

**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**

**January 19, 2016**

**CALL TO ORDER**

President Rice called the regular meeting of the Governing Board of the Midway City Sanitary District to order at 14451 Cedarwood Avenue, Westminster, California on Tuesday, January 19, 2016 at 5:00 P.M.

**BOARD MEMBERS PRESENT:**

Al P. Krippner  
Joy L. Neugebauer  
Tyler Diep  
Frank A. Cobo  
Margie L. Rice

**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  
Dean Ruffridge, CR&R Inc.  
Bill Morgan, White Nelson Diehl Evans LLP  
Anita Spencer, Resident

**PLEDGE AND INVOCATION**

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

**PUBLIC COMMENTS**

None

**APPROVAL OF THE REVISED MINUTES OF THE REGULAR MEETING OF  
DECEMBER 15, 2015**

A motion was made by Director Neugebauer, seconded by Director Cobo to approve the revised minutes of the meeting of December 15, 2015, as presented. The motion was approved by the following 5-0 vote:

AYES: Cobo, Diep, Krippner, Neugebauer, and Rice  
 NAYS:  
 ABSTAIN:  
 ABSENT:

**APPROVAL OF THE MINUTES OF THE REGULAR MEETING OF JANUARY 5, 2016**

A motion was made by Director Neugebauer, seconded by Director Cobo to approve the minutes of the meeting of December 15, 2016, 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 \$ 215,929.38**

#	CK #	Date	AMOUNT	VENDOR	
1				<b>HANDCUT CHECKS:</b>	
2	8122	1/6	430.49	AT&T Mobility - Service for December 2015: (KR) 714-310-2313, (NC) 714-310-8653, (DGr) 714-325-3606.	
3				Sewer 714-310-8654, Emergency 714-310-9004.	
4	8123	1/6	1,255.25	Chevron & Texaco Bus, Card Svcs. - Gasoline Purchases for December 2015	
5	8124	1/6	110.98	DirecTV - Service for January 2016	
6	8125	1/6	5,000.00	Jose L Vivas - Electrical Engineering for District	
7	8126	1/7	243.90	Envy Electric - Replace Burnt -Out Panels for District	
8	8127	1/11	471.55	Hedman - New Signature Plate for Check Machine	
9	8128	1/11		VOID Printing Error	
10	8129	1/13	11,147.39	CalPERS Retirement - Retirement Contributions for January 2016	
11	8130	1/13	3,431.65	The Gas Company - CNG Fuel for December 2015	
12	8131	1/13	1,240.05	US Bank - (KR) CWEA Annual Renewal	\$250.00
13				(KR) Security Camera In Use Signs (5)	\$13.39
14				(KR) HASP rotating post for front office electrical panel	\$10.55
15				(KR) (4) Pizzas for CNG Training	\$66.00
16				(KR) Fried Chicken for CNG Training	\$50.68
17				(KR) Postage for Surrendered Exempt Plates (T56, T59, T60, T61, T62, T55)	\$5.75
18				(KR) Frozen Turkey for Luncheon 12/16/15	\$28.76
19				(KR) Ham for Luncheon 12/16/15	\$83.34
20				(KR) Edible Arrangement for James Eggart 12/18/15	\$67.38
21				(KR) Luncheon Supplies for 12/16/15	\$10.80
22				(KR) Cancelled Refund CASA Palm Springs, CA (TD)	-\$199.70
23					<b>(KR) Total \$386.95</b>

