

**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**

January 6, 2015

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, January 6, 2015 at 5:02 P.M.

BOARD MEMBERS PRESENT:

Al P. Krippner
Joy L. Neugebauer
Tyler Diep (arrived at 5:08 PM)
Margie L. Rice (arrived at 5:20 PM)
Frank Cobo

OTHERS AT MEETING:

Ken Robbins, General Manager
Robert Housley, Finance/HR Director
Tom Nixon, General Counsel
Danielle Gerardo, Board Secretary
Gene Glassburner, Performance Pipeline

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 DECEMBER 16, 2014

A motion was made by Director Neugebauer, seconded by Director Krippner to amend the minutes of the meeting of December 16, 2014. The motion was approved by the following 3-0-0-2 vote:

AYES: Cobo, Krippner, Neugebauer

NAYS:

ABSTAIN:

ABSENT: Diep, Rice

A motion was made by Director Neugebauer, seconded by Director Krippner to approve the amended minutes of the meeting of December 16, 2014. The motion was approved by the following 3-0-0-2 vote:

AYES: Cobo, Krippner, Neugebauer

NAYS:

ABSTAIN:

ABSENT: Diep, Rice

APPROVAL OF EXPENDITURES

A. Demands in the amount of \$ 277,652.60

#	CK #	Date	AMOUNT	VENDOR
1				HANDCUT CHECKS:
2	7324	12/24	144.65	AT&T - Brookhurst Lift Station Service for December 2014
3	7325	12/24	4,896.41	CalPERS Retirement - Retirement Contributions for December 2014
4	7326	12/24	90.06	The Gas Company - District Office & Maintenance Yard Fees for December 2014
5	7327	12/24	150.00	Pitney Bowes/Purchase Power - Postage for November 2014
6	7328	12/24	2,076.99	Southern California Edison - Archives & Parking Garage \$53.67, District Office \$327.43,
7				Maintenance Shop \$273.76, Brookhurst Lift Station \$113.37, Westminster Lift Station \$418.17,
8				Willow Lift Station \$358.03, Hammon Lift Station \$532.56.
9	7329	1/1	43,181.74	CalPERS Health Premium - Healthcare Premium for January 2015
10	7330	1/1	4,450.89	MetLife - Monthly Dental Premium for January 2015
11			54,990.74	HANDCUT CHECKS SUBTOTAL
12				
13				REGULAR CHECKS:
14	7331	1/1	146.90	Neugebauer, Joy - Health Insurance Reimbursement for January 2015
15	7332	1/1	433.41	Advanced Gas Products - Restock (10) Gallons Liquefied Propane, (1) Cylinder of Compressed Oxygen
16	7333	1/1	124,840.01	Bank of New York Mellon - COP Interest Payment
17	7334	1/1	583.20	Benny's Oil Filter - Restock (60) Absorbent
18	7335	1/1	13.78	City of Westminster - Water Usage for Hammon Lift Station 10/22-12/16/2014
19	7336	1/1	30.00	City of Westminster FARP - Annual Fire Alarm Registration for 2015
20	7337	1/1	459.84	CR Transfer - Tonnage for November 2014
21	7338	1/1	3,669.87	Daniels Tire Service - (6) Spare Wheels for NG1 & NG2; (8) Recaps for Restock
22	7339	1/1	290.48	G & K Services - Uniform Services for December 2014
23	7340	1/1	1,532.26	Greenberg Farrow Architecture, Inc. - Engineering Services for CNG Fueling Station
24	7341	1/1	359.95	Ironman Parts - DPF Filter Cleaning for T61
25	7342	1/1	1,365.56	Orange County Sanitation District - 2014-2015 OCSD Sewer User Fee
26	7343	1/1	17,622.08	Performance Pipeline Technologies - Sewer Cleaning & CCTV Inspection Progressive Payment

