

0150-13152-0000

TRANSMITTAL

TO David Hanson, Interim General Manager Los Angeles Department of Water and Power	DATE 04/06/2026	COUNCIL FILE NO.
FROM The Mayor	COUNCIL DISTRICT 11	

MEMORANDUM OF AGREEMENT BETWEEN LOS ANGELES DEPARTMENT OF WATER AND POWER AND THE BUREAU OF SANITATION FOR COST-SHARING OF PLANNING ACTIVITIES RELATED TO THE HYPERION WATER RECLAMATION PLANT PROGRAM IMPLEMENTATION PLAN FOR PURE WATER LOS ANGELES, FOR AN AMOUNT NOT-TO-EXCEED \$14 MILLION, WITH EACH PARTY RESPONSIBLE FOR UP TO \$7 MILLION, FOR WORK THAT OCCURRED MAY 1, 2019 THROUGH JULY 31, 2024

Transmitted for further processing, including Council consideration. See the City Administrative Officer report attached.



MAYOR

(Mitch Kamin for)

Attachments
MWS/JWW/JVW:DLG:10260119t

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: March 12, 2026

CAO File No. 0150-13152-0000

Council File No.

Council District: 11

To: The Mayor

From:  for
Matthew W. Szabo, City Administrative Officer

Reference: Communication from the Department of Water and Power dated February 18, 2026; referred by the Mayor for a report on February 27, 2026

Subject: **MEMORANDUM OF AGREEMENT BETWEEN LOS ANGELES DEPARTMENT OF WATER AND POWER AND THE BUREAU OF SANITATION FOR THE COST-SHARING OF PLANNING ACTIVITIES RELATED TO THE PURE WATER LOS ANGELES PROGRAM AT HYPERION WATER RECLAMATION PLANT**

RECOMMENDATION

1. Approve the Los Angeles Department of Water and Power (LADWP) proposed Resolution authorizing LADWP to execute the proposed Memorandum of Agreement (MOA; Agreement) between LADWP and the Board of Public Works, on behalf of the Bureau of Sanitation (Bureau; BOS), for the cost-sharing of planning activities related to the Hyperion Water Reclamation Plant Program Implementation Plan for Pure Water Los Angeles, for work that occurred May 1, 2019 through July 31, 2024, for a total cost not-to-exceed \$14 million, to be equally shared by both LADWP and BOS. The MOA will remain effective for one year from the date of the last executed signature.
2. Authorize and direct, upon proper certification, the Chief Accounting Employee of LADWP to draw demands on the Water Revenue Fund, in accordance with the terms of the proposed Agreement and Resolution, to reimburse BOS for eligible work performed between May 1, 2019 and July 31, 2024; and
3. Return the proposed Resolution to LADWP for further processing.

SUMMARY

The Los Angeles Department of Water and Power requests authority to execute the proposed MOA with the Board of Public Works, on behalf of the Bureau of Sanitation, to establish cost-sharing arrangements for planning activities related to Pure Water Los Angeles (PWLA; Program). The proposed Agreement defines roles and responsibilities of LADWP and BOS and authorizes the transfer of funds from LADWP to BOS to reimburse the Bureau for eligible planning costs incurred between May 1, 2019 and July 31, 2024. Each party will contribute up to \$7 million, for a combined

amount not-to-exceed \$14 million. The proposed MOA will be effective for one year from the date of the final executed signature.

PWLA is a key component of the Hyperion Water Reclamation Plant (HWRP) Program Implementation Plan and represents a collaborative water reuse initiative between LADWP and the BOS to address long-term water supply challenges, including climate change impacts, seismic risks, and increasing water scarcity. Upon completion, PWLA is expected to produce up to 230 million gallons per day of purified recycled water from wastewater treated at HWRP, significantly improving local water reliability and reducing dependence on imported supplies.

Pursuant to Executive Directive No. 15 (Bass Series), Section A(1)(c), City Administrative Officer review is required, as the proposed Agreement between LADWP and BOS affects the expenditures and revenues of both entities. Review and approval are required by the Office of the Mayor prior to consideration by the Board of Department of Water and Power Commissioners. Pursuant to Charter Section 373 and Los Angeles Administrative Code Section 10.5(a)(1), City Council approval is not required because the proposed agreement is between two government agencies. The Office of the City Attorney has completed its review and approved the Agreement as to form. Our office has reviewed the request and recommends approval.

