



**MINUTES OF THE REGULAR MEETING OF  
THE BOARD OF DIRECTORS OF THE  
LA PUENTE VALLEY COUNTY WATER DISTRICT**

A regular meeting of the Board of Directors of the La Puente Valley County Water District was held on Monday, November 13, 2017, at 5:30 p.m. at the District office, 112 N. First St., La Puente, California.

**Meeting called to order:**

President Hastings called the meeting to order at 5:30 p.m.

**Pledge of Allegiance**

President Hastings led the meeting in the Pledge of Allegiance.

**Directors present:**

David Hastings, President; William Rojas, Vice President; Charles Aguirre, Director; John Escalera, Director and Henry Hernandez, Director

**Staff present:**

Greg Galindo, General Manager; Gina Herrera, Customer Service & Accounting Supervisor; Roy Frausto, Compliance Officer/Project Engineer and Roland Trinh, District Counsel.

**Others Present:**

No others present.

**Public Comment:**

No public comment.

**Adoption of Agenda:**

President Hastings asked for the approval of the agenda.

Motion by Director Aguirre, seconded by Vice President Rojas, that the agenda be adopted as presented.

Motion approved by the following vote:

Ayes: Hastings, Rojas, Aguirre, Escalera and Hernandez.

Nays: None.

**Consent Calendar:**

President Hastings asked for the approval of the Consent Calendar.

- A. Approval of Minutes of the Regular Meeting of the Board of Directors held on October 23, 2017.

- B. Approval of District Expenses for the Month of October 2017.
- C. Approval of City of Industry Waterworks System Expenses for the Month of October 2017.
- D. Receive and File the District's Water Sales Report for October 2017.
- E. Receive and File the City of Industry Waterworks System's Water Sales Report for October 2017.
- F. Receive and File the Water Production Report for October 2017.
- G. Receive and File the Industry Public Utilities 2017-18 First Quarter Report.

Motion by Director Escalera, seconded by President Hastings, to approve the Consent Calendar as presented.

Motion approved by the following vote:

Ayes: Hastings, Rojas, Aguirre, Escalera and Hernandez.

Nays: None.

**Action/Discussion Items:**

- A. Discussion Regarding Participation in the City of La Puente Christmas Parade.
  - Mr. Galindo informed the Directors that the District was signed up for the City of La Puente Christmas Parade that will be held on December 1, 2017.
  - Mr. Galindo asked if the Directors would like to participate in the event in the same manner as the District had done in previous years.

The consensus of the Directors was to participate in the event in the same manner as the previous year.

- B. Consideration of Modified Schedule for Regular and Special Board Meetings for the Remainder of 2017.
  - Mr. Galindo provided the remaining schedule of Board meetings for 2017. He informed the Directors that a Special Meeting of the Board of Directors will be scheduled for December 4, 2017. He informed the Directors that the second Regular Board Meeting in December would land on Christmas Day and will either need to be cancelled or rescheduled.

After discussion, motion by Director Escalera, seconded by Vice President Rojas to reschedule the second Regular Board of Directors Meeting in December to December 21, 2017 at 5:30 p.m.

Motion approved by the following vote:

Ayes: Hastings, Rojas, Aguirre, Escalera and Hernandez.

Nays: None.

- C. Consideration of Reline and Recoat of the Single Pass Ion Exchange System Prefilter Vessel.
  - Mr. Galindo provided a summary of the Staff report prepared by Mr. Frausto that explained the need for the relining and recoating of the Single Pass Ion Exchange System Prefilter Vessel.

After further discussion, motion by Director Escalera, seconded by Vice President Rojas to authorize the General Manager to proceed with the (1) pre-filter vessel removal, delivery and installation as detailed in the quote provided by RC Foster Corporation and (2) pre-filter vessel coating repairs as detailed in the quote provided by Goodwest Linings & Coatings for a total of both services not to exceed \$22,000.

Motion approved by the following vote:

Ayes: Hastings, Rojas, Aguirre, Escalera and Hernandez.

Nays: None.

- D. Consideration of Purchase of Neptune Radio Read Meter Collector.
  - Mr. Galindo provided a summary of the Staff report regarding the purchase of the Radio Read Meter Collector.

After further discussion, motion by Vice President Rojas, seconded by Director Aguirre to authorize the General Manager to purchase one additional Neptune Radio Read Meter Data Collector unit from Ferguson Waterworks.

Motion approved by the following vote:

Ayes: Hastings, Rojas, Aguirre, Escalera and Hernandez.

Nays: None.

**E.** Consideration of Joint Resolution Annexing Real Property Development at 747 Del Valle Avenue to L. A. County Sanitation District No. 15 (Annexation No. 298).

- Mr. Galindo summarized the correspondence from the Sanitation District of Los Angeles County requesting the tax sharing joint resolution be considered and adopted.

After further discussion, motion by Director Aguirre, seconded by President Hastings to approve the Annexation No. 298 Joint Resolution.

Motion approved by the following vote:

Ayes: Hastings, Rojas, Aguirre, Escalera and Hernandez.

Nays: None.

**F.** Discussion of Final Drafts of Definitive Agreements for the Puente Valley Operable Unit Intermediate Zone Project.

- Mr. Galindo provided a presentation (see attached presentation material) that detailed the provisions of the Drafts Definitive Agreements for the Puente Valley Operable Unit Intermediate Zone Project (PVOU IZ). He explained that this item was for information and discussion only and that the final forms of the agreements will be brought to the Board for consideration, which is anticipated to occur in December of this year.
- During and at the conclusion of the presentation there was much discussion regarding the PVOU IZ Project and the District's involvement.

Discussion only, no action taken.

**G.** Presentation of Staff Assessment and Restructuring Proposal Report from the Staffing Assessment Ad Hoc Committee.

- Mr. Galindo provided a summary of the Staff Assessment and Restructuring Report from the Staffing Assessment Ad Hoc Committee.

After much discussion, motion by Director Hernandez, seconded by Director Escalera to receive and file the Staff Assessment and Restructuring Proposal Report.

