

0150-12741-0000

T R A N S M I T T A L

TO Janisse Quinones, General Manager Los Angeles Department of Water and Power	DATE	COUNCIL FILE NO.
FROM The Mayor		COUNCIL DISTRICT 6

**LOS ANGELES DEPARTMENT OF WATER AND POWER PROPOSED RESOLUTION
AUTHORIZING A MEMORANDUM OF AGREEMENT WITH THE BUREAU OF SANITATION
FOR THE CONSTRUCTION, OPERATION, AND MAINTENANCE OF THE GROUNDWATER
REPLENISHMENT PROJECT**

Transmitted for further processing including Council consideration.
See the City Administrative Officer report attached.

MAYOR

Attachment

MWS:PJH/JVW:IR/jpq:10250041t
CAO 649-d

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: August 27, 2024

CAO File No. 0150-12741-0000

Council File No.

Council District: 6

To: The Mayor

From: Matthew W. Szabo, City Administrative Officer

Reference: Communication from the Department of Water and Power dated June 26, 2024; referred by the Mayor for report on July 19, 2024

Subject: **MEMORANDUM OF AGREEMENT NO. WR-24-1000 BETWEEN THE LOS ANGELES DEPARTMENT OF WATER AND POWER AND THE BUREAU OF SANITATION FOR THE CONSTRUCTION, OPERATION, AND MAINTENANCE OF THE GROUNDWATER REPLENISHMENT PROJECT AT THE DONALD C. TILLMAN WATER RECLAMATION PLANT IN COUNCIL DISTRICT SIX**

RECOMMENDATION

That the Mayor:

1. Approve the Los Angeles Department of Water and Power (LADWP) proposed Resolution authorizing Memorandum of Agreement No. WR-24-1000 with the Bureau of Sanitation (LASAN) for construction of the Groundwater Replenishment Project (GWR) for a not-to-exceed cost of \$740,000,000; and upon completion of the GWR, the reimbursement to LASAN for the costs of operations and maintenance for a term of 35 years, annual costs to be based on an annual reconciliation of actual costs;
2. Authorize and direct, upon proper certification, the Chief Accounting Employee to draw demands on the Water Revenue Fund over the term of Agreement WR-24-1000, incurred by such Agreement; and,
3. Return the proposed Resolution to LADWP for further processing.

SUMMARY

The Los Angeles Department of Water and Power (LADWP) requests authority to execute a Memorandum of Agreement (Agreement) with the Los Angeles Department of Public Works, Bureau of Sanitation (LASAN) for the construction, operation and maintenance (O&M) of the Groundwater Replenishment (GWR) Project. The GWR Project's total construction costs are estimated for a not-to-exceed amount of \$740,000,000, which includes an additional \$80 million in contingency funding. Following completion of the GWR, LASAN will provide O&M support for a

term of 35 years and be reimbursed by LADWP. The GWR Project is a joint effort between LADWP and the LASAN that will help increase local water supply by supplying up to 25,000 acre-feet per year (AFY) of recycled water for groundwater replenishment, expandable to 30,000 acre-feet per year. The Agreement also includes reimbursement authority to LASAN for annual O&M costs based on a reconciliation of actual costs. First year O&M costs are currently projected to be \$33,000,000.

Approval of the Agreement is necessary as development of the GWR Project is included / referenced in the LADWP 2020 Urban Water Management Plan (UWMP), the Los Angeles Green New Deal (GND), and the Mayor's Executive Directive No. 5 (ED5) goal of increasing local water supplies by utilizing recycled water, including through the GWR Project. Non-approval will compromise the Department's ability to achieve the water recycling goals outlined in the above-mentioned City's policies. The Department reports that alternatives to increase non-potable reuse water supplies in lieu of the GWR Project were determined to be most expensive and not technically viable.

Once the Board of Water and Power Commissioners approves the Agreement, LASAN will seek approval from the Los Angeles Board of Public Works and submit the approved Agreement for Executive Directive 3 review. Assuming the Agreement for both departments is approved in September 2024, construction for the GWR Project can begin in October 2024 and is expected to be completed by 2028.

The proposed Agreement has been reviewed and approved as to form by the City Attorney. Pursuant to Charter Section 373 and the Los Angeles Administrative Code Section 10.5(a), as the agreement is between two governmental agencies, Council approval is not required. Our Office has reviewed the request and recommends approval.

BACKGROUND

The GWR Project is a joint collaboration between the LADWP and the LASAN to achieve goals set by Executive Directive 5 (Garcetti Series) – Emergency Drought Response – Creating a Water Wise City, the City's Green New Deal, and the 2020 Urban Water Management Plan to increase sustainability of the local water supply. On November 29, 2022, the Board of Water and Power Commissioners (LADWP Board) approved the partnership to initiate the GWR Project (Agreement WR-22-1000) for the preplanning and design services. Agreement WR-22-1000 also stated that upon completion of the design of the GWR Project, staff would return to the LADWP Board with an analysis of the GWR Project and a recommended path forward. LADWP reports that the GWR Project is viable and the design of the GWR Project is nearly complete, technically viable, and is recommended for construction. The GWR Project is currently past the 90 percent design milestone and LASAN is expected to complete design early September 2024.

The goal of the GWR Project is to process up to 25 million gallons per day (MGD) of wastewater at the Donald C. Tillman Water Reclamation Plant (DCTWRP) with capacity to expand to 30 MGD. Through the Advanced Water Purification Facility (AWPF), up to 21,000 acre-ft per year (AFY) of highly treated recycled water will be produced. The recycled water will be used by the LADWP to replenish the San Fernando Groundwater Basin (SFB) and spread at the Hansen Spreading

Grounds, which are owned and operated by the Los Angeles County Department of Public Works. After an estimated two year period, the recycled water will be extracted by LADWP's groundwater extraction wells. The amount of water replenished is enough for 250,000 Angelenos.

The scope of the GWR Project consists of four facilities: the AWPf, an Equalization Storage (EQ) Facility, a Maintenance and Warehouse Facility (Maintenance WF), and the Japanese Garden Effluent Bypass (JGE Bypass). More information regarding the facilities can be found on Page 5 of the LADWP report as well as Attachment A of the Agreement. The GWR Project is a design-build project and the LADWP and LASAN have received a Guaranteed Maximum Price of \$660 million which has been incorporated into the Agreement.

Proposed Agreement – Under new Agreement WR-24-1000, the LASAN is responsible for the final design, construction start-up, commissioning, and performance validation for the AWPf and EQ Facility as well as the implementation of the Maintenance WF and JGE Bypass. The LADWP will reimburse the LASAN for costs associated with the above in addition to the operation and maintenance of the facilities. The Agreement provides for the creation of a Technical Oversight Committee, a Management Oversight Committee and Executive Management Committee for the implementation and management of the GWR Project. Each committee will consist of members from both the LADWP and LASAN.

Capital Costs and Reimbursement – The Guaranteed Maximum Price as submitted by the contractor is \$660 million. The LADWP and LASAN agreed that an additional \$80 million would be included in the Agreement to address contingency costs. Under the Agreement, the LADWP agrees to reimburse the Bureau up to \$740 million for the various project components budgeted as follows:

- Construction of the AWPf (\$495 million);
- Design and Construction of an EQ Facility (\$130 million);
- Construction of a Maintenance WF (\$20 million);
- Construction of the JGE Bypass (\$15 million); and,
- Contingency funding (\$80 million).

To date, approximately \$398 million in external funding has been secured, including \$224 million from a Water Infrastructure Finance and Innovation Act Loan and \$139 million from the Metropolitan Water District of Southern California. The remaining \$342 million will be provided by the LADWP's Water Revenue Fund. Additional detail regarding capital costs can be found in Section Six/Page 10 of the Agreement.

Operations and Maintenance - Construction of the GWR Project is estimated to begin in 2028. Following the completion of construction and the start of the O&M of the GWR Project, the LADWP will reimburse LASAN for actual O&M costs. The O&M rate will be determined on an annual basis and reconciled each year. Reimbursement from the LADWP to LASAN for O&M funding will be based on the amount of recycled water produced compared to the annual production goal according to the table found on Section 8.6/Page 17 of the Agreement. Notably, if the amount of recycled water produced is equal to or greater than 90 percent of the annual production goal, the LADWP agrees to provide 100 percent of the reimbursement for labor costs. The annual production goal will be determined on an annual basis by the DCTWRP Plant Manager.

Termination of the Agreement is allowable only after construction of the GWR Project. If the Agreement is terminated once O&M commences, a two-year minimum notice is required. Any outstanding financial obligations will be paid by the LADWP up until the date of termination.

CITY COMPLIANCE

California Environmental Quality Act (CEQA) – In accordance with CEQA requirements, an Environmental Impact Report (EIR) was prepared. On December 6, 2016, the Board of Water and Power Commissioners (LADWP Board) certified the EIR, adopted the Mitigation Monitoring and Reporting Program, Findings of Fact and Statement of Overriding Considerations; and approved the Project.

The Agreement provides for LASAN to be the contracting entity for the GWP Project. As such, in accordance with Charter Section 1022, LASAN submitted a request for a 1022 Determination to the Personnel Department. In August 2018, the Personnel Department determined that as City forces cannot perform the work intended for contracting, it was more feasible to contract for the work related to the GWR Project. In September 2019, the Council approved Ordinance No. 185751 which allowed for the GWP Project to be a design-build project. Also in accordance with Charter Section 1022, the proposed Resolution included as part of the report to the LADWP Board finds that contracting is more feasible for the GWR Project. The City Attorney has approved the proposed Memorandum of Agreement as to form. In accordance with Charter Section 373 and the Los Angeles Administrative Code Section 10.5(a), as the Agreement is between two governmental agencies, Council approval is not required. Once the LADWP Board approves the Agreement, LASAN will seek simultaneous approvals by their Board of Public Works and submit the approved Agreement for Executive Directive 3 review. Assuming the Agreement for both departments is approved in September 2024, construction for the GWR Project could begin in October 2024.

FISCAL IMPACT STATEMENT

Approval of the proposed Resolution and Agreement WR-24-1000 with the Department of Public Works Bureau of Sanitation for the construction, operation, and maintenance of the GWR Project will not have an impact on the General Fund. The total construction cost of \$740,000,000 is funded by the LADWP's Water Revenue Fund. Estimated operation and maintenance costs of the GWR Project is currently estimated to be \$33,000,000 and will be budgeted on an annual basis from the LADWP's Water Revenue Fund and reconciled from actual costs provided by the Department of Public Works Bureau of Sanitation. The recommendations in this report comply with LADWP Financial Policies.

MWS:PJH:JVW:IR/jpq:10250041

Attachment – June 26, 2024 Correspondence from LADWP, Proposed Resolution, and Agreement WR-24-1000.

June 26, 2024

The Honorable Karen Bass
Mayor, City of Los Angeles
Room 303, City Hall
Mail Stop 370

Attention: Ms. Heleen Ramirez, Legislative Coordinator

Dear Mayor Bass:

Subject: Agreement No. WR-24-1000 between LADWP and the Los Angeles Department of
Public Works Bureau of Sanitation and Environment for the Groundwater
Replenishment Project

In accordance with Executive Directive No. 4, enclosed is a copy of a Board letter and supporting documents recommending approval and transmittal to the Los Angeles City Council of Agreement No. WR-24-1000 between the Los Angeles Department of Water and Power and the Los Angeles Department of Public Works Bureau of Sanitation and Environment for the Groundwater Replenishment Project

It is respectfully requested that your review be completed as soon as possible. Once the required City Administrative Officer report has been received, the matter will be scheduled for action by the Los Angeles Board of Water and Power Commissioners, the Los Angeles Board of Public Works, and forwarded to the Los Angeles City Council for final consideration.

Please contact Mr. Paul Habib, Interim Director of Legislative and Intergovernmental Affairs at (213) 367-3846 upon completion of the review, if the review will take longer than 30 days, or if there are any questions regarding this item.

Sincerely,



Janisse Quiñones
Chief Executive Officer and Chief Engineer

GV:lj

Enclosures

c/enc: Mr. Luis Gutierrez, Office of the Mayor
Dr. Frederick H. Pickel, Office of Public Accountability
Board of Water and Power Commissioners
Mr. Paul Habib



RESOLUTION NO. _____

BOARD LETTER APPROVAL

ANSELMO G. COLLINS
Senior Assistant General Manager
Water System

ARAM BENYAMINI
Chief Operating Officer

JANISSE QUIÑONES
Chief Executive Officer and Chief Engineer

DATE: June 26, 2024

SUBJECT: Agreement No. WR-24-1000 between the Los Angeles Department of Water and Power and the Los Angeles Department of Public Works, Bureau of Sanitation and Environment for the Groundwater Replenishment Project

SUMMARY

Memorandum of Agreement No. WR-24-1000 (Agreement) will authorize LADWP to reimburse the Los Angeles Department of Public Works, Bureau of Sanitation and Environment (LASAN) up to \$740 million to construct the Groundwater Replenishment Project (GWR) Project. Upon completion of Construction, the Agreement will also authorize LADWP to reimburse LASAN for the Operations & Maintenance (O&M) of the GWR Project for a term of 35 years.

The GWR Project is a collaboration between LADWP and LASAN (Parties), whereby the Parties will build and operate the necessary facilities to produce purified recycled water from the Donald C. Tillman Water Reclamation Plant (DCTWRP). Over the past two years, the Parties have successfully partnered to design one of the largest potable reuse projects in the State of California, and the objective of this Agreement is to complete the GWR Project and provide a new sustainable and locally sourced supply of water to the City of Los Angeles (City) by 2028. The GWR Project includes the construction of several facilities at DCTWRP to produce and maximize the development of purified recycled water. The facilities include an Advanced Water Purification Facility

(AWPF), Equalization Storage Facility, Maintenance and Warehouse Facility, and the Japanese Garden Effluent Bypass.

