

COOPERATION AGREEMENT
(Advanced Wastewater Treatment Facilities)

THIS COOPERATION AGREEMENT (“**Agreement**”) is entered into as of November 1, 2022 (“**Effective Date**”) by and between South Orange County Wastewater Authority (“**SOCWA**”), a joint powers agency formed under and pursuant to California Government Code Section 6500 *et seq.*, on behalf of its Project Committee No. 17 and as successor in interest to Aliso Water Management Agency (“**AWMA**”) ~~and~~, Moulton Niguel Water District (“**MNWD**”), ~~South Coast Water District (“**SCWD**”), Irvine Ranch Water District (“**IRWD**”), City of Laguna Beach (“**CLB**”), Emerald Bay Services District (“**EBSD**”), and El Toro Water District (“**ETWD**”).~~ MNWD, SCWD, IRWD, CLB, and EBSD are each Member Agencies of SOCWA and are the Participating Agencies in SOCWA’s Project Committee No. 17 (“**PC-17**”). The parties to this Agreement are collectively referred to herein as the “**Parties**” or individually as a “**Party**.”

RECITALS

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A. SOCWA is the successor in interest to AWMA pursuant to the Joint Exercise of Powers Agreement Creating South Orange County Wastewater Authority Orange County, California (SOCWA) and Terminating Aliso Water Management Agency, South East Regional Water Reclamation Authority, South Orange County Reclamation Authority, dated July 1, 2001 (the “**JPA**”). The terms “**Member Agencies**” and “**Participating Agencies**” as used in this Agreement shall have the same meaning as set forth in the JPA. AWMA previously formed Project Committee No. 17 in order to provide for the construction and operation of the ~~Joint Regional Treatment Plant~~ Joint Regional Wastewater Reclamation and Sludge Solids Handling Facility (“**JRTP**”) in Laguna Niguel, California. SOCWA now owns and operates the JRTP.

B. On or about November 3, 1983, AWMA and the PC-17 Participating Agencies approved MNWD’s design, ~~construction, operation and maintenance and construction~~ of the Advanced Wastewater Treatment Facilities (“**AWT Facilities**”) at the JRTP site pursuant to the Amendment No. 4 to Agreement for Construction, Use, Operation, Maintenance, Repair and Replacement of Joint Regional Wastewater Reclamation and Sludge Solids Handling Facility Owned by Project Committee No. 17, Aliso Water Management Agency.

C. On May 5, 1988 and July 25, 1994, AWMA approved MNWD’s expansions of the AWT Facilities pursuant to Amendment No. 5 and Amendment No. 6, respectively, of the Agreement for Construction, Use, Operation, Maintenance, Repair and Replacement of Joint Regional Wastewater Reclamation and Sludge Solids Handling Facility Owned by Project Committee No. 17, Aliso Water Management Agency. Amendment No. 6 granted permission to MNWD to operate and maintain the expanded AWT facility and requires that MNWD coordinate with SOCWA for “the operation, maintenance, repair and replacement of the AWT facility in such a manner as not to interfere with any present or future construction, operation, or maintenance of the JRTP.”

D. SOCWA is the current operator for part of the MNWD AWT Facilities constructed pursuant to Amendment No. 6 as successor to AWMA, which assumed operation and maintenance of the JRTP in 1992 at MNWD’s request and pursuant to a series of written agreements between AWMA and MNWD that expired on August 31, 2002. The Parties desire to enter into this Agreement to provide specifics as to the for the coordination of the AWT Facilities and JRTP so that MNWD may resume upon MNWD’s resumption of the operation and maintenance of the AWT Facilities (which are more fully described and depicted in Exhibit A to this Agreement, which is incorporated herein by reference) as of the Effective Date pursuant to the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the foregoing recitals, which are incorporated herein by reference, and for other good and valuable consideration including the mutual promises, obligations and covenants set forth herein, the receipt and adequacy of which are hereby acknowledged, the Parties agree to the following.

AGREEMENT

Section 1. Recitals. The recitals set forth above are hereby incorporated into this Agreement as though set forth in full in writing herein.

Section 2. Access to the JRTP Property. MNWD's access to operate and maintain the AWT Facilities for the term of this Agreement shall comply with the following:

A. MNWD ~~shall have access to~~ will generally access the JRTP property for purposes of operation and maintenance of the A WTF from 7:00 AM through 5:00 PM during weekdays, ~~except that MNWD may also in addition to weekend~~ access the property during such hours on the weekend for purposes of required laboratory sampling. SOCWA will not restrict MNWD access to the JRTP property, as related to its operation and maintenance of the A WTF. MNWD currently operates a 3.0 MG buried reclaimed water reservoir and a reclaimed water pumping station at the JRTP. Significant changes to the current MNWD's current access needs to the reservoir and pump station within the JRTP are not anticipated, to include MNWD's operation and maintenance of the A WTF described herein.

