

MINUTES OF THE ADJOURNED REGULAR MEETING OF THE
BOARD OF DIRECTORS OF
COUNTY SANITATION DISTRICT NO. 2
HELD AT THE OFFICE OF THE DISTRICT

November 16, 2023
1:30 o'clock, P.M.

The Board of Directors of County Sanitation District No. 2 of Los Angeles County met pursuant to adjournment as ordered by this Board of Directors at the regular meeting held November 8, 2023. The Secretary reported that a copy of the Order of Adjournment was posted as required by law and that proper affidavits of the posting are on file in the Secretary's office.

There were present: Ali Saleh, Alternate Director from Bell
Marco Barcena, Alternate Director from Bell Gardens
Sonny Santa Ines, Director from Bellflower
Bruce Barrows, Director from Cerritos
Emma Sharif, Director from Compton
Claudia Frometa, Director from Downey
Ana Valencia, Director from Norwalk
Isabel Aguayo, Director from Paramount
Erik Lutz, Director from Pico Rivera
Tony Ding, Alternate Director from San Gabriel
Maria Avalos, Director from South Gate
Janice Hahn, Director from Los Angeles County
Cathy Warner, Chairperson, Alternate Director from Whittier

Absent: Ross Maza, Director from Alhambra
Monica Manalo, Director from Artesia
Hugo Argumedo, Director from Commerce
Rex Richardson, Director from Long Beach
Paul Krekorian, Director from Los Angeles City
David Torres, Director from Montebello
Jose Sanchez, Director from Monterey Park
Crystal Larios, Director from Vernon

Also present: Kimberly S. Christensen, Secretary to the Board
Jessica Lienau, District Counsel

CONSENT AGENDA

Upon motion of Director Frometa, duly seconded and unanimously carried, the Consent Agenda was approved as follows:

RE: PUBLIC COMMENT The Chairperson announced this was the time for any questions or comments by members of the public. There were no public comments or questions to address to Board on any matters.

RE: LEGAL SERVICES An invoice dated October 13, 2023, from Lewis
PAYMENT AND Brisbois, Bisgaard & Smith LLP, in the amount of
REIMBURSEMENT OF \$179,198.78, for professional services rendered and
EXPENSES ADVANCED reimbursement of expenses advanced in various
Districts' matters during the month of September 2023,
were approved, and the Chief Engineer and General Manager was authorized to have a warrant drawn in full payment of the invoice, the charges to be distributed to the affected Districts.

REGULAR AGENDA

RE: FACILITIES PLANING - JOINT The proposed Joint Administration Office (JAO) Unisex
ADMINISTRATION OFFICE UNISEX Accessible Restrooms (Project) will construct two
ACCESSIBLE RESTROOMS - AUTHORIZE unisex accessible restrooms at the JAO, one each on the
ISSUANCE OF PURCHASE ORDER TO first floor and second floor. The new restrooms will
MACKONE DEVELOPMENT, INC. comply with the Americans with Disabilities Act accessibility requirements, and providing these facilities

aligns with the Districts' diversity, equity, and inclusion goals. Pursuant to authority previously granted by the Board, the Project will be completed utilizing the Job Order Contracting Program which relies on pre-established competitively bid construction tasks that will accelerate project delivery and reduce administration and design costs. Staff has determined that the activities described herein do not constitute a "Project" under the California Environmental Quality Act (CEQA) pursuant to 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 of commitment to continual improvement. A recommendation was made to authorize the Chief Engineer and General Manager, in his capacity as Purchasing Agent, to issue a purchase order to Mackone Development, Inc., in the amount of approximately \$122,000 for the Project.

Upon motion of Director Frometa, duly seconded and unanimously carried, the Purchasing Agent was authorized to issue a purchase order to Mackone Development, Inc., for the Joint Administration Office unisex accessible restrooms, at a cost of approximately \$122,000.

