

BAYSHORE SANITARY DISTRICT MINUTES

Regular Meeting of July 28, 2011

Opening of Meeting:

The meeting was called to order by President Gallagher at 7:06 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
None
- (3) Acknowledgment of recent correspondence to the District
Recent correspondence was in the monthly meeting packet. The President mentioned that information had been received regarding the CSDA Conference to be held in Monterey in October. She asked if any Director was interested in attending; there were none at this time.

Public Hearing:

The Public Hearing was opened at 7:08 P.M. There were no members of the public in attendance and there were no protests received either oral or written. A motion was made by Director Swanbeck, seconded by Director Rizzi and passed to close the Public Hearing at 7:10 P.M.

- (4) Approval of Sewer Service Charge Report for FY 2011-2012; Resolution No. 2011-02
A motion was made by Director Swanbeck to approve Resolution No. 2011-02, a Resolution Approving Sewer Service Charge Report for Fiscal Year 2011-2012. The motion was seconded by Director Quinteros and unanimously passed by voice vote.
- (5) Approval of Collection of Delinquent Accounts on County Property Tax Roll
There are no delinquent accounts.
- (6) Adoption of FY 2011-2012 Annual Budget; Resolution No. 2011-03
The Clerk pointed out a correction to the draft budget header. It should read Fiscal Year 2011-2012 Budget. A motion was made by Director Quinteros to approve Resolution No. 2011-03, a

Resolution Approving and Adopting Fiscal 2011-2012 Annual Budget. The motion was seconded by Director Swanbeck and unanimously passed by voice vote.

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.)

- (7) Minutes of the Special Meeting of June 30, 2011
- (8) Payment authorization for bills and compensation
- (9) Accept 6/30/11 monthly report on District's current financial status
- (10) Accept June, 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 5224-5263.

Board Reports – consideration of matters relating to:

(11) President Gallagher

(a) LAFCO: President Gallagher attended the July 20th meeting. The Commission approved the municipal service review for the Cities of Belmont and San Carlos. There was a proposed annexation of parcels from the County to the City of Redwood City; it was continued. The President will be attending the CalLAFCo Conference being held in Napa. An effort by CalForward to establish an oversight commission to observe the activities of LAFCo has been dropped. The Governor recently signed AB912 which increases local control over special districts and makes better use of government resources. The bill also helps facilitate dissolution of extraneous districts.

(b) CSDA – Local Chapter: The next meeting is August 2 and will be held at the Highlands Recreation Center, 1851 Lexington Avenue, San Mateo.

(12) City of Daly City: Director Rizzi reported that there are at least 40 occupants at 2655 Geneva Avenue (El Rancho market property). Director Tonna asked how we find out when a commercial user begins occupancy. The Engineer explained that as part of this years non-residential inventory required by the SFPUC, he will drop in and determine if any units are occupied.

(13) City of Brisbane: Director Tonna said that UPC is still offering tours of the Baylands property.

Staff Reports:

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

(a) Monthly report on District operations and maintenance: The monthly report is self explanatory and the station is operating properly.

Responded to a service request at 57 Accacia Street. There have been a few calls at this property over the years; the line is very flat. The lateral has dropped in the road past the cleanout. It is in poor condition and will need to be replaced eventually. This could be put on a list of small

projects. It's best to take care of these problems so that they don't become emergencies. This matter was continued to the next meeting so that the Maintenance Director can review the records and develop an inventory of needed repairs.

(b) Grease trap ordinance: Staff has not conferred about this but Mr. Landi has determined that there is not much language in the Ordinance Code regarding grease traps. He did some research and found that some agencies require establishments to submit their invoices for cleaning and hauling away of the grease. He believes we should consider such an ordinance even though we don't have an abundance of users who would be required to have grease traps. There was brief discussion of the number of customers who would need a grease trap. Counsel said that some districts set up an inspection schedule and charge the user for the inspection. The Engineer suggested that he and the Maintenance Director work together on this and that the Maintenance Director perform some inspections. Counsel can then work on language to change the Ordinance Code. The President said that we should do the inventory of businesses and then the Maintenance Director can conduct an inspection to make sure there are grease traps where required. The question of how do we know when a property has a change of use was discussed. Counsel said that we could ask Daly City to notify us when there is a change in usage for a property since there would be some sort of permitting involved.

(c) Robinson Drive emergency sewer replacement: The crew responded to a service request on June 28th. The manhole was full but there was no spill. The line was rodded and it was believed that the stoppage was caused by the disposing of shop towels into the sewer. On July 7th the manhole was inspected and found half full again. Jet flushing was ineffective so the line was cleared using rods. Due to the steep terrain this condition seemed odd so the line was televised. Approximately 12 feet of the line was collapsed. Some how boulders had protruded through the pipeline and had actually crushed a portion. The remainder of the line is in good condition; no cracks or offsets. This condition had the potential of causing overflows so the Maintenance Director met with a contractor and the Daly City Engineering Department. Stoloski & Gonzalez submitted an estimate and the President, under authority of Resolution No. 95-2, signed a statement declaring this to be an emergency. Stoloski & Gonzalez completed the work in two days and Mr. Landi was impressed with the crew on the project. Extensive concrete work was required to satisfy Daly City who had an inspector on site during the entire project. When the job was complete, the contractor reported that they were notified by Daly City that they were required to pay \$1,297 for a permit. The Maintenance Director advised the contractor that the District would handle the matter and he contacted the Public Works Director. He explained the situation and reminded him of a problem regarding permit fees on a prior project and that the Board President and City Manager had agreed that our agencies would work together cooperatively/reciprocally. To date he has not been contacted by the Public Works Director.

