

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

February 1, 2011

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, California on Tuesday, February 1, 2011 at 4:00 P.M.

BOARD MEMBERS PRESENT:

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

OTHERS AT MEETING:

Greg Nordbak, General Manager
Ken Robbins, Assistant General Manager
Robert Housley, Finance Director
Tom Nixon, District Counsel
Danielle Gerardo, Administrative Secretary

PLEDGE AND INVOCATION

Director Neugebauer led the Pledge of Allegiance. President Rice gave the Invocation.

APPROVAL OF THE MINUTES OF THE MEETING OF JANUARY 18, 2011

A motion was made by Director Diep, seconded by Director Neugebauer to approve the minutes of January 18, 2011. The motion was approved by the following vote:

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

PUBLIC COMMENTS

None

President Rice asked the Board if, with their approval, she could call forth Item 9F on the agenda so that Mr. Bill Nelson could leave to go to his next appointment.

A motion was made by Director Neugebauer, seconded by Director Diep to take Agenda Item 9F out of order and bring it forward. The motion was approved by the following vote:

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

Mr. Bill Nelson, who is a Trustee for the Orange County Cemetery District, introduced himself and gave the Board his background. He explained his reasons for running for the California Special District's Association (CSDA), Region 6, Seat B and asked the Board for their support for his nomination.

Director Neugebauer asked when his current term as Trustee for the Orange County Cemetery District ends. Mr. Nelson replied that he was just reappointed by Supervisor Bill Campbell and his term will end in January of 2015.

Director Neugebauer also asked how many cemeteries in Orange County the Cemetery District oversees. Mr. Nelson answered that there are three – one in Anaheim, one in Lake Forest, and one in Santa Ana.

A motion was made by Director Neugebauer, seconded by Director Krippner to support Mr. Bill Nelson in his bid for the CSDA nomination. The motion was approved by the following vote:

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

Staff was instructed to send a copy of the minutes showing the Board's support for Mr. Nelson to CSDA by February 4, 2011.

PUBLIC COMMENTS

None

APPROVAL OF EXPENDITURES

A. Demands in the amount of \$ 196,643.24

#	CK #	CK AMOUNT	VENDOR
1	4274	57.00	Advanced Workplace Strategies - Random Drug Testing (MH)
2	4275	1,421.94	Atlas Radiator, Inc. - Radiator Box for T59 and Repair Kit

3	4276	1,382.53	Bodyworks - T55 Replace Cam Follow Fan, Restock Parts for Shop
4	4277	75.00	Cal's Sweeper Services - Services for Jan 2011
5	4278	5,379.66	CalPERS - Retirement for Service Period 01-2011-03
6	4279	1,109.23	Chemsearch - Restock Maxi-Lube 120 LBS, Metal W/Liner
7	4280	32,671.99	City of Westminster - Gasoline and Deisel Fuel Purchased from Oct 2010 - Dec 2010
8	4281	1,486.00	Daniels Tire Service - Restock Four Tires (\$340.00 ea.)
9	4282	1,198.19	Fleet Services - Restock Fittings, Hoses and T59 A/C System Repairs
10	4283	302.88	G & K Services - Uniform Rental Services for Jan 2011
11	4284	842.81	Hydraforce, Inc. - Replace Lift Cylinder on T55, Replace In and Out Cylinder on T61
12	4285	144.70	Neugebauer, Joy - Insurance Reimbursement for Jan 2011 Increase
13			By \$2.00 and Insurance Reimbursement Feb 2011
14	4286	24,708.15	Rehrig Pacific Company - 486 95-Gallon Black Cans with Lids
15	4287	23.00	Rutan & Tucker, LLP. - Professional Legal Fees for Nov 2010
16	4288	126.25	Tec Of California, Inc. - Replace Fan for Engine on T61 and Replace Hose on T59
17	4289	6,190.14	Woodruff, Spradlin & Smart - Legal Services for Dec 2010
18		77,119.47	SUBTOTAL

