

## AMENDED AND RESTATED AGREEMENT FOR THE PURE WATER SOUTHERN CALIFORNIA PROGRAM

This Amended and Restated Agreement For The Pure Water Southern California Program (“**Agreement**”) is entered this \_\_\_\_\_ day of \_\_\_\_\_, 2024, by and 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. Sanitation District<sup>1</sup> is the administrative district and agent for the Joint Outfall System of the Los Angeles County Sanitation Districts and in that capacity operates the A. K. Warren Water Resource Facility (“**Warren Facility**”), previously named the Joint Water Pollution Control Plant, located in Carson, California.
- B. The Parties currently are in the process of evaluating the feasibility of and performing environmental review and initial design work for the Pure Water Southern California program (“**Program**”), previously named the Regional Recycled Water Program. The goal of the full-scale Program is to produce up to 150 million gallons per day (“**MGD**”) of advanced treated water (“**Purified Water**”) from the Warren Facility for use within Metropolitan’s service area.
- C. The Program would benefit Metropolitan and its member agencies by diversifying regional supplies, improving storage and delivery capabilities, and providing a new source of high quality, reliable, and drought-resistant water. The Program would benefit Sanitation District by demonstrating the removal of salts and other constituents from the Warren Facility’s secondary-treated effluent is feasible, allowing it to be reclaimed and reused in a beneficial manner.
- D. The Parties previously entered into a Regional Recycled Water Program Agreement, dated November 16, 2015, and a First Amendment to Regional Recycled Water Program Agreement, dated November 16, 2020 (collectively “**Prior Agreement**”). Among other things, the Prior Agreement established: (1) specific terms and conditions for design, construction, and operation of a demonstration facility to assist in evaluating the feasibility of the Program; (2) proposed terms and conditions for future design, construction and operation of a full-scale advanced water purification facility at the Warren Facility as part

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<sup>1</sup> The members of the Joint Outfall System are County Sanitation Districts Nos. 1, 2, 3, 5, 8, 15, 16, 17, 18, 19, 21, 22, 23, 28, 29, and 34 of Los Angeles County and South Bay Cities Sanitation District of Los Angeles County and are referred to as the “**Joint Outfall Districts.**”

of the Program; and (3) the Parties' roles and responsibilities with respect to various environmental planning activities that are being conducted in support of the Program.

- E. The Parties desire to revise the Prior Agreement to address additional matters related to the Program, including the Parties' rights, roles, and responsibilities with respect to: (1) pretreatment and treatment of source water; (2) sharing of grants, loans, and other outside funds; (3) joint operation and management of activities at the demonstration facility; and (4) sharing of program management services.
- F. Accordingly, this Agreement restates and clarifies the applicable provisions of the Prior Agreement and incorporates the new revisions desired by the Parties in support of their continued work on the Program.

NOW, THEREFORE, the Parties agree as follows:

## AGREEMENT

1. **TERM OF AGREEMENT:** The term of the Prior Agreement was twenty years commencing on May 11, 2016 (“**Agreement Term**”). The Parties intend to keep the Agreement Term calculated from the date of the Prior Agreement, unless terminated earlier by agreement of the Parties.
2. **PROGRAM INTENT AND DESCRIPTION**
  - a. The primary goal of the full-scale Program is to produce up to 150 MGD of Purified Water from the Warren Facility that is suitable for groundwater recharge, indirect and direct potable reuse, and other uses within Metropolitan’s service area. Subject to compliance with applicable laws, the full-scale Program may be constructed in multiple phases.
  - b. The main components of the Program are as follows:
    - i. Napolitano Innovation Center: The Grace F. Napolitano Pure Water Southern California Innovation Center (“**NIC**”) consists of a 0.5 MGD demonstration-scale treatment plant, ancillary and support facilities, and other facilities used for testing, educational, and outreach purposes. Formerly referred to as the “Demonstration Project,” the NIC was designed, permitted, constructed, and currently is being operated and maintained by Metropolitan. The principal purpose of the NIC is to assess the viability of and optimal parameters for proceeding with all or a portion of the full-scale Program. Specific terms and conditions applicable to the NIC are set forth in **Exhibit A**.
    - ii. Advanced Water Purification Facility: The Advanced Water Purification Facility (“**AWPF**”) consists of those full-scale Program facilities used in

the pretreatment and treatment of effluent/source water from the Warren Facility (“**Source Water**”) to produce Purified Water. Formerly referred to as the “Full-Scale Project,” the AWPf includes the Pretreatment Facilities, AWT Facilities, and associated Ancillary Facilities described more fully in **Section 4 below**. Proposed terms and conditions applicable to the AWPf are set forth in **Exhibit B**.

- iii. Conveyance Facilities: The conveyance facilities consist of those full-scale Program facilities required to convey, transport, and distribute Purified Water from the Warren Facility to various locations throughout Metropolitan’s service area, as described more fully in **Section 4 below**.

### 3. **PROGRAM COMMITMENT**

- a. This Agreement does not contemplate or authorize commencement of any construction activities related to implementation of the full-scale Program unless and until all required environmental reviews are complete and all necessary permits and approvals have been obtained.
- b. This Agreement is not a binding commitment upon the Parties to proceed with the full-scale Program. Accordingly, while terms and conditions related to the NIC are intended to be final and binding, those pertaining to construction and operation of the AWPf are proposed terms only (“**Proposed AWPf Terms**”), except as otherwise noted. Either Party may decide, in its sole discretion, whether and on what terms to proceed with all or a portion of the full-scale Program following completion of the Environmental Planning Phase Activities set forth in **Section 7 below**.
- c. If the Parties decide to proceed with all or a portion of the full-scale Program, then the final terms and conditions pertaining to construction and operation of the AWPf (“**Final AWPf Terms**”) shall be set forth in one or more separate agreements. It is the Parties’ present intent that the Final AWPf Terms be consistent with the Proposed AWPf Terms. However, the Final AWPf Terms may deviate from the Proposed AWPf Terms. The Parties agree to negotiate in good faith regarding any changes to the Proposed AWPf Terms, but each Party retains discretion to negotiate any changes it deems necessary or desirable.

