

F. Approve the Construction, Operations and Maintenance Agreements and Funding for Proposed Western Riverside County Regional Wastewater Authority Recycled Water Facilities

**Agenda Item: 6F**

April 29, 2024

**TO: THE ENGINEERING, OPERATIONS, AND WATER RESOURCES COMMITTEE**

Director Gracie Torres

Director Fauzia Rizvi

**FROM:** Tim Barr, Deputy General Manager

**APPROVE THE CONSTRUCTION, OPERATIONS AND MAINTENANCE AGREEMENTS AND FUNDING FOR PROPOSED WESTERN RIVERSIDE COUNTY REGIONAL WASTEWATER AUTHORITY RECYCLED WATER FACILITIES**

**RECOMMENDATION:**

Staff requests that the Engineering, Operations, and Water Resources Committee recommend the Board of Directors:

1. Approve the Construction, Operations and Maintenance Agreements between the City of Corona, City of Norco, Jurupa Community Services District, Home Gardens Sanitary District, Western Municipal Water District and the Western Riverside County Regional Wastewater Authority for the Recycled Water Pump Station and On-Site Reservoir, and the Northerly Recycled Water Pipeline; and
2. Authorize the expenditure of up to a total of \$2,500,000 in capital project funding in Fiscal Year 2024-2025 and Fiscal Year 2025-2026 for Western Municipal Water District's proportionate share of a recycled water pump station at the Western Riverside County Regional Wastewater Authority.

**EXECUTIVE SUMMARY:**

The Western Riverside County Regional Wastewater Authority and its member agencies are in the process of designing and constructing recycled water facilities for beneficial use of its recycled water. The Construction, Operations and Maintenance Agreements summarize the member agency capacity ownership and associated costs for the proposed recycled water pump station and northerly pipeline facilities. Through these agreements, Western Municipal Water District

will own 1.54 million gallons per day of recycled water capacity in the proposed facilities at an estimated total capital cost of approximately \$5.0 million.

**BUDGET IMPACT:**

Pump Station:

Jurupa Community Services District is the lead agency for the design and construction of the pump station and northerly pipeline facilities. The estimated total design and construction cost for the pump station is \$16 million. Western Municipal Water District's share is approximately \$2.5 million. Approximately \$1.2 million would be spent in Fiscal Year 2024-2025 and \$1.3 million in Fiscal Year 2025-2026. Both amounts will be included in the upcoming Capital Improvement and Facilities Plan (CIFP) for Fiscal Years 2024-2025 and 2025-2026.

Pipeline:

The estimated total design and construction cost for the northerly pipeline is \$17 million. Western Municipal Water District's share is approximately \$2.5 million. If Western Municipal Water District elects to accept the financing arrangement offered by Jurupa Community Services District, which has a 0.8 percent interest rate for a 30-year term and a 5 percent fixed administrative fee. As a separate funding agreement with Jurupa Community Services District will be necessary to capture the specific financing terms for the pipeline, staff is not requesting approval to fund the pipeline at this time.

Western Municipal Water District's share of the capital project costs and any financing costs for the pump station and the pipeline will be shared by the La Sierra Wastewater Operating Fund 310 and the La Sierra Wastewater Added Facilities Charge Fund 311 based on the ratio of estimated average flows from current customers to the Western Riverside County Regional Wastewater Authority plant and the unused treatment capacity owned by Western Municipal Water District in this plant.

**DETAIL:**

In May 2022, the Western Riverside County Regional Wastewater Authority (WRCRWA) Board of Directors authorized a contract with Dopudja & Wells Consulting for the facilitation and development of necessary agreements that will determine capacity ownership in new proposed recycled water facilities.

Through a series of facilitated workshops, the WRCRWA member agencies developed the following guiding documents which include the Construction, Operations and Maintenance Agreements (Capacity Ownership Agreements) necessary to finalize capacity ownership in the new proposed recycled water facilities brought before you on this date:

- Non-Binding Letter of Interest (Complete)
- Memorandum of Understanding (Complete)
- Capacity Ownership Terms and Conditions (Complete)
- Capacity Ownership Agreements (Today)

Through the facilitated workshops, each of the WRCRWA member agencies were asked to submit their individual requested amount of capacity ownership in the new proposed recycled water facilities. The total available capacity is 10.15 million gallons per day. Western Municipal Water District (Western Water) is requesting 1.54 million gallons per day, or 15.17 percent of capacity ownership in the new proposed recycled water facilities: 1. pump station, and 2. northerly pipeline. Western Water's Riverside Facilities Master Plan estimates 1.54 million gallons per day of recycled water availability at build-out conditions.

As the lead agency for the design and construction of the pump station and northerly pipeline, Jurupa Community Services District (JCSD) has developed estimated capital costs for the new proposed recycled water facilities. The estimated total capital cost for the pump station is \$16 million and the northerly pipeline is \$17 million. Western Water's request of 1.54 million gallons per day, or 15.17-percent, equates to an estimated capital cost of \$5.0 million.

At this time, in addition to approval of the Capacity Ownership Agreements, staff is requesting authorization to utilize future capital project funding that will be itemized in the Capital Improvement and Facilities Plan (CIFP) for Fiscal Year 2024-2025 and Fiscal Year 2025-2026. In the event the Board of Directors does not approve the CIFP, staff will return to the Board later to specifically secure the necessary funding for this project.

In addition to the capacity ownership and estimated capital costs summarized in the Capacity Ownership Agreements, additional key components are highlighted below:

- **Facility Ownership** – WRCRWA will own and operate the pump station, and JCSD will own and operate the northerly pipeline.
- **Capital Cost Contingency** – Both the pump station and northerly pipeline costs include a 10 percent contingency.
- **Operation and Maintenance Costs** – Each participating member agency will pay their share of the Operations and Maintenance (O&M) costs for the pump station and northerly pipeline based on their capacity ownership.
- **Project Coordination** – The member agencies will meet on a regular basis to review project progress, including any modifications to scope or budget.
- **Term** – Concurrent with the WRCRWA Joint Exercise of Powers Agreement.

The member agencies each have individual plans on how they will use the recycled water. The recycled water can be used for—but is not limited to—irrigation, industrial processes, recharge, and potential sale to internal or external parties. Western Water currently plans to sell its recycled water to internal or external parties. Currently, there are ongoing negotiations with the Inland Empire Utilities Agency and their member agencies to sell and/or store recycled water to the north.

Reason for Action:

Approval of these Capacity Ownership Agreements is needed for Western Water to purchase and obtain capacity ownership in the newly proposed recycled water facilities at WRCRWA.

Solution:

Approve the Capacity Ownership Agreements.

**STRATEGIC PRIORITIES REFERENCE:**

This action aligns with Western Water’s Strategic Priority of Resource Management.

**PROPOSED DATE OF ACTION:**

If approved by the Committee, this item is scheduled for consideration by the full Board of Directors at their meeting on May 15, 2024.

**LEGAL COUNSEL REVIEW:**

Legal Counsel has reviewed the Capacity Ownership Agreements.

