

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

May 22, 2024
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 both in person and via teleconference at the Joint Administration Office, 1955 Workman Mill Road, Whittier, California, on May 22, 2024, at 11:00 a.m., for the purpose of:

1. Public Comment
2. Approve Minutes of Special Meeting Held April 24, 2024
3. CLOSED SESSION – Personnel Related Matters
4. Re: Director Compensation
5. Re: Update on Pure Water Southern California (PWSC) Program and Proposed Second Amendment to PWSC Program Agreement (Agreement) with Metropolitan Water District of Southern California (MWD)
6. Re: Districts' Investment Policy
7. CLOSED SESSION – *Conference with Legal Counsel Pursuant to Government Code Section 54956.9(d)(4) One Potential Case (Anticipated Litigation)*

There were present: Chris Pimentel, South Bay Cities
Ali Saleh, District No. 1
Tasha Cerda, District No. 5
Lula Davis-Holmes, Districts No. 8, via AB2449 teleconference
Richard Barakat, District No. 15
Kathryn Barger, District No. 17
Ali Sajjad Taj, Districts Nos. 18 and 19
Margaret E. Finlay, District No. 22
Judith Merlo, District No. 23
Lindsey Horvath, Districts No.27 and Newhall Ranch
Lori Woods, District No. 29

Absent: Cathy Warner, Chairperson, District No. 2
Suely Saro, District No. 3
Tim McOsker, District No. 4
Janice Hahn, Districts No. 9
Rex Parris, District No. 14
Victor Gordo, District No. 16
Austin Bishop, District No. 20
Cory Moss, District No. 21
Michael T. Davitt, District No. 28
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

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

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 the Board on any matters not listed on the agenda. Public comments on items listed on the agenda are included in the item below.

RE: MINUTES

abstaining, the minutes of the special meeting held April 24, 2024, were approved.

Upon motion of Director Barger, duly seconded and carried by a roll-call vote, with Director Barakat

RE: PERSONNEL RELATED MATTERS
DISCUSS

employee units.

The Chief Engineer and General Manager will update the Committee on matters concerning the union-represented, self-represented and non-represented

The Secretary called on the following speakers:

Ms. Stephanie Olague Gonzalez, a Civil Engineer with the Civil and Mechanical Design Section, addressed the committee regarding personnel related matters. She stated that the Districts offers up to one year of time off for parental leave without pay. Employees do not pay into State Disability Insurance. In July 2022, the policy for 50 percent sick leave changed and previously allowed parents to receive paid leave. Since all leave is exhausted, employees do not have any paid leave upon return. This hinders bonding with children. Paid parental leave would increase retention, increase productivity, reduce turnover and attract qualified employee candidates. She advised that the City of Long Beach provides 160 hours of paid parental leave. She recently had a child and would have benefited from a paid leave. She encouraged the Committee to approve a side letter to add 80 hours of paid parental leave.

Mr. Luis Schmidt, an American Federation of State, County, and Municipal Employees (AFSCME) Local 18 representative addressed the committee regarding personnel related matters. He thanked the supervisors and committee for working together to obtain a final agreement, which was ratified by the three units. There are two final requests from AFSCME. First, employees request parental leave that is in the tentative agreement be added to the other AFSCME units. Due to Human Resources' data, not many employees utilize parental leave; therefore, 80 hours of paid parental leave would provide for a great stride forward. Second, supplemental benefits would be at zero additional cost to the agency. AFSCME wants other units to have access to supplemental benefits. He thanked the Districts' leaders for their time and for working with AFSCME.

District Counsel advised that it would be in the interest of the Committee 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 concerning the union-represented, self-represented and non-represented employee units.

The Chairperson pro tem took the Committee into closed session at 11:37 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 pro tem reconvened the meeting in regular session at 12:04 p.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 advised that the item regarding Director compensation was requested to be brought back for discussion.

Director compensation has been set at \$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 were 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.

Some Directors were not in favor of increasing the stipend. The Chief Engineer and General Manager advised that the Director stipend can be waived.

The Chief Engineer and General Manager stated that the Committee recommended to institute a cost-of-living adjustment (percent increase based on CPI for LA-Long Beach, not to exceed 5 percent); and bring the matter before the Boards in the fall with the effective date of January 2025.

Director Woods, City of Signal Hill, discussed the purpose of her request to bring this matter back for discussion. She addressed her concerns about Director compensation and advised that she was in favor of moving the item forward for each Board to consider. She was also in favor of an annual increase to be built in for best practice and policy.

The Chairperson pro tem agreed with Director Woods.

In response to Director Woods, the Chief Engineer and General Manager stated that the matter was discussed in 2012 and 2017. In 2017, the committee tabled the item due to labor issues.

