

AGREEMENT NO. C06-207

FY 2025-2035

WESTERN MUNICIPAL WATER DISTRICT

AMENDED AND RESTATED  
WATER CONSERVATION FUNDING AGREEMENT

BETWEEN  
WESTERN MUNICIPAL WATER DISTRICT  
AND  
CITY OF RIVERSIDE, A CALIFORNIA CHARTER CITY AND MUNICIPAL  
COPERATION

THIS Amended and Restated AGREEMENT (“Agreement”) is made and entered into as of July 1, 2025, by and between Western Municipal Water District (“Western Water”) and City of Riverside, a California charter city and municipal corporation (“Participant”). Western Water and Participant may be collectively referred to as “Parties” and individually as “Party.”

Recitals

- A. The Metropolitan Water District of Southern California (“Metropolitan”), through its Conservation Credits Program (“Program”), assists member agencies in conserving water supplies by establishing funding for a number of water conservation items. The Program was established per authorization detailed in Board Letter No. 7-7 in May 1990 and subsequent authorizations thereafter. Pursuant to those Board authorizations, Metropolitan established funding for a number of water conservation items.
- B. Western Water, as a Metropolitan Member Agency, elected to participate in the Program to replace non-conserving items within its service area by way of that certain Water Conservation Funding Agreement between Metropolitan and Western Water, dated July 1, 2006.
- C. Participant is a public agency located wholly or partially within Western Water’s service area and is responsible for serving water to persons and property located within Participant’s organizational boundaries. Participant elected to participate in the Program by and through Western Water pursuant to the terms of the Water Conservation Funding Agreement between Participant and Western Water (“Original Agreement”).
- D. The Original Agreement provided for water conservation funding for the Participant’s Water Conservation Programs and was comprised of Residential Programs (pursuant to

“Metropolitan Agreement No. 75352”) and Commercial, Industrial and Institutional Programs (pursuant to “Metropolitan Agreement No. 66664”).

- E. Metropolitan’s Board approved the Region-wide Residential Conservation Program (“Region-wide Program”), which became effective July 10, 2007. As a Metropolitan Member Agency, Western Water elected to participate in the Region-wide Program pursuant to that certain First Amendment to The Water Conservation Funding Agreement between Metropolitan and Western dated July 1, 2008. Participant then elected to participate in the Region-wide Program, by and through Western Water, pursuant to the terms and conditions of that certain First Amendment, dated July 1, 2008, to the Original Agreement.
- F. Western Water and Metropolitan entered into certain Second Amendments to the Metropolitan Agreement Nos. 75352 and 66664, effective as of April 15, 2015, which provided for extension of the Term of each agreement through June 30, 2025. Subsequently, Western Water and Participant executed a Second Amendment to the Original Agreement, extending the Term of the agreement through June 30, 2025, as well.
- G. Western Water and Metropolitan entered into certain Third Amendments to the Metropolitan Agreement Nos. 75352 and 66664, effective as of April 23, 2025, which provided for extension of the Term of each agreement through June 30, 2035.
- H. Western Water and Participant have been performing their respective duties under the Original Agreement, prior amendments to the Original Agreement, the Program, and the Region-wide Program from and after July 1, 2006, up to and including the date of this Amended and Restated Agreement (“Agreement”). Due to the continued performance of the Parties and nearing expiration date of the Original Agreement, the Parties desire to enter into this Agreement to restate the language of the Original Agreement and amend the term, noticing requirements and other provisions of the Agreement to align with the recent Third Amendments to the Metropolitan Agreement Nos. 75352 and 66664.
- I. Sections 2.2 and 11.4 of the Original Agreement provide that the parties may extend the term of the Original Agreement by mutual written agreement.

NOW, THEREFORE, in consideration of the promises and covenants hereinafter set forth, the Parties do agree as follows:

#### Section 1: Project Description

- 1.1 Participant elects to participate in the Program to provide financial incentives for water efficient devices within its service area between the effective date of this Agreement and June 30, 2035 (“Project”).
- 1.2 Western Water’s funding contribution to the Project is dependent on Western Water’s concurrent or prior receipt of equal funding from Metropolitan pursuant to the Metropolitan Agreement. Western Water’s funding contribution is fixed at the current amounts that Western Water expects to receive from Metropolitan pursuant to the Metropolitan Agreement. If Metropolitan approves funding amount changes for one or more items permitted under the Metropolitan Agreement, then Metropolitan will issue the

applicable addendum to the Metropolitan Agreement (“Metropolitan Addendum”). In that event, an addendum will be issued from Western Water to fix the funding rate(s) and related eligibility conditions as of the addendum’s effective date (“Western Water Addendum”) and the Parties hereby agree that upon issuance by Western Water, a Western Water Addendum will automatically, without any further action or signature by the Parties, amend and supplant the language set forth in the Agreement, to the extent indicated in such Western Water Addendum.

- 1.3 The funding amounts set forth in the Metropolitan Agreement and any Metropolitan Addenda thereto are the limit of Western Water’s funding obligation for the Project, and Participant shall be responsible for all Project costs in excess of those set forth in the Metropolitan Agreement and any Metropolitan Addenda thereto during the term of this Agreement. Participant shall be responsible and liable for all costs related to or arising out of the Project that are not funded under this Agreement. If Western Water fails to receive funds from Metropolitan for any reason, Western Water shall not be liable for any costs incurred by Participant related to or arising out of the Project. However, this waiver of liability shall not apply in the event the failure to receive said funds is caused by negligent or willful misconduct of Western Water in not complying with Metropolitan’s applicable procedures.
- 1.4 Section 5.1 of the Metropolitan Agreement permits Western Water to independently contract with its own agents under separate agreements for Project administration and management, provided they present no conflict of interest in Project performance or with the terms of the Metropolitan Agreement. Similarly, Participant, at its sole discretion, may independently contract with its own agents under separate agreements for Project administration and management, provided that such arrangements comply with the Metropolitan Agreement and this Agreement and Participant informs Western Water of such arrangements prior to executing any such agreement. Participant agrees that any independent contractor employed by Participant for the Project shall be the sole agent of Participant and nothing in this Agreement shall be the basis for establishing any employment relationship as between Western Water and said contractor. Notwithstanding any of the foregoing, the Parties agree that Participant shall remain responsible for ensuring proper administration and management of the Program for the Project pursuant to the terms of this Agreement.
- 1.5 As part of the Project, Participant shall use and maintain an electronic database similar to the format shown in the Metropolitan Agreement for any conservation items installed, distributed, vouchered, or rebated by Participant or its agents, to avoid duplicate distributions and to determine the saturation rate of items by the appropriate geographic delineation.

