

## **SETTLEMENT AGREEMENT AND MUTUAL RELEASE**

This Settlement Agreement and Mutual Release (“**Agreement**”) is made and entered into by and between County Sanitation District No. 2 of Los Angeles County (the “**District**”) and Tetra Tech, Inc., a Delaware corporation (“**Tetra Tech**”). The District and Tetra Tech are collectively referred to herein as the “**Parties**” or individually as a “**Party**.”

### **RECITALS**

A. The District, pursuant to Senate Bill 485, is authorized to acquire, construct, operate, maintain, and furnish facilities for the various purposes relating to the diversion, management, treatment, discharge, and beneficial use of stormwater and dry weather runoff diverted from the stormwater drainage system within the District’s service area.

B. In May 2016, District issued a Request for Proposals (“**RFP**”) for “on-call” engineering and consulting services for stormwater management and compliance-related projects both at District’s facilities and to support an anticipated regional stormwater project that would divert stormwater from a large storm drain culvert to a subsurface storage structure for either on-site treatment and reuse and/or diversion to a District sewer.

C. As described in the RFP, the contemplated scope of work related to the regional stormwater project included conceptual design, preliminary design, CEQA support, final design, permitting and construction support. The RFP indicated that a California Registered Professional Engineer in responsible charge of each discipline (e.g., civil, mechanical, electrical) will be required to stamp and sign the construction documents.

D. Based on proposals four consulting engineering companies received in June 2016, Tetra Tech was selected to support a stormwater management project at Carriage Crest Park, as well as work related to Sanitation Districts’ facilities.

E. The City of Carson and District entered into a Stormwater Project Services Agreement (“**Project Agreement**”) effective July 19, 2016, whereby District agreed, at the City’s direction, to support planning, design, and construction management for Project No. 1515 – Carson Stormwater Capture Facility at Carriage Crest Park (“**Project**”) on a time and materials basis.

F. In August 2016, with the approval of the City, District subsequently contracted with Tetra Tech to provide technical services for the Project on a time and materials basis based on the RFP process (contract referred to as “**Professional Services Contract**”). The scope of those technical services included performing preliminary engineering and site investigations, design services, and construction management for the Project. Tetra Tech began work on the Project in approximately August 2016.

G. Pursuant to the Professional Services Contract with District, Tetra Tech prepared a Request for Proposals (RFP) for the City's use in procuring precast concrete modular units for stormwater storage for the Project. Thereafter, using the RFP prepared by Tetra Tech, the City separately contracted with StormTrap for the fabrication and delivery of the stormwater storage modules ("Storage Modules") as City-furnished equipment for the Project.

H. Pursuant to the Professional Services Contract with District, Tetra Tech prepared contract documents that included invitation to bid forms, construction drawings, and specifications for the City's use in soliciting bids for the construction activities on the Project. Those activities included: construction of a diversion structure at the County Flood Control culvert; supply and installation of a pretreatment device; excavation, installation and backfill of the City-furnished precast stormwater storage units; construction of a below-ground pump station; construction of a junction structure to connect to a District trunk sewer; restoration of the ball fields and landscaping directly affected by the construction; and all additional civil, mechanical, and electrical work associated with the Project, including the installation of a new electrical transformer and service meter to supply power to the Project.

I. In or around May 2018, using the contract documents prepared by Tetra Tech, the City received bids for constructing the Project. Thereafter, based on the bids received, Carson separately contracted with OHL USA ("OHL") as the general contractor for the Project.

J. Tetra Tech performed on-site construction observation and field engineering for both the Storage Modules and OHL portions of the Project, until approximately September 16, 2022 when City requested that the District stop using Tetra Tech due to project budget reasons and dissatisfaction with Tetra Tech's ability to direct the work of OHL. At that time, the majority of the physical work had been completed and the remaining work consisted primarily of functional testing of mechanical equipment, instrumentation, and the control logic.

K. On or about March 14, 2022, Carson issued a claim letter to Tetra Tech advising that "errors and omissions in its design and construction management services" resulted in "vault flooding and equipment damages... related to the failure of Tetra Tech's design to manage water intrusion into subsurface vaults containing sensitive electrical equipment."

L. On or about August 9, 2023, Carson issued a claim letter to District advising that City was holding District accountable for the Alleged Defective Work related to the services provided by Tetra Tech.

M. The "Alleged Defective Work" includes, but is not necessarily limited to, the design and construction management aspects related to the overall grading of the Project, the placement and relative elevations of the various hatches and electrical pull boxes, the irrigation in the vicinity of those vaults, and the omission of curbing, swales, area drains and/or other considerations to manage surface runoff at the Project or the likely presence of water in the equipment vaults.

