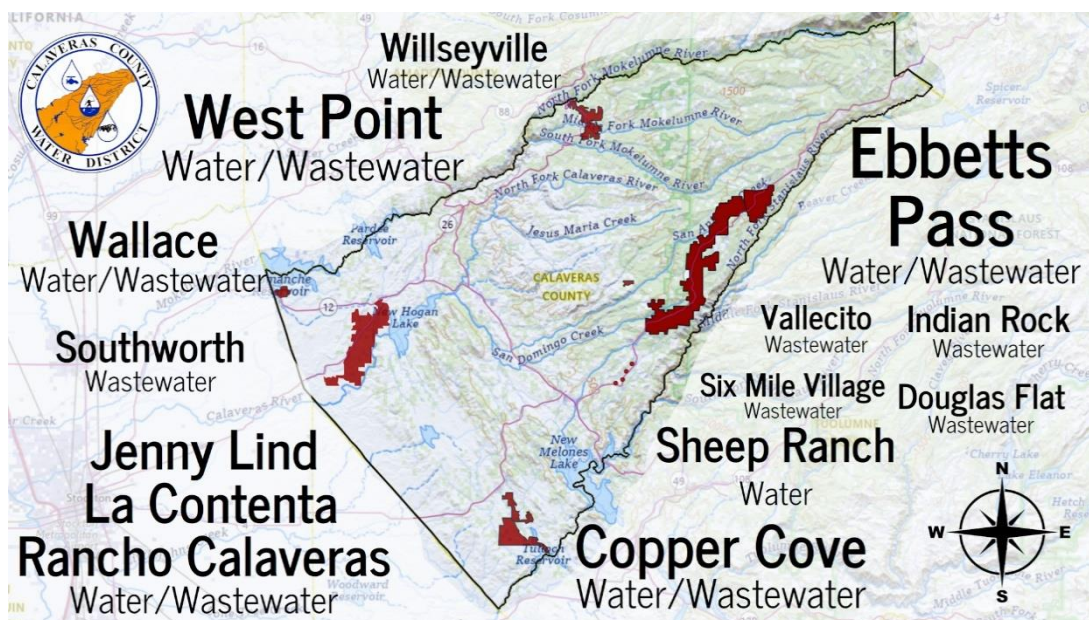


Calaveras County Civil Grand Jury

Calaveras County Water District

The Cost of Water

June 13, 2025



Graphic from CCWD's website, www.ccwd.org.

SUMMARY

During 2023-2024, the Calaveras County Civil Grand Jury (CCCGJ) received over 170 written complaints related to the five-year water and wastewater rate increase proposal imposed by the Calaveras County Water District (CCWD). Public outcry focused on the amount of the proposed and subsequently implemented rate increase. Given the public outcry, CCCGJ pursued an investigation into the proposed rate increase. In addition, the 2023-2024 CCCGJ in their report looked into other areas requiring further inquiry, including the CCWD vehicle lease program, enterprise resource planning (ERP) software integration, and workplace culture resulting in high employee turnover. As a result, the 2023-2024 CCCGJ required responses from CCWD. CCWD subsequently provided responses to the findings and recommendations set forth by the 2023-2024 CCCGJ.

In its review of the CCWD responses, the 2024-2025 CCCGJ finds that CCWD responded in a timely manner in accordance with Penal Code §933(c), and with mandated wording requirements set forth in Penal Code §933.05, which also included a summary of implemented actions. CCCGJ is also satisfied that CCWD communicated planned rate changes and conducted public meetings according to the requirements of Proposition 218.

However, CCCGJ believes that although CCWD has taken steps to improve its public outreach efforts, additional improvements could be made. CCCGJ recommends that CCWD continue to evaluate and improve its public outreach efforts. It is recognized that such efforts can take many forms. Factors affecting water rates changes are complex and multifaceted. Significant increases over a short period of time without a clear understanding of those factors by stakeholders and the general public are not favorably received and result in the sort of outcry experienced in 2023.

GLOSSARY

CCCGJ	Calaveras County Civil Grand Jury
CCWD	Calaveras County Water District

METHODOLOGY

The 2024-2025 Calaveras County Civil Grand Jury (CCCGJ) reviewed the Calaveras County Water District (CCWD)'s Response dated October 3, 2024, to the 2023-2024 report titled "Still Waters Run Deep" dated June 30, 2024. CCCGJ also conducted interviews with relevant CCWD employees, and reviewed online documents from several sources, including documents provided by CCWD.

