



1902 - Serving Our Community for over 100 Years - 2010

**WEST BAY SANITARY DISTRICT
MINUTES OF THE REGULAR MEETING OF THE DISTRICT BOARD
WEDNESDAY, DECEMBER 8, 2010 AT 7:00 P.M.**

1. Call to Order

President Shepherd called the meeting to order at 7:04 PM

2. Roll Call

BOARD MEMBERS PRESENT: Shepherd, Walker, Dehn, Harrison, Moritz

BOARD MEMBERS ABSENT: None

STAFF MEMBERS PRESENT: Scott, Condotti

Others Present: John Simonetti, Bill Kitajima, Rich Laureta, Rick Simonson

3. Communications from the Public: None

9. Consideration of Authorizing District Manager to Execute the Agreement for Engineering Design Services from Freyer & Laureta for the Capital Improvement Project 2010-2011

Motion by: Walker 2nd by: Moritz Vote: AYE: 5 NAY: 0 Abstain: 0

Comments: DM provided a staff report explaining that the design for next year's CIP project needed to begin soon in order to keep to a favorable schedule for bid and then construction. DM explained the selection process and the four projects for design in the agreement. Dehn had concern that the design work was not issued for RFP since the agreement amount was so close to the limit, per the Professional Consultant Selection Policy, that would require an RFP be issued. DM explained that the policy allowed for the agreement amount and that any contingency amount requested by staff may or may not be utilized and the contingency amount did not necessarily cause the design work to be subject to an RFP process. Dehn acknowledged that the work was needed soon and was not against the project and didn't wish to delay the work. Dehn was confident that the consultant selected would perform good work but did want the Board to review and discuss the Policy at a future meeting. Dehn would like to agendize the policy for review in the future and lay out a template for CIP projects so all typically anticipated associated costs are projected in the budget and then as agreements are considered by the Board the costs can be compared to the budgeted amount.

Moritz asked if staff considered the dig up and replacement of the sewer mains on Willow Road to eliminate any need of coming back to it. DM explained that staff did seriously consider that very option but upon CCTV review, it was evident that most of the line wasn't as defective as first thought and it was also evident that flows were low and there was not a need to upsize due to capacity. After much consideration staff decided to look at having the project for Willow Road consist of spot repairs and one or two sections to be replaced and using the money to otherwise replace the pipe to use on other projects. Harrison asked if there were plans to work on the Corte Madera Pump Station. DM stated that the force main replacement, that is one of the projects proposed for design in this agreement, is to be upsized to a 10" line and would be the first phase of a solution to eliminate the Corte Madera pump station in the future. Walker asked if we upgraded the pump station about 8 years ago. Mr. Kitajima stated that we did some repair work on the force main connection at the pump station and did perform some upgrade to the station at that time.

5. Consideration of Setting a Public Hearing Date for February 23, 2011 to Review Proposed Refuse Collection Rates for the Year 2011 and Providing Staff Direction by Minute Order Regarding the Collection Rate Adjustment for 2011 and 2012, and the Mailing of the Proposition 218 Notice for a Public Hearing

Motion by: Moritz 2nd by: Harrison Vote: AYE: 5 NAY: 0 Abstain: 0

Comments: Shepherd discussed the need to come to a decision on setting rates in order to be able to cover the revenue requirement. Dehn pointed out that the District, unlike cities, do not have the opportunity to cover other related services in the solid waste rates such as street sweeping. Dehn asked if we have some other need that might be legitimately met by bundling into the solid waste rates other than administration fees. DM explained that we do have a 5% franchise fee to cover administration fees such as noticing, DM and staff time, and rate study costs. DM also recommended raising the franchise fee by another 1%, total of 6%, in order to establish a rate stabilization fund. The franchise fee would then consist of approximately \$54,000 per year to cover administration costs (5%) and \$11,000 for a rate stabilization fund (1%).

Dehn asked if SBWMA has the ability to grow the solid waste program and add to the budget and cause a shortfall in our ability to meet revenue requirements. DM responded that they do have the ability to do that but it would require a vote of the Board.

DM made a presentation on the main points of the causes of the needed rate increase and outlined 6 scenarios of possible rate increases.

Dehn asked what level of confidence is there that the District will really have a Balancing Account of \$175,000 at the end of 2010. Rick Simonson stated that this projection was based on 7 months of actual expenses this year and more conservatism was used in projecting costs for 2011.

Shepherd and Dehn expressed concern with relying on receiving the entire Balancing Account in a timely manner and cautioned against depending on utilizing the entire Balancing Account in 2011. Dehn proposed using the Balancing Account by a lesser amount in 2011 and then a greater proportion in 2012. Dehn also expressed a desire to apply an equal percentage increase to all can sizes. Mr. Simonson explained that all but Scenario six applied an equal percentage increase to all can sizes.