B. SOCWA shall provide MNWD access cards to the entry gate for the JRTP property and A WTF ~~for after-hours~~ access, when required consistent with the current practice. MNWD shall not update any locks or restrict access to the JRTP property or A WTF without SOCWA's prior written consent.

C. SOCWA will designate reasonable parking areas for MNWD's vehicles, and the vehicles of its employees and/or contractors. ~~SOCWA may relocate and/or to de-designate such parking areas from time to time in SOCWA's sole discretion.~~

D. MNWD shall maintain a sign-in sheet for its consultants, contractors, vendors and other visitors to the A WTF. MNWD shall provide a copy of such sign-in sheets to SOCWA at least monthly.

E. MNWD shall comply with SOCWA's current and future security measures for the JRTP property and A WTF, which may be amended from time-to-time in SOCWA's sole discretion.

F. MNWD shall coordinate with SOCWA regarding the scheduling of deliveries of sodium hypochlorite to the existing storage tanks.

Section 2. Operation and Maintenance of the AWT Facilities.

A. ~~MNWD shall at all times operate and maintain the AWT Facilities in accordance with the "Guidelines for Operation of AWT Facilities" which will be developed by and between SOCWA's Director of Operations and MNWD's Director of Operations, and which may be amended from time to time by the SOCWA Operations Director in conjunction with the MNWD Operations Director to address changed conditions. Reference copies will be kept on-site and updated when amended. MNWD agrees to~~ operate and maintain the AWT Facilities in accordance with sound operating procedures for the operation and maintenance of such facilities, and shall comply with all Federal, State and local laws and regulations. The operation and maintenance of the A WTFs shall include compliance with all requirements of the State Water Resources Control Board and the California Regional Water Quality Control Board,

San Diego Region (“RWQCB”) and the South Coast Air Quality Management District. MNWD’s approach to operation and maintenance of the entire AWT facilities will be consistent and similar to the approach for the existing AWT facilities that MNWD currently operates at the JRTP site, e.g. 3.0 MG reservoir and AWT pump station.

B. MNWD shall coordinate with SOCWA, and exercise its best judgment and powers, for the operation and maintenance of the AWT Facilities in such a manner as to not interfere with any present or future construction, operation or maintenance of the JRTP.

C. The Parties acknowledge and agree that MNWD’s operation of the AWT Facilities and its recycled water systems are critical during significant storm events in that they provide additional capacity that would otherwise be required in the outfall pipelines leaving the JRTP. MNWD shall coordinate and cooperate with SOCWA ~~for regarding the operation of its~~ AWT Facilities to accommodate additional capacity during storm events ~~based upon reasonable notice and request~~. SOCWA shall have the right to enter the AWT Facilities during storm events to coordinate with MNWD ensure such sufficient additional capacity is provided as required. ~~In the event that the AWT Facilities cease operations during a storm event and a spill results, MNWD shall be solely responsible for liabilities arising from the resulting spill. It is understood that the operation of MNWD’s AWT and recycled water systems can be critical during significant storm events in that they provide additional capacity that would otherwise be required in the outfall pipelines leaving the JRTP. MNWD will continue to coordinate and cooperate with SOCWA in a manner similar to historic practices to address storm events and the operation of the AWT Facilities.~~

~~D. — In the event that MNWD’s operation of the AWT Facilities impedes or interferes with meeting the required current effluent standards for ocean disposal or treated wastewater by SOCWA, or, interferes or fails to meet the requirements for utilization as recycled water, MNWD agrees that it will modify the AWT Facilities to correct for such impediments or interference, which modifications shall be subject to the approval of SOCWA in the same manner as modifications pursuant to Section 14 of this Agreement.~~

DE. MNWD shall be responsible for the planning, environmental review, design, bidding, construction management and supervision of all capital improvements and major maintenance to the AWT Facilities. MNWD shall, before entering any contract for any improvements, provide a reasonable opportunity to SOCWA to comment on plans for making the proposed improvements as respects operational and maintenance ~~consequences of the JRTP~~. Any such contract shall require the contractor to include SOCWA ~~and its Member Agencies~~ as an additional insured as to any insurance required of the contractor by MNWD, and named to same extent as MNWD in such contractor agreements. In addition, MNWD agrees to coordinate any work of its contractors or subcontractors with the SOCWA General Manager during any construction at the AWT-Facilities in such a manner as not to interfere with any present or future construction, operation or maintenance of the JRTP.