Motion approved by the following vote:

Ayes: Hastings, Rojas, Aguirre, Escalera and Hernandez.

Nays: None.

#### **General Manager's Report:**

- Mr. Galindo reported that staff has drafted a letter that will be sent to Los Angeles County requesting a one-year extension to the Prop. 84 Grant. He added that he was informed that Upper District will also be drafting a letter requesting an extension.

#### **Information Items:**

**A.** Upcoming Events.

- Mr. Galindo presented an update on the upcoming events and who will be attending.
- Directors informed staff which events they would like to attend.

**B.** Correspondence to the Board of Directors

- No correspondence.

**Attorney comments:**

Mr. Trinh had no comments.

**Board member comments:**

A. Report on events attended.

- President Hastings, Vice President Rojas and Director Escalera all reported that they had attended the SGVWA meeting on November 8, 2017.
- Vice President Rojas reported that he also attended the GRIP event on October 26, 2017.

B. Other comments.

Board had no other comments.

**Future agenda items:**

No future items.

**Adjournment:**

There is no further business or comment, the meeting was adjourned at 8:36 p.m.

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David Hastings, President

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Greg B. Galindo, Secretary



**PUENTE VALLEY OPERABLE UNIT  
INTERMEDIATE ZONE PROJECT  
DEFINITIVE AGREEMENTS**

# Presentation Overview

1. History of District Involvement
2. PVOU IZ Project Overview
3. CEQA
4. Process of Definitive Agreement Negotiations
5. Summary of Definitive Agreements
  - Agreement for Operations Services
  - Agreement for Delivery and Beneficial Use of Treated Water

# History of District Involvement

- **October 2014** - Board of Directors approved the Term Sheet to participate in the PVOU IZ Project.
  - Agreed to develop project, operate treatment facility, receive treated water and deliver to Puente Basin Water Agency (PBWA). Reimbursement for the certain cost associated with the project.
- **April 2015** - Board of Directors approved the Participation Agreement.
  - Agreed to continue to assist with the PVOU IZ Project (Permitting & CEQA). Reimbursement for the District cost associated with the project.
- **2016 through 2017** - Working on Definitive Agreements
- **End of 2016** – Change of water delivery destination from PBWA to Suburban Water Systems (SWS).

# PVOU IZ Project Overview

1. 6 Wells and half of the raw water conveyance piping and a portion of the brine waste line has already been constructed.
2. 7<sup>th</sup> Well (Toe Well) is being drilled now.
3. April 2018 –Construction on Treatment Facility and remaining conveyance piping anticipated to begin.
4. April 2019 - Anticipated construction completion date.
5. May 2019 to April 2020 – Prove out period. Shakedown and compliance testing (District to assist).
6. May 2020 – Begin treated water deliveries.



