

Notice and Agenda

REGULAR MEETING — BOARD OF DIRECTORS — COUNTY SANITATION DISTRICT NO. 8

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 December 14, 2022 At 1:30 P.M.

Governing Body	Director	Alternate
CARSON	DAVIS-HOLMES	DEAR
COMPTON	SHARIF	-----
LONG BEACH	RICHARDSON	-----
LOS ANGELES CITY	KREKORIAN	-----
LOS ANGELES COUNTY	HAHN	MITCHELL

1. Elect Chairperson
2. Public Comment
3. Receive and Order Filed as Follows:
 - (a) Certificate of Ms. Janice Hahn, Presiding Officer of the Board of Supervisors of the County of Los Angeles
 - (b) Action Appointing Ms. Holly Mitchell as Alternate Director of the Board of Supervisors of the County of Los Angeles
4. Approve Minutes of Regular Meeting Held November 9, 2022
5. Approve September 2022 Expenses in Amount of \$(644,094.90)

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. Note that allocated expenses were overstated in August due to an accounting error. This error has been corrected and is reflected as a negative amount in this month's expense report. A listing of Districts' payments and previously approved budgets can be found on the Districts' website at lacsd.org/financial-documents. This item is consistent with the Districts' Guiding Principle of commitment to fiscal responsibility and prudent financial stewardship.

Local District Expenses:	
Operations & Maintenance (O & M)	\$ 2,491.75
Allocated Expenses:	
Technical Support	(8.46)
Joint Outfall	(646,578.19)
Total Expenses	<u>\$(644,094.90)</u>

6. Approve Resolution of the Board of Directors of County Sanitation District No. 8 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.

7. Re: Revised Annexation Fee Ordinance
- (a) Hold Public Hearing
 - (b) Adopt *An Ordinance Prescribing Fees for the Annexation of Territory to County Sanitation District No. 8 of Los Angeles County* and Find that Adoption of Ordinance is Exempt from California Environmental Quality Act (CEQA) Under Section 15273 of State Guidelines for Implementation of CEQA

Summary: Properties outside the jurisdictional boundary of the District must be annexed to the District before sewerage service can be provided. The cost of processing the annexation application is borne by the applicant pursuant to the District's existing Master Annexation Fee Ordinance and Annexation Fee Rate Ordinance (Existing Ordinances), both adopted in 2007, according to a tiered acreage-based approach. However, this method results in inequities in certain circumstances. Furthermore, the cost to process an annexation application does not vary significantly between a large or small property. The proposed ordinance, which is attached, supersedes the Existing Ordinances and establishes a flat fee of \$2,000 per annexation application, which is more equitable and representative of the actual cost to process each annexation. In October 2022, the Personnel Committee, comprised of the Chairs of all active Districts, unanimously endorsed the proposed ordinance; and in November 2022, the proposed ordinance was introduced to the Board. This item is consistent with the Districts' Guiding Principles of commitment to continual improvement; and commitment to fiscal responsibility and prudent financial stewardship.

8. Accept and Order Recorded [Quitclaim Deed](#) from E&B Natural Resources Management Corporation (E&B) for Oil and Gas Well Site at Former Fletcher Oil and Refining Company (FORCO) Site

Summary: E&B is the successor-in-interest to a lease dated October 2, 1944, for an oil well site known as Arthur No. 2 located at the former FORCO site adjacent to the Joint Water Pollution Control Plant. In 2015, E&B plugged and abandoned the oil well in accordance with state requirements. Under the proposed Quitclaim Deed, E&B will convey to the District all of its rights under the lease pertaining to the Arthur No. 2 site, including the right to conduct drilling and rights to use the surface and subsurface up to 500 feet below ground, which will accommodate future site redevelopment and construction of the Pure Water Southern California project. E&B will retain its statutory liability as the operator of record of the plugged oil well. This item is consistent with the Districts' Guiding Principle to maximize use of our assets and resources (recycled water, recyclables, and energy).

