



MARK PESTRELLA, Director

**COUNTY OF LOS ANGELES
DEPARTMENT OF PUBLIC WORKS**

"To Enrich Lives Through Effective and Caring Service"

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IN REPLY PLEASE
REFER TO FILE

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

October 04, 2022

44 October 4, 2022

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

CELIA ZAVALA
EXECUTIVE OFFICER

Dear Supervisors:

**WATER RESOURCES CORE SERVICE AREA
INTERIM SERVICE AGREEMENT AMENDMENT
BETWEEN LIBERTY UTILITIES (PARK WATER) CORPORATION AND THE COUNTY OF LOS
ANGELES FOR WATER SALE TO THE
SATIVA WATER SYSTEM
(SUPERVISORIAL DISTRICT 2)
(3 VOTES)**

SUBJECT

Public Works is seeking Board approval to authorize the Director of Public Works to execute an amendment to the current Interim Service Agreement between Liberty Utilities (Park Water) Corporation and the County of Los Angeles, changing the purchase price of Liberty Utilities (Park Water) Corporation's water from \$1,800 to \$3,000 per acre-foot.

IT IS RECOMMENDED THAT THE BOARD:

ACTING AS THE INTERIM ADMINISTRATOR AND SUCCESSOR AGENCY OF THE SATIVA WATER SYSTEM:

1. Find that the proposed action is not a project in accordance with the California Environmental Quality Act for the reasons stated in this Board letter.
2. Delegate authority to the Director of Public Works or his designee to execute an amendment to the Interim Service Agreement between Liberty Utilities (Park Water) Corporation and the County of Los Angeles, changing the purchase price of Liberty Utilities (Park Water) Corporation's water from \$1,800 to \$3,000 per acre-foot.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

These actions would find that the recommended actions are not a project and are exempt under the California Environmental Quality Act (CEQA) and allow the County of Los Angeles to continue to purchase water from Liberty Utilities (Park Water) Corporation (Liberty) to supply the customers of Sativa Water System (Sativa). The renegotiated price of \$3,000 per acre-foot will allow Liberty to continue selling water to Sativa while ensuring financial accountability to Liberty customers and meeting regulatory requirements from the California Public Utilities Commission (CPUC).

While Sativa's water system resiliency has improved under the County's operation, the interconnection with Liberty continues to be necessary until improvements to Well No. 5 can be completed to remove naturally occurring manganese from the well. Due to this continuing need for Liberty's interconnection, on May 24, 2022, Liberty requested a second revision to the current price of \$1,800 per acre-foot to \$3,000 per acre-foot, which is a price closer to Liberty's commercial rate for an 8-inch service connection. This price has been mutually agreed on by both parties based on Liberty's assertion that it is needed for compliance with CPUC's pricing requirements.

Implementation of Strategic Plan Goals

These recommendations support the County Strategic Plan: Strategy III.3, Pursue Operational Effectiveness, Fiscal Responsibility, and Accountability. The recommended action will ensure a reliable and affordable water supply source for Sativa customers.

FISCAL IMPACT/FINANCING

Water purchases as well as other Sativa operating costs will continue to be funded by Sativa's water sales revenue and operating transfers from the County General Fund until Sativa is sold to Suburban Water Systems (Suburban) via the Asset Purchase Agreement that was entered into as of April 20, 2021. On April 7, 2022, CPUC approved the sale of Sativa to Suburban, subject to the issuance of a new operating permit from the State Division of Drinking Water (DDW) to Suburban. Public Works anticipates Suburban will receive the required DDW permit by the end of 2022. The sale and transfer of Sativa will then be completed, with the exception of Well No. 5, which will not be transferred to Suburban until construction of the manganese treatment improvement work on that well is finished. Sufficient funding for water purchases from Liberty is included in the Sativa Water System Fund (CN3 – Services and Supplies) Fiscal Year 2022-23 Budget. Funding for subsequent years will be requested through the annual budget process.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

On February 13, 2019, the Local Agency Formation Commission (LAFCO) for the County of Los Angeles adopted Resolution No. 2019-02RMD (LAFCO Resolution), which among other things (1) dissolved Sativa and (2) appointed the County as the "successor agency" for Sativa, succeeding to all of the rights, duties, and obligations of Sativa with respect to enforcement, performance, or payment of outstanding bonds or other contracts and obligations of Sativa and winding up the affairs of Sativa pursuant to Government Code Sections 56886(m) and 57451(c) and subject to Health and Safety Code Section 116687, including the power to exchange, sell, or otherwise dispose of all property, real and personal, of Sativa.

