

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. 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*, to confer on the matter of discuss matters concerning the self-represented and non-represented employee units.

The Chairperson took the Committee into closed session at 11:17 a.m. pursuant to Section 54957.6 of the California 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*, to discuss the matters referred to by District Counsel.

The Chairperson reconvened the meeting in regular session at 11:45 a.m. District Counsel advised that no action was taken of a nature that requires disclosure pursuant to Government Code Section 54957.1.

RE: DIRECTOR COMPENSATION - DISCUSS The Chief Engineer and General Manager gave a brief presentation on Director compensation. Director compensation has been \$125 per meeting since 2001. The history of Director compensation was shown on a slide.

He reviewed Director compensation in comparison to similar agencies, including Inland Empire Utilities Agency, Orange County Sanitation District, Las Virgenes Municipal Water District, and Central Contra Costa Sanitary District. Other agencies have higher stipends, although the Districts is unique because of the length and nature of each meeting. Furthermore, the other agencies have one District, whereas the Sanitation Districts has 24 Districts. District No. 2, the administrative District, has a larger agenda than the other Districts.

Since 2001, the Consumer Price Index (CPI) has increased 3.7 percent per year (total 85 percent). If the stipend was increased now by \$25, the result is a 20 percent increase, or 0.9 percent per year since 2001. If the stipend was increased now by \$50, the result is a 40 percent increase, or 1.7 percent per year increase since 2001.

The following options are recommended: (1) increase the stipend to \$175 per meeting; (2) institute a cost-of-living adjustment (COLA) (percent increase based on CPI for LA-Long Beach, not to exceed 5 percent); and (3) bring the matter before the Boards in the fall with the effective date of January 2025. He advised that every year the Boards can elect not to take an increase due to various factors, such as service charge rates, inflation, etc.

In response to the Chairperson, the Chief Engineer and General Manager advised that the employees' COLA formula is slightly different. If the CPI equals 2, the Directors would receive a 2 percent increase and employees would receive a 3 percent increase. If the CPI equals 4, the Directors would receive a 4 percent increase and employees would receive a 3.6 percent increase.

Director Barakat, City of Bradbury, stated that he had no issue with the recommendation. He suggested a cap on stipends for those Directors who sit on multiple Districts.

In response to Director Barakat, the Chief Engineer and General Manager advised that staff discussed the idea of capping. Some agencies cap stipends per month or day. Each Board considers a variety of business. The Directors that are responsible for multiple Districts include the Chairperson of the Board of Supervisors, Long Beach, Los Angeles City, Cerritos, and Signal Hill. Other Directors are responsible for one to three Districts. He advised that some Directors waive their stipends.

Director Woods, City of Signal Hill, stated that the action should be in the normal course of business. The City of Signal Hill took similar actions regarding stipends.

The Chairperson stated that the amount is appropriate due to the weight of responsibility for a Los Angeles County Supervisor who sits on many Districts versus Directors from smaller cities.

Director Barger, County of Los Angeles, asked if the stipend can remain at the current rate of \$125 per meeting, but implement options 2 and 3.

In response to Director Barger, the Chief Engineer and General Manager stated that the Directors may elect to only implement options 2 and 3.

Director Woods stated that most Directors do not receive compensation from their elected office and take time off from their full-time jobs to attend Board meetings. She stated that \$175 per meeting is a very reasonable stipend. She stated that she would advocate for all three options.

Director Horvath asked if staff has data showing quorums with and without a \$125 stipend.

In response to Director Horvath, the Chief Engineer and General Manager advised that typically there are no issues getting quorums with a \$125 stipend. The recommendation is to bring the stipend amount up with cost-of-living.

Director Horvath stated that she appreciated staff's consideration to review Director compensation; she plans to abstain from a vote to consider approval of an increase in Director compensation.

Director Hahn advised that she also felt uncomfortable voting in favor of an increase in Director compensation. County of Los Angeles Board of Supervisors' compensation is tied to Superior Court Judges' compensation. She asked when option 2 would take effect and if the stipend could stay at \$125 until a certain time.

In response to Director Hahn, the Chief Engineer and General Manager stated that Directors can choose any variation of the three options. For example, they can endorse options 2 and 3 to take effect at the same cycle as the employees' labor contract (start of the Fiscal Year on July 1, 2025) or delay further.

In response to Director Hahn, the Chief Engineer and General Manager advised that Directors receive mileage reimbursements.

Director Saleh advised that he was not in favor of increasing Director compensation, but he understood that other Directors have to take time off from their full-time jobs. He owns his own business.

