

Notice and Agenda

REGULAR MEETING — BOARD OF DIRECTORS — COUNTY SANITATION DISTRICT NO. 2

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	June 8, 2022	At 1:30 P.M.
Governing Body	Director	Alternate
ALHAMBRA	MALONEY	ANDRADE-STADLER
ARTESIA	TAJ	TREVINO
BELL	SALEH	-----
BELL GARDENS	PULIDO	CHAVEZ
BELLFLOWER	DUNTON	SANTA INES
CERRITOS	VO	BARROWS
COMMERCE	REBOLLO	ALTAMIRANO
COMPTON	SHARIF	-----
DOWNEY	BLANCA PACHECO	FROMETA
LONG BEACH	R. GARCIA	-----
LOS ANGELES CITY	N. MARTINEZ	BUSCAINO
MONTEBELLO	COBOS-CAWTHORNE	PERALTA
MONTEREY PARK	H. LO	SORNOSO
NORWALK	RAMIREZ	PEREZ
PARAMOUNT	CUELLAR STALLINGS	-----
PICO RIVERA	SANCHEZ	CAMACHO
SAN GABRIEL	DING	MENCHACA
SOUTH GATE	RIOS	DAVILA
VERNON	LOPEZ	DAVIS
WHITTIER	VINATIERI	WARNER (Chairperson)
LOS ANGELES COUNTY	MITCHELL	SOLIS

CONSENT AGENDA

1. Public Comment
2. Receive and Order Filed as Follows:
 - (a) Certificate of Mr. Chuong Vo, Presiding Officer of the City of Cerritos
 - (b) Certificate of Ms. Oralia Rebollo, Presiding Officer of the City of Commerce
 - (c) Certificate of Ms. Leticia Lopez, Presiding Officer of the City of Vernon
3. Approve Minutes of Regular Meeting Held May 25, 2022
4. Approve March 2022 Expenses in Amount of \$21,064,834.99

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 participating District. District No. 2 also acts as the Administrative District for the Solid Waste System expenses which are managed pursuant to the Solid Waste Management System Agreement, the Los Angeles County Refuse Disposal Trust Fund Agreement, and a series of Joint Powers Agreements. District No. 2 also acts as the Administrative District for Stormwater Management expenses the Districts incur, and are later reimbursed for, in assisting their member cities and unincorporated Los Angeles County address stormwater compliance issues. A listing of

4. Contd.

Districts’ payments and previously approved budgets can be found on the Districts’ website at lacs.d.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)	\$ 98,325.47
Capital	1,116,044.84
Allocated Expenses:	
Joint Administration	555,678.97
Technical Support	592,323.11
Joint Outfall	2,588,871.96
Solid Waste System Expenses:	
Operations & Maintenance (O&M)	12,448,634.80
Allocated Expenses	1,044,539.34
Capital	2,596,364.14
Stormwater Expenses:	
Operations & Maintenance	24,052.36
Total Expenses	<u>\$21,064,834.99</u>

REGULAR AGENDA

1. Report on Bids for Construction of *Spring Street Pumping Plant Facility Improvements*

Summary: Bid summary/recommendation to reject bid is attached.

2. Re: Furnish and Deliver Cisco Voice over Internet Protocol (VoIP) Telephone Equipment

(a) Report on Bids and Award of Order

(b) Authorize Issuance of Purchase Order to Information Services Technology (ISTECH) in Amount of Approximately \$98,670 to Provide Consulting Services for Implementation and Configuration of Cisco VoIP Telephone Equipment

Summary: The Districts is in the process of replacing its aging telecommunications system to current VoIP technology. Since 2019, staff has completed VoIP conversions at our eight largest Districts’ facilities. The proposed final project will convert the remaining 11 smaller sites. New equipment will be installed by Districts’ staff and expert consulting services are needed to provide required design and programming implementation services. Use of ISTECH to provide the required services is the most cost-effective approach to obtain the required services because they designed the previous VoIP implementations and the underlying computer network that supports VoIP and have agreed to complete the required work using the same hourly billing rate from the first phase of the VoIP project in 2019. The bid summary/recommendation is attached. This item is consistent with the Districts’ Guiding Principle of commitment to operational excellence (protection of public health and the environment, regulatory compliance, and cost effectiveness).

