

**EAST PALO ALTO SANITARY DISTRICT
BOARD OF DIRECTORS
REGULAR BOARD MEETING MINUTES
April 3, 2014**

1. Call to Order

A Regular Board Meeting of the East Palo Alto Sanitary District was called to order by Director Mitchell on Thursday, April 3, 2014, at 7:00 p.m. The meeting was held at the East Palo Alto Sanitary District Office located at 901 Weeks Street, East Palo Alto, California.

2. Roll Call

Directors Present

Goro Mitchell
Glenda Savage
Joan Sykes-Miessi
Dennis Scherzer
Betsy Yanez

Staff Present

Kenneth Jones, General Manager
Malathy Subramanian, Legal Counsel
Micheline Wegem, Accountant
Rich Laureta, District Engineer

3. Board Member Excused/Unexcused Absences

No report.

4. Communications from the Public

There were no communications from the public.

4. Agenda Amendments

There were no agenda amendments.

6. Consideration/Approval of

a) March 6, 2014, Regular Board meeting minutes

Motion: Director Yanez moved, seconded by Director Savage, to approve the March 6, 2014, Regular Board Meeting minutes. Motion passed unanimously.

7. Consideration/Approval of Resolution No. 1116 Approving Withdrawal Orders and Authorizing Payment of Certain bills

Motion: Director Yanez moved, seconded by Director Sykes-Miessi, to approve Resolution No. 1116 Approving Withdrawal Orders and Authorizing Payment of Certain Bills. Motion passed unanimously.

8. Consideration/Approval of Resolution No. 1117 Acceptance and Approval of EPASD Accounting and Financial Policies and Procedures Manual

Mr. Jones advised that the Finance Committee had reviewed the Manual three times during the year and recommended at its March 10 meeting that the Board approve the Manual.

Director Scherzer commented that the Board should have received a copy of the Manual prior to voting on it; however, after discussions with the Manager on the Manual, he was prepared to vote.

Motion: Director Scherzer moved, seconded by Director Savage, to approve Resolution No. 1117 Acceptance and Approval of EPASD Accounting and Financial Policies and Procedures Manual, based on the Manager's and Finance Committee's recommendations. Motion passed unanimously.

9. Consideration/Approval of Resolution No. 1118 Authorization to execute agreement with Freyer & Laureta to provide District Engineering Services

Mr. Jones advised that this matter had been discussed by the Engineering Committee at three meetings; the request is that the Board approve a two-year agreement with Freyer & Laureta at a cost of \$150,000.

Director Mitchell questioned whether the District was going to consider two-year contracts with key vendors in the future.

Mr. Jones was unclear on a policy but wanted to make sure Freyer & Laureta were on board short term to advise on capital projects.

Motion: Director Savage moved, seconded by Director Scherzer, to approve Resolution No. 1118 Authorization to execute agreement with Freyer & Laureta to provide District Engineering Services. Motion passed unanimously.

10. Consideration/Approval of Resolution No. 1119 Authorization to execute agreement with Vision Internet for Website Development and Hosting Services

Mr. Jones advised that staff researched vendors to work on the Website services; two companies made presentations to the Finance Committee, and staff prepared a spreadsheet of the relative costs. He reported that the staff recommendation was to execute and agreement with Vision Internet at an estimated cost of \$31,945, with approximately \$3,500 per year for the next five years for website hosting. He added that the costs were less than what was currently being paid to the website provider.

Susan Wynn, Vision Internet, highlighted some of the services including accessing agendas and large files.

Motion: Director Scherzer moved, seconded by Director Savage, to approve Resolution No. 1119 Authorization to execute agreement with Vision Internet for Website Development and Hosting Services. Motion passed unanimously.

11. Consideration/Approval of Resolution No. 1120 in support of the construction of a financially self-sufficient Palo Alto Regional Water Quality Control Plant

Mr. Jones advised that this item was initiated by Director Scherzer, and the Board reviewed a draft at the last meeting.

