

CONSTRUCTION, OPERATIONS AND MAINTENANCE
AGREEMENT

for the

NORTHERLY RECYCLED WATER PIPELINE

between

THE CITY OF CORONA,

HOME GARDENS SANITARY DISTRICT,

JURUPA COMMUNITY SERVICES DISTRICT,

CITY OF NORCO,

WESTERN MUNICIPAL WATER DISTRICT OF
RIVERSIDE COUNTY

and

WESTERN RIVERSIDE COUNTY REGIONAL
WASTEWATER AUTHORITY

in

RIVERSIDE COUNTY, CALIFORNIA

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**Construction, Operations and Maintenance Agreement
for the
Northerly Recycled Water Pipeline**

This CONSTRUCTION, OPERATIONS AND MAINTENANCE AGREEMENT ("Agreement") is entered into by and between the City of Corona, a municipal corporation and general law city ("Corona"), Home Gardens Sanitary District, an independent special district organized under the laws of the State of California, ("Home Gardens"), Jurupa Community Services District, an independent special district organized under the laws of the State of California, ("JCSD"), City of Norco, a municipal corporation and charter city, ("Norco"), Western Municipal Water District of Riverside County, an independent special district organized under the laws of the State of California, ("Western Water") and Western Riverside County Regional Wastewater Authority ("WRCRWA"), a joint powers authority organized under the laws of the State of California. Corona, Home Gardens, JCSD, Norco, Western Water and WRCRWA may be referred herein individually as a "Party" and collectively as the "Parties."

RECITALS

A. Corona, Home Gardens, JCSD, Norco and Western Water are participating agencies of the joint powers authority known as Western Riverside County Regional Wastewater Authority and at times may enter into project agreements to further the goals and purposes of WRCRWA.

B. To support the implementation of a recycled water program through WRCRWA, the Parties intend to implement recycled water infrastructure projects and from time to time will enter into agreements with WRCRWA for certain projects identified and desired by any or all the parties to joint powers authority.

C. JCSD has identified potential distribution system improvements in its service area to utilize recycled water that has been treated by WRCRWA to Title 22 standards, but would need to construct certain pumping and conveyance infrastructure improvements to connect to the potential distribution system in its service area, and to allow the conveyance of recycled water to other agencies for beneficial use and potential sale, and seeks cooperation from the Parties for the construction, operation and maintenance of the infrastructure improvements.

D. This Agreement includes WRCRWA as a Party in part because of the accounting functions WRCRWA will undertake in connection with this Agreement and the parties do not intend for this project to constitute a "specific project" under the provisions of WRCRWA's Joint of Exercise of Powers Agreement, as amended, and particularly Section 7 of that agreement.

E. To implement this Northerly Pipeline Project, as more fully described herein, the Parties have identified proposed capacity ownership rights by agency, addressed administrative and financial responsibilities and capacity allocations in these facilities, assigned lead agency responsibilities, and defined and allocated estimated construction costs.

F. The Parties desire to enter into this Agreement to formalize the construction, operations, and maintenance requirements for the proposed Northerly Recycled Water Pipeline

("Northerly Pipeline") to deliver recycled water to a portion of the overall service area, further described in Section 1.11 below.

G. The Parties intend to enter into a separate agreement pertaining to the construction, operations and maintenance responsibilities for the Recycled Water Pump Station and On-Site Recycled Water Storage Reservoir, further described in Section 1.12 below.

AGREEMENT

The Parties, in consideration of their mutual covenants and for other good and valuable consideration, agree as follows:

1. **DEFINITIONS.** Capitalized terms used in this Agreement shall have the meanings set forth in this Section 1 or as otherwise defined herein this Agreement.

1.1. **Capacity Ownership.** Each Party's ownership percentage of capacity in the various infrastructure components of the Recycled Project. The total capacity of each component of the infrastructure shall be equal to the sum of the Parties' individual capacity ownership interests. Capacity ownership of the Northerly Pipeline is specified in Section 4.2 of this Agreement.

1.2. **Capital Costs.** Costs incurred in connection with new capital facility construction, capacity expansion, or facility betterments. For the Northerly Pipeline, capital costs include, but are not limited to, construction costs for the above and below-grade improvements, appurtenances, metering, valves, supervisory control and data acquisition ("SCADA"), and structures along with all construction related costs and services including bonding, legal services, engineering services during construction, construction geotechnical services, construction surveying, construction/program management, inspection, traffic control, and environmental monitoring and mitigation.

1.3. **Design and Construction Lead Party.** In cases for which new recycled water infrastructure is required to be designed and constructed for the Recycled Project, the design and construction lead Party shall procure and manage design and construction services as required. The design and construction lead Party shall be reimbursed for such services, including Capital Costs, Project Development Costs, and Project Implementation Costs as described in this Agreement, or any future amendments agreed to by the Parties. In cases where the design and construction lead Party is not the Party with ultimate physical infrastructure ownership and the infrastructure is located on another Party's property, the Parties will cooperate to provide access rights for construction activities. For purposes of this Agreement, JCSD is designated as the lead Party for the design and construction of the Northerly Pipeline. JCSD will require and be granted access rights from WRCRWA for construction of the Northerly Pipeline to the Point of Connection with the Pump Station.

1.4. **Operating Costs.** On-going fixed and variable operations and maintenance costs. For the Northerly Pipeline, such costs include routine maintenance, repair, and replacement of perishable capital items and equipment, and administrative overhead costs such as insurance, budgeting, budget tracking, invoicing, and related general management expenses. Perishable items and equipment include but are not limited to items such as gaskets, valve seats, electrical switches and similar items that routinely wear during the use of a facility.

1.5. Operations and Maintenance Lead Party. The Parties to this Agreement designated as being responsible for the on-going operations and maintenance for each of the various infrastructure components of the Recycled Project. In cases where the operations and maintenance lead Party must access another Party's property to operate and maintain a component of the Recycled Project infrastructure, the Parties will cooperate to provide access rights for required operations and maintenance activities. For purposes of this Agreement, JCSD is designated as the lead Party for the Northerly Pipeline and will require access rights from WRCRWA for construction, operations, and maintenance of the pipeline.

