

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: <https://www.lacsd.org/about-us/governance/board-agenda-and-minutes>*

THE DISTRICT MAY TAKE ACTION ON ANY AGENDA ITEM LISTED BELOW

MONDAY September 20, 2021 At 9:30 A.M.

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

1. Public Comment

2. Approve Minutes of Adjourned Regular Meeting Held June 14, 2021

3. Approve May, June, and July 2021 Expenses in Amount of

~~\$24,358,235.58~~ \$24,358,235.58 **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](https://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)	\$ 5,462,416.23
Capital	17,489,719.41
Allocated Expenses:	
Joint Administration	521,787.40
Technical Support	884,312.54
Total Expenses	<u>\$24,358,235.58</u>

4. Authorize Issuance of Purchase Order to Variable Speed Solutions, Inc., (VSS) in Amount of Approximately \$146,330 to Retrofit and Replace Three Variable Frequency Controllers (VFCs) at Castaic Pumping Plant (PP)

**Summary:** VFCs are used to control the speed and associated energy demands of various pumps at the District. These three VFCs have reached the end of their useful life with decreased reliability requiring expensive, long lead time repairs. Two VFCs will be retrofitted and one VFC replaced by Variable Speed Solutions, Inc. Retrofitting two of the VFCs will allow reuse of the existing cabinet, breakers, and cabling with significant cost savings compared to purchasing new ones. This item is 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. Approve and Order Executed Proposition 1 Round 1 Integrated Regional Water Management (IRWM) Subgrant Agreement between Santa Clarita Valley Water Agency (SCVWA) and Santa Clarita Valley Sanitation District of Los Angeles County for Receipt of \$3.0 Million for Installation of Advanced Water Treatment Facility for Chloride Compliance at Valencia Water Reclamation Plant (WRP)

**Summary:** Since 2007, the District has participated in the Upper Santa Clara River (USCR) Regional Water Management Group (RWMG) and assisted in the development of an IRWM Plan for the watershed, which was previously adopted by the Board. In September 2020, the District was approved to receive a Proposition 1 Round 1 grant of \$3.0 million by the Department of Water Resources (DWR)

## 5. Contd.

for installation of the Enhanced Membrane System, which is part of the Advanced Water Treatment Facility under construction to remove chloride at the Valencia WRP to achieve compliance with the USCR Chloride Total Maximum Daily Load. On behalf of the USCR IRWM Region, SCVWA agreed to apply for and administer the Proposition 1 Round 1 grant on behalf of the USCR RWMG. In order to receive the \$3.0 million grant, the District must enter into a subgrant agreement with SCVWA. The Advanced Water Treatment Facility is part of the Chloride Compliance Project, for which the Final Recirculated Santa Clarita Valley Sanitation District Chloride Project Environmental Impact Report - Separation of Recycled Water Project (REIR) was certified by the Board on August 30, 2017. Staff has determined that the Subgrant Agreement is exempt or otherwise not subject to the provisions of the California Environmental Quality Act (CEQA) pursuant to California Public Resources Code Section 21084 and Title 14 of the California Code of Regulations (“CEQA Guidelines”) Section 15301. This item is consistent with the Districts’ Guiding Principles of commitment to fiscal responsibility and prudent financial stewardship; and to provide leadership in our industry through innovation, compliance, and cost effectiveness.

6. Adopt [\*Final Initial Study/Mitigated Negative Declaration\*](#) (IS/MND) and [\*Mitigation Monitoring and Reporting Program\*](#) (MMRP) in Accordance with State Guidelines and Local Procedures Implementing California Environmental Quality Act (CEQA); Make Findings Identified in MND and that MND Reflects District’s Independent Judgement for the *Soledad Canyon Relief Trunk Sewer Section 4 Project* (Project)

Summary: The District is proposing the construction of new 27-inch sewer to provide hydraulic relief for a portion of the Soledad Canyon Trunk Sewer Section 4 (SCTS-4) in the City of Santa Clarita to accommodate current flows and future growth. The proposed activities include the construction of approximately 2,200 feet of sewer including a segment under the Santa Clara River that will be encased in a steel pipe. An IS/MND, along with a MMRP, were prepared for the Project in accordance with California Environmental Quality Act (CEQA) guidelines. The Project, with proposed mitigation, will not have a significant effect on the environment. The Board will review and consider the Final IS/MND and MMRP together with comments received during the public review process and consider approval of the Final IS/MND and MMRP. Two comment letters were received during the public comment period, and a response to the comments has been included in the Final IS/MND. This item is consistent with the Districts’ Guiding Principle to provide reliable and responsible services with safety first.

7. Adopt Resolution Approving Joint Community Facilities Agreement (Agreement) with William S. Hart Union High School District (School District) and WH Castaic 497, LLC (Developer)

Summary: In order to fund obligations to the SCVSD associated with its Williams Ranch development, the Developer has proposed establishing a Community Facilities District (CFD) pursuant to the Mello-Roos Community Facilities Act of 1982. The School District is the sponsoring agency for the CFD. The SCVSD must be party to the Agreement since it would be the ultimate recipient of the bond proceeds. The SCVSD has no obligations related to 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, copy attached. 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.