Respectfully submitted by:

Tim Barr, Deputy General Manager

Attachments:

1. Ownership Capacity Agreement – Recycled Water Pump Station & On-Site Reservoir
2. Ownership Capacity Agreement – Northerly Recycled Water Pipeline
3. WRCWRA Recycled Water Ownership Capacity Agreements Presentation

CONSTRUCTION, OPERATIONS AND MAINTENANCE  
AGREEMENT

for the

RECYCLED WATER PUMP STATION  
AND ON-SITE RESERVOIR

between

THE CITY OF CORONA,  
HOME GARDENS SANITARY DISTRICT,  
JURUPA COMMUNITY SERVICES DISTRICT,  
CITY OF NORCO,  
WESTERN MUNICIPAL WATER DISTRICT

and

WESTERN RIVERSIDE COUNTY REGIONAL  
WASTEWATER AUTHORITY

at

WESTERN RIVERSIDE COUNTY REGIONAL  
WASTEWATER AUTHORITY TREATMENT PLANT

in

RIVERSIDE COUNTY, CALIFORNIA

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# **Construction, Operations and Maintenance Agreement for the Recycled Water Pump Station and On-Site Reservoir**

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, 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 the 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, operations 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 Pump Station 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 Recycled Water Pump Station ("Pump Station"), as well as the operations and maintenance responsibilities for the existing 1.0



Million Gallon ("MG") on-site recycled water storage reservoir ("On-site Reservoir"), 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 Northerly Recycled Water Pipeline ("Northerly Pipeline"), 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 Pump Station and the On-site Reservoir 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 Pump Station Project and On-site Reservoir, capital costs include, but are not limited to, construction costs for the above and below-grade improvements, piping, appurtenances, metering, valves, pumps, motors, utility service connections and metering, instrumentation and control, supervisory control and data acquisition ("SCADA"), site improvements 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 Pump Station. JCSD will require and be granted access rights from WRCRWA for construction of the Pump Station, metering facilities and discharge piping to the Points of Connection with the Northerly Pipeline, the Southerly Pipeline, and the Norco Pipeline.

1.4. **Fixed Operating Costs.** On-going operating costs that do not vary with the quantity of recycled water delivered from the Recycled Project, including, but not limited to, routine maintenance, fixed utility expenses, and administrative overhead costs such as insurance, budgeting, budget tracking, invoicing, and related general management expenses.

1.5. Operations and Maintenance Lead Party: The Parties to this Agreement designated as 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, WRCRWA is designated as the lead Party for the operations and maintenance of the Pump Station and On-site Reservoir.

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 Pump Station and the On-site Reservoir is specified in Section 4.1.1 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 as depicted on the attached **Exhibits A-1** and **A-2**, and by this reference incorporated herein. The coordinates of 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 associated with Pump Station.

1.11. Recycled Water Infrastructure - Pump Station Project and On-site Reservoir. The proposed Recycled Water Pump Station (the "Pump Station Project") will pump recycled water produced at the WRCRWA Treatment Plant from the On-site Reservoir for delivery through three recycled water delivery pipelines on behalf of the WRCRWA member agencies for designated beneficial uses. The three recycled water pipelines, which are described in Section 1.12 of this Agreement, connect to and are served by the Pump Station. The recycled water pipelines are not a part of this Agreement.

1.12. Recycled Water Project ("Recycled Project"). The overall recycled water infrastructure required to deliver WRCRWA recycled water to the Points of Connection for conveying the recycled water for the Parties' designated beneficial uses. This recycled water infrastructure includes a proposed 10.15 million gallon per day ("MGD") Pump Station and associated metering and discharge piping to be built on the WRCRWA Treatment Plant property located at 14634 River Road, Corona, CA; the existing 1.0 million gallon treated recycled water

reservoir located on the WRCRWA Treatment Plant property that will provide equalization storage during pumping ("On-site Reservoir"); a 24-inch diameter recycled water transmission pipeline ("Northerly Pipeline"); a 20-inch diameter recycled water transmission pipeline ("Southerly Pipeline"); and 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.

1.14. Variable Operating Costs: On-going operating costs that vary based on the quantity of recycled water delivered from the Recycled Project. These costs include but are not limited to energy and chemical usage, and the repair and replacement of perishable capital items and equipment including but not limited to items such as gaskets, valve seats, electrical switches and similar items that routinely experience wear during the use of a facility. Variable costs will be aggregated and allocated to the Parties based upon the proportion of recycled water delivered on behalf of each Party as described in Section 6.4.1 of this Agreement.

## 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 (Effective Date) 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 capacity rights in total to another Party or Parties under the procedures set forth in Section 4.2.2 of this Agreement. All of the Parties to this Agreement may terminate the Agreement by unanimous written consent.

## 3. CONSTRUCTION OF THE PUMP STATION PROJECT.

3.1. Recycled Project Infrastructure Description of the Pump Station Project. The Pump Station shall be constructed and located at the WRCRWA Treatment Plant site and shall be a combined station that will consist of two banks of pumps: one to supply the Northerly Pipeline and one to supply the Southerly Pipeline and the existing Norco Pipeline, and one standby pump that will serve as a backup to both banks of pumps. The On-site Reservoir shall serve as the primary forebay for the Pump Station. The configuration of the Recycled Project facilities and the Points of Connection of the pipelines referenced herein are shown on **Exhibits A-1** and **A-2**, attached hereto.

3.2. Pump Station Design and Construction. JCSD is designated as the design and construction lead Party for the Pump Station. The Parties agree that the Pump Station 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 the design and

operational standards of the WRCRWA Treatment Plant. JCSD shall coordinate with the Parties on construction contract award and construction of the Pump Station and obtain required approvals from the Parties as described in Section 3.4. Since JCSD is designated as the lead Party for the construction of the Pump Station 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. JCSD will require access rights from WRCRWA for construction of the Pump Station, metering facilities and discharge piping to the Points of Connection with the Northerly Pipeline, the Southerly Pipeline, and the Norco Pipeline. WRCRWA agrees to grant any access right for construction of the Pump Station Project, pursuant to a temporary construction easement or license agreement, in a form acceptable to JCSD and WRCRWA. The Parties will grant all access and permit needed in order for JCSD to construct the Pump Station Project. The Parties shall provide timely responses and approvals when necessary or requested.

3.4. Pump Station Project Coordination and Approvals. JCSD has coordinated with WRCRWA and the other Parties throughout the final design and pre-bid phases of the Pump Station Project, and will coordinate through the construction contract award phase of the Pump Station project to ensure the facility is in accordance with WRCRWA design and operational standards and any grant 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.

3.4.1. 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 Pump Station construction contract, the representatives of the Parties shall have obtained from their individual governing boards or councils, as needed, the authority to approve the following: Initial Capital Costs for the Pump Station and appurtenant facilities plus a ten percent (10%) Capital Cost contingency.

3.4.2. Quarterly coordination meetings shall be held throughout the duration of the 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 in the meetings the following additional Capital Costs:

3.4.2.1. Issuance of any construction change orders cumulatively exceeding ten percent (10%) of the original Pump Station construction contract amount.

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

3.4.3. 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 3.4.1, shall require unanimous consent of the Parties. Approval of additional Capital Costs as described in Section 3.4.2.1, and Section 3.4.2.2, shall require the majority consent of the Parties. JCSD may schedule coordination meetings of the Parties more frequently than quarterly, if needed.

### 3.5. Potential Future Construction.

3.5.1. Recycled Water Storage. Equalization storage is required to support the operation of the Pump Station and to meet the Parties' recycled water demands. Such storage shall initially be provided by the existing On-site Reservoir located at the WRCRWA Treatment Plant site that is currently serving as the recycled water treated water reservoir. In the event that additional storage is required for system-wide operations, the Parties to this Agreement wishing to acquire additional recycled water storage capacity shall coordinate through WRCRWA to design and construct one or more new storage reservoirs on the WRCRWA Treatment Plant site, or at an off-site location agreed to by the Parties. Expansion of the recycled water storage shall be under separate agreement among the Parties wishing to acquire storage in the expanded facilities.

