

**MIDWAY CITY SANITARY DISTRICT
SPECIAL MEETING
BOARD OF DIRECTORS
DISTRICT OFFICE
14451 CEDARWOOD AVENUE
WESTMINSTER, CA**

**Monday, May 22, 2023
5:30 P.M.**

A G E N D A

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.

In accordance with the requirements of California Government Code Section 54954.2, this Agenda is posted not less than 72 hours prior to the meeting date and time above. All written materials relating to each agenda item are available for public inspection in the office of the Board Secretary.

In the event any matter not listed on this agenda is proposed to be submitted to the Board for discussion and/or action, it will be done in compliance with Section 54954.2, or as set forth on a Supplemental Agenda posted not less than 72 hours prior to the meeting.

Please Note: The District complies with the provisions of the Americans with Disabilities Act (ADA). Anyone needing special assistance please contact the District's Secretary at (714) 893-3553, at least one business day prior to the meeting so that we may accommodate you.

- 1. CALL TO ORDER/PLEDGE OF ALLEGIANCE AND INVOCATION**
- 2. ROLL CALL AND DECLARATION OF QUORUM**
- 3. PUBLIC COMMENTS:**

All persons wishing to address the Board on specific Agenda items or matters of general interest should do so at this time. As determined by the President, speakers may be deferred until the specific item is taken for discussion and remarks may be limited to three (3) minutes.

4. NEW BUSINESS

A. Budget Workshop – Overview of the Fiscal Year 2023-2024 Operating Budget, Capital Improvement Projects, Net Position, and Reserves

5. BOARD CONCERNS/COMMENTS

6. GM/STAFF CONCERNS/COMMENTS

7. LEGAL COUNSEL CONCERNS/COMMENTS

8. CLOSED SESSION

CLOSED SESSION: During the course of conducting the business set forth on this agenda as a regular meeting of the Board, the Chair may convene the Board in closed session to consider matters of pending real estate negotiations, pending or potential litigation, or personnel matters, pursuant to Government Code Sections 54956.8, 54956.9, 54957 or 54957.6, as noted.

Reports relating to (a) purchase and sale of property; (b) matters of pending or potential litigation; (c) employment actions or negotiations with employee representatives; or which are exempt from public disclosure under the California Public Records Act, may be reviewed by the Board during a permitted closed session and are not available for public inspection. At such time as the Board takes final action on any of these subjects, the minutes will reflect all required disclosures of information.

9. ADJOURNMENT TO TUESDAY, JUNE 6, 2023

AGENDA ITEM 4A

Date: May 22, 2023

Prepared by: Robert Housley, General Manager

Subject: Budget Workshop – Overview of the Fiscal Year 2023-2024 Operating Budget, Capital Improvement Projects, Net Position, and Reserves

BACKGROUND

The Midway City Sanitary District (MCSD) Board of Directors conducts budget workshops to review preliminary budget assumptions for the upcoming fiscal year in a forum that encourages frank and detailed discussions of the factors and decision-making processes that MCSD staff performs during the annual process. This allows the Board of Directors to advise staff of their and their constituent’s needs and desires for the future service levels and goals for MCSD during the upcoming budget cycle and further into the future.

This session will review the budget for revenues, spending, planned capital improvement projects and the impact of past and future events on MCSD’s current and future resources and reserves.

With the information provided during this workshop, the Board of Directors will have reviewed economic factors, revenues, expenditures, planned capital outlay, and reserve trends and projections for Fiscal Year 2023-2024.

- The Public Hearing for adoption of the District’s Fiscal Year 2023-2024 budget is scheduled for June 6, 2023, at 5:30 P.M.

A copy of the proposed budget document is attached thereof.

RECOMMENDATION

Staff recommends that the Board of Directors review the information and provide direction as necessary.

FISCAL IMPACT

No fiscal impact at this time.

Operating Budget	\$15,189,000
Capital Outlay & Improvements Budget	\$ 1,950,000
Potential increase to Net Position	\$ 791,642

Midway City Sanitary District

Proudly Serving
Westminster & Midway City
Since 1939

Fiscal Year 2023-2024 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, 2023 - June 30, 2024



Submitted by
Robert Housley, General Manager

Prepared by the
Finance Department
Vacant, Director of Finance and Human Resources

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Midway City Sanitary District

Elected Officials

Tyler Diep
President
(714)893-3553

Mark Nguyen
President Pro-Tem
(714)893-3553

Andrew Nguyen
Secretary
(714)333-0799

Chi Charlie Nguyen
Treasurer
(714)576-4330

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



Principal Staff

General Manager.....	Robert Housley
Director of Finance and Human Resources	Siamlu Cox
Executive Secretary/Board Clerk.....	Cynthia Olsder
District Engineer	Milo Ebrahimi
Director of Operations/Safety	Nicolas Castro
Services & Program Development	Vacant
Lead Sewer Maint. Worker/Construction Inspector.....	Randy Griffith
Lead Solid Waste Worker.....	Sergio Gonzalez
Lead Fleet Maintenance Mechanic.....	Raul Martinez

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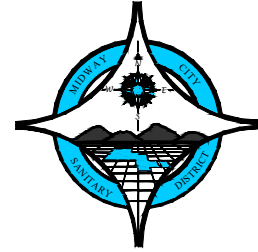
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GLOSSARY OF TERMS

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Executive Summary

June 1, 2023



Honorable Board of Directors:

Today, we are submitting the Fiscal Year 2023-2024 budget during a time of transition and growth for the District, amid increasingly challenging economic times, with inflation at an all-time 40-year high, interest rates rising, the threat of a possible recession on the horizon, unstable energy markets, increasing mandated regulations, government, and continued political unrest at home and abroad.

Regardless of what is happening around us, the Midway City Sanitary District continues to do well and continues to provide superior customer service, has a vibrant workforce that helps to bring a sense of normalcy to everyday life, and remains fiscally strong. The District has met all the challenges it has faced head on, and our employees continue to not only meet the extra demands placed upon them but excel at what they do for the community.

This year's budget is robust and includes an aggressive campaign of public outreach and education, updating infrastructure, installing solar panels and EV charging stations, protecting our sewer system, increasing staff levels, replacing aging assets, all while maintaining the high level of services the Midway City Sanitary District is known for.

This year's budget also includes a modest rate increase for 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.

With high inflation, rising labor costs, State mandates like AB 1383 for organics and the California Air Resources Board's (CARB) newest Advanced Clean Air Fleet Regulations which requires government agencies to move to having fully electrical fleets, 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, we are currently in year 2 of this period. Even with the adjustments to the fees, 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.

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 \$15,189,000 operating budget and a \$1,950,000 capital outlay and improvements budget which includes \$250,000 for potential contributions to the District's CEPPT trust funds. The largest capital project the District will take on in 2023-2024 is the complete renovation of the District offices, buildings, and yard, including solar canopies/panels and electrical vehicle charging stations, and the purchase of three (3) new CNG trash trucks. The District will also take on the cleaning of and CCTV of the whole sewer system, the spraying manholes for bugs & pests, analyzing manholes for composite covers and flow monitors, and the completion of a Sewer System Master Plan that will create a capital repair and maintenance plan of our sewers for the next 10 years.

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 and priorities 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.

