



BOARD OF SUPERVISORS  
AGENDA LETTER

Agenda Number:

Clerk of the Board of Supervisors  
105 E. Anapamu Street, Suite 407  
Santa Barbara, CA 93101  
(805) 568-2240

Submitted on:  
(COB Stamp)

Department Name: County Executive Office  
Department No.: 012  
For Agenda Of: 8/8/06  
Placement: Departmental  
Estimate Time: 30 minutes  
Continued Item: NO  
If Yes, date from:  
Vote Required: Majority

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**TO:** Board of Supervisors  
**FROM:** Department Director: Michael F. Brown, County Executive Officer  
Contact Info: Jim Laponis, Deputy CEO, 568-3400  
**SUBJECT:** Board of Supervisors' Response to the 2005-2006 Grand Jury Report on Water and Cemetery Districts

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**County Counsel Concurrence:**

As to form/legality:  Yes  No  N/A

**Auditor-Controller Concurrence:**

As to form:  Yes  No  N/A

**Recommended Action(s):**

That the Board of Supervisors:

A. Adopt the responses in the attachment as the Board of Supervisors' responses to the 2005-2006 Grand Jury Report on Water and Cemetery Districts.

B. Authorize the Chair to sign the letter included in the attachment forwarding the responses to the Presiding Judge.

**Summary:**

On June 6, 2006, the Civil Grand Jury released a report on Water and Cemetery Districts, which contains nine findings and eleven recommendations. One finding and two recommendations pertain to the County Board of Supervisors as follows:

Finding 4: The Board of Supervisors does not supervise cemetery district board members or timely exercise its power to remove problematic district board members; this results in open-ended terms for cemetery board members, an insular culture, and decision-making based on whim.

Recommendation 3: County Supervisors in whose territory a special district lies should either attend a minimum of two meetings per year of those special districts or send a designee and have the designee brief the Supervisors in writing on the special district meetings.

Recommendation 11: County Supervisors should have a written policy on what constitutes misconduct in, and triggers removal of, board members of independent special districts with appointed boards.

The recommended Board responses to the Grand Jury's findings and recommendations are contained in the attached letter that is recommended for the Chair's signature and forwarding to the Presiding Judge of the Superior Court..

**Background:**

Per California Penal Code Section 933 (b), the governing body of the agency, the Board of Supervisors, must respond within 90 days after the issuance of the Grand Jury Report. Therefore, the Board of Supervisors' response must be finalized and transmitted to the Presiding Judge of the Superior Court no later than August 31, 2006.

**Fiscal and Facilities Impacts:**

There are no fiscal or facility impacts associated with setting the hearing or responding to the Civil Grand Jury. There are no foreseeable fiscal or facility impacts associated with the response to the finding and recommendations pertaining to the County Board of Supervisors.

Budgeted:  Yes  No

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**Staffing Impact(s):**

**Legal Positions:**  
0

**FTEs:**  
0

**Special Instructions:**

The response of the Board of Supervisors must be transmitted to the Presiding Judge of the Superior Court no later than August 31, 2006. The Clerk of the Board is requested to return the signed letter to Brenda Castillo, County Executive Office, for distribution to the Superior Court. The signed letter, written responses and a 3 1/2" computer disc with the response in a Microsoft Word file must be forwarded to the grand jury.

**Attachments: (list all)**

- (1) Letter to the Presiding Judge with Board of Supervisors Responses
- (2) Copy of the 2005-2006 Grand Jury Report on Water and Cemetery Districts

**Authored by:**

Sharon Friedrichsen, County Executive Office, 568-3107

**cc:** Stephen Shane Stark, County Counsel

August 8, 2006

Honorable Judge Rodney Melville  
Presiding Judge  
Superior Court  
312-M East Cook Street  
Santa Maria, California 93455-5165

**Board of Supervisors' Response to the 2005-06 Civil Grand Jury Report on:  
*"Water and Cemetery Districts"***

Dear Judge Melville:

During its regular meeting of Tuesday, August 8, 2006, the Board of Supervisors adopted the following responses as its responses to the 2005-06 Grand Jury's report on "Water and Cemetery Districts".

The Board of Supervisors thanks the Grand Jury for its findings and recommendations on this important matter.

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***Finding 4***

*The Board of Supervisors does not supervise cemetery district board members or timely exercise its power to remove problematic district board members; these results in open-ended terms for cemetery board members, an insular culture, and decision-making based on whim.*

**Response:** The Board agrees in part and disagrees in part.

As cemetery districts are considered independent special districts with their own authorities and responsibilities, the Board does not supervise cemetery district board members. However, individual members of the Board of Supervisors do respond timely to proven allegations of misconduct by appointed cemetery district

board members, as illustrated by the timely response from Second District Supervisor Rose in requesting the appointment of three new members to the governing board of the Goleta Cemetery District after allegations of misconduct has surfaced and were proven true. Moreover, the Board of Supervisors has recently proactively reappointed or appointed Board members for all seven cemetery districts.

**Recommendation 3**

*County Supervisors in whose territory a special district lies should either attend a minimum of two meetings per year of those special districts or send a designee and have the designee brief the Supervisors in writing on the special district meetings.*

**Response:** This recommendation will be implemented at the discretion of each member of the Board of Supervisors.

**Recommendation 11**

*County Supervisors should have a written policy on what constitutes misconduct in, and triggers removal of, board members of independent special districts with appointed boards.*

**Response:** The recommendation will be implemented in the following manner: During calendar year 2006, the Board of Supervisors will consider adopting the National Association of Counties' (NACo) Code of Ethics for County Officials (copy attached) or a similar code of ethics as determined by the Board.

In addition, to the extent allowed by law, the Board will consider applying whatever code of ethics it may adopt to the boards, commissions, committees and special districts whose members are appointed by the Board.

Sincerely,

Joni Gray  
Chair, Board of Supervisors

cc: Ted Sten, Foreperson Civil Grand Jury 2005-06

# **WATER AND CEMETERY DISTRICTS**

## **Do Special Districts Need Watching?**

### **SUMMARY**

Residents turn on the tap and expect drinkable water. They flush and expect the sewage to leave their property and get responsibly treated. When there is a fire, residents expect someone useful to come running. They expect that when they have to bury their loved ones, a well-maintained place will be available. Most people assume these things are provided by departments within county and city governments. They're not.

Many of these services are provided by over 30 "special districts," government entities that operate separately from Federal, State, county and city governments. These districts are served by a group of dedicated individuals who toil in obscurity. Presided over by boards whose members get no salary<sup>1</sup>, many districts have tiny or nonexistent staffs, minimal infrastructure, and negligible public participation. They are highly autonomous. And that is where the difficulty begins.

The Grand Jury investigated the Goleta Cemetery District's handling of a manager's retirement. The Grand Jury found misplaced trust, board actions taken on whim and in known opposition to written policy, profound misunderstanding of responsibilities, and an absence of oversight. When the Grand Jury then looked to see if similar conditions exist in independent cemetery districts in general, it found that they do. The Grand Jury compared cemetery district business practices to those of water districts.

For cemetery districts especially, general managers tend to be the gatekeepers for nearly all the information that reaches the governing boards, and run the district with sparse board meeting documentation and even less in the way of internal procedures. The managers are expected to know the limits of their knowledge without training. The boards depend upon the general managers to know when to call financial and legal experts, but the Grand Jury found widespread denial of the need for such expertise. Board members themselves have little recent training and, for cemetery districts, enjoy open-ended tenure and accountability mechanisms that are little used and are resisted with some vigor by those with oversight power. Add to this the minimal *avenues* of public input and the minimum *actual* public input, and one result is an atmosphere of power without consequence. With all this autonomy, it is no surprise that special districts resist consolidation. The Grand Jury found that the conditions underlying the problems experienced by the Goleta Cemetery District are present in other districts.

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<sup>1</sup> Salary does not include *per diems*, expense reimbursement and benefits such as health insurance.

# Water and Cemetery Districts

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## INTRODUCTION

In summer 2005, citizen complaints and media coverage alleging irregular business practices of local districts piqued the Grand Jury's interest. The Grand Jury investigated the Goleta Cemetery District's handling of a manager's retirement. Once the Grand Jury investigated the specific controversies, it wondered whether other districts were operating under the conditions that seemed to underlie the controversies. To find out, the Grand Jury sampled two main types of districts, those with appointed board members and those with elected board members. It chose and examined all the independent cemetery special districts and independent single-purpose water special districts in the County.

### Special Districts Investigated

Board Selection	Appointed Board Members	Elected Board Members
Subject Matter	Cemetery	Potable Water
Districts	Carpinteria Cemetery District Goleta Cemetery District Guadalupe Cemetery District Lompoc Cemetery District Los Alamos Cemetery District Oak Hill Cemetery District Santa Maria Cemetery District	Carpinteria Valley Water District Goleta Water District Montecito Water District

To conduct the investigation, the Grand Jury:

- requested records from cemetery and water districts, for example, board meeting minutes, agendas, financial documents, strategic plans, and internal procedures relating to expenditures and complaint processing;
- reviewed the 2005 Local Agency Formation Commission (LAFCO) Directory for administrative and boundary information on the districts and the LAFCO Municipal Service Reviews for the water districts;
- interviewed a LAFCO official, and followed up with the official in writing as relevant questions arose;
- used the 2000 Little Hoover Commission Report and the 2001 Report by the Santa Barbara County Auditor-Controller on special districts for information, analysis and tools;
- interviewed board presidents of cemetery and water districts, other district board members, cemetery and water district managers, an attorney for two water districts, County Supervisors and County department heads. Most of these interviews were conducted under oath;
- customized a questionnaire from a state investigation, and used it to survey the districts above. The Grand Jury then summarized the responses (See

## Water and Cemetery Districts

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Appendix) to facilitate comparison. The Grand Jury followed up on missing and unclear answers with district staff and board members;

- surveyed all County Supervisors regarding how they determine whom to appoint for special district boards.

