

SPECIAL MEETING — BOARD OF DIRECTORS — COUNTY SANITATION DISTRICT NO. 14

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 and N-08-21, Directors will attend these meetings via teleconference. To join the meeting, click <https://us02web.zoom.us/j/8091438308> or enter the Meeting ID 809 143 8308 into the Zoom app on your smartphone or computer. Alternatively, you may join by phone by calling (669) 900-9128 and entering the Meeting ID. You may find further information at: www.lacsd.org/aboutus/governance/agenda_and_minutes/default.asp

THE DISTRICT MAY TAKE ACTION ON ANY AGENDA ITEM LISTED BELOW

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

At the call of the Chairperson, a special meeting of the Board of Directors of County Sanitation District No. 14 of Los Angeles County will be held at the above time and place for the purpose of:

1. Public Comment
2. Approve Minutes of Special Meeting Held July 28, 2021
3. Approve June and July 2021 Expenses in Amount of \$2,887,490.72

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)	\$2,089,581.07
Capital	250,591.99
Legal	1,417.50
Allocated Expenses:	
Joint Administration	234,887.86
Technical Support	298,053.28
Legal	<u>12,959.02</u>
Total Expenses	<u>\$2,887,490.72</u>

4. Authorize Issuance of Purchase Orders for Preliminary Treatment Equipment at Lancaster Water Reclamation Plant (WRP) as Follows:
 - (a) To Duperon in Amount of \$225,000 for Bar Screen Equipment
 - (b) To JWC Environmental in Amount of \$145,000 for Washer-Compactor Equipment

Summary: Plant influent flow is directed through preliminary treatment where debris is removed using either a bar screen or shredded by a comminutor. Screening debris removed from the bar screen are then deposited into a washer-compactor, where the debris is shredded, dewatered, and deposited in a trash bin for disposal. The comminutor is a backup unit to the existing bar screen and washer-compactor system and is also used during high flow events that exceed the capacity of the bar screen. The comminutor is over 25 years old and new replacement parts are no longer available. A redundant bar screen and washer-compactor system is needed to replace the obsolete comminutor. The bar screen and washer-compactor equipment provided by Duperon and JWC Environmental will match the existing preliminary treatment equipment that has been reliably operated for several years. Purchasing identical equipment will eliminate the need to maintain spare parts for different types of equipment and will introduce consistency in operation, maintenance, and staff training. These items are consistent with the Districts' Guiding Principles to protect financial and facility assets through prudent investment and maintenance programs; and commitment to operational excellence (protection of public health and the environment, regulatory compliance, and cost effectiveness).

5. Re: Annexation No. 433 to District
- Adopt Resolution for Making Application to Local Agency Formation Commission (LAFCO) for Annexation; Review, Consider and Find Adequate California Environmental Quality Act (CEQA) Document; and Consent to Waiver of Protest Proceedings
 - Adopt Joint Resolution with County of Los Angeles, Antelope Valley Cemetery District, Antelope Valley Resource Conservation District, City of Palmdale, Antelope Valley - East Kern Water Agency, and Antelope Valley Mosquito & Vector Control District Approving and Accepting Negotiated Exchange of Property Tax Revenues Resulting from Annexation

Summary: Annexation No. 433 consists of one proposed office building. Each annexation to the District's service area requires adoption of two resolutions by the Board. The first resolution authorizes submittal of the annexation application to LAFCO, approves the Notice of Finding, and consents to a waiver of the LAFCO protest hearing. The second resolution is a joint resolution with agencies that already provide services to the proposed annexation territory agreeing to the amount of property tax revenue that will be apportioned to the District in accordance with the Revenue and Taxation Code. A data sheet, map, and Notice of Finding are attached.

6. Adopt Resolution Approving Joint Community Facilities Agreement with California Municipal Finance Authority (Authority) and Pacific Communities Builder, Inc., (Developer)

Summary: In order to fund obligations to District No. 14 associated with its Pacific Palacio development, the Developer has proposed establishing a Community Facilities District (CFD) through the Authority pursuant to the Mello-Roos Community Facilities Act of 1982. In accordance with the Mello-Roos Act, the Authority is the sponsoring agency for the CFD. The District must be party to the Agreement since it would be the ultimate recipient of the bond proceeds. The District would have no obligations for issuing any CFD bonds or for repaying any bonds that might be issued. The proposed Resolution, a copy of which is attached, would authorize the Chief Engineer and General Manager to execute the Agreement. Staff has determined that Resolution and Agreement do not constitute a "Project" under the California Environmental Quality Act (CEQA) pursuant to California Public Resources Code Section 21065 and Title 14 of the California Code of Regulations ("CEQA Guidelines") Section 15378. This item is consistent with the Districts' Guiding Principle of commitment to fiscal responsibility and prudent financial stewardship.