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

(a) June meter reading data: The calculated flow is very close to the metered flow. The pumping rate is staying fairly constant month to month.

(b) Universal Paragon: Mr. Yeager has had a couple conversations with Howard Pierce. UPC had a meter failure so the Engineer reconstructed what the readings should have been based upon prior usage. There was agreement on this methodology and the charge has been placed on the tax rolls. They also briefly discussed Mr. Pierce making a presentation before the Board—possibly this Fall.

- (c) 2011-2012 Sewer Service Charge Report: The resolution accepting the report was handled earlier in the meeting. The total revenue for all billings is \$1,040,000.
- (d) Connection Fee calculations: This is done each year and looks at depreciated value of the District's assets and the cash on hand. Those values are divided by the number of equivalent dwelling units to arrive at a buy-in cost. It stays fairly constant. The calculated connection fee is \$4,129 and \$20.64 per gallon per day. However, the Engineer recommends that we defer this matter until the contract negotiations with the SFPUC are complete.
- (e) Capacity Entitlement Charge: There is only one account that exceeded their volume, the Geneva Laundromat and Polynesian Luau. The parcel consists of the Laundromat, the luau, 3 upstairs units, a street level unit and 87 Oriente (the door is chained and locked).
- (f) Reserve Resolution: deferred to item #19
- (g) PG&E: They were in a rush for a permit to do the hydrostatic testing of the gas line. That has not occurred and as of last week they have not set a testing schedule. These discharges are billed manually.
- (h) SFPUC Agreement: They would like a meeting with staff on August 23rd but there are no specifics as to what the meeting will cover. The President said that we should ask for an outline about what they would like to talk about at that meeting. Counsel believes the main sticking point is how they calculate the charges to the District. The Maintenance Director thinks that we should ask them to submit their best offer in the form of a new agreement and then the District can review that document. The Engineer said that he will check with his associates at Kennedy/Jenks to find out what other entities have done in similar situations. Counsel feels that the best approach is to exchange some letters asking for clarification and remind them that the District incurs charges for staff to attend these meetings. He also said that we could develop our position and provide supporting data and compelling justification for that position.

At the end of the discussion, Counsel suggested that we respond that we really don't understand their June 27th letter, don't think a meeting would be productive and request that they send us a draft agreement. The Board agreed with this course of action.

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

- (a) Update – C&C of San Francisco and District Joint Powers Agreement renewal: Discussed under 15(h).

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

- (a) Update – FY 2010-2011 audit

The auditors were here on July 25-26 to do their on site work. They have received all the information they need from LAIF, San Mateo County, First National Bank and District Counsel and expect to issue the draft audit in about a week.

The President said that the auditor provided us with a depreciation schedule and that we should compare that to what the Engineer maintains. The Engineer said that the auditors' useful life is based on government principles but the real useful life is much greater. The President also believes we should determine if the value of our fixed assets is equal.

Old Business:

(18) Review/accept contract staff compensation increase(s)

District Counsel and District Engineer will submit their proposals at the August meeting. CSMS is requesting a 4% increase to the base contract. All hourly rates for extra work will remain the same; however, the per hour rate for video inspection will increase by \$25. The Maintenance Director reviewed a bit of the history of the scope of service covered in the agreement.

A motion was made by Director Swanbeck, seconded by Director Quinteros and unanimously passed by voice vote to approve the increase for CSMS.

New Business:

(19) Resolution #2011-04 allocating funds to District reserve, contingency and cash flow accounts for FY 2010-11

The President asked if we are overstating by allocating \$1,300,000 for the SFPUC Annual Sewer Service Charge Account. The Engineer said that when we raised our rates several years ago, the intent was to build up our reserves for increases that we knew were coming. That just hasn't happened as soon as we anticipated. When the account gets drawn down then we would have to consider raising rates. We are trying to be conscious of the expenses vs. revenue. A motion was made by Director Swanbeck to approve Resolution No. 2011-04, a Resolution Allocating Funds to District Reserve, Contingency and Cash Flow Accounts for Fiscal Year 2011-2012. The motion was seconded by Director Quinteros and unanimously passed by voice vote.

(20) Consideration regarding write off of uncollectible sewer service charges

When the President and Clerk were updating the District's books to make sure that our payables and receivables were correct, we found four aged receivables. They are uncollectible sewer service charges for the Saddleback condominium community. The properties went into foreclosure and the lending institutions refused to pay the charges so we should consider writing these off during this fiscal year. A motion was made by Director Swanbeck, seconded by Director Tonna and passed by voice vote to write off these uncollectible charges.

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

Adjournment:

A motion was made by Director Quinteros, seconded by Director Swanbeck and passed to adjourn the meeting at 9:17 P.M. The next meeting is August 25, 2011 at 7:00 P.M.

Submitted by Joann Landi