

Technical Advisory Committee

Wednesday -- December 1, 2004 -- 2:00 p.m.



12621 E. 166th Street -- Cerritos, CA 90703 -- 562-921-5521
www.wrd.org

**WATER REPLENISHMENT DISTRICT OF SOUTHERN CALIFORNIA
TECHNICAL ADVISORY COMMITTEE MEETING
12621 E. 166th STREET, CERRITOS, CALIFORNIA 90703
BOARD ROOM**

**WEDNESDAY, DECEMBER 1, 2004
2:00 P.M.**

AGENDA

EACH ITEM ON THE AGENDA, NO MATTER HOW DESCRIBED, SHALL BE DEEMED TO INCLUDE ANY APPROPRIATE MOTION, WHETHER TO ADOPT A MINUTE MOTION, RESOLUTION, PAYMENT OF ANY BILL, APPROVAL OF ANY MATTER OR ACTION, OR ANY OTHER ACTION. ITEMS LISTED AS "FOR INFORMATION" MAY ALSO BE THE SUBJECT OF AN "ACTION" TAKEN BY THE BOARD OR A COMMITTEE AT THE SAME MEETING.

- I. DETERMINATION OF A QUORUM**
- II. PUBLIC COMMENT**
- III. APPROVAL OF THE MINUTES OF THE REGULAR MEETINGS OF
SEPTEMBER 22, 2004 AND OCTOBER 27, 2004**
- IV. WEST COAST BASIN OPERATING PLAN STUDY UPDATE**
- V. CALTRANS I-105 FREEWAY DEWATERING WELLS BENEFICIAL USE
STUDY UPDATE**
- VI. WRD/CBMWD WATER PURCHASE AGREEMENT FOR IMPORTED WATER**
- VII. NEXT MEETINGS: WEDNESDAY, JANUARY 26, 2005
WEDNESDAY, FEBRUARY 23, 2005**
- VIII. ADJOURNMENT**

Agenda posted by Abigail C. Andom, Deputy Secretary, November 24, 2004. In compliance with ADA requirements, this document can be made available in alternative formats upon request.

**MINUTES OF SEPTEMBER 22, 2004
TECHNICAL ADVISORY COMMITTEE
WATER REPLENISHMENT DISTRICT OF SOUTHERN CALIFORNIA**

A regular meeting of the Technical Advisory Committee of the Water Replenishment District of Southern California was held on September 22, 2004 at 2:02 p.m. at the District Office, 12621 E. 166th Street, Cerritos, California. Vice Chairperson Terry Witthoft called the meeting to order and presided thereover. Abigail C. Andom recorded the minutes.

I. DETERMINATION OF A QUORUM

In addition to the Vice Chairperson, Committee members present included Desi Alvarez, Tom Cherry, Neil Miller, and Diem Vuong. Chairperson Jim Glancy was excused. WRD staff included Mario Garcia, Jason Weeks, and Paul Fu. Harvey dela Torre of Central and West Basin Municipal Water Districts attended as a member of the public.

II. PUBLIC COMMENT

None.

III. APPROVAL OF THE MINUTES OF THE REGULAR MEETING OF JUNE 23, 2004

The minutes were approved upon a motion by Mr. Cherry and seconded by Mr. Miller.

IV. I-105 FREEWAY DEWATERING WELLS BENEFICIAL USE PROJECT UPDATE

Assistant General Manager/Chief Engineer Mario Garcia stated staff drafted a request for proposals (RFP) to prepare a DHS Policy Memo 97-005 compliance report. Mr. Garcia explained the draft RFP was forwarded to DHS for them to confirm that the scope in the RFP would satisfy the requirements outlined in the 97-005 Policy Memo. The scope of work was slightly abbreviated based on discussions with DHS staff and accounting for the intended use of the extracted water (i.e. barrier injection). The DHS responded that the entire elements of the Policy Memo must eventually be executed to satisfy the regulatory requirements.

Senior Engineer Paul Fu stated following receipt of comments from the TAC, DHS, and Caltrans, staff decided to divide the scope of work in the RFP into two phases. Dr. Fu explained Phase 1 consists of a feasibility study that covers the first four elements in the 97-005 guidance policy and a conceptual design for the treatment system. Phase 1 would also review estimated costs and the alignment of the transmission pipeline that was conceptually proposed by an earlier Caltrans study. He noted staff would

request written approval from DHS on the treatment train that is recommended by this effort to allow District staff to recommend whether the project should proceed or not.

