

MEETING OF JULY 24, 2008

TIME OF MEETING: 7:00 P.M.

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

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

**II. Roll Call:** Present: Brand, James, Merrill, Miller, O’Keefe (arrived at 7:04 P.M.)  
 Others Present: Michael Riback, District Legal 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.

**CLOSED SESSION** (This was taken out of order following the Approval of Minutes, Oral, and Written Communications)

**IV. Approval of Minutes**  
 A. Approval of Minutes of July 10, 2008 Board Meeting.

MOTION: By James, seconded by Miller, to approve the minutes of the July 10 2008 Board meeting, as corrected.

VOTE: AYES: Brand, James, Merrill, Miller, O’Keefe  
 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.  
 Miller reported that he had attended a Contra Costa Special District Association meeting on July 21<sup>st</sup> and had given a package of materials from the meeting to the Manager, so the Board members and Humphrey have it available for review. Miller said he had also attended the recent El Cerrito City Council meeting Monday evening. There the City’s Public Works Director told him that City staff was coordinating the locations for planting of trees on Fairmount Avenue with Stege field staff.  
 B. Written Communications:  
 1. California Special Districts Association (CSDA) E-News Item, July 14, 2008.  
 2. July 10, 2008 Letter from CSDA, League of California Cities (LOCC) and California State Association of Counties (CSAC) to Governor and State Legislators Regarding Balanced Budget Without Revenues.

MEETING OF JULY 24, 2008

TIME OF MEETING: 7:00 P.M.

Humphrey stated that these items were informational and he had no comments on them.

**CLOSED SESSION (Taken out of order)**

District Counsel Performance Evaluation (Government Code Section 54957)

The Board entered to closed session at 7:41 P.M. The Board returned to open session at 8:20 P.M. and President O'Keefe announced the Board had taken no reportable actions.

**VI. Reports of Staff, Officers, and Committees**

A. Attorney's Report: Riback reported on some legislation items. Assembly Bill (AB) 1170 by Krekorian would require the state to consider claims within three years. AB 2484 by Caballero would establish procedures for special districts to divest of services. SCA 12 by Torlakson would be a constitutional amendment that would involve stormwater management fees.

B. Manager's Report:

1. Monthly Maintenance Summary Report – June 2008

Humphrey said that maintenance had been focused on cleaning activities and almost 106,000 feet had been cleaned. About 11,000 feet was videoed and another 8000 feet was hydroflushed. There were 15 calls for service, 3 of these were related to problems with laterals. There were two overflows caused by problems in District main lines.

2. Monthly Report of Sewer Repairs and Miscellaneous Capital Projects

Humphrey said there was one repair at a cost of \$500.

3. Capital Improvement Projects

Humphrey said that the pipebursting contractor would start working again in a few weeks on main lines identified by staff as ones that need to be replaced.

4. Miscellaneous Items:

a. Quarterly Lateral Report. Humphrey said this item will be covered by Rex Delizo at the next meeting.

b. Summary of Meeting with Tax Accountant. Humphrey said that he and staff had met with the accountant referred to him by Meyers Nave. He said it was a very productive meeting. He will draft some policy changes for consideration by the Board as a result of the accountant's analysis of District benefits.

c. Other. No other items were discussed.

**VII. Business**

A. Administration Building Project – Status Report.

Humphrey said that VBN has told him they are well into design on most aspects of the project, with the exception of the mechanical portion of the project, which has just finished the "design development" stage. Humphrey said that VBN and their mechanical design sub consultant still need to provide an analysis of the draft design of the heating and cooling system, so the Board can understand the additional capital costs and reduced operational costs of

MEETING OF JULY 24, 2008

TIME OF MEETING: 7:00 P.M.

the proposed “chilled beam” system compared to a more traditional package unit on the building roof. Humphrey said there are still plans to separate the demolition and tree removal from the construction contract and perform this work in advance of construction. The current design schedule is that 90% design plans will be completed in August.

B. Resolution No. 1942-0708 Establishing Salary of the District Manager/Engineer.

Humphrey explained that he had included the recent consumer price index figures because the annual cost-of-living increase had jumped from 3.2% in April 2008 to 4.7% in June 2008.

MOTION: By Miller, seconded by James, to approve Resolution No. 1942-0708 Establishing Salary of the District Manager/Engineer.

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

C. Investment Alternatives to the Local Agency Investment Fund (LAIF).

Humphrey reminded the Board that the issue of investment alternatives for District reserve funds was discussed at the Board’s Long-Range Planning Workshop earlier this year. Humphrey said the investment policy allows for up to 20% of reserves to be prudently invested in mutual funds. If the Board decides to invest in mutual funds, he thinks that index funds would be the most applicable type of fund to use. That was why he included a chart that showed a comparison of management fees and returns for a variety of different index funds, although the data is for the late 1990s and early 2000 period. Brand asked Humphrey if he could prepare a similar spreadsheet that includes recent information and a comparison to LAIF returns for the corresponding time period. It was agreed that this item would be reviewed again after Humphrey prepares updated information and places the item on a future agenda.

D. Approval of Sole Source Purchase – Camera Inspection System.

Humphrey said that a sole source purchase of the camera inspection system is needed because staff is recommending the purchase of a specific camera, and that camera is available for purchase though one local supplier. Humphrey said that Counsel had reviewed his background memo and agreed that approval of a sole source purchase is required in order to purchase the recommended camera. The background memo explains the conditions that the

MEETING OF JULY 24, 2008

TIME OF MEETING: 7:00 P.M.

camera inspection system must meet and staff had tested nine different cameras in regards to these conditions. Humphrey said that staff recommends purchase of the Aries Pathfinder system.

MOTION: By Merrill, seconded by James, to approve the sole source purchase of a new Aries Pathfinder camera inspection system, as described and specified in the materials included in the agenda package.

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

**VIII. Monthly Financial Statements – June 2008**

- A. Monthly Investment, Cash, Receivables Report, June 2008
- B. Monthly Operating, Statement, June 2008
- C. Financial Issues

Humphrey said that the District reserve total will be close to the amount projected in the budget, over \$5.9 million as of June 30. Humphrey noted that the County now shows a negative balance in the Stege cash account at the end of the fiscal year. Humphrey also explained that fiscal year revenue, other than reserve transfers, is within \$30,000 of the budget. Operating expenses were about \$130,000 or 6% less than budgeted, and capital expenses were about \$1.5 million less than budgeted since the Administration building project was not constructed this year.

**IX. Approval of Checks**

- 1. Checks for July 2008 - Fund No. 3418.

MOTION: By Miller, seconded by James, to approve payment of the bills, Check Nos. 18503 through 18528 in the amount of \$27,876.01 from Fund Nos. 3418 & 3423.

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

**X. Future Agenda Items**

**August 14, 2008**

- Lateral Replacement Acceleration Discussion
- Administration Building Project Status
- California Sanitation Risk Management Authority (CSRMA) Web Site Demonstration

Humphrey said the quarterly lateral report would be included on this agenda.

MEETING OF JULY 24, 2008

TIME OF MEETING: 7:00 P.M.

**August 28 2008**

Administration Building Project Status

District Procedures and Processes – Checks and Balances

District of Distinction (SDLF) Discussion

Review of Travel Expense Policy

Dental Plan Review

Lateral Replacement Acceleration Discussion

**XI. Adjournment**

The meeting of the Stege Sanitary District Board of Directors was adjourned at 9:30 P.M. The next meeting of the Stege Sanitary District Board of Directors will be held on Thursday, August 14, 2008 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