3. Authorize Issuance of Purchase Order to Sustainable Generation, LLC, in Amount of Approximately \$1,400,000 for Replacement of GORE Engineered Fabric Covers at Tulare Lake Compost (TLC)

Summary: A proprietary GORE composting system utilizing engineered fabric covers is used at TLC. The cover system is designed to enclose the composting process with a semi-permeable fabric resulting in improved control of odors and air emissions. The GORE covers are required and specifically named in the air quality permit issued by the San Joaquin Valley Air Pollution Control District. Approximately 20 covers are in need of replacement due to normal wear and tear. Sustainable Generation, LLC, the sole source provider of GORE covers, has offered a new supply contract for approximately \$1,400,000. This item is consistent with the Districts’ Guiding Principle of commitment to operational excellence (protection of public health and the environment, regulatory compliance, and cost effectiveness).

4. Re: New Vehicles

(a) Authorize Issuance of Purchase Order to Elk Grove Auto Group in Amount of Approximately \$559,206 for 18 Chevrolet Bolt Plug-in Electric Vehicles (EVs)

(b) Authorize Issuance of Purchase Order to National Auto Fleet Group in Amount of Approximately \$576,190 for 11 Ford F150 Lightning Light-Duty Pickup Truck EVs

(c) Find that 19 Vehicles are No Longer Required for Districts’ Purposes and Authorize Disposal

4. Contd.

Summary: The vehicles are required for operating and maintaining Districts' facilities. Nineteen existing vehicles are no longer cost effective to maintain. The EVs will replace gasoline powered vehicles, making a concerted effort to reduce emissions at the facilities. Staff recommends the purchase of the vehicles through State of California contracts and the Sourcewell Cooperative Purchasing Agreements since recent purchases of these types of vehicles have proven to be the most cost-effective means of procurement. Elk Grove Auto Group has the state contract for the Chevrolet Bolt EVs, and National Auto Fleet Group has the Sourcewell contract for the Ford F150 Lightning EVs. The Districts has been approved for rebates totaling \$130,500 under the California Clean Vehicle Rebate Project for Public Fleets for the purchase of EVs. This item is consistent with the Districts' Guiding Principle of commitment to operational excellence (protection of public health and the environment, regulatory compliance, and cost effectiveness).

5. Authorize Issuance of Supplemental Purchase Order to Iron Mountain in Amount of Approximately \$150,000 to Provide One Year of Off-site Storage Services for Districts' Records

Summary: Iron Mountain provides off-site storage services for Districts' hard copy records. The Districts is currently undergoing a records management project to review our off-site records inventory and convert relevant hard copy records to electronic format and destroy non-essential records. Iron Mountain charges additional service fees to retrieve, transport, and handle hard copy records to support this records management project. The total cost for off-site storage and records retrieval services is estimated to cost \$150,000 in the upcoming fiscal year. This item is consistent with the Districts' Guiding Principles of commitment to fiscal responsibility and prudent financial stewardship; and commitment to operational excellence (protection of public health and the environment, regulatory compliance, and cost effectiveness).

6. Approve Change Order No. 2 to Contract No. 5162 with Dragados USA, Inc., for Construction of *Joint Water Pollution Control Plant Effluent Outfall Tunnel* (Project); Resulting in Payment of \$1,493,474 for Extra Work

Summary: As part of the Project, the contractor was required to evaluate the cost and schedule impacts of procuring and operating alternative fuel heavy-duty trucks that could be used for portions of the construction activities. The requirement to determine the feasibility of utilizing alternative fuel heavy-duty trucks was included as a mitigation measure in the Environmental Impact Report for this Project. The contractor completed the evaluation and determined that compressed natural gas (CNG) was the only viable alternative truck fuel available, and that the use of CNG trucks is a feasible option for hauling excavated tunnel material offsite for disposal. In accordance with the contract documents, the Districts directed the Contractor to purchase and utilize five (5) CNG trucks to transport excavated tunnel material offsite for disposal. The CNG trucks will be required to use the Districts' owned CNG stations for refueling and will generate revenue for the Districts. This item is consistent with the Districts' Guiding Principles to protect financial and facility assets through prudent investment and maintenance programs; and the commitment to operational excellence (protection of public health and the environment, regulatory compliance, and cost effectiveness).