### 4. **PROGRAM RESPONSIBILITIES**: Subject to **Section 3 above**, the Parties agree to the following division of responsibilities with respect to the full-scale Program facilities:

- a. Metropolitan Responsibilities: Metropolitan shall pay for, manage, and serve as the contracting authority for the planning, design, permitting, construction, and operation of the following facilities (**collectively “Metropolitan Improvements”**):
  - i. Advanced Water Treatment Facilities: All advanced water treatment facilities located downstream of the proposed Pretreatment Facilities described in **Section**

- 4.b.i below**, including but not limited to reverse osmosis facilities and ultra-violet light/advanced oxidation process facilities (**collectively “AWT Facilities”**).
- ii. Conveyance Facilities: All facilities required to convey, transport, distribute, and recharge Purified Water, except those facilities used for local conveyance of Purified Water to Carriage Crest Park and the Wilmington Athletic Complex (**collectively “Metropolitan Conveyance Facilities”**).
  - iii. Other Facilities: Any other facilities required for the Program that are located entirely outside the boundaries of the Warren Facility, except as otherwise noted in this Agreement (**collectively “Other Metropolitan Facilities”**).
  - iv. Ancillary Facilities: Any ancillary facilities needed to support the Metropolitan Improvements, including but not limited to any required electrical power supply and distribution facilities, laboratory, warehouse, parking facilities and electric vehicle charging stations, chemical facilities, and administration, maintenance, and operations buildings (**collectively “Metropolitan Ancillary Facilities”**).
- b. Sanitation District Responsibilities: Sanitation District shall pay for, manage, and serve as the contracting authority for the planning, design, permitting, construction, and operation of the following facilities (**collectively “Sanitation District Improvements”**):
- i. Pretreatment and Other Upstream Facilities: All pretreatment, nitrogen management and other treatment facilities located upstream of the proposed AWT Facilities described in **Section 4.a.i. above**, including but not limited to sidestream centrate treatment facilities, secondary treatment/high purity oxygen activated sludge facilities (up to two reactors), and membrane bioreactors (**collectively “Pretreatment Facilities”**).
  - ii. Conveyance Facilities: All facilities required to convey, transport, and distribute Purified Water to Carriage Crest Park and the Wilmington Athletic Complex (**collectively “Sanitation District Conveyance Facilities”**).
  - iii. Ancillary Facilities: Any ancillary facilities needed to support the Sanitation District Improvements, including but not limited to any required electrical power supply and distribution facilities, parking facilities, chemical facilities, and relocation of Sanitation District’s existing warehouse and sediment handling facilities (**collectively “Sanitation District Ancillary Facilities”**).
- c. Joint Responsibilities: Metropolitan shall manage and serve as contracting authority for any Program-related workforce training center and public outreach facilities located at the Warren Facility, such as an amphitheater, demonstration garden, visitor center or tour galleries (**collectively “Community Facilities”**). However, Metropolitan and

Sanitation District agree to share equally in the future use and cost of planning, design, permitting, construction, and operation of such Community Facilities.

## 5. COORDINATION AND MANAGEMENT

- a. Each Party has separate and distinct responsibilities with respect to the planning, design, construction, and operation of various Program facilities. However, the Parties understand and acknowledge that their Program responsibilities and activities are interrelated and interdependent. Accordingly, the Parties shall work cooperatively to carry out such responsibilities and activities in a coordinated and integrated manner.
- b. Metropolitan has retained AECOM Technical Services, Inc. and Brown and Caldwell joint venture (“**Program Management Team**”) to provide various program management services, including “Owner’s Advisor” services with respect to the preparation and award of progressive design-build (“**PD-B**”) contracts for the full-scale Program facilities. Metropolitan and Sanitation District believe that having the same Program Management Team act in this capacity for both Parties would provide continuity and consistency for the overall Program. Accordingly, Metropolitan and Sanitation District agree as follows:
  - i. Metropolitan shall issue a new project/task order to the Program Management Team to provide Sanitation District with Owner’s Advisor services for the proposed Sanitation District Improvements, including but not limited to the following: (1) preparation of PD-B solicitation and contract documents; (2) evaluation of PD-B proposals and negotiations with qualified PD-B contractors; and (3) supporting Sanitation District staff with management of PD-B contracts, through award of any guaranteed maximum price agreements. Metropolitan shall reimburse Sanitation District for any costs incurred by the Program Management Team under this project/task order using that portion of the \$80 million State appropriation allocated to Sanitation District pursuant to **Section 6.a.ii. below**.
  - ii. Sanitation District shall develop a scope of work to be performed by the Program Management Team acting in the capacity as an Owner’s Advisor with respect to any PD-B contracts for the proposed Sanitation District Improvements. Sanitation District shall: (1) define key personnel and staffing requirements for the Program Management Team; and (2) and lead and manage the Project Management Team with respect to any Owner’s Advisor services relating to the Sanitation District Improvements, including carrying out day-to-day activities and approval of work product and invoices from the Program Management Team.
  - iii. Metropolitan will cooperate with the Sanitation District’s efforts to secure a third-party beneficiary assignment with Program Management Team.

- c. Notwithstanding the above, Metropolitan shall remain responsible for preparing, issuing, and managing any PD-B contracts pertaining to any Metropolitan Improvements, and Sanitation District shall remain responsible for preparing, issuing, and managing any PD-B contracts pertaining to any Sanitation District Improvements.

## 6. GRANTS, LOANS, AND OTHER FUNDS

- a. Existing Funds: Metropolitan agrees to share certain existing Program funds with Sanitation District as follows:
  - i. WaterSMART Planning Grant: Approximately \$1 million of the WaterSMART planning grant awarded in September 2023 by the United States Bureau of Reclamation (“**USBR**”) in support of the Program shall be allocated to the Sanitation District for preliminary design of the sidestream centrate treatment facility.
  - ii. State Appropriation: Approximately \$6 million of the \$80 million appropriation made in 2023 to Metropolitan by the State of California in support of the Program shall be allocated to and shared with Sanitation District for investigation, planning, design, and management of the Pretreatment Facilities.
  - iii. Large-Scale Water Recycling Program Grant: The Large-Scale Water Recycling Program grant awarded in May 2024 by USBR to Metropolitan in support of the Program shall be allocated to and shared with Sanitation District in proportion to the actual costs for investigation, planning, and design of the Sanitation District Improvements relative to the actual combined costs for investigation, planning and design of the Sanitation District Improvements and Metropolitan Improvements during the applicable grant period. Sharing of these grant funds shall be subject to a separate subgrant agreement between Metropolitan and Sanitation District.
- b. Future Funds: With respect to any future Program funds that may be available from third-party or outside sources, the Parties agree as follows:
  - i. The Parties may jointly pursue grants and loans in support of implementation of the overall Program and its facilities (“**Joint Funds**”). In addition, each Party may individually pursue grant and loans, and other funds specific to those Program facilities being planned, designed, permitted, and/or constructed solely by that Party (“**Individual Funds**”).
  - ii. The Parties shall share any Joint Funds awarded or received, and provide any required matching funds, based on the percentage of planning, design, permitting, and construction costs contributed by each Party in support of the Program, not including any fees waived or in-kind services provided by either Party. Each

party shall keep any Individual Funds awarded to or received by that Party, unless otherwise agreed to in writing by both Parties.

