

Notice and Agenda

REGULAR MEETING — BOARD OF DIRECTORS — COUNTY SANITATION DISTRICT NO. 16

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 provisions of California Government Code Section 54953(e), 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: <http://www.lacsd.org/agendas>

THE DISTRICT MAY TAKE ACTION ON ANY AGENDA ITEM LISTED BELOW

WEDNESDAY	February 23, 2022	At 1:30 P.M.
Governing Body	Director	Alternate
ALHAMBRA	LEE	MALONEY
LOS ANGELES CITY	N. MARTINEZ	BUSCAINO (Chairperson)
PASADENA	GORDO	-----
SAN MARINO	JAKUBOWSKI	UDE
SOUTH PASADENA	MAHMUD	DONOVAN
LOS ANGELES COUNTY	MITCHELL	KUEHL

1. Public Comment
2. Receive and Order Filed as Follows:
 - (a) Certificate of Ms. Susan Jakubowski, Presiding Officer of the City of San Marino
 - (b) Action Appointing Mr. Ken Ude as Alternate Director of the City of San Marino
3. Approve Minutes of Regular Meeting Held January 26, 2022
4. Approve December 2021 Expenses in Amount of \$1,404,459.08

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 either the Joint Administration Agreement or the Joint Outfall Agreement. These Agreements provide for the joint administration, technical support and management of the operations, maintenance, and capital costs associated with all of the shared facilities 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' websites 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)	\$ 113,967.24
Capital	93,517.57
Allocated Expenses:	
Joint Administration	198,849.57
Technical Support	155,720.24
Joint Outfall	842,404.46
Total Expenses	<u>\$1,404,459.08</u>

5. Approve Resolution of the Board of Directors of County Sanitation District No. 16 of Los Angeles County Proclaiming a Local Emergency, Ratifying the Proclamation of a State of Emergency on March 4, 2020 by California Governor and Authorizing Remote Teleconference Meetings of the Legislative Body

Summary: Remote teleconferenced meetings, during the continued existence of the Governor's proclaimed state of COVID-19 emergency, will be conducted under the provisions of AB 361 which added California Government Code Section 54953(e), to the Brown Act. Under the provisions of AB 361 and Government Code Section 54953(e), each District must adopt, by majority vote, a resolution making certain findings about the continuing COVID state of emergency and health and safety risks of conducting their meeting in person. By statute, this Resolution and its referenced findings, are only legally valid for 30 days. The Resolution is attached to the agenda.

6. Re: Issuance of Los Angeles County Sanitation Districts Financing Authority Revenue Bonds, 2022 Series A (Green Bonds) (SRF Loans Refunding)
- (a) Adopt Resolution Approving Issuance of Bonds and Authorizing as Follows:
1. Execution and Delivery by District of [Master Obligation Agreement](#)
 2. Execution and Delivery by District of [Joint Acquisition Agreement](#) and [Bond Purchase Agreement](#) in Connection with Issuance of Bonds
 3. Distribution of [Preliminary Official Statement](#) and *Official Statement* in Connection Therewith
 4. Execution of Necessary Documents and Certificates and Related Actions
- (b) Approve Use of Standard and Poor's Financial Services LLC, at Cost of Approximately \$42,075, as Bond Rating Agency

Summary: In order to finance the Clearwater Tunnel Project, the Districts applied for low-cost loans from the State Water Resources Control Board's Clean Water State Revolving Fund (SRF) and the US Environmental Protection Agency's Water Infrastructure Finance and Innovation Act (WIFIA) program. In order to finalize these two loans, 42 existing SRF loans to the Joint Outfall System Districts must be refunded either by paying off with cash reserves or through the issuance of bonds. Staff recommends using cash reserves to pay off the existing loans with a remaining term of less than two years, low balances, or that have pre-paid interest (35 loans for a total of \$46 million). The remaining seven SRF loans (\$100 million) would be refunded with revenue bonds. These actions allow the Districts to move forward with finalizing the WIFIA and SRF loans for the Tunnel Project, which will save up to \$6 million per year compared to market-rate bond financing. The proposed Resolution includes approval of the necessary documents, direction to staff to distribute the documents, and authority for the Financing Authority to sell new revenue bonds on the Districts' behalf. The necessary extensive documents to be considered for the sale of the bonds are available at <https://www.lacsd.org/JOSbonds>. A letter discussing this issue accompanies the agenda. Approval of this does not constitute a "Project" as defined in California Public Resources Code Section 21065 as funds will be used to repay existing financial obligations. 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 Revenue Program

- (a) Order Wastewater Service Charge Report, Containing Description of Each Parcel and Amount of Proposed Wastewater Service Charge for Fiscal Year 2022-23 for Each Parcel (\$160 Per Single-Family Home), Filed with Clerk of Board of Directors of District
- (b) Introduce *An Ordinance Prescribing the Service Charge Rate and Mean Loadings per Unit of Usage for County Sanitation District No. 16 of Los Angeles County and Providing for the Collection of Such Charges on the Tax Roll*, and Waive Reading of Said Ordinance in its Entirety
- (c) Introduce *An Ordinance Prescribing Industrial Wastewater Surcharge Rates for County Sanitation District No. 16 of Los Angeles County*, and Waive Reading of Said Ordinance in its Entirety
- (d) Establish Date, Time, and Place for Public Hearing on Report; Order Publication of Required Public Notices

Summary: A letter describing the required Board actions together with a copy of the Service Charge Report, the preliminary budget, and the proposed service charge rate and industrial wastewater surcharge rate ordinances accompany the agenda. In this District, the current service charge rate per single-family home (SFH) is \$13.33 per month (\$160 per year) with rates remaining the same at least through fiscal year 2025-26. Owners of multiple dwelling units and commercial properties are charged in proportion to their use compared to a SFH. Changes to the Joint Outfall System industrial wastewater surcharge rates are also proposed that results in an overall initial decrease in the rate. 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.