7. Authorize Chief Engineer and General Manager to Execute Documents for Wilmington Athletic Complex (WAC) as Follows:

- (a) [Lease Agreement with City of Los Angeles](#) (City)
- (b) [Second Amendment to License Agreement](#) (Amendment) with Friends of Wilmington Sports Complex, LLC (FWSC)
- (c) [License Agreement for Parking Spaces](#) (Parking License) with Boys & Girls Clubs of The Los Angeles Harbor (B&GC)

Summary: The WAC is located adjacent to the Joint Water Pollution Control Plant (JWPCP) on 18 acres of Districts' property in the Wilmington neighborhood of the City. In the 1960s, the Districts purchased what was then vacant land to act as buffer for the JWPCP and support potential plant expansion. In the late 1970s, the Districts leased the property to a local organization, which constructed athletic fields and ancillary facilities on the premises. In July 2021, the Board authorized the Chief Engineer to terminate the lease and enter into a License Agreement (License) with FWSC to operate the WAC on an interim basis while the Districts negotiates a long-term Lease Agreement (Lease) with the City's Department of Recreation and Parks. The License expires on June 30, 2022, but staff continues to work with the City on the Lease. In order to allow additional time to finalize the Lease prior to expiration of the License, it is recommended that the Board authorize the Chief Engineer to execute the Lease consistent with the deal term sheet as linked above. In case the Lease is not finalized prior to June 30, it is recommended that the Board also authorize the Chief Engineer to execute the attached Amendment to the License extending its term by three months, through September 30, in order to allow additional time to finalize the Lease. Further, it is recommended that the Board authorize the Chief Engineer to execute the Parking License as linked above, which formalizes the continued use of 58 parking spaces by B&GC at the WAC, as allowed under two offsite parking covenants previously approved by the Districts. On April 13, 2022, the Board of Directors of District No. 2 declared the WAC to be "exempt surplus land," pursuant to

7. Contd.

provisions of the California Surplus Land Act, allowing the Districts to lease the property pending its eventual use for Districts' operations. Staff has determined that authorizing the Chief Engineer to execute the Lease, Amendment, and Parking License 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. As fee title holder of the WAC property, District No. 8 must authorize the actions requested and District No. 2, as the administrative District, must approve the authority granted by District No. 8. This item is consistent with the Districts' Guiding Principle of commitment to continual improvement.

8. Re: CalRecycle Co-Digestion Grant for Joint Water Pollution Control Plant (JWPCP) Food Waste Recycling Program

- (a) Adopt Resolution Authorizing Submittal of Grant Application to be Valid for Five-Year Period
- (b) Authorize Chief Engineer and General Manager to Execute Necessary Documents and Take All Actions Related to Grant

Summary: To support the Districts' member cities' effort to divert food waste from landfills and help reduce greenhouse gas emissions, the Districts has undertaken a food waste recycling/co-digestion program. CalRecycle is administering a Co-Digestion Grant Program which will provide \$9.5 million in funding opportunities for projects at existing wastewater treatment plants. Districts' staff is applying for \$3.9 million in funding for reimbursement of costs related to the Compressed Natural Gas Fuel Station Expansion and Biogas Conditioning System Storage Modification projects. This action does not commit the Districts to enter into a grant agreement with CalRecycle nor to construct the projects. The grant agreement would be brought to the Board for consideration. Staff has determined that the activities described herein 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 Principles of commitment to fiscal responsibility and prudent financial stewardship; and to maximize use of our assets and resources (recycled water, recyclables, and energy).

