

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

April 3, 2012

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, April 3, 2012 at 4:00 P.M.

BOARD MEMBERS PRESENT:

Al P. Krippner
Joy L. Neugebauer
Frank Cobo (arrived at 4:04 P.M.)
Margie L. Rice
Tyler Diep

OTHERS AT MEETING:

Ken Robbins, General Manager
Robert Housley, Finance/HR Director
Tom Nixon, District Counsel
Danielle Gerardo, Board Secretary
Nitin P. Patel, CPA, White Nelson Diehl Evans LLP
Daphnie Munoz, CPA, White Nelson Diehl Evans LLP
William S. Morgan, CPA, White Nelson Diehl Evans

PLEDGE AND INVOCATION

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

APPROVAL OF THE MINUTES OF THE MEETING OF MARCH 20, 2012

A motion was made by Director Diep, seconded by Director Neugebauer to approve the minutes of the meeting of March 20, 2012, as amended. The motion was approved by a 4-0 vote.

APPROVAL OF THE MINUTES OF THE MEETING OF MARCH 27, 2012

A motion was made by Director Diep, seconded by Director Krippner to approve the minutes of the meeting of March 20, 2012, as amended. The motion was approved by a 3-0-1 vote, with Director Neugebauer abstaining.

PUBLIC COMMENTS

None

APPROVAL OF EXPENDITURES

A. Demands in the amount of \$ 167,385.13

A motion was made by Director Neugebauer, seconded by Director Diep to approve the expenditures in the amount of \$ 167,385.13. The motion was approved by a 4-0 vote.

REPORTS

Report of President

President Rice read the thank you card from Midway City Sanitary District employee, Julia Sales, to the Board and employees of the District for all the support, flowers, expressions of sympathy, friendship, prayers, and attendance at Solid Waste Driver Ignacio Gonzalez' memorial service and funeral.

Report of General Manager

GM Robbins reported that the Environmental Impact Report (EIR) for the Van's Skate Park in Huntington Beach has been completed. They are awaiting approval from the planning commission, and then the Special Sewer Service Agreement will be brought back to the Board for approval.

GM Robbins reported that there is a need to purchase two new computers for the District office – one for Lead Sewer Maintenance Worker Darrell Grimes and another for Finance/HR Director Robert Housley.

Director Neugebauer asked if the District should consider purchasing iPads for Management in the future.

GM Robbins reported that the scanning done by Optisource is almost completed.

GM Robbins reported that the annual backflow and assembly testing for the fire sprinkler system within the yard will be completed this month and will be the 5th year, so it will need to be certified and sent to the Orange County Fire Authority (OCFA).

GM Robbins stated that a meeting will need to be scheduled between the committee and the franchisee regarding the franchise agreement. The first deliverables that are within Section 14 of the Exclusive Franchise Agreement are scheduled to come in by April 10, 2012 and should be reviewed per the new agreement that was entered into in October 2011. There should also be discussion regarding recycling mandate AB 341 and how they are going to process and approach commercial residents in the District.

Report from Orange County Sanitation District Meeting (OCSD)

Director Neugebauer reported that there were 13 appointments to the oversight committee for OCSD representative and President Rice was one of those.

Director Neugebauer reported that EnerTec had a March 12, 2012 deadline to create energy from the biosolids they receive. A 90 day extension to the amendment was passed to give them more time to deliver.

Director Neugebauer reported that the difficult negotiations with SWAPA have now been sent to arbitration.

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

Director Diep reported that there was a report from CASA and OCOG at the ISDOC meeting. John Moorlach, chairman of the Orange County Board of Supervisors, spoke on issues such as pension benefits and unfunded liabilities that are affecting local governments. Assemblyman Chris Norby spoke regarding his thoughts on the elimination of RDA's across the state of California.

Director Neugebauer reported that they met early to elect Bob Ooten from the Costa Mesa Sanitary District and Phil Hawkins from the Yorba Linda Water District.

Director Krippner stated that the meeting was not as well attended as in the past, possibly because of the location of the meeting.

Director Neugebauer reported that the Orange County Sanitation District has a new website and it is: www.ocsewers.com.

Director Cobo stated that he found the meeting interesting and was impressed with what the speakers had to do to be in their positions.