# PVOU IZ Project Overview (cont.)

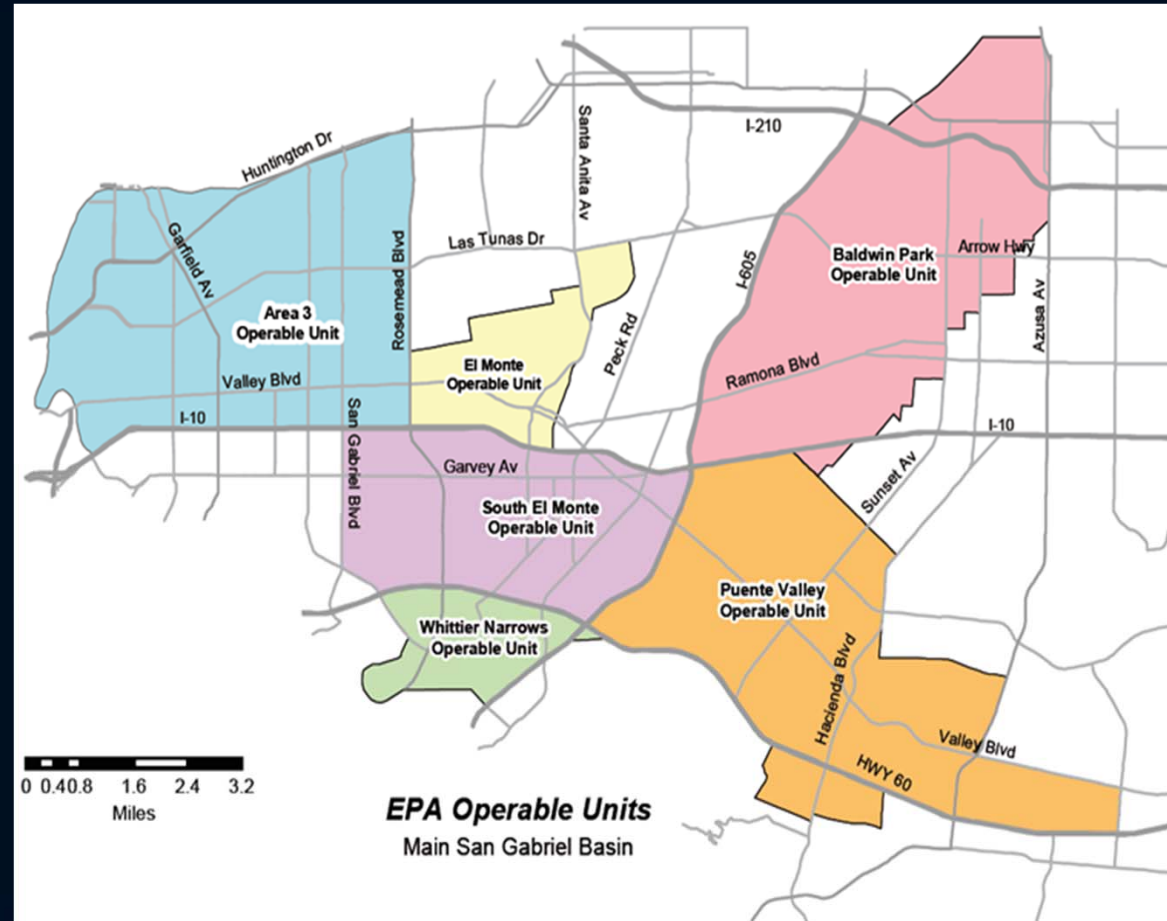


# PVOU IZ Project Overview (cont.)

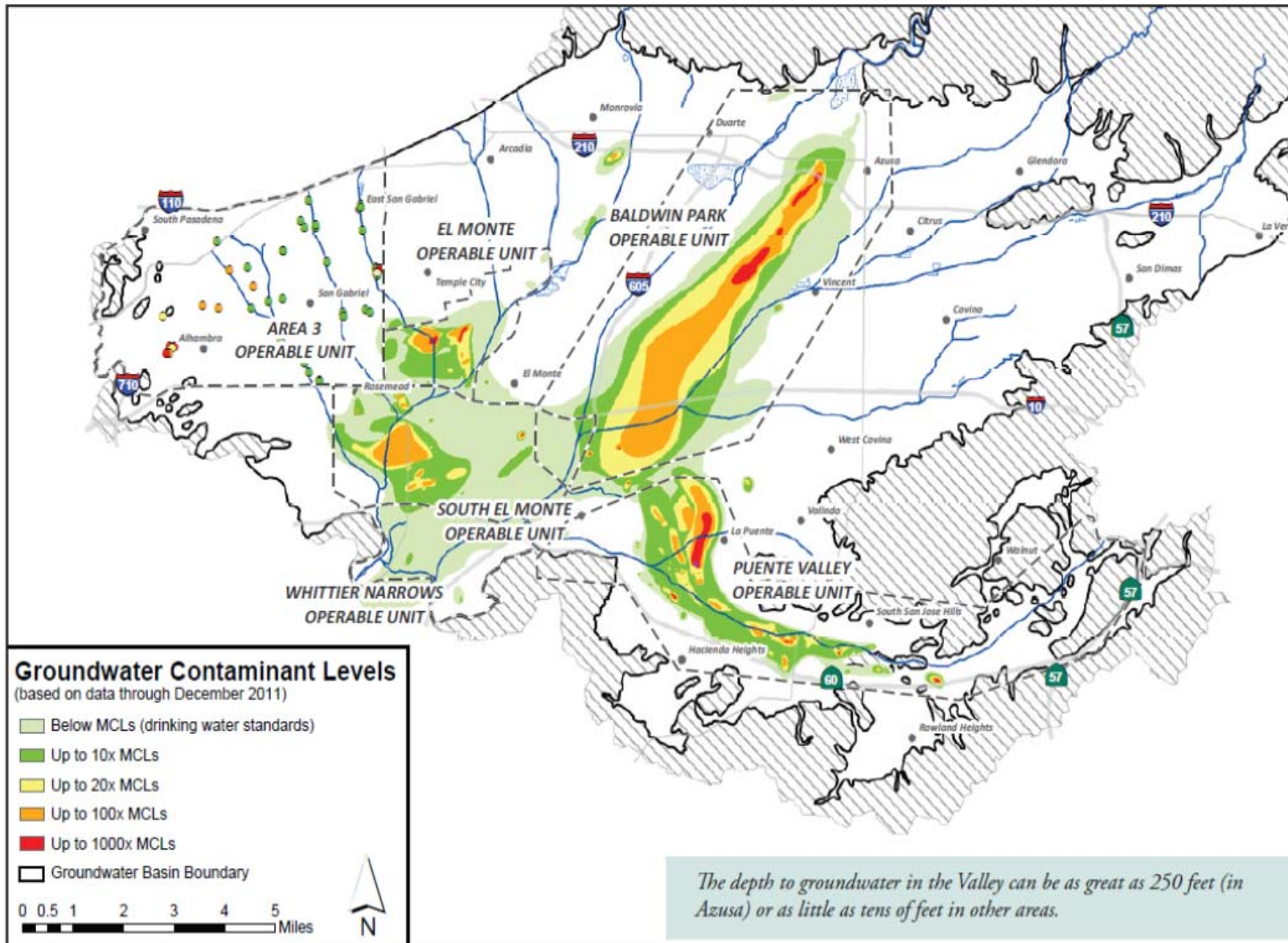
Volatile organic compounds (VOCs) detected in drinking water production wells starting in 1979

In 1984, the San Gabriel Valley placed on USEPA's National Priorities List (NPL)