9. Re: Wastewater Budget Matters for Fiscal Year 2022-23

- (a) Establish by Resolution Appropriations Limit of \$40,386,623 as Required by California Government Code Section 7910
- (b) Adopt Operation Budget
- (c) Adopt Resolution Requesting Tax Levy of \$8,736,000
- (d) Authorize Appropriations per Budget

Summary: A letter discussing 2022-23 fiscal year budgetary matters accompanies the agenda. This item is consistent with the Districts' Guiding Principles of commitment to fiscal responsibility and prudent financial stewardship; and to plan for both short-term and long-term needs to minimize the need for significant rate increases.

The following agenda item #10 is related to labor agreements. Agenda item #10 will be considered by the Board only if the Collective Committee, meeting on June 8, 2022, approves the agreements which are before it.

10. Adopt Necessary Resolutions to Implement Salaries and Benefits and Modified Employer Paid Member Contributions (EPMC) for Employees Consistent with Agreements Approved and Direction Provided by Districts' Collective Committee on June 8, 2022

Summary: Labor agreements establishing cost of living adjustment formulas for District employees have been approved by the Collective Committee, comprised of Directors of all Districts. The cost of living adjustment formula contained in the agreements will result in an increase of 6.75 percent based on an 8.5 percent increase in the Consumer Price Index for All Urban Consumers in Los Angeles-Long Beach-Anaheim for the 12-month period ending March 2022. The proposed [Salary Resolution](#), which is linked above, incorporates the salary increases effective July 1, 2022, for all classes.

Management Unit 009 - Resolution to Modify EPMC for CalPERS Employees: As a result of recent Collective Committee action on June 8, 2022, the salaries and benefits approved for the non-represented Management Unit, for the period of July 1, 2022 through June 30, 2027, were modified. Commencing July 1, 2022, the District will pay the 7 percent normal employee contribution to the California Public Employees Retirement System (CalPERS) on behalf of "classic members" in the classifications of Chief Engineer and General Manager, Assistant Chief Engineer and Assistant General Manager, Deputy

10. Contd.

Assistant Chief Engineer, Departmental Engineer and Human Resources Director in accordance with Section 20691, formerly 20615, of the California State Government Code. This will make these positions consistent with all other “classic member” employees at the Districts whose 7 percent employee contribution is paid for by the agency. This item is consistent with the Districts’ Guiding Principle to maintain salaries and benefits, based on metrics, to attract and retain a dedicated and talented staff.

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.

TO: BOARD OF DIRECTORS OF LOS ANGELES
COUNTY SANITATION DISTRICT NO. 2

RE: AGENDA ITEM NO. R-1

FOR BOARD MEETING June 8, 2022

BIDS were received at the District Office on May 3, 2022

FOR Spring Street Pumping Plant Facility Improvements

No. of Bids Received: 1

<u>BIDDER</u>	<u>TOTAL BID</u>
Metro Builders and Engineers Group Ltd.	<u>\$7,119,651.00</u>

RECOMMENDATION:

Reject bid and not re-advertise project.

Only one bid was received, and the bid price exceeds the budget. A decision was made not to re-advertise the project, continue to maintain the facility with limited upgrades to existing equipment, and re-evaluate an alternative that involves construction of a gravity sewer in place of the pumping plant.

Engineer's Estimate: \$6,200,000



Robert C. Ferrante
Chief Engineer and
General Manager

TO: BOARD OF DIRECTORS OF COUNTY SANITATION
DISTRICT NO. 2 OF LOS ANGELES COUNTY

RE: AGENDA ITEM NO. R-2(a)

FOR BOARD MEETING JUNE 8, 2022

BIDS were received at the District Office on Thursday, March 17, 2022 at 3:00 p.m.

FOR FURNISH AND DELIVER CISCO VOIP TELEPHONE EQUIPMENT

No. of Bids Received: 3


<u>BIDDER</u>	<u>TOTAL BID</u>
VOX Network Solutions, Inc.	<u>\$153,493.03*</u>
Golden Star Technology, Inc. (GST)	163,272.72
Netxperts, Inc.	164,976.56

*Price discrepancy occurred between the Unit Price and Totals, the Unit Price prevails and the Grand Total was corrected accordingly.

