

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

October 25, 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 October 25, 2023, at 11:00 a.m., for the purpose of:

1. Public Comment
2. Approve Director Request to Participate by Teleconference and Utilize Just Cause per Assembly Bill (AB) 2449, *California Government Code, Section 54953(f) and (j)*
3. Approve Minutes of Special Meeting Held September 27, 2023
4. Re: Update on Pure Water Southern California Program, a Partnership with Metropolitan Water District of Southern California (MWD)
5. Financial Update
6. Re: Potential Formation of Education Foundation
7. Re: Update on Districts' Involvement with Infrastructure LA (ILA) Initiative and Equity in Infrastructure Project (EIP) Pledge

There were present: Ali Saleh, District No. 1
Sonny Santa Ines, District No. 3
Janice Hahn, Districts Nos. 9, 27, and Newhall Ranch
Richard Barakat, District No. 15
Victor Gordo, District No. 16
Cory Moss, District No. 21
Margaret E. Finlay, District No. 22
Judith Merlo, District No. 23, via teleconference
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
Lula Davis-Holmes, Districts Nos. 8
Rex Parris, District No. 14
Kathryn Barger, District No. 17
Ali Sajjad Taj, Districts Nos. 18 and 19
Laura Bettencourt, District No. 20
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

At 11:00 a.m., a quorum had not been established and the Board members present asked that the Chief Engineer and General Manager report on non-consent items listed on the agenda until a quorum can be established.

RE: PURE WATER SOUTHERN CALIFORNIA PROGRAM - DISCUSS The Chief Engineer and General Manager stated that he often talks about the Pure Water Southern California (PWSC) project, a joint partnership with Metropolitan Water District of Southern California (MWD) including several other partners (San Gabriel Valley Municipal

Water District; County of Los Angeles, Department of Public Works; Water Replenishment District; and Cities of Carson and Long Beach). The presentation will provide an overview and status of the project.

More than half of Southern California's water is imported (25 percent from the Colorado River Aqueduct, 30 percent from the State Water Project, and 45 percent from MWD service area local supplies). Prior to last year, these sources of water were in a drought state. Recent rains have alleviated the state's supplies for the time being. The state's reservoirs are full this year, but climate change has taken a toll on the Colorado River watershed, which is in a long-term drought. Several states are currently negotiating on how to move forward with reduced water allocations. 15-million-acre feet (AF) of water is allocated to California from the Colorado River. Currently, 11-12 million AF is being used and will decrease to 10-11 million AF.

The purpose of the PWSC project is to develop a local supply of water, in partnership with MWD, by recycling treated water that is currently discharged to the ocean from the Joint Water Pollution Control Plant (JWPCP) in Carson. The recycled water from the Districts' system will be purified at MWD's Advanced Water Purification Facility (AWPF), then conveyed through over 60 miles of pipeline to groundwater basins, industries, or MWD's drinking water plants. The result is a new climate-resilient source of water for Southern California. The Districts' system was developed to recycle higher quality domestic sewage at inland water reclamation plants (WRPs) for reuse. The facility in Carson treats more industrial wastewater, which is saltier and discharged to the ocean. The JWPCP has an average flow of over approximately 250 million gallons per day (MGD) and a capacity of 400 MGD. This is the largest untapped source of treated wastewater. Up to 10 years ago, there were not many technologies to treat this water. The PWSC Demonstration Plant MWD constructed at the JWPCP uses new technologies, reverse osmosis membranes, to purify water to make it suitable as a drinking water source. Construction of a 7-foot to 9-foot-diameter pipe is required to distribute the water more than 60 miles to various spreading basins.

A map of the JWPCP, demonstration APC, and the proposed full-scale AWPF, was shown. Over 20 years ago, the Districts purchased and is currently remediating a nearby former oil refinery site for reuse. The State has already approved construction on the site. The Districts has already remediated the top 30 feet of soil and continues to clean deeper soil and groundwater left behind by the previous operator. MWD uses the Demonstration Plant to test treatment and provide tours. This facility will soon be renamed in honor of Congresswoman Grace Napolitano.

In support of the PWSC project, the Districts has been leading the effort to evaluate the most efficient and cost-effective ways to improve treatment to meet the needs of potable reuse. The Districts has a very robust treatment facility, but additional treatment for the removal of nutrients is necessary. Biological process tanks, as was shown in a photo, will need to be upgraded to provide further treatment. The Districts is identifying ways that take advantage of prior investments to reduce the cost of the project.

