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August 29, 2012

Honorable Eric L. DuTemple
Presiding Judge of the Superior Court
County of Tuolumne
60 North Washington Street
Sonora, CA 95370

Subject: GCS D General Manager/District Engineer Response to the 2011-2012 Grand Jury Report, Pages 93-97, regarding Groveland Community Services District

Dear Judge DuTemple,

Pursuant to direction from the Superior Court of California, County of Tuolumne, following is the response from the General Manager/District Engineer of the Groveland Community Services District (GCS D) to the section of the 2011-12 Grand Jury Report entitled *Groveland Community Services District "Your Vote is Your Voice"*.

As a matter of background, while it is correct that the two senior management positions singled out in the Grand Jury Report (Report) are at-will positions, it was not mentioned that there are actually four senior management at-will positions. Additionally, as stated in the Employee Handbook, a copy of which was given to the two Grand Jury representatives who visited GCS D, the General Manager is the only employee who reports directly to the Board of Directors (Government Code Section 61050). The Admin/Finance Manager, Fire Chief and Operations and Maintenance Manager answer to the General Manager (Government Code Section 61051). The Board of Directors (Board) have delegated authority to the General Manager to enter into at-will employment contracts with the senior management positions.

We disagree with Finding F1. When comparing the General Manager/District Engineer's compensation to that of local county administrative positions, the comparison should be made, not just of base salary, but of the total salary and benefit package. The matrix below compares those positions called out in the Report in addition to other special districts including Templeton CSD, a small community services district in San Luis Obispo County, which was the only Special District used as a comparison. Using the Templeton CSD as a single comparison is completely inappropriate and we are very surprised and disappointed that the Grand Jury used only one such inappropriate data comparison.

Majority of data obtained from State Controller's Office Website						
Government Compensation - Calendar Year 2010 (most recent data available)						
	Wages	By Employer			Total	
		PERS Contrib	Def Comp Contrib	Med Insur Contrib		
Groveland Community Services District						
(Annual Budget: \$5.4M)						
General Manager	135,000	-	-	15,167	150,167	
District Engineer	35,000	-	-	4,001	39,001	
Admin/Finance Manager	90,000	4,420	-	20,498	114,918	
Fire Chief	89,083	7,819	-	15,717	112,619	
Operations & Maintenance Manager	83,200	4,080	-	11,640	98,920	
Tuolumne County						
County Administrator	151,047	10,555	12,750	15,620	189,972	
County Counsel	143,738	9,939	16,500	11,520	181,697	
Director of Public Works	128,228	8,009	9,280	11,520	157,037	
Tuolumne County Sheriff	119,911	11,699	10,247	13,912	155,769	
Assistant Auditor/Controller	108,286	6,650	7,727	11,520	134,183	
Tuolumne Utilities District						
General Manager	144,296	11,610	-	11,822	167,728	
District Engineer	134,851	10,556	-	6,405	151,812	
3 Assoc Engineers					-	
Engin Admin Asst					-	
Drafting Technician					-	
Engin Services Tech					-	
Engin Tech/Inspector					-	
Land Surveyor					-	
Operations Manager	121,703	9,471	-	11,822	142,996	
Finance Manager	124,968	9,784	-	6,405	141,157	
					-	
Calaveras County Water District						
General Manager	169,584	13,832		9,694	183,416	
District Engineer	151,110	9,996	4,000	14,862	179,968	
Assoc Civil Engineer					-	
Asst. to the General Manager	148,515	11,068	4,000	15,625	179,208	
Director of Finance	118,305	9,218	-	15,225	142,748	
Operations Manager	99,870	7,461	4,000	15,625	126,956	
Cambria CSD						
(Annual Budget: \$7.6M)						
General Manager	170,000	9,675	2,600	13,644	195,919	
District Engineer	125,671	8,166	2,600	14,081	150,518	
Fire Chief	127,423	9,112	2,600	10,734	149,869	
Finance Manager	104,707	7,089	2,600	10,734	125,130	
Water System Supv	95,489	6,418	2,500	5,429	109,836	
Wastewater System Supv	98,089	6,343	2,600	11,166	118,198	

<u>Amador Water Agency</u>						
General Manager		150,691	9,800	4,000	16,642	181,133
Engineering Manager		115,179	8,176	4,000	16,642	143,997
Engin Staff of 13						-
Controller		85,335	5,696	3,250	7,178	101,459
<u>Georgetown Divide Public Utility District</u>						
General Manager		150,504	-	-	21,902	172,406
Business/Finance Manager		104,487	-	-	19,642	124,129
Operations Manager/Planner		115,760	-	-	7,708	123,468
<u>Kirkwood Meadows Public Utilities Dist</u>						
General Manager		147,000	12,176	25,000	18,084	202,260
Asst General Manager		81,075	7,958	-	14,400	103,433
Fire Chief		63,994	5,120	-	18,085	87,199
<u>Joshua Basin Water District</u>						
General Manager		177,914	-	-	1,138	179,052
Asst General Manager/Controller		112,116			15,310	127,426
<u>Templeton CSD</u>						
(Annual Budget: \$1.2M)						
General Manager		111,598	8,928	-	2,000	122,526
Finance Analyst		65,293	5,223	-	2,000	72,516
District Engineer		60,364	-	-	-	60,364

