



Memo To: Board of Directors
From: Janette Stuart, Admin. Services Supervisor
Subject: Report of Budget & Long Range Planning Committee meeting of February 23, 2011
Date: February 28, 2011

On February 23, 2011 at 4:00 p.m. CVSan Directors Timothy McGowan and Harry Francis met as the Budget & Long Range Planning Committee. General Manager, Roland Williams and Administrative Services Supervisor, Janette Stuart were also in attendance. Dave Sadoff attended as a member of the public.

1. *Call to Order.*

Chair McGowan called the meeting to order at 4:06 p.m.

2. *Items from the Public.*

There were no items from the public.

3. *Delinquent Accounts*

Manager Williams mentioned that this subject was broached at a Board meeting last year and then introduced Waste Management of Alameda County who made a formal presentation to the Committee on the subject of delinquent accounts. The City of Hayward and Oro Loma Sanitary District successfully implemented this process last year. Mr. Bob Angell of WMAC thanked the Committee for their consideration. He stated that both the City of Oakland and Newark have used this method of collection for 12-15 years. Mr. Angell stated that Castro Valley's bad debt rate has been creeping up over the past few years and has doubled since 2009. WMAC does all of the work behind the process. Chair McGowan had some questions about the process and the legal authority behind placing the assessment on the tax roll. Member Francis commented he was surprised at the delinquency rate and is concerned with how this change in methodology would affect the community. Manager Williams recommended an outreach campaign to inform the community of the change of methodology in the coming year. Chair McGowan and Member Francis both expressed the desire for further discussion on the subject at the Board level perhaps at an upcoming workshop. Manager Williams would like to gather questions from the Board and return them to this Committee.

4. *Budget for Fiscal Years 2011/12 & 2012/13.*

Manager Williams presented a draft budget 2011/12 & 2012/13 update for the Committee's discussion. Staff had not yet completed the cash flow projection nor the impact to reserves worksheet. The Committee discussed building in contingencies into the bid process to assure SRF loan funding for the Master

Plan projects. Chair McGowan expressed his desire to have \$7.5 million in wastewater reserves at the end of the 2012/13 budget cycle in order to pay OLSD for the upcoming projects expected to be constructed during 2014/15. A discussion was held on the topic of restricted versus unrestricted reserves and the Committee favored paying back the SRF loan with connection fee funds held in Wastewater reserves. The Committee made some recommended changes which will be implemented in the next draft version.

5. District Investments

6. Master Plan Cash Flow Projection.

7. Consider participating in the Oro Loma Sanitary District's OPEB Trust.

Items 5 – 7 were deferred until the next meeting.

8. Miscellaneous Comments from Committee Members and Staff.

Member Francis would like to place the Pharmaceuticals event on the March 1, 2011 Board agenda.

The next meeting was set for Friday, March 4 at 4 p.m.

9. Adjournment of Meeting.

Chair McGowan adjourned the meeting at 6:15 p.m.