

MEETING OF JUNE 25, 2009

TIME OF MEETING: 7:00 P.M.

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

**I. Call to Order:** President Merrill called the meeting to order at 7:02 P.M.

**II. Roll Call:** Present: Brand, James, Miller, O’Keefe, Merrill  
 Others Present: Mike Riback, District Counsel  
 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.

**CLOSED SESSION**

**Public Employee Performance Evaluation** (Government Code Section 54957)

Title of Position: District Manager

The Board entered into closed session at 7:16 P.M. The Board returned to open session at 7:53 P.M. and President Merrill announced the Board had taken no reportable action.

**IV. Approval of Minutes**

A. Approval of Minutes of June 11, 2009 Board Meeting

MOTION: By O’Keefe, seconded by James, to approve the minutes of the June 11, 2009 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 a recent El Cerrito City Council meeting and referred the Board to his summary memo that Humphrey included in the agenda packet. He pointed out the City Council addressed the issue about reserve requirements in regards to ability to pay employees’ salaries and asked if there were a need or could there be a situation that Stege would need to consider this type of reserve requirement. Humphrey replied that he did not think this is a problem, assuming service rate revenue is forwarded from the County as anticipated in December and April. O’Keefe reported on her attendance as a Commissioner on the El Cerrito Planning Commission. She said that activity continues to be very slow, the projects previously mentioned at the Plaza and Albert’s Nursery site have not moved forward.

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**B. Written Communications:**

1. June 17, 2009 Correspondence from the East Bay Municipal Utility District (EBMUD) regarding End to Mandatory Rationing, Effective July 1, 2009

Humphrey said the notice from EBMUD does ease the pressure on Stege to reduce usage of water in hydroflushing work.

2. June 12, 2009 Correspondence from the Public Employees Retirement System (PERS) regarding Public Notice of Future Annual Costs of Proposed Benefit Changes

He told the Board that the notice from PERS outlines the requirements in new State law regarding actions agencies must take whenever there are proposed benefit changes. The requirements are somewhat onerous since actuarial reports and presence at meetings is required whenever benefit changes are proposed, which can be costly.

**VI. Reports of Staff and Officers****A. Attorney's Report:****B. Manager's Report:**

1. Monthly Maintenance Summary Report – May 2009

Humphrey said that May was an interesting month for maintenance; the footage of cleaning and video work was typical but there had been only 5 service calls all month and no calls after regular working hours. Crews cleaned about 72,000 feet and videoed about 22,000 feet of lines. There were no overflows caused by problems in main lines and the total number of overflows in the last 12 months is 10 or 0.8 per month. This is the first time the rolling twelve month monthly average overflow figure is less than 1 per month.

2. Monthly Report of Sewer Repairs and Miscellaneous Capital Projects
3. Capital Improvement Projects

Humphrey said there was nothing to report regarding repairs or capital project updates.

4. Miscellaneous Items

- a. Districts Opposing Proposed Private Sewer Lateral Legislation

- b. Fourth of July Fair

Humphrey reported there was a growing opposition to private sewer lateral legislation by member agencies and he thought the Board should be aware of this prior to the August California Association of Sanitation Agencies (CASA) meeting.

It was confirmed that the Directors will take two hour slots at the July 4<sup>th</sup> Fair, starting at 10 A.M. with O'Keefe, followed by Brand at noon, James at 2 P.M., and Merrill at 4 P.M. Miller will meet Walt Lunn at 7 A.M. to take materials to the Fair and set up the District booth, and will return items to the District at the end of the day.

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Humphrey also informed the Board that Stege is still a category “A” project on the new State Revolving Fund (SRF) Project Priority list. There was some discussion about the possibility of pursuing loans for capital work, but the Board decided it will not do so at this time. James expressed his opinion that a loan would push the costs of ongoing work to future users and that creates a generational equity problem.

**VII. Business**

**A. Administration Building Project – Project Status Update**

Humphrey gave a summary of project status. He said that the City staff has not issued a permit yet, but has indicated it will the week of June 29. There were some minor outstanding issues, but VBN has answered them and the City staff has indicated they are satisfied with the response and will issue the permit next week. Humphrey said the contractor wants to start work on July 6<sup>th</sup>. There was a brief discussion about the project groundbreaking and it was decided that the event would start at 5 P.M. so it would be easier for staff to attend. It was also suggested that Humphrey invite the El Cerrito Historical Society contacts so they may attend.

