

MEETING OF FEBRUARY 12, 2009

TIME OF MEETING: 7:00 P.M.

***** MINUTES *****

I. Call To Order: President Merrill called the meeting to order at 7:01 P.M.

II. Roll Call: Present: Brand, James, Miller, O’Keefe, Merrill
 Others Present: William Benson, 62 Eureka Avenue,
 Kensington
 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.

Item VI.C was taken out of order at this time in the meeting.

VI. C Consideration of Claim, William Benson, 62 Eureka Avenue, Kensington

Humphrey gave a brief summary of the issue and reminded the board that they had rejected Mr. Benson’s previous submission of his claim as insufficient. Humphrey said that Mr. Benson had provided additional information, including pictures and details from his plumber, and resubmitted the claim in the amount of \$362.50. Humphrey said Stege has no hard evidence about the subject water line repair when K.J. Woods was the contractor on a Stege replacement project about 10 years ago, but said that there had been issues with Woods’ performance on that particular contract.

MOTION: By Miller, seconded by James, to pay the claim by the property owner at 62 Eureka Avenue, Kensington, Mr. William Benson, in the amount of \$362.50, and direct the Manager to send a letter with the payment that states the District will not pay for any future claims if the owners do not contact the District first.

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

Miller asked Humphrey to use future preconstruction meetings to emphasize to our contractors that they must have Stege inspectors witness any repairs made to private laterals or other utility lines. Humphrey said this is done routinely, but staff would make sure this is said at these preconstruction meetings.

IV. Approval of Minutes

A. Approval of Minutes of January 29, 2009 Board Meeting

MOTION: By O’Keefe, seconded by Miller, to approve the minutes of the January 29, 2009 Board meeting as corrected.

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

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 on February 2nd, he said the school district plan was presented to the Council. He said there was also discussion about the City’s required video surveillance program for certain businesses, and that repayment of the City’s loan used to install the surveillance system is waived as long as the surveillance system passes the required certification inspection.

B. Written Communications: Humphrey said there were no communications to consider at this time. He reminded the Directors about the Legislative Day in the District meetings with Senator Hancock and Assemblywoman Skinner and the board directed Humphrey to prepare draft talking points for review at the next Board meeting, prior to these meetings with the legislators.

VI. Business

A. Administration Building Project – Project Status

Humphrey said that Pacific Gas & Electric (PG&E) had finally disconnected the electrical service from the old City Corporation Yard building site (new Stege property) and the demolition contractor has already taken down the old City of El Cerrito buildings. He said that tree removal will begin next Tuesday. He mentioned that staff had hand delivered letters to all the neighbors before work started, informing them that demo work and tree removal was about to begin and that they should contact the District if they had any questions. He indicated that no calls had been received yet. Humphrey said that Anchor is refining the prequalification package and that these will be transmitted to potential bidders in the next couple of weeks. VBN has some minor changes to make to the civil drawings and will submit plans to the City for a building permit once that is done.

B. Long-Range Planning (LRP) Workshop (2009) Agenda

The Board reviewed the draft agenda again and generally agreed with it. James suggested that the issue of Stege building and operating a treatment plant, perhaps at Point Isabel, should be discussed. A couple of other Directors were very skeptical about the inclusion of this topic and said any discussion of this should include the topic of usage of the effluent, or recycled

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water. Miller also asked that the El Cerrito Street repaving plan be included in the portion that involves discussion about laterals.

C. Consideration of Claim, Mr. Benson, 62 Eureka Avenue, Kensington

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

D. Service Fee Discussion

Humphrey presented several alternatives for service fees that he prepared. There was a lengthy discussion about these alternatives as well as alternatives for target reserve levels. Humphrey stated that his recommendation at this time is to maintain service fees at the current rates for next fiscal year. He said that a cost-of-living increase would be minimal at this point and that any increase should include a 3 to 4 year period since the notice and process is significant and expensive; it's not worth the process unless the increase is significant. He said that the discharge permit and stipulated order process involving Stege and the East Bay Municipal Utility District (EBMUD) will be much better defined this spring and summer, such that more defined costs and programs can be identified at that time and any rate or fee changes can be based on concrete requirements in a few months. He also said he was concerned that if a fee increase is made now, it is essentially an estimate of what will be needed and he is concerned that an additional increase may be necessary within the time frame of the increase, which could result in a poor public perception of our rate setting process. Finally, the current economic situation is very difficult for many customers and this may be a good time to maintain current service fees and explain through newsletters that we may have to raise fees significantly in the future.

O'Keefe said she agreed that it is hard to raise fees if we don't know exactly what we are going to be responsible for as a result of the order and new permit. Miller agreed. Merrill said that customers wouldn't actually pay the fees until December 2009 and he is concerned that we are currently operating at a structural deficit of about \$200,000 per year if we replace 10,000 feet of lines annually, as Humphrey has pointed out. He said he would like to raise rates for a 3-4 year period again and come back to the customers with an additional increase if that is needed. James said he thought the increase should be for one year only, if the Board decides to raise rates. The discussion concluded and it was noted that this will be discussed at this year's LRP later this month when a final decision will be made.

E. Professional Services for 2009 NPDES Permit Renewal, Oakley Water Strategies

Humphrey led a discussion about the possibility of Stege contracting for Oakley's services on behalf of the other EBMUD satellite agencies.

Humphrey said he was not requesting approval of Oakley's contract at this time; he wanted a chance to speak directly with all the other satellite agencies before taking that action because he hopes there is a better solution for contracting with Oakley as well as other potential shared contractors in the future.

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VII. Approval of Checks

A. Checks for January 2009 - Fund No. 3418

MOTION: By Miller, seconded by James, to approve payment of the bills, Check Nos. 18973 through 19003 in the amount of \$22,541.65 from Fund Nos. 3418 & 3423.

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

NOES: None

ABSTAIN: None

VIII. Future Agenda Items

February 26, 2009

Service Fee Discussion

Long Range Planning Discussion

Administration Building Project Status

Humphrey said he would add an item for the discussion of draft talking points for the California Association of Sanitation Agencies (CASA) Legislative Day in the District meetings with Senator Hancock and Assemblywoman Skinner.

March 10, 2009

Service Fee Increase Discussion

District of Distinction

IX. Adjournment

The meeting of the Stege Sanitary District Board of Directors was adjourned at 10:44 P.M. The next meeting of the Stege Sanitary District Board of Directors will be held on Thursday, February 26, 2009 at 7:00 P.M. at the District office, 7500 Schmidt Lane, El Cerrito, California.

Douglas Humphrey
STEGE SANITARY DISTRICT
Secretary