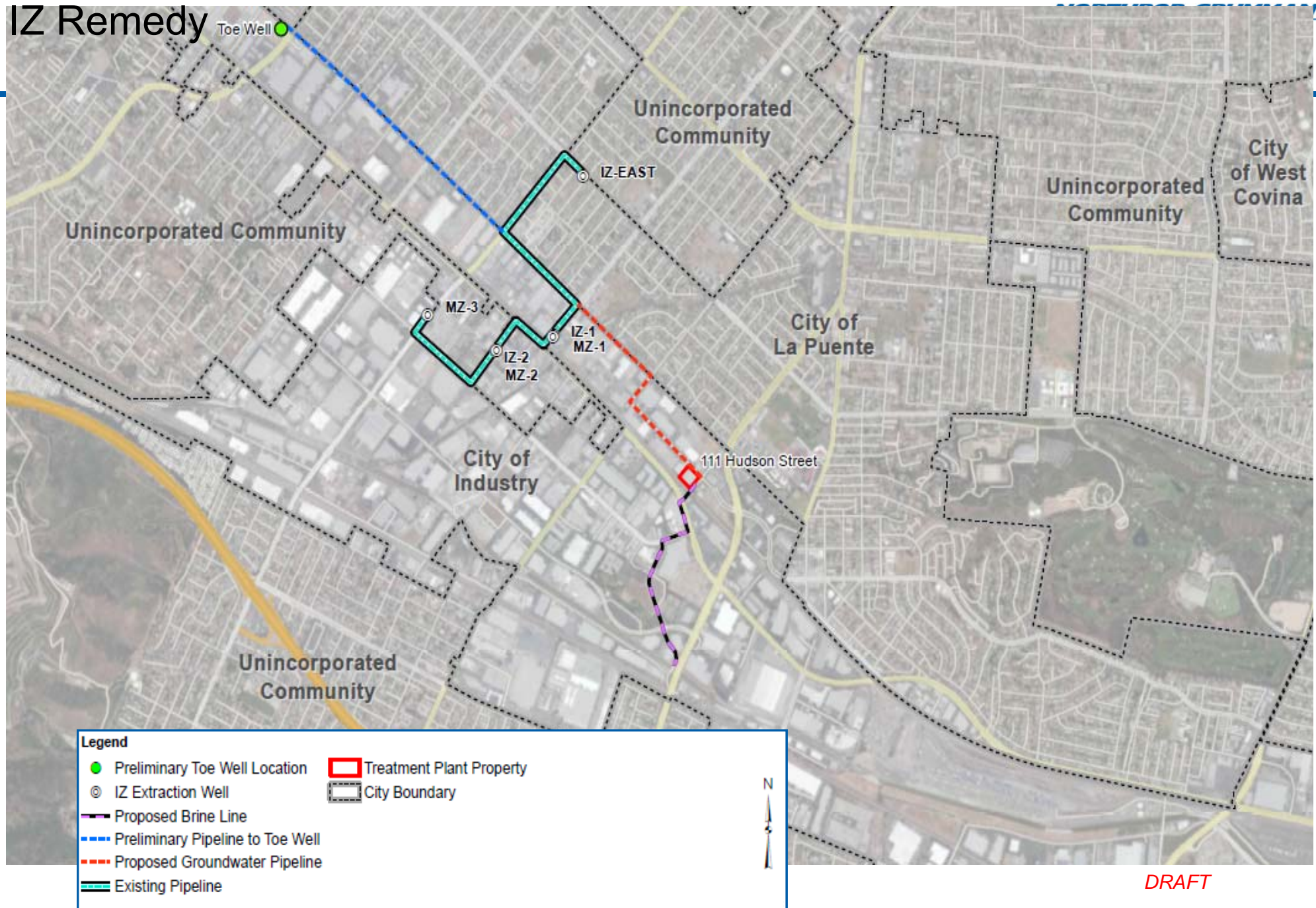
USEPA divided the basin into operable units (OU's), one of which is the Puente Valley Operable Unit (PVOU)



