



AGENDA
NOTICE OF PUBLIC MEETING
Thursday, January 5th, 2012 7:30pm
Portola Valley Town Center: Buckeye Room
765 Portola Road, Portola Valley, CA

- 1) **Public Comment:** Members of the public may address the Board on District relevant issues not listed on the agenda. Comments on matters that are listed on the agenda may be made at the time the Board is considering each item. Each speaker is allowed a maximum of three (3) minutes.
- 2) **Welcome/Introductory remarks** (Smernoff, 5 min)
- 3) **Oath of Office:** Incoming Board members Susan Coons and Claudia Mazzetti (5 min)
- 4) **Report from District Counsel Sloan:** Review Brown Act, update on status of Blue Oaks loan, questions from the Board (20 min)
- 5) **Discussion of LAFCo meeting:** Possible establishment of ad hoc Board Committee to evaluate options and recommended actions. (Board/Sloan, 20 min)
- 6) **Board Committee membership:** Review of leadership and committee membership (Board, 10 min)
- 7) **Approval of Minutes:** Nov. 3rd 2011 (5 min)
- 8) **Financial Report:** (Tate, 15 min)
- 9) **Discussion of District financial reserves:** Methodology for calculation, determination of reserve amount, preliminary approval (Board, 20 min)
- 10) **Part-time coordinator position:** Review hiring process and job description. Establish ad hoc hiring committee (Smernoff/Board, 20 mi)
- 11) **Program Updates** (Board, 20 min)
- 12) **Correspondence & Communication** (Board, 5 min)
- 13) **Set date, time, and place of next meeting** – March 1st, 2012. Buckeye Room, Portola Valley Town Hall

OATH REQUIRED BEFORE TAKING PUBLIC OFFICE
(per California Constitution Article XX Section 3)

"I, _____, (state name) do solemnly swear (or affirm) that I will support and defend the Constitution of the United States and the Constitution of the State of California against all enemies, foreign and domestic; that I will bear true faith and allegiance to the Constitution of the United States and the Constitution of the State of California; that I take this obligation freely, without any mental reservation or purpose of evasion; and that I will well and faithfully discharge the duties upon which I am about to enter.

"And I do further swear (or affirm) that I do not advocate, nor am I a member of any party or organization, political or other-wise, that now advocates the overthrow of the Government of the United States or of the State of California by force or violence or other unlawful means; that within the five years immediately preceding the taking of this oath (or affirmation) I have not been a member of any party or organization, political or other-wise, that advocated the overthrow of the Government of the United States or of the State of California by force or violence or other unlawful means and that during such time as I hold the office of _____ (state name of office) I will not advocate nor become a member of any party or organization, political or otherwise, that advocates the overthrow of the Government of the United States or of the State of California by force or violence or other unlawful means."

Notes on LAFCo Meeting:
Dec. 12th, 2011

Attendees: LTCWD: David Smernoff, Tracy Sherman, Sandy Sloan
Linda Craig (LAFCo Commissioner Vice Chair)
Martha Poyatos – LAFCo Executive Officer
Rebecca Archer - Deputy County Counsel

Summary: Ms. Poyatos and Ms. Craig seemed to have little interest in the District continuing and that consolidation was the appropriate course for the District to undertake. They questioned if the costs offsets were continuing. A legal difference of opinion exists between Ms. Poyatos and the District (County counsel is still reviewing) regarding section 56824. It was stated that we are the only special District challenging LAFCo's authority to require new powers be activated.

The acquisition of the Woods/Hawthorne property by Midpeninsula Regional Open Space District (MROSD) could potentially re-open discussion regarding a possible conservation easement or lands transfer.

Woodside Fire Protection District (WFPD) – could provide additional service to District through a “Zone of Benefit” transfer of funds. Would transfer responsibility and management to WFPD for enhanced services within District boundaries using District funds.

Ms. Craig noted that “water flows downhill” and was not supportive of the District initiative to assist in the management of water movement outside of the public right of way.

Possible Paths forward:

1. **Dissolution:** - Apply or be forced toward dissolution. Can be challenged by residents which would result in an election. It is unlikely LAFCo will pursue this option given strong public support for continuation.
2. **Status Quo** – District continues current programs, zero sphere of influence continues, MSR's likely will continue to recommend dissolution. Image remains negative. Potential for future Grand Jury inquiries. Legislative remedies remain a threat (*e.g.* . Redevelopment agencies being dissolved)
3. **Activation:** District applies for sphere of influence amendment and concurrent activation of latent powers. Poyatos and Archer to provide a “roadmap” of required steps in the process. No examples of other SMCo agencies undergoing this process. In general, develop a plan for service, a detailed budget, identify existing providers and why we're not duplicative of existing agency functions. Could entail hiring a consultant to write the plan with an uncertain outcome. No indication that a District request would be

well received. Requires District to pay fees. Could potentially include transfer of some funds via “zone of benefit” to WFPD (unique to fire districts? Sandy to investigate). Likely a long and involved process.

4. **Re-organization:** Requires dissolution and then re-organization into a new special District. A “big/scary process” (Poyatos). Unclear if electorate would vote to dissolve unless re-organization was assured. Long, time consuming process, expensive with uncertain outcome.

January 3, 2012

MEMORANDUM

TO: Board members
FROM: David Smernoff
RE: 2012 Board Leadership and Committees



The following Board Committee assignments were made in consultation with each Board member. Changes to the assignments may be made as requested by members or as discussed by the Board.

Members of the public are also encouraged to assist with program Committee activities under the direction of Board members.

Board Leadership:

President, Smernoff

Vice-President, Coons (per Resolution 194)

The succession shall follow a seniority protocol by the date a Director is originally sworn into office. In the event of multiple Directors with the same start date, an alphabetic, by last name, protocol will determine the order of Presidents.

Standing Committees:

Finance: Sherman, Smernoff, Tate (Finance manager)

Water Movement Control Program: Uridel, Smernoff

Lands: Coons, Mazzetti

Emergency Preparedness/Fire Safety: Sherman, Coons

Water Use Efficiency: Mazzetti

Proposed Ad Hoc Committees for 2012:

Personnel/Contractors: Smernoff

Manage hiring process, interview candidates, make recommendations to Board.

District Status:

Review options, develop objective analyses, present to Board for possible action.

November 9, 2011

DRAFT
Minutes of the Public Meeting of
The Board of Directors
Los Trancos County Water District
November 9, 2011

In attendance:

Charlie Krenz, David Smernoff, Tracy Sherman, Tom Uridel, Mike Ward, Keri Tate (Finance Manager) Cindy Rodas; (acting Recording Secretary)

Meeting was called to order: at 7:34 pm at the Portola Valley Town Center Buckeye Room

0. Public Comment: Members of the community present – 9; Johanna Dolan, Stan Gage, Claudia Mazzetti, Richard Swan, Robert Neuer, Nancy Neuer, Susan Coons, Steve Friedman, and Amanda Lee.

No public comment

1. Approval of minutes: June 2011 and September 2011

June 2011 minutes

Krenz states that edits have been made to the June 2011 minutes and are included in the November 3rd packet regarding the Recording Secretary position. Edits were made to more accurately reflect what was said during this section in the June meeting.

Krenz – Motion to approve June 2011 minutes, Ward seconded; All in favor

September 2011 minutes

Ward states that there should be one change that should be made in the discussion of the Secretary's job description; Ward was authorized to make changes.

Ward – Motion to approve, Sherman seconded; All in favor.

2. Financial Report/Audit Update:

Keri Tate – The packet includes September and October, September's report will be used as a reference as Keri Tate reviews Octobers' report as of 10/31/11. Tate states "we have spent a lot of money" but a deposit was made in the amount of about \$11,000.00 from the County and more money will be coming in November as November and April are the months in which property taxes come due. October brings us through one-third of budget.

Expenses; Water Use Efficiency is at 60% of budget, Emergency Preparedness 55%, Offset Program is at 25% and a check is ready to go out for them in the amount of \$10,000.00 as a regularly scheduled payment. Lands is at 9% of budget, Water Movement Control 42%, Contract Services 9%, Operations 7.4%, other types of Expenses 39% and Travel and Meetings is at 2%.

Tate also addressed that appointment of a new finance committee should also be included on the next agenda as well as the necessary changes with Union Bank including having new signers for the account on file in order to get checks signed in January. One of the current signers will most likely also need to be present for these changes at Union Bank. Krenz and Ward agreed that they will continue to be on the finance committee as well as the only signers on the account through their term at the end of the calendar year.

Tate stated that changes to the online banking functions would also need to be made as Charlie Krenz is the administrator for the online banking functions.

Sherman volunteered to be an interim member of the finance committee along with current members Ward and Krenz until the new members are sworn in. Smernoff also stated that it would make sense that one running board member take on the signatory functions on a continuous basis until the new finance committee members are sworn in.

Krenz stated that he would find out how to surrender his rights as administrator for the online banking functions.

