



**COSTA MESA SANITARY DISTRICT
MINUTES OF BOARD OF DIRECTORS REGULAR MEETING
JUNE 25, 2015**

CALL TO ORDER		The Board of Directors of the Costa Mesa Sanitary District met in regular session on June 25, 2015 at 5:30P.M. at 628 W. 19 th 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; Noelani Middenway, District Clerk
	OTHERS PRESENT:	Dean Ruffridge, CR&R; Lawrence Jones, CR&R; Dr. Francine Kaplan, Kaplan Consulting

CEREMONIAL MATTERS AND PRESENTATIONS – President Scheafer recognized Denise Martinez, Orange County Sanitation District Senior Human Resources Analyst for assisting the District on personnel matters for the past eight months.

ANNOUNCEMENT OF LATE COMMUNICATIONS – Scott Carroll, General Manager, reported receipt of written public comments from Mr. Jim Mosher. Mr. Carroll indicated that a copy of Mr. Mosher's comments and his response had been provided to the Board for review and requested that Item No. 6 be pulled for discussion.

PUBLIC COMMENTS – Dr. Francine Kaplan, Kaplan Consulting, indicated that she has conducted the District's composting workshops for the past five years and commended the Board of Directors for the work that they do.

CONSENT CALENDAR

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|-------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. Board of Directors Study Session Meeting Minutes of May 12, 2015 | The Board of Directors Study Session Meeting Minutes of May 12, 2015 was approved as presented. |
| 2. Board of Directors Regular Meeting Minutes of May 28, 2015. | The Board of Directors Regular Meeting Minutes of May 28, 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 May 2015 in the amount of \$194,315.83 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 May 2015. |
| 5. Adoption of a Warrant Resolution No. CMSD 2015-12 Approving District Warrant Registers | The Board of Directors approved adoption of Warrant Resolution No. CMSD 2015-12 Approving District Warrant Registers for the month of May 2015 in the amount of \$664,992.56. |
| 6. Directors' Compensation and Reimbursement of Expenses | This item was pulled for discussion. |
| 7. Sewer Lateral Assistance Program (SLAP) Update | The Board of Directors approved the SLAP report as presented. |
| 8. Investment Report for the Month of May 2015 | This item was pulled and continued to the July regular Board meeting. |

END OF CONSENT CALENDAR

Assistant Secretary Schafer made a motion to approve the consent calendar with the exception of Item No. 6. Vice President Perry seconded the motion, which carried unanimously.

Regarding Item No. 6, General Manager Carroll indicated that the written public comment received expressed concern regarding a Board member being compensated for attending a meeting that was not on the list of approved meetings. He further indicated that the Ordinance allows for Board members to attend meetings and be compensated providing that the Directors are able to explain how their attendance relates to District business.

Discussion followed regarding meeting attendance and transparency.

Alan Burns, District Counsel, indicated that Board approval is required prior to a director attending an unlisted meeting.

Assistant Secretary Schafer provided details of her attendance of the Newport Mesa Unified School District's student scholarship breakfast hosted by the Costa Mesa Chamber, the California Women's Leadership Association event, and an event honoring Henry Segerstrom.

District Counsel Burns encouraged the Board to indicate in its expense and reimbursement reports how the Director's attendance of meetings and events advanced the interest of the District.

Secretary Ooten made a motion to approve Item No. 6. Vice President Perry seconded the motion with a stipulation that the Directors provide a written description of meetings attended that are not on the list of approved meetings.

The motion carried unanimously.

Regarding Item No. 8, Secretary Ooten indicated that the investment report was not attached to the agenda report.

General Manager Carroll suggested pulling Item No. 8 and continuing it to the July regular Board meeting.

Secretary Ooten made a motion to pull Item No. 8 and place it on the July regular Board meeting agenda. Assistant Secretary seconded the motion, which carried unanimously.

PUBLIC HEARINGS

9. Consideration of Solid Waste Annual Charges for FY 2015-16 to be Collected with the General Taxes
 - A. Presentation of Report
 - B. Open Public Hearing
 - C. Close Public Hearing

- D. Recommendation: That the Board of Directors Adopt Resolution No. 2015-865 confirming the solid waste annual charges for FY 2015-16 to be collected with the general taxes and direct the District Clerk to File with County Auditor.

