

MEETING OF JANUARY 29, 2009

TIME OF MEETING: 7:00 P.M.

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

I. Call To Order: President Merrill called the meeting to order at 7:03 P.M.

II. Roll Call:

Present:	Brand, Miller, O’Keefe, Merrill
Absent:	James (provided prior notice of absence)
Others Present:	Shad Shabbas (and wife), 6750 Snowdon Avenue, El Cerrito Mike Riback, District Counsel 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 VII.D was taken out of order at this time.

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

Mr. Shad Shabbas introduced himself to the Board and said he was here to speak about his claim. He distributed a copy of old permits for work on his property along with several photos that show the damage to his house that he thinks was caused by water leaking from sewers on his property. He said this damage was not evident when he purchased the house in 2004 and he did not know there was a sewer on the property, just that there was an easement on the property, but that was in the fine print of the title report. Riback explained the claims process and informed the Shabbas’s that it was routine that the board would reject the claim, then the District’s third party claims administrator would contact the Shabbas in an attempt to resolve the claim. The Shabbas’s would have the right to file a suit no later than six months after the rejection if they are unable to resolve the claim with the administrator. Humphrey said that staff has videos of the District’s main line that is located under the Shabbas property from five different dates, including a very recent one in December 2008. He said that the videos show no serious defects or problems that would result in sewage leaking out of the line such that it would cause damage to the Shabbas’ home. He also said there is a storm drain that is located directly above the Stege line, and that is an old corrugated metal pipe that has been repaired in the recent past. He said that storm drain was replaced downstream of this location, just off Glen Mawr Drive, because it was in a failure condition. Humphrey said he would work with the claims administrator to help resolve the claim if the Board rejects the claim.

MOTION: By O’Keefe, seconded by Miller, to reject the Shabbas claim and refer it to the third party claims administrator for settlement.

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

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CLOSED SESSION

Public Employee Performance Evaluation (Government Code Section 54957)

Title of Position: District Manager

The Board entered into closed session at 7:38 P.M. The Board returned to open session at 8:22 P.M. and President Merrill announced the Board had taken no reportable action.

IV. Approval of Minutes

A. Approval of Minutes of January 8, 2009 Board Meeting

MOTION: By Miller, seconded by O’Keefe, to approve the minutes of the January 8, 2009 Board meeting as submitted.

VOTE: AYES: Brand, 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

Merrill reported on a conversation he had with Director Katz from the East Bay Municipal Utility District (EBMUD). Merrill said he had relayed some information on availability of reclaimed water and rates from this conversation to Humphrey. Humphrey followed up on the reclaimed water and found this was not a viable option for Stege.

a. Board members will provide reports on issues discussed at the California Association of Sanitation Agencies (CASA) held in Indian Wells, January 21, 2009

Directors Miller, Merrill, and O’Keefe all provided reports on the various sessions they had attended at the CASA conference (as required by Section 53232.3(d) of AB 1234). Miller also reported on the California Sanitation Risk Management Authority (CSRMA) Training held in advance of the CASA Conference.

B. Written Communications:

1. January 2, 2009 Correspondence from CASA regarding Legislative Day in the District

2. Notice from the City of El Cerrito concerning the 2009 Fourth of July Fair
 Humphrey explained that CASA has tentatively set a meeting time with Senator Hancock, but nothing yet with Assemblywoman Skinner or Senator Desaulnier. He said he would follow up with Directors as he gets more information about timing of meetings. The Board agreed that they want two spaces for the annual El Cerrito Fourth of July Fair again this year.

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VI. Reports of Staff and Officers

A. Attorney's Report. Riback reported on an issue that arose at the recent CASA conference. He said the attorneys group discussed Fair Trade Commission (FTC) "red flag" rules and whether they apply to public agencies that sell goods, such as recycled water. He said these likely do not apply to any Stege activities.

B. Manager's Report

1. Monthly Maintenance Summary Report – December 2008
2. Monthly Report of Sewer Repairs and Miscellaneous Capital Projects
3. Capital Improvement Projects
4. Miscellaneous Items

Humphrey said that December had been a very good month for maintenance, as there had been no overflows due to problems in Stege main lines. The crews cleaned about 48,000 feet of main lines and had videoed about 18,000 feet. There were 14 service calls, and 11 of these were related to lateral problems. There were 3 after-hours calls for service and 1 of these required immediate response. Humphrey to the repairs summary and said there had been 11 repairs at a total cost of slightly more than \$30,000. He said that the pipebursting contractor will return in late winter or early spring to replace more lines that require replacement.

