

**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**

November 4, 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, November 4, 2014 at 5:30 P.M.

BOARD MEMBERS PRESENT:

Al P. Krippner
Joy L. Neugebauer
Tyler Diep (absent)
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

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 OCTOBER 21, 2014

A motion was made by Director Neugebauer, seconded by Director Rice to approve the minutes of the meeting of October 21, 2014, as amended. The motion was approved by the following 4-0-0-1 vote:

AYES: Cobo, Krippner, Neugebauer, Rice

NAYS:

ABSTAIN:

ABSENT: Diep

APPROVAL OF EXPENDITURES

A. Demands in the amount of \$ 207,683.86

#	CK #	Date	AMOUNT	VENDOR
1				HANDCUT CHECKS:
2	7203	10/23	144.65	AT&T - Brookhurst Lift Station Service for October 2014
3	7204	10/23	276.59	First Bankcard (NC) - Restock District Kitchen Supplies
4	7205	10/30	850.22	Gonzalez, Alejandro - Emergency Payout of Saved Comp time
5	7206	10/30	4,896.41	CalPERS Retirement - Retirement Contributions for October 2014
6	7207	10/30	40,988.54	CalPERS Health Premium - Healthcare Premium for November 2014
7	7208	10/30	3,784.06	MetLife - Monthly Dental Premium for November 2014
8	7209	10/30	1,700.89	Office Max - Restock District Office Supplies for October 2014
9	7210	10/30	2,411.69	Southern California Edison - Archives & Parking Garage \$61.89, District Office \$447.15, Maintenance Shop \$294.27, Brookhurst Lift Station \$158.28, Westminster Lift Station \$446.37, Willow Lift Station \$319.65, Hammon Lift Station \$684.08.
12	7211	10/30	865.86	The Standard Life Insurance - Premium Coverage for November 2014
13	7212	10/30	9,668.40	US Bank - (\$6,515.76 KR) Overnight Shipment to State Water Resources Control Board; Wiarcom Monthly OCT-2014; 10% Deposit for District Flooring due to Leak, Balance Due for District Flooring due to Leak; MWDOC Forum & Dinner 10/02/2014, Refund for MWDOC Forum & Dinner 10/02/2014 (AK); CSDA Conference Palm Springs, CA Food (KR); Hotel CSDA Conference Palm Springs, CA (NC, KR, MR, JN); Certified Mail Claim of Verizon Rcvd 10/13/2014. (\$74.41 DGe) Board Meeting Refreshments 10/7 & 10/21. (\$433.03 DGr) Restock Sewer Maintenance Supplies. (\$1,595.57 NC) Restock (5) Brooms & (5) Steel Dust Pan Replacement Brick Incident on 10/16/2014; Ice Machine Repair; (4) Spiral Bulbs for District Building; Wheel Chocks for M63 & M64; Restock (10) Protective Eyewear; 2014 Safety fest Training; (4) Sidewalk Closed Signs for Sewer Crew; Fencing & Supplies for Walkway behind District Building; 65w Replacement Bulb for District Building. (\$1,124.63 RH) City of Westminster Water - Wash Rack - 08/06- 9/30/2014; City of Westminster Water - Maint. Shop - 08/06-09/30/2014; City of Westminster Water - District Offices - 08/06-09/30/2014; Replacement Mouse for Finance Director Computer; Orange County Register SEP-2014; Flight Ticket to Sacramento 11/17-11/18/2014; Ricoh Copier Repair on 10/08/2014.
26	7213	10/30	383.55	Vision Service Plan - Monthly Premium for November 2014
27			65,970.86	HANDCUT CHECKS SUBTOTAL
28				REGULAR CHECKS:
30	7214	11/3	146.90	Neugebauer, Joy - Health Insurance Reimbursement for November 2014
31	7215	11/3	52.88	Advanced Gas Products - Restock Gloves for Shop
32	7216	11/3	360.00	Advanced Workplace Strategies - Annual Renewal AWSI DOT Federal Highway Membership
33	7217	11/3	113.40	Bodyworks Equipment - (1) 3" Bearing for T59
34	7218	11/3	737.00	Computer Research Center - Maintenance & Support for November 2014
35	7219	11/3	175.00	Country City Towing - Tow to District for T57
36	7220	11/3	390.60	Dartco Transmission Sales - Parts & Labor to Repair Speed Sensor Harness on T61
37	7221	11/3	2,973.40	Flo-Services, Inc. - Call-Out to Brookhurst Lift Station
38	7222	11/3	290.43	G & K Services - Uniform Services for October 2014
39	7223	11/3	3,581.70	Greenberg Farrow Architecture, Inc. - Engineering Services for CNG Fueling Station

