



PALMDALE WATER DISTRICT
A CENTURY OF SERVICE

BOARD OF DIRECTORS

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September 19, 2019

**ADDENDUM TO AGENDA FOR REGULAR MEETING
OF THE BOARD OF DIRECTORS
OF THE PALMDALE WATER DISTRICT
to be held at the District's office
at 2029 East Avenue Q, Palmdale
MONDAY, SEPTEMBER 23, 2019**

6:00 p.m.

DENNIS D. LaMOREAUX
General Manager

ALESHIRE & WYNDER LLP
Attorneys

ACTION CALENDAR:

AGENDA ITEM NO. 7.5: Consideration and possible action to approve an extension of milestones and minimum usage, or payment, contained in County Sanitation District Contract No. 5001 with Palmdale Water District and authorize General Manager LaMoreaux to finalize and execute said extension. (No Budget Impact – General Manager LaMoreaux)



DENNIS D. LaMOREAUX,
General Manager

DDL/dd

P A L M D A L E W A T E R D I S T R I C T
B O A R D M E M O R A N D U M

DATE: September 18, 2019 **September 23, 2019**
TO: BOARD OF DIRECTORS **Board Meeting**
FROM: Mr. Dennis D. LaMoreaux, General Manager
RE: ***AGENDA ITEM NO. 7.5 – CONSIDERATION AND POSSIBLE ACTION TO APPROVE AN EXTENSION OF MILESTONES AND MINIMUM USAGE, OR PAYMENT, CONTAINED IN COUNTY SANITATION DISTRICT CONTRACT NO. 5001 WITH PALMDALE WATER DISTRICT AND AUTHORIZE GENERAL MANAGER LAMOREAUX TO FINALIZE AND EXECUTE SAID EXTENSION. (NO BUDGET IMPACT – GENERAL MANAGER LAMOREAUX)***

Recommendation:

Staff recommends that the Board approve an extension of milestones and minimum usage, or payment, contained in County Sanitation District Contract No. 5001 with the Palmdale Water District and authorize General Manager LaMoreaux to finalize and execute said extension.

Alternative Options:

The Board can choose to not approve the extension.

Impact of Taking No Action:

County Sanitation District Contract No. 5001 with the Palmdale Water District will expire.

Background:

On October 16, 2016, the County Sanitation District No. 20 and the District entered into an Agreement for the purchase and sale of recycled water with the mutual goal of developing projects that will put all recycled water to beneficial use. Projects for this use are being implemented through the Palmdale Water District and the Palmdale Recycled Water Authority. A letter was sent to the Sanitation Districts outlining delays in implementing recycled water projects and requesting an extension of the milestones for Contract No. 5001 (attached). The Sanitation Districts are considering the contract extension at their September 20, 2019 Board meeting.

Strategic Plan Initiative/Mission Statement:

This item is under Strategic Initiative No. 1– Water Resource Reliability.
This item directly relates to the District’s Mission Statement.

Budget:

This item will not affect the budget.

Supporting Documents:

- PWD March 22, 2016 letter to Sanitation Districts regarding “contract for recycled water produced by the Palmdale Water Reclamation Plant (LACSD District No. 20)”
- PWD September 5, 2019 letter to Sanitation Districts regarding “request for extension of milestones for County Sanitation District (CSD) Contract No. 5001, dated October 16, 2016 (agreement)”

Since 1918



PALMDALE WATER DISTRICT

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ALESHIRE & WYNDER LLP
Attorneys

March 22, 2016

Mr. Raymond Tremblay
Facilities Planning, Department Head
Sanitation Districts of Los Angeles County
1955 Workman Mill Road
Whittier, CA 90601-1400

RE: CONTRACT FOR RECYCLED WATER PRODUCED BY THE PALMDALE WATER RECLAMATION PLANT (LACSD DISTRICT NO. 20)

Dear Mr. Tremblay:

Palmdale Water District (PWD) is eager to negotiate a new agreement with Sanitation Districts of Los Angeles County (District 20) to accomplish our mutual goal of developing projects that will put all recycled water to beneficial use. As you are aware, there are several agreements and MOU's either approved or under development between local agencies related to the purchase, distribution, and operation of recycled water within the Antelope Valley (AV). This includes a long-term effort to reallocate recycled water in the AV to best serve the communities that generate it. It appears that process for the full reallocation will continue indefinitely. This process is now endangering projects that can put the recycled water to beneficial use. Therefore, PWD requests the negotiation and approval of a contract with Sanitation Districts of Los Angeles County (District 20) to commit all (100%) of the recycled water produced from the District 20 Palmdale Water Reclamation Plant to PWD. The request is being made per Sections 2.4 and 2.5 of the existing agreement dated January 23, 2008 entitled "Agreement for purchase and sale of recycled water and related facilities – Lancaster Water Reclamation Plant and Palmdale Water Reclamation Plant" between County Sanitation Districts 14 and 20 of Los Angeles County and Los Angeles County Waterworks District 40.

The projects that are planned to put recycled water to beneficial use are being implemented through PWD and the Palmdale Recycled Water Authority (PRWA). As you are aware, PRWA is a joint powers agency formed by the City of Palmdale and PWD. They will use recycled water both directly for urban irrigation and construction water and as an indirect potable water resource for PWD customers. Attached is a summary of the status of the projects. As can be seen, they are



Providing high quality water to our current and future customers at a reasonable cost



March 22, 2016

either currently operating, direct use for McAdam Park and construction water, or have progressed through preliminary design and the CEQA process. These projects also have received approval from the State of California (State) for planning grants and potentially design and construction grants and low interest loans. The lack of progress of the full reallocation of recycled water is jeopardizing this assistance from the State and, therefore, the viability of the projects. This request is critical to the LASD expressed intent to not only manage recycled water in the AV, but to see it gets used in a beneficial way.

It is vital that PWD have an agreement for all of the recycled water produced from District 20, Palmdale Reclamation Plant. Said agreement will provide PWD with the assurance that the recycled water is available to properly plan, commit resources, pursue funding, and implement the projects summarized in the attachment. The transfer is also crucial for the accurate reporting of future water supplies as part of our 2015 Urban Water Management Plan Update. The requested agreement will provide PWD with the assurance to accurately report recycled water supplies in our UWMP, and continue with the implementation of water supply projects that utilize recycled water. The California Water Code (CWC) Section 10620(a) requires urban water suppliers to prepare and adopt a UWMP consistent with CWC Section 10640. The UWMP must be adopted by the PWD Board and submitted to DWR by July 1, 2016.

PWD would like to thank the Sanitation Districts of Los Angeles County staff for diligently and professionally working with PWD on the implementation of these exciting recycled water reuse projects. I am confident that you and your staff appreciate the effort and commitment PWD has dedicated to develop these projects, which supports the need for this commitment request. PWD staff is available to meet and discuss the process with you at any time. Please feel free to contact me at (661) 456-1017 or dlamoreaux@palmdalewater.org if you should have any questions.

Very truly yours,



DENNIS D. LaMOREAUX,
General Manager

DDL/MRK/dd

cc: Mr. Matthew Knudson, Palmdale Water District, Assistant General Manager
Mr. Mike Mischel, City of Palmdale, Director of Public Works, PRWA Assistant
Executive Director

PWD and PRWA Recycled Water Projects Summary

The following is a summary and status of the various recycled water projects actively being developed by Palmdale Water District:

Project Title: Palmdale Regional Groundwater Recharge and Recovery Project

Project Description: The Palmdale Regional Groundwater Recharge and Recovery Project (PRGRRP) will utilize recycled water for groundwater banking, storage and extraction to meet future municipal water demands. The California State Water Project (SWP) water and the recycled water will be blended together and then recharged to the Antelope Valley Groundwater Aquifer. The project would be constructed in Phases:

Cost:

