

MEETING OF APRIL 17, 2008

TIME OF MEETING: 7:00 P.M.

***** **MINUTES** *****

I. Call to Order: President O’Keefe called the meeting to order at 7:02 P.M

II. Roll Call: Present: James, Merrill, Miller, O’Keefe
 Absent: Brand (provided prior notice of absence)
 Others Present: Mike Riback, District Counsel
 Rick Nedell, Anchor Engineering
 Douglas Humphrey, District Manager

Agenda Items: Directors and Officers of the Board did not announce any conflicts of interest posed by items on the meeting agenda.

III. Public Comment: None.

Item VII.D was taken out of order at this time in the meeting.

VII. D Construction Management Services Proposal for Administration Building Project – Anchor Engineering

Humphrey introduced Rick Nedell from Anchor Engineering and said that the proposal from Anchor had been developed by Nedell following Humphrey’s direction to Nedell about concerns from the Board regarding the first draft proposal. Humphrey said the total amount for construction management (CM) services had been reduced substantially, about \$82,000 from the original proposal. Nedell provided a summary of what services Anchor would provide Stege, one full-time inspector during construction and some related oversight and office support. There was a discussion about whether an inspector was needed full time and if the projected expense for CM could be further reduced, in response to a question from Merrill. Nedell responded that he thinks that full time oversight and inspection is critical to a successful construction project.

James asked about Anchor’s expertise with American Disabilities Act (ADA) requirements, because he has seen significant issues and lawsuits result from construction that he thinks could have been prevented if inspection oversight had been aware of ADA requirements. Nedell said he did not think typical inspectors would provide what James was requesting, but said he knows some experts in this area that could help with both design review and through consultation during construction. The Board members agreed that this should be included in Anchor’s agreement. Humphrey said he would work with Anchor and District Counsel to prepare an agreement for CM services for the Board’s consideration.

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IV. Approval of Minutes

A. Approval of Minutes of March 8, 2008 Long-Range Planning Workshop

MOTION: By Miller, seconded by James, to approve the minutes of the March 8, 2008 Long-Range Planning Workshop, as corrected.

VOTE: AYES: James, Merrill, Miller, O’Keefe
 NOES: None
 ABSTAIN: None

B. Approval of Minutes of March 27, 2008 Board Meeting

MOTION: By Merrill, seconded by James, to approve the minutes of the March 27, 2008 Board meeting as corrected.

VOTE: AYES: James, Merrill, Miller, O’Keefe
 NOES: None
 ABSTAIN: None

V. Communications

A. Oral Communications:

1. Brief reports from Directors on matters related to the District, including attendance at city or community meetings.

Miller reported that he and Humphrey had attended the California Water Environment Association (CWEA) Awards luncheon in Sacramento, where Walter Lunn had received the Pomeroy award for service and work in the collection system industry and CWEA. He also reported he had attended a recent City of El Cerrito City Council meeting and noted that the City has hired Meyers Nave as their new city attorney.

B. Written Communications:

1. Email of March 30, 2008 from Jeff Barber to Contra Costa County Special District Directors regarding Local Agency Formation Commission (LAFCO) Nomination/Election.
2. Letter of March 31, 2008 from David Piepho seeking re-appointment to the LAFCO Board.

There was no discussion regarding the noted correspondence, and Humphrey said he had informed the local California Special District Association (CSDA) chapter that Alan Miller was Stege’s designated representative for voting in this matter.

VI. Reports of Staff, Officers, and Committees

- A. Attorney’s Report: Riback said he had no report. He commented that he has been negotiating an agreement between Anchor Engineering and the City of Union City, so that is serendipitous since Stege may use Anchor for services on the Administration building project.

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B. Manager's Report:

1. Monthly Maintenance Summary Report – March 2008

Humphrey reported there had been only two service calls in March and no overflows due to problems in District main lines. There was one after-hours call and it did not require immediate response. Field crews cleaned over 86,000 feet of lines and videoed over 32,000 feet.

2. Monthly Report of Sewer Repairs and Miscellaneous Capital Projects

There were two repairs at a total cost of \$4500 and the budget is essentially expended.

3. Capital Improvement Projects. No progress to report.

4. Miscellaneous Items:

a. Quarterly Lateral Report

b. East Bay Municipal Utility District (EBMUD) Wet Weather Facilities Permits – Status

c. Other Issues.

Humphrey provided the Board with a draft quarterly lateral report. He pointed out that the trend since staff started notifying listing agents about Stege's program is towards less non-compliance with the program. There were several questions and suggestions offered that Humphrey said he would address in the next report. Humphrey also reported on the EBMUD blue ribbon panel meeting he had attended. He said that EBMUD, with the help of the panel and the regulators involved, are exploring alternatives to implement a system to reduce flows and set requirements on EBMUD and the satellite agencies, including Stege. Humphrey reported that he is a member of the new CASA task force studying private laterals and the possibility to pursue legislation requiring the inspection and testing of laterals upon property sales.