RE: WASTEWATER MANAGEMENT
SODIUM HYPOCHLORITE TO A.K. WARREN
WATER RESOURCE FACILITY, VARIOUS
WATER RECLAMATION PLANTS, AND
PUENTE HILLS GAS-TO-ENERGY FACILITY
AUTHORIZE EXTENSION OF PURCHASE
ORDER TO PIONEERS AMERICA

Sodium hypochlorite is used to disinfect final effluent at Districts' wastewater treatment facilities and for pH control at the cooling towers at the Puente Hills Gas-to-Energy Facility (PERG). Pioneers America has proposed to extend the contract for one additional year and continue to supply sodium hypochlorite at the same price as the existing agreement, and it is in the best interest of the Districts to extend at this time. This item is consistent

with the Districts' Guiding Principles of commitment to fiscal responsibility and prudent financial stewardship; and commitment to operational excellence (protection of public health and the environment, regulatory compliance, and cost effectiveness). A recommendation was made to authorize the Chief Engineer and General Manager, in his capacity as Purchasing Agent, to issue a one-year extension of a purchase order with Pioneers America in the amount of approximately \$19,700,000 to furnish and deliver sodium hypochlorite to the A.K. Warren Water Resource Facility, various Water Reclamation Plants, and the PERG.

Upon motion of Director Frometa, duly seconded and unanimously carried, the Purchasing Agent was authorized to extend the purchase order, for a one-year period, with Pioneers America to furnish and deliver sodium hypochlorite to the A.K. Warren Water Resource Facility, various Water Reclamation Plants, and the Puente Hills Gas-to-Energy Facility, at a cost of approximately \$19,700,000.

RE: INSURANCE - ON-ROAD VEHICLE FLEET
LIABILITY - AON RISK SERVICES, INC.
AUTHORIZE PAYMENT

Aon Risk Services, Inc., (Aon), the Districts' insurance broker, assists the Districts with obtaining insurance coverage for on-road vehicles. Travelers Property Casualty Company (Travelers) has been providing this

coverage for the Districts for the last 10 years, offering a "package" inclusive of property insurance. Other carriers have declined to provide quotes for this insurance in the past few years due to fleet size, prior losses, or other concerns. As a result, Aon only solicited a quote with Travelers, who offered a rate of \$1,823 per vehicle. This represents an increase of 23 percent compared to the current rate of \$1,485 per vehicle. This increase is in-line with current market inflation and the Districts' claim history including two recent legal claims against the Districts. Despite these factors, Districts' rates are still considered below average based on the number of vehicles insured. This item is consistent with the Districts' Guiding Principle of commitment to fiscal responsibility and prudent financial stewardship. A recommendation was made to authorize payment to Aon for Districts' on-road vehicle fleet liability insurance coverage in the amount of \$1,252,150 for a one-year period.

Upon motion of Director Frometa, duly seconded and unanimously carried, the Purchasing Agent was authorized to issue a payment to Aon Risk Services, Inc., the Districts' insurance broker, for on-road vehicle fleet liability insurance coverage in the amount of \$1,252,150 for a one-year period.

RE: INSURANCE - ALL-RISK INSURANCE
AND EARTHQUAKE AND FLOOD
COVERAGE AON RISK SERVICES, INC.
AUTHORIZE PAYMENT

Aon Risk Services, Inc., (Aon), the Districts' insurance broker, solicited quotes for all-risk insurance covering property damage, business interruption, boiler and machinery, extra expenses, earthquake, and flood for the Puente Hills Gas-to-Energy (PERG) and the A.K. Warren Water

Resource Facility (Warren Facility) Total Energy Facilities, the Districts' two largest energy generation facilities. The current insurance carriers, ACE American Insurance Company (ACE) and Starr Surplus Lines Insurance Company (Starr), submitted the only quote in the amount of \$1,070,000, plus \$55,190 for engineering fees, which represents an increase of 9 percent over last year's premium. ACE will provide 24.5 percent of the coverage, and Starr will provide 75.5 percent of the coverage. Fourteen other carriers indicated they could not provide insurance for this type of operation. Price increases across the insurance industry continue to be high due to large recent disasters and associated claims. The primary limit of coverage is \$100,000,000 per occurrence with sub-limits per occurrence of \$10,000,000 for earthquake, \$10,000,000 for flood, \$11,936,000 for business interruption, \$15,000,000 for extra expense, and \$25,000,000 for boiler and machinery. This item is consistent

with the Districts' Guiding Principle of commitment to fiscal responsibility and prudent financial stewardship. A recommendation was made to authorize payment to Aon for all-risk insurance and earthquake and flood coverage for a one-year period at an annual premium of \$1,125,190 for the PERG and the Warren Facility Total Energy Facilities.

