

**RAND COMMUNITIES WATER DISTRICT**

501 Comstock Ave  
Johannesburg, CA 93528



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February 28, 2019

Presiding Judge  
Kern County Superior Court  
1415 Truxtun Avenue, Suite 212  
Bakersfield, CA 93301

Foreperson  
Kern County Grand Jury  
1415 Truxtun Avenue, Suite 600  
Bakersfield, CA 93301

Re: Response to 2018-19 Grand Jury Report, "*RAND COMMUNITIES WATER DISTRICT, Award Winning Water Right Down the 'Proverbial' Drain*"

This letter is the formal response of the Rand Communities Water District to the December 3, 2018 Grand Jury Report entitled "*RAND COMMUNITIES WATER DISTRICT, Award Winning Water Right Down the 'Proverbial' Drain.*"

**FINDINGS:**

**F1. Partially disagree.** We agree with the findings in the report with the exception of the percentage of water loss indicated. We believe some of it is attributable to water theft.

**F2 through F32.** We agree with Findings 2 through 32.

**RECOMMENDATIONS:**

**R1. Accounting Practices.**

- RCWD has provided financial information to the Kern County Auditor (on same date as this letter) in order for them to perform a detailed audit.
- When the CPA audit of FY 2017/18 books has been completed, the audited FY 2017/18 Financial Statements will be forwarded to Kern County Auditor.
- Current RCWD accounting practices have been reviewed carefully and found to be in good order by an internal audit (please see attached document comparing findings on September 12, 2019 to January 3, 2019).

**R2.** RCWD will have a team building training session on March 1, 2019 with D. Renee Christensen, PhD, HHP, CEAP. We would like to thank the Grand Jury for their flexibility with the timing of this course. This session will include a focus on conflict resolution.

**R3.** RCWD has made arrangements with the engineering firm of NV5 to serve as Project Manager in overseeing Phase 2 of the Arsenic Mitigation Project and to oversee the construction of the new facilities ensuring completion in a timely manner. NV5 has been directed to coordinate the construction phase in such a way as to avoid unnecessary shutdowns of the water system.

**R4.** All current Board members (sworn in on December 12, 2018) have received an orientation packet. Information includes the items listed in the Grand Jury report which are: handling of invoices, billing procedures, rules related to the Brown Act, usage of Robert's Rules of Order, a copy of the Bylaws, handling of resident complaints, banking procedures, and annual budget information. Additionally, Board members have received information about responses to Frequently Asked Questions, information on Special Districts, and a copy of the California State Water Code.

**R5.** RCWD Bylaws currently require all Board members live within the District and be a registered voter. The Grand Jury's recommendation was to amend the Bylaws to add the requirement of being a RCWD Customer. Since questions have been raised regarding Water Code vs. Bylaws, a draft resolution was prepared to make it a Board policy that members be an RCWD customer; compliance required within ten days of adoption. This resolution was not approved by the Board, with discussion including whether such a requirement was legally possible, and the potential for costly and time-consuming litigation RCWD might face. The resolution language was then revised, and the following was adopted:

1. That it is the policy of the RCWD that all Board members are required to have a water account with RCWD.
2. That an exception may be made if the Board member shares a primary residence with another individual who is the water account holder on the shared primary residence.
3. That current Board members are exempt from this requirement; any members appointed or elected after date of adoption must be in compliance before taking office.

**R6.** Bonding application forms for all Board members have been submitted with coverage expected to begin approximately 3/1/19.

**R7.** The job description for General Manager has been updated to include that he/she require at least one unannounced drug test annually to all operation employees.

**R8.** Job descriptions have been updated to include qualifications and salary ranges.

**R9.** Employees are using company vehicles when available. The necessity of mileage reimbursement is now extremely limited and full documentation is required.

**R10.** Receipts are required for fuel reimbursement, and accurate petty cash records are kept daily.

**R11.** RCWD is currently self-sufficient and is not dependent on grants to supplement the operating budget. Since mid-September, it can be shown that:

- No transfers from savings have been necessary,
- No grant income has been received,
- Bills are all paid (including the biggest expense which is to ACWA),
- Payroll and payroll tax obligations are met,
- There are no outstanding debts.
- All non-residential receivables have been paid to RCWD; and
- There has been a reduction in the amount of delinquent accounts owed.

- An Interim General Manager was employed from 8/9/18 to 12/13/18. Although there has been no General Manager employed between 12/14/18 and the date of this letter, sufficient funds were available to have paid this salary.

**R12.** Inventory records are ongoing, and employees are required to update to add new items received, and subtract items taken for repair use. The inventory list will be reviewed monthly by the Board.

**R13.** Records are being kept for all metered water produced and sold, in compliance with State of California's Electronic Annual Report database.

**R14.** "Hand shake deals" have ceased for outside water sales and are strictly forbidden.

**R15.** Bulk water sales from the hydrants outside the office are now only available during business hours; a lock is in place. The amount of water used is being monitored and recorded manually. Bulk water hydrants will be metered with the Phase 2 automation system when that occurs.

**R16.** RCWD website went live in January 2019, [www.randwaterdistrict.com](http://www.randwaterdistrict.com). The website includes agendas, minutes, repair notifications, Profit and Loss summaries, employment information, and more.

**R17.** A new billing system was implemented in September 2018. Bills are accurate and timely, and the system is easy to use. Bills are printed in post-card format resulting in a savings on envelopes and postage. A credit card machine is now available and customers may use this for bill payment.

**R18.** The past General Manager's name was removed from DMV registration in December 2018.


**R19.** No Board members are personally profiting from RCWD contracts.

## **IN CONCLUSION**

In addition to the progress reported above, we are pleased to report that at a Board meeting on 2/27/19, interviews were held, and a General Manager was selected to serve the district.

The Board of Directors and employees of RCWD have been working together diligently in addressing the recommendations made by the Grand Jury. We respectfully request a reply to our response letter by the Presiding Judge and the Grand Jury. Thank you for your consideration.

Respectfully submitted,

  
Clifford Kennedy, President  
Rand Communities Water District