

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

In response to concerns about the Novel Coronavirus (COVID-19), and in accordance with the Governor’s Executive Order N-29-20, Directors will attend these meetings via teleconference. To join the meeting, click <https://us02web.zoom.us/j/8091438308> or enter the Meeting ID 809 143 8308 into the Zoom app on your smartphone or computer. Alternatively, you may join by phone by calling (669) 900-9128 and entering the Meeting ID. You may find further information at: www.lacsd.org/aboutus/governance/agenda_and_minutes/default.asp

THE DISTRICT MAY TAKE ACTION ON ANY AGENDA ITEM LISTED BELOW

| THURSDAY | June 10, 2021 | At 9:30 A.M. |
|--------------------|----------------------|-----------------------|
| Governing Body | Director | Alternate |
| LANCASTER | PARRIS (Chairperson) | CRIST (Chair pro tem) |
| PALMDALE | HOFBAUER | BISHOP |
| LOS ANGELES COUNTY | SOLIS | BARGER |

1. Public Comment
2. Approve Minutes of Adjourned Regular Meeting Held May 13, 2021
3. Approve April 2021 Expenses in Amount of \$1,378,211.20

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. A listing of Districts’ payments and previously approved budgets can be found on the Districts’ website at lacsd.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 (O & M) | \$ 987,601.55 |
| Capital | 83,132.37 |
| Legal | 34,692.30 |
| Allocated Expenses: | |
| Joint Administration | 123,167.33 |
| Technical Support | 148,959.35 |
| Legal | 658.30 |
| Total Expenses | <u>\$1,378,211.20</u> |

4. Approve and Order Executed Amended and Restated Memorandum of Understanding (MOU Amendment) with Other Members of Antelope Valley Regional Water Management Group (RWMG) to Administer Antelope Valley Integrated Regional Water Management (IRWM) Plan Related Activities at Cost of Approximately \$10,385

Summary: Sanitation Districts Nos. 14 and 20 are part of a Regional Water Management Group (RWMG) formed by a 2007 Memorandum of Understanding (MOU) to apply for regional water management grant funding. Other parties to the MOU are Los Angeles County Waterworks District No. 40, City of Palmdale, City of Lancaster, Antelope Valley-East Kern Water Agency, Palmdale Water District, Quartz Hill Water District, Littlerock Creek Irrigation District, Rosamond Community Services District, and the Antelope Valley State Water Contractors Association. Proposition 1, approved by voters in 2014, authorizes \$510 million in IRWM funding for projects that help meet the long-term water needs of the state, including drought relief, water quality improvements, and water supply reliability projects, including water reuse efforts. To be eligible for this funding, the RWMG recently updated its IRWM plan to comply with California State Department of Water Resources Integrated Regional Water Management Grant Program (Grant Program) guidelines. The MOU commits each party to pay a share of the cost to administer Antelope Valley IRWMP-related activities, including managing on-going stakeholder meetings, project updates, and grant support, as well as to cover one-quarter of the costs for groundwater monitoring required by the Grant Program. Sanitation Districts Nos. 14 and 20 would each contribute \$10,385 under this MOU Amendment, which is approximately 6.9 percent of the overall cost Staff has determined that the “Project” is exempt or otherwise not subject to the provisions of California

4. Contd.

Environmental Quality Act (CEQA) California Public Resources Code Section 21084 and Title 14 of the California Code of Regulations (“CEQA Guidelines”) Sections 15061(3) and 15262. This item is consistent with the Districts’ Guiding Principles to collaborate with others in legislative and regulatory matters to promote science-based, efficient and sustainable environmental regulations; and to plan for both short-term and long-term needs to minimize the need for significant rate increases.

5. Re: Wastewater Budget Matters for Fiscal Year 2021-22

- (a) Establish by Resolution Appropriations Limit of \$69,576,587 as required by California Government Code Section 7910
- (b) Adopt Operating Budget
- (c) Adopt Resolution Requesting Tax Levy of \$1,843,000
- (d) Authorize Appropriations per Budget

Summary: A letter discussing 2021-22 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. Re: Refinancing of District Debt

Summary: Over the last 15 years, the District has constructed a number of large capital projects, most significant of which was the expansion of the Lancaster Water Reclamation Plant in 2005. Bonds issued in 2005 (and subsequently refunded in 2015) and State Revolving Fund loans were used to fund the work. There is an opportunity to refund the existing State Revolving Fund debt with new bonds and achieve savings; the Chief Engineer will discuss this matter. 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 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.