In response to Director Saleh, the Chief Engineer and General Manager advised that there is a total of 97 Directors. Total Director compensation is approximately \$180,000. A \$175 stipend would equal a \$75,000 increase in total Director compensation.

Director Woods advised that she advocated all three options to be built in for best practices.

Director Taj stated that whatever the decision, it would impact the future, although the impact may not be the same in the future.

In response to Director Saleh, the Chief Engineer and General Manager stated that the Committee could decide to keep the Director stipend at \$125. This year the CPI is tracking at 3 percent. In accordance with statute, the stipend cannot be increased over 5 percent.

Director Finlay stated that she did not think people would object to paying elected officials as long as they are willing to work hard for them, and \$175 is not too much. She stated that she advocated for the increase in Director compensation.

Director Barakat stated that he was okay with a decision either way. He suggested a minimum or different compensation for those who represent only one District.

In response to Director Finlay, the Chief Engineer and General Manager advised that the Cities of Long Beach and Los Angeles and Los Angeles County Board of Supervisors sit on more than one District.

The Chairperson stated that the Directors could consider the option to opt out of receiving Director compensation, if there were a set process. The Committee recommended instituting a cost-of-living adjustment (percent increase based on CPI for Los Angeles-Long Beach, not to exceed 5 percent) and bringing the matter before the Boards in the fall with the effective date of January 2025.

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

The Districts previously approved the Pure Water Southern California Program Agreement with Metropolitan Water District of Southern California (MWD) to jointly investigate production and distribution of purified water at the A.K. Warren Water Resource Facility (Warren Facility). MWD has started the preliminary engineering and California Environmental Quality Act studies, and some of the work includes proposed modifications to existing wastewater treatment facilities at the Warren Facility..

The Chief Engineer and General Manager gave a brief informational presentation regarding the Pure Water Southern California (PWSC) program, which is an important project in partnership with MWD.

Southern California water sources are stressed and unreliable. California is negotiating permanent reductions in supplies from the Colorado River. The Colorado River provides 25 percent of Southern California's

water, 30 percent comes from the State Water Project (State), and 45 percent is from the MWD service area local supplies (Los Angeles Aqueduct, conservation, groundwater, recycling, and stormwater). The state allotment has been as low as 0-5 percent during recent drought periods. The average state allotment is 65 percent, and this year is currently 30 percent.

PWSC would provide the region with a new year-round supply of water, which is not subject to rainfall variability. Used water (wastewater) from homes, businesses, and industries in Los Angeles County is cleaned at the Districts' Warren Facility. The cleaned water would be purified at MWD's advanced water purification facility, then conveyed through over 60 miles of pipeline to groundwater basins, industries, and one or more of MWD's drinking water plants. PWSC is a new climate-resilient source of water for Southern California.

PWSC benefits the Districts by providing for a new, reliable water supply for the region. The project is in line with the Districts' mission to create water resources. PWSC is capable of producing approximately 168,000 acre feet of water per year, which is equivalent to 10 percent of MWD's annual supply. The purified water can also be banked for use during dry seasons. The project would also provide for improved treatment, therefore providing better water quality to the region. Currently, the Warren Facility treatment process removes carbon-based pollution, but does not have the ability to remove nitrogen.

The demonstration Grace F. Napolitano PWSC Innovation Center and full-scale advanced water purification facility site were shown on a map. The demonstration plant has been running since 2019. An expert panel provides for oversight of the demonstration plant to ensure it is producing safe water and has robust technology. The site for the full-scale AWT is available and ready to go. He advised that on April 2 Congresswoman Napolitano is bringing a Congressman David Rouzer, committee chair for the House Transportation and Infrastructure Committee Subcommittee on Water Resources and Environment from North Carolina to visit the demonstration plant.

The main capital components will cost a total of approximately \$6.2 billion. Cost-sharing would be split in half between the Districts and MWD for additional treatment facilities at the Warren Facility.

Biological treatment (membrane bioreactors) is the first component to be added. This is an additional treatment process that purifies the water. The additional treatment results in cleaner water, similar to inland reclamation plants tertiary treated recycled water. There could be future discharge regulations requiring this treatment at the Warren Facility. Membrane Bioreactors are a modern, reliable, and compact treatment technology that produces high quality effluent. A photo was shown of treatment membranes installation at the City of Riverside.