## 7. ENVIRONMENTAL PLANNING

- a. **General:** A variety of environmental planning phase activities (“**Environmental Planning Phase Activities**”) must be completed to properly evaluate the full-scale Program and its facilities, to fulfill the requirements of the California Environmental Quality Act (“**CEQA**”), and to comply with other applicable environmental programs, permitting processes and laws. These Environmental Planning Phase Activities include Environmental Evaluation, Engineering Support, and Public Outreach, as each of those terms are defined below.
- i. **Environmental Evaluation** includes but is not limited to: (1) preparing an initial study for the project (2) assisting with California Assembly Bill 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.
- ii. **Engineering Support** includes but is not limited to: (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 Program and its facilities; (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 (7) managing and coordinating of project task and work efforts.
- iii. **Public Outreach** includes but is not limited to: (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.

The Parties’ roles and responsibilities with respect to Environmental Planning Phase Activities are set forth in **subsections (b)-(k) below**.

- b. CEQA Review
- i. Metropolitan shall serve as lead agency and Sanitation District shall serve as a responsible agency for purposes of any Environmental Evaluation required under CEQA with respect to the overall Program and the AWPf.
  - ii. Construction of the full-scale Program facilities shall not commence until the Parties have completed the Environmental Evaluation and requisite public hearing processes and obtained all required environmental permits, approvals, and authorizations.
- c. Scopes of Work; Consultant Selection: The Parties shall cooperate to jointly develop, review, produce, and approve one or more scopes of work (“**Joint Scope(s)**”) for the Environmental Planning Phase Activities. At a minimum, each Joint Scope shall contain 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 Joint Scope. Once approved, no changes to any Joint Scope shall be permitted unless agreed in writing by the Parties. The Parties shall jointly select any persons, firms, or entities (**collectively “Consultants”**) retained to assist with the Environmental Planning Phase Activities.
- d. Management of Activities: Day-to-day management of the Environmental Planning Phase Activities shall be performed by Metropolitan. Metropolitan agrees to carry out such management for the benefit of both Parties. Metropolitan shall prepare, execute, and administer the contracts with any Consultants retained to assist with Environmental Planning Phase Activities, and shall be responsible for making all payments due to such Consultants.
- e. Work Product: The Parties shall be equally entitled to receive all data, reports, analyses, and other work product prepared or produced by any Consultants retained to assist with Environmental Planning Phase Activities and may use such work product for any purposes not adverse to the other Party.
- f. AWPF Site Remediation; Technical Studies for Brine Collection and Biological Treatment: In support of the Environmental Evaluation, Sanitation District has retained and will retain additional Consultants to conduct site investigations and remediation activities at the proposed location of the AWPf. In addition, Sanitation District will prepare technical studies on brine collection and the biological treatment at Warren Facility to determine the optimal nutrient reduction process for the AWPf. Sanitation District shall be the lead on these investigations, activities, and studies.



**g.** Cost Allocation:

- i.** Each Party shall contribute toward the costs of any Consultants retained to assist with the Environmental Planning Phase Activities as follows:

<b>TASK</b>	<b>ESTIMATED COST</b>	<b>COST SHARING</b>
AWPF Site Remediation and Technical Studies	\$6-7 Million	Sanitation District – 100% of costs
Environmental Evaluation	\$4 Million	50-50 split of costs with Sanitation District paying approximately \$2 million. Metropolitan will pay the balance of the cost.
Engineering Support	\$12 Million	Sanitation District – approximately 1/6 of the total cost (based on 50-50 cost split for the AWPf work at the Warren Facility and the Sanitation District Conveyance Facilities 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 Sanitation District paying approximately \$400,000. Metropolitan will pay the balance of the cost.

- ii.** Notwithstanding the above, Metropolitan shall be responsible for the costs of any Environmental Planning Phase Activities that relate solely to the Metropolitan Conveyance Facilities and Other Metropolitan Facilities.

- h.** Additional Funds: Should additional funds be required to complete the Environmental Planning Phase Activities, both Parties will seek further authorizations from their respective Boards as appropriate.

- i. Accounting and Invoices: On a quarterly basis, Metropolitan shall provide Sanitation District with an accounting of and invoice for Sanitation District's share of costs associated with the Environmental Planning Phase Activities. Sanitation District shall have the right to review and confirm that the invoiced tasks and amounts conform to the terms of this Agreement. If approved, Sanitation District shall pay the invoice within 30 days of receipt.
- j. Use of Internal Resources: Each Party shall be responsible for providing, at its sole cost and expense, any internal staff resources needed to support the Environmental Planning Phase Activities, including without limitation labor, materials, incidentals, and information.
- k. Legal Fees and Indemnity: The Parties shall split all fees and costs associated with any legal actions of any nature arising out of or relating to the Environmental Planning Phase Activities, except to the extent that such legal action involves a challenge solely to either the Metropolitan Conveyance Facilities or Other Metropolitan Facilities. Metropolitan shall indemnify, defend, and hold harmless Sanitation District and its directors, officers, employees, and agents, from any losses, claims, or legal actions of any nature that arise or relate solely to the Environmental Planning Phase Activities for the Metropolitan Conveyance Facilities or Other Metropolitan Facilities.

## 8. NOTICES

- a. 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: John Bednarski, Interim Assistant General Manager, Water Resources  
and Technical Services  
With a courtesy copy by email to: [jbednarski@mwadh2o.com](mailto:jbednarski@mwadh2o.com)

Los Angeles County Sanitation District No. 2  
1955 Workman Mill Road  
Whittier, CA 90601  
Attn: Ray Tremblay, Facilities Planning Department Head  
With a courtesy copy by email to: [RTremblay@lacsdsd.org](mailto:RTremblay@lacsdsd.org)

- b. A properly addressed notice shall 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.

