

**CUPERTINO SANITARY DISTRICT  
SANITARY BOARD MEETING  
WEDNESDAY, JUNE 15, 2022**

**AGENDA**

**The meeting will be held at 7:00 p.m. via teleconference [call 1 (866) 899 - 4679 Conference Access Code: 251566821] and anyone interested may also call in. The District Office at 20863 Stevens Creek Blvd, Suite 100, Cupertino is closed.**

**1. ROLL CALL**

**2. AB 361**

The Board of Directors makes the following findings required by AB 361 in order to continue holding meetings by teleconferencing electronically: (1) the March 4, 2020 Governor's Proclamation of a State of Emergency is still in effect, (2) the County of Santa Clara Health Officer announced on May 10, 2022 that COVID-19 cases are rising again to higher levels than last summer's surge and there is a rise in hospitalizations; she continues to encourage social distancing and advises people wear masks indoors, and (3) due to room capacity limitations, meeting in person would present imminent risks to the health or safety of attendees.

**3. PUBLIC COMMENTS**

This portion of the meeting is reserved for persons desiring to address the board on any matter not on the agenda. Speakers are limited to three (3) minutes.

All statements requiring a response will be referred to staff for further action. In most cases, state law will prohibit the board from making any decisions with respect to a matter not listed on the agenda.

**4. PUBLIC HEARINGS**

**A. CONDUCT A PUBLIC HEARING ON PROPOSED SANITARY SEWER SERVICE CHARGE INCREASE FOR FISCAL YEAR 2022-2023**

1. Staff Presentation
2. Open Public Hearing and Receive Testimony
3. Close Public Hearing
4. Board Discussion
5. Ordinance No. 129, Amending Sections 7301, 7302 and 7303 of Chapter VII of the Cupertino Sanitary District Operations Code Relating to Sewer Service Charges

**B. CONDUCT A PUBLIC HEARING ACCEPTING REPORT ON RATES AND COLLECTION ON TAX ROLL FOR FISCAL YEAR 2022-2023**

1. Staff Presentation
2. Open Public Hearing and Receive Testimony

**CUPERTINO SANITARY DISTRICT  
SANITARY BOARD MEETING  
WEDNESDAY, JUNE 15, 2022**

3. Close Public Hearing
4. Board Discussion
5. Resolution No. 1338, Confirming Report on Rates and Charges for Services and Facilities Furnished by the District and Delinquent Rates and Charges for the Cupertino Sanitary District for the Fiscal Year 2022-2023
6. Resolution No. 1339, Providing for the Collection of Rates and Charges for Services and Facilities Furnished by the District and Delinquent Rates and Charges for Fiscal Year 2022-2023

**5. CLOSED SESSION**

- A. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION  
in accordance with government code section Paragraph (1) of Subdivision (d) of Section 54956.9, existing litigation. Name of Case: County Sanitation District 2-3, West Valley Sanitation District, Cupertino Sanitary District, Burbank Sanitary District and the City of Milpitas v. The City of San Jose, The City of Santa Clara and Does 1 through 50 inclusive.

**6. MINUTES & BILLS**

- A. APPROVAL OF THE MINUTES OF JUNE 1, 2022
- B. APPROVED MINUTES OF MAY 18, 2022
- C. PAYMENT OF BILLS AND APPROVAL OF FINANCIAL STATEMENT
- D. DIRECTOR'S MONTHLY TIMESHEETS

**7. CORRESPONDENCE**

- A. LOCAL AGENCY FORMATION COMMISSION (LAFCO) OF SANTA CLARA COUNTY – LAFCO BUDGET FOR FISCAL YEAR 2022-2023
- B. EMAIL CORRESPONDENCE FROM NICK BAILEY REGARDING CUPERTINO TERTIARY WATER

**8. MEETINGS**

- A. TELECONFERENCE MEETING OF THE SAN JOSE/SANTA CLARA TREATMENT PLANT TECHNICAL ADVISORY COMMITTEE (TAC) SCHEDULED TO BE HELD ON MONDAY, JULY 11, 2022, IS CANCELED
- B. TELECONFERENCE MEETING OF THE SAN JOSE/SANTA CLARA TREATMENT PLANT ADVISORY COMMITTEE (TPAC) SCHEDULED TO BE HELD ON THURSDAY, JULY 14, 2022, IS CANCELED
- C. CSRMA - BOARD OF DIRECTORS' MEETING TO BE HELD JUNE 23, 2022, VIA TELECONFERENCE

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**9. REPORTS**

- A. TELECONFERENCE MEETING OF THE SAN JOSE/SANTA CLARA TREATMENT PLANT TECHNICAL ADVISORY COMMITTEE (TAC) HELD ON MONDAY, JUNE 6, 2022
- B. SANTA CLARA COUNTY SPECIAL DISTRICTS ASSOCIATION MEETING HELD ON MONDAY, JUNE 6, 2022, VIA ZOOM
- C. CASSE TELECONFERENCE HELD ON THURSDAY, JUNE 8, 2022
- D. TELECONFERENCE MEETING OF THE SAN JOSE/SANTA CLARA TREATMENT PLANT ADVISORY COMMITTEE (TPAC) HELD ON THURSDAY, JUNE 9, 2022

**10. UNFINISHED BUSINESS**

- A. DISTRICT AUDIT FOR FISCAL YEAR 2020-2021
- B. SUNNYVALE FLOW TRANSFER AGREEMENT
- C. COVID-19 UPDATES

**11. NEW BUSINESS**

- A. FISCAL YEAR 2022-2023 BUDGET ADOPTION
- B. CASA SPONSORED BILL: AB 2247

**12. STAFF REPORT**

- A. CITY OF CUPERTINO NOTICE TO OWNER – DE ANZA BOULEVARD AT MCCLELLAN ROAD
- B. CURRENT DEVELOPMENT PROJECTS
- C. MAINTENANCE SUMMARY

**13. CALENDAR ITEMS**

- A. NEXT REGULAR DISTRICT BOARD MEETING IS SCHEDULED TO BE HELD ON WEDNESDAY, JULY 6, 2022

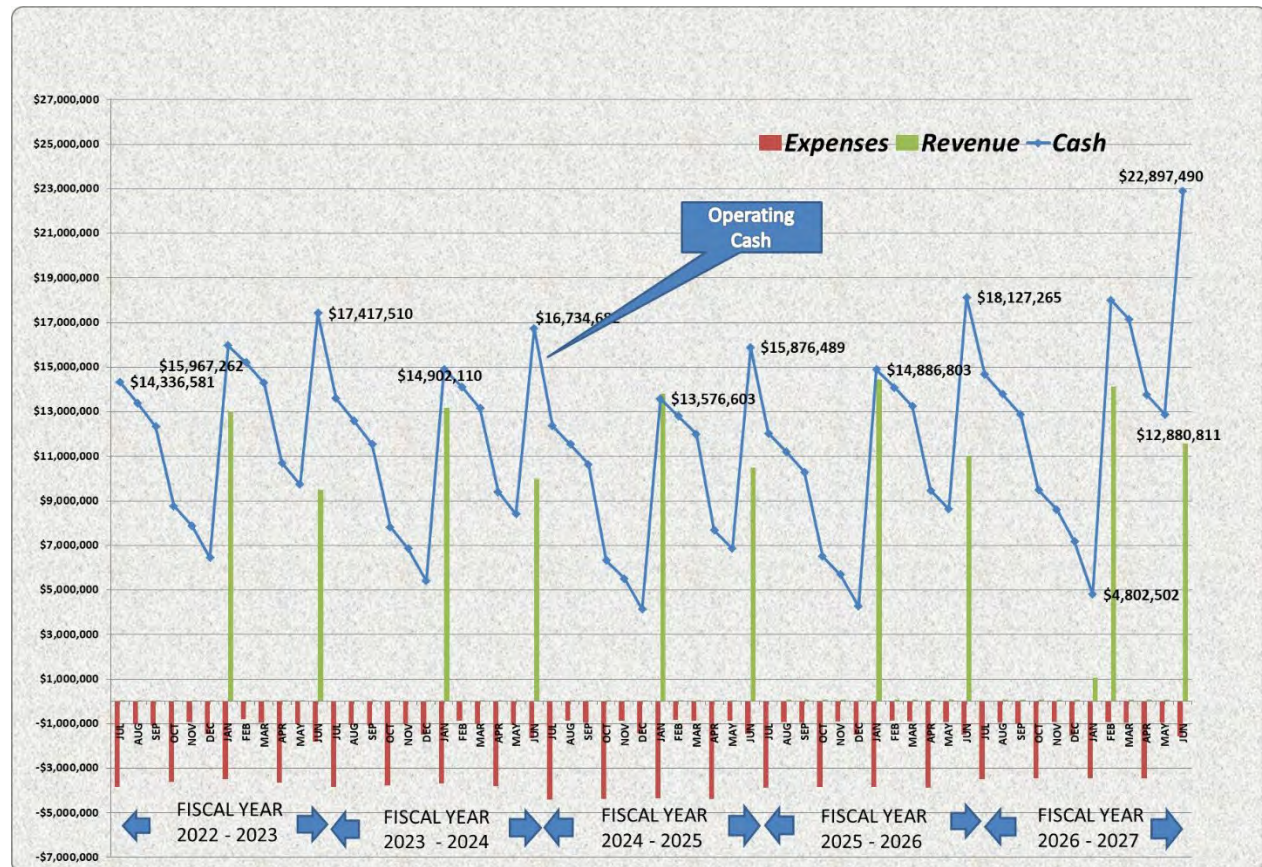
**14. ADJOURNMENT**

# Rate Increase Study - Cupertino Sanitary District

## Sewer Service Charges with 5% Rate Increase For Five Years and Increased Capital - Updated May 2022

**Item 4.A.1.**

	2021-22	2022-2023	2023-2024	2024-2025	2025-2026	2026-2027
Single Family Residential Rate	\$638.86	\$670.80	\$704.34	\$739.56	\$776.54	\$815.37
Rate Increases		5%	5%	5%	5%	5%
Single Family Residential Rate	\$666.26	\$699.57	\$734.55	\$771.28	\$809.84	\$850.34
Number of SFR Units	11,239	11,239	11,239	11,239	11,239	11,239
SFR Rate - Pump Zone	\$732.50	\$769.13	\$807.58	\$847.96	\$890.36	\$934.88
Number of SFR PZ Units	5,857	5,857	5,857	5,857	5,857	5,857
Multi Family Residential Rates	\$506.39	\$531.71	\$558.29	\$586.21	\$615.52	\$646.30
Number of MFR Units	3,994	3,994	3,994	3,994	3,994	3,994
MFR Pump Zone Rates	\$556.07	\$583.87	\$613.07	\$643.72	\$675.91	\$709.70
Number of MFR PZ Units	177	177	177	177	177	177
SFR + Accessory Dwelling Unit Rate	\$1,158.02	\$1,215.92	\$1,276.72	\$1,340.55	\$1,407.58	\$1,477.96
Number of SFR + ADU	40	40	40	40	40	40
SFR + ADU PZ Rate	\$1,273.95	\$1,337.65	\$1,404.53	\$1,474.76	\$1,548.49	\$1,625.92
Number of SFR + ADU PZ	16	16	16	16	16	16
Residential Service Charges	\$13,965,999	\$14,664,299	\$15,397,514	\$16,167,389	\$16,975,759	\$17,824,547
Commercial	\$5,654,820	\$5,937,561.32	\$6,234,439.38	\$6,546,161.35	\$6,873,469.42	\$7,217,142.89
Handbilling	\$589,249	\$618,711.66	\$649,647.24	\$682,129.61	\$716,236.09	\$752,047.89
Service Charges Subtotal	\$20,210,068	\$21,220,572	\$22,281,600	\$23,395,680	\$24,565,464	\$25,793,737
(1% Collection Fee)	(\$196,208)	(\$206,019)	(\$216,320)	(\$227,136)	(\$238,492)	(\$250,417)
Total Service Charges	\$20,013,860.00	\$21,014,553	\$22,065,281	\$23,168,545	\$24,326,972	\$25,543,321
Interest Income	\$90,850	\$73,579	\$67,609	\$60,090	\$75,651	\$63,081
Other Revenue	\$4,753,183	\$1,931,226	\$1,512,910	\$1,616,563	\$1,718,251	\$1,823,128
Total Yearly Revenue	\$24,857,893	\$23,019,358	\$23,645,799	\$24,845,198	\$26,120,874	\$27,429,529
Treatment Plant CIP Allocation	\$7,411,846	\$3,789,547	\$3,904,644	\$6,483,910	\$3,818,884	\$1,716,306
Loan Payments	\$1,200,000	\$1,200,542	\$1,197,188	\$1,202,625	\$1,197,375	\$1,199,563
Net Cash required for TP CIP	\$8,611,846	\$4,990,089	\$5,101,832	\$7,686,535	\$5,016,259	\$2,915,869
Treatment Plant O&M	\$6,675,376	\$6,902,554	\$7,247,682	\$7,610,066	\$7,990,569	\$8,390,098
Joint Use (CSJ/SC Payments)	\$1,190,027	\$445,581	\$93,300	\$93,300	\$46,536	\$46,536
CuSD 5 Year CIP	\$484,303	\$2,500,000	\$2,500,000	\$500,000	\$500,000	\$500,000
CuSD O&M	\$8,477,261	\$8,901,124	\$9,346,181	\$9,813,490	\$10,304,164	\$10,819,372
Total Yearly Expense	\$25,438,813	\$23,739,348	\$24,288,994	\$25,703,390	\$23,857,528	\$22,671,874
Revenue/Expense Diff.	(\$580,920)	(\$719,990)	(\$643,194)	(\$858,193)	\$2,263,346	\$4,757,655
Cash on Hand	-	\$18,137,500	\$17,417,510	\$16,774,315	\$15,916,123	\$18,179,469
COH at End of FY	\$18,137,500	\$17,417,510	\$16,774,315	\$15,916,123	\$18,179,469	\$22,937,124

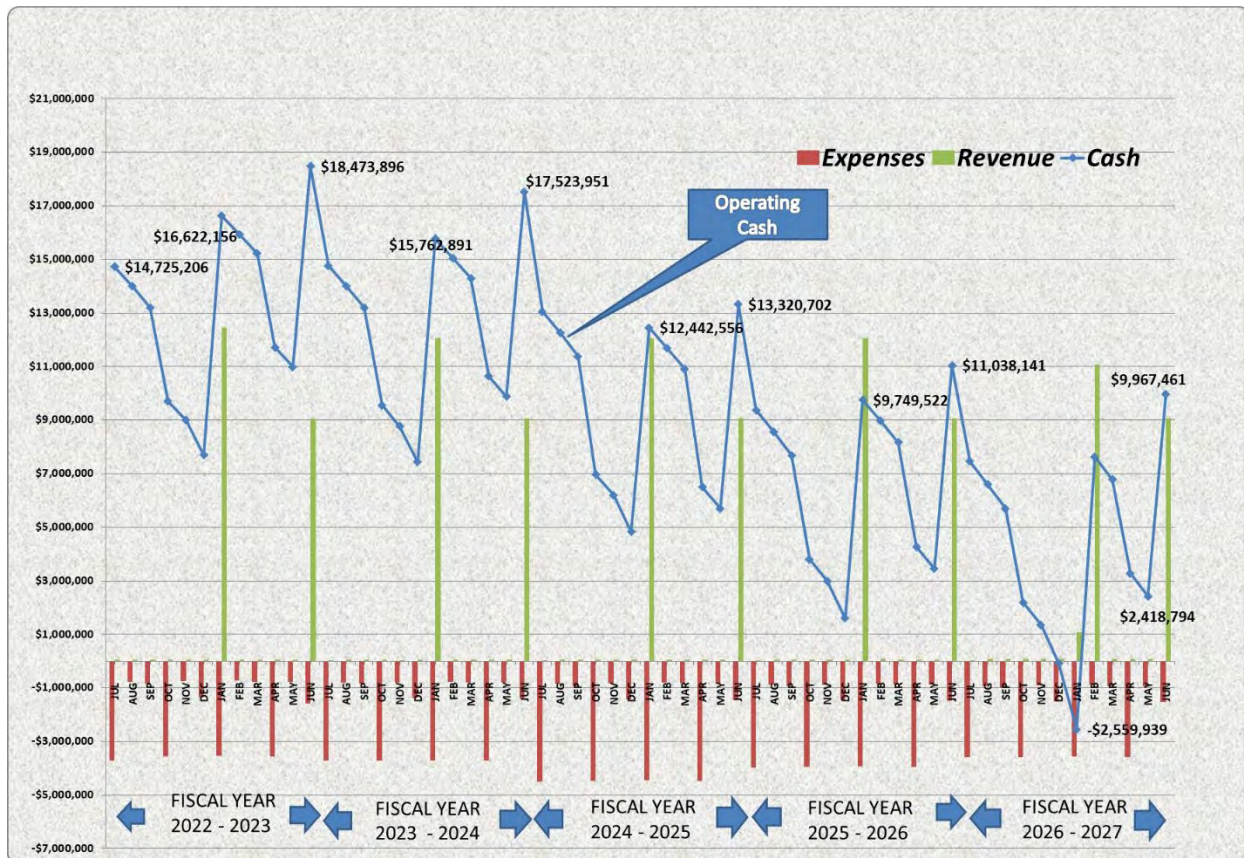


The following analysis is from April 2022 and is provided for reference only - Several of these numbers have been revised based on more current information



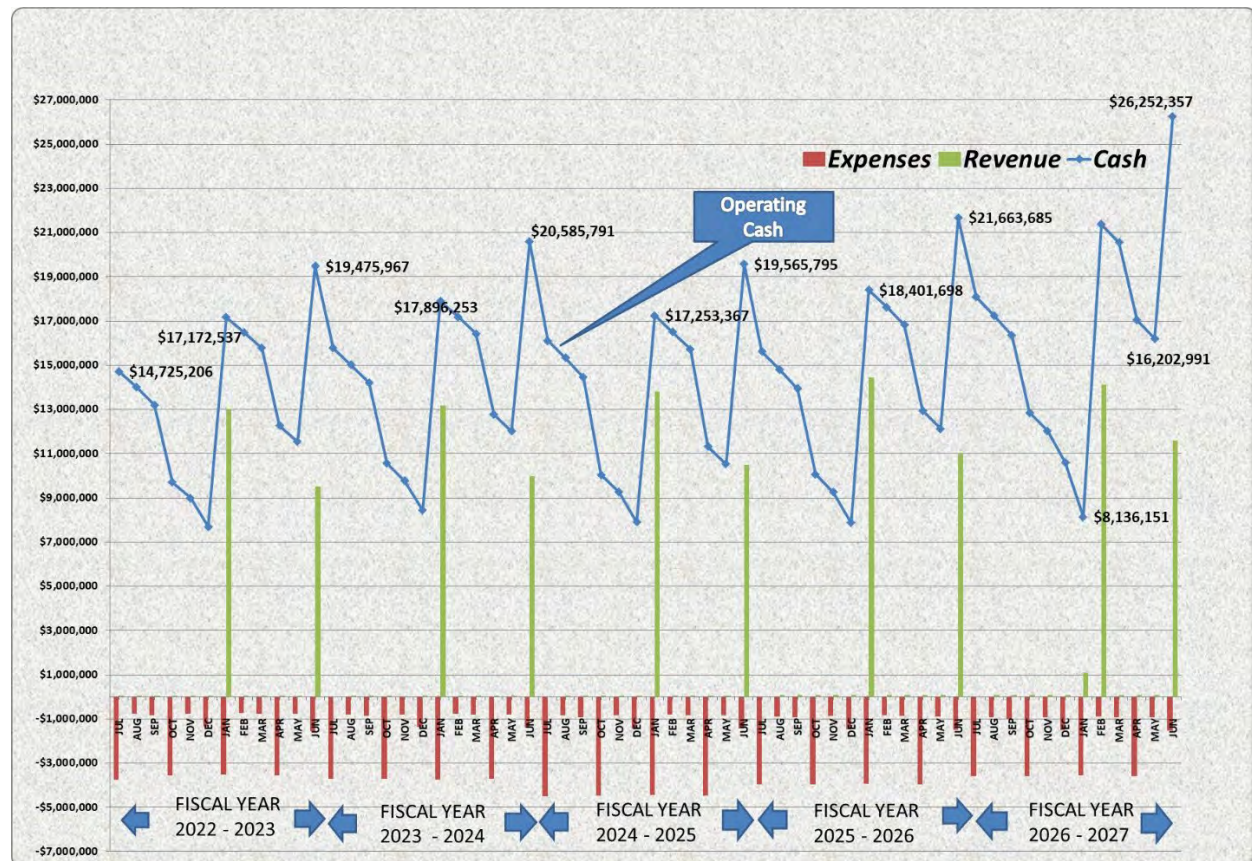
**Rate Increase Study - Cupertino Sanitary District**  
**Sewer Service Charges with No Rate Increase For Five Years**

	2021-22	2022-2023	2023-2024	2024-2025	2025-2026	2026-2027
Single Family Residential Rate	\$638.86	\$638.86	\$638.86	\$638.86	\$638.86	\$638.86
Rate Increases		0%	0%	0%	0%	0%
Single Family Residential Rate	\$666.26	\$666.26	\$666.26	\$666.26	\$666.26	\$666.26
Number of SFR Units	11,239	11,239	11,239	11,239	11,239	11,239
SFR Rate - Pump Zone	\$732.50	\$732.50	\$732.50	\$732.50	\$732.50	\$732.50
Number of SFR PZ Units	5,857	5,857	5,857	5,857	5,857	5,857
Multi Family Residential Rates	\$506.39	\$506.39	\$506.39	\$506.39	\$506.39	\$506.39
Number of MFR Units	3,994	3,994	3,994	3,994	3,994	3,994
MFR Pump Zone Rates	\$556.07	\$556.07	\$556.07	\$556.07	\$556.07	\$556.07
Number of MFR PZ Units	177	177	177	177	177	177
SFR + Accessory Dwelling Unit Rate	\$1,158.02	\$1,158.02	\$1,158.02	\$1,158.02	\$1,158.02	\$1,158.02
Number of SFR + ADU	40	40	40	40	40	40
SFR + ADU PZ Rate	\$1,273.95	\$1,273.95	\$1,273.95	\$1,273.95	\$1,273.95	\$1,273.95
Number of SFR + ADU PZ	16	16	16	16	16	16
Residential Service Charges	\$13,965,999	\$13,965,999	\$13,965,999	\$13,965,999	\$13,965,999	\$13,965,999
Commercial	\$5,654,820	\$5,654,820.30	\$5,654,820.30	\$5,654,820.30	\$5,654,820.30	\$5,654,820.30
Handbilling	\$589,249	\$589,249.20	\$589,249.20	\$589,249.20	\$589,249.20	\$589,249.20
Service Charges Subtotal	\$20,210,068	\$20,210,068	\$20,210,068	\$20,210,068	\$20,210,068	\$20,210,068
(1% Collection Fee)	(\$196,208)	(\$196,208)	(\$196,208)	(\$196,208)	(\$196,208)	(\$196,208)
Total Service Charges	\$20,013,860.00	\$20,013,860	\$20,013,860	\$20,013,860	\$20,013,860	\$20,013,860
Interest Income	\$90,850	\$78,612	\$75,917	\$59,732	\$27,223	\$40,966
Other Revenue	\$4,753,183	\$1,931,226	\$1,512,910	\$1,623,357	\$1,729,391	\$1,819,472
Total Yearly Revenue	\$24,857,893	\$22,023,699	\$21,602,688	\$21,696,950	\$21,770,474	\$21,874,298
Treatment Plant CIP Allocation	\$7,411,846	\$3,773,620	\$3,888,586	\$6,429,556	\$3,764,415	\$1,698,760
Loan Payments	\$1,200,000	\$1,200,542	\$1,197,188	\$1,202,625	\$1,197,375	\$1,199,563
Net Cash required for TP CIP	\$8,611,846	\$4,974,162	\$5,085,774	\$7,632,181	\$4,961,790	\$2,898,323
Treatment Plant O&M	\$6,675,376	\$7,385,165	\$7,754,423	\$8,142,144	\$8,549,252	\$8,976,714
Joint Use (CSJ/SC Payments)	\$1,166,094	\$445,581	\$93,300	\$93,300	\$46,536	\$46,536
CuSD 5 Year CIP	\$486,972	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000
CuSD O&M	\$8,234,595	\$8,646,325	\$9,078,641	\$9,532,573	\$10,009,202	\$10,509,662
Total Yearly Expense	\$25,174,882	\$21,951,233	\$22,512,138	\$25,900,198	\$24,066,779	\$22,931,234
Revenue/Expense Diff.	(\$316,989)	\$72,466	(\$909,450)	(\$4,203,249)	(\$2,296,305)	(\$1,056,936)
Cash on Hand	-	\$18,401,430	\$18,473,896	\$17,564,446	\$13,361,197	\$11,064,892
COH at End of FY	\$18,401,430	\$18,473,896	\$17,564,446	\$13,361,197	\$11,064,892	\$10,007,956



**Rate Increase Study - Cupertino Sanitary District**  
**Sewer Service Charges with 5% Rate Increase For Five Years**

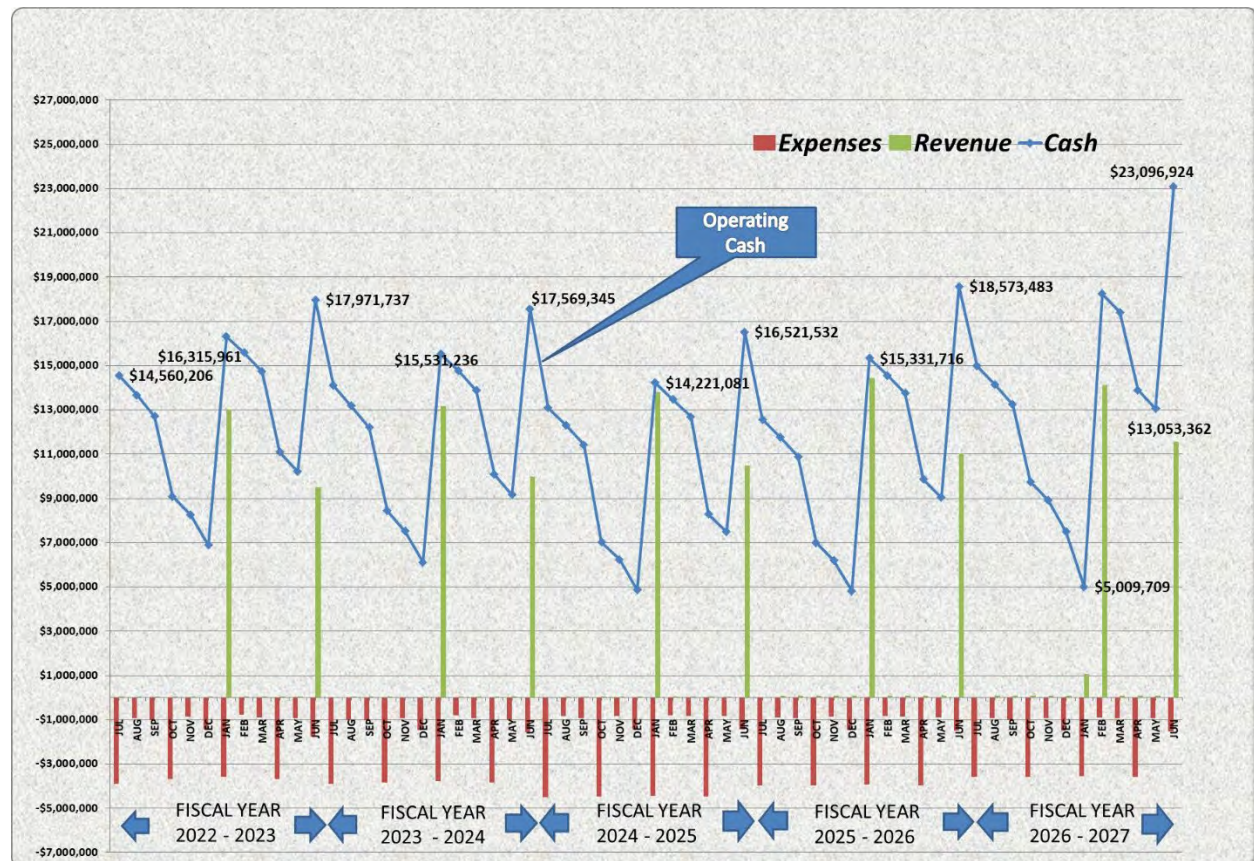
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Single Family Residential Rate	\$638.86	\$670.80	\$704.34	\$739.56	\$776.54	\$815.37
Rate Increases		5%	5%	5%	5%	5%
Single Family Residential Rate	\$666.26	\$699.57	\$734.55	\$771.28	\$809.84	\$850.34
Number of SFR Units	11,239	11,239	11,239	11,239	11,239	11,239
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Number of SFR PZ Units	5,857	5,857	5,857	5,857	5,857	5,857
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Number of MFR PZ Units	177	177	177	177	177	177
SFR + Accessory Dwelling Unit Rate	\$1,158.02	\$1,215.92	\$1,276.72	\$1,340.55	\$1,407.58	\$1,477.96
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Number of SFR + ADU PZ	16	16	16	16	16	16
Residential Service Charges	\$13,965,999	\$14,664,299	\$15,397,514	\$16,167,389	\$16,975,759	\$17,824,547
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Handbilling	\$589,249	\$618,711.66	\$649,647.24	\$682,129.61	\$716,236.09	\$752,047.89
Service Charges Subtotal	\$20,210,068	\$21,220,572	\$22,281,600	\$23,395,680	\$24,565,464	\$25,793,737
(1% Collection Fee)	(\$196,208)	(\$206,019)	(\$216,320)	(\$227,136)	(\$238,492)	(\$250,417)
Total Service Charges	\$20,013,860.00	\$21,014,553	\$22,065,281	\$23,168,545	\$24,326,972	\$25,543,321
Interest Income	\$90,850	\$79,990	\$84,768	\$82,511	\$96,072	\$84,536
Other Revenue	\$4,753,183	\$1,931,226	\$1,512,910	\$1,629,147	\$1,753,161	\$1,880,514
Total Yearly Revenue	\$24,857,893	\$23,025,769	\$23,662,959	\$24,880,202	\$26,176,205	\$27,508,370
Treatment Plant CIP Allocation	\$7,411,846	\$3,773,620	\$3,888,586	\$6,429,556	\$3,764,415	\$1,698,760
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Revenue/Expense Diff.	(\$316,989)	\$1,074,536	\$1,150,821	(\$1,019,996)	\$2,109,426	\$4,577,136
Cash on Hand	-	\$18,401,430	\$19,475,967	\$20,626,788	\$19,606,792	\$21,716,218
COH at End of FY	\$18,401,430	\$19,475,967	\$20,626,788	\$19,606,792	\$21,716,218	\$26,293,354





**Rate Increase Study - Cupertino Sanitary District**  
**Sewer Service Charges with 5% Rate Increase For Five Years and Increased Capital**

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Interest Income	\$90,850	\$75,760	\$71,491	\$64,338	\$77,363	\$66,151
Other Revenue	\$4,753,183	\$1,931,226	\$1,512,910	\$1,619,503	\$1,725,606	\$1,833,992
Total Yearly Revenue	\$24,857,893	\$23,021,539	\$23,649,682	\$24,852,385	\$26,129,942	\$27,443,463
Treatment Plant CIP Allocation	\$7,411,846	\$3,773,620	\$3,888,586	\$6,429,556	\$3,764,415	\$1,698,760
Loan Payments	\$1,200,000	\$1,200,542	\$1,197,188	\$1,202,625	\$1,197,375	\$1,199,563
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Treatment Plant O&M	\$6,675,376	\$7,385,165	\$7,754,423	\$8,142,144	\$8,549,252	\$8,976,714
Joint Use (CSJ/SC Payments)	\$1,166,094	\$445,581	\$93,300	\$93,300	\$46,536	\$46,536
CuSD 5 Year CIP	\$486,972	\$2,000,000	\$2,000,000	\$500,000	\$500,000	\$500,000
CuSD O&M	\$8,234,595	\$8,646,325	\$9,078,641	\$9,532,573	\$10,009,202	\$10,509,662
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Revenue/Expense Diff.	(\$316,989)	(\$429,694)	(\$362,455)	(\$1,047,813)	\$2,063,162	\$4,512,229
Cash on Hand	-	\$18,401,430	\$17,971,737	\$17,609,281	\$16,561,468	\$18,624,631
COH at End of FY	\$18,401,430	\$17,971,737	\$17,609,281	\$16,561,468	\$18,624,631	\$23,136,860





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**From:** nsinghrx <EZ0=aQZD=681=nsinghrx@yahoo.com=bporter@cupertinosanitarydistrict.org>  
**Sent:** Sunday, May 1, 2022 8:28 AM  
**To:** bporter@cupertinosanitarydistrict.org  
**Subject:** Protest to proposed sewer service and use charge rate increase

Hello,

I am a property owner and resident of Cupertino. My property Assessor's Parcel Number is 366-10-084.

