

MINUTES OF THE REGULAR MEETING OF THE  
BOARD OF DIRECTORS OF THE  
SANTA CLARITA VALLEY SANITATION DISTRICT  
HELD AT THE SANTA CLARITA CITY HALL

May 20, 2024  
11:00 o'clock, A.M.

The Board of Directors of Santa Clarita Valley Sanitation District of Los Angeles County met in regular session.

There were present: Cameron Smyth, Director from Santa Clarita  
Kathryn Barger, Alternate Director from Los Angeles County  
Laurene Weste, Chairperson, Director from Santa Clarita

Absent: None

Also present: Kimberly S. Christensen, Secretary to the Board  
Wes Beverlin, 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.

RE: MINUTES  
Upon motion of Director Barger, duly seconded and unanimously carried, the minutes of the regular meeting held April 15, 2024, were approved.

RE: DISTRICT EXPENSES  
The following expenses for the month of February 2024, were presented and upon motion of Director Barger, duly seconded and unanimously carried, were approved:

Local District Expenses:	
Operations & Maintenance	\$3,518,195
Capital	2,418,681
Allocated Expenses:	
Joint Administration	231,794
Technical Support	355,503
Total Expenses	<u>\$6,524,173</u>

RE: WASTEWATER MANAGEMENT  
SAUGUS WATER RECLAMATION  
PLANT POWER DISTRIBUTION  
SYSTEM MODIFICATIONS  
AWARD CONTRACT NO. 5623  
TO HELIX ELECTRIC, INC.  
ORDER SECRETARY TO EXECUTE

The *Saugus Water Reclamation Plant Power Distribution System Modifications* (Project) will include the replacement of much of the plant's electrical power system and improve the redundant design by maintaining the existing dual power sources to the plant and upgrading the generator such that it is sized to handle all critical plant loads in the event of a switchgear or transformer failure. The scope of the work includes upgrading the existing redundant power service, upsizing of the diesel-engine generator, and replacement of the majority of the low-voltage power distribution equipment which is over 50 years old and has become prone to failure. These replacement and redundancy upgrades will assure continued reliable plant operation. The bid summary/recommendation to award was attached to the agenda. Staff has determined that the Project is exempt or otherwise not subject to the provisions of the California Environmental Quality Act (CEQA) pursuant to California Public Resources Code Section 21084 and Title 14 of the California Code of Regulations ("CEQA Guidelines") Sections 15301 and 15302. This item is consistent with the Districts' Guiding Principles to protect financial and facility assets through prudent investment and maintenance programs; and commitment to operational excellence (protection of public health and the environment, regulatory compliance, and cost effectiveness). The bids received at the District's office on April 18, 2024, for construction of the Project are as follows:

<u>BIDDER</u>	<u>TOTAL BID</u>
Helix Electric Inc.	\$27,122,000.00
Mass Electric Construction Co.	\$30,996,210.00
Innovative Construction Solutions	\$31,726,950.00

The bid of Helix Electric, Inc., was the lowest bid received and that Helix Electric, Inc., was the lowest, regular, responsible bidder for the work, and a recommendation was made to award a contract to Helix Electric, Inc., at the unit prices stated in its bid amounting to approximately \$27,122,000. Furthermore, a recommendation was made to order staff to review the insurance and surety bonds for performance and payment and, if sufficient, order the Secretary to execute the contract with Helix Electric, Inc., for construction of the Project.

Upon motion of Director Barger, duly seconded and unanimously carried, Contract No. 5623 for construction of the *Saugus Water Reclamation Plant Power Distribution System Modifications* was awarded to the lowest, regular, responsible bidder, to wit: Helix Electric, Inc., at the unit prices stated in its bid amounting to approximately \$27,122,000. Furthermore, the Board of Directors of County Sanitation District No. 2 of Los Angeles County ordered the staff to review the insurance and surety bonds for performance and payment and, if sufficient, ordered the Secretary to execute the contract with Helix Electric, Inc., for construction of the Project.

RE: WASTEWATER MANAGEMENT  
VALENCIA WATER RECLAMATION  
PLANT NORTH AERATION PROCESS  
IMPROVEMENTS - SCHNEIDER ELECTRIC  
BUILDINGS AMERICA'S, INC.  
CONTRACT NO. 5288 - APPROVE CHANGE  
ORDER NO. 19 - EXTRA WORK

As part of the *Valencia Water Reclamation Plant North Aeration Process Improvements* (Project), the contractor was required to construct a new process air compressor station which included the installation of three new and more efficient turbo-blowers. As part of the original design, it was planned that during construction the existing blowers would be relocated and used to maintain operation of the aeration system while the new station

was being constructed. During construction, it was determined that due to their condition, the existing blowers could not be expected to operate reliably if they were relocated. The contractor was therefore directed to rent and install two temporary blowers to ensure the continuous operation of the aeration system during construction activities. This item is consistent with the Districts' Guiding Principles to protect financial and facility assets through prudent investment and maintenance programs; and commitment to operational excellence (protection of public health and the environment, regulatory compliance, and cost effectiveness). The claim has been reviewed and the work determined to be beyond the scope of the plans and specifications. A recommendation was made to approve Change Order No. 19 to Contract No. 5288 with Schneider Electric Buildings America's, Inc., for construction of the Project; resulting in payment of \$262,949.26 for extra work.

