

STEGE SANITARY DISTRICT BOARD OF DIRECTORS

MEETING OF DECEMBER 16, 2010

TIME OF MEETING: 2:00 P.M.

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

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

**II. Roll Call:**

Present:	James, Merrill, Miller, O'Keefe, Brand
Absent:	None
Others Present:	Mike Riback, District Counsel George Schmidt, West County Wastewater District Director Doug Humphrey, District Manager John Cropper, Cropper Accountancy.

**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:** George Schmidt introduced himself to the Board. Mr. Schmidt is a Director of the neighboring West County Wastewater District and has been an alternate member of the Contra Costa County Local Agency Formation Commission (LAFCO) since 1998. He said he will be running for the upcoming special district vacancy and would like Stege's support for his election. He said he understands wastewater issues, but also has a very good understanding of the Local Agency Formation Commission (LAFCO) processes and thinks he would be a good, balanced member. Merrill asked Humphrey to put this on the January 6 meeting for discussion and a decision by the Board as to how they will vote.

**NOMINATION AND ELECTION OF OFFICERS**

Nomination and Election of Officers – 2011

MOTION: By Merrill, seconded by Miller, to elect Jay James for President of the Stege Sanitary District Board of Directors for 2011.

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

MOTION: By James, seconded by Merrill, to nominate Alan Miller for Vice President of the Stege Sanitary District Board of Directors for 2011.

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

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**IV. Approval of Minutes**

A. Approval of Minutes of November 18, 2010 Board Meeting

MOTION: By Miller, seconded by James, to approve the minutes of the November 18, 2010 Board Meeting as corrected.

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

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

**VII.** A. Fiscal Year 2009-2010 Financial Audit

Humphrey introduced the District's auditor, Mr. John Cropper from Cropper Accountancy. Mr. Cropper said the results of the audit were very good again this year, and that there were no material weaknesses or issues that needed to be discussed or noted. Mr. Cropper noted that a management letter will be produced and transmitted to the District for final approval. He said that segregation of duties is the most difficult issue for smaller districts such as Stege, and this may be even more of an issue in the next year since the contract Bookkeeper is now filling the Administrative Supervisor position. This is a control issue, and he said he would expect this to mean that Humphrey will now have to sign off on more items like book entries, but he doesn't expect this will be a problem or issue since both the Supervisor, Mr. Richardson, and the Manager, Mr. Humphrey, are both very knowledgeable about financial issues and professional. He did say that this would be scrutinized in next year's audit and Humphrey said that some of these new controls are indeed already in place. Some internal procedures have already been revised.

**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 a recent El Cerrito City Council meeting. He said the Council had made their appointments for the various committees. Miller also said he had attended a California Sanitation Risk Management Authority (CSRMA) workshop held at West County Wastewater District offices on workers' compensation issues, as well as the ethics training conducted by Meyers Nave at Oro Loma Sanitary District earlier this week. Merrill also commented on the ethics training and said that he had enjoyed this. The Board directed Humphrey to send a letter to the Oro Loma Sanitary District Board, thanking them for their hospitality in hosting this training and allowing Stege to join them.

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**B. Written Communications:**

1. December 6, 2010 Memo from Environmental Protection Agency (EPA) Staff re: Approval of Inflow ID and Reduction Plan
2. December 6, 2010 Memo from Local Agency Formation Commission (LAFCO) re: Upcoming Special District Vacancy on LAFCO

Humphrey said there was no action needed on these items at this meeting, but he would place the LAFCO representative item on the next meeting for action. The memo from EPA is simply an informational item.

**VI. Reports of Staff and Officers**

- A. Attorney's Report: Riback said he had enjoyed the ethics training earlier this week. He also said his firm had researched the issue about a third Board member's attendance at a committee meeting, and said that the third member can attend and speak at committee meetings. He referenced the Political Reform Act, which he said states that a Board member may appear at such meetings.

**B. Manager's Report:**

1. Monthly Maintenance Summary Report – November 2010 Humphrey reported that November had been a fairly typical month for maintenance activities, about 70,000 feet of lines were cleaned and 5000 feet were videoed. There were 11 service calls and 3 were after normal working hours, all of these 3 required immediate response. There were 4 calls that were related to problems in private laterals. There were two overflows caused by problems in Stege main lines, and both of these were 20 gallons or less in volume.
2. Monthly Report of Sewer Repairs and Miscellaneous Capital Projects
3. Capital Improvement Projects Humphrey said the Stege pipebursting contractor has finished work on replacement of main lines and will take a break for a month or two before resuming work on Stege lines.
4. Miscellaneous Items
  - a. East Bay Municipal Utility District (EBMUD) Stipulated Order (SO) and Stege Sanitary District Administrative Order (AO) and SO Humphrey provided the Board with an update and a summary of numerous meetings and events related to the noted Orders.
  - b. Web Site & Compensation/Benefits Reporting Humphrey showed the Board a possible report on employees' compensation that could be put on the future web site and noted that it includes more information than what is legally required. The Board decided it will decide on what to include in the future.
  - c. LRP Humphrey said that he and the facilitator are working on determining what date will work for the facilitator as well as the Board.

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- d. Flexible Benefits Plan – Cash Out Limit The Board decided there would be no discussion of this at this meeting.
- e. District Emergency Preparedness Plan  
Humphrey gave the Board a brief summary of the revised emergency plan. He distributed front door keys and said he will follow up with a summary sheet for Board members in the event they enter the building during an emergency situation.

**VII. Business**

A. Fiscal Year 2009-2010 Financial Audit

This item was taken out of order, immediately after the Approval of Minutes.

B. Resolution No. 1975-1210 Commending Connie Sylte Upon Her Retirement From Stege

Humphrey told the Board that he had drafted this resolution for Connie, but was looking for assistance with its revision and completion. Directors provided input and Humphrey said he would have the resolution completed, signed, nicely framed, and would give it to Connie once all those things were done.

MOTION: By Merrill, seconded by James, to approve Resolution No. 1975-1210 Commending Connie Sylte Upon Her Retirement from Stege.

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

**VIII. Monthly Financial Statements – November 2010**

A. Monthly Investment, Cash, Receivables Report, November 2010

B. Monthly Operating, Statement, November 2010

Humphrey referred the Board to the financial reports and told them that the total investment, cash and receivables balance was about as expected for this time in the fiscal year. He noted that this is the lowest level the reserves had been for a very long time, about \$2 million, but that is expected since the Board had approved the construction of the new administration building and made a conscious decision to spend reserves to reach new target levels. He also pointed out that the District had received a check from the County for over \$1.7 million and that will be reflected in next month's reports.

Expenditures for this fiscal year are also on track with what is expected and budgeted for this point in the fiscal year.

C. Financial Issues

Humphrey said there were no additional issues, other than the audit which was discussed previously discussed in item VII A.

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**IX. Approval of Checks**

1. Checks for December 2010 - Fund No. 3418 & 3423

MOTION: By Merrill, seconded by James, to approve payment of the bills, Check Nos. 20664 through 20694, in the amount of \$49,842.20 from Fund Nos. 3418 & 3423.

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

NOES: None

ABSTAIN: None

**X. Future Agenda Items**

**January 6, 2011**

Long-Range Planning Topics

**January 27, 2011**

LRP – Topics and Agenda

Quarterly Lateral Report

Quarterly Claims Report

EBMUD SO, Stege AO & SO

**XI. Adjournment**

The meeting of the Stege Sanitary District Board of Directors was adjourned at 5:17 P.M. The next meeting of the Stege Sanitary District Board of Directors will be held on Thursday, January 6, 2011 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