- c. Either Party may change the address listed upon five days' prior notice to the other Party.

**9. AGREEMENT ADMINISTRATORS:**

- a. The following persons are designated as the **Agreement Administrators**:

For Metropolitan Water District  
Mai Hattar, Interim Chief Engineer  
Tel: 213-217-5694  
Email: mhattar@mwdh2o.com

For Sanitation District  
Raymond Tremblay, Department Head, Facilities Planning  
Tel: 562-908-4288, extension 2701  
Email: RTremblay@lacs.org

- b. A Party's Agreement Administrator shall be the primary point of contact and authorized representative for that Party and shall be responsible for obtaining on that Party's behalf any approvals, authorizations or permits that may be necessary under this Agreement.
- c. Each Party may designate a different person to serve as its Agreement Administrator upon five days' prior notice to the other Party.

- 10. RECORDS RETENTION AND INSPECTION:** Each Party shall maintain, and shall cause its employees, agents, representatives, subcontractors, and suppliers to maintain, all records, regardless of form or type, related to any activities undertaken or obligations performed pursuant to this Agreement, including all project-related documents, reports, data, analyses, plans, specifications, drawings, photographs, and financial information ("**Records**"). Records must be maintained for a period of four years following the end of the Agreement Term or the conclusion of any litigation arising out of or related to this Agreement, whichever is later. Each Party may inspect, review, copy, transcribe and/or download the other Party's Records upon ten days' prior notice to that Party.

- 11. WORKING COMMITTEE:** The Parties shall establish a working committee ("**Working Committee**") to oversee and manage, on a day-to-day basis, any work or activities conducted pursuant to this Agreement. The Working Committee should be comprised of appropriate managerial, technical, and support staff from each Party. However, each Party retains sole discretion to determine which of its staff to appoint to the Working Committee.

12. **DISPUTE RESOLUTION:** The Parties shall attempt to resolve any dispute, claim, controversy, or disagreement arising from or relating to this Agreement (“**Dispute**”) in a prompt, equitable, and amicable manner. Any Dispute shall be submitted first to the Working Committee. If the Working Committee does not resolve the Dispute within fifteen days after submittal, then the Dispute shall be referred to the Parties’ Agreement Administrators. If the Agreement Administrators do not resolve the Dispute within thirty days after referral, then either Party may pursue any legal or equitable remedies it may have with respect to that Dispute. The timeframes provided in this section may be extended by mutual agreement of the Parties.
13. **INDEMNITY:** Subject to the CEQA indemnity set forth in **Section 7.k above** and any more specific indemnities set forth in future agreements between the Parties, the Parties agree to indemnify each other as follows:
- a. Sanitation District shall defend, indemnify, and hold harmless Metropolitan and its Board of Directors, officers, employees, agents, contractors, subcontractors of any tier, and representatives (“**Metropolitan Representatives**”) from all suits, claims, causes of action or liability of any kind (“**Claims**”) arising out of or in connection with (i) the acts or omissions of Sanitation District and its Board of Directors, officers, employees, agents, contractors, subcontractors or any tier, and representatives (“**Sanitation District Representatives**”) under this Agreement; (ii) any activities engaged in by Sanitation District Representatives at the NIC; (iii) any work performed by the Program Management Team on behalf of Sanitation District or at the direction of Sanitation District Representatives; and (vi) the condition of the Warren Facility outside the NIC leasehold areas. This duty to defend, indemnify, and hold harmless shall not apply to Claims resulting from the willful misconduct or active negligence of any Metropolitan Representatives. Sanitation District shall have any contractor it hires in connection with any work performed under this Agreement name Metropolitan and Metropolitan Representatives as additional insureds on any policies of insurance required of that contractor by Sanitation District.
  - b. Metropolitan shall defend, indemnify, and hold harmless Sanitation District Representatives from all Claims arising out of or in connection with: (i) the acts or omissions of the Metropolitan Representatives under this Agreement; (ii) any activities engaged in by Metropolitan Representatives at the NIC; and (iii) Metropolitan’s leasehold for the NIC. This duty to defend, indemnify, and hold harmless shall not apply to any Claims resulting from the willful misconduct or active negligence of any Sanitation District Representatives. Metropolitan shall have any contractor it hires in connection with any work performed under this Agreement name Sanitation District and Sanitation Representatives as additional insureds on any policies of insurance required of that contractor by Metropolitan.

## 14. MISCELLANEOUS

- a. Entire Agreement: This Agreement and its exhibits constitute the entire agreement between the Parties pertaining to the matters provided herein. Except as noted in **Exhibit A, Section A1**, this Agreement supersedes any prior or contemporaneous agreements and understandings, whether written or oral, between the Parties relating to such matters, including the Prior Agreement.
- b. Counterparts: This Agreement may be executed in counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same document. To facilitate execution of this Agreement, the Parties may execute and exchange electronic counterparts, and any such electronic counterparts shall serve as originals.
- c. Signatures: Except where otherwise prohibited, any document requiring a signature may be signed electronically. Either Party may request appropriate verification of the underlying authority for such signatures.
- d. Amendment: This Agreement shall only be amended in writing duly executed by both Parties.
- e. Assignment: Neither Party shall transfer or assign this Agreement or any of the rights or obligations under this Agreement without the prior written consent of the other Party, which consent shall not be unreasonably withheld.
- f. Successors: This Agreement shall bind and inure to the benefit of the Parties and their respective successors and authorized assigns.
- g. No Partnership: This Agreement does not create and shall not be construed to create any partnership or joint power authority between the Parties. In performing any work under this Agreement, the Parties are acting as independent contractors, and all employees of each Party are solely the employees of that Party and not the agents or employees of the other Party.
- h. Third Party Beneficiaries: This Agreement does not create and shall not be construed to create any rights enforceable by any person, partnership, corporation, joint venture, limited liability company, or any other form of organization or association of any kind that is not a party to this Agreement.
- i. Severability: If any provision of this Agreement is held illegal, invalid, or unenforceable, in whole or in part, then that provision shall be modified to the minimum extent necessary to make it legal, valid, and enforceable, and the legality, validity, and enforceability of the remaining provisions shall not be affected.

