

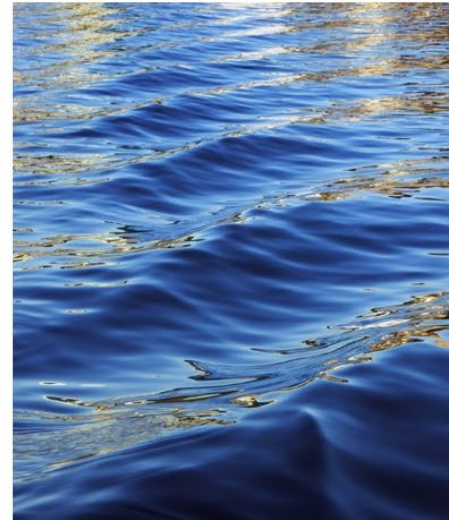
MIDWAY CITY SANITARY DISTRICT



Proudly Serving
Westminster & Midway City
Since 1939

FISCAL YEAR 2024-2025 BUDGET

14451 CEDARWOOD AVENUE
WESTMINSTER, CA 92683
(714)893-3553
WWW.MIDWAYCITYSANITARYCA.GOV



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."

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MIDWAY CITY SANITARY DISTRICT

ANNUAL BUDGET

FISCAL YEAR JULY 1, 2024 - JUNE 30, 2025



SUBMITTED BY
ROBERT HOUSLEY, GENERAL MANAGER

PREPARED BY THE
ROBERT HOUSLEY, GENERAL MANAGER

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Executive Summary

June 18, 2024

Honorable Board of Directors:

As we embark on the fiscal year 2024-2025, it is my pleasure to present a budget that underscores the Midway City Sanitary District's (District) unwavering commitment to customer-focused service and relentless innovation. Our strategic vision remains centered on enhancing the experiences of our customers, delivering unparalleled value through cutting edge solutions, and our responsibility towards environmental stewardship for a better tomorrow.

Over the past year, we have made significant strides in understanding and anticipating the needs of our diverse customer base and infrastructure needs. This budget reflects our dedication to deepening these relationships by investing in advanced technologies, streamlined processes that prioritize customer satisfaction, and evaluating and implementing advancement of the District's infrastructure and needs in wastewater and refuse collection. Our approach is guided by the belief that exceptional service, and being proactive vs reactive in protecting the health and safety of the environment and the people we serve is the cornerstone of the District's long-term success.

Innovation and partnerships continue to be a driving force within our organization. We are allocating substantial resources to wastewater and refuse collection, planning/research, and services/program development, ensuring that we stay at the forefront of industry advancements. By embracing new technologies forming strong community partnerships and fostering a culture of continuous improvement, we aim to create services that not only meet but exceed our customers' expectations.

Key initiatives for the upcoming fiscal year include:

1. **Enhancing Customer Experience.** We are committed to refining our customer services practices and implementing new platforms that provide seamless and efficient interactions. This includes upgrading our training programs to ensure our team is equipped with the skills to delivery exceptional services. Additionally, we will strive for a better awareness and recognition of our District, highlighting who we are and what we do to enhance the customer experience. Through targeted marketing and community engagement, we aim to build a stronger connection with our customers and stakeholders. The community is our greatest supporter and our biggest advocates.

2. **Investing in Technology and Innovation.** The budget allocates significant funds to the development of innovative solutions that address current demands and anticipate future trends. We are focused on streamlining our technology, exploring artificial intelligence, and using technologies to enhance not only our customer experience but to enhance our operational efficiencies as well. By investing in technologies such as automated systems, pre post trip inspections, predictive maintenance, and smart infrastructure, we aim to streamline our operations, reduce our costs, and minimize errors. These advancements will enable us to improve the quality of services we provide, ensuring faster response times, greater accuracy, and more reliable services. Additionally, we are committed to adopting sustainable technologies that reduce our environmental impact, further aligning our operations with our stewardship goals.
3. **Infrastructure and Environmental Stewardship.** We are dedicated to implementing new and strong foundations in the infrastructure of the wastewater system and refuse collection. This includes modernizing our existing facilities, our fleet, and expanding our capabilities to handle increased demand efficiently and safely. Our initiatives include the updating of our sewer system master plan, preparation of a new capital improvement plan, the enhancement, repairs, and replacement of existing sewer lines and manholes, replacing several fossil fuel vehicles with electric vehicles, a solar microgrid project with expansion to support electric refuse trucks (EV). Additionally, we are committed to being stewards of the environment through comprehensive recycling and solid waste management programs. This involves developing existing and new services and initiatives aimed at reducing our environmental footprint, such as utilizing advanced waste sorting technologies, community recycling education programs, and partnerships with local organizations, community activist, media, and schools. Our goal is to create a robust, sustainable infrastructure that supports both our operational needs and our environmental responsibilities.
4. **Employee Development.** Recognizing that our employees are our greatest asset, we are investing in their professional development. By providing access to the latest training and development programs, we aim to cultivate a highly skilled and motivated workforce that can drive our customer-focused and innovative agenda. This includes specialized training in new technologies and safety protocols to ensure our staff is prepared to meet the challenges of an always evolving industry.

The budgets for the District consist of a \$18,053,358 operating budget and a \$3,642,000 capital outlay and improvements budget. The District will take on several capital projects and asset replacement in 2024-2025. Several sewer/wastewater projects will be planned, as well as additional solar and a microgrid project, accompanied by the replacement of several old vehicles with newer EV versions. The District will continue the cleaning and CCTV of the whole sewer system, the spraying manholes for bugs &

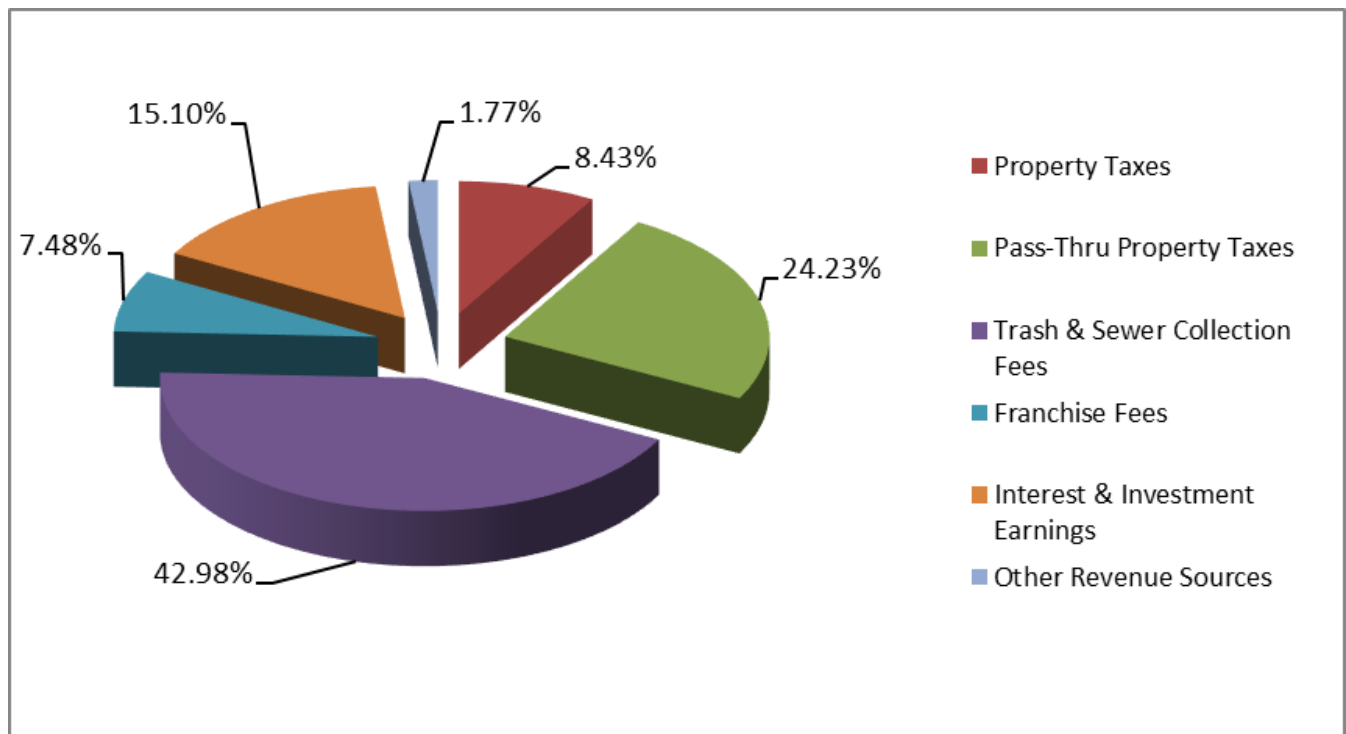
pests, analyzing manholes for composite covers and flow monitors, and the completion of a Sewer System Master Plan that will create a capital repair and maintenance plan of our sewers for the next 10 years.

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.

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, 42.98% 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 32.66%.

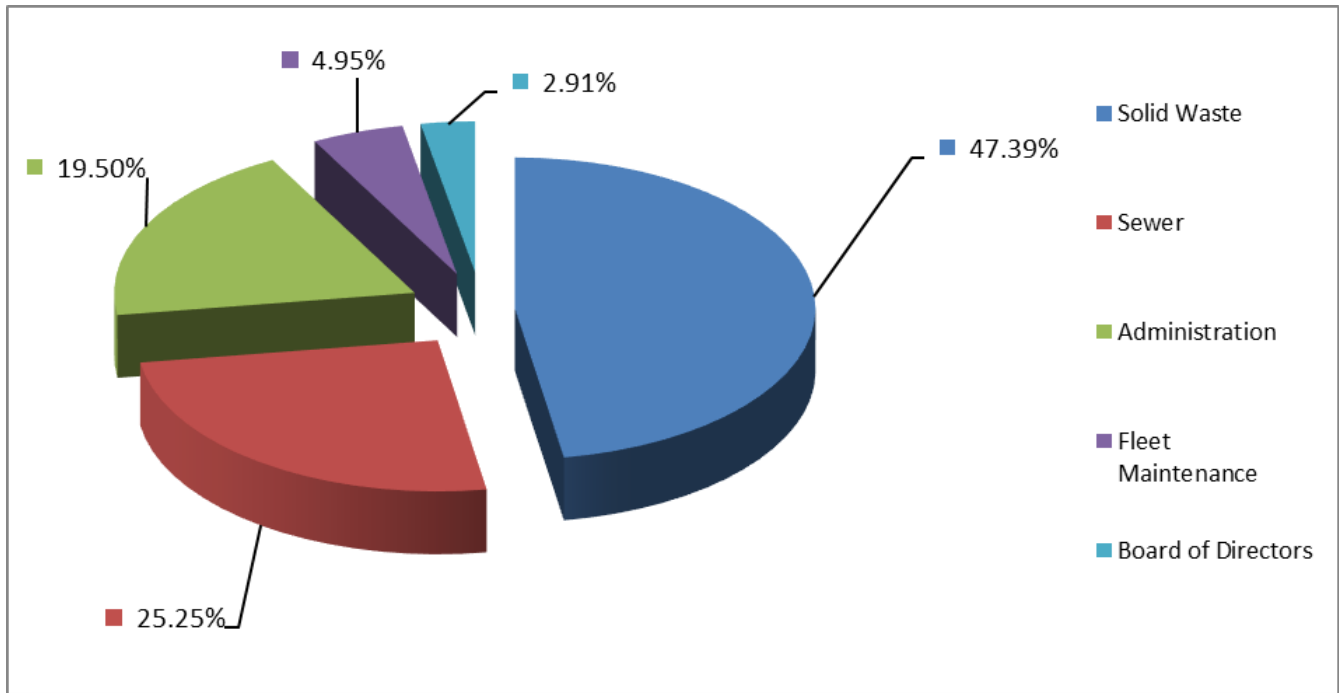
Revenues by source:



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 accounts for 47.39% of the operating budget and sewer services at 25.25% for a combined total of 73.35%. An additional 27.36% are support services including the Board of Directors, fleet maintenance and administration departments.

Expenses shown by department:



As we move forward, I am confident that our strategic investments and unwavering commitment to excellence will position us for continued success. The Budget is balanced; the Board of Directors' goals and priorities are funded; the challenges we face are manageable. Together, we will build on our achievements to navigate the challenges ahead with resilience and agility. I extend my gratitude to our loyal community, the Board of Directors, our dedicated employees, and valued stakeholders for their continued support.

Let us embrace the opportunities that lie ahead with determination and a shared vision of excellence.

Robert Housley
 General Manager

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 public, and each other.

“The Midway City Sanitary District’s Vision for the future emphasizes our ongoing commitment to integrity and delivering high-quality services. We aim to lead with innovation, demonstrate genuine care for people, provide outstanding customer service and uphold our responsibility towards environmental stewardship for a better tomorrow.”

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.