27	7344	1/1	613.46	Plumber's Depot, Inc. - (3) Leader Hoses for Vactor Trucks
28	7345	1/1	300.00	Mobile Relay Associates - Additional Fee for New FCC License
29	7346	1/1	1,780.79	TEC of California - Pressure Sensor, Pressure Relief Valve, and Fuel Pump for T62
30	7347	1/1	529.00	TM Services Company - Perform Annual Fire Extinguisher Maintenance
31	7348	1/1	279.30	Top Mobile Vision - Labor & Parts to Replace (1) 65-Foot Cable for T62
32	7349	1/1	276.00	Wespac Security Services - Burglar & Fire Alarm Services for October through December 2014
33	7350	1/1	2,622.50	Woodruff, Spradlin & Smart - Legal Services for November 2014
34			\$ 157,748.39	REGULAR CHECKS SUBTOTAL
35				
36				PAYROLL
37	12/23		56,707.71	Payroll - Staff Check # 15715 Taxes & Direct Deposits
38	12/23		1,135.00	Payroll - Nationwide Deferred Compensation (100% Paid By Employees)
39	12/23		550.00	Payroll - Nationwide Deferred Compensation (100% Paid By Employees)
40	12/24		6,053.96	Board of Director's Payroll for the Month of December 2014 Check # 15717 - 15720
41	12/24		466.80	Board of Director's Nationwide Deferred Compensation for December 2014 (100% Paid By Directors)
42			\$ 64,913.47	PAYROLL SUBTOTAL
43				
44			\$ 277,652.60	TOTAL EXPENDITURES (HANDCUT, REGULAR, PAYROLL)
45				
				BANK TRANSFERS
	12/19		3,000,000.00	Transfer Funds from Money Market to Checking Account
	12/19		3,000,000.00	Transfer Funds from Checking to LAIF Account

A motion was made by Director Neugebauer, seconded by Director Krippner to approve the expenditures in the amount of \$ 277,652.60. The motion was approved by the following 3-0-0-2 vote:

AYES: Cobo, Krippner, Neugebauer

NAYS:

ABSTAIN:

ABSENT: Diep, Rice

REPORTS

Report of President

None

Report of General Manager

Director Diep arrived at 5:08 P.M.

GM Robbins reported that the CNG fueling station pre-construction meeting was scheduled for Tuesday, January 13, 2015. This was the earliest that Southern California Edison and the Gas Company could schedule a meeting and they are the two most crucial elements to the project. Trench layout is scheduled to be completed on Wednesday, January 7, 2015 so that after the pre-construction meeting next week

all parties will be able to walk the premises and see the location of components for the fueling station. Twenty-seven (27) submittals by the contractor have already been reviewed and work should begin immediately following the January 13, 2015 pre-construction meeting.

Director Neugebauer asked whether Orange County Sanitation District would be included at the pre-construction meeting since they have the odor control tanks on the District's premises. She stated that the District did not want to impact those or their operation in any negative way.

GM Robbins stated that he spoke with the Nick Arhontes, Director of Operations at OCSD and they are very interested in the District's CNG fueling station project and will come out to visit, but did not feel that they necessarily needed to be at the pre-construction meeting. They want to speak with the District regarding concessionaire agreements because they are looking into renewing their concessionaire agreement with Clean Energy and want to do their due diligence and see what else is out there. GM Robbins stated that the timing is good because the District will need to do the same thing so we may work in conjunction with OCSD since the District will need to get someone on board to do regularly scheduled inspections per State standards.

Report from Orange County Sanitation District Meeting (OCSD)

Director Diep informed the Board that there would be two orientation meetings available to himself as the District's representative and Director Neugebauer as the alternate representative. The first orientation meeting is on Wednesday, January 14 from 3-5 P.M. and the second meeting is on Wednesday, January 28 from 2-5 P.M. Both will highlight what OCSD has been doing and give a brief history of the organization.

Director Neugebauer stated that she was planning to attend the orientation on Wednesday, January 14, 2015.

Report from Rainbow Environmental Holiday Luncheon

The full Board attended the Rainbow Environmental holiday event and found it to be worthwhile.

President Cobo stated that he had a discussion with one of the managers at Rainbow regarding the District's new CNG fueling station and that they are interested in being able to utilize the District's station in certain circumstances.

GM Robbins stated that a number of agencies are interested in utilizing the District's CNG fueling station once built, including LAFCO, the Sheriff's Department, and OCSD and allowing the public to use the facility will be a Board decision and the question will be whether the District has the capacity to allow others to utilize it. GM Robbins stated that there are several CNG fueling stations scheduled to be built on Beach Blvd. in the near future.

Director Neugebauer stated that she saw several District employees at the luncheon and was glad to see that they were included in the event.

CONSENT CALENDAR

None

Director Rice arrived at 5:20 PM.

OLD BUSINESS

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

A motion was made by Director Diep, seconded by Director Neugebauer to continue this item until there was a full Board in attendance and to postpone it to the last meeting in March. The motion was approved by the following 5-0 vote:

AYES: Cobo, Diep, Krippner, Neugebauer and Rice

NAYS:

ABSTAIN:

ABSENT:

B. Review and Consider Approval of Paying \$1.7 Million Dollars Towards the District's Pension Plans Unfunded Accrued Liability

GM Robbins stated that the District is in good shape financially but could save approximately \$4.9 million if the Board chooses to approve paying down the District's pension plan's Unfunded Accrued Liability.