### OBSERVATIONS and ANALYSIS

#### A. The Seminal Dust-up: Giveaways at the Goleta Cemetery District

**1. What Happened?** The Grand Jury's investigation of the Goleta Cemetery District debacle exposed gross mismanagement.

- a. Sick Leave Cashout:** The former general manager of the Goleta Cemetery District (GCD) had worked for the GCD for over 18 years when he retired in 2005. During his last year of employment, he asked the GCD governing board to convert his sick leave into an immediate cash payout. The Board approved his request without asking how many sick leave hours were involved. At least one Board member indicated that he knew not only that cashing out sick leave would increase the former general manager's pension but also that a cash out was prohibited by written GCD policy. Five months after the story broke, a Board member was asked what facts he had on which to base a reasonable conclusion that this was a proper way to use District funds. He responded that he had no facts and thought the former general manager was deserving.

The former general manager received \$70,000 by converting 2200 hours of sick leave. As a frame of reference, this number of hours exceeds a full year's pay.

Simple arithmetic demonstrates that the general manager's years of service were not enough to accrue 2200 hours even if he had never used any sick leave<sup>2</sup>. He had, however, used sick leave. Substantial portions of his payroll records went missing. The Grand Jury was told that he shredded so many documents before he left GCD that he burned out a shredder.

In order to collect pension benefits, a retiring employee must apply for them with the Santa Barbara County Employees Retirement System (SBCERS). When the former general manager applied, SBCERS noted that the pension benefit, which is based in part on final annual salary, was much too high to be supported by the contributions paid in over the manager's employment tenure. They requested payment of an additional

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<sup>2</sup> Maximum accruable sick leave = (7.4 hours/mo from GCD employee policy) x (12 mo/yr) x (19 years) = 1687 hrs, not 2200 hrs.

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\$500,000 into the retirement system to properly support the artificially inflated pension benefit. The former general manager asked the GCD Board to pay the \$500,000+ from GCD funds. The District declined. The manager threatened to sue.

- b. Retirement Rolex® Purchased With District Funds:** In June of 2005, the GCD Board spent over \$7,650 to buy a Rolex® watch as a retirement gift for the former general manager. Rather than pool their personal funds, the Board members used taxpayer and cemetery user funds.
- c. GCD Board Should Have Known Better:** The GCD Board members who made these decisions were not newly appointed; the length of their board service ranged from 15 years to 28 years. One admitted that he knew of no other employer that cashed out sick leave. It would seem, then, that this board member knew such a thing was highly unusual. What is even more disconcerting to the Grand Jury is that during the more than six month period between when the story broke and their removal by the Board of Supervisors, GCD Board members sought no training in employment practices, fiduciary responsibilities of special district board members, or retirement system rules. Most surprisingly, one Board member indicated that he would again cash out sick leave even if there was an explicit policy against it.
- d. Corrective Actions:** The outgoing GCD Board did replace the former general manager with a manager who seems to be a distinct improvement. The new general manager detected the problems discussed above, asked appropriate questions, generated comprehensive written personnel policies, and commenced accurate vacation and sick leave tracking. To address the accounting issues exposed by the controversy, the District contracted with a CPA to work with staff on all things financial. The general manager and the CPA are now up to speed with the County Auditor-Controller's financial information network. In addition, the new general manager and one of the Board members have already taken the ethics training required by a newly enacted State law. He has planned the same training for the other two Board members this summer through the California Special District Association. He provides more information to the Board than did the former general manager.

The Board of Supervisors replaced the entire GCD Board in early 2006. The new members have experience in public sector budgeting and longstanding community service.



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One County Supervisor indicated that the newly appointed board members would be asked to report back on GCD operations. The General Manager committed to proper public noticing of District Board meetings.

### 2. Why Did it Happen?

- a. Misplaced Trust:** The former GCD Board members did not question the General Manager. This might have been acceptable if they had another way of obtaining the information they needed to make informed decisions. They didn't, however, and became overdependent on the former general manager. Board members did not know the limits of their knowledge. In other words, they did not know what they did not know. During their tenures they had received no training in budget management, public capital contract law, retirement plans, or financial statements. Even after public outcry arose about the cashout and the Rolex, they did not obtain training in these subjects or in laws applicable to district operations. For example, State law changed in 2002 and 2003 in the following areas: cemetery powers, operation and management, licensure of managers and care of active cemeteries. A new State law requires ethics training by January 1, 2007 for special district board members in service on January 1, 2006. The former Board's last training in laws applicable to cemeteries was in 2001. Although the Grand Jury found that some GCD Board members had a subscription to a trade publication, there is no indication that they read or used them.
- b. Actions Taken on Whim:** The Grand Jury asked repeatedly about criteria for decision-making and, for several critical decisions, for the facts on which to base the conclusion that the decision was reasonable. There were no criteria and few facts. With the exception of a Personnel Policy, the GCD's rules, regulations or operating procedures totaled a single page in length.
- c. Profound Misunderstanding of Responsibilities:** Board members did not recognize that gifts of public funds were inappropriate or that they had obligations to engage in reasonable inquiry in managing District operations. One former Board member accepted benefits (for example, health insurance and cell phone) offered by the former general manager to the entire Board. It should be noted that board members of all the cemetery districts except one serve without compensation in the form of salary, per diem, or health insurance.

A majority of Board members took the former general manager's actions as betrayals of them personally rather than as betrayals of the taxpayers or the public trust. The former general manager used the Board's

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unawareness, loyalty and dependence on him to benefit himself. Even the new general manager followed the Board's direction to cut a check for the Rolex watch while suspecting it was not a proper use of district funds.

- d. Absence of oversight:** Once appointed, GCD Board members serve until they resign, die or are removed by the Board of Supervisors. They are not subject to a re-election process. As long as controversial information is not in the public eye, GCD Board members stay as long as they like.

GCD Board members are appointed by the County Board of Supervisors. Over the years, County Supervisors have not attended GCD Board meetings, required reports back from their appointees, or otherwise meaningfully checked in on the District. Similarly, GCD Board members did not check in with Supervisors.

Public noticing of monthly Board meetings was spotty, and the public rarely attended.

### B. Are Other Districts Similarly Exposed?

#### 1. On Not Reinventing the Wheel: State and County Analysis

These problems would be old news to the Little Hoover Commission, an independent State oversight agency that investigates government operations. Its purpose is to “promote economy and efficiency and improved services in the transaction of the public business.” It reported on the performance of special districts in 2000 and found absence of oversight due to little public participation and inadequate accountability mechanisms<sup>3</sup>.

“Without robust mechanisms of public accountability, inefficiency can become routine and the occasional scandal inevitable...

“[W]hen problems and abuses do occur, they often do not come to the attention of the public and policy-makers until they are egregious and the remedies drastic.”<sup>4</sup>

The Commission recommended that special districts be consolidated and required to report periodically to county boards of supervisors. Without oversight, the opportunities for misconduct multiply.

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<sup>3</sup> *Special Districts: Relics of the Past or Resources of the Future*, Little Hoover Commission, 2000, pg iv

<sup>4</sup> *Ibid*, pg ii and iv

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The Commission report provided tools for assessing special districts. The Grand Jury adapted the survey tool and sent it to all water and cemetery districts in Santa Barbara County.

More locally, the County has looked into certain financial aspects of independent special districts. The County Auditor-Controller analyzed independent special districts in 2001 in response to two Grand Jury reports requesting that the County improve independent special district compliance with financial requirements and also analyze their financial condition. The County found in 2001 that although some districts had healthy reserves and strong operating results, some were strained by property tax shifts and small staffs<sup>5</sup>. The County recommended that the Guadalupe and Los Alamos Cemetery Districts work closely with the Auditor-Controller's office to "maintain fiscal balance". This may be the source of the belief among County Supervisors that the Auditor-Controller will flag problems in broader district operations. The scope of Auditor-Controller oversight, however, is limited.

