



# COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY

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JAMES F. STAHL  
*Chief Engineer and General Manager*

June 1, 2004

File No. 31-150.13.10

Boards of Directors  
County Sanitation Districts  
Nos. 27 and 35 of  
Los Angeles County

Directors:

## **Consolidated Agenda**

The consolidated agenda includes the following items for the regular meetings of the Boards of Directors of the Districts meeting Tuesday, June 8, 2004.

1. Approval of Minutes. Copies of these minutes have been provided to each of the Directors.
2. Approval of Departmental Invoices. A departmental invoice is an internal document that transfers each District's proportionate share of expenditures made by District No. 2, the administrative District, on behalf of the participating Districts in accordance with the authority granted through the approved annual budget and applicable joint powers agreements. During the month, charges are made to a clearing account which is administered by District No. 2 and then are distributed at month end according to said agreements.
3. Financial Report. Copies of the Districts' Comprehensive Annual Financial Report for the year ended June 30, 2003, which includes the annual audit required by state law, have been previously mailed to the directors.
4. Appropriations Limit (3). The Constitution of the State of California, which was approved in November 1979, places a constitutional limit on the authorization to expend the proceeds of taxes levied by state and local government in California. In January 1981, the Government Code was amended to require the governing body for each local jurisdiction to establish, by resolution, an appropriations limit for each fiscal year. The appropriations limit for fiscal year 2004-05 has been determined by adjusting the previous limit for fiscal year 2003-04, based upon change factors for service area population increases and the change in the California Personal Per Capita Income. The appropriations limit has also been adjusted to include the increased costs of complying with federal requirements (mandated costs). This is in accordance with the procedures outlined in Article XIII B and Section 7910 of the California Government Code. The calculations are shown in Exhibit No. 1.

5., 6., 7. 2004-05 Budget Matters. Attached are copies of the proposed budgets for fiscal year 2004-05 with a breakdown of the items included in each sewerage system budget. Each budget has been prepared to show necessary expenditures for the fiscal year July 1, 2004 to June 30, 2005 and cash flow requirements for the following six-month period until future income becomes available. Budget resources for District No. 27 include cash on hand, bond proceeds, interest, and a pro rata share of ad valorem tax (which continues to reflect the state mandated reduction). Budget resources for District No. 35 include cash on hand and interest.

The sewerage system budget has been prepared in accordance with the Joint Administration Agreement. In the case of Districts which contract with the City of Los Angeles for sewerage service (District No. 27) or for Districts which are inactive (District No. 35), the Joint Administration Agreement states that these Districts shall pay one one-hundredth of one percent of all joint expenses.

District No. 27 currently owns and operates trunk sewers and a pumping plant within the District. However, the District does not own or operate any treatment and disposal facilities. The District contracts for these services with the City of Los Angeles. The District's staff has no direct control over the City of Los Angeles' costs. Thus, the portion of the proposed budget attributable to disposal O&M and capital is a direct reflection of the City of Los Angeles' operation and maintenance costs.

The local sewer O&M cost reflects the cost of operating and maintaining the District's local pumping plant. However, the District is planning a capital project to construct a gravity sewer that would eliminate the need for the pumping plant. When construction of the new sewer is complete, the local O&M cost will decrease significantly. The capital cost of the proposed sewer will be funded with available bond proceeds.

In fiscal year 1992-93, the state enacted legislation to take a portion of the property taxes away from cities, counties, and special districts. As a result, District No. 27 lost 10% of its' total property taxes, a significant portion of the District's revenue. In an effort to protect the District from the loss of additional property taxes, District No. 27, in conjunction with the other Districts, sold approximately \$1.3 million in bonds to pay for its proportionate share of the City of Los Angeles' capital costs in June 1993. By pledging the remaining property taxes towards repayment of the bonds, District No. 27 was able to protect the taxes from a further taking by the state. After the sale of these bonds, the District's staff was very successful in negotiating a new wastewater disposal contract with the City that reduced the need for the bond proceeds. This fact, coupled with the historically low interest rate environment in 2003, made refinancing the existing debt very attractive. Therefore, District No. 27 refinanced the bonds retaining enough proceeds to fund the aforementioned sewer project and anticipated City of Los Angeles capital expenditures. Property taxes will continue to be pledged as the source of repayment.

Due to the state's current budget crisis, the state is again proposing to take property tax revenue as a way to close their budget deficit. Under the most recent proposal being considered, District No. 27 could potentially lose up to 50% of the District's remaining property tax revenue for two years despite the pledge of property taxes to bonded indebtedness. The District will continue to monitor and evaluate the impact of any proposed legislation on the District's finances and will undertake all efforts to maintain local control of the property taxes.

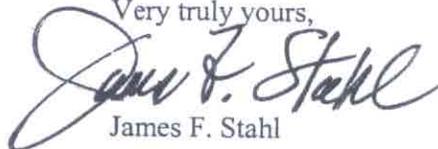
Boards of Directors  
County Sanitation Districts  
Nos. 27 and 35 of  
Los Angeles County

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June 1, 2004

The cost of acquisition, implementation, and daily operation of the Districts operated landfills and transfer stations is paid for by charges to customers at those facilities. These charges are based on weight and type of material. The attached sewerage system budget does not include expenditures related to the operation of the solid waste facilities.