Upon motion of Director Frometa, duly seconded and unanimously carried, the Purchasing Agent was authorized to issue payment to Aon Risk Services, Inc., the Districts' insurance broker, for all-risk insurance and earthquake and flood coverage, for a one-year period, for the Puente Hills Gas-to-Energy and the A.K. Warren Water Resource Facility Total Energy Facilities, at an annual premium of \$1,125,190.

RE: RESOLUTION DECLARING SUPPORT FOR GRANT APPLICATION TO UNITED STATES BUREAU OF RECLAMATION WATERSMART: LARGE-SCALE WATER RECYCLING PROGRAM FOR PURE WATER SOUTHERN CALIFORNIA - ADOPT AND SUBGRANT AGREEMENT WITH METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA - AUTHORIZE CHIEF ENGINEER AND GENERAL MANAGER TO EXECUTE

A proposed Resolution Declaring Support for Grant Application to United States Bureau of Reclamation (USBR) WaterSMART: Large-Scale Water Recycling Program for Pure Water Southern California (PWSC) (Resolution), was presented. The Board previously approved the *Regional Recycled Water Program Agreement* with Metropolitan Water District of Southern California (Metropolitan) to jointly investigate production and distribution of purified water for the PWSC project. The proposed Resolution supports a joint application with Metropolitan to the USBR for up to \$180 million in additional grant funding for required

studies, design activities, and land acquisition for groundwater recharge and conveyance pipeline infrastructure. If this grant is awarded, the Districts could receive up to \$500,000 for its portion of the activities proposed in the grant application and would be required to provide up to \$1.5 million in matching funds. The Districts may receive more funding from the grant if additional design efforts are managed by the Districts pursuant to future negotiations with Metropolitan. Adoption of the Resolution authorizes the Districts to provide these matching funds, but does not obligate the Districts to accept the grant funding or provide the matching funds. Staff recommends that the Board authorize the Chief Engineer and General Manager to enter into a subgrant agreement with Metropolitan to address issues of grant administration. Staff has determined that adoption of the Resolution does not constitute a "Project" under the California Environmental Quality Act (CEQA) pursuant to California Public Resources Code Section 21065 and Title 14 of the California Code of Regulations ("CEQA Guidelines") Section 153781. This item is consistent with the Districts' Guiding Principle of commitment to fiscal responsibility and prudent financial stewardship. A copy of the proposed Resolution was attached to the agenda. A recommendation was made to adopt the Resolution. Furthermore, a recommendation was made to authorize the Chief Engineer and General Manager to execute a subgrant agreement with Metropolitan for administration of USBR WaterSMART grant funding.

Upon motion of Director Frometa, duly seconded and unanimously carried, the Chief Engineer and General Manager, on behalf of the District, was authorized to execute a subgrant agreement with Metropolitan Water District of Southern California for administration of USBR WaterSMART grant funding. Furthermore, the following Resolution was adopted:

RESOLUTION OF THE BOARD OF DIRECTORS OF
COUNTY SANITATION DISTRICT NO. 2 OF LOS ANGELES COUNTY
DECLARING SUPPORT FOR GRANT APPLICATION TO
UNITED STATES BUREAU OF RECLAMATION WATERSMART:
LARGE-SCALE WATER RECYCLING PROGRAM
FOR PURE WATER SOUTHERN CALIFORNIA

WHEREAS, County Sanitation District No. 2 of Los Angeles County (the "District") and 23 other County Sanitation Districts of Los Angeles County, each organized and existing under the provisions of the County Sanitation District Act, California Health and Safety Code Section 4700 et seq., make up the Los Angeles County Sanitation Districts ("Sanitation Districts"); and

WHEREAS, the District is empowered to act as the administrative district for the Sanitation Districts, including on matters concerning the Joint Outfall System and the A.K. Warren Water Resource Facility ("Warren Facility"); and

WHEREAS, on November 16, 2015, the District's Board of Directors approved the *Regional Recycled Water Program Agreement* (CSD Contract No. 4940,) with Metropolitan Water District of Southern California ("Metropolitan") for a potential advanced water purification facility ("AWPF") at the Warren Facility that would produce up to 150 million gallons per day of purified water.