9. Authorize Chief Engineer and General Manager (Chief Engineer) to Execute [Fifth Amendment to License Agreement](#) (Amendment) with Friends of Wilmington Sports Complex, LLC, (FWSC) for Interim Operation of Wilmington Athletic Complex (WAC)

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 of Los Angeles (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. In June 2022, the Board approved a deal term sheet for the Lease and authorized the Chief Engineer to execute the Lease. The License expires on December 31, 2022, but staff continues to work with the City on the Lease. In order to allow additional time to finalize the Lease, it is recommended that the Board authorize the Chief Engineer to execute the attached Amendment, which extends the term of the License by three months, through March 31, 2023, and increases the monthly payment to FWSC from \$7,500 to \$9,500 per month to cover shortfalls in the net operating cost of the WAC. Staff has determined that authorizing the Chief Engineer to execute the Amendment 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 action 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.

10. Adopt Policies as Follows:

- (a) [Purchasing Policy](#)
- (b) [Investment Policy](#)
- (c) [Debt Management Policy](#)
- (d) [Wastewater Financial Reserve Policy](#)
- (e) [Joint Outfall System Financial Reserve Policy](#)

Summary: As part of the continuing effort to ensure the Districts follows best practices as it relates to financial matters, revisions to certain policies are being recommended. First, sound Investment, Debt

10. Contd.

Management, and Financial Reserve Policies are crucial to maintaining the Districts' financial stability, and changes are being proposed to the existing policies to ensure consistency across the Districts, ensure transparency in Districts' finances, and improve the Districts' investment performance. Second, the Districts' Purchasing Policy establishes rules for purchase of materials, supplies, equipment, services, and construction projects. Proposed revisions to the policy clarify certain provisions, ensure current practices are incorporated into the policy, and add provisions for related business practices. In October 2022, the Personnel Committee, comprised of the Chairs of all of the active Districts, unanimously endorsed the proposed revisions. A letter summarizing these proposed changes is attached. Links to the policies showing proposed revisions can be found on the posted agenda on the Districts' website (www.lacsd.org). 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. 8 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. 8 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 County of Los Angeles Department of Public Health Order of the Health Officer issued September 22, 2022 (the “County Order”) includes recommendations for the protection of person with elevated risk factors for severe health outcomes due to COVID-19 infection; 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 individuals with underlying health conditions that make them susceptible to severe COVID-19 illness and individuals who are not and cannot be vaccinated, that COVID-19 infection remains a significant health hazard to all residents, 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. 8 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, recommendations from health officers include ongoing masking, and social distancing practices especially for indoor settings and particularly for individuals who, due to vaccine status or underlying health conditions, continue to be at risk for severe illness, 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 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. 8 of Los Angeles County this 14th day of December 2022 by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Chairperson

**AN ORDINANCE PRESCRIBING FEES FOR THE ANNEXATION OF TERRITORY TO
COUNTY SANITATION DISTRICT NO. 8 OF LOS ANGELES COUNTY**

**THE BOARD OF DIRECTORS OF COUNTY SANITATION DISTRICT NO. 8 OF LOS
ANGELES COUNTY ORDAINS AS FOLLOWS:**

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PART I -- GENERAL PROVISIONS

SECTION 1.01 – SHORT TITLE

This Ordinance shall be known as the *Annexation Fee Ordinance of County Sanitation District No. 8 of Los Angeles County*.

SECTION 1.02 – PURPOSE

The purpose of this Ordinance is to recover the District's cost of furnishing administrative services for the annexation of territory to the District, and to provide for the collection and transfer of annexation fees imposed by other agencies.

SECTION 1.03 – AUTHORITY

The District is empowered to prescribe, revise, and collect fees, tolls, rates, rentals, or other charges for services and facilities furnished by it in connection with its sewerage system pursuant to California Health & Safety Code §5471.

SECTION 1.04 – ADMINISTRATION

The Chief Engineer shall administer, implement, and enforce the provisions of this Ordinance.

SECTION 1.05 – VALIDITY

If any court holds any part, section, subsection, paragraph, sentence, clause or phrase of this Ordinance to be invalid or unconstitutional for any reason, 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 1.06 – SUPERSESSION

This Ordinance shall supersede the *Master Annexation Fee Ordinance of County Sanitation District No. 8 of Los Angeles County* and the *Annexation Fee Rate Ordinance of County Sanitation District No. 8 of Los Angeles County*, both adopted on May 9, 2007, with respect to any rights, duties or privileges arising after the effective date of this Ordinance.

