

**BOARD OF DIRECTORS  
GROVELAND COMMUNITY SERVICES DISTRICT  
GROVELAND, CALIFORNIA**

**June 8, 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, Gus Allegri, Dick Lennen, and Steve Perreira being present. Also present were General Manager Jim Goodrich, District Engineer Randy Klaahsen, Groveland Fire Chief Shane Warner, District Treasurer Vicki West and Board Secretary Lena Spilman.

Absent: District Counsel Dave McMurchie

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

***Agenda Approval***

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

*Ayes: Directors Johnson, Graham, Allegri, and Lennen*

*Absent: Director Perreira*

***Public Comment***

None

**Action Items**

***Consent Calendar***

Director Allegri moved, seconded by Director Lennen, and the motion passed to approve the consent calendar:

A. Approve Minutes of the April 13, 2009 Regular Board Meeting

B. Waive Reading of Ordinances and Resolutions except by Title

*Ayes: Directors Johnson, Graham, Allegri, and Lennen*

*Absent: Director Perreira*

***Consider Approving Categorical Exemption for Automated Meter Reading Project***  
*(Director Perreira entered at 9:04 am)*

District Engineer Randy Klaahsen presented this item to the Board. Mr. Klaahsen explained that staff has been working with Chevron Energy Solutions to create a Business Case Analysis for the Automated Meter Read Project. He stated that although the District could obtain a loan to fund the project, staff feels that it would be wiser to pursue grant opportunities through the U.S. Department of Agriculture. The Department of Agriculture will release this grant money in fall 2009, and expects all potential

recipients to present shovel ready projects. Mr. Klaahsen stated that in order for this project to be considered shovel ready by fall, all environmental documentation must be completed.

He explained that Kennedy Jenks Consultants were approved by the Board to undertake an Environmental Analysis of the project to determine what CEQA category it would fall under. Kennedy Jenks determined that the project would constitute a Categorical Exemption as it is simply a removal and replacement of an existing facility. If the Board approves this classification by adopting the Categorical Exemption, staff will post a Notice of Exemption with the county. If after 35 days the District has received no legal challenges to this exemption, staff will be able to move forward with the pre-application for the Department of Agriculture grant.

*Director Lennen moved, seconded by Director Allegri, and the motion passed unanimously to adopt a Categorical Exemption for the Automated Meter Reading Project.*

***Adopt Resolution 3-09 Directing Preparation of the FY 2009-10 Engineer's Report for the Groveland Fire and Rescue Assessment District***

General Manager Jim Goodrich presented this item to the Board, explaining that each year the District must prepare an Engineer's Report for the Groveland Fire and Rescue Assessment District. For the past several years, SCI Consulting Group has prepared this report. Mr. Goodrich stated that this is the first of three resolutions needed for the preparation of the FY 2009-10 Engineer's Report and adoption of the assessment for the Groveland Fire and Rescue Assessment District.

He explained that this resolution directs the preparation of the Engineer's report for FY 2009-10 by SCI Consulting Group.

Director Perreira asked Mr. Goodrich to clarify that this resolution was not pertaining to a new assessment, but to a continuation of an existing assessment. Mr. Goodrich responded that it did pertain to the current assessment.

*Director Graham moved, seconded by Director Perreira, and the motion passed unanimously, to adopt resolution 3-09 directing preparation of the FY 2009-10 Engineer's Report for the Groveland Fire and Rescue Assessment District.*

***Consider Adoption of Resolution 4-09, a CalPERS Employer Pickup Resolution for Participation in the Pre-Tax Payroll Deduction Plan for Service Credit for all District Miscellaneous and Safety Employees***

District Treasurer Vicki West presented this item to the Board. Mrs. West explained that this item is essentially a house-keeping matter. In March 2007 the Board adopted resolution 4-07, authorizing an amendment to the CalPERS contract to go from a 2% at 55 retirement plan to a 2.7% at 55 plan. As a result of the contract amendment, the CalPERS Coverage Group for Miscellaneous Employees changed from 70001 to 70003. Mrs. West stated that with the change in coverage group designation, a

resolution should have been adopted stating that the District elected to continue to participate in the pre-tax payroll deduction plan for all employees of the District. She explained that this resolution would correct that oversight and catch the District up for the period of time that has elapsed since the passage of resolution 4-07 in March 2007.

