

MEETING OF DECEMBER 17, 2009

TIME OF MEETING: 2:00 P.M.

***** MINUTES *****

I. **Call To Order:** President Merrill called the meeting to order at 2:00 P.M.

II. **Roll Call:** Present: Brand, James, Miller, O’Keefe, Merrill
Others Present: Ben Reyes, District Counsel
John Cropper, Cropper Accountancy
Connie Sylte, Administration Services
Supervisor
Rex Delizo, Deputy District Manager
Doug 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.

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

VII.A. Fiscal Year 2008-2009 Financial Audit

Humphrey introduced Mr. John Cropper to the Board. Cropper gave the Board a very brief overview of the audit report and said that his report gave the District an unqualified, “clean” opinion. Mr. Cropper also suggested that, in regards to the other postemployment healthcare benefits (OPEB) 45 issues, the District put its reserved funds into a trust so no special notes are needed in next year’s audit report. There was further discussion about that issue and Humphrey said he would follow up with an item at the next Long-Range Planning session or a study session of the Board so this can be discussed further.

MOTION: By Miller, seconded by James, to accept the Fiscal Year 2008-09 Financial Audit report and to recognize the efforts of Stege staff, particularly Connie Sylte, in assisting Cropper with its audit.

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

NOMINATION AND ELECTION OF OFFICERS

Nomination and Election of Officers – 2010

MOTION: By James, seconded by Miller, that Graham Brand be elected President of the Board of Directors for calendar year 2010.

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

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MOTION: By O’Keefe, seconded by Miller, that Jay James be elected Vice President of the Board of Directors for calendar year 2010.

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

IV. Approval of Minutes

A. Approval of Minutes of November 19, 2009 Board Meeting

MOTION: By O’Keefe, seconded by Miller, to approve the minutes of the November 19, 2009 Board Meeting as corrected.

VOTE: AYES: Brand, James, Miller, O’Keefe, Merrill
 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

O’Keefe reported on her attendance at an El Cerrito Planning Commission meeting as one of the Commissioners. She said the Commission had recommended new limits and requirements to the City Council regarding the number of goats and chickens that residents may have in the City; the Commission also recommended that as little regulation as possible be placed on chickens and bees. Miller commented this could be an issue related to Stege since there may be additional animal waste disposal needs to consider as a result of the City’s policy. Miller referred fellow Directors to his December 16 summary memo on the meetings he had attended. The first was the Bay Area Water Forum and he attended two El Cerrito City Council meetings also. He said that in the Forum, it was noted that San Francisco requires separate storm and sanitary sewer systems in new developments and also that they have reduced overflows from 90 to 10 per year, a reduction of about 90 percent.

VI. Reports of Staff and Officers

A. Attorney’s Report: Mr. Reyes wished everyone happy holidays from Meyers Nave.

B. Manager’s Report:

1. Monthly Maintenance Summary Report – November 2009

Humphrey reported on the maintenance and system performance for the month of November. Crews cleaned about 33,000 feet of lines and videoed about 19,000 feet. There were 11 service calls and 7 of these were related to problems in private laterals. There were 6 after-hours calls and 4

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of these required immediate response. There was one overflow that was caused by a problem in a main line and the average monthly figure is now 0.9. Directors asked Humphrey if the school had been contacted about the rags that caused the stoppage on November 9th. Humphrey indicated he was not sure and said he would make sure that happened if staff had not done so yet. Humphrey also said he would follow up on the relatively poor customer satisfaction rating for the previous month, though he was fairly sure this was a small sample size and one or two mediocre ratings can affect the monthly figures when that is the case.

2. Monthly Report of Sewer Repairs and Miscellaneous Capital Projects

3. Capital Improvement Projects

Humphrey said that the pipebursting contractor had started to work in the District again and had just completed the first line segment, one on Schmidt Lane that was in a paving moratorium area. He said this would increase the cost of this section of work by about 40%, as a result of the additional paving requirements imposed by the City of El Cerrito.

4. Miscellaneous Items

a. Draft Newsletter

Humphrey asked for comments in writing due to the length of this meeting's agenda. He said the one decision was whether to expand the letter to 6 pages or keep it at 4 pages and send another letter sooner, probably this next spring. Miller said he thought 6 pages would be fine, but other Directors thought that was too lengthy.

MOTION: By O'Keefe, seconded by James, to keep the length of this newsletter to four pages.

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

NOES: None

ABSTAIN: None

VII. Business

A. Fiscal Year 2008-2009 Financial Audit

This item was taken out of order immediately after III. Public Comment.

B. Determination of the Flexible Benefits Contribution Rate for Calendar Year 2010

Humphrey reminded the Board that they had voted last month to eliminate the limit on the cash out option, although that was not noted in his summary memo for this item. There was a lengthy discussion about the contribution rate for 2010. O'Keefe again expressed concern about the costs of medical benefits and suggested that the same percentage of benefit to health care premium expense (for employee plus two dependents) be maintained, but using the

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lowest cost plan which is the Pubic Employees Retirement System (PERS) Choice rather than Kaiser this next year. This would provide a contribution rate of \$1251.29.