7. Approve and Order Executed [*Joint Agreement for the Payment of the County Sanitation Districts of Los Angeles County Unfunded Accrued Liability \(UAL\) for the California Public Employees' Retirement System \(CalPERS\)*](#) (Agreement)

Summary: The proposed Agreement will effectuate the payment of the Districts' UAL obligation with CalPERS using funds set aside for Solid Waste landfill post-closure maintenance costs. In return, all Districts will contribute to a "Fee-In-Lieu Fund" that will be available for post-closure maintenance costs. The proposal will result in a cumulative \$250 million in savings for all Districts and provide a more certain funding source for post-closure maintenance costs. The Personnel Committee endorsed staff's recommendation that the Agreement be presented to each of the Boards for approval. The agreement will only be implemented if approval of a revised Pledge of Revenue Agreement is obtained from CalRecycle. A letter describing the proposed exchange with estimated interest savings for each District, the Agreement, and presentation slides are attached. Staff has determined that approval of the Agreement does not constitute a "Project" under the California Environmental Quality Act (CEQA) pursuant to California Public Resources Code Section 21065 and Title 14 of the California Code of Regulations ("CEQA Guidelines") Section 15378. This item is consistent with the Districts' Guiding Principles of commitment to fiscal responsibility and prudent financial stewardship; and to plan for both short-term and long-term needs to minimize the need for significant rate increases.

Adjourn

Status Report: Prior to or during the meeting session, the Chief Engineer and General Manager may update the Directors on various matters concerning the Districts that may be of current interest to the Directors.

Public Comment: Members of the public may address the Board of Directors on any item shown on the agenda or matter under the Board's authority. A "Request to Address Board of Directors" form is available. In compliance with the Americans with Disabilities Act, if you require special assistance to participate in this meeting, please contact the Secretary to the Boards' Office (562) 908-4288, extension 1100. Notification 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.

COUNTY SANITATION DISTRICT NO. 14 OF LOS ANGELES COUNTY

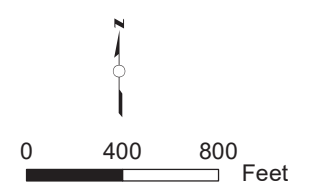
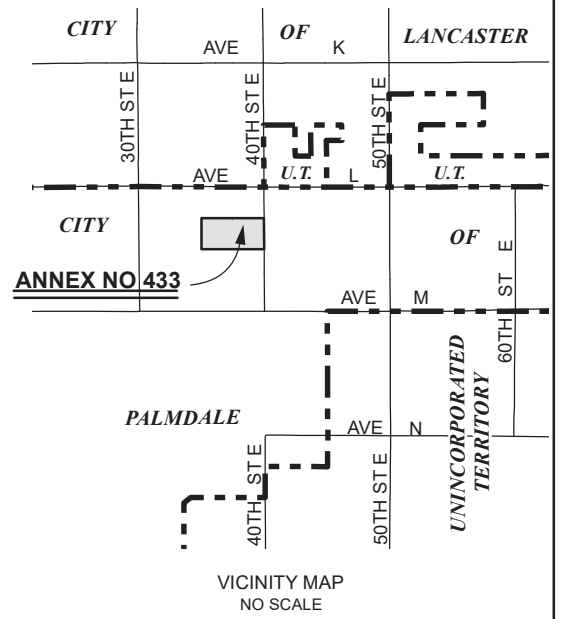
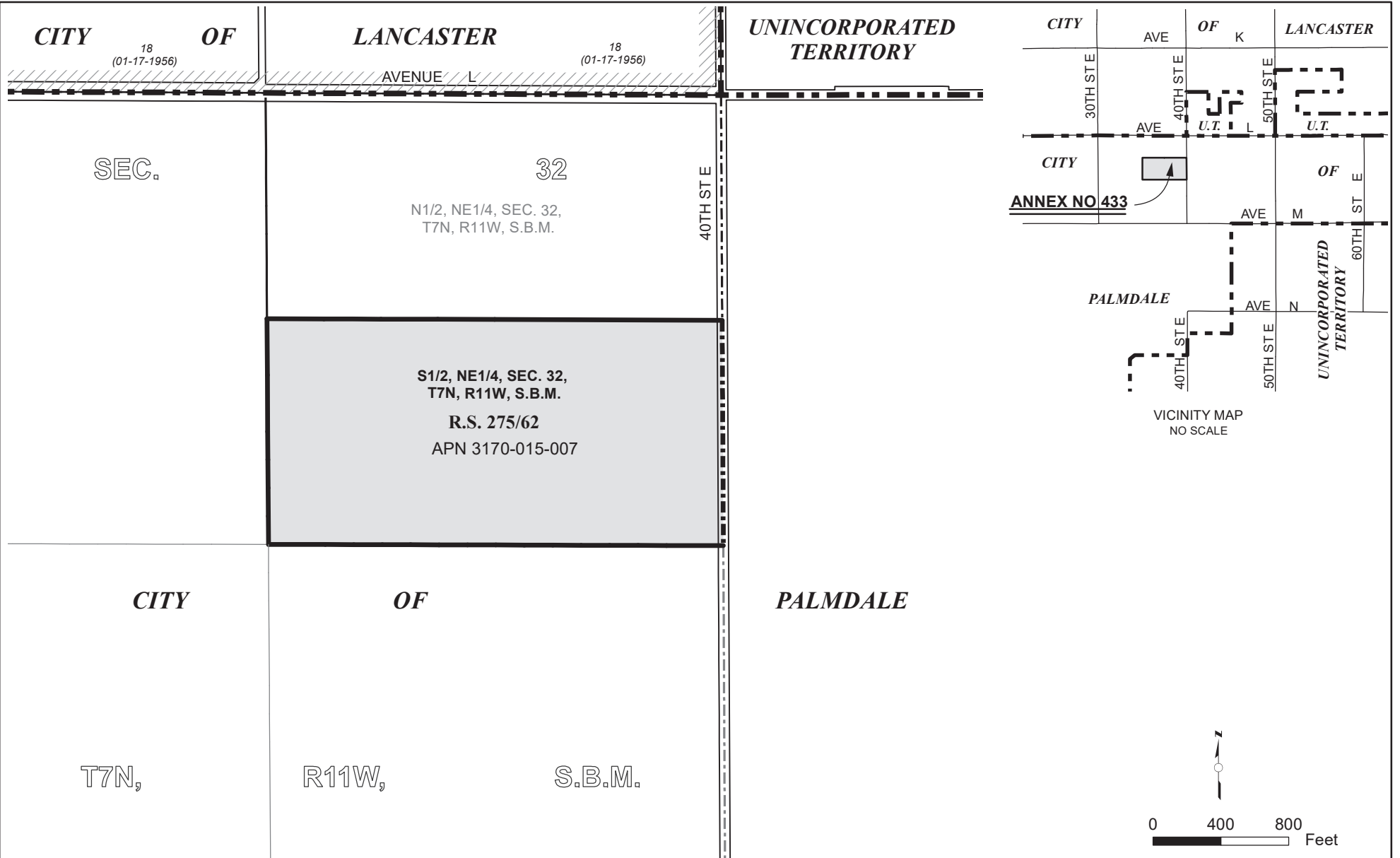
PROPOSED ANNEXATION NO. 433


