

MINUTES OF THE ADJOURNED REGULAR MEETING
 OF THE BOARD OF DIRECTORS OF
 COUNTY SANITATION DISTRICT NO. 14
 HELD AT THE OFFICE OF THE DISTRICT
 VIA TELECONFERENCE

May 13, 2021
 9:30 o'clock, A.M.

The Board of Directors of County Sanitation District No. 14 of Los Angeles County met pursuant to adjournment at the regular meeting held April 28, 2021, via teleconference, in the absence of all members. The Secretary reported that a copy of the Notice of Adjournment was posted as required by law and that proper affidavits of the posting are on file in the Secretary's Office.

There were present: Steven Hofbauer, Director from Palmdale
 Kathryn Barger, Alternate Director from Los Angeles County
 Marvin Crist, Chairperson pro tem, Alternate Director from Lancaster

Absent: None

Also present: Kimberly S. Christensen, 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.

RE: MINUTES Upon motion of Director Barger, duly seconded and unanimously carried by a roll-call vote, the minutes of the special meeting held April 1, 2021, were approved.

RE: DISTRICT EXPENSES The following expenses for the month of March 2021 were presented and upon motion of Director Barger, duly seconded and unanimously carried by a roll-call vote, were approved:

Local District Expenses:	
Operations & Maintenance (O & M)	\$1,278,694.32
Capital	84,306.92
Allocated Expenses:	
Joint Administration	117,827.13
Technical Support	132,424.48
Legal	35,045.08
Total Expenses	<u>\$1,648,297.93</u>

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 An announcement was made that today the Board would hold a combined public hearing, and the proposed rates associated with the service charge, industrial wastewater surcharge, and connection fee rates, and the collection of the service charge on the property tax roll were presented. Based on direction from the Board and in response to economic impacts related to the COVID-19

pandemic, new service charge and industrial wastewater surcharge rate ordinances were introduced at the April 1, 2021, Board meeting. These ordinances would eliminate the previously approved rate increase for fiscal year 2021-22, with rates for fiscal year 2022-23 remaining unchanged from the previous ordinances. In addition, adoption of an updated Service Charge Report is required to collect the wastewater service charge on the property tax roll. A letter discussing the wastewater revenue program accompanies the agenda, together with a copy of the Service Charge Report, preliminary budget, and a budget explanation and glossary. 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 current service charge rate is \$40.66 per month (\$487.88 per year) per single-family home and, due to the ongoing COVID-19 pandemic, no rate increase is being proposed for this upcoming fiscal year. Likewise, there are no rate increases being proposed to the industrial surcharge rates for this upcoming fiscal year.

Upon motion of Director Barger, duly seconded and unanimously carried by a roll-call vote, the Chairperson opened a combined public hearing scheduled at this time and place on the Service Charge Report, proposed service charge and industrial wastewater surcharge rate ordinances, and collection of the service charge on the property tax roll for County Sanitation District No. 14 of Los Angeles County.

In accordance with Section 5473 of the Health and Safety Code of the State of California, the *County Sanitation District No. 14 Service Charge Report for Fiscal Year 2021-22* was filed on March 11, 2021, and publication of two newspaper notices for today's public hearing were published in the *Antelope Valley Press*, a daily newspaper. The Service Charge Report addresses the continued collection of the service charge for the District on the tax roll. These charges are needed to supplement the District's existing revenue sources for the forthcoming fiscal year, as discussed in the letter to the Boards dated May 7, 2021.

The Chairperson announced this was the time for any questions or comments by members of the public. There being none, the Chairperson closed the public hearing.

RE: SERVICE CHARGE PROGRAM
ADOPT SERVICE CHARGE REPORT

Following the public hearing, upon motion of Director Barger, duly seconded and unanimously carried by a roll-call vote, the Board of Directors of County Sanitation District No. 14 of Los Angeles County approved and adopted the *County Sanitation District No. 14 Service Charge Report for Fiscal Year 2021-22*, which was filed with the Clerk of the Board on March 11, 2021.

RE: WASTEWATER REVENUE PROGRAMS
SERVICE CHARGE AND INDUSTRIAL
WASTEWATER SURCHARGE ORDINANCES
ADOPT - FIND EXEMPT FROM CEQA

Proposed service charge and industrial wastewater surcharge ordinances (Ordinances) were presented for adoption. In connection with the adoption of the Ordinances, the Board may adopt written findings in support of the exemption from the California Environmental Quality Act (CEQA) in the record of proceedings.

A recommendation was made that the Ordinances be adopted, and that the Board make the finding that adoption of the Ordinances is exempt from CEQA under Section 15273 of the State Guidelines for implementation of CEQA.

Upon motion of Director Barger, duly seconded and unanimously carried by the following roll-call vote:

- AYES: Directors Hofbauer, Barger, and Crist
- NOES: None
- ABSENT: None
- ABSTAIN: None

An Ordinance Prescribing the Service Charge Rate and Mean Loadings per Unit of Usage for County Sanitation District No. 14 of Los Angeles County, and Providing for the Collection of Such Charges on the Tax Roll and An Ordinance Prescribing Industrial Wastewater Surcharge Rates for County Sanitation District No. 14 of Los Angeles County, were adopted. Furthermore, the Board found that the adoption of the Ordinances are exempt from the California Environmental Quality Act (CEQA) under Section 15273 of State Guidelines for Implementation of CEQA on the basis that CEQA does apply to the modification of rates or other charges which are for the purpose of meeting operating expenses, purchasing equipment, and funding capital projects necessary to maintain services within existing service areas; and that the proposed rate increases are for the purpose of (1) meeting operating expenses, including employee wage rates and fringe benefits, (2) purchasing or leasing supplies, equipment, or materials, (3) meeting financial reserve needs and requirements, or (4) obtaining funds for capital projects necessary to maintain service within existing service areas, as reported to the Board of Directors by the Chief Engineer and General Manager and as reflected in the official minutes of the District on file at the office of the District.

Debt Refinancing. The Chief Engineer and General Manager stated that he has previously discussed the option of refinancing the District's debt. He advised that the current interest rates for refinancing are low. Staff is working on a couple of options to bring to the Board in June. The District could refinance debt to reduce the amount owed to the state. The District owes \$57 million in State Revolving Fund loans with a 2.56 percent interest rate. Bonds could be issued with a 0.82 percent interest rate, and some of the cash reserves could pay off the loans resulting in issuance of a smaller bond amount. Using cash reserves reduces annual debt payment. The two options to refinance debt are: 1) the District could refinance all of the existing debt at a lower interest rate. This would save \$400,000-\$500,000 per year in debt service; 2) the District can utilize some cash reserves and issue a smaller amount of bonds to save more per year. This matter will be brought to the Board in June.

In response to Director Barger, the Chief Engineer and General Manager stated that staff will consider the impact to the District's credit rating for both options. He advised that staff would make certain that the District's credit rating remains good in order to finance future projects. This information will be included on the report in June.

Vista Equity Pacific Housing. The Chief Engineer and General Manager stated that Vista Equity Pacific Housing, a Developer, has proposed that the District enter into a Joint Community Facility District Agreement to allow financing of their connection fees. The development consists of 56 homes. The California Municipal Finance Authority has already initiated the facility district formation with the city. Staff will be bringing necessary documents and actions to the Board.

He stated that the Districts has entered into similar agreements in other areas, including one in Newhall Ranch and another one, FivePoint Valencia, in Santa Clarita.

The meeting was adjourned by the Chairperson.

MARVIN CRIST
Chairperson pro tem

ATTEST:

KIMBERLY S. CHRISTENSEN
Secretary

/ak