June 3, 2021

Board of Directors
Los Angeles County Sanitation District No. 14

Directors:

Wastewater Revenue Program for Fiscal Year 2021-22

The agenda for the upcoming meeting of the Board of Directors of County Sanitation District No. 14 contains items relating to wastewater budget matters for fiscal year (FY) 2021-22. These items include establishing an appropriations limit on the proceeds of taxes; adopting the sewerage system final budget; requesting the tax levy; and authorizing appropriations per the sewerage system budget.

The current service charge rate is \$40.66 per month (\$487.88 per year) per single-family home. Due to the ongoing COVID-19 pandemic no rate increases have been implemented since FY 2019-20, and the service charge rate for this upcoming fiscal year will remain at \$40.66 per month (\$487.88 per year). The currently adopted rate ordinance incorporates a rate increase for FY 2022-23.

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, an appropriations limit for each fiscal year. The appropriations limit for FY 2021-22 has been determined by adjusting the previous limit for FY 2020-21 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 days prior to its establishment by the Board of Directors.

FINAL BUDGET FOR FISCAL YEAR 2021-22

Enclosed for your review is the proposed final fiscal year 2021-22 budget for the District. The budget includes a list of proposed capital projects 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. In addition to the expenses directly incurred by the District for the facilities it owns, the final budget also includes each District's proportionate share of the costs associated with facilities and services jointly shared with other Districts. In accordance with the Joint Administration Agreement, Joint Administration costs are allocated to each signatory 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 the 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 Administration costs.

SUMMARY OF REQUIRED ACTIONS

It will be recommended that the Board of Directors adopt a resolution establishing the appropriations limit on the proceeds of taxes; adopt the budget for FY 2021-22; adopt a resolution requesting the tax levy; and authorize appropriations in the sewerage system budget, all as shown on the agenda.