3.5.2. Future Recycled Water Storage Design and Construction. WRCRWA is designated as the design and construction lead Party for future potential expansion of recycled water storage at the WRCRWA Treatment Plant as needed to augment the existing On-site Reservoir. For potential storage expansion in off-site locations, the design and construction lead Party shall be determined by the Parties participating in the expansion at such time when expansion is deemed necessary by the Parties. The Parties will determine the need for and timing of such expansion and shall consider operational monitoring conducted by WRCRWA in accordance with Section 5.2 in making that determination.

3.6. Project Amendments. On and after the date JCSD has awarded the construction contract for the Pump Station Project, changes to the characteristics of the Pump Station Project, including the deadline for its completion, and any responsibilities of JCSD as the designated lead agency for design and construction of the Pump Station 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 Pump Station Project shall be approved in the sole discretion of JCSD. Nothing in this Agreement shall be construed to require or allow completion of the Pump Station 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 Pump Station Project.

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

### 4.1. Ownership of Infrastructure Improvements.

4.1.1. Pump Station and On-site Reservoir Infrastructure Owner. WRCRWA shall be the physical infrastructure owner of the Pump Station upon completion of construction by JCSD as specified in Section 6.3.4 of this Agreement. WRCRWA currently owns and shall continue to own the existing On-site Reservoir that will be utilized for equalization storage and will also own any future recycled water on-site storage connected to the Pump Station.

### 4.2. Capacity Ownership and Rights.

4.2.1. Capacity Ownership of the Pump Station and On-site Reservoir. The Pump Station shall be designed to deliver approximately 10.15 MGD of recycled water. Ownership of capacity in the Pump Station shall be allocated among the Parties, expressed as daily flows in

MGD. Initial capacity ownership in the Recycled Water Pump Station shall be allocated in accordance with **Table 1**, below.

**Table 1 – Recycled Water Pump Station Capacity Ownership**

Agency	Capacity (MGD)	Percentage (%)
Corona	2.62	25.81%
Home Gardens	0.56	5.52%
Norco	1.70	16.75%
Western Water	1.54	15.17%
JCSD	3.73	36.75%
Total	10.15	100.00%

The sum of the individual capacity ownership percentages equates to approximately the nominal operating capacity of the Pump Station. 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 Pump Station, except by amendment of this Agreement.

Ownership of capacity in the existing recycled water On-site Reservoir equalization storage is currently and shall remain allocated among the Parties based upon capacity ownership of each in the WRCRWA Treatment Plant, as listed in **Table 2**, below.

**Table 2 – WRCRWA Treatment Plant and On-site Reservoir Capacity Ownership**

Agency	WRCRWA Treatment Plant Capacity (MGD)	On-site Reservoir Capacity (MG)	Percentage (%)
Corona	2.62	0.187	18.71%
Home Gardens	0.75	0.054	5.36%
Norco	2.70	0.193	19.29%
Western Water	1.93	0.138	13.78%
JCSD	6.00	0.428	42.86%
Total	14.00	1.000	100.00%

4.2.2. Capacity Ownership Adjustments and Transfers. If a Party determines that it wishes to adjust its capacity ownership in the Pump Station or the On-site Reservoir, or both facilities, 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 to

expand the capacity of the Pump Station or the On-site Reservoir, or both facilities. In such cases where an ownership transfer changes capacity ownership, the allocation of Capital Costs, R&R Costs and Fixed Operating Costs shall be adjusted accordingly. Should a Party or Parties sell all of their capacity in the Pump Station, the On-site Reservoir, or both facilities to another WRCRWA Party or Parties, the Party or Parties selling all of their capacity ownership in the applicable infrastructure shall have no further financial obligations under this Agreement. All transactions that result in a change in capacity in the facilities shall be promptly reported to 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. Pump Station and On-site Reservoir Operations and Maintenance. WRCRWA is designated as the operations and maintenance lead Party and shall be responsible for operations and maintenance of the Pump Station and On-site Reservoir in a manner consistent with the WRCRWA Treatment Plant facilities and in accordance with Section 8.

5.2. Administration of Operations. Upon completion of construction of the Pump Station by JCSD and transfer of the completed facilities to WRCRWA, and commencement of operations as described in Section 6.3.4 (Milestone No. 4), WRCRWA shall assume physical control of the facilities and shall be responsible for all operations and maintenance decisions and regulatory compliance, consistent with the WRCRWA Joint Exercise of Powers Agreement, applicable addenda, and policies and ordinances adopted by the WRCRWA Board. WRCRWA will also have all operating responsibilities for the On-site Reservoir, and in cooperation with the Parties will monitor intra-day peaking and will optimize the scheduling of recycled water deliveries and maximize the utilization of the existing On-site Reservoir using the Parties' aggregate capacity. WRCRWA will also monitor capacity utilization and will report and make timely recommendations to the Parties and the WRCRWA Board regarding the need for additional projects to expand recycled water storage after the Parties' aggregate capacity has been or is projected to be fully utilized.

## **6. CAPITAL COSTS; FUNDING; OPERATING AND CAPITAL COST ALLOCATIONS.**

6.1. Recycled Water Pump Station Costs. The Parties previously executed a Memorandum of Understanding between them identifying a preliminary estimate of the Capital Cost for the Pump Station. Subsequently, JCSD has continued to advance the Pump Station Project through the design and bidding phase. The currently estimated costs for the project are as follows:

Project Development Costs and Project Implementation Costs =	\$ 835,000
Plus Capital Costs Including a 10% Construction Contingency =	\$18,391,450
Equals Subtotal =	\$19,226,450
Less Applied Grant Funding (Section 6.2) =	(\$3,200,000)
Equals Total Estimated Cost Obligation of the Parties =	\$16,026,450

As the Pump Station project proceeds, project approvals and cost reconciliation shall be performed pursuant to Section 3.4 and Section 6.3.

6.2. Grant Funding. JCSD has been successful in securing grant funding to offset costs for the construction of a recycled water distribution system for its service area, including the cost of constructing the Pump Station. JCSD shall provide Three Million Two Hundred Thousand Dollars (\$3,200,000) in grant proceeds to offset the Parties' costs for the design and construction of the Pump Station, which shall be allocated among the Parties in proportion to each Party's capacity ownership as shown in **Table 1**. Application of the grant proceeds shall be administered by JCSD and shall be applied when JCSD receives funding from the granting agencies.

6.3. Funding for Project Development and Project Implementation Costs and Completion of the Pump Station Project. Upon the Effective Date of this Agreement, each Party shall be obligated to make a series of payments based upon project milestones for its share of project costs based upon its percentage capacity ownership in the Pump Station as shown in **Table 1**. Deposits shall be made in accordance with the following milestones and shall be due and payable to JCSD on the schedule indicated. Forty-five (45) days prior to each milestone payment due date, JCSD shall perform a cost reconciliation based on actual costs incurred to-date and shall submit an itemized invoice to each Party for Payment. Project milestones and payment requirements 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 Pump Station construction contract.

6.3.2. Milestone No. 2 – Construction Progress Payments

6.3.2.1. Includes all Capital Costs associated with construction and construction change orders, bonding, and construction support legal services, engineering services during construction, construction geotechnical services, construction surveying, construction/program management, inspection, and environmental monitoring and mitigation.

