

Notice and Agenda

REGULAR MEETING — BOARD OF DIRECTORS — COUNTY SANITATION DISTRICT NO. 14

To be held at the ANTELOPE VALLEY TRANSIT AUTHORITY
42210 6th Street West, Lancaster, California

THE DISTRICT MAY TAKE ACTION ON ANY AGENDA ITEM LISTED BELOW

THURSDAY	June 8, 2023	At 11:30 A.M.
Governing Body	Director	Alternate
LANCASTER	PARRIS (Chairperson)	CRIST (Chair pro tem)
PALMDALE	BETTENCOURT	ALARCON
LOS ANGELES COUNTY	HAHN	BARGER

1. Public Comment
2. Approve Minutes of Regular Meeting Held May 11, 2023
3. Approve March 2023 Expenses in Amount of \$1,571,095

Summary: Local District expenses represent costs that are the sole responsibility of the individual District. Allocated expenses represent the District’s proportionate share of expenses made by District No. 2, the Administrative District, on its behalf pursuant to the Joint Administration Agreement. This Agreement provides for the joint administration and technical support for all of the signatory Districts along with the methodology for determining the proportionate costs for each District. A listing of Districts’ payments and previously approved budgets can be found on the Districts’ website at lacsdc.org/financial-documents. This item is consistent with the Districts’ Guiding Principle of commitment to fiscal responsibility and prudent financial stewardship.

Local District Expenses:	
Operations & Maintenance	\$1,062,376
Capital	162,944
Legal	4,834
Allocated Expenses	
Joint Administration	151,503
Technical Support	183,640
Legal	5,798
Total Expenses	<u>\$1,571,095</u>

4. Re: Annexations Nos. 442, 443, and 444 to District
 - (a) Adopt Resolutions for Making Application to Local Agency Formation Commission (LAFCO) for Annexation; Review, Consider and Find Adequate [California Environmental Quality Act \(CEQA\) Document](#) for Annexation No. 442; Review, Consider and Find Adequate [CEQA Document](#) for Annexation No. 443; Review, Consider and Find Adequate [CEQA Document](#) for Annexation No. 444; and Consent to Waiver of Protest Proceedings
 - (b) Adopt Joint Resolution with County of Los Angeles, Antelope Valley Cemetery District, Antelope Valley Mosquito & Vector Control District, Antelope Valley Resource Conservation District, City of Lancaster, and Antelope Valley -East Kern Water Agency Approving and Accepting Negotiated Exchange of Property Tax Revenues Resulting from Annexations Nos. 442, 443 and 444

Summary: Annexation No. 442 consists of 34 proposed single-family homes, Annexation No. 443 consists of 108 proposed single-family homes, and Annexation No. 444 consists of 208 proposed single-family homes, all in the City of Lancaster. Each annexation to the District’s service area requires adoption of two resolutions by the Board. The first resolution authorizes submittal of the annexation application to LAFCO, approves the CEQA document, and consents to a waiver of the LAFCO protest hearing. The second resolution is a joint resolution with agencies that already provide services to the proposed annexation territory agreeing to the amount of property tax revenue that will be apportioned to the District in accordance with the Revenue and Taxation Code. A data sheet, map, and Notice of Finding for each annexation are attached. Links to the CEQA documents for Annexations Nos. 442, 443, and 444 are provided above.
5. Re: Wastewater Budget Matters for Fiscal Year 2023-24
 - (a) Establish by Resolution Appropriations Limit of \$77,360,317 as required by California Government Code Section 7910
 - (b) Adopt Operating Budget
 - (c) Adopt Resolution Requesting Tax Levy of \$2,285,000
 - (d) Authorize Appropriations per Budget

5. Contd.

Summary: A letter discussing 2023-24 fiscal year budgetary matters accompanies the agenda. This item is consistent with the Districts' Guiding Principles of commitment to fiscal responsibility and prudent financial stewardship; and to plan for both short-term and long-term needs to minimize the need for significant rate increases.

6. Adopt Resolution Approving Joint Community Facilities Agreement (Agreement) with California Municipal Finance Authority (Authority) and Pacific Communities Builder, Inc., a California Corporation (Developer)

Summary: In order to fund obligations to District No. 14 associated with the Pacific Agave and Pacific Lily developments, the Developer has proposed establishing a Community Facilities District (CFD) through the Authority pursuant to the Mello-Roos Community Facilities Act of 1982. In accordance with the Mello-Roos Act, the Authority is the agency forming the CFD. In order to receive bond proceeds, the District must be party to the Agreement. The District will have no obligations for issuing any CFD bonds or for repaying any bonds that might be issued. The proposed Resolution, a copy of which is attached, authorizes the Chief Engineer and General Manager to execute the Agreement. Staff has determined that Resolution and Agreement do not constitute a "Project" under the California Environmental Quality Act (CEQA) pursuant to California Public Resources Code Section 21065 and Title 14 of the California Code of Regulations ("CEQA Guidelines") Section 15378. This item is consistent with the Districts' Guiding Principle of commitment to fiscal responsibility and prudent financial stewardship.

Adjourn

Status Report:

Prior to or during the meeting session, the Chief Engineer and General Manager may update the Directors on various matters concerning the Districts that may be of current interest to the Directors.

Public Comment:

Members of the public may address the Board of Directors on any item shown on the agenda or matter under the Board's authority. A "Request to Address Board of Directors" form is available. In compliance with the Americans with Disabilities Act, if you require special assistance to participate in this meeting, please contact the Secretary to the Boards' Office (562) 908-4288, extension 1100. Notification of 48 hours prior to the meeting will enable staff to make reasonable arrangements to ensure accessibility to this meeting. (28CFR 35.101 et seq. ADA Title II).

Document Requests:

Links to supporting documents are available online at the time of posting. Agendas and supporting documents or other writings that will be distributed to Board members in connection with matters subject to discussion or consideration at this meeting that are not exempt from disclosure under the Public Records Act are available for inspection following the posting of this agenda at the office of the Secretary to the Boards of Directors located at the Districts' Joint Administration Building, 1955 Workman Mill Road, Whittier, California, 90601, or at the time of the meeting at the address posted on this agenda.

COUNTY SANITATION DISTRICT NO. 14 OF LOS ANGELES COUNTY

PROPOSED ANNEXATION NO. 442

AGENDA DATE: Resolution Making Application to LAFCO June 8, 2023

LOCATION: Located on the east side of 65th Street West, approximately 1,300 feet north of Avenue J, all within the City of Lancaster, as shown on the attached map.

PROCESSING FEES:	District	\$ 4,290.00
	Local Agency Formation Commission	3,500.00
	State Board of Equalization	<u>850.00</u>
	Total:	\$ <u>8,640.00</u>

DESCRIPTION & REMARKS: The annexation consists of 34 proposed single-family homes.

NOTICE OF FINDING/CERTIFICATE OF FILING

ANNEXATION NO. 442 TO COUNTY SANITATION DISTRICT NO. 14

The annexation consists of 34 proposed single-family homes.

1. **BASED UPON REVIEW AND STUDY, I FIND AND CERTIFY THAT:**

- The annexation **is exempt** from the provisions of the California Environmental Quality Act, pursuant to the State CEQA Guidelines,

Section:

Reason:

- The **Mitigated Negative Declaration** is adequate for consideration of the annexation.

- The **Environmental Impact Report** is acceptable for consideration of the annexation.

ISSUED BY:

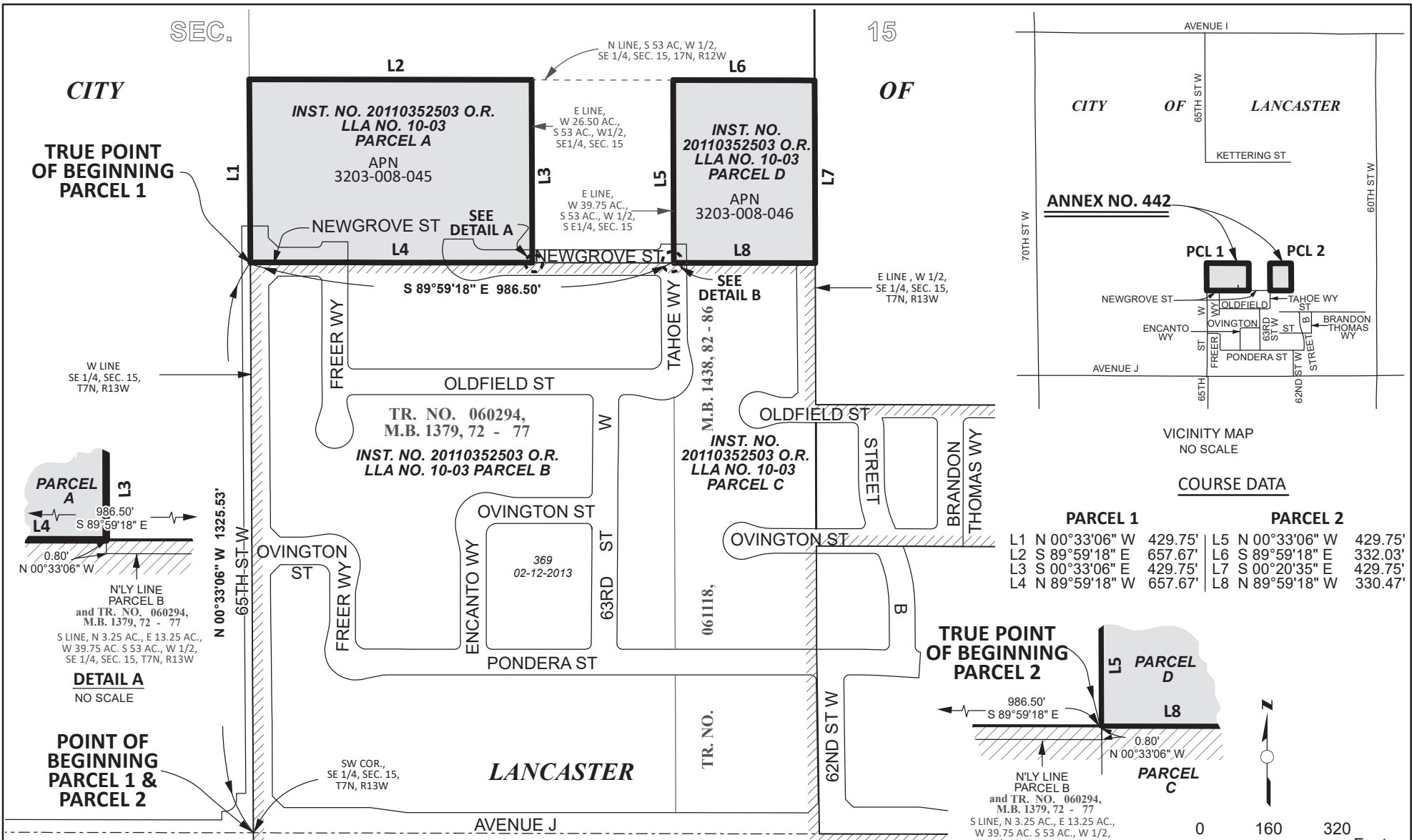
- Los Angeles County Department of Regional Planning

- City of Lancaster

2. The subject annexation has been set for consideration before the Board of Directors of County Sanitation District No. 14 at their meeting to be held on June 8, 2023, at the time and place as provided for the meeting of said date.
3. The subject annexation and all related documents are on file in the office of the Chief Engineer and General Manager, Los Angeles County Sanitation Districts, 1955 Workman Mill Road, (P.O. Box 4998) Whittier, California and may be examined by any interested person for further particulars. Telephone: (562) 908-4288, extension 2708.



