

**LETTER OF INTENT TO COLLABORATE ON THE DEVELOPMENT OF FUTURE
AGREEMENTS FOR THE PURCHASE AND DELIVERY OF ADVANCED TREATED WATER FOR
REPLENISHMENT OF THE CENTRAL AND WEST COAST GROUNDWATER BASINS**

- A. This LETTER OF INTENT (LOI) is made by and between THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA (Metropolitan), the CITY OF LONG BEACH acting through its Board of Water Commissioners (Long Beach), the CITY OF TORRANCE (Torrance), and the WATER REPLENISHMENT DISTRICT OF SOUTHERN CALIFORNIA (WRD), who may be referred to individually as "Party" or collectively as "Parties."

RECITALS

- B. Metropolitan and County Sanitation No. 2 of Los Angeles County (Sanitation District) are working together to develop a Regional Recycled Water Program (Program). The objective of the Program is to produce up to 150 million gallons per day (MGD) of advanced treated water (AWT Water) from a new advanced water treatment (AWT) facility located at the Sanitation District's Joint Water Pollution Control Plant in Carson, California (Metropolitan AWT Facility). The Program's development may be phased, starting at lower levels of production with the potential to build up to 150 MGD of production as demands and conditions warrant.
- C. If the Program is approved by Metropolitan's Board of Directors, it will also include plans for the development of a conveyance system consisting of approximately 60 miles of pipeline and a series of pump stations (AWT Conveyance System). The AWT Conveyance System could potentially deliver up to 150 MGD of AWT Water to the Central, West Coast, Orange County and Main San Gabriel Groundwater Basins for indirect potable reuse (IPR) through replenishment of those Basins. Delivery locations along the alignment will consist of either existing or new groundwater spreading basins or new or existing injection wells.
- D. The AWT Conveyance System could also deliver some of the AWT Water to Member Agencies in the Los Angeles and Long Beach Harbor areas for delivery to industrial customers of those Member Agencies. Additionally, some of the AWT Water may be delivered through an extension of the AWT Conveyance System to certain Metropolitan treatment plants for direct potable reuse (DPR) through raw water augmentation.
- E. Water rights have been adjudicated in the West Coast Basin and Central Basin (the "Basins") according to the Judgment in Los Angeles County Superior Court; Civil Action No. C786656 entitled "Central and West Basin Water Replenishment District, etc. v. Charles E. Adams, et al., and Civil Action No. C506806 entitled "California Water Service Co., et. al. vs City of Compton, et al. (herein collectively referred to as "the Judgments"), which have been amended over time. The Judgments also establish a Watermaster, which includes three bodies: 1) the Administrative Body, comprised of WRD, who administers the Watermaster accounting and reporting functions, 2) the Water Rights Panel, comprised of water rights holders who are selected through election and/or appointment, enforces issues related to pumping rights within the Judgments, and 3) the Storage Panel, which is

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comprised of the Water Rights Panel and the WRD Board of Directors, who together approves certain groundwater storage efforts. WRD's service area overlies the Basins and engages in activities of capturing, purchasing, and producing supplemental water for replenishing the Basins. Long Beach is a water rights holder under the Judgments for the Central Basin and is a member agency of Metropolitan. Torrance is a water rights holder under the Judgment for the West Coast Basin and is a member agency of Metropolitan. Long Beach and Torrance purchase water from Metropolitan and are capable of selling water to WRD for replenishment of the Basins.

- F. WRD is leading the development of a Regional Brackish Water Reclamation Program (Brackish Program) to remediate a brackish groundwater plume in the West Coast Basin and utilize unused groundwater rights to provide to a new water supply for potable consumption. WRD and the Brackish Program Stakeholders are currently completing a Feasibility Study to evaluate potential project location, capacities, and treatment technologies. WRD and the Stakeholders have identified Brackish Program capacity alternatives of up to 20,000 acre-feet per year. If the Brackish Program is finalized and approved by the WRD Board of Directors, it will also include a groundwater replenishment component to mitigate basin water level impacts and constrain plume migration. Replenishment scenarios, locations and quantities are still in development. Torrance is one of several Stakeholders participating in the Regional Brackish Water Reclamation Program and is interested in purchasing and receiving AWT Water by Metropolitan via the AWT Conveyance System to meet WRD's additional replenishment demands associated with the Brackish Program.

