

**MINUTES OF THE REGULAR MEETING
OF THE
BOARD OF DIRECTORS**

Thursday, June 8, 2023

The meeting was called to order at 7:30 p.m.

1. ROLL CALL:

Directors Present: Don Amuzie
Perry Bautista
Tom Chambers
Julie Richards
Janet Medina

Staff Present: Michael Conneran, Attorney
Johnny Kennedy, Field Supervisor
Wendy Bellinger, Office Supervisor
Patricia Mairena, General Manager

2. PLEDGE OF ALLEGIANCE: Led by Director Bautista.

3. CONSENT CALENDAR:

President Medina asked the Board if there was any discussion.

Director Bautista moved to approve the Consent Calendar, seconded by Director Chambers.

The motion was carried unanimously.

4. PUBLIC COMMENT: None.

5. BUSINESS (OLD): None.

6. BUSINESS (NEW):

- A. Consideration of Resolution No. 670, Rescinding Resolution No. 633 and Terminating the Implementation of the Stage 2 Restrictions of the Water Shortage Contingency Plan Under the District's Urban Water Management Plan.**

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General Manager Mairena informed the Board that she had directed Attorney Conneran to prepare the resolution being presented to them as the Governor had lifted most of the drought-related prohibitions and most water agencies were lifting their stage 2 water restrictions. General Manager Mairena stated that she had sent the Board an updated version of this resolution as Director Chambers had pointed out the need to make the effective date "the later of: June 10, 2023, or, if the requirements of SWRCB Resolution No. 22-0018 are extended, to the date such requirements expire or are terminated."

President Medina asked if there were any more comments or thoughts.

Director Chambers moved to approve Resolution No. 670, Rescinding Resolution No. 633 and Terminating the Implementation of the Stage 2 Restrictions of the Water Shortage Contingency Plan Under the District's Urban Water Management Plan, seconded by Director Richards.

Roll Call

Director Amuzie	Aye
Director Bautista	Aye
Director Chambers	Aye
Director Richards	Aye
Director Medina	Aye

The motion was carried unanimously.

B. Review and Approve Agreement for Water and Sewer Service for 528 Avalon.

General Manager Mairena informed the Board that this project had started back in 2018 under former General Manager Barrow, but it had been put on hold, first because of funding issues, and then because of the pandemic. General Manager Mairena mentioned that after a couple of tweaks, the plans for this project had been reviewed and approved by Pakpour Engineering, so the District had requested information for the amount of the bonds. Attorney Conneran explained that the District was seeking the amount the improvements being dedicated to the District, which in his opinion, \$50,000 should be adequate. General Manager Mairena told the Board that Pakpour Engineering had replied after the board packet was sent out stating that \$50,000 (+/-) should be sufficient, and that the homeowner had also sent an email stating his architect had suggested \$30,000. General Manager Mairena suggested to the Board that \$50,000 should be an adequate amount for the bonds.

President Medina asked if there were any comments or concerns from the Board.

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Director Richards asked about notifying the homeowner. General Manager Mairena stated that after the Board approved this agreement, she would send the letter that was also enclosed in the board packet to the homeowner, asking him to provide everything that is listed on that letter, including a deposit.

Director Amuzie inquired if this was new construction. General Manager Mairena replied that it was new construction and provided the location.

Director Bautista moved to Approve Agreement for Water and Sewer Service for 528 Avalon, seconded by director Chambers.

The motion was carried unanimously

C. Review/Approve Capital Improvement Projects for FY 2023-2024.

General Manager Mairena reported that the projects being presented to the Board had been reviewed and approved by the Capital Improvement Committee for the upcoming fiscal year. General Manager Mairena stated that there was one sewer project and three water projects:

- Greendale Dr Easement Sanitary Improvements (Project S23-03) with a budget amount of \$313,000.
- King Drive Improvements (Project W20-03) Design Phase only with a budget amount of \$250,000.
- Skyline Tank No. 3 (Project W20-13) Design Phase only with a budget amount of \$150,000.
- Purchase of additional 550 drive by meters and MXUs with a budget amount of \$150,000.

The total Proposed CIP Projects for FY 2023-2024 = \$863,000

Director Chambers stated that he had no issues with the sewer project or the purchasing of the additional drive-by meters, but his thought was that we should concentrate either on the Skyline Tank No.3 project or the King Drive Improvements Project. Director Chambers expressed a concern about the following year and potentially spending close to \$2 million to complete both projects, plus any new sewer ones which would create a major rate increase of around 70% in the water rates.

General Manager Mairena stated that these two water projects were part of the multi-year project list that the Board had requested, and that it was her understanding that the

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District was going to seek other types of financing besides the current pay/go system the District had been using to fund the projects.

