

**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 6, 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, December 6, 2016 at 5:00 P.M.

**BOARD MEMBERS PRESENT:**

Al P. Krippner  
Joy L. Neugebauer  
Tyler Diep  
Frank A. Cobo (arrived at 5:07 P.M.)  
Margie L. Rice

**OTHERS AT MEETING:**

Ken Robbins, General Manager  
Robert Housley, Finance/HR Director  
James Eggart, General Counsel  
Danielle Gerardo, Board Secretary  
Charlie Nguyen, Resident

**PLEDGE AND INVOCATION**

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

**PUBLIC COMMENTS**

Mr. Charlie Nguyen stated that he was pleased to be at the meeting and wanted to say hello to everyone.

## APPROVAL OF THE MINUTES OF THE REGULAR MEETING OF NOVEMBER 15, 2016

A motion was made by Director Neugebauer, seconded by Director Diep, to approve the minutes of the regular meeting of November 15, 2016, as presented. The motion was approved by the following 4-0 vote:

AYES: Diep, Krippner, Neugebauer and Rice

NAYS:

ABSTAIN:

ABSENT: Cobo

## APPROVAL OF EXPENDITURES

### A. Demands in the amount of \$ 179,234.47

#	CK #	Date	AMOUNT	VENDOR
1				<b>HANDCUT CHECKS:</b>
2	8766	11/16	40.00	City of Westminster - Hydrant Meter Water Usage for November 2016
3	8767	11/16	42.59	The Gas Company - District Office Usage Fees for November 2016
4	8768	11/16	16,487.50	OC Commercial Printing - Remaining 50% of the Printing Cost for the 2017 District Calendars
5	8769	11/16	783.54	OfficeMax - Restock District Office Supplies for November 2016
6	8770	11/16	450.01	Verizon Business - Internet Connection for November 2016
7	8771	11/17	24.42	The Gas Company - Maintenance Shop Usage Fees for November 2016
8	8772	11/17	50.53	OfficeMax - Restock District Office Supplies for November 2016
9	8773	11/22	212.13	AT&T - Brookhurst Lift Station Service for November 2016
10	8774	11/22	12,046.23	CalPERS Retirement - Retirement Contributions for November 2016
11	8775	11/22	41,469.59	CalPERS Health Premium - Healthcare Premium for December 2016
12	8776	11/22	118.98	Pitney Bowes - Ink Refill for District Postage Machine
13	8777	12/1	1,530.00	Crystal Rose Catering - Balance for 2016 District Holiday Dinner
14	8778	12/1	1,051.78	Frontier California - District Office Phones & Lift Stations for November 2016; \$570.85 District Office,
15			\$160.31	Willow Lift, \$160.31 Westminster Lift, \$160.31 Hammon Lift.
16	8779	12/1	505.41	OfficeMax - (3) New Board Room Chairs for District
17	8780	12/1	5,954.28	Southern California Edison - District Office \$5,409.08, Brookhurst Lift Station \$88.09,
18				Willow Lift Station \$122.26, Hammon Lift Station \$334.85.
19	8781	12/1	878.07	The Standard Life Insurance - Life Insurance & AD&D Premium Coverage for December 2016
20	8782	12/1	369.71	Union Bank - Heavy Duty Lift Spring for NGT11
21	8783	12/1	385.60	Vision Service Plan - Monthly Premium for December 2016
22			82,400.37	<b>HANDCUT CHECKS SUBTOTAL</b>
23				

