

MINUTES OF THE REGULAR MEETING OF THE
BOARD OF DIRECTORS OF
COUNTY SANITATION DISTRICT NO. 19
HELD AT THE OFFICE OF THE DISTRICT

November 13, 2024
1:30 o'clock, P.M.

The Board of Directors of County Sanitation District No. 19 of Los Angeles County met in regular session.

There were present: Bruce Barrows, Alternate Director from Cerritos
Todd Rogers, Director from Lakewood
Suely Saro, Alternate Director from Long Beach
Ali Sajjad Taj, Chairperson, Alternate Director from Artesia

Absent: Victor Farfan, Director from Hawaiian Gardens
Lindsey Horvath, Director from Los Angeles County

Also present: Kimberly S. Christensen, Secretary to the Board
Robert Ferrante, Chief Engineer and General Manager
Alfred Smith, District Counsel

RE: PUBLIC COMMENT The Chairperson announced this was the time for any questions or comments by members of the public. There were no public comments or questions to address the Board on any matters.

RE: MINUTES Upon motion of Director Rogers, duly seconded and unanimously carried, the minutes of the regular meeting held October 9, 2024, were approved.

RE: DISTRICT EXPENSES The following expenses for the month of August 2024 were presented and upon motion of Director Rogers, duly seconded and unanimously carried, were approved:

Local District Expenses:	
Operations & Maintenance	<u>\$411</u>
Total Expenses	<u>\$411</u>

RE: FINANCIAL MANAGEMENT - INTRODUCE DIRECTOR COMPENSATION ORDINANCE Prior to meeting in regular session and as reported in the status report, the Chief Engineer and General Manager advised that the *Director Compensation Ordinance* (Ordinance) was presented to the Board for consideration and introduction. In May 2024, the Personnel Committee provided direction to draft a new Ordinance as the stipend has not changed since 2001. The proposed Ordinance would increase compensation to \$175 per meeting, which is equivalent to a 1.7 percent annual increase since the last compensation increase. For Directors attending multiple meetings on the same day, they would be compensated at \$125 per meeting, which is unchanged from the existing stipend. Additionally, the proposed Ordinance institutes an annual increase in the stipend based on inflation, not to exceed 5 percent per year. This item is consistent with the Districts' Guiding Principle of commitment to fiscal responsibility and prudent financial stewardship. A copy of the Ordinance accompanied the agenda. A recommendation was made to waive the reading of the Ordinance in its entirety.

Upon motion of Director Rogers, duly seconded and unanimously carried, the *Director Compensation Ordinance* (Ordinance) was introduced, and after reading of the title thereof, further reading of the Ordinance was waived.

RE: JOINT OUTFALL SYSTEM FINANCIAL REVIEW FOR FISCAL YEAR 2023-24 The Chief Engineer and General Manager introduced Mr. Matt Eaton, Deputy Assistant Chief Engineer and Department Head of Financial Management, to give a presentation regarding the Joint Outfall System (JOS) fiscal year (FY) 2023-24 financial review.

Mr. Eaton stated that this presentation is for information only and no action is required by the Board. He gave an overview of last year's financial performance, as part of a continuing series of presentations leading up to a significant rate increase on July 1, 2026.

He showed a map of the Districts' service area and the JOS service area. The JOS consists of the interconnected system of sewers, treatment plants and Districts operating as one financial unit.

He showed slides with an overview of FY 2023-24 actual vs. budget information which included revenue, operations and maintenance (O&M) expenses, and capital expenses. Overall, the JOS is in a good financial position. Revenue was 3 percent above budget and O&M expenses were 3 percent below budget. Capital spending was 43 percent below budget. Last year there was \$409 million in loan proceeds. Overall, JOS reserves are above target.

Details of the JOS FY 2023-24 operating expenses were shown on a slide. Labor was 2 percent above budget, Services were 9 percent below budget, and Chemicals, Utilities and Materials and Supplies were close to budget. The Other category was above budget due to the \$6 million fine from the Carson sewer spill. Details of the causes for Capital Project Delays were shown on the next slide. There were a number of reasons for less than expected capital spending, including slower than expected progress on the Clearwater tunnel; supply chain and labor shortages; some project scope changes; and an overly optimistic schedule for the Pure Water environmental planning work. Despite capital expenditures being below budget last year, there is an overall trend of increasing in capital spending, especially with recent increases in sewer rehabilitation work. Staff is making improvements to the Districts' capital budgeting to ensure more accurate forecasts in the future.

Critical capital projects will be funded by 2026 rates. These capital projects consist of Pure Water Southern California (to generate a new water supply), sewer projects (preventing sewer spills), and regulatory compliance (complying with new requirements). A significant increase will be recommended. The increase will be higher than typical historical increases and higher than the Consumer Price Index. Rates will remain lower than comparable agencies.

In spring 2025, staff will present the routine 2025/26 budget items; more details of the capital plan, reserve policy updates, and begin rate discussions for July 2026. In fall 2025, more in-depth rate discussions will occur and a decision on rates will be made for consideration by the JOS Boards in spring 2026.

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

ALI SAJJAD TAJ
Chairperson

ATTEST:

KIMBERLY S. CHRISTENSEN
Secretary

/ee