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Superior Court of California
County of Tuolumne

By: Diana Neely Clerk



Photo Credit: Karen Willenberg

2018-2019 Tuolumne County Civil Grand Jury Groveland Community Services District Report

*2018-2019 Grand Jury Report On
Groveland Community Services District*

SUMMARY

The 2018-2019 Grand Jury investigated the Groveland Community Services District (GCSD) based on letters of complaint received from Groveland community members. The complaints generally grouped into the following areas: 1) Fiscal mismanagement; 2) Wastewater treatment issues regarding lift stations and maintenance; 3) Bullying or intimidation by GCSD of rate-payers; and 4) Public trust.

We found that the GCSD is financially stressed and has identified some ways to improve their finances and operations, but in other ways is not improving. There are significant and legitimate issues surrounding wastewater treatment and standard maintenance, issues that may cause future problems to the District. There is a small but very vocal and critical public contingency that scrutinizes the operations of GCSD, and this acrimonious relationship continues to deteriorate. Because of these three issues, GCSD generally experiences a lack of public trust within the community of Groveland and surrounding Services areas.

GLOSSARY

Board	Board of Directors for Groveland Community Services District
GCSD	Groveland Community Services District
GM	General Manager
Lift Station	A facility/site where wastewater is transported from lower elevations to higher elevations in the process of conveyance to the wastewater treatment plant
Rate-payer	A resident who pays for water and/or sewer Services in GCSD
SWRCB	State Water Resource Control Board
TUD	Tuolumne Utilities District
Vacuum truck	Truck with holding tank that pumps sewage debris and liquids into its tank and transports the materials by land for disposal

METHODOLOGY

The Grand Jury:

- compiled data from the GCSD website, from posted agenda packets and recorded minutes from GCSD Board meetings, and from our attendance at Board meetings;
- interviewed and collected information from Groveland community members and from GCSD representatives;
- read through documents, including past articles from the Union Democrat and on mymotherlode.com, other online information from news media, social media posts of closed groups (e.g., NextDoor) and private email correspondence between GCSD representatives and rate-payers;
- read through the GCSD Policy and Procedures Manual and reviewed additional documents provided to us through our interview processes or available publicly online, such as certificates of accomplishments of employees, GCSD contracts for consulting Services, monthly financial reports, long-term investment statements, the GCSD 2018/2019 Budget, and other operating documents from water/sewer districts within California;
- read through the Grand Jury Final Report from 2017-2018, and the Response from GCSD; and
- appointed one Grand Jury member to this sub-committee with special expertise in this field, who retired from an outside-county wastewater treatment facility after a long career.

BACKGROUND

The Groveland Community Services District (GCSD) is a special district in Tuolumne County, serving the residents of Groveland, Pine Mountain Lake and Big Oak Flat. It supplies clean water, sewer disposal, fire protection and park maintenance. GCSD provides water to ~3,500 customers and sewer to ~1,500 customers (many wastewater rate-payers are also water rate-payers). For comparison, Tuolumne Utilities District (TUD) headquartered in Sonora, and known to most residents of Tuolumne County, serves ~44,000

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rate-payers. Therefore, GCSD is a small district, only serving about 7% of the rate-payers Serviced by TUD in Sonora. The State Water Resource Control Board (SWRCB), the overseeing state agency of GCSD, categorizes them as a Disadvantaged Community based on median income in the district. This Disadvantaged status qualifies GCSD for particular state grants at 100% (planning grants) and 75% (construction grants with matching 25% funds from GCSD). State grant approvals are currently backlogged with a long wait time for review of applications, so it is not predictable when GCSD will receive grants.

GCSD currently employs 16 personnel, 12 who work in operations/field and 4 who are office staff. In January 2018, they contracted a consultant to serve no more than half-time capacity as their General Manager at \$110/hour, "not to exceed \$115,000 over six months", or a maximum of 20 hours/week over 6 months (2018-2021 Contract, page B-1) and allocated at \$185,000 in the 2018/2019 Budget. The position is classified as a "Consultant". This classification means that this position is not technically an employee of GCSD, and therefore there are no additional health benefits, retirement, or car allowances provided in the compensation package. It is not clear why the GM Consultant contract is written in six month funding blocks, when the GCSD budget covers one fiscal year -- which may lead to confusion about the number of hours worked and funding over the course of a year.

For comparison, TUD has 80 employees, and the full-time General Manager of TUD earns \$190,000/year in base salary, plus additional car allowance, health benefits, and retirement.