Stan Pegadiotes
Division Engineer
Facilities Planning Department



"FOR TAX ASSESSMENT PURPOSES ONLY"

LA County Assessor Landbase, CAMS Centerline, DPW City boundary
LA County Sanitation Districts: AnnexationLayer and District Layer

Annexation No. 442 shown thus	
Boundary of Sanitation District No. 14 prior to Annexation No. 442 shown thus	
Prior Annexations shown thus	
Parcel 1	6.488 Acres
Parcel 2	3.268 Acres
Area of Annexation	9.756 Acres

DETAIL B
NO SCALE

COUNTY SANITATION DISTRICT NO. 14
OF LOS ANGELES COUNTY, CA
OFFICE OF CHIEF ENGINEER
ROBERT C. FERRANTE
CHIEF ENGINEER & GENERAL MANAGER

ANNEXATION NO. 442
TO
COUNTY SANITATION DISTRICT NO. 14

Recorded:

JOINT RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF LOS ANGELES
ACTING IN BEHALF OF

- Los Angeles County General Fund
- Los Angeles County Library
- Los Angeles County Consolidated Fire Protection District

THE BOARD OF DIRECTORS OF COUNTY SANITATION DISTRICT NO. 14 OF LOS ANGELES
COUNTY, AND THE GOVERNING BODIES OF

- Antelope Valley Cemetery District
- Antelope Valley Mosquito & Vector Control District
- Antelope Valley Resource Conservation District
- City of Lancaster
- Antelope Valley - East Kern Water Agency

APPROVING AND ACCEPTING NEGOTIATED EXCHANGE OF PROPERTY TAX REVENUES
RESULTING FROM ANNEXATION TO COUNTY SANITATION DISTRICT NO. 14

"ANNEXATION NO. 442"

WHEREAS, pursuant to Section 99 and 99.01 of the Revenue and Taxation Code, prior to the effective date of any jurisdictional change which will result in a special district providing a new service, the governing bodies of all local agencies that receive an apportionment of the property tax from the area must determine the amount of property tax revenues from the annual tax increment to be exchanged between the affected agencies and approve and accept the negotiated exchange of property tax revenues by resolution; and

WHEREAS, the governing bodies of the agencies signatory hereto have made determinations of the amount of property tax revenues from the annual tax increments to be exchanged as a result of the annexation to County Sanitation District No. 14 entitled *Annexation No. 442*;

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:

1. The negotiated exchange of property tax revenues resulting from the annexation of territory to County Sanitation District No. 14 in the annexation entitled *Annexation No. 442* is approved and accepted.
2. For each fiscal year commencing on July 1, 2022, or after the effective date of this jurisdictional change, whichever is later, the County Auditor shall transfer to County Sanitation District No. 14 a total of 0.3110466 percent of the annual tax increment attributable to the land area encompassed within *Annexation No. 442* as shown on the attached Worksheet.
3. No additional transfer of property tax revenues shall be made from any other tax agencies to County Sanitation District No. 14 as a result of annexation entitled *Annexation No. 442*.

4. No transfer of property tax increments from properties within a community redevelopment project, which are legally committed to a Community Redevelopment Agency, shall be made during the period that such tax increment is legally committed for repayment of the redevelopment project costs.

5. If at any time after the effective date of this resolution, the calculations used herein to determine initial property tax transfers or the data used to perform those calculations are found to be incorrect thus producing an improper or inaccurate property tax transfer, the property tax transfer shall be recalculated and the corrected transfer shall be implemented for the next fiscal year.

The foregoing resolution was adopted by the Board of Supervisors of the County of Los Angeles, the Board of Directors of County Sanitation District No. 14 of Los Angeles County, and the governing bodies of Antelope Valley Cemetery District, Antelope Valley Mosquito & Vector Control District, Antelope Valley Resource Conservation District, City of Lancaster, and Antelope Valley - East Kern Water Agency, signatory hereto.

COUNTY SANITATION DISTRICT NO. 14
OF LOS ANGELES COUNTY

Chairperson, Board of Directors

ATTEST:

Secretary

Date

(SIGNED IN COUNTERPART)

COUNTY SANITATION DISTRICT NO. 14 OF LOS ANGELES COUNTY

PROPOSED ANNEXATION NO. 443

AGENDA DATE: Resolution Making Application to LAFCO June 8, 2023

LOCATION: Located on the northwest corner of Avenue J and 60th Street West, all within the City of Lancaster, as shown on the attached map.

PROCESSING FEES:	District	\$ 5,070.00
	Local Agency Formation Commission	3,500.00
	State Board of Equalization	<u>800.00</u>
	Total:	\$ <u>9,370.00</u>

DESCRIPTION & REMARKS: The annexation consists of 108 proposed single-family homes.

NOTICE OF FINDING/CERTIFICATE OF FILING

ANNEXATION NO. 443 TO COUNTY SANITATION DISTRICT NO. 14

The annexation consists of 108 proposed single-family homes.

1. **BASED UPON REVIEW AND STUDY, I FIND AND CERTIFY THAT:**

- The annexation **is exempt** from the provisions of the California Environmental Quality Act, pursuant to the State CEQA Guidelines,

Section:

Reason:

- The **Mitigated Negative Declaration** is adequate for consideration of the annexation.

- The **Environmental Impact Report** is acceptable for consideration of the annexation.

ISSUED BY:

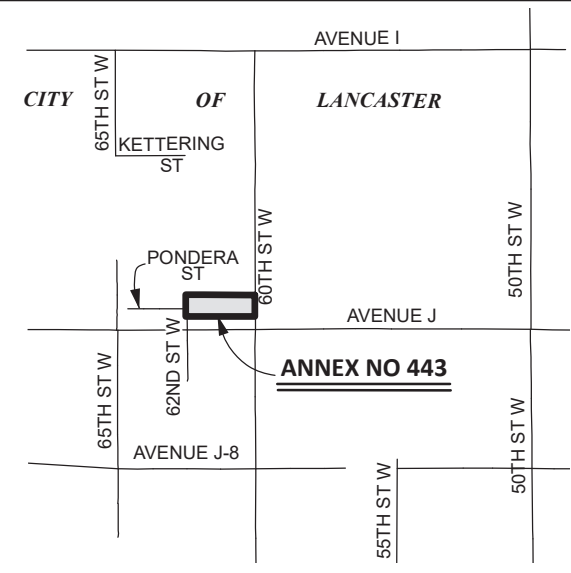
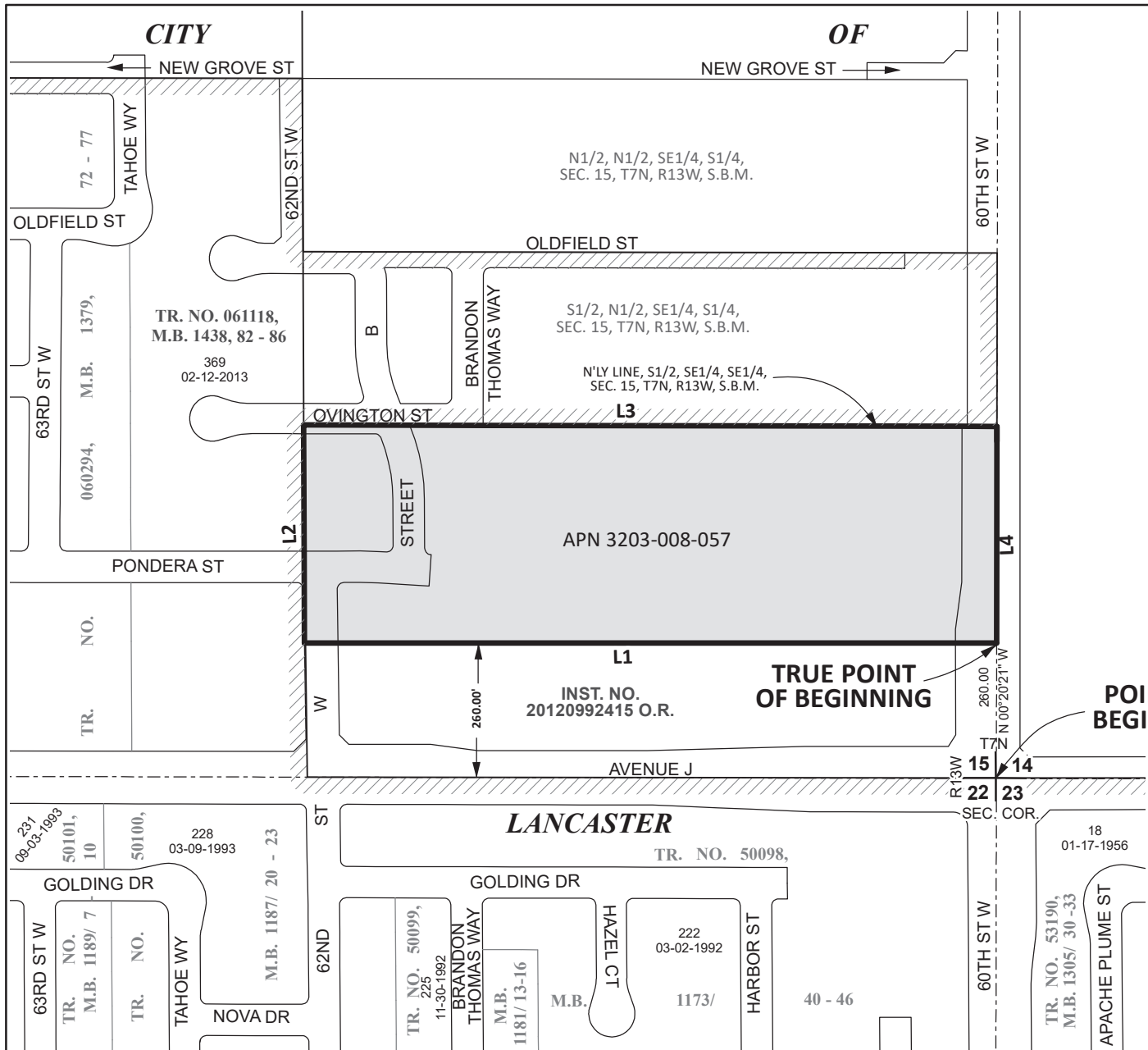
- Los Angeles County Department of Regional Planning

- City of Lancaster

2. The subject annexation has been set for consideration before the Board of Directors of County Sanitation District No. 14 at their meeting to be held on June 8, 2023, at the time and place as provided for the meeting of said date.
3. The subject annexation and all related documents are on file in the office of the Chief Engineer and General Manager, Los Angeles County Sanitation Districts, 1955 Workman Mill Road, (P.O. Box 4998) Whittier, California and may be examined by any interested person for further particulars. Telephone: (562) 908-4288, extension 2708.