Director Scherzer recalled, from a presentation by Phil Bobel from the City of Palo Alto in June 2012, that costs for the Water Quality Control Plant would be \$300-400 million, and the District would have to pay a portion. He advised that he had a conversation the prior day with Mayor Shepard who was under the impression the District would not have to pay. He felt it was important that the District make a statement in a resolution.

Motion: Director Scherzer moved, seconded by Director Savage to approve Resolution No. 1120 in support of the construction of a financially self-sufficient Palo Alto Regional Water Quality Control Plant. Motion passed unanimously.

12. Consideration/Discussion of Preliminary FY 14-15 Budget

Mr. Jones advised that the Finance Committee, at its March 24 meeting, reviewed the preliminary draft of the Budget and received a presentation by the Financial Advisor, Alex Handlers. He added that included in the Board's packet was a draft budget and financial plan based on what would be needed with the rates in order to match short term and long term capital improvement projects. Also included was a draft budget for the FY 14-15, prepared by the Accountant Micheline Wegem.

Mr. Jones reported that he planned to bring a final draft of the Budget to the Finance Committee on April 21.

Director Mitchell noted that the Finance Committee discussed setting a policy for reserves.

Mr. Jones referred to Table 1, in the packet, which showed cash flow projections and the sewage charge rate from FY 13-14 through FY 22-23; the table showed that the sewage charge rates could go up \$30 per year if the Board chose to use that kind of increase. He added that the increases would cover the projected costs that the Palo Alto Treatment Plant had estimated for the District.

Director Scherzer questioned the amount sewer charges generated the prior year. Ms. Wegem responded the amount was approximately \$4.2 million.

Mr. Jones asked whether Board Members were available to attend a Special Board Meeting on April 23, 2014. Board Members responded that they were available. The meeting will be held at 7 p.m.

13. Manager's Report

a) February Budget Comparison Report

Mr. Jones pointed out that the District was at 64% expended with the Budget; the Finance Committee discussed several items that had exceeded the percentage, and staff was making every effort to make the adjustments to not exceed the percentages in the next year.

b) Status Report on District Construction Projects

District Engineer Laureta commented on the Wheelchair Lift project which was completed and now ADA compliant. He added that the contract on the Pipeline Replacement project was late on delivering the final project and was into liquated damages; the contractor will do some extra work for the District including cleaning and televising of problematic lines.

Director Scherzer mentioned a problem with low pavement over sewer laterals on Runnymede, between Clark and Cooley and asked whether the developer could be compelled to fix the problem.

Mr. Jones commented that he expected that the City would compel the developer to fix the pavement. He will double check with the City Public Works Department.

c) Schedule SBM for GM Evaluation

Director Mitchell explained that the Human Resources Committee was unable to meet, and CPS was asked to contact Director Sykes-Miessi.

Mr. Jones introduced the new Maintenance Supervisor, Jackie Wilson, who comes to the District with 20 years of experience with the City of Palo Alto.

14. Committee Reports

a) Engineering

Director Scherzer gave an informative report on the anaerobic digester which generates greenhouse gases.

Director Savage reported that the Engineering Committee discussed different projects as well as the Engineering contract.

Director Yanez left the meeting at 7:40 p.m.

b) Finance

Director Sykes-Miessi reported that the Finance Committee paid bills, discussed the Procedures and Policy Manual, and had a presentation on the Budget.

c) Human Resources – No meeting

d) Intergovernmental

Director Scherzer noted that the Committee continued to have problems with representation from the City Council.

Mr. Jones advised that his understanding from the City Manager was that the assignments had not been made.

e) Public Relations

Director Mitchell advised that the Committee met and discussed the webpage and short term outreach.

f) Directors' Reports on Attendance at Conferences/Trainings – No report

15. Oral & Written Communication

Mr. Jones advised shared a letter that he received from One East Palo Alto asking for the Board's participation in the 7th Annual Fundraising Luncheon. Director Mitchell indicated he would purchase his own ticket, adding that the District had not finished the policy related to funding nonprofits.

Mr. Jones will place an item on the next agenda regarding participation in the luncheon.

16. Future Agenda

Next meeting is May 1, 2014.

17. Adjournment

There being no further business, the meeting adjourned at 7:51 p.m.

APPROVED:

Board President

Board Secretary