Phase 1a:	\$55,000,000
Phase 1b:	\$15,000,000
Phase 2:	\$15,000,000

Recycled Water Supply:

Phase	Time Period	Recycled Water	Groundwater Underflow	SWP (blend water)
Phase 1a	2019 to 2021	2,000 AFY	1,690	8,000
Phase 1a	2022 to 2038	4,000–6,000 AFY	1,690	6,000 – 8000
Phase 1b	2039 to 2059	7,000 AFY	1,690	9,000
Phase 2	2059 to 2068	TBD	1,690	8,000

Planning Grants: Received Proposition 1 Planning Grant of \$75,000

Phase 1a Construction Grant: \$15,000,000 (apply summer 2016)

Phase 1a Construction Loan: \$40,000,000 (apply summer 2016)

Schedule:

Feasibility Study	Completed in early 2015
Preliminary Design Report	Completed in November 2015
Draft EIR	Completed in November 2015
Public Comment Period	November 25, 2015 to January 11, 2016
Final EIR	Schedule for June 2016
Title 22 Engineering Report	Draft Completed in March 2016 and submitted to SWRCB
Final Design	2017
Construction	2017 to 2018
Start Operation	2019

In addition to the PRGRRP, the PRWA is progressing with the implementation of Direct-Reuse of recycled water for the following projects. The following is a summary of the direct-use projects being implemented by the PRWA:

Project Title: Direct Reuse

Project Description:

Phase 2 – Water Line (2017 to 2018)

The Recycled Water Line Phase 2 project would directly reuse 500 acre-feet of recycled water from District No. 20's Palmdale Tertiary Wastewater Treatment Plant. The sponsoring entity is the Palmdale Recycled Water Authority which is comprised of the Palmdale Water District and the City of Palmdale. The proposed project would deliver tertiary-treated

recycled water to two categories of end uses: irrigation for Schools, Parks, and Others (SPO); irrigation for Landscape Maintenance Districts (LMDs) that are common landscaped areas irrigated from a single connection in residential areas.

Future Phases of Direct Use Water Lines (2018 to 2025)

Remaining 1,200 acre-feet of direct reuse water would serve other schools, parks and outdoor landscaping in the Palmdale area.

Cost: Phase 2: \$7,500,000
Future Phases: \$15,000,000

Water:

Phase	Time Period	Recycled Water	State Water Project (blend water)
Phase 2 – Direct Use	2017 to 2018	500 AFY	n/a
Future Direct Use	2018 to 2025	1,200 AFY	n/a

Planning Grants: Received Proposition 1 Planning Grant of \$75,000
Phase 2 Construction Grant: \$2,600,000 (apply late spring or early summer 2016)
Phase 2 Construction Loan: \$4,900,000 (apply late spring or early summer 2016)

Schedule:

Preliminary Design Report Completed in January 2014
Mitigated Negative Declaration Completed in November 2015
Final Design Currently 75% design completed
Construction Late 2016 to Late 2017
Start Operation 2018

Project Title: **Recycled Water for Construction Activity**

Project Description:

During the drought period, there was an increase in demand for recycled water for dust control during and other construction project activity. PWD and PRWA will continue to encourage the use of recycled water for construction activity within the PRWA service area.



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Attorneys



September 5, 2019

Mr. Robert Ferrante,
Chief Engineer/General Manager
Sanitation Districts of Los Angeles County
1955 Workman Mill Road
Whittier, CA 90601

**RE: REQUEST FOR EXTENSION OF MILESTONES FOR
COUNTY SANITATION DISTRICT (CSD) CONTRACT
NO. 5001, DATED OCTOBER 16, 2016 (AGREEMENT)**

Dear Mr. Ferrante:

On October 16, 2016, the County Sanitation District No. 20 of Los Angeles County and Palmdale Water District (PWD) entered into an Agreement for purchase and sale of recycled water. This letter highlights accomplishments regarding the two projects and delays in their progress which are considered beyond the control of the PWD. In addition, the status of funding requests is discussed and a request for extension of milestones contained in Contract No. 5001.

