



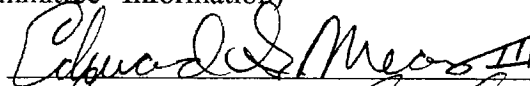
MWD


METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

9-13

April 22, 1997

To: Board of Directors (Engineering and Operations--Information)
(Executive Committee--Information)

From: General Manager 

Submitted by: Gary M. Snyder
Chief Engineer 

Subject: Memorandum of Understanding with Los Angeles Department of Water and Power (LADWP) to Provide Services In-Lieu of Revenue Distribution

RECOMMENDATION

For information only.

EXECUTIVE SUMMARY

Last January your board approved distributing \$70 million in unanticipated revenues and actual cost savings among our 27 member agencies. The unanticipated revenue came from a one-time credit from the State Water Project, aggressive cost-cutting and revisions to the capital improvement program. Several member agencies intended to use the money for repairs and improvements to their local water delivery systems.

Subsequently, the Los Angeles Department of Water and Power (LADWP) initiated discussions with our Engineering Division staff about several of their current improvement programs. The LADWP determined that they could optimize the value of their share (\$4,966,588.30), by tapping Metropolitan's staff resources to provide technical services in lieu of the revenue disbursement. The optimized value is realized by combining LADWP resources with Metropolitan's practical knowledge of the LADWP distribution system, design experience of water pipelines, experience in troubleshooting problems common to both agencies and expertise in specialty programs such as Value Engineering.

The attached Memorandum of Understanding provides a general framework for the development of individual work packages. These various work packages or projects will be developed, estimated and completed on an as-needed basis.

MEMORANDUM OF UNDERSTANDING

BETWEEN

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

AND

LOS ANGELES DEPARTMENT OF WATER AND POWER

THIS MEMORANDUM OF UNDERSTANDING (MOU) is made and entered into this _____ day of _____, 1997, by and between The Metropolitan Water District of Southern California (MWD) and its member agency, the City of Los Angeles, through the Los Angeles Department of Water and Power (LADWP).

WHEREAS, Metropolitan was incorporated under the Metropolitan Water District ("MWD") Act for the purpose of developing, storing, and distributing water for domestic and municipal purposes;

WHEREAS, the City of Los Angeles, through the Los Angeles Department of Water and Power, is a member agency of MWD using supplemental water from MWD to provide reliable water service to its 3.6 million customers;

WHEREAS, MWD has authorized the distribution of \$4,966,588.30 of unanticipated revenues to the LADWP in either cash or services (the "Distribution"); and

WHEREAS, LADWP has a periodic, yet critical need for various specialized engineering services and, therefore, can maximize value by the ability to obtain easy access to those services; and

WHEREAS, LADWP desires to receive and MWD desires to provide the Distribution in services; and

WHEREAS, this MOU would provide an opportunity for LADWP to utilize various unique resources or staff expertise of MWD, when those resources are available; and

WHEREAS, this MOU would provide increased opportunities for LADWP and MWD to promote integrated resource utilization;

NOW, THEREFORE, the understanding of the two parties is as follows:

1. MWD shall provide a non-interest bearing flexible credit account, which LADWP shall utilize in payment for services.
2. Services may include a broad range of technical tasks or water management programs which will be provided by MWD in response to specific requests for services from LADWP.
3. Any task or service will be provided pursuant to an individual plan for each task or service including a workplan and budget mutually agreed to by the General Managers or their designee of each Party.

The task plan and budget will include at a minimum the following:

- a. Purpose & Objectives
- b. Responsibilities of each of the parties
- c. Scope of Work
- d. Key task assignment personnel
- e. Schedule including dates of expected progress reports
- f. Mutually established not-to-exceed value of service

Work which is outside the approved task plan or which will result in exceeding the agreed upon value of services shall not be performed until the task plan is modified by the parties.

4. The total value of all service shall not exceed the value of the Distribution from MWD.
5. A schedule of charges and service rates will be developed to be used in conjunction with this MOU.
 - a. These rates will be applied when cost estimating the work detailed in each task or service.
 - b. These charges and rates will be consistent with the methodology used in setting MWD charges to other member agencies for services.

6. MWD will document all costs for each task or service and deduct such costs from the Distribution.
7. This MOU will terminate in three years from date of execution by both parties with an option for renewal of one additional year.

METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

Date: _____

By: _____

DEPARTMENT OF WATER AND POWER
OF THE CITY OF LOS ANGELES

Date: _____

By: _____