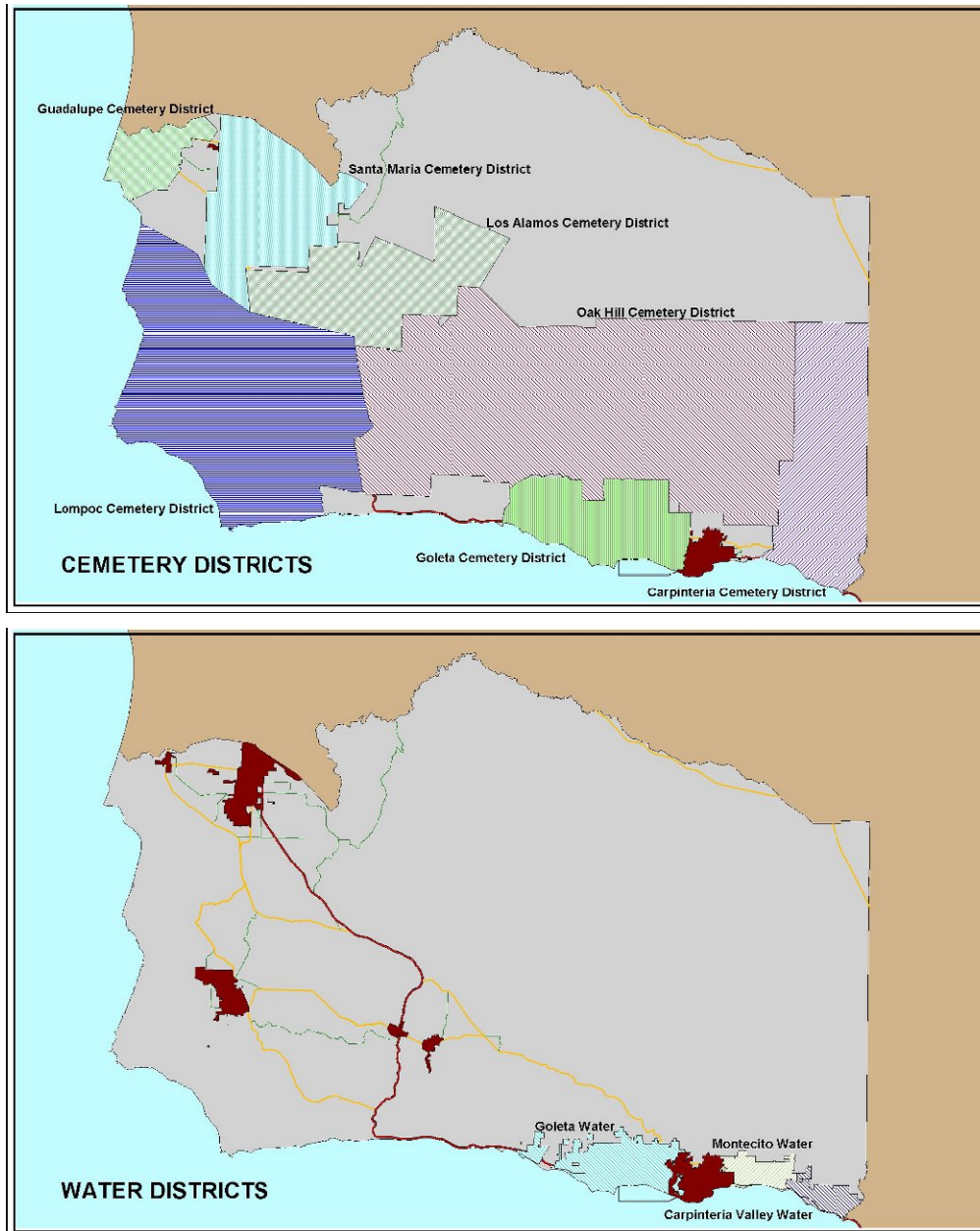
### 2. Isn't LAFCO Monitoring Special Districts?

- a. **What's LAFCO?** The Local Agency Formation Commission (LAFCO) has purposes including the discouragement of urban sprawl and the encouragement of orderly governmental boundaries based upon local circumstances and conditions. It does not set or enforce internal special district policy or State law applicable to special districts. Examples of such policies and law include those related to employment practices, finances, open meetings, and the subject of the district's services (for example, potable water delivery or burials). LAFCO does not decide what services are offered or what rates are charged.
- b. **The LAFCO Directory:** LAFCO periodically prepares a directory of Santa Barbara County special districts. It provides contact information, board make up, coverage maps, and other administrative particulars. The maps in the Directory reveal that the areas covered by special districts often overlap into more than one supervisorial district. The following maps show the boundaries of the subject special districts.

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<sup>5</sup> *Santa Barbara County Independent Special Districts*, Office of the Auditor-Controller, April 2001, pg 3.

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- c. Municipal Service Reviews:** Recently, LAFCO also began generating Municipal Service Reviews (MSRs). MSRs describe service delivery and issues regarding “sphere of influence<sup>6</sup>”; they do not set policy or monitor performance. As of March 10, 2006, the MSRs for the water districts were complete and those for the cemetery districts were not. The

<sup>6</sup> “Sphere of influence” is a special term used in the land use field and was outside the scope of this investigation.

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completed MSR's contain several unsubstantiated conclusions. If the conclusions are accurate, it is not because the MSR's present full facts to support them.

Excluding headings, sections about LAFCO itself, and information already in the LAFCO Directory, each of the water district MSR's is less than two pages long. The text is similar across water districts. The MSR's are based in large part on information provided by the water districts in response to a LAFCO questionnaire featuring many multiple choice options. This may explain their brevity and instances of identical wording.

It is not expected that the cemetery district MSR's will be more comprehensive given the small staff sizes<sup>7</sup> and limited internal expertise<sup>8</sup>. Indeed, one district had *no* employees in October of 2005.

Summarizing, LAFCO is not monitoring performance of special districts.

### 3. Answers from the Districts

In the controversy involving the Goleta Cemetery District, the Grand Jury found misplaced trust, board actions taken on whim and in known opposition to written policy, profound misunderstanding of responsibilities, and an absence of oversight. The Grand Jury then looked at the business practices of other independent cemetery districts to determine if similar conditions existed. The Grand Jury compared cemetery district business practices to those of water districts.

To collect information and gain insight into the districts' views on these concerns, the Grand Jury interviewed water and cemetery district board members. In addition, the Grand Jury sent written questionnaires to all the independent single-purpose water and cemetery districts in the County. They all responded, and their answers are provided in the Appendix. Where responses were incomplete, the Grand Jury followed up. Answers that were not forthcoming after three requests are reflected in the Appendix by "No response."

**a. Misplaced Trust** The Grand Jury found excessively broad discretion and trust in general managers, especially for districts with small staffs.

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<sup>7</sup> Full time staff: maximum: 8, minimum: 0; average: 3. See Cemetery District Data Appendix for full data.

<sup>8</sup> For example, the following report notes "Small administrative staff support makes preparation of budgets and financial statements difficult." *Santa Barbara County Independent Special Districts*, Office of the Auditor-Controller, April 2001, pg 7

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**General Managers as Information Gatekeepers:** In investigating the controversies that arose during the watch of many board members and managers, the Grand Jury asked why they did not ask appropriate questions or verify that certain things were done. “I trusted [him/her]” was the most common refrain.

General managers of cemetery and water districts control day-to-day operations. General managers provide information to their boards in the form of reporting, and ask their boards for authorization to take certain actions. They provide the information their boards use to decide on authorizations. For cemetery districts, the general manager is usually the only staff person who attends board meetings; the public is almost entirely absent. Two cemetery districts did not report annual budget totals to LAFCO, and one of them may be unaware of the dire nature of its financial situation.

Another source of information to board members could be industry periodicals, *if* they are read and used. If, instead, they are not used, as was the case with the Goleta Cemetery District (GCD), they cannot inform decision-making.

Most districts have limited avenues for customer and public contact. One cemetery district used an answering service that took only messages containing name and phone number. The majority of cemetery districts have no effective e-mail; two deny the need to be reachable via e-mail. Two cemetery districts have no published fax number, and the majority cannot receive faxes on the weekend. For the three water districts, two do not appear to be reachable via fax, and one does not appear to be reachable by e-mail. See Section B.4 for the test of district fax and e-mail.

In summary, the effect of board reliance on the general manager for information, the minimal *avenues* of public input, the minimum *actual* public input, and inadequate board member training is that the general manager sets the board agenda and is the gatekeeper through which information flows to the board, especially for cemetery districts.

**Scarce General Manager Training:** General managers of most cemetery and water districts had, as of November 2005, little or no recent training in subjects relevant to good management and proper operation.<sup>9</sup>

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<sup>9</sup> Public agency accounting, budget management and preparation, public capital contract law, retirement plan.

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**Limited Use of Professionals:** Given the broad discretion of general managers and their scarce training in current financial, legal and broader management subjects, the Grand Jury looked into other resources that could partially fill the gap: the use of certified public accountants (CPAs) and attorneys.

All except two cemetery districts use outside CPAs as accountants. Several said staff call the outside CPAs on an “as needed basis.” However, none has criteria for deciding whether to call its CPAs. One cited instead the absence of accounting problems but provided no facts on which to base this assertion. Two replied that they rely on their bookkeeper to raise such issues. These approaches do not demonstrate reasonable inquiry.

In contrast to cemetery districts, water district accounting is done in house. With their greater monetary resources, water districts can better afford to have staff with expertise in accounting. Only one water district uses its outside CPA for anything other than audits.

The Grand Jury also asked about district use of legal counsel. One cemetery district stated that legal advice has not been necessary. Most cemetery districts indicated that seeking legal advice is at the discretion of staff and common sense driven. When asked how the district decides whether to call its attorney, however, only one cemetery district gave criteria<sup>10</sup>. Three districts require staff to obtain board permission before seeking legal advice. This resistance to seeking legal advice, when combined with the legal complexities of running a government agency in the new millennium<sup>11</sup> and the absent or limited recent training of general managers, creates fertile ground for significant operating problems.

Water districts use their lawyers more frequently. Although this may seem necessary due to the relative complexity of legal issues facing water districts, it should be noted that wide-ranging regulations apply to cemeteries as well. One water district indicated that its contracts are reviewed by counsel; two indicated that their ordinances are. Otherwise, water district answers were similar to those of the cemetery districts, if more carefully worded.

**Overdependence on General Managers:** The general managers, especially for districts with small staffs, are the gatekeepers

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<sup>10</sup> Legal counsel are called to review necessary forms, and advise on client concerns and new law.