I am sending this email to file a protest to charge rate increase. I am requesting you to review the numbers in detail. There is lot of waste that currently occurs in your operations. There are activities that are requiring unnecessary staffing. Please reduce your labor cost by eliminating these activities.

Your job is to find the hidden waste and reduce cost. Not to charge more. If you cannot do your job, please quit and let somebody else do this work.

I trust you are smart competent people who can find solutions without increasing the charge.

Thank you.

Narinder Singh

**From:** j4n2 <EZ0=RAZD=682=j4n2@yahoo.com=bporter@cupertinosanitarydistrict.org>  
**Sent:** Monday, May 2, 2022 8:17 AM  
**To:** bporter@cupertinosanitarydistrict.org  
**Subject:** Protest against rate increase

Please accept this email as a formal protest against the proposed rate increase.

Thank you for your time and consideration.

Cassandra Ip  
resident in 95014

**From:** pvrjoshi <EZ0=yaKN=681=pvrjoshi@yahoo.com=bporter@cupertinosanitarydistrict.org>  
**Sent:** Sunday, May 1, 2022 3:49 PM  
**To:** bporter@cupertinosanitarydistrict.org  
**Subject:** Proposed Rate hike on 6/1

Hello,

The 5% rate increase in \$ amount is steep - ~ \$33 per SF residence. I have heard the same reason you have stated for the past several years. How do you plan to control these increases each year. Can you share actual numbers which explain why you need what you propose?

Regds.. Rajeev Joshi

Sent from [Mail](#) for Windows



---

**From:** joanneaf <EZ0=wlmf=710=joanneaf=earthlink.net=bporter@cupertinosanitarydistrict.org>  
**Sent:** Monday, May 30, 2022 1:58 PM  
**To:** bporter@cupertinosanitarydistrict.org  
**Subject:** Protest Rate Increase

**Follow Up Flag:** Follow up  
**Flag Status:** Completed

You don't often get email from ez0=wimf=710=joanneaf=earthlink.net=bporter@cupertinosanitarydistrict.org. [Learn why this is important](#)

District Clerk:

**APN: 316-37-020**

This service has been increased every year even though the last remark on these proposals says “Board may also determine that a SMALLER increase is sufficient to meet current and FUTURE needs. They also say that this will cover FIVE Years and yet more and more is requested EVERY year! What is the explanation?

I’m on fixed income and every utility and HOA payment has been increased, not even mentioning what outrageous medical increases there have been. Social Security does not cover this. I have the mailings since FY2018-19 and consistently they say \$2.2 Billion is needed, and then the district needs \$38, \$28, and the current estimate is \$19.5 Million ---- and all that was supposed to be over FIVE years. So why is the same \$2 Billion for alleged upgrades and improvements needed EVERY year. Looks like nothing is ever upgraded or improved. It has been increased \$148 already since 2018-19 – never SMALLER increases after your hearings/meetings.

You’re driving us out of this community. Thank you

Joanne Franklin

**ORDINANCE NO. 129****AN ORDINANCE OF THE CUPERTINO SANITARY DISTRICT  
AMENDING SECTIONS 7301, 7302 AND 7303 OF CHAPTER VII OF  
THE CUPERTINO SANITARY DISTRICT OPERATIONS CODE  
RELATING TO SEWER SERVICE CHARGES**

**The Sanitary Board of the Cupertino Sanitary District, Santa Clara County, California, hereby ordains as follows:**

**SECTION 1:** Sections 7301, 7302, and 7303 in Chapter VII of the Operations Code are amended to read as follows:

**7301. CHARGE FOR RESIDENTIAL UNITS:**

Single Family Residential – per unit (annual)	\$699.58
Single Family Residential in Pump Station Zone– per unit (annual)	\$769.14
Multi-Family Residential – per unit (annual)	\$531.72
Multi-Family Residential in Pump Station Zone– per unit (annual)	\$583.90
Accessory Dwelling Unit – per unit (annual)	\$516.38
Accessory Dwelling Unit in Pump Station Zone– per unit (annual)	\$568.54

Single Family Residential is defined as a parcel containing 1-4 residential units. Multi-Family residential is defined as a parcel containing five or more units. Accessory Dwelling units are defined by local zoning. Units that are served by one or more pump stations are defined as being in the Pump Station Zone.

**7302. CHARGES FOR PARTICULAR UNITS:**

- A. Each Unit (as defined in Section 2109.A) of the particular uses listed below shall be charged Nine Dollars and 34/100<sup>th</sup> Cents (\$9.34) per year, plus an additional annual service charge per hundred cubic feet (HCF) of sewage discharged, to be determined by the District Manager utilizing water consumption for the months of December, January and February less 10% for irrigation and then annualized. Water consumption, if vacant during these months, will be determined by the District Engineer by reviewing typical monthly wet weather water usages. If water consumption data is not available during December, January, and February, or if water consumption during these months is determined to not be representative of typical use, the District Manager may determine water consumption using other available data, as appropriate. No credit, adjustment or refund shall be made if the premises or any part thereof is vacant unless said premises are disconnected from the sewer system. Additional annual service charges per hundred cubic feet (HCF) for various uses are as follows:

Type of Use:

Service Charge:

Plus additional charge per Hundred Cubic Feet (HCF) of sewage discharged:

Auto Repair Shops & Service Stations	\$6.06
Auto Repair Shops & Service Stations in Pump Station Zone	\$6.66
Car Washes	\$4.92
Car Washes in Pump Station Zone	N/A
Domestic Laundry	\$5.32
Domestic Laundry in Pump Station Zone	\$5.82
Machinery Manufacturers	\$9.32
Machinery Manufactures in Pump Station Zone (None)	N/A
Motels/Hotels without Food Service	\$6.22
Motels/Hotels without Food Service in Pump Station Zone (None)	N/A
Motels/Hotels with Food Service	\$10.28
Motels/Hotels with Food Service in Pump Station Zone (None)	N/A
Retirement Homes with Common Dining	\$10.26
Retirement Homes with Common Dinning in Pump Station Zone	\$11.38
Convalescent Hospitals	\$5.68
Convalescent Hospitals in Pump Station Zone	\$6.24
Printing Plants	\$8.56
Printing Plants in Pump Station Zone (None)	N/A
Restaurants	\$12.52
Restaurants in Pump Station Zone	\$13.72
Retail or Professional Office	\$5.54
Retails or Professional Office in Pump Station Zone	\$6.08
Schools, Colleges, Day Care Facilities	\$6.56
Schools, Colleges, Day Care Facilities in Pump Station Zone	\$7.20
Hand Billing School	\$6.68
Hand Billing School in Pump Station Zone (None)	N/A
Hand Billing Retail	\$6.46
Hand Billing Retail in Pump Station Zone (None)	N/A

- B. Minimum Charge: In no event shall the annual service charge levied upon any Unit of the uses listed in Paragraph A above, be less than seventy-five percent (75%) of the service charge for a Single-Family Unit, as set forth in Section 7301 of this Chapter.
- C. Where different types of use are served by the same water meter, the District Manager shall estimate the quantity of discharge produced by each type of use and calculate the additional service charge applicable to each type of use based upon the estimated discharge from that Unit.
- D. Whenever the District Manager determines that a Unit has been inappropriately classified as one of the use types listed in Paragraph A of this Section, the District Manager may reclassify such Unit to another of the use types listed in Paragraph A of this Section or require that the annual service charge for such Unit be calculated in accordance with the provisions of Section 7303 of this Chapter. Any increase or decrease in the annual service



charge for the affected Unit resulting from the reclassification shall be prospective only and implemented on the next regular billing by the District for annual sewer charges. No discharger shall be entitled to a retroactive refund of charges paid, or liable for payment of additional charges, for any period prior to the effective date of the reclassification.

**7303. CHARGES FOR ALL OTHER UNITS**

A. For each Unit not listed in Section 7302, the annual service charge shall be the sum of the annual Capital Cost Recovery Charge and the annual Maintenance and Operation Cost Recovery Charge, as determined by the District Manager, calculated as follows:

(1) Capital Cost Recovery Charge:

Infiltration/Inflow (I/I)	\$10.14 per year for each unit; <i>plus</i>
Flow	\$438,015.19 per year for each million gallons per day of sewage treatment plant capacity required to treat the sewage discharged from the Unit into the sanitary sewer system; plus
Biochemical Oxygen Demand (BOD)	\$63,961.33 per year for each thousand pounds per day of sewage treatment plant capacity required to remove the biochemical oxygen demand contained in sewage discharged from the Unit into the sanitary sewer system; plus
Suspended Solids (SS)	\$59,129.04 per year for each thousand pounds per day of sewage treatment plant capacity required to remove the suspended solids contained in the sewage discharged from the Unit into the sanitary sewer system; plus
Ammonia (NH3)	\$194,092.66 per year for each thousand pounds per day of sewage treatment plant capacity required to remove ammonia contained in the sewage discharge from the Unit into the sanitary sewer system.

(2) Operation and Maintenance Cost Recovery Charge:

Flow	\$3,813.50 for each million gallons per year of sewage discharged from the Unit into the sanitary sewer system; plus
Biochemical Oxygen	\$434.17 for each thousand pounds per year

Demand (BOD)	of biochemical oxygen demand discharged from the Unit into the sanitary sewer system; plus
Suspended Solids (SS)	\$566.92 for each thousand pounds per year of suspended solids discharged from the Unit into the sanitary sewer system; plus
Ammonia (NH <sub>3</sub> )	\$4,680.85 for each thousand pounds per year of ammonia discharged from the Unit into the sanitary sewer system.

- B. In determining the Capital Cost Recovery Charge and the Operation and Maintenance Cost Recovery Charge, the District Manager may utilize information on the content of discharges from particular Units provided by the Treatment Plant, or other source of information deemed by the District Manager to be appropriate, or actual grab samples of such discharges taken by the District, or any combination thereof. The District Manager is authorized to modify the annual service charge from time to time, based upon such information and samples; *provided, however*, any increase or decrease in the annual service charge shall be prospective only and implemented on the next regular billing by the District for annual sewer charges. No discharger shall be entitled to a retroactive refund of charges paid, or liable for payment of additional charges, for any period prior to the effective date of the modification.
- C. Where multiple Units having different flow content are served by the same water meter, the District Manager shall allocate the Capital Cost Recovery Charge and the Operation and Maintenance Cost Recovery Charge between each individual Unit based upon his estimate of the discharge material produced by each Unit.

**SECTION 2:** Upon adoption, this Ordinance shall be entered into the minutes of the Sanitary Board and a summary of this Ordinance prepared by the District Counsel shall be published once in the Cupertino Courier and the Saratoga News, being newspapers of general circulation in the District. A certified copy of the full text of this Ordinance shall be posted in the office of the District Clerk.

**SECTION 3:** This Ordinance shall become effective July 1, 2022.

**PASSED AND ADOPTED** at a regular meeting of the Sanitary Board of the Cupertino Sanitary District held on the 15<sup>th</sup> day of June 2022, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

\* \* \* \* \*

\_\_\_\_\_  
President of the Sanitary Board

ATTEST:

\_\_\_\_\_  
Secretary of the Sanitary Board

APPROVED AS TO FORM:

\_\_\_\_\_  
District Counsel



# Item 4.B.1.

## CUPERTINO SANITARY DISTRICT REVENUE FOR FY 2022-2023

Date: 6/7/2022

Type	FY 2022-2023	Delta (FY 2022 2023 - FY 2021-2022)	Percent Differences (FY 2020-2021 - FY 2019-2020)	FY 2021-2022	Percent Differences (FY 2020-2021 - FY 2019-2020)	FY 2020-2021	Percent Differences (FY 2020-2021 - FY 2019-2020)	FY 2019-2020
Residential	\$14,695,435.50	\$729,846.12	5.23%	\$13,965,589.38	2.41%	\$13,636,466.82	10.12%	\$12,383,379.90
Retail/Office	\$1,900,288.10	-\$299,025.40	-13.60%	\$2,199,313.50	30.18%	\$1,689,496.40	-15.54%	\$2,000,406.20
Laundry	\$6,122.20	-\$2,615.80	-29.94%	\$8,738.00	26.39%	\$6,913.50	-44.74%	\$12,510.90
Restaurants	\$1,976,117.30	-\$796,737.40	-28.73%	\$2,772,854.70	11.98%	\$2,476,148.70	0.58%	\$2,461,829.20
Gas Stations/Repair	\$27,567.30	-\$3,316.70	-10.74%	\$30,884.00	18.95%	\$25,964.70	-16.93%	\$31,255.00
Hotel	\$205,348.80	-\$98,644.10	-32.45%	\$303,992.90	22.83%	\$247,487.80	-10.97%	\$277,988.90
Private School Uses	\$27,155.60	\$3,923.00	16.89%	\$23,232.60	36.84%	\$16,978.20	11.46%	\$15,232.20
Health Care	\$308,898.00	\$10,589.80	3.55%	\$298,308.20	20.97%	\$246,587.80	-3.09%	\$254,446.40
Misc	\$13,083.30	-\$4,413.10	-25.22%	\$17,496.40	-4.42%	\$18,306.40	-39.22%	\$30,120.80
Hand-Billing	\$481,738.40	-\$107,510.80	-18.25%	\$589,249.20	6.65%	\$552,514.50	-20.34%	\$503,377.20
<b>Total</b>	<b>\$19,641,754.50</b>	<b>-\$567,904.38</b>	<b>-2.81%</b>	<b>\$20,209,658.88</b>	<b>6.83%</b>	<b>\$18,916,864.82</b>	<b>4.42%</b>	<b>\$17,970,546.70</b>

### From Taxroll:

Residential	\$14,695,435.50
Commercial:	\$4,464,580.60
<b>TOTAL</b>	<b>\$19,160,016.10</b>

**RESOLUTION NO. 1338**

**A RESOLUTION CONFIRMING REPORT ON RATES AND CHARGES FOR SERVICES  
AND FACILITIES FURNISHED BY THE DISTRICT AND DELINQUENT RATES AND  
CHARGES FOR THE CUPERTINO SANITARY DISTRICT  
FOR THE FISCAL YEAR 2022-2023**

**RESOLVED**, by the Sanitary Board of the Cupertino Sanitary District, Santa Clara County, California, that

**WHEREAS**, this Board did heretofore adopt its resolution providing for the collection of delinquent rates and charges on the Tax Roll, and did direct the preparation and filing of a written report containing a description of each parcel of real property receiving services and facilities from the District and the amount of the charge for each parcel for the fiscal year 2022-2023.

**WHEREAS**, said written report was prepared and filed with the Secretary of said District on the 10<sup>th</sup> day of June 2022;

**NOW, THEREFORE, IT IS ORDERED** as follows:

1. That said report be, and it hereby is, adopted in full.
2. That the Secretary of this District be, and hereby is, directed to file with the County Auditor-Controller of Santa Clara County a copy of said report, upon which shall be endorsed over his signature a statement that the report had been finally adopted by the Sanitary Board of the Cupertino Sanitary District.
3. The County Auditor-Controller of Santa Clara County shall, upon receipt of said report, enter the amounts of the charges against the respective lots or parcels as they appear on the current assessment roll for the fiscal year 2022-2023.

\*

\*

\*

I hereby certify that the foregoing is a full, true and correct copy of a resolution which was duly and regularly passed and adopted by the Sanitary Board of the Cupertino Sanitary District, at a meeting thereof held on the 15<sup>th</sup> day of June 2022, by the following votes:

AYES:

NOES:

ABSTAIN:

ABSENT:

\_\_\_\_\_  
Secretary, Cupertino Sanitary District

APPROVED:

\_\_\_\_\_  
President, Cupertino Sanitary District

**RESOLUTION NO. 1339**

**A RESOLUTION PROVIDING FOR THE COLLECTION  
OF RATES AND CHARGES FOR SERVICES AND FACILITIES  
FURNISHED BY THE DISTRICT AND DELINQUENT  
RATES AND CHARGES FOR FISCAL YEAR 2022-2023  
CUPERTINO SANITARY DISTRICT**

**RESOLVED**, by the Sanitary Board of the Cupertino Sanitary District, Santa Clara County, California, as follows:

1. That the Cupertino Sanitary District, Santa Clara County, California, does hereby elect, pursuant to Sections 5473 and 5473a of the Health and Safety Code of the State of California, to have certain rates and charges for services and facilities furnished by it which have become delinquent and the rates and charges for services and facilities furnished by the District established by said District pursuant to ordinances thereof duly passed and adopted by the Sanitary Board of the District, collected on the tax roll of the County of Santa Clara, State of California, pursuant to Sections 5470 through 5473.11 of the Health and Safety Code of the State of California and said ordinances of said District.

\*

\*

\*

I hereby certify that the foregoing is a full, true and correct copy of a resolution duly and regularly passed and adopted by the Sanitary Board of the Cupertino Sanitary District, at a meeting thereof held on the 15<sup>th</sup> day of June 2022, by the following vote:

AYES:

NOES: None

ABSTAIN: None

ABSENT: None

\_\_\_\_\_  
Secretary, Cupertino Sanitary District

APPROVED:

\_\_\_\_\_  
President, Cupertino Sanitary District

## CUPERTINO SANITARY DISTRICT BOARD MEETING WEDNESDAY, JUNE 1, 2022

The Sanitary Board of the Cupertino Sanitary District convened this date at 7:01 p.m. This meeting was conducted via teleconferencing in accordance with AB 361. The District office at 20863 Stevens Creek Blvd, Suite 100, Cupertino was closed.

### 1. ROLL CALL:

President Bosworth called the meeting to order, and the following proceedings were had to wit: Roll call was taken, with the following members in attendance:

Directors present: Angela S. Chen, Taghi S. Saadati, William A. Bosworth, Patrick S. Kwok, and David A. Doyle.

Staff present: District Manager Benjamin Porter, Deputy District Manager Robert Woodhouse. Counsel Marc Hynes joined the meeting at 7:02 p.m.

District Consultant: Richard K. Tanaka was on excused absence.

Public: None

### 2. AB 361:

The Board of Directors makes the following findings required by AB 361 in order to continue holding meetings by teleconferencing electronically: (1) the March 4, 2020 Governor's Proclamation of a State of Emergency is still in effect, (2) over 1 million US residents have died from COVID and health officials continue to encourage social distancing, and (3) due to room capacity limitations, meeting in person would present imminent risks to the health or safety of attendees.

On a motion by President Bosworth, seconded by Director Kwok, by a vote of 5-0-0 the Board approved.

### 3. PUBLIC COMMENTS:

There were none.

### 4. PUBLIC HEARING:

A. The Board conducted a public hearing on proposed sanitary sewer service charge increase for Fiscal Year 2022-2023.

1. Manager Porter presented on the rate study.
2. President Bosworth opened the public hearing at 7:03 p.m. There were no public comments.
3. President Bosworth closed the public hearing at 7: 04 p.m.
4. The Board discussed rates and reviewed written protests.
5. On motion by Director Saadati, seconded by Director Chen, by a vote of 5/0/0, the Board moved to continue the public hearing to June 15, 2022.

CUPERTINO SANITARY DISTRICT BOARD MEETING  
WEDNESDAY, JUNE 1, 2022

5. CLOSED SESSION:

The Closed Session was cancelled.

6. MINUTES:

- A. The Board reviewed changes to resolution numbers and amended minutes. On a motion by Director Saadati, seconded by Director Chen, by a vote of 5-0-0, the changes were approved.
- B. On a motion by Director Saadati, seconded by Director Chen, by a vote of 4-0-1, the minutes of Wednesday, May 18, 2022, were approved. President Bosworth abstained as he was excused and did not attend the May 18, 2022 meeting.
- C. By consensus, the Amended Minutes of Wednesday, May 4, 2022, are to be Noted & Filed.

7. CORRESPONDENCE:

- A. The Board reviewed emailed correspondence from the City Of Cupertino titled Notice To Owner – De Anza Boulevard at McClellan Road.

Manager Porter presented to the Board the Notice To Owner that was received from the City of Cupertino for a federally funded project to install bike lanes that will impact the District's assets including sewer lateral cleanouts and a manhole. The notice is to be Noted & Filed.

- B. The Board reviewed emailed correspondence from the Santa Clara County Registrar of Voters regarding Proposed Updated Fees Schedule.

Manager Porter presented the email to the District from the County of Santa Clara regarding a rate increase for the County to assist the District with elections. The notice is to be Noted & Filed.

- C. The Board reviewed emailed correspondence from the Santa Clara County Registrar of Voters regarding Candidate School For School and Special District Candidates. It is to be Noted & Filed.

- D. The Board reviewed emailed correspondence from AB/JDD Plumbing regarding a notice of rate increases.

The Board requested Staff to investigate when the last rate increase was applied by AB/JDD and report back to the Board at the next regular meeting.

8. MEETINGS:

- A. Manager Porter plans to attend the teleconference meeting of The San Jose/Santa Clara Treatment Plant Technical Advisory Committee (TAC) to be held on June 6, 2022.
- B. Director Bosworth plans to attend the Santa Clara County Special Districts Association Meeting to be held on Monday, June 6, 2022, via Zoom.

CUPERTINO SANITARY DISTRICT BOARD MEETING  
WEDNESDAY, JUNE 1, 2022

- C. Director Kwok plans to attend the teleconference meeting of The San Jose/Santa Clara Treatment Plant Advisory Committee (TPAC) to be held on June 9, 2022.
- D. Director Chen plans to attend The CSRMA - Board of Directors' Meeting to be held June 23, 2022, via teleconference.

9. REPORTS:

- A. Director Kwok reported on the teleconference meeting of The San Jose/Santa Clara Treatment Plant Advisory Committee (TPAC) held on Thursday, May 19, 2022.
- B. Deputy Manager Woodhouse reported on the CASSE teleconference held on Thursday, May 19, 2022.

10. UNFINISHED BUSINESS:

- A. Manager Porter reported on COVID-19 updates.

11. NEW BUSINESS:

- A. The Board reviewed the Draft Audit. There was no Board action.
- B. The Board reviewed the preliminary schedule of the 67<sup>th</sup> Annual CASA Conference to be held in Olympic Valley, Squaw Creek, August 10-12, 2022. It is to be Noted & Filed.

12. STAFF REPORTS:

- A. Manager Porter reported on Current Development Projects.

13. CALENDAR ITEMS:

- A. The next regular District Board meeting is scheduled to be held on Wednesday, June 15, 2022.

14. ADJOURNMENT

On a motion properly made and seconded, at 7:56 p.m. the meeting was adjourned.

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Secretary of the Sanitary Board

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President of the Sanitary Board



CUPERTINO SANITARY DISTRICT BOARD MEETING  
WEDNESDAY, MAY 18, 2022  
REVISED

The Sanitary Board of the Cupertino Sanitary District convened this date at 7:01 p.m. This meeting was conducted via teleconferencing in accordance with AB 361. The District office at 20863 Stevens Creek Blvd, Suite 100, Cupertino was closed.

1. ROLL CALL:

Acting President Kwok called the meeting to order, and the following proceedings were had to wit:  
Roll call was taken, with the following members in attendance:

Directors present: Angela S. Chen, Taghi S. Saadati, David A. Doyle, and Patrick S. Kwok. William A. Bosworth was on an excused absence.

Staff present: District Manager Benjamin Porter, Deputy District Manager Robert Woodhouse, and Counsel Marc Hynes.

District Consultant: Richard K. Tanaka

Public: None

2. AB 361:

The Board of Directors makes the following findings required by AB 361 in order to continue holding meetings by teleconferencing electronically: (1) the March 4, 2020 Governor's Proclamation of a State of Emergency is still in effect, (2) over 1 million US residents have died from COVID and health officials continue to encourage social distancing, and (3) due to room capacity limitations, meeting in person would present imminent risks to the health or safety of attendees.

On a motion by Director Saadati, seconded by Director Doyle, by a vote of 4-0-0, the Board approved.

3. PUBLIC COMMENTS:

There were none.

4. CLOSED SESSION:

Acting President Kwok adjourned the regular meeting session and opened the closed session at 7:04 p.m. Manager Porter, and Deputy Manager Woodhouse were excused from the closed session.

- A. Conference with legal counsel – Existing Litigation in accordance with government code section Paragraph (1) of Subdivision (d) of Section 54956.9, existing litigation. Name of Case: County Sanitation District 2-3, West Valley Sanitation District, Cupertino Sanitary District, Burbank Sanitary District, and the City of Milpitas v. The City of San Jose, The City of Santa Clara, and Does 1 through 50 inclusive.

Board action: There was no reportable action.

Acting President Kwok adjourned the closed session at 7:19 p.m. and the regular meeting was called to order. District Manager Porter, and Deputy District Manager Woodhouse rejoined the regular meeting.

CUPERTINO SANITARY DISTRICT BOARD MEETING  
WEDNESDAY, MAY 18, 2022  
REVISED

5. MINUTES & BILLS:

- A. On a motion by Director Saadati, seconded by Director Doyle, by a vote of 4-0-0, the minutes of Wednesday, May 4, 2022, were approved with revisions.
- B. By consensus, the Minutes of Monday, April 20, 2022, are to be Noted & Filed.
- C. The Board reviewed April payable warrants and financial statements. On a motion by Director Chen, seconded by Acting President Kwok, by a vote of 4-0-0, the financial statements and payment of bills were approved as written.
- D. Board members will submit their May timesheets to Manager Porter.

6. CORRESPONDENCE:

There was none.

7. MEETINGS:

- A. Director Kwok plans to attend the teleconference meeting of The San Jose/Santa Clara Treatment Plant Advisory Committee (TPAC) to be held on Thursday, May 19, 2022.
- B. Deputy Manager Woodhouse plans to attend the CASSE teleconference to be held on Thursday, May 19, 2022.

8. REPORTS:

- A. Manager Porter reported on the teleconference meeting of The San Jose/Santa Clara Treatment Plant Technical Advisory Committee (TAC) held on Monday, May 16, 2022.
- B. Deputy Manager Woodhouse reported on the BACWA/CASA Collections System Workgroup held on May 18, 2022.

9. UNFINISHED BUSINESS:

- A. The Board discussed the upcoming Rate Increase Public Hearing scheduled for June 1, 2022. On motion by Director Saadati, seconded by Director Doyle, by a vote of 4-0-0, the Board approved advertisement of continuation of public hearing to be held on June 15, 2022.
- B. Manager Porter reported on COVID-19 updates. Santa Clara County is encouraging residents to practice social distancing and wear face masks .

10. NEW BUSINESS:

- A. Manager Porter reported on the budget update. There was no Board action.

CUPERTINO SANITARY DISTRICT BOARD MEETING  
WEDNESDAY, MAY 18, 2022  
REVISED

- B. On motion by Director Saadati, seconded by Director Chen, by a vote of 4-0-0, the Board approved Resolution No. 1337, Consolidation of Elections.

11. STAFF REPORTS:

- A. Manager Porter reported on Current Development Projects.
- B. Deputy Manager Woodhouse reported on the Peak Flow Reduction program.
- C. Manager Porter reported on the Monthly Maintenance Report.

12. CALENDAR ITEMS:

- A. The next regular District Board meeting is scheduled to be held on Wednesday, June 1, 2022.

13. ADJOURNMENT:

On a motion properly made and seconded, at 8:04 p.m. the meeting was adjourned.