6.3.2.2. Due Date: Quarterly payments, due at end of each calendar year quarter after issuance of the Notice to Proceed (First quarter - due March 31, second quarter - due June 30), third quarter - due September 30, and fourth quarter – due December 31).

6.3.3. Milestone No. 3 – Final Cost Reconciliation

6.3.3.1. Includes those Capital Costs associated with final construction change orders, not previously included as part of prior construction progress payments included on Milestone No. 2 and all remaining construction support costs and final costs through start-up, commissioning, and issuance of a Notice of Completion by JCSD.

6.3.3.2. Due Date: Thirty (30) days after JCSD's issuance of a Notice of Completion.



6.3.4. Milestone No. 4 – Pump Station Project Completion and Asset Transfer

6.3.4.1. Includes transfer of all Pump Station assets, construction warranty rights and operating responsibilities from JCSD to WRCRWA.

6.3.4.2. Due Date: No later than sixty (60) days after JCSD's issuance of a Notice of Completion, which will be deemed the completion of the Pump Station project.

6.4. Operating And Capital Cost Allocations

6.4.1. Pump Station Operating Costs. As defined in this Agreement, operating costs ("Operating Costs") include both Fixed Operating Costs and Variable Operating Costs. The allocation of Fixed Operating costs for the Pump Station among the Parties shall be based upon each Party's capacity ownership in the Pump Station as expressed in **Table 1**. Variable Operating Costs for the Pump Station shall be allocated among the Parties based upon metered deliveries of recycled water to the Parties for their designated uses. Designated uses include direct deliveries to each of the Parties through the Northerly Pipeline, Southerly Pipeline or the Norco Pipeline, or deliveries through one or more of these facilities for outside sales or external exchanges.

6.4.2. On-site Reservoir Operating Costs. The allocation of Fixed Operating Costs for the On-site Reservoir among the Parties shall be based upon each Party's capacity ownership in the WRCRWA Treatment Plant as expressed in Table 2. Variable Operating Costs for the On-site Reservoir shall be allocated among the Parties based upon metered deliveries of recycled water to the Parties for their designated uses. Designated uses include direct deliveries to the Parties through the Northerly Pipeline, Southerly Pipeline or the Norco pipeline, or deliveries through one or more of these facilities for outside sales or external exchanges.

6.4.3. Capital and Replacement and Refurbishment Costs. Capital and replacement and refurbishment ("R&R") costs shall be based upon each Party's capacity ownership in Pump Station and the On-site Reservoir respectively, at the time of the proposed capital project or R&R project for either the Pump Station or On-site Reservoir. Establishment of an R&R fund and contributions to the fund shall be included in the annual budgeting process described in Section 8.2 of this Agreement.

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 Pump Station Project or the execution of this Agreement.

7. **ENVIRONMENTAL COMPLIANCE.**

7.1. JCSD is the lead agency for environmental review of the Pump Station 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 Pump Station 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.

7.3. The Parties' approval of any improvements contemplated under this Agreement and any obligations of the Parties associated with such improvements or use thereof are conditioned upon future compliance with CEQA, including, but not limited to, a determination that the environmental impacts of the improvements have been adequately considered and mitigated in compliance with CEQA and any and all applicable environmental laws. The Parties' approval of this Agreement does not limit the ability of the Parties to consider alternatives to the improvements pursuant to CEQA. The Parties will file a Notice of Determination under Title 14 of the California Code of Regulations, sections 15075 or 15094, or a Notice of Exemption under section 15062, as applicable, following approval of the Pump Station Project.

## 8. **ADMINISTRATION.**

8.1. **Governance.** Upon the transfer of the Pump Station to WRCRWA and commencement of operations, as described in Section 6.3.4 (Milestone No. 4), all Recycled Project budget, capital improvement, replacement and refurbishment, and applicable operating policy decisions shall be made 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, WRCRWA shall prepare a draft annual operating, capital and R&R budget for the Pump Station and On-site Reservoir portion of the Recycled Project. The proposed draft annual operating budget shall include a Recycled Water Cost Center for categorizing and tracking all costs associated with Pump Station, the On-site Reservoir, and other portions of WRCRWA Treatment Plant operations that are specifically applicable to the Recycled Project. The Recycled Cost Center draft budget shall include all costs for operations and maintenance, capital expansions, and R&R funding, and shall be organized in a manner that aligns with WRCRWA's existing accounting, financial reporting, and budgeting practices and policies applicable to the WRCRWA Treatment Plant. In conjunction with WRCRWA's preparation of the initial draft operating, capital, and R&R budget for the Pump Station, WRCRWA shall coordinate with JCSD and its design engineer to cause the preparation of an initial R&R plan for the Pump Station that WRCRWA can use as initial guidance for annual budgeting purposes.

8.2.1. WRCRWA shall incorporate its Recycled Cost Center draft budget information into its annual Operating Budget and Capital Improvement Program Budget to specifically identify recycled water system costs and associated assets for which WRCRWA is responsible. Approval of the annual Operating Budget and Capital Improvement Program Budget shall be in accordance with the WRCRWA Joint Exercise of Powers Agreement, applicable addenda, and adopted WRCRWA policies and procedures.

8.2.2. Each Party shall be financially responsible for its portion of Fixed Operating Costs, Variable Operating Costs, Capital Costs and R&R Costs for the Pump Station and On-site Reservoir in accordance with Section 6.4 of this Agreement and in accordance with the provisions of WRCRWA's Joint Exercise of Powers Agreement.

8.2.3. Each Party shall be invoiced by WRCRWA for the Recycled Project costs, not paid under Section 6.3, above, in the same manner, timing, and terms as WRCRWA's normal invoicing for costs related to the WRCRWA Treatment Plant and collection system.

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 Pump Station 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 Pump Station 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 Pump Station 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 Pump Station 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 Insureds.

10.2. Post Construction Insurance. Upon completion of the Pump Station 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 shall ensure the construction contract(s) shall 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

Indemnitee'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 Pump Station 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 multiple 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 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:

To:	With copy to:
City of Corona Attn: Tom Moody Director of Utilities 755 Public Safety Way Corona, CA 92878 <a href="mailto:Tom.Moody@CoronaCA.gov">Tom.Moody@CoronaCA.gov</a>	City of Corona Attn: Dean Derleth City Attorney 400 S Vicentia Avenue Corona, CA 92882 <a href="mailto:Dean.Derleth@CoronaCA.gov">Dean.Derleth@CoronaCA.gov</a>

