

**SPECIAL MEETING OF THE BOARD OF DIRECTORS**  
Groveland Community Services District

**AGENDA**  
August 31, 2016  
10:00 a.m.

Groveland Community Services District  
18966 Ferretti Rd.  
Groveland, CA 95321

**Call to Order**

**Pledge of Allegiance**

**Roll Call of Board Members**

Robert Swan, President  
Bruce Carter, Vice President  
John Armstrong, Director  
Scott Wemmer, Director  
Steve Perreira, Director

**1. Agenda Approval**

**Action Item**

- 2. Consider for Approval Board Findings and Direction Regarding Privatization. (Staff)**
- 3. General Manager Comments**
- 4. Director Comments**
- 5. Adjournment**

ALL AGENDA MATERIAL MAY BE INSPECTED IN THE GROVELAND COMMUNITY SERVICES DISTRICT OFFICE AT 18966 FERRETTI ROAD, GROVELAND, CALIFORNIA

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**Summary of Guidelines for Public Comments at District Board Meetings**  
(Excerpt from Exhibit B of Policy Manual for the Board of Directors)

1. Persons wishing to speak on any Agenda Item are asked to complete a Speaker Request Card and give it to the Board Secretary prior to the meeting.
2. The Presiding Officer will:
  - Announce the Agenda Item
  - Staff will provide a report and any associated recommended actions to be considered by the Board of Directors.

- Members of the public will be identified by the Presiding Officer and asked to present their comments and submittals
  - The Presiding Officer will close the hearing and bring the issue back to the Directors for discussion and possible action.
3. Oral comments will typically be limited to 3 minutes and must be relevant to the Agenda Item.

California Elections Code Section 18340 states: Every person who, by threats, intimidations, or unlawful violence, willfully hinders or prevents electors from assembling in public meetings for the consideration of public questions is guilty of a misdemeanor.

California Penal Code Section 403 states: Every person who, without authority of law, willfully disrupts or breaks up any assembly or meeting that is not unlawful in its character...is guilty of a misdemeanor.

As presiding officer, the President of the Board has the authority to preserve order at all Board of Director meetings, to remove or cause the removal of any person from any such meeting for disorderly conduct, or for making personal, impertinent, or slanderous remarks, using profanity, or becoming boisterous, threatening or personally abusive while addressing said Board, and to enforce the rules of the Board.  
(Sec. 6 Policy Manual for the Board of Directors)

*Any person who has any questions concerning this agenda may contact the District Secretary.*

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the District at 209-962-7161. Notification 48 hours prior to the meeting will enable the District to make reasonable arrangements to ensure accessibility to this meeting. (28FR35.102-35.104 ADA Title 11)

## AGENDA SUBMITTAL

**To:** GCS D Board of Directors  
**From:** Director Bob Swan  
**Date:** August 31, 2016  
**Type:** Action Item  
**Subject:** Consider for approval “Board Findings and Direction Regarding Privatization”

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The Board is requested to consider, possibly modify, and vote on the following statement of “Board Findings and Direction Regarding Privatization”. If a (possibly modified) statement is adopted by majority vote, the entire text of the statement should be recorded in the meeting minutes.

### **[Beginning of Statement]**

Board Findings and Direction Regarding Privatization:

The GCS D Board finds that provisions of the Raker Act (H.R. 7207, Sixty-third Congress, first session), and provisions of the water supply contract between GCS D and SFPUC, make full privatization (i.e., sale) of the Water Enterprise impossible for the foreseeable future. The Board therefore finds that full privatization of the Water and/or Sewer Enterprises is not a viable option, now or in the future, and that this concept is a dead issue. The General Manager is directed to gracefully terminate discussions with California American Water on this matter.

### **[End of Statement]**

**Background:** The Board authorized, in open session, exploratory investigation of the feasibility of privatization of the Water and Sewer Enterprises as an alternative approach to meeting the needs of operating the systems and minimizing future impacts on ratepayers. In the course of this investigation, we have learned that Federal law and contract provisions make such privatization impossible in practice.

1. The Raker Act (H.R. 7207, of the Sixty-third Congress, first session) – which is the Federal law that authorizes the existence of the Hetch Hetchy water system – explicitly prohibits the SFPUC from selling, or subletting the right to sell, Hetch Hetchy water to any entity other than a “municipality or a municipal water district or irrigation district.” A private water supplier would have to find an alternative source of raw water, and there is no such source. This conclusion has been verified by District Counsel.
2. The contract by which GCS D purchase raw water from SFPUC contains (Section 5 – CONDITIONS OF SALE) the provision that “The District agrees not to sell any water purchased from City to any private party for resale by such private party to others.” This prohibits any attempt to use the District as a “shell company” for the transfer of Hetch Hetchy water to a private enterprise.

Taken together, these provisions make it impossible in practice for a private entity to purchase and operate the GCS D water system, as such entity would have no source of raw water. It is my opinion

that any idea of separately privatizing just the sewer system is absurd on its face, and therefore the concept of full privatization of the Water and Sewer Enterprises is now a dead issue.

It is worth noting that neither the Raker Act nor the SFPUC-GCSD contract would prohibit the District from hiring a privately-owned contractor to *operate* the water and sewer systems. However, it is difficult to visualize how this could work out to be financially beneficial to ratepayers. At present, it is also the case that California American Water has definitively ruled out having any interest in such an operation-only contract, so the District has no need for further engagement with them.

Any future discussion of private-contractor operation of District facilities would need to take place at a properly-noticed open meeting.