



# Sunset Beach Sanitary District

**P.O. Box 1185**

**Sunset Beach, CA 90742**

**(562) 493-9932**

**[www.sunsetbeachsd.org](http://www.sunsetbeachsd.org)**

**Minutes for the General Meeting of the Board of Directors**

**May 11th, 2017 - 7:00 p.m. - Sunset Beach Woman's Club**

**Directors present:** President John Woods, Treasurer Greg Griffin, Secretary Graham Hoad, Director Bernard Hartmann, and Director Jon Regnier.  
**Staff present:** Superintendent Jim Caslin, Engineer Thomas Dawes, Clerk Chris Montana.  
**Community:** Mr. Jeffrey Snow of Rainbow Environmental Services.

President Woods called the meeting to order at 6:55 p.m.

**Community Input:** Mr. Jeffrey Snow of Rainbow Environmental Services presented a follow-up report to his presentation regarding WasteNotOC, a coalition of government agencies, waste haulers and food banks to fight hunger. He requested that our District draft a letter to restaurants within our boundaries requesting their participation in the program. He reported that the program would enable compliance with new state law requiring the diversion of food waste from landfills, and that the City of Huntington Beach was expected to adopt a food waste diversion ordinance on July 1. The Clerk agreed to draft the template letter for President Woods' review and signature.

In addition, the Board agreed to move Agenda Item 7a, regarding possible approval of the new Rainbow Disposal Agreement at this time for the convenience of Mr. Snow as follows:

**District Engineer Recommended Actions:** a) Approve the Agreement between the District and Rainbow Disposal Company, Inc.; b) Authorize the President and Secretary to sign said

Agreement on behalf of the District: Mr. Jeffrey Snow of Rainbow Environmental Services and District Engineer Dawes presented the Amended and Restated Refuse Collection and Disposal Services Franchise Agreement, for review and possible approval by the Board. The District Engineer summarized the proposed contract's main cost structure and benefits (see Engineer's Report attached), and, being that the contract had already been approved by the District's legal counsel as to form, recommended its approval. A motion was made and carried as follows:

**MOTION:** Director Regnier moved to approve the Amended and Restated Refuse Collection and Disposal Services Franchise Agreement by and between Sunset Beach Sanitary District and Rainbow Disposal Company, Inc., as presented. Secretary Hoad seconded and the motion passed unanimously.

Mr. Snow thanked the District Engineer and Director Hartmann for their cooperation and professionalism in negotiating the contract, and the Board thanked Mr. Snow for Rainbow Disposal's long-time relationship with the District.

**Review and Possible Approval of the April 13th, 2017 General Meeting of the Board Minutes:** After Directors reviewed the April 13<sup>th</sup>, 2017 Minutes of the General Meeting of the Board, Secretary Hoad moved to approve as prepared. Director Regnier seconded, and the motion passed unanimously.

Sunset Beach Sanitary District  
General Meeting of the Board  
May 11th, 2017 Minutes

Current Bills: Clerk Montana presented the May 11th, 2017 Claims Transmitted for Payment (by the County Auditor-Controller) in the amount of \$55,045.52. After review and discussion, Treasurer Griffin moved to approve as presented, Secretary Hoad seconded, and the motion passed unanimously.

Treasurer's Fund Balance Report: Treasurer Griffin reported the Fund Balance as of April 30, 2017 to be \$1,141,515.

Clerk's Report: Clerk Montana reviewed the trial balance with the Board and noted the increase in current year property tax revenue. The Clerk reported that the 2016 State Controller's Local Government Compensation Report and the 2017 U.S. Census Survey of Payroll had been completed and filed in addition to the 1<sup>st</sup> Quarter federal and state payroll tax reports. The Clerk presented the 2017-2018 Preliminary Operating Budget which included amounts provided by the District Superintendent and District Engineer. The current Reserve and Investment Policies were also discussed. After review and discussion, a motion was made and carried as follows:

