

**BOARD OF DIRECTORS
GROVELAND COMMUNITY SERVICES DISTRICT
GROVELAND, CALIFORNIA
April 12, 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, Steve Perreira, and Joe Riley being present. Also present were General Manager Jim Goodrich, District Engineer Randy Klaahsen, Fire Chief Shane Warner, Assistant Fire Chief Jim Burdick, District Treasurer Vicki West, and Board Secretary Lena Spilman.

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

Agenda Approval

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

Director Graham made a brief statement. He stated that the GCSD Board meetings have traditionally been extremely informal, the result of which has been a free-flow of information that is often beneficial to the Board. Unfortunately, Director Graham noted, this informality has also resulted in an environment in which time and energy are wasted in displays of outright hostility. As President of the Board, Director Graham announced that he will insist that meetings be conducted in a dignified and professional manner.

He reminded the Board and members of the public that the Public Comment section of the agenda is provided so that the public may have an opportunity to comment on any non-agendized item. Public comment is not the appropriate place for personal attacks, and/or question and answer sessions with individual staff members. The Board will receive comments from one person at a time, and only from the member of the public standing at the lectern. The Board is not required to participate in a discussion of the item or provide a response. Should a discussion ensue, it will be directed through the Board President.

Director Graham clarified that members of the public will also have an opportunity to discuss each item on the agenda. As the Board considers those items on the agenda, each item will be opened up to public comment. After the public has had an opportunity to comment on the item, public comment will be closed and the issue will be brought back to the Board for Board discussion. Once the Board has begun discussing the item, no more public comments will be taken. Director Graham thanked all members of the public in attendance for their cooperation in bringing civility to the District's public sessions.

Public Comment

A member of the public stated that the public has the right to attend Board meetings and ask questions. This member of the public complained that the listing on the agenda for the Public Employment closed session item from the last meeting was very vague. This member of the public also stated that they would like to see evidence of what GCSD is doing to save money in light of the current economic climate.

Update from Craig Pedro on Tuolumne County Fire and First Responder Study

Tuolumne County Administrator Craig Pedro provided the Board with a PowerPoint presentation entitled "Tuolumne County Fire & First Responder Study 2010." Mr. Pedro explained that Chiefs from all area fire departments have joined with representatives from the County's ambulance service, sheriff's department, and county administrative staff to gather information, evaluate, and seek consensus on ways to improve the County's Fire and First Responder Program. He stated that the first step in this process has been to gather information on and evaluate the current system. Mr. Pedro provided maps demonstrating the coverage areas and response times of various local agencies. He highlighted many areas lacking in adequate coverage and discussed some of the challenges facing local fire and first responder agencies. He addressed concerns over current financial projections for many local departments and the increasing need for qualified volunteers and other personnel.

A member of the public asked whether the fire assessment paid by residents of the Groveland Fire and Rescue District goes to subsidize other departments. Mr. Pedro responded that it does not. He explained that while the Districts that are expecting to experience large deficits will not directly affect the Groveland Fire Department, those deficits may have a significant impact on the system as a whole. Mr. Pedro asked everyone to keep in mind that these figures are only projections based on the current situations, and have not been adjusted at all.

Director Perreira thanked Mr. Pedro for mentioning the fact that full-time staff salary and benefits are a huge cost to the larger departments. He proposed that in light of these costs, full-time staff be reduced and more emphasis be placed on volunteer programs. Director Perreira also mentioned that since there is a dramatic increase in area coverage as response times increase from five to ten minutes, that he would be interested in seeing a cost/benefit analysis for increasing response times to ten minutes.

Groveland Fire Chief Shane Warner commented that in his over twenty years of service in Tuolumne County, this is the first time that many of these districts have come together to discuss these issues. He explained that this study is a work in progress, and that Mr. Pedro has been instrumental in getting neighboring districts to sit down together and investigate ways of working together to better service county-wide. Chief Warner also offered that volunteer applications are available at the Fire Department.

Director John Graham thanked Mr. Pedro for his presentation, which he said brought up a lot of good questions.