24			(DGe) Board Meeting Refreshments for 12/01 & 12/15 Board Meetings	\$50.55
25			(DGe) 6-Foot Sandwich for CNG Training	\$100.32
26			(DGe) Total	\$150.87
27			(RH) Remington Monthly Services NOV-2015	\$64.00
28			(RH) CSMFO Conference Registration (RH)	\$370.00
29			(RH) CSMFO Annual Membership (RH)	\$110.00
30			(RH) City of Westminster - Water - Westminster Lift Station 09/23-11/17/2015	\$14.33
31			(RH) Service on District Ricoh Copier	\$143.90
32			(RH) Total	\$702.23
33	8132	1/13	445.91 Verizon Business - Internet Connection for SCADA System for January 2016	
34			<b>23,777.17 HANDCUT CHECKS SUBTOTAL</b>	
35			<b>REGULAR CHECKS:</b>	
36				
37	8133	1/13	150.00 Cobo, Frank - Per Diem for CASA Conference Palm Springs, CA 01/20-01/22/2016	
38	8134	1/13	150.00 Neugebauer, Joy - Per Diem for CASA Conference Palm Springs, CA 01/20-01/22/2016	
39	8135	1/13	150.00 Rice, Margie - Per Diem for CASA Conference Palm Springs, CA 01/20-01/22/2016	
40	8136	1/13	62.00 Advanced Gas Products - Cylinder Rental for December 2015	
41	8137	1/13	190.00 Asbury Environmental Services - Used Oil Pick Up for December 2015	
42	8138	1/13	698.00 CRC Cloud - Maintenance & Support for January 2016	
43	8139	1/13	1,110.00 Frog Environmental - 3rd Quarter 2015-2016 Non-Storm Observation; Storm Sample #2	
44	8140	1/13	300.48 G & K Services - Uniform Services for December 2015 & January 2016	
45	8141	1/13	312.00 Konecranes - Inspection & Preventative Maintenance for December 2015	
46	8142	1/13	38.84 Los Alamitos Napa Auto Parts - (4) Wiper Blades for M2 & G2	
47	8143	1/13	261.30 North American Safety - (20) White T-Shirts with District Logo & (10) Reflective Safety Vests for Restock	
48	8144	1/13	41,099.85 Orange County Sanitation District - Permit Fees for December 2015 (MCSD 5% = \$2,163.15)	
49	8145	1/13	103.24 Plumber's Depot - (2) Toggle Switches for Vector Trucks M63 & M64	
50	8146	1/13	66,176.79 Rainbow Transfer Recycling - Tonnage from 12/16/2015 through 12/31/2015	
51	8147	1/13	351.05 Rainbow Environmental Services - Diesel & Unleaded Purchases for December 2015	
52	8148	1/13	403.64 Top Mobile Vision - Replace Damaged Hopper Camera and Cable for NG3	
53	8149	1/13	15.00 Underground Service Alert - (5) New Tickets for December 2015	
54	8150	1/13	6,544.13 Woodruff, Spradlin & Smart - Legal Services for October & December 2015	
55			<b>\$ 118,116.32 REGULAR CHECKS SUBTOTAL</b>	
56			<b>PAYROLL</b>	
57				
58		1/5	72,235.89 Payroll - Staff Checks Taxes & Direct Deposits	
59		1/5	1,100.00 Payroll - Nationwide Deferred Compensation (100% Paid By Employees)	
60		1/5	700.00 Payroll - Nationwide Deferred Compensation (100% Paid By Employees)	
61			<b>\$ 74,035.89 PAYROLL SUBTOTAL</b>	
62				
63			<b>\$ 215,929.38 TOTAL EXPENDITURES (HANDCUT, REGULAR, PAYROLL)</b>	
64			<b>BANK TRANSFERS</b>	
	12/31		3,000,000.00 Transfer Funds from Checking Account to LAIF	
	1/4		330,196.48 Transfer Funds from Money Market to Checking Account	
	1/13		809,097.33 Transfer Funds from Money Market to Checking Account	

A motion was made by Director Cobo, seconded by Director Neugebauer to approve the expenditures in the amount of \$ 215,929.38. The motion was approved by the following 5-0 vote:

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

NAYS:

ABSTAIN:

ABSENT:

## **REPORTS**

### **Report of President**

President Rice reported that, as the District's representative, she attended the Chamber of Commerce meeting on Tuesday, January 19, 2016 and that there were a lot of business owners in attendance.

### **Report of General Manager**

GM Robbins stated that he sent the Board members an email informing them that the City of Westminster was trying to appropriate the Districts franchise fees and that more than likely it would be in the form of a tax and would need a city ordinance to pass with the vote of the Council members. If that is the intent, the franchisee would be directed to add a tax to the bills so that it will say the City of Westminster usage tax. He stated that they are doing their due diligence in a time of need and are looking at all their options. He stated that the District was not in a good situation in 2010 but reorganized and due to strategic and financial planning, were able to turn things around.