Director Chambers reiterated that he had a problem supporting \$2 million worth of projects for the following year, and that he had no problem supporting the work to complete Skyline Tank No.3. With regards to the King Drive Project, Director Chambers suggested having conversations with Daly City about the possibility of improving the intertie connection to have Zone 3 serviced in the event of a break in the pipe that feeds it. Director Chambers stated that he would prefer to spend the \$250,000 towards completing Skyline Tank No.3

General Manager Mairena asked about the \$1 million or so that was already approved for this current fiscal year for Skyline Tank No.3, so technically, those funds should be seating on reserves. Director Chambers replied that the funds are not pulled out from reserves until after the expenses are incurred, so the balance in reserves is considered during the budget process to fund the upcoming year's capital improvements. Director Chambers stated he did not see a problem funding the entire Skyline Tank No.3 remaining work for this upcoming year.

President Medina asked if there were any other comments from the other directors.

Director Bautista asked Director Chambers if he would be okay with approving the work for Skyline Tank No.3 and postponing the work for the King Drive Project. Director Chambers replied that he would, along with the sewer project and the purchasing of the additional meters. Director Chambers mentioned he would also like the District to explore improving the intertie connection as a two-way connection with the City of Daly City. General Manager Mairena replied that there was one project on the list of projects previously approved by the Board that dealt with improving this intertie connection. Director Chambers stated the District should prioritize this project.

Attorney Conneran commented that the FY 2023-2024 budget reflected a net income of close to \$1 million dollars available to improve the system which could be used for projects. General Manager Mairena mentioned that in addition, there are funds in reserves for the projects that were not completed this fiscal year, and the balance in LAIF was close to \$4 million, less the upcoming payment to Sanitation for their services, which would still leave extra for the projects' balance.

President Medina stated that the plan was to develop a 5-year plan including water and sewer projects for which the District would need to get bonds, since there was no way to force the community to pay for all of it and repaying the bonds was long-term.

Director Chambers expressed that he did not want to do a lot of planning that the District may not have enough funds to do for next year, so he proposed the following projects

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for Fiscal Year 2023-2024:

- Skyline Tank No.3 – Remaining Work for \$1,150,000
- Greendale Dr Easement Sanitary Improvements for \$313,000
- Purchase of additional 550 drive by meters and MXUs for \$150,000

The total Proposed CIP Projects for FY 2023-2024 = \$ 1,613,000

President Medina asked if anyone else had any comments.

Field Supervisor Kennedy stated that the District should have a plan in place to replace the pipelines and it should be a proactive plan, not a reactive one. Director Chambers replied that if pipes need to be replaced every 100 years, then the District did not need to do anything for the first 50 years, and then the average year of the pipes would be 100 years.

Director Chambers moved to approve \$1.613 million Capital Improvement Projects for FY 2023-2024 which included the projects listed above and excluded the King Drive Project, seconded by Director Bautista.

The motion was carried unanimously.

D. Review/Approve FY 2023-2024 Operating Budget.

General Manager Mairena reported that the budget in the board packet was what the Budget Committee had reviewed and proposed. General Manager Mairena displayed the budget on the screen and stated that the narratives and how the budget was derived was stated on each category. General Manager Mairena asked the Board if they wanted her to review the budget line by line. President Medina replied that she liked the highlighted numbers and if any board members had any questions, they could just ask questions or make comments.

Director Chambers stated that there should be one change in the Interest category: the \$863,000 Capital Improvements should be revised to \$1,613 Million. Director Chambers stated that the change would not make much difference, but it did need to be stated correctly.

General Manager Mairena reviewed the budget summary with the Board. Director Chambers asked about the credit card fees which would be discussed later in the meeting, and asked if this budget needed to be approved today. General Manager Mairena replied that staff would prefer the budget to be approved now since the current fiscal year was almost ending. Director Chambers replied that the budget could always be amended, if needed to. General Manager Mairena stated that the bottom line estimated net income was \$818,518.

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Director Chambers also asked if the GASB Contra Income/Expense was a one-time deal, or perhaps we should ask the accountants how this should be budgeted.

General Manager Mairena asked the Board if they had any other questions. Director Chambers stated that he wanted to discuss the next item on credit card fees before making a decision.

The Board then moved to discuss item 6.E - Consideration to Pass through the Cost of Credit Card Processing on Water Bills.

After reviewing item 6.E - Consideration to Pass through the Cost of Credit Card Processing on Water Bills at length, the Board decided the budget line item for banking and credit card fees would remain at \$55,000.

Director Chambers moved to approve the FY 2023-2024 Operating Budget, seconded by Director Bautista.