<sup>11</sup> CA Code of Regulations impacting cemeteries in accounting procedures, pest control, forestry, fire protection, funerals, pre-need agreements, employment practices.

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for nearly all the information that reaches the governing boards. The managers are expected to know the limits of their knowledge without training. To ensure good decision-making absent knowledge, organizations can use criteria for deciding when to consult experts such as attorneys and accountants. In this way, criteria can substitute for knowledge, but no districts had criteria either. The boards depend upon the general managers to know when to call financial and legal experts. Based on results, this broad discretion and the trust that is placed in general managers are inappropriate.

### b. Actions on Whim

**Written Procedures:** Three of the seven cemetery districts have no written standard operating procedures or policies. The four districts that do have such policies have used changes in the law to trigger policy updates. However, only one district has a mechanism for finding out about changes in the law. No cemetery district has committees for issues such as finance, regulations or strategic planning.

In contrast, all the water districts have standard operating procedures. Two of the three water districts are more in touch with triggers for updating procedures, such as contract re-negotiations, annual financial reviews, and trade publications. All water districts have committees on finance and other relevant topics.

**Board Member Selection:** In terms of the initial selection process, three of the seven cemetery districts have no internal criteria for selecting new board members and rely entirely on the appointing County Supervisor. Following are the combined criteria given by the other four cemetery districts: local taxpayer, active in the community, willing to serve for free, and good character. No indication was given of how the latter is determined.

Unlike cemetery district board members, water district board members run for re-election as their terms expire. For vacancies *during the term*, two of the three water districts referred the Grand Jury to State law that allows several options, including appointment by the remaining board members. One water district has criteria for choosing a board member by appointment, one reported not having any, and the third relies entirely on elections.

**Removal, Even for Cause, Not Likely from the Inside:** Only five of the seven cemetery districts knew that board members



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could be removed for cause. However, no district has a policy on the subject, or criteria to determine cause, and two depend upon a County Supervisor to remove board members for cause. With rare exceptions, unfortunately, Supervisors do not check in on special districts, nor do they see it as their job.

Cemetery district staff and board members have no official power under the law to remove board members administratively. However, staff and board members are in the best position to observe questionable practices because of their routine involvement in operations. Accordingly, they have enhanced access to information relevant to removal for cause. They are best situated to provide this information to County Supervisors, who *do* have the power to remove for cause. Districts with appointed boards should have an internal policy on this issue. Compared to staff and other board members, the public is ill-equipped to detect misconduct and so cannot effectively police these appointed boards.

Unlike cemetery district board members, water board members run for re-election. Water districts indicated that their board members could *not* be removed for cause. Two referred the Grand Jury to State law on impeachment for criminal misconduct and the recall process. It would appear, then, that it is the electorate's job to police and remove water district board members.

### c. Misunderstanding of Responsibilities

**Board Member Training Not Seen As Needed:** The Grand Jury asked about training of board members and general managers in certain subjects.

For board members: financial statements, budget management, laws and regulations applicable to cemeteries, retirement system.

For general managers: applicable laws, public agency accounting, budget management and preparation, retirement plans.

Six of the seven cemetery districts indicated that training *has been made available* to board members. However, with the exception of one cemetery district and one subject (i.e. applicable laws), *none* of the districts indicated their board members had obtained training in *any* of the subjects in the past 12 years. One cemetery district did not provide the information requested, listing instead only "various/current" as its response and implying that training was not needed

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because its “board members are businessmen”. Three districts could not determine if there had been training. Training of general managers was better, with three districts indicating training in most of the subjects since 2001.

Water districts did more training than cemetery districts. Only the Carpinteria Valley Water District had no training of board members in any of the listed subjects. The Goleta Water District trained its board most recently and in the most subjects. The Montecito Water District relies on staff to train its board in financial statements and budget management. The general manager with the missing or oldest training (1972 to 1998) served the board that has no known training in the listed subjects.

**Board Meeting Documentation:** Board meeting minutes may seem like administrative trivia to some, but they are required, and they are a primary source of information for the outside world on issues that come before the board. Carpinteria and Guadalupe cemetery districts deserve recognition for their excellent board meeting documentation. For the fiscal year most recently ended, two districts had minutes for less than half of their board meetings and one had no minutes at all.

**Board Member Compensation:** When this investigation began, only one board member of one cemetery district was receiving health care benefits and a cell phone. The cost of these perquisites was over \$10,000 per year. The board member had been approached about how unusual this was. However, he declined to give them up unless he was directed to by “someone like a County Supervisor”. Currently, no cemetery district board members receive health care benefits. Only two cemetery districts provide compensation on a per meeting or per day basis (i.e. *per diem*) to their board members.

In contrast to cemetery districts, most water districts provide health insurance to their board members and all provide per diem payments for meeting attendance. Water district board members also put in more time – an average of 10 to 35 hours per month per member. The average health insurance cost per water board member is \$400 per month. The Montecito Water District ended its health insurance for board members in January of 2005. Per diems for Carpinteria and Montecito are \$100 per meeting, for Goleta \$150. The average monthly per diem ranged from \$423 per board member (Carpinteria) to \$889 per board member (Goleta).

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### d. Inadequate Oversight

**Open-ended Tenure:** All cemetery districts have boards that are appointed. Although State law provides that appointed board members serve for fixed terms, in practice board membership can become indistinguishable from a lifetime post. No cemetery district has a mechanism for ending terms, other than resignation or death of a board member. Incumbencies vary between 1 and 26 years, with an average of over 10 years. Oak Hill Cemetery has no idea how long its Board members have served. The majority of cemetery districts could not determine when the terms of their board members began.

**No Reporting Back:** The Grand Jury asked the cemetery districts: “When was the last time before October 20, 2005 that each trustee reported back to the person who appointed him/her concerning District operations?” The answers were diverse. One stated that reporting back is not necessary. One indicated it had last reported back during the 2000 redistricting. Another indicated it had invited a County Supervisor to attend board meetings. The common thread was that reporting back was either non-existent or rare.

In January of 2006, over four months after the GCD irregularities came to light, the Grand Jury asked the County Supervisors if and how they check the performance of special district boards in their jurisdiction. One Supervisor did not respond. Another mentioned usually attending two board meetings annually. The rest did not indicate that they check beyond relying on the Auditor-Controller to flag financial problems. As explained earlier, however, Auditor-Controller oversight is limited. One pointed out that Supervisors are not legally obligated to check. Another Supervisor indicated that because he had not made any appointments, he considered the question moot. One stated that he would work to establish performance measurements “if the Board of Supervisors had authority to do so”. This is inconsistent with a later statement that he had determined, through his own research, that the Board of Supervisors *could not* establish performance measurements. He admitted, however, to not having put the question to the County’s attorney because in his view it is not necessary.

**e. Consolidation: Resistance Without Facts:** Given the limited resources of the small cemetery districts and the problems such limitations intensify, the Grand Jury sought information on consolidation. The Little Hoover Commission reported that consolidation can benefit the operations of special districts and increase efficiencies, but that special districts resist

## Water and Cemetery Districts

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consolidation to protect their own interests. What follows is an analysis of the questionnaire responses of the independent cemetery and water districts on this issue.

Cemetery districts were unanimous in reporting not only that they had *not* considered consolidation with any other cemetery district in the past 10 years, but also that they are disinclined to do so. When asked why they had not considered consolidation, the districts provided somewhat circular responses. Three cited a desire to stay local and “in touch.” This reasoning contains the assumption that consolidation with an adjacent district would prevent a district from remaining in touch.. Some districts declined to respond despite two follow-up requests. One stated, “This is the way it’s been done for 85 years.” Another voiced a belief that an adjacent district had severe monetary problems. None provided more than one of these reasons, and the Grand Jury finds them less than compelling.

Water districts, on the other hand, have considered consolidation. The Summerland district was merged with the Montecito Water District. The Goleta Water District has approached Goleta West *Sanitary* District about consolidation even though sewage treatment is a utility substantially different from potable water delivery.

Consolidation usually means replacing two boards with one, which in turn means that some board members would be eliminated and no longer receive benefits of board membership. Such benefits, for example, range in value from \$840 to \$1,283/month per board member for water districts. Even so, none of the water districts consider the loss of board member benefits to be a deterrent to further consolidation. However, when asked *why* these benefits do not deter consolidation, two of the three water districts gave circular responses: Carpinteria stated that there had been no effort to consolidate so there is no apparent deterrent, and Montecito stated that they see no connection between board member benefits and barriers to consolidation.

#### **4. ... Then the public must be watching, right?**

Well, no, not really. As explained, cemetery district board members serve *ad infinitum* and do not stand for election. Water district board members stand for re-election, affording at least a periodic opportunity for the public to voice its opinion. The Brown Act, a State law, requires the districts to give public notice of their board meetings. However, the Grand Jury found little evidence of public attendance of cemetery district meetings. Water district meetings were better attended, especially when controversy arose.

## Water and Cemetery Districts

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An essential element of public participation is ease of communication by the public to special districts. The 2005 LAFCO Directory lists no e-mail address for four of the seven cemetery districts and no fax numbers for two of the seven. Two out of the three water districts have an e-mail address listed, and all three have fax numbers.

When asked why their fax and e-mail contact information was missing, all cemetery districts provided a fax number, and all except two provided an e-mail address. The two cemetery districts that did not provide an e-mail address indicated that they do not need e-mail. One asserted that being accessible via e-mail is not necessary because the phone answering machine is adequate. The other district without e-mail capability admitted to having no reason for not being accessible by e-mail. E-mail and fax allow the public to communicate not only faster than postal service letter, but also outside business hours, which increases the convenience of communication by the public. The Grand Jury believes that the public should be able to contact special districts by fax and e-mail.