General Manager Carroll provided background of the item and noted no increase in the solid waste annual charge.

President Scheafer opened the public hearing. Seeing no one, the public hearing was closed.

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

10. Consideration of Wastewater Annual Charges for FY 2015-16 to be Collected with the General Taxes

- A. Presentation of Report
- B. Open Public Hearing
- C. Close Public Hearing
- D. Recommendation: That the Board of Directors Adopts Resolution No. 2015-866 confirming the wastewater annual charges for FY 2015-16 to be collected with the general taxes and direct the District Clerk to File with County Auditor.

General Manager Carroll provided background of the item and noted a two percent increase in the wastewater annual charge.

President Scheafer opened the public hearing. Seeing no one, the public hearing was closed.

Assistant Secretary Schafer made a motion to approve the recommendation as presented. Director Ferryman seconded the motion.

Discussion followed regarding mailing notifications to the public regarding the rate increase.

The motion carried unanimously.

11. Adoption of Ordinance No. 105 Confirming Annual Charges for Solid Waste and Wastewater for 2015-16

Recommendation: That the Board of Directors adopt Ordinance No. 105 confirming annual charges for Solid Waste and Wastewater for 2015-16.

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

12. Ordinance No. 106 – Board of Directors Compensation

- A. Presentation of Report
- B. Open Public Hearing
- C. Close Public Hearing
- D. Recommendation: That the Board of Directors Adopts Ordinance No. 106 increasing Board compensation from \$221.00 to \$295.00 per day, not to exceed six days in a calendar month, to be effective August 24, 2015.

General Manager Carroll provided details of Ordinance No. 106 and noted that the Board's request for an increase in compensation was published in the newspaper per the public hearing requirements.

District Counsel Burns noted that the ordinance would be effective on August 24, 2015, which would be 60 days after the ordinance approval.

President Scheafer opened the public hearing. Seeing no one, the public hearing was closed.

Assistant Secretary Schafer made a motion to approve the recommendation as presented. Vice President Perry seconded the motion. The motion carried 4-1, with Secretary Ooten opposed.

GENERAL MANAGER'S REPORTS

13. Resolution No. 2015-867 Adopting the Budget for FY 2015-16 and 2016-17
Recommendation: That the Board of Directors approves Resolution No. 2015-867 adopting the Budget for FY 2015-16 and 2016-17.

Wendy Davis, Finance Manager, provided details of the proposed resolutions adopting the budget for fiscal years 2015-16 and 2016-17.

Secretary Ooten made a motion to adopt Resolution No. 2015-867. Vice President Perry seconded the motion.

Discussion followed regarding the timeframe of the potential raising of solid waste

rates. Ms. Davis projected a possible increase of rates in Fiscal Year 2018-19 if the District continued its philosophy of requiring \$2.5 million in cash flow.

The motion carried unanimously.

14. Project #101 Westside Pump Station Abandonment Design and Engineering Phase

Recommendation: That the Board of Directors approves contract administration services from Robin B. Hamers & Associates, Inc. for \$64,899 for the two year design and engineering phase of Project #101.

General Manager Carroll provided details of the two year contract with Robin B. Hamers & Associates for contract administration services of Project #101.

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

15. Independent Special Districts of Orange County Proposed Bylaws Modifications

Recommendation: That the Board of Directors authorizes President Scheafer to vote on the Board's behalf approving the proposed bylaws modifications.

President Scheafer recommended approving the ISDOC bylaws.

Director Ferryman made a motion to approve the recommendation. Vice President Perry seconded the motion, which carried unanimously.

16. Rewarding Ideas Program

Recommendation: That the Board of Directors approves rewarding Jose (Tony) Gomez, SCADA Technician/Industrial Electrician, \$100 for his idea to improving the response time and efficiencies for connecting mobile generators to sewer pump stations during power outages.

General Manager Carroll provided details of the rewarding ideas suggestion for connecting mobile generators to sewer pump stations during power outages.

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

17. California Special Districts Association 2015 Board Elections Southern Network, Seat A

Recommendation: That the Board of Directors vote for one candidate to represent CSDA's Southern Network, Seat A.

