

Midway City Sanitary District

Proudly Serving
Westminster & Midway City
Since 1939

Fiscal Year 2022-2023 Budget

14451 Cedarwood Avenue
Westminster, CA 92683
(714)893-3553
www.mcsandst.com



Our Mission Statement

"The Board of Directors and Employees of Midway City Sanitary District work diligently to provide sewer and solid-waste services to the residents of the District.

Our top priority is to accomplish this in an ethical, efficient and cost-effective manner that will protect the health and safety of those we serve."



Midway City Sanitary District

Annual Budget

Fiscal Year July 1, 2022 - June 30, 2023



Submitted by
Kenneth Robbins Jr., General Manager

Prepared by the
Finance Department
Robert Housley, Director of Finance and Human Resources

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Midway City Sanitary District

Elected Officials

Andrew Nguyen

President
(714)893-3553

Tyler Diep

President Pro-Tem
(714)329-2280

Chi Charlie Nguyen

Treasurer
(714)893-1732

Sergio Contreras

Secretary
(714)893-3553

Mark Nguyen

Secretary & Treasurer Pro-Tem
(714)893-3553



Principal Staff

General Manager.....	Kenneth Robbins Jr.
Director of Finance and Human Resources	Robert Housley
Executive Secretary/Board Clerk.....	Cynthia Olsder
Director of Operations/Safety	Nicolas Castro
Lead Sewer Maint. Worker/Construction Inspector.....	Randy Griffith
Lead Solid Waste Worker.....	Sergio Gonzalez
Lead Fleet Maintenance Mechanic.....	Raul Martinez

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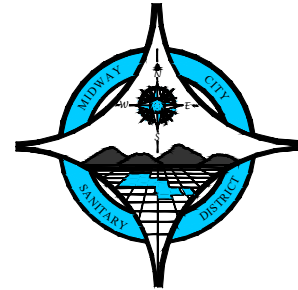
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Executive Summary

June 1, 2022

Honorable Board of Directors:



When passing last year's budget, no one could have predicted the crazy times that were about to occur.

We were experiencing a worldwide pandemic, political unrest and economic uncertainty. Throughout these volatile times the Midway City Sanitary District continues to provide superior customer service, help bring a sense of normalcy to everyday life, and has remained fiscally strong. The District has met all the challenges it faced, employees continued to meet the extra demands placed upon them during these times and continue to do so.

This year's budget builds on the lessons learned during these times and provides for a robust and aggressive campaign of public outreach, updating infrastructure, installing solar panels, protecting our sewer system, replacing aging assets, all while maintaining the high level of services the Midway City Sanitary District has become known for.

This year's budget also includes a modest rate increase to residential solid waste and residential and commercial sewer services. The District has completed a cost-of-service rate study, which may be found on the District's website, which indicates that rates for services needed to be increased to cover the cost of service provided. The District last increased rates for residential services in 2005.

With inflation continuing to rise, rising labor costs, State mandates like AB 1383 for Organics and requirements for an alternative fuel fleet, and overall increased costs from vendors, the District needs to adjust its rates to ensure the District remains fiscally healthy and strong. Solid Waste and Sewer service rates will be increased each year, for a 5-year period. With the increases, the District will remain one of the lowest service providers for residential solid waste services, in Orange County.

A budget is a planning document that helps guide the District for the upcoming year it's not only a financial document but also used to meet the directives set by the Board of Directors. The Board continues to express its desire to keep our service levels high, to continue to maintain an aggressive public outreach and educational campaign, to continue to stay fiscally conservative and healthy, and explore new opportunities and partnerships to improve the Districts services and the customers we

serve. This budget takes all of this into account and will continue to not only meet our service expectations but our financial expectations as well.

We are pleased to present to you a balanced budget. This document demonstrates how the organization will continue to implement its vision to be a sustainable organization in service to the community and continue to take Midway City Sanitary District down the path of strong fiscal health and transparency despite these uncertain times.

The operating and capital budgets and reserves are presented for all District activities and these budgets are balanced with current resources matching appropriations.

The budgets for the Midway City Sanitary District (MCSD) consist of a \$13,914,000 operating budget and a \$6,615,000 capital outlay and improvements budget which includes \$400,000 for potential additional payments towards future retirement costs and \$200,000 for potential contributions to the District's OPEB and/or CEPPT trust funds. The largest capital project the District will take on in 2022-2023 is the complete renovation of the District offices, buildings, and yard, including solar canopies & panels.

The size of these budgets is indicative of the breadth, depth and diversity of services, projects, and activities undertaken by the Midway City Sanitary District for public health and safety, quality of life, and infrastructure maintenance.

The District's overall budget uses a multi-pronged strategy to maintain services and update infrastructure while strengthening Midway City Sanitary District's financial position and not tapping into reserves. The strategy involved:

- Reductions in operating expenditures without jeopardizing core services
- Business process and efficiency improvements, including the use of technology, and continued evaluation of how services are performed, the use of partners the District can work with to benefit the District's residents and business.

This document is consistent with the Board's direction following several public meeting workshops and provides a framework for District activities during the next fiscal year. This document serves as a source of information for the MCSD Board of Directors, our employees and ratepayers.

This budget strongly supports the primary mission of the District, touching on all key areas. The Budget was constructed by utilizing a conservative approach in projecting revenues and corresponding expenditures. This conservative approach is necessary, as the District must continue to be sensitive to potential changes in the condition of the State and local economy.

The budget as presented is well balanced and is consistent with the policy direction reflected in the Board of Directors' goals. The budget reflects the Board of Directors' commitment to long-term financial planning, cost effective services, and financial policies that recognize the need to fund future obligations.

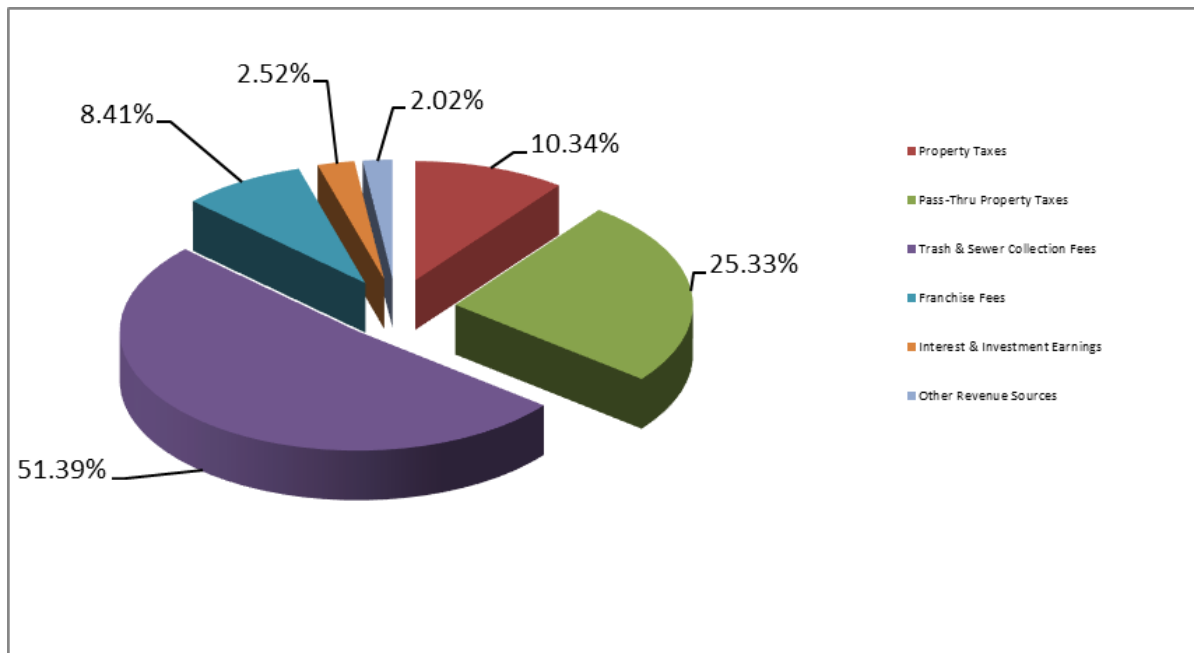
An underlying principle in preparing the budget is to establish service level efforts and funding in accordance with the priorities set by the Board of Directors in a prudent fiscal manner. The on-going challenge we face as a District is operating within fiscal resources. The budget process involves the operating departments prioritizing needs based on available resources while maintaining excellent service levels.

The budget is based upon an in-depth analysis of actual and projected fund balances, revenues, and expenditures. The management team reviewed individual department requests and prioritized activities based upon the Board of Directors' goals. At the conclusion of this process, the adopted budget was prepared, and it is being submitted to the Board of Directors for review and adoption.

Revenues by Source

Midway City Sanitary District (MCSD) receives its revenues from a variety of sources. The pie-chart below reflects MCSD's primary source of funding for District activities. Predominately MCSD's funding, 51.39% comes from trash and sewer service Fees assessed to users of the sewer and solid waste services MCSD provides. The second highest source of funding is the portion of Ad Valorem Taxes and Pass-thru property tax funds MCSD receives from property owners of the District at 35.67%.

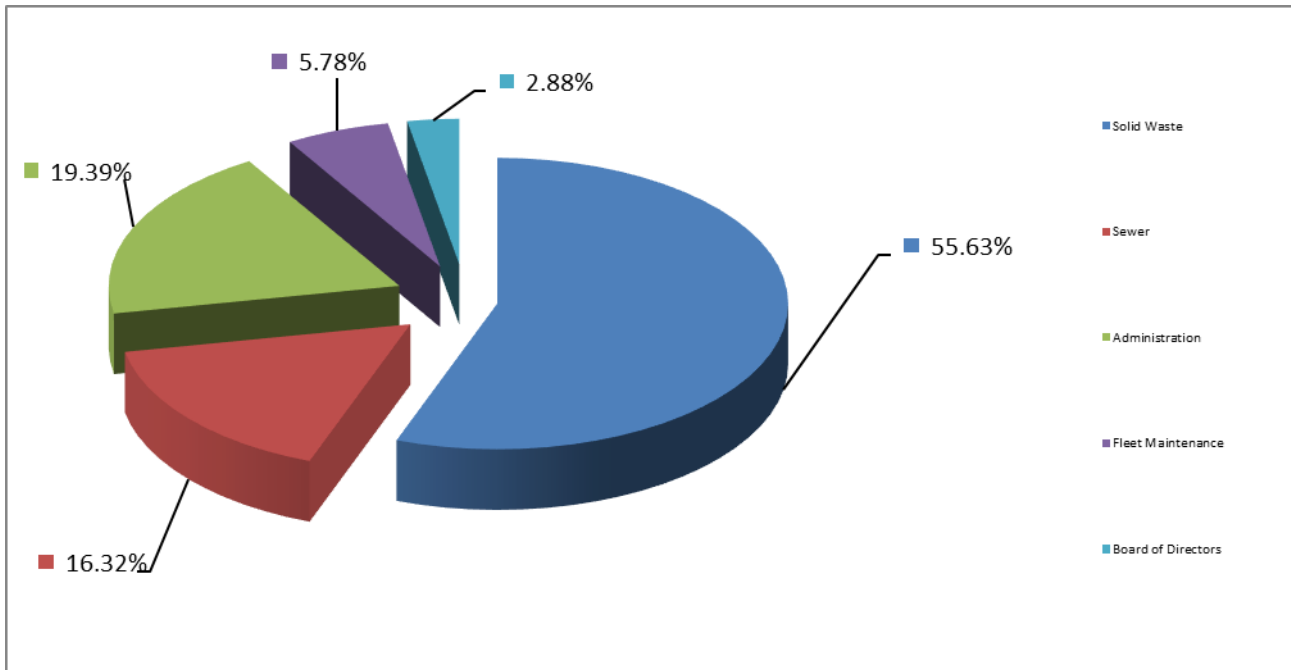
Revenues by source:



Expenses by Department:

Historically the District's budget is broken down by department. The adopted budget document continues that practice with a detailed narrative and accounts for the District's revenues, expenses, and capital expenditures. Solid waste (trash) accounts for 55.63% of the operating budget and sewer services at 16.32% for a combined total of 71.95%. The additional 28.05% are support services including the Board of Directors, fleet maintenance and administration departments.

Expenses shown by department:



Revenues, Expenditures, and Capital Improvement Program:

MCSD's revenues, expenditures, and capital expenditures have risen gradually as expected due to a changing economy, inflation and needed capital improvements. The adopted budget continues to account for revenues and plan for the expenses needed to continue to support the high level of services MCSD provides to the community.

Capital project spending is usually a multi-year process and the expenses are typically determined by what phase the project is in. The capital spending details are included in the appropriate sections of the budget.

Fiscal Challenges:

The budget is the culmination of months of effort by the Board of Directors and District staff to balance available resources with the services desired by Midway City Sanitary District residents and businesses. It represents the Board of Director's and staff's best recommendations for meeting fund balance requirements and service delivery

objectives, while providing tangible outcomes for programs and projects rooted in the Board of Directors' goals. This budget will guide the Midway City Sanitary District through the next fiscal year.

As is the case for all budgets, the document before you is a fluid one. Developing and monitoring MCSD's budget is an ongoing process, with modifications and adjustments made throughout the year to respond to unanticipated events. There are finite numbers in this budget, but there are also some unknowns, for which MCSD must be financially prepared.

The budget appropriately considers these economic realities and places MCSD in a position to act as needed in the coming years. Understanding that costs are rising faster than revenues, MCSD has exhibited prudent foresight and continues to find ways to limit the possibility of reducing service levels in the wake of financial constraints. The major components of costs in our budget are those with the greatest inflationary pressures.

Conclusion:

While we continue to grapple with some level of uncertainty, and it's too soon to tell precisely what major events may happen in 2022 and 2023, the District's fiscal position, and budget outlook is generally positive.

We are indebted to the Board of Directors for its leadership and overall direction in the development of this budget, and moving our District forward in a positive and responsible direction.

The Budget is balanced; the Board of Directors' goals are funded; the challenges we face are manageable.

With that, we are proud to commend District staff throughout the organization for their high degree of professionalism, commitment and effort. The collaborative and disciplined efforts that went into developing and producing this budget were truly a team effort.

Thank you

Kenneth J. Robbins Jr.
General Manager

Robert Housley
Director of Finance and
Human Resources

Vision of the Midway City Sanitary District

The Vision Statement supports the Mission Statement by expressing a broad philosophy of what the Midway City Sanitary District strives to achieve now and in the future in the delivery of services to our customers, vendors, other agencies, the general public, and each other.

Our vision for Midway City Sanitary District is to be the recognized leader for the provision of solid waste and sanitary sewer collection services.

- Our vision is to enjoy a positive reputation in the county for the provision of these services.
- Our vision is to eliminate areas within our sewer system, which require higher levels of maintenance.
- Our vision is to divert more solid waste from the landfill and increase recycling and organics percentages.
- Our vision is to implement up to date technology in all operations.
- Our vision is to maintain a rate structure and rate reserves to support the infrastructure and operations.
- Our vision is to develop the best possible workforce by providing equipment, safety training and standards of operation.

Through the promotion of social responsibility and environmental stewardship, the District in partnership with the community, will continue to improve upon the preservation and decision making to produce optimum financial, environmental and societal results.

Core Values of the Midway City Sanitary District

The Core Values support the Mission and Vision Statements by expressing the values, beliefs, and philosophy that guide our daily actions. They help form the framework of our organization and reinforce our professional work ethic.

Honesty, Trust and Respect

To aspire to the highest degree of integrity, honesty, trust and respect in our interaction with each other, our suppliers, our customers and our community.

Teamwork and Problem Solving

To strive to reach MCSD goals through cooperative efforts and collaboration with each other and our constituents. We will work to solve problems in a creative, cost-effective and safe manner, acknowledging team and individual efforts. We will act in a manner that protects our environment, and we will always be responsive to our customers' needs.

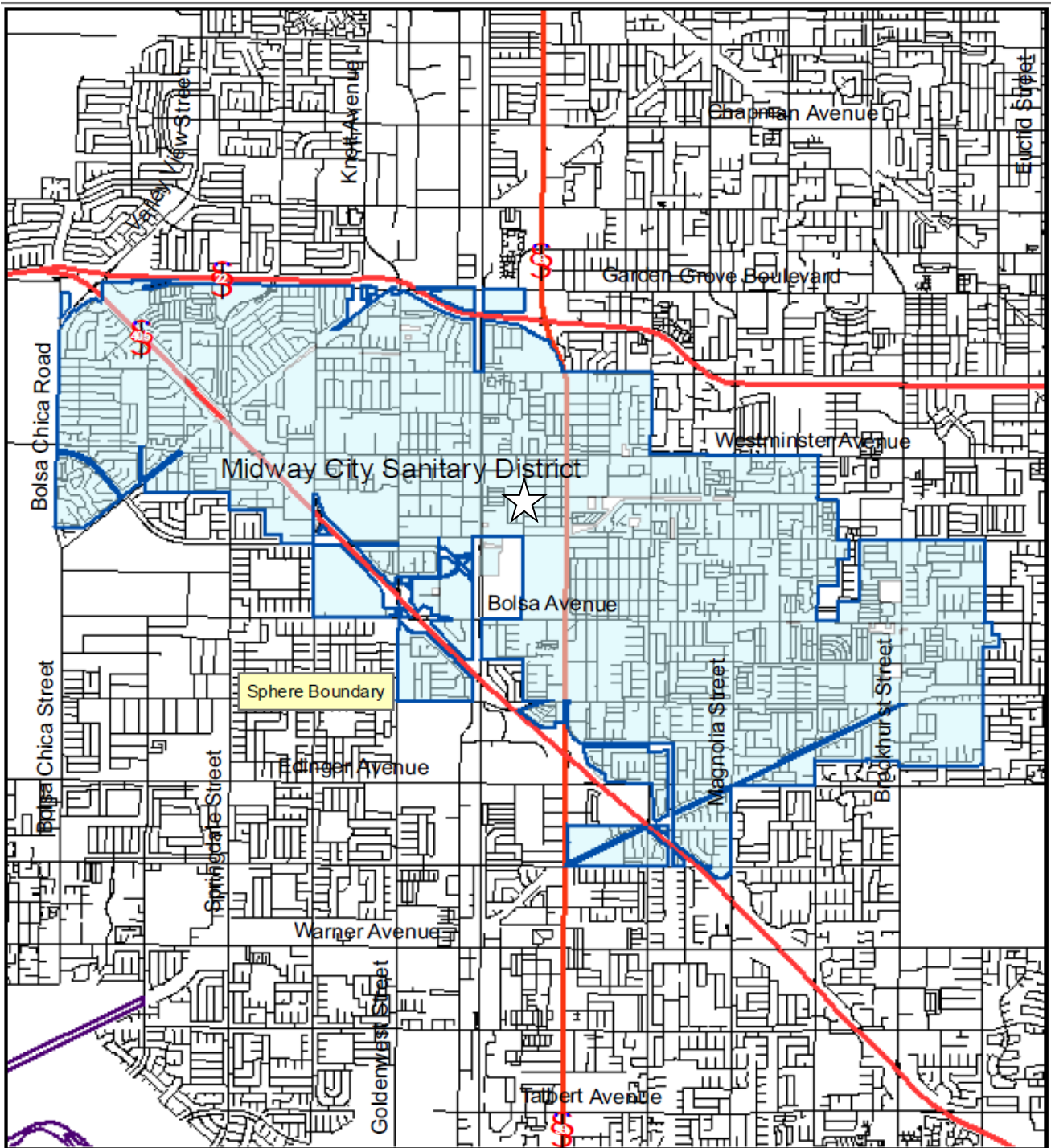
Leadership and Commitment

To lead by example, acknowledging the value of our resources and using them wisely and safely to achieve our objectives and goals. We are committed to act in the best interest of our employees, our organization and our community to protect the environment in each of our operations and projects.

Learning and Teaching – Talents, Skills and Abilities

To continuously develop ourselves, enhancing our talents, skills and abilities, knowing that only through personal growth and development will we continue to progress as an agency and as individuals.

