



**COSTA MESA SANITARY DISTRICT
MINUTES OF BOARD OF DIRECTORS REGULAR MEETING
APRIL 23, 2015**

CALL TO ORDER

The Board of Directors of the Costa Mesa Sanitary District met in regular session on April 23, 2015 at 5:30P.M. at 628 W. 19th Street, Costa Mesa.

**PLEDGE OF
ALLEGIANCE**

President Scheafer led the Pledge of Allegiance.

INVOCATION

Vice President Perry led the Invocation.

ROLL CALL

DIRECTORS PRESENT: Michael Scheafer, Arthur Perry, Robert Ooten, Arlene Schafer, James Ferryman

DIRECTORS ABSENT: None

STAFF PRESENT: Scott Carroll, General Manager; Alan Burns, District Counsel; Robin Hamers, District Engineer; Wendy Davis, Finance Manager; Marc Davis, District Treasurer; Javier Ochiqui, Management Analyst; Noelani Middenway, District Clerk; Elizabeth Pham, Management Assistant

OTHERS PRESENT: Lawrence Jones, CR&R

CEREMONIAL MATTERS AND PRESENTATIONS – None

ANNOUNCEMENT OF LATE COMMUNICATIONS – None

PUBLIC COMMENTS – None

CONSENT CALENDAR

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| 1. Board of Directors Study Session Meeting Minutes of March 10, 2015 | The Board of Directors Study Session Meeting Minutes of March 10, 2015 was approved as presented. |
| 2. Board of Directors Regular Meeting Minutes of March 26, 2015. | The Board of Directors Regular Meeting Minutes of March 26, 2015, was approved as presented. |
| 3. Occupancy report and payment to CR&R Environmental Services | The occupancy report and payment to CR&R Environmental Services for the month of March 2015 in the amount of \$194,191.15 was approved as presented. |
| 4. Contract Payment to CR&R Environmental Services for Recycling and Disposal Services | The Board of Directors approved payment to CR&R Environmental Services for recycling and disposal services for the month of March 2015. |
| 5. Adoption of a Warrant Resolution No. CMSD 2015-10 Approving District Warrant Registers | The Board of Directors approved adoption of Warrant Resolution No. CMSD 2015-10 Approving District Warrant Registers for the month of March 2015 in the amount of \$453,630.85. |
| 6. Directors' Compensation and Reimbursement of Expenses | The Directors' compensation and reimbursement of expenses for the month of March 2015 were approved as presented. |
| 7. Sewer Lateral Assistance Program (SLAP) Update | The Board of Directors approved the SLAP report as presented. |

END OF CONSENT CALENDAR

Director Ferryman made a motion to approve the consent calendar as presented Vice President Perry seconded the motion, which carried unanimously.

PUBLIC HEARINGS - None

GENERAL MANAGER'S REPORTS

8. Website and Webhosting Update

Recommendation: That the Board of Directors receive and file this report.

Scott Carroll, General Manager, reported that Elizabeth Pham, Management Assistant, was able to secure a vendor to monitor the District's website and notify staff if the District's website were to become unavailable.

9. Proposed Sewer Lateral Assistance Program (SLAP) FY 2015-16

Recommendation: That the Board of Directors approves the parameters shown below for the SLAP program for the fiscal year beginning July 1, 2015:

1. Change the maximum amount of reimbursement to \$1,000.
2. Reaffirm the requirement for participation of one application once every five years up to the approved reimbursement amount at the time of application.
3. Direct staff not to accept any SLAP applications once the \$200,000 of SLAP funding is expended for the 2015-2016 fiscal year.

Wendy Davis, Finance Manager, requested that the Board consider approving the recommendations due to fiscal restraints. Ms. Davis reported that funding is available for 22 SLAP applications through the end of the fiscal year and that an anticipated 200 applications will be paid. Ms. Davis confirmed that the applicant may apply once every five years per residence.

Vice President Perry expressed favor of changing the reimbursement fee to \$1,100.

Director Ferryman concurred with Vice President Perry and supported changing the reimbursement fee of \$1,100.

Discussion followed regarding possible changes to the parameters of the SLAP. Ms. Davis noted that upon approval of the budget, the recommended SLAP changes will be brought back to the Board for approval. Discussion ensued regarding benefits of the program for residents,

General Manager Carroll requested that if the Board is considering changing the SLAP budget to \$220,000 that the decision is made after the budget is presented to the Board.

Discussion followed regarding the timeline of rolling out the pilot program.

Vice President Perry made a motion to change the maximum reimbursement amount to \$1,100 and approve staff's recommendation. Director Ferryman seconded the motion, which carried unanimously.

10. FY 2014-15 Budget Review – Third Quarter

Recommendation: That the Board of Directors receive and file the report.

Ms. Davis provided report details noting expenditures in salaries were below what was anticipated due to the vacancies, which were offset by the expenditures in the professional and contract services. Ms. Davis reported a projected surplus balance in the solid waste fund of \$72,000 and \$97,000 in the liquid waste fund. Ms. Davis noted a contingency of \$120,000 in the sewer fund that shows being fully expended in anticipation of the fine to be paid for the sanitary sewer overflow at the Irvine pump station.

Mr. Carroll provided information regarding the security patrol of District headquarters and felt that the increased patrol was beneficial.

There were no additional questions or comments and the report was received.

11. FY 2015-20 Strategic Plan Draft Review

Recommendation: That the Board of Directors review and discuss the FY 2015-20 Draft Strategic Plan and give direction to staff.

