

Stormwater Expenses:

Operations & Maintenance	23,932.74
Total Expenses	<u>\$14,768,744.81</u>

RE: TECHNICAL SERVICES
 SAN JOSE CREEK WATER - QUALITY
 LABORATORY - GAS CHROMATOGRAPH
 MASS SPECTROMETER - AUTHORIZE
 ADVERTISING AND RECEIPT OF BIDS

The Purchasing Agent was authorized to advertise and receive bids for gas chromatograph mass spectrometer for San Jose Creek Water Quality Laboratory. The proposed equipment will replace the 18-year-old system that has reached the end of its useful life and for which some parts are no longer available for repair. This

system is currently used for regulatory monitoring of semi-volatile organic compounds in wastewater, stormwater, landfill, and biosolids monitoring samples. This item is consistent with the Districts' Guiding Principle to protect financial and facility assets through prudent investment and maintenance programs.

REGULAR AGENDA

RE: WASTEWATER MANAGEMENT
 SCHOLL CANYON LANDFILL STORM
 WATER MANAGEMENT - AWARD
 CONTRACT NO. 5382 TO ENVIRONMENTAL
 CONSTRUCTION, INC. - ORDER SECRETARY
 TO EXECUTE

The proposed construction of Scholl Canyon Landfill Storm Water Management (Project) will modify the existing stormwater management system at Scholl Canyon Landfill to comply with recently promulgated regulations on stormwater discharge issued by the State Water Resources Control Board. The Project will include construction of a stormwater storage basin, pump stations,

pipelines, storm drain channels, and the associated electrical power, instrumentation, and controls. The bid summary/recommendation to award was attached to the agenda. Staff has determined that the Project is exempt or otherwise not subject to the provisions of the California Environmental Quality Act (CEQA) pursuant to California Public Resources Code Section 21084 and Title 14 of the California Code of Regulations ("CEQA Guidelines") Section 15301. This item is consistent with the Districts' Guiding Principle of commitment to operational excellence (protection of public health and the environment, regulatory compliance, and cost effectiveness). The bids received at the District's office on August 17, 2021, for construction of the Project are as follows:

<u>BIDDER</u>	<u>TOTAL BID</u>
Environmental Construction, Inc.	\$11,613,885.00
Mladin Buntich Construction Co., Inc.	\$12,190,800.00
Blois Construction, Inc.	\$12,531,133.00
Colich and Sons, LP	\$12,665,500.00
Steve P. Rados, Inc.	\$14,104,000.00

The bid of Environmental Construction, Inc., was the lowest bid received and that Environmental Construction Inc., was the lowest, regular, responsible bidder for the work, and a recommendation was made to award a contract to Environmental Construction, Inc., at the unit prices stated in its bid amounting to approximately \$11,613,885. Furthermore, a recommendation was made to order the staff to review the surety bonds for performance and payment and, if sufficient, order the Secretary to execute a contract with Environmental Construction, Inc., for construction of the Project.

Upon motion of Director Solis, duly seconded and unanimously carried by a roll-call vote, Contract No. 5382 for construction of the Scholl Canyon Landfill Storm Water Management was awarded to the lowest, regular, responsible bidder, to wit: Environmental Construction, Inc., at the unit prices stated in its bid amounting to approximately \$11,613,885. Furthermore, the Board of Directors of County Sanitation District No. 2 of Los Angeles County ordered the staff to review the surety bonds for performance and payment and, if sufficient, order the Secretary to execute the contract with Environmental Construction, Inc., for construction of the Project.

RE: FACILITES PLANNING - PROPERTY
 ADJACENT TO JOINT WATER POLLUTION
 CONTROL PLANT - PROVIDE TECHNICAL
 ADVISORY SERVICES FOR REMEDIATION
 OF FORMER FLETCHER OIL AND REFINING
 COMPANY - AUTHORIZE ISSUANCE
 OF PURCHASE ORDER TO - GSI
 ENVIRONMENTAL, INC.

