address, a preliminary range of possible management organizational designs, and an invitation to comment.

The Committee recommendations are based on the information collected and analyzed during the study. Information collected includes notes from interviews and meetings, organization charts for 2001, 2002 and each year from 2009 to the present, and job descriptions for the Management Team (GM, AGM, OM, FM, HR/OM, and Engineering Manager -- EM). Other job descriptions collected for reference were the 2000 Financial Services Manager, the 2002 CS Supervisor, the 2006 HR Coordinator, and CSR's I -- III.

Interviews with each Manager, except the EM, included 5 basic questions: (1) Accuracy of job description; needed additions or deletions, (2) Lead versus support roles, (3) Oversight needed by the AGM, (4) FTE's (Full-Time Equivalents) required to perform the duties in the job description, and (5) Preference for organizational alternatives in the October 26 notice or any new proposals.

HISTORICAL PERSPECTIVE

AWA went through a very difficult financial period from 2009 to 2016. The loss of revenue from home foreclosures and developer fees became so severe between 2009 and 2011 that the Agency eliminated 25 positions in 2011, from 66 to 41, the staff was reorganized, and employees made painful wage concessions. Four of the eliminated positions were Managers: Financial Services Manager, Construction Superintendent, Engineering Manager and IT Manager. In addition, the Human Resource Coordinator position was modified to combine HR duties with those of both the Customer Services Supervisor and Office Manager, essentially folding multiple positions into one. In the period 2014 to 2016, the drought and State mandated reduction in water sales by 24% caused another downfall in revenue with associated problems.

In 2012, the Agency discovered that restricted and unrestricted funds had been improperly combined each year for the prior 7 years. As a result, the Agency's annual government code 66013 reports were not accurate. The agency was sued by a local group over the issue before staff made appropriate corrections.

Correcting the accounting of funds required a large amount of financial research of 10 years of records. During the same period, the Agency experienced a shortage of financial expertise in the staff. In 2010, the long-time Controller retired, and the Financial Services Manager position was abolished as a cost cutting measure. A

Controller was hired in 2012 and left within 2 years. A Finance Manager position was filled in 2014, and it was vacated after about 7 months. The current Finance Manager has been in place about 2 years, from 2016.

During this difficult period of transition, the Executive Secretary/Clerk of the Board helped with the heavy financial workload, including research for the financial lawsuit, 66013 annual reports, budget preparation, support to the consulting firm MRG's financial study of the agency, conversion and integration of new a financial software program replacing the old financial program in use for the prior 35 years, extensive California Public Records Act requests, coordination of annual audits, refinancing some \$20 million in bonds for lower interest rates, and preparation of reimbursement requests for \$13 million in expenses from the GSL construction grant and loan.

In May of 2014, three years after downsizing middle management, the Board of Directors realized that the GM was overloaded and appeared to be close to burnout. An Ad Hoc Committee was appointed that discussed the need for additional oversight of several departments with the GM and Board. As a result, an Assistant General Manager (AGM) job description was proposed and approved. It was combined with the existing position of Executive Secretary/Clerk of the Board. The AGM was able to assist the GM in many ways through the difficult period after downsizing, including through the transitions between 3 financial leaders to 2017 and in teaming with the new Operations Manager and GM to oversee and supervise the Engineering Department prior to filling the Engineering Manager position.

FINDINGS

As of January 2018, the Engineering Manager position is filled, and the Management Team is functioning with much less supervision by the AGM. An Accountant was recently hired in the Finance department to replace a retired Accounting Clerk, and he is being trained. A CSR II employee was promoted internally to Lead CSR III, and in this new position is working to assume the responsibilities of the former Customer Service Supervisor position that was eliminated in 2010. The new EM has taken over supervision of the engineering department which reduces the load primarily on the Operations Manager as well as the AGM and GM.

The Operations Manager (OM) is performing at a high level. He has been spread overly thin over the past years and has spent many extra hours on the job. However, the addition of the Engineering Manager has relieved the OM of having to oversee the engineering staff. This allows the OM to focus on management of the water and wastewater operations that is needed to provide safe, reliable water services. The need for the Assistant General Manager to provide supervision to the finance, customer service, operations, and engineering departments which existed from 2014 – 2017 has diminished and can be taken over by the GM.

The Employee Association recommended five alternative reorganization charts (Exhibit C/1-5). In summary, of the alternatives recommended for consideration:

- 5 of 5 – eliminate AGM
- 5 of 5 – create a CS Supervisor over CRS III, II, & I (4 positions in CS Dept.)
- 5 of 5 – move Purchasing to OM
- 4 of 5 – move Admin II out of CS
- 4 of 5 – change HR/OM to HR
- 4 of 5 – move CS under EM
- 2 of 5 – create Adm III Board Clerk
- 1 of 5 – create an Adm I /Board Clerk
- 1 of 5 – change HR/OM to HR/Board Clerk
- 1 of 5 – create an Adm II Board Clerk

Assistant General Manager – The AGM job description contains key duties that are redundant with other Agency managers. These duties have become no longer necessary with the filling of the previously vacant manager positions. However, the AGM continues to lead many important administrative management tasks. Examples of duplicated duties with other manager's job descriptions are:

- 1) AGM: "Direct, oversee and participate, with division and/or department managers' cooperation, in the preparation and administration of the Agency's budget; direct the forecast of additional funds needed for staffing, equipment materials and supplies; monitor and approve expenditures."

Finance Mgr: "Prepare and administrate the Agency's annual budget; assist the General Manager in reviewing departmental budget requests; Plan, develop, implement and administer the cash management, debt management and investment programs."

- 2) AGM: "Direct the preparation of plans and specifications for work which the Board orders."

Engineering Mgr: "Manages and directs the implementation of projects, programs and responsibilities as assigned, including engineering design documents, negotiation and implementation of agreements and contracts, coordination of grant funding projects."

- 3) AGM: "Direct the planning and execution of a comprehensive and integrated program of activities relating to the production, storage, treatment, transmission and distribution of the Agency's water supply."

