

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

**BOARD OF DIRECTORS MEETING
May 8, 2013 Revised Minutes**

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 City of Campbell, City Hall Council Chamber, 70 North First Street, Campbell, California, with the following members present: Marshall Anstandig, Steven Leonardis, Mike Kotowski, alternate for Evan Low, Chuck Page, and Ken Yeager, Chairperson. Staff present are Jon Newby, District Manager and Engineer; Edward H. Oyama, Director of Engineer and Operations; Steve Meyers, District Counsel; Sarah Olinger, Deputy District Counsel; and Leshia Luu, Secretary.

The minutes of the previous meeting are approved as presented.

Oral communications: This portion of the meeting is set aside for persons wishing to address the Board on any matter not on the agenda. There is no public comment.

Written communications: No written communications have been received.

Reports: The following items are submitted for action in one motion:

San Jose/Santa Clara Water Pollution Control Plant: Treatment Plant Advisory Committee – nothing to report at this time. Report will be brought to the June board meeting.

Investment of District Funds: Report on Commingled Funds Invested by the County of Santa Clara for West Valley Sanitation District, as of March 31, 2013.

Consolidated Income and Expense Statement of West Valley Sanitation District for the period ended March 31, 2013.

Status report on the 2010 Sanitary Sewer Repairs contract with Pacific Underground Construction, Inc.

The reports are accepted.

Unfinished business: There is no unfinished business to come before the Board.

Public Hearings

Public Hearing to consider the adoption of ORDINANCE NO. 144, AN ORDINANCE OF THE BOARD OF DIRECTORS OF WEST VALLEY SANITATION DISTRICT OF SANTA CLARA COUNTY, AMENDING SECTION 10.060 OF THE DISTRICT'S ORDINANCE CODE RELATING TO SEWER SERVICE AND USE CHARGES. A public hearing has been scheduled for this evening to consider a proposed five-year sewer rate increase of 10%, 10%, 10%, 9.5%, and 9% respectively, beginning in fiscal

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year (FY) 2013-14. The District Manager gives a presentation to explain the rate increase proposed by the District. District Manager reports that WVSD provides wastewater collection and disposal services for the areas of Campbell, Los Gatos, Monte Sereno, parts of Saratoga, and some unincorporated areas of the County. Wastewater is collected through a network of sewers and conveyed to the San Jose Treatment Plant and south of San Francisco bay. The District has a contract with the San Jose/Santa Clara Water Pollution Control Plant (SJ/SCWPCP) for the use of joint water interceptors within San Jose and for wastewater treatment and disposal. SJ/SCWPCP was built in 1956, making it over 50 years old and working 365 days a year. The equipment has surpassed its life expectancy and requires significant rebuilding. The City of San Jose has recently completed a Master Plan for the wastewater treatment plant. The Master Plan identified \$950 million of improvements over the next 7 years and an additional \$1.5 billion from 2021 to 2041. These improvements initially focus on rehabilitation and rebuilding the plant to continue operation. Future improvements are driven by stricter regulations and insuring the health of the South Bay. For wastewater treatment, the District is contractually required to fund about 6.8% of the capital cost for improving the plant and about 8.5% of the operating cost, costing the district approximately \$7 million annually. Starting FY 2013-14 the capital improvements for rebuilding the treatment plant will show up on WVSD's budget and by FY 2014-15 the capital outlay is projected to increase over \$19 million. The District is obligated to fund increasing treatment plant costs. District's current revenues are insufficient to meet District's obligations, requiring a rate increase. Starting FY 2013-14, sewer rates will need to be increased by 10%, 2014-15 by 10%, 2015-16 by 10%, 2016-17 by 9.5% and 2017-18 by 9%.

Following the manager's presentation, the Chair opens the public hearing and asks for comments.

The following residents in the WVSD jurisdiction were present to comment regarding the rate increases:

Mr. Robert Baden – Mr. Baden comments on the sewer charges and questions the allocation of fees amongst collection and treatment costs.

Ms. Barbara Burns – Ms. Burns comments on the increase of property tax for the homeowners annually and is opposed to the rate increase.

Ms. Kim Kagel – Ms. Kagel, the owner of residential and commercial property in the District, states she is uncertain where the residential sewer charge is listed on the property tax bill. Ms. Kagel questions the difference between "HCF" and "CCF" on the water bill for commercial property.

Mr. Woody Nedom – Mr. Nedom comments he has no objection to fund the upgrade of the treatment plant but questions the contractual obligation to pay the amount for the population

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increase in the other cities that are served by the treatment plant. Mr. Nedom also comments on the development of land around the treatment plant.

Mr. Vito DiMucci – Mr. DiMucci questions the percentage of rate increase applied to capital equipment; the efficiency of the new facility compared to the current facility; and why the monthly sewer rate does not decrease after the improvement of facility and equipment as the costs of new facility should be a one-time charge.