SECTION 1.07 – EFFECTIVE DATE

This Ordinance shall become effective thirty days after its adoption.

PART II -- DEFINITIONS

This Ordinance shall be construed according to the following definitions:

SECTION 2.01 – ACT

Act shall mean the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (California Government Code §§56000 *et seq.*) and as thereafter amended.

SECTION 2.02 – AGENCY FEES

Agency Fees shall mean fees and charges imposed by LAFCO pursuant to California Government Code §56383, by the SBE pursuant to California Government Code § 54902.5, and any other fees and charges imposed by other public agencies that the Chief Engineer may from time to time determine are necessary or convenient for the District to collect in connection with annexation applications.

SECTION 2.03 – ANNEXATION FEE

Annexation Fee shall mean the sum of the District Fee and Agency Fees.

SECTION 2.04 – BOARD OF DIRECTORS

Board of Directors shall mean the Board of Directors of County Sanitation District No. 8 of Los Angeles County.

SECTION 2.05 – CHIEF ENGINEER

Chief Engineer shall mean the Chief Engineer and General Manager of County Sanitation District No. 8 of Los Angeles County or his/her designee.

SECTION 2.06 – CONTIGUOUS PARCEL AREA

Contiguous parcel area shall mean “single area” of contiguous parcels, as that term is used by the SBE in calculating fees.

SECTION 2.07 – DISTRICT

District shall mean County Sanitation District No. 8 of Los Angeles County.

SECTION 2.08 – DISTRICT FEE

District Fee shall mean that portion of the Annexation Fee imposed by the District pursuant to Government Code §66014 to recover the District’s cost of furnishing administrative services for the annexation of territory to the District.

SECTION 2.09 – LAFCO

LAFCO shall mean the Local Agency Formation Commission of Los Angeles County or any successor agency thereto.

SECTION 2.10 – PARCEL

Parcel shall mean any area of land contained within a single legal description and as shown on maps prepared and filed by the Assessor’s Office of the county in which the land is located.

SECTION 2.11 – SBE

SBE shall mean the State Board of Equalization or any successor agency thereto.

PART III -- ANNEXATION FEE

SECTION 3.01 – IMPOSITION OF ANNEXATION FEE

The applicant requesting or petitioning for annexation to the District shall pay an Annexation Fee. The application for annexation may be for more than one parcel, subject to Section 3.05.

SECTION 3.02 – AMOUNT OF ANNEXATION FEE

- (1) The Annexation Fee shall be the sum of the District Fee and any Agency Fees not directly paid to LAFCO by the applicant.
- (2) The District Fee shall be \$2,000 per single application for annexation to the District, regardless of the number of parcels in the application or if the parcels are contiguous.
- (3) Agency Fees shall be determined in accordance with the procedures established by LAFCO, SBE, and any other local or state agency imposing a charge to complete the annexation.
- (4) The portion of the Annexation Fee attributable to a given parcel that is part of a single application involving multiple parcels shall be equal to the sum of:
 - (a) the District Fee divided by the number of parcels in the application; and
 - (b) the LAFCO fee multiplied by the ratio of the acreage of the parcel to the total acreage of all of the parcels included in the application; and
 - (c) the SBE fee for the contiguous parcel area in which the parcel is located, multiplied by the ratio of the acreage of the parcel to the total acreage of the contiguous parcel area.

SECTION 3.03 – ADJUSTMENT OF DISTRICT FEE

The Chief Engineer may periodically review the amount of the District Fee and adjust it as necessary to recover the District’s cost of furnishing administrative services for the annexation of territory to the District. Any adjustment in the District Fee shall be prescribed in a new Annexation Fee Ordinance that shall be adopted by the Board of Directors and supersede this Ordinance.

SECTION 3.04 – DISPOSITION OF ANNEXATION FEE

The portion of the Annexation Fee payment attributable to the District Fee shall be deposited into the District’s Operating Fund. Following the Board of Directors’ approval of the resolution of making application to LAFCO, the portion of the Annexation Fee payment attributable to any Agency Fees shall be submitted to LAFCO together with the application for annexation.

