

**AGREEMENT NO. WR-24-1011
BETWEEN THE LOS ANGELES DEPARTMENT OF
WATER AND POWER AND
LOS ANGELES WORLD AIRPORTS
REGARDING ADVANCED TREATED RECYCLED WATER SERVICE AT
LOS ANGELES INTERNATIONAL AIRPORT**

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Agreement No. WR-24-1011 (hereinafter "Agreement") is made and entered into by and between the Los Angeles Department of Water and Power (hereinafter "LADWP"), and Los Angeles World Airports (hereinafter "LAWA" or "Customer"), collectively referred to as the "Parties" and each individually as "Party", regarding advanced treated recycled water (ATRW) service at Los Angeles International Airport, located at 1 World Way, Los Angeles, California 90045 (hereinafter "Customer's Property").

RECITALS

WHEREAS, LADWP AND LAWA executed Agreement WR-15-1062 on August 10, 2015, to develop a master plan to optimize recycled water use at LAWA; and

WHEREAS, LADWP, LAWA, and LASAN entered into the Memorandum of Agreement No. WR-17-3002 for the production and distribution of ATRW from the Hyperion Water Reclamation Plant (Hyperion) to LAWA, and for use within Hyperion; and

WHEREAS, California Water Code Section 13550 provides that, "(t)he Legislature hereby finds and declares that the use of potable domestic water for non-potable uses, including but not limited to, cemeteries, golf courses, parks, highway landscaped areas, and industrial and irrigation uses, is a waste or an unreasonable use of the water within the meaning of Section 2 of Article X of the California Constitution if recycled water is available"; and

WHEREAS, California Water Code Section 13551 also provides that no person or public agency shall use potable domestic water for non-potable uses if suitable recycled water is available as provided in Section 13550; and

WHEREAS, LADWP desires to conserve potable water supplies by providing recycled water where it is available and prudent to do so; and

WHEREAS, LADWP will supply ATRW from Hyperion, which meets the requirements as established by applicable law, including, without limitation, the State of California Department of Health Services as found in Title 22 of the California Code of Regulations for industrial and other non-potable uses; and

WHEREAS, Customer desires to conserve potable water supplies and will benefit by being provided with a reliable source of water that will not be restricted in times of

drought subject to future changes by ordinance or legislation and will be sold at a lesser rate than that of potable water; and

WHEREAS, California Water Code Section 13523.1 (b)(3), requires a recycled water agency to establish and to enforce rules and regulations governing the design, construction and use of recycled water distribution and disposal systems by its customers; and

NOW, THEREFORE, in consideration of the foregoing and the benefits which will accrue to the Parties hereto, the following is understood and agreed to by and between the Parties:

SECTION 1: TERMS AND CONDITIONS TO USE RECYCLED WATER

- 1.1 Agreement shall be effective upon the date of the last executed and delivered signature (“Effective Date”).
- 1.2 LADWP will supply ATRW to Customer, and Customer agrees to utilize ATRW for approved uses only in accordance with all applicable State and local government rules and regulations for customers using recycled water on their own property and in compliance with duties of recycled water customers set forth in the following:
 - a. Schedule D of Rate Ordinance No. 184130. (www.ladwp.com/waterrates)
 - b. LADWP Rules Governing Water and Electric Service in the City of Los Angeles October 2008 as amended by Board Resolutions 010 331, 010 362, 011 121, and 013 246. (www.ladwp.com/rules)
 - c. Recycled Water User Manual. (www.ladwp.com/RWirrigation)
 - d. California Regional Water Quality Control Board - Los Angeles Region Order No. R4-2023-0357 (Attachment A attached hereto and hereby incorporated herein) Water Discharge Requirements and Water Reclamation Requirements issued to City of Los Angeles Bureau of Sanitation and the Los Angeles Department of Water and Power Hyperion Advanced Water Purification Facility located in El Segundo, California.
 - e. Title 22, Division 4, Chapter 3, Wastewater Reclamation Criteria; Title 17, Division 1, Chapter 5, Group 4, Article 1 & 2, of the California Code of Regulations.