Operations Mgr: "The incumbent has broad management authority for the day-to-day operations of the Water Agency, as well as functional authority/responsibility for overseeing numerous activities related to the operation, construction, and maintenance of the Agency's water, wastewater, distribution, transmission and related facilities."

In addition, the duty below is listed in the AGM job description but can and should be carried out by the GM now that manager positions have been filled and the GM has more time available:

AGM: "Select, train, motivate and evaluate personnel; provide or coordinate staff training; conduct performance evaluations; implement discipline procedures; maintain discipline and high standards necessary for efficient and professional operation of the Agency."

The Committee's research revealed the AGM does not currently directly evaluate performance or discipline any employees even though the approved Agency organization chart for 2017-2018 shows that the position supervises the Finance, Operations and HR/Office Managers. The apparent stove-pipe line of authority beneath the GM has contributed to misunderstandings among the department managers and employees on the roles, responsibilities, and authorities of the AGM and GM.

AGENCY ORGANIZATIONAL EFFICIENCY & EFFECTIVENESS

For the Agency organization to work efficiently and effectively, each position needs to have clear duties, responsibilities and authorities that do not duplicate other jobs. Once these distinct duties and responsibilities are clarified for both managers and employees, this clarity should result in better leadership from the GM and Management Team, improved morale, trust, and respect for management among employees. The GM needs to maintain closer contact with each of the managers and needs to be more visible to the employees below this level. This should enhance efficiency of, and respect for, the GM position by all employees.

AGENCY ORGANIZATIONAL NEEDS & RECOMMENDATIONS

In light of the above, the Committee recommends the following:

Create an Administrative Manager for Grant Acquisition & Administration – Acquiring grants to restore the Agency's aging water and wastewater systems without adversely impacting customers is an important need. Currently, the responsibility for applying and administering grants is in the Finance Manager's job description; however, the FM has insufficient time for this important work considering all the other FM responsibilities. Therefore, the Agency needs a dedicated person to seek grant opportunities, coordinate with the EM, FM, OM, & GM on what to apply for, prepare the typically massive application packages, and administer grants through completion, including reports and any audits.

As such, the Committee recommends creating a non-supervisory Administrative Manager to be responsible for grants as well as the water conservation program, to administer service contracts and agreements, and to lead policy development and a variety of administrative programs. The Administrative Manager should be combined

with an Executive Secretary/Clerk of the Board using the attached job description. Salary should be commensurate with like positions in similar water agencies. While the Committee does not envision supervisory duties for the Administrative Manager currently, there may be supervisory duties in the future if administrative staff is approved.

Eliminate the AGM Position – In light of the redundancy of the AGM position with other manager positions, the Committee recommends abolishing the AGM/Clerk of the Board.

Enhanced Role for Human Resources/Safety Coordinator – The Committee recommends that the HR and Safety roles get more emphasis. The HR and Safety duties in the current HR/Office Manager job description are only minimally accomplished. Only 20% of an FTE is available for these 2 programs. To increase the emphasis, the Committee recommends the HR Manager/Safety Coordinator be made a stand-alone position. It should not supervise employees to be a more independent counselor for all employees. The Committee recommends that the staff supervised by the HR/Office Manager position be moved to the Finance Manager starting July 1 to increase the emphasis in HR and Safety programs.

Increase Finance Manager Salary – The salary of the FM is lower than this job in similar water agencies based on the Agency's salary survey. The Committee recommends that it be increased commensurate with this survey, and it should be reviewed again for an increase after the FM takes over supervision of the CS staff on July 1.

Reclassify Administrative Assistant II – This position is in the Customer Service Staff where it is needed. Prior to 2011 it was in engineering as an assistant to the Engineering Manager. It is not needed there or elsewhere in the organization at this time. Thus, the Committee recommends that it be reclassified to a Customer Service Rep. level I with pay protection.

Add Customer Service Rep. II – The Committee recommends adding a second CSR level II to the Customer Service Department because of the increased workload created by eliminating the Office Manager (OM) duties from the HR/Office Manager. Without adding a CSR II, the CSR III will not be able to fully perform the level III duties, and there could be greater CS impact on the Finance Manager duties. Currently the average split in FTE's between HR & OM duties is 20/80. Moving CS to the FM would shift 10% of OM's CS duties to the Finance Manager and 70% to the CSR III. The additional CSR II would take the 70% from CSR III, 5% of phone coverage that is being provided by the account clerk and allow the additional 25% for overdue Project and Task list items that are not currently being completed. Adding this position would staff the CS Department the same as it was in 2009. It would be consistent with the AWA Employee Association's recommendation of four CSRs, and it would better achieve the Agency's Mission Statement to provide "excellent customer service."

OTHER RECOMMENDATIONS

- 1) In meetings with Managers and the GM, the Committee noted the need for some additions and corrections to Management Team job descriptions. The Committee's notes on this will be provided to the Personnel Committee and HR.
- 2) Some Managers and first line supervisors have not had supervisory training other than on-the-job at the Agency. Accordingly, Supervision and Leadership training is needed for these positions. In addition, coordination of training opportunities is needed in the rest of the organization. The Committee recommends the HR Manager be responsible for coordinating management, supervisory and certification/license training opportunities for all employees.
- 3) The GM should "check-in" more frequently with members of the Management Team and employees to reinforce their responsibilities and be "more visible" to improve morale. As such, the Committee recommends the GM manage by walking around and visiting different work sites at least monthly. This should be a factor in the GM's performance evaluation.
- 4) The Agency water and wastewater maps are incomplete and out of date. As a result, the Committee recommends the Agency fill the former GIS/CAD Technician in FY 18/19. This position is needed to complete and update the mapping of pipelines, valves and fire hydrants. The financial plan calls for filling the position in FY 19/20, but this Committee recommends filling it sooner.
- 5) The Committee recommends keeping the Purchasing Agent under the FM for financial accountability reasons.