Smernoff motions for Sherman to serve as an interim officer on the finance committee with all the signatory authorities transferred to her and in January a new finance committee will be formalized.

Ward seconded – All in favor

Motion to approve October finance report: Smernoff, Sherman seconded – all in favor

Audit Report

Tate states that she would like to make changes to the audit process for next year to make it easier, she will work with the finance committee on that.

Krenz asked what the status was on the management statement in regards to the audit.

Ward stated that he and Keri Tate have spoken to Jeff Ira at C.G. Uhlenberg LLP about it and he says that only large Districts complete a management statement. An informal management report was completed for LTCWD which is useful for the District but doesn't meet their standards therefore it is not included in the official audit but is a part of the packet as a statement of what the audit was like.

Smernoff suggests for next years' audit that a note be made to clarify that although a management statement is required for the audit of all special districts that one is not required for the LTCWD due to the size of the District.

Tate requests to finalize all the text for the audit with the finance committee before August 1, 2012 to ensure a smoother process for the audit.

Smernoff adds that Tate's request to finalize the text for the next audit be added as an agenda item sometime before August 1st.

Motion to approve the 2010/2011 Audit Report: Sherman, Smernoff seconded – All in favor

3. Program Updates

Emergency Preparedness/Fire Safety:

Krenz – Actively working near the Keegan property and the Old Spanish Trail, removing lots of Eucalyptus wood in that area where Eucalyptus is highly concentrated.

Sherman – Completed the clearance of The Critical Mile area along Los Trancos Road, and working on setting up an annual contract with Skyline Tree Service so that every year an additional, deeper clearance of the Critical Mile can be done after the Town has come in and completed their clearance.

Question from the public to clarify what area is referred to as “The Critical Mile”, Sherman responds with; area that begins around Ramona Road and Los Trancos and continues downhill for one mile to where the back emergency entrance of Portola Valley Ranch, which serves as an alternative exit/entrance if Los Trancos Road was closed and for emergency vehicles to enter the community as well.

Water Movement Control:

Uridel passed out a listing of the documents and projects that are ongoing with the program to give the public a sense of what is being accomplished.

Smernoff - Some of these reports especially the large ones are available at the Portola Valley Library so that they can be easy accessible to the public. These reports are available in the Resource room of the library, you may not check them out but they are available to view.

Since the last meeting there are now 5 completed culvert repair projects and one outlet repair project across a private parcel.

Recently met with civil engineers and hydrologic specialists Kier & Wright, and Schaaft & Wheeler to discuss demonstration projects, one being on Ramona Road and looking at improvements to the inlet basin above the slide area, as a preliminary review of those engineering plans. Another meeting is set up to review the plans on site. The other demonstration project is on Los Trancos Road to get the water from draining down on to people's property to get it back in to the upslope drainage ditches down to the drainage channel. It may not be possible to complete all of the Ramona Road work until spring time.

Question from the public, Claudia Mazzetti; Where is the Department of Public Works in connection with the projects, are they responsive to the studies taking place?

Smernoff – Projects are in the analysis stage County has not yet received the final Ramona Road Geotechnical report. Once the report is finalized it will be taken to the County, District is also waiting on repair costs in order to seek funding.

Mazzetti addresses concern with the liability of any problems with projects that are taken on by the District.

Uridel states that LTCWD have considered the liability of any problems associated with the projects and the LTCWD has general liability insurance. Both the engineering firms and contractors doing the work and repairs have liability coverage, liability of work lies with the licensed and insured contractors.

Smernoff states that the County's Department of Public Works must also approve the engineered plans of any work that will take place as an extra protection against liability for the District.

Uridel questioned how the District will be able to make reports available on LTCWD.org.

Options on having that available on the website will be explored but in the meantime the reports are available in the library.

Saving Water

Certification program on water use efficiency for water saving homes received qualification of 207 households out of 258 an 80% range which is a great turnout.

Overall since the certification program 30% of homes have participated in changing shower heads, toilets, dishwashers, washing machines, etc.

Since the launch of the coupon program the District sold 11 toilets, 5 dishwashers/clothes washers, 4 people have installed the outdoor ET controllers, which is the most effective tool to conserve water.

Lands

Smernoff got in contact with AT&T to have them come out with their pole engineer to look at the hazardous wires on District property one of which is attached to a pole that has a fallen tree that could potentially pull the pole down. It has been about an 8 month long process but should be resolved within the next month.

4. Discussion on Sandy Sloan meeting re: possible activation of chartered District program(s)

Sherman and Smernoff met with Sandy Sloan in October to go over a number of issues.

Sherman - first part of the meeting with Sandy was to discuss whether to leave the District as is versus activate the latent powers for one program, in particular Water Movement Control.

As a basis point Sandy Sloan's legal opinion and that of the previous legal counsel Sharon Davis was that the LTCWD does have a legal right to exist.

Sloan did suggest that she have a conversation with LAFCo's legal counsel to determine their position to get an idea of how open they would be on pursuing activation of latent powers for the Water Movement Control program. The downside to going forward to LAFCo and asking for the permission is that if LAFCo says no the program gets shut down and there is no recourse.

Sloan stated that the activation process is lengthy and can take anywhere between 6 – 8 months and must be very carefully orchestrated.

In regards to Martha Poyatos, her stance is that LTCWD is not playing by the rules and sees her role as needing to bring the District in compliance

Both Sherman and Smernoff had different understandings in regards to a negative outcome or response from LAFCo, this will be communicated to Sloan for clarification.

Question from Krenz whether or not the activation of Fire Safety was discussed with Sloan as well. Sherman stated that Fire Safety was not discussed as Water Movement Control was the first project chosen to move forward with activation as it is the program with the highest likelihood of being approved by LAFCo because it does fall within the chartered responsibilities that LTCWD is allowed to do.

Smernoff added that LAFCo only limited tools to go after the District and shut it down; ultimately the decision would rest with voters.

The other issue that was discussed with Sloan had to do with Lands regarding the loan with Blue Oaks. Sloan noted that she had tried to get in contact with the original developer and was only able to speak to the developers' attorney to discuss the loan and it seems that the person on the receiving end of the loan seemed very disinterested on the subject. Sloan then suggested that she could try again to revisit the subject and see if there is some sort of mechanism available to be able to clear that off of the books.

Smernoff also mentioned that Sloan said that this loan could also serve as some sort of insulation in some ways as there are very few agencies willing to take on a loan of that size regardless of the probability of it ever coming due.

Sherman added that Sloan also mentioned that she did not feel that if the District did ever dissolve, transform, or be forced to dissolve that the County would then go after the District for that loan.

Ward added that he had also spoken to Sloan and that she had reviewed the loan contract and determined that since all of the 32 lots of Blue Oaks are now sold that the rights to the loan transferred to the homeowners of Blue Oaks. Sandy will further study the loan agreement to determine if that is the case.

5. Follow-up discussion regarding the 2011/2012 Budget; part-time Coordinator Position

This was also an issue that was discussed in the meeting with Sandy Sloan.

Smernoff stated that at the May 3rd meeting was the first time that he had presented the idea of hiring a contractor to take on managing various program elements especially focusing on the resident incentive programs. At the June 3rd meeting Smernoff also put together a memo which had specific details on the kind of tasks that the coordinator position would take on which were mostly administrative and programmatic, not high-level administrative.

At the June 3rd meeting the decision was unanimously approved to include in budget the amount of \$30,000.00 to allow for exploration of this position on a pilot basis this upcoming fiscal year.

Smernoff put together a consulting agreement for the coordinator position by taking the current consulting agreements for the finance manager and recording secretary positions and used the same legal language. The handouts include exhibit A and exhibit B; exhibit A is a refinement of the administrative and programmatic duties and Exhibit B is the supervision and compensation of the position. Smernoff hopes to approve these documents at the January meeting with any revisions or refinements to the contract and move forward with a process for hiring for the position. Advertising of the position would be done on a variety of local venues, followed by interviews by the President of the Board along with another member of the Board, these interviews would then result in some finalists and the finalist would then have a chance to meet the remaining Board members and then have a final decision made on one finalist and move forward with approval for hiring at the March meeting for the position to begin in March. This program would then be a pilot program for one year to see how well the program is working as well as looking at what is being accomplished.

Ward suggests that instead of hiring an outside contractor that it may be possible to pay Board members a fee for administrative duties as compensation or a monthly fee for work completed.

Uridel expressed concern on the legality of paying Board members for administration work and would like to check with counsel. Ward mentioned that he had already consulted with counsel and that counsel said that it is a common practice for board members to be paid for work.

Krenz added that when he had first heard about this position he was pretty dead set against it but has since warmed up to the idea with the notion that the person hired would be more of an expediter of work that is difficult to do. Krenz stated that he doesn't know what is right and addressed the candidates for the Board saying that he hopes that the two new Board members weigh on this matter seriously.

