



*1902 - Serving Our Community for over 110 Years - 2018*

**WEST BAY SANITARY DISTRICT  
MINUTES OF THE REGULAR MEETING OF THE DISTRICT BOARD  
WEDNESDAY, JANUARY 24, 2018 AT 7:00 P.M.**

Note: Agenda Items Listed In Order They Were Discussed

**1. Call to Order**

President Moritz called the meeting to order at 7:00 PM

**2. Roll Call**

BOARD MEMBERS PRESENT: Moritz, Walker, Dehn, Otte

BOARD MEMBERS ABSENT: Thiele-Sardiña

STAFF MEMBERS PRESENT: Scott, Condotti, Katajima, Ramirez

Others Present: Joe LaMarina - SBWMA, Geno Gasparini – Recolgy, Rick Simonson & John Farnkopf– HF&H Consultants, Tony

Valdivia and Dave Richardson – Woodard Curran, Jeff Knapp – Overaa, Steve Owen – Perc Water, Robin Driscoll – Sharon Heights Golf and Country Club, Peter Talbot – Kennedy, Jenkins. Pete Anderson – Anderson Pacific, Sami Kader – WaterWorks Engineers

**3. Communications from the Public: None**

**8. Consider to Adopt Resolution to Approve Model Amended and Restated Franchise Agreement and Compensation Package with Recology San Mateo County from January 1, 2021 to December 31, 2035 District Manager's Report**

Motion by: Dehn 2<sup>nd</sup> by: Walker Vote: AYE: 4 NAY: 0 Abstain: 0

Comments: DM Scott outlined the terms of the new agreement which includes a 15 year term plus possible extension for another 5 years, no major changes, save \$2M – \$3M in RFP costs and need to add transfer language. Secretary Dehn outlined the transfer language and suggested moving forward subject to that language included. She further added that another jurisdiction has indicated the agreement would be approved by the District. She would like to make clear she had no conversation with anyone about approval, only consideration of the agreement. Motion is made for approval with transfer language added as approved by District Counsel.

**4. Public Hearing: Consideration of Resolution Relating to 2018 Wastewater Revenue Bonds and Approving Related Documents and Official Actions**

Motion to open: Otte 2<sup>nd</sup> by: Dehn Vote: AYE: 4 NAY: 0 Abstain: 0

Comments: None

Motion to close: Otte 2<sup>nd</sup> by: Walker Vote: AYE: 4 NAY: 0 Abstain: 0

**5. Consideration of Resolution Relating to 2018 Wastewater Revenue Bonds and Official Actions**

Motion by: Walker 2<sup>nd</sup> by: Otte Vote: AYE: 4 NAY: 0 Abstain: 0

Comments: DM Scott outlined the true costs of bonds:

1. True Interest Cost of the Bonds: 3.24%.
2. Finance charge for the portion of the Bonds which is allocable to the District, being the sum of all fees and charges paid to third parties (Costs of Issuance of approximately \$98,803 plus estimated underwriter's compensation and bond insurance assuming bond insurance is obtained): \$326,618.
3. Amount of proceeds of the Bonds expected to be received by the Authority which is allocable to the District, net of proceeds for Costs of Issuance in (2) above and net of capitalized interest (if any) and reserves (if any) paid or funded with the proceeds of the Bonds: \$35,328,026.
4. Total payment amount for the portion of the Bonds which is allocable to the District, being the sum of (a) debt service to be paid on the Bonds to final maturity, plus (b) any financing costs not paid from proceeds of the Bonds: \$55,862,856

**6. Discussion on Sewer Service Charges Rate Study for 2018**

Comments: Rick Simonson outlined the need for a rate increase effective July 1 which included 52% of costs for SVCW. \$48M will be needed in the next 18 months for the SVCW capital improvement plan and a total of \$160M needed for SVCW CIP projects. Board consensus is to increase residential rates 5% and increased some commercial classes to pay for cost of service, ranging from 0% increase to 18% increase. The Board will consider a final report in February.

**7. Consideration of Awarding Design/Build Contract for the West Bay Sanitary District Recycled Water Project - Sharon Heights**

Motion by: Dehn 2<sup>nd</sup> by: Walker Vote: AYE: 4 NAY: 0 Abstain: 0

Comments: DM Scott outlined the item which includes a recommendation from the Recycled Water project Selection Committee to award the Design/Build of the Sharon Heights recycled water facility to Anderson Pacific/WaterWorks. The bid award consists of a guaranteed maximum price of \$19.695M for design and construction with \$2.9M in soft costs and contingency. DM Scott reported that a careful selection process was followed as prescribed in the RFP which involved a Selection Committee including two District Board members, three District staff members and two Sharon Heights members. DM Scott stated that an authorization letter was received from Sharon Heights Golf and Country Club today.

Jeff Knapp of Overaa Construction spoke to say he is not calling this a protest but would like additional information. He would like to know if they were highest ranked and lowest priced, then why aren't they the best value? Steve Owen – Perc Water also pointed out the District's staff report doesn't show net present value.

DM Scott explained that Auburn Constructors was #1 ranked as a result of the RFP process and the Selection Committee began negotiations with them. After it was determined that a mutually beneficial agreement could not be made with them negotiations ended and the team Committee commenced negotiations with the #2 ranked team Overaa/PercWater. The Committee met with Overaa/PercWater at least twice in face to face meetings. After the Committee determined that they could not come to a mutually beneficial agreement with Overaa, negotiations ended and the team Committee commenced negotiations with the number # 3 ranked team Anderson Pacific.

