

MEETING OF MARCH 27, 2008

TIME OF MEETING: 7:00 P.M.

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

I. Call to Order: President O’Keefe called the meeting to order at 7:02 P.M.

II. Roll Call: Present: Brand, James, Merrill, Miller, O’Keefe
 Others Present: Mike Riback, District Counsel
 Tim Craig, VBN Architects
 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.

Item VII. A was taken out of order at this point of the meeting.

VII. A. Administration Building Project Update

Humphrey introduced Tim Craig of VBN Architects and said that Craig would present the revised cost estimate that had been provided to the Board. Craig explained the estimate is based upon the schematic design and draft specifications that VBN had provided to the estimator, Leland Saylor. Craig said that there are contingencies included in the estimate, as much as an additional 15% for what is known as design contingency, which covers any items that are not currently included in the project design. This is a significant part of the estimate that, hopefully, will not be needed and the consequent total could be as much as 15% lower. The converse is that additional items could be added that may be within this 15%, or may even exceed the contingency. Craig said he feels the design contingency is very generous for the project at this stage of design.

There was some general discussion about the project and some of the design issues, like mechanical systems and three phase power. Craig said he would arrange for James to meet with the mechanical designer and other Directors said they wanted to make sure Craig understands that the designer should not follow James’s advice simply because he is a Board member, but should take his input. Miller said he thinks it is important that the designers scrutinize the Board members’ suggestions or ideas, such as three phase power and air handling systems, in the same manner that any other design issues are. Humphrey reminded Craig that the sustainable design issues need to be reviewed individually with the Board, including the expense and expected payback for each item.

Craig asked the Board to give their “approval” of the schematic design drawings and cost estimate, and give VBN the authority to proceed with design of the project. The Board agreed and asked VBN to proceed with design. Craig indicated he would attend the next Board meeting on April 17 when he would take any comments on the schematic design and be ready to

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discuss sustainable design issues and which of these are already included in the schematic design.

III. Public Comment: There was no public comment.

IV. Approval of Minutes

A. Approval of Minutes of February 28, 2008 Board Meeting

MOTION: By Brand, seconded by Merrill, to approve the minutes of the February 28, 2008 Board meeting.

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

B. Approval of Minutes of March 13, 2008 Board Meeting

MOTION: By Merrill, seconded by Miller, to approve the minutes of the March 13, 2008 Board meeting, as corrected.

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

C. Approval of Minutes of March 8, 2008 Long-Range Planning Workshop.

Humphrey explained that the minutes had just been completed and he did not expect Board action on them tonight. The Board directed Humphrey to place the minutes on the next Board meeting agenda.

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. He said the City Council had approved a new Geographic Information System (GIS), which will be a web-based system. He said there was discussion about the formation of an environmental protection committee, which is now in process.

B. Written Communications:

1. Election Notice and Call for Nominations for Special District

Representative to the Local Agency Formation Commission (LAFCO).

Humphrey said that Miller had stated at the last meeting that he thought the Board needs to provide the name of the presiding officer or a designee who will be the voting representative for the election of the LAFCO special district representative. Humphrey referred the Board to the

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February 1, 2008 memo from LAFCO and said Miller is correct. Merrill made a motion, seconded by James, that Miller be the designee for the

LAFCO election, but withdrew the motion after some discussion. O’Keefe asked Humphrey to prepare a note to LAFCO that indicates Miller is the Board designee for the LAFCO election, per O’Keefe who is the presiding officer.

MOTION: By Merrill, seconded by James, to direct the Board’s designee, Miller, to vote for George Schmidt for special district representative on LAFCO.

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

NOES: None

ABSTAIN: None

VI. Reports of Staff, Officers, and Committees

A. Attorney’s Report: Riback said he had no report this evening.

B. Manager’s Report:

1. Monthly Maintenance Summary Report – February 2008
2. Monthly Report of Sewer Repairs and Miscellaneous Capital Projects
3. Capital Improvement Projects
4. Miscellaneous Items: City of El Cerrito Paving Projects, Personnel and Other Issues.

VII. Business

A. Administration Building Project Update.

(this item was taken out of order, prior to public comment and approval of minutes)

B. Selection of Firm to Provide Financial Audit Services.

Humphrey said that the Board had scored the proposals at the last Board meeting and Cropper Accountancy had the higher score. He said he had spoken to Mr. Cropper to confirm their proposed prices and interest in performing the audit for Stege and Cropper indicated his firm’s interest and confirmed the proposal. Humphrey recommended selection of Cropper Accountancy for audit services for the next three years.

MOTION: By Miller, seconded by James, to approve the selection of Cropper Accountancy to provide financial audit services for fiscal year 2007-08 for a fee of \$17,000.

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

NOES: None

ABSTAIN: None

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C. Approval of Action Plan for 2008.

Humphrey provided a brief review of the revised plan. He said the only item that had changed was the reference in the Other Post-Employment Benefits (OPEB) funding item to revisiting that issue at the 2009 Long Range Planning (LRP). Miller said he thought the issue definition section for the health care, dental and flex plan contributions issue should be improved. There was a discussion and it was agreed this should be changed to “The Board has not come to a full consensus on the cash limit for the flex plan.” Miller commented that he expects to see El Cerrito’s paving program included in the discussion about accelerating lateral replacements, and lateral replacements discussed in any flow reduction plan.

MOTION: By James, seconded by Miller, to approve the action plan for 2008 with the changes suggested at tonight’s meeting.

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

VIII. Monthly Financial Statements –January & February 2008

A. Monthly Investment, Cash, Receivables Report, January & February 2008

B. Monthly Operating, Statement, January & February 2008

C. Financial Issues

Humphrey reported that the monthly reports indicate that expenses are within budgeted amounts for this point in the fiscal year. He said the January report was revised and included in this month’s agenda materials with the February report. It was noted that the formulas the bookkeeper included for explanation at the top of the investment, cash & receivables report had some sign errors and Humphrey said he would make sure the errors are corrected.

IX. Approval of Checks

1. Checks for March 2008 - Fund No. 3418 & 3423.

MOTION: By James seconded by Miller, to approve payment of the bills, Check Nos. 18248 through 18270 in the amount of \$128,132.35 from Fund Nos. 3418 & 3423.

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

X. Future Agenda Items

April 17, 2008

Review District Investment Policy

Quarterly Lateral Report

Administration Building Project Status – Comments on schematic design

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Bill Paying Process

Award Standard Pipebursting Contract Project #08201

Humphrey said he would include a brief report on the East Bay Municipal Utility District (EBMUD) permit studies also, since he will attend a “blue ribbon panel committee” meeting at EBMUD on April 15. The Board asked if the bill paying process could be reviewed at a later meeting and Humphrey said he would schedule it for a later date. Merrill said he would provide Humphrey with his thoughts on that item.

May 1, 2008

Discuss Fourth of July Fair

Review Draft Budget for Fiscal Year 2008-2009

Discuss Salary & Benefit Issues

Miller said he would like a discussion about the 95th anniversary as part of the Fourth of July discussion. O’Keefe mentioned that she would like to see the information items that are included in the agenda packets specified or listed individually. Humphrey said he could do this if that is what the Board wants.

XI. Adjournment

The meeting of the Stege Sanitary District Board of Directors was adjourned at 10:08 P.M. The next meeting of the Stege Sanitary District Board of Directors will be held on Thursday, April 17, 2008 at 7:00 P.M. at the District office, 7500 Schmidt Lane, El Cerrito, California.

Douglas Humphrey
 STEGE SANITARY DISTRICT
 Secretary