When the Grand Jury sought to follow up with districts on missing questionnaire responses, it noted that a substantial portion of districts had trouble receiving e-mail or fax communication. The Grand Jury waited four months to provide an opportunity for districts to address these problems, and then on Sunday, April 2, 2006 sent to all cemetery and water districts the following e-mail and fax:

E-mail: "Subject: Grand Jury e-mail contact info check: This e-mail is to determine if your district checks its e-mail. This is a factor in public participation. When you receive this, please respond via e-mail with the name of the person who picked it up. Thanks in advance!"

Fax on Grand Jury letterhead: "This fax is to determine if your district can be readily contacted via fax. This is a factor in public participation. When you receive this, please respond by faxing back the name of the person who picked it up. Thanks in advance!"

The table below summarizes the results as of two business days later (5:00 PM Tuesday).

## Water and Cemetery Districts

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### Effective Fax and E-mail

	E-mail	Fax
Cemetery Districts	3 of 7	5 of 7
Water Districts	2 of 3	1 of 3

Some districts responded promptly, some not at all. The first responder was the Goleta Cemetery District, well before 7:00 am on Monday, April 3, 2006. Three attempts to fax the Carpinteria Cemetery District failed, and it never responded to the e-mail. The water districts that responded to the e-mail did so on the second day (Tuesday) and gave the excuse that the staff member whose job it was to pick up e-mail was not in on Monday. When asked if someone was supposed to cover e-mail pick up in this circumstance, the Montecito Water District wrote that the Grand Jury had sent its e-mail to an address used primarily by *commercial* entities, though it inexplicably declined thereafter to provide the e-mail address to be used by customers and the public. There is much room for improvement in the ability of districts to receive fax and e-mail communication.

There are substantial practical as well as legal barriers to public oversight of cemetery and water districts. Various measures exist to enhance public oversight. Districts could lower the practical barriers. Supervisors could pay better attention. The public could step up. Any two of these three would probably work. Without at least one, the mischief will continue.

### FINDINGS

#### Finding 1

Water and cemetery district board members do not have adequate recent training to make informed decisions on many of the issues applicable to their districts.

#### Finding 2

Water districts generally follow better business practices than cemetery districts.

#### Finding 3

Cemetery districts have inadequate accountability mechanisms (for example, missing written procedures, no apparent operational oversight and little financial oversight).

#### Finding 4

The Board of Supervisors does not supervise cemetery district board members or timely exercise its power to remove problematic district board members; this results

## Water and Cemetery Districts

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in open-ended terms for cemetery board members, an insular culture, and decision-making based on whim.

### **Finding 5**

For cemetery and water districts, barriers to public participation include limited and nonexistent e-mail and fax access, spotty Board meeting noticing and minutes, and, for cemetery districts, impediments to administratively raising tenure and misconduct concerns (for example, the information gatekeeper role of the general manager).

### **Finding 6**

Given that cemetery district board members cannot be voted out of office and are not being monitored by an oversight agency, it is up to the public to monitor district performance.

### **Finding 7**

For the cemetery districts, although measures that are both feasible and widely recognized as good practice are available to improve decision-making and performance of board members, they are not used.

### **Finding 8**

Cemetery and water special districts resist even considering consolidation.

### **Finding 9**

Cemetery district governing boards are overly dependent on district general managers given the scarce recent training, token standard operating procedures, absence of criteria for decision-making, resistance to consulting legal counsel, and the fact that nearly all the information that comes to the board comes through the general manager or not at all.

## **RECOMMENDATIONS**

### **Recommendation 1**

Water and cemetery district *Board members* should receive training, by January 1, 2007, in all subjects mandated by Assembly Bill 1234 (for example, ethics), public agency accounting, how to read balance sheets and statements of activities, budget management, employment law, conflict of interest, and law relevant to district operations (for example, Brown Act Open Meetings Law).

### **Recommendation 2**

Water and cemetery district *general managers* should receive training, by January 1, 2007, in all subjects mandated by Assembly Bill 1234 (for example, ethics), public

## Water and Cemetery Districts

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agency accounting, how to read balance sheets and statements of activities, budget preparation and management, employment law, conflict of interest, and law relevant to district operations (for example, Brown Act Open Meetings Law).

### **Recommendation 3**

County Supervisors in whose territory a special district lies should either attend a minimum of two meetings per year of those special districts or send a designee and have the designee brief the Supervisor in writing on the special district meetings.

### **Recommendation 4**

Public noticing of water and cemetery special district board meetings should meet or exceed Brown Act requirements, and the time and place of *noticing* should be explicitly printed on the meeting agenda.

### **Recommendation 5**

Water and cemetery special districts should have fax numbers and e-mail addresses, and should check their e-mail daily.

### **Recommendation 6**

Water and cemetery special districts should develop written policies on complaint processing, expenditure processing, board action, employment, record retention, and, for cemetery districts, removal of board members for cause.

### **Recommendation 7**

Water and cemetery special districts should keep minutes of all board meetings, and the minutes should state at least:

- 1) board member, staff and counsel attendance, by name;
- 2) number of attendees that are not board, staff or counsel; and
- 3) for each agenda item or other subject discussed,
  - a) a description of the item,
  - b) the action taken,
  - c) the facts on which the action is based, and
  - d) for each item that cannot be acted upon at the meeting, the issues that must be resolved *before* action can be taken and the person who is assigned to obtain the information needed to resolve the issue.

### **Recommendation 8**

Water and cemetery special districts should contact their CPAs and attorneys annually and ask to be briefed on changes in the laws and other requirements applicable to their districts.



# Water and Cemetery Districts

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## Recommendation 9

For each action requested of a district board by the general manager, the board should require its general manager to state in writing the facts on which to base a reasonable conclusion that the request should be granted.

## Recommendation 10

Cemetery districts should assess, using an independent third party consultant, the advantages and disadvantages of consolidation with adjacent cemetery districts, and cemetery district boards should make a specific decision to pursue or not pursue consolidation with each cemetery district with which it shares a boundary.

## Recommendation 11

County Supervisors should have a written policy on what constitutes misconduct in, and triggers removal of, board members of independent special districts with appointed boards.

## REQUEST FOR RESPONSE

In accordance with Section 933(c) of the California Penal Code, each agency and government body affected by or named in this report is requested to respond in writing to the findings and recommendations in a timely manner. The following are the affected agencies for this report, with the mandated response period for each:

### Santa Barbara County Board of Supervisors – 60 days

Finding	4
Recommendations	3, 11

### Carpinteria Cemetery District – 90 days

Findings	1, 2, 3, 4, 5, 6, 7, 8, 9
Recommendations	1, 2, 4, 5, 6, 7, 8, 9, 10

### Goleta Cemetery District – 90 days

Finding	1, 2, 3, 4, 5, 6, 7, 8, 9
Recommendation	1, 2, 4, 5, 6, 7, 8, 9, 10

### Santa Maria Cemetery District – 90 days

Findings	1, 2, 3, 4, 5, 6, 7, 8, 9
Recommendations	1, 2, 4, 5, 6, 7, 8, 9, 10

### Los Alamos Cemetery District – 90 days

Findings	1, 2, 3, 4, 5, 6, 7, 8, 9
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## Water and Cemetery Districts

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Recommendations 1, 2, 4, 5, 6, 7, 8, 9, 10

### **Oakhill Cemetery District – 90 days**

Findings 1, 2, 3, 4, 5, 6, 7, 8, 9

Recommendations 1, 2, 4, 5, 6, 7, 8, 9, 10

### **Guadalupe Cemetery District – 90 days**

Findings 1, 2, 3, 4, 5, 6, 7, 8, 9

Recommendations 1, 2, 4, 5, 6, 7, 8, 9, 10

### **Lompoc Cemetery District – 90 days**

Findings 1, 2, 3, 4, 5, 6, 7, 8, 9, 10

Recommendations 1, 2, 4, 5, 6, 7, 8, 9, 10

### **Carpinteria Valley Water District – 60 days**

Findings 1, 2, 5, 8

Recommendations 1, 2, 4, 5, 6, 7, 8, 9

### **Goleta Water District – 60 days**

Findings 1, 2, 5, 8

Recommendations 1, 2, 4, 5, 6, 7, 8, 9

### **Montecito Valley Water District – 60 days**

Findings 1, 2, 5, 8

Recommendations 1, 2, 4, 5, 6, 7, 8, 9

# Water and Cemetery Districts

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## APPENDICES

To collect information and gain insight into the districts' views on the business practices and concerns in this report, the Grand Jury sent written questionnaires to all the independent cemetery and single-purpose water districts in the County. The appendices provide answers by the districts to the questionnaires. Where responses were incomplete, the Grand Jury followed up. Answers that were not forthcoming after three requests are reflected in the Appendices by "No response."