## Section 2: Agreement Term

- 2.1 This Agreement will be effective upon execution. Participant will complete all item installations, distributions, vouchers, or rebates by June 30, 2035, and provide all final invoicing and verification to Western Water by said date, or within 45 days after

termination, whichever occurs first (“Term”). Continuance of this Agreement will be subject to annual budget approval by Metropolitan’s Board. To the extent Metropolitan’s Board determines not to fund one or more items set forth in the Metropolitan Agreement and any Metropolitan Addenda thereto, a Western Water Addendum to the Agreement will be issued from Western Water and that Western Water Addendum will remove that item or items as of the Western Water Addendum’s effective date. The Parties hereby agree that upon issuance by Western Water, a Western Water Addendum will automatically, without any further action or signature by the Parties, amend and supplant the language set forth in this Agreement to the extent indicated in the Western Water Addendum.

- 2.2 This Agreement may be amended at any time by written mutual agreement executed by both of the Parties, or by Western Water Addenda issued by Western Water.
- 2.3 This Agreement may be terminated by either Party for any reason 30 days after written notice to the other Party as provided in Section 4. Such termination could occur if the funding mechanism for conservation programs is changed as a result of action by Metropolitan’s Board.
- 2.4 Upon termination, Participant shall provide Western Water with complete documentation for remaining items covered under this Agreement and invoiced as provided in Sections 7 and 8.

### Section 3: Agreement Administrators

- 3.1 Michelle Adams, Customer Experience Manager, is appointed Agreement Administrator for Western Water for the purpose of administering this Agreement and making any decisions in connection therewith on behalf of Western Water. \_\_\_\_\_, [title], is appointed Agreement Administrator for Participant for the purpose of administering this Agreement and making any decisions in connection therewith on behalf of Participant. The designated Agreement Administrators may be changed by providing written notice to the other Party as outlined in Section 4.

### Section 4: Written Notice

- 4.1 Any communication required to administer this Agreement shall be in writing and will be deemed received upon personal delivery or 48 hours after deposit in any United States mail depository, first class postage prepaid, and addressed to the Party for whom intended, as follows:

If to Participant:           City of Riverside  
                                      3901 Orange Street  
                                      Riverside, CA 92501

Attention: Ryan McManus

If to Western:           Western Municipal Water District



14205 Meridian Pkwy  
Riverside, CA 92518  
Attention: Ms. Michelle Adams

With Copy to: Western Municipal Water District  
14205 Meridian Pkwy  
Riverside, CA 92518  
Attention: Mr. Kenneth Smith

Either Party may change such address by giving notice to the other Party as provided herein.

#### Section 5: Participant's Responsibility and Ownership

- 5.1 Participant, at its sole discretion, may independently contract with its own agents under separate agreements for Project administration and management, provided they present no conflict of interest in Project performance or with the terms of this Agreement.
- 5.2 Participant and/or its agent shall provide all necessary services and materials for the Project, including, but not limited to, the following: program administration, promotion, marketing materials, data collection, analysis, and reporting.
- 5.3 All materials and supplies necessary to implement the Project shall be the exclusive property of Participant. Neither Western Water nor Metropolitan shall have any ownership, right, title, security interest, or other interest in any Project facilities, materials, or supplies, nor any rights, duties, or responsibilities for operation or maintenance thereof.
- 5.4 Participant is responsible for assuring that the Project complies with all federal, state, and local requirements.
- 5.5 Participant is solely responsible for the performance of its staff or representatives in complying with the terms of this Agreement and for the proper allocation of funds provided by Western Water and Metropolitan for the purpose of achieving water conservation savings under this Agreement.
- 5.6 Participant agrees to cooperate with Western Water's and Metropolitan's data management activities related to assessing device saturation and program success.

#### Section 6: Installation Verification

- 6.1 Participant shall be responsible for selecting a method to verify installation of items installed, distributed, vouchered, and/or rebated by Participant or its agents during the Project and for paying all costs associated with this verification. Participant shall inform Western Water of methodology used and document verification activities in the database.

- 6.2 Western Water will accept Participant's certification on the number of items installed and verified to calculate Western Water's payment to Participant, subject to the provisions of Section 9 of this Agreement.
- 6.3 For informational purposes only, Western Water reserves the right to conduct installation verification of items within Participant's service area.

#### Section 7: Invoicing Requirements

- 7.1 Participant shall provide Western Water invoices for all items installed, distributed, vouchered and/or rebated by Participant or its agent as required and outlined in the applicable addendum. The invoice shall be signed by Participant's General Manager or designee certifying the number of items installed and verified as specified in Section 6. If Participant's General Manager delegates authority to a designee, Participant shall notify Western Water of the designee in writing prior to the next billing period as outlined in Section 4.
- 7.2 For programs requiring reimbursement from Metropolitan, upon receipt and approval of the Participant's invoice, Western Water shall remit payment directly to the Participant. After payment is made, Western Water shall submit a corresponding invoice to Metropolitan for review and approval. Upon Metropolitan's approval, Western Water shall receive a billing credit on its Metropolitan water bill in the amount of the approved invoice, which Western Water shall retain. If Metropolitan denies all or any portion of the submitted in-voice, Western Water shall recover the disallowed amount from the Participant by issuing an invoice to the Participant.
- 7.3 For programs where funding is pre-approved by Metropolitan and Western Water is billed directly through its Metropolitan water bill, Western Water shall cover the billed amount. If the program benefits a Participant, Western Water will request any portion owed by issuing an invoice to the Participant .

#### Section 8: Incentive Payment

- 8.1 To receive Metropolitan's incentives, Western Water must submit to Metropolitan database information on all items installed, distributed, vouchered, and/or rebated by Western Water with that month's invoice. As a result, Participant shall submit to Western Water database information on all items installed, distributed, vouchered, and/or rebated by Participant with that month's invoice.
- 8.2 Western Water and Participant agree to provide access to their and their authorized representatives' books, documents, papers, computer files, and records that are directly pertinent to this Agreement for the purpose of making Program evaluation, audit, examination, excerpts, and transcriptions. Western Water and Participant will retain all required records for applications or work performed by Participant for a period beginning on the date the incentive is first awarded for a given application and respective project and ending seven years later.

