

Call, Notice, and Agenda

SPECIAL MEETING — BOARDS OF DIRECTORS — NEWHALL RANCH SANITATION DISTRICT
To be held in the HEARING ROOM
OF THE BOARD OF SUPERVISORS
500 West Temple, Street, Room 383, Los Angeles, California

TUESDAY		June 25, 2024	At 9:30 A.M.
BARGER	HAHN	HORVATH (Chairperson)	MITCHELL SOLIS

At the call of the Chairperson, a special meeting of the Board of Directors of Newhall Ranch Sanitation District of Los Angeles County will be held at the above time and place for the purpose of:

1. Recommendation: Approve and Order Executed *First Amendment to Joint Sewerage Services Agreement* (Amendment) with Santa Clarita Valley Sanitation District (SCVSD) Regarding Newhall Ranch Specific Plan (Newhall Ranch) (5)

Adjourn



**LOS ANGELES COUNTY
SANITATION DISTRICTS**
Converting Waste Into Resources

Robert C. Ferrante

Chief Engineer and General Manager

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June 12, 2024

Boards of Directors
County Sanitation Newhall Ranch Sanitation District
of Los Angeles County

Directors:

The enclosed agenda includes the following item for the special meeting of the Board of Directors of Newhall Ranch Sanitation District meeting Tuesday, June 25, 2024.

1. First Amendment to Joint Sewerage Services Agreement (5) In 2017, the District and SCVSD entered into a Joint Sewerage Services Agreement (JSSA) that established the conditions for acceptance of cross boundary wastewater flows including the equitable allocation of costs. Under the JSSA, each District will own and operate wastewater facilities within its boundaries and make excess capacity available to the other District at the receiving District's standard rates. The JSSA also allocates many of the rights and responsibilities related to provision of wastewater service within the Newhall Ranch development to the District and requires the District to certify to SCVSD that Newhall Land and Farming Company (NLFC), the Newhall Ranch developer, has satisfied certain milestones concerning construction of the Newhall Ranch Water Reclamation Plant (NRWRP). NLFC has requested removal of two construction related milestones because, based on current development plans, the NRWRP will not be needed for the foreseeable future, and it would not be cost-effective for the District to operate and maintain if constructed at this time as required by the milestones. Wastewater treatment for the District will continue to be provided by SCVSD. The proposed Amendment removes the requirement in the JSSA for the District to certify to SCVSD that NLFC has satisfied these milestones. The milestone requirement in the JSSA for NLFC to construct the NRWRP will remain in effect. A letter describing the revisions is attached. Staff has determined that approval of the Amendment is not a "Project" under the California Environmental Quality Act (CEQA) pursuant to the California Public Resources Code Section 21065 and Title 14 of the California Code of Regulations ("CEQA Guidelines") Section 15378. This item is consistent with the Districts' Guiding Principle to provide reliable and responsible services with safety first.

Very truly yours,

Robert C. Ferrante

RCF:drs
Enclosures



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June 12, 2024

Board of Directors
Newhall Ranch Sanitation District
of Los Angeles County

Dear Directors:

**Amendment to Joint Sewerage Services Agreement
with SCVSD re: Newhall Ranch Development**

The agenda for the June 25, 2024, special meeting of the Board of Directors of Newhall Ranch Sanitation District (NRSD) includes an item to approve an amendment to an agreement with the Santa Clarita Valley Sanitation District (SCVSD) concerning management of cross-boundary wastewater flows between the two districts. Provision of wastewater service for the west side of the Santa Clarita Valley is to be provided in accordance with various County permits, Environmental Impact Reports and agreements as summarized in the timeline below:

- In 2002, Districts Nos. 26 and 32 (now SCVSD) and Newhall Land and Farming Company (NLFC) entered into an *Interconnection Agreement* which outlines a plan to provide wastewater service to NLFC's Newhall Ranch Specific Plan Area (Newhall Ranch). Sewage flows from initial phases of Newhall Ranch were to be treated at SCVSD's Valencia Water Reclamation Plant (Valencia WRP) on an interim basis. Future treatment needs of both SCVSD and NRSD would be met using joint facilities located on NRSD property, if found to be cost-effective.
- In 2006, NRSD was formed to provide sewer service within Newhall Ranch. A wastewater treatment plant, to be known as the Newhall Ranch Water Reclamation Plant (Newhall Ranch WRP), is proposed to be constructed within NRSD to serve Newhall Ranch. SCVSD would have access to the Newhall Ranch WRP site to construct its own treatment facilities at its cost if necessary to comply with future needs.
- In 2012, the County of Los Angeles (County) approved the Landmark Village and Mission Village projects in Newhall Ranch. The County permits include a requirement that obligates NLFC to start grading and to start construction of the Newhall Ranch WRP prior to construction of the 3,000th and the 4,000th equivalent dwelling units, respectively, in Newhall Ranch (the "Interim Milestones"). The County permits also require startup of the Newhall Ranch WRP at 6,000 equivalent dwelling units.
- In 2017, SCVSD and NRSD entered into a *Joint Sewerage Services Agreement* (JSSA) that established a regional framework to maximize efficiencies for providing wastewater management services in the Santa Clarita Valley. Among other things, the JSSA requires NRSD to certify to SCVSD that NLFC has satisfied the Interim Milestones in the County permits.

In early 2024, NLFC proposed to delay construction of the Newhall Ranch WRP as required by the Interim Milestones because, at buildout, Mission Village and Landmark Village will total less than 6,000 equivalent dwelling units and NLFC currently has no plans to construct additional dwelling units in Newhall Ranch in the near term. NLFC has also submitted a technical report containing a plan to provide sewerage service to Mission Village and Landmark Village for an extended period of time until the Newhall Ranch WRP is constructed. Staff have determined NLFC's plan is adequate.

If NLFC were to begin construction of the Newhall Ranch WRP in accordance with the Interim Milestones, the Newhall Ranch WRP may not be needed or used for a long period of time until 6,000 equivalent dwelling units are constructed and occupied in Newhall Ranch. Additionally, if NLFC were to construct and start up the Newhall Ranch WRP, and subsequently transfer operation to NRSD with less than 6,000 equivalent dwelling units, the cost of operating the Newhall Ranch WRP would create an ongoing financial burden on NRSD's ratepayers until additional equivalent dwelling units are connected to improve the economics of the Newhall Ranch WRP's operation and spread the operating costs over a larger rate base. Thus, NLFC's proposal is beneficial to NRSD.

In accepting NLFC's proposal, SCVSD would need to waive the requirement for NRSD to certify that NLFC has satisfied the Interim Milestones requirement in the JSSA and continue to accept NRSD sewage flows for a longer period than was originally contemplated. SCVSD would not be precluded from accessing the Newhall Ranch WRP for construction of additional treatment facilities for SCVSD purposes for an indefinite period. As consideration for SCVSD agreeing to waive the Interim Milestones requirement, NLFC has offered to grant SCVSD certain vacant land located near the Valencia WRP and to provide funding to SCVSD to complete a comprehensive facilities plan, which will evaluate treatment facilities needed within SCVSD to accommodate future population growth and comply with regulatory requirements. Granting of the aforementioned considerations are the subject of a separate agreement between SCVSD and NLFC that is anticipated to be approved by the Board of Directors of SCVSD on June 17, 2024.

The purpose of the proposed *First Amendment to Joint Sewerage Services Agreement* with SCVSD that is on the agenda for the June 25, 2024, meeting of the Board of Directors of NRSD is to remove the requirement for NRSD to certify to SCVSD that NLFC has satisfied the Interim Milestones requirement in the JSSA. The requirement in the County permits and the JSSA that obligate NLFC to complete construction of the first phase of the Newhall Ranch WRP before construction of the 6,000th equivalent dwelling unit in Newhall Ranch will remain in effect. If the Board approves the First Amendment, staff will work with NLFC and the County's Department of Regional Planning to seek relief on behalf of NLFC on the Interim Milestones contained in the County permits.

Should any Director have questions regarding this matter, please contact me or Mr. Raymond Tremblay, Facilities Planning Department Head, at extension 2701.

Very truly yours,



Robert C. Ferrante

RCF:SP:dh