

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

June 17, 2014

CALL TO ORDER

President Cobo called the regular meeting of the Governing Board of the Midway City Sanitary District to order at 14451 Cedarwood Avenue, Westminster, California on Tuesday, June 17, 2014 at 5:30 P.M.

BOARD MEMBERS PRESENT:

Al P. Krippner
Joy L. Neugebauer
Tyler Diep (arrived at 5:32 P.M.)
Margie L. Rice
Frank Cobo

OTHERS AT MEETING:

Ken Robbins, General Manager
Robert Housley, Finance/HR Director
Tom Nixon, General Counsel
Danielle Gerardo, Board Secretary
Andrew Taylor, Security Guard
Bill Holman, VP Christopher Homes

PLEDGE AND INVOCATION

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

PUBLIC COMMENTS

None

APPROVAL OF THE MINUTES OF THE MEETING OF JUNE 3, 2014

A motion was made by Director Neugebauer, seconded by Director Rice to approve the minutes of the meeting of June 3, 2014. The motion was approved by the following 4-0 vote:

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

APPROVAL OF THE MINUTES OF THE ADJOURNED MEETING OF JUNE 10, 2014

A motion was made by Director Rice, seconded by Director Neugebauer to approve the minutes of the meeting of June 10, 2014, with an addition. The motion was approved by the following 5-0 vote:

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

APPROVAL OF EXPENDITURES

A. Demands in the amount of \$ 305,756.84

#	CK #	Date	AMOUNT	VENDOR
1				HANDCUT CHECKS:
2	6908-6911	6/9	VOID	Printer Malfunction
3	6912	6/9	325.86	AT&T Mobility - Service for May 2014; (KR) 714-310-2313, (NC) 714-310-8653, (DGr) 714-325-3606,
4				Sewer 714-310-8654, Emergency 714-310-9004.
5	6913	6/9	105.98	DirecTV - Service for June 2014
6	6914	6/9	24,144.00	SDRMA - Workers' Compensation Payment for 1st Quarter (July 1 - September 30, 2014) FY 2014-2015
7	6915	6/9	3,775.59	US Bank - (\$2,613.47 KR) Administrative Appreciation Day Luncheon for Staff 04/23/14; Frame for District
8				Board Room Poster;2014 Mayor's Ball Tickets 5/10/14(KR,MR JN,FC,TD,AK);USPS Mailing of Verizon Claim
9				Denial;OC Water Summit 05/16/14(KR,JN,AK);ISDOC Qrtly Mtg 5/29/14(KR,RH,FC,MR,JN,TD,AK);
10				Wiarcom Mnthly Services for 4/2014 & 5/2014,(\$88.66 Dge)Refreshments for 5/06 & 5/13 Board Mtgs.
11				(\$24.84 DGr)Restock Sewer Safety Supplies,(\$356.54 NC)Lunch for Training 5/10/14;Restock Operating
12				Supplies(\$719.06 RH)City of Westminster Water for Wash Rack & Maint.Shop 2/19-4/15/2014;City of
13				Westminster Water for District Offices 2/19-04/15/2014 ;CALPELRA Membership Dues for FY 2013-2014 &
14				FY 2014-2015; Remington Monthly Service for May 2014; OC Register Subscription April 2014.
15	6916	6/11	25.39	Office Max Contract - Restock District Office Supplies for June 2014
16			28,376.82	HANDCUT CHECKS SUBTOTAL
17				