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Secretary of the Sanitary Board

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Acting President of the Sanitary Board

**CUPERTINO SANITARY DISTRICT**  
**MONTHLY FINANCIAL REPORT THROUGH JUNE 2022**  
**(11 Month of Operations - 92% into FY Operations)**  
**FISCAL YEAR: July 1, 2021 to June 30, 2022**

**EXPENSE SUMMARY REPORT**

Account Name	Account Number	BUDGET	Prior Expenses	Amount Payable	Total To Date Expenses	Remaining Balance	% Expended To Date	Comments
<b>MAY SERVICES</b>								
<b>OPERATING EXPENSES</b>								
Loan Payments	41000	\$1,200,542	\$598,062.50	\$601,937.50	\$1,200,000.00	\$541.67	100.0%	Loan Payment No. 5 - Due 7/15/22
Directors Fees	41030	\$38,000	\$24,832.06	\$2,384.68	\$27,216.74	\$10,783.26	71.6%	On Target
Gasoline, Oil & Fuel	41060	\$3,000	\$2,070.87	\$0.00	\$2,070.87	\$929.13	69.0%	None this month
Insurance	41060	\$170,000	\$152,727.77	\$1,198.49	\$153,926.26	\$16,073.74	90.5%	Dooley Insurance (Group Life and Dental - July Coverage)
Memberships	41080	\$57,000	\$36,508.03	\$0.00	\$36,508.03	\$20,491.97	64.0%	None this month
Office Rent	41090	\$4,800	\$4,000.00	\$400.00	\$4,400.00	\$400.00	91.7%	On Target
Operating Expenses	41100	\$3,000	\$1,519.64	\$0.00	\$1,519.64	\$1,480.36	50.7%	None this month
Operating Expenses - Credit Card Transaction Fees	41100-1	\$6,000	\$4,057.31	\$387.19	\$4,444.50	\$1,555.50	74.1%	Credit Card Processing Fees - May
<b>Contractual Services:</b>								
Outfall Maintenance	41113	\$71,000	\$69,562.89	\$0.00	\$69,562.89	\$1,437.11	98.0%	None this month
T.P. Oper. & Maint.	41114	\$6,675,375	\$6,675,376.00	\$0.00	\$6,675,376.00	-\$1.00	100.0%	Paid in full for this Fiscal Year
<b>Professional Services:</b>								
Management Services	41121	\$550,000	\$454,307.28	\$44,900.34	\$499,207.62	\$50,792.38	90.8%	On Target
SSMP Certification and Implementation	41121	\$100,000	\$2,406.60	\$127.00	\$2,533.60	\$97,466.40	2.5%	On Target
Engineering Services	41122	\$1,300,000	\$1,016,895.79	\$99,226.79	\$1,116,122.58	\$183,877.42	85.9%	On Target
Inflow/Infiltration Reduction	41122	\$500,000	\$428,385.88	\$3,357.16	\$431,743.04	\$68,256.96	86.3%	Peak flow reduction program: Staff (model calibration) and Akel Engineering
Plan Ckg. & Insp.	41123	\$300,000	\$168,342.89	\$17,002.65	\$185,345.54	\$114,654.46	61.8%	On Target
Legal - Consultant Services	41124	\$36,000	\$28,800.00	\$1,700.00	\$30,500.00	\$5,500.00	84.7%	Richard Tanaka - Consulting Services for May 2022
Legal - District Counsel	41124	\$60,000	\$30,609.00	\$1,926.00	\$32,535.00	\$27,465.00	54.2%	District Legal Services for May 2022
Legal - Common Interest Group (CuSD Advance Pay)	41124	\$1,014,000	\$844,070.48	\$144,169.36	\$988,239.84	\$25,760.16	97.5%	Hunton Andrews Kurth (March Legal Services)
Legal - Common Interest Group (CuSD Share)	41124	\$286,000	\$238,071.17	\$40,663.15	\$278,734.32	\$7,265.68	97.5%	Hunton Andrews Kurth (March Legal Services)
Audit	41125	\$12,000	\$11,950.00	\$0.00	\$11,950.00	\$50.00	99.6%	Paid in full - Financial Audit for FY2020-2021
Printing & Publications	41130	\$28,000	\$18,615.34	\$7,222.00	\$25,837.34	\$2,162.66	92.3%	Legal Publication (Sewer Service and Use Charge)
<b>Repair and Maintenance</b>		<b>\$3,900,000</b>						
Repairs	41150	\$450,000	\$153,525.33	\$9,517.91	\$163,043.24	\$286,956.76	36.2%	On target
Maintenance	41151	\$3,450,000	\$2,992,977.52	\$289,238.65	\$3,282,216.17	\$167,783.83	95.1%	On target
Travel & Meetings Staff	41170	\$15,000	\$992.50	\$0.00	\$992.50	\$14,007.50	6.6%	None this month
Travel & Meetings BOD	41170	\$18,000	\$6,942.11	\$0.00	\$6,942.11	\$11,057.89	38.6%	None this month
Utilities	41190	\$70,000	\$52,918.18	\$5,135.22	\$58,053.40	\$11,946.60	82.9%	On target
<b>Refunds &amp; Reimbursements:</b>								
Miscellaneous	41201	\$50,000	\$60,713.86	\$0.00	\$60,713.86	-\$10,713.86	121.4%	None this month; Riverwatch settlement
Connection Fees	41202	\$2,000	\$0.00	\$0.00	\$0.00	\$2,000.00	0.0%	None to date
Checking & Inspection	41203	\$3,000	\$400.00	\$0.00	\$400.00	\$2,600.00	13.3%	None this month
Emergency Funds	48000	\$250,000	\$82,599.24	\$5,365.56	\$87,964.80	\$162,035.20	35.2%	AB/JDD (2 total); Mark Thomas stoppage response
Consolidated Election	48001	\$0	\$0.00	\$0.00	\$0.00	\$0.00	0.0%	None this Fiscal Year
<b>TOTAL OPERATING EXPENSES</b>		<b>\$16,722,717</b>	<b>\$14,162,240.24</b>	<b>\$1,275,859.65</b>	<b>\$15,438,099.89</b>	<b>\$1,284,616.78</b>	<b>92.3%</b>	
<b>CAPITAL EXPENSES</b>								
District Sewer Capital & Support	46041	\$1,000,000	\$283,011.73	\$74,169.91	\$357,181.64	\$642,818.36	35.7%	I-280/Wolfe Road Sewer Relocation and Sewer Master Plan - Mark Thomas; Bennett Trenchless
Treatment Plant Capital	46042	\$8,430,221	\$8,429,645.00	\$0.00	\$8,429,645.00	\$76.00	100.0%	Paid in full for this Fiscal Year
Outfall Capital	46042	\$1,095,045	\$508,964.05	\$0.00	\$508,964.05	\$586,080.95	46.5%	None this month
District Equipment	46043	\$150,000	\$115,291.12	\$5,049.15	\$120,340.27	\$29,659.73	80.2%	Rebuild Spare Pump for Tantau Pump Station
Replacement Fund	46044	\$300,000	\$0.00	\$0.00	\$0.00	\$300,000.00	0.0%	
<b>TOTAL CAPITAL EXPENSES</b>		<b>\$10,975,266</b>	<b>\$9,336,911.90</b>	<b>\$79,219.06</b>	<b>\$9,416,130.96</b>	<b>\$1,559,135.04</b>	<b>85.8%</b>	
<b>TOTAL EXPENSES</b>								
<b>TOTAL EXPENSES</b>		<b>\$27,697,983</b>	<b>\$23,499,152.14</b>	<b>\$1,355,078.71</b>	<b>\$24,854,230.85</b>	<b>\$2,843,751.82</b>	<b>89.7%</b>	

**CUPERTINO SANITARY DISTRICT**  
**MONTHLY FINANCIAL REPORT THROUGH JUNE 2022**  
**(11 Month of Operations - 92% into FY Operations)**  
 FISCAL YEAR: July 1, 2021 to June 30, 2022

**REVENUE SUMMARY REPORT**

Account Name	Account Number	BUDGET	Prior Receipts	Current Month Receipts May Receipts	Total Amount Received	Remaining Balance to Collect	% Earned To Date	Comments
<b>OPERATING REVENUES</b>								
Service Charges								
Handbilling	31010	\$574,901.00	\$589,248.60	\$0.00	\$589,248.60	(\$14,347.60)	102.5%	None this month
Tax Roll	31010	\$18,647,000.00	\$11,068,202.67	\$0.00	\$11,068,202.67	\$7,578,797.33	59.4%	None this month
Permit Fees	31020	\$75,000.00	\$77,281.33	\$8,473.27	\$85,754.60	(\$10,754.60)	114.3%	Twenty-two payments received this month; Two hundred forty-four payments received to date
Connection Fees	31031	\$300,000.00	\$1,285,156.00	\$600.00	\$1,285,756.00	(\$985,756.00)	428.6%	One payment received this month; Five payments received to date
Capacity Fees	31032	\$450,000.00	\$334,078.40	\$0.00	\$334,078.40	\$115,921.60	74.2%	None this month
Pump Zone Fees	31033	\$20,000.00	\$0.00	\$0.00	\$0.00	\$20,000.00	0.0%	None to date
Checking & Inspection Fees	31040	\$300,000.00	\$371,958.00	\$9,900.00	\$381,858.00	(\$81,858.00)	127.3%	Twenty-five payments received this month; Two hundred seventy-three payments received to date
Annexation	32010	\$2,500.00	\$0.00	\$0.00	\$0.00	\$2,500.00	0.0%	None to date
Interest	32050	\$200,000.00	\$70,849.96	\$22,993.38	\$93,843.34	\$106,156.66	46.9%	Interest received for FY21-22 3rd Quarter
City of San Jose Credit(s)	32091	\$500,000.00	\$1,395,139.00	\$0.00	\$1,395,139.00	(\$895,139.00)	279.0%	None this month
Legal - Common Interest Group (Tributaries)	32092.1	\$1,014,000.00	\$887,486.22	\$186,034.44	\$1,073,520.66	(\$59,520.66)	105.9%	Hunton Andrews Kurth - Invoice for March Services
Legal - Common Interest Group (2% Admin Fees)	32902.2	\$14,000.00	\$10,776.54	\$3,796.62	\$14,573.16	(\$573.16)	104.1%	Hunton Andrews Kurth - Invoice for March Services
Refunds/Reimbursements - Misc.	32091	\$10,000.00	\$16,294.73	\$8,385.88	\$24,680.61	(\$14,680.61)	246.8%	Reimbursement from Taiwan Porridge; Lateral Loan Payments; FedEx refund for shipping
Lateral Construction	32093	\$15,000.00	\$0.00	\$0.00	\$0.00	\$15,000.00	0.0%	None to date
<b>TOTAL OPERATING REVENUE</b>		<b>\$22,122,401.00</b>	<b>\$16,106,471.46</b>	<b>\$240,183.59</b>	<b>\$16,346,655.05</b>	<b>\$5,775,745.95</b>	<b>73.89%</b>	
		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0.00%	Reserve Account
<b>TOTAL OPERATING REVENUE</b>		<b>\$22,122,401.00</b>	<b>\$16,106,471.46</b>	<b>\$240,183.59</b>	<b>\$16,346,655.05</b>	<b>\$5,775,745.95</b>	<b>73.89%</b>	

**CASH ACCOUNT SUMMARY**

Date	Operating Fund	Replacement Fund	Comingled Fund	Cal Bank Trust Acct	Loan Balance with interest *	Net Cash
FY 2020-21 Balance	\$18,598,059.22	\$3,000,000.00	\$15,598,059.22	\$1,258,050.65	\$1,107,662.04	\$20,963,771.91
July 31, 2021	\$16,183,910.31	\$3,000,000.00	\$13,183,910.31	\$1,279,650.78	\$1,107,680.25	\$18,571,241.34
August 31, 2021	\$14,986,161.40	\$3,000,000.00	\$11,986,161.40	\$1,290,446.39	\$1,107,699.67	\$17,384,307.46
September 30, 2021	\$14,443,648.98	\$3,000,000.00	\$11,443,648.98	\$1,304,802.28	\$1,107,717.88	\$16,856,169.14
October 31, 2021	\$7,230,651.61	\$3,000,000.00	\$4,230,651.61	\$634,797.93	\$1,058,707.83	\$8,924,157.37
November 30, 2021	\$6,675,264.04	\$3,000,000.00	\$3,675,264.04	\$647,886.30	\$1,058,726.40	\$8,381,876.74
December 31, 2021	\$6,071,632.82	\$3,000,000.00	\$3,071,632.82	\$665,535.28	\$1,058,744.38	\$7,795,912.48
January 31, 2022	\$14,357,691.19	\$3,000,000.00	\$11,357,691.19	\$675,278.53	\$1,058,762.37	\$16,091,732.09
February 28, 2022	\$15,432,676.39	\$3,000,000.00	\$12,432,676.39	\$695,561.62	\$1,058,778.61	\$17,187,016.62
March 31, 2022	\$16,038,646.37	\$3,000,000.00	\$13,038,646.37	\$715,953.17	\$1,058,796.60	\$17,813,396.14
April 30, 2022	\$12,285,922.64	\$3,000,000.00	\$9,285,922.64	\$728,621.45	\$1,058,813.42	\$14,073,357.51
May 31, 2022	\$11,194,863.96	\$3,000,000.00	\$8,194,863.96	\$741,868.22	\$1,058,831.98	\$12,995,564.16

FOR CAL BANK SUMMARY, SEE ATTACHED DETAIL.

# CALIFORNIA BANK AND TRUST ACCOUNT SUMMARY AS OF 5/31/2022

Cal Bank Activities				Total Interest Earned or Refund Received from CSJ	Interest or Refund Prorated to Loan Balance	Loan Balance w/Interest	Interest or Refund Prorated to \$600K District Savings	District Portion of Savings Balance	Total Savings balance	Checking Acct Balance (Credit Card Payments Received)	TOTAL AT CAL BANK
No.	Payee	Date	Check Amount			\$10,000,000.00			\$10,000,000.00		\$10,000,000.00
1001	San Jose	10/16/19	\$2,180,309.00			\$7,819,691.00			\$7,819,691.00		\$7,819,691.00
1002	San Jose	10/16/19	\$29,515.44			\$7,790,175.56			\$7,790,175.56		\$7,790,175.56
1003	Tesco	11/20/19	\$17,707.00			\$7,772,468.56			\$7,772,468.56		\$7,772,468.56
1004	Shape	11/20/19	\$108,814.78			\$7,663,653.78			\$7,663,653.78		\$7,663,653.78
1005	Tesco	12/18/19	\$169,018.00			\$7,494,635.78			\$7,494,635.78		\$7,494,635.78
1006	Con Quest	12/18/19	\$385,242.58	\$30,683.35	\$30,683.35	\$7,140,076.55			\$7,140,076.55		\$7,140,076.55
1007	San Jose	01/15/20	\$6,966,355.00			\$173,721.55			\$173,721.55		\$173,721.55
Interest through 3/31/20				\$6,823.36	\$6,823.36	\$180,544.91			\$180,544.91		\$180,544.91
Deposit						\$180,544.91		\$600,000.00	\$780,544.91	\$2,996.28	\$783,541.19
Balance as of 5/30/2020				\$179.37	\$41.50	\$180,586.41	\$137.87	\$600,137.87	\$780,724.28	\$5,744.81	\$786,469.09
Balance as of 6/30/2020				\$197.98	\$45.80	\$180,632.21	\$152.18	\$600,290.05	\$780,922.26	\$31,953.57	\$812,875.83
Balance as of 7/31/2020				\$191.84	\$44.37	\$180,676.58	\$147.47	\$600,437.52	\$781,114.10	\$37,732.75	\$818,846.85
Balance as of 8/31/2020				\$154.53	\$35.74	\$180,712.33	\$118.79	\$600,556.30	\$781,268.63	\$48,220.05	\$829,488.68
Balance as of 9/30/2020				\$25.62	\$5.93	\$180,718.25	\$19.69	\$600,576.00	\$781,294.25	\$56,059.22	\$837,353.47
Balance as of 10/31/2020				\$25.62	\$5.93	\$180,724.18	\$19.69	\$600,595.69	\$781,319.87	\$67,713.45	\$849,033.32
Balance as of 11/30/2020				\$26.47	\$6.12	\$180,730.30	\$20.35	\$600,616.04	\$781,346.34	\$80,097.89	\$861,444.23
Balance as of 12/31/2020				\$26.47	\$6.12	\$180,736.42	\$20.35	\$600,636.39	\$781,372.81	\$89,436.48	\$870,809.29
Balance as of 1/31/2021				\$24.83	\$5.74	\$180,742.17	\$19.09	\$600,655.47	\$781,397.64	\$99,672.14	\$881,069.78
Balance as of 2/28/2021				\$23.98	\$5.55	\$180,747.71	\$18.43	\$600,673.91	\$781,421.62	\$108,211.86	\$889,633.48
Balance as of 3/31/2021				\$28.26	\$6.54	\$180,754.25	\$21.72	\$600,695.63	\$781,449.88	\$121,953.35	\$903,403.23
Balance as of 4/30/2021				\$22.27	\$5.15	\$180,759.40	\$17.12	\$600,712.75	\$781,472.15	\$135,672.77	\$917,144.92
Balance as of 5/31/2021				\$11.99	\$2.77	\$180,762.18	\$9.22	\$600,721.96	\$781,484.14	\$153,926.10	\$935,410.24
Deposit - CSJ Refund				\$1,415,647.00	\$926,889.61	\$1,107,651.79	\$488,757.39	\$1,089,479.35	\$2,197,131.14		
Balance as of 6/30/2021				\$20.34	\$10.25	\$1,107,662.04	\$10.09	\$1,089,489.44	\$2,197,151.48	\$168,561.21	\$2,365,712.69
1008 Voided - CSJ											
Balance as of 7/31/2021				\$36.12	\$18.21	\$1,107,680.25	\$17.91	\$1,089,507.35	\$2,197,187.60	\$190,143.43	\$2,387,331.03
Balance as of 8/31/2021				\$38.53	\$19.42	\$1,107,699.67	\$19.11	\$1,089,526.46	\$2,197,226.13	\$200,919.93	\$2,398,146.06
Balance as of 9/30/2021				\$36.12	\$18.21	\$1,107,717.88	\$17.91	\$1,089,544.37	\$2,197,262.25	\$215,257.91	\$2,412,520.16
1009 Co-Mingled Fund				\$690,453.00			(\$480,000.00)	(\$480,000.00)		(\$210,453.00)	
1010 C2R Engineering				\$49,030.00		(\$49,030.00)					
Balance as of 10/20/2021						\$1,058,687.88		\$609,544.37	\$1,668,232.25	\$4,804.91	\$1,673,037.16
Balance as of 10/31/2021				\$31.44	\$19.95	\$1,058,707.83	\$11.49	\$609,555.86	\$1,668,263.69	\$25,242.07	\$1,693,505.76
Balance as of 11/30/2021				\$29.25	\$18.56	\$1,058,726.40	\$10.69	\$609,566.54	\$1,668,292.94	\$38,319.76	\$1,706,612.70
Balance as of 12/31/2021				\$28.34	\$17.99	\$1,058,744.38	\$10.35	\$609,576.90	\$1,668,321.28	\$55,958.38	\$1,724,279.66
Balance as of 1/31/2022				\$28.34	\$17.99	\$1,058,762.37	\$10.35	\$609,587.25	\$1,668,349.62	\$65,691.28	\$1,734,040.90
Balance as of 2/28/2022				\$25.60	\$16.25	\$1,058,778.61	\$9.35	\$609,596.61	\$1,668,375.22	\$85,965.01	\$1,754,340.23
Balance as of 3/31/2022				\$28.34	\$17.99	\$1,058,796.60	\$10.35	\$609,606.96	\$1,668,403.56	\$106,346.21	\$1,774,749.77
Balance as of 4/30/2022				\$26.51	\$16.82	\$1,058,813.42	\$9.69	\$609,616.65	\$1,668,430.07	\$119,004.80	\$1,787,434.87
Balance as of 5/31/2022				\$29.25	\$18.56	\$1,058,831.98	\$10.69	\$609,627.34	\$1,668,459.32	\$132,240.88	\$1,800,700.20
TOTAL OR BALANCE AMOUNT			\$10,596,444.80	\$1,454,451.12	\$964,823.78	\$1,058,831.98	\$9,627.34	\$609,627.34	\$1,668,459.32	\$132,240.88	\$1,800,700.20



**CUPERTINO SANITARY DISTRICT  
WARRANTS PAYABLE - June 15, 2022**

<u>WARRANT NUMBER</u>	<u>FUND</u>	<u>AMOUNT</u>	<u>PAYEE</u>	<u>DESCRIPTION</u>	
19410	M&O	\$ 601,937.50	Zions Bank - CalBank	Loan Payments	
N/A	M&O	\$ 2,384.68	ADP	Directors' Salary	
19411	M&O	\$1,198.49	Dooley Insurance Services	Insurance - Group Life & Dental	
N/A	M&O	\$ 387.19	CalBank Credit Card Processing Fees	Operating Exp. - Credit Card Processing Fees	
19412	M&O	\$ 386,883.06	Mark Thomas	Office Rent	400.00
				Management Services	44,900.34
				SSMP Certification and Implementation	127.00
				Engineering Services	99,226.79
				Peak Flow Reduction	2,464.66
				Plan Checking & Inspection	17,002.65
				Repairs	5,517.33
				Maintenance	172,287.32
				Utilities	1,052.70
				Emergency Funds	4,140.56
				District Sewer Capital & Support	39,763.71
19413	M&O	\$ 892.50	Akel Engineering	Inflow/Infiltration Reduction (PeakFlow)	
19414	M&O	\$ 1,700.00	Richard K. Tanaka	Legal - Consultant Services	
19415	M&O	\$ 1,926.00	Armento & Hynes LLP	Legal - District Counsel	
19416	M&O	\$ 184,832.51	Hunton Andrews Kurth	Legal - Common Interest Group (Advance Pay)	144,169.36
				Legal - Common Interest Group (CuSD Share)	40,663.15
19417	M&O	\$ 7,222.00	Bay Area News Group	Printing & Publications	
19418	M&O	\$ 4,000.58	St. Francis Electric	Repairs	
19419	M&O	\$ 1,071.54	Grainger	Maintenance	
19420	M&O	\$ 419.98	Home Depot	Maintenance	
19421	M&O	\$ 95.00	Mission Communications, LLC	Maintenance	
19422	M&O	\$ 21,389.94	RotoRooter	Maintenance	
19423	M&O	\$ 33,262.50	AB/JDD Plumbing Heating & AC	Maintenance	32,037.50
				Emergency	1,225.00
19424	M&O	\$ 81,498.57	Able Underground Construction	Maintenance	61,937.37
				District Sewer Capital & Support	19,561.20
19425	M&O	\$ 60.33	City of Santa Clara Utilities	Utilities	
19426	M&O	\$ 4,022.19	PG&E	Utilities	
19427	M&O	\$ 14,845.00	Bennett Trenchless Engineers	District Sewer Capital & Support	
19428	M&O	\$ 5,049.15	Shape Inc.	District Equipment	
<b>TOTAL WARRANTS</b>		<b>\$ 1,355,078.71</b>			

**Pk Flow Red. Total:** \$ 3,357.16 Mark Thomas, Akel Engineering  
**Maintenance Total:** \$ 289,238.65 Mark Thomas, Grainger, Home Depot, Mission, Roto Rooter, ABLE, AB/JDD  
**Utilities Total:** \$ 5,135.22 Mark Thomas, Santa Clara Utilities, PG&E  
**Emergency Total:** \$ 5,365.56 Mark Thomas, AB/JDD

**EMERGENCY DETAILS:**

**Roto-Rooter** - No emergencies this month

**Able** - Four emergencies this month

**AB/JDD Plumbing** - Three emergencies this month



**Local Agency  
Formation Commission  
of Santa Clara County**

777 North First Street  
Suite 410  
San Jose, CA 95112

**SantaClaraLAFCO.org**

**Commissioners**

Rich Constantine  
Susan Ellenberg  
Sergio Jimenez  
Yoriko Kishimoto  
Linda J. LeZotte  
Mike Wasserman  
Susan Vicklund Wilson

**Alternate Commissioners**

Helen Chapman  
Cindy Chavez  
Matt Mahan  
Russ Melton  
Terry Trumbull

**Executive Officer**  
Neelima Palacherla

June 6, 2022

**TO:** County Executive, Santa Clara County  
City Managers, Cities in Santa Clara County  
District Managers, Independent Special Districts in Santa Clara County

**FROM:** Neelima Palacherla, LAFCO Executive Officer

**SUBJECT: LAFCO BUDGET FOR FISCAL YEAR 2022-2023**

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At its public hearing on June 1, 2022, the Local Agency Formation Commission (LAFCO) adopted its Final Budget for Fiscal Year 2022-2023. The adopted Final Budget and the staff reports are attached for your information.

Pursuant to the apportionment method specified in Government Code §56381 and §56381.6, the County Auditor-Controller will apportion LAFCO's net operating expenses to the cities, the County and the independent special districts based on the Final Budget adopted by LAFCO. Please expect to receive an invoice from the County Controller's Office in the next few days.

Should you have any questions regarding the LAFCO budget or cost apportionment, do not hesitate to contact me at (408) 993-4713 / [neelima.palacherla@ceo.sccgov.org](mailto:neelima.palacherla@ceo.sccgov.org).

Thank you.

Attachments: Fiscal Year 2022-2023 Budget approved by LAFCO on June 1, 2022  
June 1, 2022 Staff Report: Final LAFCO Budget for FY 2022-2023  
April 6, 2022 Staff Report: Proposed Work Plan and Budget for FY 2022-2023

cc: Board of Supervisors, Santa Clara County  
City Council Members, Cities in Santa Clara County  
Independent Special District Board Members  
Santa Clara County Cities Association  
Santa Clara County Special Districts Association

# FINAL LAFCO BUDGET FISCAL YEAR 2022- 2023

ITEM #	TITLE	APPROVED BUDGET FY 2022	ACTUALS Year to Date 2/28/2022	PROJECTIONS Year End FY 2022	FINAL BUDGET FY 2023
<b>EXPENDITURES</b>					
Object 1: Salary and Benefits		\$844,239	\$412,232	\$691,414	\$810,419
Object 2: Services and Supplies					
5255100 Intra-County Professional		\$10,000	\$0	\$10,000	\$10,000
5255800 Legal Counsel		\$75,896	\$48,562	\$75,000	\$78,326
5255500 Consultant Services		\$150,000	\$25,239	\$100,000	\$150,000
5285700 Meal Claims		\$750	\$56	\$100	\$750
5220100 Insurance		\$8,500	\$8,590	\$8,590	\$9,237
5250100 Office Expenses		\$5,000	\$1,098	\$2,000	\$5,000
5270100 Rent & Lease		\$47,784	\$35,838	\$47,784	\$53,182
5255650 Data Processing Services		\$22,048	\$10,665	\$22,048	\$28,038
5225500 Commissioners' Fee		\$10,000	\$1,300	\$7,000	\$10,000
5260100 Publications and Legal Notices		\$1,000	\$551	\$1,000	\$1,000
5245100 Membership Dues		\$12,500	\$12,316	\$12,316	\$12,887
5250750 Printing and Reproduction		\$1,500	\$0	\$500	\$1,500
5285800 Business Travel		\$10,000	\$0	\$0	\$10,000
5285300 Private Automobile Mileage		\$1,000	\$7	\$150	\$1,000
5285200 Transportation&Travel (County Car Usage)		\$600	\$0	\$100	\$600
5281600 Overhead		\$49,173	\$24,587	\$49,173	\$30,041
5275200 Computer Hardware		\$3,000	\$0	\$1,000	\$3,000
5250800 Computer Software		\$5,000	\$853	\$4,000	\$5,000
5250250 Postage		\$1,000	\$3	\$500	\$1,000
5252100 Staff/Commissioner Training Programs		\$2,000	\$0	\$1,000	\$2,000
5701000 Reserves		-\$50,000	\$0	\$0	\$0
<b>TOTAL EXPENDITURES</b>		<b>\$1,210,990</b>	<b>\$581,897</b>	<b>\$1,033,675</b>	<b>\$1,222,980</b>
<b>REVENUES</b>					
4103400 Application Fees		\$30,000	\$24,077	\$30,000	\$30,000
4301100 Interest: Deposits and Investments		\$6,000	\$4,283	\$6,000	\$6,000
<b>TOTAL REVENUE</b>		<b>\$36,000</b>	<b>\$28,360</b>	<b>\$36,000</b>	<b>\$36,000</b>
3400150 FUND BALANCE FROM PREVIOUS FY		<b>\$288,660</b>	<b>\$312,351</b>	<b>\$312,351</b>	<b>\$201,006</b>
<b>NET LAFCO OPERATING EXPENSES</b>		<b>\$886,330</b>	<b>\$241,186</b>	<b>\$685,324</b>	<b>\$985,974</b>
3400800 RESERVES Available		<b>\$200,000</b>	<b>\$200,000</b>	<b>\$200,000</b>	<b>\$200,000</b>
<b>COSTS TO AGENCIES</b>					
5440200 County		\$295,443	\$295,443	\$295,443	\$328,658
4600100 Cities (San Jose 50% + Other Cities 50%)		\$295,443	\$295,443	\$295,443	\$328,658
4600100 Special Districts		\$295,443	\$295,443	\$295,443	\$328,658



**Local Agency  
Formation Commission  
of Santa Clara County**

777 North First Street  
Suite 410  
San Jose, CA 95112

[SantaClaraLAFCO.org](http://SantaClaraLAFCO.org)

**Commissioners**

Rich Constantine  
Susan Ellenberg  
Sergio Jimenez  
Yoriko Kishimoto  
Linda J. LeZotte  
Mike Wasserman  
Susan Vicklund Wilson

**ITEM # 6**

**Alternate Commissioners**

Helen Chapman  
Cindy Chavez  
Matt Mahan  
Russ Melton  
Terry Trumbull

**Executive Officer**

Neelima Palacherla

**LAFCO MEETING: June 1, 2022**

**TO: LAFCO**

**FROM: Neelima Palacherla, Executive Officer**

**SUBJECT: FINAL BUDGET FOR FY 2023**

**FINANCE COMMITTEE / STAFF RECOMMENDATIONS**

---

1. Adopt the Final Budget for Fiscal Year 2022-2023.
2. Find that the Final Budget for Fiscal Year 2023 is expected to be adequate to allow the Commission to fulfill its statutory responsibilities.
3. Authorize staff to transmit the Final Budget adopted by the Commission including the estimated agency costs to the cities, the special districts, the County, the Cities Association of Santa Clara County and the Santa Clara County Special Districts Association.
4. Direct the County Auditor-Controller to apportion LAFCO costs to the cities; to the special districts; and to the County; and to collect payment pursuant to Government Code §56381.

**NO CHANGES TO THE DRAFT/PRELIMINARY BUDGET**

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On April 6, 2022, the Commission adopted its preliminary budget for Fiscal Year 2022-2023. No changes are recommended to the preliminary budget adopted by the commission.

**LAFCO ANNUAL BUDGET PROCESS REQUIREMENTS**

---

The Cortese Knox Hertzberg Local Government Reorganization Act of 2000 (CKH Act) which became effective on January 1, 2001, requires LAFCO, as an independent agency, to annually adopt a draft budget by May 1 and a final budget by June 15 at noticed public hearings. Both the draft and the final budgets are required to be transmitted to the cities, the special districts and the County. Government Code §56381(a) establishes that at a minimum, the budget must be equal to that of the previous year unless the Commission finds that reduced staffing or program costs will nevertheless allow it to fulfill its statutory responsibilities. Any unspent funds at the end of the year may be rolled over into the next fiscal year budget. After adoption of the final budget by LAFCO, the County Auditor is required to apportion

the net operating expenses of the Commission to the agencies represented on LAFCO.

LAFCO and the County of Santa Clara entered into a Memorandum of Understanding (MOU) (effective since July 2001), under the terms of which, the County provides staffing, facilities, and services to LAFCO. The associated costs are reflected in the LAFCO budget. LAFCO is a stand-alone, separate fund within the County's accounting and budget system and the LAFCO budget information is formatted using the County's account descriptions/codes.

## **COST APPORTIONMENT TO CITIES, DISTRICTS AND THE COUNTY**

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The CKH Act requires LAFCO costs to be split in proportion to the percentage of an agency's representation (excluding the public member) on the Commission. Santa Clara LAFCO is composed of a public member, two County board members, two city council members, and since January 2013 – two special district members. Government Code §56381(b)(1)(A) provides that when independent special districts are seated on LAFCO, the county, cities and districts must each provide a one-third share of LAFCO's operational budget.

Since the City of San Jose has permanent membership on LAFCO, as required by Government Code §56381.6(b), the City of San Jose's share of LAFCO costs must be in the same proportion as its member bears to the total membership on the commission, excluding the public member. Therefore in Santa Clara County, the City of San Jose pays one sixth and the remaining cities pay one sixth of LAFCO's operational costs. Per the CKH Act, the remaining cities' share must be apportioned in proportion to each city's total revenue, as reported in the most recent edition of the Cities Annual Report published by the Controller, as a percentage of the combined city revenues within a county. Each city's share is therefore based on the 2019/2020 Report – which is the most recent edition available.

Government Code Section 56381 provides that the independent special districts' share shall be apportioned in proportion to each district's total revenues as a percentage of the combined total district revenues within a county. The Santa Clara County Special Districts Association (SDA), at its August 13, 2012 meeting, adopted an alternative formula for distributing the independent special districts' share to individual districts. The SDA's agreement requires each district's cost to be based on a fixed percentage of the total independent special districts' share.

The estimated apportionment of LAFCO's FY 2023 costs to the individual cities and districts is included as Attachment B. The final costs will be calculated and invoiced to the individual agencies by the County Controller's Office after LAFCO adopts the final budget.

