

MEETING OF JANUARY 8, 2009

TIME OF MEETING: 7:00 P.M.

***** MINUTES *****

I. Call To Order: President Merrill called the meeting to order at 7:00 P.M.

II. Roll Call: Present: Brand, James, Miller, O’Keefe, Merrill
 Others Present: 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 December 18, 2008 Board Meeting

MOTION: By O’Keefe, seconded by Miller, to approve the minutes of the December 18, 2008 Board meeting as corrected.

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

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 latest El Cerrito City Council and Redevelopment Agency meeting. He said one issue discussed at the meeting involved a potential project on Portola Drive, behind the Marshall’s store. A center for the blind, with 16 affordable living units is proposed. O’Keefe mentioned a recent Public Employees Retirement System (PERS) newsletter that had items regarding Senate Bill (SB) 1123 and a mandatory 60 day separation period between retirement and performance of work for a PERS agency. Humphrey said he had briefly reviewed SB 1123 and it appears that there are new requirements when the Board increases any retirement benefits, including retiree health benefit (Other Post-Employment Benefits (OPEB)) increases in excess of 3%.

B. Written Communications:

1. December 10, 2008 Letter from East Bay Municipal Utility District (EBMUD) re: Water Use Reduction for Stege Hydrant Water Usage

Humphrey explained that EBMUD has modified their water use reductions for collection system agencies and transmitted this letter imposing the new requirements, which is essentially the same reduction level required for commercial enterprises. Humphrey said that staff believes they can maintain hydro operations despite this reduction mandate from EBMUD.

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VI. Business**A. Administration Building Project – Design Review Board (DRB) Meeting**

Humphrey reported that the DRB had approved the Stege project by resolution and that staff would provide a copy of the resolution at the next meeting after receipt from the City. He said that both he and Miller had attended the meeting with VBN design staff. Humphrey and Miller informed the Board that the DRB was generally positive about the building design, except the DRB liked the metal siding instead of the tile chosen by the Board. The DRB will allow the tile, but asked that a dark gray or black color be used for the tile. The DRB also had other concerns about trees and other issues that Humphrey said he thinks can easily be addressed in the final design.

B. Approval of Cafeteria Plan (Internal Revenue Service (IRS) Section 125) Revisions

Humphrey told the Board that staff had contracted with Ruthenberg, Jones & Long to provide a thorough legal review and revision to Stege's cafeteria, or flexible benefits, plan formed under section 125 of the Internal Revenue Service (IRS) code. He said this was initiated by staff after they became aware of the City of El Cerrito's revisions to their plan last calendar year. Humphrey said that Stege's plan has not been thoroughly reviewed since 1992 when it was originally developed and approved.

Humphrey said the style of the revised plan that is submitted tonight for the Board's approval is very different from the original, existing version. The new plan is written in very legalistic language, which Ruthenberg suggests is the best way to ensure compliance with IRS regulations. There was concern expressed by James about this language, and James asked if employees could understand this plan. Humphrey said that employees had been informed about the new plan, but emphasized that the changes are in language and that there are no plan changes that affect employees' benefits; no practical operations of the plan, including employee reimbursement claims or benefits eligibility result from the plan change.

MOTION: By Miller, seconded by O'Keefe, to approve the revised Stege cafeteria (flexible benefits) plan.

Brand suggested that a concise summary of the plan should be developed and used to give to employees. Humphrey said that this is a good idea; staff will prepare a summary that is much briefer than the existing, lengthy version.

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James said he agreed and offered an amendment to the motion.

AMENDMENT TO MOTION: By James, add “and direct the Manager to create a Frequently Asked Questions (FAQ) or summary sheet of such plan”.

The amendment was accepted by both Miller and O’Keefe.

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

C. Long-Range Planning (LRP) Workshop (2009) Schedule

Humphrey informed the Board that he had contacted the facilitator used the past few years, Michelle Murphy, and she is available on February 28 and March 7 if the Board wants to use her again this year. She is not available later in March. Miller said he had a conflict with March 7 and preferred February 28. There was some discussion and the Board decided that February 28 was the best date for the LRP. There was further discussion about LRP topics and Humphrey was directed to develop a draft agenda for review at the next meeting.

