

STEGE SANITARY DISTRICT BOARD OF DIRECTORS

MEETING OF JUNE 24, 2010

TIME OF MEETING: 7:00 P.M.

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

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

**II. Roll Call:** Present: Merrill, Miller, O'Keefe, James  
 Absent: Graham Brand, provided prior notice of his absence  
 Others Present: Ben Reyes, for District Counsel  
 Doug Humphrey, District Manager  
 Tom Gaffney, Bartle Wells Consultants  
 Mr. & Mrs. Steven Resnick, Customer  
 Jennifer Hammer, Customer  
 George Staubus, Customer  
 Kim Zvick, Customer

**Agenda Items:** Directors and Officers of the Board did not announce any conflict of interest posed by items on the meeting agenda.

**PUBLIC HEARING – SEWER SERVICE CHARGES FOR FISCAL YEARS 2010-2011, 2011/2012, 2012/2013**

Vice President James opened the public hearing at 7:03 P.M. James explained the purpose of the public hearing and stated the process that would be followed at the hearing. He said that speakers would be allowed to make comments following a brief presentation by the District's financial consultant and a brief summary by the Manager. The Manager asked that he first be allowed to provide a summary of the protests against the proposed rate increase received by the District. James granted the request and Humphrey said that a total of 32 protests representing 54 parcels had been received. Most of the protests noted either the general state of the economy or nothing more than a general objection to the proposed increase.

Tom Gaffney introduced himself as the financial consultant who worked with the District staff to prepare a financial plan that recommended the proposed rate increase. He said the increase is necessary because of the recent orders from the Environmental Protection Agency (EPA) and stiffer regulations imposed recently by the State of California. The increase is primarily for additional capital expenses to replace the old sewer lines installed many decades ago.

Humphrey then provided a brief summary of the proposed service rate increases and explained the need for the increases resulting from the EPA orders. James then provided the customers who had completed speakers' cards an opportunity to make their statements or comments, as well as ask any questions they had. Mr. Resnick, Ms. Hammer, and Mr. Staubus expressed concerns about the rate increase. The Manager and Directors answered these questions and the customers appeared to be satisfied with the answers, while Ms. Zvick indicated she was present to support the proposed increases.

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Mr. James closed the hearing at 8:25 P.M. Customers who had attended to make statements chose to leave at this time.

**Public Comment** - There was no public comment.

**IV. Approval of Minutes**

A. Approval of Minutes of June 9, 2010 Board Meeting

MOTION: By Merrill, seconded by Miller, to approve the minutes of the June 9, 2010 Board Meeting, as corrected.

VOTE: AYES: Merrill, Miller, O'Keefe, James  
 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 on his attendance at the June 21 El Cerrito City Council meeting. He said that EBMUD had given a Water Smart award to the City for their design of the new City hall. It was reported at the Council meeting that the City had received 11 proposals to develop the Tradeway and Chamber of Commerce sites. It was also reported that since 2007 and before the end of 2010, 83% of the streets in El Cerrito will have been worked on as part of the paving program and that \$3 million in grants was secured for part of the program.

B. Written Communications:

1. August 18-20, 2010 California Association of Sanitation Agencies (CASA) Conference

The Board agreed that Directors who want to attend should be approved for attendance. All Directors in attendance indicated their plans to attend the conference.

2. June 9, 2010 Proposed California Special Districts Association (CSDA) Proposed Bylaws Amendments

MOTION: By Miller, seconded by Merrill, to approve the recommended bylaws amendments.

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

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3. June 11, 2010 CSDA 2010 Board Elections

Merrill expressed his support of Ms. Sterrett.

MOTION: By Merrill, seconded by Miller, that Stege cast its vote for Ms. Sterrett for Region 3 representative to the CSDA Board.

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

**VI. Reports of Staff and Officers**

A. Attorney's Report:

Reyes referred the Board to his memo regarding contracting services to the City of Albany.