BACKGROUND

The City of Los Angeles (City) is committed to reducing reliance on imported water and diversifying its local water supply portfolio. PWLA is a joint initiative between LADWP and BOS to produce purified recycled water through an advanced water purification system. The Program will enhance long-term water reliability and support the City's goal of achieving 70 percent local water supply while advancing the Sustainable City pLAN through expanded water recycling, stormwater capture, and groundwater recharge and recovery.

Regional Water Supply – The City of Los Angeles receives water from several sources. The Los Angeles Aqueduct provides approximately 15 percent of the City's water supply, the Metropolitan Water District of Southern California supplies about 73 percent, local groundwater accounts for approximately 10 percent, and recycled water represents about two percent.

Conversion of Secondary Treatment Process at HWRP – BOS is planning to convert the secondary treatment process at HWRP from High Purity Oxygen Activated Sludge (HPOAS) to a Membrane Bioreactor (MBR) process. Both technologies are advanced wastewater treatment methods; however, they differ in their solid-liquid separation approach, facility footprint, and operational requirements. The existing HPOAS process relies on high-purity oxygen followed by conventional clarification to separate treated water from activated sludge. In contrast, the MBR process uses membrane filtration to separate solids from treated water. Although the MBR system requires higher capital and operating costs, it is generally considered superior due to its ability to produce higher-quality effluent and operate within a smaller physical footprint.

Water Supply Partnerships - LADWP and BOS have established collaborative initiatives supporting the City's local water supply objectives at three of the Bureau's four water reclamation plants. These

include: 1) an agreement for design activities at the Donald C. Tillman Water Reclamation Plant for the Los Angeles Groundwater Replenishment Project (Agreement No. WR-22-1000); 2) an agreement for design and construction at the Terminal Island Water Reclamation Plant for the Terminal Island Advanced Water Purification Facility Product Water Backup Power Project (Agreement No. WR-23-2023); and 3) the proposed agreement for planning activities for Pure Water Los Angeles at the Hyperion Water Reclamation Plant.

Role of Pure Water Los Angeles – The PWLA Program will advance the City's long-term water sustainability goals by expanding the beneficial reuse of purified recycled water as a local drinking water supply. When fully implemented, PWLA is projected to produce up to 230 million gallons per day of purified recycled water for indirect or direct potable reuse, increasing the City's local water supply by approximately 50 percent. This transformation will significantly improve the resilience, reliability, and sustainability of the Los Angeles water system, while reducing dependence on imported water supplies. As part of this effort, BOS is collaborating with LADWP to convert HWRP's secondary treatment process to MBR technology.

Planning and Technical Evaluation - Since May 2019, LADWP, in coordination with BOS, has conducted comprehensive technical evaluations to advance PWLA. These efforts included feasibility studies, conceptual planning, siting analyses for MBR technology and advanced water purification facilities, as well as technical workshops, program management, and stakeholder outreach. Collectively, these activities support the City's indirect and direct potable reuse objectives by maximizing the beneficial reuse of treated effluent from HWRP. Planning activities for PWLA were substantially completed in July 2024.

Prior Agreement and Collaborative Framework – In 2021, LADWP and BOS executed an MOA establishing a collaborative framework for Pure Water Los Angeles. This foundational agreement outlined coordination protocols for the conveyance and beneficial use of recycled water from HWRP to support the City's long-term water supply objectives and provided the basis for developing subsequent cost-sharing agreements.

Current MOA Overview - LADWP is entering into an Agreement with the Bureau to formally define roles, responsibilities, and cost-sharing arrangements for planning activities associated with the Program. Sections 1 through 6 of the proposed MOA attached to this report outline the terms of the Agreement and the respective responsibilities of LADWP and BOS. These sections also establish a Technical Committee to review and provide recommendations on the budget, schedule, scope modifications, and other matters necessary for implementation, as well as an Oversight Committee to review and approve designs, reports, and recommendations, and to resolve matters elevated by the Technical Committee.

MOA Development and Review Timeline – LADWP and BOS agreed to defer negotiation of the proposed MOA until the planning process was complete. The extended duration to finalize the Agreement was primarily due to: 1) multiple rounds of drafting and coordination between the Bureau and LADWP; and 2) each party's internal review and approval processes, including presenting the Agreement to their respective Boards.