Dr. Fu noted Phase 2 will be initiated only if the District decides to proceed with the Project. Phase 2 will complete the 97-005 guidance policy and its scope of work covers the human health risks, identification of alternatives, CEQA review, public hearing, and other permit acquisition procedures described in the 97-005 memo.

Mr. Garcia concluded Phase 1 is expected to last no more than six months while Phase 2 is expected to last several more months due to the lengthy permitting process. He noted the draft RFP has been reviewed by the Water Resources Committee, and the RFP is expected to be issued soon after staff clarifies with DHS certain issues related to approvals after the Phase 1 study.

V. EVALUATION OF OPERATIONAL CHANGES TO MANAGE THE WEST COAST BASIN

Senior Engineer Jason Weeks stated that the requests for proposals (RFP) for the West Coast Basin Operating Plan were sent out to 10 firms, and CH2M Hill and Bookman Edmonston were the only two that submitted proposals. He explained a proposal review committee met to discuss and rank the two proposals. The committee consisted of TAC Member Neil Miller, Fernando Paludi of West Basin Municipal Water District, and District staff members Charlene King, Ted Johnson, and himself. He added that at the first proposal review committee meeting, it was determined that interviews with the two firms would be necessary and that it would be more beneficial to divide the project into two phases. The first phase would involve meetings and interviews with basin stakeholders, research and review of existing documents, identification of current basin operating objectives, formulation of alternative basin management scenarios and preliminary economic evaluations of various basin management scenarios. The second phase would involve a more detailed analysis, including modeling and an economic evaluation of those scenarios developed in the first phase that were determined to be feasible.

Mr. Weeks stated the proposal review committee met with the two firms on September 2, 2004 to review the modified scope of work, specifically those tasks identified for the first phase. After the consultant interviews, the proposal review committee requested that each of the firms provide the District with additional scope of work and budget to include preliminary cost estimates for facilities

associated with proposed operational scenarios. The budget estimate received were CH2M HILL at \$238,534 and Bookman-Edmonston at \$310,673.

Mr. Weeks noted the review committee was unanimous in selecting CH2M Hill. He added CH2M Hill's revised schedule shows the study will be completed by March 2005.

Mr. Weeks stated the recommendation was brought before the Water Resources Committee at its September 13th meeting where it concurred with staff's recommendation and requested the item be taken to the Board at its October 6th meeting for approval.

Discussion was held regarding the need for additional modeling. Mr. Alvarez made a motion to support awarding the contract to CH2M Hill on the condition that some quantification modeling is completed to confirm the feasibility of identified operational scenarios. Mr. Miller seconded the motion. The motion passed unanimously.

VI. MWD REPLENISHMENT RATE POLICY

Mr. Garcia stated this item is before the Committee as an informational item. He explained Metropolitan Water District of Southern California (MWD) staff prepared a white paper to lay the ground work for a policy discussion on the current replenishment program and the appropriate water rate to charge for replenishment service. This white paper, dated May 25, 2004, has been the basis of several meetings held between MWD staff and its member agency representatives.

Mr. Garcia noted staff has been following discussions closely since increases in the rates would result in a corresponding increase in the District's replenishment assessment. WRD directly purchases replenishment water through CBMWD for the spreading grounds at an MWD commodity rate of \$233 per acre-foot. The District also indirectly purchases replenishment water through WBMWD, Long Beach and Los Angeles as part of the In-Lieu Program at an MWD commodity rate \$300 per acre foot.

Mr. Garcia stated staff is working with C&WBMWD staff to ensure that the District's concerns are addressed.

VII. NEXT MEETINGS: WEDNESDAY, OCTOBER 27, 2004 WEDNESDAY, NOVEMBER 24, 2004

VIII. ADJOURNMENT

With no other business to come before the Committee, the meeting was adjourned at 2:50 p.m.

Chairman

ATTEST:

Vice Chair

**MINUTES OF OCTOBER 27, 2004
TECHNICAL ADVISORY COMMITTEE
WATER REPLENISHMENT DISTRICT OF SOUTHERN CALIFORNIA**

A regular meeting of the Technical Advisory Committee of the Water Replenishment District of Southern California was held on October 27, 2004 at 2:30 p.m. at the District Office, 12621 E. 166th Street, Cerritos, California. Chairperson Jim Glancy called the meeting to order and presided thereover. Sheryll A. Petty recorded the minutes.

