

**MINUTES OF THE ADJOURNED SPECIAL MEETING OF THE
BOARD OF DIRECTORS OF THE MIDWAY CITY
SANITARY DISTRICT OF ORANGE COUNTY
14451 CEDARWOOD AVENUE
WESTMINSTER, CA**

May 22, 2014

CALL TO ORDER

President Cobo called the adjourned special meeting of the Governing Board of the Midway City Sanitary District to order at 14451 Cedarwood Avenue, Westminster, California on Tuesday, May 22, 2014 at 5:30P.M.

BOARD MEMBERS PRESENT:

Al P. Krippner
Joy L. Neugebauer
Tyler Diep (*arrival 5:33 P.M.*)
Margie L. Rice
Frank Cobo

OTHERS AT MEETING:

Ken Robbins, General Manager
Robert Housley, Finance/HR Director
Tom Nixon, District Counsel
Julia Book, Administrative Secretary/Receptionist
Gene Rosen (*resident*)

PLEDGE AND INVOCATION

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

PUBLIC COMMENTS

None

APPROVAL OF THE MINUTES OF THE MEETING OF MAY 6, 2014

A motion was made by Director Rice, seconded by Director Krippner to approve the minutes of the meeting of May 6, 2014. The motion was approved by the following 4-0 vote:

AYES: Directors Cobo, Krippner, Neugebauer, Rice

NAYS:

ABSTAIN:

ABSENT: Director Diep

APPROVAL OF THE MINUTES OF THE ADJOURNED MEETING OF MAY 13, 2014

A motion was made by Director Rice, seconded by Director Neugebauer to approve the minutes of the meeting of May 13, 2014. The motion was approved by the following 4-0 vote:

AYES: Directors Cobo, Krippner, Neugebauer, Rice

NAYS:

ABSTAIN:

ABSENT: Director Diep

Director Diep arrived 5:33 P.M.

APPROVAL OF REVISED MINUTES OF THE MEETING OF NOVEMBER 22, 2013

A motion was made by Director Neugebauer, seconded by Director Rice to approve the minutes of the meeting of November 22, 2013, as. The motion was approved by the following 5-0 vote:

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

NAYS:

ABSTAIN:

ABSENT:

APPROVAL OF EXPENDITURES

A. Demands in the amount of \$ 302,438.22

#	CK #	Date	AMOUNT	VENDOR
				HANDCUT CHECKS:
	6830	5/1	2,132.01	DJ Printing - Commercial Sewer Service Rates Notices to be Mailed
	6831	5/8	325.86	AT&T Mobility - Service for April 2014: (KR) 714-310-2313, (NC) 714-310-8653, (DGr) 714-325-3606, Sewer 714-310-8654, Emergency 714-310-9004.
	6832	5/8	11,749.83	CalPERS Retirement - Retirement Contributions for April 2014
	6833	5/8	105.98	DirecTV - Service for May 2014
	6834	5/12	13.78	City of Westminster - Hammon Lift Station Water Usage for 03/12-05/06/2014
	6835	5/12	100.00	Neugebauer, Joy - Per Diem CSDA Sacramento, CA 05/20-05/21/2014
	6836	5/12	150.00	Rice, Margie - Per Diem CSDA Sacramento, CA 05/19-05/21/2014
	6837	5/12	100.00	Robbins, Kenneth - Per Diem CSDA Sacramento, CA 05/20-05/21/2014
	6838	5/14	11,749.83	CalPERS Retirement - Retirement Contributions for May 2014
	6839	5/14	90.00	County of Orange Auditor-Controller - County Fees for Corrections for (2) Parcels
			26,517.29	HANDCUT CHECKS SUBTOTAL

REGULAR CHECKS:

6840-			
6845	5/14	VOID	Printer Malfunction
6846	5/14	207.45	Cummins Cal Pacific, LLC - (8) Noise Isolators, (8) Hex Caps, (1) Gasket, (1) Element for T65
6847	5/14	917.94	Darco Transmission - (10) Gallons ATF Oil, (8) Filter Kits for T65
6848	5/14	283.26	G & K Services - Uniform Services for May 2014
6849	5/14	56.90	Hillco Fastener Warehouse Inc. - (35) Washers, (50) Connectors, (40) Nylon Receptacle, (9) Connectors
6850	5/14	423.51	ID Industries - Restock (20) Grabber Rollers, (5) On/Off Master Switches
6851	5/14	100.00	Ironman Parts - Level 2 Durathon Service for D.P.F. Filter (T52)
6852	5/14	100.00	Quintero, Jesus - Five-Year Safety Award
6853	5/14	1,042.00	Los Alamitos Napa Auto Parts - Restock (10) Hose Ends, (6) Fittings, (1) Oil Filter; (2) Antennas for T52 & T53; (1) Oil Filter for T4.
6854	5/14	689.49	Los Angeles Freightliner - (1) A/C Control Panel, (2) Connectors, (1) A/C Switch for T62
6855	5/14	135.00	Memorial Care Medical Group - Preventative Services (SG, JS, RM)
6856	5/14	1,353.00	Merchants Building Maintenance, LLC - District Offices Carpet Cleaning, Stripping & Waxing Vinyl Floors, Stripping and Sealing Tile Floors.
6857	5/14	5,113.85	Orange County Sanitation District - Permit Fees for April 2014 (MCSD 5% = \$269.15)
6858	5/14	1,526.71	Orange County Sanitation District - 2013-2014 2nd & 3rd Quarter OCHCA FOG/BMP Inspections
6859	5/14	109,762.06	Rainbow Transfer Recycling, Inc. - Tonnage for April 2014
6860	5/14	539.30	Ray Gaskin Service - Repair (2) Heil Arm Rise Cylinders for T51 & T62
6861	5/14	2,001.53	Rosemead Oil Products - (1) Drum of Anti-Freeze, (185) Hydraulic Oil for Restock
6862	5/14	2,057.08	Rutan & Tucker, LLP - Legal Services for April 2014
6863	5/14	5,227.85	Truck Gears, Inc. - (1) Rebuilt Rockwell Differential, (1) Strap Kit, (1) Seal for T59
6864	5/14	246.67	TrucPar Company - (2) Valves for Restock
6865	5/14	9.00	Underground Service Alert - (6) New Tickets for April 2014
6866	5/14	60.00	Advanced Gas Products - Cylinder Rental for April 2014
6867	5/14	3,930.62	Bodyworks Equipment, Inc - (1) Track Assembly for T62; (1) Wire Harness for T59
6868	5/14	54,553.82	City of Westminster - Gasoline & Diesel Usage from January through March 2014
6869	5/14	3,938.60	Computer Research Center - (2) Replacement Computers for District; Maintenance & Support for June 2014
6870	5/14	1,006.25	Country City Towing - Tows for T51 & T59
6871	5/14	21,356.57	CR Transfer - Tonnage for April 2014

\$ 216,438.46 REGULAR CHECKS SUBTOTAL

PAYROLL

5/13	57,788.65	Payroll - Staff Check # 15637 - 15640 Taxes & Direct Deposits
5/13	1,025.00	Payroll - Nationwide Deferred Compensation (100% Paid By Employees)
5/13	425.00	Payroll - Nationwide Deferred Compensation (100% Paid By Employees)
5/13	43.82	Payroll - Nationwide Deferred Compensation (100% Paid By Employees)

\$ 59,282.47 PAYROLL SUBTOTAL

\$ 302,438.22 TOTAL EXPENDITURES (HANDCUT, REGULAR, PAYROLL)

A motion was made by Director Neugebauer, seconded by Director Diep to approve the expenditures in the amount of \$ 302,438.22. The motion was approved by the following 5-0 vote:

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

NAYS:

ABSTAIN:

ABSENT:

REPORTS

Report of President

None

Report of General Manager

General Manager Robbins reported that he received a call today confirming that Heil Body Works will be providing travel for Juan Salce, Lead Mechanic and Nick Castro, Director of Operations/Safety to Chattanooga, Tennessee and Alabama on July 21-24, 2014 in order for them to inspect the two new CNG trucks that will be coming off the production line. The only cost to Midway City Sanitary District will be the price of parking for the employees' vehicles at the Ontario, CA airport.

Report from Orange County Sanitation District (OCSD) Meeting

Director Diep stated that there was no meeting to report on but that he and Director Krippner attended the Orange County Sanitation District State of the District Breakfast on May 21, 2014 in honor of their 60th anniversary. Director Diep reported that Lou Carrera was in attendance and that the Board Chair presented a video that went through the formation and history of OCSD. He recognized Directors Neugebauer and Rice as a part of the Orange County Sanitation District's vote to secondary treatment of the ground water.