CITATIONS FROM THE AGREEMENT

Section 5.8 of the Agreement identified project milestones toward the completion of the Palmdale Groundwater Recharge and Recovery Project (PRGRRP). These milestones need to be achieved by the PWD to continue to receive its recycled water allotment.

Specifically, **Section 5.8. A.** reads as follows:

“Milestone 1 (Funding for First Phase Using Recycle Water): Within three years after the execution of this Agreement, PWD must secure and present the Sanitation District with records demonstrating that PWD has secured sufficient project funding to construct the first phase of the Recharge Project that will use recycled water under this Agreement.”

Section 5.9, Recharge Abandonment and Milestones Deadlines reads as follows:

“If the Recharge Project is abandoned or if PWD fails to meet any of the milestones by the dates listed in Section 5.8, then PWD’s Recharge Allotment will be automatically reduced as of the date of the unmet milestone, to the higher of (i) PWD’s highest use over the prior 3 fiscal years, or (ii) the amount of PWD’s minimum payment equivalent. The Chief Engineer at her (his) sole direction, may extend PWD’s Recharge milestones deadlines upon proof of a project delay not caused by, or within the control of, PWD.”

Similarly, **Section 5.11** of the Agreement identified certain milestones toward the completion of the Purple Pipe Project (Recycled Water Line Phase 2) which are required to be accomplished to receive its recycled water allotment.

Specifically, Section 5.11.A. reads as follows:

“Milestone 1 (Award of Phase 2 Contracts): Within three years after the Effective Date of this Agreement, PWD must award all contracts necessary to complete construction of Phase 2 of the Purple Pipe Project and PWD must connect to at least one end user.”

Section 5.12. Purple Pipe Abandonment and Milestones Deadlines

“If any phase of the Purple Pipe Project is abandoned or if PWD fails to meet any of the milestones listed in Section 5.11, then PWD’s Purple Pipe Allotment will be automatically reduced, as of the date of the unmet milestone, to the higher of (i) PWD’s use in the prior fiscal year, or (ii) the amount of PWD’s minimum payment equivalent. The Chief Engineer, at her (his) sole discretion, may extend PWD’s Purple Pipe milestones deadlines based on upon proof of a project delay not caused by, or within the control of, PWD.”

Section 5.15. Mandatory Minimum Annual Payment.

There is no mandatory minimum volume that PWD must withdraw from the Plant. However, in order to maintain the allotments established under this Agreement, PWD must pay the Sanitation District a minimum payment each year whether or not recycled water is drawn by or delivered to PWD. The minimum payment will be equivalent to the payment that would be due for the following volumes each fiscal year as follows:

Years of Contract Minimum Payment	Equivalent (in AFY)	Years of Contract Minimum Payment	Equivalent (in AFY)
1	0	9	3600
2	0	10	3950
3	100	11	4325
4	300	12	4575
5	1200	13	4825
6	2100	14	5075
7	2900	15+	5325
8	3250		

- A. If PWD's Allotment is reduced below the minimum payment equivalent pursuant to the schedule above, the Allotment volume will become the basis for the minimum payment amount in that year.
- B. The Sanitation District may, at its sole discretion, temporarily reduce the minimum payment amount if PWD's receipt of blending water is reduced to a level that limits the amount of recycled water PWD is permitted to use for groundwater recharge.
- C. If PWD obtains an increased allotment under Section 5.4, then beginning 5 years after the increased allotment is effective, the minimum payment will be increased by an amount equal to 50 percent of the portion of the increased allotment that exceeds the prior minimum payment amount.
- D. If PWD fails to pay the full amount of any minimum payment within 90 days after mailing of the annual invoice, the Sanitation District may, after five business days prior written notice, disconnect facilities at the Point of Connection and may remove all of PWD's facilities located on Sanitation District property, at PWD's cost.

ACCOMPLISHMENTS AND STATUS OF FUNDING REQUESTS

PRGRRP

Preliminary Design Report - 30% design report and drawings were completed in November 2015.

