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A Report on the Gualala Community Services District  
May 3, 2007

***Summary***

The Gualala Community Services District (GCSD) was established by vote of its constituents in 1987 to provide a community-wide wastewater system treated to tertiary standards (nearly potable). Construction was accomplished with 10% local funding and a grant under the Clean Water Act. The Grand Jury previously has never performed an Oversight for the District.

The area of GCSD is 1430 acres and consists of four Zones, with approximately 260 connections and a total of 353 parcels within Zones 1 and 2. Construction of the infrastructure and treatment facilities was completed in 1992, to provide service to Zones 1 and 2 along the Highway 1 corridor. Currently service is provided only within Zones 1 and 2.

As is often the case with many rural special districts, GCSD has experienced a lack of interested community members to serve on its Board of Directors (BOD). Therefore, a small group of lay people have had to continually provide the necessary leadership and operation of the district.

The BOD has not always made certain decisions and actions in a timely manner and/or in accordance with laws governing Special Districts. However, in most instances those decisions and actions were not done with any malice and appear to be in the best interest of the district as a whole.

***Background***

Wastewater is collected within the GCSD boundaries in Mendocino County and transported for treatment at the district's facility in Sonoma County. (The wastewater is treated three times resulting in tertiary effluent.) Ultimate disposal provides tertiary effluent to the Sea Ranch Golf Course. Heavy rain in the area required a design for extended effluent storage during the off-season. The State Water Resources Control Board (SWRCB) took particular interest, and recommended that the plant be located in Sonoma County partially as a reclamation facility for the Sea Ranch development and golf course. Authorities felt that this recommendation would reduce and offset freshwater demands on the environmentally sensitive Gualala River.

There appears to be a conflict between the goals and unofficial positions of the Gualala Municipal Advisory Council (GMAC) and the GCSD. The wastewater system was designed to serve existing development and provide for additional growth within the GCSD Sewer Assessment District boundaries. All new development within Zones 1 and 2 must connect to the wastewater treatment

system. The Gualala Town Plan, however, estimates a deficit of 543 connections at buildout of the Plan unless the plant is expanded. Currently, GCSD has no plans for expansion, primarily because of the costs of new system infrastructure.

The Sea Ranch North Treatment Facility processes its wastewater to a secondary level which is then pumped to the GCSD's wastewater treatment facility for additional final tertiary treatment. The combined effluent of North Sea Ranch and GCSD's treatment facility is disposed of as tertiary treated water to the Sea Ranch Golf Course.

### ***Methods***

In performing its oversight of GCSD, the Grand Jury conducted numerous site visits, reviewed relevant documents such as maps, sewage plant specifications, BOD minutes and resolutions, and contracts. The Grand Jury held interviews with GCSD Board members, staff personnel and interested community members.

### ***Findings***

1. GCSD was established in 1987 to provide wastewater and sewer treatment service.
2. Each parcel has its own interceptor tank. Wastewater effluent is then processed at the treatment facility.
3. GCSD consists of a total of four Zones. Currently, only Zones 1 and 2 are being serviced for a total of 353 parcels along the Highway 1 corridor.
4. Testimony indicates there are no immediate plans by GCSD for expansion of service to Zones 3 and 4.
5. All new development within the Zones 1 and 2 must connect to the wastewater treatment system.
6. GCSD treatment facility is located south of the Gualala River in Sonoma County.
7. Treated wastewater from the Sea Ranch north treatment facility is processed at the GCSD facility to tertiary standards for irrigation use on the Sea Ranch Golf Course.
8. GCSD is currently in dispute with the Sea Ranch Golf Course for non-payment for tertiary treated water provided by GCSD to the golf course.
9. GCSD has placed liens against the Sea Ranch Golf Course in the amounts of those non-payments.
10. An employee of Sea Ranch Golf Course serves as an elected member of the GCSD BOD, but does not vote on Golf Course issues before the Board.
11. All BOD members have access to GCSD data, records and information.
12. GCSD has experienced a lack of interested community members to serve on its board.
13. The BOD of GCSD is aware of past procedural rules of order discrepancies, i.e. required public notice of meetings, ADA compliance, and public relations.

It is taking steps necessary to correct them and operate within and in accordance with current law.

14. The BOD has participated in the mandated Ethics Training.
15. Discrepancies of staff management techniques, processes, and procedures have been noted by the Board. Steps have been initiated to correct these issues.
16. Required annual audits have not been performed in a number of years. A new CPA has been retained and up to date audits are anticipated.

### ***Recommendations***

The Grand Jury recommends that:

1. the BOD conduct all activities of GCSD in a totally transparent manner in accordance with all applicable laws governing a special district.
2. the GCSD take all steps necessary to resolve the dispute with the Sea Ranch Golf Course regarding payment for treated irrigation water.
3. the GMAC and the GCSD make every effort to work together on common issues facing each other individually for the ultimate overall benefit of the citizens of the Gualala community.

### ***Comments***

Over the years, GCSD has experienced difficulty in finding interested persons to serve on the board. As a result a small dedicated group has attempted to provide guidance and leadership to the District, not always doing things totally in conformance with normal procedures and governing laws. The BOD is aware of past procedural problems and is taking steps necessary to operate within all laws governing Special Districts.

The GCSD is required to provide treated effluent to the Sea Ranch Golf Course as a contract condition in the initial establishment of the District. The Golf Course has stopped paying the District for the treated effluent, requiring the District to lien the Golf Course for the amounts due. GCSD must take all efforts and positive steps to resolve this dispute and remedy the related impact on cash flow caused by these non-payments.

GCSD currently has no plan for expansion of the District into Zones 3 and 4. This decision appears to be in conflict with the GMAC position and intent.

### ***Responses Required***

Board of Directors, Gualala Community Services District (All Findings; All Recommendations)

Board of Directors, Mendocino County LAFCO (Finding 1, 7-8, 12-16; Recommendation 1-2)

Gualala Municipal Advisory Commission (All Findings; Recommendation 3)