

**BOARD OF DIRECTORS
GROVELAND COMMUNITY SERVICES DISTRICT
GROVELAND, CALIFORNIA
January 26, 2009
9:00 a.m.**

The Board of Directors of Groveland Community Services District met in regular session on the above mentioned date with Directors Wes Johnson, President, John Graham, Vice President, Dick Lennen, Gus Allegri and Steve Perreira being present. Also present were General Manager Jim Goodrich, District Counsel Dave McMurchie, District Engineer Randy Klaahsen, District Treasurer Vicki West and Board Secretary Lena Spilman.

President Johnson called the meeting to order at 9:00 a.m.

Agenda Approval

Director Lennen moved, seconded by Director Allegri, and the motion passed unanimously, to approve the agenda as written.

Public Comment

Director Johnson announced adjustments to the process of receiving public comment. All persons wishing to address the Board during public comment will be required to indicate that desire by raising their hand. Once the Chairperson has recognized the requesting party, that person alone will have the floor and will proceed to the podium to make their comment.

In addition, all questions will be directed to the President. A maximum of five minutes will be allowed per person during the public comment section of the agenda. No person shall interrupt the party addressing the Board. However, both the Board President and District Counsel will reserve the right to interrupt the party for administrative or legal reasons.

(Director Perreira entered at 9:03 a.m.)

Director Johnson opened the floor for public comment

A member of the public questioned the District's policy concerning public use of District equipment. Director Johnson asked General Manager Goodrich to explain the District's policy on the matter. Mr. Goodrich stated that there is not currently a written policy on file regulating the public's access to District equipment. Mr. Goodrich further explained that his personal policy is to allow District equipment to be rented for park events

requiring both a deposit and use fee, or by a service organization holding a community event.

Action Items

Consent Calendar

- A)** Approve Minutes of the January 12, 2009 Regular Board Meeting
Director Perreira requested that the Board consider this item separately
- B)** Waive Reading of Ordinances and Resolutions except by Title
Director Lennen moved, seconded by Director Allegri, and the motion passed to waive reading of ordinances and resolutions except by title.
Ayes: Allegri, Graham, Johnson, Lennen Abstain: Perreira

Approve Minutes of the January 12, 2009 Regular Board Meeting

Director Johnson questioned Mr. Goodrich regarding the role of the Central Sierra Audubon Society in the trails project on GCSD property. Mr. Goodrich stated that he would discuss the issue with Bill Zachman.

Director Johnson asked that the date for the minutes referenced on the Agenda be corrected to read January 12, 2009.

Director Graham moved, seconded by Director Allegri, and the motion passed unanimously to approve the minutes as amended.

Consider Adjustment of Water and Sewer Fixed and Variable Rates, per Sewer Ordinance 1-08, Section 7.01 (d) and Water Ordinance 2-08, Section 15.06

General Manager Jim Goodrich presented the item to the Board. Mr. Goodrich explained that on February 25, 2008, the GCSD Board adopted Sewer Ordinance 1-08 and Water Ordinance 2-08. A provision in each Ordinance allows the District to automatically raise the fixed and variable rates by the Bay Area Consumer Price Index for water and by 4% for sewer. The Bay Area CPI has averaged approximately 3% for the year.

Mr. Goodrich presented the Fiscal report for the first six months of Fiscal Year 2008-09. He reported that due to a reduction in expenses as well as the District's anticipation of a reduction in revenue, the District has continued to operate in the black. Mr. Goodrich stated that all water and sewer bond reserves are current and fully funded, and that the working capital reserves for sewer, fire, and parks are below goals established by the Board. The capital projects reserves are at minimal levels, offset by the fact that all mandated projects are finished or are nearing completion with funds already secured. The District has caught up on all critical repairs and replacements, and what remains can be scheduled over time. Raising the water and sewer rates will assist the District in maintaining the pace at which the repairs can be made.

Mr. Goodrich explained that raising rates would allow the District to continue to grow the reserves and prepare for operational emergencies and any anticipated operational cost increases that might be planned for the first half of Fiscal Year 2009-10. He stated that if rates are not raised the District will still remain in good financial condition, with the exception that reserves will not grow. Additionally, not raising rates now will likely result in a larger rate increase next year. Mr. Goodrich added that smaller, more frequent rate increases are generally better accepted by the public than larger increases every two to three years.

Director Graham asked Mr. Goodrich whether the District had a list of repair projects organized on a timeline by priority. Mr. Goodrich responded that such a list exists for capital projects and that Staff would create a list for repair projects as well. Mr. Goodrich offered to present both documents to the Board during the budget process.

