

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

Thursday, June 13, 2024

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

1. ROLL CALL:

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

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

Visitors Present: Catherine Tseng - L&T Consultants (*virtually*)

2. PLEDGE OF ALLEGIANCE: Led by Director Medina.

3. CONSENT CALENDAR:

President Chambers asked the Board if there were any questions or comments with the Consent Calendar; otherwise, he asked if there was a motion to approve.

Director Bautista moved to approve the Consent Calendar as written, seconded by Director Richards.

The motion was carried unanimously.

4. PUBLIC COMMENT: None

5. BUSINESS (OLD): None

6. BUSINESS (NEW):

A. Review and Approve Water and Sewer Rate Study.

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Ms. Teng stated that her presentation tonight would concentrate on summarizing the revisions made to the report since the last meeting in May:

1. Ms. Tseng reported that since the May meeting, the North San Mateo County Sanitation District (NSMCSD) had informed the District that there would not be an increase on treatment rates for the upcoming year, and that the projected rate increases for the years 2028-2029 would be around 10%. Ms. Tseng stated that after running the numbers, they were able to revise the first year's sewer rate increase from 10% to 5%.
2. Ms. Tseng stated that the District had also received updated depreciation numbers from the CPAs, so they had used those numbers for the Depreciation for Capital Reserve Fund Target. Ms. Tseng also stated that prior to receiving the updated numbers, they had been using 50% for water and 50% for sewer split, but the CPAs had been able to provide a more accurate split of the numbers.
3. Ms. Tseng mentioned that the third change they had made was adjustments to the allocation of the G&A revenue and expenses, which were not major, but they wanted to make sure these were properly allocated.

Ms. Tseng proceeded to review the above three items in detail.

Ms. Tseng reviewed a chart with a summary history of the NSMCSD treatment rates, which has gone up about 71% in the past 10 years and made up about 93% of the District's Sewer Operating Cost. She displayed a chart with the proposed sewer rates for the next five years, showing 5% for 2024/25 and 10% for the subsequent four years. Ms. Tseng also displayed samples of sewer bill impacts for 2, 10, and 20 ccf bi-monthly usage. Ms. Tseng told the Board that the comparison samples showed how they had worked hard at trying to keep the sewer rates as low as possible by taking into account the newly provided information.

Ms. Tseng also reviewed a chart with the 2022-2023 and the 2024-2025 projected Depreciation figures. Ms. Tseng indicated that the Capital Reserve Fund Targets would be 50% of the projected Depreciation, so the Updated 2024/25 Capital Reserve Fund Targets would be \$137,547 for water and \$33,090 for sewer. Ms. Tseng also indicated that these targets may change as the District takes on more water and sewer projects, but these would be the starting numbers.

Lastly, Ms. Tseng showed another slide with the updated allocation of some G&A revenue and expenses. Ms. Tseng told the Board that they had revised the allocation of

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miscellaneous revenue of \$20,000 solely to the water fund since these were late fees for water bills. Ms. Tseng stated that on the expenses side, after a review with General Manager Mairena, they had revised the allocation of 2024/25 G&A Salaries & Benefits to the sewer fund from \$130,000 to \$123,000; thus, making sure their numbers were consistent with the District's budget.

Ms. Tseng displayed the next steps in the process:

<u>Date</u>	<u>Action</u>
June 13, 2024	Present revised draft report to Board of Directors
July 12, 2024	Prop 218 Hearing; Board can adopt rates if no majority protest
July 1, 2024	First rate increase goes into effect (Customers will see increase in September bills)

Ms. Tseng told the Board of Directors that tonight they were presenting to them the revised draft report, but the board would not be making any decisions on adopting any rate increases, since that would take place on July 12, 2024, at the Prop. 218 public hearing, pending that there is no majority protest. Ms. Tseng stated that if the Prop. 218 public hearing was successful, then the new rates would go into effect on July 1st, and customers would see the increase on the September bills.

Ms. Tseng asked the Board if there were any questions.

Since there were none, President Chambers thanked Ms. Tseng for all her efforts and for working with General Manager Mairena in putting the Rate Study together.

President Chambers told Ms. Tseng that at the July 12th meeting, she could give her entire presentation which would be followed by public comment periods to cover both water and sewer rate increases. President Chambers said that after that, there would be a public hearing to place the sewer charges on the property taxes.

After General Manager Mairena's presentation of the FY 2024-2025 Operating Budget was made, Director Bautista moved to approve the Water and Sewer Rate Study as modified, seconded by Director Medina.

The motion was carried unanimously.