### Legend

Bd	board
Bd mbr	Board member, aka trustee
bene	benefit
BOS	Board of Supervisors
cem	cemetery
comm	committee
Dir	directory
Dist	district
doc/docs	document/documents
Gen Mgr	general manager
mbr	member
Mgmt	management
mtg	meeting
NA	not applicable
pol	policy
proc	procedure
Super	County Supervisor
Ttee	Trustee, aka board members

### Appendix A. Cemetery District Data

### Appendix B. Water District Data

# Water and Cemetery Districts

Appendix A – Cemetery Districts		District						
Source	Information Type	Carpinteria Cemetery	Goleta Cemetery	Santa Maria Cemetery	Los Alamos Cemetery	Oak Hill Cemetery	Guadalupe Cemetery	Lompoc Cemetery
Dist Budgets	Annual budget	\$91,000 (est)	\$422,000	\$1,100,000	\$22,000	\$302,700	\$75,000	\$474,000
LAFCO Dir	Address	4699 Hollister Ave, Goleta, CA 93110-1999	44 S. San Antonio Rd SB, CA 93110	1501 So College Drive Santa Maria	82 N. Saint Joseph St Los Alamos, CA	2560 Baseline Ave, Ballard, CA 93463	4655 West Main St Guadalupe, CA 93434	600 S. C St Lompoc, CA
LAFCO Dir	Board of Directors	5 members appointed by BOS	3 members appointed by BOS	3 members appointed by BOS	3 members appointed by BOS	3 members appointed by BOS	5 members appointed by BOS	5 members appointed by BOS
LAFCO Dir	Meets	1st Mon in Nov, Feb, May & Aug @ 4 pm	3rd Tues, monthly @ 4 pm @ Dist Office	2nd & 4th Mon, monthly @ Dist office	4th Wed, quarterly at 6:30 pm	3rd Thurs, monthly, @ Dist Office	2nd Tues, monthly 8:30 am @ Dist Office	4th Wed, monthly, 11:45 am
Requested docs	Meeting minutes for 04-05 FY	All mtgs and well done	None provided	All mtgs	Less than half have minutes	Less than half have minutes	All mtgs and well done	No minutes
LAFCO Dir	Longest tenure (years)	26	28	20	5	Unknown	4	18
LAFCO Dir	Average tenure (years)	14	20	13	5	Unknown	4	11
LAFCO Dir	Shortest tenure (years)	6	15	6	5	Unknown	4	1
LAFCO Dir	Legal Counsel	County Counsel	County Counsel	Alex Simas, Kirk & Simas	Richard Battles, Mullen & Henzell	County Counsel	Ken Rossene	County Counsel
<b>Question #</b>								
1	Does your district have written standard operating procedures or policies?	Yes	Yes	Yes	No	No	Yes	No
1.a	List of operating procedure titles	District Policies, Guide to Public Cemetery Operation, Cemetery Rules and Regs, Fee schedule, Personnel Policy, Safety Program, Pesticide Use	Employee Handbook, District Rules & Regs	CA Health & Safety Code, then --> capital assets policy, employee handbook, harassment policy, rules and regulations, employment law.			General provisions & Governance, Meetings, Personnel, Job description, credit card use, headstone setting, User/visitor rules, safety	
1.b	What prompts updating operating procedures?	Bd action in response to new & changed laws, changes in the cemetery.	Changes in laws, clarification needs	Revisions to state law we are alerted through via quarterly report of CA Assoc of Public Cemeteries, Gen Mgr reads and alerts Ttees			Periodically & as situations require --> to clarify a gray area e.g. funeral conduct, headstone height, and revising forms concerning surviving family members	
2	How many subcommittees does the Board maintain?	1 (Personnel)	None	None	None	None	None	None

# Water and Cemetery Districts

Appendix A – Cemetery Districts		District						
Source	Information Type	Carpinteria Cemetery	Goleta Cemetery	Santa Maria Cemetery	Los Alamos Cemetery	Oak Hill Cemetery	Guadalupe Cemetery	Lompoc Cemetery
3	Are any trustees related to each other by blood (parents, children, siblings, uncles, aunts) or marriage (spouses, stepchildren, stepparents, step-siblings)?	No	No	No	No	No	No	None
4	Are any staff related to each other or any trustees by blood or marriage? (same definitions as #3)	No	Yes. 1 PT groundskeeper is a nephew of a FT groundskeeper	No	No (Independent contractors, no employees)	2 of the 3 staff members are brothers	No	No
5	On average, how much time do trustees spend per month preparing for board and subcommittee meetings and conducting Board activities?	0.5 hr (meets quarterly & 30 minutes of preparation)	1 hr	2-4 hrs	1-2 hrs	2 hrs (but did not ask any trustee)	6-8 hrs	"n/a"; then "I don't know" (mtgs last 2-3 hrs)
7	How does the Board fill vacancies created <b>during</b> a trustee's term?	Submit resumes of qualified persons to 1st Dist Supervisor, then approval by BOS	Bd notifies BOS of vacancy	Outgoing Tee notifies Bd & Genl Mgr, who notifies 5th Dist Super, who publicizes the vacancy, takes apps and chooses the Tee, which choice is voted on by BOS.	Appointment	Application, and no criteria are used	Talking to those who show an interest. Names are discussed and one is submitted to 4th Dist Super.	No response
7.a	Criteria <b>used</b> to select trustee	Taxpayer in the district and good character --> [in response to How does public know when and how to apply?]: "Trustees invite persons of good character"	Supervisor sets	Awaiting answer from Supervisor Centeno's office.	Application, interview, no procedure or criteria	Active in community	Local resident, willing to serve for free, interest in cemetery affairs	Active in community
8	When a Board vacancy is created <b>at the end</b> of a trustee's term, what is the procedure for filling it?	Submit resumes of qualified persons to 1st Dist Supervisor, then approval by BOS --> [in response to "How does public know when and how to apply?": "Trustees invite persons of good character"	Bd notifies BOS of vacancy, Supervisor sets criteria	Same as #7 above	Posting (but where and how is unknown), majority vote of members	Application & acceptance by County District Supervisor	People who express interest and are known to Board members, because they would best serve the District	By written application
9	Other than a quit or a death, what terminates the service of an existing trustee?	Termination by BOS	Term ends or action by BOS	Retirement, removal	Unknown	Cause, but no written criteria	Derelection of duties, fraud, theft, egregious conduct	Serves indefinitely unless ousted by 4th Dist Super

# Water and Cemetery Districts

Appendix A – Cemetery Districts		District						
Source	Information Type	Carpinteria Cemetery	Goleta Cemetery	Santa Maria Cemetery	Los Alamos Cemetery	Oak Hill Cemetery	Guadalupe Cemetery	Lompoc Cemetery
10	May a trustee be removed for cause?	Yes, by BOS after Trustees inform the BOS, no procedure for internal removal	Yes	Yes	Unknown	Yes	Yes	Yes
10x	If so, what requirements?	None	As determined by BoS	Don't know, nor does 5th Dist Super, awaiting answer from CA Assoc of Public Cemeteries	Unknown	Poor oversight, behavior, but no written criteria	Derelection of duties, fraud, theft, egregious conduct	No procedures or requirements
11	When was the last time <b>before 10-20-05</b> that each trustee reported back to the person who appointed him/her concerning District operations?	Never, but Bd invited 1st Dist Supervisor to mtgs	Current bd appointed by Supervisor who retired, last contact in 1993	Tees have not reported back.	Reporting back not necessary	Don't know	2000 redistricting	Call 4th Dist Supervisor
12	What was the date of the last training the <b>Board</b> received on the following subjects?							
12.a	Public capital contract law	None	Never	1992	None	"Don't know" after 3 requests for answer	Incomplete	"various/current" then, members are businessmen, don't know dates
12.b	Retirement plan and rules	None	Never	1992	None	same as above	Incomplete	same as above
12.c	Financial statements	None	Never	1992	None	same as above	Incomplete	same as above
12.d	Budget management	None	Never	1992	None	same as above	Incomplete	same as above
12.e	Laws & regs applic to cemetery ops	None	2001	1992	None	same as above	Incomplete	same as above
13	What was the date of the last training your <b>General Manager</b> received on the following subjects?							
13.a	Public capital contract management	None	2002	May-03	No Gen Mgr	Aug-04	none	"various/current" -> no date provided
13.b	Retirement plan and rules	None	2003	May-03	No Gen Mgr	Aug-04	None	same as above
13.c	Public agency accounting	None	2003	May-03	No Gen Mgr	Aug-04	None	same as above
13.d	Budget management & preparation	None	2003	May-03	No Gen Mgr	Aug-04	None	same as above
13.e	Laws & regs applic to cemetery ops	None	2004	May-03	No Gen Mgr	None	None	same as above
14	Has the District <b>made available</b> to trustees continuing education such as classes, conferences, seminars, workshops, or other training in the topics in questions #12, #13, #23, #24, #27 or #31?	Yes, via CA Assoc of Public Cemeteries, but no Tees attended in 04 or 05	Yes	Yes	No	Yes	"Yes" -> then changed answer to: none while no budget to reimburse	Yes

