

Notice and Agenda

REGULAR MEETING — BOARD OF DIRECTORS — COUNTY SANITATION DISTRICT NO. 9

To be held at the OFFICE OF THE DISTRICT
1955 Workman Mill Road, Whittier, California

WEDNESDAY	February 26, 2020	At 1:30 P.M.
Governing Body	Director	Alternate
LOS ANGELES CITY	MARTINEZ	BUSCAINO
LOS ANGELES COUNTY	BARGER	SOLIS
LOS ANGELES COUNTY	KUEHL (Chairperson)	SOLIS

1. Approve Minutes of Special Meeting Held December 16, 2019
2. Approve November and December 2019 Expenses in Amount of \$39,896.66

Summary: Local District expenses represent costs incurred for operations, maintenance, and capital projects 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. This item is consistent with the Districts’ Guiding Principle of commitment to fiscal responsibility and prudent financial stewardship.

Local District Expenses:	
Operations & Maintenance (O & M)	\$22,736.12
Capital	16,330.83
Allocated Expenses:	
Joint Administration	829.71
Total Expenses	<u>\$39,896.66</u>

3. Re: Wastewater Service Charge
 - (a) Order Wastewater Service Charge Report, Containing Description of Each Parcel and Amount of Proposed Wastewater Service Charge for Fiscal Year 2020-21 for Each Parcel, Filed with Clerk of Board of Directors of District
 - (b) Establish Date, Time, and Place for Public Hearing on Report, and Order Publication of Required Public Notices

Summary: Filing of the Service Charge Report is required each year in order to collect the wastewater service charge on the property tax roll. The current service charge rate per single-family home (SFH) is \$6.50 per month (\$78 per year) and no increase is recommended for fiscal year 2020-21. A letter discussing the service charge rate, the fiscal year 2020-21 preliminary budget, and related 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.

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 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.

February 19, 2020

Board of Directors
County Sanitation District No. 9
of Los Angeles County

Directors:

Wastewater Revenue Programs for Fiscal Year 2020-21

The agenda for the February 26, 2020 meeting of the Board of Directors of District No. 9 contains an item regarding the District's service charges for residential, commercial, and small industrial dischargers which are collected on the property tax roll.

The current service charge rate was first adopted by the Board in March 2000 and no changes are being proposed to these rates. However, in order to continue to collect the service charge on the property tax roll the Board must take certain actions. Specifically, pursuant to state law, the Board must: (1) order a Service Charge Report be filed with the District Clerk, (2) establish the date, time, and place for a public hearing on the report; and (3) direct the publication of the required notices. This letter provides a review of the adopted rate, the preliminary budget for fiscal year 2020-21, and significant expenditures impacting the budget.

SERVICE CHARGE RATE

The service charge rate for the current fiscal year is \$6.50 per month per single-family home (\$78 per year). No increase is being proposed for fiscal year 2020-21. Multi-family residential units will pay 60% of the adopted single-family home rate and condominiums will pay 75% of the adopted single-family home rate. Likewise, commercial dischargers will pay in proportion to their use of the wastewater management system compared to a single-family home. Dischargers with verified low water usage (particularly seniors and retirees) may also qualify for a reduced charge.

BUDGET FOR FISCAL YEAR 2020-21

Enclosed for your review is the preliminary budget for fiscal year 2020-21; a list of proposed capital projects (if any); 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 funds and reserves were established and funded in accordance with the District's Wastewater Financial Reserve Policy.

A final budget will be presented to the Board for consideration in June as part of the overall budgetary process, adoption of which will authorize budget appropriations.

SIGNIFICANT EXPENDITURES

District No. 9 does not own or operate any treatment and disposal facilities. The District contracts for these services with the City of Los Angeles. Thus, the portion of the proposed service charge attributable to disposal ●&M and capital is a direct reflection of the City of Los Angeles' costs for its wastewater treatment system.