## Section 9: Other Terms

- 9.1 Western Water and Participant agree that each party shall be responsible for its own actions, and the actions of its officers, employees and agents, in performing services under this Agreement. Western Water and Participant each agree to indemnify and hold the other Party and its officers and agents harmless and agree to defend the other Party against any claim or asserted liability arising out of its actions, either willful or negligent, or the actions of its officers, employees and agents, in performing services pursuant to this Agreement. Such indemnity will include any losses relating to any claim made, whether or not a court action is filed, and will include attorney fees and administrative and overhead costs related to or arising out of such claim or asserted liability
- 9.2 Participant shall include the following language in its agreement with any consultant or contractor retained by Participant to work on the Project: "[Consultant] agrees at its sole cost and expense to protect, indemnify, defend, and hold harmless Western Water and its Board of Directors, officers, representatives, agents and employees from and against any and all claims and liability of any kind (including, but not limited to, any claims or liability for injury or death to any person, damage to property, natural resources or to the environment, or water quality problems) that arise out of or relate to Western Water's approval, or to construction, operation, repair or ownership of the Project. Such indemnity shall include all damages and losses related to any claim made, whether or not a court action is filed, and shall include attorneys fees, administrative and overhead costs, engineering and consulting fees, and all other costs related to or arising out of such claim or asserted liability."
- 9.3 Participant is solely responsible for any compliance and/or actions arising under the California Environmental Quality Act (Pub. Res. Code §21000 et seq.).
- 9.4 Any alteration or variation of the terms of this Agreement will not be valid unless made in writing and signed by both Parties. This Agreement constitutes the entire agreement between both Parties.
- 9.5 This Agreement will inure to the benefit of and be binding upon Western Water, Participant, and their respective successors. This Agreement is not assignable by either Party in whole or in part.
- 9.6 The partial or total invalidity of one or more parts of this Agreement will not affect the intent or validity of this Agreement.
- 9.7 This Agreement will be deemed a contract under the laws of the State of California, and for all purposes will be interpreted in accordance with such laws. Western Water and Participant hereby agree and consent to the exclusive jurisdiction of the courts of the State of California, and that the venue of any action brought hereunder will be in Riverside County, California.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement.

WESTERN MUNICIPAL WATER DISTRICT

PARTICIPANT

By:



Craig Milner General Manager  
Western Municipal Water District

Date:

8/14/25

By: \_\_\_\_\_

City Manager  
City of Riverside

Date: \_\_\_\_\_

APPROVED AS TO FORM:

APPROVED AS TO FORM:

By: \_\_\_\_\_



Holland Stewart, General Counsel  
Western Municipal Water District

Date:

08/20/2025

By: \_\_\_\_\_



City Attorney  
City of Riverside

Date: 10/29/2025

Attest: \_\_\_\_\_

City Clerk

SECOND AMENDMENT

AGREEMENT NO. C06-207

FY 2015-2025

WESTERN MUNICIPAL WATER DISTRICT  
WATER CONSERVATION FUNDING AGREEMENT

BETWEEN

WESTERN MUNICIPAL WATER DISTRICT

AND

RIVERSIDE PUBLIC UTILITIES

There is now in effect a Water Conservation Funding Agreement between Western Municipal Water District ("Western") and Riverside Public Utilities ("Participant") which was entered into as of July 1, 2006 ("Master Agreement").

Recitals

- A. Participant elected to participate in the Metropolitan Water District of Southern California Conservation Credits Program ("Program") by and through Western. Under the Program, the Metropolitan Water District of Southern California ("Metropolitan") assists member agencies in conserving water supplies by establishing funding for a number of water conservation items. Western, as a Metropolitan Member Agency, elected to participate in the Program to replace non-conserving items within its service area by way of that certain Water Conservation Funding Agreement between Metropolitan and Western dated July 1, 2006.
- B. The purpose of the Master Agreement is to provide for water conservation funding for the Participant's Water Conservation Programs. The Master Agreement provides for water conservation funding for the Participant's Water Conservation Programs and is comprised of Residential Programs (pursuant to "Metropolitan Agreement No. 75352") and Commercial, Industrial and Institutional Programs (pursuant to "Metropolitan Agreement No. 66664").
- C. Metropolitan's Board approved the Region-wide Residential Conservation Program ("Region-wide Program") which became effective July 10, 2007. As a Metropolitan Member Agency, Western elected to participate in the Region-wide Program pursuant to that certain First Amendment To The Water Conservation Funding Agreement between Metropolitan and Western dated July 1, 2008. Participant then elected to participate in the Region-wide Program, by and through Western, pursuant to the terms and conditions of that certain First Amendment, dated July 1, 2008, to the Master Agreement.

- D. Western and Metropolitan entered into that certain Second Amendment to the Metropolitan Agreement No. 75352, effective as of April 15, 2015, which provides for extension of the Term of Metropolitan Agreement No. 75352 through June 30, 2025. Western and Metropolitan also entered into that certain Second Amendment to the Metropolitan Agreement No. 66664, effective as of April 15, 2015, which provides for extension of the Term of Metropolitan Agreement No. 66664 through June 30, 2025.
- E. Western and Participant have been performing their respective duties under the Master Agreement, First Amendment to the Master Agreement, the Program, and the Region-wide Program from and after July 1, 2006, up to and including the date of this Second Amendment. As a result, the parties desire to enter into this Second Amendment in order to acknowledge and agree that the Master Agreement, as amended by the First Amendment, the Program and the Region-side Program are all in full force and effect. Due to the continued performance of the Master Agreement, First Amendment, Program and Region-wide Program by both parties, including from and after the effective dates of the extended Terms for Metropolitan Agreements Nos. 75352 and 66664, the parties also desire to document that the Term of the Master Agreement is hereby deemed to be extended through June 30, 2025.
- F. Sections 2.2 and 11.4 of the Master Agreement provide that the parties may extend the term of the Master Agreement by mutual written agreement.

NOW, THEREFORE, in consideration of the promises and covenants hereinafter set forth, the parties do agree as follows:

1. Section 1.1 of the Master Agreement is hereby deleted and replaced, in its entirety, as follows:

1.1 Participant elects to participate in the Program to provide financial incentives for water efficient devices within its service area between the effective date of this Agreement and June 30, 2025 (Project).