RECOMMENDATIONS FOR FUTURE FOLLOW-UP THAT ARE OUTSIDE THE COMMITTEE'S SCOPE

- 1) The Agency Time Card process needs to be streamlined.
- 2) Encourage and engage employees to find and report cost savings and improvements in efficiency. Use employee committees periodically to address opportunities and issues.
- 3) The Staff needs to create a plan to fully implement the Strategic Plan direction on infrastructure "Preventive/Predictive/Corrective Maintenance.
- 4) The employees in the Customer Service Department are the Agency's "face" to many of its customers. Managers should encourage and appreciate these employees for being customer friendly and helpful.

AMADOR WATER AGENCY

Job Title: **ADMINISTRATIVE MANAGER/EXECUTIVE
SECRETARY/CLERK OF THE BOARD**

Department: Management
Approval By: Board of Directors
Approved Date: DRAFT 2/5/2018
FLSA Status: Exempt

SUMMARY

Under general direction of the General Manager, performs duties of the Administrative Manager; manages the grant and conservation programs in coordination with other departments; develops and oversees Service Contracts; manages development, interpretation, and administration of administrative policies; acts as the Agency's point of contact for the public, including functioning as the Custodian of Records. It is expected that the incumbent will spend his/her time primarily in the exercise of independent judgment and discretion in fulfilling the Administrative Management responsibilities. In addition to those duties, the incumbent also acts as Executive Secretary to the GM and as Clerk of the Board.

ESSENTIAL DUTIES AND RESPONSIBILITIES include the following. To perform this job successfully, an individual must be able to perform each essential duty satisfactorily. Reasonable accommodations will be made as appropriate to enable individuals with disabilities to perform the essential functions. Other duties may be assigned.

ADMINISTRATIVE MANAGER:

Leads the planning, acquisition and administration of grants and loans in coordination with Operations, Engineering, and Financial departments. Attends Funding Fairs and coordinates information with Engineering, Operations, Finance, General Manager, and the Board of Directors on project identification, prioritization, and grant application. Prepares grant/loan applications and supporting information. Prepares budgets for grant-related activities. Serves as a contact with funding agencies. Coordinates, tracks, and submits project reimbursement requests. Complies with grant/loan requirements and completes required pre- and post-construction reports. Maintains the Agency's grant/loan accounting system. Reports on the status of grants and loans.

Coordinates and directs the work of consultants and contractors for assigned areas of support in coordination with other Agency Managers, including but not limited to, outside service agreements, fleet vehicles, building cleaning and maintenance, information technology for office software and equipment, website design and maintenance, support to public relations activities, office supplies and equipment,

document management and retention, Agency facilities security, surplus equipment, bottled water program for raw water customers audits, financial studies, labor compliance services, and other contracts as assigned.

Manages the Water Conservation program in coordination with Financial, Customer Service, Operations, and Engineering Departments. Acts as the Agency's conservation coordinator, including overseeing the meter changeout program.

Responsible for administrative policies and procedures in coordination with other department managers, and coordinates implementation of adopted policies, including, but not limited to, the Administrative Policy Manual (excluding employment policies), Water and Waste Water Codes, and Policy Principles. Uses independent judgment to develop, review, propose, and revise administrative policies, including developing proposals for alternative ways of performing Agency business.

Works as a peer team member with other department heads. Monitors and reports on critical Agency deadlines, implementation of administrative policies, enforcement, and government codes to the Agency Management Team and General Manager.

Administers the Records Retention policy and program. Administers legal filings including for easements, agreements, CEQA and other legal documents. Acts as the Custodian of Records for the Agency. Coordinates revisions of Water and Wastewater Codes, miscellaneous fees, and other policy updates. Ensures compliance with local, state and federal regulations for assigned responsibilities.

In coordination with the General Manager, acts as the Agency's Public Information Officer. Manages the Agency public relations activities, including coordination with other departments on responding to public information requests, website design and operation, social media, public outreach, notices, emergencies, ground breaking and ribbon cutting events, newsletters, parade and fair exhibits, and press releases.

Researches, prepares and presents staff reports and correspondence.

Prepares the Agency administrative services budget in cooperation with department managers. Monitors and periodically reports on administrative budget and expenditures.

Participates in the agency strategic planning, long-term planning of capital improvements, financial planning, and the administration of the Agency's Capital Improvement Plan.

Reviews contracts and other legal and financial documents.

Attends Board Committee meetings on Administrative issues. Explains Administrative policies, procedures and programs except for Human

Resources (HR) programs.

Researches, prepares and presents staff work, including administrative reports and studies to the General Manager, Board of Directors, and Committees; prepares written correspondence.

Coordinates administrative support with outside agencies as needed.

Builds and maintains positive working relationships with co-workers, other Agency employees and the public using principles of good customer service. Performs other administrative duties as assigned.

EXECUTIVE SECRETARY

Performs a variety of responsible secretarial duties for the General Manager. Schedules appointments for GM, drafts correspondence, maintains confidential Agency files, exercises mature judgement in matters of a confidential nature; develops and maintains effective working relationships with the GM, other employees, and consultants.

CLERK OF THE BOARD:

Performs a variety of responsible secretarial duties for the Board of Directors, including drafting correspondence and maintaining confidential files for the Board. Schedules appointment, coordinates changes in Board positions and assignments. Prepares and coordinates agenda packages for Board of Directors' Regular, Special and Committee meetings. Records action minutes for Board approval and maintains permanent records of the official activities of the Agency. Publishes agendas, public and legal notices and files required documentation. Confirms committee review of Accounts Payables for Board packet. Coordinates scheduling of Board Committee meetings. Reviews Director monthly meeting compensation claims. Provides administrative policy information and manuals to Board Members. Coordinates and files required Fair Political Practices Commission and other legal forms. Monitors and coordinates required Board of Director training with the Human Resources Manager. Acts as the Agency's Notary Public. Executes various routine details of the Board of Director transactions. Maintains confidential files as needed. Maintains effective working relationships with the Board of Directors, Agency Staff and public. Coordinates with legal counsel on assignments as needed. Performs other duties as necessary with staff. Informs the public of the procedures and legal requirements for presentation to the Board; exercises mature judgment in confidential matters.

