

MINUTES OF THE REGULAR MEETING OF THE
BOARD OF DIRECTORS OF
COUNTY SANITATION DISTRICT NO. 2
HELD AT THE OFFICE OF THE DISTRICT
VIA TELECONFERENCE

June 22, 2022
1:30 o'clock, P.M.

The Board of Directors of County Sanitation District No. 2 of Los Angeles County met in regular session via teleconference.

There were present: Jeffrey Maloney, Director from Alhambra
Ali Sajjad Taj, Director from Artesia
Ali Saleh, Director from Bell
Raymond Dunton, Director from Bellflower
Bruce Barrows, Alternate Director from Cerritos
Oralia Rebollo, Director from Commerce
Emma Sharif, Director from Compton
Blanca Pacheco, Director from Downey
Kimberly Ann Cobos-Cawthorne, Director from Montebello
Rick Ramirez, Director from Norwalk
Vilma Cuellar Stallings, Director from Paramount
Tony Ding, Director from San Gabriel
Maria Davila, Alternate Director from South Gate
Leticia Lopez, Director from Vernon
Holly Mitchell, Director from Los Angeles County
Cathy Warner, Chairperson, Alternate Director from Whittier

Absent: Maria Pulido, Director from Bell Gardens
Robert Garcia, Director from Long Beach
Nury Martinez, Director from Los Angeles City
Henry Lo, Director from Monterey Park
Monica Sanchez, Director from Pico Rivera

Also present: Kimberly S. Christensen, Secretary to the Board
Wes Beverlin, District Counsel

CONSENT AGENDA

Upon motion of Director Davila, duly seconded and unanimously carried by a roll-call vote, the Consent Agenda was approved as follows:

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 to Board on any matters.

RE: ALTERNATE DIRECTOR FROM CITY OF BELL GARDENS A copy of an action taken by the City Council of the City of Bell Gardens at a meeting held June 13, 2022, was presented to the Secretary stating that Ms. Lisseth Flores, a member of the City Council of the City of Bell Gardens, was appointed to serve as alternate Director from the city, was accepted and ordered filed.

RE: MINUTES The minutes of the regular meeting held June 8, 2022, were approved.

RE: RESOLUTION PROCLAIMING A LOCAL EMERGENCY, RATIFYING THE PROCLAMATION OF A STATE OF EMERGENCY ON MARCH 4, 2020 BY CALIFORNIA GOVERNOR AND AUTHORIZING REMOTE TELECONFERENCE MEETINGS OF THE LEGISLATIVE BODY - ADOPT A proposed *Resolution of the Board of Directors of the County Sanitation District No. 2 of Los Angeles County Proclaiming a Local Emergency, Ratifying the Proclamation of a State of Emergency on March 4, 2020 by California Governor and Authorizing Remote Teleconference Meetings of the Legislative Body*, was presented. Remote teleconference meetings, during the continued

existence of the Governor’s proclaimed state of COVID-19 emergency, will be conducted under the provisions of AB 361 which added California Government Code Section 54953(e), to the Brown Act. Under the provisions of AB 361 and Government Code Section 54953(e), each District must adopt, by majority vote, a resolution making certain findings about the continuing COVID state of emergency and health and safety risks of conducting their meeting in person. By statute, this Resolution and its referenced findings, are only legally valid for 30 days. The Resolution was attached to the agenda. A recommendation was made to adopt the Resolution.

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE
COUNTY SANITATION DISTRICT NO. 2 OF LOS ANGELES COUNTY
PROCLAIMING A LOCAL EMERGENCY, RATIFYING THE PROCLAMATION
OF A STATE OF EMERGENCY ON MARCH 4, 2020
BY CALIFORNIA GOVERNOR AND AUTHORIZING
REMOTE TELECONFERENCE MEETINGS OF THE LEGISLATIVE BODY**

WHEREAS, the County Sanitation District No. 2 of Los Angeles County (“District”) is committed to preserving and nurturing public access and participation in meetings of the District’s Board of Directors and committees; and

WHEREAS, all meetings of the District’s Board of Directors are open and public, pursuant to the requirements of the Ralph M. Brown Act (California Government Code Sections 54950-54963) (the “Brown Act”), so that any member of the public may attend, participate, observe and watch the District’s Board of Directors conduct business; and

WHEREAS, the Brown Act, Section 54953(e), allows for conducting and participating in meetings by members of a legislative body, without compliance with the requirements of the Brown Act Section 54953(b)(3), subject to the existence of certain conditions; and

WHEREAS, a required condition under the Brown Act Section 54953(e) is the declaration of a state of emergency by the Governor pursuant to California Government Code Section 8625, proclaiming the existence of conditions of disaster or of extreme peril to the safety of persons and property within California caused by the conditions outlined and described in California Government Code Section 8558; and