Midway City Sanitary District Sphere of Influence Map



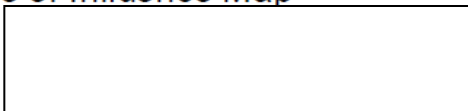
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Midway City Sanitary District Sphere of Influence Map

Legend

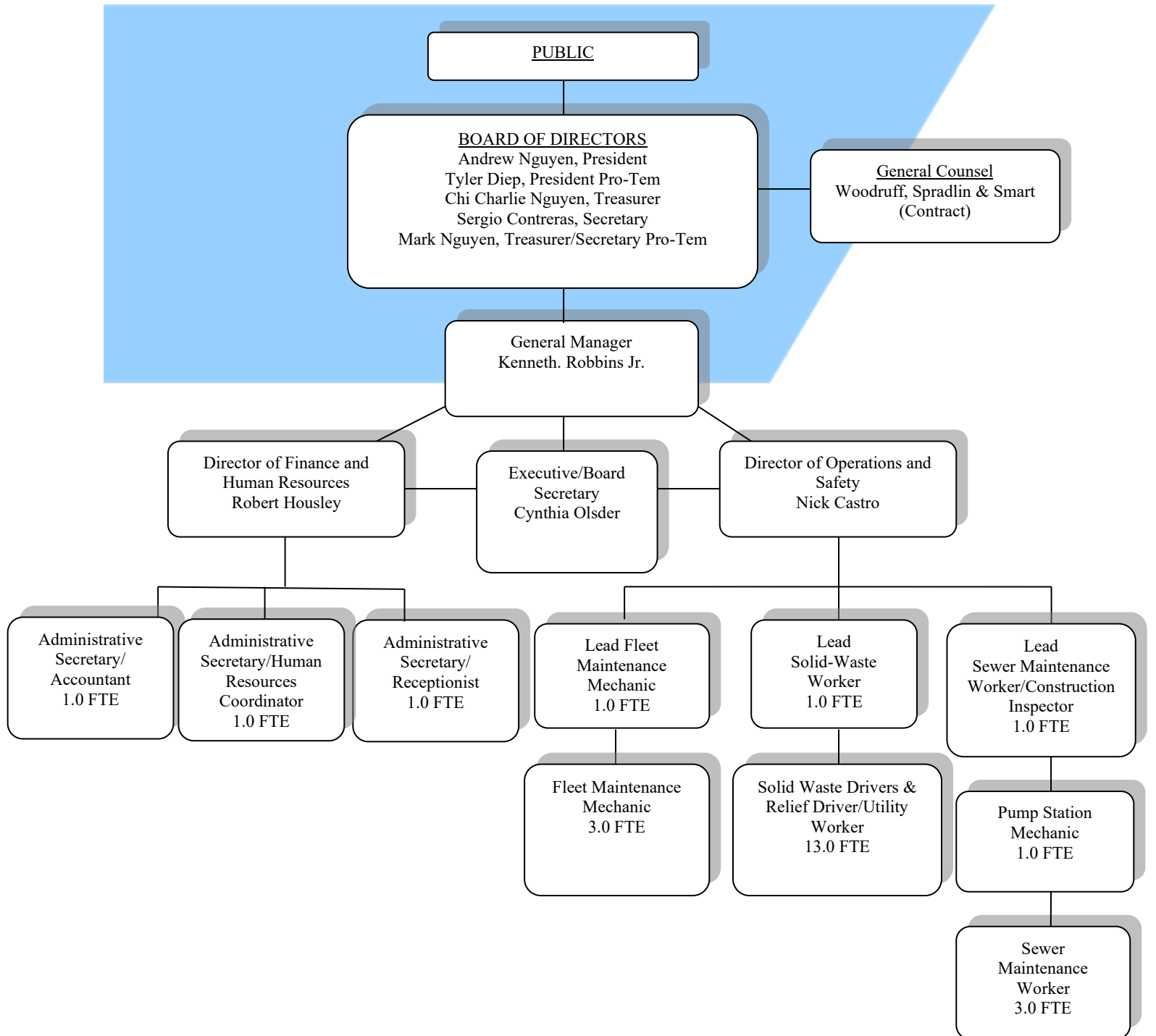
- Sphere Boundary
- District Boundary



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Midway City Sanitary District Organizational Chart



Midway City Sanitary District Information and Statistics

The Midway City Sanitary District (MCSD) was formed by a vote of the people in 1939 for the purpose of providing the community refuse and sewer services. MCSD is an independent special district of the State of California, formed in 1939 under the Sanitary District Act of 1923. The first meeting of the Midway City Sanitary District Board was held January 13, 1939 at 7:00 P.M. at the fire hall in Midway City.

The Midway City Sanitary District services approximately 103,000 residents within its 10.4 square mile service area of the City of Westminster and the unincorporated area of the County of Orange known as Midway City. The Midway City Sanitary District provides solid waste to approximately 19,900 residences and sewer services to approximately 35,000 residences & businesses.

Midway City Sanitary District is operated by a Board of Directors, General Manager, administrative staff and field personnel. The Board of Directors is elected by the public and serves staggered four-year terms. The Board of Directors meets on the first and third Tuesdays of each month. The General Manager is hired by the Board of Directors. Midway City Sanitary District currently employs twenty-nine (29) employees that work in one of the service categories: administration, sewer system maintenance, solid waste and fleet maintenance, with the potential to expand during 2022-2023.

The Midway City Sanitary District provides wastewater collection, cleaning of sewage lines, approval of plans, and the inspection of the construction of sewer built within MCSD boundaries by developers, and solid waste disposal services to the residents and businesses (via a third-party franchisee, CR&R Incorporated) of the District.

MCSD owns and operates vehicles for the above purposes and also owns property on which the MCSD office and truck facilities are located including a garage and other buildings for the purpose of servicing and maintaining trucks and sewer lines. MCSD has contracted with a third party for the collection of commercial solid waste collected in bins.

MCSD recovers the cost of its services through service rates imposed on users of the service. Adopted June 21, 2022, the current annual rates for services are \$8.12 per month (\$97.48 per year) per unit for sewer service and \$15.83 per month (\$189.99 per year) per unit for residential three-cart curbside service, and \$3.08 per month (\$36.96 per year) for each additional cart service requested.

Midway City Sanitary District's fiscal year runs for a twelve (12) month period beginning July 1 through June 30 of the following year. The District's budget consists of two separate components, operations and capital improvements.

Location

Midway City Sanitary District is located with the 22 (Garden Grove) Freeway on its northern boundary and the 405 (San Diego) Freeway on its southern boundary. It is 15 minutes from Disneyland and Knott's Berry Farm and 10 minutes from Southern California's beautiful beaches. The John Wayne airport is within 10 miles and Los Angeles International airport is 45 minutes away.

Government

The governing board is made up of five Directors elected by popular vote to serve four-year staggered terms. The Board Directors annually selects one of its members to serve as Board President. The General Manager is appointed by the Board of Directors.

Population

Midway City Sanitary District currently serves a population of approximately 103,000 residents, ranking among one the largest sanitary districts in California.

<u>Year</u>	<u>Westminster</u>	<u>Midway City</u>	<u>Total Residents Served</u>
2022	94,200	8,800	103,000
2021	91,645	8,693	100,338
2020	92,421	8,767	101,188
2019	92,610	8,760	101,370

Solid Waste (Refuse) Services

Residential Solid Waste Pick-up	19,900	customers
Commercial Service (CR&R)	1,200	customers
Total Solid Waste Customers	21,000	customers

Solid Waste, Recycling, and Organics Tonnage

	<i>Solid Waste</i>	<i>Recycling</i>	<i>Organics</i>	<i>Total</i>
2021-2022	24.2 tons	8.1 tons	8.9 tons	41.2 tons
2020-2021	26.6 tons	8.0 tons	10.0 tons	44.6 tons
2019-2020	26.5 tons	7.0 tons	8.6 tons	42.1 tons
2018-2019	30.4 tons	7.4 tons	3.2 tons	41.0 tons

Sewer Services

Residential Sewer Units	29,248	connections
Commercial & Industrial Units	5,752	connections
Total Sewer Connections	35,000	connections

Sewer Millions of Gallons a Day (MGD)

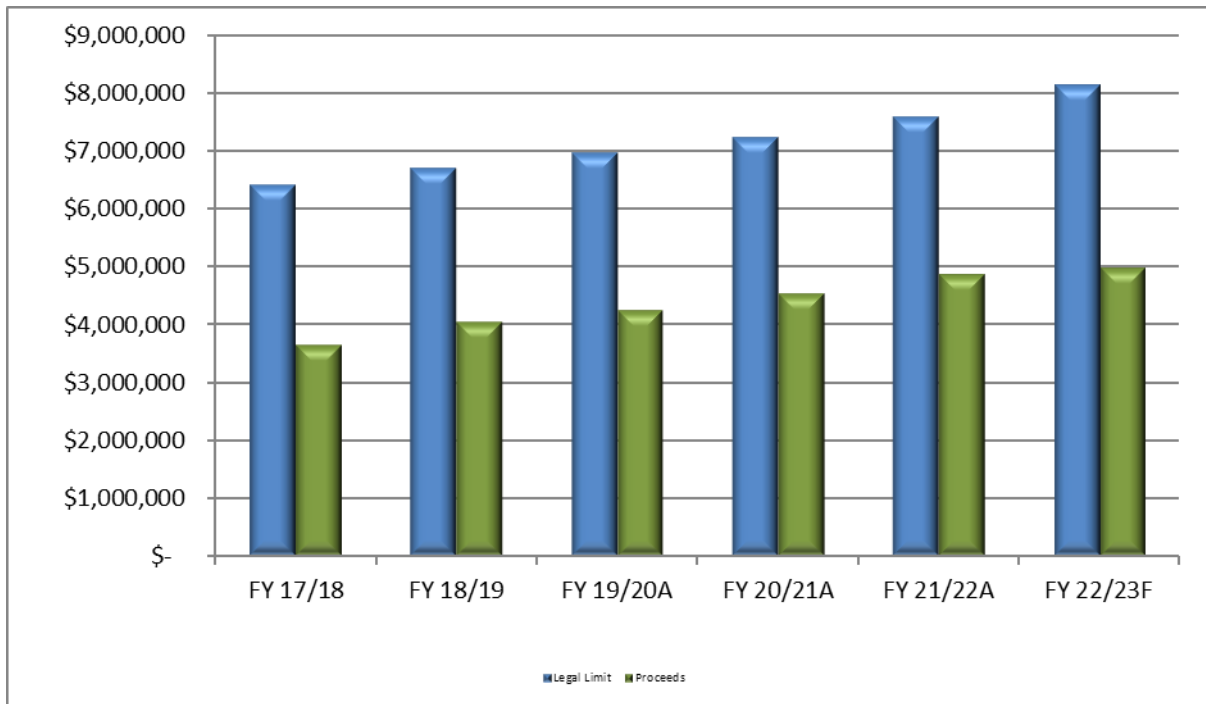
18 MGD Capacity

GANN APPROPRIATIONS LIMIT

Commonly referred to as the Gann Limit, this was a ballot initiative adopted in 1980, and modified by Proposition 111, which passed in 1990, to limit the amount of tax proceeds state and local governments can spend each year. The Gann Limit now appears in the California's State Constitution as Article XIII B.

The limit changes annually and is different for every organization. Each year's limit is based on the amount of tax proceeds that were authorized to be spent in FY 1978-79 in each jurisdiction, and modified for changes in inflation and population in each subsequent year. By law, inflationary adjustments are based on the California Department of Finance's official report on changes in states per capita income or in non-residential assessed valuation due to new construction. Population adjustments are based on the changes in the District's population levels. Each year the Board of Directors must adopt, by resolution, an appropriations limit for the following year. Using the cost-of-living data provided by the State of California, and population and per capita personal income data provided by the California State Department of Finance, MCSD's Appropriation Limit for 2022-2023 is \$8,128,190. A copy of the adopted Gann Appropriations Limit Resolution with calculations, can be found in the Supplemental Information Section on page 48.

Additional appropriations to the budget funded by non-tax sources such as service charges, restricted revenues from other agencies, grants, or beginning fund balances are unaffected by the Appropriations Limit.



BUDGET PROCESS

The budget process is not simply an exercise in balancing one year at a time; it is strategic in nature, encompassing a multi-year financial and operating plan that allocates resources on the basis of identified goals and objectives. The Midway City Sanitary District's budget is prepared on an annual basis and is based on the priorities, goals, and objectives established by the Board of Directors. The budget document communicates how the District invests its revenues derived from user fees and fixed revenue sources to support its mission and its programs.

BASIS OF THE BUDGET

The Midway City Sanitary District (MCSD) is a special district of the State of California and operates as a single enterprise fund. The activities of the enterprise funds closely resemble those of businesses and are substantially financed by revenue derived from user charges.

The basis of accounting refers to the timing of revenue and expenditure recognition for financial reporting. In preparing the budget, the District applies the same methodology. MCSD prepares its budget using the full accrual basis where revenues are recognized when earned, and expenses are recognized when they are incurred. The District's accounting and financial reporting systems are maintained in compliance with generally accepted accounting principles and standards of the Government Accounting Standards Board.

BUDGETARY CONTROLS

Budgetary controls are maintained by the District to ensure compliance with the annual budget adopted by the Board of Directors. All financial activities for the fiscal year are included in the annual budget. Budgetary control is maintained at the management level for operating budgets, and at the project level for capital improvements. The Board of Directors receives budget updates quarterly.

MCSD's budget is prepared on an annual basis and since the budget is an estimate, at times it is necessary to make adjustments to meet the priorities and needs of the District.

The first milestone in this process is the midyear budget review. During this process, the District compiles the first six months of actual financial data and projects the final six months of data to obtain a new 12-month projected budget. The Finance Department compares the 12-month projection to the original budget adopted by the Board of Directors and presents the results to the Board of Directors for review.

The budget is revised when expenditures are anticipated to exceed estimates. A report outlining the reasons for increasing the budget appropriation is prepared and submitted to the Board of Directors for consideration.

Increases in budget appropriations must be approved by the Board of Directors. Budget transfers affecting personnel and capital outlay must be approved by the General Manager. Reallocations or transfers within a department or project/program require the approval of the General Manager and/or the Director of Finance and Human Resources.

BUDGET CALENDAR

As part of the annual budget development process, the Board of Directors reviews the budget calendar and schedules a series of workshop/study sessions, ultimately resulting in a budget adoption. The workshop/study sessions allow the Board of Directors and the public an opportunity to hear staff's preliminary outlook for the upcoming budget and more importantly to voice priorities, goals and objectives.

The following budget calendar is presented to aid in the preparation of the budget:

December 07, 2021	Budget Calendar Approved by the Board of Directors
Dec-21 & Jan-22	General Manager/Department Head Meetings – Estimates Due
February 22, 2022	First Public Budget Workshop/Study Session
March 22, 2022	Second Public Budget Workshop/Study Session
April 5, 2022	Public Hearing & Adoption of Budget

BUDGET ASSUMPTIONS

Every budget includes a number of estimates and assumptions about what revenues will be available and what conditions will affect the District's operations during the budget year. It is important to list the key assumptions to help establish a context for review of the budget. If a revenue source is decreased or eliminated, expenditures should be reduced in response. Some of the key assumptions are:

REVENUE ASSUMPTIONS

Per the Revenue and Taxation Code section 51, the State Board of Equalization provides to County Assessors the inflation factor to be used in preparing the annual property tax assessment roll. Proposition 13 property tax assessments will be increased in Orange County, due to a positive Consumer Price Index (CPI) inflation adjustment of 2.0%.

1. Property Tax: Overall countywide assessed values are projected by the Orange County Assessor to increase approximately 5.561%. The District will apply a 2.0% increase to property tax revenues for increases in property tax and the additional increase in assessed value to market value when property is sold at a higher value.
2. Trash and Sewer Collection Fees are being budgeted to reflect the current annual rates for service of \$97.48 per unit for sewer service and \$189.99 per unit for residential curbside (solid waste) service.
3. Special Agreements for service(s) are budgeted to reflect an annual increase of 2.0%.
4. Franchise Fees: MCSD collects franchise fees from CR&R Inc. for solid waste collection of commercial, industrial, and other businesses from MCSD's service area. MCSD's franchise fee is limited to 14 percent (effective July 1, 2014) of the franchisee's gross annual receipts from the service area.
5. Investments: the market remains low, but the District will seek investment opportunities in accordance with the Investment Policy as they arise. Earnings on the investments of the District's operating cash and reserves will be budgeted at 0.25% for the year as the COVID-19 pandemic, worldwide threats, and the threat of inflation, continues to create uncertainty in the markets.

EMPLOYEE, MATERIALS, SUPPLIES AND SERVICES ASSUMPTIONS

6. Operating, maintenance, and administrative costs are expected to increase as a result of general inflation. Increases are anticipated among personnel salaries, benefit increases, materials, supplies, and services agreements.
7. The budget reflects the potential that each department may increase by 1.0 FTE.
8. The current Memorandum of Understanding (MOU) for the represented employees expires June 30, 2024. 3.0 % cost of living raises and regular merit step increases are included in the budget.
9. MCSD and employees share in the contributions made in to a defined benefit retirement plan. Retirement costs for employees enrolled in the CalPERS have been assessed at a rate of:

CalPERS						# of
Employer Contribution Rates	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	Employees
3% @ 60 Tier 1 (closed 2009)	13.44%	14.40%	15.45%	15.25%	15.25%	12
2% @ 55 Tier 2 (Classic-open)	9.41%	10.22%	11.03%	10.88%	10.87%	1
2% @ 62 Tier 3 (PEPRA 2013)	6.84%	6.99%	7.73%	7.59%	7.47%	16

10. Other employee benefits and insurances will be budgeted to increase in by moderate amounts based on inflation.
11. Tonnage (dumping fees) fees are subject to an annual CPI increase each fiscal year. The additional tonnage fees imposed by the County and per the Exclusive Franchise Agreement have been absorbed by the District and not passed through to the District's residential customers. Additionally, there is no tonnage fee on recycled items placed in the blue carts.

The table below shows the tonnage cost per ton for each of the different types of the waste streams.

Fiscal Year	Black Solid Waste Container Rate Per Ton	Blue Recycling Container Rate Per Ton	Green Organics Container Rate Per Ton
FY 22-23	59.19	0.00	100.70
FY 21-22	56.25	0.00	97.37
FY 20-21	55.51	49.00	95.82
FY 19-20	54.31	49.00	93.00
FY 18-19	52.81	0.00	88.95
FY 17-18	51.62	0.00	0.00

\$49.00 Blue Recycling Rate Per Ton April-Aug 2020 due to COVID

DEBT FINANCING ASSUMPTIONS

12. The Midway City Sanitary District is currently debt free and has no current plans to issue any debt to fund the Capital Improvement Program (CIP).

RESERVE ASSUMPTIONS

Tracking the District’s reserves provides a measure of the overall fiscal health of the District’s finances and can be used to help make projections on what capital projects the District can plan for and when.

The budget reserves are summarized as follows and include recommendations for long-term reserve levels:

UNRESTRICTED RESERVES:

13. OPERATING FUNDS:

An operating cash flow is established and maintained to fund the day-to-day operations, maintenance, unforeseen emergencies, unanticipated revenue shortfalls or unexpected expenditure increases.

DESIGNATED AND RESTRICTED RESERVES:

14. ORANGE COUNTY – MIDWAY CITY (DESIGNATED) RESERVE:

These funds are received from the County of Orange. These funds are for operational and capital infrastructure projects within the unincorporated area of Midway City. This reserve has been established to ensure funds are available for the replacement, upgrade and refurbishment of the District’s sewer lines located in the unincorporated area of Midway City as well as operational costs.

15. LIFT (PUMP) STATION & SEWER LINE RESERVE:

This reserve has been established to ensure adequate funds are available for the replacement, upgrade and refurbishment of the District's sewer lines and lift stations. The long-term target for the sewer lines reserve is for the Sewer System Master Plan to be funded from reserves and not from current revenues. The level of reserve will be established as an amount equal half of the District's sewer assets on the books.

16. VEHICLE REPLACEMENT RESERVE:

A vehicle replacement reserve is established and maintained to ensure adequate funds are available for the systematic replacement and refurbishment of the District's sewer, solid waste, and maintenance trucks and vehicles.

17. BUILDINGS, EQUIPMENT AND FACILITIES RESERVE:

This reserve was established to ensure that the District has adequate funds available for the acquisition, construction, replacement and repair/maintenance, for infrastructure, land, equipment and facilities.

18. COMPRESSED NATURAL GAS (CNG) FUELING FACILITIES RESERVE:

The CNG fueling facility became operational in October of 2015 to support the District's CNG fleet. This reserve was established to ensure that the District has adequate funds available for the future replacement and repair/maintenance of the CNG equipment and facility.

19. EMERGENCY AND CONTINGENCY RESERVES:

May be used for unanticipated and nonrecurring extraordinary needs of an emergency nature, including a natural disaster or calamity and in the event of a declared State of Emergency. The fund may also be used for nonrecurring and unforeseen needs, unexpected obligations created by state and federal laws, new public safety or health needs after the budget process has occurred, or opportunities to achieve cost saving. It may also be used to cover revenue shortfalls experienced by the District and for cash flow management purposes.