RESOLUTION OF THE BOARD OF DIRECTORS OF THE COUNTY SANITATION
DISTRICT NO. 16 OF LOS ANGELES COUNTY PROCLAIMING A LOCAL EMERGENCY,
RATIFYING THE PROCLAMATION OF A STATE OF EMERGENCY
ON MARCH 4, 2020 BY CALIFORNIA GOVERNOR AND AUTHORIZING
REMOTE TELECONFERENCE MEETINGS OF THE LEGISLATIVE BODY

WHEREAS, the County Sanitation District No. 16 of Los Angeles County (“District”) is committed to preserving and nurturing public access and participation in meetings of the District’s Board of Directors and committees; and

WHEREAS, all meetings of the District’s Board of Directors are open and public, pursuant to the requirements of the Ralph M. Brown Act (California Government Code Sections 54950-54963) (the “Brown Act”), so that any member of the public may attend, participate, observe and watch the District’s Board of Directors conduct business; and

WHEREAS, the Brown Act, Section 54953(e), allows for conducting and participating in meetings by members of a legislative body, without compliance with the requirements of the Brown Act Section 54953(b)(3), subject to the existence of certain conditions; and

WHEREAS, a required condition under the Brown Act Section 54953(e) is the declaration of a state of emergency by the Governor pursuant to California Government Code Section 8625, proclaiming the existence of conditions of disaster or of extreme peril to the safety of persons and property within California caused by the conditions outlined and described in California Government Code Section 8558; and

WHEREAS, a proclamation of a state of emergency is made when there is an actual incident, threat of disaster, or extreme peril to the safety of persons and property within the jurisdictions that are within the District’s boundaries, caused by natural, technological, or human-induced disasters; and

WHEREAS, it is further required that the state or local officials have imposed or recommended measures to promote social distancing, or the Board of Directors of the District have held a meeting where it considered and determined that meeting in person would present imminent risks to the health or safety of attendees; and

WHEREAS, such conditions now exist in the District as Governor Newsom declared a State of Emergency on March 4, 2020 as a result of the threat of COVID-19; and

WHEREAS, the Centers for Disease Prevention and Control, in its publication “How to Protect Yourself & Others” updated August 13, 2021, have recommended social distancing practices, including staying 6 feet away from others and avoiding crowds and poorly ventilated spaces in order to protect individuals and others from COVID-19; and

WHEREAS, the County of Los Angeles Department of Public Health Order of the Health Officer issued September 17, 2021 (the “County Order”) includes a finding that the existing community transmission of COVID-19 in Los Angeles County remains high and continues to present a high risk of infection and harm to the health of those who are not and cannot be vaccinated against COVID-19 especially when there is an absence of capacity limits and physical distancing requirements for both indoor and outdoor settings. The County Order further finds that COVID-19 infection remains a significant health hazard to all residents; and

WHEREAS, the District’s Board of Directors does hereby find that the ongoing and significant risks associated with COVID-19 infection, especially in the absence of capacity limits and physical distancing requirements for indoor activities, on those who are not and cannot be vaccinated, and that COVID-19 infection remains a significant health hazard to all residents, has caused, and will continue to cause, conditions of peril to the safety of persons within the District that are likely to be beyond the control of services, personnel, equipment and facilities of the District, and desires to proclaim a local emergency and ratify the proclamation of a state of emergency by the Governor of the State of California, and further, ratify the County Order findings related to the ongoing health hazards of COVID-19; and

WHEREAS, as a consequence of the declared state of emergency and the local emergency, the Board of Directors of the District does hereby find that the District shall continue to conduct its meetings in accordance with the provisions and requirements of the Brown Act Section 54953(e), and that the legislative

bodies of the District shall comply with the requirements to provide the public with access to, and an opportunity to comment at all meetings of the District's legislative bodies in accordance with the requirements of the Brown Act Section 54953(e)(2); and

WHEREAS, the District will continue its practice of live streaming its meetings via the Zoom software platform which allows members of the public to observe and participate in the meetings via video or call-in options, and will continue to offer members of the public an opportunity to make oral comments during the meetings and/or submit written comments before the meetings.

NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE COUNTY SANITATION DISTRICT NO. 16 OF LOS ANGELES COUNTY DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. Recitals. The Recitals set forth above are true, correct, and are incorporated in this Resolution by reference.

Section 2. Proclamation of Local Emergency. The Board of Directors of the District does hereby proclaim that a local emergency now exists throughout the territory of the District and, as described in the County Order, there remains evidence of sustained and high community transmission rates of COVID-19 resulting in high risks of infection and harm to the health of those who are not and cannot be vaccinated against COVID-19, especially when there is an absence of capacity limits and physical distancing requirements for both indoor and outdoor settings, and COVID-19 infection remains a significant health hazard to all residents of the District.

Section 3. Ratification of Governor's Proclamation of a State of Emergency. The District's Board of Directors hereby ratifies the Governor of the State of California's Proclamation of a State of Emergency, effective as of its issuance date of March 4, 2020.

Section 4. Remote Teleconference Meetings. The Chief Engineer and General Manager, staff and legislative bodies are hereby authorized and directed to take all actions necessary to carry out the intent and purpose of this Resolution including, without limitation, conducting open and public meetings in accordance with the Brown Act Section 54953(e) and all other applicable provisions of the Brown Act.

Section 5. Effective Date of Resolution. This Resolution shall take effect immediately upon its adoption and shall be effective until the earlier of (i) 30 days after the date of this resolution, or such time that the District's Board of Directors adopts a subsequent resolution in accordance with the Brown Act Section 54953(e)(3) to extend the time during which the legislative bodies of the District may continue to teleconference without compliance with the requirements of the Brown Act Section 54953(b)(3).

PASSED AND ADOPTED by the Board of Directors of the County Sanitation District No. 16 of Los Angeles County this 23rd day of February 2022 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Chairperson



February 4, 2022

Board of Directors
Joint Outfall Districts
Los Angeles County Sanitation Districts

Directors:

Proposed 2022 Revenue Bond Sale

In order to finance the Clearwater Tunnel Project, the Districts applied for low-cost loans from the State Water Resources Control Board's (State Board's) SRF program and the US Environmental Protection Agency's Water Infrastructure Finance and Innovation Act (WIFIA) program. Both agencies have approved partial funding for the project based on the initial applications (approximately \$127 million and \$440 million, respectively). Since the approval of the applications, Districts staff and legal counsel has been working with both agencies to finalize loan agreements.

One of the more challenging aspects of this process has been revising agreements for 42 existing JOS SRF loans to ensure consistency with the new loans' requirements. Revising the agreements will require at least 6 months of additional work by Districts' bond counsel and State Board legal staff.

On November 15, 2021, the federal government passed an infrastructure funding package that included strict Buy American (BA) requirements that apply to projects funded by either the WIFIA or SRF programs. The BA requirements would be applicable to projects with loan agreements finalized after May 14, 2022 regardless of their construction status. Because construction has already begun on the tunnel project and materials have already been purchased, it is impossible to comply with these strict requirements, and therefore the WIFIA and SRF loan agreements must be finalized by May 14 to obtain this financing.

It is not possible to revise the existing JOS SRF loan agreements in time to meet the May 14 deadline. As a result, Districts' staff is recommending paying off or refunding all of the existing JOS SRF Loans. Staff recommends using cash reserves to pay off all loans with a remaining term of less than 2 years, low balances, or that have pre-paid interest (35 loans for a total of \$46 million). The remaining 7 SRF loans (\$100 M) would be refunded with revenue bonds. These actions allow the Districts to move forward with finalizing the WIFIA and SRF loans for the Tunnel project, which will save up to \$6 million per year compared to market-rate bond financing.

