

CUPERTINO SANITARY DISTRICT

SANTA CLARA COUNTY

CUPERTINO SANITARY DISTRICT

BOARD MEETING

WEDNESDAY, JUNE 3, 2009

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

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

Directors: John M. Gatto, William A. Bosworth, Wendell H. Kerr, Jr., Curtis B. Harrison, and Christopher C. Lee.

Staff present: Manager Richard K. Tanaka, Staff Member Steven J. Machida, Staff Member Nichol Bowersox and Counsel Steve Baird

Guest: David Wall

On motion of Director Gatto, seconded by Director Harrison, it was unanimously ordered that the Minutes of the meeting of Wednesday, May 20, 2009, be approved with revision.

In the Personal Presentations item of the Agenda, Mr. David Wall provided the Board with a history of Environmental Services Department (ESD). He stated that ESD was formed to subsidize the City of San Jose. Mr. Wall provided the Board with copies of the Records Request to the City of San Jose related to the operations of ESD and the improvements related to the Environmental Services Building (ESB) problems and the subsequent problems encountered. Mr. Wall suggested that the Board request a full audit from the City of San Jose on their costs and operations. Mr. Wall stated that the reclaimed water was to allow growth in San Jose but it does not provide any direct benefit to the Cupertino Sanitary District.

On motion of Director Gatto, seconded by Director Harrison, it was unanimously ordered that five-hundred (\$500) dollars be contributed to CASA to help fund the appeal of the Trial Court Decision in the City of Vacaville NPDES Permit Case.

Director Gatto stated that the Water Education Foundation Hetch Hetchy Water System Tour on July 22-24, 2009 falls under the Board's blanket approval for Board attendance. Director Gatto motioned to note in file, seconded by Director Harrison.

Staff member Machida will attend the Regular Meeting of the San Jose/Santa Clara Water Pollution Control Plant Technical Committee (TAC), to be held on June 8, 2009.

Director Gatto will attend the Regular Meeting of the San Jose/Santa Clara Water Pollution Control Plant Advisory Committee (TPAC), to be held on June 11, 2009.

President Bosworth will attend the Special District Meeting to be held on June 8, 2009 at the Santa Clara Valley Water District Offices.

CUPERTINO SANITARY DISTRICT

SANTA CLARA COUNTY


Director Kerr reported on the CASA State Legislative Meeting, held May 29, 2009. Up for discussion was AB1232. The group opposed the bill and Mike Dillon was going to prepare a letter stating the group supports improving the efficiency of the collection and treatment operations. The group was concerned that adding a legislative component to the process would result in some unexpected consequences for everyone. It was also reported that the Governor is considering borrowing from property taxes and/or cities, counties or special districts reserves. Director Kerr also reported on the status of SB 407 which requires that existing plumbing fixtures be repaired prior to the sale of the property.

Manager Tanaka summarized the discussion on the City of San Jose overhead calculations, the Treatment Plant's O&M and CIP budgets. Staff learned that the City of San Jose had a large Worker Compensation budget that was not included in the previous year, ESD had a \$500k increase from previous years and the City Managers and Council's expense doubled.

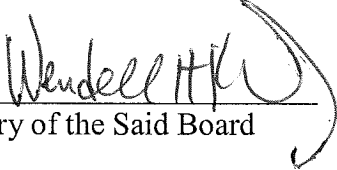
The Board had further discussion on the proposed City of San Jose O&M and CIP budgets. The Board directed Staff to obtain more information on the CIP projects that are scheduled for the next fiscal year and report the results back to the Board.

The Board reviewed the proposed District O&M and CIP budgets for fiscal year 2009-2010. The Board directed Staff that they would like to discuss this item at the next meeting and include the projected revenues that will be obtained from the updated rate increase. The Board also directed Staff to carefully review CIP projects and determine if any projects can be moved forward to take advantage of the competitive construction climate. Director Gatto also directed Staff to determine what would be the amount of the payoff to retire the District share of the bonds.

On motion properly made and seconded, at 10:29 p.m. it was unanimously ordered that the meeting be adjourned to closed session.



President of the Sanitary Board



Secretary of the Said Board