



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

Robert C. Ferrante

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May 16, 2025

Boards of Directors
County Sanitation District No. 27
and Newhall Ranch Sanitation District
of Los Angeles County

Directors:

The enclosed consolidated agenda includes the following items for the regular meetings of the Boards of Directors of District No. 27 and Newhall Ranch Sanitation District meeting Tuesday, June 10, 2025.

1. Minutes. (3 and 5) Copies of the minutes have been provided to each of the Directors.

2. District Expenses. (3 and 5) Local District expenses represent costs 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 the Joint Administration Agreement. This Agreement provides for the joint administration and technical support for all of the signatory Districts along with the methodology for determining the proportionate costs for each District. A listing of Districts' payments and previously approved budgets can be found on the Districts' website at lacsd.org/financial-documents. This item is consistent with the Districts' Guiding Principle of commitment to fiscal responsibility and prudent financial stewardship.

District No. 27 –

Local Expenses:

Operations & Maintenance	\$69,651
Capital	21,994

Allocated Expenses:

Joint Administration	2,142
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Total Expenses	<u>\$93,787</u>
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Newhall Ranch Sanitation District –

Local District Expenses:

Operations & Maintenance	\$102,973
Capital	3,697

Allocated Expenses:

Joint Administration	10,891
Technical Support	13,104

Total Expenses	<u>\$130,665</u>
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3. 2025 Sewer System Management Plan Update (5) In 2006, the State Water Resources Control Board (SWRCB) adopted an order that established General Waste Discharge Requirements (WDRs) for all publicly owned or operated sanitary sewer systems having more than one mile of sewer within the State of California. The SSMP is a written document that details how a specific sewer collection system is operated, maintained, repaired, and funded. The WDRs require owners and operators of sewer collection systems to develop and implement an SSMP that is approved by the enrollee's governing board at a public meeting. The Districts' 2019 SSMP, which was approved by the Newhall Ranch Sanitation District (NRSD) Board

in 2021 under the 2006 WDRs, must now be updated and approved every six years under General Order No. 2022-0103-DWQ, adopted in 2022. Staff recommends that the NRSD Board approve the attached SSMP. This item is consistent with the Districts' Guiding Principles to provide reliable and responsible services with safety first; and commitment to operational excellence (protection of public health and the environment, regulatory compliance, and cost effectiveness).

4. Wastewater Financial Reserve Policy. (3) and (5) The Policy is the cornerstone of the Districts' financial practices and is crucial to maintaining the Districts' financial stability. As part of the continuing effort to ensure the Districts follows best practices as it relates to its financial matters, revisions to the Policy are being recommended. Proposed revisions simplify and consolidate funds, reduce reserve target levels, ensure current practices are incorporated, and clarify certain provisions. On March 26, 2025, the Personnel Committee, comprised of the Chairpersons of all active Districts, unanimously endorsed the proposed revisions. A letter summarizing the proposed revisions, together with the updated Policy, is attached. 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.

5, 6, and 7 Wastewater Budget Matters for Fiscal Year 2025-26. (3) Attached is a copy of the proposed final budget for fiscal year 2025-26 for District No. 27 with a breakdown of the items included in the sewerage system budget. The general revenue source available to the District is the pro rata share of the ad valorem (property) taxes. The sewerage system budget was 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), 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 within the District. However, the Districts does not own or operate any treatment and disposal facilities. The Districts contracts for these services with the City of Los Angeles. Districts' staff has no direct control over the City of Los Angeles costs. Thus, the portion of the proposed budget attributable to contract disposal Operations and Maintenance (O&M) and capital is a direct reflection of the City of Los Angeles O&M and capital costs. The local O&M and local capital costs only reflect the cost of operating and maintaining the District's local sewer system.

8 and 9 Wastewater Budget Matters for Fiscal Year 2025-26. (5). Attached is a copy of the proposed budget for fiscal year 2025-26 for Newhall Ranch Sanitation District (NRSD) with a breakdown of the items included in the budget. The main revenue source for NRSD is service charge revenues. The budget was prepared in accordance with the Joint Administration Agreement and other agreements.

Very truly yours,



Robert C. Ferrante

RCF:drs
Enclosures

Notice and Agenda

REGULAR MEETINGS — BOARDS OF DIRECTORS — COUNTY SANITATION DISTRICT NO. 27/
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 10, 2025		At 9:30 A.M.
HAHN	HORVATH	BARGER (Chairperson)	MITCHELL	SOLIS

1. Recommendation: Approve minutes of the regular meeting held March 11, 2025 (both Districts)
2. Recommendation: Approve January, February, and March 2025 Expenses in Total Amounts of \$93,787 (District No. 27) (3) and \$130,665 (Newhall Ranch Sanitation District) (5)
3. Recommendation: Approve [2025 Sewer System Management Plan](#) (SSMP) Update (5)
4. Recommendation: Adopt [Wastewater Financial Reserve Policy](#) (Policy) (both Districts)
5. Recommendation: Establish by Resolution Appropriation Limit of \$1,253,293, as Required by California Government Code Section 7910 (3)
6. Recommendation: Adopt Operating Fund Budget and Adopt Resolution Requesting Tax Levy of \$558,000 (3)
7. Recommendation: Authorize Appropriations per Budget (3)
8. Recommendation: Adopt Operating Fund Budget (5)
9. Recommendation: Authorize Appropriations per Budget (5)