Section 3. Expenses; Budgeting.

~~A. —~~ MNWD shall be solely responsible for all SOCWA-incurred expenses associated with the operation and maintenance of the AWT, including such things as, but not limited to, labor costs (i.e., salaries and benefits), building and equipment maintenance costs, utilities, chemicals, permit and permit amendment costs, monitoring, accounting and auditing costs, administration costs, regulatory response costs, legal services, overhead costs, insurance, and other costs as required to support operation and maintenance of the AWT Facilities in conformance with this Agreement.

Section 4. Accounting and Audits. The Parties agree that the AWT Facilities, and AWT Facilities-related assets that are not constructed or owned by SOCWA as part of the JRTP, shall be identified as MNWD's capital assets on its annual audits. Any SOCWA-owned assets that are part of the JRTP, ~~and any assets related to AWT Facilities that are constructed and owned by SOCWA,~~ shall be reported as SOCWA's capital assets on its annual audits. A report of the audit shall be filed as a public record with MNWD, and upon completion a copy provided to SOCWA.

Section 5. Permitting. MNWD shall be required to cooperate with ~~SCOWA~~ SOCWA for the preparation and maintenance of regulatory permits and reporting activities related to the AWT Facilities. MNWD shall work directly with SOCWA to ~~(a) obtain and maintain an industrial user permit, and (b) coordinate with all relevant permitting authorities to ensure the timely issuance, amendment, and renewal of any regulatory permit required by the State of California related to the operation and/or maintenance of the AWT Facilities.~~ MNWD shall be responsible for all costs related to the issuance, amendment or renewal of any and all regulatory permit(s) required to operate and maintain the AWT Facilities.

~~Section 6. — Term; Termination. This term of this Agreement shall commence on the Effective Date and shall remain in effect and continue from year to year unless and until the PC-17 Participating Agencies unanimously agree in writing to terminate this Agreement and deliver no less than 90 days' written notice to SOCWA. If such notice is given and not withdrawn, this Agreement shall expire as of June 30 of the then-current fiscal year. Upon such notice, the Parties shall meet in good faith to negotiate and plan for the continued operation, or the shutdown and removal, of the AWTF at the JRTP property that is owned by SOCWA.~~

Section 78. Liability. Notwithstanding the provisions of Government Code Section 895.2, MNWD shall, to the fullest extent allowed by law, indemnify defend and hold harmless SOCWA (with the exception of MNWD) ~~and the Member Agencies of SOCWA, and their its~~ engineers, architects, representatives, and consultants, and their directors, officers, agents, and employees from and against any claims, damages, losses, expenses, liens, actions, expenses and other costs, including cost of defense and attorneys' fees, arising out of or resulting from or in connection with MNWD's operations, the construction, operation and maintenance of the AWT Facilities, or any act or omission by MNWD related to this Agreement, including those by MNWD, its directors, officers, agents, and employee, and any of MNWD's contractors, subcontractors, suppliers, vendors, or anyone directly or indirectly employed by any of them or anyone for whose acts or omissions any of them may be liable.

~~- The obligations set forth in this Section 8 shall survive the expiration or termination of this Agreement. Notwithstanding the provisions of Government Code Section 895.2, SOCWA shall, to the fullest extent allowed by law, indemnify defend and hold harmless MNWD, and its engineers, architects, representatives, and consultants, and MNWD's directors, officers, agents, and employees from and against any claims, damages, losses, expenses, liens, actions, expenses and other costs, including cost of defense and attorneys' fees, arising out of or resulting from or in connection with any act or omission by SOCWA related to this Agreement, including those by SOCWA, its directors, officers, agents, and employee, and any of SOCWA's contractors, subcontractors, suppliers, vendors, or anyone directly or indirectly employed by any of them or anyone for whose acts or omissions any of them may be liable. The obligations set forth in this Section 8 shall survive the expiration or termination of this Agreement.~~

Section 89. Insurance.

A. Throughout the term of this Agreement, as part of the annual operations and maintenance budget, MNWD shall pay for and maintain in full force and effect insurance in connection with the AWTF and the services provided under this Agreement. This insurance shall include no less than general

liability coverage in the amount of \$5,000,000 per occurrence for bodily injury, personal injury and property damage, and Workers' Compensation coverage with limits as required by the California Labor Code.