LOW WATER REBATE PROGRAM

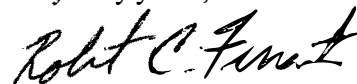
Because the cost of metering wastewater discharges from individual parcels is impractical and cost prohibitive, discharges are estimated using standard loading factors based on the size and types of facilities located on the parcel. With the ongoing efforts by local communities to conserve water and install low-flow plumbing fixtures, many parcels may be discharging at lower rates than is currently estimated. The Districts' low water rebate program allows parcel owners to apply for a reduction in their service charge rate based on their actual water usage. Staff has conducted a concerted public outreach program, including information on the program in our Proposition 218 notices, newspaper advertisements, and the Districts' website, to ensure that parcel owners are aware of the program.

SUMMARY OF REQUIRED ACTIONS

As previously discussed, the Board must order the filing of a Service Charge Report (enclosed) with the District Clerk. The Board must also schedule a public hearing and instruct the District Clerk to publish newspaper notices to inform the public of the hearing. After the close of its public hearing, the Board will consider adoption of the Service Charge Report, as is required under the California Health and Safety Code in order for the District to continue to collect the previously approved wastewater service charge as a separate line item on the property tax roll. This is the most cost-effective and efficient means of collecting the service charges. It is recommended that the public hearing be set for June 24, 2020, at 1:30 p.m., in the Districts' Board Room.

At the June meeting, a final budget will be presented to the Board for consideration as part of the overall budgetary process, adoption of which will authorize budget appropriations. In addition, the Board must take certain administrative actions that are required of all agencies that receive ad valorem taxes. These include establishing by resolution the amount of the tax levy the District will request from the Los Angeles County Tax Collector and adopting a limit on authorized expenditures of tax proceeds.

Very truly yours,



Robert C. Ferrante

RCF:gc
Enclosures

COUNTY SANITATION DISTRICT NO. 9 SERVICE CHARGE REPORT FOR FISCAL YEAR 2020-21

INTRODUCTION

County Sanitation District No. 9 of Los Angeles County encompasses a portion of the city of Los Angeles and unincorporated Los Angeles County.

District No. 9, unlike other Sanitation Districts within the urbanized Los Angeles basin, does not own treatment and disposal facilities. District No. 9 contracts for treatment and disposal services with the City of Los Angeles. These services are essential to protect the public health of the people served by the system.

District No. 9 must provide the revenue required to operate and maintain, including capital costs, its proportionate share of the facilities owned by the City of Los Angeles. The general revenue sources currently available to the District include a pro rata share of the ad valorem (property) taxes, service charges, interest income and reserves. Any surplus will be transferred to designated reserves to meet targeted reserve requirements.

PROPOSED SYSTEM DESCRIPTION

The supplemental revenue required under the *Master Service Charge Ordinance of County Sanitation District No. 9 of Los Angeles County* will be allocated among classes of developed parcels of real property on the basis of use of the sewerage system. The revenue derived from the service charge will be used for operation and maintenance and capital costs.

All industrial dischargers in District No. 9 discharging more than 1.0 million gallons per year are required to file a wastewater surcharge statement as prescribed in the Wastewater Ordinance to pay their appropriate share of the costs based on their use of the sewerage system. All other users of the sewerage system, except for contractual and local government users, will pay service charges.

The basic term used to define the service charge is a sewage unit. A sewage unit represents the average daily quantity of sewage flow and strength from a single-family home measured in terms of flow, chemical oxygen demand, and suspended solids. The number of sewage units (SU) per unit of measure shall be determined by the following formula:

$$\text{SU} = A \left(\frac{\text{FLOW}_{\text{avg}}}{\text{FLOW}_{\text{sfh}}} \right) + B \left(\frac{\text{COD}_{\text{avg}}}{\text{COD}_{\text{sfh}}} \right) + C \left(\frac{\text{SS}_{\text{avg}}}{\text{SS}_{\text{sfh}}} \right)$$

where:

A = The proportion of the total operation and maintenance and capital costs required for conveyance, treatment, and disposal of wastewater for the fiscal year which is attributable to flow;

B = The proportion of the total operation and maintenance and capital costs required for conveyance, treatment, and disposal of wastewater for the fiscal year which is attributable to COD;

C = The proportion of the total operation and maintenance and capital costs required for conveyance, treatment, and disposal of wastewater for the fiscal year which is attributable to suspended solids;

FLOW_{sfh} = Average flow of wastewater from a single-family home in gallons per day;

- COD_{sfh} = Average loading of COD in the wastewater from a single-family home in pounds per day;
- SS_{sfh} = Average loading of suspended solids in the wastewater from a single-family home in pounds per day;
- FLOW_{avg} = Estimated flow of wastewater which will enter the sewerage system from a user in gallons per day;
- COD_{avg} = Estimated loading of COD which will enter the sewerage system from a user in pounds per day;
- SS_{avg} = Estimated loading of suspended solids which will enter the sewerage system from a user in pounds per day.