QUALIFICATIONS The requirements listed below are representative of the knowledge, skill, and/or ability required to perform the functions of this job:

Knowledge of principles, practices and techniques of public administration; principles and practices of organization, administration and personnel management, pertinent

Federal, State and Local laws, rules and regulations; basic principles of California water law; principles and practice of budget preparation and administration; effective community relations practices; modern office procedures, methods and computer equipment; and principles and practices of safety management.

EDUCATION and/or EXPERIENCE

Any combination of education, experience and training that has led to the acquisition of the knowledge, skills and abilities indicated above may be qualifying.

A typical way to obtain the required knowledge and abilities would be:

Education: High school graduate and an equivalent to a bachelor's degree from an accredited college or university with major course work in public or business administration, or a closely related field.

Experience: Seven years of progressively responsible experience in a municipal or special district organization involving the responsibility for planning, organizing, implementing and supervising varied work programs; including three years of administrative and management responsibility.

CERTIFICATES, LICENSES, REGISTRATIONS

Active California Notary license

OTHER SKILLS AND ABILITIES

Prepares accurate financial reports; reviews and checks staff work as appropriate; analyzes budgets, contracts and technical reports; requires knowledge of accounting principles; interprets and evaluates staff reports and related documents; knows and interprets Agency-related laws, regulations, codes and procedures; assists with solving department related issues; and explains and interprets administrative policy and procedures. Administers Administrative budget; gains cooperation through discussion and persuasion; analyzes problems, identifies alternative solutions, consequences or proposed actions and implements recommendations in support of goals; interprets and applies Agency, County, State and Federal administrative policies, procedures, rules and regulations; exercises leadership, authority and management tactfully and effectively; is a strong team- orientated leader; works effectively under time deadlines and within limited financial and staffing resources; analyzes, interprets, summarizes and presents administrative information and data in an effective manner and makes sound policy and procedural recommendations; proficiently uses computers including the use of email, word processing, and spreadsheet software; complies with safety policies and practices; communicates clearly and concisely orally and in writing; establishes and maintains effective working relationships with those contacted in the course of work. Supervises any part-time support personnel in the Grants and Conservation programs.

PHYSICAL DEMANDS

The physical demands described here are representative of those needed to successfully perform the essential functions of this job. Reasonable accommodations

will be made, as appropriate, to enable individuals with disabilities to perform the essential functions.

While performing the duties of this job, the employee is regularly required to sit. The employee frequently is required to use hands to finger, handle, or feel objects, tools, or controls, and to talk or hear. Specific vision abilities required by this job include close vision and the ability to adjust focus.

WORK ENVIRONMENT

Requires working at a desk and in meetings for long periods of time; may intermittently twist to reach equipment surrounding desk; perform simple grasping and fine manipulation; use telephone, write or use a keyboard and mouse to communicate through written means. Travels periodically on Agency business. The noise level in the work environment is usually low to moderate. The ability to visit field infrastructure sites and other utility agency offices is desirable.

This job specification should not be construed to imply that these requirements are the exclusive standards of the position. Incumbents will follow any other reasonable instructions, and perform any other related duties, as may be required.

Gene Mancebo Oct 27, 2017 at 6:08 AM

To All:

I apologize, I just noticed there was an error in the last sentence which should have read "The Agency management team has already met with the committee and will not be participating in this meeting.

Sincerely,

Gene

From: Gene Mancebo

Sent: Thursday, October 26, 2017 5:36 PM

Subject: Organization Structure Ad Hoc

To All Employees:

The Board assigned a special Board Committee (Ad Hoc) which includes Directors Farrington and Molinelli to review the Agency's organizational structure with the intent of improving efficiency and effectiveness. Their work follows and continues concepts such as the Board's decision to fill the Engineering Manager position instead of the recently vacated Engineering Supervisor position, the creation of the Accountant position, and the creation of the Customer Service Representative III position as examples. The committee is also investigating potential salary inequities and job responsibilities. The committee is dedicated to hearing from all employees prior to making a recommendation to the full Board. The committee is currently performing its' fact-finding activities. Attached is a list of possible issues and some possible organizational structures. These are only concepts and the committee is open to expanding options to consider and would like to hear from you. The organizational structures are simplified and remain unchanged for positions not shown; however, the committee would like to discuss other changes anywhere in the structure to improve efficiency and effectiveness. The committee will be available following the All Employee meeting November 1. If you are unavailable or wish you speak to the committee individually, please feel free to contact either Board member directly. The Agency management team has already met with the committee and will be participating in this meeting.

Director Farrington: [REDACTED]

Direct Molinelli: [REDACTED]