VII. Business

A. Award of Contract – Standard Pipe Bursting Project No. 08201 – March 2008

Humphrey reported that the District had received very favorable bids for this project, almost 25% below the last similar contract for this work. He said that his only concern is that the contractor may have a very slim profit margin and try to make more on change orders, so staff will be watching the work diligently.

MOTION: By Merrill, seconded by James, to award the Standard Pipe Bursting Contract Project No. 08201 – March 2008 to Pacific Trenchless, Inc. in the amount of \$11,265 per standard pipe bursting section.

VOTE: AYES: James, Merrill, Miller, O'Keefe

NOES: None

ABSTAIN: None

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B. Administration Building Project Update

Humphrey provided the Board with a brief update on project status and design issues. He referred the Board to the memo from VBN regarding a design development collaboration meeting to be held on April 22 at VBN's office in Oakland. Humphrey said that he, Rex Delizo, Rick Nedell all planned to be present for the entire meeting. He said the arborist was planning to be present for the landscaping portion. Miller indicated he would also be present for the entire meeting, and Merrill and James indicated they would try to be present during the mechanical portion of the meeting. Brand and Merrill said they would be present during the electrical portion of this meeting.

C. Review District Investment Policy

Humphrey told the Board that it is a requirement that the District review its investment policy every year and it is time to do so again. He reminded the Board that they had also discussed the possibility of investing a small percentage of District reserve funds in prudent mutual funds like index funds as an alternative to the Local Agency Investment Fund (LAIF). Merrill provided some suggested language for a resolution that would enable this possibility, for no more than 20% of District reserve funds. It was agreed that a new resolution amending the existing investment policy was needed, and the Board directed Humphrey to do this for the next meeting.

D. Construction Management Services Proposal for Administration Building Project – Anchor Engineering

This item was taken out of order, just after public comment and prior to approval of the minutes.

E. Draft Budget for Fiscal Year 2008-2009

Humphrey provided a brief summary of the draft budget. He indicated that operating expenses would actually be less than last year's budget, due to a change in collection system employees' salaries and a significant reduction in repairs. The reduction in the repairs budget is possible due to the favorable price for pipebursting, allowing a cost-effective replacement of lines instead of repairs. He said there is a significant increase in the capital budget, due to the Administration Building project. The result will be a decrease in District reserve funds to a level that is below the target amount at the end of fiscal year 2008-2009. The budget also includes a new program of smoke testing about 10% of the Stege system each year, replacement of the video camera used by the field crews, and the assumed loss of property tax revenues. Humphrey said he will follow up with another draft in late May that includes all exhibits. Merrill commented that he wants to see the twenty year plan with that draft, and believes this is an important tool that should always be included with draft budgets since it enables Directors' to see the long-range financial view of the District. Humphrey said that will definitely be included.

VIII. Monthly Financial Statements –March 2008**A. Monthly Investment, Cash, Receivables Report, March 2008****B. Monthly Operating, Statement, March 2008****C. Financial Issues**

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Humphrey reported there were no financial issues that need attention and expenditures are within budget for the current fiscal year. He said the negative balance in the District bank account was a timing issue at the end of the month, and that no checks were bounced from the account.

IX. Approval of Checks

1. Checks for April 2008 - Fund No. 3418. (The Board will be asked to approve checks)

MOTION: By James, seconded by Merrill, to approve payment of the bills, Check Nos. 18271 through 18318 in the amount of \$95,612.62 from Fund Nos. 3418 & 3423.

VOTE: AYES: James, Merrill, Miller, O’Keefe
 NOES: None
 ABSTAIN: None

X. Future Agenda Items

May 1, 2008

- Discuss Fourth of July Fair
- Review Draft Budget for Fiscal Year 2008-2009
- Discuss Salary & Benefit Issues
- Administration Building Status

May 15, 2008

District Counsel Performance Evaluation
 Miller asked that the Fourth of July discussion include whether there should be special efforts since this is Stege’s 95th anniversary. Humphrey noted the investment policy would be on this agenda, and perhaps an agreement for CM services for the Administration Building project.

XI. Adjournment

The meeting of the Stege Sanitary District Board of Directors was adjourned at 10:08 P.M. The next meeting of the Stege Sanitary District Board of Directors will be held on Thursday, May 1, 2008 at 7:00 P.M. at the District office, 7500 Schmidt Lane, El Cerrito, California.

Douglas Humphrey
 STEGE SANITARY DISTRICT
 Secretary