Mr. Gary Pastre – Mr. Pastre, a resident of Saratoga representing a church in Los Gatos, comments that the church has no direct objection to upgrading capital equipment as needed, assuming there will be a fair distribution of the burden going forward. Mr. Pastre questions on the commercial uses of treated water and the treatment plant's capability of redistributing the treated water for commercial usage.

Everyone who wishes to speak is given the opportunity. All questions, concerns and comments from the Board and residents in attendance are heard and addressed by the District Manager.

TABULATION AND ACCEPTANCE OF WRITTEN PROTESTS. At the end of the comment period, the Chair closes the hearing and asks the secretary for a final count of the written protests. The secretary reports there were 89 written protests received as of this date. About 33,000 notices were sent to the owners of each parcel affected by the proposed rate increases, advising them of the time and place of the public hearing, the amounts and effective dates of the proposed rate increases, and the procedure for filing a written protest. A majority protest exists if valid written protests representing a majority (50% plus one) of the total number of parcels subject to proposed fee modification. The ordinance may not pass with a majority protest. The Board accepts the written protests.

SECOND READING and adoption of ORDINANCE NO. 144, AN ORDINANCE OF THE BOARD OF DIRECTORS OF WEST VALLEY SANITATION DISTRICT OF SANTA CLARA COUNTY, AMENDING SECTION 10.060 OF THE DISTRICT'S ORDINANCE CODE RELATING TO SEWER SERVICE AND USE CHARGES. After determining that there is not a majority protest, the Board introduces and adopts ORDINANCE NO. 144.

The next item under public hearing is the second hearing and adoption of the PROPOSED BUDGET FOR FISCAL YEAR 2013-2014. The first hearing was held on April 10. Following the manager's report, the Chair opens the public hearing. No public comment has been received. The Chair closes the public hearing. The Board adopts RESOLUTION NO. 13.05.09, RESOLUTION OF THE BOARD OF DIRECTORS OF WEST VALLEY SANITATION DISTRICT OF SANTA CLARA COUNTY ADOPTING AN OPERATION BUDGET FOR FISCAL YEAR 2013-2014 BY RATIFYING ESTIMATES OF REVENUES TO BE RECEIVED IN SUCH FUNDS AND APPROPRIATING MONIES THEREFROM FOR

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SPECIFIC ACTIVITIES AND ACCOUNTS AND SETTING FORTH THE CONDITIONS OF ADMINISTERING SAID BUDGET.

The third item under public hearing is the Public Hearing and adoption of the storm drain management fee for Fiscal Year 2013-2014. Following the manager's report, the Chair opens the public hearing. No public comment has been received. The Chair closes the public hearing. The Board adopts RESOLUTION NO. 13.05.10, RESOLUTION OF THE BOARD OF DIRECTORS OF WEST VALLEY SANITATION DISTRICT OF SANTA CLARA COUNTY APPROVING SERVICE CHARGES PURSUANT TO HEALTH AND SAFETY CODE SECTION 5471 ET SEQ: Resolution adopts continuation of the storm drain management program fees for fiscal year 2013-2014 for the cities of Campbell, Los Gatos, and Monte Sereno.

Consent Calendar: The following items are submitted for action in one motion:

Approval of payment of invoices, April 11, 2013 – May 8, 2013.

Authorization for chairperson to execute AGREEMENT AND COVENANTS RUNNING WITH THE LAND with property owners for participation in the Septic System Abandonment Program:

<u>APN</u>	<u>OWNER</u>	<u>LOCATION</u>
414-33-008	Liu	325 Redding Road, Campbell

Quito Basin 5 and 7, Area 2 Sanitary Sewer Rehabilitation Project: Authorization to issue Task Order 13-01 for a not-to-exceed amount of \$77,136 to Brown and Caldwell for engineering services.

Quito Basin 5 and 7, Area 2 Sanitary Sewer Rehabilitation Project: Award contract to K.J. Woods Construction, Inc. in the amount of \$4,098,000 and authorize a \$410,000 contingency allowance for unanticipated changes during the course of the project.

University Avenue Sewer Lateral Replacement Project: Award contract to Trinet Construction, Inc. in the amount of \$245,500 and authorize a \$25,000 contingency allowance for unanticipated changes during the course of the project.

The Consent Calendar is approved.

New Business: There is no new business.

Closed Session: The Board adjourns at 6:50 p.m. to closed session.

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The Board reconvenes at 6:55 p.m. to report that the Board received a status update on the labor negotiation and a tentative labor agreement has been reached. The MOUs will be presented at the June 12 board meeting for consideration.

Under Directors' Items, there are no directors' report.

District Managers report: The Board and District Manager discusses the desire to cancel the July board meeting. A meeting schedule will be presented to the Board for approval in June to include cancellation of July board meeting.

District Manager's annual review to be scheduled for August board meeting. The District Manager will report on the District's annual achievements at that time.

There being no further items of business, the meeting is adjourned at 7:00 p.m.

Signature on File

KEN YEAGER, CHAIRPERSON

Attest:

Signature on File

Secretary