- j.** Waiver: No delay or failure by either Party to exercise or enforce at any time any right or provision of this Agreement shall be considered a waiver of that right or provision, unless the waiver is made in writing signed by the Party granting the waiver, which need not be supported by consideration. No single waiver shall constitute a continuing or subsequent waiver.
- k.** Headings: Headings in this Agreement are included for reference only and shall not be given any substantive effect.
- l.** Interpretation: Both Parties have participated in the drafting of this Agreement and each Party was represented by its own legal counsel. The rule of construction that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement.
- m.** Governing Law and Venue: The laws of the State of California shall govern the interpretation and enforcement of this Agreement without regard to any conflict of law principles. The venue for any litigation arising out of or relating to this Agreement shall be limited to state superior courts located in Los Angeles County, California.

*[Signatures on following page]*

**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

**ATTEST:**

By: \_\_\_\_\_  
Secretary to the Board

**APPROVED AS TO FORM:**  
Lewis Brisbois Bisgaard & Smith, LLP

By: \_\_\_\_\_  
District Counsel

## EXHIBIT A

### SPECIFIC TERMS AND CONDITIONS APPLICABLE TO THE GRACE F. NAPOLITANO PURE WATER SOUTHERN CALIFORNIA INNOVATION CENTER (NIC)

#### **A1. NIC Ground Lease**

- a. The Parties and County Sanitation District No. 8 of Los Angeles County entered into an agreement titled, *Ground Lease and Source Water Supply Agreement (Joint Plant—MWD Demonstration Site)*, on May 11, 2016, which contains terms and conditions applicable to construction, operation, and maintenance of the NIC (“**NIC Ground Lease**”). The NIC Ground Lease references the Prior Agreement and utilizes different terminology with respect to the Program and its facilities. Despite this, it is the Parties’ intent that the NIC Ground Lease remain in full force and effect for the duration of this Agreement.
- b. Accordingly, the NIC Ground Lease shall continue to govern construction, operation, and maintenance of the NIC except where its terms and conditions clearly are no longer relevant or applicable or they directly conflict with the terms and conditions of this Agreement and its exhibits. In the event such a conflict arises, the terms and condition of this Agreement and its exhibits shall prevail.

#### **A2. Construction and Operation of the NIC**

- a. Description and Capacity: The NIC consists of demonstration-scale treatment plant, ancillary and support facilities, and other facilities used for testing, educational, and outreach purposes. The NIC has the capacity to produce approximately 0.5 MGD of Purified Water (“**NIC Purified Water**”). The principal purpose of the NIC is to assess the viability of and optimal parameters for proceeding with all or a portion of the full-scale Program.
- b. Location: The NIC Ground Lease provides approximately 37,500 square feet of space at the Warren Facility property for construction and operation of the NIC at the location depicted in Exhibit A to such lease.
- c. Construction: Metropolitan has completed planning, design, permitting, and construction of the NIC, which began operations in October 2019.



d. Ownership and Operation:

- i. Joint Operation; Cost Allocation: Metropolitan shall be the sole owner of the NIC. However, Metropolitan and Sanitation District shall jointly operate and maintain the NIC for the duration of the Agreement Term. Each Party shall pay for all costs associated with their staff's work at the NIC, including labor, materials, and other staff resources (e.g., desks, computers, tools, uniforms/PPE, etc.). Unless otherwise agreed by the Parties, operational costs currently covered by Metropolitan as part of ongoing activities at the NIC (e.g., treatment chemicals, maintenance consumables, etc.) shall continue to be paid by Metropolitan. Costs for maintenance, repairs, or special projects/requests shall be shared by mutual agreement between Sanitation District and Metropolitan.
- ii. Operational Procedures and Training: Metropolitan shall provide Sanitation District with copies of all procedures, guidelines, protocols, and manuals related to operation and maintenance of the NIC ("**NIC Operational Procedures**"). Metropolitan also agrees to provide training to Sanitation District staff and consultants on the operation and maintenance of the NIC. Nonetheless, Sanitation District shall remain responsible for ensuring that any of its staff and consultants working at the NIC are fully and properly trained, including with respect to any applicable environmental health and safety ("**EHS**") procedures.
- iii. EHS Procedures: The Parties shall work cooperatively to develop, implement, and enforce appropriate EHS procedures for all staff working at the NIC, including but not limited to minimum training requirements, communications protocols, and provision of Safety Data Sheets to staff ("**NIC EHS Procedures**"). Metropolitan shall take the lead in developing the NIC EHS Procedures, with Sanitation District providing review and input. The Parties shall designate a single point of contact to facilitate development and implementation of the NIC EHS Procedures. While it is the intent of the Parties to jointly develop and agree on the NIC EHS Procedures, Metropolitan shall retain sole discretion on whether to approve such procedures. Until the NIC EHS Procedures are approved and implemented, all staff and consultants working at the NIC shall follow all procedures established by Metropolitan.
- iv. Insurance: Sanitation District and Metropolitan shall each be responsible for providing all insurance coverages necessary for each Party's individual staff members, including without limitation general liability and workers compensation insurance.

- v. Interruption In Operations: In the event the NIC is not able to operate for any reason, Metropolitan shall divert untreated NIC Source Water (defined below) back into the Warren Facility for disposal. Metropolitan shall give Sanitation District reasonable notice before taking any such action.
- vi. Public Outreach: Either Party may utilize the NIC for public outreach purposes, which may include providing tours of the facility to members of the public. Neither Party shall deny or impose unreasonable restrictions on the use of and access to the NIC for such purposes.
- e. Removal of the NIC: At the conclusion of operations at the NIC or the termination of this Agreement, whichever comes first, Sanitation District may purchase the NIC facilities for their salvage value, as determined by an independent appraisal. If Sanitation District does not purchase the NIC facilities, then within two years after notice from Sanitation District, Metropolitan shall remove all such facilities and return the NIC site to its pre-project condition.
- f. Permits and Authorizations: Metropolitan shall secure all permits, authorizations, and approvals needed to operate and maintain the NIC. Sanitation District shall cooperate with Metropolitan in securing such permits, authorizations, and approvals. Metropolitan and Sanitation District shall comply with all laws, rules, and regulations applicable to operation and maintenance of the NIC.
- g. Utilities: Sanitation District shall be responsible for providing, at no cost to Metropolitan, all utility connections and services needed to operate and maintain the NIC, including power, potable water, sewer, and solid waste collection services.
- h. Right of Inspection: Upon reasonable notice, Sanitation District staff may enter the NIC site for the purpose of construction or operations.