The table below shows the District's reserve designations and their current level:

RESERVE		CATEGORY	GOAL LEVEL	CURRENT LEVEL	OVER/(UNDER) GOAL	% FUNDED
Operating Fund	LAIF	Unrestricted	10,000,000	6,907,324	(3,092,676)	69%
Orange County Midway City	LAIF	Designated	3,600,000	2,889,514	(710,486)	80%
Buildings, Equipment, and Facilities	LAIF	Designated	6,000,000	5,846,249	(153,751)	97%
Lift Stations & Sewer Lines	LAIF	Designated	50,000,000	30,292,835	(19,707,165)	61%
CNG Station & Facilities	LAIF	Designated	3,000,000	1,765,582	(1,234,418)	59%
Vehicle Replacements	LAIF	Designated	5,000,000	3,817,092	(1,182,908)	76%
Emergencies & Contingencies	CalTRUST	Designated	2,500,000	1,453,622	(1,046,378)	58%
CERBT 115 Trust Related to OPEB	CalPERS	Restricted	4,849,797	6,320,333	1,470,536	130%
CEEPT 115 Trust Related to Pensions	CalPERS	Restricted	4,600,000	4,091,020	(508,980)	89%
Totals			\$ 89,549,797	\$63,383,570	\$ (26,166,227)	71%

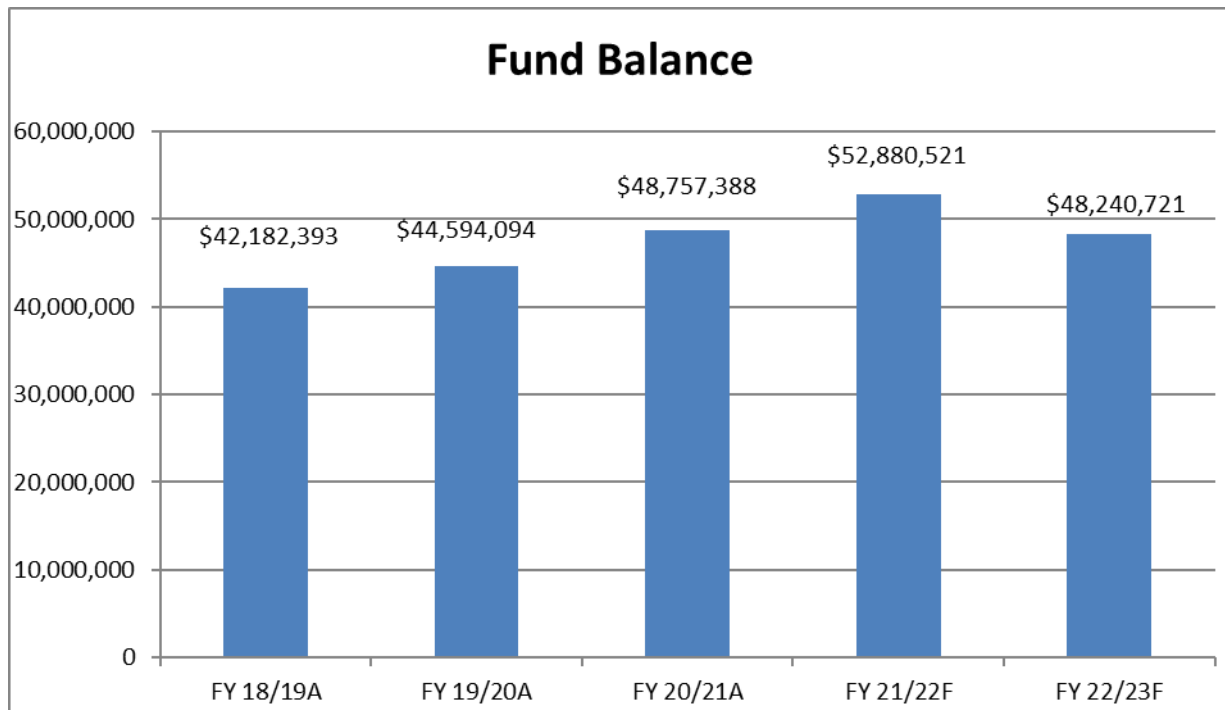
The largest capital project the District will take on in 2022-2023 is the complete renovation of the District offices, buildings, and yard, including solar canopies, charging stations, & panels. The Buildings, Equipment, and Facilities designated reserves will be used to pay for the project. No debt will be issued.

GENERAL/ENTERPRISE FUND

Midway City Sanitary District (MCSD) is an enterprise district, in which operations are financed and operated in a manner similar to private business enterprises where the cost of providing goods and services is financed primarily through user charges. The majority of the revenues are derived from a special assessment (user fees) set annually by the MCSD Board of Directors and placed on the property tax roll. Other revenues are received from property taxes, plan checks and permit fees.

The General Fund is the general operating fund of MCSD. All General Fund tax revenues and all other receipts and user fees are accounted for in this fund. Expenditures of this fund include operating expenses and capital improvement costs.

	FY 18/19A	FY 19/20A	FY 20/21A	FY 21/22F	FY 22/23F
Fund Balance as of July 1	\$37,339,706	\$42,182,393	\$44,594,094	\$48,757,388	\$52,880,521
Net Increase/(Decrease) in Fund	\$ 4,842,687	\$ 2,411,701	\$ 4,163,294	\$ 4,123,133	\$ (4,639,800)
Fund Balance as of June 30	\$42,182,393	\$44,594,094	\$48,757,388	\$52,880,521	\$48,240,721



Fiscal Year 2021-2022 & 2022-2023 are forecast numbers, actual ending fund balances are to be determined at fiscal year-end.

OPERATING BUDGET SUMMARY

Fiscal Year July 1, 2022 through June 30, 2023

\$ 13,914,000

	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
	ACTUAL	ACTUAL	ACTUAL	ACTUAL	YTD ACTUAL	BUDGET
SUMMARY						
1 REVENUES						
2 Property Taxes	1,457,369	1,453,835	1,449,684	1,440,401	1,437,277	1,438,500
3 Trash & Sewer Collection Fees	6,843,867	6,852,379	6,867,992	6,904,276	6,942,570	7,150,000
4 Franchise Fees	1,006,353	1,036,264	1,088,185	1,121,793	1,174,482	1,170,000
5 Pass-through Property Taxes	2,374,110	2,570,738	2,789,567	3,080,935	3,421,254	3,525,000
6 Interest & Investment Earnings	428,657.96	1,053,892.41	1,054,909.52	541,416.03	(630,050.15)	350,000.00
7 Other Revenue Sources	424,290.34	317,676.68	559,515.44	336,328.14	676,908.84	280,500.00
8 TOTAL REVENUES	\$ 12,534,647	\$ 13,284,785	\$ 13,809,854	\$ 13,425,149	\$ 13,022,441	\$ 13,914,000
9 EXPENDITURES						
10 Salaries & Wages	1,950,410	2,097,634	2,181,383	2,301,719	2,417,022	2,795,000
11 Benefits	1,036,120	910,675	1,332,548	1,435,221	1,118,872	1,795,400
12 Tonnage Disposal Fees	1,655,868	1,474,799	1,405,388	1,447,835	1,317,090	2,650,000
13 Repairs & Maintenance	440,699	408,291	543,270	492,286	484,245	779,600
14 Depreciation & Amortization Expenses	1,131,540	1,239,990	1,391,948	1,463,959	1,497,196	1,510,000
15 Other Operating Expenses	\$ 871,008	\$ 1,480,602	\$ 2,079,193	\$ 2,294,654	\$ 2,503,688	\$ 2,118,800
16 TOTAL EXPENDITURES	\$ 7,085,644	\$ 7,611,990	\$ 8,933,730	\$ 9,435,674	\$ 9,338,114	\$ 11,648,800
17 Net for Reserves or Capital Projects	5,449,004	5,672,795	4,876,124	3,989,475	3,684,327	2,265,200

CAPITAL OUTLAY & IMPROVEMENTS BUDGET

Fiscal Year July 1, 2022 through June 30, 2023

\$6,615,000

		FY 2021-22	FY 2021-22	FY 2022-23
		YTD ACTUAL	BUDGET	BUDGET
CAPITAL OUTLAY IMPROVEMENTS & MISCELLANEOUS BUDGET				
1	DISTRICT OFFICES & YARD			
2	Building and Solar Project (design & management)	128,351	115,000	115,000
3	Building Project (construction)		1,000,000	4,000,000
4	Solar Project (construction)			700,000
5	District Buildings Facility, Features & Furnishings			100,000
6	District Buildings Technology			100,000
7	1 New Class C Vehicle/Truck (to replace van)			80,000
8	FLEET MAINTENANCE			
9	Crimper Press Machine & Die Kit for Shop	10,185		
10	Steam Cleaner for Wash Rack			15,000
11	SOLID WASTE			
12	1 New Class C Vehicle/Truck			80,000
13	1 New Side Loader Trash Truck			425,000
14	SEWER			
15	Sewer Lift Station Pumps			350,000
16	SCADA System Upgrades	172,800	110,000	50,000
17	MISCELLANEOUS			
18	Payments Towards Unfunded Liabilities			400,000
19	Contributions Towards CEPPT & OPEB 115 Trust Funds			200,000
20	TOTAL CAPITAL OUTLAY & IMPROVEMENTS	\$ 311,336	\$ 2,475,362	\$ 6,615,000

The Capital Outlay & Improvement budget is robust and is focused on the addition several new vehicles, pumps for the sewer lift stations, additional discretionary payments towards pension and retired health care costs, as well as the remodel of the District buildings, offices, and the addition of solar panels for energy effectiveness.

Generally, the increase in expenses for capital outlay and improvement projects vary year-to-year in large part due to the District's aggressive plan to ensure current and future services to the patrons of the District. The Capital Outlay & Improvement budget will be funded by a variety of financing activities. Capital improvement projects will be funded from unencumbered operating revenues, pass-thru funds, and District capital reserves as needed.

REVENUES
Fiscal Year July 1, 2022 through June 30, 2023
\$13,914,000

	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
	ACTUAL	ACTUAL	ACTUAL	ACTUAL	YTD ACTUAL	BUDGET
REVENUES						
1 OPERATING REVENUES						
2 Trash & Sewer Collection Fees	6,843,867	6,852,379	6,867,992	6,904,276	6,942,570	7,150,000
3 Additional Container & Service Fees	4,263	2,065	2,744	2,100	3,092	1,500
4 Franchise Fees	1,006,353	1,036,264	1,088,185	1,121,793	1,174,482	1,170,000
5 Sewer Plan Checks & Inspection Fees	174,034	101,738	256,716	99,652	41,570	48,000
6 Sewer Connection Fees (OC San)	35,699	19,617	49,962	14,267	14,005	13,000
7 OPERATING REVENUES	\$ 8,064,217	\$ 8,012,063	\$ 8,265,600	\$ 8,142,088	\$ 8,175,719	\$ 8,382,500
8 NON-OPERATING REVENUES						
9 Property Tax Secured	\$ 1,301,255	\$ 1,302,402	\$ 1,306,336	\$ 1,300,952	\$ 1,296,564	\$ 1,310,000
10 Property Tax Unsecured	42,525	39,887	40,224	39,125	41,496	34,000
11 Property Tax Secured Supplemental	42,463	37,559	27,676	26,730	30,457	26,000
14 Homeowner's Property Tax Relief	7,695	7,204	6,767	6,313	6,005	4,500
15 State-Assessed Public Utility Tax & Railroad	57,615	59,633	59,162	61,462	60,862	62,000
16 Pass-through Property Taxes County of Orange	254,600	218,646	291,867	380,505	406,339	525,000
17 Pass-through Property Taxes City of Westminster	2,119,510	2,352,091	2,497,700	2,700,430	3,014,915	3,000,000
12 Investment Income	428,658	1,053,892	1,054,910	541,416	(630,050)	350,000
13 Interest on Undistributed Taxes	5,817	7,150	9,520	5,818	1,894	2,000
18 Other Revenue	174,909	205,511	273,023	214,237	618,242	213,000
19 Gain/(Loss) on Disposal of Capital Assets	35,385			6,073		5,000
20 NON-OPERATING REVENUES	\$ 4,470,431	\$ 5,283,976	\$ 5,567,093	\$ 5,283,061	\$ 4,846,723	\$ 5,531,500
21 TOTAL REVENUES	\$ 12,534,647	\$ 13,296,040	\$ 13,832,693	\$ 13,425,149	\$ 13,022,441	\$ 13,914,000

EXPENDITURES BY DEPARTMENT
Fiscal Year July 1, 2022 through June 30, 2023
\$11,648,800

		SOLID					FY 2022-23
	SEWER	WASTE	FLEET MAINT	ADMIN	BOARD	BUDGET	
1	EXPENSES						
2	Salaries & Wages	440,000	990,000	360,000	890,000	115,000	\$ 2,795,000
3	Medicare	6,000	18,000	4,500	16,000	1,600	\$ 46,100
4	CalPERS Retirement	150,000	275,000	74,000	280,000		\$ 779,000
5	CalPERS CEPPT Trust Reimbursement	-	-	-	-		\$ -
6	Group Insurance	120,000	295,000	100,000	190,000	90,000	\$ 795,000
7	Group Insurance Retirees	40,000	58,000	7,500	50,000		\$ 155,500
8	CalPERS OPEB Trust Reimbursement	(40,000)	(58,000)	(7,500)	(50,000)		\$ (155,500)
9	Workers' Compensation Insurance	18,000	55,000	14,000	4,500	400	\$ 91,900
10	Uniforms & Laundry	3,500	12,000	4,500	400		\$ 20,400
11	Employee Reimbursements	3,000	5,000	2,000	3,000		\$ 13,000
12	Unemployment Benefits	-	-	-	-	-	\$ -
13	TOTAL LABOR & BENEFITS	\$ 740,500	\$ 1,650,000	\$ 559,000	\$ 1,383,900	\$ 207,000	\$ 4,540,400
14	Claims Expenses	10,000	10,000		-		\$ 20,000
15	Board Election Costs					72,000	\$ 72,000
16	Supplies & Operating Expenses	5,000	5,000		15,000	6,000	\$ 31,000
17	Local Govt. Formation Commission (LAFCO)				19,200		\$ 19,200
18	Services & Supplies		66,000		45,000		\$ 111,000
19	Printing & Publications				2,000		\$ 2,000
20	Permits Fees Testing & Property Taxes	25,000			3,500		\$ 28,500
21	Membership Dues & Subscriptions				10,000		\$ 10,000
22	Staff Development & Travel Expenses				30,000	50,000	\$ 80,000
23	Education & Training	5,000	9,000	3,000	6,000		\$ 23,000
24	Employee Awards Incentives & Recognition				40,000		\$ 40,000
25	Medical Exams & Testing	900	5,000	700	4,500		\$ 11,100
26	Property & Liability Insurance	80,000	145,000	60,000	62,000		\$ 347,000
27	Gasoline & Diesel Fuel	6,500	6,500	4,000	3,000		\$ 20,000
28	Tonnage Disposal Fees		2,650,000				\$ 2,650,000
29	Solid Waste, Recycling, & Organic Containers		300,000				\$ 300,000
30	Tools & Equipment			30,000			\$ 30,000
31	Repairs and Maintenance	200,000	410,000	6,000	10,000		\$ 626,000
32	Repairs and Maintenance CNG Facilities		75,000				\$ 75,000
33	Hazardous Waste		-	2,000			\$ 2,000
34	Emergency Repairs	150,000					\$ 150,000
35	Audit & Financial Services				19,500		\$ 19,500
36	Engineering & Consulting Services	25,000					\$ 25,000
37	Legal Services Personnel				35,000		\$ 35,000
38	Legal Services General Counsel				90,000		\$ 90,000
39	Information Technology				50,000		\$ 50,000
40	Professional & Technical Services				65,000		\$ 65,000
41	Temporary Personnel				-		\$ -
42	Public Outreach & Community Events		64,000		265,000		\$ 329,000
43	Fats, Oils & Grease (FOG) Program	25,000					\$ 25,000
44	Resident Lateral Assistance Program	3,600					\$ 3,600
45	Utilities - Includes Lift (Pump) Stations & CNG Station	50,000	55,000	2,000	35,000		\$ 142,000
46	Natural Gas Fuel (CNG Facilities)	10,000	150,000				\$ 160,000
47	Depreciation & Amortization Expenses	565,000	880,000	6,500	65,000		\$ 1,516,500
48	TOTAL NON-LABOR	\$ 1,161,000	\$ 4,830,500	\$ 114,200	\$ 874,700	\$ 128,000	\$ 7,108,400
49	TOTAL EXPENSES	\$ 1,901,500	\$ 6,480,500	\$ 673,200	\$ 2,258,600	\$ 335,000	\$ 11,648,800

Summary of Expenses by Department

The table below gives an overview of past and current departmental budgeted expenses. The table can be used to help compare the ebbs and flows year-to-year.

SUMMARY BY DEPARTMENT		FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
		ACTUAL	ACTUAL	ACTUAL	ACTUAL	YTD ACTUAL	BUDGET
1	Board of Directors	126,225	183,638	119,576	195,561	185,883	335,000
2	Administration Department	1,527,801	1,581,121	1,832,959	1,887,383	1,830,703	2,258,600
3	Fleet Maintenance Department	366,521	380,819	462,018	526,253	501,823	673,200
4	Solid Waste Department	3,745,424	4,321,685	5,202,788	5,427,504	5,442,858	6,480,500
5	Sewer System Department	1,318,438	1,143,248	1,316,388	1,398,973	1,376,847	1,901,500
6	TOTAL SUMMARY BY DEPARTMENTS	\$ 7,085,644	\$ 7,611,990	\$ 8,933,730	\$ 9,435,674	\$ 9,338,114	\$ 11,648,800



ADMINISTRATION & THE BOARD OF DIRECTORS

Administration, budgeted for 7 employees and the Board of Directors, 5 Elected Officials

The strong service oriented administrative staff provides the essentials for all operations within the District. Administrative staff assures the timely presentation of formal communications from the public, with other agencies, and to the Board of Directors. The department maintains the official District records, which reflect the actions of the Governing Body, administers the District financial information and maintains record of the District's fixed assets. The department also manages employee trainings and development programs; administers the District's personnel, compensation, and benefits. The department also provides management of the District's projects, inspections and connections to the District's sewer mains.

The Administrative Staff consists of seven full-time and one part-time employee including a General Manager, Director of Finance and Human Resources, Director of Operations/Safety, Executive Secretary/Board Clerk and three Administrative Secretaries in the areas of accounting, human resources and two customer service/receptionists.

The Board of Directors consists of 5 officials elected at large, to 4-year staggered terms. The Board of Directors provide direction and oversight for the District.

THE BOARD OF DIRECTORS

	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
	ACTUAL	ACTUAL	ACTUAL	ACTUAL	YTD ACTUAL	BUDGET
BOARD OF DIRECTORS						
1 Directors' Fees (salaries)	72,277	75,513	56,917	73,159	92,700	115,000
2 Medicare	1,055	1,053	779	1,064	1,330	1,600
3 Group Insurance	40,564	47,219	57,423	57,007	80,833	90,000
4 Workers' Compensation Insurance		293	234	343	288	400
5 Director Reimbursements						-
6 Supplies & Operating Expenses				1,735	3,594	6,000
7 Board Election Costs		47,644		59,086		72,000
8 Board Meeting Expenses	263	320	133	535	2,117	5,000
9 Board Development & Travel Expenses	12,066	11,597	4,089	2,631	5,021	45,000
10 TOTAL BOARD OF DIRECTORS	\$ 126,225	\$ 183,638	\$ 119,576	\$ 195,561	\$ 185,883	\$ 335,000

ADMINISTRATION DEPARTMENT

		FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
		ACTUAL	ACTUAL	ACTUAL	ACTUAL	YTD ACTUAL	BUDGET
ADMINISTRATION DEPARTMENT							
1	Salaries & Wages	629,958	685,788	703,235	740,501	759,551	890,000
2	Medicare	9,001	9,900	9,981	10,564	10,868	16,000
3	CalPERS Retirement	95,857	55,080	246,568	269,883	94,756	280,000
4	CalPERS CEPPT Trust Reimbursement						-
5	Group Insurance	95,113	103,328	108,296	130,380	145,268	190,000
6	Group Insurance Retirees	70,734	52,041	(9,305)	34,054	49,282	50,000
7	CalPERS OPEB Trust Reimbursement				(47,664)	(23,202)	(50,000)
8	Workers' Compensation Insurance	3,962	3,277	3,323	3,691	3,242	4,500
9	Uniforms & Laundry Services					368	400
10	Employee Reimbursements						3,000
11	Unemployment Benefits			11,700	(2,925)		-
12	Office Expenses & Supplies	6,955	8,022	10,063	6,430	11,982	15,000
13	Operating Expenses	26,438	31,721	34,897	39,369	41,081	45,000
14	Local Govt. Formation Commission (LAFCO)	20,078	20,791	20,783	17,805	18,339	19,200
15	Printing & Publications	521	1,630	17,885	1,303	16,230	2,000
16	Permits Fees Testing & Taxes	1,530	1,473	2,208	1,465	1,992	3,500
17	Membership Dues & Subscriptions	8,077	8,037	8,275	8,945	8,658	10,000
18	Staff Development & Travel Expenses	12,815	9,397	5,243	4,279	13,313	30,000
19	Education & Training	349	156	7,570	2,629	2,583	6,000
20	Employee Awards Incentives & Recognition	12,854	18,909	19,634	15,450	25,513	40,000
21	Medical Exams & Testing				4,442	4,450	4,500
22	Property & Liability Insurance	13,761	24,389	31,282	51,359	55,004	62,000
23	Claims Expense	6,693	4,860				-
24	Gasoline & Diesel Fuel	1,994	1,263	1,324	2,248	1,446	3,000
25	Repairs & Maintenance	5,477	18,455	7,676	1,752	2,489	10,000
26	Professional & Consulting Services	7,750	2,351	55,351	50,252	58,210	65,000
28	Audit & Financial Services	17,340	17,825	17,650	19,350	18,930	19,500
29	Legal Services Personnel	17,264	13,429	34,650	27,399	19,346	35,000
30	Legal Services General Counsel	61,382	52,678	52,047	61,709	109,914	90,000
31	Information Technology	13,266	27,955	24,827	21,019	36,148	50,000
32	Temporary Personnel		18,454	31,331	7,728	73,156	-
33	Community Outreach & District Events	40,582	56,341	46,750	60,023	112,353	145,000
34	Social Media & Radio Events					29,463	40,000
35	District Calendar	37,683	37,516	36,952	36,517	37,267	40,000
36	Newsletters						40,000
37	Utilities	69,902	63,104	61,727	69,479	29,480	35,000
38	Depreciation & Amortization Expenses	240,463	232,788	231,036	237,948	63,223	65,000
39	TOTAL ADMINISTRATION DEPARTMENT	\$ 1,527,801	\$ 1,581,121	\$ 1,832,959	\$ 1,887,383	\$ 1,830,703	\$ 2,258,600

FLEET MAINTENANCE DEPARTMENT

Fleet Maintenance Department, budgeted for 4 employees

The Fleet Maintenance Department provides pre-maintenance and urgent repair services for all of MCSD's vehicles in order to ensure an efficient, economic and safe fleet for the District. The Fleet Maintenance Departments' main function is to ensure that the District's fleet is kept fully operable on a daily basis in order to assure that the solid waste pickup is being completed in a timely manner.

