

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

**Thursday, September 12, 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: Dayna Louie, Attorney  
Johnny Kennedy, Field Supervisor  
Wendy Bellinger, Office Supervisor  
Patricia Mairena, General Manager

Visitors Present: Gary E. Cline – Actuarial Consulting Group LLC  
Gary T. Cline - Actuarial Consulting Group LLC

**2. PLEDGE OF ALLEGIANCE:** Led by Director Medina.

**3. CONSENT CALENDAR:**

President Chambers thanked General Manager Mairena for having the June 2024 financial statement corrected. 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 Medina.

The motion was carried unanimously.

**4. PUBLIC COMMENT:** None

**5. BUSINESS (OLD): None**

**6. BUSINESS (NEW):**

**A. OPEB (Other Post Employment Benefits) Actuarially Determined Contribution (ADC) Funding Policy Review.**

General Manager Mairena displayed the Power Point presentation by Actuarial Consulting Group LLC on Retiree Medical Plan Funding Policy Review.

Gary E. Cline introduced himself to the Board of Directors as the District's new actuary. Mr. Cline mentioned that last year's valuation was a partial valuation, but this year his company is performing a full valuation for the year ending 2023. Mr. Cline explained that in the process, they had reviewed all the actuarial assumptions and methods, and came across the Funding Policy, and that was the reason he was in front of the Board today.

Mr. Cline explained that the Funding Policy guides how much to contribute towards the plan each year. Mr. Cline reviewed how the plan should have key funding policy goals including: keeping contributions relatively stable and equitably allocating costs over the employees' period of active service. Mr. Cline also reviewed the elements of a funding policy and stated that these should include: an actuarial cost method, an asset smoothing method, and an amortization method.

Mr. Cline proceeded to review the District's funding policy and explained that the District uses Level Cost Actuarial Model (LCAM) designed to allocate the annual cost of benefits in a level manner over employees' working careers, which is the same method used in GASB 75 accounting.

Mr. Cline also discussed the Actuarially Determined Contribution (ADC) which includes Normal Cost (Value of benefits earned during 1 year ) and Amortization (Annual payment of Unfunded Liability). Mr. Cline commented that the District uses a funding amortization method different from the GASB 75 accounting method.

Mr. Cline stated that the key issue needing Board review was that most active employees will retiree within 5-8 years, which will change the profile of plan liabilities, and that retirees will represent 70%-80% of the plan liability. Mr. Cline pointed out that a key action to consider by the Board was immunization of the liability by investing more heavily in fixed income investments, which may not be needed if the plan liability has a relatively small

footprint on the balance sheet (i.e., District can handle the volatility). Mr. Cline also stated that intergenerational equity is achieved when the next generation of workers is not paying for the last.

Mr. Cline mentioned that the California Employers' Retiree Benefit Trust (CERBT) offers two alternative investment strategies the District could use to immunize a larger portion of the liability. Mr. Cline also reviewed three scenarios for 2024/25 ADC. Mr. Cline emphasized that it is best to overfund your liability and have less equity exposure.

Mr. Cline suggested the Board should consider the following decisions:

- Stay with CERBT Strategy 1?
- Reduce Unfunded Liability Amortization period to:
  - 5 years?
  - 10 years?
  - Stay with current 17 years?
- If reducing the initial period, adopt a policy for managing future gain/loss amounts?
  - Common: Individual layers with fixed periods
    - Assets 5 years, Liability gain/loss 10-15 years, Amendments 15 years
    - Preference for Level Dollar or Level Percent of Pay?

President Chambers stated that making any changes now would blow the budget out of the water and that the best time to consider any changes would be around March, when the budget is being prepared. President Chambers asked General Manager Mairena if she was in agreement with that. General Manager Mairena agreed.

The Board asked Mr. Cline to provide scenarios to be reviewed by the Budget Committee when they get ready to prepare next year's budget.

General Manager Mairena asked if this year's valuation will be based on the current assumptions and Mr. Cline confirmed.

The Board thanked Mr. Cline for his presentation.

**B. Review/Approve Resolution No. 681, Adopting and Restating the Rate and Fee Schedule.**

General Manager Mairena stated that the water, sewer, and meter rates which were

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approved by the Board at the July meeting were updated in the amended Rate and Fee Schedule. General Manager Mairena also stated that in advance of this meeting, the District had published a 10-day legal notice in the newspaper regarding the approval of the pass through of the credit card processing fee up to 3.5% plus 30 cents, and that fee was also updated in the amended Rate and Fee Schedule. General Manager Mairena mentioned that there were a couple other changes made, including the Sanitary Sewer Fee Permit and the deposit and monthly cost of portable meters; thus, making sure the actual costs were covered. General Manager Mairena stated that the resolution in front of the Board for approval would incorporate those changes that were made to the Rate and Fee Schedule.

President Chambers asked if the District had done a notice in addition to the newsletter. General Manager Mairena confirmed and replied that the website had also been updated with the information on the credit card fee. Office Supervisor Bellinger mentioned that the billing forms will also have that information. General Manager Mairena mentioned that there was also an insert that was being included with the September 15<sup>th</sup> bills, detailing the new rates and the credit card fee.

