

MINUTES OF THE REGULAR MEETING
OF THE BOARD OF DIRECTORS OF
COUNTY SANITATION DISTRICT NO. 20
HELD AT THE ANTELOPE VALLEY
TRANSIT AUTHORITY

June 8, 2023
11:30 o'clock, A.M.

The Board of Directors of County Sanitation District No. 20 of Los Angeles County met in regular session.

There were present: Andrea Alarcon, Alternate Director from Palmdale
Kathryn Barger, Alternate Director from Los Angeles County
Laura Bettencourt, Chairperson, Director from Palmdale

Absent: None

Also present: Denise Springer, Deputy Secretary to the Board
Brant Dveirin, District Counsel

RE: PUBLIC COMMENT The Chairperson announced this was the time for any questions or comments by members of the public. There were no public comments or questions to address the Board on any matters not listed on the agenda.

RE: MINUTES Upon motion of Director Barger, duly seconded and held May 11, 2023, were approved. unanimously carried, the minutes of the regular meeting

RE: DISTRICT EXPENSES The following expenses for the month of March 2023, were seconded and unanimously carried, were approved: presented and upon motion of Director Barger, duly

Local District Expenses:	
Operations & Maintenance	\$ 962,566
Capital	100,627
Legal	537
Allocated Expenses:	
Joint Administration	91,842
Technical Support	124,097
Legal	3,480
Total Expenses	<u>\$1,283,149</u>

RE: ANNEXATION NO. 103 RESOLUTIONS AUTHORIZING APPLICATION TO LOCAL AGENCY FORMATION COMMISSION AND APPROVING NEGOTIATED EXCHANGE OF PROPERTY TAX REVENUES - ADOPT

Annexation No. 103 consists of 553 proposed single-family homes in the City of Palmdale. 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 Local Agency Formation Commission (LAFCO), approves the California Environmental Quality Act (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, Notice of Finding, and the CEQA document were attached to the agenda. A recommendation was made that the Board adopt a resolution for making an application to LAFCO for annexation; review, consider, and find adequate the CEQA document; and consent to a waiver of protest proceedings. Furthermore, a recommendation was made that the Board adopt a joint resolution with the County of Los Angeles, Antelope Valley Cemetery District, Antelope Valley Mosquito & Vector Control District, Antelope Valley Resource Conservation District, City of Palmdale, and Antelope Valley-East Kern Water Agency approving and accepting the negotiated exchange of property tax revenues resulting from annexation.

The Chief Engineer and General Manager stated that this annexation was for several small housing developments being merged into one agenda item.

In response to Director Alarcon, the Chief Engineer and General Manager advised that the tax rate worksheet which was stated in paragraphs 2 and 3 of the joint resolution for the annexation would be emailed to the Directors.

Upon motion of Director Alarcon, duly seconded and unanimously carried, the Board of Directors of County Sanitation District No. 20 of Los Angeles County does hereby approve the Joint Resolution of the Board of Supervisors of the County of Los Angeles, the governing bodies of the Antelope Valley Cemetery District, Antelope Valley Mosquito & Vector Control District, Antelope Valley Resource Conservation District, City of Palmdale, and Antelope Valley-East Kern Water Agency, and this Board of Directors, approving and accepting the negotiated exchange of property tax revenues resulting from Annexation No. 103 to the District, a copy of which is on file at the Office of the District and by reference incorporated herein as though fully set forth; and the Chairperson and Secretary are authorized to execute the Joint Resolution on behalf of the District. Furthermore, the following resolution was adopted:

RESOLUTION

WHEREAS, the Board of Directors of County Sanitation District No. 20 of Los Angeles County, hereinafter referred to as "District", desires to commence proceedings for the annexation to District of certain territory, described in Exhibit "A", attached hereto and by reference incorporated as a part hereof; and

WHEREAS, said Board of Directors does hereby certify that it has reviewed and considered the environmental documents submitted for the proposed annexation and found said environmental documents to be adequate;

NOW, THEREFORE, said Board of Directors does HEREBY RESOLVE, FIND, AND DECLARE as follows:

1. Application and a proposal is hereby made to the Local Agency Formation Commission of Los Angeles County for a change of organization as follows:
 - (a) This proposal is made pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 commencing with Section 56000, Government Code, State of California.
 - (b) The nature of the proposed change of organization and the name of the District for which such change of organization is proposed are as follows:

The annexation of the territory described in Exhibit "A" hereof to County Sanitation District No. 20 of Los Angeles County.
 - (c) The names of all other affected counties, Districts, or cities are as follows:

Counties: None
Districts: None
Cities: Palmdale
 - (d) The territory is uninhabited. A description of the exterior boundaries of such territory is set forth in Exhibit "A" hereof.
 - (e) It is desired that the proposed annexation provide for and be made subject to the following terms and conditions:
 - (1) The retention by District of the deposited sum of \$34,150.00 as the fee required by the Board of Directors for said annexation.
 - (2) The negotiated exchange of property tax revenues between affected agencies resulting from said annexation to District.
 - (f) The reasons for this proposal are as follows:

- (1) The District is empowered to and is engaged in providing sewerage facilities which can best serve the territory proposed to be annexed with sewage disposal service. Based on the information provided by the property owners, the District's sewerage facilities have or, in accordance with current policy, will have adequate capacity to collect, treat, and dispose of the wastewater anticipated to be generated on the subject property. Actual sewer hook-up will not be allowed until payment of the connection fee and shall be subject to all circumstances then existent including the availability of capacity. Disposal of the treated wastewater will be in accordance with waste discharge permits issued by the appropriate California Regional Water Quality Control Board.
 - (2) Said territory is proposed to be developed, and the property owners have requested in writing that the territory be provided with sewage disposal service.
 - (3) Said territory must be annexed to District before sewage disposal service is provided.
 - (g) This proposal is consistent with the sphere of influence of the District.
 - (h) In accordance with the requirements of California Health & Safety Code Section 4830, the territory subject to this annexation will benefit from the annexation.
 - (i) It is hereby requested that proceedings be taken for the change of organization proposed, according to the terms and conditions stated above and in a manner provided by the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000.
2. Said District consents to waiver of protest proceedings pursuant to Section 56663 of the Government Code.
 3. The Clerk of the District is hereby authorized and directed to file a certified copy of this resolution with the Executive Officer of the Local Agency Formation Commission of Los Angeles County.

RE: FACILITIES PLANNING
 PALMDALE WATER RECLAMATION PLANT
 ACQUISITION AND MITIGATION AGREEMENT
 TRANSITION HABITAT CONSERVANCY
 CONTRACT NO. 5539 - APPROVE AND
 AUTHORIZE CHIEF ENGINEER AND GENERAL
 MANAGER TO EXECUTE

The Board previously approved the Palmdale Water Reclamation Plant (WRP) 2025 Facilities Plan (Plan) and certified the Final Environmental Impact Report (FEIR), which requires the District to provide perpetual habitat protection for 179 Joshua trees as mitigation for construction of two recycled water storage reservoirs. Staff evaluated several options to fulfill this mitigation requirement and elected to partner with Transition

Habitat Conservancy (THC) due to its experience managing conservation lands in the Antelope Valley and because THC offered the lowest cost. THC owns property containing the required number of Joshua trees in an unincorporated area of Los Angeles County southeast of the Palmdale WRP, as shown in the *Acquisition and Mitigation Agreement* (Agreement), attached to the agenda. Under the terms of the proposed Agreement, the District will pay THC approximately \$494,000 to purchase mitigation credits and fund an endowment to perform habitat protection and maintenance in perpetuity. THC will maintain ownership of the property and record a deed restriction to ensure protection of this land. Staff has determined that approval of the Agreement does 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 operational excellence (protection of public health and the environment, regulatory compliance, and cost effectiveness). A recommendation was made to approve and order executed an Agreement with THC in the amount of approximately \$494,000. Furthermore, a recommendation was made to authorize the Chief Engineer and General Manager, or his designee, to execute documents necessary to implement the terms of the Agreement.

Upon motion of Director Alarcon, duly seconded and unanimously carried, the Board of Directors of County Sanitation District No. 20 of Los Angeles County found and determined that it would be to the advantage of the District to enter into an *Acquisition and Mitigation Agreement* with Transition Habitat Conservancy providing to purchase mitigation credits and fund an endowment to perform habitat protection and maintenance in perpetuity, as set forth in the Agreement and under terms and conditions contained therein. All the terms and conditions of the *Acquisition and Mitigation Agreement*, Contract No. 5539, dated June 8, 2023, were accepted and approved, and the Chairperson and Secretary were authorized to execute the Agreement on behalf of the District. Furthermore, the Chief Engineer and General Manager, or his designee, on behalf of the District, was authorized to execute documents necessary to implement the terms of the *Acquisition and Mitigation Agreement*.

RE: APPROPRIATIONS LIMIT
FOR FISCAL YEAR 2023-24
ESTABLISH AND ADOPT

A letter discussing the 2023-24 fiscal year budget matters accompanied the agenda. The Government Code requires the governing body of each local jurisdiction to establish, by resolution, an appropriations limit for each fiscal year.

The documentation used in the determination of the appropriations limits must be available 15 days prior to this action being taken. The method by which the Districts' appropriations limits were calculated has been available to the public at the Districts' Joint Administration Office since May 18, 2023, and was provided to the Directors with the letter of June 2, 2023, mailed with 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 and long term needs to minimize the need for significant rate increases.

