

**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**

April 12, 2016

CALL TO ORDER

President Rice 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, April 12, 2016 at 10:30 A.M.

BOARD MEMBERS PRESENT:

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

OTHERS AT MEETING:

Ken Robbins, General Manager
Robert Housley, Finance/HR Director
Danielle Gerardo, Board Secretary

PLEDGE AND INVOCATION

Board Secretary Danielle Gerardo led the Pledge of Allegiance. Director Neugebauer gave the Invocation.

PUBLIC COMMENTS

None

OLD BUSINESS

None

NEW BUSINESS

A. Consider the Fiscal Year 2016-2017, for the period of July 1, 2016 through June 30, 2017, Budget Assumptions and Capital Improvement Projects

GM Robbins stated that this was the first budget meeting for the Districts fiscal year 2016-2017 and then turned the meeting over to Finance/HR Director Housley.

Finance/HR Director Housley gave a Power Point presentation to the Board and explained the budget assumptions and capital improvement projects for the District for fiscal year 2016-2017. He stated that the District - Westminster and Midway City combined, serves approximately 100,420 residents comprising of approximately 18,842 housing units and approximately 15,593 commercial and industrial units.

Finance/HR Director Housley stated that there are no plans to make any changes to the Districts staffing level. Director of Operations/Safety Nick Castro always been under the Solid Waste department and will be budgeted as an Administrative employee because he oversees all operations - solid waste, sewer and fleet, so putting him in one department is not a true reflection of what he does and the cost to that department.

Finance/HR Director Housley briefly reviewed the economy - stating that economic forecasts are calling for less than 2% growth, Orange County median housing prices are up 3.4%, and unemployment continues to decline. The Districts revenues include property tax which is 1/3 of the budget and will increase 1.5%, residential sewer and solid waste user fees which have remained unchanged for ten years (since 2006) at \$264 per year, commercial, industrial and other business sewer user tiered fees are also remaining unchanged at 14%, and the 388 special agreements which will be increased by 2% or approximately \$4,500. The District receives franchise fees from Rainbow EV and CR&R and are estimated to be approximately \$915,000. Investment earnings from LAIF and CalTrust are projected to earn .50% and pass-through funds are estimated to be approximately \$1.5 million. A new source of revenue for the District is due to the Orange County Waste Disposal new amendment which allows waste importation at the County's three landfills until June of 2025 and the District's allocation is projected to be about \$114,000, but will be budgeted at \$110,000.

Director Neugebauer stated that she felt that it should be budgeted at \$115,000 instead.

There was Board discussion regarding that amount.

Finance/HR Director Housley stated that operating, maintenance and administrative costs are fixed and projected to increase by 2% due to inflation. Staffing at the District will remain the same with 24 employees and 5 Board members. The Memorandum of Understanding (MOU) continues to remain in effect until June 30, 2018 and effective July 1, 2016 there will be a 3% cost of living (COLA) increase, with a 1% PERS pick-up by the employees. This pertains to the Tier 1 / 3% @ 60 employees who are currently at 2%. This will take them down to 1% and then next year will be paying 100% of the pick-up. The employees in PEPRA or 2% at 60, are and have been paying 100% of their pick-up and the three "classic" employees that are at 2% at 55 are also already paying 100% of their pick-up as well.

Finance/HR Director Housley stated that the District will see a 1-1.5% increase in its CalPERS retirement plan employer rate. Since the District paid a large amount towards the unfunded liability the rate was lowered which will decrease contributions.

Finance/HR Director Housley stated that the medical and insurance cap will remain the same at \$1,425 and there will be no additional increases to employees' dental, life insurance, AD&D insurance and vision benefits.

Director Neugebauer stated that since the CNG station has been added and the drivers do not have to go to Rainbow to fuel their trucks, they were left with extra time and she doesn't like that they are paid for eight hours regardless of what time they finish their routes. She stated that she doesn't see how the District can continue that practice and doesn't know of any other agency, private or public, that allows it and that, at some point in time, the Board needs to reevaluate that practice. Director Neugebauer stated that her other staffing concern is administrative, and that to continue to operate the District at the same or better level of service, the Board needs to look at certain efficiencies. Director Neugebauer stated that when she came on the Board there were three full time employees and the other positions were part time and she is in favor of, at some point in time, having two part time administrative staff positions because they will not receive vacation days or pension. She stated that what concerns her is the number of weeks that there are one or two people in the office and someone from the back had to help answer the phones. She would not recommend a drastic change but she would like staff to consider two part time administrative employees in the office because she feels that the efficiency in the office is down.

Director Cobo stated that the office staff is fine the way it is.

President Rice stated that the administrative staff is doing a tremendous job.

Director Neugebauer stated that it is not fine when there is a shortage in the District's personnel.

GM Robbins stated that there has not been a shortage.

Director Neugebauer stated that very seldom it works out that there are two people off at the same time.

Director Cobo stated that he did not think that there was a shortage and didn't know where she was getting that idea.

GM Robbins stated that Director Neugebauer is talking about 1990 versus 2016 but that the reporting levels are higher and technically the District has been asked how it is managing with so little staff. GM Robbins stated that Costa Mesa Sanitary District would like to mirror the District and that they have asked how MCSD does it with so little staff because they have four more staffers in their office than the District does and contract

everything out. GM Robbins stated that if the Board wants to have part time employees, it will be less efficient to the residents that call because it will effect that position.

President Rice stated that part time employees do not have loyalty.