B. MNWDs shall obtain such property insurance ~~as SOCWA and MNWD mutually deem to be necessary to safeguard the AWTF. Any property insurance obtained by MNWD for the AWTF shall name SOCWA and its Member Agencies, MNWD, as an additional insured.~~

C. General liability coverage maintained by MNWDs shall name SOCWA ~~and all SOCWA Member Agencies, excluding MNWD, as an additional insureds.~~ MNWD will provide SOCWA evidence of insurance coverage purchased and maintained throughout the term of the Agreement upon request.

D. The insurance coverage pursuant to this Section 9 shall be primary insurance with respect to MNWD and its officials, employees and volunteers. Any insurance or self-insurance maintained by SOCWA, its officials, employees or volunteers shall be in excess of this insurance and shall not contribute with it; provided that MNWDs shall be responsible for satisfaction of any deductible or self-insured retention due under SOCWA's coverage.

~~Section 9. E. — SOCWA may waive or amend the insurance required pursuant to this Section 9 from time to time in SOCWA's sole discretion.~~

~~Section 10. — Disclaimers; Permit Violations Secondary Effluent Quality .~~

It is understood and agreed by the Parties that the ability for MNWD to operate its AWT system and produce recycled water in compliance with the associated permit is highly dependent on the quality of secondary effluent produced by SOCWA (i.e. the sand filters require treated wastewater with a low turbidity). SOCWA will continue to produce a similar secondary effluent water quality as has been historically produced allowing MNWD to operate its AWT system to produce recycled water for its customers.

~~A. — SOCWA makes no representation as to the consistency of the quality of the effluent to be produced at the JRTP, other than to discharge its effluent to the extent possible within the limits established by the applicable NPDES Permit. In the event such effluent is of a quality incompatible with MNWD's requirements for the AWT Facilities, MNWD agrees that SOCWA shall not be required to make any modification to its JRTP or to the method of operation of the JRTP, nor shall SOCWA be liable for any damage to or inability to operate the AWT Facilities. SOCWA agrees to allow MNWD to make such modifications to the JRTP, to the extent they are consistent with sound engineering practices and sound practices for the operation of municipal sewage facilities of the type comprising the AWT at the JRTP. Such modifications shall be subject to approval of the plans and specifications by SOCWA and shall be at the sole expense of MNWD as to all capital costs for construction, as well as operation and maintenance costs thereof; provided, such modifications do not affect the useful life of the JRTP or any of its components. SOCWA shall not unreasonably withhold approval of the proposed modifications.~~

~~C. — In the event of a regulatory permit violation resulting from operation or maintenance of the AWTF, MNWDs shall report the violation to the regulatory agency having jurisdiction over the AWT Facility as required by applicable permits or laws. MNWDs shall, within the required notification time, prepare or cause to be prepared, a written report on behalf of the Parties. MNWDs shall provide SOCWA the opportunity to review and comment on the content of the written report prior to submittal by MNWD.~~

Section 10~~1~~². Notices. All notices, statements, demands, requests, consents, approvals, authorizations, agreements, appointments or designations hereunder shall be given in writing via email and addressed to:

To SOCWA: South Orange County Wastewater Authority
ATTN: Director of Environmental Compliance
abaylor@socwa.com

To MNWD: Moulton Niguel Water District
ATTN: General Manager
jlopez@mnwd.com

Section 11~~2~~². Dispute Resolution.

A. The Parties agree that the maintenance of a cooperative and mutually beneficial relationship between them is an important aspect of this Agreement and the successful operation and maintenance of the AWT Facilities and JRTP. The Parties therefore intend to provide means for resolving any disputes, claims, or controversies that may arise during the course of this Agreement in an efficient manner to avoid resort to legal actions against one another, if feasible.

B. Therefore, except for any claim or action filed by a nonparty to this Agreement, any dispute, claim, or controversy arising with respect to the interpretation of this Agreement or the performance of any Party shall be first submitted to a three-step dispute resolution process that includes, in sequence: (1) an informal meet and confer process between representatives designated by all the Parties, (2) mediation, and (3) non-binding arbitration.

C. Except for any claim or action filed by a nonparty hereto, upon any dispute, claim, or controversy (“**Dispute**”) arising with respect to the interpretation of this Agreement, or the performance of any Party, which is not immediately resolved between the Parties, the Party asserting such Dispute may, within 30 days from the date the Dispute has arisen, serve written notice upon the others that a Dispute exists with respect to this Agreement, and each Party shall then within 14 days designate one or more representatives and shall establish a time and place at which to meet and confer in mutual good faith to resolve the Dispute. If, after a reasonable amount of time and effort have elapsed, a resolution of the Dispute has not been established to the mutual satisfaction of all Parties, any Party may then initiate a mediation process by serving a written notice of the election to mediate upon the other.