### **A3. Provision of Source Water**

- a. General Obligation: The NIC Ground Lease addresses the specific requirements for Sanitation District to provide, at no cost to Metropolitan, Source Water from the Warren Facility in an amount sufficient to meet the treatment capacity of the NIC as constructed (“**NIC Source Water**”). Metropolitan acknowledges that circumstances beyond the control of Sanitation District may adversely impact the quantity, quality, or flow of NIC Source Water available to the NIC. If any such circumstances occur,

Sanitation District's Chief Engineer may temporarily limit the amount of NIC Source Water made available.

- b.** Source Water Delivery Facilities and Tie-Ins:
  - i.** Construction: Sanitation District has completed planning, design, permitting, and construction of those facilities required for delivery of NIC Source Water to the NIC (“**NIC Source Water Delivery Facilities**”) and for tie-in of the NIC to the Warren Facility (“**NIC Tie-In Facilities**”).
  - ii.** Ownership and Operation: Sanitation District shall be the sole owner of the NIC Source Water Delivery Facilities and NIC Tie-In Facilities and shall operate and maintain these facilities for the duration of the Agreement Term. Sanitation District shall be responsible for all costs associated with operation and maintenance of the NIC Source Water Delivery Facilities and NIC Tie-In Facilities.
  - iii.** Permits and Authorizations: Sanitation District shall secure all permits, authorizations and approvals needed to operate and maintain the NIC Source Water Delivery Facilities and NIC Tie-In Facilities. Metropolitan shall cooperate with Sanitation District in securing such permits, authorizations, and approvals. Sanitation District shall comply with all laws, rules, and regulations applicable to the operation and maintenance of such facilities.

#### **A4. Distribution and Use of Purified Water**

- a.** Metropolitan shall convey all NIC Purified Water to a suitable location within the Warren Facility. Sanitation District shall be responsible for any subsequent distribution, use, or disposal of NIC Purified Water, and shall be entitled to any revenues resulting from such distribution, use, or disposal. Sanitation District shall obtain and maintain any permits necessary to distribute, use, or dispose of NIC Purified Water.
- b.** Sanitation District is not obligated to use any NIC Purified Water, and any NIC Purified Water that is not utilized for non-potable reuse applications shall be disposed at the Warren Facility at no cost to Metropolitan.
- c.** Metropolitan makes no representations, warranties, or guarantees of any kind as to the quantity or quality of NIC Purified Water.

**A5. Disposal of Treatment Residuals**

- a. Sanitation District shall be responsible for disposal of any residuals generated by the treatment of NIC Source Water at the NIC, including membrane filtration backwash, reverse osmosis brine concentrate, and other waste streams, such as acids, anti-sealants, dispersants, and membrane cleaning agents (**collectively “NIC Treatment Residuals”**). Metropolitan shall return all NIC Treatment Residuals to a suitable location at the Warren Facility, as determined by Sanitation District.
- b. Connection of the NIC to the Warren Facility for purposes of disposing of NIC Treatment Residuals shall not be considered a sewer connection. Sanitation District shall not assess or collect from Metropolitan any charge or fee of any kind associated with the disposal of NIC Treatment Residuals.

**A6. Laboratory Analyses and Data Sharing**

- a. The Parties shall jointly conduct sampling and laboratory analyses as necessary to monitor and determine the treatment efficacy of the NIC. Sanitation District shall be responsible for all sampling and laboratory analyses upstream of the NIC and Metropolitan shall be responsible for all sampling laboratory analyses within and downstream of the NIC. If potential cost savings and efficiencies would result from further collaboration on sampling or laboratory analyses, the Parties shall meet and confer to determine if a revised division of responsibilities is warranted.
- b. The Parties shall share all water quality and process data associated with operation of the Warren Facility and the NIC for the duration of the Agreement Term.

**A7. Development of Full-Scale Program Requirements**

- a. Source Water Criteria: The Parties acknowledge the importance of establishing and maintaining Source Water quantity, quality, and flow to ensure the long-term success of the full-scale Program. Accordingly, the Parties shall meet and confer to develop appropriate Source Water criteria that will ensure continuous and cost-effective treatment at any AWWPF constructed during subsequent phases of the Program. The Parties also shall meet and confer to develop appropriate enhancements to Sanitation District’s industrial wastewater pretreatment program aimed at controlling the entry of contaminants into the Source Water.
- b. Additional Studies and Evaluations: The Parties shall cooperate with each other in conducting and preparing any additional studies, evaluations and plans necessary to assess the economic and technical feasibility, financing

needs, right-of-way and permitting requirements, environmental and regulatory compliance obligations, and engineering, construction, and operational specifications for the AWP ( "**Additional Studies and Evaluations**" ). Unless agreed otherwise, each Party shall be solely responsible for the costs of any Additional Studies and Evaluations it conducts or prepares.

- A8. Pursuit of Grant and Loan Funding:** The Parties may jointly pursue grant and loan funding in support of the NIC ("**Joint NIC Funds**"). The Parties shall share any Joint NIC Funds awarded or received, and provide any required matching funds, based on the percentage of planning, design, permitting, and construction costs contributed by each Party in support of the NIC, not including any fees waived or in-kind services provided by either Party.