8. 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 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.

9. **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.

**RESOLUTION OF THE BOARD OF DIRECTORS OF SANTA CLARITA VALLEY SANITATION DISTRICT OF LOS ANGELES COUNTY APPROVING A JOINT COMMUNITY FACILITIES AGREEMENT FOR WILLIAMS RANCH**

**WHEREAS**, WH CASTAIC 497 LLC, a Delaware limited liability company (the “Developer”) has requested that the Governing Board of the William S. Hart Union High School District (the “School District”) 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 the Santa Clarita Valley Sanitation District of Los Angeles County (the “Sanitation District”);

**WHEREAS**, pursuant to the Act, the Governing Board of the School District has instituted proceedings (a) to establish Community Facilities District No. 2021-1 of the William S. Hart Union High School District (the “Community Facilities District”), (b) to designate two improvement areas within the boundaries of the Community Facilities District (“Improvement Area A” and “Improvement Area B”), (c) to authorize the levy of special taxes within Improvement Area A (the “Improvement Area A Special Taxes”) upon the land within Improvement Area A and the issuance of bonds (the “Improvement Area A Bonds”) secured by the Improvement Area A Special Taxes, the proceeds of which are to be used to finance certain public facilities, and (d) to authorize the levy of special taxes within Improvement Area B (the “Improvement Area B Special Taxes”) upon the land within Improvement Area B and the issuance of bonds (the “Improvement Area B Bonds” and, together with the Improvement Area A Bonds, the “Bonds”) secured by the Improvement Area B 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 school facilities to be owned and operated by the School District, certain facilities to be owned and operated by the Sanitation District (the “Sanitation District Facilities”) and certain facilities to be owned and operated by 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 School District, 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 the Santa Clarita Valley Sanitation District 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 the Santa Clarita Valley Sanitation District of Los Angeles County on September 20, 2021.

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Chairperson

ATTEST:

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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