AGENDA DATE: Resolution Making Application to LAFCO September 9, 2021


LOCATION: Thomas Brothers Map Page 4106 Grid G4, H4
Located on 40th Street East approximately 800 feet south of Avenue L, all within
the City of Palmdale.


PROCESSING FEES:	District	\$ 12,375.00
	Local Agency Formation Commission	6,000.00
	State Board of Equalization	<u>1,500.00</u>
	Total:	\$ <u>19,875.00</u>


DESCRIPTION & REMARKS: The annexation consists of one proposed office building.

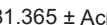


Annexation No. 433 shown thus 

Boundary of Sanitation District No. 14 prior to Annexation No. 433 shown thus 

City Boundary 

Prior Annexations shown thus 

Area of Annexation  81.365 ± Acres

ANNEX. NO. (RECORDING DATE)

LA County Assessor Landbase,
 CAMS Centerline, DPW City boundary
 LA County Sanitation Districts:
 AnnexationLayer and District Layer

COUNTY SANITATION DISTRICT NO. 14
 OF LOS ANGELES COUNTY, CA
 OFFICE OF CHIEF ENGINEER
 ROBERT C. FERRANTE
 CHIEF ENGINEER & GENERAL MANAGER

ANNEXATION NO. 433
 TO
 COUNTY SANITATION DISTRICT NO. 14

Recorded:

NOTICE OF FINDING/CERTIFICATE OF FILING

ANNEXATION NO. 433 TO COUNTY SANITATION DISTRICT NO. 14

THOMAS BROTHERS MAP PAGE 4106 GRID G4, H4

The annexation consists of one proposed office building.

1. **BASED UPON REVIEW AND STUDY, I FIND AND CERTIFY THAT:**

The annexation **is exempt** from the provisions of the California Environmental Quality Act, pursuant to the State CEQA Guidelines,

Section:

Reason:

The **Mitigated Negative Declaration** is adequate for consideration of the annexation.

The **Environmental Impact Report** is acceptable for consideration of the annexation.

ISSUED BY:

Los Angeles County Department of Regional Planning

City of Palmdale

2. The subject annexation has been set for consideration before the Board of Directors of County Sanitation District No. 14 at their meeting to be held on September 9, 2021 at the time and place as provided for the meeting of said date.
3. The subject annexation and all related documents are on file in the office of the Chief Engineer and General Manager, Los Angeles County Sanitation Districts, 1955 Workman Mill Road, (P.O. Box 4998) Whittier, California and may be examined by any interested person for further particulars. Telephone: (562) 908-4288, extension 2708.