- G. Furthermore, as specified in the Judgments, there exists a total of 450,000 acre-feet of available dewatered space within the Basins (330,000-acre-feet total in the Central Basin and 120,000 acre-feet in the West Coast Basin). That dewatered space is allocated between the Adjudicated Storage Capacity and a Basin Operating Reserve. In accordance with the Judgments, WRD may use the Basin Operating Reserve to manage available sources of water and otherwise fulfill its replenishment functions. As parties to the Judgments, Long Beach and Torrance may utilize the space available in the Adjudicated Storage Capacity for groundwater storage and/or augmentation projects in the Basins, by any means authorized under the Amended Judgments.

- H. The WRD Board of Directors has recently adopted the "WIN 4 ALL" Program to work with the pumping community, including Long Beach and Torrance, to plan and develop groundwater storage and augmentation projects that will utilize the available dewatered space within the Basins for increased regional sustainability and to provide water supply resiliency. The AWT supplies developed within the Program could serve as a potential water supply source for future groundwater augmentation and storage project development. As Metropolitan member agencies, Long Beach and Torrance could serve as purchasers of AWT supplies from the Program for projects developed within the WIN 4 ALL Program.

- I. Due to the size, complexity and anticipated capital investment required of Metropolitan for the Program, it will be beneficial for all Parties to coordinate and collaborate, as appropriate, during the developmental stages of the Program. Such coordination and collaboration will ensure that the system is planned, designed, constructed and operated in a manner consistent with the best interests of the Parties and to ensure delivery of AWT Water into the Basins is feasible. Coordination and collaboration between the Parties is also necessary to ensure the development of a commitment by Long Beach and Torrance to purchase AWT Water from the Program.

TERMS

1. INTENT OF THE PARTIES:
 - a. The Parties intend to develop a plan to ensure that deliveries of any AWT Water produced by the Program can be introduced into the Basins. To that end, the Parties intend to:
 - i. Collaborate to provide all information any regulatory agency may need to approve introduction of AWT Water into the Basins;
 - ii. Identify and examine potential water quality issues and specifications related to the Program that may affect the any regulatory agency's approval for introduction of AWT Water into the Basins;
 - iii. Identify any related research, testing, and other technical work necessary to address any concerns raised by any regulatory agency in connection with approval of introduction of AWT Water into the Basins;
 - iv. Collaborate on regulatory developments related to introduction of AWT Water into the Basins;
 - v. Develop plans for any new infrastructure that may be necessary to introduce AWT Water into the Basins; and
 - vi. Develop additional areas for collaboration and support, as identified by the Parties.
 - b. It is the intent of the Parties to collaborate in the development of a set of agreements between the Parties setting forth:
 - i. The cost of obtaining AWT Water;
 - ii. Locations of infrastructure to deliver AWT Water into the Central and West Coast Basins; and
 - iii. The long-term purchase and receipt of up to 81,000 AFY of AWT Water in total by Long Beach and WRD via MWD member agencies, including Long Beach and Torrance, to be used for groundwater replenishment, augmentation, and storage projects within the Basins and for commercial and industrial purposes in the Harbor areas.

2. NON-BINDING INTENT

The provisions of this LOI represent a statement of the Parties' general intent only, and shall not be binding on either Party. No Party shall have any obligation to enter into any agreement listed in Section 1.b., or otherwise, and no course of conduct of the Parties shall evidence any binding obligations. Each Party fully understands that the terms and conditions of any agreements developed pursuant to Section 1.b. are subject to approval by the Board of Water Commissioners of the City of Long Beach, the City Council of Torrance, the Board of Directors of WRD, and the General Manager and the Board of Directors of Metropolitan. No Party shall have any legal obligations to the other unless and until all of the terms and conditions of each of the proposed agreements have been negotiated and agreed to by all Parties and set forth in the agreements, approved by the legislative bodies of all Parties, and signed and delivered by all Parties.

