

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

MONDAY March 15, 2021 At 11:30 A.M.

Governing Body	Director	Alternate
SANTA CLARITA	MIRANDA	MC LEAN
SANTA CLARITA	WESTE (Chairperson)	MC LEAN
LOS ANGELES COUNTY	SOLIS	BARGER

1. Public Comment
2. Approve Minutes of Adjourned Regular Meeting Held January 25, 2021
3. Approve December 2020 Expenses in Amount of \$15,396,540.53

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)	\$ 2,208,078.44
Capital	12,779,634.42
Allocated Expenses:	
Joint Administration	167,749.12
Technical Support	<u>241,078.552</u>
Total Expenses	<u>\$15,396,540.53</u>

4. Approve and Order Executed [First Amendment to Recycled Water Sales Agreement By and Between County Sanitation Districts Nos. 26 and 32 of Los Angeles County and the Castaic Lake Water Agency](#) (Amendment)

Summary: The existing *Agreement for Sale of Recycled Water* was executed in 1996 between the Santa Clarita Valley Sanitation District, formerly Districts Nos. 26 and 32, and the Castaic Lake Water Agency, now Santa Clarita Valley Water Agency, and expires on July 24, 2021. The proposed Amendment updates the Parties' respective names, updates the pricing information to account for annual increases based on the Consumer Price Index, and extends the agreement term by five years. Staff has determined that the proposed Amendment is exempt or otherwise not subject to the provisions of CEQA pursuant to Title 14 of the California Code of Regulations Section 15061(b)(3) as well as, alternatively, Section 15301. The Amendment is consistent with the Districts' Guiding Principles to provide reliable and responsible services with safety first, maximize use of our assets and resources (recycled water, recyclables, and energy); and the commitment to operational excellence (protection of public health and the environment, regulatory compliance, and cost effectiveness).

5. Receive and Order Filed [Comprehensive Annual Financial Report](#) (CAFR) for Fiscal Year Ending June 30, 2020

Summary: Copies of the Districts' CAFR for the fiscal year ending June 30, 2020, which includes the annual audit required by state and federal laws, have 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. Adopt Policies as Follows:

- (a) Investment Policy
- (b) Wastewater Financial Reserve Policy

Summary: Having sound investment, debt management, and financial reserve policies is crucial to maintaining the Districts' financial stability. Changes are being proposed to the existing investment and wastewater financial reserve policies that will improve the Districts' performance with little to no risk. No changes are being proposed for the debt management policy. In October, the Personnel Committee (comprised of the Chairpersons of all the active Districts) unanimously endorsed the recommendations. A letter summarizing the proposed policies and changes, along with copies of the policies, are attached. 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.

7. 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 2021-22 for Each Parcel (\$370 Per Single-Family Home), Filed with Clerk of Board of Directors of District
- (b) Establish Date, Time, and Place for Public Hearing on Report; Order Publication of Required Public Notices, and Authorize Secretary to the Board to Revise Date, Time, and Place for Public Hearing if Required Due to Scheduling Conflict

Summary: Filing of the Service Charge Report is required each year in order to collect the wastewater service charge on the property tax roll. No rate increases are recommended for fiscal year 2021-22. A letter discussing the service charge rate and recommended increase, the fiscal year 2021-22 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.

8. CLOSED SESSION – Conference with Legal Counsel Pursuant to *California Government Code Section 54956.9(d)(1)* - Existing Litigation – Four Cases: *Affordable Clean Water Alliance v. Santa Clarita Valley Sanitation District*, Los Angeles County Superior Court Cases Nos. BS 145869; BS 161742; BS 170983; and 19 STCPO 3670

Summary: The Chief Engineer and General Manager and District Counsel will discuss this matter in closed session.

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.



November 6, 2020

Board of Directors
County Sanitation Districts
of Los Angeles County

Directors:

Financial Policies

The agendas for the upcoming meetings of all Board of Directors contain an item regarding financial policies. These policies form the cornerstone of the Districts' financial practices, and are intended to provide guidance when preparing budgets, adopting rates, and developing long-term capital programs. Use of the policies helps create financial stability, allowing us to provide the vital services in a cost-effective manner, weather periods of economic downturn without having to impose significant rate increases, and construct capital projects in a timely fashion despite fluctuations in costs from year to year.

Narrow changes to the investment and financial reserve policies were presented to the Personnel Committee in October, who unanimously endorsed them. They are now being brought to the individual Boards for the Directors' consideration and adoption. No changes are being proposed to the debt management policy. Copies of the policies showing the proposed revisions are attached. This letter summarizes the recommended changes.

INVESTMENT POLICY

The current policy for all Districts other than District Nos. 17 and 27 and Newhall Ranch allows up to 20% of the Districts' funds to be invested in medium-term corporate notes (MTCN), with no more than 10% limit invested in A-rated MTCNs and the remainder requiring a minimum AA rating. Smaller limits apply to individual issuers.

It is recommended that the 20% limit be increased to 30%. This revision would result in all Districts having the same MTCN limit and would also be consistent with Los Angeles County and most Districts' cities. Over time, the increase will allow for additional investments in MTCNs, which generally provide higher investment returns compared to the County Pooled Surplus Investment Fund or government agency notes. The total additional return could be approximately \$1 million per year across all of the Districts.

WASTEWATER AND SOLID WASTE FINANCIAL RESERVE POLICIES

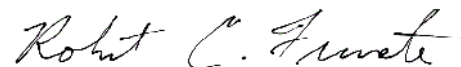
The wastewater financial reserve policies currently provide for the use of sinking funds, which provide a mechanism for setting aside revenue for certain routine and recurring capital projects. It is recommended that these projects instead be included in the normal planning process for capital projects, thereby eliminating the need for sinking funds.

The existing policies provide for a Natural Disaster Fund, which is intended to provide temporary funding in the event of a natural disaster in order to continue Districts' operations with the expectation that reimbursement would eventually be received from insurance or state or federal sources. The fund currently has a balance of approximately \$17 million. It is recommended that use of this fund be expanded to include natural disaster-related expenses not covered by other sources, and to allow use of the fund to pay for insurance claims that fall within the \$5 million Self-Insured Retention layer not covered by the Districts' umbrella liability policy. By expanding the use of this fund, the risk to any one District or solid waste entity from a rare, high-cost event is significantly reduced. The proposed revision also includes a more structured mechanism for reviewing the target for this fund.

