

**MINUTES OF THE REGULAR MEETING OF THE
GOVERNING BOARD OF THE MIDWAY CITY
SANITARY DISTRICT OF ORANGE COUNTY
14451 CEDARWOOD AVENUE
WESTMINSTER, CA 92683**

December 21, 2010

CALL TO ORDER

President Rice called the regular meeting of the Governing Board of the Midway City Sanitary District to order at 14451 Cedarwood Avenue, Westminster, on Tuesday, December 21, 2010 at 3 P.M.

BOARD MEMBERS PRESENT:

Al P. Krippner
Joy L. Neugebauer
Tyler Diep
Frank Cobo
Margie L. Rice

OTHERS AT MEETING:

Greg Nordbak, General Manager
Ken Robbins, Assistant General Manager
Robert Housley, Finance Director
Tom Nixon, District Counsel
Danielle Gerardo, Administrative Secretary
Cheryl Brothers, Candidate for LAFCO seat

PLEDGE AND INVOCATION

Director Diep led the Pledge of Allegiance. Director Neugebauer gave the Invocation.

APPROVAL OF THE MINUTES OF THE MEETING OF DECEMBER 3, 2010

A motion was made by Director Diep, seconded by Director Neugebauer to approve the minutes of December 3, 2010. The motion was approved by the following vote:

AYES: Directors Krippner, Neugebauer, Diep, Cobo and Rice
NOES: None

APPROVAL OF THE MINUTES OF THE MEETING OF DECEMBER 7, 2010

A motion was made by Director Diep, seconded by Director Neugebauer to approve the minutes of December 7, 2010 with a correction made. The motion was approved by the following vote:

AYES: Directors Krippner, Neugebauer, Diep, Cobo and Rice
NOES: None

PUBLIC COMMENTS

Cheryl Brothers introduced herself to the Board and stated her intention to run for the LAFCO Special District seat that was vacated when the previous Director did not win her reelection. She also handed out a Bio, which provides her years of experience as well as an endorsement letter. She informed the Board that she has presented herself to five other special districts for her candidacy and has their unanimous vote

Director Neugebauer asked if there was any compensation for the position she is pursuing. Cheryl Brothers stated that there is a \$100 compensation for a once a month meeting.

President Rice thanked her for coming and assured her of the District's support.

APPROVAL OF EXPENDITURES

A. Demands in the amount of \$ 511,227.81

#	CK #	CK AMOUNT	VENDOR
1	4173	131.67	Advanced Gas Products - Refill Propane and Cylinder Rental
2	4174	176,081.80	Bank of New York Mellon - COP Interest Payment for February 2011
3	4175	50.00	Benny Oil Filter Recycling, Inc. - Oil Filter Drum Charge
4	4176	353.44	Bodyworks - Crank Gear for T61
5	4177	59,122.78	CalPERS Fiscal Services - GASB 45 OPEB Payment to Cover FY 2009-10 Liability
7	4178	16,170.33	CalPERS - Retirement for Service Period 11-2010-04 & 11-2010-05 & 12-2010-03
8	4179	550.00	Color Wheels Custom Paint - Repairs for Accident on 11/27/10
9	4180	982.56	Computer Research Center - Maintenance & Support for January 2011
10	4181	18,441.73	CR Transfer, Inc. - Tonnage for November 2010
11	4182	56.11	DJ Printing - MCSD New Letterhead
12	4183	1,486.00	Daniels Tires - Replace Tires on T55 and T62
13	4184	401.68	Dartco - 5 Gallon Transynd
14	4185	25.64	Fastenal - Restock Nuts, Washers and Bolts