The goal of the GWR Project is to produce up to 21,000 acre-feet per year (AFY) of purified recycled water that will be used entirely by LADWP to replenish the San Fernando Groundwater Basin (SFB). The GWR Project is a transformational step towards achieving the goals of developing local, sustainable, drought-resistant water supplies.

This partnership between the Parties to initiate the GWR Project was approved by the Board of Water and Power Commissioners (Board) on November 29, 2022, under Agreement WR-22-1000 authorizing the engineering and design of the GWR Project. Agreement WR-22-1000 also stated that upon completion of the engineering and design of the GWR Project, staff would return to the Board to provide an analysis of the project and a recommended path forward.

The Parties have substantially completed the design of the GWR Project, and agree that the Project is technically viable and cost effective, and as a result, the recommendation is to authorize this Agreement to allow for the Construction and O&M of the GWR Project.

City Council approval is required in accordance with Charter Section 373.

RECOMMENDATION

It is recommended that the Board adopt the attached Resolution authorizing execution of the Agreement.

ALTERNATIVES CONSIDERED

Not approving the Agreement will compromise LADWP's ability to achieve the recycled water goals outlined in the 2020 Urban Water Management Plan (UWMP), the Los Angeles Green New Deal (GND), and the Mayor's Executive Directive No. 5 (ED5) goal of increasing local water supplies by utilizing recycled water, including through the GWR Project.

Alternatives to increase non-potable reuse in lieu of the GWR Project were evaluated by the 2012 Recycled Water Master Plan and were determined to be more expensive and not technically viable.

FINANCIAL INFORMATION

LADWP will reimburse LASAN up to \$740 million for the construction of the facilities outlined below, which are all needed to produce and maximize the development of purified recycled water from LASAN's DCTWRP. All the facilities below are located within LASAN's DCTWRP.

This total capital cost of up to \$740 million will be utilized as follows:

- \$495 million for construction of a 30 MGD AWWPF with full advanced treatment processes.
- \$130 million for design and construction of an Equalization Storage (EQ) Facility.
- \$20 million for construction of a Maintenance and Warehouse Facility (Maintenance WF).
- \$15 million for construction of the Japanese Garden Effluent Bypass (JGE Bypass).
- \$80 million for an overall project contingency.

A major financial consideration for the GWR Project is that LADWP has successfully secured nearly \$400 million in external funding support through Federal, State, and local partners for the GWR Project. Below is the funding that has already been secured, and the Parties will continue to pursue additional sources of external funding support to reduce ratepayer impacts.

- \$223,921,010 Water Infrastructure Finance and Innovation Act (WIFIA) Loan from The United States Environmental Protection Agency (USEPA) awarded the City a \$223,921,010 loan for the GWR Project as part of the USEPA's WIFIA.
- \$5,000,000 Grant from The State of California's Water Resources Control Board (SWRCB) awarded the City a \$5,000,000 grant for the GWR Project as part of the SWRCB's Clean Water: Water Recycling Funding Grant Program.
- \$138,937,5000 from the Metropolitan Water District of Southern California (MWD). The MWD Local Resource Program will provide the City with up to \$138,937,750 of funding for the GWR Project.
- \$30,000,000 Grant from the Bureau of Reclamation – The Bureau of Reclamation awarded the City a \$30,000,000 grant for the GWR Project as part of their Title XVI Large Scale Water Recycling Grant Program.

Following the completion of construction and the start of O&M of the GWR Project, LADWP will reimburse LASAN for all actual O&M costs associated with the production of the purified recycled water from the AWWPF. As with other recycled water facilities in the City, upon the start of O&M, LASAN will invoice LADWP monthly for the purified recycled water supplied to LADWP based on an agreed upon recycled water rate. In short, the estimated rate to produce recycled water at the start of operations in 2028 is estimated to be \$1,600 per acre-foot of purified recycled water produced. This rate will be adjusted every year based on reconciliation of actual costs incurred by LASAN.

LASAN also agrees to operate DCTWRP and the AWPf to maximize purified recycled water production and efficiency of its O&M. The Parties have included performance goals for the production of purified recycled water within the Agreement. Failure to achieve the performance goals will result in LASAN sharing the costs of O&M. In addition, the Parties have established a joint Management Oversight Committee to provide proper oversight of the construction and O&M of the GWR Project.

The Agreement is effective once executed between the Parties and will expire in 35 years.

BACKGROUND

ED5 issued October 14, 2014, specifies City goals to reduce per capita potable water use, reduce purchase of imported water, and create an integrated water strategy that increases local water supplies and improves water reliability. In addition, LA's Green New Deal has specifically identified the GWR Project as a milestone that will allow LADWP to form a more reliable and resilient water supply.

LADWP's 2020 UWMP identifies key strategies consistent with the ED5 and GND goals. A UWMP objective is to utilize 67,600 AFY of recycled water by 2045 to offset imported water. The UWMP identified the GWR Project as key to achieving this goal.

The GWR Project involves the construction of an AWPf at DCTWRP to produce purified recycled water utilizing a state-of-the-art treatment process validated in comparable projects in California and around the world. The purified recycled water will be spread at the Hansen Spreading Grounds, owned and operated by the Los Angeles County Department of Public Works, to replenish the SFB with enough water for 250,000 Angelenos. The replenished water will travel within the SFB for approximately two years before being extracted by LADWP's groundwater extraction wells. All aspects of the project, from the advanced treatment process to the travel time within the SFB, will allow LADWP to exceed the State's potable reuse regulations, and the water produced will be protective of public health.

Over the past 40 years, LADWP and LASAN have been partners in developing the City's recycled water program and have previously collaborated on other recycled water projects in the City such as the recycled water facilities located at the Terminal Island Water Reclamation Plant (WRP), Los Angeles-Glendale WRP, and Hyperion WRP. The GWR Project is another collaborative recycled water project between the Parties. That said, one distinguishing factor about the GWR Project is that it will be the largest recycled water project in the City to date, and one of the largest in the entire State. As such, the Parties have incorporated lessons learned from previous projects, and this Agreement further improves upon those previous agreements by establishing clear roles and responsibilities, performance goals, joint partnership expectations, and accountability from both Parties. It also should be highlighted that previous recycled water agreements between the Parties provided funding for capital improvements and

O&M, and this Agreement allows for this which is also allowed and approved by City Charter.

The Agreement requires LASAN to obtain the necessary contracts to design, construct, and operate the GWR Project. LADWP will support LASAN during the entire GWR Project and will provide oversight to ensure Board approved funds are utilized in accordance with the Agreement. This Agreement also formalizes the continuing partnership between the Parties, and ensures that they continue to work collaboratively together to advance the City's overall recycled water goals.

Regarding the scope of the GWR Project, several facilities within LASAN's DCTWRP will be constructed to produce purified recycled water:

1. AWPf: The new AWPf is a 52,000 square foot facility containing the treatment processes producing purified recycled water and a public learning center where community members can learn about the City's water system and potable reuse. The AWPf is designed to purify 25 million gallons per day (MGD) of DCTWRP effluent and can accommodate an expansion of up to 30 MGD.
2. EQ Facility: The new EQ Facility will provide approximately 8 million gallons (MG) of additional equalization capacity to DCTWRP, increasing the total to over 10 MG. Construction of the EQ Facility is necessary to maximize production of purified recycled water by providing constant flow to the AWPf.
3. Maintenance WF: The new Maintenance WF is a 47,000 square foot facility which will be used to provide space for LADWP and LASAN personnel, provide storage space for AWPf equipment, and house electrical, instrument, mechanical, and craft shops supporting the O&M of the GWR Project.
4. JGE Bypass: Upon approval of all necessary permits, the new JGE Bypass will include the construction of 100 feet of 16-inch diameter pipeline and appurtenances within DCTWRP with the objective of diverting four MGD of flow to the new AWPf instead of discharging to the Los Angeles River. This project is essential to maximize the production of water from the AWPf. It should be highlighted that upon completion of the JGE Bypass, the City will still supply approximately 20 MGD of recycled water to the LA River from DCTWRP. The GWR Project will not adversely affect the health of the LA River.

The GWR Project is a large and complex project. To allow for efficient implementation, the facilities described above are each being implemented using a tailored approach prioritizing speed, cost-efficiency, collaboration, and flexibility to achieve project goals. For example, the AWPf and the EQ Facility are the most intricately integrated facilities. As a result, the Parties have agreed to implement these Projects utilizing a progressive design-build (PDB) approach. PDB is an innovative project delivery method allowing the entire design and construction team to collaborate during the entire project, from the early design phase through construction and project validation. PDB allows greater

flexibility during the design, fosters collaboration amongst all stakeholders, and provides the City the most innovative and cost-effective Project. Meanwhile, staff recommends and plans to implement the Maintenance WF and JGE Bypass in a traditional design-bid-build approach, which is appropriate method given the less complex nature of these facilities.

Upon approval of the Agreement by the Board, LASAN will seek authorization from the City's Board of Public Works by September 2024. LASAN will specifically request authorization to approve the necessary contracts needed to commence construction of the GWR Project. If approved by both Boards, the GWR Project will immediately start construction October 2024, and the Parties anticipate construction to be completed by the end of 2027. In other words, by 2028, the GWR Project will begin operation and is anticipated to be producing enough drinking water for 250,000 Angelenos.

As mentioned above, a financial analysis for the Project was performed, and it is estimated that the total cost of producing the purified water compares favorably to other LADWP water supplies, however the GWR Project has the added benefit of being a drought-resistant and local drinking water supply.

Given the size, complexity, and importance of this undertaking by the City, LADWP staff will return to the Board on a quarterly basis to provide updates on the progress of the Project to ensure Board approved funds are utilized in accordance with the Agreement.

ENVIRONMENTAL DETERMINATION

In accordance with CEQA, an EIR was prepared to evaluate and disclose the potential environmental impacts associated with the construction and operation of the Groundwater Replenishment Project. On December 6, 2016, the Board certified the EIR; adopted the Mitigation Monitoring and Reporting Program, Findings of Fact and Statement of Overriding Considerations; and approved the Project.

CITY ATTORNEY

The Office of the City Attorney reviewed and approved the Resolution and Agreement as to form and legality.

ATTACHMENTS

- Resolution
- Agreement

WHEREAS, the Los Angeles Department of Water and Power (LADWP) is committed to the development of local water resources to form a more reliable and resilient water supply, including the beneficial reuse of recycled water, to reduce the City of Los Angeles' (City) dependence on purchased imported water supplies; and

WHEREAS, LADWP is responsible for delivering safe and reliable water and electricity to the residents and businesses of the City and is responsible for securing a reliable water supply, operating the City's drinking and recycled water distribution systems, and maintaining the resiliency of the water infrastructure; and

WHEREAS, Los Angeles Department of Public Works Bureau of Sanitation and Environment (LASAN), a department of the City and the owner and operator of the Donald C. Tillman Water Reclamation Plant (DCTWRP), is a producer of recycled water, authorized under Section 580 of the City Charter, to supply recycled water to LADWP for distribution to its recycled water customers; and

WHEREAS, LADWP and LASAN (Parties) are committed to pursuing opportunities to enhance water conservation and improve water quality, with the objective of increasing the long-term sustainability of the City's local water supply through increased recycled water use, stormwater capture, and groundwater recharge; and

WHEREAS, the City identified the Groundwater Replenishment Project (GWR Project) as a means of increasing the long-term sustainability of the City's local water supply, and recognized that the GWR Project can recycle up to 100% of tertiary treated water from DCTWRP, with the goal of producing purified recycled water for groundwater replenishment in the San Fernando Valley and to supplement the City's drinking water supply; and

WHEREAS, the Parties entered into Agreement WR-22-1000 to formalize the partnership for the GWR Project, and to authorize the engineering and design of the GWR Project; and

WHEREAS, the Parties also agreed that upon substantial completion of the engineering and design, LADWP would determine if the GWR Project is technically viable and cost effective, and construction of the GWR Project would be dependent on the recommendation from LADWP staff and subject to approval from the LADWP's Board of Commissioners; and

WHEREAS, LASAN Board of Public works approved a Design-Build Contractor (Contractor) on February 14, 2023, which authorized the Contractor to design the Advanced Water Purification Facility (AWPF) needed for the GWR Project, and also requires the contractor to provide a Guaranteed Maximum Price for the construction of the AWPF; and

WHEREAS, the Parties have substantially completed the engineering and design of the GWR Project, and have received a Guaranteed Maximum Price from the Design-Build Contractor for the AWPf, and the Parties have estimated the total cost to construct and operate the GWR Project; and

WHEREAS, the Parties have unanimously agreed the GWR Project is technically viable and cost-effective and recommend that the GWR Project be constructed and become operational by 2028; and

WHEREAS, LADWP recommends to enter into a new Memorandum of Agreement (Agreement) with LASAN for a reimbursement amount not to exceed \$740 million for the construction and performance validation of the GWR Project; and

WHEREAS, the Agreement also provides that LADWP shall reimburse LASAN for operations and maintenance costs associated with producing advanced treated recycled water for a term of 35 years.

NOW, THEREFORE, BE IT RESOLVED that pursuant to City Charter Section 1022, the Board of Water and Power Commissioners (Board) finds that LADWP shall enter into the Agreement with LASAN for the GWR Project pursuant to this Agreement No. WR-24-1000.

BE IT FURTHER RESOLVED that the President or Vice President, or the General Manager, the Senior Assistant General Manager over the Water System, or such person as the General Manager shall designate in writing, and the Secretary, Assistant Secretary, or the Acting Secretary of the Board are hereby authorized to amend and/or modify the subject agreement for and on behalf of LADWP for items that are non-material and/or administrative in nature that do not change either the costs or terms of the agreement.

BE IT FURTHER RESOLVED that the Chief Accounting Employee of the LADWP, upon proper certification, is authorized and directed to draw demands on the Water Revenue Fund, in accordance with the terms of this Agreement and this Resolution.