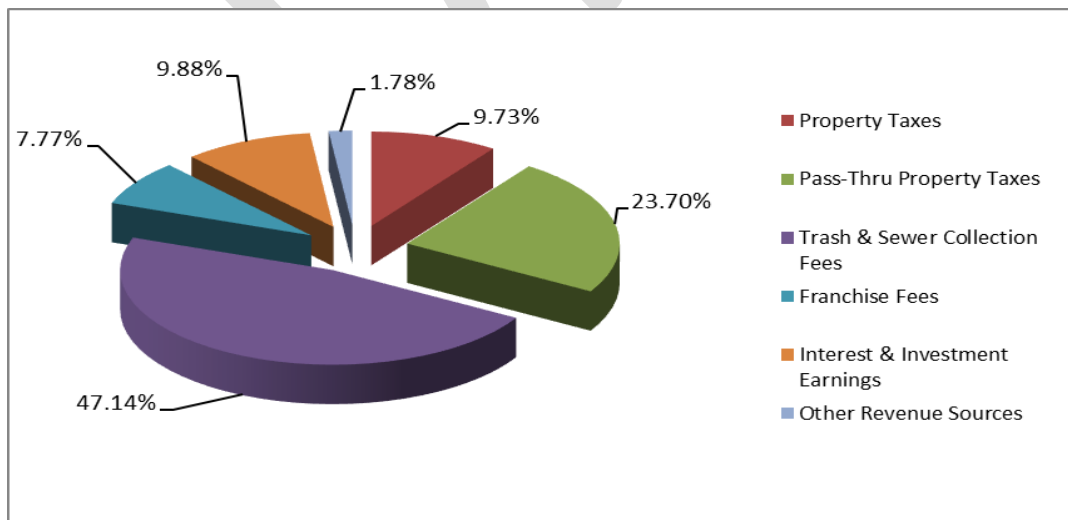
An underlying principle in preparing the budget is to establish service level efforts and funding in accordance with the priorities set by the Board of Directors in a prudent fiscal manner. The on-going challenge we face as a District is operating within fiscal resources. The budget process involves 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, 47.14% 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 33.43%.

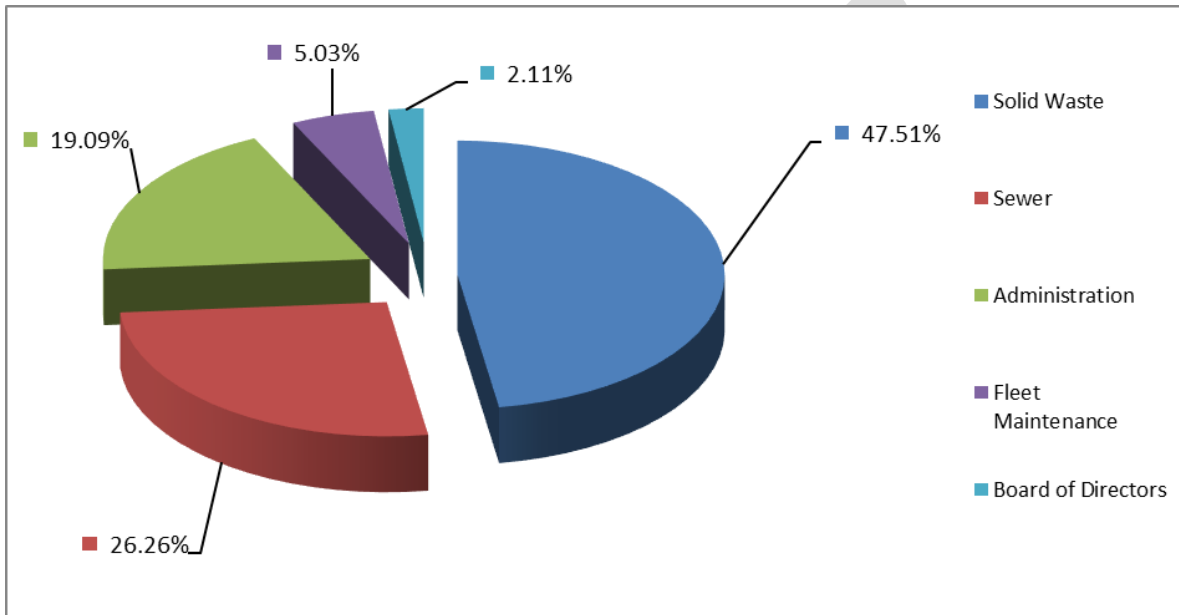
Revenues by source:



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 47.51% of the operating budget and sewer services at 26.26% for a combined total of 73.77%. An additional 26.23% 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 2023 and 2024, 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 and priorities 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.

Robert Housley
General Manager

Vacant
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

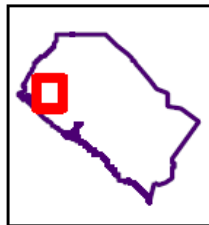
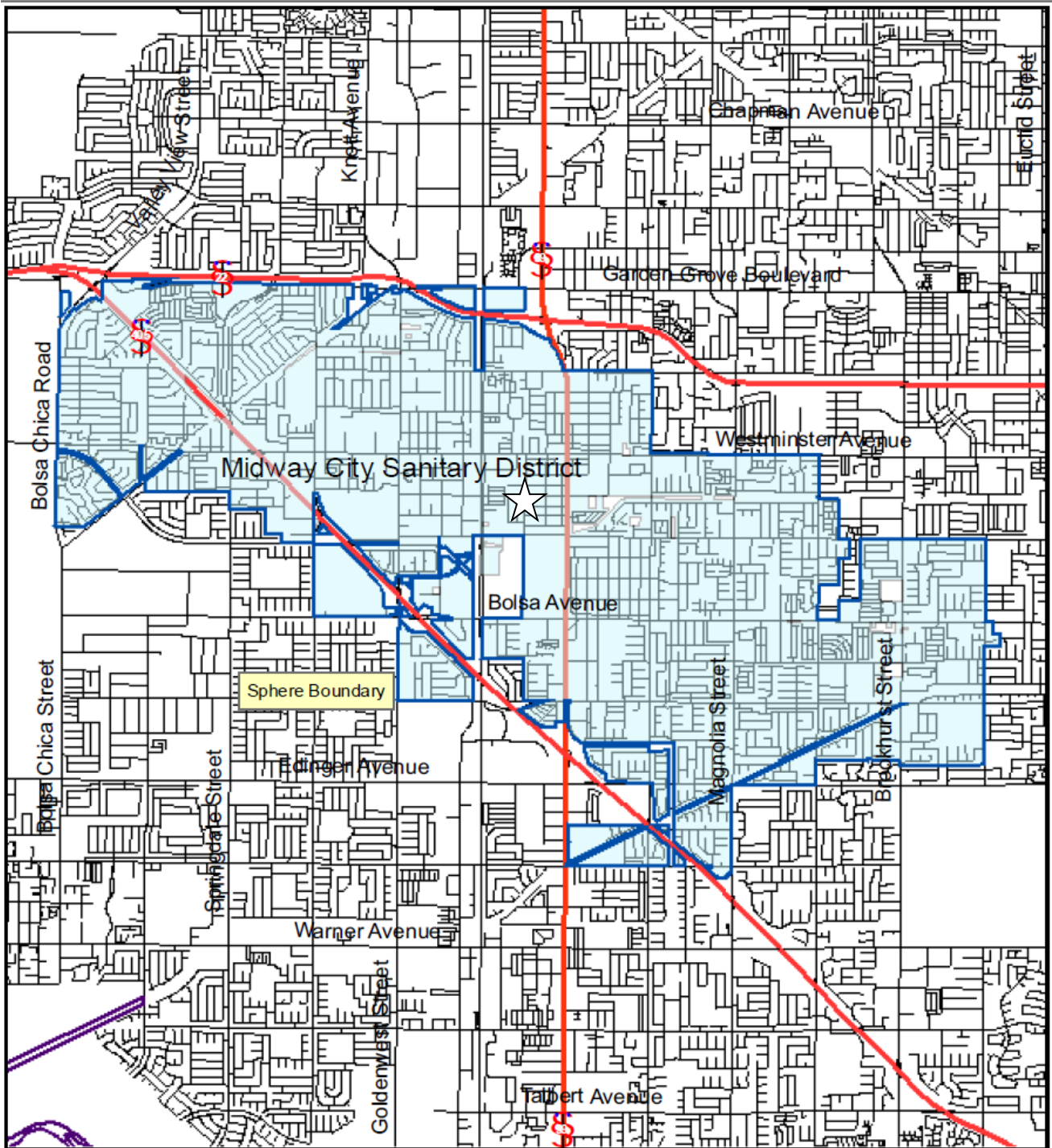
To lead by example, acknowledging the value of our resources and using them wisely and safely to achieve our objectives and goals. We are committed to acting in the best interest of our employees, our organization, and our community to protect the environment in each of our operations and projects.