Finance/HR Director Housley explained that the District's total unfunded liability is \$2.7 million as of June 30, 2013. Last year CalPERS had an 18% return which will lower the \$2.7 million on the next valuation report. A 90-95% funded status is being recommended by CalPERS actuaries. In order to get the District to a 90-95% funded status for the Tier 1 – 3%@60 program, the District needs to pay \$1.7 million.

Director Neugebauer asked whether there was a deadline to prefund or could the District's reserves remain invested and continue to grow for a longer period of time.

Finance/HR Director Housley stated that there is no deadline and that the District has 30 years to pay the Unfunded Accrued Liability although by paying it down now, it would save the District a considerable amount of money. The District is only receiving 1% or less on its current investments and by paying CalPERS, would receive a higher return rate and reduce the District's rates almost immediately.

Director Neugebauer stated that she remembered a time when the District was funded into perpetuity because of the interest rates CalPERS was receiving and she wanted to be assured that the District would not be penalized for paying too much. She also asked why the payment being considered was concentrated to only Tier 1.

Finance/HR Director Housley stated that Tier 2 is already near to being fully funded and has only three employees. The cost to fund the Tier 1 plan is much higher and has the majority of the District's employees.

Finance/HR Director Housley gave the Board a handout and stated that, as of today, the District has approximately \$33 million in cash available. If the Board choose to pay the CalPERS unfunded accrued liability, in addition to paying approximately \$11 million this year for the CNG fueling station, 8 more CNG refuse trucks, and the COP pay-off debt, the District will be left with approximately \$21 million.

A motion was made by Director Rice, seconded by Director Diep to approve staff's recommendation to pay \$1.7 million towards the District's Tier One pension plan's unfunded accrued liability. The motion was approved by the following 5-0 vote:

AYES: Cobo, Diep, Krippner, Neugebauer and Rice

NAYS:

ABSTAIN:

ABSENT:

NEW BUSINESS

A. Discuss and Consider Nominating a Public Service Award Recipient

A motion was made by Director Neugebauer, seconded by Director Diep to nominate Sewer Pump Station Mechanic Randy Griffith for the Public Service Award to be honored at the Spirit of Westminster Awards Luncheon on Thursday, March 5, 2015. The motion was approved by the following 5-0 vote:

AYES: Cobo, Diep, Krippner, Neugebauer and Rice

NAYS:

ABSTAIN:

ABSENT:

B. Discussion 2014 Closed Circuit Television (CCTV) and Cleaning of 174 Miles of District Sewer Mains Project and Final Payment to Performance Pipeline

GM Robbins stated that normally when a project is completed, final payment is made, but in this case there are liquidated damages so it was brought before the Board.

Gene Glassburner from President of Performance Pipeline Technologies addressed the Board regarding the CCTV sewer line cleaning project and explained the reason it took

additional time to complete. He stated that the job was fairly large and completed with no complaints from residents. Sample videos of the sewers were submitted after the first several weeks and approved using video capturing software. After a few months into the project Performance Pipeline was asked to change software and convert the already captured lineal feet of video into an alternative format in order for it to work with the District's GIS. A few months into the project GM Robbins warned Performance Pipeline that the job was getting close to liquidated damages due to the contract end date. Performance Pipeline purchased new, additional software in order to try to complete the job on time. Due to the changes made to the software Mr. Glassburner stated that he assumed that the original contract had been changed and broken, and that the liquidated damages would not be incurred. He stated that there were also delays due to the 405 freeway construction. He asked the Board to reconsider deducting liquidating damages from the final payment on the project.

Director Neugebauer asked if the contract was changed in writing.

Gene Glassburner responded that it was not.

Director Neugebauer asked if she was correct in saying that Performance Pipeline had added an asset to the company in the form of the additional vehicle at a cost of \$25,000 that was purchased.

Gene Glassburner confirmed that was correct although it would probably be obsolete by next year.

Director Neugebauer asked if Performance Pipeline videotaped any private lines that were on the contract.

Gene Glassburner responded that they did not videotape any private lines.

Director Neugebauer asked how needing to convert three months of software to another format added six months or 180 days to a 200 day project.

Gene Glassburner responded that the two original vehicles that were assigned to the project could no longer be used due to the change in software.