17			
18			REGULAR CHECKS:
19	6917	6/11	545.20 Advanced Gas Products -Restock(1)Oxygen Regulator,(1)Acetylene Regulator,(1)Cylinder Compressed Gas(12.2)Gallons Liquefied Propane, (1) Cylinder Compressed Oxygen, Cylinder Rental for May 2014
20			
21	6918	6/11	1,989.50 American Shield Private Security, Inc. - Services Rendered from 05/16-05/31/2014
22	6919	6/11	177.12 Bodyworks Equipment - (1) Crossport Relief Valve for T55
23	6920	6/11	2,780.00 California Suspension & Alignment Mobile - (4) Bar Pin Buching Kits, (4) Tie Bar Bolter Springs for T61
24	6921	6/11	11,749.83 CalPERS Retirement - Retirement Contributions for June 2014
25	6922	6/11	737.00 Computer Research Center - Maintenance & Support for July 2014
26	6923	6/11	21,501.32 CR Transfer - Tonnage for May 2014
27	6924	6/11	2,649.20 Daniels Tire Service - (14) Recaps & (2) Repairs for Restock
28	6925	6/11	295.26 G & K Services - Uniform Services for May & June 2014
29	6926	6/11	276.48 ID Industries - (20) Rocker Switch & (20) Springs for Restock
30	6927	6/11	300.00 Ironman Parts - D.P.F. Filter Cleaning for T61
31	6928	6/11	683.00 Los Alamitos Napa Auto Parts - (1) Air Dryer, (3) Clamps, & (19) Hose-Ends for Restock
32	6929	6/11	185.00 Memorial Care Medical Group - Drug Screenings (RM, AG, NC, RJ)
33	6930	6/11	16,126.25 Orange County Sanitation District - Permit Fees for May 2014 (MCSD 5% = \$848.75)
34	6931	6/11	43,415.53 Performance Pipeline Technologies - Sewer Cleaning & CCTV Inspection Progressive Payment
35	6932	6/11	116,168.61 Rainbow Transfer Recycling - Tonnage for May 2014
36	6933	6/11	302.40 Reyes Alternators - (1) Alternator for T52
37	6934	6/11	271.93 TEC of California - (1) Valve for T52
38	6935	6/11	10.50 Underground Service Alert - (7) New Tickets for May 2014
39			\$ 220,164.13 REGULAR CHECKS SUBTOTAL
40			
41			PAYROLL
42	6/10		55,451.52 Payroll - Staff Check # 15649 - 15650 Taxes & Direct Deposits
43	6/10		425.00 Payroll - Nationwide Deferred Compensation (100% Paid By Employees)
44	6/10		1,339.37 Payroll - Nationwide Deferred Compensation (100% Paid By Employees)
45			\$ 57,215.89 PAYROLL SUBTOTAL
46			
47			\$ 305,756.84 TOTAL EXPENDITURES (HANDCUT, REGULAR, PAYROLL)
48			

A motion was made by Director Rice, seconded by Director Neugebauer to approve the expenditures in the amount of \$ 305,756.84. The motion was approved by the following 5-0 vote:

AYES: Cobo, Diep, Krippner, Neugebauer, Rice

NAYS:

ABSTAIN:

ABSENT:

REPORTS

Report of President

None

Report of General Manager

GM Robbins reported that he and the engineers from GreenbergFarrow had an appointment for a meeting on Wednesday, June 18, 2014 with City of Westminster's Building and Planning Departments regarding their comments on the CNG fueling station plans. He stated that, even though the Board had approved a 30% down payment for the equipment to be preordered, he had not yet given authorization to send the funds until after the meeting regarding the comments made and in order to make sure that the CNG fueling station is not in jeopardy due to the Planning and Building Departments' comments. If after the meeting, he feels comfortable that the fueling station is moving forward, he will release those funds.

GM Robbins stated that he will be out of the office and using two days of his vacation time on Thursday and Friday, July 17 and 18, 2014.

Report from Orange County Sanitation District Meeting (OCSD)

Director Diep reported that there was an Administrative Committee Meeting last week at which the Board considered and made favorable recommendations for the two year budget. He requested the slide show from OCSD which he was provided and shared the overview with the Board. OCSD was heavily criticized for sitting on a large reserve of \$500 million so they are trying to spend down the reserves so that each year they will spend more than they take in.

Report from the Waste Water Technology Forum

Director Krippner provided the Board with a written summary of the Waste Water Technology Forum.

GM Robbins reported that the seminar was informative but geared toward GIS and implementing their software, which requires an annual maintenance fee. For multiple users of larger volume entities it would be a benefit but would not be feasible for the District at this time. He stated that Staff is interested in smart covers for sewer overflows and monitoring to collect data for the District. He feels that a workshop for the Board to review the information would be a good idea.

Director Neugebauer stated that when the Board approved attendance to the Waste Water Technology Forum, they also delayed making a decision on the purchase of a portable generator in order to make sure that it was the right decision. She asked if there was any information gained at the Forum in order to make a decision on that item.

GM Robbins stated that there was not any information provided on generators at the Forum, mainly their specialized GIS software.

Director Neugebauer stated that she regretted that she was not able to attend.

Report from the California Association of Sanitation Agencies (CASA) Conference Call

Director Rice reported that during her telephone conference call there was discussion regarding the budget and that CASA's fees are not being raised this year. A high salary public relations person is being hired and Director Rice told them she feels that they are "building a dynasty" and that she does not wish to be on the Executive Board again next year.

Report from the Calendar Committee Meeting

Directors Rice and Neugebauer met with GM Robbins to discuss next year's calendar which they hope will educate the District's patrons and help the District achieve its recycling goals. The content was reviewed and will be updated with additional information to promote recycling. There will also be information and graphics regarding not flushing "flushable" wipes down the drain because most people still believe they are flushable which is incorrect.