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.

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Midway City Sanitary District Sphere of Influence Map



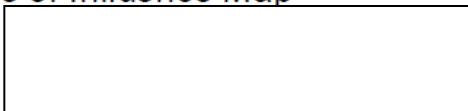
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Midway City Sanitary District Sphere of Influence Map

Legend

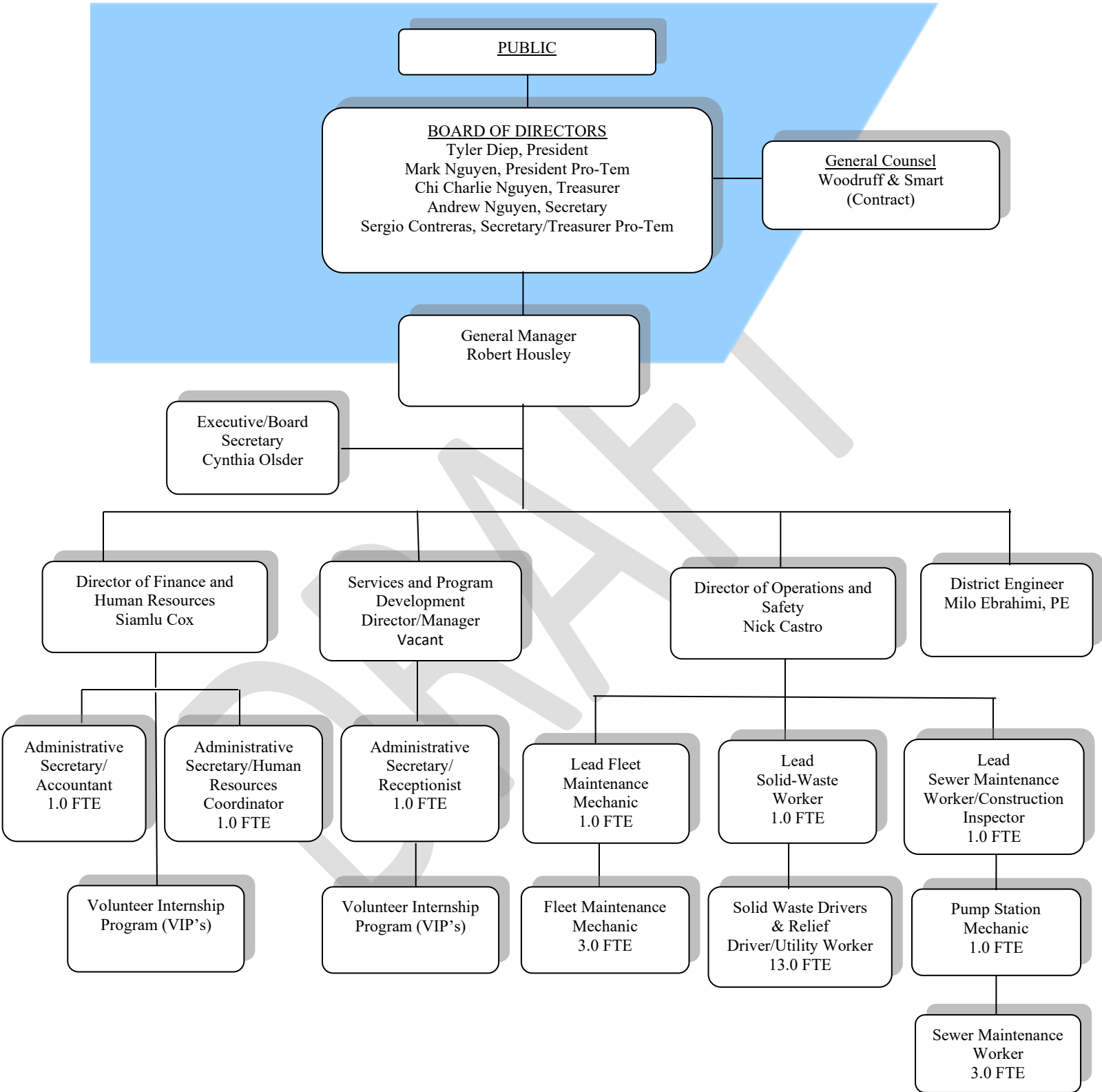
- Sphere Boundary
- District Boundary



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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 (31) employees that work in one of the service categories: administration, sewer system maintenance, solid waste and fleet maintenance, with the potential to expand during 2023-2024.

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 FY 23-24 annual rates for services are \$8.37 per month (\$100.41 per year) per unit for sewer service and \$16.31 per month (\$195.69 per year) per unit for residential three-cart curbside service, and \$3.17 per month (\$38.07 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 99,170 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>
2023	90,489	8,681	99,170
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	19,804	customers
Commercial Service (CR&R)	1,200	customers
Total Solid Waste Customers	21,004	customers

Solid Waste, Recycling, and Organics Tonnage

	<u>Solid Waste</u>	<u>Recycling</u>	<u>Organics</u>	<u>Total</u>
2022-2023 est.	22.3 tons	8.5 tons	9.2 tons	40.0 tons
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

2023 Total Sewer Connections	35,289
2022 Total Sewer Connections	34,832
2021 Total Sewer Connections	34,716

Sewer Millions of Gallons a Day (MGD)

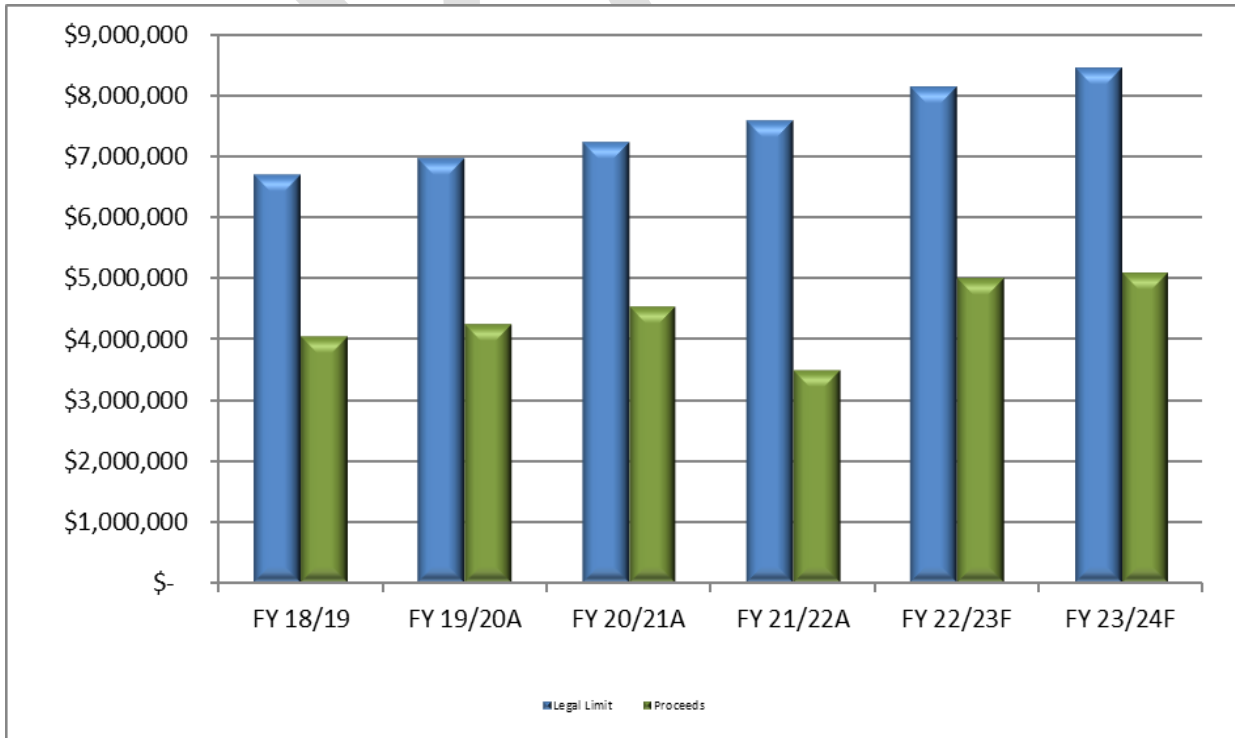
18 MGD Capacity (system wide)