I. DETERMINATION OF A QUORUM

In addition to the Chairperson, Committee members present included Neil Miller, Terry Witthoft and Diem Vuong. WRD staff included Mario Garcia, Jason Weeks, Ted Johnson, Tina Graham, Robb Whitaker, and Evelyn Fierro. WRD Board President Willard Murray and Vice President Pat Acosta also attended. Harvey dela Torre of Central and West Basin Municipal Water Districts attended as a member of the public.

II. PUBLIC COMMENT

None.

III. APPROVAL OF THE MINUTES OF THE REGULAR MEETING OF SEPTEMBER 22, 2004

The Committee elected to carry over the approval of the minutes to the next meeting since only Mr. Miller and Mr. Vuong were present at the current meeting as well as the September meeting.

IV. EVALUATION OF OPERATIONAL CHANGES TO MANAGE THE WEST COAST BASIN

Senior Engineer Jason Weeks stated that staff had their kick-off meeting with the consultant, CH2M Hill, to discuss the West Coast Basin Operating Plan. Staff requested Mr. Witthoft to join the steering committee for this project, to which he agreed. Mr. Weeks informed the Committee that the contract with the consultant has not yet been fully executed, however the terms are agreeable to both parties and it is expected to be signed at the November 3 Board Meeting.

Mr. Vuong stated that he feels it is most important to analyze the various water resource situations of the West Coast Basin pumpers. Assistant General Manager Mario Garcia stated that one of the key parts of this evaluation was to determine the most important factors considered in pumpers' decisions regarding their water resource mix.

Mr. Weeks told the Committee that staff would like to bring all of the stakeholders together to develop preliminary scenarios. A matrix of criteria with various weightings for different variables will be generated to assist in developing scenarios. Mr. Weeks stated that staff and consultant would like the TAC to help assign the weightings for the variables that will be used in the matrix. District staff will keep TAC and basin stakeholders advised as the study moves forward. Staff and consultant expect to finish the interviews of 80% of the water rights' holders and begin screening criteria in January. A summary of the pumper interviews will be provided at the next TAC meeting. Mr. Weeks suggested postponing the next TAC meeting until such a time that a majority of the pumper interviews could be completed.

Discussion followed and it was determined that the regularly scheduled committee meeting for November 24th will be changed to either December 7th or 13th to accommodate this request.

V. UPPER SAN GABRIEL VALLEY MWD WATER RECYCLING PROJECT

Chief Hydrogeologist Ted Johnson announced that the WRD was recently made aware by the County Sanitation Districts of LA County (CSDLAC) that the Upper San Gabriel Valley Municipal Water District is planning an approximate 4,300-acre-foot-per-year (afy) water recycling project in the Whittier Narrows area.

Although the WRD supports recycled water reuse projects in general, this particular one will have an impact on replenishment water availability and costs to the WRD. Through the rates paid for recycled water from the plant, the WRD essentially funded the construction of the Whittier Narrows Water Reclamation Plant; however, the agreement between WRD, LA County Public Works, and CSDLAC to purchase and spread water from the plant allows any party to provide only a thirty (30) day notice to terminate.

Mr. Johnson passed out a map of the "Upper San Gabriel Valley MWD – Direct Reuse Project-Phase 11A". Alternative sources for replenishment currently include increased storm water capture through improved infrastructure, additional recycled water from the San Jose Creek Water Reclamation Plant, and imported water. These alternatives increase the cost of replenishment water to WRD. The price even for "replacement" recycled water from the San Jose Creek plant could range from \$60 to \$200 per acre foot, which could cost the District from \$200,000 to \$1 million per year.

General Manager Robb Whitaker noted that the District will need help in appealing to the County Sanitation Districts as this situation progresses. Chairperson Glancy will address the issue of the use of the water produced at the Whittier Narrows Operable Unit to determine if it can be utilized in lieu of recycled water from the WNWRP. Meanwhile, District staff will work with the Sanitation Districts to investigate other alternatives.