N. Tetra Tech has denied the allegations made by Carson and has agreed to work with Carson and the District to develop a solution. To that end, Tetra Tech has prepared revisions to the construction drawings (“**Revised Drawings**”) for the project for City’s use in having OHL or others remediate the drainage issues and damaged equipment at the Project (“**Corrective Actions**”). Tetra Tech has indicated that the drainage improvements proposed on the Revised Drawings were designed to meet the runoff from a precipitation event with a 25-year return period.

O. As shown on the Revised Drawings, which are included as Exhibit A, the Corrective Actions recommended by Tetra Tech consist generally of the following: the addition of sump pumps in three vaults, the addition of a check valve to prevent potential backflow into one vault, modifications to prevent water migration in electrical conduits, precast curbing to deflect runoff away from two vaults, re-grading the vault area to create local low spots with area drains, landscaping changes to reduce irrigation in the vault area, and the replacement of valve actuators, pressure transmitters, and gas detectors damaged by water ingress.

P. The Parties have identified the extent of the claims, and the proposed remediation of the claims as identified in the Revised Drawings included in Exhibit A, attached hereto and made a part hereof.

Q. The Parties wish to resolve, release, and fully settle, without any admission of liability by them, all issues, disputes and claims and potential issues, disputes and claims with respect to the Project.

R. The Parties have consulted their own respective attorneys and have conducted arm’s length settlement negotiations, which have resulted in this Agreement.

### **AGREEMENT**

NOW THEREFORE, in consideration of the foregoing Recitals, the mutual promises and covenants contained herein, and other valuable consideration, the receipt and sufficiency of which the Parties hereby acknowledge, the Parties agree as follows:

1. **Effective Date.** This Agreement is effective as of September 11, 2024.

2. **Payment.** Tetra Tech agrees to pay the sum of **\$ 390,000.00** to the District within ten(10) days of the Effective Date, based on a release of liability as described below, to reimburse the District for costs incurred to implement the Corrective Actions.

3. **Release by District.** Effective upon receipt of payment from Tetra Tech, District releases, remises, and discharges Tetra Tech from and against any and all Claims which the District has or may hereafter have against Tetra Tech by reason of any matter, cause, or thing whatsoever from the beginning of time to the Effective Date arising out of, based upon, or related to in any way the Project, the Alleged Defective Work, or any aspect thereof.

4. **Release by Tetra Tech.** Effective as of the date of this agreement, Tetra Tech for itself, its successors, assigns and insurers hereby releases, remises, and discharges District, all other County Sanitation Districts of Los Angeles County, and all of their respective successors, assigns, agents, employees, representatives, directors, insurers, and counsel (collectively, the "**District Releasees**") from and against any and all causes of action, actions, in law or in equity, suits, debts, liens, contracts, agreements, promises, liabilities, claims, demands, damages, losses, fees and costs (including, without limitation, attorneys' fees) of any nature whatsoever (collectively, "**Claims**"), which Tetra Tech has or may hereafter have against the District Releasees by reason of any matter, cause, or thing whatsoever from the beginning of time to the Effective Date arising out of, based upon, or related to the Project or any aspect thereof. The District agrees to defend and indemnify Tetra Tech for any claims made by Carson against Tetra Tech arising out of or related in any way to the Project and/or the Alleged Defective Work.

5. **No Assignment.** Each Party hereby represents and warrants to the other Party that it has not assigned, transferred, or purported to assign or transfer, and will not assign, transfer, or purport to assign or transfer, to any person or entity, any interest in any Claims released by it in this Agreement. Each Party further covenants and agrees that it shall not commence, join in, or in any manner seek relief through any suit or action arising out of, based upon, or relating to any Claims released in this Agreement, or in any manner assert or cause to assist another person or entity to assert against the other Party any Claims released in this Agreement.

6. **Non-Reliance.** The Parties assume any and all risks that the facts and law may be or will become different from the facts and law as known to, or believed to be known, by the Parties as of the Effective Date.

7. **Acknowledgments.** Each Party acknowledges, represents, warrants and covenants that: it has had an adequate opportunity to determine all facts necessary to make a knowing release of all Claims released by it in this Agreement; it has executed this Agreement knowingly and without duress; it has retained or had the opportunity to retain such independent legal counsel as it deems appropriate to advise it in connection with the execution and delivery of this Agreement; and it understands the terms and conditions of this Agreement.