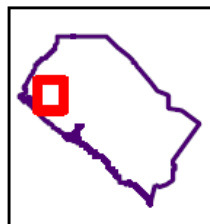
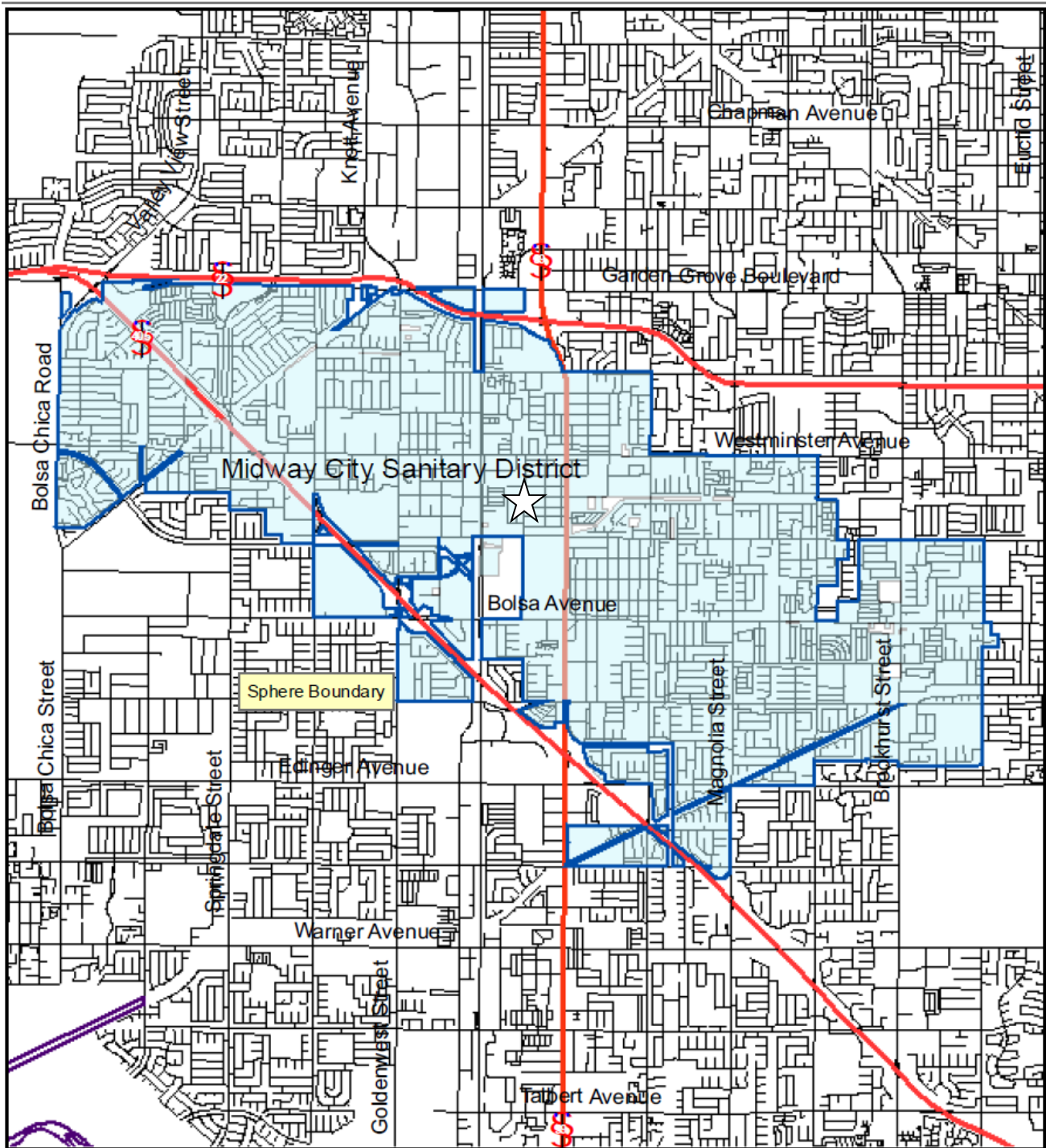
Leadership and Commitment

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.

Midway City Sanitary District Sphere of Influence Map



0.75 0.375 0 Miles

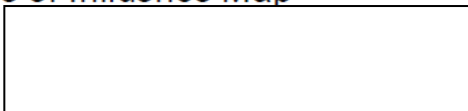


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Midway City Sanitary District Sphere of Influence Map

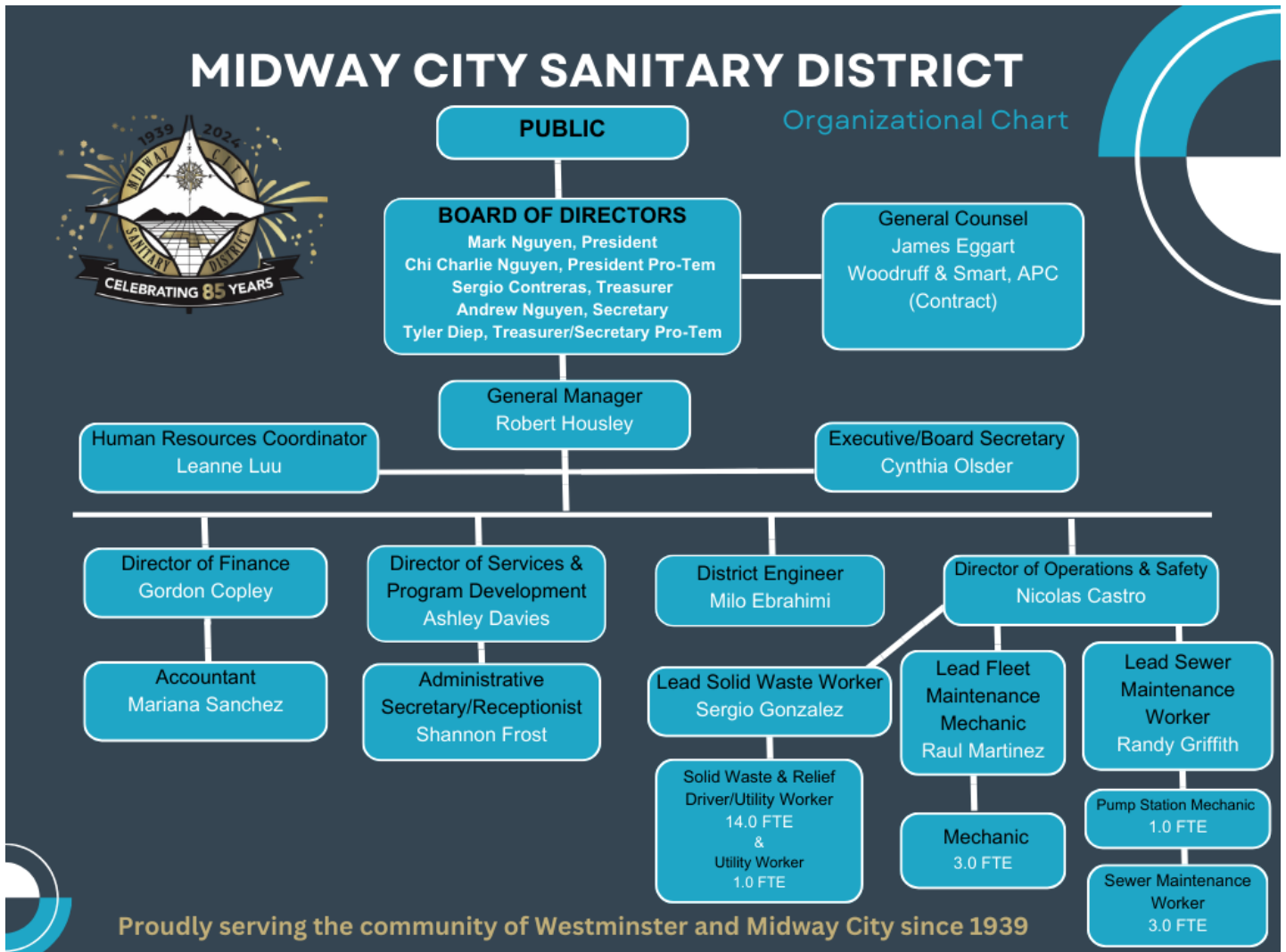
Legend

- 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 99,487 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 20,000 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 maintenance, solid waste, and fleet maintenance.

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 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 24-25 annual rates for services are \$8.62 per month (\$103.43 per year) per unit for sewer service and \$16.80 per month (\$201.57 per year) per unit for residential three-cart curbside service, and \$3.27 per month (\$39.22 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 99,487 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>
2024	90,770	8,708	99,487
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

Solid Waste (Refuse) Services

Residential Solid Waste Pick-up	20,000	customers
Commercial Service (CR&R)	1,159	customers
Total Solid Waste Customers	21,159	customers

Residential Solid Waste, Recycling, and Organics Tonnage

	<u>Solid Waste</u>	<u>Recycling</u>	<u>Organics</u>	<u>Total</u>
2023-2024 est.	23,010 tons	8,355 tons	10,358 tons	41,724 tons
2022-2023	22,630 tons	8,142 tons	10,065 tons	40,837 tons
2021-2022	26,787 tons	9,072 tons	10,012 tons	45,871 tons
2020-2021	28,002 tons	8,988 tons	10,844 tons	47,834 tons
2019-2020	22,815 tons	6,782 tons	8,687 tons	38,284 tons

Sewer Services

2024 Total Sewer Connections	35,489
2023 Total Sewer Connections	35,289
2022 Total Sewer Connections	34,832
2021 Total Sewer Connections	34,716

Permits Processed: New Construction & Remodel (Residential & Commercial)

<u>Year</u>	<u># of Permits Processed</u>
2023-2024	200+ estimated.
2022-2023	190
2021-2022	184
2020-2021	101
2019-2020	78
2018-2019	73
2017-2018	46

In addition to the District’s free bulky pickup service provided to our residential customers, the District does five separate cleanup events throughout the year at different locations throughout Midway City and the City of Westminster. Please contact the District for more information on future cleanup events and for other opportunities and programs you might be interested in 714-893-3553 or info@midwaycitysanitaryca.gov.

2024 Sigler Park community cleanup event filled up 6 bins, two truckloads of mattresses, and two truckloads of scrap metal were recycled, diverting these items from the landfill.

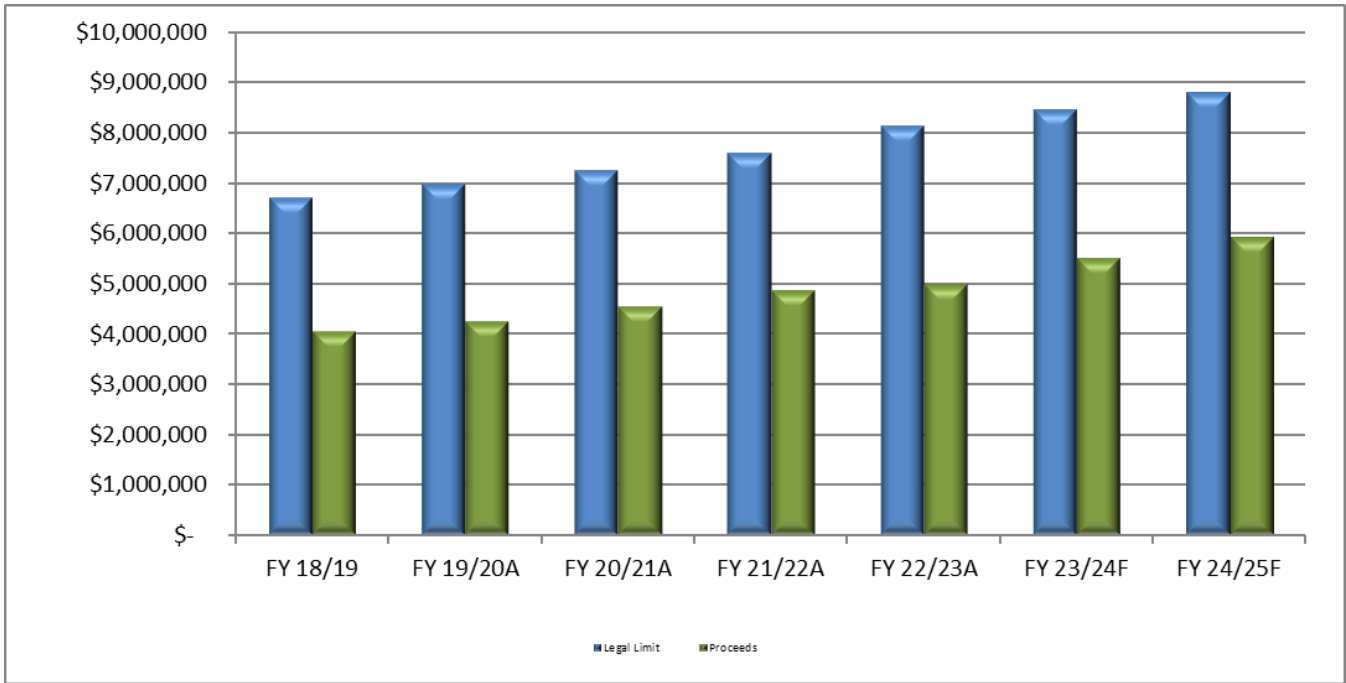


GANN APPROPRIATIONS LIMIT

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 2024-2025 is \$8,782,964.15. A copy of the adopted Gann Appropriations Limit Resolution with calculations, can be found in the Supplemental Information Section on page 38.

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 based on 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:

February 16, 2024	Budget Calendar Approved by the Board of Directors
February/March 2024	General Manager/Department Head Meetings – Estimates Due
April 30, 2024	Public Budget Workshop/Study Session
June 18, 2024	Public Hearing & Adoption of Budget

2024 Midway City Sanitary District open house event and renovation celebration!



BUDGET ASSUMPTIONS

Every budget includes several 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 3.181%. 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 \$103.43 per unit for sewer service and \$201.57 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 any 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 strong. 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 considers reducing their rate, thereby potentially affecting future investment returns.

