

**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**

**May 26, 2015**

**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, May 26, 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  
Danielle Gerardo, Board Secretary  
Joseph Larsen, Labor Counsel (arrived at 5:17 P.M.)

**PLEDGE AND INVOCATION**

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

**PUBLIC COMMENTS**

None

**CONSENT CALENDAR**

A. Approval of Attendance to the Westminster Chamber of Commerce Annual Installation and Awards Luncheon

A motion was made by Director Rice, seconded by Director Diep 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:

## **NEW BUSINESS**

### **A. Budget Workshop – Overview of the Fiscal Year 2015-2016 (July 1, 2015 through June 30, 2016) Operating Budget, Capital Improvement Projects and Reserves**

Finance/HR Director Housley reviewed the July 1, 2015 through June 30, 2016 operating budget revenues, expenses, capital outlay and improvement projects and reserves with a Power Point presentation.

Finance/HR Director Housley stated that there are no changes to the organizational chart or staffing levels for the year and no anticipated changes in personnel. The proposed budget for this year is \$14,151,000 which is \$5,131,328 higher than last year due to the payoff of the \$5,060,320 COP debt. Anticipated revenues are at \$9,981,750. Property taxes were budgeted at 2% and franchise fees for commercial solid waste were budgeted at 14% or \$77,845 with user fees for residential and commercial sewer and residential solid waste unchanged. RDA pass-through payments are being projected at \$310,000 and interest rates remain low. Expenses are expected to be \$5.1 million higher than the previous year mainly due to the \$5,060,320 early payoff of the COP debt. Labor and benefit costs are estimated to increase \$6,408 from last year and \$64,600 for operational costs. There will be no budgeted cost of living allowance or increase to the health, dental and life insurance cap for the year and there will be a reduction in the CalPERS rates due to the Board's decision to pay down of the unfunded liability. All employees are currently contributing to their CalPERS retirement costs and there will be a minimal increase to worker's compensation costs. There will again be no changes to Directors fees and travel. The District has mostly budgeted for CNG fuel due to the upcoming CNG fueling station nearing completion at a cost of approximately \$2.05 per gallon versus \$3.20 per gallon for diesel. Tonnage fees are estimated to increase by approximately \$25,000 or 1.66% and the District continues to budget for these fees and absorb the cost without passing it through to the ratepayers. Fleet repairs and maintenance are increasing by approximately \$23,000 and depreciation and amortization costs are increasing by \$400,000 due to the CNG station and trucks.

President Cobo asked if one of the Districts current diesel trucks could be converted to a flat bed instead of selling it.

GM Robbins stated that the District could repurpose one of the Districts diesel trucks although the driver would need a class B license to drive it. He stated that he would have the surplus of the majority of the older diesel trucks on the next agenda for the Board's consideration.

Finance/HR Director Housley stated that the major capital outlay and improvements are the eight CNG solid waste trucks (\$2.6 million), the carry-over for the CNG fueling station (\$400,000), the siphon project in Westminster (\$100,000), the sewer lining project (\$150,000), and the sewer pump truck with boom (\$120,000) for a total of \$3,370,000. The funds for these projects are coming from the District's reserves.

The District has increased its budget fund over the past five years with the expectation of paying down debt and converting to CNG. The District spent \$1.7 in unfunded liabilities in 2014-2015 and over \$3 million over the last two years to pay down the OPEB liability due to budgeting depreciation, being conservative on revenues, being overly cautious on expenses and reducing costs while keeping service levels intact. The District has less liability, no OPEB liability, and PERS rates are down.

Director Neugebauer stated that the District will be in a better place because it has added so many assets and paid off its debt.

GM Robbins stated that the biggest capital improvement project expense to the District will be 30,000 of the 56,000 solid waste carts that are over ten years old will need to be replaced over the next few years and will cost around \$2 million.

Director Krippner asked if the residents have to ask for replacement carts or does the District just do it.

GM Robbins stated that the drivers turn them in if they see cracked or broken containers and some residents call in and request exchanges.

Finance/HR Director Housley stated that the Districts operating expenses have increased gradually over the years and is especially high this year due to the CNG trucks and the fueling station project.

Director Neugebauer made several suggestions to the draft budget which the Board agreed to.

Finance/HR Director Housley stated that he would incorporate those changes as directed.

President Cobo asked staff if they had looked into solar panels for the District. He stated that the solar panels on top of the City's new parking structure are working well because the police department has received a refund from Southern California Edison.

GM Robbins stated that the District is equipped to have solar panels but that he would have to wait until the CNG fueling station was complete to see how much energy the District facilities and new fueling station are actually using before going out to bid.

Director Neugebauer stated that she likes the numbers of the budget because they paint a picture of very conservative and efficient expenditures of funds by the District.

There was no action taken on this item.

**B. Consider Scheduling the Third Public Budget Workshop/Study Session Fiscal Year 2015-2016 (July 1, 2015 through June 30, 2016)**

GM Robbins stated that the third budget meeting is to provide the Board with a final draft budget before final approval in order to make any last revisions or changes.

A motion was made by Director Rice, seconded by Director Neugebauer to schedule the third public budget workshop/study session for fiscal year 2015-2016 on Thursday, June 18, 2015 at 5 P.M. The motion was approved by the following 5-0 vote:

AYES: Cobo, Diep, Krippner, Neugebauer and Rice

NAYS:

ABSTAIN:

ABSENT:

**C. RESOLUTION NO. 2015-04**

*(Roll Call Vote)*

**A RESOLUTION NO. 2015-04 OF THE BOARD OF DIRECTORS OF THE MIDWAY CITY SANITARY DISTRICT OF ORANGE COUNTY, CALIFORNIA, ESTABLISHING THE APPROPRIATIONS LIMIT FOR THE FISCAL YEAR 2015-2016 FOR THE DISTRICT IN ACCORDANCE WITH THE PROVISIONS OF DIVISION 9 OF TITLE 1 OF THE CALIFORNIA GOVERNMENT CODE**

Director Neugebauer asked if any of the standards or the formula for establishing the appropriations limits changed.

