



FY 2018 -2019

Proudly Serving
Westminster & Midway City
Since 1939

MIDWAY CITY SANITARY DISTRICT ANNUAL BUDGET Providing 80 Years of Service! 1939-2019



Our Mission Statement

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

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

Midway City Sanitary District

Annual Budget

Fiscal Year July 1, 2018 - June 30, 2019



Submitted by
Kenneth J. Robbins Jr., General Manager

Prepared by the
Finance Department
Robert G. Housley Jr., Finance/HR Director

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Midway City Sanitary District Elected Officials



Chi Charlie Nguyen
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(714)329-2280



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President Pro-Tem
(714)893-3553



Al P. Krippner
Director
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Treasurer
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Margie L. Rice
Secretary
(714)893-1732

PRINCIPAL STAFF

General Manager.....	Kenneth J. Robbins Jr.
Finance/HR Director.....	Robert G. Housley Jr.
Executive Secretary/Board Clerk.....	Danielle Gerardo
Director of Operations/Safety	Nicolas Castro
Lead Sewer Maint. Worker/Construction Inspector.....	Darrell Grimes
Lead Solid Waste Worker.....	David Hernandez
Lead Fleet Maintenance Mechanic.....	Juan Salce

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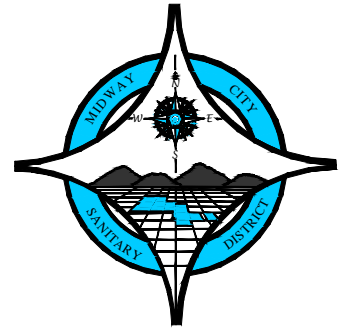
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EXECUTIVE SUMMARY



Kenneth J. Robbins Jr.
General Manager



Robert G. Housley Jr.
Finance/HR Director

Executive Summary

June 19, 2018

Honorable Board of Directors:

What an exciting year we have ahead of us. The Midway City Sanitary District is celebrating its 80th year of providing excellent solid waste and sewer services to the residents and businesses of Midway City and the City of Westminster. As if that was not enough to celebrate, the District is kicking the celebration off with the implementation of a new Organics Program for all residents of the District. In the fall, residents will start receiving a green cart, replacing one of their black carts, for organic waste. With diligent fiscal planning, the District is able to implement this program without any rate increases for the 2018-2019 fiscal year. What an amazing way to not only celebrate the District's 80th year but also to show how the District is committed to serving the community for a better tomorrow for generations to come.

We are pleased to present to you a balanced budget for the Midway City Sanitary District for Fiscal Year 2018-2019. This document demonstrates how the organization will continue to implement its vision to be a sustainable organization in service to the community and continue to take Midway City Sanitary District down the path of strong fiscal health and transparency.

The 2018-2019 operating and capital budgets and reserves are presented for all District activities and these budgets are balanced with current resources matching appropriations.

The budget for the Midway City Sanitary District (MCSD) is a \$11,758,000.00 operating budget and a \$2,075,000.00 capital outlay and improvements budget. The size of these budgets is indicative of the breadth, depth and diversity of services, projects, and activities undertaken by the Midway City Sanitary District for public health and safety, quality of life, and infrastructure maintenance. The adopted budget reflects:

- 1 New CNG Sewer Vector Truck \$500,000.00
- 2 New CNG Solid Waste Trucks \$675,000.00
- New Organics 'Green Carts' & Delivery estimated \$900,000.00

We are pleased that this is being achieved with no rate increases for the 12th consecutive fiscal year for residential solid waste collection and residential sewer services, while variable costs to the District continue to increase year-after-year.

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

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

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

This budget strongly supports the primary mission of the District, touching on all key areas. The FY 2018-2019 Budget was constructed by utilizing a conservative approach in projecting revenues and corresponding expenditures. This conservative approach is necessary, as the District must continue to be sensitive to potential changes in the condition of the State and local economy.

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

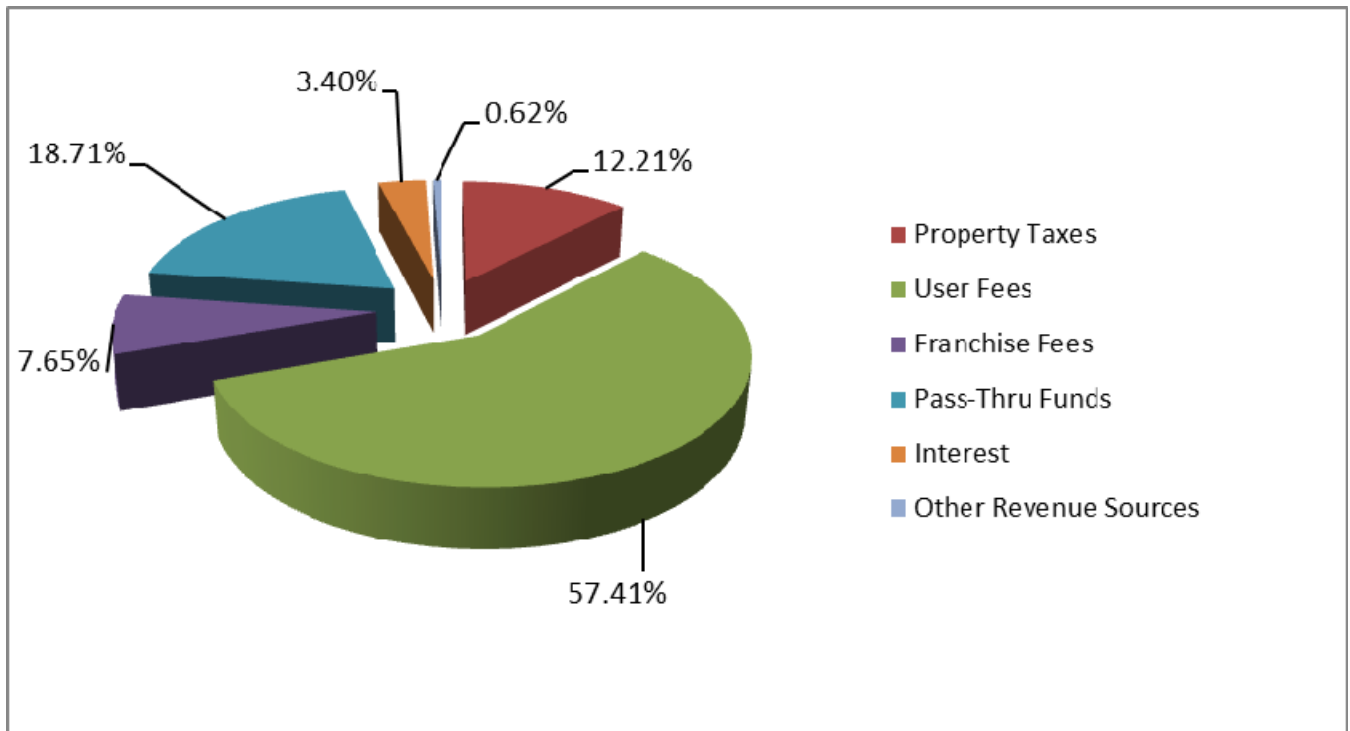
An underlying principle in preparing the budget is to establish service level efforts and funding in accordance with the priorities set by the Board of Directors in a prudent fiscal manner. The on-going challenge we face as a District is operating within fiscal resources. The budget process involves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

The Fiscal Year 2018-2019 budget is based upon an in-depth analysis of actual and projected fund balances, revenues, and expenditures. The management team reviewed individual department requests and prioritized activities based upon the Board of Directors' goals. At the conclusion of this process, the adopted budget was prepared, and it is being submitted to the Board of Directors for review and adoption.

Revenues by Source

Midway City Sanitary District (MCSD) receives its revenues from a variety of sources. The pie-chart below reflects MCSD’s primary source of funding for District activities. Predominately MCSD’s funding, 57.41% comes from User 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 funds MCSD receives from property owners of the District at 30.92%.

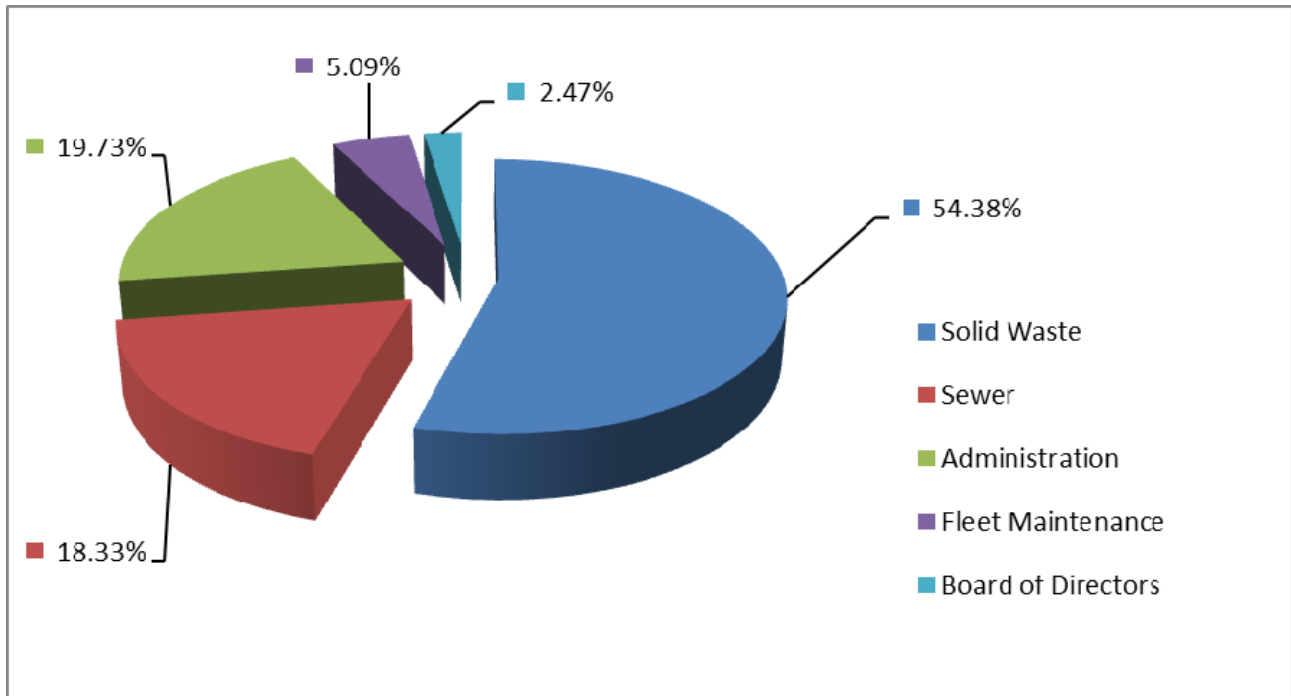
Primary Revenues by source:



Expenses by Department:

Historically the District’s budget is broken down by department. The FY 2018-2019 adopted budget document continues that practice with a detailed narrative and accounts for the District’s revenues, expenses, and capital expenditures. Refuse (Solid Waste) accounts for 54.38% of the operating budget and sewer services at 18.33% for combined total of 72.71%. The additional 27.29% are support services including the Board of Directors, fleet maintenance and administration departments.