23				
24			<b>REGULAR CHECKS:</b>	
25	8784	12/1	222.04	<b>Advanced Gas Products</b> -Cylinder Rental for October 2016;Restock(1)Cylinder each Compressed Gas
26				and Compressed Oxygen.
27	8785	12/1	175.36	<b>Advanced Workplace Strategies</b> - DOT Drug Testing
28	8786	12/1	3,718.42	<b>Alhambra Foundry Co.</b> - (10) 24" 'MCSD' Manholes; (5) 10" 'Sewer' Manholes
29	8787	12/1	240.00	<b>Asbury Environmental Services</b> - Pick-Up (300) Gallons Used/Mixed Oil
30	8788	12/1	6,142.87	<b>Bodyworks</b> -Labor & Parts to Replace Pressure Switch for NG4;Restock(9)Pressure Switches,(2)Proximity
31				Switches, (1) Dump Cylinder, (2) Grip Cylinder, (3) Coils, (1) Rocker Switch, (1) Carriage Tube Kit.
32	8789	12/1	1,178.31	<b>Chemsearch</b> - (120lbs) Maxi-Lube for Restock
33	8790	12/1	3,000.00	<b>City of Westminster</b> - Final Invoice for Adjustment of (5) Manholes at Magnolia Street & Bolsa Avenue
34	8791	12/1	1,614.00	<b>CRC Cloud</b> - Server Rack & Hardware for District; Troubleshooting Internet Connections for District
35	8792	12/1	4,199.91	<b>CR Transfer</b> - Tonnage from 11/01/2016 through 11/15/2016
36	8793	12/1	5,929.16	<b>Daniels Tire Service</b> - (20) Recaps and (4) New Tires for Restock
37	8794	12/1	500.26	<b>G &amp; K Services</b> - Uniform Services for November 2016
38	8795	12/1	354.93	<b>Los Alamitos Napa Auto Parts</b> - (8) Hose ends, (24) 14oz. Brokleen, (10) Tube Nuts, (10) Plug Sleeves,
39				(2) Fuelfill for Restock; (2) Fittings for NG3.
40	8796	12/1	126.55	<b>Proforma Solutions</b> - Good Samaritan Award Plaque
41	8797	12/1	547.31	<b>Rosemead Oil Products</b> - (1) Drum of Antifreeze for Restock
42	8798	12/1	115.00	<b>Rutan &amp; Tucker, LLP</b> - Legal Services for October 2016
43	8799	12/1	2,656.11	<b>TEC of California</b> - (2) Discs for NG9; (7) Fittings and (2) Air Flex Hoses for NG3; (1) Hose for Restock
44	8800	12/1	825.00	<b>White Nelson Diehl Evans</b> - Final Billing On Audit for FY 2015-2016; Final Billing for Rainbow
45				Environmental Services Review.
46			<b>31,545.23</b>	<b>REGULAR CHECKS SUBTOTAL</b>
47				
48				<b>PAYROLL</b>
49	11/22		60,539.12	Payroll - Staff Checks Taxes & Direct Deposits
50	11/22		1,295.00	Payroll - Nationwide Deferred Compensation (100% Paid By Employees)
51	11/22		690.00	Payroll - Nationwide Deferred Compensation (100% Paid By Employees)
52	11/23		2,547.50	Board of Director's Payroll for the Month of November 2016 Check # 15887 - 15890
53	11/23		217.25	Board of Director's Nationwide Deferred Compensation for November 2016 (100% Paid By Directors)
54			<b>65,288.87</b>	<b>PAYROLL SUBTOTAL</b>
55				
56			<b>179,234.47</b>	<b>TOTAL EXPENDITURES (HANDCUT, REGULAR, PAYROLL)</b>
57				
58				<b>BANK TRANSFERS</b>
59	11/14		1,000,878.83	Transfer Funds from Money Market to Checking Account
60	11/15		600,000.00	Transfer Funds from Checking Account to LAIF

A motion was made by Director Krippner, seconded by Director Diep, to approve the expenditures in the amount of \$ 179,234.47. The motion was approved by the following 4-0 vote:

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

Director Cobo arrived at the meeting at 5:07 P.M.

## **REPORTS**

### **Report of President**

President Rice stated that the annual holiday dinner was great and she really enjoyed it, although she was disappointed that not all the District's employees showed up.

Director Neugebauer suggested that the Board send a thank you card be sent to Tim Nelson for the entertainment at the holiday dinner.

### **Report of General Manager**

GM Robbins reported that the transition from Rainbow Environmental Services to CR&R Inc. for commercial service within the District seems to be going smoothly. He stated that the District has received a few phone calls just to confirm the change in service. Rainbow/Republic raised their prices to the maximum not to exceed amounts approximately one month prior to the transition to CR&R so the District is anticipating phone calls from customers regarding that issue.

Director Neugebauer stated that she had noticed that, in the last few manager's reports, the tonnage in the blue recyclable containers had increased 10-20 tons per week since switching to CR&R, and wondered if that would be the pattern now because it is to the District's advantage.

GM Robbins stated that he would be monitoring it and that there would be some changes in the next few months. He stated that one change will be to the 4<sup>th</sup> amendment that he will be bringing to the Board's Franchise Committee. Overall, he stated that he feels that it will be a better service for the District.

### **Report from the Orange County Sanitation (OCSD) Meeting on November 16, 2016**

Director Neugebauer reported that OCSD has a calendar contest once a year for elementary school aged children, which is then printed, and the children receive awards. The Committee reviewed the comprehensive annual financial report and the Orange County Progress Report for 2016 (20<sup>th</sup> year), which covers every government entity in Orange County. There was discussion regarding community outreach and transparency, and how they are working to increase it. The items to be considered and approved by the

Committee were investment transactions, a property lease extension in Garden Grove, and funding for a waste water flow and loading study among other general topics.

## **CONSENT CALENDAR**

None

## **OLD BUSINESS**

None

## **NEW BUSINESS**

A. Review and Consider Approval of paying \$786,923.00 Dollars towards the District's Pension Plans' Unfunded Accrued Liability

Finance/HR Director Housley stated that every year CalPERS provides the District with valuation reports for each of the three retirement plans. Tier 1 (3% @ 60) was closed in 2009 and has the most employees, Tier 2 (2% @ 55) has only three employees and was closed in 2013, and Tier 3 - PEPR (Public Employees Pension Reform Act - 2% @ 62) is always going to be there. He stated that all three are funded in the 90 percentile and are in good standing. The last time the District did this was in January of 2015 when the District sent a check in the amount of \$1,700,000 toward the unfunded liability, and there was an 18% return on the stock market that year. This year the return has been less than 1%. The District is paying 7.5% interest on the unfunded liabilities, so by paying it down now, the District saves money in the long term.

