

**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 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, November 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
James Eggart, General Counsel
Danielle Gerardo, Board Secretary
Daphnie Munoz, White Nelson Diehl Evans
Dean Ruffridge, CR&R
Michelle Clark, Rainbow Environmental Services
Anita Spencer, Resident

PLEDGE AND INVOCATION

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

PUBLIC COMMENTS

Jenny Hayden, who is retired from the Navy and now Commander of the American Legion Post 555 at 14582 Beach Blvd. in Midway City, reported that on Saturday, October 25, 2015, during a wedding there was a big sewer problem at their location with water backing up. They called a plumber who implied that it could be a City problem and that there is a crack in the sewer main. She stated that she wanted to be on record with the complaint in order to have it investigated and would be filing a claim.

Director Rice asked if the crack was in the laterals or in the street.

Jenny Hayden replied that the plumber stated that the crack is in the street.

Director Rice asked if the District could get a copy of the video done by the plumber.

GM Robbins stated that he had already asked for a copy of the CCTV work done by the plumber, provided her with a claim form and asked that when the repairs are done, the District be there to provide assistance.

Jenny Hayden stated that she would provide a receipt as well as all other backup when she files the claim.

Lee Leber, also a member of the American Legion Post and its Board, asked where the property owners' responsibility begin and end for the sewer.

GM Robbins explained that the property owner is responsible all the way to the main.

Lee Leber asked if the main goes down the middle of Beach Blvd., for example, and if it is in lane two.

GM Robbins confirmed that it is the property owner's responsibility and that Ordinance 13 is written that way and is the way it is for most cities and government agencies that own sewer systems. Most plumbers think that once in the public right of way it is the agency's responsibility but that is incorrect.

Director Rice stated that the District has a lateral assistance program.

GM Robbins stated that it does not cover commercial properties but the Board could discuss it after a claim is filed.

Lee Leber asked if the sewer from the property connects straight out to the street.

GM Robbins stated that he had provided a map and that the lines run right between two streets – Legion and Roosevelt – dead center of his property and that the sewer main was built in 1953.

APPROVAL OF THE MINUTES OF THE REGULAR MEETING OF NOVEMBER 3, 2015

A motion was made by Director Neugebauer, seconded by Director Rice to approve the minutes of the meeting of November 3, 2015, with a change. The motion was approved by the following 5-0 vote:

AYES: Cobo, Diep, Krippner, Neugebauer, and Rice

NAYS:

ABSTAIN:

ABSENT:

APPROVAL OF EXPENDITURES

A. Demands in the amount of \$ 203,423.81

#	CK #	Date	AMOUNT	VENDOR	
1				HANDCUT CHECKS:	
2	7991	11/4	1,040.00	Westminster Senior Center Foundallon - (65) See's Candy Gift Certificates for 2015 Holiday Party	
3	7992	11/5	345.92	AT&T Mobility - Service for October 2015: (KR) 714-310-2313, (NC) 714-310-8653, (DGr) 714-325-3606,	
4				Sewer 714-310-8654, Emergency 714-310-9004.	
5	7993	11/5	4,160.00	California Association of Sanitation Agencies - 2015 Agency Membership Dues	
6	7994	11/5	980.24	Chevron & Texaco Bus. Card Svcs. - Gasoline Purchases for October 2015	
7	7995	11/5	110.98	DirecTV - Service for November 2015	
8	7996	11/5	75.00	DMV - Registration for (2) Arrow Boards & (1) Multiquip Whitevan Trailer	
9	7997	11/5	380.99	Office Max - Restock District Office Supplies for October 2015	
10	7998	11/5	1,182.61	Verizon California - District Office Phones & Lift Stations for October 2015; \$694.78 District Office,	
11				\$162.61, Willow Lift, \$162.61 Westminster Lift, \$162.61 Hammon Lift.	
12	7999	11/12	30.00	City of Westminster FARP - Annual Alarm Permit for Alarm System	
13	8000	11/12	40.00	City of Westminster - Hydrant Meter Water Usage for September 2015	
14	8001	11/12	46.08	The Gas Company - District Office Fees for October & November 2015	
15	8002	11/12	3,338.58	The Gas Company - CNG Fuel for October 2015	
16	8003	11/12	7,269.43	US Bank - (KR) Food for CSDA Monterey, CA Conf. 09/21-09/24/2015 (KR)	\$120.86
17				(KR) Portola Hotel CSDA Monterey, CA Conf. 09/21-09/24/2015 (KR)	\$651.72
18				(KR) (2) Power Surge Back-up for Reception & Finance	\$237.58
19				(KR) ISDOC Qtrly Luncheon Oct. 22, 2014 (RH)	\$17.00
20				(KR) ISDOC Qtrly Luncheon Oct. 22, 2014 (MR, JN, FC, AK, TD)	\$85.00
21				(KR) Wiarcom Monthly Service SEP-2015	\$431.10
22				(KR) Wiarcom Monthly Service OCT-2015	\$431.10
23					KR Total \$1,974.36
24				(DGe) Board Meeting Refreshments for 10/06, 10/20	\$48.60
25				(DGe) Sandwiches for Junior Ambassadors Luncheon 10/17	\$200.00
26					DGe Total \$248.60
27				(DGr) Restock Sewer Supplies	\$225.71
28					DGr Total \$225.71
29				(RH) Food for CSDA Monterey, CA Conf. 09/21-09/24/2015 (RH)	\$88.57
30				(RH) CSDA Monterey, CA Conf. 09/21-09/24/2015	\$96.00
31				(RH) United Baggage Fees CSDA Monterey, CA Conf. 09/21-09/24/2015 (FC, MR)	\$100.00
32				(RH) United Baggage Fees CSDA Monterey, CA Conf. 09/21-09/24/2015 (RH)	\$25.00
33				(RH) Portola Hotel Reservations CSDA Monterey, CA Conf. 09/21-09/24/2015 (MR, JN, FC)	\$1,510.15
34				(RH) Portola Hotel Reservation CSDA Monterey, CA Conf. 09/21-09/24/2015 (RH)	\$585.72
35				(RH) Parking of District Van at Airport for CSDA Monterey, CA Conf. 09/21-09/24/2015	\$120.00
36				(RH) Postage Stamps for District	\$19.60
37				(RH) Relay for T61	\$37.26
38				(RH) CNG Wrench for Shop	\$54.00
39				(RH) Remington Water Services OCT-2015	\$64.00
40				(RH) Airline Ticket for CalPERS San Jose, CA 10/26-10/27/2015 (RH)	\$315.00
41				(RH) City of Westminster - Water - Westminster Lift Station 07/29-09/22/2015	\$14.33
42				(RH) Orange County Register SEP-2015	\$42.13
43				(RH) CSMFO Luncheon 10/22/2015 (RH)	\$30.00
44					RH Total \$3,101.76