Operating Expenses shown by department:



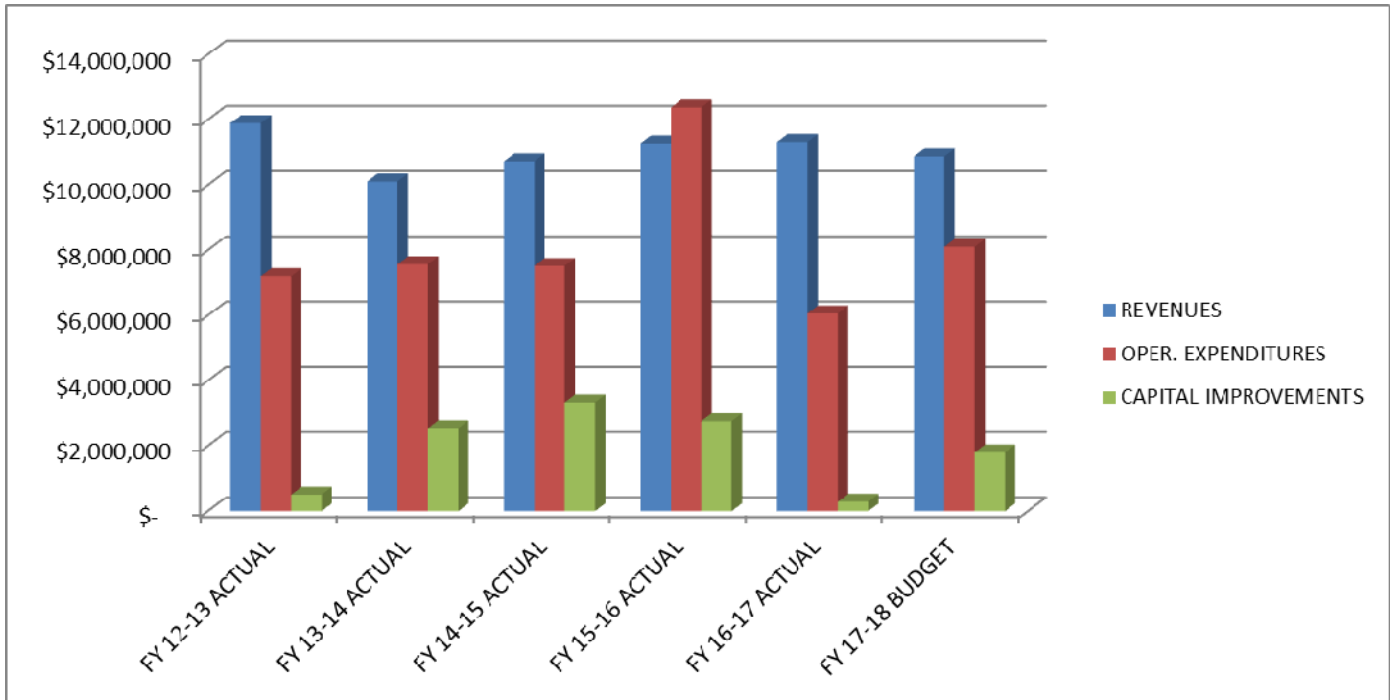
Revenues, Expenditures, and Capital Improvement Program:

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

Capital project spending is usually a multi-year process and the expenses are typically determined by what phase the project is in. The capital spending details in FY 2018-2019 are included in the appropriate sections of the budget.

The chart below gives a historical comparison of MCSD’s revenues, expenditures, and Capital Improvement Program (CIP) spending over a period of years as well as the adopted FY 2018-2019 budgets. Most notable are the steady state of revenues and

annual increases in operating expenditures. Operating expenditures are nearing our revenue resources.



Fiscal Challenges:

The budget for Fiscal Year 2018-2019 is the culmination of months of effort by the Board of Directors and District staff to balance available resources with the services desired by Midway City Sanitary District residents and businesses. It represents the Board of Director’s and staff’s best recommendations for meeting fund balance requirements and service delivery objectives, while providing tangible outcomes for programs and projects rooted in the Board of Directors’ goals. This budget will guide the Midway City Sanitary District through the next fiscal year.

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

The Fiscal Year 2018-2019 budget appropriately considers these economic realities and places MCSD in a position to act as needed in the coming years. Understanding that costs are rising faster than revenues, MCSD has exhibited prudent foresight and continues to find ways to limit the possibility of reducing service levels in the wake of financial constraints. The major components of costs in our budget are those with the greatest inflationary pressures.

Conclusion:

While the budget outlook for 2018-2019 is generally positive, the District still faces some basic challenges. Growth in District costs continues to run ahead of inflation and is essentially unmatched in the growth of revenues. In this context, departments will be asked to be cognizant of spending habits and to find ways to cut costs while maintaining the District's current service levels.

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

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

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

We look forward to celebrating the District's 80th year and kicking off the new Organics program for 2018-2019!

Thank you

Kenneth J. Robbins Jr.
General Manager

Robert G. Housley Jr.
Finance/HR Director

Vision of the Midway City Sanitary District

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

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

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

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

Core Values of the Midway City Sanitary District

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

Honesty, Trust and Respect

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

Teamwork and Problem Solving

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

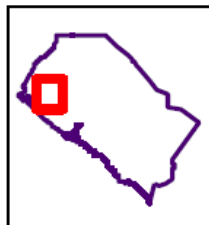
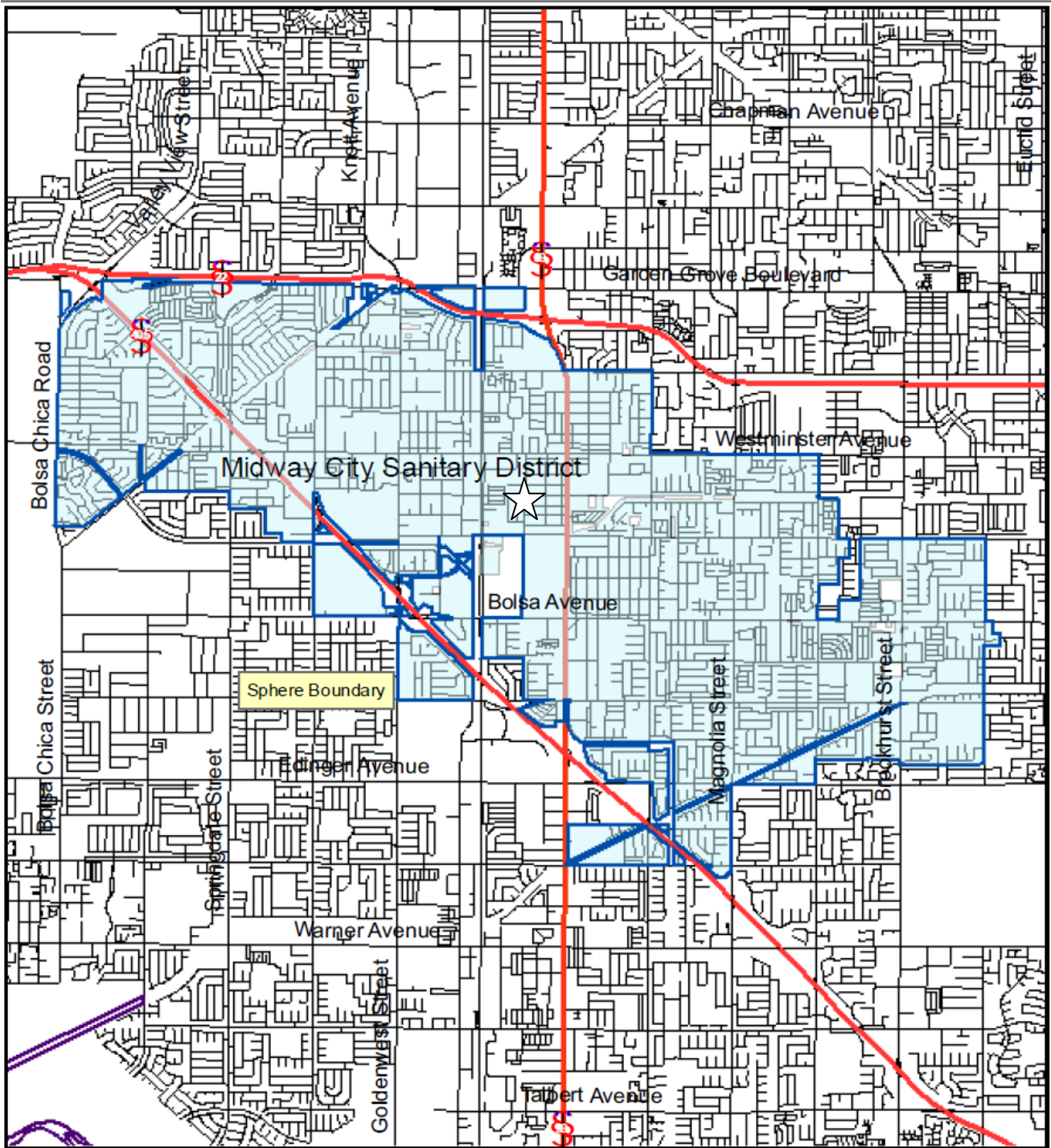
Leadership and Commitment

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

Learning and Teaching – Talents, Skills and Abilities

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

Midway City Sanitary District Sphere of Influence Map



0.75 0.375 0 Miles

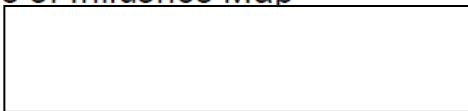


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Legend

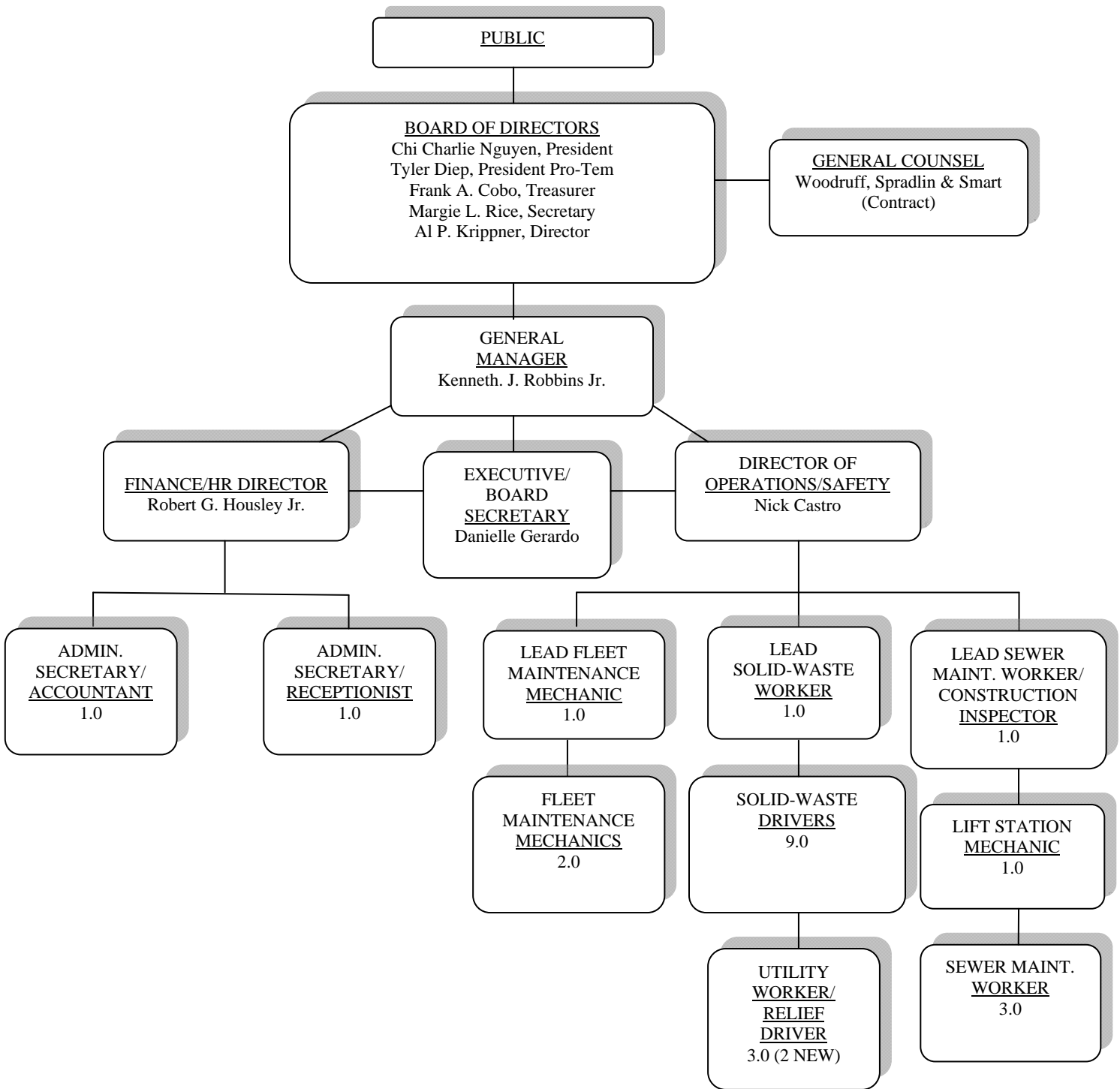
- Sphere Boundary
- District Boundary

Midway City Sanitary District Sphere of Influence Map



11/16/06

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 more than 102,048 residents within its 10.4 square mile service area of the City of Westminster and the unincorporated area of the County of Orange known as Midway City. The Midway City Sanitary District provides solid waste to approximately 19,230 residences and sewer services to approximately 34,485 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-four (24) employees that work in one of the service categories: administration, sewer system 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) of the District.

