

**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 17, 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 17, 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
Tom Nixon, General Counsel
Danielle Gerardo, Board Secretary
Sue Gordon, Rainbow Environmental Services

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 FEBRUARY 3, 2015

A motion was made by Director Neugebauer, seconded by Director Rice to approve the minutes of the meeting of February 3, 2015, with a change. 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 \$ 306,428.08

#	CK #	Date	AMOUNT	VENDOR
1				HANDCUT CHECKS:
2	7412	1/30	909.12	Frank Cobo - Incorrect Date Replaced with Re-Issued Check with Correct Paydate
3	7413	1/30	1,030.32	Allan Krippner - Incorrect Date Replaced with Re-Issued Check with Correct Paydate
4	7414	1/30	1,096.14	Joy Neugebauer - Incorrect Date Replaced with Re-Issued Check with Correct Paydate
5	7415	1/30	1,009.70	Margie Rice - Incorrect Date Replaced with Re-Issued Check with Correct Paydate
6	7416	1/30	190.98	Tyler Diep - Incorrect Date Replaced with Re-Issued Check with Correct Paydate
7	7417	2/3	924.73	Chevron & Texaco Bus. Card Svcs. - Gasoline Purchases for January 2015
8	7418	2/3	865.86	The Standard Life Insurance - Premium Coverage for February 2015
9	7419	2/3	150.00	Little Saigon Tet Parade - Application Fee for February 21, 2015 Tet Parade
10	7420	2/3	394.42	Vision Service Plan - Monthly Premium for February 2015
11	7421	2/3	336.63	AT&T Mobility - Service for January 2015: (KR) 714-310-2313, (NC) 714-310-8653, (DGr) 714-325-3606,
12				Sewer 714-310-8654, Emergency 714-310-9004.
13	7422	2/4	1,754.30	Southern California Edison - Archives & Parking Garage \$57.41, District Office \$346.16,
14				Maintenance Shop \$289.25, Brookhurst Lift Station \$105.77, Westminster Lift Station \$453.62,
15				Willow Lift Station \$315.62, Hammon Lift Station \$544.50.
16	7423	2/4	7,555.69	US Bank - (KR \$5,760.86) Lunch Meeting with District President (KR, FC); Color Maps for Sewer Crew;
17				11x17" Paper for Restock; CASA Registration Palm Springs, CA 01/21-01/23/15 (MR, JN, FC, AK, KR, RH);
18				Ship Rockwell Software to TESCO for SCADA; CASA Washington D.C. Airline Ticket (FC, JN, MR, KR);
19				Wiarcom Monthly Service JAN-2015; ISDOC Quarterly Luncheon 01/29/2015 (FC, JN, MR, AK, KR).
20				(DGr \$233.48) Restock Sewer Supplies. (DGe \$611.29) Board Meeting Refreshments 01/06 & 01/20;
21				CSDA Board Secretary Conference Registration 2/11-2/13/15 (DGe). (NC \$850.56) Restock Refuse
22				Supplies. (RH \$129.50) City of Westminster - Water- Westminster Lift Station 10/22-12/16/14; Food CASA
23				Palm Springs, CA 01/21-01/23/15 (RH); OC Register Subscription JAN-2015; Remington Monthly JAN-2015.
24	7424	2/4	1,018.87	Verizon California - District Office Phones & Lift Stations for January 2015; \$550.15 District Office,
25				\$156.24 Willow Lift, \$156.24 Westminster Lift, \$156.24 Hammon Lift.
26	7425	2/11	4,896.41	CalPERS Retirement - Retirement Contributions for February 2015
27	7426	2/11	105.98	DirectTV - Service for February 2015
28	7427	2/11	42.33	Office Max - Restock District Office Supplies
29	7428	2/11	437.05	Verizon Business - Internet Connection for SCADA System for February 2015
30				22,718.53 HANDCUT CHECKS SUBTOTAL
31				REGULAR CHECKS:
32				
33	7429	2/11	200.00	Frank Cobo - Per Diem for CASA Washington, D.C. 02/22-02/25/2015
34	7430	2/11	200.00	Joy Neugebauer - Per Diem for CASA Washington, D.C. 02/22-02/25/2015
35	7431	2/11	200.00	Margie Rice - Per Diem for CASA Washington, D.C. 02/22-02/25/2015
36	7432	2/11	200.00	Kenneth Robbins - Per Diem for CASA Washington, D.C. 02/22-02/25/2015
37	7433	2/11	49.68	Raul Martinez - Reimbursement for Parts to Restock
38	7434	2/11	209.80	Margie Rice - Health Insurance Reimbursement for January & February 2015
39	7435	2/11	52.49	Advanced Gas Products - (12.6) Gallons of Liquefied Propane for Restock
40	7436	2/11	737.00	CRC Cloud - Maintenance & Support for February 2015

