

BAYSHORE SANITARY DISTRICT

MINUTES

Regular Meeting of May 24, 2012

Opening of Meeting: The meeting was called to order at 7:01 P.M.

Roll Call:

Present: Gallagher, Quinteros, Rizzi, Swanbeck

Absent: Tonna

Also: Maintenance Director Landi, District Counsel Bakker, District 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.)*

President Gallagher reported that on May 23rd we received a letter from LAFCo addressed to her as a member of the Special District Selection Committee. A response is due no later than June 29th. The next meeting is June 28th and the President will not be present. A motion was made by Director Swanbeck, seconded by Director Rizzi and unanimously approved to add this business to the agenda.

(1) Communications from members of the public
None

(2) Communications from members of the District Board and Staff

President Gallagher reported that we received a call from the IRS last week and the Clerk referred the caller to her. They wanted to conduct a compliance review of the District. It was explained that they are a division that deals with local and state government entities to make sure they are in compliance with 941's, W-2's, etc. Yesterday the President and Clerk met at the District and had a conference call with Kathleen Rodegeb to review a number of topics including tax filings. Many of her points of discussion weren't relevant to the District since there are no employees and no W-2's are issued. She did advise that per Federal standards, elected officials are considered employees. She also wanted to make sure that we understood who is considered an independent contractor and who needed to receive 1099's. She will be providing a packet of information for our review and stated that should it be decided to treat elected officials as employees, there is a voluntary reclassification program.

(3) Acknowledgment of recent correspondence to the District
Correspondence was distributed prior to the meeting.

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 April 26, 2012

(5) Payment authorization for bills and compensation

(6) Accept 4/30/12 report on District's current financial status

(7) Accept April, 2012 checking account reconciliation

A motion was made by Director Quinteros, seconded by Director Swanbeck and passed by voice vote approving the consent items which include payment by check numbers 5421-5438.

Board Reports – consideration of matters relating to:

(8) President Gallagher

(a) LAFCo: There was a meeting on May 16th which was primarily a public hearing of the Municipal Service Review (MSR) and Sphere of Influence for the Mosquito and Vector Control District. Their MSR was taken out of order due to the recent embezzlement which came to light. The LAFCo report suggested that the District could be dissolved and brought into a County department. The County doesn't necessarily agree. The matter will be brought back for consideration at the next meeting.

The 2012-13 budget was adopted and a new alternate public member was appointed. She is an attorney who does work for Napa County and has also done some for Napa LAFCo.

Other matters included a review of pending legislation, discussion regarding fire consolidation and a bill which will require healthcare districts to spend 95% of their revenue on healthcare.

The President said that she will not run for another term as a Special District Commissioner. The next meeting is July 18th.

(b) CSDA – Local Chapter: The meeting was held on May 1st and Supervisor Carole Groom addressed the attendees. She spoke about high speed rail, hospital districts, the mosquito district, etc. There was an election of officers and they are: Rick Lohman, President; Bridgit Sheer, Vice President; and Director Gallagher will continue as Secretary-Treasurer. There was a presentation by the Sequoia Healthcare District which covered expenditures and grants. There was a round table discussion about what is going on at the various districts. The next meeting will be in August.

(c) Redevelopment Oversight Board: A letter from the County was recently received regarding disbursements. Apparently some successor agencies have not submitted a schedule of payments as required. Director Gallagher feels that Daly City is really the model for other successor agencies in the County. She has attended 6 meetings so far; 3 for training and 3 for redevelopment business. She expects that going forward they will meet 1-2 times a month.

(9) Daly City: no report

(10) Brisbane: Directors Swanbeck and Gallagher attended the CAG meeting last week. There was a speaker from BCDC who spoke about the rising water levels in the bay. Director Swanbeck said that one interesting point of information was that the bay around San Francisco has risen 8 feet in the past 100 years. A representative from Universal Paragon said that they have been monitoring the rise of water in their bore holes in the Baylands. They also mentioned remediation of buried tires and an unidentified, buried metal object on the property.