Very truly yours,

A handwritten signature in cursive script that reads "James F. Stahl". The signature is written in dark ink and is positioned above the printed name.

James F. Stahl

JFS:dm

Enclosures

cc: B. Richard Marsh  
Paul Novak  
Norm Hickling  
Executive Office (8 copies, one for PRESS with minutes of March 9, 2004 meeting attached)

SUMMARY OF 2004-05 APPROPRIATIONS LIMIT FOR SANITATION DISTRICT NO. 27

DISTRICT NUMBER	2003-04 APPROX. LMT. EXCLUDING MANDATED COSTS	POPULATION CHANGE FACTOR	APPROX. LMT. CHANGE FACTOR	2004-05 APPROX. LMT. EXCLUDING MANDATED COSTS	2004-05 MANDATED COSTS	2004-05 APPROX. LMT. INCLUDING MANDATED COSTS	ESTIMATED AD VALOREM TAX REVENUES	DISTRICT NUMBER
27	\$ 503,101	1.02000	1.0535	\$ 529,995	\$ 15,964	\$ 545,959	\$ 173,000	27

**COUNTY SANITATION DISTRICT NO. 27 OF LOS ANGELES COUNTY  
SEWERAGE SYSTEM FINAL BUDGET FOR 2004-05**

**REQUIREMENTS FOR FISCAL YEAR  
JULY 1 THROUGH JUNE 30:**

APPROPRIATION:

**2004-05**

O&M - Joint Administration	\$	1,000	
O&M - Technical Services		2,000	
O&M - Disposal to City of Los Angeles		39,000	
O&M - Local District Sewers		47,000	
Capital - Joint Administration		400	
Capital - Local Capital		402,000	
Capital - Disposal to City of Los Angeles		100,000	
Bond Repayment		66,000	
Previously Incurred Expenses		24,000	
Contingency for Emergency		10,000	
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			\$ 691,400

CASH FLOW REQUIREMENT (for period  
JULY 1 THROUGH DECEMBER 31)

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92,600

TOTAL BUDGET:

\$ 784,000

**ESTIMATED CASH AND REVENUE:**

Cash on Hand July 1	\$	107,000	
Taxes		173,000	
Transfer of Bond Proceeds		500,000	
Interest		4,000	
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TOTAL RESOURCES:			\$ 784,000

**COUNTY SANITATION DISTRICT NO. 27 OF LOS ANGELES COUNTY**  
**JULY 1, 2004 THROUGH JUNE 30, 2005**

**Fiscal Year**  
**2004-05**

**PROPOSED CAPITAL PROJECTS**

**JOINT ADMINISTRATION:** \$400

**LOCAL:**

1. District No. 27 Gravity Sewer	\$	400,000	
2. District No. 27 Pumping Plant		2,000	
	\$		402,000

**TOTAL PROPOSED CAPITAL PROJECTS:** **\$402,400**

**Bond Fund**

Beginning Balance		\$	779,000
Interest			31,000
Expenses			(500,000)
Ending Balance		\$	310,000

**Rate Stabilization Fund**

Beginning Balance		\$	805,000
Interest			32,000
Ending Balance		\$	837,000

**COUNTY SANITATION DISTRICT NO. 35 OF LOS ANGELES COUNTY  
SEWERAGE SYSTEM FINAL BUDGET FOR 2004-05**

**REQUIREMENTS FOR FISCAL YEAR  
JULY 1 THROUGH JUNE 30:**

APPROPRIATION:

**2004-05**

O&M - Joint Administration  
Future District Activities

\$	1,000
	<u>16,900</u>

TOTAL BUDGET:

\$	17,900
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**ESTIMATED CASH AND REVENUE:**

Cash on Hand July 1  
Interest and Contracts

\$	17,200
	<u>700</u>

TOTAL RESOURCES:

\$	17,900
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Notice and Agenda

REGULAR MEETING — BOARD OF DIRECTORS — COUNTY SANITATION DISTRICTS  
NOS. 27 AND 35

To be held in the HEARING ROOM  
OF THE BOARD OF SUPERVISORS  
Kenneth Hahn Hall of Administration, Los Angeles, California

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TUESDAY June 8, 2004 At 9:30 A.M.  
ANTONOVICH BRATHWAITE BURKE KNABE MOLINA YAROSLAVSKY  
(Chairperson)

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1. Recommendation: Approve minutes of the regular meetings held December 9, 2003 (both Districts).
2. Recommendation: Approve departmental invoices as follows:

	<u>February</u>	<u>March</u>	<u>April</u>
District 27 (3)	\$2,357.91	\$1,607.34	\$1,580.25
District 35 (5)	164.71	192.04	188.31
3. Recommendation: Receive and order filed the Comprehensive Annual Financial Report for fiscal year 2002-03 (both Districts).
4. Recommendation: Establish appropriations limit for fiscal year 2004-05 as required by California Government Code Section 7910 utilizing the population change within Sanitation District No. 27 (3) at \$545,959
5. Recommendation: Adopt Operating Fund budget for fiscal year 2004-05 (both Districts).
6. Recommendation: Adopt a resolution requesting a tax levy for the Operating Fund in District No. 27 (3) at \$173,000.
7. Recommendation: Authorize Appropriations in the Operating Fund per Budget (both Districts).