45		(NC) GPS Antenna for NG4	\$74.99
46		(NC) (1) Torque Wrench for Shop	\$329.40
47		(NC) (6) New Tires for G2 Service Truck	\$1,293.78
48		(NC) Safety Chain Hooks for Refuse Office	\$20.83
49			NC Total \$1,719.00
50	8004 11/12	443.42 Verizon Business - Internet Connection for SCADA System for November 2015	
51		19,443.25 HANDCUT CHECKS SUBTOTAL	
52		REGULAR CHECKS:	
53			
54	8005 11/12	42.00 Mayfield, Robert - DMV License Renewal	
55	8006 11/12	62.00 Advanced Gas Products - Cylinder Rental for OCT-2015	
56	8007 11/12	2,000.00 The Bank of New York Mellon - COP for the Period November 1, 2013-October 31, 2014	
57	8008 11/12	727.00 CRC Cloud - Maintenance & Support for November 2015	
58	8009 11/12	2,405.87 CR Transfer - Tonnage from 10/16/2015 through 10/31/2015	
59	8010 11/12	875.56 Daniels Tire Service - (4) Recaps for Restock	
60	8011 11/12	7,790.00 Flo-Services - Preventative Maintenance for October 2015	
61	8012 11/12	142.22 G & K Services - Uniform Services for November 2015	
62	8013 11/12	119.53 Hose Man, Inc. - (2) Radiator Hoss & Fittings for NG2	
63	8014 11/12	384.95 Ironman Parts - D.P.F. Filter Cleaning for T65	
64	8015 11/12	853.77 Konecranes - Labor & Parts to Repair Shop 5-Ton Crane	
65	8016 11/12	2,610.68 Los Alamitos NAPA Auto Parts - Restock (10) Adapters, (6) Halogen Lamp, (12) Blades, (4) Hubcaps,	
66		(6) Valves, (2) Disc Pads, (4) Brake Drums, (4) Shoe Kits, (10) Hub Oil, (24) Brakleen, (1) Wrench.	
67	8017 11/12	15,728.64 Orange County Sanitation District - Permit Fees for October 2015 (MCSD 5% = \$827.82)	
68	8018 11/12	259.20 PSI - (2) Hoses for Restock	
69	8019 11/12	1,716.27 QuInn Company - Parts & Labor for Engine Repairs for M63	
70	8020 11/12	69,402.17 Rainbow Transfer Recycling - Tonnage from 10/16/2015 through 10/31/2015	
71	8021 11/12	183.60 Reyes Alternators - (1) New Alternator for M4	
72	8022 11/12	658.10 Rosemead Oil Products - (1) 55-Gallon Drum of Oil for Restock	
73	8023 11/12	208.00 Scott Harrison Plumbing - Repairs to Air Conditioning in District Offices	
74	8024 11/12	11,195.00 State Water Resources Control Board - Annual Permit Dues for 07/01/2015-06/30/2016	
75	8025 11/12	1,450.00 Total Compensation Systems - Second Installment GASB45 Valuation Services	
76	8026 11/12	748.75 Trademark Holst & Crane - Labor & Test Weights to Perform Load Test of 5-Ton Crane	
77	8027 11/12	12.00 Underground Service Alert - (8) New Tickets for October 2015	
78	8028 11/12	525.68 Universal Office Systems - Labor & Part to Repair District Copier	
79	8029 11/12	2,075.00 White Nelson Diehl Evans - Third Billing on Audit of the District's Financial Statements FYE June 30, 2015	
80		\$ 122,175.99 REGULAR CHECKS SUBTOTAL	
81			
82		PAYROLL	
83	11/10	60,004.57 Payroll - Staff Checks Taxes & Direct Deposits	
84	11/10	1,100.00 Payroll - Nationwide Deferred Compensation (100% Paid By Employees)	
85	11/10	700.00 Payroll - Nationwide Deferred Compensation (100% Paid By Employees)	
86		\$ 61,804.57 PAYROLL SUBTOTAL	
87			
88		\$ 203,423.81 TOTAL EXPENDITURES (HANDCUT, REGULAR, PAYROLL)	
89			
90		BANK TRANSFERS	
91	10/29	300,000.00 Transfer Funds from LAIF to Checking Account	

A motion was made by Director Rice, seconded by Director Diep to approve the expenditures in the amount of \$ 203,423.81. The motion was approved by the following 5-0 vote:

AYES: Cobo, Diep, Krippner, Neugebauer, and Rice

NAYS:

ABSTAIN:

ABSENT:

REPORTS

Report of President

None

Report of General Manager

GM Robbins stated that it was good to be back and thanked the Board for the flowers which were sent to him.

GM Robbins reported that the District's oldest carts have expired their warranties but that staff has found a source that will purchase them to recycle the plastic.