WHEREAS, on November 16, 2020, the District's Board of Directors approved the *First Amendment to the Regional Recycled Water Program Agreement* (CSD Contract No. 4940A) with Metropolitan to define the responsibilities of each party and guides the environmental planning phase for a full-scale project, including the joint preparation of conceptual facilities plan and environmental documentation.

WHEREAS, Metropolitan and the Sanitation Districts subsequently renamed Regional Recycled Water Program as Pure Water Southern California ("Pure Water").

WHEREAS, preliminary planning studies indicate the project will require modifications to the Warren Facility to reduce the nitrogen levels in order to produce suitable source water for the AWP. One approach to reduce nitrogen in the Warren Facility produced source water is to remove centrate nitrogen from the solids processing. Sidestream centrate treatment ("SCT") is a proven and cost-effective treatment process used in other treatment facilities around the world and was successfully demonstrated by Sanitation Districts' staff to achieve nitrogen reduction during pilot-scale testing from 2013-2014. SCT will also reduce discharge of nutrients to the ocean and will likely be included in the Capital Improvement Project list for approval consideration in 2024.

WHEREAS, on March 8, 2023, the District's Board of Directors adopted a *Resolution Declaring Support for Grant Application to United States Bureau of Reclamation (USBR) WaterSMART: Water Recycling and Desalination Planning Grant for Pure Water Southern California* supporting a joint application with Metropolitan for a \$5 million grant to fund planning and preliminary engineering activities related to Pure Water, including up to \$1 million for preliminary engineering of SCT. On September 27, 2023, USBR notified Metropolitan of a \$5 million award.

WHEREAS, in September 2023, USBR released Notice of Funding Opportunity (NOFO) No. R23AS00433 under the Large-Scale Water Recycling Program ("LSWRP") that would provide grants for planning, design, and construction for planned projects with an estimated cost of over \$500 million that meet the requirements of the LSWRP authorized by the Infrastructure Investment and Jobs Act of 2021.

WHEREAS, applicants must provide a minimum 75 percent cost share and grant funds must be used within three years of the grant application's submittal deadline of November 21, 2023.

WHEREAS, jointly pursuing these funds for the Pure Water project with Metropolitan staff will provide mutual benefits to the Sanitation Districts and Metropolitan. If awarded, Metropolitan would receive up to \$100 million to complete required studies, conduct preliminary design and design activities, and potentially acquire land for groundwater recharge associated with the Pure Water treatment (including advanced water treatment) and backbone conveyance pipeline infrastructure. The Sanitation Districts would receive up to \$500,000 for final design of the SCT system and may receive more funding if additional design efforts are managed by the Sanitation Districts.

WHEREAS, use of grant funds would substantially reduce the Sanitation Districts' and Metropolitan's costs for these activities.

NOW, THEREFORE, the District's Board of Directors finds and resolves as follows:

Section 1. The above recitals are true, correct and are specifically incorporated in and made a substantive part of this Resolution.

Section 2. The District's Board of Directors hereby supports the joint pursuit of the LSWRP grant with Metropolitan. Metropolitan will be responsible for the preparation and submittal of the application.

Section 3. If the grant is awarded, the District's Board of Directors authorizes the Chief Engineer and General Manager to enter into a subgrant agreement with Metropolitan and accept up to \$500,000 in grants for final design of an SCT system at the Warren Facility.

Section 4. The District's Board of Directors declares that the District is authorized to provide matching funds up to \$1.5 million.

PASSED AND ADOPTED by the Board of Directors of County Sanitation District No. 2 of Los Angeles County at its meeting on November 16, 2023.