For fiscal year 2020-21 the proportions of the total operation and maintenance and capital costs attributable to flow, chemical oxygen demand, and suspended solids have been assigned the following values:

A	=	0.3049
B	=	0.3348
C	=	0.3603

The service charge for each sewage unit is determined by dividing the total required supplemental revenue by the total number of sewage units in the District. The service charge for each parcel is determined by multiplying the service charge for each sewage unit by the number of sewage units attributable to the parcel, which in turn, is determined by the class of real property and the sewage unit formula and the flow, COD and SS loadings from Table 1, which shows the corresponding value for each class of real property in District No. 9.

Based upon presently anticipated sources of funds, the service charge rate for fiscal year 2020-21 is \$78 per sewage unit. Parcels with significantly lower water usage may be eligible for a reduced rate pursuant to the terms of the Master Service Charge Ordinance of District No. 9 of Los Angeles County.

DESCRIPTION OF PARCELS RECEIVING SERVICES AND IDENTIFICATION OF AMOUNT OF CHARGE FOR EACH PARCEL

All parcels of real property within the 2020-21 Tax Rate Areas as shown in Table 2 are receiving or benefiting from the services and facilities of District No. 9. Additionally, the parcels listed in Table 3, which do not fall within the Tax Rate Areas shown in Table 2, are receiving or benefiting from the services and facilities of District No. 9. Said parcels are more particularly described in maps prepared in accordance with Section 327, Revenue and Taxation Code, which are on file in the office of the County Assessor, which maps are hereby incorporated herein by reference.

All commercial and institutional parcels assessed a service charge based on the Los Angeles County Assessor's current tax roll shall be charged on the basis of not less than one (1.0) sewage unit.

No charge shall be imposed on the owner or owners of any parcels as to which the fair market value of improvements is less than \$1,000 as determined on the basis of the Assessor's current tax roll. This assumption is predicated on the fact that this type of parcel would be a vacant piece of land; however, should subsequent evaluation reveal that the property is not vacant, then an appropriate service charge would be levied.

**TABLE 1
LOADINGS FOR EACH CLASS OF LAND USE**

<u>DESCRIPTION</u>	<u>UNIT OF MEASURE</u>	<u>FLOW (Gallons per Day)</u>	<u>COD (Pounds per Day)</u>	<u>SUSPENDED SOLIDS (Pounds per Day)</u>
RESIDENTIAL				
Single Family Home	Dwelling Unit	260	1.22	0.59
Condominiums	Dwelling Unit	195	0.92	0.44
Multi-Unit Residential	Dwelling Unit	156	0.73	0.35
Mobile Home Parks	No. of Spaces	156	0.73	0.35
COMMERCIAL				
Hotel/Motel/Rooming House	Room	125	0.54	0.28
Store	1000 ft ²	100	0.43	0.23
Supermarket	1000 ft ²	150	2.00	1.00
Shopping Center	1000 ft ²	325	3.00	1.17
Regional Mall	1000 ft ²	150	2.10	0.77
Office Building	1000 ft ²	200	0.86	0.45
Medical, Dental, Veterinary Clinic or Building	1000 ft ²	300	1.29	0.68
Restaurant	1000 ft ²	1,000	16.68	5.00
Indoor Theatre	1000 ft ²	125	0.54	0.28
Car Wash				
Tunnel - No Recycling	1000 ft ²	3,700	15.86	8.33
Tunnel - Recycling	1000 ft ²	2,700	11.74	6.16
Wand	1000 ft ²	700	3.00	1.58
Bank, Credit Union	1000 ft ²	100	0.43	0.23
Service Shop, Vehicle Maintenance & Repair Shop	1000 ft ²	100	0.43	0.23
Animal Kennels	1000 ft ²	100	0.43	0.23
Gas Station	1000 ft ²	100	0.43	0.23
Auto Sales	1000 ft ²	100	0.43	0.23
Wholesale Outlet	1000 ft ²	100	0.43	0.23
Nursery/Greenhouse	1000 ft ²	25	0.11	0.06
Manufacturing	1000 ft ²	200	1.86	0.70
Light Manufacturing	1000 ft ²	25	0.23	0.09
Lumber Yard	1000 ft ²	25	0.23	0.09
Warehousing	1000 ft ²	25	0.23	0.09
Open Storage	1000 ft ²	25	0.23	0.09
Drive-in Theatre	1000 ft ²	20	0.09	0.05
Night Club	1000 ft ²	350	1.50	0.79
Bowling/Skating	1000 ft ²	150	1.76	0.55
Club & Lodge Halls	1000 ft ²	125	0.54	0.27
Auditorium, Amusement	1000 ft ²	350	1.50	0.79
Golf Course and Park (Structures and Improvements)	1000 ft ²	100	0.43	0.23
Campground, Marina, Recreational Vehicle Park	Sites, Slips, or Spaces	55	0.34	0.14
Convalescent Home	Bed	125	0.54	0.28
Horse Stables	Stalls	25	0.23	0.09
Laundromat	1000 ft ²	3,825	16.40	8.61
COMMERCIAL				
Mortuary, Funeral Home	1000 ft ²	100	1.33	0.67