1.6. Physical Infrastructure Ownership. Legal ownership and physical custody of the various infrastructure components of the Recycled Project, with associated responsibilities. Physical infrastructure ownership of the Northerly Pipeline is specified in Section 4.1 of this Agreement.

1.7. Points of Connection. The physical locations where the Northerly Pipeline, the Southerly Pipeline, and the Norco Pipeline will be interconnected to the Pump Station's discharge piping. The points of connection shall be the basis for the delineation of ownership and agency responsibilities for these infrastructure components of the Recycled Project. The Points of Connection are depicted on the attached **Exhibits A-1 and A-2**, and by this reference incorporated herein. The coordinates for the Points of Connection are as follows:

Facility	Northing	Easting
Northerly Pipeline	2283399.011	6150769.920
Southerly Pipeline	2283419.744	6150882.666
Norco Pipeline	2283367.415	6150820.257

1.8. Project Development Costs. Costs associated with planning, preliminary design (including survey and geotechnical), program management, and environmental documentation.

1.9. Project Implementation Costs. Costs associated with final design, geotechnical, permits, surveying, right-of-way acquisition, facility agreement and legal services, encroachment permits, community outreach, and program management.

1.10. Recycled Water Cost Center. A specific section in WRCRWA's annual operating and capital budget that categorizes and tracks all costs for facilities that are specifically applicable to the Recycled Project.

1.11. Recycled Water Infrastructure – Northerly Recycled Water Pipeline Project. The proposed 24-inch Northerly Recycled Water Pipeline is a proposed pipeline (the "Northerly Pipeline Project") will be approximately 17,343 feet in length and is planned to start at the WRCRWA Treatment Plant property in Corona and transverse along River Road and north on Hellman Avenue up to Limonite Avenue. This Northerly Pipeline will provide conveyance capacity on behalf of the WRCRWA member agencies for their designated beneficial uses.

1.12. Recycled Water Project ("Recycled Project"). The overall recycled water infrastructure required to deliver WRCRWA recycled water to Points of Connection for conveying the recycled water for the Parties' designated beneficial uses. This recycled water infrastructure includes a proposed 10.15 million gallons per day ("MGD") recycled water pump station and associated metering and discharge piping ("Pump Station") to be built on the WRCRWA Treatment Plant property located at 14634 River Road, Corona, CA; an existing 1.0 million gallon treated recycled water reservoir located on the WRCRWA property that will provide equalization storage during pumping ("On-site Reservoir"); the proposed 24-inch diameter Northerly Pipeline, a 20-inch diameter recycled water pipeline ("Southerly Pipeline"); and an interconnection to an existing 12-inch diameter recycled water pipeline owned by Norco ("Norco Pipeline"). The Pump Station is a combined station that will consist of two banks of pumps: one to supply the Northerly Pipeline, one to supply the Southerly Pipeline and the existing Norco Pipeline, and one standby pump that will serve as a back-up for both banks of pumps.

1.13. Replacement and Refurbishment Costs ("R&R Costs"). Costs incurred to replace major capital items and facilities and refurbish infrastructure to maintain operation or extend useful service life.

2. **EFFECTIVE DATE; TERM; TERMINATION.**

2.1. Effective Date. The Effective Date shall be the date upon which all parties have executed this Agreement.

2.2. Term. The term of this Agreement shall commence on ____/____/2024 and, unless earlier terminated, shall terminate concurrently with the WRCRWA Joint Exercise of Powers Agreement and addenda thereto.

2.3. Termination. A Party may terminate its participation in this Agreement by selling its Northerly Pipeline capacity rights in total to another Party or Parties under the procedures set forth in Section 4.3. All of the Parties to this Agreement may terminate the Agreement by unanimous written consent.

3. **CONSTRUCTION OF THE NORTHERLY PIPELINE PROJECT.**

3.1. Recycled Project Infrastructure Description of the Northerly Pipeline Project. Infrastructure included in this Agreement is comprised of the 24-inch recycled water pipeline and related appurtenant facilities that will convey recycled water pumped from the Pump Station located at the WRCRWA Treatment Plant site, to a northerly terminus on Hellman Avenue at Limonite Avenue. The configuration of the proposed facilities included in the Recycled Project and the Point of Connection to the Recycled Water Pump Station and the terminus of the Northerly Pipeline are shown on **Exhibits A-1 and A-2**, attached hereto.

3.2. Northerly Pipeline Design and Construction. JCSD shall be the design and construction lead Party for the Northerly Pipeline Project. The Parties agree that the pipeline shall be designed and constructed in a manner generally consistent with the report commissioned by JCSD entitled: "Recycled Water Pipeline and Pump Station Preliminary Design Report," prepared by Albert A. Webb Associates, dated April 2022 ("PDR"), and in accordance with JCSD's design and operational standards. JCSD shall coordinate with the Parties on construction contract award and construction of the Northerly Pipeline Project and obtain required approvals from the Parties

as described in Section 3.3. Since JCSD is designated as the lead Party for the construction of this Northerly Pipeline Project, the rules, laws and regulations that govern or are applicable to JCSD relative to the engagement of services agreements, construction contracts and public works improvement projects will apply to this Agreement.

3.3. Northerly Pipeline Project Coordination and Approvals. JCSD has coordinated with WRCRWA and the other Parties with capacity ownership throughout the final design and pre-bid phases of the Northerly Pipeline Project, and will coordinate through the construction contract award phases of the Northerly Pipeline Project to ensure the facility is designed and constructed in accordance with applicable design and operational standards and any State of California and federal grant or loan program funding material specification requirements, such as “Buy American” provisions. JCSD shall schedule and convene quarterly coordination meetings of the Parties to discuss construction related items, provide project construction and schedule updates, and to consider approval of Capital Costs as described below.

