

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

September 27, 2023
11:00 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 via teleconference and in person at the Joint Administration Office, 1955 Workman Mill Road, Whittier, California, on September 27, 2023, at 11:00 a.m., for the purpose of:

1. Public Comment
2. Approve Minutes of Special Meeting Held January 25, 2023
3. Re: Update of Implementation of Recommendations Resulting from Audit of Sewer Maintenance, Operations, and Rehabilitation
4. Re: Financial Matters
 - (a) Purchasing Policy
 - (b) Joint Outfall System Recycled Water Rate Ordinances
5. Re: Potential Formation of Education Foundation
6. CLOSED SESSION – Personnel Related Matters
7. Re: Update on Pure Water Southern California Program, a Partnership with Metropolitan Water District of Southern California (MWD)

There were present: Ali Saleh, District No. 1, via teleconference
Sonny Santa Ines, District No. 3
Lula Davis-Holmes, Districts Nos. 8
Janice Hahn, Districts Nos. 9, 27, and Newhall Ranch
Richard Barakat, District No. 15
Kathryn Barger, District No. 17
Ali Sajjad Taj, Districts Nos. 18 and 19
Margaret E. Finlay, District No. 22
Michael T. Davitt, District No. 28
Tina Hansen, District No. 29
Cathy Warner, Chairperson, District No. 2

Absent: Bill Brand, South Bay Cities and District No. 5
Tim McOsker, District No. 4
Rex Parris, District No. 14
Victor Gordo, District No. 16
Laura Bettencourt, District No. 20
Cory Moss, District No. 21
Judith Merlo, District No. 23
Laurene Weste, Santa Clarita Valley

Also present: Robert Ferrante, Chief Engineer and General Manager
Jessica Lienau, Committee Counsel
Kimberly S. Christensen, Secretary of the Committee

RE: DIRECTOR REQUEST TO PARTICIPATE
BY TELECONFERENCE - UTILIZE
EMERGENCY CIRCUMSTANCES - APPROVE

On September 27, 2023, Director Ali Saleh, City of Bell, requested to attend the Board meeting virtually, utilizing the emergency circumstances provisions of Assembly Bill (AB) 2449. The Director participated through both

audio and visual technology. At the beginning of the meeting, Director Saleh stated that the emergency circumstance was related to his own medical condition and no individuals, 18 years of age or older, were present

for evaluating impacts of population growth, new developments, and potential stormwater capture projects; help Operations staff evaluate flow scenarios and develop operational strategies for sewer, pumping plant, and wastewater treatment plant operations; and could potentially add real-time flow monitoring to enable the Districts to take more stormwater flows and optimize operations to reduce spills.

The Districts is in the process of installing approximately 600 flowmeters throughout the Joint Outfall System (JOS) to collect sewer flow data to calibrate the future hydraulic model. Extensive flow monitoring is being conducted to support development of the hydraulic model. Flow data from approximately 1,200 flow meters will eventually be needed for calibration of the model. This includes data from 27 existing long-term meters (shown as red dots on a map) that have already been installed to monitor the sewer system.

The Chief Engineer and General Manager showed a slide of GHD's three main recommendation categories and the Districts' investments to address each recommendation. To accelerate sewer rehabilitation projects, the Districts will need to increase staffing to manage new projects and hire on-call consulting engineering firms to provide design support for the rehabilitation of all unlined concrete pipe sewers. Staff is targeting the rehabilitation of all non-reinforced concrete pipe sewers by 2026 and all unlined reinforced concrete pipe sewers by 2043, at a total annual cost of \$41.7 million per year. Investments in new equipment and inspection services for condition assessment total \$2.64 million per year. These investments not only include the establishment of a new Manhole Inspection Program but also substantial improvements in the quality of the inspection through HD CCTV equipment and upgraded CCTV services. Lastly, there are new processes for critical/priority work, which involve the development of a Districts-wide sewer model and associated sewer flow monitoring, representing a \$34 million investment.