EMPLOYEE, MATERIALS, SUPPLIES AND SERVICES ASSUMPTIONS

6. Operating, maintenance, and administrative costs are expected to increase because of general inflation. Increases are anticipated among personnel salaries, benefit increases, materials, supplies, and services agreements.
7. The budget reflects all department as fully staffed with no new full-time positions.
8. The current Memorandum of Understanding (MOU) for the represented employees expires June 30, 2024. Potential cost of living raises are not included in the budget, but regular merit step increases are.
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						
Employer Contribution Rates	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
3% @ 60 Tier 1 (closed 2009)	14.40%	15.45%	15.25%	15.25%	17.26%	17.33%
2% @ 55 Tier 2 (Classic-open)	10.22%	11.03%	10.88%	10.87%	12.47%	12.52%
2% @ 62 Tier 3 (PEPRA 2013)	6.99%	7.73%	7.59%	7.47%	7.68%	7.87%

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	COLA	Black	Blue	Green
		Solid Waste Container Rate Per Ton	Recycling Container Rate Per Ton	Organics Container Rate Per Ton
FY 24-25	3.24%	65.30	0.00	109.39
FY 23-24	5.23%	63.25	0.00	108.63
FY 22-23	3.42%	59.19	0.00	100.70
FY 21-22	1.62%	56.25	0.00	97.37
FY 20-21	3.04%	55.51	49.00	95.82
FY 19-20	3.41%	54.31	49.00	93.00
FY 18-19	2.79%	52.81	0.00	88.95
FY 17-18	1.89%	51.62	0.00	0.00

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 reserves designations and their current level:

RESERVES	CATEGORY	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	GOAL LEVEL	OVER/(UNDER)	% FUNDED
Operating Fund	Unrestricted	9,832,928	6,907,324	9,513,536	10,305,508	11,000,000	(694,492)	98%
Midway City Unincorporated	Designated	2,476,153	2,889,514	2,037,549	2,117,443	4,000,000	(1,882,557)	55%
Buildings, Equipment, and Facilities	Designated	5,352,992	5,846,249	3,819,885	3,073,607	8,000,000	(4,926,393)	40%
Lift Stations & Sewer System	Designated	24,524,888	30,292,835	30,793,481	30,948,299	60,000,000	(29,051,701)	54%
CNG/EV Station & Facilities	Designated	962,928	1,765,582	1,947,820	2,022,786	5,000,000	(2,977,214)	42%
Vehicle Replacements	Designated	3,407,699	3,817,092	3,577,570	2,328,597	8,000,000	(5,671,403)	30%
Emergencies & Contingencies	Designated	1,505,662	1,453,622	1,455,381	1,454,340	3,000,000	(1,545,660)	50%
SB 1383 CalRecycle Grant Funds	Restricted	-	-	-	274,497	274,497	0	100%
CERBT 115 Trust Related to OPEB	Restricted	7,143,062	6,127,015	6,517,501	7,035,457	5,967,867	1,067,590	120%
CEPPT 115 Trust Related to Pensions	Restricted	3,590,856	3,988,371	4,921,961	5,340,915	4,800,000	540,915	113%
Totals		\$58,797,167	\$63,087,604	\$64,584,685	\$64,901,450	\$ 110,042,364	\$ (45,140,914)	61%

Composting and Recycling saves tons of materials from our landfills and protects our environment. Education and awareness is our top priority! The District has an annual compost event to help educate the community on the importance of recycling green waste and how it can help protect the environment for our future generations. Contact the District for more information on our organics and recycling programs 714-893-3553 or info@midwaycitysanitaryca.gov.

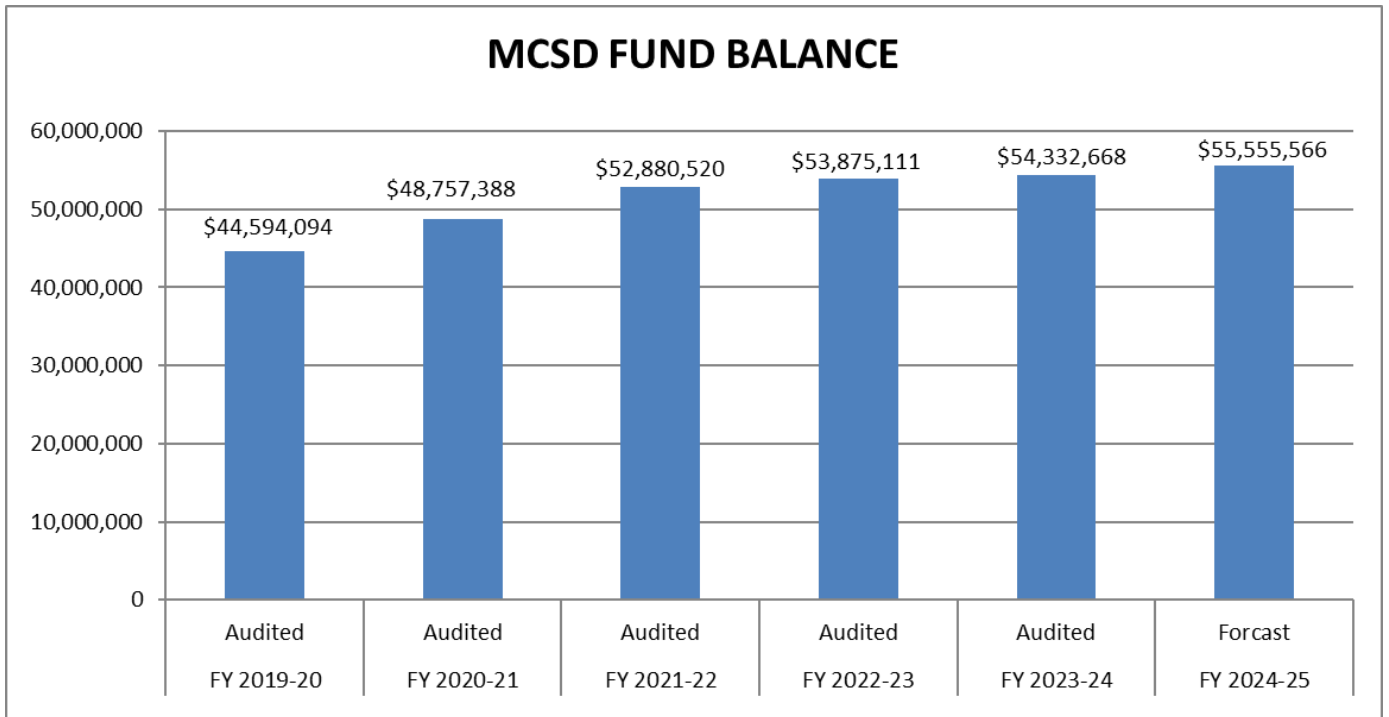


GENERAL/ENTERPRISE FUND

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 (service 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 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
	Audited	Audited	Audited	Audited	Audited	Forecast
Net Position, Unrestricted, July 1,	\$42,182,393	\$44,594,094	\$48,757,388	\$52,880,520	\$53,875,111	\$54,332,668
Net Increase/(Decrease)	\$ 2,411,701	\$ 4,163,294	\$ 4,123,132	\$ 994,591	\$ 457,557	\$ 1,222,898
Net Position, Unrestricted, June 30	\$44,594,094	\$48,757,388	\$52,880,520	\$53,875,111	\$54,332,668	\$55,555,566



Fiscal Year 2024-2025 is a forecast, actual ending fund balances are to be determined at fiscal year-end.

OPERATING BUDGET SUMMARY

Fiscal Year July 1, 2024 through June 30, 2025

\$18,053,358

	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	PROPOSED BUDGET
SUMMARY						
1 REVENUES						
2 Property Taxes	\$ 1,449,684	\$ 1,440,401	\$ 1,437,277	\$ 1,473,543	\$ 1,471,291	\$ 1,521,925
5 Property Taxes - Pass-throughs	2,789,567	3,080,935	3,421,254	3,785,559	4,082,740	4,375,000
3 Trash & Sewer Collection Fees	6,867,992	6,904,276	6,942,570	7,318,538	7,661,693	7,760,000
4 Franchise Fees	1,088,185	1,121,793	1,174,482	1,246,184	1,356,401	1,350,000
6 Interest & Investment Earnings	1,054,909.52	541,416.03	(1,008,281.97)	1,322,304.79	3,179,658.24	2,726,433
7 Other Revenue Sources	582,444.86	336,328.14	685,606.78	300,223.44	624,837.19	320,000
8 TOTAL REVENUES	\$ 13,832,784	\$ 13,425,149	\$ 12,652,908	\$ 15,446,352	\$ 18,376,620	\$ 18,053,358
9 EXPENDITURES						
10 Salaries & Wages	\$ 2,181,383	\$ 2,301,719	\$ 2,417,022	\$ 2,642,050	\$ 3,027,418	\$ 3,335,000
11 Benefits	1,337,919	1,435,221	1,184,992	4,788,188	2,456,086	1,682,810
12 Tonnage Disposal Fees	2,392,868	2,420,879	2,178,318	2,353,718	2,559,148	2,650,000
13 Repairs & Maintenance	556,759	517,857	522,683	746,925	780,359	1,039,000
14 Depreciation & Amortization Expenses	1,391,948	1,463,959	1,497,196	1,458,766	1,291,841	1,785,000
15 Other Operating Expenses	1,072,852	1,296,039	1,588,864	2,235,643	3,363,413	4,481,650
16 TOTAL EXPENDITURES	\$ 8,933,730	\$ 9,435,672	\$ 9,389,073	\$ 14,225,289	\$ 13,478,266	\$ 14,973,460
17 Net Available for Reserves or Capital Projects	4,876,124	3,989,475	3,263,832	1,967,340	4,898,354	3,079,898

CAPITAL OUTLAY & IMPROVEMENTS BUDGET

Fiscal Year July 1, 2024 through June 30, 2025

\$3,642,000

CAPITAL OUTLAY IMPROVEMENTS & MISCELLANEOUS BUDGET								
	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	
	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	BUDGET	
ADMINISTRATIVE DISTRICT OFFICES & YARD								
1	Computer Server for the District		11,412				-	
2	Vehicles (Class C)				40,222	-	-	
3	Solar Project Construction				6,522	669,574	-	
4	District Building Project Design & Construction		223,884	128,351	3,937,374	2,900,792	-	
5	District Buildings Facility, Features & Furnishings					168,515	-	
6	District Buildings Technology & Board Room AV					66,891	30,000	
FLEET MAINTENANCE								
7	Tire Changing Machine & Assessories		17,195				-	
8	Crimper Press Machine, Die Kit & Assessories			10,185			-	
9	EV Ford F150 Lightning w/Tool Box (Q1)						125,000	
10	Wash Rack Pressure Washer (Q1)						12,000	
11	EV Forklift & Equipment (Fork, Extension, Boom & Bucket)						180,000	
SOLID WASTE								
12	Organics Program Green Carts + Delivery	857,689					-	
13	Pickup Truck for Late Stops & Street Cleanup		34,534				-	
14	Cart Lift Attachment for Back of Truck		16,045				-	
15	Bin For Front Loader for Bulky Program			35,875			-	
16	CNG Station Compressor Replacement			129,175			-	
17	EV Vehicle (Chevy Bolt)					32,549	-	
18	CNG Mack Side Loader Solid Waste Trucks (Q3)	656,627	329,752	388,900		416,927	1,358,280	
19	Rebuilt Engines & Packers for CNG Trash Trucks (Q2)					40,525	60,000	
20	Fire Suppression System for Solid Waste Trucks (Q16)		7,004				150,000	
21	EV Stakebed Truck (Q1)						230,000	
21	Solar Infrastructure/Microgrid & EV Station(s) Pending Grant						250,000	
SEWER								
22	CNG Vactor Truck		484,589				-	
23	SCADA System Upgrades				172,800	38,325	-	
24	Sewer Lift Station Pump Inventory		264,799			329,196	-	
25	Sewer Lift Station Emergency Auto Dialers		20,820				-	
26	Plan Document Scanner and Plotter						15,000	
27	Sewer Flow Meter, Camera, and Smart Covers						150,000	
28	Trailer Mounted Portable Generator (Q1)						80,000	
29	EV Ford Lighting Pickup Trucks (Q2)						160,000	
30	Miscellaneous Capital Sewer System & Lift Station Projects TBD						2,200,000	
MISCELLANEOUS								
31	Payments Towards Unfunded Liabilities	94,082	494,778	156,003	-	16,907	1,488,751	
32	Contributions Towards 115 CEPPT Trust Fund	-	2,500,000	500,000	875,000	700,000	-	
33	Contributions Towards 115 OPEB Trust Fund	-	-	-	-	-	-	
34	TOTAL CAPITAL OUTLAY & IMPROVEMENTS	\$ 1,608,398	\$ 4,169,516	\$ 1,445,249	\$ 1,186,336	\$ 5,525,997	\$ 6,685,351	\$ 3,642,000

The Capital Outlay & Improvement budget is robust and is focused on the addition several new electrical vehicles, capital projects for sewer, as well as the planning & construction of a solar microgrid and a possible EV refuse truck (subject to future grant approvals).