Phase 1 of the project is primarily at the JWPCP and is expected to take 5-7 years to complete. Once the water is cleaned at the future purification facilities, it must be conveyed to the points of use, as was shown on a map. The primary use of the water will be to replenish local groundwater basins which act as underground storage tanks. Groundwater is a major source of water supply for the region. In dry years, supplies must be supplemented with imported water.

In response to Director Finlay, the Chief Engineer and General Manager stated that two methods could be used to store purified water either discharge to spreading grounds or direct injection using wells. Direct injection is more costly because the water requires pumping. In regard to spreading grounds, the soil must be periodically ripped by the County of Los Angeles, Department of Public Works, to ensure the soil remains porous and the water continues to percolate.

In response to Director Barakat, the Chief Engineer and General Manager stated that a few feet of the soil is ripped as needed.

He continued his presentation. Phase 1 of the PWSC project will convey a total of 115 MGD of purified water to the West, Central and Main San Gabriel Valley groundwater basins. Approximately 25 MGD of this resource will be directly mixed with state water as a source of supply to MWD's drinking water treatment plant. The remaining 90 MGD of purified water will go towards indirect potable reuse of groundwater recharge into the Rio Hondo and San Gabriel Coastal Spreading Grounds, Santa Fe Spreading Grounds, and San Gabriel Canyon Spreading Grounds as well as potentially injection wells.

Phase 2 will increase water production to 150 MGD, providing more water to MWD for direct potable reuse. A later expansion is planned to build additional pipeline capacity to convey water to MWD's Weymouth Water Treatment Plant.

Benefits of the project were shown on a slide. The project provides a sustainable supply of water, increases resiliency, replenishes groundwater basins, and creates a local supply. Environmental benefits include enhancement of water quality, reuse of the largest untapped source of treated wastewater in the region, and a reduction of reliance on imported supplies. The project will fuel economic growth through the construction and operation and generate local jobs.

In response to Director Finlay, the Chief Engineer and General Manager stated that the proposed AWP treatment involves using reverse osmosis membranes resulting in ultra-pure water. The product left behind is concentrate which will be discharged to the ocean.

In response to Director Barakat, the Chief Engineer and General Manager stated that the project is currently undergoing the environmental phase and testing for toxicity. Pollutants like per- and polyfluoroalkyl substances (PFAS) will be removed from the purified water.

In response to Director Hahn, the Chief Engineer and General Manager stated that the highest and best use of the water is drinking water.

In response to Director Finlay, the Chief Engineer and General Manager stated that “toilet to tap” has been done by the Districts and our partners since the 1960s. Acceptance has increased with a generational shift. Staff has received comments such as, “Why can’t this be done faster?” The younger generation understands the importance of this project.

The Chief Engineer and General Manager continued his presentation. The program partners were shown on a slide. The Districts and MWD are the main partners. The Districts’ role is to help build and operate the treatment facilities. Water agencies throughout the service area will need to construct facilities to use the purified water and fund through their water rates. MWD member agencies within the Districts’ Service Area include Upper San Gabriel Valley, Three Valleys, Central Basin, West Basin and Foothill Municipal Water Districts, and the Cities of Long Beach, Beverly Hills, Torrance, Los Angeles, Pasadena, Compton. Groundwater basin managers including Water Replenishment District and Main San Gabriel Basin Watermaster will also help operationally, as they serve most of the Districts’ service area. Colorado River Partners, including Southern Nevada Water Authority, Arizona Department of Water Resources, and Capital Arizona Project, are willing to pay for a portion of the project providing that extra water is set aside for them. Other key partners include the San Gabriel Valley Municipal Water District, US Army Corps of Engineers, Southern California Edison, and Los Angeles County Public Works. The City of Los Angeles is also doing a similar project.

In response to Director Finlay, the Chief Engineer and General Manager stated that it is important for the Central Valley to stop over drafting of water in the next several decades. Up to one-third of agriculture will be affected.

The Chief Engineer and General Manager stated that the Districts will need a binding agreement related to construction and operations and of the AWP, enhanced source control, site use, plant modifications (nutrients and nitrogen removal), and funding of infrastructure. In the past 30 years, staff has never seen as much collaboration between agencies.