# Plume Map and Operable Units



# IZ Remedy



*DRAFT*

# 111 Hudson Site – Current Condition



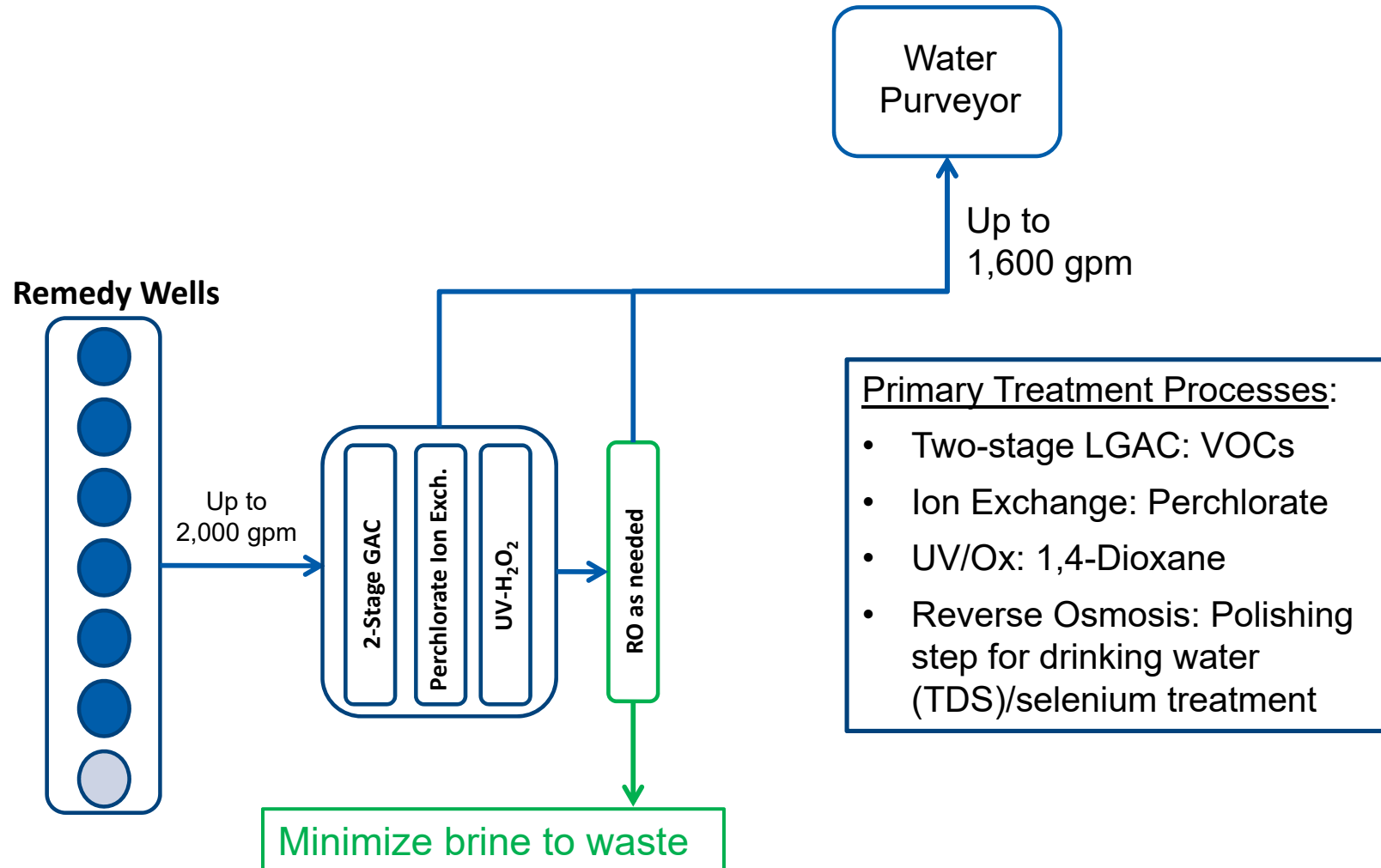
Birds-eye View Northwest

# 111 Hudson Site – Treatment Plant Rendering

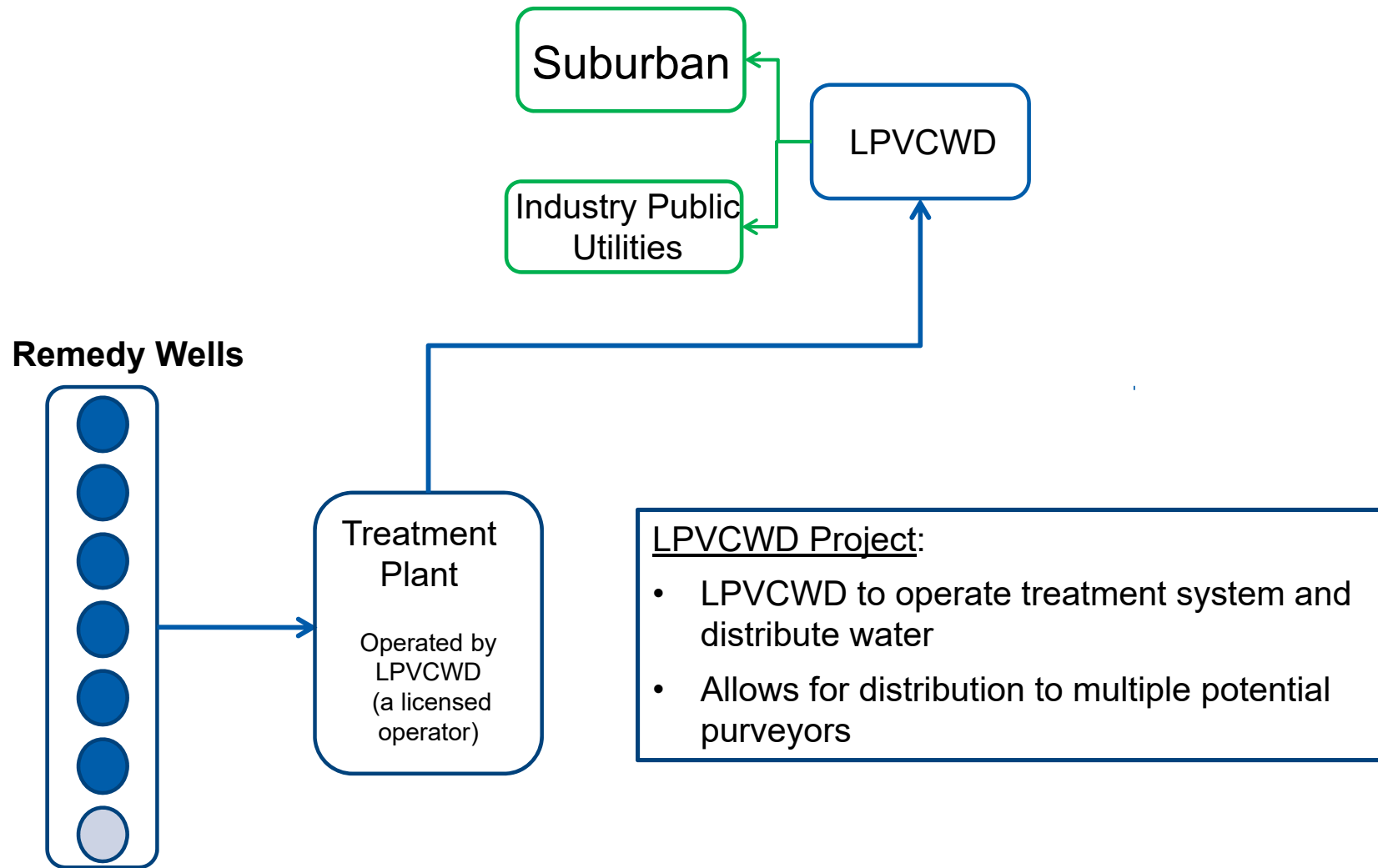


**Birds-eye View Northwest**

# IZ Treatment Plant



# IZ Remedy Project





# CEQA

- District will act as Lead Agency for CEQA
  - Initial Study
  - Decide Negative Declaration, Mitigated Negative Declaration or Environmental Impact Report
  - CEQA Adoption

# Definitive Agreements

## Two Separate Agreements

1. Agreement for Operations Services
2. Agreement for Delivery and Beneficial Use of Treated Water

## Operations Services Agreement

- **Parties:** The District and Northrop Grumman Systems Corporation (Northrop)
- **Purpose:** District to operate and maintain the PVOU IZ treatment facilities in accordance with best industry practices, to ensure that the facilities are capable of operating on a near continuous basis in accordance with the design rates of flow. To assist Northrop to meet its obligations of groundwater contamination remediation.
- **Term:** From effective date to a period of eight (8) years after EPA has certified that the Interim Remedy under the Consent Decree is operational and functional (the "Initial Term"). Northrop has an option of a 3 year extension to the Initial Term.

# Definitive Agreements

## Delivery and Beneficial Use of Treated Water Agreement

- Parties: The District, Suburban Water Systems (Suburban) and Northrop Grumman Systems Corporation (Northrop)
- Purpose: The delivery of treated water from the PVOU IZ treatment facility to the District and deliveries from the District to Suburban and others such as the CIWS. To assist Northrop to meet its obligations of groundwater contamination remediation
- Term: From effective date to a period of eight (8) years after EPA has certified that the Interim Remedy under the Consent Decree is operational and functional (the “Initial Term”). Northrop has an option of a 3 year extension to the Initial Term.

