

FIRST AMENDMENT TO REGIONAL RECYCLED WATER PROGRAM AGREEMENT

This FIRST AMENDMENT TO REGIONAL RECYCLED WATER PROGRAM AGREEMENT (the “First Amendment”) is between THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA (“Metropolitan”) and COUNTY SANITATION DISTRICT NO. 2 OF LOS ANGELES COUNTY (“Sanitation District”), who may be referred to individually as “Party” or collectively as “Parties.”

RECITALS

- A. Metropolitan and the Sanitation District have been in partnership to develop the Regional Recycled Water Program (the “**Program**”), with the goal of producing up to 150 million gallons per day (168,000 acre-feet per year) of purified water. The overall Program would involve construction of an Advanced Water Treatment (“**AWT**”) facility to treat effluent from the Sanitation District’s Joint Water Pollution Control Plant (“**JWPCP**”) located in the City of Carson, California, as well as a new regional conveyance system and associated infrastructure to utilize the purified water to augment regional water supplies. It is currently envisioned that the Program will be constructed in a phased approach so that the eventual ultimate capacity of the Program takes into account the availability of water at the JWPCP and the anticipated demands by the member agencies both for the purposes of groundwater replenishment and raw water augmentation.
- B. From June 2010 through July 2012 the Parties conducted pilot studies to evaluate the feasibility of the Program. The results of those feasibility studies proved that an AWT at the JWPCP is feasible and can result in water that is suitable for potable reuse through groundwater recharge.
- C. Based on the success of the feasibility studies, the Parties entered into that certain REGIONAL RECYCLED WATER PROGRAM AGREEMENT dated November 16, 2015 (the “**2015 Agreement**”) for the purposes of developing a Demonstration Project¹ to further evaluate the feasibility of the Full-Scale Project. The 2015 Agreement also laid the groundwork for potential terms and conditions for future construction of a full-scale AWT facility at the JWPCP.
- D. In accordance with Section 3(b)(i) of the 2015 Agreement, Metropolitan and the Sanitation District cooperated in construction of the Demonstration Project, which has been in operation since October 4, 2019. As a result of the initial success of the Demonstration Project, the Parties now wish to take the next step in determining the feasibility of the Program which includes an environmental evaluation and the preparation of a Conceptual Facilities Plan (“**Conceptual Facilities Plan**”) to support implementation of the Full-Scale Project, if approved.

¹ Terms not defined in this First Amendment shall have the same definition and meaning as described in the 2015 Agreement.

E. The Program may also be expanded in the future to tie-in with a future Advanced Water Treatment Plant at the City of Los Angeles Hyperion Water Reclamation Plant and to serve additional groundwater basins and/or to supplement the raw water supply to a drinking water plant. The potential benefits of incorporating raw water supply in the Program (once approved) warrant phasing program implementation to retain future flexibility.

F. In order to properly evaluate the Full-Scale Project, as well as the overall Program, various subject matter consultants will need to be retained. Among other things, these consultants will assist Metropolitan and Sanitation District in conducting analyses, investigations, evaluations, studies, and public outreach, as needed, to complete any environmental review and documentation required for design and construction of the Full-Scale Project (collectively “**Environmental Planning Phase Services**”). These Environmental Planning Phase Services include Environmental Evaluation, Engineering Support, and Public Outreach, as each of those terms are defined herein. The Program will conform to and comply with the requirements of the California Environmental Quality Act (“**CEQA**”) and any other applicable environmental programs, permitting processes and laws.

THEREFORE, the Parties agree as follows:

AGREEMENT

1. Amendments to Section 4. CALIFORNIA ENVIRONMENTAL QUALITY ACT

a. The following will be inserted as Subsection “c” to Section 4 of the 2015 Agreement:

c. For purposes of the Full-Scale Project and overall Program, the following provisions shall govern the initial research, evaluation and design phases:

- i. Joint Scopes of Work and Selection of Consultants. The Parties shall cooperate to jointly develop, review and agree to one or more scopes of work for the Full-Scale Project and overall Program, including the services to be provided by consultants jointly selected for Environmental Planning Phase Services (individually “**Scope**” and collectively “**Scopes**”). Each Scope will contain, at a minimum, a general project description, a list of tasks and a list of deliverables, along with any other details deemed necessary for the Parties to complete their evaluation of the Scope. Each Scope may be modified or amended by mutual agreement of the Parties at any time and no change in any Scope will be implemented until the Parties each sign an authorization for the change in Scope.