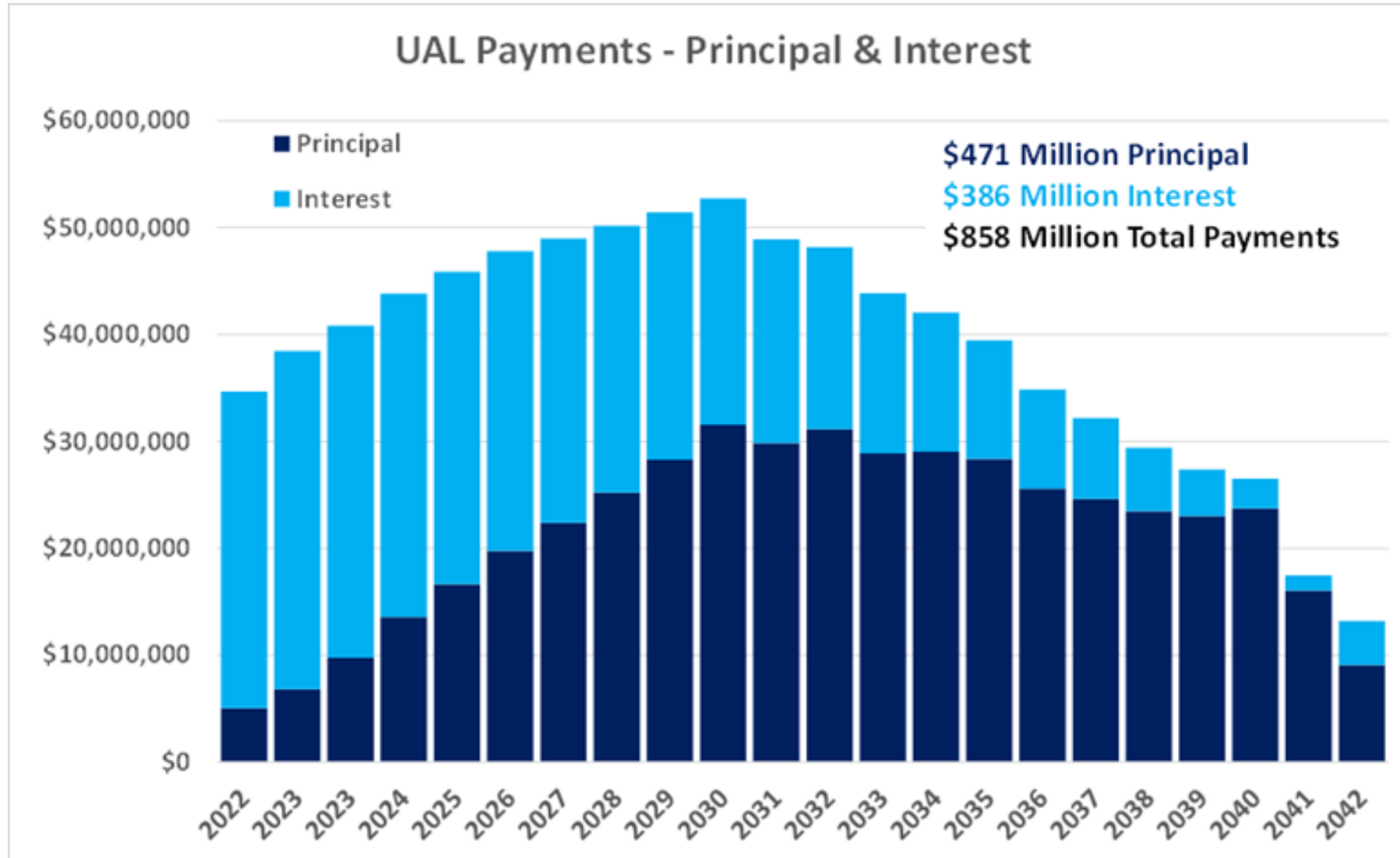
OUR SERVICE AREA

# 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

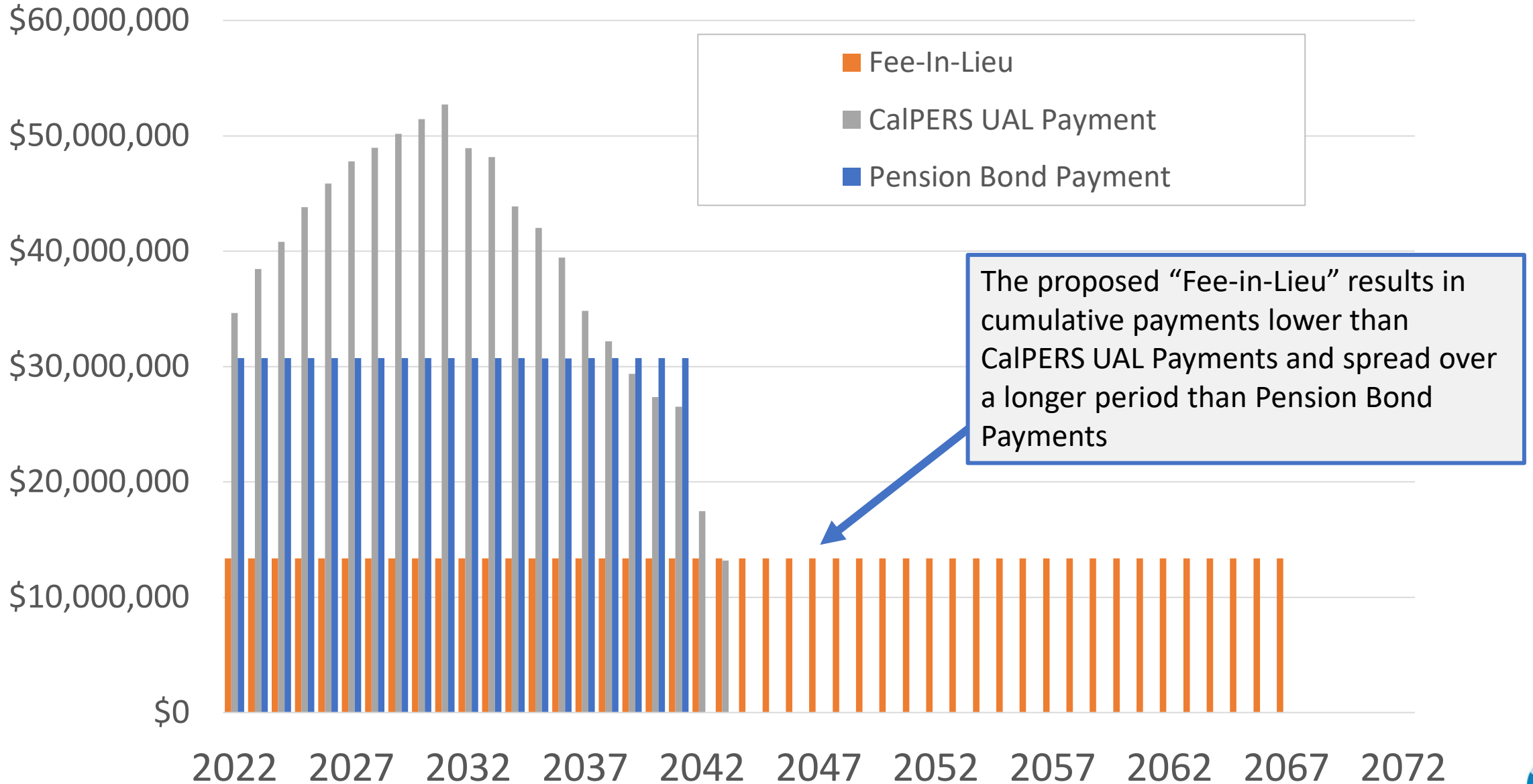
Julio Morales, Municipal Advisor, Urban Futures Inc.

- 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.

