



**COSTA MESA SANITARY DISTRICT
MINUTES OF BOARD OF DIRECTORS REGULAR MEETING
APRIL 28, 2016**

CALL TO ORDER

The Board of Directors of the Costa Mesa Sanitary District met in regular session on April 28, 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, 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; and Noelani Middenway, District Clerk.

OTHERS PRESENT: Greg Ridge, resident and Orange County League of Conservation Voters (OCLCV).

CEREMONIAL MATTERS AND PRESENTATIONS – NONE

ANNOUNCEMENT OF LATE COMMUNICATIONS – NONE

PUBLIC COMMENTS

President Scheafer opened public comments and invited Greg Ridge, a Costa Mesa resident and Orange County League of Conservation Voters (OCLCV) representative, to address the Board of Directors.

Mr. Ridge provided commentary regarding the upcoming OCLCV Awards Banquet on May 6, 2016 at the University Club at the University of California, Irvine.

Vice President Perry made a motion to discuss the non-agenda item proposing the Board of Directors' attendance of the OCLCV Awards Banquet. Assistant Secretary Schafer seconded the motion, which carried unanimously with a 5-0 vote. The item died for lack of a motion.

Seeing no other members of the public, President Scheafer closed public comments.

CONSENT CALENDAR

1. Board of Directors Study Session Meeting Minutes of March 8, 2016 The Board of Directors Study Session Meeting Minutes of March 8, 2016 was approved as presented.
2. Board of Directors Regular Meeting Minutes of March 24, 2016 The Board of Directors Regular Meeting Minutes of March 24, 2016 was approved as presented.
3. Occupancy Report and Payment to CR&R Environmental Services The Board of Directors accepted the occupancy count as presented using 22,372 as the correct number of active units and directed staff to prepare a warrant to CR&R Environmental Services in the amount of \$219,142.69 to be ratified in the April 2016 warrant list, for March 2016 collection.
4. 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 \$194,382.93 for recycling and disposal services for the month of March 2016.
5. Adoption of Warrant Resolution No. CMSD 2016-10 Approving District Warrant Registers The Board of Directors adopted Warrant Resolution No. CMSD 2016-10 approving District warrants for the month of March 2016 in the amount of \$939,634.27.
6. Payroll Transparency Disclosure for March 2016 The Board of Directors approved the Payroll Transparency Disclosure for March 2016 as presented.
7. Directors' Compensation and The Board of Directors approved the

Reimbursement of Expenses	Directors' Compensation and Reimbursement of Expenses for March 2016 as presented.
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8. Sewer Lateral Assistance Program (SLAP) Update The Board of Directors approved the SLAP report as presented.

Vice President Perry made a motion to approve the Consent Calendar. Director Ferryman seconded the motion, which passed unanimously with a 5-0 vote.

There were no further questions or comments.

END OF CONSENT CALENDAR

PUBLIC HEARINGS – NONE

GENERAL MANAGER'S REPORTS

9. Art Wraps for Wastewater Pump Station Control Panels
Recommendation: That the Board of Directors approves the recommendation from the Ad Hoc Committee and appropriate \$7,300 from the Wastewater Contingency Fund to support this program.

Scott Carroll, General Manager, presented staff's recommendation to appropriate \$7,300 from the Wastewater Contingency Fund to support the wrapping of 8 pump station control panels through an art contest among local students.

Vice President Perry made a motion to approve the appropriation of \$7,300 from the Wastewater Contingency Fund to support the Art Wrap program. Assistant Secretary Schafer seconded the motion, which carried unanimously with a 5-0 vote.

There were no further questions or comments.

10. Extension and Amendment to Employee Lending Agreement with Orange County Sanitation District (OCSD)
Recommendation: That the Board of Directors approves the Agreement allowing OCSD staff to service as CMSD's Alternate District Engineer.

Mr. Carroll presented an overview of the proposed Employee Lending Agreement with OCSD for the Alternative District Engineer, Rudy Davila. He noted that the agreement term is one year in length, with the option to extend for three additional one-year terms. Lastly, Mr. Carroll added that if the Board of Directors approves the agreement, OCSD will present the agreement to their Board of Directors on May 25, 2016.

Discussion followed regarding the length and frequency of Mr. Davila's work.

Vice President Perry made a motion to approve the Agreement allowing OCSD staff to service as the Alternative District Engineer. Secretary Ooten seconded the motion, which passed unanimously with a 5-0 vote.

There were no further questions or comments.

11. FY 2015-16 Budget Review – Third Quarter

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

Finance Manager, Wendy Davis, presented the third quarter budget review and noted changes in staffing, as well as the upcoming opening of the Anaerobic Digestion Facility.

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

12. Third Quarter FY 2015-20 Strategic Plan Report

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

Scott Carroll, General Manager, presented the quarterly Strategic Plan update and noted that since the last quarter, the following four goals have been completed: 1.1 Manhole Cover Maintenance Program, 5.1 Develop a Future Plan for Operational Facilities Adequacy, 7.2 Develop a Long Term Capital Improvement Program (CIP), and 7.7 Create a Popular Report and Upload Document on the District's Website.

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

13. City of Newport Beach Encroachment Agreement for Emergency Generator at 23rd Street Pump Station

Recommendation: That the Board of Directors approve the Encroachment Agreement.

Scott Carroll, General Manager, presented the Encroachment Agreement for the emergency generator at the 23rd Street pump station. He noted that the generator will be fully operational by next week.

Secretary Ooten made a motion to approve the Encroachment Agreement. Vice President Perry seconded the motion, which passed unanimously with a 5-0 vote.

There were no further questions or comments.

