

**AGREEMENT TO CONTRIBUTE FUNDS FOR ENVIRONMENTAL PLANNING
PHASE SERVICES RELATED TO THE REGIONAL RECYCLED WATER
PROGRAM**

This FUNDING AGREEMENT (“Agreement”) is made by and between THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA (“Metropolitan”) the ARIZONA DEPARTMENT OF WATER RESOURCES (“ADWR”) and the CENTRAL ARIZONA WATER CONSERVATION DISTRICT (“CAWCD”), who may be referred to individually as a “Party” or collectively as the “Parties.” ADWR and CAWCD may be referred to collectively as the “Arizona Parties.”

BACKGROUND

- A. Metropolitan is a water district established under the California Metropolitan Water District Act, codified in Section 109-1, et. seq., of the Appendix to West’s Annotated California Water Code, for the purpose of serving water to southern California. ADWR is an agency of the State of Arizona established pursuant to Title 45 of the Arizona Revised States. CAWCD is a political subdivision of the State of Arizona established pursuant to Arizona Revised Statutes §§ 48-3701, et. seq., which operates the Central Arizona Project pursuant to contracts and agreements with the United States.
- B. Metropolitan and the County Sanitation District No. 2 of Los Angeles County (“Sanitation District”) are working together to develop a Regional Recycled Water Program (“Program”). As currently envisioned, the Program will produce and is planned to deliver up to 150 million gallons per day, or approximately 168,000 acre-feet per year, of purified water from a new advanced water treatment facility located at the Sanitation District’s Joint Water Pollution Control Plant in Carson, California (“JWPCP”). The Program also includes a new conveyance system that would deliver water to groundwater basins within Metropolitan’s service area for indirect potable reuse and potentially to two Metropolitan treatment plants for direct potable reuse. It is anticipated that the Program will be constructed in a phased approach so that the eventual ultimate capacity of the program can take into account the availability of water at the JWPCP and the anticipated demands of Metropolitan’s member agencies both for purposes of groundwater replenishment and direct potable reuse through raw water augmentation.
- C. On August 26, 2020, the Arizona Parties submitted a letter to Metropolitan expressing their interest in participating with Metropolitan on development of the Program, including the anticipation that the Arizona Parties would provide resources to assist in the development of the Program in exchange for receiving water made available by the Program in the future. The Parties intend to explore

entering into a future development agreement to further define the responsibilities of the Parties in the development of the Program.

- D. In order to evaluate the Program, Metropolitan intends to conduct an environmental review along with the Sanitation District. Metropolitan's approved budget for the environmental review is \$30 million. The actual costs to complete the environmental review will be tracked and may differ from the originally budgeted amount. The Parties intend through this Agreement for the Arizona Parties to contribute funds to Metropolitan for Metropolitan's use in conducting the environmental review.
- E. Concurrently with the execution of this Agreement, the Arizona Parties are entering into the Joint Funding Agreement between ADWR and CAWCD ("Arizona Parties Joint Funding Agreement") to facilitate the Arizona Parties' obligations to contribute funds to Metropolitan pursuant to this Agreement.

TERMS

1. The Arizona Parties will provide to Metropolitan the lesser of either \$6 million or 24 percent of Metropolitan's costs for conducting analyses, investigations, evaluations, studies and public outreach, as needed, to complete any environmental review and documentation required for design and construction of the Program (collectively "Environmental Planning Phase Services"). These Environmental Planning Phase Services include environmental evaluation, engineering and other technical support, and public outreach, and will conform to and comply with the requirements of the California Environmental Quality Act and any other applicable environmental requirements, permitting processes and laws.
2. Metropolitan shall provide an accounting and invoice CAWCD for the Arizona Parties' funding commitment under this Agreement. Metropolitan shall invoice CAWCD on a quarterly basis for 24 percent of the costs incurred by Metropolitan for Environmental Planning Phase Services, up to a maximum cumulative amount of \$6 million. CAWCD shall have the right to review and confirm that the invoice conforms to the terms of this Agreement, and if so approved, CAWCD shall pay the invoice within 30 days of receipt. With each payment, CAWCD shall provide Metropolitan an accounting of the portion of each payment attributable to funds contributed by each Arizona Party.
3. This Agreement does not: obligate Metropolitan to approve or develop the Program; obligate Metropolitan to make water available to the Arizona Parties through exchange or other mechanism; obligate the Arizona Parties to agree to such exchange; allocate any Program water to the Arizona Parties; or set any precedent

RRWP Contributed Funds Agreement
Between Metropolitan, ADWR and CAWCD

for the terms of any such allocation. Such terms may be provided for in a separate Development Agreement among the Parties.