	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
	ACTUAL	ACTUAL	ACTUAL	ACTUAL	YTD ACTUAL	BUDGET
FLEET MAINTENANCE DEPARTMENT						
1 Salaries & Wages	235,614	246,370	242,738	261,753	266,033	360,000
2 Medicare	2,075	2,144	3,011	3,688	3,764	4,500
3 CalPERS Retirement	39,471	18,822	83,666	96,604	35,104	74,000
4 CalPERS CEPPT Trust Reimbursement						-
5 Group Insurance	48,241	51,543	61,018	67,778	70,771	100,000
6 Group Insurance Retirees	10,105	7,434	(2,659)	4,372	4,391	7,500
7 CalPERS OPEB Trust Reimbursement				(6,317)	(2,100)	(7,500)
8 Workers' Compensation Insurance	11,494	10,815	9,324	9,912	8,597	14,000
9 Uniforms & Laundry Services	2,584	2,984	3,032	2,656	3,135	4,500
10 Employee Reimbursements						2,000
11 Education & Training	281	788	3,641	1,047	3,390	3,000
12 Medical Exams & Testing				628	-	700
13 Property & Liability Insurance		27,420	34,673	53,965	58,379	60,000
14 Gasoline & Diesel Fuel	1,664	2,623	2,387	2,952	4,761	4,000
15 Tools & Equipment	6,753	5,903	10,101	22,613	32,432	30,000
16 Repairs & Maintenance	6,815	2,816	8,910	1,386	5,165	6,000
17 Hazardous Waste Used/Mixed Oil	1,420	1,158	1,005	2,038	1,218	2,000
18 Utilities	1,235	1,479	1,171	1,180	815	2,000
19 Depreciation & Amortization Expenses					5,965	6,500
20 TOTAL FLEET MAINTENANCE DEPARTMENT	\$ 366,521	\$ 380,819	\$ 462,018	\$ 526,253	\$ 501,823	\$ 673,200

SOLID WASTE DEPARTMENT

Solid Waste Department, budgeted for 14 employees

The Solid Waste Department provides solid waste collection averaging 150 tons of refuse per day from approximately 103,000 residents within the collection service area. The commercial accounts are serviced by a private refuse collection hauler that contracts with Midway City Sanitary District and pays a franchisee fee to the District to operate within its boundaries.

The field crew provides residential solid waste collection. MCSD services approximately 19,900 residences per week, 57 of which are special service patrons, a bulky pick-up program, mattress and used oil recycling programs, and a Helping Hands Program for our senior and disabled residents.

The special services program is designed for our patrons who are unable to move the solid waste carts to the curb for pick-up. The solid waste foreman or driver moves the cart to the curb and returns the empty cart to where it is stored.

	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
	ACTUAL	ACTUAL	ACTUAL	ACTUAL	YTD ACTUAL	BUDGET
SOLID WASTE DEPARTMENT						
1 Salaries & Wages	661,145	796,533	863,517	888,741	945,063	990,000
2 Medicare	9,545	11,377	12,381	12,902	13,719	18,000
3 CalPERS Retirement	81,761	49,323	239,914	254,522	82,255	275,000
4 CalPERS CEPPT Trust Reimbursement						-
5 Group Insurance	177,488	229,321	256,651	262,855	278,730	295,000
6 Group Insurance Retirees	80,839	52,041	(9,305)	33,072	50,829	58,000
7 CalPERS OPEB Trust Reimbursement				(46,682)	(22,406)	(58,000)
8 Workers' Compensation Insurance	55,355	55,449	51,000	52,064	44,911	55,000
9 Uniforms & Laundry Services					9,860	12,000
10 Employee Reimbursements						5,000
11 Gasoline & Diesel Fuel	3,235	4,158	5,369	4,757	5,004	6,500
12 Operating Expenses	124	3,160	1,193	2,009	4,425	5,000
13 Services & Supplies	8,308	11,638	14,852	54,438	26,095	66,000
14 Education & Training	10,378	8,486	7,219	9,740	10,505	9,000
15 Medical Exams & Testing	2,546	3,926	3,782	2,212	2,168	5,000
16 Property & Liability Insurance	61,677	79,628	97,708	127,212	120,282	145,000
17 Claims Expense			5,043	810	9,929	10,000
18 Tonnage Disposal Fees - Solid Waste (black cart)	1,655,868	1,474,799	1,405,388	1,447,835	1,317,090	1,550,000
19 Tonnage Disposal Fees - Recycling (blue cart)			103,055	70,817	-	-
20 Tonnage Disposal Fees - Organics (green cart)	-	499,572	884,425	902,227	861,228	1,100,000
21 Refuse, Recycling, & Organic Containers	138,310	110,752	146,519	183,912	177,707	300,000
22 Clean-up Events					7,394	30,000
23 SB 1383 Organic Waste Reduction					16,177	34,000
24 Repairs, Maintenance, Tires, & Restock Parts	293,283	284,991	405,226	380,325	377,128	410,000
25 Repairs & Maintenance CNG Facilities	11,594	25,646	12,484	23,532	53,090	75,000
26 Hazardous Waste	796	2,246				-
27 Utilities					52,337	55,000
28 Natural Gas Fuel CNG Facilities	47,837	63,357	69,287	86,729	132,924	150,000
29 Depreciation & Amortization Expenses	445,335	555,282	627,080	673,474	866,414	880,000
30 TOTAL SOLID WASTE DEPARTMENT	\$ 3,745,424	\$ 4,321,685	\$ 5,202,788	\$ 5,427,504	\$ 5,442,858	\$ 6,480,500

SEWER SYSTEM DEPARTMENT

Sewer System Maintenance Department, budgeted for 5 employees

The collection system is operated to transport wastewater collected from residential and commercial patrons of the City of Westminster and unincorporated area of Midway City to the Orange County Sanitation District for treatment. The water is then recycled for use in the Ground Water Replenishment System (GWRS) or is treated and deposited into the ocean.

The Sewer Maintenance Department maintains and services the MCSD collection system which is capable of collecting up to 18 million gallons of sewage per day. The District Sewer Maintenance Operations crew consists of five employees (two Sewer Maintenance Workers, a Pump Mechanic, and one Supervisor/Inspector).

The existing collection system has a replacement value of approximately \$500 million dollars and is comprised of approximately 169 miles of gravity flow sewer lines or 919,771 linear feet ranging in size from 6 inches to 18 inches, approximately 2 miles of force main sewer lines ranging in size from 6 inches to 12 inches, and four lift stations. All four lift stations are newly renovated in 2008 and 2009. The existing system also includes 3400 manholes and 33 inverted siphons. There are approximately 35,000 service connections to the system.

	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
	ACTUAL	ACTUAL	ACTUAL	ACTUAL	YTD ACTUAL	BUDGET
SEWER DEPARTMENT						
1 Salaries & Wages	351,416	293,430	314,976	337,566	353,675	440,000
2 Medicare	5,213	4,313	4,411	4,733	5,167	6,000
3 CalPERS Retirement	66,132	21,141	116,164	128,973	46,175	150,000
4 CalPERS CEPPT Trust Reimbursement						-
5 Group Insurance	80,589	75,038	80,582	85,426	90,231	120,000
6 Group Insurance Retirees	30,315	29,737	(5,317)	28,230	35,689	40,000
7 CalPERS OPEB Trust Reimbursement				(36,007)	(18,412)	(40,000)
8 Workers' Compensation Insurance	21,210	19,986	14,407	14,907	12,824	18,000
9 Uniforms & Laundry Services	1,320	1,550	2,339	2,211	2,604	3,500
10 Employee Reimbursements						3,000
11 Operating Expenses	5,812	3,683	1,719	5,800	4,397	5,000
12 Permits Fees Testing & Taxes	17,095	17,551	19,047	18,229	20,871	25,000
13 Education & Training	3,946	898	2,881	1,784	2,228	5,000
14 Medical Exams & Testing				796	338	900
15 Property & Liability Insurance	83,436	37,762	47,074	74,844	70,807	80,000
16 Claims Expense					500	10,000
17 Gasoline & Diesel Fuel	7,555	8,842	6,554	4,424	7,894	6,500
18 Repairs & Maintenance	74,306	102,029	121,459	108,822	94,723	200,000
20 Emergency Repairs	59,017				2,940	150,000
21 Engineering & Consulting Services	4,803					25,000
22 Fats Oils Grease (FOG) Program	23,395	23,262	18,002	19,199	17,925	25,000
23 Resident Lateral Assistance Program	1,800				1,800	3,600
24 Utilities	35,337	52,103	38,259	46,500	56,913	50,000
25 Natural Gas Fuel CNG Station						10,000
26 Depreciation & Amortization Expenses	445,741	451,921	533,831	552,537	567,559	565,000
27 TOTAL SEWER DEPARTMENT	\$ 1,318,438	\$ 1,143,248	\$ 1,316,388	\$ 1,398,973	\$ 1,376,847	\$ 1,901,500

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Resolutions & Policies

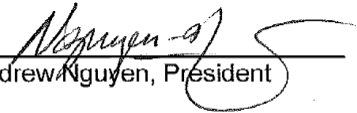
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RESOLUTION NO. 2022-09

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE MIDWAY CITY
SANITARY DISTRICT OF ORANGE COUNTY, CALIFORNIA, ADOPTING THE
SPECIAL DISTRICT GENERAL FUND BUDGET FOR THE FISCAL YEAR JULY 1,
2022 THROUGH JUNE 30, 2023**

BE IT RESOLVED, by the Board of Directors of Midway City Sanitary District, of
Orange County, California, that the Special District General Fund Budget for the fiscal year
2022-2023 is hereby adopted. A copy of said budget is attached hereto.

PASSED AND ADOPTED at a meeting of the Board of Directors of Midway City
Sanitary District, of Orange County, California, held this 5th day of April, 2022.



Andrew Nguyen, President

ATTEST:


Sergio Contreras, Secretary


CERTIFICATION

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I, Sergio Contreras, Secretary of the MIDWAY CITY SANITARY DISTRICT of Orange County, California, do hereby certify that the foregoing Resolution No. 2022-09 was duly adopted at a meeting of the Governing Board of said District held on the 5th of April, 2022 by the following vote of the members of the Board:

AYES: S. Contreras, T. Diep, A. Nguyen, C. Nguyen, M. Nguyen
NOES:
ABSENT:

and I further certify that Andrew Nguyen, as President, and Sergio Contreras, as Secretary, signed and approved said Resolution No. 2022-09 on the 5th day of April, 2022.



Sergio Contreras, Secretary

(District Seal)

STATE OF CALIFORNIA)
) SS.
COUNTY OF ORANGE)

I, Sergio Contreras, Secretary of the Midway City Sanitary District of Orange County, California, do hereby certify that the foregoing is a full, true and correct copy of Resolution No. 2022-09 passed and adopted by the Board of Directors of said District at a meeting thereof held on the 5th day of April, 2022.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official Seal of said District this 5th day of April, 2022.



Sergio Contreras, Secretary

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RESOLUTION NO. 2022-15

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE MIDWAY CITY SANITARY DISTRICT OF ORANGE COUNTY, CALIFORNIA, APPROVING A REPORT ON SPECIAL USER CHARGES PURSUANT TO SPECIAL USAGE PERMIT AGREEMENT AND COVENANT DOCUMENTS AND DIRECTING THE COUNTY AUDITOR TO ADD SUCH SPECIAL USAGE CHARGES TO THE JULY 1, 2022- JUNE 30, 2023 SECURED TAX ROLL PURSUANT TO ORDINANCE NO. 26

Upon motion duly made, seconded and carried, the Board of Directors of the MIDWAY CITY SANITARY DISTRICT does hereby resolve as follows:

1. That by the adoption of Ordinance No. 26, the Board of Directors of the MIDWAY CITY SANITARY DISTRICT elected to impose and collect special usage charges services and facilities provided by said District to properties annexed to said District subsequent to July 20, 1981.

2. That the MIDWAY CITY SANITARY DISTRICT and owners of annexed properties have executed Special Usage Permit Agreement and Restrictive Covenant documents which have been recorded with the County Recorder and said documents, as required by Ordinance No. 26, contain an agreement that the special user fee may be collected on the tax roll in the same manner, by the same person, and at the same time as, together and not separately from, the general taxes of the District.

3. That the following special user fee was established by Ordinance No. 26 and by such Agreements as follows:

A. The rates and charges for this service are a fee which is equal to three percent (3%) of one percent (1%) of the annual property tax increments from said property beginning with the fiscal year in which the annexation of said property

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was approved by Resolution of the District's Board of Directors, or said Special Usage Permit Agreement and Restrictive Covenant was recorded, whichever occurred earlier;

B. The annual property tax increment is defined as that amount by which the property tax on said property has increased since the fiscal year immediately preceding the fiscal year during which the annexation of said property was approved by Resolution of the District's Board of Directors.

4. That the description of the real property subject to the above special usage fees, and the amount of such fees, appear on the attached listing as Exhibit "A".

5. That pursuant to Health and Safety Code Section 5473, a report has been filed with the District's Secretary containing a description of each parcel of real property and the amount of charges imposed by Ordinance No. 26 and such Agreements for the fiscal year 2022-2023.

6. That pursuant to Health and Safety Code Section 5473.1, the filing of the report was duly noticed as required by law by publication once each week for two (2) successive weeks in the Westminster Journal, a newspaper of general circulation, printed and published in the MIDWAY CITY SANITARY DISTRICT, of a notice of a public hearing to be held on June 21, 2022 at the Board's meeting room located at 14451 Cedarwood Avenue, Westminster, CA 92683, to consider oral and written objections or protests regarding such report.

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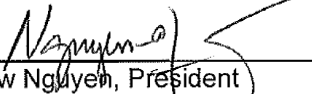
7. That pursuant to such notice, a public hearing to hear all objections or protests, if any, to the aforesaid report and proposed charges was held at the date and time set forth in such notice.

8. That after considering all protests, if any, the Board has determined that such report should be approved as filed.


9. That the County Auditor be, and hereby is ordered and directed to add such special usage fees to the July 1, 2022 – June 30, 2023 secured tax roll.

10. That the Secretary shall cause a copy of this Resolution and such report, in either written or electronic form, to be filed with the Orange County Auditor on or before August 10, 2022.

PASSED AND ADOPTED at a meeting of the Board of Directors of the MIDWAY CITY SANITARY DISTRICT OF ORANGE COUNTY, CALIFORNIA, held this 21st day of June, 2022.



Andrew Nguyen, President

ATTEST:


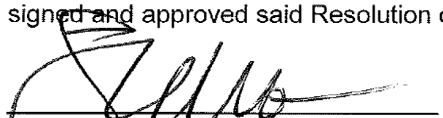
Sergio Contreras, Secretary

1 CERTIFICATION

2 I, Sergio Contreras, Secretary of the MIDWAY CITY SANITARY DISTRICT of Orange
3 County, California, do hereby certify that the foregoing Resolution No. 2022-15 was duly
4 adopted at a regular meeting of the Governing Board of said District held on the 21st day of
5 June, 2022, by the following vote of the members of the Board:

- 6 AYES: A. Nguyen, M. Nguyen, T. Diep, S. Contreras
7 NOES: C. Nguyen
8 ABSTAIN:

9 and I further certify that Andrew Nguyen, as President, and Sergio Contreras, as Secretary,
10 signed and approved said Resolution on the 21st day of June, 2022.

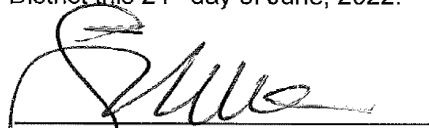
11 
12 Sergio Contreras, Secretary
13 MIDWAY CITY SANITARY DISTRICT
14

(District Seal)

15 STATE OF CALIFORNIA)
16) ss.
17 COUNTY OF ORANGE)

18 I, Sergio Contreras, Secretary of the MIDWAY CITY SANITARY DISTRICT of Orange
19 County, California, do hereby certify that the foregoing is a full, true and correct copy of
20 Resolution No. 2022-15 passed and adopted by the Board of Directors of said District at a
21 meeting thereof held on the 21st day of June, 2022.

22 IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official Seal of said
23 District this 21st day of June, 2022.

24 
25 Sergio Contreras, Secretary
26

(District Seal)

RESOLUTION NO. 2022-16

1
2 **A RESOLUTION OF THE BOARD OF DIRECTORS OF THE MIDWAY CITY SANITARY**
3 **DISTRICT OF ORANGE COUNTY, CALIFORNIA, APPROVING A REPORT ON**
4 **SANITATION AND SEWER USER CHARGES AND DIRECTING THE COUNTY AUDITOR**
5 **TO ADD SUCH USER CHARGES TO THE JULY 1, 2022 THROUGH JUNE 30, 2023**
6 **SECURED TAX ROLL PURSUANT TO ORDINANCE NO. 72 AND ORDINANCE NO. 73.**

7
8 WHEREAS, Ordinance No. 72 adjusting user fee rates for sanitary sewer services
9 was adopted by the Board of Directors of the Midway City Sanitary District on June 21, 2022.

10
11 WHEREAS, Ordinance No. 73 adjusting user fee rates for residential solid waste
12 services was adopted by the Board of Directors of the Midway City Sanitary District on June
13 21, 2022.

14
15 Upon motion duly made, seconded and carried, the Board of Directors of the
16 MIDWAY CITY SANITARY DISTRICT does hereby resolve as follows:

17
18 1. That by the adoption of Ordinance No. 72, the Board of Directors of the MIDWAY
19 CITY SANITARY DISTRICT elected to adjust the rates and charges for sanitary sewer
20 services and facilities provided by said District. Ordinance 72 authorized a sewer service fee
21 of \$97.48 for each residential, commercial, or industrial unit or activity per year for the fiscal
22 year July 1, 2022 – June 30, 2023.

23
24 2. That by the adoption of Ordinance No. 73, the Board of Directors of the MIDWAY
25 CITY SANITARY DISTRICT elected to adjust the rates and charges for solid waste services
26 to parcels that receive Curbside Container Service from the District. Ordinance 73
authorized an annual solid waste collection fee of \$189.99 for each unit of service, and an
annual fee of \$36.96 for each additional solid waste cart provided as part of the basic
Curbside Collection Service, for the fiscal year July 1, 2022 – June 30, 2023.

3. That pursuant to Health and Safety Code Section 5473, a report has been filed
with the District's Secretary containing a description of each parcel of real property and the

1693491.1

1 amount of the charges imposed by Ordinance Nos. 72 and 73, for the fiscal year July 1,
2022 – June 30, 2023.

2 4. That pursuant to Health and Safety Code Section 5473.1, the filing of the report
3 was duly noticed as required by law by publication once each week for two (2) successive
4 weeks in the Westminster Journal, a newspaper of general circulation, printed and published
5 in the MIDWAY CITY SANITARY DISTRICT, of a notice of a public hearing to be held on
6 June 21, 2022 at the Board's meeting room located at 14451 Cedarwood Street,
7 Westminster, CA 92683, to consider oral and written objections or protests regarding such
8 report.
9

10 5. That pursuant to such notice, a public hearing to hear all objections or protests, if
11 any, to the aforesaid report and proposed charges was held at the date and time set forth in
12 such notice.

