

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 June 14, 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 May 17, 2021
3. Approve April 2021 Expenses in Amount of \$3,657,290.16

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)	\$1,830,213.68
Capital	1,317,463.56
Allocated Expenses:	
Joint Administration	182,871.42
Technical Support	326,741.50
Total Expenses	<u>\$3,657,290.16</u>

4. Re: Wastewater Budget Matters for Fiscal Year 2021-22
 - (a) Establish by Resolution Appropriations Limit of \$24,347,964 as Required by California Government Code Section 7910
 - (b) Adopt Operating Fund Budget
 - (c) Resolution Requesting Tax Levy of \$8,249,000
 - (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.

5. **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 a potential settlement 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.



June 4, 2021

Boards of Directors
Los Angeles County Sanitation Districts

Dear Directors:

Wastewater Budget Matters for Fiscal Year 2021-22

The agendas for the upcoming meetings of the Boards of Directors for most Districts contain 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; authorizing appropriations per the sewerage system budget; and, for certain Districts, actions related to the previously filed Service Charge Report.

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 are the proposed final fiscal year 2021-22 budgets for the District and the Joint Outfall System (JOS), if applicable. Budgets include a list of proposed capital projects (if any) 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. The JOS budget will only be adopted by District 2, the administrative District for the JOS. Joint Administration and Joint Outfall costs are allocated to each 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 each 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 costs.

SERVICE CHARGE REPORT

Districts 4, 9, and 17 will also have an item regarding the Service Charge Report previously filed with the District Clerk. Adoption of the Report is needed for the continued collection of service charges on the property tax roll for residential, commercial and small industrial dischargers. This is the most cost-effective and efficient means of collecting the service charges.

Prior to considering adoption of the Report, the Board must hold a public hearing. The date, time, and location of the public hearing will be held as listed on the agenda. Notice of the public hearing was published twice in newspapers of general circulation within the District. Public testimony will be accepted at the hearing and all written comments must be received at or by this time. After all public input has been received by the Board, the public hearing will be closed, and the Board will consider adoption of the Report. A copy of the Service Charge report is attached for Districts considering this action.

SUMMARY OF REQUIRED ACTIONS

At the June Board meetings, it will be recommended that the Boards 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; authorize appropriations in the sewerage system budget; and adopt the Service Charge Report (certain Districts), 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.

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

	<u>2020-21</u>	<u>2021-22</u>
<u>Beginning Balance</u>	\$ 39,627	\$ 26,474
<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	<u>39,592</u>	<u>41,245</u>
Ad Valorem Taxes	7,586	8,249
Interest	795	795
Total Non-Operating Revenues	<u>8,381</u>	<u>9,043</u>
Grants	2,083	-
Loan Proceeds	34,682	50,146
Total Capital Revenues	<u>36,765</u>	<u>50,146</u>
Transfers from Capital Improvement Funds	16,447	-
Total Sources of Funds	\$ 101,185	\$ 100,434
<u>Use of Funds</u>		
Joint Administration Operations	\$ 5,377	\$ 5,473
District Sewer System Operations	623	744
Treatment Plant Operations	22,226	27,793
Other Operational Expenditures	651	533
Total Operations and Maintenance Expenditures	<u>28,877</u>	<u>34,544</u>
Joint Administration Capital	274	463
District Sewer System Capital	2,000	1,270
Treatment Plant Capital	50,938	43,441
Total Capital Expenditures	<u>53,212</u>	<u>45,174</u>
Loan Repayment	2,748	3,455
Total Debt Service	<u>2,748</u>	<u>3,455</u>
Transfers to Designated Reserves	30,724	6,639
Total Use of Funds	\$ 115,561	\$ 89,812
<u>Ending Balance</u>	\$ 25,251	\$ 37,096

Santa Clarita Valley Sanitation District
Local Capital Project Final 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.	\$ 1,150	2022-23	\$ 7,000
Castaic Pumping Plant Robicon VFD Replacement	Pumping plant improvements	\$ 120	2021-22	\$ 125
Santa Clarita Valley District Sewer System		\$ 1,270		
Valencia WRP Advanced Water Treatment Facility	Construction of an advanced water treatment facility as part of the Chloride Compliance Project	\$ 20,000	2023-24	\$ 110,500
Valencia WRP - Mechanically Stabilized Earth Retaining Wall Ground Improvements	Installation of retaining wall to provide ground improvements at the plant	550	2023-24	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	2,940	2022-23	27,500
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	400	2024-25	14,800
Saugus WRP Concrete Repairs at Primary Effluent Channel	Concrete repairs due to damage from the various corrosive properties of wastewater	750	2022-23	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	380	2021-22	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	1,050	2021-22	1,150
Valencia WRP Stormwater Improvements at Valencia WRP	Stormwater improvements	100	2022-23	400
Valencia WRP Switchboard 35 Repairs	Replacement of damaged conduits	25	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		\$ 43,441		
Total Capital Projects		\$ 44,711		

(1) Includes past, current, and future amounts

**Santa Clarita Valley Sanitation District
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	\$ 26,474	\$ 620	\$ 36,183	\$ 16,206	\$ 11,960	\$ 91,443
Total Operating Revenues	41,245	-	-	-	-	41,245
Total Non-operating Revenues (1)	9,043	-	-	-	120	9,163
Total Capital Revenues (2)	50,146	-	-	-	2,110	52,256
Total O&M Expenditures	34,544	-	-	-	-	34,544
Total Capital Expenditures	45,174	-	-	-	-	45,174
Total Debt Service	3,455	-	-	-	-	3,455
Net Transfer to (from) Fund	(6,639)	(16)	6,743	(87)	-	-
Ending Balance	<u>\$ 37,096</u>	<u>\$ 603</u>	<u>\$ 42,926</u>	<u>\$ 16,118</u>	<u>\$ 14,190</u>	<u>\$ 110,934</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
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>	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	14.50
<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.