

MINUTES OF THE SPECIAL MEETING OF THE  
PERSONNEL COMMITTEE OF THE  
COUNTY SANITATION DISTRICTS  
OF LOS ANGELES COUNTY

May 23, 2018  
11 o'clock, A.M.

Pursuant to the call of the Chairperson and upon written notice of the Secretary setting the time and place of a special meeting and mailed to each Director at least 24 hours before the meeting, a special meeting of the Personnel Committee of the County Sanitation Districts of Los Angeles County was held at the Joint Administration Office, 1955 Workman Mill Road, Whittier, California, on May 23, 2018, at 11:00 a.m., for the purpose of:

1. Approve Minutes of Special Meeting Held March 23, 2018
2. Re: Personnel Related Matters – Discussion and Possible Action
  - (a) CLOSED SESSION – Conference with Labor Negotiators (pursuant to Section 54957.6 of the Government Code) – Discussion only
  - (b) OPEN SESSION – Public Comment – 12:00 p.m.
  - (c) CLOSED SESSION – Conference with Labor Negotiators (pursuant to Section 54957.6 of the Government Code) – Discussion and Possible Action
3. Update on Commerce Refuse-to-Energy Facility Closure

There were present:

Dee Andrews, Districts Nos. 1 and 8  
Joseph Buscaino, Districts Nos. 3, 4, and 9  
Richard Barakat, District No. 15  
Robert Joe, District No. 16  
Terry Tornek, District No. 17  
Kathryn Barger, District No. 19  
Curtis Morris, District No. 21  
Margaret E. Finlay, District No. 22  
Leonard Pieroni, District No. 28  
Tina Hansen, District No. 29  
David Armenta, Chairperson, Districts Nos. 2 and 18

Absent:

Pat Furey, South Bay Cities and District No. 5  
Rex Parris, District No. 14  
James C. Ledford, District No. 20  
William Davis, District No. 23  
Sheila Kuehl, District No. 27  
Laurene Weste, Santa Clarita Valley

Also present:

Grace Robinson Hyde, Chief Engineer and General Manager  
Robert Ferrante, Assistant Chief Engineer and Assistant General Manager  
Wesley Beverlin, District Counsel  
Dave Bruns, Head of Financial Management  
Matt Eaton, Assistant Department Head of Financial Management  
Jennifer Allen, Human Resources Manager  
Kimberly S. Christensen, Secretary of the Committee

Upon motion of Director Andrews, duly seconded and unanimously carried, Director Finlay was elected Chairperson pro tem.

RE: MINUTES

held on March 23, 2018, were approved.

Upon motion of Director Andrews, duly seconded and unanimously carried, the minutes of the special meeting

RE: PERSONNEL RELATED  
MATTERS - DISCUSSION  
AND POSSIBLE ACTION

District Counsel requested that the Committee meet in closed session pursuant to Section 54957.6 of the Government Code, *Conference with Labor Negotiators*.

*Agency Designated Representatives: Grace R. Hyde, Chief Engineer and General Manager; Robert C. Ferrante, Assistant Chief Engineer and Assistant General Manager; and Jennifer Allen, Human Resources Manager, to discuss matters concerning the union-represented, self-represented, and non-represented employee units.*

Upon motion of Director Hansen, duly seconded and unanimously carried, the meeting convened in closed session at 11:16 a.m. pursuant to Section 54957.6 of the Government Code, *Conference with Labor Negotiators*, to discuss the matter referred to by District Counsel.

Upon motion of the Director Hansen, duly seconded and unanimously carried, the meeting reconvened in regular session at 12:02 p.m. District Counsel announced that the Board took no action that requires disclosure under the Brown Act pursuant to Government Code Section 54957.1.

The Secretary announced that the Chairperson, David Armenta, was now present.

The Secretary announced that a member of the public has requested to address the Committee on this item. She called upon the following speaker:

Speaker:

Mr. Earle Hartling, Water Recycling Coordinator, addressed the Committee regarding the ongoing labor negotiations.

The Chairperson thanked the speaker.

District Counsel requested that the Committee meet again in closed session pursuant to Section 54957.6 of the Government Code, *Conference with Labor Negotiators. Agency Designated Representatives: Grace R. Hyde, Chief Engineer and General Manager; Robert C. Ferrante, Assistant Chief Engineer and Assistant General Manager; and Jennifer Allen, Human Resources Manager, to discuss matters concerning the union-represented, self-represented, and non-represented employee units.*

Upon motion of Director Armenta, duly seconded and unanimously carried, the meeting convened in closed session at 12:07 p.m. pursuant to Section 54957.6 of the Government Code, *Conference with Labor Negotiators*, to discuss the matter referred to by District Counsel.