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 customers 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, 2024 through June 30, 2025
\$18,053,358**

	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	PROPOSED BUDGET
REVENUES						
1 OPERATING REVENUES						
2 Trash & Sewer Collection Fees	\$ 6,867,992	\$ 6,904,276	\$ 6,942,570	\$ 7,318,538	\$ 7,661,693	\$ 7,760,000
3 Additional Container & Service Fees	2,744	2,100	3,092	15,410	12,538	15,000
4 Franchise Fees	1,088,185	1,121,793	1,174,482	1,246,184	1,356,401	1,350,000
5 Sewer Plan Checks & Inspection Fees	256,716	99,652	41,570	50,985	60,167	55,000
6 Sewer Connection Fees (OC San)	49,962	14,267	14,005	19,502	16,331	15,000
7 OPERATING REVENUES	\$ 8,265,600	\$ 8,142,088	\$ 8,175,719	\$ 8,650,619	\$ 9,107,130	\$ 9,195,000
8 NON-OPERATING REVENUES						
9 Property Tax Secured	\$ 1,306,336	\$ 1,300,952	\$ 1,296,564	\$ 1,298,523	\$ 1,307,154	\$ 1,375,000
10 Property Tax Unsecured	40,224	39,125	41,496	38,605	39,395	38,000
11 Property Tax Secured Supplemental	27,676	26,730	30,457	56,349	34,530	30,000
12 Homeowner's Property Tax Relief	6,767	6,313	6,005	5,765	5,301	6,000
13 State-Assessed Public Utility Tax & Railroad	59,162	61,462	60,862	64,480	64,112	64,000
14 Pass-through Property Taxes County of Orange	291,867	380,505	406,339	413,629	516,479	575,000
15 Pass-through Property Taxes City of Westminster	2,497,700	2,700,430	3,014,915	3,371,929	3,566,261	3,800,000
16 Investment Income	1,054,910	541,416	(1,008,282)	1,322,305	3,179,658	2,726,433
17 Interest on Undistributed Taxes	9,520	5,818	1,894	9,822	20,799	8,925
18 Other Revenue	273,023	214,237	626,940	219,246	535,801	225,000
19 Gain/(Loss) on Disposal of Capital Assets	-	6,073	-	(4,920)	-	10,000
20 NON-OPERATING REVENUES	\$ 5,567,184	\$ 5,283,061	\$ 4,477,189	\$ 6,795,733	\$ 9,269,490	\$ 8,858,358
21 TOTAL REVENUES	\$ 13,832,784	\$ 13,425,149	\$ 12,652,908	\$ 15,446,352	\$ 18,376,620	\$ 18,053,358

EXPENDITURES
Fiscal Year July 1, 2024 through June 30, 2025
\$14,973,460

EXPENSES								
			FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
			ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	BUDGET
1	ACCT#	LABOR & BENEFITS						
2	7510.00	Salaries & Wages	\$ 2,181,383	\$ 2,301,719	\$ 2,417,022	\$ 2,642,050	\$ 3,027,418	\$ 3,335,000
3	7520.00	Medicare	30,562	32,950	34,848	37,953	42,385	50,100
4	7530.00	CalPERS Retirement	686,312	749,983	258,289	267,398	301,846	420,000
5	7535.00	CalPERS CEPPT/GASB 68 Retirement	-	-	-	3,712,315	1,119,165	-
6	7550.00	Group Insurance	563,969	603,446	665,833	720,206	803,754	969,500
7	7560.00	Group Insurance Retirees	(26,585)	99,728	140,191	179,508	271,478	229,000
8	7565.00	CalPERS OPEB Trust Reimbursement	-	(136,670)	-	(236,809)	(193,786)	(224,000)
9	7570.00	Workers' Compensation Insurance	78,289	80,917	69,863	83,423	79,716	100,760
10	7575.00	Uniforms & Laundry	5,372	4,867	15,968	14,526	20,234	24,950
11	7580.00	Employee Reimbursements	-	-	-	9,668	11,294	16,500
12	7590.00	Unemployment Benefits	11,700	(2,925)	-	-	-	-
13		TOTAL LABOR & BENEFITS	\$ 3,531,002	\$ 3,734,015	\$ 3,602,014	\$ 7,430,237	\$ 5,483,504	\$ 4,921,810
14	7605.00	Board Election Costs	-	59,086	-	91,110	-	120,000
15	7610.00	Board Meeting Expenses	133	535	2,117	5,421	9,053	8,000
16	7620.00	Operating & Office Expenses	47,871	53,608	61,884	35,115	39,426	66,000
17	7625.00	Local Govt. Formation Commission (LAFCO)	20,783	17,805	18,339	19,153	21,508	24,500
18	7630.00	Services & Supplies	14,852	56,173	29,689	101,857	111,474	129,250
19	7635.00	Printing & Publications	17,885	1,303	16,230	-	3,341	4,000
20	7640.00	Permits Fees Testing & Taxes	21,255	19,694	22,863	22,118	25,707	33,500
21	7645.00	Membership Dues & Subscriptions	8,275	8,945	8,658	11,467	12,614	18,300
22	7650.00	Education, Training, & Travel Expenses	30,642	22,109	37,041	39,982	76,640	150,000
23	7660.00	Employee Awards Incentives & Recognition	19,634	15,450	25,513	39,312	36,768	61,000
24	7665.00	Medical Exams & Testing	3,782	8,078	7,614	4,539	4,030	9,100
25	7670.00	Property & Liability Insurance	210,737	307,380	304,473	371,159	476,588	560,000
26	7675.00	Claims Expenses	5,043	810	10,429	1,511	4,789	120,000
27	7680.00	Gasoline & Diesel Fuel	15,634	14,380	19,105	20,482	18,989	26,500
28	7685.00	Tonnage Disposal Fees	2,392,868	2,420,879	2,178,318	2,353,718	2,559,148	2,650,000
29	7690.00	Solid Waste, Recycling, & Organic Containers	146,519	183,912	177,707	293,587	215,218	300,000
30	7695.00	Tools & Equipment	10,101	22,613	32,432	36,789	31,095	55,000
31	7700.00	Repairs & Maintenance, Tires, and Parts	556,759	517,857	520,883	746,925	780,359	1,030,000
32	7700.25	CCTV and Cleaning of District Sewer Lines	-	-	-	-	1,010,822	800,000
33	7725.10	Audit & Financial Services	17,650	19,350	18,930	19,490	25,000	28,000
34	7725.20	Engineering & Consulting Services	-	-	-	-	337,750	400,000
35	7725.30	Legal Services Personnel	34,650	27,399	19,346	13,014	44,934	55,000
36	7725.40	Legal Services General Counsel	52,047	61,709	109,914	115,640	120,261	125,000
37	7725.50	Information Technology	24,827	21,019	36,148	53,324	83,342	185,000
38	7725.70	Professional & Consulting Services	55,351	50,252	58,210	218,034	67,419	330,000
39	7725.90	Temporary Personnel	31,331	7,728	73,156	63,603	35,212	110,000
40	7750.00	Community & District Events	46,750	60,023	112,353	22,398	62,059	120,000
41	7750.10	District Calendar	36,952	36,517	37,267	44,595	43,571	47,000
42	7750.20	Media & Program Development	-	-	29,463	28,797	41,690	80,000
43	7750.25	Clean-up Events	-	-	7,394	13,856	20,289	30,000
44	7750.30	Organics, Compost, & SB 1383 Expenses	-	-	16,177	31,671	60,754	200,000
45	7750.35	Fats, Oils & Grease (FOG) Program	18,002	19,199	17,925	17,400	17,075	35,000
46	7750.45	Resident Lateral Assistance Program	-	-	1,800	-	-	9,000
47	7800.00	Utilities-Includes Lift (Pump) & CNG Stations	170,444	203,888	272,492	493,337	299,115	347,500
48	7900.00	Depreciation & Amortization Expenses	1,391,948	1,463,959	1,503,162	1,465,648	1,298,723	1,785,000
49		TOTAL NON-LABOR	\$ 5,402,728	\$ 5,701,659	\$ 5,787,032	\$ 6,795,053	\$ 7,994,762	\$ 10,051,650
50		TOTAL EXPENSES	\$ 8,933,731	\$ 9,435,674	\$ 9,389,046	\$ 14,225,290	\$ 13,478,266	\$ 14,973,460

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 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
		ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	BUDGET
1	Board of Directors	\$ 119,576	\$ 195,561	\$ 185,883	\$ 308,162	\$ 237,805	\$ 435,260
2	Administration Department	1,832,959	1,887,383	1,853,905	3,069,062	2,691,558	2,919,850
3	Fleet Maintenance Department	462,018	526,253	503,982	1,133,702	963,053	741,350
4	Solid Waste Department	5,202,788	5,427,504	5,439,724	7,287,774	6,052,429	7,096,500
5	Sewer System Department	1,316,388	1,398,973	1,405,581	2,426,590	3,533,420	3,780,500
6	TOTAL SUMMARY BY DEPARTMENTS	\$ 8,933,730	\$ 9,435,675	\$ 9,389,075	\$ 14,225,290	\$ 13,478,266	\$ 14,973,460



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, Director of Operations/Safety, District Engineer, Director of Services and Program Development, Executive/Board Secretary, Accountant, Human Resources Coordinator, and an Administrative Secretary/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 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	PROPOSED BUDGET
BOARD OF DIRECTORS						
1 Directors' Fees (salaries)	\$ 56,917	\$ 73,159	\$ 92,700	\$ 104,100	\$ 106,800	\$ 115,000
2 Medicare	779	1,064	1,330	1,465	1,507	1,600
3 Group Insurance	57,423	57,007	80,833	92,350	97,888	120,000
4 Workers' Compensation Insurance	234	343	288	348	400	410
5 Election Costs		59,086	-	91,110	-	120,000
6 Board Meeting Expenses	133	535	2,117	5,421	9,053	8,000
7 Operating & Office Expenses	-	-	-	-	4,092	5,500
8 Services & Supplies	-	1,735	3,594	2,984	3,609	4,750
9 Board Development & Travel Expenses	4,089	2,631	5,021	10,385	14,456	40,000
10 Information Technology	-	-	-	-	-	20,000
11 TOTAL BOARD OF DIRECTORS	\$ 119,576	\$ 195,561	\$ 185,883	\$ 308,162	\$ 237,805	\$ 435,260

ADMINISTRATION DEPARTMENT

	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	PROPOSED BUDGET
ADMINISTRATION DEPARTMENT						
1 Salaries & Wages	\$ 703,235	\$ 740,501	\$ 759,551	\$ 862,673	\$ 1,027,118	\$ 1,200,000
2 Medicare	9,981	10,564	10,868	12,811	14,327	17,000
3 CalPERS Retirement	246,568	269,883	94,756	91,334	107,412	150,000
4 CalPERS CEPPT/GASB 68 Retirement	-	-	-	1,268,002	381,480	-
5 Group Insurance	108,296	130,380	145,268	169,274	193,389	229,500
6 Group Insurance Retirees	(9,305)	34,054	49,282	77,581	120,764	96,000
7 CalPERS OPEB Trust Reimbursement	-	(47,664)	-	(102,345)	(86,011)	(96,000)
8 Workers' Compensation Insurance	3,323	3,691	3,242	3,956	3,316	5,600
9 Uniforms & Laundry Services	-	-	368	528	3,291	3,250
10 Employee Reimbursements	-	-	-	2,373	3,842	5,500
11 Unemployment Benefits	11,700	(2,925)	-	-	-	-
12 Operating & Office Expenses	44,960	45,799	53,063	25,570	26,560	45,000
13 Local Govt. Formation Commission (LAFCO)	20,783	17,805	18,339	19,153	21,508	24,500
14 Services & Supplies	-	-	-	33,001	49,619	50,000
15 Printing & Publications	17,885	1,303	16,230	-	3,341	4,000
16 Permits Fees Testing & Taxes	2,208	1,465	1,992	1,500	1,547	3,500
17 Membership Dues & Subscriptions	8,275	8,945	8,658	10,873	11,492	15,000
18 Education, Training, & Travel Expenses	12,813	6,907	15,896	21,422	43,768	60,000
19 Employee Awards Incentives & Recognition	19,634	15,450	25,513	39,312	36,768	55,000
20 Medical Exams & Testing	-	4,442	4,450	808	707	2,000
21 Property & Liability Insurance	31,282	51,359	55,004	70,989	105,000	125,000
22 Claims Expense	-	-	-	-	(324)	-
23 Gasoline & Diesel Fuel	1,324	2,248	1,446	2,295	2,830	4,000
24 Repairs & Maintenance	7,676	1,752	2,489	6,270	3,200	15,000
25 Audit & Financial Services	17,650	19,350	18,930	19,490	25,000	28,000
26 Legal Services Personnel	34,650	27,399	19,346	13,014	44,934	55,000
27 Legal Services General Counsel	52,047	61,709	109,914	115,640	120,261	125,000
28 Information Technology	24,827	21,019	36,148	51,509	70,259	70,000
29 Professional & Consulting Services	55,351	50,252	58,210	5,050	52,325	100,000
30 Temporary Personnel	31,331	7,728	73,156	63,603	32,546	60,000
31 Community & District Events	46,750	60,023	112,353	22,398	62,059	120,000
32 District Calendar	36,952	36,517	37,267	44,595	43,571	47,000
33 Media & Program Development	-	-	29,463	28,797	41,690	80,000
34 Utilities	61,727	69,479	29,480	26,939	45,026	46,000
35 Depreciation & Amortization Expenses	231,036	237,948	63,223	60,649	78,944	175,000
36 TOTAL ADMINISTRATION DEPARTMENT	\$ 1,832,959	\$ 1,887,383	\$ 1,853,905	\$ 3,069,062	\$ 2,691,558	\$ 2,919,850

FLEET MAINTENANCE DEPARTMENT

Fleet Maintenance Department, budgeted for 4 employees.

The Fleet Maintenance Department provides pre-maintenance and urgent repair services for all MCSD's vehicles 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 daily to assure that the solid waste pickup is being completed in a timely manner.

		FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
		ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	PROPOSED BUDGET
FLEET MAINTENANCE DEPARTMENT							
1	Salaries & Wages	\$ 242,738	\$ 261,753	\$ 266,033	\$ 307,056	\$ 388,024	\$ 370,000
2	Medicare	3,011	3,688	3,764	4,200	5,434	7,000
3	CalPERS Retirement	83,666	96,604	35,104	39,325	42,811	55,000
4	CalPERS CEPPT/GASB 68 Retirement	-	-	-	545,959	284,659	-
5	Group Insurance	61,018	67,778	70,771	71,865	75,640	100,000
6	Group Insurance Retirees	(2,659)	4,372	4,391	4,812	7,285	10,000
7	CalPERS OPEB Trust Reimbursement	-	(6,317)	-	(6,348)	(5,209)	(10,000)
8	Workers' Compensation Insurance	9,324	9,912	8,597	10,352	9,000	12,750
9	Uniforms & Laundry Services	3,032	2,656	3,135	2,594	4,183	4,700
10	Employee Reimbursements	-	-	-	1,666	1,029	2,000
11	Operating & Office Expenses	-	-	-	-	-	3,000
12	Services & Supplies	-	-	-	2,747	3,541	4,500
13	Education, Training, & Travel Expenses	3,641	1,047	3,390	2,486	9,035	10,000
14	Employee Awards Incentives & Recognition	-	-	-	-	-	2,000
15	Medical Exams & Testing	-	628	60	784	680	900
16	Property & Liability Insurance	34,673	53,965	58,379	74,817	79,399	90,000
17	Gasoline & Diesel Fuel	2,387	2,952	4,761	4,765	3,628	6,000
18	Tools & Equipment	10,101	22,613	32,432	36,789	31,095	40,000
19	Repairs & Maintenance	9,915	3,424	6,383	20,261	13,906	15,000
20	Information Technology	-	-	-	1,620	938	5,000
21	Utilities	1,171	1,180	815	1,070	1,094	3,500
22	Depreciation & Amortization Expenses	-	-	5,965	6,882	6,882	10,000
23	TOTAL FLEET MAINTENANCE DEPARTMENT	\$ 462,018	\$ 526,253	\$ 503,982	\$ 1,133,702	\$ 963,053	\$ 741,350

SOLID WASTE DEPARTMENT

Solid Waste Department, budgeted for 16 employees.