Staff Reports:

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

(a) Monthly report on District operations and maintenance: The Carlyle Station is working fine and the blower unit was repaired. There have been field inspections on Main Street for SFPUC project being done by Ranger Pipeline. Ranger has replaced the 8" mainline. The lines that were replaced, were replaced with ductile iron. Mr. Landi said they did a fine job and the project will take approximately 1-2 months. Upon completion the post-construction video inspection will be conducted.

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

(a) April meter reading data: April was a bit unusual because the computed volume was almost the same as the metered flow; an indicator that the meter is working properly.

(b) Annual Sewer Service Charge: The process has been started and they have received some water consumption data. Fred Webber has provided the tax roll data.

(c) SFPUC billing: The Engineer reviewed some background information. The last substantive correspondence received from the SFPUC was almost a year ago. He provided a handout with exhibits which included a map showing what portion of the SFPUC system we use; transport tunnels and pipes, the Northpoint Plant and the Southeast Treatment Plant. What is of interest to us are the Sunnydale facilities. There is a Sunnydale pump station, a 20'x20' sewer box and a number of interceptors that enter into the system. It is quite a complex system and it can move wastewater between the Northpoint and Southeast Plants. One exhibit indicates the portion of the SFPUC collection system that the District uses. The SFPUC did an inventory of the collection system and it is 976 miles; of those, 24 miles are the transport and storage structures that the District uses. To sum it up, the District uses a very small portion of the overall collection system.

Another thing that is important to pay attention to is the terminology in regard to wastewater characteristics. Treatment plans are impacted by the organic matter, suspended solids, fats, oils and greases. The rate structure being proposed is based not just on volume, but also COD, total suspended solids and oil and grease. What the SFPUC data bears out is that the waste from the District is not as strong as the overall waste entering the SFPUC plants. That ties into the rate structure they are proposing.

The Engineer reviewed the first submittal provided by the SFPUC dated 5/17/12. One significant change is that they want flows to be reported quarterly and we will be billed quarterly. In FY 2011-12, the District was billed \$840,908. If the 5/17/12 proposed formula was in place, the charge would have been \$991,000. An amended proposal dated 5/23/12 includes an applied discount factor, costs associated with assets for which the District receives no benefit. The bottom line is that this latest formula would have resulted in a cost of \$804,128 for FY 2011-12. Counsel and the Engineer believe there are other costs in their budget which should be excluded. There was a general discussion and Q&A session.

We need to understand how they did their computations. As a starting point we need their chart of accounts. At this time, we seem to be on the right track; however, we need more information and time to thoroughly evaluate the information in order to make an informed decision.

(13) District Counsel – consideration of matters relating to:
(a) Update - C&C of San Francisco and District Joint Powers Agreement renewal:
Discussed above in 12(c).

(14) District Clerk – consideration of matters relating to:
(a) Update – permit deposits. Follow up letters were sent to 2 depositors and to date there has been no response.

(b) FY 2011-12 audit: Craig Fechter has notified the District via email that he would like to perform the District’s audit again this year. He indicated that the fee will increase no more than 2%. The FY 2010-11 audit was \$9,350 plus minor expenses so the increase would be approximately \$200. If the Board is interested in continuing with Fechter & Co. they will provide a proposal for consideration during the FY 2012-13 budget planning session. The consensus was that the Clerk notify Fechter & Co. that the District would like them to submit a proposal to conduct the audit.

Old Business:

(15) City of Daly City – reciprocity agreement re project permit fees
No report.

New Business:

(16) LAFCo – call for nominations for Special District Selection Committee

According to LAFCO the Board President can handle this but President Gallagher would like the Board’s agreement regarding her recommendation that the current alternate Joe Sheridan be elected to fill the open seat and that Josh Cosgrove (North Coast Water) be nominated as the alternate. The Board agreed and President Gallagher will handle the correspondence.

(16) Reports on other matters: no action will be taken

President Gallagher will not be able to attend the June 28, 2012 meeting when the District would ordinarily hold its’ annual budget workshop. It was decided that a special meeting will be held on June 11th at 7 P.M. to begin the process of formulating the FY 2012-13 budget.

Adjournment:

A motion was made by Director Swanbeck, seconded by Director Rizzi and passed to adjourn the meeting at 9:07 P.M. The next regular meeting is June 28, 2012 and there will be a special meeting on June 11, 2012.

Submitted by Joann Landi