



THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

Board Information

- **Board of Directors**
Engineering, Operations, and Technology Committee

7/22/2025 Board Workshop

5a

Subject

Pure Water Southern California Considerations for Member Agency Deliveries

Executive Summary

Between 2019 and 2022, Metropolitan and its member agencies that expressed interest in beneficially using purified water directly from Pure Water Southern California (PWSC) entered Letters of Intent (LOI). In the LOIs, Metropolitan and the member agencies express interest in collaborating to develop future agreements for the purchase and delivery of purified water. Since that time, Metropolitan staff have been meeting with the interested member agencies to develop a path toward the development of future agreements. These efforts have resulted in the development of a four-step plan that is intended to be executed along with Board decisions related to the PWSC program. The plan includes: (1) Step 1 – the development of LOIs, (2) Step 2 – the development of term sheets, (3) Step 3 – the development of Interim Water Purchase and Delivery Agreements, that would control during the remainder of planning, permitting, design, and construction phases, and (4) Step 4 – the development of Long-term Water Purchase and Delivery Agreements, that would control during the period of operation.

As noted, Step 1 was complete in 2022, and staff is now working on Step 2. Staff previously provided information on the progress of Step 2 to the Engineering, Operations, and Technology Committee and the Subcommittee on Pure Water Southern California and Regional Conveyance. The present item is an update on the recent efforts to advance Step 2, and specifically to request input from the Committee on key policy issues that have arisen during recent discussions with the member agencies. Staff is planning on returning to the Committee and the Board in September to seek authorization to move to the next step, drafting the Interim Water Purchase and Delivery Agreements, consistent with the terms presented today and as may need to be modified based on the input from the Committee and the discussions among Metropolitan and its member agencies. The goal is to complete Step 3 and present the resulting draft Interim Water Purchase and Delivery Agreements for the Board's consideration in early 2026. Step 4, development of the Long-term Water Purchase and Delivery Agreements, would be taken if the Board approves PWSC and executed prior to completing construction activities for the program.

Fiscal Impact

None

Applicable Policy

Metropolitan Water District Administrative Code Section 5108. Appropriations

Metropolitan Water District Administrative Code Section 8121. General Authority of the General Manager to Enter into Contracts

Related Board Action(s)/Future Action(s)

By Minute Item 50299, dated November 10, 2015, the Board authorized an agreement with County Sanitation District No. 2 of Los Angeles County for the development of a potential regional recycled water supply program and a demonstration project.

By Minute Item 52174, dated November 10, 2020, the Board authorized the preparation of environmental documentation and technical studies, and public outreach activities for the Regional Recycled Water Program.

By Minute Item 52210, dated December 8, 2020, the Board authorized an amendment to an existing agreement with County Sanitation District No. 2 of Los Angeles County and a new agreement with Southern Nevada Water Authority to support continued evaluation and development of the Regional Recycled Water Program.

By Minute Item 53052, dated December 13, 2022, the Board authorized the General Manager to use \$80 million in grant funding from the State Water Resources Control Board and to commence activities related to the initiation of the Pure Water Southern California Program.

By Minute Item 53792, dated September 10, 2024, the Board authorized an amended and restated agreement with County Sanitation District No. 2 of Los Angeles County for shared implementation of the advanced water purification facility for Pure Water Southern California.

Details and Background

Background

Through PWSC, Metropolitan would take water that is currently cleaned at the Los Angeles County Sanitation Districts' A.K. Warren Water Resource Facility in the City of Carson and further purify it using an advanced, multi-stage purification process to produce up to 150 million gallons per day of high-quality drinking water (155,000 acre-feet per year). Due to treatment requirements and drinking water regulations, at least initially, PWSC would depend significantly on Indirect Potable Reuse utilizing groundwater basins within Metropolitan's service area.

Development of the Metropolitan-Member Agencies Agreements

Metropolitan has collaborated with member agencies that have expressed interest in beneficially using purified water directly from PWSC. Those member agencies, each of which signed an LOI, are:

- Central Basin Municipal Water District,
- City of Long Beach,
- City of Los Angeles Department of Water and Power,
- Three Valleys Municipal Water District,
- City of Torrance,
- Upper San Gabriel Valley Municipal Water District, and
- West Basin Municipal Water District.

The LOIs reflect an intent to develop water purchase and delivery agreements, which would set the commitments necessary for the member agencies to purchase the new PWSC water and would meet the needs of all parties. Between April 2024 and October 2024, Metropolitan hosted four workshop meetings at which Metropolitan and these member agencies agreed to initially focus on developing term sheets that would present terms foundational to the relationship between Metropolitan and those member agencies that would take purified water directly. Metropolitan also hosted two workshops, in April 2025 and in June 2025, to broaden the discussion on term sheets with all member agencies (not only those that expressed interest in directly taking purified water). A form for the term sheets is being developed that sets forth the general expectations and performance responsibilities of Metropolitan and the member agencies. The following summarizes the main provisions of the current draft of the form for the term sheets:

- 1) Collaboration and Coordination: Emphasizes ongoing efforts to collaborate on affordability, equity, permitting, external funding opportunities, and support for underserved communities affected by the

project, and includes pledges to support continued planning, design, and construction activities to facilitate the delivery of Pure Water.

- 2) Water Purchase Commitments: Identifies the level of commitments by the member agency to integrate purified water from PWSC into their systems.
- 3) Water Purchase Price Term: Conditions the member agency's commitments to Metropolitan incorporating the costs of PWSC into its overall costs and to charge the member agency an amount for water that also reflects an integrated cost, rates, and charges approach.
- 4) Connections and Other Facilities: Outlines the responsibilities of Metropolitan and the member agency, including funding, design, construction, operation, and maintenance of facilities, as well as opportunities for collaboration.

This workshop provides an opportunity for staff to discuss in detail and allow the members of the Engineering, Operations, and Technology Committee to provide input on key policy: (1) regional benefits, (2) member agency facilities, (3) groundwater quality sampling, and (4) the interaction between PWSC and a water supply allocation.

Next Steps

Staff will continue to work with Metropolitan's member agencies to increase the level of collaboration and concurrence among Metropolitan and its member agencies. Staff intends to bring an action item in September 2025 at which staff would propose a final term sheet and recommend the Board authorize staff to move to Step 3, the Interim Water Purchase and Delivery Agreements, which would control during the remainder of the planning, permitting, design, and construction phases, consistent with the final term sheets. If such direction is provided, staff would develop the Interim Water Purchase and Delivery Agreements for consideration by the Board in the first quarter of 2026.

Project Milestones

September 2025 – Board to consider authorizing staff to proceed with Step 3 – development of interim water purchase and delivery agreements, that would be in effect during the remainder of the planning, permitting, design, and construction phases and that would be consistent with the final term sheets.

First Quarter 2026 – Board to consider authorizing the execution of the interim water purchase and delivery agreements, if and after the Board approves PWSC.

Prior to Completion of PWSC Construction – Board to consider authorizing the execution of the long-term water purchase and delivery agreements (as contemplated by Step 4).



Mai M. Hattar
Interim Chief Engineer
Engineering Services

7/17/2025

Date



John Bednarski
Assistant General Manager

7/17/2025

Date