



January 29, 2014

VIA EMAIL

Richard Tanaka
District Manager
Burbank Sanitary District
20863 Stevens Creek Blvd. #100
Cupertino, CA 95014

**Re: Implementation of the Recommendations of LAFCO's Special Districts
Service Review: Phase 2 and Sphere of Influence Updates**

Dear Mr. Tanaka:

As you know, LAFCO recently adopted the Special Districts Service Review: Phase 2 Report for nine special districts in Santa Clara County, including the Burbank Sanitary District (BSD). The Report is available on the LAFCO Website (www.santaclara.lafco.ca.gov) under "What's New?" The Report identifies several opportunities and includes several recommendations for improving special district services in the county. Specifically, the Report provides recommendations for improving the accountability and transparency of districts through changes in their operations, management, and administration, and recommendations on potential governance structure alternatives, where applicable.

The Commission also directed LAFCO staff to facilitate a meeting between BSD and the City of San Jose to discuss the service and governance structure alternatives identified in the Report, identify a preferred alternative, and outline how to proceed. LAFCO staff would like to arrange for such a meeting to occur in late February. Please let me know as soon as possible what your availability is and who at the District and the City should participate in this meeting.

District's Response is Requested

In an effort to follow-up on these recommendations, LAFCO is requesting that BSD:

1. Review the chapter of the Service Review Report pertaining to the District and provide a written response to LAFCO on how the District plans to implement the recommendation(s) presented in the Report and summarized in Attachment A, along with a time-frame for that implementation, and

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COMMISSIONERS: Pete Constant, Cindy Chavez, Sequoia Hall, Margaret Abe-Koga, Linda J. LeZotte, Mike Wasserman, Susan Vicklund Wilson

ALTERNATE COMMISSIONERS: Johnny Khamis, Yoriko Kishimoto, Terry Trumbull, Cat Tucker, Ken Yeager

EXECUTIVE OFFICER: Neelima Palacherla

2. Provide an explanation if the agency does not plan to implement a recommendation.

Response Due No Later Than March 14, 2014

Please provide a written response to LAFCO as soon as possible and **no later than March 14, 2014**. If you have any questions or concerns or would like to meet to discuss the District's plans, I can be reached at (408) 299-5127 / neelima.palacherla@ceo.sccgov.org or you may contact Dunia Noel, LAFCO Assistant Executive Officer, at (408) [299-5148](tel:299-5148) / dunia.noel@ceo.sccgov.org.

Lastly, I would like to thank you and the District for participating in LAFCO's Special Districts Service Review: Phase 2 and for your consideration and timely response to this request.

Sincerely,



Neelima Palacherla
LAFCO Executive Officer

Attachment:

- A. Recommendations for the Burbank Sanitary District (BSD)

Cc:

Julie Chiu, Administrator / Project Manager, Mark Thomas & Company, Inc.
Burbank Sanitary District Board of Directors
Kerrie Romanow, Director, Environmental Services Dept., City of San Jose
LAFCO Members

BURBANK SANITARY DISTRICT (BSD)

The following are recommendations that the BSD should implement in order to improve the accountability and transparency of the District:

- Include budget and audited financial statement on its website.
- Adopt a policy on expense reimbursements.
- As a best management practice, adopt policies specific to Brown Act compliance, public requests for information, and code of ethics.
- Work with the Cities of San Jose and Santa Clara to update the master agreement with regard to the treatment plant in the near future to describe in detail the extent of the District's capital obligations with regard to master plan improvements. The District would also like the agreement to address District's debt payments when capacity is transferred to the City upon annexation.
- Negotiate a new joint-use agreement with the City of San Jose granting the District permission to discharge its sewage to the City's outfall sewer system and granting the City permission to transport its sewage through the District's collection system and outfall under rare occasions.
- Negotiate a new contract with Environmental Commercial Sweeping for the continuation of street sweeping services.

Recommendation on Governance Structure Options

The Commission has directed LAFCO staff to facilitate a meeting between BSD and the City of San Jose to discuss the service and governance structure alternatives identified in the Service Review Report, identify a preferred alternative, and outline how to proceed. The Commission also directed LAFCO staff to provide an update to the Commission on the outcome of this discussion. LAFCO will then consider next steps associated with the preferred alternative, as necessary.