The motion was carried unanimously.

E. Consideration to Pass through the Cost of Credit Card Processing on Water Bills.

General Manager Mairena reported that this item was brought up by the Budget Committee during the preparation of the budget and after reviewing the increase in the credit card fees. General Manager Mairena gave the Board an overview of the types of credit card charges the District customers make, which include Evalon (payments made at the District's office or via the telephone) and PUWC or Corbin Willits (web payments, either one-time or reoccurring, which could also include checking or savings payments). General Manager Mairena explained that the cheapest way for the District to collect payments was for customers to sign up for ACH payments. General Manager Mairena pointed out that for a while, staff was not aware that some of the HOAs had signed up thru the PUWC, and since their bills were high, the fees were also high, so she had instructed administrative staff to move these HOAs to ACH payments and to restrict the web payments to a maximum of \$500 per transaction.

Director Chambers stated that the \$50,000 budget credit card/bank charges amounted to about \$2 per bill per connection.

General Manager Mairena displayed a list of charges (if any) assessed by neighboring districts or agencies, and pointed out that most neighboring water agencies do not charge customers for using credit cards, except for Mid-Peninsula Water District and Millbrae Water.

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Director Bautista asked about payments received from home banking. Office Supervisor Bellinger replied that there were stacks of payments made in this manner.

General Manager Mairena informed the Board that the only good side about the PUWC payments was that these were posted directly to the customer accounts; hence, it reduced processing time by administrative staff since it is very time consuming to process a mailed check.

President Medina told the Board that perhaps the Board should hold off on taking action on this matter and give customers a chance to review the newsletter, and also send out communications regarding the potential charge if using these services. President Medina stated customers should be given as much advance notice as possible. General Manager Mairena replied that bills inserts could be included to make customers aware of the potential charges.

Attorney Conneran recommended having General Manager Mairena come back to the Board in November with a proposal as to what the new charges would be.

Director Chambers stated that no motion was being made now, but that if approved, it should be implemented with the January 2024 bill which is due on February 2024.

General Manager Mairena agreed with Attorney Conneran's recommendation to come back to the Board in November with a proposal for the Board to review and approve, and in the time being, customers would have received the newsletter and bill inserts communicating the possible credit card charge.

General Manager Mairena also stated that staff was working with Tri-Counties Bank on getting a better credit card deal.

No action was taken.

F. Review/Approve Quote for the Avalon Lift Station Electrical Conduits Repairs.

General Manager Mairena reviewed her report on the electrical conduits water damage at the Avalon Lift Station and discarded the neighbors' hose as a possible cause due to his water usage being consistent throughout several periods. General Manager Mairena reviewed the two proposals received: Calcon Systems at \$18,750 and McLean Electric at \$21,322.34. General Manager Mairena mentioned that Patrick Sumner from Sanitation had stated both quotes were good quotes, so she would recommend going with Calcon Systems, since their pricing was lower.

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Attorney Conneran asked if the contractors were aware that the quote should include prevailing wages because he did not see it. Attorney Conneran suggested sending them a formal agreement which would alert them to the fact. Attorney Conneran communicated that any time there are public funds being spent on construction projects, there should always be prevailing wages. Attorney Conneran recommended having a contingency of 10% added to the quote and that an agreement should be drawn up. Attorney Conneran stated that the contract amount should be \$20,625, including the contingency.

Director Chambers moved to approve the Avalon Lift Station Electrical Conduits Repairs quote by Calcon Systems with a 10% contingency for a total of \$20,625 at the discretion of the General Manager, seconded by Director Bautista.

The motion was carried unanimously.

G. Review/Approve Proposal to Participate in the BAWSCA Water Loss Management Program for FY 2023-2024.

General Manager Mairena explained to the Board that this was a program that was done every year in order to meet the State's requirements on Water Loss Management, and that BAWSCA contracted with this vendor. General Manager Mairena stated that the proposed cost was for the basic services and the cost for this year was \$16,381.

President Medina asked how many people participated in this program. Director Chambers replied that it was several of the BAWSCA agencies. General Manager Mairena stated there was a lot of data to be submitted, so any agency that did not have an analyst on staff would join this program.

Director Chambers moved to approve the Proposal to Participate in BAWSCA Water Loss Management Program for 2023-2024, seconded by Director Amuzie.

The motion was carried unanimously.

H. Set a date for a Study Session to Discuss Multi-Year Capital Projects and to Review/ Approve the Proposal for Water and Sewer Rate Study.

General Manager Mairena stated that she had previously taken a poll to see when the directors would be available to meet during the week of June 26th thru June 29th, and at least four directors were available to meet on June 28th, with no reply from one director. After a brief discussion, the Board decided to hold the session at 7:00 p.m.