WHEREAS, a proclamation of a state of emergency is made when there is an actual incident, threat of disaster, or extreme peril to the safety of persons and property within the jurisdictions that are within the District’s boundaries, caused by natural, technological, or human-induced disasters; and

WHEREAS, it is further required that the state or local officials have imposed or recommended measures to promote social distancing, or the Board of Directors of the District have held a meeting where it considered and determined that meeting in person would present imminent risks to the health or safety of attendees; and

WHEREAS, such conditions now exist in the District as Governor Newsom declared a State of Emergency on March 4, 2020 as a result of the threat of COVID-19; and

WHEREAS, the County of Los Angeles Department of Public Health Order of the Health Officer issued March 3, 2022 (the “County Order”) includes recommendations that all persons within the jurisdiction of the County of Los Angeles public health agency always practice required and recommended infection control measures when among others, especially in an indoor setting; and

WHEREAS, the District’s Board of Directors does hereby find that the ongoing and significant risks associated with COVID-19 infection, especially in the absence of capacity limits and physical distancing requirements for indoor activities, on those individuals with underlying health conditions that make them susceptible to severe COVID-19 illness and individuals who are not and cannot be vaccinated, that COVID-19 infection remains a significant health hazard to all residents, and desires to proclaim a local emergency and ratify the proclamation of a state of emergency by the Governor of the State of California, and further, ratify the County Order findings related to the ongoing health hazards of COVID-19; and

WHEREAS, as a consequence of the declared state of emergency and the local emergency, the Board of Directors of the District does hereby find that the District shall continue to conduct its meetings in accordance with the provisions and requirements of the Brown Act Section 54953(e), and that the legislative bodies of the District shall comply with the requirements to provide the public with access to, and an opportunity to comment at all meetings of the District’s legislative bodies in accordance with the requirements of the Brown Act Section 54953(e)(2); and

WHEREAS, the District will continue its practice of live streaming its meetings via the Zoom software platform which allows members of the public to observe and participate in the meetings via video or call-in options and

will continue to offer members of the public an opportunity to make oral comments during the meetings and/or submit written comments before the meetings.

NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE COUNTY SANITATION DISTRICT NO. 2 OF LOS ANGELES COUNTY DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. Recitals. The Recitals set forth above are true, correct, and are incorporated in this Resolution by reference.

Section 2. Proclamation of Local Emergency. The Board of Directors of the District does hereby proclaim that a local emergency now exists throughout the territory of the District and, as described in the County Order, recommendations from health officers include ongoing masking, and social distancing practices especially for indoor settings and particularly for individuals who, due to vaccine status or underlying health conditions, continue to be at risk for severe illness, and COVID-19 infection remains a significant health hazard to all residents of the District.

Section 3. Ratification of Governor's Proclamation of a State of Emergency. The District's Board of Directors hereby ratifies the Governor of the State of California's Proclamation of a State of Emergency, effective as of its issuance date of March 4, 2020.

Section 4. Remote Teleconference Meetings. The Chief Engineer and General Manager, staff and legislative bodies are hereby authorized and directed to take all actions necessary to carry out the intent and purpose of this Resolution including, without limitation, conducting open and public meetings in accordance with the Brown Act Section 54953(e) and all other applicable provisions of the Brown Act.

Section 5. Effective Date of Resolution. This Resolution shall take effect immediately upon its adoption and shall be effective until the earlier of 30 days after the date of this resolution, or such time that the District's Board of Directors adopts a subsequent resolution in accordance with the Brown Act Section 54953(e)(3) to extend the time during which the legislative bodies of the District may continue to teleconference without compliance with the requirements of the Brown Act Section 54953(b)(3).

PASSED AND ADOPTED by the Board of Directors of County Sanitation District No. 2 of Los Angeles County this 22nd day of June 2022 by the following vote:

AYES: Sixteen (16)

NOES: None

ABSTAIN: None

ABSENT: Five (5)

REGULAR AGENDA

RE: WASTEWATER MANAGEMENT
REPLACEMENT GAS CHROMATOGRAPH
FOR CRYOGENIC OXYGEN GENERATION
PLANT NO. 3 AT JOINT WATER POLLUTION
CONTROL PLANT - AUTHORIZE ISSUANCE
OF PURCHASE ORDER TO YOKOGAWA
CORPORATION OF AMERICA