13 6. That after considering all protests, if any, the Board has determined that such
14 report should be approved as filed.

15 7. That the County Auditor be, and hereby is ordered and directed to add such
16 sewerage and sanitation (solid waste) usage fees to the 2022-2023 secured tax roll.

17 8. That the Secretary shall cause a copy of this Resolution and such report, in either
18 written or electronic form, to be filed with the Orange County Auditor on or before August 10,
19 2022.
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STATE OF CALIFORNIA)
) ss.
COUNTY OF ORANGE)

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I, Sergio Contreras, Secretary of the MIDWAY CITY SANITARY DISTRICT of Orange County, California, do hereby certify that the foregoing is a full, true and correct copy of Resolution No. 2022-16 passed and adopted by the Board of Directors of said District at a meeting thereof held on the 21st day of June, 2022.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official Seal of said District this 21st day of June, 2022.

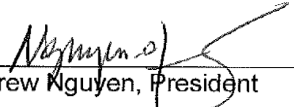


Sergio Contreras, Secretary

(District Seal)

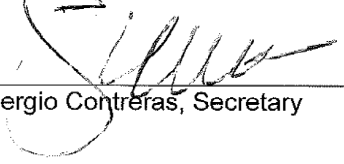
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PASSED AND ADOPTED at a meeting of the Board of Directors of the MIDWAY CITY SANITARY DISTRICT OF ORANGE COUNTY, CALIFORNIA, held this 21st day of June, 2022.



Andrew Nguyen, President

ATTEST:




Sergio Contreras, Secretary

CERTIFICATION

I, Sergio Contreras, Secretary of the MIDWAY CITY SANITARY DISTRICT of Orange County, California, do hereby certify that the foregoing Resolution No. 2022-16 was duly adopted at a regular meeting of the Governing Board of said District held on the 21st day of June, 2022, by the following vote of the members of the Board:

- AYES: A. Nguyen, M. Nguyen, T. Diep, S. Contreras
- NOES: C. Nguyen
- ABSTAIN:

and I further certify that Andrew Nguyen, as President, and Sergio Contreras, as Secretary, signed and approved said Resolution on the 21st day of June, 2022.



Sergio Contreras
MIDWAY CITY SANITARY DISTRICT

(District Seal)

RESOLUTION NO. 2022-12

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE MIDWAY CITY SANITARY DISTRICT OF ORANGE COUNTY, CALIFORNIA, ESTABLISHING THE APPROPRIATIONS LIMIT FOR THE FISCAL YEAR 2022-2023 FOR THE DISTRICT IN ACCORDANCE WITH THE PROVISIONS OF DIVISION 9 OF TITLE 1 OF THE CALIFORNIA GOVERNMENT CODE

WHEREAS, Article XIII B of the Constitution of the State of California, as proposed by the Initiative Measure approved by the people at the special statewide election held on November 6, 1979, provides that the total annual appropriations subject to limitation of each local government shall not exceed the appropriation limits of such entity for the prior year adjusted for changes in the cost of living and population, except as otherwise specifically provided for in said Article; and

WHEREAS, the State Legislature added Division 9 (commencing with Section 7900) to Title 1 of the Government Code of the State of California to implement Article XIII B of the California Constitution; and

WHEREAS, Section 7910 of the Government Code provides that each year the governing body of each local jurisdiction shall, by resolution, establish its appropriations limit for the following fiscal year, pursuant to Article XIII B at a regularly scheduled meeting or a noticed special meeting and that 15 days prior to such meeting, documentation used in the determination of the appropriations limit shall be available to the public; and

WHEREAS, Section 7902 (b) of the Government Code, as amended by Article XIII B, Section 8, of the California Constitution, sets forth the method for determining the appropriation limit for each local jurisdiction for the 2022-2023 fiscal year.

1 **NOW THEREFORE**, the Board of Directors of Midway City Sanitary District does
 2 hereby FIND, RESOLVE AND ORDER:

3 **Section 1:** That it is hereby found and determined that the documentation
 4 (attached hereto as Exhibit "A") used in the determination of the appropriations limit for
 5 Midway City Sanitary District for fiscal year 2022-2023 was available to the public in the
 6 office of the District at least 15 days prior to the date this resolution was adopted.

7 **Section 2:** That the Board of Directors has determined that for purposes of
 8 calculating the 2022-2023 fiscal year appropriations limit for the District, the Board of
 9 Directors selects the following cost of living factor pursuant to Article XIII B, Section 8(e) (2),
 10 of the California Constitution:
 11

<u>Fiscal Year</u>	<u>Factor</u>	<u>Percent</u>
2022-2023	Change in California per Capita Personal Income	7.55

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 16 **Section 3:** That for purposes of calculating the 2022-2023 fiscal year
 17 appropriations limit for the District, the Board of Directors selects the following change in
 18 population factor pursuant to Revenue and Taxation Code Section 2228:
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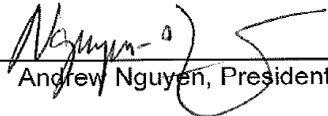
<u>Fiscal Year</u>	<u>Factor</u>	<u>Percent</u>
2022-2023	Change in Orange County Population	-0.23

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 23 **Section 4:** That the appropriations limit for fiscal year 2022-2023 for Midway City
 24 Sanitary District, as established in accordance with Section 7902(b) of the Government
 25 Code and as amended by Article XIII B, Section 8, of the California Constitution, is
 26


1 Eight Million One Hundred and Twenty-Eight Thousand One Hundred and Ninety Dollars
2 (\$8,128,190.96) which sum is Midway City Sanitary District's maximum authorized spending
3 limitation, in accordance with Article XIII B, for fiscal year 2022-2023.

4 **Section 5:** The determination of the appropriation limit is based upon the best and
5 most complete information available at this time. The District reserves the right to review
6 and re-establish a new and different limit in the event that it subsequently determines that a
7 modification of the limit amount is appropriate.
8

9 **PASSED AND ADOPTED** at a regular meeting of the Board of Directors of Midway
10 City Sanitary held this 17th day of May, 2022.

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13 _____
14 Andrew Nguyen, President

15 ATTEST:

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18 Sergio Contreras, Secretary
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2022-2023 Fiscal Year

Change in California Per Capita Personal Income		7.55
Civilian population change for Orange County		-0.23
Per Capita Personal Income converted to a ratio:	$\frac{7.55 + 100}{100.00} =$	1.0755
Population change converted to a ratio:	$\frac{-0.23 + 100}{100.00} =$	0.9977

Calculation of factor for FY 2022-2023: $1.0755 \times 0.9977 = 1.0731$ (ratio of change)

2021-2022 Limit \$7,574,495.35 x 1.0731 = \$8,128,190.96 (new 2022-2023 limit)

EXHIBIT "A"

CERTIFICATION

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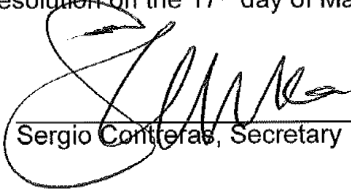
I, Sergio Contreras, Secretary of the Midway City Sanitary District of Orange County, California, do hereby certify that the foregoing Resolution No. 2022-12 was duly adopted at a meeting of the Board of Directors of said District, held on the 17th day of May, by the following vote of the members of the Board:

AYES: S. Contreras, T. Diep, A. Nguyen, C. Nguyen, M. Nguyen

NOES:

ABSENT:

and I further certify that Andrew Nguyen, as President, and Sergio Contreras, as Secretary, signed and approved said Resolution on the 17th day of May 2022.


Sergio Contreras, Secretary

(District Seal)

STATE OF CALIFORNIA)
COUNTY OF ORANGE) ss.

I, Sergio Contreras, Secretary of Midway City Sanitary District of Orange County, California, do hereby certify that the foregoing is a full, true and correct copy of Resolution No. 2022-12 passed and adopted by the Board of Directors of said District at a meeting thereof held on the 17th day of May, 2022.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official Seal of said District on the 17th day of May 2022.


Sergio Contreras, Secretary

(District Seal)

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RESOLUTION NO. 2022-04

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE MIDWAY CITY SANITARY DISTRICT OF ORANGE COUNTY CALIFORNIA, ESTABLISHING A POLICY APPLICABLE TO DISTRICT DEPOSITS AND INVESTED FUNDS.

WHEREAS, pursuant to Government Code Section 53630 *et seq.*, all money belonging to the Midway City Sanitary District ("District") shall be deposited for safekeeping in accordance with the provisions of Government Code Section 53635 and may be invested in accordance therewith or in compliance with Government Code Section 53601; and

WHEREAS, the Board of Directors desires to consolidate the District's resolutions authorizing the deposit, transfer and investment of the District's funds; and

WHEREAS, the Board of Directors finds that it is in the best interests of the District to authorize the Board President, Treasurer, General Manager and the Director of Finance and Human Resources to establish certain funds, undertake investments and deposits, and transfer District money by their joint action in accordance with this Resolution.

NOW, THEREFORE, the Board of Directors of the Midway City Sanitary District does hereby **RESOLVE** as follows:

Section 1. The Board of Directors does hereby authorize the creation of such funds as are consistent with the Annual Budget adopted by the Board, including but not limited to the following:

- (a) The Operating Fund.
- (b) The Orange County, Midway City Reserve Fund.
- (c) The Lift (Pump) Station and Sewer Line Reserve Fund (*Urgent Repairs, Capital Projects, Lift Station Replacement*).

- 1 (e) The Vehicle Replacement Reserve Fund (*Renovation and*
- 2 *Replacement*).
- 3 (f) Buildings, Equipment, and Facilities Reserve Fund.
- 4 (g) Compressed Natural Gas (CNG) Fueling Station & Facilities Reserve
- 5 Fund.
- 6 (h) Emergency and Contingency Reserve Fund.

7 **Section 2.** District funds may be deposited into one or more accounts of different
 8 types, including: (i) restricted accounts, to be restricted in use or application by contract,
 9 trust, ordinance or otherwise, (ii) general accounts, the depository of general funds for
 10 general purposes of the District, and (iii) payroll accounts, the depository of general funds
 11 for the payment of the District's payroll.

12 **Section 3.** Pursuant to Health and Safety Code Section 6801, the District has
 13 appointed a member of the Board of Directors to serve as Treasurer. Pursuant to
 14 Government Code Section 53607, the District will elect in each annual period by its
 15 Resolution Approving a Statement of Investment Policy to either delegate its investment
 16 authority for a one-year period to the Treasurer or to reserve all investment authority to
 17 the Board of Directors or its designees. When the Treasurer is delegated the investment
 18 authority of the District in each annual period, then he or she shall report to the Board of
 19 Directors each month the investment and reinvestment of funds authorized by him or her
 20 in that period. When the Board has authority, then the Director of Finance and Human
 21 Resources shall report to the Board of Directors each month the investment and
 22 reinvestment of funds in that period.

23 **Section 4.** Pursuant to Government Code Section 53649, the Treasurer of the
 24 District is responsible for the safekeeping of the District's money. The deposit, transfer, or
 25 withdrawal of District money may be made by joint action of any two (2) of the following
 26 four (4) individuals: the Board President, the Treasurer, the General Manager and the

1 Director of Finance and Human Resources. The authority of the Board President, the
 2 Treasurer, the General Manager and the Director of Finance and Human Resources shall
 3 be limited by the following:

4 (a) The Board President, Treasurer, General Manager and the Director
 5 of Finance and Human Resources shall make only those withdrawals of District's money
 6 (whether by check, warrant or electronic transfer) as are consistent with the Annual
 7 Budget (or any amendments, additions, modifications or corrections thereto) as approved
 8 by the Board of Directors, or

9 (b) The Board President, Treasurer, General Manager, and the Director
 10 of Finance and Human Resources shall make only those withdrawals of District's money
 11 (whether by check, warrant or electronic transfer) as are authorized by the Board of
 12 Directors through action to approve the payment of the regular expenses of the District,
 13 and

14 (c) All deposits of funds shall be made in accordance with this
 15 Resolution.

16 **Section 5.** The Board of Directors does hereby authorize the deposit and
 17 withdrawal of District money (whether assigned to the funds identified in Sections 1 or 2
 18 above or otherwise accruing as general funds) in the following entities and institutions:

19 (a) The Local Agency Investment Fund in accordance with the provisions
 20 of Government Code Section 16429.1 for the purposes of investment
 21 as set forth therein;

22 (b) Union Bank or any other financial institution located in Orange County
 23 meeting the requirements of Government Code Section 53601 or
 24 53630 et seq. for the purposes of deposit and investment as set forth
 25 therein.

26 (c) The Investment Trust of California, doing business as CalTrust, in

1 accordance the provisions of Government Code Section 16429.1 for
 2 the purposes of investment as set forth therein.

3 (d) As otherwise authorized pursuant to the District's Investment Policy.

4 **Section 6.** In addition to Section 4 above, all transfers between accounts may
 5 be made by joint action of any two (2) of the following four (4) individuals: the Board
 6 President, Treasurer, General Manager and the Director of Finance and Human
 7 Resources, without the prior approval of the Board; provided, however, that the General
 8 Manager and Director of Finance and Human Resources shall record such transfers and
 9 report the same to the Treasurer and the Board at the next regularly scheduled meeting.
 10 In no event shall transfers between investment accounts and operational accounts exceed
 11 the amount of funds sufficient for the normal operations of the District in accordance with
 12 the Annual Budget, unless otherwise specifically approved by the Board of Directors.

13 **Section 7.** Pursuant to Government Code Sections 53635 and 53601, the
 14 District's investments may include (but are not limited to):

15 (a) Deposits of no more than \$1 million dollars in negotiable certificates
 16 of deposit (including accruing interest), provided however, that in no event shall
 17 purchases of certificates of deposit exceed thirty (30%) of the District's surplus money.
 18 Certificate of Deposit (or Time Deposits) shall be placed with commercial banks and/or
 19 savings and loan companies that are insured by the Federal Deposit Insurance
 20 Corporation (FDIC).

21 (b) Deposits of no more than \$2 million dollars in securities of the U.S.
 22 Government or its agencies, fully guaranteed as to payment by the U.S. Government or
 23 the agency.

24 **Section 8.** The General Manager and the Director of Finance and Human
 25 Resources at the direction of the Treasurer shall prepare and present to the Board an
 26 annual statement of investment policy as required by Government Code Section 53646.

1 The annual statement of investment policy shall be approved by resolution of the
2 Board, and it shall include the names and signatures of the then current Board President,
3 Treasurer, General Manager and Director of Finance and Human Resources as the
4 persons authorized to deposit, transfer, and withdraw District money.

5 **Section 9.** The General Manager, and the Director of Finance and Human
6 Resources shall at the direction of the Treasurer prepare and present to the Board for
7 approval the quarterly reports required by Government Code Section 53646.

8 **Section 10.** All other resolutions and minute orders inconsistent with this
9 Resolution are repealed to the extent the same are inconsistent herewith.

10 **PASSED AND ADOPTED,** at a regular meeting of the Board of Directors of
11 Midway City Sanitary District of Orange County, California, held this 1st day of February,
12 2022.

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14 
Andrew Nguyen, President

16 ATTEST:

17 
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19 Sergio Contreras, Secretary

CERTIFICATION

1 I, Sergio Contreras, Secretary of the Midway City Sanitary District of Orange
2 County, California, do hereby certify that the foregoing Resolution No. 2022-04 was duly
3 adopted at a regular meeting of the Board of Directors of said District, held on the 1st day
4 of February, 2022, by the following vote of the members of the Board:

5 AYES: S. Contreras, T. Diep, A. Nguyen, C. Nguyen, M. Nguyen

6 NOES:

7 ABSENT:

8 and I further certify that Andrew Nguyen, as President, and Sergio Contreras as
9 Secretary, signed and approved said Resolution on the 1st Day of February 2022.

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11 
12 Sergio Contreras, Secretary

13
14 (District Seal)

15 STATE OF CALIFORNIA)
16) §§
17 COUNTY OF ORANGE)

18 I, Sergio Contreras, Secretary of Midway City Sanitary District of Orange County,
19 California, do hereby certify that the foregoing is a full, true and correct copy of Resolution
20 No. 2022-04 passed and adopted by the Board of Directors of said District at a regular
21 meeting thereof held on the 1st Day of February 2022.

22 IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official Seal
23 of said District this 1st day of February, 2022.

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25 
26 Sergio Contreras, Secretary

(District Seal)

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RESOLUTION NO. 2022-05

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE MIDWAY CITY SANITARY DISTRICT OF ORANGE COUNTY, CALIFORNIA, APPROVING THE ANNUAL STATEMENT OF INVESTMENT POLICY FOR FISCAL YEAR 2022-2023 (JULY 1, 2022 THROUGH JUNE 30, 2023).

WHEREAS, pursuant to Government Code Section 53630 et seq., all money belonging to the Midway City Sanitary District ("District") shall be deposited for safekeeping in accordance with the provisions of Government Code Section 53635 and may be invested in accordance therewith; and

WHEREAS, pursuant to Government Code Section 53601 the District's Board of Directors may direct the investment of surplus money in its treasury that is not required for the immediate necessities of the District; and

WHEREAS, this Resolution sets forth the District's Investment Policy and provides for compliance with the above referenced Government Code provisions.

WHEREAS, pursuant to Government Code Section 53646, the Board of Directors of the District must consider in each year a Statement of the District's Investment Policy; and

WHEREAS, this Resolution sets forth the election of the Board of Directors of the District to delegate the authority for investment and reinvestment of District funds to the Finance/HR Director with the signatures as authorized by the Board of Directors of the District.

WHEREAS, this Resolution sets forth the names and signatures of the persons authorized to deposit, transfer and withdrawal the moneys of the District in accordance with the District's Investment Policy and applicable law.

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NOW, THEREFORE, the Board of Directors of the Midway City Sanitary District does hereby **RESOLVE** as follows:

Section 1: The Statement of Investment Policy stated in Exhibit "A" hereto, and incorporated herein by this reference, is approved for the 2022-2023 Fiscal Year (July 1, 2022 through June 30, 2023).

Section 2: In accordance with the District's Investment Policy, the officials of the District set forth in Section 3 herein or their successors are authorized for the 2022-2023 Fiscal Year (July 1, 2022 through June 30, 2023) to approve the investment and reinvestment of the District's monies and surplus funds in accordance with Government Code Sections 53635 and 53601.

Section 3: The following Midway City Sanitary District officers or their successors in office shall be authorized to order the deposit, transfer or withdrawal of money on behalf of the District so long as the same shall be in accordance with the District's approved Investment Policy:

Name and Title of Authorized Signatories

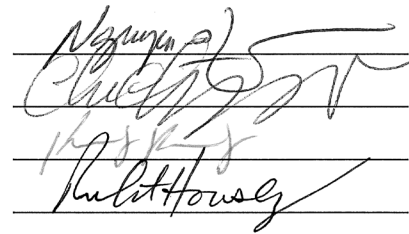
Signatures

Director Serving as President

Director Serving as Treasurer

General Manager

Director of Finance and Human Resources



For any such transaction, one of the two signatories shall be a member of the Board of Directors.

Section 4: If any prior resolution is inconsistent with this Resolution, it is hereby repealed as to any inconsistent part.

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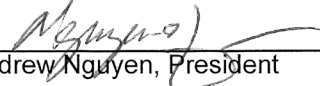
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PASSED AND ADOPTED, at a regular meeting of the Board of Directors of Midway City Sanitary District of Orange County, California, held this 1st day of February, 2022.



Andrew Nguyen, President

ATTEST:


Sergio Contreras, Secretary

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CERTIFICATION

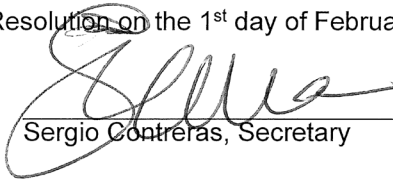
I, Sergio Contreras, Secretary of the Midway City Sanitary District of Orange County, California, do hereby certify that the foregoing Resolution No. 2022-05 was duly adopted at a regular meeting of the Board of Directors of said District, held on the 1st day of February, 2022, by the following vote of the members of the Board:

AYES: S. Contreras, T. Diep, A. Nguyen, C. Nguyen, M. Nguyen

NOES:

ABSENT:

and I further certify that Andrew Nguyen, as President, and Sergio Contreras, as Secretary, signed and approved said Resolution on the 1st day of February, 2022.


Sergio Contreras, Secretary

(District Seal)

STATE OF CALIFORNIA)
COUNTY OF ORANGE) §§

I, Sergio Contreras, Secretary of Midway City Sanitary District of Orange County, California, do hereby certify that the foregoing is a full, true and correct copy of Resolution No. 2022-05 passed and adopted by the Board of Directors of said District at a regular meeting thereof held on the 1st day of February, 2022.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official Seal of said District this 1st day of February, 2022.