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Attorney Conneran stated that no motion was needed. General Manager Mairena told the Board that she would post the agenda and send a packet with any documents Pakpour Engineering would submit to her.

I. Review/Approve District Newsletter.

General Manager Mairena reviewed the newsletter that had been put together by the Public Relations Committee. General Manager Mairena explained that the draft included an article on the Board lifting the drought prohibitions ahead of the Board's approval.

Director Chambers asked how the average usage of 3.5 gallons per person per day had been calculated. General Manager Mairena replied that she had pulled it from an old newsletter article and asked the Board if it should be changed. After a brief discussion, General Manager Mairena stated that she would look at that statement in more detail and she would email the revised wording to the Board.

General Manager Mairena reviewed the rest of the newsletter articles with the Board, including an idea from Operations Assistant Mendoza, asking customers to update their phone number with the District to have in the event of emergency. General Manager Mairena asked the Board if anyone had any comments.

President Medina commented that she thought it was a good newsletter filled with valuable information, and that hopefully, customers would read it.

Director Chambers moved to approve the District Newsletter with the wording changes General Manager Mairena selected, seconded by Director Bautista.

The motion was carried unanimously.

J. Consideration of Cost-of-Living and Salary Adjustment for District Employees.

General Manager Mairena stated she had conducted performance evaluations with staff, provided feedback, reviewed last year's goals, and established new goals for the upcoming year. General Manager Mairena also reported that the COLA for this year was 4.9% and she was also recommending an additional 1.1% merit increase for a total of a 6% increase for all employees, which have already been included in the upcoming budget. General Manager Mairena asked if there were any questions from the Board.

Director Bautista moved to approve the recommendations of Cost-of-Living and Salary Adjustment for District Employees as reviewed by General Manager Mairena, seconded by Director Chambers.

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The motion was carried unanimously.

7. WRITTEN COMMUNICATIONS: None.

8. ATTORNEY'S REPORT:

Attorney Conneran reported that one of the Brown Act amendments that had survived had to do with Regional Bodies at least 45 miles away, so that would not be applicable to the District. Attorney Conneran stated that if there were any changes, he would report back to the Board.

Director Chambers asked Attorney Conneran about AB 323 regarding Prop. 218 which had to do with 120-day time limit for challenges to Prop. 218.

9. GENERAL MANAGER'S REPORT:

A. Report on District's Water Conservation for May 2023.

General Manager Mairena presented the water conservation efforts for May 2023, showing a decrease in usage which she hoped would continue once customers were made aware that some of the restrictions were lifted. Director Chambers commented that the year on the last date of all three pages was stated as 2024, instead of 2023. Director Chambers also commented that the District customers had done good in conserving.

Director Chambers asked General Manager Mairena if she was attending the BAWSCA Tier 2 meetings. General Manager Mairena replied that unfortunately, the meetings fell on the same Monday that she had to prepare the board packet, and that she had notified Nicole. General Manager Mairena stated that she had participated in some of the meetings, especially when they were virtual, and that she did participate in the technical workshops which were held on a different date, and were held virtually.

10. ITEMS FROM BOARD OF DIRECTORS:

A. Report on BAWSCA Meeting of May 18, 2023 (Chambers).

Director Chambers reviewed his report on the BAWSCA Meeting he attended and commented on some of the items BAWSCA is currently working on.

B. Report on ACWA/JPIA Conference, May 8 – May 11, 2023 (Amuzie).

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Director Amuzie thanked the Board for the opportunity to attend the ACWA/JPIA Conference. Director Amuzie reviewed his written report thoroughly with the Board. Director Amuzie mentioned that he would like to have Wing See from Urban Future, Inc., present Public Finance 101 to the Board in the near future.

President Medina thanked Director Amuzie for attending and representing the District.

C. Personnel Committee Meeting Update (Bautista) – Report Added

Director Bautista reported on the Personnel Committee meeting that was held on May 24, 2023, and that the General Manager will be preparing a self-evaluation which he will be forwarding to the board members with a blank form. The Board suggested having a form that could be fillable.


President Medina mentioned that she had turned in the form that she had received for the Special District member election in May. General Manager Mairena verified that she had received an email confirming receipt of it.

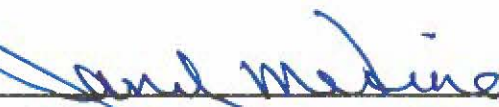
11. CLOSED SESSION: None.


12. ADJOURNMENT:

Without objection, President Medina adjourned the meeting.

Time 9:34 p.m.


Secretary


President


Date