Very truly yours,



Robert C. Ferrante

RCF:gc

Enclosures

Exhibit 1

SUMMARY OF 2021-22 APPROPRIATIONS LIMIT FOR EACH SANITATION DISTRICT

| DISTRICT NUMBER | 2020-21 APPRO. LMT. EXCLUDING MANDATED COSTS | POPULATION CHANGE FACTOR | APPRO. LMT.* CHANGE FACTOR | 2021-22 APPRO. LMT. EXCLUDING MANDATED COSTS | 2021-22 MANDATED COSTS | 2021-22 APPRO. LMT. INCLUDING MANDATED COSTS | ESTIMATED AD VALOREM TAX REVENUES | DISTRICT NUMBER |
|-----------------|--|--------------------------|----------------------------|--|------------------------|--|-----------------------------------|-----------------|
| 1 | \$ 19,204,731 | 0.9915 | 1.0483 | \$ 20,131,580 | \$ 2,219,732 | \$ 22,351,312 | \$ 4,111,000 | 1 |
| 2 | 33,019,457 | 0.9928 | 1.0497 | 34,659,907 | 3,308,977 | 37,968,884 | 8,314,000 | 2 |
| 3 | 23,242,506 | 0.9912 | 1.0480 | 24,358,378 | 2,467,177 | 26,825,555 | 6,329,000 | 3 |
| 4 | 3,045,496 | 0.9940 | 1.0509 | 3,200,565 | - | 3,200,565 | 775,000 | 4 |
| 5 | 48,591,297 | 0.9919 | 1.0487 | 50,956,938 | 3,684,997 | 54,641,935 | 13,866,000 | 5 |
| 8 | 9,098,812 | 0.9930 | 1.0499 | 9,553,242 | 1,086,820 | 10,640,062 | 2,278,000 | 8 |
| 9 | 1,169,324 | 0.9911 | 1.0479 | 1,225,323 | - | 1,225,323 | 113,000 | 9 |
| 14 | 54,166,232 | 0.9976 | 1.0548 | 57,133,053 | 12,443,534 | 69,576,587 | 1,843,000 | 14 |
| 15 | 19,213,498 | 0.9953 | 1.0524 | 20,219,455 | 2,751,012 | 22,970,467 | 8,989,000 | 15 |
| 16 | 13,475,457 | 0.9987 | 1.0559 | 14,228,614 | 1,508,932 | 15,737,546 | 6,454,000 | 16 |
| 17 | 1,874,114 | 0.9911 | 1.0479 | 1,963,865 | 194,075 | 2,157,940 | 694,000 | 17 |
| 18 | 14,467,671 | 0.9927 | 1.0496 | 15,185,496 | 1,712,711 | 16,898,207 | 5,003,000 | 18 |
| 19 | 5,675,185 | 0.9935 | 1.0504 | 5,961,377 | 516,724 | 6,478,101 | 1,704,000 | 19 |
| 20 | 43,707,697 | 0.9945 | 1.0515 | 45,958,888 | 12,881,483 | 58,840,371 | 1,606,000 | 20 |
| 21 | 55,167,641 | 0.9911 | 1.0479 | 57,809,621 | 2,115,417 | 59,925,038 | 5,108,000 | 21 |
| 22 | 12,848,423 | 0.9942 | 1.0512 | 13,505,684 | 1,622,951 | 15,128,635 | 5,097,000 | 22 |
| 23 | 6,463,450 | 0.9933 | 1.0502 | 6,788,019 | 237,742 | 7,025,761 | 514,000 | 23 |
| 27 | 975,892 | 0.9911 | 1.0479 | 1,022,627 | - | 1,022,627 | 417,000 | 27 |
| 28 | 1,099,696 | 0.9922 | 1.0491 | 1,153,639 | 60,648 | 1,214,287 | 778,000 | 28 |
| 29 | 911,875 | 0.9933 | 1.0502 | 957,666 | 77,630 | 1,035,296 | 165,000 | 29 |
| SBC | 25,453,182 | 0.9932 | 1.0502 | 26,729,927 | 693,818 | 27,423,745 | 6,487,000 | SBC |
| SCV | 23,040,225 | 0.9995 | 1.0568 | 24,347,964 | - | 24,347,964 | 8,249,000 | SCV |
| 34 | | | | | | N/A** | | 34 |
| NR | | | | | | N/A** | | NR |

* This column represents the net change resulting from the percent change in population and the percent change in Per Capita Income of 5.73%.

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

**County Sanitation District No. 14 of Los Angeles County
Operating Fund Final Wastewater Budget (\$000)
Fiscal Year 2021-22**

| | 2020-21 | 2021-22 |
|---|------------------|------------------|
| <u>Beginning Balance</u> | \$ 24,492 | \$ 24,760 |
| <u>Sources of Funds</u> | | |
| Service Charge | \$ 32,394 | \$ 33,643 |
| Industrial Waste | 2,449 | 2,754 |
| Contract Revenue | 1,432 | 1,349 |
| Total Operating Revenues | 36,275 | 37,747 |
| Ad Valorem Taxes | 1,474 | 1,843 |
| Interest | 649 | 627 |
| Total Non-Operating Revenues | 2,123 | 2,470 |
| Transfers from Capital Improvement Funds | 667 | 3,490 |
| Total Sources of Funds | \$ 39,064 | \$ 43,707 |
| <u>Use of Funds</u> | | |
| Joint Administration Operations | \$ 3,049 | \$ 3,181 |
| District No. 14 Sewer System Operations | 662 | 685 |
| Treatment Plant Operations | 11,889 | 12,292 |
| Other Operational Expenditures | 343 | 141 |
| Total Operations and Maintenance Expenditures | 15,944 | 16,299 |
| Joint Administration Capital | 185 | 285 |
| District No. 14 Sewer System Capital | 650 | - |
| Treatment Plant Capital | 1,449 | 4,625 |
| Total Capital Expenditures | 2,284 | 4,910 |
| Loan Repayment | 6,856 | 6,856 |
| Bond Repayment | 9,999 | 9,998 |
| Total Debt Service | 16,854 | 16,854 |
| Transfers to Designated Reserves | 4,852 | 9,784 |
| Total Use of Funds | \$ 39,934 | \$ 47,847 |
| <u>Ending Balance</u> | \$ 23,622 | \$ 20,621 |