# Operation Services Agreement

## Substantive Provisions

- Key Definitions
  - Delivery point - The location of the flow meter on the pipeline connecting the effluent from the Treatment Facility to LPVCWD's water system conveyance pipeline.
  - Drinking water standards - The primary and secondary MCLs set by EPA and DDW, and the Notification Levels set by DDW, and any other applicable standard imposed by DDW in the permit to be issued for the PVOU IZ Interim Remedy.
  - Subject Facilities. - The Remedy Wells, the Collection Pipelines, Treatment Facility, the Discharge Pipeline, the Brine Line, and other ancillary components of the overall treatment system.

# Substantive Provisions of the Operation Services Agreement

- Design and Construction of Facilities
  - Treatment facility
    - Designed to treat extracted groundwater that will comply with applicable drinking water standards set by EPA and DDW, including secondary drinking water standards for total dissolved solids, chloride, and sulfate. In addition, Treated Water shall have a slightly positive Langelier Saturation Index and a calcium carbonate precipitation potential between 4 and 10 milligrams per liter.
    - Designed to treat up to 2,000 gpm. Treated water flow rate will range between 1,200 and 1,700 gpm.
    - Northrop will design and construct all treatment facilities.
    - The District will review and provide input on design and construction.
    - Waste streams – The District will not be listed as a generator of waste.

# Substantive Provisions of the Operation Services Agreement

- Permitting, Operation & Maintenance of Facilities (Section 4)
  - Northrop shall be responsible to obtain and or pay for all permits and government approvals.
  - The District is to obtain the Watermaster Section 28 Permit and permit from DDW (97-005).
  - The District to begin to operate and maintain facilities once they become operational.

Northrop shall take all actions after completion of construction of the Subject Facilities that are necessary to confirm that the Subject Facilities are operational in accordance with any and all applicable permits, approvals, and regulatory compliance standards. After the Subject Facilities are deemed to be operational, LPVCWD shall operate and maintain the Subject Facilities in the manner provided in this Agreement.

LPVCWD shall have final authority over decisions regarding the operation and maintenance of the Subject Facilities that are necessary to meet its obligations under this Agreement.

# Substantive Provisions of the Operation Services Agreement

- Permitting, Operation & Maintenance of Facilities (Section 4)
  - The District will operate so that:
    - Meet water quality requirements (to system or to waste)
    - Maximize the amount of water delivered (near continuous operations) and minimize the brine waste
    - Comply with all permits and regulations
  - The District is viewed as an independent contractor
  - The District to purchase all supplies, materials and necessary services to operate the treatment facilities.
  - The District shall operate the Treatment Facility according to all applicable laws and regulations and best industry practice concerning operational efficiency, as the same may change from time to time during this Agreement. LPVCWD shall formulate the necessary training programs, organize operations and maintenance systems, including Standard Operating Procedures and Unit Process Guidelines, and develop maintenance and asset management systems and standards for the Subject Facilities.

# Substantive Provisions of the Operation Services Agreement

- Permitting, Operation & Maintenance of Facilities (Section 4)
  - The District will have access to the treated water.
  - The District shall deliver 1,200 gpm on average to Suburban when the plant is operating and delivering treated water. Accounted for on a monthly basis.
  - Reserve water account of 1,600 AF for the term of the agreement.
    - If the District exhausts the reserve water then the District would pay for the cost of replacement water.



# Substantive Provisions of the Operation Services Agreement

- Costs Associated with Operations (Section 5)
  - Northrop responsible for all treatment related costs including District labor.
  - The District will prepare annual budgets that Northrop will approve.
  - Northrop will pay an annual management fee to the District for it's involvement ( \$215K per year, 2% escalator).
    - The management fee will cover certain District incurred costs.
    - Management fee to begin one year before facility is deemed operational.

# Substantive Provisions of the Operation Services Agreement

- Billing and Payment Provisions (Section 6)
  - District will manage a dedicated checking account to pay for operational expenses.
  - Northrop to provide 25% of the annual budget amount to prefund the account. No District funds will be used to pay for treatment operations.
  - The District will provide monthly statements.
  - Northrop may object if expense is not in accordance with agreement.

# Delivery and Beneficial Use of Treated Water Agreement

## Substantive Provisions

- Key Definitions
  - Delivery point - The location of the flow meter on the pipeline connecting the effluent from the Treatment Facility to LPVCWD's water system conveyance pipeline.
  - Drinking water standards - The primary and secondary MCLs set by EPA and DDW, and the Notification Levels set by DDW, and any other applicable standard imposed by DDW in the permit to be issued for the PVOU IZ Interim Remedy.