The cryogenic oxygen generation Plant No. 3 at the Joint Water Pollution Control Plant is equipped with a Yokogawa Corporation of America (Yokogawa) analyzer system, which measures oxygen concentrations within the oxygen generation process. The analyzer system consists of an instrument cabinet, gas chromatograph and sample-conditioning unit. The existing gas chromatograph has been in service since 2011 and replacement parts are no

longer available from the manufacturer. An upgraded replacement of the existing gas chromatograph is necessary in order to integrate with the remaining components of the existing analyzer system. The activities described herein do not constitute a "Project" as that term is defined in California Public Resources Code ("PRC") Section 21065 and Title 14 of the California Code of Regulations ("CEQA Guidelines") Section 15378. Staff has determined that the activities described are not subject to the provisions of CEQA. 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 Yokogawa in the amount of approximately \$126,415 for replacement gas chromatograph for the cryogenic oxygen generation Plant No. 3 at the Joint Water Pollution Control Plant.

Upon motion of Director Davila, duly seconded and unanimously carried by a roll-call vote, the Purchasing Agent was authorized to issue a purchase order to Yokogawa Corporation of America for

replacement gas chromatograph for the cryogenic oxygen generation Plant No. 3 at the Joint Water Pollution Control Plant, at a cost of approximately \$126,415.

RE: WASTEWATER MANAGEMENT FURNISH AND DELIVER PROFESSIONAL WATER SERVICES AND WATER TREATMENT CHEMICALS FOR VARIOUS WATER RECLAMATION PLANTS FOR TWO-YEAR PERIOD - AUTHORIZE ISSUANCE OF PURCHASE ORDER TO TAMCO CHEMICAL, INC.

Professional water services and water treatment chemicals are required to prevent scaling, fouling of metal surfaces, and corrosion loss of metal in boilers at various Water Reclamation Plants (WRPs). On May 26, 2022, proposals were received from qualified suppliers to develop and implement a water treatment program and provide the necessary chemical products for the program. Tamco Chemical, Inc., provided the most comprehensive response that met all the Districts’

requirements. This authorization is for an initial two-year agreement and allows for one-year extensions thereafter for up to two years if mutually agreed upon by both parties. This item is consistent with the Districts’ Guiding Principle to protect financial and facility assets through prudent investment and maintenance programs. A recommendation was made to authorize the Chief Engineer and General Manager, in his capacity as Purchasing Agent, to issue a purchase order to Tamco Chemical, Inc., in the amount of approximately \$240,000 to furnish and deliver professional water services and water treatment chemicals for various WRPs for a two-year period.

Upon motion of Director Davila, duly seconded and unanimously carried by a roll-call vote, the Purchasing Agent was authorized to issue a purchase order to Tamco Chemical, Inc., to furnish and deliver professional water services and water treatment chemicals for various Water Reclamation Plants for a two-year period, at a cost of approximately \$240,000.

RE: TECHNICAL SERVICES PROFESSIONAL BIOLOGICAL SUPPORT SERVICES TO SUPPORT HABITAT MONITORING FOR SAN GABRIEL RIVER WATERSHED PROJECT - AUTHORIZE ISSUANCE OF PURCHASE ORDER TO WOOD ENVIRONMENT AND INFRASTRUCTURE SOLUTIONS, INC.

In November 2019, the Sanitation Districts’ Board approved an Environmental Impact Report (EIR) for the San Gabriel River Watershed Project to Reduce River Discharge in Support of Increased Recycled Water Reuse (San Gabriel River Watershed Project), which included a mitigation measure to monitor riparian habitat in the project area. The San Gabriel River Watershed Project is intended to seek a balance between maximizing the use of recycled water and protecting existing

habitat. A Request for Proposals to identify a consultant to monitor riparian habitat and conduct related activities for the next three years, with an optional two-year extension, was mailed to a number of qualified consulting firms, and two responded. Wood Environment and Infrastructure Solutions, Inc., is the highest ranked firm based on technical qualifications and cost. The overall cost to conduct this work for the first three-year period is \$270,462. To comply with the California Environmental Quality Act, an EIR was previously approved for the San Gabriel River Watershed Project by the Board on November 18, 2019. 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 Wood Environment and Infrastructure Solutions, Inc., in the amount of approximately \$270,462 for professional biological support services to support habitat monitoring for the San Gabriel River Watershed project.

Upon motion of Director Davila, duly seconded and unanimously carried by a roll-call vote, the Purchasing Agent was authorized to issue a purchase order to Wood Environment and Infrastructure Solutions, Inc., for professional biological support services to support habitat monitoring for the San Gabriel River Watershed project, at a cost of approximately \$270,462.

