

**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**

June 10, 2014

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, June 10, 2014 at 5:30 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
Farmin Shir, GreenbergFarrow
Vinny Tam, GreenbergFarrow
Andrew Taylor, Security Guard

PLEDGE AND INVOCATION

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

PUBLIC COMMENTS

None

OLD BUSINESS

None

NEW BUSINESS

A. Approval to Preorder Compressed Natural Gas (CNG) Fueling Station Equipment

GM Robbins stated that it was brought to Staff's attention that if the equipment for the CNG fueling station is not preordered, it will delay the project until the spring of 2015, is a time sensitive decision, but is a Board decision and will work out either way. GM Robbins stated that the engineers from GreenbergFarrow were in attendance to explain and give the Board their most recent update on the progress of the project. \$182,236.50 which is 30% of the total equipment cost of \$607,545 is what is needed to preorder the equipment.

Director Neugebauer asked for an explanation of the \$17,500 charge for commissioning on page 5 of the proposal from GreenbergFarrow for engineering the CNG fueling station.

Vinny Tam of GreenbergFarrow explained that the \$17,500 commissioning fee is for the manufacturer who sends a representative out to ensure that the equipment is installed and working properly, inspects, starts and establishes service of the equipment.

Farmin Shir of GreenbergFarrow explained that the contractor will give notice to the manufacturer of the equipment that it needs to be installed by a certain date. The manufacturer will then send representatives out to inspect and make sure that everything is working the way it is supposed to work, with no leaks and then to also give training to Staff at the District. The representative of the equipment manufacturer will communicate with the contractor to make sure that all problems are resolved prior to completion of the project.

Director Neugebauer stated that she is concerned that the District will be tying the hands of whoever is awarded the contract for the CNG fueling station and doesn't want whoever gets the contract for this job to be limited in any way from exercising their best judgement.

Farmin Shir explained that this is similar to a kitchen renovation in which you want a certain type of dishwasher. You hire a contractor and tell him that you want a specific brand, model, etc. and that you want him to install it. When he bids on the job, he is bidding on installing that specific equipment. The contractor that will be bidding on this job will know that they are bidding on installing this specific equipment for the District's CNG fueling station and the manufacturer is the best person to come out, inspect it, and make sure that they did it correctly.

GM Robbins stated that something similar took place with the District's lift station project pumps. The manufacturer send out a start up person to do final inspections, checked all the voltages, meters, the pumping and volume being pumped out and then make a note of it. If it was within the specifications of the manufacturers requirements, it is good to go and the warranty starts at that point, and if not, they would be responsible for repairs.

Farmin Shir stated that there are certain things that you want the contractor to have the freedom to propose alternatives for, such as a pipe material or a valve, but when it comes to major components, there should be no alternates.

Director Neugebauer stated that she had voiced her concerns and that she feels that the District is compromising the ability of whoever wins the contract to install the equipment, and to use their own judgement because they will be locked in to install this specific equipment.

Director Rice stated that this is the standard equipment that is needed to complete the project.

GM Robbins stated that whoever bids on the project will need to bid on installing this specific equipment and the only difference is that this will cut out the markup percentage for the contractor.

Director Neugebauer asked if the District were going out to bid on this major expenditure.

GM Robbins stated that the contractor will add the cost of equipment to his bid with other items.

Director Neugebauer stated that the equipment will already be here in the yard.

GM Robbins stated that it will only be preordered, but not delivered, in order for it to get here in 18 weeks.

Director Neugebauer stated that she cannot see preordering the equipment and making this sizeable expense prior to awarding the construction portion of the project.

Director Rice stated that she did not see a difference, except for the time involved.

Director Neugebauer stated that she did not see the rush in this, that no two contractors do things the same way and that if she were bidding on the job she would want free reign. She pointed out that the District would be putting 30% deposit down and that once you let go of that much money you are pretty set on that path to continue.

