



**COSTA MESA SANITARY DISTRICT
MINUTES OF BOARD OF DIRECTORS REGULAR MEETING
MARCH 24, 2016**

CALL TO ORDER

The Board of Directors of the Costa Mesa Sanitary District met in regular session on March 24, 2016 at 5:30 P.M. at 628 W. 19th Street, Costa Mesa.

**PLEDGE OF
ALLEGIANCE**

President Scheafer led the Pledge of Allegiance.

INVOCATION

President Scheafer led the Invocation.

ROLL CALL

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

DIRECTORS ABSENT: Arthur Perry

STAFF PRESENT: Scott Carroll, General Manager; Alan Burns, District Counsel; Robin Hamers, District Engineer; Wendy Davis, Finance Manager; Marc Davis, District Treasurer; and Noelani Middenway, District Clerk.

OTHERS PRESENT: Jim Mosher, resident.

CEREMONIAL MATTERS AND PRESENTATIONS

Resolution No. 2016-878 – Proclamation recognizing Mesa Water District for successfully reaching the conservation goal of reducing its service area's potable water use by 20%.

President Scheafer introduced Resolution No. 2016-878.

Secretary Ooten made a motion to approve Resolution No. 2016-878. Director Ferryman seconded the motion, which passed unanimously with a 4-0 vote with Vice President Perry not present.

Discussion followed regarding the date that the proclamation will be presented.

ANNOUNCEMENT OF LATE COMMUNICATIONS – NONE

District Counsel, Alan Burns, noted a non-substantive revision to the staff report for Item 22 regarding Ordinance No. 112.

PUBLIC COMMENTS – NONE

CONSENT CALENDAR

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| 1. Board of Directors Study Session Meeting Minutes of February 9, 2016 | The Board of Directors Study Session Meeting Minutes of February 9, 2016 was approved as presented. |
| 2. Board of Directors Special Meeting Minutes of February 22, 2016 | The Board of Directors Special Meeting Minutes of February 22, 2016 was approved as presented. |
| 3. Board of Directors Regular Meeting Minutes of February 25, 2016 | Assistant Secretary Schafer pulled this item for discussion. |
| 4. Occupancy Report and Payment to CR&R Environmental Services | The Board of Directors accepted the occupancy count as presented using 22,153 as the correct number of active units and directed staff to prepare a warrant to CR&R Environmental Services in the amount of \$216,997.50 to be ratified in the March 2016 warrant list, for February 2016 collection. |
| 5. Contract Payment to CR&R Environmental Services for Recycling & Disposal Services | The Board of Directors approved payment to CR&R Environmental Services in the amount of \$169,124.90 for recycling and disposal services for the month of March 2016. |
| 6. Adoption of Warrant Resolution No. CMSD 2016-09 Approving District Warrant Registers | The Board of Directors adopted Warrant Resolution No. CMSD 2016-09 approving District warrants for the month of February 2016 in the amount of \$1,284,611.64. |
| 7. Payroll Transparency Disclosure for February 2016 | The Board of Directors approved the Payroll Transparency Disclosure for February 2016 as presented. |

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| 8. Directors' Compensation and Reimbursement of Expenses | The Board of Directors approved the Directors' Compensation and Reimbursement of Expenses for February 2016 as presented. |
| 9. Sewer Lateral Assistance Program (SLAP) Update | The Board of Directors approved the SLAP report as presented. |
| 10. Investment Report for the Month of February 2016. | The Board of Directors approved the Investment Report for the month of February 2016 as presented. |

Assistant Secretary Schafer made a motion to approve the Consent Calendar, omitting Item 3 because she was not present for the February 25, 2016 Board Meeting. Director Ferryman seconded the motion, which passed unanimously with a 4-0 vote with Vice President Perry not present.

Secretary Ooten made a motion to approve Item 3. Director Ferryman seconded the motion, which passed with a 3-0-1 vote with Assistant Secretary Schafer abstaining and Vice President Perry not present.

END OF CONSENT CALENDAR

PUBLIC HEARINGS – NONE

GENERAL MANAGER'S REPORTS

11. Refund of Sanitary Assessment – 975 W. 18th Street
Recommendation: That the Board of Directors approve a refund in the amount of \$13,259.49.

Scott Carroll, General Manager, presented the staff recommendation and noted that the Board of Directors may change the approved refund amount to a smaller amount.

Finance Manager, Wendy Davis, provided report details. Ms. Davis noted that 975 W. 18th Street is a paved lot with no sewer or water hook-ups that has been charged an industrial wastewater rate since the property owner's purchase of the lot.

Discussion followed regarding the property owner's claim that he has called the District many times over the years, as well as the District's refund policy.

District Counsel, Alan Burns, noted that the District has an ordinance that states that there is a 180 day statute of limitation for refunds of the current year's property tax charge. Mr. Burns expressed concern that the District might set a precedent by

refunding the property owner and noted that the District has a legal right to deny the refund request.