BACKGROUND

California Penal Code (PC) Section (§) 933(a) requires a civil grand jury to "submit to the presiding judge of the Superior Court a final report of its findings and recommendations that pertain to county public agency matters during the fiscal or calendar year." Governing bodies required to respond to the findings and recommendations must do so within 60 days of the release of a civil grand jury's report. Elected county officers and agency heads if required to respond must do so within 90 days.

Over 170 written complaints related to the five-year water and wastewater rate increase proposal from CCWD were received by the 2023-2024 CCCGJ. The complaints generally centered around the amount of the proposed rate increase, non-compliance with California Proposition 218 (the State-mandated process for special districts seeking a rate increase), and the perception that employee salaries are exorbitant for the water/wastewater utility industry. Complaints were also widespread on social media sites.

Given the extent of the public outcry, the 2023-2024 CCCGJ decided to further pursue an investigation into the water rate increase proposal which was subsequently implemented. The original investigation expanded to include the CCWD vehicle lease program, enterprise resource planning (ERP) software integration, and workplace culture, with particular attention to employee turnover.

The CCCGJ June 30, 2024, report presented seven findings and fourteen recommendations as summarized in Table 1. Also summarized in Table 1 are CCWD's responses presented in their October 3, 2024, correspondence.

Table 1 Summary of CCCGJ Findings, Recommendations, and CCWD's Responses			
Finding No.	Findings	Recommendations	CCWD Response
CCWD Proposed Five-Year Rate Plan			
Finding No. 1	<u>Finding 1, Pg. 12</u> : The five-year rate increase is disproportionately spread by meter size and usage, which has caused the 5/8" and 3/4" meter customers to bear a greater percentage of the overall rate increase.	<u>R1</u> : Calaveras County Civil Grand Jury recommends that, by December 31, 2024, Calaveras County Water District follow their own policy and recalculate the base and usage rates so that the smaller meter customers are not subsidizing the larger meter customers.	CCWD disagrees with the finding. The recommendation will not be implemented because it is not warranted.
		<u>R1a</u> : Calaveras County Civil Grand Jury recommends that the Calaveras County Board of Supervisors request that the California State Controller conduct a review of CCWD's internal control system to determine the adequacy of CCWD's controls for conducting its operations, preparing financial reports, safeguarding of assets, and ensuring proper use of public funds. Government Code Section 12422.5 authorizes the State Controller to "audit any local agency for purposes of determining whether the agency's internal controls are adequate to detect and prevent financial errors and fraud."	The recommendation will not be implemented because it is not warranted. Invited response includes Calaveras County Board of Supervisors; no invited responses provided.
Vehicle Lease Program			
Finding No. 2	<u>Finding 2, Pg. 12</u> : The Lease-To-Own Program has not resulted in the purchase ownership of any vehicles, despite what was stated in Calaveras County Water District's community presentations.	<u>R2</u> : Calaveras County Civil Grand Jury recommends that, by December 31, 2024, Calaveras County Water District publish a correction to the statement made in their community presentations.	CCWD disagrees with the finding.

		<u>R2a</u> : Calaveras County Civil Grand Jury recommends that the Calaveras County Board of Supervisors request that the California State Controller conduct a review of CCWD's internal control system to determine the adequacy of CCWD's controls for conducting its operations, preparing financial reports, safeguarding of assets, and ensuring proper use of public funds. Government Code Section 12422.5 authorizes the State Controller to "audit any local agency for purposes of determining whether the agency's internal controls are adequate to detect and prevent financial errors and fraud."	See CCWD response to R1a. Invited response includes Calaveras County Board of Supervisors; no invited responses provided.
Finding No. 3	<u>Finding 3, Pg. 13</u> : Vehicle Lease-To-Own programs are not always the most effective use of funds.	<u>R3</u> : Calaveras County Civil Grand Jury recommends that the management of Calaveras County Water District, by December 31, 2024, re-evaluate the effectiveness of the Lease To-Own Program by initiating a study that compares the cost of leasing and subsequently returning vehicles, versus the ownership of vehicles throughout a reasonably expected useful lifespan.	The recommendation will not be implemented because it is not warranted.
		<u>R3a</u> : Calaveras County Civil Grand Jury recommends that the Calaveras County Board of Supervisors request that the California State Controller conduct a review of CCWD's internal control system to determine the adequacy of CCWD's controls for conducting its operations, preparing financial reports, safeguarding of assets, and ensuring proper use of public funds. Government Code Section 12422.5 authorizes the State Controller to "audit any local agency for purposes of determining whether the agency's internal controls are adequate to detect and prevent financial errors and fraud."	See CCWD response to R1a. Invited responses include CCWD Director of Operations and Calaveras County Board of Supervisors; no invited responses provided.
Finding No. 4	<u>Finding 4, Pg. 13</u> : The practice of assigning district vehicles to management personnel is unnecessary to operations and creates additional expense and liability.	<u>R4</u> : Calaveras County Civil Grand Jury recommends that, by December 31, 2024, all Calaveras County Water District vehicles be used by personnel only within the scope of their job descriptions during business hours with exceptions of after-hours by on-call and emergency response personnel.	CCWD disagrees with the finding.
		<u>R4a</u> : Calaveras County Civil Grand Jury recommends that the Calaveras County Board of Supervisors request that the California State Controller conduct a review of CCWD's internal control system to determine the adequacy of CCWD's controls for conducting its operations, preparing financial reports, safeguarding of assets, and ensuring proper use of public funds. Government Code Section 12422.5 authorizes the State Controller to "audit any local agency for purposes of determining whether the agency's internal controls are	See CCWD response to R1a. Invited response includes Calaveras County Board of Supervisors; no invited responses provided.