I HEREBY CERTIFY that the foregoing is a full, true, and correct copy of the Resolution adopted by the Board of Water and Power Commissioners of the City of Los Angeles at its meeting held

Acting Board Secretary

**AGREEMENT NO. WR-24-1000 BETWEEN
THE LOS ANGELES DEPARTMENT OF WATER AND POWER AND
THE LOS ANGELES DEPARTMENT OF PUBLIC WORKS BUREAU OF
SANITATION FOR THE CONSTRUCTION, OPERATION, AND
MAINTENANCE OF THE GROUNDWATER REPLENISHMENT PROJECT**

**AGREEMENT NO. WR-24-1000 BETWEEN
THE LOS ANGELES DEPARTMENT OF WATER AND POWER AND
THE LOS ANGELES DEPARTMENT OF PUBLIC WORKS BUREAU OF
SANITATION FOR THE CONSTRUCTION, OPERATION, AND
MAINTENANCE OF THE GROUNDWATER REPLENISHMENT PROJECT**

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AGREEMENT NO. WR-24-1000
BETWEEN
THE LOS ANGELES DEPARTMENT OF WATER AND POWER AND
THE LOS ANGELES DEPARTMENT OF PUBLIC WORKS BUREAU OF
SANITATION FOR THE CONSTRUCTION, OPERATION, AND
MAINTENANCE OF THE GROUNDWATER REPLENISHMENT PROJECT

This Agreement No. WR-24-1000 (Agreement) is made and entered into by and between the Los Angeles Department of Public Works, Bureau of Sanitation (BOS), and the Los Angeles Department of Water and Power (LADWP), hereinafter referred to individually as “Party”, and collectively as the “Parties”, for the Groundwater Replenishment Project (GWR Project).

RECITALS

WHEREAS, LADWP is a municipal owned utility responsible for delivering safe and reliable water and electricity to the residents and businesses of the City of Los Angeles (City) and is responsible for securing a reliable water supply, operating the City’s drinking and recycled water distribution systems, and maintaining the resiliency of the water infrastructure; and

WHEREAS, BOS, a department of the City and the owner and operator of the Donald C. Tillman Water Reclamation Plant (DCTWRP), is responsible for the treatment of wastewater and the discharge of treated wastewater to rivers or other drainage systems in accordance with the requirements of the DCTWRP National Pollutant Discharge Elimination System permit, is a producer of recycled water, authorized under Section 580 of the City Charter, to supply recycled water to LADWP for distribution to its recycled water customers, and is permitted to treat up to 80 million gallons per day of wastewater at the DCTWRP; and

WHEREAS, Section 672 of the Charter grants the Board of Water and Power Commissioners possession, management, and control of the water and water rights of every nature and kind owned and controlled by the City of Los Angeles, and the lands, rights-of-way, facilities, and property used for the capture, transportation, distribution, and delivery of water for the benefit of the City, its inhabitants, and its customers; and

WHEREAS, Section 677 of the Charter also grants the Board of Water and Power Commissioners the power to supply and distribute recycled water to consumers served by the City within its limits, to consumers outside the City for their use, and to public agencies outside the City for public uses and for resale, disposal, or distribution to consumers within the public agency’s jurisdiction; and

WHEREAS, LADWP and BOS are committed to pursuing opportunities to enhance water conservation and improve water quality, with the objective of increasing the long-term

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sustainability of the City's local water supply through increased recycled water use, stormwater capture, and groundwater recharge; and

WHEREAS, the City identified the GWR Project as a means of increasing the long-term sustainability of the City's local water supply, and recognized that the GWR Project can recycle up to 100% of the available tertiary treated water from DCTWRP, with the goal of producing Purified Recycled Water for groundwater replenishment in the San Fernando Valley and to supplement the City's drinking water supply; and

WHEREAS, the Los Angeles Board of Water and Power Commissioners certified the Environmental Impact Report (EIR) for the GWR Project on December 6, 2016; and

WHEREAS, the Parties entered into Agreement WR-22-1000 to formalize the partnership between LADWP and BOS for the GWR Project, and to authorize \$53.5 million for the engineering and design of the GWR Project; and

WHEREAS, the Parties also agreed that upon substantial completion of the engineering and design, LADWP would determine if the GWR Project is technically viable and cost effective, and construction of the GWR Project would be dependent on the recommendation from LADWP staff and subject to approval from the LADWP's Board of Commissioners; and

WHEREAS, BOS Board of Public Works approved a Design-Build Contractor (Contractor) on February 14, 2023, which authorized the Contractor to design the Advanced Water Purification Facility (AWPF) needed for the GWR Project, and also requires the Contractor to provide a Guaranteed Maximum Price for the construction of the AWPF; and

WHEREAS, the Parties have substantially completed the engineering and design of the GWR Project, and have received a Guaranteed Maximum Price from the Design-Build Contractor for the AWPF, and the Parties have estimated the total cost to construct and operate the GWR Project; and

WHEREAS, the Parties have unanimously agreed the GWR Project is technically viable and cost-effective and recommend that the GWR Project be constructed and become operational by 2028; and

WHEREAS, development of assets is an approved use of the Water Revenue Fund;

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:

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SECTION 1: BACKGROUND AND PRINCIPAL TERMS

- 1.1 The Parties have substantially completed the engineering and design of the GWR Project, and the Parties agree to continue collaborating to implement and complete construction of the GWR Project with the goal of it being operational by 2028.
- 1.2 The GWR Project includes all the new capital facilities at DCTWRP necessary to produce Purified Recycled Water, which includes the Advanced Water Purification Facility (AWPF) and the Supporting Facilities outlined in Section 2.2 and described in Attachment A.
- 1.3 Parties agree the GWR Project is designed to purify up to 25 million gallons per day (MGD) of tertiary treated water at the AWPF, and agree the GWR Project is expected to produce up to approximately 20 MGD of Purified Recycled Water suitable for groundwater replenishment and subsurface injection. The AWPF will be constructed to accommodate a future expansion to purify up to 30 MGD at the AWPF.
- 1.4 Parties agree to complete the GWR Project, which includes construction of the AWPF and its Supporting Facilities needed to maximize production of recycled water, and support proper operation and maintenance of the AWPF. Supporting Facilities include, but are not limited to, the Equalization Storage Facility (EQ Facility), the Maintenance Warehouse Facility (Maintenance WF), and the Japanese Garden Effluent Bypass (JGE Bypass).
- 1.5 In partnership with LADWP, BOS agrees to lead the construction of the GWR Project, and BOS will retain the necessary contractors and consultants needed to complete the Project by 2028.
- 1.6 The total estimated cost to construct and implement the capital facilities associated with the GWR Project is \$740,000,000, excluding Financing Costs, and LADWP agrees to reimburse BOS up to that amount as outlined in Section 6 of this Agreement. To ensure timely payments to BOS and its contractors and consultants, LADWP will pay monthly invoices during construction within 21 days as outlined in Section 6.
- 1.7 All grants and loans that have been secured for the GWR Project, or may be secured in the future, will be utilized solely to reduce the reimbursement obligation of LADWP to BOS in equal proportion as detailed in Section 6. This includes the approximately \$398,000,000 of loans and grants that have already been obtained as of the signed date of this Agreement.
- 1.8 The Parties recognize that the GWR Project requires a total capital investment of \$740,000,000, excluding Financing Costs, and the projected Operations and Maintenance Cost of treating up to 25 MGD at the AWPF is approximately

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\$33,000,000 for the first year of operation, and as such, have determined the GWR Project is technically viable and cost effective.

- 1.9 LADWP and BOS agree to continue to work in partnership during the construction of the GWR Project, and will actively collaborate on all other aspects of the project, including but not limited to, stakeholder outreach, regulatory approval, pursuit of funding opportunities, permitting, and community engagement.
- 1.10 The Parties agree to maintain the Technical Oversight Committee throughout the design, construction, and performance validation of the GWR Project.
- 1.11 To facilitate effective implementation and collaboration of this GWR Project, the Parties agree to form a Management Oversight Committee consisting of representatives from each agency to oversee the overall progress of the Project, resolve issues, and to review all budget, schedule, and scope modifications.
- 1.12 BOS will Operate and Maintain the AWPf and its Supporting Facilities, and LADWP agrees to pay BOS for the Operations and Maintenance Costs of the Purified Recycled Water that is produced and delivered to LADWP within 45 days of receipt of invoice, or as allowed per Section 7.
- 1.13 The AWPf and its Supporting Facilities will be located at the DCTWRP, located at 6100 Woodley Avenue, Van Nuys.
- 1.14 The GWR Project cost estimate and schedule for the work under the scope of this Agreement is outlined in Attachment B.

SECTION 2: PROJECT DESCRIPTION

- 2.1 The Parties agree to collaborate on the construction and implementation of the GWR Project, which is designed to recycle 100 percent of the available tertiary treated water from the DCTWRP and will produce up to 20 MGD of Purified Recycled Water for replenishment of the San Fernando Valley Groundwater Basin to supplement the drinking water supply for the City of Los Angeles.
- 2.2 To allow for the production of Purified Recycled Water at the DCTWRP, the following facilities represent the scope of the GWR Project:
 - 2.2.1 Advanced Water Purification Facility (AWPF) – This includes the construction of a new 52,000 square foot facility capable of producing advanced Purified Recycled Water, and includes the building structure, a new learning and education center, the advanced treatment systems capable of purifying up to 25 MGD of tertiary treated water and producing up to 20 MGD of Purified Recycled Water, microfiltration units, reverse osmosis treatment, ultraviolet

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advanced oxidation process, pumps, electrical upgrades, and all other appurtenances needed for the AWPf.

2.2.2 Equalization Storage Facility (EQ Facility) – Designed to maximize production of recycled water from the AWPf and to allow for optimal operation, construction of the EQ Facility will be within DCTWRP and includes the capacity to store over 8 million gallons of primary effluent, underground pump stations, odor control facilities, inlet and discharge piping, flow control vaults, and pipeline interconnections. The EQ Facility is also known as the Advanced Water Equalization Basin (AWEB).

2.2.3 Maintenance Warehouse Facility (Maintenance WF) – This includes the construction of a new 47,000 square foot facility which will be used to provide space for LADWP and BOS personnel, provide storage space, and will house carpentry, electrical, instrument, landscape, mechanical, and other craft shops needed to support the new AWPf.

2.2.4 Japanese Garden Effluent Bypass (JGE Bypass) – Upon approval of all necessary permits, this new JGE Bypass will include the construction of 100 feet of 16-inch diameter pipeline and appurtenances within DCTWRP, with the objective of diverting additional wastewater flow to the DCTWRP, increasing the tertiary treated water to the AWPf, and maximizing the production of recycled water.

2.3 A detailed description of the facilities defined in Section 2.2 are included in Attachment A.

2.4 The GWR Project will be operated such that the Los Angeles River continues to receive recycled water from the DCTWRP, and the Parties anticipate providing the Los Angeles River with approximately 20 MGD of recycled water after the completion of the GWR Project.

SECTION 3: RESPONSIBILITIES OF BOS

3.1 BOS is responsible for the final design, construction, start-up, commissioning, and performance validation for the AWPf and EQ Facility described in Section 2 of this Agreement. BOS is also responsible for implementation of the Maintenance WF and JGE Bypass.

3.2 BOS shall authorize its Design-Build Contractor(s) to construct and complete the AWPf and the EQ Facility, and shall retain any other consultants and/or contractors needed to implement the other GWR Project facilities described in Section 2 of this Agreement. Project documentation produced by BOS or its consultant/contractor teams shall be provided to LADWP in a timely manner to allow for the Parties' contemporaneous joint review. LADWP will review, and if approved, will provide

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concurrence of contract documents in a timely manner via email. BOS and LADWP shall mutually agree prior to issuing any contract documents, including requests for proposals, design reports, and other documents defining scope of work. The Parties shall jointly evaluate contract documents with equal representation and mutually agree on the selection of consultants and/or contractors. BOS will be responsible for procurement and management of the consultant/contractor teams.

- 3.3 BOS shall make a good-faith effort to ensure that the AWPf purifies up to 25 MGD of tertiary treated water with the goal of it being operational by 2028, and the Purified Recycled Water will be made available to the LADWP point of connection located at the Ultraviolet Advanced Oxidation Process (UV/AOP) effluent flow meter.
- 3.4 BOS shall document all costs related to the GWR Project, including construction, start-up and commissioning, performance validation, design, and engineering.
- 3.5 BOS shall operate and maintain the GWR Project, with the objective of ensuring efficient operations, establishing safety protocols, water quality monitoring, regulatory compliance, and to maximize production of Purified Recycled Water suitable for groundwater replenishment and subsurface injection.
- 3.6 In order to aid in the early identification of risks, schedule and budget impacts for the AWPf and its Supporting Facilities, BOS shall include LADWP in all significant review periods outlined by the Contractor(s) and any other review periods requested by LADWP. The Parties must mutually agree on any changes to the original scope of work, schedule, and budget prior to BOS issuing approvals to the consultant/contractor teams. BOS and LADWP Project Managers will meet on a regular basis to review work, including a summary report on expenditures, remaining budget, schedule, project status, and identification of potential impact to subsequent phases and deliverables. Considerations of both Parties shall be given equal weight during all review periods.

SECTION 4: RESPONSIBILITIES OF LADWP

- 4.1 LADWP shall reimburse BOS for all the actual costs associated with the GWR Project as outlined in Section 6 and Section 7 of this Agreement, which includes all Capital Costs and Operations and Maintenance Costs (O&M Costs) for the GWR Project. BOS will not include any other costs unrelated to the scope of this Agreement.
- 4.2 LADWP agrees to receive up to 20 MGD of Purified Recycled Water from the GWR Project for distribution and replenishment of the San Fernando Valley Groundwater Basin.
- 4.3 LADWP shall coordinate and execute all necessary agreements needed for the utilization of recycled water from the GWR Project. This includes use of the Hansen

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Spreading Grounds or any other replenishment and/or groundwater injection facilities.