These references are hereby incorporated by reference as if set forth at length. LADWP and Customer recognize that the applicable State and local government rules and regulations governing recycled water may change and all such future changes may be applicable to LADWP or to Customer, or both.

- 1.3 LADWP agrees that Customer's use of ATRW as contemplated by this Agreement will not cause any loss or diminution of Customer's existing potable water service for domestic use from LADWP and such recycled water service will not be restricted in times of drought, subject to future changes by applicable State or local government ordinance or legislation.
- 1.4 Prior to the initial date of delivery of ATRW hereunder, (hereinafter "Commencement Date"), Customer agrees to:
- a. Obtain any required design approval from the Los Angeles County Department of Public Health (LACDPH) for any improvements to be installed by Customer for handling of any ATRW water obtained from LADWP hereunder.
 - b. Obtain other necessary government permits and approvals required for the construction of on-site water systems on Customer's Property and all other necessary government permits and approvals required for Customer's use of recycled water beyond on Customer's Property. These may include, but may not be limited to, approvals by the City of Los Angeles Department of Building and Safety and the State of California Water Resources, Division of Drinking Water.
 - c. Construct all water systems on Customer's Property necessary for the distribution and use of ATRW on Customer's Property as contemplated by this Agreement.
 - d. Comply with an initial and final inspection and approval of the on-site recycled water facilities by LACDPH and LADWP representatives; provided, however, that the LADWP inspection and approval shall solely be to ensure the on-site recycled water facilities comply with the terms hereof. The inspection may include, but not necessarily be limited to, a final cross-connection test, the verification of proper installation and application of backflow assemblies, appropriate signage, and marking of potable, industrial and recycled water facilities. LADWP reserves the right to withhold recycled water service until onsite water facilities are approved by LADWP.
 - e. Designate a Site Supervisor to receive training of the application and maintenance of the recycled water system as outlined in the most current Recycled Water User Manual as mentioned in Section 1.2.c. Site Supervisor's contact information shall be submitted to LADWP.
- 1.5 After the Commencement Date, Customer will be responsible for conveyance and use of ATRW on the Customer's Property in accordance with all applicable State and local government health regulations applicable to customers using recycled water on their own property, including, but not limited to, any on-site backup system, backflow prevention assemblies, etc. Customer will ensure that:

- a. On any new construction or modification of existing on-site potable and recycled water systems on Customer's Property during the term hereof that requires design approval from LACDPH by law, Customer agrees to notify LADWP.
- 1.6 Customer gives LADWP the right to publish Customer's recycled water usage in LADWP's Recycled Water Annual Report available at: (www.ladwp.com/recycledwaterreport).

SECTION 2: AGREEMENT TO USE RECYCLED WATER

- 2.1 Customer agrees to the use of recycled water on Customer's Property only for legally permitted uses such as those enumerated in Section 1.2 Subsections d and e (hereinafter referred to as "Approved Uses") when such recycled water is provided from LADWP, and LADWP agrees to supply recycled water for such uses in accordance with the terms herein provided.
- 2.2 Recycled water will be supplied by LADWP, in accordance with LADWP Rules as stipulated in Section 1, and the prevailing water rate ordinance applicable to recycled water as stipulated in Section 4 of this Agreement, and wastewater reclamation policies and regulations of the County of Los Angeles, and State of California. Said LADWP Rules are rules of general application and are applicable to all customers or classes of customers; and hence, any future changes of LADWP Rules will be applicable to Customer as a member of a class and not to Customer in particular.

