

MINUTES OF THE SPECIAL MEETING OF THE  
BOARD OF DIRECTORS OF  
COUNTY SANITATION DISTRICT NO. 14  
HELD AT THE OFFICE OF THE DISTRICT

December 14, 2020  
9:30 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 Board of Directors of County Sanitation District No. 14 of Los Angeles County was held at the office of the District via teleconference, 1955 Workman Mill Road, Whittier, California, on December 14, 2020, at 9:30 a.m., for the purpose of:

1. Receive and Order Filed as Follows:
  - (a) Certificate of Ms. Hilda Solis, Presiding Officer of the Board of Supervisors of the County of Los Angeles
  - (b) Action Appointing Ms. Kathryn Barger as Alternate Director of the Board of Supervisors of the County of Los Angeles
2. Approve Minutes of Adjourned Regular Meeting Held November 9, 2020
3. Approve October 2020 Expenses in Amount of \$1,730,774.60
4. Discussion and Possible Action on Novel Coronavirus (COVID-19) Impacts on Businesses and District's COVID-19 and Low Water Rebate Programs

There were present: Steven Hofbauer, Director from Palmdale  
Kathryn Barger, Alternate Director from Los Angeles County  
Marvin Crist, Chairperson pro tem, Alternate Director from Lancaster

Absent: None

Also present: Kimberly S. Christensen, Secretary to the Board  
Brant Dveirin, District Counsel

RE: DIRECTOR FROM LOS ANGELES COUNTY  
A certificate from the Executive Officer-Clerk of the Board of Supervisors of the County of Los Angeles certifying that pursuant to Section 7 of the Rules of the Board of Supervisors, Supervisor Hilda Solis assumed the Office of Chairman of the Board of Supervisors at 9:30 a.m., on Tuesday, December 8, 2020, to serve in such capacity until the election or succession of her successor, which automatically places Supervisor Solis on the Board of Directors of this District.

Upon motion of Director Barger, duly seconded and unanimously carried by a roll-call vote, the certificate was accepted and ordered filed.

RE: ALTERNATE DIRECTOR FROM LOS ANGELES COUNTY  
A copy of an action taken by the Board of Supervisors of the County of Los Angeles at a meeting held December 8, 2020, stating that Supervisor Kathryn Barger, a member of the Board of Supervisors of the County of Los Angeles, was appointed to serve as alternate Director from the County

Upon motion of Director Barger, duly seconded and unanimously carried by a roll-call vote, the action was accepted and ordered filed.

RE: MINUTES  
Upon motion of Director Barger, duly seconded and unanimously carried by a roll-call vote, the minutes of the adjourned regular meeting held November 9, 2020, were approved.

RE: DISTRICT EXPENSES  
The following expenses for the month of October 2020 were presented and upon motion of Director Barger, duly seconded and unanimously carried by a roll-call vote, were approved:

Local District Expenses:	
Operations & Maintenance (O & M)	\$1,235,101.34
Capital	238,207.64
Legal	5,283.20
Allocated Expenses:	
Joint Administration	112,606.08
Technical Support	134,767.73
Joint Outfall	4,808.61
Total Expenses	<u>\$1,730,774.60</u>

**RE: NOVEL CORONAVIRUS IMPACTS ON BUSINESSES AND DISTRICT'S COVID-19 AND LOW WATER REBATE PROGRAMS - DISCUSS**

The Chief Engineer and General Manager discussed options for commercial service charge ratepayers impacted by the Novel Coronavirus (COVID-19) related business closures.

In response to the Chairperson pro tem, the Chief Engineer and General Manager advised that the approximate amount in reserves are a total of \$40 million.

In response to the Chairperson pro tem, the Chief Engineer and General Manager stated District No. 14's bonds have not yet been refinanced in order to save approximately \$1 million due to the unfavorable interest rates. If the rates turn around, then the bonds will be refinanced.

The Chairperson pro tem stated that all of the Directors are aware of the COVID-19 impact to restaurants. He indicated the city has a program to assist and requested the Sanitation District to be a part of it. He made a motion to transfer \$1.1 million from the District No. 14 reserves to the cities for use in a restaurant program; \$1 million to the City of Lancaster (City) and \$0.1 million to the City of Palmdale. He asked for a second and a roll-call vote.

In response to Director Barger, the Chairperson pro tem gave detailed information about the program. He stated that the City has a two-part program that provides \$20 gift certificates to the general public for use at restaurants and grants to restaurants to offset costs to provide service. Some restaurants in unincorporated Los Angeles County are included in this program. This can be combined with the City's program. The City has over \$50,000 in gift cards available to the general public starting with first responders, grocery clerks, hospital staff, and sheriffs. Also, there are different charities, non-profits, and churches that will provide them to needy families in the community.

The Chief Engineer and General Manager stated that the Sanitation District is a special district created by the Sanitation District Act with a limited purpose. The District does not have the latitude in terms of charity programs. Under Proposition 218, the District must charge for its wastewater services. For example, the District cannot have a program that charges seniors less for the District's wastewater services. The description of the proposal is outside of what the Sanitation District can do. The District should get the opinion of legal counsel before action is taken on this matter.