VI. PROPOSITION 50 UPDATE

Senior Engineer Jason Weeks noted that the WRD participated along with Central and West Basin MWDs in a Proposition 50 workshop earlier in the month. Of particular interest to the District is Chapter 8 – Integrated Regional Water Management. The key concept with many of the grant funding programs is regional cooperation and agreement on proposed projects. Mr. Weeks stated that based on the criteria from DWR, it appears the WRD service area would be a logical region. District staff has identified two potential projects from its CIP that may be eligible for funding under the Chapter 8 program: The Caltrans Pipeline and Whittier Narrows Conservation Pool. The applications are due in February of 2005 with awarding of the grants in December 2005.

The WRD is interested in getting feedback from the TAC as well as identifying any other potential project/programs that would provide regional/mutual benefit to all the basin stakeholders.

Proposition 50 funds are also being used to provide \$6.2 million for AB303 for FY04/05. District staff is planning to re-submit the \$250,000 grant application for the Central Basin Groundwater Contamination Study. This is a joint project between the WRD, DTSC, USGS, EPA, LARWQCB and City of Santa Fe Springs. The application is due December 2, 2004.

WRD Board President Willard H. Murray, Jr. suggested that the TAC review at its next meeting the WRD/CBMWD long term contract for purchasing imported spreading water.

VII. NEXT MEETING: EITHER DECEMBER 7 OR DECEMBER 13.

VIII. ADJOURNMENT

With no other business to come before the Committee, the meeting was adjourned at 3:35 p.m.

Chairman

ATTEST:

Vice Chair



MEMORANDUM

ITEM NO. IV

Prepared by: Jason Weeks

Reviewed by: Mario Garcia

DATE: DECEMBER 1, 2004

TO: TECHNICAL ADVISORY COMMITTEE

FROM: MARIO GARCIA, ASSISTANT GENERAL MANAGER / CHIEF ENGINEER

SUBJECT: WEST COAST BASIN OPERATING PLAN STUDY UPDATE

SUMMARY

The contract for the West Coast Basin Operating Plan Study was signed by the WRD Board of Directors at its November 3rd meeting. Since that time, the District's consultant, CH2M Hill, has held the kick-off meeting for the Study and is in the process of completing interviews of basin stakeholders. As of November 22nd, interviews have been held with the following entities:

- City of Manhattan Beach
- California Water Service Company
- City of Los Angeles
- Los Angeles County Department of Public Works

Additionally, a conference call was held with several of the refineries located in the Carson area during which the purpose of the study was explained and information was requested. The refineries are currently in the process of obtaining the requested information.

Stakeholder interviews have also been scheduled for Southern California Water Company and West and Central Basin Municipal Water Districts the week of November 30. It is expected that all stakeholder interviews will be completed by mid-December.

The results from the stakeholder interviews will be used in the development of alternative basin management scenarios and as an aid in the subsequent screening of the alternatives. A representative from CH2M Hill will be present at the TAC meeting to discuss the decision science model that will be used in the screening of the various alternatives.



MEMORANDUM

ITEM NO. V

Prepared by: Paul Fu

Reviewed by: Mario Garcia

DATE: DECEMBER 1, 2004

TO: TECHNICAL ADVISORY COMMITTEE

FROM: MARIO GARCIA, ASSISTANT GENERAL MANAGER / CHIEF ENGINEER

SUBJECT: I-105 FREEWAY DEWATERING WELLS BENEFICIAL USE PROJECT UPDATE

SUMMARY

Over the past several months, District staff has been working on a request for proposals (RFP) to perform an analysis to satisfy the DHS 97-005 Policy Memo and evaluate the overall project costs associated with the beneficial use of the I-105 Freeway dewatering wells. After review by DHS and Caltrans, the RFP was distributed to eight consulting firms on October 14th. A subsequent pre-proposal meeting/field tour was conducted on November 1st to address questions and acquaint interested firms with the project conditions. This meeting was attended by five (denoted with an asterisk) of the eight consulting firms listed below:

* Black and Veatch	GEI Consultants (Bookman-Edmonston)
Camp Dresser & McKee	* Kennedy Jenks Consultants
* Carollo Engineers	Montgomery Watson Harza
* CH2M Hill	* Stetson Engineers

On November 10th, the proposal submittal deadline, the District received proposals from these same five firms. A proposal review committee was assembled to review the proposals. The review group was composed of the following:

- Paul Fu, WRD
- Ted Johnson, WRD
- Hoover Ng, WRD
- Desi Alvarez, City of Downey
- Leon Romero, Caltrans
- Timothy Bakken, Caltrans

On November 18th, the group met to discuss and rank the five proposals. The budget estimate for each of the five proposals is shown below.