Currently, the Districts has completed over 90 percent of GHD's recommendations. The major ongoing efforts involve completing the computerized sewer system hydraulic model and the surge in sewer rehabilitation projects. Furthermore, aside from GHD's recommendations, the Districts will be evaluating new artificial intelligence tools for all the real time data being collected for the model. The new AI tools are envisioned to assist field staff in conducting proactive sewer maintenance for developing problems, such as sewer blockages.

In response to Director Finlay, the Chief Engineer and General Manager stated that a clay pipe sewer is resistant to corrosion in comparison to a concrete pipe but is prone to crack in the event of an earthquake. The Districts' sewer system holds up well during earthquakes. New sewers are constructed with lined reinforced concrete pipe.

In response to Director Hahn, Mr. Sam Espinoza, Department Head of Engineering, stated that in-house work versus consultant work for sewer jobs are 50/50. The Chief Engineer and General Manager stated that the Districts is currently planning to increase staffing, although consultants are needed to meet the need for the surge in sewer rehabilitation projects.

The Chairperson requested future updates to Directors on this matter.

In response to Director Davis-Holmes, the Chief Engineer and General Manager advised that the Districts sent staff out yesterday, September 26, 2023, to go door-to-door in Carson in response to odor complaints. Some homeowners stated that they didn't notice odor issues at all; some homeowners stated that they noticed odors at variable times; and others stated that they smelled a lot of odors. The Districts is still investigating the matter and exploring odor control with carbon absorbers. If needed, a detailed report could be provided by Ms. Genesis Rodriguez and Mr. Basil Hewitt, Public Information Department staff. He stated that once the Districts receives odor complaints, staff is sent out within 15 minutes to investigate.

The Chairperson requested a brief email to the Personnel Committee Directors regarding the Districts' odor complaint protocols.

The Chief Engineer and General Manager stated that the Districts is very familiar with dealing with odor. The Districts was one of the first to manage odors at its landfills, utilizing a 24-hour hotline. The Districts follows wind speed to detect odors and follow-up with callers for feedback.

RE: FINANCIAL MATTERS - DISCUSS

As part of the continuing effort to ensure the Districts follows best practices as it relates to financial matters, minor revisions to the Purchasing Policy and implementation of new Recycled Water Rate Ordinances are recommended. First, the Districts' Purchasing Policy establishes rules for purchase of materials, supplies, equipment services, and construction projects. Proposed revisions to the policy clarify several sections and modify the provisions for emergency orders and contracts. Second, it is recommended that new Recycled Water Rate Ordinances be presented for adoption. These

ordinances will improve consistency and transparency in pricing across all recycled water customers and provide a better framework for capturing costs of providing recycled water. A letter summarizing these proposed changes, along with the proposed Purchasing Policy revisions and Recycled Water Rate Ordinances, are attached.

Purchasing Policy: The Chief Engineer and General Manager introduced Mr. Matt Eaton, Deputy Assistant Chief Engineer and Chief Financial Officer, to give a brief presentation regarding minor changes to the Purchasing Policy and discuss the other financial policies. A letter summarizing the proposed changes to the Purchasing Policy was attached to the agenda.

Mr. Eaton stated that the Districts has five financial policies including the Investment Policy, Debt Management Policy, Wastewater Financial Reserve Policy, Solid Waste Financial Reserve Policy, and Purchasing Policy. Every year, the staff reviews the financial policies for necessary updates. This year, minor updates are proposed to the Purchasing Policy. Staff has reviewed the other policies and no changes are recommended. Staff is seeking Directors' concurrence with the proposed changes.

There are two proposed changes, as was shown on a slide, to the Purchasing Policy. The first change reaffirms the current practice of handling change orders to Board-approved contracts, agreements, and purchase orders without Board approval. This revision allows for change orders or additional quantity orders up to 25 percent of the original order only if the change is under substantially similar terms, and up to \$100,000 if the change order or additional quantities are outside the original scope or under different terms. The second revision updates emergency authorization. This update will require Board confirmation of any emergency contract or purchase order over \$100,000; it also requires a report on emergency expenses over \$500,000 at the next Board meeting; and removes the need for concurrence by the Board Chairperson prior to work starting. The change allows for increased efficiency and reduces delays.