## EXHIBIT B

### PROPOSED (NON-BINDING) TERMS AND CONDITIONS APPLICABLE TO THE ADVANCED WATER PURIFICATION FACILITIES (AWPF)

#### **B1. Construction and Operation of the AWPf**

- a.** Description and Capacity: The AWPf consists of the Pretreatment Facilities, the AWT Facilities, and any associated Ancillary Facilities, as described more fully in **Sections 2 and 4 of this Agreement**. The AWPf is anticipated to have the capacity to produce approximately 150 MGD of Purified Water at full build out. Prior to commencement of final design for each phase of the AWPf, the Parties shall agree upon the maximum capacity for that phase. However, the exact design and configuration of each phase shall be determined by Metropolitan in its sole discretion.
- b.** Location: The Parties shall agree upon a suitable location within the boundaries of the Warren Facility for construction and operation of the AWPf, including up to 35 acres for the Metropolitan AWT Facilities and any associated Metropolitan Ancillary Facilities.
- c.** Rent: Subject to a separate ground lease agreement, Sanitation District shall lease any Warren Facility property used by Metropolitan for the following rent: (i) First Year of Lease -- \$5,000 per acre in 2015 dollars, adjusted using the Los Angeles-Riverside-Orange County Consumer Price Index for All Urban Consumers or the equivalent successor index (“CPI”) to the effective date of the lease (“**Base Rent**”); (ii) Subsequent Years of Lease -- Base Rent adjusted annually for inflation using the CPI, but in no event shall the adjustment ever be less than zero. The term of the ground lease shall begin when construction of the Metropolitan AWT Facilities and any associated Metropolitan Ancillary Facilities commences.
- d.** Construction

  - i.** Commencement: Construction of the AWPf shall not commence until the Parties have: (1) completed any required Environmental Evaluation and associated public hearing processes; (2) obtained all required permits, approvals, and authorizations; and (3) negotiated, executed, and delivered the agreement(s) containing the Final AWPf Terms, as noted in **Section 3.c of this Agreement**.
  - ii.** Division of Responsibilities: As set forth in **Section 4 of this Agreement**, Sanitation District shall be responsible for planning, design, permitting, and

construction of the Source Water Delivery Facilities, Pretreatment Facilities and any associated Sanitation District Ancillary Facilities, and Metropolitan shall be responsible for planning, design, permitting, and construction of the AWT Facilities and any associated Metropolitan Ancillary Facilities. Nonetheless, the Parties shall work cooperatively to ensure that all such facilities are fully compatible and integrated where appropriate.

iii. Site Remediation: The Parties acknowledge that the property potentially available for the AWPf has been undergoing remediation. Prior to commencement of construction activities for the first phase of the AWPf, the Parties shall make reasonable efforts to determine the extent to which any hazardous wastes and material (“**Hazardous Wastes**”) or contaminated soil or groundwater (“**Contamination**”) may be impacted by construction. The Parties shall meet and confer to develop an approach to mitigating the condition as cost-effectively as possible. However, unless the Parties agree otherwise, Sanitation District shall be responsible for removing, disposing and/or treating all pre-existing Hazardous Wastes and Contamination and for remediating the site as needed to permit construction of the AWPf. Any delays caused by or resulting from these removal or remediation activities shall not be considered a breach of this Agreement. Metropolitan shall be responsible for removal, disposal and/or treatment of all other wastes, deposited, produced, or generated during construction of the AWT Facilities.

e. Ownership and Operation:

i. Each Party shall own, operate, and maintain those portions of the AWPf that it has constructed in accordance with **subsection d above**. Nonetheless, the Parties shall work cooperatively to ensure that all AWPf operations are fully compatible and integrated where appropriate.

ii. In the event the AWPf is not able to operate for any reason, Metropolitan shall divert untreated AWPf Source Water back into the Warren Facility for disposal. Metropolitan shall give Sanitation District reasonable notice before taking any such action.

f. Removal of AWPf: At the conclusion of the Program, Sanitation District may purchase all AWT Facilities and any associated Metropolitan Ancillary Facilities, for their salvage value, as determined by an independent appraisal. If Sanitation District does not purchase these facilities, then within five years after notice from Sanitation District, Metropolitan shall remove all such facilities and return its portion of the AWPf site to its pre-project condition.

- g.** Permits and Authorizations: Metropolitan and Sanitation District shall obtain all permits, authorizations, and approvals needed to construct, operate, and maintain the AWPf and any associated Ancillary Facilities, and shall comply with all laws, rules, and regulations applicable to the construction, operation, and maintenance of such facilities. The Parties shall cooperate with each other in securing such permits, authorizations, and approvals.
- h.** Utilities: Except with respect to the provision of AWPf Source Water as set forth in **Section B2**, the disposal of AWPf Treatment Residuals as set forth in **Section B4**, and sewer services, each Party shall provide all utility connections and services needed to construct and operate those portions of the AWPf for which it is responsible, as set forth in **subsections d and e above**.
- i.** Right of Inspection: Upon reasonable notice, either Party may enter that portion of the AWPf site owned and controlled by the other Party for the purpose of inspecting construction or operations.

## **B2. Provision of Source Water**

- a.** General Obligation: Sanitation District shall provide, at no cost to Metropolitan, Source Water from the Warren Facility in an amount sufficient to meet the treatment capacity for each phase of the AWPf as constructed (“**AWPF Source Water**”). The provision of AWPf Source Water is subject to execution of a separate source water supply agreement consistent with this Agreement.
- b.** Source Water Criteria:

  - i.** Prior to commencement of Final Design for each phase of the AWPf, the Parties shall agree upon the criteria for the quantity, quality and flow that will apply to the delivery of AWPf Source Water (“**AWPF Source Water Criteria**”) to the AWPf, in general, and the AWT Facilities, in particular. Once these AWPf Source Water Criteria are established, Sanitation District shall not make any changes in the Warren Facility’s facilities, operations, or design that may significantly adversely affect the quantity, quantity, or flow of AWPf Source Water unless required to meet regulatory or other legal requirements. The Parties shall meet and confer in good faith to determine appropriate actions if changes are required. In addition, Sanitation District shall not enter into any agreement to provide secondary-treated effluent from the Warren Facility to another entity or project that could significantly reduce the amount of AWPf Source Water available without the consent of Metropolitan.
  - ii.** Metropolitan acknowledges that circumstances beyond the control of Sanitation District may adversely impact the quantity, quality, or flow of



AWPF Source Water. If any such circumstances occur, Sanitation District's Chief Engineer may temporarily limit the amount of AWPf Source Water made available to the AWPf, in general, or the AWT Facilities, in particular. Sanitation District shall use its best efforts, including modifying Warren Facility operations, to re-establish the availability of AWPf Source Water meeting the agreed-upon AWPf Source Water Criteria as soon as reasonably possible. In the event of a decrease in availability of AWPf Source Water, the Chief Engineer shall promptly notify Metropolitan.

