

MEETING OF JANUARY 7, 2010

TIME OF MEETING: 7:00 P.M.

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

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

II. Roll Call: Present: James, Merrill, Miller, O’Keefe, Brand
 Others Present: 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.

IV. Approval of Minutes

A. Approval of Minutes of December 17, 2009 Board Meeting

MOTION: By Merrill, seconded by James, to approve the minutes of the December 17, 2009 Board Meeting as corrected.

VOTE: AYES: James, Merrill, Miller, O’Keefe, Brand,
 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 said that she is no longer on the El Cerrito Planning Commission, after serving on the Commission for 10 years. She said that she believed it was beneficial to Stege that she had served on the Commission, because it provided an opportunity to find out what projects in El Cerrito may affect Stege. Miller commented that El Cerrito’s Police chief, Scott Kirkland, has announced his retirement.

B. Written Communications: Humphrey stated there were no items to consider.

VI. Reports of Staff and Officers

A. Manager’s Report:

1. Stege Administrative Order (AO) from Environmental Protection Agency (EPA) and Department of Justice (DOJ) Suit

Humphrey gave a summary of the status of the AO to the Board. He reminded the Board that the DOJ had filed a suit in early December and said that BayKeeper had filed a motion to intervene in the suit. Stege and the satellite cities have until January 15 to object to the requested intervention, and he said this had been referred to Kent Alm for his review and advice.

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2. Actuarial Study - GASB 45

Humphrey informed the Board that Rex Delizo had received a proposal from an actuary to perform the GASB 45 studies needed for next year's audit. He said this proposal is about one-half the expense of the initial work previously provided for the District by a different actuary, and staff found this new actuary through referrals by other districts. West County in particular has used this new actuary, Mr. Itelson, and has been very happy with his work. Mr. Itelson has also indicated he can provide some alternatives analyses for different contribution rates.

VII. Business

A. Administration Building Project – Project Status

Humphrey said that work continues to progress well and is ahead of the original schedule. The only item of work that may be behind schedule is the site work. This may not be a problem, since the contractor should be able to complete this work on schedule, depending upon weather conditions the next few weeks. Humphrey said he did have an outstanding issue on the fencing and suggested that new fencing in the southeast and southern boundary areas of the new property be placed such that, rather than being exactly on the property line between Stege and the City, the fence is located from roughly the Southeast property corner up the hillside to meet the existing City fence in the shortest route possible. This will reduce the footage of fencing installed and save some expenses. It also prevents a fence from being installed in essentially the middle of the southern hillside, which creates an interior fence that provides no additional security to the site. The board expressed their agreement with this idea and Humphrey said he would contact Jerry Bradshaw, El Cerrito Public Works Director, to confirm that El Cerrito is fine with this concept since the proposed routing places fencing on their property.

O'Keefe and James both commented that they were not pleased with the orange color over the entry to the new building. They questioned whether the color was what the architect showed on their renderings and what the architect actually wanted. Humphrey said he could follow up on that issue. Miller expressed an opinion that we should not change any colors until we occupy the building for one year.

B. Long Range Planning (LRP) Workshop – Discussion of Topics

Humphrey referred the Board to his draft LRP agenda and schedule. He said he had drafted the agenda to focus on the issue of the new administrative order (AO) from EPA, its requirements, its impacts, and on revised service charges. There was discussion about the specific items on the agenda and the Board generally agreed with the topics and timing. O'Keefe said she thought that the alternatives to continuing to discharge to the East Bay Municipal Utility District (EBMUD) plants should have some devoted time on this agenda. James agreed and said that local peak shaving should also be included. All agreed this was a good idea and Humphrey said he would revise the agenda and present the revised version to the Board at its next meeting.

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C. Service Charges Discussion – Schedule and Potential Increase

Humphrey said the draft schedule proposed in this item was essentially the schedule drafted last year at this time and is a “generic” schedule for revision and adoption of service charges. This item will be a major topic at the LRP if decisions are made by March, the schedule will be met easily. Humphrey said he thought the use of a rate consultant such as Bartle Wells or Hilton Farnkopf may be advisable this year, since they have experience working with many agencies and have a special expertise in dealing with the public in times of rate increases. Merrill said he thought that staff and Directors understand the needs and expenses well, and that the use of a consultant is not necessary. He said he is concerned that we have a structural deficit and need to raise rates to cover that, notwithstanding the requirements of the new order. He noted that West County has recently noticed rate increases of 18% and 13% for upcoming years, an example that other neighboring districts have the need for significant rate increases. James said he thought use of a rate consultant is a good idea, because they have expertise in rate setting and the noted firms have worked for many similar agencies throughout the Bay Area. Miller said he supported the use of a consultant as well, he agreed with Merrill that the issue of a structural deficit and whether we truly have one needs to be addressed, as well as future anticipated costs. James emphasized that we need to focus on the short-term but not lose sight of the long-term financial needs. Humphrey said that his main concern is that of timing and that it may be difficult to get a full rate analysis and study completed by late March or early April to meet an ideal schedule such that Proposition 218 notices can be transmitted and the rate issue can be completed by June. The Board concluded that Humphrey should work on securing a consultant and report back to the Board.

D. Salary Survey

Humphrey explained to the Board that this survey summary is still in a draft form and some of the positions in the comparison agencies need to be checked before there is a full discussion about the salary comparisons and any potential adjustments. The Directors asked Humphrey to bring this back once it is ready for discussion and also asked if he could include the benefits provided by the different agencies as well. Humphrey said he would do this, but it would likely be after the LRP.

VII. Approval of Checks

A. Checks for December 2009 - Fund No. 3418 & 3423

MOTION: By Merrill, seconded by James, to approve payment of the bills, Check Nos. 19788 through 19837 in the amount of \$157,472.69 from Fund Nos. 3418 & 3423.

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

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VIII. Future Agenda Items

January 28, 2010

Interim Review of Manager's Performance
Long Range Planning Workshop Discussion
Quarterly Lateral Report
Quarterly Claims Report
Stege NPDES Permit & EBMUD SO

It was noted that the Administration Building will be on this agenda, as well as all meetings until the project is completed.

February 11, 2010

Long Range Planning Discussion of Topics
Service Fee Increase Discussion
Administration Building Project Status

Humphrey said the salary survey will be on a future agenda, but the LRP items take priority so it may be March before this item is considered again.

IX. Adjournment

The meeting of the Stege Sanitary District Board of Directors was adjourned at 9:51 P.M. The next meeting of the Stege Sanitary District Board of Directors will be held on Thursday, January 28, 2010 at 7:00 P.M. at the District office, 7500 Schmidt Lane, El Cerrito, California.

Douglas Humphrey
STEGE SANITARY DISTRICT
Secretary