20	CK #	CK AMOUNT	ADD HANDCUT CHECKS:
21	4260	376.50	Blue Shield of California - Nancy Gilbert COBRA Insurance for Feb 2011
22	4261	112.00	ISDOC - January 2011 Quarterly Meeting (JN,MR,TD,AK,FC,GN,KR)
23	4262	2,823.92	Standard Dental Insurance - Premiums for Feb 2011
24	4263	37.45	Verizon - Internet Access District Offices Jan 2011
25	4264	44,785.46	CalPERS - Health Premiums for Feb 2011
26	4265	173.01	Gas Company - Utility Service for Fleet Maintenance, Utility Service for District Offices and Yard
27	4266	200.00	ISDOC Membership Dues 2011
28	4267	259.55	Office Max - Office Supplies
29	4268	492.95	Verizon Business - Internet Connection for Scada System Jan 2011
30	4269	93.28	AT&T - Internet Brookhurst Lift Station (714) 531-0272
31	4270	2,571.10	Southern California Edison - District, Fleet, and Pump Stations
32	4271	743.80	Standard Life Insurance - Premiums for Feb 2011
33	4272	61.64	Union Bank First Bankcard - (AC) Operating Supplies Restock Water, Cups and Coffee
34	4273	196.03	Union Bank First Bankcard - (NC) Restock Toiletries, Coffee, and Creamer
35		130,046.16	SUBTOTAL PLUS HANDCUTS

37		59,095.98	Payroll Date 1/25/11 Staff Chk #14944 - 14951 Taxes & Direct Deposits
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38	2,758.40	Payroll Date 1/25/11 Nationwide Deferred Compensation
39	4,400.94	Board of Directors Payroll for the Month of January 2011 Chk #14955 - 14957 Board of Directors Nationwide Deferred Compensation for the Month of January
40	341.76	2011
41	196,643.24	TOTAL EXPENDITURES W/PAYROLL

A motion was made by Director Neugebauer, seconded by Director Diep to approve the expenditures in the amount of \$ 196,643.24. The motion was approved by the following vote:

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

President Rice asked if Agenda Item 9A could be brought forward so that the representatives from Westminster School District and Rainbow Disposal would not have to wait through the Reports section of the Board meeting, everyone agreed. Fourteen checks totaling \$2,802.39 for recycling (Earn While You Learn Program) were presented to the Westminster School District Superintendent Richard Tauer and Assistant Superintendent Clark Hampton by the Midway City Sanitary District Board of Directors and Rainbow Disposal representative Sue Gordon.

REPORTS

Report of President

President Rice asked if anyone else on the Board had received a 2010 CASA Annual Report Water Quality booklet that contained a photo from the award ceremony at the CASA Conference in Monterey in August of 2010.

President Rice also reminded everyone of the TET Parade this Saturday, February 5, 2011 in which the District Board will be participating.

Report of General Manager

GM Nordbak reminded the Board that they had already approved a budget of approximately \$50,000 for the three trucks that need to be serviced to bring them up to compliance. Two of the Vactor trucks are going to be serviced at a cost of \$12,000 each, so the District is staying within budget and in compliance.

GM Nordbak asked the Board of Directors if checks for mileage reimbursement could be included in their monthly check, instead of several small ones. They agreed to have the District write only one monthly check for all expenses and payroll.

GM Nordbak reminded everyone that Finance Director Housley will be recognized on February 22, 2011 as Midway City Sanitary District's "Employee of the Year" by the Westminster Chamber of Commerce.

GM Nordbak reminded the Board that he, AGM Robbins, and Finance Director Housley would be out on Wednesday, February 2, 2011 at a seminar on Employment and Labor Laws put on by Ruttan and Tucker.

All of the paperwork has been done for the Union Bank transfers to be taken over by Director Diep as the new Treasurer. Director Diep needs to be trained by Finance Director Housley before he can take over that task and should schedule a time to meet with Finance Director Housley. In the meantime, Director Neugebauer will continue to do the transfers for the District.

GM Nordbak reminded the Board that Ethics training still needs to be completed by two Directors (Krippner & Cobo). Two members of District Staff (Housley & Gerardo) completed their Ethics training online on Friday, January 31, 2011. President Rice informed everyone that Jones and Mayer the City of Westminster's Legal Counsel would provide Ethics training at 10 A.M. on Tuesday, February 8, 2011.

A CASA Directory was provided to each Board member by GM Nordbak.

GM Nordbak thanked the Board and District for sending flowers to his daughter Amanda and informed them of the date of her impending surgery.