Director Cobo stated that he is against it and can speak from past experience. He had problems with part time employees because they don't stay and are not consistent.

Director Neugebauer stated that the part timers the District needs are retired and more experienced and she thinks the District should keep it under consideration.

President Rice stated that if the District gets to the point where it doesn't have the money to do its job, she might look into it but that right now the District is well run, staff is great and she doesn't want to mess it up.

Director Neugebauer stated that she did not want any drastic changes now. She asked if the drivers are still allowed to leave when they are done with their routes.

GM Robbins stated that they do and that it was an MOU negotiated item which cannot be touched until 2018, when their contract will be up for renegotiation.

Director Neugebauer asked what section of the agreement that was in.

GM Robbins stated that it is within the Solid Waste department of the agreement, that it is a negotiated item and that it has been that way since before he arrived.

President Rice stated that it went back to when Jim Evans was President.

Director Neugebauer stated that it is time to negotiate that out.

GM Robbins stated that although the employees are saving time because they don't have to drive to Rainbow to fill their trucks, when a driver retired last year in August, the District did not replace him and eliminated one position so the drivers took on additional work.

GM Robbins stated that in the past five years, six positions were eliminated at the District.

President Rice stated that the District has saved money and she would like it left alone.

GM Robbins stated that the State is constantly requiring more out of the District because of the changes in laws. He stated that, at drivers safety training this weekend, there would be a discussion regarding a rumor that the Department of Transportation is requiring that a driver's neck not be larger than 17 inches and may not be allowed to drive because there is a higher risk of heart attack.

Director Cobo stated that is discrimination.

Director Neugebauer stated with regard to employee benefits and insurance, she will suggest, as she has before, that the District should reconsider medical insurance benefits for the Directors only and not their families.

Director Krippner stated that he was not in favor of that.

Director Cobo stated that it has been this way and he was not in favor of changing it because one Director wants to remove it.

Director Neugebauer stated that she did not want to remove it, just to modify it.

Director Cobo stated that it is just to fit the need of one person who doesn't need it, and it doesn't mean the other Directors don't need it.

Director Neugebauer stated that these are all suggestions to help with the efficiency of the District.

Director Cobo stated that he understood that Director Neugebauer means well but realistically the Board needs to look at the District functioning well, which it is doing at this time.

Finance/HR Director Housley stated that the District is increasing training by 25% or \$25,000 for safety, technical and management training due to the new CNG station and trucks. He stated that tonnage fees are projected to increase .17%, or approximately \$38,000 which is the cost from the Orange County landfills, and the District will continue to absorb that. The District has budgeted \$1.8 million for tonnage fees for many years but the actual cost has been increasing steadily for several years.

Director Neugebauer stated that so much of the Districts recyclables come from the black containers. When the trucks with refuse from the black containers are taken in, approximately 40% is taken out to be recycled but the District is being charged what the truck weighed before the recyclables are removed. If the District could correct that, the District would not be absorbing that cost.

Everyone agreed that was a topic that needed to be addressed.

Finance/HR Director Housley stated that the District's 2016-2017 capital improvement budget will not exceed \$1,470,000 and includes solar panels for the District's facilities (\$500,000), sewer lining project (\$150,000), 5 sewer line manhole smart covers (35,000), 1 new sewer vactor truck (\$525,000), 2 new sewer service trucks (\$120,000), 1 new fleet maintenance service truck (\$60,000) and 1 new solid waste bulky truck (\$80,000).

President Rice stated that she was glad to see that staff is looking into solar panels because the District needs to get it done before the prices go up.

GM Robbins stated that he needs to have an engineer look at the District yard because the roofs on the District buildings will not support what he had originally thought to do. The District may have to have the panels put in the employee parking lot like the school district did.

The Board consensus was that was a good idea.

GM Robbins stated that he would contact the school district because they had similar government standards.

GM Robbins stated that the District budgeted \$150,000 toward the sewer lining project and didn't want to be too aggressive on sewer work until the City comes out with their general plan because the lines may have to be modified. He stated that staff will recommend that the sewer vactor truck, sewer service trucks, fleet maintenance service truck and solid waste bulky truck all be CNG.

Finance/HR Director Housley stated that all of those items will be funded by money in the budget that is unencumbered and from reserves.

Finance/HR Director Housley stated that the Districts reserves were adjusted slightly based on the increase of time and materials and are staff estimates. The District is approximately 45% funded for its reserves with a goal of \$57.9 million.

Director Neugebauer stated that she appreciated the opportunity to voice her concerns because the Board needs to think toward the future because every year at the state level there is an effort to eliminate and consolidate special districts.

A motion was made by Director Cobo, seconded by Director Krippner, to approve the budget assumptions and capital improvement projects for the fiscal year 2016-2017. The motion was approved by the following 4-0 vote:

AYES: Cobo, Krippner, Neugebauer and Rice

NAYS:

ABSTAIN:

ABSENT: Diep

INFORMATIONAL ITEMS

None

BOARD CONCERNS/COMMENTS

President Rice thanked staff but particularly the Finance Director for making things so simple to understand.

GM/STAFF CONCERNS/COMMENTS

GM Robbins stated that the District would be holding Driver's Safety Training this Saturday, April 16, 2016.

GM Robbins stated that the City of Westminster Table Top Expo was next Tuesday, April 19, 2016 and the Administrative Day luncheon was next Wednesday, April 20, 2016 at Outback Steakhouse.

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, April 19, 2016 at the District office at 5:00 P.M. at approximately 11:42 A.M.


Frank Cobo, Secretary