3.3.1. In the initial quarterly coordination meeting, which shall occur no later than twenty-five (25) days prior to the scheduled JCSD Board action to award the Northerly Pipeline construction contract, the representatives of the Parties with capacity ownership shall have obtained from their individual governing boards or councils, as needed, the authority to approve the following:

Initial Capital Costs for the Northerly Pipeline and related appurtenant facilities plus a ten percent (10%) Capital Cost contingency.

3.3.2. Quarterly coordination meetings shall be held throughout construction and final acceptance of the project. The representatives of the Parties shall have obtained from their individual governing boards or councils, as needed, the authority to approve the following additional Capital Costs:

3.3.2.1. Issuance of any construction change orders cumulatively exceeding ten percent (10%) of the original Northerly Pipeline construction contract amount.

3.3.2.2. Issuance of professional service contracts amendments cumulatively exceeding ten percent (10%) of each original contract amount.

3.3.3. Items placed on the agenda of the quarterly coordination meetings by JCSD that require approval of the Parties will be provided to the Parties no less than forty-five (45) days in advance of the quarterly meeting date. Approval of the initial Capital Costs, as described in Section 3.3.1, shall require unanimous consent of the Parties. Approval of additional Capital Costs, as described in Section 3.3.2.1 and Section 3.3.2.2, shall require the majority consent of the Parties. JCSD may schedule coordination meetings of the Parties more frequently than quarterly, if needed. The quarterly coordination meetings shall terminate after issuance of the Notice of Completion for the Northerly Pipeline project by JCSD.

3.4. Project Amendments. On and after the date JCSD has awarded the construction contract for the Northerly Pipeline Project, changes to the characteristics of the Northerly Pipeline Project, including the schedule for its completion, and any responsibilities of JCSD as the designated lead Party for design and construction of the Northerly Pipeline Project, or of the other Parties, may be requested in writing by any of the Parties and are subject to the approval of JCSD,

which approval will not be unreasonably withheld, provided that such changes or extensions of time for completion of the Northerly Pipeline Project shall be approved in the sole discretion of JCSD. Nothing in this Agreement shall be construed to require or allow completion of the Northerly Pipeline Project without full compliance with the California Environmental Quality Act (Public Resources Code Section 21000 *et seq.*; “CEQA”) and the National Environmental Policy Act of 1969 (42 USC 4231 *et seq.*), if applicable, but the necessity of compliance with CEQA and/or NEPA shall not justify, excuse, or permit a delay in completion of the Northerly Pipeline Project.

3.5. The Parties will grant all access and permits needed in order for JCSD to implement the Northerly Pipeline Project. The Parties shall provide timely responses and approvals when necessary or requested.

4. **OWNERSHIP OF IMPROVEMENTS; CAPACITY OWNERSHIP AND RIGHTS.**

4.1. Northerly Pipeline Infrastructure Owner. JCSD shall be the physical infrastructure owner of the Northerly Pipeline.

4.2. Capacity Ownership of Project. The Northerly Pipeline shall be designed to deliver approximately 10.15 MGD of recycled water. Ownership of Capacity in the Northerly Pipeline shall be allocated among the Parties, expressed as daily flows in MGD. Initial capacity ownership in the Northerly Pipeline shall be allocated in accordance with **Table 1**, below.

Table 1 – Northerly Pipeline Capacity Ownership

Agency	Capacity (MGD)	Percentage (%)
Corona	1.50	14.78%
Home Gardens	0.56	5.52%
Norco	1.70	16.75%
Western Water	1.54	15.17%
JCSD	4.85	47.78%
Total	10.15	100.00%

The sum of the individual capacity ownership percentages equates to approximately the nominal operating capacity of the Northerly Pipeline. No change in the percentage of capacity ownership by a Party shall occur by reason of any variance between actual use and the nominal capacity of the Northerly Pipeline, except by amendment of this Agreement.

4.3. Capacity Ownership Adjustments and Transfers. If a Party determines that it wishes to adjust its capacity ownership in the Northerly Pipeline, the Party may buy, sell, or enter into a leasing arrangement with another Party or Parties to make such adjustments. Such a transaction may only occur among WRCRWA member agencies. In addition, Parties may wish to selectively participate in future capital projects. In such cases where an ownership transfer changes capacity ownership, the allocation of Capital Costs, R&R Costs and Operating Costs shall be adjusted, accordingly. Should a Party or Parties sell all of their capacity in the Northerly Pipeline to another WRCRWA Party or Parties, the Party or Parties selling all of their capacity ownership in the Northerly Pipeline shall have no further financial obligations or authority under

this Agreement. All transactions that result in a change in capacity of the facilities shall be promptly reported to JCSD and WRCRWA in writing for accounting, budgeting, and cost allocation purposes, and the Parties agree to amend this Agreement to reflect such changes in capacity ownership interests as soon as practical following such changes.

5. **OPERATIONS AND MAINTENANCE.**

5.1. **Northerly Pipeline Operations and Maintenance.** JCSD shall be the operations and maintenance lead Party and shall be responsible for operations and maintenance of the Northerly Pipeline in a manner consistent with industry standards and in accordance with Section 8.

5.2. **Operations.** Upon issuance of the Notice of Completion by JCSD and commencement of operations of the Northerly Pipeline, JCSD shall assume physical control of the facility and be responsible for all operations and maintenance decisions and regulatory compliance for the Northerly Pipeline. Northerly Pipeline Project related updates shall be provided by JCSD to the Parties, as needed, during WRCRWA regular meetings.

6. **CAPITAL COSTS; FUNDING; OPERATING AND CAPITAL COST ALLOCATION.**

6.1. **Northerly Pipeline Costs.** The Parties previously executed a Memorandum of Understanding between them identifying a preliminary estimate of the Capital Cost for the Northerly Pipeline Project. Subsequently, JCSD has continued to advance the Northerly Pipeline Project and is currently in the final design phase. The currently estimated costs for the project are as follows:

Project Development Costs and Project Implementation Costs = \$ 1,340,000

Plus Capital Costs Including a 10% Construction Contingency = \$15,323,000

Equals Total Estimated Cost Obligation of the Parties = \$16,663,000

As the Northerly Pipeline Project proceeds, project approvals and cost reconciliation shall be performed pursuant to Section 3.3 and Section 6.3.