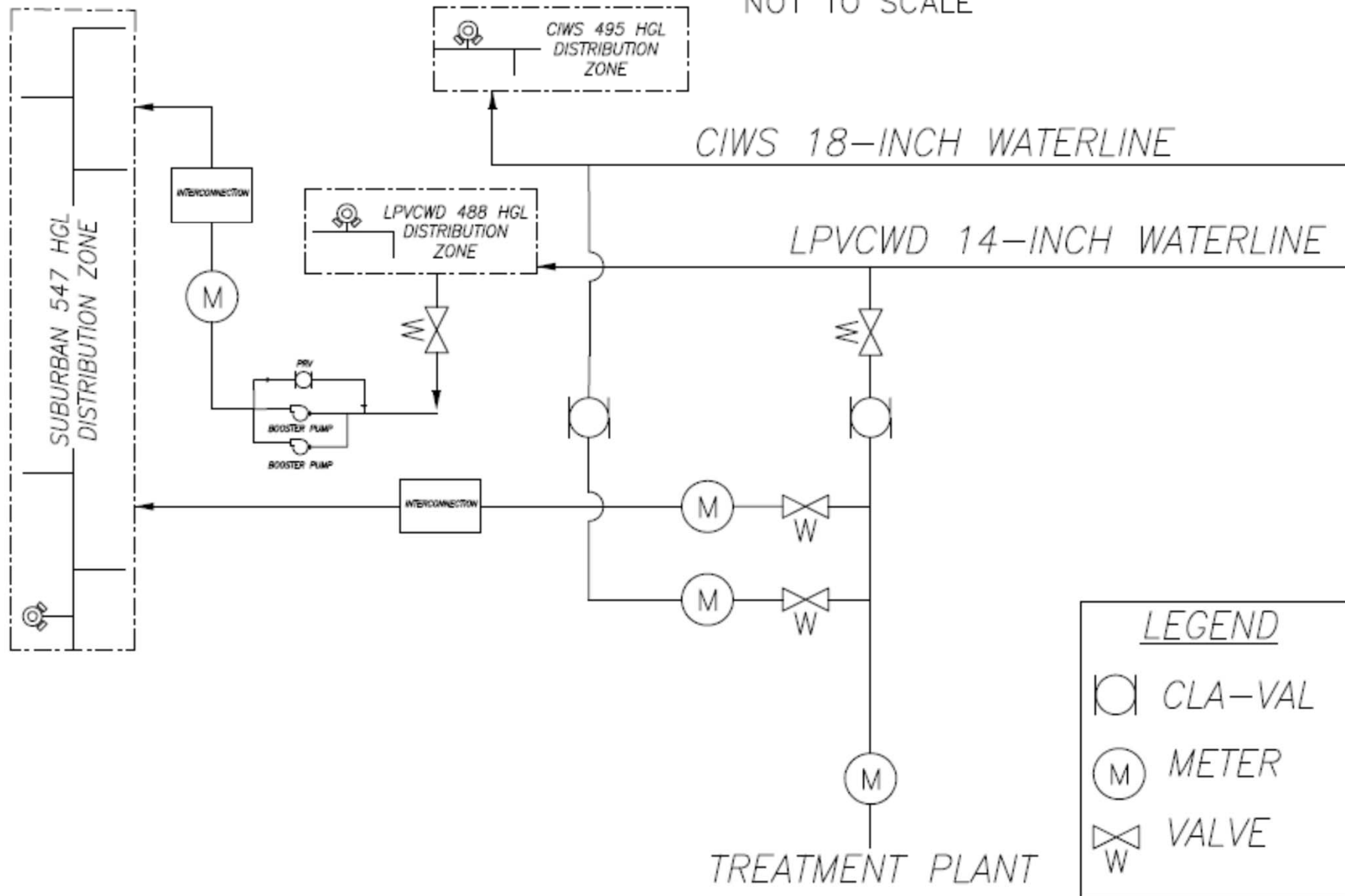
# Delivery and Beneficial Use of Treated Water Agreement

## Water System Improvements (Section 5)

Northrop shall fund (up to \$700K) the following water system improvements :

1. Construct Metered connection to LPVCWD's 14-inch distribution/transmission line (at PVOU IZ plant site – not part of the \$700K Budget) .
2. Construct Metered connection from LPVCWD's system to IPU's 18-inch transmission line (at PVOU IZ plant site - not part of the \$700K Budget).
3. Upgrade 16-inch interconnection at Industry Hills Pump Station No. 1 between LPVCWD and IPU.
4. Construct Metered connection from LPVCWD's system to SWS system adjacent to the PVOU IZ plant.
5. Construct Metered connection from LPVCWD's system to SWS system at LPVCWD'S Hudson Avenue/Glendora site (bi-directional connection).
6. Construct a new booster pump station (1,500 gpm capacity) at LPVCWD'S Hudson Avenue/Glendora Avenue site to deliver water to SWS through new interconnection.

NOT TO SCALE



<u>LEGEND</u>	
	CLA-VAL
	METER
	VALVE

APPROVED BY THE BOARD OF DIRECTORS OF  
LA PUENTE VALLEY COUNTY WATER DISTRICT

GREG GALINDO      DATE  
GENERAL MANAGER

DRAWN BY  
ROY FRAUSTO

APPROVED BY  
GREG GALINDO

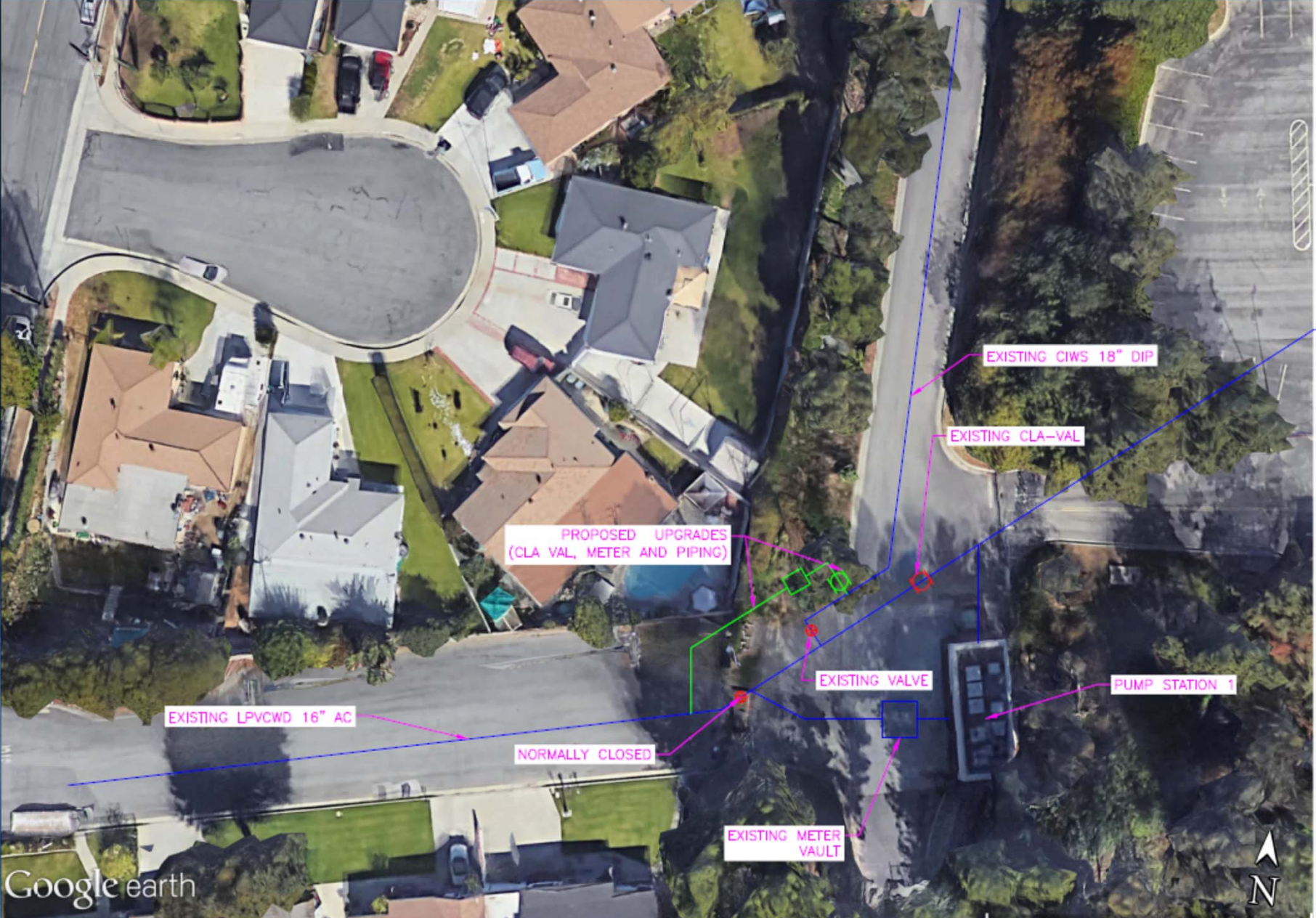
LA PUENTE VALLEY  
COUNTY WATER DISTRICT

