

MEETING OF NOVEMBER 20, 2008

TIME OF MEETING: 7:00 P.M.

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

**I. Call to Order:** President O’Keefe called the meeting to order at 7:01 P.M.

**II. Roll Call:** Present: Brand, James, Merrill, Miller, O’Keefe  
 Others Present: Tim Craig, VBN Architects  
 Benjamin Reyes, 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 November 6, 2008 Board Meeting

MOTION: By Miller, seconded by James, to approve the minutes of the November 6, 2008 Board meeting as corrected.

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

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

**VII. A. Administration Building Project – Design Review with Architect**

Humphrey informed the Board that staff and Anchor Engineers had met with VBN yesterday to review the comments on the 90% completion project submittal supplied by staff, Anchor and the Board. He said the meeting had been very positive and productive, and that only about three issues had not been resolved completely. All other issues are under revision now by VBN. He introduced Mr. Craig of VBN and said that Craig was present tonight to answer any questions the Board members had about the design and to get the Directors’ opinions about colors and the corrugated fiberglass panels suggested for the two sides of the new building.

There was a lengthy discussion about the exterior colors and the panels. Craig said he would forward locations where the panels are installed, so Directors and staff can visit to see them in use. There was also discussion about the heat pumps, security system and communication systems for the new building. The design still needs to go through the El Cerrito Design Review Board prior to bidding and award, and there is no meeting until January 7, 2009.

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**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 that he had attended the latest El Cerrito City Council Meeting and forwarded information on City employee vacation cash out to the Manager. He said that the newly elected Council members will be seated at the next meeting on December 2<sup>nd</sup>.

**B. Written Communications:**

1. Brentwood Press, November 7, 2008, "Spill investigation getting muckier"

Humphrey said this article is another indication of how closely our industry is watched now; there are numerous articles in papers throughout the state every week concerning sewer overflows.

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

Reyes said he has no report this evening. He said that Meyers Nave was working on a legislative briefing report for the League of California Cities that might be useful for the Board.

**B. Manager's Report:**

1. Monthly Maintenance Summary Report – October 2008

Humphrey said that maintenance activity had been significant last month, with about 150,000 feet of lines cleaned and about 15,000 feet videoed. He said he used a different format for reporting this information this month, indicating the amount "planned" for the quarter as well as the amount performed. He said there had been one overflow caused by a problem in a main line, the first overflow since July. He said there were 17 total calls for service and 10 of these were related to problems in laterals.

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

Humphrey said there were no repairs or capital projects to report this month.

4. Miscellaneous Items:

- a. East Bay Municipal Utility District (EBMUD) Wet Weather Facility Permits/Orders

- b. Holiday Luncheon

Humphrey reported on these items as well as his scheduled meetings with the Environmental Protection Agency (EPA), TAB agencies, and at an EBMUD-sponsored wet weather forum at Pardee Reservoir on December 4 and 5. He said that one elected member was invited to attend the meeting with EPA. O'Keefe asked for volunteers since the meeting is set for Monday morning, December 8, during working hours. Miller volunteered and O'Keefe asked Miller to attend as the representative of the Board.

**VII. Business**

A. Administration Building Project – Design Review with Architect

This item was taken out of order immediately after the minutes.

B. Board Officer Succession

Humphrey introduced the subject and said any decisions at the last meeting had been deferred until a meeting when all Directors were present. Brand said he thought the progression shown on the schedule, indicating he would be Vice President and Merrill would be President in 2009, was fine. Miller asked Merrill if he was willing to serve as President next year and Merrill said he would.

C. Sewer Service Charges – Draft Schedule for 2009

Humphrey told the Board that his draft schedule indicates that a decision about whether a rate increase should be made for next year will need to be made by March, so discussions are necessary at meetings in January and February. It was noted that the date for the public hearing should be April 23 instead of May 23. O’Keefe also asked about newsletter timing and whether this would be another avenue of public notification and education. Humphrey said he would revise the schedule and include newsletter transmittal as an item in March 2009.

D. Retiree Medical Care – Consideration of Revision to Contribution Rate

Humphrey provided the Board with a summary of the history of District contributions towards retiree health care premiums as well as the premium cost. He remarked that the OPEB 45 actuarial report assumed a 3% per year increase in District contributions and said the Kaiser premium (supplemental coverage to Medicare) for individuals would increase about 2.5% in 2009, from \$273 to \$280 per month.

MOTION: By Merrill, seconded by Miller, to increase the District contribution to retiree health care to \$280 per month, effective January 1, 2009.

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

E. Investment of Retiree Health Fund Reserve – Alternatives to Local Agency Investment Fund (LAIF)

Humphrey explained that he had made revisions and addition to the analyses and graphs presented at the last meeting. He changed the S&P values to a three year rolling average and also included data through October 2008 instead of July 2008. This changed the results of the analysis. The LAIF balance for a twenty year period was as much as the S&P investment for a twenty year period, although the S&P balance still was greater for the last thirty years when compared to LAIF.

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Humphrey said he has also performed an analysis that used different starting annual contributions. The result was that a starting value of \$16,000 for the annual amount, with a 3% per year increase, was needed to end with a positive retiree health fund balance in 35 years. There was further discussion about the results of the analysis and whether the District should invest the retiree health fund in an index-type mutual fund instead of LAIF. O’Keefe and Brand expressed reservations about this, while James and Merrill expressed their support. Miller said he was still interested in using the trust fund option that Humphrey has suggested. Brand said he would like to speak to Humphrey more about this analysis before any decision was made and O’Keefe asked Humphrey to bring this item back to the Board at a future date.

**VIII. Monthly Financial Statements –October 2008**

A. Monthly Investment, Cash, Receivables Report, October 2008

B. Monthly Operating, Statement, October 2008

Humphrey said that revenues and expenses are within budgeted amounts and are typical for this time into the fiscal year. The one exception is that the pipeburst contractor has not submitted an invoice yet for completed work, so capital expenses are lower than expected.

C. Financial Issues

Humphrey said the financial audit is completed and that it will be on the agenda for review and approval in December.

**IX. Approval of Checks**

1. Checks for November 2008 - Fund No 3418

MOTION: By James, seconded by Miller, to approve payment of the bills, Check Nos. 18793 through 18820 in the amount of \$59,550.45 from Fund Nos. 3418 & 3423.

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

**X. Future Agenda Items**

**December 18, 2008**

- Nomination & Election of Officers for 2009
- Fiscal Year 2007-2008 Financial Audit
- Administration Building Project Status – Approve Plans & Specs
- District Procedures & Processes – Checks & Balances
- Flow Monitoring Plan

Humphrey said the approval of plans and specs would not take place until January now, and that the alternative to LAIF issue may be on this meeting’s agenda.

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**January 8, 2009**

Set Long Range Planning (LRP) Workshop Date

Administration Building Project - Status

Service Fee Increase - Discussion

East Bay Municipal Utility District (EBMUD) – Review of Wet Weather

Facilities Permit/Orders

Enforcement Issues

Cafeteria Plan (IRS Section 125) - Revisions

**XI. Adjournment**

The meeting of the Stege Sanitary District Board of Directors was adjourned at 10:37 P.M. The next meeting of the Stege Sanitary District Board of Directors will be held on Thursday, December 18, 2008 at 2:00 P.M. at the District office, 7500 Schmidt Lane, El Cerrito, California.

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Douglas Humphrey  
STEGE SANITARY DISTRICT  
Secretary