## **ATTACHMENTS**

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- |               |   |
|---------------|---|
| Attachment A: | Final LAFCO Budget for Fiscal Year 2023     |
| Attachment B: | Costs to Agencies Based on the Final Budget |

# FINAL LAFCO BUDGET FISCAL YEAR 2022- 2023

**ITEM # 6**  
**Attachment A**

ITEM #	TITLE	APPROVED BUDGET FY 2022	ACTUALS Year to Date 2/28/2022	PROJECTIONS Year End FY 2022	FINAL BUDGET FY 2023
<b>EXPENDITURES</b>					
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5701000 Reserves		-\$50,000	\$0	\$0	\$0
<b>TOTAL EXPENDITURES</b>		<b>\$1,210,990</b>	<b>\$581,897</b>	<b>\$1,033,675</b>	<b>\$1,222,980</b>
<b>REVENUES</b>					
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<b>TOTAL REVENUE</b>		<b>\$36,000</b>	<b>\$28,360</b>	<b>\$36,000</b>	<b>\$36,000</b>
3400150 FUND BALANCE FROM PREVIOUS FY		<b>\$288,660</b>	<b>\$312,351</b>	<b>\$312,351</b>	<b>\$201,006</b>
<b>NET LAFCO OPERATING EXPENSES</b>		<b>\$886,330</b>	<b>\$241,186</b>	<b>\$685,324</b>	<b>\$985,974</b>
3400800 RESERVES Available		<b>\$200,000</b>	<b>\$200,000</b>	<b>\$200,000</b>	<b>\$200,000</b>
<b>COSTS TO AGENCIES</b>					
5440200 County		\$295,443	\$295,443	\$295,443	\$328,658
4600100 Cities (San Jose 50% + Other Cities 50%)		\$295,443	\$295,443	\$295,443	\$328,658
4600100 Special Districts		\$295,443	\$295,443	\$295,443	\$328,658



**LAFCO COST APPORTIONMENT: COUNTY, CITIES, SPECIAL DISTRICTS**  
**Estimated Costs to Agencies Based on the Final FY 2023 LAFCO Budget**

Net Operating Expenses for FY 2023				\$985,974
JURISDICTION	REVENUE PER 2019/2020 REPORT	PERCENTAGE OF TOTAL REVENUE	ALLOCATION PERCENTAGES	ALLOCATED COSTS
<b>County</b>	<b>N / A</b>	<b>N / A</b>	<b>33.3333333%</b>	<b>\$328,658.00</b>
<b>Cities Total Share</b>			<b>33.3333333%</b>	<b>\$328,658.00</b>
San Jose	N / A	N / A	50.0000000%	\$164,329.00
Other cities share			50.0000000%	\$164,329.00
Campbell	\$64,253,019	1.7539391%		\$2,882.23
Cupertino	\$123,486,910	3.3708692%		\$5,539.32
Gilroy	\$124,499,405	3.3985077%		\$5,584.73
Los Altos	\$58,920,260	1.6083688%		\$2,643.02
Los Altos Hills	\$18,781,680	0.5126907%		\$842.50
Los Gatos	\$51,842,412	1.4151621%		\$2,325.52
Milpitas	\$200,526,874	5.4738585%		\$8,995.14
Monte Sereno	\$4,295,543	0.1172571%		\$192.69
Morgan Hill	\$108,189,286	2.9532842%		\$4,853.10
Mountain View	\$423,194,503	11.5521016%		\$18,983.45
Palo Alto	\$703,037,932	19.1910943%		\$31,536.53
Santa Clara	\$1,109,294,952	30.2808470%		\$49,760.21
Saratoga	\$33,333,495	0.9099171%		\$1,495.26
Sunnyvale	\$639,698,827	17.4621026%		\$28,695.30
<b>Total Cities (excluding San Jose)</b>	<b>\$3,663,355,098</b>	<b>100.0000000%</b>		<b>\$164,329.00</b>
<b>Total Cities (including San Jose)</b>				<b>\$328,658.00</b>
<b>Special Districts Total Share</b>		<b>(Fixed %)</b>	<b>33.3333333%</b>	<b>\$328,658.00</b>
Aldercroft Heights County Water District		0.06233%		\$204.85
Burbank Sanitary District		0.15593%		\$512.48
Cupertino Sanitary District		2.64110%		\$8,680.19
El Camino Healthcare District		4.90738%		\$16,128.50
Guadalupe Coyote Resource Conservation District		0.04860%		\$159.73
Lake Canyon Community Services District		0.02206%		\$72.50
Lion's Gate Community Services District		0.22053%		\$724.79
Loma Prieta Resource Conservation District		0.02020%		\$66.39
Midpeninsula Regional Open Space District		5.76378%		\$18,943.12
Purissima Hills Water District		1.35427%		\$4,450.92
Rancho Rinconada Recreation and Park District		0.15988%		\$525.46
San Martin County Water District		0.04431%		\$145.63
Santa Clara Valley Open Space Authority		1.27051%		\$4,175.63
Santa Clara Valley Water District		81.44126%		\$267,663.21
Saratoga Cemetery District		0.32078%		\$1,054.27
Saratoga Fire Protection District		1.52956%		\$5,027.02
South Santa Clara Valley Memorial District		0.03752%		\$123.31
<b>Total Special Districts</b>		<b>100.00000%</b>		<b>\$328,658.00</b>
<b>Total Allocated Costs</b>				<b>\$985,974.00</b>

\* Based on the FY 2019-2020 Annual Cities Report:

[https://www.sco.ca.gov/Files-ARD-Local/LocRep/2019-20\\_Cities\\_Revenues\\_LAFCO\\_Fee\\_CalculationsADA.pdf](https://www.sco.ca.gov/Files-ARD-Local/LocRep/2019-20_Cities_Revenues_LAFCO_Fee_CalculationsADA.pdf)



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**Alternate Commissioners**

Helen Chapman  
Cindy Chavez  
Matt Mahan  
Russ Melton  
Terry Trumbull

**Executive Officer**

Neelima Palacherla

**ITEM # 9**

**LAFCO MEETING: April 6, 2022**

**TO: LAFCO**

**FROM: Neelima Palacherla, Executive Officer  
Dunia Noel, Asst. Executive Officer**

**SUBJECT: PROPOSED WORK PLAN AND BUDGET FOR FY 2023**

**FINANCE COMMITTEE / STAFF RECOMMENDATIONS**

---

1. Adopt the Proposed Work Plan for Fiscal Year 2022-2023.
2. Adopt the Proposed Budget for Fiscal Year 2022-2023.
3. Find that the Proposed Budget for Fiscal Year 2023 is expected to be adequate to allow the Commission to fulfill its statutory responsibilities.
4. Authorize staff to transmit the Proposed Budget adopted by the Commission including the estimated agency costs as well as the LAFCO public hearing notice for the adoption of the Fiscal Year 2023 Final Budget to the cities, the special districts, the County, the Cities Association of Santa Clara County and the Santa Clara County Special Districts Association.

**ANNUAL BUDGET PROCESS REQUIREMENTS**

---

The Cortese Knox Hertzberg Local Government Reorganization Act of 2000 (CKH Act) which became effective on January 1, 2001, requires LAFCO, as an independent agency, to annually adopt a proposed budget by May 1 and a final budget by June 15 at noticed public hearings. Both the proposed and the final budgets are required to be transmitted to the cities, the special districts and the County. Government Code §56381(a) establishes that at a minimum, the budget must be equal to that of the previous year unless the Commission finds that reduced staffing or program costs will nevertheless allow it to fulfill its statutory responsibilities. Any unspent funds at the end of the year may be rolled over into the next fiscal year budget. After adoption of the final budget by LAFCO, the County Auditor is required to apportion the net operating expenses of the Commission to the agencies represented on LAFCO.

## **FISCAL YEAR 2022-2023 BUDGET DEVELOPMENT TIMELINE**

<b>Dates</b>	<b>Staff Tasks / LAFCO Action</b>
March 14 - April 6	Notice of this public hearing was advertised in a local newspaper, posted on the LAFCO website and distributed to local agencies. The agenda and a link to the posted agenda packet are also distributed to local agencies, interested persons and organizations. The proposed Workplan and Budget are posted on the LAFCO website and available for public review and comment.
April 6	LAFCO public hearing on adoption of Proposed Workplan and Budget
April 7	Proposed Work Plan and Budget, preliminary apportionments and LAFCO public hearing notice for Final Budget Hearing transmitted to agencies
June 1	LAFCO public hearing and adoption of Final Budget
June 1 - July 1	Final Budget transmitted to agencies; Auditor requests payment from agencies

## **LAFCO FINANCE COMMITTEE**

At its February 2, 2022 LAFCO meeting, the Commission reappointed Commissioner Jimenez, Commissioner Kremen and Alternate Commissioner Melton to serve on the Finance Committee for FY 2023.

At its special meeting held on March 14, 2022, the Finance Committee discussed the progress on the current year work plan and the status of the current year budget; and recommended the proposed FY 2023 work plan and budget for consideration and adoption by the full commission.

## **CURRENT YEAR IN REVIEW**

### **PROGRESS REPORT ON FY 2021-2022 WORK PLAN**

LAFCO's current fiscal year workplan was adopted at a noticed public hearing held on April 7, 2021. **Attachment A** depicts the current status (through the third quarter of the year) of the 2021-2022 Work Program.

A major work focus during the past year has centered on the Countywide Fire Service Review including project kick-off and management, and stakeholder and public outreach. Staff prepared outreach material and coordinated with the Technical Advisory Committee and partner agencies to conduct three community meetings and a community survey to gather feedback on fire issues. The project has been on hold since January 2022 when LAFCO's consultant contract was terminated.

Staff is working on a process to retain a new consultant and proceed with the service review.

LAFCO has seen a relatively higher application workload during this period – staff is currently processing three major applications and an inactive district dissolution; and has held several other pre-application meetings with local agencies and entities. Staff has also received and responded to many requests for assistance and expertise from local and regional agencies on a variety of matters in support of local or shared goals such as island annexations, environmental review activities, regional plans, housing needs allocations, city general plan updates and other topics that affect local agency boundaries and services. Similarly, responding to public inquiries is another significant and growing area of the workplan and staff has seen an increase in the volume and complexity of such inquiries particularly requests for information under the Public Records Act.

In accordance with the Commission's directive, as opportunities arise and time permits, staff has conducted targeted outreach to various local entities (special districts, County, cities and other community organizations/individuals) on LAFCO's role in promoting sustainable growth and good governance.

Other notable administrative activities and projects that have been completed or are underway include among others, the annual financial audit, the annual report, new commissioners onboarding, required staff training, bylaws revision, and office space lease negotiation and extension.

Notwithstanding the preceding progress on various work plan items, some important, high priority projects such as the comprehensive review and update of LAFCO policies and scanning of LAFCO records have fallen behind and will not be completed by the end of the fiscal year. The delays are partly due to the application workload, increased demand for LAFCO services and staff's efforts to prioritize and meet the needs of the local agencies and the public; and staffing issues including a vacant analyst position since January 2021. The projects in the current workplan that will not be completed by the end of the fiscal year have been added to the proposed FY 2023 workplan.

The Finance Committee discussed this situation and its impact on the accomplishment of the work plan items and recommended that staff consider the option of recruiting temporary staff or an intern to assist with certain work plan items such as the scanning of LAFCO records.

The LAFCO Annual Report for FY 2022 will be published at the end of the current fiscal year and will document all the applications reviewed and processed by LAFCO in Fiscal Year 2022; and will summarize the various accomplishments, activities/projects that LAFCO has engaged in or completed during the period.

#### **STATUS OF FY 2021-2022 ADOPTED BUDGET**

**Attachment D** includes the FY 2022 final budget adopted by the Commission at a noticed public hearing on June 2, 2021, the status of LAFCO's expenditures and revenues as of February 28, 2022 and expenditure and revenue projections for FY

2022 year end. The adopted LAFCO budget for FY 2022 is \$886,330 and reflects a 10% reduction compared to the previous fiscal year's (FY 2021) budgeted operating expenses. It is estimated that the total year-end projected expenditures for FY 2022 would be approximately 22% lower than the adopted budget primarily due to salary savings from the vacant analyst position and unspent Business Travel (due to the pandemic) and Consultant Services line items (due to the fire service review consultant termination, although it is expected that a portion of the Consultant Services line item amount will be encumbered for the new consultant). Staff anticipates that year end revenue for FY 2022 will tally with the amount budgeted. LAFCO has received the respective FY 2022 cost shares from the County, the cities and the independent special districts. The actual fund balance rolled over at the end of FY 2021 was higher at \$312,351, compared to the amount estimated (\$288,660) in the FY 2022 budget. The excess fund balance and the unspent FY 2022 expenditure amounts will carry over into FY 2023 and will be used to reduce net operating expenses that would in turn translate to reduced FY 2023 costs for contributing agencies.

### **PROPOSED WORK PLAN FOR FISCAL YEAR 2023**

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**Attachment C** includes the proposed work plan for FY 2023, as recommended by the Finance Committee, for consideration and adoption by the full commission.

The proposed workplan includes ongoing as well as new projects and outlines detailed projects/activities organized under six broad areas: (1.) LAFCO application processing; (2.) island annexations; (3.) outreach, government/community relations and customer service; (4.) service reviews, special studies and sphere of influence updates; (5.) commission support; and (6.) administrative projects. The work plan assigns priority levels (high, moderate, low); and designates whether the work is to be conducted by staff or outside consultants.

The proposed work plan includes a broad spectrum of responsibilities that LAFCO, as an independent local agency and as a regulatory body of the state, is expected to fulfil in its role of promoting sustainable growth and good governance in Santa Clara County. It incorporates the Commission's legislative functions and mandates and also the Commission's proactive local initiatives and priorities such as its directives for ongoing public outreach and communications, comprehensive organizational assessment and its proactive service review and implementation program.

Reduced staffing levels due to a vacant analyst position since January 2021 will continue to affect work plan priorities and the accomplishment of the work plan.

Recruitment for the vacant position is pending completion of the County's classification study for LAFCO which is expected to be completed in the next few months at which time LAFCO can begin recruitment. However, actual professional staffing capabilities will be below 4.0 FTE for at least half of the upcoming fiscal year, and possibly longer considering the onboarding and training period for the new staff person.

According to the Comprehensive Organizational Assessment report prepared by LAFCO's consultant, even the 4.0 FTE staffing level is lower than other LAFCOs with comparable operations. However, in August 2020, the Commission voted to maintain the current 4.0 FTE staffing level given uncertain economic conditions related to the COVID-19 pandemic but kept open the option to consider the potential addition of 1.0 FTE in the future.

To address this reduced staffing situation, staff must actively manage the workload in order to focus on accomplishing essential activities such as processing applications, completing projects currently underway such as the Countywide Fire Service Review, maintaining core administrative functions, tracking on-going projects and studies, supporting the commission and responding to local agency and public requests for assistance. Non-essential activities and other proactive initiatives will need to be deferred until staffing levels/expertise are restored. This is consistent with past practice where LAFCO's statutorily mandated activities take priority over administrative projects that are not statutorily required, and over proactive commission-initiated projects which are discretionary but support LAFCO's mission and statutory requirements.

### **PROPOSED BUDGET FOR FISCAL YEAR 2023**

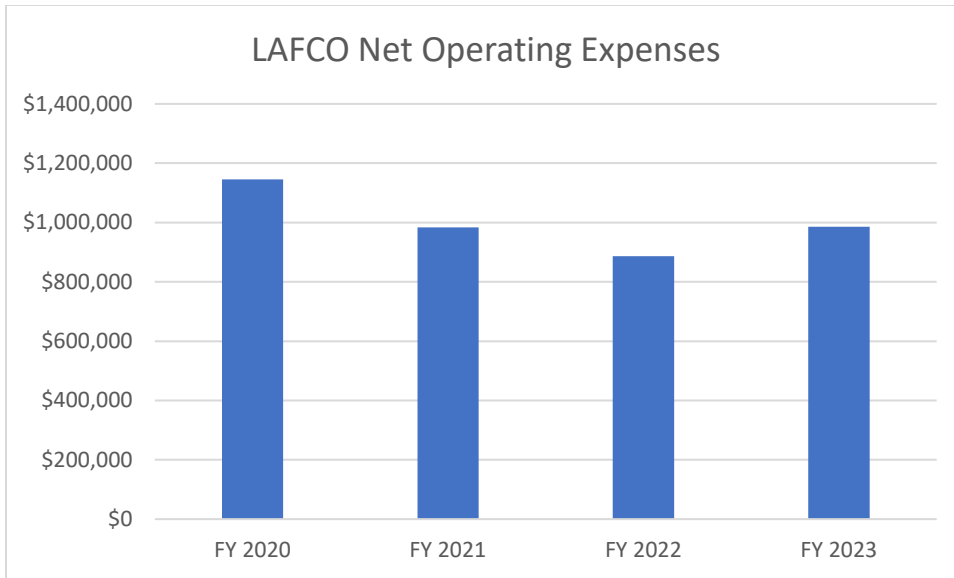
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**Attachment D** includes the proposed Budget for FY 2022-2023 as recommended by the Finance Committee, for consideration and adoption by the full commission. The Finance Committee conducted a thorough review of the work plan and budget and recognized the public benefit of LAFCO's work and the high demand for LAFCO's services from local agencies and the public. The Committee maintained its commitment to ensure adequate resources that allow the Commission to fulfill its statutory responsibilities and accomplish its work plan while also limiting costs for LAFCO's funding agencies. As a result, the proposed budget maintains the overall expenditure for FY 2023 (\$1,222,980) at a substantially similar level to the current year budget (\$1,210,990).

In addition to managing expenses to limit net operating expenses, projected current year cost savings (from salary savings, unspent travel, and other reduced operational costs), and a larger than estimated fund balance from FY 2021 are expected to result in a \$312,351 fund balance at the end of the current year – and will be used to further reduce net operating expenses in FY 2023.

LAFCO's proposed net operating expense for FY 2023 is 11% higher than the current year budgeted amount which was 10% lower than FY 2021 which in turn was 14% lower than the FY 2020 operating expenses. Thus, the proposed 11% increase follows two years of reduced local agencies' apportionments and is needed to meet state mandates and LAFCO work plan objectives.





### DESCRIPTION OF FY 2022-2023 BUDGET LINE ITEMS

LAFCO and the County of Santa Clara entered into a Memorandum of Understanding (MOU) (effective since July 2001), under the terms of which, the County provides staffing, facilities, and services to LAFCO. The associated costs are reflected in the proposed LAFCO budget. LAFCO is a stand-alone, separate fund within the County's accounting and budget system and the LAFCO budget information is formatted using the County's account descriptions/codes.

The following is a detailed itemization of the proposed budget.

#### EXPENDITURES

Expenditures are divided into two main sections: Staff Salary and Benefits (Object 1) which comprise 66% of the total expenditures, and Services and Supplies (Object 2).

#### OBJECT 1. SALARIES AND BENEFITS \$810,419

This line item supports the salary and benefits for the 4.0 FTE positions including the Executive Officer position, the two Analyst positions and the Clerk position. One Analyst position is currently vacant. Recruitment for the position is on hold until the County's classification study for LAFCO staff positions is completed. LAFCO contracts with the County of Santa Clara for staffing and services and in accordance with the MOU between the County and LAFCO, all four positions are staffed through the County Executive's Office. The proposed amount is based on the best available projections from the County at this time for salary and benefits for the 4 positions. Changes to the projections for the four positions that occur within the next couple of months will be reflected in the Final LAFCO budget.

## **OBJECT 2. SERVICES AND SUPPLIES**

### **5255100 Intra-County Professional \$10,000**

This includes the costs for services from various County agencies such as the County Surveyor's Office, the County Assessors' Office, and the Registrar of Voters. The County Surveyor assists with map review and approval for boundary change proposals. In addition, the Surveyor's Office also assists with research to resolve boundary discrepancies. The County Assessor's Office prepares reports for LAFCO and the Registrar of Voters provides data necessary for processing LAFCO applications. This item also allows LAFCO to seek GIS mapping services including maintenance and technical assistance from the County Planning Office, as necessary. This budgeted amount has been maintained at the same level as the current year.

### **5255800 Legal Counsel \$78,326**

This item covers the cost for general legal services.

In February 2009, the Commission retained the firm of Best Best & Krieger for legal services on a monthly retainer. The contract was amended in 2010 to reduce the number of total hours required to 240 hours per year. The contract sets the hourly rate and allows for an annual automatic adjustment to the rates based on the Consumer Price Index (CPI). In 2017, the contract was once again amended to increase the monthly retainer cost and limit the CEQA work within the retainer to 24 hours annually. Any additional CEQA work above 24 hours would be charged outside the retainer at the same hourly rate.

The monthly retainer for FY 2023 increases to \$6,278, based on a 3.2% increase in the Consumer Price Index for the prior calendar year (2021). This item covers the annual retainer fees and includes additional monies to cover approximately 10 hours of work outside the retainer at the current hourly rate of \$299.

### **5255500 Consultant Services \$150,000**

This item is budgeted for hiring consultants to assist LAFCO with special projects such as for conducting service reviews and special studies, facilitating a strategic planning workshop, scanning LAFCO's hardcopy records into the existing electronic document management system, meeting broadcast services for LAFCO meetings and for conducting the annual financial audit, among others. The Commission must take action to authorize such special projects prior to expending funds. This item also includes costs associated with ongoing existing contracts such as costs for maintenance and hosting of the LAFCO website by an outside provider.

### **5285700 Meal Claims \$750**

This item includes cost of food to support Commission events, workshops, meetings.

### **5220200 Insurance \$9,237**

This item is for the purpose of purchasing general liability insurance and workers' compensation coverage for LAFCO. In 2010, LAFCO switched from the County's coverage to the Special District Risk Management Authority (SDRMA), for the provision of general liability insurance. Additionally, LAFCO also obtains workers'

compensation coverage for its commissioners from SDRMA. Workers' compensation for LAFCO staff is currently covered by the County and is part of the payroll charge. SDRMA has recently provided estimated FY 2023 contribution amounts for use in the budgeting process: Property Liability (\$8,137) and Workers' Compensation (\$1,100). SDRMA is in the process of negotiating rates on behalf of its program membership and expects to confirm rates in mid-May. The Final budget will reflect any major revisions to these estimates.

**5270100 Rent & Lease \$53,132**

This item includes monthly rent for LAFCO office space during the FY 2023. The current lease term expires on May 5, 2022. At its February 2, 2022 Meeting, the Commission authorized the extension of the lease for a five year period through April 30, 2027.

**5250100 Office Expenses \$5,000**

This item includes funds for purchase of books, subscriptions/publications necessary to keep current on laws and trends; small equipment and supplies for office operations, including printer/photocopier lease.

**5255650 Data Processing Services \$28,038**

This item includes estimated costs associated with County Technology Solutions & Services Department (TSS) providing IT services to the LAFCO program. According to TSS, the projected costs cover Telecom services for 5 phones- VOIP/Landline (\$3,300), Wireless Carrier Service (\$550), MS Adobe special order, Acrobat Pro and MS Visio monthly subscription (\$2,535), and other services (\$21,653) comprising Enterprise Content Management services and solutions, Kronos support, Architecture and Innovation Services, Claranet services, Data Analytics and Visualizations, digital print and sccLearn. Any further revised cost estimates received from the County will be reflected in the Final LAFCO budget.

**5225500 Commissioner's Fees \$10,000**

This item covers the \$100 per diem amount for LAFCO commissioners and alternate commissioners to attend LAFCO meetings and committee meetings.

**5260100 Publications and Legal Notices \$1,000**

This item is for costs associated with publication of hearing notices for LAFCO applications and other projects/ studies, as required by state law. This budgeted amount has been maintained at the same level as the current year.

**5245100 Membership Dues \$12,887**

This item includes CALAFCO – the California Association of LAFCOs membership dues. As approved at the CALAFCO Annual Membership Business meeting on October 31, 2019, the FY 2023 membership dues for Santa Clara LAFCO is \$11,287.

Additionally, this item includes estimated membership dues for CSDA – the California Special Districts Association. In June 2018, CSDA informed staff that Santa Clara LAFCO as a customer of SDRMA, must be a member of CSDA pursuant to SDRMA bylaws.

**5250750      Printing and Reproduction    \$1,500**

This covers printing expenses for reports such as service reviews or other studies and documents.

**5285800      Business Travel    \$10,000**

This item includes funding for staff and commissioners to attend conferences and workshops. It would cover costs of air travel, accommodation, conference registration and other expenses at the conferences. CALAFCO annually holds a Staff Workshop (April 2023) and an Annual Conference (October 2022) that is attended by commissioners as well as staff.

**5285300      Private Automobile Mileage    \$1,000**

This item provides for mileage reimbursement when staff travels by private car to conduct site visits and attend meetings / training sessions. This budgeted amount has been maintained at the same level as the current year.

**5285200      Transportation and Travel (for use of County car)    \$600**

This item would cover costs associated with the use of a County vehicle for travel to conferences, workshops, site visits and meetings.

**5281600      Overhead    \$30,041**

This overhead charge is established by the County Controller's Office, for service rendered by various County departments that do not directly bill LAFCO. The overhead includes LAFCO's share of the County's FY 2023 Cost Allocation Plan which is based on actual overhead costs from FY 2021 – the most recent year for which actual costs are available.

The overhead amount includes the following charges from:

County Executive's Office:	\$11,036
Controller-Treasurer:	\$10,131
Employee Services Agency:	\$6,550
OBA:	\$330
BHS-MH - Employee:	\$211
TSS Intragovernmental Service:	\$912
Technology Services & Solutions:	\$3,496
Procurement:	\$137

Further, a "roll forward" is applied which is calculated by comparing FY 2021 Cost Plan estimates with FY 2021 actuals. The FY 2021 cost estimates were lower than the actuals by \$2,736; this amount is added to the FY 2023 Cost Plan. This is a state requirement.

**5275200      Computer Hardware    \$3,000**

This item is designated for any required hardware upgrades / purchases.

**5250800 Computer Software \$5,000**

This amount is designated for computer software purchases, and annual licenses for GIS software and records management (LaserFische) hardware/software annual maintenance agreement.

**5250250 Postage \$1,000**

This amount covers postage costs for mailing notices, agendas, agenda packets and general correspondence. This budgeted amount has been maintained at the same level as the current year.

**5252100 Training Programs \$2,000**

This item covers the costs associated with attendance at staff development courses and seminars. CALAFCO conducts University Courses throughout the year on topics of relevance to LAFCO.

**REVENUES**

**4103400 Application Fees \$30,000**

It is anticipated that LAFCO will receive approximately \$30,000 in fees from processing applications. The actual amount earned from fees depends entirely on the level of application activity.

**4301100 Interest \$6,000**

It is estimated that LAFCO will receive an amount of approximately \$6,000 from interest earned on LAFCO funds.

**3400150 Fund Balance from Previous Fiscal Year (FY 2022) \$201,006**

It is projected that there will be a savings or fund balance of approximately \$201,006 at the end of the current year, which will be carried over to reduce the proposed Fiscal Year 2023 costs for LAFCO's funding agencies (cities, independent special districts and the County).

Projected Year-End [FY 2022] Fund Balance = (Projected Year-End [FY 22] Revenue + Actual Fund Balance from Previous Fiscal Year [FY 21] + Funds Received from Local Agencies in FY 22) - (Projected Year-End [FY 22] Expenses)

= (\$36,000 + \$312,352 + \$886,330) - \$1,033,675

= \$201,006

The fund balance excludes the reserves.

**RESERVES**

**3400800 Reserves Available \$200,000**

This item includes reserves for two purposes: litigation reserve – for use if LAFCO is involved with any litigation; and contingency reserve – to be used for unexpected expenses. If used during the year, this account will be replenished in the following year. Since 2012, the reserves have been retained in a separate Reserves account, thus eliminating the need for LAFCO to budget each year for this purpose.

The Reserves amount was held at \$250,000 since FY 2020 to timely implement potential recommendations from the Comprehensive Organizational Assessment, and as a tentative measure in recognition that LAFCO operates in an increasingly complex and controversial environment. The implementation of the Comprehensive Organizational Assessment Study is currently pending the completion of the Classification Study by the County, which is expected soon.

In FY 2022, LAFCO reduced the Reserves to \$200,000, in order to further reduce costs to local agencies given the COVID -19 related economic hardships. The Finance Committee recommends maintaining the current level of reserves for FY 2023. This places the proposed Reserve amount at approximately 16% of the total FY 2023 expenditures. LAFCO has not adopted a Reserves policy, however as an independent agency, LAFCO should maintain sufficient reserves for flexibility and stability in the event of unanticipated needs.

### **FY 2023 NET OPERATING EXPENSES**

FY 2023 Net Operating Expenses = (Proposed FY 2023 Expenditures) - (Proposed FY 2023 Fee & Interest Revenues + Projected Fund Balance from FY 2022)

= (\$1,222,980) - (\$36,000 + \$201,006)

= \$985,974

The projected operating expense for FY 2023 is based on projected expenditures and revenues as well as on estimated fund balance for the current year. Further revisions may be needed as we get a better indication of current year expenses/revenues towards the end of this fiscal year. Additionally, a more accurate projection of costs/revenues for the upcoming fiscal year could become available, particularly for employee salary and benefits. This could result in changes to the proposed net operating expenses for FY 2023 which could in turn impact the costs for each of LAFCO's funding agencies.

### **COST APPORTIONMENT TO CITIES, INDEPENDENT SPECIAL DISTRICTS AND COUNTY**

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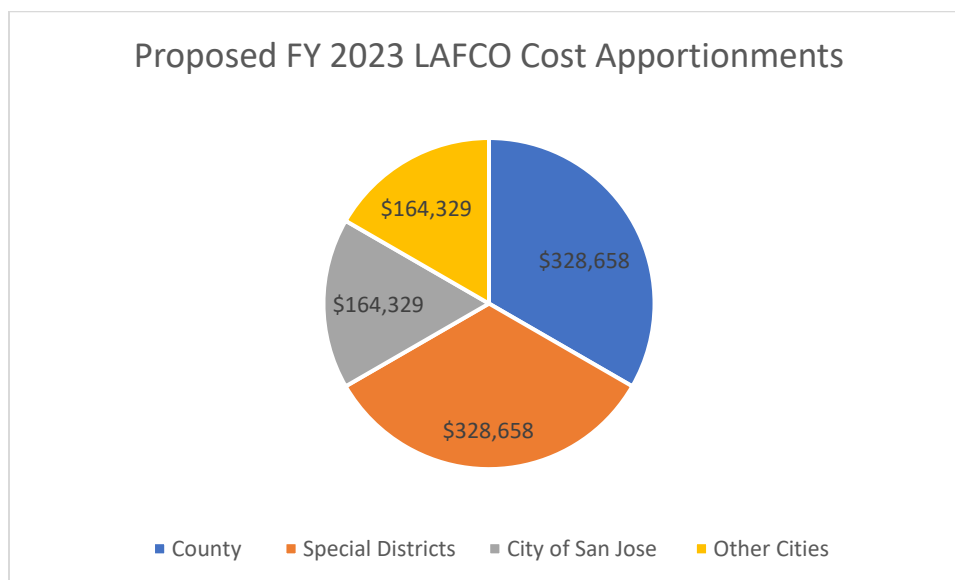
In January 2013, independent special districts were seated on LAFCO. Government Code §56381(b)(1)(A) provides that when independent special districts are represented on LAFCO, the county, cities and independent special districts must each provide a one-third share of LAFCO's operational budget.

The City of San Jose has permanent membership on LAFCO pursuant to Government Code Section 56327. As required by Government Code §56381.6(b), the City of San Jose's share of LAFCO costs must be in the same proportion as its member bears to the total membership on the commission, excluding the public member. The remaining cities' share must be apportioned in proportion to each city's total revenues, as reported in the most recent edition of the Cities Annual Report published by the Controller, as a percentage of the combined city revenues within a county.

Government Code Section 56381 provides that the independent special districts' share shall be apportioned in proportion to each district's total revenues as a percentage of the combined total district revenues within a county. The Santa Clara County Special Districts Association (SDA), at its August 13, 2012 meeting, adopted an alternative formula for distributing the independent special districts' share to individual districts. The SDA's agreement requires each district's cost to be based on a fixed percentage of the total independent special districts' share.

Therefore, in Santa Clara County, the County pays a third of LAFCO's operational costs, the independent special districts pay a third, the City of San Jose pays one sixth and the remaining cities pay one sixth. Government Code §56381(c) requires the County Auditor to request payment from the cities, independent special districts and the County no later than July 1 of each year for the amount each agency owes based on the net operating expenses of the Commission and the actual administrative costs incurred by the Auditor in apportioning costs and requesting payment.

