

BAYSHORE SANITARY DISTRICT MINUTES

Regular Meeting of March 24, 2011

Opening of Meeting:

The meeting was called to order by President Gallagher at 7:03 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

Oral and Written Communications:

- (1) Communications from members of the public
None
- (2) Communications from members of the District Board and Staff
Director Swanbeck advised the Board that Daly City Manager Pat Martell will be speaking at the annual Saddleback Homeowner meeting. Forward any questions to Director Swanbeck.
- (3) Acknowledgment of recent correspondence to the District
Recent correspondence was included in Agenda meeting packets.

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 February 24, 2011
- (5) Payment authorization for bills and compensation
- (6) Accept 2/28/11 monthly report on District's current financial status
- (7) Accept February, 2011 checking account statement reconciliation

A motion was made by Director Quinteros, seconded by Director Swanbeck and unanimously passed by voice vote to approve the Consent Items which include payment by check numbers 5176-5190.

Board Reports – consideration of matters relating to:

- (8) President Gallagher

(a) LAFCO: At the March 16th meeting the Municipal Service Review for the MidPeninsula Water District was approved. The Reviews for the Cities of Belmont and San Carlos were continued. Also on the agenda, was the draft budget for FY 2011-12.

(b) CSDA – Local Chapter: The next meeting is in May.

President Gallagher said that Fox news reported that Governor Brown has stated that there are too many special districts in the State receiving millions in tax money. He believes they should be consolidated.

(9) City of Daly City: No report.

(10) City of Brisbane: There was a CAG meeting last week; will meet less frequently until EIR is issued.

Staff Reports:

(11) **Maintenance Director** -- consideration of matters relating to:

(a) Monthly report on District operations and maintenance: The monthly report is self explanatory. There were no service requests and Carlyle Station is functioning properly even during these unusual rainfall episodes.

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

(a) February meter reading data: There is nothing out of the ordinary.

(b) Brisbane Baylands Specific Plan: The UPC specific plan is on line and was reviewed by the Engineer as requested at the February meeting. Sections were included in the monthly report where there are factual discrepancies. It is recommended that the Baylands detach from the District. It appears that they plan to construct their own plant which would generate recycled water with the excess to be discharged to San Francisco or the Bay. There will be a public hearing later this year. The Engineer asked if the Board wanted to wait for the public hearing to comment or to do so at this time. President Gallagher asked the Engineer to develop comments in regard to the inaccuracies.

(c) SFPUC wastewater 10-year financial plan: The Engineer downloaded the document, which was approved/issued 2/8/11, off the SFPUC's website. It indicates the increased revenue requirements for the SFPUC wastewater enterprise for the next 11 years to 2021. They are looking at rate increases of between 5-7% over the next five years. In 2015 it rises to a range of 9-15%. We have never had this information made available to us before and it will help us to better predict what the expense will be for our annual sewer service charge fees. It appears that the rates will increase at least 100% during the eleven year period.

Bonds will be issued to update the wastewater treatment plants and the collection system; approximately 50% for each. The collection system upgrades do not benefit the District.

(d) SFPUC agreement: San Francisco provided a document comparing the 1995 agreement and the proposed 2011 agreement. The meeting today was an information gathering meeting. By and large the San Francisco staff, with the exception of John Roddy, is not at all familiar with the District. They have a schedule and want the agreement executed by June 30th; the current agreement expires July 31st. John Roddy has been notified that an extension may be needed. There is a lengthy process with many steps before the agreement would be presented to the Board of Supervisors.

The biggest, single issue is the collection system costs. The District currently pays 25% of the cost to repair the collection system in San Francisco. They would like to change that to 100%. This would have a significant impact to the District given the upcoming capital projects. The District has its own collection system to maintain and repair. We concur that we should contribute for that portion of the system we utilize, but we shouldn't be paying for things like Treasure Island which needs substantial upgrades. Director Swanbeck asked if Daly City and Brisbane would be subject to these proposed increases. They are not currently but San Francisco could take action to do so.

