

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

**BOARD OF DIRECTORS MEETING
April 13, 2016**

The Board of Directors of West Valley Sanitation District of Santa Clara County, California, convenes this day in regular session at 6:07 p.m. at the district office, 100 East Sunnyoaks Avenue, Campbell, California.

Roll Call

1. Present: Directors: Mike Kotowski, Steven Leonardis, Ken Yeager, and Manny Cappello, Chairperson.

Absent: Director Marshall Anstandig.

Staff: Jon Newby, District Manager and Engineer; Edward H. Oyama, Director of Engineering and Operations; Sarah Quiter, Deputy District 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 9, 2016.

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

Oral Communications

3. None.

Written Communications

4. Letter to Treatment Plant Advisory Committee regarding TPAC Denial of Claim and Next Steps, dated March 30, 2016.

REPORTS (Items to be taken in one motion)

5. San Jose/Santa Clara Regional Wastewater Facility: Minutes of the February 11, 2016 regular meeting of the Treatment Plant Advisory Committee.
6. Investment of District funds: Report on commingled funds invested by the County of Santa Clara for West Valley Sanitation District, as of February 29, 2016.
7. Consolidated Income and Expense Statement of West Valley Sanitation District for the period ended February 29, 2016.

Motion by/Second by: Yeager/Leonardis to approve Reports, items 5-7. Motion passed unanimously.

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Unfinished Business

8. None.

Public Hearings

9. Public Hearing to consider the continuation of the Hillside Sewer Maintenance Zone Fee for Fiscal Year 2016-2017. Open the public hearing, receive comments, and adopt Resolution No. 16.04.04, RESOLUTION OF THE BOARD OF DIRECTORS OF WEST VALLEY SANITATION DISTRICT OF SANTA CLARA COUNTY, CALIFORNIA, APPROVING CONTINUATION OF THE HILLSIDE MAINTENANCE SEWER ZONE FEE for Fiscal Year 2016-2017. Manager reported the Hillside Fund continues to be an essential source for ensuring pipelines located in the unstable hillsides provide reliable conveyance of wastewater. Pipelines in the hillside zone are subject to increased risk due to land movement and the District is exposed to costly repairs. These repairs typically require stabilizing the soil located in difficult to access areas. Staff recommends continuation of the fund. The Hillside Sewer Maintenance Zone Fee has not been adjusted for a considerable amount of time. Due to increase repairs to the system in this area, the District will need to complete a study next fiscal year to review the fee amount to ensure sufficient reserves and funding is available for future required improvements. Open public hearing for questions or comments. There were no questions or comments of Board or staff. Public hearing closed.

Motion by/Second by: Yeager/Kotowski to approve continuation of the Hillside Maintenance Sewer Zone Fee for Fiscal Year 2016-2017 and Adopt Resolution No. 16.04.04. Motion passed unanimously.

10. First of the two Public Hearings to consider the District's Proposed Budget for Fiscal Year 2016-2017. The second hearing and adoption is scheduled for May 11, 2016. Open the public hearing and receive comments on the West Valley Sanitation District Proposed Budget for Fiscal Year 2016-2017. Continue the public hearing to the Board Meeting of Wednesday, May 11, 2016, to allow for further comments or modifications. Manager reported the most notable distinction in the proposed budget for fiscal year 2016-2017 is the cost decrease year over year primarily due to reduction of treatment plant capital cost. The total budget of approximately \$32 million is 3.5% (\$1.1 million) less than the current adopted budget. The proposed budget includes a project commercial paper issuance of \$5 million to finance and meet capital expenditure requirements for the next fiscal year. Open public hearing for questions or comments. There were no questions or comments of Board or staff. Public hearing closed.

Motion by/Second by: Leonardis/Yeager to approve continuation of the second hearing and adoption of the West Valley Sanitation District Proposed Budget for Fiscal Year 2016-2017 at the Board Meeting of Wednesday, May 11, 2016. Motion passed unanimously.