RECOMMENDATION:

Award purchase order to VOX Network Solutions, Inc., the lowest responsive and responsible bidder, in the approximate amount of \$153,493.03 to furnish and deliver Cisco VoIP telephone equipment.

Engineer's Estimate: \$156,000.00


Robert C. Ferrante
Chief Engineer and
General Manager

RESOLUTION
AUTHORIZING APPLICATION FOR A GRANT FROM
2022-2023 CALRECYCLE CO-DIGESTION GRANT PROGRAM

The Board of Directors of County Sanitation District No. 2 of Los Angeles County (District) resolves as follows:

The County Sanitation Districts of Los Angeles County (Districts) are applying for a grant from the 2022-2023 CalRecycle Co-Digestion Grant Program. The Compressed Natural Gas (CNG) Station Expansion Project and Biogas Conditioning System Storage Modification Project (Projects) at the Joint Water Pollution Control Plant (JWPCP) are potentially eligible to receive grant funding. A mandatory requirement for entities subject to a governing body is a Resolution that authorizes specific grant-related matters. The Resolution must:

- Authorize submittal of an application for one or more specifically named CalRecycle grant(s) or for all CalRecycle grants for which the applicant is eligible.
- Identify the period of time, up to five years, during which the authorizations are valid. Although resolutions valid for five years are encouraged; periods of less than five years are acceptable. If a Resolution does not specifically identify a period of time, it is considered valid for one year from the date of adoption.
- Identify the Signature Authority by listing the job title of the person(s) authorized to sign all grant-related documents necessary to implement and close-out the grant(s).

The Districts are a confederation of 24 independent sanitation districts providing wastewater and solid waste services to over half of Los Angeles County. Seventeen of those districts are signatory to a joint agreement under which they jointly own and operate the wastewater conveyance, treatment, and disposal facilities. Seventeen of those districts are also signatory to a joint agreement under which they jointly own and operate a solid waste transfer and disposal system. Under the terms of both agreements, the District has been appointed as the administrative agent responsible for all matters pertaining to those shared facilities, including making financial commitments.

To support the Districts' member cities in their efforts to divert food waste from landfills, the Districts implemented a food waste recycling program at the JWPCP located in the City of Carson. The JWPCP is a wastewater treatment facility where all of the biosolids (the solid matter removed from the wastewater) are treated through a process known as anaerobic digestion. Adding food waste into the existing digesters and headworks generates additional digester gas (also referred to as biogas). The extra biogas is processed for use as vehicle fuel at the Districts' existing CNG fueling station, replacing, and supplementing fossil fuels. The Projects increase renewable natural gas (RNG) storage capacity and expands the existing station with the ability to service larger vehicles, replaces outdated compressors, and dispenses JWPCP-produced RNG. Once completed, the Projects will dispense up to 3,000 gasoline gallon equivalents of JWPCP RNG per day.

The estimated cost, including project management, is \$4 million. The CalRecycle grant would fund up to \$3.9 million of the costs with \$3.4 million allocated towards the CNG Station Expansion Project and \$0.5 million allocated towards the Biogas Conditioning System Storage Modification Project.

General Requirements

With this Resolution, the District authorizes the submittal of the Districts grant application to the 2022-2023 Co-digestion Grant Program. Additionally, the District grants this authorization for a period of five years from the date of this Resolution. To expedite grant administration and project management, the District also authorizes the Chief Engineer and General Manager of the Districts (Signature Authority) to sign all grant-related documents and take all additional actions necessary to implement and close-out the grant(s).

THEREFORE, the Board of Directors of County Sanitation District No. 2 of Los Angeles County hereby resolves that:

1. The District is authorized to submit an application for the 2022-2023 and subsequent Co-digestion Grant Programs.
2. This authorization is valid for a period of five years after the date of this Resolution.
3. The Chief Engineer and General Manager of the Districts (Signature Authority) is authorized to sign all grant-related documents and take all additional actions necessary to implement and close-out the grant(s).