**County Sanitation District No. 14 of Los Angeles County
Local Capital Project Final Wastewater Budget (\$000)
July 1, 2021 through June 30, 2022**

| Project | Description | 2021-22 Budget | Expected Completion | Total Budget (1) |
|---|--|-------------------|------------------------|---------------------|
| Biosolids Air Drying | Construction of full-scale biosolids air drying facilities to save on O&M costs | 840 | 2021-22 | 1,100 |
| Power Distribution System Modifications | Modernization of the existing system to include redundant power feeds and improve the maintainability and reliability of the power systems | 3,000 | 2022-23 | 4,500 |
| Groundwater Adjudication | Ongoing legal costs to protect the District's groundwater allotment as a result of ongoing appeals to the groundwater adjudication | 135 | 2023-24 | 1,325 |
| Lancaster WRP Preliminary and Primary Treatment Upgrades | Replace and/or expand capacity of influent pump station, preliminary treatment, and primary sedimentation tanks | 500 | 2025-26 | 40,000 |
| Lancaster WRP - Repair of Spillway at C-Dike in Piute Ponds | Repair aging spillway | 50 | 2021-22 | 100 |
| Contingency for treatment plant capital projects | Contingency funding for unplanned capital projects at the Lancaster WRP | 100 | N/A | N/A |
| District No. 14 Treatment Plants | | \$ 4,625 | | |
| Total Capital Projects | | \$ 4,625 | | |

(1) Includes past, current, and future amounts

**County Sanitation District No. 14 of Los Angeles County
Reserve Funds Final Budget (\$000)
Fiscal Year 2021-22**

| | Unrestricted | Designated | | | Restricted | Total |
|----------------------------------|------------------|----------------|------------------------------|--|--------------------------|------------------|
| | Operating Fund | Emergency Fund | O&M Financial Stability Fund | Capital Project Financial Stability Fund | Capital Improvement Fund | |
| Beginning Balance | \$ 24,760 | \$ 448 | \$ 34,170 | \$ 8,412 | \$ 2,606 | \$ 70,396 |
| Total Operating Revenues | 37,747 | - | - | - | - | 37,747 |
| Total Non-operating Revenues (1) | 2,470 | - | - | - | 26 | 2,496 |
| Total Capital Revenues (2) | - | - | - | - | 858 | 858 |
| Total O&M Expenditures | 16,299 | - | - | - | - | 16,299 |
| Total Capital Expenditures | 4,910 | - | - | - | - | 4,910 |
| Total Debt Service | 16,854 | - | - | - | - | 16,854 |
| Net Transfer to (from) Fund | (6,294) | (11) | 16,010 | (6,215) | (3,490) | - |
| Ending Balance | \$ 20,621 | \$ 437 | \$ 50,180 | \$ 2,197 | \$ - | \$ 73,435 |

(1) Total Non-operating Revenues for Designated and Restricted Reserves represent interest revenue restricted to that fund.

(2) Total Capital Revenues for the Capital Improvement Fund are Connection Fees Received.

**County Sanitation District No. 14 of Los Angeles County
Final Wastewater Budget Rate and Other Information Summary
Fiscal Year 2021-22**

| | <u>2020-21</u> | <u>2021-22</u> |
|--|----------------|----------------|
| <u>Service Charge Rate (\$ per Sewage Unit)</u> | 487.88 | 487.88 |
| <u>Industrial Waste (Surcharge) Rates</u> | | |
| Flow (\$ per million gallon per year) | 3,232.00 | 3,232.00 |
| COD (\$ per 1000 lb) | 363.80 | 363.80 |
| SS (\$ per 1000 lb) | 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>Connection Fee Rate (\$ per Capacity Unit)</u> | 3,151.76 | 3,163.64 |
| <u>Projected Sewage Units</u> | | |
| Residential and Commercial | 66,398 | 68,958 |
| Industrial Waste | 2,002 | 1,926 |
| Industrial Waste Contract | 297 | 250 |
| Contract In | 135 | 110 |
| Total Served Sewage Units | <u>68,832</u> | <u>71,244</u> |

Sanitation Districts of Los Angeles County
Wastewater Budget Explanation and Glossary of Terms
Fiscal Year 2021-22

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. |