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 2023-2024 is \$8,450,033. A copy of the adopted Gann Appropriations Limit Resolution with calculations, can be found in the Supplemental Information Section on page XX.

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:

January 17, 2023	Budget Calendar Approved by the Board of Directors
Feb-23 & March-22	General Manager/Department Head Meetings – Estimates Due
April 17, 2023	First Public Budget Workshop/Study Session
May 22, 2023	Second Public Budget Workshop/Study Session
June 6, 2023	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 7.274%. 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 \$100.41 per unit for sewer service and \$195.69 per unit for residential curbside (solid waste) service.
3. Special Agreements for service(s) are budgeted to reflect an annual increase of 2.0% plus service fee adjustments.
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 volatile, and savings rates are finally on the uptick. 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 conservatively for the year as inflation starts to slow and the Federal Reserve also starts to slow rate hikes. The

threat of a possible recession and the federal debt ceiling debates continue 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 into 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 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	Employees
3% @ 60 Tier 1 (closed 2009)	14.40%	15.45%	15.25%	15.25%	17.26%	10
2% @ 55 Tier 2 (Classic-open)	10.22%	11.03%	10.88%	10.87%	12.47%	1
2% @ 62 Tier 3 (PEPRA 2013)	6.99%	7.73%	7.59%	7.47%	7.68%	21

- 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 waste streams.

Fiscal Year	Black Solid Waste Container Rate Per Ton	Blue Recycling Container Rate Per Ton	Green Organics Container Rate Per Ton
FY 23-24	63.25	0.00	108.63
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:

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 maintenance, for infrastructure, land, equipment and facilities.

18. COMPRESSED NATURAL GAS (CNG)/EV 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 and for electrical vehicle facilities.

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	9,450,257	(549,743)	95%
Orange County Midway City	LAIF	Designated	3,600,000	1,623,920	(1,976,080)	45%
Buildings, Equipment, and Facilities	LAIF	Designated	8,000,000	4,771,985	(3,228,015)	60%
Lift Stations & Sewer Lines	LAIF	Designated	50,000,000	30,815,388	(19,184,612)	62%
CNG Station & Facilities	LAIF	Designated	3,000,000	1,947,820	(1,052,180)	65%
Vehicle Replacements	LAIF	Designated	5,000,000	3,580,472	(1,419,528)	72%
Emergencies & Contingencies	CalTRUST	Designated	2,500,000	1,461,796	(1,038,204)	58%
CERBT 115 Trust Related to OPEB	CalPERS	Restricted	4,900,000	6,347,269	1,447,269	130%
CEPPT 115 Trust Related to Pensions	CalPERS	Restricted	4,800,000	4,592,781	(207,219)	96%
Totals			\$ 91,800,000	\$64,591,688	\$ (27,208,312)	70%

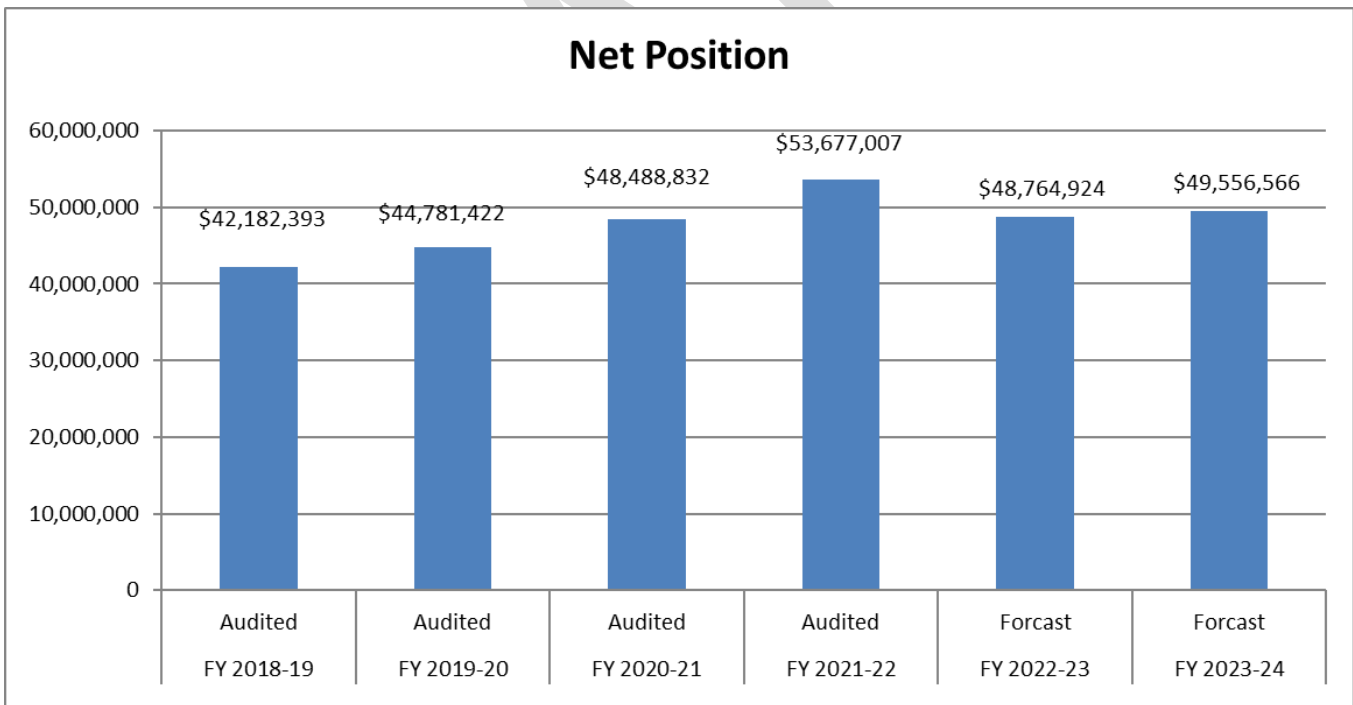
The largest capital project the District will take on in 2023-2024 is the complete renovation of the District offices, buildings, and yard, including solar canopies/panels, and electrical charging stations. The Buildings, Equipment, and Facilities designated reserves will be used to pay for the project. No debt will be issued. The District is also purchasing 3 CNG trash trucks to supplement its fleet. The trucks are being purchased with funds from the Vehicle replacement reserve.