RE: WASTEWATER MANAGEMENT SUPPLY OF TWO INSTRUMENT AIR COMPRESSORS AT JOINT WATER POLLUTION CONTROL PLANT - AUTHORIZE ISSUANCE OF PURCHASE ORDER TO ATLAS COPCO COMPRESSORS LLC

Two existing instrument air compressors located at the Joint Water Pollution Control Plant (JWPCP) Secondary Treatment North Instrument Air Station are at their end-of-life, are no longer supported by the manufacturer, and must be replaced. Six other Atlas Copco Compressors LLC (Atlas Copco) compressors, recently installed at JWPCP, have operated reliably and have significantly

reduced maintenance costs due to their simplified design. Atlas Copco had previously competitively bid on a compressor replacement project and was the lowest of four responsive bidders and thus is the preferred equipment supplier. Staff has determined that the activities described are not subject to the provisions of CEQA. The activities described herein do not constitute a “Project” as that term is defined in California Public Resources Code (“PRC”) Section 21065 and Title 14 of the California Code of Regulations (“CEQA Guidelines”) Section 15378. This item is consistent with the Districts’ Guiding Principle to protect financial and facility assets through prudent investment and maintenance programs. A recommendation was made to authorize the Chief Engineer and General Manager, in his capacity as Purchasing Agent, to issue a purchase order to Atlas Copco Compressors

LLC, in the amount of approximately \$313,444 for supply of two instrument air compressors at the Joint Water Pollution Control Plant.

Upon motion of Director Davila, duly seconded and unanimously carried by a roll-call vote, the Purchasing Agent was authorized to issue a purchase order to Atlas Copco Compressors LLC, for supply of two instrument air compressors at the Joint Water Pollution Control Plant, at a cost of approximately \$313,444.

RE: TECHNICAL SERVICES - FIRST AMENDED MEMORANDUM OF AGREEMENT BETWEEN LOS ANGELES COUNTY SANITATION DISTRICTS AND THE COUNCIL FOR WATERSHED HEALTH CONTRACT NO. 5350A - APPROVE

The Council for Watershed Health (Council) is a nonprofit organization that brings together representatives from water and public works agencies, land conservancies, citizen groups, and businesses with mutual interest in using a watershed approach to achieve multiple benefits. The Council has served the Los Angeles region for more than 20 years and works to

improve area water supplies, water quality, and flood protection measures by advancing the health and sustainability of the region's watersheds through science-based research, education, and inclusive stakeholder engagement. The purpose of the First Amended Memorandum of Agreement (MOA) is to extend the MOA approved on January 27, 2021, from July 1, 2022, until June 30, 2024. The MOA creates a partnership between the Districts and the Council to promote the Districts' and the Council's mutual goals and objectives, such as informing cities and other stakeholders about the Districts' stormwater services program, coordination of public outreach efforts on recycled water, and promotion of habitat protection in the San Gabriel River watershed. This MOA specifies that the Districts will contribute \$50,000 per fiscal year for two years to the Council for a total of \$100,000. Staff has determined that approval of the First Amended MOA 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 to collaborate with others in legislative and regulatory matters to promote science-based, efficient and sustainable environmental regulations; and to maximize use of our assets and resources (recycled water, recyclables, and energy). A recommendation was made to approve and order executed documents for a *First Amended Memorandum of Agreement Between Los Angeles County Sanitation Districts and the Council for Watershed Health*.

Upon motion of Director Davila, duly seconded and unanimously carried by a roll-call vote, an amendment to the agreement entered into with Council for Watershed Health, Contract No. 5350 dated January 27, 2021, providing to extend the MOA from July 1, 2022, until June 30, 2024, as set forth therein, was approved. All the terms and conditions of the *First Amended Memorandum of Agreement Between Los Angeles County Sanitation Districts and the Council for Watershed Health*, Contract No. 5350A, dated June 22, 2022, were accepted and approved, and the Chairperson and Secretary were authorized to execute the Amendment on behalf of the District.

RE: WASTEWATER MANAGEMENT MAINTENANCE SERVICES AGREEMENT JOHNSON CONTROLS, INC. CONTRACT NO. 5450 - APPROVE

Maintenance of the existing Heating, Ventilation, and Air Conditioning (HVAC) systems at Joint Administration Office (JAO), Central Plant, and San Jose Creek Water Reclamation Plant (WRP) Laboratory is performed by specialized contractors, and the existing

maintenance contract expires in June 2022. The work includes complete maintenance and service of all HVAC systems, controls, and equipment, including routine inspections, preventive maintenance, parts replacement, and service calls. Proposals for a three-year contract were solicited and received from three contractors. Johnson Controls, Inc., was determined by staff to be well qualified to provide the required services and submitted the lowest cost proposal. Staff has 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 Principle to protect financial and facility assets through prudent investment and maintenance programs. A recommendation was made to approve and order executed an Agreement with Johnson Controls, Inc., in the amount of approximately \$2,480,000, for maintenance and service of HVAC systems at the JAO, Central Plant, and San Jose Creek WRP Laboratory for a three-year period.