GM Robbins reported that he was not able to purchase blue straw hats for MCSD employees because they are too expensive and were not attractive when dyed, but was able to purchase the same hats as last year.

GM Robbins stated that he wanted to give the Board an update on the new CNG station. Not counting depreciation or maintenance the electricity and gas costs were \$1.01 per gallon for the fleet for September and \$0.90 per gallon in October, which is much less expensive than what the District was previously paying.

California Special Districts Association (CSDA) is launching an extensive campaign on Special Districts and would like to feature the Midway City Sanitary District in December due to the new CNG station and fleet. They would like to interview a Board member and a resident of the District as well for the article.

Director Neugebauer asked if they could come to a Board meeting to talk to the Board.

GM Robbins stated that they would like to see the yard and station and take pictures.

Director Neugebauer asked if there would be a luncheon to recognize MCSD Safety award recipient, Raul Martinez so that it could be done at that time.

GM Robbins stated that nothing had been set as of yet but that he would schedule and coordinate with CSDA. He stated the luncheon will need to be scheduled for Wednesday, December 9, 2015, which is the earliest open Wednesday.

Report from Orange County Sanitation District Meeting on November 9, 2015

Director Diep reported that he attended the Legislative and Public Affairs Committee meeting on November 9, 2015 where California Association of Sanitation Agencies (CASA) gave a presentation about its legislative priorities for 2016 and working with OCSD on the upcoming trip to Washington D.C. He provided the Board with a copy of the Power Point presentation in case they were interested in some of the federal legislation that CASA is keeping an eye on for all the sanitation agencies in California.

Director Diep reported that he also attended the Administrative Committee meeting on Thursday, November 12, 2015 where he received a report on the agency's annual financial review. It is a fee for service agency so there is a stability and incumbent cost.

Director Neugebauer stated that there would be a meeting on Wednesday, November 18, 2015 and asked if he would be attending or if as the alternate she should plan to attend.

Director Diep reported that he was planning to attend that meeting.

Report from the Westminster Chamber of Commerce Legislative Meeting on November 13, 2015

Director Neugebauer reported that the legislative meeting was a very positive use of the Chamber of Commerce room and was very well set up and organized. District Attorney Tony Rackaukas' presentation covered the responsibilities of the D.A.'s office with staff of over 800 and reported that for the last two years they have come in under budget. The victims of sexual abuse generated the most questions and conversation.

Director Rice reported that they spoke at length on human trafficking which is a problem in the County as well as the State. As the District's Representative, she attended another interesting Chamber meeting on Tuesday, November 17, 2015 with non-profits there explaining what they do for the people of the community. The speaker was Steel Morris who started the Challenge League in Orange County for handicapped ball players. Director Rice stated that she disagreed with his statement that the police are so understaffed that they don't help.

President Cobo stated that he liked the legislative meeting program and most especially when the school district spoke about educating the young generation of today.

CONSENT CALENDAR

- A. Investment Report for October 2015
- B. Consider Renewal of Annual Membership to California Special Districts Association (CSDA)
- C. Approve Attendance to the California Association of Sanitation Agencies (CASA) Winter Conference in Palm Springs, CA, January 20-22, 2016
- D. Approve Attendance to the 2016 Waste Expo Being Held at the Las Vegas Convention Center, Las Vegas, Nevada June 6-9, 2016

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:

OLD BUSINESS

None

NEW BUSINESS

- A. Consider and Approve the Fiscal Year 2014-2015 Independent Financial Audit Report for Midway City Sanitary District (July 1, 2014 through June 30, 2015)

Finance/HR Director Housley stated that there was some extra work done during the audit due to GASB 68 and the reporting through CalPERS which caused the delay.