**B. Resolution No. 1953-0609 Approving and Adopting Annual Budget for Fiscal Year 2009-2010**

Humphrey gave a brief summary report to the Board, noted some minor revisions to the budget, and asked the Board if they wanted to have comments included in the final version of the budget since he understood there was a request for additional comments at the last Board meeting. James said he thought it was a good idea to include comments on the final version and that the final budget should be posted on the District web site. The other Directors agreed and Humphrey indicated he would include comments and provide the Board with a final version at their next meeting.

MOTION: By James, seconded by O’Keefe, to approve Resolution No. 1953-0609 Approving and Adopting Annual Budget for Fiscal Year 2009-2010.

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

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C. Resolution No. 1954-0609 Accepting Report on Sewer Service Charges and Electing to Collect Certain Sewer Service Charges on the Tax Roll

MOTION: By O’Keefe, seconded by Miller, to approve Resolution No. 1954-0609 Accepting Report on Sewer Service Charges and Electing to Collect Certain Sewer Service Charges on the Tax Roll.

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

NOES: None

ABSTAIN: None

D. Review and Approval of Incentive Award Goals Achieved in 2008-2009

Humphrey reviewed his memo on the 2008-09 incentive awards achieved and said that there were savings again this year in overtime and significant savings in service calls also. There were no savings in liability expenses.

MOTION: By James, seconded by Brand, to approve the recommended incentive award goals achieved in 2008-2009 for a total award to employees of \$14,092.

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

NOES: None

ABSTAIN: None

E. Review of Directors’ Meeting Compensation Rate

MOTION: By James, seconded by O’Keefe, that there should be no increase in Directors’ meeting compensation this year.

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

NOES: None

ABSTAIN: None

F. Discussion Regarding District Provision of Criminal Defense Insurance for Employees

Humphrey said that Counsel has prepared a background memo on defense against both civil and criminal charges and that the memo was included in the agenda packet. Mr. Riback gave the Board a brief summary of his memo and answered several questions. James reiterated his concern that the existing Stege resolution, without insurance to cover the cost of the resolution, makes it difficult for the District Board to decide to cover employees and that is not fair to employees. He said he favors the concept of District provision of this

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coverage for its employees and thinks the District should investigate the possibility of providing criminal defense insurance coverage for its employees. The Board discussed this and generally agreed with Mr. James' sentiments.

MOTION: By James, seconded by Miller, to direct the Manager to get quotes for criminal defense insurance coverage for Stege employees.

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

**VIII. Monthly Financial Statements – May 2009**

A. Monthly Investment, Cash, Receivables Report, May 2009

B. Monthly Operating, Statement, May 2009

Humphrey referred the Board to the investment report and said the District reserves are about what is expected at this time. He pointed out that total expenses are at the budget level for this time of the fiscal year. He said he expects that expenses at the end of the fiscal year to be at or near the total budget for the year.

C. Financial Issues

Humphrey said there were no other financial issues to discuss.

**IX. Approval of Checks**

1. Checks for May 2009 - Fund No. 3418.

MOTION: By James, seconded by Miller, to approve payment of the bills, Check Nos. 19308 through 19336 in the amount of \$126,137.72 from Fund Nos. 3418 & 3423.

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

**X. Future Agenda Items**

**July 9, 2009**

Ground Breaking Ceremony (prior to meeting)

Administration Building Project Status

4<sup>th</sup> of July Debriefing

Private Lateral Inspection Program

Board Governance Evaluation

Conference with Labor Negotiator (District Manager's Compensation)

**July 23, 2009**

District Counsel Performance Evaluation

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Establishing Salary of Manager

Administration Building Project Status

Quarterly Lateral Report

Criminal Defense Insurance Coverage for District Employees

System offer to the East Bay Municipal Utility District (EBMUD)

Two other items were suggested for future meetings; requirements regarding backflow prevention devices (BPDs) and District reserves policy. The reserve policy will be scheduled for the August 6 meeting and the BPDs will be in July or August.

**XI. Adjournment**

The meeting of the Stege Sanitary District Board of Directors was adjourned at 10:30 P.M. The next meeting of the Stege Sanitary District Board of Directors will be held on Thursday, July 9, 2009 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