In response to the Chairperson, the Chief Engineer and General Manager stated that the change will formalize the current process where he notifies the Board Chairperson immediately after emergency repair work has started to get concurrence. For example, emergency repair work started after work hours for the 216th Street sewer spill and he called Chairperson Warner immediately the following morning to get concurrence.

In response to Directors Hahn and Barger, and Chairperson Warner, and after additional discussion, Mr. Eaton stated an edit would be made to require the Chief Engineer and General Manager to seek concurrence from the Chairperson as soon as practical.

Mr. Eaton continued his presentation. He stated that the remaining changes provide for clarifying language. Wording was added to clarify that delegated authority was given to the Chief Engineer and General Manager for actions under \$100,000 and that the Chief Engineer and General Manager could delegate actions to staff. It clarified language regarding rejection of bids; and added wording to ensure Board authorization is obtained for any sale or disposal of Districts' property over \$100,000.

Today, staff seeks Directors' comments and/or endorsements of the proposed changes. If needed, the Committee's comments will be incorporated and presented for endorsement at the next Personnel Committee meeting scheduled on October 25, 2023. In November and December, the revised Purchasing Policy will be presented to individual Boards for approval.

Director Hahn stated that she would approve the item. She wanted to ensure that the Investment Policy included language related to women-owned and minority-owned businesses. She stated that she was looking at the Districts' goals and requested regular updates on matters on which the Board can provide input for improvement.

In response to Director Hahn, Mr. Eaton stated that the Debt Management Policy includes language regarding priority given to disadvantaged businesses. He advised that a Request for Proposals is scheduled to go out for an Underwriter and will include this language. A requirement to provide updates to Directors can be added to the Purchasing Policy.

Director Hahn stated that it would be helpful for the agency to hear suggestions for improvement.

Director Barger stated that the Metro found that the number of contracts being awarded were very low and the Metro Board discovered barriers in the process. Regular reports to the Board would be helpful for the agency.

The Chairperson asked if a Board report could occur during the annual budget review.

Director Hahn agreed.

Mr. Eaton stated that a statement on the progress toward meeting the goals would be added.

He asked the committee if they would like this item to return in October for endorsement or if they would endorse conditional on incorporation of their comments and move the item forward to the individual Districts for consideration.

Director Santa Ines stated that these were minor changes and agreed to move the items forward to each District's Board.

The Chairperson stated that Mr. Eaton would incorporate all the Directors' comments. The item will not return to the Personnel Committee in October and will move forward to the individual Districts for consideration.

Joint Outfall System (JOS) Recycled Water Rate Ordinances: The Chief Engineer and General Manager stated that since the early 1960s, recycled water has been sold to individual customers under contracts. Currently, there are 13 recycled water customers. He introduced Mr. Andrew Hall, Assistant Department Head of Financial Management, to give a brief presentation regarding this matter.

Mr. Hall stated that the Districts produces recycled water that is sold to customers under contracts. The current pricing formula is inconsistent between contracts and challenging to implement. The proposal is to standardize the process through new ordinances. Six water reclamation plants that constitute the JOS produce approximately 110 million gallons per day of recycled water. Approximately 78 percent of that is reused, mostly for groundwater recharge. The Districts reuses the recycled water through our water agency and private water company partners as service duplication laws prevent the Districts from serving users directly in most cases. As part of the Districts' mission, the goal is to help the water agencies with their recycled water projects by making the most recycled water available to maximize the amount that is reused. This provides a reliable and sustainable water supply for our communities and continues to be an important part of the water portfolio in Southern California due to climate change impacts.

Water recycling has been a core part of the Districts since 1962 when the Whittier Narrows Water Reclamation Plant (WRP) was constructed. Production and use of recycled water has increased significantly over the last 60 years, as was shown on a line graph. The Districts currently serves approximately 900 sites for a variety of uses. While there is one groundwater recharge site that uses the majority of the Districts recycled water, the majority of reuse sites are direct non-potable "purple pipe" uses.

There are 13 active recycled water contracts in the JOS for direct non-potable use. These include the cities of Pomona, Cerritos, Bellflower, Industry; water companies/agencies including the Upper San Gabriel Valley Municipal Water District, the Central Basin Municipal Water District, the San Gabriel Valley Water Company; and director users, including Cal Poly Pomona and two Districts' landfills.

