

BAYSHORE SANITARY DISTRICT

MINUTES

Special Meeting of June 24, 2010

Opening of Meeting:

The meeting was called to order by President Gallagher at 3:36 P.M.

Roll Call:

Present: Gallagher, Quinteros, Rizzi, Swanbeck, Tonna

Absent: None

Staff: Clerk Landi, District Counsel Bakker, Maintenance Director Landi and District Engineer Yeager

Fiscal Year 2010-2011 Budget Workshop:

The Directors and Staff were provided with a budget worksheet which included the budgeted amounts for Fiscal Year 2009-10 and the projected revenues and expenses through the end of this fiscal year. The preliminary sewer service charge report reflects an increase attributable in part to increased charges for ground water discharge permits.

At this time we are not aware of any new development planned for the 2010-11 fiscal year; no connection fees are anticipated. However, a small amount was budgeted for capacity entitlement fees. The amount of property tax projected is slightly less than the prior year due to an expected decline in redevelopment property tax revenue. Account 311.00 – Interest was reduced significantly due to declining interest rates on funds deposited with LAIF.

After carefully working through the Operating and Non-Operating Revenue portion of the budget, the total including a contribution from contingency funds is \$1,190,000.00.

Operating expenditure accounts were reviewed one-by-one, discussed and fiscal needs for 2010-11 were evaluated. Total Operating Expenditures for fiscal year 2010-11 are \$1,156,000.00. There are minimal capital projects totaling \$34,000.00. The total expenses and contributions are \$1,190,000.00.

These figures are subject to change prior to formal adoption at the July 22, 2010 Public Hearing.

Before recessing for a meal break, District Counsel provided the Board with an overview of a presentation made by Mike Dillon, CASA Lobbyist, at the April CASA Conference. The topic was the State budget and the initiative process. Following are some of the highlights:

Re the State budget: •California's credit is the worst of the 50 states •42 billion dollar deficit last year •20 billion deficit this year •more cuts & borrowing & deferred payments •15% pay cuts •Prop 13 impacts •ballot box funding •unsustainable tax breaks •recovery expected in about 2014-15.

Re Budget reform: •majority vote needed for budget, but not for taxes •pay as you go •2 year budgeting •adopt county wide tax for local use.

Re Initiative process: •only deep pocket groups can participate •legalize & tax marijuana •12-15 initiatives may qualify •protect local taxes initiative (qualified) •authorize budget to be

passed by majority vote •repeal corporate loophole tax •eliminate legislative control for redistricting •suspend AB 32 (qualified) •tightening up Prop 13 an 218.

In closing, Counsel reported that in Mike Dillon’s opinion, the initiative process is over used. There was discussion of Prop 13, the rationale and some of the unintended impacts.

The Budget workshop session ended at 5:10 P.M. The meeting was recessed for a meal break. The meeting was reconvened at 6:20 P.M. with all Directors and Staff in attendance.

Oral and Written Communications:

- (1) Communications from members of the public
None
- (2) Communications from members of the District Board and Staff
None
- (3) Acknowledgment of recent correspondence to the District
Provided in meeting packet.

Consent Items: (Any member of the Board or the public can request that an item be removed from the consent agenda. If there are no objections all items are voted upon by one motion.)

- (4) Minutes of the Regular Meeting of May 27, 2010
- (5) Payment authorization for bills and compensation
- (6) Accept 5/31/10 monthly report on District’s current financial status
- (7) Accept May, 2010 checking account statement reconciliation
- (8) Resolution No. 2010-01 establishing FY 2010-2011 Appropriations Limit

Items #6 and #8 were taken off consent and will be reintroduced at the July meeting.

A motion was made by Director Quinteros, seconded by Director Swanbeck and unanimously passed by voice vote to approve Consent items 4, 5 & 7 which include payment by check numbers 5006--5020.

Board Reports – consideration of matters relating to:

- (9) President Gallagher
 - a. LAFCO: The June meeting was cancelled. Not all Districts have submitted their ballot for selection of a new District Commissioner.
 - b. CSDA: The next meeting is August 3, 2010.
- (10) City of Daly City: There was a meeting re the intermodal station and the three draft plans. There will be another meeting in Brisbane
- (11) City of Brisbane: The President remains a member of the CAG.

Staff Reports:

(12) Maintenance Director -- consideration of matters relating to:

a. Monthly report on District operations and maintenance: The monthly report is self explanatory. There was a service call at 246 Rio Verde Street; one of three homes that share one lateral. A video inspection of the main found it to be in fair condition and is not the cause of the current overflow problem. The occupants claim that the property owner refuses to take correction action. This is a landlord-tenant issue. However, it has Health Department implications.