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

MCSD recovers the cost of its services through service rates imposed on users of the service. The current annual rates for services are \$87 per year per unit for sewer service for residential and \$177 per unit for residential curbside service.

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.

Business

The City of Westminster and Midway City are comprised of a variety of businesses and organizations such as: home-based; internet; small, medium, and large retail; national corporations; professionals; and various civic and service organizations.

The Westminster Mall opened in 1974 and is conveniently located off the 405 Freeway at Goldenwest. The Westminster Mall is a 40-acre site with a variety of retail and food services. Its anchors Macy’s, JCPenney, and Target which rank in the top percent of their companies’ regional stores. Westminster Mall also has more than 122 specialty stores.

Once home to orange and lemon groves, in the heart of Westminster, the Asian Garden Mall, a 150,000 square foot shopping area, was completed in 1987. The bustling food court, with its long row of grills, cafés, bakeries, snack shops and pho restaurants is probably the biggest draw. Much of the mall's second level is occupied by a half-dozen large jewelry shops selling everything from engagement rings to jade baubles.

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 102,687 residents, ranking among one the largest sanitary districts in California. While the population that Midway City Sanitary District serves grows each year, population growth has slowed since the 1970’s.

<u>Year</u>	<u>Westminster</u>	<u>Midway City</u>	<u>Total Residents Served</u>
2018	94,476	8,733	103,209
2017	94,353	8,673	103,026

Solid Waste Pick-up

2017-2018

Residential Solid Waste Pick-up	19,359	customers
Commercial Service (CR&R)	1,140	customers
Total Solid Waste Customers	20,499	customers

Solid Waste and Recycling Tonnage

	<i>Solid Waste</i>	<i>Recycling</i>	<i>Total</i>
2017-2018	32.0 tons	7.3 tons	39.3 tons

Sewer Services

2017-2018

Residential Sewer Units	31,386	connections
Commercial & Industrial Units	3,182	connections
Total Sewer Connections	34,485	connections

Sewer Millions of Gallons a Day (MGD)

2007-2019	18 MGD Capacity
Prior to 2007	13 MGD Capacity

Property Tax Assessed Valuation

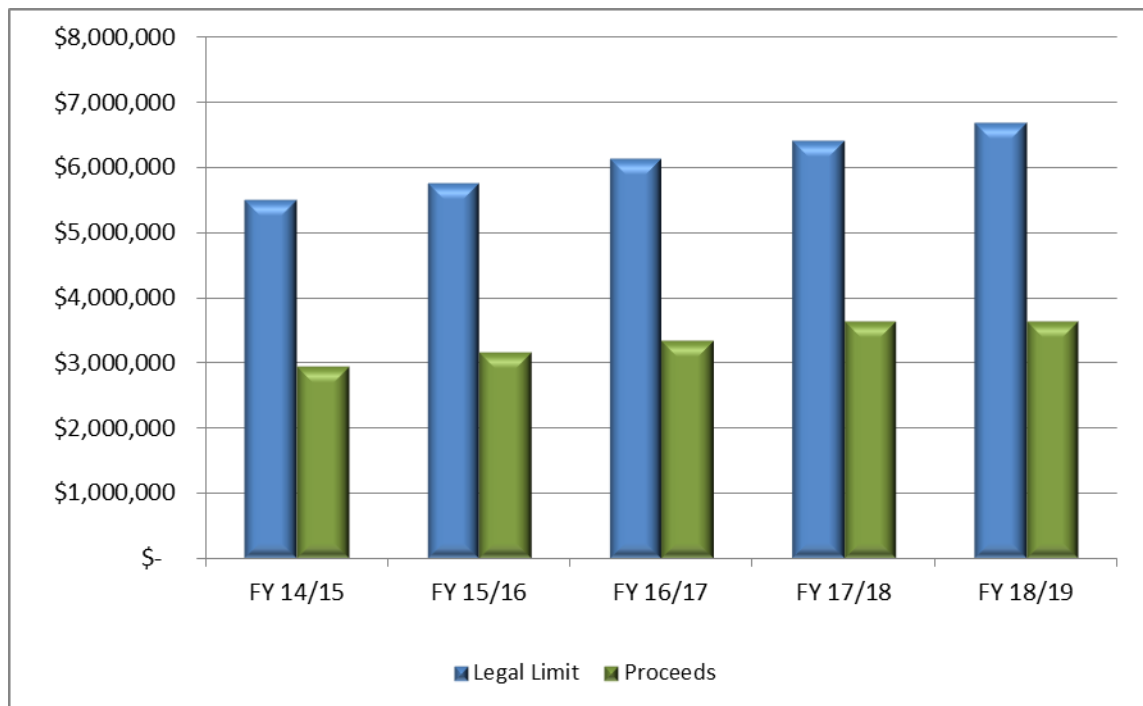
	2013 - 2014	2014-2015	2015-2016	2016-2017	2017-2018
Locally Assessed	7,390,884,713	7,785,340,030	8,412,428,368	8,681,000,320	9,149,669,317
State Assessed	234,313	234,313	234,313	234,313	234,313
Total Secured	7,391,119,026	7,785,574,343	8,412,662,681	8,681,234,633	9,149,903,630
Unsecured Values	168,009,443	220,511,981	277,245,756	170,252,882	208,607,058
Total Values	7,559,128,469	8,006,086,324	8,689,908,437	8,851,487,515	9,358,510,688
Change	177,221,146	446,957,855	683,822,113	161,579,078	507,023,173

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 state’s per capital 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 2018-2019 is \$6,684,620.55. A copy of the adopted FY 2018-2019 Gann Appropriations Limit Resolution with calculations, can be found in the Supplemental Information Section on page 46.

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



BUDGET PROCESS

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

BASIS OF THE BUDGET

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

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

BUDGETARY CONTROLS

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

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

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

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

Increases in budget appropriations must be approved by the Board of Directors. Budget transfers affecting personnel and capital outlay must be approved by the General Manager. Reallocations or transfers within a department or project/program require the approval of the General Manager and/or the Director of Finance/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 allows 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 fiscal year 2017-2018 budget:

February 20, 2018	Proposed Budget Calendar to Board of Directors for Consideration
March 2018	General Manager/Department Head Meetings
April 2018	Revenue/Expenditure estimates due from all departments to Finance
April 2018	Finance Department prepares preliminary information for review with General Manager and Director of Operations/Safety
April 18, 2018	First Public Budget Workshop/Study Session
May 22, 2018	Second Public Budget Workshop/Study Session
June 19, 2018	Public Hearing & Adoption of Budget (FY 2018-2019)

BUDGET ASSUMPTIONS

Every budget includes a number of estimates and assumptions about what revenues will be available and what conditions will affect the District’s operations during the budget year. It is important to list the key assumptions to help establish a context for review of the budget. If a revenue source is decreased or eliminated, expenditures should be reduced in response. Some of the key assumptions for Fiscal Year 2018-2019 are:

CHANGES TO SERVICE LEVELS AND NUMBER OF EMPLOYEES

The District will be hiring two solid waste department Utility Worker/Relief Drivers to assist with implementation of the new residential Organics Program.

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 for 2018-2019, due to a positive Consumer Price Index (CPI) inflation adjustment of 2.962%.

1. Property Tax: Overall countywide assessed values are projected by the Orange County Assessor to increase approximately 2.962% for FY 2018-2019. The District will apply a 2.0% increase to property tax revenues for FY 2018-2019 for increases in property tax and the additional increase in assessed value to market value when property is sold at a higher value.
2. Residential User Fee revenues in FY 2018-2019 are being budgeted to reflect the current annual rates for service of \$87 per unit for residential sewer service and \$177 per unit for residential curbside (solid waste) service.
3. The Commercial, Industrial, and Other Businesses Sewer User Fees are being budgeted to reflect the tiered rate schedule ratified by the Board in 2009. The commercial sewer rates are broken down into five separate sewer use categories depending on the level of demand placed on the sewer facilities. The annual rates for service ‘per unit’ are:

Very High Demand	\$459.96
High Demand	\$367.97
Average Demand	\$275.98

Low Demand	\$183.98
Very Low Demand	\$119.49

4. Special Agreements for service(s) are budgeted to reflect an annual increase of 2.0% for Fiscal Year 2018-2019.
5. 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 fee for 2018-2019 is limited to 14 percent (effective July 1, 2014) of the franchisee's gross annual receipts from the service area.
6. Investments: the market remains low, but the District will seek investment opportunities in accordance with the Investment Policy as they arise. Earnings on the investments of the District's operating cash and reserves will be budgeted at 1.50% for the year.
7. Pass-through funds for 2018-2019, are being budgeted at \$1,500,000 from the former City of Westminster RDA area and \$200,000 from the County of Orange for the unincorporated area of Midway City.

EMPLOYEE, MATERIALS, SUPPLIES AND SERVICES ASSUMPTIONS

8. Operating, maintenance, and administrative costs for FY 2018-2019 are expected to increase as a result of general inflation. Increases are anticipated among personnel salaries, benefit increases, materials, supplies, and services agreements.
9. The total authorized staffing for FY 2018-2019 will increase by two full time solid Utility Worker/Relief Driver positions for a total of 27 full-time employees.
10. The current Memorandum of Understanding (MOU) for the represented employees expires June 30, 2021. A 3.0% cost of living raise and regular merit step increases are included in the budget.
11. MCSD and employees share in the contributions made in to a defined benefit retirement plan. FY 2018-2019 retirement costs for employees enrolled in the CalPERS have been assessed at a rate of:

	FY 2018-2019			
	=	+	+	+
	Total % of Payroll Paid by employee & the District to CalPERS	Employer Rate Paid by the District	Employee Rate Paid by the District	Employee
				Rate Paid by the Employee
CalPERS				
Employer Pension Annual Contribution Rates				
2% @ 62 Tier 3 (new PEPPRA tier implemented in 2013)	13.092%	6.842%	0.00%	6.25%
2% @ 55 Tier 2 (new tier implemented in 2009)	16.409%	9.409%	0.00%	7.00%
3% @ 60 Tier 1 (closed group as of 2009)	21.439%	13.439%	0.00%	8.00%

It's important to note that the District does not 'pick-up' any portion of the employees' contribution to CalPERS.

12. Other employee benefits and insurances will be budgeted to increase in FY 2018-2019 by moderate but yet to be determined amounts.

13. Tonnage (dumping fees) fees are subject to an annual CPI increase each fiscal year. This year's CPI adjustment along with implementation of the District's new Organics Program may create a potential increase of \$400,000 in additional tonnage fees for FY 2018-2019. 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.

	Black Solid Waste Container Rate Per Ton	Blue Recycling Container Rate Per Ton	Green Organics Container Rate Per Ton
FY 18-19	52.81	0.00	88.95
FY 17-18	51.62	0.00	0.00
FY 16-17	50.75	0.00	0.00
FY 15-16	50.65	0.00	0.00
FY 14-15	49.82	0.00	0.00

DEBT FINANCING ASSUMPTIONS

14. 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 FY 2018-2019 budget reserves is summarized as follows and includes recommendations for long-term reserve levels:

UNRESTRICTED RESERVES:**15. OPERATING FUNDS:**

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

DESIGNATED AND RESTRICTED RESERVES:**16. ORANGE COUNTY – MIDWAY CITY (DESIGNATED) RESERVE:**

These funds are received from the County of Orange to be used solely for 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.

17. 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.

(\$10,000,000 lift (pump) stations / \$40,000,000 sewer lines)

18. 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.