- Black and Veatch \$390,000
- Carollo Engineers \$389,745
- CH2M HILL \$413,483
- Kennedy Jenks \$760,000
- Stetson Engineers \$156,692

The numbers shown have been adjusted to eliminate differences due to an optional task (sampling Caltrans series 2D, 3D, and 4D wells) that was budgeted in some but not all proposals. The estimate proposed by Kennedy Jenks was substantially higher than all others, and the committee agreed that the work and effort proposed was beyond the expected scope of services needed. Conversely, Stetson Engineers proposed the lowest fee. The committee deemed that its scope of work and fee estimate did not include certain tasks requested by the RFP. Furthermore, its proposal did not sufficiently address many key project issues.

The overall quality and budget fee of the proposals by Black and Veatch, Carollo Engineers, and CH2M HILL were more comparable. After further evaluations and discussions by the group, it was determined that the proposal by Carollo Engineers ranked the highest because it had the best project team, strong relevant experience, and excellent project approach. It was the unanimous recommendation of the proposal review committee that the contract be awarded to Carollo Engineers.

Mr. Alvarez recommended that the contract award be presented to the TAC at its December 1st meeting and to the District's Board on December 6th rather than waiting an extra month for the next scheduled WRD board meeting. Caltrans staff supported Mr. Alvarez's recommendation and asked if WRD could proceed with the contract award as soon as possible.



MEMORANDUM

ITEM NO. VI

Prepared by: Jason Weeks

Reviewed by: Mario Garcia

DATE: DECEMBER 1, 2004

TO: TECHNICAL ADVISORY COMMITTEE

FROM: MARIO GARCIA, ASSISTANT GENERAL MANAGER / CHIEF ENGINEER

SUBJECT: WRD/CBMWD WATER PURCHASE AGREEMENT FOR IMPORTED WATER

SUMMARY

For the past several months, ad hoc committees of the Water Replenishment District of Southern California (WRD) and Central Basin Municipal Water District (CBMWD) have been negotiating an imported water purchase agreement for spreading water. The general terms of the agreement, which were approved by the CBMWD Board at its October 25, 2004 meeting, are as follows:

- ✓ WRD pays a single annual payment of \$800,000 to the CBMWD for the purchase of spreading water.
- ✓ WRD pays the MWD commodity rate (i.e. no CBMWD surcharge) for each acre-foot of spreading water purchased.
- ✓ The \$800,000 Annual Payment is based on the CBMWD surcharge of \$37 per acre-foot times a baseline quantity of 21,622 acre-feet, which represents the ten-year historical average of WRD spreading water purchases.
- ✓ Every five years the agreement may be renewed and the annual payment adjusted to reflect changes in the baseline quantity.

The WRD Board of Directors has not yet approved this contract with CBMWD, and it was requested by the WRD Board President that the item be discussed at the December TAC meeting. A copy of the agreement as initially presented to the CBMWD board at its October 25th meeting is attached for the TAC members' information.

AGREEMENT FOR SUPPLY OF IMPORTED SPREADING WATER

This Agreement for supply of imported spreading water ("Agreement") is entered into by and between the **Central Basin Municipal Water District** ("CBMWD") and the **Water Replenishment District of Southern California** ("WRD") as of _____, 2004 (the "Effective Date").

I. RECITALS

A. WRD is a replenishment district formed pursuant to the Water Replenishment Act, California Water Code sections 60000, *et seq.* WRD is authorized by that statute to protect and preserve the quantity and quality of the groundwater supplies in the Central Groundwater Basin and is further authorized to take any actions, including, but not limited to, buying, selling, exchanging, recapturing, importing, storing, transporting or treating water for the beneficial use of persons or property within the Central Groundwater Basin.

B. CBMWD is a municipal water district formed pursuant to the Municipal Water District Law, California Water Code sections 71000, *et seq.* Among other things, CBMWD is authorized to sell or otherwise put to beneficial use water that it imports through the Metropolitan Water District of Southern California ("MWD").

C. CBMWD relies on revenue from its administrative surcharge from all of its customers that purchase imported water, including the WRD, to fund its operations, including but not limited to, water supply planning and development, conservation, outreach and education, infrastructure repair and replacement, and water quality.