Adjourn Newhall Ranch Sanitation District to Tuesday, June 24, 2025, at 9:30 a.m., Board of Supervisors, Kenneth Hahn Hall of Administration, Los Angeles, California



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May 1, 2025

Board of Directors
Los Angeles County Sanitation District Nos. 4, 9, 14, 20, 27,
Newhall Ranch, and Santa Clarita Valley

Directors:

Wastewater Financial Reserve Policy

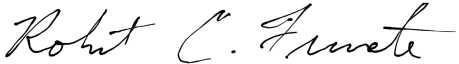
The agenda for upcoming meetings of the Boards of Directors contains an item regarding the proposed revisions to the *Wastewater Financial Reserve Policy*.

The Policy forms the cornerstone of the Districts' financial practices and is intended to provide guidance when preparing budgets, adopting rates, and developing long-term capital programs. Use of the Policy 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 manner despite fluctuations in costs year-over-year. Revisions to the Policy are recommended to simplify and consolidate funds, reduce reserve target levels, and ensure current practices are incorporated, and clarify certain provisions. Specific changes are as follows:

1. Consolidate Emergency Fund, O&M Financial Stability Fund, and Capital Projects Financial Stability Fund into a new Financial Stability Fund. The new fund will maintain the purposes of the existing funds but would ensure monies can be used for emergency expenses and capital expenses, and to facilitate a smooth transition in rates year-over-year.
2. Sinking Funds have been included to fund future major capital projects. Separate Sinking Funds will be established as needed for each project or group of projects and Board approval will be required for each Sinking Fund. There are no immediate plans to utilize these funds for a current project, but they will be considered for specific projects in the future.

The recommended revisions were unanimously endorsed by the Personnel Committee on March 26, 2025. The updated Policy will be presented to each Board for adoption over the next several months. You may find the link to the updated Policy on the posted agenda on the Districts' website (www.lacsd.org), or you may contact Ms. Kim Christensen at kchristensen@lacsd.org, for a hard copy to be mailed directly to you. If adopted, the updated Policy will take effect on July 1, 2026.

Very truly yours,


Robert C. Ferrante

RCF:FP:OT:gc
Enclosures

DOC 7476466

County Sanitation District No. 27 of Los Angeles County
Final Operating Fund Budget (\$ in thousands)
Fiscal Year 2025-26

	<u>Adopted 2024-25 ⁽¹⁾</u>	<u>Proposed 2025-26 ⁽¹⁾</u>
<u>Starting Balance</u>	\$ 114	\$ 102
<u>Sources of Funds</u>		
Ad Valorem Tax Revenue	505	558
Interest	<u>3</u>	<u>2</u>
Total Non-Operating Revenue	508	560
Transfers from Restricted Funds	<u>1</u>	<u>17</u>
Total Transfers In	1	17
Total Sources of Funds	<u>\$ 509</u>	<u>\$ 577</u>
<u>Use of Funds</u>		
Joint Administration Operations	\$ 9	\$ 9
Sewer System Operations	8	17
Contract Disposal Operations	<u>143</u>	<u>126</u>
Operations and Maintenance Expense	160	151
Joint Administration Capital	1	2
Contract Disposal Capital	<u>48</u>	<u>15</u>
Capital Expense	49	17
Transfers to Designated Reserves	<u>293</u>	<u>388</u>
Transfers Out	293	388
Total Use of Funds	<u>\$ 501</u>	<u>\$ 555</u>
<u>Ending Balance</u>	<u>\$ 122</u>	<u>\$ 123</u>

(1) The Adopted FY 24-25 Budget is presented as adopted by the Board in 2024. The ending balance reflects the estimate at that time, and therefore may not match the current estimated starting balance for the Proposed FY 25-26 Budget.

County Sanitation District No. 27 of Los Angeles County
Reserve Funds Proposed Budget (\$ in thousands)
Fiscal Year 2025-26

	Unrestricted	Designated			Restricted	
	Operating	Emergency	O&M Financial Stability	Capital Projects Financial Stability	Capital Improvement	Total
Starting Balance	\$ 102	50	2,686	100	22	2,960
Non-Operating Revenue	560	1	54	2	-	617
Transfers In	17	-	391	-	-	407
Operations and Maintenance Expense	151	-	-	-	-	151
Capital Expense	17	-	-	-	-	17
Transfers Out	388	1	-	2	17	407
Ending Balance	<u>123</u>	<u>50</u>	<u>3,130</u>	<u>100</u>	<u>6</u>	<u>3,410</u>

**County Sanitation District No. 27 of Los Angeles County
Wastewater Budget Rate and Other Information Summary
Fiscal Year 2025-26**