The appropriations limit for fiscal year 2023-24 has been determined by adjusting the previous fiscal year's limits using the factors specified in the Government Code. The appropriations limit has also been adjusted to include mandated costs, all in accordance with the procedures outlined in Article XIIIB of the Constitution and Section 7910 of the Government Code. A recommendation was made that, in order to comply with legal requirements, this Board adopt an appropriations limit of \$63,928,333 for fiscal year 2023-24.

Upon motion of Director Alarcon, duly seconded and unanimously carried, the following resolution was adopted:

BE IT RESOLVED, that pursuant to Section 7910 of the Government Code of the State of California, the Board of Directors of County Sanitation District No. 20 of Los Angeles County does hereby establish and adopt an appropriations limit of \$63,928,333 for fiscal year 2023-24, utilizing the population change and the change in the personal per capita income.

RE: BUDGET 2023-24
OPERATING FUND

The Chief Engineer and General Manager advised that staff has a brief slide presentation on the wastewater budget matters. He introduced Mr. Matt Eaton, Deputy

Assistant Chief Engineer, to give the presentation. He stated that the item on the agenda was to adopt the final budget for fiscal year 2023-24. The slide presented was a summary of the final budget. The final budget is similar to the preliminary budget and previous projections presented to the board earlier in the year. There is a rate increase in the service charge rate for fiscal year 2023-24. The increase of the service charge rate is from \$50.89 per month to \$51.88 per month per single family home.

Operations and maintenance expenses are similar to the preliminary budget that was presented earlier in the year. As mentioned at previous meetings, expenses have increased significantly due to inflation and supply chain issues. Revenue projections have not changed. Capital expenses in the final budget are lower than the preliminary budget due to some adjustments made to the schedule of some projects.

There is a \$4 million drawdown of funds in the coming year. The District's reserves will be below target, but the District is expected to slowly return closer to target over the next several years.

In response to Chairperson Bettencourt, District No. 20 is a smaller District than District No. 14. Due to the makeup of debt and revenue for this District, the debt coverage ratio is above target.

In response to Director Barger, over the next five years the reserves should approach 100 percent of target. The Chief Engineer and General Manager also stated that the effluent storage reservoir currently in the budget might not be necessary, which would improve the financial outlook for the District.

In response to Director Alarcon, Matt Eaton, Deputy Assistant Chief Engineer, stated that the rate increases will be higher in District No. 20 compared to District No. 14, potentially reaching \$736 per year for District No. 20 versus \$528 per year for District No. 14. The Chief Engineer and General Manager reiterated that economies of scale lead to the higher rates in District No. 20.

In a letter dated June 2, 2023, to the Board, matters were discussed pertaining to the budget for the 2023-24 fiscal year. A sewerage system final budget for the 2023-24 fiscal year was presented and a recommendation was made that the budget be adopted.

Upon motion of Director Alarcon, duly seconded and unanimously carried, the sewerage system final budget for 2023-24 was approved, adopted, and ordered filed.

RE: TAX LEVY
OPERATING FUND

Data for the tax levy necessary for the Operating Fund was presented and a recommendation was made that the tax levy be requested in accordance therewith.

Upon motion of Director Alarcon, duly seconded and unanimously carried, the following resolution was adopted:

BE IT HEREBY DETERMINED, RESOLVED, AND ORDERED AS FOLLOWS:

That pursuant to the provisions of Article 6, Section 4815 of the County Sanitation District Act (Chapter 3, Part 3, Division V, of the Health & Safety Code of the State of California), the Board of Directors of County Sanitation District No. 20 of Los Angeles County does hereby find and declare that the sum of \$1,752,000 is and will be the amount necessary to maintain, operate, extend, or repair any work or improvements of the District for the collection, treatment, and disposal of sewage, and to defray all other expenses incidental to the exercise of any of the District's powers, except the amounts necessary to acquire, construct, maintain, and operate a refuse transfer or disposal system, or both, and any other expenses incidental to the operation of the system during the ensuing year and prior to the annual levy of taxes for the fiscal year 2024-25, and the Board of Supervisors of Los Angeles County is hereby requested to cause to be levied and collected at the same time and in the same manner as the next general tax levy for the County a tax upon the real property in the District, in an amount sufficient to raise the required amount, to wit: \$1,752,000, to be paid into the County Treasury to the credit of the Operating Fund of the District.

The Secretary is hereby instructed to furnish a copy of this resolution and statement to the Board of Supervisors of Los Angeles County at least fifteen (15) days before the first day of September 2023.

RE: APPROPRIATIONS
OPERATING FUND 2023-24

Upon motion of Director Alarcon, duly seconded and unanimously carried, the appropriations from the Operating Fund for Fiscal Year 2023-24 were ordered

made as shown in the Operating Fund Final Wastewater Budget that was attached to the agenda.

