

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

**BOARD OF DIRECTORS MEETING
May 9, 2018**

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 Campbell City Hall, City Hall Council Chamber, 70 N. First Street, Campbell, California.

Roll Call

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

Absent: Director - None

Staff: Jon Newby, District Manager and Engineer; Edward H. Oyama, Director of Engineering and Operations; Laura McKinney, 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 April 11, 2018.

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

Oral Communications

3. None.

Written Communications

4. None.

Reports (Items to be taken in one motion)

5. San Jose/Santa Clara Regional Wastewater Facility: Minutes of the March 8, 2018 regular meetings 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 March 31, 2018.
7. Consolidated Income and Expense Statement of West Valley Sanitation District for the period ended March 31, 2018.
8. 2018 Sewer System Management Plan (SSMP) Audit Report.

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Motion by/Second by: Wasserman/Leonardis to approve Report Items No. 5-8. Motion passed unanimously.

Unfinished Business

9. None.

Public Hearings

10. Second reading and adoption of Ordinance No. 148 – Sewer Service and Use Charges and Hillside Zone Additional Rate increases. A. Public Hearing to consider the adoption of ORDINANCE NO. 148, AN ORDINANCE OF THE BOARD OF DIRECTORS OF WEST VALLEY SANITATION DISTRICT OF SANTA CLARA COUNTY, AMENDING CHAPTERS 1, 4, AND 10 OF THE DISTRICT’S ORDINANCE CODE RELATING TO SEWER SERVICE AND USE CHARGES AND HILLSIDE ZONE ADDITIONAL RATE. The District Manager reported last spring, the District updated its financial planning and forecasted the need to perform a cost of service and rate study along with updating its financial plan to incorporate the City of San Jose latest projections for wastewater treatment operating and capital cost into the District’s 10 year cost projections. This work effort was included in the District’s adopted work plan for the current fiscal year. Bartle Wells and Associates has been retained to perform the cost of service analysis and to provide a recommended financing plan that resulted in the recommended rate adjustments. Mr. Doug Dove from Bartle Wells Associates gave a brief presentation on the findings and recommendations for meeting the District financial obligations. Following the presentation, the Public Hearing is opened.

The following residents in the District jurisdiction were present to comment regarding the rate increase.

Mr. Derek Bell commented that not all properties on hillside zones are equal; suggesting District to look at different sewerage systems in different areas and treat it according to the condition of the sewerage. He has no objection of small increase monthly.

Ms. Linda Clark questioned why the District charges the same rate for household of 1-2 person the same as with 4-6 or more persons. She is also questioning why the District does not have a senior discount in place as other utility is offering.

Everyone who wishes to speak is given the opportunity.

Motion by/Second by: Wasserman/Leonardis to close the public hearing. Motion passed unanimously.

All questions, concerns, and comments from the Board and residents in attendance are heard and addressed by the District Manager.

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B. TABULATION AND ACCEPTANCE OF WRITTEN PROTESTS. The Secretary of the Board will tabulate the written protests received and report the results of such tabulation to the Board. The secretary report there were 25 written protests received as of this date. About 35,900 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.

Motion by/Second by: Cappello/Leonardis to accept the written protests. Motion passed unanimously

C. SECOND READING AND ADOPTION OF ORDINANCE NO. 148, AN ORDINANCE OF THE BOARD OF DIRECTORS OF WEST VALLEY SANITATION DISTRICT OF SANTA CLARA COUNTY, AMENDING CHAPTERS 1, 4, AND 10 OF THE DISTRICT'S ORDINANCE CODE RELATING TO SEWER SERVICE AND USE CHARGES AND HILLSIDE ZONE ADDITIONAL RATE. After determining that there is not a majority protest, the Board adopts ORDINANCE NO. 148.

Motion by/Second by: Cappello/Wasserman to adopt Ordinance No. 148, amending Chapters 1, 4, and 10 of the District's Ordinance Code relating to Sewer Service and Use Charges and Hillside Zone Additional Rate. Motion passed unanimously.

