

# SAN GABRIEL VALLEY WATER COMPANY

June 28, 2018

Advice Letter 495-A

U337W

## TO THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

San Gabriel Valley Water Company supplements Advice Letter 495, submitted on June 19, 2017, to request Commission approval of the *Agreement By and Between County of Los Angeles Department of Parks and Recreation ("County") and San Gabriel Valley Water Company ("San Gabriel") to Purchase Recycled Water and to Lease Water Production Rights at Whittier Narrows Recreational Area and Whittier Narrows Golf Course ("Recycled Water Agreement")*, and the following changes in tariff sheets applicable to its Los Angeles County division:

<b>CPUC Sheet No.</b>	<b>Title</b>	<b>Schedule No.</b>	<b>Canceling CPUC Sheet No.</b>
2870-W	List of Contracts and Deviations	N/A	2532-W
2871-W	Table of Contents (cont'd)	N/A	2798-W
2872-W	Table of Contents	N/A	2858-W

### **Background**

San Gabriel currently provides recycled water service to the County at reduced rates under an agreement that was approved by the Commission. Advice Letter 346 was submitted to request approval of an *Agreement between the Upper San Gabriel Valley Municipal Water District, the San Gabriel Valley Water Company, and the County of Los Angeles, through its Department of Parks and Recreation for the Construction, Operation, and Maintenance of Facilities and for the Purchase, and Sale of Recycled Water* ("Prior Agreement"), executed on June 27, 2006 and was due to expire on June 30, 2017. The Prior Agreement was approved by the Commission and is listed in San Gabriel's tariffs under "List of Contracts and Deviations."

On March 2, 2010, the parties to the Prior Agreement executed an amendment adding the Whittier Narrows Golf Course as a purchaser of recycled water for irrigation. *Amendment No. 1 to Agreement No. 10279 Between the Upper San Gabriel Valley Municipal Water District*

("Upper District"), the San Gabriel Valley Water Company (SGVWC), and the County of Los Angeles, through its Department of Parks and Recreation (LADPR) was submitted to the Commission in AL 388 and approved.

The parties began negotiating a new agreement prior to the June 30, 2017 expiration date of the Prior Agreement, but had not concluded the negotiations prior to that date. San Gabriel consulted the Water Division on this matter and was advised to submit a Tier 1 advice letter pursuant to General Order 96-B, General Rule 8.2.3 (Service to Government Agencies) stating that recycled water service will continue to be provided to the County under the terms and conditions of the Prior Agreement approved by the Commission after its expiration on June 30, 2017, until such time that revised contract terms and conditions are established in a revised agreement, which would be submitted to the Commission as a supplement to the advice letter. On June 19, 2017, San Gabriel submitted Advice Letter No. 495 to inform Water Division that a new agreement was being negotiated. Following receipt of the supplement, Water Division would prepare a resolution for the Commission's consideration. This supplemental advice letter provides that new agreement.

### **Discussion**

A copy of the Recycled Water Agreement was approved by Los Angeles County Board of Supervisors on June 19, 2018, and signed on June 27, 2018. There are only a few minor substantive changes in the Recycled Water Agreement from the Prior Agreement approved by the Commission:

- **Parties:** The Recycled Water Agreement is a two-party agreement. The Upper District was a necessary party to the Prior Agreement in which facilities needed to be constructed for the delivery of recycled water, but was not needed to participate in this Recycled Water Agreement which provides for delivery of recycled water through existing facilities.
- **Leasing County's Groundwater Rights:** The Recycled Water Agreement locks in a lower lease rate paid by San Gabriel for the County's groundwater rights at 90% of the Cyclic Storage rate vs. 90% of the Replacement Water Assessment under the Prior

June 28, 2018

Agreement. San Gabriel typically leases approximately 1,500 acre-feet per year. The savings to ratepayers is estimated at \$100 per acre-foot, or \$150,000 per year.

- **Recycled Water Rates:**
  - There is no change in the recycled water rate (80% of Schedule LA-1 Quantity Rate) that San Gabriel charges for delivery to the golf course.
  - There is a revised recycled water rate formula for the recreational area: 125% of the wholesale price for recycled water San Gabriel must pay to Upper District. This new rate formula results in the same cost for recycled water that the County would have paid under the old agreement, but provides San Gabriel with price protection should Upper District elect to increase its rate in the future.
- **Term of Recycled Water Agreement**
  - After the initial 15-year term, the Recycled Water Agreement automatically renews for an additional 15-year term while allowing either party the option to terminate the Recycled Water Agreement with 60-days' notice in advance of the renewal.

### **Conclusion**

This Recycled Water Agreement provides benefits to the region, to San Gabriel, and to its ratepayers as enumerated in Advice Letter 346 and Advice Letter 388. San Gabriel understands that Water Division will prepare a resolution for the Commission's consideration approving the attached agreement.



Joel M. Reiker  
Vice President of Regulatory Affairs

cc: James Boothe, CPUC – Water Division  
Hani Moussa, CPUC – Water Branch, ORA  
Richard Smith, CPUC – Water Branch, DRA

