

MEETING OF MAY 22, 2009

TIME OF MEETING: 7:00 P.M.

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

**I. Call To Order:** President Merrill called the meeting to order at 7:01 P.M.

**II. Roll Call:** Present: Brand, James, Miller, O’Keefe, Merrill  
 Others Present: Jen Faught, District 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.

**IV. Approval of Minutes**

A. Approval of Minutes of May 7, 2009 Board Meeting

MOTION: By O’Keefe, seconded by James, to approve the minutes of the May 7, 2009 Board meeting as corrected.

VOTE: AYES: Brand, James, Miller, Merrill, 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 on his attendance at the May 18<sup>th</sup> El Cerrito City Council meeting. He said the Council had authorized the City Manager to proceed with the San Pablo Avenue Specific Plan and that bids had come in at \$2.5 million, about \$1.1 million below the engineer’s estimate. Miller said the City plans to place some historical plaques in “bulb-out” areas and he suggested the Board direct the Manager to work with the El Cerrito Historical Society and perhaps have a plaque for the site of the original Stege office at Portrero and San Pablo Avenues. The Board agreed. Miller also said the Cerrito Theater is out of business for now, but the City is soliciting for a new operator and there appears to be a significant amount of interest in this. O’Keefe reported on an El Cerrito Planning Commission meeting she attended as one of the Commissioners. She said that Safeway and Wal-Mart are both negotiating with the City regarding the old Target store site on San Pablo Avenue by the Del Norte BART station. She also said the City has identified about 30 unreinforced masonry buildings that have a high risk of failure in seismic events.

**VI. Reports of Staff and Officers**

A. Attorney’s Report: Ms. Faught said she had no report for tonight.

B. Manager's Report:

1. Monthly Maintenance Summary Report – April 2009

Humphrey reported that April was a typical month for system maintenance. Field crews cleaned about 100,000 feet of main lines and videoed about 17,000 feet. There was one minor overflow that resulted from a problem in a District main line but for the first time since staff has been keeping detailed records, the average number of overflows per month for the last 12 consecutive months is 1.0. There were 10 service calls in the month and 6 of these were related to lateral problems. There were 3 after-hours calls and 2 required immediate response.

2. Monthly Report of Sewer Repairs and Miscellaneous Capital Projects

Humphrey reported there were 6 repairs at a total cost of \$ 23,934.

3. Capital Improvement Projects

Humphrey said that the contractor will start work again next week and there is about \$100,000 remaining on this budget, or replacement of about 1100-1200 feet of lines.

4. Miscellaneous Items

a. Special Election Issues

Humphrey said that he had revised the Stege budget to assume no property tax revenue given the recent election outcome regarding the State propositions and likelihood the State will “borrow” property tax revenue from local agencies and special districts.

b. Salary Issues

Humphrey showed the Board the recent cost-of-living bulletin from the Bureau of Labor Statistics and reminded them that these April figures are the ones used to modify the District salary ranges. He said the 0.3 percent increase in the CPI-W figure would typically be used to revise salary ranges, but he wanted to ask the Board before he prepared a resolution if they wanted to keep ranges at current levels, a 0 percent increase, or increase at some other level. The Board directed Humphrey to prepare resolutions for next meeting that include a 0.3 percent increase to all salary ranges.

c. Fourth of July

Humphrey told the Board it was time to decide on Fourth of July booth times and also to let him know if there are requests for any changes or additions to this year's event. He said that staff did plan to add another table, based on last year's feedback. The Board decided on the following schedule:

Setup	Miller
10 - 11:30 A.M.	O'Keefe
11:30 – 1 P.M.	Brand
1 – 2:30 P.M.	James
2:30 – 4 P.M.	Merrill
Take Down	Miller

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Miller will also be available throughout the day at the event.

d. Other

Humphrey referred to the various items and messages he distributed to Board members. Most of the articles were related to recent financial issues in California. James commented on the Novato Sanitary District articles and expressed concern about criminal defense coverage for Stege managers and employees. Humphrey summarized the resolution passed in January 2002 regarding the intent to cover, but James said he believed this was not good language because the Board could choose not to cover an employee. There was a discussion about this and it was decided that Humphrey will ask Counsel to revise this resolution and investigate criminal defense insurance for its employees.

