



Attendees:

SDC Members Present		City Staff
Rod McNall, Chair	John Tarlton, Vice-Chair	Matt Brunnings
Stephenny McGraw	Richard Whaley	Joe Teresi
Susan Rosenberg		Dale Wong

Agenda Item I – Roll Call

The meeting opened with roll call at 9:05am. All members of the Committee were present. No members of the public were present.

Agenda Item II – Old Business

The minutes from the April 25, 2007 Storm Drain Oversight Committee Meeting were approved unanimously (5-0).

Agenda Item III – Oral Communication

No members of the public were present at the start of the meeting. Becky Trout, a reporter with the *Palo Alto Weekly*, joined the meeting in progress as an observer, but made no public comments.

Agenda Item IV – New Business

1. Joe Teresi introduced new Committee member Susan Rosenberg to the rest of Committee. He announced that the City Council has appointed Stephenny McGraw to a new four-year term on the Committee. He also thanked the Committee members for attending the ethics training held earlier in the week.
2. Joe Teresi then presented the year end financial report for the Storm Drainage Fund for FY 2006-07 to the committee. The focus of this report was on the spreadsheet titled “Summary of Use of Storm Drainage Fee Increase for FY 2006-07.”
3. Rod McNall began the discussion of the report by asking for a clarification of the scope of work for the line item titled “Augmented Storm Water Quality”. Joe Teresi explained that provisions in the Regional Water Quality Control Board (RWQCB) stormwater discharge permit have many monitoring and staff requirements that were previously underfunded, with a portion of the costs being subsidized by the Wastewater Treatment Fund. The activities covered under this line item include water quality monitoring, public outreach, inspection and enforcement at construction sites and industrial/commercial facilities, and remediation of illegal dumping. This dollars applied to this line item from the Storm Drainage Fee increase allow those required permit activities to now be fully funded by the Storm Drainage Fund.

Rod then asked how the amount of money transferred into the reserves fund is determined. Joe and Dale Wong collectively answered that the “unspent revenue” (funds not yet spent, allocated to a specific contract, or appropriated to a specific capital improvement project) for the fiscal year is transferred into reserves. Joe added that there was an unusually large amount of money

transferred to the reserves account in FY 2006-07 because of the need to “bank” funds for construction of the San Francisquito Creek Storm Water Pump Station Project in FY 2007-08. Joe and Dale went on to explain that the money in the “Committed by Contract” and “Remaining Appropriations” columns is already budgeted and allocated to specific contracts and/or projects, but has not yet been spent. This money does not get transferred into reserves, since it is already committed to a specific purpose. John Tarlton then asked about the current balance of the Storm Drainage Fund reserves. Joe directed him to the “Summary of Fund Reserves” sheet in the year-end report packet. The net assets of all City of Palo Alto Enterprise Funds are listed there. Rod then asked if the money transferred to the reserves is taken from the revenue generated by the total Storm Drainage Fee or only from the portion of the Fee authorized by the fee increase ballot measure. Joe answered that the reserves are generated only from the fee increase, since prior to the ballot measure the Storm Drainage Fund expenditures exceeded the revenue. Joe then noted that the reason there was so much money left in the “Remaining Appropriation” column of the SD Replacement/Rehabilitation CIP is because the construction contract for the FY 2006-2007 project was awarded just after the end of the fiscal year.

During the discussion of how to present the findings of the Committee on the FY 2006-07 Storm Drainage Fund Expenditures to the City Council, it was decided to omit the detailed list of materials reviewed and to simply attach the summary spreadsheet. It was decided that Joe would edit last year’s memo to Council by updating the dates to FY 2006-07 and by deleting the review material references. John Tarlton made a motion to approve the memo with these changes, and it was seconded by Rod McNall. The motion passed unanimously (5-0).

4. Joe Teresi then presented the amended FY 2007-08 Storm Drainage Fund budget to the Committee. He explained the bidding process for the San Francisquito Creek Pump Station and how all the bids received were near each other in total cost. He noted that the tightly-grouped bid amounts led staff to believe that the bids were an accurate reflection of the cost to construct the Pump station in the current economic climate. A contract for the full amount of the low bid was awarded to ProVen Management, Inc., and then a deductive change order was issued, deleting \$661,500 of bid items from the contract. Joe acknowledged that the total construction cost of the project was greater than the amount of money allocated in the budget. Therefore, the funds from the Clara Drive Storm Drain Improvements CIP, the remaining funds from the Gailen / Bibbits Storm Drain Improvements CIP, and funds remaining from a previous Storm Drain capital improvement project preceding the ballot measure were all transferred into the Pump Station project budget. To close the remaining funding gap, the City Council approved a \$1.7 million loan to the Pump Station Project from the General Fund Budget Stabilization Reserve. \$600,000 of this loan was repaid immediately through funds freed up by the deductive change order, and the remaining loan balance will be paid back over the next three fiscal years. John Tarlton began the discussion by asking why the bids for the pump station came in so much higher than the engineer’s estimate. He speculated that the engineer may have been using outdated construction cost data. Joe assured John that the consultant was using the most recent cost data and his best engineering judgment, but construction costs had simply been increasing very rapidly. John then asked how much savings the City expects to achieve by removing the box culvert from the contract and then rebidding it as a separate item. Joe answered that the amount of savings was unknown, but that he believes it is a win-win situation because ProVen agreed to honor their original bid price, so the box culvert cost can only go down or stay the same. The topic of project prioritization then came up, and the Committee asked which project was next on the list for implementation. Joe answered that the Alma Street Storm Drain Improvement Project was the next scheduled CIP besides the yearly Rehabilitation and Replacement Project. The Committee asked staff to examine the width of the City right-of-way along the railroad tracks and explore

innovative ideas to solve the drainage problem along Alma Street. They noted that this is a perfect opportunity to try something new (e.g. underground infiltration trenches) as an alternative to conventional storm drain pipelines. They also suggested combining this project with the upcoming street resurfacing contract in order to take advantage of the scale of both projects and to potentially have the trench restoration costs be paid by the resurfacing project.

5. Matt Brunnings then gave a short update on the construction progress of the new San Francisquito Creek Stormwater Pump Station. He displayed and explained project plan sheets in conjunction with a PowerPoint presentation of the progress photos.
6. The next meeting of the Storm Drain Oversight Committee was set for Wednesday, April 23, 2008 at 9:00am. The subject of this meeting will be the Committee review of the proposed FY 2008-09 Storm Drainage Fund Budget.

Agenda Item V – Adjournment

At 10:35 am the meeting was adjourned.

Meeting notes prepared by Matt Brunnings
March 4, 2008