RE: RESOLUTION AUTHORIZING CHIEF ENGINEER AND GENERAL MANAGER, ASSISTANT CHIEF ENGINEER AND ASSISTANT GENERAL MANAGER, DEPUTY ASSISTANT CHIEF ENGINEER, OR FINANCIAL MANAGEMENT DEPARTMENT HEAD TO EXECUTE AND FILE APPLICATIONS FOR FEDERAL AND STATE DISASTER ASSISTANCE - ADOPT

A proposed Resolution authorizing the Chief Engineer and General Manager, Assistant Chief Engineer and Assistant General Manager, Deputy Assistant Chief Engineer, or Financial Management Department Head to execute and file applications for federal and state disaster assistance, was presented. A copy of the proposed Resolution was attached to the agenda. There have been several disasters in recent years which have affected facilities owned or operated by the Districts. The California Governor's Office of Emergency Services requires the submittal of

a Board designation to apply for federal and state financial assistance pursuant to the California Natural Disaster Assistance Act. The Resolution is a universal resolution effective for all open and future disasters up to three years following the date of approval; the Districts previously adopted a resolution on April 10, 2019. This item is consistent with the Districts' Guiding Principle of commitment to fiscal responsibility and prudent financial stewardship. A recommendation was made to adopt the Resolution.

Upon motion of Director Frometa, duly seconded and unanimously carried, the following Resolution was adopted:

DESIGNATION OF APPLICANT'S AGENT RESOLUTION FOR NON-STATE AGENCIES

BE IT RESOLVED BY THE Board of Directors OF THE County Sanitation District No. 2 of Los Angeles County
 (Governing Body) (Name of Applicant)
 THAT Chief Engineer and General Manager OR
 (Title of Authorized Agent)
Assistant Chief Engineer and Assistant General Manager OR
 (Title of Authorized Agent)
Deputy Assistant Chief Engineer, OR
Financial Management Department Head
 (Title of Authorized Agent)

is hereby authorized to execute for and on behalf of the County Sanitation District No. 2 of Los Angeles County
 (Name of Applicant)
 a public entity established under the laws of the State of California, this application and to file it with the California Governor's Office of Emergency Services for the purpose of obtaining federal financial assistance for any existing or future grant program, including, but not limited to any of the following:

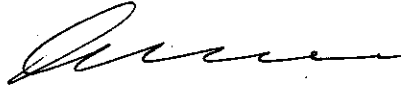
- **Federally declared Disaster (DR), Fire Mitigation Assistance Grant (FMAG), California State Only Disaster (CDAA), Immediate Services Program (ISP), Hazard Mitigation Grant Program (HMGP), Building Resilient Infrastructure and Communities (BRIC), Legislative Pre-Disaster Mitigation Program (LPDM),** under
- Public Law 93-288 as amended by the Robert T. Stafford Disaster Relief and Emergency Assistance Act of 1988, and/or state financial assistance under the California Disaster Assistance Act.
- **Flood Mitigation Assistance Program (FMA),** under Section 1366 of the National Flood Insurance Act of 1968.
- **National Earthquake Hazards Reduction Program (NEHRP)** 42 U.S. Code 7704 (b) ((2) (A) (ix) and 42 U.S. Code 7704 (b) (2) (B) National Earthquake Hazards Reduction Program, and also The Consolidated Appropriations Act, 2018, Div. F, Department of Homeland Security Appropriations Act, 2018, Pub. L. No. 115-141
- **California Early Earthquake Warning (CEEW)** under CA Gov Code – Gov, Title 2, Div. 1, Chapter 7, Article 5, Sections 8587.8, 8587.11, 8587.12

That the County Sanitation District No. 2 of Los Angeles County
 (Name of Applicant)
 laws of the State of California, hereby authorizes its agent(s) to provide to the Governor's Office of Emergency Services for all matters pertaining to such state disaster assistance the assurances and agreements required.

Please check the appropriate box below

- This is a universal resolution and is effective for all open and future disasters/grants declared up to three (3) years following the date of approval.
- This is a disaster/grant specific resolution and is effective for only disaster/grant number(s): _____

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



CATHY WARNER
Chairperson

ATTEST:



KIMBERLY S. CHRISTENSEN
Secretary

/ee