Report from Orange County Sanitation District Meeting (OCSD)

Director Neugebauer reported that there was an OCSD meeting on February 26, 2011. OCSD General Manager Jim Ruth gave a report regarding the high flows from the December storms, as-well-as a report on the repairs necessary for the SARI line. The Biosolids management system was audited to evaluate its effectiveness and was found to conform to all regulations. President Neugebauer was proud to announce that out of 1146 agencies surveyed, only 72 received awards – one of which was OCSD. There was also a lengthy closed session on EnerTech for which there was no action and continuing negotiations. Larry Crandall, who is chairman of OCSD's Board of Director's was named Chairman of the Groundwater Replenishment System.

Report from Independent Special Districts of Orange County (ISDOC) Meeting

LAFCO made a last minute request to President Rice for the District's financial information for an early warning survey. The request is not mandatory and she felt that she should let the Board know that she refused the request on their behalf.

President Rice stated that she felt the ISDOC election for a Special District Seat and Alternate was a sham and should be legally challenged and investigated. She

requested that ISDOC's balloting practices be put on the next agenda to be discussed further.

Director Neugebauer agreed with President Rice, and remarked on the speaker, Lacy Kelly.

Director Diep commented on the report from David Cordero regarding special districts.

President Rice stated that she requested David Cordero send her a copy of the ISDOC By-laws and had as of yet still not received them.

GM Nordbak also requested a copy of the ISDOC By-laws as well as the Policy and Procedures and had not received them either, so he offered to follow-up on this issue.

Director Krippner agreed with everything that was said regarding the ISDOC election.

Director Cobo remarked that the election was a fiasco and he was surprised to witness it, as it was his first meeting as a Director.

CONSENT CALENDAR

- A. Approval of the request of Sewer Maintenance Employee Cody Ranslem to receive 40 hours of vacation pay in lieu of time off.

A motion was made by Director Diep, seconded by Director Neugebauer to approve the item on the consent calendar. The motion was approved by the following vote:

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

OLD BUSINESS

- A. Agreement for Federal Lobbying Services with Washington D.C. Lobbyist James McConnell.

Legal counsel explained the modified agreement which is for a one-year term, at \$3,500 a month, not to exceed \$45,000, a \$3,000 a year travel expense cap and a 30-day termination clause should the District chose to withdraw.

Mr. B.J. Savage, retired Deputy Chief of Police for the City of Westminster, spoke on behalf of the lobbyist whom he fully supports and endorses for the District. He urged the District to collaborate with the City of Westminster and the School District since all of the fleets are going to have to be updated at the same time.

Directors Neugebauer spoke against the retention of the lobbyist and said that she could not support the motion due to the large amount of money that it will cost the District. She also stated that she felt this was an item that should have gone to bid.

President Rice asked if Director Diep had anything to say.

Director Diep stated to President Rice, "Yes, Madam Mayor, Madam President, I guess I always welcome, you know, engaging into a dialog with Director Neugebauer and I understand your concern and let me take this opportunity to address two of them. As far as the bid response goes, there are practices in government agencies, in public agencies, where we piggyback off of other agencies who recently have bids. Um, for example, this firm that Mr. McConnell represents currently has a contract with the County of Orange. So we know that his rate and his cost is at least fair market value compared to other public agencies."

President Rice states, "That's true."

Director Diep continues, "And so when it comes to lobbying, or street improvements, there is a thing called piggybacking off another public agency if that bid was in like, six months or twelve months. So I don't think that what we are doing is somehow unique or that much different. As far as concern about a prohibition on earmarks, yes, we all understand that within the next fiscal year Congress won't be directly putting in any earmark requests and Mr. McConnell has addressed it by saying that we're going to go directly with the executive agency and try to get grants from let's say, the EPA, as an example of a federal department where we can work with and securing funding. So, those are my two responses to Director Neugebauer's concerns as to how we got here and I am for this agreement and I want to reiterate what was mentioned the last time I was here on this item. We're not locking ourselves into any kind of long-term contract."

Director Cobo says, "Uh huh" and President Rice states, "True."

Director Diep continues, "If after a trial period, after our initial investment, if it doesn't turn out to be fruitful then we can certainly cancel it, so anyway, that's my thoughts on this and I intend to vote for this item."