# Water and Cemetery Districts

Appendix A – Cemetery Districts		District						
Source	Information Type	Carpinteria Cemetery	Goleta Cemetery	Santa Maria Cemetery	Los Alamos Cemetery	Oak Hill Cemetery	Guadalupe Cemetery	Lompoc Cemetery
14.a	Which topics?	None provided	Same as #12 & 13 above	Cemetery Ops, governance, getting direction, budget mgmt	n/a	All of the above	Initial answer: Managing dist funds, preventing vandalism, labor law, legislature, Brown Act, cemetery lawsuits, landscaping, leadership. Answer changed (to #14 above) when person responding for district changed	All above
14.b	Total amount paid for training in FY 04-05?	0	0	0	0	0	\$120	0
15	Does the District provide health benefits to trustees?	No	Discontinued in 2006	No	No	No	No	No
15.a	If so, does the District extend the benefits to spouses or dependents?		District paid until 2006					
15.a.i	Total cost FY04-05		\$10,556					
15.a.ii	Cost per trustee per month		\$293					
15.a.iii	Type of health plan		HMO- \$500 deductible					
16	Do district trustees receive any other benefits or compensation?	Yes	No	No	No	No	No	No
16.a	Type	Quarterly bd mtg stipend of \$100/mtg						
17	Health plans to former trustees?	No	No	No	No	No	No	No
18	The August 2005 LAFCO Directory does not show the dates that the terms of your trustees began.							
18.a	Please provide the dates or explain why they cannot be provided.	Carty 8-10-03; Ballard 6-11-88; Jordan 1-4-93; Lemere 2-3-96; Seehoff 8-10-03	As of 10-05: Charles Begg: 1/77 - no expiration Ronald Fraas: 10/89 - no expiration Jack James: 11-90 no expiration	Hull 1992, McBroom 1985, Tieggs 1999 (Current mgr does not know why dates are missing from LAFCO directory. LAFCO's request pre-dated her watch)	No response after 3 requests	Bettencourt approx 11 yrs; Adams approx 2 yrs; Knight approx 8 months	LAFCO Directory shows dates	No response
18.b	If district records are missing this information, what trustees and staff were asked for their best memory?		Charles Begg	No response	No response			No response
19	Do trustees get per diem payments?	Yes	No	Yes	No	No	No	No

# Water and Cemetery Districts

Appendix A – Cemetery Districts		District						
Source	Information Type	Carpinteria Cemetery	Goleta Cemetery	Santa Maria Cemetery	Los Alamos Cemetery	Oak Hill Cemetery	Guadalupe Cemetery	Lompoc Cemetery
19.a	\$ per day / per mtg	\$100/mtg		\$100/mtg				
19.b	Maximum # of days	4 per year		2 per month				
19.c	Total paid to trustees for 1-1-00 to 6-30-05	\$9,500		\$16,500				
derived	Cost per trustee per year	\$422	0	\$1,222				
derived	Ave compensation/month/trustee all sources	\$422	Until 2006, \$880 for one Trustee, \$0 for others	\$1,222				
20	LAFCO's last service review	Aug-05	Aug-05	2005	No response	Unknown	Sep-05	2005
20.a	What information and documents did LAFCO request for this service review?	Budget, rate schedule, Financial reports & County Audit Simit	"See LAFCO request attached"	Audit report	No response	No response	Budget information	No response
20.b	What did your district provide to LAFCO for its service review?	All of above and questionnaire answers	What they asked for that we had	Audit report	No response	No response	Responses to all questions	Provided copy of filled in LAFCO questionnaire
23	In the last 10 years, has your district considered consolidation with other cemetery districts?	No	No	No	No	No	No	No
23.a	If so, why?	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
23.b	If not, why not?	No cemeteries in our area	Don't know, maybe local control	Bad experience with Pine Grove (debts). Ballard is in the red. Guadalupe is solvent and seems to need interested mgmt but SM Cem has not asked into it.	No response after 3 requests	We stay in touch with local community	We have done it for 85 years	We want to stay local & in touch
24	In the last 10 years, has your district considered <b>other</b> reorganization (e.g. annexation, intergovernmental agreements)	No	No	No	No	No	No	No
25	Have benefits and compensation provided to trustees been a deterrent to district consolidation?	No	No	No	No	No	No	No
25.a	Explain	No cemeteries in our area	No response	Our Trustees receive no benefits	No compensation provided	District admits to having no facts on which to base this conclusion	No response	No response
25.b	What issues have been a deterrent to consolidation?	No cemeteries in our area	Staff concerned about their jobs	Same as 23b	No response	Consolidation would not be staying local	No response	Would deter staying local



# Water and Cemetery Districts

Appendix A – Cemetery Districts		District						
Source	Information Type	Carpinteria Cemetery	Goleta Cemetery	Santa Maria Cemetery	Los Alamos Cemetery	Oak Hill Cemetery	Guadalupe Cemetery	Lompoc Cemetery
26	Does the district's law firm represent any cemetery district contiguous with your district's boundaries?	No law firm	No	No	n/a	No law firm	No law firm	"n/a", then "I don't know"
26.a	If yes, which districts & what firm?							
26.b	If you do not know, what activity has the district undertaken to ensure that its lawyer does not have a conflict of interest?							No facts needed because it is up to the law firm to know.
26.c	If No, please describe the facts on which you base this conclusion.		Provided by law firm	Our lawyers have no other cemetery clients. Have not checked competence given this fact				
27	How does District management decide whether to seek the advice of its attorney on an issue?	Only with Board permission, and the Board determines whether an issue requiring legal advice has arisen	Any situation of a possible legal matter	Gen Mgr common sense	District has not considered legal advice necessary	Only on board approval and no criteria are used	Review necessary forms, client concerns, new law	Board approval, no criteria
28	Do any of your Trustees serve on other district boards?	Yes	No	Yes	Yes	Yes	No	No
28.a	Which trustees & what district?	Fred Lemere, Carpinteria Valley Water Dist		Roger Hull, SBC School Board	Larry Torres, Los Alamos Comm Service Dist	Bettencourt, Santa Ynez Water Dist		
29	What are the credentials of the person who handles District bookkeeping?	CPA firm	CPA	BS in Business Acctg	CPA	CPA	Has had bookkeeping business many years, not a CPA, has a business license	CPA
30	Who does district's accounting?	Damitz & Hanrahan, LLP	John Hill, CPA	Michael Cox	Carrie Troup	Carrie Troup	County w/bookkeeper input	Carrie Troup
31	How does District management decide whether to seek the advice of the District's accountant on an issue?	On staff's own motion, but we have not had an accounting issue in at least 18 years	Any accounting issue	Cox attends Bd mtgs	Through the Board	As needed but no criteria are used	Bookkeeper requests of Board, R. Geis attends many mtgs -- > District has no accountant	"As needed", then: no criteria
32	Total full time (FT) employees and part time (PT) employees as of 10-2005	2 FT	4 FT / 1 PT	8 FT / 1 PT	0 / 0	3 FT / 1 PT	1 FT / 3 PT	5 FT / 1 PT
33	Why doesn't your district have a fax number?	566-0898 mistakenly omitted by staff	964-8268	Specified in LAFCO Directory	Specified in LAFCO Directory	Specified in LAFCO Directory	Specified in LAFCO Directory	Specified in LAFCO Directory

## Water and Cemetery Districts

Appendix A – Cemetery Districts		District						
Source	Information Type	Carpinteria Cemetery	Goleta Cemetery	Santa Maria Cemetery	Los Alamos Cemetery	Oak Hill Cemetery	Guadalupe Cemetery	Lompoc Cemetery
34	Why doesn't your district have an e-mail address?	mistakenly omitted by staff (carpinteria.cemetery@verizon.net)	Specified in LAFCO Directory	<a href="mailto:santamariacemetery@linkline.com">santamariacemetery@linkline.com</a>	Specified in LAFCO Directory	District has no reason for not being accessible by e-mail.	E-mail not necessary because our one employee is in the field most of the time. He checks answering machine.	Specified in LAFCO Directory

# Water and Cemetery Districts

Appendix B – Water Districts		District		
Source	Information type	Carpinteria Valley Water District	Goleta Water District	Montecito Water District
LAFCO Dir	Address	1301 Santa Ynez Ave, Carpinteria, CA	4699 Hollister Ave, Goleta, CA 93110-1999	583 San Ysidro Rd, Montecito, CA
LAFCO Dir	Board of Directors	5 member Board elected at large	5 member Board elected at large	5 member Board elected at large
LAFCO Dir	Meets	Wednesdays, 4 pm, District Board Room	2nd Tues, monthly, District Board Room	3rd Tues, monthly, 2 pm, District Board Room
LAFCO Dir	Longest tenure (years)	8	14	20
LAFCO Dir	Average tenure (derived) (in years)	8	10	10
LAFCO Dir	Shortest tenure (years)	6	3	3
LAFCO Dir	General Manager	Charles Hamilton	Kevin Walsh	Robert Roebuck
LAFCO Dir	Clerk of the Board	Charles Hamilton	Marie Zeman	Robert Roebuck
LAFCO Dir	Legal Counsel	Chip Wulbrandt, PP&P	Russell Ruiz	Chip Wulbrandt, PP&P
<b>Question #</b>				
1	Does your district have written standard operating procedures or policies?	Yes	Yes	Yes
1.a	List of operating procedure titles	Acctg Proc, Personnel Manual, Substance Abuse Pol, Emerg Response Plan, Standard Construction Specifications	Safety	"numerous resolutions & policies"
1.b	What prompts updating procedures?	New circumstances & ideas; new regs & laws	Investment pol: every year: Personnel at every contract negotiation; others as laws change & at Bd or mgmt discretion	Changes in legal, technical, or financial requirements, or policy direction by Bd of Dir's, then: Might get alerts from ACWA, legal counsel, professional assocos
2	How many subcommittees does the Board maintain?	6	6	6
2.a	Committee Names	Strategic & Capital Facilities Plan Comm; Groundwater Comm, Rate and Budget Comm, Personnel Comm, Ortega Reservoir Comm	Finance Comm, Public Info Comm, Mgmt Comm, Engineering & Operations Comm, CDM Water Treatment Plant Comm	Operations Comm, Finance Comm, Public Info Comm, Appeals Comm
3	Are any trustees related to each other by blood (parents, children, siblings, uncles, aunts) or marriage (spouses, stepchildren, stepparents, step-siblings)?	No	No	No
4	Are any staff related to each other or any trustees by blood or marriage? (same definitions as #3)	Yes	No	No
5	On average, how much time do trustees spend per month preparing for board and subcommittee meetings and conducting Board activities?	10-15 hrs/month/trustee	18-20 hrs/month/trustee	33-35 hrs/month/director
7	How does the Board fill vacancies created <b>during</b> a trustee's term?	by appointment by other Board members	per CA Govt Code 1780 et seq at Board discretion	Govt Code 1780 et seq
7.a	Criteria <b>used</b> to select trustee	Application, interview, and experience in water or utilities and business mgmt and a history of volunteer work.	None beyond CA Govt Code 1780 et seq at Board discretion	Directors are elected by District voters
9	Other than a quit or a death, what terminates the service of an existing trustee?	Failure to win an election	Term expires	Govt Code 3060 impeachment for criminal misconduct, Elections Code 11000 for recall

