

# **AMADOR WATER AGENCY: A BRIEF UPDATE**

## **AUTHORITY**

Under California 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.”

## **INTRODUCTION**

Water is arguably Amador County’s most significant resource. The 2019-2020 Grand Jury chose to continue the investigation of Amador Water Agency (AWA) conducted by the 2018-2019 Grand Jury in order to:

- Determine whether steps have been taken by AWA to increase transparency to the public.
- Determine whether action has been taken to address financial concerns.
- Monitor AWA’s workplace environment and the treatment of its employees.

## **METHODOLOGY**

In the pursuit of this investigation, the Grand Jury:

- Reviewed previous Grand Jury reports,
- Interviewed current and former AWA employees,
- Reviewed information provided on AWA’s website, which included AWA’s Response to the 2018-2019 Grand Jury Report, and
- Attended AWA Board of Directors’ meetings, including committee meetings.

## **DISCUSSION**

AWA has gone through personnel changes since the previous Grand Jury began its term in July 2018. There are two new members on the Board of Directors (Board). The previous General Manager (GM) left the Agency on November 19, 2019. At the time of the writing of this report, an Interim GM is managing AWA while the Board hires a new GM. The Interim GM has proposed a reorganization, which includes implementing recommendations from the 2018-2019 Grand Jury Report.

## **TRANSPARENCY**

AWA has made strides to improve transparency to the public. Starting in July 2019, AWA began posting audio recordings of Board meetings on their website. Additionally, salary schedules for employees have been added to the “Careers” section of the website. Three years ago, AWA established a public business page on Facebook. The Facebook page is kept current with AWA business and information.

The financial information posted on AWA's website is limited. At the time of this report, the most recent monthly report was dated March, 2020. Financial information is provided, though the format in which it is presented is difficult to interpret and understand.

## **FINANCES**

AWA continues to have financial confusion. The Grand Jury believes AWA needs sufficient funds to cover the cost of repairing or replacing key components of the infrastructure. Lack of a significant cash reserve could make it difficult to obtain grants and loans.

For the past five years, AWA has been using the Springbrook software program, but not to its full functionality. AWA has upgraded the system and has access to utilize additional modules, but employees have not been thoroughly trained. This compounds previous struggles employees have had in utilizing this software program.

AWA hired Raftelis, a financial consulting firm that has experience working with water agencies, to conduct a "Water, Wastewater and Participation Fees Cost of Service and Rate Study."

AWA also hired an outside consultant to assist its finance staff with the development of a compatible and comprehensive budget format. AWA has implemented this new budget format, which is divided according to departments. Department managers are given the individual budget of their respective department for review and comment. The managers are consulted, and included in the budget preparation for Operations and for Capital Improvement Projects (CIP). At the writing of this report, no cohesive CIP budget had been presented to the Board. This is of considerable concern since the budget-year is more than halfway completed.

The current Board and the Interim GM are working to gain a better understanding of the financials and the budget. When complicated financial information is discussed during public meetings, Board members can ask the staff for clarification on those issues. Because AWA has suffered from financial mismanagement in the past and much of its infrastructure has deteriorated due to lack of maintenance, another rate adjustment may happen in the future.

The following recommendation was in the 2018-2019 Grand Jury Report:

*"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."*

AWA's response to the report indicated they were not looking favorably on membership in the Government Finance Officers Association (GFOA). While this is not legally required, it could make it easier for AWA to justify future rate adjustments if it is accompanied by having this increased transparency in its financial reporting.

## **WORK ENVIRONMENT**

The following was taken from the 2018-2019 Grand Jury Report:

*“Over 80% of both past and present AWA employees described a hostile work environment. Employees described an environment where there was:*

- *Offensive, abusive, and persistent discourteous treatment of employees, characterized by degrading, demeaning, and rude remarks*
- *Credit taken for other employees’ ideas*
- *Little to no positive reinforcement*
- *Lack of confidentiality regarding employees’ issues”*

The 2019-2020 Grand Jury elected to further investigate this issue. Specifically, there was a concern regarding the possibility some employees in management may retaliate against employees suspected of giving information to the 2018-2019 Grand Jury.

Upon release of the 2018-2019 Grand Jury Report, this Grand Jury learned through several employees’ interviews, there were some at AWA who stated they were unhappy with the findings made by the Grand Jury. The possibility of retaliation against AWA employees who were perceived to have been interviewed by the Grand Jury is an ongoing concern. It was discovered during a meeting in June 2019, several employees were targeted because they were perceived to have been interviewed by the Grand Jury. Reported retaliatory actions included the possibility of employees receiving poor performance evaluations due to “bad attitude.” Additional concern was the possibility of employees receiving lower pay due to unsubstantiated lower performance evaluation scores. Employees reported statements were made by management they perceived as threats. During interviews with the Grand Jury, some employees reported the work environment had become worse.

The Board followed a recommendation in the 2018-2019 Grand Jury Report and initiated its own investigation into work environment issues. The Board retained an attorney to conduct the investigation. As a result, the Grand Jury has not been made aware of any retaliatory actions taken against employees as of the date of this report.

The Board implemented changes in the management structure. Some of those interviewed found improvements in the work environment, and expressed cautious optimism that things will continue to improve.

AWA is working on updating its administrative policy manual. The Grand Jury is not aware of what changes will be implemented.

## **FINDINGS**

- F1. AWA has taken steps to increase transparency, yet still has room for improvement.
- F2. AWA’s financial stability remains a great concern.
- F3. Employees have not been sufficiently trained on their use of the Springbrook software.

- F4. During this investigation, the Grand Jury found no retaliatory actions by AWA management to employees.
- F5. The Interim GM has begun a reorganization of AWA. The outcome and structure of the reorganization is unknown at this time.

## **RECOMMENDATIONS**

- R1. AWA should continue increasing its transparency. In addition to information being provided and accessible to the public, it should also be presented in a format the average ratepayer can easily interpret and understand. (F1)
- R2. Should AWA decide it is necessary to adjust its rates, the reasons for doing so should be clearly documented and explained. (F1, F2)
- R3. By December 31, 2020, AWA should acquire membership in the Government Finance Officers Association (GFOA) to implement their standards for compiling the Comprehensive Annual Finance Report. (F1, F2)
- R4. AWA should strive to be awarded the GFOA's "Certificate of Achievement for Excellence in Financial Reporting." (F1, F2)
- R5. By December 31, 2020, employees who use the Springbrook software should be thoroughly trained in its use. (F3)
- R6. AWA should continue fostering a positive work environment. (F4)
- R7. The position of General Manager should be filled as soon as possible. (F5)

## **REQUIRED RESPONSES**

Pursuant to California Penal Code § 933 and § 933.05, the Grand Jury requests a response from the following governing body:

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-F5 and to Recommendations R1-R7.

### **ADDRESS RESPONSE TO:**

The Presiding Judge - Amador County Superior Court  
500 Argonaut Lane  
Jackson, CA 95642

Amador County Grand Jury  
PO Box 249  
Jackson, CA 95642

## FINAL REPORT RESPONSE FORMAT

The following standard format is to be used when responding to the Grand Jury 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.