Recycled water is delivered and sold under contracts with purveyors. The key terms in the contract aren't just limited to price, but also contract term (typically 25 years), the quantity and quality of water, and the responsibilities of each party in delivery and use of recycled water, including compliance with state and local regulations and requirements.

The Districts use a "Shared Savings" formula to determine the price of recycled water. Pricing is lower than potable water to offset the higher costs of delivering recycled water. Customers get a markdown from their potable water based on actual recycled system expenses. Based on the markdown, the rate will be between a floor of 30 percent and a cap of 100 percent of the cost to operate the WRPs.

Mr. Hall discussed issues with the current pricing formula. The formula is complex. The Districts cannot bill users until data is received, which can delay receipt of revenue. As the formula has changed and refined, this has resulted in contracts with different formulas depending on the time the contract was executed. Some of the pricing formulas have not changed since the 1990s. In addition, purveyors do not have any cost certainty since their rate is calculated after they use the recycled water.

In response to Director Barger, the Chief Engineer and General Manager stated that the pricing for farming is negotiated. Mr. Hall stated that farming operations are on Districts' property in the Antelope Valley and those farmers are farming on behalf of the Districts. They currently pay for water conveyance costs only.

In response to Director Barakat, Mr. Hall stated that in some cases the purple pipe system can be built out further; however, due to service duplication laws, only water purveyors can directly supply the water.

The Chief Engineer and General Manager stated that water rules are very complicated.

Mr. Hall continued his presentation. The proposed Recycled Water Rate Ordinances would set the price at 30 percent of forecasted JOS WRP operations and maintenance expenses. This sets the standard at the current minimum rate to get all on the same terms and match what is paid by most users. Revenue under the proposed ordinance will exceed the marginal cost of providing recycled water. The adopted prices will be incorporated into all future contracts, and existing contracts will be amended. If all current contract holders execute amendments to incorporate these changes, the result will be a reduction in revenue from recycled water of up to \$1 million per year if all contracts are amended. This represents 10 percent of total JOS recycled water revenue, and only 0.3 percent of JOS operating revenue in the JOS budget and won't have a significant impact on other rates. Staff believes the advantages of these changes outweigh the cost in the long-term. The change will incentivize some users to renegotiate terms on their contracts and provides an additional benefit to reduce costs for two Districts' landfills.

In response to the Chairperson, the Mr. Hall stated that La Cañada Flintridge provides recycled water to only one user and is not impacted with this change.

In response to Director Barger, the Chief Engineer and General Manager stated that more recycled water would need to be sold to break even with the proposed ordinances.

Mr. Hall stated that adding users would be a challenge. The Chief Engineer and General Manager stated that contracts in the JOS essentially have fully allocated the recycled water. There is more interest to move towards advanced water treatment and other alternatives. In the Antelope Valley, contracted recycled water is used primarily by parks and other irrigation sites. The Districts are working with water purveyors there to increase the use of recycled water including for use in a future groundwater recharge project.

In response to the Chairperson, the Chief Engineer and General Manager stated that the proposed ordinances would not impact groundwater recharge because that would remain in contracts for that use.

Mr. Hall stated that there are several advantages of the proposed ordinances. The proposed ordinances provide more certainty for the rates in advance of use. There is consistency in pricing among users. The need for submittal and review of user financial information is eliminated. It incentivizes certain users to renegotiate problematic contracts. The proposed ordinance provides a framework to capture increased treatment costs in the future across all users.

In response to Director Barakat, Mr. Hall stated that there would be a potential \$1 million reduction in revenue if all contract holders amended their contracts to include these Ordinances, which is 0.3 percent of the JOS budget.

Mr. Hall discussed the next steps, as was shown on a slide. Today, the Districts seeks comments or endorsement of the proposed JOS Recycled Water Rate Ordinances. If needed, the Committee's comments will be incorporated and presented for endorsement in October. In November and December, if endorsed, the matter will be presented to District No. 2, then considered for adoption. If adopted, starting in 2024, the Districts will update future contracts and work with current users to update existing recycled water contracts.

