

Notice and Agenda

REGULAR MEETING — BOARD OF DIRECTORS — COUNTY SANITATION DISTRICT NO. 20

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	February 8, 2024	At 11:30 A.M.
Governing Body	Director	Alternate
PALMDALE	BISHOP	LOA
PALMDALE	BETTENCOURT	LOA
LOS ANGELES COUNTY	HORVATH	BARGER

1. Public Comment
2. Receive and Order Filed as Follows:
 - (a) Certificate of Ms. Laura Bettencourt as Second Director of the City of Palmdale
 - (b) Action Appointing Mr. Richard Loa as Alternate Director of the City of Palmdale
3. Approve Minutes of Adjourned Regular Meeting Held January 22, 2024
4. Approve November 2023 Expenses in Amount of \$1,567,196

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 lacs.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	\$1,192,840
Capital	171,359
Allocated Expenses:	
Joint Administration	89,986
Technical Support	108,776
Legal	4,235
Total Expenses	<u>\$1,567,196</u>

5. Receive and Order Filed [Annual Comprehensive Financial Report](#) (ACFR) for Fiscal Year Ending June 30, 2023

Summary: The Districts’ ACFR for the fiscal year ending June 30, 2023, which includes the annual audit required by state and federal laws, has been previously distributed to the Directors. This item is consistent with the Districts’ Guiding Principles of commitment to fiscal responsibility and prudent financial stewardship; and to protect financial and facility assets through prudent investment and maintenance programs.
6. Re: Solar and Energy Storage Project at Palmdale Water Reclamation Plant
 - (a) Approve and Order Executed [Energy Services Agreement](#) (Agreement) with Pacifico Power Palmdale 01 LLC (Pacifico)
 - (b) Approve and Order Executed [Generating Facility Interconnection Agreement](#) with Southern California Edison (SCE)
 - (c) Authorize Chief Engineer and General Manager or His Designee to Execute Related Documents, Future Amendments, and Addenda to Effectuate Project

Summary: In March 2022, the District entered into a Project Development and Non-Disclosure Agreement with Pacifico after a public solicitation to evaluate the viability of a solar energy project and apply for an SCE interconnection. As described in the attached letter, staff performed extensive financial analysis which included a third-party independent verification. The proposed Agreement is for Pacifico to design, finance, build, operate, and maintain a 4-megawatt photovoltaic solar system with battery storage. The term of the Agreement is for 25 years with an optional 5-year extension. The District will pay a fixed rate of \$0.092/kWh for electricity generated by the system throughout the term. The potential savings over 25 years is estimated at \$12 million assuming an annual three percent rate escalation by the

6. Contd.

current power provider. Execution of the *Generating Facility Interconnection Agreement* will allow the solar system to work in parallel with SCE utility to serve electrical loads. Staff has determined that the 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. The decision to proceed with the Project and the commencement of construction is contingent on the Board approving the Project and adopting any required CEQA document at a subsequent meeting. This item is consistent with the Districts’ Guiding Principle to maximize use of our assets and resources (recycled water, recyclables, and energy).

7. Re: Wastewater Revenue Program Update – Service Charge Rates

Summary: At the January 22, 2024, Board meeting, the Chief Engineer and General Manager discussed budgetary needs, proposed service charge rates, and the rate ordinance implementation process. The Board requested additional information regarding the proposed service charge rate increases. The Chief Engineer and General Manager will provide the requested additional information. 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.

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.



January 30, 2024

Board of Directors
County Sanitation District No. 20

Dear Directors:

Development of Solar Plus Battery Energy Storage Systems at Palmdale Water Reclamation Plant

The agenda for the upcoming meeting of the Boards of Directors contains an item regarding the potential development of a photovoltaic solar plus battery storage project at Palmdale Water Reclamation Plant (WRP) with Pacifico Power LLC (Pacifico).

The project will provide power for the WRP during the day, with the batteries discharging for several hours as the sun sets. It is expected to save the District's ratepayers over \$11 million over the 25-year life of the project.

The proposed solar system size is 4,011 kW with a battery rating of 490 kW and 1,958 kWh of capacity which is sufficient to provide 95% of the annual energy usage. Project details are described below:

- **Background:** In 2021, a Request for Proposals led to Pacifico and District 14 and District 20 entering into a Project Development Agreement in March 2022. Pacifico submitted an interconnection application under the favorable and now expired Net Energy Metering – Standard Tariff (NEM 2.0) in July 2022 to Southern California Edison (SCE). In the proposed Energy Services Agreement (ESA), Pacifico will finance, own, build, operate, and maintain the solar plus battery system at a fixed cost of \$0.092/kWh for the energy generated over 25 years with an option to extend to 30 years.
- **Financial Evaluation:** The solar energy cost will be fixed for 25 years under the ESA. All-in power costs (which includes transmission, distribution, and utility fees) are presently \$0.17/kWh. In 25 years, without implementing solar, the rate is projected to increase to \$0.33/kWh assuming 3% annual escalation. With the proposed solar project, the all-in rate would start at \$0.18/kWh and rise to \$0.26/kWh assuming 3% annual escalation. This translates into savings of about \$11 million over 25 years. Additional revenue from the sales of renewable energy credits could surpass \$1 million over the project term.
- **Due Diligence:** Staff hired a third-party consultant, Usource, in April 2023 to validate and enhance the financial evaluation of the solar project. Usource's analysis was consistent with the District's calculated savings.

The following documents are to be executed: Generating Facility Interconnection Agreement, Facilities Financing and Ownership Agreement with SCE and the ESA with Pacifico. The system is planned to be located off-property on land owned by Los Angeles World Airports (LAWA). Pacifico will execute a lease agreement directly with LAWA. An easement agreement for electrical infrastructure and access to Palmdale WRP as well as any required CEQA document will be brought to the Board for approval at a future date.

Very truly yours,

Robert C. Ferrante