In 2000, the Districts purchased the 36-acre former Fletcher Oil and Refining Company (FORCO) property to act as a buffer for the Joint Water Pollution Control Plant (JWPCP). Due to the historical oil refinery operations, the property contains petroleum hydrocarbon contamination in the soil and groundwater and remediation efforts for the site are on-going. The California Regional Water Quality Control Board, Los Angeles Region, has approved a cleanup plan for surface and shallow soils based on

remediation efforts already completed thus far and enhanced remediation to clean up deep soils and groundwater. The Districts is accelerating implementation of the plan to facilitate possible construction of the Regional Recycled Water Program on the site. Technical advisory services are required as Districts' staff does not have the expertise to design and implement the plan. A Request for Proposals was mailed to 19 consulting firms, and 5 submitted proposals. GSI is the highest ranked firm based on technical qualifications and their cost proposal is the most cost effective comparable to the other proposers. 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 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 purchase order to GSI Environmental, Inc., in amount of approximately \$1,564,000 to provide technical advisory services for remediation of former FORCO property adjacent to the JWPCP.

Upon motion of Director Solis, duly seconded and unanimously carried by a roll-call vote, the Purchasing Agent was authorized to issue a purchase order to GSI Environmental to provide technical advisory services for remediation of former Fletcher Oil and Refining Company property adjacent to the Joint Water Pollution Control Plant, at a cost of approximately \$1,564,000.

RE: FACILITIES PLANNING - CLOUD HOSTING SERVICES AND SOFTWARE LICENSING AND PROJECT PLANNING AND MIGRATION SERVICES - AUTHORIZE ISSUANCE OF PURCHASE ORDER TO ORACLE AMERICA, INCORPORATED

The Districts currently uses on-premise Oracle servers to host Oracle E-Business Suite (EBS) and Work and Asset Management (WAM) business applications. This server hardware is nearing the end of its useful life and must be replaced. The Districts is in the process of moving business software hosting to the cloud and removing on-premise servers consistent with general

information technology best practices to better protect the data. Cloud hosting of software has numerous advantages over on-premise servers such as enhanced resiliency and the flexibility to increase or decrease service while paying for actual use. In addition to hosting and licensing fees, Oracle consulting support is needed to migrate Oracle business applications to the cloud. The combined cost of Oracle cloud hosting and migration services is estimated to be similar to the cost of replacing and maintaining the existing servers over their useful lifetime. Using Oracle to provide migration and cloud hosting services is the most cost-effective approach to ensure compatibility with and support of existing business software functionality. This item is consistent with the Districts' Guiding Principle of 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 purchase order to Oracle America, Incorporated for migration of on-premise E-Business Suite and Work and Asset Management applications to Oracle cloud infrastructure.

Upon motion of Director Solis, duly seconded and unanimously carried by a roll-call vote, the Purchasing Agent was authorized to issue a purchase order to Oracle America, Incorporated for cloud hosting services and software licensing, at a cost of approximately \$625,000; and project planning and migration services, at a cost of approximately \$485,000 for migration of on-premise E-Business Suite and Work and Asset Management applications to the Oracle cloud infrastructure.

RE: WASTEWATER MANAGEMENT JOINT WATER POLLUTION CONTROL PLANT - GRIT HAULING SERVICES AUTHORIZE EXTENSION OF PURCHASE ORDER TO ANCON MARINE, INC.

In August 2020, the Board awarded a purchase order to Ancon, low responsive bidder pursuant to a competitive selection process, for grit hauling services for a one-year period. The specification included provisions that allow up to two 1-year extensions. Ancon has offered to extend the agreement for the first one-year period at no change

to the unit price. An extension at this time would be in the best interests of the Districts. 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 to Ancon Marine, Inc., in the amount of approximately \$235,000 for grit hauling services at the Joint Water Pollution Control Plant.

Upon motion of Director Solis, duly seconded and unanimously carried by a roll-call vote, the Purchasing Agent was authorized to extend the purchase order, for a one-year period, to Ancon Marine, Inc., for grit hauling services at the Joint Water Pollution Control Plant, at a cost of approximately \$235,000.