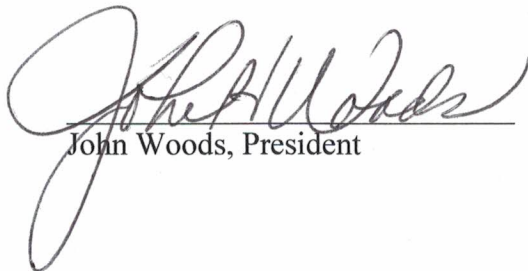
**MOTION:** Treasurer Griffin moved to adopt the 2017-18 Preliminary Operating Budget in the amount of \$1,467,150, to be adjusted with minor changes as necessary after the final 2016-17 year-end balances become available at the close of the fiscal year, and to leave the Reserve and Investment Policies unchanged. Secretary Hoad seconded, and the motion passed unanimously.

Superintendent's Report: See attached. Superintendent Caslin reviewed his report with the Board.

Engineer's Report: - See attached. Engineer Dawes reviewed his report with the Board.

Adjournment to Closed Executive Session: There being no further business to come before the Board, Director Hartmann moved to adjourn the meeting into Closed Executive Session at 8:10 p.m. The Closed Session was called under the Personnel Exception, Performance Review and Labor Negotiations Pursuant to Government Code Sections 54957.6 and 54957(b).

Reconvene to Open Session, Report of Action Taken, and Adjournment: After conclusion of the Closed Executive Session, President Woods reconvened to Open Session and reported that a motion was made and carried in closed session to increase the base salaries of each of the District's current four employees by 3% effective July 1, 2017. There being no further business to come before the Board, Director Hartmann moved to adjourn the meeting at 8:20 p.m. Director Regnier seconded and meeting was unanimously adjourned.



John Woods, President



Graham Hoad, Secretary

<b>Trial Balance</b>	06/30/2015	06/30/2016	2016-2017	04/30/2017	2017-2018
Acct# Account Title	Actual	Actual	Final Budget	Actual	Prelim Budget
Fund Balance Available					
Cancel Warner Pump Stn/Connector Reserve	696,877	299,308	200,568	200,568	142,000
Cancel General Reserve	368,000	57,000	154,472	150,000	0
Total Fund Balances Available	<u>1,064,877</u>	<u>356,308</u>	<u>355,040</u>	<u>350,568</u>	<u>142,000</u>
6210 Property Taxes - Current Secured	523,260	582,786	594,441	745,974	760,900
6220 Property Taxes - Current Unsecured	19,727	19,597	19,000	20,079	20,000
6240 Property Taxes - Prior Unsecured	380	382	0	0	0
6280 Property Taxes - Current Supp'l	14,583	14,353	14,000	15,253	15,000
6290 LMIHF-Seal Beach - RDA Passthrough	50,289	38,445	0	0	0
6300 Property Taxes - Prior Supp'l	165	288	300	459	450
6540 Penalties and Costs on Delinquent Taxes	87	103	0	0	0
Total Property Tax Revenue	<u>608,491</u>	<u>655,953</u>	<u>627,741</u>	<u>781,765</u>	<u>796,350</u>
6610 Interest	2,478	3,179	1,000	2,747	2,000
N/A Interest - LAIF	2,282	2,245	1,000	3,341	2,000
6690 State Homeowners prop tax relief	3,822	3,983	3,800	2,436	3,800
7520 Sanitation Services - sewer connect fees	14,000	0	0	2,000	0
7600 Special Assessments	441,630	438,396	515,000	471,662	515,000
7670 Miscellaneous Revenue/Refunds	81,007	1,738	0	4,750	6,000
Total Other Revenue	<u>545,219</u>	<u>449,541</u>	<u>520,800</u>	<u>486,936</u>	<u>528,800</u>
Total Revenue	<u>1,153,710</u>	<u>1,105,494</u>	<u>1,148,541</u>	<u>1,268,700</u>	<u>1,325,150</u>
Total Means of Financing	<u>2,218,587</u>	<u>1,461,802</u>	<u>1,503,581</u>	<u>1,619,268</u>	<u>1,467,150</u>
<b>Salaries and Employee Benefits</b>					
0100 Salary - Superintendent	56,537	59,409	62,630	53,156	64,506
0101-0001 Salary - Superintendent II	21,359	22,444	23,660	19,454	24,138
0101-0002 Salary-Assistant Superintendent	11,045	10,855	12,180	9,236	0
0101-0002 Salary-Assistant Superintendent - Generator	0	0	0	480	0
0101-0003 Salary-Assistant Superintendent II	10,102	10,025	11,130	8,024	11,300
0101-0004 Extra Help/Salary Asst. Superintendent III	0	3,121	10,600	<b>7,272</b>	10,800
0101-0004 Asst. Superintendent III - Generator Project	0	0	0	<b>12,060</b>	0
0112 Directors' Fees	6,260	7,170	7,200	7,260	7,300
0200 Retirement (Employers Soc Sec)	6,529	6,870	7,900	7,250	7,900
0301 State Tax (UI & ETT)	725	710	1,000	381	1,000
0352 Workers Comp - General	9,562	6,814	8,000	909	7,500
0401 Medicare (Employer's Med)	1,527	1,607	1,850	1,696	1,850
Total Salaries and Employee Benefits	<u>123,645</u>	<u>129,025</u>	<u>146,150</u>	<u>127,177</u>	<u>136,294</u>