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 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
	Audited	Audited	Audited	Audited	Forecast	Forecast
Net Position, Unrestricted, July 1,	\$37,339,706	\$42,251,679	\$44,781,422	\$48,488,832	\$53,677,007	\$48,764,924
Net Increase/(Decrease)	\$ 4,842,687	\$ 2,529,743	\$ 3,707,410	\$ 5,188,175	\$ (4,912,083)	\$ 791,642
Net Position, Unrestricted, June 30	\$42,182,393	\$44,781,422	\$48,488,832	\$53,677,007	\$48,764,924	\$49,556,566



Fiscal Year 2022-2023 & 2023-2024 are forecast numbers, actual ending fund balances are to be determined at fiscal year-end.

OPERATING BUDGET SUMMARY

Fiscal Year July 1, 2023 through June 30, 2024

\$15,189,000

	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2022-23	FY 2023-24
	ACTUAL	ACTUAL	ACTUAL	ACTUAL	YTD ACTUAL	BUDGET	BUDGET
SUMMARY							
1	REVENUES						
2	Property Taxes	\$ 1,453,835	\$ 1,449,684	\$ 1,440,401	\$ 1,437,277	\$ 1,347,071	\$ 1,478,000
3	Trash & Sewer Collection Fees	6,852,379	6,867,992	6,904,276	6,942,570	6,953,537	7,160,000
4	Franchise Fees	1,036,264	1,088,185	1,121,793	1,174,482	924,748	1,180,000
5	Pass-through Property Taxes	2,570,738	2,789,567	3,080,935	3,421,254	2,119,103	3,600,000
6	Interest & Investment Earnings	1,053,892.41	1,054,909.52	541,416.03	(1,008,281.97)	1,622,878.84	1,500,000
7	Other Revenue Sources	317,676.68	559,515.44	336,328.14	685,606.78	88,390.30	271,000
8	TOTAL REVENUES	\$ 13,284,785	\$ 13,809,854	\$ 13,425,149	\$ 12,652,908	\$ 13,055,728	\$ 15,234,527
9	EXPENDITURES						
10	Salaries & Wages	\$ 2,097,634	\$ 2,181,383	\$ 2,301,719	\$ 2,417,022	\$ 2,190,871	\$ 2,811,000
11	Benefits	910,675	1,332,548	1,435,221	1,184,992	1,185,123	1,741,650
12	Tonnage Disposal Fees	1,474,799	1,405,388	2,420,879	2,178,318	1,895,914	2,650,000
13	Repairs & Maintenance	408,291	543,270	492,286	468,405	545,043	809,000
14	Depreciation & Amortization Expenses	1,239,990	1,391,948	1,463,959	1,497,196	1,438,573	1,450,500
15	Other Operating Expenses	1,480,602	2,079,193	1,321,610	1,643,142	1,771,237	4,134,708
16	TOTAL EXPENDITURES	\$ 7,611,990	\$ 8,933,730	\$ 9,435,674	\$ 9,389,075	\$ 9,026,761	\$ 12,087,110
17	Net for Reserves or Capital Projects	5,672,795	4,876,124	3,989,475	3,263,832	4,028,968	1,228,642

CAPITAL OUTLAY & IMPROVEMENTS BUDGET

Fiscal Year July 1, 2023 through June 30, 2024

\$1,950,000

		PRIOR YEARS	FY 2022-23	FY 2022-23	FY 2023-24
		ACTUAL	YTD ACTUAL	BUDGET	BUDGET
CAPITAL OUTLAY IMPROVEMENTS & MISCELLANEOUS BUDGET					
1	DISTRICT OFFICES & YARD				
2	Solar Project Design		6,522	115,000	-
3	Solar Project Construction			735,000	-
4	District Building Project Design & Construction	352,235	2,058,829	6,700,000	-
5	District Buildings Facility, Features & Furnishings			100,000	150,000
6	District Buildings Technology			100,000	-
7	1 New Class C Vehicle		40,222	80,000	80,000
8	FLEET MAINTENANCE				
9	New Steam Cleaner for Wash Rack			15,000	-
10	SOLID WASTE				
11	1 New Class C Vehicle/Truck			80,000	-
12	3 Mack CNG Side Loader Trash Trucks		416,927	425,000	1,400,000
13	Rebuilt Engines & Packers for CNG Trash Trucks		40,525	60,000	60,000
14	SEWER				
15	New Sewer Lift Station Pumps		329,196	350,000	-
16	SCADA System Upgrades		38,325	50,000	-
17	Plan Document Scanner and Plotter				10,000
18	MISCELLANEOUS				
19	Payments Towards Unfunded Liabilities				
20	Contributions Towards 115 CEPPT Trust		450,000	700,000	250,000
21	TOTAL CAPITAL OUTLAY & IMPROVEMENTS	\$ 352,235	\$ 3,380,546	\$ 9,510,000	\$ 1,950,000

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, 2023 through June 30, 2024
\$15,189,000

		FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2022-23	FY 2023-24
		ACTUAL	ACTUAL	ACTUAL	ACTUAL	YTD ACTUAL	BUDGET	BUDGET
REVENUES								
1	OPERATING REVENUES							
2	Trash & Sewer Collection Fees	\$ 6,852,379	\$ 6,867,992	\$ 6,904,276	\$ 6,942,570	\$ 6,953,537	\$ 7,150,000	\$ 7,160,000
3	Additional Container & Service Fees	2,065	2,744	2,100	3,092	12,058	12,500	12,000
4	Franchise Fees	1,036,264	1,088,185	1,121,793	1,174,482	924,748	1,170,000	1,180,000
5	Sewer Plan Checks & Inspection Fees	101,738	256,716	99,652	41,570	43,385	48,000	45,000
6	Sewer Connection Fees (OC San)	19,617	49,962	14,267	14,005	14,949	15,500	14,000
7	OPERATING REVENUES	\$ 8,012,063	\$ 8,265,600	\$ 8,142,088	\$ 8,175,719	\$ 7,948,676	\$ 8,396,000	\$ 8,411,000
8	NON-OPERATING REVENUES							
9	Property Tax Secured	\$ 1,302,402	\$ 1,306,336	\$ 1,300,952	\$ 1,296,564	\$ 1,233,368	\$ 1,310,000	\$ 1,336,200
10	Property Tax Unsecured	39,887	40,224	39,125	41,496	32,090	34,000	40,000
11	Property Tax Secured Supplemental	37,559	27,676	26,730	30,457	44,723	38,027	30,000
12	Homeowner's Property Tax Relief	7,204	6,767	6,313	6,005	2,882	4,500	6,000
13	State-Assessed Public Utility Tax & Railroad	59,633	59,162	61,462	60,862	32,408	62,000	64,000
14	Pass-through Property Taxes County of Orange	218,646	291,867	380,505	406,339	240,565	525,000	400,000
15	Pass-through Property Taxes City of Westminster	2,352,091	2,497,700	2,700,430	3,014,915	1,878,538	3,000,000	3,200,000
16	Investment Income	1,053,892	1,054,910	541,416	(1,008,282)	1,622,879	1,650,000	1,500,000
17	Interest on Undistributed Taxes	7,150	9,520	5,818	1,894	1,600	2,000	1,800
18	Other Revenue	205,511	273,023	214,237	626,940	22,919	213,000	200,000
19	Gain/(Loss) on Disposal of Capital Assets	-	-	6,073	-	(4,920)	-	-
20	NON-OPERATING REVENUES	\$ 5,283,976	\$ 5,567,093	\$ 5,283,061	\$ 4,477,189	\$ 5,107,053	\$ 6,838,527	\$ 6,778,000
21	TOTAL REVENUES	\$ 13,296,040	\$ 13,832,693	\$ 13,425,149	\$ 12,652,908	\$ 13,055,728	\$ 15,234,527	\$ 15,189,000