41	7437	2/11	1,194.19	CR Transfer - Tonnage from 01/15 through 01/31/2015
42	7438	2/11	500.00	Crystal Rose Catering - Deposit for Holiday Party 12/06/2015
43	7439	2/11	5,317.25	Flo-Services, Inc. - Preventative Maintenance for January 2015
44	7440	2/11	290.10	G & K Services - Uniform Services for January & February 2015
45	7441	2/11	1,860.20	Heritage Container Corporation - (248) Cardboard Refuse Boxes & Printing Plates
46	7442	2/11	353.05	Los Alamitos NAPA Auto Parts - (2) Relay Valves for Restock
47	7443	2/11	40,074.97	Orange County Sanitation District - Permit Fees for January 2015 (MCSD 5% = \$2,109.21)
48	7444	2/11	22,753.63	Oto Environmental Systems - (456) 95-Gallon Blue Carts for Restock
49	7445	2/11	1,403.96	Rainbow Transfer Recycling - CNG Fuel for NG-1 through January 2015
50	7446	2/11	1,412.59	Rainbow Transfer Recycling - CNG Fuel for NG-2 through January 2015
51	7447	2/11	9,130.24	Rainbow Transfer Recycling - Gasoline & Diesel Purchases for January 2015
52	7448	2/11	8,206.57	Mobile Relay Associates -Labor & Parts to Install New Repeater & Redefine Radio Parameters for District Fle
53	7449	2/11	67.34	TEC of California - (1) Clamp, (1) Pipe, (1) Gasket, & (1) Seal for T62
54	7450	2/11	4,000.00	Theresa Kaszyk - Remaining Balance on Contract for District Website Redesign
55	7451	2/11	19.50	Underground Service Alert - (13) New Tickets for January 2015
56	7452	2/11	294.00	Zee Medical Service - Restock District First-Aid Kits for February 2015
57	7453	2/11	125,726.88	Rainbow Transfer Recycling - Tonnage for January 2015
58			\$ 224,453.44	REGULAR CHECKS SUBTOTAL
59				
60				PAYROLL
61	2/3		57,571.11	Payroll - Staff Check # 15731 Taxes & Direct Deposits
62	2/3		1,135.00	Payroll - Nationwide Deferred Compensation (100% Paid By Employees)
63	2/3		550.00	Payroll - Nationwide Deferred Compensation (100% Paid By Employees)
64			\$ 59,256.11	PAYROLL SUBTOTAL
65				
66			\$ 306,428.08	TOTAL EXPENDITURES (HANDCUT, REGULAR, PAYROLL)

A motion was made by Director Rice, seconded by Director Diep to approve the expenditures in the amount of \$ 306,428.08. 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 Robotic Source Solutions removed a protruding lateral from the District's sewer mains at a cost of approximately \$800 from the location of the last stoppage. At 150 feet, this line was in the same place where MCSD sewer employees went to break up the stoppage, hit something hard, which was the lateral, but freed up the stoppage. There should be no further stoppages at this location.

Director Neugebauer asked if this came to light due to the District's CCTV sewer cleaning project which was just finalized.

GM Robbins confirmed that it came to the attention of staff due to the CCTV work that was done on the sewer lines.

GM Robbins stated that the Garbage Man's Invitational Golf Tournament would take place this year on Wednesday, March 31 and Thursday, April 1, 2015. In the past, the Board has encouraged GM Robbins to attend and network with all the other waste haulers.