LIST OF CONTRACTS AND DEVIATIONS

Name & Location of Customer	Type or Class of Service	Execution and Expiration Date	Commission Authorization Number and Date	Most Comparable Regular Tariff	
				Schedule Number	Contract Differences
1. Norman's Nursery	Recycled Water	02/28/94	W-3882 10/12/94 AL 280	LA-6	discounted Quantity Rate
2. Jose Munoz Nursery	Recycled Water	7/31/14	11/06/14 AL 449	LA-6	discounted Quantity Rate
3. Cemex USA Construction, Inc	Non-Potable Water	11/22/00	01/24/01 AL 308	FO-1	discounted Quantity Rate
4. Rose Hills	Recycled Water	05/30/02 06/30/17	09/11/02 AL 315	LA-6	discounted Quantity Rate
5. County of Los Angeles Department of Parks and Recreation Amendment No. 1 County of Los Angeles Department of Parks and Recreation	Recycled Water	06/27/06 06/30/17 Amended 03/02/10 06/27/18 06/30/33	AL 346 11/15/06 AL 388  AL 495-A	LA-6	discounted Quantity Rate     (N) (N)
6. City of Fontana	Recycled Water	04/26/11	D.12-06-002 AL 417	FO-6	discounted Quantity Rate
7. City of Montebello	Recycled Water	03/13/14 03/13/24	W-4989 08/14/14 AL 433	LA-6	discounted Quantity Rate
8. City of Montebello	Potable Water	12/01/15	AL 472	LA-1	discounted Quantity Rate
9. California Speedway Corp.	Recycled Water	11/24/15 11/24/75	AL 474	FO-6	discounted Quantity Rate
10. California Steel Industries	Recycled Water	11/24/15 11/24/75	AL 474	FO-6	discounted Quantity Rate

(To be inserted by utility)

Advice Letter No. 495-A

Decision No. \_\_\_\_\_

Issued by

R. W. Nicholson

NAME

President

TITLE

(To be inserted by Cal. P.U.C.)

Date Filed \_\_\_\_\_

Effective \_\_\_\_\_

Resolution No. \_\_\_\_\_

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*(continued)*

(To be inserted by utility)

Advice Letter No. 495-A

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(To be inserted by Cal. P.U.C.-)

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Effective \_\_\_\_\_

Resolution No. \_\_\_\_\_

Revised \_\_\_\_\_  
Cancelling Revised \_\_\_\_\_

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(continued)

(To be inserted by utility)

Issued by

(To be inserted by Cal. P.U.C.)

Advice Letter No. 495-AR. W. Nicholson

Date Filed \_\_\_\_\_

Decision No. \_\_\_\_\_

NAME

Effective \_\_\_\_\_

President

TITLE

Resolution No. \_\_\_\_\_



**AGREEMENT  
BY AND BETWEEN**

**COUNTY OF LOS ANGELES  
DEPARTMENT PARKS AND RECREATION**

**AND**

**SAN GABRIEL VALLEY WATER COMPANY**

**TO**

**PURCHASE RECYCLED WATER  
AND TO LEASE WATER PRODUCTION RIGHTS**

**AT**

**WHITTIER NARROWS RECREATION AREA AND  
WHITTIER NARROWS GOLF COURSE**

**AGREEMENT PROVISIONS  
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**STANDARD EXHIBITS**

**EXHIBIT A    EXISTING METERED RECYCLED WATER CONNECTIONS**



**AGREEMENT TO PURCHASE RECYCLED WATER AND  
TO LEASE WATER PRODUCTION RIGHTS  
AT WHITTIER NARROWS RECREATIONAL AREA AND  
WHITTIER NARROWS GOLF COURSE**

This Agreement to Purchase Recycled Water and to Lease Water Production Rights at Whittier Narrows Recreational Area and Whittier Narrows Golf Course ("Agreement") is entered into as of the 1<sup>st</sup> day of July, 2018, between San Gabriel Valley Water Company ("San Gabriel"), a California public water utility corporation subject to the jurisdiction of the California Public Utilities Commission ("Commission"), and the County of Los Angeles through its Department of Parks and Recreation ("LADPR"). (San Gabriel and LADPR are at times referred to herein as "Party" or collectively as "Parties.")

**RECITALS**

**WHEREAS**, San Gabriel and LADPR recognize the environmental benefits of using recycled water. The Parties acknowledge that the California Legislature has declared that the use of potable domestic water for non-potable uses such as irrigating parks, landscaped areas and golf courses is a waste or an unreasonable use of water within the meaning of Section 2 of Article X of the California Constitution when recycled water is available for use pursuant to state rules and regulations; and

**WHEREAS**, since January 2014 and in response to California's severe drought conditions, Governor Brown issued several Proclamations declaring a drought State of Emergency and in response, the State Water Resources Control Board mandated a number of drought-related actions including, but not limited to, setting aggressive conservation targets and calling on water suppliers to expand the use of local renewable recycled water; and

**WHEREAS**, LADPR operates a regional park and recreational area known as the Whittier Narrows Recreational Area ("Recreational Area") and the Whittier Narrows Golf Course ("Golf Course"), both requiring substantial landscape irrigation; and

**WHEREAS**, LADPR currently subleases the Golf Course to a private entity under a separate agreement; and

**WHEREAS**, on June 27, 2006, the Parties and Upper San Gabriel Valley Municipal Water District entered into Agreement Number 10279, referred to as the "Whittier Narrows Agreement," providing for the purchase and sale of recycled water from the Whittier Narrows Water Reclamation Plant ("Water Reclamation Plant") owned and operated by the County Sanitation Districts of Los Angeles County, to irrigate the Recreational Area which by its terms would terminate on June 30, 2017, unless extended by mutual consent; and

**WHEREAS**, on March 3, 2010, the Parties and Upper San Gabriel Valley Municipal Water District amended Agreement Number 10279 ("Amendment Number 1") providing for construction, operation and maintenance of recycled water facilities and for the purchase and sale of recycled water to irrigate the Golf Course; and

**WHEREAS**, on June 18, 2013, the Board of Supervisors authorized the Director of the Department of Parks and Recreation to enter into a 10-year Water Production Agreement effective July 1, 2013 with the California Department of Toxic Substances Control (DTSC) and the Main San Gabriel Basin Watermaster by which, among other things, LADPR agreed to report to Watermaster the production of groundwater by DTSC that is delivered to the Recreation Area's Legg Lakes as production by LADPR up to a fixed amount of 1,300 acre-feet per Fiscal Year; and