The Solid Waste Department provides solid waste collection averaging 150 tons of refuse per day from approximately 100,000 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 20,000 residences per week, 59 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 worker moves the cart to the curb and returns the empty cart to where it is stored.

	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	PROPOSED BUDGET
SOLID WASTE DEPARTMENT						
1 Salaries & Wages	\$ 863,517	\$ 888,741	\$ 945,063	\$ 961,790	\$ 1,048,751	\$ 1,180,000
2 Medicare	12,381	12,902	13,719	13,681	14,715	18,000
3 CalPERS Retirement	239,914	254,522	82,255	82,269	89,936	125,000
4 CalPERS CEPPT/GASB 68 Retirement	-	-	-	1,142,150	94,121	-
5 Group Insurance	256,651	262,855	278,730	283,273	319,601	380,000
6 Group Insurance Retirees	(9,305)	33,072	50,829	60,760	95,677	78,000
7 CalPERS OPEB Trust Reimbursement	-	(46,682)	-	(47,961)	(68,424)	(78,000)
8 Workers' Compensation Insurance	51,000	52,064	44,911	54,084	54,000	64,500
9 Uniforms & Laundry Services	-	-	9,860	9,148	9,461	12,500
10 Employee Reimbursements	-	-	-	4,081	3,908	6,000
11 Operating & Office Expenses	1,193	2,009	4,425	4,626	2,210	6,000
12 Services & Supplies	14,852	54,438	26,095	57,632	45,704	60,000
13 Education, Training, & Travel Expenses	7,219	9,740	10,505	1,237	3,243	10,000
14 Employee Awards Incentives & Recognition	-	-	-	-	-	2,000
15 Medical Exams & Testing	3,782	2,212	2,468	2,263	1,568	5,000
16 Property & Liability Insurance	97,708	127,212	120,282	138,955	198,189	230,000
17 Claims Expense	5,043	810	9,929	1,511	4,113	10,000
18 Gasoline & Diesel Fuel	5,369	4,757	5,004	6,348	3,172	7,500
19 Tonnage Disposal Fees for Refuse, Recycling & Organics	2,392,868	2,420,879	2,178,318	2,353,718	2,559,148	2,650,000
20 Containers/Carts for Refuse, Recycling & Organics	146,519	183,912	177,707	293,587	215,218	300,000
21 Repairs, Maintenance, Tires, & Restock Parts	417,710	403,858	414,378	588,198	447,887	550,000
22 Information Technology	-	-	-	-	2,750	40,000
23 Professional & Consulting Services	-	-	-	7,169	7,588	30,000
24 Clean-up Events	-	-	7,394	13,856	20,289	30,000
25 Organics, Compost & SB 1383 Expenses	-	-	16,177	31,671	60,754	200,000
26 Utilities	69,287	86,729	175,261	411,957	193,715	230,000
27 Depreciation & Amortization Expenses	627,080	673,474	866,414	811,772	625,135	950,000
28 TOTAL SOLID WASTE DEPARTMENT	\$ 5,202,788	\$ 5,427,504	\$ 5,439,724	\$ 7,287,774	\$ 6,052,429	\$ 7,096,500

WASTEWATER/SEWER SYSTEM DEPARTMENT

The Wastewater/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 can collect 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 \$3 billion dollars and is comprised of approximately 174 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 34 inverted siphons. There are approximately 35,000 service connections to the system.

		FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
		ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	PROPOSED BUDGET
SEWER DEPARTMENT							
1	Salaries & Wages	\$ 314,976	\$ 337,566	\$ 353,675	\$ 406,430	\$ 456,726	\$ 470,000
2	Medicare	4,411	4,733	5,167	5,796	6,402	6,500
3	CalPERS Retirement	116,164	128,973	46,175	54,469	61,688	90,000
4	CalPERS CEPPT/GASB 68 Retirement	-	-	-	756,205	358,905	-
5	Group Insurance	80,582	85,426	90,231	103,444	117,234	140,000
6	Group Insurance Retirees	(5,317)	28,230	35,689	36,356	47,751	45,000
7	CalPERS OPEB Trust Reimbursement	-	(36,007)	-	(80,155)	(34,142)	(40,000)
8	Workers' Compensation Insurance	14,407	14,907	12,824	14,683	13,000	17,500
9	Uniforms & Laundry Services	2,339	2,211	2,604	2,256	3,299	4,500
10	Employee Reimbursements	-	-	-	1,548	2,515	3,000
11	Operating & Office Expenses	1,719	5,800	4,397	4,919	6,564	6,500
12	Services & Supplies	-	-	-	5,494	9,001	10,000
13	Permits Fees Testing & Taxes	19,047	18,229	20,871	20,618	24,160	30,000
14	Membership Dues & Subscriptions	-	-	-	594	1,122	3,300
15	Education, Training, & Travel Expenses	2,881	1,784	2,228	4,451	6,137	30,000
16	Employee Awards Incentives & Recognition	-	-	-	-	-	2,000
17	Medical Exams & Testing	-	796	636	684	1,074	1,200
18	Property & Liability Insurance	47,074	74,844	70,807	86,399	94,000	115,000
19	Claims Expense	-	-	500	-	1,000	110,000
20	Gasoline & Diesel Fuel	6,554	4,424	7,894	7,075	9,359	9,000
21	Tools & Equipment	-	-	-	-	-	15,000
22	Repairs & Maintenance	121,459	108,822	97,633	132,196	315,365	450,000
23	CCTV and Cleaning of District Sewer Lines	-	-	-	-	1,010,822	800,000
24	Engineering & Consulting	-	-	-	-	337,750	400,000
25	Information Technology	-	-	-	195	9,395	50,000
26	Professional & Consulting Services	-	-	-	205,816	7,507	200,000
27	Temporary Personnel	-	-	-	-	2,666	50,000
28	Fats Oils Grease (FOG) Program	18,002	19,199	17,925	17,400	17,075	35,000
29	Resident Lateral Assistance Program	-	-	1,800	-	-	9,000
30	Utilities	38,259	46,500	66,936	53,371	59,281	68,000
31	Depreciation & Amortization Expenses	533,831	552,537	567,559	586,346	587,763	650,000
32	TOTAL SEWER DEPARTMENT	\$ 1,316,388	\$ 1,398,973	\$ 1,405,581	\$ 2,426,590	\$ 3,533,420	\$ 3,780,500

Resolutions & Policies

RESOLUTION NO. 2024-15

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE MIDWAY CITY SANITARY DISTRICT OF ORANGE COUNTY, CALIFORNIA, ADOPTING THE SPECIAL DISTRICT GENERAL FUND BUDGET FOR THE FISCAL YEAR JULY 1, 2024 THROUGH JUNE 30, 2025

BE IT RESOLVED, by the Board of Directors of Midway City Sanitary District, of Orange County, California, that the Special District General Fund Budget for the fiscal year 2024-2025 is hereby adopted. A copy of said budget is attached hereto.

PASSED AND ADOPTED at a meeting of the Board of Directors of Midway City Sanitary District, of Orange County, California, held this 18th day of June 2024.

/s/

Mark Nguyen, President

ATTEST:

/s/

Andrew Nguyen, Secretary

RESOLUTION NO. 2024-11**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE MIDWAY CITY SANITARY DISTRICT OF ORANGE COUNTY, CALIFORNIA, ESTABLISHING THE APPROPRIATIONS LIMIT FOR THE FISCAL YEAR 2023-2024 FOR THE DISTRICT IN ACCORDANCE WITH THE PROVISIONS OF DIVISION 9 OF TITLE 1 OF THE CALIFORNIA GOVERNMENT CODE**

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

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

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

WHEREAS, Section 7902 (b) of the Government Code, as amended by Article XIII B, Section 8, of the California Constitution, sets forth the method for determining the appropriation limit for each local jurisdiction for the 2024-2025 fiscal year.

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

Section 1: That it is hereby found and determined that the documentation (attached hereto as Exhibit "A") used in the determination of the appropriations limit for Midway City Sanitary District for fiscal year 2024-2025 was available to the public in the office of the District at least 15 days prior to the date this resolution was adopted.

Section 2: That the Board of Directors has determined that for purposes of calculating the 2024-2025 fiscal year appropriations limit for the District, the Board of Directors selects the following cost of living factor pursuant to Article XIII B, Section 8(e) (2), of the California Constitution:

<u>Fiscal Year</u>	<u>Factor</u>	<u>Percent</u>
2024-2025	Change in California per Capita Personal Income	3.62

Section 3: That for purposes of calculating the 2023-2024 fiscal year appropriations limit for the District, the Board of Directors selects the following change in population factor pursuant to Revenue and Taxation Code Section 2228:

<u>Fiscal Year</u>	<u>Factor</u>	<u>Percent</u>
2024-2025	Change in Orange County Population	0.31

Section 4: That the appropriations limit for fiscal year 2024-2025 for Midway City Sanitary District, as established in accordance with Section 7902(b) of the Government Code and as amended by Article XIII B, Section 8, of the California Constitution, is Eight Million Seven Hundred Eighty-Two Thousand Nine Hundred and Sixty-Four Dollars and Fifteen Cents (\$8,782,964.15) which sum is Midway City Sanitary District's maximum authorized spending limitation, in accordance with Article XIII B, for fiscal year 2024-2025.

Section 5: The determination of the appropriation limit is based upon the best and most complete information available at this time. The District reserves the right to review and re-establish

a new and different limit in the event that it subsequently determines that a modification of the limit amount is appropriate.

PASSED AND ADOPTED at a regular meeting of the Board of Directors of Midway City Sanitary held this 4th day of June 2024.

 /S/
 Mark Nguyen, President

ATTEST:

 /S/
 Andrew Nguyen, Secretary

EXHIBIT "A"

2024-2025 Fiscal Year

Change in California Per Capita Personal Income		3.62
Civilian population change for Orange County		0.31
Per Capita Personal Income converted to a ratio:	$\frac{3.62 + 100}{100.00} =$	1.0362
Population change converted to a ratio:	$\frac{0.31 + 100}{100.00} =$	1.0031

Calculation of factor for FY 2024-2025: $1.0362 \times 1.0031 = 1.0394$ (ratio of change)

2023-2024 Limit \$8,450,032.86 x 1.0394 = \$8,782,964.15 (new 2024-2025 limit)

RESOLUTION NO. 2024-13

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE MIDWAY CITY SANITARY DISTRICT OF ORANGE COUNTY, CALIFORNIA, APPROVING A REPORT ON SPECIAL USER CHARGES PURSUANT TO SPECIAL USAGE PERMIT AGREEMENT AND COVENANT DOCUMENTS AND DIRECTING THE COUNTY AUDITOR TO ADD SUCH SPECIAL USAGE CHARGES TO THE JULY 1, 2024 THROUGH JUNE 30, 2025 SECURED TAX ROLL PURSUANT TO ORDINANCE NO. 26

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

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

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

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

A. The rates and charges for this service are a fee which is equal to three percent (3%) of one percent (1%) of the annual property tax increments from said property beginning with the fiscal year in which the annexation of said property was approved by Resolution of the District's Board of Directors, or said Special Usage Permit Agreement and Restrictive Covenant was recorded, whichever occurred earlier;

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

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

5. That pursuant to Health and Safety Code Section 5473, a report has been filed with the District's Secretary containing a description of each parcel of real property and the amount of charges imposed by Ordinance No. 26 and such Agreements for the fiscal year 2024-2025.

6. That pursuant to Health and Safety Code Section 5473.1, the filing of the report was duly noticed as required by law by publication once each week for two (2) successive weeks in the Westminster Herald Journal, a newspaper of general circulation, printed and published in the MIDWAY CITY SANITARY DISTRICT, of a notice of a public hearing to be held on June 18, 2024 at the Board's meeting room located at 14451 Cedarwood Avenue, Westminster, CA 92683, to consider oral and written objections or protests regarding such report.

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

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

9. That the County Auditor be, and hereby is ordered and directed to add such special usage fees to the July 1, 2024 – June 30, 2025 secured tax roll.

10. That the Secretary shall cause a copy of this Resolution and such report, in either written or electronic form, to be filed with the Orange County Auditor on or before August 10, 2024.

PASSED AND ADOPTED at a meeting of the Board of Directors of the MIDWAY CITY SANITARY DISTRICT OF ORANGE COUNTY, CALIFORNIA, held this 18th day of June, 2024.

/S/
Mark Nguyen, President

ATTEST:

/S/
Andrew Nguyen, Secretary

RESOLUTION NO. 2024-14

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE MIDWAY CITY SANITARY DISTRICT OF ORANGE COUNTY, CALIFORNIA, APPROVING A REPORT ON SANITATION AND SEWER USER CHARGES AND DIRECTING THE COUNTY AUDITOR TO ADD SUCH USER CHARGES TO THE JULY 1, 2024 THROUGH JUNE 30, 2025 SECURED TAX ROLL PURSUANT TO ORDINANCE NO. 72 AND ORDINANCE NO. 73.