## Services and Supplies

<b>Trial Balance</b>							
<u>Acct#</u>	<u>Account Title</u>	<u>06/30/2015</u>	<u>06/30/2016</u>	<u>2016-2017</u>	<u>04/30/2017</u>	<u>2017-2018</u>	
		<u>Actual</u>	<u>Actual</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Prelim Budget</u>	
0702-0003	Answering Service (Tab Answer)	688	637	800	571	800	
0702-0004	Cell Phone Expense (Verizon Wireless)	883	616	800	514	800	
0702-0005	Pump Station Phone Lines (Frontier)	2,489	1,611	1,800	1,473	1,800	
		<u>4,061</u>	<u>2,864</u>	<u>3,400</u>	<u>2,558</u>	<u>3,400</u>	
1000	Trash Pick-Up (Rainbow)	238,328	239,688	240,000	199,760	250,000	
1100	Insurance (SDRMA)	7,307	7,094	9,000	0	9,000	
1300-0006	Maintenance-Manholes	50,430	91,847	50,000	21,462	50,000	
1300-0007	Maintenance-Generators	0	3,525	5,000	5,227	5,000	
1300-0008	Maintenance-Safety Supplies	0	2,247	2,000	1,068	2,000	
1300-0008	Maintenance-Shop Supplies	564	134	1,000	1,170	1,000	
1300-0009	Emergency Repairs	0	30,225	100,000	12,303	100,000	
		<u>50,994</u>	<u>127,978</u>	<u>158,000</u>	<u>41,231</u>	<u>158,000</u>	
1400-0010	Maint-Bldg&Impr-Pump Station	9,220	66,684	60,000	30,696	60,000	
1400-0011	Maint-Bldg&Impr-Ann Maint-Sewer Lines	37,315	24,009	60,000	30,651	100,000	
1400-0012	Maint-Bldg&Impr-Ann Maint-CCTV	0	27,339	5,000	6,560	150,000	
		<u>46,535</u>	<u>118,032</u>	<u>125,000</u>	<u>67,907</u>	<u>310,000</u>	
1600	Memberships-Spec Distr Dues	200	200	200	200	200	
1600	Memberships-Dig Alert	0	0	0	84	120	
1600	Memberships-Cal Spec. Distr	2,190	3,012	3,500	3,208	3,500	
1600	Memberships-LAFCO	3,934	3,934	9,300	9,287	9,800	
		<u>6,324</u>	<u>7,146</u>	<u>13,000</u>	<u>12,779</u>	<u>13,620</u>	
1800	Office Expense	568	1,548	1,000	414	1,000	
1900	Prof/Specialized Serv -County coll fees	5,456	5,622	6,200	4,856	6,200	
1909-0014	Contracts-Auditor	3,200	8,600	4,500	3,600	4,850	
1909-0015	Contracts-Legal	7,831	15,193	15,000	3,030	15,000	
1909-0016	Contracts-Assessor	3,500	3,597	5,500	5,505	6,000	
1909-0017	Contracts-General Accounting.	24,804	33,707	25,000	24,838	27,000	
		<u>39,334</u>	<u>61,097</u>	<u>50,000</u>	<u>36,973</u>	<u>52,850</u>	
1912	Investment Admin. Fees	416	311	600	218	600	
2000	Publication and Legal Notices	363	600	1,000	1,125	1,000	
2100-13	Eng & Constr.-Distr Engineer	43,800	45,173	50,000	36,677	45,000	
2100-18	Eng & Constr.-Payment 10 of 10 to HB	80,000	80,000	0	0	0	