D. WRD's demand for imported spreading water from CBMWD can fluctuate significantly year-to-year, resulting in revenue to CBMWD that falls short of budget in some years, and exceeds budget in other years.

E. Both CBMWD and WRD seek an arrangement regarding CBMWD's sale of imported spreading water to WRD that will provide mutual benefits, and cost savings to groundwater producers in both the Central and West Coast Groundwater Basins.

F. CBMWD desires revenue stability during years in which WRD may purchase less imported spreading water than anticipated and budgeted for by CBMWD.

G. WRD desires economic flexibility to purchase additional imported spreading water when available for groundwater replenishment

H. CBMWD and WRD seek to enter into a long term contract for the supply and delivery of imported spreading water for the desired benefits in Recitals F and G, above.

II. TERMS OF THE AGREEMENT

For good and valuable consideration, including the promises and covenants contained herein, the Parties agree as follows:

A. Annual Payment.

1. WRD agrees to pay CBMWD an annual payment for imported spreading water ("Annual Payment"). The Annual Payment shall initially be \$800,000. but may be adjusted as set forth in Section II(A)(4) below. CBMWD shall invoice WRD by July 1 of each year, for spreading water to be delivered in that fiscal year. WRD shall make payment within 30 days of receipt of invoice. For the initial period beginning July 1, 2004, and ending June 30, 2005, WRD shall make its Annual Payment by November 1, 2004.

2. The Annual Payment is equivalent to the CBMWD Administrative Surcharge (\$37/AF) times the "Baseline" quantity of imported spreading water (21,622 AF).

3. The Annual Payment entitles WRD to purchase imported spreading water at the MWD wholesale rate (currently \$233 per acre-foot). The MWD wholesale rate is determined annually by the MWD Board of Directors.

4. The Annual Payment may increase annually by no more than the percentage rate increase in the Consumer Price Index ("CPI") – All Urban Consumers – All items, averaged over the prior five years for the Los Angeles, Riverside, and Orange County areas.

B. Interruptions.

In the event that MWD interrupts the availability of imported spreading water to the degree the Baseline quantity demand cannot be met by a significant factor over a period of more than one fiscal year (beginning July 1 and ending June 30), the Parties will negotiate in good faith an appropriate reduction in the Annual Payment.

C. Conjunctive Use.

This Agreement applies solely to the purchase of imported spreading water for replenishing the Central Groundwater Basin pursuant to the current Central Basin Judgment and does not apply to Conjunctive Use storage activities.

D. Term.

This Agreement is for a term of five (5) years with automatic renewal. At the end of the first five-year period and every five years thereafter, the Annual Payment can be adjusted up or down as agreed to by both Parties. Either Party may elect to terminate this Agreement only upon a material default by the other party.

E. Indemnification.

Each Party shall defend, indemnify, and hold harmless the other Party to this Agreement, along with its directors and staff, from any costs, expenses, fees (including attorneys' fees), penalties, obligations, liabilities and judgments, incurred or imposed as a result of any claim, complaint, or cause of action made or asserted by any third party against the other Party to this Agreement, its directors and staff, that arises as a result of an act or omission of a Party, its employees, or its independent contractors, in furtherance of each Party's execution of its obligations under this Agreement.

F. Dispute Resolution.

This section shall govern all disputes, claims and controversies between the parties arising from or relating to this Agreement ("Disputes").

1. Meet and Confer. In the event of a Dispute, the Parties agree to meet and confer in person to attempt to reach resolution. A Party may initiate the meet and confer process by service of a written notice referencing this section, describing the nature of the Dispute, and requesting a meeting. The meeting shall thereafter be held by the Boards at a mutually agreeable date and time, but in no event more than thirty (30) calendar days after the date of the foregoing notice.

2. Mediation and Arbitration.

(a) If the Parties are unable to resolve a Dispute after following the procedures set forth in F.1. above, the Parties shall mediate the Dispute pursuant to the following process: The Parties will select a mediator acceptable to both Parties within seven (7) calendar days of the meeting set forth above. If the Parties cannot agree on a mediator within seven (7) calendar days, then the American Arbitration Association ("AAA") shall select the mediator. The mediation will be a one-day session held in Los

Angeles County. If the mediation does not resolve the Dispute, then the mediator shall provide a written recommendation to the Parties. The entire mediation process shall be completed within sixty (60) calendar days.

