

MEETING OF DECEMBER 18, 2008

TIME OF MEETING: 2:00 P.M.

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

I. Call to Order: Vice President Merrill called the meeting to order at 2:02 P.M.

II. Roll Call: Present: James, Merrill, Miller, O’Keefe (on conference call until 2:35 P.M.)
Absent: Brand (provided prior notice he would be absent)
Others Present: Ben Reyes, District Counsel
Tim Craig, VBN Architects
John Cropper, Cropper Accountancy Corporation
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.

NOMINATION AND ELECTION OF OFFICERS

Nomination and Election of Officers – 2009

MOTION: By Miller, seconded by James, that Dwight Merrill be elected President of the Board of Directors for calendar year 2009.

VOTE: AYES: James, Merrill, Miller
NOES: None
ABSTAIN: None

MOTION: By Miller, seconded by James, that Graham Brand be elected Vice President of the Board of Directors for calendar year 2009.

VOTE: AYES: James, Merrill, Miller
NOES: None
ABSTAIN: None

IV. Approval of Minutes

- A. Approval of Minutes of November 18, 2008 Board Meeting
- B. Approval of Minutes of November 20, 2008 Board Meeting

MOTION: By James, seconded by Miller, to approve the minutes of the November 18 and 20, 2008 Board meetings as submitted.

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 on his attendance at the December 2nd El Cerrito City Council meeting. He said that Sandi Potter is the new mayor and three new Council members took office at this meeting.

B. Written Communications:

1. January 21-24, 2009 California Association of Sanitation Agencies (CASA) Conference

All Directors agreed to authorize the attendance of all Directors who wish to attend the January 21-24, 2009 CASA meeting. Individual Directors indicated their plans to Humphrey.

2. The San Francisco Examiner, "Sewage-damage payouts drain \$612,000 from city"

Humphrey said there was no need to discuss this article, he said he included it in the agenda to point out the large expenses now involved with sewer back up claims.

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

VII A. Administration Building Project – Project Status Update

Humphrey introduced Tim Craig of VBN Architects and said that the project was scheduled for consideration by the El Cerrito Design Review Board (DRB) on January 7th. Humphrey said that VBN and staff needed a decision today about the building siding material for the east and north walls, in order to present the design to the DRB in early January. Craig showed the Board the numerous alternatives and their estimated costs. After some discussion, the Board agreed that it preferred the ceramic tile siding and asked that Craig present this to the DRB as part of the building design.

MOTION: By James, seconded by Merrill, to approve the use of ceramic tile as the building siding on the eastern and northern walls of the proposed new Administration Building.

VOTE: AYES: James, Merrill, Miller
 NOES: None
 ABSTAIN: None

O’Keefe returned to the meeting at this time and was informed about the discussion on siding. She indicated that she agreed with the use of ceramic tile.

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

VII.B. Fiscal Year 2007-2008 Financial Audit

Humphrey introduced John Cropper of Cropper Accountancy and said that Mr. Cropper is the new auditor hired by the Board to perform financial audit service

and that he is present at this meeting to present his audit report for fiscal year 2007-2008. Mr. Cropper proceeded with his report and said it consists of an opinion letter, management discussion and analysis prepared by Stege staff, financial statements, and notes. He said he will also briefly discuss the management letter and the Statement of Auditing Standards (SAS) 114 letter.

Cropper referred the Board to the opinion letter, specifically the third paragraph, and said that he has given an unqualified opinion that the financial statements fairly represent the financial position of the District. He said this is very important and the most important statement he can make. He also thanked Connie Sylte and Doug Humphrey for their assistance during the audit. Cropper said this was a very clean audit and he was favorably impressed with Stege's staff. He said Connie was very responsive and understands the District financial numbers very well, as does Humphrey.

He said the segregation of duties reportable condition in his management letter is to be expected for an entity of Stege's size. It is pretty much impossible to have proper segregation due to the limited staff size. He said he did believe that the environmental controls at Stege are good, and that he is comfortable with what he saw and reviewed during the Stege audit.

VI. Reports of Staff and Officers

A. Attorney's Report: Reyes said he had no report for today's meeting.

B. Manager's Report:

1. Monthly Maintenance Summary Report –November 2008

Humphrey reported that November had been a good maintenance month. There were no overflows caused by problems in District main lines. There were 12 service calls of which 10 of these were related to problems in laterals. There were 5 after-hours service calls, of which 4 of these required immediate responses.

2. Monthly Report of Sewer Repairs and Miscellaneous Capital Projects

Humphrey said there were 2 repairs for a total cost of \$700. He said the pipebursting contractor will return to do more replacements in early 2009.

3. Capital Improvement Projects

Humphrey said there was nothing to report at this time.