Stan Pegadiotes
Division Engineer
Facilities Planning Department

JOINT RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF LOS ANGELES
ACTING IN BEHALF OF

Los Angeles County General Fund

Los Angeles County Consolidated Fire Protection District

THE BOARD OF DIRECTORS OF COUNTY SANITATION DISTRICT NO. 14 OF LOS ANGELES
COUNTY, AND THE GOVERNING BODIES OF

Antelope Valley Cemetery District

Antelope Valley Resource Conservation District

City of Palmdale

Antelope Valley - East Kern Water Agency

Antelope Valley Mosquito & Vector Control District

APPROVING AND ACCEPTING NEGOTIATED EXCHANGE OF PROPERTY TAX REVENUES
RESULTING FROM ANNEXATION TO COUNTY SANITATION DISTRICT NO. 14

"ANNEXATION NO. 433"

WHEREAS, pursuant to Section 99 and 99.01 of the Revenue and Taxation Code, prior to the effective date of any jurisdictional change which will result in a special district providing a new service, the governing bodies of all local agencies that receive an apportionment of the property tax from the area must determine the amount of property tax revenues from the annual tax increment to be exchanged between the affected agencies and approve and accept the negotiated exchange of property tax revenues by resolution; and

WHEREAS, the governing bodies of the agencies signatory hereto have made determinations of the amount of property tax revenues from the annual tax increments to be exchanged as a result of the annexation to County Sanitation District No. 14 entitled *Annexation No. 433*;

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:

1. The negotiated exchange of property tax revenues resulting from the annexation of territory to County Sanitation District No. 14 in the annexation entitled *Annexation No. 433* is approved and accepted.
2. For each fiscal year commencing on July 1, 2020, or after the effective date of this jurisdictional change, whichever is later, the County Auditor shall transfer to County Sanitation District No. 14 a total of 0.3355838 percent of the annual tax increment attributable to the land area encompassed within *Annexation No. 433* as shown on the attached Worksheet.
3. No additional transfer of property tax revenues shall be made from any other tax agencies to County Sanitation District No. 14 as a result of annexation entitled *Annexation No. 433*.

4. No transfer of property tax increments from properties within a community redevelopment project, which are legally committed to a Community Redevelopment Agency, shall be made during the period that such tax increment is legally committed for repayment of the redevelopment project costs.

5. If at any time after the effective date of this resolution, the calculations used herein to determine initial property tax transfers or the data used to perform those calculations are found to be incorrect thus producing an improper or inaccurate property tax transfer, the property tax transfer shall be recalculated and the corrected transfer shall be implemented for the next fiscal year.

The foregoing resolution was adopted by the Board of Supervisors of the County of Los Angeles, the Board of Directors of County Sanitation District No. 14 of Los Angeles County, and the governing bodies of Antelope Valley Cemetery District, Antelope Valley Resource Conservation District, City of Palmdale, Antelope Valley - East Kern Water Agency, and Antelope Valley Mosquito & Vector Control District, signatory hereto.

COUNTY SANITATION DISTRICT NO. 14
OF LOS ANGELES COUNTY

Chairperson, Board of Directors

ATTEST:

Secretary

Date

(SIGNED IN COUNTERPART)

**RESOLUTION OF THE BOARD OF DIRECTORS OF COUNTY
SANITATION DISTRICT NO. 14 OF LOS ANGELES COUNTY
APPROVING A JOINT COMMUNITY FACILITIES AGREEMENT FOR
PACIFIC PALACIO**

WHEREAS, Vista Equity LP, an affiliate of Pacific Communities Builder, Inc. (the “Developer”), has submitted an application requesting that the Board of the California Municipal Finance Authority (the “Authority”) institute proceedings under the Mello-Roos Community Facilities Act of 1982 (the “Act”) to establish a community facilities district;

WHEREAS, the Developer is developing the property proposed to be included within the boundaries of the Community Facilities District (the “Property”);

WHEREAS, the Property is within the service boundaries of County Sanitation District No. 14 of Los Angeles County (the “Sanitation District”);

WHEREAS, pursuant to the Act and said petition, the Board of the Authority has instituted proceedings to establish California Municipal Finance Authority Community Facilities District No. 2021-8 (City of Lancaster – Pacific Palacio) (the “Community Facilities District”), to authorize the levy of special taxes (the “Special Taxes”) upon the land within the Community Facilities District and the issuance of bonds (the “Bonds”) secured by the Special Taxes, the proceeds of which are to be used to finance certain public facilities;

WHEREAS, the facilities proposed to be financed by the Community Facilities District include certain facilities to be owned and operated by the Sanitation District (the “Sanitation District Facilities”) and certain facilities to be owned and operated by the City of Lancaster and certain other public agencies;

WHEREAS, Section 53316.2 of the Act provides that a community facilities district may finance facilities to be owned or operated by a public agency other than the agency that created the community facilities district only pursuant to a joint community facilities agreement or a joint exercise of powers agreement adopted pursuant to said Section;