B. Manager's Report:

1. Monthly Maintenance Summary Report – May 2010

Humphrey reported that maintenance activities in May had been fairly typical. Crews cleaned about 73,000 feet of lines, but did not video any lines during the month. Crews spent significant time setting up their new work space in the carport and garage areas. There were only 7 service calls and 3 of these were related to problems in private laterals. There were 2 calls after normal working hours and 1 required an immediate response.

2. Monthly Report of Sewer Repairs and Miscellaneous Capital Projects

Humphrey said there were no repairs to report.

3. Capital Improvement Projects

Humphrey reported that the pipebursting contractor had completed all work and staff was working with the contractor to get the final billing and payment processed.

4. Miscellaneous Items

a. East Bay Municipal Utility District (EBMUD) Stipulated Order (SO) and Stege Sanitary District Administrative Order (AO)

Humphrey said he had attended an all day settlement meeting last week at Meyers Nave offices in Oakland related to the draft stipulated order from Department of Justice (DOJ). Those attending were EPA and State staff, a Department of Justice (DOJ) attorney, BayKeeper, attorneys representing the EBMUD satellite communities, and technical staff from the satellite communities. Humphrey said the next meeting will be held on July 8 and he will place a closed session item on the Stege July 8<sup>th</sup> meeting agenda since the DOJ attorney pointed out that information and discussions in these meetings is confidential

b. Fourth of July

Humphrey reviewed the plans for the District booth at the celebration and what items staff was planning to supply. O'Keefe mentioned that she now has a conflict and cannot attend. Miller said he could take O'Keefe's time slot in addition to his other time.

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c. Government Accounting Standards Board (GASB) 45 – Other Post Employment Benefits (OPEB) (Retiree Health)

Humphrey informed the Board that the draft report has been completed and that two scenarios have been completed by the actuary. The Board agreed this needs to be reviewed at a future meeting.

d. Wellness Program

Humphrey told the Board that staff had taken advantage of the California Sanitation Risk Management Authority (CSRMA) reimbursement program and had bought fitness equipment and is in the process of securing expert training and fitness program development from a personal trainer. He said that employees are completing release forms in order to use the equipment and the equipment is in the western portion of the garage.

**VII. Business**

A. Administration Building Project – Project Status Update

Humphrey said the commissioning effort was done last week, but there has been no report issued yet. He said that staff and Anchor Engineering had met with VBN Architects to discuss some design issues and the Leadership in Energy and Environmental Design (LEED) documentation and certification is in process.

B. Resolution No. 1965-0610 Approving and Adopting Annual Budget for Fiscal Year 2010-2011

MOTION: By Merrill, seconded by O’Keefe, to approve Resolution No. 1965-0610 Approving and Adopting Annual Budget for Fiscal Year 2010-2011.

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

C. Ordinance No. 1966-0610 Amending Ordinance No. 1892-0606 and District Ordinance Code Section 7.2, Establishing and Providing for the Collection of Sewer Service Charges

MOTION: By O’Keefe, seconded by Merrill, to approve Ordinance No. 1966-0610 Amending Ordinance No. 1892-0606 and District Ordinance Code Section 7.2, Establishing and Providing for the Collection of Sewer Service Charges, as corrected.

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

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D. Ordinance No. 1967-0610 Adopting Sewer Service Charges Rates for Fiscal Years 2010-2011, 2011-2012, 2012-2013

MOTION: By O'Keefe, seconded by Merrill, to approve Ordinance No. 1967-0610 Adopting Sewer Service Charges Rates for Fiscal Years 2010-2011, 2011-2012, 2012-2013.

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

E. Resolution No. 1968-0610 Accepting Report on Sewer Service Charges and Electing to Collect Certain Sewer Service Charges on the Tax Roll

Humphrey noted that he did not have the report at the meeting and asked the Board to defer action until, the report is available for them to review.