RE: FACILITIES PLANNING - JOINT
WATER POLLUTION CONTROL PLANT
LEASE AGREEMENT - APPROVE ACTION
BY DISTRICT NO. 8 - CLEAR CHANNEL
OUTDOOR, LLC

In 1981, the Districts leased vacant property at the Joint Water Pollution Control Plant (JWPCP) to Clear Channel Outdoor, LLC (Clear Channel) for installation of two advertising billboards. The lease expires on September 30, 2021, and Clear Channel desires to extend the term. The Districts does not have an

immediate need for the property, which is located adjacent to the Harbor Freeway. The proposed Agreement, which will replace the existing lease, has an initial term through September 30, 2026, plus one 5-year extension option, and increases the rent paid by Clear Channel from \$840 per month to \$3,050 per month, which is based on a recent appraisal. On January 13, 2021, the Board of Directors of District No. 2 declared the property to be "exempt surplus land," pursuant to the provisions of the California Surplus Land Act, allowing the Districts to lease the property for commercial use pending its eventual use for Districts' operations. Staff has determined that approval of the Agreement is exempt or otherwise not subject to the provisions of the California Environmental Quality Act (CEQA) pursuant to California Public Resources Code Section 21084 and CEQA Guidelines Section 15301. As fee title holder of the property, District No. 8 must approve the Agreement, and District No. 2, as the administrative District, must approve the action by District No. 8. This item is consistent with the Districts' Guiding Principle to maximize use of our assets and resources (recycled water, recyclables, and energy). A recommendation was made to approve the action by District No. 8 to approve and order executed lease agreement with Clear Channel for Districts' property at the JWPCP.

Upon motion of Director Frometa, duly seconded and unanimously carried by a roll-call vote, the Board of Directors of County Sanitation District No. 2 of Los Angeles County approved and consented to the action taken by District No. 8 to approve and order executed lease agreement with Clear Channel for Districts' property at the Joint Water Pollution Control Plant.

RE: SOLID WASTE MANAGEMENT
SOUTH COAST AIR QUALITY
MANAGEMENT DISTRICT - CONTRACT
NO. 22038 VOLKSWAGEN ENVIRONMENTAL
MITIGATION TRUST PROGRAM - CONTRACT
NO. 5383 - APPROVE

The Districts continues to expand the use of alternative fuels for its fleet of vehicles, which includes the use of zero-emission electric vehicles (EVs). The Districts currently owns a fleet of 62 EVs, which are in the light-duty class. The Districts plans to purchase its first five zero-emission heavy-duty EVs. This will allow staff to evaluate the current technology and obtain data on the

various use applications for wider-spread deployment. Under the Contract No. 22038 Volkswagen Environmental Mitigation Trust Program, South Coast Air Quality Management District (SCAQMD) has approved funding in the amount of \$1,000,000, which represents 50 percent of the total estimated cost of the five heavy-duty vehicles identified to be purchased. These vehicles consist of two truck tractors used for hauling residual waste and recyclables at our material recovery facilities (MRFs) and three general use trucks at our MRFs and wastewater treatment plants. 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 approve and order executed a *South Coast Air Quality Management District Contract No. 22038 Volkswagen Environmental Mitigation Trust Program* agreement related to funding for purchase of five zero-emission heavy-duty electric vehicles.

The Chief Engineer and General Manager stated that the Districts has an extensive fleet of light-duty EVs. The Board will be considering approval of a proposed agreement with South Coast Air Quality Management District (SCAQMD) related to funding for the purchase of five heavy-duty electric trucks (two tractor trailers, two roll-offs, and one dump truck). Under the agreement, SCAQMD has approved funding in the amount of \$1 million, which is 50 percent of the capital cost. The heavy-duty EVs are equivalent to diesel trucks. The purchase of these heavy-duty EVs is a big demonstration for the Districts and the region. The Ports of Los Angeles and Long Beach have been demonstrating EVs. The Districts hopes to be among the early adopters and transition its fleet as older vehicles are replaced.

Upon motion of Director Solis, duly seconded and unanimously carried by a roll-call vote, the Board of Directors of County Sanitation District No. 2 of Los Angeles County found and determined that it would be to the advantage of the District to enter into a *South Coast Air Quality Management District Contract No. 22038 Volkswagen Environmental Mitigation Trust Program* agreement with South Coast Air Quality Management District providing for purchase of five zero-emission heavy-duty electric vehicles, as set forth in the Agreement and under terms and conditions contained therein. All the terms and conditions of the *South Coast Air Quality Management District Contract No. 22038 Volkswagen Environmental Mitigation Trust Program*, Contract No. 5383, dated September 8, 2021, were accepted and approved, and the Chairperson and Secretary were authorized to execute the Agreement on behalf of the District.