19. BUILDINGS, EQUIPMENT AND FACILITIES RESERVE:

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

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

As a result of the Global Warming Solutions Act of 2006, commonly referred to AB32, the District put in its own compressed natural gas (CNG) fueling facility to support the District’s CNG fleet. The CNG fueling facility became operational in October of 2015.

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.

Table below shows the District’s Reserve goal levels and current level.

RESERVE	CATEGORY	GOAL LEVEL	CURRENT LEVEL	OVER/(UNDER) GOAL	% FUNDED	
Operating Fund	LAIF & CalTRUST	Unrestricted	10,000,000	8,064,929	(1,935,071)	81%
Orange County - Midway City	LAIF	Designated	3,000,000	2,534,299	(465,701)	84%
Lift (Pump) Station & Sewer Line	LAIF	Designated	50,000,000	20,186,459	(29,813,541)	40%
Vehicle Replacement	LAIF	Designated	4,000,000	2,794,433	(1,205,567)	70%
Buildings, Equipment and Facilities	LAIF	Designated	4,500,000	2,470,824	(2,029,176)	55%
CNG Fueling Facilities	LAIF	Designated	3,000,000	477,823	(2,522,177)	16%
Totals			\$ 74,500,000	\$36,528,768	\$ (37,971,232)	49%

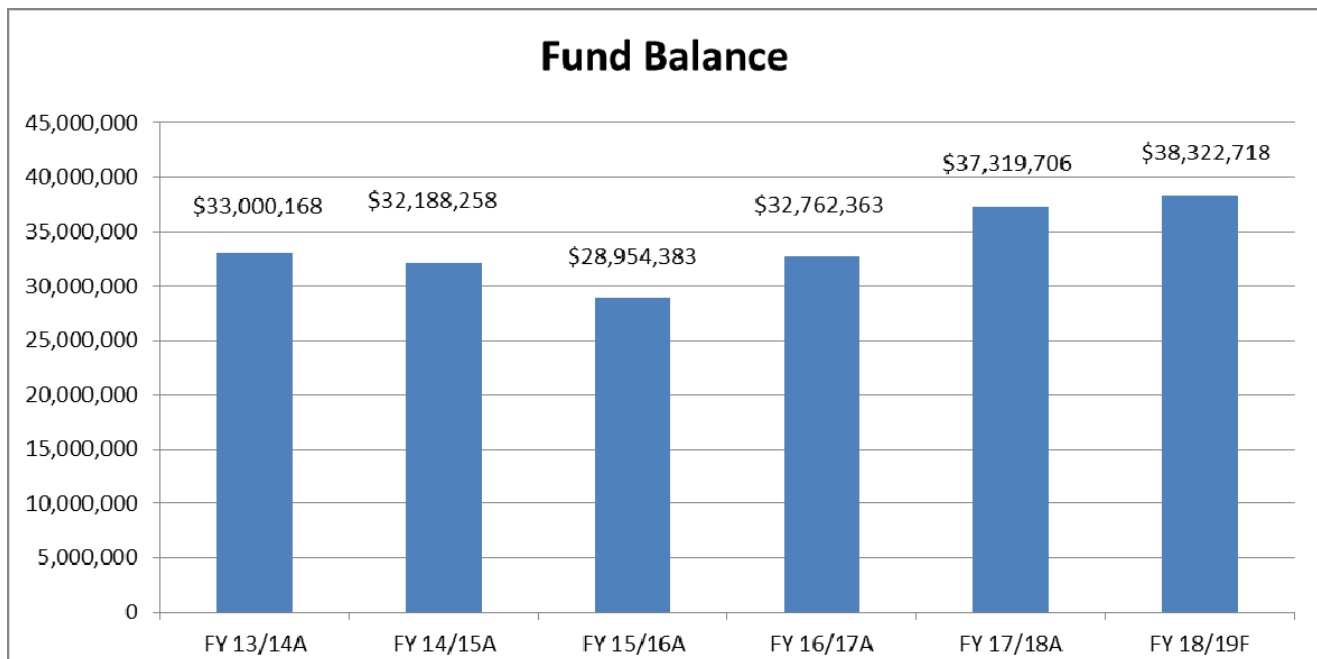
PERSONNEL SUMMARY					
	FY 14-15	FY 15-16	FY 16-17	FY 17-18	FY 18-19
Board of Directors					
Directors	5	5	5	5	5
Total Elected Board of Directors	5	5	5	5	5
Administration					
General Manager	1	1	1	1	1
Finance/HR Director	1	1	1	1	1
Director of Operations/Safety	1	1	1	1	1
Administration Secretary Accountant	1	1	1	1	1
Administration Secretary Reception	1	1	1	1	1
Executive Secretary/Board Clerk	1	1	1	1	1
Total Administration	6	6	6	6	6
Sewer System Maintenance Department					
Lead Sewer Maintenance Worker	1	1	1	1	1
Pump Station Mechanic	1	1	1	1	1
Sewer Maintenance Worker	3	3	3	3	3
Total Sewer System	5	5	5	5	5
Solid Waste Department					
Lead Solid Waste Worker	1	1	1	1	1
Utility Worker/Relief Driver	1	1	1	1	3
Solid Waste Drivers	10	8	8	9	9
Total Solid Waste	12	10	10	11	13
Fleet Maintenance Department					
Lead Fleet Maintenance Worker	1	1	1	1	1
Mechanics	2	2	2	2	2
Total Fleet Maintenance	3	3	3	3	3
Total District Employees (Staff)	31	29	29	30	32

GENERAL/ENTERPRISE FUND

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

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

	FY 13/14A	FY 14/15A	FY 15/16A	FY 16/17A	FY 17/18A	FY 18/19F
Fund Balance as of July 1	\$31,652,071	\$33,000,168	\$32,188,258	\$28,954,383	\$32,762,363	\$37,319,706
Net Increase/(Decrease) in Fund	\$ 1,348,097	\$ (811,910)	\$ (3,233,875)	\$ 3,807,980	\$ 4,557,343	\$ 1,003,012
Fund Balance as of June 30	\$33,000,168	\$32,188,258	\$28,954,383	\$32,762,363	\$37,319,706	\$38,322,718



Fiscal Year 2017-2018 and 2018-2019 are forecast numbers, actual Fund Balance to be determined at fiscal year-end. Fiscal Years 2014-2015 and 2015-2016 included paying off the District’s debt, the purchase of a residential CNG solid waste fleet and installation of a Compressed Natural Gas (CNG) fueling facility at the District.

OPERATING BUDGET SUMMARY

Fiscal Year July 1, 2018 through June 30, 2019

\$ 11,758,000

	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	BUDGET
SUMMARY						
1 REVENUES						
2 Property Taxes	1,433,179	1,433,775	1,439,275	1,442,078	1,457,369	1,435,500
3 User Fees	6,711,401	6,736,035	6,766,442	6,817,157	6,843,867	6,750,000
4 Franchise Fees	839,009	921,740	917,167	969,932	1,006,353	900,000
5 Pass-Thru Funds	985,355	1,424,777	1,709,618	1,894,936	2,374,110	2,200,000
6 Interest	82,541.49	80,343.70	121,762.68	183,782.32	428,657.96	400,000.00
7 Other Revenue Sources	57,689.39	125,203.58	331,808.50	281,021.68	424,290.34	72,500.00
8 TOTAL REVENUES	\$ 10,109,174	\$ 10,721,874	\$ 11,286,073	\$ 11,588,907	\$ 12,534,647	\$ 11,758,000
8 EXPENSES						
9 Salaries and Wages	1,669,086	1,746,103	1,771,921	1,839,364	1,950,410	2,179,588
10 Benefits	1,098,353	1,124,596	814,701	1,145,040	1,036,120	1,501,000
11 Tonnage Fees	1,525,442	1,540,704	1,591,543	1,656,723	1,655,868	2,200,000
12 Repairs and Maintenance	437,647	346,009	160,054	312,224	440,699	588,600
13 Certificates of Participation	965,521	978,980	6,035,721	-	-	-
14 Depreciation & Amortization Expense	710,919	706,994	1,103,084	1,094,762	1,131,540	1,443,000
15 Other Operating Expenses	\$ 1,192,128	\$ 1,096,292	\$ 894,665	\$ 904,466	\$ 871,008	\$ 1,210,800
16 EXPENDITURES	\$ 7,599,095	\$ 7,539,678	\$ 12,371,688	\$ 6,952,578	\$ 7,085,644	\$ 9,122,988
17 Unencumbered/Transfer-to/(from) Reserves	2,510,079	3,182,196	(1,085,615)	4,636,329	5,449,004	2,635,012
18 TOTAL EXPENDITURES	\$ 10,109,174	\$ 10,721,874	\$ 11,286,073	\$ 11,588,907	\$ 12,534,647	\$ 11,758,000

CAPITAL OUTLAY & IMPROVEMENTS BUDGET

Fiscal Year July 1, 2018 through June 30, 2019

\$ 2,075,000

		FY 2017-18	FY 2017-18	FY 2018-19
		ACTUAL	BUDGET	BUDGET
CAPITAL OUTLAY & IMPROVEMENTS BUDGET				
1	DISTRICT OFFICES & YARD			
2	Solar Panel Project for District Facilities		500,000	
3	Roofing & Air Conditoner Project for District Offices		80,000	
4	FLEET MAINTENANCE			
5	Scissor Lift		18,000	
6	1 New Fleet Maintenance Service Truck		-	
7	SOLID WASTE			
8	2 New CNG Solid Waste Trucks			675,000
9	Organic 'Green' Carts (18,000 qty)+ Delivery			900,000
10	1 New Sold Waste Service Truck	30,213	31,000	
11	SEWER			
12	Sewer Lining Project	315,830	500,000	
13	2 New Sewer Service Trucks	30,213	31,000	
14	1 New Sewer Vactor Truck		525,000	500,000
15	Siphon Project in Westminster (Oberlin)		-	
16	TOTAL CAPITAL OUTLAY & IMPROVEMENTS	\$ 376,257	\$ 1,685,000	\$ 2,075,000

Fiscal Year 2018-2019 Capital Outlay & Improvement budget is focused on implementation of the District's new "Organics Waste Program" and a new sewer vactor truck.

The increase in expenses for capital outlay and improvement projects vary year-to-year in large part due to the District's aggressive plan to ensure current and future services to the patrons of the District. Sewer improvements are scheduled according to the District's Sewer System Master Plan (SSMP), in some years the improvements are labor intensive and therefore more costly than in other years. Additionally, the District continues to update its equipment to meet certain legislative mandates resulting in larger expenses in some years compared to others to meet those deadlines.