Sincerely

Gene

Gene Mancebo
General Manager
Amador Water Agency
(209) 257-524

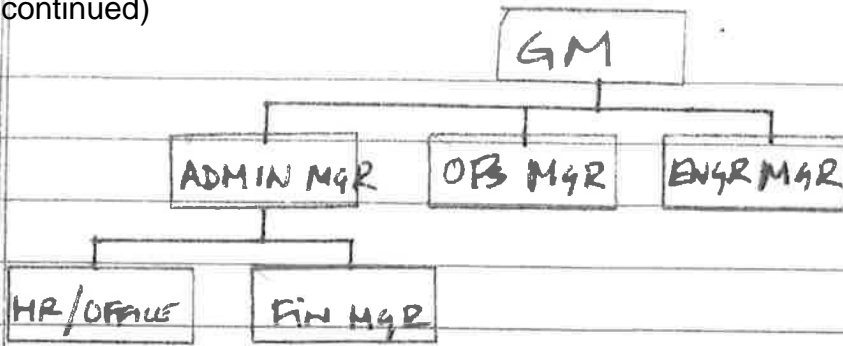
Re-Organization Ad-Hoc Committee

Identified Issues to Address

1. Operation Manager supervises a substantially greater number of employees as compared to other managers.
2. HR/Office Manager has limited time for HR and certain areas do not seem to be receiving adequate time. Examples:
 - a. Safety training including safety manual
 - b. Orientation for new employees
 - c. Availability for employee/manager walk-ins needing HR advice
3. General Manager is not spending adequate or quality time addressing certain priorities of the Board. Some items could be delegated and others require more time from General Manager. Examples
 - a. Strategic Planning
 - b. Master Planning
 - c. Legislation
 - d. Watershed-ERC/UMRWA
 - e. Grant acquisition and administration
 - f. ACWA, Mountain Counties participation and involvement in forthcoming issues including conservation, Bay Delta, WaterFix, etc
 - g. Outreach Committees
4. Responsibilities which are not specifically assigned to any one person/job description:
 - a. Grant Administration
 - b. Security
 - c. IT Contract Management
 - d. Document Management/Laser Fiche/File archive
 - e. Outside Service Contracts
 - f. Building Management/Contract Administration
 - g. Public Information Officer duties
 - h. Website Management
 - i. Photocopy Contract Management
 - j. General Contract Management (Including Fleet Lease)
 - k. Conservation Administration
 - l. Public Outreach (including Agency Facebook, email blasts, flyers, fair, parades, newsletters, general ongoing info to public)
 - m. Updating Agency manuals, policies, water/wastewater codes

5. Evaluate Organizational Structure to look for efficiency improvements including "Stove Pipe" structures which may foster duplication and unclear roles and responsibilities.
6. Evaluate Organizational Structure and job titles to build upon changes in progress to further enhance and define associated roles and responsibilities. Also review salaries for any ranges substantially low or high.
7. Agency Maps are not being kept current with the ongoing vacancy of the GIS/Cad position

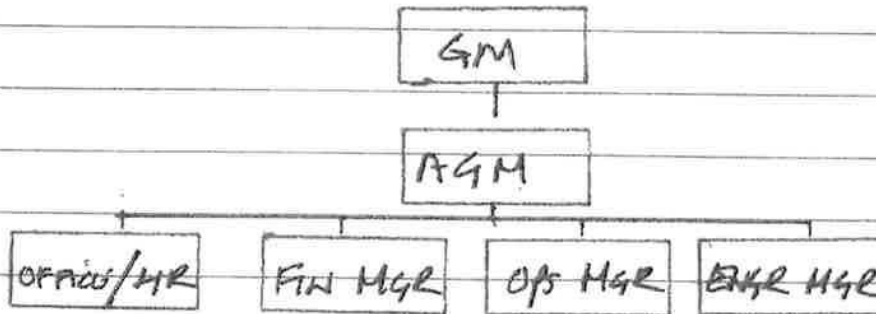
(A)



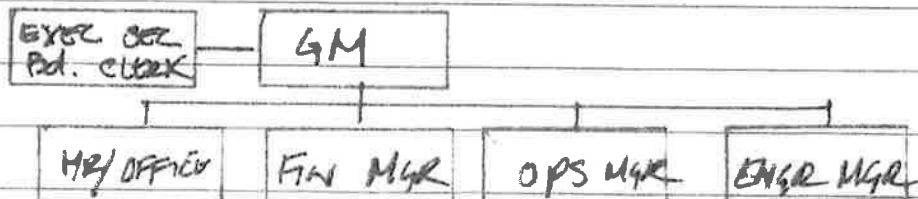
(B)



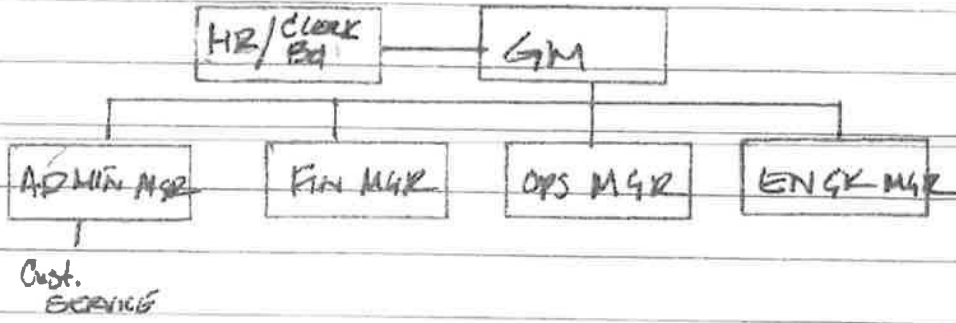
(C)



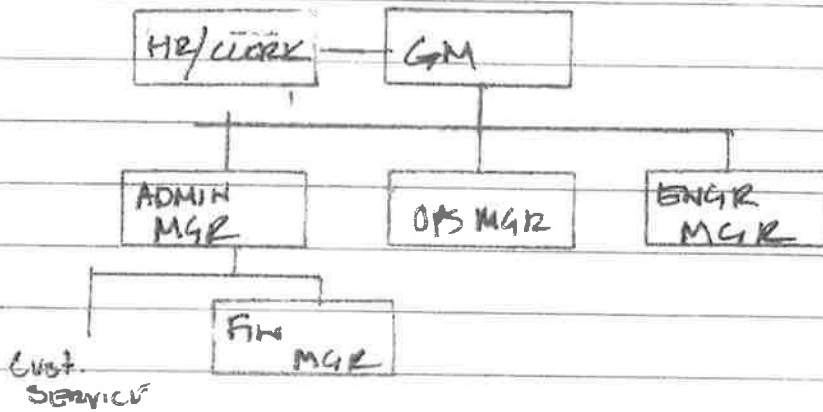
(D)



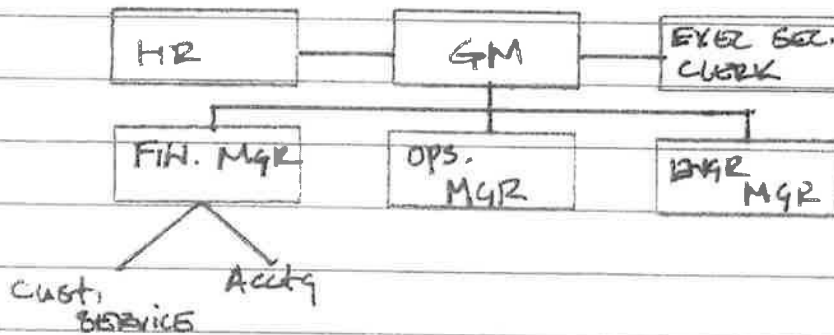
(E)