		adequate to detect and prevent financial errors and fraud."	
Enterprise Resource Planning Software Migration			
Finding No. 5	Finding 5, Pg. 14: The Enterprise Resource Planning software integration issues cause unnecessary inefficiencies in day-to-day operations.	R5: Calaveras County Civil Grand Jury recommends that, by December 31, 2024, Calaveras County Water District contract with an information technology firm that has the expertise to identify and provide an action plan to resolve the current system integration issues.	CCWD disagrees with the finding.
		R5a: Calaveras County Civil Grand Jury recommends that the Calaveras County Board of Supervisors request that the California State Controller conduct a review of CCWD's internal control system to determine the adequacy of CCWD's controls for conducting its operations, preparing financial reports, safeguarding of assets, and ensuring proper use of public funds. Government Code Section 12422.5 authorizes the State Controller to "audit any local agency for purposes of determining whether the agency's internal controls are adequate to detect and prevent financial errors and fraud."	See CCWD response to R1a. Invited responses include the CCWD Business Services Manager, CCWD General Manager, and Calaveras County Board of Supervisors; no invited responses provided.
		R5b: Calaveras County Civil Grand Jury recommends that, by December 31, 2024, a process and timeline be created for the migration of other standalone applications at Calaveras County Water District into their Enterprise Resource Planning platform.	The recommendation will not be implemented because it is not warranted.
CCWD Employee Turnover and Workplace Culture			
Finding No. 6	Finding 6, Pg. 15: Given the fear of retaliation, rank and file employees at Calaveras County Water District do not feel they can express their concerns to their superiors.	R6: Calaveras County Grand Jury recommends that, by December 31, 2024, an outside human resource consultant be contracted to address the root of workplace culture issues with all Calaveras County Water District management and employees.	CCWD disagrees with the finding.
Finding No. 7	Finding 7, Pg. 15: Regularly scheduled employee performance reviews are not being completed in a timely or consistent manner, causing a lack of accountability at all levels of the workforce.	R7a: Calaveras County Grand Jury recommends that all employees in a supervisory level position review the District employee performance evaluation policy and comply with that policy by December 31, 2024.	The recommendation has not yet been implemented, but will be implemented within three months.
		R7b: Calaveras County Civil Grand Jury recommends that, by December 31, 2024, the Calaveras County Water District Human Resources Department document and enforce the execution of regularly scheduled employee performance reviews.	The recommendation has been implemented.

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

DISCUSSION

CCWD delivered its responses to the 2023-2024 CCCGJ report on October 3, 2024, in accordance with Penal Code §933(c), and with mandated wording requirements pursuant to Penal Code §933.05. Among these responses was a summary of certain actions implemented since issuance of the 2023-2024 CCCGJ report, as well as actions planned to be implemented (see Table 1).

CCWD's full, detailed responses will be published in the 2024-2025 CCCGJ final report.

Water Rates Increase

CCCGJ reviewed the CCWD responses to its 2023-2024 report and pursued further inquiry. An evaluation of current water rates from adjacent counties were reviewed and tabulated in Table 2. Water rates varied as anticipated; however, current rates established by CCWD are not inconsistent with other counties reviewed. Many factors influence changes in rates. Some of the most common factors include aging infrastructure upgrades, technology upgrades, cost of materials, and administrative costs including salaries and operating expenses. Furthermore, the most recent five-year water rate change cycles were adversely impacted by the COVID-19 pandemic's disruptions to work schedules and the supply chain.

CCCGJ was satisfied that CCWD communicated planned rate changes and conducted public meetings according to the requirements of Proposition 218. However, CCCGJ was not able to clearly confirm that the rate increase resulted from the increased cost of doing business and/or due to required improvements to aging infrastructure.