2. Section 2.1 of the Master Agreement is hereby deleted and replaced, in its entirety, as follows:

2.1 This Agreement will be effective upon execution. Participant will complete all item installations, distributions, vouchers, or rebates by June 30, 2025, and provide all final invoicing and verification to Western by said date, or within 45 days after termination, whichever occurs first (Term). Continuance of this Agreement will be subject to annual budget approval by Metropolitan's Board. To the extent Metropolitan's Board determines not to fund one or more items set forth in the Metropolitan Agreement and any Metropolitan Addendums thereto, a Western Addendum to the Agreement will be issued from Western and that Western Addendum will remove that item or items as of the Western Addendum's effective date. The Parties hereby agree that upon issuance by Western, a Western Addendum will automatically, without any further action or



signature by the Parties, amend and supplant the language set forth in this Agreement to the extent indicated in the Western Addendum.

3. This Second Amendment will be effective upon full execution.

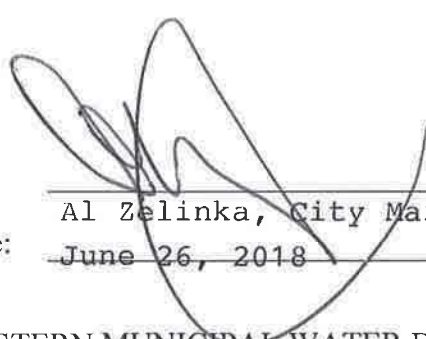
4. Except as otherwise specifically set forth herein, all other terms and conditions of the Agreement shall remain in full force and effect and shall govern the performance of this Second Amendment by both parties.

5. This Second Amendment may be signed in counterparts, each of which shall constitute an original.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement.

PARTICIPANT

By:

  
Al Zelinka, City Manager

Date:

June 26, 2018

WESTERN MUNICIPAL WATER DISTRICT

By:

  
Craig Miller  
General Manager

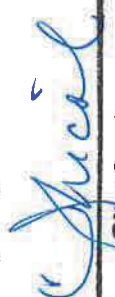
Date:

8/7/18

APPROVED AS TO FORM:

BY:   
ASSISTANT CITY ATTORNEY

Attest:

  
City Clerk

AGREEMENT NO. C06-207

FY 2007-2015

WESTERN MUNICIPAL WATER DISTRICT  
WATER CONSERVATION FUNDING AGREEMENT

BETWEEN  
WESTERN MUNICIPAL WATER DISTRICT  
AND  
THE CITY OF RIVERSIDE, PUBLIC UTILITIES

THIS AGREEMENT (Agreement) is made and entered into as of July 1, 2006, by and between Western Municipal Water District (Western) and The City of Riverside, Public Utilities (Participant). Western and Participant may be collectively referred to as "Parties" and individually as "Party."

Recitals

- A. The Metropolitan Water District of Southern California (Metropolitan), through its Conservation Credits Program (Program), assists member agencies in conserving water supplies. The Program was established per authorization detailed in Board Letter No. 7-7 in May 1990 and subsequent authorizations there after. Pursuant to those Board authorizations, Metropolitan established funding for a number of water conservation items.
- B. Western, a Metropolitan Member Agency, has elected to participate in Metropolitan's Program to replace non-conserving items within its service area by way of that certain Water Conservation Funding Agreement between Metropolitan and Western dated July 1, 2006 (Metropolitan Agreement). A copy of the Metropolitan Agreement is attached hereto as Exhibit "A" and incorporated herein by reference.
- C. Participant is a public agency located wholly or partially within Western's service area and is responsible for serving water to persons and property located within Participant's organizational boundaries.
- D. Participant has elected to participate in the Program, by and through Western, pursuant to the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration of the promises and covenants hereinafter set forth, the Parties do agree as follows:

## Section 1: Project Description

- 1.1 Participant elects to participate in the Program to provide financial incentives for water efficient devices within its service area between the effective date of this Agreement and June 30, 2015 (Project).
- 1.2 Western's funding contribution to the Project is dependent on Western's concurrent or prior receipt of equal funding from Metropolitan pursuant to the Metropolitan Agreement. Western's funding contribution is fixed at the current amounts that Western expects to receive from Metropolitan pursuant to the Metropolitan Agreement. If Metropolitan approves funding amount changes for one or more items permitted under the Metropolitan Agreement, then Metropolitan will issue the applicable addendum to the Metropolitan Agreement (Metropolitan Addendum). In that event, an addendum will be issued from Western to fix the funding rate(s) and related eligibility conditions as of the addendum's effective date (Western Addendum) and the Parties hereby agree that upon issuance by Western, a Western Addendum will automatically, without any further action or signature by the Parties, amend and supplant the language set forth in the Agreement, to the extent indicated in such Western Addendum.
- 1.3 The funding amounts set forth in the Metropolitan Agreement and any Metropolitan Addendums thereto are the limit of Western's funding obligation for the Project, and Participant shall be responsible for all Project costs in excess of those set forth in the Metropolitan Agreement and any Metropolitan Addendums thereto during the term of this Agreement. The Parties hereby agree that Western's obligation to provide funding to Participant under this Agreement is expressly contingent on Western's receipt of all funds due to Western in accordance with the Metropolitan Agreement. Participant shall be responsible and liable for all costs related to or arising out of the Project that are not funded under this Agreement. If Western fails to receive funds from Metropolitan, Western shall not be liable for any costs incurred by Participant related to or arising out of the Project. However, this waiver of liability shall not apply in the event the failure to receive said funds is caused by negligent or willful misconduct of Western in not complying with Metropolitan's applicable procedures.
- 1.4 Section 5.1 of the Metropolitan Agreement permits Western to independently contract with its own agents under separate agreements for Project administration and management, provided they present no conflict of interest in Project performance or with the terms of the Metropolitan Agreement. Similarly, Participant, at its sole discretion, may independently contract with its own agents under separate agreements for Project administration and management, provided that such arrangements comply with the Metropolitan Agreement and this Agreement and Participant informs Western of such arrangements prior to executing any such agreement. Participant agrees that any independent contractor employed by Participant for the Project shall be the sole agent of Participant and nothing in this Agreement shall be the basis for establishing any employment relationship as between Western and said contractor. Notwithstanding any of the foregoing, the Parties agree that Participant shall remain responsible for ensuring

proper administration and management of the Program for the Project pursuant to the terms of this Agreement.