# Water and Cemetery Districts

Appendix B – Water Districts		District		
Source	Information type	Carpinteria Valley Water District	Goleta Water District	Montecito Water District
10	May a trustee be removed for cause?	No	Yes	No response
10x	If so, what requirements?	NA	CA Elections Code §11000, & Govt Code §3060 provides for impeachment for criminal misconduct. District has no authority to adopt criteria beyond these statutes.	No response
12	What was the date of the last training the Board received on the following subjects?			
12.a	Public capital Contract law	None	Dec-04	None within the institutional memory of the District, not within purview of directors
12.b	Retirement plan	None	None	None within the institutional memory of the District, not within purview of directors
12.c	Financial statements	None	May-05	6-05: budget workshop is led by staff
12.d	Budget management	None	May-05	6-05: budget workshop is led by staff
12.e	Potable water systems	None	May-05	8-05: consultant report on hydraulic model
13	What was the date of the last training your General Manager received on the following subjects?			
13.a	Public capital Contract law	None	1999	1985
13.b	Retirement plan	1998- PERS	2002	Jun-05
13.c	Public agency accounting	1981-2 - UCSD Extension	1999	Dec-04
13.d	Budget management & preparation	1972 Univ of Pittsburgh - grad school	1999	Dec-04
14	Has the District <b>made available to trustees</b> continuing education such as classes, conferences, seminars, workshops, or other training in the topics in questions #12, #13, #23, #24, #27 or #31?	Yes	Yes	Just the trustee designated for Association of California Water Agencies meetings
14.a	Which topics?	Finance & budgeting, fiscal mgmt & reporting, insurance, Public Outreach, employee relations & benes, workers comp, water supply planning, water system ops, water quality stnds, IT, federal & state legislation, Brown Act & governance, ESA	Developing staff orientations, Communication, Teamwork, GASB reporting, Sexual Harassment, Record Retention, Ethics in Spec dists, Employment law, Conflict of interest, Capital Improvement Planning & Financing, CalPERS health program, Workers Comp, Board's Role in Fiscal Accountability	Offerings by Association of California Water Agencies
14.b	Total amount paid for training in FY 04-05?	\$11,139	\$8,258	\$5,000
derived	Cost per trustee per month	\$186	\$138	\$83
15	Does the District provide health benefits to trustees?	Yes	Yes	No - ended in 1-2005
15.a	If so, does the District extend the benefits to spouses or dependents?	Yes, in part	Yes, in part	No
15.a.i	Total cost FY 04-05	\$25,031	\$23,677	\$1,915
derived	Cost per trustee per month	\$417	\$395	\$64
15.a.ii	Type of health plan	HMO w/no deductible, PPO w/\$200 deduct	HMO w/no deductible, PPO w/\$200 deduct	NA - ended in 1-2005

## Water and Cemetery Districts

Appendix B – Water Districts		District		
Source	Information type	Carpinteria Valley Water District	Goleta Water District	Montecito Water District
16	Do district trustees receive any other benefits or compensation?	No	Yes	Yes
16.a	Type	NA	per meeting allowance	1 trustee gets grandfathered dental until 2007
17	Health plans to former Trustees?	No	No	Yes, 1 trustee (benes vested before retirement)
17.a	If so, to their dependents?	NA	NA	No
17.b	Total cost of benefits to dependents	NA	NA	\$1,813
18	The August 2005 LAFCO Directory does not show the dates that the terms of your trustees began. Please provide the dates or explain why they cannot be provided.	Began: Lemere: 3-93; Liebertknecht: 1-96, Roberts: 7-95; Drain: 5-99 VanWingerden: 2-97;		
19	Do Trustees get per diem payments?	Yes	Yes	Yes
19.a	\$ per day / \$ per mtg	\$100 per day / \$100 per mtg	no response / \$150 per mtg	\$100 per mtg (max 1/day, 10/mo, 72/yr)
19.b	Maximum per month	6 mtgs	10 days	10 days
19.c	Total paid to trustees 1-1-00 to 6-30-05	\$114,190	\$239,915	\$195,745
derived	Per diem cost per trustee per month	\$423	\$889	\$725
derived	Average per diem & benefits/Ttee/month	\$840	\$1,283	\$789
20	LAFCO's last service review	2005	2005	Fall 2005
20.a	What information and documents did LAFCO request for this service review?	See list	See list	See list
20.b	What did your district <b>provide</b> to LAFCO for its service review?	See list - adequate	Everything requested	The info requested
23	In the last 10 years, has your district considered consolidation with other water districts?	Yes, Summerland Water District merged with Montecito Water Dist	No	Yes, Summerland merged w/Mont water
23.a	If so, why?	Summerland Water Dist requested	NA	Also, joint powers agreements
23.b	If not, why not?	NA	No adjacent or contiguous districts	NA
24	In the last 10 years, has your district considered <b>other</b> reorganization (e.g. annexation, intergovernmental agreements)	Yes, annex Rancho Monte Alegre 02-04	Yes	No
25	Have benefits and compensation provided to trustees been a deterrent to district consolidation?	No	No	No
25.a	Explain	No effort to consolidate so no deterrent observed	There's no adjacent <b>water</b> dists. We asked Goleta <b>Sanitary</b> Dist to study consolidation with us when it studied consolidating the 2 Goleta Sanitary Districts, but they declined. Trustees of the water & sanitary districts get similar compensation.	We see no connection
25.b	What issues <b>have</b> been a deterrent to consolidation?	No effort to ID incentives because single purpose districts have greater citizen participation and control	None	No logical other districts

# Water and Cemetery Districts

Appendix B – Water Districts		District		
Source	Information type	Carpinteria Valley Water District	Goleta Water District	Montecito Water District
26	Does the district's law firm represent any cemetery district contiguous with your district's boundaries?	Yes	No	Yes
26.a	If <b>yes</b> , which districts & what firm?	Montecito Water / Price Postel & Parma		Carpinteria Valley Water / Price Postel & Parma
26.b	If you <b>do not know</b> , what activity has the district undertaken to ensure that its lawyer does not have a conflict of interest?			Fee contract has process to avoid conflict of interest --> If conflict arises PP&P will withdraw unless District wants them not to. PP&P claims joint rep of MWD & CVWD benefits both.
26.c	If <b>No</b> , please describe the facts on which you base this conclusion.		No contiguous water districts	
27	How does District management decide whether to seek the advice of its attorney on an issue?	When district receives an inquiry from an attorney, Board member or staff raise a question related to law, difficult personnel decisions, recent legislation (e.g. recent rate setting), district rule application. Most contracts reviewed by County Counsel.	Dist Genl Counsel = officer & involved. Gen Mgr exercises professional judgment on when to seek. --> Counsel deals with litigation. New or changed Ordinances and Resolutions of the District are referred to legal counsel. If a trade organization or insurance carrier advises of pending situations and suggest legal advice, he will consult with legal counsel. Many personnel issues prompt a conversation with legal counsel. If the Grand Jury requests information, he will consult legal counsel.	If Gen Mgr determines he does not have the legal knowledge to understand or deal with an issue. All litigation is handled by counsel. Ordinances and resolutions are reviewed by counsel before coming to Bd vote.
28	Do any of your Trustees serve on other district boards?	Yes	No	No
28.a	Which trustee & what district?	F. Lemere, Carpinteria Cemetery	NA	NA
29	What are the credentials of the person who handles District bookkeeping?	UCSB BA in Business Econ w/Accounting Emphasis	"credentials required by job descriptions," then: B.S. Business Administration/Accounting, CPA candidate; Redmile, Accounting & Information Systems Supervisor – B.S. Business Administration/Accounting; Lenore Valencia-Hall, Administrative Assistant – B.S. Accounting	CPA license
30	Who does district's accounting?	Norma Rosales, Business Mgr	A staff	Accounting is done in-house. Outside firm does annual audits
31	How does District management decide whether to seek the advice of the District's accountant on an issue?	When staff is not sure the best way to perform an accounting task. Also, Single Audit Act compliance issues, e.g. 2 additional project-specific annual audits for projects using state loan funds, sale of District Certifications of Participation	Management includes accountants. Independent firm for annual audits	Accounting is done in-house
32	Total full time (FT) employees and part time (PT) employees as of Oct 2005	16 FT / 3 PT	59	25 FT / 1 PT
34	Why doesn't your district have an e-mail address?	<a href="mailto:info@cvwd.net">info@cvwd.net</a>	NA because specified in LAFCO Directory	NA because specified in LAFCO Directory