



FAIRFIELD-SUISUN SEWER DISTRICT

1010 CHADBOURNE ROAD • FAIRFIELD, CALIFORNIA 94534 • (707) 429-8930 • WWW.FSSD.COM
GREGORY G. BAATRUP, GENERAL MANAGER

July 25, 2013

Honorable Paul Beeman
Presiding Judge of the Superior Court
Solano Superior Court
600 Union Avenue
Fairfield, CA 94533

RECEIVED

JUL 26 2013

JUDGE PAUL L. BEEMAN
DEPARTMENT 1

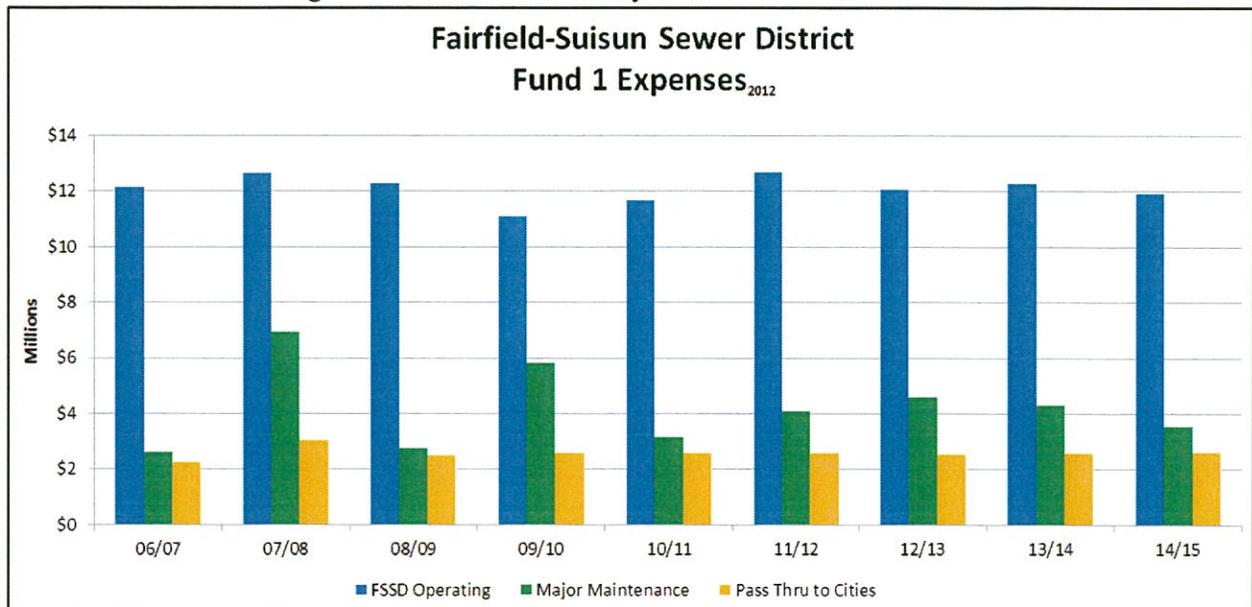
SUBJECT: 2012-13 SOLANO COUNTY GRAND JURY REPORT ON THE
FAIRFIELD-SUISUN SEWER DISTRICT

Judge Beeman:

First we would like to say we value, respect and appreciate the Solano County Grand Jury's inquiry and investigation of the Fairfield-Suisun Sewer District (District). We wholly support the concept that public agencies need to be operated in an efficient and effective manner. We not only support efficiency, but make it a part of the day-to-day operations of the Board and staff.

The Fairfield-Suisun Sewer District (District) operates a cost-efficient, award-winning wastewater and stormwater utility that protects public health and the environment. In 2012, the District treated approximately 4.5 billion gallons of raw sewage from industry, commercial, and residential customers—which is equal to the amount of water it would take to cover Fairfield and Suisun City, approximately six inches deep. For approximately \$1 per day, the District collects, conveys, treats and safely disposes an average of 210 gallons of sewage per day from each residential customer in the community.

The District Board of Directors and Staff continuously review the organization and implement cost-cutting measures whenever possible. The Board has relied on this and long-term planning to guide their budget decisions, thereby avoiding rate spikes that can come from short-term planning. As shown in the graph below, past and future operating expenses are remaining steady in spite of increasing regulations, aging infrastructure, and a changing service area. Through prudent management, the District keeps costs to its ratepayers low. The District has the lowest sewer service charge in Solano County and one of the lowest sewer service charges in the San Francisco Bay Area.



As stated in their report, the Grand Jury responded to some targeted areas that have had some public attention of late. The Board has carefully considered these issues and the following are our specific responses to the Grand Jury's report:

Grand Jury Finding 1- In the years 2010-2012, there were multiple board members attending each conference resulting in increased costs to the Fairfield-Suisun Sewer District.

Response: The District disagrees partially with the finding.