Sergio Contreras, Secretary

(District Seal)

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EXHIBIT "A"
MIDWAY CITY SANITARY DISTRICT
STATEMENT OF INVESTMENT POLICY
FISCAL YEAR 2022-2023 (July 1, 2022 through June 30, 2023)

A. PURPOSE

This statement of investment policy is provided for the following purposes:

1. To report the principles applicable to the prudent investment of all District monies available for deposit or investment as surplus funds.
2. To provide a clear understanding to the Board of Directors, the Board President, the Treasurer, the General Manager and Director of Finance and Human Resources (as the District's responsible employees under Resolution 2021-02) and to third parties (whether investment advisors or otherwise), as to the objectives and policies of the District applicable to the investment of its money.
3. To establish a basis for evaluating investment results.

B. TERM

This statement is applicable to investments made in fiscal year 2022/2023 (July 1, 2022 through June 30, 2023), and it shall be revised as appropriate and presented to the Board on an annual basis.

C. SCOPE

This statement applies to the general funds of the District necessary for day-to-day operations, which are generally kept in accounts that are available to be drawn upon on an as needed basis. This statement also applies to the surplus money of the District that is available for investment.

D. STANDARD OF CARE

The District shall operate with a cash management system that is sufficient to allow the General Manager and the Director of Finance and Human Resources to monitor and forecast accurately the expenditures and revenues of the District. The District's investments shall be selected and maintained in accordance with the prudent investor standard, which means that the District's Board President, its Treasurer, its General Manager, its Director of Finance and Human Resources, and all of the Directors of the District, when participating in investment decisions on behalf of the District, are considered trustees having a fiduciary relationship to the public. This duty shall mean:

When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, the trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like

1 aims, to safeguard the principal and maintain the liquidity needs of the
 2 agency.
 2 See, Government Code Section 53600.3.

3 The Standard of Care should be viewed in the context of overall management of the
 4 District's money, and it shall be the policy of the District to view investments made in
 5 accordance with this policy and under applicable law as exercised with reasonable care;
 6 accordingly, the Board President, the Treasurer, the General Manager and the Director of
 Finance and Human Resources shall be relieved of personal responsibility for investments
 that deviate from all reasonable expectations if the same are reported in a timely fashion to
 the Board and appropriate corrective action is taken to control adverse developments.

7 **E. ETHICS AND CONFLICTS OF INTEREST:**

8 The Board of Directors, the Treasurer, the General Manager, and the Director of Finance
 9 and Human Resources, as involved in the investment process, shall refrain from personal
 10 business activities that could conflict with proper execution of the District's investment
 program, or which could impair their ability to make impartial investment decisions.

11 **F. OBJECTIVES**

12 The primary objective of the District's cash management system is to meet the operating
 13 expenses and capital requirements of the District first and foremost, and second to provide
 excess funds for investment to the fullest extent possible. The primary objectives for the
 investment program are, in priority order:

- 14 1. To Safely Preserve Capital
- 15 2. To Provide Liquidity
- 16 3. To Earn a Reasonable Rate of Return Commensurate with Safety and
 17 Liquidity

18 To accomplish the safety objective, all deposits and investments of the District shall comply
 19 with the limitations on deposits and investments imposed by Government Code Sections
 53601 and 53630 et seq., including but not limited to all diversification or percentage
 investment restrictions.

20 To accomplish the liquidity objective, the District's Board President, Treasurer, General
 21 Manager and Director of Finance and Human Resources shall determine no less frequently
 22 than quarterly the amount of money recommended to be held by the District in liquid or
 readily available investments. Acceptable liquid investments include, subject only to
 limitations of applicable law:

- 23 1. Checking and Savings Accounts, whether interest bearing or otherwise to be
 24 established at Union Bank or any other financial institution located in Orange
 County and meeting the requirements of Government Code Section 53601 or
 25 53630 et seq. for the purposes of deposit or investment.
- 26 2. Interest Bearing Fund Deposits into the State Local Agency Investment Fund
 (LAIF), and Union Bank.

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1 3. Short-term certificates of deposit 90 days to maturity provided that not more
2 than 30% of District's surplus funds are placed on deposit pursuant to
 Government Code Section 53601.

3 4. Shares of beneficial interest issued by a joint powers authority organized
4 pursuant to Government Code Section 6509.7, including but not limited to the
 Investment Trust of California, doing business as CalTrust.

5 To accomplish the reasonable rate of return objective, the District's Board President,
6 Treasurer, General Manager and Director of Finance and Human Resources shall
7 determine no less frequently than quarterly the amount of money recommended to be held
8 by the District in inactive or long-term investments. Acceptable inactive (investments
 unavailable without 30 days or more notice) or long-term investments include, subject only
 to limitations of applicable law:

9 1. Certificates of deposit having a maturity date no greater than one-year from
10 the date of purchase, provided that not more than 30% of the District's
 surplus funds are placed on deposit, pursuant to Government Code Section
 53601.

11 2. Securities of the U.S. Government or its agencies fully guaranteed as to
12 payment by the U.S. Government or the agency.

13 3. Shares of beneficial interest issued by a joint powers authority organized
14 pursuant to Government Code Section 6509.7, including but not limited to the
 Investment Trust of California, doing business as CalTrust.

15 **G. ADVISORS**

16 The Board of Directors may engage the services of one or more registered investment
17 advisors to assist the Board President, Treasurer, General Manager and Director of
18 Finance and Human Resources in the management of the District's investments. Such
19 advisors are expected to act in accordance with this statement of policy and shall be
 familiar with investment laws applicable to public agencies. Further, any external
20 investment advisor shall be registered under the Investment Advisors Act of 1940, or shall
 be exempt from such registration.

21 The District has established an annual process of independent review by an external
 auditor. The objective of the review is to provide internal control by assuring compliance
22 with policies and procedures.

23 **H. REPORTING**

24 No less frequently than monthly, the Treasurer shall report to the Board of Directors the
 investment and reinvestment of funds authorized by the Treasurer in that period.

25 No less frequently than quarterly, the General Manager and the Director of Finance and
26 Human Resources, at the direction of the Treasurer, shall present to the Board of Directors
 a report stating:

27 1. The types of investments currently held by the District.

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2. The issuers, dates of maturity, and par and dollar amount of all investments.
3. Descriptions of any money invested in programs managed by contract parties.
4. Current market value of any securities managed by outside parties.
5. Status of compliance with the investment policy.
6. Statement of ability to meet expenditure requirements for the next six months.
7. If investments are held in the State LAIF, CalTrust, or in FDIC insured accounts or county investment pools, then the most recent statements received by the District from these institutions may be provided in lieu of items 1 through 4 above.

See, Government Code Section 53646.

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RESOLUTION NO. 2017-02

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE MIDWAY CITY SANITARY DISTRICT OF ORANGE COUNTY, CALIFORNIA, ADOPTING AN UPDATED OFFICIAL DISTRICT TRAVEL AND EXPENSE REIMBURSEMENT POLICY

WHEREAS, it is the policy of the Midway City Sanitary District (“District”) to reimburse District Board members and employees for actual and necessary expenses related to travel, transportation, lodging, and meals incurred while on official District business; and

WHEREAS, in 2013, the Board of Directors adopted Resolution No. 2013-21 approving an updated Official District Travel Policy; and

WHEREAS, the Board desires to update the District’s policy regarding travel and expense reimbursement; and

WHEREAS, the Official District Travel and Expense Reimbursement Policy attached hereto satisfies the requirements of AB 1234, including in particular the requirements of Government Code sections 53232.2 and 53232.3.


NOW, THEREFORE, the Board of Directors of the Midway City Sanitary District resolves as follows:

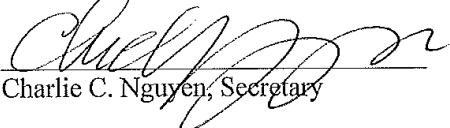
Section 1: The attached Official District Travel and Expense Reimbursement Policy is hereby approved.

Section 2: Resolution No. 2013-21 is hereby rescinded. In addition, any prior resolutions and/or policies established by the Board of Directors that are in direct conflict with the policy set forth herein shall be deemed rescinded to the extent of such conflict.

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1 **PASSED AND ADOPTED**, at a regular meeting of the Board of Directors of
2 Midway City Sanitary District of Orange County, California, held this 17th day of January,
3 2017.

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6 Tyler M. Diep, President

7 **ATTEST:**
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10 Charlie C. Nguyen, Secretary

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I, Charlie C. Nguyen, Secretary of the MIDWAY CITY SANITARY DISTRICT of Orange County, California, do hereby certify that the foregoing Resolution No. 2017-02 was duly adopted at a meeting of the Governing Board of said District held on the 17th day of January, 2017 by the following vote of the members of the Board:

AYES: Director Cobo, Diep, Krippner, Nguyen and Rice
NOES:
ABSENT:

and I further certify that Tyler M. Diep, as President, and Charlie C. Nguyen, as Secretary, signed and approved said Resolution No. 2017-02 on the 17th day of January, 2017.

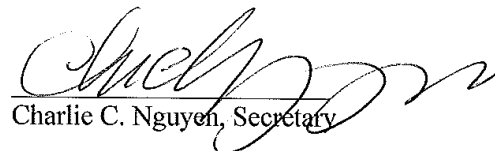

Charlie C. Nguyen, Secretary

(District Seal)

STATE OF CALIFORNIA)
) ss.
COUNTY OF ORANGE)

I, Charlie C. Nguyen, Secretary of the Midway City Sanitary District of Orange County, California, do hereby certify that the foregoing is a full, true and correct copy of Resolution No. 2017-02 passed and adopted by the Board of Directors of said District at a meeting thereof held on the 17th day of January, 2017.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official Seal of said District this 17th day of January, 2017.


Charlie C. Nguyen, Secretary

**MIDWAY CITY SANITARY DISTRICT
OFFICIAL TRAVEL AND EXPENSE REIMBURSEMENT POLICY**

I. POLICY

It is the policy of the Midway City Sanitary District to reimburse District Board members and employees for actual and necessary expenses related to travel, transportation, lodging, and meals incurred while on official District business. Except as otherwise noted, this Policy applies to all District Board members and employees. This Policy is intended to serve as the District's "Accountable Plan" under the applicable Internal Revenue Code and Treasury Regulations.

II. ACTIVITIES QUALIFYING BOARD MEMBERS AND EMPLOYEES FOR EXPENSE REIMBURSEMENT

A. Board Members

The following types of occurrences qualify Board members to receive reimbursement for authorized actual and necessary expenses incurred in the performance of official duties and/or while on official District business, provided attendance/participation has been authorized by the Board of Directors and the requirements of this Policy are met.

- (1) Meetings with federal, state, regional or county officials regarding legislative or regulatory issues affecting the District and over which the officials have jurisdiction.
- (2) Attending conferences and/or educational seminars designed to improve the attendee's expertise and information levels, including, but not limited to, ethics training required pursuant to Government Code Section 53234.
- (3) Participating in regional, state, and national organizations whose activities or interests may affect the District's interests.
- (4) Attending District sponsored or co-sponsored events and promotional activities.
- (5) Attendance at such other meetings or events or the performance of other such official duties in the interest of the District, which are approved by the District's Board of Directors.

B. District Employees

District employees shall be entitled to receive reimbursement for authorized actual and necessary expenses incurred in the performance of official duties and/or while on official District business, provided attendance/participation has been duly authorized and the requirements of this Policy are met.

Subject to prior authorization of the Board of Directors, the General Manager, Finance/Human Resources Director, and Director of Operations/Safety may attend such conferences, meetings, and events requiring out-of-county travel as necessary in the performance of their official duties.

Other District employees, at the discretion of the General Manager, and upon approval by the Board of Directors, may attend up to two conferences per year. A maximum of eight days will be allowed. Any additional time will be charged to vacation and no expenses will be paid over the eight days. Each employee must check with the General Manager at least two weeks prior to attending a conference to insure that their duties will be covered.

III. EXPENSE AND REIMBURSEMENT GUIDELINES

Reimbursement for all expenses incurred for travel, conference/meeting registration fees, lodging, transportation, parking, meals, and other incidental expenses shall be subject to the guidelines set forth in this Section. For purposes of this Policy, "reimbursement" means all forms of payment for expenses incurred by District Board members and employees in the course of their official duties whether paid directly by the District (including without limitation, with a District-issued credit card) or advanced by District Board members and employees with personal funds and later reimbursed from District funds. Unless otherwise specifically provided herein, reimbursement for travel, meals, lodging, and other actual and necessary expenses shall be at the Internal Revenue Service rates presently in effect as established in Publication 463 or any successor publication. All expenses not covered by this Policy, or which are in excess of the reimbursable rates set forth in this Policy, shall not be reimbursable unless approved by the Board of Directors at a public meeting.

A. Conference Registration and Related Costs

Conference registration should be arranged in advance through the General Manager. All fees for registration, tuition, and educational materials provided at conferences and similar events are reimbursable.

B. Transportation

The most economical mode and class of transportation reasonably consistent with scheduling needs and space requirements should be used, using the most direct and time-efficient route. Government and group rates offered by a provider of transportation services should be used when available if they present the least expensive fare. Public transportation and car-pooling should be utilized when it is practical and less expensive.

1. Air Travel

Air travel to and from a conference/meeting/event location, along with associated airline baggage fees, is reimbursable at coach class level. Reimbursement for first class or business class travel will only be allowed on an exception basis and must be approved in advance by the Board of Directors, based upon the physical needs or ability to conduct meaningful work while on board. All air travel should be arranged in advance through

the General Manager, if possible, and should be arranged as early as possible to take advantage of reduced fares for early reservations.

2. Ground Transportation

- a. Automobile. Travel to and from a conference/meeting/event location via personal automobile is reimbursable at the Internal Revenue Service per mile rate in effect at the time of such travel, provided, however, that such reimbursement shall not exceed the equivalent of 750 miles round trip. The IRS rates are designed to compensate the driver for gasoline, insurance, maintenance, and other expenses associated with operating the vehicle. The IRS mileage rates do not include bridge and road tolls, which shall be separately reimbursable.
- b. Car Rental. Rental vehicles may be used for travel to and from a conference/meeting/event location when use of a rented vehicle is a necessity and is less expensive than other reasonably available means of travel. Itemized receipts must be submitted with vehicle rental reimbursement requests.
- c. Taxis / Shuttles / Public Transportation. Reasonable and necessary charges for public transportation, taxi, or shuttle service associated with travel to, from, or at a conference/meeting/event locations are reimbursable at actual cost with receipts.
- d. Parking. Parking expenses associated with (i) the use of personal or rented vehicles for authorized travel or (ii) airport parking when air travel is utilized are reimbursable at actual cost with receipts.

C. Lodging

Lodging costs will be reimbursed or paid for when travel on official District business reasonably requires an overnight stay. All lodging shall be arranged in advance through the General Manager, if possible. Government and group rates offered by a provider of lodging services shall be used when available. If such lodging is in connection with a conference or organized educational activity, lodging costs shall not exceed the maximum group rate published by the conference or activity sponsor, provided that lodging at the group rate is available at the time of booking. If the group rate for lodging in connection with a conference or organized educational activity is not available, the Board member or employee shall use comparable lodging that is: (a) consistent with the Internal Revenue Service rates for reimbursement of lodging as established by IRS Publication 463, or any successor publication; or (b) at a government rate, if offered by a lodging provider.

Non-reimbursable lodging-related expenses include, but are not limited to, costs for an extra person staying in the room, costs related to un-cancelled reservations, in-room pay-per-view

movie rentals or mini-bar service, laundry service, and non-District business related telephone calls. Receipts must accompany all requests for lodging reimbursements.

D. Meals and Incidental Expenses

Subject to the limits set forth below, actual expenses incurred for meals, telephone gratuities, baggage handling, and other incidental expenses will be reimbursed when incurred during authorized travel or in conjunction with an authorized District-business meeting or event. Meal expenses and gratuities should be moderate, taking into account community standards and the prevailing restaurant costs of the area. All reimbursements sought for meals and incidental expenses should be supported by proper receipts.

Unless otherwise approved by the Board of Directors, Board members and employees shall be reimbursed at no more than the per diem rate set forth below. Where justified under the circumstances, reimbursement of actual expenses in an amount greater than the per diem rate may be reimbursed following review of the Board Treasurer and approval by the Board of Directors at a public meeting. Any amount paid or otherwise advanced by the District for meals and incidental expenses in excess of the authorized reimbursement amount shall be returned to the District.

E. Per Diem Advances

Upon request, Board members and eligible employees may claim an advance in an amount up to \$50 per day (the "per diem rate") for meals and incidental expenses associated with District business where an overnight stay is required. Board members and employees claiming a per diem advance must submit itemized receipts for all meals or incidental expenses purchased with the per diem advance. Any unused per diem advance funds shall be returned to the District within thirty (30) days.

F. Unauthorized Expenses

No reimbursement shall be allowed for the following:

1. Personal expenses, including, but not limited to, expenses incurred for in-room pay-per-view movies, laundry service, barbering or salon services, spa services, or non-District business related telephone calls;
2. Entertainment, except when it is a regularly scheduled part of the conference/meeting/event being attended;
3. The purchase of alcoholic beverages (Note: pursuant to the District's Drug and Alcohol Policy, District employees shall not use or be under the influence of alcohol or any non-prescription drugs while on District business);
4. Travel companion expenses, including spouse, friend, partner, or family member expenses when accompanying a Board member or employee on District-related business;
5. Any additional travel, lodging or other expenses incurred as a result of the election of the Board member or employee to travel to an event in advance or stay longer than necessary on personal business;

6. Political or charitable contributions, including without limitation, any portion of a ticket or pass to an event that is treated or recognized by the event sponsor as a charitable contribution.
7. Expenses for which the Board member or employee receives reimbursement from another agency;
8. Non-mileage automobile expenses incurred, including repairs, traffic citations, insurance, or gasoline;
9. Personal losses incurred while on District business (e.g., theft or property destruction); and
10. Any expense which is not covered by this Policy which has not been approved by the Board of Directors before the expense is incurred.

Any questions regarding the propriety of a particular type of expense should be resolved before the expense is incurred.

G. Reporting

All per diem advance expenditures and expense reimbursement requests must be submitted on an expense report form provided by the District's General Manager. Expense reports must document that the expense in question met the requirements of this Policy. Board members and employees should submit their expense reports within 30 days of an expense being incurred, accompanied by itemized receipts documenting each expense. Receipts for gratuities and tolls \$5 and under are not required, but should be provided if available. Inability to provide such documentation in a timely fashion may result in the expense being borne by the Board member or employee. All reported expenses are subject to verification of accuracy and compliance with this Policy.

Pursuant to Government Code Section 53232.3, Board members shall provide a brief report on any conferences, meetings, or events attended at the District's expense at the next regular meeting of the Board of Directors.

IV. COMPLIANCE WITH LAWS

Board members and employees should keep in mind that some expenditures may be subject to reporting under the Political Reform Act and other laws. All documents related to reimbursable District expenditures, including, but not limited to, expense reports, receipts, and written evidence of direct District advances or payments for expenses, are public records subject to disclosure under the Public Records Act.

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RESOLUTION NO. 2017-08

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE
MIDWAY CITY SANITARY DISTRICT OF ORANGE COUNTY,
CALIFORNIA, APPROVING AMENDED PURCHASING
POLICIES AND PROCEDURES**

THE BOARD OF DIRECTORS OF THE MIDWAY CITY SANITARY DISTRICT
FINDS AND DETERMINES AS FOLLOWS:

A. The Midway City Sanitary District Board of Directors previously adopted amended Purchasing Policies and Procedures in 2014 and revised said Purchasing Policies and Procedures in 2015 and 2016. The Board of Directors has determined that Section 11 of the existing Purchasing Policies and Procedures should be amended to clarify the Board’s authority to waive or modify the procurement requirements set forth in the Purchasing Policies and Procedures on a case by case basis for contracts to which State law does not impose specified procurement requirements.

B. Rents, the cost of land, wages and benefits, taxes, insurance rates and the administrative costs of doing business are substantially higher for businesses located within the District’s jurisdictional boundaries than for many businesses located elsewhere.

C. It is well-documented that other states and jurisdictions are actively soliciting local businesses to relocate elsewhere based on the higher cost of doing business locally, the result of which is an erosion of the local economic base. Erosion of the local economic base will reduce District options available for obtaining goods and services which is likely to increase the District’s costs in obtaining goods and services.

D. It is in the interests of the District’s ratepayers that businesses currently located within the District’s jurisdictional boundaries remain locally based instead of relocating to outlying areas or other states.

E. Based upon the foregoing, the District’s local vendor preference is supportive of local economic development and maintained local economic viability.