3. NOTICES AND CORRESPONDENCE

Any notice or correspondence under this LOI 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, Group Manager, Engineering Services
With a courtesy copy by email to: jbednarski@mwdh2o.com

Long Beach Water Department
1800 E. Wardlow Road
Long Beach, CA 90807
Attn: Christopher J. Garner, General Manager
With a courtesy copy by email to: dean.wang@lbwater.org

City of Torrance
20500 Madrona Avenue
Torrance, CA 90503
Attn: Craig Bilezerian, Public Works Director
With courtesy copies by email to: adarlak@torranceca.gov
: cschaich@torranceca.gov
: mknapp@torranceca.gov

Water Replenishment District of Southern California
4040 Paramount Boulevard
Lakewood, CA 90712
Attn: Robb Whitaker, General Manager
With a courtesy copy by email to: dgatza@wrd.org

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.

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

4. COUNTERPARTS

This Agreement may be executed in counterparts, and signatures transmitted via facsimile or electronic mail shall be deemed to be originals.

**THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA**

Jeffrey Kightlinger

By: _____


General Manager

Date: _____

9/10/20

APPROVED AS TO FORM:

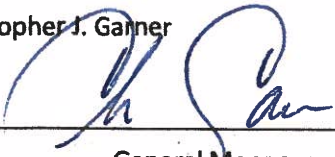
Marcia Scully

By: _____


General Counsel

**BOARD OF WATER COMMISSIONERS OF THE CITY OF LONG BEACH,
ACTING FOR AND ON BEHALF OF THE CITY OF LONG BEACH AND ON ITS
OWN BEHALF**

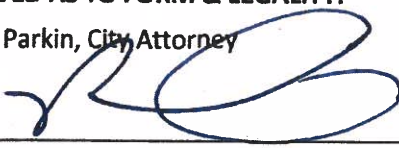
Christopher J. Garner

By: 
General Manager

Date: 8/12/20

APPROVED AS TO FORM & LEGALITY:

Charles Parkin, City Attorney

By: 
Deputy City Attorney

CITY OF TORRANCE

Patrick J. Furey

By: _____
Mayor

Date: _____

ATTEST:

Rebecca Poirier, MMC

BY: _____
City Clerk

APPROVED AS TO FORM:

Patrick Q Sullivan

By: _____
City Attorney

**BOARD OF WATER COMMISSIONERS OF THE CITY OF LONG BEACH,
ACTING FOR AND ON BEHALF OF THE CITY OF LONG BEACH AND ON ITS
OWN BEHALF**

Christopher J. Garner

By: _____
General Manager

Date: _____

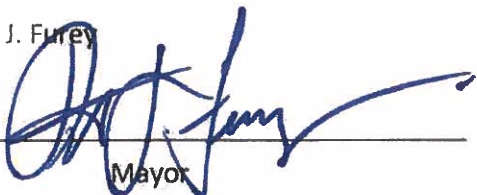
APPROVED AS TO FORM & LEGALITY:

Charles Parkin, City Attorney

By: _____
Deputy City Attorney

CITY OF TORRANCE

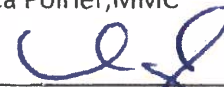
Patrick J. Furey

By:  _____
Mayor

Date: 7/20/2020

ATTEST:

Rebecca Poirier, MMC

BY:  _____
Eric City Clerk Rebecca Poirier

APPROVED AS TO FORM:

Patrick Q Sullivan

By:  JOCELYN N. SARIGUMBA
FOR City Attorney

WATER REPLENISHMENT DISTRICT OF SOUTHERN CALIFORNIA

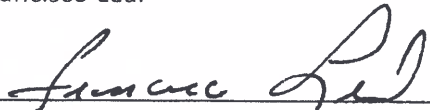
Robb Whitaker

By: 
General Manager

Date: 8/20/2020

APPROVED AS TO FORM & LEGALITY:

H. Francisco Leal

By: 
District Counsel