



CITY OF DALY CITY

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October 25, 2016

Honorable Joseph C. Scott
Judge of the Superior Court
c/o Ms. Charlene Kresevich
Hall of Justice
400 County Center, 2nd Floor
Redwood City, CA 94603-1655

SUBJECT: Response to the 2015-2016 Grand Jury report, "San Mateo County's Cottage Industry of Sanitary Districts"

Dear Judge Scott:

On behalf of the City Council of Daly City, thank you for the opportunity to review and comment on the recommendations of the Grand Jury in the subject report. This letter serves as the City of Daly City's response to the recommendations related to the assumption of services by the North San Mateo County Sanitation District (NSMCSD), a subsidiary of the City of Daly City. The response contained herein was reviewed, discussed and approved by the City Council of Daly City at its regular meeting of October 24, 2016.

Recommendations

- R1.** Form a committee of Board members (Bayshore Sanitary District), Council members and/or staff (Brisbane/Daly City) from each to discuss the assumption of services provided by Bayshore Sanitary District into Brisbane and/or Daly City. Evaluate alternatives and determine the benefits to ratepayers. Issue a report with recommendations and a plan by September 30, 2017.

Daly City Response: Implementation of the recommendation is dependent upon the participation of two external agencies over which Daly City has no control. I have reached out to the City Manager of Brisbane and received confirmation that they would be willingly to participate in the discussion and evaluation envisioned for the recommended committee.

The Bayshore Sanitary District, however, has expressed a lack of interest in pursuing implementation of this recommendation on the basis that it is not warranted or reasonable. The Bayshore Sanitary District has indicated its awareness of the alternatives and disagrees that there is any benefit to their ratepayers in allowing either Brisbane or Daly City (NSMCSD) to assume

operational services and further disagrees that the BSD facilities would be maintained to the high standard established long ago by the Bayshore Sanitary District Governing Board. Given the lack of political will to consider an alternative to the current delivery of services by the Bayshore Sanitary District, Daly City is not willing to pursue implementation of this recommendation until such time that the District would be agreeable to do so on a voluntary basis.

- R4.** Form a committee of Board members (Westborough Water District), Council members and/or staff (Daly City, South San Francisco) from each agency to discuss the assumption of services provided by Westborough Water District into the City of Daly City and/or South San Francisco. Evaluate alternatives and determine the benefits to ratepayers. Issue a report with recommendations and a plan by September 30, 2017. Work with California Water Service Company on this initiative.

Daly City Response: Staff from Daly City and South San Francisco met with the General Manager of the Westborough Water District (WWD) to thoroughly examine and discuss the Grand Jury recommendation that Daly City or South San Francisco assume the water and sewer services provided by WWD. Subsequently, the City of South San Francisco declined to further evaluate the recommendation that it assume the services currently provided by the WWD.

The City of Daly City and NSMCSD have provided sewer services to the Westborough Water District by contract since 1961. The Westborough Water District is charged the same rate by the NSMCSD as we charge our own customers with a small surcharge added to cover the cost of pumping to NSMCSD facilities. Even if the City of Daly City was interested in absorbing the Westborough Water District service area into the NSMCSD, no added benefit would accrue to the ratepayers since the additional cost required to pump would remain the same. It is unlikely that consolidation would result in any reduction in future sewer rates, while contributing to a loss of convenience for the community served by the District.

The potential transfer of both sewer and water services to Daly City and the NSMCSD would result in our jurisdiction delivering these services to an area wholly located geographically within the legal boundaries of the City of South San Francisco. Residents would receive services from an agency with which they have no other ties. Additionally, the sewer regulations of Daly City and the NSMCSD are incompatible with those adopted by the City of South San Francisco. This would result in a confusing and illogical organizational structure with little consideration for the impacts on ratepayers.

Based on the foregoing, the City of Daly City and the North San Mateo County Sanitation District do not agree with Grand Jury recommendations R1 and R4. I would be happy to respond to any additional questions raised by the Grand Jury report.

Cordially,



Patricia E. Martel
City Manager and
General Manager
NSMCSD