

MEETING OF MARCH 25, 2010

TIME OF MEETING: 7:00 P.M.

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

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

**II. Roll Call:**

Present:	Merrill, Miller, O’Keefe, James
Absent:	Brand (provided prior notice of his absence)
Others Present:	Mike Riback, District Counsel
	Tom Gaffney, Bartle Wells Consultants
	Alison Lechowicz, Bartle Wells Consultants
	Rex Delizo, Deputy District Manager
	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.

**IV. Approval of Minutes**

A. Approval of Minutes of March 11, 2010 Board Meeting

MOTION: By Merrill, seconded by Miller, to approve the minutes of the March 11, 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 a recent El Cerrito City Council meeting and referred the Board to his summary sheet he had prepared. He said that Jerry Bradshaw, City Engineer, had been recognized for his receipt of an American Public Works Association (APWA) of Northern California award for his planning and managing of the City’s paving projects. He said there was also an item on the City’s Heart Safe Program and Miller informed the Board he had provided Humphrey’s name as a contact to the Heart Safe staff because Stege’s on-site defibrillator and training for use may help the Heart Safe City staff program. Miller said the City also discussed their financial reserve fund policy, interesting because Stege is undergoing similar discussions. O’Keefe asked whether we had defibrillators in the trucks and suggested this should be budgeted.

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B.

Written Communications:

1. April 28-30, 2010 California Association of Sanitation Agencies (CASA), Conference

The Board agreed that Directors who want to attend should be approved for attendance. Miller and Merrill both said they plan to attend and James and O'Keefe both said they do not plan to attend the CASA conference. Humphrey said he will check in with Brand about whether he plans to attend.

**VI. Reports of Staff and Officers**

- A. Attorney's Report: Riback said he had two cases to report on tonight. The first was a case that the 9<sup>th</sup> Circuit heard on donning and doffing of work uniforms or suits. The Court found that this time used for donning and doffing was not compensable. The second case involved the California Supreme Court, who ruled that San Francisco's ordinance regarding restrictions on solicitations does not prohibit solicitation and is, therefore, a legal ordinance. Humphrey raised the issue about texting and the use of cell phones during Board meetings, an issue that Miller had brought to him since the last meeting. There was a brief discussion about this and it was decided this issue should be discussed as a potential Board protocol during the review of board Governance, probably in August 2010.

James asked a follow-up question regarding what he thought may be a discrepancy in Meyers Nave's comments about the duty to defend employees and officers of the District. Riback replied that he believed the situation referenced was an election issue and that the District in that situation did not have an obligation to defend the Director because the issue was not related to the Director's duties while in office, but instead during an election. James replied that the lawsuit was not a contest of the election, nor was it based on the Director's actions during the campaign, but was a request for a mandate from the court to eject the already-sitting Director from his seat on the Board. James was concerned that any Director of any District could be thus sued by anyone at any time, and that a failure of the District to defend the attacked Director would leave each Stege Director open to substantial expense and legal harassment. Riback agreed to look into this matter further.

Item VII. B was taken out of order at this time in the meeting.

**VII.B** Service Rate Discussion

Humphrey introduced Tom Gaffney and Alison Lechowicz of Bartle Wells and told the Board they would be presenting the first draft of the work their firm had completed regarding recommendations of a financial plan and Stege's service rates for the next ten years. Gaffney explained that he and Lechowicz had reviewed the Stege staff financial plans and budgets as background work in the development of their recommended plans and service rates. He said that he thinks it would be a good idea if Stege's financial

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reserve funds were changed such that there are only two funds, one operating and one capital.

Gaffney distributed his draft financial plan and rate review report and explained it to the Board. Board members asked several questions about the report and some will need revisions to the report. Humphrey said he would also look at the details very closely, but indicated he thought there were some advantages to going to two reserve funds. This not only simplifies staff work on the financial items but, as Gaffney also pointed out, provides a clear picture and explanation that the capital needs are what is currently driving the need for a rate increase. Humphrey said he agrees with Gaffney that this helps focus rate discussions with and notification of our rate payers, and points to the recent Environmental Protection Agency (EPA) order as a significant factor in our future revenue needs.