GM Robbins stated that he would be out of the office most of the day on Monday, January 25, 2016.

### **Report from Orange County Sanitation District (OCSD) Meeting**

Director Neugebauer stated that OCSD was dark in January so there was no meeting to report on and that the next meeting was scheduled for January 27, 2016.

## **CONSENT CALENDAR**

- A. Investment Report for December 2015
- B. Approve Attendance to the Independent Special Districts of Orange County (ISDOC) Quarterly Meeting on Thursday, January 28, 2016
- C. Approve Participation in the Spring Festival on Saturday, March 19, 2016 from 9 A.M. to 3 P.M. at the Civic Center

**D. Approval of Professional Service Agreement to Continue Using DGA Consultants for On-Call Engineering and Plan Check Reviews**

A motion was made by Director Diep, seconded by Director Krippner 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**

**A. Approval of 2016 Midway City Sanitary District Strategic Plan**

A motion was made by Director Neugebauer, seconded by Director Krippner to approve the 2016 MCSD Strategic Plan with a change on page 16, under Suggested Fee Rate Structure and Increases, Item 2 to read "The rate should be charged at the rate of the service provided and to ensure adequate reserves". The motion was approved by the following 5-0 vote:

AYES: Cobo, Diep, Krippner, Neugebauer and Rice  
NAYS:  
ABSTAIN:  
ABSENT:

**NEW BUSINESS**

**A. Approve the Engagement of White Nelson Diehl Evans LLP, to Perform an Agreed-Upon Procedure Review of its Franchise Agreement with Rainbow Environmental and CR&R Inc.**

Finance/HR Director Housley stated that the audit is similar to the last one with some items added by the Board and the Franchise Committee.

Director Neugebauer asked staff and the auditor if they had reviewed the outline of what is expected to be included in the audit and if there was any problem with any of it and if staff had anything to add to the review.

The response from both the auditor and staff were noes.

A motion was made by Director Neugebauer, seconded by Director Cobo to approve the engagement of White Nelson Diehl Evans LLP to perform an agreed-upon procedure review of its franchise agreement with Rainbow Environmental and CR&R Inc., as recommended by staff. The motion was approved by the following 5-0 vote:

AYES: Cobo, Diep, Krippner, Neugebauer and Rice

NAYS:

ABSTAIN:

ABSENT:

B. Presentation of AB1826 Commercial Organic Recycling Plan by Rainbow/CR&R Environmental

Jeff Snow from Rainbow Environmental Services gave a presentation to the Board regarding State mandate AB 1826 and the required changes in organics recycling. The EPA has stated that food waste is the largest fraction of the waste stream yet the least recycled. Food (organic) waste creates methane which is 50 times more noxious than CO<sub>2</sub> and California is a high creator of methane due to the high population. AB 1826 specifically requires jurisdictions to have an organics program in place by January 1, 2016 with the first implementation on April 1, 2016 for large generators (businesses and multi-family generators) who produce 8 or more cubic yards a week of organic waste. By January 2017, it will include generators of 4 cubic yards or organic waste per week. Rainbow has hired a consulting firm to help determine who the larger generators are and will work on educating them to redirect the food waste by reducing the volume of food wasted, donating extra food to food banks, feeding animals, creating energy and compost.

Dean Ruffridge from CR&R explained the facility that CR&R has built in Perris, CA. Organic food waste, green waste and FOG (fats, oils and grease) goes into a digester which produces natural gas for fuel and liquid and solid soil amendments. The gas will be sold to other agencies and the gas company, the liquids have been sold to the farmers to sprinkle on their plants and the solid will go mostly to alfalfa and citrus fields. He stated that he, Jeff Snow and GM Robbins would sit down to go over rates but that for all commercial residents, it was state mandated by April 1, 2016 and residential will need to also separate by 2020. The new plant for green waste and food waste is in Perris was started nine years ago and is adding a lot of jobs and money to that area.

Director Neugebauer stated that the Albertson's in Westminster has been recycling their food waste for years and asked if the amount of their recycling has changed.