The Districts would be responsible for the cost of tertiary treatment at \$725 million. MWD would be responsible for advanced treatment and conveyance. He showed a table that provided a more detailed breakdown of the Districts' potential capital contributions with an approximate total Districts' cost of \$1.3 billion.

The goal is to obtain as much grant funding for the project as possible and obtain cost sharing assistance from other utilities. An \$80 million grant from the state has been awarded to MWD, part of which would be shared with the Districts for preliminary design work up front of the project approval in 2025. The U.S. Bureau of Reclamation also awarded \$5 million towards planning activities. An application was submitted for a \$125 million grant under the Bureau's Large-Scale Water Recycling Program. The award for this grant will be announced in April. Additional rounds of funding opportunities under this program are forthcoming.

The short-term schedule drivers were discussed. As mentioned previously, the award for a \$125 million grant under the Large-Scale Water Recycling Program will be announced soon. In summer 2024, the grant funds will be used to procure preliminary design services. In fall 2024, Districts' staff will commence negotiations with MWD for potential full-scale implementation agreement. In late 2024, a draft Environmental Impact Report (EIR) will be completed and released for public comment. In spring 2025, an initial contract for design services will be awarded. In fall 2025, the Board would consider approval of the final EIR and project. In spring 2026, staff would commence the rate setting process to fund implementation.

In response to Director Hahn, the Chief Engineer and General Manager advised that two other entities have also applied for a grant under the Large-Scale Water Recycling Program, which is competitive, so PWSC may not receive the full amount requested.

He stated that Nevada and Arizona offered to fund up to approximately one-fifth each of the total cost of the project in exchange for MWD's Colorado River water.

The Chief Engineer and General Manager advised that Senate Bill 149 provides for California Environmental Quality Act (CEQA) streamlining for infrastructure projects. Under this bill, there is potential project certification by the Governor and mitigation of delays from CEQA lawsuits. The Governor previously has used similar streamlining authority for other projects, including renewable energy or housing projects. In

order to get certification, the agency is required to minimize impacts to disadvantaged communities, mitigate greenhouse gas emissions to zero or the extent feasible, and maintain project EIR records and make them available online.

He advised that an application for Governor's certification hasn't been submitted yet. Staff is seeking Directors' input regarding this matter.

In response to Director Horvath, the Chief Engineer and General Manager advised that the Districts is not subject to borrowing limits like the Los Angeles County Flood Control District. For the Clearwater Tunnel project, the Districts received a federal loan of \$441 million and State Revolving Fund (SRF) loans for approximately \$127 million with very low interest rates. Districts' staff intends to do the same with PWSC.

In response to Director Hahn, the Chief Engineer and General Manager stated that staff is confident about receiving grant funding under the Large-Scale Water Recycling Program.

In response to the Chairperson, the Chief Engineer and General Manager stated that staff would look into getting the maximum grant funds. The Capital Improvement Project fund would be prioritized. In 2015, the Districts and MWD negotiated to start-up the demonstration plant and move forward to secure funding. Details regarding funding for the final project was left open.

Director Barakat stated that PWSC is a great project, which provides for a head start towards Southern California's water sustainability.

In response to Director Woods, the Chief Engineer and General Manager stated that there will always be a need for the Clearwater Tunnel. The Warren Facility provides both primary and secondary treatment for approximately 260 million gallons of wastewater per day (mgd). 185-190 mgd of cleaned water will be provided for the PWSC project, which will provide 150 mgd of drinking water. The remaining 30-40 mgd of and concentrate would go to the ocean. Most of the recycled water would go to groundwater basins, but some would blend into raw water supply to MWD's plant in La Verne.

In response to Director Pimentel, the Chief Engineer and General Manager stated that the City of Los Angeles' recycled water project is scheduled to be completed after the PWSC project. There is a little competition for funding with the City of Los Angeles project at Hyperion, but the City did apply for funding under the Large-Scale Water Recycling Program for its Tilman Water Reclamation Plant. There is an idea of connecting purified water from the City's Hyperion Plant to intercept into MWD's PWSC system. Furthermore, he stated that there is no specific project carved out for large water recycling grants.

The Chief Engineer and General Manager stated that this item was for information only, and he would provide updates regarding funding to the Committee in future meetings.

The Personnel Committee will meet on April 24, May 22, and June 26. If there is a final proposed labor agreement, the Collective Committee, consisting of all Directors, will meet on June 26 to consider approval. He stated that one to two meetings would be scheduled in fall.

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

CATHY WARNER
Chairperson

ATTEST:

KIMBERLY S. CHRISTENSEN
Secretary

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