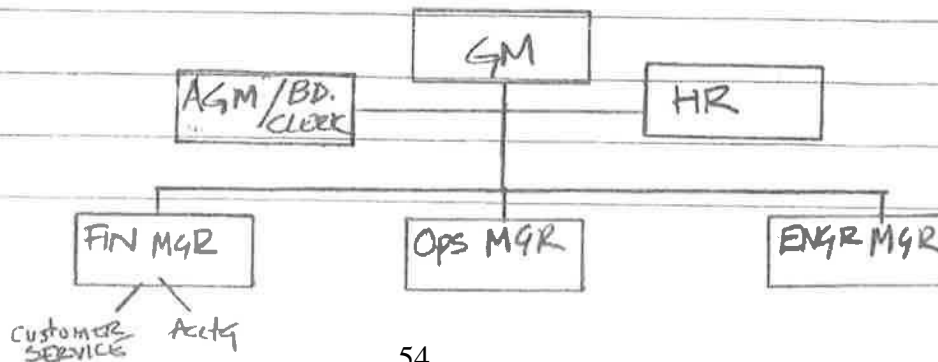
(F)



(G)

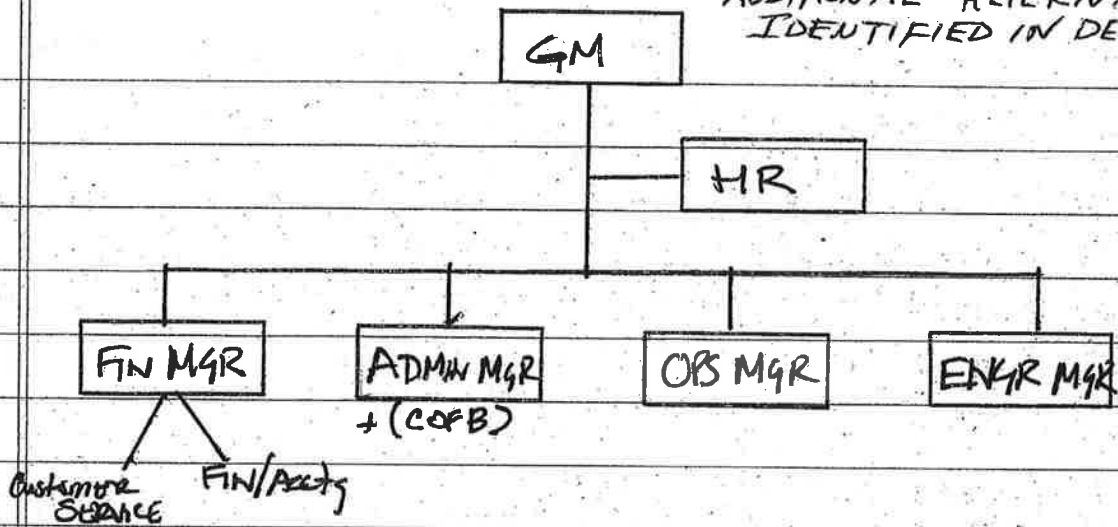


(H)