Director Krippner added that at the start of Orange County Sanitation District there were approximately 16,000 people in the District and now they are accommodating millions.

Report from City of Westminster's Mayors Ball

President Cobo stated that he thought it was well done and well attended.

Director Rice agreed that it was a great evening. The mother of Tri Ta, Mayor of the City of Westminster spoke and stated how very thankful she was to those who have helped her son.

President Cobo and Director Rice both agreed that her speech was heartwarming. Director Diep stated that he invited Michele Clark from Rainbow Environmental Services to be part of the organizing committee next year for the City of Westminster's Mayor's Ball.

President Cobo recognized that Director Diep spoke well and that he was impressed with how he handled the job of Master of Ceremony.

Director Neugebauer reported that the entertainment reflected well on The Rose Center and the talented young people of the community, and Mr. Tim Nelson, who operates the theatre. She agreed that Mayor Tri Ta's mother spoke well, as did Tri Ta, City of Westminster Mayor, with his comments on the community, its future and what he hopes to achieve as Mayor.

Report from the Orange County Water Summit

Director Neugebauer found the Orange County Water Summit outstanding and reported that a lot of the focus was on the Water Bond which will be on the ballot this year. Congressman Garamendi was the speaker who emphasized that this Water Bond does not address the issues in a manner that is going to solve anything. Director Neugebauer was surprised as she expected him to promote the Water Bond. She reported that the water bond was also a topic at the CSDA Special District Legislative Days.

Director Neugebauer stated that the exhibits and the speakers were outstanding and because this event was in Anaheim, the most positive part was the opportunity to interact with other elected officials with the same interests and she found it a very worthwhile day.

Director Krippner stated that he thought it was politically aimed and he was surprised that some of the things said were against their party's contentions.

Report from California Special Districts Association (CSDA) Spec. District Leg. Days

Director Rice reported that she was upset with the CalPERS changes discussed at the round table, which she feels will cause a lot of trouble, even though General Manager Robbins feels it probably won't pass. At the capital, Travis Allen came and visited with them and they were taken onto the floor of the Assembly Room. It was General Manager Robbins' first trip there and he was impressed. Director Rice stated that it was a good conference and that they had three bills that they were told to legislate and discuss with legislators, and she said that General Manager Robbins and Director Neugebauer did a great job.

Director Neugebauer stated that, with regard to Assembly Bill 1897, which would provide that anybody that was contracted to work with Midway City Sanitary District would have to be insured by the District. The briefing that they received was to urge

support of the bill if they exempted public agencies. If put on private agencies, the cost of every contracted service will also be going up for private enterprises as well as the District.

Director Neugebauer said they listened very attentively the District members should have been given a little more in depth information when briefed on the current status of bills so that they could respond appropriately. She agreed with Director Rice that General Manager Robbins presented the District's concerns very well.

Director Rice reported that she was requested to get the City of Westminster involved. She has called the Mayor directly and received approval for the City of Westminster to support legislation to save the fire pits at the beach.

Report from Orange County Sanitation District State of the District Breakfast

Directors Diep and Krippner attended and reported under Report from OCSD meeting.

Report from Redevelopment Agency (RDA) Oversight Committee

Director Rice reported that some of the items that the City had purchased were being questioned and the Finance Director and someone from the RDA Staff went to Sacramento and were briefed on what they could or could not keep. It was brought to the Oversight Committee to recommend. One problem was that the City of Westminster does not own the main post office, only the one on Goldenwest, but the other one was reroofed and they want the City of Westminster to pay for it.

Director Neugebauer reported that Director Rice was appointed to the Oversight Committee by Midway City Sanitary District and asked to be informed of the meetings.

There was Board discussion regarding the importance of receiving the agenda prior to the meeting and staff was directed to follow up and make sure that Midway City Sanitary District receives Oversight Committee meeting agendas in the future.