In July of this year, new wastewater connection fee ordinances took effect for all Districts other than the City of Los Angeles contract districts (Nos. 4, 9 and 27). The new ordinances allow for connection fee revenue to be used for all capital projects, whereas the previous ordinances required the funds to only be used for projects that increase capacity of the Districts' facilities. Revisions to the wastewater reserve policies are recommended that will make the reserve policies consistent with the new ordinances.

The revised Investment Policies and the Wastewater Financial Reserve Policies will be presented to all boards for approval. The Solid Waste Financial Reserve Policy will be presented to District No. 2, as administrative district for the Solid Waste System.

Very truly yours,

A handwritten signature in cursive script that reads "Robert C. Ferrante".

Robert C. Ferrante

RCF:MAE:av

INVESTMENT POLICY

**For Approval by
Santa Clarita Valley Sanitation District
March 15, 2021**

March 2021

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Investment Policy

1. Policy Statement

This Investment Policy of County Sanitation District No. 17 of Los Angeles County (District) provides for the prudent investment of the District's funds and the effective management of investment activities. This Policy covers all investment activities directly controlled by the District.

2. Treasurer; Administration

- 2.1 The District's Chief Engineer and General Manager is hereby appointed Treasurer of the District, and is trustee of the District's funds.
- 2.2 The Treasurer, or his or her designee, is hereby authorized to implement this Policy, and to manage, deposit, and invest District funds in accordance with this Policy and all provisions of law.
- 2.3 The Treasurer shall report to the Board of Directors in accordance with the requirements of law and this Investment Policy.

3. Trustee's Duties and Objectives

The District and the Treasurer are trustees of the public funds of the District and shall implement this Policy using the prudent investor standard and the priority of investment objectives below.

3.1 Prudent Investor Standard

The prudent investor standard is set forth in California Government Code Section 53600.3, which provides:

“When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency. Within the limitations of this section and considering individual investments as part of an overall strategy, investments may be acquired as authorized by law.”

3.2 Investment Objectives

- 3.2.1 The District's priority of investment objectives is set forth in Government Code Section 53600.5, which provides:

“When investing, reinvesting, purchasing, acquiring, exchanging, selling or managing public funds, the primary objective of a trustee shall be to safeguard the principal of the funds under its control. The secondary objective shall be to meet the liquidity needs of the depositor. The third objective shall be to achieve a return on the funds under its control.”

3.2.2 The Treasurer shall pursue these objectives as follows:

- (a) *Safety of Principal:* In safeguarding the principal of District funds the District Treasurer shall evaluate or cause to have evaluated each potential investment, seeking both quality in issuer and in underlying security or collateral, and shall diversify the portfolio to reduce exposure to loss.
- (b) *Liquidity:* In order to meet the District’s liquidity needs, investments must be made so that maturity dates are compatible with cash flow requirements and, when required, permit easy and rapid conversion into cash.
- (c) *Return on Investments:* Investments will be undertaken to produce a market rate of return after first considering safety of principal and liquidity.

4. Investment Instruments Allowed

The District’s funds may be invested in the following investment instruments:

4.1 Los Angeles County Pooled Surplus Investment Fund (PSIF)

The PSIF is a pooled investment fund created under Government Code Section 27000 et seq. and is administered by the Los Angeles County Treasurer and Tax Collector. PSIF is a voluntary government investment pool that allows local agencies to participate in a major portfolio using the investment expertise of the Los Angeles County Treasurer’s investment staff. Investments in PSIF typically consist of those funds required to cover the District’s operating needs.

4.2 State of California Local Agency Investment Fund (LAIF)

LAIF is a pooled investment fund created under Government Code Section 16429.1 et seq. and is administered by the California State Treasurer. LAIF is a voluntary government investment pool that allows local agencies to participate in a major portfolio using the investment expertise of the State Treasurer's Office investment staff.

4.3 Medium-Term Notes

Medium-term notes are all corporate and depository institution debt securities with a maximum original maturity of five years or less, issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States. To be eligible as a District investment, medium-term notes must be rated “A” or its equivalent or better by S&P Global Ratings, Moody’s Investor Services, Inc., or Fitch Ratings, Inc.

4.4 County Sanitation Districts of Los Angeles County (LACSD) Debt Instruments

LACSD Debt Instruments, as provided for in Government Code Section 53601(e) and more specifically described in the District's Debt Management Policy, consist of the District borrowing from its Capital Improvement Fund.

4.5 Investments Allowed in the Los Angeles County Treasurer and Tax Collector's Investment Policy

Any other investments allowed in the Los Angeles County Treasurer and Tax Collector's Investment Policy and not already specified in this Policy are incorporated, by reference, into this Policy.

4.6 Deposits held at Nationally- or State-chartered Banks, or State or Federal Savings and Loan Associations

Banking or savings and loan institutions holding demand deposits for the District must meet the definitions provided in California Financial Code section 5102 and must have a rating of "A" or better on its long-term debt by S&P Global Ratings, Moody's Investor Services, Inc., or Fitch Ratings, Inc. Demand deposits must be fully collateralized in accordance with California Government Code Section 53652.

4.7 Shares of beneficial interest in funds investing in U.S. dollar-denominated money market securities (Money Market Funds)

Money Market Funds in which the District invests must be registered with the Securities and Exchange Commission under the Investment Company Act of 1940, and have achieved the highest letter ranking by two of the following: S&P Global Ratings, Moody's Investor Services, Inc., or Fitch Ratings, Inc.

5. Investment Limits and Allocation

5.1 The Treasurer shall continuously evaluate market conditions economic data, interest rate trends and forecasts, and the District's cash flow requirements. When appropriate, the Treasurer shall obtain quotations from brokers, dealers, banks, savings and loan institutions and the Los Angeles County Treasurer's Office. Investments in the PSIF and LAIF will be monitored continually. All of these factors must be considered, among other things, in determining where, in what denomination and for what maturity investments are made.

5.2 There are no limits on the percentages of funds invested in any of the allowable investment instruments, except that:

5.2.1 The total of the medium-term notes may not exceed 30% of the District's funds, with no more than 10% in aggregate in medium-term notes rated A.

5.2.2 No more than 10% of the District's funds may be invested in the securities of any single corporate entity or depository institution rated AA or greater and no more than 2% of the District's funds may be invested in the securities of any single corporate entity or depository institution rated A.

5.2.3 No more than 20% of the District's funds may be invested in Money Market Funds, and no more than 10% of the District's funds may be invested in any single Money Market Fund.