RE: FINANCIAL MANAGEMENT
JOINT OUTFALL AGREEMENT
JOINT OUTFALL FINANCIAL RESERVE
AND WASTEWATER FINANCIAL RESERVE
POLICIES - CONTRACT NO. 2428C
APPROVE

The Joint Outfall System (JOS) is comprised of 17 Districts in the Los Angeles basin that share in the ownership and operation of a system of sewers, water reclamation plants, and Joint Water Pollution Control Plant, which is the final treatment plant for all of the wastewater in the JOS. In September 2020, a recommendation was made to the Personnel Committee

that a Director Ad Hoc Committee be formed to explore opportunities to improve how sharing of ownership and costs of the JOS are managed. The Ad Hoc Committee met five times and provided recommendations for improvements in the JOS. In July, the Personnel Committee concurred with the Ad Hoc Committee's recommendations, and the JOS District Boards were briefed on the matter in August. Implementation of the recommendations requires approval of a revised Joint Outfall Agreement, a Joint Outfall Financial Reserve Policy, and revised Wastewater Financial Reserve Policies for each District. Copies of the Joint Outfall Agreement, the Policies, and the Ad Hoc Committee Report, and a letter discussing the proposed changes were attached to the agenda. Staff determined that approval of the Agreement 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 15378. This item is consistent with the Districts' Guiding Principles of commitment to fiscal responsibility and prudent financial stewardship; and to plan for both short-term and long-term needs to minimize the need for significant rate increases. A recommendation was made to approve and order executed a *Joint Administration Agreement* improving how sharing of ownership and costs of the JOS are managed, and order that the Agreement be recorded. Furthermore, a recommendation was made to adopt the *Joint Outfall Financial Reserve Policy* and the *Wastewater Financial Reserve Policy*.

The Chief Engineer and General Manager stated that on all Districts' agendas, except District No. 4 (a contract District that sends wastewater to the City of Los Angeles), is an item to enact the recommendations from the JOS Director Ad Hoc Committee. Last month, he briefed all JOS Districts. A letter, report and recommendations, Joint Outfall Agreement, and financial reserve policies were attached to the agendas. The recommended changes will simplify and standardize the Districts' rate-setting process. The Committee met five times to evaluate the issues. He thanked the Directors who served on the Committee and for their time. Some of the assumptions have not been reviewed in 20-30 years. To effect the changes will be a major and positive move for the agency.

Upon motion of Director Frometa, duly seconded and unanimously carried by a roll-call vote, the Board of Directors found and determined that it would be to the advantage of the District to enter into a *Joint Outfall Agreement* with the other "Signatory Districts" providing for the Districts to jointly own and operate a common sewerage system known as the "Joint Outfall System," as set forth in the Agreement and under terms and conditions contained therein. This agreement will supersede the current Joint Outfall Agreement (Contract No. 2428B) effective on the final approval of all for the "Signatory Districts" or July 1, 2022. All the terms and conditions of the *Joint Outfall Agreement*, Contract No. 2428C, dated September 8, 2021, were accepted and approved, and the Chairperson and Secretary were authorized to execute the Agreement on behalf of the District. Furthermore, the Board adopted the *Joint Outfall Financial Reserve Policy* and the *Wastewater Financial Reserve Policy*.

RE: FACILITIES PLANNING - PUENTE
HILLS LANDFILL - DEVELOPMENT
OF PROPOSED PARK - SETTLEMENT
AGREEMENT AND MUTUAL RELEASE
OF ALL CLAIMS - COUNTY OF LOS
ANGELES - CONTRACT NO. 5386
APPROVE

A dispute has arisen regarding the financial responsibility for development and maintenance of a park on the closed Puente Hills Landfill (PHLF), as well as the permissible locations for park improvements. On February 27, 2020, the County filed a complaint with the Court against the Districts. The proposed Settlement Agreement resolves the complaint and allows the County's park development to proceed. District No. 2 must approve the agreement

as the administrative District for the Solid Waste Management System Districts, and District No. 18 must approve the agreement as fee title holder of the landfill property. Attached are the Settlement Agreement and a letter providing more background. This item is consistent with the Districts' Guiding Principle of commitment to continual improvement. A recommendation was made to approve and order executed a *Settlement Agreement and Mutual Release of all Claims* (Settlement Agreement) resolving the complaint by the County of Los Angeles regarding development of the proposed park on Puente Hills Landfill site.

