

**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**

December 1, 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, December 1, 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
Jeff Snow, Rainbow Environmental Services

PLEDGE AND INVOCATION

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

PUBLIC COMMENTS

Jeff Snow of Rainbow Environmental Services expressed his hope that everyone enjoyed the Thanksgiving holiday. He thanked the Board for the invitation to the District's holiday dinner and invited everyone from the District to Rainbow's holiday luncheon on December 17, 2015. He stated that he wanted to publicly inform the Board that Rainbow, after a very protracted hearing with the Air Quality Management District (AQMD), had reached an Order of Abatement. It has not been signed but Rainbow Environmental Services feels that the temporary order is workable for their facility in Huntington Beach.

Director Neugebauer asked if this meant that Rainbow would have to reduce the amount of solid waste that they receive.

Jeff Snow stated that he believes that reductions will not be necessary but that especially after a holiday the proposed 1,300 tons daily might be an issue. He stated that the District would receive priority and not be affected because Rainbow plans to reserve capacity for their three primary franchise partners – Midway City Sanitary District, the City of Fountain Valley and the City of Huntington Beach and the waste streams from third parties would be diverted to other facilities if necessary.

APPROVAL OF THE MINUTES OF THE REGULAR MEETING OF NOVEMBER 17, 2015

A motion was made by Director Diep, seconded by Director Rice to approve the minutes of the meeting of November 17, 2015. 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 \$ 225,951.96

#	CK #	Date	AMOUNT	VENDOR
1				HANDCUT CHECKS:
2	8030	11/18	11,385.42	CalPERS Retirement - Retirement Contributions for October 2015
3	8031	11/23	144.11	AT&T - Brookhurst Lift Station Service for November 2015
4	8032	11/23	11,347.13	CalPERS Retirement - Retirement Contributions for November 2015
5	8033	11/23	39,811.29	CalPERS Health Premium - Healthcare Premium for December 2015
6	8034	11/23		VOID Check Volded due to change in Attendance for Holiday Party 2015
7	8035	11/23	30.24	The Gas Company - Maintenance Shop & Wash Rack Fees for November 2015
8	8036	11/23	150.00	Pitney Bowes/Purchase Power - Postage for District Postage Machine
9	8037	11/23	3,155.33	SDRMA Delta Dental - Dental Insurance Premium for December 2015
10	8038	11/23	385.60	Vision Service Plan - Monthly Premium for December 2015
11	8053	11/24	266.70	David Hernandez - Owed (8) Hours from November 24, 2015 Pay date
12	8054	11/24	181.78	Sergio Gonzalez - Owed (8) Hours from November 24, 2015 Pay date
13			66,857.60	HANDCUT CHECKS SUBTOTAL
14				
15				REGULAR CHECKS:
16	8039	11/24	146.90	Neugebauer, Joy - Health Insurance Reimbursement for December 2015
17	8040	11/24	104.90	Rice, Margie - Health Insurance Reimbursement for December 2015

18	8041	11/24	180.00	Advanced Workplace Strategies - Random DOT Drug Test
19	8042	11/24	1,138.62	CR Transfer - Tonnage from 11/01/2015 through 11/15/2015
20	8043	11/24	6,089.00	California Special Districts Association - 2016 Agency Membership Dues
21	8044	11/24	2,230.98	Flo-Services - Emergency Call Out to Hammond
22	8045	11/24	136.74	G & K Services - Uniform Services for November 2015
23	8046	11/24	16,687.50	OC Commercial Printing - Remaining Balance on District 2016 Calendars
24	8047	11/24	1,196.15	Rainbow Transfer Recycling - Diesel & Unleaded Purchases for October 2015
25	8048	11/24	58,660.27	Rainbow Transfer/Recycling - Tonnage from 11/01/2015 through 11/15/2015
26	8049	11/24	2,849.70	Rufan & Tucker, LLP - Legal Services for October 2015
27	8050	11/24	1,950.00	Safety Research Consultants - (4)-Hour Training Class on 11/07/2015
28	8051	11/24	1,285.00	Crystal Rose Catering - Balance for Holiday Party 2015
29			\$ 92,655.76	REGULAR CHECKS SUBTOTAL
30				
31				PAYROLL
32	11/24		61,403.14	Payroll - Staff Checks Taxes & Direct Deposits
33	11/24		700.00	Payroll - Nationwide Deferred Compensation (100% Paid By Employees)
34	11/24		1,100.00	Payroll - Nationwide Deferred Compensation (100% Paid By Employees)
35	11/25		3,002.62	Board of Director's Payroll for the Month of November 2015 Check # 15814 - 15817
36	11/25		232.84	Board of Director's Nationwide Deferred Compensation for November 2015 (100% Paid By Directors)
37			\$ 66,438.60	PAYROLL SUBTOTAL
38				
39			\$ 225,951.96	TOTAL EXPENDITURES (HANDCUT, REGULAR, PAYROLL)
40				
41				BANK TRANSFERS
42	11/17		1,150,000.00	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 \$ 225,951.96. 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 reported that Rainbow was fined approximately \$130,000 by AQMD as well as receiving the Abatement Order.