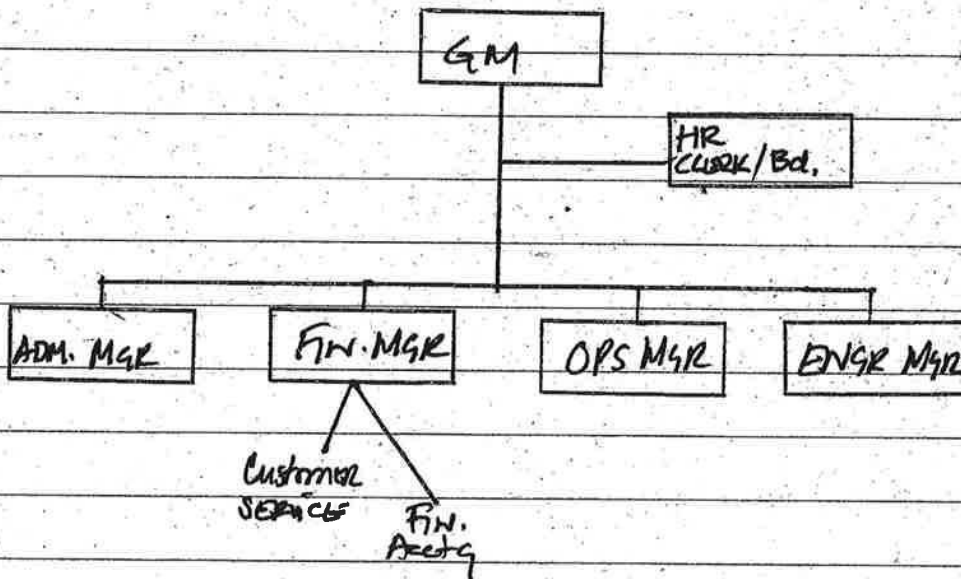


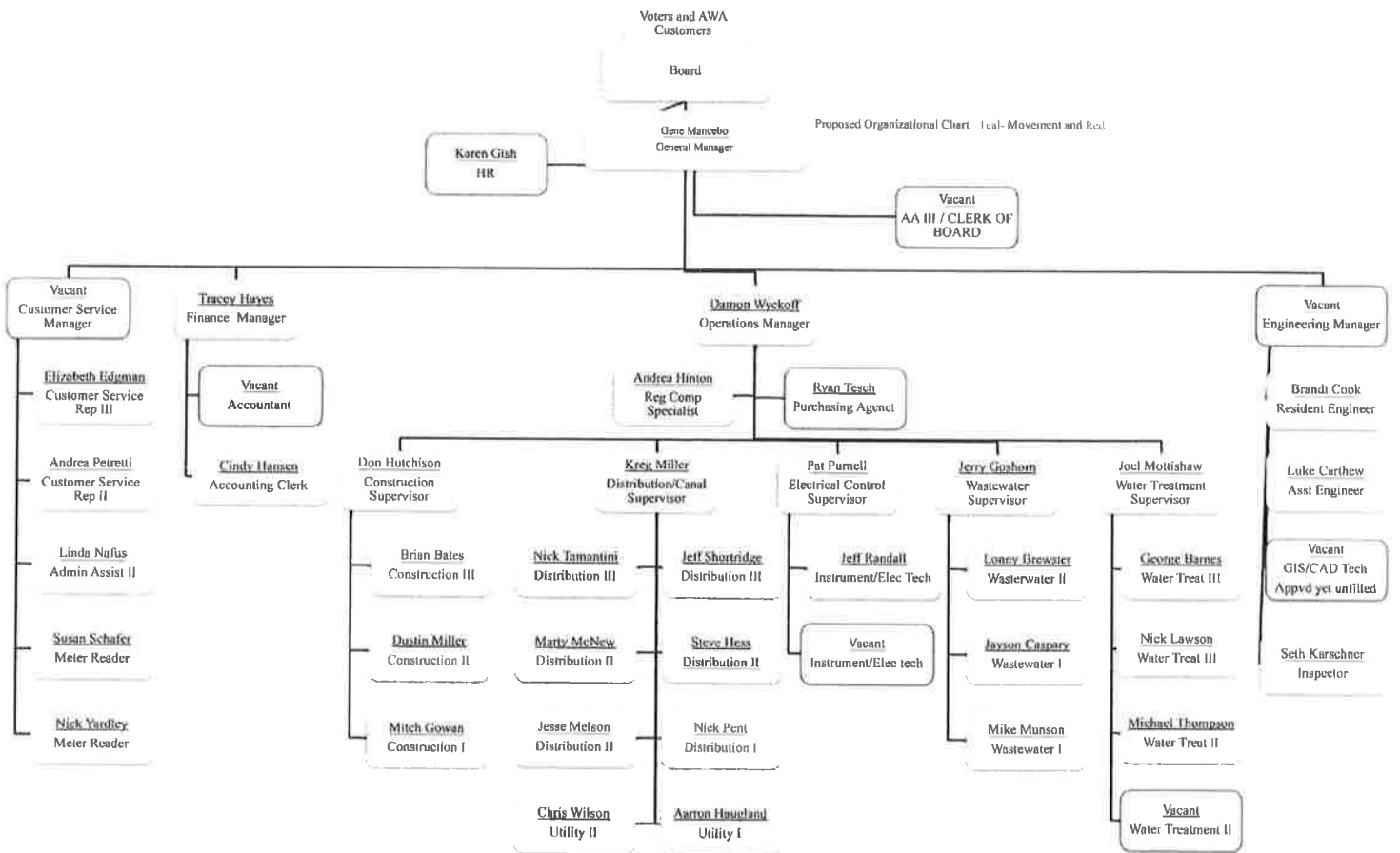
ADDITIONAL ALTERNATIVES IDENTIFIED IN DEC. 2017

(I)

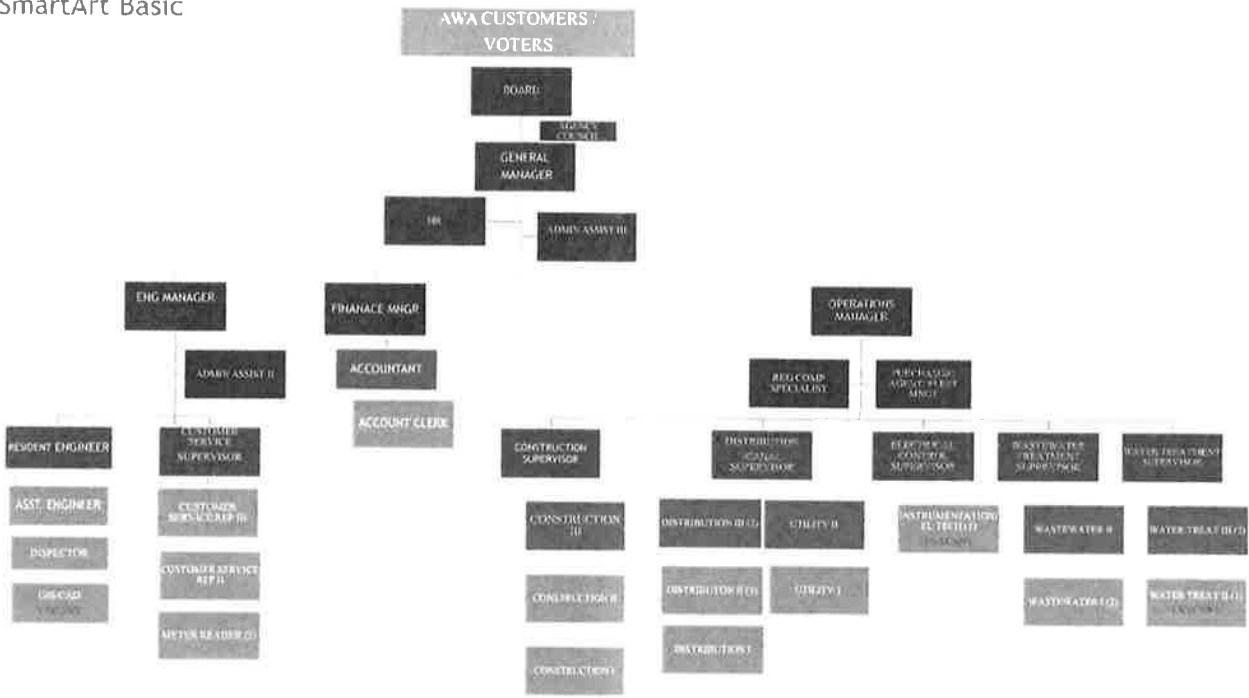


(J)