Interest rates are now at historic lows and savings can be realized by refinancing the loan principal still outstanding by issuing bonds at a lower interest rate. The loans can be paid off at any time without penalty. Therefore, it is recommended that the District authorize issuing new bonds to pay off the loans. The size of the proposed bond issuance will be approximately \$100 million and will have an interest rate (true interest cost) of approximately 2.0%.

The proposed bonds will be issued and sold by the Los Angeles County Sanitation Districts' Financing Authority, a joint powers authority that was established in 1993 for selling bonds on behalf of the member Districts. The membership consists of all of the active Districts and is governed by a commission consisting of the Chairs of each member District. Each participating District will enter into a separate agreement (the "Joint Acquisition Agreement") with the Financing Authority for the 2022 bonds.

The proposed bonds and the District's ability to repay them must be submitted to a rating agency (Standard & Poor's) for their evaluation. The resulting rating will, in large part, determine the interest rate at which the bonds can be sold. The primary vehicle for submitting this data is the Preliminary Official Statement, a copy of which is included.

To complete the transaction, the District Boards must first authorize the sale of the bonds. This is done through the resolution that is on the upcoming Board meetings. The resolution approves the issuance of the proposed bonds and the form of the Indenture pursuant to which the proposed bonds will be issued and authorizes: the execution of a Master Obligation Agreement, a Joint Acquisition Agreement, and a Bond Purchase Agreement; distribution of the preliminary and an official statements; and execution of necessary documents, certificates and related actions. A resolution is used because the official documents cannot be finalized until after the pricing is complete. The resolution authorizes the Chairperson of the Board of Directors, the Chairperson Pro Tem of the Board of Directors, the Chief Engineer and General Manager of the District, and the Assistant Chief Engineer and Assistant General Manager of the District to sign the final documents after the close of pricing. The Board action also approves the use Standard and Poor's Financial Services LLC as rating agency.

The contents of the necessary documents are summarized below, and the complete documents are provided at <https://www.lacsd.org/JOSbonds>.

- Preliminary Official Statement – This document is equivalent to a prospectus that would be issued when buying or selling stock. It contains general information about the Districts, provides specific historic and projected financial data, gives information on the size of the proposed bond transaction and intended uses of the proceeds, and summarizes the requirements of the other bond documents.
- Master Obligation Agreement – This agreement sets terms and conditions for the incurrence of debt obligations for the Districts. It will be used as a sort of inter-creditor agreement to provide assurances to future debt holders and ensure consistency with future agreements.
- Joint Acquisition Agreement – Through this agreement, the Financing Authority agrees to issue bonds on behalf of the Districts. In return, the Districts covenants to make the debt service payments on behalf of the Financing Authority. As part of its covenants, the Districts agrees to set appropriate service charge rates and to provide continuing disclosure. It also establishes the parameters under which the Districts can undertake additional debt (either bonds or loan).
- Indenture – This agreement is between the Financing Authority and the Trustee (a third party acting on behalf of the bond holders). The Indenture establishes the accounting practices that must be used and creates a flow of funds to ensure that the bondholders are repaid in a timely and orderly fashion.
- Bond Purchase Agreement – This agreement is between the Districts, the Financing Authority and the underwriters. The agreement requires the underwriters to purchase the bonds from the District for resale to the public and requires the Districts, through the Financing Authority, to make the bonds available to the underwriters.

As stated above, this matter will be on the agenda of the upcoming Board meetings and will be discussed with the Directors.

Very truly yours,



Robert Ferrante

RF:av

Enclosures

RESOLUTION OF THE BOARD OF DIRECTORS OF COUNTY SANITATION DISTRICT NO. 16 OF LOS ANGELES COUNTY AUTHORIZING THE EXECUTION AND DELIVERY BY THE DISTRICT OF A MASTER OBLIGATION AGREEMENT, AUTHORIZING THE EXECUTION AND DELIVERY BY THE DISTRICT OF A JOINT ACQUISITION AGREEMENT AND A BOND PURCHASE AGREEMENT IN CONNECTION WITH THE ISSUANCE OF LOS ANGELES COUNTY SANITATION DISTRICTS FINANCING AUTHORITY REVENUE BONDS, 2022 SERIES A (GREEN BONDS) (SRF LOANS REFUNDING), APPROVING THE ISSUANCE OF SAID BONDS AND THE FORM OF THE INDENTURE PURSUANT TO WHICH THE SAME ARE TO BE ISSUED, AUTHORIZING THE DISTRIBUTION OF A PRELIMINARY OFFICIAL STATEMENT AND AN OFFICIAL STATEMENT IN CONNECTION THEREWITH AND AUTHORIZING THE EXECUTION OF NECESSARY DOCUMENTS AND CERTIFICATES AND RELATED ACTIONS

WHEREAS, County Sanitation District No. 16 of Los Angeles County (the “District”) and certain other County Sanitation Districts of Los Angeles County (collectively, the “MOA Districts”) desire to establish the terms and conditions for the incurrence by each MOA District from time to time of obligations of such MOA District to finance or refinance the acquisition, construction, equipping and improvement of such MOA District’s sewerage system and other items with respect thereto that such MOA District may lawfully finance or refinance (“Projects”);

WHEREAS, there has been prepared a form of a Master Obligation Agreement, by and among the MOA Districts and Zions Bancorporation, National Association, as master trustee, which sets forth such terms and conditions for the incurrence by each MOA District from time to time of obligations of such MOA District to finance or refinance Projects of such MOA District (such Master Obligation Agreement, in 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 “Master Obligation Agreement”);

WHEREAS, certain of the County Sanitation Districts of Los Angeles County, including the District, commonly referred to as the Joint Outfall Districts (the “Districts”), financed certain capital additions, replacements, betterments, extensions and improvements to their respective sewerage systems with proceeds of loans evidenced by (a) Loan Contract (Contract No. 09-857-550; Project No. 5539-110), by and among the Districts and the State Water Resources Control Board, (b) Loan Contract (Contract No. 13-811-550; Project No. 5892-110), by and among the Districts and the State Water Resources Control Board, (c) Loan Contract (Contract No. 12-832-550; Project No. 7694-110), by and among the Districts and the State Water Resources Control Board, (d) Loan Contract (Contract No. D16-01011; Project No. 8189-110), by and among the Districts and the State Water Resources Control Board, (e) Loan Contract (Contract No. D16-01012; Project No. 8204-110), by and among the Districts and the State Water Resources Control Board, (f) Loan Contract (Contract No. D16-01013; Project No. 8205-110), by and among the Districts and the State Water Resources Control Board and (g) Loan Contract

(Contract No. D17-01016; Project No. 8226-110), by and among the Districts and the State Water Resources Control Board (the “State Loans”);

WHEREAS, in order to achieve certain savings, each District desires to prepay its respective share of each of the State Loans;