<u>DESCRIPTION</u>	<u>UNIT OF MEASURE</u>	<u>FLOW (Gallons per Day)</u>	<u>COD (Pounds per Day)</u>	<u>SUSPENDED SOLIDS (Pounds per Day)</u>
Health Spa, Gymnasium				
With Showers	1000 ft ²	600	2.58	1.35
Without Showers	1000 ft ²	300	1.29	0.68
Convention Center, Fairground, Racetrack, Sports Stadium/Arena	Average Daily Attendance	10	0.04	0.02
INSTITUTIONAL				
College/University	Student	20	0.09	0.05
Private School	1000 ft ²	200	0.86	0.45
Library, Museum	1000 ft ²	100	0.43	0.23
Post Office (Local)	1000 ft ²	100	0.43	0.23
Post Office (Regional)	1000 ft ²	25	0.23	0.09
Church	1000 ft ²	50	0.21	0.11

TABLE 2
TAX RATE AREAS IN SANITATION DISTRICT NO. 9

000184	000413	001504	001604	001687
001701	001706	001709	001715	001718
001721	001733	006406	011896	012886
013650	015494	015495	016468	016469
016586				

TABLE 3
PARCEL NUMBERS SERVED BY SANITATION DISTRICT NO. 9
OUTSIDE OF TAX RATE AREAS

7452034042

**County Sanitation District No. 9 of Los Angeles County
Operating Fund Preliminary Wastewater Budget (\$000)
Fiscal Year 2020-21**

	2019-20	2020-21
<u>Beginning Balance</u>	\$ 193	\$ 148
<u>Sources of Funds</u>		
Service Charge	\$ 83	\$ 100
Total Operating Revenues	83	100
Ad Valorem Taxes	105	111
Interest	86	88
Total Non-Operating Revenues	191	199
Transfers from Designated Funds	47	22
Transfers from Capital Improvement Funds	2	2
Total Transfers In	49	24
Total Sources of Funds	\$ 323	\$ 324
<u>Use of Funds</u>		
Joint Administration Operations	\$ 5	\$ 5
Contract Disposal Operations	190	200
Other Operational Expenditures	39	5
Total Operations and Maintenance Expenditures	234	211
Joint Administration Capital	1	1
Contract Disposal Capital	68	62
Total Capital Expenditures	69	63
Bond Repayment	45	45
Total Use of Funds	\$ 348	\$ 319
<u>Ending Balance</u>	\$ 168	\$ 153

**County Sanitation District No. 9 of Los Angeles County
Designated and Restricted Reserve Preliminary Budget (\$000)
Fiscal Year 2020-21**