GM Robbins reported that there will be no increase in the District's insurance premium to SDRMA this year and that the District will actually receive a 7% decrease in workers compensation insurance, due mainly to the Board and staff's continuing safety education. It will amount to approximately \$7,000 in savings for the District.

Report from Orange County Sanitation District Meeting (OCSD)

Director Diep reported that he attended the February 11, 2015 monthly administration committee meeting at OCSD. The Board approved projections and budget parameters for OCSD's fiscal year 2015-2016 budget. There was not much difference from previous years due to the economy and fixed fees.

Report from Municipal Water District of Orange County (MWDOC) Water Policy Forum

Director Krippner reported that he attended the MWDOC Water Policy Forum on Thursday, February 5, 2015. The guest speaker was Dr. Lucy Jones, Director of the U.S. Geological Survey, world famous science advisor at Cal Tech and she also serves on Mayor Garcetti's special Board. In her speech she stated that Orange County is number three in the world most likely to have an earthquake in the next thirty years – specifically Garden Grove, Huntington Beach, Fountain Valley, Newport Beach and Westminster and she stressed that the size of an earthquake depends on the length of the fault. Japan has been preparing for its earthquakes by installing special piping systems to divert their sewage, but it is still not adequate. She stated that the building codes in Los Angeles County are not strong enough and that if and when an earthquake occurs, most of the buildings will not withstand the destruction and the fires that will most certainly follow.

Report from Rainbow Environmental – Tonnage and Quarterly Financials

The report from Rainbow Environmental was continued to the next regular Board meeting.

CONSENT CALENDAR

A. Investment Report for January 2015

B. Approve Drivers Safety Training for Midway City Sanitary District Commercial Drivers

A motion was made by Director Diep, seconded by Director Rice to approve the consent calendar. 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. Consider Setting a Date for a Study Session to Evaluate the District's Updated Website

This item was continued to the next regular Board meeting.

B. Consider Attendance to Special District Legislative Days, May 19-20, 2015 in Sacramento, CA

A motion was made by Director Rice, seconded by Director Neugebauer to approve attendance to Special District Legislative Days May 19-20, 2015 in Sacramento for Board members and Staff who wish to attend. The motion was approved by the following 5-0 vote:

AYES: Cobo, Diep, Krippner, Neugebauer, Rice

NAYS:

ABSTAIN:

ABSENT:

C. Discuss and Consider Change Order to the Compressed Natural Gas (CNG) Fueling Station Project Due to Southern California Edison Requirements

Director Neugebauer stated that she read on GM Robbins' weekly report that there would be a two week delay on the project due to one person from Southern California Edison (SCE) who is needed to sign off, but is on vacation. She stated that SCE answers to the Public Utilities Commission and she suggested that the Board try to schedule a meeting with them and one of the Districts State Assemblymen and let them know the lackadaisical methods that SCE is using and costing the taxpayer's money.

Director Rice suggested that Staff prepare a letter to be signed by the entire Board and to emphasize the cost to the taxpayer.

Director Diep stated that if the Board really wanted to get their attention, the Board should prepare a letter and send it to two State Representatives and copy the local SCE department that the District is dealing with.

Director Krippner suggested using a real dollar figure in the letter.

Director Neugebauer stated that the contract that the Board approved doubled the engineers' estimate plus a half a million dollars and she is sorry that she didn't vote to reject the bid and go back out for more bids.

GM Robbins stated that even if they approve the plans, once the station is complete the District will have to wait on SCE to energize the project.

Director Neugebauer asked if the District had, in writing, a notification that there would be a two week delay due to someone out on vacation at SCE.

GM Robbins stated that he believed that the engineer had it in the form of an email.

Director Neugebauer stated that a letter should be sent as soon as possible to State Representatives and a copy sent to SCE and the Public Utilities Commission (PUC).

GM Robbins stated that the big dollar item is due to SCE requiring everything to be on one big meter, and that and that this portion of the project should have been caught by the engineer.

Director Neugebauer stated that she has been kind in her comments about the engineers and that the Board chose them, but she now feels it was a poor choice.