PASSED AND ADOPTED by the Board of Directors of County Sanitation District No. 2 of Los Angeles County on June 8, 2022.

COUNTY SANITATION DISTRICT NO. 2 OF
LOS ANGELES COUNTY

By _____
Chairperson, Board of Directors

ATTEST:

By _____
Secretary to the Board

APPROVED AS TO FORM:
LEWIS, BRISBOIS, BISGAARD & SMITH LLP

By _____
District Counsel



June 3, 2022

Boards of Directors
Los Angeles County Sanitation Districts

Dear Directors:

Wastewater Budget Matters for Fiscal Year 2022-23

The agendas for the upcoming meetings of the Boards of Directors for most Districts contain items relating to wastewater budget matters for fiscal year 2022-23. These items include establishing an appropriations limit on the proceeds of taxes; adopting the sewerage system final budget; requesting the tax levy; authorizing appropriations per the sewerage system budget; and, for certain Districts, actions related to the previously filed Service Charge Report.

APPROPRIATIONS LIMIT

The Constitution of the State of California places a limit on the authorization to expend the proceeds of taxes levied by state and local governments in California. In addition, the Government Code requires the governing body for each local jurisdiction to establish, by resolution, an appropriations limit for each fiscal year. The appropriations limit for fiscal year 2022-23 has been determined by adjusting the previous limit for fiscal year 2021-22 based upon population change factors for Los Angeles County and the change in the California Personal Per Capita Income. The appropriations limit has also been adjusted to include the increased operation and maintenance and capital costs of treatment processes and facilities needed to comply with state and federal requirements. All of this is in accordance with the procedures outlined in Article XIII B of the Constitution and Section 7910 of the Government Code. The proposed appropriations limit and anticipated tax revenue are enclosed. This information has been available to the public at the Districts' Joint Administration Office in conformance with the requirement that the documentation used in the determination of the appropriations limit be available fifteen days prior to its establishment by the Board of Directors.

FINAL BUDGET FOR FISCAL YEAR 2022-23

Enclosed for your review are the proposed final fiscal year 2022-23 budgets for the District and the Joint Outfall System (JOS), if applicable. Budgets include a list of proposed capital projects (if any) along with descriptions of the projects; a list of user fees; information on the monies set aside in various funds/reserves; and an explanation of terms used in the budget. The JOS budget will only be adopted by District 2, the administrative District for the JOS. Joint Administration and Joint Outfall costs are allocated to each District according to the ratio of the number of sewage units in a District to the total number of sewage units in all the Districts signatory to each agreement. A sewage unit represents the average daily sewage flow and strength (measured in terms of chemical oxygen demand and suspended solids) from a single-family home. This method of allocating costs considers flow as well as the strength of sewage from all types of users and is the most equitable way to distribute Joint costs.

SERVICE CHARGE REPORT

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

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

SUMMARY OF REQUIRED ACTIONS

At the June Board meetings, it will be recommended that the Boards of Directors adopt a resolution establishing the appropriations limit on the proceeds of taxes; adopt the budget for fiscal year 2022-23; adopt a resolution requesting the tax levy; authorize appropriations in the sewerage system budget; and adopt the Service Charge Report (Districts 4 and 9 only), all as shown on the agenda.