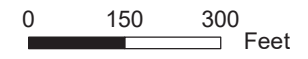
Stan Pegadiotes
Division Engineer
Facilities Planning Department



VICINITY MAP
NO SCALE



COURSE DATA

L1	N 89°59'12" W	1312.93'
L2	N 00°20'21" W	406.10'
L3	N 89°58'55" E	1314.43'
L4	S 00°07'38" E	406.82'



**"FOR TAX ASSESSMENT
PURPOSES ONLY"**

LA County Assessor Landbase,
CAMS Centerline, DPW City boundary
LA County Sanitation Districts:
AnnexationLayer and District Layer

Annexation No. 443 shown thus 
 Boundary of Sanitation District No. 14 prior
 to Annexation No. 443 shown thus 
 Prior Annexations shown thus
 Area of Annexation 12.258 Acres

ANNEX. NO.
(RECORDING DATE)

COUNTY SANITATION DISTRICT NO. 14
 OF LOS ANGELES COUNTY, CA
 OFFICE OF CHIEF ENGINEER
 ROBERT C. FERRANTE
 CHIEF ENGINEER & GENERAL MANAGER
ANNEXATION NO. 443
 TO
 COUNTY SANITATION DISTRICT NO. 14
 Recorded:

JOINT RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF LOS ANGELES
ACTING IN BEHALF OF

- Los Angeles County General Fund
- Los Angeles County Library
- Los Angeles County Consolidated Fire Protection District
- Los Angeles County Waterworks #40 - Antelope Valley
- Los Angeles County Waterworks #40 Aco Fund

THE BOARD OF DIRECTORS OF COUNTY SANITATION DISTRICT NO. 14 OF LOS ANGELES
COUNTY, AND THE GOVERNING BODIES OF

- Antelope Valley Cemetery District
- Antelope Valley Mosquito & Vector Control District
- Antelope Valley Resource Conservation District
- City of Lancaster
- Antelope Valley - East Kern Water Agency

APPROVING AND ACCEPTING NEGOTIATED EXCHANGE OF PROPERTY TAX REVENUES
RESULTING FROM ANNEXATION TO COUNTY SANITATION DISTRICT NO. 14

"ANNEXATION NO. 443"

WHEREAS, pursuant to Section 99 and 99.01 of the Revenue and Taxation Code, prior to the effective date of any jurisdictional change which will result in a special district providing a new service, the governing bodies of all local agencies that receive an apportionment of the property tax from the area must determine the amount of property tax revenues from the annual tax increment to be exchanged between the affected agencies and approve and accept the negotiated exchange of property tax revenues by resolution; and

WHEREAS, the governing bodies of the agencies signatory hereto have made determinations of the amount of property tax revenues from the annual tax increments to be exchanged as a result of the annexation to County Sanitation District No. 14 entitled *Annexation No. 443*;

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:

1. The negotiated exchange of property tax revenues resulting from the annexation of territory to County Sanitation District No. 14 in the annexation entitled *Annexation No. 443* is approved and accepted.
2. For each fiscal year commencing on July 1, 2022, or after the effective date of this jurisdictional change, whichever is later, the County Auditor shall transfer to County Sanitation District

No. 14 a total of 0.3226022 percent of the annual tax increment attributable to the land area encompassed within *Annexation No. 443* as shown on the attached Worksheet.

3. No additional transfer of property tax revenues shall be made from any other tax agencies to County Sanitation District No. 14 as a result of annexation entitled *Annexation No. 443*.

4. No transfer of property tax increments from properties within a community redevelopment project, which are legally committed to a Community Redevelopment Agency, shall be made during the period that such tax increment is legally committed for repayment of the redevelopment project costs.

5. If at any time after the effective date of this resolution, the calculations used herein to determine initial property tax transfers or the data used to perform those calculations are found to be incorrect thus producing an improper or inaccurate property tax transfer, the property tax transfer shall be recalculated and the corrected transfer shall be implemented for the next fiscal year.

The foregoing resolution was adopted by the Board of Supervisors of the County of Los Angeles, the Board of Directors of County Sanitation District No. 14 of Los Angeles County, and the governing bodies of Antelope Valley Cemetery District, Antelope Valley Mosquito & Vector Control District, Antelope Valley Resource Conservation District, City of Lancaster, and Antelope Valley - East Kern Water Agency, signatory hereto.

COUNTY SANITATION DISTRICT NO. 14
OF LOS ANGELES COUNTY

Chairperson, Board of Directors

ATTEST:

Secretary

Date

(SIGNED IN COUNTERPART)

COUNTY SANITATION DISTRICT NO. 14 OF LOS ANGELES COUNTY

PROPOSED ANNEXATION NO. 444

AGENDA DATE: Resolution Making Application to LAFCO June 8, 2023

LOCATION: Located on the southeast corner of 60th Street West and Avenue K-4, all within the City of Lancaster, as shown on the attached map.

PROCESSING FEES:	District	\$ 2,000.00
	Local Agency Formation Commission	5,000.00
	State Board of Equalization	<u>1,200.00</u>
	Total:	\$ <u>8,200.00</u>

DESCRIPTION & REMARKS: The annexation consists of 208 proposed single-family homes.

NOTICE OF FINDING/CERTIFICATE OF FILING

ANNEXATION NO. 444 TO COUNTY SANITATION DISTRICT NO. 14

The annexation consists of 208 proposed single-family homes.

1. **BASED UPON REVIEW AND STUDY, I FIND AND CERTIFY THAT:**

- The annexation **is exempt** from the provisions of the California Environmental Quality Act, pursuant to the State CEQA Guidelines,

Section:

Reason:

- The **Mitigated Negative Declaration** is adequate for consideration of the annexation.

- The **Environmental Impact Report** is acceptable for consideration of the annexation.

ISSUED BY:

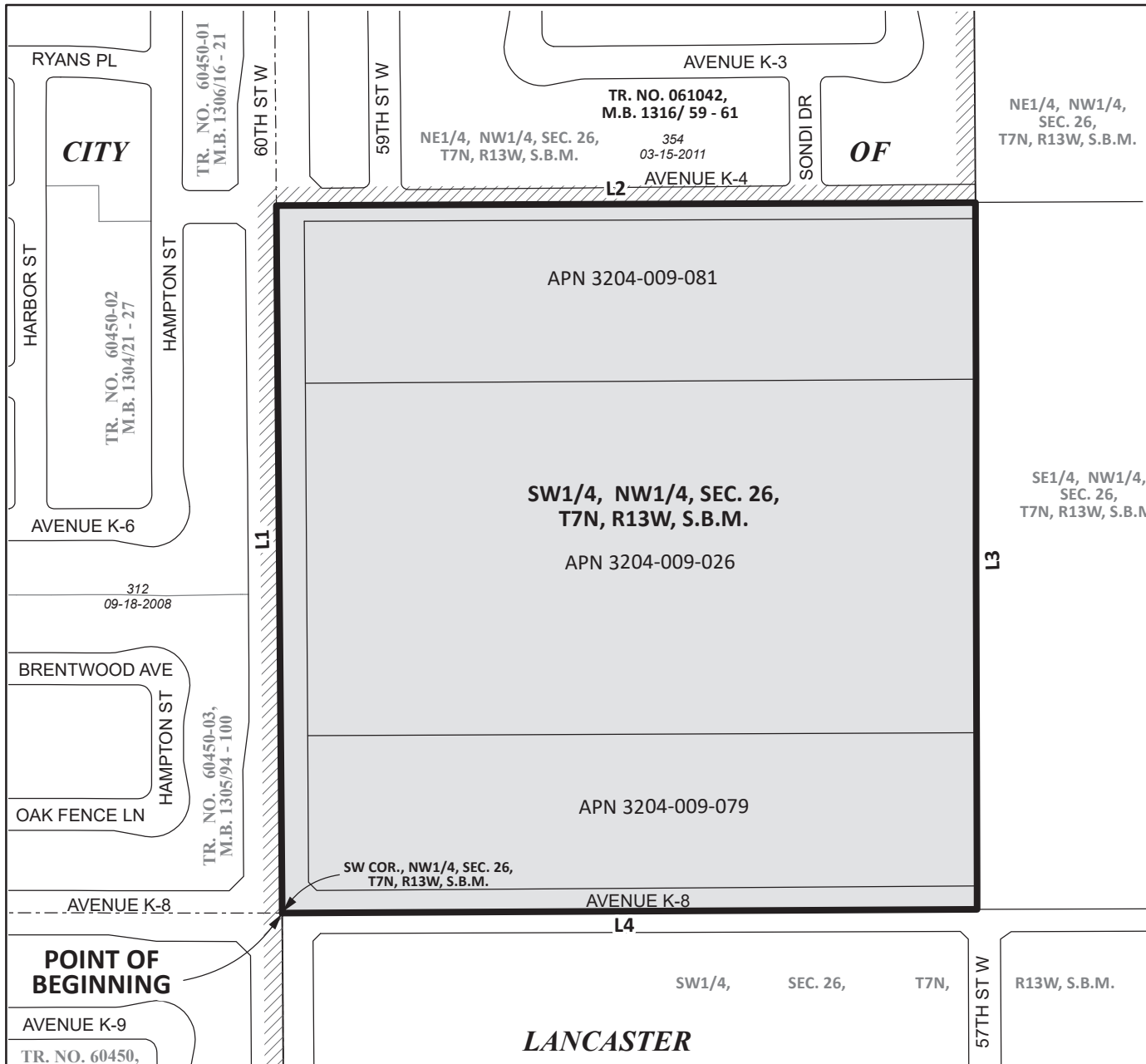
- Los Angeles County Department of Regional Planning

- City of Lancaster

2. The subject annexation has been set for consideration before the Board of Directors of County Sanitation District No. 14 at their meeting to be held on June 8, 2023, at the time and place as provided for the meeting of said date.
3. The subject annexation and all related documents are on file in the office of the Chief Engineer and General Manager, Los Angeles County Sanitation Districts, 1955 Workman Mill Road, (P.O. Box 4998) Whittier, California and may be examined by any interested person for further particulars. Telephone: (562) 908-4288, extension 2708.