Jeff Snow stated that 70% of Albertson's food waste goes to food banks to feed hungry people and has remained fairly unchanged and consistent. The remainder is recycled into compost. They produce roughly 150,000 pounds of organic waste per year. He stated that the facility in Perris is exciting because the state of California is looking to redirect 10 million tons of organics currently going into landfills and that the District is in

an enviable position having the access to capacity and resources, and that he would continue to work with staff and the Board.

Director Krippner asked if there would be a tour of CR&R's plant in Perris and how it compares to OCSD in Fountain Valley.

Dean Ruffridge stated that the Board was welcome to come and that he had invited them to come at any time.

President Rice stated that the Board needed to go and take a tour of the facility.

Director Neugebauer asked why the map included in the presentation lacks information for mid America.

Jeff Snow stated that God does not make trash, people do and that the Midwest is not as populated as California and they have composting in place. He encouraged the Board to go out to Perris to see CR&R's new AD (anaerobic digester) facility.

Director Neugebauer stated that a few years ago, people were told not to put anything down the drain and into the garbage disposal and that has probably exacerbated the problem of organics.

GM Robbins stated that restaurants legally cannot have a garbage disposal and that it is against building codes.

Director Cobo stated that there should be a bag that captures food waste from sinks that can be bagged and thrown away to be used.

Jeff Snow and Dean Ruffridge both stated that is already being done in certain areas but is not perfected. Dean Ruffridge stated that Costa Mesa Sanitary District went from one barrel to two and that (wet/dry approach) may be the future.

GM Robbins stated that the District has been telling its customers for a few years now, that pet waste, food waste and yard waste should go into the black container, with everything else going into the blue to recycle, but that it is difficult to get people to comply. If the District does a residential food waste program, the tonnage fees will be about \$350,000 a year.

Director Neugebauer stated that AB 1826 was for commercial customers only.

GM Robbins stated that he will be bringing a residential plan to the Board in the future but for now a study is being done in the District's jurisdiction and there are a lot of unknown factors.

General Counsel Eggart stated, for clarification, that his understanding was that the April 1, 2016 deadline applies to businesses that produce 8 or more cubic yards of

organic waste, and that they are responsible for recycling and diverting their organic waste and that it is not a deadline imposed on the District to do something.

Dean Ruffridge stated that he believes it is the responsibility of the jurisdiction to have programs established and adopted so that they can submit that program to CalRecycle for approval and that there is some obligation on the District's part. The District does not have to enforce it but it can request that its partnership inform customers that come under the first Tier that it is their responsibility. He stated that they don't have to do it and there will be no enforcement, but they have to be informed because it is a state mandate and a program has to be made available to customers.

GM Robbins stated that Orange County Waste and Recycling are also looking at ways to capture through the landfill process.

No action was taken.

C. Consider Scheduling a Meeting Date and Time in Order to View the Flash Drive from Orange County Sanitation District (OCSD)

Director Neugebauer suggested having a community open house or a Chamber of Commerce sponsored event to view and share the flashdrive because where the sewer water goes and how it is treated is such an interesting subject.

A motion was made by Director Neugebauer, seconded by Director Cobo to continue this item to the second Board meeting in March 2016. The motion was approved by the following 5-0 vote:

AYES: Cobo, Diep, Krippner, Neugebauer and Rice

NAYS:

ABSTAIN:

ABSENT:

D. Consider Approval to Hire Consultant James F. McConnell on a Percentage Based Agreement to Obtain Grants for Possible Future Projects

Director Neugebauer stated that Mr. James McConnell has worked efficiently and inexpensively for the District and she recommended that the Board again engage him for his services.

President Rice stated that she feels that the District will need him especially with the upcoming changes coming with organics recycling.

GM Robbins stated that the District could look into using him for grants for alternative fuel vehicles, solar power, and organics recycling.



A motion was made by Director Cobo, seconded by Director Neugebauer to approve hiring consultant James F. McConnell on a percentage based agreement in order to obtain grants for possible future projects. The motion was approved by the following 5-0 vote:

AYES: Cobo, Diep, Krippner, Neugebauer and Rice  
NAYS:  
ABSTAIN:  
ABSENT:

E. Adoption of Resolution No. 2016-01 Approving Amendments to the Midway City Sanitary District Purchasing Policy and Procedures to Adjust the Contracting Authority Levels of the General Manager and Finance/HR Director

A motion was made by Director Diep, seconded by Director Cobo to move as presented.