<p>To:</p> <p>Home Gardens Sanitary District  Attn: Tracey LaBonte  13538 Magnolia Ave.  Corona, CA 92879  <a href="mailto:hgsd.mgr@sbcglobal.net">hgsd.mgr@sbcglobal.net</a></p>	<p>With copy to:</p> <p>Harper &amp; Burns LLP  Attn: Alan Burns  453 S. Glassell Street  Orange, CA 92866  <a href="mailto:arburns@harperburns.com">arburns@harperburns.com</a></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  <a href="mailto:mayala@jcsd.us">mayala@jcsd.us</a></p>	<p>With copy to:</p> <p>Best Best &amp; Krieger LLP  Attn: Mike Riddell  3390 University Ave, 5<sup>th</sup> Floor  Riverside, CA 92501  <a href="mailto:michael.riddell@bbklaw.com">michael.riddell@bbklaw.com</a></p>
<p>To:</p> <p>City of Norco  Attn: Chad Blais, Public Works Director  2870 Clark Ave  Norco, CA 92860  <a href="mailto:Cblais@ci.norco.ca.us">Cblais@ci.norco.ca.us</a></p>	<p>With copy to:</p> <p>Harper &amp; Burns LLP  Attn: Colin Burns  453 S. Glassell Street  Orange, California 92866  <a href="mailto:crburns@harperburns.com">crburns@harperburns.com</a></p>
<p>To:</p> <p>Western Municipal Water District  Attn: Craig Miller  General Manager  14205 Meridian Parkway  Riverside, CA 92518  <a href="mailto:cmiller@wmwd.com">cmiller@wmwd.com</a></p>	<p>With copy to:</p> <p>Best Best &amp; Krieger LLP  Attn: Holland Stewart  3390 University Ave, 5<sup>th</sup> Floor  Riverside, CA 92501  <a href="mailto:holland.stewart@bbklaw.com">holland.stewart@bbklaw.com</a></p>
<p>To:</p> <p>Western Riverside County Regional  Wastewater Authority:  Attn: Gary Miller  Administrator  14205 Meridian Parkway  Riverside, CA 92518  <a href="mailto:gmler@wmwd.com">gmler@wmwd.com</a></p>	<p>With copy to:</p> <p>Lagerlof LLP  Attn: James Ciampa  General Counsel  155 North Lake Avenue, 11<sup>th</sup> Floor  Pasadena, CA 91101  <a href="mailto:jciampa@lagerlof.com">jciampa@lagerlof.com</a></p>

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:

\_\_\_\_\_  
City Clerk

Dated: \_\_\_\_\_

**HOME GARDENS SANITARY DISTRICT**

Approved as to Form:

\_\_\_\_\_  
General Counsel

By: \_\_\_\_\_  
President

Dated: \_\_\_\_\_

By: \_\_\_\_\_  
Secretary

Dated: \_\_\_\_\_

**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:

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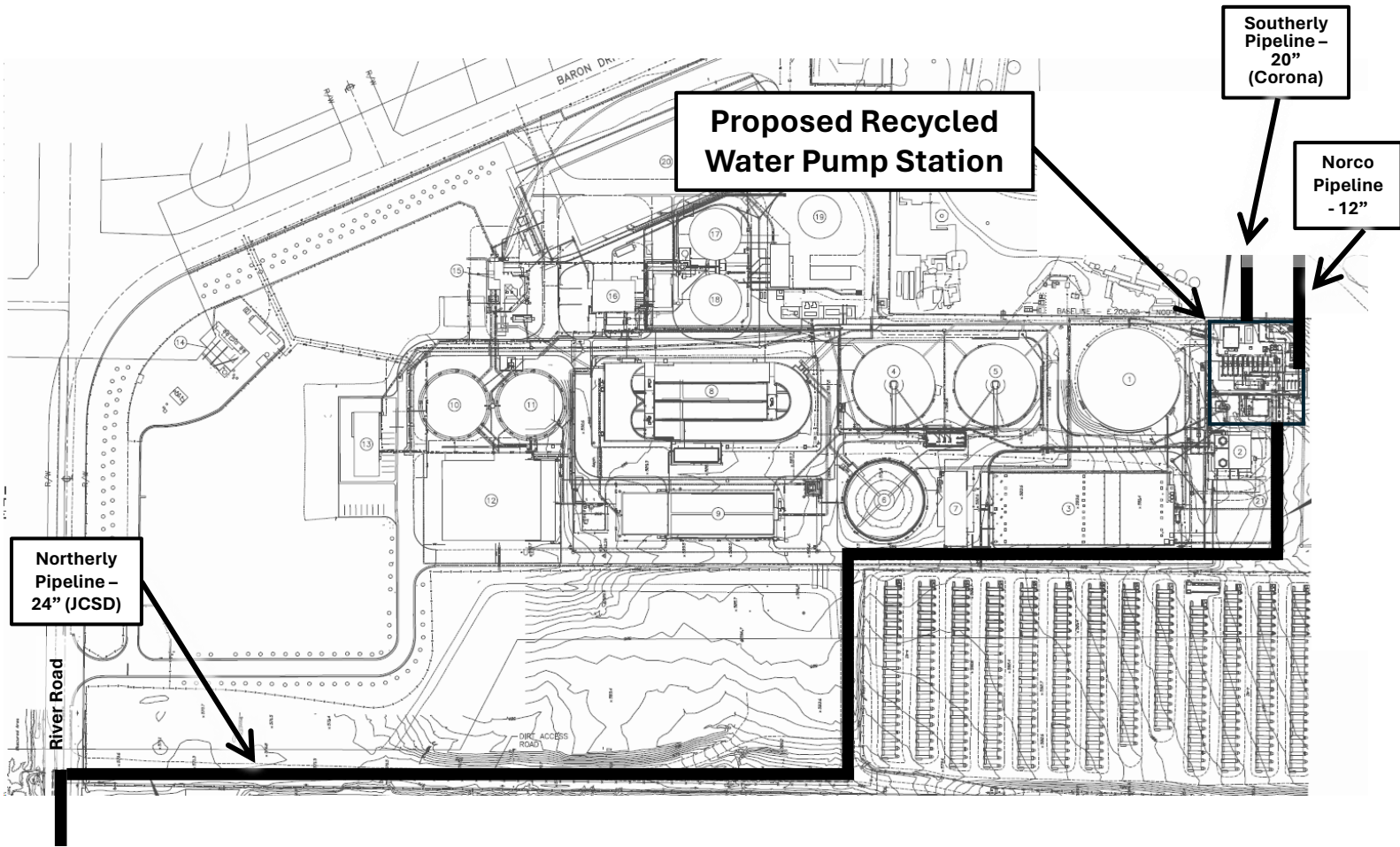
General Counsel