- 5.3 The percentage limitations in Section 5.2 will apply at the time the investment is made. For purposes of calculating these percentages, District funds include all cash and investments of the District as reflected in the District's most recent books of account.

6. Maximum Maturities

- 6.1 The Treasurer shall match investments with anticipated cash flow requirements. Except for LACSD Debt Instruments, the Treasurer will not invest in securities with a remaining maturity of more than five years unless approved by the Board of Directors, either specifically or as a part of an investment program, at least three months prior to purchase.
- 6.2 Funds may be invested in LACSD Debt Instruments for the lesser of thirty years or until the funds are needed for the purpose for which they were collected or restricted, unless otherwise restricted by law.

7. Purchasing Entities

- 7.1 Investments not purchased directly from the issuer or not purchased using pooled funds in PSIF or LAIF must be purchased through the Los Angeles County Treasurer. The Los Angeles County Treasurer, in accordance with Government Code Section 53601.5, must purchase these investments from or through:
- 7.1.1 An institution licensed by the State of California as broker/dealer, as defined in Section 25004 of the Corporations Code;
 - 7.1.2 A member of a federally regulated securities exchange;
 - 7.1.3 A national or state-chartered bank;
 - 7.1.4 A savings association or a federal association; or
 - 7.1.5 A brokerage firm designated as a primary government dealer by the Federal Reserve Bank.

8. Investment Safekeeping

To ensure a high degree of internal safety, all certificates or other evidence of securities or other investments purchased by or for the District will be held for safekeeping by the Los Angeles County Treasurer in a manner that reflects the District's ownership.

9. Reporting Requirements

In accordance with Government Code Section 53646, the Treasurer shall prepare and submit a quarterly report to the Board of Directors. The quarterly report must comply with applicable law and include the security type, issuer, investment yield, date of maturity, par value, amount invested, current market value and source of this valuation. Any investments in PSIF or LAIF will be included with a summary of that pool's most recent investment statement.

10. Internal Control

In addition to the certified public accountant’s yearly independent audit of the District, the Treasurer will cause the District’s Internal Auditor to conduct quarterly audits of the investment portfolio to ensure compliance with this Investment Policy and related procedures.

11. Ethics and Conflicts of Interest

Officers and employees of the Districts involved in the investment process are prohibited from personal business activities that could conflict with proper execution of the Districts’ investment program, or which could impair their ability to make impartial investment decisions. Employees and investment officials must disclose to the Treasurer any material financial interests in financial institutions, broker dealers and vendors that conduct business with the Districts’ and must disclose any larger financial/investment positions which could relate in a conflicting manner to the performance of the Districts’ investment portfolio by filing Form 700 annually.

12. Investment Policy Adoption

This Policy will be reviewed on an annual basis and any modifications must be approved by the Board of Directors. Prior to that review, the matter will be referred to the Personnel Committee (comprised of the Chairpersons of the Board of Directors of the each active County Sanitation District of Los Angeles County) for its consideration.

Adopted this _____ day of _____.

WASTEWATER
FINANCIAL RESERVE POLICY

For Approval by
Santa Clarita Valley Sanitation District
March 15, 2021

March 2021

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Wastewater Financial Reserve Policy

1. Policy Statement

Santa Clarita Valley Sanitation District of Los Angeles County (District) is a provider of essential public services and, to that end, has made an extensive investment in public infrastructure, operating facilities, and other related assets. Given the impact these essential services have on public health, the environment, and the overall quality of life, very few options exist for service reduction levels in the event of revenue shortfalls or other funding deficiencies. Maintaining prudent financial reserves provides the resources to allow the District to continue to fulfill its commitment to deliver reliable and high quality service to its customers. Financial reserves provide significant benefits including:

- Stabilizes user charge rates, creating more certainty so ratepayers can better plan their budgets;
- Minimizes risk associated with borrowing, which can result in lower interest costs;
- Demonstrates the District's financial stability to credit rating agencies;
- Improves liquidity so capital projects can be constructed in a timely fashion, despite fluctuations in cost from year to year;
- Allows the District to effectively respond to economic, environmental, and regulatory changes.

2. Treasurer; Administration

- 2.1 The District, through its Investment Policy, has appointed the District's Chief Engineer and General Manager as the Treasurer of the District.
- 2.2 The Treasurer, or his or her designee, is hereby authorized to implement this Policy, and establish and maintain all financial reserves in accordance with this Policy and all provisions of law.
- 2.3 The Treasurer shall develop procedures to implement this Policy and shall report to the Board of Directors (Board) in accordance with the requirements of law and this Policy.

3. Types of Funds/Reserves

The District will maintain its financial assets in various "Funds" as described in this Policy. Fund balances will be maintained in amounts sufficient to meet appropriate target goals, as established in this Policy in cash and/or cash equivalents, and permitted investments as prescribed in the District's Investment Policy. The District's Funds are categorized under this Policy as Unrestricted, Designated, or Restricted as follows:

3.1 Unrestricted

The Unrestricted Fund includes all monies collected or generated by or on behalf of the District, without regard to the source, except those that have been deemed to be Designated or Restricted. ~~These monies are available for spending with no legal, regulatory, or Board-imposed restrictions.~~

3.2 Designated

Designated Reserve Funds are the group of Reserve Funds for which the Board has imposed restrictions on the use of the monies in them for specific purposes such as capital facilities, land acquisition, and repair and replacement of existing assets. The Board may designate these purposes either through specific action or through approval of the annual budget. These monies are not otherwise legally restricted, and the Board has the discretion to redesignate the actual or intended usage of these monies.

3.3 Restricted

Restricted Reserve Funds are the group of Reserve Funds that have been established to comply with restrictions that have been imposed externally through law (federal, state, or local governments), administrative action (District adopted ordinances), or contractual arrangements (e.g., bond indentures, State Revolving Fund installment sales agreements). The monies in Restricted Reserve Funds can only be used for the purpose for which they were established or dedicated until the restrictions are removed by the party that imposed them or the contractual agreement that created them has expired.

4. System Funds

The District may participate with other members of the County Sanitation Districts of Los Angeles County (collectively, the Districts) in separate agreements (e.g., the Joint Administration, Joint Outfall System, and Solid Waste System Agreements). Funds necessary for operations related to these agreements will be pooled. Except for Funds dedicated solely to the Solid Waste System, all pooled Funds will be held and managed by County Sanitation District No. 2 of Los Angeles County as the administrative district for the Districts in accordance with the respective agreements and District No. 2's Wastewater Financial Reserve Policy. District No. 2 will separately adopt a Solid Waste Reserve Policy for all Solid Waste Funds.