President Chambers asked the Board if there was any discussion on this resolution.

Director Bautista moved to approve Resolution No. 681, Adopting and Restating the Rate and Fee Schedule, 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.

7. **WRITTEN COMMUNICATIONS:** None
8. **ATTORNEY'S REPORT:** None
9. **GENERAL MANAGER'S REPORT:**
  - A. **Report on District's Water Conservation for August 2024.**

General Manager Mairena displayed the comparison chart of water use and reported that although water consumption for August 2024 was higher than last month's, it was lower in comparison to the base period SFPUC is using for comparison or 2020-2021. General Manager Mairena stated that the increase is most likely due to the warmer weather.

**B. Update on Implementation of Credit Card Processing Fees Cost Pass Through.**

General Manager Mairena provided a status update on the Implementation of the Credit Card Processing Fees. General Manager Mairena stated that Corbin Willits Systems (PUWC), who handles the majority of the credit card payments, had already implemented the fee of 3.5% with a 30-cents fee. General Manager Mairena also stated that Celero by Tri-Counties Bank (TCB) who handles the credit card payments received via the phone or in person at the District office, was still being set up and they would not be able to add the 30-cents per transaction fee, only the 3.5%. General Manager Mairena told the Board that this situation was discussed with both President Chambers and Attorney Conneran, and a decision was made to proceed with implementing only the 3.5% fee, as the 30 cents was a minimal amount. General Manager Mairena mentioned that the District already had the new credit card processing terminal and that training was scheduled for September 18<sup>th</sup> and after that, the District could start charging the 3.5% fee.

**C. Update on District's Accounting Conversion Progress.**

General Manager Mairena reviewed the progress of the District's Accounting Conversion. General Manager Mairena mentioned that the financial report for July was missing from the Consent Calendar due to the conversion to the new Accounting format. General Manager Mairena stated that it was taking a little longer to produce the report due to the creation of new GL codes and ensuring that everything was coded correctly, and in addition, the accountants had requested additional time to review the new format with management. General Manager Mairena also stated that the July report should be ready by the next meeting.

**D. Report on Vehicle Accidents Reported to JPIA for 2020 Ford 250 – June 20, 2024 (Claim #24-0939) and July 19, 2024 (Claim #25-0060).**

General Manager Mairena reported on two vehicle accidents in which one of the District trucks and the same driver had been involved in. General Manager Mairena referred to the details on her written report and told the Board that for both, the District's driver had been cleared of liability. General Manager Mairena told the Board that as of today, there had been no claims filed against the District; however, the claimant had up to six months to file.

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General Manager Mairena mentioned that in the first accident, there was no real damage to the truck, except for the sideview mirror. President Chambers inquired if there was a DMV report filed in the first accident. General Manager Mairena replied that it had been filed and also a police report, and per the latter report, it appeared that the pedestrian was at fault for entering the traffic unsafely.

General Manager Mairena played a video from the District's security camera showing the impact for second accident and mentioned that due to the nature of this accident, there was about \$7,900 worth of damage caused to the District's truck. General Manager Mairena stated that JPIA's investigation concluded that the other party was responsible for this accident, and JPIA had sent a letter to the other party's insurance seeking payment for the damages.

**E. Report on Losses Filed with JPIA for Overflow Damages at the Rowntree Lift Station - February 5, 2024 (Claim #24-0795).**

General Manager Mairena reported that she had filed a property losses claim for the overflow damages at the Rowntree Lift Station resulting from the incident of February 5, 2024, in the amount of \$79,968.88, and that on September 9, 2024, JPIA had notified her that payment in the amount of \$77,468.88 (total losses less a \$2,500 deductible) would be made to the District within 14 business days. General Manager Mairena stated that this amount should recover most of the expenses, including the replacement of the roof.

**10. ITEMS FROM BOARD OF DIRECTORS:**

**A. ACWA LIVE Webinar - From Policy to Practice: Understanding the Making Conservation a California Way of Life Regulation (Chambers).**

President Chambers mentioned that this was not really a District event, but BAWSCA had suggested he attend it. President Chambers commented on the webinar which dealt with the regulation Making Conservation a California Way of Life, and that this webinar was the first part of two with the second one scheduled for October 22<sup>nd</sup>. President Chambers explained that there is a lot going on regarding this regulation, and that larger districts were hiring someone to deal with this, and that he was not sure how a smaller district like ours would deal with that.

President Chambers mentioned that there was a lot of information and if anyone was interested in attending the second webinar, they should talk to the General Manager, and he

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did not think it would be an official attendance but an educational one.

Director Bautista asked about non-functional turf. President Chambers commented about how the current law states that there is no water for non-functional turf, but that may change in the future. President Chambers stated that maybe common greens could be considered small parks since the City of South San Francisco owned them.

**11. CLOSED SESSION:** None

**12. ADJOURNMENT:**

Without objection, President Chambers adjourned the meeting.  
Time 9:10 p.m.

  
\_\_\_\_\_  
Secretary

  
\_\_\_\_\_  
President

10 OCTOBER 2024  
\_\_\_\_\_  
Date