The Chief Engineer and General Manager advised that Districts Nos. 2 and 18 will be considering a Settlement Agreement between the Districts and Los Angeles County regarding funding the development of a proposed park at the closed PHLF. All the Solid Waste Districts (Districts Nos. 1, 2, 3, 5, 8, 15, 16, 17, 18, 19, 21, 22, 23, 29, and South Bay Cities) have been briefed on the settlement. These Districts held multiple closed session meetings to discuss the matter and all Solid Waste Directors received the proposed Settlement Agreement. The Settlement Agreement is complete and in line with the tentative agreement that was signed in July. All terms of the tentative agreement were shown to the Directors. Directors expressed concern with

indemnification language to protect the Districts related to the park development on the landfill. The Settlement Agreement references indemnification language, although as he mentioned in closed session, the detailed indemnification language will be included in the Joint Powers Agreement (JPA). The JPA, currently being reviewed with the County, will include the responsibilities of each party in addition to the detailed indemnification language. The JPA will be considered for approval by Districts Nos. 2 and 18 and, following approval, the Board of Supervisors will consider approval at their next Board meeting.

He advised the Directors that the Settlement Agreement is contingent on the Districts' approval of the Unfunded Accrued Liability (UAL) exchange and CalRecycle's approval of the Pledge of Revenue Agreement. Following these actions, the Districts will realize significant savings from interest.

He introduced Supervisor Hilda Solis, Los Angeles County, to comment on the matter.

Supervisor Solis thanked Chairperson Warner, the Chief Engineer and General Manager, and all Directors for working with Supervisor Hahn, herself, County staff, and County Counsel. She stated that this has been an ongoing and long dispute and both agencies are finally at a good turning point. She respects the work that Districts' staff and the Directors have done to come to a mutual agreement. In the 1990s, she personally carried legislation to address the funding issue when the landfill closed and is turned over as a park. She stated that this can finally be realized soon and hopes that it can be done in an amicable way. She knows that the surrounding communities will be very happy that the Districts and County are moving in this direction. She looks forward to taking the next steps and will be supporting the application with her vote and all that has been done to get to this point. She stated that she believes that the Directors are all working together towards the same goals of making the Districts' pensions whole and seeing more park space. This is the first step and there is still a long way to go. She stated that she hopes that in our lifetime we can see something good happen for the many millions of people that we represent. Again, she thanked Chairperson Warner, Districts' staff, and gave a big shout out to the Chief Engineer and General Manager.

Chairperson Warner thanked Supervisor Solis. She stated that all the Directors appreciate her and Supervisor Hahn's leadership in working with all the Directors and staff to make the settlement happen.

The Chief Engineer and General Manager stated that Supervisors Solis' and Hahn's leadership was critical to make the settlement happen. He stated that working with their staff and talking to them almost every other day helped to move the matter forward.

Upon motion of Director Frometa, duly seconded and unanimously carried by a roll-call vote, the Board of Directors of County Sanitation District No. 2 of Los Angeles County found and determined that it would be to the advantage of the District to enter into a *Settlement Agreement and Mutual Release of all Claims* with the County of Los Angeles providing for the resolution for the complaint by the County of Los Angeles regarding development and operation of proposed park on Puente Hills Landfill and defining the relative responsibilities of the Districts and the County related to the post-closure maintenance of the closed landfill and development and operations of the proposed park, as set forth in the Agreement and under terms and conditions contained therein. All the terms and conditions of the *Settlement Agreement and Mutual Release of All Claims*, Contract No. 5386, dated September 8, 2021, were accepted and approved, and the Chairperson and Secretary were authorized to execute the Agreement on behalf of the District.

RE: FINANCIAL MANAGEMENT - JOINT AGREEMENT FOR THE PAYMENT OF COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY UNFUNDED ACCRUED LIABILITY FOR THE CALIFORNIA PUBLIC EMPLOYEE'S RETIREMENT SYSTEM SOLID WASTE FINANCIAL RESERVE POLICY - ALL DISTRICTS CONTRACT NO. 5357 - APPROVE

