

**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**

February 3, 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, February 3, 2015 at 5:00 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
James Eggart, General Counsel
Danielle Gerardo, Board Secretary

PLEDGE AND INVOCATION

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

PUBLIC COMMENTS

None

APPROVAL OF THE MINUTES OF THE MEETING OF JANUARY 20, 2015

A motion was made by Director Rice, seconded by Director Neugebauer to approve the minutes of the meeting of January 20, 2015. The motion was approved by the following 4-0-1-0 vote:

AYES: Cobo, Krippner, Neugebauer, Rice

NAYS:

ABSTAIN: Director Diep

ABSENT:

APPROVAL OF EXPENDITURES

A. Demands in the amount of \$ 312,675.75

| # | CK # | Date | AMOUNT | VENDOR |
|----|------|------|----------------------|--|
| 1 | | | | HANDCUT CHECKS: |
| 2 | 7387 | 1/20 | 145.51 | AT&T - Brookhurst Lift Station Service for January 2015 |
| 3 | 7388 | 1/20 | 103.54 | The Gas Company - District Office & Maintenance Yard Fees for January 2015 |
| 4 | 7389 | 1/20 | 811.20 | Office Max - Restock District Office Supplies |
| 5 | 7390 | 1/29 | 4,896.41 | CalPERS Retirement - Retirement Contributions for January 2015 |
| 6 | 7391 | 1/29 | 42,060.29 | CalPERS Health Premium - Healthcare Premium for February 2015 |
| 7 | 7392 | 1/29 | 4,450.89 | MetLife - Monthly Dental Premium for February 2015 |
| 8 | 7393 | 1/29 | 162.65 | First Bankcard (NC) - Restock District Kitchen Supplies |
| 9 | | | 52,630.49 | HANDCUT CHECKS SUBTOTAL |
| 10 | | | | |
| 11 | | | | REGULAR CHECKS: |
| 12 | 7394 | 2/1 | 146.90 | Neugebauer, Joy - Health Insurance Reimbursement for February 2015 |
| 13 | 7395 | 2/1 | 62.00 | Advanced Gas Products - Cylinder Rental for December 2014 |
| 14 | 7396 | 2/1 | 157.00 | Advanced Workplace Strategies - Random DOT Drug Test |
| 15 | 7397 | 2/1 | 3,063.83 | Bodyworks - (1) Check & Relief Valve for T56; (8) Hours of Labor to Repair Electrical Issue for T57; Restock |
| 16 | | | | (1) Pivot Pin, (2) Limit Switch, (2) Coils, (5) Pressure Switch, (1) Check & Relief Valve. |
| 17 | 7398 | 2/1 | 257.40 | CRC Cloud - (1) Year of website hosting for MCSD Site; Labor for DNS rerouting |
| 18 | 7399 | 2/1 | 570.44 | CR Transfer - Tonnage through January 15, 2015 |
| 19 | 7400 | 2/1 | 595.69 | Cummins Pacific - (1) Gasket, (1) Oval Screw, (1) Shutoff Valve Shaft, (3) Seal Rings, (1) Corrosion Resistor |
| 20 | | | | Head for T60; (1) Seal Kit, (2) Expansion Plugs, (1) Seal Ring for T61; (1) Seal Kit for T56; (8) Noise Isolators, |
| 21 | | | | (1) Valve Gasket, (1) Lever Housing Gasket for T65. |
| 22 | 7401 | 2/1 | 5,147.15 | Daniels Tire Service - (10) Recap, (10) Repairs, & (2) New Tires for Restock |
| 23 | 7402 | 2/1 | 137,445.85 | DPSI - CNG Fueling Station Equipment; CNG Fueling Station Project |
| 24 | 7403 | 2/1 | 290.10 | G & K Services - Uniform Services for January 2015 |
| 25 | 7404 | 2/1 | 1,028.99 | Greenberg Farrow Architecture, Inc. - Engineering Services for CNG Fueling Station |
| 26 | 7405 | 2/1 | 8,100.61 | Los Alamitos NAPA Auto Parts - Restock (2) Exhaust Caps, (10) Air Valve Knobs, (16) Brake Drums, (4) Shoe |
| 27 | | | | Kits, (12) Gripper Kits, (100ft) Hydraulic Hosing, (16) Hose Ends, (6) Headlights, (2) Hubcaps, (4) Strobe Lights, |
| 28 | | | | (1) Rubber Air Hose, (4) Fittings, (1) Battery for T10; (2) Fittings for T61. |
| 29 | 7406 | 2/1 | 30,024.97 | Otto Environmental Systems - (720) 65-Gallon Black Carts for Restock |
| 30 | 7407 | 2/1 | 444.16 | Rainbow Transfer Recycling - Gasoline & Diesel Purchases for December 2014 |
| 31 | 7408 | 2/1 | 341.46 | Ray Gaskin - (1) Grip Cylinder for Restock |
| 32 | 7409 | 2/1 | 1,168.64 | Rosemead Oil Products - (1) Drum of Anti-Freeze & (1) Drum of Motor Oil for Restock |
| 33 | 7410 | 2/1 | 1,109.91 | TEC of California - (1) Lift Spring for T60; (1) Radio for T61; (4) Relays & (1) Sensor for T57; Restock (3) Fuel |
| 34 | | | | Filters, (2) Air Filters, & (6) Coolant Filters. |
| 35 | 7411 | 2/1 | 4,354.25 | Woodruff, Spradlin & Smart - Legal Services for December 2014 |
| 36 | | | \$ 194,309.35 | REGULAR CHECKS SUBTOTAL |