After discussion by the Board it was agreed to direct the DM to use a hybrid of scenario #5 from what was presented, in the notices. This scenario is to cover all our costs in 2011, only utilize the Allied balancing account at a rate of \$50,000 in 2011 and \$100,000 in year 2012, and which included a 6% franchise fee. This two year rate structure provided for about a \$7 increase in the 32 gallon can monthly rate for residents in 2011 and approximately a \$0.80 increase in the 32 gallon can monthly rate for residents in 2012.

4. Consent Calendar

- A. Approval of Minutes for the Regular Meeting of November 10, 2010**
- B. Approval of the Withdrawal Order Authorizing Payment of Certain Bills and Salaries and Consideration of Other Financial Matters for November 24, 2010 and December 8, 2010**
- C. Operations & Maintenance Report**
- D. Consideration of the Acceptance of the Work by Pacific Underground Construction**

Inc. for the Emergency Repair of Sanitary Sewer Main Line on Ridgeview Drive between Sutherland Drive and Atherton Avenue in Atherton; and Authorization for the District Manager to File the Notice of Completion

- E. Consideration of the Acceptance of the Work by Duke's Root Control Inc. for Root Foaming Services and Authorization for the District Manager to File the Notice of Completion**
- F. Consideration of Accepting Sewer Facilities Constructed Pursuant to Class 3 Sewer Permit No. 1006 for the Construction of Wastewater Facilities for 13 Perry Ave., Menlo Park, CA**

Motion by: Dehn 2nd by: Walker Vote: AYE: 5 NAY: 0 Abstain: 0

Comments: Dehn asked regarding page 4D-3, why are we responsible for VIP visit clean up. DM explained that the U.S. Secret Service requested we clean up activities and refrain from working the one day the President visited the Ridgeview street. Dehn asked regarding item 4-E, root foaming; are the roots in the manholes as well as the pipe? DM answered yes, in some cases there are roots in the manholes and the interior surface of those manholes need to have root foaming applied to deaden the roots.

Dehn asked about changes in the Withdrawal order regarding Directors fees, item 4B-28 of the minutes. DM explained that Director's fees are now consolidated into one category in the withdrawal order for payment of attending meetings etc. Reimbursements to Directors for conferences etc, will be reflected in alphabetical order within the withdrawal as manual checks are written. Other changes such as the Prime Pay costs for payroll checks, and National Retirement Solution payments are now also included in this area.

CONSIDERATION OF ITEM(S) REMOVED FROM THE CONSENT CALENDAR

None

- 6. Public Hearing - Annexing Certain Territory Within the West Bay Sanitary District's On-Site Wastewater Disposal Zone – Lands of Golden Oak Partners (295 Golden Oak Drive, Portola Valley)**

Motion to open Public Hearing by: Moritz 2nd by: Dehn Vote: AYE: 5 NAY: 0 Abstain: 0

Comments: No comments

Motion to close Public Hearing by: Harrison 2nd by: Moritz Vote: AYE: 5 NAY: 0 Abstain: 0

- 7. Consider Resolution Authorizing the President and Secretary to Enter into Agreement Creating Covenants Running With the Land for 295 Golden Oak Drive, Portola Valley**

Motion by: Walker 2nd by: Moritz Vote: AYE: 5 NAY: 0 Abstain: 0

Comments: No comments.

8. Consideration of Adopting Resolution Ordering Annexation of Certain Parcels in the Territory of West Bay Sanitary District to the West Bay Sanitary District's On-Site Wastewater Disposal Zone Including Certain Determinations, Findings and Declarations of the District Board– Lands of Golden Oak Partners (295 Golden Oak Drive, Portola Valley)

Motion by: Dehn 2nd by: Shepherd Vote: AYE: 5 NAY: 0 Abstain: 0

Comments: No comments.

10. Consideration of Adopting Resolution Honoring the Service of William James Ornellas to the District

Motion by: Moritz 2nd by: Walker Vote: AYE: 5 NAY: 0 Abstain: 0

Comments: Harrison asked if there were a way to recognize retirees by plaque. Board consented to have DM initiate the creation of a plaque that stays here at the District Office listing all retirees from now on with their name and the year they retire.

