



Engineering, Operations, and Technology Committee

12/9/2025 Committee Meeting

9-5

Subject

Guiding principles for Pure Water Southern California partnerships

Executive Summary

Metropolitan has been meeting with its member agencies, Southern Nevada Water Authority (Southern Nevada), the Arizona Department of Water Resources and the Central Arizona Water Conservation District (collectively, the Arizona Parties), and San Gabriel Valley Municipal Water District (SGVMWD) to develop a path that advances partnerships that could support Pure Water Southern California (PWSC). Based on these meetings, a four-step plan was initially developed, which included: Step 1 – the development of letters of intent (LOIs), Step 2 – the development of term sheets, Step 3 – the development of Interim Agreements, that would control during the remainder of planning, permitting, design, and construction phases, and Step 4 – the development of Long-Term Agreements, that would control during the period of operation. Step 1 activities have been completed.

The Board of Directors provided input on the partnership process at its July PWSC workshop. As a result of that input, a new activity has been added as a predecessor to Step 2 listed above. Under the revised approach, before preparing term sheets, staff proposes that agreement “guiding principles” be prepared. If the Board supports these guiding principles and the Board decides to take the California Environmental Quality Act actions to certify the PWSC environmental impact report (EIR), approve PWSC (“CEQA Actions”), and take further steps to advance PWSC, the principles will frame the development of term sheets for Interim Agreements. The recommended process will then consist of five activities.

Preparation of the agreement guiding principles does not presume a particular outcome for PWSC. Staff is preparing these guiding principles to elicit direction from the Board on the preferred structure of the partnerships, so that the Board (and its partners) have greater certainty on important aspects of the partnership when the Board considers potential PWSC actions. The principles are not intended to constrain the Board’s discretion or usurp the CAMP4Water process. Further, staff does not believe the revisions to the partnership process will adversely affect the ability to timely prepare the Interim Agreements, if the CEQA actions are taken.

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.

Committee Information Item of the Engineering, Technology, and Operations Committee, November 18, 2024, Item 6a, "Pure Water Southern California – Partnership Update."

Board Information Item of the Engineering, Technology, and Operations Committee, Board Workshop July 22, 2025, Item 5a, "Pure Water Southern California Considerations for Member Agency Deliveries."

Details and Background

Background

PWSC is a proposed partnership between Metropolitan and the Los Angeles County Sanitation Districts (Sanitation Districts) to beneficially reuse cleaned wastewater that is currently being discharged to the Pacific Ocean from the Sanitation Districts' A.K. Warren Water Resource Facility (Warren Facility) in the City of Carson. At full buildout, PWSC would purify up to 150 million gallons per day (MGD), making it one of the largest programs of its kind in the world. Implementation of PWSC would provide regional benefits to all Metropolitan member agencies by: (1) reducing reliance on imported water; (2) diversifying locally available supplies; (3) improving resilience to climate change, seismic, and other stressors; and (4) enhancing operational reliability and flexibility.

Between 2019 and 2022, Metropolitan and its member agencies that expressed interest in directly benefiting from purified water from PWSC entered Letters of Intent (LOI). In the LOIs, Metropolitan and those member agencies express interest in collaborating to develop future agreements for the purchase and delivery of purified water.

In 2020, Metropolitan's partnerships for PWSC expanded to include an LOI with Southern Nevada. Soon after that, the Arizona Parties submitted a letter to Metropolitan. In the letters from Southern Nevada and the Arizona Parties, they expressed their interest in participating in PWSC and have since contributed funds to support Metropolitan's PWSC environmental planning.

In 2022, Metropolitan and the SGVMWD entered into an LOI with Metropolitan, with SGVMWD also expressing interest in collaborating on PWSC.

Based on those expressions of interest, staff-initiated discussions with Metropolitan's member agencies, Southern Nevada, the Arizona Parties, and SGVMWD. Those discussions focused on how best to advance the partnerships and based on those discussions, staff initially developed a four-step plan:

Step 1 – Obtain from potential partners LOIs to partner with Metropolitan on PWSC,

Step 2 – Develop term sheets that identify the most important rights and obligations of Metropolitan and the partner for use when preparing the Interim Agreements referenced in Step 3 below,

Step 3 – Develop Interim Agreements that would control during the remainder of planning, permitting, design, and construction phases (e.g., Interim Water Purchase and Delivery Agreements with member agencies, Participation Agreements with Southern Nevada, the Arizona Parties, and SGVMWD), and

Step 4 – Develop Long-Term Agreements that would control during the period of operation (e.g., Long-Term Water Purchase and Delivery Agreements with member agencies, Participation Agreements with Southern Nevada, the Arizona Parties, and SGVMWD).

Development of the Metropolitan Member Agency Partnerships

At its PWSC workshop in July 2025, the Board provided input on the process, and, in response, staff revised the initial plan for the Board’s consideration. Metropolitan staff is now proposing that Step 2 be revised to focus first on the development of agreement “guiding principles”. Staff proposes that the Board consider the guiding principles at its January meeting. Then, if the Board expresses support for principles, and the Board decides to take the CEQA Actions and advance PWSC, the guiding principles will frame development of term sheets for Interim Agreements, consistent with past practices. Staff does not foresee the addition of the agreement guiding principles step to impact the time when it could present to the Board the Interim Agreements. It may, in fact, facilitate the process and provide greater assurance that those agreements will be ready, if needed.

