

**LETTER OF INTENT TO COLLABORATE ON THE DEVELOPMENT OF FUTURE
AGREEMENTS FOR THE PURCHASE AND DELIVERY OF ADVANCED TREATED WATER FOR
REPLENISHMENT OF THE MAIN SAN GABRIEL GROUNDWATER BASIN**

- A. This LETTER OF INTENT (LOI) is made by and between THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA (Metropolitan), THREE VALLEYS MUNICIPAL WATER DISTRICT (Three Valleys), UPPER SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT (Upper District), and THE WATERMASTER FOR THE MAIN SAN GABRIEL GROUNDWATER BASIN (Watermaster), 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 Main San Gabriel Basin (the “Basin”) according to the Judgment in Los Angeles County Superior Court; Civil Action No. 924128 entitled “Upper San Gabriel Valley Municipal Water District vs. City of Alhambra, et al.” (herein referred to as “the Judgment”). The Judgment also established the Watermaster as the agency responsible for managing the Basin and authorized Watermaster to purchase Supplemental Water, as defined in the Judgment, for replenishment of the Basin. Watermaster purchases Supplemental Water from three Responsible Agencies, as defined in the Judgment, which have a course of Supplemental Water to the Basin.

- F. Three Valleys and Upper District are named as Responsible Agencies under the Judgment and sell water to the Watermaster for replenishment, and are member agencies of Metropolitan. Metropolitan is a party to the Judgment, which permits it to deliver water to Three Valleys and Upper District for replenishment of the Basin. The San Gabriel Valley Municipal Water District, as State Water Project Contractor and not a Metropolitan member agency, is also named as a Responsible Agency under the Judgment and sells water to Watermaster.
- G. Metropolitan delivers water to service connections for Three Valleys and Upper District, at which point Metropolitan no longer controls or owns the water. The Watermaster has contracted with Los Angeles County Department of Public Works (LA County Public Works) for introduction of water into the Basin. LA County Public Works operates the spreading basins and related facilities that introduce water into the Basin, including Metropolitan water delivered to Three Valleys and Upper District for replenishment of the Basin. Introduction of AWT Water into the Basin may require additional facilities, separate from the existing facilities currently utilized by LA County Public Works to introduce Metropolitan potable water into the Basin.
- H. At times, Metropolitan may not have sufficient quantities of imported water to meet the Watermaster's immediate Supplemental Water requirements to deliver into the Basin. To ensure additional consistency and reliability of Metropolitan deliveries, Three Valleys and Upper District are interested in purchasing and receiving AWT Water by Metropolitan via the AWT Conveyance System to meet the Watermaster's replenishment demands for the Basin.
- 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 Basin is feasible. Coordination and collaboration between the Parties is also necessary to ensure the development of a commitment by Three Valleys and Upper District 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 AWT Water from the Program can be introduced into the Basin. To that end, the Parties intend to:
 - i. Collaborate to provide all information the Watermaster, LA County Public Works, or any regulatory agency, may need to approve introduction of AWT Water into the Basin;
 - ii. Identify and examine potential water quality issues and specifications related to the Program that may affect the Watermaster's, or any regulatory agency's,

approval;

- iii. Identify any related research, testing, and other technical work necessary to address any concerns raised by the Watermaster, or regulatory agency, in connection with approval of introduction of AWT Water into the Basin;
- iv. Collaborate on regulatory developments related to introduction of AWT Water into the Basin;
- v. Collaborate to develop an agreement with LA County Public Works for its operation of facilities necessary to introduce AWT Water into the Basin, including construction of new facilities that may be required for introduction of AWT Water into the Basin;
- vi. Develop plans for any new infrastructure that may be necessary to introduce AWT Water into the Basin; Identify opportunities to expand scope of water deliveries to include other responsible agencies and adjacent groundwater basins; and
- vii. 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 for:

- i. the long-term purchase and receipt of at least 6,500AFY AWT Water by Three Valleys and at least 35,000 AFY AWT Water by Upper District, with a maximum range of 60,000 to 80,000 AFY AWT, collectively, for both parties, and Metropolitan's delivery of AWT Water to Three Valleys and Upper District;
- ii. the Watermaster's approval of delivery of AWT water into the Basin, pursuant to a purchase agreement between Metropolitan and each of Three Valleys and Upper District; and

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 General Manager and the Board of Directors of Three Valleys, the General Manager and the Board of Directors of Upper District, the General Manager and the Board of Directors of Metropolitan, the Executive Officer and Board of the Watermaster. 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

Three Valleys Municipal Water District
1021 E. Miramar Avenue
Claremont, CA 91711
Attn: Matthew H. Litchfield, General Manager/Chief Engineer
With a courtesy copy by email to: mlitchfield@tvmwd.com

Upper San Gabriel Valley Municipal Water District
602 E. Huntington Drive, Suite B
Monrovia, CA 91016
Attn: Tom A. Love, General Manager
With a courtesy copy by email to: tom@usgvmwd.org

Main San Gabriel Basin Watermaster
725 North Azusa Avenue
Azusa, CA 91702
Attn: Anthony C. Zampello, Executive Officer
With a courtesy copy by email to: tonyz@watermaster.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: _____

APPROVED AS TO FORM:

Marcia Scully

By: _____

General Counsel

THREE VALLEYS MUNICIPAL WATER DISTRICT

Matthew Litchfield P.E.

By: _____

General Manager

Date: _____

APPROVED AS TO FORM & LEGALITY:

Steven M. Kennedy


By: _____

General Counsel

Date: _____

UPPER SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT

Thomas A. Love

By: 
General Manager



Date: May 26, 2020

APPROVED AS TO FORM & LEGALITY:

Steven O'Neill

By: 
General Counsel

Date: May 26, 2020

MAIN SAN GABRIEL BASIN WATERMASTER

Anthony Zampiello

By: _____
Executive Officer

Date: _____

APPROVED AS TO FORM & LEGALITY:

By: _____
Legal Counsel

Date: _____

UPPER SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT

Tom A. Love

By: _____
General Manager

Date: _____

APPROVED AS TO FORM & LEGALITY:

By: _____
General Counsel

Date: _____

MAIN SAN GABRIEL BASIN WATERMASTER


Anthony Zampiello

By:  _____
Executive Officer

Date: 6-5-2020

APPROVED AS TO FORM & LEGALITY:

Frederic Fudacz


By: _____
Legal Counsel

Date: 6-15-2020