WHEREAS, the Districts desire that the Los Angeles County Sanitation Districts Financing Authority (the “Authority”) assist the Districts in financing the prepayment of the State Loans;

WHEREAS, in order to provide funds to prepay the State Loans, the Districts and the Authority desire that the Authority issue its Los Angeles County Sanitation Districts Financing Authority Revenue Bonds, 2022 Series A (Green Bonds) (SRF Loans Refunding) (the “Bonds”);

WHEREAS, the Bonds will be issued pursuant to an Indenture by and between the Authority and U.S. Bank Trust Company, National Association, as trustee (the “Indenture”);

WHEREAS, the Bonds will be payable from and secured by installment payments (the “Installment Payments”) to be made by each District pursuant to a Joint Acquisition Agreement by and among the Districts and the Authority (such Joint Acquisition Agreement, in 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 Acquisition Agreement”);

WHEREAS, all of the Authority’s right, title and interest in and to the Joint Acquisition Agreement (other than such rights of the Authority that are, as provided in the Indenture, retained by the Authority) will, pursuant to the Indenture, be assigned and transferred to the Trustee;

WHEREAS, the rights and obligations of each District under and as provided in the Joint Acquisition Agreement and the Installment Payments of such District, and the rights and obligations of the Trustee, as assignee of the Authority, under and as provided in the Joint Acquisition Agreement and the Installment Payments, will, in all respects, be subject to the rights and obligations of, and the restrictions and limitations on, such District and the Trustee, as assignee of the Authority, under and as provided in the Master Obligation Agreement;

WHEREAS, BofA Securities, Inc. (the “Representative”), on behalf of itself and J.P. Morgan Securities LLC, has presented the Authority and the Districts with a form of Bond Purchase Agreement, pursuant to which the Representative proposes to purchase the Bonds (such Bond Purchase Agreement, in 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 “Purchase Agreement”);

WHEREAS, a form of the Preliminary Official Statement to be distributed in connection with the offering and sale of the Bonds has been prepared, which Preliminary Official Statement contains certain information regarding the District, the Master Obligation Agreement, the Joint Acquisition Agreement, the Indenture and the Bonds (such Preliminary Official Statement, in 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 “Preliminary Official Statement”);

WHEREAS, there have been prepared and submitted to this meeting forms of;

- (a) the Master Obligation Agreement;
- (b) the Joint Acquisition Agreement;
- (c) the Indenture;
- (d) the Purchase Agreement; and
- (e) the Preliminary Official Statement; and

WHEREAS, the Board of Directors of the District (the “Board of Directors”) desires to authorize the execution of such documents and the performance of such acts as may be necessary or desirable to effect the prepayment of the State Loans and the offering, sale and issuance of the Bonds;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of County Sanitation District No. 16 of Los Angeles County, as follows:

Section 1. All of the recitals herein contained are true and correct and the Board of Directors so finds and determines.

Section 2. The Master Obligation Agreement, in substantially the form presented to this meeting and made a part hereof as though set forth in full herein, is hereby approved, and each of the Chairperson of the Board of Directors, the Chairperson *Pro Tem* of the Board of Directors, or such other member of the Board of Directors as the Chairperson may designate, the Chief Engineer and General Manager of the District and the Assistant Chief Engineer and Assistant General Manager of the District (each, an “Authorized Officer”) is hereby authorized, and any one of the Authorized Officers is hereby directed, for and in the name and on behalf of the District, to execute and deliver the Master Obligation Agreement in substantially said form, with such changes, insertions and omissions therein as the Authorized Officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 3. The Joint Acquisition Agreement, in substantially the form presented to this meeting and made a part hereof as though set forth in full herein, is hereby approved, and each of the Authorized Officers is hereby authorized, and any one of the Authorized Officers is hereby directed, for and in the name and on behalf of the District, to execute and deliver the Joint Acquisition Agreement in substantially said form, with such changes, insertions and omissions therein as the Authorized Officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof; provided, however, that such changes, insertions and omissions shall not result in the aggregate principal amount of Bonds payable from the Installment Payments payable by the District under the Joint Acquisition Agreement initially being in excess of \$6,800,000, shall not result in the final scheduled payment date of the Installment Payments payable by the District under the Joint Acquisition Agreement being later than October 1, 2032 and shall not result in a true interest cost attributable to the

Installment Payments payable by the District under the Joint Acquisition Agreement being in excess of 2.00% per annum.

Section 4. The Indenture, in substantially the form presented to this meeting and made a part hereof as though set forth in full herein, is hereby approved, and the issuance of the Bonds on the terms and conditions set forth therein, and subject to the limitations specified therein, is hereby approved; provided, however, that the aggregate principal amount of the Bonds shall not exceed \$100,000,000, the final maturity date of the Bonds shall not be later than October 1, 2032 and the true interest cost for the Bonds shall not be in excess of 2.00% per annum.

Section 5. The Purchase Agreement, in substantially the form presented to this meeting and made a part hereof as though set forth in full herein, is hereby approved, and each of the Authorized Officers is hereby authorized, and any one of the Authorized Officers is hereby directed, for and in the name and on behalf of the District, to execute and deliver the Purchase Agreement in substantially said form, with such changes, insertions and omissions therein as the Authorized Officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof; provided, however, that the underwriters' discount for the sale of the Bonds (exclusive of any original issue discount) shall not exceed 0.25% of the initial aggregate principal amount of the Bonds.

Section 6. The information regarding the District, the Master Obligation Agreement, the Joint Acquisition Agreement, the Indenture and the Bonds contained in the Preliminary Official Statement, in substantially the form presented to this meeting and made a part hereof as though set forth in full herein, with such changes, insertions and omissions therein as may be approved by an Authorized Officer, is hereby approved, and the distribution of the Preliminary Official Statement in connection with the offering and sale of the Bonds is hereby authorized and approved. If determined by the Authority to be necessary or appropriate, the Authorized Officers are hereby authorized to certify on behalf of the District that the Preliminary Official Statement is deemed final as of its date, within the meaning of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 (except for the omission of certain final pricing, rating and related information as permitted by said Rule).

Section 7. The preparation and delivery of a final Official Statement (the "Official Statement"), and its use in connection with the offering and sale of the Bonds, be and the same is hereby authorized and approved. The Official Statement shall be in substantially the form of the Preliminary Official Statement, with such changes, insertions and omissions as may be approved by an Authorized Officer, such approval to be conclusively evidenced by the execution and delivery thereof. Each of the Authorized Officers is hereby authorized, and any one of the Authorized Officers is hereby directed, for and in the name and on behalf of the District, to execute the final Official Statement and any amendment or supplement thereto, for and in the name of the District.