Upon motion of Director Davila, 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 *Maintenance Services Agreement* with Johnson Controls, Inc., providing for maintenance and service of HVAC systems at the Joint Administration Office, Central Plant, and San Jose Creek Water Reclamation Plant Laboratory for a three-year period, as set forth in the Agreement and under terms and conditions contained therein. All the terms and conditions of the *Maintenance Services Agreement*, Contract No. 5450, dated June 22, 2022, were accepted and approved, and the Chairperson and Secretary were authorized to execute the Agreement on behalf of the District.

RE: SOLID WASTE MANAGEMENT
FIRST AMENDMENT TO AGREEMENT
FOR DELIVERY AND ACCEPTANCE OF
FOOD WASTE SLURRY AT JOINT
WATER POLLUTION CONTROL PLANT
SMC GREASE SPECIALIST, INC.
CONTRACT NOS. 5389A - APPROVE

The Districts operates a food waste recycling program at the Joint Water Pollution Control Plant (JWPCP). Processed food waste slurry is received and co-digested with wastewater sludge to generate renewable natural gas. Food waste slurry is currently produced at the Puente Hills Materials Recovery Facility and trucked to the JWPCP. Additionally, food waste slurry is delivered to the JWPCP by several private companies pursuant to

agreements authorized by the Board. SMC Grease Specialist, Inc., (SMC) is one of the companies currently delivering food waste slurry to the JWPCP under a five-year agreement that expires December 31, 2026. The existing agreement provides SMC a discounted processing rate based on a commitment to deliver a high-quality slurry with more energy potential and a minimum delivered quantity for a five-year term. Due to unforeseen challenges with source product, SMC is having trouble maintaining the committed quality of slurry and has requested to amend the terms. Districts' staff is recommending approval of the *First Amendment to Agreement for Delivery and Acceptance of Food Waste Slurry at Joint Water Pollution Control Plant (JWPCP) (First Amendment)* which will allow SMC to deliver lower quality slurry (250,000 versus 300,000 mg/l chemical oxygen demand concentration) at a higher processing rate (\$19.50 versus \$19.00/ton). The minimum delivered quantity of slurry, 90 tons per day, six days per week for a five-year term, will remain the same. To comply with the California Environmental Quality Act, a Mitigated Negative Declaration was previously approved for the project by the Board on February 28, 2018. This item is consistent with the Districts' Guiding Principle to provide leadership in our industry through innovation, compliance, and cost effectiveness. A recommendation was made to approve and order executed documents for a *First Amendment to Agreement for Delivery and Acceptance of Food Waste Slurry at Joint Water Pollution Control Plant* with SMC Grease Specialist, Inc.

Upon motion of Director Davila, duly seconded and unanimously carried by a roll-call vote, an amendment to the agreement entered into with SMC Grease Specialist, Inc., Contract No. 5389 dated October 27, 2021, providing for SMC to deliver lower quality slurry at a higher processing rate, as set forth therein, was approved. All the terms and conditions of the *First Amendment to Agreement for Delivery and Acceptance of Food Waste Slurry at Joint Water Pollution Control Plant*, Contract No. 5389A, dated June 22, 2022, were accepted and approved, and the Chairperson and Secretary were authorized to execute the Amendment on behalf of the District.

RE: SOLID WASTE MANAGEMENT
SETTLEMENT AGREEMENT AND
MUTUAL RELEASE OF ALL CLAIMS
APEX WASTE SYSTEMS, INC.
CONTRACT NO. 5452 - APPROVE

A dispute arose regarding Apex Waste Systems, Inc.'s, (Apex) failure to meet the contractual requirements of the September 2013 Waste Disposal and Processing Agreement (WDPA) executed between the parties. Between September 2014 to June 2016, Apex failed to deliver at least 450 tons per month to a Districts' facility

as required by the WDPA. Pursuing this dispute legally could potentially incur legal costs greater than the original unpaid balance of approximately \$23,000. The Chief Engineer and General Manager and District Counsel believe the settlement and release of all claims is cost effective and in the Districts' best interest and recommend approval of the Agreement. This item is consistent with the Districts' Guiding Principle of commitment to fiscal responsibility and prudent financial stewardship. A recommendation was made to approve and order executed an Agreement with Apex regarding breach of Waste Disposal and Processing Agreement.

Upon motion of Director Davila, 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 Apex Waste Systems, Inc., providing for settle and release of all claims, 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. 5452, dated June 22, 2022, were accepted and approved, and the Chairperson and Secretary were authorized to execute the Agreement on behalf of the District.

