

**BOARD OF DIRECTORS
GROVELAND COMMUNITY SERVICES DISTRICT
GROVELAND, CALIFORNIA
January 11, 2010
9:00 a.m.**

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

District Counsel Dave McMurchie joined the meeting by teleconference

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

Agenda Approval

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

Ayes: Directors Graham, Allegri, and Lennen Absent: Director Perreira

Public Comment

None

Action Items

Consent Calendar

As Director Allegri was absent for the meeting on November 9, 2009, he would not be eligible to vote to approve the minutes from the meeting. Given this fact, and the absence of Director Perreira, Director Graham moved, seconded by Director Lennen, and the motion passed unanimously to remove the minutes of the November 9, 2009 regular Board meeting from the consent calendar for lack of a quorum and to continue the item to the next regularly scheduled Board meeting.

Ayes: Directors Graham, Allegri and Lennen Absent: Director Perreira

Director Allegri moved, seconded by Director Graham, and the motion passed unanimously to approve the consent calendar as amended:

A. Approve Minutes of the December 14, 2009 Regular Board Meeting

B. Waive Reading of Ordinances and Resolutions except by Title

Ayes: Directors Graham, Allegri and Lennen Absent: Director Perreira

Adopt Resolution 1-10 Recognizing Out-going Board Member Wesley Johnson for Outstanding Service to the Groveland Community Services District

Director Graham read aloud Resolution 1-10 and presented Director Johnson with a plaque of appreciation for his service to the District and the community.

Director Allegri moved, seconded by Director Lennen, and the motion passed unanimously to adopt Resolution 1-10, recognizing out-going Board member Wesley Johnson for outstanding service to the Groveland Community Services District.

Ayes: Directors Graham, Allegri and Lennen Absent: Director Perreira

Consider Appointment of Director to Fill Vacated Seat on the Board of Directors and Set Date/Time/Place for Candidate Interview Process

General Manager Jim Goodrich presented this item to the Board. He explained that the Board may choose to fill the seat left vacant on the Board of Directors through the resignation of Director Johnson in one of three ways: Board appointment of a new Director, the scheduling of a special election, or if neither of these is done within 60 days from the date of resignation the Tuolumne County Board of Supervisors may appoint a replacement for the vacated seat. Mr. Goodrich explained that in all of these scenarios the new Board member would hold the seat until the next regular election date for GCSD, which is November 2, 2010. He stated that staff had advertised the vacancy and the District's call for resumes in the Sonora Union Democrat, the Yosemite Highway Herald, the PML News, the PML Voice, and on the District's website. Now the Board must decide by which method they would like to proceed with filling the vacancy.

Director Graham asked for public input. A member of the public asked whether the applicant's resumes would be made available for public review. Mr. Goodrich stated that staff would likely release all resumes together once the acceptance period has closed.

Director Allegri commented that he had been through the process of filling a Board vacancy several times, and that he felt that the process of publicly interviewing all candidates at a special meeting, as was done in the appointment of Director Graham, was unnecessarily arduous.

Director Lennen agreed that he would not like to repeat the process used in appointing Director Graham.

Director Allegri stated that he would like to review applications from all interested parties and decide on a Board appointment at the next regular meeting.

Director Allegri moved, seconded by Director Lennen, and the motion passed unanimously to fill the vacant Board seat through Board appointment at the next regularly scheduled Board meeting.

Ayes: Directors Graham, Allegri and Lennen Absent: Director Perreira

(Director Perreira joined the meeting at 9:16am)

A) Consider Adjustment of Water and Sewer Fixed and Variable Rates, per Sewer Ordinance Section 7.01(d) and Water Ordinance Section 15.06

B) Consider Authorizing Staff to Transfer Up to \$383,944 from Sewer Reserves to the Sewer Operating Account

Mr. Goodrich presented this item to the Board. Mr. Goodrich explained that on February 25, 2008 the Board adopted Sewer Ordinance 1-08 and Water Ordinance 2-08, in which provisions allow the District to automatically raise the monthly fixed and variable water rates by the Bay Area Consumer Price Index (CPI) and the sewer rates by up to four percent. Mr. Goodrich informed the Board that the 2009 April Bay Area CPI recorded a 0.8% annual increase.