Director Perreira spoke in opposition to resolution 4-09, explaining that he opposed the original resolution in 2007. He explained that his opposition to resolution 4-07 was based on the fact that many employees retire at 55 years of age, and that the District incurs sizeable legacy costs associated with the current benefit system.

*Director Allegri moved, seconded by Director Lennen, and the motion passed to adopt Resolution 4-09, a CalPERS Employer Pickup Resolution for Participation in the Pre-Tax Payroll Deduction Plan for Service Credit for all District Miscellaneous and Safety Employees.*

*Ayes: Directors Johnson, Graham, Allegri, and Lennen                      Abstain: Director Perreira*

### **Consider Adoption of FY2009-10 Budget**

General Manager Jim Goodrich presented this item to the Board. Mr. Goodrich explained that staff began working on the budget in early March, and reviewed the document on two occasions with the *ad hoc* Budget Committee, consisting of District managers, Directors Perreira and Johnson, and John Lloyd.

Mr. Goodrich reviewed the budget summary for each fund and announced that while the budget is balanced, the reserves will not grow appreciably in the 2009-10 fiscal year. There has been no allocation to the wage pool line items for the four funds (employee wage increases), and an 8% decrease in property tax revenues was planned due to the state proposal to borrow money from property taxes to balance the state budget. No rate increases for water and sewer were included in the budget, and only two new sewer and four new water connections were planned.

The major capital projects for the year for water will include the Butler Way bypass pump station, which will allow staff to pump water from the Pine Mountain Lake area into the Groveland/Big Oak Flat area during Hetch Hetchy Mountain Tunnel shutdowns. Staff will also be installing and programming some motor operated valves at the water treatment plants, and repairing Tank #3 which has been showing signs of leakage through its concrete walls.

Sewer capital projects will focus on the completion of the sewer lift station upgrades and the biosolids containment structure, the lining of Reservoir 1, and the upgrading of the spray field irrigation pumps, valves, and piping.

Mr. Goodrich stated that staff also plans to seal coat and stripe the Mary Laveroni Community Park parking lot, as well as make much needed repairs to the sidewalk in front of the park. He announced that the city of San Jose has donated playground equipment to the District, which will be installed in the lower park after the completion of the Youth Center.

Mr. Goodrich noted that there are also several policy issues that staff is presenting with this year's budget. Staff recommends that any funds remaining in the operating budget be transferred to the working capital reserve for each fund at the end of the year, and that any funds remaining in the capital budget be returned to the capital projects reserve. In addition, staff will be recommending that the Board reduce the number of regular Board meetings from twice a month to once a month, and that District Counsel attend all Board meetings by teleconference, unless physical presence is required.

Director Johnson commented that the fact that the District has money from LaSalle National Bank left over from the upgrade of the satellite sewer lift stations to complete other necessary sewer projects within the District is a credit to District Engineer Randy Klaahsen's management of the projects. He stated that Mr. Klaahsen and his crew deserve a measure of appreciation for their hard work and their ability to complete these projects under budget.

Director Johnson added that he and Director Perreira sat on the budget meetings with staff. He confirmed that he believes the budget to be a workable plan for FY 2009-10, as it anticipates a possible tax revenue shift to the state of 8% and does not recognize any rate increases or wage adjustments at this time. Director Johnson also suggested that the General Manager pursue an actuarial study to determine the actual legacy costs to the District over a 5, 10, 15, and 20 year period, and institute a policy by which this study can be perpetually updated. Once those costs are identified, Director Johnson expressed that he would like to see the creation of a legacy reserve account to address those liabilities.

General Manager Jim Goodrich explained that an actuarial study regarding the District's legacy costs was completed approximately one month ago. Director Johnson asked that the study be presented to the Board, so that the creation and management of a legacy reserve account can be discussed.

Director Lennen stated that as there are no raises for employees included in this year's budget, that he would like to forgo a salary this year. He stated that if the employees are not getting any raises this year, then he cannot take any money for his work as a Director. Although it represents a small amount of money, Director Lennen suggested that the money could be put towards a reserve account. Director Johnson commented that if any other Directors would like to make similar arrangements they should communicate with staff.