CONSENT CALENDAR

A. Investment Report for May 2014

B. Approve Attendance to the Municipal Water District of Orange County (MWDOC) Water Policy Forum on Wednesday, July 30, 2014

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

AYES: Cobo, Diep, Krippner, Neugebauer and Rice

NAYS:

ABSTAIN:

ABSENT:

OLD BUSINESS

None

NEW BUSINESS

A. Approval of Flo-Services to Continue Quarterly Lift Station Maintenance for Fiscal Year 2014/2015 and to Include New Portable Backup Emergency Generator and Check Valve Replacements at all Four (4) Lift Stations

It was a Board decision to postpone this item until after the Waste Water Technology Forum in case new information was obtained but GM Robbins reported that there was no information provided at the Forum regarding the lift stations. For the past two months, he has attempted to get two other bids - one from Cummins, who is the District's current maintenance provider, and Odyssey. As of today's meeting the District had not received those proposals. Cummins does the maintenance on the backup generators at the Westminster and Hammon lift stations. The Brookhurst and Willow lift stations have no room for a backup generator unless the District were to buy some of the land next to those lift stations, which is why a portable backup emergency generator is being proposed.

Director Neugebauer stated that she favors the portable generator, but for the future would like a backup generator at both of those sites if the District can acquire the land.

A motion was made by Director Neugebauer, seconded by Director Rice to approve Staff's recommendation to have Flo-Services to continue the quarterly lift station maintenance for fiscal year 2014/2015 and to include new portable backup emergency generator and check valve replacements at all four of the Districts lift stations, and to evaluate the service at the end of the contract year. The motion was approved by the following 5-0 vote:

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

B. Consider Attendance to the Orange County Sanitation District's 2014 Honor Walk on Wednesday, June 25, 2014

A motion was made by Director Diep, seconded by Director Rice to approve attendance to Orange County Sanitation District's 2014 Honor Walk. The motion was approved by the following 5-0 vote:

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

C. Consider and Approve Attendance of Finance/HR Director, Robert Housley, to the CalPERS Education Forum, October 27-29, 2014

A motion was made by Director Rice, seconded by Director Diep to approve attendance for Finance/HR Director Housley to the CalPERS Education Forum. The motion was approved by the following 5-0 vote:

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

D. Resolution No. 2014-09

(Roll Call Vote)

A RESOLUTION NO. 2014-09 OF THE BOARD OF DIRECTORS OF THE MIDWAY CITY SANITARY DISTRICT OF ORANGE COUNTY, CALIFORNIA, ESTABLISHING THE APPROPRIATIONS LIMIT FOR THE FISCAL YEAR 2014-2015 FOR THE DISTRICT IN ACCORDANCE WITH THE PROVISIONS OF DIVISION 9 OF TITLE 1 OF THE CALIFORNIA GOVERNMENT CODE

A motion was made by Director Neugebauer, seconded by Director Diep to approve adoption of Resolution No. 2014-09 as presented and waive further reading. The motion was approved by the following 5-0 roll call vote:

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

E. Resolution No. 2014-10

(Roll Call Vote)

A RESOLUTION NO. 2014-10 OF THE BOARD OF DIRECTORS OF THE MIDWAY CITY SANITARY DISTRICT OF ORANGE COUNTY, CALIFORNIA, ESTABLISHING A POLICY APPLICABLE TO DISTRICT DEPOSITS AND INVESTED FUNDS

A motion was made by Director Rice, seconded by Director Diep to approve adoption of Resolution No. 2014-10. The motion was approved by the following 5-0 roll call vote:

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

A RESOLUTION NO. 2014-11 OF THE BOARD OF DIRECTORS OF THE MIDWAY CITY SANITARY DISTRICT OF ORANGE COUNTY, CALIFORNIA, APPROVING THE ANNUAL STATEMENT OF INVESTMENT POLICY FOR FISCAL YEAR 2014-2015 (JULY 1, 2014 THROUGH JUNE 30, 2015)

A motion was made by Director Rice, seconded by Director Diep to approve adoption of Resolution No. 2014-11. The motion was approved by the following 5-0 roll call vote:

AYES: Cobo, Diep, Krippner, Neugebauer, Rice

NAYS:

ABSTAIN:

ABSENT:

G. Orange County Auditor-Controller Memorandum on Special Assessments on Wholly Exempt Parcels

Finance/HR Director Housley stated that there are approximately 130 parcels within the District that are exempt and do not pay a property tax but the District puts a user fee onto the tax bill which the auditor assesses and collects for the District. Most of the agencies are school districts, parks, fire, police, etc. As of August 1, 2014 the auditor-controller will no longer be collecting these funds, which have a total approximate value of \$110,000, but will still be collecting from residential and commercial properties. The District will either need to do the work in house to research, bill and collect the fees or find an alternate method to do so. Staff will be researching this issue and bring it back for the Board's consideration. The District currently has the software capable of doing the billing but will need to do research to find out whether it is feasible to also be responsible for delinquencies, collections, interest and fees and if the District chooses to use an outside source, there will be a charge for the service. The deadline is August 1, 2014 to submit everything to the County for them to put on the tax roll, they will then bounce back the parcels that are exempt and that they will no longer bill so the District will need to have an idea of what to do by that time.

A motion was made by Director Neugebauer, seconded by Director Diep to receive and file the information. The motion was approved by the following 5-0 vote:

AYES: Cobo, Diep, Krippner, Neugebauer, Rice

NAYS:

ABSTAIN:

ABSENT:

H. Approval of Covenant and Agreement for Annexation of Property to the Midway City Sanitary District, Provision of Sewer Service and Payment of Special User Fee in Lieu of Property Tax Increment

GM Robbins stated that in 1998 the County Supervisors passed Resolution 98-484 that states that if any District annexes in another portion they can receive the user fee but not the property tax. Staff spent a considerable amount of research time on this project but now the District has a template for future use.

The portion of land in question is within the District's jurisdictional boundaries but was never annexed in, which is the reason for the covenant agreement so that the District can receive its portion of the property taxes. This parcel will be subdivided into 80 individual homes with individual homeowners.

Bill Holman, Vice President of Christopher Development Group, introduced himself and stated that they are developing 80 new homes at 14751 Brookhurst Street in Westminster. Going through the process, annexing the property through the District and LAFCO it was discovered that the County will not assess the tax so Christopher Development Group entered into a special agreement that covers the property. They are going to incorporate a covenant that runs with the land and then when subdivided with the new homeowners, they can pay for their sewer and solid waste collection services. He thanked GM Robbins and General Counsel for all their hard work and help drafting and redrafting the agreement.

A motion was made by Director Neugebauer, seconded by Director Diep to approve the covenant and agreement as recommended by Staff. The motion was approved by the following 5-0 vote:

AYES: Cobo, Diep, Krippner, Neugebauer, Rice

NAYS:

ABSTAIN:

ABSENT:

INFORMATIONAL ITEMS

A. Web Site Activity for the Month of May 2014 (45,739 Successful Hits)

B. Union Bank, North America, Changes its Legal Name to Mitsubishi UFJ Financial Group Union Bank, North America

Directors Rice and Neugebauer stated that they did not like the idea of the Districts funds being held in a foreign bank.

Director Krippner stated that Union Bank has been foreign owned for about 50 years.

Finance/HR Director Housley stated this change is mostly so that they can bring in other entities so that they can expand but they won't affect the banking the District does and they have assured him that the transition will be seamless. He has spoken with the Districts representative about coming out to meet and talk to the Board about the recent changes.

A motion was made by Director Diep, seconded by Director Neugebauer to receive and file the informational items. The motion was approved by the following 5-0 vote:

AYES: Cobo, Diep, Krippner, Neugebauer, Rice

NAYS:

ABSTAIN:

ABSENT:

BOARD CONCERNS/COMMENTS

Director Neugebauer stated that she spoke with Barbara at the Chamber regarding her choice for the Installation and Awards luncheon.

Director Rice stated that she met with Public Cable Television Authority (PCTA) and let them know that she was not pleased with the video done for the District's 75 Year Anniversary Open House. She was interviewed for the video but was cut out of the final version. She let them know that she did not appreciate being ignored, told them to redo it and edit her and Director Neugebauer into it since they had chaired that committee.

GM/STAFF CONCERNS/COMMENTS

GM Robbins stated that the District's website needs to be upgraded and that it will be brought before the Board soon for consideration.

GENERAL COUNSEL CONCERNS/COMMENTS

General Counsel Nixon stated that there was more legal work at the beginning of the fiscal year and another uptick recently due to the annexation issues, but that they should still be within their budget for the year.

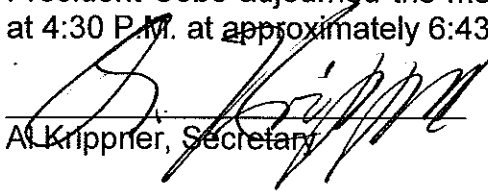
CLOSED SESSION

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 24, 2014 at the District office at 4:30 P.M. at approximately 6:43 P.M.


A. Krippner, Secretary