Sherman also added that she is also deeply ambivalent to this position but also recognizes that the board agreed to pay someone for additional project work and to work on things that just weren't getting done.

Public input from Amanda Lee suggests that instead of hiring a paid contractor that the Board should reach out to the community and look for a volunteer to take on these tasks and expressed concern regarding the overhead costs.

Sherman passed out a handout of a 3 year analysis of overhead as a percentage of overall income stating that at the very highest the District would come in at 25% which is still considered a fairly low overhead expense for non-profit organizations.

Smernoff added to the volunteer suggestion and mentioned that in the 2006/2007 timeframe he had several lands committee meetings and had a reasonably good turnout for the meetings but the meetings resulted in not one single volunteer. Smernoff added that the time and energy spent on recruiting, training and maintaining volunteers on task is a tremendous amount of work. If someone is being paid for the work to be done you can insist that the work be completed in a responsible and timely manner.

Susan Coons candidate for the Board wonders why this topic is so controversial and states that it may be because the position is so vague. Susan is hoping that this issue is resolved either before or after the election and is just concerned with the controversy.

Smernoff added that this is not an actionable item and it is open for discussion and appreciates everyone's input and opinion and states that this position is on a trial basis and there would be a six-month review of this position and then after a year the board will re-evaluate whether or not they would like to continue with this process.

6. Final review of the Secretary Contract Agreement and Procedures/Protocol

Ward worked on updating the consulting agreement for the secretary position, the updates include adding in the agreement that additional work would be compensated with an additional \$50/per hour and that a computer would be supplied.

7. Update on Adobe Acrobat E-Signatures software; confirm all Board members are onboard (software available for new Board members?)

Board members expressed good feedback and are happy with the results, Sherman asked if the software is available for two more Board members, this will be revisited in the future.

8. Presentation for outgoing members Krenz & Ward with "Thank You" gifts.

Outgoing members expressed gratitude and shared some kind words with the public.

9. Approval of the next Board President

Next President in rotation David Smernoff

Ward motions for approval, Uridel seconded – All in favor

10. Correspondence and Communication

California Special District Association membership dues are up, costs are \$722 for the year.

11. Set date and time for the next meeting

There may be some conflicts for the meeting date of January 5th, the date will be tentatively set for January 5th at 7:30 in the Buckeye Room but board will wait on the outcome of the November elections to make sure that all members will be available to meet.

Meeting adjourned: 9:48 pm

10:10 AM

01/01/12

Accrual Basis

Los Trancos County Water District
Balance Sheet
As of November 30, 2011

	<u>Nov 30, 11</u>
ASSETS	
Current Assets	
Checking/Savings	
Bank of California - Checking	5,617.27
LAIF Mutual fund	12,026.75
Total Checking/Savings	<u>17,644.02</u>
Total Current Assets	<u>17,644.02</u>
TOTAL ASSETS	<u>17,644.02</u>
LIABILITIES & EQUITY	
Equity	
30000 · Opening Balance Equity	175,649.69
32000 · Unrestricted Net Assets	42,429.79
Net Income	-200,435.46
Total Equity	<u>17,644.02</u>
TOTAL LIABILITIES & EQUITY	<u>17,644.02</u>

Los Trancos County Water District Income Statement: Actual vs Budget by Account November 2011

	Nov 11	Budget	Jul - Nov 11	YTD Budget	Annual Budget
Ordinary Income/Expense					
Income					
43400 · Direct Public Support					
43405 · Property Tax Revenue	21,243.24		26,490.74		
43400 · Direct Public Support - Other	0.00	21,632.00	0.00	28,863.00	272,878.00
Total 43400 · Direct Public Support	21,243.24	21,632.00	26,490.74	28,863.00	272,878.00
45000 · Investments					
45030 · Interest-Savings, Short-term CD	178.25		503.04		
45000 · Investments - Other	0.00		0.00	600.00	1,200.00
Total 45000 · Investments	178.25		503.04	600.00	1,200.00
Total Income	21,421.49	21,632.00	26,993.78	29,463.00	274,078.00
Expense					
61100 · Water Use Efficiency					
60904 · WUE Rebate - Exterior	0.00	651.23	3,098.80	4,837.01	9,395.64
61102 · WUE Rebate - Interior	500.00	281.77	7,380.07	2,091.97	4,064.36
61103 · WUE Residential Water Survey	0.00	128.33	0.00	641.69	1,540.00
Total 61100 · Water Use Efficiency	500.00	1,061.33	10,478.87	7,570.67	15,000.00
61200 · Emergency Preparedness					
61205 · Fire Safety Escape Routes	2,700.00	2,500.00	21,600.00	12,500.00	30,000.00
61207 · Fire Safety Community Buffer	0.00	2,666.67	1,669.28	13,333.31	32,000.00
61208 · Fire Safety Residential Program	4,075.00	2,500.00	34,099.33	12,500.00	30,000.00
Total 61200 · Emergency Preparedness	6,775.00	7,666.67	57,368.61	38,333.31	92,000.00
61900 · Offset Program					
61901 · Offset	8,950.00		17,900.00	17,900.00	35,800.00
61905 · Offset admin fee	1,050.00		2,100.00	2,100.00	4,200.00
Total 61900 · Offset Program	10,000.00		20,000.00	20,000.00	40,000.00
62800 · Lands					
62801 · Restrtn Supls, Plants Irrrgtn	0.00	250.00	375.00	1,250.00	3,000.00
62802 · Fuel load reduction/SOD treatme	0.00	250.00	1,600.00	1,250.00	3,000.00
62803 · Maintenance	0.00	500.00	0.00	2,500.00	6,000.00
62804 · Environmental review, document	0.00	83.33	0.00	416.69	1,000.00
62840 · Capital Projects	0.00	666.67	0.00	3,333.31	8,000.00
62850 · Contingency	0.00	83.33	0.00	416.69	1,000.00
62890 · Utilities - Water	50.00	83.33	100.00	416.69	1,000.00
Total 62800 · Lands	50.00	1,916.66	2,075.00	9,583.38	23,000.00
62900 · Water Movement Control					
62902 · Phase One Supplemental Budget	1,408.96	4,166.67	8,324.97	20,833.31	50,000.00
62903 · Water testing	2,285.00	1,250.00	12,780.48	6,250.00	15,000.00
62904 · Ramona Road Study	4,524.03	3,333.33	24,557.52	16,666.69	40,000.00
62905 · Residential Incentive Program	42,759.41	5,000.00	74,923.41	25,000.00	60,000.00
Total 62900 · Water Movement Control	50,977.40	13,750.00	120,586.38	68,750.00	165,000.00

Los Trancos County Water District
Income Statement: Actual vs Budget by Account
November 2011

	Nov 11	Budget	Jul - Nov 11	YTD Budget	Annual Budget
64800 · Contract Services					
64801 · Recording Secretary	500.00	416.67	1,000.00	2,083.31	5,000.00
64805 · Bookkeeping	0.00	512.50	2,200.00	2,562.50	6,150.00
64806 · Operations Manager	0.00	2,500.00	0.00	12,500.00	30,000.00
64810 · Accounting Fees	4,845.00		4,845.00	4,750.00	4,750.00
64840 · Legal Fees	100.00	1,440.00	2,682.06	4,920.00	15,000.00
Total 64800 · Contract Services	5,445.00	4,869.17	10,727.06	26,815.81	60,900.00
65000 · Operations					
65010 · Books, Subscriptions, Reference	0.00		29.91	1.00	1.00
65020 · Postage, Mailing Service	0.00	4.17	115.35	20.81	50.00
65030 · Printing and Copying	0.00	400.00	0.00	2,000.00	4,800.00
65040 · Supplies	0.00	75.00	409.79	375.00	900.00
65060 · Technology	0.00	208.33	355.93	1,041.69	2,500.00
65070 · Marketing and Communications	0.00	333.33	0.00	1,666.69	4,000.00
Total 65000 · Operations	0.00	1,020.83	910.98	5,105.19	12,251.00
65100 · Other Types of Expenses					
65105 · Insurance, Liability	0.00		4,015.38	4,500.00	4,500.00
65120 · Insurance - D and O	0.00		0.00		3,000.00
65130 · Election Costs	0.00		0.00		2,000.00
65150 · Memberships and Dues	722.00		722.00	644.00	644.00
65155 · Grants and Donations	0.00		0.00		1,000.00
65160 · Other Costs	17.00		25.00		
65180 · LAFCO	0.00	136.00	0.00	136.00	136.00
65190 · Departing Gifts	0.00		507.35		200.00
Total 65100 · Other Types of Expenses	739.00	136.00	5,269.73	5,280.00	11,480.00
68300 · Travel and Meetings					
68310 · Conference, Convention, Meeting	0.00	41.67	12.61	208.31	500.00
68320 · Travel	0.00	8.33	0.00	41.69	100.00
Total 68300 · Travel and Meetings	0.00	50.00	12.61	250.00	600.00
Total Expense	74,486.40	30,470.66	227,429.24	181,688.36	420,231.00
Net Ordinary Income	-53,064.91	-8,838.66	-200,435.46	-152,225.36	-146,153.00
Net Income	-53,064.91	-8,838.66	-200,435.46	-152,225.36	-146,153.00