8. **Authority.** The individuals signing this Agreement each acknowledge and represent that they have the authority and capacity to execute this Agreement on behalf of their respective Party and bind it to the terms of this Agreement. Each Party acknowledges and agrees that the execution and delivery of this Agreement and the performance of such Party's obligations under this Agreement have been duly authorized, and that this Agreement is a valid and legal agreement binding on the Party and enforceable according to its terms.

9. **Successors.** This Agreement shall be binding upon and inure to the benefit of the Parties and each of their past, present and future predecessors, successors, assigns, agents, directors, officers, shareholders, managers, owners, supervisors, employees, trustees, representatives, insurers, sureties, attorneys, and any person or entity claiming by, through or under any Party.

10. Fees and Costs. Each of the Parties to this Agreement shall bear its own costs and expenses and attorneys' fees incurred prior to the date of this Agreement, including, without limitation, expenses incurred by their respective expert witnesses, other costs, expenses and attorneys' fees incurred in connection with the Claims released in this Agreement and the negotiation, drafting and execution of this Agreement.

11. Execution of Documents. Each Party shall cooperate and promptly execute any and all documents and perform any and all acts necessary to fulfill the provisions and intent of this Agreement. This Agreement may be executed in counterparts, and all counterparts shall be deemed to constitute a single agreement. This Agreement may be executed by facsimile or electronic signature, which shall be as binding and effective as an original signature.

12. Delegation to the Chief Engineer. The District's Chief Engineer is authorized to take all actions on behalf of the District in connection with any approvals, consents, or actions required of or by the District under this Agreement including amendments to the Agreement.

13. Entire Agreement. This Agreement sets forth and contains the complete understanding of the Parties with respect to the settlement of the Parties' disputes related to the Project and supersedes all prior or contemporaneous oral or written understandings, statements, representations and promises relative to the subject matter of this Agreement. There are no other agreements pertaining to settlement of the Parties' disputes related to the Project not set forth herein. Upon being fully executed, this Agreement shall be deemed final in all respects. No other promises or agreements have been made to induce any party to enter into this Agreement.

14. Modifications. No change in, amendment to, waiver or termination of this Agreement, or any part hereof, shall be enforceable unless in writing and signed by all Parties. No waiver by any Party of any condition of this Agreement or any breach by any Party of any of its obligations or representations hereunder shall be deemed to be a waiver of any other right, condition or subsequent or prior breach by any Party.

15. No Third-Party Beneficiaries. The terms and provisions of this Agreement are solely between the Parties, and is not intended to benefit any other person, and shall not release or relieve any non-party from liability to any Party.

16. Headings. The headings in this Agreement are for convenience only and shall neither constitute part of this Agreement nor be construed to affect the interpretation of this Agreement or the provisions herein.

17. Severability. If any part of this Agreement is invalidated, set aside, modified or disapproved as a result of a judicial or administrative ruling or determination, the remainder of the Agreement shall remain in full force and effect, and the Parties shall fulfill their obligations under this Agreement consistent with the remainder of this Agreement.

18. No Admission. Nothing in this Agreement shall be construed as an admission by any Party of any liability of any kind to the other Party.

19. Dispute Resolution; Governing Law; Venue; Prevailing Party Attorney Fees. In the event any Party asserts that any other Party is in default under this Agreement, the aggrieved Party shall first give the defaulting Party written notice of a ten (10) day right to cure any such default before initiating any proceeding for breach of this Agreement. The Parties agree that this Agreement is governed by the laws of the State of California and that the exclusive venue for any dispute shall be in the Los Angeles County. In the event that a civil action or other legal proceeding is brought by any Party to (a) enforce any part of this Agreement, or (b) to determine any rights of any of the Parties hereunder, the substantially prevailing Party in any such proceeding shall be awarded its reasonable attorneys' fees, expenses and costs incurred to be paid by the non-substantially prevailing Party.

IN WITNESS HEREOF, the Parties have executed and entered into this Agreement as of

**TETRA TECH:**

TETRA TECH, INC.,  
a Delaware corporation

By: 