- iii. Sanitation District shall not be liable for any costs or damages incurred by Metropolitan arising out of or relating to any temporary interruption in service or limitation of availability of AWPf Source Water ("**Temporary Interruption**") due to either decreased influent flows, operation difficulties, or an inability of Sanitation District to meet NPDES requirements. Metropolitan hereby releases and covenants not to sue Sanitation District from or for all claims and actions arising out of a Temporary Interruption.

c. Source Water Facilities

- i. Construction: As set forth in **Section 4 of this Agreement**, Sanitation District shall be responsible for the planning, design, permitting, construction, and operation of those facilities required for delivery of AWPf Source Water to the AWPf ("**AWPF Source Water Delivery Facilities**") and for tie-in of the AWPf to the Warren Facility ("**AWPF Tie-In Facilities**").
- ii. Ownership and Operation: Sanitation District shall be the sole owner of the AWPf Source Water Delivery Facilities and AWPf Tie-In Facilities and shall operate and maintain these facilities for the duration of the Program. Sanitation District shall be responsible for all costs associated with operation and maintenance of the AWPf Source Water Delivery Facilities and AWPf Tie-In Facilities.
- iii. Permits and Authorizations: Sanitation District shall obtain any permits, authorizations and approvals needed to construct and operate the Sanitation District Improvements, and shall comply with all laws, rules, and regulations applicable to the construction, operation, and maintenance of such facilities. Metropolitan shall cooperate with Sanitation District in securing such permits, authorizations, and approvals.

- d. Source Water Control Program: Prior to commencement of final design for each phase of the AWPf, the Parties shall agree on a program for controlling the entry

of contaminants into the AWP Source Water delivered to the AWP during that phase.

- e. Acceptance of Non-Specification Source Water: Sanitation District shall immediately notify Metropolitan if for any reason Sanitation District is, or anticipates that it will be, unable to meet the AWP Source Water Criteria agreed to by the Parties pursuant to **subsection b above** in the AWP Source Water delivered to the AWP, in general, or the AWT Facilities in particular, (**“Non-Specification Source Water”**). Metropolitan shall use reasonable efforts to accept Non-Specification Source Water for treatment at the AWT Facilities. However, Metropolitan may reject any Non-Specification Source Water if Metropolitan determines based on its sole judgment that such source water may cause significant damage to the AWP or AWT Facilities or cannot be treated to applicable standards in a cost-effective manner.

### **B3. Distribution and Use of Purified Water**

- a. Metropolitan Rights and Responsibilities: Except as otherwise set forth in this Section, Metropolitan shall be responsible for and have discretion over any distribution, use, or disposal of all Purified Water produced by the AWP.
- b. Sanitation District Allocation: Metropolitan shall provide an allocation of Purified Water to Sanitation District (**“Sanitation District Allocation”**) at no cost based on the treatment capacity of the AWP as follows:
  - i. 0 to 60 MGD: 600 acre-feet per year (**“AFY”**)
  - ii. 61 to 100 MGD: 1,200 AFY
  - iii. 101 to 150 MGD: 1,800 AFY
- c. Delivery: Metropolitan shall deliver the Sanitation District Allocation to groundwater basins within Sanitation District’s Joint Outfall service area where Metropolitan has facilities suitable for this purpose. The Sanitation District Allocation shall be delivered together with Metropolitan’s distribution of other Purified Water. The allocation between groundwater basins shall be at Sanitation District’s discretion. Any agreements required for replenishment use of the Sanitation District Allocation shall be the responsibility of Sanitation District.
- d. Participation within Sanitation District Service Area: [SUBJECT TO FURTHER NEGOTIATION]
- e. Option: Sanitation District shall have the option to purchase up to 1 MGD of additional Purified Water at Metropolitan’s cost of treatment for Warren Facility uses. Warren Facility uses include those uses identified and implemented during

operation of the NIC. Delivery and use of any Purified Water secured under this option shall be the responsibility of Sanitation District.

#### **B4. Disposal of Treatment Residuals**

- a.** Sanitation District shall be responsible for disposal of any treatment residuals generated by the AWPf, including membrane filtration backwash, reverse osmosis brine concentrate, and other waste streams (such as acids, anti-sealants, dispersants, and membrane cleaning agents), in accordance with all applicable laws, rules and regulations (**collectively AWPf Treatment Residuals**”).
- b.** Prior to commencement of final design for each phase of the AWPf, the Parties shall agree to the quantity and quality of AWPf Treatment Residuals to be disposed at the Warren Facility during that phase. If the anticipated quantity and quality of AWPf Treatment Residuals would interfere with Sanitation District’s ability to discharge its Warren Facility waste streams in compliance with applicable laws, rules, and regulations, the Parties shall agree to meet and confer to develop actions within their respective treatment operations to ensure such compliance.
- c.** Metropolitan shall return all AWPf Treatment Residuals to suitable locations at the Warren Facility, as determined by Sanitation District prior to commencement of final design for each phase of the AWPf.
- d.** As needed, Metropolitan shall treat non-brine components of AWPf Treatment Residuals to standards generally applicable to current industrial waste dischargers to Sanitation District’s Joint Outfall System.
- e.** Connection of the AWPf to the Warren Facility for purposes of disposing of AWPf Treatment Residuals shall not be considered a sewer connection. Sanitation District shall not assess or collect from Metropolitan any charge or fee of any kind associated with the disposal of AWPf Treatment Residuals at the Warren Facility, subject to the meet and confer provisions in **subsection b above**.

#### **B5. Laboratory Analyses and Data Sharing**

- a.** The Parties shall jointly conduct sampling and laboratory analyses as necessary to monitor and determine the overall treatment efficacy of the AWPf. Sanitation District shall be responsible for all sampling and laboratory analyses related to the Source Water and the Pretreatment Facilities and Metropolitan shall be responsible for all sampling and laboratory analyses related to the Metropolitan AWT Facilities. If potential cost savings and efficiencies would result from

further collaboration on sampling or laboratory analyses, the Parties shall meet and confer to determine if a revised division of responsibilities is warranted.

- b. The Parties shall share all water quality and process data associated with operation of the Warren Facility and the AWPf during the term of the Program.

**B6. Pursuit of Grant and Loan Funding:** The Parties may jointly pursue grant and loan funding in support of the AWPf (**“Joint AWPf Funds”**). The Parties shall share any Joint AWPf Funds awarded or received, and provide any required matching funds, based on the percentage of planning, design, permitting, and construction costs contributed by each Party in support of the AWPf, not including any fees waived or in-kind services provided by either Party.