5. Unrestricted Funds

5.1 Operating Fund

5.1.1 Purpose

Monies in the Operating Fund may be used for any purpose consistent with the budget, other Board direction, legal requirements and this Policy. Operating Fund monies include all types of revenue unless otherwise designated or restricted. The Operating Fund must be sufficient to meet the cash flow needs of the District and to meet current and anticipated expenses in accordance with the long-term budgetary projections.

5.1.2 Targeted Goal

The minimum targeted goal balance on July 1 of each fiscal year is the projected net expenses during the first six months of that fiscal year. Net expenses shall be equal to all projected expenses less any anticipated revenues (e.g., industrial wastewater surcharges) and funding sources (e.g., State Revolving Fund loans).

5.1.3 Review Timeline

The minimum targeted goal shall be reviewed annually in conjunction with the adoption of the District's final budget.

5.1.4 Funding

All revenues other than those placed in Designated or Restricted Reserve Funds shall be placed in the Operating Fund.

6. Designated Reserves

The Designated Reserve Funds include the Emergency Fund, ~~various Sinking Funds~~, the Operations and Maintenance Financial Stability Fund, the Capital Projects Financial Stability Fund, the Natural Disaster Fund, and any other funds designated by the Board of Directors other than Restricted Reserve Funds.

6.1 Emergency Fund

6.1.1 Purpose:

The District budgets for all anticipated expenditures, but emergencies and unforeseen circumstances can occur during the course of the year. The Emergency Fund is intended to provide funding for work that must be undertaken to address emergencies or unforeseen circumstances (such as repairing a sinkhole) and to ensure the District can continue to provide all of its vital public services.

6.1.2 Targeted Goal:

The targeted goal balance is the greater of:

(a) 0.5% of the Net Sewerage Operations Capital Assets as identified in the most recently filed Comprehensive Annual Financial Report multiplied by the ratio of the total number of sewage units in the District to the total number of sewage units in all Districts; or.

(b) \$50,000.

6.1.3 Review Timeline:

The targeted goal will be reviewed and adjusted annually in conjunction with the adoption of the District's final budget.

6.1.4 Funding:

The Treasurer will on July 1 of each year transfer from or to its Operating Fund an amount equal to its targeted goal for the new fiscal year less its targeted goal for the just ended fiscal year.

6.2 Operations and Maintenance (O&M) Financial Stability Fund

6.2.1 Purpose:

The O&M Financial Stability Fund is a dynamic fund that will be used to facilitate wastewater rates transitioning smoothly from year to year. Monies will be withdrawn from this Fund in some years, allowing expenses to be met without having to impose spiked increases in the rates. In other years, monies will be deposited into this Fund, replenishing it in lieu of having spiked decreases in the rates. In any given year, as the need arises, the District may use up to 10% of the Fund for any purpose without Board authorization, in addition to any use previously authorized as part of the rate setting and budget process. When monies are used from this Fund that drop the balance below the targeted goal, the Treasurer will prepare a plan to fully restore the Fund to its targeted goal by the latter of

(a) five years; or

(b) six years of the date for which the last adopted service charge becomes or has become effective.

6.2.2 Targeted Goal:

The long-term targeted goal balance is equal to six months of O&M expenses plus one year of debt service (excluding any debt service that has a Debt Service Reserve Fund).

6.2.3 Review Timeline:

The targeted goal will be reviewed and adjusted annually in conjunction with the adoption of the District's final budget.

6.2.4 Funding:

The Treasurer will annually transfer moneys from its Operating Fund to the O&M Financial Stability Fund an amount equal to the annual targeted goal. If the transfer of the full targeted goal amount would cause an undue financial hardship on the District or result in a significant rate hike, the Treasurer may transfer less than the targeted goal provided a plan has been prepared to achieve the targeted goal within ten years. In order for the fund balance to be less than 50% of the targeted goal, the sum of the monies in the fund plus the amount the District can borrow from its Capital Improvement Fund, pursuant to the District's Debt Management Policy, must be greater than 60% of the targeted goal.

6.2.5 Additional Monies

The District may also place additional monies into the O&M Financial Stability Fund at any time so that the balance exceeds the targeted goal. Monies in excess of the targeted

goal can be withdrawn at any time without prior Board authorization as part of the overall plan to stabilize rates.

6.3 Capital Projects Financial Stability Fund

6.3.1 Purpose:

The size and scope of capital projects (and the associated cost) varies from year to year, which could result in peaks and valleys in user charge rates if the projects are to be funded dollar-for-dollar in the year in which the expenses are incurred. This Fund will ensure that monies are not only available to meet capital expenses over the long-term, but also to meet the annual demand without requiring significant rate fluctuations.

6.3.2 Targeted Goal:

The targeted long-term average goal balance will be equal to the greater of

(a) The difference between the projected maximum and average annual capital expenditures to be cash funded from revenues identified in the Capital Improvement Plan over the ensuing ten years; or

(b) \$100,000.

6.3.3 Review Timeline:

The targeted goal will be reviewed and adjusted annually in conjunction with the adoption of the District's final budget.

6.3.4 Funding:

The Treasurer will annually transfer monies from its Operating Fund to the Capital Projects Financial Stability Fund an amount equal to the annual targeted goal. If the transfer would cause an undue financial hardship on the District or result in a significant rate hike, the Treasurer may transfer less than the targeted goal provided a plan has been prepared to achieve the target goal within ten years. In no case shall the fund balance be less than \$100,000 immediately after the annual transfer.

6.3.5 Additional Monies

The District may place additional monies into the Capital Projects Financial Stability Fund at any time so that the balance exceeds the targeted goal. Monies in excess of the targeted goal can be withdrawn at any time without prior Board authorization as part of the overall plan to stabilize rates.