**VII. Business**

A. Administration Building Project – Project Status Update

Humphrey reported on the bid opening results from yesterday’s opening. He distributed the bid result summary sheet and told the Board that C. Overaa & Co. was the lowest responsive, responsible bidder at a total of \$1,511,600. The Engineer’s estimate, revised for the added items since the previous estimate at the 50% design level, was \$1,880,000 which means the low bid is about 20% below either estimate. Humphrey said this is similar to results that VBN and Anchor have been seeing in other recent project bids in the Bay Area. Humphrey added that all five prequalified bidders submitted bids and he recommended award of the project contract to C. Overaa & Co. in the amount of \$1,511,600.

MOTION: By James, seconded by Miller, to award the Stege Sanitary District Office Building Project construction project to C. Overaa & Co. in the amount of \$1,511,600.

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

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The following item was taken out of order.

- C. Resolution No. 1950-0509 Accepting Completing of Work and Directing Filing of Notice of Completion for the Stege Sanitary District Existing Office Building Demolition, Project No. 08101

MOTION: By Miller, seconded by James, to approve Resolution No. 1950-0509 Accepting Completion of Work and Directing Filing of Notice of Completion for the Stege Sanitary District Existing Office Building Demolition, Project No. 08101.

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

Brand had to leave the meeting at this point, 9:05 P.M., due to prior commitments.

- B. Review of Draft Fiscal Year (FY) 2009-2010 District Financial Budget  
 Humphrey provided a summary of the budget, particularly the revisions from the previous version. The most significant difference is the removal of property tax revenue and the uncertainty of the acquisition of the loan from the State. Humphrey said he had prepared two alternatives for the Board; one with the loan and a \$4 million replacement project and one without the loan and a \$900,000 project. The alternatives have a significant impact on reserve fund balances, the no loan scenario results in about \$1.4 million less in the District reserve funds at the end of the next fiscal year. A discussion about revising the target reserve levels ensued. Humphrey will provide a draft revised target reserve level policy that will include some working capital reserve for rehabilitation projects for the Board’s review at the June 25 meeting.
- C. Resolution No. 1950-0509 Accepting Completing of Work and Directing Filing of Notice of Completion for the Stege Sanitary District Existing Office Building Demolition, Project No. 08101

This item was taken out of order immediately after VII. A.

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

- A. Monthly Investment, Cash, Receivables Report, April 2009  
 B. Monthly Operating, Statement, April 2009

Humphrey explained that the negative cash figure in the cash and investment report was not a problem and that staff had held a check to Pacific Trenchless, Inc. (PTI), the replacement contractor, until certified payrolls were received. Rather than wait for them, a check to PTI was prepared at the end of April so the balance was shown as a negative amount for a couple of days, although the check had not yet been released to PTI so there was no danger of overdrawing the District account. Humphrey said that operating expenses for the fiscal year will be very close to the budgeted amounts and may actually slightly exceed the budget.

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C. Financial Issues

Humphrey said he had no other issues to discuss since the budget had already been discussed.

**IX. Approval of Checks**

1. Checks for May 2009 - Fund Nos. 3418 & 3423.

MOTION: By Miller, seconded by O’Keefe, to approve payment of the bills, Check Nos. 19200 through 19225 in the amount of \$234,112.90 from Fund Nos. 3418 & 3423.

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

NOES: None

ABSTAIN: None

**X. Future Agenda Items**

**June 11, 2009**

- Private Lateral Inspection Program
- Administration Building Project Status
- Public Art – Administration Building
- Kids for the Bay – Support Consideration

Humphrey noted that a groundbreaking ceremony will be included in the Administration Building discussion. A preliminary groundbreaking date of Friday, June 19<sup>th</sup> was suggested by Humphrey. He reminded the Board that Rex Delizo will take his place at this meeting.

**June 25, 2009**

- Review Directors’ Meeting Compensation
- Approve Fiscal Year 2009-2010 Budget
- Surplus Property Resolution
- Resolution Accepting Report on Sewer Service Charges
- Annual Review of Manager’s Performance
- Approve Incentive Award Goals Achieved in 2008-2009

Humphrey said an item on criminal defense coverage should be included in this meeting, not the earlier meeting of the month, since Counsel will be present at this meeting.

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**XI. Adjournment**

The meeting of the Stege Sanitary District Board of Directors was adjourned at 10:01 P.M. The next meeting of the Stege Sanitary District Board of Directors will be held on Thursday, June 11, 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