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

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

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

1. That by the adoption of Ordinance No. 72, the Board of Directors of the MIDWAY CITY SANITARY DISTRICT elected to adjust the rates and charges for sanitary sewer services and facilities provided by said District. Ordinance 72 authorized a sewer service fee of \$103.43 for each residential, commercial, or industrial unit or activity per year for the fiscal year July 1, 2024 – June 30, 2025.

2. That by the adoption of Ordinance No. 73, the Board of Directors of the MIDWAY CITY SANITARY DISTRICT elected to adjust the rates and charges for solid waste services to parcels that receive Curbside Container Service from the District. Ordinance 73 authorized an annual solid waste collection fee of \$201.57 for each unit of service, and an annual fee of \$39.22 for each additional solid waste cart provided as part of the basic Curbside Collection Service, for the fiscal year July 1, 2024 – June 30, 2025.

3. That pursuant to Health and Safety Code Section 5473, a report has been filed with the District's Secretary containing a description of each parcel of real property and the amount of the charges imposed by Ordinance Nos. 72 and 73, for the fiscal year July 1, 2024 – June 30, 2025.

4. That pursuant to Health and Safety Code Section 5473.1, the filing of the report was duly noticed as required by law by publication once each week for two (2) successive weeks in the Westminster Herald Journal, a newspaper of general circulation, printed and published in the MIDWAY CITY SANITARY DISTRICT, of a notice of a public hearing to be held on June 18th, 2024 at the Board's meeting room located at 14451 Cedarwood Street, Westminster, CA 92683, to consider oral and written objections or protests regarding such report.

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

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

7. That the County Auditor be, and hereby is ordered and directed to add such sewerage and sanitation (solid waste) usage fees to the 2024-2025 secured tax roll.

8. That the Secretary shall cause a copy of this Resolution and such report, in either written or electronic form, to be filed with the Orange County Auditor on or before August 10, 2024.

PASSED AND ADOPTED at a meeting of the Board of Directors of the MIDWAY CITY SANITARY DISTRICT OF ORANGE COUNTY, CALIFORNIA, held this 18th day of June, 2024.

/S/
Mark Nguyen, President

ATTEST:

/S/
Andrew Nguyen, Secretary

RESOLUTION NO. 2024-08**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE MIDWAY CITY SANITARY DISTRICT OF ORANGE COUNTY CALIFORNIA, ESTABLISHING A POLICY APPLICABLE TO DISTRICT DEPOSITS AND INVESTED FUNDS.**

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

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

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

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

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

- (a) The Operating Fund.
- (b) The Orange County, Midway City Reserve Fund.
- (c) The Lift Stations and Sewer Line Reserve Fund (*Urgent Repairs, Capital Projects, Lift Station Replacement*).
- (e) The Vehicle Replacement Reserve Fund (*Renovation and Replacement*).
- (f) Buildings, Equipment, and Facilities Reserve Fund.
- (g) Compressed Natural Gas (CNG) Fueling Station & Facilities Reserve Fund.
- (h) Emergency and Contingency Reserve Fund.

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

Section 3. Pursuant to Health and Safety Code Section 6801, the District has appointed a member of the Board of Directors to serve as Treasurer. Pursuant to Government Code Section 53607, the District will elect in each annual period by its Resolution Approving a Statement of Investment Policy to either delegate its investment authority for a one-year period to the Treasurer or to reserve all investment authority to the Board of Directors or its designees. When the Treasurer is delegated the investment authority of the District in each annual period, then he or she shall report to the Board of Directors each month the investment and reinvestment of funds authorized by him or her in that period. When the Board has authority, then the General Manager or its designee shall report to the Board of Directors each month the investment and reinvestment of funds in that period.

Section 4. Pursuant to Government Code Section 53649, the Treasurer of the District is responsible for the safekeeping of the District's money. The deposit, transfer, or withdrawal of District money may be made by joint action of any two (2) of the following four (4) individuals: the Board President, the Treasurer, the General Manager and the Director of Finance and Human Resources. The authority of the Board President, the Treasurer, the General Manager and the Director of Finance and Human Resources shall be limited by the following:

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

(b) The Board President, Treasurer, General Manager, and the Director of Finance and Human Resources shall make only those withdrawals of District's money (whether by check, warrant or electronic transfer) as are authorized pursuant to Resolution No. 2023-01 or any successor resolution adopted by the Board of Directors establishing procedures for the payment of claims and demands, including payroll, and

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

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

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

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

(c) The Investment Trust of California, doing business as CalTrust, in accordance the provisions of Government Code Section 16429.1 for the purposes of investment as set forth therein.

(d) The California Cooperative Liquid Assets Securities System, doing business as California CLASS in accordance with the provisions of Government Code Section 16429.1 for the purposes of investment as set forth therein.

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

Section 6. In addition to Section 4 above, all transfers between accounts may be made by joint action of any two (2) of the following four (4) individuals: the Board President, Treasurer, General Manager and the Director of Finance and Human Resources, without the prior approval of the Board; provided, however, that the General Manager and Director of

Finance and Human Resources shall record such transfers and report the same to the Treasurer and the Board at the next regularly scheduled meeting. In no event shall transfers between investment accounts and operational accounts exceed the amount of funds sufficient for the normal operations of the District in accordance with the Annual Budget, unless otherwise specifically approved by the Board of Directors.

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

(a) Deposits of no more than \$3 million dollars in negotiable certificates of deposit (including accruing interest), provided however, that in no event shall purchases of certificates of deposit exceed thirty (30%) of the District's surplus money. Certificate of Deposit (or Time Deposits) shall be placed with commercial banks, savings banks, savings and loan associations, or credit unions that are insured by the Federal Deposit Insurance Corporation (FDIC) or the National Credit Union Administration (NCUA).

(b) Deposits of no more than \$10 million dollars in securities of the U.S. Government or its agencies, fully guaranteed as to payment by the U.S. Government or the agency.

Section 8. The General Manager and the Director of Finance and Human Resources at the direction of the Treasurer shall prepare and present to the Board an annual statement of investment policy as required by Government Code Section 53646. The annual statement of investment policy shall be approved by resolution of the Board, and it shall include the names and signatures of the then current Board President, Treasurer, General Manager and Director of Finance and Human Resources as the persons authorized to deposit, transfer, and withdraw District money.

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

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

PASSED AND ADOPTED, at a regular meeting of the Board of Directors of Midway City Sanitary District of Orange County, California, held this 16th day of April, 2024.

/S/
Mark Nguyen, President

ATTEST:

/S/
Andrew Nguyen, Secretary

RESOLUTION NO. 2024-09

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE MIDWAY CITY SANITARY DISTRICT OF ORANGE COUNTY, CALIFORNIA, APPROVING THE ANNUAL STATEMENT OF INVESTMENT POLICY FOR FISCAL YEAR 2024-2025 (JULY 1, 2024 THROUGH JUNE 30, 2025).

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

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

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

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

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

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

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

Section 1: The Statement of Investment Policy stated in Exhibit "A" hereto, and incorporated herein by this reference, is approved for the 2024-2025 Fiscal Year.

Section 2: In accordance with the District's Investment Policy, the officials of the District set forth in Section 3 herein or their successors are authorized for the 2024-2025 Fiscal

Year to approve the investment and reinvestment of the District's monies and surplus funds in accordance with Government Code Sections 53635 and 53601.

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

<u>Name and Title of Authorized Signatories</u>	<u>Signatures</u>
Director Serving as President	_____ /S/
Director Serving as Treasurer	_____ /S/
General Manager	_____ /S/
Director of Finance	_____ /S/

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

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

PASSED AND ADOPTED, at a regular meeting of the Board of Directors of Midway City Sanitary District of Orange County, California, held this 16th day of April, 2024.

/S/
Mark Nguyen, President

ATTEST:

/S/
Andrew Nguyen, Secretary

EXHIBIT "A"**MIDWAY CITY SANITARY DISTRICT
STATEMENT OF INVESTMENT POLICY
FISCAL YEAR 2024-2025 (July 1, 2024 through June 30, 2025)****A. PURPOSE**

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

1. To report the principles applicable to the prudent investment of all District monies available for deposit or investment as surplus funds.
2. To provide a clear understanding to the Board of Directors, the Board President, the Treasurer, the General Manager and Director of Finance and Human Resources (as the District's responsible employees under Resolution 2024-08) and to third parties (whether investment advisors or otherwise), as to the objectives and policies of the District applicable to the investment of its money.
3. To establish a basis for evaluating investment results.

B. TERM

This statement is applicable to investments made in the fiscal year 2024/2025, and it shall be revised as appropriate and presented to the Board on an annual basis.

C. SCOPE

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

D. STANDARD OF CARE

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

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

See, Government Code Section 53600.3.

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

E. ETHICS AND CONFLICTS OF INTEREST:

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

F. OBJECTIVES

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

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

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

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

1. Checking and Savings Accounts, whether interest bearing or otherwise to be established at US Bank or any other financial institution located in Orange County and meeting the requirements of Government Code Section 53601 or 53630 et seq. for the purposes of deposit or investment.
2. Interest Bearing Fund Deposits into the State Local Agency Investment Fund (LAIF), and US Bank.
3. Short-term certificates of deposit 90 days to maturity provided that not more than 30% of District's surplus funds are placed on deposit pursuant to Government Code Section 53601.
4. Shares of beneficial interest issued by a joint powers authority organized pursuant to Government Code Section 6509.7, including but not limited to the Investment Trust of California, doing business as CalTrust or the California Cooperative Liquid Assets Securities System, doing business as California CLASS.

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

1. Certificates of deposit having a maturity date no greater than one year from the date of purchase, provided that not more than 30% of the District's surplus funds are placed on deposit, pursuant to Government Code Section 53601.
2. Securities of the U.S. Government or its agencies fully guaranteed as to payment by the U.S. Government or the agency.
3. Shares of beneficial interest issued by a joint powers authority organized pursuant to Government Code Section 6509.7, including but not limited to the Investment Trust of California, doing business as CalTrust or the California Cooperative Liquid Assets Securities System, doing business as California CLASS.

G. ADVISORS

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

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

H. REPORTING

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

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

1. The types of investments currently held by the District.
2. The issuers, dates of maturity, and par and dollar amount of all investments.
3. Descriptions of any money invested in programs managed by contract parties.
4. Current market value of any securities managed by outside parties.
5. Status of compliance with the investment policy.
6. Statement of ability to meet expenditure requirements for the next six months.

7. If investments are held in the State LAIF, CalTrust, California CLASS, or in FDIC or NCUA insured accounts or county investment pools, then the most recent statements received by the District from these institutions may be provided in lieu of items 1 through 4 above.

See, Government Code Section 53646.

RESOLUTION NO. 2023-09
A RESOLUTION OF THE BOARD OF DIRECTORS OF THE
MIDWAY CITY SANITARY DISTRICT OF ORANGE COUNTY
APPROVING AMENDED PURCHASING POLICY AND
PROCEDURES.

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

A. The Midway City Sanitary District Board of Directors previously adopted amended Purchasing Policy and Procedures in 2014 and revised said Purchasing Policy and Procedures in 2015, 2016, and 2017.

B. The Board of Directors has determined that the existing Purchasing Policy and Procedures should be revised and updated..

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

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

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

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

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

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

2. Section 2: The District's Purchasing Policy and Procedures adopted in 2014 and amended in 2015, 2016, and 2017 are hereby rescinded.

PASSED AND ADOPTED, at a regular meeting of the Board of Directors of Midway City Sanitary District of Orange County, California, held this 4th day of April, 2023.

 /S/
Tyler Diep, President

ATTEST:

 /S/
Andrew Nguyen, Secretary

MIDWAY CITY SANITARY DISTRICT PURCHASING POLICY AND PROCEDURES

Section 1: Introduction

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

Section 2: Administrative Rules and Procedures

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

Section 3: Authorization by the Board of Directors

The purchase of any Goods and/or Services having an estimated value greater than \$40,000, and/or award of Contracts for Public Works Projects having an estimated value greater than \$15,000, shall be subject to approval by the Board of Directors. Procurements shall not be artificially split or divided into different individual Contracts so as to keep each Contract amount below monetary thresholds set forth in this Policy. Notwithstanding the foregoing, the General Manager may approve Procurements valued greater than the amounts specified above in emergency situations pursuant to Section 9, Paragraph E, and Section 10, Paragraph B.11., herein.

Section 4: Specific Authorization for General Manager to Purchase and Enter into Contracts

- A. The General Manager is authorized to approve Procurements of Goods and/or Services having an estimated value of \$40,000 or less, and to award Contracts for Public Works Projects having an estimated value of \$15,000 or less, without prior authorization from the Board of Directors. The General Manager shall require that such Procurements be made in conformance with the policies established herein. The Board of Directors may require that the General Manager provide periodic reports regarding Procurements made under such authorization to the Board of Directors at a regular meeting.
- B. The General Manager is authorized to approve Change Orders or amendments to Contracts for Goods and/or Services for changes or additions to the original scope of Goods and/or Services up to the cumulative amount of ten percent of the awarded Contract amount or \$15,000, whichever is greater, or as otherwise expressly authorized by the Board of Directors. For Change Orders or amendments to Contracts approved by the Board of Directors, the General Manager shall inform the Board of Directors of the Change Order or amendment at the next regular Board meeting after it is authorized. Except as set forth herein,

- changes to Contracts approved or awarded by the Board of Directors require Board of Directors' approval.
- C. The General Manager is authorized to execute agreements on behalf of the District, in a form approved District Counsel, providing for indemnification by the District of the other party to the agreement (a) where the value of the agreement, other than indemnification, does not exceed \$40,000 and Board of Directors' approval of the agreement is not otherwise required, or (b) for the use of public or private property by the District, provided, however, that any such indemnity provision shall be specifically limited to claims, losses, damages, or injuries arising from the District's use of such property.
- D. The General Manager shall have the authority to:
1. Determine the purchasing method(s) to be used, which shall be consistent with this Policy.
 2. Procure Goods, Services and/or award Contracts for Public Works Projects required by the District in accordance with the purchasing policies set forth in this Policy and/or as directed by the Board of Directors.
 3. Negotiate and recommend the execution of Contracts for the procurement of Goods, Services and/or Public Works Projects.
 4. Act to procure the needed quality in Goods and/or Services, along with the award of Contracts for Public Works Projects, at the least overall expense to the District.
 5. Delegate appropriate authority to District staff.
 6. Endeavor to obtain as full and open competition as reasonable for Procurements.
 7. Prepare, update, and implement rules and procedures consistent with this Policy governing the purchase of Goods and Services, and the award of Contracts for Public Works Projects for the District.