In response to Director Barakat, City of Bradbury, the Chief Engineer and General Manager stated that District No. 15 can have a different compensation than other Districts, although it is administratively more efficient to have the same compensation for all Districts. The resolution could state that the Director stipend is \$125, subject to a COLA; however, one meeting would receive an additional \$50.

District Counsel advised that each Board must consider approval of a resolution.

Director Davis-Holmes, City of Carson, stated that she sits on one District. She is in favor to keep the Director compensation at \$125 but add a COLA.

In response to the Directors, the Chief Engineer and General Manager stated that it would be a challenge if some Boards disagree.

In response to Director Horvath, Los Angeles County, the Chief Engineer and General Manager stated that he would report that the Personnel Committee “recommended the item” versus “gave direction”.

In response to Director Cerda, the Chief Engineer and General Managers stated that the South Bay District and District No. 5 Boards previously elected to be paid \$125 plus half of the full amount for those who sit on both Districts. Directors in these Districts that only sit on one Board receive \$125.

In response to the Directors, the Chief Engineer and General Manager stated that it is the Committee’s recommendation that Director compensation is set at \$175 for one meeting or \$125 for more than one meeting; and subject to a COLA. Draft resolutions will be brought back to the Committee in September/October.

RE: UPDATE ON PURE WATER SOUTHERN CALIFORNIA PROGRAM AND PROPOSED SECOND AMENDMENT TO PURE WATER SOUTHERN CALIFORNIA PROGRAM AGREEMENT WITH METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA DISCUSS

The Districts previously approved the Pure Water Southern California (PWSC) Program Agreement (Agreement) and First Amendment to the 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). The Agreement contains provisions for the construction and operation of the Grace F. Napolitano

Pure Water Southern California Innovation Center at the Warren Facility. The First Amendment provides for the joint preparation of planning and preliminary engineering studies and documentation to comply with the California Environmental Quality Act for the potential full-scale project.

The Chief Engineer and General Manager stated that he previously discussed the PWSC Program (located at the Warren Facility) and the need for an Amended Agreement with MWD. The PWSC Program is an important project in partnership with MWD. Cleaned water would be purified at MWD's advanced water purification facility, then conveyed through over 50 miles of pipeline to groundwater basins, industries, or MWD's drinking water plants. PWSC is a new climate-resilient source of water for Southern California.

The first phase of the project would provide 115 million gallons per day (MGD) of purified water to MWD's F. E. Weymouth Plant. The second phase would increase capacity to 150 MGD and may also provide source water to MWD's Robert B. Diemer Plant. PWSC would bring our region further in the direction of water resiliency.

The Districts would be taking the lead on the Membrane Bioreactor treatment step. The Districts is the biological treatment expert. The additional treatment would result in cleaner water, similar to that produced at our inland reclamation plants. The Membrane Bioreactor treatment would help the Districts comply with future discharge regulations. Modern, reliable, and compact treatment technology produces high quality effluent. A photo was shown of a Membrane Bioreactor installation at the City of Riverside.

The main capital components will cost a total of approximately \$6.2 billion. The Districts' potential capital contributions, as were shown on a slide, would be approximately \$1.2 billion, as follows:

- Warren Facility modifications - \$109 million
- Site preparation/grading - \$65 million
- Tertiary treatment - \$725 million
- Ancillary facilities - \$19 million
- Engineering - \$270 million

In 2023, \$80 million in federal and state grants were received for the PWSC Program. On Tuesday, May 28, 2024, the Bureau of Reclamation is expected to award a grant under Large Scale Recycled Water Program. A press event will be held at the Grace F. Napolitano Pure Water Southern California Innovation Center at the Warren Facility. The PWSC project requested \$125 million in grant funds but approximately \$50-100 million will likely be awarded to be used towards engineering, completion of an Environmental Impact Report (EIR) and moving the project forward.

An amendment to the 2015 Project Agreement was discussed. Regarding roles and responsibilities, the Districts would take the lead on tertiary treatment utilizing Membrane Bioreactors. MWD would be responsible for advanced treatment and purified water distribution facilities. Both agencies would use MWD's program management team and utilize a progressive design build contracting approach. In terms of training for Districts' staff, there would be a shared operation of the demonstration facilities going forward. For grants, both agencies would jointly pursue grant and loan funding. Funding and obligations would be shared in proportion to contributions.

The project's scheduled major milestones were listed on a slide. This spring, the Federal grant would provide approximately \$9 million or more to the Districts for Membrane Bioreactor treatment. In summer 2024, preliminary design services procurement would start. An Amendment to the 2015 Project Agreement, assigning responsibility for tertiary treatment facilities to the Districts, is expected to be brought before District No. 2 in fall 2024. In winter 2024, the public review period will begin for the Draft EIR. In summer 2025, initial contracts for preliminary design services using in part State and Federal funds will be awarded. In fall 2025, the Final EIR and project approval will go before MWD's Board and District No. 2. In spring 2026, a proposed Project Implementation and Operation Agreement will be considered for approval and rate setting to fund the project will take place.