- 4.4 LADWP agrees to maintain the recycled water distribution system, including the Balboa Pump Station, that will be utilized to distribute water produced from the GWR Project.
- 4.5 LADWP shall prepare and submit the Engineering Report required for the Regional Water Quality Control Board permit for the GWR Project and obtain this permit prior to the start of operations of the AWPf.
- 4.6 LADWP agrees to lead, complete, and obtain any and all necessary environmental approvals and permits for the GWR Project in a timely fashion.
- 4.7 LADWP agrees to actively participate during the construction and implementation of the GWR Project, and to collaborate with BOS on all project related matters.

SECTION 5: JOINT RESPONSIBILITIES AND PROJECT OVERSIGHT

- 5.1 The Parties agree that the GWR Project is a joint partnership, and the Parties shall collaborate and comply on all substantive Project related matters, including project stakeholder outreach, permitting, funding applications, grant and loan agreements, project management, construction management, administration, and water supply operations.
- 5.2 All material, publications, press releases, signage, and communications shall designate that the Parties are Project partners.
- 5.3 The Parties shall form a Technical Oversight Committee (TOC) consisting of equal representatives from each Party to oversee the overall progress of the Project, and the TOC will be established to support the entire design, construction, and performance validation of the GWR Project. The TOC will meet monthly, and review and make decisions on budget, schedule, scope modifications, and all substantive design and construction matters related to the GWR Project during the design and construction phase. Decisions by the TOC must represent the majority opinion of the entire TOC, and all recommendations shall be documented. Should the TOC not be able to develop majority decisions, disputes shall be elevated to the Management Oversight Committee.
- 5.4 The Parties shall form a Management Oversight Committee (MOC) consisting of equal representatives from each Party, who shall not be members of the TOC, to resolve any disputes by the TOC, and to review and approve budget expenditures, schedule modifications, scope changes, and all other substantive project related matters. The MOC will meet monthly, or on an as-needed basis during design and construction, and upon completion of the GWR Project, the MOC will continue to

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confer on a monthly basis during operation of the GWR Project. During operation of the GWR Project, the MOC will assess the performance of the Project versus Online Factor exemptions, review operational protocols and procedures, establish the Operations and Maintenance rate described in Section 7, approve capital expenditures and operations enhancements recommended by BOS, and approve Annual Production Goals as defined in Section 8. Determinations and decisions by the MOC must be unanimous and shall be documented by BOS.

- 5.5 The Parties shall form an Executive Management Committee (EMC). For matters regarding the appropriations methodology, billing methodology, and the reconciliation of costs, the EMC shall consist of four representatives: LADWP's CEO, BOS's General Manager, BOS's Chief Financial Officer, and a LADWP Executive-Level Financial Representative. For all other matters, the EMC shall consist of two representatives: LADWP's CEO and BOS's General Manager, or their Executive Level designee. Members of the EMC shall not be members of the MOC, and the EMC will resolve any disputes by the MOC. This will ensure that any and all unresolved issues brought on by the MOC will be escalated and resolved by this EMC. Determinations and decisions by the EMC must be unanimous and shall be documented by BOS.
- 5.6 During the implementation of the Project, the Parties shall include the counterpart Party on all relevant and substantive communications (e.g., meetings, memoranda, emails) between the Parties and any contractors and/or consultants retained by BOS for the work under the scope of this Agreement, excluding trade secrets, proprietary information, and attorney-client communications.
- 5.7 The Parties will jointly conduct discussions with the Los Angeles Regional Water Quality Control Board (LARWQCB) and the State Water Resources Control Board Division of Drinking Water (DDW) to obtain an updated LARWQCB Permit for the GWR Project. The Parties agree that if professional services are needed to assist in preparation of documents for regulatory compliance related to the GWR Project, LADWP agrees to reimburse BOS for such expenditures incurred by BOS .
- 5.8 The Parties shall make staff, contractors, or consultants reasonably available, if requested, to participate and provide input at scheduled meetings, community meetings, public tours, workshops and other relevant events.
- 5.9 The Parties will closely collaborate during the operation of the GWR Project, and recognizing that all recycled water produced from DCTWRP will be distributed to the Los Angeles River and to LADWP, the Parties will ensure that the operational staff of both Parties closely collaborate during the management of the new Purified Recycled Water supply.

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SECTION 6: CAPITAL COSTS AND REIMBURSEMENT

- 6.1 The Parties have received a Guaranteed Maximum Price from the Design-Build Contractor for the AWPf, along with cost estimates for the Supporting Facilities defined in Section 2.2, and LADWP agrees to reimburse BOS up to \$740,000,000 for the following:
- 6.1.1 \$495,000,000 for construction of the AWPf
 - 6.1.2 \$130,000,000 for design and construction of the EQ Facility
 - 6.1.3 \$20,000,000 for design and construction of the Maintenance WF
 - 6.1.4 \$15,000,000 for the design, environmental approval, and construction of the JGE Bypass; and
 - 6.1.5 \$80,000,000 for an overall project contingency of ten percent.
- 6.2 LADWP shall reimburse BOS for all of the actual Capital Costs associated with the GWR Project, and Attachments A and B herein provide a detailed description of the GWR Project scope, cost estimate, and cost sharing breakdown. BOS will not include any other costs unrelated to the scope of this Agreement. Capital Costs and expenditures for reimbursement shall not exceed \$740,000,000.
- 6.3 The Parties recognize that LADWP is financing the entire Capital Costs of the GWR Project, and as a result, the Parties agree that all grants and/or loans secured for the GWR Project shall reduce the funding obligation of LADWP as set out in Section 6.1 in a proportion equal to the actual award amounts of any grant awards and the principal amounts of any loans. This includes all grants and loans secured by BOS for the GWR Project which shall be solely used to reduce LADWP's funding obligation. In addition, any outside funding secured by LADWP shall remain with LADWP and will not affect the Agreement. The Parties acknowledge that funding from the following outside sources has already been obtained, and any additional future grants and loans for the GWR Project will also reduce LADWP's total funding obligation. The Parties agree to utilize the secured grants and loan described below, and the Parties agree that any additional grants and/or loans awarded to the GWR Project shall be utilized only after LADWP provides written approval to BOS.
- 6.3.1 \$223,921,010 Water Infrastructure Finance and Innovation Act (WIFIA) Loan from the United States Environmental Protection Agency (USEPA) – The USEPA awarded the City a \$223,921,010 WIFIA loan for the GWR Project in September 2021.
 - 6.3.2 \$5,000,000 Grant from the State of California's Water Resources Control Board (SWRCB). The City was pre-approved for a \$5,000,000 grant for the GWR Project as part of the SWRCB's Water Recycling Funding Grant Program.
 - 6.3.3 \$30,000,000 Grant from the Bureau of Reclamation's WaterSMART: Large-Scale Water Recycling Projects Program, awarded to the City in May 2024.

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- 6.3.4 \$139,000,000 incentive funding from the Metropolitan Water District of Southern California's Local Resources Program, awarded to the City in 2024.
- 6.4 The Parties agree that the WIFIA Loan described in Section 6.3.1 will be utilized and prioritized by LADWP to finance the GWR Project, and LADWP agrees to reimburse BOS for all Financing Costs incurred by BOS associated with the WIFIA Loan which includes all principal payments, interest payments, and associated fees and expenses. Reimbursement from LADWP to BOS will be consistent with the financing terms and/or costs required by the USEPA. Approximately 60 calendar days before a WIFIA debt service payment is due, BOS will send LADWP the projected due amount. Approximately 30 calendar days before a WIFIA payment is due, BOS will submit an invoice to LADWP. LADWP will reimburse BOS no later than the close of business of the day on which BOS makes the debt service payment to the USEPA. In addition, the Parties will cooperate to prepare and maintain proper, accurate, current, and complete financial records regarding the utilization of the WIFIA Loan, SWRCB Grant, and/or any other external fund received for the GWR Project.
- 6.5 LADWP shall provide written approval to BOS for the use of the \$80,000,000 contingency specified in Section 6.1.5, and the contingency shall only be used for the scope of work described in Section 2, and will be utilized only for the Capital Costs and Operation and Maintenance Costs defined in Section 6 and Section 7. The contingency will be utilized for the GWR Project during construction, allow for design optimization, value engineering analysis, change orders, regulatory approval, outreach, unplanned performance validation studies, necessary capital equipment replacement during operations and maintenance, emergency repairs, independent advisory panels during permitting approval, and other LADWP approved work needed for the GWR Project as described in Table 1 of Attachment B.
- 6.6 BOS shall submit monthly invoices to LADWP for the scope of work under this Agreement for the GWR Project, and LADWP shall transfer approved funds to BOS within 21 days of receipt of final invoice. BOS invoices to LADWP shall be for reimbursement of costs invoiced by the consultants and/or contractors retained by BOS, and shall include the consultants' and/or contractors' full invoice package and progress report. Upon receipt of funds from LADWP, BOS will make payments to consultants and/or contractors within 30 days of final invoice. In the event that either Party fails to meet these reimbursement or payment deadlines, any Contractor late fees or interest costs charged by the consultants and/or contractors will be borne by the Party responsible for the payment delay.
- 6.7 If necessary, and to facilitate timely payments to the consultants and contractors that will be used by BOS to complete the GWR Project, LADWP may request the Los Angeles City Controller's Office and City Attorney to establish a special fund account, or an existing account managed by the City, to allow for receipt and disbursement of funds between LADWP and BOS. If this special fund is established,

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the Parties agree that the new “LADWP Groundwater Replenishment Project Fund” will require Los Angeles City Council approval, and will only be used by LADWP to reimburse BOS for approved GWR Project costs defined in this Agreement. The establishment of this special fund account shall be in compliance with federal tax requirements, will require Board approval from both Parties, and will track and report all information necessary to satisfy the audit provisions described in Section 11.

- 6.8 Construction Phase Closeout: After completion of each facility, and upon final acceptance by the Parties, the MOC shall meet within 60 days to close out the construction phase of each facility, which includes confirming payment of all invoices, establishing the start date of operations (Operational Start Date), and closing any accounts or funds used during construction to disburse funds between LADWP and BOS. This process shall occur for each of the facilities outlined in Section 2.2. Upon written confirmation and approval by the MOC, the reimbursement for all Capital Costs for each facility will be considered completed and final, with the exception of any outstanding reimbursements of Financing Costs for the WIFIA loan, and LADWP will have satisfied its funding commitments for the construction of the GWR Project.
- 6.9 The Parties agree that significant startup and testing of the AWPf will be needed prior to final acceptance and establishing the Operational Start Date, and the Parties also agree that BOS will incur costs for power, chemicals and/or labor during equipment startup and testing. Costs related to equipment startup and testing shall be included in the monthly invoices to LADWP and will be categorized as Capital Costs.
- 6.10 Upon completion of startup and testing, the AWPf will also be verified by a final Performance Validation Phase, and the Parties agree that this step is necessary to validate compliance with all potable reuse regulations and to demonstrate compliance with public health requirements. The Performance Validation Phase will take place near the end of construction of the AWPf and EQ Facility, and the Parties agree that BOS may incur both Capital and Operations and Maintenance Costs during the Performance Validation Phase. All costs incurred during the Performance Validation Phase shall be included in monthly invoices as Capital Costs according to Section 6.
- 6.11 During construction of the GWR Project, each Party may incur additional staff costs for contract administration, project management, construction management, design review, meeting attendance, etc., and the Parties agree that these staff costs shall be borne individually by each Party, with the exception of non-BOS City staff and two Engineering Associates.

SECTION 7: OPERATION AND MAINTENANCE AND REIMBURSEMENT

- 7.1 Upon substantial completion of construction of the AWPf and EQ Facility and after the Performance Validation Phase is complete, an approved Operational Start Date

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shall be established by the MOC. BOS will Operate and Maintain the AWPf and its Supporting Facilities, and LADWP agrees to reimburse BOS for the Operations and Maintenance Costs associated with the DCTWRP AWPf.

- 7.2 The Operational Start Date is projected to occur in 2028 as outlined in the schedule shown in Attachment B.
- 7.3 The Parties agree that LADWP will reimburse BOS for the actual Operations and Maintenance Costs (O&M Costs) as defined herein for the GWR Project which will produce and deliver Purified Recycled Water to LADWP. Parties agree to establish a fixed O&M Rate every Contract Year, and on an annual basis, the Parties agree to reconcile and revise the fixed O&M Rate as outlined herein.
- 7.4 The Parties agree that the annual O&M Rate shall be established and based on the following principles:
 - 7.4.1 The O&M Rate shall be established for every Contract Year of operations, also known as Fiscal Year or the 12 calendar months commencing July 1 through June 30.
 - 7.4.2 The O&M Rate shall be determined utilizing the methodology outlined in Attachment C, which shall be based on the estimated O&M Costs for the upcoming Contract Year, and the estimated production of Purified Recycled Water. Attachment C will be submitted by the BOS DCTWRP Plant Manager to the MOC by December 31 preceding the upcoming Contract Year.
 - 7.4.3 The O&M Rate shall be based on the estimated production of Purified Recycled Water and shall be approved by the MOC by January 31 preceding the upcoming Contract Year, and shall include the eligible costs outlined in Attachment C, such as Direct Costs, Labor Costs, Overhead Costs, power usage costs, and/or chemical costs.
 - 7.4.4 Upon approval of the O&M Rate by the MOC, BOS shall be permitted to expend the O&M budget approved for the Contract Year.
 - 7.4.5 The monthly reimbursement will be based on the MOC approved O&M Rate for the applicable Contract Year multiplied by the Purified Recycled Water produced and delivered to LADWP, and this will constitute the services rendered by BOS to LADWP.
 - 7.4.6 In recognition that the O&M Costs, and production of Purified Recycled Water from the GWR Project will fluctuate over the term of this Agreement, the Parties agree that the O&M Rate shall be revised, and approved prior to the commencement of every Contract Year as described herein.