Director Neugebauer stated that she would speak against the motion and was not in support of Resolution No. 2016-01 and the amendment to the purchasing policy and procedures because she felt that the previous motion for a \$10,000 limit was more reasonable, double what it is now and the maker of that motion stated that he had great trust in the General Manager's honesty, but that you do not set policy and procedure based on an individual – you do it for the position not the individual occupying that position. She stated that she would not be abstaining but that she would be voting no because she never hides behind an abstention.

President Rice stated that she was not in support either and that the \$10,000 limit was sufficient.

A motion was made by Director Diep, seconded by Director Cobo to move as presented and adopt Resolution No. 2016-01. The motion was approved by the following 3-2 roll call vote:

AYES: Cobo, Diep, and Krippner  
NAYS: Neugebauer and Rice  
ABSTAIN:  
ABSENT:

Director Diep stated that, for the purpose of being balanced, he wanted to make a statement explaining why he and Directors Cobo and Krippner voted to raise the General Manager's spending limit to \$20,000. He stated that when the Board empowers staff to make decisions they are allowing them to do their job instead of the Board doing their job for them. For the General Manager to come to each meeting for authorization from the Board for purchases shows that the Board is micromanaging and staff needs have more flexibility.

Director Krippner agreed with Director Diep.

President Rice stated that she did not appreciate the statement that she is micromanaging the General Manager, and that the General Manager had mentioned to her that \$10,000 was an adequate spending limit. She stated that she is not micromanaging the General Manager.

Director Neugebauer stated that the statement just made shows a lack of understanding of the existing policy and procedure. The last statement indicates that the procedures and contracting levels for public works projects have remained unchanged and is controlled by State law.

Director Krippner stated that he agreed with Director Diep one hundred percent and is not in favor of treating the people hired by the Board and District like kids.

President Rice stated that she was sorry that he didn't feel that the Board has a right to vote the way they want to.

Director Krippner stated that you have to vote your heart.

Director Neugebauer stated that every action she has taken on this Board she has one hundred percent supported the District's staff and management and she could say almost the same for each of the other Board members.

## **INFORMATIONAL ITEMS**

A. Web Site Activity for the Month of December 2015 (88,284 Successful Hits)

B. 2015 Year End Statistics

There was discussion regarding the large number of hits to the District's website.

Receive and file.

## **BOARD CONCERNS/COMMENTS**

Director Neugebauer stated that CSDA is offering a workshop on February 9, 2016 in Fountain Valley on Propositions 26, 218 and Rate Setting which would be cost effective. She stated she would like to attend and she asked staff to add it to the next agenda for consideration.

Director Neugebauer stated she feels that it is healthy when the Board disagrees and that it shows the degree of effort put into each decision. She stated that even though she was a dissenting vote, she will support every effort to see that the Resolution is followed as adopted.

President Rice agreed and stated that it is good to have discussion and respect each other's opinion and disagree sometime as they did with regard to the adjustment to the General Manager's spending limit.

Director Cobo stated that the Board may disagree but still work together and this way people can see that no one influences anybody else's vote, and the Board is voting the way they feel.

President Rice stated that she knew that Director Cobo had been accused of being controlled by Director Rice so she was glad that he voted yes.

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

GM Robbins wished a happy birthday to Director Diep and stated that he would begin picking up Directors at 6:30 A.M. on Wednesday, January 20<sup>th</sup> in order to leave for the CASA conference in Palm Springs.

### **GENERAL COUNSEL CONCERNS/COMMENTS**

None

### **CLOSED SESSION**

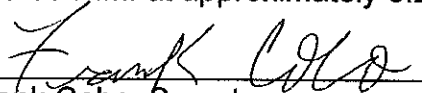
CLOSED SESSION: During the course of conducting the business set forth on this agenda as a regular meeting of the Board, the Chair may convene the Board in closed session to consider matters of pending real estate negotiations, pending or potential litigation, or personnel matters, pursuant to Government 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.

None

### **ADJOURNMENT**

President Rice adjourned the meeting to Tuesday, February 2, 2016 at the District office at 5:00 P.M. at approximately 6:24 P.M.

  
Frank Cobo, Secretary