~~6.4 Sinking Funds~~

~~6.4.1 Purpose:~~

~~Sinking Funds are the systematic accumulation of funds set aside for a specified time frame for the specific purpose of funding recurring major capital projects or their replacements. A separate sinking fund shall be established for each identified project,~~

~~which can be specific to this District or shared among many Districts. The reserves in the sinking fund can only be drawn upon for the identified project for which it was established, unless otherwise approved by the Board(s) of Directors.~~

~~6.4.2 Targeted Goal:~~

~~The targeted goal balance at the end of the sinking period (i.e. the number of years over which the reserves will be accumulated) will be equal to the total anticipated cost of the project, exclusive of any costs that may be financed with outside funding sources. If the sinking fund is for a project to be undertaken jointly with other Districts, the District's share will be equal to the annual target goal multiplied by the ratio of the total number of sewage units in the District to the total number of sewage units in all of the participating Districts.~~

~~6.4.3 Review Timeline:~~

~~The annual targeted goal will be reviewed and adjusted annually in conjunction with the adoption of the District's final budget.~~

~~6.4.4 Funding:~~

~~The Treasurer will annually transfer from its Operating Fund to each Sinking Fund an amount equal to its share of the targeted goal for that Sinking Fund divided by the number of years in the sinking period.~~

6.56.4 Natural Disaster and Self-Insured Retention (SIR) Fund

6.5.16.4.1 Purpose:

The Natural Disaster and SIR Fund is designated to pay for: 1) short-term costs in the event of an earthquake or other natural disaster in order to continue District operations until state or federal relief funds are received; 2) costs related to a natural disaster that do not result in reimbursement; and 3) costs incurred due to an insurance claim that requires the use of the Districts' SIR amount. This can include funding immediate repairs to existing facilities and, if the Joint Administration Office becomes unusable, securing other office space. The Natural Disaster and SIR Fund will be pooled, shared proportionally among the Districts and Solid Waste entities.

6.5.26.4.2 Targeted Goal:

The initial targeted goal balance for the pooled Natural Disaster and SIR Fund is \$17 million. The targeted goal and the appropriate share for each District and Solid Waste entity may be revised, as needed, to account for changes to risks, property values and SIR requirements.~~and The Districts' Insurance and Claims Coordinator will determine the appropriate share for each District and Solid Waste entity, taking into consideration such factors as value of assets and risk assessment.~~

6.5.36.4.3 Review Timeline:

The targeted goal balance will be reviewed and adjusted every five years with the first review beginning in 2022 to be completed by June 30, 2022.

6.5.46.4.4 Funding:

At the end of each five-year review period, the Treasurer will make a transfer from the Operating Fund to the Natural Disaster Fund, as necessary, for the District's share of any increase in the targeted goal.

6.66.5 Other Reserve Funds

From time to time, the Board of Directors may deem it prudent to establish other designated reserve funds in order to further the mission of the District. The Treasurer will create such Reserve Funds as directed and will establish appropriate targeted goals, review timelines, and funding mechanisms. This Policy will be amended to reflect the Board's direction with respect to any additional Designated Reserve Funds.

7. Restricted Reserves

7.1 Other Post-Employment Benefits (OPEB) Reserve Fund

7.1.1 Purpose:

The Districts collectively provide health care and dental benefits for all retired employees and their dependents or survivors. The Districts have voluntarily elected to enter into a prefunding plan for their OPEB program. The OPEB funds must be held by a qualified third-party trustee.

7.1.2 Targeted Goal:

The yearly targeted goal will be to transfer to the OPEB Reserve Fund an amount equal to the Districts' annual required contribution (ARC) as determined by a qualified actuarial consultant.

7.1.3 Review Timeline:

The actuarial review is required at least biennially.

7.1.4 Funding:

Each year the Treasurer will collectively transfer the ARC to the third party trustee in installments as required under the terms of the agreement with the trustee. Each transfer shall be apportioned among the Districts and Solid Waste entities in proportion to the salaries incurred by the District or Solid Waste entity since the previous transfer was made.

7.2 Debt Service Reserve Fund

7.2.1 Purpose:

Some debt instruments (e.g., bond indentures, installment sales agreements) may require a Debt Service Reserve Fund, typically equal to the maximum annual debt service over the life of the debt. A separate Debt Service Reserve Fund will be established for each

debt instrument that requires it. The monies in each Debt Service Reserve Fund will only be used:

- (a) to support payment of principal and interest of outstanding obligations if revenues pledged for repayment are insufficient to meet the required payment; or
- (b) to extinguish the debt.

7.2.2 Targeted Goal:

The targeted goal balance for any Debt Service Reserve Fund must equal the amount required by the associated debt instrument.

7.2.3 Review Timeline:

Each Debt Service Reserve Fund balance will be reviewed annually as part of the continuing disclosure process required under the debt instrument.

7.2.4 Funding:

Each Debt Service Reserve Fund will generally be funded at the time the debt is incurred, using a portion of the debt proceeds, if allowable. If the debt proceeds cannot be used to fund the Debt Service Reserve Fund, the Debt Service Reserve Fund may be funded from any allowable District's monies. If the District makes a draw on the Debt Service Reserve Fund, the Debt Service Reserve Fund must be replenished in the time and manner specified in the debt instrument.

7.3 Capital ~~Improvement~~ Fund

7.3.1 Purpose:

New users and existing users that significantly increase their wastewater discharge are required to pay a connection fee. ~~The connection fee is intended to recoup the incremental cost of expansion necessary to accommodate the additional discharge.~~ The capital ~~improvement~~ portion of the connection fee is deposited into one or more Capital ~~Improvement~~ Funds in accordance with the District's Master Connection Fee Ordinance. Funds are withdrawn as necessary to fund ~~expansion-related~~ capital projects. If the monies are not needed in the short-term, the District may borrow the funds as long as they are repaid with interest before they are needed.

7.3.2 Targeted Goal:

There is no targeted goal balance for the Capital ~~Improvement~~ Fund. The amount of money deposited into the Capital ~~Improvement~~ Fund is dependent on the rate at which additional burdens are placed on the wastewater system. The Capital ~~Improvement~~ Fund balance varies depending on connection fee revenues, expenditures for capital projects, and permitted borrowing from the Fund.

7.3.3 Review Timeline:

Connection fee rates will be reviewed annually.

7.3.4 Funding:

The capital ~~improvement~~ portion of the connection fees will be deposited into the Capital ~~Improvement~~ Fund in accordance with the District's Master Connection Fee Ordinance.

7.4 Bond Construction Fund

7.4.1 Purpose:

When bonds are issued, all of the proceeds are received at the time of issuance. Except for a small portion which is used for the cost of issuance, the proceeds are placed into a Bond Construction Fund and can only be used for the purposes identified in the Official Statement, Tax Certificate, and Installment Purchase Agreement for the bond issuance.

7.4.2 Targeted Goal:

The amount of money in the Bond Construction Fund is dependent on the size of the bond issuance, with the expectation that the proceeds will be expended in the time frames detailed in the Tax Certificate.

7.4.3 Review Timeline:

No review is necessary as there is a single deposit into each Bond Construction Fund.