**WHEREAS**, on July 1, 2017, the Parties and Upper San Gabriel Valley Municipal Water District amended Agreement Number 10279 ("Amendment Number 2") providing for an extension of the original term in the Agreement on a month-to-month basis not to exceed eight (8) months; and

**WHEREAS**, on March 1, 2018, the Parties and Upper San Gabriel Valley Municipal Water District amended Agreement Number 10279 ("Amendment Number 3") providing for an extension of the original term in the Agreement on a month-to-month basis not to exceed four (4) months; and

**WHEREAS**, Upper San Gabriel Valley Municipal Water District, the wholesale provider of recycled water, has adopted rates and charges which apply to San Gabriel's purchase and delivery of recycled water to LADPR's Recreational Area and Golf Course and other San Gabriel customers within its service area; and

**WHEREAS**, San Gabriel is the largest provider of recycled water in the San Gabriel Valley and actively promotes the use of recycled water by customers in its service area who are able to put it to beneficial use, and has adopted Commission approved rules and regulations applicable to the sale and distribution of recycled water for various non-potable uses; and

**WHEREAS**, LADPR formerly produced groundwater pursuant to its adjudicated rights in the Main San Gabriel Basin as determined under the judgment in the case of Upper San Gabriel Valley Municipal Water District vs. City of Alhambra, et al., Los Angeles Superior Court Number 924128 ("Judgment"), with the right to extract water from various groundwater wells ("Production Right") to irrigate the Recreational Area and Golf Course; and

**WHEREAS**, LADPR desires to cooperate with San Gabriel to conserve local potable water supplies from the Main San Gabriel Basin and purchase recycled water from San Gabriel in lieu of pumping LADPR's Production Right previously used to irrigate the Recreation Area and Golf Course; and

**WHEREAS**, San Gabriel will continue to lease from LADPR its available Production Right, from year to year at the rates and under the terms set forth herein, enabling San Gabriel to extract water from the Main San Gabriel Basin and sell said water to its customers for potable use; and

**WHEREAS**, to further the goals of expanding the use of recycled water and conserving local groundwater for potable use, the Parties wish to enter into a new Agreement that continues delivery of high quality recycled water for non-potable uses at the Recreational Area and Golf Course.

**NOW, THEREFORE**, in consideration of the mutual benefits of this Agreement, the Parties agree as follows:

## **Section 1: Definitions**

**Fiscal Year:** July 1 of any given calendar year to June 30 of the following calendar year.

**Judgment:** Adjudication of Main San Gabriel Basin water rights under Judgment Number 924128, under *Upper San Gabriel Valley Municipal Water District vs. City of Alhambra et al.*, by the Superior Court of the State of California for the County of Los Angeles

**LADPR's Production Right:** LADPR's right to extract water from the Main San Gabriel Basin pursuant to the Judgment.

**Available Production Right:** an amount equal to the Pumping Right plus Surface Diversion Right plus the Carryover Right as these terms are defined in the Judgement minus the amount of treated water discharged to the Recreation Area's Legg Lakes by DTSC up to a maximum of 1,300 acre-feet per Fiscal year, minus the amount of water (estimated in May of each Fiscal Year) produced by LADPR's Santa Fe Well Number 1 and Well Number 2.

**Watermaster:** The nine-person board appointed as the Main San Gabriel Watermaster by the Los Angeles County Superior Court to administer and enforce the provisions of the Judgment.

**Director:** the Director of the County of Los Angeles Department of Parks and Recreation or his/her authorized representative.

**Recreation Area:** the Whittier Narrows Recreation Area.

**Golf Course:** the Whittier Narrows Golf Course.

**Cyclic Storage Rate:** the supplemental water rate charged for cyclic storage under the then current Cyclic Storage Agreement between the Metropolitan Water District of Southern California, Upper San Gabriel Valley Municipal Water District, and Main San Gabriel Basin Watermaster.

**Potable Water Rate:** San Gabriel Valley Water Company's general metered service quantity rate as published in the San Gabriel Valley Water Company's Tariff Schedule Number LA-1 in the Los Angeles County Tariff Area.

**Replacement Water Assessment:** the assessment collected by the Watermaster on production in excess of a party's Diversion Rights, Pumper's Share or Integrated Production Right, computed at the applicable rate established by the Watermaster consistent with the Watermaster Operating Criteria, and other relevant factors, including the projected cost and availability of Supplemental Water supplies. This rate is adjusted and adopted annually by resolution of the Watermaster Board of Directors.

## **Section 2: Quantity of Recycled Water Available to LADPR**

Subject to the provisions set forth in this Agreement, San Gabriel agrees to deliver and sell to LADPR, whenever available and LADPR agrees to purchase from San Gabriel, quantities of recycled water sufficient to irrigate the Recreational Area and Golf Course of not less than 1,100 acre feet, per Fiscal Year, at such times as determined by LADPR, through various metered connections referred to in Section 3 of this Agreement. The maximum daily rate of delivery shall not exceed the rate of delivery of recycled water available to San Gabriel from Upper San Gabriel Valley Municipal Water District.

## **Section 3: Facilities for Delivery of Recycled Water**

San Gabriel shall utilize the existing metered recycled water connections to deliver recycled water to the Recreational Area and Golf Course. A list of existing metered recycled water connections is attached hereto and made a part hereof as **Attachment A**. LADPR agrees to allow reasonable access during regular business hours, or as directed by LADPR, to San Gabriel and its contractors to enter the Recreational Area and Golf Course in order to perform scheduled operations, maintenance, emergency repairs, and any other service San Gabriel deems necessary to perform under this Agreement.