40	7224	11/3	284.00	Konecranes - Inspection & Preventative Maintenance for October 2014
41	7225	11/3	1,477.16	Los Alamitos Napa Auto Parts - Restock (3) Connectors, (6) Amber Lights, (2) Lamps; (3) Batteries for T65;
42				(2) Air Brakes for M63 & M64.
43	7226	11/3	5,982.06	Otto Environmental Systems - Restock (50) each (150 Total) - 32 Gallon Blue Carts, 32 Gallon Black Carts,
44				65 Gallon Blue Carts.
45	7227	11/3	850.00	Raycom - FCC License Renewal (\$150), FIT License (\$200), FCCA Fee (\$500)
46	7228	11/3	319.53	TEC of California - (4) Air Filters, (8) Fuel Filters, (1) A/C Hose for Restock
47	7229	11/3	158.72	TrucPar Company - (4) Yellow Safety Lights for Shop
48	7230	11/3	224.00	Westminster Chamber of Commerce - Annual Membership Dues for 12/01/2014-12/01/2015
49	7231	11/3	1,710.00	Woodruff, Spradlin & Smart - Legal Services for September 2014
50			\$ 19,826.78	REGULAR CHECKS SUBTOTAL
51				
52				PAYROLL
53	10/14		57,126.72	Payroll - Staff Check # 15691 - 15692 Taxes & Direct Deposits
54	10/14		1,325.00	Payroll - Nationwide Deferred Compensation (100% Paid By Employees)
55	10/14		475.00	Payroll - Nationwide Deferred Compensation (100% Paid By Employees)
56	10/28		56,744.71	Payroll - Staff Check # 15694 - 15695 Taxes & Direct Deposits
57	10/28		1,325.00	Payroll - Nationwide Deferred Compensation (100% Paid By Employees)
58	10/28		475.00	Payroll - Nationwide Deferred Compensation (100% Paid By Employees)
59	10/31		4,088.03	Board of Director's Payroll for the Month of October 2014 Check # 15697 - 15700
60	10/31		326.76	Board of Director's Nationwide Deferred Compensation for October 2014 (100% Paid By Directors)
61			\$ 121,886.22	PAYROLL SUBTOTAL
62				
63			\$ 207,683.86	TOTAL EXPENDITURES (HANDCUT, REGULAR, PAYROLL)
64				
				BANK TRANSFERS
	10/23		250,000.00	Transfer Funds from LAIF to Checking Account

A motion was made by Director Rice, seconded by Director Neugebauer to approve the expenditures in the amount of \$ 207,683.86. The motion was approved by the following 4-0-0-1 vote:

AYES: Cobo, Krippner, Neugebauer, Rice

NAYS:

ABSTAIN:

ABSENT: Diep

REPORTS

Report of President

None

Report of General Manager

GM Robbins stated that he would be taking a vacation day and be out of the office on Monday, December 8, 2014.

GM Robbins reminded the Board that the Special District Leadership Academy being held in Anaheim would begin on Monday, November 17 and run through Wednesday, November 19, 2014 and any Board members wishing to carpool in the District van should plan to meet at the District office at 7:30 A.M.

Report from Orange County Sanitation District Meeting (OCSD)

None (Director Diep absent from meeting)

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

Director Cobo stated that he was surprised to learn that ISDOC/LAFCO began as a watchdog committee and serves 34 cities in the County of Orange.