It should also be noted that it is not fully accurate to state that an apples to apples comparison can be made between Community Services Districts. Operational requirements can be, and generally are, very different. For example, Templeton CSD maintains two sewer lift stations. One station pumps to an offsite municipal sewer treatment plant and the other station pumps to low-maintenance ponds that are owned by the District, thus the District does not treat all the wastewater it collects. Alternatively, GCSD maintains sixteen sewer lift stations all of which pump to an onsite treatment plant operated by GCSD employees. Furthermore, Templeton CSD's distribution system is smaller, exists within one pressure zone, and the water supply is from groundwater which demands relatively simple treatment. Alternatively, GCSD operates within seventeen pressure zones requiring a complex system of valves and treats the water it receives from the Hetch Hetchy Mountain Tunnel with chloramines, which is a system consisting of chlorine and ammonia and additionally uses ultra-violet light for further disinfection. As you can imagine, it is a much more involved and costlier operation than that of Templeton CSD.

Templeton CSD is in no way an appropriate comparison to GCSD. If the Grand Jury wanted to go so far from Tuolumne County for a CSD to compare to GCSD, we would suggest using the more appropriate Cambria CSD. GCSD has: 1) a service area of 14.7 square miles; 2) an annual budget of \$5.4M; and 3) a population during tourist season of approximately 7,000 people. Cambria CSD has: 1) a service area of 5 square miles; 2) an annual budget of \$7.6M; and 3) a population during tourist season of approximately 6,400 people.

If you look carefully at the wages and compensation comparisons between GCSD, Cambria CSD and several other comparables, you could conclude that the GCSD General Manager/District Engineer and Admin/Finance Manager are, in fact, under paid for the work we do, but certainly not overpaid. Therefore,

Recommendation R1 will not be implemented. The current employment contracts with the General Manager/District Engineer and Admin/Finance Manager do not contain clauses which would allow the District to renegotiate their terms before their expiration dates. More importantly, both employees bring valuable institutional knowledge to the District with respect to the essential functions these positions play in the management and operation of the District which cannot be replaced by simply terminating them without cause and paying expensive severance costs. It is surprising that the Grand Jury would make a recommendation that could result in a large financial burden to the District's constituents.

Recommendation R2 will not be implemented. The Report cites a line on page 2-5 of the District's Classification and Compensation Schedule (specifically the last line of the General Manager's entry requirements that states a preference that the General Manager be a California Registered Civil Engineer), and disapproves of the "dual salary" that the General Manager/District Engineer receives for the two responsibilities. However, the Board of Directors (BOD) purposely revised the C&C Schedule in February 2011 to include the stated preference with the intention of consolidating two former positions (the General Manager and District Engineer) thus saving the District approximately \$165,000 annually. The Board recognized that though a full time engineer was not needed, the District does require engineering assistance on a weekly basis and hiring consultants for that ongoing work would be cost prohibitive. As General Manager and the District's Engineer, I work an average of sixty (60) hours per week and support the Board's decision to consolidate the two positions saving the ratepayer/taxpayers over \$165,000 a year. Additionally, 1.5 years ago, the GCSD BOD made a conscious decision to get away from the historic "establishment" approach to managing GCSD and that's exactly why the BOD hired me. The GCSD BOD wanted this organization to be managed properly, with truth and integrity.

With regard to the Admin/Finance Manager, it should be noted that this position encompasses several responsibilities. In addition to being responsible for the District's Administrative and Financial activities, the Admin/Finance Manager also serves as the Human Resources/Personnel Manager and supervises the functions associated with the Board of Directors meetings and agendas.

Voters had an opportunity on August 10, 2012 to apply for election to the GCSD BOD via the November 6, 2012 election, and as a result, only two people filed papers to run for office, both of whom are "non-establishment" persons, and were un-opposed; that speaks volumes. These two candidates will automatically take office on December 6, 2012, therefore, one could say that the "people have spoken" and a majority of the people in this community agree with the direction that the GCSD BOD has taken in the last 1.5 years and support the direction that the General Manager (that the BOD hired) has taken regarding managing with truth and integrity.

Finally, I believe that GCSD is definitely going in the right direction and we will continue to be extremely cost conscious and cost effective with the ratepayers/taxpayers dollars in our continuing management of the GCSD.

Professionally,

A handwritten signature in blue ink that reads "Gary J. Mello". The signature is fluid and cursive, with a long horizontal stroke extending to the right from the end of the name.

Gary J. Mello, R.C.E.
General Manager and District Engineer