- a. If LADPR determines that additional recycled water metered services are needed on its property, San Gabriel will furnish and install the meter or meters at no cost to LADPR. LADPR is responsible for the cost of installing required facilities, which include but are not limited to pipelines, service laterals and other appurtenances, to connect and deliver recycled water from the existing recycled water distribution system to the location of the new meter or meters. However, conditioned upon reimbursement of costs and upon the execution of a separate agreement between the Parties, San Gabriel will install the required facilities and complete construction of this work in accordance with applicable Commission approved tariff rules and schedules.
- b. LADPR will designate an on-site supervisor to oversee on-site construction of recycled water facilities, and the operation and maintenance of the recycled water facilities.
- c. The Parties shall hold bi-annual meetings on the first Monday of February and the first Monday of August in every year, at such a place as may be fixed by the Parties, to further facilitate the purpose of this Agreement and to address any operational issues that may arise in performance of this Agreement.

## **Section 4: Rates for Service**

San Gabriel will provide recycled water service to LADPR subject to and in accordance with San Gabriel's applicable tariff rules and schedules including Tariff Schedule Number LA-6 *except* that in consideration of LADPR's long-term commitment to use recycled water and the significant quantity of local drinking water supplies thereby conserved, the applicable quantity and metered service rates will be equal to:

- a. Recreational Area: one hundred twenty-five percent (125%) of the then wholesale price for recycled water San Gabriel must pay to Upper San Gabriel Valley Municipal Water District for the supply of recycled water).

- b. Golf Course: eighty percent (80%) of San Gabriel's then current General Metered Rate (excluding surcharges and surcredits) that would otherwise apply to the potable water service.
- c. Irrespective of the actual number of existing meters or connections, LADPR is nonetheless obligated only to pay meter charges equal to San Gabriel's Tariff Schedule Number LA-6 monthly service charge for one 2-inch meter at each of the Recreational Area and the Golf Course.

## **Section 5: Lease of LADPR Production Right**

- a. LADPR shall temporarily lease to San Gabriel, up to its Available Production Right, an amount of production right equal to the number of acre-feet of recycled water purchased from San Gabriel by LADPR at a price equal to ninety percent (90%) of the then current Cyclic Storage Rate charged by Watermaster.
- b. In addition, San Gabriel will temporarily lease from LADPR and pay for any of the remaining amount of LADPR's Available Production Right that LADPR opts to lease to San Gabriel at a price equal to ninety percent (90%) of the then Cyclic Storage Rate charged by Watermaster.
- c. Consideration for the lease shall be paid by San Gabriel by September 20 of each year pursuant to a fully executed Offer to Lease, signed by both Parties on or before June 30 of each Fiscal Year.
- d. In the event LADPR proposes to sell, lease, license or otherwise transfer or encumber all or any portion of its annual Available Production Right to any person or entity, San Gabriel shall have the Right of First Refusal with respect to all (and not less than all) of such available Production Right.

## **Section 6. Water Rights**

- a. San Gabriel acknowledges and agrees that it may not assert against the LADPR, including in any administrative or judicial proceeding, that LADPR has dedicated or transferred ownership or use of any water to the public or permanently to San Gabriel or to any third party by the leasing of LADPR's adjudicated water rights under this Agreement. San Gabriel will fully cooperate with LADPR to avoid dedication or alienation of LADPR's adjudicated water rights to the public or otherwise in any manner except as explicitly set forth in this Agreement.
- b. LADPR has the option to resume use of its adjudicated water rights in the event recycled water provided by San Gabriel does not satisfy the water reuse conditions enumerated in the California Water Code Division 7, Chapter 7, Article 7, Section 13550, subsection a, sub-subsections 1-4.
- c. San Gabriel shall pay all Watermaster assessments for the quantity of Production Right leased by San Gabriel from LADPR under this Agreement. LADPR and San Gabriel shall take the required steps, including executing the form titled "Lease of Water Right" as prescribed by Watermaster, in a manner to allow leasing of LADPR's Production Right pursuant to this Agreement and pursuant to all legal requirements, including requirements under the Judgment and as may be required by Watermaster.

## **Section 7: Billing and Payment**

Each month, San Gabriel will bill LADPR, and any other successor public agency, lessee, sub-lessee, or concessionaire of LADPR, as directed by LADPR, for the recycled water service and LADPR or sub-lessee, or concessionaire shall pay San Gabriel in accordance with San Gabriel's Commission approved billing and payment procedures.

## **Section 8: Special Conditions**

- a. The parties will comply with the Judgment and the Watermaster's Rules and Regulations, which shall prevail in case of a conflict with any term or provision pertaining to the lease of LADPR's Production Right in this Agreement.
- b. San Gabriel acknowledges that LADPR's continued use of recycled water pursuant to this Agreement is conditioned upon: 1) the Watermaster's written confirmation that LADPR use of recycled water and the leasing of its water rights to San Gabriel as contemplated in this Agreement will not prejudice LADPR's existing water rights and 2) LADPR being fully satisfied that its use of recycled water is fully permitted and complies with all applicable laws, rules, and regulations.
- c. Recycled water service available to the Recreational Area and Golf Course under this Agreement is interruptible service and is limited to the recycled water which actually is produced at the Water Reclamation Plant and supplied solely by Upper San Gabriel Valley Municipal Water District. San Gabriel has no control over the Water Reclamation Plant operations. Subject to the requirements of State Water Resources Control Board/Division of Drinking Water, when recycled water is not available, San Gabriel will provide potable water to LADPR in accordance with San Gabriel's then current General Metered Rate (excluding surcharges and surcredits) that would otherwise apply to the potable water service.
- d. If the supply of recycled water from the Water Reclamation Plant is interrupted, curtailed, limited, or terminated for any reason, San Gabriel will have no other recycled water supply from which it can supply the Recreational Area and Golf Course, and San Gabriel shall have no responsibility or liability to LADPR in the event the supply of recycled water from the Water Reclamation Plant is interrupted, curtailed, limited or terminated. San Gabriel shall give LADPR notice of interruption, curtailment, limitation, or termination of recycled water service only upon reasonable notice to San Gabriel from Upper San Gabriel Valley Municipal Water District or the Sanitation Districts of Los Angeles County, if any.
- e. LADPR will use reasonable efforts to ensure that the recycled water purchased from San Gabriel is used in a manner consistent with the procedures and Best Management Practices for the use of recycled water that may be approved and adopted in advance by LADPR, as set forth in the most recent "Recycled Water Irrigation Customer's Guide.