Certification of CEQA – In June 2016, the Palmdale Water District Board of Directors certified the Environmental Impact Report.

Title 22 Engineering Report - A first draft of the Title 22 Engineering Report was completed in February 2016 and circulated for review by appropriate regulatory agencies, such as the Lahontan Regional Water Quality Control Board and State Division of Drinking Water. Based on comments from these and other agencies, the Title 22 Report was revised as a 2nd draft report in May 2017. The Soil Column test results are now incorporated into a revised Report. The other comments have been addressed. Additional information about the Palmdale Reclamation Water Treatment Plant effluent is being compiled. The Report is expected to be resubmitted by the end of 2019.

Soil Column Tests - Soil Column Tests were completed from August 2017 to October 2018 - A much longer time frame than was anticipated. Soil recovered from the drilling of monitoring wells and reclaimed water from LA County Sanitation District No. 20 Palmdale Water Reclamation Plant were used to perform the tests. Unforeseen was the clogging of the soil columns. This problem was persistent throughout the soil column tests. A sieve analysis demonstrated that the fine soil from the PRGRRP was about half the size of other recharge projects in the southern California area which likely led to the clogging. TOC removals were not as effective as anticipated. Removal of TOC was 29% using Palmdale Water Reclamation Plant Tertiary Effluent and 54% using Palmdale Water Reclamation Plant Reservoir Water. This lower than expected TOC removal would initially limit the ratio of State Water Project (SWP) water to recycled water to be recharged to the underlying aquifer. Removal of NDMA was in the 96% to 99% range.

Infiltration Tests - In December of 2017 through February 2018, a test basin with dimensions of 120 feet by 130 feet of 3-foot depth was constructed to be used in determining the recharge rate at the potential recharge site. Water from a nearby agricultural well was used as a source water. The tests were run for a 30-day period and then let dry out for a week and then rerun the infiltration test for another 30-day time frame. The results were favorable with a recharge rate of 6 feet per at the start of the 30-day cycle to 2 feet per day at the end of the cycle.

Monitoring Wells Drilling - During the spring and early summer of 2018, three monitoring wells ranging from 300 feet to 550 feet in depth were drilled to test for water quality. Very hard layers of material were encountered from the 300 feet to 550 feet range with some thought that bedrock was being encountered. Subsequent attempts at flushing the wells yielded very low recovery times of static water levels leading to concerns relating to yield of groundwater basin from recharge.

Water Quality Sampling - Water quality of the monitoring wells has been sampled four times - April 2018, July 2018, October 2018 and January 2019. Due to a lack of water in the monitoring wells, the PWD staff was unable to flush the wells before sampling. This leads to a concern relating

to whether the water quality of the samples is representative of the quality of water that would occur under project conditions.

The monitoring wells have consistently higher turbidity, iron, aluminum, manganese, zinc, potassium, copper, lead, chloroform and toluene results. Specifically, the wells have exceeded the iron secondary MCL in nearly all sampling events. While, copper and lead results have been typically under their relative DLRs, their detections are still significantly higher than typically observed in PWD groundwater wells in the Lancaster Sub-Basin. In general, the sample events in July and October 2018 showed the highest metals concentrations and turbidities

Groundwater Modeling – Based on data from the three monitoring wells and a recharge volume of 8,000 acre-feet, modeling results indicates the potential for groundwater mounding to reach within 150 feet of the ground surface at the proposed recharge site. The PWD would prefer to be able to recharge a volume in the 15,000 acre-feet range. Based on results of the electro-telluric soundings described below, additional groundwater modeling will be performed to determine the effect on groundwater mounding with the new data on depth to bedrock and better estimate of hydraulic conductivity of aquifer.