Stan Pegadiotes
Division Engineer
Facilities Planning Department



TR. NO. 061042,
M.B. 1316/ 59 - 61
354
03-15-2011
NE1/4, NW1/4, SEC. 26,
T7N, R13W, S.B.M.
AVENUE K-4

SW1/4, NW1/4, SEC. 26,
T7N, R13W, S.B.M.
APN 3204-009-026

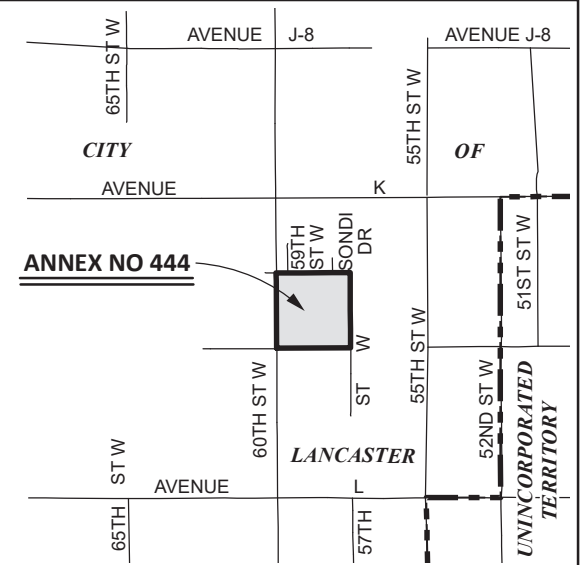
APN 3204-009-079
SW COR., NW1/4, SEC. 26,
T7N, R13W, S.B.M.

NE1/4, NW1/4,
SEC. 26,
T7N, R13W, S.B.M.

SE1/4, NW1/4,
SEC. 26,
T7N, R13W, S.B.M.

LANCASTER

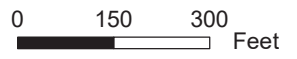
Annexation No. 444 shown thus
 Boundary of Sanitation District No. 14 prior
 to Annexation No. 444 shown thus
 City Boundary
 Prior Annexations shown thus
 Area of Annexation 40.236 Acres



VICINITY MAP
NO SCALE

COURSE DATA

L1	N 00°32'29" W	1325.79'
L2	N 89°33'30" E	1322.07'
L3	S 00°27'34" E	1327.54'
L4	S 89°38'03" W	1320.18'



**"FOR TAX ASSESSMENT
PURPOSES ONLY"**

LA County Assessor Landbase,
CAMS Centerline, DPW City boundary
LA County Sanitation Districts:
AnnexationLayer and District Layer

COUNTY SANITATION DISTRICT NO. 14
 OF LOS ANGELES COUNTY, CA
 OFFICE OF CHIEF ENGINEER
 ROBERT C. FERRANTE
 CHIEF ENGINEER & GENERAL MANAGER
ANNEXATION NO. 444
 TO
 COUNTY SANITATION DISTRICT NO. 14
 Recorded:

JOINT RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF LOS ANGELES
ACTING IN BEHALF OF

- Los Angeles County General Fund
- Los Angeles County Library
- Los Angeles County Consolidated Fire Protection District
- Los Angeles County Waterworks #40 - Antelope Valley

THE BOARD OF DIRECTORS OF COUNTY SANITATION DISTRICT NO. 14 OF LOS ANGELES
COUNTY, AND THE GOVERNING BODIES OF

- Antelope Valley Cemetery District
- Antelope Valley Mosquito & Vector Control District
- City of Lancaster
- Antelope Valley - East Kern Water Agency
- Antelope Valley Resource Conservation District

APPROVING AND ACCEPTING NEGOTIATED EXCHANGE OF PROPERTY TAX REVENUES
RESULTING FROM ANNEXATION TO COUNTY SANITATION DISTRICT NO. 14

"ANNEXATION NO. 444"

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WHEREAS , the governing bodies of the agencies signatory hereto have made determinations of the amount of property tax revenues from the annual tax increments to be exchanged as a result of the annexation to County Sanitation District No. 14 entitled *Annexation No. 444*;

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:

1. The negotiated exchange of property tax revenues resulting from the annexation of territory to County Sanitation District No. 14 in the annexation entitled *Annexation No. 444* is approved and accepted.
2. For each fiscal year commencing on July 1, 2022, or after the effective date of this jurisdictional change, whichever is later, the County Auditor shall transfer to County Sanitation District No. 14 a total of 0.3226022 percent of the annual tax increment attributable to the land area encompassed within *Annexation No. 444* as shown on the attached Worksheet.

3. No additional transfer of property tax revenues shall be made from any other tax agencies to County Sanitation District No. 14 as a result of annexation entitled *Annexation No. 444*.

4. No transfer of property tax increments from properties within a community redevelopment project, which are legally committed to a Community Redevelopment Agency, shall be made during the period that such tax increment is legally committed for repayment of the redevelopment project costs.

5. If at any time after the effective date of this resolution, the calculations used herein to determine initial property tax transfers or the data used to perform those calculations are found to be incorrect thus producing an improper or inaccurate property tax transfer, the property tax transfer shall be recalculated and the corrected transfer shall be implemented for the next fiscal year.

The foregoing resolution was adopted by the Board of Supervisors of the County of Los Angeles, the Board of Directors of County Sanitation District No. 14 of Los Angeles County, and the governing bodies of Antelope Valley Cemetery District, Antelope Valley Mosquito & Vector Control District, City of Lancaster, Antelope Valley - East Kern Water Agency, and Antelope Valley Resource Conservation District, signatory hereto.

COUNTY SANITATION DISTRICT NO. 14
OF LOS ANGELES COUNTY

Chairperson, Board of Directors

ATTEST:

Secretary

Date

(SIGNED IN COUNTERPART)



June 2, 2023

Boards of Directors
Los Angeles County Sanitation Districts

Dear Directors:

Wastewater Budget Matters for Fiscal Year 2023-24

The agendas for the upcoming meetings of the Boards of Directors contain items relating to wastewater budget matters for fiscal year 2023-24. These items include establishing the appropriations limit on the proceeds of taxes; adopting the sewerage system final budget; requesting the tax levy; authorizing appropriations per the sewerage system budget; and, for certain Districts, actions related to the previously filed Service Charge Report.

APPROPRIATIONS LIMIT

The Constitution of the State of California places a limit on the authorization to expend the proceeds of taxes levied by state and local governments in California. In addition, the Government Code requires the governing body for each local jurisdiction to establish, by resolution, the appropriations limit for each fiscal year. The appropriations limit for fiscal year 2023-24 has been determined by adjusting the previous limit for fiscal year 2022-23 based upon population change factors for Los Angeles County and the change in the California Personal Per Capita Income. The appropriations limit has also been adjusted to include the increased operation and maintenance and capital costs of treatment processes and facilities needed to comply with state and federal requirements. All of this is in accordance with the procedures outlined in *Article XIII B* of the Constitution and *Section 7910* of the Government Code. The proposed appropriations limit and anticipated tax revenue are enclosed. This information has been available to the public at the Districts' Joint Administration Office in conformance with the requirement that the documentation used in the determination of the appropriations limit be available fifteen (15) days prior to its establishment by the Board of Directors. This item does not apply to the Newhall Ranch Sanitation District (NRSD) since this District does not receive ad valorem taxes.

FINAL BUDGET FOR FISCAL YEAR 2023-24

Enclosed for your review are the proposed final fiscal year 2023-24 budgets for the District and the Joint Outfall System (JOS), if applicable. Budgets include a list of proposed capital projects (if any) along with descriptions of the projects; a list of user fees; information on the monies set aside in various funds/reserves; and an explanation of terms used in the budget. The JOS budget will only be adopted by District No. 2, the administrative District for the JOS. Joint Administration and Joint Outfall costs are allocated to each District according to the ratio of the number of sewage units in a District to the total number of sewage units in all the Districts signatory to each agreement. A sewage unit represents the average daily sewage flow and strength (measured in terms of chemical oxygen demand and suspended solids) from a single-family home. This method of allocating costs considers flow as well as the strength of sewage from all types of users and is the most equitable way to distribute joint costs.

SERVICE CHARGE REPORT

District Nos. 4, 9, 16, 17, and NRSD only will also have an item regarding the Service Charge Report previously filed with the District Clerk. Adoption of the Report is needed for the continued collection of service

charges on the property tax roll for residential, commercial, and small industrial dischargers. This is the most cost-effective and efficient means of collecting the service charges.

Prior to considering adoption of the Report, the Board must hold a public hearing. The date, time, and location of the public hearing will be held as listed on the agenda. Notice of the public hearing was published twice in newspapers of general circulation within the District. Public testimony will be accepted at the hearing and all written comments must be received at or by this time. After all public input has been received by the Board, the public hearing will be closed, and the Board will consider adoption of the Report. A copy of the Service Charge report is attached for Districts considering this action.

SUMMARY OF REQUIRED ACTIONS

At the June Board meetings, it will be recommended that the Boards of Directors adopt a resolution establishing the appropriations limit on the proceeds of taxes; adopt the budget for fiscal year 2023-24; adopt a resolution requesting the tax levy; authorize appropriations in the sewerage system budget; and adopt the Service Charge Report (District Nos. 4, 9, 16, and 17 only), all as shown on the agenda.

Very truly yours,



Robert C. Ferrante

RCF:gc

Enclosures

County Sanitation District No. 14 of Los Angeles County
Final Operating Fund Budget (\$ in thousands)
Fiscal Year 2023-24

	Adopted 2022-23 ⁽¹⁾	Proposed 2023-24 ⁽¹⁾
<u>Starting Balance</u>	\$ 26,699	\$ 34,942
 <u>Sources of Funds</u>		
Service Charge	\$ 33,647	\$ 34,142
Industrial Waste Charges	2,670	2,745
Contract Revenue	1,072	1,235
Agricultural and Recycled Water Sales	481	492
Total Operating Revenue	37,870	38,615
 Ad Valorem Tax Revenue	 2,376	 2,285
Interest	133	874
Total Non-Operating Revenue	2,509	3,159
 Transfers from Designated Funds	 -	 1,138
Transfers from Restricted Funds	1,637	919
Total Transfers In	1,637	2,056
 Total Sources of Funds	\$ 42,016	\$ 43,830
 <u>Use of Funds</u>		
Joint Administration Operations	\$ 3,842	\$ 4,348
Sewer System Operations	564	690
Treatment Plant Operations	12,306	14,888
Other Operational Expenditures	111	125
Operations and Maintenance Expense	16,822	20,052
 Joint Administration Capital	 278	 628
Sewer System Capital	500	4,400
Treatment Plant Capital	5,600	6,800
Capital Expense	6,378	11,828
 Bond Repayment	 13,641	 16,282
Debt Service	13,641	16,282
 Transfers to Designated Reserves	 5,412	 -
Transfers Out	5,412	-
 Total Use of Funds	\$ 42,252	\$ 48,161
 <u>Ending Balance</u>	\$ 26,463	\$ 30,611

(1) The Adopted FY 22-23 Budget is presented as adopted by the Board in 2022. The ending balance reflects the estimate at that time, and therefore will not match the current estimated starting balance for the Proposed FY 23-24 Budget.