Action Items

Consent Calendar

- A. Approve Minutes of the March 8, 2010 Regular Board Meeting
- B. Waive Reading of Ordinances and Resolutions except by Title

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

District Counsel joined the meeting by teleconference

Consider Request from Property Owners in Downtown Groveland for Relief from Water and Sewer Fixed Rates for Unoccupied Businesses.

Director Graham asked whether any of the requesting businesses owners were present. After receiving no response, he stated that he felt there was a problem with the idea that the ratepayers should pay for other property owner's unoccupied homes or businesses.

Director Perreira motioned, seconded by Director Lennen, and the Board voted unanimously to deny the request from property owners in downtown Groveland for Relief from water and sewer fixed rates.

Consider Sunset Clause on All Board Approved "At Will" Employee Contracts. Henceforth, Contracts Shall Expire Automatically When the Majority of the Board that Approved Them is No Longer Seated.

Director Perreira introduced this item, stating that this measure would make elections more meaningful. He referenced a previous situation in which he claimed that the BOFUSD Board had purposefully renewed an employee contract prior to the end of her term. He stated that he would like to put measures in place to avoid similar situations.

A member of the public suggested that rather than automatically expiring, perhaps the seating of a new Board could trigger a 6-month grace period at the end of which all Board approved employee contracts could be renegotiated.

General Manager Jim Goodrich commented that contracts should be mutually beneficial to both parties, and that this suggested change seems to be of no benefit to employees.

Director Perreira stated that he does not represent the employees, but instead he represents the ratepayers.

A member of the public asked Mr. Perreira who he thought would be willing to work under the proposed conditions. He stated that if you start replacing contracts every time a new Board is seated, then you will create a revolving door of employees. He stated that, once signed, a contract is valid until expiration. You cannot change the terms of a contract just because the Board may change. He stated that it is ludicrous to ask employees to tolerate that type of behavior, and that rather than alienating employees, the Board should be concentrating on ways to create a positive workplace with high moral.

Director Lennen agreed that it would be difficult to get quality employees to agree to work under the proposed conditions.

A member of the public argued that employee contracts should not sunset with the Board, but that specific time limits should be imposed. She stated that the current practice of signing 3-year employee contracts is excessive, and that a compromise should be made on the part of employees.

A member of the public stated that the Board needs to maintain control, stating that Boards all over the country are operating under a new paradigm that requires more flexibility than ever before. She stated that the Board need not be concerned with finding qualified applicants to work under such contracts, but should instead be ultimately concerned with acting in the best fiscal interests of the District.

A member of the public argued that all management contracts should be subject to Board approval, rather than only the General Manager. Director Perreira responded that he would like to achieve that at some point, but that particular issue was not on the agenda.

Director Allegri reminded the Board and members of the public that when he came to GCSD in 2005, the District was out of compliance, had depleted its reserves, and was three years behind in financial audits. Director Allegri argued that these problems did not fix themselves, but were instead fixed by very capable administrators. He stated that you do not find that caliber of employee if you are not willing or able to offer them reasonable contracts. Director Allegri declared that he is very proud of the organization today. He argued that the Board is very sensitive to financial concerns, as evidenced by the fact that they did not vote for any employee raises last year. However, he reminded the Board that employee contracts need to be beneficial to both the District and the employee.

Director Lennen stated that he has a great deal of experience with employee contracts, and believes that you will have some difficulty in finding quality people to sign a contract that is subject to the whim of the Board of Directors. He stated that he would never sign such a contract and believes that requiring that of prospective employees would lower the caliber of people responding to openings.

Director Allegri moved, seconded by Director Lennen, and the motion passed to deny the proposal of adding a sunset clause on all Board approved "at will" employee contracts, preventing the automatic expiration of contracts upon the absence of a majority of the Board that approved them.

Aye: Directors Graham, Allegri, Lennen, and Riley

Noe: Director Perreira

Consider Arranging Board Agenda So That Items That Require District Counsel Attendance are Clustered Together at the Beginning of the Meeting in Order to Further Reduce Legal Costs to the District.

