

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

This FUNDING AGREEMENT (“Agreement”) is made by and between THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA (“Metropolitan”) and the SOUTHERN NEVADA WATER AUTHORITY (“SNWA”), who may be referred to individually as “Party” or collectively as “Parties.”

BACKGROUND

- A. SNWA is a Nevada joint powers authority and political subdivision of the State of Nevada, created by agreement dated July 25, 1991, as amended November 17, 1994, and January 1, 1996, pursuant to Nevada Revised Statutes § 277.180, inclusive. Metropolitan is a water district established under the California Metropolitan Water District Act, codified in Section 109-1 et seq., of the Appendix to the West’s Annotated California Water Code, for the purpose of serving water to southern California. SNWA currently operates a water recycling program in Southern Nevada and is recognized as a global leader in water recycling technology. The Parties have collaborated on previous projects and agreements involving water supplies and continue to seek new strategies to help maximize the availability of limited water supplies.

- B. Metropolitan and the County Sanitation District No. 2 of Los Angeles County (“Sanitation District”) are working together to develop a Regional Recycled Water Program (“Program”). As currently envisioned, the Program will produce and is planned to deliver up to 150 million gallons per day, or approximately 168,000 acre-feet per year, of purified water from a new advanced water treatment facility located at the Sanitation District’s Joint Water Pollution Control Plant in Carson, California (“JWPCP”). The Program also includes a new conveyance system that would deliver water to groundwater basins within Metropolitan’s service area for indirect potable reuse and potentially to two Metropolitan treatment plants for direct potable reuse. It is anticipated that the Program will be constructed in a phased approach so that the eventual ultimate capacity of the program can take into account the availability of water at the JWPCP and the anticipated demands of Metropolitan’s member agencies both for the purposes of groundwater replenishment and direct potable reuse through raw water augmentation.

- C. On or about March 12, 2020, the Parties signed a non-binding Letter of Intent which laid the foundation for a cooperative working relationship between the Parties in the development of the Program, including the anticipation that SNWA would provide resources to assist with the planning, design, and construction of the Program in exchange for receiving water made available by the Program in the future. The Parties intend to explore entering into a future Development Agreement to further define the responsibilities of the Parties in the development of Program.

- E. In order to evaluate the Program, Metropolitan intends to conduct an environmental review along with the Sanitation District. Metropolitan’s approved budget for the environmental review is \$30 million. The actual costs to complete the environmental review will be tracked and may differ from the originally budgeted amount. The Parties intend through this Agreement for SNWA to contribute funds to Metropolitan for Metropolitan’s use in conducting the environmental review.

TERMS

1. SNWA will provide to Metropolitan the lesser of either \$6 million or 24 percent of Metropolitan's costs for conducting analyses, investigations, evaluations, studies, and public outreach, as needed, to complete any environmental review and documentation required for design and construction of the Program (collectively "Environmental Planning Phase Services"). These Environmental Planning Phase Services include environmental evaluation, engineering and other technical support, and public outreach, and will conform to and comply with the requirements of the California Environmental Quality Act and any other applicable environmental requirements, permitting processes and laws.
2. Metropolitan shall provide an accounting and invoice SNWA on a quarterly basis for 24 percent of the costs incurred by Metropolitan for Environmental Planning Phase Services, up to a maximum cumulative amount of \$6 million. SNWA shall have the right to review and confirm that the invoice conforms to the terms of this Agreement, and if so approved, SNWA shall pay the invoice within 30 days of receipt.
3. This Agreement does not: obligate Metropolitan to approve or develop the Program; obligate Metropolitan to make water available to SNWA through exchange or other mechanism; obligate SNWA to agree to such exchange; allocate any Program water to SNWA; or set any precedent for the terms of any such allocation. Such terms may be provided for in a separate Development Agreement between the Parties.
4. If Metropolitan does not approve or develop the Program or if Metropolitan or SNWA determine to not enter into a separate Development Agreement to allocate Program water to SNWA, then Metropolitan will return the funds that SNWA provided to Metropolitan under this Agreement, without any interest.
5. If the Parties enter into a separate Development Agreement which allocates Program water to SNWA, the Development Agreement will credit SNWA with the funds provided by SNWA under this Agreement.
6. Metropolitan and SNWA will also explore whether certain in-kind services could be provided by SNWA in support of the Environmental Planning Phase Services.
7. This Agreement is effective as of the date the last Party executes the Agreement and will terminate on December 31, 2035, provided that the Parties may agree to extend the term of this Agreement.
8. This Agreement is not intended by the Parties to create any right in or benefit to Parties other than SNWA and Metropolitan. This Agreement does not create any third-party beneficiary rights or causes of action.
9. The failure of either Party to enforce at any time, or for any period of time, the provisions hereof shall not be construed as a waiver of such provisions or of the rights of such Party to enforce each and every such provision.

10. Any notice under this Agreement must be in writing and addressed as follows:

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

Southern Nevada Water Authority
1001 South Valley View Boulevard
Las Vegas, NV 89153
Attn: General Manager
With a courtesy copy by email to greg.walch@lvvwd.com

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

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

The Parties may sign this Agreement in duplicate originals.

**SOUTHERN NEVADA
WATER AUTHORITY**

**THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA**

By: John J. Entsminger
John J. Entsminger (Dec 21, 2020 16:51 PST)
John J. Entsminger
General Manager

By: Jeffrey Kightlinger
Jeffrey Kightlinger
General Manager

Date: Dec 21, 2020

Date: 12/29/2020

APPROVED AS TO FORM:

APPROVED AS TO FORM:

By: Brent Gunson *for*
Brent Gunson (Dec 21, 2020 16:27 PST)
Gregory J. Walch
General Counsel

By: Marcia Scully
Marcia Scully (Dec 28, 2020 18:06 PST)
Marcia L. Scully
General Counsel