Section 8. The Board of Directors hereby authorizes the execution and delivery of all agreements, documents, certificates and instruments authorized by this Resolution to be executed and delivered (a) with electronic signatures using DocuSign, as the same may be permitted under the California Uniform Electronic Transactions Act, and (b) with digital signatures using DocuSign, as the same may be permitted under Section 16.5 of the California Government Code.

Section 9. The Authorized Officers and the officers and employees of the District are, and each of them is, hereby authorized and directed, for and in the name and on behalf of the District to do any and all things and to execute and deliver any and all agreements, documents, certificates and instruments that they or any of them deem necessary or advisable in order to consummate the transactions contemplated by this Resolution and otherwise to carry out, give effect to and comply with the terms and intent of this Resolution.

Section 10. All actions heretofore taken by the Authorized Officers and the officers and employees of the District with respect to the prepayment of the State Loans and the issuance and sale of the Bonds, or in connection with or related to any of the agreements, documents, certificates or instruments referred to herein, are hereby approved, confirmed and ratified.

Section 11. This Resolution shall take effect immediately upon its adoption.

PASSED AND ADOPTED by the Board of Directors of County Sanitation District No. 16 of Los Angeles County on February 23, 2022.

AYES:

NOES:

ABSENT:

ABSTAIN:

Chairperson

ATTEST:

Secretary



February 4, 2022

Boards of Directors
Los Angeles County Sanitation
Joint Outfall System Districts (JOS)
of Los Angeles County

Directors:

Wastewater Revenue Program for FY 2022-23 through FY 2025-26

The agendas for the upcoming meetings of the JOS Districts' Boards of Directors contain an item regarding the District's wastewater revenue program. This program requires residential, commercial, and industrial dischargers to pay an annual user charge based upon their use of the Districts' sewerage facilities. Residential, commercial, and small industrial dischargers are covered by the service charge program, which collects user charges on the property tax roll. Large industrial dischargers are required to file surcharge statements and to pay their user charge under the industrial wastewater surcharge program.

In 2017, the Boards adopted ordinances setting service charge and industrial wastewater surcharge rates for fiscal years 2017-18 through 2020-21. Rates remained flat in fiscal year 2021-22. Staff recommends the Boards consider adopting new rates beginning with the 2022-23 fiscal year.

In order to implement new rates and to continue to collect the service charges on the property tax roll, the Board must take certain actions. Specifically, pursuant to state law, the Board 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. The Board should also consider introducing the following ordinances at the same time: an ordinance prescribing the service charge rates and mean loadings and providing for the collection of the service charge on the tax roll and an ordinance prescribing industrial wastewater surcharge rates.

This matter was discussed with the Personnel Committee (comprised of the Chairpersons of all of the Districts) on January 26, 2022, which concurred with staff recommendations as outlined below.

JOS AD HOC COMMITTEE

In September 2020, a recommendation was made to the Personnel Committee that a Director Ad Hoc Committee be formed to explore opportunities to improve how sharing of ownership and costs of the JOS are managed. The Committee met five times and a report summarizing the issues and presenting the recommendations was finalized in June 2021. Based on the recommendations of the Committee, a new Joint Outfall Agreement (JO Agreement) was approved by the Boards. Under the JO Agreement, each household and commercial business pays essentially the same amount for service when including the total of Ad Valorem (AV) tax, Service Charge, and use of reserves. Each District sets its own Service Charge to supplement its AV tax revenue and use of reserves in order to meet its financial obligations.

In addition, the JO Agreement requires consolidation of most of each Districts' reserve funds in order to provide reserves for the JOS, since virtually all JOS Districts' expenses will be managed as part of the system. This will require the transfer of approximately \$500 million from individual Districts' reserves into the JOS reserves over a five-year period. Consolidating reserves will lead to additional rate stability and financial resiliency.

SERVICE CHARGE RATES

The proposed service charge rates for the fiscal years 2022-23 through 2025-26 for the JOS Districts are shown in the table below. 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.

The recommended service charge increases will help lead to long-term service charge rate stability and ensure reserves approach target levels. For some Districts that have high reserves, their service charge rates drop significantly for several years.

Proposed Service Charge Rates

District	Current	July 1, 2022	July 1, 2023	July 1, 2024	July 1, 2025
District 1	193	196	199	202	205
District 2	181	185	189	193	197
District 3	175	184	193	202	211
District 5	167	171	175	179	183
District 8	198	203	208	213	218
District 15	163	167	171	175	179
District 16	160	160	160	160	160
District 17	161	165	169	173	177
District 18	182	185	188	191	194
District 19	173	175	177	179	181
District 21	179	182	185	188	191
District 22	174	177	180	183	186
District 23	132	0	0	0	0
District 28	144	0	0	0	0
District 29	339.75	349	358	367	376
South Bay Cities	136	75	75	75	75

SURCHARGE RATES

In establishing the industrial wastewater surcharge program, the member Districts of the JOS all concurred that the industrial wastewater surcharge rates should not influence where industries decide to locate. Consequently, they agreed that they would all adopt the same industrial wastewater surcharge rates based on the average cost of operating the JOS. As required by the JO Agreement, each District will adopt an ordinance with this rate and the revenues will be used to offset JOS expenses. In addition to adjusting rates to meet financial needs, the loading factors have also been adjusted based on current estimates of industrial discharge and treatment costs. The recommended industrial wastewater surcharge rates for the next four fiscal years are shown below.

Proposed Surcharge Rates

Parameter	Current	July 1, 2022	July 1, 2023	July 1, 2024	July 1, 2025
Flow (\$ per MGD per year)	923.00	811.00	839.00	865.00	891.00
COD (\$ per 1,000 lb)	163.00	162.40	167.80	173.00	178.20
SS (\$ per 1,000 lb)	461.10	388.10	401.30	413.90	426.20
Peak Flow (\$ per gpm)	122.10	111.00	114.80	118.40	121.90

CONNECTION FEE RATES

The Connection Fee rates will also be revised for fiscal years 2022-23 through 2025-26. The actions related to the Connection Fee will occur in March or April.

BUDGET FOR FISCAL YEAR 2022-23

Enclosed for your review is the preliminary budget for fiscal year 2022-23; 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 Districts' Wastewater Financial Reserve Policies. A preliminary budget for the JOS for fiscal year 2022-23, a list of proposed JOS capital projects, and information on JOS reserves has also been included to provide more detail on each District's share of JO expenses.

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

In order to implement new rates, the District must comply with the requirements of both Proposition 218 and the California Health & Safety Code. The first step is to order a Service Charge Report (copy attached) to be filed with the District Clerk. This report contains a description and the amount of the proposed service charge for each parcel, serving as the initial notification to rate payers that new rates are being considered. It also acts as the starting point for the Proposition 218 process in which individual notices are mailed to every property owner in the District. By law, the notice must provide information about the proposed rates and the date, time, and place for a public hearing on those rates. In addition to these minimum requirements, the notice also gives background information about the services being provided, details about a notice through which dischargers can save money (the low-water rebate program), the process for protesting the rates, and a variety of methods by which they can contact Districts' staff for more information. At the same time the Service Charge Report is filed, the Board will be asked to introduce new service charge and industrial wastewater surcharge rate ordinances for the public's review.