15	4186	3,875.99	Fleet Services - Inspect/Repair A/C System on M64, Restock Fitting Hoses
16			and Filters and Shoe Kit for T65
17	4187	304.08	G & K Services - Uniform Rental Services for December 2010
18	4188	92.43	Golden Bell - Odor Control Granules
19	4189	331.69	Hydraforce - Replace Drum Cylinder in T60
20	4190	119.60	Los Alamitos Auto Parts - Starter Fluid for the Shop
21	4191	35.00	Memorial Prompt Care - DMV Random Drug & Alcohol Testing (AC)
22	4192	163.64	OCSO - OCHCA Fog/BMP Inspections for 2010 Qtr 4
23	4193	104,519.13	Rainbow Disposal - Tonnage Fee for November 2010
24	4194	824.11	Rosemead Oil Products - Restock ATF 10W Oil
25	4195	1,566.28	Rutan & Tucker, LLP. - Professional Legal Fees for November 2010
26	4196	1,407.23	Tec of California - Replace Power Steering in T60 and T61
27	4197	13.50	Underground Service Alert - November 2010 Services
28	4198	255.00	Wespac Security - Monitoring Services for 10/2010-12/2010
29	4199	732.50	DGA Consultants -Job Observation Serv. for Bushard and McFadden Project November 2010
30			
31		387,361.42	SUBTOTAL
32	CK #	CK AMOUNT	VENDOR
33			ADD HANDCUT CHECKS:
34	4162	661.82	AT&T Mobility - (714) 310-2313 (KR) / 310-4406 (AC) / 310-8653 (NC)
35			310-8654 (Sewer Department) / 310-9004 (Emergency Phone)
36	4163	192.03	City of Westminster - Maintenance Shop and Wash Rack Water 10/06/10 - 11/30/10
37	4164	30.00	County of Orange - Update Parcel # 097-064-38 Overcharge for 2009 and 2010
38	4165	264.46	City of Westminster - District Office Water 10/06/10 - 11/30/10
39	4166	83.99	DirecTV - Monthly Service December 2010
40	4167	2,823.92	The Standard Dental Insurance - Premiums for January 2011
41	4168	11,682.00	Zenith Insurance Company - Worker's Compensation/Progressive Payment
42	4169	3,845.00	Coast to Coast Lighting - Replace Lighting at the District Office and Maintenance Shop
43	4170	37.45	Verizon - Internet Access District Offices December 2010
44	4171	54.75	Gas Company - Utility Service for Fleet Maintenance
45	4172	64.25	Gas Company - Utility Service for District Offices and Yard
46		407,101.09	SUBTOTAL PLUS HANDCUTS

47

48 102,541.48 Payroll Date 12/14/10 Staff Chk #14900 - 14917 Taxes & Direct Deposits

49 1,585.24 Payroll Date 12/14/10 Nationwide Deferred Compensation

50

51

52 **511,227.81 TOTAL EXPENDITURES W/PAYROLL**

A motion was made by Director Diep, seconded by Director Neugebauer to approve the expenditures in the amount of \$ 511,227.81. The motion was approved by the following vote:

AYES: Directors Krippner, Neugebauer, Diep, Cobo and Rice.

NOES: None

REPORTS

Report of President

President Rice stated that she was only going to report on the letter received regarding the LAFCO Special District seat and suggested that they take action at a later date.

Report of General Manager

GM Nordbak gave the Board an update on the Bushard loss that the District is dealing with. Two apartment units were affected by the spill which resulted in water damage and the District has been doing their due diligence in having it cleaned up as quickly and efficiently as possible. The walls of the apartments were tested and asbestos was found, so an abatement company was brought in to do removal. Reconstruction is starting immediately afterward, but in the meantime, the family has been moved into a few rented rooms for a few days because there is a seven month old infant involved.

GM Nordbak let the Board know that the loss is going to be expensive, but that he is taking two bids on everything for this claim and then authorizing the lowest. It is the most costly spill the District has seen in years. This location has now been listed as a hot spot and will now be checked and cleaned monthly. The District is self insured for the first \$25,000 on this claim, but he has reported the loss to both of the District's carriers and is keeping them informed on a daily basis.

GM Nordbak thanked Director Diep for helping to bridge the communication gap with the Vietnamese tenants of the apartments.

The District has been notified that Jacob Watson has severed ties with his legal counsel and is now representing himself.

GM Nordbak informed the Board that as of just recently, there is a problem in the District offices with the phone lines, which is in turn shorting out the alarms and causing static on the lines. The phone lines are old and probably need to be replaced, so this item will be put on a future agenda.

The security system upgrade has been done and each individual staff member has been assigned their own individual access codes.

GM Nordbak and AGM Robbins met with Clean Fleet regarding the survey of the District's truck fleet. The result is that two trucks will need to be compliant by the end of this year (2010) and another truck by the end of 2011. There is an approximate cost of \$50,000 which will make the District fleet compliant until the year 2015. Since the District has a commercial contract with Rainbow, they count into the District's fleet, so they will need to purchase natural gas front loaders so that the District is not out of compliance. At this time the District has 15 trucks, which is one over the compliance number. GM Nordbak's suggestion is to get rid of the dump truck, which has only been used twice in the last few years. This will be brought onto a later agenda.

Per instruction, staff has notified the local newspapers regarding the free Christmas tree pickup being done in January for residents and customers of the District. Staff was also asked to contact LaVada Cordasco at the City of Westminster regarding having a Public Service Announcement regarding the same on Channel 3.

Report from Orange County Sanitation District Meeting (OCSD)

Director Neugebauer reported that she met with OCSD last Wednesday, December 15, 2010 with a brief update on the SARI line, but mostly discussion of EnerTech again. The operations committee postponed making a decision regarding negotiations with EnerTech until January based on legal counsel's advice.