General Manager Jim Goodrich noted that the Board meeting was organized according to this method, and that District Counsel was only called for the previous agenda item and would likely not be needed afterwards. He stated that District Counsel serves at the pleasure of the Board, and that the Board has the right to ask him to be present or not during Board meetings. Mr. Goodrich supported the proposal and informed the Board that District Counsel has offered to participate in meetings on an on-call basis.

District Counsel Dave McMurchie stated that he had no objections to that arrangement.

Mr. Goodrich stated that at present this is a practice, but that if the Board wishes to make this practice a policy they will need to bring the item back to the Board as an amendment to the Board Policy Handbook.

Director Perreira motioned to continue this item to the next Board meeting in order to review possible amendments to the Board Policy Manual. The motion died for lack of a second.

Director Allegri stated that he would be comfortable allowing Mr. Goodrich to determine when District Counsel presence is needed.

No action was taken on this item.

Consider Revisions to the GCSD Website Board Information

Director Perreira presented this item to the Board, suggesting that all GCSD Directors provide their phone number and email address on the District's website so that members of the public can more easily contact them.

Director Graham stated that he would not be comfortable providing the public with his email address unless it was to a GCSD issued email address. Director Allegri agreed.

A member of the public argued that the District should make every effort to be as transparent as possible, and that staff and Board members need to be available to the public.

A member of the public, and local elected official, shared her opinion that no elected public official should be required to provide members of the public with personal contact information on the District's website against their will. However, she stated that all Board members should be required to offer some method of public contact.

Director Perreira moved, seconded by Director Graham, and the motion passed unanimously to direct staff to update the District's website to include contact information for each Board member, the method of which shall be determined on an individual basis.

Director Graham asked Mr. Goodrich to set-up GCSD email accounts for each Board member.

Accept and Approve the FY 2008-09 Audit; Authorize General Manager to Execute Auditor's Engagement Letter for FY 2009-10 Audit

Admin/Finance Manager Vicki West presented this item to the Board. Mrs. West briefly reviewed the findings of the FY 2008-09 audit and asked for the Board's authorization to execute the Auditor's engagement letter which would reserve an October time slot for the upcoming year's audit. This would be a full month sooner than the previous year, and would hopefully allow the District to receive the completed audit earlier in the year.

Director Allegri moved, seconded by Director Lennen, and the motion passed unanimously to authorize the General Manager to execute the Auditor's Engagement Letter for FY 2009-10 audit.

A member of the public asked several clarifying questions regarding the audit, and requested that the monthly Board approval of disbursements be considered at the Board's next regularly scheduled meeting. Director Graham suggested that the request be put in writing and submitted to the General Manager.

Several members of the public commented on the Auditor's Communication Letter.

Director Lennen moved, seconded by Director Allegri, and the motion passed unanimously to accept and approve the FY 2008-09 audit.

Information Items

Staff Reports

A. General Manager's Comments

Mr. Goodrich announced that he had recently returned from a Rotary mission trip to Mexicali. Damage from the recent 7.2 earthquake was devastating. The earthquake cracked the main aqueduct that carries Colorado River water from Mexicali to Tijuana, causing major flooding and water supply shortages. Mr. Goodrich reminded the Board and members of the public that the California Delta is in danger of a similar fate if not addressed. He commented that despite the destruction the people demonstrated outstanding resiliency, and that it turned out to be a good mission. Mr. Goodrich shared that the destruction caused by this disaster in Mexico should serve as a cautionary tale, and a warning of things to come should we fail to address our own infrastructure issues in California.

B. O&M Report

District Engineer Randy Klaahsen announced that he is still working with the USDA to receive a partial grant through the American Rescue and Recovery Act for the Automated Meter Project. Currently he is awaiting several documents (one of which is the newly approved audit), and that he hopes to bring documents before the Board in the near future requesting permission for the District to pursue a loan through USDA.

Mr. Klaahsen also announced that the C&D Department has been working on the upgrade of Lift Station 15, which is now 80% complete. He stated that he had met with C&D Supervisor Raymond Albanez the previous weekend to work out the details of the upcoming lift station 11 upgrade project. After the completion of the Lift Station 11 upgrade, the District will complete the final upgrade at lift station 2. Mr. Klaahsen noted that Mr. Albanez has done, and continues to do, an excellent job with the lift station upgrade projects. He anticipates that staff will continue to work with those property owners in the vicinity of the lift stations to ensure a positive outcome for all parties.