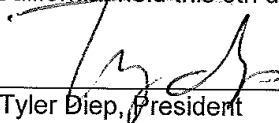
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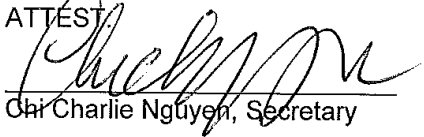
**NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE MIDWAY CITY
SANITARY DISTRICT DOES HEREBY RESOLVE AS FOLLOWS:**

1. The Purchasing Policy and Procedures attached hereto as Exhibit A are hereby approved.

2. The District's Purchasing Policy and Procedures adopted in 2014 and amended in 2015 and 2016 are hereby rescinded.

PASSED AND ADOPTED at a regular meeting of the Board of Directors of Midway City Sanitary District of Orange County, California, held this 6th day of June 2017.


Tyler Diep, President

ATTEST

Chi Charlie Nguyen, Secretary

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CERTIFICATION

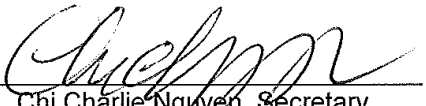
I, Chi Charlie Nguyen, Secretary of the Midway City Sanitary District of Orange County, California, do hereby certify that the foregoing Resolution No. 2017-08 was duly adopted at a regular meeting of the Board of Directors of said District, held on the 6th day of June, 2017, by the following vote of the members of the Board:

AYES: Cobo, Diep, Krippner, Nguyen and Rice

NOES:

ABSENT:

and I further certify that Tyler Diep, as President, and Chi Charlie Nguyen as Secretary, signed and approved said Resolution on the 6th day of June, 2017.


Chi Charlie Nguyen, Secretary

(District Seal)

STATE OF CALIFORNIA)
COUNTY OF ORANGE) §§

I, Chi Charlie Nguyen, Secretary of Midway City Sanitary District of Orange County, California, do hereby certify that the foregoing is a full, true and correct copy of Resolution No. 2017-08 passed and adopted by the Board of Directors of said District at a regular meeting thereof held on the 6th day of June, 2017.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official Seal of said District this 6th day of June, 2017.


Chi Charlie Nguyen, Secretary

(District Seal)

**MIDWAY CITY SANITARY DISTRICT
PURCHASING POLICY AND PROCEDURES**

Section 1: Introduction

This policy shall be known as the Midway City Sanitary District's (District) Purchasing Policy and Procedures (Policy). Its purpose is to: establish policies and procedures for the purchase of Goods, Services, and the award of Contracts for Public Works Projects at the lowest possible cost commensurate with the quality needed; exercise positive financial control over purchases; ensure the District complies with state laws governing the award of Contracts for Goods, Services and Public Works Projects; and clearly define authority for District purchases.

Section 2: Administrative Rules and Procedures

The General Manager and Finance/HR Director may issue and enforce such administrative rules and procedures as required and necessary to carry out the intent and purposes of this Policy.

Section 3: Authorization by the Board of Directors

The purchase of any Goods and/or Services having an estimated value greater than \$20,000, and/or award of Public Works Projects having an estimated value greater than \$15,000 shall be subject to approval by the Board of Directors. Procurements shall not be artificially split or divided into different individual Contracts so as to keep each Contract amount below monetary thresholds set forth in this Policy. Notwithstanding the foregoing, the General Manager or Finance/HR Director may approve procurements valued greater than the amounts specified above in emergency situations pursuant to Section 9, Paragraph E, and Section 10, Paragraph B.11., herein.

Section 4: Specific Authorization for General Manager and Finance/HR Director to Purchase

- A. The General Manager and Finance/HR Director are authorized to approve Procurements of Goods and/or Services having an estimated value of \$20,000 or less, and to award contracts for Public Works Projects having an estimated value of \$15,000 or less, without prior authorization from the Board of Directors. The General Manager and/or Finance/HR Director shall require that such Procurements be made in conformance with the policies established herein. The Board of Directors may require that the General Manager or Finance/HR Director provide periodic reports regarding Procurements made under such authorization to the Board of Directors at a regular meeting.
- B. The General Manager and Finance/HR Director shall have the authority to:

**MIDWAY CITY SANITARY DISTRICT
PURCHASING POLICY AND PROCEDURES**

1. Determine the purchasing method(s) to be used, which shall be consistent with this Policy.
2. Procure Goods, Services and/or award Contracts for Public Works Projects required by the District in accordance with the purchasing policies set forth in this Policy and/or as directed by the Board of Directors.
3. Negotiate and recommend the execution of Contracts for the procurement of Goods, Services and/or Public Works Projects.
4. Act to procure the needed quality in Goods and/or Services, along with the award of Contracts for Public Works Projects, at the least overall expense to the District.
5. Delegate appropriate authority to staff.
6. Endeavor to obtain as full and open competition as reasonable on Procurements.
7. Prepare, update, and implement rules and procedures consistent with this Policy governing the purchase of Goods, Services, and the award of Contracts for Public Works Projects for the District.

Section 5: Decentralized Purchasing

The District's purchasing system is decentralized in order to maintain a continuous supply of Goods and/or Services necessary to support the District's operations and meet the District's obligations to the public. Each Department is responsible for compliance with the District's policies, procedures and any and all applicable laws.

Section 6: Authorization for Payment(s)

Authority to approve payments for Goods, Services, and Public Works Contracts will lie with the District General Manager and/or Finance/HR Director, subject to review by the Board Treasurer and approval and/or ratification by the Board of Directors at a Board meeting.

Section 7: Encumbrance of Funds

Except in cases of emergency, no Contract or Procurement shall be made for Goods, Services, or Public Works Projects unless an unencumbered appropriation in the current fiscal year budget can be identified, or unless authorized by the Board of Directors.

**MIDWAY CITY SANITARY DISTRICT
PURCHASING POLICY AND PROCEDURES**

Section 8: Ethics

- A. District personnel shall not accept gifts, rebates, kickbacks, personal services, or in any way incur personal gain from any Contractor, actual or potential, doing business with the District.
- B. No District employee or Board Member shall have a direct or indirect individual interest in any Contract or purchase of goods or services entered into by the District, or shall derive any personal benefit from the District's purchase of Goods and/or Services. Without limiting the foregoing, no District employee or Board Member shall make any Contract, participate in the making of any Contract, or in any way attempt to use his or her official position to influence any decision on any Contract, in violation of Government Code sections 87100 *et seq.* or Government Code section 1090.
- C. No District employee or Board Member shall use the purchasing procedures to obtain property or services for personal use or by misrepresenting to Contractors that personal purchases are for the District (i.e., for the purpose of obtaining price discounts). Notwithstanding the above, Mechanics in the Fleet Maintenance Department may personally purchase their own tools from Contractors which may be used in the maintenance of the District's fleet. These tools are the property of the individual mechanic, and the District has no obligation to purchase or replace tools personally bought by the employee.

Section 9: Bidding, Purchasing and Contracting for Goods and/or Services

- A. **\$5,000 or less:**

No bidding is required for purchases that are \$5,000 or less, which includes all applicable taxes and shipping. At the discretion of the General Manager or Finance/HR Director, at least two (2) quotes shall be obtained to ensure the lowest overall cost to the District.
- B. **More than \$5,000, and up to and including \$125,000:**

The following Informal Bid Process is required for procurements, including taxes and shipping, that is estimated more than \$5,000, and up to and including \$125,000:

**MIDWAY CITY SANITARY DISTRICT
PURCHASING POLICY AND PROCEDURES**

1. At least three (3) vendors shall be asked to submit informal bids. Notices inviting bids shall be mailed (email, faxed, et cetera) to vendors on the Qualified Bidders List or vendors otherwise identified by District staff not less than ten (10) days before bids are due.
2. When soliciting informal bids, staff shall: (1) describe the Goods and/or Services in general terms; (2) advise vendors how to obtain additional information about the Goods and/or Services; (3) state the date, time and place for the submission of sealed bids; (4) for particular services, advise vendors when the award will be based on the Best Value evaluation as determined by the Board of Directors or General Manager, as applicable; (5) advise vendors that the District may reject any and/or all bids received, and may waive any minor irregularities in each bid received; and (6) include any other information required by federal, state or local law, as applicable.

C. Over \$125,000:

A Formal Bid Process is required for procurements of Goods and/or Services, including taxes and shipping, that is estimated to be over \$125,000. The District shall solicit formal sealed bids in accordance with the following procedures:

1. Publish a Notice Inviting Bids that contains (a) a description of the Goods and/or Services required, (b) a description of the selection process, (c) bidder's security requirement, if applicable, (d) performance bond requirements, if applicable, and (e) such provisions, terms, and conditions, consistent with this Policy, that are deemed necessary, desirable, and/or advantageous to the District;
2. Open the bids publicly at the time and place designated in the Notice Inviting Bids, and record the amount of each bid;
3. Determine whether the bids are responsive to the Notice Inviting Bids; and
4. Take one of the following actions:
 - (a) Award the Contract to the lowest Responsive and Responsible Bidder;
 - (b) Reject any and all bids presented and/or re-advertise the bid; or

**MIDWAY CITY SANITARY DISTRICT
PURCHASING POLICY AND PROCEDURES**

- (c) Declare that the Goods and/or Services may be acquired at a lower cost by negotiation in the open market and authorize the procurement in that manner.
- 5. If two or more bids received are for the same total amount or unit price, the District may accept the one it chooses or accept the lowest bid made by negotiation with the tie bidders at the time of the award.

D. Professional Services

To ensure the selection of Professional Services for private architectural, professional engineering, environmental, land surveying and construction project management services are based on demonstrated competence and on professional qualifications necessary for the satisfactory performance of the services required, the following procedures shall be followed for the procurement of Professional Services:

- 1. \$20,000 or less

For Professional Design Service Contracts estimated at \$20,000 or less, the General Manager or Finance/HR Director shall informally request at least two (2) proposals from vendors providing the type of services needed. The General Manager shall engage the most qualified person or firm based upon demonstrated competence and on professional qualifications necessary for the satisfactory performance of the services required, as determined in the sole discretion of the General Manager.
- 2. Over \$20,000
 - (a) A Request for Proposals shall be issued for each Professional Service requested. Multiple projects may be bundled into one Request for Proposals such that multiple Contract awards may result from one Request for Proposals and selection may be based upon specialized services. Each Request for Proposals shall require that proposals contain, at a minimum, the following information:
 - i. The firm's qualifications for performing the proposed work.
 - ii. The firm's relevant experience and performance on similar projects.

**MIDWAY CITY SANITARY DISTRICT
PURCHASING POLICY AND PROCEDURES**

- iii. A fee proposal, based on the method of compensation specified in the Request for Proposal, and an estimate of total fees.
 - iv. The firm's ability to complete the work within the time allotted.
 - v. The personnel that will be assigned to the project.
 - vi. A statement that the firm's engagement for the project would not create a conflict of interest.
 - vii. Any other information required to properly evaluate the firm's qualifications and experience with similar projects.
 - viii. Proposals for construction management services shall demonstrate that the designated personnel have expertise and experience in construction project design review and evaluation, construction mobilization and supervision, bid evaluation, project scheduling, cost-benefit analysis, claims review and negotiation, and general management and administration of a construction project.
- (b) The District shall publicize each Request for Proposals by one or more of the following methods:
- i. Advertising in the publications of professional societies;
 - ii. Mailing, electronic mailing, or faxing the Request for Proposals to each vendor who has submitted a Statement of Qualifications;
 - iii. Mailing, electronic mailing, or faxing the Request for Proposals to at least three firms qualified to furnish the required services as identified in the Qualified Bidders List or as otherwise identified by District staff;
 - iv. Posting the Request for Proposals on the District website; and/or
 - v. Using other publication methods that may be beneficial to increasing the number of qualified proposals received by the District.

**MIDWAY CITY SANITARY DISTRICT
PURCHASING POLICY AND PROCEDURES**

- (c) The General Manager and/or Finance/HR Director shall evaluate the proposals for the Board of Director's review.
- (d) All proposals shall be evaluated and ranked, from most qualified to least qualified, based on each firm's demonstrated competence and professional qualifications necessary for the satisfactory performance of the services required.
- (e) The General Manager and/or Finance/HR Director may conduct interviews of firms based on the proposal rankings in order to determine final rankings.
- (f) At the Board's Direction, the General Manager and/or Finance/HR Director shall negotiate a Contract with the firm that the evaluation committee deems to be most qualified. If the General Manager or Finance/HR Director is unable to negotiate a satisfactory Contract with the firm deemed to be most qualified, the General Manager or Finance/HR Director shall terminate negotiations with that firm and may negotiate with the firm deemed to be second most qualified. If those negotiations fail, the General Manager or Finance/HR Director shall negotiate with the third most qualified firm, and so on, until an agreement is reached or the General Manager or Finance/HR Director determines that it is in the best interest of the District to reject the remaining firms. If the Board of Directors determines that it is in the best interest of the District, the Board of Directors may award more than one Contract to the most qualified firms or reject all proposals.

E. Emergency Purchases for Goods and/or Services

Where the Board of Directors, General Manager or Finance/HR Director determines that an emergency exists, any one of them may authorize the purchase of Goods and/or Services without following the District's procurement procedures set forth herein, including competitive bidding procedures and/or obtaining contracting approval as otherwise normally required. If the emergency purchase is for Professional Services, such purchase shall be based upon a vendor's demonstrated competence and qualifications for the types of services to be performed at a fair and reasonable price. For the purposes of this exception, emergency procurements are those purchases that are required to prevent immediate

**MIDWAY CITY SANITARY DISTRICT
PURCHASING POLICY AND PROCEDURES**

interruption or cessation of necessary services or to safeguard life, property, or the public health and welfare.

For all emergency purchases that would otherwise require Board of Directors approval due to contract amount, or would have otherwise required a Formal Bid Process or Informal Bid Process, the General Manager shall inform the Board of Directors of the Procurement at the next regular Board meeting after the purchase is authorized.

F. Prevailing Wage Service Contracts

Contracts over \$1,000 for certain Services, including, but not limited to, installation, maintenance, or repair work, may be Prevailing Wage Contracts subject to the requirements of Labor Code section 1720 *et seq.* and requiring the payment of prevailing wages.

Section 10: Bidding, Purchasing and Contracting for Public Works Projects

A. \$15,000 or Less

Formal Bid Process is not required for Public Works Projects valued at \$15,000 or less. For procurement of Public Works Projects valued at \$15,000 or less, the processes identified for Goods and/or Services above may be used based on the corresponding monetary value.

B. More than \$15,000

1. For Public Works Projects over \$15,000 and subject to Public Contract Code section 20800 *et seq.*, the Formal Bid Process shall comply with all aspects of state and local law governing formal competitive bidding, including, but not limited to, the Public Contract Code, Government Code, Labor Code, Ordinances, Resolutions and Policies of the Board of Directors as may be adopted from time-to-time.
2. The notice inviting formal bids shall comply with the requirements set forth in Public Contract Code section 20804. At a minimum, the notice inviting formal bids shall:
 - (a) Describe the project in general terms and state the project to be done;
 - (b) State how to obtain more detailed information about the project. The specifications shall not call for a designated material, product, thing, or service by specific brand or trade

**MIDWAY CITY SANITARY DISTRICT
PURCHASING POLICY AND PROCEDURES**

- name unless the District complies with the requirements under Public Contract Code section 3400 *et seq.*;
- (c) State the deadline, including date, time and place, for the submission of sealed bids that is at least ten (10) calendar days after publication or posting of the notice;
 - (d) Require bidders to post one of the following forms of bidder's security: (a) cash, (b) a cashier's check made payable to the District, (c) a certified check made payable to the District, or (d) a bidder's bond executed by an admitted surety insurer, made payable to the District;
 - (e) State that a payment bond is required for a Contract for a Public Works Project involving an expenditure in excess of twenty-five thousand dollars (\$25,000) as required pursuant to Civil Code section 9550. For Contracts at or below \$25,000, a payment bond may be required;
 - (f) Advise vendors that the District may reject any and/or all bids received and re-advertise, and the District may waive any minor irregularities in each bid received;
 - (g) Set forth a procedure that shall be followed in the event of a tie between the lowest Responsive and Responsible bidders;
 - (h) Include any other information required by federal, state or local law, as applicable, or whatever provisions, consistent with this Policy, that the General Manager or Finance/HR Director determines are necessary, desirable, and/or advantageous to the District.
3. Each notice inviting bids shall be published in a newspaper of general circulation or posted in at least three public places in the District at least ten (10) days before the date for the opening of bids consistent with the requirements set forth in Public Contract Code section 20804.
4. Bid Opening:
- (a) Sealed bids shall be submitted to the District office, time stamped when received, and shall clearly identify the bidder and the name of the project on the envelope.

**MIDWAY CITY SANITARY DISTRICT
PURCHASING POLICY AND PROCEDURES**

- (b) Bidders may modify or withdraw their bids prior to the deadline for submitting bids, without penalty. However, any modifications submitted after the bid opening will not be accepted. Such modification will be returned to the bidder, unopened.
- (c) Bids shall be opened in public at the time and place stated in the public notice.
- (d) The Board President or his/her designee shall open the bids and shall record all bids received.
- (e) Any bid received after the time specified in the notice shall be returned to the bidder, unopened.
- (f) When a bidder's security is required, it will be announced in the public notice inviting bids. The amount shall be determined at the time of preparation of the bid. When a bidder's security is required, a bid shall not be considered unless one of the aforementioned forms of security accompanies the bid. Unsuccessful bidders shall be entitled to return of the bid security within a reasonable period of time, but no later than 60 days from the time award is made. The successful bidder must execute the Contract and file acceptable documents within thirty (30) calendar days from the date of award unless extended by the Board of Directors or their designee. Failure to execute the Contract shall be just cause for annulment of the award and forfeiture of the bidder's security, not as a penalty, but as liquidated damages. The Board of Directors may, upon refusal or failure of the successful bidder to execute the Contract, award the Contract to the next lowest Responsive and Responsible Bidder.

5. Evaluation:

The Board of Directors shall award the Contract to the lowest Responsive and Responsible Bidder. In determining whether a Bidder is Responsible, staff will take into consideration:

- (a) Ability, capacity, and skill;
- (b) Ability to meet the time requirements;
- (c) Character, integrity, and reputation;
- (d) Previous Contractor experience;
- (e) Financial resources available for contract performance; and

**MIDWAY CITY SANITARY DISTRICT
PURCHASING POLICY AND PROCEDURES**

(f) Ability to provide future maintenance and service (warranties), if necessary.

6. Rejection of Bids:

The District reserves the right to reject any and/or all bids, to accept or reject any one or more items of a bid, or to waive any irregularities or informalities in the bids or the bidding process if it is deemed in the best interest of the District.

If, after the first invitation of bids, all bids are rejected, the District may elect to re-advertise for bids, re-evaluate the project, or cancel the project to consider it at a later date.

7. Tie Bids:

If tie low responsive and responsible bids are received, quality and service being equal, the District may, at its discretion:

- i. Reject any and/or all bids presented and re-advertise;
- ii. Accept either one or accept the lowest bid made by negotiation with the tie bidders; or
- iii. Award the bid to any one of the low tie bidders by lot occurring during a public meeting.

8. No Bids:

If the District does not receive any bids for a particular project, the Board of Directors may have the project done without completing a further Formal Bid Process, and the Board of Directors may direct the General Manager to award a construction Contract through a Negotiated Procurement.

9. Awarding:

Unless the District rejects all bids, the Board of Directors shall award the Contract to the lowest Responsible and Responsive Bidder. The Board of Directors shall award the Contract during a public meeting. For Contracts over \$25,000, the Board of Directors shall require that the Contractor awarded the Contract file, before commencement of work, a payment (performance) bond that is no less than 100 percent of the total amount due under the Contract. For Contracts at or below \$25,000, a payment (performance) bond may be required.

**MIDWAY CITY SANITARY DISTRICT
PURCHASING POLICY AND PROCEDURES**

10. Change Orders:

The General Manager and/or Finance Director are authorized to issue Change Orders for changes or additions to the original scope of services up to and including \$5,000, or as expressly authorized by the Board of Directors. For such change orders, the General Manager shall inform the Board of Directors of the change order at the next regular Board meeting after it is authorized. Except as set forth herein, changes to formal Contracts awarded by the Board of Directors require Board of Directors' approval.

11. Specified Emergencies:

In the event of an emergency as defined in Public Contract Code section 1102 as "a sudden, unexpected occurrence that poses a clear and imminent danger, requiring immediate action to prevent or mitigate the loss or impairment of life, health, property, or essential public services" or as described in Public Contract Code section 20806 as "work to prepare for national or local defense", the District may enter into a Contract for the construction of a Public Works Project through Negotiated Procurement if the Board of Directors adopts findings by a four-fifths vote of its members declaring that the public interest and necessity demand the immediate expenditure of District funds to safeguard life, health, or property. In the event the Board of Directors is unavailable in an emergency, as defined in this paragraph, the General Manager is authorized to enter into a Contract for the repair or replacement of a public facility, take any directly related and immediate action required by that emergency, and procure the necessary equipment, services, and supplies for those purposes, without following the District's procurement procedures set forth herein, including competitive bidding procedures and/or obtaining contracting approval as otherwise normally required. The District shall comply with the requirements set forth in Public Contract Code section 20806 and Public Contract Code sections 22050 *et seq.*, for specified emergencies.

