



SANTA CLARA COUNTY SPECIAL DISTRICTS ASSOCIATION

Mailing Address: 5750 Almaden Expressway • San Jose, California 95118 • (408) 265-2600

Santa Clara County Special Districts Association

Monday, June 1, 2015

12:00 p.m. – 1:30 p.m.

A. Call to Order

1. Welcome and Introductions

B. Approval of Minutes

1. Discussion and Approval of March 2, 2015, Meeting Minutes (**Action**)

C. Time Certain at: 12:10

1. Guest Speaker: Gary Kremen, Santa Clara Valley Water District, Chair/Board of Directors

D. Business

1. CSDA certificate presentation to West Valley Sanitation District
2. Electronic newsletter update (**Discussion and Action - Attachment D1**)
3. Santa Clara County election costs reduction update (**Information and Action**)
4. Financial audits for Special Districts update (**Discussion – Attachment D3**)
5. Financial Report – Page 5 (**Discussion and Action**)
6. City Service Review (**Discussion**)
7. Registration of unincorporated association (**Discussion and Action**)

E. Partner Agency Reports

1. Local Agency Formation Commission- Neelima Palacherla, Executive Officer
2. League of California Cities – Jessica Stanfill Mullin, Regional Public Affairs Manager
3. CSDA – Chris Palmer, Public Affairs Field Coordinator

F. Santa Clara County Special District Association Member Reports

1. Round Robin

G. Review of Action Items and Adjournment

1. Action Item Review
2. The next meeting is scheduled for: **September 14, 2015**
3. Adjourn

Officers: Steve Wesolowski, Chair • Stephanie Moreno, Vice-Chair • Nai Hsueh, Secretary/Treasurer

Members: County Sanitation District No. 2-3 • Cupertino Sanitary District • El Camino Healthcare District •
Guadalupe Coyote Resource Conservation District • Loma Prieta Resource Conservation District •
Midpeninsula Regional Open Space District • Purissima Hills Water District • Rancho Rinconada Recreation & Park District •
San Martin County Water District • Santa Clara County Open Space Authority • Santa Clara County Central Fire Protection District •
Santa Clara Valley Water District • Saratoga Cemetery District • Saratoga Fire District • South Santa Clara County Fire District •
South Santa Clara Valley War Memorial District • Santa Clara Valley Transportation Authority • West Valley Sanitation District



SANTA CLARA COUNTY SPECIAL DISTRICTS ASSOCIATION

B1. Meeting Minutes

Santa Clara County Special Districts Association

March 2, 2015

12:00 p.m. – 1:30 p.m.

Meeting Participants:

- **Cupertino Sanitary District:** Bill Bosworth
- **El Camino Healthcare District:** Brenda Taussig
- **Guadalupe Coyote Resource Conservation District:** Stephanie Moreno
- **LAFCO of Santa Clara County:** Neelima Palacherla
- **Midpeninsula Regional Open Space District:** Pete Siemens, Yoriko Kishimoto, Shelly Lewis
- **Rancho Rinconada Recreation and Park District:** Steve Wesolowski
- **Santa Clara County Open Space Authority:** Sequoia Hall
- **Santa Clara County Special Districts Association:** Rick Callender, Cheryl Togami, Ferlina De La Cruz
- **Santa Clara Valley Water District:** Nai Hsueh
- **Saratoga Fire Protection District:** Gene Zambetti
- **Valley Transportation Authority:** Scott Haywood, Jim Lawson
- **West Valley Sanitation District:** Jon Newby

Guest Speaker: Hon. Sam Liccardo, City of San Jose Mayor

- A. Call to Order: Chair Wesolowski called meeting to order.
- B. Discussion and Approval of Minutes: Neelima Palacherla noted that she was not in attendance at the December meeting as reflected in the minutes. The minutes were approved noting the update. Nai Hsueh abstained from voting.
- C. Hon. Sam Liccardo reflected that in the days the cities had ROAs, they didn't talk about special districts as the cities had money. He noted that now the City of San Jose is relatively broke. He sees partnerships as important and hopes to leverage them.