RE: WASTEWATER MANAGEMENT
CONSTRUCTION OF JOINT OUTFALL F
UNIT 3A TRUNK SEWER REHABILITATION
BETWEEN MANHOLES F71A AND F71B
TERMINATION AGREEMENT - J.F. SHEA
CONSTRUCTION, INC. - CONTRACT
NO. 5341A - APPROVE - AUTHORIZE CHIEF
ENGINEER AND GENERAL MANAGER TO
EXECUTE AND APPROVE DOCUMENTS
AND CONTRACT NO. 5341 - ACCEPTANCE OF
THE WORK - AUTHORIZE ISSUANCE OF
PURCHASE ORDER TO MLADEN BUNTICH
CONSTRUCTION CO., INC.

Construction of Joint Outfall F Unit 3A Trunk Sewer Rehabilitation Between Manholes F71A and F71B (Project) consists of repairing approximately 54 linear feet of 66-inch-diameter reinforced concrete sewer pipe with a plastic liner and reinforced concrete top encasement. The sewer crosses underneath the San Gabriel River as was shown on the map attached to the agenda and is located within Army Corps of Engineers (ACOE) and Los Angeles County Flood Control District (LACFCD) right of way. The Project has encountered a protracted permitting process with the ACOE and LACFCD which has prevented J.F. Shea Construction, Inc., (Shea) from starting the work during the 2021 dry

season as originally intended. The permitting process is still ongoing, and it now appears that the permit may not be issued in ample time to allow Shea to complete the work during the 2022 dry season. Due to the severely corroded condition of the existing sewer, further delay to its repair could potentially result in a collapse during the next wet weather season. In an effort to avoid this situation, the Districts has continued to work diligently with both the ACOE and LACFCD to obtain the required permit as soon as possible; however, due to the uncertainty as to when the permit will actually be issued, Shea is no longer able to commit to repairing the sewer within the necessary timeframe. As a result, the Districts and Shea have mutually agreed to terminate Contract No. 5341 out of convenience in accordance with the *Termination Agreement*. The termination of the contract allows the Districts to select another contractor, Mladen Buntich Construction Co., Inc. (Buntich), to complete the urgent repair of the sewer during the 2022 dry season. Buntich was selected based on their availability, qualifications, knowledge of similar sewer repair work in a river channel, and their willingness to commit to completing the repair work within the necessary timeframe. Due to inflation, supply chain issues and the additional costs associated with an accelerated schedule needed to complete the work, the total project cost of the repair work has increased from the original contract amount of \$970,500 to \$1,325,000. The total project cost was reviewed and determined to be reasonable for the planned work. This item is consistent with the Districts' Guiding Principles to protect financial and facility assets through prudent investment and maintenance programs; 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 *Termination Agreement* with Shea related to Contract No. 5341 and authorize the Chief Engineer and General Manager to execute all further documents and take all further actions necessary to complete the terminating agreement with Shea. Furthermore, a recommendation was made to accept the work in connection with Contract No. 5341 and authorize the Chief Engineer and General Manager, in his capacity as Purchasing Agent, to issue a purchase order to Mladen Buntich Construction Co., Inc., in the approximate amount of \$1,325,000 for urgent sewer repair.

Upon motion of Director Davila, duly seconded and unanimously carried by a roll-call vote, an amendment to the agreement entered into with J.F. Shea Construction, Inc., Contract No. 5341 dated February 1, 2021, providing for the termination of the agreement, as set forth therein, was approved. All the terms and conditions of the *Termination Agreement*, Contract No. 5341A, dated June 22, 2022, were accepted and approved, and the Chairperson and Secretary were authorized to execute the Amendment on behalf of the District. Furthermore, the Board authorized the Chief Engineer and General Manager to execute all further documents and take all further actions necessary to complete the terminating agreement with Shea.

Furthermore, the work in connection with Contract No. 5341, entered into by J.F. Shea Construction, Inc., on February 1, 2021, for construction of the Joint Outfall F Unit 3A Trunk Sewer Rehabilitation Between Manholes F71A and F71B, was approved and accepted by this Board of Directors; the Chief Engineer and General Manager was directed to execute and record a Notice of Completion with respect to this work of improvement; and final payment of \$63,188.73 was authorized in accordance with the terms of the contract; and the Purchasing Agent was authorized to issue a purchase order to Mladen Buntich Construction Co., Inc., for urgent sewer repair, at a cost of approximately \$1,325,000.