RE: PALMDALE WATER RECLAMATION
PLANT RECYCLED WATER USE PROGRAM
AND PALMDALE WATER DISTRICT'S PURE
WATER ANTELOPE VALLEY PROJECT
DISCUSS

The District and Palmdale Water District (PWD) previously entered into a Recycled Water Agreement that allows PWD to distribute and use recycled water from the Palmdale Water Reclamation Plant (WRP). PWD has proposed to use this recycled water for an indirect potable reuse project, referred to as the Pure

Water Antelope Valley (PWAV) Project. PWAV would augment groundwater supplies via direct injection of advanced treated recycled water to produce a new, drought-resilient water supply source in the area. Staff from the District and PWD discussed the Palmdale WRP recycled water program and provided an overview of the PWAV Project.

The Chief Engineer stated that there was a brief presentation on this item and called upon Mr. Ray Tremblay, Department Head of Facilities Planning, to give the presentation.

Mr. Tremblay explained that it is part of the Districts' mission to recycle water and most of the cleaned water from our inland plants is already being recycled to support municipal water supplies. Here in the Antelope Valley, however, the community has not been able to develop the recycled water or "purple pipe" distribution systems due to the high costs involved and thus the water must be managed in some way. He gave an overview of the Districts' treatment and agricultural reuse facilities. He reviewed that the Board approved the 2005 Palmdale Water Reclamation Plant Facilities Plan and Environmental Impact Report (Facilities Plan) that called for the construction of modern tertiary treatment facilities that produce high quality recycled water that meets state standards for unrestricted use. The Facilities Plan included development of interim agricultural reuse and seasonal water storage facilities while the water agencies developed a municipal reuse system. Municipal reuse of recycled water in Palmdale has grown slowly in the intervening years with only 90 acre-feet per year of 9,000 produced being reused for irrigation and dust control by PWD. The recycled water is, however, in the interim, being beneficially reused to grow hay or "fodder crops" for animal feed. He indicated, however, that PWD has a very promising project that will be presented to the Board today.

Mr. Tremblay reviewed the existing recycled water contracts that Districts Nos. 14 and 20 have entered into with cities and water agencies in the Antelope Valley. The earlier contracts were three-way contracts between the two Districts and the water agency or city since the original plan for municipal water reuse in the Antelope Valley developed by Los Angeles County contemplated interconnection of the two plants with a network of distribution pipes. Unfortunately, Los Angeles County was unable to implement the project and the

cities, PWD and the Palmdale Recycled Water Authority stepped up to take on the task. Our existing contract with PWD was executed in 2016 and amended twice to reflect changes in the PWD recycled water program over time. Staff recommends that the Board consider a third amendment to further update the agreement to align with the project's current timelines. Staff will be bringing back a contract amendment in the fall for Board consideration. No other cities or water agencies have expressed interest in the water.

In response to Director Alarcon, Mr. Tremblay explained that the proposed agreement amendment would also reaffirm District No. 20's commitment to support the project.

Mr. Tremblay then introduced Mr. Scott Rogers of PWD to give his presentation. Mr. Rogers then presented the Pure Water Antelope Valley Project Overview.

Mr. Ferrante summarized the discussion and noted that PWD's proposed groundwater recharge project was similar to two projects the Districts already participate in with Water Replenishment District of Southern California. Recycled water used in this way augments the water supply to a substantial degree throughout our service area.

In response to Chairperson Bettencourt, the Assistant Deputy Chief Engineer stated the District has a project involving construction of a third effluent storage reservoir on the capital improvement plan, to ensure there is enough storage during wet years. The reservoir is needed because the use of recycled water for farming is reduced in the winter especially if there is above average rainfall. A project that expands the use of recycled water might eliminate the need for the third reservoir.

In response to Chairperson Bettencourt, Mr. Rogers stated that the injection of the recycled water into the groundwater basin would allow PWD to pump an equal amount of groundwater later pursuant to the adjudication. Mr. Rogers also stated that PWD is partnering with a firm, Capture6, whose technology may result in operational and capital cost savings. There would be outreach done with the community, and the public would be invited to come and taste the water at the proposed Demonstration Facility.

In response to a member of the public, Mr. Rogers stated that the recycled water was needed to meet the needs of the PWD service area and the City of Palmdale. The Chief Engineer and General Manager also stated that there are still several "purple pipe" reuse municipal irrigation projects under consideration, but they are typically more expensive than imported water and involve smaller quantities.

The meeting was adjourned by the Chairperson.



LAURA BETTENCOURT
Chairperson

ATTEST:



DENISE SPRINGER
Deputy Secretary

/ee