7.4.4 Funding:

Bond proceeds, except for the cost of issuance, capitalized interest, any required debt service reserve funds, and refunding escrows, will be deposited into the Bond Construction Fund at the time of issuance.

7.5 Other Reserve Funds

From time to time, it may be necessary to establish other restricted reserve funds in accordance with law or other statutory requirements or with contractual agreements to which the District is a party. The Treasurer will create such Reserve Funds as mandated and will establish appropriate targeted goals, reviews, and funding mechanisms.

8. Wastewater Financial Reserve Policy Adoption

This Policy will be reviewed on an annual basis and any modifications must be approved by the Board. Prior to such review, the matter will be referred to the Personnel Committee (comprised of the Chairpersons of the Board of Directors of each active County Sanitation District of Los Angeles County) for its consideration.

Adopted this _____ day of _____.



February 5, 2021

Boards of Directors
Los Angeles County Sanitation Districts
of Los Angeles County

Directors:

Wastewater Revenue Program For Fiscal Year 2021-22

The agendas for the upcoming meetings of the Boards of Directors contain 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 rates have previously been adopted by the Boards 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 Boards must take certain actions. Specifically, pursuant to state law, the Boards 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.

SERVICE CHARGE AND SURCHARGE RATES

The service charge rates for the current fiscal year are attached. No change to the adopted rates is proposed for fiscal year 2021-22. 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 and industrial 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 2021-22

Enclosed for your review is the preliminary budget for fiscal year 2021-22; 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. If applicable, a preliminary budget for the Joint Outfall System (JOS) for fiscal year 2021-22, a list of proposed JOS capital projects, and information on JOS reserves has also been included to provide more detail on the District's share of Joint Outfall expenses but will only be adopted by District 2, the administrative District for the JOS.

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.

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 the date, time and location listed on the agenda.

At the June Board meetings, final budgets will be presented to the Boards of Directors for consideration as part of the overall budgetary process, adoption of which will authorize budget appropriations. In addition, the Boards 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 Districts 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

SANTA CLARITA VALLEY SANITATION DISTRICT SERVICE CHARGE REPORT FOR FISCAL YEAR 2021-22

INTRODUCTION

The Santa Clarita Valley Sanitation District of Los Angeles County (District) encompasses portions of the city of Santa Clarita and some of the surrounding unincorporated Los Angeles County.

The District provides wastewater management services for the area described above. The District is responsible for the operation and maintenance of the Saugus and Valencia Water Reclamation Plants and the large trunk sewers which convey wastewater to these facilities. These services are essential to protect the public health of the people served by the system.

The District must provide the revenue required to operate and maintain its facilities. The general revenue sources currently available to the District include a pro rata share of the ad valorem (property) taxes, service charges, industrial wastewater surcharges, grants, state low-interest loans, interest income, contract revenue and reserves. Any surplus will be transferred to designated reserves to meet targeted reserve requirements.

PROPOSED SYSTEM DESCRIPTION

The service charge revenue required pursuant to the *Master Service Charge Ordinance of Santa Clarita Valley Sanitation District 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 the District 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 (COD), and suspended solids (SS). 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 2021-22, the proportions of the total operation and maintenance and capital costs attributable to flow, COD, and SS have been assigned the following values:

- A = 0.2798
 B = 0.3239
 C = 0.3963

The service charge for each parcel is determined by multiplying the service charge rate by the number of sewage units attributable to the parcel. The sewage units attributable to a given parcel are determined by using the sewage unit formula above and the flow, COD and SS loadings from Table 1, which shows the corresponding values for each class of real property in the District. The number of sewage units attributable to a given parcel may be reduced pursuant to the terms of the *Master Service Charge Ordinance of Santa Clarita Valley Sanitation District of Los Angeles County* if the verifiable water usage attributable to the parcel is significantly less than that calculated using the values in Table 1.

Based upon presently anticipated sources of funds, the service charge rate for fiscal year 2021-22 is \$370 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 Santa Clarita Valley Sanitation District of Los Angeles County.

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

Unless not connected to the sewerage system, all parcels of real property within the 2021-22 Tax Rate Areas (TRAs) as shown in Table 2 are receiving or benefiting from the services and facilities of the District. Additionally, the parcels listed in Table 3, which are not within the TRAs, are also receiving or benefiting from the services and facilities of the District. 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

<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>
COMMERCIAL				
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
Mortuary, Funeral Home	1000 ft ²	100	1.33	0.67
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
SANTA CLARITA VALLEY SANITATION DISTRICT**

000000	000221	000223	000227	000281
000282	000325	000326	000330	000331
000332	000351	000353	000360	000362
000364	000386	000387	000390	000391
000393	000397	000405	000409	000420
000431	000439	000448	000450	000472
000508	000520	000550	000554	000564
000567	000569	000570	000584	000597
000601	000603	000612	000613	000621
000699	000704	000708	000717	000719
000729	000732	000769	000777	000801
000802	000803	000824	000826	000837
000887	000896	000906	000908	000922
000933	000935	000936	000937	000939
000947	000948	000955	000965	000966
000967	000975	000976	000977	000978
000979	001297	001299	001327	001340
001369	001403	001616	001623	001635
001754	001811	001862	002473	002477
002504	002603	002628	002694	002764
002910	002927	002933	003819	003823
003824	003826	003889	004624	004749
004951	004957	004967	005006	005798
006285	006419	006562	006594	006595
006606	006614	006633	006634	006635
006641	006642	006646	006648	006665
006705	006707	006786	006818	006819
006822	006823	006825	006828	006838
007152	007231	007643	007646	007647
007648	007649	007650	007651	007652
007653	007655	007669	007670	007673
007676	007677	007679	007711	007822
008014	008015	008046	008129	008379
008387	008544	008556	008581	008582
008659	008672	008674	008675	008676
008690	008704	008706	008710	008712
008717	008733	008762	008777	008828
008845	008847	008857	008858	008861
008865	008866	008900	008905	008907
008912	008913	008951	008970	008971
008972	008973	008980	008982	008999
009004	009276	009298	009313	009314