EXPENDITURES BY DEPARTMENT
Fiscal Year July 1, 2023 through June 30, 2024
\$13,960,358

		SEWER	SOLID WASTE	FLEET MAINT	ADMIN	BOARD	FY 2023-24 BUDGET
1	EXPENSES						
2	Salaries & Wages	\$ 440,000	\$ 1,000,000	\$ 357,000	\$ 1,200,000	\$ 115,000	\$ 3,112,000
3	Medicare	6,000	18,000	4,500	17,000	1,600	47,100
4	CalPERS Retirement	150,000	245,000	50,000	150,000		595,000
5	CalPERS CEPPT Trust Reimbursement	-	-	-	-		-
6	Group Insurance	120,000	295,000	100,000	229,500	120,000	864,500
7	Group Insurance Retirees	40,000	61,000	10,000	75,000		186,000
8	CalPERS OPEB Trust Reimbursement	(40,000)	(61,000)	(10,000)	(75,000)		(186,000)
9	Workers' Compensation Insurance	22,000	82,000	15,000	6,000	500	125,500
10	Uniforms & Laundry	3,500	12,000	4,500	550		20,550
11	Employee Reimbursements	3,000	6,000	2,000	3,000		14,000
12	Unemployment Benefits	-	-	-	-	-	-
13	TOTAL LABOR & BENEFITS	\$ 744,500	\$ 1,658,000	\$ 533,000	\$ 1,606,050	\$ 237,100	\$ 4,778,650
14	Board Meeting Expenses	-	-	-	-	5,000	5,000
15	Board Election Costs	-	-	-	-	-	-
16	Office Expenses & Supplies	-	-	-	15,000	-	15,000
17	Operating Expenses	6,000	6,000	-	25,000	4,000	41,000
18	Local Govt. Formation Commission (LAFCO)	-	-	-	21,508	-	21,508
19	Services & Supplies	7,500	66,500	4,000	35,000	3,500	116,500
20	Printing & Publications	-	-	-	2,000	-	2,000
21	Permits Fees Testing & Taxes	25,000	-	-	3,500	-	28,500
22	Membership Dues & Subscriptions	1,500	-	-	15,000	-	16,500
23	Staff Development & Travel Expenses	10,000	10,000	5,000	50,000	45,000	120,000
24	Education & Training	10,000	15,000	5,000	10,000	-	40,000
25	Employee Awards Incentives & Recognition	-	-	-	50,000	-	50,000
26	Medical Exams & Testing	1,000	5,000	800	2,000	-	8,800
27	Property & Liability Insurance	94,000	160,000	80,000	106,000	-	440,000
28	Claims Expenses	10,000	10,000	-	-	-	20,000
29	Gasoline & Diesel Fuel	7,500	7,500	6,000	4,000	-	25,000
30	Tonnage Disposal Fees	-	2,650,000	-	-	-	2,650,000
31	Solid Waste, Recycling, & Organic Containers	-	300,000	-	-	-	300,000
32	Tools & Equipment	-	-	40,000	-	-	40,000
33	Repairs, Maintenance, Tires, and Restock Parts	200,000	425,000	15,000	10,000	-	650,000
34	Repairs & Maintenance CNG Facilities	-	75,000	-	-	-	75,000
35	Hazardous Waste Used/Mixed Oil	-	-	1,000	-	-	1,000
36	Emergency Repairs	150,000	-	-	-	-	150,000
37	Audit & Financial Services	-	-	-	25,000	-	25,000
38	Engineering & Consulting Services	500,000	-	-	-	-	500,000
39	Legal Services Personnel	-	-	-	35,000	-	35,000
40	Legal Services General Counsel	-	-	-	120,000	-	120,000
41	Information Technology	15,000	30,000	3,000	50,000	-	98,000
42	Professional & Consulting Services	-	10,000	-	65,000	-	75,000
42	Temporary Personnel	-	-	-	50,000	-	50,000
43	CCTV and Cleaning of District Sewer Lines	1,200,000	-	-	-	-	1,200,000
44	Community Outreach & Programs	-	70,000	-	255,000	-	325,000
45	Fats, Oils & Grease (FOG) Program	25,000	-	-	-	-	25,000
46	Resident Lateral Assistance Program	9,000	-	-	-	-	9,000
47	Utilities-Includes Lift (Pump) & CNG Stations	51,500	85,000	2,500	35,000	-	174,000
48	Natural Gas Fuel (CNG Facilities)	10,000	200,000	-	-	-	210,000
49	Depreciation & Amortization Expenses	588,000	850,000	6,900	75,000	-	1,519,900
50	TOTAL NON-LABOR	\$ 2,921,000	\$ 4,975,000	\$ 169,200	\$ 1,059,008	\$ 57,500	\$ 9,181,708
51	TOTAL EXPENSES	\$ 3,665,500	\$ 6,633,000	\$ 702,200	\$ 2,665,058	\$ 294,600	\$ 13,960,358

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 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2022-23	FY 2023-24
		ACTUAL	ACTUAL	ACTUAL	ACTUAL	YTD ACTUAL	BUDGET	BUDGET
1	Board of Directors	\$ 183,638	\$ 119,576	\$ 195,561	\$ 185,883	\$ 275,186	\$ 354,060	\$ 294,600
2	Administration Department	1,581,121	1,832,959	1,887,383	1,853,905	1,609,297	2,226,250	2,665,058
3	Fleet Maintenance Department	380,819	462,018	526,253	503,982	499,169	664,850	702,200
4	Solid Waste Department	4,321,685	5,202,788	5,427,504	5,439,724	5,136,283	6,448,750	6,633,000
5	Sewer System Department	1,143,248	1,316,388	1,398,973	1,405,581	1,506,827	2,393,200	3,665,500
6	TOTAL SUMMARY BY DEPARTMENTS	\$ 7,611,990	\$ 8,933,730	\$ 9,435,674	\$ 9,389,075	\$ 9,026,761	\$ 12,087,110	\$ 13,960,358



ADMINISTRATION & THE BOARD OF DIRECTORS

Administration, budgeted for 9 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 records of the District's fixed assets. The department also manages employee training 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 nine full-time employees including a General Manager, Director of Finance and Human Resources, Director of Operations/Safety, District Engineer, Services and Program Development Manager, Executive Secretary/Board Clerk and three Administrative Secretaries in the areas of accounting, human resources, and customer service/receptionist.

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 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2022-23	FY 2023-24
			ACTUAL	ACTUAL	ACTUAL	ACTUAL	YTD ACTUAL	BUDGET	BUDGET
BOARD OF DIRECTORS									
1	7510.00	Directors' Fees (salaries)	\$ 75,513	\$ 56,917	\$ 73,159	\$ 92,700	\$ 86,100	\$ 115,000	\$ 115,000
2	7520.00	Medicare	1,053	779	1,064	1,330	1,214	1,600	1,600
3	7550.00	Group Insurance	47,219	57,423	57,007	80,833	84,003	90,000	120,000
4	7570.00	Workers' Compensation Insurance	293	234	343	288	348	350	500
5	7580.00	Director Reimbursements	-	-	-	-	-	-	-
6	7605.00	Election Costs	47,644	-	59,086	-	91,110	91,110	-
7	7610.00	Board Meeting Expenses	320	133	535	2,117	2,602	5,000	5,000
8	7620.00	Operating Expenses	-	-	-	-	331	4,000	4,000
9	7630.00	Services & Supplies	-	-	1,735	3,594	2,697	2,000	3,500
10	7650.00	Board Development & Travel Expenses	11,597	4,089	2,631	5,021	6,780	45,000	45,000
11		TOTAL BOARD OF DIRECTORS	\$ 183,638	\$ 119,576	\$ 195,561	\$ 185,883	\$ 275,186	\$ 354,060	\$ 294,600