Consent Calendar (Items to be taken in one motion)

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11. Approval of payment of invoices, March 10, 2016 – April 13, 2016.
12. Resolution to set a time and place of public hearing to consider placing delinquent fees and charges on the Fiscal Year 2016-2017 Tax Roll. Adopt Resolution No. 16.04.05, RESOLUTION SETTING A TIME AND PLACE OF PUBLIC HEARING TO CONSIDER PLACING DELINQUENT FEES AND CHARGES FOR FISCAL YEAR 2015-2016 ON THE FISCAL YEAR 2016-2017 TAX ROLL. The resolution sets June 8, 2016, as the date of hearing.

Motion by/Second by: Kotowski/Leonardis to approve Consent Calendar, items 11-12. Motion passed unanimously.

New Business

13. Appeal of sewer connection fees - Orange Theory Fitness. Accept the staff report and deny the formal appeal of sewer connection fees submitted by D. Griffith & Associates on behalf of Orange Theory Fitness. Staff reported the District has received a notice requesting a formal appeal of the sewer connection fee of \$17,870.80 for Orange Theory Fitness located at 1725 South Bascom Avenue, Campbell. Michelle Rheintgen from D. Griffith & Associates is in attendance to represent Orange Fitness Theory. Ms. Rheintgen disputes the calculation of the sewer connection fee of \$17,870.80, claiming the District's categorization is incorrect and the fees are excessive due to the fact Orange Theory Fitness is a small group training fitness franchise with two single shower stalls connected to the bathrooms with workouts done by reservation only with fewer clients and a retail area selling vitamins, shirts, etc. The facility will not generate the peak flow usage for the category being used to calculate the fees. Orange Theory Fitness asks that they be reclassified as "general retail" or another category more suitable to their business model. Staff reported a business could change their operational plan; changing the business hours and occupancy. These changes do not require any permits and the facilities still need to be served. The District needs to ensure the peak flow requirements are met. The District applies the same methodology for calculating fees for all facilities. In summary, a total amount of \$17,870.90 (Capacity Fee of \$6,445.43, Sewer Connection Fee of \$11,090.47, and Processing Fee of \$335.00) are appropriately calculated. All Board's questions and concerns were satisfied by staff and Ms. Rheintgen.

Motion by/Second by: Cappello/Yeager to approve staff report and deny the formal appeal of sewer connection fees submitted by D. Griffith & Associates on behalf of Orange Theory Fitness. Ayes by: Cappello, Leonardis, Yeager. Nays by: Kotowski. Motion passes by a vote of 3-1.

Closed Session

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14. The Board adjourns at 7:05 p.m. to closed session - Conference with Labor Negotiators (Pursuant to Government Code Section 54957.6). Agency designated representatives: Jesse Lad, Meyers Nave; Employee organizations: Northern California Regional Council of Carpenters, The Carpenters 46 Northern California Counties Conference Board and Their Affiliated Local Unions. The following directors were present: Manny Cappello, Mike Kotowski, Steven Leonardis and Ken Yeager.
15. Conference with Legal Counsel – anticipated litigation. Initiation of litigation pursuant to Government Code § 54956.9(c) (one potential case).

Reconvene In Open Session

16. The Board reconvenes at 7:22 p.m. in open session. Nothing to report out.

Directors' Items

17. There are no Director's reports, announcements, or questions.
18. Manager reported the Board of Directors meet annually to review the District Manager's performance and compensation. Consistent with the policy adopted in 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 Manager in May to review his performance and compensation and report to the Board the subcommittee's recommendation in closed session at the scheduled Board Meeting on June 8th. The Board appointed Directors Cappello and Kotowski as the ad hoc committee.

Adjournment

19. There being no further items of business, the meeting was adjourned at 7:26 p.m. The next Board Meeting is scheduled for May 11, 2016 at 6:00 p.m.

Signature on File

E. MANNY CAPPELLO, CHAIRPERSON

Attest:

Signature on File

Secretary