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- 7.5 BOS will invoice LADWP monthly for the volume of Purified Recycled Water produced and delivered to LADWP, and LADWP agrees to pay within 45 days of receipt of invoice. The invoice will be based on the O&M Rate as outlined in Section 7.4, and on the monthly volume of purified recycled water produced and delivered to LADWP.
- 7.6 Within 6 months of Contract Year 1, the Parties shall collaborate to determine whether it is feasible to bill based on an appropriations methodology, instead of the billing methodology stated in Section 7.5. If the methodology is determined to be feasible, and if approved by the EMC, the Parties will implement this appropriations methodology beginning the following new Contract Year. Section 7.4.5 notwithstanding, the appropriations methodology will be based on the O&M Rate as outlined in Section 7.4, which shall establish a flat monthly O&M cost for the Contract Year, and BOS will invoice LADWP each month on or before the 28th of the month, and LADWP will pay the invoice within 45 days of receipt. In the event that the AWPf is not operable for thirty (30) consecutive days, and the Online Factor exemptions in Section 8 are not met, BOS may elect not to invoice LADWP for that month. Upon the AWPf being operable again, BOS shall resume invoicing LADWP, and LADWP shall pay the invoice as described herein.
- 7.7 The Parties agree to revise the O&M Rate every Contract Year, and the objective is to ensure BOS's actual O&M costs are fully reimbursed by LADWP. This will also allow for an annual reconciliation of costs and provide an opportunity for the MOC to review and approve the annual O&M Rate.
- 7.8 For the period from July 1 through December 31, and for the period from January 1 through June 30, BOS will conduct a reconciliation, which will compare the actual O&M costs necessary to operate and maintain the GWR Project against the total actual amount reimbursed by LADWP for those costs, and the Parties agree to quantify the difference and reimburse the Party that's due the refund or payment. The actual O&M costs shall not be calculated based on the O&M Rate nor on the volume of Purified Recycled Water produced and delivered to LADWP, and shall only be based on the total actual O&M costs expended during the reconciliation period. To summarize each reconciliation, BOS shall produce a report no later than ninety (90) days after the end of a given reconciliation period. LADWP shall review and approve the report within 30 days of receipt. Upon approval, concluding the reconciliation, the Party that is due the refund shall invoice the other Party within 30 calendar days, and the invoice shall be paid within 45 calendar days thereafter.
- 7.9 The Parties agree that the adjusting, reconciling of costs, and the approval of the new O&M Rate for the Contract Year shall be based on invoices, timesheets, and actual costs defined by Attachment C, which shall be tracked in accordance with

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Generally Accepted Accounting Principles (GAAP) and will be subject to Audit as outlined in this Agreement.

- 7.10 During the Operation and Maintenance of the GWR Project, BOS shall notify LADWP of the need for any minor replacement of the equipment utilized within the AWPf or the Supporting Facilities, and BOS will provide LADWP with a cost estimate for such replacement. Minor replacement costs are any expenditure of \$100,000 or less per occurrence necessary to maintain the capacity and performance of the GWR Project. Minor replacement costs are also referred to by BOS as the Capital Equipment Replacement Program (CERP). Such minor replacement costs shall only include direct and indirect labor charges for installation, acquisition costs of equipment, or appurtenances for any such replacement. The Parties agree that reimbursements for minor replacements will require advance approval by a LADWP MOC Representative by the following means: (1) get a pre-approval for CERP expenditures for an entire upcoming contract year, and (2) get approval for any CERP expenditures not already pre-approved on an as-needed basis. If approved, BOS will invoice LADWP for the actual replacement costs and include this within the monthly O&M invoice. LADWP will reimburse BOS within 45 days of receipt of invoice.
- 7.11 During the Operation and Maintenance of the GWR Project, it is also anticipated that major replacement of the equipment utilized within the AWPf or the Supporting Facilities may need to be replaced or improved due to the State's evolving potable reuse regulations, during emergencies, or to improve operational efficiency of the GWR Project. As such, LADWP agrees that the project contingency allocated in Section 6 will also be utilized for any major replacement costs. Major replacement costs are any expenditure of more than \$100,000 per occurrence. Written approval by LADWP will be required for major replacement costs, and reimbursement will be based on actual Direct Costs, Labor Costs, and Overhead Costs incurred. BOS will invoice LADWP for such costs on an as-needed basis but no more frequently than monthly, and LADWP will reimburse BOS within 45 days of receipt of invoice. To facilitate proper management of future capital costs associated with the Operation and Maintenance of the GWR Project, BOS will provide LADWP a five year projection of major replacement costs within 90 days of the conclusion of each Contract Year. The Parties also agree that if upon assessment of the five year projection, depletion of the project contingency is anticipated within five years, then funding for any additional major replacements for the GWR Project will require this Agreement to be amended and will require approval of the Parties' respective boards.
- 7.12 During the Operation and Maintenance of the GWR Project, in response to emergencies solely related to the GWR Project, BOS will take immediate actions that are required (a) to protect human life, public health, or critical infrastructure, (b) to mitigate the risk of noncompliance of regulatory permits of the GWR Project's caused by force majeure events or unforeseen circumstances, and (c) to restore the

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production of Purified Recycled Water that has been impacted by force majeure events or other factors outside of BOS's control or reasonable assumptions that may result in a GWR Project shutdown. Such actions can include immediate repairs, replacements, and especially those actions that result from an emergency declaration by the Plant Manager or Acting Plant Manager. Within 48 hours of taking any such actions, BOS shall inform LADWP via email. Upon incurrence of costs associated with such actions, BOS shall invoice LADWP for the actual expenditures on a monthly basis or as needed, and LADWP shall reimburse any invoiced amount within 45 calendar days of receipt of invoice, or in the timeline as approved by the MOC. The Parties agree that LADWP will reimburse BOS only for O&M Costs related to the GWR Project, and LADWP will not reimburse BOS for O&M Costs related to BOS's City Charter responsibilities related to the conventional wastewater treatment at Tillman in accordance with DCTWRP's NPDES Permit.

- 7.13 BOS shall operate and maintain the AWPf and Supporting Facilities with sufficient staff and resources necessary to safely operate 24 hours per day and seven days per week, as approved by the MOC.
- 7.14 BOS shall provide opportunities for training LADWP operations and maintenance staff at the AWPf at LADWP's request and expense.
- 7.15 BOS shall provide an annual report to include, at minimum, a summary of the AWPf's operations for the Contract Year; a performance summary of water quality and quantity delivered; safety and training program performance; a listing of major activities and accomplishments; identified improvement areas; identified areas of risk and mitigation; summary of public tours of the AWPf provided; anticipated major capital improvements or equipment replacement activities and costs for the next five (5) years; and a summary of staffing projections for the next two (2) years. The report shall be provided within 90 days of conclusion of the Contract Year.
- 7.16 BOS shall make its best efforts to maintain the AWPf and its equipment in accordance with manufacturer's recommendations and operate equipment per standard operating procedures, will operate and maintain to limit unexpected failure of equipment, and will apply industry best management practices during operations of the AWPf.
- 7.17 BOS shall maintain a comprehensive industrial wastewater pretreatment and pollutant source control program for controlling the discharge of wastes from point sources that could adversely affect the AWPf's water quality or production. BOS shall comply with all applicable legal and regulatory requirements with respect to its source control program.
- 7.18 BOS shall make its best efforts to maximize the amount of influent to the AWPf, including the diversion of wastewater flows, the optimal utilization of the EQ Facility, and the utilization of in-plant optimizations and improvements to allow for maximizing the production of recycled water at the AWPf.

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- 7.19 During the operations of the AWPf, the Parties will coordinate to ensure that the production of water from the AWPf aligns with the operations of the recycled water distribution system, which includes coordination on any facility shutdowns, repairs, annual maintenance, and availability of spreading facilities at Hansen Spreading Grounds, etc.
- 7.20 BOS shall make its best efforts to operate the AWPf without total plant shutdowns except for scheduled maintenance, suspension or shutdown as mandated by a regulatory agency, or as necessary to protect public health and the environment, or conditions outside of the reasonable control of BOS.
- 7.21 The Parties shall coordinate any planned plant shutdowns on an as-needed basis. The Parties shall make best effort to notify the other at least 72 hours before any planned reduction or within 24 hours following any unplanned scenario requiring a reduction in the production of Purified Recycled Water from the AWPf.

SECTION 8: ANNUAL PRODUCTION GOAL

- 8.1 In recognition of all the resources and oversight that will be provided to support the successful implementation of the GWR Project, the Parties agree that the GWR Project will be required to achieve annual production goals. The annual production goals are specifically focused on the annual production of Purified Recycled Water (Annual Production Goal) from the GWR Project, and the objective is to allow the City to maximize the production of Purified Recycled Water, and to ensure that efficient collaboration between the Parties is sustained throughout the construction and operation of the GWR Project. The following articles describe the methodology used for establishing the Annual Production Goal for the GWR Project, and the corresponding rights and responsibilities of each Party.
- 8.2 As outlined in Section 7.4 and described in Attachment C, the BOS DCTWRP Plant Manager will provide LADWP with an estimated production of Purified Recycled Water for the upcoming Contract Year. Upon approval by the MOC, this will establish the Annual Production Goal for the upcoming Contract Year.
- 8.3 The Annual Production Goal shall be quantified in acre-feet per year (AFY). The Actual Performance of the AWPf shall be taken from the Ultraviolet Advanced Oxidation Process (UV/AOP) effluent flow meter in AFY. The Parties agree that the GWR Project is expected to purify up to 25 million gallons per day (MGD) of tertiary treated water at the AWPf, and agree the GWR Project is expected to produce up to approximately 20 MGD of Purified Recycled Water suitable for groundwater replenishment and subsurface injection. The Parties also agree that these projections reflect the expected Annual Production Goal during the Start of Operations of the GWR Project in approximately 2028, and the Parties agree that the Annual Production Goal will be revised and approved on an annual basis by MOC.

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- 8.4 The Parties agree that the Annual Production Goal will be estimated by the BOS DCTWRP Plant Manager on an annual basis, and the Annual Production Goal estimate will account for a variety of future conditions which includes the age and condition of the AWPf, water conservation measures that could impact the wastewater flows to DCTWRP, future potable reuse regulations that could impact the operations of the GWR Project, availability of the spreading grounds to be utilized for replenishment by LADWP, standard maintenance and downtime of the AWPf, or any other foreseeable outages to the GWR Project that could impact the estimated Annual Production Goal. These factors which shall be considered in the establishment of the Annual Production Goal are referred to as Online Factor's, and are further described in Section 8.10.
- 8.5 The MOC shall approve the Annual Production Goal by June 1 preceding the start of the upcoming Contract Year.
- 8.6 The Parties agree that reimbursement of the MOC approved O&M Labor Costs for the Contract Year will be tied to the MOC approved Annual Production Goal. LADWP will reimburse BOS's O&M Labor Costs based on a sliding scale and in alignment with achieving the Annual Production Goal shown in Table A below. As an example, if the MOC establishes an Annual Production Goal for the Contract Year of 20 MGD, and at the end of the Contract Year, BOS has produced and delivered over 90% of the Annual Production Goal (at least 18 MGD), LADWP will reimburse BOS for 100% of its O&M Labor Costs on the GWR Project. However, if BOS only produces 50% of the Annual Production Goal (10 MGD), LADWP will reimburse BOS for 60% of its O&M Labor Costs and BOS will cover the remaining 40% of its O&M Labor costs on the GWR Project.

Annual Production Goal	LADWP's Labor Contribution	BOS's Labor Contribution
< 25%	25%	75%
≥ 25% and < 50%	40%	60%
≥ 50% and < 75%	60%	40%
≥ 75% and < 90%	80%	20%
≥ 90%	100%	0%

Table A – Annual Production Goal and Associated Cost Share of O&M Labor Cost

- 8.7 The Parties agree that the Annual Production Goal shall only apply to a cost sharing of the O&M Labor Cost, and LADWP agrees to reimburse BOS for 100% of all other O&M Costs associated with the GWR Project.
- 8.8 On a monthly basis, BOS will submit Attachment D to the MOC for the documentation and approval of the Actual Performance of the AWPf for the previous

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month, as well as the application of any relevant Online Factor exemptions (as described in Section 8.10).

- 8.9 30 days after the completion of the Contract Year, BOS will submit Attachment E to the MOC, and the MOC will evaluate the Annual Production Goal compared with the actual production of purified water produced and delivered to LADWP for that Contract Year, and will utilize Table A to ascertain if any cost sharing of O&M labor applies. If the Annual Production Goal is not achieved, and if LADWP and BOS will cost share the O&M Labor Costs, the MOC will apply Table A and determine the monetary cost share amount based on a comparison of labor costs already reimbursed by LADWP versus the percentage breakdown shown in Table A. Upon application of Table A, the MOC will provide direction to the Parties, and if a reimbursement from BOS to LADWP is required, then that invoice shall be provided by LADWP to BOS within 60 days after completion of the Contract Year, and BOS will pay the invoice within 45 days of receipt of invoice.
- 8.10 The Parties agree the following are Online Factor exemptions that will not be counted against Actual Performance, and the MOC will consider these exemptions as part of the Annual Production Goal and cost sharing responsibilities described in Section 8.9:
- 8.10.1 Power outages
 - 8.10.2 Balboa Pump Station outages or reduction in flow
 - 8.10.3 Hansen Spreading Grounds unavailable for spreading operations
 - 8.10.4 Injection wells unavailable for groundwater injection
 - 8.10.5 LADWP water infrastructure leaks or failures
 - 8.10.6 Planned AWPf outages approved by the MOC
 - 8.10.7 Future potable reuse regulations that could impact the GWR Project
 - 8.10.8 Force Majeure
 - 8.10.9 Lack of funding or a delay in approval of funding required to support the GWR Project and its Supporting Facilities- as defined in Section 2
 - 8.10.10 Other Online Factor exemptions approved by the MOC at a later time

SECTION 9: PERMIT REQUIREMENTS

- 9.1 BOS shall be responsible for any permits related to the discharges, including all waste flows generated from the AWPf. All water quality monitoring, reporting, maintenance of a record of water quality parameters, and other compliance activities associated with its existing National Pollutant Discharge Elimination System (NPDES) permit and other operational permits shall remain the responsibility of BOS. BOS shall provide LADWP copies of its reports submitted to the LARWQCB as required by the permits.