Secretary Ooten made a motion to approve the refund in the amount of \$13,259.49. Director Ferryman seconded the motion.

Assistant Secretary Schafer made a motion to continue the item for the purpose of obtaining more information on similar cases, which died for lack of a second.

The original motion to approve the refund in the amount of \$13,259.49 passed with a 3-1 vote with Vice President Perry not present.

12. Conflict of Interest Code Biennial Review

Recommendation: That the Board of Directors adopts Resolution No. 2016-879 Amending Exhibit A (The Appendix) to the Costa Mesa Sanitary District Conflict of Interest Code to Add a New Position and Make other Clarifying Changes in the Listing of Designated Employees.

District Clerk, Noelani Middenway, provided report details regarding the District positions that are required to file a Conflict of Interest form annually. She noted that changes were made to Exhibit A, including a change from the Office Manager title to the District Clerk title, the addition of the Finance Manager and the Wastewater Superintendent positions, and the elimination of the Operations Manager and Management Analyst positions as being required conflict of interest filers.

Assistant Secretary Schafer made a motion to approve the adoption of Resolution No. 2016-879. Secretary Ooten seconded the motion, which passed unanimously with a 4-0 vote with Vice President Perry not present.

13. Contract Administration and Inspection Services for Three Sewer Capital Improvement Projects

Recommendation: That the Board of Directors receive and file this report. The General Manager is approving the contract administration and inspection services proposal from Robin B. Hamers & Associates (RBH) for all three projects totaling \$52,640. RBH will perform said services under his existing contract with the District.

Scott Carroll, General Manager, shared that if the Board of Directors approves Items 18, 19, and 20, he will approve the contract administration and inspection services proposal of \$52,640 for RBH. Mr. Carroll noted that the industry standard for contract administration and inspection services is about 10% of the project cost, and RBH's proposal is below 10% of the project cost.

There were no further questions or discussion and the report was received.

14. 290 Paularino Avenue – Building Upgrade Budget

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

Scott Carroll, General Manager, presented updates regarding the 290 Paularino building upgrade budget. He noted that courtesy bids will come in on April 1st and a Special Meeting will likely take place in the first week of April to discuss the budget.

Discussion followed regarding the anticipated closing date in April and the goal of relocating to the new building by October 2016.

There were no further questions or discussion and the report was received.

15. CMSD Contribution Program Application – Costa Mesa Foundation Concerts in the Park

Recommendation: That the Board of Directors accepts the application from the Costa Mesa Foundation and approve a monetary contribution of \$2,500.

Scott Carroll, General Manager, presented a contribution application from the Costa Mesa Foundation requesting a monetary contribution of \$2,500. Mr. Carroll noted that the District contributed \$2,500 for last year's events. Additionally, the District will have the opportunity to hold a booth at all 4 events in July 2016.

Assistant Secretary Schafer made a motion to approve the contribution of \$2,500. Secretary Ooten seconded the motion, which passed unanimously with a 4-0 vote with Vice President Perry not present.

ENGINEER'S REPORTS

16. Project Status Report

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

District Engineer, Robin Hamers, presented the Project Status Report.

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

17. Conflict of Interest Report

Nothing to report at this time.

There were no questions or discussion.

18. Project #200-B Harbor Force Main Rehabilitation Bid Opening and Award of Contract

Recommendation: That the Board of Directors approve the following:

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1. Award a contract to the lowest responsive and responsible bidder, GCI Construction, in the amount of \$247,720; and
 2. A contingency budget of 10% of construction cost in the amount of \$24,772.

District Engineer, Robin Hamers, presented the report details for Project #200-B. Mr. Hamers noted that the bids for Projects #200-B, 202, and 310 came significantly below the engineer's estimates.

Secretary Ooten made a motion to award the contract to GCI Construction in the amount of \$247,720 with a contingency budget of 10% of construction cost in the amount of \$24,772. Assistant Secretary Schafer seconded the motion, which passed unanimously with a 4-0 vote with Vice President Perry not present.

19. Project No. 202 Elden Pump Station Valves & Piping Replacement Bid Opening and Award of Contract

Recommendation: That the Board of Directors approve the following:

1. Award a contract to the lowest responsive and responsible bidder, GCI Construction, in the amount of \$259,300; and
2. A contingency budget of 10% of construction cost in the amount of \$25,930.

District Engineer, Robin Hamers, presented the report details.

Secretary Ooten made a motion to award the contract to GCI Construction in the amount of \$259,300 with a contingency budget of 10% of construction cost in the amount of \$25,930. Assistant Secretary Schafer seconded the motion, which passed unanimously with a 4-0 vote with Vice President Perry not present.