Upon motion of Director Pieroni, duly seconded and unanimously carried, the meeting reconvened in regular session at 12:28 p.m. District Counsel announced that the Board took no action that requires disclosure under the Brown Act pursuant to Government Code Section 54957.1.

RE: COMMERCE REFUSE-TO-ENERGY  
CLOSURE - DISCUSS

The Chief Engineer and General Manager stated that the presentation is a follow-up to provide additional details on the closure of the Commerce Refuse-to-

Energy Facility (Facility). She introduced Mr. Matt Eaton, Assistant Department Head of Financial Management and Project Manager for the Facility.

Mr. Eaton advised the Directors that he will be focusing on financial details related to the closure of the Facility.

In 1984, District No. 2 (District), as administrator for the Districts' solid waste system, and the City of Commerce (City) formed the Commerce Refuse to Energy Authority (Authority) through a joint powers agreement. The Authority purchased land in the City and built the Facility. The Authority then contracted with the District to operate the facility.

In order to finance the Facility, both the District and the City contributed capital funds, but most of the financing was accomplished by issuing revenue bonds. The bonds were paid off in 2015. During the course of the Facility's operation, there was adequate revenue to pay back the City's contributed capital. However, the District continued to contribute capital as required by agreement with the Authority in order to meet bond obligations. This was because power prices and tipping fees did not increase as originally projected, leading to a revenue shortfall compared to what was needed to fully comply with the bond requirements. As a result, the District contributed \$40 million over the 30 years of operation and, with accrued interest, its capital balance is currently at \$55 million.

The Facility operated well for 30 years. Since the original energy sales agreement with Southern California Edison ended in December 2016, the Facility's energy has been sold in the open market at current prices, which are much lower than the original agreement's prices. As a result, revenue dropped \$5 million per

year. Significant cuts in expenses have been made but the Facility has not been able to make up for the loss in revenue.

By the end of 2017, a return to cost-effective operation was appearing unlikely. A closure plan was approved by the Authority in February 2018. He showed a slide showing the overview of the closure schedule and advised that the last day of operation is set for June, 30, 2018. From July to December 2018, the Facility will be undergoing clean-up, which includes removing chemicals, spare parts, ash, trash, etc., and demolition is scheduled for 2019-2020. The property is scheduled to be sold after demolition is complete.

He provided an overview of the finances related to closure and showed a slide with the following figures:

Reserves at closure: \$8 million

Closure activities: \$2 million cost

Demolition: \$3-6 million cost

Sale of property: \$5-\$10 million value

Ending reserves: \$5-13 million that will be returned to District's Solid Waste System Fund

In response to Director Barakat, Mr. Eaton stated that staff is working with an appraiser to determine the best overall value for the Authority for various demolition and property sale options. The District contributed \$40 million and, assuming the District will get back approximately \$10 million, the District's loss would equal approximately \$30 million.

The Assistant Chief Engineer and Assistant General Manager added that the Facility was built as a demonstration project. The Facility provided an outlet for cities to obtain disposal diversion credits. The ash produced at the Facility was used at the Puente Hills Landfill as road base and improved landfill operations especially during wet weather. Therefore, the Facility provided significant environmental benefits.

Director Finlay stated that the Facility was the cutting edge and the first of its kind at the time it was built.

In response to Director Tornek, Mr. Eaton stated that the Facility's closure plan timeline is conservative and may be completed quicker than the schedule shown. However, the demolition work would not begin this year due to the design, advertising, bidding, and award requirements for the demolition contract. The Authority will expedite the process as much as possible. The appraisal should be completed by the end of June.

In response to Director Barakat, Mr. Eaton stated that the total Facility site is six acres. The office space at the Facility is not very large, although there is a large 80-foot-tall building that is located over the refuse pit. While it is very likely the demolition work will include all of the equipment, the extent of demolition of the offices and building has not been determined.

In response to Director Finlay, Mr. Eaton stated that the Facility's property is zoned for industrial use and the appraiser and District staff is working with the City to determine possible future uses.

In response to Director Barakat, Mr. Eaton stated that there is groundwater contamination left over from the previous owner.

Mr. Eaton advised that the District has an agreement with the City of Commerce giving them the right of first offer and first right of refusal for purchase of the property, so it is possible the City will exercise that right.

Upon motion of Director Andrews, duly seconded and unanimously carried, the meeting was adjourned.

DAVID ARMENTA  
Chairperson

ATTEST:

KIMBERLY S. CHRISTENSEN  
Secretary

/ksc