- 1.5 As part of the Project, Participant shall use and maintain an electronic database similar to the format shown in the Metropolitan Agreement for any conservation items installed, distributed, vouchered, or rebated by Participant or its agents, to avoid duplicate distributions and to determine the saturation rate of items by the appropriate geographic delineation.

## Section 2: Agreement Term

- 2.1 This Agreement will be effective upon execution. Participant will complete all item installations, distributions, vouchers, or rebates by June 30, 2015, and provide all final invoicing and verification to Western by said date, or within 45 days after termination, whichever occurs first (Term). Continuance of this Agreement will be subject to annual budget approval by Metropolitan's Board. To the extent Metropolitan's Board determines not to fund one or more items set forth in the Metropolitan Agreement and any Metropolitan Addendums thereto, a Western Addendum to the Agreement will be issued from Western and that Western Addendum will remove that item or items as of the Western Addendum's effective date. The Parties hereby agree that upon issuance by Western, a Western Addendum will automatically, without any further action or signature by the Parties, amend and supplant the language set forth in this Agreement to the extent indicated in the Western Addendum.
- 2.2 This Agreement may be amended at any time by written mutual agreement executed by both of the Parties, or by Western Addendums issued by Western.
- 2.3 This Agreement may be terminated by either Party for any reason 30 days after written notice to the other Party as provided in Section 4. Such termination could occur if the funding mechanism for conservation programs is changed as a result of action by Metropolitan's Board.
- 2.4 Upon termination, Participant shall provide Western with complete documentation for remaining items covered under this Agreement and invoiced as provided in Sections 8 and 9.

## Section 3: Agreement Administrators

- 3.1 Ms. Melodie Johnson is appointed Agreement Administrator for Western for the purpose of administering this Agreement and making any decisions in connection therewith on behalf of Western. Michael Bacich is appointed Agreement Administrator for Participant for the purpose of administering this Agreement and making any decisions in connection therewith on behalf of Participant. The designated Agreement Administrators may be changed by providing written notice to the other Party as outlined in Section 4.

#### Section 4: Written Notice

- 4.1 Any communication required to administer this Agreement shall be in writing and will be deemed received upon personal delivery or 48 hours after deposit in any United States mail depository, first class postage prepaid, and addressed to the Party for whom intended, as follows:

If to Participant:       The City of Riverside, Public Utilities  
3900 Main Street  
Riverside, California 92522  
  
Attention: Michael Bacich

If to Western:           Western Municipal Water District  
P.O. Box 5286  
Riverside, CA 92517-5286  
  
Attention: Ms. Melodie Johnson

Either Party may change such address by giving notice to the other Party as provided herein.

#### Section 5: Participant's Responsibility and Ownership

- 5.1 Participant, at its sole discretion, may independently contract with its own agents under separate agreements for Project administration and management, provided they present no conflict of interest in Project performance or with the terms of this Agreement.
- 5.2 Participant and/or its agent shall provide all necessary services and materials for the Project including, but not limited to, the following: program administration, promotion, marketing materials, data collection, analysis, and reporting.
- 5.3 All materials and supplies necessary to implement the Project shall be the exclusive property of Participant. Neither Western nor Metropolitan shall have any ownership, right, title, security interest, or other interest in any Project facilities, materials, or supplies, nor any rights, duties, responsibilities for operation or maintenance thereof.
- 5.4 Participant is responsible for assuring that the Project complies with all federal, state, and local requirements.
- 5.5 Participant is solely responsible for the performance of its staff or representatives in complying with the terms of this Agreement and for the proper allocation of funds provided by Western and Metropolitan for the purpose of achieving water conservation savings under this Agreement.

- 5.6 Participant agrees to cooperate with Western's and Metropolitan's data management activities related to assessing device saturation and program success.
- 5.7 As part of the Project, Participant shall use and maintain an electronic database similar to the format shown in the Metropolitan Agreement for any conservation items installed, distributed, vouchered, or rebated by Participant or its agents, to avoid duplicate distributions and to determine the saturation rate of items by the appropriate geographic delineation.

#### Section 6: [Reserved]

#### Section 7: Installation Verification

- 7.1 Participant shall be responsible for selecting a method to verify installation of items installed, distributed, vouchered, and/or rebated by Participant or its agents during the Project and for paying all costs associated with this verification. Participant shall inform Western of methodology used and document verification activities in the database.
- 7.2 Western will accept Participant's certification on the number of items installed and verified to calculate Western's payment to Participant, subject to the provisions of Section 11 of this Agreement.
- 7.3 For informational purposes only, Western reserves the right to conduct installation verification of items within Participant's service area.

#### Section 8: Invoicing Requirements

- 8.1 Participant shall provide Western monthly invoices for all items installed, distributed, vouchered, and/or rebated by Participant or its agent. The Metropolitan Agreement includes a sample invoice. The sample invoice can be modified for use with any item listed in the Metropolitan Agreement. Invoices are due on the 15th of each month. The invoice shall be signed by Participant's General Manager or designee certifying the number of items installed and verified as specified in Section 7. If Participant's General Manager delegates authority to a designee, Participant shall notify Western of the designee in writing prior to the next billing period as outlined in Section 4.
- 8.2 Upon receipt and approval of Participant's invoice, Western will submit an invoice to Metropolitan for review and approval. Upon Western's receipt of credit from Metropolitan in the amount of Participant's invoice pursuant to the Metropolitan Agreement, Western will issue a check to Participant.

#### Section 9: Incentive Payment

- 9.1 To receive Metropolitan's incentives, Western must submit to Metropolitan database information on all items installed, distributed, vouchered, and/or rebated by Western with that month's invoice. As a result, Participant shall submit to Western database information on all items installed, distributed, vouchered, and/or rebated by Participant with that month's invoice.



- 9.2 Western and Participant or its agents agree to provide data and information as required by the other Party to implement Project and evaluate Project implementation, costs, and water savings. Western and Participant will make available for inspection to the other Party, upon reasonable advance notice, all records, books, computer files, and other documents relating to Project. Such documents shall be available for inspection for a period of three years following Agreement termination. If Western or any other public entity with jurisdiction conducts an audit and determines that any invoice is in error, funds will either be credited or debited by Western on the next water service invoice in accordance with the findings.