| | | | |
|----|------|---------------|---|
| 37 | | | |
| 38 | | | PAYROLL |
| 39 | 1/20 | 58,779.29 | Payroll - Staff Check # 15725 Taxes & Direct Deposits |
| 40 | 1/20 | 1,135.00 | Payroll - Nationwide Deferred Compensation (100% Paid By Employees) |
| 41 | 1/20 | 550.00 | Payroll - Nationwide Deferred Compensation (100% Paid By Employees) |
| 42 | 2/3 | 4,882.62 | Board of Director's Payroll for the Month of January 2015 Check # 15727 - 15730 |
| 43 | 1/30 | 389.00 | Board of Director's Nationwide Deferred Compensation for December 2014 (100% Paid By Directors) |
| 44 | | \$ 65,735.91 | PAYROLL SUBTOTAL |
| 45 | | | |
| 46 | | \$ 312,675.75 | TOTAL EXPENDITURES (HANDCUT, REGULAR, PAYROLL) |
| 47 | | | BANK TRANSFERS |
| | 1/29 | 500,000.00 | Transfer Funds from Money Market to Checking Account |

A motion was made by Director Rice, seconded by Director Neugebauer to approve the expenditures in the amount of \$ 312,675.75. 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 there are issues with regard to the CNG fueling station project, Southern California Edison, the engineer and the contractor. Edison is going to come back with the standards needed to install the electrical which will require a change order. The contractor is saying that it wasn't part of the plans and they are requesting a change order. GM Robbins stated that he has contacted the engineer, GreenbergFarrow and inquired whether it was part of the plans or an oversight on their part. After some research, GM Robbins stated that he has found that it is not as bad as originally perceived and with less work involved. He is waiting to hear if it was oversight or if it is in the plans, but stated that, either way, it has to be done, and may require a special Board meeting in the future.

Director Neugebauer stated that she had a concern with regard to the engineering firm. She felt that it was not a common practice to send the proposal out and accept the bids if the District did not have standards from Edison and she is worried that it will be an additional cost to the District and another lesson learned. She stated that she didn't understand why, when the proposal was being written, that Edison couldn't give a firm

timeline on their response so that when the proposal was sent out, that was included and the parameters were set.

GM Robbins stated that he wondered the same thing. Edison and the Gas Company are the primary parts of the project and he had asked about the timeline as well and is trying to avoid a costly change order. He has asked for an itemized change order because the numbers are not adding up correctly and he has asked GreenbergFarrow to clarify.

Report from Orange County Sanitation District Meeting (OCSD)

Director Diep reported that he attended the first full Board meeting on Wednesday, January 28, 2015. At the meeting, the Board voted to adopt a resolution to approve the Memorandum of Understanding (MOU) contract for the supervisory and professional management group. They will receive a three year salary increase with year one at 0%, year 2 at 2% and year 3 at 2%, for a total of \$2.4 million in pensionable salary. They also approved a similar three year contract for the smaller group of unrepresented employees at a cost of only \$100,000 to the Orange County Sanitation District.

Report from the California Association of Sanitation Agencies (CASA) Conference in Palm Springs, CA January 21-23, 2015

Director Rice stated that she was pleased to see old friends and she especially enjoyed the panel on closing day and speaker Felicia Brown. Director Rice stated that the CASA scholarship program had its first silent auction and did quite well.

President Cobo found it very educational and particularly enjoyed the general managers who shared their insights which made him realize that MCSD has already gone through a lot the changes that they spoke of.

Director Neugebauer stated that she felt it was worthwhile to attend the conference and especially enjoyed the very last closing session where they addressed five different areas including: What Practices and Programs Does Your Agency Do Well, The Future In Years Out and How to Get Ready, How You See Your Responsibilities as an Elected Official, In a Business Where We are Out of Sight and Out of Mind, What is Good Customer Service, Key Measures and How they are Communicated. She stated that she felt that the most positive part of the conferences is the ability to interact with the managers of other Districts, and in this case, the manager of OCSD.

Director Krippner also attended the conference and provided everyone with his written report.

Report from the Independent Special Districts of Orange County (ISDOC) Quarterly Meeting on January 29, 2015

Director Neugebauer stated that the meeting was interesting and the report from Michelle Steel, the new Supervisor from the 2nd District was interesting, concise and humorous but

too short. She stated that the LAFCO report concerned her – particularly the portion regarding LAFCO turning over some private sewer lines from OCSD because she feels those lines are a valuable asset and shouldn't be given away.

Director Rice stated that she is concerned that LAFCO oversteps their bounds.

President Cobo stated that he enjoyed hearing how and why Michelle Steel got involved in politics.

Director Krippner also attended the ISDOC quarterly meeting.