4. If Metropolitan does not approve or develop the Program or if Metropolitan or the Arizona Parties determine to not enter into a separate Development Agreement to allocate Program water to the Arizona Parties, or their designees, then Metropolitan will return the funds that the Arizona Parties provided to Metropolitan under this Agreement, without any interest. If ADWR and Metropolitan elect to enter into a Development Agreement and CAWCD elects not to enter into a Development Agreement, Metropolitan will return the funds accounted for as CAWCD contributions as provided in Paragraph 2 to CAWCD without any interest. If CAWCD and Metropolitan elect to enter into a Development Agreement and ADWR elects not to enter into a Development Agreement, CAWCD will reimburse ADWR for all funds accounted for as ADWR contributions as provided in Paragraph 2, pursuant to the Arizona Parties Joint Funding Agreement.
5. If the Parties enter into a separate Development Agreement which allocates Program water to the Arizona Parties or their designees, the Development Agreement will credit the Arizona Parties with the funds provided by the Arizona Parties under this Agreement.
6. Metropolitan and the Arizona Parties will also explore whether certain in-kind services could be provided by the Arizona Parties in support of the Environmental Planning Phase Services.
7. This Agreement is effective as of the date the last Party executes the Agreement and will terminate on December 31, 2035, provided that the Parties may agree in writing to extend the terms of this Agreement.
8. This Agreement is not intended by the Parties to create any right in or benefit to Parties other than ADWR, CAWCD and Metropolitan. This Agreement does not create any third-party beneficiary rights or causes of action.
9. The failure of any Party to enforce at any time, or for any period of time, the provisions hereof shall not be construed as a waiver of such provisions or the rights of such Party to enforce each and every such provision.
10. This Agreement may be executed in counterparts, each of which shall be an original and all of which, together, shall constitute only one Agreement.
11. The Parties to this Agreement are hereby notified of and acknowledge Arizona Revised Statutes § 38-511 regarding cancellation for conflict of interest.

RRWP Contributed Funds Agreement
Between Metropolitan, ADWR and CAWCD

12. This Agreement shall be subject to available funding, and nothing in this agreement shall bind ADWR to expenditures in excess of funds appropriated and allotted for the purposes outlined in this agreement.
13. Throughout the term of the Agreement and for five years after termination, all records relating to the Agreement shall be subject to inspection and audit by the Parties.
14. The Parties shall attempt to resolve all claims, disputes, controversies, or other matters in question between the Parties arising out of, or relating to this Agreement promptly, equitably, and in good faith. The Parties agree to engage in any alternative dispute resolution procedures authorized by their statutes, regulations and court rules, including, but not limited to, A.R.S. section 12-1518.
15. This Agreement may be modified, amended or revoked only by the express written agreement of the Parties hereto.
16. This Agreement is the entire agreement of the Parties and no understandings or obligations not expressly set forth in this Agreement are binding on the Parties.
17. The undersigned representative of each Party certifies that he or she is fully authorized by the Party whom he or she represents to enter into the terms and conditions of this Agreement and to legally bind the Party to it.
18. The Parties agree to comply with all applicable Federal and State laws, rules and regulations relating to equal opportunity and non-discrimination.
19. Any notice under this Agreement must be in writing and addressed as follows:

The Metropolitan Water District of Southern California
Post Office Box 54153
Los Angeles, CA 90054-0153
Attn: Deven Upadhyay
Assistant General Manager/Chief Operating Officer
With a courtesy copy by email to DUpadhyay@mwdh2o.com

Arizona Department of Water Resources
Attn: Director
P.O. Box 36020
Phoenix, AZ 85067-6020
With a courtesy copy by email to tbuschatzke@azwater.gov

RRWP Contributed Funds Agreement
Between Metropolitan, ADWR and CAWCD

Central Arizona Water Conservation District
c/o General Manager
P.O. Box 43020
Phoenix, Arizona 85080-3080
With a courtesy copy by email to tcooke@cap-az.com

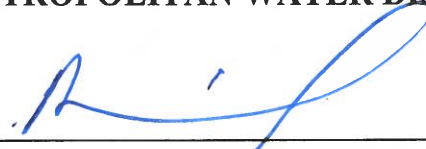
A properly addressed notice will be effective on the day of delivery, if delivered directly by a Party or by a nationally recognized delivery service, or on the third day after mailing, if sent postage prepaid by U.S. Mail. The Parties shall transmit a courtesy copy of any notice to the other Party by email on the day the notice is sent.

Any Party may change the address listed in this section by providing five days' notice to the other Parties.

RRWP Contributed Funds Agreement
Between Metropolitan, ADWR and CAWCD

**Agreement to Contribute Funds for Environmental Planning Phase Services
Related to the Regional Recycled Water Program**

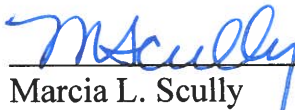
THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

By: 

Adel Hagekhalil
General Manager

Date: 12/20/2021


APPROVED AS TO FORM:

By: 

Marcia L. Scully
General Counsel


**Agreement to Contribute Funds for Environmental Planning Phase Services
Related to the Regional Recycled Water Program**

ARIZONA DEPARTMENT OF WATER RESOURCES

By: 
Thomas Buschatzke
Director

Date: 11/23/2021

APPROVED AS TO FORM:

By: 
Nicole D. Klobas
Deputy Chief Counsel

RRWP Contributed Funds Agreement
Between Metropolitan, ADWR and CAWCD

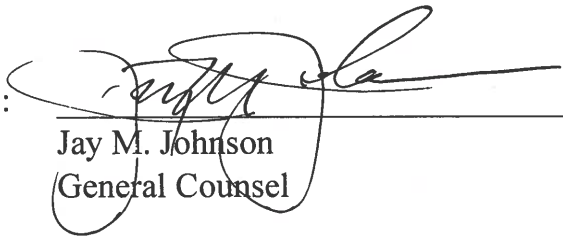
**Agreement to Contribute Funds for Environmental Planning Phase Services
Related to the Regional Recycled Water Program**

CENTRAL ARIZONA WATER CONSERVATION DISTRICT

By: 
Theodore C. Cooke, D.B.A.
General Manager

Date: October 20, 2021

APPROVED AS TO FORM:

By: 
Jay M. Johnson
General Counsel