

BAYSHORE SANITARY DISTRICT

MINUTES

Regular Meeting of July 26, 2012

Opening of Meeting: The meeting was called to order at 7:00 P.M.

Roll Call:

Present: Gallagher, Quinteros, Rizzi, Swanbeck, Tonna

Absent: None

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.)*

- (1) Communications from members of the public
None
- (2) Communications from members of the District Board and Staff
The Maintenance Director advised the Board that former District Engineer-Manager Bob Bernicchi passed away July 21.
- (3) Acknowledgment of recent correspondence to the District
Correspondence was distributed prior to the meeting.

Public Hearing:

The Public Hearing was opened at 7:03 P.M. There being no one present who wished to address the Board or offer testimony, a motion was made by Director Quinteros and seconded by Director Swanbeck to close the Public Hearing at 7:04 P.M.. The motion was unanimously passed by voice vote.

- (4) Approval of Sewer Service Charge Report for FY 2012-2013; Resolution No. 2012-04
A motion was made by Director Swanbeck, seconded by Director Quinteros and unanimously passed by voice vote to adopt Resolution No. 2012-04, a Resolution Approving Sewer Service Charge Report For Fiscal Year 2012-2013.
- (5) Approval of Collection of Delinquent Accounts on County Property Tax Roll
There are no delinquent accounts.
- (6) Adoption of FY 2012-2013 Annual Budget; Resolution No. 2012-05
A motion was made by Director Swanbeck, seconded by Director Tonna and unanimously passed by voice vote to adopt Resolution No. 2012-05, a Resolution Approving and Adopting Fiscal 2012-2013 Annual Budget.

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.)*

- (7) Minutes of the Regular Meeting of June 28, 2012
- (8) Payment authorization for bills and compensation
- (9) Accept 6/30/12 report on District's current financial status
- (10) Accept June, 2012 checking account reconciliation
- (11) Approval of Resolution No. 2012-03 establishing Appropriations Limit for Fiscal Year 2012-2013
- (12) Accept Fechter & Co. FY 2011-12 audit proposal

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 5454-5472.

Board Reports – consideration of matters relating to:

- (13) President Gallagher

(a) LAFCo: The President attended the July 18th meeting which may be her last. Special District Alternate Joe Sheridan was nominated to replace President Gallagher. He will likely be appointed and then there will be a selection process for the alternate Special District Commissioner.

The Mosquito & Vector Control District was discussed at length. Two former employees embezzled approximately \$650,000 over a two year period. The Executive Officer recommended that the District be dissolved and the County take over its functions. There were very strong opinions on both sides of the issue of dissolution. President Gallagher explained her position on why the District should not be dissolved. The recommended dissolution was defeated by a 6-1 vote.

Another item before the Commission was an unincorporated pocket in Broadmoor that applied to be annexed to Daly City. Some of the property owners were opposed to the action and their properties were not included in the annexation.

(b) CSDA – Local Chapter: The next meeting is August 7th and Supervisor Horsley will be the featured speaker.

(c) Redevelopment Oversight Board: There have been no meetings since the last report. The Clerk reported that we have received a true-up payment from the successor agency of the Daly City Redevelopment District. She also commented that we have not received any funds from Brisbane and will follow-up on that. There was a short discussion regarding the County Free Library being considered a special district.

- (14) Daly City: No report.

(15) Brisbane: Directors Swanbeck and Gallagher attended the CAG meeting. There was a speaker from Universal Paragon who spoke about the remediation work at Schlage Lock. Another representative spoke about the Tank Farm but didn't go into much detail.

Staff Reports:

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

(a) Monthly report on District operations and maintenance: The station is operating properly with the exception of the automatic alarm dialer system. It is about 25 years old and a replacement will cost approximately \$3,395.50 plus tax and shipping. It can be installed at the same time that Telstar Instruments conducts the semi-annual flow meter calibration. The new model will have 9 alarms for various scenarios, i.e., low level, generator running, high water, etc.

Also, during a survey of the property conducted after receiving the unusually high bi-monthly water billing, it was discovered that there was a slow leak in the pump room toilet. Parts were obtained and the problem has been corrected.

(b) Main Street, SFPUC 60" line replacement project: The project has not been completed.

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

(a) June meter reading data: Calculations indicate that everything is fine.

(b) Annual Sewer Service Charge: The total sewer service charge billings for FY 2012-13 are \$1,060,000.

(c) Fiscal Year 2012-2013 rate schedule: Will be provided under Old Business.

(d) PG&E: They will be direct billed for their discharge.

(e) SFPUC Non-residential inventory: The Engineer received a call asking why Machinery Equipment Company wasn't included in the report submitted to them. It was explained that Machinery Equipment and the City of Brisbane maintenance yard facility are too far from the District's collection system and either have a drain field or use port-o-lavs.

(f) Reserve Account Resolution: This resolution is done each year identifying the purpose and amount in each contingency fund. The largest account is the SFPUC Annual Sewer Service Charge account; it can be used to offset rate increases if the District so chooses. The Engineer recommends passage of the resolution.

(g) Connection Fee review: This is a task that is done annually. We had an approved program to raise the connection fee to a maximum of \$3,414. The calculation shows that the equity that property owners have in the system is greater than \$3,414. The fee could be raised up to \$4,200 but the Board, in the past, has decided not to increase the fee. San Francisco also has a connection fee and we have not collected that in the past since they have never advised us to do so. Moving forward, how do we handle San Francisco's connection fee which is \$3,337? Counsel advised that connection fees are not subject to Prop 218. This is a subject that may come up during the contract negotiations. The Engineer recommends deferring action at this time.