Very truly yours,



Robert C. Ferrante

RCF:gc

Enclosures

**County Sanitation District No. 2 of Los Angeles County
Final Operating Fund Budget (\$000)
Fiscal Year 2022-23**

	Adopted 2021-22	Proposed 2022-23 ⁽¹⁾
<u>Starting Balance</u>	\$ 45,943	\$ 48,451
 <u>Sources of Funds</u>		
Service Charge	\$ 39,906	\$ 40,820
Industrial Waste Charges	8,669	-
Total Operating Revenue	48,575	40,820
 Ad Valorem Tax Revenue	 8,314	 8,736
Interest ⁽²⁾	785	83
Total Non-Operating Revenue	9,099	8,819
 Transfers from Restricted Funds	 6,230	 -
Total Transfers In	6,230	-
 Total Sources of Funds	\$ 63,904	\$ 49,639
 <u>Use of Funds</u>		
Joint Administration Operations	\$ 13,187	-
Joint Outfall Operations	26,556	33,756
Sewer System Operations	1,756	-
Other Operational Expenditures	201	146
Operations and Maintenance Expense	41,701	33,902
 Joint Administration Capital	 1,040	 -
Joint Outfall Capital	-	14,890
Sewer System Capital	5,190	-
Capital Expense	6,230	14,890
 Share of Joint Outfall Debt Service	 3,687	 -
Debt Service	3,687	-
 Transfers to Joint Outfall System	 -	 31,913
Transfers to Designated Reserves	9,645	-
Transfers Out	9,645	31,913
 Total Use of Funds	\$ 61,263	\$ 80,704
 <u>Ending Balance</u>	\$ 48,584	\$ 17,385

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. 2 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	\$ 48,451	1,643	30,572	771	17,029	98,467
Operating Revenue	40,820	-	-	-	-	40,820
Non-Operating Revenue	8,819	-	-	-	-	8,819
Operations and Maintenance Expense	33,902	-	-	-	-	33,902
Capital Expense	14,890	-	-	-	-	14,890
Transfers Out ⁽¹⁾	31,913	1,643	30,572	771	17,029	81,929
Ending Balance	<u>17,385</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,385</u>

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

**County Sanitation District No. 2 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>	181.00	185.00
<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	220,476	220,647
Industrial Waste	34,615	-
Total Served Sewage Units	<u>255,092</u>	<u>220,647</u>

**Joint Outfall System
Final 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	62,250
Capital Payments by Districts	-	114,712
Loan Payments by Districts	27,027	-
Total Capital Revenue	86,957	176,962
Transfers from Designated Funds	-	212,786
Transfers from Restricted Funds	187,945	299,140
Transfers From Districts	-	148,962
Total Transfers In	187,945	660,888
Total Sources of Funds	\$ 495,922	\$ 1,185,643
<u>Use of Funds</u>		
Joint Administration Operations	-	\$ 103,230
Sewer System Operations ⁽¹⁾	33,640	49,974
Treatment Plant Operations	170,583	174,819
Composting Facility Operations	8,800	7,668
Contract Disposal Operations	-	1,514
Other Operational Expenditures	7,997	12,254
Operations and Maintenance Expense	221,020	349,460
Joint Administration Capital	-	7,322
Sewer System Capital	13,729	96,513
Treatment Plant Capital	227,253	254,853
Composting Facility Capital	1,310	1,310
Field Office Capital	5,582	750
Contract Disposal Capital	-	642
Capital Expense ⁽¹⁾	247,874	361,390
Loan Repayment	27,027	-
Bond Repayment	-	10,733
Debt Service	27,027	10,733
Total Use of Funds	\$ 495,922	\$ 721,584
<u>Ending Balance</u>	\$ 34,590	\$ 480,753

(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
Sewer Repair and Rehabilitation Projects	Rehabilitation of corroded sewer	\$ 84,923	Various	N/A
Pumping Plant Projects	Pumping plant improvements at various locations	11,590	Various	N/A
Joint Outfall Conveyance System		\$ 96,513		
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	\$ 160,200	2027-28	804,000
Secondary Treatment Projects	Capital expenses related to repairs and general improvements to the Secondary Treatment Systems at various facilities	14,800	2024-25	57,150
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	17,780	2024-2025	43,455
Contingency for Treatment Plant Projects	Contingency funding for unplanned capital projects at the various treatment plants	3,906	Various	N/A
Treatment Plant Concrete Protection Projects	Replacement of protective liners at the various treatment plants that have been subjected to significant corrosion	11,500	2024-2025	72,500
Solids Handling Projects	Capital expenses related to repairs and general improvements to the Solids Handling Systems at various facilities	6,500	2024-2025	40,500
Primary Treatment Projects	Capital expenses related to repairs and general improvements to the Primary Treatment Systems at various facilities	7,285	2026-27	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	3,995	2023-24	6,720
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	2,818	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	1,075	2023-24	3,225
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		\$ 254,853		
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		\$ 354,068		