MOTION: By O’Keefe, seconded by Miller, to increase the monthly flexible benefits contribution rate to \$1251.29.

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

James said he did not want to have the rate tied to a percentage of a particular rate and also that an increase of an amount of \$1.29 per month was insignificant to employees. He suggested either no increase or an increase of an amount of \$10 per month was more appropriate.

MOTION: By James, seconded by Miller, to increase the monthly flexible benefits contribution rate to \$1260.

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

C. Administration Building Project – Project Status Update

Humphrey said the project is progressing ahead of schedule, with the possible exception of the paving and site work outside of the building. He said the contractor’s foreman on the job thinks he may be able to finish the building in early February. Humphrey said that the furniture quote was now complete and was higher than the \$36,000 he had last reported. The total is about \$50,000 and that includes design time, delivery and installation, and taxes. He said this “bid” is through the national Joint Powers Alliance, which allows participating government agencies to reduce the cost of purchased goods by leveraging their combined purchasing power. The furniture is bid competitively, then the agencies like Stege that participate can utilize the bid prices. In Stege’s instance, the furniture is Steelcase furniture, much of which uses recycled content.

MOTION: By James, seconded by Miller, approve the purchase of furniture described by the Manager up to \$50,000 and to authorize the Manager to make the purchase.

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

D. Stege’s National Pollutant Discharge Elimination System (NPDES) Permit and East Bay Municipal Utility District (EBMUD) Stipulated Order (SO)

Humphrey explained that the Environmental Protection Agency (EPA) and Department of Justice (DOJ) had coordinated efforts and DOJ had filed a suit against Stege and the other satellites on December 3, 2009. EPA has indicated that the eventual items for Stege to accomplish associated with this suit, anticipated to be issued in January 2010, will be very similar to the EPA Administrative Order (AO). Humphrey said that staff had gathered all items requested in the recent Public Records Act request, but that the attorney representing Our Children’s Earth (OCE) had not yet picked the items up. He said that no suit had been filed yet by OCE. Miller reiterated his suggestion that staff prepare a timeline or chart that will document progress on the AO items as their items progress in the next few years, so the Board has a visual display by which progress can be tracked.

E. Consideration of Claim – Sofinski & Micka, 5705 Columbia Avenue, Richmond

Humphrey said this was the upstream neighbor of the person who caused the stoppage and submitted the claim that was considered last meeting. He said this was different, since the stoppage had been pushed into the main line by the neighbor, so Sofinski & Micka were affected by a main line stoppage. Although they did not call the District first, the Board has, in some instances, paid similar claims when the owners did not contact the District first even though it is the practice that they must contact Stege first if they are to be compensated.

MOTION: By O’Keefe, seconded by Merrill, to approve the claim in the amount of \$295.

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

F. Approval of Burlingame Pump Station Work

Humphrey explained that staff had started to obtain quotes for the rehabilitation of the station rather than start the design of a new station as Brown & Caldwell suggested in their report completed earlier this fiscal year. He said that he thinks all new equipment, including pumps and electrical gear, can be accomplished for about \$100,000 or less, which is substantially less than the \$600,000 plus estimated by B&C. Reyes cautioned that this amount calls for a public bid. Humphrey said he agreed and that staff would proceed on a project bid.

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VIII. Monthly Financial Statements –November 2009

- A. Monthly Investment, Cash, Receivables Report, November 2009
- B. Monthly Operating, Statement, November 2009
- C. Financial Issues

Humphrey said that expenses are within budgeted amounts for this time of the year and there are no issues to discuss.

IX. Approval of Checks

- 1. Checks for December 2009 - Fund No. 3418.

MOTION: By O’Keefe, seconded by James, to approve payment of the bills, Check Nos. 19718 through 19787 in the amount of \$528,228.50 from Fund Nos. 3418 & 3423.

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

X. Future Agenda Items

January 7, 2010

Service Fee Increase and Schedule Discussion
 Administration Building Project

Humphrey said that LRP topics and the Salary Survey may be other items on this agenda.

January 28, 2010

Interim Review of Manager’s Performance
 Long-Range Planning Workshop Discussion
 Quarterly Lateral Report
 EBMUD SO
 Quarterly Claims Report

XI. Adjournment

The meeting of the Stege Sanitary District Board of Directors was adjourned at 5:55 P.M. The next meeting of the Stege Sanitary District Board of Directors will be held on Thursday, January 7, 2010 at 7:00 P.M. at the District office, 7500 Schmidt Lane, El Cerrito, California.

Douglas Humphrey
 STEGE SANITARY DISTRICT
 Secretary