

## Storm Drain Oversight Committee

### April 24, 2006 Meeting Summary

Attendees:

SDC Members Present		City Staff	
John Melton, Chair	Richard Whaley	Joe Teresi	Ted Hammond
John Tarlton, Vice-Chair	Rod McNall	Matt Raschke	Glenn Roberts
Stepheny McGraw		Dale Wong	

#### Agenda Item I – Roll Call

The meeting opened with roll call at 9:05. All committee members were present.

#### Agenda Item II – Old Business

1. Approval of Minutes from April 5, 2006

Richard Whaley moved to approve the minutes, and Stepheny McGraw seconded the motion. The minutes were approved with 4 votes in favor and 1 abstention. John Melton abstained since he did not attend the previous meeting.

2. Approval of the Memorandum from the Committee to the City Council Finance Committee entitled “Review of the Proposed FY 2006-07 Storm Drainage Fund Budget”

John Melton opened the discussion by stating that he preferred the memo to be no longer than two pages in length. He also indicated that the “budget-to-ballot” comparison page, the CIP spreadsheet and the staff response to the questions raised by the Committee at the April 5, 2006 meeting should be attached to the memo.

Changes to the text of the memo were then discussed. Rod McNall queried if the projects could be completed any faster if the three annual General Fund (GF) pre-payments were accelerated. Joe Teresi indicated that staff cannot implement the program much faster than what is proposed. The San Francisquito pump station project could only be accelerated by a couple of months, and it has been proceeding on a schedule that anticipates award of a construction contract in July 2007. It would be difficult to expedite the pump station schedule now. Dale Wong also stated that the GF could probably not make the pre-payment any earlier. John Melton asked if funds could be drawn from GF infrastructure reserves. Dale said the Committee could propose this, but noted that there are many competing interests for the GF infrastructure reserves.

John Tarlton said the sooner the Committee tells Council the bad news [about rising costs], the better off it will be. The memo wording regarding construction costs increasing at a faster pace than overall inflation was then modified by the Committee. There was also some discussion over the cost of materials versus the cost of labor to install new pipe. Richard Whaley said the pump station project would be most affected by the increased construction costs. Labor costs have not increased as rapidly as materials costs. Joe Teresi indicated that some of the projects are modular in nature and could be adjusted in scope to meet the available budget in light of the cost increases. A similar statement was added to the memo.

John Tarlton asked about the possibility of borrowing money from City reserves to accelerate the program. Joe Teresi indicated that this proposal would require a discussion with the Administrative Services Department (ASD). Rod McNall suggested including the borrowing proposal as a possible solution to the construction cost increases. John Melton suggested modifying the memo to recommend that staff evaluate the feasibility of an accelerated construction schedule funded by a loan from the City’s infrastructure reserve. Richard Whaley asked if the Blue Ribbon Task Force had discussed issuing bonds, because this concept sounded like a bond. John Tarlton replied that it wasn’t a bond, but rather an internal loan from one fund to another. It would have to be paid back by the time the fee increase sunsets.

John Tarlton asked what other projects could be ready for early implementation if the pump station is delayed. He proposed that the Alma Street improvements are very modular and would be a good “filler” to be used in the event of an unforeseen delay. The Committee then developed an additional statement for the memo that requests staff to develop an alternative schedule for CIP projects in the event that one of the major projects is delayed.

At 9:50, Glenn Roberts arrived and the memo discussion was reviewed and summarized for everyone's benefit. After a brief discussion, John Tarlton moved to approve the memo as amended. The motion was seconded by Stepheny McGraw and passed unanimously.

### **Agenda Item III – Oral Communications**

No members of the public requested to address the Committee. Glenn Roberts informed the Committee that the amount of funds in the infrastructure reserve is a serious concern, and the current trend would reduce it to zero in five years. Therefore, he noted that it may not be a viable source of funds for a loan as postulated by the Committee. Joe Teresi indicated that the Finance Committee will review the proposed Storm Drainage Fund budget on May 9, 2006. It was originally scheduled for May 4, 2006. Joe indicated that he would notify the Committee of the exact date, time and location.

### **Agenda Item IV – Adjournment**

Rod McNall asked when the next meeting would be scheduled. John Melton indicated that the next meeting may be needed after the October report to the Committee is issued by staff. Glenn Roberts stated that staff would keep the Committee informed about the upcoming budget approval process.

At 10:12am the meeting was adjourned.

Matt Raschke  
May 3, 2006