The proposed *Joint Agreement for the Payment of the County Sanitation Districts of Los Angeles County Unfunded Accrued Liability (UAL) Fund for the California Public Employee's Retirement System (CalPERS) (Agreement)* and the revisions to the Policy will effectuate the payment of the Districts' UAL obligation with CalPERS using funds set aside for Solid Waste landfill post-closure maintenance costs. In return, all Districts will contribute to a "Fee-In-Lieu Fund" that will be available for post-closure maintenance costs. The

proposal will result in a cumulative \$250 million in savings for all Districts and provide a more certain funding source for post-closure maintenance costs. The Personnel Committee endorsed staff's recommendation that the Agreement be presented to each of the Boards for approval. The agreement and the revisions to the Policy will only be implemented if approval of a revised Pledge of Revenue Agreement is obtained from CalRecycle. A letter describing the proposed exchange, the Agreement, and Policy were attached to the agenda. This item is consistent with the Districts' Guiding Principles of commitment to fiscal responsibility and prudent financial stewardship; and to plan for both short-term and long-term needs to minimize the need for significant rate increases. A recommendation was made to approve and order executed a *Joint Agreement for the Payment of*

the County Sanitation Districts of Los Angeles County Unfunded Accrued Liability Fund for the California Public Employee's Retirement System. Furthermore, a recommendation was made to adopt the solid waste financial reserve policy.

The Chief Engineer and General Manager stated that after Districts Nos. 2 and 18 consider approval of the Settlement Agreement with Los Angeles County, all Districts' Boards meeting today will be considering approval of a *Joint Agreement for the Payment of the County Sanitation Districts of Los Angeles County Unfunded Accrued Liability for the California Public Employees' Retirement System* that will effectuate the payment of the Districts' UAL obligation with CalPERS using funds set aside for solid waste landfill post-closure maintenance (PCM) costs. He gave a brief presentation regarding the UAL funding strategy.

The Personnel Committee, consisting of the Chairpersons of each District, endorsed moving forward with the UAL funding strategy at a previous meeting held on April 28, 2021. The Districts' UAL payments to CalPERS are a significant part of the Districts' labor costs. The current total UAL is approximately \$500 million. The payments are calculated as if the UAL were a loan at seven percent interest. The Districts' Solid Waste System has reserves dedicated to post closure maintenance (PCM) costs for the closed Puente Hills and Spadra Landfills. The PCM funds earn one percent interest. The proposal will use landfill PCM funds to pay off the Districts' UAL, and in return the Districts will cover PCM costs.

He showed a graph of the CalPERS UAL minimum payment schedule. The graph included the annual UAL payments – principal and interest, from 2022 to 2042. The total UAL payment over those 20 years will be \$471 million (principal payment) plus \$386 million (interest owed), which is equal to \$858 million.

The Districts has two distinct requirements related to landfill PCM. The Districts must maintain environmental control systems until they no longer pose a threat to the public health and safety to the environment. The Districts must demonstrate to CalRecycle that an ongoing revenue source is available for PCM costs or turn funds over to a trust for CalRecycle to manage. The current Pledge of Revenue Agreement with CalRecycle uses interest generated by the PCM funds to pay for PCM costs. The PCM funds are earning one percent in interest.

It is proposed to use up to \$470 million of landfill PCM funds to pay off the UAL. In lieu of continuing to pay CalPERS UAL annual payments, the Districts will pay a reduced annual fee into the "Fee-in-Lieu" fund. The "Fee-in-Lieu" would fund the landfill PCM costs until the total payments are equivalent to those that would have been made on Pension Obligation Bonds (POBs).

He introduced Julio Morales, a Registered Municipal Advisor with Urban Futures Inc., to discuss the advantages of the proposed exchange. Mr. Morales has worked with cities and many government agencies. He has assisted and guided the Districts regarding this matter.

Mr. Morales stated that using reserves, like the PCM fund (earning one percent interest), is ideal for reducing or eliminating the UAL to CalPERS (incurring seven percent interest). The proposed exchange is a solution that uses reserves that are currently committed to other purposes. POBs are an alternative if there are no funds, like reserves, available. There is an equivalent exchange of obligations between UAL costs and PCM costs. The difference is that the payments are stretched out over a longer time period. He stated that the proposed exchange is an innovative solution.

The Chief Engineer and General Manager advised that Mr. Morales will be available to answer any questions.

