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July 6, 2018

The Honorable Kate Powell Segerstrom
Superior Court Judge of Tuolumne County
60 North Washington Street
Sonora, CA 95370

Dear Judge Powell Segerstrom;

We have received and reviewed the 2017/18 Grand Jury Report. In accordance with California Penal Code §933(c), included herein please find our comments on the Report's findings and recommendations pertaining to matters under the control of the governing body of the Groveland Community Services District. In addition, as requested by the Grand Jury, please find our Board's responses to the Report's recommendations pertaining to the Groveland CSD, numbered 1-10.

Comments on Findings:

F1. Public confidence and trust has been eroded by disrespectful behavior of Directors at Board meetings and negligent management practices.

District Comments: We disagree with the finding as there was no evidence provided

F2. Management practices created work conditions that resulted in the loss of highly qualified, experienced and certified employees.

District Comments: We disagree with the finding as there was no evidence provided that the employees lost were highly qualified.

F3. Management has used District legal counsel communications to intimidate public individuals without full Board knowledge.

District Comments: We disagree with the finding as there was no evidence provided that verifies an intent to intimidate the public, or that management lied or provided false information to the District's attorney.

F4. Inadequate staffing levels have increased environmental and safety risks for GCSD.

District Comments: We disagree with the finding as there was no evidence provided to show that the District was short staffed, or that the District was jeopardizing employee or environmental safety.

F5. Employees have used District equipment for personal use in violation of policy.

District Comments: We disagree with the finding as there was no evidence provided to verify that employees improperly use equipment. The employees who were accused of improperly using equipment should have been interviewed, and were not.

F6. Policy and procedures were not followed for purchasing vehicles in 2017.

District Comments: We disagree with the finding as the District policy requires multiple bids for vehicle purchase, which were received, and the purchase was made from the lowest bidder in compliance with policy.

F7. Union pay negotiations between management and union workers were conducted by relatives.

District Comments: We agree with the findings.

Comments and Response to Recommendations:

R1. Develop and enforce standards of orderly conduct by Board members during meetings. (F1)

District Comments: The Board is in the process of developing standards of conduct and protocol for effective Board meetings.

District Response: The recommendation has not yet been implemented, but the District has conducted three Board workshops thus far to develop Board Norms and Protocol; a process that will be completed by December 31, 2018. Protocol developed in the first three Board workshops have been implemented.

R2. Periodically train employees in the problem resolution process outlined under section 710 of the GCSD employee handbook. (F2)

District Comments: None

District Response: The recommendation has not yet been implemented, but will be implemented by July 30, 2018

R3. Offer exit interviews with Board members to all departing employees. (F2)

District Comments: The General Manager is responsible for the appointment, supervision, discipline, and dismissal of the district's employees, consistent with the employee relations system established by the board of directors. Exit interviews should be conducted by the General Manager, trained Human Resources staff, or a neutral outside Human Resources consultant.

District Response: The recommendation will not be implemented because it is not reasonable to involve Board members in personnel matters that are specifically delegated to the General Manager at Section 61051 of the Government Code. By December 31, 2018, the District will include in its employee relations system or separate employee retention program a policy detailing the appropriate method for exit interviews.

R4. Inform all Board members of legal communication before action is taken. (F3)

District Comments: Not all communications between District management and its legal counsel are appropriate for distribution to the Board; for example those related to personnel matters, (non-board related) or harassment claims filed by staff. In addition, if the Grand Jury's expectation was that the Board would receive such legal communications and give related direction or approvals to management prior to action; such direction would rarely be timely as it would need to occur on a Board agenda.

District Response: The recommendation will not be implemented because it is not reasonable to involve all Board members in legal communications before actions are taken by management. The District will implement a policy by December 31, 2018 requiring that legal communications, appropriate for distribution to the Board, be made available to all Board members within a reasonable timeframe following preparation.

R5. Delegate responsible staff for training and proper disposal of Hazmat according to the new Board policy currently in the process of development. (F4)

District Comments: A Board policy regarding the handling of hazardous materials is not necessary as it is a requirement of law and a responsibility of management. The Board's budgeting and employee development practices will continue to support proper handling of hazmat.

District Response: The recommendation has been implemented through management direction for specific hazmat training, and implementation of an Asbestos Cement Pipe handling and disposal protocol in accordance with OSHA and DIR standards.

R6. Create a "whistle blower" program that protects the confidentiality of employees and the public. (F4)

District Comments: Current District policies provide the framework for maintain the confidentiality of employees when reporting concerns.

District Response: The recommendation has not yet been implemented, and the District will adopt a specific policy regarding reporting and handling of safety, operational and administrative concerns.

R7. Adequately staff operations to meet the requirements for routine inspections and preventative maintenance. (F4)

District Comments: The intent, staffing plan and policies of the Board support adequate staffing for routine inspections and preventative maintenance, which is currently being conducted by the District. The District believes strongly that investments in infrastructure and a skilled, motivated workforce with a solid work ethic is the best means to achieve a balance between cost efficiency and effective maintenance. Management has been directed to develop staffing plans adequate to achieve routine maintenance and inspections in accordance with industry standards.

District Response: The recommendation has been implemented and the adoption of the 2018/19 fiscal year budget and sewer rate increase proposal supports this effort. The Board's July 9, 2018 agenda contains consideration for increased staffing.

R8. Hold employees accountable for violating policies regarding unauthorized equipment use. (F5)

District Comments: None

District Response: The recommendation has been implemented and will be reinforced through management memoranda.

R9. Hold managers and employees accountable for violations of District purchasing policies. (F6)

District Comments: The General Manager will be held responsible for implementing the Board's purchasing policies. The General Manager will hold department managers responsible for their role in purchasing.

District Response: The recommendation has been implemented and will be reinforced through management memoranda.

R10. Train GCSD Board members on their conflict of interest policy documented in the Policy Manual of the Board of Directors. (F7)

District Comments: Board members currently receive harassment and ethics training, which includes conflict of interest training, upon entering office and every two years thereafter.

District Response: The recommendation has been implemented and the District's conflict of interest policy updated by December 31, 2018. A Board Orientation program outline was approved by the Board in June 2018, and will be completed and implemented by November 30, 2018. The Board orientation program includes annual training on the District Conflict of Interest policy.

If you have any questions, concerns or comments related to this response, please do not hesitate to contact me.

Sincerely,

Robert Swan
President