B. Review/Approve FY 2024-2025 Operating Budget.

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General Manager Mairena stated that she had met with the Budget Committee a few times to review the budget she had prepared. General Manager Mairena mentioned that for a while, the Board had been asking to split the G&A expenses between the water and sewer funds, and now with the Rate Study, this was made possible.

General Manager Mairena proceeded to display the budget worksheets on the screen. She explained to the Board how she had created formulas to split the revenue and expense keys that needed splitting, and how she had color-coded the two funds (blue for water and orange for sewer). General Manager Mairena stated that the splits were in accordance with what the Board had approved at the last board meeting. General Manager Mairena stated that there were links between these worksheets and the Budget Summary.

General Manager Mairena reviewed the Budget Summary and mentioned that previously, this summary contained both funds and one net bottom line. General Manager Mairena explained how she had listed both funds separately with the revenue, expenses, and bottom line listed for each of the funds, and then provided a combined total net at the very bottom.

General Manager Mairena asked the Board if they had any questions.

President Chambers commented on how the water fund displayed a lower net income amount than L&T had stated on their report. President Chambers mentioned that this would be a good time to discuss trying to recover the credit card fees. General Manager Mairena replied that this item was listed on the agenda for Board's review.

General Manger Mairena pointed out that a vote accepting the Rate Study had been skipped. Attorney Conneran directed the Board to proceed with doing that now. The Board proceeded to motion and approve the Rate Study (as noted on item 6.A).

General Manager Mairena stated that in reply to President Chambers' concern, she had also postponed the Updating of the Standard Plans and Specifications Project to the following year, which should reduce Engineering expenses by \$25,000. President Chambers replied that it would bring us closer, but we would still be short. General Manager Mairena replied that at the last committee meeting, it was stated that recovering credit card fees would bring us closer, and also, we could possibly adjust something on the CIP to close the gap.

Director Medina stated that she was impressed with the new format which made much better sense. President Chambers agreed. General Manager Mairena thanked them.

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Director Medina moved to approve the FY 2024-2025 Operating Budget, seconded by Director Richards.

The motion was carried unanimously.

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

General Manager Mairena reported that both Office Supervisor Bellinger and Operations Assistant Mendoza had worked on updating the credit card processing fees being charged by other agencies data that was on the board packet. Office Supervisor Bellinger stated that there was one correction, as Millbrae had called back to let her know that they would be increasing their fees to 2.6% effective July 1, 2024.

President Chambers asked staff which would be easier to implement: a percentage or a flat fee, since with so many different credit cards, it would be harder to figure out exactly how much the District was being charged at the time of each transaction. President Chambers thought it would be best to calculate an estimate that would cover that fee, whether it be a flat fee or a percentage fee. General Manager Mairena stated that staff did not have a chance to check with CWS (the online payment software provider) to see how a charge could be implemented that the District could recover in its entirety. General Manager Mairena specified that the majority of the credit card payments were made online through this program, and the rest were either paid over the phone or in person using a program called Celero by Tri-Counties Bank (TCB). General Manager Mairena mentioned that the District should have a discussion with CWS to see how these fees could be lowered, or if the District could pay them to develop a program that would pick up the payments from another system and transfer them to their billing program, as there were too many accounts involved. President Chambers stated that \$50,000 in fees was a large amount, so he asked again, what would be easier to implement: a flat fee or a percentage fee. Office Supervisor Bellinger stated that a flat fee would be easier and General Manager Mairena agreed.

Director Amuzie asked why the District could not make these fees a pass thru. Director Amuzie stated that if the District was being charged \$10 for a transaction, then the District should charge \$10. General Manager Mairena replied that as President Chambers had previously stated, there were a variety of credit cards, with the rewards cards charging the higher fees, and at the time of the transaction, staff would not be told how much the District was being charged for that specific transaction, so it would be very hard to calculate an exact pass thru, since this amount would not be available until the statement was received.

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President Chambers stated that according to the Rate Study, the average bill was \$166, and at a 3% fee, that would be \$4.98, which seemed a bit high, in comparison to other agencies. President Chambers suggested that using the 2.35% that San Mateo County charged would be justifiable. Attorney Conneran stated that if customers paid their property tax bill which included their sewer charges through the County using a credit card, then they were already paying the 2.35% fee.

President Chambers commented that customers had been previously advised several times that a fee would be assessed in the near future and providing them with the opportunity to switch to ACH, which had the lowest fee charged to the District. General Manager Mairena stated that staff has been delivering a lot of conservation items as part of getting customers to sign up for the ACH program. Director Medina asked if that was working. Office Supervisor Bellinger replied that the District had gone from about 400 customers to over 600 customers in the program. President Chambers replied that the increase in customers could be higher once a charge was imposed.