In response to Director Hahn, the Chief Engineer and General Manager stated that it is natural for people to work in the comparable agencies and not need to help each other. Now, with issues such as stormwater projects, it makes sense for the Districts to work with Los Angeles County Public Works. The idea behind the PWSC program is “one water.”

The Chief Engineer and General Manager discussed the project status and schedule. In 2021-2025, the project is undergoing environmental planning. In 2024-2031, the project will be in the design and construction phases. Startup will occur in phases, beginning in 2032.

In response to Director Hahn, the Chief Engineer and General Manager stated that the entire 115 MGD first phase of the project will not be completed until 2035 due to the large-scale construction of the facility and the need to construct the miles of pipelines that are required to convey the water.

RE: FINANCIAL UPDATE - DISCUSS

The Chief Engineer and General Manager stated that the next presentation is regarding the Joint Outfall System (JOS) financial status and projected wastewater rates.

Santa Clarita Valley and Antelope Valley (Districts Nos. 14 and 20) rates will be presented separately to those respective Boards.

The JOS has many new upcoming projects including Pure Water Southern California (PWSC), sewer maintenance, and seismic retrofitting. These projects address the impacts of drought, spill prevention and increased resiliency. All projects have an impact on rates.

In response to the Chairperson, the Chief Engineer and General Manager stated that, three years ago, the JOS Districts' assets were consolidated into one big system.

The Chief Engineer and General Manager introduced Matt Eaton, Deputy Assistant Chief Engineer, to give a brief presentation about the impact on JOS wastewater rates in the future and compare Districts' rates with other agencies.

The Deputy Assistant Chief Engineer stated that his presentation will provide information regarding financial objectives and upcoming milestones, give an overview of the financial position and review of 2022-23, significant financial investments, and rate projections. He advised that the current rate package expires in 2026. He reviewed a map of the Districts' service area. The JOS serves the southeast region (73 Cities and Unincorporated Los Angeles County) of Los Angeles County (5 million people/2 million sewage units). The JOS consists of 17 Districts (Districts Nos. 1, 2, 3, 5, 8, 15, 16, 17, 18, 19, 21, 22, 23, 28, 29, 34 and South Bay Cities District) and acts as one financial system.

The financial objectives are to meet operations and maintenance (O&M) expenses, debt payments, and future capital projects; comply with adopted financial policies; and implement cost-effective, stable rates.

In response to Director Barakat, the Chief Engineer and General Manager stated that costs will increase with the PWSC program because the water requires additional treatment that will be provided by the Districts.

The upcoming milestones for the JOS were shown on a slide. Currently, staff is preparing the budget for Fiscal Year (FY) 2024-25. In January to June 2024, these budgets will be presented to the Boards. The Board will consider adoption of FY 2024-25 budgets in March to June 2024. In early 2026, staff will present the next rate increase.

O&M expenses for FY 2022-23 were 12.8 percent above budget. The FY 2022-23 budget for JOS O&M was \$350 million and the actual expense was \$395 million. The primary reason was due to an overly optimistic expectation that the inflation slowdown would occur sooner. Capital expenditures for FY 2022-23 were less than expected (budget: \$362 million; actual: \$221 million). The main reason for this variance was due to construction delays and supply chain issues. Overall, capital spending was approximately 13 percent under budget due to delays in construction and payments related to the Clearwater project. Staff is developing strategies to reduce variances in the future.

In response to Director Santa Ines, the Deputy Assistant Chief Engineer stated that the variance will be spread out to future years.

Overall, the JOS is in a strong financial position. The first round of loan proceeds from the Clearwater Tunnel State Revolving Fund and Water Infrastructure Finance and Innovation Act are expected this year. Reserves are adequate. Debt financing and rate increases will be needed in the coming years to address investments in additional services and levels of treatment.

The PWSC project will create a new water supply for the region. The project is estimated to be in the billions. The estimated completion for the PWSC project is 2039.

He discussed investments in resilient infrastructure. The Seismic Retrofit Program (Seismic Retrofit) will ensure that all occupied buildings meet the latest seismic code. Seismic Retrofit will increase safety for employees and the public and provide better continuity of operation after an earthquake. Offices and treatment plants will be evaluated and retrofitted over the next 30 years. The budget for Seismic Retrofit over the next 30 years is \$476 million. Many of the Districts' treatment plants were built in the 1960s – 1980s. Facility upgrades and rehabilitation are needed for reliability and modernization.