Upon motion of Director Smyth, duly seconded and unanimously carried, Change Order No. 19 to Contract No. 5288 with Schneider Electric Buildings America's, Inc., for the construction of the *Valencia Water Reclamation Plant North Aeration Process Improvements*, resulting in a payment of \$262,949.26, was approved.

RE: SERVICE CHARGE PROGRAM - HOLD  
COMBINED PUBLIC HEARING ON SERVICE  
CHARGE REPORT, PROPOSED SERVICE  
CHARGE AND INDUSTRIAL WASTEWATER  
SURCHARGE RATE ORDINANCES AND  
COLLECTION ON TAX ROLL

New rate ordinances are being proposed to generate sufficient revenue for the increased operating costs of the new state-mandated Advanced Water Treatment Facility at the District's Valencia Water Reclamation Plant. The new rates will also address recent inflationary impacts and the need for upcoming capital projects. The current service charge rate per single-family home (SFH) is

\$30.83 per month (\$370 per year). The rates shown in the proposed ordinances reflect the maximum of the two rate structures being considered and that were presented in the Proposition 218 notice. The Proposition 218 notices were mailed on April 5, 2024, to every parcel served by the District; notices announcing the Public Hearing were published in the newspaper; and a tour and in-person and virtual public information meetings were held where the need for rate increases was discussed and the public provided input on which rate structure they prefer. At this Board meeting, the Board may elect to modify the rate shown in the ordinances and service charge report to reflect one of the two previously discussed rate structure options, in which case the meeting would need to be adjourned for at least five days before adoption can be considered. Holding a public hearing and then adopting the Service Charge Report is required each year to collect the wastewater service charge on the property tax roll. A letter describing the required Board actions together with the Service Charge Report and proposed service charge rate, industrial wastewater rate and connection fee rate ordinances, accompanied 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.

The Chief Engineer and General Manager stated that prior to hearing public comments, staff has a brief presentation on the two rate structures and details on public outreach. He introduced Mr. Matt Eaton, Deputy Assistant Chief Engineer and Department Head of Financial Management.

Mr. Eaton gave a brief presentation regarding rates, which have been previously discussed at each of the Board meetings since January. During these discussions, the Board provided direction to re-examine assumptions, reduce the originally proposed increase, and prepare rate structure options. In February and March, several

rate options were presented with smaller increases. The Board was in favor of increases that would allow the District to meet state-mandated costs without compromising reserves, and requested that public input be solicited to determine which of two structures were preferred. The Board directed that the Proposition 218 notice and public information meetings present both options for public input.

Today, the Board will hold a public hearing to hear ratepayers' concerns, and staff will report on protests received. The Board may modify the ordinances to reflect one of the proposed rate structures. It was recommended that the Board will adjourn today's meeting to May 29, 2024, to consider adoption of the ordinances.

In April, Proposition 218 notices were mailed to approximately 72,000 residents. There were 100 attendees for the tour of Valencia Water Reclamation Plant on April 27, 2024, and 10 of those attendees stayed for the information meeting. One person attended the Zoom meeting on May 7, 2024, and one person attended a hybrid meeting at Sulphur Springs Elementary School and Zoom on May 18, 2024. Community outreach also included a recorded presentation that was online, a social media campaign, advertisement in the *Santa Clarita Valley Signal* newspaper, and presentations given to the Santa Clarita Valley Economic Development Corporation and the Santa Clarita Valley Chamber of Commerce. Staff received a total of 60 calls, mostly asking about low-water rebates. Nineteen protests were received (out of 72,604 parcels). Copies of the protests received prior to the meeting in opposition to the proposed increase were attached to the agenda.

The proposed rate structures, corresponding to those shown in the Proposition 218 notice, for the monthly service charge rates for an SFH were shown on a slide. Rate Structure 1 consists of a larger upfront rate increase followed by modest increases in years 2 through 5. The average increase each year is \$2.68 per month. There were ten ratepayers who supported this rate structure. Rate Structure 2 consists of level increases. The average increase each year is \$3.32 per month. There were six ratepayers in support of Rate Structure 2. Either of the two rate structures are expected to provide for adequate revenue, but Rate Structure 1 more closely aligns with operating costs per the state mandate.

He discussed the upcoming Board meetings. Today's meeting will adjourn to Wednesday, May 29, 2024, at 11:00 a.m. at the Santa Clarita City Hall when the Board will consider adoption of ordinances and the Service Charge Report. On Monday, June 17, 2024, the Board will consider adoption of a Final Budget and Appropriations Limits.

At this time, Mr. Eaton called for Directors' questions. There were none.