D. Service Rate Increase Discussion

Humphrey reminded the Board that the current fiscal year is the last year of a three year service rate increase. He said that the rate issue, in connection with the EBMUD permit issues, is obviously important and is a good topic for the LRP as well as meetings prior to the LRP. There are many potential additional costs associated with the EBMUD, but some of these may not be easy to identify until work progresses on the stipulated order task elements; this means the Board should discuss whether it wants to increase rates for one year, or a longer period like three years if it doesn’t have good cost estimates for additional operational and capital items. The Board discussed this, reviewed the draft schedule, and agreed that it needs to identify the magnitude and term of a rate increase by the early March. The Board also asked Humphrey to prepare background information on Stege’s reserve policy and levels as well as draft twenty year financial plans for their review at the next Board meeting.

E. Consideration of Claim – 62 Eureka Avenue, Kensington, William Benson

Humphrey said this claim is for repair of a water service lateral that Mr. Benson thinks may have been initially repaired by a Stege contractor as part of a replacement contract many years ago. Humphrey said that K.J. Woods replaced the main line in this area over ten years ago and could have possibly made this repair when it had to reconnect the lateral at 62 Eureka Avenue. However, staff did not witness any such repair, there are no records of it, and he thinks staff also did not witness the recent work authorized by Mr. Benson. Mr. Benson also did not supply additional video or written evidence from his plumber for this recent work. Humphrey recommended rejection of the claim as insufficient. The Board asked Humphrey to contact Mr. Benson as part of

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his follow-up actions on this issue. Merrill said he is a personal acquaintance of Mr. Benson and would abstain from any votes on the issue.

MOTION: By O’Keefe, seconded by Miller, to reject the claim and direct the Manager to transmit the claimant a notice that the claim is insufficient.

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

F. East Bay Municipal Utility District (EBMUD) NPDES Permit and Cease and Desist Order (CDO)

Humphrey provided the Board with a summary of the meetings and actions regarding the EBMUD NPDES permit, CDO and draft Stipulated Order. He said these have significant impacts on Stege, as had been discussed at earlier meetings, and that he would continue to be involved in discussions with EBMUD, regulators, and other satellite agencies. The work that is dictated by the Stipulated Order will be conducted in 2009 and 2010, and on-going programs and work will no doubt result from that effort. Humphrey provided the Board with a summary of the provisions of the Stipulated Order that had been provided to staff by the Environmental Protection Agency (EPA) legal staff.

G. District Procedures – Payment of Invoices (Administrative Memo 146) and Receipt and Deposit of District Monies (Administrative Memo 124)

Humphrey said these procedures were on the December agenda for review, but this did not occur due to time constraints. He then led a brief discussion about how staff processes payments and handles money. The Board provided some suggestions for changes, and Humphrey said he would revise the procedures and practices accordingly; one notable item was that Humphrey reviews financial packets to ensure there is an invoice for every check before he signs checks, and this needs to be documented as part of the procedure.

VII. Approval of Checks

A. Checks for December 2008 - Fund No. 3418

MOTION: By Miller, seconded by James, to approve payment of the bills, Check Nos. 18886 through 18928 in the amount of \$343,833.83 from Fund Nos. 3418 & 3423.

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

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VIII. Future Agenda Items

January 29, 2009

Interim Review of Manager's Performance

Long Range Planning Workshop Discussion

Administration Building Project – Approval of Plans and Specifications

Quarterly Lateral Report

District of Distinction Discussion

Enforcement Issues

It was noted that a draft agenda for the LRP will be included, and the plans and specifications may or may not be approved at the next meeting. Humphrey also said that enforcement issues would not be ready for review and this was a very full agenda even without that item included.

February 12, 2009

Long Range Planning Discussion of Topics

Administration Building Project Status

Service Fee Increase Discussion

Salary Survey Data

Humphrey said the salary survey may not be included on this agenda.

IX. Adjournment

The meeting of the Stege Sanitary District Board of Directors was adjourned at 10:36 P.M. The next meeting of the Stege Sanitary District Board of Directors will be held on Thursday, January 29, 2009 at 7:00 P.M. at the District office, 7500 Schmidt Lane, El Cerrito, California.

Douglas Humphrey
STEGE SANITARY DISTRICT
Secretary