11. Discussion of District's Investment Portfolio

Comments: Moritz led a discussion explaining the final version of the Investment Portfolio which should yield an annual return of 2.45% minus fees of 0.25% for a net of 2.2%. This is about \$80,000 more than we are getting now with LAIF. Moritz also presented a model portfolio for short term investment of approximately \$4M that would yield 0.99% annually but would slightly outperform LAIF (0.50% yield). With the payment from the County coming in a week (approx \$7M), the District could easily invest \$4M short term until at least August 2011 before cash flow projections indicate a need to divest any of the aforementioned investments. Board will revisit and review the investment situation at the end of January.

12. Discuss South Bayside System Authority Report on Regular Meeting of November 11, 2010

Comments: Shepherd discussed Change Order item 7-B of the SBSA agenda discussing the merits of approving a change order for re-design of the elevators at the treatment plant. This item was tabled for further discussion at the next commission meeting.

13. CLOSED SESSION – SBSA

A. LABOR NEGOTIATIONS (Govt. Code Section 54957.6(a))

AGENCY NEGOTIATORS: Daniel T. Child, SBSA Manager
Linda Bruemmer, SBSA Support Services Manager
Andy Baker, SBSA Operations & Maintenance Manager
Darrell Murray, IEDA
EMPLOYEE ORGANIZATION: IUOE LOCAL 39

B. CONFERENCE WITH REAL PROPERTY NEGOTIATOR (Gov't Code §54956.8)

Property: 1201 Radio Road, Redwood City, California
Negotiating Parties: Dan Child
Under Negotiations: Price
Property: 551 Highland Ave., Half Moon Bay, California
Negotiating Parties: Ad Hoc Committee

Under Negotiation: Price, other terms and conditions of sale

C. CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION (Gov't Code §54956.9(a))

Name of Case: East Bay Municipal Utility District, et al. v. State Water Resources Control Board, et al., Alameda Cnty, Super. Ct. No. RG10512151

Entered closed session at 9:10 p.m. Left closed session at 9:24 p.m.

Reportable action: No Reportable Action.

14. CLOSED SESSION – WBSD

A. CONFERENCE WITH LEGAL COUNSEL—EXISTING LITIGATION
(Subdivision (a) of Section 54956.9)
San Francisco Baykeeper v. WBSD -- USDC Case No. C-09-05676 EMC

Entered closed session at 9:24 p.m. Left closed session at 9:44 p.m.

Reportable action No Reportable Action.

15. Manager's Report

- 1) **CIP Project**– Pipe replacement on Oak, Bay Laurel, Brandon, Ambar Way, Randall Place, Olive, University, Cambridge and Hermosa is complete. The next street for pipe replacement is Harvard.
- 2) **CASA Conference:** There is a CASA conference in Palm Desert/Desert Springs Jan 12 -14. Board desires to cancel the Dec 22 Board meeting, hold a Board meeting on Jan 5, and cancel the Jan 12 Board meeting.
- 3) **Holiday lunch:** Oak City on Dec 17, Friday at 11:30 am. I will introduce each of you at which time you may elect to impart a message.
- 4) **District Office Closed:** Friday, Dec 24 for Christmas Holiday.
- 5) **Audit Review:** The Audit committee will review the audit and ask questions, if needed, of the auditor and present their opinion to the Board in January.
- 6) **William Ornellas Retirement:** We will have a retirement breakfast for Bill O at 8:30 am on Jan 3. Please join us and say goodbye.
- 7) **State Controller:** We are required to file a Local Government Compensation Report for 2009 by Dec 13, and anticipate meeting the deadline.
- 8) **Report on Action Items from Previous Board Meeting:**
 - a) **Pump Facility Supervisor:** Robert Hulsmann will begin on Dec 13. From San Mateo City and is experienced in both the pump side and the electronic controls. Very bright.
 - b) **Website Feedback:** Several residents have expressed their positive comments of our new website. They have said they received all the information they needed including information on obtaining permits and how the cleaning and TV crews operate.
 - c) **Compensation & Classification Study:** We received 11 proposals and selected the top 4 to interview on Jan 5, 2011.
 - d) **Temporary Help:** Two of the temporary seasonal workers were discharged November 30 in compliance with the 1000 hour limitation. We have one temporary seasonal that will work through January.
 - e) **Strategic Communication Plan:** Working on a draft outline now.

- f) **Carghill Comments:** Our comments are due regarding Carghill project. DM will work with District Counsel to craft the District's response on the EIR for Redwood City.

16. Comments or Reports from Members of the District Board

Comments: Shepherd has tickets available for attendance of a Christmas Concert at Saint Bedes Church, Friday December 10 at 7:30 PM.

17. Consider Items to be Placed on Future Agenda

1. Professional Consultant Selection Policy review
2. Presentation of Preventative Maintenance rescheduling.

- 18. Adjournment Time:** The meeting was adjourned at 10:17 p.m.

David Walker, Secretary of the District Board