WHEREAS, Section 53316.2 of the Act further provides that at any time prior to the adoption of the resolution of formation creating a community facilities district or a resolution of change to alter a district, or a resolution or resolutions authorizing issuance of bonds pursuant to Section 53356 of the Act, the legislative bodies of two or more local agencies may enter into a joint community facilities agreement pursuant to Sections 53316.2, 53316.4, and 53316.6 of the Act to exercise any power authorized by the Act with respect to the community facilities district being created if the legislative body of each entity adopts a resolution declaring that the joint agreement would be beneficial to the residents of that entity; and

WHEREAS, there has been presented to this meeting a form of Joint Community Facilities Agreement by and among the Authority, the Sanitation District and the Developer that provides for the financing of the Sanitation District Facilities from the proceeds of Bonds (such Joint Community Facilities Agreement, in substantially the form presented to this meeting, with such

changes, insertions and omissions as are made pursuant to this Resolution, being referred to herein as the “Joint Community Facilities Agreement”);

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of County Sanitation District No. 14 of Los Angeles County, as follows:

Section 1. Pursuant to Section 53316.2 of the Act, the Board of Directors of the Sanitation District (the “Board of Directors”) hereby declares and determines that the Joint Community Facilities Agreement will be beneficial to the residents of the territory served by the Sanitation District.

Section 2. The form of Joint Community Facilities Agreement, on file with the Secretary of the Board of Directors, is hereby approved. Each of the Chief Engineer and General Manager and the Secretary of the Board of Directors is hereby authorized and directed, for and in the name of the Sanitation District, to execute and deliver the Joint Community Facilities Agreement in the form presented to this meeting, with such changes, insertions and omissions as the Chief Engineer and General Manager may require or approve, such requirement or approval to be conclusively evidenced by the execution of the Joint Community Facilities Agreement by the Chief Engineer and General Manager.

Section 3. This Resolution shall take effect immediately upon its adoption.

PASSED AND ADOPTED by the Board of Directors of County Sanitation District No. 14 of Los Angeles County on _____, 2021.

Chairperson

ATTEST:

Secretary



September 3, 2021

Boards of Directors
Los Angeles County Sanitation Districts

Directors:

**Agreement for Payment of the Districts’
CalPERS Unfunded Accrued Liability (UAL) for Employees’ Pensions**

The agendas for the upcoming meetings of the Boards of Directors contain an item recommending approval of a proposed *Joint Agreement for the Payment of the County Sanitation Districts of Los Angeles County Unfunded Accrued Liability for the California Public Employees’ Retirement System* (Agreement), which is an agreement among the 24 Districts that effectuates the payment of the Districts’ UAL obligation with CalPERS using funds set aside for Solid Waste landfill post-closure maintenance costs. In return, all Districts will contribute to a “Fee-In-Lieu Fund” that will fund landfill post-closure maintenance costs. The proposal will result in a cumulative \$250 million in savings from avoided interest for all Districts and provide a more certain funding source for post-closure maintenance costs. The Personnel Committee endorsed presenting the Agreement to each of the Boards for approval.

UAL

The UAL is the outstanding pension liability owed by the Districts for past service by District employees, and results from CalPERS investments underperforming or demographic assumptions that have shifted resulting in higher retirement liabilities than expected. The UAL is determined annually by CalPERS. The Districts are required to make annual payments to pay down the UAL and these payments are calculated using a 7% interest rate. According to the CalPERS valuation report dated June 30, 2020, if the UAL was paid down in accordance with the minimum payment schedule, there would be approximately \$380 million in interest cost.

CalPERS allows and encourages additional payments above the minimum payment amount, including full payoff of the UAL at any time. A common practice for agencies is to pay the UAL off by issuing Pension Obligation Bonds (POBs) or similar financing mechanisms, which would carry a lower interest rate than the 7% used for UAL payments. An even better alternative is to use available reserves to pay off the UAL.

LANDFILL POST-CLOSURE MAINTENANCE RESPONSIBILITIES

Fifteen of the 24 Districts are signatory to an agreement that formed the Solid Waste System (SW System). As parties to the agreement, these 15 Districts own the Districts’ solid waste facilities including two closed landfills: Spadra and Puente Hills. The SW System is required to maintain environmental control systems at the landfills until they no longer pose a threat to the public health and safety and the environment. In order to provide funding for these post-closure maintenance responsibilities, approximately \$590 million has been set aside to provide interest revenue for post-closure maintenance costs, which are currently

approximately \$14 million per year. Earnings on the reserves is currently 1% to 2% and the interest revenue is falling short of maintenance costs.

PROPOSAL TO PAY OFF THE UAL

The proposed agreement calls for the use of up to \$470 million of the post-closure reserves to pay off the current UAL and potentially any new UAL that could be required in the next 2 years' CalPERS valuation reports. In return for use of post-closure maintenance reserves, all Districts would pay into a new "Fee-In-Lieu Fund" (Fund) which would be available for use by the SW System to pay for landfill post-closure maintenance costs. The Fund's purpose, targeted amount, and funding sources are defined in the proposed revisions to the Solid Waste Financial Reserve Policy. Payments into the Fund would continue as needed until the total payments made by the Districts equal the payments that would have been made on POBs. CalRecycle, which requires that the SW System demonstrate and pledge adequate revenue for post-closure maintenance costs, is currently reviewing revisions to the existing pledge of revenue agreement between District No. 2 and CalRecycle that will include the new Fee-In-Lieu fund payments as a source of revenue.