Section 10: [Reserved]

Section 11: Other Terms

- 11.1 Western and Participant agree that each party shall be responsible for its own actions, and the actions of its officers, employees and agents, in performing services under this Agreement. Western and Participant each agree to indemnify and hold the other Party and its officers and agents harmless and agree to defend the other Party against any claim or asserted liability arising out of its actions, either willful or negligent, or the actions of its officers, employees and agents, in performing services pursuant to this Agreement. Such indemnity will include any losses relating to any claim made, whether or not a court action is filed, and will include attorney fees and administrative and overhead costs related to or arising out of such claim or asserted liability.
- 11.2 Participant shall include the following language in its agreement with any consultant or contractor retained by Participant to work on the Project: "(Consultant) agrees at its sole cost and expense to protect, indemnify, defend, and hold harmless Western and its Board of Directors, officers, representatives, agents and employees from and against any and all claims and liability of any kind (including, but not limited to, any claims or liability for injury or death to any person, damage to property, natural resources or to the environment, or water quality problems) that arise out of or relate to Western's approval, or to construction, operation, repair or ownership of the Project. Such indemnity shall include all damages and losses related to any claim made, whether or not a court action is filed, and shall include attorneys fees, administrative and overhead costs, engineering and consulting fees and all other costs related to or arising out of such claim or asserted liability."
- 11.3 Participant is solely responsible for any compliance and/or actions arising under the California Environmental Quality Act (Pub.Res.Code §21000 et seq.).
- 11.4 Any alteration or variation of the terms of this Agreement will not be valid unless made in writing and signed by both Parties. This Agreement constitutes the entire agreement between both Parties.
- 11.5 This Agreement will inure to the benefit of and be binding upon Western, Participant and their respective successors. This Agreement is not assignable by either Party in whole or in part.

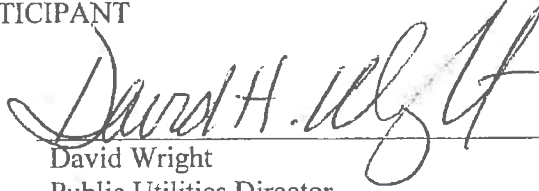


- 11.6 The partial or total invalidity of one or more parts of this Agreement will not affect the intent or validity of this Agreement.
- 11.7 This Agreement will be deemed a contract under the laws of the State of California, and for all purposes will be interpreted in accordance with such laws. Western and Participant hereby agree and consent to the exclusive jurisdiction of the courts of the State of California, and that the venue of any action brought hereunder will be in Riverside County, California.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement.

PARTICIPANT

By:

  
David Wright  
Public Utilities Director

Date:

7/20/06

WESTERN MUNICIPAL WATER DISTRICT

By:

  
John V. Rossi  
General Manager

Date:

7/21/06

AGREEMENT NO. 75352

FY 2007-2015

WESTERN MUNICIPAL WATER DISTRICT

WATER CONSERVATION FUNDING AGREEMENT

BETWEEN

THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA  
AND

WESTERN MUNICIPAL WATER DISTRICT

THIS AGREEMENT (Agreement) is made and entered into as of July 1, 2006, by and between The Metropolitan Water District of Southern California (Metropolitan) and Western Municipal Water District (Western). Metropolitan and Western may be collectively referred to as "Parties" and individually as "Party."

Recitals

- A. Metropolitan, through its Conservation Credits Program (Program), assists member agencies in conserving water supplies. The Program was established per authorization detailed in Board Letter No. 7-7 in May 1990 and subsequent authorizations there after. Pursuant to those Board authorizations, Metropolitan established funding for a number of water conservation items shown in Exhibit A, which is attached hereto and incorporated herein by this reference;
- B. Western, a Metropolitan Member Agency, elects to participate in Metropolitan's Program to replace non-conserving items within its service area;
- C. Metropolitan expects, in the future, by addendum to this Agreement, to establish funding for additional water conservation items and to change some or all of the existing funding rates;
- D. Metropolitan has fiscal responsibility to manage its budget, and hence may have a need to limit availability of funds;
- E. Metropolitan actively pursues grants and other outside funding to increase the incentive funding amount per item and if obtained, allocates and passes these funds to its Member Agencies; and
- F. Metropolitan currently has several grants, with the Department of Water Resources (DWR), that are incorporated into this Agreement. The following Exhibits, which are attached hereto and incorporated herein by this reference, incorporate those grant agreements and allocations: Exhibit A-Metropolitan Incentives, Exhibit B-Database Information for Incentive Programs, Exhibit C-Conservation Credit Invoice, Exhibit D-

DWR Weather-Based Irrigation Controller (WBIC) grant agreement, Exhibit E –DWR High-Efficiency Clothes Washer (HECW) grant agreement, and Exhibit F-Prop. 50 HECW allocation.

- G. As of July 1, 2006, Metropolitan will only fund ultra-low flush toilets (ULFT's) that meet requirements in Exhibit G-Supplemental Purchase Specification (SPS). The SPS was developed by the Los Angeles Department of Water and Power to be used to establish a higher standard for ULFT's. Beginning January 1, 2009 Metropolitan will cease funding for ULFTs and will only fund High-Efficiency Toilets (HETs).

NOW, THEREFORE, in consideration of the promises and covenants hereinafter set forth, the Parties do agree as follows:

#### Section 1: Project Description

This Agreement combines all conservation programs into one agreement and provides incentives to Metropolitan's Member Agencies. Addendums to this agreement will be issued for changes involving Board approved items, grant funding, and changes to incentive programs including funding and incentive levels.

#### Section 2: Agreement Term

- 2.1 This Agreement will be effective on July 1, 2006 or upon execution of this Agreement by all Parties, whichever is later. Western will complete all item installations, distributions, vouchers, or rebates by June 30, 2015, and provide all final invoicing and verification to Metropolitan by August 15, 2015, or within 45 days after termination, whichever occurs first (Term). Continuance of this Agreement will be subject to annual budget approval by Metropolitan's Board.
- 2.2 This Agreement may be amended at any time by written mutual agreement executed by both of the Parties, or by Addendums issued by Metropolitan, as set forth in Section 1.
- 2.3 This Agreement may be terminated by either Party for any reason 30 days after written notice to the other Party as provided in Section 4. Such termination could occur if the funding mechanism for conservation programs is changed as a result of action by Metropolitan's Board.
- 2.4 Upon termination, Western shall provide Metropolitan with complete documentation for remaining items covered under this Agreement and invoiced as provided in Sections 8 and 9.