Los Trancos County Water District
Income Statement: Actual vs Budget by Account
November 2011

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45000 · Investments	178.25		503.04	600.00	1,200.00
Total Income	<u>21,421.49</u>	<u>21,632.00</u>	<u>26,993.78</u>	<u>29,463.00</u>	<u>274,078.00</u>
Expense					
61100 · Water Use Efficiency	500.00	1,061.33	10,478.87	7,570.67	15,000.00
61200 · Emergency Preparedness	6,775.00	7,666.67	57,368.61	38,333.31	92,000.00
61900 · Offset Program	10,000.00		20,000.00	20,000.00	40,000.00
62800 · Lands	50.00	1,916.66	2,075.00	9,583.38	23,000.00
62900 · Water Movement Control	50,977.40	13,750.00	120,586.38	68,750.00	165,000.00
64800 · Contract Services	5,445.00	4,869.17	10,727.06	26,815.81	60,900.00
65000 · Operations	0.00	1,020.83	910.98	5,105.19	12,251.00
65100 · Other Types of Expenses	739.00	136.00	5,269.73	5,280.00	11,480.00
68300 · Travel and Meetings	0.00	50.00	12.61	250.00	600.00
Total Expense	<u>74,486.40</u>	<u>30,470.66</u>	<u>227,429.24</u>	<u>181,688.36</u>	<u>420,231.00</u>
Net Ordinary Income	<u>-53,064.91</u>	<u>-8,838.66</u>	<u>-200,435.46</u>	<u>-152,225.36</u>	<u>-146,153.00</u>
Net Income	<u><u>-53,064.91</u></u>	<u><u>-8,838.66</u></u>	<u><u>-200,435.46</u></u>	<u><u>-152,225.36</u></u>	<u><u>-146,153.00</u></u>

10:11 AM

01/01/12

Accrual Basis

Los Trancos County Water District
Balance Sheet
As of December 31, 2011

	<u>Dec 31, 11</u>
ASSETS	
Current Assets	
Checking/Savings	
Bank of California - Checking	59,348.11
LAIF Mutual fund	72,026.75
Total Checking/Savings	<u>131,374.86</u>
Total Current Assets	<u>131,374.86</u>
TOTAL ASSETS	<u>131,374.86</u>
LIABILITIES & EQUITY	
Equity	
30000 · Opening Balance Equity	175,649.69
32000 · Unrestricted Net Assets	42,429.79
Net Income	-86,704.62
Total Equity	<u>131,374.86</u>
TOTAL LIABILITIES & EQUITY	<u>131,374.86</u>

Los Trancos County Water District
Income Statement: Actual vs Budget by Account
December 2011

	Dec 11	Budget	Jul - Dec 11	YTD Budget	Annual Budget
Ordinary Income/Expense					
Income					
43400 · Direct Public Support					
43405 · Property Tax Revenue	137,026.74		163,517.48		
43400 · Direct Public Support - Other	0.00	95,078.00	0.00	123,941.00	272,878.00
Total 43400 · Direct Public Support	137,026.74	95,078.00	163,517.48	123,941.00	272,878.00
45000 · Investments					
45030 · Interest-Savings, Short-term CD	0.00		503.04		
45000 · Investments - Other	0.00		0.00	600.00	1,200.00
Total 45000 · Investments	0.00		503.04	600.00	1,200.00
Total Income	137,026.74	95,078.00	164,020.52	124,541.00	274,078.00
Expense					
61100 · Water Use Efficiency					
60904 · WUE Rebate - Exterior	7,442.74	651.23	10,541.54	5,488.24	9,395.64
61102 · WUE Rebate - Interior	0.00	281.77	7,380.07	2,373.74	4,064.36
61103 · WUE Residential Water Survey	0.00	128.33	0.00	770.02	1,540.00
Total 61100 · Water Use Efficiency	7,442.74	1,061.33	17,921.61	8,632.00	15,000.00
61200 · Emergency Preparedness					
61205 · Fire Safety Escape Routes	0.00	2,500.00	21,600.00	15,000.00	30,000.00
61207 · Fire Safety Community Buffer	0.00	2,666.67	1,669.28	15,999.98	32,000.00
61208 · Fire Safety Residential Program	500.00	2,500.00	34,599.33	15,000.00	30,000.00
Total 61200 · Emergency Preparedness	500.00	7,666.67	57,868.61	45,999.98	92,000.00
61900 · Offset Program					
61901 · Offset	0.00		17,900.00	17,900.00	35,800.00
61905 · Offset admin fee	0.00		2,100.00	2,100.00	4,200.00
Total 61900 · Offset Program	0.00		20,000.00	20,000.00	40,000.00
62800 · Lands					
62801 · Restrtn Supls, Plants Irrrgtn	0.00	250.00	375.00	1,500.00	3,000.00
62802 · Fuel load reduction/SOD treatme	0.00	250.00	1,600.00	1,500.00	3,000.00
62803 · Maintenance	0.00	500.00	0.00	3,000.00	6,000.00
62804 · Environmental review, document	0.00	83.33	0.00	500.02	1,000.00
62840 · Capital Projects	0.00	666.67	0.00	3,999.98	8,000.00
62850 · Contingency	0.00	83.33	0.00	500.02	1,000.00
62890 · Utilities - Water	0.00	83.33	100.00	500.02	1,000.00
Total 62800 · Lands	0.00	1,916.66	2,075.00	11,500.04	23,000.00
62900 · Water Movement Control					
62902 · Phase One Supplemental Budget	1,248.81	4,166.67	9,573.78	24,999.98	50,000.00
62903 · Water testing	4,442.60	1,250.00	17,223.08	7,500.00	15,000.00
62904 · Ramona Road Study	6,215.75	3,333.33	30,773.27	20,000.02	40,000.00
62905 · Residential Incentive Program	0.00	5,000.00	74,923.41	30,000.00	60,000.00
Total 62900 · Water Movement Control	11,907.16	13,750.00	132,493.54	82,500.00	165,000.00

Los Trancos County Water District
Income Statement: Actual vs Budget by Account
December 2011

	Dec 11	Budget	Jul - Dec 11	YTD Budget	Annual Budget
64800 · Contract Services					
64801 · Recording Secretary	0.00	416.67	1,000.00	2,499.98	5,000.00
64805 · Bookkeeping	1,000.00	512.50	3,200.00	3,075.00	6,150.00
64806 · Operations Manager	0.00	2,500.00	0.00	15,000.00	30,000.00
64810 · Accounting Fees	0.00		4,845.00	4,750.00	4,750.00
64840 · Legal Fees	100.00	1,440.00	2,782.06	6,360.00	15,000.00
Total 64800 · Contract Services	1,100.00	4,869.17	11,827.06	31,684.98	60,900.00
65000 · Operations					
65010 · Books, Subscriptions, Reference	0.00		29.91	1.00	1.00
65020 · Postage, Mailing Service	0.00	4.17	115.35	24.98	50.00
65030 · Printing and Copying	0.00	400.00	0.00	2,400.00	4,800.00
65040 · Supplies	0.00	75.00	409.79	450.00	900.00
65060 · Technology	0.00	208.33	355.93	1,250.02	2,500.00
65070 · Marketing and Communications	0.00	333.33	0.00	2,000.02	4,000.00
Total 65000 · Operations	0.00	1,020.83	910.98	6,126.02	12,251.00
65100 · Other Types of Expenses					
65105 · Insurance, Liability	0.00		4,015.38	4,500.00	4,500.00
65120 · Insurance - D and O	2,205.00	3,000.00	2,205.00	3,000.00	3,000.00
65130 · Election Costs	0.00		0.00		2,000.00
65150 · Memberships and Dues	0.00		722.00	644.00	644.00
65155 · Grants and Donations	0.00	1,000.00	0.00	1,000.00	1,000.00
65160 · Other Costs	2.00		27.00		
65180 · LAFCO	139.00		139.00	136.00	136.00
65190 · Departing Gifts	0.00	200.00	507.35	200.00	200.00
Total 65100 · Other Types of Expenses	2,346.00	4,200.00	7,615.73	9,480.00	11,480.00
68300 · Travel and Meetings					
68310 · Conference, Convention, Meeting	0.00	41.67	12.61	249.98	500.00
68320 · Travel	0.00	8.33	0.00	50.02	100.00
Total 68300 · Travel and Meetings	0.00	50.00	12.61	300.00	600.00
Total Expense	23,295.90	34,534.66	250,725.14	216,223.02	420,231.00
Net Ordinary Income	113,730.84	60,543.34	-86,704.62	-91,682.02	-146,153.00
Net Income	113,730.84	60,543.34	-86,704.62	-91,682.02	-146,153.00