Mayor Liccardo feels that the city has done a better job reaching out to foundations than special districts. He sees the non-profit sector as unique within Silicon Valley. Philanthropy doesn't stay here; as a result, many of the initiatives don't make it to Silicon Valley.

He feels administration needs to be outward facing due to necessity and as an opportunity. Government entities need to get along and get things done.



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The Mayor responded to questions including providing a quick status update on the status of the police officer contract (offer has been out about a month). Mayor Liccardo thanked the association for having him come speak.

D. Membership dues has been received from 16 special districts. This is reflected in the financial statement (14 members) and 2 members who just submitted their dues.

E. New Business

1. The annual officer election was conducted and motion made and approved for our officers. Steve Wesolowski maintains his role as chair. Stephanie Moreno will serve as vice-chair and Nai Hsueh will serve as treasurer/secretary.

A motion was made and approved to add new names to our documents and make necessary changes with the bank.

2. Financial report approved.

3. Chapter expenditures were reviewed.

4. The Chapter expenditures included a proposed expenditure for using constant contact to email a newsletter. Discussion included not wanting to have a traditional newsletter; just links to websites. It should be a high level document.

Bring back something for discussion to the next meeting.

5. The county is looking at going to a vote by mail only system. Staff will continue to monitor this issue. Cupertino Sanitary District did switch their election cycle about 6 years ago and its cost dropped to \$80k from \$175k.

F. Partner Agency Reports

Neelima Palacherla of LAFCO reported that the website now includes special district profiles for each special district that LAFCO has jurisdiction within the county. The city service review has started. Partnership and collaboration is the focus.

G. SCCSDA Member Reports

Rancho Rinconada Recreation and Park District reported that the heater burned out 3 weeks ago and a new one will be online soon.

Santa Clara County Open Space Authority's LAFCO representative reported that all special districts turned in good governance items, such as the Form 700. Some special districts didn't even realize they were special districts and governed by law.



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In terms of Measure Q, the OSA is looking at how to best spend the funds.

The Santa Clara Valley Water District is having a board work study session on 3/12 on the topic of recycled water. The water district is also currently setting up groundwater charges. It is planning for another drought year. The preliminary State Water Project allocation is 15% and for federal, 0% for agriculture and 25% for M&I. The district may need to purchase water on the spot markets.

The Guadalupe Coyote Resource Conservation District requested agendizing the topic of joint special district audits.

Neelima Palacherla of LAFCO requested the city service review discussion for the June meeting.

West Valley Sanitation District reported receiving its Transparency Certificate of Excellence. Also reported that there is an increase in pressure to preserve open space. The City of San Jose has several thousand acres near the treatment plant that it wants to develop. The sanitation district would like to preserve it as open space or used as agriculture and looked to LAFCO for guidance. LAFCO advised that they do not have jurisdiction on land use within a city's boundaries.

H. Action Item Review

ACTIONS:

1. Monitor county election costs issue.
2. Make banking changes so new treasurer/secretary can sign checks.
3. Agendize discussion on city service reviews.
4. Agendize audit discussion.
5. Create a draft newsletter.



SANTA CLARA COUNTY SPECIAL DISTRICTS ASSOCIATION

E2. Financial Statement

Balance as of 2/23/15	\$3,511.50
Expenses	
Check #1015—Lunch Stop, March meeting	\$282.04
Deposits	
<u>2015 Dues @ \$100 per year</u>	
County Sanitation District No. 2-3	
Guadalupe Coyote Resource Conservation District	
Saratoga Fire District	
South Santa Clara County Fire District	
	\$400.00
Balance on hand as of 4/24/15	<u>\$3,629.46</u>

Cupertino Sanitary District

Cupertino Sanitary District provides sewer service to over 23,000 customers within the communities of Cupertino, portions of Saratoga, Sunnyvale, Los Altos and unincorporated areas within Santa Clara County. <http://www.cupertinosanitarydistrict.org/>



Midpeninsula Regional Open Space District

The Midpeninsula Regional Open Space District's purpose is to purchase, permanently protect, and restore lands forming a regional open space greenbelt, preserve unspoiled wilderness, wildlife habitat, watershed, viewshed, and fragile ecosystems, and provide opportunities for low-intensity recreation and environmental education. <http://www.openspace.org>