#### Section 3: Agreement Administrators

- 3.1 Ms. Maria Biel is appointed Agreement Administrator for Metropolitan for the purpose of administering this Agreement and making any decisions in connection therewith on behalf of Metropolitan. Ms. Melodie Johnson is appointed Agreement Administrator for Western for the purpose of administering this Agreement and making any decisions in

connection therewith on behalf of Western. The designated Agreement Administrators may be changed by providing written notice to the other Party as outlined in Section 4.

#### Section 4: Written Notice

- 4.1 Any communication required to administer this Agreement shall be in writing and will be deemed received upon personal delivery or 48 hours after deposit in any United States mail depository, first class postage prepaid, and addressed to the Party for whom intended, as follows:

If to Metropolitan: The Metropolitan Water District of Southern California  
Post Office Box 54153  
Los Angeles, CA 90054-0153  
  
Attention: Ms. Maria Biel

If to Western: Western Municipal Water District  
P.O. Box 5286  
Riverside, CA 92517-5286  
  
Attention: Ms. Melodie Johnson

Either Party may change such address by giving notice to the other Party as provided herein.

#### Section 5: Responsibility and Ownership

- 5.1 Western, at its sole discretion, may independently contract with its own agents under separate agreements for Project administration and management, provided they present no conflict of interest in Project performance or with the terms of this Agreement.
- 5.2 Western and/or its agent shall provide all necessary services and materials for the Project including, but not limited to, the following: program administration, promotion, marketing materials, data collection, analysis, and reporting.
- 5.3 All materials and supplies necessary to implement the Project shall be the exclusive property of Western. Metropolitan shall have no ownership, right, title, security interest, or other interest in any Project facilities, materials, or supplies, nor any rights, duties, responsibilities for operation or maintenance thereof.
- 5.4 Western is responsible for assuring that the Project complies with all federal, state, and local requirements.
- 5.5 Western is solely responsible for the performance of its staff or representatives in complying with the terms of this Agreement and for the proper allocation of funds provided by Metropolitan for the purpose of achieving water conservation savings under this Agreement.

- 5.6 Western agrees to cooperate with Metropolitan's data management activities related to assessing device saturation and program success.
- 5.7 As part of the Project, Western shall use and maintain an electronic database similar to the format shown in Exhibit B for any conservation items installed, distributed, vouchered, or rebated by Western or its agents, to avoid duplicate distributions and to determine the saturation rate of items by the appropriate geographic delineation.

#### Section 6: Funding

- 6.1 Incentives are limited by Board policy to \$195 per acre-foot of water saved, up to the full cost of the device. If at any time during this Agreement Metropolitan determines that the cost of any particular device falls below the incentive level, Metropolitan shall adjust the incentive accordingly per Board policy.
- 6.2 Metropolitan is funding the pilot demonstration project California Friendly Model Home Rebate Program to promote interest in new water-efficient features for the home. Exhibit H, which is attached is Metropolitan's pre-approval form for this program.
- 6.3 Metropolitan funding shall be in the form of a conservation credit on Metropolitan's water service invoice to Western. In recognition of receiving these incentives, Western pledges to increase efforts to achieve landscape and commercial conservation, and support these programs through local cost share. Metropolitan's financial obligation for funding will be for the time period specified and/or until funds are exhausted on that item. To the extent Metropolitan's Board determines not to fund one or more items listed on Exhibit A, Metropolitan will issue an addendum to Exhibit A to adjust funding rate(s).
- 6.4 If Metropolitan secures additional funding from outside sources for one or more items, an addendum will be issued from Metropolitan. Metropolitan will notify Western of outside funding status and should outside funding run out, Metropolitan's funding commitment will revert to the current Board approved amount. Metropolitan may issue allocations or deploy other administrative actions to ensure that grant limits are not over spent. The funding amounts listed on Exhibit A are modified from time to time by addendums. Western shall be responsible for all costs in excess of those listed on Exhibit A of the addendums.

#### Section 7: Installation Verification

- 7.1 Western shall be responsible for selecting a method to verify installation of items installed, distributed, vouchered, and/or rebated by Western or its agents during the Project and for paying all costs associated with this verification. Western shall inform Metropolitan of methodology used and document verification activities in the database.
- 7.2 Metropolitan will accept Western's certification on the number of items installed and verified to calculate Metropolitan's credit to Western, subject to the provisions of Section 11 of this Agreement.

- 7.3 For informational purposes only, Metropolitan reserves the right to conduct installation verification of items within Western's service area.

#### Section 8: Invoicing Requirements

- 8.1 Western shall provide Metropolitan monthly invoices for all items installed, distributed, vouchered, and/or rebated by Western or its agent. Exhibit C is a sample invoice. The sample invoice can be modified for use with any item listed in Exhibit A. Invoices are due on the 15th of each month. The invoice shall be signed by Western's General Manager or designee certifying the number of items installed and verified as specified in Section 7. If Western's General Manager delegates authority to a designee, Western shall notify Metropolitan of the designee in writing prior to the next billing period as outlined in Section 4.
- 8.2 Upon receipt and approval of Western's invoice, Metropolitan will issue a credit on Metropolitan's next water service invoice to Western.

#### Section 9: Incentive Payment

- 9.1 To receive Metropolitan's incentives, Western must submit to Metropolitan database information on all items installed, distributed, vouchered, and/or rebated by Western with that month's invoice.
- 9.2 Metropolitan and Western or its agent agree to provide data and information as required by the other Party to implement Project and evaluate Project implementation, costs, and water savings. Metropolitan and Western will make available for inspection to the other Party, upon reasonable advance notice, all records, books, computer files, and other documents relating to Project. Such documents shall be available for inspection for a period of three years following Agreement termination. If Metropolitan or any other public entity with jurisdiction conducts an audit and determines that any invoice is in error, funds will either be credited or debited by Metropolitan on the next water service invoice in accordance with the findings.