Humphrey said he would work with Bartle Wells to revise their report and bring this back to the Board for future consideration. He said the review of a Proposition 218 notice could be undertaken at the next meeting, since this notice must be published for 45 days minimum in advance of any public hearings on rate increases. He said that if the Board decides on rates and an associated notice by the end of April, the hearing can be held in June and budget adopted before July 1. This is not necessary because charges are not placed on tax rolls until early August, but it is desirable to get the budget concluded before the end of this fiscal year.

B. Manager's Report:

1. Monthly Maintenance Summary Report – February 2010

Humphrey said February had been a good month for system maintenance. Field crews cleaned about 80,000 feet of lines and videoed about 32,000 feet. There were 9 service calls in February and 5 of these were related to problems in private laterals. There were 2 calls for service after normal working hours, and both required immediate response. There were no overflows caused by problems in District main lines and the total for the last 12 months is now 9.

2. Monthly Report of Sewer Repairs and Miscellaneous Capital Projects

Humphrey said there was no work on repairs in February.

3. Capital Improvement Projects

Humphrey said the pipebursting contractor will return to do more work sometime in April.

4. Miscellaneous Items

Humphrey asked the Board about its preference for issues related to the open house for the new building. It was generally agreed that a time of about 4-6 P.M. on May 27, prior to the Board meeting that evening, is a good time for the event. Humphrey agreed to work on the guest list and a sample "menu" for food for the event and said he would report back to the Board at the next meeting.

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**VII. Business**

A. Administration Building Project – Project Status Update

Humphrey provided the Board with a status update and said the power should be on in the building by next Monday. Furniture is set to be moved in the week of April 5 and staff hopes to begin moving in the week of April 19.

B. Service Rate Discussion

This item was taken out of order immediately after item VI. A, Attorney’s Report.

C. Stege’s National Pollutant Discharge Elimination System (NPDES) Permit and East Bay Municipal Utility District (EBMUD) Stipulated Order (SO)

Humphrey reported that he and Delizo continue to attend meetings and workshops related to the SO and Stege’s Administrative Order (AO). The most recent meeting was the second workshop on asset management for collection systems, held earlier this week at EBMUD.

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

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

B. Monthly Operating, Statement, February 2010

Humphrey said the reports indicate that expenses are very close to the budgeted amounts for this time of the fiscal year.

C. Financial Issues

Humphrey said there were no issues to consider other than the rate work which was already discussed tonight with Bartle Wells staff.

**IX. Approval of Checks**

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

MOTION: By Merrill, seconded by Miller, to approve payment of the bills, Check Nos. 19998 through 20023, in the amount of \$188,201.75 from Fund Nos. 3418 & 3423.

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

NOES: None

ABSTAIN: None

**X. Future Agenda Items**

**April 8, 2010**

Administration Building Project – Status and Open House discussion

Quarterly Claims Report

Quarterly Lateral Report

Rates – Prop 218 Notice

**April 22, 2010**

East Bay Municipal Utility District (EBMUD) Stipulated Order – Status

Salary Survey

Draft Budget – FY 2010-11

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Humphrey confirmed that the Board wanted to change meeting dates in October and November so the second November meeting did not conflict with Thanksgiving. Consequently, the meetings will be changed to the first and third Thursdays in both months. Humphrey said he has a personal business conflict with the first June meeting. Delizo said he will confirm if he can make this meeting. The Board thought the meeting could be changed to the following Tuesday if Delizo cannot attend this meeting.

**XI. Adjournment**

The meeting of the Stege Sanitary District Board of Directors was adjourned at 9:49 P.M. The next meeting of the Stege Sanitary District Board of Directors will be held on Thursday, April 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