Adjourn

COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY  
**DEPARTMENTAL INVOICE**  
FOR THE MONTH ENDED 02/29/04

To: County Sanitation District No. 27 Date Service Accrued: Feb. 29, 2004  
(Org. Receiving Services)

From: County Sanitation District No. 2 Date Prepared: Mar. 17, 2004  
(Org. Providing Services)

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DESCRIPTION

District No. 27 share of expenditures made by District No. 2, the administrative District, in accordance with the authority granted through the approved annual budget and applicable Joint Powers Agreement:

DEBIT:

Operation & Maintenance	\$	2,340.24
Joint Administration - Capital		17.67

Total of all charges \$ 2,357.91

Recap 056

Document No. 251

Date Board Approved: \_\_\_\_\_

COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY  
**DEPARTMENTAL INVOICE**  
FOR THE MONTH ENDED 02/29/04

To: County Sanitation District No. 35  
(Org. Receiving Services)

Date Service Accrued: Feb. 29, 2004

From: County Sanitation District No. 2  
(Org. Providing Services)

Date Prepared: Mar. 17, 2004

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DESCRIPTION

District No. 35 share of expenditures made by District No. 2, the administrative District, in accordance with the authority granted through the approved annual budget and applicable Joint Powers Agreement:

DEBIT:

Operation & Maintenance	\$	146.81
Joint Administration - Capital		17.90

Total of all charges \$ 164.71

Recap 056

Document No. 257

Date Board Approved: \_\_\_\_\_

COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY  
**DEPARTMENTAL INVOICE**  
FOR THE MONTH ENDED 03/31/04

To: County Sanitation District No. 27  
(Org. Receiving Services)

Date Service Accrued: Mar. 31, 2004

From: County Sanitation District No. 2  
(Org. Providing Services)

Date Prepared: Apr. 19, 2004

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DESCRIPTION

District No. 27 share of expenditures made by District No. 2, the administrative District, in accordance with the authority granted through the approved annual budget and applicable Joint Powers Agreement:

DEBIT:

Operation & Maintenance	\$	1,570.75
Joint Administration - Capital		36.59

Total of all charges \$ 1,607.34

Recap 063

Document No. 290

Date Board Approved: \_\_\_\_\_

COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY  
**DEPARTMENTAL INVOICE**  
FOR THE MONTH ENDED 03/31/04

To: County Sanitation District No. 35  
(Org. Receiving Services)

Date Service Accrued: Mar. 31, 2004

From: County Sanitation District No. 2  
(Org. Providing Services)

Date Prepared: Apr. 19, 2004

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DESCRIPTION

District No. 35 share of expenditures made by District No. 2, the administrative District, in accordance with the authority granted through the approved annual budget and applicable Joint Powers Agreement:

DEBIT:

Operation & Maintenance	\$ 155.31
Joint Administration - Capital	36.73

Total of all charges	<u>\$ 192.04</u>
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Recap 063

Document No. 296

Date Board Approved: \_\_\_\_\_

COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY  
**DEPARTMENTAL INVOICE**  
FOR THE MONTH ENDED 04/30/04

To: County Sanitation District No. 27  
(Org. Receiving Services)

Date Service Accrued: Apr. 30, 2004

From: County Sanitation District No. 2  
(Org. Providing Services)

Date Prepared: May. 18, 2004

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DESCRIPTION

District No. 27 share of expenditures made by District No. 2, the administrative District, in accordance with the authority granted through the approved annual budget and applicable Joint Powers Agreement:

DEBIT:

Operation & Maintenance	\$	1,566.12
Joint Administration - Capital		14.13

Total of all charges \$ 1,580.25

Recap 070

Document No. 329

Date Board Approved: \_\_\_\_\_

COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY  
**DEPARTMENTAL INVOICE**  
FOR THE MONTH ENDED 04/30/04

To: County Sanitation District No. 35  
(Org. Receiving Services)

Date Service Accrued: Apr. 30, 2004

From: County Sanitation District No. 2  
(Org. Providing Services)

Date Prepared: May. 18, 2004

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DESCRIPTION

District No. 35 share of expenditures made by District No. 2, the administrative District, in accordance with the authority granted through the approved annual budget and applicable Joint Powers Agreement:

DEBIT:

Operation & Maintenance	\$	174.05
Joint Administration - Capital		14.26

Total of all charges \$ 188.31

Recap 070

Document No. 335

Date Board Approved: \_\_\_\_\_