**County Sanitation District No. 14 of Los Angeles County
Capital Project Wastewater Budget (\$ in thousands)**

Project Name	Description	FY23-24 Budget	Estimated Completion	Total Budget (1)
District 14 Trunk Sewers Group 1 Rehabilitation	Rehabilitation of corroded sewer	3,700	6/30/24	4,000
Avenue H Trunk Sewer Rehabilitation	Rehabilitation of corroded sewer	300	6/30/25	4,900
Trunk E Sewer Rehabilitation	Rehabilitation of corroded sewer	300	6/30/25	2,100
Trunk "A" Sewer Rehabilitation	Rehabilitation of corroded sewer	100	6/30/27	6,600
	Sewer System Total	<u>4,400</u>		
Lancaster WRP Power Distribution System Modifications	Electrical and instrumentation infrastructure improvements	3,350	6/30/24	8,250
Lancaster WRP Maintenance Building	Infrastructure improvements	1,000	12/31/24	1,200
Lancaster WRP Dewatering Facilities Upgrades (Volute Press Equipment Phase II)	Process infrastructure improvements	1,000	12/31/24	1,500
Lancaster WRP RAS Pump Station Retrofit	Improvements to secondary treatment facilities	700	12/31/24	1,000
Lancaster WRP Primary Sludge Pumps Replacement	Improvements to primary treatment facilities	450	6/30/25	500
Lancaster WRP Laboratory Upgrade	Improvements to laboratory facilities	200	6/30/24	200
Lancaster WRP Miscellaneous Maintenance and E&I Capital Projects	Infrastructure improvements	100	12/31/32	2,640
	Treatment Plants Total	<u>6,800</u>		
	Total Capital Projects	<u><u>11,200</u></u>		

(1) Includes past, current, and future amounts

**County Sanitation District No. 14 of Los Angeles County
Reserve Funds Proposed Budget (\$ in thousands)
Fiscal Year 2023-24**

	Unrestricted	Designated			Restricted	Total
	Operating	Emergency	O&M Financial Stability	Capital Projects Financial Stability	Capital Improvement	
Starting Balance	\$ 34,942	461	35,296	8,693	559	79,951
Operating Revenue	38,615	-	-	-	-	38,615
Non-Operating Revenue ⁽¹⁾	3,159	12	882	217	14	4,284
Capital Revenue ⁽²⁾	-	-	-	-	346	346
Transfers In	2,056	23	2,114	-	-	4,193
Operations and Maintenance Expense	20,052	-	-	-	-	20,052
Capital Expense	11,828	-	-	-	-	11,828
Debt Service	16,282	-	-	-	-	16,282
Transfers Out	-	-	23	3,252	919	4,193
Ending Balance	30,611	496	38,269	5,659	-	75,035

(1) Non-operating revenue for Designated and Restricted Reserves represents projected interest revenue.

(2) Capital revenue for the Capital Improvement Fund represents projected Connection Fee Revenue.

**County Sanitation District No. 14 of Los Angeles County
Wastewater Budget Rate and Other Information Summary
Fiscal Year 2023-24**

	<u>Adopted 2022-23</u>	<u>Proposed 2023-24</u>
<u>Service Charge Rate (\$ per Sewage Unit)</u>	487.88	487.88
 <u>Industrial Waste (Surcharge) Rates</u>		
Flow (\$ per MGY)	3,232.00	3,232.00
COD (\$ per 1000 lbs)	363.80	363.80
SS (\$ per 1000 lbs)	878.20	878.20
Peak Flow (\$ per gpm)	621.60	621.60
Short Form Rate (\$ per million gallon per year)	7,190.00	7,190.00
Liquid Waste Disposal (\$ per 100 gallon)	13.70	13.70
 <u>Total Connection Fee Rate (\$ per Capacity Unit)</u>	 3,175.52	 3,175.52
 <u>Projected Sewage Units</u>		
Residential/Commercial	68,965	69,981
Industrial Waste	2,627	2,528
Industrial Waste Contract	128	69
Contract In	62	85
Total Served Sewage Units	<u>71,783</u>	<u>72,662</u>

Sanitation Districts of Los Angeles County

Wastewater Budget Explanation and Glossary of Terms

Fiscal Year 2023-24

INTRODUCTION

The budget package for each District consists of the following sections:

- **Operating Fund Wastewater Budget:** Details of the sources and uses of funds for the Operating Fund, which is the only Unrestricted Reserve fund as described in the District’s wastewater reserve policy. The budget for the upcoming fiscal year is compared to the final adopted budget for the current fiscal year.
- **Proposed Capital Projects:** Shows major capital projects budgeted expenditures for the fiscal year. If a District has no major capital projects budgeted, this section is omitted.
- **Designated and Restricted Reserve Budget:** Provides beginning and ending balances of each category of reserves along with major inflows to and outflows from that reserve.
- **Rate and Other Information Summary:** Shows current and budgeted rates for the various user fees; summary of projected sewage units; and other metrics.

TERMS USED IN THE BUDGET

Below are explanations of budget line items and other terms used in the budgets. *Note that some terms may not apply for certain Districts.*

Ad Valorem Taxes Revenue	The District’s share of Ad Valorem (property) taxes paid by property owners in the District.
Agricultural and Recycled Water Sales Revenue	Sales of reclaimed water.
Bond Proceeds	Funds received from the issuance of bonds.
Bond Repayment	Interest and principal payments toward bond debt.
Capital Payments by Districts	Payments received by Joint Outfall System Districts to be used toward system’s capital expenditures.
Composting Facility Capital Expenditures	Capital expenditures related to upgrade, repair, or expansion of composting facilities.
Composting Facility Operations and Maintenance Expenditures	Expenditures related to operating and maintaining composting facilities.
Contract Disposal Capital Expenditures	Capital expenditures related to conveyance and treatment of wastewater performed by another entity.

Contract Disposal Operations and Maintenance Expenditures	Expenditures related to the operation and maintenance for conveyance and treatment of wastewater performed by another entity.
Contract Revenue	Commodity and energy revenue; leases; and other similar sources of revenue.
District Sewer System Capital Expenditures	Capital expenditures related to rehabilitation or expansion of the District's sewers and pumping plants.
District's Sewer System Operations Expenditures	Expenditures related to operating and maintaining the District's sewers and pumping plants.
Field Office Capital Expenditures	Capital expenditures related to upgrade, repair, or expansion of field offices.
Grant Revenue	Grant proceeds received, generally state and/or federal grants toward capital projects.
Industrial Waste Revenue	Fees paid by large industrial users of the District's wastewater system.
Interest Revenue	Interest generated by District's Reserves.
Joint Administration Capital Expenditures	The District's share of Joint Capital Expenses minus Joint Capital Revenues.
Joint Administration Operations Expenditures	The District's share of Joint Administration Operating Expenditures less any operational or non-operational Joint Administration Revenues.
Joint Outfall Capital Expenditures	The District's share of the Joint Outfall capital payment.
Joint Outfall Operations Expenditures	The District's share of Joint Outfall System Operating Expenditures less any operational or non-operational Joint Outfall System Revenues.
Loan Proceeds	Funds received from loans taken out to finance capital projects, primarily State Revolving Fund Clean Water Loans.
Loan Repayment	Interest and principal payments toward loans, primarily State Revolving Fund Clean Water Loans.
Operating Fund Ending Balance	Projected balance in the Operating Fund as of June 30 at the end of the fiscal year shown.
Operating Fund Starting Balance	Projected cash balance in the Operating Fund as of July 1 at the beginning of the fiscal year shown.

Operating Payments by Districts	Payments received by Joint Outfall System Districts to be used for system’s net operating expenditures.
Other Capital Expenditures	Capital expenditures not related to District’s sewers, treatment plants, composing facilities, field offices, or contract disposal.
Other Operational Expenditures	The District’s operational expenditures that are not directly related to the District’s facilities, such as insurance, annexations, and certain regulatory work.
Service Charge Revenue	Fees paid by residential, commercial, and small industrial users of the District’s wastewater system. These fees are generally collected on the property tax bill as a separate line item.
Total Served Sewage Units	Total number of Sewage Units (single family home equivalent dischargers) that are served by treatment plants owned by the Districts.
Transfers from Designated Funds	Funds transferred from Designated Funds when projected operating reserve balance is below target; these funds are to be used toward operating expenditures.
Transfers from Districts	Payments received from Joint Outfall System Districts to fund the Joint Outfall reserves per June 1, 2022, Joint Outfall Agreement.
Transfers from Restricted Funds	Funds transferred from Restricted Funds to be used toward capital expenditures.
Transfers to Designated Reserves	Surplus funds at the end of the fiscal year not required for operating or cash-flow purposes that are transferred to designated reserves. Designated reserves are primarily used to help stabilize future rates and to set aside funds for future capital projects.
Transfers to Joint Outfall System	Individual District’s contribution to the Joint Outfall System reserves per June 1, 2022, Joint Outfall Agreement.
Treatment Plant Capital Expenditures	Capital expenditures related to upgrade, repair, or expansion of treatment plants.
Treatment Plant Operations Expenditures	Expenditures related to operating and maintaining treatment plants.

SUMMARY OF 2023-24 APPROPRIATIONS LIMIT FOR EACH SANITATION DISTRICT

DISTRICT NUMBER	2022-23 APPROX. LMT. EXCLUDING MANDATED COSTS	POPULATION CHANGE FACTOR	¹ APPROX. LMT. CHANGE FACTOR	2023-24 APPROX. LMT. EXCLUDING MANDATED COSTS	2023-24 MANDATED COSTS	2023-24 APPROX. LMT. INCLUDING MANDATED COSTS	ESTIMATED AD VALOREM TAX REVENUES	DISTRICT NUMBER
1	\$ 21,508,177	0.9925	1.0366	\$ 22,294,667	\$ 2,356,197	\$ 24,650,864	\$ 4,760,000	1
2	37,012,065	0.9925	1.0366	38,365,485	3,560,414	41,925,899	9,195,000	2
3	26,207,171	0.9949	1.0391	27,232,398	2,944,559	30,176,957	7,107,000	3
4	3,427,067	0.9960	1.0402	3,564,885	-	3,564,885	912,000	4
5	54,415,077	0.9925	1.0366	56,404,873	4,253,252	60,658,125	15,977,000	5
8	10,208,198	0.9932	1.0373	10,588,922	973,272	11,562,194	2,595,000	8
9	1,309,005	0.9925	1.0366	1,356,871	-	1,356,871	130,000	9
14	61,039,763	0.9942	1.0383	63,380,443	13,979,874	77,360,317	2,285,000	14
15	21,602,258	0.9932	1.0373	22,407,081	3,073,779	25,480,860	10,442,000	15
16	15,219,485	0.9947	1.0388	15,810,387	1,833,820	17,644,207	7,564,000	16
17	2,097,999	0.9925	1.0366	2,174,717	241,943	2,416,660	789,000	17
18	16,264,689	0.9925	1.0366	16,859,440	1,954,791	18,814,231	5,503,000	18
19	6,365,940	0.9925	1.0366	6,598,723	646,098	7,244,821	2,013,000	19
20	49,077,840	0.9933	1.0374	50,914,574	13,013,759	63,928,333	1,752,000	20
21	61,977,849	0.9944	1.0386	64,367,402	2,507,412	66,874,814	6,235,000	21
22	14,422,233	1.0001	1.0445	15,063,593	2,086,760	17,150,353	5,730,000	22
23	7,248,681	0.9925	1.0366	7,513,744	54,987	7,568,731	662,000	23
27	1,092,466	0.9925	1.0366	1,132,414	-	1,132,414	477,000	27
28	1,231,929	0.9935	1.0376	1,278,264	79,731	1,357,995	874,000	28
29	1,022,657	0.9925	1.0366	1,060,052	93,478	1,153,530	169,000	29
SBC	28,543,925	0.9925	1.0366	29,587,691	833,055	30,420,746	7,548,000	SBC
SCV	26,223,857	1.0041	1.0486	27,499,173	8,570,272	36,069,445	9,092,000	SCV
34						² N/A		34
NR						² N/A		NR

¹ This column represents the net change resulting from the percent change in population and the percent change in Per Capital Income of 4.44%

² This District is not subject to an appropriations limit as it does not receive any proceeds of taxes.