ADMINISTRATION DEPARTMENT

		FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2022-23	FY 2023-24
		ACTUAL	ACTUAL	ACTUAL	ACTUAL	YTD ACTUAL	BUDGET	BUDGET
ADMINISTRATION DEPARTMENT								
1	Salaries & Wages	\$ 685,788	\$ 703,235	\$ 740,501	\$ 759,551	\$ 740,717	\$ 906,000	\$ 1,200,000
2	Medicare	9,900	9,981	10,564	10,868	10,662	16,000	17,000
3	CalPERS Retirement	55,080	246,568	269,883	94,756	76,272	200,000	150,000
4	CalPERS CEPPT Trust Reimbursement	-	-	-	-	-	-	-
5	Group Insurance	103,328	108,296	130,380	145,268	154,268	190,000	229,500
6	Group Insurance Retirees	52,041	(9,305)	34,054	49,282	70,014	78,000	75,000
7	CalPERS OPEB Trust Reimbursement	-	-	(47,664)	-	-	(50,000)	(75,000)
8	Workers' Compensation Insurance	3,277	3,323	3,691	3,242	3,956	4,000	6,000
9	Uniforms & Laundry Services	-	-	-	368	439	550	550
10	Employee Reimbursements	-	-	-	-	2,192	3,000	3,000
11	Unemployment Benefits	-	11,700	(2,925)	-	-	-	-
12	Office Expenses & Supplies	8,022	10,063	6,430	11,982	7,875	15,000	15,000
13	Operating Expenses	31,721	34,897	39,369	41,081	12,524	45,000	25,000
14	Local Govt. Formation Commission (LAFCO)	20,791	20,783	17,805	18,339	19,153	19,200	21,508
15	Services & Supplies	-	-	-	-	28,605	32,000	35,000
16	Printing & Publications	1,630	17,885	1,303	16,230	-	2,000	2,000
17	Permits Fees Testing & Taxes	1,473	2,208	1,465	1,992	1,705	3,500	3,500
18	Membership Dues & Subscriptions	8,037	8,275	8,945	8,658	10,378	13,000	15,000
19	Staff Development & Travel Expenses	9,397	5,243	4,279	13,313	9,672	30,000	50,000
20	Education & Training	156	7,570	2,629	2,583	1,262	6,000	10,000
21	Employee Awards Incentives & Recognition	18,909	19,634	15,450	25,513	36,221	40,000	50,000
22	Medical Exams & Testing	-	-	4,442	4,450	210	4,500	2,000
23	Property & Liability Insurance	24,389	31,282	51,359	55,004	70,989	71,000	106,000
24	Claims Expense	4,860	-	-	-	-	-	-
25	Gasoline & Diesel Fuel	1,263	1,324	2,248	1,446	1,761	3,000	4,000
26	Repairs & Maintenance	18,455	7,676	1,752	2,489	367	10,000	10,000
27	Audit & Financial Services	17,825	17,650	19,350	18,930	19,490	19,500	25,000
28	Legal Services Personnel	13,429	34,650	27,399	19,346	6,738	35,000	35,000
29	Legal Services General Counsel	52,678	52,047	61,709	109,914	90,560	110,000	120,000
30	Information Technology	27,955	24,827	21,019	36,148	44,397	50,000	50,000
31	Professional & Consulting Services	2,351	55,351	50,252	58,210	4,050	65,000	65,000
32	Temporary Personnel	18,454	31,331	7,728	73,156	19,689	50,000	50,000
33	Community & District Events	56,341	46,750	60,023	112,353	14,476	70,000	125,000
34	District Calendar	37,516	36,952	36,517	37,267	44,595	45,000	70,000
35	Newsletters	-	-	-	-	-	-	-
36	Media & Program Development	-	-	-	29,463	23,460	40,000	60,000
37	Utilities	63,104	61,727	69,479	29,480	23,628	35,000	35,000
38	Depreciation & Amortization Expenses	232,788	231,036	237,948	63,223	58,973	65,000	75,000
39	TOTAL ADMINISTRATION DEPARTMENT	\$ 1,581,121	\$ 1,832,959	\$ 1,887,383	\$ 1,853,905	\$ 1,609,297	\$ 2,226,250	\$ 2,665,058

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 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2022-23	FY 2023-24
	ACTUAL	ACTUAL	ACTUAL	ACTUAL	YTD ACTUAL	BUDGET	BUDGET
FLEET MAINTENANCE DEPARTMENT							
1	Salaries & Wages	\$ 246,370	\$ 242,738	\$ 261,753	\$ 266,033	\$ 234,465	\$ 357,000
2	Medicare	2,144	3,011	3,688	3,764	3,370	4,500
3	CalPERS Retirement	18,822	83,666	96,604	35,104	32,479	50,000
4	CalPERS CEPPT Trust Reimbursement	-	-	-	-	-	-
5	Group Insurance	51,543	61,018	67,778	70,771	66,679	100,000
6	Group Insurance Retirees	7,434	(2,659)	4,372	4,391	4,392	10,000
7	CalPERS OPEB Trust Reimbursement	-	-	(6,317)	-	-	(10,000)
8	Workers' Compensation Insurance	10,815	9,324	9,912	8,597	10,352	15,000
9	Uniforms & Laundry Services	2,984	3,032	2,656	3,135	2,133	4,500
10	Employee Reimbursements	-	-	-	-	1,666	2,000
11	Services & Supplies	-	-	-	-	2,939	4,000
12	Staff Development & Travel Expenses	-	-	-	-	-	5,000
13	Education & Training	788	3,641	1,047	3,390	3,556	5,000
14	Medical Exams & Testing	-	-	628	60	689	800
15	Property & Liability Insurance	27,420	34,673	53,965	58,379	74,817	80,000
16	Gasoline & Diesel Fuel	2,623	2,387	2,952	4,761	3,992	6,000
17	Tools & Equipment	5,903	10,101	22,613	32,432	32,485	40,000
18	Repairs & Maintenance	2,816	8,910	1,386	5,165	15,755	15,000
19	Hazardous Waste Used/Mixed Oil	1,158	1,005	2,038	1,218	-	1,000
20	Information Technology	-	-	-	-	1,620	3,000
21	Utilities	1,479	1,171	1,180	815	897	2,500
22	Depreciation & Amortization Expenses	-	-	-	5,965	6,882	6,900
23	TOTAL FLEET MAINTENANCE DEPARTMENT	\$ 380,819	\$ 462,018	\$ 526,253	\$ 503,982	\$ 499,169	\$ 702,200