Starting August 2018, GCSD also employed a part-time consultant for Communications/Public Relations (\$50/hr up to \$2,500/month) allocated at \$25,000 in the final 2018/2019 Budget (subsequently amended with an additional \$5,000 in March 2019). In the final 2018/2019 Budget, a Human Resources consultant was also added at an additional \$6,696 cost. The total budgeted for GCSD employees (salary, benefits, taxes, etc) and the GM Consultant is

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\$572,458. For 2017/2018 the total was \$535,732, for an increase in 2018/2019 of \$36,726.

There are four areas that are separate categories in the GCSD budget: 1) Sewer; 2) Water; 3) Fire; and 4) Park. The revenues differ for each category. Wastewater service charge fees are collected from residents using the GCSD sewer system, and may only be allocated by GCSD to running the wastewater portion of their operations. Water service charge fees are collected from residents to whom the GCSD supplies water, and may only be allocated to the cost of operating the water portion of the GCSD. The fire revenues support the wing of GCSD that operates the regional fire department. Fire revenue comes from property taxes/bonds, and from partial reimbursement when responding to requests for help in fighting wildfires from the State of California and from the federal government. The Groveland park maintenance and upkeep category is funded through property taxes.

These are categorical funds, which means it is not acceptable to commingle funds or use reserves from one fund to off-set costs in another. A deficit in one fund does not cause a deficit in another categorical fund.

There are three additional areas of GCSD revenue: funds received from leasing GCSD equipment, property or facilities; selling of GCSD assets, like equipment, property, or facilities, and interest accrued from investments of GCSD funds. Other sources of revenue generation, such as fees accepted for third party waste disposal, are not currently being utilized. *(For a more extensive overview of these categories, revenue and operating costs, see GCSD 2018/2019 Final Budget Preparation Memorandum, August 13, 2018).*

Several areas for commendation were revealed during our investigations. Over the past fiscal year, several staff trainings have occurred, as well as staff completion of additional skills certificates. Board members have also participated in professional development trainings. The Office Manager has initiated a policy to convert GCSD paper documents into efiles (electronic files). The efficient and quick

repairs and restorations after general flood damage of the Mary Laveroni Park in Groveland are commended.

DISCUSSION

Finances

The GCSD is in financial stress, an ongoing problem over the last several years and more recently exacerbated by storm damage in 2017 and 2018. The District has historically addressed this long-term financial stress not with rate increases, but through employee attrition and delay of Capital Improvement Projects.

Currently the GCSD is operating more in “crisis” mode than “routine” mode. Infrastructure needs remain major concerns for the future, such as lift station upgrades to prevent system clogs and buildup, equipment needs such as pump replacement for wastewater management, along with staffing needs (see below).

In the 2018-2019 Budget, the GCSD states “[t]his budget year, we are spending to stay afloat, and investing in the studies needed to document the long-term improvements and replacements needed, so we can plan them out financially for the long term” (page 14).

In Fall 2018, GCSD rate-payers experienced a 17% sewer rate increase. 2019 and 2020 will also see 17% rate increases, followed by smaller increases in 2021 and 2022. The rate increases will offset significant flood damage to infrastructure experienced in 2017 and 2018, will build growth into the budget to address current equipment needs, and will buffer upcoming anticipated loan payments for 25% matching funds for a SWRCB construction grant.

The high cost of the fire and park areas under the jurisdiction of the GCSD is not sustainable under the current budget projections. To offset this, the GM Consultant foresees a bond measure or special tax on the local ballot in two years. The funds will be used to maintain the park services under GCSD purview, and to staff fire prevention teams 24 hours/7 days a week in the Groveland area.

Staffing Needs

In the January 8, 2019 Board meeting, the Board approved additional staffing that will presumably also be partially funded by the sewer rate increases. A new office staff position was approved (Administrative Services Technician) and at this writing is being advertised. A management/supervisory position was identified as needed but not yet approved. A *Classification and Comparison Study* by Koff and Associates was commissioned by the GCSD to assess salary comparisons with similar agencies, although it did not assess staffing needs.

No new field staff positions have been approved for 2018/2019. The GCSD maintains a very complex wastewater system, with 16 lift stations, 35 miles of gravity line (pipes that are not under pressure), and seven miles of forced main lines (pipes that are under pressure). There are currently only five field crew at GCSD, and no field supervisor; only four employees are available to work in the field if one is occupied with reading meters. The five field staff members must work both wastewater and water systems; they work beyond their job descriptions due to the shortage of staffing, and due to the GCSD operating in a reactionary, triage mode. The lack of dedicated wastewater operators makes regular and routine maintenance of the sewer systems not possible.