Rancho Rinconada Recreation and Park District

Rancho Rinconada is a public facility equipped with a pool, playground, barbecue area, and indoor hall. We are located near the corner of Bollinger and Lawrence Expressway in Cupertino. The pool is heated, equipped with a handicap lift, and has a depth of 2 and a half feet to 9 and a half feet. The barbecue area and indoor hall are available to rent for parties, birthdays, weddings, or other events. <http://www.ranchorecreation.com>

Saratoga Fire Protection District

The District provides fire protection services to approximately 12 square miles encompassing one-half of the City of Saratoga and sections of the unincorporated areas to the south. Approximately 20,000 people reside within the District's service area. <http://www.saratogafire.org>



Santa Clara Valley Water District

The Santa Clara Valley Water District manages an integrated water resources system that includes the supply of clean, safe water, flood protection and stewardship of streams on behalf of Santa Clara County's 1.8 million residents. The district effectively manages 10 dams and surface water reservoirs, three water treatment plants, an advanced recycled water purification center, a state-of-the-art water quality laboratory, nearly 400 acres of groundwater recharge ponds and more than 275 miles of streams.



We provide wholesale water and groundwater management services to local municipalities and private water retailers who deliver drinking water directly to homes and businesses in Santa Clara County. <http://www.valleywater.org>

ATTACHMENT D3

Financial Audit Information

James Marta & Company LLP
701 Howe Avenue, Suite E3
Sacramento, CA
916-993-9494

Rep: David Becker

General audit is standard, no price breaks. Each has to be individually reviewed.

Potential to give some reduction for timeframe efficiency...if 3 special districts agree to be audited in the SAME WEEK. Or 10 special districts agree to 3 different weeks. And could potentially give 10-15% if the special district is small and simple and on quick books or simple system and willing to do most of it remotely than they don't have to travel to Santa Clara County often.

However, would need to see financial statements to move forward and give a quote.

To give an idea of price range: A water district with a net position of approximate \$20M had an audit cost of \$15,000. A couple of smaller companies run \$10,000-12,000. And there's some that are \$20,000-\$30,000.

Vavrinek, Trine, Day & Company, LLP
260 Sheridan Ave, Suite 440
Palo Alto, CA 94306
650-462-0400

Rep: Ahmad Gharaibeh, Partner

Rates are as follows: partner rate at \$200/hour, managers at \$150 and experienced staff at about \$125. They typically are contracted on "not to exceed" basis and they sometimes end up with some write offs.

Local government audits would typically have the same rate, regardless of the nature of the district. They charge the same rates regardless of the size of the engagement. The only difference would be the hours spent on smaller versus bigger jobs.

Brown Armstrong
Accountancy Corporation
4200 Truxtun Avenue, Suite 300
Bakersfield, California 93309
661-324-4971 ph

Rep: Thomas Young, CPA

The rates or cost of the audits are based on the estimated time to complete the job which would include travel and lodging. Typically an audit contract is a fixed fee meaning if it takes a firm more time to

ATTACHMENT D3

complete than the original contract than the firm must write off the extra cost so individual billing rates are not that important. Other factors include the size of the entity, the complexity of the entity and if they require a compliance audit such as a Single Audit to be performed or not and if they prepare their own financial statement.

He has never set up a pool or heard of such a thing but was sure we could do something as a group to try and reduce the cost of an audit by pooling the work.

From his experience the best way to reduce the costs would be to list all requirements needed such as if they need the auditor to prepare the financial statements, issue SCO report, do a Single Audit, and the current fees of the audits and to go out and obtain a formal bid from various accounting and auditing firms whereby the entities are able to see what the market price is at that time and obtain the best price. He is not sure a pooling is going to save all that much except perhaps the time needed for preparing an individual RFP.

Vargas and Company
601 N 1st St
San Jose, CA
408-298-1700

Rep: Anna Patrno

They price each client based on the complexity of the audit. They would need last year's audit report and the management letter which describes the deficiencies and information on the major improvements. She said they would do a price break and would also give a better deal for multi-year contracts (she stated 3 years).