By: \_\_\_\_\_

EXHIBITS A-1 AND A-2  
POINTS OF CONNECTION

# Recycled Water Pump Station

## Exhibit A -1

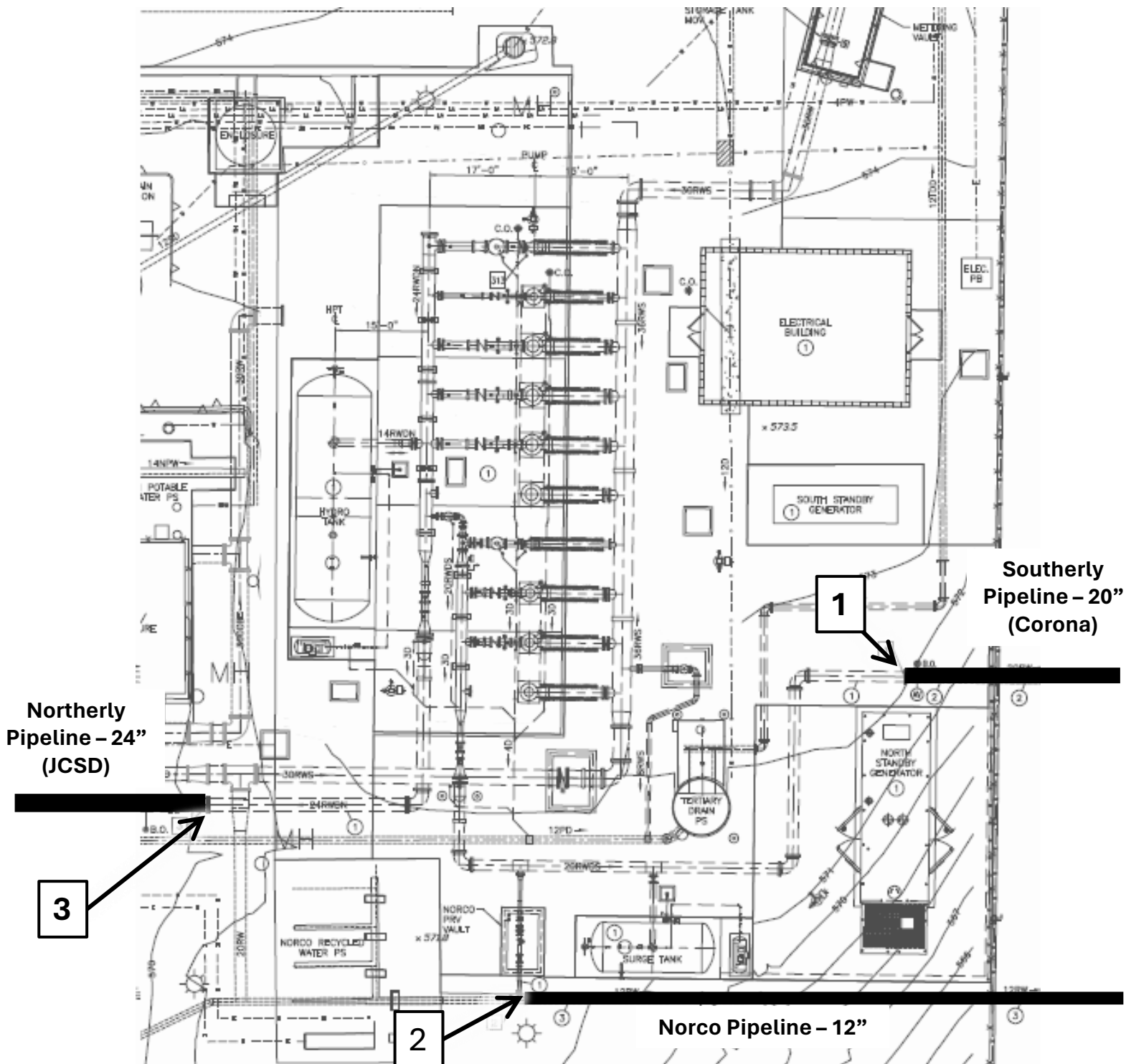


**Western Riverside County Regional  
Wastewater Authority  
Treatment Plant  
14634 River Road, Corona, CA 92880**



# Recycled Water Pump Station

## Exhibit A -2



**1** Southerly Pipeline (Corona) POC - N. 2283419.744 E. 6150882.666

**2** Norco Pipeline POC - N. 2283367.415 E. 6150820.257

**3** Northerly Pipeline POC - N. 2283399.011 E. 6150769.920



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 <a href="mailto:Tom.Moody@CoronaCA.gov">Tom.Moody@CoronaCA.gov</a></p>	<p>With copy to:</p> <p>City of Corona Attn: Dean Derleth City Attorney 400 S Vicentia Avenue Corona, CA 92882 <a href="mailto:Dean.Derleth@CoronaCA.gov">Dean.Derleth@CoronaCA.gov</a></p>
<p>To:</p> <p>Home Gardens Sanitary District Attn: Tracey LaBonte 13538 Magnolia Ave. Corona, CA 92879 <a href="mailto:hgsd.mgr@sbcglobal.net">hgsd.mgr@sbcglobal.net</a></p>	<p>With copy to:</p> <p>Harper &amp; Burns LLP Attn: Alan Burns 453 S. Glassell Street Orange, CA 92866 <a href="mailto:arburns@harperburns.com">arburns@harperburns.com</a></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 <a href="mailto:mayala@jcsd.us">mayala@jcsd.us</a></p>	<p>With copy to:</p> <p>Best Best &amp; Krieger LLP Attn: Mike Riddell 3390 University Ave, 5<sup>th</sup> Floor Riverside, CA 92501 <a href="mailto:michael.riddell@bbklaw.com">michael.riddell@bbklaw.com</a></p>
<p>To:</p> <p>City of Norco Attn: Chad Blais, Public Works Director 2870 Clark Ave Norco, CA 92860 <a href="mailto:Cblais@ci.norco.ca.us">Cblais@ci.norco.ca.us</a></p>	<p>With copy to:</p> <p>Harper &amp; Burns LLP Attn: Colin Burns 453 S. Glassell Street Orange, California 92866 <a href="mailto:crburns@harperburns.com">crburns@harperburns.com</a></p>
<p>To:</p> <p>Western Municipal Water District Attn: Craig Miller General Manager 14205 Meridian Parkway Riverside, CA 92518 <a href="mailto:cmiller@wmwd.com">cmiller@wmwd.com</a></p>	<p>With copy to:</p> <p>Best Best &amp; Krieger LLP Attn: Holland Stewart 3390 University Ave, 5<sup>th</sup> Floor Riverside, CA 92501 <a href="mailto:holland.stewart@bbklaw.com">holland.stewart@bbklaw.com</a></p>

<p>To:</p> <p>Western Riverside County Regional Wastewater Authority: Attn: Gary Miller Administrator 14205 Meridian Parkway Riverside, CA 92518 <a href="mailto:gmiller@wmwd.com">gmiller@wmwd.com</a></p>	<p>With copy to:</p> <p>Lagerlof LLP Attn: James Ciampa General Counsel 155 North Lake Avenue, 11<sup>th</sup> Floor Pasadena, CA 91101 <a href="mailto:jciampa@lagerlof.com">jciampa@lagerlof.com</a></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**