BENEFITS OF THE PROPOSAL

The proposed agreement provides significant benefits to all of the Districts:

- Saves approximately \$250 million in interest that would accrue on the UAL under the CalPERS payment schedule. Individual District savings are shown in the table on page 3.
- The savings translates into an immediate savings across the Districts of approximately \$20 million per year.
- The payments into the Fund in total will be no more than the payments that would have been made toward POBs, and the Districts will benefit from a longer payback period relative to bonds of approximately 40-60 years.
- The SW System achieves more certainty that funding of post-closure maintenance costs will be available, and in effect receives a higher interest rate than would be earned on its post-closure funds.

CONCLUSION / FUTURE ACTIONS

The Agreement was presented to the Personnel Committee at several meetings between September 2020 and April 2021 and the Committee unanimously endorsed presenting the agreement to each of the Boards for consideration. District No. 2 will also consider approval of the revised Solid Waste Financial Reserve Policy. A new pledge of revenue agreement between CalRecycle and District No. 2 will be executed at a future meeting, pending CalRecycle approval of the new revenue arrangement. After each of the documents has been approved and executed, post-closure maintenance funds will be used to pay off up to \$470 million in UAL accrued through June 30, 2022. Any additional or future UA will be addressed separately and is not included in this Agreement.

Very truly yours,



Robert C. Ferrante

Savings by District

District / Entity	Approximate Total Savings
District 1	\$ 12,200,000
District 2	18,900,000
District 3	13,300,000
District 4	300,000
District 5	20,900,000
District 8	13,000,000
District 9	-
District 14	9,300,000
District 15	13,400,000
District 16	5,600,000
District 17	800,000
District 18	10,100,000
District 19	2,300,000
District 20	9,700,000
District 21	13,500,000
District 22	8,000,000
District 23	3,000,000
District 27	-
District 28	200,000
District 29	1,600,000
South Bay Cities	5,000,000
Santa Clarita Valley	28,800,000
District 34	-
Newhall Ranch	1,000,000
Districts' SW System	33,700,000

Cumulative savings of the payments required under the proposed exchange, vs. the minimum payments required by CalPERS toward the UAL. Present value at 1.5% discount rate.



**LOS ANGELES COUNTY
SANITATION DISTRICTS**
Converting Waste Into Resources

CALPERS Unfunded Accrued Liability (UAL)/Post Closure Maintenance Funding Exchange