- f. LADPR assumes all risk of loss, damage, or liability which might result from any interruption, curtailment, limitation, or termination of supply, and LADPR hereby waives and releases any claim, action, or right against San Gabriel or its directors, officers, employees, agents, or contractors for loss or damage arising from such interruption, curtailment, limitation, or termination of the supply of recycled water.

## **Section 9: Effective Date and Termination**

- a. Provided that the Agreement has been approved by the Commission, the Agreement will become effective on July 1, 2018, expiring June 30, 2033.
- b. After the initial term, this Agreement shall automatically renew for one additional fifteen (15) year period unless either party elects to terminate this Agreement by giving the other party written notice not less than sixty (60) days in advance of the renewal term.

## **Section 10: California Public Utilities Commission Jurisdiction**

This Agreement shall at all times be subject to such changes or modifications by the Commission as the Commission may, from time to time, order in the exercise of its jurisdiction.

## **Section 11: Non-Assignability**

Neither Party may assign this Agreement to any other Party without the prior express written consent of the other Party. Notwithstanding the foregoing, LADPR may assign any of its rights or obligations herein to any successor public agency or to any lessee, sub-lessee, or concessionaire. The terms and covenants of this Agreement shall inure to the successors and assigns of each of the Parties.

## **Section 12: Notices**

Any notice, billing, payment, demand, modification, or request provided for in this Agreement, or served, given, or made in connection with it shall be in writing and shall be deemed properly served, given, or made upon the earlier of (a) personal delivery, (b) three (3) business days following deposit in the United States mail, postage prepaid, certified or registered, return receipt requested, (c) the next business day after deposit with a nationally recognized overnight courier, in each instance addressed to the recipient as set forth below:

### **San Gabriel Valley Water Company:**

Mr. Robert W. Nicholson  
President  
San Gabriel Valley Water Company  
11142 Garvey Avenue  
El Monte, CA 91733

**LADPR (For Billing & Payment):**

Accounting Section  
County of Los Angeles Department of Parks and Recreation  
1000 South Freemont Avenue, Unit #40  
Building A-9 West, Second Floor  
Alhambra, CA 91803

**LADPR (Other Correspondence):**

Budget and Fiscal Services Division  
County of Los Angeles Department of Parks and Recreation  
1000 South Freemont Avenue, Unit #40  
Building A-9 West, Second Floor  
Alhambra, CA 91803

Either Party may at any time, by written notice to the other Party, change the designation or address of the person specified herein.

**Section 13: Modification**

The terms of this Agreement may be modified only in writing by mutual agreement approved by both Parties and if required, by the Commission.

**Section 14: Litigation**

Should litigation be necessary to enforce or interpret any term or provision of this Agreement or to collect any portion of any amount payable under this Agreement, the prevailing Party shall be entitled to recover its litigation expenses, including, without limitation, its reasonable attorney fees and expert witness fees in addition to any other relief to which the prevailing Party should otherwise be entitled.

**Section 15: Severability**

If any of the terms and conditions of this Agreement or the application thereof to any person or circumstances is held invalid, such invalidity shall not affect any of the other terms and conditions or applications hereof that can be given effect without the invalid provision or applications, and to this end, the provisions of this Agreement are severable.

**Section 16: Integration**

This Agreement and the attachments hereto, constitute the entire agreement between the Parties concerning the subject matter hereof. All prior agreements, discussions, representations, warranties and covenants are merged herein. There are no warranties, representations, covenants or agreements, expressed or implied, between the parties except those expressly set forth in this agreement. Any amendments or modifications of this agreement shall be in writing and executed by the Parties.



## **Section 17: Indemnification**

- a. San Gabriel shall indemnify, defend and hold harmless County, and its Special Districts, elected and appointed officers, employees, and agents from and against any and all liability, including but not limited to; demands, claims, actions, fees, costs, and expenses (including attorney and expert witness fees), arising from or connected with: (a) San Gabriel's acts and/or omissions arising from and/or relating to this Agreement, or (b) San Gabriel's default hereunder; or (c) San Gabriel's use of or access to the Recreation Area and/or the Golf Course. San Gabriel's duty to indemnify the County and its Special Districts, elected and appointed officers, employees, and agents shall survive the expiration or other termination of this Agreement. San Gabriel shall not be obligated to indemnify for liability and expense arising from the active or passive negligence of County.
- b. County shall indemnify, defend and hold harmless San Gabriel, its officers, directors, employees, and agents from and against any and all liability, including but not limited to; demands, or claims, actions, fees, costs, and expenses (including attorney and expert witness fees), arising from or connected with: (a) County's acts and/or omissions arising from and/or relating to this Agreement, (b) County's default hereunder; or (c) County's use of or access to the Recreation Area and/or the Golf Course. County's duty to indemnify the San Gabriel, its officers, directors, employees, and agents shall survive the expiration or other termination of this License Agreement. County shall not be obligated to indemnify for liability and expense arising from the active or passive negligence of San Gabriel.

## **Section 18 : General Provisions for All Insurance Coverage**

Without limiting San Gabriel's indemnification of County, and in the performance of this Agreement and until all of its obligations pursuant to this Agreement have been met, San Gabriel shall provide and maintain at its own expense insurance coverage satisfying the requirements specified in this Subsection 18 and Subsection 19 of this Agreement. These minimum insurance coverage terms, types and limits (the "Required Insurance") also are in addition to and separate from any other contractual obligation imposed upon San Gabriel pursuant to this Agreement. The County in no way warrants that the Required Insurance is sufficient to protect San Gabriel for liabilities which may arise from or relate to this Agreement.