GCSD leadership acknowledges the challenges of failing equipment and the lack of funding to purchase upgrades, which then requires more field staff to triage problems. The 2018-2019 Budget states:

“As we are always responding to crisis, we currently do not have the staff to perform standard maintenance such as street, control and pressure regulating valve operation and maintenance, fire hydrant flushing and servicing. Lack of maintenance will result in premature failure and the need for replacement of system components ... Completion of planned system replacement projects coupled with the purchase of updated technology, system maps, tools and equipment will

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free up time to allow for increased maintenance without adding staff.” (Page 14)

The inability to replace failing equipment, coupled with the lack of ability to conduct standard maintenance, will exacerbate the need for additional staffing. Field staff shortage was a finding of the 2017-2018 Grand Jury. GCSD responded on August 15, 2018, “We disagree with the finding that the District was or is inadequately staffed....the Grand Jury is simply not qualified to understand the intricacies of the operation and maintenance of a water and wastewater system.” This response from GCSD remains puzzling, given their subsequent statements that they do not have adequate staffing for routine and regular maintenance.

Wastewater treatment issues

As the GCSD is operating in a “crisis” or “reactionary” mode of operations, the District is deferring maintenance in lift stations. There isn’t enough staffing to maintain a planned program of daily/weekly scheduled maintenance and flushing. This daily “trouble-shooting” mode of Services means that the GCSD is waiting until complaints arise, such as odor issues at lift stations, before flushing and physically cleaning wastewater stations. Both Pine Mountain Lake residents, and GCSD representatives/employees, acknowledge ongoing odor issues around lift stations.

GCSD recognizes these long-term issues in the 2018-2019 Budget:

“...we do not have the appropriate equipment to fully clean and flush portions of the sewer collection system, due to its high expense and infrequent use. Lack of sewer cleaning can result in sewer overflows. Investment in correct equipment or contracting regularly for the cleaning work in difficult locations should be funded” (page 14).

Board oversight and subconsultant work

Per the GM Consultant’s contract, any duties that fall under the GM purview but are handled by a subcontractor are to be paid at “the Consultant’s own expense.” In a preliminary review of the GM

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Consultant scope of duties, we found overlaps in Services in \$30,000 for the Communications/Public Relations Consultant and \$6,696 for Human Resources Consultant (\$36,696 total).

From the GM Consultant Contract effective May, 2018 – April 2021, it states:

- “E. Consultant may, at Consultant’s own expense, use any employees or subconsultants as Consultant deems necessary to perform the services required of the Consultant by this Contract. The District shall not control, direct or supervise Consultant’s employees or subconsultants in the performance of those Services.”
(A-2, *emphasis added*)

In the General Manager Consultant’s contract Exhibit A, Scope of Work, it reads:

“He/she represents the Board’s policies and programs with employees, community organizations, the general public, other agencies, and associations...The General Manager is responsible for all Human Resources and Personnel issues in the District” (A-7) and “Consultant... shall serve as public information officer for the District as necessary” (A-10, *emphasis added*).

Additionally, in the “Norms and Protocol” Resolution 2019-2, adopted by the Board, under “Relations with the Community,” it states:

- “23) Communication with the media—contact person/training
a) The Board agreed that this communication will be left as sole responsibility of the GM, and that the Board members may only confirm that facts or statements they made are accurate. Possible policy creation in the future if needed” (*page 9, emphasis added*).

However, the 2018-2019 Grand Jury found that a Public Relations subconsultant was making statements, posting online comments, and representing the GCSD to the public. Other areas of overlap in contracted services may exist, for example, in the area of engineering consultants.

GM Consultant work outside GCSD

The GCSD GM Consultant currently serves as the Site Manager or GM Consultant for four additional small districts: Lake Don Pedro (Tuolumne County), Saddle Creek (Calaveras County), Cortina (Colusa County) and Hornbrook (Siskiyou County). The Grand Jury found no conflict of interest in one person holding these five positions at one time. In fact, having a GM Consultant with expertise and experience in multiple small districts is a commendation. However, in totaling up hours required for each of these appointments, the number of work hours is beyond an 8 hour/day, 5 day/week work schedule. The Grand Jury considers the ability for the GM Consultant to sub-contract out parts of the GM Consultant duties at the GCSD as one appropriate way to handle such an excessive workload.

Update: In April 2019 as this report was being finalized, the GCSD Board announced that it hired the GM Consultant as a full-time General Manager. The contract has not yet been finalized as the time of this report.