Daphnie Munoz from White Nelson Diehl Evans presented the Board with the District's annual financial audit for the fiscal year 2014-2015. She explained that the District is now required to implement GASB 68 (reporting requirement for pension) which required the District to record the liability in the financial statements as opposed to a footnote disclosure which was done in the past. On the Statement of Net Position the District's total assets as of June 30, 2015 are approximately \$57 million of which \$31 million is cash and investments and \$25 million is in capitol assets. There is a new item in the financial statements which is called a deferred amount which is \$1.9 million which was from the prefunding of the unfunded liability. That amount will be applied against the net pension liability of the District as of June 30, 2016. There was a change in net position of approximately \$4 million which means that revenues exceeded expenditures. She

announced that they did not have any difficulties during the audit and two misstatements were corrected – the OPEB (other post employment benefits) and GASB 68 (net pension) liabilities.

A motion was made by Director Rice, seconded by Director Neugebauer to receive and file the Fiscal Year 2014-2015 Independent Financial Audit Report for Midway City Sanitary District (July 1, 2014 through June 30, 2015). The motion was approved by the following 5-0 vote:

AYES: Cobo, Diep, Krippner, Neugebauer and Rice

NAYS:

ABSTAIN:

ABSENT:

B. Consider the July 1, 2015 GASB 45 Valuation Report for the Midway City Sanitary District

Finance/HR Director Housley stated that the District received the OPEB (other post employment benefits) numbers which are for health care for the retirees of the District. A different actuary firm was used this year and they show active pre-65 and post-65 employees. This shows the cost before and after retirement and gives the District an idea of what the liability is. The District's total liability for retiring and active employees is \$2.8 million. In the OPEB/CERT account there is approximately \$3.7 million however the actual market value is \$3.3 million. Those funds will help fund current employees, will be used to make retiree benefits going forward and will be readjusted in two years.

A motion was made by Director Diep, seconded by Director Rice to receive and file the July 1, 2015 GASB 45 Valuation Report for the Midway City Sanitary District. The motion was approved by the following 5-0 vote:

AYES: Cobo, Diep, Krippner, Neugebauer and Rice

NAYS:

ABSTAIN:

ABSENT:

C. Amendment of Waste Disposal Agreement with Orange County Waste and Recycling (OCWR)

GM Robbins stated that Orange County Waste and Recycling (OCWR) is looking at bringing importation into the landfills from Los Angeles and at some point there would be a cost sharing which the District would receive a portion of. The Board approved an agreement along with every other agency with Orange County Waste and Recycling on April 7, 2015 but the City of Irvine would not agree to sign it so this is merely an extension of the same agreement with no changes until December 31, 2015. If the City of Irvine doesn't sign on the District is looking at a tonnage rate increase of \$5.44 next year starting July 1, 2016.

A motion was made by Director Neugebauer, seconded by Director Diep to accept staff's recommendation and approve the amendment to the Waste Disposal Agreement (WDA) in order to provide stable rates for residents and businesses, continued service levels, ensure long term capacity, maintain long-term partnerships between the District and County and share net importation revenues with participating agencies. The motion was approved by the following 5-0 vote:

AYES: Cobo, Diep, Krippner, Neugebauer and Rice

NAYS:

ABSTAIN:

ABSENT:

D. Discussion of Four-Yard Commercial Bin Service at 7561 21st Street in Westminster, CA

GM Robbins stated that this was brought up at the last meeting and that he had been out to the property twice since then. The properties' four 3-yard bins are picked up six days a week. The customer is requesting 4-yard bin service but there is no rate for 4-yard bin service that has been approved by the District in the franchise agreement. The maximum rate approved is for 3-yard service so that is the maximum rate the franchisee can charge. The owner of the property has potential for 5 3-yard bins on the property which would take care of the problem.

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

AYES: Cobo, Diep, Krippner, Neugebauer and Rice

NAYS:

ABSTAIN:

ABSENT:

E. Discussion of Commercial Franchisees' (Rainbow and CR&R Environmental Services) Response to the Letter Sent by General Manager on October 20, 2015 Regarding the Ownership of Rainbow Environmental Services

GM Robbins stated that per Board direction, he sent a letter to Rainbow with a list of concerns. Their reply is that nothing has been transferred to a third party but the answer to question #2 – that a spare truck used by Republic is being used in the District needs to be addressed. Either the District needs permission from CR&R to approve that action or they need to use strictly Rainbow trucks within the District per the franchise agreement.