A copy of the District's Sewer System Master Plan may be found on our website at www.mcsandst.com

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, 2018 through June 30, 2019

\$11,758,000

		FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
		ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	BUDGET
REVENUES							
1	NON-OPERATING REVENUES						
2	Property Tax Secured Current Year	\$ 1,290,678	\$ 1,286,849	\$ 1,295,996	\$ 1,298,252	\$ 1,301,255	\$ 1,300,000
3	Property Tax Unsecured Current Year	47,362	49,263	44,388	41,697	42,525	42,000
4	Property Tax Secured Prior Years	32,561	36,604	35,688	38,892	42,463	34,000
5	Property Tax Unsecured Prior Years	945	978	-	-	-	-
6	Interest - General Investments	82,443	80,243	121,733	183,782	428,658	400,000
7	Interest - U.S. Securities	-	-	-	-	-	-
8	Interest - Bank of New York	99	101	29	-	-	-
9	Interest on Undistributed Taxes	1,116	1,427	2,511	3,443	5,817	1,500
10	Homeowners Property Tax Relief	10,205	9,536	8,994	8,331	7,695	8,000
11	State-Assessed Public Utility Tax	51,258	50,096	51,699	51,464	57,615	50,000
12	Pass thru County of Orange	111,434	199,375	239,890	226,097	254,600	200,000
13	Pass thru City of Westminster	873,921	1,225,402	1,469,728	1,668,839	2,119,510	2,000,000
14	Other Non-Operating Revenue	7,690	22,168	38,095	21,483	5,918	5,000
15	Gain/(Loss) on Disposal of Assets	(1,272)	1,725	(90,513)	41,892	35,385	-
16	Recycling Grant	24,040	-	24,311	-	-	-
17	Regional Waste Diversion Grant	-	-	-	-	-	-
18	From other Gov't Agencies	-	10,645	255,647	-	-	-
19	OC Waste Disposal Agreement	-	-	-	114,893	168,991	-
20	Reimbursements - O.C.S.D.	-	-	-	-	-	-
21	Reimbursements - Garden Grove	-	-	-	-	-	-
22	NON-OPERATING REVENUES	\$ 2,532,478	\$ 2,974,411	\$ 3,498,196	\$ 3,699,065	\$ 4,470,431	\$ 4,040,500
23	OPERATING REVENUES						
24	Trash/Sewer User Fees	6,711,401	6,736,035	6,766,442	6,817,157	6,843,867	6,750,000
25	Sewer Plan Checks/Inspection Fees	19,946	69,856	80,272	79,511	174,034	50,000
26	Sewer Connection Fees OCSD	4,439	18,066	20,973	20,160	35,699	15,000
27	Franchise Fees	839,009	921,740	917,167	969,932	1,006,353	900,000
27	Additional Container Rental	2,847	2,744	3,024	3,083	4,263	2,500
28	OPERATING REVENUES	\$ 7,577,641	\$ 7,748,441	\$ 7,787,877	\$ 7,889,843	\$ 8,064,217	\$ 7,717,500
29	TOTAL REVENUES	\$ 10,110,119	\$ 10,722,852	\$ 11,286,073	\$ 11,588,907	\$ 12,534,647	\$ 11,758,000

Operating Expenses

Fiscal Year July 1, 2018 through June 30, 2019

\$9,122,988

	SEWER	REFUSE	MECHANICS	ADMIN	BOARD	FY 2017-18 BUDGET
1 EXPENSES						
2 Salaries and Director Compensation	398,000	780,000	254,000	650,000	97,588	\$ 2,179,588
3 Employer Paid Medicare Insurance	5,900	12,000	3,500	10,000	1,500	\$ 32,900
4 CalPERS Retirement	135,000	200,000	85,000	165,000		\$ 585,000
5 Group Insurance	104,100	269,000	58,000	125,000	50,000	\$ 606,100
6 Group Insurance - Retirees	40,000	60,000	10,000	55,000		\$ 165,000
7 Workers' Compensation Insurance	25,000	65,000	15,000	6,000	1,000	\$ 112,000
8 TOTAL LABOR & BENEFITS	\$ 708,000	\$ 1,386,000	\$ 425,500	\$ 1,011,000	\$ 150,088	\$ 3,680,588
9 Election Costs					50,000	\$ 50,000
10 Gasoline	3,500	6,000	1,000	3,000		\$ 13,500
11 Diesel	4,000	-	1,000			\$ 5,000
12 Natural Gas Fuel		75,000				\$ 75,000
13 Insurance	85,000	73,000		16,500		\$ 174,500
14 Claims Expense				20,000		\$ 20,000
15 Memberships				12,000		\$ 12,000
16 Office Supplies				10,000		\$ 10,000
17 Operating Expenses	3,500	4,000		3,000		\$ 10,500
18 Public Outreach				30,000		\$ 30,000
19 Public Outreach - 80th Anniversary				6,000		\$ 6,000
20 Contract Services	3,000	13,000	2,800	40,000		\$ 58,800
21 Professional Services						
22 General Consulting				20,000		\$ 20,000
23 Legal Services - Labor/MOU				20,000		\$ 20,000
24 District General Counsel				65,000		\$ 65,000
25 Independent Audit Services				20,000		\$ 20,000
26 Engineering Services	7,500					\$ 7,500
27 Physicals/DMV Exams	-	5,000				\$ 5,000
28 Printing & Publications				45,000		\$ 45,000
29 Tools & Equipment - Mechanics			15,000			\$ 15,000
30 Storm Water Testing	3,500					\$ 3,500
31 Repairs & Maintenance	100,000	300,000	10,000	25,000		\$ 435,000
32 CNG Facilities				25,000		\$ 25,000
33 Resident Lateral Assistance Program	3,600					\$ 3,600
34 Refuse Containers		200,000				\$ 200,000
35 Hazardous Waste		18,000	2,000			\$ 20,000
36 Permits, Fees & Property Taxes	15,000			3,500		\$ 18,500
37 Employee Relations				12,000		\$ 12,000
38 Travel & Meetings				20,000	25,000	\$ 45,000
39 Utilities - Includes Lift (Pump) Stations	45,000		2,000	85,000		\$ 132,000
40 Tonnage Fees		2,200,000				\$ 2,200,000
41 Professional Computer Services/Other				25,000		\$ 25,000
42 Emergency Sewer Line Repairs	150,000					\$ 150,000
43 Fats, Oil, & Grease Program	25,000					\$ 25,000
44 LAFCO				21,000		\$ 21,000
45 Education, Training & Safety Expenses	4,000	10,000	5,000	2,000		\$ 21,000
59 Depreciation & Amortization	512,000	671,000		260,000		\$ 1,443,000
60 TOTAL NON-LABOR	\$ 964,600	\$ 3,575,000	\$ 38,800	\$ 789,000	\$ 75,000	\$ 5,442,400
61 TOTAL EXPENSES	\$ 1,672,600	\$ 4,961,000	\$ 464,300	\$ 1,800,000	\$ 225,088	\$ 9,122,988

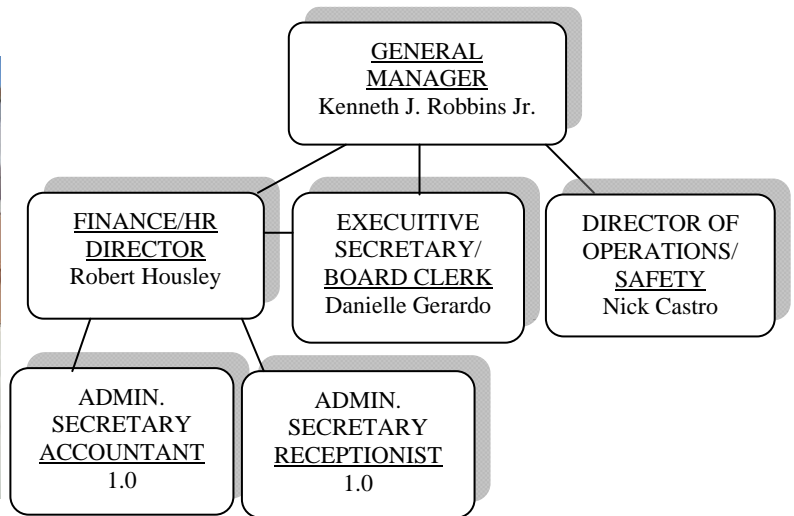
Summary of Expenses by Department

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

SUMMARY BY DEPARTMENT		FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
		ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	BUDGET
1	Sewer System Department	2,510,607	2,412,003	7,169,043	1,209,610	1,318,438	1,672,600
2	Solid Waste Department	3,479,944	3,550,094	3,455,015	3,637,960	3,733,829	4,961,000
3	Fleet Maintenance Department	338,861	332,529	344,656	388,755	367,756	464,300
4	Administration Department	1,114,920	1,098,650	1,247,974	1,524,648	1,539,396	1,800,000
5	Board of Directors	154,762	146,403	154,999	191,605	126,225	225,088
6	TOTAL SUMMARY BY DEPT	\$ 7,599,095	\$ 7,539,678	\$12,371,688	\$ 6,952,578	\$ 7,085,644	\$ 9,122,988



ADMINISTRATION DEPARTMENT & BOARD OF DIRECTORS



Administration, (Employees = 6 full time)

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 administrative staff maintains the official District records, which reflect the actions of the Governing Body, administers the District financial information and maintains record of the District's fixed assets. The administrative staff manages employee training and development programs; administers the District's position classifications, compensation, and benefits. Also, the administrative staff provides management of District construction projects, inspections and connections to District's sewer mains.

The Administrative Staff consists of six full-time employees including a General Manager, Director of Finance/Human Resources, Director of Operations/Safety, Executive Secretary/Board Clerk and two Administrative Secretaries.

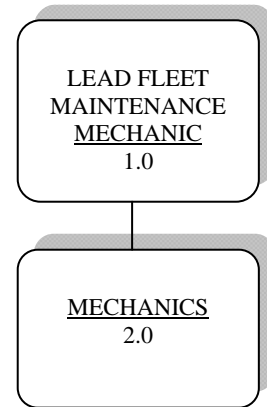
BOARD OF DIRECTORS

		FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
		ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	BUDGET
BOARD OF DIRECTORS							
1	Directors' Fees (Salaries)	67,725	61,601	70,104	80,428	72,277	97,588
2	Employer Medicare Insurance	988	899	1,022	1,172	1,055	1,500
3	Group Insurance	52,971	54,671	55,392	40,603	40,564	50,000
4	Worker's Compensation Insurance			317	414	-	1,000
5	Board Election Costs	-	-	-	38,526	-	50,000
6	Operating Expenses			-	-	-	-
7	Education, Travel & Board Meeting Expenses	33,079	29,232	28,164	30,462	12,328	25,000
8	Miscellaneous Expenses			-	-	-	-
9	TOTAL BOARD OF DIRECTORS	\$ 154,762	\$ 146,403	\$ 154,999	\$ 191,605	\$ 126,225	\$ 225,088

ADMINISTRATION DEPARTMENT

		FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
		ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	BUDGET
ADMINISTRATION							
1	Salaries	418,824	445,616	456,052	589,660	629,958	650,000
2	Vacation & Sick Leave Payout	12,457	15,761	15,315	15,002	-	-
3	Employer Medicare Insurance	6,849	6,938	6,779	8,540	9,001	10,000
4	CalPERS Retirement	77,056	73,001	60,027	160,568	95,857	165,000
5	Group Insurance	58,900	57,200	71,686	84,478	95,113	125,000
6	Group Insurance - Retirees	102,621	106,112	22,009	23,846	70,734	55,000
7	Worker's Compensation Insurance	8,457	4,327	3,477	3,361	3,962	6,000
8	Unemployment Benefits	-	-	-	-	-	-
9	Gasoline/Diesel Fuel	2,226	1,672	1,484	2,518	1,994	3,000
10	Claims Expense	4,709	5,179	2,873	3,071	6,693	20,000
11	Insurance	7,551	8,807	9,837	11,249	13,761	16,500
12	Memberships	15,031	14,875	11,223	9,550	8,077	12,000
13	Office Supplies	9,553	7,866	8,150	9,931	5,748	10,000
14	Operating Expenses	599	1,110	1,508	1,401	1,207	3,000
15	Contract Services	21,951	21,372	26,633	36,184	26,438	40,000
16	Public Outreach	3,394	8,952	29,889	12,062	40,582	30,000
17	Public Outreach - Pushing The Blues	750		-	-		-
18	Public Outreach - 80th Anniversary	5,272			-		6,000
19	Professional Services						
20	General Consulting (facilities/gen.)	5,000	2,825	9,850	1,950	7,750	20,000
21	Lobbying Services	-		36,250			-
22	Legal Services - Personnel	18,575	15,005	15,335	7,439	17,264	20,000
23	District General Counsel	66,999	37,265	43,080	60,958	61,382	65,000
24	Independent Audit Services	16,336	16,825	31,435	19,040	17,340	20,000
25	Printing & Publications	31,729	29,948	33,645	33,914	38,204	45,000
26	Repairs & Maintenance	8,169	4,183	25,125	27,727	5,477	25,000
27	CNG Facilities	-	-		16,961	11,594	25,000
28	Safety/Emergency Preparedness Exp.	969		4,406	65		
29	Permits, Fees & Property Taxes	2,031	1,366	3,161	1,578	1,530	3,500
30	Employee Relations	8,237	7,998	7,664	9,746	12,854	12,000
31	Travel & Meetings	49,490	47,804	18,132	14,060	12,815	20,000
32	Miscellaneous Expenses	779	-	60	-		-
33	Utilities	23,530	20,274	66,391	76,841	69,902	85,000
34	Professional Computer Services/Other	13,711	28,307	12,251	20,737	13,266	25,000
35	Electronic Data Management (Project)		-	-			-
36	Temporary Personnel	7,711	5,374				-
37	LAFCO	13,590	17,587	17,587	19,077	20,078	21,000
38	Education, Training, Safety & Expenses	475	-	-	453	349	2,000
39	Depreciation	91,391	85,101	196,659	242,683	240,463	260,000
40	TOTAL ADMINISTRATION	\$ 1,114,920	\$ 1,098,650	\$ 1,247,974	\$ 1,524,648	\$ 1,539,396	\$ 1,800,000