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- 9.2 LADWP shall be responsible for all water quality monitoring between LADWP's Balboa Pump Station (BPS) to groundwater extraction wells. LADWP shall make the water quality monitoring data available to BOS for regulatory compliance reporting.
- 9.3 LADWP shall obtain regulatory approvals including engineering reports, and/or other documentation required by regulatory agencies for the distribution of Purified Recycled Water beyond BPS. LADWP shall keep all the necessary records for this purpose. LADWP shall provide BOS copies of reports it submits to LARWQCB or other regulatory agencies as required by the permits.
- 9.4 The Parties shall individually assume responsibility for the administration of and compliance with all additional permits and regulations to which they are subject.
- 9.5 The Parties shall promptly notify the other and the relevant regulatory agencies of any anticipated violations of permit requirements.

SECTION 10: TERM

- 10.1 The Agreement shall be effective upon the date of the last executed signature.
- 10.2 The Agreement shall be effective for thirty-five (35) years from the day and year of execution.
- 10.3 The Parties agree that this Agreement may be amended at any time by mutual written agreement of the Parties. Amendments and modifications of a nonmaterial nature may be made by the mutual written consent of the Parties' General Managers, Directors, or their delegates.
- 10.4 LADWP and BOS shall not terminate this Agreement during the construction or prior to the Operational Start Date of the GWR Project as described in Section 6. A termination clause will only be available during the Operation & Maintenance Phase of the GWR Project. In the event of termination during the O&M Phase, LADWP and BOS must mutually agree to terminate this Agreement upon a minimum of two (2) calendar year's advance written notice. Any outstanding Capital funding or financial obligations incurred will still be in effect. LADWP will provide payment for any outstanding invoices for work approved up to the termination date.
- 10.5 If this Agreement is terminated, the Parties agree to develop a plan to restore the GWR Project site to the conditions required by the applicable land use provisions, permits, and land lease requirements affecting the GWR Project site.

SECTION 11: AVAILABILITY OF RECORDS AND AUDITS

- 11.1 Upon 30-day written notice to the other Party, any Party may examine, inspect, copy, review, and audit any documents or records within the custody or control of the other

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Party upon which are based any charges or credits allowed under this Agreement. Such examination of documents and records shall be carried out during normal business hours at the site where said records are maintained in the normal course of business, at the expense of the inspecting Party and in conformance with general auditing standards and procedures. Following any inspection and/or audit pursuant to this Section, the inspecting Party shall within ninety (90) days, give written notice to the other Party of any dispute or disagreement pertaining to the performance under this Agreement.

Any inspection and/or audit pursuant to this Section may only concern documents and records that are no more than five (5) years old at the time of examination from LADWP.

BOS shall maintain, and shall require BOS's contractors, consultants and/or suppliers to maintain all records pertaining to the management of the Agreement, and related subcontracts, and performance of services pursuant to the Agreement, in their original form, including but not limited to, invoices, reports, subcontracts, documents, deliverables, employee time sheets, accounting procedures and practices, records of financial transactions, and other evidence, regardless of form (e.g., machine readable media such as disk, tape, etc.) or type (e.g., databases, applications software, database management software, utilities, etc.), sufficient to properly reflect all costs claimed to have been incurred and services performed pursuant to the Agreement and in connection with the design and construction of the GWR Project. If BOS or BOS's contractors, consultants and/or suppliers are required to submit cost or pricing data in connection with the Agreement, BOS shall maintain all records and documents necessary to permit adequate evaluation of the cost or pricing data submitted, along with the computations and projections used. All records shall be retained, and shall be subject to examination and audit by LADWP personnel or by LADWP's agents (hereinafter referred to as Authorized Auditors), for a period of not less than four years following payment made by LADWP hereunder or the expiration date of the Agreement, whichever is later. BOS shall make said records or, to the extent accepted by the Authorized Auditors, photographs, microphotographs, etc., or other authentic reproductions thereof, available to the Authorized Auditors at BOS's offices at all reasonable times and without charge. Authorized Auditors will have the right to reproduce, photocopy, download, transcribe, and the like any such records. Any information provided by BOS on machine-readable media shall be provided in a format accessible and readable by the Authorized Auditors. BOS shall not, however, be required to furnish the Authorized Auditors with commonly available software.

BOS, and BOS's contractors, consultants and/or suppliers, as applicable to the services provided under this Agreement, shall be subject at any time within sixty (60) calendar days, prior written notice to audits or examinations by Authorized Auditors, relating to all billings and to verify compliance with all Agreement requirements

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relative to practices, methods, procedures, performance, compensation, and documentation.

Examinations and audits will be performed using generally accepted auditing practices and principles and applicable City, County, State and Federal government audit standards. For consultants, subconsultants, and suppliers that utilize or are subject to Federal Acquisition Regulation, Parts 30 and 31, et seq., accounting procedures, or a portion thereof, examinations and audits will utilize such information.

To the extent that the Authorized Auditor's examination or audit reveals inaccurate, incomplete, or noncurrent records, or records are unavailable, the records shall be considered defective.

Consistent with standard auditing procedures, BOS will be provided 60 calendar days to review the Authorized Auditor's examination results or audit and respond to LADWP prior to the examination or audit's finalization and public release.

If the Authorized Auditors' examination or audit indicates BOS or LADWP has been overpaid under a previous invoice, the identified overpayment amount shall be paid by BOS to LADWP, or by LADWP to BOS, within 90 calendar days of notice to the respective Party.

If applicable, BOS shall contractually require all contractors, consultants and suppliers performing services under this Agreement to comply with the provisions of this section by inserting this provision within the General Conditions in each contractor's contract and by contractually requiring each subcontractor to insert this provision in any of its subcontractor contracts related to services under the Agreement. In addition, BOS, their contractors, consultants, and/or suppliers, shall also include the following language in each contract:

"The Los Angeles Department of Water and Power (LADWP) is a third-party beneficiary of the foregoing audit provision. The benefits of the audit provision shall ensure solely for the benefit of LADWP. The designation of LADWP as a third-party beneficiary of the audit provision shall not confer any rights or privileges on BOS, contractors, consultants or any other person/entity."

If an examination or audit undertaken pursuant to Section 6: Temporary Suspension or Delay of Work and Section 9: Cost of Work; Payments to Contractors provisions of the General Conditions reveal that BOS overpayment to the Design-Build contractor/Consultant is more than five percent of the billings reviewed, BOS shall pay all expenses and costs incurred by the Authorized Auditors arising out of or related to the examination or audit. Such examination or audit expenses and costs

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shall be paid by BOS to LADWP within ninety (90) calendar days of notice to BOS of the costs and expenses.

The provisions of this section shall survive expiration or termination of the Agreement.

- 11.2 All notices provided under this Agreement shall be in writing via email and, unless otherwise provided herein, shall be deemed valid given on the date electronically read, read receipt requested. All notices, demands, or requests shall be addressed to the following:

LADWP: Anselmo Collins
 Senior Assistant General Manager
 Los Angeles Department of Water and Power

Phone: (213) 367-1022
Anselmo.Collins@ladwp.com

BOS : Sarai Bhaga
 Chief Financial Officer
 Bureau of Sanitation

Phone: (213) 485-2210
Sarai.Bhaga@lacity.org

- 11.3 Any of the Parties may, by written notice to the other Party, change the name or address of the person to receive notices pursuant to this Agreement.
- 11.4 The Parties agree to include in all material, publications, press releases, signage, and communications concerning the GWR Project that the Parties are Project partners.
- 11.5 Neither Party shall have a financial obligation to the other Party under Agreement, except as herein expressly provided.
- 11.6 The Agreement may be modified only by mutual written consent of the Parties. Amendments and modifications of a nonmaterial nature may be made by the mutual written consent of the Parties' General Manager or their designees.
- 11.7 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 agreed by both Parties and sent by email shall be deemed original signatures.

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- 11.8 No amendment or waiver of any provision of this Agreement, nor consent to any departure from any provision of this Agreement, shall be effective unless in writing and signed by each Party, and then such waiver or consent shall be effective only in the specific instances and for the specific purpose given.
- 11.9 No Party shall have the authority to incur any debt, obligation, or liability on behalf of another Party unless expressly provided by written agreement of the Parties. No employee, agent, or officer of any Party shall be deemed for any purpose whatsoever to be an agent, employee or officer of another Party.
- 11.10 This Agreement shall be interpreted, construed, and governed according to the laws of the State of California without regard to conflict of law principles.
- 11.11 Each Party acknowledges that it was represented by legal counsel during the preparation, negotiation and execution of this Agreement, and that it has had a full and fair opportunity to review and revise the terms of this Agreement. Each Party further agrees that this Agreement has been jointly drafted, and that no term contained herein shall be construed against or in favor of another Party.
- 11.12 This Agreement is not intended, and will not be construed, to confer a benefit or create any right on a third party or the power or right to bring an action to enforce any of its terms.
- 11.13 If any provision of the Agreement is determined by any court to be invalid, illegal, or unenforceable to any extent, the remainder of the Agreement shall not be affected and shall be construed as if the invalid, illegal, or unenforceable provision had never been contained in the Agreement.
- 11.14 The Agreement contains the full and complete agreement between the Parties. No verbal agreement or conversation with any officer or employee of either Party shall affect or modify any of the terms and conditions of Agreement.

SECTION 12: OTHERS

- 12.1 LADWP will be financially responsible for any costs arising out of any lawsuits, causes of action, claims, losses, demands and expenses, including, but not limited to, attorney's fees, and cost of litigation, that relate to or arise out of the GWR Project, except for those resulting from the acts, errors, omissions, or negligence of BOS or any of its boards, officers, agents, employees, assigns and successors in interest, or subject to indemnification by contractors retained by BOS that were responsible for the construction of the GWR Project or as to any claim that is related to any warranty provided by the contractors responsible for the construction of the GWR Project. LADWP will be financially responsible for any lawsuits, causes of action, claims, losses, demands and expenses, including, but not limited to, attorney's fees, and cost

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of litigation, that relate to or arise out of the operation of the GWR Project upon completion of the construction of the Project, except for those resulting from the negligence of BOS or any of its boards, officers, agents, employees, assigns and successors in interest, or subject to any indemnification or warranty provided by the contractor retained by BOS that are responsible for the operation of the GWR Project.

- 12.2 The Parties agree that for any new or amendments of laws and orders imposed or enacted after the Effective Date of this Agreement, relative to (a) the construction or operation of the GWR Project, (b) the utilization of water, (c) the disposal of by-products, or (d) the disposal of GWR Project wastes returned to the BOS Conveyance System, the matter of compliance and liability will be discussed and agreed upon in a future amendment to this Agreement.

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IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed by their duly Authorized Representatives.

DEPARTMENT OF PUBLIC WORKS
BUREAU OF SANITATION
OF THE CITY OF LOS ANGELES BY
BOARD OF PUBLIC WORKS COMMISSIONERS OF
THE CITY OF LOS ANGELES

By:

President, Board of Public Works

Date: _____

By:

Commissioner, Board of Public Works

Date: _____

By:

Barbara Romero
Director and General Manager

Date: _____

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IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed by their duly Authorized Representatives.

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

By: _____
JANISSE QUINONES
Chief Executive Officer and General Manager

Date: _____

And: _____
CHANTE L. MITCHELL
Board Secretary

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Acknowledged:

DEPARTMENT OF PUBLIC WORKS
BUREAU OF SANITATION
OF THE CITY OF LOS ANGELES BY
BOARD OF PUBLIC WORKS COMMISSIONERS OF
THE CITY OF LOS ANGELES

By: _____

SARAI BHAGA
Chief Financial Officer

Date: _____

AGREEMENT NO. WR-24-1000

Acknowledged:

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

By: _____

ANN SANTILLI
Chief Financial Officer

Date: _____

AGREEMENT NO. WR-24-1000
ATTACHMENT A: PROJECT DESCRIPTION & SCOPE

Overview

This Attachment provides a detailed overview of the Los Angeles Groundwater Replenishment Project (GWR Project) as outlined in the Memorandum of Agreement (MOA). The GWR Project aims to enhance the long-term sustainability of the City's local water supply and recycle up to 100% of the tertiary treated water from the Donald C. Tillman Water Reclamation Plant (DCTWRP). Once operational, the project will produce purified recycled water (PRW) for groundwater replenishment in the San Fernando Valley, supplementing the City's drinking water supply.

Key components of the GWR Project include:

1. **Upgrading the DCTWRP:** Implementing significant improvements to DCTWRP to enable advanced recycled water purification using state-of-the-art treatment technologies.
2. **Water Conveyance:** Transporting PRW through existing LADWP pipelines to groundwater replenishment facilities.
3. **Groundwater Replenishment:** Recharging the San Fernando Valley Groundwater Basin (SFVGB) with PRW in collaboration with the Los Angeles County of Public Works.

Once fully operational, the GWR Project will deliver PRW to replenish the SFVGB, producing drinking water for over 250,000 customers and decreasing the City's dependence on imported water sources.