### **a. Evidence of Coverage and Notice to County**

- Certificate(s) of insurance coverage (Certificate) satisfactory to County, and a copy of an Additional Insured endorsement confirming the Indemnified Parties (defined below) has been given Insured status under San Gabriel's General Liability policy, shall be delivered to County at the address shown below and provided prior to commencing services under this Agreement.
- Renewal Certificates shall be provided to County not less than 10 days prior to San Gabriel's policy expiration dates. The County reserves the right to obtain complete, certified copies of any required San Gabriel and/or Sub-Consultant insurance policies at any time.

- Certificates shall identify all Required Insurance coverage types and limits specified herein, reference this Agreement by name or number, and be signed by an authorized representative of the insurer(s). The Insured party named on the Certificate shall match the name of San Gabriel identified as the contracting party in this Agreement. Certificates shall provide the full name of each insurer providing coverage, its NAIC (National Association of Insurance Commissioners) identification number, its financial rating, the amounts of any policy deductibles or self-insured retentions exceeding fifty thousand (\$50,000.00) dollars, and list any County required endorsement forms.
- Neither the County's failure to obtain, nor the County's receipt of, or failure to object to a non-complying insurance certificate or endorsement, or any other insurance documentation or information provided by San Gabriel, its insurance broker(s) and/or insurer(s), shall be construed as a waiver of any of the Required Insurance provisions.

Certificates and copies of any required endorsements shall be sent to:

County of Los Angeles Department of Parks and Recreation  
1000 South Freemont Avenue, Unit #40  
Building A-9 West, Second Floor  
Alhambra, CA 91803  
Attention: Chief, Contracts Division

San Gabriel also shall promptly report to County any injury or property damage accident or incident, including any injury to a San Gabriel employee occurring on County property, and any loss, disappearance, destruction, misuse, or theft of County property, monies or securities entrusted to San Gabriel. San Gabriel also shall promptly notify County of any third party claim or suit filed against San Gabriel or any of its Sub-Contractors which arises from or relates to this Agreement, and could result in the filing of a claim or lawsuit against San Gabriel and/or County.

**b. Additional Insured Status and Scope of Coverage**

The County, its Special Districts, elected and appointed officials, the Board of Supervisors, officers, employees, agents, and trustees (collectively the Indemnified Parties) shall be provided additional insured status under San Gabriel's General Liability policy with respect to liability arising out of San Gabriel's ongoing and completed operations performed on behalf of the County. County and its Agents additional insured status shall apply with respect to liability and defense of suits arising out of San Gabriel's acts or omissions, whether such liability is attributable to San Gabriel or to the County. The full policy limits and scope of protection also shall apply to the Indemnified Parties as an additional insured, even if they exceed the County's minimum Required Insurance specifications herein. Use of an automatic additional insured endorsement form is acceptable providing it satisfies the Required Insurance provisions herein.

**c. Cancellation of or Changes in Insurance**

San Gabriel shall provide County with, or San Gabriel's insurance policies shall contain a provision that County shall receive, written notice of cancellation or any change in Required Insurance, including insurer, limits of coverage, term of coverage or policy period. The written notice shall be provided to County at least ten (10) days in advance of cancellation for non-payment of premium and thirty (30) days in advance for any other cancellation or policy change. Failure to provide written notice of cancellation or any change in Required Insurance may constitute a material breach of the Agreement, in the sole discretion of the County, upon which the County may suspend or terminate this Agreement.

**d. Failure to Maintain Insurance**

San Gabriel's failure to maintain or to provide acceptable evidence that it maintains the Required Insurance shall constitute a material breach of the Agreement, upon which County immediately may withhold payments due to San Gabriel, and/or suspend or terminate this Agreement. County, at its sole discretion, may obtain damages from San Gabriel resulting from said breach. Alternatively, the County may purchase the Required Insurance, and without further notice to San Gabriel, deduct the premium cost from sums due to San Gabriel or pursue San Gabriel reimbursement.

**e. Insurer Financial Ratings**

Coverage shall be placed with insurers acceptable to the County with A.M. Best ratings of not less than A:VII unless otherwise approved by County.

**f. Subcontractor Insurance Coverage Requirements**

San Gabriel shall include all Sub-Contractors as insureds under San Gabriel's own policies, or shall provide County with each Sub-Contractor's separate evidence of insurance coverage. San Gabriel shall be responsible for verifying each Sub-Contractor complies with the Required Insurance provisions herein, and shall require that each Sub-Contractor name the County and San Gabriel as additional insureds on the Sub-Contractor's General Liability policy. San Gabriel shall obtain County's prior review and approval of any Sub-Contractor request for modification of the Required Insurance.

**g. Deductibles and Self-Insured Retentions (SIRs)**

San Gabriel's policies shall not obligate the County to pay any portion of any San Gabriel deductible or SIR. The County retains the right to require San Gabriel to reduce or eliminate policy deductibles and SIRs as respects the County, or to provide a bond guaranteeing San Gabriel's payment of all deductibles and SIRs, including all related claims investigation, administration and defense expenses. Such bond shall be executed by a corporate surety licensed to transact business in the State of California.

**h. Claims Made Coverage**

If any part of the Required Insurance is written on a claims made basis, any policy retroactive date shall precede the effective date of this Agreement. San Gabriel understands and agrees it shall maintain such coverage for a period of not less than three (3) years following Agreement expiration, termination or cancellation.

**i. Application of Excess Liability Coverage**

San Gabriel may use a combination of primary, and excess insurance policies which provide coverage as broad as the underlying primary policies, to satisfy the Required Insurance provisions.

**j. Separation of Insureds**

All liability policies shall provide cross-liability coverage as would be afforded by the standard ISO (Insurance Services Office, Inc.) separation of insureds provision with no insured versus insured exclusions or limitations.