Director Neugebauer stated that the District should obtain the definition of subsidiary since Rainbow is now a subsidiary of Republic.

Director Neugebauer stated that she indicated at the last meeting that there should be some sort of a penalty when the franchisee is not in compliance with the agreement.

Director Rice stated that staff suggested discontinuing the evergreen contract with the franchisees.

A motion was made by Director Rice, seconded by Director Krippner to direct General Counsel to write a letter to CR&R to inquire whether CR&R is in agreement with the use of Republic's trucks in the provision of solid waste service to customers within the District's jurisdiction. The motion was approved by the following 5-0 vote:

AYES: Cobo, Diep, Krippner, Neugebauer and Rice

NAYS:

ABSTAIN:

ABSENT:

F. Consider Approval of Attendance to the Retirement Event for Rainbow Environmental Services Employee Sue Gordon on Friday, November 20, 2015

A motion was made by Director Neugebauer, seconded by Director Krippner to approve attendance for Directors and staff to the event for retiring Rainbow Environmental Services employee, Sue Gordon. The motion was approved by the following 5-0 vote:

AYES: Cobo, Diep, Krippner, Neugebauer and Rice

NAYS:

ABSTAIN:

ABSENT:

INFORMATIONAL ITEMS

A. Acquisition of The Standard, the District's Life Insurance and Accidental Death & Dismemberment Benefit Provider for Employees, by Meiji Yasuda Life Insurance Company

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

AYES: Cobo, Diep, Krippner, Neugebauer and Rice

NAYS:

ABSTAIN:

ABSENT:

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.

None

BOARD CONCERNS/COMMENTS

Director Neugebauer welcomed back GM Robbins and commended Finance/HR Director Housley for standing in as Acting GM while he was out of the office.

Director Rice thanked legal counsel for the information provided to the Board regarding the \$5,000 donation that Orange County Sanitation District gave to California Association of Sanitation Agencies (CASA) for educational scholarships, but stated that she still feels that it is wrong and illegal because they are using taxpayer's money.

Director Neugebauer stated that minutes should reflect that OCSD is entirely within their legal rights in making the donation.

President Cobo thanked GM Robbins for coming back, stated that he hopes he is feeling better and that Finance/HR Director Housley did a good job in his absence.

Director Krippner wished everyone a Happy Thanksgiving.

GM/STAFF CONCERNS/COMMENTS

GM Robbins stated that he would like to schedule the luncheon for 10-year safety award recipient and District mechanic, Raul Martinez on Wednesday, December 9, 2015 and to also schedule the interview with CSDA at the same time since all the Directors would be at the District office.

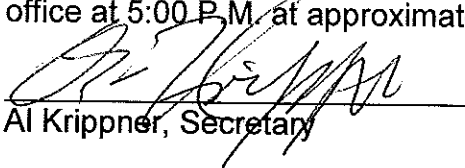
GENERAL COUNSEL CONCERNS/COMMENTS

General Counsel James Eggart reported that, with Board direction, he looked into the \$5,000 donation that OCSD made to CASA for educational scholarships and stated that the contribution was legal.

General Counsel James Eggart stated that, in response to Director Krippner's question regarding the language on Article 8 Section A of the MOU, he confirmed that it is carry-over language and that labor counsel Joseph Larsen recommended waiting until this MOU contract expires and is renegotiated in 2018 if the Board were inclined to make any changes to it.

ADJOURNMENT

President Cobo adjourned the meeting to Tuesday, December 1, 2015 at the District office at 5:00 P.M. at approximately 6:14 P.M.



Al Krippner, Secretary