Director Neugebauer reported that a commendation was given to General Manager Jim Ruth and that the operations committee will be dark in January.

CONSENT CALENDAR

A. Receive and File Investment Report for November 2010

A motion was made by Director Diep, seconded by Director Krippner to receive and file the Investment Report for November 2010. The motion was approved by the following vote:

AYES: Directors Krippner, Neugebauer, Diep, Cobo and Rice
NOES: None

OLD BUSINESS

None

NEW BUSINESS

A. RESOLUTION NO. 2010-22 *(ROLL CALL VOTE)*

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE MIDWAY CITY SANITARY DISTRICT, OF ORANGE COUNTY, CALIFORNIA, MODIFYING THE DISTRICT'S POLICIES AND PROCEDURES TO CHANGE THE TIME OF THE REGULAR BOARD OF DIRECTORS' MEETINGS TO 4 P.M. ON THE FIRST AND THIRD TUESDAYS OF THE MONTH.

A motion was made by Director Diep, seconded by Director Cobo to adopt Resolution No. 2010-22, Modifying the District's Policies and Procedures To Change the Time of the Regular Board of Directors' Meetings to 4 P.M. on the First and Third Tuesdays of the Month. The motion was approved by the following roll call vote:

AYES: Directors Krippner, Neugebauer, Diep, Cobo and Rice
NOES: None

B. Confirm attendance to the California Association of Sanitation Agencies (CASA) Mid- Year Conference on January 12-14, 2011 in Palm Desert, California

All Board members except for Director Diep will be attending the CASA conference, as well as GM Nordbak and AGM Robbins. Director Neugebauer suggested that the Board not make reservations for the Tuesday night before the conference in order to save the District money, and it was agreed upon unanimously. The Board then decided that they will leave at 6:30 A.M. on Wednesday, January 12, 2011 since President Rice is a member of the executive Board for CASA and has a 9 A.M. meeting to attend. Direction was given so no motion was needed.

C. Consider participation in the Westminster TET Parade on Saturday, February 5, 2011 at 9:30 A.M.

The District did not participate in this event last year. Director Neugebauer suggested that we use the available Public Outreach funds and hire the Mariachi Band.

A motion was made by Director Neugebauer, seconded by Director Cobo to participate in the Westminster TET Parade on Saturday, February 5, 2011 at 9:30 A.M. The motion was approved by the following vote:

AYES: Directors Neugebauer, Diep, Cobo and Rice
NOES: None
ABSTAIN: Director Krippner

D. Consider nominating one of the MCSD Board members for the vacant Orange County Local Agency Formation Commissions (LAFCO) seat.

Director Diep asked the Board if instead of nominating one of the Board members that they support Cheryl Brothers as representative of MCSD instead.

Director Neugebauer said that she would support that as long as none of the Board members were interested. No Board Members expressed any interest.

President Rice stated that she is going to apply for the City of Westminster appointment and congratulated Cheryl Brothers on her nomination.

Cheryl Brothers asked if there was a designated voting member among the Board. President Rice let her know that it is her duty as Board President. Cheryl Brothers asked if that was a standing order because ISDOC will ask for verification. The Board assured her that they would bring along a copy of the minutes reflecting that decision.

A motion was made by Director Diep, seconded by Director Cobo to nominate Cheryl Brothers for the vacant LAFCO seat. The motion was approved by the following vote:

AYES: Directors Krippner, Neugebauer, Diep, Cobo and Rice
NOES: None

E. Approval to develop Design and Specifications on lining project within the Unincorporated Midway City portion of the District.

GM Nordbak suggested that AGM Robbins speak on the subject since he has been the one working on it. AGM Robbins explained that MCSD receives redevelopment funds from the county which must be spent within the county, or lost. He stated the lines are not really needed to be repaired but since we have the money we should. Any fund over \$100,000 must be used in 3 years, and he further explained that next year the District will need to budget \$270,000 in order to keep the allocation coming.

GM Nordbak commented that the 50 year old lines being lined may not necessarily need to be repaired, but in order to remain proactive, avoid this work being needed in an emergency situation and avoid raising rates to the ratepayer, they should be done.

Director Neugebauer asked if the present reline on Van Buren was the District's project. AGM Robbins explained that it is the counties, and that the future District project will be run through the alleyways between Adams and Newland.

A motion was made by Director Neugebauer, seconded by Director Diep to approve the development of the Design and Specifications on lining project with the Unincorporated Midway City portion of the District. The motion was approved by the following vote:

AYES: Directors Krippner, Neugebauer, Diep, Cobo and Rice
NOES: None

- F. Consider Independent Auditor's Leaf & Cole, LLP Management Letter for Fiscal Year 2009-10; Recommendation to Expense the Purchase of Refuse and Recycling Containers/Carts in the Year Purchased.