Designated Reserves

Emergency Fund	
Beginning Balance	\$ 50
Ending Balance	<u>\$ 50</u>
O&M Financial Stability Fund	
Beginning Balance	\$ 4,208
Transfer to (from) O&M Financial Stability Fund	(17)
Ending Balance	<u>\$ 4,191</u>
Capital Project Financial Stability Fund	
Beginning Balance	\$ 6
Transfer to (from) Capital Project Financial Stability Fund	(5)
Ending Balance	<u>\$ 1</u>
Total Designated Reserves Ending Balance	\$ 4,242

Restricted Reserves

Capital Improvement Fund	
Beginning Balance	\$ 501
Interest Revenue	10
Connection Fee Revenue	1
Transfer to Operating Fund	(2)
Ending Balance	<u>\$ 510</u>
Total Restricted Reserves Ending Balance	\$ 510

<u>Total Designated and Restricted Reserves Ending Balance</u>	<u>\$ 4,751</u>
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Unrestricted Reserves (Operating Fund) Ending Balance	\$ 153
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<u>Total Reserves Ending Balance</u>	<u>\$ 4,905</u>
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**County Sanitation District No. 9 of Los Angeles County
Preliminary Wastewater Budget Rate and Other Information Summary
Fiscal Year 2020-21**

	2019-20	2020-21
<u>Service Charge Rate (\$ per Sewage Unit)</u>	78.00	78.00
<u>Connection Fee Rate (\$ per Capacity Unit)</u>	1,400.00	1,400.00
<u>Projected Sewage Units</u>		
Residential and Commercial	1,061	1,288
Total Served Sewage Units	1,061	1,288

Sanitation Districts of Los Angeles County
Wastewater Budget Explanation and Glossary of Terms
Fiscal Year 2020-21

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 preliminary 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.

Operating Fund Beginning Balance	Projected cash balance in the Operating Fund as of July 1 at the beginning of the fiscal year shown.
Ad Valorem Taxes Revenue	The District’s share of Ad Valorem (property) taxes paid by property owners in the District.
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.
Industrial Waste Revenue	Fees paid by large industrial users of the District’s wastewater system.
Contract Revenue	Sales of reclaimed water; commodity and energy revenue; leases; and other similar sources of revenue.
Interest Revenue	Interest generated by District’s Unrestricted and Designated Reserves.
Grant Revenue	Grant proceeds received, generally state and/or federal grants toward capital projects.

Loan Proceeds	Funds received from loans taken out to finance capital projects, primarily State Revolving Fund Clean Water Loans.
Transfers from Capital Improvement Funds	Funds transferred from Capital Improvement Funds to be used toward capital expenditures.
Joint Administration Operations Expenditures	The District's share of Joint Administration Operating Expenditures less any operational or non-operational Joint Administration Revenues
Joint Outfall Operations Expenditures	The District's share of Joint Outfall System Operating Expenditures less any operational or non-operational Joint Outfall System Revenues
District's Sewer System Operations Expenditures	Expenditures related to operating and maintaining the District's sewers and pumping plants.
Treatment Plant Operations Expenditures	Expenditures related to operating and maintaining treatment plants.
Composting Facility Operations and Maintenance Expenditures	Expenditures related to operating and maintaining composting facilities.
Contract Disposal Operations and Maintenance Expenditures	Expenditures related to the operation and maintenance for conveyance and treatment of wastewater performed by another entity.
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.
Joint Administration Capital Expenditures	The District's share of Joint Capital Expenses minus Joint Capital Revenues.
District Sewer System Capital Expenditures	Capital expenditures related to rehabilitation or expansion of the District's sewers and pumping plants.
Treatment Plant Capital Expenditures	Capital expenditures related to upgrade, repair or expansion of treatment plants.
Composting Facility Capital Expenditures	Capital expenditures related to upgrade, repair or expansion of composting facilities.
Field Office Capital Expenditures	Capital expenditures related to upgrade, repair or expansion of field offices.
Contract Disposal Capital Expenditures	Capital expenditures related to conveyance and treatment of wastewater performed by another entity.

Loan Repayment	Interest and principal payments toward loans, primarily State Revolving Fund Clean Water Loans.
Bond Repayment	Interest and principal payments toward bond debt.
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.
Operating Fund Ending Balance	Projected balance in the Operating Fund as of June 30 at the end of the fiscal year shown.