RESOLUTION NO. _____

**RESOLUTION OF THE BOARD OF DIRECTORS OF
COUNTY SANITATION DISTRICT NO. 14 OF LOS
ANGELES COUNTY APPROVING A JOINT COMMUNITY
FACILITIES AGREEMENT WITH CALIFORNIA
MUNICIPAL FINANCE AUTHORITY FOR CALIFORNIA
MUNICIPAL FINANCE AUTHORITY COMMUNITY
FACILITIES DISTRICT NO. 2023-1 (CITY OF LANCASTER
– PACIFIC AGAVE & PACIFIC LILY)**

WHEREAS, the California Municipal Finance Authority (the “Authority”) is initiating proceedings to establish a community facilities district to be designated as the “California Municipal Finance Authority Community Facilities District No. 2023-1 (City of Lancaster – Pacific Agave & Pacific Lily)” (the “Community Facilities District”), pursuant to Chapter 2.5 (commencing with Section 53311) of Part 1 of Division 2 of Title 5 of the California Government Code, commonly known as the “Mello-Roos Community Facilities Act of 1982” (the “Act”), for the formation of the Community Facilities District, for the purpose, among others, of financing through the sale of bonds or the levy of special taxes to pay for the design, construction, and acquisition of certain public facilities which are necessary to meet increased demands placed upon the City of Lancaster and County Sanitation District No. 14 of Los Angeles County (the “Sanitation District”) as a result of the development of the property within the Community Facilities District; and

WHEREAS, the Community Facilities District is proposed to encompass Assessor Parcel Numbers 3203-008-056, 3203-008-057, 3176-020-049, 3176-020-056 and 3176-020-057, which are located with the boundaries of the Sanitation District and are being developed into single family residences by Pacific Communities Builder, Inc. (the “Developer”); and

WHEREAS, pursuant to Sections 53316.2 through 53316.6 of the Act, a community facilities district may finance facilities to be owned or operated by an entity other than the agency that created the district pursuant to a joint community facilities agreement if the legislative body of each entity adopts a resolution declaring that such a joint agreement would be beneficial to the residents of that entity; and

WHEREAS, there has been presented to the Board of Directors of the Sanitation District (the “Board”) a form of joint community facilities agreement to now be entered into by the Sanitation District; and

WHEREAS, the Board has determined that the proposed joint community facilities agreement will be beneficial to the residents of the Sanitation District.

NOW, THEREFORE, the Board of Directors of County Sanitation District No. 14 of Los Angeles County does hereby resolve, determine, and order as follows:

SECTION 1. The Board hereby determines that the joint community facilities agreement, attached hereto as Exhibit A and incorporated hereby, by and between the Authority, the Sanitation District, and Developer (the “Agreement”) will be beneficial to the residents of the Sanitation District.

SECTION 2. The Agreement is approved in the form submitted to the Board at the meeting at which this Resolution is adopted and the Chief Engineer and General Manager (the “Authorized Officer”) is authorized to execute and deliver the Agreement on behalf of the Sanitation District. The Authorized Officer is authorized to consent to any such modifications of the Agreement as may be necessary to effectuate its purposes.

SECTION 3. The Secretary to the Board shall deliver an executed copy of the Agreement to the Authority.

APPROVED AND ADOPTED by the Board of Directors of County Sanitation District No. 14 of Los Angeles County this 8th day of June, 2023 by the following vote:

AYES: _____

NOES: _____

ABSENT: _____

ABSTAIN: _____

Chairperson, Board of Directors

ATTEST:

Secretary to the Board of Directors

EXHIBIT A
JOINT COMMUNITY FACILITIES AGREEMENT
(ATTACHED)

JOINT COMMUNITY FACILITIES AGREEMENT

by and among

CALIFORNIA MUNICIPAL FINANCE AUTHORITY

and

**COUNTY SANITATION DISTRICT NO. 14
OF LOS ANGELES COUNTY**

and

PACIFIC COMMUNITIES BUILDER, INC.

Dated as of April 1, 2023

**California Municipal Finance Authority
Community Facilities District No. 2023-1
(City of Lancaster – Pacific Agave & Pacific Lily)**

THIS JOINT COMMUNITY FACILITIES AGREEMENT (this “Facilities Agreement”), dated as of April 1, 2023, is by and among the CALIFORNIA MUNICIPAL FINANCE AUTHORITY, a joint exercise of powers authority organized and existing under the laws of the State of California (the “Authority”), the COUNTY SANITATION DISTRICT NO. 14 OF LOS ANGELES COUNTY, a county sanitation district organized and existing under the laws of the State of California (the “Sanitation District”), and PACIFIC COMMUNITIES BUILDER, INC., a corporation organized and existing under the laws of the State of California (the “Developer”).

WITNESSETH:

WHEREAS, Desert-Candle, L.P. and CT Capital, LLC, each an affiliate of the Developer, own property which consists of two approved tentative maps; “Pacific Agave” is Map No. 71563, consisting of Assessor Parcel Numbers 3203-008-056 and 3203-008-057 planned for 108 single family homes, and “Pacific Lily” is Map No. 061817, consisting of Assessor Parcel Numbers 3176-020-049, 3176-020-056 and 3176-020-057 planned for 150 single family homes (together, the “Property”); and

WHEREAS, Desert-Candle, L.P. and CT Capital, LLC have submitted applications requesting that the Board of the Authority institute proceedings under the Mello-Roos Community Facilities Act of 1982 (the “Act”) to establish a community facilities district encompassing the Property, as depicted on the boundary map attached hereto as Exhibit C and incorporated herein; and

WHEREAS, pursuant to the Act, the Board of the Authority has instituted proceedings to establish California Municipal Finance Authority Community Facilities District No. 2023-1 (City of Lancaster – Pacific Agave & Pacific Lily) (the “Community Facilities District”) within the boundaries of the Property, to authorize the levy of special taxes (the “Special Taxes”) therein, and the issuance of bonds (the “Bonds”) secured by the Special Taxes, the proceeds of which are to be used to finance certain public facilities; and

WHEREAS, the facilities proposed to be financed by the Community Facilities District include certain facilities to be owned and operated by the Sanitation District (the “Sanitation District Facilities”) and certain facilities to be owned and operated by the City of Lancaster and certain other public agencies (the “Other Agency Facilities”); and

WHEREAS, Section 53316.2 of the Act provides that a community facilities district may finance facilities to be owned or operated by a public agency other than the agency that created the community facilities district only pursuant to a joint community facilities agreement or a joint exercise of powers agreement adopted pursuant to said Section; and

WHEREAS, Section 53316.2 of the Act further provides that at any time prior to the adoption of the resolution of formation creating a community facilities district or a resolution of change to alter a district, or a resolution or resolutions authorizing issuance of bonds pursuant to Section 53356 of the Act, the legislative bodies of two or more local agencies may enter into a joint community facilities agreement pursuant to said Section and Sections 53316.4 and 53316.6 of the Act to exercise any power authorized by the Act with respect to the community facilities district being created if the legislative body of each entity adopts a resolution declaring that such a joint agreement would be beneficial to the residents of that entity; and

WHEREAS, the Board of the Authority and the Board of Directors of the Sanitation District have each adopted such a resolution; and

WHEREAS, development of the Property will require the payment to the Sanitation District of certain sewerage system connection fees (the “Connection Fees”); and

WHEREAS, the Authority, the Sanitation District, and the Developer desire to enter into this Facilities Agreement in accordance with Sections 53316.2, 53316.4 and 53316.6 of the Act in order to provide for the financing of the Sanitation District Facilities through the issuance of Bonds by the Community Facilities District.

NOW, THEREFORE, for and in consideration of the mutual promises and covenants herein contained, the parties hereto agree as follows:

Section 1. Issuance of Bonds

It is anticipated that the Community Facilities District will issue Bonds to finance the acquisition, construction, and installation of the Sanitation District Facilities and the Other Agency Facilities. The Board of the Authority, acting as the legislative body of the Community Facilities District, shall, in its sole discretion, determine whether, when, under what conditions, and to what extent Bonds shall be issued to finance the acquisition, construction, and installation of the Sanitation District Facilities or the Other Agency Facilities, or any combination thereof. In no event shall the Sanitation District have any right to compel the Community Facilities District to issue Bonds to finance the acquisition, construction, and installation of Sanitation District Facilities or to disburse Bond proceeds to pay the costs of the acquisition, construction, and installation of Sanitation District Facilities.

The Authority shall consult the Sanitation District prior to the issuance of Bonds to determine if the Sanitation District can comply with federal tax requirements for the Bonds if issued on a tax-exempt basis. If the Sanitation District does not believe it can meet such expectations, the Sanitation District’s portion of the Bonds shall be issued on a taxable basis and Sanitation District shall not be required to comply with Section 5 herein.

Section 2. Sanitation District Facilities

(a) The Sanitation District Facilities, including any real or tangible property which is to be purchased, constructed, expanded, or rehabilitated, are described in Exhibit A attached hereto.

(b) It is anticipated that the Community Facilities District will provide Bond proceeds to finance the acquisition, construction, and installation of the Sanitation District Facilities. If the Community Facilities District issues Bonds, a portion of the proceeds of which are to be available to finance the acquisition, construction, and installation of the Sanitation District Facilities, the Authority shall, or shall cause the Community Facilities District to, notify the Sanitation District of the amount of such proceeds available for such purpose within fifteen (15) days of such proceeds becoming so available. The Authority makes no representation that, if proceeds of Bonds are made available to finance the acquisition, construction, and installation of the Sanitation District Facilities, such proceeds will be sufficient to finance the acquisition, construction, and installation of all of the Sanitation District Facilities, and neither the Authority

nor the Community Facilities District shall have any liability to the Sanitation District if such proceeds are insufficient for such purpose. If the Community Facilities District does not issue Bonds to finance the acquisition, construction, and installation of the Sanitation District Facilities, neither the Authority nor the Community Facilities District shall have any obligation to provide any amounts to finance or pay the costs of the acquisition, construction, and installation of the Sanitation District Facilities. Notwithstanding the foregoing, if Bonds are not issued, or are issued in an amount which is insufficient to finance the acquisition, construction, and installation of all of the Sanitation District Facilities, Developer shall remain responsible for the payment of all Connection Fees up to the amount of the Sanitation District Facilities not funded from proceeds of Bonds.