Gm Robbins reported that California Special Districts Association (CSDA) is not able to come to the District on Wednesday December 9th as planned so GM Robbins stated that he would like to change the luncheon date to Wednesday, December 16th.

The District's mechanics, sewer crew and lead workers began their 3-day (December 1- 3, 2015) Natural Gas Vehicle training today from the Natural Gas Vehicle Institute because they will be the first responders in the event that anything goes wrong with the District's CNG station or trucks. GM Robbins stated that while walking the yard with the instructor, a small gas leak was found and has already been repaired by Clean Energy. The instructor has recommended that the District have heavy maintenance training for the same group done on the new CNG trucks regularly.

Report from Orange County Sanitation District Meeting on November 18, 2015

Director Neugebauer stated that she was very pleased to attend the November 18, 2015 meeting. OCSA held a drawing contest for students of all ages for the pages of their annual calendar and the winners were recognized at the meeting with a certificate and a check. A 25-year pin was also awarded to Westminster resident Richard Castillion. There was also a prolonged discussion about the extension of the agreement with East Orange County Water District who has taken over part of the sewer system in their area from OCSA. The recommendation was to authorize the General Manager to continue negotiating the agreement but the Steering Committee added that the negotiations also allow other agencies including Irvine Ranch Water District.

Report from the Retirement Celebration for Rainbow Employee, Sue Gordon on November 20, 2015

Director Neugebauer reported that the event was well attended and she was able to speak with Sue Gordon, Ron Shenkman, Jeff Snow, Jerry Moffat and her Soroptomist sisters.

Director Krippner reported that the event was well attended and the food was good.

Both Directors stated that Sue Gordon would be missed.

GM Robbins also attended the event for Sue Gordon.

Report from the La Pat Place Cleanup Event on November 21, 2015

Director Neugebauer stated that she drove by and that the containers seemed unmanned. She asked why this event is always in that location.

GM Robbins reported that he did go to check out the event and spoke with Dave Bridgewater from the City of Westminster and that La Pat Place has improved greatly due to the cleanup events but was not sure why the City keeps picking the same location.

CONSENT CALENDAR

A. Approval of Attendance to the Municipal Water District of Orange County (MWDOC) Water Policy Forum on Friday, January 22, 2016

B. Approval of Attendance to the California Special District Association (CSDA) Special District Leadership Academy Conference in La Quinta, CA January 24-27, 2016

C. Approve Attendance of Finance/HR Director, Robert Housley and Administrative Assistant/Accountant Crystal Enciso to the California Society of Municipal Finance Officers (CSMFO) Annual Conference Scheduled for March 1-4, 2016

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. Approval to Sell Two (2) Surplus Solid Waste Automated Side Loader Trucks with Heil Bodies

A motion was made by Director Rice, seconded by Director Diep to sell the two surplus solid waste trucks to CR&R for \$30,000. The motion was approved by the following 5-0 vote:

AYES: Cobo, Diep, Krippner, Neugebauer and Rice

NAYS:

ABSTAIN:

ABSENT:

B. A Review of the Midway City Sanitary District's Board Members Benefits and Compensation

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

AYES: Cobo, Diep, Krippner, Neugebauer and Rice

NAYS:

ABSTAIN:

ABSENT:

INFORMATIONAL ITEMS

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.

None

BOARD CONCERNS/COMMENTS

Director Neugebauer asked GM Robbins if a letter was sent to CR&R requesting their opinion on Republic trucks being used within the District and if so, had there been a response.

GM Robbins stated yes to both, that the response was received after the agenda went out last Friday, November 29, 2015, and that it was going to be on the next agenda for Board discussion.