4. Miscellaneous Items:

- a. East Bay Municipal Utility District (EBMUD) – Draft Cease and Desist Order (CDO) & Wet Weather Permits (WWF) Permits, Meeting with the Environmental Protection Agency (EPA)
- b. California Water Environment Association (CWEA) Collection System of the Year
- c. California Sanitation Risk Management Authority (CSRMA) – Loss Control Program of the Year
- d. CASA Request – Federal Stimulus Bill

Humphrey explained he had attended numerous meetings in the past two weeks related to the EBMUD permits issue. He worked with the

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satellite agencies to prepare a response to the EBMUD permits and the process that developed the proposed stipulated order (SO) the response will be sent in as soon as the permits are adopted in January by the regional Water Board. He said that EPA has indicated they will follow a similar process with the satellites, including Stege, in spring 2009 when the NPDES permits are scheduled for renewal. The result will no doubt be a requirement for an aggressive asset management and capital improvement program for Stege and the other satellites agencies. Additionally, a satellite agency flow allocation scheme will be part of EBMUD's requirements subsequent to flow monitoring in 2009-2011.

Humphrey said that there was good news; Stege has been informed it has won the Collection System of the Year Award for the Bay section of CWEA and will be entered into the state competition. Staff is already working on the video that is required to participate in the state competition. Humphrey informed the Board that Stege has also won the CSRMA Loss Control program of the year award, and this will be announced at the January CASA conference. Humphrey informed the Board about the summary of Stege projects ready to be awarded within 3 months that might be eligible for a potential Federal stimulus package. He said he had transmitted these projects to the CASA office after their request for potential projects that might create jobs and be funded by a stimulus bill.

VII. Business

A. Administration Building Project – Project Status Update

This item was taken out of order immediately after Communications.

B. Fiscal Year 2007-2008 Financial Audit

This item was taken out of order after Communications and the Administration Building Project items.

C. District Procedures – Payment of Invoices (AM 146) and Receipt and Deposit of District Monies (AM 124)

Humphrey referred the Board to the subject procedures and said he had hoped that staff would be present to answer any questions, but staff is no longer available due this item being considered at this point of the meeting.

Humphrey encouraged the Directors to ask any questions about the procedures they may have.

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D. Resolution No. 1946-1208 Fixing the Employer’s Contribution Under the Public Employees Medical and Hospital Care Act

MOTION: By Miller, seconded by James, to approve Resolution No. 1946-1208 Approving Fixing the Employer’s Contribution Under the Public Employees Medical and Hospital Care Act.

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

E. Flow Monitoring Plan

Humphrey said that EBMUD had 87 flow meters installed earlier this month, including the three on Central Avenue and Rydin Road that capture the entire Stege flow. EBMUD staff has agreed to freely share the info and results from these meters with Stege. Humphrey said the two meters that Stege is purchasing have not yet been installed, but will be soon. These two will be placed in other subbasins this year, since EBMUD is metering the Central and Rydin locations.

F. Consideration of Claim – 6750 Snowdon Avenue, El Cerrito, Mr. Shabbas

Humphrey stated that the claim does not contain specific information about the damages and expenses Mr. Shabbas is claiming, so he recommends returning the claim and notifying the claimant that his claim is insufficient. Reyes said that he thought that it was appropriate, to return the claim due to insufficiency.

MOTION: By Merrill, seconded by James, to direct the Manager to return the claim to the claimant and to inform the claimant the claim is insufficient.

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

VIII. Monthly Financial Statements –November 2008

A. Monthly Investment, Cash, Receivables Report, November 2008

B. Monthly Operating, Statement, November 2008

C. Financial Issues

Humphrey said expenses are in line with budgeted amounts and there are no issues to cover at this time. The first service rate receipts, from property tax receipts, have been deposited and will show in next month’s reports.

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IX. Approval of Checks

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

MOTION: By Merrill, seconded by Miller, to approve payment of the bills, Check Nos. 18821 through 18885 in the amount of \$84,911.22 from Fund Nos. 3418 & 3423.

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

X. Future Agenda Items

January 8, 2009

Set Long Range Planning (LRP) Workshop Date
 Cafeteria Plan (IRS section 125) Revisions
 Administration Building Project – Approval of Plans and Specifications
 Service Rate Increase Discussion
 East Bay Municipal Utility District (EBMUD) – Status of CDO /Permits
 District Procedures will be on this agenda again.

January 29, 2009

Interim Review of Manager’s Performance
 Long Range Planning Workshop Discussion
 Administration Building Project Status
 District of Distinction - Discussion
 Quarterly Lateral Report

O’Keefe said she has conflicts with the March 12th and May 14th meeting dates. Humphrey said he has a conflict with the June 11th date and suggested the calendar can be discussed at the January 8th meeting.

Miller expressed his concern that, although it was a very enjoyable event, staff still worked to put together today’s holiday lunch and this is typically an event that staff does not have to work. James echoed this concern. They asked Humphrey to discuss this with staff before planning next year’s lunch.

XI. Adjournment

The meeting of the Stege Sanitary District Board of Directors was adjourned at 4:43 P.M. The next meeting of the Stege Sanitary District Board of Directors will be held on Thursday, January 8, 2009 at 7:00 P.M. at the District office, 7500 Schmidt Lane, El Cerrito, California.

Douglas Humphrey
 STEGE SANITARY DISTRICT
 Secretary