A motion was made by Director Diep, seconded by Director Neugebauer to follow the recommendation from independent auditor Leaf & Cole, LLP to expense the purchase of refuse and recycling containers/carts in the year purchased. The motion was approved by the following vote:

AYES: Directors Krippner, Neugebauer, Diep, Cobo and Rice
NOES: None

- G. Consider Independent Auditor's Leaf & Cole, LLP Management Letter for Fiscal Year 2009-10; Recommendation to Convert File Record Storage from Paper to Electronic/Digital Records Management.
- H. Consider Independent Auditor's Leaf & Cole, LLP Management Letter for Fiscal Year 2009-10; Recommendation to Purchase a Fixed Asset Software Program.
- I. Consider Independent Auditor's Leaf & Cole, LLP Management Letter for Fiscal Year 2009-10; Recommendation to Negotiate with the District's Trustee, the Bank of New York, for a Better Investment Return for the 2005 Certificate of Participation Reserve Fund.

President Rice directed that Directors Diep and Neugebauer review items 9G, 9H, and 9I regarding Leaf & Cole's audit recommendations with the GM and return to the Board with their recommendations on the first Board meeting in February 2011.

- J. Discuss and Approve/Not Approve California Association of Sanitation Agencies (CASA) 2011 Membership.

A motion was made by Director Neugebauer, seconded by President Rice to approve the 2011 CASA membership. The motion was approved by the following vote:

AYES: Directors Krippner, Neugebauer, Diep, Cobo and Rice
NOES: None

BOARD CONCERNS/COMMENTS

Director Cobo wished everyone a Merry Christmas, thanked everyone for their support and patience with him, and said he is looking forward to working with everyone next year.

Director Diep commented on a memo regarding rates from Dick Jones who is City of Westminster's city attorney. Legal Counsel stated that the adjustment by the District of sewer and refuse collection rates is exempt from the requirements of Proposition 26.

Director Neugebauer gave kudos to District staff on the new website, which she found to be up to date. She also commented on an OC Register article regarding Enterprise Districts. It states that they should not be receiving part of the city's property taxes. MCSD receives approx \$1.4 million in property taxes per year, and if lost, would cause a rate increase. It was suggested that it become a topic for discussion at CASA by President Rice who is on CASA's Board of Directors.

GENERAL COUNSEL CONCERNS/COMMENTS

None

GM/STAFF CONCERNS/COMMENTS

The Board was provided with a copy of the District's Reorganization Sheet, which was requested by Directors Cobo and Krippner at the last meeting.

GM Nordbak provided a memo circulated to all employees who still receive a paper paycheck. Paychex is offering a debit card to those particular employees. The memo states that the District just wanted to make sure that the employees know that this is not endorsed by the District, and if they are interested, to discuss it with Finance Director Housley prior to signing up.

Director Neugebauer stated that she feels that Paychex should not be allowed to contact the District employees directly, but through the District only.

The Board agreed that a discussion of Paychex would be agenzized for further discussion.

GM Nordbak also provided everyone with a copy of an email from a resident named Mary Heuman regarding her bulky items being stolen prior to pickup.

Also provided is correspondence from a Mr. Raffy who received a calendar with two Januarys and no February, so staff was instructed to send him a new calendar. He also offered to be on the District's calendar sub-committee for next year.

The Department of Resources, Recycling and Recovery sent some literature regarding tires and what can and cannot be done with them.

GM Nordbak reported to the Board that the CSDA Board seat for Region 6 has been vacated by Arlene Schafer is open and will be put on the next agenda for discussion.

GM Nordbak had staff make new emergency information cards with Director Cobo's information added.

GM Nordbak ended by thanking the Board for a great year from the District staff and all the employees and then wished everyone a very Happy Holiday.

President Rice requested that calendars be sent to Ron Shenkman at Rainbow Disposal, and GM Nordbak assured her that staff would take care of it.

CLOSED SESSION

CLOSED SESSION: During the course of conducting the business set forth on this agenda as a regular meeting of the Board, the Chair may convene the Board in closed session to consider matters of pending real estate negotiations, pending or potential litigation, or personnel matters, pursuant to Government Code Sections 54956.8, 54956.9, 54957 or 54957.6, as noted.

Reports relating to (a) purchase and sale of property; (b) matters of pending or potential litigation; (c) employment actions or negotiations with employee representatives; or which are exempt from public disclosure under the California Public Records Act, may be reviewed by the Board during a permitted closed session and are not available for public inspection. At such time as the Board takes final action on any of these subjects, the minutes will reflect all required disclosures of information.

INFORMATIONAL ITEMS

ADJOURNMENT

President Rice adjourned the meeting at approximately 3:53 P.M.

Joy Neugebauer, Secretary