**k. Alternative Risk Financing Programs**

The County reserves the right to review, and then approve, San Gabriel use of self-insurance, risk retention groups, risk purchasing groups, pooling arrangements and captive insurance to satisfy the Required Insurance provisions. The County and its Agents shall be designated as an Additional Covered Party under any approved program.

**l. County Review and Approval of Insurance Requirements**

The County reserves the right to review and adjust the Required Insurance provisions, conditioned upon County's determination of changes in risk exposures.

**Section 19: Insurance Coverage**

- a. Commercial General Liability** insurance (providing scope of coverage equivalent to ISO policy form CG 00 01), naming County and its Agents as an additional insured, with limits of not less than:

General Aggregate:	\$2 million
Products/Completed Operations Aggregate:	\$1 million
Personal and Advertising Injury:	\$1 million
Each Occurrence:	\$1 million

- b. Automobile Liability** insurance (providing scope of coverage equivalent to ISO policy form CA 00 01) with limits of not less than \$1 million for bodily injury and property damage, in combined or equivalent split limits, for each single accident. Insurance shall cover liability arising out of San Gabriel's use of autos pursuant to this Agreement, including owned, leased, hired, and/or non-owned autos, as each may be applicable.

- c. Workers Compensation and Employers' Liability** insurance or qualified self-insurance satisfying statutory requirements, which includes Employers' Liability

coverage with limits of not less than \$1 million per accident. If San Gabriel will provide leased employees, or, is an employee leasing or temporary staffing firm or a professional employer organization (PEO), coverage also shall include an Alternate Employer Endorsement (providing scope of coverage equivalent to ISO policy form WC 00 03 01 A) naming the County as the Alternate Employer, and the endorsement form shall be modified to provide that County will receive not less than thirty (30) days advance written notice of cancellation of this coverage provision. If applicable to San Gabriel's operations, coverage also shall be arranged to satisfy the requirements of any federal workers or workmen's compensation law or any federal occupational disease law.

## **Section 20: County's Insurance Obligations to San Gabriel**

- a. The conditions, covenants, coverages, and obligations applicable to San Gabriel for the benefit of the County in Section 18 and 19 of this Agreement shall also flow to and apply to the County for the benefit of San Gabriel to the extent that the County is a self-insured public agency.
- b. As a self-insured public agency, the County shall provide San Gabriel with the same insurance coverages and protections from liability and defense of suits as would be afforded by first-dollar insurance and by the provisions listed in Section 18 and 19 of this Agreement.
- c. The County shall submit evidence of self-insurance and amounts of coverages as required in Section 19 of this Agreement by submitting to San Gabriel a Certificate of Self-Insurance to:

San Gabriel Valley Water Company  
Attn: Robert J. DiPrimio  
11142 Garvey Avenue  
El Monte, CA 91733

IN WITNESS WHEREOF, the Board of Supervisors of the County of Los Angeles has caused this Agreement to be executed by the Director of the Department of Parks and Recreation, or his/her designee, and approved by County Counsel, and San Gabriel has caused this Agreement to be executed in its behalf by its duly authorized officer, this 25th day of June, 2018.

**SAN GABRIEL VALLEY WATER COMPANY**

  
Robert W. Nicholson  
President

6/25/18  
Date

**COUNTY OF LOS ANGELES**

  
John Wicker, Director  
Department of Parks and Recreation

6/25/18  
Date

**APPROVED AS TO FORM:**  
**MARY C. WICKHAM**  
County Counsel

By   
Christina Angeles  
Principal Deputy County Counsel

6/20/2018  
Date

**CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT**

CIVIL CODE § 1189

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California

County of Los Angeles

On June 25, 2018

Date

before me, Diane Elizabeth Gavia, Notary Public

Here Insert Name and Title of the Officer

personally appeared Robert W. Nicholson

Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.



Place Notary Seal and/or Stamp Above

Signature Diane Elizabeth Gavia

Signature of Notary Public

**OPTIONAL**

Completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

**Description of Attached Document**

Title or Type of Document: Agreement to purchase Recycled Water and to Lease Water Production Rights