The following is a draft apportionment to the agencies based on the proposed net operating expenses for FY 2023.



Apportionment of the costs among the 14 cities and among the 17 independent special districts will be calculated by the County Controller's Office after LAFCO adopts the final budget in June. In order to provide each of the cities and districts with a general indication of their costs in advance, **Attachment E** includes draft estimated apportionments, based on the proposed FY 2023 net operating expenses and the 2018/2019 Cities Annual Report. The final apportionments will be prepared by the County Controller's Office based on the latest available Cities Annual Report.

## **ATTACHMENTS**

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Attachment A:	Status of FY 2022 Work Plan
Attachment B:	LAFCO Financials 2008-2021
Attachment C:	Proposed Work Plan for Fiscal Year 2023
Attachment D:	Proposed LAFCO Budget for Fiscal Year 2023
Attachment E:	Estimated FY 2023 Costs to Agencies Based on the Proposed Budget



## STATUS OF CURRENT YEAR WORK PLAN (FISCAL YEAR 2022)

PRIORITY\* H - High Priority (essential activities: state mandate, Commission directive, requirements)  
M - Medium Priority (important, provided resources allow or time permits)  
L - Low Priority (desirable provided resources allow or time permits, not urgent)

	PROJECT DESCRIPTION	ACTIVITIES / TIMELINE	RESOURCES	PRIORITY*	STATUS
LAFCO APPLICATIONS	Process applicant initiated LAFCO proposals	Encourage pre-application meetings prior to application submittal  Conduct pre-agenda meetings with County Depts to obtain Assessor & Surveyor reports, as needed  Process applications per CKH Act requirements: issue Notice of Application, Certificate of Filing / Sufficiency, Public Hearing Notice, staff report, conduct protest proceedings, as needed	Staff	H	Several pre-application meetings held (San Jose / Cupertino, San Jose / Milpitas, NASA Moffett Field / Mountain View, etc.)  3 applications in progress
	Comment on potential LAFCO applications, relevant projects & development proposals, city General Plan updates and/ or related environmental documents	Ongoing, as needed	Staff	H	Ongoing (RHNA, Coyote Valley)
	Review and update LAFCO policies for context, clarity and consistency with State law	In progress	Staff / Consultant	H	In progress
	Dissolution of inactive special districts	Work with State Controller's Office to identify County Library Services Area as inactive	Staff	M	Identification completed. Processing dissolution.
	Prepare flowcharts for LAFCO processes and update application packets for current requirements and ease of public use	Upon completion of policies update	Staff	L	Internal application processing checklists' updates completed.

## STATUS OF CURRENT YEAR WORK PLAN (FISCAL YEAR 2022)

	PROJECT DESCRIPTION	ACTIVITIES / TIMELINE	RESOURCE S	PRIORITY*	STATUS
ISLAND ANNEXATIONS	Conduct outreach to cities with islands, follow up on responses including review/research of city limits/ USA boundaries, provide assistance with annexations or necessary USA amendments	Prepare and distribute island maps to cities	Staff	L	Working with cities upon request (Los Gatos, Monte Sereno)3
	Facilitate interagency discussions to support remaining island annexations	Ongoing discussion with San Jose, Los Altos Hills	Staff	H	In progress
	Review and finalize city-conducted island annexations	Ongoing, as needed	Staff	H	3 finalized.
OUTREACH, GOVERNMENT / COMMUNITY RELATIONS & CUSTOMER SERVICE	Conduct outreach to increase awareness of LAFCO's role	Presentations to cities, other agencies on LAFCO, as relevant	Staff	L	Presentations provided upon request (Grand Jury, Leadership Sunnyvale, )
		Distribute LAFCO communications material to elected officials and staff of cities, special districts and the County		M	
		Seek exhibit opportunities at public spaces / events		L	
		Maintain website as the primary information resource on LAFCO		H	
		Increase social media presence (Twitter)		L	Website updated
	Engage and establish relationships with local (cities, districts, county), regional (ABAG/MTC), state (SGC, OPR, DoC, SWRCB) agencies, organizations such as SDA, SCCAPO, CALAFCO, other stakeholder groups	Attend regular meetings of SDA (quarterly), SCCAPO (monthly), County Planning Dept.(quarterly)	Staff	M	Ongoing
		Small water systems issues / legislation		M	
		Collaborate with agencies and entities with goals common to LAFCO		M	
	Track LAFCO related legislation	EO is voting member of the CALAFCO Legislative Committee and attends regular meetings	Staff	M	EO served on the Legislative Committee until October 2021.
				M	

## STATUS OF CURRENT YEAR WORK PLAN (FISCAL YEAR 2022)

	PROJECT DESCRIPTION	ACTIVITIES / TIMELINE	RESOURCES	PRIORITY*	STATUS
		Commission takes positions and submit letters on proposed legislation			
	Respond to public enquiries re. LAFCO policies, procedures and application filing requirements	Timely response to public inquiries Update the PRA form for the website Document research on complex inquiries Report to Commission on complex inquiries	Staff	H L L H	Ongoing.  High volume of enquiries and PRA requests.
SERVICE REVIEWS, SPECIAL STUDIES & SPHERE OF INFLUENCE UPDATES	Countywide Fire Service Review	Participate in consultant selection, negotiate contract Manage consultant's work and contract Coordinate TAC meetings Prepare and distribute stakeholder/public outreach material Coordinate stakeholder / public engagement process Prepare current maps of service provider agencies Attend stakeholder interviews with consultant Work with consultant on any data collection issues Review and comment on administrative draft reports Distribute Public hearing notices and coordinate community workshops and public hearings	Staff / Consultant	H	Retained consultant. Prepared stakeholder and public outreach material and conducted community meetings.  Consultant contract terminated in January 2022.  Working on next steps and retaining a new consultant.

## STATUS OF CURRENT YEAR WORK PLAN (FISCAL YEAR 2022)

	PROJECT DESCRIPTION	ACTIVITIES / TIMELINE	RESOURCES	PRIORITY*	STATUS
		Prepare staff reports with implementation recommendations  Follow up with agencies and report back to the commission			
	Continue to monitor implementation of recommendations from previous service reviews and conduct special studies, as necessary	RRRPD study – city took action to delay decision on consolidation	Staff	L	Pending city action  Follow up on new issues for other districts, upon request (LGCSO)
	Map Mutual Water companies	Initial maps complete, further work through service review	Staff	L	-
	Engage in or support grant / partnership opportunities on issues related to enhancing viability of agriculture, and climate smart growth	As needed, and as opportunities arise	Staff	L	-
	Compile and post JPA filings on the LAFCO website	Notice provided, gather JPA information through service review process	Staff	L	Ongoing
COMMISSION SUPPORT	Provide ongoing support to the 12 commissioners for regularly-scheduled Commission meetings, special meetings and Committee meetings (Finance Committee, Ad Hoc Committee on Organizational Assessment and the Fire Service Review TAC)	Prepare and distribute public hearing notices and agenda packets, provide staff support during the meetings, record minutes, broadcast meetings  Hold pre-agenda review meeting with Chair  Hold pre-meeting calls with individual commissioners to address agenda item questions  Process commissioner per diems for attendance at LAFCO meetings	Staff	H	Ongoing
	Keep the Commission informed	EO report	Staff	H	Ongoing

## STATUS OF CURRENT YEAR WORK PLAN (FISCAL YEAR 2022)

	PROJECT DESCRIPTION	ACTIVITIES / TIMELINE	RESOURCE S	PRIORITY*	STATUS
		off-agenda emails, as needed			
	Onboarding new Commissioners	Facilitate filing / completion of Form 700, commissioner pledge, ethics training.  Update LAFCO letterhead, directory, and website  Set up vendor accounts, provide parking permits  Conduct new Commissioner orientation  Recognize outgoing commissioners for service on LAFCO	Staff	H	New commissioner: Linda LeZotte
	Commissioners Selection Process	Inform appointing bodies of any upcoming vacancies and provide information on appointment criteria  Convene ISDSC committee meeting, as necessary  Coordinate public member selection process, as necessary	Staff	H	As needed
	Conduct a Strategic Planning Workshop	2018 Workshop re. LAFCO Communications and Outreach Plan	Staff / Consultant	L	On hold
	Commissioner participation in CALAFCO	Support commissioner participation in CALAFCO activities / or election to the CALAFCO Board	Staff	L	On hold
ADMINISTRATIVE PROJECTS	Prepare LAFCO annual work plan	March –June	Staff	H	In progress
	Prepare LAFCO annual budget	March –June	Staff	H	In progress
	Prepare LAFCO Annual Report	August 2021	Staff	H	Completed
	Prepare LAFCO Annual Financial Audit	October 2021 (Contract with Chavan Associates ends after FY 2021 Audit)	Consultant / Staff	H	Completed.

## STATUS OF CURRENT YEAR WORK PLAN (FISCAL YEAR 2022)

	PROJECT DESCRIPTION	ACTIVITIES / TIMELINE	RESOURCE S	PRIORITY*	STATUS
					Contract extended for FY 2023 and FY 2024
	Office / facility management	Coordinate with Building Manager on facilities issues  Coordinate with County re. computers/network, phone, printers, office security, procurement , installation & maintenance  Order and manage office supplies  Make travel arrangements and process expense reimbursements.  Process mileage reimbursements  Negotiate office space lease (current lease ends May 5, 2022)	Staff	H	Ongoing       Lease extended through April 2027
	Records management	Organize scan of LAFCO records to Electronic Document Management System (LaserFische)  Maintain LAFCO’s hard copy records  Maintain and enhance the LAFCO Website  Maintain LAFCO database	Staff/ Consultant  Staff	H  H H H	On hold   Ongoing
	Contracts and payments & receivables	Track consultant contracts and approve invoices  Approve vendor invoices / process annual payments for various services/ memberships	Staff	H	Ongoing

## STATUS OF CURRENT YEAR WORK PLAN (FISCAL YEAR 2022)

	PROJECT DESCRIPTION	ACTIVITIES / TIMELINE	RESOURCES	PRIORITY*	STATUS
ADMINISTRATIVE PROJECTS		Coordinate with County Controller's Office and track annual collection of payments from member agencies			
	Review and update LAFCO bylaws / administrative policies and procedures	Ongoing, as needed	Staff	H	Ongoing
	Staff training and development	CALAFCO workshops, conferences, relevant courses	Staff	M	CALAFCO Workshop cancelled
	Coordinate with County on administrative issues	Attend monthly meetings with the Deputy County Executive	Staff	H	Ongoing
	Staff performance evaluation	April - October 2021	Staff/Commission	H	Completed in 2021. In progress
	Comprehensive Organizational Assessment Study – implementation	As needed	Staff/Commission	H	Pending result of County study in progress
	Recruitment and training of LAFCO staff	One LAFCO Analyst position currently vacant –recruitment pending County Classification study results	Staff	H	Pending result of County study in progress
	Other administrative functions mandated of a public agency (Form 806, maintaining liability/workers comp insurance, etc.)	Ongoing	Staff	H	Ongoing

**FY 2008 - FY 2021 LAFCO FINANCIALS**  
**March 2022**

**ITEM # 9**  
**Attachment B**

ITEM NO. TITLE	ACTUALS FY 2008	ACTUALS FY 2009	ACTUALS FY 2010	ACTUALS FY 2011	ACTUALS FY 2012	ACTUALS FY 2013	ACTUALS FY 2014	ACTUALS FY 2015	ACTUALS FY 2016	ACTUALS FY 2017	ACTUALS FY 2018	ACTUALS FY 2019	ACTUALS FY 2020	ACTUALS FY 2021
<b>EXPENDITURES</b>														
Salary and Benefits	\$356,009	\$400,259	\$406,650	\$413,966	\$393,194	\$411,929	\$450,751	\$466,755	\$484,216	\$514,381	\$628,534	\$713,900	\$744,439	\$730,716
Object 2: Services and Supplies														
5255100 Intra-County Professional	\$66,085	\$57,347	\$13,572	\$4,532	\$6,118	\$5,260	\$5,663	\$4,379	\$18,523	\$1,292	\$703	\$3,593	\$346	\$201
5255800 Legal Counsel	\$0	\$9,158	\$67,074	\$52,440	\$48,741	\$56,791	\$53,550	\$52,854	\$57,498	\$71,131	\$59,400	\$72,276	\$69,975	\$65,791
5255500 Consultant Services	\$19,372	\$75,000	\$76,101	\$58,060	\$102,349	\$59,563	\$35,602	\$37,250	\$39,625	\$0	\$45,000	\$52,650	\$106,709	\$41,966
5285700 Meal Claims	\$0	\$368	\$277	\$288	\$379	\$91	\$228	\$209	\$367	\$50	\$901	\$257	\$166	\$0
5220100 Insurance	\$491	\$559	\$550	\$4,582	\$4,384	\$4,378	\$4,231	\$4,338	\$4,135	\$4,679	\$4,893	\$5,296	\$5,893	\$10,452
1151 Office Expenses	\$1,056	\$354	\$716	\$639	\$1,212	\$536	\$850	\$783	\$6,266	\$48,632	\$15,412	\$4,702	\$2,544	\$1,151
5270100 Rent and Lease											\$41,120	\$39,360	\$44,478	\$46,254
5255650 Data Processing Services	\$8,361	\$3,692	\$3,505	\$1,633	\$3,384	\$1,663	\$3,311	\$9,024	\$1,519	\$6,869	\$877	\$11,894	\$15,500	\$21,223
5225500 Commissioners' Fee	\$5,700	\$5,400	\$3,500	\$3,400	\$4,000	\$4,900	\$5,800	\$4,900	\$6,700	\$5,300	\$5,400	\$5,000	\$4,600	\$6,100
5260100 Publications and Legal Notices	\$1,151	\$563	\$1,526	\$363	\$916	\$222	\$378	\$2,484	\$487	\$191	\$145	\$192	\$44	\$90
5245100 Membership Dues	\$5,500	\$7,000	\$7,000	\$7,000	\$7,000	\$14,473	\$0	\$7,428	\$7,577	\$8,107	\$8,674	\$9,615	\$11,822	\$12,144
5250750 Printing and Reproduction	\$5	\$0	\$0	\$0	\$0	\$0	\$9	\$177	\$703	\$0	\$0	\$0	\$799	\$0
5285800 Business Travel	\$7,238	\$8,415	\$4,133	\$8,309	\$3,095	\$4,777	\$5,800	\$4,042	\$5,811	\$3,877	\$13,091	\$4,260	\$6,908	\$0
5285300 Private Automobile Mileage	\$1,016	\$704	\$832	\$1,185	\$615	\$424	\$409	\$396	\$1,009	\$1,264	\$590	\$689	\$696	\$61
5285200 Transportation&Travel (County Car Us	\$894	\$948	\$629	\$0	\$384	\$250	\$371	\$293	\$559	\$605	\$0	\$328	\$256	\$0
5281600 Overhead	\$42,492	\$62,391	\$49,077	\$46,626	\$60,647	\$43,133	\$42,192	\$34,756	\$49,452	\$0	\$28,437	\$69,944	\$4,505	\$30,917
5275200 Computer Hardware	\$0	\$451	\$0	\$83	\$2,934	\$1,791	\$2,492	\$0	\$106	\$0	\$0	\$773	\$0	\$0
5250800 Computer Software	\$0	\$0	\$626	\$314	\$579	\$3,124	\$933	\$1,833	\$2,079	\$754	\$4,505	\$3,012	\$1,200	\$4,708
5250250 Postage	\$1,160	\$416	\$219	\$568	\$309	\$589	\$246	\$597	\$411	\$209	\$183	\$117	\$73	\$184
5252100 Staff Training Programs	\$0	\$665	\$491	\$250	\$300	\$0	\$0	\$1,431	\$0	\$0	\$0	\$350	\$525	\$70
5701000 Reserves	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>TOTAL EXPENDITURES</b>	<b>\$516,530</b>	<b>\$633,691</b>	<b>\$636,478</b>	<b>\$604,238</b>	<b>\$640,540</b>	<b>\$613,895</b>	<b>\$612,816</b>	<b>\$633,929</b>	<b>\$687,043</b>	<b>\$667,342</b>	<b>\$857,865</b>	<b>\$998,208</b>	<b>\$1,021,478</b>	<b>\$972,028</b>
<b>REVENUES</b>														
4103400 Application Fees	\$46,559	\$41,680	\$35,576	\$48,697	\$37,426	\$45,458	\$63,561	\$27,386	\$146,168	\$20,436	\$29,864	\$33,049	\$7,587	\$34,622
4301100 Interest: Deposits and Investments	\$24,456	\$16,230	\$6,688	\$4,721	\$4,248	\$3,416	\$2,674	\$2,844	\$6,073	\$10,830	\$12,620	\$12,141	\$18,176	\$10,488
3400150 Fund Balance from Previous FY	\$271,033	\$368,800	\$334,567	\$275,605	\$209,987	\$208,219	\$160,052	\$226,111	\$187,310	\$293,489	\$331,177	\$314,693	\$352,123	\$312,351
<b>TOTAL REVENUE</b>	<b>\$342,048</b>	<b>\$426,711</b>	<b>\$376,831</b>	<b>\$329,023</b>	<b>\$251,661</b>	<b>\$257,092</b>	<b>\$226,287</b>	<b>\$256,341</b>	<b>\$339,551</b>	<b>\$324,755</b>	<b>\$373,661</b>	<b>\$359,883</b>	<b>\$377,886</b>	<b>\$357,461</b>
<b>NET LAFCO OPERATING EXPENSES</b>	<b>\$174,482</b>	<b>\$206,980</b>	<b>\$259,648</b>	<b>\$275,215</b>	<b>\$388,879</b>	<b>\$356,802</b>	<b>\$386,529</b>	<b>\$377,588</b>	<b>\$347,492</b>	<b>\$342,587</b>	<b>\$484,204</b>	<b>\$638,325</b>	<b>\$643,592</b>	<b>\$983,785</b>
3400800 RESERVES AVAILABLE				\$100,000	\$100,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$250,000	\$250,000
<b>COSTS TO AGENCIES</b>														
5440200 County	\$271,641	\$270,896	\$267,657	\$292,601	\$298,597	\$281,780	\$156,002	\$187,521	\$220,668	\$225,778	\$266,298	\$277,942	\$381,904	\$327,928
4600100 Cities (San Jose 50% +other cities 50%)	\$271,641	\$270,896	\$267,657	\$292,601	\$298,597	\$282,625	\$156,002	\$187,521	\$220,668	\$225,778	\$266,298	\$277,942	\$381,904	\$327,928
4600100 Special Distrcits							\$296,892	\$187,521	\$220,668	\$225,778	\$266,298	\$277,942	\$381,904	\$327,928



## PROPOSED WORK PLAN FOR FISCAL YEAR 2023

**ITEM # 9**  
**Attachment C**

**PRIORITY\***    H - High Priority (essential activities: state mandate, Commission directive, requirements)  
                      M - Medium Priority (important, provided resources allow or time permits)  
                      L - Low Priority (desirable provided resources allow or time permits, not urgent)

	PROJECT DESCRIPTION	ACTIVITIES / TIMELINE	RESOURCES	PRIORITY*
<b>LAFCO APPLICATIONS</b>	Process applicant initiated LAFCO proposals	Encourage pre-application meetings prior to application submittal  Conduct pre-agenda meetings with County Depts to obtain Assessor & Surveyor reports, as needed  Process applications per CKH Act requirements: issue Notice of Application, Certificate of Filing / Sufficiency, Public Hearing Notice, staff report, conduct protest proceedings, as needed	Staff	H
	Comment on potential LAFCO applications, relevant projects & development proposals, city General Plan updates and/ or related environmental documents	Ongoing, as needed	Staff	H
	Review and update LAFCO policies for context, clarity and consistency with State law	In progress	Staff / Consultant	H
	Prepare flowcharts for LAFCO processes and update application packets for current requirements and ease of public use	Upon completion of policies update	Staff	L
<b>ISLAND ANNEXATIONS</b>	Conduct outreach to cities with islands, follow up on responses including review/research of city limits/ USA boundaries, provide assistance with annexations or necessary USA amendments	Prepare and distribute island maps to cities	Staff	L
	Facilitate interagency discussions to support remaining island annexations	Monte Sereno	Staff	H
	Review and finalize city-conducted island annexations	Ongoing, as needed	Staff	H

## PROPOSED WORK PLAN FOR FISCAL YEAR 2023

	PROJECT DESCRIPTION	ACTIVITIES / TIMELINE	RESOURCES	PRIORITY*
OUTREACH, GOVERNMENT / COMMUNITY RELATIONS & CUSTOMER SERVICE	Conduct outreach to increase awareness of LAFCO's role	Presentations to cities, other agencies on LAFCO, as relevant	Staff	L
		Distribute LAFCO communications material to elected officials and staff of cities, special districts and the County		M
		Seek exhibit opportunities at public spaces / events		L
		Maintain website as the primary information resource on LAFCO		H
		Increase social media presence (Twitter)		L
	Engage and establish relationships with local (cities, districts, county), regional (ABAG/MTC), state (SGC, OPR, DoC, SWRCB) agencies, organizations such as SDA, SCCAPO, CALAFCO, other stakeholder groups	Attend regular meetings of SDA (quarterly), SCCAPO (monthly), County Planning Dept.(quarterly)	Staff	M
		Small water systems issues / legislation		M
		Collaborate with agencies and entities with goals common to LAFCO		M
	Track LAFCO related legislation	EO attends CALAFCO Legislative Committee meetings	Staff	L
		Commission takes positions and submits letters on proposed legislation		M
	Respond to public enquiries re. LAFCO policies, procedures and application filing requirements	Timely response to public inquiries	Staff	H
		Update the PRA form for the website		L
		Document research on complex inquiries		L
		Report to Commission on complex inquiries		H

## PROPOSED WORK PLAN FOR FISCAL YEAR 2023

	PROJECT DESCRIPTION	ACTIVITIES / TIMELINE	RESOURCES	PRIORITY*
SERVICE REVIEWS, SPECIAL STUDIES & SPHERE OF INFLUENCE UPDATES	Countywide Fire Service Review	Manage new consultant's work and contract Coordinate TAC meetings Attend stakeholder interviews with consultant Work with consultant on any data collection issues Review and comment on administrative draft reports Distribute Public hearing notices and coordinate community workshops and public hearings Prepare and distribute stakeholder/public outreach material Coordinate stakeholder / public engagement process Prepare staff reports with implementation recommendations Follow up with agencies and report back to the commission	Staff / Consultant	H
	Continue to monitor implementation of recommendations from previous service reviews and conduct special studies, as necessary	RRRPD study – city took action to delay decision on consolidation	Staff	L
	Map Mutual Water companies	Initial maps complete, further through service review	Staff	L
	Engage in or support grant / partnership opportunities on issues related to enhancing viability of agriculture, and climate smart growth	As needed, and as opportunities arise	Staff	L
	Compile and post JPA filings on the LAFCO website	Notice provided, gather JPA information through service review process	Staff	L

## PROPOSED WORK PLAN FOR FISCAL YEAR 2023

	PROJECT DESCRIPTION	ACTIVITIES / TIMELINE	RESOURCES	PRIORITY*
COMMISSION SUPPORT	Provide ongoing support to the 12 commissioners for regularly-scheduled Commission meetings, special meetings and Committee meetings (Finance Committee, Ad Hoc Committee on Organizational Assessment and the Fire Service Review TAC)	Prepare and distribute public hearing notices and agenda packets, provide staff support during the meetings, record minutes, broadcast meetings  Hold pre-agenda review meeting with Chair  Hold pre-meeting calls with individual commissioners to address agenda item questions  Process commissioner per diems for attendance at LAFCO meetings	Staff	H
	Keep the Commission informed	EO report  off-agenda emails, as needed	Staff	H
	Onboarding new Commissioners	Facilitate filing / completion of Form 700, commissioner pledge, ethics training.  Update LAFCO letterhead, directory, and website  Set up vendor accounts, provide parking permits  Conduct new Commissioner orientation  Recognize outgoing commissioners for service on LAFCO	Staff	H
	Commissioners Selection Process	Inform appointing bodies of any upcoming vacancies and provide information on appointment criteria  Convene ISDSC committee meeting, as necessary  Coordinate public member selection process, as necessary	Staff	H
	Conduct a Strategic Planning Workshop	2018 Workshop re. LAFCO Communications and Outreach Plan	Staff / Consultant	L
	Commissioner participation in CALAFCO	Support commissioner participation in CALAFCO activities / or election to the CALAFCO Board	Staff	L

## PROPOSED WORK PLAN FOR FISCAL YEAR 2023

	PROJECT DESCRIPTION	ACTIVITIES / TIMELINE	RESOURCES	PRIORITY*
ADMINISTRATIVE PROJECTS	Prepare LAFCO annual work plan	March –June	Staff	H
	Prepare LAFCO annual budget	March –June	Staff	H
	Prepare LAFCO Annual Report	August 2022	Staff	H
	Prepare LAFCO Annual Financial Audit	October 2022 (Contract with Chavan Associates extended for FY 2023 and FY 2024)	Consultant / Staff	H
	Office / facility management	Coordinate with Building Manager on facilities issues Coordinate with County re. computers/network, phone, printers, office security, procurement, installation & maintenance Order and manage office supplies Make travel arrangements and process expense reimbursements. Process mileage reimbursements Office space lease extended (lease extended through April 30, 2027)	Staff	H
	Records management	Organize scan of LAFCO records to Electronic Document Management System (LaserFische)	Staff/ Consultant	H
		Maintain LAFCO's hard copy records	Staff	H
		Maintain and enhance the LAFCO Website		H
		Maintain LAFCO database		H
	Contracts and payments & receivables	Track consultant contracts and approve invoices Approve vendor invoices / process annual payments for various services/ memberships Coordinate with County Controller's Office and track annual collection of payments from member agencies	Staff	H
	Review and update LAFCO bylaws / administrative policies and procedures	Ongoing, as needed	Staff	H

## PROPOSED WORK PLAN FOR FISCAL YEAR 2023

	PROJECT DESCRIPTION	ACTIVITIES / TIMELINE	RESOURCES	PRIORITY*
ADMINISTRATIVE PROJECTS	Staff training and development	CALAFCO workshops, conferences, relevant courses	Staff	M
	Coordinate with County on administrative issues	Attend monthly meetings with the Deputy County Executive	Staff	H
	Staff performance evaluation	April - October 2022	Staff/Commission	H
	Comprehensive Organizational Assessment Study – implementation	As needed	Staff/Commission	H
	Recruitment and training of LAFCO staff	One LAFCO Analyst position currently vacant – recruitment pending County Classification study results	Staff	H
	Other administrative functions mandated of a public agency (Form 806, maintaining liability/workers comp insurance, etc.)	Ongoing	Staff	H

**PROPOSED LAFCO BUDGET  
FISCAL YEAR 2022- 2023**

**ITEM # 9**  
**Attachment D**

ITEM #	TITLE	APPROVED BUDGET FY 2022	ACTUALS Year to Date 2/28/2022	PROJECTIONS Year End FY 2022	PROPOSED BUDGET FY 2023
<b>EXPENDITURES</b>					
Object 1: Salary and Benefits		\$844,239	\$412,232	\$691,414	\$810,419
Object 2: Services and Supplies					
5255100 Intra-County Professional		\$10,000	\$0	\$10,000	\$10,000
5255800 Legal Counsel		\$75,896	\$48,562	\$75,000	\$78,326
5255500 Consultant Services		\$150,000	\$25,239	\$100,000	\$150,000
5285700 Meal Claims		\$750	\$56	\$100	\$750
5220100 Insurance		\$8,500	\$8,590	\$8,590	\$9,237
5250100 Office Expenses		\$5,000	\$1,098	\$2,000	\$5,000
5270100 Rent & Lease		\$47,784	\$35,838	\$47,784	\$53,182
5255650 Data Processing Services		\$22,048	\$10,665	\$22,048	\$28,038
5225500 Commissioners' Fee		\$10,000	\$1,300	\$7,000	\$10,000
5260100 Publications and Legal Notices		\$1,000	\$551	\$1,000	\$1,000
5245100 Membership Dues		\$12,500	\$12,316	\$12,316	\$12,887
5250750 Printing and Reproduction		\$1,500	\$0	\$500	\$1,500
5285800 Business Travel		\$10,000	\$0	\$0	\$10,000
5285300 Private Automobile Mileage		\$1,000	\$7	\$150	\$1,000
5285200 Transportation&Travel (County Car Usage)		\$600	\$0	\$100	\$600
5281600 Overhead		\$49,173	\$24,587	\$49,173	\$30,041
5275200 Computer Hardware		\$3,000	\$0	\$1,000	\$3,000
5250800 Computer Software		\$5,000	\$853	\$4,000	\$5,000
5250250 Postage		\$1,000	\$3	\$500	\$1,000
5252100 Staff/Commissioner Training Programs		\$2,000	\$0	\$1,000	\$2,000
5701000 Reserves		-\$50,000	\$0	\$0	\$0
<b>TOTAL EXPENDITURES</b>		<b>\$1,210,990</b>	<b>\$581,897</b>	<b>\$1,033,675</b>	<b>\$1,222,980</b>
<b>REVENUES</b>					
4103400 Application Fees		\$30,000	\$24,077	\$30,000	\$30,000
4301100 Interest: Deposits and Investments		\$6,000	\$4,283	\$6,000	\$6,000
<b>TOTAL REVENUE</b>		<b>\$36,000</b>	<b>\$28,360</b>	<b>\$36,000</b>	<b>\$36,000</b>
3400150 FUND BALANCE FROM PREVIOUS FY		<b>\$288,660</b>	<b>\$312,351</b>	<b>\$312,351</b>	<b>\$201,006</b>
<b>NET LAFCO OPERATING EXPENSES</b>		<b>\$886,330</b>	<b>\$241,186</b>	<b>\$685,324</b>	<b>\$985,974</b>
3400800 RESERVES Available		<b>\$200,000</b>	<b>\$200,000</b>	<b>\$200,000</b>	<b>\$200,000</b>
<b>COSTS TO AGENCIES</b>					
5440200 County		\$295,443	\$295,443	\$295,443	\$328,658
4600100 Cities (San Jose 50% + Other Cities 50%)		\$295,443	\$295,443	\$295,443	\$328,658
4600100 Special Districts		\$295,443	\$295,443	\$295,443	\$328,658

March 14, 2022

**LAFCO COST APPORTIONMENT: COUNTY, CITIES, SPECIAL DISTRICTS**  
**Estimated Costs to Agencies Based on the Preliminary FY 2023 LAFCO Budget**

<b>Preliminary Net Operating Expenses for FY 2023</b>				<b>\$985,974</b>
<b>JURISDICTION</b>	<b>REVENUE PER 2018/2019 REPORT</b>	<b>PERCENTAGE OF TOTAL REVENUE</b>	<b>ALLOCATION PERCENTAGES</b>	<b>ALLOCATED COSTS</b>
<b>County</b>	<b>N / A</b>	<b>N / A</b>	<b>33.3333333%</b>	<b>\$328,658.00</b>
<b>Cities Total Share</b>			<b>33.3333333%</b>	<b>\$328,658.00</b>
San Jose	N / A	N / A	50.0000000%	\$164,329.00
Other cities share			50.0000000%	\$164,329.00
Campbell	\$64,536,222	1.7980522%		\$2,954.72
Cupertino	\$108,060,680	3.0106928%		\$4,947.44
Gilroy	\$125,345,516	3.4922679%		\$5,738.81
Los Altos	\$57,463,937	1.6010103%		\$2,630.92
Los Altos Hills	\$16,800,340	0.4680765%		\$769.19
Los Gatos	\$51,214,203	1.4268856%		\$2,344.79
Milpitas	\$216,026,300	6.0187372%		\$9,890.53
Monte Sereno	\$3,758,600	0.1047188%		\$172.08
Morgan Hill	\$110,550,245	3.0800549%		\$5,061.42
Mountain View	\$407,506,157	11.3535827%		\$18,657.23
Palo Alto	\$701,560,301	19.5462638%		\$32,120.18
Santa Clara	\$1,078,173,133	30.0391235%		\$49,362.98
Saratoga	\$34,095,585	0.9499416%		\$1,561.03
Sunnyvale	\$614,138,449	17.1105921%		\$28,117.66
<b>Total Cities (excluding San Jose)</b>	<b>\$3,589,229,668</b>	<b>100.0000000%</b>		<b>\$164,328.98</b>
<b>Total Cities (including San Jose)</b>				<b>\$328,657.98</b>
<b>Special Districts Total Share</b>		<b>(Fixed %)</b>	<b>33.3333333%</b>	<b>\$328,658.00</b>
Aldercroft Heights County Water District		0.06233%		\$204.85
Burbank Sanitary District		0.15593%		\$512.48
Cupertino Sanitary District		2.64110%		\$8,680.19
El Camino Healthcare District		4.90738%		\$16,128.50
Guadalupe Coyote Resource Conservation District		0.04860%		\$159.73
Lake Canyon Community Services District		0.02206%		\$72.50
Lion's Gate Community Services District		0.22053%		\$724.79
Loma Prieta Resource Conservation District		0.02020%		\$66.39
Midpeninsula Regional Open Space District		5.76378%		\$18,943.12
Purissima Hills Water District		1.35427%		\$4,450.92
Rancho Rinconada Recreation and Park District		0.15988%		\$525.46
San Martin County Water District		0.04431%		\$145.63
Santa Clara Valley Open Space Authority		1.27051%		\$4,175.63
Santa Clara Valley Water District		81.44126%		\$267,663.24
Saratoga Cemetery District		0.32078%		\$1,054.27
Saratoga Fire Protection District		1.52956%		\$5,027.02
South Santa Clara Valley Memorial District		0.03752%		\$123.31
<b>Total Special Districts</b>		<b>100.00000%</b>		<b>\$328,658.03</b>
<b>Total Allocated Costs</b>				<b>\$985,974.01</b>



**From:** nbailey <EZ0=gkst=721=nbailey=lmgc.org=bbosworth@cupertinosanitarydistrict.org>  
**Sent:** Friday, June 10, 2022 1:46 PM  
**To:** bbosworth@cupertinosanitarydistrict.org  
**Subject:** Cupertino / Tertiary Water

You don't often get email from ez0=gkst=721=nbailey=lmgc.org=bbosworth@cupertinosanitarydistrict.org. [Learn why this is important](#)

Hi Bill,

My name is Nick Bailey, and I am a Cupertino native as well as the General Manager of Lake Merced Golf Club and on the Board for the Northern California PGA. I am reaching out today as I've started to get involved in the city's review of Blackberry Farms Golf Course and am hopeful to help persuade them to keep the golf course open and operational. I myself grew up playing there as a junior golfer and would not be where I am today without that facility being open.