The Parties shall jointly select the persons or firms to provide the Environmental Planning Phase Services. Metropolitan shall act as the lead agency to contract with the selected persons and firms for the completion of the consultant services pursuant to the Scope for those tasks. Any approval or mutual agreement contemplated by the Parties under this First

Amendment shall be authorized by a designated representatives for each Party.

As used in this section, the term “**Environmental Evaluation**” will include, but not limited to, the following: 1) preparing an initial study for the project, 2) assisting with AB 52 notification and consultation processes, 3) determining the appropriate type of environmental review and documentation that is required based on the initial study, 4) refining, as necessary, identified project alternatives, 5) conducting technical studies as appropriate to adequately identify and addressing project-related environmental impacts to resource areas, 6) completing the requisite environmental review and documentation, and 7) managing document distribution.

As used in this section, the term “**Engineering Support**” will include, but not limited to, the following: 1) analyzing project alternatives and developing conceptual designs, 2) completing technical studies as appropriate to support the Environmental Evaluation and define the recommended project alternative, 3) determining construction sequencing and schedule, 4) preparing a cost estimate for the Full-Scale Project, 5) supporting Public Outreach, 6) preparing a Conceptual Facilities Plan with a comprehensive project description, including one or more feasible project alternatives as needed, and 6) managing and coordinating of project task and work efforts.

As used in this section, the term “**Public Outreach**” will include, but not limited to the following: 1) identifying outreach areas and stakeholders, 2) evaluating, recommending, and implementing outreach strategies and communication methods, 3) coordinating stakeholder and public meetings; 4) facilitating public participation in environmental planning process; 5) developing outreach materials, and 6) promoting and ensuring overall community engagement.

Notwithstanding anything to the contrary, this subsection shall not apply to any work, tasks or scopes related to the offsite conveyance and distribution facilities (“**Conveyance Facilities**”) that will be required for the distribution of purified water from Full Scale Project, except for those facilities within the boundaries of the city of Carson. Likewise, this subsection shall not apply to any work, tasks or scopes related to any other facilities and operations (“**Other Facilities**”) that may be required for the Full Scale Project or overall Program and that (a) will be located entirely outside the boundaries of the JWPCP/city of Carson; or (b) will not adversely impact its ongoing or future operations. Metropolitan shall have sole control over and responsibility for all work, tasks or scopes related to Conveyance Facilities and Other Facilities.

- ii. AWT Site Remediation, and Technical Studies for Brine Collection and Biological Treatment. In support of the Environmental Evaluation, the Sanitation District has retained and will retain additional consultants to continue proposed AWT site investigation and remediation and prepare technical studies on brine collection and the biological treatment at JWPCP to determine the optimal nutrient reduction process for the Full-Scale Project. The Sanitation District is the lead on these studies and Metropolitan is an active participant on the biological treatment study.

- iii. CEQA Review and Documentation. The Parties agree that Metropolitan shall be the lead agency and Sanitation District shall be a responsible agency for purposes of conducting any environmental reviews and preparing any environmental documentation that may be required for the Full-Scale Project and overall Program pursuant to CEQA. Costs for such review and documentation shall be allocated as set forth in subsection (v) below. Should additional funds be required to complete the requisite environmental review and documentation, both parties will seek further authorizations from their respective Boards, as needed.

- iv. Consultant Management. Day-to-day management of the Environmental Planning Phase Services shall be performed by Metropolitan. Metropolitan agrees to carry out such management for the benefit of the Parties. Metropolitan shall prepare, execute and administer contracts for the Environmental Planning Phase Services with the selected consultants, and Metropolitan shall be responsible for making all payments due to the selected consultants.

The Parties shall be equally entitled to receive all work product prepared by any consultants performing work in connection with each Scope and may use the work product for any purposes not adverse to the other Party.