FLEET MAINTENANCE DEPARTMENT

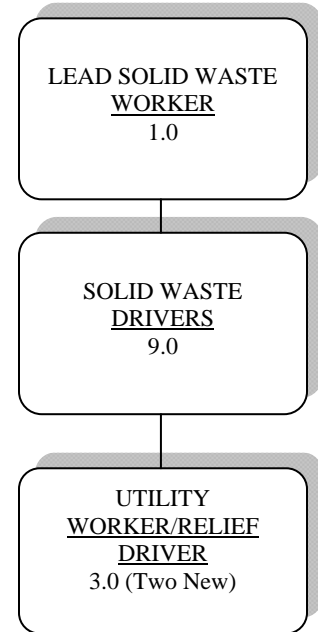


Fleet Maintenance Department, (Employees = 3 full time)

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

		FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
		ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	BUDGET
FLEET MAINTENANCE							
1	Salaries	197,690	199,630	206,349	219,884	235,614	254,000
2	Vacation & Sick Leave Payout	10,621	3,336	4,155	2,488	-	-
3	Employer Medicare Insurance	1,905	1,792	1,849	1,985	2,075	3,500
4	CalPERS Retirement	37,812	38,728	30,234	79,312	39,471	85,000
5	Group Insurance	46,530	43,512	44,503	45,394	48,241	58,000
6	Group Insurance - Retirees	21,810	20,254	2,083	885	10,105	10,000
7	Workers' Compensation Insurance	10,011	11,520	10,763	10,571	11,494	15,000
8	Gasoline	-	-	-	-	702	1,000
9	Diesel	1,811	1,660	550	634	967	1,000
10	Contract Services (Uniforms)	1,251	1,131	1,179	1,699	2,584	2,800
11	Tools & Equipment	3,637	2,113	2,657	7,825	6,753	15,000
12	Repair & Maintenance	1,460	3,136	10,006	1,672	6,815	10,000
13	Hazardous Waste Used/Mixed Oil					1,420	2,000
14	Utilities	4,323	4,523	2,153	950	1,235	2,000
15	Education, Training, Safety & Expenses	-	1,195	28,175	15,456	281	5,000
		\$ 338,861	\$ 332,529	\$ 344,656	\$ 388,755	\$ 367,756	\$ 464,300

SOLID WASTE DEPARTMENT



Solid Waste Department, (Employees = 13 full-time)

The Solid Waste Department provides solid waste collection averaging 146 tons of refuse per day from approximately 102,048 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.

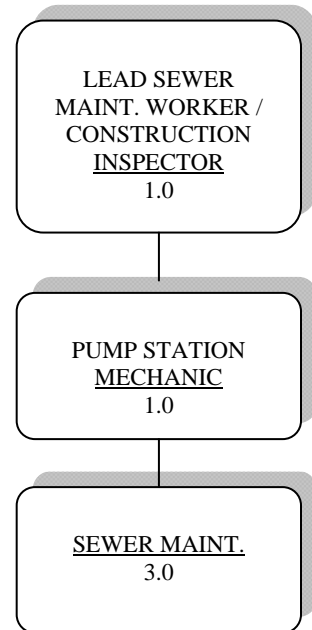
A field crew of 13 employees (nine drivers, three utility worker/relief driver, and a lead person) provides residential solid waste collection. MCSD services approximately 19,230 residences per week, 53 of which are special service patrons.

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

SOLID WASTE DEPARTMENT

		FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2017-18
		ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	BUDGET
SOLID WASTE							
1	Salaries	614,234	661,753	640,232	560,410	661,145	780,000
2	Vacation & Sick Leave Payout	19,723	16,607	21,535	14,984	-	-
3	Employer Medicare Insurance	9,105	9,695	9,597	8,396	9,545	12,000
4	CalPERS Retirement	104,566	103,538	74,459	192,136	81,761	200,000
5	Group Insurance	178,178	183,009	177,412	163,190	177,488	269,000
6	Group Insurance - Retirees	121,681	133,391	27,214	24,688	80,839	60,000
7	Workers' Compensation Insurance	51,470	58,265	52,924	50,615	55,355	65,000
8	Gasoline	12,342	8,221	8,379	4,131	3,235	6,000
9	Diesel	199,403	142,271	12,763	121	-	-
10	Natural Gas Fuel	-	26,692	39,584	56,024	47,837	75,000
11	Insurance	37,607	38,665	54,104	56,227	61,677	73,000
12	Operating Expenses	1,747	2,084	1,530	3,563	124	4,000
13	Contract Servcies (Uniform & GPS Tracking)	7,981	9,949	11,350	9,697	8,308	13,000
14	Physicals, Testing & DMV Exams	2,860	1,654	3,058	2,808	2,546	5,000
15	Repairs & Maintenance	244,494	235,927	63,712	211,436	293,283	300,000
16	Refuse, Recycling, and Organic Containers	103,764	113,106	147,883	128,649	138,310	200,000
17	Hazardous Waste	13,596	14,762	15,197	17,868	796	18,000
18	Tonnage Fees - Black	1,525,442	1,540,704	1,591,543	1,656,723	1,655,868	1,400,000
19	Tonnage Fees - Organics (estimated 25% div)	-	-	-	-	-	800,000
20	Education, Training, Safety & Expenses	9,885	6,689	11,092	13,484	10,378	10,000
21	Depreciation	221,866	243,113	491,451	462,813	445,335	671,000
22	TOTAL SOLID WASTE	\$ 3,479,944	\$ 3,550,094	\$ 3,455,015	\$ 3,637,960	\$ 3,733,829	\$ 4,961,000

SEWER SYSTEM DEPARTMENT



Sewer System Maintenance Department, (Employees = 5 full time)

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

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

The existing collection system has a replacement value of approximately \$500 million dollars and is comprised of approximately 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 3881 manholes and 32 inverted siphons. There are 34,485 service connections to the system.

SEWER SYSTEM DEPARTMENT

		FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
		ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	BUDGET
SEWER DEPARTMENT							
1	Salaries	316,502	333,382	348,771	347,342	351,416	398,000
2	Vacation & Sick Leave Payout	11,309	8,417	9,409	9,167	-	-
3	Employer Medicare Insurance	4,787	4,987	5,135	5,186	5,213	5,900
4	CalPERS Retirement	59,047	60,845	48,380	125,199	66,132	135,000
5	Group Insurance	72,466	71,926	74,125	78,687	80,589	104,100
6	Group Insurance - Retirees	51,291	57,042	14,991	16,374	30,315	40,000
7	Workers' Compensation Insurance	19,853	22,946	20,324	19,442	21,210	25,000
8	Depreciation & Amortization	397,662	378,780	414,973	389,265	445,741	512,000
9	Gasoline	4,781	5,024	3,769	3,085	3,600	3,500
10	Diesel	8,712	5,262	5,075	6,126	3,955	4,000
11	Insurance	69,857	68,274	65,753	74,057	83,436	85,000
12	Operating Expenses	4,482	3,153	2,524	1,593	5,812	3,500
13	Contract Services (Uniforms)	2,083	1,885	1,965	1,580	1,320	3,000
14	Engineering Services	-	-	-	-	4,803	7,500
15	Storm Water Testing	1,600	3,000	4,440	4,440	2,685	3,500
16	Sewer Fees, Permits, & Testing					14,410	15,000
17	Repairs & Maintenance	81,701	101,888	59,412	55,279	74,306	100,000
18	CCTV & Cleaning of District Sewer Lines	281,203	255,085	-	-	-	-
19	Emergency Sewer Line Repairs	101,824	-	-	16,110	59,017	150,000
20	Resident Lateral Assistance Program	-	875	1,800	-	1,800	3,600
21	Safety Control Expenses	-	-	-	-	-	-
22	Utilities - Includes Lift Stations	33,460	30,496	26,365	31,017	35,337	45,000
23	COP's Interest & Fees	965,521	978,980	6,035,721	-	-	-
24	Fats, Oils & Grease (FOG) Program	20,987	18,651	24,981	21,211	23,395	25,000
25	Education, Training, Safety & Expenses	1,480	1,105	1,130	4,451	3,946	4,000
26	TOTAL SEWER	\$ 2,510,607	\$ 2,412,003	\$ 7,169,043	\$ 1,209,610	\$ 1,318,438	\$ 1,672,600

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Resolutions & Policies

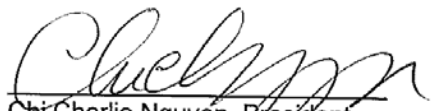
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RESOLUTION NO. 2018-07

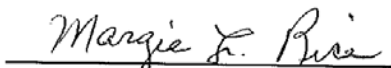
A RESOLUTION OF THE BOARD OF DIRECTORS OF THE MIDWAY CITY SANITARY DISTRICT OF ORANGE COUNTY, CALIFORNIA, ADOPTING THE SPECIAL DISTRICT GENERAL FUND BUDGET FOR THE FISCAL YEAR JULY 1, 2018 THROUGH JUNE 30, 2019

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 2018-2019 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 19th day of June, 2018.


Chi Charlie Nguyen, President

ATTEST:


Margie L. Rice, Secretary

RESOLUTION NO. 2018-05

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 2018-2019 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 2018-2019 fiscal year.

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

3 **Section 1:** That it is hereby found and determined that the documentation
 4 (attached hereto as Exhibit "A") used in the determination of the appropriations limit for
 5 Midway City Sanitary District for fiscal year 2018-2019 was available to the public in the
 6 office of the District at least 15 days prior to the date this resolution was adopted.

7 **Section 2:** That the Board of Directors has determined that for purposes of
 8 calculating the 2018-2019 fiscal year appropriations limit for the District, the Board of
 9 Directors selects the following cost of living factor pursuant to Article XIII B, Section 8(e) (2),
 10 of the California Constitution:
 11

<u>Fiscal</u> <u>Year</u>	<u>Factor</u>	<u>Percent</u>
2018-2019	Change in California per Capita Personal Income	3.67

12 **Section 3:** That for purposes of calculating the 2018-2019 fiscal year
 13 appropriations limit for the District, the Board of Directors selects the following change in
 14 population factor pursuant to Revenue and Taxation Code Section 2228:
 15


<u>Fiscal</u> <u>Year</u>	<u>Factor</u>	<u>Percent</u>
2018-2019	Change in Orange County Population	0.69

16 **Section 4:** That the appropriations limit for fiscal year 2018-2019 for Midway City
 17 Sanitary District, as established in accordance with Section 7902(b) of the Government
 18 Code and as amended by Article XIII B, Section 8, of the California Constitution, is
 19

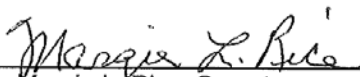
1 Six Million Four Hundred and Three Thousand Seven Hundred and Ninty-Three Dollars
2 (\$6,403,793) which sum is Midway City Sanitary District's maximum authorized spending
3 limitation, in accordance with Article XIII B, for fiscal year 2018-2019.

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

9 **PASSED AND ADOPTED** at a regular meeting of the Board of Directors of Midway
10 City Sanitary held this 15th day of May, 2018.