CONSENT CALENDAR

A. Investment Report for April 2014

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

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

NAYS:

ABSTAIN:

ABSENT:

OLD BUSINESS

None

NEW BUSINESS

A. Discuss and Consider Nomination Form for Orange County Local Agency Formation Commission (LAFCO) Regular Special District Seat and Alternate Special District Seat That Will Expire on June 30, 2014

A motion was made by Director Rice, seconded by Director Diep to approve nomination of James Fisler for the LAFCO Alternate Special District Seat. The motion was approved by the following 5-0 vote:

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

NAYS:

ABSTAIN:

ABSENT:

B. Consider Setting Date and Time to Tour the CR&R Material Recovery Facility in Stanton, CA

A motion was made by Director Neugebauer, seconded by Director Diep to approve setting a date of Thursday, July 10, 2014 at 10:00 A.M. and an alternate date of Tuesday, July 29, 2014 at 10:00 A.M. to tour the CR&R Material Recovery Facility in Stanton, CA. The motion was approved by the following 5-0 vote:

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

NAYS:

ABSTAIN:

ABSENT:

C. Consider the Services of American Shield Private Security, Inc. for the Midway City Sanitary District Front Office

A motion was made by Director Rice, seconded by Director Neugebauer to extend the contract for services of American Shield Security, Inc. for the Midway City Sanitary District front office and for Staff to set a date for re-evaluation. The motion was approved by the following 5-0 vote:

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

NAYS:

ABSTAIN:

ABSENT:

D. Approval to Dispose of Midway City Sanitary District Truck #T51 – 1995 White GMC Solid Waste Automated Side Loader with Heil Body

A motion was made by Director Diep, seconded by Director Rice to approve disposal of the Midway City Sanitary District Truck #T51 – 1995 White GMC Solid Waste Automated Side Loader with Heil Body to the highest bidder. The motion was approved by the following 5-0 vote:

AYES: Directors Coco, Diep, Krippner, Neugebauer, Rice

NAYS:

ABSTAIN:

ABSENT:

E. Resolution No. 2014-06

(Roll Call Vote)

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE MIDWAY CITY SANITARY DISTRICT, OF ORANGE COUNTY, CALIFORNIA, APPROVING A CHANGE TO THE TIME OF THE DISTRICT'S REGULAR MEETING AND DIRECTING THAT THE POLICIES AND PROCEDURES OF THE BOARD OF DIRECTORS BE REVISED ACCORDINGLY

A motion was made by Director Diep, seconded by Director Krippner to adopt Resolution No. 2014-06. The motion was approved by the following 5-0 roll call vote:

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

NAYS:

ABSTAIN:

ABSENT:

F. Consider Approving the 2014-15 Annual Salaries and Step Ranges for Management and Administration Employees

A motion was made by Director Diep, seconded by Director Rice to approve the 2014-15 annual salaries and step ranges for management and administration employees. The motion was approved by the following 5-0 vote:

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

NAYS:

ABSTAIN:

ABSENT:

G. Participation in the County of Orange, Midway City Community Cleanup Event on Saturday, June 28, 2014

General Manager Robbins stated that O.C. Waste and Recycling would be providing a fun zone at the Midway City Community Center from 8:30–11:00 A.M. on the day of the Community Cleanup and that this would be a good location for the District to participate.

A motion was made by Director Diep, seconded by Director Neugebauer to approve participation in the County of Orange, Midway City Community Cleanup Event on Saturday, June 28, 2014. The motion was approved by the following 5-0 vote:

AYES: Directors Cobo, Diep, Krippner, Neugebauer, Rice
NAYS:
ABSTAIN:
ABSENT:

H. Consider Affirmation of New CalTRUST Joint Powers Authority Board of Trustee Brian Mayhew

A motion was made by Director Rice, seconded by Director Krippner to approve the New CalTRUST Joint Powers Authority Board of Trustee Brian Mayhew. The motion was approved by the following 4-1 vote:

AYES: Directors Cobo, Diep, Krippner, Rice
NAYS: Director Neugebauer
ABSTAIN:
ABSENT:

I. Fiscal Year 2013-2014 Third Quarter Financial Reports and Budget Review for the Period of July 1, 2013 through March 31, 2014

Finance/HR Director Housley reported that cash, checking and investments reflect a \$4.1 million dollar increase from the prior year and is due to the differences in the redevelopment funds and an earmarking of funds for the last few years that the District will be spending down within the next 12-18 months towards the CNG station and trucks. He reviewed the District's current assets and explained that line 24 of the report has a \$1.5 million item which are the funds put aside in the OPEB/GASB 45 trust for future liability costs. The liability cost is approximately \$2.4 million dollars that the Board agreed to fully prefund. The \$1.5 million is part of the payment of the \$2.4 million.