In response to Director Barakat, City of Bradbury, the Chief Engineer and General Manager advised that the recommended rate increases will be approximately 10 percent per year for the next rate package. Los Angeles Sanitation and Environment recently implemented a 20 percent increase with substantial increases to follow.

In response to Director Pimentel, City of El Segundo, the Chief Engineer and General Manager stated that certain approval of milestones for the project must occur before final financing requirements are known.

Mr. Matt Eaton, Deputy Assistant Chief Engineer and Department Head of Financial Management, advised that some discussions regarding rate setting will start in fall.

The Chief Engineer and General Manager advised that a press release and other updates should be expected after the May 28 grant award.

Director Horvath, Los Angeles County, congratulated and thanked Districts' staff.

In response to Director Barakat, the Chief Engineer and General Manager stated that the Clearwater Tunnel is necessary for brine flow to the ocean. The new outfall tunnel will also take stormwater flow. Furthermore, the new tunnel will be engineered with a slight backflow capability into the Warren Facility for potential use as flow equalization.

RE: DISTRICTS' INVESTMENT POLICY
DISCUSS

The Districts' Investment Policy establishes rules concerning investment of Districts' funds, including which types of investment vehicles are permitted. As part of the continuing effort to ensure the Districts follows best practices as it relates to financial matters and maximizes potential returns, revisions to the Investment Policy, which was attached to the agenda, are being recommended and were discussed with the Committee.

The Chief Engineer and General Manager stated that interest rates for short-term notes are currently higher than long-term notes. There are other investment pools available, aside from the County's Pooled Surplus Investment Fund (PSIF). He introduced Mr. Matt Eaton, Deputy Assistant Chief Engineer and Department Head of Financial Management, to provide a brief presentation regarding this matter.

Mr. Eaton stated that one uniform investment policy is adopted by every District. The policy sets the objective of the investment program, in terms of safety of the principal, liquidity, and the market rate of the return. The policy defines the types of investments that are allowed.

The current policy allows investment with the County's PSIF. The proposed change would allow investment in other similar shared investment pools comprised solely of California public agencies. These investment pools could provide for potentially greater returns depending on market conditions and would reduce overall risk due to added diversification.

Two new potential investments were shown on a slide. The California Asset Management Program (CAMP) Pool consists of \$18.4 billion in assets. The CAMP Pool was established in 1989 and has an S&P rating of AAAM. California Cooperative Liquid Assets Securities System (CLASS) consists of \$407 million in assets. CLASS was established in 2022 and has an S&P rating of AAAM. Several District cities are part of these pools.

A table showing the recent investment return rates was shown on slide. The return rates and corresponding investments are as follows:

- LA County PSIF - 4.20 percent
- Three-month U.S. Treasury – 5.45 percent
- CLASS – 5.39 percent
- CAMP – 5.43 percent

The County PSIF is less subject to rate of return fluctuation because its investments have a longer term on average than the other pools. CLASS and CAMP invest in short-term investments. Returns are updated daily.

Today, staff is seeking endorsement from the Personnel Committee to add CAMP and CLASS to the authorized investments. If endorsed, the Investment Policy will be presented to individual boards for approval in June and July. In August, staff will begin the process of establishing accounts with the new pools and will include them as part of the Districts' investment strategy.

The Committee endorsed staff's recommendations.

RE: TECHNICAL SERVICES
PER-AND POLYFLOUROALKYL
SUBSTANCES - CONFERENCE WITH LEGAL
COUNSEL - ANTICIPATED LITIGATION
DISCUSS

and Liability Act (CERCLA) for two PFAS chemicals. The Chief Engineer and General Manager and District Counsel will discuss this matter in closed session.

Recently, the United States Environment Protection Agency announced two final rules regarding Per- and Polyfluoroalkyl Substances (PFAS): 1) the National Primary Drinking Water Regulation for six PFAS chemicals, and 2) the designation as hazardous substances under the Comprehensive Environmental Response, Compensation,

District Counsel advised that it would be in the interest of the Committee to meet in closed session pursuant to Section 54956.9(d)(4) of the California Government Code *Conference with Legal Counsel-Anticipated Litigation* to confer on the matter of PFAS.

The Chairperson pro tem took the Committee into closed session at 12:43 p.m. pursuant to Section 54956.9(d)(4) of the California Government Code, *Conference with Legal Counsel-Anticipated Litigation* to discuss the matters referred to by District Counsel.

The Chairperson pro tem reconvened the meeting in regular session at 1:10 p.m. District Counsel advised that no action was taken of a nature that requires disclosure pursuant to Government Code Section 54957.1.

The meeting was adjourned by the Chairperson pro tem.

ALI SAJJAD TAJ
Chairperson pro tem

ATTEST:

KIMBERLY S. CHRISTENSEN
Secretary

/ee