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12 
13 Chi Charlie Nguyen, President

14 ATTEST:

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16 Margie L. Rice, Secretary
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1	<u>2018-2019 Fiscal Year</u>		
2	Change in California Per Capita Personal Income		3.67
3	Civilian population change for Orange County		0.69
4	Per Capita Personal Income converted to a ratio:	$\frac{3.67 + 100}{100.00} =$	1.0367
5			
6	Population change converted to a ratio:	$\frac{0.69 + 100}{100.00} =$	1.0069
7			
8			
9	Calculation of factor for FY 2018-2019: $1.0367 \times 1.0069 = 1.04385323$ (ratio of change)		
10			
11	2017-2018 Limit \$6,403,793.52 x 1.04385232 = \$6,684,620.55 (new 2018-2019 limit)		
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24		EXHIBIT "A"	
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CERTIFICATION

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I, Margie L. Rice, Secretary of the Midway City Sanitary District of Orange County, California, do hereby certify that the foregoing Resolution No. 2018-05 was duly adopted at a meeting of the Board of Directors of said District, held on the 15th day of May, 2018, by the following vote of the members of the Board:

AYES: Cobo, Krippner, Nguyen and Rice

NOES:

ABSENT: Diep

and I further certify that Chi Charlie Nguyen, as President, and Margie L. Rice, as Secretary, signed and approved said Resolution on the 15th day of May 2018.



Margie L. Rice, Secretary

(District Seal)

STATE OF CALIFORNIA)
COUNTY OF ORANGE) ss.

I, Margie L. Rice, Secretary of Midway City Sanitary District of Orange County, California, do hereby certify that the foregoing is a full, true and correct copy of Resolution No. 2018-05 passed and adopted by the Board of Directors of said District at a meeting thereof held on the 15th day of May, 2018.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official Seal of said District on the 15th day of May 2018.



Margie L. Rice, Secretary

(District Seal)

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RESOLUTION NO. 2018-08

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 FEES PURSUANT TO SPECIAL USAGE PERMIT AGREEMENT AND COVENANT DOCUMENTS AND DIRECTING THE COUNTY AUDITOR TO ADD SUCH USAGE FEES TO THE JULY 1, 2018 - JUNE 30, 2019 SECURED TAX ROLL PURSUANT TO ORDINANCE NO. 26 AND ORDINANCE NO. 67

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 additional rates and charges for sanitation and sewerage 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:

1 A. The rates and charges for this service are a fee which is equal to three
2 percent (3%) of one percent (1%) of the annual property tax increments from
3 said property beginning with the fiscal year in which the annexation of said
4 property was approved by Resolution of the District's Board of Directors, or
5 said Special Usage Permit Agreement and Restrictive Covenant was
6 recorded, whichever occurred earlier;
7
8 B. The annual property tax increment is defined as that amount by which the
9 property tax on said property has increased since the fiscal year immediately
10 preceding the fiscal year during which the annexation of said property was
11 approved by Resolution of the District's Board of Directors.

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

14 5. That pursuant to Health and Safety Code Section 5473, a report has been filed
15 with the District's Secretary containing a description of each parcel of real property and the
16 amount of charges imposed by Ordinance No. 26 and such Agreements for the fiscal year
17 2018-2019.
18

19 6. That pursuant to Health and Safety Code Section 5473.1, the filing of the report
20 was duly noticed as required by law by publication once each week for two (2) successive
21 weeks in the Westminster Journal, a newspaper of general circulation, printed and
22 published in the MIDWAY CITY SANITARY DISTRICT, of a notice of a public hearing to
23 be held on June 19th, 2018 at the Board's meeting room located at 14451 Cedarwood
24 Avenue, Westminster, CA 92683, to consider oral and written objections or protests
25 regarding such report.
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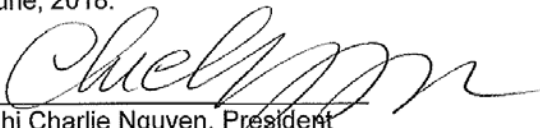
1 7. That pursuant to such notice, a public hearing to hear all objections or protests, if
2 any, to the aforesaid report and proposed charges was held at the date and time set forth in
3 such notice.

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

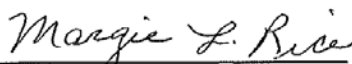
6 9. That the County Auditor be, and hereby is ordered and directed to add such
7 special usage fees to the July 1, 2018 – June 30, 2019 secured tax roll.

8 10. That the Secretary shall cause a copy of this Resolution and such report, in
9 either written or electronic form, to be filed with the Orange County Auditor on or before
10 August 10, 2018.

11
12 PASSED AND ADOPTED at a meeting of the Board of Directors of the MIDWAY
13 CITY SANITARY DISTRICT OF ORANGE COUNTY, CALIFORNIA, held this 19th day of
14 June, 2018.

15 
16 _____
17 Chi Charlie Nguyen, President

18 ATTEST:

19 
20 _____
21 Margie L. Rice, Secretary

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CERTIFICATION

I, Margie L. Rice, Secretary of the MIDWAY CITY SANITARY DISTRICT of Orange County, California, do hereby certify that the foregoing Resolution No. 2018-08 was duly adopted at a regular meeting of the Governing Board of said District held on the 19th day of June, 2018, by the following vote of the members of the Board:

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

and I further certify that Chi Charlie Nguyen, as President, and Margie L. Rice, as Secretary, signed and approved said Resolution on the 19th day of June, 2018.

Margie L. Rice
 Margie L. Rice, Secretary
 MIDWAY CITY SANITARY DISTRICT

(District Seal)

STATE OF CALIFORNIA)
) ss.
 COUNTY OF ORANGE)

I, Margie L. Rice, Secretary of the MIDWAY CITY SANITARY DISTRICT of Orange County, California, do hereby certify that the foregoing is a full, true and correct copy of Resolution No. 2018-08 passed and adopted by the Board of Directors of said District at a meeting thereof held on the 19th day of June, 2018.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official Seal of said District this 19th day of June, 2018.

Margie L. Rice
 Margie L. Rice, Secretary

(District Seal)

RESOLUTION NO. 2018-09

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, 2018 THROUGH JUNE 30, 2019 SECURED TAX ROLL PURSUANT TO ORDINANCE NO. 64 AND ORDINANCE NO. 67.

WHEREAS, Ordinance No. 64 was adopted by the Board of Directors of the Midway City Sanitary District on August 2, 2005.

WHEREAS, Ordinance No. 67 was adopted by the Board of Directors of the Midway City Sanitary District on June 24, 2009.

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. 64, the Board of Directors of the MIDWAY CITY SANITARY DISTRICT elected to impose and collect rates and charges for both residential and industrial and commercial sanitation and sewage services and facilities provided by said District. Ordinance 64 authorized a sewage usage fee at a not to exceed amount of \$111.00 per unit per year and sanitation (solid waste) usage fee at a not to exceed amount of \$246.60 per unit.

2. That by the adoption of Ordinance No. 67, the Board of Directors of the MIDWAY CITY SANITARY DISTRICT elected to adjust the rates and charges set forth in Ordinance No. 64 and impose and collect adjusted rates and charges for commercial, industrial and nonresidential sewerage services and facilities provided by said District. Ordinance 67 authorized a sewage usage fee for each separate commercial, industrial and nonresidential activity at an initial rate not to exceed amount of \$87.00 per assigned unit of service, to be adjusted annually in accordance with the consumer price index, commencing July 1, 2010,

1 and continuing through July 1, 2015. For fiscal year 2018-2019, this corresponds to an
2 annual rate \$119.49 to \$459.96 per unit per parcel depending upon the corresponding
3 sewer use category of each unit or activity. Notice of such rate adjustments has been
4 provided as required by law.

5 3. Notwithstanding the amounts authorized under Ordinance 64, the sewerage
6 usage fee for residential units or activities for fiscal year July 1, 2018 – June 30, 2019 shall
7 not exceed \$87.00 per unit per year, and the sanitation (solid waste) usage fee for all units
8 for fiscal year July 1, 2018 – June 30, 2019 shall not exceed \$177.00 per unit per year.
9

10 4. That pursuant to Health and Safety Code Section 5473, a report has been filed
11 with the District's Secretary containing a description of each parcel of real property and the
12 amount of the charges imposed by Ordinance Nos. 64 and 67, for the fiscal year July 1,
13 2018 – June 30, 2019.

14 5. That pursuant to Health and Safety Code Section 5473.1, the filing of the report
15 was duly noticed as required by law by publication once each week for two (2) successive
16 weeks in the Westminster Journal, a newspaper of general circulation, printed and
17 published in the MIDWAY CITY SANITARY DISTRICT, of a notice of a public hearing to be
18 held on June 19, 2018 at the Board's meeting room located at 14451 Cedarwood Street,
19 Westminster, CA 92683, to consider oral and written objections or protests regarding such
20 report.
21

22 6. That pursuant to such notice, a public hearing to hear all objections or protests, if
23 any, to the aforesaid report and proposed charges was held at the date and time set forth in
24 such notice.
25

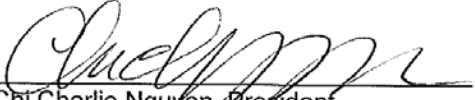
26 7. That after considering all protests, if any, the Board has determined that such

1 report should be approved as filed.

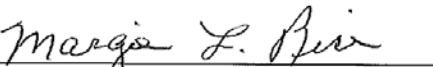
2 8. That the County Auditor be, and hereby is ordered and directed to add such
3 sewerage and sanitation (solid waste) usage fees to the 2018-2019 secured tax roll.

4 9. That the Secretary shall cause a copy of this Resolution and such report, in either
5 written or electronic form, to be filed with the Orange County Auditor on or before August
6 10, 2018.

7
8 PASSED AND ADOPTED at a meeting of the Board of Directors of the MIDWAY
9 CITY SANITARY DISTRICT OF ORANGE COUNTY, CALIFORNIA, held this 19th day of
10 June, 2018.

11 
12 Chi Charlie Nguyen, President

13 **ATTEST:**

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16 Margie L. Rice, Secretary

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CERTIFICATION

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I, Margie L. Rice, Secretary of the MIDWAY CITY SANITARY DISTRICT of Orange County, California, do hereby certify that the foregoing Resolution No. 2018-09 was duly adopted at a regular meeting of the Governing Board of said District held on the 19th day of June, 2018, by the following vote of the members of the Board:

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

and I further certify that Chi Charlie Nguyen, as President, and Margie L. Rice, as Secretary, signed and approved said Resolution on the 19th day of June, 2018.

Margie L. Rice
 Margie L. Rice, Secretary
 MIDWAY CITY SANITARY DISTRICT

(District Seal)

STATE OF CALIFORNIA)
) ss.
 COUNTY OF ORANGE)

I, Margie L. Rice, Secretary of the MIDWAY CITY SANITARY DISTRICT of Orange County, California, do hereby certify that the foregoing is a full, true and correct copy of Resolution No. 2018-09 passed and adopted by the Board of Directors of said District at a meeting thereof held on the 19th day of June, 2018.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official Seal of said District this 19th day of June, 2018.

Margie L. Rice
 Margie L. Rice, Secretary

(District Seal)

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RESOLUTION NO. 2018-03

**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 Finance/HR Director to establish certain funds, undertake investments and deposits, and transfer District money by their joint action in accordance with this Resolution.

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

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

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

1 (e) The Vehicle Replacement Reserve Fund (*Renovation and*
 2 *Replacement*).

3 (f) Buildings, Equipment, and Facilities Reserve Fund.

4 (g) Compressed Natural Gas (CNG) Fueling Station & Facilities Reserve
 5 Fund.

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

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

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

1 Manager and the Finance/HR Director shall be limited by the following:

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

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

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

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

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

19 (b) Union Bank or any other financial institution located in Orange
 20 County meeting the requirements of Government Code Section
 21 53601 or 53630 et seq. for the purposes of deposit and investment
 22 as set forth therein.

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

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

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

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

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

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

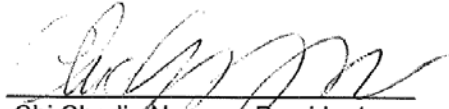
21 **Section 8.** The General Manager and the Finance/HR Director at the direction of
22 the Treasurer shall prepare and present to the Board an annual statement of investment
23 policy as required by Government Code Section 53646. The annual statement of
24 investment policy shall be approved by resolution of the Board, and it shall include the
25 names and signatures of the then current Board President, Treasurer, General Manager
26 and Finance/HR Director as the persons authorized to deposit, transfer, and withdraw

1 District money.

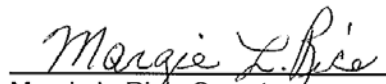
2 **Section 9.** The General Manager, and the Finance/HR Director shall at the
3 direction of the Treasurer prepare and present to the Board for approval the quarterly
4 reports required by Government Code Section 53646.