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 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2022-23	FY 2023-24
		ACTUAL	ACTUAL	ACTUAL	ACTUAL	YTD ACTUAL	BUDGET	BUDGET
SOLID WASTE DEPARTMENT								
1	Salaries & Wages	\$ 796,533	\$ 863,517	\$ 888,741	\$ 945,063	\$ 796,074	\$ 990,000	\$ 1,000,000
2	Medicare	11,377	12,381	12,902	13,719	11,336	18,000	18,000
3	CalPERS Retirement	49,323	239,914	254,522	82,255	69,772	200,000	245,000
4	CalPERS CEPPT Trust Reimbursement	-	-	-	-	-	-	-
5	Group Insurance	229,321	256,651	262,855	278,730	261,410	295,000	295,000
6	Group Insurance Retirees	52,041	(9,305)	33,072	50,829	55,627	58,000	61,000
7	CalPERS OPEB Trust Reimbursement	-	-	(46,682)	-	-	(58,000)	(61,000)
8	Workers' Compensation Insurance	55,449	51,000	52,064	44,911	54,084	55,000	82,000
9	Uniforms & Laundry Services	-	-	-	9,860	7,746	12,000	12,000
10	Employee Reimbursements	-	-	-	-	3,831	5,000	6,000
11	Operating Expenses	3,160	1,193	2,009	4,425	4,411	5,000	6,000
12	Services & Supplies	11,638	14,852	54,438	26,095	54,469	66,500	66,500
13	Staff Development & Travel Expenses	-	-	-	-	-	-	10,000
14	Education & Training	8,486	7,219	9,740	10,505	795	9,000	15,000
15	Medical Exams & Testing	3,926	3,782	2,212	2,468	1,933	5,000	5,000
16	Property & Liability Insurance	79,628	97,708	127,212	120,282	138,955	140,000	160,000
17	Claims Expense	-	5,043	810	9,929	360	10,000	10,000
18	Gasoline & Diesel Fuel	4,158	5,369	4,757	5,004	5,882	6,750	7,500
19	Tonnage Disposal Fees - Trash (black cart)	1,474,799	1,405,388	1,447,835	1,317,090	1,096,751	1,550,000	1,550,000
20	Tonnage Disposal Fees - Recycling (blue cart)	-	103,055	70,817	-	-	-	-
21	Tonnage Disposal Fees - Organics (green cart)	499,572	884,425	902,227	861,228	799,162	1,100,000	1,100,000
22	Refuse, Recycling, & Organic Containers	110,752	146,519	183,912	177,707	245,475	300,000	300,000
23	Repairs, Maintenance, Tires, & Restock Parts	284,991	405,226	380,325	361,288	430,520	460,000	425,000
24	Repairs & Maintenance CNG Facilities	25,646	12,484	23,532	53,090	32,755	50,000	75,000
25	Hazardous Waste	2,246	-	-	-	-	-	-
26	Information Technology	-	-	-	-	-	-	30,000
27	Professional & Consulting Services	-	-	-	-	7,169	7,500	10,000
28	Clean-up Events	-	-	-	7,394	7,896	30,000	30,000
29	Organics & Compost Giveaway	-	-	-	16,177	31,671	34,000	40,000
30	Utilities	-	-	-	52,337	65,071	75,000	85,000
31	Natural Gas Fuel CNG Facilities	63,357	69,287	86,729	122,924	158,729	225,000	200,000
32	Depreciation & Amortization Expenses	555,282	627,080	673,474	866,414	794,400	800,000	850,000
33	TOTAL SOLID WASTE DEPARTMENT	\$ 4,321,685	\$ 5,202,788	\$ 5,427,504	\$ 5,439,724	\$ 5,136,283	\$ 6,448,750	\$ 6,633,000

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 the 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 (system wide) . The District Sewer Maintenance Operations crew consists of five employees (three 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 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2022-23	FY 2023-24
		ACTUAL	ACTUAL	ACTUAL	ACTUAL	YTD ACTUAL	BUDGET	BUDGET
SEWER DEPARTMENT								
1	Salaries & Wages	\$ 293,430	\$ 314,976	\$ 337,566	\$ 353,675	\$ 333,516	\$ 440,000	\$ 440,000
2	Medicare	4,313	4,411	4,733	5,167	4,795	6,000	6,000
3	CalPERS Retirement	21,141	116,164	128,973	46,175	45,814	100,000	150,000
4	CalPERS CEPPT Trust Reimbursement	-	-	-	-	-	-	-
5	Group Insurance	75,038	80,582	85,426	90,231	95,057	120,000	120,000
6	Group Insurance Retirees	29,737	(5,317)	28,230	35,689	33,176	40,000	40,000
7	CalPERS OPEB Trust Reimbursement	-	-	(36,007)	-	-	(40,000)	(40,000)
8	Workers' Compensation Insurance	19,986	14,407	14,907	12,824	14,683	14,700	22,000
9	Uniforms & Laundry Services	1,550	2,339	2,211	2,604	1,906	3,500	3,500
10	Employee Reimbursements	-	-	-	-	1,449	3,000	3,000
11	Operating Expenses	3,683	1,719	5,800	4,397	4,106	5,500	6,000
12	Services & Supplies	-	-	-	-	5,494	7,000	7,500
13	Permits Fees Testing & Taxes	17,551	19,047	18,229	20,871	20,260	25,000	25,000
14	Membership Dues & Subscriptions	-	-	-	-	499	1,000	1,500
14	Staff Development & Travel Expenses	-	-	-	-	634	-	10,000
15	Education & Training	898	2,881	1,784	2,228	1,411	4,000	10,000
16	Medical Exams & Testing	-	-	796	636	607	900	1,000
17	Property & Liability Insurance	37,762	47,074	74,844	70,807	86,399	86,500	94,000
18	Claims Expense	-	-	-	500	-	10,000	10,000
19	Gasoline & Diesel Fuel	8,842	6,554	4,424	7,894	5,709	7,000	7,500
20	Repairs & Maintenance	102,029	121,459	108,822	94,723	98,400	200,000	200,000
21	Emergency Repairs	-	-	-	2,940	-	150,000	150,000
22	Professional & Tech Services	-	-	-	-	114,411	535,000	500,000
22	Information Technology	-	-	-	-	-	-	15,000
23	CCTV and Cleaning of District Sewer Lines	-	-	-	-	-	-	1,200,000
24	Fats Oils Grease (FOG) Program	23,262	18,002	19,199	17,925	17,400	25,000	25,000
25	Resident Lateral Assistance Program	-	-	-	1,800	-	3,600	9,000
26	Utilities	52,103	38,259	46,500	56,936	35,903	50,000	51,500
27	Natural Gas Fuel CNG Station	-	-	-	10,000	-	10,000	10,000
28	Depreciation & Amortization Expenses	451,921	533,831	552,537	567,559	585,200	585,500	588,000
29	TOTAL SEWER DEPARTMENT	\$ 1,143,248	\$ 1,316,388	\$ 1,398,973	\$ 1,405,581	\$ 1,506,827	\$ 2,393,200	\$ 3,665,500

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Resolutions & Policies

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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.

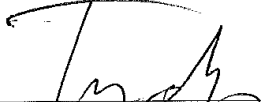
NOW, THEREFORE, the Board of Directors of the Midway City Sanitary District resolves as follows:

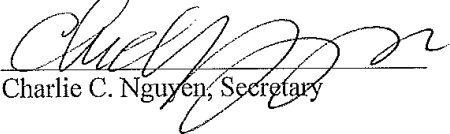
Section 1: The attached Official District Travel and Expense Reimbursement Policy is hereby approved.

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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5 _____
6 Tyler M. Diep, President

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

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CERTIFICATION

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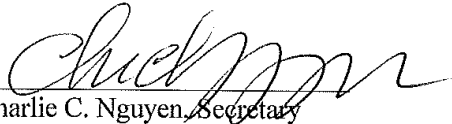
I, Charlie C. Nguyen, Secretary of the MIDWAY CITY SANITARY DISTRICT of Orange County, California, do hereby certify that the foregoing Resolution No. 2017-02 was duly adopted at a meeting of the Governing Board of said District held on the 17th day of January, 2017 by the following vote of the members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



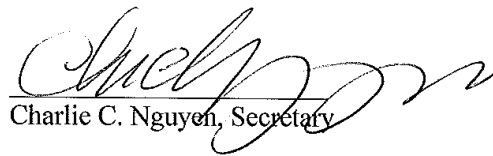
Charlie C. Nguyen, Secretary

(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.

Resolutions to be added

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Resolutions to be added

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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.

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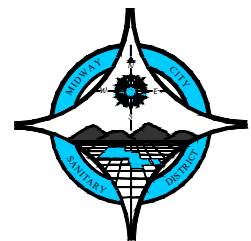
MIDWAY CITY SANITARY DISTRICT

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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