A member of the public asked a question regarding funding for the future Big Oak Flat sewer repairs. General Manager Goodrich responded that the District is investigating various grant opportunities.

Director Lennen inquired as to the cost of connection fees.

General Manager Goodrich stated that connection fees represent the customer's "buy-in" into the existing system. District Counsel Dave McMurchie also responded that the connection fees are not arbitrarily determined, and must be reasonably related to the projected projects to be funded.

Director Lennen stated that he agreed with Mr. Goodrich's determination that small yearly increases are more desirable, but stated that he would rather hold off on an increase this year.

Director Perreira commented that generally he supports inflationary increases, but that due to the possibility of further deflation of the market there may be no increase to make-up for in the future. He stated that if the District must make up for this lack of increase at some point in the future he would be willing to do so.

Director Johnson stated that historically the District's reserves have been too low due to the fact that the Board failed to raise the rates as suggested by the business plan. Director Johnson said that he would like to be cautious and not create a similar problem for future Boards. He reminded the Board that the amount of the increase is at their discretion.

Director Perreira commented that if the District were currently depleting their reserves he would be more concerned with raising the rates. He stated that since that is not currently the case, it would be acceptable to halt the growth of the reserves by not instituting a rate increase.

Mr. Goodrich noted that while we are almost budget neutral now through the end of Fiscal Year 2008-09, what is unsure is the first part of the next fiscal year.

Director Johnson moved to adjust the water and sewer fixed and variable rates by 3%. The motion died for lack of a second.

Director Allegri stated that he would not support any increase in service rates while the District is in good financial shape.

Director Perreira spoke in agreement with Director Allegri.

Director Lennen moved, seconded by Director Graham, and the motion passed to approve a 1% increase to Water and Sewer Fixed and Variable rates, per Sewer Ordinance 1-08, Section 7.01(d) and Water Ordinance 2-08, Section 15.06.

Ayes: Directors Graham, Johnson, and Lennen

Noes: Directors Allegri and Perreira

Adopt Resolution 1-09 for Moving District Election Cycle from Odd to Even Numbered Years

General Manager Jim Goodrich presented the item to the Board. Mr. Goodrich explained that the Tuolumne County Elections Office has asked that several agencies within the county consider moving their elections from odd to even-numbered years to coincide with the general election. He noted that many agencies within the county have already moved their election cycles. Election costs are generally shared by all agencies within the county holding an election in that year. As such, the fact that many agencies have moved their election to even-numbered years would mean an increase in elections costs for those who remain on odd-numbered cycles. Staff expects to significantly reduce costs if the general election cycle were moved to even-numbered years. A move to even-numbered election cycles would also mean the elections for the seats currently held by Directors Lennen, Allegri, and Johnson would move from November 2009 to November 2010. Director Graham was appointed to fill the seat vacated by Director Gray until the next regularly scheduled election, which would also be November 2010. Director Perreira's election cycle would move from November 2011 to November 2012.

District Counsel Dave McMurchie stated that an ever increasing number of Districts are moving to even-numbered elections cycles. The fewer Districts that choose to remain on odd-numbered cycles, the higher the percentage of elections costs that each will be responsible for. Mr. McMurchie further stated that should the District choose to remain on an odd-numbered cycle, there is no guarantee that the current elections costs would not increase as a result of other agencies moving their cycles.

A member of the public spoke against the move of election cycles. He expressed his opinion that it would be unfair to extend the terms of the current Board members, stating that the District should hold elections as scheduled in November 2009 with the express intent of changing the cycles upon election.

Closed Session

- A. Conference with Labor Negotiator
(Pursuant to Govt. Code Sec. 54957.6)
Agency Negotiator: Jim Goodrich
Employee Organization: Operating Engineers Local Union No.3
Fire Safety Unit

Reconvened to open session at 11:10 a.m.

Announcement of Any Action Taken by Board in Closed Session

Director Allegri moved, seconded by Director Lennen, and the motion passed to approve the side letter to the Memorandum of Understanding between the Groveland Community Services District and the Groveland Community Services District Fire Safety Unit which called for no change in the MOU until reopened in 2010.

Ayes: Directors Allegri, Graham, Johnson, and Lennen Noes: Director Perreira

Adjournment

Director Johnson moved, seconded by Director Lennen, and the motion passed unanimously to adjourn the meeting at 11:13 a.m.

APPROVED:

Wesley Johnson, President

ATTEST:

Lena Spilman, Board Secretary