SECTION 3: DUTIES OF THE PARTIES REGARDING RECYCLED WATER SERVICE

- 3.1 Product recycled water that will serve the Customer from the Hyperion 1.5 Million Gallon per Day (MGD) Advanced Water Purification Facility (AWPF) shall be treated to comply with the regulatory requirements of the National Pollution Discharge Elimination System (NPDES) and Water Recycling Requirements (WRR) permits (and with all other applicable laws and government rules and regulations) for discharge and reuse of recycled water. LADWP agrees that it will deliver ATRW to Customer, which is suitable and legally compliant for Approved Uses.
- 3.2 Product water from the Hyperion 1.5 MGD AWPF that will serve Customer shall be tested by LASAN as required by NPDES and WRR permits and in compliance with any other applicable laws and government rules and regulations Test reports can be obtained at www.waterboards.ca.gov/water_issues/programs/ciwqs/publicreports.shtml. Customer reserves the right to test recycled water independently to see that it complies with Title 22 of the California Code of Regulations and any other applicable laws and government rules and regulations.
- 3.3 The Parties have identified projected water quality parameters that enhance the economics of ATRW use and are protective of LAWA's equipment. LADWP shall

endeavor to supply ATRW under this Agreement maintaining water quality parameters within the projected target concentration range shown on Table 4 of the final Title 22 Engineering Report for the City of Los Angeles Hyperion 1.5 MGD AWP. When ATRW quality varies outside the specified limits, LAWA shall have the option to use water from LAWA's existing LADWP potable backup water system connection in lieu of ATRW at the applicable in-city potable water rate.

- 3.4 Customer agrees to be responsible, both financially and otherwise, for meeting any applicable system design requirements for Customer's Property set by regulatory agencies to protect the potable water supply and public health, including complying with any security requirements specified by LADWP Rules applicable to Customer as a member of a class.
- 3.5 LADWP shall supply ATRW to LAWA up to a maximum flow rate of 0.75 MGD.
- 3.6 LADWP will provide both potable backup water and ATRW to LAWA under this Agreement. Potable backup water will be supplied from LAWA's existing connection to LADWP's potable water system when insufficient quantity of ATRW is available and/or as a supplement to the ATRW. LAWA will be responsible for potable water rate for all potable backup water under this Agreement.
- 3.7 LADWP may suspend operation of the Project and production of the ATRW as may be reasonably necessary due to, but not limited to, occurrences such as maintenance, plant upset or malfunction, hazardous conditions, water quality or quantity issues, and will make a good faith effort to promptly re-establish production of ATRW so delivery of ATRW by LADWP can resume.
- 3.8 LADWP shall notify LAWA within five (5) working days of its determination if it determines in good faith that a hazardous condition exists and immediate action is necessary to protect the health of persons or Customer's facilities from damage, or that an operational malfunction has occurred that will cause unacceptable flow, pressure, or quality of ATRW.
- 3.9 For scheduled maintenance that will result in production of ATRW to be temporarily suspended, LADWP shall notify LAWA at least five (5) working days prior to such suspension. The notice will include a description of the nature of the disruption and expected service outage duration.

SECTION 4: CHARGES FOR ADVANCED TREATED RECYCLED WATER

- 4.1 Subject to the provisions of Section 4.2 below, the ATRW rate for LAWA for the term of this Agreement shall be 95 percent of the "all-in" commodity rate for potable water service otherwise available to LAWA, including all adjustments set forth in General Provisions F, G, H, K, L, R, and S, which rate is as follows [listed as price per hundred cubic feet (HCF)]:

Effective January 1, 2024: \$7.72

- 4.2 The rate set in Section 4.1 above is subject to adjustment at any time during the term of this Agreement if Rate Ordinance No. 184130 is modified by the Los Angeles City Council to set a rate for ATRW, in which case LAWA shall pay such ATRW rate as established by ordinance. LADWP shall notify Customer in writing of any rate change within 30 days of the effective date.