At least 45 days after the Prop. 218 notices are mailed, the Board must hold a public hearing on the proposed rates. It is recommended that the public hearing be set for the date, time and location listed on the agenda. After the public hearing is closed, the Board will consider adoption of the Service Charge Report and adoption of the service charge and industrial wastewater surcharge rate ordinances to ensure the new rates become effective on July 1,

2022. Adoption of the Service Charge Report, as is required under the California Health and Safety Code, is necessary in order for the District to continue to collect the 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.

During the 45-day noticing period the Districts will undertake an extensive public outreach program. As in past years, staff will hold a number of information meetings. A video of the same presentation made at the information meetings will be made available on the Districts website. In addition, virtual tours of Districts' treatment facilities will be conducted for members of the community who have a greater desire to see exactly how their money is being spent. The Districts website has information and documents pertaining to the Districts' finances and will have detailed information about the proposed rate increase. The website also provides information on each owner's specific parcel and charges and explains the low-water rebate program and opportunities for reducing their charges. Lastly, the Districts have a dedicated toll-free telephone number with staff available to answer any questions the public may have.

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

COUNTY SANITATION DISTRICT NO. 16 SERVICE CHARGE REPORT FOR FISCAL YEAR 2022-23

INTRODUCTION

County Sanitation District No. 16 of Los Angeles County encompasses all or portions of the cities of Alhambra, Los Angeles, Pasadena, San Marino, and South Pasadena and unincorporated Los Angeles County.

District No. 16 is one of seventeen (17) contiguous sanitation districts within the urbanized Los Angeles Basin signatory to the Amended Joint Outfall Agreement. These Districts, known as the Joint Outfall Districts, have formed a regional wastewater management system known as the Joint Outfall System. This regional system provides for operation and maintenance of large sewers, pumping plants, inland water reclamation plants, and the Joint Water Pollution Control Plant. These services are essential to protect the public health of the people served by the system.

District No. 16, as a member of the Joint Outfall System, must provide a proportionate share of the revenue required to operate and maintain the facilities. Additionally, District No. 16 is responsible for any costs associated with the local sewers that are owned by District No. 16 and are solely for its benefit. 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 supplemental revenue required under the *Master Service Charge Ordinance of County Sanitation District No. 16 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 District No. 16 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, and suspended solids. The number of sewage units (SU) per unit of measure shall be determined by the following formula:

$$\text{SU} = A \left(\frac{\text{FLOW}_{\text{avg}}}{\text{FLOW}_{\text{sft}}} \right) + B \left(\frac{\text{COD}_{\text{avg}}}{\text{COD}_{\text{sft}}} \right) + C \left(\frac{\text{SS}_{\text{avg}}}{\text{SS}_{\text{sft}}} \right)$$

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 2022-23, the proportions of the total operation and maintenance and capital costs attributable to flow, chemical oxygen demand, and suspended solids have been assigned the following values:

A	=	0.3049
B	=	0.3348
C	=	0.3603

The service charge for each sewage unit is determined by dividing the total required supplemental revenue by the total number of sewage units in the District. The service charge for each parcel is determined by multiplying the service charge for each sewage unit by the number of sewage units attributable to the parcel, which in turn, is determined by the class of real property and the sewage unit formula and the flow, COD and SS loadings from Table 1, which shows the corresponding value for each class of real property in District No. 16.

Based upon presently anticipated sources of funds, the service charge rate for fiscal year 2022-23 is \$160 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 County Sanitation District No. 16 of Los Angeles County*.

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

All parcels of real property within the 2022-23 Tax Rate Areas as shown in Table 2 are receiving or benefiting from the services and facilities of District No. 16. Additionally, the parcels listed in Table 3, which do not fall within the Tax Rate Areas shown in Table 2, are receiving or benefiting from the services and facilities of District No. 16. 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
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

<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				
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 SANITATION DISTRICT NO. 16

00040	00209	01797	01803	01808
01809	01823	01833	02955	06631
06831	07454	07456	07460	07463
07464	07465	07466	07471	07496
07497	07498	07500	07502	07546
07547	07552	07554	07615	07616
07620	07621	07622	07625	07631
07632	07644	07694	07695	08541
08543	08551	09030	09031	09032
12861	12862	12996	13001	13381
13382	13433	15006	16337	16663
16820	16941			

TABLE 3
PARCEL NUMBERS SERVED BY SANITATION DISTRICT NO. 16
OUTSIDE OF TAX RATE AREAS

5377010019 5377010029 8940381002

**County Sanitation District No. 16 of Los Angeles County
Preliminary Operating Fund Budget (\$000)
Fiscal Year 2022-23**

	Adopted 2021-22	Proposed 2022-23 ⁽¹⁾
<u>Starting Balance</u>	\$ 19,382	\$ 16,020
 <u>Sources of Funds</u>		
Service Charge	\$ 18,641	\$ 18,694
Industrial Waste Charges	315	-
Total Operating Revenue	18,956	18,694
 Ad Valorem Tax Revenue	 6,454	 6,891
Interest ⁽²⁾	585	80
Total Non-Operating Revenue	7,039	6,971
 Transfers from Designated Funds	 -	 5,667
Transfers from Restricted Funds	451	-
Total Transfers In	451	5,667
 Total Sources of Funds	\$ 26,446	\$ 31,332
 <u>Use of Funds</u>		
Joint Administration Operations	\$ 5,287	-
Joint Outfall Operations	12,071	17,684
Sewer System Operations	335	-
Contract Disposal Operations	343	-
Other Operational Expenditures	64	31
Operations and Maintenance Expense	18,100	17,715
 Joint Administration Capital	 467	 -
Joint Outfall Capital	-	7,800
Sewer System Capital	1,090	-
Contract Disposal Capital	243	-
Capital Expense	1,801	7,800
 Share of Joint Outfall Debt Service	 1,676	 -
Debt Service	1,676	-
 Transfers to Designated Reserves	 3,873	 -
Transfers Out	3,873	-
 Total Use of Funds	\$ 25,449	\$ 25,515
 <u>Ending Balance</u>	\$ 20,379	\$ 21,837

(1) As a result of the Joint Outfall Consolidation effective July 1, 2022, some budget items previously shown on individual District budgets will now be included on the Joint Outfall budget (i.e, industrial waste revenue and sewer system O&M and capital expenses).

(2) Interest revenue in the FY21-22 budget included revenues from designated funds. For FY22-23, interest revenue displayed is only generated by monies in the operating fund.