He showed the annual cost comparison of the CalPERS UAL payment, POB payment, and Fee-in-Lieu. The savings over the life for the Fee-in Lieu option compared to the POB option, results in \$250 million in savings over 20 years. The difference is that the Fee-in-Lieu option results in cumulative payments lower than CalPERS UAL payments and spread out over a longer period than POB payments. The Fee-in-Lieu option spreads out costs over 40-60 years, whereas the POBs is set at 20 years. The Districts would realize substantial savings of \$600 million.

He showed a table of the short-term annual savings by District (including the Districts' Solid Waste System) over the first five years. The approximate annual savings shown were the difference between continued UAL payments versus proposed "Fee-in-Lieu" payments. The proposal will minimize future rate increases. He advised that there are no savings shown for Districts Nos. 4, 9, and 27 because they are contract Districts, which send all wastewater to the City of Los Angeles. District No. 34 is a non-active District.

The timeline, as was shown on a slide, was discussed. All Districts' Boards will consider approval of the Agreement in September 2021. District No. 2 will consider revisions of the Solid Waste Financial Reserve Policy. The new Pledge of Revenue Agreement is currently being reviewed by CalRecycle. CalRecycle awaits

the settlement of the lawsuit re: funding for development of the Puente Hills Landfill Park to review details. CalRecycle wants to ensure that the District does not incur additional costs for maintenance of the closed landfill as a result of the Puente Hills Landfill Park. Execution of the new Pledge of Revenue Agreement is scheduled for fall 2021 pending approval by CalRecycle. Once this takes place, payment of the UAL will occur through 2023 as post-closure reserve fund investments are liquidated and new UAL totals are determined by CalPERS.

Pending approval of the settlement agreement between the Districts and Los Angeles County, he recommended that each District approve the proposed Agreement and District No. 2 approves the revised Solid Waste Financial Reserve Policy. Actions in the agreement will not begin until CalRecycle approves the revised Pledge of Revenue Agreement.

At this time, the Chairperson, asked if there were any questions from Directors. There were none.

Upon motion of Director Solis, duly seconded and unanimously carried roll-call vote, the Board of Directors of County Sanitation District No. 2 of Los Angeles County found and determined that it would be to the advantage of the District to enter into a *Joint Agreement for the Payment of the County Sanitation Districts of Los Angeles County for California Public Employee's Retirement System* providing for effectuating the payment of the Districts' UAL obligations with CalPERS from using funds set aside for Solid Waste landfill post-closure maintenance costs, as set forth in the Agreement and under terms and conditions contained therein. All the terms and conditions of the *Joint Agreement for the Payment of the County Sanitation Districts of Los Angeles County for the California Public Employee's Retirement System*, Contract No. 5357, dated September 8, 2021, were accepted and approved, and the Chairperson and Secretary were authorized to execute the Agreement on behalf of the District. Furthermore, the Solid Waste Financial Reserve Policy was adopted.

RE: CARLOS GUERRA - AUTHORIZE
SETTLEMENT AGREEMENT AND
GENERAL RELEASE CONFERENCE
WITH LEGAL COUNSEL
EXISTING LITIGATION

The Chief Engineer and General Manager and Districts' Human Resources Counsel recommended that the proposed *Settlement Agreement – Carlos Guerra v. County Sanitation Districts of Los Angeles County, Case No. 19STCV44326* (Settlement Agreement) be approved as it is in the best interests of the Districts to avoid any

associated potential liability from the claim of wrongful termination. Furthermore, a recommendation was made to authorize the Chief Engineer and General Manager, or his designee, to execute a *Settlement Agreement and General Release*.

The Chief Engineer and General Manager stated that this item is related to a claim for wrongful termination brought by a former employee. Legal Counsel feels that it is in the best interest of the Districts to move forward with the proposed settlement.

Upon motion of Director Solis, duly seconded and unanimously carried by a roll-call vote, the Board approved a *Settlement Agreement and General Release* in the the amount of \$30,000 to avoid any associated potential liability from the claim of wrongful termination. Furthermore, the Chief Engineer and General Manager, or his designee, was authorized to execute *Settlement Agreement – Carlos Guerra v. County Sanitation Districts of Los Angeles County, Case No. 19STCV44326*.

Upon motion of Director Buscaino, duly seconded and unanimously carried, the meeting adjourned in memory of Michael K. Williams, brother of Alternate Director Michelle Chambers.

CATHY WARNER
Chairperson

ATTEST:

KIMBERLY S. CHRISTENSEN
Secretary

/mh