009322	009341	009358	009360	009370
009406	009423	009425	009523	009533
009573	009579	009718	009729	009755
009785	009786	009797	009863	009864
009865	009980	009981	009982	009984
009987	010216	010286	010292	010293
010294	010522	010523	010524	010526
010527	010535	010536	010571	010577
010582	010595	010596	010618	010721
010727	010732	010738	010742	010743
010746	010754	010764	010769	010770
010771	010791	010796	010811	010812
010813	010814	010815	010816	010817
010818	010819	010820	010821	010823
010840	011073	011158	011162	011165
011166	011167	011181	011237	011238
011239	011244	011245	011246	011317
011327	011351	011371	011372	011413
011432	011454	011506	011620	011631
011634	011675	011735	011736	011737
011766	011828	011829	011830	011833
011834	011835	011836	011850	011860
011879	011885	011886	011888	011889
011901	011904	011906	011915	012067
012081	012096	012097	012098	012135
012137	012147	012148	012169	012193
012194	012195	012196	012202	012204
012205	012289	012436	012438	012440
012446	012448	012449	012450	012458
012459	012474	012475	012478	012490
012491	012493	012494	012500	012501
012502	012543	012544	012551	012552
012557	012569	012594	012595	012596
012597	012605	012610	012651	012655
012676	012686	012687	012688	012692
012702	012707	012756	012757	012758
012778	012780	012781	012782	012783
012794	012849	012887	012925	012926
012927	012928	012929	012936	012937
012947	012999	013000	013072	013073
013129	013145	013147	013149	013150
013151	013163	013164	013166	013225
013301	013322	013348	013349	013350
013351	013352	013373	013429	013442
013443	013444	013445	013448	013449

013450	013499	013500	013503	013507
013513	013552	013581	013601	013611
013612	013614	013641	013642	013643
013644	013645	013646	013647	013648
013649	013652	013653	013654	013656
013689	013690	013696	013697	013698
013699	013700	013701	013702	013703
013704	013705	013706	013707	013727
013728	013737	013757	013759	013760
013761	013762	013763	013768	013769
013777	013783	013784	013787	013788
013793	013794	013798	013814	013816
013818	013819	013830	013840	013854
013855	013866	013867	013873	013878
013879	013880	013882	013902	013967
013968	013969	013970	013971	013972
013973	013974	013976	013977	013978
013979	013981	013982	013989	014043
014044	014045	014048	014049	014050
014054	014059	014076	014103	014121
014127	014128	014129	014147	014148
014177	014178	014261	014280	014282
014286	014309	014403	014404	014423
014424	014457	014458	014482	014493
014526	014528	014529	014535	014547
014556	014565	014569	014579	014584
014606	014617	014647	014661	014687
014699	014700	014701	014706	014708
014730	014741	014794	014795	014796
014809	014810	014812	014813	014814
014822	014832	014836	014845	014857
014859	014862	014865	014866	014875
014877	014880	014903	014910	014921
014931	014932	014933	014935	014939
014940	014953	014960	014963	015023
015044	015065	015072	015074	015077
015084	015089	015090	015098	015099
015100	015110	015111	015113	015114
015115	015138	015156	015162	015193
015220	015221	015235	015241	015242
015243	015244	015245	015246	015306
015307	015317	015331	015353	015359
015360	015363	015364	015380	015382
015384	015386	015387	015397	015407
015408	015409	015416	015426	015432

015434	015438	015446	015475	015476
015478	015506	015529	015536	015546
015552	015558	015561	015568	015569
015570	015602	015606	015615	015631
015637	015638	015640	015641	015642
015643	015644	015646	015739	015785
015794	015796	015798	015837	015838
015839	015840	015847	015848	015863
015867	015868	015872	015873	015875
015878	015913	015915	015933	015941
015959	015962	015969	015971	015972
015974	015976	015986	015990	015993
015998	015999	016000	016008	016009
016011	016012	016038	016047	016049
016051	016052	016064	016071	016111
016120	016126	016129	016130	016131
016154	016169	016176	016178	016193
016306	016321	016322	016325	016330
016333	016338	016345	016346	016348
016356	016360	016369	016378	016400
016434	016435	016459	016460	016503
016516	016519	016528	016531	016532
016534	016535	016538	016539	016540
016541	016543	016547	016548	016549
016550	016551	016559	016565	016575
016579	016580	016587	016588	016589
016603	016605	016618	016651	016656
016657	016658	016659	016670	016672
016674	016676	016688	016689	016690
016691	016699	016700	016707	016708
016717	016723	016733	016736	016760
016761	016767	016781	016783	016817
016833	016836	016837	016844	016848
016850	016861	016863	016869	016871
016872	016873	016879	016900	016911

**TABLE 3
PARCEL NUMBERS SERVED BY
SANTA CLARITA VALLEY SANITATION DISTRICT
OUTSIDE OF TAX RATE AREAS**

2802003032	2803024011	2805012014	2810043088	2812009030	2825013013
2830020028	2830020029	2830020030	2833001059	2834033018	2836060041
2837003040	2839012004	2839012005	2839012006	2839012007	2839012008
2839012011	2839012015	2839012016	2839013003	2839013004	2839014009
2839014042	2839015022	2839019013	2839019026	2839019027	2839020024
2840008030	2840011021	2840011022	2841018056	2841018057	2841063017
2854011031	2854051016	2854051017	2854051020	2854051061	2854051066
2854051068	2854051071	2854051072	2854051073	2854052001	2854052002
2854052003	2854052004	2854052005	2854052032	2854052035	2854055040
2854055041	2865016040	2865093066	2865093103	3231012001	3231012012
3231024024	3247031040	4459002035	8951927081	8951927082	8951927352
8951927363	8951927364	8951927365	8951927366	8951927367	8951927368
8951927369	8951927370	8951927371	8951927372	8951927373	8951927374
8951927375	8951927376	8951927377	8951927378	8951927379	8951927380
8951927381	8951927382	8951927383	8951927384	8951927385	8951927386
8951927413	8951927414	8951927415	8951927416	8951927417	8951927418
8951927419	8951927421	8951927422	8951927423	8951927424	8951927425
8951927426	8951927427	8951927428	8951927429	8951927430	8951927431
8951927432	8951927433	8951927434	8951927435	8951927436	8951927437
8951927438	8951927439	8951927440	8951927441	8951927442	8951927443
8951927444	8951927445	8951927446	8951927447	8951927448	8951927449
8951927450	8951927451	8951927452	8951927453	8951927454	8951927455
8951927456	8951927457	8951927458	8951927459	8951927460	8951927461