(b) If the Parties do not unequivocally accept the mediator's recommendations within ten (10) calendar days, then the Dispute shall be resolved by binding arbitration pursuant to the following process: The Parties shall select a neutral arbitrator acceptable to each Party within seven (7) calendar days. If the Parties cannot agree upon an arbitrator, the AAA shall select the arbitrator. The arbitration shall be conducted in accordance with the AAA's then prevailing rules for commercial arbitration. The arbitration shall be held in Los Angeles County. The arbitrator shall provide his or her decision in writing.

(c) While the Parties are engaged in mediation and arbitration of a Dispute, each Party's duties and obligations pursuant to this Agreement remain in full force and effect. Each Party shall bear their own attorneys' fees and costs. Each Party shall pay one-half of the mediator's fees and arbitrator's fees.

G. Additional Provisions.

1. Notices. Notices shall be in writing and personally delivered or deposited in the U. S. Postal Service, first class, postage prepaid, addressed as follows:

If to CBMWD:

Attn: General Manager
17140 S. Avalon Blvd., Suite 210
Carson, CA 90746
Tel.: 310/217-2411
Fax: 310/217-2414

With a Copy to:

Steven P. O'Neill, Esq.
Lemieux & O'Neill
2393 Townsgate Rd., Suite 201
Westlake Village, CA 91361
Tel.: 805/495-4770; Fax: 805/495-2787
And a Copy to Each CBMWD Director

If to WRD:

Water Replenishment District of
Southern California
Attn: General Manager
12621 East 166th Street
Cerritos, CA 90703
Tel.: 562/921-5521

With a Copy to:

Edward J. Casey, Esq.
Weston Benshoof Rochefort Rubalcava
MacCuish, LLP
333 South Hope Street, 16th Floor
Los Angeles, CA 90071
Tel.: 213/576-1000; Fax: 213/576-1100
And a Copy to Each WRD Director

Notice shall be deemed given on the date personal delivery is made or on the date of deposit in the mail, whichever first occurs. A Party may substitute its representative identified above by written notice to the other Party.

2. Modifications. This Agreement may be amended only by a written document signed by the Parties.

3. Assignments. This Agreement shall not be assigned by either Party without the prior written consent of the other Party.

4. Severability. If any provision of this Agreement is found to be invalid or unenforceable, then the remaining provisions shall remain in full force and effect, unless the intent and purpose of a Party would be frustrated thereby, in which case the Agreement may be terminated. The Party terminating this Agreement pursuant to this Section II.G. shall give notice thereof to the other Party.

5. Integration and Construction of Agreement.

(a) Integration. This Agreement sets forth the complete and final understanding of the Parties with regard to the subject matter hereof and supersedes any and all prior communications, representations, negotiations, understandings and agreements, whether written or oral, concerning said subject matter.

(b) Joint Effort. This Agreement shall be deemed to have been jointly prepared by the Parties and shall not be construed against one or the other of the Parties hereto.

6. Non-Waiver. A failure by either Party to enforce any provision of this Agreement shall not be construed as a continuing waiver, or as a waiver of the right to compel enforcement of that provision.

7. Headings. Headings in this Agreement are provided for ease of reference and are not material terms hereof.

8. Time of the Essence. Time is of the essence in the performance of this Agreement.

9. Successors and Assigns. This Agreement shall inure to the benefit of each Party's successors and assigns.

10. Governing Law. This Agreement shall be governed by the laws of the State of California.

11. Authority and Counterparts. The persons signing this Agreement represent and warrant that they are authorized to do so by the Party for whom they are signing.

12. Attorneys' Fees. In any judicial action between the parties concerning the interpretation, enforcement, or breach of this Agreement, the prevailing Party shall receive attorneys' fees and costs from the other Party.

Central Basin Municipal Water District

Water Replenishment District of Southern California

By: _____
President, Board of Directors

By: _____
President, Board of Directors

ATTEST:

ATTEST:

Secretary, Board of Directors

Secretary, Board of Directors

APPROVED AS TO FORM:

APPROVED AS TO FORM:

LEMIEUX & O'NEILL

WESTON, BENSHOOF, ROCHEFORT,
RUBALCAVA & MacCUISH, LLP

By: _____
Steven P. O'Neill

By: _____
Edward J. Casey