Los Trancos County Water District
Income Statement: Actual vs Budget by Account
December 2011

	Dec 11	Budget	Jul - Dec 11	YTD Budget	Annual Budget
Ordinary Income/Expense					
Income					
43400 · Direct Public Support	137,026.74	95,078.00	163,517.48	123,941.00	272,878.00
45000 · Investments	0.00		503.04	600.00	1,200.00
Total Income	137,026.74	95,078.00	164,020.52	124,541.00	274,078.00
Expense					
61100 · Water Use Efficiency	7,442.74	1,061.33	17,921.61	8,632.00	15,000.00
61200 · Emergency Preparedness	500.00	7,666.67	57,868.61	45,999.98	92,000.00
61900 · Offset Program	0.00		20,000.00	20,000.00	40,000.00
62800 · Lands	0.00	1,916.66	2,075.00	11,500.04	23,000.00
62900 · Water Movement Control	11,907.16	13,750.00	132,493.54	82,500.00	165,000.00
64800 · Contract Services	1,100.00	4,869.17	11,827.06	31,684.98	60,900.00
65000 · Operations	0.00	1,020.83	910.98	6,126.02	12,251.00
65100 · Other Types of Expenses	2,346.00	4,200.00	7,615.73	9,480.00	11,480.00
68300 · Travel and Meetings	0.00	50.00	12.61	300.00	600.00
Total Expense	23,295.90	34,534.66	250,725.14	216,223.02	420,231.00
Net Ordinary Income	113,730.84	60,543.34	-86,704.62	-91,682.02	-146,153.00
Net Income	113,730.84	60,543.34	-86,704.62	-91,682.02	-146,153.00

January 3, 2012

MEMORANDUM



TO: Board members
FROM: David Smernoff
RE: Establishment of a reserve policy

The District has no formal policy on maintenance of a financial reserve, nor a standard method for evaluating reserves. Therefore, the Board is asked to discuss both a methodology for evaluating and projecting financial reserves, and to establish guidelines for keeping the desired amount of cash as a reserve.

To initiate this discussion please review the attached information. After this initial discussion concerning the methodology and a reserve amount/range will be continued to the March meeting for additional analysis and discussion.

Attached to this memo:

1. Audited District financial records for fiscal years from '06-07 through '10-11, budgeted amounts for the current fiscal year '11-12, and projected amounts for fiscal years '12-13 and '13-14.
2. Prior and current fiscal year "overhead" expenses (actual and budgeted)
3. Income by month (table and graph) for 5 fiscal years demonstrating the seasonal receipt of property tax revenues.

In the audited records table, annual net income is calculated by subtracting total expenses from total income (cash reserves, tax revenue and additional income (interest, misc.)). Cash at year end ("reserve") is calculated by adding cash reserves to total annual income and subtracting total expenses.

Overhead expenses are provided as a basis of comparison for the prior and current fiscal years, attached as a separate sheet in the packet.

Establishing and maintaining a reserve will require awareness of the seasonality of income and expenses, improved budget forecasting, and establishing budgets that maintain the desired reserve amount at fiscal year-end.

LTCWD audited and projected Finances (2006 to 2014)

Fiscal Year		audited 06-07	audited 07-08	audited 08-09	audited 09-10	audited 10-11	budgeted 11-12	projected (3) 12-13	projected (3) 13-14
Income	Cash Reserves (2)	178,716	279,968	285,024	219,364	216,196	233,621	87,568	39,632
	Property tax revenue	210,876	210,298	245,833	252,270	276,445	272,878	281,064	289,496
	Total Income (1)	214,022	222,856	252,206	258,168	282,543	274,078	283,064	291,496
Expenses	Overhead	11,953	26,983	20,040	27,571	37,591	85,231	72,000	74,000
	Lands	8,493	40,546	55,951	17,507	24,760	23,000	17,000	16,000
	Emergency Prep	-	36,378	79,204	84,969	107,184	92,000	82,000	82,000
	Water Cost offsets	90,000	90,306	139,500	80,000	45,680	40,000	-	-
	WUE	1,443	23,122	16,640	18,563	4,867	15,000	20,000	20,000
	WMC	-	-	6,531	40,734	52,677	165,000	140,000	140,000
	Total Expenses	111,889	217,335	317,866	269,344	272,759	420,231	331,000	332,000
	Net Income adj	102,134	5,521	(65,660)	(11,176)	9,784	(146,153)	(47,936)	(40,504)
	Cash at year end (2)	280,850	285,489	219,364	208,188	225,980	87,468	39,632	(872)

Notes:

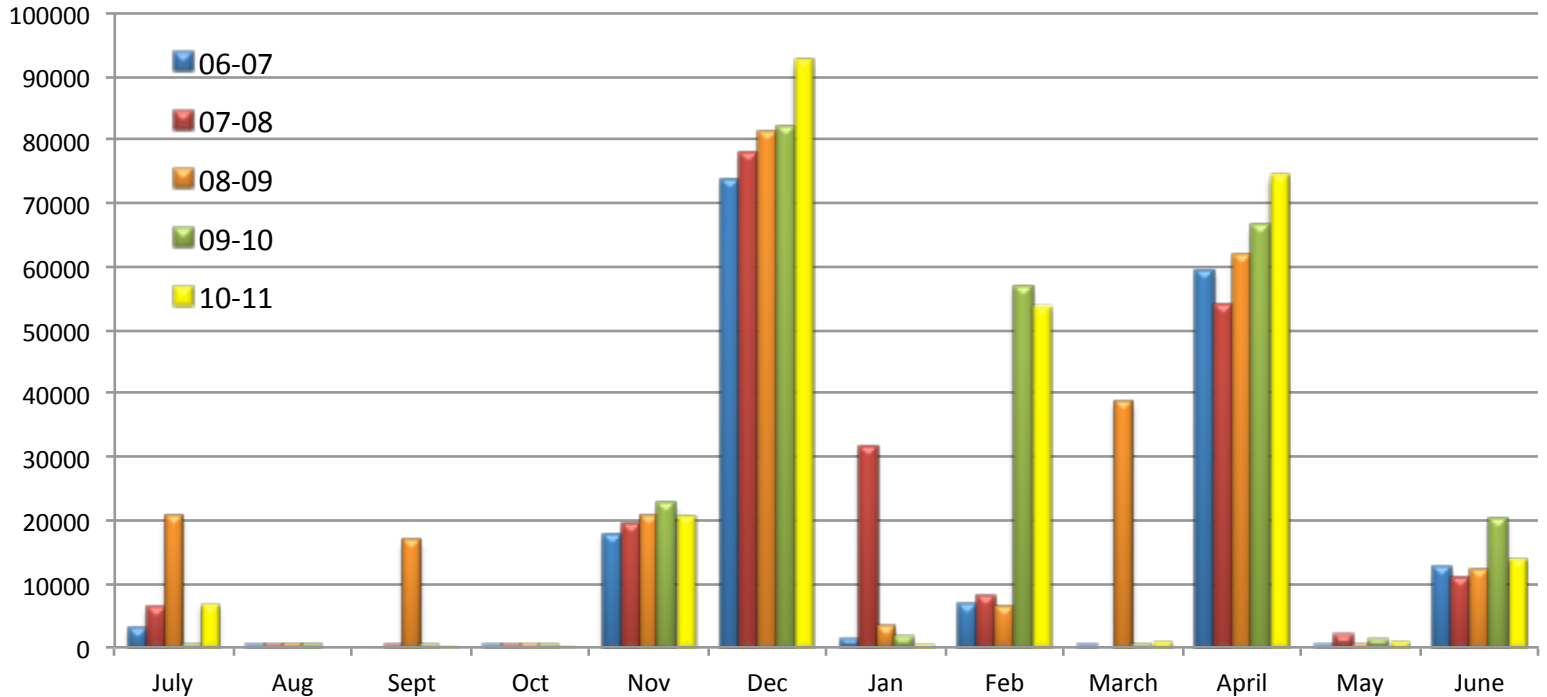
(1) Total Income includes cash reserves, property tax revenue, and interest and other misc. payments

(2) Discrepancy between cash at year end and cash reserves the following year is largely due to accounts payable crossing fiscal years.

(3) Tax revenue estimate at 3% growth per year, expenses are from 3 year projections and will be adjusted to achieve reserve maintenance goals.