**Santa Clarita Valley Sanitation District
Operating Fund Preliminary Wastewater Budget (\$000)
Fiscal Year 2021-22**

	2020-21	2021-22
<u>Beginning Balance</u>	\$ 39,627	\$ 33,539
<u>Sources of Funds</u>		
Service Charge	\$ 36,342	\$ 36,791
Industrial Waste	2,136	3,566
Contract Revenue	1,114	887
Total Operating Revenues	39,592	41,245
Ad Valorem Taxes	7,586	8,249
Interest	795	740
Total Non-Operating Revenues	8,381	8,988
Grants	2,083	-
Loan Proceeds	34,682	50,146
Total Capital Revenues	36,765	50,146
Transfers from Capital Improvement Funds	16,447	14,894
Total Transfers In	16,447	14,894
Total Sources of Funds	\$ 101,185	\$ 115,274
<u>Use of Funds</u>		
Joint Administration Operations	\$ 5,377	\$ 5,529
District Sewer System Operations	623	744
Treatment Plant Operations	22,226	27,793
Other Operational Expenditures	651	533
Total Operations and Maintenance Expenditures	28,877	34,599
Joint Administration Capital	274	430
District Sewer System Capital	2,000	3,250
Treatment Plant Capital	50,938	61,361
Total Capital Expenditures	53,212	65,041
Loan Repayment	2,748	3,455
Transfers to Designated Reserves	30,724	7,652
Total Use of Funds	\$ 115,561	\$ 110,747
<u>Ending Balance</u>	\$ 25,251	\$ 38,066

Santa Clarita Valley Sanitation District
Local Capital Project Preliminary Wastewater Budget (\$000)
July 1, 2021 through June 30, 2022

Project	Description	2021-22 Budget	Expected Completion	Total Budget (1)
Soledad Canyon Relief Trunk Sewer Section 4	A new relief sewer is necessary to handle future flows associated with new developments either proposed or under construction.	\$ 3,150	2022-23	\$ 7,000
Castaic Pumping Plant Robicon VFD Replacement	Pumping plant improvements	\$ 100	2021-22	\$ 125
Santa Clarita Valley District Sewer System		\$ 3,250		
Valencia WRP Advanced Water Treatment Facility	Construction of an advanced water treatment facility as part of the Chloride Compliance Project	\$ 26,000	2022-23	\$ 103,100
Valencia WRP - Mechanically Stabilized Earth Retaining Wall Ground Improvements	Installation of retaining wall to provide ground improvements at the plant	3,600	2024-25	16,050
Valencia WRP UV Disinfection Facilities	Replacement of the existing chlorination facility with ultraviolet (UV) disinfection facility as part of the Chloride Compliance Project	1,440	2021-22	21,000
Saugus WRP UV Disinfection Facilities	Replacement of the existing chlorination facility with ultraviolet (UV) disinfection facility as part of the Chloride Compliance Project	1,060	2021-22	11,100
Valencia WRP Tertiary Filtration Facilities	Replaces the existing pressure media filters that are near the end of their useful life with new more cost-effective filters	9,000	2022-23	14,800
Valencia WRP Installation of Centrifuges	Installation of centrifuges to replace old, labor-intensive filter presses.	1,000	2023-24	6,000
Saugus WRP Concrete Repairs at Primary Effluent Channel	Concrete repairs due to damage from the various corrosive properties of wastewater	2,000	2021-22	3,000
Saugus WRP Power Distribution System Modifications	Modernizes the power distribution system to include redundant power feeds to improve the maintainability and reliability of the power systems at the plant	1,800	2022-23	6,500
Valencia WRP Power Distribution System Modifications	Modernizes the power distribution system to include redundant power feeds to improve the maintainability and reliability of the power systems at the plant	766	2024-25	19,900
Valencia WRP Generator Switchgear Control System Upgrades	Replacement of obsolete components of the switchgear	75	2022-23	400
Valencia WRP Locker Room Modifications	Locker space for additional workers due to the AWTF startup	20	2023-24	200
Valencia WRP North Return Activated Sludge Drawoff Piping Replacement	Replacement of corroded piping	100	2022-23	400
Valencia WRP Replacement of Primary Sedimentation Tank Aluminum Odor Control Covers	Installation of new covers due to severe corrosion of the existing covers	800	2022-23	900
Valencia WRP Stormwater Improvements at Valencia WRP	Stormwater improvements	100	2022-23	400
Valencia WRP Switchboard 35 Repairs	Replacement of damaged conduits	100	2022-23	200
Valencia WRP North Aeration Process Improvements (ESCO)	Enhancements of the secondary treatment system to improve energy efficiency and modernization of the power distribution systems	13,150	2022-23	36,300
Saugus WRP Laboratory	Laboratory building repairs and improvements	200	2021-22	200
Contingency for Treatment Plant Projects	Contingency funding for unplanned capital projects at the Valencia and Saugus treatment plants	150	N/A	N/A
Treatment Plants		\$ 61,361		
Total Capital Projects		\$ 64,611		

(1) Includes past, current, and future amounts

**Santa Clarita Valley Sanitation District
Reserve Funds Preliminary 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	\$ 33,539	\$ 620	\$ 25,367	\$ 14,450	\$ 43,164	\$ 117,140
Total Operating Revenues	41,245	-	-	-	-	41,245
Total Non-operating Revenues (1)	8,988	-	-	-	432	9,420
Total Capital Revenues (2)	50,146	-	-	-	2,110	52,256
Total O&M Expenditures	34,599	-	-	-	-	34,599
Total Capital Expenditures	65,041	-	-	-	-	65,041
Total Debt Service	3,455	-	-	-	-	3,455
Net Transfer to (from) Fund	7,242	(16)	7,756	(87)	(14,894)	-
Ending Balance	<u>\$ 38,066</u>	<u>\$ 604</u>	<u>\$ 33,123</u>	<u>\$ 14,363</u>	<u>\$ 30,811</u>	<u>\$ 116,966</u>

(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.

**Santa Clarita Valley Sanitation District
Preliminary 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>	370.00	370.00
<u>Industrial Waste (Surcharge) Rates</u>		
Flow (\$ per million gallon per year)	1,417.00	1,417.00
COD (\$ per 1000 lb)	323.00	323.00
SS (\$ per 1000 lb)	793.60	793.60
Peak Flow (\$ per gpm)	200.40	200.40
Short Form Rate (\$ per million gallon per year)	4,798.00	4,798.00
Liquid Waste Disposal (\$ per 100 gallon)	14.50	15.00
<u>Connection Fee Rate (\$ per Capacity Unit)</u>	2,961	2,961
<u>Projected Sewage Units</u>		
Residential and Commercial	98,222	99,435
Industrial Waste	848	512
Industrial Waste Contract	2,834	2,145
Contract In	62	59
Total Served Sewage Units	<u>101,966</u>	<u>102,151</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.