Director Neugebauer reported that it was great to have the CSDA presentation by video, that the meeting was informative and that in all her years of attending, there were more speakers and more information, although she does not agree with the direction that LAFCO is taking in areas of study of undeveloped lands which is not really their role and should be the private sector.

Director Rice agreed and stated that they are moving away from the actual law that formed them and taking too much authority. ISDOC writes a budget and assesses bills to the county, cities and special districts. Director Rice stated that in the beginning the County paid their bills but now the District needs a legislator that will carry that bill to make the change.

Directors Krippner and Diep also attended the ISDOC meeting.

CONSENT CALENDAR

A. Consider Renewal of Annual Membership to California Special Districts Association (CSDA)

B. Approve Attendance to the California Association of Sanitation Agencies (CASA) Winter Conference in Palm Springs, CA January 21-23, 2014

GM Robbins clarified that the staff recommendation for item 7A included a recommendation to approve the renewal of CSDA annual dues for membership.

A motion was made by Director Rice, seconded by Director Neugebauer to approve the consent calendar. The motion was approved by the following 4-0-0-1 vote:

AYES: Cobo, Krippner, Neugebauer and Rice

NAYS:

ABSTAIN:

ABSENT: Diep

OLD BUSINESS

None

NEW BUSINESS

A. Consider Participation in the La Pat Place (Westminster) Cleanup Event on Friday, November 21, 2014

A motion was made by Director Neugebauer, seconded by Director Rice to approve the District's participation in the cleanup event on La Pat Place in Westminster and to approve the purchase of magnetic signs with the District's logo for bins in order to promote the District, if needed. The motion was approved by the following 4-0-0-1 vote:

AYES: Cobo, Krippner, Neugebauer and Rice

NAYS:

ABSTAIN:

ABSENT: Diep

B. Discussion of Case Titled: City of Westminster vs. Michael Cohen in his Official Capacity as Director of the California Department of Finance

GM Robbins stated that he checks regularly for updates in order to update the Board regarding the lawsuit and that it is currently at a stalemate.

Director Neugebauer asked for confirmation if the District had approved an agreement, along with OCSD and other groups, with a stipulation that the District would not be an active party, pay no share of the attorney's fees and abide by whatever the decision was in the end and take no active part in the lawsuit.

General Counsel Nixon stated that it was brought before the Board and that is what was directed. The District would expend nothing toward the litigation and would abide by whatever the outcome was. At the time, the discussion was the issue of the matter being litigated by the City of Westminster and the State of California, rather than the District expending money. He stated that the District has a real interest in the ultimate

outcome in the form of money flowing to the real property trust fund and then distributed to the District if they aren't retained by the City of Westminster.

Director Neugebauer asked whether there had been any movement toward a resolution or action or had any hearings taken place between the City of Westminster and the State of California.

General Counsel Nixon stated that he was not aware of any substantive hearings in this matter so far.

Director Neugebauer asked if there were any hearings and to whom would it be reported.

General Counsel Nixon stated that the City of Westminster would be well aware if there were any hearing dates.

Director Neugebauer stated that she had wanted to attend the most recent Oversight Committee meeting in order to ask if there had been any movement, updates or dates set and she feels that should be a part of every agenda regardless of whether there is nothing to report and she stated that she feels fairly certain that the City of Westminster is one of many suits.

Director Rice stated that as a City Council member and as far as the lawsuit itself, she has heard nothing.

A motion was made by Director Neugebauer, seconded by Director Rice to receive and file the information and request the General Manager and the Board President to direct a letter to the City of Westminster requesting an update on the current status on the case and inquire if a substantive hearing is scheduled and if not now, to notify the Board when one is scheduled. The motion was approved by the following 4-0-0-1 vote:

AYES: Cobo, Krippner, Neugebauer and Rice

NAYS:

ABSTAIN:

ABSENT: Diep

C. Consider Setting a Date for a Study Session to Evaluate the District's General Manager and General Counsel

Director Rice brought this item to the attention of the Board several times but Director Diep, who is absent, made the motion that it be brought onto the agenda for discussion.