**County Sanitation District No. 16 of Los Angeles County
Reserve Funds Proposed Budget (\$000)
Fiscal Year 2022-23**

	Unrestricted	Designated			Restricted	Total
	Operating Fund	Emergency	O&M Financial Stability	Capital Projects Financial Stability	Capital Improvement	
Starting Reserve Balance	\$ 16,020	750	13,646	25,243	2,960	58,618
Operating Revenue	18,694	-	-	-	-	18,694
Non-Operating Revenue	6,971	4	24	-	-	6,999
Transfers In	5,667	-	-	-	-	5,667
Operations and Maintenance Expense	17,715	-	-	-	-	17,715
Capital Expense	7,800	-	-	-	-	7,800
Transfers Out ⁽¹⁾	-	754	13,670	25,243	2,960	42,627
Ending Balance	<u>21,837</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,837</u>

(1) Transfers Out generally represent transfers to fund Joint Outfall Reserves pursuant to the Joint Outfall Agreement effective July 1, 2022.

**County Sanitation District No. 16 of Los Angeles County
Wastewater Budget Rate and Other Information Summary
Fiscal Year 2022-23**

	<u>Adopted 2021-22</u>	<u>Proposed 2022-23</u>
<u>Service Charge Rate</u>	160.00	160.00
<u>Industrial Waste (Surcharge) Rates</u>		
Flow (\$ per MGY)	923.00	811.00
COD (\$ per 1000 lbs)	163.00	162.40
SS (\$ per 1000 lbs)	461.10	388.10
Peak Flow (\$ per gpm)	122.10	111.00
<u>Projected Sewage Units</u>		
Residential/Commercial	116,503	116,836
Industrial Waste	958	-
Contract Out	-1,158	-1,284
Total Served Sewage Units	<u>116,304</u>	<u>115,552</u>

**Joint Outfall System
Preliminary Operating Fund Budget (\$000)
Fiscal Year 2022-23**

	Adopted 2021-22	Proposed 2022-23 ⁽¹⁾
<u>Starting Balance</u>	\$ 34,590	\$ 16,693
<u>Sources of Funds</u>		
Industrial Waste Charges	\$ 13,609	\$ 73,486
Operating Payments by Districts	194,695	260,060
Contract Revenue	4,746	3,651
Agricultural and Recycled Water Sales	7,970	9,767
Total Operating Revenue	221,020	346,965
Interest ⁽²⁾	-	828
Total Non-Operating Revenue	-	828
Grants	1,337	-
Loan Proceeds	58,593	64,000
Capital Payments by Districts	-	114,712
Loan Payments by Districts	27,027	-
Total Capital Revenue	86,957	178,712
Transfers from Designated Funds	-	109,295
Transfers from Restricted Funds	187,945	234,303
Transfers From Districts	-	148,933
Total Transfers In	187,945	492,531
Total Sources of Funds	\$ 495,922	\$ 1,019,036
<u>Use of Funds</u>		
Joint Administration Operations	-	\$ 102,781
Sewer System Operations ⁽¹⁾	33,640	48,373
Treatment Plant Operations	170,583	174,694
Composting Facility Operations	8,800	7,118
Contract Disposal Operations	-	1,514
Other Operational Expenditures	7,997	11,914
Operations and Maintenance Expense	221,020	346,396
Joint Administration Capital	-	7,155
Pumping Plant Capital	-	12,090
Sewer System Capital	13,729	78,503
Treatment Plant Capital	227,253	198,843
Composting Facility Capital	1,310	1,310
Field Office Capital	5,582	750
Contract Disposal Capital	-	642
Capital Expense ⁽¹⁾	247,874	299,293
Loan Repayment	27,027	-
Bond Repayment	-	9,781
Debt Service	27,027	9,781
Total Use of Funds	\$ 495,922	\$ 655,470
<u>Ending Balance</u>	\$ 34,590	\$ 380,259

(1) As a result of the Joint Outfall Consolidation effective July 1, 2022, some budget items previously shown on individual District budgets will now be included on the Joint Outfall budget (i.e., industrial waste revenue and sewer system O&M and capital expenses)

(2) Interest revenue was not included in the FY21-22 budget.

**Joint Outfall System
Capital Project Wastewater Budget (\$000)**

Project	Description	2022-23 Budget	Expected Completion	Total Budget (1)
Sewer Repair and Rehabilitation Projects	Rehabilitation of corroded sewer	\$ 78,503	Various	N/A
Pumping Plant Projects	Pumping plant improvements at various locations	12,090	Various	N/A
Joint Outfall Conveyance System		\$ 90,593		
Tunnel and Ocean Outfall Projects	Construction of a third tunnel to convey the effluent from the Joint Water Pollution Control Plant (JWPCP) in Carson to the ocean	\$ 100,200	2026-27	804,000
Secondary Treatment Projects	Capital expenses related to repairs and general improvements to the Secondary Treatment Systems at various facilities	12,800	2024-25	55,150
Power Distribution System Improvements	Modernization of the power distribution systems at the various treatment plants to include redundant power feeds to improve the maintainability and reliability of those systems	19,620	2024-25	43,380
Contingency for Treatment Plant Projects	Contingency funding for unplanned capital projects at the various treatment plants	3,806	Various	N/A
Treatment Plant Concrete Protection Projects	Replacement of protective liners at the various treatment plants that have been subjected to significant corrosion	13,740	2024-25	72,500
Solids Handling Projects	Capital expenses related to repairs and general improvements to the Solids Handling Systems at various facilities	7,000	2024-25	40,500
Primary Treatment Projects	Capital expenses related to repairs and general improvements to the Primary Treatment Systems at various facilities	8,385	2025-26	49,200
MWD Advanced Water Treatment Projects	Remediation of contaminated soil on undeveloped land slated for future AWTF project being pursued with MWD and project planning	8,515	2025-26	87,400
Treatment Plant Security Improvements	Improvements to security at various treatment plants	3,295	2023-24	6,020
Process Air Compressor Replacement	Replacement of outdated PACs to improve efficiency and reduce energy costs at various facilities	13,445	2025-26	47,900
Laboratory Improvements	Improvements to various Laboratory facilities	4,053	Various	N/A
Treatment Plant Optimization Analysis	Technical analysis of WRPs to optimize operations in order to meet current and future permit requirements and optimize recycled water production	950	2022-23	2,600
JWPCP Flare Station Expansion	Replacement of outdated flares and installation of additional flares and necessary electrical upgrades to accommodate additional gas from the Food Waste Receiving Facility	1,680	2022-23	8,300
Filtration Projects	Capital expenses related to repairs and general improvements to the Filter Systems at various facilities	1,355	2022-23	1,400
Treatment Plants		\$ 198,843		
Tulare Lake Compost Projects	Improvements to the Tulare Lake Composting facility	1,310	Various	N/A
Composting Facilities		\$ 1,310		
Field Office Improvements	Renovations to Compton Field Office	750	2025-26	70,000
Field Offices		\$ 750		
Contract Disposal Capital	Capital expenses for disposal contracts	642	Various	N/A
Contract Disposal		\$ 642		
Total Capital Projects		\$ 292,138		