Print Name: RICHARD A. LEMMON  
Title: SENIOR VICE PRESIDENT

**DISTRICT:**

Date: \_\_\_\_\_, 2024

COUNTY SANITATION DISTRICT NO. 2  
OF LOS ANGELES COUNTY

By: \_\_\_\_\_  
Chairperson

**ATTEST:**

---

Secretary to the Board

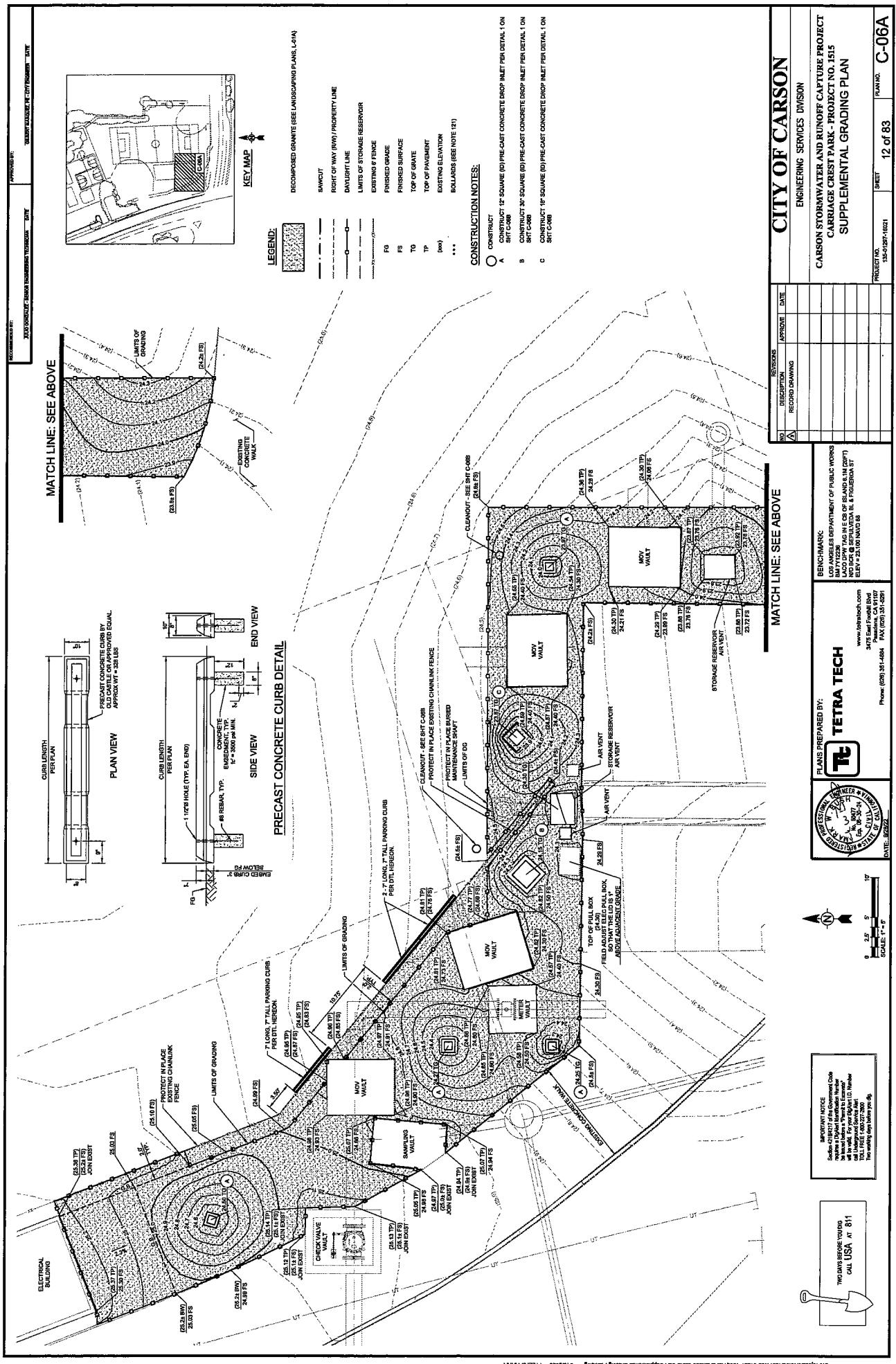
APPROVED AS TO FORM:  
LEWIS BRISBOIS BISGAARD & SMITH, LLP