<b>Trial Balance</b>		06/30/2015	06/30/2016	2016-2017	04/30/2017	2017-2018
<u>Acct#</u>	<u>Account Title</u>	<u>Actual</u>	<u>Actual</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Prelim Budget</u>
2100	Eng & Constr. - Warner Pump Stn&Conn	475,745	0	0	0	0
2100	Eng & Constr. - Warner Pump Stn&Conn-Myers	1,155	0	0	0	0
2100	Eng & Constr. - Warner SCE Flow Meter	0	51,131	0	0	0
2100	Eng & Constr. - Generator-Jones Cahl	15,732	36,959	0	6,495	0
2100	Eng & Constr. - Surfside Sewer Repl-Bensfield	456,873	0	0	0	0
2100	Eng & Constr. - Surfside Sewer Repl-Myers	7,858	0	0	0	0
2100	Eng & Constr. - Broadway Generator - Rio Jordan	12,033	4,841	305,431	335,751	0
2100	Eng & Constr. - Broadway Generator - Misc.	0	0	0	2,234	0
2100	Eng & Constr. - Broadway Siphon Replacement	0	0	75,000	0	15,000
		<u>1,093,196</u>	<u>218,104</u>	<u>430,431</u>	<u>381,157</u>	<u>60,000</u>
2200-0019	Rents & Leases-Bldgs & Improv-Mtg Facility	425	425	425	425	425
2200-0020	Rents & Leases-Bldgs & Improv-Storage	11,250	11,664	12,600	9,720	12,600
		<u>11,675</u>	<u>12,089</u>	<u>13,025</u>	<u>10,145</u>	<u>13,025</u>
2601	Private Auto Mileage	1,476	1,016	1,200	858	1,200
2601	Private Auto Mileage - Generator	0	0	0	127	0
2602	Auto Allowance (Super.)	4,800	4,800	4,800	4,000	4,800
2700	Trans & Travel - Mtgs/Confer's	271	1,103	1,000	26	1,000
		<u>6,547</u>	<u>6,919</u>	<u>7,000</u>	<u>5,010</u>	<u>7,000</u>
2800-21	Utilities - SWRCB (ann waste disch)	2,088	2,088	2,200	2,088	2,200
2800-22	Utilities - SCE	8,032	4,209	7,200	3,694	4,000
2800-23	Utilities - OCSD treatment	170,625	192,576	221,375	219,155	250,000
2800-24	Utilities - OCSD capital replacement	33,625	33,625	33,625	33,625	33,625
2800-27	Utilities - HB operations & maint.	8,474	19,063	21,965	9,288	25,000
2800-25	Utilities - OCSD wastewater permit	0	0	600	850	1,000
2800-28	Utilities - HB capital replacement	12,310	12,310	12,310	12,310	12,310
2800-26	OCSD FOG	216	0	500	0	500
		<u>235,370</u>	<u>263,871</u>	<u>299,775</u>	<u>281,009</u>	<u>328,635</u>
		<u>1,746,474</u>	<u>1,072,964</u>	<u>1,357,431</u>	<u>1,045,142</u>	<u>1,214,330</u>
<b>Total Services and Supplies</b>						
<b>Total Expenses</b>		1,870,119	1,201,988	1,503,581	1,172,320	1,350,624
<b>9850</b>	Increase General Reserve	46,878	57,000	0	0	116,526
Total Financing Requirements		<u>1,916,997</u>	<u>1,258,988</u>	<u>1,503,581</u>	<u>1,172,320</u>	<u>1,467,150</u>
<b>Net Income</b>		<u>-716,409</u>	<u>-96,495</u>	<u>-355,040</u>	<u>96,381</u>	<u>-25,474</u>
<b>Fund Balance C/O</b>		<u>301,590</u>	<u>202,813</u>	<u>0</u>	<u>446,949</u>	<u>0</u>