**Joint Outfall System
Reserve Funds Proposed Budget (\$000)
Fiscal Year 2022-23**

	Unrestricted	Designated			Restricted		Total
	Operating Fund	Emergency	O&M Financial Stability	Capital Projects Financial Stability	Capital Improvement	Closure / Postclosure Reserves	
Starting Reserve Balance	\$ 16,693	-	-	-	214,248	411	231,353
Operating Revenue	346,965	-	-	-	-	-	346,965
Non-Operating Revenue	828	50	989	648	1,561	2	4,079
Capital Revenue	178,712	-	-	-	5,972	-	184,684
Transfers In	492,531	12,434	197,857	129,584	97,903	-	930,308
Operations and Maintenance Expense	346,396	-	-	-	-	-	346,396
Capital Expense	299,293	-	-	-	-	-	299,293
Debt Service	9,781	-	-	-	-	-	9,781
Transfers Out	-	-	8,548	103,103	234,303	-	345,954
Ending Balance	380,259	12,484	190,298	27,129	85,381	413	695,964

Sanitation Districts of Los Angeles County
Wastewater Budget Explanation and Glossary of Terms
Fiscal Year 2022-23

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.
Total Served Sewage Units	Total number of Sewage Units (single family home equivalent dischargers) that are served by treatment plants owned by the Sanitation Districts.

**AN ORDINANCE PRESCRIBING THE SERVICE CHARGE RATE
AND MEAN LOADINGS PER UNIT OF USAGE FOR
COUNTY SANITATION DISTRICT NO. 16 OF LOS ANGELES COUNTY,
AND PROVIDING FOR THE COLLECTION OF SUCH
CHARGES ON THE TAX ROLL**

THE BOARD OF DIRECTORS OF COUNTY SANITATION DISTRICT NO. 16 OF LOS ANGELES COUNTY ORDAINS AS FOLLOWS:

SECTION 1.0 - USER CATEGORIES AND MEAN LOADINGS

Pursuant to Section 3.04(1) of the *Master Service Charge Ordinance of County Sanitation District No. 16 of Los Angeles County*, the following shall constitute the user categories and mean loadings per unit of usage for flow, chemical oxygen demand (COD), and suspended solids:

<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

<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				
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
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

SECTION 2.0 - COST ALLOCATION FACTORS

Pursuant to Section 3.04(3) of the *Master Service Charge Ordinance of County Sanitation District No. 16 of Los Angeles County*, the proportions of the total operation and maintenance and net capital costs required for conveyance, treatment, and disposal of wastewater for the fiscal year which are attributable to flow, COD, and suspended solids, designated as A, B, and C, respectively, shall be:

<u>A</u>	<u>B</u>	<u>C</u>
0.3049	0.3348	0.3603

SECTION 3.0 - SERVICE CHARGE RATE

Pursuant to Section 3.03(1) of the *Master Service Charge Ordinance of County Sanitation District No. 16 of Los Angeles County*, the following, to be effective on the dates given, shall constitute the annual Service Charge Rate per sewage unit:

July 1, 2022

\$160

SECTION 4.0 - COLLECTION ON THE TAX ROLL

Pursuant to Section 5473 of the California Health and Safety Code, the District elects to have the service charge imposed pursuant to Sections 3.01 through 3.08 of the *Master Service Charge Ordinance of County Sanitation District No. 16 of Los Angeles County* collected on the tax roll in the same manner, by the same persons, and at the same time as, together with and not separately from, the ad valorem taxes collected by the County of Los Angeles.

SECTION 5.0 - VALIDITY

If any part, section, subsection, paragraph, sentence, clause, or phrase of this Ordinance is held invalid or unconstitutional for any reason by any court, that decision does not affect the validity or constitutionality of the remainder of this Ordinance. The Board of Directors declares that it would have adopted each provision of this Ordinance irrespective of the validity of any other provision.

SECTION 6.0 - EFFECTIVE DATE

This Ordinance shall become effective July 1, 2022.

ATTEST:

Clerk, Board of Directors
County Sanitation District No. 16
of Los Angeles County

Chairperson, Board of Directors
County Sanitation District No. 16
of Los Angeles County

PASSED AND ADOPTED by the Board of Directors of County Sanitation District No. 16 of Los Angeles County on _____ by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Secretary of the Board of Directors
County Sanitation District No. 16
of Los Angeles County

**AN ORDINANCE PRESCRIBING INDUSTRIAL WASTEWATER
SURCHARGE RATES FOR COUNTY SANITATION
DISTRICT NO. 16 OF LOS ANGELES COUNTY**

THE BOARD OF DIRECTORS OF COUNTY SANITATION DISTRICT NO. 16 OF LOS ANGELES COUNTY ORDAINS AS FOLLOWS:

SECTION 1.0 – INDUSTRIAL WASTEWATER SURCHARGE RATES

(a) Pursuant to Section 410 of the *Wastewater Ordinance*, adopted by County Sanitation District No. 16 of Los Angeles County, the following, to be effective on the dates given, shall constitute the annual Industrial Wastewater Surcharge Rates:

<u>PARAMETER</u>	<u>July 1, 2022</u>	<u>July 1, 2023</u>	<u>July 1, 2024</u>	<u>July 1, 2025</u>
Flow (a) [per MG]	\$811.00	\$839.00	\$865.00	\$891.00
COD (b) [per 10 ³ lbs]	\$162.40	\$167.80	\$173.00	\$178.20
SS (c) [per 10 ³ lbs]	\$388.10	\$401.30	\$413.90	\$426.20
Peak (d) [per gpm]	\$111.00	\$114.80	\$118.40	\$121.90
Short Form Rate [per MG]	\$3,588.33	\$3,709.51	\$3,824.92	\$3,939.50

(b) To further the use of the Districts’ reclaimed water, a credit, as determined by the Chief Engineer, will be applied to an industry’s wastewater surcharge obligation for the chemical oxygen demand present in reclaimed water utilized by an industrial discharger and which originated at a Districts’ water reclamation plant.

SECTION 2.0 - EFFECTIVE DATE

This Ordinance shall become effective July 1, 2022.

ATTEST:

Clerk, Board of Directors
County Sanitation District No. 16
of Los Angeles County

Chairperson, Board of Directors
County Sanitation District No. 16
of Los Angeles County

PASSED AND ADOPTED by the Board of Directors of County Sanitation District No. 16 of Los Angeles County on _____ by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Secretary of the Board of Directors
County Sanitation District No. 16
of Los Angeles County