Counsel explained the current formula for computing the sewer service charge and said that we do not benefit from their collection system costs and should not have to pay for those. They are asking our customers to pay for their collection system as well as the District's. We have requested additional information and maps detailing what portions of their system we use. San Francisco has requested information regarding our budget and cost of our collection system.

There was discussion of the favored nation clause which states that Bayshore Sanitary District won't pay more than Brisbane and/or the North San Mateo County Sanitation District. If the District has a rate increase, then Brisbane would be paying less. The SFPUC would like to eliminate that clause.

Counsel said that the SFPUC committed to create a model/table that shows the numbers and how they relate to the SFPUC budget document. They want to increase the rates gradually and put funds into a reserve account until bonds are issued. The issue is that we should not have to pay 100% of their collection costs. Also, the SFPUC has a capacity/connection fee which we were never made aware of and is based on the value of the collection system and the treatment facilities. The fee is currently \$3,135.00. What they propose is that we charge their connection fee in addition to the District's connection fee. Our position is that a connection fee should not include collection system costs—our customers should buy into only those facilities they are using. It was pointed out that we use approximately 8-10% of San Francisco's collection system.

There will be an exchange of information and another meeting in two weeks. The Engineer suggested that the SFPUC be advised that based on our discussion at this meeting, they come back in two weeks with a proposal. The Engineer will provide language for Counsel to use in drafting the letter.

In regard to the Saddleback properties that we have been billing manually, San Francisco indicated that they may be able to collect those on the tax rolls for the District.

The sewer service charges levied upon the District are based on the SFPUC's budget; not actual. We believe it should be trued up at the end of the fiscal year. Also, the formula only includes their expenses, not any excess funds carried over.

In regard to the issue of strength charges, the Engineer will request five years of flow data.

We proposed that the end of the term be 2025 to coincide with the North San Mateo County Sanitation District and Brisbane contracts. We also propose a year-to-year extension if the agreement should expire without a new one in place.

In regard to billing, they would like to change to monthly billing rather than quarterly. The Clerk pointed out that we are currently billed annually with payment divided into four installments throughout the year. This creates a couple problems: (1) The District receives the bulk of its revenue shortly after the 12/10 and 4/10 property taxes are received by the County. (2) Since the Board meets and approves payments once a month, we cannot meet the payment terms.

In the current contract, the District has 5 mgd dry weather flow capacity. Brisbane has 6.7 mgd wet weather flow capacity. It appears that the SFPUC wants to eliminate that that clause; needs clarification.

Discussed the need for better communication between the SFPUC and the District. We need to have points of contact. If there is an expectation that we comply with various ordinances, they need to advise the District and allow time for study. They need to give the District notice on anything that may have an impact or that we are obligated to comply with.

(13) **District Counsel** – consideration of matters relating to:
No report.

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

(a) FPPC Form 700 – Annual Statements: The statements were prepared, distributed and signed. They will be submitted to the County Clerk prior to the April 1st deadline. District Counsel will submit his under separate cover.

Old Business:

(15) Strategic planning

Continued to the next meeting.

New Business:

(16) April 27-29 CASA Conference

At this time, no Director is planning to attend.

(17) CSDA Board of Directors call for nominations

We have no suggestions. The Maintenance Director mentioned that the annual meet the legislator's day is in May. The Clerk will provide the pertinent information to each Director.

(18) SB 249

This bill was generated by Senator Yee. We have been contacted and asked to consider supporting the bill. It would call for the governing board of the Cow Palace to be composed of 2 representatives from Daly City, 2 from San Francisco and 5 Governor appointees. The current Board members are all Governor appointees. We supported Senator Yee's 2008 bill regarding the Cow Palace surplus parking lot property. After discussion, a motion was made by Director Swanbeck, seconded by Director Quinteros and passed by voice vote to send a letter of support. The consensus was that local representation for the venue is necessary and appropriate.

(19) Reports on other matters: no action will be taken
None

Adjournment:

A motion was made by Director Swanbeck, seconded by Director Quinteros and passed to adjourn the meeting at 9:11 P.M. The next meeting is April 28, 2011.

Submitted by Joann Landi