A motion was made by Director Neugebauer, seconded by Director Rice to continue this item until the next meeting when a full Board is in attendance. The motion was approved by the following 4-0-0-1 vote:

AYES: Cobo, Krippner, Neugebauer and Rice

NAYS:

ABSTAIN:

ABSENT: Diep

D. Consider Press Release for \$250,000 Grant Received from Clean Transportation Funding from the Mobile Source Air Pollution Reduction Review Committee (MSRC) for the District's Compressed Natural Gas (CNG) Fueling Station

A motion was made by Director Rice, seconded by Director Neugebauer to approve the press release, as amended. The motion was approved by the following 4-0-0-1 vote:

AYES: Cobo, Krippner, Neugebauer and Rice

NAYS:

ABSTAIN:

ABSENT: Diep

E. Fiscal Year 2014-2015 Fourth Quarter Financial Reports and Budget Review for the Period of July 1, 2014 through September 30, 2014

Finance/HR Director Housley reviewed the 4th quarter financial reports and budget review for the period of July 1, 2014 through September 30, 2014. He pointed out that the District's assets have increased by approximately \$2 million in the last year, although the cash on hand is down due to prefunding the District's retirement costs. The two main areas that have increased are for the two CNG trucks that were purchased, the construction and engineering for the CNG fueling station and a deposit on the equipment for it. The District's long term liability, COP bonds will be eligible to be called in August of 2015. Staff will be bringing that back to the Board in the future for further discussion. He reviewed the statements of net position, revenues, expenses and changes in net position, reserves and the budget vs. actual.

A motion was made by Director Neugebauer, seconded by Director Rice to receive and file the report and commend the Finance/HR Director and staff for a job well done. The motion was approved by the following 4-0-0-1 vote:

AYES: Cobo, Krippner, Neugebauer and Rice

NAYS:

ABSTAIN:

ABSENT: Diep

INFORMATIONAL ITEMS

None

BOARD CONCERNS/COMMENTS

Director Neugebauer asked staff the status of the CCTV sewer line cleaning project because they are now six months over their estimated completion date.

GM Robbins responded that at a rate of \$500 per day, they are in debt to the District for \$69,000 in liquidated damages as of today's date. It should be completed any day although they were supposed to have completed the project in October. That amount does not include the \$25,000 that the District could deduct due to the changes made in the beginning of the project which caused some delay.

Director Neugebauer stated that in all her years she has never seen an overrun of this length and she questioned the quality of the work being done at this point.

GM Robbins stated that the District will not know the quality until the video is reviewed upon completion.

Director Rice stated that she saw the interview that GM Robbins did on City Works and she said she thought that he did an excellent job and that she was very proud of him.

GM/STAFF CONCERNS/COMMENTS

GM Robbins stated that the District would have a bin placed in the District parking lot for election signs to be disposed of and that he already let the City of Westminster's Code Enforcement department know of it so that they can make everyone who needs to use it aware.

Finance/HR Director Housley thanked the Board for allowing him to attend the CalPERS conference and stated that he would be bringing some good information regarding the GASB 68 valuation report, the GASB 45 trust and the direction it is going and new PEMCA laws with regard to healthcare for retirees back to the Board for discussion in the near future.

GENERAL COUNSEL CONCERNS/COMMENTS

General Counsel Nixon apologized for his casual dress and stated that he had recent surgery on his shoulder.

President Cobo convened the meeting to closed session at 6:34 P.M.

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.

A. Conference with Legal Counsel - Anticipated Litigation Significant exposure to litigation pursuant to Government Code Section 54956.9(d)(2).
(One potential case) Damage claim filed by Verizon

President Cobo reconvened the meeting at 6:41 P.M.

General Counsel Nixon stated that there was no reportable action taken as a result of the closed session.

ADJOURNMENT

President Cobo adjourned the meeting to Tuesday, November 18, 2014 at the District office at 5:30 P.M. at approximately 6:41 P.M.


Al Krippner, Secretary