ENGINEER'S REPORTS

14. Project Status Report

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

District Engineer, Robin Hamers, presented the Project Status Report and displayed two photos: a photo of a 35-year-old valve that will be replaced during Project #202 Elden Piping and Valve Replacement and a photo of the 23rd Street Pump Station generator.

Discussion followed regarding the regular inspection and maintenance of valves.

Mr. Hamers noted that Project #202 Elden Piping and Valve Replacement will start on May 15, 2016 and Project #200-B Harbor Force Main will start on June 1, 2016.

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

15. Conflict of Interest Report
Nothing to report at this time.

There were no questions or discussion.

16. Project #311 Sewer Manhole Surface Repair Program – Phase II – 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 35 days after Notice of Completion is recorded and exonerate Faithful Performance Bond one year after Notice of Completion is recorded.

District Engineer, Robin Hamers, presented the Notice of Completion for Project #311 Sewer Manhole Surface Repair Program.

Secretary Ooten made a motion to accept the improvements as completed and file a Notice of Completion, authorize the payment of 5% retention 35 days after the Notice of Completion is recorded, and exonerate the Labor and Materials Bond 35 days after the Notice of Completion is recorded and exonerate the Faithful Performance Bond one year after the Notice of Completion is recorded. Vice President Perry seconded the motion, which passed unanimously with a 5-0 vote.

Discussion followed regarding how to address the future replacement of Grade 4 manholes.

There were no further questions or comments.

TREASURER'S REPORTS

17. Resolution No. 2016-880 - Intent to Lease-Purchase Financing
Recommendation: That the Board of Directors adopt Resolution No. 2016-880 authorizing the execution and delivery of an installment sale agreement, and authorizing and directing certain actions in connection with the acquisition of an administrative facility.

District Treasurer, Marc Davis, presented Resolution No. 2016-880 to move forward with the lease purchase financing of the new administrative facility through the California Special Districts Association (CSDA) Finance Corporation. He noted that the resolution would delegate signing authority to the Board President, General Manager, or other designees, and that CSDA Finance Corporation would be able to fund the lease purchase by June 30, 2016.

Discussion followed regarding the escrow closing date of the new administrative facility.

Assistant Secretary Schafer made a motion to adopt Resolution No. 2016-880. Vice President Perry seconded the motion, which passed unanimously with a 5-0 vote.

There were no further questions or comments.

18. Investment Report for the Month of March 2016
Recommendation: That the Board of Directors approves the Investment Report for the month of March 2016.

District Treasurer, Marc Davis, presented the report details and noted that the weighted average stated rate of return for the District's investment portfolio was 1.167%. Additionally, Mr. Davis expanded upon the District's pending ability to put funds into CalTRUST through wire transfer.

Secretary Ooten made a motion to approve the Investment Report for the month of March 2016. Vice President Perry seconded the motion, which passed unanimously with a 5-0 vote.

There were no further questions or comments.

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 provided an overview of the OCSD meeting on April 27, 2016. He

noted that Troy Edgar, Blake Anderson, and Mary Sue Thompson will have their names added to the honor walk at a ceremony before the next Board Meeting on May 26, 2016. Additionally, Director Ferryman noted that East Orange County Water District was approved to acquire the sewer system in North Tustin/East Orange.

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

Vice President Perry shared that there was no SARFPA meeting this month.

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

President Scheafer provided an overview of the ISDOC meeting and noted that the meeting on May 3, 2016 has been moved to May 10, 2016.

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

Assistant Secretary Schafer noted that CSDA's Legislative Days are coming up on May 16-18, 2016.

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

President Scheafer reported that the next SDRMA meeting will take place next week.

- 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 April 1, 2016, which focused primarily on legislative updates.

Vice President Perry added that he also attended the WACO meeting on April 1, 2016, and shared information regarding the drought and drought legislation.

Assistant Secretary Schafer shared that she attended the Costa Mesa Community Run on April 23, 2016.

OLD BUSINESS – NONE

NEW BUSINESS – NONE

ORAL COMMUNICATIONS AND DIRECTOR COMMENTS

President Scheafer provided comments regarding a letter from the Board President of Mesa Water District, Shawn DeWane, asking the District to participate in a joint study about consolidation.

Vice President Perry requested that a letter be sent to Greg Ridge (OCLCV) to thank him for his invitation to the Awards Banquet and provide an update regarding the District's Organics Recycling Program and the opening of the Anaerobic Digestion Facility in Perris, CA.

President Scheafer requested that CR&R be contacted regarding updating the signage on their organics collection trucks.

ADJOURN TO CLOSED SESSION

19. Discuss litigation with legal counsel pursuant to Government Code Section 54956.9: Costa Mesa Sanitary District v. Santa Ana Regional Water Quality Control Board, OCSC #_____.

20. Conference with Real Property Negotiators

Property: 628 W. 19th Street, Costa Mesa

Agency Negotiators: Scott Carroll and Jack Faris

Negotiating Parties:

1. Daniel Webb, MacJones Holdings LLC;
2. Mohammad Gharavi Ghouchani;
3. Livia de los Rios
4. Peter J. Shea

Under Negotiation: Price and terms of payment

President Scheafer adjourned to closed session at 6:45 P.M.

RECONVENE TO OPEN SESSION

President Scheafer reconvened to open session at 7:01 P.M. and indicated that there was no reportable action for Item 19. In regards to Item 20, he noted that the Board of Directors reached an agreement to sell the building at 628 W. 19th Street, Costa Mesa.

ADJOURNMENT

There being no further business to come before the Board, President Scheafer adjourned the meeting at 7:02 P.M.

Robert Ooten
Secretary

Michael Scheafer
President