LOS ANGELES COUNTY
SANITATION DISTRICTS
Converting Waste Into Resources

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Boards of Directors
Los Angeles County Sanitation Districts Nos. 1, 2, 3, 5, 8,
15, 16, 17, 18, 19, 21, 22, 23, 28, 29, 34, and South Bay Cities

Dear Directors:

Wastewater Budget Matters for Fiscal Year 2026-27

The agendas for the upcoming meetings of the Boards of Directors contain items relating to wastewater budget matters for fiscal year 2026-27. These items include establishing the appropriations limit on the proceeds of taxes; adopting the sewerage system final budget; requesting the tax levy; and authorizing appropriations per the sewerage system budget.

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, the appropriations limit for each fiscal year. The appropriations limit for fiscal year 2026-27 has been determined by adjusting the previous limit for fiscal year 2025-26 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 XIIIB* 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 (15) days prior to its establishment by the Board of Directors.

Final Budget for Fiscal Year 2026-27

Enclosed for your review are the proposed fiscal year 2026-27 final budgets for each District and the proposed fiscal year 2026-27 final budget for 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 No. 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.

SUMMARY OF REQUIRED ACTIONS

At the June Board meetings, it will be recommended that the Boards of Directors consider adopting a resolution establishing the appropriations limit on the proceeds of taxes; adopt the final budget for fiscal year 2025-26; adopt a resolution requesting the tax levy; and authorize appropriations in the sewerage system budget.

Very truly yours,

Robert C. Ferrante

RCF:gc

Enclosures