

MEETING OF AUGUST 28, 2008

TIME OF MEETING: 7:00 P.M.

\*\*\*\*\* MINUTES \*\*\*\*\*

**I. Call To Order:** President O’Keefe called the meeting to order at 7:05 P.M.

**II. Roll Call:** Present: Brand (arrived at 7:10 PM), James, Merrill,  
Miller, O’Keefe  
Others Present: Benjamin Reyes, District Counsel  
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**  
There was no public comment.

**IV. Approval of Minutes**  
A. Approval of Minutes of August 14, 2008 Board Meeting.

MOTION: By Merrill, seconded by James, to approve the minutes of the August 14, 2008 Board meeting, as corrected.

VOTE: AYES: Brand, 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 had attended the August 18, 2008 El Cerrito City Council meeting, and the City Council authorized the City Manager to sign the deeds for the land exchange with Stege. The Council also approved the extension of the paving contract agreement to pave additional streets this year.  
a. Board members will provide reports on issues discussed at the California Association of Sanitation Agencies (CASA) held in Monterey, August 20 – 23, 2008.  
Miller reported on a number of items from the CASA conference and passed out a summary of impressions from the conference, detailed by session. He said he enjoyed the California Sanitation Risk Management Authority (CSRMA) training prior to the conference, as usual, but was disappointed that it did not provide skills to take back and use in the workplace. Merrill commented on the “branding” presentation given at the Directors’ meeting. A manual about branding (that is promoting the good things that are done by your agency) is on the way to Districts. Merrill also commented about the presentation on

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the private lateral task force. He thought David Williams could have done a better job explaining the problems to Directors. James commented on the CSRMA workshop and said it was a very professional presentation, but not a lot of content. O'Keefe said the Orange County recycled water presentation regarding their use of effluent to recharge ground water was very interesting as was the No Drugs Down the Drain campaign. She asked Humphrey to look into a newsletter or another way to help promote this campaign.

- B. Written Communications: Humphrey said there were no items to discuss at this meeting.

## VI. Reports of Staff and Officers

- A. Attorney's Report: Reyes said he had no formal report. Miller commented that Meyers Nave has an interesting brochure related to their new climate change practice.

B. Manager's Report:

1. Monthly Maintenance Summary Report – July 2008. Humphrey reported that July had been a very active month for maintenance activities. The crews cleaned about 143,000 feet of lines, mostly with the rodding machines. Crews videoed about 2400 feet of lines. This was the first month of the quarter, so it is typical that activities were concentrated on cleaning. There were 16 service calls and 8 of these were related to laterals. There were 2 overflows caused by problems in District main lines. There were 6 after-hours service calls and 4 of these required immediate response. There was a discussion about what figures or results would be expected. Humphrey said he may make some modifications to the report in the future that indicate long-range, or more than one month, benchmarks for important performance parameters.
2. Monthly Report of Sewer Repairs and Miscellaneous Capital Projects. Humphrey said there were no repairs to report.
3. Capital Improvement Projects. Humphrey stated the pipebursting contractor is again working on replacement of lines for Stege.
4. Miscellaneous Items:
  - a. New Video Inspection System – Sole Source Purchase Information.
  - b. Local Agency Investment Fund (LAIF) Investment Alternatives.
  - c. Other.

Humphrey explained the letter from Municipal Maintenance Equipment (MME) is the follow-up to the sole source purchase of the new video inspection camera. There was some discussion about index funds as an alternative to Local Agencies Investment Fund (LAIF) for investment of a small portion of District reserves. O'Keefe said she does not like the idea of risking District reserves. Merrill said he would consider putting a small portion of reserves, perhaps the retiree health fund, into something like an index fund. The Board directed Humphrey to develop a plan or two for alternative investment of reserve funds and bring them back to the Board for consideration and a

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decision. There was also a discussion about enforcement issues and it was decided that a study session should be held soon regarding enforcement issues related to laterals, backflow devices, and deficiencies identified by smoke testing.