**For Consideration at
September 2021 Board
Meetings**

September 2021



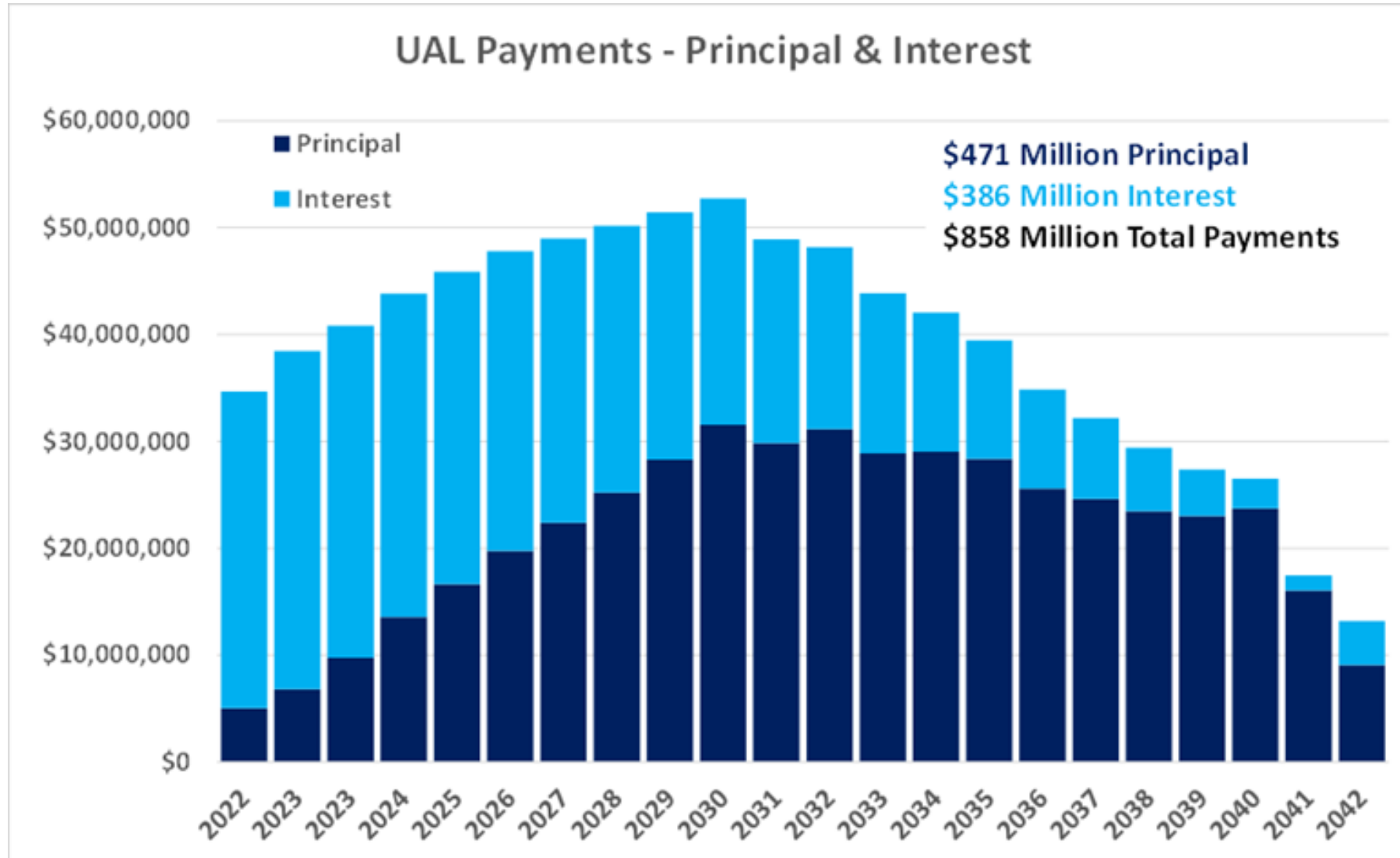
OUR SERVICE AREA

Introduction

- The Districts' Unfunded Accrued Liability (UAL) payments to CalPERS are a significant part of the Districts' labor costs. The payments are calculated as if the UAL was a loan at 7% interest.
- The Districts Solid Waste System Post-Closure Maintenance Funds are earning very low interest revenue.
- The proposal: Use landfill post-closure maintenance funds to pay off Districts' Unfunded Accrued Liability (UAL), and in return the Districts will cover post-closure maintenance costs.



CalPERS UAL Minimum Payment Schedule



Approximate payments as expected to be shown in the June 2020 report.



Landfill Post-Closure Maintenance

- Two distinct requirements:
 - Maintain environmental control systems until they no longer pose a threat to the public health and safety and the environment.
 - Demonstrate to CalRecycle that an ongoing revenue source is available for post-closure maintenance costs *or* turn funds over to trust for CalRecycle to manage.
- Current Pledge of Revenue Agreement with CalRecycle requires interest revenue generated by post-closure reserve funds be used for post-closure maintenance costs.



Proposal

- Use up to \$470 million of landfill post-closure maintenance funds to pay off UAL accrued through the June 30, 2022 report.
- In lieu of continuing to pay CalPERS UAL annual payments, Districts will pay a reduced annual fee into a “Fee-in-Lieu” fund.
- The “Fee-in-Lieu” would fund landfill post-closure maintenance costs until the total payments equal the payments that would have been made on Pension Obligation Bonds (POBs).