Electro-telluric Soundings for Bedrock – Due to concerns relating to the location of bedrock at the monitoring wells and the potentially low water yield at the monitoring well sites, the PWD enlisted the services of a geologic consulting firm to identify the location of bedrock. The report was completed in March 2019. Results of this study confirmed that the relatively impermeable layers of material encountered at a depth of 300 feet in drilling of the monitoring wells was not bedrock. Based on the electro-telluric soundings, bedrock was confirmed to be at 650 feet and not the 300 feet that the drillers thought. Based on this study, it was evident that the monitoring wells did not tap into the deeper underground aquifer. Based on these findings, the PWD will, in the fall of 2019, drill a test well to bedrock for purposes of testing the yield of the aquifer. Results of the tests from these wells will be available in 2020.

Amount of Funding Required - \$48,000,000 is needed for construction of the Project. As of the date of this letter, none of the required funding has been secured.

Grant/Loan Applications – In 2016 and 2017, submitted required application material to State of California Division of Financial Assistance for grant/construction loan funding under Proposition 1. Due to high volume of requests, the PRGRRP was not selected for funding. In 2017, an application was submitted to the Bureau of Reclamation's Title XVI Program. The application was not selected primarily due to limited funding available under the Title XVI Program. In June 2019, the PWD once again submitted a grant application for final design to the Title XVI Program.

A decision by the Bureau of Reclamation is pending on their review of all applications submitted by other entities.

Purple Pipe (Recycled Water Line Phase 2)

Final Design - 95% design is completed.

Initial Study/Mitigated Negative Declaration - This environmental impact report was certified in January 2015 by the Palmdale Recycled Water Authority.

Amount of Funding Required - \$7,500,000 is needed for construction of the Project. As of the date of this letter, none of the required funding has been secured.

Grant/Loan Applications - In 2015 and 2016, grant/construction application materials were submitted to State of California Division of Financial Assistance for funding under Proposition 1. In 2017, the State completed their review and initiated discussions with staff of the PWD and City of Palmdale representing the Palmdale Recycled Water Authority (Authority). These discussions took place over most of 2017 with the ultimate decision being that the Authority did not have a sufficient financial history to take on a loan. Subsequent to this, the PWD and City of Palmdale each increased their yearly contribution to \$300,000 per year to the Authority.

In early 2019, the Authority contacted the California Infrastructure and Development Bank (IBANK) regarding a loan to construct the project. After several months of discussions, it was deemed to not be workable. As of the date of this letter, the Authority has built cash reserves of approximately \$2,000,000. This puts the Authority in a better position for obtaining funding. The Authority has discussed the possibility of issuing municipal bonds for the project with a financial advisor. This avenue is presently being explored and seems promising. The necessary steps are to complete the final design, advertise for bids and then start the process of issuing a bond.

In addition, the Authority is preparing an application to the State of California Division of Financial Assistance for a grant of \$1,100,000 under the Proposition 1 – Integrated Regional Water Management (IRWM) Program. The application is due October 28, 2019 with an anticipated contract award of March 2020.

Proposition 1 Grant Funding continues to be a possibility. Discussions with the State are taking place. A requirement by the State is to have the CEQA document that was completed in January 2015 be updated. The Authority, at their Board meeting on August 19, 2019, approved a contract with Environmental Science Associates to update the CEQA document. The update is expected to

be completed by late December 2019 or early January 2020. Once completed, the updated CEQA document will be submitted to the State for their review. A potential grant of \$2,500,000 may be available under Proposition 1.

When combined, the IRWM grant of \$1,100,000 and the Proposition 1 Grant of \$2,500,000 would amount to \$3,600,000. This would leave approximately \$4,000,000 required for a bond issuance.

The timeframe for obtaining this grant and bond funding could be as early as mid-year of 2020.

PROJECT DELAYS BEYOND CONTROL OF PALMDALE WATER DISTRICT, CITY OF PALMDALE AND THE PALMDALE RECYCLED WATER AUTHORITY

Explanations for delays in the projects beyond the control of the PWD and Palmdale Recycled Water Authority are restated below.