SECTION 5: TERM OF AGREEMENT

- 5.1 The term of this Agreement shall be five years from the effective date and renew automatically for five additional years and continue to renew at the end of each automatic renewal term for a total not-to-exceed term of 30 years. The Parties agree that this Agreement may be amended at any time by mutual written agreement executed and delivered by the Parties. Additionally, each Party shall have the ability to terminate this Agreement prior to automatic renewal and at the discretion of such Party.
- 5.2 This Agreement is binding on and shall inure to the benefit of successors and assigns of Parties. If Customer conveys all or any portion of the Customer Property during the term of this Agreement, it is agreed that ATRW shall remain a source for Approved Uses at the site, subject to the same compliance requirements contained in this Agreement. Customer shall be required to notify any successors and assigns of this Agreement and of the understanding that successors and assigns will be required to enter into an ATRW service agreement with LADWP to continue the use of ATRW at the site. This notification shall be made via letter, with a copy to LADWP.

SECTION 6: PROHIBITION AGAINST RESALE

- 6.1 By the Act of Congress that granted the City of Los Angeles (City) rights-of-way to transport the City's water supply from the Owens Valley to Los Angeles, the City is prohibited from ever selling, or letting to any Customer, or individual, the right to sell or sublet any of the water sold to it by the City (Act of Congress of June 30, 1906, Pub. Law 395, 34 Stats. 801). The Charter of the City prohibits LADWP from supplying water to any person or customer for resale. It is the intent of the Parties that the resale of water shall not occur. Customer agrees that it will not resell any of the water supplied pursuant to this Agreement or any other water supplied by the LADWP to Customer's Property for use on City Lands, and the Customer will not bill or collect any charge for water that the Customer supplies to any tenant or customer of water on Customer's Property.

SECTION 7: OTHER TERMS

- 7.1 Neither the Customer nor LADWP's failure to enforce any provision of this Agreement shall be construed as a general waiver or relinquish on its part of any portion of this Agreement. Either Party may waive satisfaction or performance of any conditions or agreements in this Agreement, so long as the waiver is signed by an authorized signatory of such Party, expressly specifies the waived condition or agreement, and is delivered to the other Party hereto. No such waiver of any provision hereof in one instance shall be deemed a waiver of any other provision hereof or a waiver of the same provision in any other instance.
- 7.2 Pursuant to the provisions of the California Government Code, Sections 895 et seq., each Party agrees to hold the other harmless from all loss or liability for injury or damage, actual or alleged, to person or property arising out of or resulting from the Party's own acts or omissions in the performance of this Agreement. In the event of a third-party loss caused by the negligence, wrongful act or omission of more than one Party, each Party hereto shall bear financial responsibility in proportion to its percentage of fault as may be mutually agreed between them or judicially determined.
- 7.3 LAWA undertakes and agrees to indemnify and hold harmless LADWP, the Board of Water and Power Commissioners of the City of Los Angeles, and all of their Boards, officers, agents, employees, representatives, assigns, successors in interest, and insurers, from and against all suits, causes of action, claims, charges, demands, damages, judgments, civil fines and penalties, losses, or liabilities, of any kind or nature whatsoever, for death of any person or physical, mental, or economic injury to any person, including but not limited to LAWA's employees and agents, or damage or destruction to any property of either Party hereto or third persons, in any manner arising by reason of or incident to this Agreement, except for those caused by the sole negligence or willful misconduct of LADWP or any of its officers, agents, or employees.
- 7.4 Any written notice under this Agreement shall be deemed properly given when delivered in person or two business days after being sent by registered or certified U.S. mail, postage prepaid, to the person specified below unless otherwise provided for in Agreement:
- a. If to LADWP:
- Los Angeles Department of Water and Power
Water Distribution Division, Water Recycling
111 North Hope Street, Room 1417
Los Angeles, California 90012
Attention: Manager of Distribution Engineering
- With Copy to LADWP Premier Accounts

Los Angeles Department of Water and Power
111 North Hope Street, Room 1014
Los Angeles, California 90012
Attention: Industrial Group Supervisor - LAWA

b. If to Customer:

Los Angeles World Airports
1 World Way, Suite 224
Los Angeles, California 90045
Attention: Deputy Executive Director, Facilities Management Division
(FMD)

- 7.5 Either Party may, by written notice to the other Party given in accordance with Section 8.4, change the name or address of the person to receive notices pursuant to this Agreement.
- 7.6 Each person signing this Agreement on behalf of a Party hereto warrants and represents that he or she has authority to sign on behalf of said Party, and that this Agreement has been validly authorized and constitutes a legally binding and enforceable obligation of said Party.
- 7.7 This Agreement shall be governed by the laws of the State of California without reference to its conflicts of laws provisions. In case any one or more of the provisions contained in this Agreement shall be deemed invalid, illegal, or unenforceable in any respect by a court of competent jurisdiction, the validity, legality and enforceability of the remaining provisions contained herein or therein shall in no way be affected or impaired thereby and shall be enforceable to the maximum extent permitted by law. The captions and headings in this Agreement are inserted only as a matter of convenience and for reference, and they shall in no way be deemed to define, limit or describe the scope of this Agreement or the intent of any provision thereof. In the event any Party hereto should commence an action against any other Party hereto to enforce any obligation set forth herein, each Party shall bear its own cost of litigation.
- 7.8 This Agreement contains the full and complete agreement between LAWA and LADWP. No verbal agreement or conversation with any officer or employee of either Party shall affect or modify any of the terms and conditions of this Agreement.
- 7.9 This Agreement may be executed in one or more counterparts, and by the parties in separate counterparts, each of which when executed shall be deemed to be an original but all of which taken together shall constitute one and the same agreement. The Parties further agree that facsimile signatures or signatures scanned into PDF (or signatures in another electronic format designated by LADWP) and sent by email shall be deemed original signatures.

[Remainder of This Page Intentionally Left Blank]

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed by their duly authorized representatives as of the date set forth below.

DEPARTMENT OF WATER AND POWER
OF THE CITY OF LOS ANGELES BY
BOARD OF WATER AND POWER
COMMISSIONERS

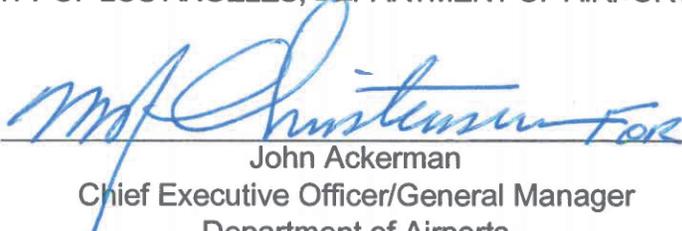
By: _____
MARTIN L. ADAMS
General Manager and Chief Engineer

Date: _____

And: _____
CHANTE L. MITCHELL
Board Secretary

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed by their duly authorized representatives as of the date set forth below.

CITY OF LOS ANGELES, DEPARTMENT OF AIRPORTS

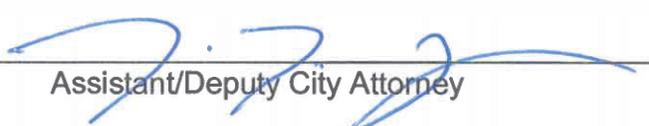
By: 
John Ackerman
Chief Executive Officer/General Manager
Department of Airports

Date: 3/27/2024

And:  *N. ESCOBAR-OLIVARES*
Tatiana S. Starostina
Chief Financial Officer
Department of Airports

APPROVED AS TO FORM:
Hydee Feldstein Soto, City Attorney

Date: 3/27/2024

By: 
Assistant/Deputy City Attorney

ATTACHMENT A

REGIONAL WATER QUALITY CONTROL BOARD - LOS ANGELES SECTION
ORDER NO. R4-2023-0357