President Chambers asked if it would be reasonable if the District was to charge a 2.35% fee, just as the County did. General Manager Mairena replied that it was reasonable. Office Supervisor Bellinger stated that we would need to discuss with CWS to see if they could do that and how much would they charge us for the programming. General Manager Mairena agreed and stated that CWS would also need to make sure the fee collected was sent to the District in its entirety. General Manager Mairena stated that as far as the payments made in person or over the phone, there would be no problem. Office Supervisor Bellinger replied that it would just take small programming and the new terminal was definitely capable of doing that.

President Chambers inquired about the effective date of this fee being August 1st or September 1st. General Manager Mairena suggested starting this fee with the new fiscal year bill of September 15th which would be due on October 5th. General Manager Mairena asked the Board if it would be okay for staff to report back at the August meeting to review the findings on what CWS could do and how much it would cost for programming. President Chambers replied that the Board should provide guidance to General Manager Mairena, which would be that the District wants to start charging a 2.35% fee and give her authorization to work with CWS in getting that implemented by September 15th, and if there was a problem, to report that at the August meeting.

President Chambers asked their Board if that was what they wanted. Attorney Conneran replied that he would like a formal action at the August meeting.

D. Review/Approve Quote to Upgrade the Rowntree Lift Station Telemetry Equipment.

General Manager Mairena recalled to the Board the sewer overflow incident at the Rowntree Lift Station and Patrick Sumner's (North San Mateo County Sanitation District - NSMCSD) report on the controls damaged and its replacement, which at some point would be able to be accessed via their new SCADA system, which was wireless based. General Manager Mairena told the Board that this was a good option, since AT&T had recently increased each landline to about \$300 per month. Office Supervisor Bellinger mentioned that she had called AT&T, and the charge was lowered to \$180 per month per landline, but the District was still paying about \$560 per month to AT&T. General Manager Mairena explained that this quote would upgrade the telemetry system at the Rowntree Lift Station so that it would be accessible via the NSMCSD's new SCADA system; thus, expediting response by the NSMCSD workers.

Director Bautista moved to approve the Quote from Calcon Systems to Upgrade the Rowntree Lift Station Telemetry Equipment, seconded by Director Medina.

The motion was carried unanimously.

General Manager Mairena asked Attorney Conneran whether the previous agreement could be modified or if a new agreement was necessary. General Manager Mairena asked if the agreement with Calcon Systems could be modified so that tasks could be included. Attorney Conneran replied that an amendment to the agreement would work better, and he would send it to her.

E. Review/Approve Proposal to Participate in the BAWSCA Water Loss Management Program for FY 2024-2025.

General Manager Mairena reported that this is a program thru BAWSCA that is done as a requirement every year. General Manager Mairena mentioned that since the last couple of years the District reported negative losses that may be attributed to source meters needing calibration, the new proposal in the board packet included an additional task for water audit miscellaneous support. General Manager Mairena stated that she recently received an email from the Department of Water Resources to discuss negative losses, so it was obvious that they wanted us to dig further into the issue of negative losses. General Manager Mairena also stated that our consultant had already suggested that we added the Advanced Billing Analysis, a multi-year analysis, to our program so that we could explore any issues with our billing.

President Chambers asked how long ago the SFPUC meter was calibrated. General

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Manager Mairena replied that it had been at least a couple of years.

Director Medina moved to approve the Proposal to Participate in the BAWSCA Water Loss Management Program for FY 2024-2025, seconded by Director Amuzie.

The motion was carried unanimously.

General Manager Mairena thanked the Board and told them that this item was already included in the FY 2024-2025 budget.

F. Approve Candidate Policy Form For District Election November 5, 2024.

General Manager Mairena stated that there would be three directors in the upcoming November 5, 2024, District Election Ballot, and that the Board would need to decide whether to have a 400- or 200-word limit for the Candidate Statement and who would pay for it. General Manager Mairena also stated that she had pre-filled the form with what the Board had elected to do in the past, which was a 200-word limit for the Candidate Statement paid by the candidate, but of course, the Board could opt to do something different. General Manager Mairena mentioned that there were three different zones involved in this year's election: 1, 3, and 5.

Attorney Conneran clarified that it was up to the candidate whether or not to submit a statement, but if no one else filed, then there would be no election. President Chambers replied that the County would simply return the check to the candidate.

Director Amuzie asked about the cost of filing out a Candidate Statement. President Chambers replied that it was about \$100 to \$300. Director Medina replied that it was usually refunded.