The constituent projects of the GWR Project at DCTWRP covered by this MOA are:

1. Advanced Water Purification Facility (AWPF)
2. Equalization Storage Facility (EQ Facility)
3. Maintenance and Warehouse Facility (Maintenance WF)
4. Japanese Garden Effluent Bypass (JGE Bypass)

Project 1: Advanced Water Purification Facility (AWPF)

The AWPF is the core of the GWR Project, designed to produce PRW. The 52,000-square-foot facility features a precast concrete and glass exterior to showcase the state-of-the-art advanced purification process through an innovative learning center. The advanced purification process consists of three distinct processes:

- Low-pressure membrane filtration using microfiltration (MF)
- High-pressure membrane filtration using reverse osmosis (RO)
- Ultraviolet advanced oxidation process (UV/AOP)

These processes work together to produce PRW suitable for indirect potable reuse. This well-researched treatment process has been successfully implemented for various water reuse projects worldwide, including several within the State of California. The AWPF is designed to

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ATTACHMENT A: PROJECT DESCRIPTION & SCOPE

meet the most stringent regulatory requirements for indirect potable reuse, allowing for groundwater recharge via surface spreading and/or subsurface injection.

The facility is designed to purify 25 million gallons per day (MGD) of tertiary-treated water and can accommodate a future expansion of up to 30 MGD by adding additional treatment units. Los Angeles Department of Public Works, Bureau of Sanitation (BOS) is exploring further improvements to their sewershed to route additional flow to DCTWRP. While these improvements are not part of the GWR Project, the AWPf is prepared to accommodate future optimizations by BOS.

The AWPf also includes chemical tanks for treatments, neutralization, and stabilization chemicals needed for advanced water purification. Additionally, the AWPf features an educational space in which the public can learn about potable reuse and advanced purification processes used at the facility. This educational space provides a safe, engaging, and inclusive environment for all audiences to explore the innovative science and engineering behind the AWPf, the City of LA's history with water, and to learn more about the initiatives the City is embarking on to develop new and sustainable water sources.



Figure 1: Rendering of AWPf exterior design.

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ATTACHMENT A: PROJECT DESCRIPTION & SCOPE



Figure 2: Rendering of AWPF treatment train and equipment.



Figure 3: Rendering of the educational facility inside the AWPF.

Project 2: Equalization Storage Facility (EQ Facility)

The EQ Facility will maximize the production of PRW by the AWPF by increasing the current DCTWRP equalization capacity of 2.3 million gallons (MG) to over 10 MG. A collaborative effort between the City and the project team determined that at least 10 MG of equalization storage is optimal for cost-effective AWPF operation, ensuring a steady and constant wastewater flow throughout the day. This expanded equalization capacity will help manage daily diurnal variations in the wastewater flow into the DCTWRP.

The conceptual design of the EQ Facility consists of two below-grade circular concrete tanks, adding at least 8 MG of new equalization capacity. These tanks use gravity to manage inflow and outflow, and the circular concrete design is both cost-efficient and allows for adequate clearance from existing underground structures.

The new EQ Facility will also include odor control, pump stations, control valves, meters, and other appurtenant facilities to ensure efficient operation.

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ATTACHMENT A: PROJECT DESCRIPTION & SCOPE



Figure 4: Conceptual rendering of the EQ Facility.

Project 3: Maintenance and Warehouse Facility (Maintenance WF)

The new Maintenance WF will include the construction of 47,000 square feet of storage, workshop, and office space to support the operation and maintenance (O&M) of the AWPf. The Maintenance WF will house the additional City staff, equipment, parts, tools, and materials required for the AWPf's ongoing O&M due to limited space within the AWPf itself.

The Maintenance WF will aim to be Gold certified in Leadership in Energy and Environmental Design (LEED), demonstrating its commitment to energy efficiency and environmental sustainability.



Figure 5: Conceptual rendering of the Maintenance WF.

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ATTACHMENT A: PROJECT DESCRIPTION & SCOPE

Project 4: Japanese Garden Effluent Bypass (JGE Bypass)

The Japanese Garden currently receives recycled water from DCTWRP, which is routed through the garden before discharging into the Los Angeles River. The JGE Bypass involves constructing 100 feet of new pipelines, control valves, and appurtenances to divert additional wastewater flow back to the AWPf, thereby increasing recycled water production. The JGE Bypass will maximize the treatment capacity of the DCTWRP while preserving the beneficial use of the Japanese Garden.

As part of the GWR Project, the City will also ensure that the Los Angeles River continues to receive recycled water from the DCTWRP, and the City anticipates providing the Los Angeles River with approximately 20 MGD of recycled water after the completion of the GWR Project.

The City is currently performing extensive outreach to various stakeholders, and also studying the potential environmental impacts of the JGE Bypass pipeline construction and the reduced discharge from the Japanese Garden to the Los Angeles River. Upon completion of the study, a Supplemental Environmental Impact Report (SEIR) will be prepared, and a 1211 Wastewater Change Petition will be submitted to the State Water Resources Control Board. Construction of the JGE Bypass will begin only after the SEIR and 1211 Petition are approved.

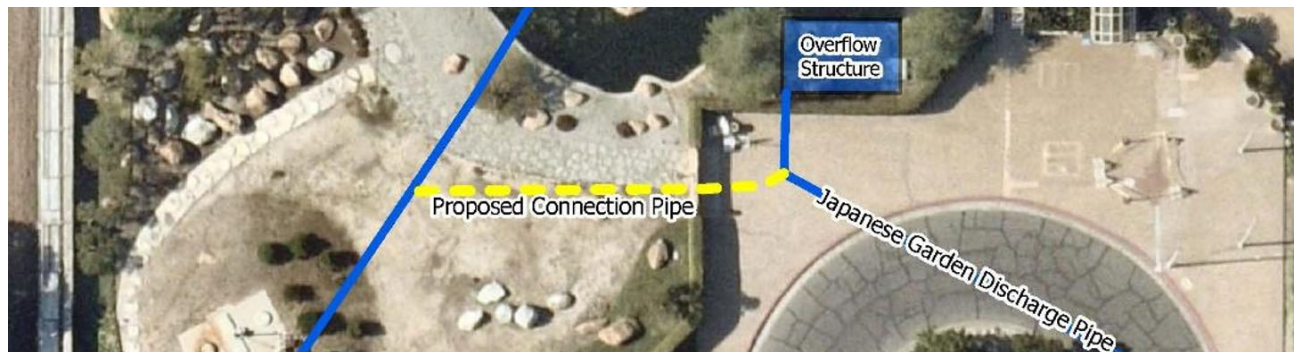


Figure 6: Plan view of the JGE Bypass components.

AGREEMENT NO. WR-24-1000
ATTACHMENT B: COST ESTIMATE & SCHEDULE

Item	Agreement Description	Detailed Description	LADWP Estimated Contribution
1	Advanced Water Purification Facility (AWPF)	<ul style="list-style-type: none"> • AWPF Construction <ul style="list-style-type: none"> ○ Main Structure Facility ○ Treatment Processes and Ancillary Systems Installation ○ Learning Center • AWPF Performance Validation <ul style="list-style-type: none"> ○ System Integration and Testing ○ Commissioning and Start-Up 	\$495,000,000
2	Equalization Storage Facility (EQ Facility)	<ul style="list-style-type: none"> • EQ Facility 100% Design • EQ Facility Construction <ul style="list-style-type: none"> ○ 2 Circular Tanks ○ Pumping Stations, Odor Control Facilities, flow control vaults, pipeline interconnections • EQ Facility Performance Validation <ul style="list-style-type: none"> ○ EQ Facility Integration with AWPF ○ Testing and Commissioning 	\$130,000,000
3	Maintenance and Warehouse Facility (Maintenance WF)	<ul style="list-style-type: none"> • Maintenance WF Contractor Procurement • Maintenance WF 100% Design • Maintenance WF Construction <ul style="list-style-type: none"> ○ Main Structure Facility ○ Office Space 	\$20,000,000
4	Japanese Garden Effluent Bypass (JGE Bypass)	<ul style="list-style-type: none"> • JGE Bypass 100% Design • Environmental Review and Approval • JGE Bypass Construction <ul style="list-style-type: none"> ○ 100 feet Pipeline Installation ○ Control Valves & Appurtenances • Commissioning and Start-Up 	\$15,000,000
5	Project Contingency (10%)	<ul style="list-style-type: none"> • Design Optimization Studies • Project Change Orders • Contractor Liquidated Damages • Injection Wells (optional) • Capital Equipment Replacement during O&M and Validation • Emergency Repairs during Construction • Independent Advisory Panels • Regulatory Approval and Outreach 	\$80,000,000
	Total Cost		\$740,000,000

Table 1: GWR Project Cost Estimate and LADWP Costs

AGREEMENT NO. WR-24-1000
ATTACHMENT B: COST ESTIMATE & SCHEDULE

Start of Progressive Design-Build	February 2023
70 Percent Design	April 2024
100 Percent Design Package Approved	September 2024
Construction Start - Groundbreaking	October 2024
50 Percent Construction	December 2025
Construction Final Completion	December 2027
GWR Project in Operations and Producing Purified Recycled Water	June 2028

Table 2: Projected Milestones for GWR Project

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ATTACHMENT B: COST ESTIMATE & SCHEDULE

BOS & LADWP shall be responsible for the Capital Costs, Labor Costs, and Overhead Costs associated with the construction of the GWR Project in the proportions set forth below.

Item	Agreement Description	Estimated Total Project Cost	LADWP Allocation Percentage of Total Cost	BOS Allocation Percentage of Total Cost
1	Advanced Water Purification Facility (AWPF)	\$495,000,000	100%	0%
2	Equalization Storage Facility (EQ Facility)	\$130,000,000	100%	0%
3	Maintenance and Warehouse Facility (Maintenance WF)	\$40,000,000	50%	50%
4	Japanese Garden Effluent Bypass (JGE Bypass)	\$15,000,000	100%	0%
5	Project Contingency	\$80,000,000	100%	0%

Table 3: Cost Allocation between LADWP and BOS

Annual Operations and Maintenance Costs Projections Template for the Donald C. Tillman (DCT) AWWP

Table 1: Summary of 2028 Estimated Annual O&M Costs for DCT ¹																	
Contract Year	Annual Production Goal			Fixed Costs ²										Variable Costs			Projected Annual O&M Cost (Variable+Fixed) ²
				Labor									Water Testing, Legal Reporting (EMD), Insurance, Permit and Fees, and other related fees	Fixed Costs Total	Chemicals	Electricity	
	MGD	MGY	AFY	Operations	Maintenance	Engineering	Management	Learning Center	ICSD	Standby, Overtime and Night Off Pay	Labor Subtotal ⁶						
2027/2028																	

O&M Rate (\$/AF)	O&M Rate (\$/month)

Table 2: Estimated Labor Costs for DCT AWWP ⁴		
Section/Job Classification	# of Positions	% Involvement
1. Operations (24/7)		
AWPF Station Post		
SR WW TREATMENT OPER	1	100%
WWTR TRMT OPER I (3 shifts per day)	6	100%
WWTR TRMT OPER II (3 shifts per day)	6	100%
2. Engineering		
ENVIRONMENTAL ENGR ASSC II	1	100%
ENVIRONMENTAL ENGR ASSC II	1	100%
3. Maintenance		
INSTRUMENT MECH	2	100%
WWTR TRMT MECH I	4	100%
PIPEFITTER	1	100%
MECH HELPER	2	100%
WWTR TRMT ELEC I	2	100%
ELECTRICAL CRAFT HELPER	1	100%
CUSTODIAN	1	100%
GARDENER CARETAKER	1	100%
4. Learning Center		
Senior Admin Clerk	1	100%
Event Attendant	1	100%

Table 3: Estimated Average Annual Chemical Costs DCT AWWP ⁵				
Chemical	Chemical Unit Cost (\$/unit)	Average Daily Bulk Chemical Consumption (gal/day)	Average Daily Bulk Chemical Consumption (lb/day)	Average Annual Chemical Cost (\$)
Ammonium Sulfate (Liquid)				
Antiscalant				
Calcium Chloride				
Caustic Soda				
Citric Acid				
Sodium Bisulfite				
Sodium Hypochlorite				
Sulfuric Acid				
RO CIP Chemicals				
Total:				
2028 Cost				

Table 4: Estimated Power Usage at DCT AWWP ⁶			
Year	Total KWH/Year	Rate (\$/kwh-hr)	Total Electric Cost
2026/2027			

Table 5: AWWP Operational Performance Output & Reimbursement of Labor Costs ⁷			
Online Factor	DWP Variable Costs	DWP Labor Costs	LASAN Labor Costs
100%	100%	100%	0%
90%	100%	100%	0%
75%	100%	80%	20%
50%	100%	60%	40%
25%	100%	40%	60%
0%	100%	25%	75%

Table 6: Online Factor Exemptions ³

1. Online Factor Exemptions as listed in MOA Agreement NO. WR-24-1000 on Section 8.10.

2. <Insert newly proposed exemption(s) for MOC approval for this Contract Year here>

Footnotes:

1. Each Contract Year the MOC shall approve the Annual Production Goal and the Projected Total Annual O&M Costs derived from this template. Any modifications to this O&M Cost Estimate Template shall be reviewed and approved by the Management Oversight Committee.

2. These costs represent the projected annual O&M Costs associated with GWR Project as defined in Agreement No. WR-24-1000 Attachment F.

3. Online Factor Exemptions are defined in Agreement No. WR-24-1000 Section 8. This table lists additional online factor exemptions to be evaluated and approved by the MOC for the upcoming Contract Year. Online Factor Exemptions will not be counted against Actual Performance and the MOC will consider such exemptions - as well as other additional factors deemed appropriate, during their approval of the Annual Production Goal of each Contract Year.

4. Projected Contract Year Labor Costs are developed from, but not limited to, the total projected FTE's at 100% involvement as shown in Table 2. Assumptions: Always include a minimum of two operators (I & II) that will be stationed at AWWP (24/7), or as permit requires. The number of operators needed is calculated based on 21 shifts per week (3 shifts/day x 7 days/week). This may change per Contract Year based on sufficient staff required to Operate and Maintain the GWR Project.

5. Projected Contract Year chemical costs are based on the projected influent and projected product water at DCTWRP AWWP. LADWP Water System will pay directly for electrical services. The list of chemicals used for the DCT AWWP may change as needed.