While it is true that the District has sent board members to conferences convened by the California Association of Sanitation Agencies (CASA), the District respectfully disagrees with an implication of the finding that the costs of such attendance are unnecessary or unjustified.

The Board of Directors believes that an engaged and educated Board will make better decisions that result in lower costs to the District's ratepayers. Being informed and knowledgeable in local, state, national and international wastewater issues is critical to an efficient and effective organization formed to protect public health and the environment.

In addition to the educational opportunities, CASA conferences provide opportunities to network with wastewater professionals and opportunities to engage in the development of regulations and legislation that exist in no other forum. The Board of Directors spend personal time understanding these issues through information from staff and what they can learn through other sources—attending CASA conferences is an efficient way to further that knowledge so we can better govern a wastewater agency.

Grand Jury Recommendation 1a - Fairfield-Suisun Sewer District establish a written policy and procedures limiting the number of board members attending each conference to reduce costs.

For the reasons summarized above, the recommendation will not be implemented because it is not warranted or is not reasonable.

Grand Jury Recommendation 1b - Fairfield-Suisun Sewer District should establish a written policy and procedures to include a method of rotating board members attending conferences to reduce costs.

The recommendation will not be implemented because it is not warranted or is not reasonable.

The Board does not agree that mandating a rotation will be beneficial or reduce District costs. Wastewater issues are complex and require regular engagement to influence outcomes that result in the best management of the wastewater agency. Issues, such as influencing legislative changes to the Federal Clean Water Act or regulations affecting biosolids management require months or years to develop and implement. A rotation could result in incomplete coverage, missed opportunities, or mixed messages on issues important to the District.

In addition, CASA is an association run by a Board of Directors that are elected from its members. The CASA Board drives the direction of the organization and being a CASA Director helps to ensure the issues that are important to our agency are part of the CASA's agenda. A mandatory rotation will not allow a District Director to be a member of the CASA Board.

Grand Jury Finding 2 - Fairfield-Suisun Sewer District Board minutes, while complying with the requirements of California Government Code §53232.3 (d), does not provide sufficient information to the public regarding conference attendance.

Response: The District disagrees partially with the finding.

The District agrees with the finding that the Board is compliant with Government Code §53232.3 (d) but disagrees with the conclusion that minutes need to provide sufficient information regarding conference attendance. The primary purpose of meeting minutes is to record the actions of a body. Like most public agencies in California, the minutes generally reflect a summary of decisions before the body and the

actions taken. Minutes are not intended to be a complete body of information; and as stated, the District is in compliance with State law.

Grand Jury Recommendation 2 - Fairfield-Suisun Sewer District establish a policy and procedure requiring written reports by all conference attendees be provided to the Board and attached to the minutes.

Response: The recommendation has not yet been implemented, but will be implemented by June 30, 2014.

Again, the District believes its policies and procedures are compliant with Government Code §53232.3 (d) and written reports are not required by state law. Additionally, the Board believes verbal reports and related discussion can be more valuable to the Board, Staff and interested public than a written report. However, in the interest of making the conference information accessible to the public who do not attend meetings, the Board of Directors will establish a policy and procedure requiring written conference reports for members who attend CASA meetings.

Grand Jury Finding 3 - Effective July 1, 2001 Board Members passed Fairfield-Suisun Resolution No. 01-19 to provide reimbursement of Medical, Dental or Vision expenses paid by the Board Members, his/her spouse or dependent(s) to the extent the Board Member is not reimbursed by any other person or entity. Resolution No. 01-19 is a publicly funded cafeteria healthcare plan.

Response: The District disagrees partially with the finding.

Through the policy and procedures established under Resolution No. 01-19, the Board of Directors can receive reimbursement of qualified expenses but they cannot participate in a District-provided benefit plan. A cafeteria plan is a separate written plan maintained by an employer for employees that meets the specific requirements of and regulations of section 125 of the Internal Revenue Code. The District believes this reimbursement policy does not meet the definition of Section 125 and is not a publicly funded cafeteria healthcare plan.

Grand Jury Recommendation 3 - Fairfield-Suisun Sewer District Board eliminate the healthcare benefit reimbursement provided by the Medical/Dental/Vision Reimbursement Resolution 01-19 to reduce increasing taxpayer costs.

The recommendation will not be implemented because it is not warranted or is not reasonable.

The average cost for the past three years for this reimbursement policy is \$22,348 which equates to \$2,235 per Board member per year. The Board believes the cost of this reimbursement policy is small relative to other forms of healthcare or other benefits available to public officials. The reimbursement amount is capped by the resolution and is contained by the policy and procedures. The reimbursement policy was adopted in a publicly conducted meeting in accordance with all applicable laws, and any changes would also be considered in a public meeting.

The Board of Directors carefully considered and deliberated the response to the Findings and Recommendations of the Grand Jury's report at its June 24, 2013 and July 22, 2013 Board meetings. The Board authorized me to sign this letter on July 22, 2013.

Sincerely,



Michael Hudson, President
Board of Directors
Fairfield-Suisun Sewer District