General Manager Carroll presented the draft Strategic Plan for Fiscal Year 2015-20.

Vice President Perry requested an update from Environmental Engineering & Contracting (EEC) at a future meeting regarding the District's Fats, Oils & Grease (FOG) enforcement program..

Mr. Carroll confirmed that the final draft of the Strategic Plan will be brought to the Board for approval at the May 28, 2015 regular meeting.

There were no additional questions or comments and the report was received.

ENGINEER'S REPORTS

12. Project Status Report

Recommendation: That the Board of Directors receive and file the report.

There were no questions or comments and the report was received.

13. Project #204 Sewer Manhole Surface Repair Program – Phase I – Acceptance of Improvements

Recommendation: That the Board of Directors approves the following action:

1. Accept improvements as completed and file a Notice of Completion.
2. Authorize payment of 5% retention 35 days after Notice of Completion is recorded.
3. Exonerate Labor and Material Bond after Notice of Completion is recorded and exonerate Faithful Performance Bond one year of Notice of Completion is recorded.

Rob Hamers, District Engineer, noted that the project was completed and indicated that the recommendation is standard procedure for the completion of the project.

Secretary Ooten made a motion to approve the recommendation. Assistant Secretary Schafer seconded the motion, which carried unanimously.

There were no additional questions or comments.

TREASURER'S REPORTS

14. Investment Report for the Month of March 2015

Recommendation: That the Board of Directors approves the Investment Report for the month March 2015.

Marc Davis, District Treasurer, provided details of the investment report for March 2015.

Discussion followed regarding District reserves and investing in CalWest Industrial Properties.

There were no additional questions or comments and the report was received.

ATTORNEY'S REPORTS

15. General Manager's Agreement – Fifth Amendment

Recommendation: That the Board of Directors approve the General Manager's Fifth Amendment of his agreement.

Alan Burns, District Counsel, presented the fifth amendment to the General Manager's agreement.

Secretary Ooten made a motion to approve the agreement. Vice President Perry seconded the motion, which carried unanimously.

LOCAL MEETINGS

A. Orange County Sanitation District (OCSD) – (Director Ferryman)

Recommendation: That the Board of Directors accepts oral report.

Director Ferryman discussed the soliciting of insurance benefits that will potentially save six to eight million dollars, the approval of a licensing agreement with Product and Chemicals, Inc. for the operation of a hydrogen dispensing station, East Orange County Water District's negotiation for sewer acquisition, and discussed groundwater replenishment and security.

Secretary Ooten discussed new OCSD perimeter fencing.

- B. Santa Ana River Flood Protection Agency (SARFPA) – (Vice President Perry) Recommendation: That the Board of Directors accepts oral report.

Nothing to report at this time.

- C. Independent Special Districts of Orange County (ISDOC) – (President Scheafer)
Recommendation: That the Board of Directors accepts oral report.

President Scheafer reported on his attendance of the ISDOC Executive Committee meeting and noted that the bylaw changes were approved and will be voted on in May. He also noted that General Manager Carroll would be a key presenter at the upcoming ISDOC quarterly meeting.

- D. California Special Districts Association (CSDA) - (Assistant Secretary Schafer)
Recommendation: That the Board of Directors accepts oral report.

Assistant Secretary Schafer reported on her attendance of the CSDA Board meeting and noted that she would be attending CSDA Legislative Days in May.

General Manager Carroll noted that meetings have been scheduled with Assemblyman Harper and Senator Moorlach during Legislative Days.

- E. Special District Risk Management Authority (SDRMA) – (President Scheafer)
Recommendation: That the Board of Directors accepts oral report.

Nothing to report at this time.

- F. Other Meetings Qualifying for Reimbursement under CMSD Ordinance No. 55, Operations Code Section 3.01.030
Recommendation: That the Board of Directors accepts oral report.

President Scheafer reported on his attendance of a meeting with General Manager Carroll and Orange County Supervisor Michelle Steele.

Secretary Ooten reported on his attendance of the WACO meeting.

OLD BUSINESS – None

NEW BUSINESS – None

ORAL COMMUNICATIONS AND DIRECTOR COMMENTS

President Scheafer requested a survey of Board of Directors stipend and compensation to be presented at the May study session. He complimented staff on the recent newsletter, requested the schedule for the Directors attending upcoming town hall meetings for the implementation of the Organics Recycling Program, and announced Ed Fawcett's retirement.

ADJOURN TO CLOSED SESSION – President Scheafer adjourned to closed session at 6:37 P.M.

16. Discuss litigation with legal counsel pursuant to Government Code Section 54956.9:

- (a) In regards to existing/anticipated litigation entitled Costa Mesa Sanitary District – Santa Ana Regional Water Quality Control Board Complaint No. R8-2014-0017.
- (b) Anticipated litigation – significant exposure to litigation pursuant to Government Code 5456.9(d)(2),(e)(1) [Number of potential cases: 1]

All others exited the meeting with the exception of the Board of Directors, District Counsel Burns, General Manager Carroll, and District Engineer Hamers.

RECONVENE TO OPEN SESSION

President Scheafer reconvened to open session at 6:55 P.M. and reported that no reportable action was taken during closed session.

ADJOURNMENT

There being no further business to come before the Board, President Scheafer adjourned the meeting at 6:55 P.M.

Robert Ooten
Secretary

Michael Scheafer
President