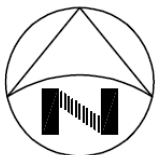
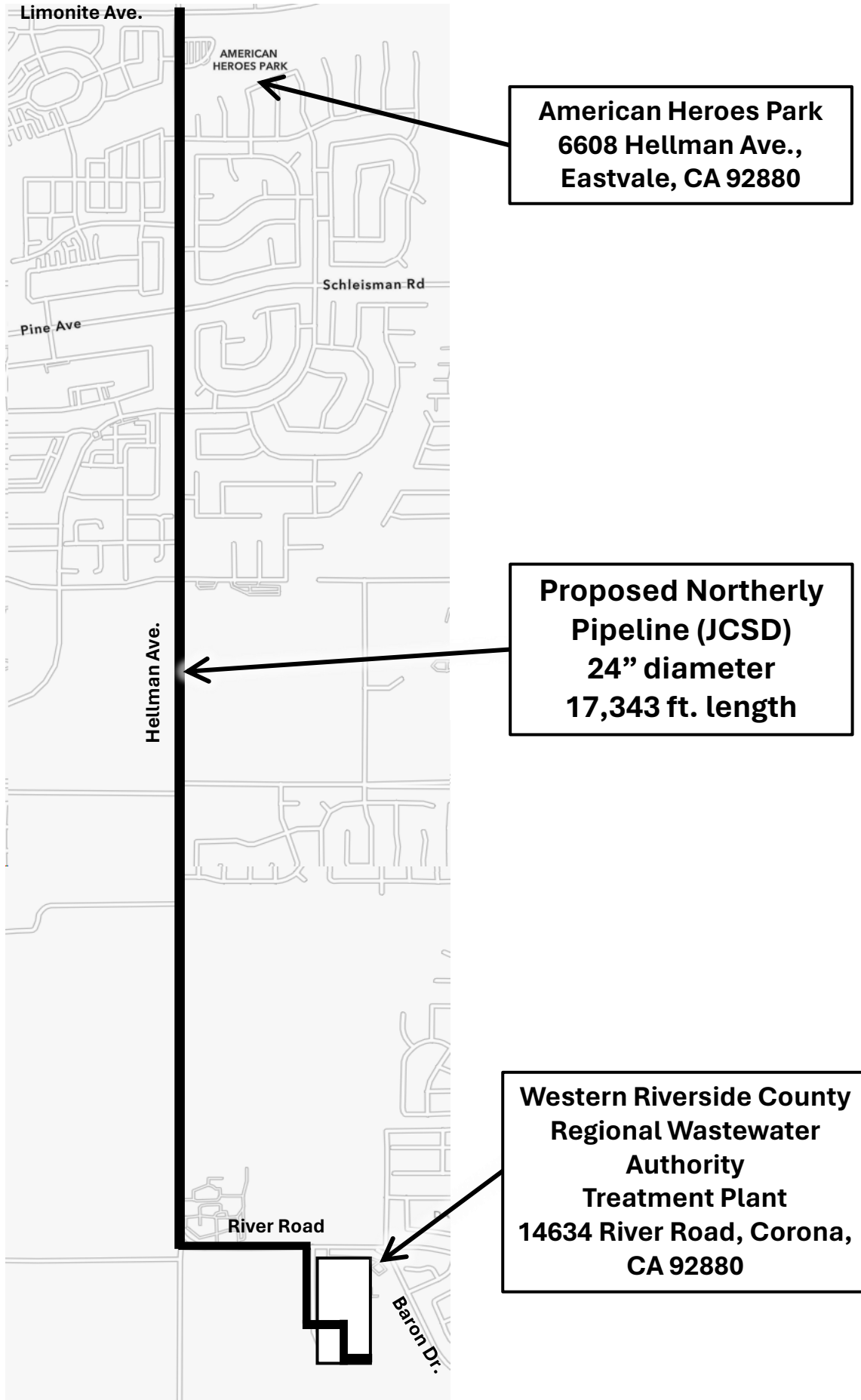
Approved as to Form:  
\_\_\_\_\_  
General Counsel

By: \_\_\_\_\_

EXHIBITS A-1 AND A-2  
POINTS OF CONNECTION

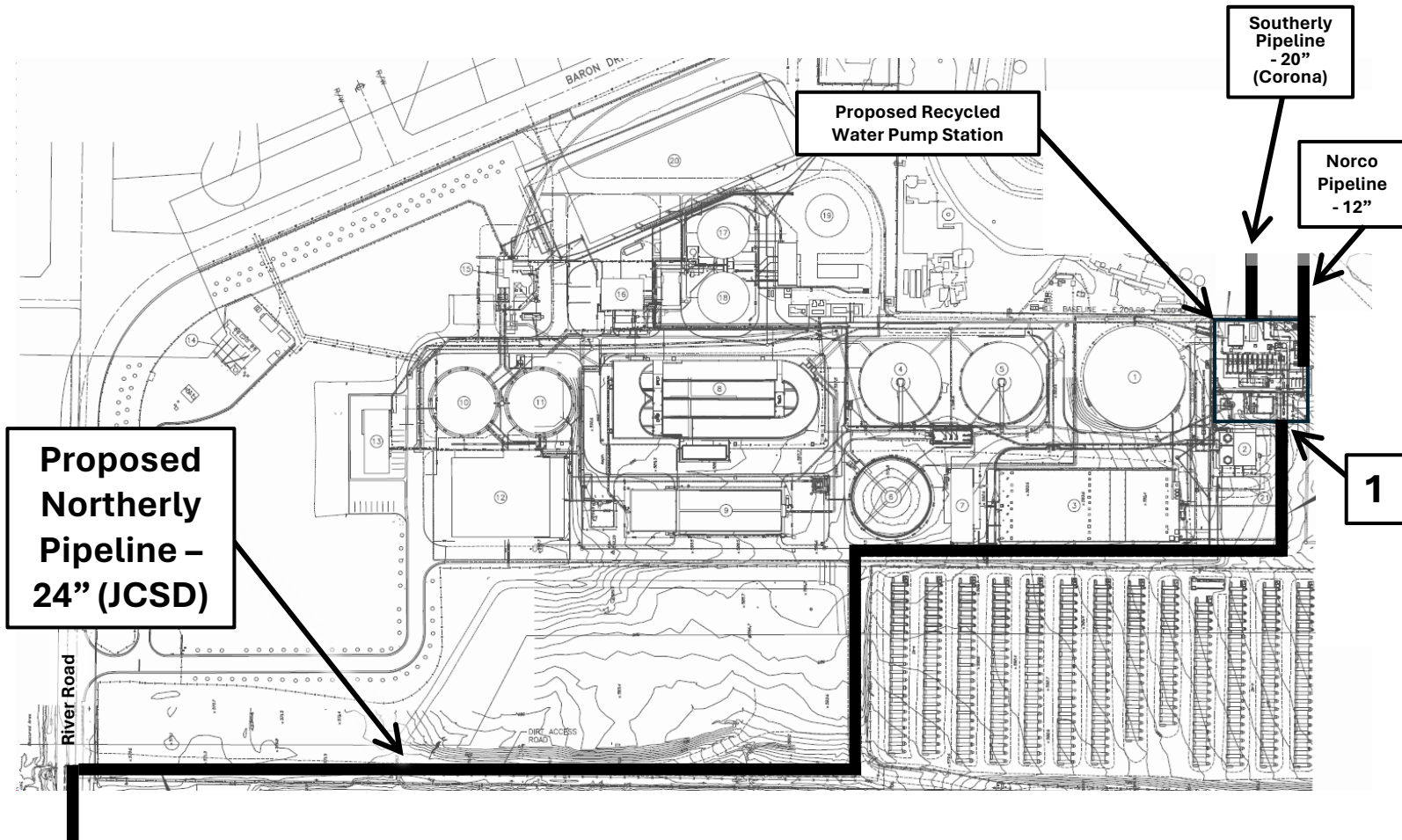
# Northerly Pipeline

## Exhibit A -1



# Northerly Pipeline

## Exhibit A -2



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



**1**

Northerly Pipeline POC - N. 2283399.011 E. 6150769.920



Engineering, Operations, and Water Resources Committee

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# Western Riverside County Regional Wastewater Authority (WRCRWA) Recycled Water Capacity Ownership Agreements

Engineering, Operations, and Water Resources  
Committee Meeting - April 29, 2024



# WRCRWA Background

## WRCRWA Joint Powers Authority

- Five-agency JPA formed to provide wastewater collection, source control, treatment and discharge
- 14 million gallons per day (MGD) current capacity regional tertiary wastewater treatment facility originally constructed in 1998
- Western Water is Administrator and Operator