Director Medina moved to approve maintaining the current Candidate Policy For the District Election of November 5, 2024, seconded by Director Amuzie.

The motion was carried unanimously.

G. Approve Resolution No. 677, A Resolution of the Board of Directors of the Westborough Water District Calling for an Election to be Held on November 5, 2024, for the Election of three Members of the Board of Directors.

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President Chambers mentioned that there was a small correction to the resolution. Attorney Conneran explained that Section 9, second line, stated that there were “two board members” instead of “three board members”. General Manager Mairena replied that she had made that correction.

Attorney Conneran mentioned that the County had started calling the Zones sub-districts, but he felt the District should stick to calling them Zones, as stated in the past.

Director Bautista moved to approve Resolution No. 677. A Resolution of the Board of Directors of the Westborough Water District Calling for an Election to be Held on November 5, 2024, for the Election of three Members of the Board of Directors, seconded by Director Medina.

Roll Call

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

The motion was carried unanimously.

H. Special District LAFCo Election: Submit Written Nominations for the Alternate Special District Member and Authorization to Transmit the LAFCo Special District Member Ballot by Electronic Mail.

General Manager Mairena reminded the Board that a couple of meetings back, action had been taken for the Special District Member, and this time it would be for the Alternate Special District Member. General Manager Mairena explained that the type of action would be the same as the last one, which was to authorize the President of the Board to transmit the ballot electronically.

Director Bautista moved to authorize President Chambers to Submit Written Nominations for the Alternate Special District Member and authorize him to Transmit the LAFCo Special District Member Ballot by Electronic Mail, seconded by Director Medina.

The motion was carried unanimously.

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

General Manager Mairena told the Board that staff had been performing above standard, and it had been an interesting year with a lot of new regulatory changes. General Manager Mairena reported that field staff had been busy building the District's LCR (Lead and Copper Rule) Inventory, going from location to location, verifying the type of connection, and updating a worksheet with the connection materials which would need to be submitted to the EPA. General Manager Mairena told the Board that in addition, administrative staff had been dealing with the Rate Study, and getting items ready, so she was very appreciative of their support. General Manager Mairena displayed her recommendation to the Board which included COLA of 2.9% and an additional 3.1% merit increase for a total of a 6% increase for all employees. General Manager Mairena mentioned that the 6% increase had been accounted in the Rate Study and it was included in the upcoming budget. General Manager Mairena stated that if it was agreeable with the Board, she would like to make that recommendation.

Director Medina moved to approve the Cost-of-Living and Salary Adjustment for District Employees, seconded by Director Bautista.

The motion was carried unanimously.

General Manager Mairena and Office Supervisor Bellinger thanked the Board.

J. Consideration of Cost-of-Living and Salary Adjustment for General Manager.

This item was discussed at the end of the meeting after the Closed Session.

7. WRITTEN COMMUNICATIONS: : None

8. ATTORNEY'S REPORT:

Attorney Conneran commented on the initiative measure called the Business Roundtable measure which would affect almost every aspect of financing for local agencies. Attorney Conneran mentioned that it was being challenged in Court by the Governor and other public officials, and the Supreme Court had oral arguments a couple of months ago with June 27th being the deadline to issue their decision whether the measure could go on the ballot. Attorney Conneran also commented that because the measure changed so many aspects of finance, it was challenged for being a revision to the Constitution, and if it made it to the ballot and passed, it would make it really difficult for agencies to pass fees. Attorney Conneran stated that if it passed, then he would give the Board a full report on how it would affect the District.

9. GENERAL MANAGER'S REPORT:

A. Engineer's Report (Pakpour).

General Manager Mairena reported that Engineer Pakpour was unable to join in due to COVID, and that the only item he mentioned was an update on Skyline Tank No. 3, and that a meeting was planned for July with a structural engineer and staff.

B. Report on District's Water Conservation for April and May 2024.

General Manager Mairena reminded the Board that there was no report last month for April 2024, due to the meeting being so early and the SFPUC bill not being prepared yet. General Manager Mairena displayed the comparison chart, and she reported that water consumption for April 2024 was slightly higher, and May 2024 had gone down in comparison to last month's consumption.

