



G.C.S.D. Services - 209 / 962-7161

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18966 Ferretti Road P.O. Box 350 Groveland, CA 95321-0350

December 21, 2012

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

Dear Judge DuTemple,

With respect to the 2011-12 Tuolumne County Grand Jury Report titled *Groveland Community Services District "Your Vote is Your Voice"* the Board of Directors, voting in the majority, approves the following objectives with respect to the Recommendations R1 and R2:

**R1: The Tuolumne Co. Grand Jury wrote: "Reduce the compensation to both the General Manager and the Administrative Finance Manager to a level comparable to Templeton Community Services District and more comparable to other Tuolumne County administrative positions:"**

The GCS D Board of Directors agrees that the salaries of the General Manager / District Engineer and Administrative / Finance managers, including benefits, should be reduced. The Board is constrained by the fact that these employees, while being at-will employees, are protected from contract changes by multi-year contracts with costly severance clauses (for the GM: 4 yrs. left on a 5 yr. contract with 1 yr. severance incl. benefits for termination without cause), and for the A/F Mngr. 2.5 yrs. left on a 3 yr. contract with 3 mo. severance for termination without cause) Never the less, the Board, in light of the unsustainable long-term status of the District's financial position, resolves to endeavor to renegotiate these contracts, this calendar year, to achieve the following objectives:

**A) General Manager / District Engineer Remuneration:**

\$170,000 salary (currently \$170,000)

≤\$30,000 total benefits package - capped (currently \$59,000)

<\$200,000 total remuneration (goal) (currently \$229,000 with no cap on benefits\*)

Note: Any combination of the above that caps total remuneration (with no automatic COLA) at or below \$200,000 in FY 2013 dollars.

**B) Administrative / Finance Manager Remuneration:**

\$90,000 salary (currently \$90,000)

\$30,000 total benefits package - capped (currently is \$50,000)

<\$120,000 total remuneration (goal) (currently \$140,000 with no cap on benefits\*)

Note: Any combination of the above that caps total remuneration (with no automatic COLA) at or below \$120,000 in FY 2013 dollars.

\*Source for remuneration, GCSD Spreadsheet from Vicki West titled *Projected Payroll, FY 2012-13* (subtitled in footnote is "Created on 1/18/12 by Vicki West, per request from Gary Mello, Revised on 6/14/12")

R2: The Tuolumne Co. Grand Jury wrote: "Eliminate the dual salary of the General Manager / District Engineer:"

The Board of Directors recognizes that the General Manager / District Engineer position responsibilities are filled by one person, Gary Mello, who is an experience Civil Engineer registered in the State of California with substantial experience working with government agencies, and as well, has previously served as an elected official.

In a small public agency, such as GCSD, where the activity for some professional services comprises less than a full-time job, sound policy suggests that hiring practices seeking employees that are qualified to take on a variety of work requirements, and that GCSD's Board has done with the hiring of Gary Mello. It is fair to pay more for an employee who saves the District money by one's ability to multi-task.

However, the pay for multi-tasking activity should be pro-rated according to the amount of time spent on a particular work activity and the value of that activity - as could be achieved by hiring someone part-time or on a contract / hourly basis to do the same work. Since the Board has considered in the past, on many occasions, a line of reasoning that ... the activity and responsibilities of the District likely does NOT justify a full time general manager or district engineer, and that the compensation of the General Manager / Engineer should be reduced as suggested in the response to R1, above. The combined title of the General Manager / District Engineer should be retained, however, since Mr. Mello does fulfill both of these positions. However, the reporting of the General Manager / District Engineer remuneration, being bestowed on one person - Mr. Mello - shall be reported on all public and private records on one line item, as with all other employees, including many others that also fulfilling multi-tasking responsibilities. In this way, the public knows, by title, the multiple responsibilities of the GM / District Engineer, Mr. Gary Mello, and as well, the total remuneration he receives for full-time employment.