6.2. **Financing.** JCSD shall seek Clean Water State Revolving Fund (CWSRF) financing for eligible Project Development Costs, Project Implementation Costs, and Capital Costs associated with the Northerly Pipeline. CWSRF funding is a low interest water infrastructure loan program administered on behalf of the State of California through the California State Water Resources Control Board. The CWSRF provides financing for recycled water and other clean water projects. The CWSRF program derives its funding from the United States Environmental Protection Agency. The Parties acquiring capacity in the Northerly Pipeline and seeking CWSRF financing through JCSD acknowledge that financing payments shall be subject to the terms and conditions of JCSD's CWSRF financing agreement with the State. JCSD shall be responsible for making all CWSRF repayments to the State and the Parties with capacity ownership in the Northerly Pipeline shall proportionately reimburse JCSD for such repayments based upon each Party's capacity ownership shown in **Table 1**, plus fees associated with the administration of each Party's invoices.

6.3. Funding for Project Development and Project Implementation Costs and Completion of Northerly Pipeline Project. Upon the Effective Date of this Agreement, each Party shall be obligated to make a series of payments correlating to project milestones for their share of Project costs based upon their percentage of capacity ownership in the Northerly Pipeline as shown in **Table 1**. Payments shall be made in accordance with the following milestones and shall be due and payable on the schedule indicated. Forty-five (45) days prior to each milestone payment due date, JCSD shall prepare and submit an itemized invoice to each Party for payment to JCSD or for reimbursement from JCSD. Project milestones and required payments and reimbursements are as follows:

6.3.1. Milestone No. 1 – Completion of Project Development Activities, Project Implementation Activities, and Final Design.

6.3.1.1. Payment includes all Project Development and Project Implementation activities including final design.

6.3.1.2. Due Date: sixty (60) days after JCSD Board action to award the Northerly Pipeline construction contract.

6.3.2. Milestone No. 2 – Reconciliation and Reimbursement of Eligible CWSRF Costs.

6.3.2.1. JCSD shall prepare a final reconciliation of all Project Development Costs, Project Implementation Costs and Capital Costs that are eligible for financing under JCSD's CWSRF agreement with the State of California.

6.3.2.2. Any costs paid by the Parties under Milestone No. 1 that are eligible for financing under the CWSRF will be reimbursed by JCSD to the Parties from CWSRF proceeds.

6.3.2.3. Due Date: Thirty (30) days after JCSD's receipt of loan proceeds from the state for eligible Project Development Costs and Project Implementation Costs.

6.3.3. Milestone No. 3 – Commencement of SRF Reimbursement Payments.

6.3.3.1. Payment includes proportionate reimbursement to JCSD for CWSRF loan repayments made by JCSD for the thirty (30) year term of the CWSRF to the State of California.

6.3.3.2. Due Date: Annual payments, due sixty (60) days prior to the due date of JCSD's annual CWSRF loan repayments to the State.

6.4. Operating and Capital Cost Allocations.

6.4.1. Northerly Pipeline Operating Costs. The allocation of all operating costs for the Northerly Pipeline among the Parties shall be based upon each Party's capacity ownership as expressed in **Table 1**.

6.4.2. Capital and R&R Costs. Capital and R&R Costs shall be based upon each Party's capacity ownership in the Northerly Pipeline as expressed in **Table 1**. Establishment of an R&R fund and contributions to the fund shall be included in the annual budgeting process described in Section 8.2.

6.5. Records Retention. The Parties to this Agreement shall retain or cause to be retained for audit for a period of three (3) years from the date of final payment, all records and accounts relating to the work on the Project or the execution of this Agreement.

7. ENVIRONMENTAL COMPLIANCE.

7.1. JCSD is the lead agency for environmental review of the Northerly Pipeline Project under the California Environmental Quality Act ("CEQA") and has completed that requirement with the adoption of an Initial Study/Mitigated Negative Declaration on September 28, 2015.

7.2. JCSD is the lead agency under CEQA for the design and construction work of the Northerly Pipeline Project. All responsibilities and obligations of JCSD for the design and construction work are conditioned upon compliance with CEQA as provided for under this Section 7 of the Agreement.

8. ADMINISTRATION.

8.1. Governance. Upon issuance of the Notice of Completion for the Northerly Pipeline Project by JCSD and commencement of operations of the Northerly Pipeline, JCSD shall coordinate with the WRCRWA Administrator and provide Operating Costs, Capital Costs, and R&R Costs associated with the Northerly Pipeline for inclusion in the Recycled Water Cost Center portion of WRCRWA's annual budget. For administrative efficiency, approval by the Parties of the Recycled Water Cost Center portion of the WRCRWA budget and expenses related to the Northerly Pipeline, along with any applicable operating policy decisions, will be conducted by members of the WRCRWA Board of Directors representing Parties with capacity ownership in the Recycled Project. All voting shall be in accordance with the requirements of the WRCRWA Joint Exercise of Powers Agreement, applicable addenda, and adopted WRCRWA policies and procedures.

8.2. Budget Administration. One hundred eighty (180) days prior to the Recycled Project becoming operational, JCSD shall prepare a draft annual operating, capital, and R&R budget for the Northerly Pipeline. The proposed draft budget shall be incorporated into the Recycled Water Cost Center portion of WRCRWA's budget for categorizing and tracking all costs associated with the Northerly Pipeline portion of the Recycled Project. The draft budget shall include all costs for operations and maintenance and R&R funding and shall be organized and approved by the Parties in a manner that aligns with accounting, financial reporting, and budgeting practices and policies applicable to the Recycled Project assets for which WRCRWA is responsible.

