

**WEST VALLEY SANITATION DISTRICT
OF SANTA CLARA COUNTY, CALIFORNIA**

**BOARD OF DIRECTORS MEETING
April 12, 2017**

The Board of Directors of West Valley Sanitation District of Santa Clara County, California, convenes this day in regular session at 6:00 p.m. at the district office, 100 East Sunnyoaks Avenue, Campbell, California.

Roll Call

1. Present: Directors – Manny Cappello, Steven Leonardis, Rowena Turner, and Paul Resnikoff, Chairperson.

Absent: Ken Yeager.

Staff: Jon Newby, District Manager and Engineer; Edward H. Oyama, Director of Engineering and Operations; Sarah Quiter, District Counsel; David Mehretu, Of Counsel; and Lesha Luu, Secretary.

Approval of Minutes of Previous Meeting

2. Approve the minutes of the regular meeting of the Board of Directors of March 8, 2017.

Motion by/Second by: Cappello/Leonardis to approve the minutes of the previous meeting.
Motion passed unanimously.

Oral Communications

3. None.

Written Communications

4. Receipt of District Transparency Certificate of Excellence from the Special District Leadership Foundation. Ms. Colleen Haley of California Special District Association is in attendance to present the Transparency Certificate of Excellence to the District.

Reports (Items to be taken in one motion)

5. Investment of District funds: Report on commingled funds invested by the County of Santa Clara for West Valley Sanitation District, as of February 28, 2017.
6. Consolidated Income and Expense Statement of West Valley Sanitation District for the period ended February 28, 2017.

Motion by/Second by: Cappello/Turner to accept the Reports, items 5-6. Motion passed unanimously.

**WEST VALLEY SANITATION DISTRICT
OF SANTA CLARA COUNTY, CALIFORNIA**

**BOARD OF DIRECTORS MEETING
April 12, 2017**

Unfinished Business

7. None.

Public Hearings

8. First of the two Public Hearings to consider the District's Proposed Budget for Fiscal Year 2017-2018. The second hearing and adoption is scheduled for May 10, 2017. Open the public hearing and receive comments on the West Valley Sanitation District Proposed Budget for Fiscal Year 2017-2018. Continue the public hearing to the Board Meeting of Wednesday, May 10, 2017, to allow for further comments or modifications. Manager reported the total proposed budget for Fiscal Year 2017-2018 is approximately \$37.1 million, which is 16% (\$5.1) more than the current adopted budget. The cost increase is driven primarily by the City of San Jose's treatment plant operating and capital costs increase, for a total transfer to the City of San Jose of \$22.8 million, which equals 83% of all District's revenue. The updated 5-years projection is estimated to have a reserve deficit of \$22.0M at the end of Fiscal Year 2020-2021. The District has recognized a need for long-term debt financing to mitigate the exceptionally large expenditures from the City's treatment plant capital program. The District is continuing to work with the City to obtain financing from the Clean Water Financing Authority. The District will provide an update of the long-term finances in the fall which will include options for the Board to consider in funding the needs for the District. There were no questions or comments of Board or staff. Public hearing closed.

Motion by/Second by: Cappello/Turner to approve continuation of the second hearing and adoption of the West Valley Sanitation District Proposed Budget for Fiscal Year 2017-2018 at the Board Meeting of Wednesday, May 10, 2017. Motion passed unanimously.

9. Public Hearing to consider the continuation of the Hillside Sewer Maintenance Zone Fee for Fiscal Year 2017-2018. Open the public hearing, receive comments, and adopt Resolution No. 17.04.04, RESOLUTION OF THE BOARD OF DIRECTORS OF WEST VALLEY SANITATION DISTRICT OF SANTA CLARA COUNTY, CALIFORNIA, APPROVING CONTINUATION OF THE HILLSIDE SEWER MAINTENANCE ZONE FEE for Fiscal Year 2017-2018. Manager reported the hillside fund continues to be an essential funding source for ensuring pipelines located in the unstable hillsides provide reliable conveyance of wastewater. Pipelines covered by the fund are subject to increased risk due to land movement and expose the District to costly repairs. These repairs typically require stabilizing of the soil and are located in difficult to access areas which contribute to a higher repair cost. Staff recommends continuing the fund. The Hillside Maintenance Zone Fee has not been adjusted for a considerable amount of time. Due to increased repairs to the system in this area, the District will need to complete a study to review the fee amount to ensure sufficient reserves and funding are available for future required improvements. Staff anticipates completing the study this next fiscal year. There were no questions or comments of Board or staff. Public hearing closed.