The Chairperson opened a combined public hearing scheduled at this time and place on the Service Charge Report, Service Charge Rates, Industrial Wastewater Surcharge Rates, Connection Fee Rates, and Collection of Service Charge on Property Tax Roll for the Santa Clarita Valley Sanitation District of Los Angeles County. At this time, she called for public comments.

The Secretary called upon the following:

Ms. Cindy Russo addressed the Board. She stated that she understood the need for infrastructure, although she was upset that funding comes from citizens' pockets. She requested reassessment of the matter.

Ms. Diane Zimmerman addressed the Board. She stated that she was shocked about the proposed rate increase. Taxpayers are already overloaded. She urged the government to stop paying for other things like abortion, homelessness, etc. She urged the Board to vote no on the proposed rate increase.

Ms. Glenda Yakel addressed the Board. She stated that it was mentioned that there weren't very many attendees at these meetings. The state mandate is an excuse. She asked what is being done to reclaim the water. Money needs to be used to benefit the valley and reclaim the water.

Ms. Cynthia Rodriguez addressed the Board. She stated that since 2016, testing hasn't been done for salt in the drinking water. There is a great deal of salt coming into the homes. She asked how many ratepayers would qualify for the Low-Water Rebate Program.

The Chairperson closed the public hearing.

In response to Director Barger, Mr. Eaton stated that the ratepayers may submit one year of water bills to demonstrate low usage of water to qualify for the rebate. The Districts' Customer Service Representatives are available to assist ratepayers with any questions or concerns.

The Chairperson stated that there has been an ongoing battle for close to 20 years in Santa Clarita with the Regional Water Quality Control Board (Regional Board). The Santa Clarita Valley is a closed system. The Santa Clarita Valley does not have an outfall to the ocean; therefore, water must meet certain requirements to be

discharged to the Santa Clara River. The District is not a water agency. The District deals with protecting public health and the environment by treating sewage. The District is required to mitigate salt in the discharge. The District has worked with the Regional Board and the water agency for many years. The District was originally expecting to spend approximately \$700 million to comply with the State mandate and was able to bring the actual cost down to approximately \$150 million, and much of it was paid for using State Revolving Fund loans and reserves. The service charge rates must be increased to cover operating costs. The Board is cognizant of the impact to residents. New and advanced technology is needed to maintain public health and discharge water to the Santa Clara River. The water coming out of the treatment plant is clean, drinkable water. The Regional Board requires less salt. The District cannot ignore State requirements. There is 18-20 million gallons per day being discharged to the Santa Clara River. The Board has been working on increasing the use of reclaimed water, although it is unable to get approval from the California Department of Fish and Wildlife. She thanked the ratepayers for their comments and advised that the Board is listening to their concerns.

Mr. Eaton recommended that the Board could consider modifying the ordinances to reflect either Rate Structure 1 or 2.

Director Smyth stated that he was still in favor of Rate Structure 1 due to the lower overall increase. At the moment, he felt most confident that Rate Structure 1 would keep overall costs low.

Director Barger stated that the timing could not be worse, especially with the current state of inflation. Rates at her home are also increasing. She stated that she is also leaning towards Rate Structure 1.

The Chairperson stated that Rate Structure 1 is better for the public. She appreciated staff's diligence and efforts to meet the state mandate, which cannot be ignored.

Mr. Eaton stated that staff would revise the ordinances to reflect Rate Structure 1, as detailed in the Proposition 218 notice and in the letter attached to the agenda and as shown in the following table, to be adopted on May 29. The Industrial Waste Surcharge and Connection Fee rate ordinances will also be modified proportionately.

<u>Annual Service Charge Rate Per Sewage Unit</u>				
<u>July 1, 2024</u>	<u>July 1, 2025</u>	<u>July 1, 2026</u>	<u>July 1, 2027</u>	<u>July 1, 2028</u>
\$437	\$458	\$481	\$505	\$531

In response to the Chairperson, District Counsel advised that the Board directed staff to modify the ordinances, which would then be considered for adoption on May 29.

Upon motion of Director Smyth, duly seconded and unanimously carried, the Board ordered that the Service Charge Report, *An Ordinance Prescribing the Service Charge Rate and Mean Loadings per Unit of Usage for Santa Clarita Valley Sanitation District of Los Angeles County and Providing for the Collection of Such Charges on the Tax Roll, An Ordinance Prescribing Industrial Wastewater Surcharge Rates for Santa Clarita Valley Sanitation District of Los Angeles County, and An Ordinance Prescribing the Connection Fee Rate and Mean Loadings per Unit of Usage for Santa Clarita Valley Sanitation District of Los Angeles County* be continued and for staff to make modifications to include Rate Structure 1 and bring back the items for consideration of adoption on May 29, 2024.

Upon motion of Director Smyth, duly seconded and unanimously carried, the meeting adjourned on Wednesday, May 29, 2024, 11:00 a.m. at Santa Clarita City Hall, 23920 Valencia Boulevard, Santa Clarita, California.



LAURENE WESTE  
Chairperson

ATTEST:



KIMBERLY S. CHRISTENSEN  
Secretary  
/ee