Section 5: Decentralized Purchasing

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

Section 6: Authorization for Payment(s)

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

Section 7: Encumbrance of Funds

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

Section 8: Ethics

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

Section 9: Bidding, Purchasing and Contracting for Goods and/or Services**A. \$10,000 or less:**

No bidding is required for Contracts for Goods and/or Services of \$10,000 or less, including all applicable taxes and shipping. At the discretion of the General Manager, at least two (2) quotes shall be obtained to ensure the lowest overall cost to the District.

B. More than \$10,000, and up to and including \$125,000:

Except as otherwise provided in this Policy, the following Informal Bid Process is required for Procurements of Goods and/or General (but not Professional) Services, including taxes and shipping, that is estimated to be more than \$10,000, and up to and including \$125,000:

1. Written informal bids or proposals shall be solicited from at least three (3) vendors identified by District staff not less than ten (10) days before bids/proposals are due.
2. When soliciting informal bids or proposals, District staff shall: (1) describe the Goods and/or Services in general terms; (2) advise vendors how to obtain additional information about the Goods and/or Services; (3) state the date, time, method and place for the submission of bids/proposals; (4) for particular Services, advise prospective vendors when the award will be based on the Best Value evaluation as determined by the Board of Directors or General Manager, as applicable; (5) advise vendors that the District may reject any and/or all bids or proposals received, and may waive any minor irregularities in each bid or proposal received; and (6) include any other information required by federal, state or local law, as applicable.

C. Over \$125,000:

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

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

5. If two or more bids received are for the same total amount or unit price, the District may accept the one it chooses or accept the lowest bid made by negotiation with the tie bidders at the time of the award.

D. Professional Services

To ensure the selection of Professional Services are based on demonstrated competence and on professional qualifications necessary for the satisfactory performance of the services required, the following procedures shall be followed for the Procurement of Professional Services:

1. \$40,000 or less

For the Procurement of Professional Services estimated to cost \$40,000 or less, the General Manager shall informally request at least two (2) proposals from vendors providing the type of services needed. The General Manager shall engage the most qualified person or firm based upon demonstrated competence and on professional qualifications necessary for the satisfactory performance of the services required, as determined in the sole discretion of the General Manager. Over \$40,000

- (a) For the Procurement of Professional Services estimated to cost more than \$40,000, a Request for Proposals shall be issued for each Professional Service requested. Multiple projects may be bundled into one Request for Proposals such that multiple Contract awards may result from one Request for Proposals and selection may be based upon specialized services. Each Request for Proposals shall require that proposals contain, at a minimum, the following information:
 - i. The firm's qualifications for performing the proposed work.
 - ii. The firm's relevant experience and performance on similar projects.
 - iii. A fee proposal, based on the method of compensation specified in the Request for Proposal, and an estimate of total fees.
 - iv. The firm's ability to complete the work within the time allotted.
 - v. The personnel that will be assigned to the project.
 - vi. A statement that the firm's engagement for the project would not create a conflict of interest.
 - vii. Any other information required to properly evaluate the firm's qualifications and experience with similar projects.

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- viii. Proposals for construction management services shall demonstrate that the designated personnel have expertise and experience in construction project design review and evaluation, construction mobilization and supervision, bid evaluation, project scheduling, cost-benefit analysis, claims review and negotiation, and general management and administration of a construction project.
- (b) The District shall publicize each Request for Proposals by one or more of the following methods:
- i. Advertising in the publications of professional societies;
 - ii. Mailing, electronic mailing, or faxing the Request for Proposals to each vendor who has submitted a Statement of Qualifications;
 - iii. Mailing, electronic mailing, or faxing the Request for Proposals to at least three firms qualified to furnish the required services as identified in the Qualified Bidders List or as otherwise identified by District staff;
 - iv. Posting the Request for Proposals on the District website; and/or
 - v. Using other publication methods that may be beneficial to increasing the number of qualified proposals received by the District.
- (c) The General Manager shall evaluate the proposals for the Board of Director's review. In his or her discretion, the General Manager may appoint an evaluation committee to evaluate the proposals.
- (d) All proposals shall be evaluated and ranked, from most qualified to least qualified, based on each firm's demonstrated competence and professional qualifications necessary for the satisfactory performance of the services required.
- (e) The General Manager may conduct interviews of firms based on the proposal rankings in order to determine final rankings.
- (f) At the Board's Direction, the General Manager shall negotiate a Contract with the firm that the General Manager and/or the evaluation committee deems to be most qualified. If the General Manager is unable to negotiate a satisfactory Contract with the firm deemed to be most qualified, the General Manager shall terminate negotiations with that firm and may negotiate with the firm deemed to be second most qualified. If those negotiations fail, the General

Manager shall negotiate with the third most qualified firm, and so on, until an agreement is reached or the General Manager determines that it is in the best interest of the District to reject the remaining firms. If the Board of Directors determines that it is in the best interest of the District, the Board of Directors may award more than one Contract to the most qualified firms or reject all proposals.

E. Emergency Purchases for Goods and/or Services

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

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

F. Prevailing Wage Service Contracts

Contracts over \$1,000 for certain Services, including, but not limited to, installation, maintenance, repair work, or certain other work done for the District, may be Prevailing Wage Contracts subject to the requirements of Labor Code section 1720 *et seq.* and other laws and requiring the payment of prevailing wages. including, without limitation, requirements that Contractors be registered with the Department of Industrial Relations ("DIR") and maintain certified payroll records, and that for Prevailing Wage Contracts over \$25,000 involving construction, alteration, demolition, installation, or repair work, and Prevailing Wage Contracts over \$15,000 involving maintenance work, the District not enter into or award a Contract to a Contractor that is not registered with the DIR and that the District submit notice of Contract award through DIR's PWC-100 system within 30 days of the award, but in no event later than the first day in which a Contractor begins work. Notwithstanding the provisions of this Policy, for Contracts for Services that are Prevailing Wage Contracts, a Procurement

process shall be utilized, which complies with all aspects of state and local law governing Prevailing Wage Contracts, including, but not limited to, the Public Contract Code, Labor Code, State Regulations, Ordinances, Resolutions and Policies of the Board of Directors as may be adopted from time-to-time.

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

A. \$15,000 or Less

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

B. More than \$15,000

1. For Procurement of Public Works Projects over \$15,000 and subject to Public Contract Code section 20800 *et seq.*, a Formal Bid Process shall be utilized, which complies with all aspects of federal, state and local law governing formal competitive bidding, including, but not limited to, the Public Contract Code, Government Code, Labor Code, State Regulations, Federal Regulations, grant requirements, Ordinances, Resolutions and Policies of the Board of Directors as may be adopted from time-to-time.
2. The notice inviting formal bids shall comply with the requirements set forth in Public Contract Code section 20804. At a minimum, the notice inviting formal bids shall:
 - (a) Describe the project in general terms and state the project to be done;
 - (b) State how to obtain more detailed information about the project. The specifications shall not call for a designated material, product, thing, or service by specific brand or trade name unless the District complies with the requirements under Public Contract Code section 3400 *et seq.*;
 - (c) State the deadline, including date, time and place, for the submission of sealed bids that is at least ten (10) calendar days after publication or posting of the notice;
 - (d) Require bidders to post one of the following forms of bidder's security: (a) cash, (b) a cashier's check made payable to the District, (c) a certified check made payable to the District, or (d) a bidder's

bond executed by an admitted surety insurer, made payable to the District;

- (e) State that a payment bond is required for a Contract for a Public Works Project involving an expenditure in excess of twenty-five thousand dollars (\$25,000) as required pursuant to Civil Code section 9550. For Contracts at or below \$25,000, a payment bond may be required;
 - (f) Include a provision stating that the Contractor will be permitted to substitute securities for any monies withheld by the District to ensure performance of the Contract pursuant to Public Contract Code section 22300;
 - (g) Specify the classification of the contractor's license the Contractor must possess at the time a Contract is awarded as required pursuant to Public Contract Code section 3300;
 - (h) Include all statements required to be included in calls for bids and bid invitations for Prevailing Wage Contracts pursuant to State law, including, without limitation, Labor Code sections 1771.1(b) and 1771.4(a) and Public Contract Code section 6109;
 - (i) Advise vendors that the District may reject any and/or all bids received and re-advertise, and that the District may waive any minor irregularities in each bid received;
 - (j) Set forth a procedure that shall be followed in the event of a tie between the lowest Responsive and Responsible bidders;
 - (k) Include any other information required by federal, state or local law, as applicable, or whatever provisions, consistent with this Policy, that the General Manager determines are necessary, desirable, and/or advantageous to the District.
3. Each notice inviting bids shall be published in a newspaper of general circulation or posted in at least three public places in the District at least ten (10) days before the date for the opening of bids consistent with the requirements set forth in Public Contract Code section 20804.

Bid Opening:

- (a) Sealed bids shall be submitted to the place designated in the notice inviting bids, time stamped when received, and shall clearly identify the bidder and the name of the project on the envelope.

- (b) Bidders may modify or withdraw their bids prior to the deadline for submitting bids, without penalty. However, any modifications submitted after the bid opening will not be accepted. Such modification will be returned to the bidder, unopened.
- (c) Bids shall be opened in public at the time and place stated in the public notice.
- (d) The General Manager or his/her designee shall open the bids and shall record all bids received.
- (e) Bids shall be submitted so that they will be received at the place designated in the notice inviting bids not later than the exact time specified in the notice. Any bid received after the exact time specified in the notice shall be returned to the bidder, unopened. A bid shall be considered to have been timely submitted if it is received at any time during the sixty second duration of the minute of of the exact time specified in the notice (for example, if the notice provides that the bid is to be submitted no later than 2:00, the bid will be considered timely submitted as long as it is received before 2:01).
- (f) When a bidder's security is required, it will be announced in the public notice inviting bids. The amount shall be determined at the time of preparation of the bid. When a bidder's security is required, a bid shall not be considered unless one of the aforementioned forms of security accompanies the bid. Unsuccessful bidders shall be entitled to return of the bid security within a reasonable period of time, but no later than 60 days from the time award is made.

The successful bidder must execute the Contract and file acceptable documents within thirty (30) calendar days from the date of award unless extended in writing by the General Manager. Failure to execute the Contract shall be just cause for annulment of the award and forfeiture of the bidder's security, not as a penalty, but as liquidated damages. The Board of Directors may, upon refusal or failure of the successful bidder to execute the Contract, award the Contract to the next lowest Responsive and Responsible Bidder.

4. Bid Protests:

- (a) Any bidder claiming that another bidder is not a Responsive and Responsible Bidder shall submit a formal written protest conforming to the requirements of this section to the General Manager or his/her designee in person, by U.S. mail, or to the address and in the manner

otherwise specified in the bid solicitation. Any protest not conforming to the requirements of this section may be rejected as invalid.

- (b) Unless a longer period is specified in the request for bids, to be considered a valid protest, a bid protest must be received by the General Manager or designee no later than 5:00 p.m. on the fifth business day after the date of the bid opening. If the fifth business day falls on a weekend or a District holiday, the deadline to submit a protest shall be extended to 5:00 p.m. on the next business day.
- (c) A bidder submitting the protest shall concurrently transmit a copy of the protest to the bidder deemed the apparent lowest bidder and to any other bidder that is the subject of the protest.
- (d) Bid protests must include the name, address and telephone number of the protestor and/or the person representing the protesting party. The written protest must set forth, in detail, all grounds for the protest, including, without limitation, all facts, supporting documentation, legal authorities, and arguments in support of the grounds for the protest. All factual contentions must be supported by evidence. Any matters not set forth in the formal written protest will be deemed waived.
- (e) The General Manager shall review a timely bid protest and transmit a written determination on the protest stating the reasons for the determination to the protesting bidder and all other affected bidders. Such determination may be transmitted by U.S. mail or email and shall be deemed transmitted on the date it is deposited in the U.S. mail or sent via email. The General Manager may base his/her determination on the written protest alone or may informally gather evidence from the person(s) filing the protest or any other person having relevant information.
- (f) If a bidder disagrees with the determination on the protest made by the General Manager, the bidder may appeal the General Manager's determination to the Board of Directors. Any such appeal shall be in writing and shall be filed with the General Manager within five business days of transmittal of the General Manager's determination. The Board of Directors shall not consider award of the Contract until the time for appeal has expired.
- (g) The procedures and time limits set forth in this section are mandatory and are a bidder's sole and exclusive administrative remedy in the event of a bid protest. A bidder's failure to comply with these procedures shall constitute a waiver of any right to further pursue a bid protest and/or legal challenge to the District's award of the Contract.

5. Evaluation of Bids:

The General Manager shall independently evaluate and determine whether each bidder is a Responsive and Responsible Bidder and make a recommendation to the Board of Directors regarding award of the Contract. The Board of Directors shall award the Contract to the lowest Responsive and Responsible Bidder. In determining whether a Bidder is Responsible, the District will take into consideration:

- (a) Ability, capacity, and skill;
- (b) Ability to meet the time requirements;
- (c) Character, integrity, and reputation;
- (d) Previous Contractor experience;
- (e) Financial resources available for contract performance;
- (f) Ability to provide future maintenance and service (warranties), if necessary; and
- (g) Any other criteria identified in request for bids, instructions to bidders or specifications relevant to the trustworthiness, quality, fitness, or capacity of a bidder to perform the Contract.