A member of the public asked for specific information regarding the location of Lift Station 11, and the surrounding District easements. Director Perreira commented that Lift Station 11 was the lift station that he had visited with Mrs. Crow and they had taken videotape of downed electrical wires.

C. Fire Department Report

Groveland Fire Chief Shane Warner announced that the Department's Italian Night for the Fight fundraiser for the American Cancer Society went extremely well. The Department earned approximately \$5,000 for their Relay for Life team. He also announced that the Groveland Fire Team would be participating in the Relay for Life event held by the American Cancer Society on May 22nd in Sonora, and urged members of the public to come support the Department.

Chief Warner informed the Board and members of the public that the department had participated in the recent Wellness Faire, and had been very excited to debut their new Groveland Fire DVD. This DVD, made with the help of Art Bernheisel, is meant to give the public a glimpse into a typical day in the life of a Groveland firefighter.

The Tioga ROP Fire Science Program is still going strong and the Joint Basic Fire Academy students are scheduled to graduate in June.

D. Admin/Finance Report

Admin/Finance Manager Vicki West presented the 9-month financial report to the Board. Although during the budget process last year staff had some concerns regarding water and sewer consumption revenue, it seems to be holding well. Government Revenue Fund will

increase at the end of April when the District receives the second annual installment of property tax revenue.

She brought the Board's attention to a slight cost overrun in labor for the water fund, explaining that often times it is difficult to predict whether more labor will be spent on water or sewer through the year. Mrs. West answered several questions from the Board and members of the public.

E. District Counsel's Comments

Mr. Goodrich distributed information from Mr. McMurchie regarding new 2010 laws, and stated that the item would be agendaized for the next meeting.

Update on Retirement Benefits Review Committee

Director Lennen, Chair, reported that the Committee had convened on April 1, 2010. He described the meeting as productive and very informative. Director Lennen explained that the District's Union Representative, and fellow Committee member, Joe Santella served as an excellent resource for information regarding the CalPERS system. Director Lennen stated that given the current economic conditions, he feels that the CalPERS program is in very good shape. He conveyed that there seemed to be no immediate need for pay reductions or personnel cuts.

He also announced that the Committee was surprised to learn that when the District had initially become involved in CalPERS the Board at the time had elected to continue participating in Social Security as well, a decision that is now irrevocable. This decision was likely made by a previous Board because the District's contribution to CalPERS each month would be less than if the District had gone off of Social Security. However, Director Lennen reminded the public that the District currently employs an extremely young work force, many of whom will likely not retire from GCSD.

Director's Comments

Director Perreira distributed a written statement regarding the CalPERS program (attached).

Director Riley informed the Board and members of the public that the Graywater Use Committee is still waiting on action from Tuolumne County in order to proceed. Tuolumne County officials have yet to convene regarding the new California graywater mandates. For this reason, Director Riley suggested reclassifying the current standing Graywater Use Committee as an Ad-hoc committee. Director Graham approved this reclassification.

(The Board adjourned into closed session at 12:15 p.m.)

Closed Session

- A. Public Employment: General Manager (Pursuant to Govt. Code Sec. 54957)
- B. Conference with Legal Counsel – Significant Exposure to Litigation
(Pursuant to Govt. Code Sec. 54956.9)
One Case

(The Board Reconvened into open session at 1:00 p.m.)

Announcement of Any Action Taken by Board in Closed Session

Public Employment: General Manager (Pursuant to Govt. Code Sec. 54957)

No action to report.

Conference with Labor Negotiator (Pursuant to Govt. Code Sec. 54957.6)

No action to report.

Adjournment

Director Allegri moved, seconded by Director Lennen, and the motion passed unanimously to adjourn the meeting at 1:01 p.m.

APPROVED:

ATTEST:

John Graham, President

Lena Spilman, Board Secretary