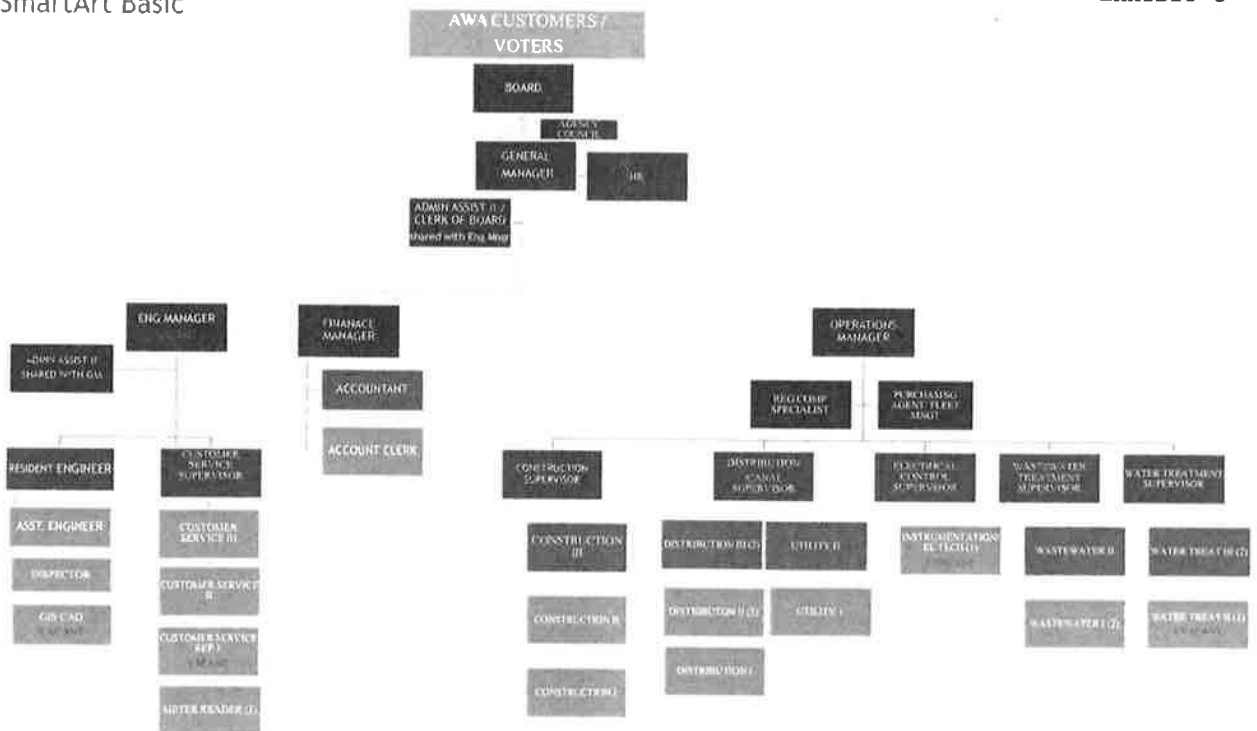


SmartArt Basic



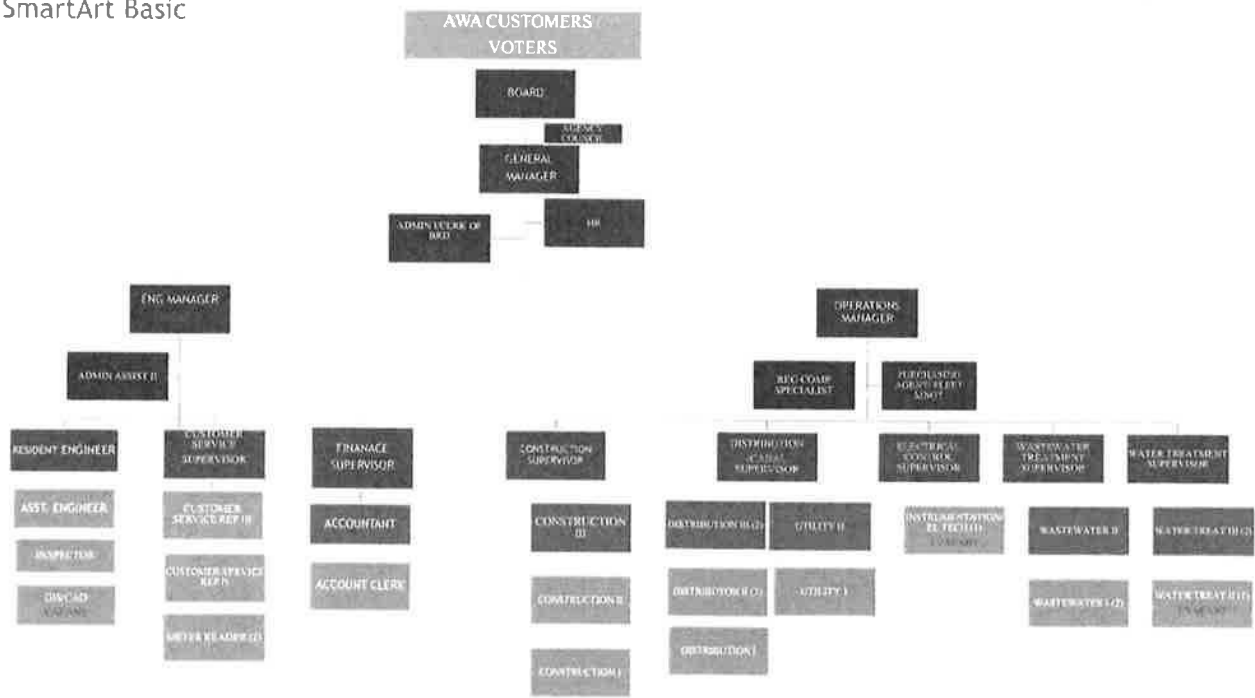
SmartArt Basic

EXHIBIT C - 3



SmartArt Basic

EXHIBIT C - 4



SmartArt Basic