If the General Manager determines that any bidder is not a Responsive Bidder and/or a Responsible Bidder, the General Manager shall notify the bidder in writing of the basis of this determination and any related information or evidence received from others or adduced as a result of an independent investigation, afford the bidder an opportunity to rebut such determination and/or adverse evidence, and permit the bidder to present evidence that it is a Responsive and Responsible Bidder prior to consideration of award of the Contract by the Board of Directors.

6. Rejection of Bids:

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

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

7. Tie Bids:

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

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

8. No Bids:

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

10. Awarding:

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

11. Change Orders:

The General Manager and/or Finance Director are authorized to approve Change Orders for changes or additions to the original scope of services up to the cumulative amount of ten percent of the awarded contract amount or \$15,000, whichever is greater, or as otherwise expressly authorized by the Board of Directors. For such Change Orders, the General Manager shall inform the Board of Directors of the Change Order at the next regular Board meeting after it is authorized. Except as set forth herein, changes to formal Contracts awarded by the Board of Directors require Board of Directors' approval.

12. Specified Emergencies:

In the event of an emergency as defined in Public Contract Code section 1102 as "a sudden, unexpected occurrence that poses a clear and imminent danger, requiring immediate action to prevent or mitigate the loss or impairment of life, health, property, or essential public services" or as

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

C. Design-Build

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

D. Prevailing Wage Contracts for Public Works Projects

Contracts over \$1,000 for Public Works Projects are Prevailing Wage Contracts subject to the requirements of Labor Code section 1720 *et seq.* and requiring the payment of prevailing wages, including, without limitation, requirements that Contractors be registered with the Department of Industrial Relations ("DIR") and maintain certified payroll records, and that for Prevailing Wage Contracts over \$25,000 involving construction, alteration, demolition, installation, or repair work, and Prevailing Wage Contracts over \$15,000 involving maintenance work, the District not enter into or award a Contract to a Contractor that is not registered with the DIR and that the District submit notice of Contract award through DIR's PWC-100 system within 30 days of the award, but in no event later than the first day in which a Contractor begins work.

Section 11: Other Exceptions from Bidding Requirements

- A. It is recognized that no set of rules or procedures can take every circumstance into account, and it is also recognized that occasionally circumstances may arise where it is in the District's best interest to deviate from them. In such cases the department supervisors shall bring the need to the General Manager's attention. The General Manager, on a case-by-case basis, may waive any of the requirements of this Policy for purchases of Goods and/or Services of \$40,000 or

- less. The District Board of Directors, on a case-by-case basis, may waive any of the requirements of this Policy for (1) purchases of Goods and/or Services greater than \$40,000 or (2) the award of Contracts for Public Works Projects greater than \$15,000, if permitted by State law.
- B. Where specified in this Policy, Goods and Services may be purchased by, and the award of Contracts for Public Works Projects may be made by, Negotiated Procurement. Negotiated Procurements are permitted: (1) where competitive bidding would be impossible, impractical, or incongruous, or would not result in any advantage to the District in its efforts to contract for the greatest public benefit; (2) in an emergency; (3) when the Goods and/or Services can be obtained from only one source or the price is controlled by law; (4) when the amount involved is \$10,000 or less; or (5) where compelling economic or administrative considerations warrant employment of alternate purchasing procedures. Such considerations may include, but are not limited to, circumstances in which services have been previously rendered by a Contractor who has thereby gained and exhibited unique and/or superior experience and/or expertise in relation to the District's operational requirements. Such procurement shall be negotiated by the General Manager as authorized by the Board of Directors.
- C. No provision in this Policy shall be interpreted or construed to prohibit or prevent the District from renewing or extending existing Contracts for Goods and/or Services, provided that normal procurement procedures were used in the original selection. Renewal or extension of such Contracts obligating the District to any payment exceeding \$40,000 per year shall be subject to approval by the Board of Directors.
- D. When another public agency or government purchasing cooperative organization has awarded a Contract for Goods and/or Services pursuant to a process substantially similar to the processes described in this Policy, the District may acquire such Goods and/or Services on the same or substantially similar terms without conducting its own separate Procurement process. Cooperative and "piggyback" purchasing provides a means for the District to join with other public agencies, businesses, or government purchasing cooperative organizations for the purpose of collectively preparing specifications, and requesting and receiving bids, quotations, or proposals, or utilizing the quotations and bids obtained by other governmental agencies. Examples of cooperative or piggyback purchasing include, but are not limited to, purchases made using another agency's contract, joint buying within a regional area, participation in the State of California Multiple Awards Schedules (CMAS) program and statewide commodity contracts and the utilization of contracts negotiated by municipal leagues or organizations such as the California Special Districts Association (CSDA), and California Association of Sanitation Agencies (CASA). Any Contract or arrangement for such cooperative purchases shall be subject to approval by the Board of Directors if such approval would otherwise be required. The General Manager shall inform the Board of Directors any cooperative or piggyback purchases made within the purchasing authority of the General Manager at the next regular Board meeting after the purchase is made.

Section 12: Sole Source

Sole Source procurement of Goods and/or Services shall not be used unless there is substantial evidence that only one source exists to fulfill the District's requirements. The Services necessary to monitor, maintain, and service the District's sewer SCADA system, which are currently reasonably available from a single vendor, is one example of Sole Source Procurement is appropriate. Except as otherwise authorized in emergency situations, all Sole Source purchases over \$40,000 require approval by the Board of Directors.

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

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

Section 13: Solid Waste and Recycling Carts and Bins

Solid waste and recycling carts and bins are typically ordered in bulk to meet the needs of the District and to take advantage of cost savings whenever feasible. A single order for carts or bins may exceed the dollar amount triggering use of an Informal Bid Process as set forth in Section 10. Notwithstanding Section 10, herein, the General Manager is authorized make such purchases so long as such purchases are within the District's approved budget, or unless otherwise directed by the Board of Directors. For purchases under this Section that would otherwise require Board of Directors' approval, the General Manager shall inform the Board of Directors of the Procurement at the next regular Board meeting after the purchase is authorized.

Section 14: Local Preference

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

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

Section 15: Surplus Property

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

Section 16: Execution of Contracts

After award, all Contracts for Goods and/or Services at or under \$40,000, and all Contracts for Public Works Projects at or under \$15,000, shall be executed on behalf of the District by the General Manager unless otherwise directed by the Board of Directors. Contracts for Goods and/or Services over \$40,000, and Contracts for Public Works Projects over \$15,000, shall be executed on behalf of the District by the President of the Board of Directors, or his or her designee, after Board approval, unless the Board of Directors authorizes the General Manager to execute the Contract. Prior to execution of any Contract, the Contractor shall demonstrate that it is authorized to do business in California, the County of Orange, and the City of Westminster. Contractors that are organized as a corporation, limited liability company, or other entity under the laws of another state must be properly registered with the California Secretary of State pursuant to applicable law.

Section 17: Approval by General Counsel

District Counsel shall approve, in writing, the District's standard Contract (agreement) form. In the event that the District's standard Contract form is not applicable, the Board of Directors or General Manager, at their discretion, may direct District Counsel to review any other Contract for approval as to form.

Section 18: Noncompliance

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

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

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

Section 20: Definitions

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

- A. "Best Value" shall mean the overall combination of quality, price, and other elements of a proposal/bid (or combination of several proposals or bids) that, when considered together, provide the greatest overall benefit in response to the requirements described in the solicitation documents.
- B. "Budgeted" shall mean the amount of appropriations within a fund adopted for expenditure by the Board of Directors.

- C. "Change Order" shall mean a properly executed written agreement entered into between the District and the Contractor, or a directive unilaterally issued by the District, covering modifications to the original Contract, which may result in adjustments to the scope of work, cost and/or period of performance.
- D. "Contract" shall mean any type of arrangement for the purchase of Goods and/or Services, including construction services for Public Works Projects. Contracts may be referred to in various ways, including "contract", "agreement", or "purchase order."
- E. "Contractor" shall mean any person or entity that has a Contract with the District.
- F. "Formal Bid Process" shall mean a competitive selection process requiring a public notice inviting bids, availability of specifications, bid opening, determination of lowest responsive and responsible bidder, and awarding or rejection of the bid(s).
- G. "General Manager" means the general manager of the District or person designated by the general manager to exercise some or all of the authority or to perform all or some of the duties prescribed in this Policy.
- H. "General Services" shall mean the furnishing of labor, time or effort by a Contractor, including, but not limited to: (a) routine, recurring, and usual work for the preservation or protection of a publicly-owned, or publicly-operated facility for intended purposes; (b) minor repainting; (c) resurfacing of streets and highways; (d) landscape maintenance, including mowing, watering, trimming, pruning, planting, replacement of plants, and servicing of irrigation and sprinkler systems; and (e) work performed to keep, operate and maintain publicly-owned wastewater or solid waste disposal systems.
- I. "Goods" shall mean fixed, movable, disposable, and/or reusable products, commodities, or items used by the District, including but not limited to, office supplies, program supplies, subscriptions, equipment, vehicles, fuel and vehicle supplies, tools, computers, computer hardware and software, landscape and irrigation supplies, power tools, janitorial supplies, office furniture, and fixtures, which shall be furnished to or used by any department.
- J. "Informal Bid Process" shall mean a competitive selection process used, when applicable, to ensure the most competitive price or Best Value is received for Goods and/or Services, while avoiding the time and expense involved in formal bidding. The process requires the solicitation of written informal bids and/or proposals from potential vendors and the selection of a vendor based either on the lowest cost commensurate with the quality and scope needed, or Best Value, and subject to any limitations imposed by state law.
- K. "Local Vendor" shall mean a firm or individual who regularly maintains a place of business and transacts business in, or maintains an inventory of merchandise for sale in, or is licensed within the District's boundaries.

- L. "Negotiated Procurement" shall mean a selection process whereby the General Manager identifies one or more prospective Contractors of his or her choice, negotiates with one or more of them, and awards the Contract to one of them based on the best interest of the District.
- M. "Originating Department" shall mean any District department requiring Goods, Services, and/or the award of Contracts for Public Works Projects.
- N. "Prevailing Wage Contract" shall mean any Contract requiring the payment of prevailing wages and subject to requirements of Chapter 1 of Part 7 of Division 2 of the California Labor Code (Section 1720 *et seq.*). Prevailing Wage Contracts may include, without limitation, Contracts for either Public Works Projects or Services that involve construction, alteration, demolition, installation, maintenance, repair work, or certain other work done for the District; street, sewer, or other improvement work; the laying of carpet; the hauling of refuse from a public works site to an outside disposal facility; or the on hauling of materials used for paving, grading, and fill onto a public works site, if the individual driver's work is integrated into the flow process of construction.
- O. "Procurement" shall mean buying, purchasing, renting, leasing, or otherwise acquiring any Goods, Services, construction, construction services, or professional services.
- P. "Professional Services" shall mean services provided by any specially trained, educated, experienced or licensed person, company, corporation, or firm, and which involve the exercise of discretion and independent judgment together with an advanced or specialized knowledge, expertise, training, or unique skills gained by formal studies or experience. "Professional Services Agreements (PSA)" shall mean Contracts negotiated for Professional Services, which are based on demonstrated competence, professional qualifications for the services required, availability, and fair and reasonable cost.
- Q. "Public Works Project" shall mean any construction, reconstruction, alteration, enlargement, renewal, or replacement of sewer or other facilities that the District is authorized to do, including, but not limited to, the furnishing of supplies or materials for any such work as defined pursuant to Public Contract Code section 20801.
- R. "Purchase Order" shall mean a commercial document issued by a buyer to a seller, indicating types, quantities, and agreed prices for products or services the seller will provide to the buyer.
- S. "Qualified Bidders List" shall mean one list for ongoing service requirements for the same or very similar services, including general services, professional services, and qualified construction contractors, categorized by the type of product sold or work performed for use in soliciting bids.

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

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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:

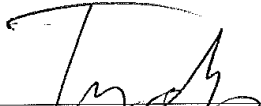
Section 1: The attached Official District Travel and Expense Reimbursement Policy is hereby approved.

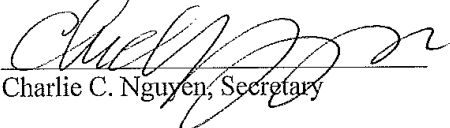
Section 2: Resolution No. 2013-21 is hereby rescinded. In addition, any prior resolutions and/or policies established by the Board of Directors that are in direct conflict with the policy set forth herein shall be deemed rescinded to the extent of such conflict.

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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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**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.

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 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 fund's inception.

Gann Appropriations Limit: Article XIII-B of the California State Constitution provides

limits regarding the total amount of appropriations in any fiscal year from tax proceeds.

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

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

Generally Accepted Accounting Principles (GAAP): Uniform standards for financial accounting and reporting. They govern the form and content of the basic financial statements of an entity.

GFOA's Recommended Practices: A listing of the Accounting, Auditing, and Financial Reporting practices

recommended by the Government Finance Officers Association of the United States and Canada.

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

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

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

Intergovernmental Services: Purchases from other governments of those specialized services typically performed by local governments.

Intergovernmental Revenue: Revenue received from other governmental

agencies and municipalities.

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

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

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

Operating, Office Supplies, and Services: Expenditures which are ordinarily consumed within a fiscal year. Examples include office and operating supplies, fuel, power, water, gas inventory, or small tools and equipment.

Operating Budget: The operating budget is the primary means by which most of the financing of acquisition, spending and service delivery

activities of a government are controlled.

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

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

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

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

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

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

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

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

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

Resources: Total dollars available for appropriations including estimated revenues and beginning fund balance.

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

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

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

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

Supplemental Roll

Property Taxes: Assessed on property that changes ownership during the year and is based on the difference between new and old assessed values.

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

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

MIDWAY CITY SANITARY DISTRICT
Providing 86 Years of Superior Service!
1939-2025



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