11. Second Public Hearing to consider the adoption of the District's Proposed Budget for Fiscal Year 2018-2019. A. Open the hearing and receive comments on the West Valley Sanitation District Proposed Budget for Fiscal Year 2018-2019. B. Adopt Resolution No. 18.05.07, RESOLUTION OF THE BOARD OF DIRECTORS OF WEST VALLEY SANITATION DISTRICT OF SANTA CLARA COUNTY, CALIFORNIA, ADOPTING AN OPERATING BUDGET FOR FISCAL YEAR 2018-2019 BY RATIFYING ESTIMATES OF REVENUES TO BE RECEIVED IN SUCH FUNDS AND APPROPRIATING MONIES THEREFROM FOR SPECIFIED ACTIVITIES AND ACCOUNTS AND SETTING FORTH THE CONDITIONS OF ADMINISTERING THE BUDGET, to produce the Fiscal Year 2018-2019 Adopted Budget. The District Manager reported The Proposed Budget for FY 2018-2019 has incorporated the proposed sewer service and use charge revenue increase of 6% on July 1. The adjusted rate is projected to increase revenues collected on the tax roll from the previous fiscal year by \$1.5 million for a total of \$32.3 million for the year. The total expenditure is \$35.2 million and represents a decrease from the current fiscal year Modified Budget by 8% or \$3.1 million. The District's Salary and Benefit cost are slightly less than the previous fiscal year along with the District's collections system operating cost. In March, the City of San Jose provided an updated five-year Capital Improvement Program projection for the Regional Wastewater Facility. The updated projection deferred a substantial amount of funding for projects expected for next fiscal year to the following two years. The deferral of funding allows for the District to cash fund next fiscal year and delays the need for the line of credit to FY 2019-2020. Based on the City of San Jose's most recent updated capital projection, a line of credit with a total of \$40 million has been scheduled for FY 2019-2020 and FY 2020-2021, and a bond issuance of \$40 million is scheduled for FY 2020-2021 to pay off the total amount of the line of credit. Following the manager's report, the Public Hearing is opened. No public comment has been received.

Motion by/Second by: Wasserman/Cappello to close public hearing and adopt Resolution 18.05.07, adopting the Operating Budget for Fiscal Year 2018-2019. Motion passed unanimously.

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12. Public Hearing to consider the continuation of the Storm Drain Management Fee for Fiscal Year 2018-2020. A. Open the hearing and receive comments on the Storm Drain Management Fee for Fiscal Years 2018-2020. B. Adopt Resolution No. 18.05.08, RESOLUTION OF THE BOARD OF DIRECTORS OF WEST VALLEY SANITATION DISTRICT OF SANTA CLARA COUNTY, CALIFORNIA, APPROVING SERVICE CHARGES PURSUANT TO HEALTH AND SAFETY CODE SECTION 5471 ET SEQ. AS A TRANSITION PLAN PURSUANT TO RESOLUTION 17.05.07. Resolution adopts the Storm Drain Management Program Fees for Fiscal Year 2018-2019 and Fiscal Year 2019-2020 for the Cities of Campbell, Monte Sereno, and Town of Los Gatos. The District Manager reported on March 8, 2018, the Board directed staff to proceed with the Storm Drain Management Fee revenue transition plan consistent with the District terminating services for the Clean Water Program on June 30, 2018. The revenue transition plan incorporates a sunset date for the District to collect storm drainage service charge on behalf of the municipalities on the County tax roll. The sunset date has been set for Fiscal Year 2019-2020, with final revenue allocation on July 2020. Upon the final distribution of storm drainage service charge in July 2020, the District will cease any further activity with revenue collection essentially completing the last step of the transition plan for the Program allowing for the complete withdrawal. Adoption of the resolution will set the fees for the next two fiscal years completing the revenue transition plan. Following the manager's report, the Public Hearing is opened. No public comment has been received.

Motion by/Second by: Cappello/Resnikoff to close the public hearing and adopt Resolution No. 18.05.08, adopting the Storm Drain Management Program Fees for Fiscal Year 2018-2019 and Fiscal Year 2019-2020. Motion passed unanimously.

Consent Calendar (Items to be taken in one motion)

13. Approval of payment of invoices, April 12, 2018 – May 09, 2018.
14. Surplus vehicle sale – MV 62. Authorization to sell the surplus vehicle identified as MV 62, a 1997 ford Ranger pickup truck through First Capital Auction, Inc. (Vallejo, CA) to the highest bid received.

Motion by/Second by: Cappello/Resnikoff to approve the Consent Calendar Items No. 13-14. Motion passed unanimously.

New Business

15. None

Directors' Items

16. There were no Director's reports, announcements, and questions.
17. There is no District Manager's report.

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Adjournment

18. There being no further items of business, the meeting was adjourned at 6:34 p.m. The next Board Meeting is scheduled for June 13, 2018, at 6:00 p.m. at District's Office.

Signature on File

ROWENA TURNER, CHAIRPERSON

Attest:

Signature on File

Secretary