Director Krippner remarked that it looks strange on paper because last year this was zero dollars and he recommended an asterisk with a footnote as to why it is different from last year.

Finance/HR Director Housley explained that this will show what the District has prepaid and is an asset. Midway City Sanitary District is fully prefunding the money into a trust and

then each year it is applied towards the cost. The last few years the District had decided to pay the annual arc, but this year the Board decided to pay the arc plus fully prefund the full liability.

Director Krippner recommended an asterisk with a footnote as to why it is different from last year so that the report is clearer for the public.

The Board agreed that it would be important to highlight and footnote the item and Finance/HR Director Housley stated that he would update the report as recommended.

Finance/HR Director Housley reported that the financial reports are current as of March 31, 2014 and that the District is pending two big revenues - the property taxes and user fees that come in April and December and are not reflected on this third quarter report.

Finance Director Housley reported that reserves are at 65% which is a \$5.5 million increase from the prior year and the budget revenue is at 70% which is in line with the budget for this time of year.

Director Neugebauer pointed out that administrative repairs and maintenance were over budget and asked which vehicle this was in reference to and whether these charges were from the District's garage or are the charges from outside of the District's mechanics.

Finance/HR Director Housley explained that they are for the District van and for fleet maintenance.

A motion was made by Director Diep, seconded by Director Krippner to receive and file the fiscal year 2013-2014 third quarter financial reports and budget review for the period of July 1, 2013 through March 31, 2014. The motion was approved by the following 5-0 vote:

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

NAYS:

ABSTAIN:

ABSENT:

INFORMATIONAL ITEMS

A. Web Site Activity for the Month of April 2014 (42,324 Successful Hits)

A motion was made by Director Neugebauer, seconded by Director Diep to receive and file the web site activity for the month of April 2014. The motion was approved by the following 5-0 vote:

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

NAYS:

ABSTAIN:

ABSENT:

BOARD CONCERNS/COMMENTS

Director Neugebauer stated that the round table discussions at the CSDA Legislative Days were very positive, that Director Rice had provided good advice on needed changes to PERS that would impact elected officials and they indicated that they would consider making modifications to that language. She stated that the Orange County Water Summit meeting was also well worth the time.

Director Rice stated that she had voiced her concern that there was no Pledge of Allegiance to the Flag on the first day of the conference and as a result, there was on the second day and she made a point of thanking them.

Director Neugebauer stated that at the May 15, 2014 meeting the Board requested a Resolution of censure be prepared and she asked when it would be presented to the Board.

General Counsel Nixon reported that the draft Resolution is pending supportive documentation that Staff is waiting to receive before the Resolution will be presented for the Board's consideration.

Director Neugebauer requested that Staff have it brought to the next meeting for the Board's approval. She reminded the Board that the April 1, 2014 meeting was at the core of the Board's concern, that the Resolution is a priority and that she feels the Board will function in a more productive manner once the Resolution is completed.

Director Rice thanked Finance/HR Director Housley for the easy to follow quarterly report.

GM/STAFF CONCERNS/COMMENTS

Finance/HR Director Housley reported that the District has scheduled the field work portion of the annual audit with White Nelson Diehl Evans for August 11-15, 2014 and that he will schedule an appointment with President Cobo to meet with them prior to the audit.

GENERAL COUNSEL CONCERNS/COMMENTS

None

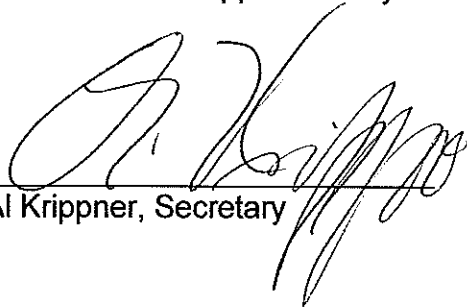
CLOSED SESSION

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.

ADJOURNMENT

President Cobo adjourned the meeting to Tuesday, June 3, 2014 at 5:30 P.M. at the District office at approximately 6:41 P.M.



Al Krippner, Secretary