8.2.1. Each Party shall be financially responsible for its allocation of costs for the operations and maintenance, R&R, and capital expansions of the Northerly Pipeline that are specifically applicable to the Recycled Project in accordance with Section 6.4 of this Agreement.

8.2.2. JCSD shall coordinate with WRCRWA and provide on a quarterly basis all operations and maintenance, R&R, and capital expansion expenses incurred during the prior quarter for the Northerly Pipeline for incorporation into WRCRWA's invoicing of the Parties for the Recycled Project.

8.2.3. Each Party shall be invoiced by WRCRWA for the Recycled Project costs not paid under Section 6.3, above, including those attributable to the Northerly Pipeline, in the same manner, timing, and terms as WRCRWA's normal invoicing for costs related to the WRCRWA Treatment Plant and collection system. WRCRWA will include Northerly Pipeline costs described in Section 6.4 in its invoicing and will remit any amounts to JCSD within thirty (30) days of receipt of such payments.

8.3. Authorized Representatives. Each Party's Authorized Representative will have the authority to represent its Party and make decisions for that Party under this Agreement. Each Party's Authorized Representative is responsible for determining when a particular decision requires the prior authorization of the Party's governing board or council.

8.4. Disputes. In the event of dispute regarding interpretation or implementation of this Agreement, the Authorized Representatives of each of the Parties shall endeavor, in good faith, to resolve the dispute by meeting within 30 days after the request of a Party to this Agreement. If after meeting to attempt to resolve the dispute and the dispute is still unresolved, the Parties shall use the services of a mutually acceptable mediator in an effort to resolve the dispute by non-binding mediation. The Parties shall share equally the cost of the mediator. If the Parties are unable to agree on a mediator or are still unable to resolve the dispute after mediation, unless the Parties otherwise agree, the matter may be resolved by litigation and any Party may at its option pursue any available legal remedy.

9. DEFAULTS; REMEDIES. In the event that a Party materially defaults in performance of any of its obligations or responsibilities under this Agreement, any or all of the non-defaulting parties shall have the right to pursue all remedies available at law or in equity, against the defaulting party, provided such default remains uncured for more than thirty (30) days after the defaulting party receives notice of such default. The Parties are not required to exhaust the process for resolution of disputes as provided in Section 8.4 above before seeking any remedies against a defaulting party who has failed to cure such default within the time prescribed herein.

10. INSURANCE.

10.1. Construction and Service Contract Insurance Requirements. JCSD shall require that all persons or entities hired to perform services regarding the Northerly Pipeline Project to obtain insurance of the types and in the minimum amounts described below. Contractor shall procure and maintain for the duration of the contract insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work hereunder by the Contractor, its agents, representatives, employees or subcontractors.

(a) Commercial General Liability Insurance ("CGL"). CGL insurance coverage on an "occurrence" basis, including products and completed operations, property damage, bodily injury and personal & advertising injury with limits no less than \$2,000,000.00 per occurrence. If a general aggregate limit applies, either the general aggregate limit shall apply separately to the Northerly Pipeline Project or the general limit shall be twice the required occurrence limit.

Corona, Home Gardens, JCSD, Norco, Western Water and WRCRWA, their respective officials, officers, employees, agents, and consultants shall be named as "Additional Insured" with respect to liability arising out of work, performance of the services or operations performed by or on behalf of the Contractor on the Northerly Pipeline Project, including materials, parts or equipment furnished in connection with such work, performance or operations and automobiles owned, leased, hired or borrowed by or on behalf of the Contractor and shall contain no special limitations on the scope of coverage or the protection afforded to these insured; and contain standard separation of insured provisions.

(b) Automobile Liability Insurance. Automobile liability insurance covering any auto, with limits no less than \$2,000,000.00 per accident for bodily injury and property damage. Such insurance shall include coverage for owned, hired and non-owned automobiles.

(c) Professional Liability Insurance. Errors and omissions liability insurance with a limit of not less than \$1,000,000.00. Professional liability insurance shall only be required of design or engineering professionals.

(d) Workers' Compensation Insurance. Workers' compensation insurance as required by the State of California, with statutory limits and employers' liability insurance with limits of not less than \$1,000,000.00 per accident for bodily injury or disease.

(e) Builder's Risk. (Course of construction) insurance utilizing an "All Risk" (Special Perils) coverage form, with limits equal to the completed value of the Northerly Pipeline Project and no coinsurance penalty provisions.

(f) Contractors' Pollution Legal Liability; Asbestos Liability; Errors and Omissions with limits no less than \$2,000,000 per occurrence or claim, and \$4,000,000 policy aggregate.

If the Contractor maintains broader coverage and/or higher limits than the minimums shown above, the Additional Insureds shall be entitled to the broader coverage and/or higher limits maintained by the Contractor. Any available insurance proceeds in excess of the specified minimum limits of insurance and coverage shall be available to the Additional Insured.

10.2. Post Construction Insurance. Upon completion of the Northerly Pipeline Project, the Party who owns the infrastructure improvements shall be responsible for procuring and maintaining adequate insurance coverages, or a program of self-insurance, for the improvements.

11. **INDEMNIFICATION.**

11.1. Mutual Indemnification. Pursuant to the provision of Section 895 of the California Government Code, each of the Parties to this Agreement agrees to indemnify and hold harmless the other Parties from all loss or liability for damage, actual or alleged, to person or property arising out of or resulting from the indemnifying Party's acts or omissions in the performance of this Agreement. In the event of a third-party loss caused by the negligence, wrongful act or omission of any Parties to this Agreement, each Party shall bear financial responsibility in proportion to its percentage of fault as may be mutually agreed between them or judicially determined. The provisions of California Civil Code Section 2778 regarding interpretation of indemnity agreements are hereby incorporated.