---

District Counsel

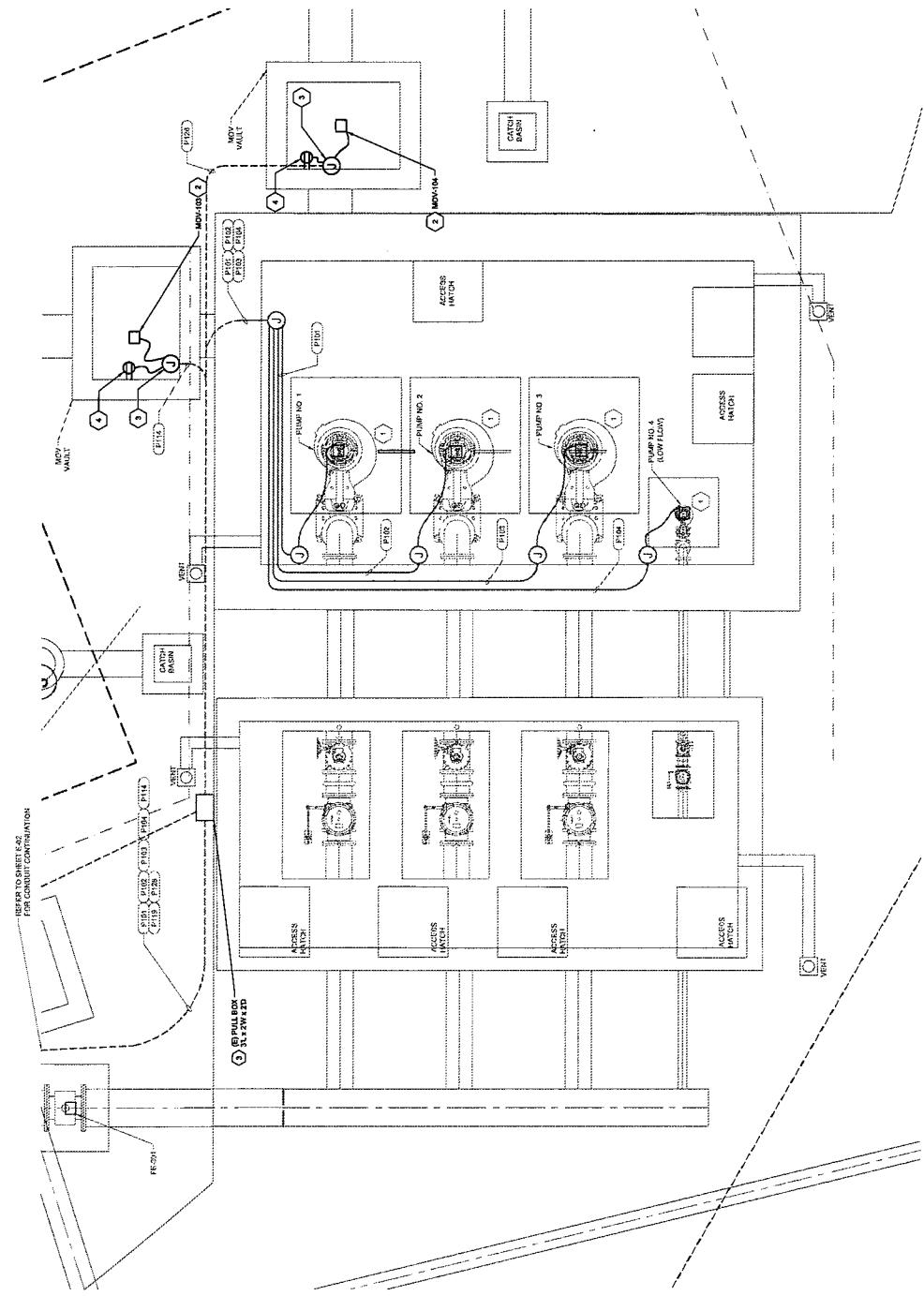
**EXHIBIT "A"**

**REVISED DRAWINGS**  
**RELATED TO ALLEGED DEFECTIVE WORK**









- NOTES:**
  - PUMPS #1 P2, P3 AND P4 ARE SUBMERSIBLE TYPE.
  - REMOVE AND DISPOSE EXISTING MOTOR OPERATED ACTUATOR AND INSTALL NEW ACTUATOR ON EXISTING VALVE.
  - INSTALL FOAM DUCT SEALANT, POLYIMIDE FST OR APPROVED EQUAL.
  - INSTALL OUTLET AT THE TOP OF THE VAULT TO POWER THE SWIM PUMP. RUN THE 120V WIRES IN THE VAULT FROM CONDUITS TO PANEL A. SEE SHEET E-15 FOR DETAILS.

## CITY OF CARSON

**ENGINEERING SERVICES DIVISION**  
**CARSON STORMWATER AND RUNOFF CAPTURE  
CARRIAGE CREST PARK-PROJECT NO. 1**  
**PUMP STATION POWER PLANT**



1 PUMP STATION POWER PLAN

**IMPORTANT NOTICE**  
Section 01184027 of the Government Code  
requires a Digital Identification Number  
to be used before a "Permit to Escalate"  
will be valid. For your Digital ID, Number  
call Underground Service Alert  
**TOLL FREE: 1-400-227-2820**  
Two working days before you dig.