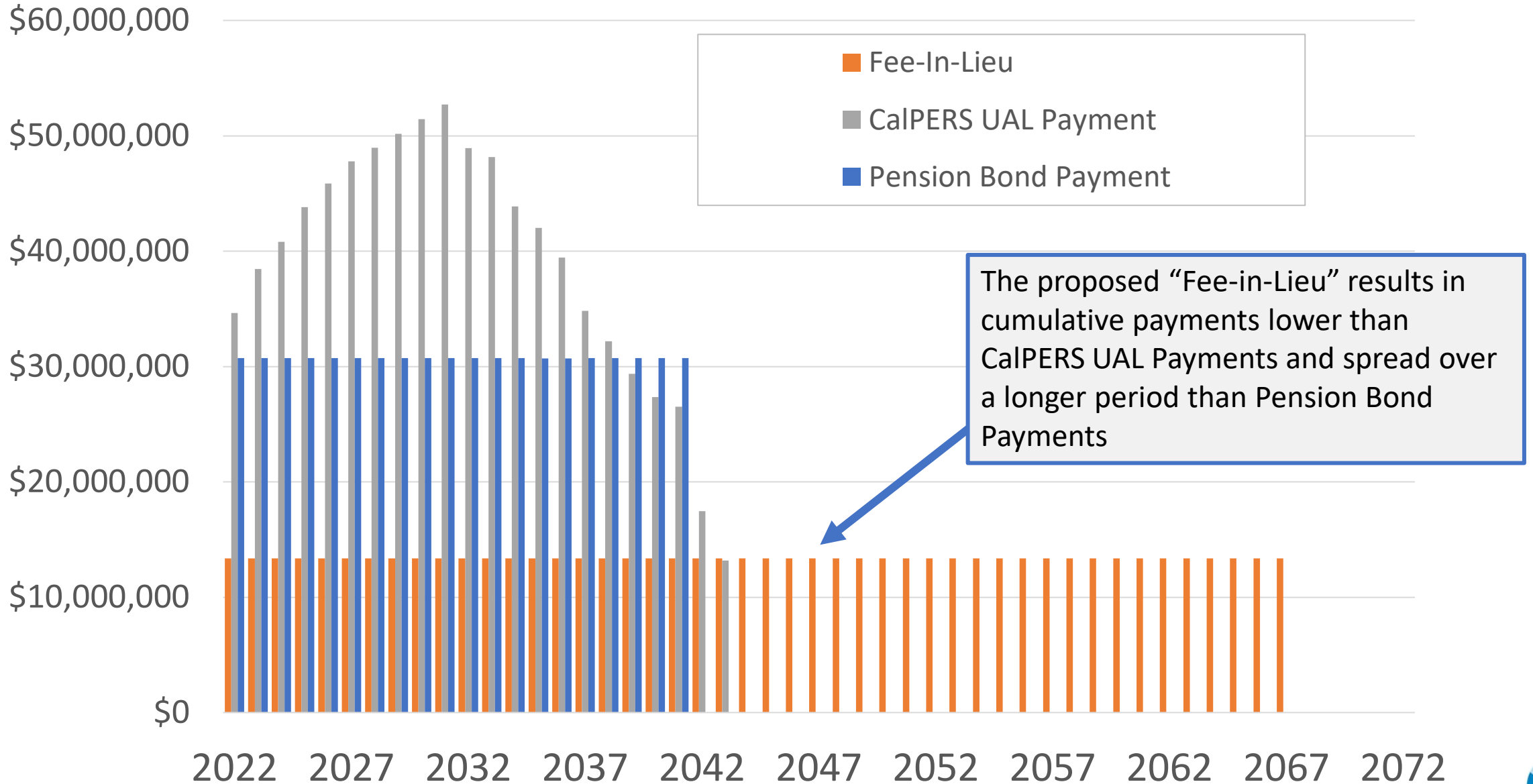
Advantages of Proposed Exchange

Julio Morales, Municipal Advisor, Urban Futures Inc.

- Using reserves is ideal for reducing or eliminating UAL.
- The proposed exchange is a solution that uses reserves that are currently committed to other purposes.
- Pension Obligation Bonds (POBs) are an alternative if no funds are available.
- Financial advantages of the proposed exchange over POBs:
 - Interest would be paid to others instead of supporting District activities.
 - Payments spread over 40 to 60 years, vs. 20 years for POBs.
- Equivalent exchange of obligations – UAL costs vs. post-closure maintenance costs.



Annual Cost Comparison



Short-Term Annual Savings by District

Continued UAL Payments vs. the Proposed "Fee-in-Lieu" Payments

	Approximate Annual Savings
District 1	\$ 1,540,000
District 2	2,340,000
District 3	1,720,000
District 4	20,000
District 5	2,610,000
District 8	1,200,000
District 9	-
District 14	860,000
District 15	1,810,000
District 16	890,000
District 17	120,000
District 18	1,230,000

	Approximate Annual Savings
District 19	\$ 330,000
District 20	740,000
District 21	1,600,000
District 22	1,130,000
District 23	260,000
District 27	-
District 28	40,000
District 29	120,000
South Bay Cities	540,000
Santa Clarita Valley	2,100,000
District 34	-
Newhall Ranch	60,000
Districts' SW System	3,680,000

Approximate annual savings, average for FY 2022 through FY 2026.



Total Savings by District

Continued UAL Payments vs. the Proposed "Fee-in-Lieu" Payments

	Approximate Total Savings	
District 1	\$	12,200,000
District 2		18,900,000
District 3		13,300,000
District 4		300,000
District 5		20,900,000
District 8		13,000,000
District 9		-
District 14		9,300,000
District 15		13,400,000
District 16		5,600,000
District 17		800,000
District 18		10,100,000

	Approximate Total Savings	
District 19	\$	2,300,000
District 20		9,700,000
District 21		13,500,000
District 22		8,000,000
District 23		3,000,000
District 27		-
District 28		200,000
District 29		1,600,000
South Bay Cities		5,000,000
Santa Clarita Valley		28,800,000
District 34		-
Newhall Ranch		1,000,000
Districts' SW System		33,700,000

Through approximately 2080. Net present value at 1.5% discount rate.



Timeline

- District Boards to consider approval of the Agreement in September 2021.
- District No. 2 to consider revisions of the Solid Waste Financial Reserve Policy.
- New pledge of revenue agreement being reviewed by CalRecycle.
- Execution of new pledge of revenue agreement in fall 2021 pending CalRecycle approval.
- Payment of UAL to occur through 2023 as post-closure reserve fund investments are liquidated and new UAL totals are determined by CalPERS.



Recommendation

- Approval of the proposed agreement by each District.
- Approval of the revised Solid Waste Financial Reserve Policy by District No. 2.
- Actions in the agreement will not begin until CalRecycle approves the revised Pledge of Revenue Agreement.