Term, Invoicing, and Cost-Sharing - The proposed Agreement shall be effective for one year from the date of final execution. Upon full execution, the Bureau will submit a single invoice to LADWP, with supporting documentation detailing eligible consultant costs incurred. Under the Agreement, LADWP will reimburse BOS for 50 percent of eligible expenses, up to \$7 million, within 45 calendar days of receipt. For the period of May 1, 2019 through July 31, 2024, BOS allocated \$14 million for planning activities related to PWLA. To date, approximately \$12,303,098 has been expended, of which \$6,151,549 is reimbursable by LADWP. The table below summarizes the actual planning expenditures and respective cost-share amounts for each party.

Table 1: Los Angeles Department of Water and Power and Bureau of Sanitation Cost-Sharing Agreement for the Pure Water Los Angeles Program at Hyperion		
Item	Bureau of Sanitation Costs	Los Angeles Department of Water and Power Costs
Technical Planning	\$3,645,211	\$3,645,211
Program Management	2,152,626	2,152,626
Community Outreach	353,712	353,712
Individual Costs	\$6,151,549	\$6,151,549
Total Expenditures (BOS Costs + LADWP Costs)		\$12,303,098

Funding Transfer and Overpayment Reimbursement - LADWP will transfer \$7 million to BOS. Section 5 of the MOA provides that if BOS is overpaid, the Bureau will reimburse LADWP for the identified overpayment within 90 calendar days.

Future Agreements and Next Steps – Additional conceptual planning and design activities for PWLA at HWRP are ongoing and will continue as agreed upon by BOS and LADWP. Both parties have committed to negotiating subsequent agreements to address planning and construction activities occurring after July 2024, as well as future implementation and cost-sharing as the Program advances. These activities and associated reimbursement terms will be formalized in future MOAs.

Alternatives Considered – Pure Water Los Angeles is essential to LADWP’s strategy to expand reliable, drought-resistant local water resources and reduce dependence on imported sources. This partnership presents a significant opportunity to increase the beneficial reuse of treated wastewater that would otherwise be discharged to the Pacific Ocean. Without participation in the Program, LADWP’s ability to achieve its local water supply goals outlined in the Urban Water Management Plan would be significantly compromised.

CITY COMPLIANCE

California Environmental Quality Act (CEQA) – The Los Angeles Board of Water and Power Commissioners determined that this item is exempt from CEQA pursuant to Section 15060(c)(3) that states an activity is not subject to CEQA if the activity is not a project. Section 15378(b)(5) states that organizational or administrative activities of governments that will not result in direct or indirect physical changes in the environment do not meet the definition of a project. Therefore,

authorization of the proposed Agreement is not subject to CEQA.

Implementation of PWLA, including proposed improvements at HWRP, is subject to CEQA. The project will undergo environmental review in accordance with CEQA requirements, and the Board will consider the appropriate CEQA document at a future meeting. The Board retains full discretion to approve the project, select an alternative analyzed project, or determine that no project will be implemented.

The proposed MOA has been reviewed and approved as to form by the City Attorney. In accordance with Charter Section 373 and Administrative Code Section 10.5(a)(1), the proposed MOA does not require Council approval because the agreement is between two government agencies. Our office has reviewed the request and recommends approval.

FISCAL IMPACT STATEMENT

Approval of the proposed MOA between the Los Angeles Department of Water and Power and the Bureau of Sanitation will have no impact on the City's General Fund. LADWP will reimburse BOS for an amount not-to-exceed \$7 million. Funds will be transferred from LADWP's Water Revenue Fund to the Bureau of Sanitation's Fund No. W1H, Reimbursement Tracking Fund, Department 50, under Revenue Source Code 3811 – Reimbursement from Other Agencies. The recommendation in this report complies with the City's adopted Financial Policies.

Attachments – LADWP February 18, 2026 Transmittal, February 18, 2026 Board Letter and Proposed Resolution, Memorandum of Agreement between the Los Angeles Department of Public Works – Bureau of Sanitation and Los Angeles Department of Water and Power Relative to Planning Efforts for the Pure Water Los Angeles Program at the Hyperion Water Reclamation Plant, Attachment No. 1 – Cost Breakdown, Board of Public Works January 21, 2026 Transmittal, and the Bureau of Sanitation January 21, 2026 Board Report No. 1

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