**WEST VALLEY SANITATION DISTRICT
OF SANTA CLARA COUNTY, CALIFORNIA**

**BOARD OF DIRECTORS MEETING
April 12, 2017**

Motion by/Second by: Cappello/Turner to approve continuation of the Hillside Maintenance Sewer Zone Fee for Fiscal Year 2017-2018 and adopt Resolution No. 17.04.04. Motion passed unanimously.

Consent Calendar (Items to be taken in one motion)

10. Approval of payment of invoices, March 9, 2017 – April 12, 2017.
11. Resolution to set a time and place of public hearing to consider placing delinquent fees and charges on the Fiscal Year 2017-2018 Tax Roll. Adopt Resolution No. 17.04.05, RESOLUTION SETTING A TIME AND PLACE OF PUBLIC HEARING TO CONSIDER PLACING DELINQUENT FEES AND CHARGES FOR FISCAL YEAR 2016-2017 ON THE FISCAL YEAR 2017-2018 TAX ROLL. The resolution sets June 14, 2017, as the date of hearing.

Motion by/Second by: Cappello/Turner to approve Consent Calendar, items 10-11. Motion passed unanimously.

New Business

12. District withdrawal from Clean Water Program. Adopt Resolution No. 17.04.06, Resolution OF THE BOARD OF DIRECTORS OF WEST VALLEY SANITATION DISTRICT OF SANTA CLARA COUNTY, CALIFORNIA, APPROVING THE DISTRICT'S WITHDRAWAL FROM THE CLEAN WATER PROGRAM AND RELATED TRANSITION PLAN. Manager reported the District has received several requests from the Cities and Town to defer this item for 60 days but recommends taking action immediately. The District has been administering the program since its inception in 1992, but it has no legal power or authority to do so. In the event of a legal challenge, the District's ability to continue the services might be immediately halted, which places the Cities and Town in a position of noncompliance. The District would be faced with significant legal costs and liabilities.

The District recommends immediately initiating the transition of the services to the Cities and Town to ensure continuous delivery and compliance with the NPDES permit. While the transition is being developed and implemented, the Cities and Town will have approximately 15 months where the District will continue to provide these services. This is consistent with the provisions of the agreements and provides more than twice the required notification time.

The District is prepared to work with the Cities and Town on a smooth and effective transition along with determining the best solution for Clean Water Program employee's employment contract before ending in June. If a deferral is needed, Manager requests the deferral be limited to 30 days or to next month's Board meeting. The District wants the best for the Cities and Town, in regards to ensuring compliance with their stormwater permit obligations. The District is committed to working with the Cities and Town over the next 15 months to allow for the smoothest transition possible. All questions and concerns of Board were satisfied by staff.

**WEST VALLEY SANITATION DISTRICT
OF SANTA CLARA COUNTY, CALIFORNIA**

BOARD OF DIRECTORS MEETING

April 12, 2017

Motion by/Second by: Leonardis/Cappello motion to postpone the final decision of the District's withdrawal from the Clean Water Program to the Board meeting of May 10, 2017. Motion passed unanimously.

Closed Session

13. The Board adjourns at 6:55 p.m. to closed session - Conference with Legal Counsel – anticipated litigation. Initiation of litigation pursuant to Government Code § 54956.9(c) (one potential case). The following directors were present: Manny Cappello, Steven Leonardis, Paul Resnikoff, and Rowena Turner.

Reconvene in Open Session

14. The Board reconvenes at 7:38 p.m. in open session. Nothing to report out.

Directors' Items

15. There were no Director's reports, announcements, and questions.
16. Manager reported the Board of Directors meet annually to review the District Manager's performance and compensation. Consistent with the policy adopted January 2005 titled "Compensation Policy for District Manager and Engineer" the policy states that "*an ad hoc subcommittee... shall meet as necessary with the manager to review performance and compensation. The subcommittee will report to the Board of Directors and make recommendations in a timely manner for adjusting the manager's compensation. The subcommittee shall consist of the Board Chair and Vice-Chair or their designated alternates.*" To accommodate the schedule for adoption of the District's objectives, the Manager requested the Board Chair and Vice Chair, or designated alternates, meet as a subcommittee with the District Manager in May to review his performance and compensation and report to the Board the subcommittee's recommendation at the June 14th Board Meeting. The Board appointed Directors Resnikoff and Turner as the ad hoc subcommittee.

Adjournment

17. There being no further items of business, the meeting was adjourned at 7:41 p.m. The next Board Meeting is scheduled for May 10, 2017 at 6:00 p.m.

Signature on File

PAUL RESNIKOFF, CHAIRPERSON

**WEST VALLEY SANITATION DISTRICT
OF SANTA CLARA COUNTY, CALIFORNIA**

**BOARD OF DIRECTORS MEETING
April 12, 2017**

Attest:

Signature on File

Secretary