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

7 **PASSED AND ADOPTED,** at a regular meeting of the Board of Directors of
8 Midway City Sanitary District of Orange County, California, held this 1st day of May, 2018.

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Chi Charlie Nguyen, President

12 ATTEST:

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Margie L. Rice, Secretary

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CERTIFICATION

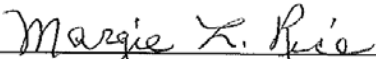
1 I, Margie L. Rice, Secretary of the Midway City Sanitary District of Orange County,
2 California, do hereby certify that the foregoing Resolution No. 2018-03 was duly adopted
3 at a regular meeting of the Board of Directors of said District, held on the 1st day of May,
4 2018, by the following vote of the members of the Board:

5 AYES: Cobo, Diep, Nguyen and Rice

6 NOES:

7 ABSENT: Krippner

8 and I further certify that Chi Charlie Nguyen, as President, and Margie L. Rice as
9 Secretary, signed and approved said Resolution on the 1st day of May, 2018.

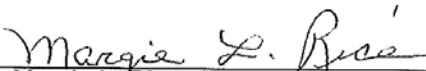
11 
12 Margie L. Rice, Secretary

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14 (District Seal)

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

18 I, Margie L. Rice, Secretary of Midway City Sanitary District of Orange County,
19 California, do hereby certify that the foregoing is a full, true and correct copy of Resolution
20 No. 2018-03 passed and adopted by the Board of Directors of said District at a regular
21 meeting thereof held on the 1st day of May, 2018.

22 IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official Seal
23 of said District this 1st day of May, 2018.

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26 Margie L. Rice, Secretary

(District Seal)

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

Section 1: The Statement of Investment Policy stated in Exhibit "A" hereto, and incorporated herein by this reference, is approved for the 2018-2019 Fiscal Year (July 1, 2018 through June 30, 2019).

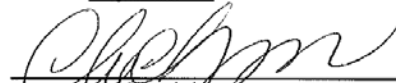
Section 2: In accordance with the District's Investment Policy, the officials of the District set forth in Section 3 herein or their successors are authorized for the 2018-2019 Fiscal Year (July 1, 2018 through June 30, 2019) to approve the investment and reinvestment of the District's monies and surplus funds in accordance with Government Code Sections 53635 and 53601.

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

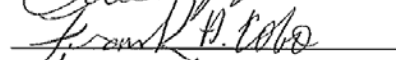
Name and Title of Authorized Signatories

Signatures

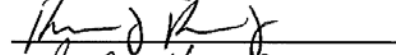
Director Serving as President



Director Serving as Treasurer



General Manager



Finance/HR Director



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

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

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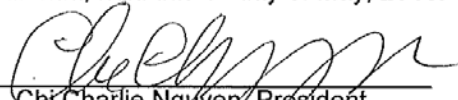
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RES 2018-04 INVESTMENT POLICY RESOLUTION

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PASSED AND ADOPTED, at a regular meeting of the Board of Directors of Midway City Sanitary District of Orange County, California, held this 1st day of May, 2018.


Chi Charlie Nguyen, President

ATTEST:


Margie L. Rice, Secretary

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CERTIFICATION

I, Margie L. Rice, Secretary of the Midway City Sanitary District of Orange County, California, do hereby certify that the foregoing Resolution No. 2018-04 was duly adopted at a regular meeting of the Board of Directors of said District, held on the 1st day of May, 2018, by the following vote of the members of the Board:

AYES: Cobo, Diep, Nguyen and Rice

NOES:

ABSENT: Krippner

and I further certify that Chi Charlie Nguyen, as President, and Margie L. Rice, as Secretary, signed and approved said Resolution on the 1st day of May, 2018.

Margie L. Rice
Margie L. Rice, Secretary

(District Seal)

STATE OF CALIFORNIA)
COUNTY OF ORANGE) §§

I, Margie L. Rice, Secretary of Midway City Sanitary District of Orange County, California, do hereby certify that the foregoing is a full, true and correct copy of Resolution No. 2018-04 passed and adopted by the Board of Directors of said District at a regular meeting thereof held on the 1st day of May, 2018.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official Seal of said District this 1st day of May, 2018.

Margie L. Rice
Margie L. Rice, Secretary

(District Seal)

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EXHIBIT "A"

**MIDWAY CITY SANITARY DISTRICT
STATEMENT OF INVESTMENT POLICY**

FISCAL YEAR 2018-2019 (July 1, 2018 through June 30, 2019)

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 Finance/HR Director (as the District's responsible employees under Resolution 2015-05) and to third parties (whether investment advisors or otherwise), as to the objectives and policies of the District applicable to the investment of its money.
3. To establish a basis for evaluating investment results.

B. TERM

This statement is applicable to investments made in fiscal year 2018/2019 (July 1, 2018 through June 30, 2019), 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 Finance/HR Director 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 Finance/HR Director, and all of the Directors of the District, when participating in investment decisions on behalf of the District, are considered trustees having a fiduciary relationship to the public. This duty shall mean:

When investing, reinvesting, purchasing, acquiring, exchanging, selling, and managing public funds, the trustee shall act with care, skill prudence and diligence under the circumstances than 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.

1 See, Government Code Section 53600.3.

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

9 **E. OBJECTIVES**

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

14 To Safely Preserve Capital

15 To Provide Liquidity

16 To Earn a Reasonable Rate of Return Commensurate with Safety and Liquidity

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

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

- 26 1. Checking and Savings Accounts, whether interest bearing or otherwise to be
 27 established at Union Bank of California or any other financial institution
 28 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, and Union Bank of California.
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.
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.

 To accomplish the reasonable rate of return objective, the District's Board President,
 Treasurer, General Manager and Finance/HR Director shall determine no less frequently
 than quarterly the amount of money recommended to be held by the District in inactive or

1 long-term investments. Acceptable inactive (investments unavailable without 30 days or
 2 more notice) or long-term investments include, subject only to limitations of applicable law:

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

11 **F. ADVISORS**

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

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

21 **G. REPORTING**

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

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

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

29 See, Government Code Section 53646.

RES 2018-04 INVESTMENT POLICY RESOLUTION

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RESOLUTION NO. 2017-02

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

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

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

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

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

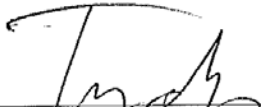
NOW, THEREFORE, the Board of Directors of the Midway City Sanitary District resolves as follows:

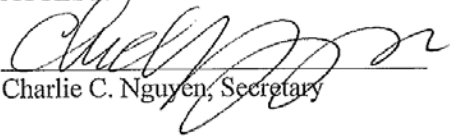
Section 1: The attached Official District Travel and Expense Reimbursement Policy is hereby approved.

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

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

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6 Tyler M. Diep, President

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

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

I. POLICY

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

II. ACTIVITIES QUALIFYING BOARD MEMBERS AND EMPLOYEES FOR EXPENSE REIMBURSEMENT

A. Board Members

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

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

B. District Employees

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

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

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

III. EXPENSE AND REIMBURSEMENT GUIDELINES

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

A. Conference Registration and Related Costs

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

B. Transportation

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

1. Air Travel

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

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

2. Ground Transportation

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

C. Lodging

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

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

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

D. Meals and Incidental Expenses

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

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

E. Per Diem Advances

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

F. Unauthorized Expenses

No reimbursement shall be allowed for the following:

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

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

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

G. Reporting

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

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

IV. COMPLIANCE WITH LAWS

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

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RESOLUTION NO. 2017-08

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

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

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

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

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

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

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

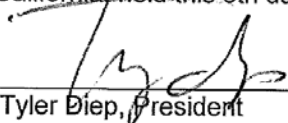
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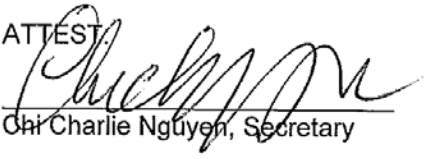
**NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE MIDWAY CITY
SANITARY DISTRICT DOES HEREBY RESOLVE AS FOLLOWS:**

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

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

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


Tyler Diep, President

ATTEST

Chi Charlie Nguyen, Secretary

CERTIFICATION

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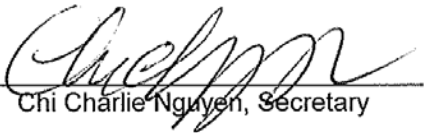
I, Chi Charlie Nguyen, Secretary of the Midway City Sanitary District of Orange County, California, do hereby certify that the foregoing Resolution No. 2017-08 was duly adopted at a regular meeting of the Board of Directors of said District, held on the 6th day of June, 2017, by the following vote of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

AYES: Cobo, Diep, Krippner, Nguyen and Rice

NOES:

ABSENT:

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


Chi Charlie Nguyen, Secretary

(District Seal)

STATE OF CALIFORNIA }
COUNTY OF ORANGE } §§

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

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


Chi Charlie Nguyen, Secretary

(District Seal)

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

Section 1: Introduction

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

Section 2: Administrative Rules and Procedures

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

Section 3: Authorization by the Board of Directors

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

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

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

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

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

Section 5: Decentralized Purchasing

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

Section 6: Authorization for Payment(s)

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

Section 7: Encumbrance of Funds

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

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

Section 8: Ethics

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

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

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

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

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

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

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

C. Over \$125,000:

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

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

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

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

D. Professional Services

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

- 1. \$20,000 or less

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

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

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

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

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

E. Emergency Purchases for Goods and/or Services

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

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

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

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

F. Prevailing Wage Service Contracts

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

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

A. \$15,000 or Less

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

B. More than \$15,000

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

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

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

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

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

5. Evaluation:

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

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

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

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

6. Rejection of Bids:

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

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

7. Tie Bids:

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

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

8. No Bids:

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

9. Awarding:

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

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

10. Change Orders:

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

11. Specified Emergencies:

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

C. **Design-Build**

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

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

D. Prevailing Wage Contracts for Public Works Projects

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

Section 11: Other Exceptions from Bidding Requirements

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

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

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

Section 12: Sole Source

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

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

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

Section 13: Solid Waste and Recycling Carts

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

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

Section 14: Local Preference

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

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

Section 15: Surplus Property

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

Section 16: Execution of Contracts

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

Section 17: Approval by General Counsel

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

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

Section 18: Noncompliance

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

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

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

Section 20: Definitions

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

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

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

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

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

GLOSSARY

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

Accrual Basis

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

Administrative and Clerical:

An employee group that provides administrative and clerical support.

Ad Valorem Taxes:

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

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

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

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

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

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

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

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

Bank of New York:

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

Beginning/Ending (Unappropriated) Fund Balance:

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

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

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

and other interested parties.

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

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

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

COLA: An acronym for Cost of Living Adjustment.

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

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

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

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

Contingency: A budgetary reserve set

aside for emergencies or unforeseen expenditures not otherwise budgeted.

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

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

Deficit: An excess of expenditures/expenses over revenues.

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

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

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

Expenditures/Expenses:

Expenses are recognized when goods are received or services rendered.

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

Full-Time Equivalent

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

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

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

since the funds inception.

Gann Appropriations

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

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

General Obligation

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

Generally Accepted Accounting Principles

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

the basic financial statements of an entity.

GFOA's Recommended

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

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

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

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

Intergovernmental

Services: Purchases from other governments of

those specialized services typically performed by local governments.

Intergovernmental Revenue:

Revenue received from other governmental agencies and municipalities.

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

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

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

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

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

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

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

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

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

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

insurance, and retirement.

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

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

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

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

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

Resources: Total dollars available for appropriations including

estimated revenues and beginning fund balance.

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

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

fees, user charges, grants, and interest.

Service Charges: Charges for specific services rendered.

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

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

based on the difference between new and old assessed values.

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

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

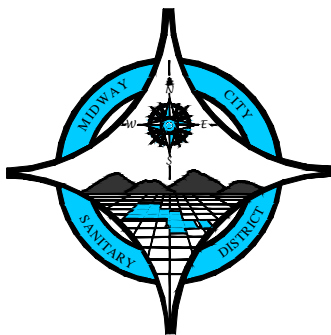
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