Director Neugebauer asked if the money to pay the District's pension plans' unfunded liability was coming from in the budget and if it was from reserves.

Finance/HR Director Housley stated that it was not budgeted for and would be coming out of reserves or monies not expended in the budget.

Director Neugebauer stated that she would prefer to wait until the District's mid-year budget review to address and consider payment towards the Districts pension plans' unfunded accrued liability in order to determine the impact on the reserves. She reminded the Board that CalPERS once stated that they were funded into perpetuity and then were not and have gone downhill since.

A motion was made by Director Diep, seconded by Director Cobo, to follow staff's recommendation and approve payment of \$785,036.00 towards the District's Tier 1 plan's unfunded accrued liability and \$1,887.00 towards the District's Tier 3 (PEPRA) plan's unfunded accrued liability. The motion was approved by the following 4-1 vote:

AYES: Cobo, Diep, Krippner, and Rice

NAYS: Neugebauer

ABSTAIN:

ABSENT:

**B. Consider Setting a Date for the Oath of Office Ceremony for Newly Elected/Re-elected District Directors and Board Reorganization**

There was discussion as to whether or not the election had been certified on the Orange County Registrar of Voters' website.

Director Diep stated that it had been certified.

A motion was made by Director Diep, seconded by Director Neugebauer, to schedule a special meeting for the Oath of Office ceremony and reorganization of the newly elected and re-elected District Board of Directors on Thursday, December 8, 2016 at 11:30 A.M. The motion was approved by the following 5-0 vote:

AYES: Cobo, Diep, Krippner, Neugebauer and Rice

NAYS:

ABSTAIN:

ABSENT:

Director Neugebauer asked that the press be notified.

**INFORMATIONAL ITEMS**

No action. Receive and file.

**BOARD CONCERNS/COMMENTS**

Director Diep stated that he had worked with Director Neugebauer since December 2006 and although they have different approaches, she cares about the District and wants it to serve the residents. After 12 years of working with her, he knows that her heart is in the right place with regard to the District.

Director Cobo stated that he had learned a lot from Director Neugebauer and appreciated that she cared about the District and how its money was spent. He stated that she had always asked a lot of good questions and he respected and admired her for that.

President Rice stated that she and Director Neugebauer had butted heads but had worked together regardless of their differences, were good friends and had respect for each other. She stated that Director Neugebauer had been an outstanding Board member for 22 years and had contributed a lot to the District.

Director Neugebauer commended the General Manager for installing the television in the District's front lobby with photos following her suggestion. She also stated that she had just recently learned that it was better to throw food waste away in recyclable bags instead of plastic bags and she suggested that the District look into it and possibly add that information to the website.

Director Neugebauer stated that if her health remained good, that she would be a candidate in two years, that she will miss MCSD. She stated that she regretted that she would not be able to work with newly elected Director Nguyen and she congratulated and welcomed him to the Board.

Director Neugebauer stated that since she was not re-elected, her life insurance through the District had been cancelled and the cost to continue it was extremely expensive and was informed that it was the same for employees who retire from the District. She suggested that staff look into some way to continue the life insurance for retiring employees from the District.

GM Robbins stated that he would inquire with SDRMA, but that the life insurance was for current employees only.

Director Neugebauer stated that one of the things she did at the District that justifies all her years as a Board member was when she had been on the Board for just a few years and the Board was working on the budget. She asked where in the budget were the rates for commercial users of the sewer system and discovered that the Sears at the Westminster Mall was paying the same sewage rate as residents in their homes. The Board hired a consultant and that was when the District came up with varying commercial rates based on the flow.

## GM/STAFF CONCERNS/COMMENTS

GM Robbins thanked Director Neugebauer for all the work she had done and her years of service on the Board.

Finance/HR Director Housley thanked Director Neugebauer for her wisdom over the years.

## GENERAL COUNSEL CONCERNS/COMMENTS

General Counsel Eggart congratulated Mr. Nguyen and Director Krippner for winning the election. He stated that he will bring a letter to the meeting on Thursday that will explain to Mr. Nguyen the laws that apply to him as a public official. General Counsel Eggart also stated that from a his professional perspective, Director Neugebauer had been as excellent Board member, always came prepared to the meetings, had taken her position seriously, and had asked good questions. He thanked her for keeping him on his toes and wished her good luck.

## 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 Thursday, December 8, 2016 at 11:30 A.M. at the District office at approximately 5:59 P.M.

  
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Frank Cobo, Secretary