Director Neugebauer then says, "Yes, I am pleased that you enjoy debating with me, and I am doing my best not to accelerate the level of the debate, but I do have some concern that the Directors bringing this onto the agenda did receive contributions from Mr. McConnell in the amount of five hundred dollars.

A motion was made by Director Diep, seconded by Director Cobo to approve entering into a contract as laid out in the staff report for Federal Lobbying Services with Washington D.C. Lobbyist James McConnell. The motion was approved by the following vote:

AYES: Directors Diep, Cobo and Rice

NOES: Krippner and Neugebauer

Director Neugebauer stated that although she was not in support of the motion, now that it was passed, she would support the majority decision and work and cooperate to help the District gain any funds available.

NEW BUSINESS

A. Presentation of Recycling Program Checks to Westminster School District

This item was brought forward on the Agenda.

B. Quarterly Financial Reports: Second Quarter for 2010-11, July 1, 2010 through December 31, 2010

Finance Director Housley reviewed the Quarterly Financial Reports for the Board. A motion was made by Director Diep, seconded by Director Neugebauer to receive and file the report. The motion was approved by the following vote:

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

NOES: None

C. Discussion of Midway City Sanitary District Dental Insurance Coverage

President Rice asked if there has been any reaction to the Dental Insurance by District employees.

GM Nordbak replied that there has not been any that he is aware of and recommended that a poll be taken of the employees and then he will report back the results.

Director Neugebauer suggested that everyone ask their dentist about the Standard Insurance coverage.

No direction was given to staff on this Item.

D. Financial Auditors Recommendations:

1. Converting File Record Storage from Paper to Electronic
2. Fixed Assets Software
3. Certificates of Participation Reserve Fund Earnings

Legal Counsel Nixon was asked to draft a policy for the length of time that the District should retain public records, and bring it back to the Board for review.

President Rice asked Finance Director Housley to review and report back on the Fixed Assets Software and the Certificates of Participation Reserve Fund Earnings.

A motion was made by Director Neugebauer, seconded by President Rice to have Finance Director Housley review and report back on Items #2 and #3 of the financial auditor's recommendations. The motion was approved by the following vote:

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

E. Change the Date for the March 15, 2011 Board Meeting

After some discussion, it was decided to move the March 15, 2011 Board meeting to March 29, 2011 at 4 P.M. due to several of the Directors and AGM Robbins in Washington D.C. for a conference the week of March 15, 2011.

A motion was made by Director Diep, seconded by Director Krippner to move the meeting from March 15, 2011 to March 29, 2011 at 4 P.M. The motion was approved by the following vote:

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

F. Nominations for California Special District Association (CSDA),
REGION 6, Seat B

This Item was brought forward on the Agenda.

G. Discuss Attending the Municipal Water District of Orange County
(MWDOC), Water Policy Forum and Dinner February 24, 2011.g

A motion was made by Director Diep, seconded by Director Cobo to approve attendance for Board members and management staff to attend the Water Policy Forum. The motion was approved by the following vote:

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

BOARD CONCERNS/COMMENTS

Director Diep commended Finance Director Housley on his award from the California Society of Municipal Finance Officers.

President Rice asked if anyone on the Board was interested in going to the conference for Advanced Studies sponsored by SDI in April. She asked that it be on the Agenda for the February 15th meeting.

GENERAL COUNSEL CONCERNS/COMMENTS

General Counsel Nixon asked that the ISDOC Bylaws and Policies and Procedures be forwarded to him as well.

GM/STAFF CONCERNS/COMMENTS

GM Nordbak remarked that although the award letter on the budget was addressed to Finance Director Housley, it was actually given to the District based on the entire budget document.

A quarterly report from CalPERS regarding the District's GASB 45 trust fund was provided to all Board members.

The quarterly reports on recycling from Rainbow Disposal were provided to all Board members.

President Rice reported that she saw a moving truck with the District's refuse and recycle cans on it along with the resident's belongings in the residential neighborhood where Director Cobo lives.

GM Nordbak reported that the District received two calls from different residents thanking our drivers for their great service.

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 5:40 P.M.

Joy Neugebauer, Secretary