Mr. Goodrich also informed the Board that in order to help the board decide whether or not to raise water and sewer rates, staff had evaluated the District's current financial condition from

several perspectives. He briefly summarized the current state of the District's four funds. Mr. Goodrich stated that the District is currently in good standing in terms of revenue and expense. He asked Finance Manager Vicki West to explain the staff request to transfer money into the sewer operating account.

Mrs. West explained that the sewer fund has been in deficit status since 2003 and that the deficit has grown over time. The deficit appears in the operating account rather than in the reserve accounts. Transferring sewer reserve funds into the operating account would allow water and fire reserves to be increased.

Mr. Goodrich commented that it will likely take several years to pay down this deficit. He expressed the staff recommendation that the Board raise rates to the maximum allowable, and assured the Board that staff would remain committed to controlling expenses.

A member of the public inquired as to the status of vacant positions at GCSD, and whether the District had awarded any promotions in light of vacancies. General Manager Jim Goodrich explained that no promotions had been offered due to vacancies.

Director Perreira stated that remarkably little money is brought in through rate increases, and that a better strategy is to reduce costs. He suggested that the benefits for the District's salaried employees be reviewed, and that all employees' CalPers contributions be increased. Director Perreira stated that he would like to see this issue discussed at length during the budget process.

Director Perreira moved, seconded by Director Allegri, and the motion passed unanimously to raise both the water fixed and variable rates by the April 2009 Bay Area CPI (0.8%) and the sewer fixed and variable rates by 1%.

Director Allegri moved, seconded by Director Lennen, and the motion passed unanimously to approve the transfer of \$100,000 from sewer capital reserves to the sewer operating account.

Receive and File 2009 Water, Sewer, Recycled Water Analysis and Capacity Report – Related to Section 600 Developer Policies

District Engineer Randy Klaahsen presented this item to the Board, and briefly summarized his assessment. Mr. Klaahsen explained that in terms of sewer storage capacity and treatment, the District is in great shape. The lining of Reservoir 1 has greatly increased the District's sewer treatment capacity and helped the sewer treatment plant to avoid overload during busy holiday weekends. He stated that the District does however face some rather significant fire flow issues, with approximately 60% of the District's fire hydrants producing at levels below industry standards.

In terms of reclaimed wastewater Mr. Klaahsen asserted that while the District is doing well, the District may want to explore the possibility of sending more water to PML Golf Course.

Director Perreira stated that there were several changes that he would like made to the report. He also asked Mr. Klaahsen what the high water treatment capacity was attributed to. Mr. Klaahsen responded that the new Alternative Water Treatment Plant represents a significant portion of the water treatment capacity.

Director Perreira moved, seconded by Director Lennen, and the motion passed unanimously to continue the item until the next regularly scheduled Board meeting, at which time the Board will review the revisions requested by Director Perreira.

(Director Allegri excused himself from the meeting at 10:14am)

Information Items

Staff Reports

A. General Manager's Comments

General Manager Jim Goodrich reported that the Groveland Youth Center is coming along nicely, and that the county will host a formal dedication on February 16th. He also commented that the Groveland Dog Park Committee had raised close to \$5,000. They recently hosted their first work party in order to get the land ready for seeding.

Jim Knudson, Dog Park Committee, expressed his appreciation to the Board for their support, and assured them that fundraising efforts are proving very successful thus far.

Mr. Goodrich announced that the Hetch Hetchy Mountain Tunnel is in the middle of a scheduled 5-week shutdown. The District is currently relying on the Alternative Water Supply Treatment Plant (AWSTP) for their water supply. Although staff experienced several minor issues at start up, the District is now running the AWSTP without difficulty and successfully diluting previously stored tank water with filtered water from Pine Mountain Lake.

B. O&M Report

None

C. Fire Department Report

Groveland Fire Chief Shane Warner announced that the Fire Department was continuing to conduct building inspections around town, and that they have been working alongside the county on roadside fuel abatement. He stated that December 2009 was a record month in terms of call volume, with 61 calls.

D. District Counsel's Comments

None

Director's Comments

None

Adjournment

Director Lennen moved, seconded by Director Perreira, and the motion passed unanimously to adjourn the meeting at 10:26 a.m.

Ayes: Directors Graham, Lennen and Perreira

Absent: Director Allegri

ATTEST:

APPROVED:

Lena Spilman, Board Secretary

John Graham, President