RE: SOLID WASTE MANAGEMENT
LEASE AGREEMENT - ARAKELIAN
ENTERPRISES, INC. DBA ATHENS SERVICES
CONTRACT NO. 5454 - APPROVE
LEASE AGREEMENT - APPROVE ACTION BY
DISTRICT NO. 18 TO RECYCLABLES SORTING
LINE AT PUENTE HILLS MATERIALS
RECOVERY FACILITY - ASSET PURCHASE
AND SALE AGREEMENT - ARAKELIAN
ENTERPRISES, INC., DBA ATHENS SERVICES
AND FIRST AMENDMENT TO WASTE
DISPOSAL AND PROCESSING AGREEMENT OR
TERMINATION AGREEMENT AND MUTUAL
RELEASE OF WASTE DISPOSAL AND
PROCESSING AGREEMENT - CONTRACT
NOS. 5291A, 5297A, 5292A, 5293A, 5308A,
5294A, 5295A, 5296A, 5298A, 5299A, 5300A
AND TERMINATION AGREEMENT
AND MUTUAL RELEASE OF COMMINGLED
RECYCLABLES PROCESSING AGREEMENT
CONTRACT NOS. 5457 AND 5458
AUTHORIZE CHIEF ENGINEER AND GENERAL
MANAGER TO EXECUTE

During regular session, the Chief Engineer and General Manager gave a brief slide presentation regarding an item on the Districts Nos. 2 and 18 agendas related to the lease of the Downey Area Recycling and Transfer Facility (DART) and the Puente Hills Materials Recovery Facility (PHMRF) Recyclables Sorting Line. He stated that the matter was discussed with the Personnel Committee at its last meeting. This is an exciting opportunity to better utilize the Districts' solid waste assets and better serve the Districts' cities.

District No. 18, the property owner, and District No. 2, the administrative District, are considering approval of leases of the DART and sorting line at the PHMRF with Arakelian Enterprises, Inc., dba Athens Services (Athens). Over the last 15 years, tonnage has dropped. The Districts used to be a large component of the county's waste management system receiving approximately 36 percent of the tonnage disposed within the county. Several factors, including the closure of the Puente Hills Landfill, consolidation of small and medium-sized collection companies, regulations on public agencies, and increases due to prevailing wages, resulted in a drop in reserves and a loss in revenue. In

regard to reserves, he reminded the Directors that the Districts was able to use a significant amount of reserves used for post-closure maintenance to pay off the Unfunded Accrued Liability with CalPERS and return reserve levels above the Board-approved limits.

An ad hoc committee, consisting of Directors and city staff from various Districts, was formed to review the Districts' solid waste management system and recommend options to move forward. The ad hoc committee recommended that the Districts should focus on services that it can do cost-effectively. Another recommendation was to seek partnerships with private companies that can provide reliable long-term revenue by utilizing Districts' existing facilities that are currently underutilized and not financially sustainable under current market conditions.

Today, the DART receives an average of 550 tons per day (tpd) down from an earlier average of 1,500 tpd. The facility is permitted for 5,000 tpd. The PHMRF sorting line receives approximately 90 tpd of commodities. In two shifts, the sorting line can process approximately 600 tpd.

A summary of the major lease terms was shown on a slide. Between the two facilities, only 10 employees will be impacted. There will be no layoffs or demotions, as all will be transferred to other positions within the Districts. All 10 employees are part of the SEIU and the union supports the action resulting from the proposed leases.

Districts' staff held discussions with the City of Downey (City). City staff were apprised and did not express any concerns with Athens leasing the DART facility. He discussed the benefits of today's actions. Currently, Athens serves over 40 Districts' cities, in both residential and commercial capacities. The result would be more efficient operations. Both facilities will continue to benefit their surrounding communities by providing essential solid waste services. Reliable positive revenue stream will help the Districts recover capital investments made at both facilities. The Districts will have flexibility to adjust if market conditions change. By leasing the Districts' assets/facilities, the Districts would retain ownership.