The reason I'm reaching out to you is because their two main issues being debated is water and an ongoing subsidy to the golf course. I can help with improving their operational costs, but water is still a challenge. Lake Merced here has had the benefit of using tertiary water for the last 20 years as we share an agreement with the city and our facility, Olympic Club and San Francisco Golf Club all use tertiary water, which is net positive to water basins vs. being an easy target for those looking for water conservation. What's interesting about Blackberry Farm is it has a nice corridor in which you have lots of undeveloped land and connection points to not only Blackberry Farms Golf Course and family center, but also McClellan Ranch Park, Deep Cliff Golf Course and Linda Vista Park, all heavy users of potable water. I don't have knowledge on how much water could be saved from Linda Vista or McClellan Ranch Park, but I do know that a lot of water is used at Blackberry Farms (\$60,000/year) and Deep Cliff (\$80,000/year) and that will only continue to escalate. Best guess I would think it may be as high as \$200,000/year for the parks and all of these locations.

Obviously putting in a tertiary plant and all that comes with it is expensive, time consuming, and challenging but you have at least 2.5 major users of water that all travel along your existing sewer lines along Stevens Creek that would do a lot of public good by converting to tertiary water, and you have buyers who would pay good money for that tertiary water. Maybe it's possible to get it to other nearby areas like Monta Vista HS, Kennedy and others, but I have no idea if/how on that.

I would welcome any insight you might have or if you wanted to jump on a call I would be happy to talk through it, or if this should be directed somewhere else please feel free to let me know. I acknowledge I have no knowledge as to the massive steps needed to create a treatment facility that could service something of this size nor the politics/legal/environmental challenges that come with it, but I'm happy to help in any way I can. I appreciate you giving it some thought either way as Blackberry Farms Golf Course is an important part of the Cupertino Parks in my opinion. My cell phone is 408.590.5866 if you would like to connect.

Thanks,



## **Nick Bailey**

General Manager  
Vice President, NCPGA

**Lake Merced Golf Club**  
2300 Junipero Serra Blvd.  
Daly City, CA 94015

**Phone:** 650-301-4162

**Email:** [nbailey@lmgc.org](mailto:nbailey@lmgc.org)  
[www.lmgc.org](http://www.lmgc.org)

CUPERTINO SANITARY DISTRICT  
AUDITED FINANCIAL STATEMENTS  
JUNE 30, 2021



**CUPERTINO SANITARY DISTRICT  
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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Cupertino Sanitary District  
Cupertino, California

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the business-type activities of Cupertino Sanitary District, (the "District") as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Cupertino Sanitary District as of June 30, 2021, and the respective changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Emphasis of Matter*

As discussed in Note 1, the financial statements present only the business-type activities and do not purport to, and do not present fairly the financial position of Cupertino Sanitary District, as of June 30, 2021, the changes in its financial position, and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

### *Other Matters*

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 7 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Summarized Comparative Information*

We have previously audited the District's June 30, 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 07, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

### *Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 28, 2022 on our consideration of Cupertino Sanitary District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of the effectiveness of the District's internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Cupertino Sanitary District's internal control over financial reporting and compliance.

*Harshmal & Company LLP*

Oakland, California  
May 28, 2022

**CUPERTINO SANITARY DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2021**

The following discussion and analysis of the Cupertino Sanitary District's (the "District") financial performance provide an overview of the District's financial activities for the fiscal year ended June 30, 2021. Please read it in conjunction with the District's basic financial statements following this section.

**FINANCIAL HIGHLIGHTS**

1. Change in Net Position at the end of FY 2020-21 is \$2,377,289 as compared to last fiscal year's amount of \$(11,348,175) which is an increase of \$13,725,464. Major differences between 2020 and 2021 are as follows:
2. Total operating revenue increased by \$1,190,169 (5.70%). This was the result of a \$957,808 (5.39%) increase in sewer service charges and a \$232,361 (7.50%) increase in revenue from permits, inspection, and other fees. The operating revenue from permits increased by 58% and was the primary driver for increased revenue from permits, inspections, and other fees.
3. Total non-operating revenue decreased by \$573,515 from \$537,135 to \$(36,380). This decrease was due to a decrease of unrealized gain on investments of fair market value of Santa Clara County Commingled Investment Pool (GASB 31) by \$332,051 from \$161,259 to \$(170,792) and a decrease in interest revenue of \$241,464 from \$375,876 to \$134,412.
4. The operating expenses decreased by \$13,108,810 because of large decreases in treatment plant capital costs and District capital project costs, which were substantially less than increases in costs for treatment plant operation and maintenance, sewer repair and maintenance, engineering and legal expenses as detailed below:
  - a. Sewage treatment plant cost decreased by \$11,019,364 primarily due to the decreased capital expenditure at the treatment plant. Capital costs decreased by \$11,307,476 and operation and maintenance costs increased by \$288,112 (4.69%) from \$6,138,028 to \$6,426,140. Capital projects that were planned to incur expenses this fiscal year at the treatment plant were delayed resulting in the reduced capital costs.
  - b. District capital project expenses for this fiscal year were \$62,184 as compared to \$2,293,155 for last fiscal year, a decrease of \$2,230,971. This primary reason for the larger capital outlay in 2020 was for the Prospect Pump Station Rehabilitation Project that was completed in 2020. The reduction in District capital project expenses was offset by an increase in financial resources dedicated to sewer repair and maintenance.
  - c. Repair and maintenance costs were \$3,829,891 for this fiscal year, which was \$516,199 more than the prior year. The District dedicated greater financial resources to sewer repairs and maintenance to offset savings from reduced capital project expenses. In addition, the cost of labor and materials has increased through the pandemic.
  - d. Engineering expenses increased by \$91,606 or 6.83% as compared to the previous fiscal year. The increased engineering costs are largely due to increased engineering required for permitting and checking and inspection for small projects and larger development projects. These increased costs are offset by the increased revenues from permits described above.
  - e. Legal expenses for the Common Interest Group litigation and the District Counsel legal services totaled \$703,417 for an increase of \$86,132 (13.95%).
  - f. Miscellaneous expenses decreased by \$108,807 from \$255,390 in 2020 to \$146,583 in 2021. In 2020 there were atypical miscellaneous expenses that were the result of refunding a portion of development fees charged in 2020. Refunds of this type were not as great in 2021.

**CUPERTINO SANITARY DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2021**

5. Current Assets increased by \$1,481,758 (7.24%) to \$21,953,155 from \$20,471,397. This is primarily due to an increase in cash of \$1,218,161. The capital unrestricted investment is being tracked separately for the future needs to fund City of San Jose treatment plant improvement cost with an annual transfer of cash into the unrestricted capital investment fund of \$300,000, now totaling \$3,000,000.
6. Noncurrent assets, which consist solely of capital assets decreased by \$365,428 (1.33%) from \$27,437,223 to \$27,071,795. This is the result of depreciation of assets.
7. Total Assets increased by \$1,116,330 from \$47,908,620 to \$49,024,950. This is approximately equal to the increase in cash.
8. The actual cash balance is \$18,857,205 as compared to previous fiscal year of \$17,639,044 or increase of \$1,218,161 as previously explained in the total current assets.
9. Net investment in capital assets are \$27,071,795 which reflects decrease of \$365,429 due to total new asset acquisitions of \$275,519 which was offset by annual depreciation of \$640,948.
10. Current liabilities increased by \$214,041 or 12% from \$1,796,348 to \$2,010,389. The increase is due to the portion of the Loan which is payable within one year as a result of payments to the City of San Jose and Santa Clara. In the prior fiscal year, only one loan payment was due, while two loan payments are due for each of the subsequent fiscal years. Other liabilities are primarily for the Common Interest Group Legal firm expenses.

**USING THIS ANNUAL REPORT**

This annual report consists of two parts: Management's Discussion and Analysis and Financial Statements. The Financial Statements also include notes that explain in more detail some of the information contained in those statements.

**Required Financial Statements**

District's financial statements report financial information about the District using accounting methods similar to those used by private sector companies. The Statement of Net Position includes all District's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and obligations to creditors (liabilities). It also provides the basis for computing rate of return, evaluating the capital structure of the District, and assessing the liquidity and financial flexibility of the District.

All of the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses, and Changes in Net Position. This statement measures the success of the District's operations over the past year and can be used to determine whether the District has successfully recovered all its costs through its user fees and other charges.

The final required financial statement is the Statement of Cash Flows. The primary purpose of this statement is to provide information about the District's cash receipts, cash disbursements and net changes in cash resulting from operating, investing, and capital and noncapital financing activities. It provides answers to questions such as, "Where did the cash come from?" "Cash was used for what purpose?" and "What was the change in cash balance during the reporting period?"



**CUPERTINO SANITARY DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2021**

**FINANCIAL ANALYSIS OF THE DISTRICT**

One of the most important questions asked about the District's finances is whether or not the District's overall financial position has improved or deteriorated. The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position report information about the District's activities in a way that will help answer this question. These two statements report the net position of the District and changes in them. You can think of District's net position - the difference between assets and liabilities - as one way to measure financial health or financial position. Over time, increases or decreases in District net position are one indicator of whether its financial health is improving or deteriorating. Other factors to consider include changes in economic conditions, population growth, and new or changed legislation.

**Changes in Net Position**

District's total net position increased from the previous year by \$2,377,289. The following condensed financial statements include summary figures from the statement of net position and the statement of revenue, expenses and changes in net position.

**CUPERTINO SANITARY DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2021**

**Condensed Statements of Net Position**

	<u>2021</u>	<u>2020</u>	<u>Change</u>	<u>%</u>
Current assets	\$21,953,155	\$ 20,471,397	\$ 1,481,758	7.24 %
Capital assets, net	<u>27,071,795</u>	<u>27,437,223</u>	<u>(365,428)</u>	<u>(1.33)%</u>
Total assets	<u>49,024,950</u>	<u>47,908,620</u>	<u>1,116,330</u>	<u>2.33 %</u>
Current liabilities	2,010,389	1,796,348	214,041	11.92 %
Noncurrent liabilities	<u>7,655,000</u>	<u>9,130,000</u>	<u>(1,475,000)</u>	<u>(16.16)%</u>
Total liabilities	<u>9,665,389</u>	<u>10,926,348</u>	<u>(1,260,959)</u>	<u>(11.54)%</u>
Net investment in capital assets	27,071,795	27,437,223	(365,428)	(1.33)%
Unrestricted net position	<u>12,287,766</u>	<u>9,545,049</u>	<u>2,742,717</u>	<u>28.73 %</u>
Total net position	<u>\$39,359,561</u>	<u>\$ 36,982,272</u>	<u>\$ 2,377,289</u>	<u>6.43 %</u>

In part, changes in the District's net position can be determined by reviewing the following condensed Statement of Revenue, Expenses, and Changes in Net Position.

**Condensed Statements of Revenues, Expenses and Changes in Net Position**

	<u>2021</u>	<u>2020</u>	<u>Change</u>	<u>%</u>
Operating revenue	\$ 22,074,449	\$ 20,884,280	\$ 1,190,169	5.70 %
Non-operating revenue	<u>(36,380)</u>	<u>537,135</u>	<u>(573,515)</u>	<u>(106.77)%</u>
Total revenues	<u>22,038,069</u>	<u>21,421,415</u>	<u>616,654</u>	<u>2.88 %</u>
Operating expenses	<u>19,660,780</u>	<u>32,769,590</u>	<u>(13,108,810)</u>	<u>(40.00)%</u>
Total expenses	<u>19,660,780</u>	<u>32,769,590</u>	<u>(13,108,810)</u>	<u>(40.00)%</u>
Changes in net position	2,377,289	(11,348,175)	13,725,464	(120.95)%
Net position, beginning	<u>36,982,272</u>	<u>45,397,139</u>	<u>(8,414,867)</u>	<u>(18.54)%</u>
Restatement	<u>-</u>	<u>2,933,308</u>	<u>(2,933,308)</u>	<u>(100.00)%</u>
Net position, beginning (restated)	<u>36,982,272</u>	<u>48,330,447</u>	<u>(11,348,175)</u>	<u>(23.48)%</u>
Net position, ending	<u>\$ 39,359,561</u>	<u>\$ 36,982,272</u>	<u>\$ 2,377,289</u>	<u>6.43 %</u>

**CUPERTINO SANITARY DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2021**

**CAPITAL ASSETS**

At the end of fiscal year 2021 the District had \$27,071,795 (net of accumulated depreciation) net investment in capital assets. The assets included: land, equipment, collection system consisting of subsurface lines, and sewage treatment plant capacity rights. Acquisitions for the fiscal year totaled \$275,519, while annual depreciation expense is \$640,948 or a net decrease of \$365,429. The following table summarizes the District's capital assets at historical costs for fiscal year ended June 30, 2021.

Land	\$ 16,897
Equipment	1,517,051
Sub Sewer System	34,886,899
Intangible Assets - Capacity Rights	<u>8,947,170</u>
Total Historical Cost of Capital Assets	<u>45,368,017</u>
Accumulated Depreciation	<u>(18,296,222)</u>
Total Capital Assets	\$ <u><u>27,071,795</u></u>

Additional information on capital assets can be found in Note 3 to the financial statements.

**RATES AND OTHER ECONOMIC FACTORS**

The District's elected officials consider many factors when setting the fiscal budget including the economy, increased salary and benefit costs for both District operations and the City of San Jose Treatment Plant operations, as well as increased capital improvement programs. In addition, the District's operation is governed in part by the requirements and provisions of the State Water Resources Control Board (SWRCB) that require adequate funding to cover the costs of operation, maintenance, and recurring capital replacement (OM&R) to be in compliance with the Sewer System Management Plan (SSMP).

The District is not subject to general economic conditions such as increases or decreases in property tax values or other types of revenues that vary with economic conditions such as sales taxes.

Accordingly, the District sets its rates to its users to cover the costs of OM&R and projected capital improvement cost plus any requirements in program costs. Increases in operating costs have been kept at or below inflationary levels in recent years for the District's portion of expenses. However, the San Jose Santa Clara Treatment Plant expenses have increased at higher rates due to rehabilitation or replacement of the plant's older infrastructure. The District has obtained a loan to pay for a portion of these capital expenses.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide our customers and creditors with a general overview of the District's finances, and demonstrate accountability for the money it receives. If you have any questions about this report, or need additional financial information, contact the District at 20863 Stevens Creek Blvd., Suite #100, Cupertino, California, 95014 or by calling (408) 253 7071.

**CUPERTINO SANITARY DISTRICT**  
**STATEMENTS OF NET POSITION - PROPRIETARY FUND**  
**JUNE 30, 2021**  
**(With comparative totals for June 30, 2020)**

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
Current assets		
Cash	\$ 18,857,205	\$ 17,639,044
Capital unrestricted investment	3,000,000	2,700,000
Accounts receivable	11,720	12,177
Interest receivable	24,789	63,529
Prepaid expenses	<u>59,441</u>	<u>56,647</u>
Total current assets	<u>21,953,155</u>	<u>20,471,397</u>
Noncurrent assets		
Capital assets, net	<u>27,071,795</u>	<u>27,437,223</u>
Total assets	<u>49,024,950</u>	<u>47,908,620</u>
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable	797,506	1,127,385
Other liabilities	222,883	188,963
Bonds payable - current portion (Note 7)	<u>990,000</u>	<u>480,000</u>
Total current liabilities	<u>2,010,389</u>	<u>1,796,348</u>
Noncurrent liabilities:		
Bonds payable - non-current portion (Note 7)	<u>7,655,000</u>	<u>9,130,000</u>
Total noncurrent liabilities:	<u>7,655,000</u>	<u>9,130,000</u>
Total liabilities	<u>9,665,389</u>	<u>10,926,348</u>
<b>NET POSITION</b>		
Net investment in capital assets	27,071,795	27,437,223
Unrestricted	<u>12,287,766</u>	<u>9,545,049</u>
Total net position	<u>39,359,561</u>	<u>36,982,272</u>
Total liabilities and net position	<u>\$ 49,024,950</u>	<u>\$ 47,908,620</u>

The accompanying notes are an integral part of these financial statements.

**CUPERTINO SANITARY DISTRICT**  
**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION -**  
**PROPRIETARY FUND**  
**FOR THE YEAR ENDED JUNE 30, 2021**  
**(With comparative totals for year ended June 30, 2020)**

	<u>2021</u>	<u>2020</u>
<b><i>OPERATING REVENUES</i></b>		
Sewer service charges	\$ 18,743,932	\$ 17,786,124
Permits, inspection, and other fees	<u>3,330,517</u>	<u>3,098,156</u>
Total operating revenues	<u>22,074,449</u>	<u>20,884,280</u>
<b><i>OPERATING EXPENSES</i></b>		
Sewage treatment	9,133,527	20,152,891
District capital outlay	62,184	2,293,155
Management services	869,064	565,512
Legal costs	703,417	617,285
Engineering	1,433,307	1,341,701
Office expenses	3,619	6,337
Repairs & maintenance	3,829,891	3,312,260
Outfall maintenance and capital	2,279,981	2,425,526
Utilities	66,285	66,490
Membership fees	36,368	45,889
Insurance	102,891	130,901
Emergency expenses	118,465	93,651
Depreciation	640,948	627,550
Loan repayment	-	634,917
Interest expenses	234,250	200,135
Miscellaneous	<u>146,583</u>	<u>255,390</u>
Total operating expenses	<u>19,660,780</u>	<u>32,769,590</u>
Net operating income (loss)	<u>2,413,669</u>	<u>(11,885,310)</u>
<b><i>NON-OPERATING REVENUES (EXPENSES)</i></b>		
Interest income	134,412	375,876
Unrealized gain/(loss) on investments fair value	<u>(170,792)</u>	<u>161,259</u>
Total non-operating revenues (expenses)	<u>(36,380)</u>	<u>537,135</u>
Change in net position	2,377,289	(11,348,175)
Net position, beginning of year	<u>36,982,272</u>	<u>45,397,139</u>
<i>Restatement</i>	<u>-</u>	<u>2,933,308</u>
Net position, beginning of year ( <i>restated</i> )	<u>36,982,272</u>	<u>48,330,447</u>
Net position, end of year	<u><u>\$ 39,359,561</u></u>	<u><u>\$ 36,982,272</u></u>

The accompanying notes are an integral part of these financial statements.

**CUPERTINO SANITARY DISTRICT**  
**STATEMENTS OF CASH FLOWS - PROPRIETARY FUND**  
**FOR THE YEAR ENDED JUNE 30, 2021**  
**(With comparative totals for year ended June 30, 2020)**

	<u>2021</u>	<u>2020</u>
<b>Cash flows from operating activities:</b>		
Cash received from customers and other sources	\$ 21,904,114	\$ 21,043,151
Cash paid to suppliers and service providers	<u>(19,318,585)</u>	<u>(31,178,234)</u>
Net cash provided (used) by operating activities	<u>2,585,529</u>	<u>(10,135,083)</u>
<b>Cash flows from investing activities:</b>		
Interest received	173,151	375,876
Acquisitions of capital assets	<u>(275,519)</u>	<u>(573,356)</u>
Net cash provided (used) by investing activities	<u>(102,368)</u>	<u>(197,480)</u>
<b>Cash flows from capital and related financing activities:</b>		
Repayment of Loan	(965,000)	-
Proceeds from Loan	<u>-</u>	<u>10,000,000</u>
Net cash provided (used) from financing activities	<u>(965,000)</u>	<u>10,000,000</u>
Net change in cash	1,518,161	(332,563)
Cash, beginning of year	<u>20,339,044</u>	<u>20,671,607</u>
Cash, end of year	<u>\$ 21,857,205</u>	<u>\$ 20,339,044</u>
<b>Reconciliation of operating income to net cash provided (used) by operating activities:</b>		
Operating income (loss)	\$ 2,413,669	\$ (11,885,310)
Adjustments to reconcile change in net position to cash flows from operating activities:		
Unrealized gain/(loss) on investments fair value	(170,792)	161,259
Depreciation	640,948	627,550
(Increase) decrease in operating assets:		
Accounts receivable	457	(2,389)
Prepaid expenses	(2,794)	(1,382)
Increase (decrease) in operating liabilities:		
Accounts payable	(329,879)	809,221
Accrued liabilities	<u>33,920</u>	<u>155,968</u>
Net cash provided (used) by operating activities	<u>\$ 2,585,529</u>	<u>\$ (10,135,083)</u>

The accompanying notes are an integral part of these financial statements.

**CUPERTINO SANITARY DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. General**

The Cupertino Sanitary District (the "District") is a separate governmental unit established as a special district of the State of California. The District was organized on December 28, 1953 as County Sanitation District No. 7; and reorganized April 30, 1956 as the Cupertino Sanitary District. Through an agreement with the City of San Jose and Santa Clara for treatment and disposal services, the District provides sewage collection services to the area in and around the Cities of Cupertino and Saratoga in Santa Clara County. Revenues are derived principally from sewer service charges collected from commercial and residential users within the District.

**B. Reporting Entity**

Although the nucleus of financial reporting entity usually is a primary government, an organization other than a primary government, such as a stand-alone government, may serve as the nucleus for its financial reporting entity when the stand-alone government provides separately issued financial statements. A stand-alone government is a legally separate government organization that has a separately elected governing body and does not meet the definition of a component unit. Cupertino Sanitary District meets the criteria as a stand-alone government, and accordingly, is accounted for and reported on as though it were a primary government.

For financial reporting purposes and in conformity with the Governmental Accounting Standards Board ("GASB") Codification Section 2100 which defines the governmental reporting entity, the District includes all funds that are controlled by, or are dependent on the Board of Directors of the District. Since no other entities are controlled by, or rely upon the District, the reporting entity consists solely of the District.

**C. Fund Accounting Classification**

The financial statements of the District are presented as those of an enterprise fund under the broad category of funds called proprietary funds, which also include internal service funds. Enterprise funds account for operations that are financed and operated in a manner similar to private business enterprise, where the intent is that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges. The acquisition and capital improvement of the physical plant facilities required to provide these goods and services can be financed from existing cash resources, cash flow from operations, the issuance of bonds, and contributed capital.

**D. Basis of Accounting**

Enterprise funds are accounted for using the accrual basis of accounting. Revenues are recognized when they are earned, and expenses are recognized when they are incurred. The District follows Alternative 1 of GASB 20 regarding the use of the pronouncements of the Governmental Accounting Standards Board ("GASB") and Financial Accounting Standards Board ("FASB") in its accounting. That is, the District follows: (1) all GASB pronouncements and (2) FASB pronouncements, Accounting Principles Board ("APB") Opinions, and Accounting Research Bulletins ("ARB"), that do not conflict with GASB pronouncements.

The District distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the District's principal ongoing operations. The principal operating revenues of the District are charges to customers for sales and services. Operating expenses for the District include the cost of sales and services, administrative expenses, and depreciation on capital assets.

**CUPERTINO SANITARY DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D**

**D. Basis of Accounting - cont'd**

All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. Net positions are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws and regulations of other governments. The District first applies restricted revenues when an expense is incurred for purposes for which both restricted and unrestricted net positions are available.

**E. Capital Assets and Depreciation**

Property, plant, and equipment purchased are stated at cost. Subsurface sewer lines, equipment, and land and improvements contributed to the District are stated at estimated value at time of contribution. Depreciation is provided using the straight-line method over estimated useful lives. The range of estimated useful lives by type of asset is as follows:

<u>Depreciable Assets</u>	<u>Estimated Life</u>
Equipment	7 years
Pump stations	15 years
Sewer collection facilities	50 years

The District's threshold for capitalization is \$5,000. Intangible assets with indefinite useful lives (capacity rights) are not depreciated.

**F. Statements of Cash Flows**

For purposes of the statement of cash flows, all highly liquid investments with maturities of three months or less, when purchased, are considered cash equivalents.

**G. Equity Classifications**

In the government-wide and proprietary fund financial statements, equity is classified as net position and divided into three components:

- *Net Investment in Capital Assets* - This category groups all capital assets into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets reduce the balance in this category.
- *Restricted Net Position* - Consists of net position with constraints placed on the use either by external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or law through constitutional provisions or enabling legislation. The District has no restricted net position as of June 30, 2021.
- *Unrestricted Net Position* - This category represents net position of the District, not restricted for any project or other purposes.



**CUPERTINO SANITARY DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D**

**H. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**NOTE 2 - CASH AND INVESTMENTS**

The cash balance of the District is pooled and invested by the County's Treasurer in the pooled cash investment program ("Pool") for the purpose of increasing earnings through investment activities. The County's pooled deposits and investments are regulated by California Government Code and by a County investment policy approved annually by the County Treasury Oversight Committee and the Board. At fiscal year end, the County provides the participants' the pooled investments' fair value, based on quoted market prices. The County allocates interest to the District based on the District's average daily cash balance relative to the entire Pool. The value of the participants' pool shares that may be withdrawn is determined on an amortized basis, which is different than the fair value of the participants' positions in the pool. In addition, the County's investment pool is not rated by any of the credit rating agencies.

The County's commingled pool consists of cash in bank, U.S. government and agency securities, corporate bonds, negotiable certificates of deposit, commercial paper, securities lending collateral, and deposits in the State's Local Agency Investment Fund. Additional information regarding the County's investment policy and cash and investments, including interest rate risk, credit risk, custodial credit risk categories, securities lending transactions, and maturities of the different categories of investments, can be found in the County's notes to the basic financial statements. The cash in bank is insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Cash and investments at June 30, 2021 consists of the following:

	<u>Amount</u>
Cash and investments:	
Cash with County Treasury common pool	\$ 18,660,219
Cash in bank	<u>3,196,986</u>
Total cash and investments	<u><u>\$ 21,857,205</u></u>

Governmental Accounting Standards Board, Statement No. 31, "Accounting and Financial Reporting for Certain Investment and for External Investment Pools" establishes accounting and financial reporting standards for all investments held by governmental external investment pools. The statement requires governmental entities to report investments at fair value. The original cost of cash with County Treasury common pool as of June 30, 2021 is \$18,598,059.

**CUPERTINO SANITARY DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 3 - CAPITAL ASSETS**

The capital asset activity for the year ended June 30, 2021 is as follows:

	<u>June 30,</u> <u>2020</u>	<u>Prior Period</u> <u>Adjustment</u>	<u>June 30, 2020</u> <u>Restated</u>	<u>Increase</u>	<u>June 30,</u> <u>2021</u>
Capital assets, not being depreciated:					
Intangible assets - capacity rights	\$ 8,947,170	\$ -	\$ 8,947,170	\$ -	\$ 8,947,170
Land	<u>16,897</u>	<u>-</u>	<u>16,897</u>	<u>-</u>	<u>16,897</u>
Total capital assets, not being depreciated	<u>8,964,067</u>	<u>-</u>	<u>8,964,067</u>	<u>-</u>	<u>8,964,067</u>
Capital assets, being depreciated:					
Equipment	1,482,035	-	1,482,035	35,016	1,517,051
Sub Sewer System	<u>32,280,177</u>	<u>2,366,219</u>	<u>34,646,396</u>	<u>240,503</u>	<u>34,886,899</u>
Total capital assets, being depreciated	<u>33,762,212</u>	<u>2,366,219</u>	<u>36,128,431</u>	<u>275,519</u>	<u>36,403,950</u>
Less: accumulated depreciation	<u>(17,655,274)</u>	<u>-</u>	<u>(17,655,274)</u>	<u>(640,948)</u>	<u>18,296,222</u>
Total capital assets, being depreciated, net	<u>16,106,938</u>	<u>2,366,219</u>	<u>18,473,157</u>	<u>(365,429)</u>	<u>18,107,728</u>
Capital assets, net	<u>\$ 25,071,005</u>	<u>\$ 2,366,219</u>	<u>\$ 27,437,224</u>	<u>\$ (365,429)</u>	<u>\$27,071,795</u>

Depreciation expense for the year ended June 30, 2021 is \$640,948.

**NOTE 4 - COMMITMENTS AND CONTINGENT LIABILITIES**

The District has an agreement with the cities of San Jose and Santa Clara relating to the discharge of sewage into the San Jose-Santa Clara Regional Wastewater Facility (Plant). Total charges under this agreement for the year ended June 30, 2021 were \$9,133,527. These charges were calculated based on the District's share of budgeted Plant operating expenditures, estimated capital improvements to the Plant, and District's portion of the debt financing charges incurred by the Plant. The City of San Jose invoices the District for these charges throughout the year and then reconciles the payments made by the District to the actual expenses incurred by the wastewater plant subsequent to each fiscal year end. Prior year under or over payment made by the District versus actual expenses incurred by the treatment plant are now paid cash to the District in lieu of credit to the District in the third quarter of the subsequent year. As of end of FY 2020-21, District is required to pay cash for the treatment plant capital outlay without any long-term financing. City of San Jose provided preliminary capital budgets for next five fiscal years, totaling \$37,283,073 with next fiscal year amount of \$9,630,763. In anticipation of this, the District has been setting aside \$300,000 annually to meet these obligations under a cash investment fund that currently has \$3,000,000. The District has also secured a \$10 million loan to fund this treatment plant capital cost.