The enclosed amendment to the Interim Service Agreement has been approved as to form by County Counsel.

ENVIRONMENTAL DOCUMENTATION

Approval of the recommended actions does not constitute a project pursuant to Public Resources Code Sections 21065 and 15378(b) and are excluded from the definition of a project and are exempt pursuant to Section 15061(b)(3) of the CEQA Guidelines. The actions are organizational or administrative activities of government. Upon the Board's approval of the recommended actions, Public Works will file a Notice of Exemption with the Los Angeles County Registrar-Recorder/County Clerk in accordance with Section 21152 of the California Public Resources Code.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

There will be no impact on current County services or projects as a result of this action.

CONCLUSION

Please return an adopted copy of this letter to Public Works, Waterworks Division.

Respectfully submitted,



MARK PESTRELLA, PE

Director

MP:RB:sb

Enclosures

c: Chief Executive Office (Chia-Ann Yen)
County Counsel (Warren Wellen, Michael Simon)
Executive Office

**LIBERTY UTILITIES (PARK WATER) CORP. – SATIVA LOS ANGELES COUNTY
WATER DISTRICT**

INTERIM SERVICE AGREEMENT

AMENDMENT NO. THREE

This Interim Service Agreement Amendment (“Amendment”) is made and entered into by and between Liberty Utilities (Park Water) Corp., a California corporation (“Liberty Park Water”) and Sativa Los Angeles County Water District, a special district (“Sativa”) (each a “Party” and, collectively, the “Parties”). The County of Los Angeles, by and through its Department of Public Works, is the interim administrator for Sativa.

RECITALS

WHEREAS the Parties have entered into a Liberty Utilities (Park Water) Corp. - Sativa Los Angeles County Water District Interim Service Agreement (“Agreement”) on January 29, 2019, for the sale and delivery of water by Liberty Park Water to Sativa for use in Sativa’s water system;

WHEREAS Section 15 of the Agreement provides that the Agreement may be modified by mutual consent in writing;

WHEREAS the Parties wish to revise certain obligations set forth in the Agreement;

NOW, THEREFORE, for and in consideration of the mutual promises, covenants, and conditions herein contained, the Parties hereto agree as follows:

AMENDMENT

1. Paragraph 6 is amended to read:
- 6.1. Water furnished through the Service shall be measured by a water meter that Liberty Park Water will read monthly. Liberty Park Water will bill Sativa, and Sativa agrees to pay Liberty Park Water, **\$3,000 per acre foot** of water measured by the water meter. The revised rate will be effective **October 4, 2022**. Liberty Park Water will total the water consumption for the meter in preparing its monthly billing to Sativa, and Sativa shall pay Liberty Park Water monthly for the metered usage during the term of this Agreement. The Parties do not assert, and Sativa expressly denies, that the California Public Utilities Commission has any jurisdiction over Sativa, including, but not limited to, water rate settings.
- 6.2. Liberty Park Water will provide Sativa an invoice no later than five (5) working days after the close of the month. Sativa will pay the invoice in full within fifteen (15) days of receipt.

The payment of the invoice will be considered late if the payment is not received within thirty (30) days. Late payments will be subject to a 10% late fee.

2. All other paragraphs in the Agreement remain in full force and effect.

IN WITNESS WHEREOF, the Parties hereto have caused this Amendment to be executed on the date hereinafter respectively set forth.

**LIBERTY UTILITIES (PARK WATER)
CORP.**

**SATIVA LOS ANGELES COUNTY
WATER DISTRICT**

By: _____

By: _____

Name: **Edward Jackson**

Name: _____

Title: **President, California**

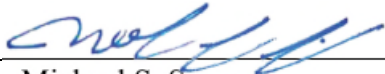
Title: _____

Date: _____

Date: _____

APPROVED AS TO FORM:

DAWYN R. HARRISON
Acting County Counsel

By  _____
Michael S. Simon
Senior Deputy County Counsel