Sunset Beach Sanitary District  
Of Orange County  
P.O. Box 1185  
Sunset Beach, CA 90742

Superintendent's Report  
Board Meeting

May 11, 2017

1. One New Building Permit issued (**Staff**).
2. Monthly Training conducted:  
  
    Subject:  
        a. Diversity II
3. Review Flow Report.
- 4 Report on F. O. G. inspection program.
5. No Emergency call-outs during this period.
6. During road repaving project in Surfside, their contractor damaged a private lateral. Repaired and Replaced to our Standards by Surfside H.O.A..
7. Manhole inspections completed for entire system. Results will be discussed at the Board Meeting. (**Ayla Engineering and Staff**).
8. All updates to the report will be presented at the Board Meeting.

→ Two call-outs  
→ mission / dialer didn't go off.

MEMORANDUM

May 4<sup>th</sup>, 2017

To: Board of Directors of the Sunset Beach Sanitary District  
District Counsel  
Superintendent  
District Clerk

From: Tom Dawes

SUBJECT: Engineer's Report for the May 11<sup>th</sup>, 2017 Regular Board Meeting.

**1. Refuse Collection Agreement**

Director Hartmann and I have met and negotiated a new Agreement with Rainbow Disposal Services, Inc. (Republic Services) and we are recommending it to you for approval. Separately you will receive an electronic copy of the Agreement including the exhibits. The Agreement has previously been reviewed and approved as to form by District Counsel; but not this 'final' copy. Your review will be concurrent with mine and Counsel.

The Agreement provides for the following:

- The rate effective July 1, 2017 will be \$20.00 per residential unit. Effective July 1, 2018, the rate will be \$20.60 per unit. Effective July 1, 2019 the rate will be \$21.20 per unit. Each July 1 thereafter, starting in 2020, the rate will change by the change in the WST-CPI, a Bureau of Labor Statistics measure of price change. The WST is based on the refuse, wastewater industry.
- The agreement will exempt us from price changes caused by AB 1594, which places restrictions on green waste. One restriction stops the use of green waste as daily landfill cover.
- Each resident will be entitled to 4 pick-ups per year of large items at no cost.
- Provisions will be included to pick up containers left outside, in violation of our Ordinance, and to wash containers if requested by the resident, both at the residents cost.
- For the first time, we will have a commercial license fee. The commercial charges and our fee will match the agreement Rainbow has with the City of HB, currently 5%.
- The Agreement indemnifies the District from accidents caused by operations, and provides a performance bond.
- It has a 7 year 'evergreen' clause but allows cancellation for cause.

For the first year, our charges will go up about \$600 per month. Our license fee revenue will be about \$450 per month. We will receive a monthly check for license revenue by the 15<sup>th</sup> of the following month.

Finally, in addition to many other enhancements, the Agreement continues the superior twice per week collection service provided to residents. The Recommended Actions are as Follows:

**RECOMMENDED ACTIONS:**

- 1. Approve the Agreement between the District and Rainbow Disposal Company, Inc., in a manner meeting the Approval as to Form of Counsel.**
- 2. Authorize the President and Secretary to sign said Agreement on behalf of the District.**

I will soon be recommending revisions to our Refuse Ordinance for updates and to better conform to this agreement (if approved).

## **2. High Flows and Bad Laterals.**

We get high sewage flows, as we had last winter, when the groundwater is high because the private house laterals are in poor condition. The District owns and maintains the street sewers and each homeowner owns their own house lateral, from the District's sewer to the house, including that portion of the house lateral in the street. The District's sewers, and almost all the house laterals, were installed in 1935. The District's sewers are generally below the water table and have been rehabilitated by the installation of a plastic liner. They don't leak.

The house laterals are higher than the District sewers, and are generally in very poor condition. Most of that extra sewage came from leaking house laterals.