C. Update on Signed Agreement with PSOMAS for Marking the District's Underground Pipelines.

General Manager Mairena reported that due to the urgency in locating the pipelines across Skyline Blvd. and Westborough Blvd., Attorney Conneran had drafted an agreement which President Chambers had signed on May 30th. General Manager Mairena reported that PSOMAS had already marked the lines and she was extremely impressed with their report, but Johnny and Carlos were not as impressed due to markings which involved a couple of in-line valves that should have shown as a straight markings, but that was not the case. Johnny and Carlos had indicated that to the technicians marking the lines, but they had replied that they could only mark what their equipment indicated, which staff found a bit off. General Manager Mairena also reported that she had instructed staff to have PSOMAS strike a sentence from the last page of the report stating that District staff had indicated that the other utilities had been marked under another agreement, since there was no other agreement and the District was not responsible for marking other utilities' lines, that statement was incorrect.

General Manager Mairena stated that, overall, the markings and the potholing had helped, and the boring had been completed as of yesterday without any incidents.

10. ITEMS FROM BOARD OF DIRECTORS:

A. Report on ACWA/JPIA Conference, May 7 – May 9, 2024 (Chambers and Amuzie).

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President Chambers stated that his report was in the board packet and asked if there were any questions.

Director Amuzie reviewed thoroughly his report with the Board.

President Chambers made a couple of remarks regarding the number of agencies having rate studies conducted and the Bay Delta agreement.

B. Report on BAWSCA Meeting of May 16, 2024 (Chambers).

President Chambers reviewed his report on the BAWSCA meeting. President Chambers commented on the Los Vaqueros expansion and the Water Management Charge which will fund Strategy 2050.

Director Bautista asked about the 25 GPCD (gallons per person per day). President Chambers commented on it, on Tier 2 negotiations, and on the minimum purchase requirements by some of the larger agencies that have water sources other than the SFPUC.

Director Amuzie commented on the article he had sent out on Foster City's Rate Study and their projected new charges.

11. CLOSED SESSION:

A. Closed Session – Public Employee Performance Evaluation, Government Code Section 54957.

Title: General Manager

Attorney Conneran took the Board to closed session at 9:12 p.m. to discuss the General Manager's performance evaluation.

The Board reconvened open session at 9:34 p.m. Attorney Conneran stated that the Board had met in closed session pursuant to Code Section 54947 and that they still had one pending item, Consideration of Cost-of-Living and Salary Adjustment for the General Manager.

6. BUSINESS (NEW): (Continued)

F. Consideration of Cost-of-Living and Salary Adjustment for General Manager.

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President Chambers stated that it was his understanding that the current agreement with the General Manager had an 8% increase from the previous year. Attorney Conneran confirmed that the contract did have an 8% increase from the year 2023-2024.

President Chambers also stated that there needed to be a talk about what the Board could do to make things easier for the General Manager Mairena and he asked Director Bautista to comment on it. Director Bautista stated that per a previous conversation with the General Manager, the Board had decided to allow her working remotely from home one day per week, and if that fitted into her schedule, then she could add a second day. General Manager Mairena thanked the Board and told them she was very much appreciative of that.

Director Bautista asked about her plans for the future. General Manager Mairena mentioned the possibility of retirement and reviewed talks she had with a potential candidate for the position of Assistant General Manager of Operations.

President Chambers commented that with regards to the General Manager's salary, the Board should consider adding the COLA, and rounding it off to 3%, or a total of 11% increase. The Board agreed. Attorney Conneran calculated her total salary amount and shared it with the Board.

President Chambers asked if there should be a discussion on an extension to General Manager Mairena's agreement. Director Bautista mentioned to her that her agreement would end next year and asked for her thoughts on an extension. General Manager Mairena replied that she would definitely be interested. Attorney Conneran stated that one of her goals for next year could be to work on a succession plan and possibly hire an Assistant General Manager (OGM) who could eventually move into the General Manager position.

General Manager Mairena stated that sometime in the future, she would like to meet with the Personnel Committee to discuss a salary range for that position. Attorney Conneran stated that the District could not create it for one person, but this would be the perfect example of what it would take to hire someone with experience away from their current position, and it would be more than we are currently paying the Field Supervisor. General Manager Mairena replied that the positions would be different, since the OGM position would also need to have a strong administrative background.

President Chambers asked about the salary increases for the extended agreement. Attorney Conneran replied that it could be negotiated each year, and the terms should go until June 30, 2027.

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Attorney Conneran stated that for a Board action, the Board is approving a salary increase to the General Manager's salary to \$283,277.88 and extending the term of the agreement to June 30, 2027.


Director Bautista moved to make the above motion, seconded by Director Medina.

The motion was carried unanimously.

General Manager Mairena thanked the Board for their support.

12. ADJOURNMENT:

Without objection, President Chambers adjourned the meeting.
Time 9:46 p.m.



Secretary



President

07-12-2024

Date