

BAYSHORE SANITARY DISTRICT

MINUTES

Regular Meeting of October 27, 2011

Opening of Meeting: The meeting was called to order at 7:02 P.M.

Roll Call:

Present: Gallagher, Quinteros, Rizzi, Tonna

Absent: Swanbeck

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

Oral and Written Communications: *(Concerning matters not on the Agenda; no action will be taken nor will extended discussion be permitted.)*

- (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
President Gallagher acknowledged that the District received its annual notification from San Mateo County regarding the amount of property tax the District will receive this fiscal year.

Consent Agenda: *(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 September 22, 2011
- (5) Payment authorization for bills and compensation
- (6) Accept 9/30/11 report on District's current financial status
- (7) Accept September, 2011 checking account reconciliation

A motion was made by Director Quinteros, seconded by Director Rizzi and passed by voice vote approving the consent items which include payment by check numbers 5298-5318.

Board Reports – consideration of matters relating to:

- (8) President Gallagher
 - (a) LAFCo: At the October 19th meeting the Commission considered the Municipal Service Review (MSR) for County Service Area #11 and a draft review for a county service area in La Honda. At the next meeting, the MSR for the San Mateo Highlands Recreation District and

others will be considered. An adjustment was made to the budget which did not result in a change to the bottom line.

(b) CSDA – Local Chapter: The meeting was held October 25. A presentation on the Menlo Park Fire Protection District was made by Chief Schapelhouman. Coastside County Water District provided an overview of their District followed by a roundtable discussion.

(9) Daly City: Nothing to report.

(10) Brisbane: The CAG met last week and anticipates that the EIR will be issued next spring.

Staff Reports:

(11) Maintenance Director – consideration of matters relating to:

(a) Monthly report on District operations and maintenance: The pump station is operating properly. Brisbane conducted their annual fire inspection last week. There is no evidence that PG&E has begun its hydro testing. They have started to build the wall around the perimeter of the Martin Service Center.

(b) MacDonald Avenue mainline: Conducted an inspection and conferred with Uniacke Construction. There is a dimple in the line which could possibly be removed by heating the line. The Maintenance Director will attempt to locate the contractor who installed the PVC folded pipe. The dimple restricts the jet hose from passing through. However, he feels that we should take no action at this time.

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

(a) September meter reading data: The meter readings are fine.

(b) PG&E - hydrostatic testing: No update.

(c) Customer questions: Have had a number of questions from customers—some want fees broken down because there are multiple users on a meter.

(e) SFPUC Contract: A number of questions came up at the last meeting and the Engineer has researched and can now respond.

A big item is the collection system for which we are charged 25%. The SFPUC had a master plan published in 2010; they have issued bonds and have begun making improvements. He isn't aware of the schedule of the projects. He provided the SFPUC 10 year projected revenue. Based on the projections our current sewer service charge of \$840,809 would increase to \$2,100,000 during the next ten years – assuming all construction costs are passed on to the District. Another table presented lists the capital improvement projects. A number of the costs are for facilities that do not benefit the District. There are also a number of items related to the SFPUC's collection system. In their postage stamp approach, they intend to pass the costs on to the District. The President asked how they can justify raising their fees. Some of the increase is attributable to their neglect of the system. The Engineer thinks they may have already received authority to issue bonds but isn't sure they have sold them.

A second part of this discussion is about the alternative rate analysis. Accepting the fact that there is a rate increase coming, what approach does San Francisco want to take with Bayshore Sanitary District and what does the District want. So far they have come up with the postage stamp approach where everyone pays the same rate. We have suggested a bulk rate

approach. If a treatment plant that we do not impact is eliminated from the calculation, that would make the District's flow a higher percentage. There are a lot of variables if you get into the proportionate flow analysis. Much of the bond issue is associated with facilities that the District doesn't use.

Table 3 compared the existing allocation and what we pay this year¹ vs. the rate being based on the east basin with the same allocation² and a third option where we paid 10% of the costs and bonds associated with the Southeast Treatment Plant³. The annual cost using these three scenarios ranged from \$753,000³ to \$920,000². Option 2 is the costliest since our percentage of flow would rise .8%. We would need much more information about their accounting system before the Engineer would be able to make a calculation. The President said that the water districts in San Mateo County pay a wholesale rate for the water provided by San Francisco. Another option could be to wait until San Francisco completes its wholesale rate study in two years when they may develop a sewer service wholesale rate.

Brisbane will be impacted and perhaps it is time to meet informally to see if they are aware of what is coming and how it could affect them. Could the District redirect its flow to another facility, i.e South San Francisco? And would this be something of interest to Brisbane? Would a joint District, Brisbane, UPC plant be an option? The Engineer and Maintenance Director may arrange a meeting with Randy Breault. The Engineer will make some assumptions to develop a back of the envelope charge to construct a pipeline to South San Francisco.

(f) UPC Class 4 permit, Tunnel Avenue: We have received a permit application from Sunquest. They have submitted a resumption of use permit for 005-240-250 & 260. Parcel 005-240-250 was the old Western Stone facility which was torn down. They continued paying the minimum charge to preserve their capacity. The Maintenance Director remembers that during demolition, the lateral was inspected and capped off near the property line. They are going to use the property for paratransit vans. It will be a 365 day/24 hour a day operation. On a typical average day they will have 50 bus drivers, 10 dispatchers and 5 maintenance workers. They will have a bus washing facility but it will be self contained with no discharge. The estimated usage is 400 gallons per day and their capacity is 430 gpd. Their permit needs to go through the Brisbane permitting process. They need a letter from the District stating that we can provide service. There is a \$100 fee for resumption of use; inspection fee and plan review will be billed additionally. This will require a Class 2 permit.

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

(a) Update - C&C of San Francisco and District Joint Powers Agreement renewal: Has not had any discussions since the last meeting. Counsel thinks it's worth exploring any other options and investigate what other entities pay. He will call Todd Rystrom next week.

(14) District Clerk – consideration of matters relating to:

(a) State Compensation Insurance Fund update: The Clerk sent a letter to SCIF on September 23, 2011 notifying them that the District did not need, nor was there any legal reason, to maintain coverage. They have requested that another letter be sent signed by the Board President.

Old Business:

- (15) City of Daly City – reciprocity agreement re project permit fees
President Gallagher has been provided the language used in the past but has not yet arranged an appointment with Pat Martell. She will make contact soon in light of the lateral replacements on Accacia Street.

New Business:

- (16) Consideration/approval of Accacia Street lateral replacement project
This is for the replacement of laterals at 57 and 246 Accacia Street as reported and discussed at the September meeting. A motion was made by Director Quinteros to accept the bid of \$8,500 from Uniacke Construction to replace these two laterals. The motion was seconded by Director Rizzi and passed by voice vote; President Gallagher recused herself from this action
- (17) Reports on other matters: no action will be taken
None

Adjournment:

The meeting was adjourned at 8:37 P.M. The next meeting is November 17, 2011.

Submitted by Joann Landi