(h) Capacity Entitlements: Each year, non residential accounts that have exceeded their permitted entitlement are billed accordingly. This year there are two small businesses that have gone slightly over their entitlement. The Alpine Inn charge would be \$8,138. However, the Engineer will contact them in advance and tell them the bill is coming and ask if they have an explanation for the increased usage. The District has already made an adjustment for landscape irrigation.

The School District has gone over their entitlement again. In the past, the District has billed them, they filed a protest, applied for a waiver and the District rescinded the increase. The amount they would be billed is \$2,065. The Engineer will notify them as well.

The third property is the Samoan Congregational Church at 606 Schwerin Street. When the District did the truing-up of entitlements several years ago, they were not included. The Church was there but was classified as residential but was actually institutional. This property should have been part of the entitlement hearing process. When the hearing was conducted in about 1998 using 1988-89 records, had they been granted an entitlement at that time, there would be no charge for extra capacity now. Counsel will research how to handle this particular property's capacity. When the Engineer did the inventory of non-residential accounts last year, it was discovered that 606 Schwerin was misidentified as residential. President Gallagher said that back in the late 1980's, they held bingo about 4-5 nights per week at this location.

(i) SFPUC billing: There have been meetings with the SFPUC staff in regard to sampling, the purpose of sampling and how it has been done in the past. All agree that the results should be more consistent and sampling out of the wetwell is probably not accurate. If monitoring is very consistent, it may not be necessary to do every year. We believe the sampling should be done on the discharge side of the pump. The SFPUC representative needs to find out if their equipment could be used at that site. Their suggested site has no manhole that can be used.

What constitutes a local sewer? The SFPUC proposes 36" or less and that's how they track their system. The District does not pay for repairs of local sewers. We are willing to pay our proportionate share. The Engineer recommends that we stay with the SFPUC recommendation of the amount they would take out of their rate base.

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

(a) Update - C&C of San Francisco and District Joint Powers Agreement renewal: Counsel was on vacation so there has not been any contact with Crispin Hollings recently. If the Board is satisfied with the approach, a draft could be drawn for the August meeting and then the agreement could be brought back for approval at the September meeting.

The President asked if cost savings could be affected by the strength of discharge; that is correct. The SFPUC is responsible for all the testing. If the strength of our flow is less than San Francisco's, that could result in savings. Also, we will no longer be required to pay 25% of collection system repairs. In ten years, the sewer service charge for San Francisco will double because of the debt incurred for improvements to their system. However, it is possible that the improvements will be done over a longer time frame. The Engineer said this is a more complicated formula but he feels that our wastewater should be weaker than San Francisco's. The SFPUC will use industry averages for the first year which will be trued-up once we have consistent data.

It was the consensus of the Board that staff work toward having a draft to discuss at the August meeting.

(b) Results of compensation and benefit inquiries and consideration of Ordinance No. 98, Directors Meeting Compensation: Several comparable entities were surveyed regarding their meeting stipends, benefits and the use of 1099 vs. W-2. Most agencies don't pay medical or dental. And most report Board compensation using a 1099.

Counsel prepared an ordinance to increase the per meeting stipend and the proper notice was published twice in the San Mateo County Times. The meeting stipend has not been increased for eleven years and could be increased a maximum of \$90.75 per meeting.

The President said she would not be comfortable with medical coverage being provided. She added that these are things that are really scrutinized when outside entities look at special districts, i.e. LAFCo, the grand jury, etc. She is also not comfortable with an increase in the stipend at this time. Director Tonna said that the experience that the Board has merits an increase and that their service is not limited to just attending monthly meetings. He also feels that the current stipend is a hindrance in recruiting potential Board candidates. Director Swanbeck believes that the constituency served is such that it would be unfair to take the maximum allowable—this is not an affluent District. During the discussion some Directors expressed their feeling that serving on the Board is a way of giving back to the community. Director Tonna made a motion that the per meeting stipend be increased the maximum allowable of \$90.75 per meeting. Directors Rizzi and Quinteros would like more time to consider the matter. There was no second to the motion. This item will be discussed again at the August meeting.

With regard to the use of 1099 vs. W-2, that too will be placed on the August agenda. The Board will be provided with IRS statutes regarding compensation reporting. District Counsel said that the IRS has made it clear that they are focusing on this and it is something that will have to be done eventually.

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

(a) FY 2011-12 annual audit update

The auditors were here on Monday and Tuesday to do their field work. There have been email exchanges between staff and Fechter & Co.

Old Business:

(20) Review/accept contract staff compensation request(s):

Collection Systems Maintenance Service

Kennedy/Jenks

Meyers-Nave

A motion was made by Director Tonna, seconded by Director Swanbeck and unanimously passed by voice vote to approve the compensation requests.

New Business:

(21) Resolution No. 2012-06 allocating funds to District reserve, contingency and cash flow accounts for FY 2012-13

Each year we allocate our funds based on the account balances as of June 30th. We undertake this task each year to demonstrate that we do have a purpose for the excess funds. A motion was made by Director Swanbeck, seconded by Director Quinteros and unanimously passed by voice vote to adopt Resolution No. 2012-06, a Resolution Allocating Funds to District Reserve, Contingency and Cash Flow Accounts For Fiscal Year 2012-2013.

(22) CSDA 2012 Board Elections

The District will vote for the one candidate who is standing for reelection.

(23) August 8-11, 2012 CASA Conference
No Director plans to attend the Conference.

(24) Reports on other matters: no action will be taken
Director Swanbeck asked the Clerk to inquire about the amount of the stipend paid to the governing board of the Guadalupe Valley Municipal Improvement District.

Adjournment:

After observing a moment of silence, the meeting was adjourned in memory of Bob Bernicchi at 9:18 P.M. The next regular meeting is August 23, 2012.

Submitted by Joann Landi