CONSENT CALENDAR

- A. Approval of the request of General Manager, Kenneth Robbins to receive 60 hours of vacation pay in lieu of time off

A motion was made by Director Diep, seconded by Director Neugebauer to approve the consent calendar. The motion was approved by a 5-0 vote.

OLD BUSINESS

None

NEW BUSINESS

- A. Consider and Approve the Letter of Engagement and Agreement for Independent Audit Services, of White Nelson Diehl Evans LLP, to perform the Fiscal Year 2011-12 (July 1, 2011 through June 30, 2012)audit

Finance/HR Director Housley introduced Mr. Nitin P. Patel, CPA and Senior Engagement Partner from White Nelson Diehl Evans LLP, who answered a few questions from the Board. Mr. Patel introduced his engagement partner, Daphnie Munoz, CPA. September 15, 2012 is the date they anticipate for the audit to be completed.

A motion was made by Director Diep, seconded by Director Cobo to approve a single-year contract with the option of one additional year, for a total of two years.

Further discussion ensued and Director Diep withdrew his original motion.

Director Neugebauer made a substitute motion, seconded by Director Diep to approve the letter of engagement, as presented, for one year, with a second and third year being optional, for a total of three years. The motion was approved by a 5-0 vote.

- B. Approve the Engagement of White Nelson Diehl Evans LLP, to Perform an Agreed-Upon Procedure Review in Relation to the Fees the Midway City Sanitary District Receives as per its Franchise Agreement with Rainbow Environmental and CR&R Transport

Finance/HR Director Housley stated that the agreement between the District and Rainbow Environmental allows the District to go back three years and there is a cost benefit in doing that versus just one year.

GM Robbins stated that the District should do their due diligence since an audit has never been done on the franchisee.

William S. Morgan, CPA and Principal and Director of Consulting Services for White Nelson Diehl Evans LLP gave a brief presentation and explained to the Board what procedure he would be taking with the review of Rainbow Environmental.

A motion was made by Director Cobo, seconded by Director Diep to approve auditing the franchisee's last three years' contract (2009, 2010, 2011). The motion was approved by a 5-0 vote.

President Rice stated that she felt that the AB 939 needed to be looked into during the review. The District used to get frequent reports and has not for some time.

C. Schedule the First Public Budget Workshop/Study Session

A motion was made by Director Neugebauer, seconded by Director Diep to schedule the first public budget workshop/study session for Tuesday, April 17, 2012 at 10:30 A.M. The motion was approved by a 5-0 vote.

D. Review and Discuss Board Compensation and Benefits

A motion was made by Director Diep, seconded by Director Cobo to receive and file this agenda item. The motion was approved by a 5-0 vote.

E. Consider supporting Finance/HR Director, Robert Housley as a Nominee to the California Municipal Treasurers Association (CMTA) Executive Board of Directors

A motion was made by Director Diep, seconded by Director Cobo to support Finance/HR Director Housley as a nominee to the CMTA Executive Board of Directors and have President Rice sign a strong recommendation letter. The motion was approved by a 5-0 vote.

BOARD CONCERNS/COMMENTS

Director Neugebauer thanked staff for adding dates the disbursements were made to the expenditures on the agenda.

President Rice stated that she did not feel that the Directors should be paid for the employee luncheon and that they have not been paid for it in the past.

GM/STAFF CONCERNS/COMMENTS

GM Robbins asked if the Board would like him to look into a sharps disposal program for the District. He spoke with Christine Knapp at Orange County Waste and Recycling and there is a program that allows you to purchase special bags which come postage

paid and holds several sharps. The District could purchase the bags for around \$25 each and offer them to the public. The public could come into the office, pick one up or purchase one, and mail it in safely. GM Robbins was asked to look into it further.

President Rice stated that there is a County program but there needs to also be one for excess medications and their disposal. Staff was asked to look into this too.

GENERAL COUNSEL CONCERNS/COMMENTS

None

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

A. Consider CSDA Board of Directors Call For Nominations Seat A

President Rice asked if anyone was interested in the position on the CSDA Board and there was none.

ADJOURNMENT

President Rice adjourned the meeting to Tuesday, April 10, 2012 at 4 P.M. at approximately 5:10 P.M.

Joy Neugebauer, Secretary