In order to maximize productive use of these assets and generate additional revenue, staff solicited proposals from waste haulers to lease these facilities. Based on an evaluation of the proposals received, staff recommends leasing DART and the recyclables sorting line at the PHMRF to Athens. Athens will have exclusive use of the entire DART facility and will be required to obtain the necessary regulatory permits to conduct its solid waste operations. Districts' staff met with City of Downey staff to advise them of the potential lease with Athens for DART and they did not have any concerns. The proposed DART Lease has an initial term of ten years, with two 5-year extension options and requires Athens to pay \$225,000 per month in rent for the first five years with annual adjustments according to increases in the Consumer Price Index (CPI) starting in the sixth year of the lease. Athens' proposed use of the sorting line at the PHMRF is compatible with the Districts' current municipal solid waste, green waste, and food waste processing activities, and Athens will be required to comply with the Districts' existing facility permits. The proposed PHMRF Lease has an initial term of five years, with three 5-year extension options, and requires Athens to pay \$100,000 per month in rent for the first six months and \$125,000 per month thereafter, with annual adjustments according to increases in the CPI. To facilitate an expedient transition of the use of the facilities, Athens desires to purchase certain equipment, spare parts, and commodities that will no longer be needed by the Districts. It is recommended that the Board authorize the Chief Engineer to execute the proposed Asset Agreement, which will provide for sale of these items to Athens at current market value as of the commencement date of the leases. Since the Districts will no longer operate DART or the sorting line at the PHMRF, the existing Waste Disposal and Processing Agreements (WDPA) with 11 waste haulers must be amended or terminated to remove these facilities and services from each WDPA. Some haulers, which are at the lowest commitment level, are still evaluating their options before deciding the best course of action to accommodate this change in Districts' operations. The existing Commingled Recyclables Processing Agreements (CRPA) with the cities of Santa Monica and Culver City must be terminated. It is recommended that the Board authorize the Chief Engineer to execute these proposed amendments and terminations. The Districts will also close the PHMRF Recycle Center commensurate with the leasing of the PHMRF processing line. Collection and selling of recyclable commodities will be physically and financially prohibitive once Athens takes over. On April 13, 2022, the District No. 2 Board of Directors declared the PHMRF and DART to be "exempt surplus land," pursuant to provisions of the California Surplus Land Act, allowing the Districts to lease these facilities pending their eventual use for Districts' operations. Staff has determined that approval of the PHMRF Lease and DART Lease 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. As fee title holder of the PHMRF property, District No. 18 must approve the PHMRF Lease, and District No. 2, as the administrative District, must approve the action by District No. 18. District No. 2 is the fee title holder of the DART property. 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 and order executed

an Agreement with Athens for the DART Lease, and order that the Agreement be recorded. Furthermore, a recommendation was made to approve the action by District No. 18 to approve and order executed *Lease Agreement* with Athens for recyclables sorting line at PHMRF; and a recommendation was made to authorize the Chief Engineer and General Manager to execute *Asset Purchase and Sale Agreement with Athens* (Asset Agreement) in the amount of approximately \$2,225,000, *First Amendment to Waste Disposal and Processing Agreement or Termination Agreement and Mutual Release of WDPA* with CalMet Services, Inc. (CalMet), City Rent-A-Bin, Inc. dba Serv-Wel Disposal and Recycling, CR&R, Inc., G.B. Services, Inc. dba G&B Rubbish and Rolloff Services, Haul Away Rubbish Services, Inc., Key Disposal, Inc. and Shelly's Volume Transportation Services, Inc., NASA Services, Inc., Quality Waste Service, Inc., Southwest Processors, Inc., Ware Disposal, Inc., and Waste & Recycling Services, Inc., and *Termination Agreement and Mutual Release of Commingled Recyclables Processing Agreement* with City of Culver City and City of Santa Monica.

Upon motion of Director Davila, 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 *Lease Agreement* with Arakelian Enterprises, Inc., dba Athens Services, providing for lease of the Downey Area Recycling and Transfer Facility, as set forth in the Agreement and under terms and conditions contained therein. All the terms and conditions of the *Lease Agreement*, Contract No. 5454, dated June 22, 2022, were accepted and approved, and the Chairperson and Secretary were authorized to execute the Agreement on behalf of the District; the Board of Directors of County Sanitation District No. 2 of Los Angeles County approved and consented, by a roll-call vote, to the action taken by District No. 18 to approve and order executed *Lease Agreement* with Athens for recyclables sorting line at the Puente Hills Materials Recovery Facility.

Furthermore, the Chief Engineer and General Manager, on behalf of the District, was authorized to execute an agreement with Arakelian Enterprises, Inc. dba Athens Services, at a cost of approximately \$2,225,000 providing for an *Asset Purchase and Sale Agreement*; and the Chief Engineer and General Manager, on behalf of the District, was also authorized to amend or cancel agreements with CalMet Services, Inc. (CalMet), City Rent-A-Bin, Inc. dba Serv-Wel Disposal and Recycling, CR&R, Inc., G.B. Services, Inc. dba G&B Rubbish and Rolloff Services, Haul Away Rubbish Services, Inc., Key Disposal, Inc. and Shelly's Volume Transportation Services, Inc., NASA Services, Inc., Quality Waste Service, Inc., Southwest Processors, Inc., Ware Disposal, Inc., and Waste & Recycling Services, Inc., City of Culver City and City of Santa Monica.

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

CATHY WARNER
Chairperson

ATTEST:

KIMBERLY S. CHRISTENSEN
Secretary

/ee