Document Date: June 19, 2018

Number of Pages: 24

Signer(s) Other Than Named Above: \_\_\_\_\_

**Capacity(ies) Claimed by Signer(s)**

Signer's Name: \_\_\_\_\_

Signer's Name: \_\_\_\_\_

☐ Corporate Officer - Title(s): \_\_\_\_\_

☐ Corporate Officer - Title(s): \_\_\_\_\_

☐ Partner - ☐ Limited ☐ General

☐ Partner - ☐ Limited ☐ General

☐ Individual

☐ Attorney In Fact

☐ Individual

☐ Attorney In Fact

☐ Trustee

☐ Guardian of Conservator

☐ Trustee

☐ Guardian of Conservator

☐ Other: \_\_\_\_\_

☐ Other: \_\_\_\_\_

Signer Is Representing: \_\_\_\_\_

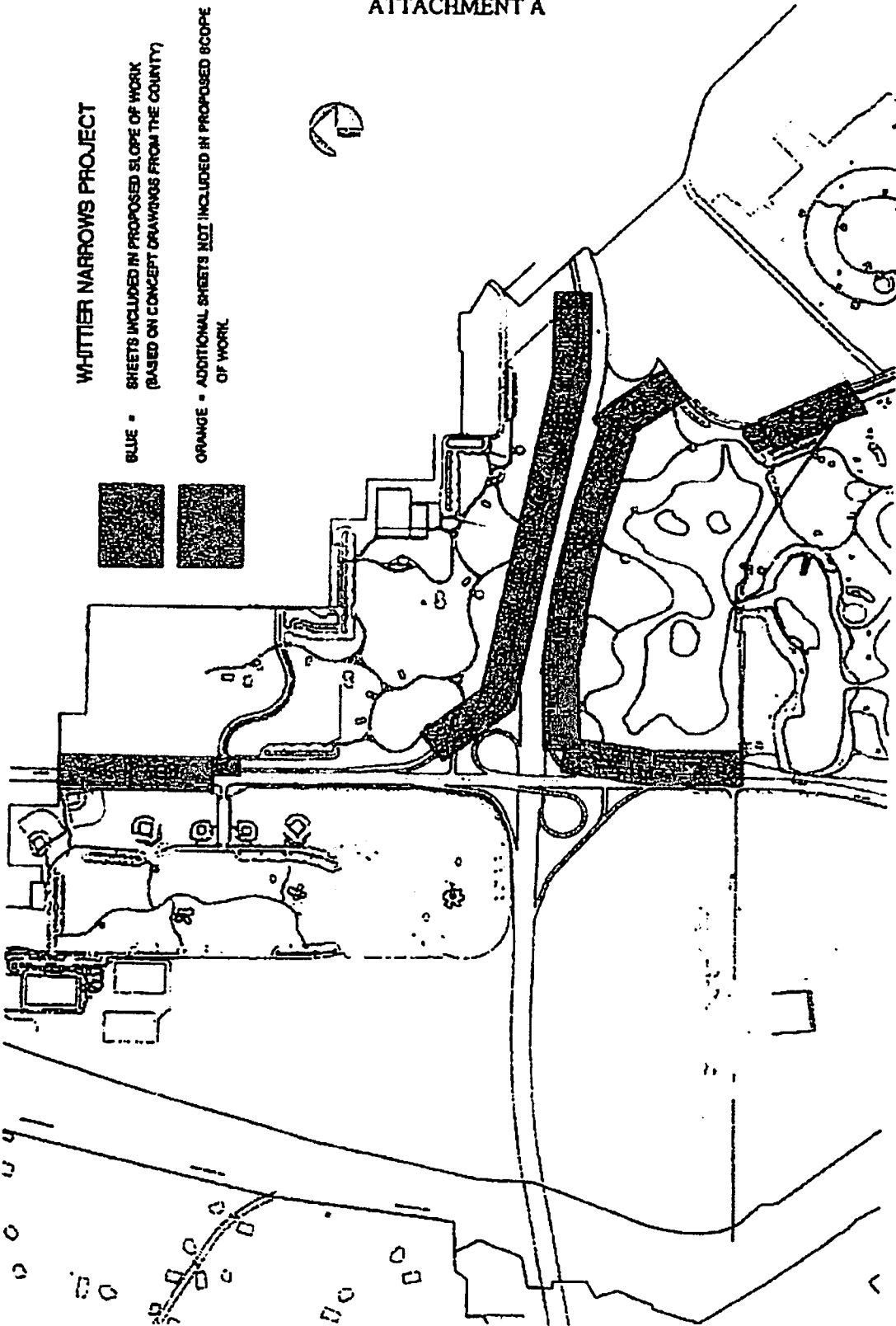
Signer Is Representing: \_\_\_\_\_

ATTACHMENT A

WHITTIER NARROWS PROJECT

BLUE - SHEETS INCLUDED IN PROPOSED SCOPE OF WORK  
(BASED ON CONCEPT DRAWINGS FROM THE COUNTY)

ORANGE - ADDITIONAL SHEETS NOT INCLUDED IN PROPOSED SCOPE  
OF WORK





**DISTRIBUTION LIST**  
**San Gabriel Valley Water Company**  
**Los Angeles County Division**  
**Advice Letter No. 495-A**

City of Arcadia  
240 West Huntington Drive  
Arcadia, CA 91006

City Clerk, City of Baldwin Park  
14403 East Pacific Avenue  
Baldwin Park, CA 91706

California-American Water Company  
655 W. Broadway, Suite 1410  
San Diego, CA 92101

City of El Monte Water Department  
11333 Valley Boulevard  
El Monte, CA 91734

City of Industry Waterworks System  
Post Office Box 3136  
La Puente, CA 91744

City Clerk, City of Irwindale  
5050 North Irwindale Avenue  
Irwindale, CA 91706

City Clerk, City of La Puente  
15900 East Main Street  
La Puente, CA 91744

La Puente Valley County Water District  
112 North 1st Street  
La Puente, CA 91744

City of Montebello  
1600 West Beverly Boulevard  
Montebello, CA 90640

City of Monterey Park Water Department  
320 West Newmark Avenue  
Monterey Park, CA 91754

City of Pico Rivera Water Department  
6615 Passons Boulevard  
Pico Rivera, CA 90660

Pico Water District  
Post Office Box 758  
Pico Rivera, CA 90660-0758

City Clerk, City of West Covina  
1444 West Garvey Avenue  
West Covina, CA 91790

City Clerk, City of Rosemead  
8838 Valley Boulevard  
Rosemead, CA 91770

City Clerk, City of San Gabriel  
425 South Mission Drive  
San Gabriel, CA 91778

San Gabriel County Water District  
8366 East Grand Avenue  
Rosemead, CA 91770

City of Santa Fe Springs Water Department  
Post Office Box 2120  
Santa Fe Springs, CA 90670

City Clerk, City of South El Monte  
1415 Santa Anita Avenue  
South El Monte, CA 91733

Golden State Water Company  
Attn: Ronald Moore, Regulatory Affairs  
630 East Foothill Boulevard  
San Dimas, CA 91773

Suburban Water Systems  
Attn: Bob Kelly  
1211 East Center Court Drive  
Covina, CA 91724-3603

Valley County Water District  
14521 East Ramona Boulevard  
Baldwin Park, CA 91706

City of Whittier Water Department  
13230 East Penn Street  
Whittier, CA 90602

California Public Utilities Commission  
Office of Ratepayer Advocates  
505 Van Ness Avenue  
San Francisco, CA 94102-4208

Kiki Carlson  
Suburban Water Systems  
[kcarlson@swwc.com](mailto:kcarlson@swwc.com)