CONSENT CALENDAR

None

OLD BUSINESS

None

NEW BUSINESS

A. Consider Changing the Date of the Tuesday, June 2, 2015 Regularly Scheduled Board Meeting in Order to Accommodate Board Travel to the 2015 Waste Expo in Las Vegas, Nevada, June 1-4, 2015

A motion was made by Director Neugebauer, seconded by Director Rice to change the date of the regularly scheduled Board meeting of Tuesday, June 2, 2015 to Friday, June 5, 2015 at 5PM. The motion was approved by the following 5-0 vote:

AYES: Cobo, Diep, Krippner, Neugebauer and Rice

NAYS:

ABSTAIN:

ABSENT:

B. Consider and Approve Budget Calendar for Fiscal Year 2015-2016 (July 1, 2015 through June 30, 2016)

A motion was made by Director Diep, seconded by Director Rice to approve the budget calendar for fiscal year 2015-2016 as recommended by staff. The motion was approved by the following 5-0 vote:

AYES: Cobo, Diep, Krippner, Neugebauer, Rice

NAYS:

ABSTAIN:

ABSENT:

C. Consider and Approve the Letter of Engagement for Independent Audit Services of White Nelson Diehl Evans LLP to Perform the Fiscal Year 2014-2015 (July 1, 2014 through June 30, 2015) and Fiscal Year 2015-2016 (July 1, 2015 through June 30, 2016) Audits

Director Neugebauer pointed out that the letter from the auditors states that management is responsible for identifying and insuring that the District complies with applicable laws and regulations and asked if the auditors reviewed the audit to ascertain if the District is in compliance.

Finance/HR Director Housley stated that it is part of the testing process to review the District's procedures and to ascertain current laws and whether the District is in compliance.

Directors Rice and Neugebauer both commented on the increase in fees for the audit.

Finance/HR Director Housley stated that part of the reason for the increase is the new GASB 68 statement that they have to implement which will take additional auditing with CalPERS this year and the cost is being passed through to clients. In addition, the Board has the option each year to choose one or two year agreements which drive the cost up. He stated that the next two years are critical due to the unfunded liability, the testing and auditing of those funds and that it is critical that the Board choose to remain with the same firm for those two years.

A motion was made by Director Neugebauer, seconded by Director Rice to approve the letter of engagement and the agreement attached thereof for independent audit services of White Nelson Diehl Evans LLP to perform the fiscal year 2014-2015 and fiscal year 2015-2016 audits. The motion was approved by the following 5-0 vote:

AYES: Cobo, Diep, Krippner, Neugebauer, Rice

NAYS:

ABSTAIN:

ABSENT:

D. Review of Calendar Year 2014 Compensation and Benefit Information to be posted on the District's Website

A motion was made by Director Diep, seconded by Director Rice to receive and file the calendar year 2014 compensation and benefit information to be posted on the District's website. The motion was approved by the following 5-0 vote:

AYES: Cobo, Diep, Krippner, Neugebauer, Rice

NAYS:

ABSTAIN:

ABSENT:

E. Selection of Date and Location for Midway City Sanitary District's 2015 Employee Holiday Dinner

A motion was made by Director Neugebauer, seconded by Director Rice to approve to have the Midway City Sanitary District's 2015 employee holiday dinner at the Rose Center on Sunday, December 6, 2015. The motion was approved by the following 5-0 vote:

AYES: Cobo, Diep, Krippner, Neugebauer, Rice

NAYS:

ABSTAIN:

ABSENT:

INFORMATIONAL ITEMS

GM Robbins stated that he provided the Board with a last minute email from the West County Connectors Project regarding the Caltrans and Orange County Transportation Authority's invitation to the dedication of the West County Connectors Project.

Receive and file.

BOARD CONCERNS/COMMENTS

Director Neugebauer stated that she would like the Board to consider a meeting to review the District's newly redesigned website as she feels it is not as friendly as the old one and has issues with the video, especially considering the number of people that visit the District's website.

Director Rice stated that she received a notice from Diana Dobbert at the City who has offered to promote the District on Channel 3 if the Board would like.

President Cobo stated that he feels that the District is leading the way and going in the right direction.

GM/STAFF CONCERNS/COMMENTS

GM Robbins reported that the new promotional cardboard waste containers for special events were done and he provided one for the Board.

GENERAL COUNSEL CONCERNS/COMMENTS

None

President Cobo called for a recess of the meeting at 5:59 P.M.

President Cobo called the meeting back to order at 6:05 P.M.. and then immediately convened the meeting to closed session.

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 LABOR NEGOTIATORS (Government Code Section 54957.6)
Agency Designated Representatives: General Manager Robbins, Finance/HR Director Housley and Labor Counsel Larsen, Employee Organization: American Federation of State, County, and Municipal Employees, LOCAL 1734-01

President Cobo reconvened the meeting to open session at 6:18 P.M.

Legal Counsel stated that there was no reportable action taken due to the closed session.

ADJOURNMENT

President Cobo adjourned the meeting to Tuesday, February 17, 2015 at the District office at 5:00 P.M. at approximately 6:18 P.M.


Ar Krippner, Secretary