Assistant Secretary Schafer made a motion to approve voting for Jo MacKenzie to represent the CSDA's Southern Network, Seat A. Vice President Perry seconded the motion, which carried unanimously.

18. Resolution No. 2015-868 adopting CalPERS Plan Amendment

Recommendation: That the Board of Directors adopt Resolution No. 2015-868 adopting the Employer Paid Member Contribution of 0% for Classic Second Tier Miscellaneous Members effective August 28, 2011.

Finance Manager, Wendy Davis, indicated that the proposed resolution is a cleanup item and that there is no financial impact to the District.

Director Ferryman made a motion to approve the recommendation. Vice President Perry seconded the motion, which carried unanimously.

ENGINEER'S REPORTS

19. Project Status Report

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

District Engineer Hamers provided information regarding emergency backup pump at the Elden pump station.

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

TREASURER'S REPORTS

20. Statement of Investment Policy for Fiscal Year 2015-16 & Adoption of Resolution No. 2015-869

Recommendation: That the Board of Directors adopt Resolution No. 2015-869 approving the Policy and delegating the investment function to the District Treasurer for the 2015-16 fiscal year.

Marc Davis, District Treasurer, provided background of the statement of investment policy and noted changes that were made to the policy.

Discussion followed regarding investing in international securities.

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

Vice President Perry requested holding a special meeting to discuss District investments.

21. Agreement for Independent Audit Services

Recommendation: That the Board of Directors approves awarding a contract to Rogers, Anderson, Malody & Scott for independent audit services in the amount of \$29,460 for the fiscal years ending June 30, 2015, 2016 and 2017.

Mr. Davis provided details of the agreement with Rogers, Anderson, Malody & Scott for audit services for a three year base period and two one year extension options.

Discussion followed regarding the scoring and ranking of the proposers, and the cost differences between the proposed and previous auditors.

Director Ferryman made a motion to approve the recommendation. Vice President Perry seconded the motion, which carried unanimously.

ATTORNEY'S REPORTS - None

LOCAL MEETINGS

- A. Orange County Sanitation District (OCSD) – (Director Ferryman)
Recommendation: That the Board of Directors accepts oral report.

Director Ferryman reported on a grant received from Water Smart for groundwater replenishment and announced an event for the grand opening of the new groundwater replenishment facility. He also announced that John Nielson will serve as the new OCSD Chairman.

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

Vice President Perry reported that SARFPA membership dues will remain at \$1,100, and noted that he and Director Ferryman were re-appointed to the Executive Committee.

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

President Scheafer reported on the discussion regarding bylaw changes and announced training for emergency operations training for elected officials.

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

Assistant Secretary Schafer discussed the proposal of a consolidation bill and noted that CSDA is opposing the bill.

President Scheafer announced that he will not be present for the September regular board meeting as he will be attending a conference Joint Powers Authority in Lake Tahoe.

- 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.

Secretary Ooten reported on his attendance of the Water Advisory Committee of Orange County (WACO) meeting and the Organics Recycling Committee meeting.

Discussion followed regarding the distribution of organics carts and the pick-up of excess carts.

President Scheafer reported on his presentation of the award for the battery recycling program at Waldorf Elementary School.

OLD BUSINESS – None

NEW BUSINESS – None

ORAL COMMUNICATIONS AND DIRECTOR COMMENTS

Vice President Perry reported that he may not be in attendance of the August study session meeting.

Secretary Ooten reported that he would not be in attendance of the July or August study session meetings.

Assistant Secretary Schafer announced that July 23, 2015 is Costa Mesa Day at the Orange County Fair.

President Scheafer complimented and thanked staff on the successful roll out of the Organics Recycling Program.

ADJOURN TO CLOSED SESSION – President Scheafer adjourned to closed session at 6:53 P.M.

16. Discuss litigation with legal counsel pursuant to Government Code Section 54956.9:
- (a) In 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, General Manager Carroll, District Engineer Hamers, and District Counsel Burns.

RECONVENE TO OPEN SESSION

President Scheafer reconvened to open session at 7:15 P.M. and noted that no reportable action had been taken.

ADJOURNMENT

There being no further business to come before the Board, President Scheafer adjourned the meeting at 7: 15 P.M.

Robert Ooten
Secretary

Michael Scheafer
President