## **VII. Business**

- A. Administration Building Project – Status Report. Humphrey provided a summary of recent project activity and meetings with VBN. He said that the specifications and planning for demolition portion of the project are proceeding and should be ready for bidding in October, with demolition performed in early November. He said he learned that hazardous materials abatement will have to occur prior to demolition in order for the process to progress smoothly. There are some asbestos-containing materials in the ceiling and floor tiles that will have to be removed and Humphrey said a firm has already made a site visit to investigate this. They will test in early September to confirm the presence of hazardous materials, and remove the materials in early to mid-October.

Humphrey then initiated the heating, ventilation and air conditioning (HVAC) design “analysis” and letter received from VBN regarding the hydronic system design. He referred the Board to the report that outlines the additional costs estimated for this system versus a standard, package-type HVAC unit for the new building. He said VBN’s letter estimates that a hydronic system would cost almost \$100,000 more than an all air-system to build, and that energy bill savings would be limited to maybe \$4000 per year based upon current District expenses for Pacific Gas & Electric (PG &E) supplied power. James questioned several of the architect’s assumptions regarding the hydronic design and cost estimates. O’Keefe expressed concern that there had already been additional expenses for this redesign and said she was not very interested in spending more at this point. Merrill asked if another mechanical engineer could be contracted. The issue was concluded when the Board asked James to prepare a written summary of his concerns and forward it to Humphrey, who should then forward them to VBN for review and reply. This issue can then be brought back to the Board for a final decision.

- B. District Dental Review. Humphrey said that the dental plan expense issue had been raised earlier in the year and that staff had been investigating alternatives that could save the District on these expenses. There are few good alternatives, but staff has now identified one from the Special District Risk Management Authority (SDRMA) that looks promising. The coverage is through Delta Dental and Stege could obtain coverage even though it is not a SDRMA member. The coverage is close to that currently provided employees, but an extra 10% copay for standard services and 50% coverage for special services vs. 90% with the current plan. However, the premium costs are 60% less than current premium costs, annual savings to the District would be over \$16,000. The Board discussed this and asked Humphrey to bring this back to the Board with staff’s recommendation.

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C. District of Distinction – Special District Leadership Foundation (SDLF).

Humphrey introduced the issue and said that Director Miller was very interested in the Board pursuing certification as a district of distinction in this SDLF program. Miller pointed out that the Directors need to complete only one of the four leadership classes as their portion of satisfying the requirements for this distinction, as opposed to the four classes that were previously required. Miller said that the Board encourages District employees to pursue professional development and he thinks this would be a good way for the Board to demand it for itself. There was a discussion about the program and it was agreed that it is a good idea for the District to pursue certification as a district of distinction.

MOTION: By James, seconded by Brand, that the District pursue becoming a district of distinction, with a goal of attaining this by the end of 2009.

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

**VIII. Monthly Financial Statements –July 2008**

- A. Monthly Investment, Cash, Receivables Report, July 2008.
- B. Monthly Operating, Statement, July 2008.
- C. Financial Issues.

Humphrey commented that this is the first report for the new fiscal year and that all expenses are what would be expected and within budgeted amounts. He said a change will be made to the report next month so the retiree health fund is shown. He also pointed out that the County cash account is negative at the start of the year, but that’s controlled by the County. He also mentioned the auditor will be on site in mid to late September.

**IX. Approval of Checks**

- 1. Checks for August 2008 - Fund No. 3418.

MOTION: By James, seconded by Merrill, to approve payment of the bills, Check Nos. 18580 through 18630 in the amount of \$123,467.20 from Fund No. 3418.

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

**X. Future Agenda Items**  
September 11, 2008

Administration Building Project Status and Demo Project Bid  
 Dental Plan – Approval of Plan Change

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Review of Travel Expense Policy

Personnel Policies Revision – Phones and Vehicles

**September 25, 2008**

Adopt Employee Incentive Award Goals and Objectives for Fiscal Year 2008/09

Administration Building Project Status

District Procedures and Processes – Checks & Balances

**XI. Adjournment**

The meeting of the Stege Sanitary District Board of Directors was adjourned at 10:32 P.M. The next meeting of the Stege Sanitary District Board of Directors will be held on Thursday, September 11, 2008 at 7:00 P.M. at the District office, 7500 Schmidt Lane, El Cerrito, California.

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Douglas Humphrey  
STEGE SANITARY DISTRICT  
Secretary