Farmin Shir went over the timeline for the project. He explained that it takes approximately 18 weeks for the manufacturer to build and deliver the equipment but that the construction of the project takes much less to complete, so if the Board decides to wait until all permits and construction documents are finalized to award the contractor and order the equipment, it will delay the project considerably. The equipment will drive the schedule for the completion of the CNG fueling station. Once the contractor is awarded the project, they will not be able to start because they will have to wait for the equipment to be built and delivered.

Director Rice stated that she likes the idea of the manufacturer sending someone out to inspect and train staff because it makes them liable.

Farmin Shir explained that once the 30% deposit is processed, there is a 30 day delay to start manufacturing the equipment, then 45 days within the manufacturing time, a second deposit would need to be paid, but all the future/remainder payments can be done by the contractor and be part of the bid package. If done this way, sometime in the middle of October, the compressor would arrive here and at approximately that same time, the contractor would be finished with the site work and would be ready to install the equipment. Then approximately 30 days after that, the commissioning could be done and the grand opening could take place.

Director Neugebauer asked what the timeline was for the construction portion of the project and if a proposal had been prepared.

GM Robbins explained that the District is waiting for permits from the City of Westminster Building and Planning Department. The Board will then need to approve of the plans and specifications, and then there will be a bidding time period. He estimated that the contractor for the project would probably not be awarded until late August or early September 2014.

Director Rice requested a copy of the schedule from GreenbergFarrow.

Vinny Tam explained that they (GreenbergFarrow) received comments from the Planning Department regarding screening of the new rooftop equipment. Roof vents are being added to the new buildings but they are requesting additional screening. GreenbergFarrow has responded that the amount of work being done is insignificant to require the cost of the screening that they are saying is required. They are requesting that walls be built along the roof so that the roof vents are not visible. These would need to be drawn up and engineered, would add to the cost of the project, and are not necessary according to GreenbergFarrow.

Director Rice asked GM Robbins if he spoke with the Planning Department.

GM Robbins stated that he spoke with the Plan Checker at the Building Department, who seems very compliant with his portion of the project which is the fire wall between the fleet parking and the shop.

Director Rice stated that the District should make an appointment with Art Bashmakian, the Planning Department Manager of the City's Community Development Department.

Vinny Tam stated that there is a consultant, and not a City representative, that the City uses to do their plan check comments who he feels went a little overboard. Mechanical upgrades are being proposed, even though there are no additions of new floor areas and the use is not changing, which are standard thresholds for a Building Department to require upgrades. Only new equipment is being added to structures but they are asking for ADA compliance, changing and adding bathrooms, etc. for a total of approximately 50 comments. GM Robbins and the architect from GreenbergFarrow met with Justin in

the Building Department and showed him the work that is being proposed and he seemed supportive.

Farmin Shir stated that they will be making a formal response and will submit it to the City this week to address the comments that they believe are legitimate and respond to the comments that are not.

Director Rice stated that they need to speak with Soroosh Rahbari, the Building Department Manager.

GM Robbins stated that there are regulations since we are a government agency that might help push this through.

Farmin Shir stated that the demands for the additional restrooms are unwarranted and there is nothing that should be triggering these comments from the City. He stated that every time you resubmit and are not addressing all their comments or are challenging them, you may generate another round of comments.

Director Neugebauer stated that she was opposed to preordering the equipment for the CNG fueling station and wanted the records to show that, until Staff could reassure her, is concerned over whether the purchasing policy was being followed.

GM Robbins stated that this is not within the purchasing policy. The purchasing policy is going to be on the approximately \$1.2 million that the contractors are going to bid on.

Director Neugebauer stated that she thought everything in the purchasing policy had a threshold of when items go to bid.

GM Robbins stated that it is when the District purchases something for its own use and that this is with a contractor.

Director Neugebauer stated that the money is still coming from the District's patrons pockets and that is her concern and she wanted the record to show that her no is a concern with following the purchasing policy.