A motion was made by Director Diep, seconded by Director Neugebauer to move as recommended by staff and approve the change order for SCE work in the amount of \$146,017 and have Counsel look into the possible retribution to the District for errors and omissions on the part of GreenbergFarrow, and to also direct Staff to prepare a letter to be signed by all Board members and sent to the Public Utilities Commission, two State Representatives and Southern California Edison in order to make them aware of the delay by SCE for the District's CNG fueling station project. The motion was approved by the following 5-0 vote:

AYES: Cobo, Diep, Krippner, Neugebauer, Rice

NAYS:

ABSTAIN:

ABSENT:

Sue Gordon from Rainbow Environmental arrived at 5:24 P.M. to give the quarterly tonnage report.

President Cobo asked Sue Gordon if she would like to give her quarterly report at this time.

Sue Gordon reported that the District as a whole is at a diversion rate of 51% and when the District's per capita disposal information is entered into CalRecycle's website the diversion rate comes to 71%, so the District is in compliance and is getting its diversion. She stated that she was told by Rainbow's marketing department that approximately ½ to ¾ of their cardboard is stolen or taken. The slow down at the ports is making news and creating problems because the ships are not being unloaded due to the union and the maritime association labor negotiations. There are now 33 congestion ships sitting out at sea waiting to be unloaded and it is estimated that there is a billion dollars a day being lost. Rainbow Environmental is unable to send their recyclables out and their facility is running out of room to store the materials. It is also Chinese New Year and most factories in China close down for an entire month. The President has sent Mr. Perez to aid in the labor negotiations at the port.

Director Neugebauer asked why the District's percentages for the commercial sector are so drastically affected if the cardboard is being recycled and what is being put into the commercial containers that is not recyclable.

Sue Gordon stated that they could be putting anything in it including food waste, which is one of the biggest problems because it contaminates the good recyclables. She stated that Rainbow Environmental is in a lawsuit with the Ocean View School District and that they have to take any waste that is odiferous or putrescible and load it immediately into a transfer truck and take it to the landfill due to the odor. They have sprayed around and inside the containers but it has not made a difference. The school district has been calling AQMD due to the odor and Rainbow received 18 calls just last week.

Director Neugebauer asked if the food waste is bagged.

Sue Gordon responded that it is not but that Rainbow counts waste as diversion as long as it has been baled so it is being diverted and the District is in compliance and receiving credit at the State level based on the disposal per capita. A lot of recyclables are being taken by individuals to buy back centers but there may be a reduction in this soon due to the port slow down because they are not able to move their material either and the price for recyclables is already going down.

Sue reported that Rainbow will be attending the TET Parade on Saturday, February 21, 2015 and the Spirit of Westminster awards ceremony and that they will host a table for the District's nominee and their guest.

Sue Gordon reported that with the passage of AB1846, mandatory commercial organics recycling will be phased in over the next three to four years. The passage of AB1594 will take alternative daily cover, which is currently receiving credit for diversion at the landfill by putting it over every days waste, and count it as disposal by the year 2020. This is a large amount of green material that is going to need to be handled and Rainbow is prepared and ready due to expansion at their out of county composting operation. They are doubling its size and are now also looking into new technology.

Director Neugebauer asked where the individuals who pick up and sell cardboard independently sell that product.

Sue Gordon responded that she did not know but thought the marketing person at Rainbow might know. There are some cities who are investigating these individuals to stop them. Businesses have realized the value in reducing and recycling their own waste which affects the waste stream and is affecting all waste haulers. She stated that she just read that Waste Management did not put any money into infrastructure this past year because they are only making 17% from recycling.

Director Neugebauer stated that as she was driving along the coast over the weekend, there were ships lined up as far as the eye could see and in all her years living in California, she had never seen that.

Sue Gordon stated that the port strike affects everything and that the recent low gas prices hurt plastic recycling because it is easier to obtain virgin oil to make plastic than it is to recycle it, so as the price goes up, you will see more recycling of that type of product.

Sue Gordon departed the meeting at 5:48 P.M.