PRGRRP

- Unforeseen problems with clogging of the soil column test took considerably more time than anticipated leading to concerns about the potential of the site for recharge and recovery.
- It took longer than expected to get acceptable levels of removal relating to TOC and NDMA.
- Drilling of monitoring wells encountered hard layers of material at shallower depths than anticipated.
- Apparent yield of the unsaturated aquifer was much less than expected. This may be due to an isolated condition and not representative of the groundwater basin.
- Monitoring wells did not tap into the deep underground aquifer as expected. Drilling to a deeper depth is needed.
- Concern that the water quality sampling may not be representative of conditions under project operation.
- Groundwater modeling at the proposed recharge site initially indicates the potential for ground water level mounding. Additional modeling is needed.
- Based on most recent geologic electro-telluric soundings, the monitoring wells did not go deep enough to tap into the groundwater bearing formation. Additional drilling of monitoring wells and a test well is needed.

Palmdale Recycled Water Authority - Purple Pipe (Recycled Water Line Phase 2)

- Time required to secure funding is taking longer than anticipated (see details under other headings in this letter)

City of Palmdale - Existing Purple Pipe (Recycled Water Line Phase 1)

- Delay in implementing the Recycled Water Line Phase 2 project is limiting the ability to fully utilize the existing 100 acre-feet contractual commitment.

IMPACTS OF DELAYS ON FUNDING AND CONSTRUCTION

PRGRRP

The delays described above has prevented the final design for the recharge project to be initiated. Final design is needed to secure funding for construction. The impact of delays in funding can be stated very simply. Projects that are ready for construction receive higher priority over projects that are still in final stages of design and pre-construction activities. A second limiting factor in securing funding is that the demand for funding of water recycling projects is far greater than the available funds. In essence, it takes longer in today's financial world to get a grant and loan approved in order for construction to proceed.

Purple Pipe (Recycled Water Line Phase 2)

The Authority has put forth a good faith effort to secure funding for the Purple Pipe. This included applications to the State of California Water Recycling Program, IBANK, and the Authority has plans to pursue the issuance of a bond for construction. These efforts have taken place during the time interval following the signing of CSD Contract No. 5001. At this point in time, the Authority has not been successful in obtaining funding. However, the Authority is optimistic that a bond will be secured to provide the needed funding.

NEW SCHEDULE AND MILESTONE REQUESTS

PRGRRP

Under Section 5.8.A. (Milestone 1 – Funding for First Phase Using Recycled Water) of the Agreement of October 16, 2016, the PWD was required to secure financing for the Palmdale Groundwater Recharge and Recovery Project by October 16, 2019. For reasons relating to delays

Mr. Robert Ferrante,
Chief Engineer/General Manager
Sanitation Districts of Los Angeles County

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September 5, 2019

that were out of the control of the PWD and discussed previously in this letter, the PWD requests that the requirement for financing be moved to October 16, 2021.

Milestone 2 (Award of Contracts) and Milestone 3 (Operation) would be delayed and need be adjusted to follow the new funding date of October 16, 2021.

Purple Pipe (Recycled Water Line Phase 2)

Under Section 5.11.A. (Milestone 1 – Award of Phase 2 Contracts) of the Agreement of October 16, 2016, the PWD was required to have awarded all contracts for construction of the Recycled Water Line Phase 2 Project by October 16, 2019. Due to delays beyond the control of the PWD, it is requested that this requirement be moved to October 16, 2021.

Milestone 2 (Operation of Phase 2), Milestone 3 (Award of Phase 3 Contracts), and Milestone 4 (Operation of Phase 3) would be delayed and need to be adjusted to follow the new funding date of October 16, 2021.

Section 5.15. Mandatory Minimum Annual Payment

Request that the time frame for mandatory minimum annual payment as shown in Section 5.15 of the CSD Contract No. 5001 dated October 16, 2016 (Agreement) be tied to new milestones to be established in Section 5.8 and Section 5.11 in a new Agreement.

Very truly yours,



DENNIS D. LaMOREAUX,
General Manager

JR/DDDL/dd