#### Section 10: Rate Structure

- 10.1 Western agrees and understands that Metropolitan's rate structure as of January 1, 2006 ("Existing Rate Structure") provides the revenue necessary to support the development of new water supplies by local agencies through incentive payments in the Local Resources Program (LRP), Conservation Credits Program (CCP), and the Seawater Desalination Program (SDP). In particular, the Water Stewardship Rate is the component of Existing Rate Structure that provides revenue for the LRP, CCP and SDP. Further, Western acknowledges that Existing Rate Structure and all components within that rate structure were developed with extensive public input and member agency participation, and that the elements of Existing Rate Structure have been properly adopted in accordance with Metropolitan's rules and regulations.
- 10.2 (a) Western agrees that Metropolitan's rates set under the Existing Rate Structure may be reset throughout the term of this Agreement to account for the cost of



service, and that Western will address any and all future issues, concerns and disputes relating to Existing Rate Structure, through administrative opportunities available to them pursuant to Metropolitan's public board process. As such, Western agrees if they file or participate in litigation or support legislation to challenge or modify Existing Rate Structure, including changes in overall rates and charges that are consistent with the current cost-of-service methodology, Metropolitan may initiate termination of this agreement consistent with Paragraph 10.4 below. Metropolitan agrees that any change in Existing Rate Structure, including changes in cost-of-service philosophy or methodology would be enacted only after collaboration and discussion with its member public agencies, and Metropolitan's public board review and approval process.

- (b) Notwithstanding the foregoing, Western retains the right to file and/or participate in litigation and/or to support legislation without triggering the termination of this agreement if there are material changes to Existing Rate Structure or changes in cost-of-service methodology used to set rates by future Metropolitan board action. Western also retains the right to file and/or support litigation should Metropolitan, in setting rates under Existing Rate Structure, fail to comply with public notice, open meeting, or other legal requirements associated with the process of setting water rates and related taxes, fees, and charges. Western agrees that they will not file or participate in litigation, nor will they support legislation affecting Metropolitan's rate structure after any such change in rate structure or violation of the law regarding rate setting processes until, and unless, they have exhausted all administrative opportunities available to them pursuant to Metropolitan's public board process.
- 10.3 Western agrees that all users of the Metropolitan conveyance and distribution system should support the LRP, CCP, and SDP, that such projects provide benefits to Metropolitan and the users of the system by making existing distribution and conveyance capacity available for additional delivery, and that under Existing Rate Structure, the Water Stewardship Rate is an element of charges properly adopted by the Metropolitan Board and properly applied to water wheeled through the Metropolitan conveyance and distribution system.
- 10.4 Should Western file or support litigation, or sponsor or support legislation, that would challenge or be adverse to Existing Rate Structure, as described in paragraph (a) of Section 10.2, Metropolitan's General Manager may file a 90-day notice of intent to terminate this Agreement with Metropolitan's Executive Secretary, with copies to all members of Metropolitan's Board of Directors, and contemporaneously provide Western with a copy of the notice. Within 30 days of receipt of such notice, Western shall have the right to request, in writing, mediation of the dispute by a neutral third party with expertise in finance and rate setting. The mediator shall be selected by agreement of the parties, or failing agreement within 60 days of such request for mediation, a mediator shall be selected by the Metropolitan Board of Directors from a list of at least four candidates, one each from Western, and two of which will be supplied by Metropolitan's General Manager. The costs of the mediation shall be borne equally by the parties. The request for mediation shall also serve to stay the 90-day notice of intent to terminate, but

for no more than 90 days beyond the filing of the notice of request for mediation, unless otherwise agreed in writing by the parties. If mediation does not result in an agreement acceptable to each party to this Agreement within the time provided herein, the notice of intent to terminate shall be reinstated. The Metropolitan Board of Directors shall act to approve or disapprove termination of this Agreement, and all of Metropolitan's obligations hereunder shall terminate if approved, on or before the ninetieth day following filing of the notice to terminate or, if mediation has been requested as described above, the ninetieth day following the request for mediation (or other date agreed in writing by the parties.)

- 10.5 Metropolitan and Western agree that should litigation or legislation brought forth or sponsored by third parties result in changes to Existing Rate Structure, this Agreement will continue in effect unless mutually agreed in writing by the parties.
- 10.6 Should Metropolitan and its member agencies agree on an alternative rate and revenue structure that obviates the need for this section on Rate Structure Integrity, this section shall be amended or deleted to conform to such action.

#### Section 11: Other Terms

- 11.1 Metropolitan and Western agree that each party shall be responsible for its own actions, and the actions of its officers, employees and agents, in performing services under this Agreement. Metropolitan and Western each agree to indemnify and hold the other Party and its officers and agents harmless and agree to defend the other Party against any claim or asserted liability arising out of its actions, either willful or negligent, or the actions of its officers, employees and agents, in performing services pursuant to this Agreement. Such indemnity will include any losses relating to any claim made, whether or not a court action is filed, and will include attorney fees and administrative and overhead costs related to or arising out of such claim or asserted liability.
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- 11.5 This Agreement will inure to the benefit of and be binding upon Metropolitan, Western and their respective successors. This Agreement is not assignable by either Party in whole or in part.
- 11.6 The partial or total invalidity of one or more parts of this Agreement will not affect the intent or validity of this Agreement.
- 11.7 This Agreement will be deemed a contract under the laws of the State of California, and for all purposes will be interpreted in accordance with such laws. Metropolitan and Western hereby agree and consent to the exclusive jurisdiction of the courts of the State of California, and that the venue of any action brought hereunder will be in Los Angeles County, California.

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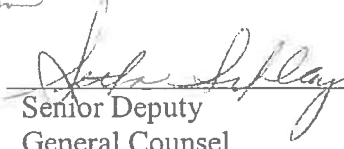
IN WITNESS WHEREOF, the Parties hereto have executed this Agreement.

APPROVED AS TO FORM:

THE METROPOLITAN WATER DISTRICT  
OF SOUTHERN CALIFORNIA

Sydney B. Bennion  
~~Acting~~ General Counsel

Jeffrey Kightlinger  
General Manager

By:   
Senior Deputy  
General Counsel

By:   
Stephen N. Arakawa, Manager  
Water Resource Management

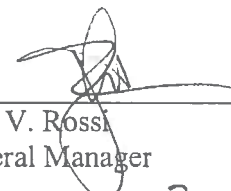
Date: 5/10/06

Date: 5/12/06

APPROVED AS TO FORM:

WESTERN MUNICIPAL WATER  
DISTRICT

By: \_\_\_\_\_

By:   
John V. Rossi  
General Manager

Date: \_\_\_\_\_

Date: 3-14-06

In Duplicate

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