

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

June 24, 2014

CALL TO ORDER

President Cobo called the adjourned regular meeting of the Governing Board of the Midway City Sanitary District to order at 14451 Cedarwood Avenue, Westminster, California on Tuesday, June 24, 2014 at 4:30 P.M.

BOARD MEMBERS PRESENT:

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

OTHERS AT MEETING:

Ken Robbins, General Manager
Robert Housley, Finance/HR Director
Tom Nixon, District Counsel
Danielle Gerardo, Board Secretary
Andrew Taylor, Security Guard

PLEDGE AND INVOCATION

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

PUBLIC COMMENTS

None

OLD BUSINESS

None

NEW BUSINESS

A. Public Hearing and Adoption of RESOLUTION NO. 2014-12 (*Roll Call Vote*)

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE MIDWAY CITY SANITARY DISTRICT OF ORANGE COUNTY, CALIFORNIA, APPROVING A REPORT ON SANITATION AND SEWER USER FEES PURSUANT TO SPECIAL USAGE PERMIT AGREEMENT AND COVENANT DOCUMENTS AND DIRECTING THE COUNTY AUDITOR TO ADD SUCH USAGE FEES TO THE JULY 1, 2014-JUNE 30, 2015 SECURED TAX ROLL PURSUANT TO ORDINANCE NO. 26 AND ORDINANCE NO. 67

President Cobo read the title of the Resolution and opened the public hearing.

There were no public comments. President Cobo closed the public hearing.

Director Neugebauer made a suggestion for change, which the Board supported.

Director Diep asked for clarification of the Resolution and whether there would be any increase in rates for the ratepayers of the District.

GM Robbins stated that this Resolution was specifically for any property that has a special usage agreement and wants service from the District. Either they are not within the District's boundaries, are outside the District's boundaries and wish to have service or are covenant agreements. They do have an automatic 2% escalator which is part of their signed agreements.

Director Rice stated that they are not part of the District's jurisdiction but have asked to be included.

General Counsel Nixon clarified by stating that the agreement which the District entered into in the 1980's established a formula which is applied annually and that formula has an escalator so that the District can keep current and make sure that they pay their fair share. It is a raise that was established pursuant to the original agreement so nothing this Board is doing is changing what is already established and does not mean that the ratepayers that are subject to these agreements do not wind up paying an incremental additional cost every year.

GM Robbins stated that most are subject to Proposition 13 which is 3% of 1% of the property tax and is based on when the property was assessed when purchased.

Director Neugebauer stated that at the June 17, 2014 meeting of the Board of Directors, there was discussion regarding the Orange County Auditor-Controller memo on special assessments on wholly exempt parcels and asked whether this Resolution pertained to those properties.

Finance/HR Director Housley stated that some are under a special agreement and are included in this Resolution while others are a part of another Resolution and that there will be less next year.

A motion was made by Director Rice, seconded by Director Neugebauer to approve and adopt Resolution No. 2014-12 with a change, and waive further reading. The motion was approved by the following 5-0 roll call vote:

AYES: Cobo, Diep, Krippner, Neugebauer and Rice

NAYS:

ABSTAIN:

ABSENT:

B. Public Hearing and Adoption of RESOLUTION NO. 2014-13 (*Roll Call Vote*)

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE MIDWAY CITY SANITARY DISTRICT OF ORANGE COUNTY, CALIFORNIA, APPROVING A REPORT ON SANITATION AND SEWER USER CHARGES AND DIRECTING THE COUNTY AUDITOR TO ADD SUCH USER CHARGES TO THE JULY 1, 2014 THROUGH JUNE 30, 2015 SECURED TAX ROLL PURSUANT TO ORDINANCE NO. 64 AND ORDINANCE NO. 67.

President Cobo read the title of the resolution and opened the public hearing.

There were no public comments. President Cobo closed the public hearing.

Director Neugebauer made a suggestion for change, which the Board supported.