GM Robbins stated that the standards and formula have remained the same.

A motion was made by Director Diep, seconded by Director Rice to approve and adopt Resolution No. 2015-04. The motion was approved by the following 5-0 roll call vote:

AYES: Cobo, Diep, Krippner, Neugebauer and Rice

NAYS:

ABSTAIN:

ABSENT:

**D. RESOLUTION NO. 2015-05**

*(Roll Call Vote)*

**A RESOLUTION NO. 2015-05 OF THE BOARD OF DIRECTORS OF THE MIDWAY CITY SANITARY DISTRICT OF ORANGE COUNTY, CALIFORNIA, ESTABLISHING A POLICY APPLICABLE TO DISTRICT DEPOSITS AND INVESTED FUNDS**

Director Neugebauer stated that she is concerned with the County of Orange Midway City Reserve Fund because it holds funds that come from the County. She asked if any revenues from the District as a whole go into that fund.

Finance/HR Director Housley stated that only the pass-through funds that the District receives from the County go into that fund. A line item was created to show the funds that get passed through from the County to the District for the unincorporated area of Midway City.

Director Neugebauer stated that money comes from the ratepayers from the Midway City area as well as the Westminster area and she feels that the Midway City Reserve Fund should receive the same consideration and that she would like them on the same footing as the District as a whole.

GM Robbins stated that the agreement with the County in order to receive redevelopment funds is that if the District accrues more than \$100,000 over a three year period, they do not have to pass through funds to the District. With the dissolution of RDA's, this is no longer true. In the past, the money could not be moved around, but at this point in time, the Board is able to move it wherever they chose.

Director Neugebauer stated that she would like it to be more flexible in order to benefit that area of the Midway City Sanitary District, but at this time there is no redevelopment pass-through and no penalty for having a certain amount of money in the fund.

Director Rice stated that she does not want it comingled with the District's other revenues.

Finance/HR Director Housley stated that the District does take money out of that fund when there are County projects such as the siphon project. He stated that the District uses funds from a source to pay for projects for that source. This does not prevent the District from taking from or adding to the fund.

Director Neugebauer stated that some of the funds from the Midway City Reserve Fund should go into the CNG project because they will benefit just like everyone else within the District from the new CNG trucks and the CNG fueling station.

A motion was made by Director Rice, seconded by Director Diep to approve and adopt Resolution No. 2015-05. The motion was approved by the following roll call 5-0 vote:

AYES: Cobo, Diep, Krippner, Neugebauer and Rice

NAYS:

ABSTAIN:

ABSENT:

E. RESOLUTION NO. 2015-06

*(Roll Call Vote)*

A RESOLUTION NO. 2015-06 OF THE BOARD OF DIRECTORS OF THE MIDWAY CITY SANITARY DISTRICT OF ORANGE COUNTY, CALIFORNIA, APPROVING THE ANNUAL STATEMENT OF INVESTMENT POLICY FOR FISCAL YEAR 2015-2016 (JULY 1, 2015 THROUGH JUNE 30, 2016)

A motion was made by Director Neugebauer, seconded by Director Rice to approve and adopt Resolution No. 2015-06. The motion was approved by the following roll call 5-0 vote:

AYES: Cobo, Diep, Krippner, Neugebauer and Rice

NAYS:

ABSTAIN:

ABSENT:

**INFORMATIONAL ITEMS**

None

President Cobo convened the meeting to a closed session at 5:43 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 LABOR NEGOTIATORS (Government Code Section 54957.6) Agency Designated Representatives: General Manager Robbins, Finance Director Housley and Labor Counsel Joseph Larsen, Employee Organization: American Federation of State, County, and Municipal Employees, LOCAL 1734-01

President Cobo reconvened the meeting at 6:02 P.M.

Labor Counsel Joseph Larsen stated that there was no reportable action taken due to the closed session.

## **BOARD CONCERNS/COMMENTS**

Director Neugebauer stated she needed information regarding the Board's departure for the Waste Expo in Las Vegas, Nevada on Sunday, May 31, 2015.

GM Robbins stated that Director of Operations/Safety Nick Castro would begin picking up Directors at 2:30 P.M. on Sunday, May 31, 2015 in order to be at the Long Beach airport for the 4:55 P.M. departure.

Director Neugebauer asked GM Robbins what time he would be arriving in Las Vegas.

GM Robbins stated that he was planning to arrive around 2 P.M. in order to begin checking in and getting rooms for the Directors and that he would be there when they arrive.

Director Neugebauer stated that there are 12,000 people estimated to attend the Waste Expo and that she is looking forward to meeting a lot of people who know about CNG.

Director Rice thanked Finance/HR Director Housley for the good report because she is able to follow, understand and comprehend it.

President Cobo stated that it was a good report from staff.

## **GM/STAFF CONCERNS/COMMENTS**

GM Robbins stated that he would be looking for companies that service CNG fueling stations while at the Waste Expo in Las Vegas because he was having difficulty getting bids due to the small size of the Districts station.

## **GENERAL COUNSEL CONCERNS/COMMENTS**

None

## **ADJOURNMENT**

President Cobo adjourned the meeting to Tuesday, June 16, 2015 at the District office at 5:00 P.M. at approximately 6:09 P.M.

  
A. Krippner, Secretary