6. Projected DCTWRP AWWP Contract Year electricity cost (\$/Year) is calculated from the Total DCTWRP AWWP Power Usage (KWH) per Million Gallon (MG) or Acre Foot (AF). The annual electricity cost (\$/Year) is derived from a projected product water volume at High Peak Performance at a projected \$/kwh-hr rate to determine the DCTWRP AWWP Power Usage and Cost.

7. Variable costs are defined as chemicals and power costs necessary for the Operation and Maintenance of the GWR Project. Labor Costs are defined as Labor Costs and Overhead Costs. Details of the costs definitions are provided in MOA Agreement NO. WR-24-1000 Attachment F.

8. Based on regulatory requirements, special operational needs, and modification of major process equipment, the MOC shall review and evaluate the staffing requirements on an annual basis and make necessary adjustments. The projected number of FTEs and classifications in Table 2 are prepared based on long term operational and maintenance needs for a facility of this size and scale and in order to estimate the labor costs for effectively generating desired purified water. Year to year utilization of these numbers may vary based on regulatory requirements, special operational needs, and modification of major process equipment. MOC shall review and evaluate the staffing requirements on an annual basis and make necessary adjustments.

example only

ATTACHMENT D: MONTHLY PRODUCTION SUMMARY REPORT TEMPLATE

MONTHLY PRODUCTION SUMMARY REPORT

Month: _____

Year: _____

Date	Expected Daily Production (AF)	Measured (Metered) Production (AF)	Delta (AF)	Reason for Low Production	Justification	Exempted (Y/N)	Exempted Volume* (AF)	Non-Exempted (LASAN Responsibility) (AF)	Actual Performance (Measured Production + Exempted Volume) (AF)	Notes/Comments
7/1/2024	18	18	0						18	
7/2/2024	18	18	0						18	
7/3/2024	18	18	0						18	
7/4/2024	18	18	0						18	
7/5/2024	18	18	0						18	
7/6/2024	18	18	0						18	
7/7/2024	18	18	0						18	
7/8/2024	18	18	0						18	
7/9/2024	18	18	0						18	
7/10/2024	18	18	0						18	
7/11/2024	18	18	0						18	
7/12/2024	18	0	18	Power Outage	MOA Section 8.10.1	Y	18	0	18	Unexpected power loss to the AWPf
7/13/2024	18	0	18	Power Outage	MOA Section 8.10.1	Y	18	0	18	Unexpected power loss to the AWPf
7/14/2024	18	18	0						18	
7/15/2024	18	18	0						18	
7/16/2024	18	18	0						18	
7/17/2024	18	9	9	AWPF Instrument Controls Issue	Not an exempted reason	N	0	9	9	MF feed control issue resulted to reduced production
7/18/2024	18	9	9	AWPF Instrument Controls Issue	Not an exempted reason	N	0	9	9	MF feed control issue resulted to reduced production
7/19/2024	18	18	0						18	
7/20/2024	18	18	0						18	
7/21/2024	18	18	0						18	
7/22/2024	18	18	0						18	
7/23/2024	18	18	0						18	
7/24/2024	18	18	0						18	
7/25/2024	18	18	0						18	
7/26/2024	18	18	0						18	
7/27/2024	18	18	0						18	
7/28/2024	18	18	0						18	
7/29/2024	18	18	0						18	
7/30/2024	18	18	0						18	
7/31/2024	18	18	0						18	
Total	558	504	54				36	18	540	

**EXAMPLE
ONLY**

* If the reason for low production meets one of the Online Factor exemptions, the exempted volume is equal to the Expected Daily Production.

Footnote 1. Metered Reading is from OV/AOP

ATTACHMENT E: ANNUAL PRODUCTION SUMMARY REPORT TEMPLATE

**ANNUAL PRODUCTION SUMMARY REPORT
CONTRACT YEAR ____**

Month	Actual Performance (Measured Production + Exempted Volume) (AF)
July	
August	
September	
October	
November	
December	
January	
February	
March	
April	
May	
June	
FY_____ Total	0

<p>Approved Annual Production Goal (AF)¹</p> <p>Online Factor Percentage ² </p> <p>LASAN & LADWP Cost Sharing Category³ </p> <p>LADWP's O&M Labor Contribution </p> <p>LASAN's O&M Labor Contribution </p>
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**EXAMPLE
ONLY**

Footnotes

1. Approved Annual Production Goals from Attachment C.
2. Online Factor percentage is Total Contract Year Net Production divided by the Approved Annual Production Goal
3. LASAN & LADWP Cost Sharing is based on MOA Agreement NO. WR-24-1000 Section 8.6 Table A - Annual Production Goal & Associated Cost Share of O&M Labor Cost

AGREEMENT NO. WR-24-1000

ATTACHMENT F: DEFINITIONS

For the purposes of this Agreement, unless it is plainly evident from the context that a different meaning is intended, the following words and phrases, when used herein, are defined as herein-after specified. Where appropriate, the Parties hereto have further set forth the intent and effect of certain of said words and phrases to facilitate the administration and interpretation of this agreement.

“Advanced Water Purification Facility (AWPF)” means the construction of a new 52,000 square-foot facility designed to produce advanced purified recycled water. This AWPF includes the building structure, a new learning and education center, the advanced treatment systems capable of producing up to 20 MGD of recycled water, microfiltration units, reverse osmosis treatment, ultraviolet advanced oxidation process, pumps, electrical upgrades, and all other appurtenances needed for the AWPF.

“Additional Valley Outfall Relief Sewer (AVORS)” means a large diameter sewer trunkline or outfall that conveys wastewater influent to DCTWRP.

“Capital Costs” means the costs for construction, reconstruction, alteration, expansion, improvement, relocation, or replacement and shall include Direct Costs, Labor Costs, and Overhead Costs but not limited to contracts, engineering, inspection, testing, staging area, incidental costs, overhead costs, and the net interest on funds used to finance the aforesaid costs.

“Capital Equipment Replacement Program (CERP)” means, with respect to the GWR Project, includes, but is not limited to, equipment, buildings, and structures necessary for its operation.

“Contract Year” means the Fiscal Year of the City of Los Angeles or the 12 calendar months commencing July 1 thru June 30 that is within the effective term of the Agreement. For example, if reference is made to FY 2023-24 or to FY 24, this is the time period beginning July 1, 2023 and ending June 30, 2024.

“DCTWRP” means the Donald C. Tillman Water Reclamation Plant located at 6100 Woodley Ave, Van Nuys, CA 91406.

“Direct Costs” means the expenses with respect to the GWR Project, including Labor Costs, costs of materials, supplies, and equipment; other project-specific costs; and contractual costs of construction activities and professional services, including, but not limited to, planning, engineering, construction management, legal consultation, financial consultation, and financial management.

“East Valley Interceptor Sewer (EVIS)” means a large diameter sewer trunkline or outfall that conveys wastewater influent to DCTWRP.

“Engineering Report” means a comprehensive report required by the Regional Water Quality Control Board that describes the design, operation, maintenance, pollutant removal, characteristics of purified water, monitoring, reporting, source control, groundwater monitoring, etc., of the Groundwater Replenishment Program, which comes as a precursor to issuance of a discharge permit.

“Equalization Storage Facility (EQ Facility)” also known as Advanced Water Equalization Basin (**AWEB**), means the construction of a new facility within DCTWRP, which is designed to

AGREEMENT NO. WR-24-1000

ATTACHMENT F: DEFINITIONS

maximize production of recycled water from the AWPf and to allow for optimal operation. Construction of the EQ Facility will be within DCTWRP and includes the capacity to store over 8 million gallons of primary effluent, underground pump stations, odor control facilities, inlet and discharge piping, flow control vaults, and pipeline interconnections.

“Executive Management Committee (EMC)” for matters regarding the appropriations methodology, billing methodology, and the reconciliation of costs, the EMC shall consist of four representatives: LADWP’s CEO, BOS’s General Manager, BOS’s Chief Financial Officer, and LADWP’s Executive-Level Financial Representative. For all other matters, the EMC shall consist of two representatives: LADWP’s CEO and BOS’s General Manager, or their Executive Level designee. Members of the EMC shall not be members of the MOC, and the EMC will resolve any disputes by the MOC. This will ensure that any and all unresolved issues brought on by the MOC will be escalated and resolved by this EMC. Determinations and decisions by the EMC must be unanimous and shall be documented by BOS.

“Financing Costs” means the costs, interests, and other charges or fees incurred from implementing short-term and long-term financing mechanisms such as commercial paper, bonds, and loans to pay for Direct Costs, Labor Costs, and Overhead Costs.

“Groundwater Replenishment Project (GWR Project)” also known as the Donald C. Tillman Water Reclamation Plant Advanced Water Purification Facility (“DCTWRP AWPf”) means, the Advanced Water Purification Facility (the “AWPF”), Equalization Storage Facility (the “EQ Facility” or “AWEB”), Maintenance and Warehouse Facility (the “Maintenance WF”), and Japanese Garden Effluent Bypass (the “JGE Bypass”), as well as future improvements, alterations, and expansions deemed necessary to the GWR Project and as approved by both Parties.

“Japanese Garden Effluent Bypass (JGE Bypass)” means the construction of 100 feet of 16-inch-diameter pipeline and appurtenances within the DCTWRP with the objective of diverting additional wastewater flow to the DCTWRP, increasing the tertiary treated water to the AWPf and maximizing the production of recycled water.

“Labor Costs” means, with respect to the GWR Project, the salaries and wages of straight time worked, including part-time and overtime, by employees of the City of Los Angeles for activities including, but not limited to, planning, engineering, contract administration, construction management, and Operation and Maintenance.

“Maintenance Warehouse Facility (Maintenance WF)” means the construction of a new 47,000-square-foot facility that will provide space for LADWP and BOS personnel, provide storage space, and house carpentry, electrical, instrument, landscape, mechanical, and other craft shops needed to support the GWR Project.

“Management Oversight Committee (MOC)” must consist of an equal number of representatives from each agency and may comprise of two (2) representatives per agency, who shall not be members of the TOC concurrently, to resolve any disputes by the TOC and to review and approve budget expenditures, schedule modifications, scope changes, and all other substantive project-related matters.

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ATTACHMENT F: DEFINITIONS

“Mutual Agreement” means, with respect to the GWR Project, a document such as a letter or email that expresses approval and is attested by an initial or signature, either wet or electronic, by at least one authorized representative from LADWP and BOS.

“Operation and Maintenance (O&M)” means, with respect to the GWR Project, activities that include but are not limited to the operation, maintenance, upkeep, repair, improvement, alteration, renewal, and replacement necessary to ensure the GWR Project is in good operating condition and also in compliance with all regulatory-related obligations. These activities will incur O&M Costs and may incur CERP Costs.

“Operation and Maintenance Costs (O&M Costs)” means, with respect to the GWR Project, the funds expended each Fiscal Year for activities which include but are not limited to the operation, maintenance, upkeep, repair, improvement, alteration, renewal, and replacement. The costs for or in connection with the aforesaid items shall include all Labor and Overhead Costs, and Direct Costs including but not limited to chemicals, tools, equipment, supplies, parts and materials, appliances, electricity, fuel, utilities, engineering, environmental and regulatory testing, legal reporting, facility insurance, regulatory permits and fees, inspection, and any as-needed maintenance.

“Operations and Maintenance Rate (O&M Rate)” means the rate used to calculate the amount BOS invoices LADWP for the reimbursement of O&M Costs in accordance with Section 7 of the Agreement. The MOC establishes the annual O&M Rate as the cost of producing purified recycled water from the GWR Project.

“Operations Plan” also known as Operation and Optimization Plan, means a segment within the Engineering Report required by the Regional Water Quality Control Board. This plan outlines detailed procedures, protocols, and methodologies aimed at ensuring efficient functioning, regulatory compliance, and sustainable performance over the operation of the project or facility.

“Overhead Costs” means, with respect to the GWR Project, costs associated with but not directly attributable to the GWR Project, including but not limited to the costs of fringe benefits, central services, departmental administration and support, division overhead, management overhead, staff coverage overhead, and compensated time off (“**CTO**”), which are calculated as a percentage of the applicable Labor Costs and according to the instructions and rates set out in the most up-to-date Cost Allocation Plan (“**CAP**”) published by the City of Los Angeles Controller’s Office and used in the formulation of the adopted budget. Generally accepted accounting principles are to be used to avoid double counting of costs.

“Plant” means the Los Angeles Donald C. Tillman Water Reclamation Plant at 6100 Woodley Ave, Van Nuys, CA 91406.

“Project Manager” means the Parties’ representatives responsible for managing the planning, design, construction, and performance validation phases of the DCTWRP AWPf.

“Purified Recycled Water (PRW)” means the effluent or water produced by the Advanced Water Purification Facility (AWPF). This water is highly treated wastewater that has undergone advanced purification processes, making it safe for various uses, including supplementing drinking water supplies through groundwater replenishment.

AGREEMENT NO. WR-24-1000

ATTACHMENT F: DEFINITIONS

“San Fernando Valley Groundwater Basin (SFVGWB)” means the groundwater basin in the San Fernando Valley, encompassing all underground water and aquifers within the established boundaries defined by the California Department of Water Resources Bulletin 118.

“Supporting Facilities” means, but is not limited to, the Equalization Storage Facility (EQ Facility, AWEB), the Maintenance Warehouse Facility (Maintenance WF), and the Japanese Garden Effluent Bypass (JGE Bypass), which are located at 6100 Woodley Ave, Van Nuys, CA 91406.

“Technical Oversight Committee (TOC)” means a committee that may consist of up to three (3) representatives but must provide equal representatives from each Party, which will oversee the overall progress of the Project, which includes but is not limited to the design and construction of the Facility.

“Tertiary Treated Water” refers to the GWR Project’s product water which originates from the conventional treatment at the Plant and has undergone additional filtration and advanced biological or chemical treatment methods to be compliant with water quality standards for non-potable purposes.