	<u>Adopted 2024-25</u>	<u>Proposed 2025-26</u>
<u>Service Charge Rate (\$ per Sewage Unit)</u>	0.00	0.00
<u>Total Connection Fee Rate (\$ per Capacity Unit)</u>	1,460.00	1,460.00
<u>Projected Sewage Units</u>		
Residential/Commercial	554	554
Contract Out	-554	-554
Total Served Sewage Units	<u>0</u>	<u>0</u>

**Newhall Ranch Sanitation District
Final Operating Fund Budget (\$ in thousands)
Fiscal Year 2025-26**

	<u>Adopted 2024-25 ⁽¹⁾</u>	<u>Proposed 2025-26 ⁽¹⁾</u>
<u>Starting Balance</u>	\$ 771	\$ 661
<u>Sources of Funds</u>		
Service Charge	\$ 911	\$ 985
Newhall Land and Farming	-	462
Total Operating Revenue	<u>911</u>	<u>1,447</u>
Interest	19	13
Total Non-Operating Revenue	<u>19</u>	<u>13</u>
Total Sources of Funds	<u>\$ 930</u>	<u>\$ 1,460</u>
<u>Use of Funds</u>		
Joint Administration Operations	\$ 95	\$ 102
Sewer System Operations	221	118
Treatment Plant Operations	227	118
Contract Disposal Operations	450	871
Other Operational Expenditures	38	77
Operations and Maintenance Expense	<u>1,030</u>	<u>1,286</u>
Joint Administration Capital	10	11
Sewer System Capital	15	-
Treatment Plant Capital	5	25
Capital Expense	<u>30</u>	<u>36</u>
Transfers to Designated Reserves	68	87
Transfers Out	<u>68</u>	<u>87</u>
Total Use of Funds	<u>\$ 1,128</u>	<u>\$ 1,409</u>
<u>Ending Balance</u>	<u>\$ 573</u>	<u>\$ 712</u>

(1) The Adopted FY 24-25 Budget is presented as adopted by the Board in 2024. The ending balance reflects the estimate at that time, and therefore may not match the current estimated starting balance for the Proposed FY 25-26 Budget.

Newhall Ranch Sanitation District
Capital Project Wastewater Budget (\$ in thousands)

Project Name	Description	FY25-26 Budget	Estimated Completion	Total Budget ⁽¹⁾
Newhall Ranch Sanitation District Facilities Planning & Support	Capital improvements to water reclamation plant	25	06-30-2028	1,590
	Treatment Plants Total	25		
	Total Capital Projects	25		

(1) Includes past, present, and future amounts.

**Newhall Ranch Sanitation District
Reserve Funds Proposed Budget (\$ in thousands)
Fiscal Year 2025-26**

	Unrestricted	Designated			Restricted	
	Operating	Emergency	O&M Financial Stability	Capital Projects Financial Stability	JSSA Reserve	Total
Starting Balance	\$ 661	50	1,439	100	4,591	6,841
Operating Revenue	1,447	-	-	-	-	1,447
Non-Operating Revenue	13	1	29	2	92	137
Transfers In	-	-	90	-	-	90
Operations and Maintenance Expense	1,286	-	-	-	-	1,286
Capital Expense	36	-	-	-	-	36
Transfers Out	87	1	-	2	-	90
Ending Balance	<u>712</u>	<u>50</u>	<u>1,558</u>	<u>100</u>	<u>4,682</u>	<u>7,102</u>

**Newhall Ranch Sanitation District
Wastewater Budget Rate and Other Information Summary
Fiscal Year 2025-26**

	<u>Adopted 2024-25</u>	<u>Proposed 2025-26</u>
<u>Service Charge Rate (\$ per Sewage Unit)</u>	696.60	696.60
<u>Industrial Waste (Surcharge) Rates</u>		
Flow (\$ per MGY)	2,667.80	2,667.80
COD (\$ per 1000 lbs)	608.10	608.10
SS (\$ per 1000 lbs)	1,494.20	1,494.20
Peak Flow (\$ per gpm)	377.40	377.40
Short Form Rate (\$ per million gallon per year)	9,033.30	9,033.30
<u>Total Connection Fee Rate (\$ per Capacity Unit)</u>	9,410.00	9,410.00
<u>Projected Sewage Units</u>		
Residential/Commercial	1,308	1,414
Total Served Sewage Units	<u>1,308</u>	<u>1,414</u>

SUMMARY OF 2025-26 APPROPRIATIONS LIMIT FOR SANITATION DISTRICT NO. 27

DISTRICT NUMBER	2024-25 APPRO. LMT. EXCLUDING MANDATED COSTS	POPULATION CHANGE FACTOR	APPRO. LMT. ¹ CHANGE FACTOR	2025-26 APPRO. LMT. EXCLUDING MANDATED COSTS	2025-26 MANDATED COSTS	2025-26 APPRO. LMT. INCLUDING MANDATED COSTS	ESTIMATED AD VALOREM TAX REVENUES
27	\$ 1,173,994	1.0030	1.0675	\$ 1,253,293	\$ -	\$ 1,253,293	\$ 558,000

¹ This column represents the net change resulting from the percent change in population and the percent change in Per Capita Income of 6.44%.