Next, he discussed investing in sewer infrastructure. The Districts will be increasing rehabilitation projects to 37 per year, resulting in an additional cost of \$100 million per year. Historically, the Districts had an average of 10 rehabilitation projects per year, as compiled by the Engineering Department's Annual Report. The Districts' goal is to improve the sewer and manhole inspection process. A sewer model will be created to optimize operations and new projects and prevent future overflows.

Projects are also expected that would provide additional treatment to meet potential stricter regulatory requirements. Per- and polyfluoroalkyl substance (also known as PFAS) treatment is estimated at approximately \$200 million in capital costs over the next 20 years. There is significant uncertainty regarding regulations, costs, and responsibility. For temperature control of effluent discharged to rivers, approximately \$50 million in capital costs is expected in the next 10 years. It is uncertain whether temperature control will be needed. More stringent limits on nitrogen discharge are possible in the next 10 to 20 years. Some of this additional treatment could be in conjunction with the PWSC project.

At this time, Director Gordo joined the meeting. The Chairperson called the meeting to order at 11:44 a.m.

The Deputy Assistant Chief Engineer continued his presentation. The current JOS rate ordinance took effect on July 1, 2022, and established rates through June 30, 2026. Rates are well below comparable agencies (Sacramento, Inland Empire, City of Los Angeles, Orange County (OC), San Diego, East Bay, and San Jose), as was shown on a bar graph.

Rate increases of 10 percent are expected for at least 10 years starting in 2026. Total cost for a single-family home in the JOS will remain below today's City of Los Angeles and OC Sanitation Districts' costs through 2030, as was shown on a line graph.

In conclusion, the JOS remains to be in a strong financial position. Extensive investments in additional services, reliability and treatments are planned. Future rate increases will be more significant than recent increases, but rates will continue to be lower than comparable agencies.

The Chief Engineer and General Manager stated that due the proposed significant rate increases, staff wanted to inform the Personnel Committee early in efforts to stress the importance of necessity for a new supply of water to fight climate change, prevention of sewer spills and seismic resiliency. The rate increases will also provide the ratepayers with more quality service.

In response to Director Santa Ines, the Chief Engineer and General Manager stated that the next rate package recommendation is expected to have a rate increase between approximately 10 percent.

In response to Director Saleh, the Chief Engineer and General Manager stated that the rates are increasing, although they will remain lower than comparable agencies.

In response to Director Barakat, the Chief Engineer and General Manager stated that staff is seeking Directors' advice on the information that should be conveyed to the ratepayers.

In response to Director Saleh, the Chief Engineer and General Manager stated that the service charge rate is collected on the property tax bill. Customers pay the same prorated amount. By law, the Districts cannot look at the value of each property. He advised that the Districts expects push back, although there is strong justification for the rate increase.

Director Saleh agreed, although he asked how the Directors will deal with their constituents.

In response to Director Hahn, the Chief Engineer and General Manager stated that the Districts' rates are lower than comparable agencies because the agency leans towards cost-efficiency and prudence regarding operations to keep rates low and meet compliance.

Director Saleh asked for a staff report on how to convey information and prepare for the proposed rate increase.

In response to Director Saleh, the Chief Engineer and General Manager stated that Districts' staff will hold public information meetings. Informational brochures and a brief presentation will be provided to Directors before going out to the public.

Director Gordo stated that the rate increase is steep. He asked what portion of the increase is related to prevention and what the difference is between necessary costs and add-ons. He stated that the Directors must defend what the Districts can afford versus defer.

Director Finlay stated that the Directors needed to make those types of decisions earlier.

General Manager. The Board will meet at minimum annually, subject to the Brown Act. The Directors will not receive compensation.

The next steps for the formation of the Foundation were shown on a slide. The Foundation Board members will hold an organizational meeting to approve bylaws and other administrative matters. It may take 9 to 12 months to complete the process of submitting the Foundation's tax exemption federal and state filings. Once the Foundation is formed, a staff and funding agreement (amount to be determined) will be developed for consideration and approval of District No. 2.

Director Hahn suggested a different name for the Foundation to have better success raising funds. She suggested Clear Water Works Education Foundation.

In response to Director Hahn, the Chief Engineer and General Manager stated that the Clear Water project is only one side of the Districts' business.