A draft set of guiding principles, consistent with the discussions staff have had with the partners, is provided in **Attachment 1**. The draft set of guiding principles is presented in three categories, reflective of the three areas of partnerships that were initiated by the LOIs discussed above:

1. Principles to Guide Metropolitan – Metropolitan Member Agency Partnerships
2. Principles to Guide Metropolitan – Southern Nevada/Arizona Parties Partnerships
3. Principles to Guide Metropolitan – Others within the Southern California Region: SGVMWD

Staff presents the draft sets of agreement guiding principles to obtain board input. If the Board is comfortable with this new step in the process, staff would discuss the principles, as revised based on the Board’s input, with the partners and be prepared to present revised principles to the Board at its January meeting.

By preparing the draft set of agreement guiding principles now, staff is not intending to presume a particular outcome for PWSC. As reflected above, staff prepared these guiding principles to respond to comments provided by the Board at its July workshop and elicit further direction from the Board. The intent is to provide the Board (and its partners) with greater certainty on important aspects of the partnership when the Board considers PWSC actions. This newly included activity is not intended to constrain the Board’s discretion or usurp the CAMP4Water process.

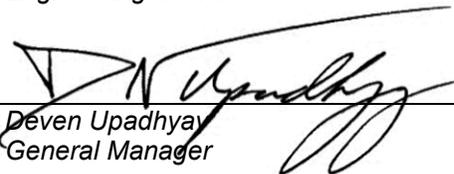
Next Steps

If the Board supports the proposed concept of adding a new “principles” activity to the overall process, staff will incorporate the input provided by the Board and, consistent with that input, return to the Board in January with revised principles for the Board’s consideration.



Mai M. Hattar
Chief Engineer
Engineering Services

11/26/2025
Date



Deven Upadhyay
General Manager

11/26/2025
Date

Attachment 1 – Proposed Guiding Principles

Ref# es12702159

**Pure Water Southern California Partnership
Guiding Principles**

Proposed Principles to Guide Metropolitan – Member Agency Partnerships

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|----------------------|--|
| New Regional Supply | Reflect Pure Water Southern California (PWSC) is a new regional supply for Metropolitan, available to supplement the supplies Metropolitan has available from the State Water Project and from the Colorado River. |
| Reliability | Maximize opportunities when member agency total demands for purified water align with water supplies produced by PWSC; thereby allowing Metropolitan to maximize production from PWSC to enhance the following regional benefits: resilience to drought and climate change, reduced chances of a Water Supply Allocation, and increased reliability following a seismic event. |
| Flexibility | Balance operational flexibility for Metropolitan and for the member agencies, taking purified water while maximizing production from PWSC. Member agencies would enter into operational agreements with Metropolitan to purchase a certain amount of water on an average basis. |
| Quality Water | Provide the member agencies with high-quality purified water, while avoiding or reducing regulatory compliance costs. Perform monitoring in a shared risk framework where Metropolitan can ensure regulatory compliance during startup and transfer responsibility to local agencies thereafter. |
| New Local Facilities | Develop equitable approach to the allocation of responsibilities and costs that balances the principle of member agencies being responsible for their facilities, with the flexibility to develop PWSC alignment and related infrastructure in a manner most effective for Metropolitan to deliver purified water. |

**Proposed Principles to Guide the Metropolitan – Southern Nevada/Arizona
Parties Partnerships**

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|--------------|---|
| Equity | Ensure that the quantity of water Metropolitan makes available to Southern Nevada and/or the Arizona Parties aligns with and is proportional to their investments (in all forms). |
| Flexibility | Provide flexibility for Metropolitan and its partners – afford: (a) Metropolitan the ability to “pre-deliver” by developing and storing water when “surplus” is available, and (b) its partner to take water for direct delivery, storage and use in a subsequent year, or subsequent exchange (e.g. transfer to others with Metropolitan having a first right to take back the water). |
| Adaptability | Reflect that the execution of the partnership(s) are depending on the rules applicable to the Southern Nevada and/or Arizona Parties and therefore the partnership(s) must be supported by the rules and may need to change if/as the rules change. |

**Proposed Principles to Guide Metropolitan—Others within the Southern California
Region: San Gabriel Valley Municipal Water District (SGVMWD)**

| | |
|-----------------------|---|
| Exchange | Develop opportunities for Metropolitan to make water from PWSC available to SGVMWD in exchange for SGVMWD making State Water Project water available to Metropolitan. |
| Equity | Ensure that the quantity of purified water Metropolitan makes available to SGVMWD generally aligns with the benefits of potential exchanges and infrastructure sharing. |
| Flexibility | Provide operational flexibility for Metropolitan and for SGVMWD. |
| Shared Infrastructure | Give Metropolitan the ability to use the facilities of SGVMWD to maximize the regional benefits of PWSC by conveying purified water for downstream potable reuse. |
| Quality Water | Provide SGVMWD with high-quality purified water for groundwater replenishment. |