

LAGUNA BEACH COUNTY WATER DISTRICT

BOARD OF DIRECTORS:

JANE EGLY, President
KELLY H. BOYD, Vice President
TONI ISEMAN
ELIZABETH PEARSON
VERNA ROLLINGER

LEGAL COUNSEL:

PAULA E. MEYER, ESQ.

GENERAL MANAGER:

RENAE M. HINCHEY

MANAGEMENT:

CHRISTOPHER J. REGAN, Assistant General Manager
RICHARD B. MATHIS, Manager of Operations
ROBERT L. WESTPHAL, Manager of Finance



INCORPORATED 1925

September 16, 2009

Honorable Kim Dunning
Presiding Judge of the Superior Court
700 Civic Center Drive West
Santa Ana, CA 92701

Dear Judge Dunning:

In accordance with the California Penal Code sections 933 and 933.05, the following represents the Laguna Beach County Water District's response to the Grand Jury's Findings and Recommendations regarding "Water Districts, A New Era in Public Involvement."

Response to findings:

F-1 Water District's procedures for the selection of professional consultants' contracts are somewhat lax and in some instances non-existent, thereby creating a perception of bias in the selection of candidates, especially in the selection of Board members from other member agencies to provide professional services.

District Response: The District disagrees with these findings. The District has policies and procedures in place that govern the award of contracts. California Water Code does not currently require competitive bidding for construction or consultant contracts by County water districts. Accordingly, the Board may seek a sole source bid for a designed project. However, our Board in cases other than emergencies seeks multiple bids on construction projects. The District selects consultants to provide professional services based on which service provider best meets the needs of the project and the District.

F-2 Some Board members are conducting their professional practices with member agencies and use their elected positions to promote their competitiveness.

District Response: The District agrees with these findings. However, the District has not observed any of its Board members using their elected position to conduct their professional businesses.

F-3 Codes of ethics among districts are quite varied. Some are very comprehensive and some do not exist other than to reference state laws.

District Response: The District disagrees with these findings. The District requires that decisions and policies be made through the correct channels of the governmental structure, that public office roles not be used for personal gain, and that all individuals associated with the District remain impartial and responsible to the general public. It is the policy of the District that Board members maintain the highest standard of honesty and fairness in carrying out their duties. It is the intent of the District, through policy, to heighten awareness of ethics and values in the conduct and actions of members of the Board, to provide guidance in dealing with ethical issues, and to improve the ethical decision-making of the District.

F-4 Water board meetings are frequently scheduled for times that discourage public attendance.

District Response: The District partially agrees with these findings. Many water board meetings are held in the late afternoon or early evenings. Our District typically holds our Board meetings at 5 p.m. All public hearings are held after 5 p.m. to ensure public participation.

F-5 An unusually high percentage of water board directors were originally appointed not elected to their position.

District Response: The District partially agrees with these findings. Water board directors are elected positions. Only in a case where a director either resigns or passes away is a new director appointed to fill that position. At the time of the next general election, these appointed Board positions must be put on the ballot and voted on by constituents to retain that board seat. Because election costs are so high, it is not always in the best interest of the ratepayers to hold a special election if an upcoming general election is forthcoming.

F-6 Some board members hold multiple elected positions that under certain circumstances could create an appearance of a conflict of interest unless the person recuses himself on an issue-by-issue basis.

District Response: The District agrees with these findings.

F-7 There are no time limits for how long individuals can serve on any water district board in Orange County.

District Response: The District agrees with these findings. However, the lack of term limits allows an individual to gain valuable experience on water issues and the agency, which is advantageous to members of the public.

Response to recommendations:

R-1 In addition to the laws set forth in the Political Reform Act of 1974 and Government Code section 1090, the water districts should promulgate rules requiring professionals seated on their boards of directors to formerly disclose to their organizations any contracts they are pursuing or have attained with member agencies. The water districts should also adopt more encompassing rules regarding the selection of professional consultants.

District Response: The recommendation has been implemented. The District has an adopted policy in place regarding the selection of professional consultants and adheres to all laws pertaining to conflict of interest and public disclosure.

R-2 Each water district should develop a specific code of ethics, hold training sessions, and monitor its enforcement.

District Response: This recommendation has been implemented. AB 1234 requires all public officials to undergo ethics training and certification every two years. The District monitors this requirement.

R-3 Water board meetings need to be rescheduled at times that would generate maximum public attendance.

District Response: This recommendation has been implemented. The District's Board meetings are scheduled at a time when a majority of the public can attend.

R-4 Each Water District should choose to hold elections to fill board vacancies. The appointment process should be used only in exceptional circumstances.

District Response: This recommendation has been implemented. The Laguna Beach City Council acts as the District's Board of Directors. Council members are elected.

R-5 Each water district should promulgate rules requiring each director to inform the other board members of any other offices including seats on boards of member agencies that he or she holds.

(a) Water districts should consult their legal counsel to advise them whether there exists an incompatibility of offices at the same time.

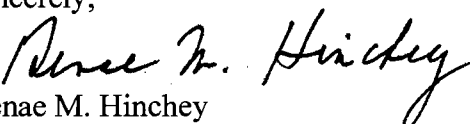
District Response: The recommendation to require each director to inform other board members of his/her other offices or board seats has not yet been implemented but will be implemented by January 2010.

R-6 Water districts should adopt self-imposed term limits for their members, not to exceed three terms of service.

District Response: The District disagrees with these findings. The Laguna Beach City Council serves as the District's Board of Directors, and members of the Council are elected every 4 years through a general election. The District has no control over setting term limits for Council members.

If you have questions or need further information on any of the District's responses, please do not hesitate to call me at 949-494-1041.

Sincerely,


Renae M. Hinchey
General Manager