A member of the public asked the Board whether the District is in the practice of tracking deferred maintenance. District Engineer Randy Klaahsen responded that initially deferred maintenance items are included in the budget. Throughout the course of the budget process many items may get pushed out from year to year. The empty line item remains in the budget. The item remains in the budget, though it may not be funded for the current fiscal year.

A member of the public asked whether there is a legal requirement as to how often the Board has to meet in regular session. General Manager Jim Goodrich replied that there is no legal requirement, and that when he came to the District they were in the practice of holding one regular Board meeting a month. Mr. Goodrich maintained that it was only due to the increased activity of the Board that it was determined they should go to two meetings a month. He suggested that the time is now right to re-evaluate that policy, and consider moving back to one meeting a month. Mr. Goodrich explained that staff would like to maintain one meeting a month, but that a lack of Board business could be grounds for cancellation.

Director Allegri spoke in response to discussion regarding the presence of District Counsel at Board meetings. Director Allegri shared that although originally he questioned the expense of having District Counsel attend every Board meeting, he has grown to value and rely on District Counsel's opinions. He stated that District Counsel has provided invaluable insight over the years in many difficult situations the District has faced. Director Allegri stressed the importance of District Counsel's involvement in the Board meetings, but maintained that there may be some routine items for which we do not require the presence of Counsel.

Director Allegri also asked Mr. Klaahsen whether there was a schedule of deferred maintenance projects. Mr. Klaahsen replied that the five year capital plan included in this budget also includes many deferred maintenance items such as pipe and valve replacements.

Director Perreira agreed with Director Allegri that District Counsel is very important, but insisted that a good deal of money could be saved by allowing Counsel to participate in Board meetings via conference call.

*Director Graham moved, seconded by Director Lennen, and the motion passed unanimously, to adopt the FY2009-10 Budget*

## **Information Items**

### ***Staff Reports***

*A. General Manager's Comments*  
None

### ***B. Engineer's Report***

District Engineer Randy Klaahsen introduced Joe Izzo to the Board. Joe is a student intern studying Civil Engineering at Fresno State University. Joe will be working with the Engineering Department for the rest of the summer, and will be helping to complete the Capacity Assurance Plan required by the state by November 1<sup>st</sup>. Completion of this plan requires the creation of a hydraulic model of our entire sewer system and all of the associated pipelines. Joe has been busy inputting data into the model, and is going to be great help this summer. Mr. Klaahsen had nothing else to report to the Board, but stated that he would be willing to answer any questions.

**C. Fire Department Report**

Groveland Fire Chief Shane Warner thanked everyone who participated in the fundraiser BBQ for the Fire Department, and announced that the Department raised over \$10,000 towards the purchase of a thermal imaging camera. He also announced that the Joint Basic Fire Academy will be graduating this Saturday. He stated that Fire Engineer Jon Rock deserves special recognition for all of the effort he put into coordinating this year's Academy. Chief Warner also announced that the District is pursuing a grant for funds available through the federal stimulus package for the expansion of the firehouse living quarters.

**District Counsel's Comments**

None

**Directors Comments**

Director Perreira thanked Mr. Goodrich for his memo regarding the history of the Bay Area Consumer Price Index, saying that he found it very helpful.

*Director Johnson called a 10 minute break at 10:15 a.m.*

*The Board adjourned into closed session at 10:25 a.m.*

**Closed Session**

- A. Conference with Labor Negotiator  
(Pursuant to Govt. Code Sec. 54957.6)  
Agency Designated Representative: General Manager  
James A. Goodrich.  
Employee Organization: Operating Engineers Local Union No. 3
  
- B. Public Employee Performance Evaluation  
(Pursuant to Govt. Code Sec. 54957)  
General Manager

*Reconvened into open session at 11:40 a.m.*

**Announcement of Any Action Taken by Board in Closed Session**

*Director Lennen moved, seconded by Director Allegri, and the motion passed to renew the General Manager's Contract for 3 years, with no other changes.*

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

Director Perreira stated that he would like to renew the contract for one year and discuss other employment options at a later date.

**Adjournment**

*Director Lennen moved, seconded by Director Allegri, and the motion passed unanimously to adjourn the meeting at 11:40 a.m.*

APPROVED:

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Wes Johnson, President

ATTEST:

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Lena Spilman, Board Secretary