D. Fiscal Year 2014-2015 Second Quarter Financial Reports and Budget Review for the Period of July 1, 2014 through December 31, 2014

Finance/HR Director Housley went over the fiscal year 2014-2015 second quarter financial reports and budget review for the period of July 1 through December 31, 2014. He stated that the District is right where it expected to be with revenues a slightly above and expenses slightly below. The District has approximately \$32 million in cash, and that the prepayment to CalPERS to prefund the GASB45 and to pay down liabilities brings the District to \$1.5 million above its position last year. The District's COP bond is down approximately \$702,000 from last year and later this year Finance/HR Director Housley stated that he would be bringing back a staff report for the Board to evaluate whether they would like to prepay that bond early or refinance it at a lower rate.

A motion was made by Director Diep, seconded by Director Rice to receive and file the second quarter financial reports. The motion was approved by the following 5-0 vote:

AYES: Cobo, Diep, Krippner, Neugebauer, Rice

NAYS:

ABSTAIN:

ABSENT:

E. Review and Discussion of Midway City Sanitary District's Employee Group Dental Coverage and Rates

GM Robbins stated that per Board direction staff presented SDRMA's Delta Dental insurance to the District's represented employees after which they conferred with the union and voted to go forward with the higher Delta Dental plan.

Finance/HR Director Housley stated that he compared the District's current MetLife dental plan to the higher SDRMA Delta dental plan. SDRMA's Delta Dental plan covers the more expensive procedures at a higher percentage than MetLife's plan, and includes orthodontics coverage. Additionally, Delta Dental's rates have decreased each year while MetLife rates have increased. The premiums are lower with Delta Dental and future rates will be more stable because SDRMA is a pool plan.

Director Neugebauer asked if this would be part of the MOU agreement with the District's represented employees or if it would be separate.

Finance/Hr Director Housley stated that it would be part of the negotiated agreement.

A motion was made by Director Diep, seconded by Director Neugebauer to authorize staff to move forward with SDRMA dental insurance with Delta Dental. The motion was approved by the following 5-0 vote:

AYES: Cobo, Diep, Krippner, Neugebauer, Rice

NAYS:

ABSTAIN:

ABSENT:

Director Diep left the meeting at 6:07 P.M.

INFORMATIONAL ITEMS

A. Website Activity for the Month of January 2015 (46,555 Successful Hits)

GM Robbins stated that with the District's new website, he would be able to get the website activity information daily and that the District will not have to pay for it any more.

A motion was made by Director Rice, seconded by Director Neugebauer to receive and file the informational item. The motion was approved by the following 4-0-0-1 vote:

AYES: Cobo, Krippner, Neugebauer and Rice

NAYS:

ABSTAIN:

ABSENT: Diep

BOARD CONCERNS/COMMENTS

Director Neugebauer asked if the Board could meet at the District office for the TET Parade on Saturday, February 21, 2015 to carpool due to all the traffic that would make it difficult to get there and park.

GM Robbins stated that the Board would need to arrive at the District at 6:30 A.M. in order to be shuttled to the parade area or they could meet at McFadden and Bushard between 8-8:30 A.M.

Director Neugebauer asked what time GM Robbins would be picking everyone up in order to go to the airport for the CASA conference in Washington D.C. on Sunday, February 22, 2015.

GM Robbins stated that he would be picking up Directors Cobo, Neugebauer and Rice at approximately 6 A.M. for an 8:30 A.M. departure.

GM/STAFF CONCERNS/COMMENTS

GM Robbins stated that the lawsuit between Rainhow Environmental and CR&R was set to go to trial on March 9, 2015 and that it was possible that Board Secretary, Danielle Gerardo, might have to appear in court to testify that the minutes of the MCSD Board meeting minutes from February 19, 2013 are true and correct.

GENERAL COUNSEL CONCERNS/COMMENTS

None

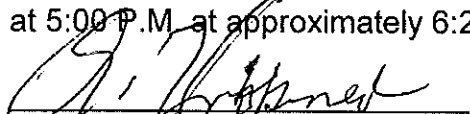
CLOSED SESSION

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, March 3, 2015 at the District office at 5:00 P.M. at approximately 6:21 P.M.


Al Krippner, Secretary