**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	1,558	2	4,076
Capital Revenue	176,962	-	-	-	5,972	-	182,934
Transfers In	660,888	12,434	197,857	129,584	97,387	-	1,098,150
Operations and Maintenance Expense	349,460	-	-	-	-	-	349,460
Capital Expense	361,390	-	-	-	-	-	361,390
Debt Service	10,733	-	-	-	-	-	10,733
Transfers Out	-	-	85,010	130,132	299,140	-	514,282
Ending Balance	<u>480,753</u>	<u>12,484</u>	<u>113,836</u>	<u>100</u>	<u>20,025</u>	<u>413</u>	<u>627,612</u>

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.

SUMMARY OF 2022-23 APPROPRIATIONS LIMIT FOR EACH SANITATION DISTRICT

DISTRICT NUMBER	2021-22 APPRO. LMT. EXCLUDING MANDATED COSTS	POPULATION CHANGE FACTOR	APPRO. LMT.* CHANGE FACTOR	2022-23 APPRO. LMT. EXCLUDING MANDATED COSTS	2022-23 MANDATED COSTS	2022-23 APPRO. LMT. INCLUDING MANDATED COSTS	ESTIMATED AD VALOREM TAX REVENUES	DISTRICT NUMBER
1	\$ 20,131,580	0.9934	1.0684	\$ 21,508,177	\$ 2,246,239	\$ 23,754,416	\$ 4,902,000	1
2	34,659,907	0.9929	1.0679	37,012,065	3,374,558	40,386,623	8,736,000	2
3	24,358,378	1.0004	1.0759	26,207,171	2,768,802	28,975,973	6,747,000	3
4	3,200,565	0.9956	1.0708	3,427,067	-	3,427,067	837,000	4
5	50,956,938	0.9929	1.0679	54,415,077	4,021,912	58,436,989	14,911,000	5
8	9,553,242	0.9935	1.0686	10,208,198	930,733	11,138,931	2,433,000	8
9	1,225,323	0.9933	1.0683	1,309,005	-	1,309,005	115,000	9
14	57,133,053	0.9934	1.0684	61,039,763	13,393,080	74,432,843	2,376,000	14
15	20,219,455	0.9934	1.0684	21,602,258	2,922,191	24,524,449	9,495,000	15
16	14,228,614	0.9946	1.0696	15,219,485	1,767,873	16,987,358	6,891,000	16
17	1,963,865	0.9933	1.0683	2,097,999	226,184	2,324,183	715,000	17
18	15,185,496	0.9959	1.0711	16,264,689	1,877,066	18,141,755	5,345,000	18
19	5,961,377	0.9929	1.0679	6,365,940	590,158	6,956,098	1,807,000	19
20	45,958,888	0.9929	1.0679	49,077,840	13,344,653	62,422,493	1,749,000	20
21	57,809,621	0.9968	1.0721	61,977,849	2,339,832	64,317,681	5,771,000	21
22	13,505,684	0.9929	1.0679	14,422,233	1,926,462	16,348,695	5,381,000	22
23	6,788,019	0.9929	1.0679	7,248,681	51,996	7,300,677	645,000	23
27	1,022,627	0.9933	1.0683	1,092,466	-	1,092,466	425,000	27
28	1,153,639	0.9929	1.0679	1,231,929	72,795	1,304,724	801,000	28
29	957,666	0.9929	1.0679	1,022,657	85,794	1,108,451	186,000	29
SBC	26,729,927	0.9929	1.0679	28,543,925	795,543	29,339,468	6,682,000	SBC
SCV	24,347,964	1.0014	1.0770	26,223,857	-	26,223,857	8,435,000	SCV
34						N/A**		34
NR						N/A**		NR

* This column represents the net change resulting from the percent change in population and the percent change in Per Capita Income of 7.55%.

** This District is not subject to an appropriations limit as it does not receive any proceeds of taxes.