“Watchdog” group

The GCSD is heavily scrutinized by a very small group of community members who work together to serve as a “watchdog” over District management. This group of citizens attend monthly Board meetings in order to voice their concerns and raise questions regarding District management. The Grand Jury finds that the same vocal community members at Board meetings seldom (if ever) bring praise to the Board or GCSD representatives/employees. Their concerns, even if well founded, exacerbate a caustic atmosphere between the community and the District. When public trust is fragile, these interactions are counterproductive.

GCSD communications with rate-payers

There is a clear history of acrimony between these vocal Groveland community members and the Groveland Community Services District Board and staff. The Grand Jury found confrontational, intimidating behaviors on the part of GCSD representatives via social media (Nextdoor). In addition, another GCSD representative has admittedly

taken part in an altercation with a rate payer on GCSD property. This history sets the background for tensions and frustrations to run high in interactions that may, under normal circumstances, not provoke such strong emotions. The Grand Jury found intense reactions on both sides of the interactions. Community support must come from trust of the GCSD, which the Grand Jury investigations found to be seriously compromised.

The GM Consultant outlined a comprehensive Communications Plan on Nov. 13, 2018, and projects a June 30, 2019 completion date, in part to address this history of acrimony with rate-payers. The Grand Jury commends the GM Consultant and GCSD Board for its proactive nature in addressing this history.

In "Norms and Protocol" Resolution 2019-2, the GCSD Board outlined processes for complaints. They separate out public and staff into two different reporting structures.

"32) Handling complaints or comments from the public outside of meetings

- a) The Board agreed that public complaints or concerns should be routed through the GM, who will bring them to the Board as needed.

33) Handling complaints from staff

- a) The Board agreed these would be handled by the GM or through the use of outside consultants if related to the GM" (page 10).

Given that our investigation uncovered instances of confrontational verbal and written interactions against rate-payers that were not reported, it suggests to us that there is still stigma, concern, and/or confusion in voicing complaints against the GCSD and/or its representatives.

Board meetings

Board meeting agendas contain many items of business that often cause meetings to run in excess of two hours, sometimes up to 5 hours long. These excessive meetings may impact Board communications, and the ability for more members of the community

to attend and fully participate in the meetings. Strategies and tactics exist for facilitating short and efficient meetings, which may not be fully utilized at the GCSD.

Additionally, minutes that summarize Board meetings do not adequately capture the depth of the discussions and presentations. For example, in the September 11, 2018 the minutes read:

“Discussion and Board Direction Related to Current District Policy Regarding Fire Department Cost Recovery Fees

No action taken. Board directed staff to gather information regarding issues discussed” (page 2)

It is unclear from the minutes what was discussed, and why further information gathering was required.

Website issues

The online Operating Policies and Procedures Manual has only 5 out of 54 heading/chapter links active. Key chapters that would facilitate public trust and education such as Board Policies and Procedures, Board Action and Decisions, and Personnel and Financial Policies, are not accessible to the public through the GCSD website. These issues make it difficult to navigate the GCSD website for public records and information regarding Finances, Board and Personnel Policies.

Board agenda packets on the GCSD website are difficult to identify and locate. The agenda packets are not labeled as such, and the links do not include the date of the Board meetings. Another issue we found is that links to Resolutions do not provide any supporting exhibits upon which the Resolutions are based.

FINDINGS

F1. GCSD is financially stressed and does not have the funds to maintain and replace all its equipment and technology needs.

F2. There is inadequate staffing to perform standard maintenance.

F3. The high cost of the fire and park areas under the jurisdiction of GCSD is not sustainable under the current budget projections.

F4: Wastewater issues regarding lift stations and routine maintenance are not being properly addressed.

F5: Other sources of revenue generation or enterprises are not being fully utilized as they were in the past, such as accepting mobile and industrial waste hauler tank truck loads (dumps) for a fee.

F6. GCSD is funding subcontractors for jobs that fall under the duties and obligations of the General Manager Consultant.

F7: There is no time conflict in the General Manager Consultant representing several water districts at one time. However, given the new full-time employment position of a GCSD General Manager, there is a time conflict in the ability to perform full-time duties and part-time work at several other districts.

F8: Confrontational, intimidating behaviors toward rate-payers by GCSD representatives has occurred.

F9. The GCSD is heavily scrutinized by a small group of community members who emphasize shortcomings while not equally acknowledging improvements.

F10. Board meetings are excessively long.

F11. Board minutes do not adequately capture the substance of the meetings.

F12. The GCSD website is difficult to navigate.

RECOMMENDATIONS

R1: Increase field staff in 2019 to maintain reliability, efficiency and long-term health of the GCSD (F1, F2, F4).

R2: Investigate the use of designated reserves and other creative sources of revenue for the wastewater system to address the current “crisis” or “reactionary” mode of operations (F1, F5).