In response to Director Barger, Mr. Hall stated that the proposed JOS Recycled Water Rate Ordinances will solve all known issues with the recycled water contracts.

In response to Director Santa Ines, Mr. Hall stated that the District cannot prevent the loss of \$1 million revenue in these ordinances if the contract holders are willing to amend their contracts. However, it does provide an opportunity to renegotiate with a contract holder to amend their contract, which has no end date and has other problematic contract terms.

The Chief Engineer and General Manager stated that the issue with the Rose Hills Memorial Park and Mortuary contract is increasing future allocations of water that the Districts does not have which could impact all the other contract holders.

Director Hahn stated that the Districts might also gain new customers.

All Directors concurred with the concept of the proposed JOS Recycled Water Rate Ordinances.

RE: POTENTIAL FORMATION OF
EDUCATION FOUNDATION - DISCUSS

One of the Districts' goals is to educate people in its service area about water and solid waste to encourage

more environmentally responsible behavior and potentially inspire future sanitation workers. The Chief Engineer and General Manager briefed the Board regarding the potential forming of a non-profit education foundation focused on education interests related to the Districts' mission.

The Chief Engineer and General Manager stated that part of the Districts' mission is to provide public outreach and education. For example, the Districts offers the Sewer Science Program, which is a week-long laboratory for high school science students that shows how sewage and drinking water are cleaned. There is always a demand and need for additional funding for education. The Districts is seeking the Personnel Committee's endorsement to form a new non-profit entity to expand the Districts' current Education and Outreach Program and would allow for grant funding application. He introduced Ms. Martha Tremblay, Assistant Chief Engineer and Assistant General Manager, to give a brief presentation regarding this matter.

Ms. Tremblay stated that, as mentioned by the Chief Engineer and General Manager, the Districts is seeking concurrence from the Personnel Committee to move forward with the formation of a new non-profit entity to expand the Districts' current Education and Outreach Program. Currently, the Districts' Public Information Department is responsible for Education and Outreach Program expenditures (including buses, materials, etc., and does not include staff time) in the amount of \$388,250 for Fiscal Year 2023-24. The Districts focused on education programs at schools, the annual Earth Day Festival, and facility tours. The agency has limited ability to apply for grants or accept donations due to being a limited-purpose governmental entity. There is need for expansion of the education programs and industry need for local workforce development programs.

The current education programs offered by the Districts were shown on a slide. Facility tours (53 buses) are the highest rated of the education programs and creates an impression that attendees talk about. The Sewer Science Program consists of a week-long laboratory for high school (50 schools) science students that demonstrates how sewage is cleaned. The Districts' Speaker's Bureau provided 15 speakers, at no cost, to go to an organization, business, or school and give presentations on the agency and the issues we face. Bixby Marshland, a 17-acre marsh, was open for 15 public tours. Think Earth provided free, award-winning classroom curriculum for grades pre-K through 8 (42 classes). The Districts work closely with Grades of Green and were able to host 30 teams of children at the San Jose Creek Water Reclamation Plant and Puente Hills Materials Recovery Facility.

The purpose of the new non-profit would educate the public regarding clean water, wastewater, and sanitation in Los Angeles County, and its importance to public health and environment as well as the region's sustainability. The goal is to expand the Districts' current Education and Outreach Program. This includes offering more education programs at schools in the Districts' service area, expand the annual Earth Day Festival by increasing capacity or holding it at multiple sites to reach a broader audience, and offer additional facility tours. The new foundation will be a California non-profit public benefit corporation that is exempt from Section 501(c) (3) of the Internal Revenue Code (IRS). Bylaws and articles of incorporation would be developed. The Districts would file for IRS and California tax exemption. The Districts would likely provide initial funding and staff support.

The Districts is seeking the Personnel Committee's comments or endorsement of the formation of the non-profit. If endorsed, the Personnel Committee will discuss the proposed foundation bylaws and next steps at the next meeting scheduled on October 25, 2023.

Directors Santa Ines and Finlay stated this was a great idea.