Director Neugebauer stated that although Gene Glassburner said that the delay did not affect the District, she feels that it did have a negative impact on the District's sewer crew and their daily work routine.

Director Neugebauer stated that she favors following the staff recommendation to approve paying the balance of \$25,000 which is \$83,000 minus liquidated damages in the amount of \$58,000.

A motion was made by Director Neugebauer, seconded by Director Rice to approve of staff's recommendation to pay the balance of \$58,000, which does not include the \$25,000 software purchased.

Director Diep asked for clarification and stated that he understood the motion is to only pay the contract final payment of \$25,000.

GM Robbins stated that if the Board chose to pay the full amount, the check would be for \$83,000.

Director Neugebauer stated that all changes should be made in writing.

Gene Glassburner stated that if he was not paid in full, he would not be reimbursed for the extra man hours that were necessary to convert a large portion of the video files to the new software.

Director Krippner suggested a compromise and suggested paying half of the \$83,000 balance in the amount of \$41,500.

Gene Glassburner said that he would accept that and meet the District half way.

After continued discussion, Director Rice withdrew her second to the original motion.

Director Neugebauer stated again that she feels that the staff recommendation to pay \$25,000 is correct and fair. She reminded the Board that the private lines in the contract were not videotaped, the contract was not changed in writing, the contractor gained a \$25,000 asset to his company and she supported the General Manager's recommendation.

GM Robbins stated that the private lines were not videotaped because they are gated communities and are not owned and maintained by the District.

Gene Glassburner stated that he would be willing to compromise the final payment although he did not feel that it was fair and that he assumed that the contract was broken when the District changed the software necessary.

A motion was made by Director Krippner, seconded by Director Rice to approve of paying Performance Pipeline a final payment in the amount of \$41,500, or half of the full balance of \$83,000. The motion was approved by the following 4-1 vote, with Director Neugebauer voting no:

AYES: Cobo, Diep, Krippner, and Rice

NAYS: Neugebauer

ABSTAIN:

ABSENT:

C. Review and Adoption of 2015 Midway City Sanitary District Strategic Plan and Mission Statement

GM Robbins stated that there were only a few minor changes to the strategic plan. The CCTV of the sewer mains produced areas that require maintenance and/or repairs over the next six (6) years so that they can be managed.

Director Neugebauer asked if the District's mission statement could be updated at any time.

GM Robbins confirmed that the District's mission statement could be modified at any time the Board chose.

A motion was made by Director Diep, seconded by Director Rice to approve and adopt the 2015 Midway City Sanitary District Strategic Plan and Mission Statement. The motion was approved by the following 5-0 vote:

AYES: Cobo, Diep, Krippner, Neugebauer and Rice

NAYS:

ABSTAIN:

ABSENT:

D. Consider Attendance at the Annual TET Parade on Saturday, February 21, 2015

A motion was made by Director Neugebauer, seconded by President Cobo to approve attendance for the District to the TET Parade and have staff negotiate with the mariachi band to hold the deposit for another event if the District does not participate. The motion was approved by the following 5-0 vote:

AYES: Cobo, Diep, Krippner, Neugebauer and Rice

NAYS:

ABSTAIN:

ABSENT:

INFORMATIONAL ITEMS

A. 2015 Orange County Collaborative Services Summit Hosted by Orange County Local Agency Formation Commissions (LAFCO)

B. Response to the Orange County Grand Jury Request for Information

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

AYES: Cobo, Diep, Krippner, Neugebauer and Rice

NAYS:

ABSTAIN:

ABSENT:

BOARD CONCERNS/COMMENTS

Director Neugebauer asked that staff add the 2015 Waste Expo in Las Vegas, Nevada June 1-4, 2015 to the next agenda for consideration by the Board. She also wished Director Rice a happy birthday.

Director Rice wished everyone a Happy New Year.

President Cobo wished Director Rice a Happy Birthday and everyone a Happy New Year.

GM/STAFF CONCERNS/COMMENTS

GM Robbins also wished Director Rice a Happy Birthday.

GENERAL COUNSEL CONCERNS/COMMENTS

None

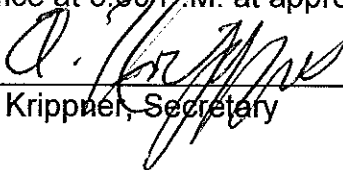
CLOSED SESSION

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, January 20, 2015 at the District office at 5:00 P.M. at approximately 6:45 P.M.



Al Krippner, Secretary