D. In the event the election to mediate a Dispute is invoked by any Party, a request for mediation shall be filed within 30 days in the Office of the American Arbitration Association (“**AAA**”) in or nearest to Orange County, California and the mediation shall be initiated and conducted in accordance with the Commercial Rules of mediation of the AAA, or by any other method mutually agreeable to the Parties. Any statements made during mediation shall remain confidential and may not be disclosed without consent of all participants.

E. In the event mediation does not resolve the Dispute, any Party may then elect arbitration by providing a written notice of such election to the other Parties. Such request must be mailed to the other Parties within 30 days following the conclusion of mediation. Upon serving written notice upon the other Parties, the request for arbitration shall be filed ~~at the AAA~~ with the Judicial Arbitration and Mediation Services, Inc. (“**JAMS**”) and the arbitration shall be conducted in accordance with the ~~rules~~

established by the AAA JAMS Engineering and Construction Arbitration Rules & Procedures then in effect, unless all Parties mutually agree to an alternative method. Neither the Parties nor the arbitrator may disclose the contents or results of the arbitration, except as may be required by law, without the prior written consent of all Parties. The Parties may agree to be bound by the results of the arbitration and may agree that any award by or decision of an arbitrator shall be final.

F. Nothing in this procedure shall prohibit the Parties from seeking other remedies available to them at law.

G. During the course of any proceeding to resolve a Dispute, the Parties shall continue to perform any duties or obligations existing under the Agreement.

Section 123. Severability. If any one or more of the terms, provisions, promises, covenants or conditions hereof shall be adjudged invalid, unenforceable, void or voidable for any reason whatsoever by a court of competent jurisdiction, each and all of the remaining terms, provisions, promises, covenants and conditions hereof shall not be affected thereby and shall be valid and enforceable to the fullest extent permitted by law.

Section 134. Modifications. This Agreement contains all of the terms and conditions made between the Parties hereto with respect to the subject matter herein, and herein and shall not be altered except by an amendment in writing.

Section 145. Succession; Assignment. The provisions of this Agreement shall be binding upon and shall inure to the benefit of the successors of the Parties. This Agreement may not be assigned by any Party without the written consent of the other Party.

Section 156. Governing Law. This Agreement is to be governed by and construed in accordance with the laws of the State of California.

Section 177. Authority; Counterparts. Each Party represents and warrants that it has the full power and authority to execute this Agreement. This Agreement may be executed in counterparts and/or electronically (e.g., via DocuSign), each of which shall be deemed an original and all of which shall constitute one instrument. A faxed, .pdf, scanned or other electronic copy of the fully executed original version of this Agreement shall have the same legal effect as an executed original for all purposes.

~~Section 18. Participating Agency Unanimous Written Consent. Each PC-17 Participating Agency listed below hereby consents to the terms of this Agreement.~~

IN WITNESS WHEREOF, the Parties have executed and entered into this Agreement as of the Effective Date.

SOUTH ORANGE COUNTY WASTEWATER AUTHORITY (for Project Committee No. 17)

MOULTON NIGUEL WATER DISTRICT

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By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

~~SOUTH COAST WATER DISTRICT~~

~~IRVINE RANCH WATER DISTRICT~~

By: _____
Name: _____
Title: _____

CITY OF LAGUNA BEACH

By: _____
Name: _____
Title: _____

EMERALD BAY SERVICES DISTRICT

By: _____
Name: _____
Title: _____

EL TORO WATER DISTRICT

By: _____
Name: _____
Title: _____

By: _____
Name: _____
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EXHIBIT A
Description of
Advanced Wastewater Treatment Facilities

The AWTF described in this Agreement specially includes the following facilities, which are also depicted on the aerial photograph(s) attached to this Exhibit A and specifically highlighted in purple:

- Applied Water Pump Station;
- Flocculation Tanks;
- Sand Media Filters and associated equipment;
- Chlorine Contact Tank;
- Electrical and Equipment Building (immediately adjacent to the Chlorine Contact Tank);
- Sodium Hypochlorite System;
- 3 MG below ground concrete reclaimed water storage reservoir; and
- Reclaimed Water Pump Station.
- AWT #1 Facilities that are not currently in operation (consisting of the remaining components of the filters, flocculation tanks, chlorine contact tank, chemical storage area, and related facilities)

~~The AWTF does not include the AWT #1 Facilities that are currently not in operation.~~