SECTION 3.05 – ADDITIONAL PARCELS

Additional parcels may be added to an existing annexation application if (a) the additional parcel is within 0.5 miles of any of the parcels included in the existing annexation application, and (b) tax sharing resolutions have not been submitted to other agencies.

SECTION 3.06 – REFUND OF FEES

- (1) In the event that an annexation application is terminated pursuant to the terms of Section 4.01, the Chief Engineer shall estimate the costs of District services provided prior to the date of termination and refund any excess portion of the Annexation Fee payment attributable to the District Fee. The District is not responsible for determining or refunding any excess portion of the Annexation Fee payment attributable to the Agency Fees.
- (2) In the event that the Annexation Fee payment is in excess of the final Annexation Fee due pursuant to Section 5.02, the Chief Engineer shall refund the difference to the owner of the affected parcel(s).
- (3) Refunds shall be issued to the parcel owner(s) of record at the time the refund is paid.
- (4) Annexation Fee payments shall not accrue interest during the time the District is processing the annexation application or determining the amount of any refund.

PART IV -- TERMINATION OF APPLICATION

SECTION 4.01 – TERMINATION

An application for annexation shall be terminated if:

- (1) The annexation proceedings are not complete in accordance with the provisions of the Act within five years of submitting the initial application, or
- (2) The applicant withdraws the application.

PART V -- PAYMENT

SECTION 5.01 – PAYMENT OF ANNEXATION FEE

The Annexation Fee is due and payable at the time a request for annexation is made to the District. The Annexation Fee shall be paid to the District either:

- (1) in person at the Joint Administration Office of the Los Angeles County Sanitation Districts, located at 1955 Workman Mill Road, Whittier, California 90601, or

- (2) by mailing the payment to the Los Angeles County Sanitation Districts, Attn: Annexations Program, P.O. Box 4998, Whittier, California 90607, or
- (3) electronically through the District's online payment portal.

SECTION 5.02 – DETERMINATION OF FINAL ANNEXATION FEE

- (1) For annexations in which the owner of a parcel has requested that the District adopt a resolution of application pursuant to Part 3, Chapter 1 of the Act, the Chief Engineer shall recalculate the Annexation Fee at the time the Board of Directors considers the resolution of making application to LAFCO. The final Annexation Fee shall be the sum of the District Fee plus the Agency Fees based on the total acreage of each parcel in the application, as determined by the Chief Engineer, and calculated pursuant to Section 3.02 using the Agency Fees in effect as of the date the request is considered by the Board of Directors.

If the final Annexation Fee is greater than the Annexation Fee paid at the time of application, the owner of each parcel seeking annexation shall pay the difference before the Board of Directors considers the resolution of making application to LAFCO.

If the final Annexation Fee is less than the Annexation Fee paid at the time of application, the District shall refund the difference to the owner of each parcel pursuant to Section 3.06.

- (2) For annexations in which the owner of each parcel has directly petitioned LAFCO pursuant to Part 3, Chapter 2 of the Act and LAFCO has requested the District's assistance in preparing the necessary application, the Chief Engineer shall calculate the final Annexation Fee at the time LAFCO makes its request. The final Annexation Fee shall be the sum of the District Fee plus the Agency Fees based on the total acreage of each parcel in the application, as determined by the Chief Engineer, and calculated pursuant to Section 3.02 using the Agency Fees in effect when LAFCO made its request. The owner of each parcel shall pay this amount before the District commences work on the application.

SECTION 5.03 – ADMINISTRATIVE CHARGES

The Chief Engineer shall add an administrative charge to the Annexation Fee in the event a check tendered for payment is not honored. The Chief Engineer shall establish the amount of the charge to reflect the District's added cost in processing dishonored checks, up to the maximum amount allowed by law, and may adjust it from time to time as required to continue to reflect the District's added cost.

SECTION 5.04 – MANNER OF PAYMENT

The Chief Engineer shall determine the manner in which the Annexation Fee may be paid. If a manner of payment requires the District to pay a transaction fee, the parcel owner shall pay the transaction fee to the District as an additional charge.