11.2. Construction Contract Indemnification Provisions. JCSD will ensure the construction contract(s) include an indemnification obligation imposed upon any contractors and any subcontractors in favor of all the Parties to this Agreement in the form or substantially in the form provided below:

To the fullest extent permitted by law, the contractor will defend, indemnify and hold Corona, Home Gardens, JCSD, Norco, Western Water and WRCRWA, their respective officers, directors, officials (elected or appointed), members, employees and representatives ("Indemnitees") harmless from any and all claims, losses, damages, liabilities and expenses (including but not limited to) legal, expert witness and consulting fees and costs) arising out of, or resulting from, the acts or omissions, in whole or in part (including but not limited to breach of contract), of the contractor, its subcontractors and their respective officers, directors, partners, agents, employees or anyone for whom they may be liable. Notwithstanding the above, the contractor will not be required to defend, indemnify and hold harmless an Indemnatee for the Indemnatee's own active negligence, sole negligence or willful misconduct, provided that the contractor will continue to indemnify and defend the indemnitee to the extent and in proportion to the degree that the indemnitee is not actively negligent. The indemnification obligations set forth in this paragraph will not be limited in any way by the amount or type of damages, compensation or benefits payable by or for the contractor under insurance policies, workers compensation laws, disability benefit laws or other employee benefit laws.

The contractor will defend, indemnify, and hold Indemnitees harmless from any and all claims, stop payment notices, or connected legal proceedings filed by the contractor or its subcontractors, suppliers, or other persons or entities claiming by or through the contractor by reason of having provided labor, materials, and equipment relating to the Northerly Pipeline Project.

12. MISCELLANEOUS PROVISIONS.

12.1. Other Agreements Not Prohibited. Other agreements by and between the Parties of this Agreement or any other entity are neither prohibited nor modified in any manner by execution of this Agreement.

12.2. Assignment. Except as otherwise provided in this Agreement, the rights and obligations of any Party to this Agreement shall not be assignable or transferable without the consent of the governing body of each Party hereto.

12.3. Section Headings. The section headings herein are for convenience of the Parties only, and shall not be deemed to govern, limit, modify or in any manner affect the scope, meaning or intent of the provisions or language of this Agreement.

12.4. Jurisdiction; Venue. This Agreement is made in the State of California, under the Constitution and laws of such State, and shall be construed and enforced in accordance with the laws of such State. This Agreement will be governed by the laws of the State of California. The Parties agree that venue for any legal proceeding brought under this Agreement will be in the County of Riverside, State of California.

12.5. Construction of Language; Interpretation. It is the intention of the Parties hereto that if any provision of this Agreement is capable of two constructions, one of which would render

the provision void and the other of which would render the provision valid, then the provision shall have the meaning which renders it valid. The terms and conditions of this Agreement will be interpreted according to their plain meaning, and not strictly for or against any Party. Any rule of construction or interpretation to the contrary will be of no force or effect with respect to this Agreement.

12.6. Nondiscrimination. Any party or contractor shall not discriminate in the provision of services, allocation of benefits, accommodation in facilities, or employment of personnel on the basis of ethnic group identification, race, religious creed, color, national origin, ancestry, physical handicap, medical condition, marital status or sex in the performance of this Agreement; and, to the extent they shall be found to be applicable hereto, shall comply with the provisions of the California Fair Employment and Housing Act (Gov. Code 12900 et. seq), the Federal Civil Rights Act of 1964 (P.L. 88-352), the Americans with Disabilities Act of 1990 (42 U.S.C. S1210 et seq.) and all other applicable laws or regulations.

12.7. Cooperation. The Parties recognize the necessity and hereby agree to cooperate with each other in carrying out the purposes of this Agreement.

12.8. Conflict of Interest. For the term of this Agreement, no member, officer or employee of any of the Parties, during the term of his or her service with a Party, as the case may be, shall have any direct interest in this Agreement, or obtain any present or anticipated material benefit arising therefrom.

12.9. Successors. This Agreement shall be binding upon and shall inure to the benefit of the successors of the Parties hereto.

12.10. Enforcement. The Parties are hereby authorized to take any and all legal or equitable actions, including but not limited to an injunction and specific performance, necessary or permitted by law to enforce this Agreement.

12.11. Integration; Recitals. This Agreement constitutes the full and complete Agreement of the Parties. The above Recitals are true and correct and are incorporated herein.

12.12. Amendment. Except as otherwise may be provided in this Agreement, neither this Agreement nor any provision hereof may be modified or amended except by a written instrument signed by the Parties.

12.13. Counterparts. This Agreement may be executed in counterparts, each of which shall constitute an original and all of which together shall constitute one and the same Agreement.

12.14. No Third Party Beneficiaries. All of the covenants contained in this Agreement are for the express benefit of each and all such Parties, this Agreement is not intended to benefit any third parties, and any such third party beneficiaries are expressly disclaimed.

12.15. Waiver. Except as otherwise specifically provided in this Agreement, any waiver of a Party's rights or obligations under this Agreement must be made in a writing signed by the waiving party. No Party's action or failure to act will constitute approval of or acquiescence in a breach of this Agreement unless specifically agreed to in writing by the Parties.

12.16. Notices. Notices required or permitted hereunder shall be sufficiently given if made in writing and delivered either personally or by registered or certified mail, postage prepaid to the respective Parties, as follows:

<p>To:</p> <p>City of Corona Attn: Tom Moody Director of Utilities 755 Public Safety Way Corona, CA 92878 Tom.Moody@CoronaCA.gov</p>	<p>With copy to:</p> <p>City of Corona Attn: Dean Derleth City Attorney 400 S Vicentia Avenue Corona, CA 92882 Dean.Derleth@CoronaCA.gov</p>
<p>To:</p> <p>Home Gardens Sanitary District Attn: Tracey LaBonte 13538 Magnolia Ave. Corona, CA 92879 hgsd.mgr@sbcglobal.net</p>	<p>With copy to:</p> <p>Harper & Burns LLP Attn: Alan Burns 453 S. Glassell Street Orange, CA 92866 arburns@harperburns.com</p>
<p>To:</p> <p>Jurupa Community Services District Attn: Maria Ayala Executive Services Manager/Secretary to the Board of Director 11201 Harrel St Jurupa Valley, CA 91752 mayala@jcsd.us</p>	<p>With copy to:</p> <p>Best Best & Krieger LLP Attn: Mike Riddell 3390 University Ave, 5th Floor Riverside, CA 92501 michael.riddell@bbklaw.com</p>
<p>To:</p> <p>City of Norco Attn: Chad Blais, Public Works Director 2870 Clark Ave Norco, CA 92860 Cblais@ci.norco.ca.us</p>	<p>With copy to:</p> <p>Harper & Burns LLP Attn: Colin Burns 453 S. Glassell Street Orange, California 92866 crburns@harperburns.com</p>
<p>To:</p> <p>Western Municipal Water District Attn: Craig Miller General Manager 14205 Meridian Parkway Riverside, CA 92518 cmiller@wmwd.com</p>	<p>With copy to:</p> <p>Best Best & Krieger LLP Attn: Holland Stewart 3390 University Ave, 5th Floor Riverside, CA 92501 holland.stewart@bbklaw.com</p>

<p>To:</p> <p>Western Riverside County Regional Wastewater Authority: Attn: Gary Miller Administrator 14205 Meridian Parkway Riverside, CA 92518 gmler@wmwd.com</p>	<p>With copy to:</p> <p>Lagerlof LLP Attn: James Ciampa General Counsel 155 North Lake Avenue, 11th Floor Pasadena, CA 91101 jciampa@lagerlof.com</p>
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The Parties may from time to time change the address to which notice may be provided by providing notice of the change to the other Parties.

12.17. Severability. If any section, clause or phrase of this Agreement or the application thereof to any Party or any other person or circumstance is for any reason held to be invalid by a court of competent jurisdiction, it shall be deemed severable, and the remainder of the Agreement or the application of such provisions to any other Party or to other persons or circumstances shall not be affected thereby. Each Party hereby declares that it would have entered into this Agreement, and each section, subsection, sentence, clause and phrase thereof, irrespective that one or more sections, subsections, sentences, clauses or phrases or the application thereof might be held invalid.

12.18. Further Assurances. Each Party will adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the purposes and intent of this Agreement.

12.19. Signatures. The individuals executing this Agreement represent and warrant that they have the legal capacity and authority to do so on behalf of their respective legal entities.

SIGNATURES ON FOLLOWING PAGE(S)

IN WITNESS WHEREOF, the Parties have caused this Construction, Operations and Maintenance Agreement to be executed and attested by their proper officers thereunto duly authorized on the day and year set forth below, make the same effective on the date signed by the last of all Parties hereto.

CITY OF CORONA

Approved as to Form:

City Attorney

By: _____

City Manager

Attest:

Dated: _____

City Clerk

HOME GARDENS SANITARY DISTRICT

Approved as to Form:

By: _____

President

General Counsel

Dated: _____

By: _____

Secretary

Dated: _____

S-1

**Construction, Operations and Maintenance Agreement
Northerly Recycled Water Pipeline**

JURUPA COMMUNITY SERVICES DISTRICT

Approved as to Form:

General Counsel

By: _____
General Manager

Dated: _____

By: _____
Executive Services Manager/Secretary to the
Board of Directors

Dated: _____

CITY OF NORCO

Approved as to Form:

City Attorney

By: _____
Mayor

Attest:

City Clerk

Dated: _____

**WESTERN MUNICIPAL WATER DISTRICT OF
RIVERSIDE COUNTY**

Approved as to Form:

General Counsel

By: _____
President

Dated: _____

By: _____
Secretary

Dated: _____

**WESTERN RIVERSIDE COUNTY REGIONAL
WASTEWATER AUTHORITY**

Approved as to Form:

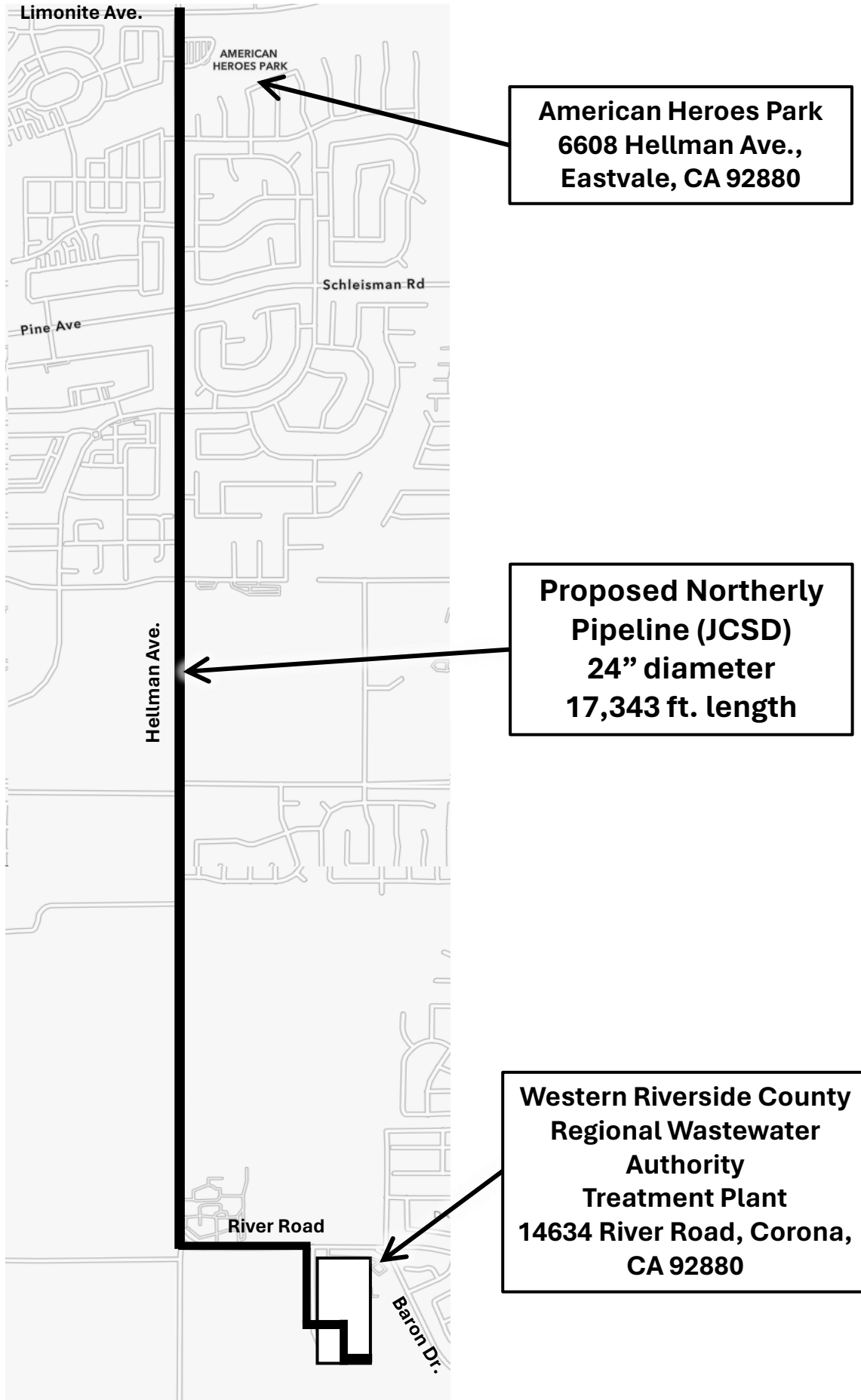
General Counsel

By: _____

EXHIBITS A-1 AND A-2
POINTS OF CONNECTION

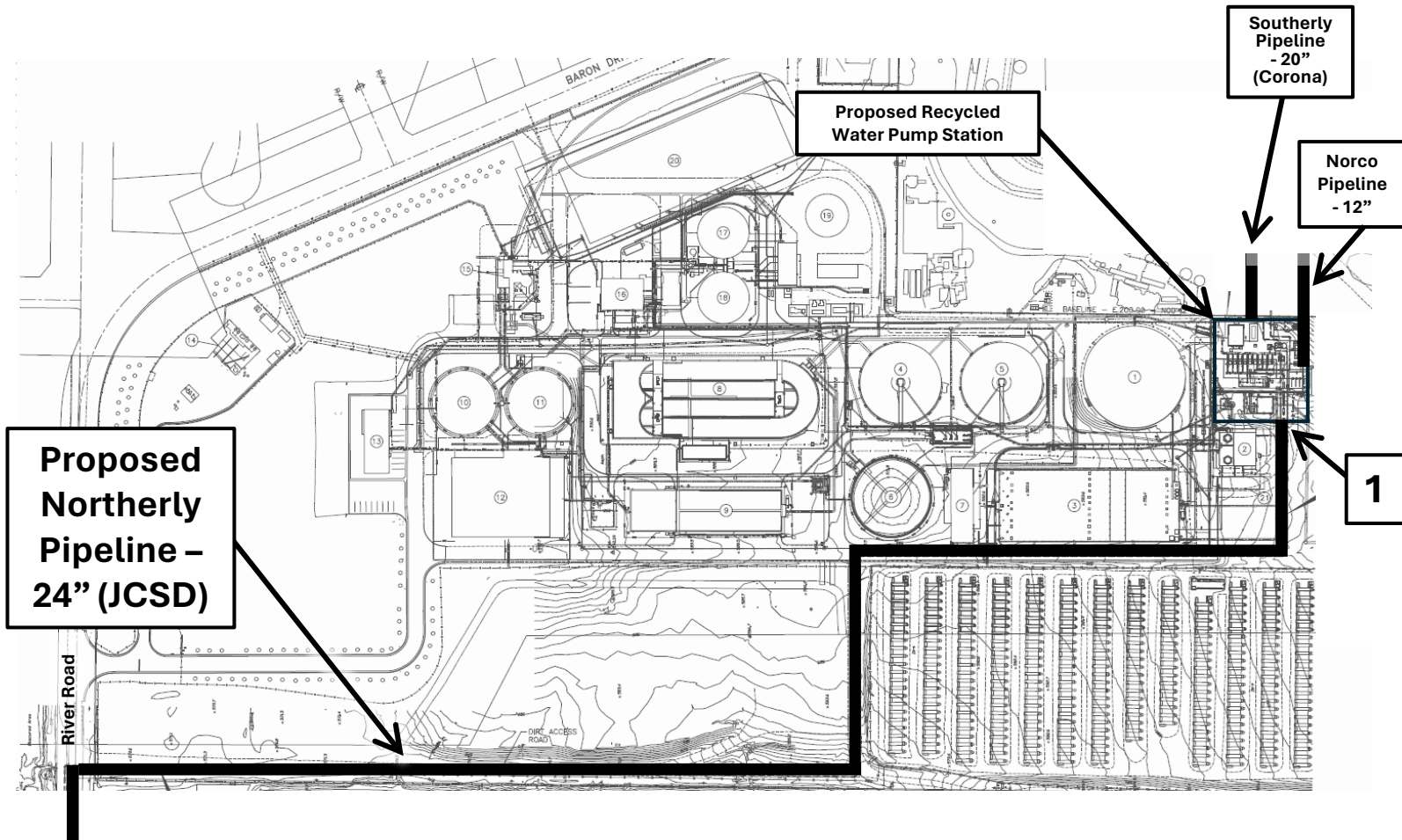
Northerly Pipeline

Exhibit A -1



Northerly Pipeline

Exhibit A -2



**Western Riverside County Regional
Wastewater Authority
Treatment Plant
14634 River Road, Corona, CA 92880**



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Northerly Pipeline POC - N. 2283399.011 E. 6150769.920