In response to Director Santa Ines, the Chief Engineer and General Manager stated that the baseline current funding to start this non-profit is approximately \$400,000.

Director Finlay stated that the Public Information Department staff is dedicated, and it is a good idea for them to provide the initial staff support.

In response to Director Barakat, Ms. Tremblay stated that if the Personnel Committee endorses the concept, they can discuss bylaws at the next meeting.

Director Barakat stated that his wife, a special education teacher, took advantage of a couple of the Districts' education programs which was very impactful and carried over through the future years.

In response to Director Hahn, the Chief Engineer and General Manager stated that in addition to the formation of a non-profit, the Districts would continue to partner with other non-profits.

The Chairperson confirmed that the Directors concurred to endorse the concept. On October 25, the committee will discuss the proposed foundation bylaws and next steps.

In response to Director Hansen, the Chief Engineer and General Manager stated that initial funding will come from general funds that the Districts is already using for Education and Outreach Programs.

RE: PERSONNEL RELATED
MATTERS CONFERENCE WITH
LABOR NEGOTIATORS - DISCUSS

The Chief Engineer and General Manager updated the Committee on matters concerning the union-represented, self-represented and non-represented employee units.

The Committee will meet in closed session pursuant to Section 54957.6 of the Government Code, *Conference with Labor Negotiators*. Agency Designated Representatives: Robert Ferrante, Chief Engineer and General Manager; Martha Tremblay, Assistant Chief Engineer and Assistant General Manager; Matt Eaton, Deputy Assistant Chief Engineer; and Jennifer Allen, Human Resources Director.

The Chairperson called for public comments. The Secretary called upon the following:

Mr. Glenn Acosta, Senior Engineer and President of American Federation of State, County and Municipal Employees (AFSCME) greeted the Directors. He stated that today there is an item regarding union (personnel) matters on the agenda. The union has two requests, as follows:

- 1) Convert hourly employees to monthly employees. There are approximately 55 employees in the laboratory with the same responsibilities as monthly employees. These employees are without benefits; can be let go any time; and must work 18 months, plus be on six months of probation to be eligible for benefits. This means they have two years of uncertainty and pay without benefits. The union requests to convert hourly employees to monthly employees now and add a 12-month probation period. The amount of time worked can be used toward the probation period.
- 2) Staff working in the office can work a hybrid work schedule and those who work in the field cannot. The union requests that the Directors take a closer look at field positions and offer hybrid work schedules. A call-in day is suggested to avoid disruptions in workflow.

He concluded his comments and thanked the Directors.

The Chairperson thanked Mr. Acosta for his comments and stated that both issues will be addressed during closed session.

District Counsel advised that it would be in the interest of the District to meet in closed session pursuant to Section 54957.6 of the California Government Code *Conference with Labor Negotiators* to confer on the matter of Personnel Related Matters.

Upon motion of the Chairperson, the Board of Directors of the Personnel Committee of the County Sanitation Districts of Los Angeles County met in closed session at 12:34 p.m. pursuant to Section 54957.6 of the California Government Code *Conference with Labor Negotiators*.

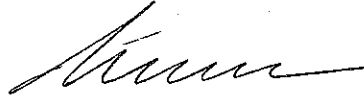
Upon motion of the Chairperson, the meeting reconvened in regular session at 1:00 p.m. District Counsel advised that no action was taken of a nature that requires disclosure pursuant to Government Code Section 54957.1.

RE: PURE WATER SOUTHERN CALIFORNIA
PROGRAM, A PARTNERSHIP WITH
METROPOLITAN WATER DISTRICT OF
SOUTHERN CALIFORNIA - UPDATE

The Chief Engineer and General Manager advised that his update on the Pure Water Southern California Program, a Partnership with Metropolitan Water District of Southern California, could be tabled to the October 25 meeting.

Upon motion of the Chairperson, duly seconded and unanimously carried by a roll-call vote, the Board approved the recommendation to table the Chief Engineer's update on the Pure Water Southern California Program, a Partnership with Metropolitan Water District of Southern California, to the October 25 meeting.

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


CATHY WARNER
Chairperson

ATTEST:


KIMBERLY S. CHRISTENSEN
Secretary

/ee