Director Finlay agreed with Director Hahn to change the proposed name of the Foundation.

In response to Director Hahn, the Chief Engineer and General Manager stated that Districts' Counsel will staff the Foundation.

In response to Director Santa Ines, the Chief Engineer and General Manager stated that Public Information staff may provide support to the Foundation. An agreement would be needed to allocate the staffing and budget resources which maybe under \$400,000. Periodic updates will be provided to the Boards.

The Committee concurred with proceeding with the steps necessary to start the formation of the Foundation.

RE: UPDATE ON DISTRICTS' INVOLVEMENT WITH INFRASTRUCTURE LA INITIATIVE AND EQUITY IN INFRASTRUCTURE PROJECT PLEDGE - DISCUSS

The Chief Engineer and General Manager stated that, in 2021, President Biden signed the Bipartisan Infrastructure Law, or BIL, which is a huge investment in the rebuilding of our nation's infrastructure that also aims to advance environmental justice and invest in

communities that have too often been left behind.

In response, the Los Angeles County Board of Supervisors adopted a motion in 2022 directing County staff to launch the Infrastructure LA (ILA) initiative. The objective of ILA is to maximize the region's share of federal infrastructure spending available through the BIL with an emphasis on projects that advance equity, sustainability and climate resilience goals.

Over the last year, Mark Pestrella, Director of Los Angeles County Department of Public Works, and staff have brought together many agencies serving the Los Angeles region to promote cross-sector collaboration and coalition building under the mantra "We're Better Together." ILA aims to work in partnership with Los Angeles' infrastructure stakeholders to pursue funding opportunities, advocate for community-focused infrastructure, and share strategies and tools for addressing infrastructure needs.

ILA's Executive Leadership Team (ELT) consists of directors/general managers of several large agencies (as was shown on a slide) in Los Angeles County, including Los Angeles County Department of Public Works, Los Angeles Department of Water and Power, Metro, Los Angeles County Sanitation Districts, and City of Los Angeles. The ELT meets every few months and provides overall direction and vision for ILA. Also, the ELT recently chartered several committees that align with key infrastructure sectors in the BIL, including water, transportation, electric vehicle infrastructure, broadband, sustainable waste, and construction. The ELT also directed the formation of subcommittees focused on sustainability, workforce development, and equity. For example, Director Taj is the President of the League of Cities, which is involved in the Gateway Transportation Project.

One of the main focal points of ILA is equity. To demonstrate the ILA's commitment to equity in the region through this initiative, several member agencies are joining the EIP by signing an EIP Pledge. The goal is to improve public infrastructure contracting practices to help historically underutilized businesses (HUBs) work with the Districts. HUBs include women, minority-owned, small business, disabled veteran, etc. As an active participant in ILA, the Districts intends to sign the EIP Pledge to support ILA's emphasis on equity. EIP has since grown to include multiple public, private and non-profit sector partners. Several Southern California agencies have already signed the EIP Pledge, including Los Angeles County, Metropolitan Transportation Authority, MWD, Los Angeles World Airports, and Port of Long Beach.

The Chief Engineer and General Manager discussed the Districts' implementation of the EIP Pledge. The Districts has a large and expanding capital improvement program, billions to be expected in work and purchasing in the coming decades. Staff will update contract documents and the purchasing policy, which already have diversity goals, to match the EIP. Staff will look at other ways to improve Districts' programs. Regarding outreach, the Districts will advertise directly to HUBs and groups representing HUBs; increase participation in networking and outreach events to connect with HUBs; collaborate with other agencies to share their vendor and contractor lists and lists of certified businesses; and coordinate with Los Angeles County through the ILA workforce development office. The Districts will expand analysis and reporting. Directors will receive annual reports.

The Districts will sign the EIP Pledge on November 20, 2023, at an upcoming ILA conference.

Ray Tremblay, Department Head of Facilities Planning, stated that Los Angeles County Supervisor Holly Mitchell will be speaking at the conference.

There were no other questions regarding this matter.

RE: DIRECTOR COMMENTS
ITEMS NOT LISTED ON AGENDA

In response to Directors Hahn and Finlay, the Chairperson stated that she will discuss an appropriate start time for the Personnel Committee meeting.

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

CATHY WARNER
Chairperson

ATTEST:

KIMBERLY S. CHRISTENSEN
Secretary

/ee