General Counsel Eggart stated that pursuant to the Board's request at the last meeting he composed and sent a letter to CR&R, copying Rainbow, and specifically asking them whether they (CR&R) are in agreement with the use of Republic's trucks and the provision of solid waste services to customers within the Districts jurisdiction. He received a response from Dean Ruffridge of CR&R indicating that they are not in agreement with the use of Republic trucks in the provision of solid waste services to customers within the Districts jurisdiction. CR&R was not consulted about that practice by Rainbow or Republic before the practice began and CR&R was not aware that Republic's trucks were being used for the provision of solid waste services within the Districts jurisdiction until they received a copy of the November 10, 2015 letter from

Rainbow. He stated that the letter goes on to say, "As you are aware CR&R and Rainbow jointly service the contractor under the franchise agreement however CR&R has always understood that Rainbow maintains sufficient equipment including spares in its fleet to satisfy the operational requirements of the commercial collection in the District. Until quite recently CR&R was unaware that the District had any concerns relating to the provision of commercial waste services in the District. CR&R assures the District that it will do everything within its power to address any concerns that the District may have. In that regard CR&R stands ready, willing and able to utilize CR&R personnel, CR&R trucks and CR&R's transfer station and MRF for the collection and processing of waste within the District's jurisdiction should the District or Rainbow so request."

General Counsel Eggart provided the Board with a copy of the letter and stated that it could be agendaized for December 15, 2015 if the Board would like.

Director Neugebauer asked who the response letter was addressed to.

General Counsel Eggart stated that it was addressed to him.

Director Neugebauer asked if he stated clearly in his letter that he was instructed by the Board to send the letter asking the question.

General Counsel Eggart confirmed that he was and stated that he would provide a copy of the letter he wrote to the Board.

Director Rice stated that her concern was that the District has exclusive franchise rights and that, in her opinion they have violated them and that they should not be using anyone else's vehicles within the District.

General Counsel Eggart stated that it could be on the next agenda if the Board so chose.

Director Rice requested that it be on the next agenda.

General Counsel Eggart asked the Board if they wanted to vote to have it on the next agenda.

President Cobo requested that it be put on the next agenda per Board consensus.

Director Rice asked if the sewer problem at the legion hall brought to the attention of the Board by the public who attended the last Board meeting had been resolved.

GM Robbins stated that he had not heard anything from them.

Director Neugebauer stated that it has been overflowing since Kiwanis used to meet there twenty years ago.

President Cobo stated that he spoke with someone from the City of Irvine who was unaware of the issue with Orange County Waste and Recycling and asked if there was anything new to report.

GM Robbins stated that it is regarding the landfill agreement with Orange County Waste and Recycling and importation from Los Angeles. O.C. Waste and Recycling are raising their rates because more recyclable tonnage is being diverted from the landfill and their revenues have dropped below what is sustainable to operate the landfill so they are importing waste to meet their minimum requirements. In return all the agencies, since they were using an outside source to bring in landfill tonnage and lose landfill space were going to split the profits accordingly – of which the District would have received \$114,000 a year. Up until the last meeting, everyone signed the agreement except for the City of Irvine and it must be unanimous. The current contract was extended and will expire on December 31, 2015. If the City of Irvine does not sign the contract, it could cost the District approximately \$178,000 in tonnage fees. GM Robbins' understanding is that they are not going to sign because they want a bigger piece of the pie as well as a separate off-ramp to the landfill.

GM/STAFF CONCERNS/COMMENTS

GM Robbins stated that the Board's annual reorganization meeting would be on Friday, December 4, 2015 at 5 P.M. and the District annual holiday dinner on Sunday, December 6, 2015 at 6 P.M.

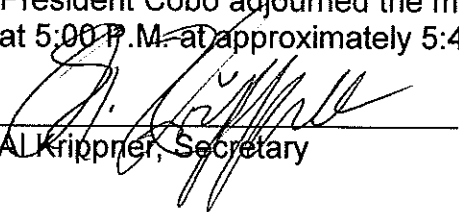
Finance/HR Director Housley stated that the audit for the franchise agreement was discussed with the auditors at White Nelson Diehl Evans during a conference call on Tuesday, December 1, 2015 to go over procedures and that there would be something on the agenda at a meeting in January 2016.

GENERAL COUNSEL CONCERNS/COMMENTS

General Counsel James Eggart confirmed that the Board consensus was to have the letter which he sent to CR&R as well as their response on the next regular agenda.

ADJOURNMENT

President Cobo adjourned the meeting to Friday, December 4, 2015 at the District office at 5:00 P.M. at approximately 5:42 P.M.


AL Krippner, Secretary