	10-11 audited	11-12 budgeted	12-13, 13-14 estimated
Contract services			
Rec. Sec.	5,060	5,000	5,000
Bookkeeping	6,200	6,150	6,200
Operation Mgr.	-	30,000	30,000
Accounting	4,725	4,750	5,000
Legal	7,561	15,000	8,000
subtotal	23,546	60,900	54,200
Operations			
Mail	47	50	100
Print/Copy	3,398	4,800	4,000
Supplies	863	900	1,000
Technology	791	2,500	2,000
Marketing	-	4,000	1,000
subtotal	5,099	12,250	8,100
Other			
Liability	4,124	4,500	4,500
D&O	2,045	3,000	3,000
Election	-	2,000	
Memberships	644	644	700
Grants	1,000	1,000	1,000
Other	479		
LAFCo	136	136	136
Gifts	-	200	
subtotal	8,428	11,480	9,336
Total	37,073	84,630	71,636

Estimated Monthly Income (Property Tax +/- Interest)



LTCWD Financial Management – An Alternative Proposal
by
Claudia Mazzetti, Member, Board of Directors
January 5, 2012

This proposal takes the next step in the development of a comprehensive, functioning public agency beginning with its financial management. In the past, members of the Board of Directors self generated programs that met the State Water code. Those programs continue to be controlled and managed by Board members without other Board members' extensive input or the public's ability to understand or to review these programs. This disjunctive process impedes the district's ability to "normalize" the operation of the agency. Public input must be part of any program planning or Board decision.

So, let's establish a public process that meets our fiduciary and public outreach responsibilities while improving the operational and financial value of our programs.

Recommendation #1: Identification of District's Core Values. The identification of the district's core values (i.e. environmental preservation and protection) should be the Board's guiding principles when reviewing existing programs or establishing new programs and projects. Although Board members have expressed their personal values in the past, there has never been any attempt to develop an open process that partners the Board with the public to identify and apply those values to the district's programs. *I would like to recommend the sponsorship of a special public, facilitated workshop that begins this course of action in February or March, 2012.*

The financial management of the district begins with the identification of its values. It was pretty evident that the public (and I) are concerned about how the district funds are being spent. One critical principle is that the district's funds should be in trust for the public and should only be spent directly on programs that have the broadest benefit for the public. While the Board wants to define a methodology to identify a reserve amount, we need to review David and my proposal for the restoration of our reserve/working capital and plan for a partnership of the board with the public on fiscal matters.

Recommendation #2: Integrate public input into district planning and operations. The district can establish citizen advisory committees for each program, using their and the public's input to identify specific projects for funding for YR 2011-2012 and beyond. Rather than the Board members generating project ideas and estimates, let's work with our constituents to identify and prioritize our projects and budgets. That is the real solution to our budgetary operations and continued public support.

It requires more work but I offer to help establish these citizen advisory committees as part of our public outreach efforts.

Recommendation #3: Annual Budgets. We need to change our budgetary process from a long term, 3 year projections **to annual budgets** based on exacting estimates with clear plan, outcomes and benefits.

Currently, there is budget creep between the years because little work is completed in one year with subsequent years trying to finish the previous years' work plan. This action only creates overblown annual budget expenditures, such as this year's budget of \$420,000. This year's budget expenses are equivalent to approximately 2 years of the district's annual tax revenues income.

Recommendation #4: Maintain at least 1 year reserve of \$250,000. There needs to be enough money to manage our projects throughout the year. Because the district's tax income arrives sporadically throughout the year, having a sizeable amount of working capital will allow the district to cover its bills. No one project or program should suffer because another project has spent the lion's share of its budget allocation. By having a reserve/working capital of one year's reserve/working capital of \$250,000 in our account throughout the year, the district can respond to unpredictable cash flow problems, new projects and for unforeseen events. See attached spreadsheet that proposes a spending adjustment plan to restore our reserve.

Recommendation #5: Reduce Administrative Expenses.

Ideally, we should be spend up to our annual revenue per year (or \$250,000) maximizing direct funding for existing and new programs while reducing our overhead. A good example of prudent fiscal management is Acterra. According to www.Charitynavigator.com, Acterra received a four star rating (its highest) in part because it has such **low administrative expenses of 4.4%**. This organization and other non-profits are worth emulation by LTCWD. By a calculation, Acterra's total revenue is pretty exactly 10x that of LTCWD. Figuring equivalent administrative costs, LTCWD's should be \$10,153. (1/10th of Acterra's). This is a lofty goal but we should try to achieve a low administrative overhead.

Final Recommendation: Build Reserve and reduce programs' YR 2011-2012 allocations. For this year's budget, we need to have a different tactic to survive. At the end of YR 2011-2012, only 3 months of cash will be available or \$87,000 at the end of June 30, 2012 to pay our bills. This year, the district spent \$96,091 (July-Sept 11) and \$56,852 (Oct). As you can see, with only \$87,000 left at the end of the fiscal year, the district will have very little funds to pay its bills between July and December, 2012 which would then force the district to cease spending until new tax revenues arrive in late Fall, 2012. What can we do now to prevent future fiscal constraints? By reducing each program's remaining budget either by 25%, 50% or 75%, we can begin to restore our working capital. Starting in YR 2012-2013, let's establish a process that breaks down each program's goals into manageable pieces with a clear annual plan, estimates and outcomes with our citizen advisory groups.

Let's examine how our volunteer Board members can work on smaller projects with smaller budgets while trying to achieve their program's overall goals and objectives.

Addendum

Information about Acterra

ACTERRA: <http://www.charitynavigator.org/index.cfm?bay=search.summary&orgid=10825>

Financial Performance Metrics

Program Expenses	89.6%
Administrative Expenses	4.4%
Fundraising Expenses	5.9%
Fundraising Efficiency	\$0.07
Primary Revenue Growth	14.5%
Program Expenses Growth	12.1%
Working Capital Ratio (years)	0.40

Spending Adjustment Plan to Restore Reserve/Working Capital

Expected Revenue	\$	274,000.00								
			<i>Spending after reduction (New Annual Budget)</i>			<i>Remaining Spending</i>				
YR 2011-2012 Program	11-12 Annual Budg	YTD Spend	75%	50%	25%	No Cut	75%	50%	25%	
Water use efficiency	\$15,000	\$6,509	\$8,632	\$10,755	\$12,877	\$8,491	\$2,123	\$4,246	\$6,368	
Emergency Preparedness	\$92,000	\$30,666	\$46,000	\$61,333	\$76,667	\$61,334	\$15,334	\$30,667	\$46,001	
Offset Program	\$40,000	\$20,000	\$40,000	\$40,000	\$40,000	\$20,000	\$20,000	\$20,000	\$20,000	
Lands Mgt	\$23,000	\$7,666	\$11,500	\$15,333	\$19,167	\$15,334	\$3,834	\$7,667	\$11,501	
Water Movement Control	\$165,000	\$55,000	\$82,500	\$110,000	\$137,500	\$110,000	\$27,500	\$55,000	\$82,500	
Personnel	\$60,900	\$4,084	\$18,288	\$32,492	\$46,696	\$56,816	\$14,204	\$28,408	\$42,612	
Non Personnel OH	\$23,737	\$9,228	\$23,737	\$23,737	\$23,737	\$14,509	\$14,509	\$14,509	\$14,509	
	\$419,637	\$133,153	\$230,656	\$293,650	\$356,643	\$286,484	\$97,503	\$160,497	\$223,490	
SAVINGS			\$188,981	\$125,988	\$62,994					
Starting Balance (July 2011)		\$233,620	\$233,620	\$233,620	\$233,620					
Budget Income		\$274,000	\$274,000	\$274,000	\$274,000					
Spending		\$419,637	\$230,656	\$293,650	\$356,643					
Ending Balance (as of June 30, 2012)		\$87,983	\$276,964	\$213,971	\$150,977					
RESERVE/WORKING CAPITAL Ending as % Revenue		32%	101%	78%	55%					
YR2011-12 FIRST QUARTER SPENDING	\$	152,943.00								

IMPLICATIONS (No budgetary cuts leaves us with 3 months worth of revenue)
 Availability of cash to pay bills becomes unpredictable;
 program activity for the upcoming year would have to cease until new tax revenues arrived;

January 3, 2012

MEMORANDUM



TO: Board members
FROM: David Smernoff
RE: Recording Secretary and Administration and Program Coordinator positions

At the November 3rd, 2011 meeting I presented a draft consulting agreement for an Administration and Program Coordinator position and outlined a process for proceeding with hiring a consultant for the scope of services.

Given the current need to also hire a Recording Secretary, a careful review of the scope of services of both positions is needed to ensure the integration of responsibilities and to meet the needs of the District for professional, stable, and reliable performance of duties.

To ensure timely completion of the process the Board should:

1. Determine if the current scope of services for two positions is warranted.
2. Determine if integration of the positions is feasible and desirable.
3. Determine if a “minute taking only” position and a broader Administration and Program Coordinator position needs to be considered.
4. Establish a process and timeline to hire for one or both positions.
5. Empower an ad hoc committee to:
 - a. finalize scope of service documents based on the above determinations,
 - b. advertise for the position(s),
 - c. interview qualified candidate(s),
 - d. provide opportunities for interested Board members to meet with qualified candidates, and
 - e. recommend qualified candidate(s) to the Board for final approval at the March meeting.