VII. Business

A. Administration Building Project – Project Status Update

Humphrey gave the Board an updated report on the project. He said that Pacific Gas & Electric (PG&E) is scheduled to remove electrical service from the old Corporation Yard site in one week and has already disconnected the gas service. The demolition contractor will begin their work the week of February 9th. Humphrey commented that he had received the entire resolution from the City Design Review Board and believes there are no problems or issues that can't be easily and promptly addressed. Humphrey informed the Board that Anchor Engineers had been working with Stege staff and developed a prequalification process for screening bidders for this project. He said prequalification was important for this project because there was some concern that, particularly with the present state of the economy, there may be quite a large number of builders without this type of construction experience that think they are capable of building this project. The prequalification process will help to prevent unqualified bidders. The Directors agreed this was a good process to pursue for this project.

B. Long-Range Planning Workshop on February 28, 2009 – Draft Agenda

Humphrey explained to the Board that he had drafted an agenda that centered on the EBMUD permits and stipulated order, and how these will affect Stege operations, capital program, expenses and service rates. Humphrey said that there was still some time available for other subjects, but the issue and the related impacts dominate the current draft agenda. The Board discussed the agenda and generally agreed this was a reasonable approach. Miller suggested

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the lateral program discussion time should include something concerning coordination with El Cerrito street repaving projects.

C. Discussion of Service Rates and Unrestricted Funds Policy

Humphrey provided a brief background on the evolution of the District reserve fund policy and target levels and pointed out the current policy and target levels, which are in the attachments to the agenda item. He said that the reserve target for the system rehabilitation reserve had been eliminated last June and there was discussion about that. O'Keefe and Merrill expressed concern about that and said they were uncomfortable about dropping the target levels too low. Miller and Brand also said they believed this may need to be revisited, as well as the emergency reserve level. Humphrey said he had included the 2003 HAZUS study which helped to determine expected losses in seismic events, the most likely emergency situation the District will face sometime in the future. One assumption used in establishing the reserve level for this fund is that the Federal Emergency Management Agency (FEMA) funds would be available one year following a loss event, but recent experiences of other agencies indicate this is probably not a good assumption. This issue will be looked at again when all Directors are present.

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

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

VIII. Monthly Financial Statements –December 2008

A. Monthly Investment, Cash, Receivables Report, December 31, 2008

B. Monthly Operating, Statement, December 2008

Humphrey reviewed the reports with the Board and noted that the County has placed a significant amount, about \$40,000, into the cash account after the receipt of property tax revenue in December. Humphrey also noted that total operating expenses are more than budgeted for this point in the year, 52% vs. 50% of total budget, and said that he expects expenditures to be very close to the budget this fiscal year. He said that one area where expenses were greater than anticipated was the liability insurance, since Stege had to pay an additional deposit this year rather than a reduction as has happened in recent years. This results in a difference of about \$35,000 to \$40,000 greater expenses than in recent years.

C. Financial Issues

The audit was accepted by the Board last month and Humphrey said he had no other financial issues to discuss.

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IX. Approval of Checks

1. Checks for January 2009 - Fund No. 3418

MOTION: By Miller, seconded by Brand, to approve payment of the bills, Check Nos. 18929 through 18972 in the amount of \$56,241.95 from Fund Nos. 3418 & 3423.

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

X. Future Agenda Items

February 12, 2009

Long Range Planning (LRP) Discuss of Topics
Administration Building Project – Status
Service Rate Increase Discussion

February 26, 2009

Long Range Planning Workshop Discussion
Administration Building Project Status
Enforcement Issues

XI. Adjournment

The meeting of the Stege Sanitary District Board of Directors was adjourned at 10:59 P.M. The next meeting of the Stege Sanitary District Board of Directors will be held on Thursday, February 12, 2009 at 7:00 P.M. at the District office, 7500 Schmidt Lane, El Cerrito, California.

Douglas Humphrey
STEGE SANITARY DISTRICT
Secretary