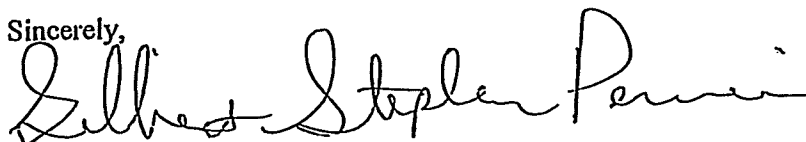
Summary Response to R1 and R2:

R1: The objective of the Groveland Community Services Board of Directors is, therefore, to reduce the total remuneration cost of the 2 top administrative personnel from an open ended (uncapped) cost of nearly \$370,000 (currently, FY 2012-13) to a capped amount not to exceed \$320,000, hence a savings of nearly \$50,000 per year.

Hence to reduce the GM / District Engineer from \$229,000 to \$200,000 total remuneration  
Hence to reduce the Admin. / Finance Mngr. from \$140,000, to \$120,000 total remuneration

R2: The dual titles of multi-tasking employees shall be retained, in order to clarify the multiple responsibilities of some employees. However, the reporting of any one employees total remuneration (total pay and perks) shall be reported on a single line item for all public and private records. In this way, clear and concise transparency provides information to the public regarding the total responsibilities and total remuneration of any one employee at GCSD.

Sincerely,



Gilbert Stephen Perreira  
President, GCSD Board of Directors



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September 11, 2011.

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

Subject: Groveland Community Services District Board of Directors Response to the 2011-2012 Grand Jury Report

Dear Judge DuTemple,

At a special Groveland Community Services District Board meeting on August 29, 2012, the Board of Directors deliberated a response to Action Item 2, *Review and Approve the District (Board) Response to the 2011-12 Tuolumne County Grand Jury Findings and Recommendations.*

A prepared response was presented to the Board, several members of the public commented, and then the Board deliberated without reaching a majority consensus on a response to the Grand Jury. At the time of this meeting, the Board had one vacant seat, hence only 4 members.

At the regular Board meeting on September 6, 2012, the Board filled the vacant Board seat by appointment. Now, with five Board members, it is likely a consensus can be reached in the near future on the response to Grand Jury Finding F1 and Recommendations R1 and R1.

The Board is mindful of our late response and we do not take this matter lightly. For the full extent of the summer, the Board and GCS D staff have been preoccupied with resolving the pressing matter regarding the restructuring of the Groveland Fire Department due to the failure of Measure D, which resulted in the loss of one-quarter of ad valorem tax revenue. That crisis was resolved just prior to the September 1<sup>st</sup> Budget deadline when the Board voted to contract our fire department services to Cal Fire via an amendment to the long standing County contract with Cal Fire.

With the crisis resolved, the Board is now able to respond to a backlog of other important matters, including its response to the Grand Jury. Pursuant to Penal Code Section 933.05, our General Manager/District Engineer responded on August 29, 2012; the Board requests an extension for its response until October 9, 2012 so that the matter can be considered at the next regularly scheduled Board meeting. Again, the Board takes this matter very seriously. Please advise GCS D General Manager Gary Mello if this proposal is acceptable. Mr. Mello can be reached at 209-962-7161, x33.

Thank you for your consideration.

Respectfully,

A handwritten signature in cursive script that reads "Gilbert Stephen Perreira".

Gilbert Stephen Perreira  
President, GCS D Board of Directors



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18966 Ferretti Road P.O. Box 350 Groveland, CA 95321-0350

August 29, 2012

**FILED**

SEP 17 2012

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

Superior Court of California  
County of Tuolumne  
By:  Clerk

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	
<b>Groveland Community Services District</b>					
<b>(Annual Budget: \$5.4M)</b>					
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
<b>Tuolumne County</b>					
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
<b>Tuolumne Utilities District</b>					
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
<b>Calaveras County Water District</b>					
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
<b>Cambria CSD</b>					
<b>(Annual Budget: \$7.6M)</b>					
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.

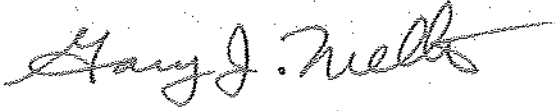
**Recommendation R2** will not be implemented. The Report cites a line on page 2-5 of the District's Classification and Compensation Schedule (specifically the last line of the General Manager's entry requirements that states a preference that the General Manager be a California Registered Civil Engineer), 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 cursive script that reads "Gary J. Mello". The signature is written in black ink and is positioned above the printed name.

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