Salary Comparison based on San Mateo County Human Resource Database

Title		Hourly Range	FT Salary
LAFCo Exec Director (Principal Mgt Analyst)		\$55-65	\$110,000-130,000
San Mateo County Administrative Secretary II		\$22-28	\$44,000-56,000
San Mateo County Administrative Secretary III		\$24-30	\$48,000-60,000
LTCWD Proposed PT Coordinator	VS	\$ 75.00	\$ 150,000.00
LTCWD Recording Secretary		\$ 50.00	\$ 100,000.00

EMPLOYMENT DETERMINATION GUIDE

Purpose:

This worksheet is to be used by the proprietor of a business to determine whether a worker is most likely an employee or an independent contractor.

General Information:

Generally speaking, whether a worker is an employee or an independent contractor depends on the application of the factors contained in the California common law of employment and statutory provisions of the California Unemployment Insurance Code.

If a worker is an employee under the common law of employment, the business by which the worker is employed must report the worker's earnings to the Employment Development Department (EDD) and must pay employment taxes on those wages. If the business pays \$600 or more in payments to an independent contractor, the business must file a Form 1099-Misc with the Internal Revenue Service (IRS) and must file a *Report of Independent Contractor(s)* (DE 542) with EDD within 20 days of either making payments totaling \$600 or more, or entering into a contract for \$600 or more with an independent contractor in any calendar year. For more detailed information regarding your independent contractor reporting requirements, obtain the latest revision of the *California Employer's Guide* (DE 44).

The basic test for determining whether a worker is an independent contractor or an employee is whether the principal has the right to direct and control the manner and means by which the work is performed. When the principal has the "right of control," the worker will be an employee even if the principal never actually exercises the control. If the principal does not have the right of direction and control, the worker will generally be an independent contractor.

If it is not clear from the face of the relationship whether the worker or the principal has the "right of control," reference is made to a list of secondary factors that are evidence of the existence or nonexistence of the right of control.

If use of the attached worksheet clearly demonstrates that a worker is an employee, you should contact EDD and arrange to report the worker and pay the relevant taxes. You may also want to contact the IRS and your workers' compensation insurance carrier to ensure that you are in compliance with federal tax laws and with state workers' compensation statutes.

If after completing the worksheet you are not sure whether the worker is an independent contractor or employee, you may also contact the Taxpayer Assistance Center for advice by calling (888) 745-3886 or request a written ruling by completing a *Determination of Employment Work Status* (DE 1870). The DE 1870 is designed to analyze a working relationship in detail and serves as the basis for a written determination from EDD on employment status.

WORKSHEET ON EMPLOYMENT STATUS

Questions 1 – 3 are significant questions. If the answer to any of them is "Yes," it is a strong indication that the worker is an employee, and you have a high probability of risk if you classify the worker as an independent contractor.

1. Do you instruct or supervise the person while he or she is working? Yes _____ No _____

Independent contractors are free to do jobs in their own way, using specific methods they choose. A person or firm engages an independent contractor for the job's end result. When a worker is required to follow company procedure manuals and/or is given specific instructions on how to perform the work, the worker is normally an employee.

2. Can the worker quit or be discharged (fired) at any time? Yes _____ No _____

If you have the right to fire the worker without notice, it indicates that you have the right to control the worker.

Independent contractors are engaged to do specific jobs and cannot be fired before the job is complete unless they violate the terms of the contract. They are not free to quit and walk away until the job is complete. For example, if a shoe store owner hires an attorney to review his or her lease, the attorney would get paid only after satisfactory completion of the job.

3. Is the work being performed part of your regular business? Yes _____ No _____

Work which is a necessary part of the regular trade or business is normally done by employees. For example, a sales clerk is selling shoes in a shoe store. A shoe store owner could not operate without sales clerks to sell shoes. On the other hand, a plumber engaged to fix the pipes in the bathroom of the store is performing a service on a one-time or occasional basis that is not an essential part of the purpose of the business enterprise. A certified public accountant engaged to prepare tax returns and financial statements for the business would also be an example of an independent contractor.

A "No" answer to questions 4 – 6 indicates that the individual is not in a business for himself or herself and would therefore normally be an employee.

4. Does the worker have a separately established business? Yes _____ No _____

When individuals hold themselves out to the general public as available to perform services similar to those performed for you, it is evidence that the individuals are operating separately established businesses and would normally be independent contractors. Independent contractors are free to hire employees and assign the work to others in any way they choose. Independent contractors have the authority to fire their employees without your knowledge or consent. Independent contractors can normally advertise their services in newspapers and/or publications, yellow page listings, and/or seek new customers through the use of business cards.

5. Is the worker free to make business decisions which affect his or her ability to profit from the work? Yes _____ No _____

An individual is normally an independent contractor when he or she is free to make business decisions which impact his or her ability to profit or suffer a loss. This involves real economic risk, not just the risk of not getting paid. These decisions would normally involve the acquisition, use, and/or disposition of equipment, facilities, and stock in trade which are under his or her control. Further examples of the ability to make economic business decisions include the amount and type of advertising for the business, the priority in which assignments are worked, and selection of the types and amounts of insurance coverage for the business.

6. Does the individual have a substantial investment which would subject him or her to a financial risk of loss? Yes _____ No _____

Independent contractors furnish the tools, equipment, and supplies needed to perform the work. Independent contractors normally have an investment in the items needed to complete their tasks. To the extent necessary for the specific type of business, independent contractors provide their own business facility.

Questions 7 – 13 are additional factors that should be considered. A "Yes" answer to any of the questions is an indication the worker may be an employee, but no one factor by itself is deciding. All factors must be considered and weighed together to determine which type of relationship exists. However, the greater the number of "Yes" answers to questions 7 – 13 the greater the likelihood the worker is performing services as an employee.

7. Do you have employees who do the same type of work? Yes _____ No _____

If the work being done is basically the same as work that is normally done by your employees, it indicates that the worker is an employee. This applies even if the work is being done on a one-time basis. For instance, to handle an extra workload or replace an employee who is on vacation, a worker is hired to fill in on a temporary basis. This worker is a temporary employee, not an independent contractor.

(Note: If you contract with a temporary agency to provide you with a worker, the worker is normally an employee but may be an employee of the temporary agency. You may wish to request EDD's Information Sheet: *Temporary Services and Employee Leasing Industries* (DE 231F) on the subject of temporary service and leasing employers.)

8. Do you furnish the tools, equipment, or supplies used to perform the work? Yes _____ No _____

Independent business people furnish the tools, equipment, and supplies needed to perform the work. Independent contractors normally have an investment in the items needed to complete their tasks.

9. Is the work considered unskilled or semi-skilled labor? Yes _____ No _____

The courts and the California Unemployment Insurance Appeals Board have held that workers who are considered unskilled or semi-skilled are the type of workers the law is meant to protect and are generally employees.

10. Do you provide training for the worker? Yes _____ No _____

In skilled or semi-skilled work, independent contractors usually do not need training. If training is required to do the task, it is an indication that the worker is an employee.

11. Is the worker paid a fixed salary, an hourly wage, or based on a piece rate basis? Yes _____ No _____

Independent contractors agree to do a job and bill for the service performed. Payments to independent contractors for labor or services are made upon the completion of the project or completion of the performance of specific portions of the project.

12. Did the worker previously perform the same or similar services for you as an employee? Yes _____ No _____

If the worker previously performed the same or similar services for you as an employee, it is an indication that the individual is still an employee.

13. Does the worker believe that he or she is an employee? Yes _____ No _____

Although belief of the parties is not controlling, intent of the parties is a factor to consider when making an employment or independent contractor determination. When both the worker and principal believe the worker is an independent contractor, an argument exists to support an independent contractor relationship between the parties.

Interpretations of Answers

Depending on the services being performed and the type of occupation, this questionnaire may produce a variety of results. There may be some factors which lean toward employment and some which lean toward independence. The answers to questions 1 – 6 provide a strong indication of the presence or absence of direction and control. The answers to questions 7 – 13 when joined with other evidence may carry greater weight when indicating the presence or absence of direction and control.

1. If all of the answers to questions 1 – 3 are "No" and all of the answers to questions 4 – 6 are "Yes," there is an indication of independence. When this is the case, there are likely to be a number of "No" answers to questions 7 – 13 which add to the support of the determination.
2. If all of the answers to questions 1 – 3 are "Yes" and all of the answers to questions 4 – 6 are "No," it is very strong indication that the worker in question is an employee. When this is the case, there are likely to be a number of "Yes" answers to questions 7 – 13 which add to the support of the determination.
3. If the answer to question 1 or 2 is "Yes" or the answer to any one of questions 4 – 6 is "No," there is a likelihood of employment. At the very least, this pattern of answers makes the determination more difficult since the responses to questions 7 – 13 will probably be mixed. In such situations, the business owner would be well advised to complete a DE 1870, giving all of the facts of the working relationship and requesting a ruling from EDD.
4. If the answer to question 3 is "Yes" and the answer to question 4 is "No," there is a likelihood of employment. Given this pattern of answers, it is probable that the answers to questions 5 and 6 will also be "No." When this happens you may also see more "Yes" answers to the last group of questions (7 – 13). This scenario would support an employment determination.