C. **Design-Build**

Where authorized by the Public Contract Code or other statute, the District may utilize a design-build selection process for the award of Public Works Contracts.

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D. Prevailing Wage Contracts for Public Works Projects

Contracts over \$1,000 for Public Works Projects are Prevailing Wage Contracts subject to the requirements of Labor Code section 1720 *et seq.* and requiring the payment of prevailing wages.

Section 11: Other Exceptions from Bidding Requirements

- A. It is recognized that no set of rules or procedures can take every circumstance into account and it is also recognized that occasionally circumstances may arise where it is in the District's best interest to deviate from them. In such cases the department supervisors shall bring the need to the General Manager's and/or Finance/HR Director's attention. The General Manager and/or the Finance/HR Director, on a case by case basis, may waive the requirements for purchases of Goods and/or Services of \$20,000 or less. The District Board of Directors, on a case by case basis, may waive the requirements for (1) purchases of Goods and/or Services greater than \$20,000 or (2) the award of Contracts for Public Works Projects greater than \$15,000, if permitted by State law.
- B. Where specified in this Policy, Goods and Services may be purchased by, and the award of Contracts for Public Works Projects may be made by Negotiated Procurement. Negotiated Procurements are permitted: (1) where competitive bidding would be impossible, impractical, or incongruous, or would not result in any advantage to the District in its efforts to contract for the greatest public benefit; (2) in an emergency; (3) when the Goods and/or Services can be obtained from only one source or the price is controlled by law; (4) when the amount involved is \$5,000, or less; or (5) where compelling economic or administrative considerations warrant employment of alternate purchasing procedures. Such considerations may include, but are not limited to, circumstances in which services have been previously rendered by a Contractor who has thereby gained and exhibited unique and/or superior experience and/or expertise in relation to the District's operational requirements. Such procurement shall be negotiated by the General Manager or Finance/HR Director as authorized by the Board of Directors.
- C. No provision in this Policy shall be interpreted or construed to prohibit or prevent the District from renewing or extending existing Contracts for Goods and/or Services, provided that normal procurement procedures were used in the original selection. Renewal or extension of such

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Contracts obligating the District to any payment exceeding \$20,000 per year shall be subject to approval by the Board of Directors.

- D. When another public agency or government purchasing cooperative organization has awarded a Contract for Goods and/or Services pursuant to a process substantially similar to the processes described in this Policy, the District may acquire such Goods and/or Services on the same or substantially similar terms without conducting its own separate Procurement process. Cooperative and "piggyback" purchasing provides a means for the District to join with other public agencies, businesses, or government purchasing cooperative organizations for the purpose of collectively preparing specifications, and requesting and receiving bids, quotations or proposals, or utilizing the quotations and bids obtained by other governmental agencies. Examples of cooperative or piggyback purchasing include, but are not limited to, purchases made using another agency's contract, joint buying within a regional area, participation in the State of California Multiple Awards Schedules (CMAS) program and statewide commodity contracts and the utilization of contracts negotiated by municipal leagues or organizations such as the California Special Districts Association (CSDA), and California Association of Sanitation Agencies (CASA). Any Contract or arrangement for such cooperative purchases shall be subject to approval by the Board of Directors if such approval would otherwise be required. The General Manager shall inform the Board of Directors any cooperative or piggyback purchases made within the purchasing authority of the General Manager or Finance/HR Director at the next regular Board meeting after the purchase is made.

Section 12: Sole Source

Sole Source procurement of Goods and/or Services shall not be used unless there is substantial evidence that only one source exists to fulfill the District's requirements. Except as otherwise authorized in emergency situations, all Sole Source purchases over \$5,000 require approval by the Board of Directors.

Sole Source purchases shall be well documented and provide verification that a good faith search for competition has been made or that the requested item or service provider is deemed to be the only one practicably available.

Sole Source restrictions may be waived in the event of an emergency in order to protect the health and safety of the community.

Section 13: Solid Waste and Recycling Carts

Solid waste and recycling carts are typically ordered in bulk to meet the needs of the District and to take advantage of cost savings whenever feasible. A single order for

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carts may exceed the Informal Bid Process as set forth in Section 10. The General Manager or Finance/HR Director may make such purchases so long as such purchases are within the District's approved budget, or unless otherwise directed by the Board of Directors. For purchases under this Section that would otherwise require Board of Directors approval due to contract amount, or would have otherwise required a Formal Bid Process or Informal Bid Process, the General Manager shall inform the Board of Directors of the Procurement at the next regular Board meeting after the purchase is authorized.

Section 14: Local Preference

For the purchase of Goods and/or Services, excluding Contracts for Public Works Projects, when two or more proposals or request for quotations are the same, in unit, quality, service and total cost, preference may be given to the Local Vendor.

Preference may be given to a Local Vendor if the quote for Services or Goods, including all applicable taxes and shipping, is no more than 5% higher than the lowest bid (quote) received.

Section 15: Surplus Property

The Board of Directors shall approve the disposition of all Surplus Property. Surplus Property may be offered for sale using any of the processes identified below, transferred to another Department, traded-in for new equipment or material, donated, recycled or disposed of through the solid waste collection system. All Surplus Property that is for sale shall be sold "as is" and "where is," with no warranty, guarantee, or representation of any kind, expressed or implied, as to the condition, utility or usability of the property offered for sale or as otherwise directed by the Board of Directors. Appropriate methods of sale are as follows: public auction; sealed bids; negotiated sale; sell as salvage; or as otherwise directed by the Board of Directors.

Section 16: Execution of Contracts

After award, all Contracts for Goods and/or Services at or under \$20,000, and all Contracts for Public Works Projects at or under \$15,000, shall be executed on behalf of the District by the General Manager or Finance/HR Director unless otherwise directed by the Board of Directors. Contracts for Goods and/or Services over \$20,000, and Contracts for Public Works Projects over \$15,000, shall be executed on behalf of the District by the President of the Board of Directors, or his or her designee, after Board approval.

Section 17: Approval by General Counsel

District Counsel shall approve, in writing, the District's standard Contract (agreement) form. In the event that the District's standard Contract form is not applicable, the Board

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of Directors, General Manager or Finance/HR Director, at their discretion, may direct District Counsel to review any other Contract for approval as to form.

Section 18: Noncompliance

Any Contract entered into which fails in any respect to comply with the provisions of this Policy may be voided by the Board of Directors.

Section 19: Precedence over Prior Policies, Procedures, or Actions

Upon approval by the Board of Directors, this Policy shall be deemed to take precedence over any other prior Board of Director policies, procedures, or actions that are in conflict with or inconsistent with the provisions of this Policy. If Staff identifies any conflict or inconsistency between this Policy and any other approved District policy or procedure, Staff shall inform the Board of Directors of such conflict or inconsistency in writing.

Section 20: Definitions

For the purposes of this section, the words and terms set forth below shall be construed in accordance with the following definitions:

- A. "Authorized Agent" when used with respect to the District, shall mean the General Manager, the Finance/Human Resources Director (Finance/HR Director) or their respective designee.
- B. "Best Value" shall mean the overall combination of quality, price, and other elements of a proposal/bid (or combination of several proposals or bids) that, when considered together, provide the greatest overall benefit in response to the requirements described in the solicitation documents.
- C. "Budgeted" shall mean the amount of appropriations within a fund adopted for expenditure by the Board of Directors.
- D. "Change Order" shall mean a properly executed written agreement entered into between the District and the Contractor, or a directive unilaterally issued by the District, covering modifications to the original Contract, which may result in adjustments to the scope of work, cost and/or period of performance.
- E. "Contract" shall mean any type of arrangement for the purchase of Goods and/or Services, including construction services for Public Works Projects. Contracts may be referred to in various ways, including "contract", "agreement", or "purchase order."

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- F. "Contractor" shall mean any person or entity that has a Contract with the District.
- G. "Formal Bid Process" shall mean a competitive selection process requiring a public notice inviting bids, availability of specifications, bid opening, determination of lowest responsive and responsible bidder, and awarding or rejection of the bid(s).
- H. "General Services" shall mean the furnishing of labor, time or effort by a Contractor, including, but not limited to: (a) routine, recurring, and usual work for the preservation or protection of a publicly-owned, or publicly-operated facility for intended purposes; (b) minor repainting; (c) resurfacing of streets and highways; (d) landscape maintenance, including mowing, watering, trimming, pruning, planting, replacement of plants, and servicing of irrigation and sprinkler systems; and (e) work performed to keep, operate and maintain publicly-owned wastewater or solid waste disposal systems.
- I. "Goods" shall mean fixed, movable, disposable, and/or reusable products, commodities, or items used by the District, including but not limited to, office supplies, program supplies, subscriptions, equipment, vehicles, fuel and vehicle supplies, tools, computers, computer hardware and software, landscape and irrigation supplies, power tools, janitorial supplies, office furniture, and fixtures, which shall be furnished to or used by any department.
- J. "Informal Bid Process" shall mean a bidding and selection process used, when applicable, to ensure the most competitive price is received for Goods and/or Services, while avoiding the time and expense involved in formal bidding. The process requires a notice inviting informal bids, availability of project details, bid opening, determination of lowest responsive and responsible bidder, and awarding or rejection of the bid(s).
- K. "Local Vendor" shall mean a firm or individual who regularly maintains a place of business and transacts business in, or maintains an inventory of merchandise for sale in or is licensed within the District's boundaries.
- L. "Negotiated Procurement" shall mean a selection process whereby the General Manager identifies one or more prospective Contractors of his or her choice, negotiates with one or more of them, and awards the Contract to one of them based on the best interest of the District.
- M. "Originating Department" shall mean any department requiring Goods, Services, and/or the award of Contracts for Public Works Projects.

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- N. "Prevailing Wage Contract" shall mean any Contract requiring the payment of prevailing wages and subject to requirements of Chapter 1 of Part 7 of Division 2 of the California Labor Code (Section 1720 *et seq.*). Prevailing Wage Contracts may include, without limitation, Contracts for either Public Works Projects or Services that involve construction, alteration, demolition, installation, maintenance, or repair work; street, sewer, or other improvement work; the laying of carpet; or the hauling of refuse from a public works site to an outside disposal facility. Pursuant to Senate Bill 854, the District is required to notify the Department of Industrial Relations within five (5) days of letting any public works contract over \$1,000.
- O. "Procurement" shall mean buying, purchasing, renting, leasing, or otherwise acquiring any Goods, Services, construction, construction services, or professional services.
- P. "Professional Services" shall mean services provided by any specially trained, educated, experienced or licensed person, company, corporation, or firm, and which involve the exercise of discretion and independent judgment together with an advanced or specialized knowledge, expertise, training, or unique skills gained by formal studies or experience.
- Q. "Professional Services Agreements (PSA)" shall mean Contracts negotiated for Professional Services, which are based on demonstrated competence, professional qualifications for the services required, availability, and fair and reasonable cost.
- R. "Public Works Project" shall mean any construction, reconstruction, alteration, enlargement, renewal, or replacement of sewer or other facilities that the District is authorized to do, including, but not limited to, the furnishing of supplies or materials for any such work as defined pursuant to Public Contract Code section 20801.
- S. "Purchase Order" shall mean a commercial document issued by a buyer to a seller, indicating types, quantities, and agreed prices for products or services the seller will provide to the buyer.
- T. "Qualified Bidders List" shall mean one list for ongoing service requirements for the same or very similar services, including general services, professional services, and qualified construction contractors, categorized by the type of product sold or work performed for use in soliciting bids.
- U. "RFQ" or "RFP" shall mean Request for Quotes or Request for Proposals.

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- V. "Responsible Bidder" shall mean a bidder who has demonstrated the attribute of trustworthiness, as well as quality, fitness, capacity, and experience to satisfactorily perform the work or services proposed.
- W. "Responsive Bidder" shall mean a bidder who has submitted a bid which conforms in all material respects to the terms and conditions, specifications and other requirements requested.
- X. "Services" shall mean the furnishing of labor, time or effort by a Contractor. Services include both General Services and Professional Services, unless otherwise specified.
- Y. "Sole Source" shall mean an award for Goods and/or Services that are (i) of a unique nature based on their quality, durability, availability, fitness or qualifications for a particular use; or (ii) only available from one source.
- Z. "Surplus Property" means property, other than real property, no longer needed by District departments for their operations, obsolete property, property in poor or non-working condition, or property that is a by-product (i.e., scrap metal, used tires, oil, etc.).

GLOSSARY

Accounting System: The set of records and procedures which are used to record, classify, and report information on the financial status and operations of an entity.

Accrual Basis

Accounting: Under this accounting method, transactions are recognized when they occur, regardless of the timing of related cash receipts and disbursements.

Administrative and

Clerical: An employee group that provides administrative and clerical support.

Ad Valorem Taxes:

(which means "according to its value") a government tax based on the value of real property as determined by the County Tax Assessor. In the State of California, Proposition 13 limits property tax to 1 percent of the assessed valuation of the property.

Adjusted Budget: The adjusted budget represents the adopted budget including changes made during the fiscal year.

Adopted Budget: The official budget as approved by the Board of Directors at the start of each fiscal year.

Annual Budget: A budget applicable to a single fiscal year.

Appropriation: An authorization by the District's Board of Directors which permits District staff to incur obligations against and to make expenditures for a specific purpose within a specific time.

Assessed Valuation: The estimated value of real and personal property used by the Orange County Assessor as the basis for levying property taxes.

Assets: Physical items owned by the District for which a value has been attached.

Balanced Budget: A balanced financial budget in which planned revenues equal expenditures.

Bank of New York:

Bank and Trustee for 2005 Certificate of Participation bonds issued for sewer related projects.

Beginning/Ending (Unappropriated) Fund Balance:

Unencumbered resources available in a fund from the prior/current fiscal year after payment of the prior/current fiscal year's expenditures. It is essentially the amount of money still available for future purposes.

Budget Calendar: The schedule of key dates which the District follows in preparing and adopting the budget.

Budget Document: The official financial spending and resource plan submitted by the General Manager, adopted by the Board of Directors, and made available to the public

and other interested parties.

Budget Message: A written explanation by the General Manager of the proposed budget. The budget message explains principal budget and policy issues and presents an overview of the General Manager's budget recommendations.

Budget Preparation: Process by which the annual fiscal spending plan is prepared by District staff for presentation and recommendation to the Board of Directors.

CalPERS: An acronym used to denote the California Public Employees Retirement System.

COLA: An acronym for Cost of Living Adjustment.

CPI: A statistical description of price levels provided by the US Department of Labor. The change in this index from year-to-year is used to measure the cost of living and economic inflation.

Capital Improvement Program: A financial plan of proposed capital improvement projects with a single and multiple year plans, setting forth each capital project, the amount to be expended in each year, and the method of financing capital expenditures.

Capital Projects: A major construction, acquisition, or renovation of activity which adds value to fixed assets or which increases its useful life of one year or more. Capital Projects are \$5,000 or more and can also be called a capital improvement.

Certificates of Participations (COPs): A type of debt financing in which certificates are issued which represent an investor's participation in the stream of lease payments paid by the issuer. COPs are secured by the lease payments. Voter approval is not required prior to issuance.

Contingency: A budgetary reserve set

aside for emergencies or unforeseen expenditures not otherwise budgeted.

Contractual Services: Personal services provided to the District from the private sector or other public agencies.

Debt Service: Payment of interest and repayment of principal to holders of the District's debt instruments.

Deficit: An excess of expenditures/expenses over revenues.

Department: A major organization group of the District with overall responsibility of an operation or a group within a function area.

Encumbrance: An amount of money committed for the payment of goods and services not yet received or paid for.

Enterprise Fund: In governmental accounting, a fund that provides goods or services to the public for a fee that makes the entity self-supporting.

Expenditures/Expenses:

Expenses are recognized when goods are received or services rendered.

Fiscal Year: A 12-month period to which the annual operating budget applies. MCSD's fiscal year runs from July 1 – June 30.

Full-Time Equivalent

(FTE): The amount of time a regular, full-time employee normally works in a year. For example, a full-time employee (1 FTE) is budgeted to work 2,080 hours per year, while a .5 FTE is budgeted to work 1,040 hours per year.

Fund: An independent fiscal and accounting entity with a self-balancing set of accounts recording cash and/or other resources together with all related liabilities, obligations, reserves, and equities.

Fund Balance: The amount of financial resources available for use. Generally, this represents the detail of all the annual operating surpluses and deficits

since the funds inception.

Gann Appropriations

Limit: Article XIII-B of the California State Constitution provides limits regarding the total amount of appropriations in any fiscal year from tax proceeds.

General Fund: The primary fund of the District used to account for all revenues and expenditures of the District not legally restricted as to use. This fund is used to offset the cost of the District's general operations.

General Obligation

Bonds: Bonds for which the full faith and credit of the insuring government are pledged for payment. Ad valorem property taxes are pledged to pay the bonds. A two-thirds voter approval is required prior to bond issuance.

Generally Accepted Accounting Principles

(GAAP): Uniform standards for financial accounting and reporting. They govern the form and content of

the basic financial statements of an entity.

GFOA's Recommended

Practices: A listing of the Accounting, Auditing, and Financial Reporting practices recommended by the Government Finance Officers Association of the United States and Canada.

Grant: Contributions, gifts of cash, or other assets from another governmental or private entity to be used or expended for a specific purpose, activity, or facility.

Improvements: Buildings, structures, or attachments to land such as sidewalks, trees, drives, drains and sewers.

Interest: Revenue derived from the prudent investment of idle cash. The types of investments are controlled by the District's investment policy in accordance with the California Government Code.

Intergovernmental

Services: Purchases from other governments of

those specialized services typically performed by local governments.

Intergovernmental Revenue:

Revenue received from other governmental agencies and municipalities.

Levy: To impose taxes, special assessments, or service charges for the support of governmental activities.

Line Item: The description of a detailed expenditure such as salaries, office supplies, contract services, and other operational costs separately along with the amount budgeted for each specific category.

Long-Term Debt or Long-Term Liabilities: Debt borrowed from a source outside the District with a maturity of more than one year after the date of issuance.

Operating, Office Supplies, and Services: Expenditures which are ordinarily consumed within a fiscal year. Examples include office and operating supplies,

fuel, power, water, gas inventory, or small tools and equipment.

Operating Budget: The operating budget is the primary means by which most of the financing of acquisition, spending and service delivery activities of a government are controlled.

Other Revenues: Revenues from sources, other than those specifically identified, that are immaterial in amount and do not justify reporting as separate line items.

Other Charges: Expenditures that do not fit in other categories are immaterial in amount, and do not justify reporting as separate line items.

Permits: Revenues earned by the issuance of permits levied in accordance with the benefits conferred by the permit.

Personnel: Salaries and benefits paid to the District's employees. Included are items such as special duty pay,

insurance, and retirement.

Personnel Benefits: Those benefits paid by the District as conditions of employment. Examples include insurance and retirement benefits.

Property Tax: A tax levied on real estate and personal property.

Proposed Budget: The draft financial budget document detailing the General Manager's recommended spending plan for the next fiscal year. The Proposed Budget is reviewed and modified by the Board of Directors before formal adoption as the Adopted Operating Budget.

Reimbursement: Payment of an amount remitted on behalf of another party, department, or fund.

Reserve: A term used to indicate that a portion of fund balance is restricted for a specific purpose.

Resources: Total dollars available for appropriations including

estimated revenues and beginning fund balance.

Revenue Estimate: A formal estimate of how much revenue will be earned from specific revenue source for some future period, typically a fiscal year.

Revenue: Income received by the District to support sewer and solid waste services. This income may be in the form of property taxes,

fees, user charges, grants, and interest.

Service Charges (Fee): Charges for specific services rendered.

Service Description: A description of the services or functions provided by each department or division.

Supplemental Roll Property Taxes: Assessed on property that changes ownership during the year and is

based on the difference between new and old assessed values.

Transmittal Letter: A general discussion of the budget. The letter contains an explanation of principal budget items and summaries.

User Fee: The current annual rate levied by the District on the County tax roll to assess users for the District provided solid waste and sewer service.

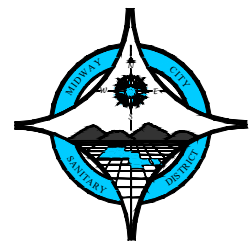
MIDWAY CITY SANITARY DISTRICT

Providing 84 Years of Superior Service!

1939-2023



The newest addition to the Midway City Sanitary District's Solid Waste Fleet is NG-13, running on Renewable Natural Gas. This side loader truck will allow us to continue to meet the needs of our customers and keep the community safe and clean.



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