**CUPERTINO SANITARY DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 4 - COMMITMENTS AND CONTINGENT LIABILITIES - CONT'D**

The District has agreements with the City of Santa Clara and City of San Jose for the cost sharing of the joint interceptor.

The District does not hold title to any plant assets, nor is it directly or legally responsible for any related outstanding long-term debt moving forward. Currently, District's obligation for the payments of prior long-term financing has ended.

The District is a party to a legal proceeding with four other parties (Collectively, the Tributary Agencies) as plaintiffs, where the Tributary Agencies were indebted for services and charges billed in the amount of \$153,209, of which the District's share is 37.15%, or \$56,917.

**NOTE 5 - RISK MANAGEMENT**

The District is exposed to various risk of loss related to torts; theft of, damage to, and destructions of assets; errors and omissions; injuries to third parties and natural disasters. The District pays annual premiums to purchase commercial insurance through the California Sanitation Risk Management Authority (CSRMA) Primary Insurance Program to protect against these risks.

General Liability

General Aggregate (Bodily Injury, Property Damage and Medical)	\$	3,000,000
Products	\$	3,000,000
Personal and Advertising Injury	\$	1,000,000
Each Occurrence and Hired and Non-Owned Auto Liability	\$	1,000,000
Damage to Premises Rent	\$	1,000,000
Hired and Non-Owned Auto Liability	\$	1,000,000
Medical Expenses	\$	10,000

Public Officials and Management Liabilities

Wrongful Acts, Employment Practices and Employee Benefits - each Offense	\$	3,000,000
Excess Liability per occurrence and aggregate	\$	4,000,000

Crime Insurance

Government Crime Policy	\$	2,000,000
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Mobile Vehicle Program

Per Schedule - \$1,000,000 not exceeding \$500,000 any one item

**CUPERTINO SANITARY DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 6 - SUBSEQUENT EVENTS**

The District has evaluated all subsequent events through May 28, 2022, the date through which the financial statements were available to be issued.

The COVID\_19 pandemic is complex and rapidly evolving. At this point, we cannot reasonably estimate the duration and severity of this pandemic, which could have a material adverse impact on our business, results of operations, financial position and cash flows.

**NOTE 7 - LONG TERM LIABILITIES**

The following is a summary of changes in long-term liabilities for the year ended June 30, 2021:

	Balance at June 30, 2020	Adjustments	Retirements	Balance at June 30, 2021	Amount Due Within One Year
2019 tax-exempt government bond	\$10,000,000	\$ (390,000)	\$ (965,000)	\$8,645,000	\$ 990,000
Total	<u>\$10,000,000</u>	<u>\$ (390,000)</u>	<u>\$ (965,000)</u>	<u>\$8,645,000</u>	<u>\$ 990,000</u>

Annual maturities of the notes payable are as follows:

Year Ending,	Principal	Interest	Total
2022	\$ 990,000	\$ 210,000	\$ 1,200,000
2023	1,015,000	185,062	1,200,062
2024	1,040,000	159,563	1,199,563
2025	1,065,000	133,375	1,198,375
2026-2029	<u>4,535,000</u>	<u>258,562</u>	<u>4,793,562</u>
	<u>\$ 8,645,000</u>	<u>\$ 946,562</u>	<u>\$ 9,591,562</u>

**CUPERTINO SANITARY DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 8 - PRIOR PERIOD ADJUSTMENTS**

The following proprietary fund restatements were made for the fiscal year ended June 30, 2021.

- A. The District reconciled the Bonds payable, as a result of which prior period adjustments were made of \$200,136 and \$390,000 to the Statements of Net Position.
- B. Also, a prior period adjustment in Interest receivable was made for \$23,047 to correct the Interest receivable of Santa Clara County Commingled Investment Pool.
- C. The District also restated net assets in the amount of \$2,366,219 related to capital assets. This restatement was necessary due to prior year's adjustment in capital assets.

Consequently, the accompanying financial statements have been restated to reflect these corrections as summarized below:

	Balance at July 01, 2020	Adjustments		Adjusted Balance at July 01, 2020
	<u>Debit (Credit)</u>	<u>Debit</u>	<u>Credit</u>	<u>Debit (Credit)</u>
Other liabilities	\$ (389,099)	\$ 200,136	\$ -	\$ (188,963)
Bonds payable - current portion	(870,000)	390,000	-	(480,000)
Interest receivable	86,576	-	23,047	63,529
Capital assets, net	<u>-</u>	<u>2,366,219</u>	<u>-</u>	<u>2,366,219</u>
	<u>\$ (1,172,523)</u>	<u>\$2,956,355</u>	<u>\$ 23,047</u>	<u>\$ (605,434)</u>

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

To the Board of Directors  
Cupertino Sanitary District  
Cupertino, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Cupertino Sanitary District (the "District") as of and for the year ended June 30, 2021, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated May 28, 2022.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of District internal control. Accordingly, we do not express an opinion on the effectiveness of District internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### *Compliance and Other Matters*

As part of obtaining reasonable assurance about whether Cupertino Sanitary District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### *Purpose of this Report*

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of the testing, and not to provide an opinion on the effectiveness of the entity internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Harshmal & Company LLP*

Oakland, California  
May 28, 2022

**CUPERTINO SANITARY DISTRICT  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2021**

**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements**

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified that are not considered to be material weakness?	None reported
• Noncompliance material to financial statements noted?	No



**AGREEMENT  
BETWEEN CITY OF SUNNYVALE AND CUPERTINO SANITARY DISTRICT  
FOR SEWER FLOW DIVERSION**

This AGREEMENT is made and entered into on Jun 2, 2022, 2022, by and between the City of Sunnyvale (CITY) and the CUPERTINO SANITARY DISTRICT (CuSD), also referred to as Party or collectively as PARTIES.

**RECITALS**

1. The CITY currently serves 91 homes in the area west of East Estates Drive and north of Bollinger Road in Cupertino, CA. This flow currently passes through a suspended pipeline over Calabazas Creek. This suspended pipeline must be taken out of service and removed in the Summer of 2022 to meet requirements of the Santa Clara Valley Water District (Valley Water). The CITY has proposed to transfer flow out of the existing CITY-owned sewer pipe bridge and into CuSD's sewer collection system. This 91-home flow is proposed to pass through CuSD's system to another location where the same approximate flow is transferred back into the CITY's system.
2. At the request of the CITY and with concurrence from the CuSD Board, CuSD staff has evaluated the feasibility of transferring flow from the CITY to CuSD.
3. CuSD staff determined that it is feasible and CuSD can accept and transfer the flow as described later in this document.
4. In addition to the proposed flow transfer and its associated construction and O&M requirements, the Parties also seek to resolve service area border discrepancies and at a future date, investigate the feasibility of a proposed wet weather flow transfer from CuSD to the CITY.

**NOW THEREFORE**, in consideration of and upon the terms and conditions hereinafter specified, the Parties agree as follows:

**1. Purpose of this Agreement**

The purpose of this Agreement is to provide the terms for the diversion and conveyance of flows from the CITY to CuSD on East Estates Drive, for deep cleaning of the siphons, for CCTV inspection and condition assessment and future rehabilitation or replacement of the siphon pipes, for the design and construction of a new diversion weir in CuSD manhole 2533-13, resolution of border parcel mapping discrepancies, and provisions for the CITY to evaluate its ability to provide 0.5 MGD of peak overflow capacity to CuSD

**2. Diversion of Flows**

Collection system improvements along the path of flow transfer are presented below in order from downstream to upstream.

**2.1 Diversion at South Tantau Avenue.**

- A. At the downstream end of the proposed flow transfer, the CITY has repaired an existing, previously unused 8-inch sewer pipe extending from CuSD sewer manhole 2533-13 at Shadygrove Drive north along S. Tantau Avenue to the CITY's sewer manhole A108-201 at Barnhart Avenue. This sewer is now available for the proposed flow transfer. Although previous ownership of this existing S. Tantau Avenue sewer is unclear, the Parties agree that it will now be owned and maintained by the CITY.

- B. The CITY agrees to design and construct a new diversion weir within CuSD manhole 2533-13 to send approximately 91 homes of flow into the CITY system. The Parties agree that the flow diversion will be approximately 15% of the total combined CITY & CUSD flow that reaches this manhole, based upon counts of homes upstream. Design of the weir is subject to approval by CuSD before construction. After initial installation of the weir, the CITY agrees to review data from CuSD's nearby sewer lift station and to make any adjustments to the weir system that may be warranted to achieve the desired approximate 91-home transfer.
- C. CuSD manhole 2533-13 will continue to be owned and maintained by CuSD. However, with CuSD approval, the CITY may install a hinged manhole lid and SmartCover water level sensor at this manhole, at CITY expense, to better understand sewer flow characteristics and to assist with weir design.

## **2.2 Flow transfer along shared pipes**

CuSD agrees to convey the CITY's flow from E. Estates Drive to S. Tantau Ave through several CuSD pipes including an existing CuSD owned inverted siphon across Calabazas Creek. The inverted siphon is over 60 years old and has accumulated grease in both twin 6-inch diameter pipes. This accumulation has likely reduced the effective carrying capacity of the siphon. The condition of the siphon pipes is unknown at the time of execution of this agreement. CuSD intends to clean and inspect the siphon pipes sometime after the proposed CITY flow transfer project has been implemented.

## **2.3 Diversion at E. Estates Drive**

At the upstream end of the proposed flow transfer at E. Estates Drive, the CITY agrees to construct a new approximate 20-foot long 8-inch sewer from CITY sewer manhole A130-211 to CuSD Flushing Inlet 2088-1F. The CITY will also replace the existing CuSD flushing inlet with a new manhole, to be owned and maintained by CuSD. The new 8-inch sewer will be owned and maintained by the CITY. Flow that previously traveled east across the sewer pipe bridge at Calabazas Creek from the CITY manhole will therefore travel north into CuSD's system.

## **2.4 Deep Cleaning of the Siphon**

CuSD agrees to perform a deep cleaning and CCTV inspection of the siphon pipes and assess their condition. If the pipes are significantly deteriorated, they will be replaced or rehabilitated to extend their useful life. CuSD will then develop a plan to regularly clean the grease build-up from the siphon barrels to sustain the capacity of twin 6-inch barrel siphon pipes.

## **3. Resolve Border Parcel Discrepancies.**

In accordance with LAFCO's Special Districts Service Review, Phase 2 dated December 4, 2013, there are several anomalous areas along CuSD's shared boundaries with other agencies where questions arose regarding which agency is currently providing services and which agency would likely be providing services in the future. Four such areas were identified within the City of Sunnyvale area and are designated by the letters B through E. LAFCO is requesting that these boundary issues be resolved.

For reference, the following items B through E are excerpted from LAFCO's Special Districts Service Review, Phase 2 dated December 4, 2013.

***Area B** (APNs 323-26-014, 323-26-033, 323-26-016, 323-26-034, and 323-26-077) is a commercial area that is within CuSD's bounds and SOI. The parcels in question are located within the City of Sunnyvale that provides its own wastewater collection services. The City and CuSD both reported that this area is in fact served by the City and will continue to be served by the City. It does not appear to be necessary for the territory to remain within CuSD's bounds; consequently, it is recommended that the area be excluded from CuSD's SOI and detached from the District (LAFCO action required).*



*Area C (APN 309-46-064) is a single parcel within the City of Sunnyvale that is also within CuSD's bounds and SOI. Both agencies corroborated that the parcel is receiving services from CuSD. The reasoning as to why this single parcel is connected to the CuSD system instead of the Sunnyvale system is unknown; however, given that any change in the connection would require infrastructure changes, it is likely that CuSD will continue to serve the area. It is recommended that the area remain within CuSD's SOI to reflect its current service area (No LAFCO action is required).*

*Area D is the remaining portion of the City of Cupertino that is not within CuSD and its SOI. The area is served by Sunnyvale, as the terrain is such that flow into the Sunnyvale system is appropriate. Given the topography and existing system infrastructure, it is unlikely that CuSD would take on services in this area, and it is recommended that CuSD's SOI remain unchanged in this area (No LAFCO action is required).*

*Area E is outside CuSD's bounds but within its SOI. Similar to Area D this area is served by the City of Sunnyvale. A sewer main transports the flow to the system in the eastern portion of the City of Cupertino. Given the existing system infrastructure, it is unlikely that CuSD would take on services in this area, and it is recommended that the area be excluded from CuSD's SOI (LAFCO action required).*

In addition to Areas B through E above, two other boundary issues have been identified. One is the aforementioned 91 homes on the west side of Calabazas Creek and the other is Sedgwick Elementary School at 19200 Phil Lane. Sanitary sewer service to both the 91 homes and the elementary school are currently provided by the CITY. However, they are incorrectly shown to be within CuSD's service area in the LAFCO mapping.

Both PARTIES desire to resolve the discrepancies described above. All LAFCO actions described above will be initiated and administered, including payment of fees, as described in Cost Sharing 5 D.

#### **4. Investigation of potential wet weather flow transfer from CuSD to the CITY**

CuSD wishes to reserve instantaneous peak wet weather overflow capacity of 139 gallons per minute (0.5 MGD) in the CITY's wastewater collection system. CITY agrees to make a good faith effort to investigate this possible flow transfer during future modeling efforts. If CITY is able to accept this flow, this transfer may happen at one or more locations, as mutually agreed upon by the CITY and CuSD.

As part of this good faith effort to investigate instantaneous peak flow transfer, CITY agrees to include 0.5 MGD in its analysis of future master planning and capital improvement planning for the collections system and the treatment plant. The CITY will share future master planning and capital improvement planning results as they relate to the proposed CuSD wet weather flow transfer. If the analysis determines that future projects can accommodate the requested capacity for the shared benefit of the CITY and CuSD, CITY agrees to implement those projects and CuSD agrees to pay the incremental costs associated with the benefit to CuSD as mutually agreed upon by the CITY and CuSD. If the analysis determines that the future projects would be required for the benefit of CuSD only, CuSD would be responsible for the costs of project implementation as mutually agreed upon by the CITY and CuSD.

#### **5. Cost Sharing**

- A. CITY agrees to a 38.5% percent share in the cost of a one-time deep cleaning of the dual 6-inch diameter siphons that cross Calabazas creek. This 38.5% share is based upon a count of CITY and CuSD homes upstream of the siphon. This cost to partially clean the siphon pipes on March 26, 2020 was \$7,500. It is estimated that the cost to perform a more comprehensive cleaning of the siphon pipes and remove the accumulated grease from the siphon pipes is approximately \$25,000. The CITY will pay CuSD 38.5% percent of the actual cost of the one-time deep cleaning of the siphon structure.
- B. CITY agrees to a 38.5% percent share in the cost of one-time CCTV inspection and condition assessment of the siphon pipes. If it is determined that the pipes need to be replaced or rehabilitated in the near term or in

the future, the CITY agrees to a 38.5% percent share in the cost of the one-time siphon pipe replacement or rehabilitation project.

- C. After the one-time deep cleaning, inspection, and possible repair or replacement of the shared siphon pipes, CuSD agrees to operate and maintain all shared pipes along the flow diversion path from E. Estates Drive to S. Tantau Avenue, including the siphon pipes, at its expense. It is anticipated and agreed that the frequency and level of effort necessary for cleaning and maintenance will not be significantly increased by the addition of CITY flows through the system.
- D. CITY agrees to perform all necessary coordination with LAFCO and to prepare and submit all necessary documents needed to implement the changes to the disputed border parcels that are listed above. CITY shall pay any LAFCO fees associated with mapping changes. CITY will submit a marked-up map showing the parcels of interest. If LAFCO requires a more formal exhibit that requires input from a surveyor, CuSD agrees to provide such an exhibit per the supplemental services as described in Item 5 E. below.
- E. Any supplemental services will be provided by CuSD and compensated by CITY using the CuSD hourly rate schedule that is current at the time services are rendered.

## **6. Invoicing and Payments**

For costs associated with the one-time cleaning, inspection, and possible repair or replacement of the siphon pipes, and for any other agreed upon expenses incurred by CuSD, the CITY will pay CuSD invoices within 45 days of receipt.

## **7. Term of the Agreement**

The Term of the Agreement will be for a period of 30 years from the effective date. At the end of the 30-year period, the Agreement will automatically renew for another 10-year period and every ten years thereafter unless notice of intent to terminate is made in writing at least five (5) years prior to expiration of the current term of the agreement in order to provide the time necessary to design and construct an alternative system.

## **8. Indemnification**

In lieu of, and notwithstanding the pro rata risk allocation which might otherwise be imposed between the parties pursuant to Government Code Section 895.6, the parties agree that all losses or liabilities incurred by a party shall not be shared pro rata but instead the CITY and CuSD agree that pursuant to Government Code Section 895.4, each of the parties hereto shall fully indemnify and hold each of the other parties, their officers, board members, employees and agents, harmless from any claim, expense or cost, damage or liability imposed for injury (as defined by Government Code Section 810.8) occurring by reason of the negligent acts or omissions or willful misconduct of the indemnifying party, its officers, board members, employees or agents, under or in connection with or arising out of any work, authority or jurisdiction delegated to such party under this Agreement. No party, nor any officer, board member, employee or agent thereof shall be responsible for any damage or liability occurring by reason of the negligent acts or omissions or willful misconduct of other parties hereto, their officers, board members, employees, or agents, under or in connection with or arising out of any work, authority or jurisdiction delegated to such other parties under this Agreement.

## **9. Governing Law and Compliance with Laws**

CITY and CuSD agree that California law will govern this Agreement. In the performance of this Agreement CITY and CuSD will comply with all applicable laws, ordinances, codes, and regulations of the federal, state, and local government. CuSD will comply with all applicable laws, ordinances, codes and regulations of the federal, state, and local government while conveying wastewater flows from the CITY system until CITY flows are returned back to the CITY system.

## **10. Notification**

Any and all notices or other communications required to be given hereunder will be deemed to have been delivered upon deposit in the United States mail, postage prepaid, addressed as specified below or as later amended in writing:

CITY  
City of Sunnyvale  
456 West Olive Avenue  
Sunnyvale, CA 94086  
Attn.: City Manager

CuSD  
Cupertino Sanitary District  
20863 Stevens Creek Blvd. Suite 100  
Cupertino, CA 95014  
Attn.: District Manager/Engineer

## **11. Successors and Assigns**

This Agreement, and all the terms, covenants, and conditions hereof, will apply to and bind the successors and assigns of the CITY and CuSD.

## **12. Signing by Counterpart**

This Agreement may be signed in counterpart and each signed document will constitute the whole as if a single document was signed by both PARTIES.

## **13. Venue**

In the event that suit is brought by either CITY or CuSD, each agrees that venue will be exclusively vested in the state courts of the County of Santa Clara.

## **14. Disputes**

- A. This Agreement requires that CITY and CuSD work together in good faith to achieve the intent of this Agreement. In the event that a dispute arises as to the proper interpretation of the respective obligations and responsibilities of the parties under this Agreement, or as to any other aspect of this Agreement, CITY and CuSD agree that they each will assign the appropriate individuals to meet and make good faith efforts to negotiate in order to arrive at a resolution of the dispute.
- B. If after employing this informal resolution process either CITY or CuSD may request an independent, mutually agreed upon mediator to facilitate further negotiation with the costs shared equally between each PARTY. However, nothing herein will prevent either CITY or CuSD from exercising any rights it may have to enforce the terms of this Agreement at law or in equity.

## **15. Waiver**

The CITY and CuSD agree that waiver by either PARTY of any breach or violation of any term or condition of this Agreement will not be deemed to a waiver of any other term of condition contained herein or a waiver of any subsequent breach or violation of the same or any other term or condition. The acceptance by a PARTY of the performance of any work or services by the other PARTY will not be deemed to be a waiver of any term or condition of this Agreement.

## **16. Amendments**

This Agreement may be amended, upon mutual agreement by both parties in writing.

**CITY OF SUNNYVALE**

By: *Kurt Staffens*

City Manager

Date: Jun 6, 2022

ATTEST:

*[Signature]*

City Clerk

APPROVED AS TO FORM:

*John Nagel*

John Nagel (Jun 2, 2022 16:00 PDT)

City Attorney

**CUPERTINO SANITARY DISTRICT**

By: \_\_\_\_\_

William Bosworth  
President of the Board of Directors

Date: \_\_\_\_\_

ATTEST:

\_\_\_\_\_  
Secretary of the Board

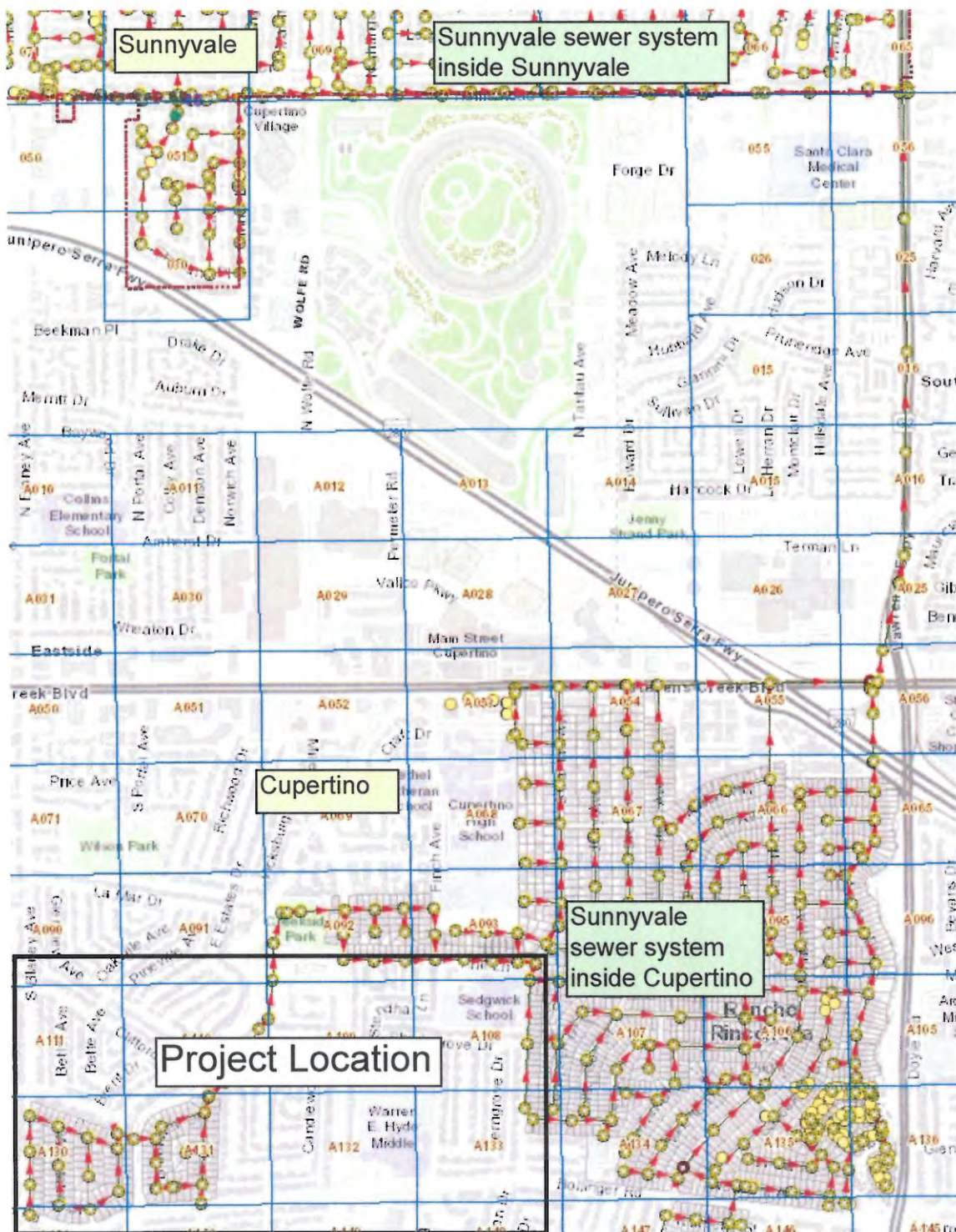
APPROVED AS TO FORM:

\_\_\_\_\_  
District Counsel

# ATTACHMENT A

Diagrams of Flow Transfer

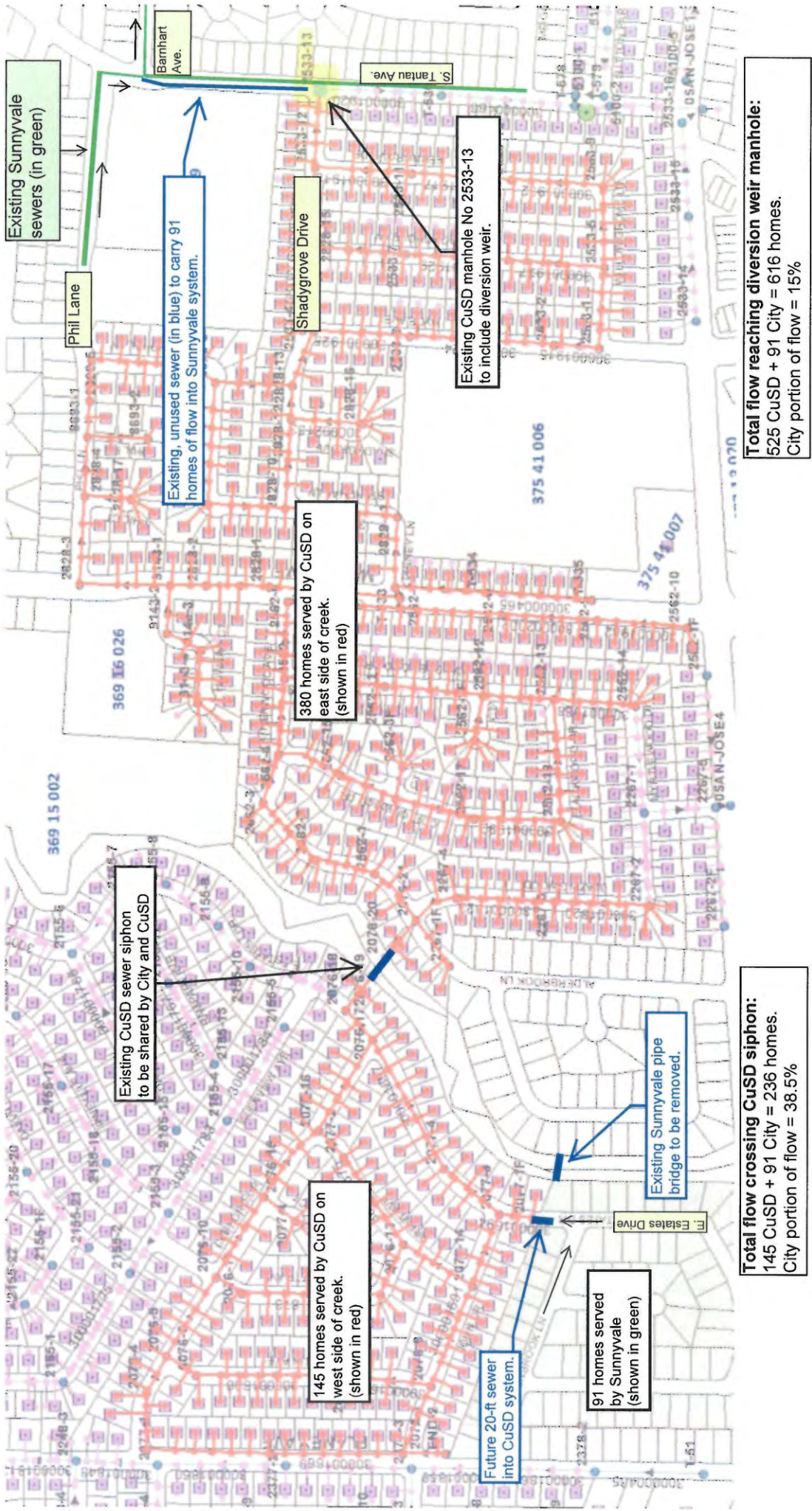






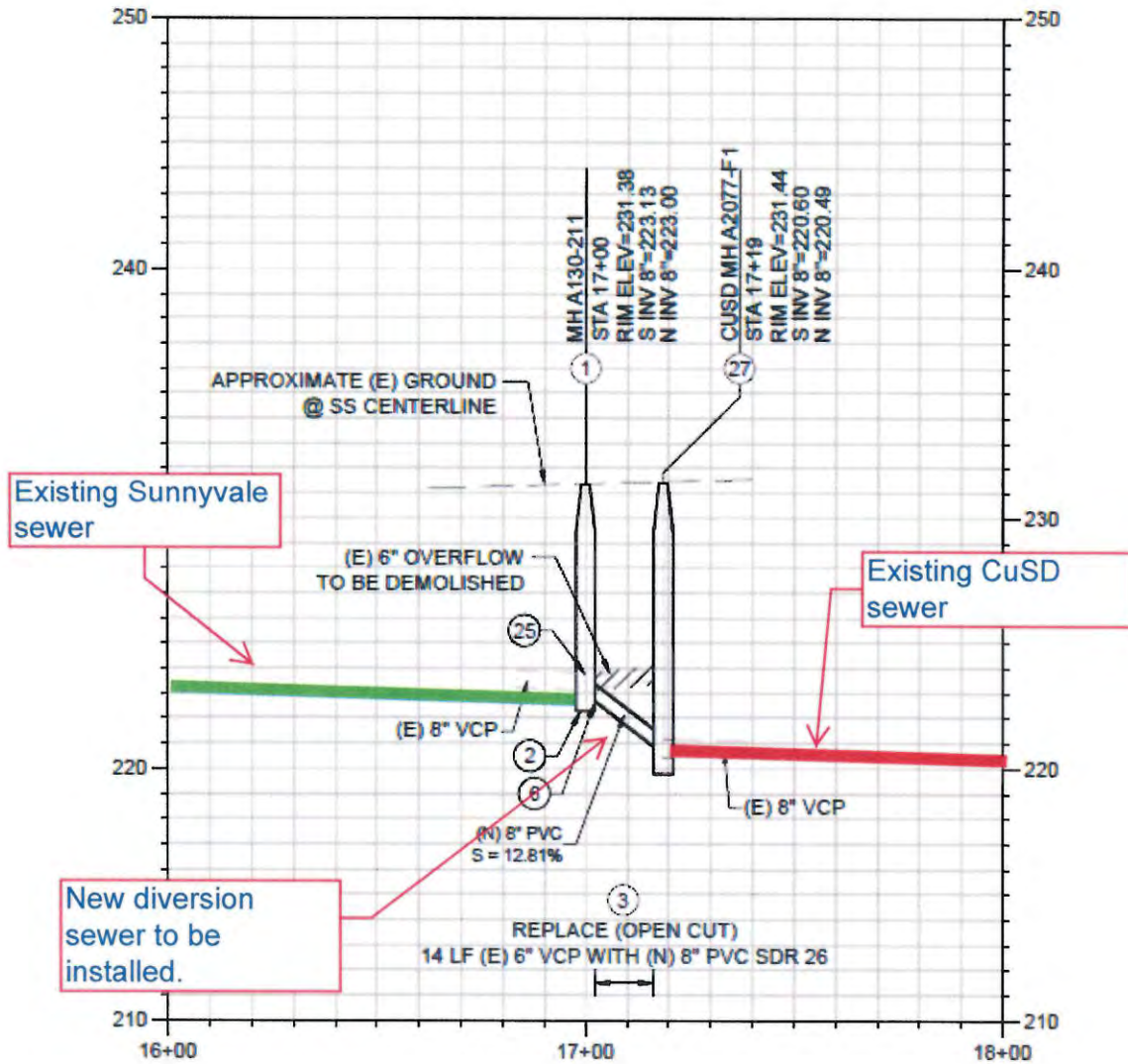
# Sunnyvale & CuSD Proposed 91-home sewer flow transfer

Detail Map



Sunnyvale & CuSD  
Proposed 91-home sewer flow transfer

Upstream Flow Diversion  
at E. Estates Drive





Downstream Flow Diversion  
at S. Tantau Ave.