Selection Committee Member, Secretary Dehn reported the process was well thought out and the committee stayed with the process, as prescribed in the RFP, in reviewing the various proposals. DC Condotti stated he is certain the process was followed and the committee's work in evaluation of the proposals was done in keeping with the project's RFPs.

The Motion by Dehn to award contract was subject to the receipt from the Sharon Heights Golf and Country Club of a revised authorization letter giving full approval from Sharon Heights of the award of the contract, and receipt of all due diligence materials, as well as other materials as outlined in the January 24, 2018 letter.

President Moritz commented that a great amount of material was provided in the Board packet to make a well informed selection and the process is very well described. President Moritz thanked all the members on the selection committee for their time and hard work on this project. DM Scott responded to a grievance from a representative of Perc Water regarding the process and the decision the selection committee made.

**9. Consider to Approve Second Quarter Internal Financial Statements & Analysis of Financial Position as of Quarter End December 31, 2017**

Motion by: Walker 2<sup>nd</sup> by: Dehn Vote: AYE: 4 NAY: 0 Abstain: 0

Comments: None

**10. District Manager's Report**

**1) CIP Project:**

a) Belle Haven II is approximately 99% complete.

**2) Affiliate Agency/Association News:**

a) **County:** District is working on a proposal to develop an RFP for an analysis of impacts and challenges to transferring the Solid Waste Franchise to the County.

b) **Town of Atherton:** District Counsel has provided a draft agreement with Town of Atherton to accelerate the District's CIP project to replace the sewer main running through the Town Center. The agreement is currently under review by the Town and if agreeable the DM will bring the agreement to the Board for approval February 14, 2018. The District will pay for construction costs and the Town will pay for soft costs – engineering and public utility easement acquisition. The main will be relocated toward the south side of the Town campus and will be further away from PD, Town Chambers and the Library.

**3) Upcoming Events:**

a) Board meetings: February 14 and 28

- b) Finance Committee Meeting will be meeting February 5 to discuss Investment Portfolio, banking options, and a debt management policy as well as strategies for the \$13M allocable to the District for the SVCW CIP projects due in Q2 of 2019.

**4) Misc./Action Items from Previous Meeting:**

- a) **SSOs:** 5 SSO's in 2017.
- b) **Recruitment:** Interviews for Source Control Inspector have begun and second round interviews are occurring this week. Projects & Engineering Technician interviews are also scheduled for next week. Applications received are in the single digits reflecting tight labor market in the Bay Area.
- c) **City of Half Moon Bay:** The City of HMB may be issuing an RFP for Collection System Maintenance since the Regional Water Board fines for Sewer Authority Mid-Coastside.
- d) **Sewer Main:** concrete pulled from sewer main on El Camino Real from Station 1300 Project.

**5) Resource Sharing:**

- a) **Town of Los Altos Hills:** 1 SSO in 2016. 3 SSO in 2017. 1 caused by Contractor.
- b) **Town of Woodside:** 0 SSO's in 2016. 1 pump station SSO in 2017. 0 SSO's in 2018. The District has commenced to provide pump station maintenance. District is assisting TOW with information for their current rate study to include a sinking fund to replace pump station and CIP plan to replace 1.5% of system annually.
- c) **Redwood City:** District staff responded to assist RWC with determining cause of sink hole next to 2 story apartment building. Determined it was not leaky storm main or sanitary sewer main.

**11. Consent Calendar**

- A. Approval of Minutes for Regular meeting January 10, 2018
- B. Approval of the Withdrawal Order Authorizing Payment of Certain Bills and Salaries and Consideration of Other Financial Matters for January 24, 2018 Pg.
- C. Consider to Ratify and Approve Report on District's Investment Portfolio Including the Transactions of Assets Described Therein as of 12-31-17
- D. Consideration of Resolution Consenting to Annexation of Territory to the West Bay Sanitary District by the San Mateo County Local Agency Formation Commission – 67 Hillbrook Drive, Portola Valley (079-073-120)

Motion by: Dehn 2<sup>nd</sup> by: Walker Vote: AYE: 4 NAY: 0 Abstain: 0

**CONSIDERATION OF ITEM(S) REMOVED FROM THE CONSENT CALENDAR**

Comments: None

**12. Discussion and Direction on Recycled Water Projects - Sharon Heights & Bayfront, Including Project Status**

Comments: DM Scott reports the District will need the first year's service fee from Sharon Heights before notice to proceed may be sent to contractor.

**13. Report & Discussion on South Bayside Waste Management Authority (SBWMA) and Negotiations for Restated Franchise Agreement**

Comments: Secretary Dehn reported the next meeting will be on January 25<sup>th</sup>.

**14. Report & Discussion on Silicon Valley Clean Water (SVCW) and Discussion on SVCW CIP Program and Financing**

Comments: Director Otte reported design/build contracts were issued in November and the design process will take about 9 nine months.

**15. Closed Session**

- A. CONFERENCE WITH LABOR NEGOTIATORS  
(Pursuant to Cal. Govt. Code §54957.6)  
Agency designated representatives: District Manager, Legal Counsel  
Employee Organization: Teamsters Local 350
- B. CONFERENCE WITH LEGAL COUNSEL—ANTICIPATED LITIGATION  
Significant exposure to litigation pursuant to Cal. Govt. Code §54956.9(d)(2)  
Number of potential cases: Two

Entered closed session at 8:45 p.m. Left closed session at 9:12 p.m.

Reportable action: None

**16. Comments or Reports from Members of the District Board and Consider Items to be Placed on Future Agenda**

Comments: None

**17. Adjournment Time:** The meeting was adjourned at 9:13 PM

/s/ David A. Walker  
Secretary (pro tem)