The Chairperson pro tem stated that the program has nothing to do with charity and helping the needy. It is not a gift of public funds to benefit the restaurants. It is legal to do and the District can take from reserves.

Director Hofbauer asked if the program can be used to reduce or waive fees.

The Chief Engineer and General Manager stated that the District's reserves are acquired through the collection of the service charge. If the reserves are used for anything other than wastewater management, then it is outside of the District's purpose. The District's Low Water Rebate Program was modified to assist with the impact of COVID-19 at the suggestion of the Chairperson pro tem. A few restaurants have taken advantage of the rebate program. In District No. 14, a total of eight property owners have taken advantage of the rebate program for a total of approximately \$74,000. The program is still open for the last fiscal year's impact. Property owners can still take advantage of the Low Water Rebate Program.

The Chairperson pro tem requested a second to his motion.

Director Barger stated she would second the motion, but requested a legal opinion to understand if all fees collected and the use of reserves for this purpose are legal. Director Hofbauer stated that he would like to see the number of restaurant connections there are in the District.

The Chief Engineer and General Manager stated that the District's relationship is with property owners who pay their service charge on the property tax roll. In some cases, the fees are not passed onto the restaurants by the property owners. He stated that Mr. Brant Dveirin, legal counsel with Lewis Brisbois Bisgaard and Smith LLP, is present and will address the legal question of a \$1.1 million donation to the restaurant fund.

Mr. Dveirin stated that the District, as a special district, has limited authority under the Health and Safety code. There is a lot the District can do with rebates by getting the notice out about the existing rebate program. The District does not have the same authority as a city and the county. He will need to research the limited use of the reserve funds.

The Chairperson pro tem stated that if restaurants are unable to pay their bills and close, rates will be affected. This is a matter of saving District's fees later on. He understands the legal concern but the code allows helping to maintain and stabilize rates. He stated there was a motion and a second and called for a vote.

Director Barger stated that she cannot vote for the motion if it is unlawful. She moved to support counsel's review and come back with a legal opinion.

The Chairperson pro tem stated that the Board can act on the motion with the caveat that if it is unlawful or the action cannot move forward then, the Board can return to discuss alternative actions. If counsel finds that the District cannot legally do this, they will notify us, but time is of the essence.

Director Barger stated that she accepted that modification.

Director Hofbauer stated that over 10 percent of the District is in the City of Palmdale and how the split would occur.

Mr. Matt Eaton, Head of Financial Management Department, stated that District No. 14 is approximately 15 percent in the City of Palmdale, 79 percent in the City of Lancaster, and 6 percent is unincorporated.

In response to Director Hofbauer, the Chairperson pro tem stated that he looked at the map of the District yesterday and approximately 10 percent of the District's restaurants are in the city of Palmdale.

The Chairperson pro tem amended his motion to \$1,150,000.

Director Barger accepted the amended motion.

The Chairperson pro tem stated that \$1 million will be transferred to the City of Lancaster and \$150,000 will be transferred to the City of Palmdale for the program. In response to Director Barger, he stated that the cities can administer the funds on behalf of the county.

The Chief Engineer and General Manager stated that the transfer will be done based on a legal assessment. If not legally feasible, the Board will hold another meeting to discuss other options.

In response to the Chief Engineer and General Manager, Mr. Dveirin stated that he will research the legality of the proposal to transfer funds for the purpose of charity.

The Chairperson pro tem stated that the program is not charity but a way to assist restaurants and thus stabilizing the District's rates.

Director Barger stated that the purpose of the transfer must be for the purpose of stabilizing the service charge rates and ensure that the industry remains as a result of COVID-19.

Director Hofbauer stated that at a recent meeting with small business owners, he received feedback regarding concerns that restaurants were not the only businesses hit hard by COVID-19. He questioned how other small businesses will be wrapped into the program.

The Chief Engineer and General Manager stated that the District looked at the COVID-19 effects on restaurants and other impacted businesses. The wastewater flows in the District were higher, which indicated that many of these businesses did not shut off their wastewater flow. The District already has the Low Water Rebate in place. Three restaurant owners received rebates for a total of \$1,800 (\$600 each). Five other property owners including restaurants received rebates. The program continues to be in place.

The Chairperson pro tem stated that many small businesses are still open. The cities have other programs for these. He reiterated the proposal is a way to stabilize rates. He also stated that the city attorney for the City of Lancaster looked into the legality of the matter. He is confident that his motion can move forward. The Chairperson pro tem asked for a roll-call vote.

Director Hofbauer stated he would like to use the program for other businesses. The Chairperson pro tem indicated he would call Director Hofbauer regarding other city programs.

Upon motion of the Chairperson pro tem, duly seconded and unanimously carried by a roll-call vote, upon legal review and approval, the Board approved a total of \$1,150,000 (\$1 million to the City of Lancaster and \$150,000 to the City of Palmdale) transfer of District reserve funds to be used by the City of Lancaster for a City Program for the purpose of stabilizing service charges.

The meeting was adjourned by the Chairperson pro tem.

MARVIN CRIST  
Chairperson pro tem

ATTEST:

KIMBERLY S. CHRISTENSEN  
Secretary

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