F. Approval of Plans and Specifications – Standard Sewer Rehabilitation Project, Stege Sanitary District Project No. 10201

Humphrey explained the existing standard pipebursting contract is expiring and it has been two years since it was bid, so we need to go through the bidding process again. He said that Rex Delizo had modified the bid list in these specifications and lateral replacements and had been added, as well as some other “standard” project items. The basis for award of bid is clear and Humphrey said there is a mandatory pre-bid meeting that will be important and provide staff a chance to clarify the bid with potential bidders.

MOTION: By Miller, seconded by Merrill, to approve the plans and specifications for the standard sewer rehabilitation project.

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

Ms. O'Keefe had to leave the meeting at time, 10:22 P.M.

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G. Resolution No. 1969-0610 Making Findings and Directing Filing of Notice of Exemption, Pursuant to California Environmental Quality Act (CEQA) I/I Correction Program – Standard Sewer Rehabilitation Project – June 2010, Project No. 10201

MOTION: By Merrill, seconded by Miller, to approve Resolution No. 1969-0610 Making Findings and Directing Filing of Notice of Exemption, Pursuant to California Environmental Quality Act (CEQA) I/I Correction Program – Standard Sewer Rehabilitation Project – June 2010, Project No. 10201

VOTE: AYES: Miller, Merrill, James  
 NOES: None  
 ABSTAIN: None

H. Review and Approval of Incentive Award Goals Achieved in 2009-2010  
 Humphrey gave a very brief summary and noted a revision to the liability expense reduction item.

MOTION: By Merrill, seconded by Miller, to approve the recommended incentive award total of \$14,747.

VOTE: AYES: Merrill, Miller, James  
 NOES: None  
 ABSTAIN: None

I. Consideration of Claim – Mr. Ayers, 10753 San Pablo Avenue, El Cerrito, Richmond

Humphrey presented the Board with a summary of the claim and the lack of detailed information associated with the claim. The Board agreed to reject the claim, but asked Humphrey to make sure the third party administrator did not give anything on this claim unless and until the claimant presents proper and sufficient documentation to support their claim.

MOTION: By Miller, seconded by Merrill, to reject claim of Mr. Ayers, 10735 San Pablo Avenue, El Cerrito and work with the claims adjuster to process the claim. The Board also asked Humphrey to make sure that the claims administrator had the historical information and letteres regarding this property.

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

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**VIII. Monthly Financial Statements – May 2010**

A. Monthly Investment, Cash, Receivables Report, May 2010

B. Monthly Operating, Statement, May 2010

Humphrey said that investments are at projected levels and should be at about \$2.7 million at the end of the fiscal year. He said that total operating expenses should be about 3-4% below budgeted amounts for the fiscal year.

C. Financial Issues

Humphrey said he had nothing exceptional to report and that auditors would be in to do preliminary work next month.

**IX. Approval of Checks**

1. Checks for June 2010 - Fund No. 3418 & 3423.

MOTION: By Merrill, seconded by Miller, to approve payment of the bills, Check Nos. 20246 through 20282, in the amount of \$142,335.51 from Fund Nos. 3418 & 3423.

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

NOES: None

ABSTAIN: None

**X. Future Agenda Items**

**July 8, 2010**

Fourth of July Debriefing

Annual Review of Manager’s Performance

Consultant – Flow Modeling & Discharge Alternative Study

The lateral ordinance issue will also be on this agenda.

**July 22, 2010**

Lateral Program – East Bay Municipal Utility District (EBMUD)

Quarterly Lateral Report

EBMUD SO & AO

Quarterly Claims Report

Closed Session – Meet with Labor Negotiator – District Manager’s Compensation

Miller suggested a future item on procedures for public hearings. It was decided this would be a good item to discuss when the Board reviews board protocols. It was suggested that staff get ideas and recommendations from Counsel as to any potential processes and ground rules.

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**XI. Adjournment**

The meeting of the Stege Sanitary District Board of Directors was adjourned at 11:05 P.M. The next meeting of the Stege Sanitary District Board of Directors will be held on Thursday, July 8, 2010 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