

# CUPERTINO SANITARY DISTRICT

SANTA CLARA COUNTY

## SANITARY BOARD MEETING WEDNESDAY FEBRUARY 3, 2010 (Revised)

The Sanitary Board of the Cupertino Sanitary District convened this date at 8:00 p.m. in the Stevens Creek Office Center, Suite 104, and 20833 Stevens Creek Boulevard, Cupertino, California.

President Kerr called the meeting to order and the following proceedings were had to wit: Roll call was taken, with the following members in attendance:

Directors: Wendell H. Kerr, Jr., Christopher C. Lee, Steve C. Andrews, John M. Gatto, and William A. Bosworth

Staff present: Manager Richard K. Tanaka, Staff Member Steven J. Machida, Staff Member Nichol Bowersox and Counsel Harold S. Toppel.

On motion by Director Gatto, seconded by Director Andrews, it was ordered by a vote of 4-0-1 that the Minutes of the meeting of Wednesday, January 20, 2009, be approved. Director Kerr abstained.

Staff Member Machida stated that he will attend the TAC meeting to be held on Monday, February 22, 2010.

Director Gatto stated that he will attend the TPAC meeting to be held on Thursday, February 25, 2010.

Director Gatto reported on the Santa Clara County-County Treasury Investment Pool Meeting held January 27, 2010. Director Gatto stated that the County will be changing the way that they manage the Investment Pool. In the past, the County would allow other County Divisions/Special District to borrow money from the Pool. The County will still allow this practice but the transaction will be handled more like a commercial lending institution. The County is asking that when a loan or transfer of funds is needed, the respective Board adopt a resolution authorizing the temporary transfer of funds. A draft template of the resolution was provided to Staff.

Staff Member Tanaka reported on the status of the San Jose/Santa Clara WPCP Water Recycling Program. Manager Tanaka, Staff members Machida and Bowersox met with the City of San Jose to discuss when the Phase 2 projects were approved by Treatment Plant Advisory Committee (TPAC). City Staff gathered some documents but they are still collecting information and requested additional time to review their files. City Staff said that they would provide information to District Staff on February 10, 2010. Staff also provided a letter to City Staff requesting information by February 16<sup>th</sup>. After discussion, the Board asked: what is the remedy if the documents do not show that TPAC had approved the Phase 2 projects? Counsel Toppel responded that we are still in the data gathering mode, so we will need to review the information provided before a course of action can be recommended. Director Gatto asked that Staff put together a matrix of the Phase 2 projects, the project costs and if the project benefits the CuSD. Director Gatto stated that we will need to develop a clear process on how we are going to notify the City that the CuSD will not be liable for payment of projects that do not benefit the District.

Board discussed Budget Projections and Expenses. Director Gatto complimented Staff on managing and operating the District while reducing the District's expenses. Director Bosworth agrees that District fees should be recovering the costs to perform the services. Director Kerr commented that the District CIP

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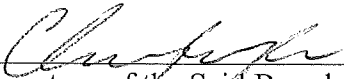
presented in the Staff Report from the last meeting does not match this submittal. Staff member Bowersox stated after reviewing the priorities, some of the projects were shifted to address the more critical concerns. Director Gatto suggested since the construction costs are under what Staff estimated, he suggested that Staff should considered completing more of the CIP projects. Director Andrews agrees with Director Gatto but would like to review the District's revenue projections before he authorizes Staff to complete more of the CIP projects. Director Gatto stated that Staff should then look at the CIP projects and make recommendations to the Board on what projects can be shifted forward if the Board authorizes additional funds to be spent on the CIP. Staff also stated that discussion of a rate increase will be presented at the next meeting.

Counsel Toppel presented his findings if the Board Elections are held on even years. There will be a cost savings to the District by changing the elections to even years but there is also a one time cost to send out notices to the District's customers. The estimated cost to send out the notices will be approximately \$20K. If the Board agrees to change the elections to even years, then each Board member would extend their term by one year. Director Bosworth stated that with the switch the Board District would recover cost after one election. Director Lee likes that the District could realize a savings but he is concerned that there may be a conflict. Director Gatto also stated that he is uncomfortable with making a change without input from the community. He suggested holding an advisory vote. Director Bosworth is against an advisory vote if it costs money. Director Andrews stated that if the District saves \$40k every two years then he can support this solution. Counsel Toppel is to get additional information from the County to compare when three seats are elected versus when two seats are elected.

President Kerr was absent from January 20, 2010 meeting. He did not provide a report on the Legislative Committee Meeting, but he stated that CASA will be supporting legislation for the State to receive Federal funds. The State could receive an amount in the range of \$200-\$300 Million dollars. The City of San Jose has not applied for these funds. President Kerr also stated that he will attend a Legislative meeting in Sacramento on March 5, 2010.

On motion properly made and seconded, at 9:35 p.m. it was unanimously ordered that the meeting be adjourned.

  
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President of the Sanitary Board

  
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Secretary of the Said Board