- v. Cost Allocation. Each Party shall contribute to the payment of consulting costs for the Environmental Planning Phase Services as follows:

TASK	ESTIMATED COST	COST SHARING
Environmental Evaluation	\$4 Million	50-50 split of costs with the Sanitation District paying approximately \$2 million. Metropolitan will pay the balance of the cost.

TASK	ESTIMATED COST	COST SHARING
AWT Site Remediation and Technical Studies	\$6-7 Million	Sanitation District – 100% of costs
Engineering Support	\$12 Million	Sanitation District – approximately 1/6 of the total cost (based on 50-50 cost split for the AWT work at the JWPCP and the Conveyance Facilities in the city of Carson estimated at 1/3 of Engineering Support costs), for a total amount of approximately \$2 million Metropolitan – Balance of the Cost
Public Outreach	\$800,000	50-50 split of costs with the Sanitation District paying approximately \$400,000. Metropolitan will pay the balance of the cost.

Metropolitan shall provide an accounting and invoice the Sanitation District on a quarterly basis for the Sanitation District’s share of the costs. Sanitation District shall have the right to review and confirm the invoiced tasks and amount conform to the terms of this First Amendment, and if so approved, the Sanitation District shall pay the invoice within 30 days of receipt.

vi. Use of Staff. The Parties shall each provide their own staff resources, including without limitation labor, materials, incidentals and information in support of the Full-Scale Project, overall Program and any Scopes approved under this First Amendment at the sole cost and expense of the contributing party. Periodic joint meetings will be scheduled by the Parties to review progress and results.

b. The second and third sentences in Subsection “a” to Section 4 of the 2015 Agreement are hereby deleted and replaced with the following:

Metropolitan and Sanitation Districts shall split all fees and costs associated with any legal actions of any nature arising out of or relating to the Program’s

Environmental Evaluation, except to the extent that any such legal action includes a challenge to either the Conveyance Facilities or Other Facilities. Metropolitan shall be responsible for all costs of compliance relating to the Program's Environmental Evaluation for the Conveyance Facilities and Other Facilities. Metropolitan shall indemnify, defend, and hold harmless the Sanitation District and its directors, employees, and agents from any losses, claims, or legal actions of any nature solely arising out of or relating to the Program's Environmental Evaluation of the Conveyance Facilities or Other Facilities.

2. Change to Section 7, designation of AGREEMENT ADMINISTRATORS

- a. The following person is designated as the Agreement Administrator for the Sanitation District:

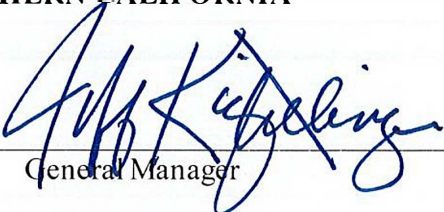
Martha Tremblay, Department Head
Tel: 562-908-4288, extension 2502
Email: MTremblay@lacsdsd.org

- 3. REMAINDER OF AGREEMENT:** Except only as modified by this First Amendment, the 2015 Agreement remains in full force and effect. If there is any conflict or inconsistency between the First Amendment and the 2015 Agreement, this First Amendment prevails.

[Signatures on Following Page]

The Parties are signing this First Amendment in duplicate originals.

**THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA**

By: 
General Manager

APPROVED AS TO FORM:

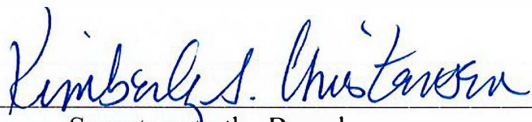
By: 
General Counsel

**COUNTY SANITATION DISTRICT NO. 2
OF LOS ANGELES COUNTY**

By: 
Chairperson

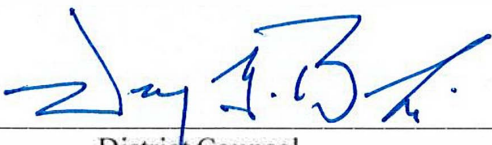
NOV 16 2020

ATTEST:

By: 
Secretary to the Board

APPROVED AS TO FORM:

Lewis Brisbois Bisgaard & Smith, LLP

By: 
District Counsel