CCWD recognizes the importance of public outreach and education. The current form of such efforts is through its department of External Affairs, which according to CCWD's website "strives to provide educational outreach opportunities for partnering agencies, community organizations and community members" as well as "provide educational curriculum for a school." Although the name "External Affairs" does not reflect the importance of public outreach, CCWD has continued to improve upon its efforts which include providing speakers upon request. Relevant to this discussion is the lack of clarity as to how water rates could be increased as dramatically as they were in 2023.

It is recognized that outreach efforts can take many forms. Factors affecting changes to service rates are complex and multifaceted. Imposing large increases over a short period of time without a clear understanding of the contributing factors, and why those increases need to be imposed now rather than in a more gradual way, exemplifies why such rate increases were not favorably received and resulted in the outcry from the public and stakeholders that CCWD experienced.

Table 2 Select Water Rates for Various Jurisdictions									
Calaveras (CCWD) RATE P/CCU (100 cu ft, 748g) Residential 5/8" Meters		Mariposa PUD		Placer (PCWA)		El Dorado Irrigation District		City of Jackson	
Fixed Bi-Monthly Water Rate	\$152.36	Monthly Meter Rate	\$29.05	Monthly Meter Rate	\$24.70	Monthly Meter Rate	\$77.88	Monthly Meter Rate	\$44.49
Fixed Bi-Monthly Wastewater Rate	\$263.41	Monthly Per Unit Wastewater Base Rate	\$73.58	Monthly Renewal, Replacement Fee	\$22.05	Wastewater Flat Rate	\$66.34	Wastewater Flat Rate	
Consumption Based Water Rates per CCU		Consumption Based Rates (converted from gal) Rate is per 1000 gallons or 1.33 CCU	P/CCU	Consumption Based Water Rates per CCU	P/CCU	Consumption Based Water Rates per CCU	P/CCU	Consumption Based Water Rates per CCU	P/CCU
Tier 1 - up to 15 CCU	\$2.32	Tier 1 - up to 5k gallons / 6.68 CCU	\$2.61	Tier 1 - up to 9 CCU	\$1.97	Tier 1 - up to 18 CCU	\$2.33	Water Rate by CCF	\$4.80
Tier 2 - up to 30 CCU	\$2.52	Tier 2 - 5k to 10k gallons / 13.36 CCU	\$3.12	Tier 2 - next 19 CCU	\$2.37	Tier 2 - to 45 CCU	\$2.80		
Tier 3 0 > 30 CCU	\$2.79	Tier 3 - 10k to 20k gallons / 26.73 CCU	\$3.26	Tier 3 - "over" 28 CCU	\$2.58	Tier 3 - above 45 CCU	\$3.45		
		Tier 4 - > 20k gallons /	\$5.05						

CCU = 100 cubic feet; (standard billing measure)

1 CCU = 748 gallons

1 cubic foot = 7.48 gallons

FINDINGS, RECOMMENDATIONS, RESPONDENTS

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

After conducting interviews and reviewing documents, CCCGJ's findings and recommendations are as follows:

F1. The Calaveras County Civil Grand Jury finds that the Calaveras County Water District responded in a timely manner in accordance with Penal Code §933(c), and with mandated wording requirements pursuant to Penal Code §933.05, which also included a summary of implemented actions.

R1. Calaveras County Civil Grand Jury recommends no further action is required regarding the findings and recommendations presented in the 2023-2024 Calaveras County Civil Grand Jury report.

Required Response

Calaveras County Water District Board of Directors

F2. Calaveras County Civil Grand Jury is satisfied that Calaveras County Water District communicated planned rate changes and conducted public meetings according to the requirements of Proposition 218. However, although Calaveras County Water District has taken steps to improve upon its public outreach efforts, the extent of the public outcry to the recent rate increases demonstrates that improvement to those outreach efforts should be ongoing.

R2. Calaveras County Civil Grand Jury recommends that the Calaveras County Water District continue to evaluate and improve upon its public outreach efforts. Such efforts should be reviewed annually, at minimum, the first annual review being conducted by December 31, 2025.

Required Response

Calaveras County Water District Board of Directors

DISCLAIMER

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

REFERENCE SOURCES

Calaveras County Civil Grand Jury. “Still Waters Run Deep.” June 30, 2024.

<https://grandjury.calaverasgov.us/Reports>.

Calaveras County Water District. “Calaveras County Water District’s Response to Calaveras County 2023-2024 Grand Jury Final Report.” October 3, 2024.

https://grandjury.calaverasgov.us/Portals/grandjury/Documents/Responses/2024%20-%202025%20Responses/Response%20from%20Calaveras%20Co%20Water%20Dist.pdf?ver=MSnGco_LIB4RCFgMdCcfDg%3d%3d.