(13) District Engineer – consideration of matters relating to:

a. Brisbane Landfill (Universal Paragon/Geosyntec): Items a and d were discussed together since they both involve issues of temporary ground water discharges. The PG&E permit is only valid until August, 2010 and is related to trenching and excavation at the Martin Service Center. The Brisbane Landfill, on the other hand, may not be so temporary. There is no definition in the Ordinances regarding temporary permits and they have been handled administratively. There have been staff discussions about how to treat these permits—charge a capacity entitlement fee or something more like a lease arrangement. Counsel has learned that there is a district with a mechanism that allows for a user with an expensive connection/capacity fee to make payments over time. They pay interest and as they pay that payment purchases permanent capacity. Counsel Bakker needs to do further research regarding temporary discharges. Director Swanbeck suggested that the District keep them on a temporary permit basis with the proviso that if the line needs repair, they could be responsible for the cost. Another suggestion was that temporary discharge permits could have a premium charge. It is within the Board's discretion not to charge capacity. Another possibility is to waive the requirement for this project; however, there is not a specific reason to waive in the case of the landfill. Engineer Yeager said that since the PG&E permit is only valid until August, it would not be a problem to waive the requirements. Capacity is not an issue and the flow rate has been minimal. Director Tonna asked for a definition of temporary. Counsel said that some permits have a beginning and an end, i.e. a construction permit. And then there are others with no determined end point. Counsel and the District Engineer believe the District could waive some forms of temporary permits under the existing Ordinances. The capacity charge for the landfill is over \$200,000 due to the high discharge volume of 10 gpm. One thought was that there could be two levels of temporary permits; one with a defined period and a second for an indefinite end date. The Engineer mentioned that the capacity charge could be amortized over 30 years which would mean they would be accruing permanent capacity on a year-by-year basis. That way they are buying into the system. Another means could be a surcharge to the flow rate. The President asked Staff to develop some calculations based on a surcharge and for a 30 year buy-in.

b. May meter reading data: Using CSMS data, the Engineer does some calculations each month. He is looking at the flow rate for each pump which should be relatively consist from month to month. The pumping rate is fairly similar for the 3 pumps that have been overhauled. If pump #1's rate drops significantly, it will be an indicator that it is time to overhaul that pump as well.

c. SFPUC Crystal Springs Pipeline No. 2 Replacement: This line comes off the hill, up Main Street, cuts over to Schwerin and then goes over PG&E property. They are rebuilding and relining the Crystal Springs pipeline. They will be putting a new pipe in Main Street. The SFPUC plans were resubmitted without addressing our original concerns. The Engineer sent another letter and they have responded appropriately. One issue is that they do not provide all the information to the contractor that we would typically provide; no invert elevations of all the utilities. Nor do they define how the contractor is to repair District facilities and there are some facilities that will be disturbed. We will accept the plans, but the SFPUC's contractor now must take out a permit with the District and submit their plans. Bid documents will be issued in August. We will be working with the SFPUC and the contractor.

d. New PG&E temporary groundwater discharge permit: Staff was granted authority to extend a waiver for this temporary permit by a motion made by Director Swanbeck, seconded by Director Tonna and passed by voice vote.

e. Annual Sewer Service Charge Report: Draft copies have been prepared. There is a comparison table in the Engineer's monthly report. There are only two new connections. The flows do vary somewhat from year to year. The biggest change is the volume of the temporary remediation permit associated with the Brisbane landfill.

(14) **District Counsel** – consideration of matters relating to:

(a) Ordinance Code amendment re temporary permits: Discussed above under 13A.

(15) **District Clerk** – consideration of matters relating to:

a. SB 90/State Mandated Cost Program, Brown Act Reform – update: Nothing to report.

b. Saddleback delinquencies – Small Claims Court action: The action was mailed to the San Francisco Superior Court on June 8th for filing. We have not yet received the completed paperwork back from San Francisco. The Clerk will follow up on this matter.

Old Business:

(16) FY 2009-2010 auditing service

A motion was made by Director Swanbeck, seconded by Director Quinteros and passed by voice vote to accept the proposal from Fechter & Co., CPAs. The Clerk will advise Craig Fechter.

New Business:

(17) Negotiations with SFPUC re contract for wastewater treatment

Staff and the Board were provided with the contracts for the District, Daly City and Brisbane. The Contracts should be reviewed and Staff and the Board should put together a list of items that need discussion and/or change. It was the consensus of the Board and Staff that a workshop be set to review the contracts; date to be set at the next meeting. Counsel will send a letter to the SFPUC stating our intent to renegotiate the contract which expires June 30, 2011.

- (18) CSDA Board of Directors Election
There are two candidates, the incumbent Sherry Sterrett, and Kathryn Slater-Carter. The Board delegated authority to the President to vote on behalf of the District.
- (19) CSDA Bylaws Amendment
The Board delegated authority to the President to vote on behalf of the District.
- (20) Reports on other matters: no action will be taken
The President suggested that the Board review the August CASA Conference agenda. She mentioned that there are some interesting topics this year.

Closed Session:

- (21) Conference with Legal Counsel – existing litigation (Subdivision [a] of Section 54956.9)
Bayshore Sanitary District v. City & County of San Francisco, San Francisco
Public Utilities Commission: Case No. CGC 07-469434

No closed session was necessary.

Adjournment:

A motion was made by President Gallagher, seconded by Director Swanbeck and passed to adjourn the meeting at 7:38 P.M. The next meeting is July 22, 2010.