A motion was made by Director Rice, seconded by Director Diep to approve preordering the equipment for the District's compressed natural gas (CNG) fueling station. The motion was approved by the following 4-1 vote:

AYES: Cobo, Diep, Krippner and Rice

NAYS: Neugebauer

ABSTAIN:

ABSENT:

B. Budget Workshop – Overview of the Fiscal Year 2014-15 (July 1, 2014 through June 30, 2015) Operating Budget, Capital Improvement Projects and Reserves

Finance/HR Director Housley gave a summary of the District's operating budget and asked the Board for any comments, changes or suggestions prior to the final draft which will be brought before the Board for final approval at the public hearing at the District on Tuesday, June 24, 2014 at 4:30 P.M.

Finance/HR Director Housley stated that this budget includes a major investment in the planning and building of the natural gas fueling station and the purchase of ten (10) solid waste trucks, a new SCADA sewer monitoring system, the joint siphon and parallel sewer line projects with the County, continues the CCTV work and the sewer line cleaning within the District, extensive public outreach and lateral assistance programs to the community and the Board's commitment to the health, safety, education and training of Staff with regard to the natural gas fueling station, the safety of employees and the community. Finance/HR Director Housley stated that there was a comment by Director Krippner at a previous budget meeting and a suggestion to add a footnote or a message explaining why some expenses are higher or lower and that was included on pages 15 and 16 of the budget. Residential rates have not increased in seven years although the District's expenses have increased and are a fiscal challenge. He pointed out the brief summary on page 45 of the budget which gives a general overview. Eighty-five percent (85%) of the District's revenues come from property taxes and user fees for a total increase of only \$136,000 and expenses were reduced by \$193,000. Approximately \$5.3 million is designated for the capital improvement projects already discussed. The sewer department makes up about 33% of the budget, solid waste 45%, fleet maintenance 4.7% and administration is about 17%.

Director Krippner stated that he drove to the area where the seven houses on Springdale are located and where the District drivers were having to back into the alley, and agreed that it is a problem. He asked if there is any provision for one smaller truck for areas within the District such as this, because there are several.

Finance/HR Director Housley stated that from a budget standpoint the money is there.

GM Robbins stated that it would have to be an additional 11th truck with a smaller capacity and that there are quite a few areas within the District that could use a smaller truck. However, for the time being the District is sending out a flag man to help with those routes.

C. Preview of the Midway City Sanitary District 75 Year Open House Video Production by Public Cable Television Authority on Saturday, April 19, 2014

The Board viewed the four minute video produced by the Public Cable Television Authority at the District's 75 Year Open House on Saturday, April 19, 2014, and agreed that it was well done.

INFORMATIONAL ITEMS

None

BOARD CONCERNS/COMMENTS

Director Neugebauer stated that she received an email from Orange County Sanitation District regarding a Walk of Honor ceremony and asked that it be on the next agenda for Board approval. Steve Anderson, who used to be the General Manager at the District is one of the people to be honored.

Director Rice stated that she has been saying for some time that CASA (California Association of Sanitation Agencies) was not doing things that aid the District so yesterday during her conference call with the Executive Board, she informed them that she was not interested in filling that position again next year and not to nominate her, but that she would finish out this term. She then received an email from the Manager thanking her for her service. She also commended Finance/HR Director Housley on the easy to read and understand budget that he provided once again to the Board.

GM/STAFF CONCERNS/COMMENTS

GM Robbins thanked the Board for their participation and assistance in the budget and stated that it will be an aggressive year for the District with \$5.3 million dollars in capital improvements budgeted for the year. With the Board's leadership and direction, the District was able to save those funds and not raise rates.

President Cobo thanked Finance/HR Director Housley for all his work on the budget.

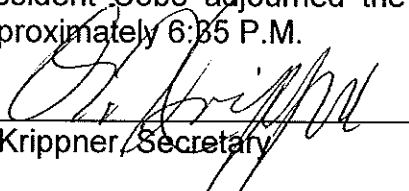
CLOSED SESSION

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.

ADJOURNMENT

President Cobo adjourned the meeting to Tuesday, June 17, 2014 at 5:30 P.M. at approximately 6:35 P.M.



Al Krippner, Secretary