This problem took more than 80 years to occur and, with our budget limitations, will take years to correct. One thing I believe is that there won't be any grant funds to solve a local problem like this for an affluent community like the District's service area. We're on the right track now: we require inspections of existing laterals as part of our connection process. However, I'm positive that our regulators will make us do more in the future.

To get started, we would need to update our mapping, last done as part of our Master Plan in 2005. The updates should have large scale maps showing each lot, and the exact location of each lateral. We can get the exact location by a new TV inspection, just like the one we did on C Row. If we do that, we'll know which laterals are bad for sure (recognizing some that we can't identify as bad could still leak). We still would want the entire lateral televised by permit requirement or a required inspection, discussed below. When and if we do this televising, we should seal from the inside all abandoned laterals. I would estimate that this would cost \$125-150k.

Next we would need to require owners to fix their sewer laterals, and I believe we can do this best by enacting a new ordinance. The ordinance could require that house laterals be fixed when title is changed, i.e. house sales. It could require that it be done within a certain period of time, say 10 or 15 years. The ordinance could require that commercial establishment do it before title transfers but within 10 years.

These are all examples of ways to get it done. For each I've mentioned there are probably 5 more. There are other ways to fix the laterals, such as forming an assessment district. While that would cost more, it would solve the problem quicker. No matter what we do, we need to set up a way to manage the program.

I'll discuss all of this with you at the meeting.

## **3. Lots B-104 and C-30 in Surfside Colony and C-Row House Lateral Replacement.**

There has been a lot of activity regarding Surfside Colony and their plan to replace the street serving C Row, Pacific Avenue. You will recall the Association offered to replace house laterals at their cost if we televised the line to inspect the laterals, and waived the inspection fee. We did the TV inspection, and almost all the laterals are bad.

The Association asked me to prepare a letter on the status of the laterals in the Colony, which I did and sent to you. They didn't use it, and asked me to prepare a letter to the residents on C Row. I did that; and a copy is enclosed. The Association is proceeding with the bidding of this project.

You will also recall that I sent a second letter to the City of Seal Beach requesting they not issue occupancy permits for the new houses on Lots B-104 and C-30, with copies to the permittees. I alleged in the letter that B-104 was probably connected to the C-30 lateral. I received a letter from the owner of B-104, stating they are

not connected, which I also sent to you. That's good news, but I don't believe it. B-104 has water pressure. I don't plan to respond to that reply letter at this time.

The permittee for C-30 was required to TV the lateral. He didn't and hooked up anyway, without inspection. This lateral was found to be in poor shape as part of our C Row TV inspection. We plan to replace the lateral as part of the Association project, and then plug it at the property line as we said we would in our letter.

Before we plug it, we will send a final notice to the permittees, City, and the Association. Their earlier permits are invalidated and they will be required to take out new permits and pay a new fee.

#### **4. FOG Issues.**

In the last quarterly 'hotspot' line cleaning, the Superintendent found excessive grease in the lines serving Taco Surf, Harbor House, and Woody's Diner. I sent each a letter with copies to you. As of this writing, I haven't heard anything back. However, this triggered the larger issue of our FOG program. This was discussed with you at the April Board meeting by the Superintendent.

Our restaurants have been inspected for the past several years by the County of Orange Health Care Agency through an agreement we entered into with the Orange County Sanitation District. OCSD was the master partner through their agreement with the OCHCA; they entered into agreements with local agencies (us).

We stopped receiving inspection reports, and so I did a couple of things. First, I've asked the City of Huntington Beach if they would consider taking over our program. They are considering it for a while, and said 'no'.

Second, I called the Orange County Health Care Agency to see why they stopped. (It's a long story.) However I believe they will restart inspections, if we so desire. I plan to go over this with you at the meeting. (I know OCHCA also contacted the City of Huntington Beach.)

I also will go over the entire program with you. No matter what, we need to have better control over the program.

#### **5. Invoice for Professional Services.**

I have submitted an invoice in the amount of \$9,780.15 for professional services and expenses at cost for the 2 month period ending April 30, 2017. If you have any questions, please give me a call.