

**MINUTES
SAM SPECIAL BOARD MEETING
March 14, 2011**

1. **CALL TO ORDER:** Chair Lohman called the meeting to order at 6:04 p.m. at the SAM Administration Building, located at 1000 N. Cabrillo Highway, Half Moon Bay, CA.

2. **ROLL CALL:** Present: Chair Lohman, Vice Chair Harvey, Directors Fraser, Kowalczyk, Boyd, and Woren
Absent: None
Alternate Present: None

ATTENDANCE: General Manager Leonard, Tech. Svcs. Supv. Pullin, Recording Secretary Turbay, and John Parsons and Kevin Andersen of Parsons Andersen LLP.

3. **PUBLIC COMMENT/ ORAL COMMUNICATION**

Director Woren informed the Board that the Board of Supervisors had set an agenda item for their meeting Tuesday morning, March 15, 2011, that the week of March 21, 2011 will be tsunami warning week.

General Manager Leonard introduced Rick Putz, business agent for International Union of Operating Engineers, Stationary Engineers, Local 39, Tim Costello shop steward for SAM, John Parsons and Kevin Andersen of Parsons Andersen LLP in attendance. He also informed the Board the SAM Supervisor of Administrative Services, could not be at this Budget meeting.

4. **BUDGET WORKSHOP**

a. **SAM Comprehensive Budget Fiscal Year 2011-12**

General Manager Leonard presented an overview of the FY2011-12 Draft SAM Budget. He discussed the draft budget and it's maintaining the existing SAM service levels. He explained to the Board that the 2.5% overall increase excluded Capital Project costs (the Wet Weather Flow Management Program and Recycled Water Program.)

Directors and staff discussed the general (Operating) and project (Capital) budgets. Chair Lohman suggested and a discussion ensued regarding the use of rolling averages to dampen the curve of the Collections hours budget and emphasize more on last year's figures. General Manager Leonard stated the three main sections of the proposed budget (Administration, Treatment and Collections) do not include incremental items.

General Manager Leonard reviewed new initiatives and programs in the draft budget for separate consideration by the Board, including increase in cost for NPDES permit renewal, professional services support for updates to SAM's administrative and financial processes, dues for the San Francisco Bay Area Recycle Water Coalition, and staff positions to support the administration and operations at SAM. A discussion ensued.

b. Conclusion/Next Steps

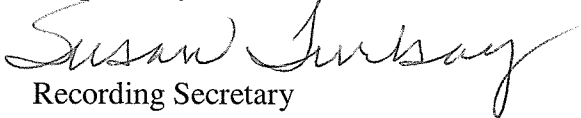
Following discussion, Vice Chair Harvey suggested General Manager Leonard keep the membership to the SF Bay Area Recycle Water Coalition in mind, while at the same time assessing its credibility and value for future inclusion in the budget. Director Kowalczyk requested more justification before supporting a new position of Assistant to the Technical Services Supervisor. Vice Chair Harvey supported the cost neutral situation of converting the temporary administrative position to a permanent position. Director Kowalczyk suggested exploring contractual services for the conversion of temp to permanent administrative position. Director Fraser requested a cost of engineering services over the last year for comparison to the cost of hiring a part time staff Engineer. Director Boyd requested a 5–10 year projection on the replacement cost of a detailed inventory of the capital structures to be on future budgets. Director Woren requested General Counsel billing detail for legal services for the last calendar year.

General Manager Leonard advised that Board suggestions would be addressed and a second draft budget would be presented at the upcoming March 28, 2011 SAM Board Meeting.

5. ADJOURNMENT

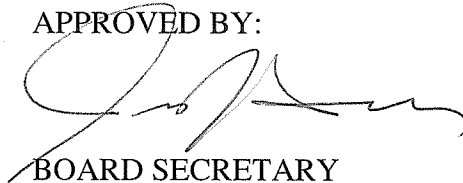
The meeting was adjourned at 8:23 P.M., to the regular SAM Board meeting, scheduled for March 28, 2011, at the SAM Administration Building, 1000 N. Cabrillo Highway, Half Moon Bay, CA 94019.

Respectfully submitted,



Recording Secretary
Susan Turbay

APPROVED BY:


BOARD SECRETARY