## CUPERTINO SANITARY DISTRICT

## Item 11.A.

## BUDGET WORKSHEET FOR FY 2022-23

## Expenses

Account Name	Account Number	FY 2020-21 Actual	FY 2021-22 Budget	Expended Through April	FY 2021-22 Projected Expenditure	Projected % of Budget	Preliminary FY 2022-23 Budget	REMARKS
<b>OPERATING EXPENSES</b>								
Loan Payments	41000	\$1,199,765	\$1,200,542	598,062.50	\$1,200,000	100.0%	<b>\$1,200,063</b>	Two annual loan payments
Directors Fees	41030	\$36,367	\$38,000	24,832.06	\$30,101	79.2%	<b>\$38,000</b>	Keep same as last year
Gasoline, Oil & Fuel	41060	\$2,377	\$3,000	2,070.87	\$3,071	102.4%	<b>\$4,000</b>	Increase to reflect increased cost of fuel
Insurance	41070	\$129,442	\$170,000	152,727.77	\$154,712	91.0%	<b>\$170,000</b>	Keep same as last year
Memberships	41080	\$28,565	\$57,000	36,508.03	\$46,508	81.6%	<b>\$57,000</b>	Keep same as last year
Office Rent	41090	\$4,800	\$4,800	4,000.00	\$4,800	100.0%	<b>\$4,800</b>	Keep same as last year
Operating Expenses	41100	\$312	\$3,000	1,519.64	\$1,820	60.7%	<b>\$3,000</b>	Keep same as last year
Operating Expenses - Credit Card Transaction Fees		\$4,669	\$6,000	4,057.31	\$4,804	80.1%	<b>\$6,000</b>	Keep same as last year
<b>Contractual Services:</b>								
Outfall Maintenance	41113	\$46,536	\$71,000	69,562.89	\$69,563	98.0%	<b>\$71,000</b>	Annually \$46.5K to SJ and \$24K to Santa Clara; keep same as last year
T.P. Oper. & Maint.	41114	\$6,426,140	\$6,675,375	6,675,376.00	6,675,376	100.0%	<b>\$6,902,554</b>	Was \$7,385,800 From March 4 Preliminary Operating and Maintenance Cost Distribution Memo; updated for TPAC item in May.
<b>Professional Services:</b>								
Management Services	41121	\$516,852	\$550,000	454,307.28	\$541,422	98.4%	<b>\$575,000</b>	Increase budget slightly (5%) to reflect increased cost of labor.
SSMP Certification and Implementation	41121	\$180,050	\$100,000	2,406.60	\$2,754	2.8%	<b>\$100,000</b>	New Waste Discharge Requirements will require increased cost for implementation of SSMP; keep budget same as last year
Engineering Services	41122	\$1,207,948	\$1,300,000	1,016,895.79	\$1,216,442	93.6%	<b>\$1,365,000</b>	Increase budget slightly (5%) to reflect cost of labor increases and support of Sunnyvale Project
Peak Flow Reduction		\$83,760	\$500,000	428,385.88	\$488,386	97.7%	<b>\$500,000</b>	Keep same as last year. Future (2022/2023) costs will support implementation of the Program and will be funded by Installer's Agreements
Plan Ckg. & Insp.	41123	\$243,906	\$300,000	168,342.89	\$200,810	66.9%	<b>\$300,000</b>	Keep same as last year
Legal - Consultant Services		\$19,000	\$36,000	28,800.00	\$33,900	94.2%	<b>\$36,000</b>	Keep same as last year
Legal - District Counsel	41124	\$53,616	\$60,000	30,609.00	\$37,024	61.7%	<b>\$60,000</b>	Keep same as last year
Legal - Common Interest Group (CuSD Advance Pay)	41124	\$1,231,582	\$1,014,000	844,070.48	\$1,040,070	102.6%	<b>\$1,404,000</b>	CUSD is lead agency for the Common Interest Group. This is advance pay, but it is a passthrough and will be 100% reimbursed from other tributary agencies. This increase corresponds to an increase in revenue and does not have a detrimental impact on the District's budget.
Legal - Common Interest Group (CuSD Share)	41124	\$347,369	\$286,000	238,071.17	\$293,353	102.6%	<b>\$396,000</b>	CUSD's Allocation of \$1.8 Million total legal expenses in 2022-2023
Audit	41125	\$11,600	\$12,000	11,950.00	\$11,950	99.6%	<b>\$12,600</b>	Increase by 5.0% to account for projected increase in audit cost
Printing & Publications	41130	\$29,599	\$28,000	18,615.34	\$27,464	98.1%	<b>\$28,000</b>	Keep same as last year
<b>Repair and Maintenance</b>		<b>\$3,708,549</b>	<b>\$3,900,000</b>	<b>\$3,146,503</b>	<b>\$3,800,974</b>		<b>\$4,025,000</b>	Increase combined budget for Repair and maintenance by approximately 4%
Repairs	41150	\$321,178	\$450,000	153,525.33	\$232,491	51.7%	<b>\$300,000</b>	Reduce to reflect consistency with 2021/2022 expenses
Maintenance	41151	\$3,387,371	\$3,450,000	2,992,977.52	\$3,568,483	103.4%	<b>\$3,725,000</b>	Increase budget to reflect increased cost of maintenance based on labor, fuel, and CCTV truck operation
Travel & Meetings Staff	41170	\$1,200	\$15,000	992.50	\$993	6.6%	<b>\$15,000</b>	Keep same as last year with the expectation that travel & meetings will resume
Travel & Meetings BOD	41170	\$3,310	\$18,000	6,942.11	\$6,942	38.6%	<b>\$18,000</b>	Keep same as last year with the expectation that travel & meetings will resume
Utilities	41190	\$66,047	\$70,000	52,918.18	\$63,486	90.7%	<b>\$70,000</b>	Keep same as last year
<b>Refunds &amp; Reimbursements:</b>								
Miscellaneous	41201	\$28,088	\$50,000	60,713.86	\$66,997	134.0%	<b>\$50,000</b>	Keep same as last year
Connection Fees	41202	\$0	\$2,000	-	\$1,000	50.0%	<b>\$2,000</b>	Keep same as last year
Checking & Inspection	41203	\$0	\$3,000	400.00	\$1,400	46.7%	<b>\$3,000</b>	Keep same as last year
Emergency Funds	48000	\$134,258	\$250,000	82,599.24	\$100,533	40.2%	<b>\$250,000</b>	Keep same as last year
Consolidated Election	48001	\$105,859	\$0	-	\$0	0.0%	<b>\$150,000</b>	No election this year; Budget for 2022 election
<b>TOTAL OPERATING EXPENSES</b>		<b>\$15,851,563</b>	<b>\$16,722,717</b>	<b>14,162,240.24</b>	<b>\$16,126,655</b>	<b>96.4%</b>	<b>\$17,816,017</b>	
<b>CAPITAL EXPENSES</b>								
District Sewer Capital & Support	46041	\$214,449	\$1,000,000	283,011.73	\$353,012	35.3%	<b>\$2,500,000</b>	Plan for Wolfe Road sewer relocation (to be reimbursed by VTA) and Mainline and Pump Station Capital Improvement Project in 2022/2023.
Treatment Plant Capital	46042	\$2,707,387	\$8,430,221	8,429,645.00	\$8,429,645	100.0%	<b>\$3,789,547</b>	Project using entire FY21-22 Budget; FY22-23 Budget was \$3,774,800 Based on February 28 RWF Capital Agency Cost Allocation for FY 2022-23; revised based on May TPAC.
Outfall Capital	46042	\$3,004,854	\$1,095,045	508,964.05	\$1,095,964	100.1%	<b>\$95,000</b>	Estimated from projections given by SJ/SC staff
District Equipment	46043	\$64,050	\$150,000	115,291.12	131,291.12	87.5%	<b>\$150,000</b>	Keep same as year year
Replacement Fund	46044	\$0	\$300,000	-	\$300,000	100.0%	<b>\$300,000</b>	Annual reserve setaside
<b>TOTAL CAPITAL EXPENSES</b>		<b>\$5,990,739</b>	<b>\$10,975,266</b>	<b>\$9,336,912</b>	<b>\$10,309,912</b>	<b>93.9%</b>	<b>\$6,834,547</b>	
<b>TOTAL EXPENSES</b>		<b>\$21,842,302</b>	<b>\$27,697,983</b>	<b>\$23,499,152</b>	<b>\$26,436,567</b>	<b>95.4%</b>	<b>\$24,650,564</b>	

# CUPERTINO SANITARY DISTRICT

## BUDGET WORKSHEET FOR FY 2022-23

### Revenue

Account Name	Account Number	FY20-21 Actual	FY 2021-22 Budget	Revenue Through April 2022	FY 2021-22 Projected Revenue	Projected % of Budget	Preliminary FY 2022-23 Budget	REMARKS
<b>OPERATING</b>								
Service Charges	31010							
Handbilling		\$563,629	\$574,901	\$589,249	\$589,249	102.5%	<b>\$618,711</b>	Based on 5% rate increase
Tax Roll		\$18,180,707	\$18,647,000	\$11,068,203	\$19,424,496	104.2%	<b>\$20,395,721</b>	Based on 5% rate increase
Permit Fees	31020	\$72,097	\$75,000	\$77,281	\$92,738	123.7%	<b>\$75,000</b>	Keep same as last year
Connection Fees	31031	\$161,071	\$300,000	\$1,285,156	\$1,285,156	428.4%	<b>\$600,000</b>	Increase to reflect balance between Connection and Capacity Fees
Capacity Fees	31032	\$340,379	\$450,000	\$334,078	\$334,078	74.2%	<b>\$450,000</b>	Keep same as last year
Pump Zone Fees	31033	\$0	\$20,000	\$0	\$0	0.0%	<b>\$20,000</b>	Keep same as last year
Checking & Inspection Fees	31040	\$94,991	\$300,000	\$371,958	\$391,958	130.7%	<b>\$300,000</b>	Keep same as last year
Annexation	32010	\$0	\$2,500	\$0	\$0	0.0%	<b>\$2,500</b>	Keep same as last year
Interest	32050	\$172,459	\$200,000	\$70,850	\$90,850	45.4%	<b>\$100,000</b>	Reduce based on lower cash balance
City of San Jose Credit(s)	32091	\$2,778,585	\$500,000	\$1,395,139	\$1,395,139	279.0%	<b>\$500,000</b>	Keep same as last year
Legal - Common Interest Group (Tributaries)	32092.1	\$1,091,735	\$1,014,000	\$887,486	\$1,083,486	106.9%	<b>\$1,404,000</b>	Payments from Other Tributary Agencies - match Expense side
Legal - Common Interest Group (2% Admin Fees)	32902.2	\$22,280	\$14,000	\$10,777	\$14,777	105.5%	<b>\$36,000</b>	Common Interest Group Lead Agency Management
Refunds/Reimbursements - Misc.	32091	\$51,069	\$10,000	\$16,295	\$16,295	162.9%	<b>\$10,000</b>	Keep same as last year
Lateral Construction	32093	\$0	\$15,000	\$0	\$0	0.0%	<b>\$15,000</b>	Keep same as last year
<b>TOTAL OPERATING REVENUE</b>		\$23,529,002	\$22,122,401	\$16,106,471	\$24,718,221	111.7%	<b>\$24,526,932</b>	
Revenue Transfer				\$11,206,053				
<b>TOTAL REVENUE</b>								
Total Expenses			\$27,697,983		\$26,436,567		<b>\$24,650,564</b>	
Credit to Account					<b>\$1,718,345</b>			
Debit from Account			\$5,575,582				<b>\$123,631</b>	
<b>Net Operating Revenue</b>			\$22,122,401		\$24,718,221		<b>\$24,650,564</b>	

**From:** CASA <[cmackelvie@casaweb.org](mailto:cmackelvie@casaweb.org)>

**Sent:** Wednesday, June 8, 2022 10:31 AM

**To:** Benjamin Porter <[bporter@markthomas.com](mailto:bporter@markthomas.com)>

**Subject:** Urgent Request - Support Letters Needed for AB 2247 (Bloom)

## Support Letters Needed

for AB 2247



CASA's sponsored bill, [AB 2247](#) (Bloom) relating to PFAS disclosure, will be heard in the Senate Environmental Quality Committee on Thursday, June 22. CASA is requesting that agencies submit a letter of support to the Committee as soon as possible. Attached is a [template letter of support](#) that can be customized for your agency. All letters should be submitted to the committee by uploading to the Legislature's [Position Letter Portal](#). Please also send a copy of the letter of support to your local senator(s) and CASA staff.

AB 2247 is an important bill that will help water and wastewater agencies better identify sources of PFAS entering their systems. The bill would require manufacturers of products that contain PFAS to annually disclose the presence of PFAS in their products on a publicly accessible database beginning in 2025. We are partnering with Clean Water Action and Environmental Working Group to co-sponsor this legislation which is a critical first step in reducing sources of PFAS in our waterways and environment.

Thank you for bolstering CASA's advocacy efforts with a letter of support for AB 2247. For questions about the bill or submitting a support letter, please contact [Jessica Gauger](#).



CASA represents more than 125 local public agencies engaged in the collection, treatment and recycling of Wastewater and biosolids to protect public health and the environment. Our mission is to provide

trusted information and advocacy on behalf of California clean water agencies, and to be a leader in sustainability and utilization of renewable resources.

[Visit Our Website](#)

CASA | 925 L Street, Suite 200, Sacramento, CA 95814

[Unsubscribe](#) [bporter@markthomas.com](mailto:bporter@markthomas.com)

[Update Profile](#) | [Constant Contact Data Notice](#)

Sent by [cmackelvie@casaweb.org](mailto:cmackelvie@casaweb.org)

June xx, 2022

The Honorable Benjamin Allen, Chair  
Senate Environmental Quality Committee  
1021 O Street, Suite 3230  
Sacramento, CA 95814

**Subject: AB 2247 (Bloom): Support**

Dear Chairman Allen:

The [Agency Name] has a support position on AB 2247 (Bloom), which would require manufacturers of PFAS or products containing PFAS to disclose the presence of PFAS in those products in a publicly accessible database. This is important and necessary information that will inform state and local decision making regarding the management of PFAS in our watersheds and the environment. [Information about your agency].

Per- and Polyfluoroalkyl substance (PFAS) have recently become a topic of public concern, due to their high mobility and resistance to breaking down naturally in the environment, as well as the persistent detection of PFAS compounds in people's bodies. The State is comprehensively investigating levels of PFAS in our environment, with a particular focus on water and wastewater resources. While significant progress is being made towards identifying pathways of PFAS in our water and sewersheds, additional information is needed for agencies to be able to make efficient management decisions: local water and wastewater agencies need to know what exactly they are looking for in order to implement effective source reduction policies to limit PFAS inputs into our systems. AB 2247 would allow us to use the PFAS disclosure data required from manufacturers of PFAS or products containing PFAS to optimize pollution prevention programs at the local level through our local pre-treatment programs, and this information would generate consumer awareness about the chemicals used in everyday products and how they impact the environment. We need data to support practical and cost-effective management solutions, and AB 2247 is an important first step towards this end goal.

It's important to note that PFAS chemicals are both ubiquitous and indestructible. Without better information about sources of PFAS to support source control, local water management options are limited and costly, leading to affordability concerns for the delivery of essential public services. In some cases PFAS can be removed from water and wastewater at the end of the cycle through advanced treatment technology. However, there is no technologically feasible method for the large-scale destruction of PFAS compounds. Instead, once removed, PFAS residuals are merely displaced and transferred to another waste stream and typically cycle back through the waste management process.

For these reasons [Agency] supports AB 2247 and urges your "aye" vote when it is heard in the Senate Environmental Quality Committee.

Sincerely,  
[Agency Contact]

CC: Assembly Member Richard Bloom  
[Jessica Gauger](#), California Association of Sanitation Agencies  
[Agency's Local Senator(s)]



---

**From:** Benjamin Porter  
**Sent:** Wednesday, June 8, 2022 2:56 PM  
**To:** Marlon Aumentado  
**Cc:** Frank Quach; Frankie Martinez; Esteban Delgadillo  
**Subject:** RE: NTO for City Project  
**Attachments:** DeAnza\_McClellan NTO\_signed.pdf

Hello Marlon:

Here you go, signed NTO. Thanks for picking up the costs – we appreciate it.

Regards,

**Benjamin T. Porter, PE**  
District Manager  
(408) 477-7318 direct

**MARK THOMAS**  
[markthomas.com](http://markthomas.com)

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**From:** Marlon Aumentado <MarlonA@cupertino.org>  
**Sent:** Wednesday, June 8, 2022 1:59 PM  
**To:** Benjamin Porter <bporter@markthomas.com>  
**Cc:** Frank Quach <FQuach@markthomas.com>; Frankie Martinez <fmartinez@markthomas.com>; Esteban Delgadillo <edelgadillo@markthomas.com>  
**Subject:** RE: NTO for City Project

Good afternoon Ben

I appreciate your cooperation with the project so far and bring good news. I was able to discuss further with our City Engineer and due to the locations of the 3 cleanouts, in this case, the costs could be covered by our project funds. That leaves the 1 manhole to be adjusted to grade which the City is offering to eat this cost as well with your approval. It will save us a lot of time without having to coordinate with one another so our contractor would perform all adjustments at no cost to Cupertino Sanitary.

Hopefully this sounds like agreeable terms to move forward with the signed NTO without having to go to your Board for approval.

Let me know your thoughts, best!



**Marlon Aumentado**

Assistant Engineer  
Public Works  
MarlonA@cupertino.org  
408-777-3215



---

**From:** Marlon Aumentado  
**Sent:** Thursday, June 2, 2022 4:16 PM  
**To:** Benjamin Porter <[bporter@markthomas.com](mailto:bporter@markthomas.com)>  
**Cc:** Frank Quach <[FQuach@markthomas.com](mailto:FQuach@markthomas.com)>; Frankie Martinez <[fmartinez@markthomas.com](mailto:fmartinez@markthomas.com)>; Esteban Delgadillo <[edelgadillo@markthomas.com](mailto:edelgadillo@markthomas.com)>  
**Subject:** RE: NTO for City Project

Hi Ben

Hope you are well. Following up on our previous conversation, our City Engineer informs me that our hired contractor is able to perform the work with reimbursement from the district.



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**From:** Marlon Aumentado  
**Sent:** Thursday, May 26, 2022 2:32 PM  
**To:** Benjamin Porter <[bporter@markthomas.com](mailto:bporter@markthomas.com)>  
**Cc:** Frank Quach <[FQuach@markthomas.com](mailto:FQuach@markthomas.com)>; Frankie Martinez <[fmartinez@markthomas.com](mailto:fmartinez@markthomas.com)>; Esteban Delgadillo <[edelgadillo@markthomas.com](mailto:edelgadillo@markthomas.com)>  
**Subject:** RE: NTO for City Project

Hi Ben

Thanks for the response and for taking my phone call earlier. I've attached the signed NTO to this email. To answer your questions:

1. The City's project is federally funded
  - a. Yes, this project is funded by the VERBS grant (Vehicle Emissions Reduction Based at Schools)
2. The City's project impacts Cupertino Sanitary District's (CuSD's) facilities, and modifications to CuSD's facilities as a result of your project are not covered by the City's Federal Funds.
  - a. Yes, the federal funds would not cover specifically this work however, roughly 50% of the work is federally funded. The other 50% is covered by local funds.
3. You are ordering the District to modify its facilities, at its own expense, with its own contractor, and fit this into a 10-month schedule as required for the job, without knowing when during the construction period this will be.
  - a. The language the document uses is a template we are authorized to use by CalTrans so I apologize if anything was misinterpreted. As part of this project, we have sent out NTOs to all utilities within the vicinity of the upcoming work. We understand that some utility owners prefer to have their own contractor to do the work and instead would like Cupertino to effectively communicate when the work would be done. But if the utility owner would prefer the City's hired contractor to do the job, we are certainly not opposed to this as well.
  - b. Update: From our phone call, Cupertino sanitary would like the City's contractor to perform the work on their behalf. For payment, I will find out from our City Engineer and defer to any agreement we have in place first. If not, it would most likely be paid for by the project.

Thanks!



**Marlon Aumentado**

Assistant Engineer  
Public Works  
MarlonA@cupertino.org  
408-777-3215



---

**From:** Benjamin Porter <[bporter@markthomas.com](mailto:bporter@markthomas.com)>

**Sent:** Thursday, May 26, 2022 12:29 PM

**To:** Marlon Aumentado <[MarlonA@cupertino.org](mailto:MarlonA@cupertino.org)>

**Cc:** Frank Quach <[FQuach@markthomas.com](mailto:FQuach@markthomas.com)>; Frankie Martinez <[fmartinez@markthomas.com](mailto:fmartinez@markthomas.com)>; Esteban Delgadillo <[edelgadillo@markthomas.com](mailto:edelgadillo@markthomas.com)>

**Subject:** RE: NTO for City Project

**CAUTION:** This email originated from outside of the organization. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Hello Marlon:

Yes, I have reviewed the documents you sent. Let me confirm the details of the NTO, just so I am clear.

1. The City's project is federally funded
2. The City's project impacts Cupertino Sanitary District's (CuSD's) facilities, and modifications to CuSD's facilities as a result of your project are not covered by the City's Federal Funds.
3. You are ordering the District to modify its facilities, at its own expense, with its own contractor, and fit this into a 10-month schedule as required for the job, without knowing when during the construction period this will be.

If the details as stated above are correct, please sign the NTO (it is not signed). Once I receive it, I will share it with the Board of Directors. I cannot agree to the onerous terms provided in the NTO without the Board's approval.

Regards,

**Benjamin T. Porter, PE**

District Manager  
(408) 477-7318 direct

**MARK THOMAS**

[markthomas.com](http://markthomas.com)

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**From:** Marlon Aumentado <[MarlonA@cupertino.org](mailto:MarlonA@cupertino.org)>

**Sent:** Wednesday, May 25, 2022 3:34 PM

**To:** Benjamin Porter <[bporter@markthomas.com](mailto:bporter@markthomas.com)>

**Cc:** Frank Quach <[FQuach@markthomas.com](mailto:FQuach@markthomas.com)>; Frankie Martinez <[fmartinez@markthomas.com](mailto:fmartinez@markthomas.com)>

**Subject:** RE: NTO for City Project

Some people who received this message don't often get email from [marlona@cupertino.org](mailto:marlona@cupertino.org). [Learn why this is important](#)

Good afternoon Ben

Hope you are well. I'm following up on the NTO sent last week. Have you had a chance to review the attached documents?



**Marlon Aumentado**

Assistant Engineer  
Public Works  
MarlonA@cupertino.org  
408-777-3215



---

**From:** Marlon Aumentado

**Sent:** Wednesday, May 18, 2022 5:34 PM

**To:** [bporter@markthomas.com](mailto:bporter@markthomas.com)

**Cc:** Frank Quach <[FQuach@markthomas.com](mailto:FQuach@markthomas.com)>; Frankie Martinez <[fmartinez@markthomas.com](mailto:fmartinez@markthomas.com)>

**Subject:** NTO for City Project

Dear Mr. Porter,

The City of Cupertino is making civil and traffic signal improvements at the intersection of De Anza Boulevard and McClellan Road in Cupertino, CA to improve and increase the safety and accessibility of pedestrians. As shown on the attached plan sheet, we have identified one facility that is affected by the work:

- Adjust 3 sanitary sewer cleanout covers to grade and adjust 1 sanitary sewer manhole cover to grade

The anticipated construction period for our project is Dec 2022 through September 2023. We would like to submit this form to Caltrans as soon as possible.

Please sign and date the attached Notice To Owner and return back to me via email at your earliest convenience.

Best regards,



**Marlon Aumentado**

Assistant Engineer  
Public Works  
MarlonA@cupertino.org  
408-777-3215



**NOTICE TO OWNER****NUMBER 2**

COUNTY	ROUTE/STREET	PROJECT #
Santa Clara County	DeAnza Boulevard at McClellan Road	04-SCL-0-Cpo
Federal Aid No. CML-5318(033)		
Local Project No. 2021-12		
Date: 5/18/2022	On State Highway System: No [ X ]	

**OWNER'S CONSENT:** The terms of this Notice are acknowledged and agreed to by the Owner referred to herein.Date: 6/8/2022By: Benjamin T. Porter

Owner's Representative

To: Benjamin T. Porter  
Cupertino Sanitary Sewer District  
20863 Stevens Creek Blvd, Suite 100  
Cupertino, CA 95014

Because of the City of Cupertino's transportation project to construct civil and traffic signal improvements at the intersection of De Anza Boulevard and McClellan Road. Project work includes installation of a bike lane median; ADA compliant sidewalks and ramps; utility relocation; striping; and traffic signal controller, cabinet, and pole relocation. All work will occur within existing City right of way in City of Cupertino, Santa Clara County.

which affects your facilities: 3 sanitary sewer cleanout covers and 1 sanitary sewer manhole cover as shown on the project plans labeled Improvement Plans for De Anza Boulevard and McClellan Road/ Pacifica Drive Intersection Modification Utility and Drainage Plan Page UT-01 (Sheet 12 of 21) dated 05/17/2022 attached.

You are hereby ordered to: adjust 3 sanitary sewer cleanout covers to grade and adjust 1 sanitary sewer manhole cover to grade.

Your work schedule shall be: from December 1, 2022 (T) to September 30, 2023 (T),  
concurrent with construction.

Notify the Project Engineer, Marlon Aumentado at telephone (408) 777-3215, 48 hours prior to initial start of work, and an additional 36 hours notification for subsequent starts when the work schedule is interrupted.

Liability is 100% Owner pursuant to permit.

cc: Resident Engineer  
Permit

By

Marlon Aumentado

Marlon Aumentado  
Assistant Engineer

**Distribution:** 1) Owner, 2) Utility Coordinator – File, 3) RE – File  
4) DLAE – File, 5) Caltrans District Utility Coordinator – File

SSOs

<u>Start Date</u>	<u>Location</u>	<u>Cause of SSO</u>	<u>Cat</u>	<u>Main/Lat</u>	<u>Spill Volume (Gal)</u>	<u>Spill Recovered (Gal)</u>	<u>Volume of Wash Water Used (Gal)</u>

PLSDs (Private Lateral Sewage Discharge)

<u>Start Date</u>	<u>Location</u>	<u>Cause of PLSD</u>	<u>Main/Lat</u>	<u>Spill Volume (Gal)</u>	<u>Spill Recovered (Gal)</u>	<u>Volume of Wash Water Used (Gal)</u>
5/1/2022	11626 Cedar Springs Ct, Cupertino	Roots	Lat	1.88	0	5

Emergency Calls - Causes

<u>Call Rec'd Business Hours</u>	<u># of Calls</u>	<u>Call Rec'd After Hours</u>	<u># of Calls</u>	<u>Call Rec'd Weekend</u>	<u># of Calls</u>
Root Intrusion	2	Root Intrusion	1	Root Intrusion	4
Onsite	1	Onsite	0	Onsite	0
Grease	0	Grease	0	Offset	1
Offset	0	Offset	0	Grease	0
Broken Pipe	0	Others	0	Others	1
Pump Station	0	Pump Station	1	Pump Station	2
Total:	3	Total:	2	Total:	8

Repairs

<u>Address</u>	<u>Main/Lat</u>	<u>Description of Work</u>
Cristo Rey Pump Station	PS	Replaced circuit breaker with new PULS unit
Tantau Pump Station	PS	Rebuilt spare pump
Homestead Metering Station	PS	Replaced sump pump
10679 Santa Lucia Rd, Cupertino	Lat	Removed & replaced broken 4" sewer lateral with new SDR-26 pipe
13925 Pierce Rd, Saratoga	Lat	Spot repair of 10' of VCP with new SDR-26 pipe & Mission ARC bands

Mainline Maintenance

<u>Size of Pipe</u>	<u>4"</u>	<u>6"</u>	<u>8"</u>	<u>10"</u>	<u>12"</u>	<u>14"</u>	<u>15"</u>	<u>16"</u>	<u>18"</u>	<u>&gt; 20"</u>	<u>Total</u>	<u>FY2021-22 YTD</u>	<u>FY2021-22 Annual Schedule</u>	<u>% Complete (YTD/Annual Schedule)</u>
Mainline Cleaning (ft)	0	29,710	53,099	3,706	0	184	0	0	0	0	86,699	1,417,387	1,508,761	94%
Easement Cleaning (ft)	0	3,802	10,527	229	0	184	0	0	0	0	14,742	172,780	195,347	88%
CCTV (ft)	0	0	0	0	0	0	0	0	0	0	0	64,271	207,880	31%

Lateral Maintenance

<u>Activity</u>	<u># of Laterals</u>	<u>FY2021-22 YTD</u>	<u>FY2021-22 Annual schedule</u>	<u>% Complete (YTD/Annual schedule)</u>
Cleaning	566	5,452	5,831	94%
CCTV	8	129		
Inspection	22	238		

FOG Inspection - Limited due to Restaurant closures (COVID -19)

	<u># of Inspections</u>	<u>YTD FY2021-22</u>	<u>FY2021-22 Annual Schedule</u>	<u>% Complete (YTD/Annual schedule)</u>
Performed	19	244		
Completed	17	220	265	83%
Follow up Needed	0			

**CUPERTINO SANITARY DISTRICT  
MEETING/EVENT SCHEDULE**

**Item 13.A.**

**JUNE 2022**

06/01: 1<sup>st</sup> Regular Meeting & Public Hearing on Rate Increase

06/06: TAC & SCCSDA

06/09: TPAC

06/15: 2<sup>nd</sup> Regular Meeting & Public Hearing on Report & Collection of Sewer Charges

06/23: CSRMA Board of Directors Meeting

JUNE 2022						
Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
			1 1 <sup>st</sup> Regular Meeting & Public Hearing	2	3	4
5	6 SCCSDA TAC	7	8	9 TPAC	10	11
12	13	14	15 2 <sup>nd</sup> Regular Meeting & Public Hearing	16	17	18
19	20	21	22	23 CSRMA Board of Directors	24	25
26	27	28	29	30		

**JULY 2022**

07/06: 1<sup>st</sup> Regular Meeting

07/11: TAC - Canceled

07/14: TPAC - Canceled

07/20: 2<sup>nd</sup> Regular Meeting

JULY 2022						
Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
					1	2
3	4	5	6 1 <sup>st</sup> Regular Meeting	7	8	9
10	11 <del>TAC</del>	12	13	14 <del>TPAC</del>	15	16
17	18	19	20 2 <sup>nd</sup> Regular Meeting	21	22	23
24	25	26	27	28	29	30
31						

**AUGUST 2022**

08/03: 1<sup>st</sup> Regular Meeting

08/08: TAC

08/11: TPAC

08/17: 2<sup>nd</sup> Regular Meeting

08/10-12: CASA Conference

AUGUST 2022						
Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
	1	2	3 1 <sup>st</sup> Regular Meeting	4	5	6
7	8 TAC	9	10	11	12	13
			CASSA CONFERENCE			
14	15	16	17 2 <sup>nd</sup> Regular Meeting	18 TPAC	19	20
21	22	23	24	25	26	27
28	29	30	31			