

BAYSHORE SANITARY DISTRICT MINUTES

Special Meeting of June 30, 2011

Opening of Meeting:

The meeting was called to order by President Gallagher at 3:37 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 2011-2012 Budget Workshop:

The Board of Directors and Staff were provided with a budget worksheet which included the amounts budgeted for Fiscal Year 2010-11 and the projected revenues and expenses through the end of this fiscal year. The preliminary sewer service charge report reflects a decrease attributable to the fact that there are no surcharges this year and there has been a decrease in water usage. This could be explained by a large number of vacant properties.

At this time we are not aware of any new development planned for the 2011-12 fiscal year; no connection fees are anticipated. However, a modest amount was budgeted for capacity entitlement fees. The amount of property tax projected is less than FY 2010-11 based on the recently passed State budget which includes cessation of redevelopment agencies. The District has been receiving redevelopment tax from the Daly City and Brisbane. Interest payments have been reduced due to depressed interest rates on deposited funds.

After systematically working through the Operating and Non-Operating Revenue portion of the budget, the total is \$1,177,500.00.

Operating expenditure accounts were reviewed one-by-one, discussed and fiscal needs for 2011-12 were evaluated. Total Operating Expenditures for fiscal year 2011-12 are \$1,157,500.00. There are minimal capital projects totaling \$20,000.00. The total expenses and contributions are \$1,177,500.00.

These figures are subject to change prior to formal adoption at the July 28, 2011 Public Hearing.

The Budget workshop session ended at 4:40 P.M. The meeting was recessed for a meal break. The meeting was reconvened at 6:00 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
Non

- (3) Acknowledgment of recent correspondence to the District

Recent correspondence was included in Agenda meeting packets. Counsel reported on a letter and extension to the Joint Powers Agreement received from the SFPUC less than 72 hours before the meeting. The extension will be discussed later in the meeting under District Counsel's report. The SFPUC letter included an outline of what they think the new rate structure should be, a postage stamp approach, resulting in a 24% increase to the District. They also indicate that there is an alternate approach which would require a study that would determine the portion of their system that the District uses. They indicate that this study would cost \$123,000 but do not specify who would bear the cost. In a recent conversation with an SFPUC employee, President Gallagher was advised that San Francisco is looking to generate as much revenue as possible from outside users of their facilities.

Counsel proposed that he and the Engineer develop some discussion points for the Board's consideration in regard to the new contract. There may be a possibility that the commencement of a new contract could be delayed until San Francisco completes a rate survey and considers the idea of a wholesale user category.

It appears that the SFPUC is attempting to have the District pay more than Brisbane or Daly City violating the favored nation clause. The Engineer explained the fee structure we have vs. what is being proposed. Our flow is .42% of the total flow so we impact very little of the San Francisco system. The fundamental difference of opinion is that they want us to pay for their collection system and we have our own collection system.

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 26, 2011
- (5) Payment authorization for bills and compensation
- (6) Accept 5/31/11 monthly report on District's current financial status
- (7) Accept May, 2011 checking account statement reconciliation
- (8) Resolution No. 2011-01 establishing FY 2011-2012 Appropriations Limit

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 5223-5240 and Resolution No. 2011-01.

Board Reports – consideration of matters relating to:

- (9) President Gallagher

- (a) LAFCO: There was no meeting in June. The next meeting is July 20th. The Maintenance Director mentioned that there is a proposal to annex 3 property on Edgewood Road currently in the unincorporated County to the City of Redwood City.

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

(10) City of Daly City: The Savers outlet on Geneva Avenue moved out about a month ago. It is reported that a dollar store will be moving in. Director Quinteros said that people are beginning to move into the El Rancho development. The Engineer said there are 75 units and each unit is subject to the fixed cost plus water usage. The commercial units on the street level will be billed using a different formula once they become occupied.

(11) City of Brisbane: The CAG met June 23rd. There was discussion about Universal Paragon pumping the leachate and how that operation will need to continue. Cleanup at the Schlage Lock property is almost complete.

Staff Reports:

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

(a) Monthly report on District operations and maintenance: The monthly report is self explanatory. Repair of the damaged areas in the yard as well as resealing has been complete. The Carlyle Station is operating properly. There was a mainline stoppage at 2850 Old Bayshore Highway. The manhole wasn't actually overflowing but it did back up into a concrete storage building on the PG&E property. The line had a high volume of grease which was removed. Mr. Landi talked to PG&E and they weren't concerned and said they would have their janitor handle the cleanup. The incident was reported to the State. It is very likely that the grease came from the 7 Mile House. The Maintenance Director will inspect the facility. He suggested that the ordinance regarding grease traps be reviewed. Discussed the various establishments in the District where there are grease traps. The Engineer and Maintenance Director will review the pertinent Ordinance Code prior to the next meeting.

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

(a) May meter reading data: The calculated data and the metered data are very close.

(b) City of Brisbane: We received a request from the City for information regarding the Kinder Morgan Tank Farm. The City indicated that they want to put the information on their website. The permit and two self-monitoring reports were provided.

(c) 2011-2012 Sewer Service Charge Report: Discussed during the Budget Workshop.

(d) New PG&E industrial discharge permit: As part of the hydro static testing of gas lines, PG&E will have waste water that they must dispose of; approximately 250,000 gallons. They will be testing the line and will have equipment on Geneva – tanks, pressure pumps, etc. They will pump the gas line up to a high pressure and check for a drop in pressure. Then they will have to dispose of the waste water. They will be limited to 250 gpm and it should take only 1-2 days. PG&E has obtained a permit from the SFPUC which expires 9/30/11 as will the District's if approved. They anticipate that the discharging will be during the first week of July. The fee has been paid and the application submitted. The Engineer recommends we approve the application. A motion was made by Director Swanbeck, seconded by Director Rizzi and passed by voice vote to approve this new permit.

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

(a) Consideration of approval of an amendment to the Joint Powers Agreement between the City & County of San Francisco and the Bayshore Sanitary District that would extend the term of the agreement pursuant to which the District sends its wastewater to San Francisco for treatment and disposal until June 30, 2012: There was agreement that the extension is necessary since contract renewal negotiations are progressing at such a slow pace. A motion was made by Director Quinteros, seconded by Director Swanbeck and passed by voice approving the 12 month extension to the JPA.

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

None

Old Business:

(16) FY 2010-2011 auditing service

Fechter & Co. has submitted a proposal to conduct the audit. The fee will be \$9,325.00 plus expenses not to exceed \$600.00. A motion was made by Director Swanbeck, seconded by Director Quinteros and passed by voice vote to accept the proposal for auditing services.

(17) Strategic planning
Continued.

New Business:

(18) August CASA Conference

District Counsel indicated that he plans to attend. President Gallagher mentioned some of the sessions that are of interest for the District. A motion was made by Director Quinteros authorizing up to two Directors to attend. The motion was seconded by Director Rizzi and passed by voice vote.

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

Adjournment:

A motion was made by Director Swanbeck, seconded by Director Rizzi and passed to adjourn the meeting at 6:57 P.M. The next meeting is July 28, 2011 at 7:00 P.M.

Submitted by Joann Landi