[signature page follows]

ATTEST:

Clerk, Board of Directors
County Sanitation District No. 8
of Los Angeles County

Chairperson, Board of Directors
County Sanitation District No. 8
of Los Angeles County

PASSED AND ADOPTED by the Board of Directors of County Sanitation District No. 8 of Los Angeles County on _____ by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Secretary, Board of Directors
County Sanitation District No. 8
of Los Angeles County



November 9, 2022

Boards of Directors
Los Angeles County Sanitation Districts

Directors:

Financial Policies

The agenda for upcoming meetings of the Boards of Directors contains an item regarding proposed revisions to several District policies.

FINANCIAL POLICIES

Financial policies form the cornerstone of the Districts' financial practices and are intended to provide guidance when preparing budgets, adopting rates, and developing long-term capital programs. Use of the policies helps create financial stability, allowing us to provide the vital services in a cost-effective manner, weather periods of economic downturn without having to impose significant rate increases, and construct capital projects in a timely fashion despite fluctuations in costs from year to year. Revisions to the financial policies are recommended that will ensure consistency across the Districts, ensure transparency in Districts' finances, and improve the Districts' investment performance. These revisions were endorsed by the Personnel Committee on October 26, 2022.

One administrative change is consolidation of each of the individual Districts' Investment, Debt Management and Wastewater Financial Reserve policies into common policies adopted by all of the Districts. With few exceptions, the existing individual District policies are identical to each other. Consolidating the policies will streamline the adoption of the policies and improve transparency.

Other recommended revisions to the financial policies are as follows:

Investment Policy

- Addition of state issued bonds (all 50 states) and local agencies (within California only) as permitted investments.
- Clarification that downgraded securities are treated as "A" rated policies for the purposes of limit testing, eliminating the need to sell securities at a loss when they are downgraded.
- Removal of a provision allowing Investments between the Districts' Solid Waste System and the Joint Outfall System for the Clearwater Tunnel Project. Alternative financing has been secured for the Clearwater Tunnel and this provision is no longer needed.
- Reduction of audits for compliance with investment limits from quarterly to semi-annually.

Debt Management Policy

- Addition of a provision for federal low-interest loans through the Water Infrastructure Finance and Innovation Act or WIFIA.
- Removal of two debt instruments that are no longer applicable.
 - CIF debt is no longer applicable due to changes in the most recently adopted connection fee ordinances

- As mentioned above, a debt agreement between the Districts' Solid Waste System and the Joint Outfall System for the Clearwater Tunnel Project is no longer needed.
- Addition of a provision to encourage participation and selection of disadvantaged businesses for underwriting services.

Financial Reserve Policies

- Update of uses of the Natural Disaster and Self-Insured Retention Fund to include not only deductible and self-insure retention costs, but also costs above the Districts' insured limits. This is recommended to expand this fund's coverage for costs above the Districts' insured limits, in addition to covering the deductible and self-insured retention layers.
- Inclusion of all Joint Administration Funds to ensure all funds are covered under the Wastewater Policy.
- Addition of Rate Stabilization Fund to the Wastewater Policy, which is currently tracked but not held as a separate fund.
- Addition of Fee-in-Lieu and Puente Hills Landfill Park Settlement related funds in the Solid Waste Policy.

PURCHASING POLICY

Revisions are also recommended for the Purchasing Policy, which establishes rules for purchase of materials, supplies, equipment, services, and construction projects. Most of the revisions clarify and improve wording.

Purchasing Policy

- Authorizes the Purchasing Agent to procure temporary property rights up to \$100,000 to accommodate construction of District's projects.
- Clarifies reporting responsibilities to the Board on any action taken with emergency authority: requires a report at the next Board meeting and approval by the Board when the work is complete.
- Increases authority to settle or reject claims up to \$100,000 from the current authority of \$5,000.
- Adds a provision to allow issuance of orders and contracts without Board approval when there is an urgent need, and the Board is not expected to meet. Ratification by the Board is required at the next meeting.

CONCLUSION

The proposed Policies will be presented to each Board for adoption over the next several months. You may find the link to the policies on the posted agenda on the Districts' website (www.lacsd.org), or you may contact Kim Christensen at kchristensen@lacsd.org, for hard copies to be mailed directly to you. If approved, the new Policies will take effect after adoption by all of the Boards.

Very truly yours,



Robert C. Ferrante

RCF:MAE