These four scenarios illustrate only a few combinations of answers that could result from the use of this Employment Determination Guide, depending on the working relationship a principal may have with a worker and the type of occupation. The more the pattern of answers vary from the above four situations, the more difficult it is to interpret them. In situations 1 and 2, there is a greater chance that the interpretation will be accurate, and they present the least risk to the business owner of misclassifying the worker. With other combinations of answers, EDD recommends that business owners complete a DE 1870, giving a complete description of the working relationship and requesting a ruling from the Department.

NOTE: Some agent or commission drivers, traveling or city salespeople, homeworkers, artists, authors, and workers in the construction industry are employees by law even if they would otherwise be considered independent contractors under common law. If you are dealing with workers in any of these fields, request Information Sheet: *Statutory Employees* (DE 231SE) from the Taxpayer Assistance Center at (888) 745-3886 or access EDD's Web site at www.edd.ca.gov/Payroll_Taxes/.

SOME EXAMPLES OF INDEPENDENT CONTRACTORS AND COMMON LAW EMPLOYEES

Independent Contractors

An attorney or accountant who has his or her own office, advertises in the yellow pages of the phone book under "Attorneys" or "Accountants," bills clients by the hour, is engaged by the job or paid an annual retainer, and can hire a substitute to do the work is an example of an independent contractor.

An auto mechanic who has a station license, a resale license, buys the parts necessary for the repairs, sets his or her own prices, collects from the customer, sets his or her own hours and days of work, and owns or rents the shop from a third party is an example of an independent contractor.

Dance instructors who select their own dance routines to teach, locate and rent their own facilities, provide their own sound systems, music and clothing, collect fees from customers, and are free to hire assistants are examples of independent contractors.

A repairperson who owns or rents a shop, advertises the services to the public, furnishes all of the tools, equipment, and supplies necessary to make repairs, sets the price for services, and collects from the customers is an example of an independent contractor.

NOTE: Payroll tax audits conducted by EDD have disclosed misclassified workers in virtually every type and size of business. However, certain industries seem more prone to have a higher number of misclassified workers than others. Historically, industries at higher risk of having misclassified workers include businesses that use:

- Construction workers
- Seasonal workers
- Short-term or "casual" workers
- Outside salespersons

Employees

An attorney or accountant who is employed by a firm to handle their legal affairs or financial records, works in an office at the firm's place of business, attends meetings as needed, and the firm bills the clients and pays the attorney or accountant on a regular basis is an example of an employee.

An auto mechanic working in someone's shop who is paid a percentage of the work billed to the customer, where the owner of the shop sets the prices, hours, and days the shop is open, schedules the work, and collects from the customers is an example of an employee.

Dance instructors working in a health club where the club sets hours of work, the routines to be taught and pays the instructors from fees collected from the customers are examples of employees.

A repairperson working in a shop where the owner sets the prices, the hours and days the shop is open, and the repairperson is paid a percentage of the work done is an example of an employee.

Job Class Code	Job Class Code	Title	Representation Status/Bargaining Unit	Hourly - A	Hourly - B	Hourly - C	Hourly - D	Hourly - E	Biweekly - A	Biweekly - B	Biweekly - C	Biweekly - D
E001	E001	ADMINISTRATIVE SECRETARY I	SEIU-Office and Technical Services Unit	\$21.04	\$22.25	\$23.52	\$24.87	\$26.30	\$1,683.20	\$1,780.00	\$1,881.60	\$1,989.60
E002	E002	ADMINISTRATIVE SECRETARY II	SEIU-Office and Technical Services Unit	\$22.72	\$24.02	\$25.40	\$26.86	\$28.40	\$1,817.60	\$1,921.60	\$2,032.00	\$2,148.80
X015	X015	ADMINISTRATIVE SECRETARY II	SEIU-Administrative and Fiscal Unit	\$22.72	\$24.02	\$25.40	\$26.86	\$28.40	\$1,817.60	\$1,921.60	\$2,032.00	\$2,148.80
E005	E005	ADMINISTRATIVE SECRETARY II-CONFIDENTIAL	Confidential	\$22.72	\$24.02	\$25.40	\$26.86	\$28.40	\$1,817.60	\$1,921.60	\$2,032.00	\$2,148.80
X016	X016	ADMINISTRATIVE SECRETARY III	SEIU-Administrative and Fiscal Unit	\$23.83	\$25.20	\$26.64	\$28.17	\$29.79	\$1,906.40	\$2,016.00	\$2,131.20	\$2,253.60
E003	E003	ADMINISTRATIVE SECRETARY III	SEIU-Office and Technical Services Unit	\$23.83	\$25.20	\$26.64	\$28.17	\$29.79	\$1,906.40	\$2,016.00	\$2,131.20	\$2,253.60
E006	E006	ADMINISTRATIVE SECRETARY III-CONFIDENTIAL	Confidential	\$23.83	\$25.20	\$26.64	\$28.17	\$29.79	\$1,906.40	\$2,016.00	\$2,131.20	\$2,253.60

Salary Surveys of Comparable Positions to LTWCD's Recording Secretary

Source: San Mateo County HR

<http://www.co.sanmateo.ca.us/portal/site/HR/menuitem.3b1eff41fdc7edfca03d7174e17332a0/?vgnextoid=250f3919be8a8110VgnVCM1000001d37230aRCRD&vgnnextchannel=87a80a8f3bbd5210VgnVCM1000001937230a>

THIS JOB DESCRIPTION ELIMINATES THE NEED FOR A PART TIME COORDINATOR/GM POSITION, INCORPORATES DAVID'S PREVIOUS JD WHILE EXPANDING THE DUTIES OF THE EXISTING SECRETARY POSITION. THIS NEW JOB DESCRIPTION WOULD BE:

- 1. Classified as a PT Hourly employee;**
- 2. Paid on a monthly basis;**
- 3. Limit to 15 hours per month unless there are predetermined special projects;**
- 4. Compensation comparable to SMC Salary of Admin Sec II or III (\$23-30/hr)**

EXHIBIT A
SCOPE OF SERVICES
SECRETARY

General

- Understand and follow detailed procedures in LTCWD Policies and Procedures Manual; section 4.

Minutes

- Record minutes at all regular and special Board meetings
- Send draft minutes to all Board members 3-5 business days after each Board meeting
- Post draft meeting minutes on the website within 10 days
- Make corrections as needed for final approval at the next Board meeting

Record Keeping

- Establish a document management system for all district files, including distribution of documents as legally required or by district policy.
- Ensure maintenance of written and electronic copies of all District documents, including contracts, minutes, all fully executed Resolutions and Ordinances, agreements with third parties, correspondence, reports, etc.
- Work with Finance Manager to ensure all financial documents are included in the general document management system.
- Ensure maintenance of a database of District contacts (e.g. insurance, legal, contractors.)
- Ensure all necessary filings, election related activities and other duties are completed in a timely and professional manner.
- Maintain fully executed copies of all contract agreements for Secretary, Finance Manager and all Hold Harmless/Indemnity Agreements for subcontractors and community members

- **Submit a monthly invoice to the designated Board liaison.**

Meeting Place, Notification

- Assure that space is available and ready for each month's official meeting
- Post meeting time/place/agenda on LTCWD.org, LTW/VV Yahoo groups and 3 designated public places **72/96** hours prior to each meeting.

Other Secretary Duties

- Co-sign with the President all Board Resolutions and Ordinances and mail fully (signed) executed copies to legal counsel and President
- Respond to County government offices requests for information and route them to the President for review and comment
- Process required government forms, and make the appropriate filings
- Bi-annually, notify the community of elections and request for candidates
- Maintain all documentation related to program activities
- Specific responsibilities will include, but not limited to:
 - Obtain license agreements or other legal documents from constituents participating in District programs.

Web site maintenance www.ltcwd.org

- Ensure that the following are accomplished. Provide technical assistance as required.
- Post information that will be presented in the meeting in the monthly Packet within 48 hours of each meeting
- Post the draft minutes
- Post supplemental packet of additional materials presented at each Board meeting that didn't make it in the packet within **72/96** hours of each meeting.
- Update the minutes following approval
- Assist Board member/program managers with their section of the website.
- Remove obsolete material as appropriate

Qualifications and Limitations

- Broad understanding of public agencies functioning
- Effective communication skills, both written and verbal.
- Strong organizational skills
- Strong computer skills, including website maintenance
- Ability to prioritize tasks, efficiently execute tasks and act independently
- Able to gather and consolidate the essence of discussions and translate into concise, meaningful minutes; an example of your writing and note taking will need to be submitted with your employment application.



This position is provided an employment contract and serves at the pleasure of the Board. OR SHOULD THIS POSITION BE CATEGORIZED AS AN EMPLOYEE.