(c) The Sanitation District shall apply proceeds of the Bonds to the payment of costs of construction of any portion of the Sanitation District Facilities only if such portion of the Sanitation District Facilities is constructed under the direction and supervision, or under the authority of, the Sanitation District or is constructed as if it had been constructed under the direction and supervision, or under the authority of, the Sanitation District.

Section 3. Disbursements

(a) Bond proceeds available for the acquisition, construction, and installation of the Sanitation District Facilities shall be deposited in a special fund or account (howsoever the same may be denominated, the "Sanitation District Facilities Account") to be established under the fiscal agent agreement, indenture, or other instrument pursuant to which the Bonds are issued (howsoever the same may be denominated). Moneys on deposit in the Sanitation District Facilities Account shall be invested and disbursed at the direction of the Community Facilities District; provided, however, that such moneys can also be disbursed upon receipt of a written request from the Sanitation District in substantially the form attached hereto as Exhibit B.

(b) To the extent that moneys are available in the Sanitation District Facilities Account, such fiscal agent agreement, indenture, or other instrument pursuant to which the Bonds are issued shall allow for disbursements to be made therefrom from time to time to pay the costs of the acquisition, construction, and installation of the Sanitation District Facilities upon direction of the Community Facilities District or submission of a written request of the Sanitation District in substantially the form attached hereto as Exhibit B.

(c) The Community Facilities District shall assist Sanitation District in processing written requests for disbursements from the Sanitation District that conform to the requirements hereof in a timely manner.

Section 4. Construction, Ownership and Maintenance of Sanitation District Facilities

(a) The Authority shall have no responsibility for the acquisition, construction, and installation of the Sanitation District Facilities. The Sanitation District Facilities shall be and remain the sole and separate property of the Sanitation District and shall be operated, maintained, and utilized by the Sanitation District. The Authority shall not have any ownership interest in the Sanitation District Facilities, and the Authority shall have no responsibility for the operation, maintenance, or utilization of the Sanitation District Facilities.

(b) The Sanitation District shall have no responsibility for the acquisition, construction, and installation of the Other Agency Facilities. The Other Agency Facilities financed by the Community Facilities District for a public agency shall be and remain the sole and separate property of such public agency and shall be operated, maintained, and utilized by such public agency. The Sanitation District shall not have any ownership interest in the Other Agency Facilities, and the Sanitation District shall have no responsibility for the operation, maintenance, or utilization of the Other Agency Facilities.

Section 5. Tax Matters

(a) In connection with the issuance of any Bonds which are federally tax-exempt, a portion of the proceeds of which are to be made available to finance the acquisition, construction, and installation of the Sanitation District Facilities, the Sanitation District agrees to execute and deliver such certifications and agreements as may be reasonably required in order for bond counsel to conclude that interest on such Bonds will be excluded from gross income under Section 103 of the Internal Revenue Code of 1986.

(b) If the Sanitation District's portion of the Bonds are issued on a tax-exempt basis, after consultation with the Sanitation District as set forth in Section 1 above, the Sanitation District shall assist the Authority in complying with the arbitrage rebate requirements of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations which relate thereto, by keeping accurate records of the investment earnings on any and all investments which the Sanitation District may make with amounts drawn on the Sanitation District Facilities Account.

Section 6. Connection Fee Returns and Credits

(a) Unless the context otherwise requires, the terms defined in this Section shall have the meanings herein specified.

“Available Return Amount” means an amount equal to the remainder of (i) the amount of Bond proceeds deposited in the Sanitation District Facilities Account, less (ii) the amount of \$35,000.

“Connection Fee Payor” means an entity that has, prior to the date that proceeds of the Bonds are deposited in the Sanitation District Facilities Account, paid the Connection Fees for a Subject Unit.

“Credit Amount” means an amount equal to the remainder of (i) the Available Return Amount, less (ii) the amount required to be returned by the Sanitation District to Connection Fee Payors pursuant to subsection (b) of this Section.

“Subject Unit Fee Amount” means, as of any date, the amount of Connection Fees applicable to a Subject Unit as of such date.

“Subject Units” means the approximately 258 residential units, consisting of single-family homes, to be constructed on the Property within the boundaries of the Community Facilities District, for which entitlements have been obtained by the Developer or an affiliate thereof.

(b) If, upon the issuance of Bonds, proceeds thereof are deposited in the Sanitation District Facilities Account as provided in Section 3 hereof, the Sanitation District shall, within forty five (45) days of such deposit, return to each Connection Fee Payor an amount which is equal to the lesser of (i) the total amount of Connection Fees paid by such Connection Fee Payor, and (ii) the Available Return Amount; provided, however, that, if the Available Return Amount is less than the total amount of Connection Fees paid by all such Connection Fee Payors, the amount to be returned to each such Connection Fee Payor shall be determined by allocating the Available Return Amount to such Connection Fees in the order of the dates on which such Connection Fees were paid until the amount so allocated is equal to the Available Return Amount.

(c) If, upon the deposit of proceeds of Bonds in the Sanitation District Facilities Account as provided in Section 3 hereof, the Available Return Amount is greater than the amount required to be returned by the Sanitation District to Connection Fee Payors pursuant to subsection (b) of this Section, the Developer shall be deemed to have paid Connection Fees that would otherwise subsequently become payable for the number of Subject Units equal to the largest whole number that is not greater than the quotient of (i) the Credit Amount, divided by (ii) the Subject Unit Fee Amount as of the date such proceeds of the Bonds were so deposited.

(d) If proceeds of the Bonds are insufficient to finance the full amount of Sanitation District Facilities, the Developer and affiliates shall have no claim for reimbursement from the Sanitation District in excess of the Available Return Amount, regardless of whether the Developer or affiliates remain responsible to pay such Connection Fees in full. If the amount derived from Bond proceeds, including investment earnings thereon, if any, are not sufficient to fund the total cost of the Sanitation District Facilities for the Project, the parties hereto agree that all responsibility and liability for the amount of such shortfall(s) shall be and remain with the Developer.

Section 7. Indemnification

The Developer agrees to indemnify, defend, and hold the Sanitation District, and its officers, employees and agents, and each of them, harmless from and against any and all claims, losses, expenses, suits actions, decrees, judgments, awards, attorneys' fees and court costs that the Sanitation District, or its officers, employees and agents, or any combination thereof, may suffer or that may be sought against or recovered or obtained from the Sanitation District, or its officers, employees or agents, or any combination thereof, as a result of or by reason of or arising out of, in consequence of or with respect to this Facilities Agreement, the formation of the Community Facilities District, the issuance of the Bonds, or the financing of the Sanitation District Facilities or the Other Agency Facilities. If the Developer fails to do so, the Sanitation District shall have the right, but not the obligation, to defend the same and charge all of the direct and incidental costs of such defense, including any attorneys' fees or court costs, to and recover the same from the Developer.

No indemnification is required to be paid by the Developer for any claim, loss or expense arising from the willful misconduct of the Sanitation District (if indemnification is sought by the Sanitation District), or its officers, employees, or agents (if indemnification is sought thereby).

Section 8. Costs and Expenses

The Developer shall, upon demand therefor, pay, or reimburse the Sanitation District for the payment of (a) the fees and expenses of the Sanitation District's attorneys incurred in connection with the discussion, negotiation, structuring and implementation of the matters covered hereby and the drafting, review, and revision of this Facilities Agreement, and (b) the fees and expenses of the Sanitation District's attorneys incurred in connection with the issuance of the Bonds.

Section 9. Nature of Agreement; Allocation of Special Taxes

This Facilities Agreement shall constitute a joint community facilities agreement entered into pursuant to Sections 53316.2, 53316.4 and 53316.6 of the Act. The entire amount of the proceeds of the Special Taxes shall be allocated and distributed to the Authority.

Section 10. Third-Party Beneficiary

The Community Facilities District shall be a third-party beneficiary of this Facilities Agreement.

Section 11. Limitation of Rights to Parties

Nothing in this Facilities Agreement expressed or implied is intended or shall be construed to give to any person or entity other than the Authority, the Sanitation District, the Developer, and the Community Facilities District any legal or equitable right, remedy, or claim under or in respect of this Facilities Agreement or any covenant, condition, or provision herein contained, and all such covenants, conditions, and provisions are and shall be held to be for the sole and exclusive benefit of the Authority, the Sanitation District, the Developer, and the Community Facilities District.

Section 12. Notices

All written notices to be given hereunder shall be given to the party entitled thereto at its address set forth below, or at such other address as such party may provide to the other parties in writing from time to time, namely:

If to the Authority:

California Municipal Finance Authority
2111 Palomar Airport Road, Suite 320
Carlsbad, California 92011
Attention: BOLD Program

If to the Sanitation District:

County Sanitation District No. 14
of Los Angeles County
1955 Workman Mill Road
Whittier, California 90601
Attention: Secretary to the Board

With a copy to:

Best Best & Krieger LLP
3390 University Avenue, 5th Floor
Riverside, California 92501
Attention: Mrunal Shah

If to the Developer:

Pacific Communities Builder, Inc.
1000 Dove Street, Suite 300
Newport Beach, CA 92660
Attention: Nelson Chung, President

Each such notice, statement, demand, consent, approval, authorization, offer, designation, request or other communication hereunder shall be deemed delivered to the party to whom it is addressed (a) if given by courier or delivery service or if personally served or delivered, upon delivery, (b) if given by registered or certified mail, return receipt requested, deposited with the United States mail postage prepaid, 72 hours after such notice is deposited with the United States mail, or (c) if given by any other means, upon delivery at the address specified in this Section.

Section 13. Governing Law; Venue

This Facilities Agreement and any dispute arising hereunder shall be governed and construed in accordance with the laws of the State of California. Venue of any action brought hereunder will be in the Superior Court of the State within Los Angeles County, California, and the parties' consent to the exercise of personal jurisdiction over them by any such courts for purposes of any such action or proceeding. The parties expressly waive any right to transfer venue, including, but not limited to, any right to transfer venue pursuant to California Civil Code Section 394.

Section 14. Waiver

Failure by a party to insist upon the strict performance of any of the provisions of this Facilities Agreement by any other party hereto, or the failure by a party to exercise its rights upon the default of any other party, shall not constitute a waiver of such party's right to insist and demand strict compliance by such other party with the terms of this Facilities Agreement thereafter.

Section 15. Severability

If any part of this Facilities Agreement is held to be illegal or unenforceable by a court of competent jurisdiction, the remainder of this Facilities Agreement shall be given effect to the fullest extent reasonably possible.

Section 16. Successors

This Facilities Agreement shall be binding upon and inure to the benefit of the successors of the parties hereto.

Section 17. Entire Agreement

This Facilities Agreement contains the entire agreement between the parties hereto with respect to the matters provided for herein and supersedes all prior agreements and negotiations between the parties with respect to the subject matter herein.