20. Project No. 310 Indus Sewer & Manhole Rehabilitation Bid Opening and Award of Contract

Recommendation: That the Board of Directors approve the following:

1. Award a contract to the lowest responsive and responsible bidder, Insituform Technologies, LLC, in the amount of \$218,458;
2. A contingency budget of 10% of construction cost in the amount of \$21,846; and
3. An additional contingency of \$12,000 for the installation of a cured-in-place liner in the existing manhole in the back yard of 2321 Mesa Drive. Increase the General Manager's authority for authorization of extra work to include \$21,846 + \$12,000 for a total of \$33,846.

District Engineer, Robin Hamers, presented the report details.

Assistant Secretary Schafer made a motion to award the contract to Insituform in the amount of \$218,458 with a contingency budget of 10% of construction cost in the amount of \$21,846 and an additional contingency of \$12,000. Director Ferryman seconded the motion, which passed unanimously with a 4-0 vote with Vice President Perry not present.

TREASURER'S REPORTS - NONE

ATTORNEY'S REPORTS

21. General Manager's Agreement and 2016 Performance Goals

Recommendation: That the Board of Directors approves the General Manager's Agreement and his 2016 Performance Goals.

District Counsel, Alan Burns, presented the General Manager's Agreement and his 2016 Performance Goals.

Assistant Secretary Schafer made a motion to approve the General Manager's Agreement and his 2016 Performance Goals. Director Ferryman seconded the motion, which passed unanimously with a 4-0 vote with Vice President Perry not present.

22. Ordinance No. 112 – Revising CMSD Operations Code Section 6.04.060 (Insurance, Bonding and License Status)

Recommendation: That the Board of Directors adopt Ordinance No. 112 making changes to the sewer permit process and the District's requirements.

District Counsel, Alan Burns, presented the revision to the Operations Code Section 6.04.060. He noted that the District requires staff to verify the license status of contractors who seek sewer permits. Additionally, the revision notes that contractors that seek to work in the public right-of-way are required to have proper insurance to obtain a sewer permit.

Secretary Ooten made a motion to adopt Ordinance No. 112. Director Ferryman seconded the motion, which passed unanimously with a 4-0 vote with Vice President Perry not present.

LOCAL MEETINGS

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

Recommendation: That the Board of Directors accepts oral report.

Director Ferryman provided an overview of the OCSD meeting. He noted that OCSD will hire an engineering firm for support staff services for the next 7 years and the Rocky Point Pump Station is in the process of being sold to Orange Coast College.

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

Director Ferryman provided an overview of the SARFPA meeting. He noted an increase in funding for the Santa Ana River Flood Control Project and a delay in funding for the Westminster Eastern Garden Grove Project.

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

President Scheafer shared that he missed the ISDOC Executive Committee Meeting.

Assistant Secretary Schafer noted that ISDOC discussed future programs and speakers.

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

Assistant Secretary Schafer shared that CSDA Legislative Days are coming up in May 2016.

Discussion followed regarding bills that CSDA is tracking.

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

President Scheafer reported that there was no SDRMA meeting this month. He provided a brief reminder of Safety/Claims Education Day on March 28-29, 2106 at the Newport Beach Marriott Hotel and Spa.

- 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 noted that he went to the Water Advisory Committee of Orange County (WACO) meeting on March 4, 2016.

OLD BUSINESS – NONE

NEW BUSINESS

23. CSDA Award – Board Member of the Year – Oral Report from Assistant Secretary Schafer

CSDA Award – Board Member of the Year – Oral Report from Assistant Secretary Schafer

Assistant Secretary Schafer noted that CSDA will be giving out a Board Member of the Year Award and shared that she believes President Scheafer should be nominated.

Assistant Secretary Schafer made a motion to nominate President Scheafer for CSDA Board Member of the Year. Director Ferryman seconded the motion, which passed unanimously with a 4-0 vote with Vice President Perry not present.

ORAL COMMUNICATIONS AND DIRECTOR COMMENTS

President Scheafer commended Scott Carroll on the article he wrote, entitled “Special Districts Are Focused Governments, Not Shadow Governments,” and congratulated Wastewater Superintendent, Steve Cano, on his appointment to the Santa Ana River Basin Section (SARBS) Board of Directors.

Assistant Secretary Schafer noted that the District was awarded 2015 Collection System of the Year by SARBS.

Secretary Ooten noted that the Costa Mesa Community Run has a “hero” theme this year and suggested the District feature the Sewer Slayer at its booth.

ADJOURN TO CLOSED SESSION

24. 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. R8-2015-0025.

(b) Anticipated litigation – significant exposure to litigation pursuant to Government Code 5456.9(d)(2),(e)(1)
[Number of potential cases: 1]

President Scheafer adjourned to closed session at 6:33 P.M.

RECONVENE TO OPEN SESSION

President Scheafer reconvened to open session at 6:41 P.M. President Scheafer indicated that there was no action to report from the closed session meeting.

ADJOURNMENT

There being no further business to come before the Board, President Scheafer adjourned the meeting at 6:41 P.M.

Robert Ooten
Secretary

Michael Scheafer
President