

**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 25, 2017

CALL TO ORDER

President Pro Tem 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 25, 2017 at 5:00 P.M.

BOARD MEMBERS PRESENT:

Al P. Krippner (absent)
Margie L. Rice
Charlie Nguyen
Frank A. Cobo
Tyler Diep (arrived at 5:04 P.M.)

OTHERS AT MEETING:

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

PLEDGE AND INVOCATION

Director Nguyen led the Pledge of Allegiance. GM Robbins gave the Invocation.

PUBLIC COMMENTS

None

NEW BUSINESS

A. Budget Workshop – Overview of the Fiscal Year 2017-2018 (July 1, 2017 through June 30, 2018) Operating Budget, Capital Improvement Projects, and Reserves

GM Robbins stated that the Board was being presented with the draft budget and all changes would need to be addressed prior to the Tuesday, May 23, 2017 budget meeting. He stated that in 2012 the District did a five-year strategic plan and a re-organization, eliminating four positions. Since 2015 the District has spent \$17 million, which included paying off the Certificates of Participation (COP) - a little over \$6 million, the Other Post Employment Benefits (OPEB) Unfunded Liability - approximately \$2 million, CalPERS debt retirement - \$3 million, the CNG fueling station was over \$3 million and all new refuse trucks were approximately \$3 million. GM Robbins stated that the District has fully recovered those costs due to good teamwork and the budget being proposed to the Board is \$10.8 million, with a little over \$1.1 million in Capital Improvements and approximately \$2.9 million going into Reserves.

Finance/HR Director Housley presented the Board with a Power Point presentation as an overview of the District's 2017/2018 proposed budget. He stated that the total number of residents served is 102,687, with 19,230 housing units receiving solid waste pickup service and 31,303 receiving sewer service. Orange County job growth is higher than normal at 3.3% and median housing prices are up 6%. The District is adding one solid waste driver to the budget, which will bring the total number of employees up to 30 from 29, and includes Board members. The proposed operating budget is \$10,872,500 million, which is an increase of \$177,500 from last year. Revenues are expected to be \$10,872,000 (\$177,000 more than last year) and Expenses \$8,037,324 (\$96,341 less than last year) which is a difference of \$2,835,176. The proposed Capital Improvement Budget of \$1,098,000 includes \$500,000 for the Solar Panel Project, 80,000 for Roofing and Air Conditioning Project, \$18,000 for a Scissor Lift, and \$500,000 for the Sewer Lining Project. The District's revenues include property taxes (13.1%), residential sewer and solid waste user fees, commercial, industrial and other business sewer user fees (61.9%), special agreements, franchise fees (8.05%), investment earnings (1.61%), pass-through funds (13.8%) and the Orange County Waste Disposal Agreement (WDA). Finance/HR Director Housley stated that the District's represented employees' Memorandum of Understanding (MOU) expires June 30, 2018 and based on that, there is a 3% cost of living allowance for represented employees in the proposed budget. Staffing will increase by one solid waste driver, step increases are included, as are dental, life and vision premiums, no increase to health insurance cap of \$1,425, training to emphasize safety, technical, educational and management is being increased by \$46,500 (30%), and all employees are paying 100% of their employee contribution towards CalPERS retirement costs. Additional District expenses include Directors' compensation and travel which will not change, gasoline and tonnage fees and costs are rising, fleet repairs and maintenance remains unchanged at \$300,000 and depreciation and amortization is budgeted at \$1,185,000.

President Diep asked how the District could stop health benefits increases to retirees.

Finance/HR Director stated that additional research would be needed to see if there may be a way to do it, but retirees are entitled to receive the same as active employees at the District, and that amount is minimal because most retired employees are older and on Medicare.

Director Rice inquired how many retirees the District had.

Finance/HR Director Housley stated that he would provide her with that information. He stated that Projected Operating Expenses by department are Solid Waste at 51.75%, Sewer at 19.6%, Administration at 20.56%, Fleet Maintenance at 5.59% and Board of Directors at 2.5%.

Director Nguyen noted that the budget for the Board of Directors was lower.

Finance/HR Director Housley stated that it was mainly due to the fact that there would not be an election this year, which cost the District approximately \$35,000 last year.

The District will be creating a new Reserve for the CNG fueling facilities in the amount of \$1.5 million in addition to the Operating Fund, the Orange County-Midway City Fund, the Lift (Pump) Station and Sewer Line Fund, the Vehicle Replacement Fund, and the Buildings, Equipment and Facilities Fund.

No action was taken.

INFORMATIONAL ITEMS

None

BOARD CONCERNS/COMMENTS

Director Nguyen thanked everyone and stated that he is pleased to be part of the District team.

Director Cobo asked if there was a luncheon tomorrow, Wednesday, April 26, 2017.

GM Robbins confirmed the Administrative Day luncheon on Wednesday, April 26, 2017 at 11:30 A.M. at the Outback Steakhouse.

Director Cobo thanked staff for the presentation and stated that they did a great job and he was proud to be part of the team.

Director Rice stated that she was very proud of the Board and staff and the great job done by everyone.

President Diep asked staff to look into increasing the community outreach portion of the budget.

GM Robbins stated that the District had doubled its community outreach budget.

GM/STAFF CONCERNS/COMMENTS

GM Robbins reconfirmed the luncheon at Outback Steakhouse at 11:30 A.M. on Wednesday, April 26 for Administrative Professionals Day and stated that he was getting a separate bid for solar panels and the roof and air conditioning, but that the electrical was being done in house.

GENERAL COUNSEL CONCERNS/COMMENT

None

CLOSED EXECUTIVE SESSION

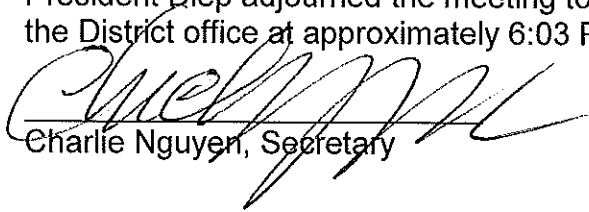
CLOSED SESSION: During the course of conducting the business set forth on this agenda as a regular meeting of the Board, the Chair may convene the Board in closed session to consider matters of pending real estate negotiations, pending or potential litigation, or personnel matters, pursuant to Government 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 Diep adjourned the meeting to Tuesday, May 2, 2017 at 5:00 P.M. at the District office at approximately 6:03 P.M.


Charlie Nguyen, Secretary