PVOU CONNECTION  
EXHIBIT

# Pump Station and Interconnection Between the District and Suburban at our Hudson Facility



# Interconnection Between the District and CIWS at Industry Hills Pump Station No.1



# Delivery and Beneficial Use of Treated Water Agreement

## Delivery of Treated Water (Section 6)

- Water delivered from the treatment facility shall flow through a meter to the District first.
- The District will then deliver to Suburban or CIWS or other.
- If the treatment facility is running then we shall deliver 1,200 gpm to Suburban on average or the treated water flow the facility is producing (minimum delivery amount).



# Delivery and Beneficial Use of Treated Water Agreement

## Acceptance and Payment for Treated Water (Section 7)

- District is to accept water that meets drinking water standards.
- For any water received from the treatment facility at the delivery point the District shall pay for:
  - All Applicable Watermaster Assessments
  - \$49.00 per acre-foot for avoided costs
- For any water received at the delivery point then delivered to Suburban:
  - Suburban shall pay for all Applicable Watermaster Assessments
  - Suburban shall pay \$49.00 per acre-foot for avoided costs
  - Northrop shall pay the District a wheeling fee of \$12.00 per acre-foot, up to the minimum delivery amount. (Approx. \$20K per year)

# Risks

- District is not assuming or accepting any responsibility or liability for any EPA superfund activities related to the PVOU IZ because of its involvement in operating the cleanup facilities.
- District will not assume any risk or liability associated with wastes produced by the treatment facilities (no “legacy liability”)
- The risks associated with any water quality claims and liabilities will fall on Northrop (unless caused by the District’s gross negligence or willful misconduct since we are operating the treatment plant)
- Northrop to fund and provide insurance policies to cover operations (policy limits TBD).
- District’s ACWA/JPIA policy also provides secondary coverage.
- Northrop will provide comprehensive, limitless indemnity to the District (as further discussed).

# Indemnity

Northrop's indemnity obligations to District include all claims and liabilities resulting from or related to:

- EPA or any other governmental agency for involvement in PVOU IZ and District's obligations under the Operations Agreement.
  - One limitation: Northrop's indemnity here shall not exceed any liability determined (by arbitration) to be attributable to District's grossly negligent or willful actions or omissions causing a release of contaminants or exacerbating contamination in PVOU IZ.
- District's adoption of CEQA environmental review document as the lead agency, and execution of the Agreements (which are the project agreements under CEQA).
- Northrop's gross negligence in the design and construction of the facilities.
- Water quality of the treated water from the plant, unless determined (by arbitration) to be caused by District's gross negligence or willful misconduct.
- All wastes produced by the facilities.
  - District shall not be identified as generator of any waste
- Northrop's implementation of the remedy (which Northrop controls).

District's indemnity obligations to Northrop include all claims and liabilities resulting from or related to:

- District's gross negligence or willful misconduct in the operation and maintenance of the treatment facilities and the District's Water System Improvements (to deliver treated water).
- Employment related claims from District employees related to the facilities
  - District is an independent contractor of Northrop; we control our own employees and staff and how we operate the plant.
- Claims by a vendor or supplier under a contract with the District which Northrop did not approve:
  - District enters all contracts related to management and operation of facilities;
  - Exception: contracts under \$20,000 (which are pursuant to District purchasing policy and considered pre-approved) and those necessitated by emergencies (no time to obtain Northrop approval)

# Dispute Resolution

- All disputes to be resolved by arbitration.
  - Costs disputes: notice of dispute must be given within 30 days or waived.
  - All other disputes: notice of dispute must be given within 90 days or waived.
- Obligation to meet and confer within 30 days after a notice of dispute is received; 60 day meet and confer period thereafter before arbitration can ensue.
- Arbitrator shall be mutually selected from list of approved arbitrators from AAA (American Arbitration Association) or JAMS (Judicial Arbitration and Mediation Services).
  - If unable to agree on arbitrator, each party ranks 5 and any mutually identified arbitrator is selected based on total ranking score of both parties (if more than one with same score, then chosen by availability or lot); process repeats if necessary.
- Preliminary Arbitration hearing set within 60 days of arbitrator selection at which time briefing and discovery schedules, along with final arbitration hearing, is set by arbitrator.
  - Final arbitration hearing to be held within 90 days of preliminary hearing.
- Arbitration ruling is final; losing party to pay arbitrator's costs and attorneys' fees.