Section 18. Amendment and Assignment

This Facilities Agreement may be amended at any time but only in writing signed by each party hereto. This Facilities Agreement may be assigned, in whole or in part, by Developer or its affiliates which own the Property to the purchaser of any parcel of land within the Property, provided, however, such assignment shall not be effective unless and until the Authority and Sanitation District have been notified, in writing, of such assignment and the assignment specifies whether the Developer or such assignee is authorized to execute disbursement requests and whether the Developer or such assignee is to be reimbursed for Connection Fees which have not been reimbursed at the time of such notice.

Section 19. Termination

This Facilities Agreement shall terminate upon the earliest occurrence of the following events: (a) the dissolution of the Community Facilities District pursuant to Section 53338.5 of the Act; or (b) the written agreement of the parties to terminate this Facilities Agreement. Notwithstanding the foregoing, this Facilities Agreement shall remain in full force and effect for as long as any Bonds are outstanding.

Section 20. Counterparts

This Facilities Agreement may be executed in counterparts, each of which shall be deemed an original and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Facilities Agreement as of the date first written above.

**CALIFORNIA MUNICIPAL FINANCE
AUTHORITY**

By: _____

**COUNTY SANITATION DISTRICT OF
LOS ANGELES COUNTY**

By: _____

**PACIFIC COMMUNITIES BUILDER,
INC.**

By: _____

EXHIBIT A

DESCRIPTION OF SANITATION DISTRICT FACILITIES

The types of facilities to be owned and operated by the Sanitation District and financed by the Community Facilities District are sewer treatment, collection, transmission, and reclamation facilities, including sewer collection lines, wastewater treatment facilities, reclaimed water facilities, treated wastewater facilities and related and appurtenant facilities, and land, rights-of-way, and easements necessary for any of such facilities.

EXHIBIT B

FORM OF SANITATION DISTRICT WRITTEN REQUEST

**WRITTEN REQUEST FOR DISBURSEMENTS FROM
SANITATION DISTRICT FACILITIES ACCOUNT**

County Sanitation District No. 14 of Los Angeles County (the “Sanitation District”), hereby states and certifies:

(a) that _____, as fiscal agent (the “Fiscal Agent”) under that certain Fiscal Agent Agreement, dated as of _____, 20__ (the “Fiscal Agent Agreement”), by and between [the California Municipal Finance Authority] [California Municipal Finance Authority Community Facilities District No. 2023-1 (City of Lancaster – Pacific Agave & Pacific Lily)] and the Fiscal Agent, the Fiscal Agent is hereby requested to disburse from the Sanitation District Facilities Account established pursuant to the Fiscal Agent Agreement, to the payees set forth on Attachment 1 attached hereto and by this reference incorporated herein, the amount set forth on Attachment 1 opposite each such payee, for payment of such costs incurred for the purposes identified on said Attachment 1;

(b) that each such payment constitutes a cost of the Sanitation District Facilities (as defined in the Fiscal Agent Agreement) and is a proper charge against the Sanitation District Facilities Account;

(c) that each such amount has not been the subject of a prior disbursement from the Sanitation District Facilities Account; and

(d) that each portion of the Sanitation District Facilities for which payment is requested was constructed under the direction and supervision, or under the authority of, the Sanitation District or was constructed as if it had been constructed under the direction and supervision, or under the authority of, the Sanitation District.

**COUNTY SANITATION DISTRICT
NO. 14 OF LOS ANGELES COUNTY**

By: _____
Authorized Representative

ATTACHMENT 1

<u>Payee Name and Address</u>	<u>Purpose of Obligation</u>	<u>Amount</u>
		\$
		\$
		Total: \$

EXHIBIT C BOUNDARY MAP OF PROPERTY

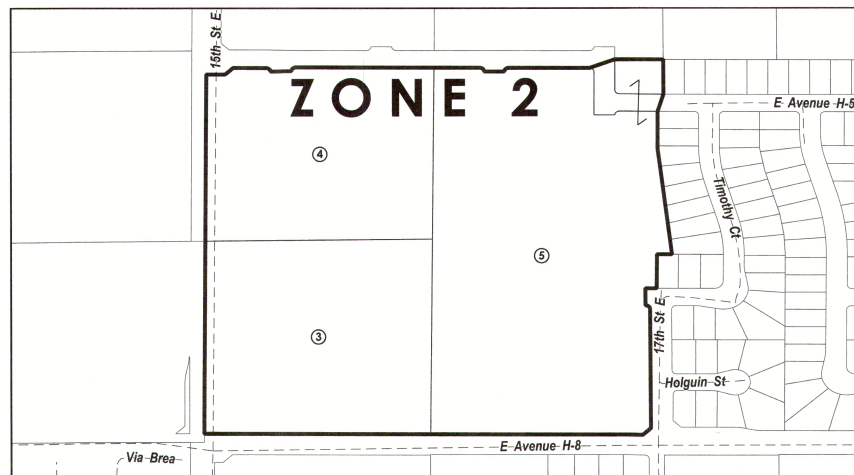
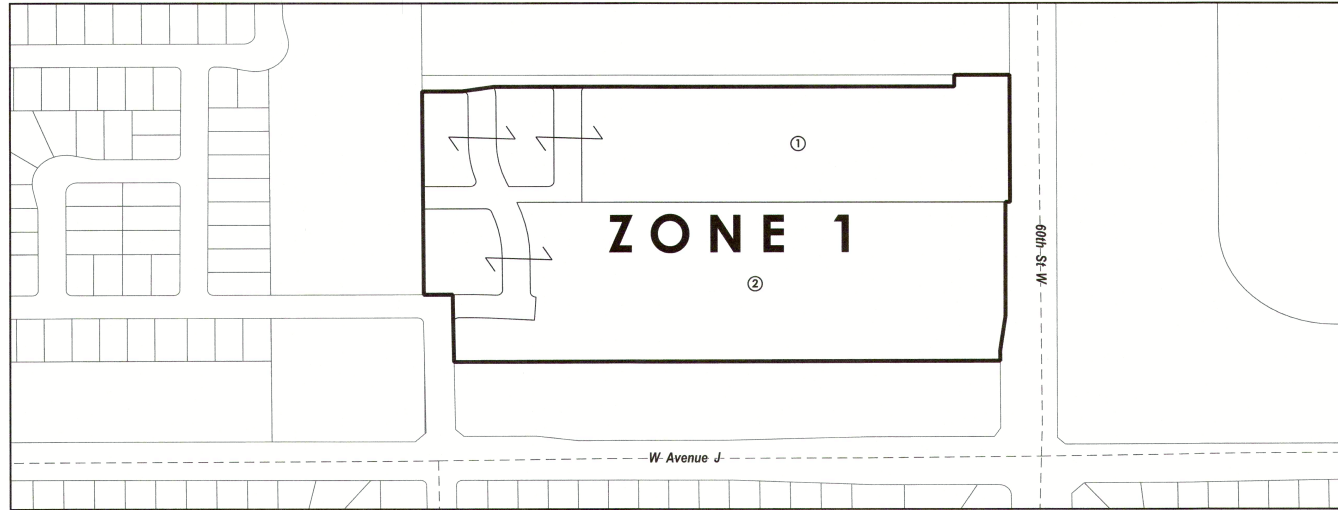
PROPOSED BOUNDARY OF CALIFORNIA MUNICIPAL FINANCE AUTHORITY COMMUNITY FACILITIES DISTRICT NO. 2023-1 (CITY OF LANCASTER – PACIFIC AGAVE & PACIFIC LILY)

SHEET 1 of 1

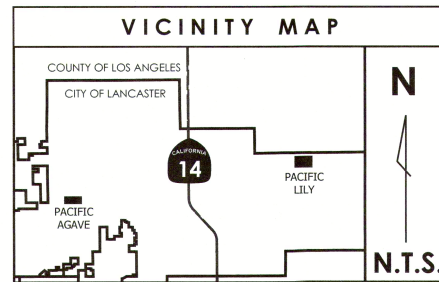
LOS ANGELES COUNTY
STATE OF CALIFORNIA



COPY of Document Recorded
Has not been compared with original.
Originals will be returned when processing
has been completed.
LOS ANGELES COUNTY REGISTRAR-RECORDER



MAP REF. NO.	ASSESSOR'S PARCEL NO.	ZONE	ZONE NAME
1	3203-008-056	1	Pacific Agave
2	3203-008-057	1	Pacific Agave
3	3176-020-049	2	Pacific Lily
4	3176-020-056	2	Pacific Lily
5	3176-020-057	2	Pacific Lily



CLERK'S MAP FILING STATEMENT

FILED IN THE OFFICE OF THE SECRETARY OF THE BOARD OF DIRECTORS OF THE CALIFORNIA MUNICIPAL FINANCE AUTHORITY THIS 30 DAY OF FEBRUARY, 2023.

[Signature]
ED BECKER
ASST SECRETARY OF THE BOARD OF DIRECTORS
CALIFORNIA MUNICIPAL FINANCE AUTHORITY

CLERK'S MAP CERTIFICATE

I HEREBY CERTIFY THAT THE WITHIN MAP SHOWING PROPOSED BOUNDARY AREA OF CALIFORNIA MUNICIPAL FINANCE AUTHORITY COMMUNITY FACILITIES DISTRICT NO. 2023-1 (CITY OF LANCASTER – PACIFIC AGAVE & PACIFIC LILY) COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, WAS APPROVED BY THE BOARD OF DIRECTORS OF THE CALIFORNIA MUNICIPAL FINANCE AUTHORITY, AT A REGULAR MEETING THEREOF, HELD ON THE 30 DAY OF FEBRUARY, 2023, BY IT'S RESOLUTION NO. 23-027.

[Signature]
ED BECKER
ASST SECRETARY OF THE BOARD OF DIRECTORS
CALIFORNIA MUNICIPAL FINANCE AUTHORITY

RECORDER'S STATEMENT

FILED THIS _____ DAY OF _____, 2023, AT THE HOUR OF _____ O'CLOCK _____ M, IN BOOK _____ OF MAPS OF ASSESSMENT AND COMMUNITY FACILITIES DISTRICTS AT PAGE _____ AND AS INSTRUMENT NO. _____ IN THE OFFICE OF THE COUNTY RECORDER OF THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA

COUNTY RECORDER
COUNTY OF LOS ANGELES
STATE OF CALIFORNIA
FEE: \$ _____

THE LINES AND DIMENSIONS OF EACH LOT OF PARCEL SHOWN ON THIS DIAGRAM SHALL BE THOSE LINES AND DIMENSIONS AS SHOWN ON THE LOS ANGELES COUNTY ASSESSOR'S MAPS FOR THOSE PARCELS LISTED.

THE LOS ANGELES COUNTY ASSESSOR'S MAPS SHALL GOVERN FOR ALL THE DETAILS CONCERNING THE LINES AND DIMENSIONS OF SUCH LOTS AND PARCELS.

LEGEND

- PROPOSED BOUNDARY
- MAP NUMBER REFERENCE

KOPPEL & GRUBER
PUBLIC FINANCE

334 Via Vera Cruz
Suite 256
San Marcos, California 92078
Phone (760) 510-0290 Fax (760) 510-0288

DATE PREPARED: DECEMBER 2022