



Sloughhouse Resource Conservation District
2001 Vesta Way, Sacramento, CA 95864

916, 485-9883 Secretary

Hon. Steve White, Presiding Judge
Sacramento County Superior Court
720 9th Street, Dept. 47
Sacramento, CA 95814

Judge White,

RE: Response to 2009-2010 Sacramento County Grand Jury Survey of Independent
Special Districts Final Report

Enclosed is the Sloughhouse Resource Conservation District's response to the final report.

Sincerely

Bill Mosher
Chairman



Sloughhouse Resource Conservation District
2001 Vesta Way, Sacramento, CA 95864

916, 485-9883 Secretary

Finding - 1.0 ISD directors perform valuable service at minimal cost. However, this survey reveals inconsistent behaviors regarding compliance with sound management practices.

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

Response: SRCD Directors review the by-laws as appropriate. In response to the report, the Directors intend to review our bylaws concurrent with the annual budget review process.

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

Response: SRCD substantially abides by Section 5.1 of the report. Directors receive no regular stipends, however the Directors occasionally approve reimbursement for cost of attending district approved meetings such as CARCD ¹conferences.

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

Response: SRCD does not use a consent calendar; all items are on only regular agenda.

Finding - 2.0 Some ISD's grant monetary awards for education and training; many have inadequate evaluation of employees' degrees and certificates.

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

Response: Not Applicable to SRCD as reported in the questionnaire.

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

Response: SRCD substantially abides by the guidelines in Section 5.3.1 of the report.

Finding - 3.0 ISD pension awards and Other Post-Employment Benefits (OPEB) have increased markedly in the last decade. Some of these awards are unfair and unsustainable.

¹ California Association of Resource Conservation Districts
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Recommendation- 3.1 All ISD's should adopt pension and OPEB plans that are fair, affordable and sustainable.

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

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

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

Response to all recommendations in Finding 3.0: Currently not applicable to SRCD as reported in the questionnaire.

Finding - 4.0 The majority of the ISD's surveyed in this study are neglecting their fiduciary responsibility to taxpayers and ratepayers by excessive use of no-bid purchasing.

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

Response: SRCD abides by governing law as reported in the questionnaire² with regard to purchasing and takes its fiduciary responsibility to taxpayers earnestly. We ask for quotations for such services such as the audit, legal services, and similar matters. There is an obvious and distinct benefit (institutional knowledge³) to continued use of the same professionals when practical; however the District does regularly contact competing firms for quotations. With regard to physical projects, due to the nature of SRCD's operations, projects that involve substantial purchases of materials and/or professional services also involve grant money, and depending on what entity issues the grant, the purchasing requirements are customarily set forth therein.

² California Resource Conservation Districts are governed by California Public Resources Code Division 9 Chapter 3 which sets forth the General Powers in Article 9 (PRC Sections 9401-9420)

³ Wikipedia Dictionary: Institutional knowledge is gained by organizations translating historical data into useful knowledge and wisdom. Memory depends upon the preservation of data and also the analytical skills necessary for its effective use within the organization

Finding - 5.0 ISD's have not consistently conducted and reported required Independent Financial Audit Reports and management audits.

Recommendation- 5.1 All ISD's must complete and file the required annual Independent Financial Audit.

Response: SRCD has for decades, caused biennial audits to be prepared, which we understood was the law. However review of Section 5.2.2 of the report, PRC 9528, and CGG 26909(b)(1)⁴ indicates that we should make a request to the Sacramento County Board of Supervisors, to approve alternative audits. SRCD will consult with County Counsel, to prepare the request; or cause audits to be prepared pursuant to applicable law.

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

Response: SRCD has reviewed section 5.2.3 of the report, and the bullet points highlight employees, customers etc., which are issues not associated with SRCD; therefore we believes that due to the nature of our District, particularly the experience of the Directors, and the representatives of the National Resource Conservation Service (USDA), and regular consultation with two other RCD's in Sacramento County, RCD's in neighboring counties, and representatives of California Association or Resource Conservation Districts that a management audit would not be utilitarian at this time.

⁴ California Government Code Section 26909 (b) A special district may, by unanimous request of the governing board of the special district, with unanimous approval of the board of supervisors, replace the annual audit required by this section with one of the following, performed in accordance with professional standards, as determined by the county auditor:

- (1) A biennial audit covering a two-year period.