Western Riverside County Regional  
Wastewater Authority – WRCRWA





# WRCRWA RECYCLED WATER PROGRAM BACKGROUND

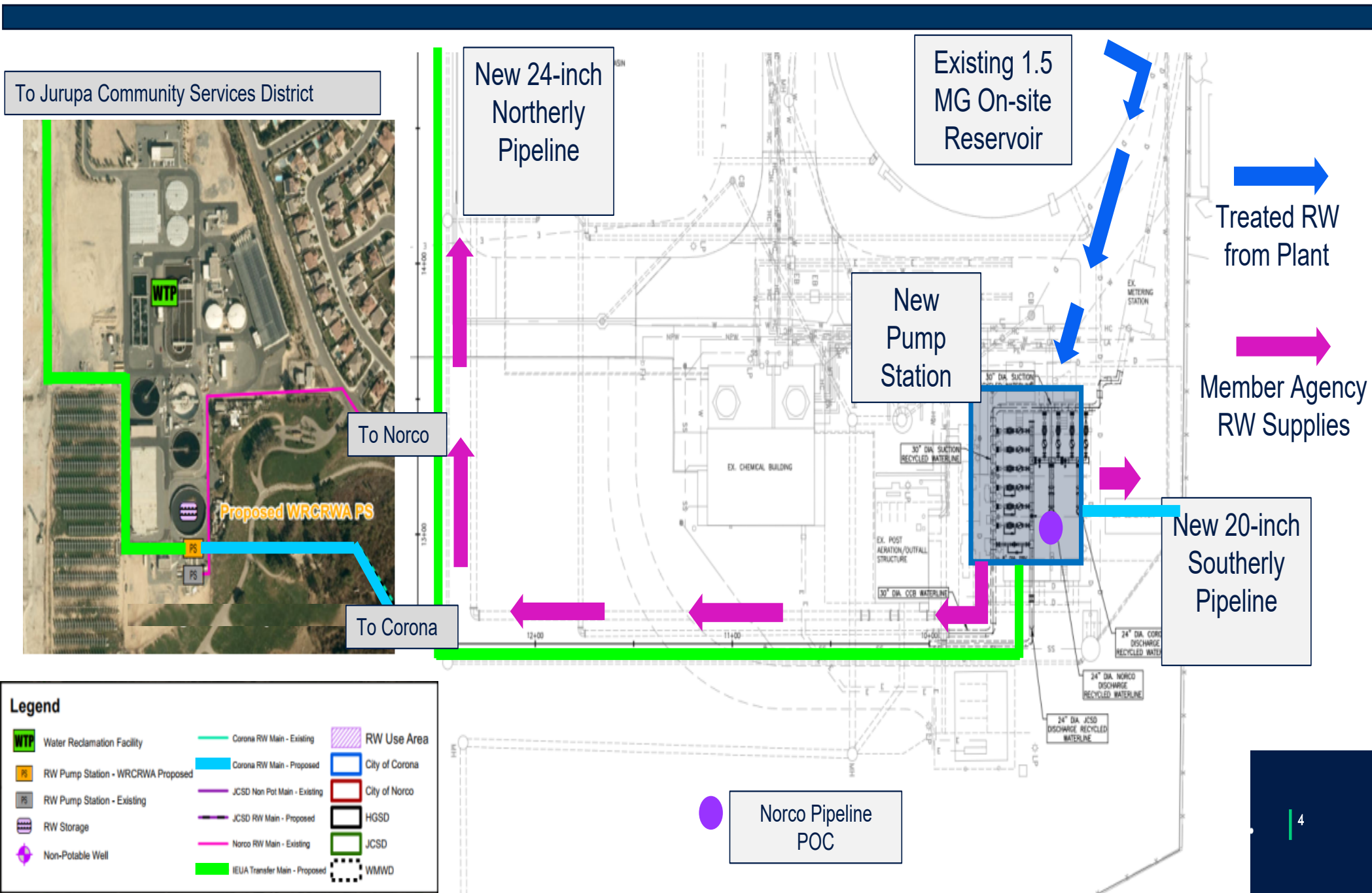
## Overview:

- **Member agencies want to put recycled water to beneficial use:**
  - Currently discharging 7.77 MGD to Santa Ana River
  - Secured Change of Use Order in 2018 to recycle effluent with monitoring
- **Flexible program to support multiple uses:**
  - Direct use, internal transfers, external exchanges and sales
- **Recycled water program guiding documents:**
  - Non-Binding Letter of Interest (Complete)
  - Memorandum of Understanding (Complete)
  - Capacity Ownership Terms and Conditions (Complete)
  - Capacity Ownership Agreements **(Today)**





# PROPOSED WRCRWA RECYCLED WATER FACILITIES



# PROPOSED WRCRWA RECYCLED WATER PUMP STATION

## Pump Station

- Ownership based on capacity
- Estimated cost ~\$16M
  - Planning
  - Design
  - Construction
  - 10% contingency
- La Sierra Wastewater Funds
  - FY24/25 – \$1.2M
  - FY25/26 – \$1.3M

Agency	Capacity (MGD)	Percentage (%)	Cost Share
Corona	2.62	25.81%	\$4,136,427
Home Gardens	0.56	5.52%	\$884,660
Norco	1.7	16.75%	\$2,684,430
Western Water	1.54	15.17%	\$2,431,212
JCSD	3.73	36.75%	\$5,889,720
<b>Total*</b>	<b>10.15</b>	<b>100.00%</b>	<b>\$16,026,450</b>

\* Includes a \$3.2M grant offset, through JCSD

Jurupa Community Services District – JCSD

# PROPOSED WRCRWA RECYCLED WATER NORTHERLY PIPELINE

## Northerly Pipeline

- Ownership based on capacity
- Estimated cost ~\$16.7M
  - Planning
  - Design
  - Construction
  - 10% contingency

Agency	Capacity (MGD)	Percentage (%)	Cost Share
Corona	1.5	14.78%	\$2,468,260
Home Gardens	0.56	5.52%	\$921,840
Norco	1.7	16.75%	\$2,797,250
Western Water	1.54	15.17%	\$2,533,390
JCSD	4.85	47.78%	\$7,979,260
<b>Total</b>	<b>10.15</b>	<b>100.00%</b>	<b>\$16,700,000</b>

Jurupa Community Services District – JCSD

# Western Water Financing Option – Northerly Pipeline

## Northerly Pipeline

- Finance arrangement offered by JCSD
  - Term – 30 year
  - Interest – 0.8%
  - Fixed Admin Fee – 5.0%
- Annual payment of ~\$100,000/yr.

Agency	Capacity (MGD)	Percentage (%)	Cost Share
Corona	1.5	14.78%	\$2,468,260
Home Gardens	0.56	5.52%	\$921,840
Norco	1.7	16.75%	\$2,797,250
Western Water	1.54	15.17%	\$2,533,390
JCSD	4.85	47.78%	\$7,979,260
<b>Total</b>	<b>10.15</b>	<b>100.00%</b>	<b>\$16,700,000</b>

# KEY TAKEAWAYS FROM THE AGREEMENTS

## Agreement(s) Summary

- WRCWRA will own and operate the on-site pump station
- JCSD will own and operate the northerly pipeline
- Member agencies will be responsible for payment of construction, operations and maintenance of their requested capacity
  - Western Water's Requested Capacity – 1.54 MGD (15%)
  - Western Water's Capital Cost – \$5.0M



# NEXT STEPS / SCHEDULE

## All WRCWRA Member Agencies

- May 2024 – Approval of Capacity Ownership Agreements

## Pump Station

- February 2024 – Bids received
- March 2024 – Finalize construction costs
- April 2024 – JCSD award construction contract

## Northerly Pipeline

- May 2024 – Bids to be received
- May 2024 – Finalize construction costs
- June 2024 – JCSD award construction contract





# Recommendation

## Requested Action:

- Approve the Capacity Ownership Agreements for the construction, operations and maintenance of the proposed new WRCRWA recycled water facilities
- Authorize the expenditure of up to a total of \$2,500,000 in capital project funds in Fiscal Year 2025 and Fiscal Year 2026.



# Thank you

PRESENTED BY:

**Ryan Shaw, Director of Water Resources**