R3: Pursue a voter bond measure or special tax in the next two years to offset park and fire services costs (F3)

R4: To mitigate odors, hire a vacuum truck and thoroughly clean and flush to remove solids from all lift stations when the odors are the worst and complaints occur, which currently includes Lift Station 2 and 7 (F2, F4).

R5: Implement regular, on-going, routine procedures for maintenance of the wastewater collection system, and hire a designated pump station field maintenance staff for regular and routine upkeep (F2, F4).

R6: Invoice the General Manager Consultant for past GCSD payments to consultants/subconsultants that performed the job duties of the GM Consultant, and amend the 2018/2019 Budget to remove overlapping service expenses (F1, F6).

R7. Create a procedure regarding communications with the public that includes training of consultants/subconsultants on how to handle sensitive and difficult issues and complaints (F6, F8, F9).

R8. Undertake an annual community building event (such as a picnic or potluck) that is out of the board room context and encourage open discourse among rate-payers, staff, and Board members to foster better relationships. (F8, F9).

R9. Develop a clear reporting structure for handling complaints by identifying and publishing names with contact information including phone numbers for the currently undesignated “outside consultants” identified to field complaints against the GCSD in Resolution 2019-2,

and not allow these “outside consultants” to be funded by the GM Consultant (F8, F9).

R10. Combine the public and staff complaint reporting structures for one method for handling complaints in which both the public and GCSD staff have access to the currently undesignated “outside consultants” identified in Resolution 2019-2 (F8, F9).

R11. Modify the November 2018 Communications Plan to target a date that the GCSD expects to transition from “crisis” mode to “regular and routine” operations mode (F1, F2, F3, F4).

R12. Change Board meeting times and agenda items to accommodate more local residents who work during the day and limit meetings to two hours (F9, F10).

R13: Document the substance of key discussions during Board meetings in Board minutes, and insert a timestamp in Board minutes to cross reference audio recordings (F11).

R14: Update GCSD website’s Board agenda packet links to include labels with dates, active links to the Policy and Procedures Manual, and include all supporting exhibits in Resolution links (F12).

R15: Require on-site, regularly scheduled 40 hours for a full-time General Manager (F7).

REQUEST FOR RESPONSES

According to California Penal Code §933(c), no later than 90 days after the grand jury submits a final report on the operations of any public agency subject to the reviewing authority, the governing body of the public agency shall comment to the presiding judge of the superior court on the findings and recommendations pertaining to matters under the control of the governing body and every elected county office or agency head for which the grand jury has jurisdiction pursuant to §914 shall comment within 60 days to the presiding judge of the superior court.

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The GCSD Board of Directors are requested to respond to recommendations: **R1, R2, R3, R4, R5, R6, R7, R8, R9, R10, R11, R12, R13, R14, R15.**

BIBLIOGRAPHY

2017-2018 Tuolumne County Grand Jury Report, Groveland Community Services District, Pp. 115-130. June 21, 2018.

2017-2018 Response to Tuolumne County Grand Jury: Groveland Community Services District. August 15, 2018. (6 pages).

2018 Communications Plan, Groveland Community Services District. November 13, 2018 (7 pages).

2018/19 Preliminary Budget Preparation Memorandum, Groveland Community Services District. June 11, 2018 (23 pages).

2018/19 Final Budget Preparation Memorandum, Groveland Community Services District. August 13, 2018 (25 pages).

Contract For Professional Services between Groveland Community Services District and Kampa Community Solutions. LLC. May 2018-April 20, 2021 (6 pages), plus Exhibit A (4 pages) and Exhibit B (1 page).

Operational Policies and Procedures Manual, Groveland Community Services District. October 11, 2010 (355 pages).

Resolution 2019-2: Norms and Protocol, Groveland Community Services District. January 8, 2019 (12 pages).

Summary of 2018 Accomplishments, Groveland Community Services District. January 8, 2019 (3 pages).

FILED

JUN 06 2019

Superior Court of California
County of Tuolumne

By: Diana Neely Clerk

SUPERIOR COURT OF THE STATE OF CALIFORNIA

IN AND FOR THE COUNTY OF TUOLUMNE

IN RE:

GENERAL ORDER

2018-2019 Grand Jury

I certify that the 2018-2019 Tuolumne County Grand Jury Final report section on the Groveland Community Services District complies with Title Four of the California Penal Code and direct the County Clerk to accept and file this section of the final report as a public document.

Dated this 6TH day of June, 2019

Donald Segerstrom
Donald Segerstrom
Judge of the Superior Court

GENERAL ORDER