A motion was made by Director Neugebauer, seconded by Director Rice to approve and adopt Resolution No. 2014-13 with modified language to mirror that of the previous Resolution No. 2014-12, and waive further reading. The motion was approved by the following 4-1 roll call vote:

AYES: Cobo, Krippner, Neugebauer and Rice

NAYS:

ABSTAIN: Diep

ABSENT:

C. Public Hearing and Adoption of RESOLUTION NO. 2014-14 (*Roll Call Vote*)

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE MIDWAY CITY SANITARY DISTRICT OF ORANGE COUNTY, CALIFORNIA, ADOPTING THE SPECIAL DISTRICT GENERAL FUND BUDGET FOR THE FISCAL YEAR JULY 1, 2014 THROUGH JUNE 30, 2015

President Cobo read the title of the resolution and opened the public hearing.

There were no public comments. President Cobo closed the public hearing.

Director Neugebauer made several suggestions for change, which the Board supported.

A motion was made by Director Diep, seconded by Director Neugebauer to approve and adopt Resolution No. 2014-14 with changes, and waive further reading. The motion was approved by the following 5-0 roll call vote:

AYES: Cobo, Diep, Krippner, Neugebauer and Rice

NAYS:

ABSTAIN:

ABSENT:

INFORMATIONAL ITEMS

There were no informational items at this time.

BOARD CONCERNS/COMMENTS

Director Neugebauer asked whether the Performance Pipeline Technologies project, which is the CCTV videotaping of the District's sewer lines, was near completion since they had estimated completion by June 6, 2014. She also inquired as to what was causing the delay and whether it was costing the District extra money.

GM Robbins stated that the cause of the delay is simply that Staff has not been pushing for the exact completion date and that there is no additional cost to the District because the charge is per foot and not hourly.

Director Neugebauer stated that there is an impact to the District in that it throws off the sewer crew's schedule and asked how much longer it would be until completion.

GM Robbins stated that the sewer crew has been doing deep cleaning of hybrids, debris and calcium deposits that the CCTV work is turning up and estimated that it would probably be another 3 months until completion. He stated that he would mention the Board's concern to have it finished.

Director Rice stated that while studying her agenda for the City of Westminster and looking over the warrants, she noticed a payment to the District for over \$4,000 and inquired what that was for.

Finance/HR Director stated that while reviewing fuel bills he noticed that they were somewhat higher than normal. Staff asked the City of Westminster to provide the District with the cost for the fuel purchased from the City Yard. It took some time to receive the bills, but after careful review, noticed that the District was being overcharged

for fuel for the last quarter only. Finance/HR Director Housley stated that it was his understanding that it had something to do with their computer system and that something got transposed which caused the error.

Director Rice stated that she would be bringing this up at the next City Council meeting.

President Cobo asked whether the District found the mistake or the City yard.

Finance/HR Director Housley stated that District Staff found the mistake.

Director Diep stated that now that there was an approved budget, he wanted to commend Staff for making approving a budget so easy.

Director Neugebauer asked if there had been any communication from the public concerning the public hearing or the budget.

GM Robbins stated that there were approximately 30 calls regarding the commercial sewer rate increase and only one of those calls was a commercial property and that resulted in a reduction of rates. The calls were due to incorrect residential mailing and Staff informed those residents that their rates would not be going up and are remaining at \$87 per year.

President Cobo gave kudos to Finance/HR Director Housley for finding the error in the billing for fuel from the City of Westminster and also thanked Staff for all their help with the budget and for helping the Board to keep the District running smoothly.

GM/STAFF CONCERNS/COMMENTS

GM Robbins stated that, for the summer baseball season, he would be arriving at the office early in order to leave early on Mondays and Thursdays.

GENERAL COUNSEL CONCERNS/COMMENTS

There were no concerns or comments expressed at this time.

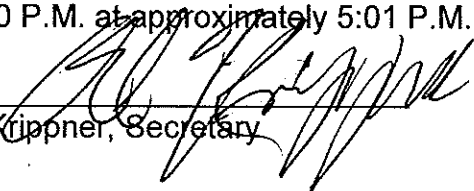
CLOSED SESSION

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, July 1, 2014 at the District office at 5:30 P.M. at approximately 5:01 P.M.



Al Krippner, Secretary